



House of Commons  
Yorkshire and the Humber  
Regional Committee

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**The Work of Yorkshire  
Forward**

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**First Report of Session 2009–10**

*Report, together with formal minutes, oral and  
written evidence*

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## Yorkshire and the Humber Regional Committee

The Yorkshire and the Humber Regional Committee is appointed by the House of Commons to examine regional strategies and the work of regional bodies.

### Current membership

Mr Eric Illsley MP (*Labour, Barnsley Central*) (Chairman)  
Mr Clive Betts MP (*Labour, Sheffield, Attercliffe*)  
Mr Ian Cawsey MP (*Labour, Brigg & Goole*)  
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Austin Mitchell MP (*Labour, Great Grimsby*)

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## Summary

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Our inquiry has focused on the work of Yorkshire Forward, its use of resources (forecast to be around £360 million in 2009–10) and how the regional strategies it has developed benefit the region's population of over 5 million, especially in the current economic climate.

Yorkshire Forward was created in 1999 to “drive and co-ordinate economic development and regeneration and to improve the region's relative competitiveness and reduce imbalances within and between regions.” During our inquiry we heard concerns that the role of Yorkshire Forward may not be widely understood by the general public. While recognising the efforts Yorkshire Forward has made to increase awareness and understanding of its role, we have found that there remains a poor level of understanding of its work, particularly in terms of benefits and achievements, among the general public. It is important that Yorkshire Forward continues to work to develop this understanding and for the public to have an input into its work.

Yorkshire Forward has led the development of three Regional Economic Strategies (RESs). The most recent, published in July 2006, sets out a vision for the region to be a “great place to live, work and do business that fully benefits from a prosperous and sustainable economy.” Although it is developed by Yorkshire Forward, it is important that the RES is owned by the region and we commend Yorkshire Forward on the consultative and collaborative approach it took when developing the current RES. It is important that full account is taken of the region's diversity in terms of population, economy, geography and towns and cities in the development of regional strategies. Yorkshire Forward will need to ensure that this is reflected in the new Integrated Regional Strategy, but this should not mean that sub-regional concerns are put ahead of a balanced approach to the interests of the region as a whole.

The move to an Integrated Regional Strategy, as envisioned by the Sub-National Review, will mean new ways of working for Yorkshire Forward, local authorities and other regional stakeholders. We congratulate Local Government Yorkshire and Humber and Yorkshire Forward for the way they have anticipated this by establishing a Joint Regional Board and four Thematic Boards. However, it is important that Yorkshire Forward's new responsibilities in respect of transport, housing and planning do not detract Yorkshire Forward from its original core economic focus. Its role in coordinating the development of an Integrated Regional Strategy should enhance rather than detract from this core role.

We are concerned about the impact of budget cuts and a reduction in funding on the work of Yorkshire Forward in the region. Yorkshire Forward has incurred a 23.9% reduction in total financial resources for 2010–11 and we recommend that its budget is not decreased further. We welcome the conclusions of the National Audit Office and Pricewaterhouse Coopers reports which positively endorse the work of Yorkshire Forward and its benefits for the regional economy.

We are not convinced that the case has, so far, been made for the further devolution of funding from Regional Development Agencies to individual local authorities. We support

the call for Yorkshire Forward and local authorities to work together more collaboratively and flexibly. However, we think it appropriate that there should be an assessment of the Leeds City Region pilot to establish the effectiveness of devolving further funding and powers to sub-regional level, but this should not be to the detriment of smaller local authorities in the region.

We commend the Government Office for Yorkshire and the Humber, Yorkshire Forward and regional stakeholders for their proactive and collaborative response to the economic downturn. The creation of the Economic Delivery Group was a useful tool in the region's response and was helpful in avoiding duplication of effort between stakeholders. We also praise Yorkshire Forward for revising its Corporate Plan to prioritise battling the economic downturn. However, it is important that short-term actions do not impede the long-term prospects of the region.

We recommend that Yorkshire Forward continually reassesses its spending priorities, given the current economic climate, and make changes accordingly in consultation with the Government Office and other regional partners. The Government, for its part, must ensure that Regional Development Agencies have sufficient resources to carry out their remit. We are particularly concerned that counter-recessionary spending should be funded by Government and should not be at the expense of existing projects, otherwise this may damage the prospects of the region's recovery from recession.

Looking to the future, it is important that the Government continually considers the next steps for RDAs in terms of ways of working (such as city regions and collaboration between RDAs) and whether one regional model is appropriate for all regions. However, we agree with regional stakeholders that Yorkshire Forward has been beneficial to the region and that it is important to retain its regional outlook, especially on economic and business issues.

# 1 Introduction

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## Background to the Committee

1. The Government proposed the establishment of Regional Committees in its Green Paper, *The Governance of Britain*, in July 2007.<sup>1</sup> Following its publication, the House of Commons Modernisation Committee undertook an inquiry into regional accountability. The Committee concluded that there was “clear evidence of an accountability gap at regional level”, and that although Regional Development Agencies (RDAs) and other bodies were accountable to Ministers, “many of their activities in the regions were not subject to regular, robust scrutiny”. To resolve this accountability gap, the Committee proposed the establishment of a “system of regional grand and select committees [...] There should be one grand and one select committee for each of the administrative regions in England.”<sup>2</sup>

2. The House of Commons agreed to the establishment of eight regional select committees in November 2008.<sup>3</sup> Our remit is to “examine regional strategies and the work of regional bodies” in Yorkshire and the Humber.<sup>4</sup> Our membership was appointed on 3 March 2009. Only Labour members were appointed to the Committee, as other political parties have declined to participate in regional select committees. However, we have attempted to carry out our work in a non-partisan manner.

## Our Inquiry

3. We decided that our first inquiry should focus on the “work of Yorkshire Forward”, the Regional Development Agency for Yorkshire and the Humber, its use of resources (forecast to be £360.24 million in 2009–10)<sup>5</sup> and how the regional strategies it has developed benefit the region’s population of over 5 million especially in the current economic climate. We announced our inquiry in April 2009. Our terms of reference were as follows:

- the role and responsibilities of Yorkshire Forward;
- the mechanisms by which Yorkshire Forward is held accountable;
- the process by which the Regional Economic Strategy (RES) was drawn up and the level of involvement of regional stakeholders in that process;
- the effectiveness of the RES for Yorkshire and the Humber in delivering against its targets;

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1 *The Governance of Britain*, Ministry of Justice, Cm 7170

2 Select Committee on Modernisation of the House of Commons, Third Report of Session 2007–08, *Regional Accountability*, HC 282

3 A ninth Committee for London was established in June 2009 and its members were appointed in December 2009.

4 House of Commons Standing Order 152F

5 Yorkshire Forward, *Revised Corporate Plan 2008–11*, June 2009, pp 6 and 52. This includes resources of £24.91 million from the European Regional Development Fund and the Rural Development Programme for England and £17.85 million in other receipts and grants (inc non-cash).

- the effect of the current financial and economic situation on businesses, including the effect on different sectors and on skills and employment in the region;
- the role of other Government agencies such as the Government Office for Yorkshire and the Humber, and of partnerships between Government agencies, local government and the private sector, in delivering the aims of the RES;
- the move towards a regional integrated strategy and the likely effect on the work of Yorkshire Forward;
- the extent to which Yorkshire Forward has the capacity and expertise to address all the elements which will be contained in the new integrated strategy, including in relation to transport, planning and housing.

4. We received 28 written submissions from organisations and individuals, which we publish with this report. We would like to thank all those who took the time to submit evidence which we found helpful in informing the conclusions we draw in this report. A list of the written evidence received can be found at the end of this report.

5. We also held three public evidence sessions. On 16 October 2009; we heard evidence in Leeds Council Chamber from Tony Cherry, National Vice-Chairman, Federation of Small Business, Alan Hall, Regional Director, Engineering Employers Federation, Andrew Palmer, Regional Director, Confederation of British Industry, and Nick Pontone, Director of Policy, Yorkshire and Humber Chambers of Commerce. On 10 November, we heard evidence in Westminster from Clare Coates, Deputy Chief Executive (People and Places), and Chris Martin, Deputy Chief Executive (Integrated Regional Strategy), Local Government Yorkshire and Humber, Margaret Coleman, Regional Director, Learning and Skills Council Yorkshire and Humber, and Amelia Morgan, Chief Executive, Yorkshire Universities. On 24 November we heard evidence in Westminster from Tom Riordan, Chief Executive, Yorkshire Forward, and Rt Hon Rosie Winterton MP, Minister for Yorkshire and the Humber. We are very grateful to all our witnesses, some of whom travelled long distances to give evidence.



## 2 Role of Yorkshire Forward

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### The region

6. Yorkshire and the Humber is the fifth largest region in England, covering over 15,408 square kilometres. The region has four sub-regions. North Yorkshire, Eastern Yorkshire and North Lincolnshire, South Yorkshire and West Yorkshire. In mid-2007, its population was 5.2 million making it the third least populous region in England. Over 80% of the population lives in urban areas with a population of over 10,000. Between 2001 and 2007, the region's population increased faster than the UK as a whole, rising by over 200,000 (4% compared with 3.1% for the UK). It is projected that the region will have 6.1 million residents by 2026.

### Role of Yorkshire Forward

7. Yorkshire Forward was created in April 1999 as a non-departmental public body to “drive and co-ordinate economic development and regeneration and to improve their [region's] relative competitiveness and reduce imbalances within and between regions.”<sup>6</sup>

8. Under the Regional Development Agencies Act 1998, Yorkshire Forward has five statutory purposes:

- To further economic development and regeneration;
- To promote business efficiency, investment and competitiveness;
- To promote employment;
- To enhance the development and application of skills relevant to employment; and
- To contribute to sustainable development.

9. The Department for Business, Innovation and Skills state that the Regional Development Agencies “primary role is as strategic drivers of regional economic development in their region. The Regional Development Agencies (RDAs) aim to co-ordinate regional economic development and regeneration, enable the regions to improve their relative competitiveness and reduce the imbalance between regions.”<sup>7</sup> The Regional Development Agencies' state that their approach to economic development is primarily business-led, as they believe that high performing, innovative businesses are the key to generating economic wealth.<sup>8</sup>

10. Yorkshire Forward's Revised Corporate Plan 2008–11 sets out its vision for Yorkshire and the Humber region:

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6 Ministry of Justice, *Governance of Britain*, Cm 7170, July 2007, para 115

7 <http://www.berr.gov.uk/whatwedo/regional/regional-dev-agencies/index.html>

8 English Regional Development Agencies website: [http://www.englishrdas.com/what\\_we\\_do/business/](http://www.englishrdas.com/what_we_do/business/)

Our own vision is for a region that is “a great place to live, work and do business, that fully benefits from a prosperous and sustainable economy” and in pursuing this vision we have an ambition for Yorkshire and Humber to be recognised as a world leader in our efforts to adapt our economy to the demands of tackling climate change. The region has a history and knowledge of dealing with the environmental effects of energy production and we want to help others learn from our experiences.<sup>9</sup>

11. In its written evidence, Yorkshire Forward told us that:

Our role is to improve the regional economy by achieving the goals laid out in the Regional Economic Strategy (RES). We are a Non-Departmental Public Body, with a budget of £350 million a year from central government. Our funding comes through a ‘single pot’ which is contributed to by BERR [now BIS],<sup>10</sup> CLG, DIUS, DEFRA and DCMS; rather than silos of money from key departments that can only be spent on their area of work. We also manage European regional development funds for the region. BERR [now BIS] is our lead department and they assess our success by the delivery of four main ‘outputs’: creating or safeguarding jobs, assisting people in skills, creating businesses and attracting investment. We have never missed one of our core targets.

[...] Central to our way of working are our corporate values of Value for Money, Openness, Team Yorkshire, Excellence and Diversity. On Value for Money we are the leanest Regional Development Agency (RDA) with the lowest overheads, on Openness we publish all our Board Papers online and have a well attended public AGM each year. On Team Yorkshire we have built strong partnerships with the region’s local authorities (LAs), businesses and politicians. On Excellence we have created the UK’s premier advanced manufacturing technology park in Rotherham and on Diversity we passionately advocate and show through our work that a diversity of place, business and people is crucial to the region’s economic success.<sup>11</sup>

12. Yorkshire Forward went on to state that:

We deliver our role, to improve the regional economy, in three ways: Business, People and Places:

*Business:* The rationale for our work with business is simple—we step in where there has been market failure. Our current priority is our work to tackle the economic downturn and to keep as many viable businesses trading as possible...

*People:* Our region needs more skilled people. We cannot afford to have thousands out of the workforce because of unemployment, low skills or the effects of poverty. We believe that social inclusion is an economic imperative. This view is shared by the vast majority of business and political leaders in the region.

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9 Yorkshire Forward, *Revised Corporate Plan 2008–11*, June 2009, p 14

10 The Department for Business, Innovation and Skills was created on 5 June 2009 following the merging of the Department for Business, Enterprise and Regulatory Reform and the Department for Innovation, Universities and Skills.

11 Ev 110

*Place:* We believe that by creating sustainable places, where businesses want to invest and people want to live and visit, we can grow the regional economy. Great places are at the heart of Yorkshire and Humber’s RES—‘Place’ and its attributes are important drivers of the region’s economic success.<sup>12</sup>

13. When asked about the role of Yorkshire Forward, Rt Hon Rosie Winterton MP, Regional Minister for Yorkshire and the Humber, told us:

The key focus that Yorkshire Forward has had on delivering sustainable economic growth is very important to our region, not only to people and businesses, but through regeneration. I believe strongly in the regional approach; it is one of the key ways in which we have ensured that the economy in our region has diversified and that we have in the downturn been able to support industries not only to face up to some of the problems that they have at the moment, but to look to the future.<sup>13</sup>

14. Some witnesses expressed concern about the level of understanding of Yorkshire Forward’s role in the region, particularly among the general public. In oral evidence Margaret Coleman, Regional Director of the Learning and Skills Council Yorkshire and Humber, told the Committee:

Yorkshire Forward is the strategic body for the region, and it is meant to pull together regional economic strategy; to work with partners to align their efforts; to improve the region’s competitiveness; and to promote the region. That role and responsibility are well understood by public sector partners, and they are relatively well understood by businesses, particularly larger and medium-sized businesses, the employer organisations and the TUC. If you asked the person in the street, I am not sure that they would have a full comprehension of Yorkshire Forward’s role.<sup>14</sup>

15. Amelia Morgan, Chief Executive of Yorkshire Universities added:

[...] Touch points are varied, so there are different levels of understanding. Among the wider public, the level of understanding is incredibly mixed, and it will depend on whether there is a renaissance agenda, or on events sponsored by Yorkshire Forward.<sup>15</sup>

16. Tom Riordan, Chief Executive of Yorkshire Forward, explained that Yorkshire Forward had a “communications strategy that is targeted at particular groups of opinion formers and key deliverers of our core role, which is to improve the economy of Yorkshire and the Humber. We have a range of ways to try to communicate with people: we have our website; we have a business newsletter that goes to over 20,000 businesses; and we have direct relationships with all councils.”<sup>16</sup>

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12 Ev 111–114

13 Q 174

14 Q 106 (Margaret Coleman)

15 Q 106 (Amelia Morgan)

16 Q 136

17. However, Mr Riordan did accept that there was a problem in communicating the role of Yorkshire Forward:

One of our problems is that the remit of Yorkshire Forward is not the easiest to explain. I call it the pub test—it would be called the elevator test in America, but in Yorkshire let's call it the pub test. It is how you explain what we do in a very simple way to people who do not know about what we do. We are here to improve the economy, and we try to do that in three ways: we get people into jobs, we help businesses, and we help our towns and cities to develop their economies. We have tried to simplify the message right down and we have used case studies of what we have done—individual businesses that we have helped, schemes that have happened, and major pieces of strategic work that we have done on things like the carbon economy—but I fully recognise that it is quite a challenge to get that message across in a consistent way that people can understand.

**18. While recognising the efforts Yorkshire Forward has made to increase awareness and understanding of its role, we are concerned that there may be a poor level of understanding of its work, particularly in terms of benefits and achievements, among the general public. It is important that Yorkshire Forward continue to work to develop this understanding and for the public to have an opportunity to input into its work.**

**19. Although it is important that Yorkshire Forward continue to engage with key stakeholders, we hope that it will continue to explore new ways of engaging the general public.**

### **Additional responsibilities**

20. Since their creation in 1999, RDAs' responsibilities have increased, taking on the administration of regional development grants (April 2002), research and development grants (April 2005), Business Link (April 2005), the economic and social funding elements of the Rural Development Programme (April 2006), European Regional Development Funds (ERDF) 2007 and the Manufacturing Advisory Service (MAS). Following the Sub-National Review, Yorkshire Forward will take on additional responsibilities in respect of housing, planning and transport. We consider these in Chapter 4 of this report.

21. Yorkshire Forward also undertakes two national lead roles on behalf of the RDA network. The first of these is in relations with HM Treasury. A major area of this responsibility is to coordinate the RDAs' submission into the Pre-Budget Report and the Budget.<sup>17</sup> Once submitted this is followed up by a meeting between RDA chairs and the Chancellor of the Exchequer and other Treasury Ministers. The second lead role is in relations with the TUC.<sup>18</sup>

22. Some witnesses were concerned that these additional responsibilities had led to a loss in Yorkshire Forward's focus on its original business remit and its role becoming blurred. In oral evidence to the Committee, Nick Pontone, Director of Policy, Yorkshire and Humber Chambers of Commerce, stated:

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17 Ev 120

18 Ev 120

I think that there has been a degree, not so much of dilution, but of the additional powers perhaps detracting a little from the focus on economic development, and the expectations of lots of different partners in the region have added to that as well. We all want Yorkshire Forward to do slightly different things, so it is quite a difficult job.<sup>19</sup>

23. Clare Coates from Local Government Yorkshire and the Humber agreed:

I think that there has been a blurring of its responsibility. We think that it ought to be a strategic organisation that works collaboratively with local government. I think there has been blurring, definitely.<sup>20</sup>

24. Tom Riordan, Chief Executive, Yorkshire Forward, defended how it had reacted to these extra responsibilities:

I think we have adapted well. We have taken on a range of responsibilities—Business Link, planning and transport responsibilities, a range of grant schemes from central Government—and in every case we have taken the responsibility on for less cost than was previously the case in the organisation that we got it from.<sup>21</sup>

25. However Mr Riordan did state that there had been a particular challenge in respect of European funding:

The hardest challenge has been European funding. That came across to us about 18 months ago, and those of you who have been involved in European funding will know that it is complicated and has very strict rules about eligibility and how you do things, and we have had to build that into our own processes. That hasn't been easy, but we're getting there.<sup>22</sup>

26. Witnesses also expressed concern about whether Yorkshire Forward's role should be as strategic commissioning body or a delivery agent. In its written evidence, the Yorkshire and Humber Chambers of Commerce state:

Yorkshire Forward also appear to be moving more towards service delivery, when we believe its primary role must remain strategic. This is most obvious in its roles and responsibilities for business support, for example the restructured Business Link Yorkshire which has been positioned as 'Yorkshire Forward's Business Support Service' ... We recognise that the distinction between strategy and delivery can easily become blurred and we support organisations providing useful help to Chamber members across the region, however, we firmly believe Yorkshire Forward should remain strategic and should not position itself as a body with a day to day delivery interface with individual businesses or as a provider of business support services.<sup>23</sup>

27. EEF supported this view:

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19 Q 6 (Nick Pontone)

20 Q 55

21 Q 139

22 Q 139

23 Ev 78

In most cases EEF believes that RDAs should be commissioning bodies, rather than delivery agents. There has been confusion in Yorkshire over which body businesses should approach for help.<sup>24</sup>

28. In oral evidence, Tom Riordan, Chief Executive of Yorkshire Forward, defended this combination of roles: “one of the real strengths of the RDA model is that it combines strategic responsibility with delivery responsibility, and it has critical mass in terms of a big enough budget to get big players—councils, big business and universities—to the table to talk to us. It gives us influence and leverage.”<sup>25</sup> He went on to say:

That delivery capability is really important, but it is not all about delivery, and most of what we deliver, we commission. People have a bit of a misunderstanding about what our role is. We commission to Business Link, Welcome to Yorkshire and local authorities. They would like us to take our hands off a bit more and let them get on with it, but the accounting rules under which I and the board operate do not always allow us to do that, so we try and do that in partnership.<sup>26</sup>

29. Rt Hon Rosie Winterton MP, Minister for Yorkshire and the Humber also supported the combination of roles:

I would say probably both, really. I think they have delivered, certainly during the downturn, a lot of front-line support ... In some instances, there is a commissioning. The way that Business Link has operated has been a combination of that. What we have been able to see from the way the RDAs work is the ability to be flexible about what is the best way to help promote the economy and promote employment within the region. So I think it’s been a mixture of all those together.

**30. Yorkshire Forward was established to provide strategic economic leadership in the region. Since its creation it has taken on several additional responsibilities, such as the delivery of a number of grants and European Regional Development Funds, which have seen it move away from its original role. We note concerns raised by witnesses that this may cause Yorkshire Forward to lose its business focus and encourage it to ensure that this does not happen.**

**31. We support the system of individual RDAs taking the lead on relations with a particular Government department or stakeholder as Yorkshire Forward does with HM Treasury and the TUC.**

**32. We note witnesses’ concerns that there is confusion over whether Yorkshire Forward’s role should be as a strategic commissioning body or a delivery agent. We encourage Yorkshire Forward to see its role as strategic, using delivery agents already in place whenever possible, although we accept that on occasions it may be necessary for it to take on the delivery role. In such cases, Yorkshire Forward should be required to demonstrate that it is the most effective delivery agent.**

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24 Ev 99

25 Q 140

26 Q 140

## 3 Regional Economic Strategy

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33. To drive economic prosperity in each region, the Regional Development Agency leads the development of a Regional Economic Strategy, which is the blueprint for the region's economic development. Yorkshire Forward has led the development of three Regional Economic Strategies (RESs). The first RES *Advancing Together towards a World Class Economy*, set out a vision for the region for the period 2000 to 2010, while the second RES set out the direction for the period 2003 to 2012. The most recent,<sup>27</sup> which was published in July 2006 and covers the period 2006 to 2015, sets out a vision for the region to be a “great place to live, work and do business that fully benefits from a prosperous and sustainable economy”.<sup>28</sup>

34. The current Regional Economic Strategy is structured around three strategic aims:<sup>29</sup>

- *People*: Enhancing and realising the potential of Yorkshire and Humberside's people to achieve a healthy and inclusive region;
- *Business*: Growing existing and new businesses to achieve sustainable economic growth and jobs; and
- *Environment*: Utilising the full potential of Yorkshire and Humberside's physical and cultural assets, maximising resource efficiency and conserving and enhancing the environment to achieve an integrated, sustainable economy.

35. The RES states that the three Cross Cutting Themes of Sustainable Development, Diversity, and Leadership and Ambition will “underpin everything in the Strategy and how we deliver it”. The Strategy has principles and tests under each theme to which all projects and programmes should contribute.<sup>30</sup>

36. Six key objectives translate these aims and themes into action on the ground:<sup>31</sup>

- more new businesses that last;
- competitive businesses;
- skilled people—benefiting business;
- connecting people to good jobs;
- enhanced transport, infrastructure and environment;
- stronger cities, towns and rural communities.

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27 Yorkshire Forward, *The Regional Economic Strategy for Yorkshire & Humber 2006–15*, July 2006

28 *Ibid*, p 32

29 *Ibid*, p 32

30 *Ibid*, pp 35–36

31 *Ibid*, p 34

## Partnership Working

37. Consultation on the RES for 2006-2015 commenced in February 2005 and “over 17,000 people from a broad range of organisations—public, voluntary and community, and private alike”<sup>32</sup> submitted views on what the strategy should contain. The first stage of the consultation involved “key decision makers” giving feedback on 12 questions on the key to the regions’ economic success. Five regional events were held as part of this consultation, one in each of the sub-regions and a regional event in Leeds. The questions and the consultation events informed the initial revised draft of the RES which was then circulated in July 2005 for views in the second stage of the consultation. Approximately 180 written responses were received from organisations plus “various expert inputs from individual in partner agencies.”<sup>33</sup> Further consultation events were held and a Health Impact Assessment and a combined Sustainability Appraisal/Strategic Environmental Assessment completed.

38. Witnesses to our inquiry expressed their support for contents of the RES and the consultation that had taken place in its development. In their written evidence, Humber Economic Partnership commented that the RES “was drawn up in a robust way, being based on clear evidence and using extensive consultation.”<sup>34</sup> Nick Pontone, Director of Policy, Yorkshire Chambers of Commerce, said: “I think that the regional economic strategy is one of the things that Yorkshire Forward has done best.”<sup>35</sup> Business witnesses felt that they had been generally well involved in the development of the RES<sup>36</sup> although EEF stated that they felt “short changed in the process”.<sup>37</sup>

39. Local Government Yorkshire and Humber commended Yorkshire Forward for working closely with the Yorkshire and Humber Regional Assembly as it prepared the RES and linking it into the Assembly’s preparation of the regional spatial strategies so that there was a “join between the planning, economic, housing and transport strategies for the region.”<sup>38</sup>

40. However Local Government Yorkshire and Humber went on to suggest that the process could be improved if there was “the dimension of much closer involvement of local authorities and local authority leaders in that process to get the feeling that the strategy is reflecting what local authorities actually need.”<sup>39</sup> In their written submission Local Government Yorkshire and Humber also remarked on the diversity of the region in terms of population, economy, geography, towns and cities and stated that “for regional strategies to have real significance, it is paramount that they take full cognisance of this diversity. It is questionable how effective this has been in the previous regional strategies.”<sup>40</sup> In oral

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32 Yorkshire Forward, *The Regional Economic Strategy for Yorkshire & Humber 2006-15 Companion Document*, July 2006, p 23

33 Ibid, p 24

34 Ev 59

35 Q 13

36 Q 14 (Nick Pontone, Andrew Palmer and Tony Cherry)

37 Q 14 (Alan Hall)

38 Q 65

39 Q 65

40 Ev 62



evidence Clare Coates from LGYH explained that this meant “consulting with local authorities more” and a more “collaborative approach.”<sup>41</sup> We explore the new working arrangements between RDAs and local authorities that are envisaged by the sub-national review in Chapter 4 of this report.

41. Delivery of the RES objectives however is not just a matter for Yorkshire Forward and local authorities. Several other organisations are involved, including businesses, colleges, universities, the third sector and a range of public agencies.<sup>42</sup> The RES contains an action table for each objective along with the organisation responsible for taking the lead on each action.

**42. We commend Yorkshire Forward on the consultative and collaborative approach it took when developing the current Regional Economic Strategy.**

**43. We note the concern expressed by Local Government Yorkshire and Humber of the need to take full account of the region’s diversity in terms of population, economy, geography, and towns and cities in the development of regional strategies. We trust that Yorkshire Forward will take steps to address this concern particularly as the region moves towards an Integrated Regional Strategy. However this should not mean that sub-regional concerns are put ahead of those of the region as a whole.**

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41 Q 52

42 Ev 81; other agencies involved are the Homes and Communities Agency, the Environment Agency, natural England, the Forestry Commission, Jobcentre Plus, the Learning and Skills Council and UK Trade and investment.

## 4 Sub-National Review

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44. In July 2007, the Government published its proposals to reform economic development and regeneration policy making and delivery at sub-national level, in the *Review of sub-national economic development and regeneration* (SNR).<sup>43</sup> This set out a framework to allow central and local government, and their partners, to work together to support the private sector to increase prosperity in all parts of England.

45. On 31 March 2008, the Government published a consultation document, *Prosperous Places, taking forward the review of sub-economic development and regeneration*,<sup>44</sup> to take forward these proposals. Over 500 responses were received by the time the consultation closed on 20 June 2008. The Government's response to the consultation was published in November 2008.<sup>45</sup> The Government proposed:

- To legislate to create a duty on county councils and unitary authorities across England to carry out an economic assessment of their area, underpinned by statutory guidance;
- To legislate to allow for the creation of statutory sub-regional authorities for economic development—economic prosperity boards—that will be voluntary in nature, and to legislate for the option of a similar underpinning of duties on partner agencies in Multi Areas Agreements as in Local Authority Agreements;<sup>46</sup>
- To refine its plans for producing the regional strategy and ensuring appropriate regional governance arrangements; the Government will, in each region, give the RDA and a board of local authority leaders joint responsibility for the regional strategy, including its drafting, implementation planning, sign-off and monitoring; and
- To legislate to create duties on county councils and unitary authorities to promote democracy and to operate a petitions scheme, and to create a duty on certain public authorities to secure involvement in the exercise of their functions.

46. Those proposals that required legislation were included in the Local Democracy, Economic Development and Construction Bill which was introduced in the House of Lords on 4 December 2008 and received Royal Assent on 12 November 2009.

47. Rt Hon Rosie Winterton MP, Regional Minister for Yorkshire and the Humber told us:

I think that the sub-national review is so important, because it brings together planning, housing, economic delivery and transport. They are very much more recognised nowadays, I think, as the whole of the economic equation, if you like, so

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43 HMT, BERR, CLG, *Review of sub-national economic development and regeneration*, July 2007

44 BERR and CLG, *Prosperous Places: taking forward the review of sub-national economic development and regeneration*, March 2008

45 BERR and CLG, *Government response to Prosperous Places: taking forward the review of sub-national economic development and regeneration*, November 2008

46 Such MAAs would provide for local authorities and partners to be placed under a duty both to co-operate in developing the MAA and also to have regard to the targets within the MAA that relate to their functions.

the difficulties that were perhaps faced earlier on were more to do with the structures that we had put in place. I think that we have learnt from that.<sup>47</sup>

## Single Regional Strategy

48. Part 5 of the Local Democracy, Economic Development and Construction Act 2009 deals with Regional Strategy. Section 70 requires that “there is to be a regional strategy for each region other than London.” The Government’s intention is that regions develop a single integrated regional strategy, which brings together and replaces the Regional Economic Strategy and the Regional Spatial Strategy (produced by the Regional Assembly). As a consequence RDAs will receive new responsibilities for transport, planning and housing matters.

49. In the Yorkshire and the Humber region, Yorkshire Forward has a statutory responsibility, jointly with the Local Authority Leaders’ Board, to deliver the single Regional Strategy which will be called the Yorkshire and Humber Strategy. In written evidence the Government Office for Yorkshire and the Humber states: “This Strategy will replace the existing regional economic, spatial, transport and housing strategies, and more effectively align and prioritise public and private sector investment.”<sup>48</sup>

50. The process for devising the Single Strategy commenced in August 2009 and is due to be completed by October 2012. The Yorkshire and Humber Strategy website states that, “Because of legal requirements, the process is quite long and complex. So it has been broken down into eight main stages that began in the summer of 2009 and will continue to October 2012. The first stages are mainly about ensuring a robust evidence base for the strategy and a sense of direction. Later stages are about producing the Strategy itself and formally getting it approved by the Secretary of State. A process of engagement and consultation runs right through the timetable.”<sup>49</sup>

51. Witnesses supported the principle of a move to an integrated single regional strategy. Rt Hon Rosie Winterton MP, Regional Minister for Yorkshire and the Humber, said “I think the move towards a single strategy is a huge opportunity for us, because it brings together all the strands of economic development in terms of including housing, transport and planning within the overall strategy...I think it is something that will work hugely to our benefit in economic terms.”<sup>50</sup>

52. Tom Riordan, Chief Executive of Yorkshire Forward, agreed, “You had all these different strategies dealing with those issues separately and the opportunity we have is to bring those together in a truly integrated way, in a way that you cannot actually do at the centre—you cannot do it at a national level in the same way.”<sup>51</sup>

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47 Q 177

48 Ev 85

49 <http://www.yhstrategy.com/irs/developing-the-irs/timeline>

50 Q 198

51 Q 165

53. Local Government Yorkshire and Humber, said “Clearly bringing together your housing, planning, transport and economic strategies, on the face of it, makes absolute sense.”<sup>52</sup>

## New ways of working

54. The Sub-National Review announced that Regional Assemblies would be abolished.<sup>53</sup> They had been established at the same time as Regional Development Agencies and part of their remit had been to scrutinise the work of the Regional Development Agencies. Although Regional Assemblies had responsibilities for the development of spatial strategies, they were informal bodies with no statutory powers, made up mainly of local authority councillors, alongside social and economic partners.

55. The Sub-National Review proposed the creation of a Local Authority Leaders Board in each region. Section 71 of Part 5 of the Local Democracy, Economic Development and Construction Act 2009 provides for the establishment of these Boards from 1 April 2010.

56. In Yorkshire and the Humber, the Local Authority Leaders Board was established through Local Government Yorkshire and Humber, a regional partnership of the 22 local authorities, and including fire, police and national park authorities, across the region. The Local Government Yorkshire and Humber Leaders’ Board has existed since June 2008 and the 2009 Act will place it on a statutory footing. It ‘represents the collective voice’ of local government in Yorkshire and Humber. It also has a responsibility to work with Yorkshire Forward on the creation of the Single Regional Strategy.

57. To implement the new working arrangements, the Leaders Board and Yorkshire Forward have established new governance arrangements. A new Joint Regional Board made up of eight members of the Yorkshire Forward Board and eight council leaders has been created with responsibility for developing the Integrated Regional Strategy. Four Thematic Boards have also been appointed to support the Joint Regional Board in its work: Spatial Planning; Regeneration and Housing; Work and Skills; and Transport. Local Government Yorkshire and Humber will chair the Boards on Spatial Planning and Regeneration and Housing (with deputy chairs from Yorkshire Forward) and Yorkshire Forward will chair the Boards on Work and Skills and Transport (with deputy chairs from Local Government Yorkshire and Humber).

58. Witnesses from the business community expressed concern that the new responsibilities of transport, planning and housing could detract from the economic focus of Yorkshire Forward. Alan Hall, Regional Director of EEF, said, “I think this Government should be credited with the vision to create the RDAs in the first instance and I think the danger in the sub-national review is that you are spoiling what was a very good piece of interventionist machinery. [...]but if you keep adding and adding to their responsibilities and then make governance even more complicated, you are in danger of spoiling what has

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52 Q 94

53 HMT, BERR, CLG, *Review of sub-national economic development and regeneration*, July 2007, para 6.100

been a very strong model of economic development over the 10 years that we are considering here this morning.”<sup>54</sup>

59. Tony Cherry, National Vice-Chairman of the Federation of Small Businesses, expressed concern about the effect on ‘big projects’ and the ability of small business to have an input under the new arrangements:

We’ve touched on the big projects within the region and we do have a concern about whether those projects would still take place—whether local government would have the confidence to be able to invest very large sums of money in big projects. A problem that we also then have, particularly for the small business sector, is the engagement with 22 local authorities within Yorkshire and Humber. As an organisation we are very much business-led, even though we are the biggest business representative body for small businesses in Yorkshire and Humber. Historically our links with local authorities are not as strong as the relationship that we have within the region, and the way we have managed to influence activities within Yorkshire and Humber. So the current infrastructure that is in place would not allow that small business input to the level that we think needs to be there.<sup>55</sup>

60. In response to these concerns, Tom Riordan, Chief Executive of Yorkshire Forward, said:

What we have got to do is make sure that the delivery elements do not get blurred by that necessary integrated and wider strategic look at the economy, transport, housing and planning. The way we have structured it is to separate those two functions so that the RDA board can still get on and do their things, the local authorities can do their stuff on the housing side and we come together only on those issues that make a real difference. As I said before, we do not just do it at a regional level; we build it up from the local, the city regional and the regional so that it is all the same thing.<sup>56</sup>

**61. We congratulate Local Government Yorkshire and Humber and Yorkshire Forward for the way they have anticipated the measures in the Sub-National Review by establishing a Joint Regional Board and four Thematic Boards.**

**62. We note concerns from witnesses that Yorkshire Forward’s new responsibilities in respect of transport, housing and planning may detract from its economic focus. Yorkshire Forward should ensure that these responsibilities do not adversely affect its primary purpose of economic development and regeneration. Its role in coordinating the development of an Integrated Regional Strategy should enhance rather than detract from this core role.**

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54 Q 25

55 Q 25

56 Q 165

## 5 Targets and Performance

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63. In 2007 the National Audit Office conducted an Independent Performance Assessment (IPA) at the request of the then Department for Trade and Industry. Overall, Yorkshire Forward was seen as ‘performing strongly,’ scoring 20 points out of a maximum of 24 points, particularly in areas of ambition and capacity. The NAO has commenced work on a further Independent Performance Assessment with the report expected in May 2010.

64. In December 2007, Pricewaterhouse Coopers LLP (PwC) was appointed by the Department for Business Enterprise and Regulatory Reform (BERR) and the Regional Development Agencies (RDAs) to:

- Provide an independent assessment of the impact of the spending by each of the nine RDAs and the RDA network as a whole; and
- Assess RDAs’ achievements against objectives of both their Regional Economic Strategies and their Corporate Plans, and each specific programme and project.

65. The study<sup>57</sup> focused on the impact of £1.2 billion spent by YF between 2002–03 and 2006–07<sup>58</sup> and reviewed 33 evaluations covering spend of nearly £750 million by Yorkshire Forward during the relevant period.

66. The report stated that Yorkshire Forward had generated substantial outputs with over 40,000 jobs having been created and safeguarded of which 57% are additional at the regional level; over 2,000 businesses have been assisted, of which 32% are estimated to be additional; just over 330 businesses have been created, of which 38% are estimated to be additional; over 350 hectares of land has been remediated, of which 49% are estimated to be additional; and over 74,000 net skills assists have been delivered, of which 55% are estimated to be additional. In addition to the impact of its project and programme expenditure, the report stated that Strategic Added Value (SAV) is a key element of Yorkshire Forward’s impact, particularly in terms of providing a strategic focus and leadership, improving linkages and partnership working, and co-ordinating responses to the regions challenges. It also found that for every £1 of Yorkshire Forward money spent, £7.60 Gross Value Added was returned to the economy.

67. Yorkshire Futures<sup>59</sup> “*Progress in the Region*” Report for 2008 gives an assessment of progress against four headline indicators and performance against 35 high-level indicators. It also looks at overall progress and implications for key policy areas, and at ‘landmark issues where trends appear to be persistent and problematic’.

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57 BERR, *Impact of RDA Spending—national report*, March 2009, vols I & II

58 This includes expenditure on the Single Regeneration Budget (SRB) of £331 million but excludes spending on national programmes of £445 million. The SRB was a government regeneration fund started in 1994. It was managed through partnerships who won funding through competitive rounds. The last year of bidding was 200-02.

59 Yorkshire Futures was created in 2001 as the Regional Intelligence Network for Yorkshire and Humber, providing information and intelligence about the region.

68. The report found that that the region is making absolute progress compared with the baseline year on the headline indicators of total regional GVA<sup>60</sup> and ISEW.<sup>61</sup> On regional quality of life<sup>62</sup> it found although there had been an improvement it was not significant enough to be marked as progress, while per capita carbon dioxide emissions had remained largely static against the baseline. The report goes on to say: “While there are some notable improvements in some Headline indicators, and no areas where there are declines, the breadth and pace of progress is not yet sufficient for the region to be achieving the sustainable development it seeks.”<sup>63</sup> The assessment of trends for the 35 high level indicators was as follows:

Absolute progress (compared with baseline)	Relative progress (compared with England average)
Positive progress—on 22 indicators Little/uncertain change—on 5 indicators Negative trends—on 8 indicators	Positive progress—on 17 indicators Little/uncertain change—on 5 indicators Negative trends—on 13 indicators

69. In evidence to the Committee business representatives agreed that the Pricewaterhouse Coopers report gave an accurate picture of Yorkshire Forward’s performance and effectiveness.<sup>64</sup>

70. However, some witnesses thought that Yorkshire Forward was too focused on maximising GVA. In oral evidence, Chris Martin from Local Government Yorkshire and Humber commented: “As we move regional strategies forward, there is the need to reflect on quality of life as an outcome, and not just regional GVA.” Although he did acknowledge that Yorkshire Futures Progress in the Region reports had seen the “introduction of indicators that look at quality of life, as distinct from just economic outcome.”<sup>65</sup>

71. The TUC also expressed concern that “that the new arrangements emerging from the Sub-National review signal a policy framework with a very narrow focus on GVA and economic growth, but without wider awareness of the issues around inclusion and the environment.”<sup>66</sup> The Yorkshire and Humber Forum said that the Progress in the Region report “painted a mixed picture in terms of progress against RES targets for the economy.”<sup>67</sup>

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60 Gross Value Added. According to the English RDAs’ website Gross Value Added is a measure of economic value and is used in the estimation of Gross Domestic Product. It measures the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used in production.

61 Index developed by the New Economics Foundation and on which regional data collectively commissioned by regional development agencies and regional observatories is now available

62 Index developed by Yorkshire Futures to capture aspects of well-being that can be affected by public policy and investments. It is based on six broad domains: health; economy and equality; crime and safety; neighbourhood and housing; sport, culture and leisure; and skills.

63 Yorkshire Futures, *Progress in the Region 2008: Summary*, March 2009, p 5

64 Q 20

65 Q 87

66 Ev 76

67 Ev 96

72. When asked about the Progress in the Region report, Tom Riordan, Chief Executive of Yorkshire Forward acknowledged that there were social issues that needed to be addressed as they could have an economic impact, citing the example of youth unemployment and the potential for social unrest if the issue was not tackled.<sup>68</sup> Mr Riordan gave examples of the work that Yorkshire Forward had undertaken to address social issues, but conceded “We have to do more of that and get better at it because if we don’t, we could have real problems.”<sup>69</sup>

**73. We welcome the conclusions of the National Audit Office and Pricewaterhouse Coopers reports which positively endorse the work of Yorkshire Forward and its benefits to the regional economy.**

**74. While accepting that the primary role of Yorkshire Forward is an economic one, we acknowledge that quality of life and social justice issues should form part of the basis on which the performance of Yorkshire Forward is judged. This will become more important as the region develops an Integrated Regional Strategy.**

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68 Q 156

69 Ibid



## 6 Yorkshire Forward's Budget

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### Regional Development Agency Budgets

75. Regional Development Agencies are funded through a 'single pot' which pools money from contributing Government departments.<sup>70</sup> Each RDAs budget allocation varies and is determined by a funding formula which takes into account various factors based on need and opportunity. Yorkshire Forward state: "The 'single pot' gives us a high degree of flexibility, helping us to channel money towards the investments we have prioritised for our region. However, it also comes with certain demands as to how it is used and what we have to deliver in return for it, as set out in the Corporate Plan."<sup>71</sup> Yorkshire Forward has the third highest budget of the English RDAs and the second highest budget per head of population (£61 per head for 2009–10).<sup>72</sup> In addition to their Single Budget, the RDAs have taken over management of the European Regional Development Fund (ERDF) and the Rural Development Programme for England (RDPE). Both programmes run from 2007 to 2013, and together amount to £9 billion across England.

76. Witnesses were supportive of the flexibility that the 'single pot' budget allows. Nick Pontone, Director of Policy, Yorkshire and Humber Chamber of Commerce, described the introduction of the 'single pot' in 1999 as "a very positive thing".<sup>73</sup> Tom Riordan, Chief Executive of Yorkshire Forward, asserted that RDAs "probably have more flexibility than almost any other public agency" and that this was "one of the great strengths of RDA and being able to react quickly to the floods, foot and mouth or the Selby coal closures was all about being able to have that flexibility."<sup>74</sup>

77. Witnesses did however express concern about the rule that "projects for more than £10 million of 'single pot' generally require approval by Government."<sup>75</sup> Nick Pontone questioned whether this was "something that Whitehall should get involved with, or whether it devolves the budget, devolves the accountability and sets targets and lets the RDA get on with it." He added that "In principle, I think there probably is still further that Government could go to let Yorkshire Forward make the investments that it wants to make, taking due account of the processes that it needs to follow to get the projects through to the approval stage."<sup>76</sup> The Yorkshire and the Humber Regional Forum went further, suggesting the rule "makes a mockery of regional flexibility and effectiveness" and "the processes for approval of spend on anything 'novel or contentious' actually impedes the very innovation the government says it wants Yorkshire Forward to encourage and

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70 Departments that contribute are BIS, CLG, DEFRA, DCMS, DECC and UKTI.

71 <http://www.yorkshire-forward.com/about/our-funding/single-pot>

72 Ibid; and <http://www.berr.gov.uk/whatwedo/regional/regional-dev-agencies/funding-financial-gov/page20136.html>

73 Q 24

74 Q 160

75 Ev 83; RDA Accountability and Financial Framework (BERR October 2008)

76 Q 24

deliver.”<sup>77</sup> In his evidence, Tom Riordan, Chief Executive, Yorkshire Forward, said: “I sometimes feel that we are constrained a little bit too much at times by Whitehall.”<sup>78</sup>

**78. We commend the Government on the establishment of the ‘single pot’ mechanism for RDA funding and the flexibility that this allows RDAs in spending decisions. However we note the concerns of witnesses regarding the rule that projects costing over £10 million of ‘single pot’ money should receive Government approval and suggest the Government give consideration to whether this limit should be increased. This would be subject to Yorkshire Forward being required to consult fully and take into account the views of all relevant parties with regard to all the costs and benefits of any large items of expenditure.**

## Budget Decreases

79. The 2007 Comprehensive Spending Review determined the resources available to RDAs for 2008–11 and announced a 5% real reduction in RDA funding and a ceiling on administrative costs. RDA budgets have also suffered further cuts. £300 million was diverted from the Department for Communities and Local Government’s funding stream to the single pot to establish HomeBuy Direct in September 2008; the Winter Supplementary Estimate 2008–09 made further reductions; and DEFRA’s contribution to the single pot was reduced by £17.088 million due to DEFRA’s need to set a balanced budget for 2008–09.<sup>79</sup>

80. The Government has announced that the next Comprehensive Spending Review is to be delayed due to the current economic situation. On 9 December 2009, when introducing the Pre-Budget Report in the House of Commons, Rt Hon Alistair Darling MP, Chancellor of the Exchequer, said “for as long as extraordinary uncertainties remain in the world economy, this is not the time for a spending review. We have already set out clear and firm departmental budgets for the next financial year, but to try and fix each Department’s budget now for the next five years is neither necessary nor sensible.”<sup>80</sup>

81. On 30 September 2009, Yorkshire Forward published a Revised Corporate Plan, which ‘sets out how Yorkshire Forward will respond to the challenges faced by the Yorkshire and the Humber region faces from to the economic downturn.’<sup>81</sup> The Plan states that:

Total financial resources are forecast to fall from £360.24m in 2009–10 to £277.55m in 2010–11, a reduction of £82.69 million or 23.9%. This reduction is greater than the Comprehensive Spending Review (CSR) 2007 imposed. The largest reduction in funds relates to the transfer of funds to the Homes and Communities Agency’s HomeBuy Direct Scheme and is £42.04 million, phased over the next two years.

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77 Ev 95

78 Q 160

79 Business and Enterprise Committee, Fourth Report of Session 2008–09, *Regional development agencies and the Local Democracy, Economic Development and Construction Bill*, HC 89-1

80 HC Deb, 9 December 2009, cols 368-369

81 Yorkshire Forward, *Revised Corporate Plan 2008–11*, September 2009

The CSR administration reduction of £0.92 million is now reflected in a revised Administration budget (a reduction of £0.46 million in 2008–09 and £0.46 million in 2009–10) and no growth is forecast in future years.”<sup>82</sup>

82. Business representatives voiced concern at the budget decrease. Nick Pontone described it as a ‘big hit’. While accepting the current financial pressures, he commented it was “totally unsatisfactory that the RDA was given a budget...but then to lose quite a significant chunk of that to pay for a scheme elsewhere within Government, when we see the RDA has been able to invest in long-term projects and been able to commit resources on the basis of reasonable expectation that it is going to get those in from the Treasury, I think was very disappointing.”<sup>83</sup> Alan Hall, from EEF, agreed with this assessment.<sup>84</sup>

83. Clare Coates, from Local Government Yorkshire and Humber, expressed concern but was unsure about how the decrease would affect Yorkshire Forward’s work in the region saying “it would depend on which budgets were cut and how they were cut.”<sup>85</sup>

84. Tom Riordan, Chief Executive, Yorkshire Forward, said that “budget pressures had made our life very difficult” and had resulted in them “not being able to invest in as many regeneration schemes as they would have liked.”<sup>86</sup> He continued:

We are very concerned about the budget reducing in the future. I think that you would reach the point where you lose that critical mass that I talked about and that need to be able to punch with some weight within the economy.<sup>87</sup>

85. Budgetary cuts and a reduction in funding will require Yorkshire Forward to prioritise which projects/programmes should be granted funding. This comes at a time when it is likely there will be additional demands for funding due to the effects of the credit crunch, potentially making prioritisation more important and more challenging.

**86. While recognising the current economic situation we are concerned about the impact of budget cuts and a reduction in funding on the work of Yorkshire Forward in the region. The Government should ensure that Regional Development Agencies have sufficient resources to carry out their expanded remit.**

**87. We are also concerned that funds have been diverted from Yorkshire Forward to other areas of Government expenditure and the impact that this has on Yorkshire Forward’s ability to allocate resources. Having incurred a 23.9% reduction in total financial resources for 2010–11, we recommend that Yorkshire Forward has no further decreases in its budget. This will enable it to take strategic decisions on the allocation of resources for the benefit of the region on the basis of a stable and agreed budget.**

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82 Ibid, p. 6

83 Q 23

84 Ibid

85 Q 89

86 Q 159

87 Ibid

88. In the current economic climate and the uncertainties that this can cause, we recommend that Yorkshire Forward continually reassesses its spending priorities and make changes accordingly following consultation with the Government Office and other regional partners. We are particularly concerned that counter-recessionary spending should be funded by Government and should not be at the expense of existing projects, otherwise this may damage the prospects of the region’s recovery from recession.

## Devolution of Budgets

89. In their submission to our inquiry, Local Government Yorkshire and Humber stated that “further devolution of funding, influence and power, from the regional level to local authorities, still needs to take place in order to build the strong local government sector that is required to deliver genuine improvements.”<sup>88</sup> They went on to suggest that such devolution “will achieve improved delivery, greater integration, improved outcomes from places and communities across the region and increased democratic accountability. Additionally, such devolution will support the Government’s drive for increased efficiencies and improved delivery in public sector services.”<sup>89</sup>

90. In oral evidence Chris Martin from Local Government Yorkshire and Humber expanded on how this devolution of funding and powers may work in terms of the Leeds city region pilot<sup>90</sup> “It will develop a new balance, whereby the city region pilots ways in which to have more delegated and devolved funding arrangements and so forth. Clearly, that will potentially mean a rebalancing of the work that Yorkshire Forward leads on.”<sup>91</sup>

91. We questioned whether this would mean that smaller local authorities would miss out. Clare Coates from Local Government Yorkshire and Humber accepted that “there are certainly some challenges that need to be addressed, but if devolution happened at that level, you could have greater concentration on some of the priorities that have come in from that sub-region and greater collaboration.”<sup>92</sup>

92. Tom Riordan, Chief Executive, Yorkshire Forward, responded by asserting that the ‘starting point’ was important “that you have a council that is very economy focused and sees the economy as a focus. You also need capacity and, as you say, to be able to deliver certain things”.<sup>93</sup> Mr Riordan added that he thought there was “a case for more flexibility at a local level, but that has got to be linked to the ability to work in partnership—we call it

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88 Ev 62

89 Ev 63

90 The Leeds City Region Partnership brings together the eleven local authorities of Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York, along with North Yorkshire County Council to work toward the common aim of a prosperous and sustainable city region by working together in areas such as transport, skills, housing, spatial planning and innovation. In April 2009, the Chancellor announced that the Leeds City region Partnership would be one of the Government’s pilot city regions, which would give it more control over spending for programmes for housing, regeneration, skills and innovation.

91 Q 50

92 Q 92

93 Q 161

co-production—with the RDA. The RDA has a skills set that you would not want to replicate 22 times across the region.”<sup>94</sup>

**93. We are not convinced that the case has currently been made for the further devolution of funding from RDAs to individual local authorities. We support the call for Yorkshire Forward and local authorities to work together more collaboratively and flexibly. However, we think it appropriate that there should be an assessment of the Leeds City Region pilot to establish the effectiveness of devolving further funding and powers to sub-regional level, but this should not be to the detriment of smaller local authorities in the region.**

## 7 Current Economic Climate

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94. On 24 November 2009, Tom Riordan, Chief Executive of Yorkshire Forward, described the economic downturn as “our biggest challenge in the last year” which had caused “a range of different problems right through from the smallest business to the biggest.”<sup>95</sup> The Government Office for Yorkshire and the Humber agreed that, although the region’s economy had been restructuring since the 1980s, the region was “being significantly affected by the global economic downturn.”<sup>96</sup>

95. In its written evidence EEF gave a snapshot of the effect of the current financial and economic situation on businesses:<sup>97</sup>

Many manufacturers in Yorkshire have been hit hard by the recession. EEF’s most recent Business Trends survey was released on 2 March. It showed the downturn in manufacturing accelerating, with the outlook exceptionally weak. Outputs and orders were at historically low levels, and companies did not expect demand to pick up in the short term. Intense cashflow constraints were contributing to sharp cutbacks in investment plans, and the pace of job cuts was picking up. However, weaker sterling was helping exports, which in Yorkshire & the Humber had led to exports declining less slowly in this quarter than in the final quarter of 2008. The deterioration was being felt in all sectors, but basic metals and automotive were particularly hard hit.

Not all companies have been hit to the same extent. The aerospace, oil & gas sectors have bucked the trend, and there are examples of manufacturers in various niches who have not felt the pain to the same extent as the majority.’

96. Hull City Council commented:<sup>98</sup>

The impact of the recession and in particular the lack of credit for businesses is clearly having an adverse impact on employment levels across the country and in the Yorkshire and Humber region.

Within the Yorkshire and Humber Region the local authority area of Hull has seen the largest rise in the total numbers of people claiming Job Seekers’ Allowance (JSA). Looking at all of England, the Work Foundation has suggested that local authority areas which have experienced the biggest jumps in the numbers claiming benefits, are in the north of England. Hull is the worst-affected cities according to the Work Foundation, with a claimant rate of 8% in February 2009 (compared to a claimant rate of 4.8% in February 2008). The distinct industrial sector most affected in Hull (and the Hull Travel-To-Work Area) has been caravan manufacturing, with 1,500 job losses over the past year.

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95 Q 137

96 Ev 84

97 Ev 99

98 Ev 72

97. The Yorkshire and Humber Chamber of Commerce stated the “overall picture is that the recession is hitting almost every sector hard and manufacturing is especially vulnerable. Our measures of sales, orders and employment have hit record lows and a slow recovery is anticipated. The two key issues are credit and confidence. Both will need to return before a recovery can begin.”<sup>99</sup>

98. On 30 July 2008, Yorkshire Forward and the Government launched *The Yorkshire and Humber economy: a joint response to changing economic circumstances*<sup>100</sup> outlining the collective approach that Yorkshire Forward, HM Treasury and BERR [now BIS] were taking to help companies and individuals affected by problems of tighter credit conditions and increasing commodity costs.

99. In its submission, Yorkshire Forward outlined the steps it had taken to support businesses during the recession:<sup>101</sup>

- Undertaken a concerted marketing campaign to inform businesses of the support available through Business Link.
- Brokered practical measures, such as an agreement that every bank manager within the region will have a personal Business Link Advisor relationship: this is aimed at increasing banks’ understanding of available support, enabling them to introduce it to their customers.
- Worked alongside the Government Office, through the Leeds Financial Services Initiative, to kick-start lending to the region’s businesses.
- Has utilised the Agency’s funding flexibility to shift resources to what the region’s businesses need. It is investing:
  - £9.7 million in redundancy support measures;
  - £9.7 million in a range of business investment funds;
  - £43 million in research and development grants;
  - £50 million in the Train to Gain Enhancement Fund;
  - £7 million to enhance the Manufacturing Advisory Service’s work with industry;
  - £10 million to improve competitiveness through resource efficiency;
  - £36.9 million in the Targeted Export Support Scheme;
  - £2 million in internships for graduates (currently in development).

100. On 6 March 2009, Tom Riordan, Chief Executive of Yorkshire Forward commented that the work of Yorkshire Forward had “changed dramatically” over the last few

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99 Ev 79

100 Yorkshire Forward, BERR, HM Treasury, *The Yorkshire and Humber economy: a joint response to changing economic circumstances*, July 2008

101 Ev 111

months.<sup>102</sup> Yorkshire Forward is now “focused on keeping as many people in jobs as possible, keeping viable businesses operating in current economic conditions and maintaining the momentum behind key regeneration schemes.”

101. In announcing the publication of the PricewaterhouseCoopers independent evaluation of RDAs, Lord Mandelson’s written ministerial statement included the following expectations of RDAs in the current economic conditions:

I am asking the RDAs to focus, working with and through others; as an immediate priority, on providing assistance to businesses; for the medium-term, on stimulating the recovery and growth; and for the longer term, on restructuring and developing each region’s strengths, supporting its growth and competitiveness in the future.<sup>103</sup>

102. On 9 April 2009, the Government published *Real Help Now: Yorkshire and Humber*, as a one-stop guide for people and businesses to all sources of Government help available during the economic downturn.<sup>104</sup>

103. On 20 April 2009, the Government published *Building Britain’s Future—New Industry, New Jobs*,<sup>105</sup> which set out how it proposed the country could beat the recession and secure its economic future in a rapidly changing and highly competitive global economy. Regional Development Agencies were identified as having a pivotal role in helping to shape Government’s strategy to invest in Britain’s economic and industrial future.

104. In the light of the changing economic circumstances and policy context, Yorkshire Forward revised its Corporate Objectives for the 2009–12 planning period, and has a dual focus:

- 2009–10—responding to the immediate challenges, working with partners to mitigate the negative impacts of the recession on the region’s businesses, individuals and communities;
- 2010 and beyond—not losing sight of the region’s long term aspirations for economic prosperity and inclusion, by working to ensure that the regional economy is more resilient to external economic drivers and therefore better able to weather an economic downturn and respond quickly to the upturn when it comes.<sup>106</sup>

105. Witnesses generally welcomed the response of Yorkshire Forward to the current economic climate. Nick Pontone, Director of Policy, Yorkshire and Humber Chamber of Commerce, said Yorkshire Forward “responded very, very quickly, setting up a new unit and trying to divert resources where it could.”<sup>107</sup> Other witnesses from the business

102 Minutes of the Second meeting of the Yorkshire and Humber Joint Regional Board, 6 March 2009

103 HL Deb, 31 March 2009, cols 80–81WS

104 Ev 84 (footnote 55); See also Ev 87–90 for more information on the ‘real help’ project.

105 HM Government, *Building Britain’s Future—New Industry, New Jobs*, April 2009

106 Yorkshire Forward, *Revised Corporate Plan 2008-11*, June 2009, p 9

107 Q 15



community agreed and cited examples of initiatives undertaken by Yorkshire Forward in response to the downturn. These included:<sup>108</sup>

- financial health checks for businesses through Business Link;
- use of the Manufacturing Advisory Service to provide a mentoring service to companies, a procurement project to help small businesses; and
- a procurement project in the construction industry to try to secure contracts in the public sector.

106. Clare Coates from Local Government Yorkshire and Humber stated that “local authorities have seen its response as positive and as working in partnership. It has been flexible with its funding, which has been seen as positive; it has been able to respond quicker than before. That quick response in changing programmes and changing money to the needs of different parts of the region is positive for the future.”<sup>109</sup>

107. Rt Hon Rosie Winterton MP, Minister for Yorkshire and the Humber, agreed:

I think that Yorkshire Forward—as well as, by the way, other agencies in the region, but there’s no doubt that Yorkshire Forward led—was able, first of all, to get that detailed analysis of which sectors were being particularly badly hit and which geographic areas we needed to concentrate on.<sup>110</sup>

108. However some witnesses expressed reservations regarding some areas of Yorkshire Forward’s response. In its written evidence, the TUC said:

There is a lot of help and support available to businesses that are facing financial difficulties and while this is helpful many sources have reported back that it is too difficult and time consuming to access funding support. This has been acknowledged by Yorkshire Forward and there have been steps taken to simplify the processes through the first point of contact, business link.<sup>111</sup>

109. EEF stated that ‘the response to the crisis facing manufacturing under the current conditions has been slow to emerge ... Yorkshire Forward has now established a Manufacturing taskforce, on which EEF sits, but this may be too little too late.’<sup>112</sup>

## Role of the Regional Minister

110. In October 2008, the Council of Regional Ministers (CRM) was established as ‘an integral part of government’s response to the economic downturn.’ The Council’s role is to:

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108 Q 15

109 Q 80

110 Q 191

111 Ev 75

112 Ev 99

- discuss common issues and take action where appropriate, including making recommendations to the National Economic Council (NEC) and Regional Economic Council (REC);
- act as a channel to the NEC and REC for information gathered by regional ministers as part of their work in their region; and
- assist in spreading key messages from regional ministers and the NEC and REC.’
- The Council meets monthly and has discussed the NEC’s and government’s key themes in responding to the downturn of jobs, support for business especially Small and Medium Enterprises, housing and investing in skills and infrastructure for the future

111. The Government has also established Regional Economic Forums (REF). In Yorkshire and the Humber this is known as the Economic Delivery Group. These are intended to ‘provide a new approach to coordinating economic policies across government’. The REF is made up of key regional bodies, who meet on a monthly basis and:

- take a collective, strategic perspective on regional economic issues
- and establish ways of joining up efforts to speed up the response to economic employment, financial and housing challenges in the region.

112. The Forum also feeds back information to the NEC and RECs and CRM advising them on particular issues, and some of the measures put in place to tackle regional challenges.”

113. Witnesses were appreciative of the work of the Government Office and the Economic Delivery Group in response to the economic downturn. Tony Cherry, National Vice-Chairman, Federation of Small Businesses, remarked that “it has brought together a number of the major influencing parties within the region, and it has worked very quickly.”<sup>113</sup> Tom Riordan, Chief Executive, Yorkshire Forward, said “We have a very good Government office and good relationships with our regional Minister.”<sup>114</sup>

114. Rt Hon Rosie Winterton MP, Minister for Yorkshire and the Humber, was appreciative of Yorkshire Forward’s engagement with the Economic Delivery Group:

I have welcomed the way in which Yorkshire Forward has worked with the economic delivery group that I established, bringing together partners from all across the region not only to get short-term help for individuals, but to look to the future and where our growth areas might be in sectors such as low-carbon technology, digital technology and advanced manufacturing.<sup>115</sup>

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113 Q 16

114 Q 160

115 Q 173

115. Witnesses also noted that given the number of agencies and organisations involved it was important to avoid the duplication of roles.<sup>116</sup> In response to this concern the Minister said:

We have tried to ensure that there is not. In the feedback that we have had, some people said that they needed one point of contact, so we tried to react to that by ensuring that Business Link was able to fulfil that. That was the danger of duplication—people feeling that they had to make lots of different phone calls to get assistance.<sup>117</sup>

116. While supportive of short-term measures to combat the downturn, witnesses were concerned that the Government and Yorkshire Forward did not lose sight of long-term needs and objectives. Andrew Palmer, Regional Director of the CBI, said:

[O]n the economic delivery group, what it needs to do now and what we need to look at is a long-term picture for the region to make sure it comes out of recession. We have been looking at short-term fixes and now it is time to look at the long-term picture.<sup>118</sup>

117. Nick Pontone, Director of Policy, Yorkshire and Humber Chamber of Commerce, expressed concern that there may be a gap in strategic planning:

We see that the corporate plan has been amended to take account of the different economic circumstances, but we have the same regional economic strategy that was agreed two years ago, or whatever period it was. The one concern that we might have with the new integrated regional strategy is that because it is incorporated with spatial planning, it will take until 2012 to get a new proper, full economic strategy in place—that is not Yorkshire Forward’s fault by the way—which is rather too long when we need a new fleet of foot economic strategy to get the economy moving in very different economic times ahead.<sup>119</sup>

118. Tony Cherry, from the Federation of Small Businesses agreed, stating:

The challenge the RDA has for the future is that it has played a part in bringing forward quite a number of projects and it has funded them earlier. That will leave quite a gap at a time when we need to invest in growth within the region.<sup>120</sup>

## Emerging from the downturn

119. On 26 February 2010, it was announced that the UK had emerged from the recession when figures released by the Office for National Statistics showed 0.3% economic growth in the last quarter of 2009.

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116 Q 18 (Andrew Palmer)

117 Q 193

118 Q 16

119 Q 13

120 Q 17

120. However commentators have expressed concern at the possible fragility of the recovery and the possibility of a ‘double-dip recession’.<sup>121</sup>

121. Witnesses to our inquiry agreed with these concerns. Alan Hall, Regional Director, EEF, commented:

I think the slow-down will take some time to recover and I strongly support the point that, whether it is at an RDA or Government level, if you were to start to withdraw the sort of intervention funding we are considering here—RDA-led funds or otherwise—you could find that the economic slow-down is strongly adversely affected by those sorts of moves. Today we are concerned with the Yorkshire picture and what might happen at RDA level, so there is a health warning there.<sup>122</sup>

122. In a recent publication, Simon Foy, Yorkshire Forward’s Executive Director for Strategy, stated:

[...]experience from previous recessions suggests that Yorkshire & Humber’s labour market will take longer to recover from a downturn than that of the nation as a whole. Forecast data suggests that it could take until 2016–17 for the region to return to its 2007 employment levels. Nevertheless, what is different is that the total number of jobs and people in work remains notably higher than in previous decades, so there is a stronger base remaining than was the case in previous recent recessions. Achievements to date, a broader economic base and higher enterprise and employment levels all mean the region is better placed to emerge and recover from this recession.<sup>123</sup>

123. In oral evidence Tom Riordan, Chief Executive, Yorkshire Forward, added:

We have an active plan to make sure that what you described—what Simon Foy explained could happen—doesn’t happen. We have been first in, last out of the last three recessions. Yorkshire Forward’s job and the region’s job is to make sure that that doesn’t happen again this time.

124. Witnesses from business organisations were unanimous in agreeing that it was too early to start withdrawing measures introduced in response to the downturn.

**125. We commend the Government Office for Yorkshire and the Humber, Yorkshire Forward and regional stakeholders on their proactive and collaborative response to the economic downturn. The creation of the Economic Delivery Group was a useful tool in the region’s response and was helpful in avoiding duplication of effort between stakeholders.**

**126. We also commend Yorkshire Forward for revising its Corporate Plan to prioritise battling the economic downturn. However it is important that short-term actions do not impede the long-term prospects of the region.**

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121 For example see, PricewaterhouseCoopers, *Regional Trends Report*, January 2010

122 Q 16

123 Smith Institute, *The future of Yorkshire and Humber*, November 2009, p 37

127. **We share the concerns expressed by witnesses that the economic position remains fragile. The Government and Yorkshire Forward should continue to take necessary steps to ensure that Yorkshire and the Humber is not the last region to emerge from the downturn.**

## Skills and Innovation

128. Witnesses to our inquiry commented that the area of skills and innovation was vital to economic recovery particularly as Yorkshire and the Humber has some historic underlying problems. In an attachment, on skills, to its written evidence the Government Office for Yorkshire and the Humber state:

There have been significant improvements in performance in Yorkshire and the Humber in the skill levels achieved by both young people and adults, but the region still lags behind national performance.<sup>124</sup>

129. Yorkshire Futures Progress in the Region Report for 2008 makes the following observations on education and skills:<sup>125</sup>

- Yorkshire and Humber has one of the lowest levels of attainment of five A\*–C GCSEs including English and Maths.
- Yorkshire and Humber remains below the England average for attainment of five or more GCSEs at A\*–C. Yorkshire and Humber has made a considerable improvement over the last ten years, where attainment has increased by nearly 21.5 percentage points, the second highest increase across all regions.
- 7.7% of the 16–18 age group in Yorkshire and Humber are considered ‘Not in Education, Employment or Training (NEET)’. This is higher than the national average of 6.5%.
- Within the region, North Yorkshire performs consistently better than the national average in terms of attainment and lower levels of NEET.
- Yorkshire and Humber has the third highest proportion of working age population with no qualifications in the country.
- Adult skill levels (NVQ 2, 3 and 4) within the region are all below the national average.
- The proportion of employees receiving job related training has been falling over recent years. Latest figures show that 19.6% of people in Yorkshire and Humber have received job related training in the last 13 weeks.

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124 Ev 91

125 Yorkshire Futures, *Progress in the Region 2008*, March 2009, p 150

130. The RES sets the following targets and assessments for Skills and Innovation:<sup>126</sup>

- *Skills:*

**Target:** Raise % of people with NVQ level 2 or equivalent or higher to 80% (from 70% in 2004) and the proportion within this total with level 4+ from 37% in 2004 to 45%.

**Assessment:** 'Data/forecasts suggest that the region has a good chance of achieving against this target' AND 'Unsure whether the region will achieve target at this point in time/not enough data yet available'.<sup>127</sup>

- *Innovation:*

**Target:** Double R&D expenditure from 0.5% of GVA in 2002 to >1% of regional GVA (Business Enterprise R&D all industries, total workplace based).

**Assessment:** Data suggests that without strong intervention, the region will not achieve this target.

### **Skills Strategies**

131. The Government's Skills for Life qualifications are designed to help individuals with the needs of everyday life in terms of literacy, numeracy and information and communication technology (ICT) skills. In November 2009, the Government launched Skills for Growth.

### **Train to Gain**

132. Train to Gain is the national skills service that support employers of all sizes and in all sectors to improve the skills of employees as a route to improving business performance. The service offers skills advice on everything from basic skills through to leadership and management training.

133. The Enhancement Fund has improved the Train to Gain service in Yorkshire and the Humber allowing more flexibility to the courses delivered and 100% subsidy for workers who are facing redundancy.

134. The National Audit Office's report on the Train to Gain service gives the following information for the Yorkshire and Humber region:<sup>128</sup>

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126 The Regional Economic Strategy for Yorkshire & Humber 2006–15: Progress update 2007, pp 78 and 82.

127 The reason given for two different assessments is that figures at a regional/sub-regional level are fairly robust while caution is expressed for local authority figures especially in some of the more rural, sparsely populated districts.

128 NAO, Train to Gain: Developing the skills of the workforce, July 2009

<b>3 Yorkshire and Humber</b>			
<b>Region size</b>	<b>Employed population</b>	<b>Number of employer sites</b>	<b>Regional share of national skills gap</b>
	2-3 million	<200,000	8%
<b>Market penetration 2006-2009</b>	<b>% population who are learners</b>	<b>% employers engaged with brokers</b>	
	3	6	
<b>Satisfaction and success</b>	<b>Employer satisfaction with brokerage (2008)</b>	<b>Success rate (2006-07)</b>	
	73%	65%	
<b>Providers delivering training</b>		78 providers in 2008-09	

*SOURCE: National Audit Office analysis of data from National Employer Skills Survey 2007, LSC management information, and the Office for National Statistics*

*NOTE: The LSC's regions include all Train to Gain learners, apart from national employers which had 47,400 learner starts by December 2008.*

135. It goes on to say “The performance of the LSC’s regions has varied substantially as a result of differing approaches, for example in how regions manage provider performance, as well as differences in local circumstances. The different approaches often had a direct impact on providers and brokers, particularly those working across regions. In 2008, to drive-up overall performance and promote greater consistency, the LSC reviewed regional approaches, and regional disparities in performance against target were less marked in 200–09”.

136. Margaret Coleman, Regional Director, Learning and Skills Council, acknowledged that there were concerns regarding the education and skills agenda in the region but also thought there were some reasons for optimism:

It is true that at the end of statutory education, Yorkshire and the Humber is still the worst-achieving region in the country, but we are showing improvement in terms of the adult population at levels 2 and 3. We have huge numbers of young people and young adults going into apprenticeships now, so I think that there are some good trends within the region. For instance, success rates for apprenticeships are higher than the national averages, and that is also true of the increased success rates of our further education colleges. There is a lot to celebrate, although one of the most troubling statistics in the region is the fact that the number of young people not in education, employment or training is the second worst of the nine regions. The number of young people whose intentions and engagement are not known is the worst statistic in the region.<sup>129</sup>

She added that there had been an increase in participation and achievements in skills initiatives.<sup>130</sup>

137. Margaret Coleman was also positive about Yorkshire Forward’s relationship with skills agencies and its input into the skills agenda.

Over the lifetime of two chief executives in Yorkshire Forward, we have reached a well-understood relationship. We work with it on the contribution of skills to the regional economic strategy. Its funding has much greater flexibility, so it can pump-prime certain projects and initiatives, but it understands that we are the primary strategic and delivery organisation—or commissioning body, I suppose—for skills within the country. We do quite a lot of Yorkshire Forward’s spend on skills, particularly intermediate skills, rather than the higher-level skills.<sup>131</sup>

138. In its written submission, the Regional Skills Partnership supported this:

The Regional Skills Partnership as the lead for skills in the region has used the RES and regional Leitch targets as a starting point in setting strategic direction and priorities. The involvement and engagement of all partners is key to delivery. Yorkshire Forward have engaged well with and supported the Regional Skills Partnership and have seen it as a key infrastructure to help in the delivery of what is essentially a very stretching aspiration.<sup>132</sup>

139. When asked about how Yorkshire Forward could get to grips with the skills and innovation targets, Margaret Coleman called for “increased focus on a limited number of priorities ... we need to agree which are the absolutely drop-dead targets, and the agencies should work together to deliver them for the good of the region.”<sup>133</sup>

140. Amelia Morgan, Chief Executive, Yorkshire Universities, agreed and added:

There is a challenge around gaining more momentum. We have all seen the league tables for 0–19 education, and certainly there is a strong partnership approach, to which Margaret alluded, around alignment funding for growing our own talent and raising aspirations. That is absolutely integral to what we need to continue to do to gain momentum.<sup>134</sup>

141. Tom Riordan, Chief Executive, Yorkshire Forward agreed, “[W]e must prioritise, we must ensure that we are supplying industry with the people it needs. One main issue is around skills...”<sup>135</sup>

142. The Regional Minister also acknowledged issues on skills:

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130 Qq 117–119

131 Q 108

132 Ev 49

133 Q 120

134 Q 120

135 Q 153



There are obviously some issues to do with skills. There has been progress, but there is still further to go. As the regional Minister, what I have tried to do, particularly on the skills side, is to discuss how we can improve the issues around skills. For example, I have tried to get local authorities, businesses and public agencies to sign up to the skills pledge.<sup>136</sup>

### ***Restructuring of skills delivery***

143. The Apprenticeships, Schools, Children and Learning Act 2009 dissolved the Learning and Skills Council with effect from April 2010. As a result, LSC's current work with and funding for 16–18 year olds will pass to local authorities; the Act will also create a new agency, the “Young People’s Learning Agency” to oversee this work at national and regional level. The LSC’s work with adults and employers will transfer to a new Agency called the “Skills Funding Agency”; this agency will incorporate a “National Apprenticeship Service to provide an enhanced service for young people/adults and employers on Apprenticeships.

144. When asked about this reorganisation, the Regional Minister stated:

it makes a lot of sense because when we look at the regional strategies that are being developed for the future, and at the way in which the RDA and the local authorities, particularly in Yorkshire and the Humber, have moved already to set up a joint board, one of the sections they look at is work and skills. That means that we can co-ordinate the work that can be done at regional level with the work that local authorities and others do. So that approach is the right one for us.<sup>137</sup>

## ***Innovation***

### ***Research and Development Funding***

145. In their submission Yorkshire Forward state:

We are still working with companies on innovation, enterprise and finding new markets. R&D grants totalling over £43 million are available to all businesses in the region, to help them develop innovative new products over the next six years. We believe this will create or safeguard 555 jobs and lever in private sector investment of £26 million.

Innovation vouchers are helping the region’s firms remain competitive. Companies are able to apply for vouchers up to £3k. Successful businesses can then choose from a panel of academic experts they work with to test and develop their ideas. The scheme, launched in January, has awarded 131 vouchers so far.<sup>138</sup>

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136 Q 188

137 Q 195

138 Ev 112

### *Yorkshire Forward and Yorkshire Universities Strategic Alliance*

146. In Spring 2007, Yorkshire Universities (YU) and Yorkshire Forward (YF) agreed a Strategic Alliance committing Yorkshire Forward and the region's universities to working together to deliver sustainable economic development for the region. Four areas were agreed as a focus for joint working:

- Create, cultivate and exploit knowledge;
- Support business growth and innovation;
- Develop creative and enterprising people; and
- Promote the region nationally.

147. A Yorkshire Forward Board paper lists the proposed activities for 2008–11. It also states that “YF and YU have chosen to concentrate on a small number of substantive new initiatives that should give a significant impact. These will be supplemented by a programme to support and enhance existing bi-lateral and multi-lateral initiatives between YF, YU and the region's universities...”.

148. An action plan has been developed jointly by YF and YU that takes into account YF's new Policy and Geographic Products to ensure they align and complement each other. Where appropriate, opportunities for co-investment with appropriate European and UK funds and bodies will be investigated, such as with the new European Regional Development Structural Funds, the Higher Education Funding Council for England (HEFCE), the Technology Strategy Board and UK Research Councils.

149. The action plan “translate[s] the higher level themes into four ‘practical’ delivery programmes: Research Strengths, Innovation Hubs, Supporting regional Innovation and International Collaboration”.

150. Amelia Morgan, Chief Executive of Yorkshire Universities, stated that Yorkshire Forward's performance and interaction with universities had been good:

From a university perspective, it has been very good to have Yorkshire Forward driving a knowledge economy and promoting innovation. We have also worked on activities around higher-level skills—graduate employment and potential—in the region.<sup>139</sup>

She added:

Yorkshire Forward and the universities have a long-standing, mature relationship that is founded on partnership. Yorkshire Forward certainly regards the universities as a significant asset to the region, in terms of driving a knowledge economy and what coalesces around universities.<sup>140</sup>

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139 Q 106

140 Q 107

151. However Ms Morgan did acknowledge that “there is more to do to put the region on the radar of the research councils, in particular, and to encourage the flow of investment in good and world-leading science ... What goes with that is a continued investment and prioritisation of culture change; investment in innovation should be integral to growing your own business. We have a way to go. Some of that is about infrastructure and aligning university strengths to key industry priorities in the region. We certainly wish to see that being a long-term priority; we do not want short-termism.”<sup>141</sup>

**152. The region has some significant skills and innovation resources, particularly in the network of universities, and these are vital to the region’s prospects for emerging from the economic downturn. However we are concerned that there are some underlying historic issues, particularly in the area of skills and low educational achievements. We encourage Yorkshire Forward to work more closely with its partners to address the skills deficit and to encourage innovation.**

**153. We are particularly concerned that the region has a number of young people not in education, employment or training. In addition there are a number of young people whose intentions and engagement are not known.**

**154. We believe it is a challenge to make wholesale changes to the delivery arrangements for skills given the current economic climate. We call on the Government and Yorkshire Forward to monitor the new arrangements closely.**

## 8 Yorkshire Forward's Board and Accountability

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### Regional Development Agencies' Boards

155. Board Members are appointed by the Secretary of State in line with the Code of Practice issued by the Commissioner for Public Appointments.

156. The Board has corporate responsibility for ensuring that the Agency fulfils the aims and objectives set by the Secretary of State and for promoting the efficient and effective use of staff and other resources by the Agency.

157. The Board is required to:

- establish the overall strategic direction of the Agency within the policy and resources framework determined by the Secretary of State;
- ensure that the Secretary of State is kept informed of any changes which are likely to impact on the strategic direction of the Agency or on the attainability of its targets, and determine the steps needed to deal with such changes;
- ensure that the RDA meets the objectives set down in Performance Monitoring Framework;
- ensure that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the sponsor Department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account guidance issued by the sponsor Department;
- ensure that the Board receives and reviews regular financial information concerning the management of the Agency; is informed in a timely manner about any concerns about the activities of the Agency; and provides positive assurance to the Department that appropriate action has been taken on such concerns;
- demonstrate high standards of corporate governance at all times, including by using the independent audit committee to help the Board to address the key financial and other risks facing the Agency;
- appoint, with the Secretary of State's approval, a Chief Executive to the Agency;
- follow the Seven Principles of Public Life published by the committee on Standards in Public Life; and
- not hold any paid or high-profile unpaid post in a political party, and not engage in specific political activities on matters directly affecting the work of this body. When engaging in other political activities, Board members should be conscious of their public role and exercise proper discretion.

158. The Chair is appointed by the Secretary of State in line with the Code of Practice issued by the Commissioner for Public Appointments. He/She is responsible to the Secretary of State for ensuring that the Agency's policies and actions support the wider strategic policies of the Secretary of State, and that the Agency's affairs are conducted with probity. The Chair has particular leadership responsibility on:

- formulating the Board's strategy;
- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Secretary of State or Department;
- promoting the efficient and effective use of staff and other resources;
- encouraging high standards of propriety;
- representing the views of the Board to the general public.

159. In March 2009, the Business and Enterprise Committee published its report on *Regional development agencies and the Local Democracy, Economic Development and Construction Bill*. The Committee urged the Government to regularly monitor the business experience of staff and board members in RDAs after concerns were raised about their private sector knowledge. The Committee also stated that the percentage of RDA staff with a business background could decrease further if Regional Development Agencies became involved in areas like planning.<sup>142</sup>

160. During the course of our inquiry, concern was expressed about the recruitment of and the make-up of Yorkshire Forward's board.

161. In its written submission, the Yorkshire and Humber Chamber of Commerce, said:

Government could take further measures to improve accountability, for example by allowing regions, not Ministers, to appoint the Chair and Board Members of the RDA. This would need to be managed carefully and should include Ministerial input, but it would make the RDA Board more accountable to the regions they serve rather than Whitehall which appoints them.

Whilst we recognise there are private sector members on the Yorkshire Forward Board, including the Chair, we do not share the view that the RDA is 'business-led'. Although there are some excellent Board members, more of them should have direct experience of running businesses. The private sector membership of the Board is generally weaker than a decade ago and their links to the main business representative organisations are insufficient.<sup>143</sup>

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<sup>142</sup> Business and Enterprise Committee, Fourth Report of Session 2008–09, *Regional development agencies and the Local Democracy, Economic Development and Construction Bill*, HC 89-I, para 45

162. In oral evidence Nick Pontone from the Chamber of Commerce also noted that when RDAs were established Yorkshire Forward's board included many 'big hitters' from large companies but this was no longer the case and therefore the board 'was not as strong'.<sup>144</sup>

163. Alan Hall from EEF disagreed and thought that the big hurdle was "the recruitment process". Andrew Palmer, CBI, agreed saying that "the bureaucracy of the process switches off my members who apply—the process is just too bureaucratic for them."<sup>145</sup>

164. Amelia Morgan from Yorkshire Universities noted that there was a Vice-Chancellor on the Board which was incredibly helpful.<sup>146</sup> She added that she had no concerns about the make up of the Board. However Margaret Coleman from the Learning and Skills Council said that from a skills point of view there was tension about the educational representation on the board as to whether it was the voice of higher or further education being heard on the board.<sup>147</sup> She added that she could see no reason why both should not be represented. Similarly the TUC advocated a wider trade union perspective in the governance of RDAs and an increase in the number of union representatives on their boards.<sup>148</sup>

165. Tom Riordan, Chief Executive of Yorkshire Forward, commented that Yorkshire Forward had few responsibilities in the composition of the board. Although the Chair would sit on interviews for board members the process was run by the Government Office and BIS.<sup>149</sup> However, he did accept that a regional input may be beneficial:

I do think that there might be a way that you could get a bit more buy-in from the region—from businesses and others—about what sort of people we need on the board, perhaps some input before the process starts. That might help that issue of ownership that I talked about earlier in terms of what we are doing.<sup>150</sup>

166. During the course of our inquiry, the Government also commenced the process of recruiting a new Chair for Yorkshire Forward. The closing date for application was 19 November 2009. In oral evidence the Regional Minister outlined her involvement in the recruitment process:

My role is slightly different as Yorkshire and the Humber Minister, because as BIS Minister, I have to make recommendations to the Secretary of State to make recommendations to the Prime Minister about the appointment of the chairs. Pat McFadden actually takes overall responsibility in terms of how it works in the system, but the overall way in which it works is that it follows, obviously, the Nolan

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144 Q 8

145 Q 10

146 Q 112

147 Qq 114–115

148 Ev 74

149 Q 141

150 Q 142

principles. There are advertisements that go out, and then recommendations come forward to Ministers.<sup>151</sup>

She also outlined what qualities the Government was looking for in the new Chair:

it is about people who have experience of big organisations going through a period of change, the ability to show leadership and understand public governance and a whole experience of the private, public and voluntary sectors. It has been carefully drawn up in terms of somebody who has quite a huge responsibility for a large budget and the ability to understand the needs of the region and of stakeholders in the region.<sup>152</sup>

167. When asked about regional involvement in the process she responded:

In the way that the specifications are drawn up, there is consultation with regional stakeholders, which is then taken into account in terms of the person spec. That's how the consultation is taking place at regional level.<sup>153</sup>

**168. We note the concerns expressed regarding the make-up and recruitment of Yorkshire Forward's Board. It is important that the Board reflects different regional stakeholders and we recommend that the Government consider whether the make-up of the Board should be revised particularly as the region moves towards an Integrated Regional Strategy. We also recommend that regional stakeholders should have a greater role in the selection of Board members and the Chair.**

**169. The Government should also give consideration to whether RDA chairs should be subject to the pre-appointment process that takes place in respect of some other public appointments.**

## Accountability

170. The Yorkshire and the Humber Regional Assembly was abolished on 1 April 2009. We have already outlined the new working arrangements for Yorkshire Forward through the establishment of a Joint Regional Board with local authorities under the sub-national review (see paragraphs 54–60).

171. Some witnesses have expressed concerns that the new arrangements will not provide an opportunity for regional stakeholders such as the business community and third sector to scrutinise Yorkshire Forward. Alan Hall from EEF said:

There is another point about this issue of governance that we are looking at—sorry, more democratic accountability, I should say. Against the critique that it is too complicated to have it through this leadership board, what I think should perhaps be considered is giving it to the Regional Minister. Rosie Winterton does an awful lot of work already with the RDA and works very closely with the region generally. You may feel it was too much to give it to her individually—maybe the end

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151 Q 180

152 Q 185

153 Q 181

accountability—but you may decide that, along with a Select Committee panel such as the one this morning, Rosie Winterton with a small group of others may be able to give that strategic assessment of whether the right things are being done, rather than devolving it down to a leadership board, for the reasons that we are giving. We think there are complications that might undermine what you are trying to achieve here through democratic accountability.<sup>154</sup>

172. Tony Cherry from the federation of Small Businesses added:

Yes, it's right and proper for our elected representatives to make sure that they are scrutinising the work within the region, but there is also a role for the customers of those bodies to have that input and question what's going on. At the moment, we have that gap and it would be useful to feel that we might develop something that would allow us to try to make sure that we've had best value for money, limited duplication, better communication and so on.<sup>155</sup>

173. The Regional Minister stated that the regional select committees were an important part of ensuring accountability:

The Regional Select Committees have been set up, again as a way to ensure that there is examination of the work of regional development agencies and the new structures with local authorities involved as well. I think that that is an important development, because it is quite right to say that people would say, Is there a democratic deficit?<sup>156</sup>

**174. We expect Yorkshire Forward to take the views of stakeholders into account when carrying out its responsibilities. The Yorkshire and the Humber Regional Committee is an important mechanism for holding Yorkshire Forward to account, not least because it has the advantage of sitting outside the region's delivery network, and therefore can deliver impartial scrutiny of Yorkshire Forward.**

**175. We recommend that the Government give consideration to introducing further scrutiny at Westminster, such as holding cross-cutting question times and three hour debates on region specific issues in Westminster Hall.**

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154 Q 28

155 Q 29

156 Q 204



## 9 The Future

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176. There is an increasing debate on the future of Regional Development Agencies and how they should be structured. With the approaching General Election this debate has intensified.

177. During the course of our inquiry we have heard how RDAs ways of working have evolved during their 10 years existence, with the addition of new responsibilities and new ways of working such as city regions and collaboration between RDAs such as the Northern Way project.<sup>157</sup>

178. Witnesses to our inquiry supported the existence of a regional body with a strategic economic overview. Alan Hall from EEF said:

We think that the RDA—certainly in its original concept—is a very good model. It has achieved things, as we recognised in our remarks to you this morning. It could be reshaped and revamped in some way, but changing geographical boundaries, for example, from a Yorkshire point of view would be a fairly fruitless exercise since you would have to spend a lot of time carrying out reengineering around that revamped body. We are very supportive of the idea of a regional agency of that sort. We think it is, and has been, a good thing. If you decide to revamp it in some way, or others decide to revamp it, that is one. If they abolish it, I think it would be a mistake, and EEF thinks it would be a mistake.<sup>158</sup>

179. Nick Pontone, from Yorkshire and Humber Chambers of Commerce, commented that it was important to consider RDAs roles going forward:

I think that the one area that is less clearly understood regarding the roles of Yorkshire Forward and all other RDAs is whether they exist to reduce the economic gaps between regions. Whether we characterise it as a North-South divide or something else, it always struck us as rather odd. If that was the purpose of RDAs, why was one established in every region? I think that that is the central question for them going forward—whether they are there to manage and deliver services to businesses and economic-related services at a regional level, or whether they are there to start closing productivity and prosperity gaps. I think that that question has made it very difficult for RDAs to prove their effectiveness.<sup>159</sup>

180. Tom Riordan, Chief Executive, Yorkshire Forward, commented: “It would be a major blow to the region if Yorkshire Forward was not to exist in the future.”

181. Rt Hon Rosie Winterton MP, Regional Minister, supported the regional approach:

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157 The Northern Way is an initiative, bringing together the cities and regions of the North of England to work together to improve the sustainable economic development of the North towards the level of more prosperous regions. It was formed as a partnership between the three northern Regional Development Agencies (Yorkshire Forward, Northwest Regional Development Agency and One NorthEast), It also works with local authorities, universities, the private sector and other partners to secure a strong coalition in support of this goal.

158 Q 5

159 Q 3

I believe strongly in the regional approach; it is one of the key ways in which we have ensured that the economy in our region has diversified and that we have in the downturn been able to support industries not only to face up to some of the problems that they have at the moment, but to look to the future.

**182. It is important that the Government continually considers the next steps for RDAs in terms of ways of working (such as city regions and collaboration between RDAs) and whether one regional model is appropriate for all regions. However we agree with regional stakeholders that Yorkshire Forward has been beneficial to the region and that it is important to retain its regional outlook especially on economic and business issues.**

## Conclusions and recommendations

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1. While recognising the efforts Yorkshire Forward has made to increase awareness and understanding of its role, we are concerned that there may be a poor level of understanding of its work, particularly in terms of benefits and achievements, among the general public. It is important that Yorkshire Forward continue to work to develop this understanding and for the public to have an opportunity to input into its work. (Paragraph 18)
2. Although it is important that Yorkshire Forward continue to engage with key stakeholders, we hope that it will continue to explore new ways of engaging the general public. (Paragraph 19)
3. Yorkshire Forward was established to provide strategic economic leadership in the region. Since its creation it has taken on several additional responsibilities, such as the delivery of a number of grants and European Regional Development Funds, which have seen it move away from its original role. We note concerns raised by witnesses that this may cause Yorkshire Forward to lose its business focus and encourage it to ensure that this does not happen. (Paragraph 30)
4. We support the system of individual RDAs taking the lead on relations with a particular Government department or stakeholder as Yorkshire Forward does with HM Treasury and the TUC. (Paragraph 31)
5. We note witnesses' concerns that there is confusion over whether Yorkshire Forward's role should be as a strategic commissioning body or a delivery agent. We encourage Yorkshire Forward to see its role as strategic, using delivery agents already in place whenever possible, although we accept that on occasions it may be necessary for it to take on the delivery role. In such cases, Yorkshire Forward should be required to demonstrate that it is the most effective delivery agent. (Paragraph 32)
6. We commend Yorkshire Forward on the consultative and collaborative approach it took when developing the current Regional Economic Strategy. (Paragraph 42)
7. We note the concern expressed by Local Government Yorkshire and Humber of the need to take full account of the region's diversity in terms of population, economy, geography, and towns and cities in the development of regional strategies. We trust that Yorkshire Forward will take steps to address this concern particularly as the region moves towards an Integrated Regional Strategy. However this should not mean that sub-regional concerns are put ahead of those of the region as a whole. (Paragraph 43)
8. We congratulate Local Government Yorkshire and Humber and Yorkshire Forward for the way they have anticipated the measures in the Sub-National Review by establishing a Joint Regional Board and four Thematic Boards. (Paragraph 61)
9. We note concerns from witnesses that Yorkshire Forward's new responsibilities in respect of transport, housing and planning may detract from its economic focus. Yorkshire Forward should ensure that these responsibilities do not adversely affect

its primary purpose of economic development and regeneration. Its role in coordinating the development of an Integrated Regional Strategy should enhance rather than detract from this core role. (Paragraph 62)

10. We welcome the conclusions of the National Audit Office and Pricewaterhouse Coopers reports which positively endorse the work of Yorkshire Forward and its benefits to the regional economy. (Paragraph 73)
11. While accepting that the primary role of Yorkshire Forward is an economic one, we acknowledge that quality of life and social justice issues should form part of the basis on which the performance of Yorkshire Forward is judged. This will become more important as the region develops an Integrated Regional Strategy. (Paragraph 74)
12. We commend the Government on the establishment of the 'single pot' mechanism for RDA funding and the flexibility that this allows RDAs in spending decisions. However we note the concerns of witnesses regarding the rule that projects costing over £10 million of 'single pot' money should receive Government approval and suggest the Government give consideration to whether this limit should be increased. This would be subject to Yorkshire Forward being required to consult fully and take into account the views of all relevant parties with regard to all the costs and benefits of any large items of expenditure. (Paragraph 78)
13. While recognising the current economic situation we are concerned about the impact of budget cuts and a reduction in funding on the work of Yorkshire Forward in the region. The Government should ensure that Regional Development Agencies have sufficient resources to carry out their expanded remit. (Paragraph 86)
14. We are also concerned that funds have been diverted from Yorkshire Forward to other areas of Government expenditure and the impact that this has on Yorkshire Forward's ability to allocate resources. Having incurred a 23.9% reduction in total financial resources for 2010–11, we recommend that Yorkshire Forward has no further decreases in its budget. This will enable it to take strategic decisions on the allocation of resources for the benefit of the region on the basis of a stable and agreed budget. (Paragraph 87)
15. In the current economic climate and the uncertainties that this can cause, we recommend that Yorkshire Forward continually reassesses its spending priorities and make changes accordingly following consultation with the Government Office and other regional partners. We are particularly concerned that counter-recessionary spending should be funded by Government and should not be at the expense of existing projects, otherwise this may damage the prospects of the region's recovery from recession. (Paragraph 88)
16. We are not convinced that the case has currently been made for the further devolution of funding from RDAs to individual local authorities. We support the call for Yorkshire Forward and local authorities to work together more collaboratively and flexibly. However, we think it appropriate that there should be an assessment of the Leeds City Region pilot to establish the effectiveness of devolving further funding and powers to sub-regional level, but this should not be to the detriment of smaller local authorities in the region. (Paragraph 93)

17. We commend the Government Office for Yorkshire and the Humber, Yorkshire Forward and regional stakeholders on their proactive and collaborative response to the economic downturn. The creation of the Economic Delivery Group was a useful tool in the region's response and was helpful in avoiding duplication of effort between stakeholders. (Paragraph 125)
18. We also commend Yorkshire Forward for revising its Corporate Plan to prioritise battling the economic downturn. However it is important that short-term actions do not impede the long-term prospects of the region. (Paragraph 126)
19. We share the concerns expressed by witnesses that the economic position remains fragile. The Government and Yorkshire Forward should continue to take necessary steps to ensure that Yorkshire and the Humber is not the last region to emerge from the downturn. (Paragraph 127)
20. The region has some significant skills and innovation resources, particularly in the network of universities, and these are vital to the region's prospects for emerging from the economic downturn. However, we are concerned that there are some underlying historic issues, particularly in the area of skills and low educational achievements. We encourage Yorkshire Forward to work more closely with its partners to address the skills deficit and to encourage innovation. (Paragraph 152)
21. We are particularly concerned that the region has a number of young people not in education, employment or training. In addition there are a number of young people whose intentions and engagement are not known. (Paragraph 153)
22. We believe it is a challenge to make wholesale changes to the delivery arrangements for skills given the current economic climate. We call on the Government and Yorkshire Forward to monitor the new arrangements closely. (Paragraph 154)
23. We note the concerns expressed regarding the make-up and recruitment of Yorkshire Forward's Board. It is important that the Board reflects different regional stakeholders and we recommend that the Government consider whether the make-up of the Board should be revised particularly as the region moves towards an Integrated Regional Strategy. We also recommend that regional stakeholders should have a greater role in the selection of Board members and the Chair. (Paragraph 168)
24. The Government should also give consideration to whether RDA chairs should be subject to the pre-appointment process that takes place in respect of some other public appointments. (Paragraph 169)
25. We expect Yorkshire Forward to take the views of stakeholders into account when carrying out its responsibilities. The Yorkshire and the Humber Regional Committee is an important mechanism for holding Yorkshire Forward to account, not least because it has the advantage of sitting outside the region's delivery network, and therefore can deliver impartial scrutiny of Yorkshire Forward. (Paragraph 174)
26. We recommend that the Government give consideration to introducing further scrutiny at Westminster, such as holding cross-cutting question times and three hour debates on region specific issues in Westminster Hall. (Paragraph 175)

27. It is important that the Government continually considers the next steps for RDAs in terms of ways of working (such as city regions and collaboration between RDAs) and whether one regional model is appropriate for all regions. However we agree with regional stakeholders that Yorkshire Forward has been beneficial to the region and that it is important to retain its regional outlook especially on economic and business issues. (Paragraph 182)

# Formal Minutes

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**Thursday 4 March 2010**

Members present:

Mr Eric Illsley, in the Chair

Mr Clive Betts  
Mr Ian Cawsey

Shona McIsaac  
Mr Austin Mitchell

Draft Report (*The Work of Yorkshire Forward*), proposed by the Chairman brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 182 read and agreed to.

Summary agreed to.

*Resolved*, That the Report be the First Report of the Committee to the House.

*Ordered*, That the Chairman make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing with the Report, together with written evidence reported and ordered to be published on 16 July 2009 and 16 October 2009.

[Adjourned to a day and time to be fixed by the Chairman.]

## Witnesses

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### Friday 16 October 2009

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**Tony Cherry**, National Vice-Chairman, Federation of Small Businesses, **Alan Hull**, Regional Director, Engineering Employers Federation, **Andrew Palmer**, Regional Director, Confederation of British Industry, and **Nick Pontone**, Director of Policy, Yorkshire and Humber Chambers of Commerce

Ev 1

### Tuesday 10 November 2009

Clare Coates, Deputy Chief Executive (People and Places, and Chris Martin, Deputy Chief Executive (Integrated Regional Strategy), Local Government Yorkshire and Humber

Ev 16

**Margaret Coleman**, Regional Director, Learning and Skills Council Yorkshire and Humber, and **Amelia Morgan**, Chief Executive, Yorkshire Universities.

Ev 25

### Tuesday 24 November 2009

**Tom Riordan**, Chief Executive, Yorkshire Forward

Ev 33

**Rt Hon Ms Rosie Winterton MP**, Minister for Yorkshire and the Humber

Ev 41



## List of written evidence

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3	Angela Harris, Baroness Harris of Richmond	Ev 53
4	Pace Plc	Ev 53
5	The Yorkshire and Humber Sustainable Futures Company Ltd.	Ev 55
6	Councillor John Harris	Ev 56
7	Humber Economic Partnership	Ev 58
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24	Hull and Humber Chamber of Commerce	Ev 107
25	Rotherham MBC	Ev 109
26	Mr Barton Moenster, The Boeing Company	Ev 110
27	Yorkshire Forward	Ev 110, Ev 120
28	Design Council	Ev 115

# Oral evidence

## Taken before the Yorkshire and the Humber Regional Committee on Friday 16 October 2009

Members present:

Mr Eric Illsley (Chairman)  
Mr Clive Betts

Mr Ian Cawsey

*Witnesses:* **Tony Cherry**, National Vice-Chairman, Federation of Small Businesses, **Alan Hall**, Regional Director, Engineering Employers Federation, **Andrew Palmer**, Regional Director, Confederation of British Industry, and **Nick Pontone**, Director of Policy, Yorkshire and Humber Chambers of Commerce, gave evidence.

**Q1 Chairman:** Mr Pontone, Mr Hall, Mr Cherry and Mr Palmer, welcome to the first public meeting of the Yorkshire and the Humber Regional Select Committee. As you are aware, this is a reconvened meeting from our previous attempt; thank you for bearing with us and for your attendance today. Hopefully, we can have a worthwhile and valuable exchange of information about the work of Yorkshire Forward, which is the subject of the Committee's inquiry. We have a full brief of questions and limited time in which to discuss them, but does anyone first wish to make a short opening statement about the subject of the inquiry or their role within it? Okay, we shall go straight into the questions. Gentlemen, we have had the benefit of reading your written evidence in relation to the work of Yorkshire Forward. It raised some interesting points. As business representatives in the region, will you explain the unique economic challenges that face the Yorkshire and Humber region compared with other regions in the United Kingdom? Our proceedings are relatively informal this morning. The question is open to all four of you or whoever wishes to answer.

**Alan Hall:** Not touching on all the issues, a unique challenge for Yorkshire is the scale of the region's geography, which leads to a huge rural agenda alongside that of developing conurbations. In that context is the balance of skills of the work force, which faces a major economic challenge. There are success stories, but some groups are left behind by the fact that they do not possess the skills or do not have the appropriate skills. Another corollary is the fact that, in some areas of economic activity, the wage awards for the groups that I am describing are not at the level of the success stories of the finance sector in Leeds, for example.

**Tony Cherry:** Given the diverse nature of the region, its sub-regions make more sense to a lot of people because of their nature. That links to the fact that some sub-regions, such as South Yorkshire and East Yorkshire, have a limited enterprising spirit or one that is not as strong as other parts of the region. It is therefore unusual for people in South Yorkshire to consider self-employment or starting small businesses. That is a major issue bearing in mind that, since 2002, 84% of the private sector work force has been employed in new jobs in small businesses.

**Andrew Palmer:** I agree with your geographical point about the spread of industry and manufacturing within the region, and the build-up of the SMEs and their funding.

**Nick Pontone:** We agree about the high proportion of manufacturing. I am not sure that Yorkshire has too many totally unique issues; I think it is a blend of them in the regions and the particular characteristics that we have. The two big regional priorities that we have had, as a group of chambers, have been around skills and transport. I think that the region, for different reasons, has not been able to improve its record of skills and infrastructure at the same rate as other regions, which has given us a problem for productivity—if you look at the figures, there has been a relative decline of that in Yorkshire compared with other regions. That is something that we need to address for the future under a very different set of economic circumstances.

**Q2 Chairman:** On the question of business start-ups, I take on board the point entirely because, in my region, this is always a criticism that is levelled at the economic performance in the South Yorkshire region—we do not have enough entrepreneurship and people who want to start up businesses. Is there any glaring reason for that, such as educational levels?

**Tony Cherry:** I think that we still suffer from the historical background of people having jobs for life in major industries, such as steel and coal, in South Yorkshire and, perhaps to some extent, East Yorkshire. It also links to the fact that enterprise is not particularly embedded within the education system. I think schools throughout the age range—from primary on—do not understand how enterprise can link into the curriculum. Even though we have, in Yorkshire and Humber, the Young People's Enterprise Forum, which is a trailblazer in the UK and has done an awful lot of work, we still have a long way to go to ensure that enterprise is embedded within the school curriculum.

**Andrew Palmer:** Drawing on private expertise would be a very good thing to do.

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**Tony Cherry:** Indeed.

**Andrew Palmer:** To maximise effectiveness.

**Q3 Chairman:** Turning to Yorkshire Forward, what do you see as its role in the region? Do you believe that that role is sufficiently understood?

**Nick Pontone:** The role of Regional Development Agencies (RDAs), when they were established as strategic and providing leadership and strong business involvement in their boards, and as being able to do things at an effective level of both local authority levels, was well-supported by us at the time, and I do not think that has really changed. I think there have been some hurdles along the way, some new responsibilities and new economic challenges, but the central role, going back to 1999 when they were established, remains the same. I think that the one area that is less clearly understood regarding the roles of Yorkshire Forward and all other RDAs is whether they exist to reduce the economic gaps between regions. Whether we characterise it as a North-South divide or something else, it always struck us as rather odd. If that was the purpose of RDAs, why was one established in every region? I think that that is the central question for them going forward—whether they are there to manage and deliver services to businesses and economic-related services at a regional level, or whether they are there to start closing productivity and prosperity gaps. I think that that question has made it very difficult for RDAs to prove their effectiveness. They have hit all their output criteria, delivered some very good projects and brought some new thinking, but if you look at the figures in terms of the region's performance over those 10 years, it is very difficult to assess the actual difference that the RDA model has made. I think that is the big difficulty for them.

**Alan Hall:** I agree with Nick about the original remit. Some of that remit has been blurred by the addition of successive powers over the 10 years over which we are looking back. In line with what Nick was saying, when you think it is to do with trying to rebalance the economy, it is strange that you end up with RDAs in the nine regions that we know have been applied. That blurring also has brought the RDAs somehow close to the question of community and disadvantaged groups, and it gets difficult to know what the RDA can do in the context of that. It gets more into a social arena, rather than an economic regeneration arena that has been their natural territory. However, I think there is a health warning that needs to go with where we are, because powers have been added. I am saying that it has blurred things for the average business person knowing what the RDAs do, and if further powers were to be added, that would become even more compounded, in my view.

**Tony Cherry:** One of the benefits of Yorkshire Forward and bringing together partners within the region has been to allow them to work on much larger projects than local authorities individually might have done. It also manages to bring together partners that would not otherwise have the influence that they have had, so the business community is

very much involved in the work that Yorkshire Forward has done. The board of Yorkshire Forward and its activities have been very much business-led, and that has benefited our relationship within the region.

**Andrew Palmer:** When the RDAs were being set up, one of the things that the CBI was very strong on was that you would need a business lead, and certainly quite a lot of them have had a business lead and ideas useful for economic policy and advocacy. There are also perceptions about the overlap between the regional Government office, the regional UKTI and lots of other organisations. Businesses are sometimes unaware of where to go and what to do because the message coming out has not always been clear.

**Tony Cherry:** I think they have also suffered due to their accountability role—obviously when people use the argument that it is not directly elected at times to stop it from delivering strategies within the region—so they have felt very much that they have had to tread on eggshells and not be as proactive as perhaps they could have been.

**Q4 Chairman:** In what way has Yorkshire Forward supported the business community in the Yorkshire and Humber region? To what extent is it different from your point of view? Has the support been diluted or not been as good as it could have been? Following on from that question, what has happened within the Yorkshire and Humber region as a consequence of Yorkshire Forward that might not have happened? Are there examples of initiatives that have gone forward but might not have done so had it not been for Yorkshire Forward?

**Alan Hall:** Without the impediment that the RDA might see through the democracy angle, I think it has been able to show remarkable leadership in terms of economic development. Examples such as the renaissance projects have been outstanding achievements that I do not think would have happened if it had not been for Yorkshire Forward. From a manufacturing standpoint—from an EEF standpoint with manufacturing—the advanced manufacturing part, to me, symbolises exactly what RDAs should do to try to help manufacturing. You could not do better as an exemplar project for manufacturing, and for that to be achieved in Yorkshire is a real feather in the RDA's cap.

**Andrew Palmer:** And a strength of crisis management as well. The response in the region to job losses—perhaps mainly in HBOS—was exceptionally good. That crisis management is something that it has been exemplary, both for leading and co-ordinating with all the regional players.

**Tony Cherry:** Good examples of that include going back to the foot and mouth crisis when it worked very closely with the FSB and others. We, with Yorkshire Forward, very quickly set up a mobile unit visiting the villages and towns that were affected and supporting businesses. Then in 2007, with the floods, again it was very quick at providing grants and support for small businesses.

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**Andrew Palmer:** And big businesses.

**Tony Cherry:** And big businesses—helping them to get back on their feet very quickly. I know that it has been very much involved in the access to finance issue for businesses during the current economic crisis.

**Andrew Palmer:** To the extent of the RDA grant for SMEs.

**Q5 Mr Betts:** Can I follow up with something to put you all on the spot? There are proposals in some parts of the political arena to abolish RDAs. Will you be lobbying to keep Yorkshire Forward if that discussion comes into Parliament?

**Alan Hall:** I think it's for you, Mr Betts, or whoever is elected to office, to decide what to do, but we would work with any regional-type body like the RDA. We think that the RDA—certainly in its original concept—is a very good model. It has achieved things, as we recognised in our remarks to you this morning. It could be reshaped and revamped in some way, but changing geographical boundaries, for example, from a Yorkshire point of view would be a fairly fruitless exercise since you would have to spend a lot of time carrying out re-engineering around that revamped body. We are very supportive of the idea of a regional agency of that sort. We think it is, and has been, a good thing. If you decide to revamp it in some way, or others decide to revamp it, that is fine. If they abolish it, I think it would be a mistake, and EEF thinks it would be a mistake.

**Nick Pontone:** The CBI would concur with that. Business would certainly be worried as devolving RDA powers to local authorities would give businesses little confidence that there would be sound economic leadership.

**Andrew Palmer:** It goes back to the original idea of what RDAs are for. The task is probably even greater now than when they were established, so there is not a strong logic behind abolishing them at the moment. The critical point is about what happens to the budget, because the £2.5 billion a year invested in RDAs in England is a substantial amount, and if that resource is not there, it will start to erode the ability of RDAs to make a difference. Businesses will work with whatever structures are there, but the critical point is to protect those budgets to help businesses to deliver the renaissance programme and to make long-term investment in the region that will make an economic difference and help us get the economy back on track in future years.

**Tony Cherry:** We have a similar position: we will work with whatever structure the Government put in place to ensure that small businesses survive and prosper, but we are concerned about whether the partners in the region have the infrastructure to be able to work as closely with 22 local authorities as they currently do within the region. Many of the activities that are currently carried out in the region would continue on a Yorkshire and Humber basis, so whatever the name is, there will be something there.

**Nick Pontone:** The reasons for the calls for abolition seem to be about the localism agenda and devolving powers to local areas or city regions. We support that as well, but we just do not think that it should be an either/or situation. The area with the most devolved powers in England is London, which has an RDA as well as the elected Mayor, so some changes are needed to clarify roles, but there is a bit of a false choice if that enters the debate about local structures or RDAs. In our view, the trick we have missed throughout the sub-national review is that we have not actually got any more powers devolved from Whitehall to elsewhere in the region or localities. That is the bit we miss because Whitehall still makes far too many decisions about transport schemes and infrastructure investment in the region. That is really where we would like to focus our attention.

**Q6 Chairman:** I have a couple of final questions on that section and in relation to evidence from individual chambers of commerce, and your comments will need to be brief. Do you think that there has been a loss of business focus in Yorkshire Forward, given the additional responsibilities since '99? What are your views on whether the RDA has now become a delivery agent, rather than a commissioner, because that comment featured, in particular, in your evidence?

**Nick Pontone:** That is a point we made in the evidence. I think that there has been a degree, not so much of dilution, but of the additional powers perhaps detracting a little from the focus on economic development, and the expectations of lots of different partners in the region have added to that as well. We all want Yorkshire Forward to do slightly different things, so it is quite a difficult job. The point we made about strategy *v.* delivery is that the added value of an RDA for us, as we said earlier, relates to big projects above local level that can make a real difference to the economy. We have noticed a shift towards direct relationships with individual businesses and to the delivery and management of services, which is probably just missing the point of the RDA, because what it can do really well is make a big difference, using evidence, bringing partners together and providing leadership on big projects, and I think that that focus has perhaps shifted a little over 10 years.

**Alan Hall:** From the EEF's point of view, I do not think that there has been a loss of business focus during the period we are talking about, despite the fact that powers have been added. EEF's view is that the RDA has managed a very complex agenda well. The important thing is that there is a delivery agent that the business person can recognise called Business Link and that, in terms of the difficulty the RDA has interfacing with so many businesses in the region, that delivery vehicle is there at the business person's fingertips to give that point of contact in the region. It is about trying to get the balance right between that strategic position and giving practical points of contact for the business person who wants to do something in Yorkshire and Humberside.

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**Andrew Palmer:** I would agree with that—and they have improved exponentially their relationship with business by appointing a new head of business development from the private sector, which has worked very well.

**Tony Cherry:** The budget of Yorkshire Forward, with regard to its activities on development within the region, has been clear cut, and that may give the perception, at the same time, that the visible partnerships and the big events are not taking place at the moment because of the loss of the regional assembly. That did play a big part in the relationship and the way it worked, through the partners of the assembly, with Yorkshire Forward. But I think the relationships and its focus on business is still there, certainly.

**Q7 Mr Betts:** Could I follow that up? Perhaps there has not been an absolutely unanimous view within the business community in the region. I think that the Sheffield chamber, for example, has had concerns about the service it used to offer directly to businesses being taken away, and that the replacement services—for example, Business Link through Yorkshire Forward—have not been as effective. Is that a more general concern? I know that that has been very strongly expressed in Sheffield.

**Nick Pontone:** It has, and there are other local examples of where that's happened. Without wanting to go into the rights and wrongs of those individual examples, I think it comes back to the point that, if it's Business Link services, for example, which pre-existed the RDA, and the RDA's got responsibilities in 2004–05 to manage those services, and it did them in a slightly different way, if you asked our members whether they feel that business support services in the region are better now than they were five years ago, I'm not sure that they would say that they noticeably are. So, the conclusion that we might draw is, "Has the RDA's strategic added value to business support services made a really noticeable difference to businesses on the ground?" We just don't see the evidence for that as we do in programmes like the Renaissance agenda. That's the point that we're trying to make.

**Tony Cherry:** That's quite interesting because, obviously, small businesses have a slightly different viewpoint on that. Obviously, one of the issues was the independence of Business Link for people who were not members of the chambers of commerce. I think that that has seen a difference in perception in the last year. Also, I think we've seen a change in the focus of the support that's been offered through Business Link, so it's now delivering more small, bite-sized support for small businesses, and it started entering into support for sectors that weren't covered in the past, such as retail. We're actually now seeing them offer more support for more businesses, but perhaps that support isn't there for the larger businesses as it was before.

**Andrew Palmer:** The improvement in business engagement has included elements of a professional account management system which brings together local authorities and business.

**Tony Cherry:** Of course, the big issue for all businesses is the point of contact: it's been far too complex and far too fragmented in the past.

**Q8 Mr Cawsey:** I want to move on to the composition of the board of Yorkshire Forward. Nick, I know that the submission that came from the chamber said that whilst it was recognised that there are private sector members on the board, it was not the chamber's view that it was business-led, and that it has got weaker in that regard in the time that the agency has existed. I wondered what your aspiration for it was and why you feel that's the case. This is an opportunity for some of your colleagues to put on record whether they share that concern.

**Nick Pontone:** There are two points to make on that: one is the definition of whether it is business-led or not, and we totally recognise it has a business chair who is very well respected—both the first chair of Yorkshire Forward and the current chair—and it has a number of business people on its board. That is something we absolutely welcome. The point that we made in the response was that if you look back at the original board in 1999, the composition, in terms of the number of business members, local authority members and so on, is broadly similar, presumably by the regulations that set out the RDA board, but that the membership from business at that point were very senior figures from companies like BT, Yorkshire Electricity, and later on Northern Water and the chairman of Northern Foods—really big hitters in the region. The comment that we made is absolutely no reflection at all on the current board membership of Yorkshire Forward, because we have some excellent board members from right across the groupings, and certainly in business. However, the actual strategic leadership of those really big companies—credible, respected business leaders in Yorkshire and Humber—has changed over that 10 years. We do not think that it is quite as strong now as it was 10 years ago. That might be because those figures are not applying for the Yorkshire Forward board—I don't know. As I said, it is not a criticism of current members. It is that it is a very different complexion if you look at who was on the board 10 years ago and who is on it now, in terms of their background and the companies. It is more of an observation, rather than anything else.

**Tony Cherry:** Nick is right that we are not seeing as many business representatives on the board now. Perhaps a slightly contentious statement would be to say that the positive discrimination that is taking place to make sure that it is a balanced board often excludes a lot of people that we would like to put forward to try and represent the business community on that board, and others within the region.

**Q9 Mr Cawsey:** Who is not getting through then?

**Tony Cherry:** I think quite often because they are trying to be balanced across the whole of Yorkshire and Humber, trying to make sure that they have the right balance of ethnic minorities and women, and all the other sort of balances, that often might exclude people, highly placed within the region, who can offer input into that. I know that we suffered with that

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recently with the board of the Learning and Skills Council. Again, most of the people who applied for that were white, middle-class, male people.

**Mr Cawsey:** I think that some people who could add up would interest them.

**Tony Cherry:** Another point is that we often struggle very much to make sure that small business voices are heard, because they find it very difficult to deliver and give the time.

**Q10 Mr Cawsey:** That's the other side of the big hitters, isn't it? I agree, after Nick, that having big hitters makes a big difference, but you don't want to lose that voice either, do you?

**Nick Pontone:** I think the balance has gone from one to the other. When it is somewhere in the middle, that will be the ideal scenario.

**Alan Hall:** I would disagree with my colleagues on this. I know that there are constitutional matters here, and I think that there is question of balance that has been referred to already, but I do not see some loss in the board now consisting of fewer big hitters. These people may be very strategic and able to take a different view of the Yorkshire scene than perhaps more junior players, but there are characters on the current Yorkshire board who are very good and highly respected business people. I admire the fact that they have found the time to give to this. The point that I would make, which I think is a hurdle to involvement on the board of Yorkshire Forward, is the recruitment process. The average business person—him or her—has an awful lot of hoops to jump through to be able to get through to that eventual position of being appointed. You may, with that machinery, be denying the best calibre of people from coming through on to the board—through the deterrent of the recruitment process. The board as it sits has to have some balance—there has to be some balance on the lines that Mr Cherry was talking about—but I think that it is still a strong board and it is still business-led in my view.

**Andrew Palmer:** Definitely. I have written down that the bureaucracy of the process switches off my members who apply—the process is just too bureaucratic for them.

**Q11 Chairman:** How would you like to see the board selected?

**Nick Pontone:** We made a proposal in our submission, and it comes back to the point about scrutiny and accountability, which we may come on to later. Wouldn't it be good if we could find a way of selecting board members within the region—appointing the board member there, at this level? There could perhaps be a process managed by the Government office, involving Members of Parliament and other stakeholders, who could form some sort of panel to select ideal board members from the region, instead of the current case of appointment by Ministers. Devolving that process would help the scrutiny and accountability of Yorkshire Forward and other RDAs. It would certainly give the board members of Yorkshire Forward a higher profile and a better link to the region's business community. It is something worth considering.

**Tony Cherry:** Again, perception—it needs to be an open and clear process, which people are aware of, how it is panning out and how inclusive it really is.

**Q12 Mr Cawsey:** Thanks for that. Let us move on to the regional economic strategy, which Yorkshire Forward leads on. To a certain extent, you may feel that you commented on this at the opening question that Eric put to you, but what should be the priorities for the region under a regional economic strategy?

**Alan Hall:** There was nothing wrong with the original plan that was set out. It is to Yorkshire Forward's credit that it used the more recent publication to try to revisit some of this agenda and to put new priorities on it. I do not have an argument with some of those priorities that have been set out in this revised document, which was produced a few months ago. It seems that it has taken stock of the change in economic circumstances. Staying with the original agenda from the 2006 to 2015 RES was not right because it was not fit for purpose. I admire the fact that it has acted swiftly and revisited some issues. I think that there are some very good priorities in the revised strategy.

**Q13 Mr Cawsey:** Is that a generally shared view?

**Nick Pontone:** Yes, I think that the regional economic strategy is one of the things that Yorkshire Forward has done best. That is what it exists for and it has done a really good job throughout its 10 years. It has come out and not only engaged with businesses but all of the other organisations in the region with an interest in what Yorkshire Forward does. I think that that has been its key strength, particularly because it has given the business community confidence that the investments that Yorkshire Forward then makes on the back of that regional economic strategy will make a difference because they are grounded in proper priorities and based on evidence. That has made a real difference to the region, which is very positive. When considering the cost differences between the regional economic strategy and the corporate plan, we see that the corporate plan has been amended to take account of the different economic circumstances, but we have the same regional economic strategy that was agreed two years ago, or whatever period it was. The one concern that we might have with the new integrated regional strategy is that because it is incorporated with spatial planning, it will take until 2012 to get a new proper, full economic strategy in place—that is not Yorkshire Forward's fault by the way—which is rather too long when we need a new fleet of foot economic strategy to get the economy moving in very different economic times ahead.

**Q14 Mr Cawsey:** Is it just that you agree with the strategy, and that you think that it has got it right, or did you feel that as business representatives you had good involvement as it was going through the process of creating it?

**Alan Hall:** From an EEF standpoint, we felt short-changed in the process. We were trying to offer involvement with it. In spite of our non-involvement

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or minimal involvement, it seems to get a lot of things right from a manufacturing standpoint, but we did not feel as included as we thought we should have been in that process. The RDA may say that it had a lot of partners to work with, but we did not feel that we were properly engaged in that process.

**Nick Pontone:** I think that we felt very well involved and that we came out with broadly the right conclusions, which have also stood the test of time over the past decade.

**Andrew Palmer:** We certainly were very well involved.

**Tony Cherry:** I think that the region has been well served by the fact that the partners within the business community accept that their input is only part of what is happening within the region and the success of the region. Therefore, we do not expect to get everything that we would wish to, but it is a case of balancing that off.

**Q15 Mr Cawsey:** So, in more general terms would you say that as a business community you have good engagement with the RDA? Here is your open goal. Is there anything that you would like to be done to improve that situation? Is something not happening that is a bit of a bugbear?

**Alan Hall:** From an EEF standpoint, the RDA has possibly responded to the criticism that we made of some of this process that we are talking about. To respond to the economic slow-down and to the point that we are touching on, the EEF has been very heavily involved in the manufacturing taskforce group, which the RDA has set up. We feel very heavily engaged in that, albeit that that is more to do with responding to the new economic circumstances than the wider issue of strategy.

**Mr Cawsey:** Thank you.

**Q16 Mr Betts:** We touched a little bit on that. Everybody's take on things has been changed somewhat in the last 12 months, not least Yorkshire Forward and how it has responded to helping business in very difficult times. How has it done that? Has it done it effectively and well? Are there ways which you feel that it could have done it better?

**Nick Pontone:** From our point of view, it responded very, very quickly, setting up a new unit and trying to divert resources where it could. Some of the things that it made available through the Business Link financial health checks are really helpful for lots of business, particularly because it gave them something that they could take to their bank to help them access finance. So I think that was very good, and it followed a model that was mentioned earlier in terms of its approach generally to crisis management, which has meant it is quick to respond and has the flexibility to do so. It has done that very well. The challenge will be—particularly as its budget starts to take a hit from the next financial year—when it turns the tap from crisis management. Where does it make the investments for long-term growth? That will be a real challenge for it, when it faces budget pressures.

**Alan Hall:** I agree with Nick about the way in which it has responded to this economic slow-down. Financial health checks are one example. Another example relates to a special fund that was set up to help manufacturing. It tried to use the Manufacturing Advisory Service to provide a mentoring service to companies that might not have been through a recession before. Living with the manufacturing community in the region as I do, I know that there are some younger managers who have never experienced anything like this. To have a mentor there to help you through this, is nothing but a good thing. I also support Nick on the question of how long the recession will last. From where we are now, there have been some good quick interventions and good responses to the new situation. But I think the slow-down will take some time to recover and I strongly support the point that, whether it is at an RDA or Government level, if you were to start to withdraw the sort of intervention funding we are considering here—RDA-led funds or otherwise—you could find that the economic slow-down is strongly adversely affected by those sorts of moves. Today we are concerned with the Yorkshire picture and what might happen at RDA level, so there is a health warning there. But, equally, in terms of the slow-down, from a manufacturing point of view, the sector is in something of an anaemic state. It is getting better—things are getting better—and it will get better, but it will take a long time. If the various interventions that we are recognising in our remarks this morning were to be withdrawn, I would have a concern about the possible impact of that.

**Tony Cherry:** On many occasions, we have talked about its flexibility and ability to move quite quickly at times. A good example of that has been through its work on the economic delivery group, which the Regional Minister chairs. Again, it has brought together a number of the major influencing parties within the region, and it has worked very quickly and used its economic taskforce, which I forget the exact name of. Again, that worked very closely in the region with the banking industry and the business community. It was also able to come up with projects that were able to help—for example, a procurement project to help small businesses in the construction industry to try to secure contracts in the public sector. Again, that was put together very quickly by Yorkshire Forward, following an economic delivery group meeting.

**Andrew Palmer:** I do not really have much more to add to that, except that, to go back to the original question about how it has dealt with the crisis, it certainly did respond to job cuts and looked at greater targeted funding for training and retraining. That was something that it was very good at. Again, on the economic delivery group, what it needs to do now and what we need to look at is a long-term picture for the region to make sure it comes out of recession. We have been looking at short-term fixes, and now it is time to look at the long-term picture.

**Tony Cherry:** Again, it is observatory of the drawing together of the statistics, facts and what is going on in the region, and it works very closely with the business community on that.

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**Q17 Mr Betts:** May I pick up on that point about the link between the short term and the immediate crisis, and the need for help and the longer-term strategy? Is there a danger that the focus is so much on helping in the short term that not enough attention is being given to the longer-term strategy? Indeed, does the regional longer-term strategy need to change to reflect the events of the past year?

**Alan Hall:** If you take an example of where the RDA has shown a lead on this, it is in doing the short-term stuff that we are acknowledging in our remarks this morning. In tandem with that, it is looking at things such as low-carbon development, which shows it is still keeping the eye on the long-term horizon. That will take some years to come to fruition, and shows that there is not simply a short-term approach; it is also looking more strategically.

**Nick Pontone:** The point of timing is very difficult for it. On the example of where the RDA has managed to switch some of its resources, which I believe were saved from the enterprise budget to boost start-ups, moving that to keeping people in work and the initiatives I have mentioned was absolutely the right thing to do. The point that you should go back and reinvest in your enterprise strategy will be crucial because if we can assume one thing about the future—although the last 18 months would suggest that we should not assume anything—it is that the economy will be based less on debt, easy credit and easy money. That has helped big investments in city centres, retail projects and housing projects. We cannot rely on that, just as the country cannot rely on financial services for its growth any more. So, what is the alternative? Export-led manufacturing and enterprise are two areas that I think we will have to focus on more in the future. Yorkshire Forward is able to switch resources back towards those agendas. It has not stopped investing in them, but it can flick the resources back to them. That is a really delicate piece of timing and an important issue.

**Tony Cherry:** The challenge the RDA has for the future is that it has played a part in bringing forward quite a number of projects and it has funded them earlier. That will leave quite a gap at a time when we need to invest in growth within the region.

**Q18 Mr Betts:** Nevertheless, the view I am getting is that people feel that in its immediate response to the crisis, the RDA has had an impact in helping business in very difficult times. Given the global nature of the meltdown, are RDAs just a pinprick in dealing with this or have they really had an impact?

**Tony Cherry:** We should bear in mind, as we said earlier, that they work in partnership with Jobcentre Plus, the NHS and other major employers and spenders within the region. That is integrated into the strategies that the region has as well. It is a case of not always working with just their own budgets, but being an influence within the region.

**Andrew Palmer:** In a way that does not duplicate the work of other organisations.

**Alan Hall:** Mr Betts, to be very candid, even though we recognise some good strategic interventions, the size of the RDA's budget means that there are a lot of manufacturing companies in the region that feel

that the RDA has not touched them at all. They have managed their own difficulties throughout the recession. It is wrong to expect the RDA to be all things to all people. It is operating on a limited budget and cannot do that. What we are trying to recognise in our replies is that it is looking at what it can do within the resources it has available. For example, the financial health checks were a successful intervention, as Nick mentioned earlier, as was the mentoring scheme. Those are the things that the RDA can do because they are within the limitations of its budget. When companies want to tap into those things, there is a real benefit to their business.

**Nick Pontone:** I totally agree with that. The question of whether RDAs, or somebody else, have saved the world is fair. Within the context of what they are able to do and the resources they have, they responded very well and quickly, as did others. The effects of interest rates, quantitative easing and some of the other stimulus measures look as though they have had some sort of impact. Yorkshire Forward has been a part of that and should take credit for it.

**Q19 Mr Betts:** Finally, I think another message you are giving is that it is too soon to start withdrawing those measures, because the recovery is only just beginning and is very fragile.

**Andrew Palmer:** Yes.

**Tony Cherry:** Yes.

**Alan Hall:** Yes.

**Nick Pontone:** Yes.

**Q20 Chairman:** Gentlemen, could I ask a couple of questions in relation to targets and measuring effectiveness? As you are probably aware, the PricewaterhouseCoopers report was drawn up in December 2007. In 2008, the Yorkshire Futures "Progress in the Region" report was published. Do you believe that the PricewaterhouseCoopers report gave an accurate picture of Yorkshire Forward's performance and effectiveness?

**Alan Hall:** In my opinion, it did. The report was very careful to exclude those areas that it was not considering, but it was thoroughgoing in the areas that it looked at to try to assess the very point that you are asking us about.

**Nick Pontone:** Yes, I think that it was a fair reflection. A number of the benefits that were talked about in the report were yet to be accrued, such as long-term investments that will have an impact in the future. The only point we made in our submission that the report did not tell us about was the difference that the money had made—the £2.5 billion or whatever that Yorkshire Forward has had. If that £2.5 billion had been spent in other ways, through other bodies, it may have had an effect as well. So I think it was a very useful report, but it did not necessarily actually provide the strongest evidence that it was only the RDA that made that difference. It was the money that made the difference. That is not a criticism of Yorkshire Forward, because it spent that money well to deliver a positive impact. But that report only took us so far. Generally, it is very difficult to work out what you



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measure Yorkshire Forward on, because it can be accountable to Government for its output targets on jobs created and whatever, and that is important, but actually it is the outcomes of the difference made in the overall economy and our relative performance that is the key task, and it is, as we said earlier, very difficult for it to be able to disentangle the impact that it has had, as opposed to what would have happened if it was not there or if that money had been spent elsewhere. So it was a good report, as far as it went, but it is not a full picture.

**Tony Cherry:** I agree with all of that. The biggest problem is trying to measure the long-term benefit of the projects and activities that Yorkshire Forward has carried out and also the trickle-down effect on the small business community, because quite often, obviously, there is not direct support for small businesses, but they benefit from quite a lot of the larger projects that have taken place.

**Q21 Chairman:** Mr Hall, in the EEF evidence, you suggested that the RDAs have made little direct impact on the regional economy. Would you like to elaborate on that?

**Alan Hall:** I think if you look at the RDA's budget, it is something like 1% of the spend within the regional economy, in terms of public spend. That gives you an indication of how much impact it can have, and that really is the point that was being made in that part of the report.

**Q22 Chairman:** We touched on this in my initial questions. The Chambers of Commerce suggested that perhaps the RDA does not lobby sufficiently for the region as a whole. I was interested in your comments earlier, Nick—I think it was you—when you said that if you are going to have an RDA in every region, it is not going to improve the imbalances in the north-south divide or between regions, some of which have more prosperity than others. Do you want to comment a little bit more on that—on the lobbying issue and whether Yorkshire Forward should do more to try to uplift our region in comparison with others?

**Nick Pontone:** Going back to the key role we see RDAs having in strategic leadership for the region and bringing people together, that is something that we very much support. The point that they only spend 1% of total public spending in a region shows that the only way they can make a difference is by influencing others. The point we made in the submission was that one of the biggest frustrations in the business community is transport and the lack of transport investment that Yorkshire and Humber has attracted over a long period of time, which really does impact on individual projects right across every part of the region. We know it is not Yorkshire Forward's job—or was not, until recently—to develop or lead on transport issues, and certainly not to deliver them, although it has made some small investments, in rail infrastructure particularly. We just felt that the region's voice has not clearly been very well heard in Whitehall, because we have not had a good deal on transport expenditure. It is a key business priority. We know it is not Yorkshire

Forward's main job, but we would have hoped that it could have exerted more influence to get a better deal for Yorkshire and Humber.

**Alan Hall:** I think it is a difficult call for the RDA. I think it comes down to a much wider political consideration as to whether, on the rebalancing of the UK economy, you would have nine RDAs and whether, with all that London enjoys by way of business success, you would need an RDA in London alongside those in other parts of the country. It is a very difficult call, from a political standpoint, as to where you would say there would not be an RDA. I would certainly reference the Northern Way project as an example. Given the constraints, and bearing in mind that RDAs have to be careful where they do get too political in their behaviours as a development agency, to try to give the RDA a vehicle like Northern Way, which is to enable the Manchester conurbation, our Yorkshire and Humber region and the north-east to come together on the set areas that have been set out for Northern Way—that is an example where I think they have punched above their weight, those three RDAs, in trying to do some of the rebalancing that John Prescott invited them to do. But I think if you are really serious, from a political standpoint, in saying you want to see the UK economy rebalanced, then I think more than the political clout that the RDA from this region has in Westminster is needed to call, at senior Government levels, which regions will have RDAs and which will not. In my view, there is a case for saying that some parts of the country do not need the economic injection into activities that I think is needed in regions like Yorkshire and Humber.

**Tony Cherry:** I think that within the constraints the RDA has had, it has acted as a good champion for this region. You also need to bear in mind that until earlier this year, we had the regional assembly, which carried out quite a bit of the role, within the political sphere, of trying to represent the region, but of course in partnership with Yorkshire Forward. That partnership was very, very close. I think at times, though, it does struggle with that part of the role that it has—again, that goes back to the fact that it is often challenged on its accountability as a quango, as people call it. At times, it needs to develop that role, and of course it has changed and keeps changing.

**Q23 Chairman:** Thanks. Turning to the budget, how are the reductions in the Yorkshire Forward budget affecting business support in the region?

**Nick Pontone:** It looks as though the big hit will be next year. I think I am right in saying it is about £80 million less next year, mostly from the capital budget. We think it is totally unsatisfactory that the RDA was given a budget—I accept there are financial pressures—but then to lose quite a significant chunk of that to pay for a scheme elsewhere within Government, when we see the RDA has been able to invest in long-term projects and been able to commit resources on the basis of reasonable expectation that it is going to get those in from the Treasury, I think was very disappointing.

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**Mr Betts:** This is on switching to the housing budget?

**Nick Pontone:** Yes. It will have an impact. I am not quite sure yet where within Yorkshire Forward's profile spend that will mainly hit next year, but I would imagine it will be, in light of the capital budgets, the physical infrastructure-type investments that it would make. That is very disappointing. I suppose, while understanding that there are budgetary constraints, what we would want to see from Government is them actually sticking to the commitments that they make to RDA funding, to allow it to get on with the job.

**Alan Hall:** I support Nick's remarks on this. I think we have yet to see the signs of it, for the very reasons that he has given. It is something that is happening in the new year and has not impacted as yet.

**Andrew Palmer:** The CBI was not critical of the way that the money for housing was given to public agencies, given the need for them to play their role in belt-tightening.

**Q24 Chairman:** Do you think there is sufficient flexibility within Yorkshire Forward for spending the budget, or do you think it is too tightly constrained by Whitehall?

**Nick Pontone:** I think, in general, it has got more flexibility, certainly since 1999, when the single pot was created. I think that was a very positive thing. There is the example, which will interest Mr Betts particularly, of the arena funding at the moment.

**Chairman:** Don't get us on about the arena.

**Nick Pontone:** And there is the issue of whether there should be a delegated limit of £10 million before you actually have to go and ask central Government whether to commit that investment or not. Putting the issues of the arena to one side, there is the question of whether that is something that Whitehall should get involved with, or whether it devolves the budget, devolves the accountability and sets targets and lets the RDA get on with it. In principle, I think there probably is still further that Government could go to let Yorkshire Forward make the investments that it wants to make, taking due account of the processes that it needs to follow to get the projects through to the approval stage. Perhaps they could go further.

**Alan Hall:** I think the RDA has been nimble within the constraints that it has, and I think it should be credited for the additionality: the additional funds that it has pulled in on the strategic investments that it has made. I have not seen statistics to see how it compares with other RDAs, but I think the record is quite impressive, as to what it has been able to extricate in trying to get strategic investment into the region. I think we would need to talk in more detail, in terms of day-to-day operations, with people like Tom Riordan on how he finds life under the constraints that you have, but I think, going back to one of the earlier points that we made this morning, that there still is a very strong stranglehold by Government on what you will let happen out in the provinces. I think some releasing of that, whether it is through the RDA machinery or otherwise, is

something we would welcome in the region. It would give the region a lot more autonomy—a difficult call from the Westminster point of view, clearly.

**Tony Cherry:** It is quite interesting: I am not sure what the RDA's opinion is of how it will change the way in which it works over the next year. Partly, that is because it is very positive rather than negative and tries to work within the restraints it has.

**Andrew Palmer:** Yes.

**Chairman:** I am still thinking about the arena—and, given what has happened in Leeds recently, about whether we ought to take that bit out of the records. We will move on to the sub-national review.

**Q25 Mr Betts:** I will be helpful and not mention the unmentionable. The single regional strategy obviously proposed changes to how things are done at regional and sub-regional level from Government. What is your general view? Do you support the concept of a single regional strategy? Do you see any advantage in it? Or do you see problems on the horizon?

**Nick Pontone:** I think it started with very good intentions, the sub-national review; and the actual idea of bringing together the economic strategy with the spatial strategy, to streamline the process, ticks all the boxes in terms of logic. So it certainly had our support at that time, and still does, to an extent. I think the difficulty was something that I mentioned earlier, in that when you align an economic strategy to spatial planning, it necessarily, for the processes that the planning system needs to take on board, means that it will be 2012 before that new document is in place, whereas it might be that the regional economic strategy could do with a serious refresh in the next 12 months. So whether that will have an impact or not, and whether the good intentions of streamlining might just get crushed by the planning system and the possibility of disputes between regional local levels over things like housing numbers—that would be a real shame, when what we really want to see is a strong business-focused economic strategy, which works for the region. There are just some concerns that have come in over the past year, since this has been working out, that perhaps the bringing together might actually cause a little bit more complexity, rather than streamlining things.

**Alan Hall:** I think this Government should be credited with the vision to create the RDAs in the first instance and I think the danger in the sub-national review is that you are spoiling what was a very good piece of interventionist machinery that we have been talking about this morning. Whether it is with the complication that Nick has just talked about or whether it is with the leadership boards that are going to be there, I think there needs to be proper democratic accountability of these public bodies. They need to be held to account for what they are doing, and things like the National Audit Office report need to be there, or reports from PricewaterhouseCoopers; but if you keep adding and adding to their responsibilities and then make governance even more complicated, you are in

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danger of spoiling what has been a very strong model of economic development over the 10 years that we are considering here this morning.

**Tony Cherry:** We've touched on the big projects within the region and we do have a concern about whether those projects would still take place—whether local government would have the confidence to be able to invest very large sums of money in big projects. A problem that we also then have, particularly for the small business sector, is the engagement with 22 local authorities within Yorkshire and Humber. As an organisation we are very much business-led, even though we are the biggest business representative body for small businesses in Yorkshire and Humber. Historically our links with local authorities are not as strong as the relationship that we have within the region, and the way we have managed to influence activities within Yorkshire and Humber. So the current infrastructure that is in place would not allow that small business input to the level that we think needs to be there.

**Andrew Palmer:** I agree with that, Mr Hall, and we were broadly in favour of the Government's aims and intentions in the sub-national review of enhancing the powers of RDAs, and so on, but we do have a serious concern about the proposals to give local authorities quite a lot of sign-off power.

**Q26 Mr Betts:** Can I just pick two separate issues, then? First of all, in terms of new responsibilities for the RDAs, some concern has been expressed about focusing away from the key job by looking at planning, spatial issues, housing, and so on. Presumably you are all quite supportive of the new role on transport matters, because that really is a key economic issue, as you have, I think, identified on several occasions in what you have been saying to us. Is that something that the RDAs should now want to link into their industrial focus and try to drive on?

**Alan Hall:** The idea of this wider remit—supportive, transport, spatial—has the constraints that Nick was talking about. It gives a very complex role to the RDA body, but the idea of trying to give economic development as a remit and not to include things like transport and planning seems to be a wrong-type model. Incrementally, you have enhanced the powers of the RDA and this, in broad form, is a good move, but it gets to the stage, as I tried to say earlier, where it gets over-complicated. You have added a lot for the RDA bodies to do over the 10 years that we are considering, and you might say that you must put transport and strategic planning in there, but you might decide to strip out some other elements that would try to keep the remit simply around economic development.

**Q27 Mr Betts:** May I pick up the second issue, which several of you alluded to—an enhanced role for local authorities, or groups of local authorities, at sub-regional level, looking at issues to do with transport, travel-to-work areas, skills, and those sorts of issues? There have been some concerns expressed about diffusing responsibility, overlaps, having many more bodies involved, and whether local government has

a wider remit, but is there not another issue? Yorkshire and Humber is not the only example, but it is one to begin with. As a region, it is little more than a marriage of convenience. It is not a real economic area in many senses, and what we ought to be focusing on in some ways is the sub-regional level and travel-to-work areas, which are real economic areas.

**Alan Hall:** The city region concept is very interesting, and there is merit in trying to design a model around it. But what you have created in the administration is the ability to look at Yorkshire and Humber as a region. Against that remit, and looking at the priorities that the RDA has wrestled with over the 10 years, I think it has done a very good job for you. If you take it down to city regional level, there is the danger of parochialism creeping in inevitably. We all want various developments in various pockets within the region, and the RDA has been particularly good at trying to make economic sense of those and to decide that we can have a strategic investment here and a Renaissance development there. Again to its credit, it has had dialogue with the local authorities that are impacted to try to buy into it and equally to try to placate those areas of the region that have not benefited from some of these developments. I am not saying that the city region concept is wrong; it is a very interesting concept, as I said a few moments ago, but it takes things to a different level from that which you created with RDAs. I think there is a real betterment of the RDA model operating at this regional level and with the strategic approach that we have described in all our remarks to you this morning.

**Tony Cherry:** Were you to ask the question of other RDAs, my answer would be very different, but in Yorkshire and Humber, although we have sub-regional issues, we tend to work for the good of the region, and quite a number of projects have been allowed to happen that would not have happened if we had gone down just to the sub-regional level.

**Nick Pontone:** This is a big job. If we throw in business development, urban regeneration, housing, planning, transport, climate change and such issues, it is a big job, and there is room for local devolution to local authorities. We very much support strong local authorities that are able to make a difference to their local areas—that is positive—but it does not necessarily mean the exclusion of the RDA and the regional tier. It might need to change, but that does not necessarily mean that it has to disappear. The absolutely critical point for us is that there is absolute clarity of roles and on who is doing what, so that those involved are not tripping over each other and having rows about governance issues and the formation of boards, but spend time talking about the issues and how to make a difference. The one thing that sub-national review has made more difficult, certainly in the short term, and particularly around the point about the future roles of RDAs under a possible change of Government, is that it has clouded the issue. We want clarity so that everyone can get on with their respective jobs in a sensible way.

**Q28 Mr Cawsey:** What is quite interesting is when the RDA dips in and when it does not, and what is local and what is regional. That is the judgment. My

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constituency comes under the Hull-Humber sub-region. Ever since it has existed, the big issue there for the business people and local authorities has been the Humber bridge and the sheer level of the toll—£2.70 a time for cars and much more for business vehicles. They think that is a really big bar on economic growth in the area and they have commissioned some work that supports that. It is quite interesting now that, for the first time, Yorkshire Forward has come onside to say, “Actually, we see it as something that perhaps has a regional significance as well.” Is that the kind of thing that Yorkshire Forward can do to support those sorts of local endeavours?

**Nick Pontone:** Absolutely. It is a good example of where a really strong local campaign has come together, bringing business organisations, local authorities and many others. If a regional body can come and support that, that is all well and good. I suppose on the point you make—just being clear about what is a regional issue and where it can add value—there are things like inward investment, business development and big projects, whether it be low carbon or various other agendas, that can complement what is going on in a local area and not compete with it. That is the key that we need to get to.

**Alan Hall:** There is another point about this issue of governance that we are looking at—sorry, more democratic accountability, I should say. Against the critique that it is too complicated to have it through this leadership board, what I think should perhaps be considered is giving it to the Regional Minister. Rosie Winterton does an awful lot of work already with the RDA and works very closely with the region generally. You may feel it was too much to give it to her individually—maybe the end accountability—but you may decide that, along with a Select Committee panel such as the one this morning, Rosie Winterton with a small group of others may be able to give that strategic assessment of whether the right things are being done, rather than devolving it down to a leadership board, for the reasons that we are giving. We think there are complications that might undermine what you are trying to achieve here through democratic accountability.

**Q29 Mr Betts:** That was my next question, so you obviously had the brief and, indeed, the extra question as well. There is this issue now that the regional assembly was there to hold the development agency to account to some extent, isn't there? You referred to the close working relationship, but there were people on there who could ask questions and scrutinise. That's gone; it's now not going to be there. Are there any other ways in which accountability can be improved? We talked about the appointment process earlier for Yorkshire Forward board members themselves. I suppose we're here this morning in an attempt to do a bit to improve parliamentary accountability. You've mentioned the Regional Minister's role. Are there any other ways in which you think Yorkshire Forward can be better held to account by stakeholders in the region?

**Alan Hall:** My advice would be not to go beyond the sort of machinery that we're talking about. For the size of the RDA and the sort of spend we're talking about, you already make it quite well accountable, as should be the case—it needs to answer to elected officers. I do not see anything wrong with the machinery and I think it doesn't need anything further, beyond what we're describing to you. I'm just making it clear that I think the leadership board might be a step too far.

**Tony Cherry:** I was very much involved in the scrutiny role of the assembly on Yorkshire Forward throughout eight or nine years, being involved in the very first scrutiny panel for business birth rate strategy all the way through to the very last one, on investment within the region, and I must admit that I feel as though the baby's been thrown out with the bathwater. Yes, it's right and proper for our elected representatives to make sure that they are scrutinising the work within the region, but there is also a role for the customers of those bodies to have that input and question what's going on. At the moment, we have that gap and it would be useful to feel that we might develop something that would allow us to try to make sure that we've had best value for money, limited duplication, better communication and so on.

**Q30 Mr Betts:** Can I pick up on one issue that came partly out of the discussion we had a few minutes ago about regional responsibilities and boundaries and transport in particular? Coming from Sheffield, in the south of the region, sometimes the issues that affect us cross regional boundaries. I'll just take one example—the midland main line, which we think is terribly under-invested in. We have had long campaigns to try to get it improved. It's important to business—the links to London in particular. It often seems to be the East Midlands Development Agency that takes the lead on this and pushes it, and there is not all that much joint working between that RDA and Yorkshire Forward. I wonder whether that is an issue that your members come across. Is joint working something that could be done better in the future? The northern way is a good example of joint working between RDAs, but it does not always happen.

**Alan Hall:** I would say that this is an area of criticism. I think it is difficult, given the ambit that the RDAs have. There is cross-RDA co-operation—you have given an example, Mr Betts, from the midlands area involving Advantage West Midlands and Yorkshire Forward. As I understand it, a lot of dialogue does take place at the chief executive level between RDAs. The example that you have given is a good one. It illustrates that, against the many things that they do well, the dialogue that takes place between RDAs, as best I know it, is not as good as it could be. To answer your specific question about whether the issue is of concern to manufacturers in the region, unless they were actually to get on the case of the midlands railway link that you are talking about, it would not immediately concern them. It would not be a matter of concern to them, but it is an issue for RDAs in general.

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**Tony Cherry:** Interestingly, I think a good example was the Robin Hood Airport Doncaster Sheffield. The pressures from the Leeds Bradford Airport, Manchester and other influences was that we should not support that within the region, but I am aware of the fact that Yorkshire Forward and the RDAs did support it, even though it would affect and benefit only one part of the region. There are times when they look at some parts of the region rather than the whole. However, I take it on board that there are occasions when Yorkshire Forward is not good at cross-border issues. Sheffield has quite a number of issues, and there are challenges with the Sheffield City region as well, which will be quite interesting for the future, coming from Sheffield.

**Andrew Palmer:** Some of my members would certainly wish that there were a little bit more cross-border lobbying and discussions, especially if you have operations down the east coast in different geographical areas and those that just border. There is a need to have a little bit of talking between regions, especially about planning and transport.

**Nick Pontone:** It is a good example. I suppose the positive would be that there is a good opportunity for Yorkshire Forward to do some joint working with its RDA colleagues further north and south. With something like high-speed rail, we know that it has operated at Northern Way level and has done some very good work there, but there is a real opportunity to speak powerfully for the region and bring people together on a campaign to make sure that if there is major high-speed rail investment, it will serve Yorkshire properly. We are slightly concerned that our regional needs are not really reflected at the moment.

**Mr Betts:** That's something where Sheffield and Leeds do agree, actually, which is a good thing.

**Alan Hall:** Just a further point on that. I think it's the case, as in business, that if something gets measured, it gets done. That might spur some different behaviour along the lines that we are talking about. However, we should not be seen to be throwing the baby out with the bathwater, because against the model that we are talking about this morning, there is a real value in focusing on this regional area. If you were to try to blur regional boundaries, for example, or redraw them—we made this point earlier—it might be a retrograde step. It goes with the model.

**Chairman:** The low-carbon economy, and pudding. Ian Cawsey.

**Q31 Mr Cawsey:** While all of us in this room would agree that we live in God's own kingdom, I think we also accept—this was mentioned earlier—that the area has had a lot of heavy industry and energy production, and, consequently, a high level of CO<sub>2</sub> emissions. I thought about that in the past week when I went to see a screening of "The Age of Stupid", which is a movie that predicts where we will be in 2055. Pete Postlethwaite comes out of a time capsule. He is one of the last remaining humans. We had all the evidence but did so little about it, and hence we all lived through the age of stupid. It was food for thought. Given that most people accept that

we have to do something, who is leading for this region on issues surrounding a low-carbon economy?

**Nick Pontone:** There are two key areas where Yorkshire Forward can play a leading role. One area of activity that is already under way involves developing technology and infrastructure around, for example, carbon capture and storage, where there is real potential for the region. Yorkshire Forward is doing some good work there. The other one links to its business support agenda, where there are clear implications for every business and organisation trying to hit the 80% reduction target. We don't yet know how that will work out over the decades but we know it is coming. Businesses will need help and assistance and, in some cases, incentives—be it advice or practical support—to make that adjustment. There is a prize for the region if it can get ahead of the game in being a low-carbon economy because every other region and part of the world will have to make that transition to a different extent over time. An organisation with some expertise in this, such as Yorkshire Forward, has a strong role helping businesses to do that. There will be other organisations with a role to play but in those two key areas there is potential for Yorkshire Forward to have a very strong role.

**Q32 Mr Cawsey:** What are they doing? Carry on a bit please. What is Yorkshire Forward actually doing with the businesses that you represent to promote this?

**Alan Hall:** Well, in the report, as we have referred to already, it took a fresh look at things with the slow-down. The moves on low carbon featured in there. They are taking a strategic lead in the way that we have credited them several times this morning. They are showing the leadership and initiative that you would expect of a good RDA. There are also smaller, intermediate bodies that can help move this agenda forward. If you look across the spread of manufacturing, typically in Yorkshire, as with other parts of the country, energy and energy production is still in dynamic mode. It has not felt the impact of slow-down that has happened in other parts of the economy, such as construction. Against that background it really is a Westminster issue. With respect to you gentlemen and your colleagues, we are talking about putting down a clear national energy policy. You would find the private sector in manufacturing that I referred to, starting to roll up their sleeves once you gentlemen and your colleagues set out a clear strategy on energy for the UK. We can't ask more of the RDA at this juncture than to show the potential of low carbon as a business opportunity as they perceive it—and the private sector would agree with that. Again, with the idea of carbon capture and storage, they are trying to see as much as they can achieve within an RDA remit. They are on the case. The energy policy is the key to unlock all of this and the RDA would then be able to play an even stronger part.

**Andrew Palmer:** I agree. They are also not just looking at investing in new skills for new technologies. They are looking at how the existing

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work force of the region can be adapted with new skills to take on some of this low-carbon agenda, which is very positive.

**Tony Cherry:** It is clear that this is an area that the chief executive of Yorkshire Forward is keen on. That influences the work of Yorkshire Forward and we have to applaud them for what they have done on that. My concern is that 99.3% of businesses employ fewer than 50 people. Therefore, the challenge is how to engage with the vast majority of businesses in this region and whether we are going to be able to invest the money that is needed to make a real difference. That is a major challenge.

**Q33 Mr Cawsey:** That is key. You said earlier that lots of the people you represent have never had any contact with Yorkshire Forward. So how does that enable them to lead on an issue such as low carbon?

**Nick Pontone:** Because they may be investing in initiatives, for example, through the Business Link network or Carbon Action Yorkshire or whoever, on resource efficiency advice and support to businesses, small and large, which helps them to be more competitive and to reduce carbon emissions. By making those investments, they can make a difference.

**Q34 Mr Cawsey:** Is it simply an impossible dream for the Government to say to Yorkshire Forward, “Your political priority is economic growth in the area. However, you have got to have a low-carbon result.”?

**Alan Hall:** I don’t think they are incompatible. I really don’t. You could give them that remit. It is a big ask but it is not impossible. One of the things we will perhaps come on to later is the question about the importance of technology. A lot of research is going on already, and there is more that the RDA could sponsor through universities in the region. There is a big technology agenda, and to me, one of the major ways out of this slow-down is through technology developments of the sort that we are talking about.

**Tony Cherry:** It is achievable if there is a level playing field, but a lot of that is out of the gift of Yorkshire Forward. It is about central Government and how you create a climate that allows small businesses to achieve the same thing as a large business. Bearing that in mind, if you have to pay to join an organisation, and it costs a plc and a one-man band the same amount of money—as it often does—then that is not a level playing field. That is often the case in a lot of initiatives.

**Q35 Mr Cawsey:** I agree with the technology point, particularly the idea that we could invest in universities and so on. Is not the simple truth that the problem is here and now, and that that will probably involve too much long-scale thinking?

**Alan Hall:** It concerns me how quickly we can react to it. You are right—the problem is here and now. The climate is changing but we have to start somewhere. There is no time like the present.

**Q36 Mr Cawsey:** I think you are right on energy policy and national Government, but if the Government step in, as they have done, and come up with all sorts of planning guidelines for local authorities on things such as wind farms, everybody jumps up and down and says, “This is terrible; the Government are forcing this issue and taking the localism out of it.” It is damned if you do, and damned if you don’t as far as I can see.

**Nick Pontone:** It is a good example of how difficult it is going to be. This balance between economic development and reducing emissions probably is achievable, but it will be difficult. Sustainable economic growth as an overarching target for Yorkshire Forward and the integrated regional strategy is a reasonable objective, but as to how that is done and what it will mean over decades—it will be difficult to achieve. Wind farms are a good example. Seeing quite how much and how quickly we are able to shift towards clean energy production is going to be a real challenge. The energy sector is still hugely important in the region. It needs to be tackled, but it will not be easy and we need to work together to try and make that difference.

**Alan Hall:** Mr Cawsey, I will give you a very simple example of where these things could start to make a difference. It would apply in the small businesses that Tony has been talking about this morning. There is no reason at all why, perhaps with university collaboration, a meter could not be designed to tell a small business, or a household, what the consumption of power through their house is. I apologise for repeating my remarks, but what gets measured gets done. You could suddenly see how much your electricity is costing in a small business operation or in a domestic environment. That piece of technology, which is a simple illustration of what we are talking about, could transform this. We are all much more conscious about what is being used and how much carbon is. Perhaps the meter could tell us how much carbon is being consumed alongside the cost of the electricity that is being consumed, using electricity to illustrate it. There is no reason why that example of technology—a very simple device—could not be designed and made in Yorkshire, and made available to businesses worldwide.

**Q37 Mr Cawsey:** And you see Yorkshire Forward as keen to drive that sort of idea forward?

**Alan Hall:** What Yorkshire Forward has done, and where it comes into this, is by saying, “We think that this is a future for us.” It then spurs people on to think further about it. You might get Yorkshire Forward engaging with universities in the region to say, “How can we get this thing working? Give me 10 examples of how we can transform this into actual, practical ways forward”—things like the little meter example that I have given. It is not for the RDA to do it, but it shows a lead to say, “This is the way that we think we should go.” That spurs further action, perhaps in the universities as I am illustrating, and then it is up to businesses in the region to try and pick up on that lead.

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**Q38 Mr Cawsey:** It is trying to get across what I think they call “The valley of death”, where somebody has got a very good technology, but if they want to get to the commercial product there is a big gap in the middle. It is about how to get across it.

**Alan Hall:** I have not heard the valley of death expression, but I think I know what you mean.

**Mr Cawsey:** I probably just made it up, in which case I think I’ll claim copyright.

**Nick Pontone:** What has been described sounds like a smart meter, to which the Government have already made commitments with regard to domestic supplies. Coming back to your question, I am not quite sure what the RDA role might be, but if it had one, it could be to champion and try to extend that scheme to businesses, which I am not sure is part of the current plans. It is a good example, and if there is a role for the RDAs, it is one we would certainly support.

**Andrew Palmer:** We need to see some national policy statements, for instance on planning for renewables, to help these processes as well.

**Q39 Mr Cawsey:** Can we move on? This is linked; the consequence of not getting it right, and we have seen some of this already, is an increase in severe weather incidents. Flooding is the prime example, which, sadly, in 2007, hundreds of businesses in the region had to deal with the consequences of. The lead on those incidents used to be the regional assembly in terms of flood risk. As we move to the intergraded regional strategy and Yorkshire Forward become involved, are you confident, in terms of representing your members, that we are well enough prepared and people know who will do what to try to avoid, plan out and deal with the consequences of future flooding?

**Alan Hall:** I acknowledge the lead that the RDA took on the flood issue. In our remarks this morning, we have made clear that we applaud what was done there. I do not have knowledge of all the machinery, such as the Environment Agency. I clearly see the role of the local authority and then the RDA. I do not quite know how all the wiring looks behind the scenery. All I know is that it was well handled. It was very responsive, albeit people closer to it than I would say, “You don’t realise how close it was to being a bigger catastrophe”. It is difficult to say that the RDA did not do what it could, from its point of view at that time. You would assume that it would be there again if there were another eventuality—touching wood and saying, “I hope it doesn’t happen again.”

**Q40 Mr Cawsey:** I accept that. The point that I was trying to get to was that there is a difference between doing a good clean-up and doing something about addressing the risk in the first place. Would it be better if the RDA did more about working with others?

**Nick Pontone:** I suppose the point would be that it is difficult to know, but that is the point of having an integrated regional strategy, rather than a range of separate strategies. There is the opportunity now in the region to try to ensure that links are made between the various agencies involved. We will find out over the next couple of years as the integrated regional strategy is developed.

**Tony Cherry:** Of course, it depends also if your question is that we should try to stop floods in the future. If that is the case, it cannot do that; it does not have the budget to do that. It is very easy to spend £300 million a year just on flood defences.

**Q41 Mr Cawsey:** It is nearer to £700 million.

**Tony Cherry:** Much more. Or if you want it to manage the catastrophe when it arrives again. If that is the case, there are lessons to learn from the previous flood. Communication was an issue. It still has to, on occasion, realise that organisations such as those represented here today have a very quick method of communicating with their members. I think that there were occasions in which things could have been done better.

**Q42 Mr Cawsey:** I find this all quite interesting. It strikes me that there are two particular issues here. There are—for want of a better phrase—“internal infrastructure issues”. You get surface water floods, which a lot of these ones were, which is simply to do with capacity being different at different times. There is so much more development, extreme weather and water going in very quickly. That is a difficult enough issue anyway. We have the classic rising river levels, which the Environment Agency particularly deals with. Of course, it is looking, not just at building bigger banks, although that is part of it, but also at things like making space for water, which is an overall DEFRA thing. That becomes controversial because you get farmers who rightly say, “Food security is important as well.” Do you see that, even though that is a classic Environment Agency issue, the RDA ought to have input as well, because it changes the shape of what we are in the future?

**Alan Hall:** In my opinion, it should have input. If we go back to the Sheffield example, which you mentioned a few minutes ago, businesses were lost through that. There is a real, strong economic dimension to this. While all of us would see that there is a budget to address those various issues, whether you are talking about agriculture, the domestic situation or business and industry, you cannot solve all of this. There is a difficulty around priorities, but I think that the RDA should certainly have a say.

**Tony Cherry:** I certainly think there is still a need for a regional body to bring together those other organisations, including private sector ones such as Yorkshire Water, and to try to make sure that they work for the good of the region.

**Chairman:** Colleagues, have you any further questions—in any areas that you think we have not covered?

**Mr Betts:** No.

**Q43 Chairman:** Gentlemen, is there any area that you think we have not covered adequately, any further information that you would like to give to us, or any issue in this morning’s brief that we have not covered and which you would like to raise?

**Alan Hall:** There are a couple of issues that I would raise. I touched earlier on this question of technology. Constructively criticising what the RDA has done in the Yorkshire region, I am not sure that it has done

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enough regarding technology, partly for the reasons we were talking about, concerning low carbon and carbon capture and so on. Also, from a manufacturing standpoint, a lot of the answers to the future success of the manufacturing sector in Yorkshire and Humberside will be in technology. Even though I accept and acknowledge that the RDA has taken some steps on this agenda, I do not think that is enough as yet, not for the huge economic benefits that could flow from the right sort of technology interventions in our region. That is one issue. The other issue is to acknowledge that the RDA already seems to be on the case on the question of skills. I think that there is a very big skills agenda for this region, and in this latest approach to the economic slow-down it seems that a sum of £48 million has been set aside, of which the RDA has contributed, I think, around £10 million, to try to look at skills and skills enhancement within businesses in the region. I applaud that initiative and look to see more of that. Within the budgetary constraints that there will be—we have talked about them—that sort of intervention by the RDA on that skills agenda is a very good way of trying to secure long-term economic health for Yorkshire and Humber.

**Q44 Chairman:** When you talk about technology, do you mean technology within the so-called green industries, building on the low carbon economy, or just technology in general?

**Alan Hall:** I mean both. The green agenda is one that we have talked about, but I could give you an illustration of companies that have had a really rich interface with universities in the region; the university team and the business have gone on a journey together and there has been product development. One particular company I have in mind, which happens to be Sheffield based, is a world-beater in terms of its products, but we need many more examples like that. The RDA cannot do that itself, but it can act as a catalyst to try to oil those wheels—

**Q45 Chairman:** Technology transfer, from university on to the shop floor. This is Ian's valley of death argument, isn't it?

**Alan Hall:** There is an interface there, but it is an impoverished one. It is nowhere near as rich as it should be, and some of that is due to not understanding each other. Businesses say, "Well, universities are something else", and universities say, "Well, business too", so there is a great need for some bringing together of things. There have been initiatives to try to achieve that, but much more needs to be done.

**Q46 Mr Cawsey:** Plastic electronics is a very good example, isn't it? Plastic electronics was developed completely in this country and is now manufactured in Germany. The reason for that was that somebody knocked down the Berlin wall. What actually happened was that Germany then tapped into all sorts of support mechanisms—about the reconciliation of the east and the west—and was able to offer companies in Germany huge amounts of money to turn that idea into a commercial product. We could not do that. Isn't it the simple truth that if we want to do that kind of thing, Yorkshire Forward will have to play a role, through Government, in attracting funds that could help the development of new technologies into commercial products? That is the problem.

**Alan Hall:** Yes, I agree.

**Tony Cherry:** I think that we are in a position in which far too much is still outside of the influence of the region. We try to criticise or challenge Yorkshire Forward on so many activities. It has taken control of more and more items such as Business Link and more of the work that the Learning and Skills Council did. We do not always particularly recognise that a lot of it is out of Yorkshire Forward's hands. What we also need to do is to try to strengthen the way in which that body communicates, and to work with the business community more. Of course, that has changed considerably in the past year, with the loss of the regional assembly and so on. It is a major challenge for us all to achieve that.

**Chairman:** With that, I draw the meeting to a close. Again, I thank you for your attendance and for the way you have answered our questions this morning. That has been extremely helpful and will go a long way towards influencing and formulating our report. Thank you very much.

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## Tuesday 10 November 2009

Members present:

Mr Eric Illsley (Chairman)  
Mr Clive Betts  
Mr Ian Cawsey

Shona McIsaac  
Mr Austin Mitchell

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*Witnesses:* **Clare Coates**, Deputy Chief Executive (People and Places), Local Government Yorkshire and Humber, and **Chris Martin**, Deputy Chief Executive (Integrated Regional Strategy), Local Government Yorkshire and Humber, gave evidence.

**Q47 Chairman:** Mr Martin, Clare Coates, welcome to this meeting of the Yorkshire and the Humber Regional Committee. This is our second evidence session on the work of Yorkshire Forward. Will you introduce yourselves and give us a quick word about your role within your organisation?

**Clare Coates:** I am Clare Coates, Deputy Chief Executive for People and Places. I wish first to explain the organisation of Local Government Yorkshire and Humber. It is the membership association of the 22 councils across Yorkshire and Humber, the four police authorities, the four fire authorities and the two national parks. We have been working in collaboration with Yorkshire Forward for some time. We have introduced new regional arrangements, post-SNR.

**Chris Martin:** My name is Chris Martin. I am another Deputy Chief Executive at Local Government Yorkshire and Humber. My responsibilities relate to working towards the new regional strategies foreshadowed in the Local Democracy, Economic Development and Construction Bill, so they have to do with planning, housing and spatial strategy elements.

**Q48 Chairman:** Thank you. I shall start the questioning. What do you see as Yorkshire Forward's role within our region?

**Clare Coates:** It has a key role in strategic decision making on economic issues, with a firm focus on issues to do with investment for the future and representing the region to the Government. The key role for Yorkshire Forward is to ensure that we have appropriate investment in the region, and that it is used wisely and in support of all our communities across the region.

**Chris Martin:** Yorkshire Forward has had a strategic economic lead for a number of years, as my colleague, Clare, mentioned. Perhaps unusually for a number of English regions, we have already moved some of our regional governance arrangements into a slightly different pattern in anticipation of the new legislation. We have established in our region a joint regional board, on which representatives of Yorkshire Forward's board members and local authority leaders sit. That is already starting a new form of collaboration between local authority leaders and the regional development agency board, with a view to working on a single regional strategy and linking that to the work of local authorities and

city regions. That is perhaps a different perspective, and something that is yet to happen in some other regions.

**Q49 Chairman:** Do you believe that the role of Yorkshire Forward is sufficiently well understood within the region by the business community, the local government community and the general public? Are people well aware of the role of the RDA?

**Chris Martin:** The strategic role in relation to economic development is reasonably well understood. In particular, the preparation of what up to now has been the regional economic strategy is a fairly well-known role that Yorkshire Forward plays. Inevitably, in more recent years, a number of new responsibilities have come to the RDA. Whether that has slightly blurred the message or added to the portfolio of work of Yorkshire Forward, I do not know. Nor do I know whether that is so well understood. The important point, as both Clare and I said at the beginning, is, from our perspective, working with the RDA. Since April this year, we have established a new kind of working with it through the vehicle of the joint regional board. We are perhaps developing a new relationship between the RDA and local authorities, particularly with regard to their community leadership roles. That has been a slightly shifting development over the last year.

**Clare Coates:** To add to that, the RDA is often seen as only a source of funding, and only a source of funding for businesses, but not for all businesses. We see it as having a strategic and intelligence role—a role to look at new opportunities for the region to take advantage of economically. We clearly understand that as its function.

**Q50 Chairman:** Looking back over the last 10 years, has anything happened because of Yorkshire Forward that would not happen without its presence? What do you regard as the successes of Yorkshire Forward over the last 10 years? By the same token, what have been its major failures—if any?

**Chris Martin:** Some of its successful working has been quite innovative. I am thinking of the Renaissance towns programme. Its urban and rural renaissance work with a number of towns in Yorkshire and Humber has been a successful exercise in the regeneration of towns. Its work in response to particular crises and incidents, such as

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the flooding in 2007, foot and mouth and the situation of companies such as HBOS in respect of the economic downturn, has been particularly good. Although a smaller part of its role, the RDA has done work to support transport. I am thinking of its contributions towards improving rail services in the Leeds City region and its lobbying and working for improved rail infrastructure to the Humber ports. That is an unusual thing; I do not think that other RDAs have done that. It has worked reasonably well. Rather than concentrating on things that the RDA has not done so well, we have been trying to focus with it on how to develop a new way of working that reflects the increasing emphasis of the role of the local authorities. I am thinking, in particular, of the pilot city region status of Leeds City region. It will develop a new balance, whereby the city region pilots ways in which to have more delegated and devolved funding arrangements and so forth. Clearly, that will potentially mean a rebalancing of the work that Yorkshire Forward leads on. Those examples that I have highlighted come immediately to mind when thinking of Yorkshire Forward. As for Yorkshire Forward's work on the regional economic strategy, there was a clear and well-evidenced link between the economic strategy and the broader spatial and transport strategies. It was the first RDA to agree with the local authorities and others a set of regional transport priorities. Again, that goes back a number of years. It was something unusual that Yorkshire Forward did, but which other RDAs might not have done.

**Clare Coates:** The RDA has worked well with local authorities in responding to the recent recession, and its collective working with local authorities has been a success. Some of the challenges in moving forward are the fact that, as a region, we still have deprived areas. We have high worklessness areas, and we need to concentrate on taking them forward. We believe that our partnership work with local authorities can be brought to the table to address those fairly localised issues. Such an approach will bring a positive movement forward when we can address the challenges together.

**Q51 Chairman:** I think that you have probably answered my next question, but in your memorandum, you refer to Yorkshire Forward needing to understand the diversity across the region. Does what you have said lead to that conclusion?

**Clare Coates:** Absolutely. It is a huge region. Its rural neighbourhoods are very diverse. We have high productivity areas; look at Leeds. Some cities have been struggling more in the recession than others. We need local authorities to play their leadership role, in understanding their areas. The role of local government in shaping those policies is well understood, and it is sometimes best placed to understand its area. That is better than a regional approach. For a more localised approach to certain issues around worklessness, we say that you must build from the local, on the key priorities of the local areas, and build through to the city regions. We refer

to them as the functional sub-regions. They take into account the three city regions plus North Yorkshire, and are the key economic drivers in the region. We need to make sure that all our activities are based on them and are built from the local through to the functional sub-regional level. We will then have a strategy and a delivery that are appropriate to the needs of those particular areas.

**Q52 Mr Mitchell:** What do you mean by saying in your memorandum that Yorkshire Forward needs “to develop a clear understanding of the region's diversity”? If it has not got that by now, it will never get it. Did you mean that it should consult local authorities more?

**Clare Coates:** No. It is consulting local authorities more. Our approach in the region is a collaborative one with Yorkshire Forward and the local authorities. That is what we have agreed and that was how we responded to the SNR. We are working well with them. I think it is about having approaches that are more localised and working with local authorities.

**Q53 Mr Mitchell:** Right. Handing power down?

**Clare Coates:** Not necessarily. At the moment we have collaborative working. That may mean handing powers to the city regions—we are looking at the Leeds city region pathfinder, which was appointed by Government, to see where powers and funding may go to that area—but looking at how we respond to the individual needs of areas, the bodies are working collaboratively.

**Q54 Mr Mitchell:** If you're going to start chucking power around, how are the needs of an area such as North East Lincolnshire, which Shona and I represent, best served? Is it by having some power ourselves, when we haven't got the expertise to know what's needed, or by us lobbying a central organisation such as Yorkshire Forward? I would have thought that we would be best served by working to you, and by you paying attention to our needs, rather than by you handing power down to us.

**Clare Coates:** I think the Leeds City region pathfinder is a way of finding out whether devolution to those areas will work. We have a collaborative approach, which is what you're referring to, in terms of working together regionally so that the local authorities come together. We have established a leaders' board, with two leaders per functional sub-region.

**Mr Mitchell:** But some local authorities have more expertise than others. Some are better at putting their case than others, and some have got more staff to enable them to do that.

**Clare Coates:** We're working together across all local authorities, with the membership of our organisation—all 22 councils. The 22 councils have come together and established a leaders' board; the leaders' board is based on political balance and functional sub-regional balance, and we have two leaders per functional sub-region. They meet the Yorkshire Forward board four times a year to agree

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the priorities, moving forward. It is that collaborative and partnership approach that we are talking about.

**Q55 Mr Mitchell:** It sounds messier and more political than what has gone before, but let me move on. You have had an increase in responsibilities in the 10 years since 1999. You have now taken on regional development grants, research development grants, Business Link, economic and social funding, elements of the rural development programme—that is exciting stuff—the European regional development fund and the manufacturing advisory service. Are you extending your remit too wide?

**Clare Coates:** We are from Local Government Yorkshire and Humber, not Yorkshire Forward.

**Mr Mitchell:** I know, but are the responsibilities of Yorkshire Forward being extended too widely, given all the functions that are being taken on? I've just read you the list.

**Chairman:** What the question is aiming at is this: basically, the Regional Development Agencies have taken on extra roles since 1999. Has taking on these extra responsibilities diluted the core function of Yorkshire Forward?

**Clare Coates:** I think that there has been a blurring of its responsibility. We think that it ought to be a strategic organisation that works collaboratively with local government. I think there has been blurring, definitely.

**Q56 Mr Mitchell:** I just wonder if in your view all these extra functions detract from Yorkshire Forward's ability to do its core job.

**Clare Coates:** I think that's a possibility. I think that's why we believe, working together with local government, that it's local government that has the responsibility and it brings that and democratic accountability to the table to work collectively with Yorkshire Forward. We see its role as quite strategic in terms of moving the region forward.

**Q57 Mr Mitchell:** It makes it an agent for delivering national policy, rather than generating local policy.

**Clare Coates:** We are trying to ensure that our activities respond—

**Mr Mitchell:** You are trying to tie its feet to the ground locally.

**Clare Coates:** We are trying to ensure that it responds to the needs across the whole of the region.

**Q58 Mr Mitchell:** The Engineering Employers Federation says that the Regional Development Agencies should become commissioning bodies rather than delivery regions. Do you agree with that?

**Clare Coates:** I think partly they are being commissioning agents—already they are contracting out a significant amount of their work. We, again, see it as a strategic regional resource role, which relies on intelligence across the region.

**Chris Martin:** I think that we need to put this in something a little bit wider, just coming down to some practicalities. From the perspective of the local authorities that are members of our association, they inevitably see that in order to achieve real outcomes

for the people in those communities, such as the communities you represent, a lot of the issues cross into the solutions and the money is lying in lots of different public pots. So it isn't just a matter of Yorkshire Forward, there is an issue about a range of public and regionalised agencies that deliver and part of the philosophy, going forward, is to try to look at the appropriate level of dealing with some of that. A specific example would be the Local Democracy, Economic Development and Construction Bill, which, if I remember it correctly, has a provision where individual local authorities would be given a duty of local economic assessment. Now, you need to begin to think through what actually happens at what particular level. If you are dealing with that, it may actually mean that the RDA has to be something more strategic. Where the join can most easily be done, potentially, is at that local authority level, where there is that understanding of those local communities, but that may involve a range of funding from a range of different public bodies. So there is a bigger issue about devolution to public local authority generally, perhaps, rather than just the question of the relationship with the RDA alone.

**Mr Mitchell:** Thanks.

**Q59 Mr Betts:** Can Yorkshire Forward really be the RDA for Yorkshire when, while its members come from Yorkshire, they are all chosen in Whitehall?

**Chris Martin:** If the question is, can it be a regional agency when its orders come from Whitehall, then clearly the board members are drawn from a representation of Yorkshire and Humber business and there is also representation from local authority leadership. Perhaps behind your question lies this issue again about how much freedom there is in terms of allocation and use of funding. I guess my answer to that would be that that is not just a message for the pot of funding of £300 million to £400 million which Yorkshire Forward has at its disposal, which I suspect is something less than half a per cent of total regional GVA, or however you measure it. It is also a question you could put in relation to a range of funding streams to individual local authorities and to other agencies. It is getting the balance right between what flexibility there is for a range of public agencies to spend money in a way that meets the needs they identify in their own area.

**Q60 Mr Betts:** Would you like to see, in any way, a change in the composition of the Yorkshire Forward board? Do you think there should be more board members from a local government background? Do you think it might be a good idea for local government to actually nominate some of the members of the board?

**Clare Coates:** The approach that we have taken in the region is the collaborative approach. We have established a joint regional board with eight members of the Yorkshire Forward board and eight local authority leaders. I think that that has improved the situation and ensures that we have that very localised input, and that is the decision-making body in the region that we have agreed post-SNR.

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**Q61 Mr Betts:** A new chair of Yorkshire Forward is going to be appointed; I think the selection process is under way. Have you been involved in that process and in the criteria? Will you get involved in the process at all as it goes along?

**Chris Martin:** Not that I know of, no.

**Clare Coates:** No.

**Q62 Mr Betts:** Would you like to be?

**Clare Coates:** I think it would be a positive step forward if we were.

**Q63 Chairman:** Just before I ask Shona McIsaac to ask some questions on the regional economic strategy, on the point you have raised already—the partnership meetings between your board and Yorkshire Forward—do you regard that as bringing some democratic legitimacy towards Yorkshire Forward? Do you see that as bridging some form of democratic deficit that has been there over the last few years?

**Clare Coates:** Yes. I think it goes some way to bridge the existing or previous gap in democratic accountability, yes.

**Chris Martin:** I think perhaps it has another benefit. That might refer back to a previous question, which is that it helps to make sure that the strategy we are developing in the region is better placed and better fits the strategy needs of localities and communities in the region. It brings that local reality into the formulation of that regional strategy, so I think it has that second benefit as well.

**Chairman:** Just before I call Shona McIsaac, there is possibility that there could be a vote in the Chamber of the House, in which case I will suspend the Committee for 15 minutes to allow Members to vote and come back. So, if the alarm bells start ringing, it is the Division bell and there is no need to leave. Shona McIsaac on the economic strategy.

**Q64 Shona McIsaac:** We have had three regional economic strategies for the area, and I would guess that since the last one was actually put together we have had the economic downturn and the recession. Given that, what do you see as the priorities for the region now as regards economic strategy?

**Chris Martin:** That is quite a big question. In some respects, there are two different things. There is immediately responding to the downturn and clearly Yorkshire Forward has taken—as indeed have local authorities, and through the regional economic development agency—specific measures to deal with it. A number of the key strategic issues have a bit of timelessness about them to some extent. There are still some challenges that remain, irrespective. Some of them might have got worse, but if I highlight some of the big ones—some of the big issues that perhaps have come a little bit more to the fore, shall we say, over the last 12 months—there always has been a long-term issue about delivering the right number of homes and delivering affordable housing. It is clear that those challenges have got worse or perhaps been made worse by the economic downturn, including particularly where the capacity to deliver housing comes from and how you are going to fund that

housing in future. There are a number of issues around continuing to hopefully narrow the economic gap between the region and the national EU averages, which was a poor element of the regional economic strategy. There are a number of areas in terms of achieving some of the worklessness and social outcomes that Clare, my colleague, referred to earlier. There are a number of long-term problems and challenges and issues in the region. Transport would be another one, of course, although it is perhaps only slightly referred to—peripherally referred to—in the regional economic strategy. They might be made to look slightly worse or more challenging by the downturn, but some of those long-term strategy issues remain true—as true now as they were a year or two years ago.

**Q65 Shona McIsaac:** From what you have said there—and yes, it is a very big issue—do you think that Yorkshire Forward's leadership has been effective in developing a regional economic strategy?

**Chris Martin:** There are two answers to that. First, what I think was very positive about the last economic strategies was that they worked very closely with my previous organisation, the Yorkshire and Humber assembly, in terms of preparing, as we did then, the regional spatial strategies, so there was a join between the planning, economic, housing and transport strategies for the region, a shared set of objectives, and I think that was something that Yorkshire Forward deserved considerable credit for. My other answer to that question would be, however—where Clare and I have been talking previously—how do we improve things further? I think this has the dimension of much closer involvement of local authorities and local authority leaders in that process to get the feeling that the strategy is reflecting what local authorities actually need. Perhaps there was a feeling before with some of the regional strategies that they were kind of top-down. Perhaps there was a feeling like that before and what we have been trying to do is work with Yorkshire Forward to turn that around, to make it feel more like they are reflecting the needs of individual local authorities and communities.

**Q66 Shona McIsaac:** Certainly representing an area like I do that is difficult to reach, you can sometimes feel that these strategies are remote from and do not relate to those particular needs. They seem to relate to the bigger city areas.

**Clare Coates:** I think that is true, and I think also that regional strategies have not been connected effectively with delivery, either, so I think that our approach of moving forward has ensured that the local will actually connect to delivery and ensure we get better outcomes, especially for our more deprived areas that need the most assistance.

**Q67 Shona McIsaac:** I certainly note that in the last strategy the vision was that it is a “great place to live, work and do business that fully benefits from a prosperous and sustainable economy”. You could say that for any part of the UK—any village, town, city in the region, in the country—but it is how we

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achieve those ambitions and whether Yorkshire Forward is an effective organisation in achieving those ambitions.

**Clare Coates:** I think that to achieve those ambitions in different places requires different activities because all places are different, so you cannot have a one-size-fits-all approach to solving those issues, and I think working with the local authorities is the way forward in terms of that delivery.

**Q68 Mr Cawsey:** At the previous sitting of this Committee, we met employers and the business community and discussed Yorkshire Forward and its engagement in the development of the current regional employment strategy. They were very supportive and said that it had been a good process. They were satisfied with what had happened and said that Yorkshire Forward had done a good job, given the many different priorities and perspectives offered during the consultation periods. Do you feel that local government was effectively engaged by Yorkshire Forward during the development of the current regional economic strategy?

**Clare Coates:** In terms of LGYH, when the current economic strategy was being developed we were not in existence, but there was extensive consultation undertaken by Yorkshire Forward.

**Q69 Mr Cawsey:** With local government directly?

**Clare Coates:** Directly with each local authority, and through the Yorkshire and Humber Assembly at that time.

**Chris Martin:** I think that is right. Inevitably the processes that the regional economic strategy went through were much shorter and there were fewer chances for consultation than with the equivalent spatial strategy, which had to go through a much longer process of challenge and development. This comes back to the question of whether we could do these things better. Part of the focus now is moving towards some of the work we have started to do in terms of thinking about a regional strategy. We have developed Local Government Yorkshire Humber with Yorkshire Forward, and the local authorities have developed a project plan for some of that work, which is about making sure that there is that much more specific direct involvement of the local authorities in local areas in future strategy-making, and that specific work streams—

**Q70 Mr Cawsey:** Would that be via you or via the authorities directly?

**Chris Martin:** Some of it is through the authorities directly. For example, we are providing, as a secretariat, some technical support to local authorities to enable them to contribute by doing some of their own work to feed into future regional strategies. That is a very direct example of something that we are doing.

**Q71 Mr Cawsey:** Isn't the danger here that such is the diverse nature of local government in Yorkshire and the Humber that you have some extremely big authorities and some really quite small ones? It is not

going to work if you just go to them all individually, because the big guys will win and the small ones will miss out.

**Chris Martin:** Clare has referred to the way we have structured our leaders board. There is perhaps a particular emphasis in our region on those sub-regional partnerships: Hull and Humber, Sheffield city region, Leeds City region, and York and North Yorkshire. That is increasingly looking at the local authorities in those sub-regions collaborating at that kind of level, sharing some of the expertise, and reaching views in terms of what they believe that strategy should be in those groups to build up into a regional view. That helps a number of authorities to work together—big and small.

**Q72 Mr Cawsey:** You put in your written submission to us the view that more needs to be done at city-region level with a less top-down approach. Are you therefore saying that the latest strategy from Yorkshire Forward is flawed and should be done at a city-region level?

**Chris Martin:** I don't know about that. I suppose you need to bear in mind that our memorandum was written nine months ago. We have been developing a lot of the new ways of working during that time. I think it is about looking forward to what you want to do in the future. Can you learn from what you did in the past and how would you want to do it slightly differently?

**Q73 Mr Cawsey:** How flexible do you find Yorkshire Forward? I agree with what you just said about the way things have moved on. Do you find that, as an organisation, it accepts that and that things are not just written in stone in the way of perhaps a few months or even a year or so ago? Do you find that it is open to that kind of working?

**Clare Coates:** In our response, we put that we had seen indications of a cultural change and that we were waiting to see that cultural change being delivered. We can say that we are seeing that. Yorkshire Forward is looking at putting its own resources into the city regions—we see that as a positive step forward. As LGYH, we are doing that around planning issues and putting people into those areas to support the city regions. We are also using regional improvement and efficiency partnership funds to give support. We have a clear indication from Yorkshire Forward that it is going to do the same with their staff to put the resources into those areas where they are much needed at the moment.

**Q74 Mr Cawsey:** Yorkshire and the Humber is a big area by anybody's standards. It is diverse—that point has been made several times. I was very interested when we spoke to the employers and the business community, who clearly thought it would be a major backward step if something like a Regional Development Agency—Yorkshire Forward—just ceased to exist and everything was given to local authorities to deal with themselves. Some authorities are very big and some are very small, so you can see where that could well lead,

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particularly for the smaller authorities. However, if you go the other way and try to make it that Yorkshire Forward is a more sub-regional organisation, or that it works on that basis, how does that get achieved with the local authorities without the situation simply turning into a scrap between all the different sub-regions?

**Clare Coates:** We haven't yet taken a position on what the region should look like in the future. I think it is a developing programme at the moment, as we have emerging city regions and Total Place. What we would say is that there would still be a need for some strategic decision making, but how that is made up has yet to be decided. The strategic decision making would be across things that cross boundaries, so if you are looking at things such as major transport infrastructure, there is going to have to be a coming together of the city regions at some kind of regional or pan-regional level as we look at Leeds needing to work with Manchester. So there will have to be something above that, and I think that there are clearly some areas that we need to work on and look at the development of the city regions and Total Place. I think the key thing is what will deliver the best outcomes.

**Q75 Mr Cawsey:** I was a local authority member for some years before I was a Member of Parliament, and it strikes me that I have heard that sort of talk several times before. What then happens is that the councils all go to the meeting and vote for their own areas, because that is just life. How do you make it happen, as opposed to just talking about it?

**Clare Coates:** I think that we are in a unique position in Yorkshire and Humber in that we have cross-party agreement, as we have for quite some time. We have been working on this for about 18 months, and the local authority leaders are all engaged and working together in the process. We are quite positive about that and for the future.

**Chris Martin:** Just as a very specific example, there are some very big challenges on transport, but regional local authorities have been able to work together to come to a view on regional funding allocations. Some quite hard discussions had to take place on the regional funding advice that had to be submitted to Transport Ministers about the regional priorities. Local authority members had to think collectively about a region-wide perspective as well as, inevitably, the perspective of their own local authority.

**Q76 Mr Cawsey:** It is very good that your organisation and Yorkshire Forward have both committed to the need to deal with our sub-region, the Humber bridge, its tolls and the economic impact that it is having on the area. Making it a regional view, rather than just a sub-regional or even a local one, gives strength to that. I suppose that my real issue is that everybody can agree to that if they think that the Government might do something about it, but if they said that you might want to pay for it from your own coffers, I wonder how well that regional alliance would hold together.

**Clare Coates:** We had an interesting debate recently on the flood levy where, obviously, some parts of the region are affected more than others. That was exactly the view of leaders: this is about the region as a whole and not individual local authorities.

**Mr Cawsey:** That's very good. Thank you.

**Q77 Mr Mitchell:** There has been a worry on the part of small local authorities, such as ours and Mr Cawsey's—[*Interruption.*] Well, ours—I said that earlier. There has been a worry about the tension between local government having more say, which you want, and a top-down plan that criticises the idea that the future activities of a region should be built from the local city, sub-region level. There is a real tension there. Isn't it possible to argue that, from the point of view of the development and priorities of the area as a whole—where you put your money to get the best return and stimulus for development—it is better for those decisions to be taken at a regional level rather than by a jostling scrum of small local authorities each pushing tin-pot projects?

**Chris Martin:** It raises the interesting issue that clearly some of those infrastructure matters, such as some of the key roads and transport access to the Humber ports, are nationally dealt with by national agencies with national money. Perhaps part of the bigger picture is that, whether it is regional, sub-regional or local, somewhere within Yorkshire and Humber, you are able to influence and take a view on the decisions of what are, at the moment, national pockets of money. That has been perhaps the more challenging issue, and perhaps getting improvements made to the Humber ports is about getting some ability for some voice and some power.

**Q78 Mr Mitchell:** In transport that is clear. It is economic development, isn't it?

**Chris Martin:** It is the most obvious one.

**Q79 Mr Mitchell:** We have had a particularly raw deal with roads in our area. Local push and local power would be effective there. The priorities for development and jobs are best decided at a regional level.

**Chris Martin:** It comes back to Clare's point. I do not have the answer, I'm afraid, but I think there needs to be dialogue about what is the best level to get the outcome you want.

**Q80 Mr Mitchell:** I don't think that that will produce the political process. Anyway, let me move on, because we now face the problem of the current economic downturn. The chief executive of Yorkshire Forward has said that it is now "focused on keeping as many people in jobs as possible". That surely is the right priority at a time of economic difficulty and recession. Are you happy with Yorkshire Forward's response to the economic downturn?

**Clare Coates:** Local authorities have seen its response as positive and as working in partnership. It has been flexible with its funding, which has been seen as positive; it has been able to respond quicker

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than before. That quick response in changing programmes and changing money to the needs of different parts of the region is positive for the future.

**Q81 Mr Mitchell:** Do you see this as a temporary shift or something more permanent and fundamental?

**Clare Coates:** In terms of the flexibility, more fundamental for the future would be a positive way forward. That flexibility and priority-setting need to come from the collaboration that we have created rather than from a regional agency deciding priorities. We are going some way towards that in the region.

**Q82 Mr Mitchell:** The trouble is the tension between the temporary short-term needs of industry—to have more money to keep going and to support skills centres—and long-term projects for development. What do you see as the consequence of that tension, and which should prevail?

**Clare Coates:** The region is trying to balance both by looking at new and green technologies and carbon capture for the future. While preserving jobs now, there is quite a bit of activity going into looking at the future, at where the areas of prosperity are going to be and to invest now.

**Q83 Mr Mitchell:** So you are happy with the balance?

**Clare Coates:** Yes.

**Chairman:** Shona, on targets measuring effectiveness.

**Q84 Shona McIsaac:** I wanted to touch on the PricewaterhouseCoopers report which was done a wee while back. There were some positives in that report but in the memorandum there were also some things that give cause for worry. For example, it says that a lot of the communities in the area are becoming more divided and that economic growth has been below the national average. The region does not score well on things such as quality of life and well-being. When it comes to education and skills, I am sorry to say that the region comes bottom—the worst in the whole country. Do you think that the report paints an accurate picture of Yorkshire Forward's performance and effectiveness?

**Clare Coates:** It highlights the areas where further work is needed. The report makes the point that areas of prosperity mask some areas that are not doing so well. I think it gives a positive side of what it approached but also identifies some key areas of work that need to be addressed.

**Q85 Shona McIsaac:** The chambers of commerce raised another point with regard to measuring how effective the area is, particularly in relation to transport issues. Do you feel Yorkshire Forward lobbies effectively for the region? How can one judge performance in this particular area?

**Chris Martin:** I think you need to be careful about not laying too much of the blame on Yorkshire Forward. Some of the problems—and it leads back to your previous question—are national as well as

affecting Yorkshire and Humber, such as the potential gap between rich and poor and the disparities between communities. Picking up on the transport point, from my perspective Yorkshire Forward did more than a number of RDAs in terms of specifically addressing some transport issues and providing some funding for particular projects. That, I think, is pretty unique among the RDAs. The other thing to mention is Yorkshire Forward's collaboration with the two neighbouring RDAs—the North East and the North West—and the Northern Way. There is some joining up, if you like, from a north of England perspective on what are genuinely in the interests of the whole of the north of England transport priorities, such as the improvements to the Manchester rail hub, which impact right into Yorkshire and the north-east in terms of access to Manchester airport and trans-Pennine traffic. That was a collaborative piece of work that Yorkshire Forward did with the other RDAs, which I think we need some credit for. But there is a general issue—you are absolutely right, and I think it may have been alluded to before—that the region does not appear to be getting its fair share of some of the transport investment. How far is that laid at the door of the RDA, in terms of lobbying? Clearly, local authorities have also had a role in lobbying, and it is something that they may be doing in future in terms of high-speed rail.

**Q86 Shona McIsaac:** Some of the chambers of commerce certainly feel that Yorkshire Forward could have done more. Are you disagreeing with their views?

**Chris Martin:** That is a debateable point. I think the region needs to do more on its transport infrastructure. There is no doubt that transport issues are a significant block to economic regeneration. I am absolutely at one with the business community on that. The question is finding a solution to it.

**Q87 Shona McIsaac:** As you have, in this room, three Members of the Committee who have been lobbying on one particular bridge and its tunnels for the best part of I don't know how many years—at least since we have all been elected—that is something that we probably feel more could be done on. I want to move away from the issues related to transport. This, again, came out of the PricewaterhouseCoopers report about quality of life and social justice. Do you think that Yorkshire Forward is doing enough to address those issues? If not, what do you think should be done?

**Chris Martin:** That is a difficult one. There is no doubt that in the regional monitoring report that we do each year, led by Yorkshire Forward and called "Progress in the Region", there has certainly, in recent years, been an introduction of indicators that look at quality of life, as distinct from just economic outcome. Certainly, there is discussion about moving our strategy forward. As we move regional strategies forward, there is the need to reflect on quality of life as an outcome, and not just regional GVA. One of the things one gets out of local

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government's thinking about getting local authorities much more directly involved in the work on the regional strategy is that a lot of those particular problems come right down to neighbourhood and community level. It is a mix of social, educational, and opportunity issues—a whole range of mixtures—which is often perhaps best joined up together at local authority level. Going forward, that is part of the idea about getting local authorities directly involved in the work on the regional strategy; that it is not just something that the RDA can do on its own.

**Q88 Shona McIsaac:** This assumes that all local authorities have the same abilities to tackle these issues. We know that there is a wide variety of skills and talents in the area. Some local authorities perform extremely well, while others, I have to say, are woeful. How do we address the issues when you have poorly performing local authorities that are not addressing social justice issues?

**Clare Coates:** We have the regional improvement efficiency partnership, which has been set up and is funded by Government. Its key role is to support improvement in local authorities and with partners. We are working across local authorities to achieve that—identifying where the priorities are and getting councils to work together. So if you have a council that is very effective in neighbourhood management, it works with other councils to support them in their challenges. We've had councils supporting each other on children's services, and we have put extra money into those services. We do an assessment of performance, and then look at the best-placed approach to support them, and at who is best to support them. We are doing peer challenge across local authorities, and are developing a new protocol where local authorities will be responsible for assisting others that are struggling to increase their performances and support their communities.

**Q89 Mr Cawsey:** We all know that Yorkshire Forward is having its budgets reduced, which will clearly have an effect. What concerns or fears do you have—perhaps you have none—about how those reductions will affect the work that it does in the region?

**Clare Coates:** It will depend on which budgets are cut and how they are cut. Some of the issues that we are concerned about are wider than Yorkshire Forward's budgets, such as the public service cuts that we are facing, certainly across some of our towns and cities that are more reliant on the public sector for jobs. Research has shown that some of our cities are over-reliant on public services for jobs—across the health service and in local authorities. Our greatest concern at the moment is not just the Yorkshire Forward funding but the whole of the funding cuts that we are facing. We are looking at how we can support that, and at how we can use work force strategies if budgets and staff are going to be cut across cities and towns. There is certainly concern, but it is not just about Yorkshire Forward.

**Q90 Mr Cawsey:** In your submission you said, "Further devolution of funding, influence and power, from the regional level to local authorities, still needs to take place in order to build the strong local government sector that is needed to deliver genuine improvements." Or is it just that you want to ensure that areas that are reliant on public sector workers can continue to remain so?

**Clare Coates:** No. What was put in the response was about things like geographic programmes and whether that money should be devolved to local authorities to meet their immediate needs. There is an issue about devolution and future funding cuts.

**Q91 Mr Cawsey:** Do you think that Yorkshire Forward should be given more flexibility, particularly at a time when budgets are tighter, as to how it can spend for the greater good, which might mean devolving some of the money? At the weekend, I went to the opening of a new community and arts centre in Goole which has been funded, in part, by Yorkshire Forward. That was some time ago, and it only got round to the opening this weekend. I thought it was interesting that the person from Yorkshire Forward who spoke at the event said, "Look what a fantastic difference this is going to make to the town as part of the overall regeneration, but I don't think we'll be able to do it any more." Do you think there is a danger that Yorkshire Forward is being too tightly restricted in what it can do with its resources?

**Clare Coates:** Potentially, the recession has shown that you need flexibility in approach to be able to achieve that.

**Mr Cawsey:** Okay, so you would support the idea of its having greater control of what it does.

**Clare Coates:** Greater control, if agreed in partnership through the joint regional board and the structures that we have created to look at priorities for funding.

**Q92 Mr Cawsey:** I have a final question on this section. I am still quite interested in how you devolve the regional pot to a local level and watch it make a difference. I still have a great concern. With your background, you will, I am sure, know that what we now call the Humber sub-region used to be Humberside County Council, with a second tier of authorities below it. That gave us a big body to lobby, and it had reasonably sized departments to do work on economic development, transport infrastructure and all the rest. Certainly, on the south bank—the two north bank authorities are slightly different—we now have two unitary authorities covering about 150,000 people. Some of the better things that have happened there clearly would not have happened without Yorkshire Forward, and I can't see how they would have happened through devolution down to such small councils, because the amounts of money would have been so small. How do you square that with the push to devolve things down?

**Clare Coates:** I think some of the devolution would be to the city regions, of which the two councils are a part.



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**Mr Cawsey:** But minor partners. You are talking about 1 million people, of which two thirds or more are on the north bank, and the representation reflects that.

**Clare Coates:** The city regions need to develop and evolve, and we are certainly supporting that at the moment. There are certainly some challenges that need to be addressed, but if devolution happened at that level, you could have greater concentration on some of the priorities that have come in from that sub-region and greater collaboration.

**Q93 Mr Cawsey:** Do you know Capitol Park? There are going to be 5,000 jobs on the edge of Goole. It has the Guardian Glass factory already, a big Tesco and all the rest. East Riding, I have to say, was very good on that; I could not criticise it at all, but there was a limit to where it could go in terms of its resources and support. If Yorkshire Forward had not locked in with such a significant amount for a town the size of Goole, which is only 20,000 people—you can see where I'm coming from. I have real concerns about what is going to happen if you do not have that. Actually, I think that I know what is going to happen: if you are in Sheffield, Leeds or Bradford, it is probably okay, but it is not if you are in Goole.

**Clare Coates:** The functional sub-regions are having discussions about their priorities and how, across the region, we look at the priorities of all the functional sub-regions, and the leaders are doing that. The functional sub-regions or the city region need to look at their priorities, and they are working on those priorities, but if the money went into the functional sub-region and not Yorkshire Forward, would that be a better way? You have a collective of four discussing those issues.

**Q94 Mr Betts:** Do you think that it is better now that we have just one regional strategy rather than two? Do you think that local government is properly engaged in its development?

**Chris Martin:** The answer to that has to be yes, at least in principle. Clearly, the legislation is still going through its parliamentary process, but there is that move to single regional strategies. Clearly, bringing together your housing, planning, transport and economic strategies, on the face of it, makes absolute sense. I guess that what we have been trying to do within the region is to begin to start to make some sense of how that might actually work in practice. Local Government Yorkshire and Humber has been working with the RDA board—since April really—through the mechanism of the joint regional board, which we have now set up and which foreshadows the implementation of the legislation, where there can be a real dialogue on what is going into that single regional strategy. The fundamental part is to try to get the input to it, in terms of the thinking, the evidence and some ideas on the strategy, from the local authorities through the sub-regions, because—it comes back to some earlier questions—some of the real issues, about joining up the economy, planning, housing and transport, are best

seen and understood in the local authority areas, where local authorities can genuinely see where the problems of joining up, or lack of it, are.

**Q95 Mr Betts:** That is my next question. Planning and housing are a responsibility for Yorkshire Forward, but local government generally see those as being its responsibility. Is there going to be tension around that?

**Chris Martin:** The approach that we have taken so far has not been to see those responsibilities, if you like, going to the RDA. I think that it is very much using the vehicle of the joint regional board, which is the joint relationship between local authorities and the RDA, as the place where responsibility for that strategy sits. It is not passing it to the RDA, as such, it is within that collaborative framework—the joint relationship is responsible.

**Q96 Mr Betts:** These joint relationships are great while people agree with each other, aren't they? What happens if local government feels that the RDA—Yorkshire Forward—is getting it wrong on housing or key planning issues? What is your recourse other than to say, "Sorry, we don't like it" and have Yorkshire Forward carry on with it?

**Clare Coates:** I think that there is a presumption that there will be joint decision making; that they are equal players—equal people at the table—rather than Yorkshire Forward taking a lead. It is a collaborative approach. It is not about it leading this, it is about a real partnership.

**Q97 Mr Betts:** Right, and is it working so far?

**Clare Coates:** It is, and within those partnerships, the city regions are playing a key role in all the structures that we have set up for the thematic boards: one on planning, one on housing, one on work and skills and one on transport.

**Q98 Mr Betts:** What about the city regions? They are obviously a key part of the sub-national review. Ultimately, as well as getting local authorities to work better together, aren't city regions about devolving power, not merely down from the centre but from the regional organisations as well? Do you think that Yorkshire Forward is going to give up powers to city regions happily? If it does not, will city regions not work?

**Clare Coates:** I would say that part of that is a question of what Government want city regions to make—

**Mr Betts:** I am asking you as the representative of local authorities in the area.

**Clare Coates:** Whether?

**Q99 Mr Betts:** Whether the city regions can actually work effectively if powers are not devolved down and if part of the devolution does not involve Yorkshire Forward giving up some of its remit and saying "We think that this can best be done at city, rather than regional, level."

**Chris Martin:** Local authorities are saying that there does need to be that debate and they are having that debate about where, if you want to

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achieve a certain outcome, or solution, is the best level at which to find that solution and plan that investment.

**Q100 Mr Betts:** Who decides that?

**Chris Martin:** Part of that dialogue, for example, is going on at the moment through the pathfinder status for Leeds City region—one of the two national pilots. Part of that is a discussion that is going on with Government Departments about what is devolved to city regional level. Now, that will have potential consequences for regional agencies such as Yorkshire Forward, but also for other regional agencies in terms of where decisions get made and where advice is given on funding. That is a live bit of negotiation that is going on right now.

**Q101 Mr Betts:** And where is the eventual decision on that made?

**Chris Martin:** Ultimately, the pathfinder and the powers that that has is very much down to central Government to set.

**Q102 Mr Betts:** Just coming back to the issue of the board that resolves everything we see and do in our daily lives now in Yorkshire, what happens if there is a dispute, a conflict, over an issue and local government representatives and Yorkshire Forward representatives just do not find a solution that they can agree on? How is that resolved? The Regional Minister has no executive powers to come in and say, “Knock heads together. Get on with it.”

**Chris Martin:** There is intended to be a statutory process, through examination in public, of the regional strategy. Ultimately, the Secretary of State determines, or issues, the final version as I understand it under the legislation of the regional

strategy. So, you could argue that that is where the ultimate arbitration would sit, but the intention would be not to get to that. The intention of entering that collaborative framework is to have that collaborative agreement, if you like—consensus agreement.

**Q103 Mr Betts:** So, you could almost have a minority report for a regional strategy?

**Chris Martin:** I am not sure about that.

**Q104 Chairman:** A final couple of questions then. This one could have been written for you, Mr Martin. Given the dissolution of the regional assemblies, do you believe that the business community and other stakeholders will be sufficiently able to scrutinise the work of Yorkshire Forward?

**Chris Martin:** I might pass to Clare on that. Clearly, that was a role that the regional assembly had. The regional assembly, as you rightly point out, was dissolved on 1 April 2009. We are now into the new regional arrangements. Clare?

**Clare Coates:** One of the things we have been looking at is, if the strategy is built in the local and delivered in the local, you would be able to scrutinise that delivery on a local level. So, we are working with the local authorities in building their scrutiny capacity to do it at that very local level to assess how effective it has been. Rather than a regional agency scrutinising another regional agency, this will be scrutiny based on outcomes and delivery at a very local level, and we are working on that at the moment.

**Chairman:** Mr Martin and Ms Coates, thank you for your attendance. You have been of great assistance to the Committee, thank you.

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*Witnesses:* **Margaret Coleman**, Regional Director, Learning and Skills Council Yorkshire and Humber, and **Amelia Morgan**, Chief Executive, Yorkshire Universities, gave evidence.

**Q105 Chairman:** Ms Coleman and Ms Morgan, welcome to the Committee’s deliberations. I think you have been sitting patiently, waiting your turn to give evidence to us. You are most welcome. Would you like to just say a few words on who you are and what your role is in your organisation?

**Margaret Coleman:** My name is Margaret Coleman; I am the Regional Director of the Learning and Skills Council.

**Amelia Morgan:** My name is Amelia Morgan; I am CEO with Yorkshire Universities. We are the regional Higher Education Association and we work with all of the universities in Yorkshire.

**Q106 Chairman:** I will kick off the questions with a similar question to the first one that I put to our earlier witnesses. What do you see as the role of Yorkshire Forward? Do you think that it is sufficiently well understood in the region?

**Margaret Coleman:** Yorkshire Forward is the strategic body for the region, and it is meant to pull together regional economic strategy; to work with

partners to align their efforts; to improve the region’s competitiveness; and to promote the region. That role and responsibility are well understood by public sector partners, and they are relatively well understood by businesses, particularly larger and medium-sized businesses, the employer organisations and the TUC. If you asked the person in the street, I am not sure that they would have a full comprehension of Yorkshire Forward’s role.

**Amelia Morgan:** I would echo Margaret’s points. From a university perspective, it has been very good to have Yorkshire Forward driving a knowledge economy and promoting innovation. We have also worked on activities around higher-level skills—graduate employment and potential—in the region. Similarly, Yorkshire Forward’s role is well understood by public sector bodies and stakeholders, with a strong emphasis on partnership working. I would echo that for the business community. Touch points are varied, so there are different levels of understanding. Among the wider public, the level of understanding is incredibly

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mixed, and it will depend on whether there is a renaissance agenda, or on events sponsored by Yorkshire Forward.

**Q107 Chairman:** What do you see as Yorkshire Forward's role, specifically in relation to skills and higher education?

**Amelia Morgan:** Yorkshire Forward and the universities have a long-standing, mature relationship that is founded on partnership. Yorkshire Forward certainly regards the universities as a significant asset to the region, in terms of driving a knowledge economy and what coalesces around universities. In terms of skills—Margaret may want to come in here—certainly we have had very productive dialogue with Yorkshire Forward over a period of time around productivity, economic competitiveness and the kinds of skills that the region will require, and how we shape that demand and the provision response from higher education and other providers—our colleagues in further education, for example.

**Q108 Chairman:** I will ask the same question that I asked the earlier witnesses. What do you think has happened in our region that would not have happened had it not been for Yorkshire Forward? You can specifically relate this to skills and higher education, if you wish. What do you see as the successes and failures of Yorkshire Forward over the past 10 years? In particular, as a colleague pointed out earlier, the region is still at the bottom of the league tables academically; do you think that we have done enough in that regard to improve our academic performance through Yorkshire Forward?

**Margaret Coleman:** I was quite surprised when that was mentioned in the earlier session. It is true that at the end of statutory education, Yorkshire and the Humber is still the worst-achieving region in the country, but we are showing improvement in terms of the adult population at levels 2 and 3. We have huge numbers of young people and young adults going into apprenticeships now, so I think that there are some good trends within the region. For instance, success rates for apprenticeships are higher than the national averages, and that is also true of the increased success rates of our further education colleges. There is a lot to celebrate, although one of the most troubling statistics in the region is the fact that the number of young people not in education, employment or training is the second worst of the nine regions. The number of young people whose intentions and engagement are not known is the worst statistic in the region. We have had a very good relationship with Yorkshire Forward. We are a slightly younger quango than Yorkshire Forward. We were open for business in April 2001. In the beginning, there was no clarity about the role of the Learning and Skills Council and the role of Yorkshire Forward on the issue of skills. Over the lifetime of two chief executives in Yorkshire Forward, we have reached a well-understood relationship. We work with it on the contribution of skills to the regional economic strategy. Its funding has much greater flexibility, so it can pump-prime

certain projects and initiatives, but it understands that we are the primary strategic and delivery organisation—or commissioning body, I suppose—for skills within the country. We do quite a lot of Yorkshire Forward's spend on skills, particularly intermediate skills, rather than the higher-level skills that Amelia was talking about. Over the past 10 years or so of Yorkshire Forward, because of its flexible funding and its capacity to use very good marketing and PR, it has managed to bring some very important events to the region. When you were questioning the previous witnesses, Bollywood came to mind, in terms of promoting the region. The notion of "Yorkshire—Alive with Opportunity!" and the white rose symbol have been used by lots of partners; that was a Yorkshire Forward-developed logo for "Team Yorkshire". We have worked with Yorkshire Forward on skills in relation to the recession, and our successor organisations look forward to working with it on the low-carbon economy. As for things that have not gone so well from my point of view, I would have liked a much stronger engagement with further education. The further education colleges in our region have not enjoyed the same positive relationships that Yorkshire universities have. Sorry, that was a bit rambling.

**Amelia Morgan:** From my perspective, one of the key successes of Yorkshire Forward is how it has transformed partnership working within the region. Yorkshire Universities predates the RDA. We obviously come from a background of collegiate and collaborative working, but we have certainly seen that Yorkshire Forward has galvanised partnership working in response to crises—flooding, for example—and/or longer-term investment in the regional economy and competitiveness. I have talked about the knowledge economy but, for us, that has been an agenda that we share and on which we work well together. We found Yorkshire Forward open and good to work with overall. You mention failings, but on what we want to do better, we are very much interested in working on the international agenda—on promoting the region internationally and looking to attract inward investment. A number of our universities have a significant global reach, and we have an opportunity to capitalise on some of that. We have plans in place to move some of that forward. Political and economic uncertainty is obviously of concern at the moment. We would be concerned if things stopped or were unpicked at this stage. Any potential inertia or further instability would be particularly unhelpful. That is one of the things that we would wish to flag up.

**Q109 Mr Cawsey:** Again, I think it is slightly unfair when people come to the second evidence session having heard the first. I think that they should be made to go into soundproof booths and listen to some awful music, such as MP4 blaring away. I want to talk about something that was mentioned earlier, but I shall tilt it a little more towards your areas of expertise. As was mentioned earlier, RDAs have increased their responsibilities. For example, they are now administering regional development grants

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and the European regional development funds. Has that led to them not being able to deliver as effectively some of the things that they were there to deliver in the first place, such as skills? Or, to put it the other way around, has that clarified the fact that—certainly in your case, Margaret—skills is more a matter for your organisation?

**Margaret Coleman:** Before Yorkshire Forward took on its additional responsibilities, I think that we had done so. We have a very good relationship with Yorkshire Forward at all levels in the organisation, but I think that that has come about through robust discussion about the sort of strategic spend on skills. I would say that it still takes a lively interest in skills, particularly in relation to the work we have been doing with people under threat of redundancy and with workless people. It has also contributed about £5 million to the Train to Gain enhancement fund. I suppose that if we had any slight issue to take with it, it would be about how far in its partnership working it is able to attribute work to its partners, and congratulate them on the contribution that they have made to particular projects, rather than taking the credit almost entirely for itself.

**Amelia Morgan:** From our perspective, we have certainly not seen a lack of focus across the piece in terms of Yorkshire Forward's role. We see the strength of its commissioning approach to initiatives, whether around innovation or skills. We welcome that and have found it helpful, so there has been a move in the relationship with universities from being simple delivery partners to actually co-investing and collaborating together to generate ideas. That has certainly been incredibly welcome from our perspective.

**Q110 Mr Cawsey:** So do you think that an RDA role is about commissioning rather than delivery itself, and do you think that Yorkshire Forward has that balance right, particularly on the skills agenda?

**Margaret Coleman:** I think that, largely, it does and that there has perhaps been slightly less clarity around things such as some of the work with those under threat of redundancy, particularly in Corus and Scunthorpe in south Yorkshire, and possibly around the Train to Gain enhancement fund. But I would say that it is definitely more commissioner than deliverer, and I think that is the corporate view. I think it is very important, however, that when there are trials and pilots of particular activity, partners know that is what they are, rather than an additional bit of delivery that you are not aware is going on somewhere in the region.

**Q111 Mr Cawsey:** Should it ever be a deliverer? Is it a much more preferable system to have that clear separation, and that it commissions?

**Margaret Coleman:** I would say that it is preferable to have that separation and that, where there are to be delivery pilots, they are done by others—not necessarily ourselves, but I am thinking about learning providers, such as colleges, universities and private providers.

**Amelia Morgan:** I echo that. I think that, as a strategic body, a focus on commissioning and using appropriate vehicles is welcomed. It keeps the clarity of focus. Certainly, that is how it has tended to work in terms of working with universities. I think that, broadly, it has the balance right in terms of emphasis between delivery and commissioning.

**Q112 Mr Betts:** Could you say something about the make-up of the Yorkshire Forward board and how well it represents your areas of interest?

**Amelia Morgan:** As you may well know, we have a vice-chancellor on the Yorkshire Forward board. He has been with the board for a number of years. We have found that that is incredibly helpful, in addition to working with other members of the Yorkshire Forward board and also our officer level. In terms of representatives from the business community, that is quite well placed. I certainly do not have any specific concerns about the make-up of the board.

**Q113 Mr Betts:** Wouldn't you be happier if locally you could choose which vice-chancellor was on the Yorkshire Forward board rather than it being chosen for you by someone in Whitehall?

**Amelia Morgan:** We had good involvement with Yorkshire Forward in discussion about the representative on the board, given that the appointment process is done centrally. That for me is a tier 2 issue; it is about dialogue in terms of the outcomes that an individual would contribute to the make-up of the board, where Yorkshire Forward is trying to drive the agenda.

**Q114 Mr Betts:** Don't you think it would be better if someone was on the board representing universities so that they spoke with authority, knowing that they had the support of their colleagues and were accountable to them, rather than having gone through an opaque appointment system that nobody quite understands, but someone emerges, a bit like the Pope?

**Amelia Morgan:** I have touched on the collegiate nature of the way that vice-chancellors work. Certainly, from our perspective we have good dialogue when the board comes together, as in the Yorkshire Universities Board of Vice-Chancellors. Our representative, Professor Arthur, is well versed in the issues of the sector in the region. I am not ignoring the appointment process, but in terms of genuine partnership working, that is a good appointment for us.

**Margaret Coleman:** In terms of skills, there has been a tension over the educational representation on the Yorkshire Forward board. In the past 10 years, first of all it was a vice-chancellor, then it was a college principal and now it is a Vice-Chancellor again. There is always a bit of tension between whether it is the higher education voice or the further education voice that is heard.

**Q115 Mr Betts:** Why not both?

**Margaret Coleman:** Yes, why not have both? I suppose that in terms of skills there are some employers on the board who have really fine

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reputations in terms of investing in skills. Linda Pollard, who is the Vice-Chair, has long been associated with the Learning and Skills Council. In fact, she was briefly the regional chair and before that she was the chair of the LSC in North Yorkshire.

**Q116 Mr Betts:** So generally you are satisfied with it?  
**Margaret Coleman:** Generally I am satisfied, but if you were to ask the Association of Colleges, they might not be as satisfied.

**Q117 Shona McIsaac:** I want to pick up on some of the things you touched upon earlier. You mentioned some of the things that were in the PricewaterhouseCoopers report about education and skills and the region's performance in relation to that. I should like to have your assessment about not just where we are, but the progress that is being made towards the skills and innovation targets in the regional economic strategy.

**Margaret Coleman:** In terms of the engagement of people in Skills for Life, for instance—what Yorkshire Forward contributes to the Skills for Life target—in '07-'08 through Train to Gain alone, we had a 385% increase and a 549% increase in terms of achievement. So huge numbers of people are achieving who did not before.

**Q118 Shona McIsaac:** How many people would that be?

**Margaret Coleman:** Something like nearly 6,000 participants.

Let me give you the latest figures. It would be 22,600—the latest ones—and 10,400 achievements, so not numbers to be sneezed at. For level 3 there was a 404% increase in '08-'09 from the previous year, which was 13,300 participants. Achievements increased by 405%, which was 3,900. At level 2, we had 65,200 participants, a 65% increase on the previous year, and 29,100 achievements, which was 80%. There has been an increase through things such as Train to Gain and targeting levels 2 and 3. I mentioned earlier that Yorkshire Forward had contributed £5 million, so we have a £45 million pot with a Train to Gain enhancement fund. More businesses are accessing that, not just for NVQs but for non-accredited learning, and for leadership and management skills and higher level skills.

**Q119 Shona McIsaac:** But how does that relate to the targets in the regional economic strategy? That all sounds good but I want to get a feel for how other regions are performing. If they are performing better, we are still going to end at the bottom of the league table for schools.

**Margaret Coleman:** In terms of the statistics—though I am not sure this is entirely accurate, I am giving you an informed remark—we tend to be around fourth or fifth in terms of progress around Train to Gain and educating the adult population. I spoke earlier about where we are regarding the end of statutory education, which is very worrying. We

were the second best region in the country for adding value up to the age of 19, by taking the 16-year-olds who were not doing so well and working through further education apprenticeships to get them somewhere decent. That value added—the distance travelled—is becoming pretty static, so that is something we need to look at. Unfortunately, the number of young people undertaking apprenticeships in the current year is down 6% on the previous year. The national figure is nearly 10% down, so we are not as bad in terms of going backwards as the national figure but I still wish we were going forward.

**Q120 Shona McIsaac:** What further action is needed from Yorkshire Forward to get to grips with this skills and innovation target?

**Margaret Coleman:** My view links to the idea of focus and alignment of effort. It is a question of increased focus on a limited number of priorities. It could be Skills for Life, it could be level 2, it could be apprenticeships. Those are all targets, but we need to agree which are the absolutely drop-dead targets, and the agencies should work together to deliver them for the good of the region.

**Amelia Morgan:** I echo Margaret's points, but there is a challenge around gaining more momentum. We have all seen the league tables for 0–19 education, and certainly there is a strong partnership approach, to which Margaret alluded, around alignment funding for growing our own talent and raising aspirations. That is absolutely integral to what we need to continue to do to gain momentum. In interpreting national policy, such as “New Industry, New Jobs”, we need an integrated approach to investment planning for industries and skills in the future, so that it is clear where the emphasis should be when shaping learner demand. Employers can then articulate future needs, and the bodies responsible can align investment planning. We have made considerable progress on innovation in dialogue with Yorkshire Forward. There is more to do to put the region on the radar of the research councils, in particular, and to encourage the flow of investment in good and world-leading science. We need to continue to align business support packages to enable businesses, particularly SMEs in our region, to invest in making their businesses more efficient and to innovate with regard to their products and services. What goes with that is a continued investment and prioritisation of culture change; investment in innovation should be integral to growing your own business. We have a way to go. Some of that is about infrastructure and aligning university strengths to key industry priorities in the region. We certainly wish to see that being a long-term priority; we do not want short-termism.

**Q121 Shona McIsaac:** Essentially, you seem to be saying that there needs to be intervention to achieve those hopes.

**Amelia Morgan:** Yes. I don't think they would be achieved without it.

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**Margaret Coleman:** We are saying that we think there should be greater focus, and that that focus should be more widely embraced across partners, because we can then all bring our efforts to bear on a particular number of outputs.

**Amelia Morgan:** Absolutely, particularly in the current economic climate. Real focus and action on an agreed set of priorities will be the key.

**Q122 Mr Cawsey:** That leads quite nicely on to what I was about to say. I am interested in priorities, and I suppose that I am learning the lessons of history. A few years ago, I spoke to a retired senior manager at the steelworks in Scunthorpe. We were talking about the period during the '80s when there were massive job cuts. As well as that, training was cut back heavily and apprenticeships went down to very low numbers indeed. People who were skilled craftsmen were encouraged to leave and come back as contractors. It all went fine for a while, but eventually all those people retired and suddenly there was a skills shortage. I remember saying that I could not believe that that had not been foreseen. It was such an obvious thing. You did not have to be a genius to work it out. I was interested in the answer, which was, "We were trying to keep the steelworks until the end of the year. We were not trying to keep it for the next five or 10 years. We were in such dire straits, and we were really worried that if we didn't take radical action, we would just be out of business, and would not be trading with anybody ever." You could see that to a certain extent. What is Yorkshire Forward doing at this particular moment? Just about all MPs, lots of businesses, local authorities and everyone must be saying to it, "This business is in dire straits, and that business is in dire straits. What are you going to do now to firefight and keep the jobs?" At the same time, Yorkshire Forward is still responsible for ensuring that we train and upskill people and have a good work force for the future. How will it perform when faced with such a dreadful dilemma?

**Margaret Coleman:** The LSC has worked most closely with Yorkshire Forward in the region on the financial services effort; that would probably be a good example. Yorkshire Forward commissioned Deloitte to do a study, not only on financial services and potential massive redundancies in Halifax and Bingley, but on how we could promote Yorkshire and the Humber as the centre of great expertise in financial services for the future, so that we could maintain Yorkshire and the Humber's leadership in financial services and convince external potential investors that the work force in Yorkshire and the Humber was raring to go. I sat on the regional Minister's financial services task group, as did many of the major leaders in the financial houses and Jobcentre Plus. I would say that Yorkshire Forward, Jobcentre Plus and the LSC worked quite closely on that, particularly on skills. I assisted the consultant from Deloitte in writing the future skills bit of that report, largely because—I suppose that this seems like a mantra from me this afternoon—I was concerned that the report talked about schools and

universities and rather missed what further education colleges and apprenticeships could contribute to skills in the region.

**Amelia Morgan:** You may be aware that, in terms of university engagement with Yorkshire Forward, the Higher Education Funding Council for England put a call out to the universities for a rapid response to support individuals and businesses through the recession, and Yorkshire and Humber was the most successful, comparative to size, in securing funding. We were the only region to secure match funding, using the Train to Gain enhancement fund, from Yorkshire Forward. That is about £6 million-worth of initiatives, led by university collaborations and including our lifelong learning networks. Those initiatives bring our colleagues in further and higher education together with local authorities to deliver local solutions—for example, consultancy, access to CPD, and training and development—to businesses and individuals. The initiatives also look at rolling out leadership and management skills to individuals who are either facing redundancy or have recently been made redundant. Those programmes are currently live and will assist more than 1,000 businesses and individuals over the next year or so. That was, for us, an excellent piece of partnership working. We have been working with Margaret's team, our colleagues in Jobcentre Plus and others to ensure an integrated approach with good, sound referral mechanisms, so that we are not duplicating effort in responding to and supporting individuals and businesses. The other thing that we would highlight is that Yorkshire Forward has not taken the focus off the longer-term agenda, so there has been a good balance between mobilising effort and starting to look to the longer term, whether that be around adult skills—

**Mr Cawsey:** You are nodding, Margaret.

**Margaret Coleman:** I agree.

**Q123 Mr Cawsey:** That is interesting, so tell us a bit about how successful you think Train to Gain has been in the region.

**Margaret Coleman:** It has been very successful—almost so successful that it has been extremely difficult to manage. It is almost like managing a run on the bank, because there have been so many learning providers and businesses interested in Train to Gain. One of the things that maybe I should mention is that, from 1 April this year, Train to Gain referral and brokerage have been managed through Business Link, which Yorkshire Forward now looks after, so we had to transfer that to it, which went particularly smoothly, and I think that it is working rather well. In 2008–09 we were at 109% of our target in terms of people who had engaged at all sorts of levels and had got some kind of achievement. There is such a huge demand for access to Train to Gain for all sorts of training, not just training relating to Government targets, such as level 2 and level 3, and skills for life, but also leadership and management and employers wanting to undertake non-accredited training, which is why we created the Train to Gain enhancement fund using the European social fund. Yorkshire Forward contributed £5 million to that.

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We are also trying to increase the pot for Train to Gain, again by using the European social fund; it has been extremely difficult to manage the demand within the funding envelope because it has been so successful.

**Amelia Morgan:** I've mentioned our connection with Train to Gain. We have found that it has enabled employers to access a range of provision, including more flexible provision from universities, particularly around short courses. I would highlight that the Train to Gain enhancement fund is currently being used—as a form of match to the economic challenge fund from the Higher Education Funding Council—on internships for recent graduates in the region. That new programme has been rolled out and is already having an impact in raising awareness among the SME business community of the value of graduate skills and talent in increasing productivity. We see that as a significant positive outcome of using the funding flexibly and wisely around certain priorities.

**Q124 Mr Cawsey:** My concern is not particularly with Train to Gain, which is obviously an employer-based system for improving business performance by upskilling existing employees. That is fine and all well and good, but I am concerned about the people who aren't employees and whose families may not have been employees for two or three generations. When Guardian Glass came to Goole, it had an open day for local people interested in employment there. The company told me afterwards that it was frankly appalled by the large number of people who could not get through a very basic literacy and numeracy test. Therefore, it was not surprised to learn that those people were long-term unemployed. I am sure there are other examples across the region. There seems to be little going on, and the numerous attempts to bring some skills training to Goole via the LSC and other partners have so far failed to materialise into anything. Although there is a lot of available labour—because people are out of work and can move across from other European countries—we are seeing the cementing in of an underclass that is not getting any skills training or help. What are Yorkshire Forward and the other partners doing? If the focus is on employees, it will ensure that the underclass stays there for ever.

**Margaret Coleman:** But Train to Gain is only one aspect.

**Mr Cawsey:** I realise that. I am saying that I ain't seen much evidence of the other.

**Margaret Coleman:** Let me talk about that for a moment. Maybe I can say something about Goole. That story is very puzzling because Goole is on my radar as an important growth area with all the developments there. A number of activities are going on, alongside developing the skills of people in work. Although Yorkshire Forward is linked and involved, our major partner in delivery is Jobcentre Plus, through our integrated employment and skills programmes, which bring additional funds. Some of those are for young unemployed people, some for long-term and some for recently unemployed. We are also using some of our European social fund to

try to develop that activity. Maybe we should have a discussion outside the meeting about developments in Goole. Where an employer is trying to source local labour, we are keen to work with Jobcentre Plus on local employer partnerships, where the training and the jobs come hand in hand. People are trained through our funds or those of Jobcentre Plus in order to become employable, to have basic skills and all the rest of it. We want to work with employers to achieve that. For instance, you mentioned Corus earlier on. We have just put £100,000 into Corus across the region. Yorkshire Forward has been a strategic partner. It happens to be something that we are doing through the European social fund, a programme called Forging Ahead, which is offering one-to-one and small-group support to people who are under threat of redundancy, so there is quite a lot going on. I would say that in some of the areas Yorkshire Forward is offering the lead, either with local authorities in the localities or with particular employers—with some employers it is Jobcentre Plus, with some we take the lead. We try to work closely together, the three partners, in terms of addressing worklessness.

**Q125 Mr Cawsey:** Is this too low level for your universities to be expressing a view?

**Amelia Morgan:** It is absolutely vital in terms of the regional economy, as you have already touched on, that we look at an employable work force, whether that is returning to work and/or the quality of education nought to 19. There is a clear leadership role for universities with schools, in terms of whether it would be around STEM—science, technology, engineering and maths—so that we have the appropriate skills and the right kinds of choices at the right kinds of levels. The one thing that I would touch on is the role of the thematic board—the regional work and skills partnership. Part of its work is around tackling those not in employment, education or training. That thematic board, under the changes from the sub-national review, is now starting to build momentum and drive that forward, but obviously it has to connect to what is happening locally, to ensure that we get appropriate delivery and the right kinds of solution.

**Q126 Mr Cawsey:** I'll say one more thing, and then shut up. It strikes me that I could go back now to parts of the area that I represent, and pretty much the same people and the same families would still be finding it difficult to move into reasonable permanent employment. Skills are a big issue in that. Thinking of the two biggest developments that came to Capitol Park, there was the glass factory, which was always a slightly different kettle of fish because it was for skilled or at least semi-skilled people to move into anyway. A lot of local people who have those skills are now doing those jobs—that's great. Then put alongside that Tesco with a large distribution centre and many hundreds of jobs, which have a degree of skills that are necessary but not very high skills like degrees or anything else. Yet what I find is that the centre has hundreds of people who are not from the area at all—most are not even from this

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country—and I still have this rump of people who I think could be doing those jobs. Somehow we are not doing enough to give people the basic skills they need to be able to take forward those opportunities. Yorkshire Forward was great at getting the place to come—absolutely brilliant—but I just wonder how many more of my constituents got employment as a result.

**Margaret Coleman:** Part of the trick of getting the employers to come would be saying that we expect them to employ local people and to have apprenticeships. I think that that is something that in terms of public procurement is going on with local authorities. I am not sure how far it goes on in—

**Mr Cawsey:** In the private sector. What I'm told is that they always agree to it but then never bother with it. But there we are—once they're there and have had the grants, there is not much you can do.

**Chairman:** Shona?

**Q127 Shona McIsaac:** Can I come back in? I'll drop my final questions as a deal. I want to echo what Ian is saying. Certainly, this is a problem in my area and around the region, but I think it is more graphically demonstrated in towns such as Goole, and areas such as Grimsby and Cleethorpes, where there were industries in which thousands of people could work—the fishing industry particularly. You did not have to have literacy and numeracy skills, so no real value was placed on educational training within the community. Those attitudes go very deep and down through the generations. Marvellous work was done to bring new jobs into the coalfield areas, but I have a feeling that there is a mismatch in the region that Yorkshire Forward is not recognising. We have pockets, one of which is Goole. There is some evidence of it in Scunthorpe. There are similar problems in Hull, but they relate to the huge industry that employed thousands of people where literally no numeracy or literacy skills were required. If you have a grandfather with that type of attitude, it will permeate down through the generations. I know that the Skills for Life programme is out there. As Ian says, it gets to a certain group of people, but it is not getting through to those who feel totally disconnected from educational aspiration. Given that they are some of the targets that have been identified, what more do you think Yorkshire Forward could be doing to assist councils to get under the skins of the communities to get to grips with the issue?

**Margaret Coleman:** It goes back to what Amelia and I were saying about choosing priorities and focus. My sense is that Yorkshire Forward is much more engaged with higher level skills than with basic numeracy, literacy and intermediate skills. As for the coastal strip of the east, there is a great deal to be said about developing a strategy for those particular locations. It is not as though there are not absolutely excellent deliverers of skills there. For example, Grimsby Institute of Further and Higher Education, which serves both Grimsby and Cleethorpes, has an excellent reputation, as does Hull college. Within the Humber is the Humber Learning Consortium, a very successful third sector organisation. I am the

Learning and Skills Council national champion for third sector issues. Perhaps there is something about Yorkshire Forward engaging more systematically with the third sector as well, which traditionally has managed to reach out to the hardest-to-reach in respect of low-level skills and building ambitions of confidence.

**Chairman:** I am conscious of the fact that we might need to go and vote so, if we could reach the end of our session before that, it would be better for all concerned.

**Q128 Mr Mitchell:** Some time ago, we talked about Train to Gain. Can you tell us about the effects on Train to Gain and the other opportunities offered to young people for training at different colleges in our area of the revelations in *The Observer* on Sunday about imminent cuts—almost disguised as “efficiency savings” in Government-speak? Is what was said accurate? How will it hit our area? Are you in a position to tell us?

**Margaret Coleman:** I am not in a position to tell you about funding beyond 2009–10. For 2009–10, which is up until the end of the Learning and Skills Council, the funding to our region has not been as high as I would have wished. That is because there was a finite envelope of funding and the Learning and Skills Council nationally had to work within that envelope and manage the cash flow, as a consequence of which there were particular limits on the amounts that regions could have. In Yorkshire and the Humber, we could have done much more business through Train to Gain than we had the funds to do and that is a disappointment to me. That is why I mentioned earlier that we have used European funding to increase the pot so that we can do more business in that way. In the future, the Train to Gain programme from 1 April 2010 will be the responsibility of the Skills Funding Agency. The Skills Funding Agency will have a regional presence, but it is a next step national agency and part of BIS.

**Q129 Mr Mitchell:** If the savings go ahead, you will have to trim your sails even more tightly and cut down the number of places.

**Margaret Coleman:** I don't know the extent of the efficiency savings. I have heard horror stories about the amounts that there are going to be. I expect we will know when we get our grant letter later this year.

**Q130 Mr Mitchell:** Okay. I just observe that my revelations came as a bit of a shock. Let us come on to the transitional arrangements, now that the LSC is being scrapped. Could you tell us what the transitional arrangements are? Would you also reflect on the major cock-up the LSC created in the funding of three building programmes, when the regions were clearly encouraging institutes, such as the Grimsby Institute, to knock the lot down, which I think they did in Barnsley?

**Chairman:** I don't think that is relevant to the inquiry.



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**Mr Mitchell:** It is, because there was a breakdown in communication between the regional bodies and the national one. Now there is to be a new framework, could that breakdown happen again?

**Chairman:** The Building Colleges for the Future programme is not to do with the work of Yorkshire Forward. That was to do specifically with the LSC, so I am going to say, "Don't answer that question."

**Mr Mitchell:** But the building has to do with Yorkshire Forward.

**Chairman:** I am conscious of the time, as well.

**Margaret Coleman:** There is a very important issue about Yorkshire Forward that I have talked to the chief executive about. As the mechanisms for future capital funding come into being, there is an expectation that there will be co-funders, and the RDAs would be important co-funders of college capital. Yorkshire Forward has no history of contributing to further education college capital; it has contributed to private sector and higher education capital. Indeed, a higher education centre is about to be built in Grimsby. I have been urging Yorkshire Forward to bear that in mind, because I don't want the colleges in this region to be disadvantaged if their RDA doesn't want to make a contribution to capital development.

**Q131 Mr Mitchell:** Are the local authorities going to be ready to take up the burden?

**Margaret Coleman:** Some local authorities have already done so, by finding—and sometimes contributing—land. Some local authorities will need to take a much closer interest than they are doing at the moment. Some are very good, particularly East Riding, which is working closely with East Riding College on its potential capital build in Beverley.

**Q132 Mr Mitchell:** Will Yorkshire Forward be able to help those authorities?

**Margaret Coleman:** I have sent figures of all the RDA capital contributions across the nine regions to Yorkshire Forward, to show it what has been done in other areas, but I am not aware that it is revising its capital investment.

**Q133 Mr Betts:** Is Yorkshire Forward doing enough, in terms of investing and promoting research and development? Could it do more? There is still a golden triangle in the university world; we don't seem to be able to break out of it and get the

recognition that we should for research facilities in Yorkshire universities. Should Yorkshire Forward be doing more in that regard? Has it failed, or is it beyond an RDA to achieve more in that field?

**Amelia Morgan:** Yorkshire Forward has contributed significantly to promoting the region as a good place to invest in research and development. We welcomed initiatives such as the Science Council and the regional innovation strategy, which set out an ambitious vision for the region. We are aware that the research power in our region is growing all the time. The White Rose consortium of York, Leeds and Sheffield may seem the most research-intensive body, but the recent research assessment exercise highlighted pockets of high-quality, world-class research in other institutions. I think that we have been particularly successful in highlighting those collaborative strengths—whether they be in environmental technologies, health care or advanced manufacturing—in which we can be world-leading and which can attract and get that kind of inward investment so that you then foster collaborative partnerships with business and build the capacity, utilising the high-quality science and expertise to attract further investment and collaborations. I am not sure if I have completely covered your question.

**Q134 Mr Betts:** Have the RDAs done as well as they can? Is there any more that they could do?

**Amelia Morgan:** What we have to do now is to ensure that the business support mechanisms to foster investment in R and D align with those aspirations, so that we promote investment in innovation in the broadest sense. One of the initiatives, for example, is the innovation voucher scheme in which, as you may be aware, we already offer a £3,000 voucher to encourage businesses to innovate. A significant proportion of them already collaborate with universities. We are getting good referral between universities and Business Link, which is already starting to generate efficiencies and improvements in businesses. We need more of that, and also more of a coherent perspective—whether it be to inward investment or to a "Team Yorkshire" approach to promoting knowledge-rich university assets—when trying to attract businesses. We should then create the mechanisms that encourage them to invest and grow their business in our region.

**Chairman:** Ms Coleman, Ms Morgan, thank you for your attendance today; we are most grateful.

**Tuesday 24 November 2009**

Members present:

Mr Eric Illsley (Chairman)  
Shona McIsaac

Mr Austin Mitchell

*Witness:* **Tom Riordan**, Chief Executive, Yorkshire Forward, gave evidence.

**Q135 Chairman:** I welcome everyone to this meeting of the Yorkshire and the Humber Regional Committee and its public evidence session with Yorkshire Forward. I also welcome Yorkshire Forward's Chief Executive, Tom Riordan. Tom, perhaps you would like to introduce yourself, for the benefit of the public. The Committee knows exactly who you are, but perhaps you would say quickly what you do and how you do it.

**Tom Riordan:** I am Tom Riordan, chief executive of Yorkshire Forward, and I am supported today by my colleagues, Hannah Brian and Carl Quilliam. We are the Regional Development Agency for Yorkshire and the Humber, and keen to give evidence today.

**Q136 Chairman:** As you obviously know, Tom, this is our inquiry into the role and responsibilities of Yorkshire Forward and its work. My first question is: how does Yorkshire Forward ensure that its role within the region is understood? By way of background, you and I did a piece for local radio this morning, and there is perhaps a feeling, from my point of view, that within the media its role is less well known than some of the players within Yorkshire—for example, Chambers of Commerce, the CBI and local authorities. How do you ensure that the role of Yorkshire Forward is well understood within the region?

**Tom Riordan:** We have a communications strategy that is targeted at particular groups of opinion formers and key deliverers of our core role, which is to improve the economy of Yorkshire and the Humber. They are: local government, business, business representative organisations, the politicians in the region, the media, and wider stakeholders. We have a range of ways to try to communicate with people: we have our website; we have a business newsletter that goes to over 20,000 businesses; and we have direct relationships with all councils. Unlike some RDAs, we believe that our 22 councils is a manageable number for us, so I and the chair, Terry Hodgkinson, go out regularly to meet the leaders and chief executives. We hold economic information sessions in each council area, and we basically try to get our message across in a range of ways. One of our problems is that the remit of Yorkshire Forward is not the easiest to explain. I call it the pub test—it would be called the elevator test in America, but in Yorkshire let's call it the pub test. It is how you explain what we do in a very simple way to people who do not know about what we do. We are here to improve the economy, and we try to do that in three ways: we get people into jobs, we help businesses, and we help our towns and cities to develop their economies. We have tried to simplify the message

right down and we have used case studies of what we have done—individual businesses that we have helped, schemes that have happened, and major pieces of strategic work that we have done on things like the carbon economy—but I fully recognise that it is quite a challenge to get that message across in a consistent way that people can understand. We try to do that in a range of ways, and I think it has improved over the last few years. We have evidence to show that levels of understanding about our role have gone up with those key groups that I talked about at the start, but there is more to do.

**Q137 Chairman:** One question that I have asked various witnesses is: what would not have happened in Yorkshire and the Humber if Yorkshire Forward had not been there? In other words, of those schemes you just mentioned, what do you regard as the main initiatives that Yorkshire Forward has been responsible for and promoted which might not have happened without an RDA in existence?

**Tom Riordan:** The first thing I would talk about is the renaissance programme and the physical regeneration programme that we have run right across the region. I have talked to people who have not been to the region for a while and tell them that they should go to Sheffield city centre, which has been transformed over the last few years. Yorkshire Forward is the biggest investor in that city centre, working as always very closely with the council, which has also invested. Scarborough has won the European town of enterprise, and that has come out of our physical regeneration activity that has led to knock-on investment of over £200 million for Scarborough. Castleford bridge has won national awards for the design quality of what we have done there. Hull has St. Stephen's retail centre and the integrated transport exchange; we have the transport exchange at Barnsley, the Holbeck urban village in Leeds, and Eastbrook hall at Bradford—we have many developments. Our market town developments on the rural side have been extremely important.

**Mr Mitchell:** Talk about Grimsby.

**Tom Riordan:** I was just about to talk about the business work that we have done in Grimsby. For example, we have worked closely with the college at Grimsby, which I believe is one of the best around in terms of factoring young people into the economy and getting the skills base right for local firms. We have worked with the fishing industry and looked at the future there to make sure that we have facilities that will encourage it to move forward. There is physical regeneration that I believe would not have happened if you had left it to the marketplace—the

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market would not have made those investments. If you had left it to the central, national organisations, the places that I have talked about would not have appeared on their radar as important enough in terms of the priorities in the UK to do what needs to be done. Moving on to the business side, our biggest challenge in the last year has been the recession. We have had a range of different problems right through from the smallest business to the biggest, such as 16,000 jobs in HBOS and the Lloyds banking group. We have worked with the company and set up a strategic taskforce with the industry, and we are told that the relationships that we have built and the case that we have made to Lloyds have made a material difference to its decision that Yorkshire will be one of only three major hubs that it will have in the UK. The jobs at Bradford & Bingley could have disappeared completely, but about 900 jobs are still there and will be there into the future. We have worked on financial services. As for manufacturing, we have Boeing and Rolls-Royce—world-class companies—investing in an advanced manufacturing science park on the site where the battle of Orgreave took place during the miners strike. It is a symbol of where we have come as a region. We have had seven consecutive years of growth above the European average. I could talk about many other things, such as the train service between Sheffield, Bradford and Leeds; the trains that we invested in and the case that we have made for transport across the north. I could talk about the Clipper round the world yacht event coming to Hull for a fantastic weekend, the IIFA awards coming to Bradford and the rest of the region, and the CATCH facility on the south bank, which is one of the best chemical industry developments in the country. I believe that there are many, many things that would not have happened if we were not here. It would be a major blow to the region if Yorkshire Forward was not to exist in the future.

**Q138 Chairman:** Are there any issues that where you might have missed out? In retrospect, is there anything that Yorkshire Forward could have done better?

**Tom Riordan:** We can always get better. We are still seen as undemocratic. We are a non-departmental public body. We do have accountability, such as this session, in place, which is a good step forward in extending the accountability of people like myself; but people still feel that quangos are not accountable enough to the taxpayers who they serve. Because the Regional Development Agencies are closer to people than perhaps some of the national quangos, we are the ones who are put in the spotlight. We've tried hard to engage with our MPs and local councillors to work through local councils on physical regeneration, but often people still feel that we are not democratic enough. Linked to that point, we have not always won the hearts and minds of local people when we have been doing developments, and I think there is a lot that we can learn to link local people in and to communicate better with them. We have just done a piece of work in Holbeck where we filmed interviews with a lot of the local population

to see how they felt about the great developments that have happened at the Round foundry and Tower works in Leeds. People feel very excluded and do not feel as much part of such developments as we would want them to be. We are trying to learn from that and listen to that, and build that social element into what we are doing, even though it is not the core of what we do—that is for others. Our core is the economic element. There is one final thing we could perhaps have done better. One of my ambitions is to shift the debate about the north-south divide. I think that we are—

**Shona McIsaac:** Does that mean south of the Humber?

**Tom Riordan:** No, although I could talk about that debate as well. London is a world financial capital—it is a fantastic success story. I believe it is a capital city of which everybody in the UK can be proud. However, to judge our performance in Yorkshire against the City of London and the stellar growth that has happened in financial services over the past 15 years is the wrong starting point and an unfair benchmark. If you benchmark Leeds against Lille, Hull against Rotterdam and Sheffield against Milan, you will see that actually we have done really well over the past 10 years. We have been one of the most successful objective one regions in South Yorkshire. We have had growth above the European average for seven years in a row. We have done all the things that I talked about before in terms of moving the debate forward, so can't we talk about difference rather than division, in terms of the north and the south? We have a slightly more affordable quality of life. We have three national parks on our doorstep. We have the Lincolnshire wolds on our doorstep. We have a real balance between big cities and towns, and beautiful countryside right next door. We have the coastline within half an hour's drive of most parts of the region. I would love to be able to break into that north-south debate in a way that I don't think we have managed so far.

**Q139 Chairman:** Over the last 10 years, the RDA has taken on extra responsibilities. How has Yorkshire Forward adapted to cope with those extra responsibilities? Do you have a view on whether that has detracted from the core function of economic regeneration?

**Tom Riordan:** I think we have adapted well. We have taken on a range of responsibilities—Business Link, planning and transport responsibilities, a range of grant schemes from central Government—and in every case we have taken the responsibility on for less cost than was previously the case in the organisation that we got it from. We have also tended to deliver more in terms of more effective outputs for things such as Business Link. We have always had a very clear project plan when we have taken people on—when people have had the opportunity to TUPE over to Yorkshire Forward, we have been very open and clear about what we are about as an organisation. We are very values-driven, and we have a set of values about value for money, openness, team work, excellence and diversity. We call them the voted values because nobody voted for

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us—going back to that democratic point—so we have to be even better at value for money and openness and things like that. We have worked really hard to take these responsibilities on, and I think we have done it really successfully. The hardest challenge has been European funding. That came across to us about 18 months ago, and those of you who have been involved in European funding will know that it is complicated and has very strict rules about eligibility and how you do things, and we have had to build that into our own processes. That hasn't been easy, but we're getting there. Has that detracted from our core role? The RDAs were originally creatures of the Department of the Environment, Transport and the Regions, which became the Office of the Deputy Prime Minister when John Prescott was Secretary of State and Deputy Prime Minister. At that time, we had quite a social regeneration focus to what we inherited, so when people say that the economic focus of the RDAs has been diluted, they perhaps forget that there was a first stage, where we came across from one Government Department. We always had this regional economic strategy that was there to drive everything that we did, and what businesses, local authorities and others did in the region, and that has remained quite important in terms of our economic core. There is a case for saying that we have been given a very eclectic mix of different things. We have strategic non-statutory responsibilities and we have strategic statutory responsibilities that are about to come to us on planning and housing. That is probably the most significant change of all. We have grant schemes that were run centrally and some that were run on a pan-regional basis. Other responsibilities on things such as tourism have come to us. I think that we have managed them well and kept quite a focus to the organisation. The one thing that will be different for us and could arguably detract from that core economic role are the new responsibilities on planning and housing and transport, because they take us into an arena that has traditionally been the democratic arena. I think that, for those people who have seen us as undemocratic, that is one step too far. It is not something that we particularly courted, but businesses have been interested in having a more strategic approach to it in the regions and they are very keen on knowing where the big developments are going to happen. We meet the utilities regularly, and they are very keen on getting more certainty in that area.

**Q140 Chairman:** I am just coming on to that point in my final question in this section. There is also the suggestion that the RDAs have become more of a delivery agent than a strategic planning authority. Do you have any comment on that?

**Tom Riordan:** I think one of the real strengths of the RDA model is that it combines strategic responsibility with delivery responsibility, and it has critical mass in terms of a big enough budget to get big players—councils, big business and universities—to the table to talk to us. It gives us influence and leverage. In Yorkshire and the Humber, the things that I have talked about have

worked really well. We have been able to do things for which there is a good evidence base. We have not done them everywhere, but we have adapted them to local circumstances, whether we are looking at the importance of the ports in the Humber, the manufacturing industry in South Yorkshire or the financial services industry in Leeds. If we look at the recession and the floods, when the floods hit Sheffield, I was able a day later to announce £1 million of funding for businesses that had been hit. We were able to get money into the bank accounts of businesses within eight working days. We were able to ensure that only a very small proportion of businesses that were flooded went bust. Research shows that usually about 50% of businesses that have been flooded go bust. That delivery capability is really important, but it is not all about delivery, and most of what we deliver, we commission. People have a bit of a misunderstanding about what our role is. We commission to Business Link, Welcome to Yorkshire and local authorities. They would like us to take our hands off a bit more and let them get on with it, but the accounting rules under which I and the board operate do not always allow us to do that, so we try and do that in partnership.

**Q141 Shona McIsaac:** I have a few questions about the board. First, to get some idea of the input that Yorkshire Forward has into the composition of its own board, what are your responsibilities there?

**Tom Riordan:** We have very few, actually. Our chair, Terry Hodgkinson, sits on the interview panel that interviews board members as they apply to Yorkshire Forward, but the whole process is run by the Government and through the Government Office and BIS. The appointments are by the Secretary of State and the Ministers in that Department. Again, there is a bit of a misconception among people that we control who comes on to our board. Of course, Ministers take account of Terry's views and the views that we feed in about what we think we need from a board perspective.

**Q142 Shona McIsaac:** There has been concern expressed about the composition of the board and the method of appointment. Essentially, you seem to be saying that you have reservations about that process.

**Tom Riordan:** I think the way the process runs at the moment is completely in line with the Nolan principles. I don't think there is anything that the civil service or Ministers do that is wrong, but I do think that there might be a way that you could get a bit more buy-in from the region—from businesses and others—about what sort of people we need on the board, perhaps some input before the process starts. That might help that issue of ownership that I talked about earlier in terms of what we are doing. Would you believe that I have been to 100 out of 101 board meetings that Yorkshire Forward has had? That is how I lost my hair. I think that what we have managed to achieve in Yorkshire and the Humber is that the board has been quite good at reflecting the region. When I hear the board talk, it is very rare that

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we do not get an opinion coming in from the different geographic areas, or from the different sectors.

**Q143 Shona McIsaac:** You are just past the closing date for applications for a new chairman. Terry comes from a business background, doesn't he? Do you think that is good? What sort of qualities would you look for in a new chairman and why?

**Tom Riordan:** I think it's right that we are business-led. I think that if we weren't business-led, there wouldn't be a strong rationale behind having us separate from the Government Office or separate from the local government organisation in the region. The fact that we are business-led, and that we are almost a public-private partnership on behalf of the region is important. It gives us an objectivity and makes us closer to the region than we would be if we had a direct political link back to the centre, whoever is in government. I think that the model is quite a good one in that respect. In terms of what qualities we need from the new chair, I think we need experience and ability in managing through change. We are experiencing great change. If you look at what is happening in the economy at the moment, there is a lot of change going on. Obviously, we've got a general election next year. Whoever wins the election, I anticipate that every political party is looking at how they can get more for less and organise things differently. It is important that we have somebody who can help to navigate a way through what will be uncertain economic times. You need someone with a passion for the region—a passion for Yorkshire and the Humber. We have tried as an RDA over the years to reflect the region and to have people in the organisation who are passionate about what we do. A lot of people who work for Yorkshire Forward, when they talk about it, say, "It's more than just a job." They're here because they want to make a difference and get the economy going. They believe in what we're trying to do, and I think that's going to be really important. Credibility and currency in the business community and, obviously, an understanding of the political environment are also really important.

**Q144 Mr Mitchell:** I see Yorkshire Forward as having a kind of overall role for the region—in other words, helping development where it will produce the maximum economic benefits for the region, rather than for a specific place. Too often, however, it seems to be a question of doling out a bit here and a bit there to satisfy all claims. In other words, it is a political decision to pacify everybody. Is that a fair picture?

**Tom Riordan:** I don't think it is fair.

**Q145 Mr Mitchell:** I accept the fact—as you will, of course—that if Hull gets something, Grimsby should have it too, which is more than a simple elementary law of politics, but does that apply elsewhere?

**Tom Riordan:** What I would say is that the economic geography of Yorkshire and the Humber means that you have got to cater for what the planners would

call—it's a horrible description—a polycentric economy. It is a multi-centred economy. If you, for example, put Grimsby in the East of England, it would be virtually the regional capital, given its population size. We have much more than our fair share of big cities and big towns, so it is not about politics in terms of saying that Grimsby, or Rotherham, or Wakefield, or Halifax are important; it is actually a matter of the economy. When we talked to Lloyds, Bradford & Bingley and other very major decision makers about the future of the region and the jobs there, what they told us and what a lot of inward investors tell us is that the fabric of the town is as important as other considerations that they make about the economy, so actually I do not think that we have done a fair shares approach. We have a good economic rationale for how we divide up the money. It would be quite easy for people sitting outside the region to say—I have encountered this at times when people have asked me about investments that we have been making—"Why don't you put all your money in Leeds, because Leeds is the growth engine of the region, and everywhere else will take care of itself? It will trickle down to the other places." I do not think that that works. I do not think that we are that sort of region. We need to prioritise Leeds, and we have prioritised Leeds, Sheffield and Bradford, particularly as the biggest cities; but that does not mean that you have to forget about places such as Grimsby, Rotherham and Wakefield.

**Q146 Mr Mitchell:** My feeling is simply that, given the weight of big towns in Yorkshire, a place such as Grimsby is going to lose out in that competition. If you look at Michael Porter's school of economic growth, which is "clustering", we are the seafood cluster and the food production cluster, and yet a lot of that has gone away—Birds Eye and Findus, for instance. Doesn't your policy need to concentrate development where there is a cluster of supportive developments?

**Tom Riordan:** Yes, and the other thing that we have as a region is that we are not like Cambridge, which is about biotech, or London, which is about financial services. Just as we have many centres, we have quite a diverse economy, and that has served us well in this recession—much better than in the '80s. We are strong in advanced engineering in South Yorkshire and we are strong, as you say, in seafood, and ports and logistics over in the east. The low-carbon agenda is a massive opportunity for us. We have the food industry in the north. We have financial services in the west, and the digital industry as well. The point is that it is not all about money. That clustering effect can take place very effectively with relatively small bits of money to get the businesses working and collaborating and clustering together. We have done that quite successfully in areas like CATCH. We have good plans for seafood that are coming through. It has taken a while. The north-south bank issue has been quite a hurdle to get over, but we're there. I think there's a bright future for the south bank, particularly around that low-carbon economy.

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**Q147 Mr Mitchell:** That leads me on to another question. When the local government people came a week or two ago, I thought it was kind of, as Pope would have said, “Damn with faint praise, assent with civil leer, and, without sneering, teach the rest to sneer” in the sense that they clearly wanted more powers to be passed down to local government, whether city regions or local authorities. Will you take head on the central question for us in north-east Lincolnshire? As a small area, is it in our interests to have a Yorkshire Forward and a Yorkshire regional office influencing developments and passing us our fair share, or for power to be passed down to local authorities where we couldn’t compete with the big monsters like Sheffield and Leeds?

**Tom Riordan:** I think people like to try to reduce the debate on certain areas of what we do to a zero-sum game, and to say that it is an either/or.

**Mr Mitchell:** Well, this is a question of whether it is top-down or local allotment.

**Tom Riordan:** I think what you need is something in the middle, and if you look at Europe and the United States they all have something in the middle. To go from one central Government to 600-odd local authorities is too big a step. I think to go even to 43, which is what you would do if you went to city regions instead of regions, is too much, particularly in an era of decline in public funding.

**Q148 Mr Mitchell:** So we would get a better deal from Yorkshire Forward than under a city region approach?

**Tom Riordan:** Yes, I think you would.

**Q149 Mr Mitchell:** Stop there. That is all I wanted to hear. Let me ask a question that again arises from the Government Office for this place. Paragraph 33 of its briefing says: “A new Joint Regional Board has been established between Yorkshire Forward and local authority leaders to deliver the Regional Strategy. It will be supported by four advisory boards on Spatial Planning, Work and Skills, Transport, and Housing and Regeneration.” That is taking powers from you. Isn’t that too much? Isn’t it better that you retain these powers?

**Tom Riordan:** That’s part of the new arrangements that we have.

**Q150 Mr Mitchell:** I know. Is it satisfactory?

**Tom Riordan:** I think it is satisfactory. We have come up with a joint approach. The whole approach that we take in Yorkshire and the Humber is not to have a competing approach between regions, city regions and localities. We have 22 local authorities and one RDA. We should be able to make that work, and we do make it work. Those boards are made up of the city region representatives who come to their positions and then come to the regional level. I think we can make the city regions and the region work very effectively together, and we do make it work effectively together. There is a way of doing that in a region such as ours where you have big unitary authorities in most of the region, and only one RDA. We are pragmatic. We get on with it and we make it work. That is what we are doing.

**Q151 Mr Mitchell:** So you are happy with it?

**Tom Riordan:** Yes.

**Q152 Mr Mitchell:** Okay. Let’s move on. Your regional economic strategy is due to last until 2015. We have a recession—an economic downturn. Do you see that as an interlude that must be weathered, or a fundamental shift? Will you take account here of the fall of manufacturing? Our future must lie with manufacturing because we are a manufacturing region. If we are to pay our way in the world as a nation, we must develop and expand manufacturing after a long industrial decline. Yet some of the presentation seems to regard manufacturing as old hat, something of low productivity and outdated. That attitude sometimes creeps into Yorkshire Forward’s assessments.

**Tom Riordan:** I don’t think it ever creeps into our assessments. We have been consistent in saying that you must have a strong manufacturing base to have a strong economy going forward. We can’t just leave financial services and say that they are finished. They have a bright future in Yorkshire, and as a low-cost, low-risk alternative to other places, we can make a real strength of that. We have 100,000 people in that industry around Leeds. On manufacturing, we have shown that we can beat the best in the world. We have Boeing and Rolls-Royce working with local companies in the advanced manufacturing park in South Yorkshire. We have visionary people in the region on the low-carbon agenda. We have just beaten several European regions to win the carbon capture and storage competition because of the vision of a company run by Richard Budge in Hatfield in Doncaster. The potential of that to create a manufacturing base that is low-carbon and clean, and can actually store the production of its carbon, is world-leading could create tens of thousands of jobs in our region, and boost our economy by about £30 billion over 20 years.

**Q153 Mr Mitchell:** I have to part from you. The quotation is: “The business structure has a greater focus on traditional low value added industries than in England as a whole, and a below-average number of higher value added industries.” That is a statement of fact, unlike your statement. Aren’t the prospects for manufacturing now better, given that the pound has fallen so substantially? Therefore, it must be profitable and competitive to produce in this country for export. You now have to help the manufacturing sector, particularly in south Humberside, to reap that harvest when it comes.

**Tom Riordan:** Yes, absolutely. We have to focus there and try to link up the great manufacturing and skill base we have with the universities and research institutions in the region. Boeing and Rolls-Royce came to Rotherham because of an academic at the University of Sheffield. We have many more of those, so we are starting to put them together, making sure that we focus on health care technologies, advanced engineering, low carbon and the digital economy. You are right: we must prioritise, we must ensure that we are supplying industry with the people it needs. One main issue is around skills and encouraging people to become

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engineers. There are 50,000 qualified engineers in the country who are not working in engineering. We have to put that right and make sure that they are getting into the jobs that we need in the region.

**Q154 Mr Mitchell:** Simon Foy, executive director for strategy at Yorkshire Forward said that “experience from previous recessions suggests that Yorkshire & Humber’s labour market will take longer to recover from a downturn than that of the nation as a whole.” That is a gloomy prospect. I don’t know whether you agree with it. He continues: “Forecast data suggests that it could take until 2016–17 for the region to return to its 2007 employment levels.” Do you agree with that assessment? I suppose you must. What are you doing about it?

**Tom Riordan:** We do agree with that assessment, but that is if we don’t do anything. What we need is a strong RDA working with strong councils and a strong business community to deliver the sort of things that we have been talking about: the manufacturing base, the low-carbon initiative that we are taking on carbon capture and storage, attracting foreign investors in renewables, which we are actively trying to do, to the south bank of the Humber, for example. We are putting next generation broadband into South Yorkshire, which is stimulating that economy. South Yorkshire would have got that in 10 years’ time but, because we are using European funding innovatively, it is going to get it at the same time as London. We need to support advanced engineering and health care. We have also invested in tourism. Welcome to Yorkshire has made a real difference over the past year, making the profile of the region and its marketing much more effective, as well as helping rural areas. Visitor numbers have been up significantly compared with other parts of the country. We have a clear plan for financial services. We have a taskforce working to make sure that Lloyds, Bradford & Bingley and others stay in the region. We have 60,000 businesses being helped through Business Link; 4,000 very successful health checks; a manufacturing advisory service that is one of the best in the country, helping 800 businesses. We have enhanced the Train to Gain fund on the skills side to make sure we have the skills coming through. We have an active plan to make sure that what you described—what Simon Foy explained could happen—doesn’t happen. We have been first in, last out of the last three recessions. Yorkshire Forward’s job and the region’s job is to make sure that that doesn’t happen again this time.

**Q155 Mr Mitchell:** You didn’t mention the media. You have a lovely television centre in Leeds, now empty, and we are facing a future of diluted regional news. A region like ours needs regional news to stimulate and guide it forward, I would have thought. What are you doing about that?

**Tom Riordan:** First of all, for the wider industry, because I absolutely agree with you, we are funding Screen Yorkshire to deliver a production fund that is attracting high-quality drama to the region, with all the knock-on economic benefits that that brings. “Red Riding”, “The Damned United” and “Lost in

Austen” all came from Yorkshire and were linked to the investment we made in Screen Yorkshire. We are having active discussions with ITV about the Kirkstall Road site. I am optimistic that we can find a way to ensure that what has been a fantastic asset for this region is not just left to wither. We are working actively to make sure that ITV Yorkshire plays a fundamental part in the future of the wider industry that we are supporting through Screen Yorkshire.

**Mr Mitchell:** Thank you, that is what I wanted to hear about. Before I hand over, may I add that after my sterling success in “The Damned United”, I am available for any starring roles you would care to offer?

**Q156 Chairman:** I am conscious of time as well, so I will try to get through these questions quickly. They are about targeting effectiveness. The Yorkshire Futures 2008 report tended to paint a gloomier picture than some others that have been presented to us in evidence. What was your response to its conclusions on ethnic minorities and education and skills achievements in our area?

**Tom Riordan:** I think that the prospects for Yorkshire and the Humber economically are bright. We stood on the verge of an abyss 18 months ago and we were all worried that we were heading for the same collapse in the economy that we had in the ’70s and ’80s. It has been horrendous for people who have lost their jobs. Many people have lost their jobs over the last 18 months and many businesses have gone out of business, but the economy has not collapsed. We have a strong, diverse, mixed economy that has survived. We have higher levels of foreign investment than ever before. The level of business start-ups in the region is bucking the trend and is above the average in other parts of the country. The broad prospects for the region are as tough as everywhere else and nobody underestimates that. We are all worried about whether investment will happen, whether banks will invest in businesses and whether businesses will take extra risks going forward. We do not want an anaemic recovery, but to ensure that the recovery is sustained. However, if we do not tackle the issue of youth unemployment over the next few years and look at how it can be focused in particular areas of the region and particular communities, it will be a huge risk for the region. It may be seen as a social issue, but it is a central economic issue. One of the biggest risks to certain parts of our economy is that we will get social unrest and real problems with our young people. If we can get that sorted and get some really good programmes going to help them, I think that we can make a real difference. We are doing a lot of stuff on enterprise and education such as the literacy projects in Rotherham, the active work on job fairs in many parts of the region and the St. Stephen’s development in Hull, through which we got local people from the most deprived estates into jobs. We have to do more of that and get better at it because if we don’t, we could have real problems.

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**Q157 Chairman:** The Chambers of Commerce suggested that because of the limited budget spend of the RDA—maybe 1% of public spending throughout the region—perhaps the RDA would have been better as a lobbying organisation or if it did more lobbying. Do you have a view on that? The suggestion was that perhaps the RDA could have been better served by lobbying for better transport links to the region. Would you agree with that?

**Tom Riordan:** We definitely need our budget and we need a critical mass so that, as I said, people will come to the table, that we can leave an influence and that we align the spending and investment that are going into different parts of the region. Every MP and virtually every local authority leader I have spoken to over the past few years has talked about transport and that is an issue for the region. We have not done as well as places like Scotland, Northern Ireland, London and the North-West in terms of the investment in transport per head. It has improved a bit and we have made a bit of a difference. I think that we probably need to be better as a team in terms of making that case and making sure that we get that investment coming through. The high speed rail issue is a good example; we have to ensure that it comes to Yorkshire and the Humber. It has to be linked in. It cannot just be one line, and even if you get two lines, you have to have good spurs and networks going off to these other places that I talked about that are really important for the economy.

**Q158 Chairman:** Tom, what assessments does Yorkshire Forward make of the effect of the impacts of projects on other industries and other regional bodies? In what way, when you are supporting a project, do you assess the impact, including the detrimental impact, on surrounding businesses?

**Tom Riordan:** We have a very vigorous appraisal process that the partners tell me is too vigorous and too bureaucratic. Anybody who is concerned that we do not take enough account of those things should note that we get more noise from people saying that it takes too long and that we take too much information from them. We have to balance, always, the impact on the market. We look at market failure in particular and, in looking at that, we look at the knock-on effects on other parts of the region and ensure that we take those into account. We have had examples of people feeling that we have not taken sufficient account of that, but I can guarantee that we always take account of it and we take decisions that are best for the region. We always take that objective long-term view.

**Q159 Shona McIsaac:** I want to ask a few questions about budgets. You said, in answering some of my earlier questions, that you were concerned about what may happen after a general election to pressures on budgets, and obviously your budget is reducing already. This seems to be coming at a time when there are additional pressures on your budget, so what do you think that the effect is going to be? Are you going to be able to realise a lot of the ambitions that you have articulated today with such pressures on your budget?

**Tom Riordan:** The budget pressures have made our life very difficult and we have not been able to invest in as many regeneration schemes as we would have liked. With the recession as well, we have had to shift our investments more towards helping businesses to keep going, which has had an impact. The tourism investment has led to the cloth having to be cut in other parts of our budget to suit the new levels. We try to take a long-term view for the budget and try to plan ahead, because, on capital spending in particular, it spreads across a couple of years. If we can work well at a local level with, if you like, matching up with local government funds then we ensure that we do not do as badly as we might if there were budget cuts. We are very concerned about the budget reducing in the future. I think that you would reach the point where you lose that critical mass that I talked about and that need to be able to punch with some weight within the economy. We are already at less than 0.5% of GVA overall in terms of the Yorkshire Forward budget.

**Q160 Shona McIsaac:** Do you think that you have enough flexibility over your own budget?

**Tom Riordan:** We probably have more flexibility than almost any other public agency. Again, that has been one of the great strengths of the RDA and being able to react quickly to the floods, foot and mouth or the Selby coal closures was all about being able to have that flexibility. I sometimes feel that we are constrained a little bit too much at times by Whitehall. For example, we would like to call Business Link—given that we are the investor, I think that it would help—Yorkshire Forward Business Link, because then people would understand that it is part of what we do. We cannot do that because there is a need for a national brand, which I understand. Perhaps we could work with Whitehall on such things to look at what is needed in the region a bit more. Generally speaking, we have good relationships with our Government office. We have a very good Government office and good relationships with our regional Minister and the civil servants in Whitehall who monitor us relentlessly.

**Q161 Shona McIsaac:** When we took evidence from Local Government Yorkshire and Humber, it certainly seemed to be putting over the idea that there would be improved regional performance if more funding were devolved to local authorities. In my view that depends on how good your local authority is. What is your view of that? Do you think it could aid performance, or not?

**Tom Riordan:** What is important is the starting point—that you have a council that is very economy focused and sees the economy as a priority. We are a part of the world where that is the case. You also need capacity and, as you say, to be able to deliver certain things.

I think that there is a case for more flexibility at a local level, but that has got to be linked to the ability to work in partnership—we call it co-production—with the RDA. The RDA has a skills set that you would not want to replicate 22 times across the region. We can have specialist expertise in different sectors and it



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would be daft for every local authority to have to have that. So I think there is a sort of middle way where we can give more flexibility to the local level, but that does not mean the RDA backing out of this altogether. I do not think a lot of the councils would want us to back away altogether.

**Q162 Shona McIsaac:** So you would say a small authority such as North East Lincolnshire, with which Austin and I have involvement, would not actually have the capacity to do that?

**Tom Riordan:** No, I think that we have worked really well with councils such as North East Lincolnshire. We actually fund key account managers in North East Lincolnshire who liaise with businesses locally. We fund a regeneration specialist to enable it to deliver regeneration projects. So, to just take Yorkshire Forward out of the equation completely would not be helpful. I think it is about a very strong partnership between the local authorities and Yorkshire Forward. It is not either/or, it is about us doing it together.

**Chairman:** Austin will ask about the integrated regional strategy.

**Q163 Mr Mitchell:** We now have a joint regional board made up of eight members of the Yorkshire Forward board and eight council leaders with responsibility for developing an integrated regional strategy. What problems is that going to cause you?

**Tom Riordan:** It is an opportunity as well as a problem. It has enabled us to come together—a bit like I was saying in answer to the last question—and bring together the key decision makers in the region, from the business side on the RDA board and the democratic side at a local level.

**Q164 Mr Mitchell:** Aren't the democratic side going to be pushing their own barrows?

**Tom Riordan:** I think they have been quite successful at—

**Mr Mitchell:** Barrow pushing?

**Tom Riordan:** No. I think they have been quite successful at leaving that outside the room when they have come to look at regional issues.

**Mr Mitchell:** Have they?

**Tom Riordan:** Yes. Roger Stone, as the chair of that group—and Arthur Barker before him—has pushed that very hard, and I think that has been successful. As with a lot of relationships, we had early teething problems. There are different cultures in the business community and local authorities. Sometimes bringing those cultures together leads to different languages and different understandings. There was a bit of a stormy phase, let us say, in our relationship. We have now got through that and I think we are working really effectively. If you look around the country we have a clear structure, we have agreement with the councils and the RDA, we have a clear set of priorities, we have agreed a work plan for the region and we are getting on with it.

**Q165 Mr Mitchell:** I am glad to hear that. You are going to be responsible for transport planning and housing matters. Is there a danger of losing the central focus on economic development, or do they all go together?

**Tom Riordan:** They should all go together in the strategy. This is the thing that is different that you did not have before. You had all these different strategies dealing with those issues separately and the opportunity we have is to bring those together in a truly integrated way, in a way that you cannot actually do at the centre—you cannot do it at a national level in the same way. It is the core of why you need that regional level. What we have got to do is make sure that the delivery elements do not get blurred by that necessary integrated and wider strategic look at the economy, transport, housing and planning. The way we have structured it is to separate those two functions so that the RDA board can still get on and do their things, the local authorities can do their stuff on the housing side and we come together only on those issues that make a real difference. As I said before, we do not just do it at a regional level; we build it up from the local, the city regional and the regional so that it is all the same thing.

**Q166 Mr Mitchell:** Housing can be a big contributor to economic development and stimulus. I got the impression—perhaps you can tell us whether it is true—that we have been backward in coming forward with offers and suggestions to build, now that the new Housing Minister has made more funds available for house building, and specifically for council house building. Have we been less likely to apply in our region? Certainly our local authority—North East Lincolnshire—hasn't applied for owt, though the East Riding has applied for a lot. Have we been backward in the region as a whole?

**Tom Riordan:** I don't think we have in the region as a whole.

**Q167 Mr Mitchell:** Is it your job to stimulate them to apply?

**Tom Riordan:** I think it is our job to make sure that the economic part of the case is part of their decision in that process. We are doing that. I believe as a region that we have stepped up to the mark. There is probably always more that we can do. If you look at the projected housing figures, they are huge.

**Mr Mitchell:** Perhaps you could give that economic case to North East Lincolnshire.

**Tom Riordan:** I give one example from the city regions, which is a good example of where the local authority can work together and come up with a solution. In Leeds they had this issue about where these houses were going to be. They got together and decided that they would be in three different places rather than one. They now have a proposal that works and is going forward. Being able to do that does provide a route.

**Q168 Mr Mitchell:** Before Labour came in I was on the board of an organisation called Trans Pennine, which wanted to develop the M62 as the village street and, indeed, as a Euro communication route from

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Ireland to the continent. That seems to have faded away now as a means of developing the north as a whole, that is to say the north west and the Yorkshire region. Is anything left of that trans-Pennine concept?

**Tom Riordan:** Absolutely. It is the fundamental heart of the “Northern Way” idea—the “Northern Way” partnership that we have with the three northern RDAs. Take freight as an example. If you draw a line from Liverpool to Hull, half the freight that goes through the southern ports originates north of that line. So if we could get more of that freight going through the Humber ports—the most underutilised ports complex in Europe, yet the biggest ports complex in the UK—it could make a huge difference to the north but would also help to take congestion out of the south and south east. We have active work with Network Rail looking at a project called Manchester hub, which is all about that trans-Pennine link. If you step back and look at the economic geography of the UK and consider where the other powerhouses are going to be if you are not just relying on London, your second one would be that band of conurbations right across that area.

**Q169 Mr Mitchell:** I am delighted to hear that. That is what we hoped to achieve with Trans Pennine when we set it up. I have one final question. We had some suggestions from the Chambers of Commerce that they were not involved enough. How do you plan to involve stakeholders like them in the integrated strategy?

**Tom Riordan:** We are holding specific sessions for different sectors. I talked about the different languages business and the public sector talk and you have to adapt your consultation to suit the business community. That is what we are going to do. We have a business advisory group that brings together the Chambers of Commerce, the CBI, the Institute of Directors and others and is chaired by Terry, our chairman. We are going to use that as a route in as well. It is vital that business feel ownership of this integrated strategy and have an ability to input because they have a lot of the know-how and knowledge about where the economy is going in the future which we need to tap into. So we need to do that and we recognise that it needs to happen.

**Mr Mitchell:** Thank you.

**Q170 Shona McIsaac:** I have a couple of questions about scrutiny and accountability. Do you think that Yorkshire Forward receives sufficient scrutiny from social and economic stakeholders?

**Tom Riordan:** I will just run through the scrutiny that we get at the moment.

**Shona McIsaac:** No, just tell me whether you think it is sufficient.

**Tom Riordan:** Oh can I, please? Given that we have an annual general meeting, a joint regional board, an independent supplementary review with the National Audit Office, which does our external audit as well, freedom of information requests, the media, parliamentary questions, this Committee, the Grand Committee and others, I think we have sufficient scrutiny at the moment. Whether it is involving the partners that you talked about in the way that it needs to be, I think, a good question.

**Q171 Shona McIsaac:** With the dissolution of the regional assemblies, do you think that is going to change the dynamic?

**Tom Riordan:** What we have tried to do is create an independent board as part of the new regional arrangements. It will look at sustainable development and be a critical friend, if you like, in terms of the development. That is the route that we intend to use for the stakeholders. Yorkshire Forward also funds Yorkshire Futures, which is a great network—a regional observatory. Again, we want to help the stakeholders and let them use that as a way of challenging and scrutinising us in the future.

**Q172 Shona McIsaac:** So you think that some sort of scrutiny at regional level should remain?

**Tom Riordan:** Yes, I think there should. If we could bring together more effectively what happens at a local level, where you have very well developed scrutiny arrangements, and what we do regionally, I think that would make a difference. There is a lot of expertise in scrutiny in that sense. It does not feel like there is any lack of scrutiny of what we do at the moment, but I am sure that it can be improved.

**Shona McIsaac:** Thank you.

**Chairman:** Thank you very much for your attendance today, Tom. We have covered a lot of ground in a short period, so thank you again.

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*Witness:* **Rt Hon Ms Rosie Winterton MP**, Minister for Yorkshire and the Humber, gave evidence.

**Q173 Chairman:** Our next witness is the right hon. Rosie Winterton, who is the Minister for Yorkshire and the Humber. You are very welcome. You are the last witness in this inquiry into the role, responsibilities and work of Yorkshire Forward. I understand that you want to make a short introductory statement.

**Ms Winterton:** Thank you, Mr Illsley. I very much welcome the fact that this has been the Committee’s first inquiry. I think that this is a crucial time for Yorkshire Forward, not only because it has now been up and running since 1999, but because it has played a particular role in the economic downturn

and there are changes on the horizon in relation to the sub-national review. Some have asked whether Yorkshire Forward is open to enough scrutiny. I feel that this is an incredibly important part of parliamentary scrutiny, and I am afraid that I must take this opportunity to say that I wish that all parties would take an interest in carrying out the scrutiny that you have. I think that it is absolutely vital that Yorkshire Forward carries on the work that it is doing with partners from across the region, not only to tackle the recession at the moment, but to plan for the region’s future economy. I believe that the fact that it has, in 2008–09, created more than

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1,400 new businesses, helped more than 50,000 existing businesses and created or safeguarded more than 23,000 jobs has been very important for our region. The £270 million that Yorkshire Forward invested in 2008–09 attracted £873 million of private sector investment to the region. However, there is still a lot more to do. I have welcomed the way in which Yorkshire Forward has worked with the economic delivery group that I established, bringing together partners from all across the region not only to get short-term help for individuals, but to look to the future and where our growth areas might be in sectors such as low-carbon technology, digital technology and advanced manufacturing. The fact that Yorkshire Forward and our local authority leaders are ahead of the legislation that is already putting in place a new and strong partnership through the joint regional board is important. We have a strong record of working together in our region and the success of Yorkshire Forward over the past 10 years is testimony to that.

**Q174 Chairman:** Thank you. I shall start the questioning. What do you see as Yorkshire Forward's role? How do you, as Regional Minister, help to promote that role within the region?

**Ms Winterton:** The key focus that Yorkshire Forward has had on delivering sustainable economic growth is very important to our region, not only to people and businesses, but through regeneration. I believe strongly in the regional approach; it is one of the key ways in which we have ensured that the economy in our region has diversified and that we have in the downturn been able to support industries not only to face up to some of the problems that they have at the moment, but to look to the future. As for my relationship with the RDA, I should, of course, say that as Minister at the Department for Business, Innovation and Skills, there was an overseeing role for all the Regional Development Agencies. But, as Minister for Yorkshire and the Humber, I have tried to work very closely with Yorkshire Forward and the other regional partners to co-ordinate activity not only during the downturn, but for the future. I found Yorkshire Forward extremely supportive in, for example, being able to co-ordinate research into things like the high-speed rail link. It has been absolutely crucial to have an economic development body that has been able to quantify the benefits that our region would get from high-speed rail links. It has also been important to work with Yorkshire Forward on looking at the future in terms of skills and employment in our region. I hope that I have been able to make the case to other Ministers about the needs of our region, which I backed up by the work of Yorkshire Forward.

**Q175 Chairman:** Do you see such liaison between your colleagues as added value that regional Ministers bring to work of the RDAs or is there anything extra that the appointment of regional Ministers has achieved for the RDAs?

**Ms Winterton:** The relationship between regional Ministers and RDAs and, for that matter, some of the other regional organisations has been in a sense

to provide a focal point for communicating the message from the regions. Regional Ministers have also been able to bring together different organisations to support the work of agencies like Yorkshire Forward. In our region, there is strong partnership working, but regional Ministers generally have been able to improve it by working through, for example, economic delivery groups, which have obviously come into their own during the economic downturn and planning for future.

**Q176 Chairman:** Do you see any danger of confusion between the work of the Government Office and the work of Yorkshire Forward? One of the aspects that has come up once or twice in our evidence is the public understanding of the role of Yorkshire Forward. Do you see any confusion between the two roles?

**Ms Winterton:** There certainly should not be, because the Government Office is Whitehall represented in the regions; Yorkshire Forward has a definite role of promoting sustainable economic growth. An example of the Government Office role would be in looking at which local authorities should be involved and making recommendations about the future jobs fund. The role that the Government Office would perhaps have would be in working with local authorities, overseeing some of their work, and community partnerships. It is quite distinct: Yorkshire Forward has that business-led economic focus, whereas the Government Office is very much replicating Whitehall, but in our region.

**Q177 Chairman:** You have already touched on what you see as the role and the success of Yorkshire Forward. What I have asked a number of witnesses is what they regard as the successes, but do you think that there have been any failures or missed opportunities by Yorkshire Forward over the last few years?

**Ms Winterton:** In a sense, I think that what we have had since 1999 is a learning process, and perhaps communication in the early years of the RDAs would have been seen as a shortcoming. But I also think that where you have the RDAs having specific responsibility for economic development, but separately you had planning and transport issues, the difficulty of bringing those together as perhaps they should have been was more in the structures that we had introduced as a Government. That is why I think that the sub-national review is so important, because it brings together planning, housing, economic delivery and transport. They are very much more recognised nowadays, I think, as the whole of the economic equation, if you like, so the difficulties that were perhaps faced earlier on were more to do with the structures that we had put in place. I think that we have learnt from that. In terms of the ability to change the economy, the fact that our economy has diversified to the extent that it has and that every £1 spent has attracted £4.50 in improving our GVA is the major success.

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**Q178 Chairman:** There is a school of thought that would have said that over the last few years the RDAs have taken on extra responsibilities—for example, European funding and, under the sub-national review, transport and housing. Some would question whether that is detracting from the core role of Yorkshire Forward, which is economic regeneration and economic development. As my colleague Austin Mitchell said to the chief executive in the final questions, is housing now part of that core function? Or do you differentiate between the two?

**Ms Winterton:** The core statutory functions remain the same, particularly furthering economic development and regeneration, business efficiency, investment, competitiveness, promoting employment, enhancing development and application of skills relevant to employment and contributing to sustainable development. Those are what I would call the core functions of the RDAs, but the other issues that have been put in, whether ERDF or Business Link, actually complement those core functions. I think that what we have seen over the years, as the regional approach has developed, is what we could do to assist the RDAs in fulfilling those core functions; the add-ons, if you like, have been part of helping them to do that.

**Q179 Chairman:** Do you see the RDAs as delivery mechanisms, as they have been labelled by some of our witnesses, or do you still see them as commissioning agents, fulfilling a strategic role?

**Ms Winterton:** I would say probably both, really. I think they have delivered, certainly during the downturn, a lot of front-line support. I think of things like Train to Gain and the fact that they have built up an enhancement fund that has gone directly into companies to help them. I think of Burberry, Corus and a number of other companies where there has been some direct delivery of help and assistance. In some instances, there is a commissioning. The way that Business Link has operated has been a combination of that. What we have been able to see from the way the RDAs work is the ability to be flexible about what is the best way to help promote the economy and promote employment within the region. So I think it's been a mixture of all those together.

**Q180 Shona McIsaac:** A few questions, Rosie, about the board. First of all, could you explain your role as Regional Minister when it comes to appointing the Board and the Chair of Yorkshire Forward? We are in the process of recruiting a new chair now, I believe.

**Ms Winterton:** Yes. My role is slightly different as Yorkshire and the Humber Minister, because as BIS Minister, I have to make recommendations to the Secretary of State to make recommendations to the Prime Minister about the appointment of the chairs. Pat McFadden actually takes overall responsibility in terms of how it works in the system, but the overall way in which it works is that

it follows, obviously, the Nolan principles. There are advertisements that go out, and then recommendations come forward to Ministers.

**Q181 Shona McIsaac:** Are there any plans to involve, say, regional stakeholders more in these appointments, or is it going to stay firmly with Whitehall?

**Ms Winterton:** In the way that the specifications are drawn up, there is consultation with regional stakeholders, which is then taken into account in terms of the person spec. That's how the consultation is taking place at regional level.

**Q182 Shona McIsaac:** How do you respond to the concerns that have been expressed, Rosie, about the lack of business involvement on the board?

**Ms Winterton:** I think there is an input.

**Q183 Shona McIsaac:** There have been criticisms that there isn't enough, or that it isn't sufficient.

**Ms Winterton:** Right. Well, I obviously don't particularly want to talk about individuals, but I think that if I were to look through the board itself, there would be a number of entrepreneurs and business people on it. There is also a business advisory group. Usually, the criticism is that it's too business-led. I think that it is about getting the balance between getting the business input, local authority input and, in a sense, the third sector, but I would think the majority of those on the board would be with business experience.

**Q184 Shona McIsaac:** With that in mind, what sort of qualities would you like to see in the new chair of Yorkshire Forward?

**Ms Winterton:** First of all, as is set out in the person specification, it is about people who have experience of big organisations going through a period of change, the ability to show leadership and understand public governance and a whole experience of the private, public and voluntary sectors. It has been carefully drawn up in terms of somebody who has quite a huge responsibility for a large budget and the ability to understand the needs of the region and of stakeholders in the region.

**Q185 Shona McIsaac:** It sounds like you are just repeating what the ad said. I am wondering more about someone's personal qualities.

**Ms Winterton:** Obviously, as I have said, it follows the Nolan principles of appointment. In respect of individuals that I have found most successful in that role, there needs to be an ability to bring people together to work in partnership with the many organisations that the Regional Development Agency would come into contact with. It is important to have an understanding of, if not direct experience of, how local government works as well. I would hope that what I was looking for would not be too far from the person spec, actually.

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**Q186 Mr Mitchell:** On appointments, how much input do you have into the regional economic strategy? You talk in the introduction to the Smith Institute document, which is interesting, about we, we, we, but do you have any veto on it before it goes to a Minister?

**Ms Winterton:** The current regional economic strategy was put together in 2005, which was well before there were regional Ministers at all, never mind me. At the moment, I have a role, in a sense, in the delivery of the regional economic strategy and in the Yorkshire Forward corporate plan. As regional Minister, I try to work with Yorkshire Forward and the other partners to look at how we can deliver the economic objectives, particularly in supporting businesses—

**Q187 Mr Mitchell:** When you say “we”, do you mean we as a region or we as a Government?

**Ms Winterton:** We as a region. For example, through the economic delivery group, where I will bring together Yorkshire Forward, Jobcentre Plus, the Learning and Skills Council and local authorities to see how we can help deliver some of those objectives. Again, because of the economic downturn there has been an even greater focus on how all organisations can help tackle some of the real problems that have arisen. I was also involved in the revision of Yorkshire Forward’s corporate plan earlier this year. That was done in response to a request from BIS Ministers asking about how re-prioritisation could take place to focus on the particular problems that were emerging from the economic downturn. I worked closely with Yorkshire Forward on that. Looking forward, in terms of developing the regional strategy, again, I would hope to work closely with Yorkshire Forward to the joint board that has been set up, and with the leaders of the local authorities, to look at how we prepare the regional strategy for 2012.

**Q188 Mr Mitchell:** What is your role in seeing that the targets are achieved? What discussions have you had with Yorkshire Forward on, say, the skills and innovation targets?

**Ms Winterton:** There are obviously some issues to do with skills. There has been progress, but there is still further to go. As the regional Minister, what I have tried to do, particularly on the skills side, is to discuss how we can improve the issues around skills. For example, I have tried to get local authorities, businesses and public agencies to sign up to the skills pledge.

**Q189 Mr Mitchell:** So you’re herding a whole flock of sheep, rather than just prodding Yorkshire Forward.

**Ms Winterton:** Absolutely. It involves working as well with business ambassadors and asking what else we can do to improve skills. This is something that cannot be done in isolation, and what we have to do in our region when we look at things such as the skills issue, is explain the part that everybody can play. Yorkshire Forward will be very successful in setting out the overall strategic approach, but we

need all the agencies and the private sector to say what it is that everybody can bring to the table. I hope that as Regional Minister I have been able to do some of that through bringing a focus to the issue, trying to draw attention to what we are doing and delivering on the national pledges. It has been possible to draw attention to the national apprenticeship scheme regionally and actually to deliver it regionally, and that focus has made an enormous difference.

**Q190 Mr Mitchell:** What is your role as a lobbyist for Yorkshire and Humberside? I say “Humberside” rather “Humber” because we are not a river—drips, perhaps, but not a river. What is your role inside Government as a lobbyist for Yorkshire and Humberside? Yorkshire people are a fairly uncomplaining and happy-go-lucky lot. It’s hear all, see all, say nowt, but you cannot ignore the fact that we get less public spending per head than Scotland, although our problems are worse than those in the north-east, and even in London. What are you doing about that, and what can you do to get public spending and projects diverted to Yorkshire?

**Ms Winterton:** Let’s take the example of Digital Region in south Yorkshire. On that occasion, I worked very closely with Yorkshire Forward and others to meet Ministers and put the case for bringing together European funding, local authority funding and Yorkshire Forward funding. We made the case to BERR, as I believe it was called at the time, to get the go-ahead for Yorkshire to be able to do that. That was a huge lobbying exercise, and I worked closely with south Yorkshire MPs on it. Another example would be work that I have done on the high-speed rail link, and, again, as I said earlier, in meetings with the Secretary of State for Transport, very much using a lot of the work that local authorities and Yorkshire Forward had done to make the economic case for why we need the high-speed rail link. I have also worked on the low carbon economy, and looked at how we can bring clean coal technology to the Hatfield power station near Doncaster. That involves working at European and national Government level, but it is very difficult to do that unless you have, as I have said, an evidence base for the difference that something will make to the local economy. I have also found that in terms of the economic downturn it’s been very important for the regional Minister to be able to go to other Ministers within Government and say, “These are some of the big problems that are happening in our economy and we do need some extra help in terms of training, or other issues, that we need to come in.” Again, just in terms of trying to attract inward investment to the area, it has been important to be able to work with other Ministers to be able to do that. Finally, on the financial services industry, again, it was incredibly important, when Yorkshire Forward set up the financial services taskforce, to be able, by using some of the work that was done then, to go to Treasury Ministers and others and say, “This is the situation and this is the focus that we need from you on the difficulties in the Yorkshire and the Humber region.”

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**Q191 Shona McIsaac:** I wanted to ask a few questions about the current economic situation—the economic downturn. How successful do you believe Yorkshire Forward has been in meeting the challenges of the recession?

**Ms Winterton:** I think that Yorkshire Forward—as well as, by the way, other agencies in the region, but there’s no doubt that Yorkshire Forward led—was able, first of all, to get that detailed analysis of which sectors were being particularly badly hit and which geographic areas we needed to concentrate on. Some examples from around the region would be in the Humberside area, if we were to look at the caravan industry. Yorkshire Forward was able to move very quickly to get some immediate help there. If I refer again to the financial services sector, I think we were able, because of the financial services task force that had been set up, to focus very closely on what immediate help was needed. We have been able to identify areas for growth, which has been important, such as the digital industry, advanced manufacturing and low-carbon technology. So, through Train to Gain enhancement there has been the ability to get help very quickly to people who needed to retrain, who needed specialist advice, when we saw some big redundancies—but also to look to the future. I think when we see, for example, the venture capital money, which is being talked about, that will be hugely important for the region in looking to the future.

**Q192 Shona McIsaac:** When you started to answer the question you rightly mentioned other agencies and organisations that were involved, but how do you ensure there isn’t a duplication of effort, when you’ve got so many different organisations having an input?

**Ms Winterton:** I think that’s where the work that we did in the economic delivery group was quite important. It wasn’t necessarily that there might have been an issue of duplication of effort, but how did we make sure that all the effort was properly co-ordinated? Again, I think what Yorkshire Forward did in terms of business health checks was incredibly good. Something like 8,000 businesses were given a free financial health check through Business Link, and that ensured that they could then identify what assistance they might get from, for example, the Learning and Skills Council, or what assistance they might get from other parts of Yorkshire Forward, where there may have been grants available. Also very helpful was saying to some of the bigger organisations, because of the links that Yorkshire Forward had and because of the fact that people would come forward, “If there are going to be redundancies, tell us early enough.” Then we can get organisations such as Jobcentre Plus in at an early stage, rather than waiting until the last minute and saying, “We have to make redundancies and it will be next week.” Instead of saying, “There will be 100 redundancies”, we should look at how we can work with Yorkshire Forward and consider having, say, a four-day week, and training, which Yorkshire Forward and other organisations could provide on the other day. So, it is about a partnership approach.

**Q193 Shona McIsaac:** So, you don’t think that there has been a duplication of effort?

**Ms Winterton:** We have tried to ensure that there is not. In the feedback that we have had, some people said that they needed one point of contact, so we tried to react to that by ensuring that Business Link was able to fulfil that. That was the danger of duplication—people feeling that they had to make lots of different phone calls to get assistance.

**Q194 Mr Mitchell:** We’re scrapping the Learning and Skills Council next year, which is a decision that was taken despite my advice, conveyed in letters to Gordon Brown, that the best thing to do with the Learning and Skills Council was to line the relevant people up against a wall and shoot them. Since that advice was not accepted, it is now being argued that, in a time of recession when we need the development and strengthening of skills training, we throw everything into chaos by creating a skills funding agency and a national apprenticeship service. The whole thing will be reshuffled at a time of maximum strain. Is that wise?

**Ms Winterton:** Because there is such an emphasis at the moment, particularly in our region, on ensuring that we have the skills to take advantage of new sectors when the recovery comes, it is vital that we have a regional skills strategy that fits in with all the other areas that the RDA is tasked with in terms of promoting economic development and employment. I see that as quite crucial to ensuring that there is proper co-ordination. That does not stop.

**Q195 Mr Mitchell:** You’re satisfied that the reorganisation will not create chaos at a time of maximum strain?

**Ms Winterton:** Well, I hope not. As I say, it makes a lot of sense because when we look at the regional strategies that are being developed for the future, and at the way in which the RDA and the local authorities, particularly in Yorkshire and the Humber, have moved already to set up a joint board, one of the sections they look at is work and skills. That means that we can co-ordinate the work that can be done at regional level with the work that local authorities and others do. So that approach is the right one for us.

**Q196 Mr Mitchell:** Okay, but you’re passing down power to local authorities. You and I have corresponded for some time about the cancellation of the Grimsby Institute’s £150 million rebuilding plan that was shovel-ready in January, and was abruptly cancelled last December. I have raised that with you, and I tried to raise it at the last session of the Committee, but the Chairman shut me up when I said that the head of the Barnsley College had done the best thing for developing Barnsley College by pulling it all down, so that the Government had to finance the rebuild. We did not adopt that strategy in Grimsby. *[Interruption.]* It is a long-winded question, but it has a point. Will the passing of power to the local authorities help us to get a rebuilding programme for the institute and the rebuilding

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programme that was scheduled to go ahead next year for the Franklin sixth form college? Is it going to speed it up or slow it down?

**Ms Winterton:** When you say passing to local authorities, we are talking about the RDAs getting a new role in terms of skills strategy. The Department for Business, Innovation and Skills is looking to help build the capacity of RDAs up in terms of skills delivery. The issue of capital projects for rebuilding is slightly separate from the provision of skills training.

**Q197 Mr Mitchell:** Under the new framework, do we have a better or worse chance of getting it than we had under the LSCs, which did nothing?

**Ms Winterton:** If the overall delivery of skills means that various different rebuilds have to take place, I am sure that that will be reflected in the overall strategies that are being developed. What is important is that we have a regional strategic view of what skills are going to be needed. The delivery is then taken on between the RDA and, in some instances, local authorities. I am not sure that I can completely answer your question about rebuilding.

**Mr Mitchell:** Thank you. Have you ever thought of going into politics?

**Chairman:** In defence of Barnsley College's principal, he did not pull the college down merely to get the money from Government. The college was at an advanced stage of redevelopment, which involved the demolition of certain parts of the building.

**Shona McIsaac:** It's amazing, because the Grimsby Institute is the only building that they have not demolished.

**Q198 Chairman:** We will move away from the Building Colleges for the Future programme to the single regional strategy. Minister, what do you see as the main challenges facing Yorkshire Forward with the move to the integrated regional strategy?

**Ms Winterton:** I think the move towards a single strategy is a huge opportunity for us, because it brings together all the strands of economic development in terms of including housing, transport and planning within the overall strategy. The challenge will be ensuring that the process of doing so is clear and transparent and that the joint board that has been set up works effectively. My feeling is that it has already been quite successful—there is a clear identification of the different boards that will come forward in terms of advising the leaders board and the RDA board on it. I think it is something that will work hugely to our benefit in economic terms. The fact that we have been able to reach agreement at such an early stage on how the different boards will come together is very encouraging.

**Q199 Chairman:** I know I've touched on this already, but you don't feel that these extra responsibilities will lose the focus on the key economic issues?

**Ms Winterton:** No, because I think that if you were starting from scratch and asked what you needed to be able to promote all the core activities, such as economic development and employment, you would

say that it is right that we have the ability at regional level to have business advisory services through Business Link, it is right to have responsibility for the European regional development fund and it is right that research and development falls at regional level. We are so lucky in Yorkshire and the Humber in the way that the universities work together. It is important to have the ability to address that regionally because that is how the universities are working.

**Q200 Chairman:** I can accept that way of thinking, but Business Link and the ERDF sit quite happily alongside the core strategy of Yorkshire Forward. If you say that Yorkshire Forward now has responsibility for housing, some in the business community would say, "Surely that is moving away from the core economic strategy?"

**Ms Winterton:** But surely everybody in business would also say that one of the problems we have in establishing our businesses and ensuring that people come to work is affordable housing. How can they be confident, as a big inward investor, that they have the commitment to ensure that they are not going to be faced with a situation where, if they go to one particular local authority, it will respond, "Not in my back yard. We want you to come here as an investor, but we are not prepared to look at what the housing issues are in the local area and have a strategic overview of that."? I think that we can have an advantage here. We know that housing can be an incredibly important part of travel-to-work areas, but you need a strategic view, not only in terms of where the housing is, but in terms of the implications for the construction industry, skills and overall regeneration, so I think it becomes part of the business focus.

**Q201 Chairman:** RDAs are becoming so prescribed in terms of what they are responsible for, isn't there a danger that you are going to have a one-size-fits-all policy, where all the RDAs are going to be doing the same thing and there is no leeway for an RDA to embrace some policy that is not within the framework set by central Government? On top of that, what about the future collaborative work within "The Northern Way" structures?

**Ms Winterton:** That is a discussion in which we need to keep an open dialogue. I think that the sub-national review provides some of the context for that. Because of the increased local authority input, I think there will inevitably be, if you look at something like the regions across the north, the ability for the council leaders to give that kind of democratic lead. I have to say that one of the things that BIS is saying at the moment is that we want—this sounds terrible, because it sounds like it's the centre saying it—the RDAs to look at some of the cross-regional issues. We are very aware that, in terms of the energy belt and energy possibilities in the north, and the need for good transport links across the north, if everybody just looks at their individual region without taking a more holistic, cross-regional view, there would not be the flexibility that we want to see.

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**Q202 Chairman:** How are you going to ensure that other stakeholders within the region are going to be involved in the development of the integrated regional strategy? It could well be that the Chambers of Commerce and the CBI will see the interface as being between the local authorities and the RDA. How do you ensure that other stakeholders have an input into that strategy?

**Ms Winterton:** It is really quite a consultative process. One of the things that I should say is that, in relation to the advisory board itself, on transport we have Friends of the Earth, on planning we have the CPRE, and I think that Passenger Focus is on transport as well. There is therefore a number of stakeholders on the boards that advise the joint regional board. However, on the process of preparing the strategy, the joint regional board will prepare the draft in March 2011. It will then be published for formal consultation and there will be an examination in public, when people will be able to contribute to it. Recommendations will be made from that, which will have to go back to the joint regional board, and it then goes to the Secretary of State. The process is designed to be very inclusive, public and transparent. I would hope that, including through the business advisory group, there would be a huge input. If there weren't, I don't think it would work as a proper strategy, frankly, because so much of the delivery is dependent on businesses saying that they want to deliver this. We can't deliver it without them, so it is important that they have an input into it.

**Q203 Chairman:** Finally, with the dissolution of the regional assemblies, how are we going to ensure that is a mechanism for the business community and other stakeholders who were part of the assembly to have feed-in or input into the work of Yorkshire Forward?

**Ms Winterton:** In terms of the way that the advisory panels, as I think we call them, that feed into the different work streams of the joint regional board have been set up, as I said, there are organisations like Friends of the Earth, the CPRE and Passenger Focus who sit on those boards themselves. At the same time, in terms of the individual local authorities, under the scrutiny arrangements that are coming in through CLG, we envisage many of those organisations being able to scrutinise and examine the work that the leaders board is doing as well. I know this sounds rather convoluted, but the eight people on the leaders board report back to Local Government Yorkshire and Humber, and all those have their own scrutiny arrangements as well. The intention is very much to ensure that the organisations that were previously on the regional assembly are able to have an input into the overall process itself. We've tried to make that as open and as transparent as possible.

**Q204 Mr Mitchell:** The Chairman's remarks have made me reflect on the history of these things. The regional development agencies' main driving force was John Prescott. He was a strong enthusiast, and I rate it a great achievement, but I think that it was always envisaged, probably by him, that they would become part of a regional unit of government, with a regional assembly and perhaps a regional governor controlling the RDAs, just as the Welsh Development Agency is run by the Assembly and the Scottish Development Agency is run by the Scottish Parliament. Because the Cabinet never agreed to John's proposal to give the regional assemblies and regional governments the power that would make them worth voting for, it was defeated when the project was put to the North East, for quite extraneous reasons. It was written out by the North East. Since then, we've been improvising about who's to run, who's to influence and who's to be involved in the regional development agencies. Is the regional assembly and regional government project now totally dead? Are we going to go on with this improvisation? Personally, I wish it were dead.

**Ms Winterton:** Well, I am sure that that's something that various different parties will want to discuss in the future. I was a great advocate of regional government. I was rather sad that the electorate took a slightly different view in the referendum. I think it was important that, after that, we looked at the arrangements which were in place at the time; therefore, the sub-national review was conducted. Believing in the regional approach because of what it has done for our economy, which I think is hugely important, we have set up this combination of the leaders board and the RDA board to jointly work out a regional strategy. At the same time, regional Ministers have been introduced in order to provide another method of accountability to the people and to Parliament. The Regional Select Committees have been set up, again as a way to ensure that there is examination of the work of regional development agencies and the new structures with local authorities involved as well. I think that that is an important development, because it is quite right to say that people would say, "Is there a democratic deficit?" Obviously, the ultimate putting-right of a democratic deficit would have been regional government. If you don't have that, I think we've looked at a lot of ways to make sure that it is important. One thing I would say—I am sorry, Mr Chairman—is that any talk of abolition of regional development agencies, as we have heard from the Conservative party and, indeed, the Liberal Democrats, would be hugely damaging to our region. I have to say that the businesses that I meet—I do meet a huge number of businesses in the region and business organisations—I think will recognise the work that the regional development agencies have done and the danger of any abolition of them for our regions' businesses.

**Chairman:** Minister, I thank you for your attendance this afternoon. I will draw the meeting to a close. Thank you very much.



# Written evidence

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## **Memorandum from the Regional Skills Partnership Board (Yorkshire and Humberside (YH 01)**

### *The role and responsibilities of Yorkshire Forward;*

Yorkshire Forward have taken their role and responsibility very seriously and the concept of “Team Yorkshire” has given the region a clear sense of how it should do business. In the context of Skills there has been work to develop a number of memorandums of agreements to provide clarity as to what Yorkshire Forward is responsible for as opposed to what other organisations are there to do. This has led to a clear message that the RDA is specifically working to develop higher level skills to support the regional economy and the MOA with Higher Education has been a successful tool in influencing how funds such as Hefce’s Strategic Investment Fund can support the delivery of the aspirations outlined in the Regional Economic Strategy.

It is fair to say though that MOA in other areas (for example with Jobcentre Plus and the LSC) are perhaps not as clear due to the fact that it has not been communicated widely to other stakeholders and that there has been some confusion regarding the unique selling point of YF, particularly in relation to economic inclusion activities.

In addition, as YF is probably the only provider of discretionary funding it is possible that there has been an over reliance in the region (for example by Sector Skills Councils, Business Facing Organisations) on what is in essence a very small pot of money. The ability of YF to move development work into mainstream has had some difficulty due to the issue of clarity of role and responsibility.

### *The mechanisms by which Yorkshire Forward is held accountable;*

Scrutiny has been done by the Assembly and been made available to regional partners.

### *The process by which the Regional Economic Strategy (RES) was drawn up and the level of involvement of regional stakeholders in that process;*

The consultation on the RES was mainly through Yorkshire Forwards key stakeholders which are essentially business facing organisations—there has been criticism that there was a lack of engagement with local authority partners and the spatial level representation within the document is limited. However, the realignment of YF strategy into geographical programmes is going some way to address this issue and the new regional reporting arrangements will support this further.

Business leaders and key stakeholders such as employer representative bodies are generally positive regarding engagement and consultation

### *The effectiveness of the RES for Yorkshire and the Humber in delivering against its targets;*

Difficult to say across the piece, but not necessarily the progress needed in terms of skills, employment and job creation. The current economic context has made progress much more difficult, however Yorkshire Forward has engaged with other regional agencies through the Regional Skills Partnership and other regional infrastructures to ensure that the regional response is relevant and timely.

### *The effect of the current financial and economic situation on businesses, including the effect on different sectors and on skills and employment in the region;*

Y & H has been hit hard—Yorkshire Forward report weekly on the regional economic picture. The ability of YF to work with other partners such as JC+ and LSC has meant the region has been able to react quickly. The sectors that have been most effected are

- Financial and business services.
- Manufacturing.
- Construction.

Evidence regarding the current situation in terms of skills and employment is readily available from Yorkshire Forward, however Job Seekers Allowance Claimant figures have increased dramatically.

Yorkshire Forward and the LSC have pooled funding to support regional and local initiatives to respond to current challenges through the Train to Gain Enhancement Fund.

*The role of other Government agencies such as the Government Office for Yorkshire and the Humber, and of partnerships between Government agencies, local government and the private sector, in delivering the aims of the RES;*

The Regional Skills Partnership as the lead for skills in the region has used the RES and regional Leitch targets as a starting point in setting strategic direction and priorities. The involvement and engagement of all partners is key to delivery. Yorkshire Forward have engaged well with and supported the Regional Skills Partnership and have seen it as a key infrastructure to help in the delivery of what is essentially a very stretching aspiration.

*The move towards a regional integrated strategy and the likely effect on the work of Yorkshire Forward;*

Yorkshire Forward and Local Government Yorkshire and the Humber have worked together to develop a regional response to the Sub National Review that is fit for purpose and more than capable of delivering a robust process which will result in the Integrated Regional Strategy. The new Joint Regional Board is in place and the four thematic boards are in various stages of development, but the plans for the Work & Skills Board is well advanced as a consequence of the work done by the Regional Skills Partnership.

This means that it will be important for the new infrastructure to learn the lessons from both the RES and RFA processes and ensure robust engagement by all relevant stakeholders.

*The extent to which Yorkshire Forward has the capacity and expertise to address all the elements which will be contained in the new integrated strategy, including in relation to transport, planning and housing; and*

Yorkshire Forward will need to think carefully regarding its ability to deliver its new role. There is a need for some work to ensure that teams within Yorkshire Forward are able to work effectively with Local Government at all levels—not just strategically.

The work undertaken by the Europe Team in the context of ERDF is a good starting point and will need to be embedded in other areas that have naturally faced business rather than the local communities. YF are building their stakeholder forum to help with gaining a wider view of regional strategy other than just LA/ Local Government. This is a useful strategy in the new context.

*The role of Yorkshire Forward in promoting a low-carbon economy in the region and in addressing regional issues concerning climate change and flooding.*

No comment.

13 May 2009

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### **Memorandum from CPRE Yorkshire and the Humber Regional Group (YH 02)**

#### **SUMMARY**

- Yorkshire Forward should have a principal duty to deliver sustainable development and its purpose should include improving the quality of life of those living and working in the region.
- Yorkshire Forward and the Joint Regional Board would be more transparent if their Board meetings were carried out in public.
- The effectiveness of Yorkshire Forward should be measured with input from more organisations than the Department of Business, Enterprise and Regulatory Reform alone; the Regional Minister could help with accountability.
- The preparation of the Regional Economic Strategy (RES) to date has not been inclusive.
- There should be a bigger role for stakeholders in the preparation of the Integrated Regional Strategy (IRS).
- Yorkshire Forward needs to identify remedial action to ensure that the Greenhouse Gas emissions reduction target in the RES is met.
- Yorkshire Forward will need to be measured against a wider set of indicators if it is to fulfil a sustainable development role.
- The IRS must promote environmentally sustainable development, and not just focus on economic growth.
- Climate change issues and low-carbon economy ambitions need to be more embedded in the IRS, though wider environmental concerns must also be addressed in policy.

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 INTRODUCTION

1. CPRE Yorkshire and the Humber Regional Group (CPRE Y&H) welcome the opportunity to submit evidence to the Y&H Regional Committee on the future the work of Yorkshire Forward. We have focussed our response on the main areas of interest and concern. As a leading environmental charity, CPRE has worked to promote and protect the beauty, tranquillity and diversity of rural England by encouraging the sustainable use of land and other natural resources since our formation in 1926. An essential part of our work is undertaken at the regional level where, among other things, we work closely with the decision-makers to try to influence the development of regional strategies.

2. On the whole we are generally supportive of the way Yorkshire Forward (and its Sustainable Development Team in particular) has attempted to address broad environmental objectives. The organisation's commitment to the region's Greenhouse Gas emissions reduction target, and Yorkshire Forward's own Lower Carbon Policy Product are particularly exemplar.

3. However, it is worth noting the findings of work commissioned by CPRE, along with Friends of the Earth England and WWF—UK, which analysed the strategies developed by Regional Assemblies and the Regional Development Agencies (RDAs)<sup>1</sup>. The work aimed to see if the policies set out within them are moving England towards or away from environmental sustainability. The research found that although many Regional Spatial and Economic Strategies included good individual policies and practices, none of them, even if fully delivered, would make its region fully environmentally sustainable.

*The role and responsibilities of Yorkshire Forward*

4. The RDAs will need to be radically reformed to be able to undertake their new wider responsibilities. The *Regional Development Act 1998* set out five purposes for the organisations it created. They are as follows:

- (a) *to further the economic development and the regeneration of its area,*
- (b) *to promote business efficiency, investment and competitiveness in its area,*
- (c) *to promote employment in its area,*
- (d) *to enhance the development and application of skills relevant to employment in its area, and*
- (e) *to contribute to the achievement of sustainable development in the United Kingdom where it is relevant to its area to do so.*

5. We are not convinced that an organisation with the five purposes set out above will be able to develop and deliver a holistic regional strategy which is underpinned by sustainable development as the fifth purpose is too weakly worded. Therefore, to prevent the Government's proposals resulting in further social and environmental degradation in the English regions the Community Empowerment, Housing and Economic Regeneration Bill should remove the fifth purpose and place a principal duty on RDAs to deliver sustainable development. The purposes set out in (a) to (d) above should also be reconsidered in light of the RDAs proposed new role, which will be far wider ranging than economics and regeneration. Their purpose should therefore include issues that are necessary to ensure the improvement of the quality of life of those living and working in English regions, including sustainable economic development, housing, health and the natural environment.

*The mechanisms by which Yorkshire Forward is held accountable*

6. It is crucial that Yorkshire Forward conducts its business in a transparent manner if it is to be seen as being accountable to the public. In this respect, it is welcome that Yorkshire Forward Board meeting dates and papers are made available online shortly before the meetings, and we are pleased that this arrangement has just been set up for the meetings of the Joint Regional Board also. However, the process would be more transparent if meetings of Yorkshire Forward and the JRB were open to the public for observation, as is the practice for the London Development Agency and organisations such as Natural England.

7. It is essential that land-use planning is undertaken in a democratically accountable way, and we are not convinced that Yorkshire Forward is sufficiently accountable at present. Yorkshire Forward is currently accountable to Parliament through the Secretary of State for Business, Enterprise and Regulatory Reform (BERR) and it is our understanding that the Government proposes that this arrangement should continue post 2010. However, in light of the spatial planning remit that the RDAs will have to undertake we are not convinced that BERR have the expertise to assess whether an IRS is as underpinned by sustainable development as it should be. We therefore recommend that any central government assessment of the RDAs effectiveness in undertaking their roles should involve input from Defra and CLG, as well as BERR. We would also advocate the involvement of relevant expert public bodies, including Natural England, Environment Agency, the National Housing and Planning Advice Unit, English Heritage and the Sustainable Development Commission. In addition, it would be useful if the Regional Committee could explore ways in which scrutiny could be conducted independently of Government bodies and quangos.

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<sup>1</sup> CPRE, Friends of the Earth England and WWF-UK (2007) *How Green is My Region?*

8. We also consider that the Regional Minister—as an elected Member of Parliament who is therefore accountable to the public—could play a useful role in the new arrangements. An explicit role should be placed on the Minister to ensure that sustainable development is delivered in practice and to ensure proper engagement with local communities in the development of the Integrated Regional Strategy (IRS). The Regional Ministers’ focus should not be solely on delivering central Government’s priorities of housing and economic growth in their regions.

*The process by which the Regional Economic Strategy (RES) was drawn up and the level of involvement of regional stakeholders in that process*

9. CPRE Y&H issued responses to the public consultations on all draft versions of the Y&H RESs that have taken place, including the very first document. We have also participated in all levels of public consultation on the Regional Spatial Strategy (RSS), and its predecessor, the Regional Planning Guidance. Our experience has been that the preparation of the RES has been far inferior to the processes set up for the regional planning documents by Y&H Assembly. In particular, there has been a lack of transparency and inclusivity in the preparation of the RES, with far fewer opportunities for those outside the walls of Yorkshire Forward to shape the development of the document. As such, there is a lack of ownership from stakeholders. The draft RES has generally been presented as something of a *fait accompli*, with little opportunity to shape the direction of the document. As such, later versions have tended to be merely a “tidying up” of the consultation draft, with seemingly little in the way of any influence having been made over policy changes or direction. By contrast, Y&H Assembly involved stakeholders from the earliest inception of the RSS. While CPRE Y&H were not always able to agree with everything contained in the final regional planning documents from YH Assembly, it was at least transparent how policy decisions had been arrived at.

10. Given our experience we are understandably concerned that stakeholders will be sidelined in the process of developing the new IRS. This is particularly worrying given that opportunities for membership of the supporting Thematic Board structure have been considerably stripped from the arrangements employed by Y&H Assembly. The involvement of economic, social and environment partners in the development of the RSS had many benefits. Partners not only provided expertise in the areas they represented but were apolitical and gave a genuinely regional perspective that can be difficult for those representing local authorities to achieve. We have been concerned throughout the entire Sub-National Review process that inadequate attention has been given to the role of non-business stakeholders in the new arrangements.

11. The process for developing the new IRS needs to go far beyond a simple three month formal consultation. The process for developing RSSs enshrined partnership working throughout and included stakeholders in decision-making. The process for developing the IRS should be based on the same principles, and should be underpinned by statute. The aim should be to secure meaningful engagement with stakeholders and local communities from beginning to end. Reaching consensus through meaningful engagement on how policies should be developed should also ensure easier implementation of those policies further down the line.

*The effectiveness of the RES for Yorkshire and the Humber in delivering against its targets*

12. It is widely-recognised that the RES is not delivering on its target to reduce greenhouse gas emissions (CO2 equivalent) by 20–25% over the 1990 baseline. We wish to draw the Regional Committee’s attention to the 2008 Scrutiny Board report on “Meeting the climate change challenge”,<sup>2</sup> which concluded that:

*“Yorkshire Forward needs to identify remedial action to ensure that the Greenhouse Gas emissions reduction target in the RES is met, as emerging UK policy and legislation will stretch this target even further. It is clear from this scrutiny review that Yorkshire Forward cannot reach the RES target alone, and if the RES target is to be reached, activity needs to accelerate.”*

The Scrutiny Board make a number of useful recommendations, which we support.<sup>3</sup>

13. As we the region moves towards the IRS it is clear that Yorkshire Forward will need to be measured against a wider set of indicators if it is to fulfil a sustainable development role. We understand that it is BERR’s intention to maintain increasing Gross Value Added (GVA) as a key performance indicator for RDAs. Unless firmly related to resource productivity, GVA is not a suitable indicator for sustainable development as it masks inequalities within regions. We propose that the Index of Sustainable Economic Wellbeing is adopted as the key economic performance indicator, alongside specific environmental and social sustainability indicators.

<sup>2</sup> Scrutiny 13: Meeting the Climate Change Challenge, September 08

<sup>3</sup> Ibid; key messages on pages 45 to 48

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*The role of other Government agencies such as the Government Office for Yorkshire and the Humber, and of partnerships between Government agencies, local government and the private sector, in delivering the aims of the RES*

14. Although in its introduction the RES states it “*will be delivered through wide ranging partnership that combines the energies of businesses, public agencies, politicians and community leaders*”, the lack of inclusivity of wider stakeholders in the preparation of the document can only hinder later ownership of it. The IRS needs to be prepared with the inclusion of all stakeholders, in order for later delivery to be taken on board.

*The move towards a regional integrated strategy and the likely effect on the work of Yorkshire Forward*

15. We are concerned that Yorkshire Forward’s overarching economic growth remit will cloud judgement on environmental and social considerations. It is essential that the integrated strategy promotes environmentally sustainable development and is not seen simply as a mechanism for delivering economic growth and the region’s share of three million new houses by 2020. It is worth noting that a recent report from the House of Commons Business and Enterprise Committee stressed that “*it will be essential to balance the economic and the spatial planning aspects of the strategies*” adding “*It will be difficult for RDAs to remain business led organisations whilst jointly responsible for a strategy which encompasses a range of often very sensitive community issues.*”<sup>4</sup>

*The extent to which Yorkshire Forward has the capacity and expertise to address all the elements which will be contained in the new integrated strategy, including in relation to transport, planning and housing*

16. The planning staff of the former Y&H Assembly brought a considerable amount of experience to the region, so we are pleased that they have been retained within the new governance structures. This arrangement should bring some consistency to the regional planning process, and should fill gaps in capacity and expertise.

17. In the light of Yorkshire Forward’s new spatial planning role it is all the more important that stakeholders are fully involved in developing the new integrated strategy. We also have concerns that local authority leaders will dominate the preparation of the IRS, so that the inclusiveness which has characterised the region could be lost. Environmental, social and economic stakeholders, as well as local communities played a vital role in the development of the RSS, and processes must be secured to ensure that they continue to play a key role in regional planning in the future.

*The role of Yorkshire Forward in promoting a low-carbon economy in the region and in addressing regional issues concerning climate change and flooding.*

18. Yorkshire Forward—and in particular its Sustainable Development Team—must be commended for its enthusiasm for attempting to drive forward ambitions for a low-carbon economy (LCE) in the region. Of course, its role towards LCE, climate change and flooding will become all the more important as the organisation has an increasing role in regional spatial planning.

19. While we acknowledge that Yorkshire Forward’s approach to a Lower Carbon Economy is a step in the right direction, the benefits will be lost while tackling climate change is treated as anything other than an overarching objective. Yorkshire Forward’s Corporate Plan boldly states that “*we have an ambition for Yorkshire and Humber to be recognised as a world leader in our efforts to adapt our economy to the demands of tackling climate change*”. This is a laudable ambition and it would be truly fantastic for the region if this were to be realised. However, this statement is not backed up by the massive overhaul in strategic direction that would be required achieve it. This is not surprising. Recent research conducted on behalf of CPRE, Friends of the Earth and WWF-UK<sup>5</sup> found that, across the English regions, RESs include plenty of statements about sustainability, the problems of climate change, environmental business opportunities etc. However, the four concepts central to a truly sustainable economy—demand management, environmental limits, ecological footprinting and one planet economics—are rarely, if ever, mentioned.

20. The ambition to adapt our economy to the demands of tackling climate change needs to be embedded throughout the work of Yorkshire Forward, with a clear strategic direction established for how this is to be carried forward. We would also like to see Yorkshire Forward using its lobbying powers to challenge the Government where national policy guidance—eg on aviation—is holding back the region’s ambitions on climate change.

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<sup>4</sup> House of Commons Business and Enterprise Committee: Regional development agencies and the Local Democracy, Economic Development and Construction Bill; Fourth Report of Session 2008–09; Volume I Page 35, Para. 116

<sup>5</sup> Environmental Sustainability and English Regional Strategies; CPRE, WWF-UK, Friends of the Earth, July 2007 <http://www.cpre.org.uk/library/results/regional-policy>

21. While the mitigation of, and adaptation to, climate change are, of course, vitally important at the regional level, climate change should not be seen as a proxy for all environmental concerns. The IRS must include also policies relating to wider environmental objectives, including the protection and enhancement of biodiversity and landscape.

7 May 2009

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**Memorandum from Angela Harris, Baroness Harris of Richmond (YH 03)**

I would like to offer my unconditional support to the continuance of Yorkshire Forward as the RDA for Yorkshire and The Humber region.

For a number of years, at the beginning of its existence, I was not a supporter as I felt it used jargon to promote itself; was only interested in developing urban areas of our region and paid scant attention to the vast tracts of deprived rural areas. Fortunately, under new and more dynamic personnel and leadership, it began to impress me greatly.

It developed strategies for Market Town development at a time when most were suffering lack of investment, looked run down and tired and market towns were beginning to decline sharply. It supported the Districts in developing Town Centre Managers and in my particular town, Richmond, North Yorkshire, it made an enormous difference almost immediately. Having a dedicated and forward thinking person who brought new ideas and encouraged businesses in the town and surrounding District to improve their facilities, buildings, economic diversity *et cetera* (with grants from YF) and working in conjunction and partnership with the District Council was absolutely crucial to the revitalisation of the local economy.

This is, however, a very small part of what it has achieved. It helped us to develop a derelict former railway station in Richmond—which is now winning international prizes for innovation and design. None of that could have been accomplished without the very substantial and crucial monetary support and encouragement of YF. Many visitors to the town comment on its vibrancy and marked improvements over the past few years and it is to a great extent because of the support given by YF.

Its economic impact is used to the very best of its ability, even though it is a very small proportion of the regional GDP. Everyone looks to it for help/support and so a lot of expectation is placed on it, which can be difficult to fulfil, however it appears to me to be very realistic in its aims and objectives and has good relationships with the region's universities and higher education colleges, encouraging good business practice and research. As a patron of Northern Defence Industries I have visited a number of projects which have been well supported by YF and I have been impressed by their "reach" into diverse industries.

I praise their leadership at all levels within the organisation. Their dynamic CE is particularly good and has a clear vision of what he wants the region to achieve and the Chairman is equally excellent. Between them they have vastly improved the calibre of staff and, perhaps more importantly, they demonstrate a willingness to listen which was never very apparent when they were first set up. They have a broad view of the whole region and use the money they distribute fairly and wisely, it seems to me, so I have no hesitation in commending them to you. We are in the worst recession for many years and yet YF works hard at safeguarding jobs, creating businesses and attracting inward investment. It can only do this with proper support and recognition by government of its many achievements. I trust and hope that will continue.

12 May 2009

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**Memorandum from Pace Plc (YH 04)**

**EXECUTIVE SUMMARY**

- Pace has been successful in the past with grants to large companies for R&D (YF-IRD), this has enabled us to innovate and reach new markets beyond our core business.
- Yorkshire Forward plays a key role in supporting R&D within the region.
- The performance and accountability of Yorkshire Forward is clear, further evidence would be appreciated into how it performs against other RSCs.
- Little is currently understood on the Integrated Regional Strategy and its direct impact on R&D.

**SUBMITTER**

Pace develops and delivers technologies, products, and services for the digital TV markets, these products enable entertainment and converged communication services inside, outside and around the home, and within Multidwelling units. Pace are currently ranked 3rd in the World for Set Top Box shipments. Darren Fawcett, the submitter, is a Chartered Engineer with 20 years in the electronics industry spanning both the telecommunications and broadcast markets. Over the past nine years Darren has worked within the broadcast industry, working with customers, partners, and standards bodies to ensure seamless transition

of technology from ideas to production. Since 2005, in his role as Chief Technologist, he has been responsible for Pace's wireless technology portfolio and strategy, including the development of platforms needed to meet the converged market space such as mobile broadcast systems and broadband wireless systems.

#### FACTUAL INFORMATION

Pace has successfully applied for and received an award for funding from Yorkshire Forward in November 2005. This was for the "MDU" project. The project started in November 2005 and ended in October 2007. The Yorkshire Forward reference number for the project is B118. This project was completed on time and met all the project objectives; it has since enabled us to diversify into new markets beyond the Set Top Box market.

Pace also successfully applied for and received an award for funding from Yorkshire Forward in September 2006. This was for the "Enabling Broadband Wireless" project. The project started in October 2006 and ended in August 2008. The Yorkshire Forward reference number for the project is B299. The technology developments and capabilities developed during this project are being factored into a new product range.

Both projects combined advanced technology research and enabled Pace and our regional partners to carry out new R&D with commercial potential outside of our core markets and customer base. The projects while very promising were of a higher risk than we would have ordinarily taken. The grant enabled us to improve upon our capabilities, accelerate the pace of innovation, strengthen the scientific and technological base of the region and the company, and conduct R&D work with regional Universities.

#### *The role and responsibilities of Yorkshire Forward*

Yorkshire Forward played a key role in enabling the business to develop new technologies and ready our capabilities above and beyond our existing skill base—supporting research, new processors and training. This has enabled us to explore new markets and lay a foundation for our future. The region has some great assets, however, we operate in a fast changing highly competitive environment. Over the last ten years we have completely outsourced manufacturing and focused on high value engineering. This has enabled us to grow as a company and expand into new regions. But the need for innovation has never been stronger, Yorkshire Forward has played and continues to play a key role in supporting the development of our skill base and ability to innovate and deliver in far reaching technologies by providing assistance where sound and relevant justification can be made through the YF-IRD scheme.

#### *The mechanisms by which Yorkshire Forward is held accountable*

Mechanisms on how Yorkshire Forward is measured against its performance targets are satisfactory and transparent. However, improved visibility into how the Yorkshire and Humber Regional Committee is performing in comparison to other RC's would be welcome.

#### *The process by which the Regional Economic Strategy (RES) was drawn up and the level of involvement of regional stakeholders in that process*

This strategy was drawn up before Pace had any involvement with Yorkshire Forward, and therefore we have no comment on this process. However, the 10 year strategy is now half way through its execution. We would welcome involvement in a review process.

#### *The effectiveness of the RES for Yorkshire and the Humber in delivering against its targets*

Based on previous experiences we have been able to increase our efforts in high value R&D, this has fostered innovation and R&D within the region and enabled us to strengthen our skill base improving our capabilities. This is driven directly from the RES and has been highly effective through the Grant for Research in Large company's scheme (YF-IRD). This is fundamental if we are to raise the regions investment in R&D from the current 0.5% of GVA.

The effect of the current financial and economic situation on businesses, including the effect on different sectors and on skills and employment in the region.

Pace's ability to successfully second guess market trends has been a key element of its continued success. Pace has a proven innovation track record within the industry, its visionary R&D culture ensures it remains ahead of its competitors and maintains its position as one of the world's top three players. Nevertheless whilst Pace forecasts further growth in 2009–10 the recent economic downturn cannot be ignored and long term profit levels and sustainability would be hurt if we couldn't invest in R&D. Although other industry sectors and consumers alike are reducing spend, market intelligence suggests that high quality home entertainment remains important to consumers. However, whilst Pace continues to be bullish about the future, it must carefully prioritise its R&D spend and ensure that it focuses on new technologies which offer the strongest possible opportunity of long term security and ROI to the business and ultimately the Region. Likewise, while our business continues to perform well, the impact on the region in retaining highly skilled

people, or indeed attracting people to the region cannot be overlooked—Yorkshire Forward plays a key role in attracting investors into the region and raising the Yorkshire and Humber region’s profile as a place to live and do business.

13 May 2009

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### **Memorandum from The Yorkshire and Humber Sustainable Futures Company Ltd. (YH 05)**

#### **1. EXECUTIVE SUMMARY**

This response will cover the following request for evidence:

“the role of Yorkshire Forward in promoting a low carbon economy in the region and in addressing regional issues concerning climate change and flooding.”

This brief focuses upon the support that Yorkshire Forward has provided to the promotion of a low carbon economy with the Region, through its strategic delivery arm, the Yorkshire and Humber Sustainable Futures Company Ltd. Examples are provided to support points raised.

#### **2. BACKGROUND TO SFCO**

SFCO is a not-for-profit company whose aim is to work with business in Yorkshire and Humber to deliver a low carbon economy. Our brief is to deliver a 25% reduction in CO<sub>2</sub> emissions from the 1990 baseline by 2016. We provide funding and expertise for companies to develop projects that help them to reduce the region’s carbon footprint. We are fully-owned by Yorkshire Forward.

#### **3. EVIDENCE**

- Yorkshire Forward is fully committed to the sustainable agenda within the Region. The fact that they established SFCO in the first place, is a real indication of their ambition in this area. SFCO has received over £33 million of direct funding from YF and ERDF over its 3.5 years existence.
- Given the range of sustainable interventions that we support, we are able to positively impact upon the whole sustainable supply chain. We either work with Businesses to become more sustainable, or we work with Businesses who work within/or are planning to operate within one of the sustainable sectors. We also work on developing sustainable markets such as wood pellet.
- We work with the complete range of Businesses within the Region. From micro and SME Businesses, all the way through to the FTSE 100 Companies who are either Headquartered, or have substantial presence within the Region.
- We work with National Delivery Bodies (Carbon Trust, WRAP, Environwise, MAS, NISP etc) to ensure that we direct Businesses to the most appropriate support mechanism or funding source, often referring regional Businesses to a National body. The regional co-ordinators for WRAP, Carbon Trust and Environwise are all based within our Leeds Head Office, and this has enabled us to develop extremely effective working relationships, which benefit Businesses within the Region. We are also working with National Bodies to increase their spend and profile within the Region.
- The fact that we are one unified organisation enables us to more effectively and efficiently support our customers. We are developing a shared services support infrastructure, which enables us to ensure that the maximum funding possible goes to businesses in support of the development of the low carbon economy with the region.
- We work very closely with YF, who provide our Sustainable strategy direction. This enables us to link in closely with all YF delivery programmes, both ensuring that they all have a sustainable focus, and that we can benefit from the outputs from other delivery programmes. A key area of joint focus currently, is the establishment of the Centre for Low Carbon Futures, which is a focussed collaboration between York, Leeds, Hull and Sheffield Universities. YF is providing funding support to this Organisation, and SFCO will be working closely with them regarding business relevance and contacts.
- YF has determined SFCO as the delivery mechanism for the Yorkshire and Humber Carbon Capture and Storage programme. Although this project is in its early days, its potential for impact in terms of carbon reduction and additional investment within the Region is substantial. It is estimated that full implementation of the Programme would reduce the UK’s total CO<sub>2</sub> emissions by approximately 10%.
- We enable businesses in the region to effectively network around the sustainable agenda. This enables collaboration and best practice sharing. Our carbon trading Yorkshire pilot (in conjunction with LGiU) has enabled us to establish a very clear mechanism for best practice sharing and organisation learning, as organisations prepare for the implications of the Carbon Reduction Commitment.



- YF manage relationships with Business Link and have demonstrated a clear commitment to use Business Link to promote the development of a low carbon economy. Working with YF and Business Link, SFCo is developing a suite of training interventions to ensure that Business Link advisers are equipped to assist businesses to make resource efficiency savings.

#### 4. RECOMMENDATIONS

- We have conducted some work through our CAY team, with large businesses within the region regarding climate adaptation. This is something that our customers are increasingly interested in, and require support in. It is my recommendation that this area will need to be a key focus of our organisation moving forwards.
- I believe that greater collaboration is required in this area across the whole RDA network. This does sometimes occur, and there are examples of where best practice sharing has been very positive (eg. Buy Recycled initiative across NorthWest and Yorkshire). However, this needs to happen more broadly, and be supported and encouraged both through RDAs and through Central Government. We are currently leading a piece of work to share best practice across the Northern Way RDAs (NorthEast, NorthWest and Yorkshire), and although this is at a very early stage, there is a real appetite for this, and many opportunities to reduced delivery costs and more effective, joined up, and innovative support for businesses.

13 May 2009

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#### **Memorandum from Councillor John Harris (YH 06)**

- I am a Richmondshire District Councillor and a board member of the local economic partnership in Richmond [North Yorkshire]
- I was a YHA Scrutiny Board member for 4 Scrutiny Reviews.

#### SUMMARY OF EVIDENCE, IN THREE SECTIONS

##### *The roles and responsibilities of Yorkshire Forward.*

- YF are expected to increase regional GDP as a first duty.
- The scale of funds given cannot make a major impact but help influence economic development.
- YF does not have the capacity for small scale, grassroots intervention.
- YF/RDAs are risk takers but have no power to force change.
- YF operates in a medium term economic window, mainly through partnerships.
- Actions are not only pragmatic but are influenced by economic theory.
- There is limited scope for a leadership role.

##### *The mechanisms by which Yorkshire Forward is held responsible.*

- Previous scrutiny worked on a theme basis.
- The overall working of YF was not scrutinised.
- Follow-up of recommendations could be more rigorous.
- The scrutiny process was too slow.
- Public involvement in accountability was limited by lack of opportunity and poor understanding of YF's role.
- Relationships in the scrutiny process between scrutiny board members and officers were good but there was not enough involvement of YF Board members.

##### *The role of Yorkshire Forward in promoting low-carbon economy in the region and in addressing regional issues concerning climate change and flooding.*

- No single agency has overall responsibility.
- The aim of promoting a low-carbon economy is in conflict with national government pressure to improve GDP.
- YF has shown leadership in project promotion but has failed to properly publicise achievements.
- Alternative fuel technology has been promoted but not improving fuel economy; Involvement in alternative energy technology is limited.
- RDAs should be acting together but there is no obvious mechanism or encouragement to do this. RDAs have no power to force change.

*The roles and responsibilities of Yorkshire Forward*

1. It is clear that the expectation of central government is for YF to bring about an increase in regional GDP above anything else. The key perceived role in councils and the private sector is for YF to assist financially with economic development. Social enterprise has been supported to a small extent. The overall regional expectations of YF are impossible to satisfy; YF or any other RDA cannot be all things to all men.

2. The £300 million that YF receives annually is less than 0.5% of regional GDP; that is insufficient to make a major economic impact including countering or opposing long-term industrial trends, although industries like farming have received funding to alleviate the impact of change [foot and mouth outbreak]. The main emphasis has been on developing opportunities and exploiting trends. YF does not have the capacity to administer small scale [eg less than £5,000] units of funding at a local level.

3. YF/RDAs are essentially risk takers, providing funding that banks will not.

A lot of effort goes into minimising that risk and deciding which projects to support. As YF is a relatively small organisation, with limited specialist expertise, it employs consultants to give opinions [of variable quality], which both requires funds and causes delays, to help minimise risks and evidence decisions. Much of the assessment process relates to direct targets eg jobs created or safeguarded.

4. YF has influence by agreeing or not agreeing to give funding and by leadership actions but it has no power to force change to take place.

5. YF is often a part funder. Its support lends credibility for bids to other funding sources eg EC regional grants and LA funding. YF may look for a 1:10 part to total funding ratio.

6. YF operates in a medium term economic window. It may take six months to make a financial decision and economic forecasting beyond three years is unreliable. I have seen one study where a detailed forecast was made to inform policy in one area but this seems to be exceptional. In essence YF's priorities are constantly re-assessed, all decisions are calculated risks.

7. Basically YF operates via partnerships. Assessing the viability/reliability of potential partners and related projects is a big issue for YF. Partners with a good track record are valued.

8. YF has appeared to see its role as applying economic ideas eg that of the US Cluster Theory [where related industries benefit from close geographic proximity], rather than a purely pragmatic approach.

9. YF does have a leadership role. Effective leadership requires a selective focus in a diverse economy and would require an enormous capacity to be universal. However YF could do more to publicise successes and some organisations have complained about lack of consultation. On the credit side a significant attempt has been made to support the development/innovation of industrial applications of scientific research eg at York University.

*The Mechanisms by which Yorkshire Forward is held accountable.*

1. The YHA Scrutiny Board worked on a theme basis eg employment, innovation and the rural economy, looking at YF performance in one area at a time. The topics were agreed by YF, which did decline to discuss some topics like tourism because YF felt that policies/actions were still in the early stages of development.

2. Over an average time of 6 months the process was too slow.

3. In general relationships were good and some honest exchanges took place. The scrutiny process did recognise the difficulties that YF faced and its achievements; however I did feel that criticisms of YF were muted and I was not confident that the scrutiny process would result in YF implementing significant changes.

4. Public involvement did occur but not always with great success. A major barrier was the lack of understanding about YF's role and mechanism of economic involvement. I feel that my understanding improved significantly after two years of scrutiny and I became much less critical than previously.

5. The overall structure of YF, its decisions on budgets and organisational/policy priorities were not discussed and at some point should be. The YHA process was like slowly examining the parts of a bicycle individually, without seeing the parts assembled and working as a whole.

6. YF was mainly represented by officers in the scrutiny process, rather than Board members. That was disappointing as it implied that Board members who should, to a degree be accountable for YF, lacked confidence in their role.

7. Reviews of the implementation of previous recommendations did take place but were not as rigorous as I would have liked.

*The Role of Yorkshire Forward in promoting low-carbon economy in the region and in addressing regional issues concerning climate change and flooding.*

1. During the Scrutiny Review on this topic it became clear that no one regional agency has direct overall responsibility for plans, actions or leadership in this area.
2. YF is directly charged by central government with promoting economic growth. Economic growth is directly linked to increases in CO2 emissions; no national economy has achieved significant “decoupling” ie breaking the link. YF cannot be expected to effectively promote a low carbon economy if growth is the overwhelming political priority.
3. YF did show leadership in promoting some low carbon projects but the regional publicity given to these was insufficient to effectively promote best practice.
4. YF has promoted alternative fuel technology eg biomass fuelled boilers but its commitment to the promotion of fuel economy appeared to be non-existent. This is disappointing as it would result in greater regional competitiveness as well as helping to reduce CO2 and other greenhouse gas emission.
5. YF involvement with the industrial technology associated with alternative energy was limited. When there is a delay of up to four years in importing wind turbines more effort should be made in this area. However one regional agency, acting alone, should not be expected to address what is a national issue.
6. YF is aware of issues associated with the mitigation of climate change but although it has influence it has no power to force changes to take place.
7. Climate change issues are essentially national ones but there appears to be no national forum through which RDAs are encouraged to act co-operatively, indeed the relationship between RDAs is essentially competitive.

14 May 2009

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**Memorandum from the Humber Economic Partnership (YH 07)**

The Hull and Humber Ports city region is grateful for the opportunity to submit evidence to the first inquiry of the Yorkshire and the Humber Regional Committee of the House of Commons, on the Work of Yorkshire Forward, the Regional Development Agency for Yorkshire and the Humber.

This submission is made by the Humber Economic Partnership on behalf of the Leaders of the Unitary Authorities of East Riding of Yorkshire Council, Kingston upon Hull City Council, North East Lincolnshire Council and North Lincolnshire Council and their private and third sector partners.

**SUMMARY**

- Yorkshire Forward proactively works with and supports partners in the City Region, actively supporting ideas and programmes generated in the Humber and has been instrumental in championing the delivery of the Regional Economic Strategy. It now however faces many challenges in the post-SNR landscape.
- The new scrutiny arrangements will build on the robust arrangements to date.
- The current RES was drawn up in a robust way and this process is now being built upon in the early stages of the development of the new Integrated Regional Strategy.
- Six of the 12 headline regional outcome targets in the RES are currently “on target” but challenges yet to be overcome include levels of incapacity benefit, closing the productivity gap, improving education and skills performance, connecting even more people to jobs and greater levels of investment in our transport infrastructure.
- The continuing support of Yorkshire Forward is needed to bring to the attention of ministers the economic under-performance exacerbated by the adverse economic and social impact of the high tolls on the Humber Bridge and the need to address this either by abolition or significant reduction, and present a persuasive case for government action.
- Yorkshire Forward’s response to the current economic climate has been to promote the Government’s “real help” campaign. The recession is severely impacting on the city region, and continues to constrain and challenge the ability of partners in the delivery of their programmes and initiatives. The leadership and engagement from Yorkshire Forward to assist partners with the development and delivery of initiatives that seek to mitigate the impact of the recession and which also encourage longer term thinking as to the desired outcomes and futures for the economy are welcomed.
- Yorkshire Forward is also an active member of the city regional thematic governance boards for planning, housing, transport and employment, enterprise and skills.

- Yorkshire Forward has established an Integrated Regional Strategy Development Group which has invited contribution from each of the four functional sub-regions towards shaping an economic evidence base for the integrated regional strategy.
- It is not intended that Yorkshire Forward will have sole responsibility in preparing the new integrated regional strategy. The adoption of a partnership approach towards the construction of this is best way to make the most of capacity. Yorkshire Forward has demonstrated an awareness of the need for supplies of information, where they are to be used by local areas, to be influenced and developed by local partners. The invitation has been extended to partners to sit on a working group that will develop the model which is part of the new Integrated Forecasting Framework resource.
- Yorkshire Forward was a significant contributor to the commissioning and the preparation of sub-regional renewable energy targets. The support to businesses affected by the 2007 flooding provided by the Yorkshire Forward Business Flood Recovery Fund was accessed by 310 small businesses regionally.

### *1. The role and responsibilities of Yorkshire Forward;*

1.1 Yorkshire Forward continues to deliver its role and responsibilities for the purposes set out in the RDA Act 1998, under its core objective of growing the economy of Yorkshire & Humber, through the delivery of its 12 policy programmes. Guided by its corporate plan, these specify what Yorkshire Forward wants to do (in terms of activities, investments and interventions), who it will work with, when and where its efforts will be focused, and how its performance will be measured. It proactively works with and supports partners in the City Region, actively supporting ideas and programmes generated in the Humber. Its goal is to make Yorkshire and The Humber a better place to live, work and invest, and to ensure that the region is able to compete on the domestic and global stage.

1.2 Yorkshire Forward has been instrumental in championing the delivery of the Regional Economic Strategy, which outlines the region's ambitions for helping people to access good jobs, skills and transport, helping business to start up, grow and compete through innovation, and regenerating cities, towns and rural communities. It is recognised that the issues it seeks to tackle are complex and entrenched, and as such require equally long and complex responses.

1.3 Challenges in the future for Yorkshire Forward in the post SNR landscape, include the emergence of new regional governance arrangements, and thematic policy boards for issues such as work and skills, planning, transport, and housing. The prominence of the Joint Regional Board (joint Yorkshire Forward Board and LGYH Leaders Board) with responsibility for overseeing the delivery of the Integrated Regional Strategy (IRS) and different models of City Regional governance (public private partnerships, City Region pilots, Local Authority Leaders' Boards and sub-regional partnerships) which best suit the different parts of the region, will require (and permit) differing levels of engagement from Yorkshire Forward in strategic decision making.

1.4 Other challenges include Yorkshire Forward's involvement in the Northern Way, in terms of relations with and how it promotes the region to the rest of the North. This also applies to the emerging Homes and Communities Agency, as well as maintaining the region's presence and advocacy role within the Europe Union.

### *2. The mechanisms by which Yorkshire Forward is held accountable;*

2.1 Until recently Yorkshire Forward has been scrutinised at a local level by the Yorkshire and Humber Assembly (YHA) scrutiny board. As a partnership of all local authorities in the region and representatives of various economic, social and environmental sectors this arrangement has worked well, utilising evidence from a wide range of viewpoints.

2.2 The new scrutiny arrangements under the new Regional Select Committee and Regional Grand Committee will build on the robust arrangements to date by strengthening the accountability to national politicians, which Yorkshire Forward has in the past called for, for all RDAs.

### *3. The process by which the Regional Economic Strategy (RES) was drawn up and the level of involvement of regional stakeholders in that process;*

3.1 The current RES was drawn up in a robust way, being based on clear evidence and using extensive consultation with several thousand wide-ranging stakeholders; similar to the process adopted for preparing the Regional Spatial Strategy. This involved workshops, consultation drafts and written submissions. This process is now being built upon in the early stages of the development of the new Integrated Regional Strategy (IRS) with a senior-level IRS Working Group already established, including representatives of regional agencies and functional sub regions.

4. *The effectiveness of the RES for Yorkshire and the Humber in delivering against its targets;*

4.1 Six of the 12 headline regional outcome targets in the RES are currently “on target” and a further three are making progress. The region now has a stronger, mixed economy incorporating a service sector and is growing faster than its European competitors with, until recently, unemployment is at its lowest for 30 years and a greater level of self-employment. The Hull & Humber Ports complex is the largest in the UK, and growing, and the Renaissance programme is building strong market towns in rural areas including the East Riding (Bridlington in particular), with equally strong work underway in urban areas, such as the Town of Grimsby and resort of Cleethorpes.

4.2 Challenges yet to be overcome include levels of incapacity benefit, closing the productivity gap, improving education and skills performance, connecting even more people to jobs and greater levels of investment in our transport infrastructure.

4.3 In this particular city region the economic under-performance compared to the rest of the region is marked and a significant factor in this is the adverse economic and social impact of the high tolls on the Humber Bridge, compounding the inherent disadvantage of having two separate labour markets within the city region. If the city region, and region, is to be a success then the tolls need to be addressed, either by abolition or significant reduction; this is clearly a regional issue. The Hull & Humber Ports city region therefore needs the continuing support of Yorkshire Forward to bring this issue to the attention of ministers and present a persuasive case for government action.

5. *The effect of the current financial and economic situation on businesses, including the effect on different sectors and on skills and employment in the region;*

5.1 Yorkshire Forward’s response to the current economic climate has been to promote the Government’s “real help” campaign, bringing together a wide range of business support in one place, including assistance with finances, improving business practices, training and recruitment, and innovation. It continues to promote the free business advice and help available in the region.

5.2 Working in partnership with other support agencies, Yorkshire Forward has collated offers and advice for individuals facing redundancy during the economic crisis, including pre and post-redundancy support. It provides a signposting service on its website listing advice with contact details for individuals looking to get back into work.

5.3 The recession is severely impacting on the city region, and continues to constrain and challenge the ability of partners in the delivery of their programmes and initiatives. For example, the delivery of work experience placements for 14 to 16 year olds continues to be constrained by falling numbers of host employers, as a direct consequence of the recession. This means that the public sector is increasingly being targeted in terms of its role as major employers in the four local authority districts in the city region. There are numerous examples such as this, which continue to challenge partners who are stuck between mitigating the affect of the recession and planning for the longer term. The leadership and engagement from Yorkshire Forward to assist partners with the development and delivery of initiatives that seek to mitigate the impact of the recession and which also encourage longer term thinking as to the desired outcomes and futures for the economy are welcomed.

6. *The role of other Government agencies such as the Government Office for Yorkshire and the Humber, and of partnerships between Government agencies, local government and the private sector, in delivering the aims of the RES;*

6.1 Yorkshire Forward is responsible for championing the delivery of the RES. The RES is delivered by a wide-ranging partnership, made up of businesses, public agencies, politicians and community leaders. The strategy is owned and delivered by the whole region. Within the Humber, Yorkshire Forward has observers on the Board of the city region’s public private sub-regional partnership body, the Humber Economic Partnership. Yorkshire Forward is also an active member of the city regional thematic governance boards for planning, housing, transport and employment, enterprise and skills.

6.2 As mentioned at Q1 above, the challenges arising from the post SNR landscape and emergence of new regional and city regional governance structures will both demand and permit different approaches to partnership working to deliver regional and local priorities. The development of the Integrated Regional Strategy (IRS) for Yorkshire and The Humber, and in the Hull and Humber Ports City Region the Integrated City Region Strategy (ICRS), are examples of this. Guidance and leadership from Yorkshire Forward on the development of IRS is welcome, as will be participation in and engagement with city regional partners in the development and delivery of the ICRS.

6.3 The City Region’s Employment, Enterprise and Skills (EES) Board is currently exploring potential opportunities for joint strategy development and commissioning for work and skills issues, seeking to derive greater influence on how programmes and funding are used. Yorkshire Forward’s continuing representation and involvement within the EES Board structures and the city region’s deliberations on these and other forms of devolved decision making powers is welcomed.

*7. The move towards a regional integrated strategy and the likely effect on the work of Yorkshire Forward;*

7.1 Yorkshire Forward has established an IRS Development Group which has invited contribution from each of the four functional sub-regions towards shaping an economic evidence base for the IRS.

7.2 The group has recognised the requirement for its membership to reflect strategic governance structures, including LGYH and relevant members from functional sub-regions. The work of city region thematic boards, acting as specialist consultees and contributors to the process will add depth to the equivalent work carried out at regional level.

7.3 Yorkshire Forward is actively encouraging the role of functional sub-regions in the IRS process, and recognises that they will be vital in compiling and advocating the priorities of local economic assessments, development frameworks and strategies. This will fulfil the requirement set out in Government guidance on regional strategies<sup>6</sup> for this to be informed by local economic assessments in a bottom up approach. This city region's developing ICRS will be the best mechanism to provide this link and the Development Group have been working with all functional sub-regions to align realistic timescales.

7.4 Undoubtedly, there will be difficulties in the formulation of this the first iteration of an IRS, incorporating the guidance issued by Government. Yorkshire Forward has the opportunity to examine the whole strategy in a spatial context, including resource allocation, targeting and prioritisation.

*8. The extent to which Yorkshire Forward has the capacity and expertise to address all the elements which will be contained in the new integrated strategy, including in relation to transport, planning and housing;*

8.1 It is not intended that Yorkshire Forward will have sole responsibility in preparing the IRS. The adoption of a partnership approach towards the construction of the IRS is best way to make the most of capacity. The intention has been shown to draw on the expertise of the regional thematic boards which cover the three themes mentioned above, plus the work and skills agenda. Agreement has been reached that LGYH will have primary responsibility for the spatial planning and housing elements, and Yorkshire Forward will facilitate work around transportation and economic drivers. A strong, shared, resource will lead to a strong strategy.

8.2 Sharing of resources will also drive efficiency through sub-regional and local levels of strategy development, as well as the formulation of the evidence base to inform this. Early consultation on availability of and gaps in data will help for the commissioning of work to fill these in cases where the interest is collective across the region.

8.3 Yorkshire Forward has demonstrated an awareness of the need for supplies of information, where they are to be used by local areas, to be influenced and developed by local partners. The invitation has been extended to partners to sit on a working group that will develop the model which is part of the new Integrated Forecasting Framework resource.

8.4 Also, there have been many positive comments and general recognition of how well the current RSS reflected RES priorities and were thus well integrated; this augers well for the IRS.

*9. The role of Yorkshire Forward in promoting a low-carbon economy in the region and in addressing regional issues concerning climate change and flooding.*

9.1 With the region being a large energy generator and supplier to the national grid, the low carbon economy agenda has potential consequences for its economic future. Through various programmes (including Future Energy Yorkshire and Carbon Action Yorkshire) development of innovative renewable energy technologies has the potential to be a key value adding sector in the region. Work on flood strategies (particular in the Humber Estuary) can be integrated with the considerations for spatial planning and sustainable development.

9.2 Yorkshire Forward was a significant contributor to the commissioning and the preparation of sub-regional renewable energy targets. Its persual of a national carbon capture demonstration project (based on the large number of high CO<sub>2</sub> emitting power stations the region has; landing point for North Sea gas/oil; and supporting excellent sub-surface pipeline network) shows commitment to addressing the carbon reduction (and security) ambitions of Government.

9.3 The support to businesses affected by the 2007 flooding provided by the Yorkshire Forward Business Flood Recovery Fund was accessed by 310 small businesses regionally. In total 350 businesses across the Humber were affected by the floods. The primary responsibility for addressing flood risk has in the past rested with the Regional Assembly through the Regional Spatial Strategy. This stands to change with the introduction of the IRS and Yorkshire Forward's role in this will need to be very clearly defined.

14 May 2009

<sup>6</sup> Communities and Local Government, Local Democracy, Economic Development and Construction Bill; Policy Document on Regional Strategies, January 2009

## Memorandum from Local Government Yorkshire and Humber (LGYH) (YH 08)

### EXECUTIVE SUMMARY OF EVIDENCE

(i) LGYH and YF have established a national model of joint-working in the region to take forward the Sub National Review (SNR) in Yorkshire and the Humber and deliver the new, single Integrated Regional Strategy (IRS). We therefore look forward to building on our collaborative working in the future, as the IRS is developed and implemented.

(ii) We welcome YF's stated "culture change" and commitment in its most recent Corporate Plan to work more closely with local authorities in the region to deliver jointly agreed priorities. This culture change will now need to be reinforced by corresponding structural and resourcing change.

(iii) Regional scrutiny carried out on the role of YF to date (by the Yorkshire & Humber Assembly) has highlighted the need for YF to develop a clear understanding of the region's diversity in terms of its communities, partners, population, geography and localities. The new regional arrangements provide an opportunity for YF to deliver against these recommendations, in partnership with local authorities as the democratic leaders of their communities and places.

(iv) With regard to the IRS, which will replace YF's Regional Economic Strategy (RES) in due course, for this to have credibility and be deliverable it must be built from local priorities. YF now need to ensure that their commitment to working with local government reflects this objective. It is questionable how effective the preparation of the RES was in this regard and the new IRS must be rooted in the impacts on places/localities in the region and not impose top-down priorities, targets or ways of working on local authorities.

(v) Further devolution of funding, influence and power, from the regional level to local authorities, still needs to take place in order to build the strong local government sector that is needed to deliver genuine improvements.

(vi) YF also need to explicitly recognise the role of strong sub/City Regions as the key catalysts and powerhouses for sustainable economic growth, as promoted by Government, and making the most of the opportunities in the region presented by the Leeds City Region "Economic Prosperity Board" pathfinder and other developing sub-regional structures. This will require support in building capacity and expertise at this City-region level.

(vii) With respect to YF's role in promoting a low-carbon economy and addressing climate change, the "Climate Change Plan" for Yorkshire and the Humber, launched on 13 March, now sets the agenda for this work (see [www.yourclimate.org](http://www.yourclimate.org)), and YF has a leading role on the Plan's priorities around the business sector, energy and future strategy development and monitoring. While the new regional/SNR arrangements with respect to climate change (and sustainability more widely) are embedded it will be important to ensure YF maintain the pace of delivery, working in full partnership with local authorities and city regions.

### INTRODUCTION

1. LGYH and Yorkshire Forward have worked to forge a collaborative relationship over recent years, and have set out innovative new arrangements for strategic joint working at the regional level that Government has recognised as a model for the rest of the country.

2. As we move to the implementation phase of the arrangements there are significant challenges ahead in ensuring the principles we have agreed are delivered. These principles will ensure that future priorities and activities in the region are built from the local through city/sub region level, rather than a top-down approach which has previously been adopted with the development of regional strategies, including the Regional Economic Strategy (RES).

3. The region is extremely diverse in terms of its population, economy, geography, towns and cities; and for regional strategies to have real significance, it is paramount that they take full cognisance of this diversity. It is questionable how effective this has been in the previous regional strategies.

4. The focus of the RES has been directed to maximising Gross Value Added (GVA) and productivity in the region, as we move forward we need to ensure the quality of life and social justice issues are recognised as even more important for the future.

5. It is the belief of local government in Yorkshire and Humber that regional strategies cannot be successful if they are not directly connected with places and overall delivery in localities. This is of particular significance given the current economic difficulties and the differing effects the recession has had on the unique economies at a local and city/sub region level.

6. For the Integrated Regional Strategy (IRS) to have credibility and to be understood by partners, it has to be rooted in local and city/sub region priorities and "owned" by local government. Local authorities also need to see demonstrable "value added" at the regional tier and, therefore, devolution of greater influence from the regional to the local and city/sub region level is critical.

7. Integration of activities occurs in places, and the key places in the region are the three city regions of Leeds, Sheffield, Hull and Humber Ports, and the sub-region of York and North Yorkshire. Each of these sub-regions have a key role to play in the development of the IRS and will provide the “building blocks” of the strategy, with regional activities and priorities limited to those issues which cannot be undertaken at a city/sub region level; or, as previously stated, where regional activities can add real and measurable value, such as climate change and major transport schemes which transverse city region boundaries. In addition, there needs to be full flexibility in our approach which takes account of the economic connections of Manchester and Leeds and the complexity of the Sheffield City Region which crosses regional boundaries.

8. The Government has acknowledged the key role city regions have to play in economic growth through the Economic Prosperity Board pilots of Leeds and Manchester and real devolution will occur from central government through to local government partnerships. We fully support this approach and seek further devolution of both powers and funding which will achieve improved delivery, greater integration, improved outcomes from places and communities across the region and increased democratic accountability. Additionally, such devolution will support the Government’s drive for increased efficiencies and improved delivery in public sector services.

9. These issues pose cultural, structural and resourcing issues for Yorkshire Forward (YF). It has commenced a process of culture change to recognise the need for local government to be at the core of any strategic response to issues in the region/be it the local economy, transport, housing and regeneration, worklessness, or other “social/community” priorities. For this to be successful the pace of change will have to be swift to ensure YF responds effectively to the new arrangements in the region, the development of the IRS, the pathfinder status of Leeds City Region and aspirations of the other city regions.

10. Structural and resourcing changes will need to be implemented concurrent with the cultural change to ensure improved delivery and efficiencies are achieved. This will be a considerable challenge given the current economic climate and focus of activities. It is paramount that increased flexibility and devolution of funding and decision-making is achieved to ensure local government can respond effectively to the diverse needs of their communities and businesses in order to minimise the effects of the recession.

11. Such devolution supports the place-shaping role of local government, as advocated by central government, in leading their places, communities and partners; whether it be at a district, city/sub region or regional level.

12. LGYH has welcomed the refocusing of Yorkshire Forward’s activities in their latest Corporate Strategy, which indicates their priorities on responding to the current economic downturn and its recognition of the need for a corporate culture change to work in genuine partnership with local government. This change must acknowledge fully the need for the IRS to be “built from the local”, ensuring local government is able to steer strategic investment across the region, reflecting the broad definition of “sustainable economic growth” characterised by local councils’ community strategies. The real test in the coming year will, therefore, be the extent to which Yorkshire Forward can deliver on its promise of culture change and we look forward to working with them on this.

13. It is important to highlight the particular need for Yorkshire Forward to work proactively with the four city/sub-regions and for their significant resources to be directed to build city/sub regional capacity. They must redeploy resources to the city/sub regions to support a sustainable and successful region, with environmental enhancements and social justice given equal weight to the previous, much narrower focus on economic productivity and “gross-value added”.

14. With the changing city region landscape and increased devolution, which the Government has indicated its commitment to through the pathfinder status of Manchester and Leeds city regions, there are significant implications for the long term role of Yorkshire Forward.

## **Annex A**

### **PREVIOUS REGIONAL SCRUTINY BY THE YORKSHIRE & HUMBER ASSEMBLY**

#### **BACKGROUND**

1. Regional scrutiny was carried out by the Yorkshire and Humber Assembly (YHA) since 2002. As of 1 April 2009, the YHA has closed for business and with it their regional scrutiny function has ceased. However it is important to highlight to this Inquiry the lessons that have been learnt by regional scrutiny on the work of Yorkshire Forward (YF) to date.

2. Local Government Yorkshire and Humber (LGYH) are currently investigating possible mechanisms of providing YF accountability through local authority scrutiny functions, emphasising the important role that local scrutiny has to play.

#### **THE REGIONAL SCRUTINY FUNCTION OF THE YHA**

3. The Regional Development Act (1998) made provision for Regional Chambers (as was the YHA) to carry out the function of regional scrutiny, which was concentrated on Yorkshire Forward functions and the delivery of the Regional Economic Strategy (RES). Over the last eight years, whilst the process has evolved,



the objectives of regional scrutiny have broadly remained the same, namely:

- To examine YF’s responsibility in delivering its components of the RES (scrutinising the delivery of outcomes).
- To act as a critical friend to YF in terms of the way in which it translates the objectives of the RES into specific policies (scrutinising the policy development process).

4. The process by which the YHA carried out this role involved the establishment of a Regional Scrutiny Board, made up of Assembly Members. The Board consisted of elected councillors and wider partners, which reported back to the full Assembly at the end of each review.

5. It is also important to note that an independent review of the regional scrutiny function itself has been carried out by the Centre for Public Scrutiny (CfPS). This report evaluates the progress that regional scrutiny has made in the Yorkshire and Humber region and provides some key recommendations for the future. The CfPS report is still in its final clearance stages and a full copy will be forwarded to the Committee as soon as it is ready

#### REGIONAL SCRUTINY FINDINGS

7. Each YHA scrutiny review generated a number of specific recommendations for YF; and the action plans prepared by YF in response were monitored for a year following the review. The information below provides a snapshot of each review’s findings, with full details available at [www.yhassembly.gov.uk/Our%20Work/Scrutiny](http://www.yhassembly.gov.uk/Our%20Work/Scrutiny):

- *New business start ups* (Autumn 2002)—At the time of the review YF were the only region in the UK to show a consistent year on year improvement in entrepreneurial activity. Following the review Yorkshire Forward, Business Links and local learning and skills councils came together to develop “Better deal for Business” to achieve radical improvement in business support services.
- *The impact of the RES on social inclusion* (Spring 2003)—In response to the review YF along with YHA and GOYH agreed a joint vision on social inclusions in the region.
- *Public sector funding* (January 2004)—The review highlighted the need for better alignment of public sector funds. YF addressed much of the recommendations through the introduction of the investment planning process.
- *The role of cities in the region’s economy* (June 2004)—As a result of the review representatives of cities and regional bodies worked together to develop an agreed action plan and the findings of the review were addressed as part of the city region developments in Sheffield, Hull and Humber Ports, and Leeds.
- *Market towns* (August 2004)—the review resulted in YF increasing their focus on existing rural partnerships to develop activity and increased the alignment with market towns and their hinterlands.
- *Clusters Policy* (January 2005)—In response to the review YF established a “Skills for Key Clusters” initiative and provided investment of £9 million for businesses that buy and sell from each other.
- *Regional marketing and inward investment* (June 2005)—This review resulted in YF undertaking a full review of their inward investment operation and the implementation of a more commercial approach to overseas investment.
- *Skills Policy* (March 2006)—A new Regional Skills Partnership Board was established in April 2006 in line with the recommendations in this Review and influenced the “Train to Gain” programme launch across the region.
- *Northern Way* (June 2006)—The review resulted in YF activity to identify their work and priorities to partners and increase their knowledge and understanding of cross-regional working. It also resulted in increased awareness of the economic benefits that the Northern Way could add to the region’s transport infrastructure.
- *Innovation* (February 2007)—As a result of this review, YF and partners developed the Regional Innovation Strategy and implementation plan which aimed to stimulate a culture of innovation to underpin sustainable economic growth and increase the levels of innovation business investment (a 10 year RES target).
- *Employment* (June 2007)—One element of the review looked at ways in which the skills and experience of older workers could be utilised in training and mentoring new recruits. As a result YF committed 2 projects within the West Yorkshire Skills Programme specifically to undertake training with older workers to establish them as trainers in sectors where there was a need for additional training capacity and issues of an ageing workforce. This included a construction project operating in Leeds and a Skills Transfer project in the Advanced Engineering sector operating across West Yorkshire.

- *Rural economy* (February 2008)—The review highlighted the need to ensure that the delivery of Information and Diagnostic and Brokerage services takes account of the needs of existing rural businesses, and provide tailored and specialist support as required. As a result, YF ensured that the service would continue outreach work in rural communities to engage with pre-start potential businesses.
- *Meeting the climate change challenge* (July 2008)—In response to the review YF agreed that they would develop the Integrated Regional Strategy based on the principles of sustainable economic development and would prioritise climate change within strategy development.
- *Investment planning* (February 2009)—The review identified that a formal evaluation be undertaken of the activities funded through sub-regional investment planning to assess the impact that activities have had on the sub-regions. YF responded by agreeing to look at developing a monitoring and evaluation process for Geographic Programmes and looking at how it communicates with public sector bodies.

#### COMMON THEMES ACROSS THE SCRUTINY REVIEWS

8. A desktop analysis of the first 10 scrutiny reviews was conducted in 2006. The analysis identified areas of common ground in terms of findings and recommendations, highlighting what improvements were needed to improve the delivery of the RES.

9. The report emphasised the need for YF to fully engage with its partners to encourage ownership, gain support and ensure collaborative working to achieve regional objectives. The analysis also highlighted that many of the reviews identified a need for YF to clarify its role and responsibilities and further understand the diversity of the region and different needs of sub-regions, local communities and particular sectors.

10. Some of the common themes identified for YF were as follows:

- Need to establish clear and robust qualitative and quantitative indicators to help in providing further understanding and inform the decision making process.
- Need to further develop communication mechanisms to provide understanding and clarity to stakeholders.
- Need for greater monitoring and evaluation.
- Need to use conclusions from scrutiny reviews to inform and shape future activity.
- Need further clarification and explanation on some of the working arrangements to tackle shared agendas (national, regional, sub-regional and local).
- Need for improved partnership working to ensure alignment of strategies, improved working relationships and communication.
- Need for greater consideration and appraisal of sustainability in scrutiny reviews, actions plans, strategy, policy and decision making.

#### MEETING THE CLIMATE CHANGE CHALLENGE IN THE REGION

11. The Committee has called in particular for evidence on the issue of YF's role in promoting a low-carbon economy and addressing climate change issues in the region. Of direct relevance to this is the 2008 "Meeting the Climate Change Challenge" YHA scrutiny review, which examined the following three themes:

- climate change targets and regional performance;
- balancing climate change action and economic growth; and
- adapting to climate change.

12. The review presented its findings in September 2008 and concluded that YF had exceeded the remit that it has been given by the Government on responding to the threats that climate change pose to the region's economy and were praised by respondents on its intentions to develop innovative projects that will reduce greenhouse gas emissions in the region.

13. Although the review recognised that YF was only one of many organisations addressing these issues it did nevertheless recommend a number of improvements.

14. The review identified that the data on the carbon savings made from the projects across the region was insufficiently gathered and communicated. It also identified that that there was a need for YF to identify the remedial activities that are needed to ensure the greenhouse gas emissions reduction target in the RES is met. It was explained that although the RES target for this is ambitious, the Board were concerned that emerging UK policy and legislation will stretch carbon emissions reduction targets even further and so failure to meet this target is not an option.

15. There was a keen interest amongst respondents in YF investing more in newer and bigger environmental and renewable technologies to reduce use of fossil fuel. There was also a desire to see YF investment to de-couple economic growth from carbon emissions, ensuring that economic growth is not obtained to the detriment of the environment.

16. Yorkshire Forward has responded to this review by agreeing to an action plan which includes:

- Developing the Integrated Regional Strategy based on the principles of sustainable economic growth, prioritising climate change within strategy development and aims to reduce greenhouse gas emissions from economic growth through a range of activities.
- Delivering a low carbon economy marketing strategy in a way that ensures effective communication on climate change aims and interventions.
- Monitoring progress against identified output targets which reflect policy priorities, including wider and complimentary indicators on sustainable economic growth.
- Taking a regional lead on implementing the National Waste Strategy.
- Publishing and promoting a document raising awareness of YF's approach to sustainable construction.
- Developing and implement the recommendations of research on regional carbon currency as appropriate.

17. The full scrutiny report can be accessed at [www.yhassembly.gov.uk/Our%20Work/Scrutiny/Past%20Reviews/Climate%20Change%20Scrutiny](http://www.yhassembly.gov.uk/Our%20Work/Scrutiny/Past%20Reviews/Climate%20Change%20Scrutiny).

18. Finally, it is worth noting that Yorkshire Forward has been an active partner in developing the "Climate Change Plan" for Yorkshire and the Humber, launched on 13 March 2009 (see [www.yourclimate.org](http://www.yourclimate.org)). By leading specifically on key priorities in the plan around the business sector, energy and future strategy development and monitoring, Yorkshire Forward will continue to have a critical role in the successful implementation of the Plan, through their active membership of the Regional Climate Change Partnership. While new regional/SNR arrangements with respect to climate change (and sustainability more widely) are embedded it will be important to ensure the pace of delivery is maintained.

14 May 2009

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### **Memorandum submitted by Calderdale MBC (YH 09)**

#### INTRODUCTION

Calderdale MBC is the Local Authority with responsibility for the Borough of Calderdale. Calderdale is an area of many contrasts, bringing together the towns of Brighouse, Elland, Halifax, Hebden Bridge, Sowerby Bridge and Todmorden, as well as the surrounding villages of the South Pennine uplands. The Borough has 200,100 residents and approximately 8,000 businesses.

The aim of the Council and its partners is to make economic success a foundation for the performance of the Borough as a whole as well as a key ingredient for driving improvement in the quality of life for local people and visitors. This can only be done by working in partnership and the Council is very committed to partnership working with the public, private and third sectors.

#### ECONOMIC CONTEXT FOR CALDERDALE

In September 2008, Calderdale Council participated in a strategic study on the economic resilience of nine of the Yorkshire cities and towns. The project was conceived during the early part of 2008, when the effects of the credit crunch were becoming evident but the impact on the "real economy" was considerably less certain. The aim of the research was to better understand the impact of recession and economic downturn on local economies. This has resulted in the development of a regional economic resilience toolkit and the findings have been absorbed into the Council's Economy and Enterprise Strategy as well as the Sustainable Community Strategy.

Calderdale was chosen as pilot project for the study due to the Borough's intense vulnerability to the economic conditions (identified by Oxford Economics and others). In the latest version of the toolkit, 60 cities are assessed against resilience criteria—Calderdale performed poorly, with an overall score of 35.0 (out of 100) compared to an average for of 43.5 for all urban areas. This placed Calderdale at the bottom of all the Yorkshire cities, following Wakefield and Doncaster, and gave it a resilience score comparable to cities such as Stoke on Trent, Oldham and Wigan. Calderdale's relative position has declined considerably since 1998.

Other national studies on economic resilience come to similar conclusions; Calderdale is one of the most vulnerable areas in the country with one of the lowest levels of resilience to the economic downturn. In 2008, Calderdale was identified as the 6th most at risk area out of 408 areas analysed across the UK.

Calderdale's current weakness is its critical dependency on the manufacturing and financial services industries (both of which are declining) and its lack of educational assets. Through the Halifax Bank of Scotland (HBOS) alone, at least a third of Halifax's GDP is at risk together with £72 million annual "business to business" activity. The Economic Resilience report also points out that the Borough's assets and infrastructure need to improve. Recent discussions with major businesses also highlight the need to improve our town centres in order to be able to retain or attract further investment from business.

To achieve a resilient economy, the Council and partners must create an environment which fosters enterprise and supports economic diversification, within revitalised town centres. The Borough will need to shift its dependency from one single sector to a more flexible multi-sectored approach. In order to build a stable future for Calderdale’s residents, and particularly the next generation, we must also develop a high quality educational offer which compares well to other regions. Calderdale currently lacks the presence of a higher education facility—this is a local priority within the Sustainable Community Strategy.

The transformation of education in the borough supports our ambition to retain skills and to promote higher level qualifications in order to drive competitiveness. This is vital as Calderdale suffers from long-standing out-migration of its young adults and a lower than average proportion of the working age population that hold qualifications at NVQ 4 or equivalent. Education and skills are the greatest determinant of long-term competitiveness and economic resilience in Calderdale—therefore raising educational attainment and workforce skills levels are a top priority.

#### CALDERDALE’S RELATIONSHIP WITH YORKSHIRE FORWARD

Given the above economic context, it has been vitally important to work closely with partners such as Yorkshire Forward to help the Borough to tackle the issues we face.

In summary, we believe that we have developed a good working relationship with Yorkshire Forward and that the Regional Development Agency is being very supportive in helping the Borough to address the problems outlined above.

Yorkshire Forward has been proactive in working with us as a Local Authority to understand our needs and has developed a programme approach during the course of discussions over the Geographic Programme (2009–14) which has now been approved by Members of the Council. The “programme approach” gives both parties increased flexibility and clarity by allowing us to introduce new projects more easily within a Calderdale “pot” of funding. Previously, new projects would be considered against other sub-regional projects. We see a real benefit in the longer term view taken, as this reduces the possibility of losing funding at the end of financial years.

Yorkshire Forward’s approach seems to be in line with the UK’s Government publication (in July 2007) of the Sub-National Review of Economic Development and Regeneration (“SNR”), and the proposal to strengthen of the role of Local Authorities in Economic Development and the proposal that Regional Development Agencies (RDAs) should agree their Regional Strategies with the Local Authorities (or sub-regional bodies). We would agree that there has been increased partnership working between Yorkshire Forward and Calderdale MBC.

In order to present a balanced view, it would be fair to say that the initial communication of the geographic programme left us with some initial confusion in understanding the degree of flexibility that we had to influence the spend under the Regional activity element of the Geographic Programme. However, this has now been resolved. We will need to jointly understand the details of support given to Calderdale companies in order to coordinate the application of our joint resources effectively, to the benefit of our local business community.

We work well with Yorkshire Forward across a number of fronts and have good working relationships from Chief Executive through to a range of managerial levels. We have regular “keep in touch” meetings in place. We are working closely with Yorkshire Forward on many issues—tourism, enterprise, innovation, inward investment and especially on the physical regeneration of our town centres. Yorkshire Forward together with the Regional Minister has also taken the regional lead on the response to threat of job losses in the Financial Services sector. This has been welcomed by both officers and elected members of the Council.

We feel that there is an increasing professionalism from many of the Yorkshire Forward staff that we interact with. To this end, we feel it is important to specifically highlight the visible leadership shown by the Chief Executive, Tom Riordan who has clearly raised the standards of the RDA to the benefit of all stakeholders.

#### SUMMARY

Calderdale’s economic situation is the primary focus for the Council and its partners, especially with the need to take action urgently in the context of increasing benefits claimants and the growing number of people seeking advice from partners such as the Citizen’s Advice Bureau (up 40% year on year). We have needed the support of our partners to address the scale of difficulties we face and we are pleased to say that Yorkshire Forward seem to understand and share our local priorities at the same time as reflecting Regional needs. We believe that we have a good working relationship with Yorkshire Forward and that they have been helpful and supportive in helping us to achieve our aims and ambitions.

These are challenging times for both Calderdale and the Region and in recent times we have had to deal with the business demands of very large multi-national companies whose span of business goes well beyond Calderdale's boundaries. The RDA has facilitated this form of engagement in a way that would have been difficult for Calderdale as place to achieve on our own. It is our belief that in the medium to long term that local people will benefit from this work in a way that may reduce the projected impact of the recession.

14 May 2009

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**Memorandum from Nic Dakin, Principal, John Leggott College, Scunthorpe (YH 10)**

I believe that Yorkshire Forward has established itself as a leading champion of the Region's concerns and issues. Yorkshire Forward has been able to influence national government to be more responsive to the needs of the Region in a way that also benefits UK plc. Yorkshire Forward has also been well positioned to influence other key players within the Region to work together for the benefit of the people of the Region.

It is difficult for me—as the Principal of a Sixth Form College in the Humber—not to compare the effectiveness of the RDA with that of the LSC. Whilst the LSC has been hampered in its freedom to deliver for the Region, as it is the regional arm of a national unaccountable quango, the RDA has been free to shout up for the Region and help to capture and shape the Region's agenda.

Nothing better illustrates the effectiveness of Yorkshire Forward than its ability to respond in a rapid, focused way to economic and natural crises. Good examples include the Selby Coalfields, Foot and Mouth, and—more recently—floods. Because Yorkshire Forward is on the ground, knows its region and is well networked across the region it has been best placed to act decisively and quickly mitigate these problems in a way that our slow moving, distant, national government is unable to. Yorkshire Forward more easily cuts through bureaucracy and makes things happen.

Another area of clear leadership is Yorkshire Forward's role in promoting a low-carbon economy. This was embraced and championed by Yorkshire Forward ahead of national policy and has not only put the region in the vanguard of this initiative but directly influenced national policy.

Throughout its history, the role and responsibilities of Yorkshire Forward have been ever changing. This means its people are continuously challenged and changing. At different times with new responsibilities the organisation has absorbed new people and duties to different effectiveness. It has never been unwilling to raise to the challenges set by central government. And it is clear in its need to be relevant to business yet able to work in partnership with local authorities and the voluntary and community sector. These are big asks that it does its best to answer well. The RES has not always been easy for partners to assimilate or appreciate their role in delivering but it has always been crafted in a way to draw on the ideas, expertise and enthusiasm of partners and the people of the Region. As such, Yorkshire Forward is very well placed to be trusted and able to lead the delivery of a regional integrated strategy.

Capacity and expertise are elastic commodities within the RDA and it will need to continue to work hard itself and with others to deliver for the Region.

14 May 2009

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**Memorandum from Yorkshire Water (YH 11)**

We note the scope and remit of the Inquiry, and wish to contribute to assist the review. However, our comments are restricted to our experiences and involvement with Yorkshire Forward, and we do not offer views or opinions as to role responsibilities accountability nor capabilities either existing or for the future.

1 We see Yorkshire Forward as a key regional stakeholders, who has actively engaged with utilities through the Joint Utility Group that it established which has improved communication with utility company's that support the development of the regional economy plus further contribute significantly to the regional economy in their own right as investors and employers. We believe Yorkshire Forward recognises and can demonstrate the opportunities arising from this positive engagement. The scope of the engagement could be and should be extended further to share investment knowledge and cognisance of emerging or dominant key regional issues.

2. Yorkshire Forward provides a much needed interface with utility and infrastructure providers, and has worked effectively through the Joint Utilities Group that shares forward plans and information, and will act as a "problem solving" vehicle. The Group was particularly effective in providing input and early comments on the Regional Spatial Strategy, and supported the individual links to the Yorkshire & Humber Regional Assembly.

3. Regional knowledge backed by regional focus, and the ability to move or think across local authority boundaries on forward infrastructure provision, sustainable/climate issues and opportunities, flooding, strategy planning is very important; and will be of even greater importance for the future if current practices and arrangements are to evolve and be implemental.

4. Yorkshire Forward or a similar body has an increasingly important role to fulfil and deliver on the emerging key issues like climate change, carbon, sustainability; by providing regional profile of the issues for debate with support to those discussions and learning through opportunity events together with sharing of information and practices. A regional body brings focus to the local regional plus national issues, and “makes the issue real” and relevant to all whether business or members of the public.

It could be argued that a regional body like Yorkshire Forward could take and offer more planning strategy to the region and challenge to local planning authorities on wind generation projects where local parochial interests may gain more weight and not be considered in a regional context, leading to a shortfall of achieving sustainable energy generation.

There should be a balance of effort and focus on large scale innovation and projects, against smaller scale projects and practice sharing. That balance at the present time seems to favour larger projects such as carbon capture, and less visibility and support on smaller projects or initiatives.

5. Yorkshire Forward maintains local and regional business contacts. We would support and commend further development of local and regional business contacts, including a direct feedback link.

6. The level of involvement facilitated by Yorkshire Forward of utilities as regional stakeholders in RES process was limited but probably at an appropriate level for that policy. The significant benefit came from focussed communication of the RES strategies, that provided earlier and relevant information upon future infrastructure provision requirements.

15 May 2009

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### Memorandum from Hull City Council (YH 12)

#### SUMMARY:

- Hull City Council welcomes the opportunity to submit evidence to the first inquiry on the work of Yorkshire Forward which is being held by the Yorkshire and Humber Regional Select Committee.
- Implementation of the Sub National Review is changing the role of Yorkshire Forward, particularly its relationship with elected parts of the regional governance architecture and other relevant bodies and groups, such as the Homes and Communities Agency.
- The mechanisms by which Yorkshire Forward is held to account are clearly changing. The Regional Committee should perhaps re-visit this issue after the current (post 1 April 2009) arrangements have been operating for some time (eg six months)
- Examination of the process by which the current Regional Economic Strategy was drawn up is worthwhile but, clearly, not as pertinent as how the process for drawing up the Integrated Regional Strategy will be undertaken.
- The effectiveness of the RES in delivering against its targets has been widely and variously assessed; the 2009–12 Corporate Plan of Yorkshire Forward states that performance will be judged on the achievement of its corporate objectives and specifically on how Yorkshire Forward “responds to the recession”.
- The effect of the current financial and economic situation is having a different impact in different places in Yorkshire and Humber; given Yorkshire Forward’s commitment to “responding to the recession”, this may well necessitate revisions/virements of funding allocations.
- The move towards an Integrated Regional Strategy is likely to have a significant impact both on the work of Yorkshire Forward and how it carries out its new role.

#### 1. *The role and responsibilities of Yorkshire Forward*

1.1 The role of Yorkshire Forward, as with all the other Regional Development Agencies comprises five statutory purposes:

- To further the economic development and regeneration of its area;
- To promote business efficiency, investment and competitiveness in its area;
- To promote employment in its area;
- To enhance development and application skills relevant to employment in its areas; and
- To contribute to the achievement of sustainable development in the United Kingdom where it is relevant to its area to do so.

1.2 There are a number of factors coming together which make this inquiry particularly timely:

- a recession of some depth and likely duration;
- a forecast of the biggest level of borrowing in the public finances since World War II;
- a 50% fall in public sector capital investment from in £44 billion in 2009–10 to £22 billion in 2013–14; and
- the changed policy environment and working practices introduced by the implementation of the review of sub national economic development and development and regeneration;

1.3 In addressing the work of Yorkshire Forward, and its current roles and responsibilities, the Committee should also perhaps investigate the possible impacts of these changes to the “operating environment” of Yorkshire Forward. Additionally, a further factor to be taken into account when looking at the roles and responsibilities of Yorkshire Forward, relates to the roll-out of “Total Place”—the mapping of total public spending in a local area, for the purpose of identifying efficiencies. Given that Yorkshire Forward’s budget contributes (in this context, a relatively small proportion) to this total public spending, the Committee may wish to consider the likely role of Yorkshire Forward in such a “cross-agency” exercise.

1.4 Currently, however, Yorkshire Forward’s roles and responsibilities are very much bound-up with the introduction of post Sub National Review arrangements (including governance arrangements) and dealing with the current economic situation. The introduction of an Integrated Regional Strategy (in the summer of 2011), which is to “set out the overarching strategic framework for the region” which “builds on local and functional sub-regional priorities”,<sup>7</sup> also means a significantly altered set of responsibilities and “relationship management” responsibilities for Yorkshire Forward.

1.5 Here, the further development of economic devolution (as exemplified in the announcement at the April 2009 Budget of the two forerunner city regions one of which is Leeds City Region), may well have an impact on how Yorkshire Forward does its business and may alter the “balance” of relationships with other functional sub regions/other City Regions. This is of particular interest and concern to Hull City Council, as one of the four Regional Cities in the Yorkshire and Humber region and the largest urban area in the Hull and Humber Ports City Region/functional sub region. Clearly, relationships between Yorkshire Forward and the constituent “building blocks” of the new regional arrangements (local authorities) are in a process of evolution. Hull City Council would like to see the further development of the devolution of economic decision-making and hopes that the Regional Committee will address this important matter in the course of its inquiry—not least in terms of a bottom-up approach to the formulation of the new IRS, which reflects the reality of functional, local city-region economies.

1.6 The roles and responsibilities of Yorkshire Forward are clearly in an evolutionary stage—so far as its relationship with the “new” Homes and Communities Agency is concerned.

1.7 Another key role for Yorkshire Forward (which has emerged since the foundation of the RDAs), is taking forward the Northern Way agenda, which seeks to enhance the contribution which the north of England can make to national prosperity.

1.8 Finally, since 2006, Yorkshire Forward has had responsibility for the management of ERDF programmes (2007–13) and, in effect, leading on the region’s engagement with the European Union.

## 2. *The mechanisms by which Yorkshire Forward is held accountable*

2.1 Yorkshire Forward is a non-Departmental Public Body governed by a business-led Board of 15 members and managed by a Chief Executive and Executive Team of five Directors. Financial accountability is ultimately to Parliament through the Secretary of State for Business, Enterprise and Regulatory Reform and the Agency’s Chief Executive is the Accounting Officer. The National Audit Office audits Yorkshire Forward’s accounts and carries out three-yearly Independent Performance Assessments.<sup>8</sup>

2.2 At a specifically regional level, scrutiny of Yorkshire Forward was until 1 April 2009 undertaken by a standing Scrutiny Board of the Yorkshire and Humber Assembly. This Board consisted of up to eight Assembly Members (nominated by the Assembly at the Annual General Meeting). The Scrutiny Board was also able to enlist the support of specialist advisors for each review which it undertook. Given the introduction of a Joint Regional Board, scrutiny of Yorkshire Forward (and the other RDAs) is primarily to be undertaken at national level—with the creation of Regional Select Committees.

2.3 At the regional level, a formal, independent “Sustainable Development Board” is to be introduced, “to provide robust challenge to the Joint Regional Board on the need for sustainability principles to underpin the Integrated Regional Strategy”.<sup>9</sup> Clearly, as post Sub National Review arrangements develop, the “jointness” of the Joint Regional Board (composed of eight Yorkshire Forward Board members and eight local authority leaders), will need to be examined to see whether this attempt to close the “democratic deficit” is actually working. Again, the Regional Committee may wish to consider timetabling such an inquiry for the future.

<sup>7</sup> Third meeting of the Yorkshire and Humber Joint Regional Board, 24 April 2009, Annex A.

<sup>8</sup> Paragraph taken from, Yorkshire Forward Corporate Plan 2008–11, Approved July 2008, pp. 7 and 65

<sup>9</sup> Local Government Yorkshire and Humber Sub National Review Officers Group, 30 April 2009.

3. *The process by which the Regional Economic Strategy (RES) was drawn up and the level of involvement of regional stakeholders in that process*

3.1 Since 1999, three Regional Economic Strategies for Yorkshire and Humber have been produced under the auspices of Yorkshire Forward. The current Regional Economic Strategy (RES) was drawn up after a comprehensive and iterative process of discussion and negotiation with relevant stakeholders, but on a top-down basis.

3.2 The process for the development of the Integrated Regional Strategy required by the Sub National Review places a heavy emphasis upon the Integrated Regional Strategy being “built from local priorities”.<sup>10</sup> “Regional priorities will be built from the bottom up, starting from the local and functional sub-regional levels, building to regional level, through active policy alignment at different spatial levels”.<sup>11</sup>

3.3 Clearly, it is particularly important that “local areas” ensure that they have arrangements in place which lead to a cohesive and effective “case” being presented at functional sub-regional level. To this end, Hull City Council welcomes Yorkshire Forward’s significant shift of commitment to closer joint working, both at functional sub regional level and at local authority level.

4. *The effectiveness of the RES for Yorkshire and the Humber in delivering against its targets*

4.1 The effectiveness of the RES has been measured by a variety of means including:

- (a) National Audit Office Independent Performance Assessment of Yorkshire Forward (March 2007).
- (b) Impact of RDA Spending—National Report—Volume 2—Regional Annexes, PricewaterhouseCoopers for Department for Business Enterprise and Regulatory Reform, March 2009.
- (c) Scrutiny of Investment Planning, Yorkshire & Humber Assembly, February 2009.
- (d) Yorkshire Forward Corporate Plan 2009–12 (April 2009)

4.2 The overall conclusion from assessments—(such as that undertaken by the National Audit Office) is that Yorkshire Forward were seen to be “performing strongly”. Areas for improvement suggested by the NAO IPA included:

- Communication—Promotional activity was seen to be very effective, but simpler and clearer communication would help stakeholders more effectively engage with Yorkshire Forward; and
- Decision making—the performance Management Framework is relatively streamlined but problems can arise in the process which can make decision making frustratingly slow.

4.3 The last scrutiny investigation undertaken by the Regional Assembly was into Yorkshire Forward’s Investment Planning, which recommended that Yorkshire Forward should:<sup>12</sup>

- Future review the Performance Management Framework and process and work more closely with project sponsors on developing project proposals. Yorkshire Forward should also demonstrate how they will improve the quality of feedback that they give to sponsors throughout the PMF process.
- Undertake a formal evaluation of the activities funded through Sub-regional Investment Planning, to assess the impact that the activities have had on the sub-regional economies. This should link to the findings from the evaluation of the European Structural Funds Programme for 2000 to 2006.
- Clearly communicate how the Geographic Programmes will work, when they will be developed, when the Programmes will commence delivery, and when the transition from Investment Planning will be fully completed to dispel confusion.
- (Together with local authorities)—Identify and agree a mechanism that will be used to regularly collect performance management output and outcome data from the activities delivered under Geographic Programmes. The data collected should be analysed by Yorkshire Forward at the end of each year, to identify the successes, good practice and learning points from Geographic Programmes so that this information can be disseminated across the region and quickly applied.

<sup>10</sup> Local Government Yorkshire and Humber Sub National Review Officers Group, 30 April 2009.

<sup>11</sup> Local Government Yorkshire and Humber Sub National Review Officers Group, 30 April 2009—Annex B: Terms of Reference and Membership of Regional Governance Structures, point 11. bullet point 2

<sup>12</sup> Investment Planning Scrutiny 14—Yorkshire and Humber Assembly, February 2009. p. 6 <http://www.yhassembly.gov.uk/dnlds/Scrutiny%2014%20-%20Investment%20planning.pdf>



- (Together with local authorities)—Work proactively to ensure strong partner engagement in the development and delivery of the Geographic Programmes.
- Work with Government departments, national agencies and other regional organisations, to identify where national and regional funding and priorities, including Regional Funding Allocation, can contribute to regional, sub-regional, city regional and local objectives.
- Provide local authorities with the advice and expertise of its staff where local authorities require assistance.<sup>13</sup>

4.4 The April 2009 meeting of the Board of Yorkshire Forward heard that “the current economic situation is making the delivery of our Tasking Framework outputs very difficult with the situation changing on a regular basis”.<sup>14</sup>

4.5 In the light of the changing economic circumstances and policy context, Yorkshire Forward has revised its Corporate Objectives. Although its Corporate Plan is for the 2009–12 planning period, the revised plan has a dual focus:

- (a) 2009–10—responding to the immediate challenges, working with partners to mitigate the negative impacts of the recession on the region’s businesses, individuals and communities; and
- (b) 2010 and beyond—not losing sight of the region’s long term aspirations for economic prosperity and inclusion, by working to ensure that the regional economy is more resilient to external economic drivers and therefore better able to weather an economic downturn and respond quickly to the upturn when it comes.

5. *The effect of the current financial and economic situation on businesses, including the effect on different sectors and on skills and employment in the region*

5.1 PwC conclude their overview of Yorkshire and Humber: “Most recently, the impacts of the credit crunch and economic slowdown are a major cause for concern. A significant proportion of the region’s economic strengths lie in the financial services, manufacturing and property sectors, all of which have been greatly affected by the recession. ILO unemployment has recently increased and in September 2008 stood at 6.8%, an increase of 1.5% on the previous year. As the economic slowdown deepens, the regional challenge over the short term will be to focus support on business to foster economic resilience and competitiveness and assist individuals through the downturn”.<sup>15</sup>

Of course, since the PwC report was published in March, we have had confirmation that the economic “downturn” is now a full blown recession.

5.2 The impact of the recession and in particular the lack of availability of credit for businesses is clearly having an adverse impact on employment levels across the country and in the Yorkshire and Humber region.

5.3 Within the Yorkshire and Humber Region the local authority area of Hull has seen the largest rise in the total numbers of people claiming Job Seekers’ Allowance (JSA). Looking at all of England, the Work Foundation has suggested that local authority areas which have experienced the biggest jumps in the numbers claiming benefits, are in the north of England.<sup>16</sup> Hull is the worst-affected cities according to the Work Foundation, with a claimant rate of 8% in February 2009 (compared to a claimant rate of 4.8% in February 2008). The distinct industrial sector most affected in Hull (and the Hull Travel-To-Work Area) has been caravan manufacturing, with 1,500 jobs loses over the past year.

5.5 So far as Yorkshire Forward’s response to the current financial and economic situation is concerned, it has eventually become clear that the work of Yorkshire Forward has in the words of its Chief Executive “changed dramatically over the last few months” (24 April 2009—meeting of the Yorkshire and Humber Joint Regional Board). Yorkshire Forward’s work is now “focussed on keeping as many people in jobs as possible, keeping viable businesses operating in current economic conditions and maintaining the momentum behind key regeneration schemes”.<sup>17</sup>

6. *The role of other Government agencies such as the Government Office for Yorkshire and the Humber, and of partnerships between Government agencies, local government and the private sector, in delivering the aims of the RES*

6.1 Perhaps inevitably, this is a “backward looking question” in that the work to create a Single Integrated Regional Strategy has already begun (the first phase of evidence mapping work is scheduled to be completed by the end of October 2009 and completed by March 2010). Also part of the new Integrated Regional Strategy will be the Regional Spatial Strategy.

<sup>13</sup> Investment Planning Scrutiny 14—Yorkshire and Humber Assembly, February 2009 <http://www.yhassembly.gov.uk/dnlds/Scrutiny%2014%20-%20Investment%20planning.pdf>

<sup>14</sup> Report by the Executive Director, Finance on Monitoring and Assessing the Performance of the Business, Yorkshire Forward Board meeting, 23 April 2009 (Agenda Item 4)

<sup>15</sup> Impact of RDA Spending—National Report—Volume 2—Regional Annexes, PricewaterhouseCoopers for Department for Business Enterprise and Regulatory Reform, March 2009. pp. 323.

<sup>16</sup> Map of recession reveals worst-hit places, The Work Foundation, 15 April 2009, <http://www.theworkfoundation.com/pressmedia/news/newsarticle.aspx?oItemId=151>

<sup>17</sup> Third meeting of the Yorkshire and Humber Joint Regional Board, 24 April 2009

6.2 The commitment by the Yorkshire and Humber Joint Leaders' Board to the principle that the Integrated Regional Strategy must be built from local priorities is welcomed as recognition of the need to ensure the active partnership which will be necessary to produce the Integrated Regional Strategy.

6.3 Similarly, Yorkshire Forward's relationship with the Homes and Communities Agency will need to navigate the short-term exigencies of the current economic situation and the long-term planning of the Integrated Regional Strategy.

7. *The move towards a regional integrated strategy and the likely effect on the work of Yorkshire Forward*

7.1 The move towards the creation of an Integrated Regional Strategy is likely to have a significant impact upon the work of Yorkshire Forward and the way in which Yorkshire Forward manages its relationships with those partners who have a democratic mandate. The draft Terms of Reference of the Joint Regional Board for Yorkshire and the Humber states that "The composition of the Board means that it brings together the region-wide democratic mandate from local government leaders with the long-term, cross-sector, business led focus of Yorkshire Forward".<sup>18</sup>

7.2 The Joint Leaders' Board is to receive a report at its July 2009 meeting on the various "optional" issues where the Sub National Review does not stipulate coverage in an Integrated Regional Strategy. (eg some quality of life issues, as well as other strategies and plans which "are not core within the SNR structures" (eg police and health authorities; issues such as health and well being, crime and safety, cohesion, diversity and equalities).<sup>19</sup>

7.3 At the very least, the primary focus upon a Regional Economic Strategy will cease as the region's relevant partnerships address the formulation and then the delivery of the Integrated Regional Strategy.

Given the "business-led" nature of (all) Regional Development Agencies, it is clearly imperative that Yorkshire Forward adjusts its previous *modus operandi* to take account of a wider, more strategic remit which the post-SNR "settlement" seeks to embrace.

7.4 The commitment agreed by the Yorkshire and Humber Joint Leaders' Board to the principle that "the Integrated Regional Strategy must be built from local priorities to ensure buy-in and deliverability at the local and sub regional level",<sup>20</sup> is welcomed

8. *The extent to which Yorkshire Forward has the capacity and expertise to address all the elements which will be contained in the new integrated strategy, including in relation to transport, planning and housing*

8.1 It should be kept in mind that under the new governance arrangements in the Yorkshire and Humber Region, the production of the Integrated Regional Strategy is intended to be a "co-production", between the RDA and the elected elements of regional governance.

8.2 A "division of labour" between Yorkshire Forward and Local Government Yorkshire and Humber is such that relevant expertise, especially with regard to spatial planning elements of the Integrated Regional Strategy should be adequate. LGYH will have responsibility for the spatial planning and housing aspects of the IRS and Yorkshire Forward will have responsibility for the transport and economic elements of the IRS.

9. *The role of Yorkshire Forward in promoting a low-carbon economy in the region and in addressing regional issues concerning climate change and flooding.*

9.1 The second RES (2003–12), retained the strategic aims of the first but acknowledges that sustainability should be a cross-cutting theme for all future actions. The revised (April 2009) Yorkshire Forward Corporate Plan emphasises that the Integrated Regional Strategy should have a low carbon focus.

9.2 Yorkshire Forward has an important role in promoting a low-carbon economy, particularly given the current (and potential future) energy production which occurs in the Yorkshire and Humber region generally, and the Humber sub region in particular.

15 May 2009

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**Memorandum from TUC (YH 13)**

RELATIONSHIP WITH THE TUC

- The TUC believes that there is a need for a wider trade union perspective within the governance arrangements for RDAs.
- The role of Yorkshire Forward is in a process of change alongside that of Local Authorities and we are very optimistic that this challenge will be met with the same level of commitment as in the previous years.

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<sup>18</sup> Yorkshire and Humber Joint Regional Board, 6 March 2009

<sup>19</sup> Third meeting of the Yorkshire and Humber Joint Regional Board, 24 April 2009

<sup>20</sup> Yorkshire and Humber Joint Regional Board, Draft Terms of Reference, 06 March 2009.

- Partners in Yorkshire and Humber have made a recognised contribution to regional policy in the past and should be given the opportunity to do so in the future.

*“the role and responsibilities of Yorkshire Forward”*

1. Yorkshire Forward (YF) has an incredibly strong relationship with the TUC at a regional and national level, a partnership the TUC greatly values. Over the years the Regional Development Agency (RDA) and the TUC have worked together in a variety of ways to raise awareness of issues like the lower carbon economy, saved and safeguarded jobs at Selby Coal in 2004 and Corus Steel Works in Sheffield in 2009 and shared market intelligence to mitigate the impact of economic crises.

2. This strong partnership has been amplified by the YF funded Regional Policy Officer, who has been in post since 2005 and whose contract was renewed in April 2009 to run for another three years. The TUC are delighted YF have continued to fund this post as it has proved an incredibly effective way of ensuring union representation and input to regional boards, strategies and research, with the corollary benefit being YF’s work is promoted across the regional union network.

3. YF continue to have the RDA national lead for the TUC, which has resulted in a Memorandum of Understanding between the network and the TUC—signed in November 2008—which further strengthens the bond between the two bodies.

*“Accountability”*

4. Until recently Yorkshire Forward has been scrutinised at a regional level by the Yorkshire and Humber Assembly (YHA) scrutiny board. As a partnership of all local authorities in the region and representatives of various economic, social and environmental sectors this arrangement has worked well, utilising evidence from a wide range of viewpoints.

5. The new scrutiny arrangements under the new regional select committee and regional grand committee will need to ensure that we maintain the excellent level of partnership working that has been fostered by Yorkshire Forward as we believe that partners working together bring a strength and variety of views, which is more than the sum of its parts. Partners in Yorkshire and Humber have made a recognised contribution to regional policy in the past and should be given the opportunity do so in the future.

6. The TUC agrees with recommendations that RDA boards will need members with experience of working with regional stakeholders. The TUC believes that there is a need for a wider trade union perspective within the governance arrangements for RDAs. Trade unions represent millions of working people across every region and in a range of sectors. This gives unions an unparalleled ability to access networks in workplaces throughout the region, providing invaluable experience and knowledge to the development of regional economic strategies. However, the current restriction to simply one seat means that the responsibility for ensuring an effective contribution from the trade union movement falls to one individual. It also restricts the ability of the union movement to reflect the broad diversity of the working population. Given that RDA boards only have one seat for trade union members while half of the boards are reserved for employers, the TUC would strongly urge the Government to consider an increase in the number of seats for trade union members on RDA boards.

7. In addition we welcome the further commitment from Yorkshire Forward in the statement on how it has made additional arrangements in relation to scrutiny of its performance. “As well as being accountable to government, Yorkshire Forward strongly believes that as a public agency it is accountable to its many stakeholders, including partner organisations such as local authorities and the business community. For this reason, Yorkshire Forward conducts an annual stakeholder survey to help gauge whether partners and stakeholders are clear about the work we are doing and happy with our performance.” This is a mechanism the TUC have used to provide our views on their performance and we would like to see a more formal element to this in the future.

*“the process by which the Regional Economic Strategy (RES) was drawn up and the level of involvement of regional stakeholders in that process;”*

8. The current Regional Economic Strategy was drawn up in an open and robust way. It was based on clear evidence and using extensive consultation with a high number of wide-ranging stakeholders. This involved workshops, consultation drafts and written submissions. We would like to see this continued with the development of an integrated regional strategy and expect that the trade unions will be involved as a matter of course.

*“the effectiveness of the RES for Yorkshire and the Humber in delivering against its targets;”*

9. Yorkshire Forward has been instrumental in championing the delivery of the Regional Economic Strategy, which outlines the region’s ambitions for helping people to access good jobs, skills and transport, helping business to start up, grow and compete through innovation. Performance to date has been satisfactory and as a result of hard work from all stakeholders and partners we have;

- Improved on 22 indicators.
- Deteriorated on eight indicators.

— Steady, mixed or uncertain on five indicators.

10. There are a number of challenges yet to be overcome including the levels of people on incapacity benefit, improving education and skills performance and connecting people to jobs. These are all areas that the TUC would like to see improvements made and are well placed to assist in making some real headway through our well placed networks and structures. We are keen to see our role given a much more prominent profile so that the issues mentioned can be tackled in true partnership fashion benefitting individuals and organisations all across the region.

11. YF operates against an odd regional phenomenon, where businesses are less likely to train their employees, and tend to look to the public sector to pay for it. Businesses are failing to see the link between higher skills and opportunities and competitiveness. However, irrespective of these approaches YF and its partners (Learning and Skills Council (LSC), Business Link, JobCentre Plus, trade unions, employer representative groups, skills councils, learndirect, local education authorities and the Higher Education Funding Council for England) deliver a successful, targeted skills programme.

12. YF and its partners have identified shortfalls in the market—mainly in Maths and English—and funded projects that help build the knowledge economy, whilst not ignoring traditional industries. This approach has improved the employability of the whole workforce as they are able to take advantage of the economic restructure the region has undergone in the last 20 years, following the decline of more traditional industries and the rise of the hi-tech and green sectors in the Calder Valley and South Yorkshire.

13. The work of the West Yorkshire Skills Partnership, being delivered by the LSC has played a significant role in enabling people to progress to a higher level of skills (especially NVQ level 4), as well as advising on skills strategy, to ensure that employers have the correct skills support to sustain their businesses. This has helped sustain employment and will help with employment opportunities in the future, something else the TUC welcomes.

*“the effect of the current financial and economic situation on businesses, including the effect on different sectors and on skills and employment in the region;”*

14. There have been a number of initiatives instigated to deal with the problems we have faced in this region in terms of the economic downturn and the loss of jobs as a result of this. The TUC are involved in a number of committees that seek to deal with the particular issue we face in the region. These include Financial Services task group, the regional skills partnership (which is now incorporated into the new structure) and the Economic Delivery Group.

There is a lot of help and support available to businesses that are facing financial difficulties and while this is helpful many sources have reported back that it is too difficult and time consuming to access funding support. This has been acknowledged by Yorkshire forward and there have been steps taken to simplify the processes through the first point of contact, business link. The TUC have been heavily involved in promoting take up of the train to gain offer and have achieved some real change in this area which is something that has been achieved with the support and joint working with the Yorkshire Forward team. We have also worked with all major stakeholders and partners including Yorkshire Forward in sharing information and resources on job losses and vacancies culminating in a dedicated webpage with details of all the support available.

*“the role of other Government agencies such as the Government Office for Yorkshire and the Humber, and of partnerships between Government agencies, local government and the private sector, in delivering the aims of the RES;”*

15. Yorkshire Forward has been the main motivation behind implementing the RES the other agencies and stakeholders involved have established a true partnership working structure, whereby all participants are clear of their responsibilities in delivering the strategy. There was wide consultation on drafting the strategy and this has now been transformed into a number of close working relationships between the partners and those involved in delivery which has resulted in achieving some real gains in regional economic growth and improvements against a number of regional indicators. The trade unions have played a valuable role in this process by directly being responsible for delivery and assisting in a number of initiatives that have improved the understanding in the private and public sectors of the value of trade union engagement in tackling the issue we face in the region.

*“the move towards a regional integrated strategy and the likely effect on the work of Yorkshire Forward;”*

16. It is recognised that the issues YF seeks to tackle are complex and entrenched, and as such require equally long and complex responses. YF have been key in establishing ongoing discussions between stakeholders and local authorities about the precise role that they will play in new arrangements—for instance how they will relate to the development of the single integrated regional strategy and how they may work within the new Board structures. While the structure has been put in place the exact nature of how stakeholders will be involved is not yet clear and the TUC would emphasize the important role we play in gaining access to workplaces and again request that we are provided with increased representation within the new arrangements. YF have been extremely pro-active in engaging all interest groups to ensure their understanding of their role and work programme.

*“the extent to which Yorkshire Forward has the capacity and expertise to address all the elements which will be contained in the new integrated strategy, including in relation to transport, planning and housing; and”*

17. Yorkshire Forward has a very professional well motivated staff team and we have full confidence in their ability to deliver on their newly acquired responsibilities. With a number of staff who had a particular expertise gained from working for the regional assembly joining the organisation there is an addition capacity to deal with the extra elements of the integrated strategy. There is however an issue of the reduction in income that was awarded to Yorkshire Forward which may cause a very real problem in terms of ensuring the expertise and personnel are available. The added problem of having an increased responsibility and then having a reduction in income is one that may well prove to be a real hurdle in delivery. There is an additional issue here in that a number of those previously involved in transport, planning and housing on the regional assembly may not be involved in the newly implemented structures. It is hoped that these individuals will be able to utilise their expertise through stakeholder engagement therefore ensuring we do not lose a valuable resource for the region.

18. We are also concerned that the new arrangements emerging from the Sub National review signal a policy framework with a very narrow focus on GVA and economic growth, but without wider awareness of the issues around inclusion and the environment. There need to be voices that can constructively challenge this focus. This is a role that we have traditionally played within our region, one that we would wish to continue.

*“the role of Yorkshire Forward in promoting a low-carbon economy in the region and in addressing regional issues concerning climate change and flooding.”*

19. Due to high levels of industry and traditional power generation, Yorkshire & Humber is a high CO<sub>2</sub>-producing region with emissions continuing to rise.

The environment is one area Yorkshire Forward has consistently led the region over the last ten years. Their initiation and delivery of a number of groundbreaking schemes has created a huge number of jobs and inward investment and established Yorkshire and Humber as arguably the “green” region in England. The current RES launched in 2006 is the foundation of much of YF’s current policy, as it was the first in the UK to include strict regional targets for reducing greenhouse gas emissions, known as Carbon Action Yorkshire (CAY). CAY works with YF’s public, private and voluntary and community sector partners, notably the NHS, and is on target to deliver the 25% reduction in greenhouse gases by 2016.

20. Taking such an active role in the environmental agenda is not restricted to moral motivations; there are huge economic benefits to be had for regional people and businesses. The region’s Carbon Capture and Storage (CCS) project is the most prominent example of YF’s leadership.

21. In June 2007, YF established a CCS Partnership to bring together all interested industrial and commercial stakeholders to assess what benefit CCS would bring to the region. After the foundation of the group, YF led a study to understand what would be needed to develop an open source CO<sub>2</sub> transport network across the region. It is estimated that the development of a CCS network will create up to 55,000 jobs during construction and increase regional GDP by £1.8 billion during the 15 year construction phase. The long term operation of the network could be worth £31 billion to the regional economy. These figures are hugely significant and would secure the long term future of the regional economy.

22. Post-construction, the network would create and safeguard a number of regional jobs in the green sector, and whilst it is difficult to predict the numbers at present, with the interest being shown in the technology from China and India, they are likely to be significant, sustainable and highly skilled. Corollary impacts would be seen in the skill levels of these workers, boosting general regional attainment levels, whilst also offering potential up-skilling opportunities for those interested in a career change.

23. The Yorkshire bid is much more cost efficient than similar bids—even with its larger scale—because it seeks to use existing natural gas pipelines, incorporate all single point carbon emitters and the region’s proximity to empty North Sea gas fields, all of which demonstrate YF’s commitment to economies of scale and value for money—two crucial values in the current economic climate.

24. The environmental benefits are equally impressive. There are three large emitters in the region that intend to capture CO<sub>2</sub> by the end of 2013 and after construction the network would reduce the UK carbon emissions by almost 10 % by 2030.

25. The TUC has its own strong green agenda and have been delighted with the lead YF have shown on CCS. The environmental and economic benefits to the region are enormous and YF’s leadership and ability to make the business, local and regional cases due to their strategic position have been crucial, without which this scheme would not have taken off as it has, nor would it have the support it now enjoys from a variety of public, political and private sector partners.

15 May 2009

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## Memorandum from Yorkshire and Humber Chambers of Commerce (YH 14)

### INTRODUCTION

1. Yorkshire & Humber Chambers of Commerce (YHCC) is the umbrella body for the seven local, independent Chambers of Commerce in Yorkshire & Humber which are run by business for business.

### SUMMARY OF KEY POINTS:

2. A summary of key points are as follows:

- Yorkshire Forward have spent £2.5 billion over the past decade, and whilst it can point to a number of achievements, the constraints put upon RDAs by the Government, and its lack of powers over transport and skills, have limited its overall effectiveness.
- Yorkshire Forward have brought a more business like approach to economic development and it works to a sound, evidence based strategy. However, its funding processes remain longer and more complex than the business community would like.
- It has shown a genuine commitment to work with business stakeholders in the development of the RES and other strategies. This must continue as IRS is developed.
- RDAs have moved significantly away from the original concept of business-led, strategic, economic focused bodies. Too often they have been asked to manage national programmes rather than have the freedom to shape activity regionally.
- We do have concerns that the Sub-National Review could well confuse rather than resolve regional governance, which risks distracting the necessary economic focus of the RDA.
- The economic circumstances and model of economic development will be fundamentally different in the next ten years to the past decade. The IRS is an important opportunity for a major policy rethink to rebuild enterprise, business growth and employment and Yorkshire Forward have the expertise to lead this strategic development for the region.

### *The role and responsibilities of Yorkshire Forward;*

3. The roles and responsibilities of Yorkshire Forward are defined by the Government and Parliament, and we believe there should be more regional determination of RDAs role and activities. Yorkshire Forward explain their role as follows:

*“RDAs are business-led organisations, and provide strategic leadership to promote and co-ordinate economic growth and development, enterprise and regeneration, tackling economic differences within their regions as well as driving up the performance of the regions as a whole.”*

4. We are supportive of Yorkshire Forward in taking forward this role and this brief clearly differentiates them from local government and other public organisations involved in economic development at a *regional* level. The role it has played in developing a well respected Regional Economic Strategy, establishing Yorkshire Futures, raising the bar on “urban renaissance” and promoting new technologies and industries such as carbon capture and other energy infrastructures are roles that an RDA is well placed to lead.

5. We do not believe RDAs have been given the responsibilities they needed over the past decade to make a genuine and lasting difference to regional economies. The two key regional business policy priorities over the past decade have been transport and skills, and Yorkshire Forward has had a very limited role in both. It is therefore not surprising that very modest progress has been made about reducing regional disparities over the past decade. This should have been the central objective of RDAs.

6. Despite its initial good intentions, we believe the Sub-National Review has confused the role of RDAs who are becoming increasingly tangled up in “regional governance”, and seen as a “competitor” for resources and responsibilities with local government. The outcomes of the Sub-National Review in Yorkshire & Humber, which is effectively “power sharing” between the RDA and local government, is fragile and confuses the respective roles of RDAs and democratically elected bodies. Businesses are less concerned about structures, but they do want clarity on the roles and responsibilities of the public bodies responsible for economic regeneration. The region has taken a backward step in this regard. This is not the fault of Yorkshire Forward, but is a reflection on the Government’s lack of clear direction on regional policy since 2004.

7. The original RDA concept has been quite significantly diluted over recent years and they are becoming more like “programme managers” (eg European funding) and delivering national policies (eg business support), rather than being given more flexibility and responsibility to shape policy at a region level. They are in danger of being turned into the Government Office. The chart below lists some of the new responsibilities RDAs have been asked to manage. We would prefer RDAs to be given the target/outcome, with suitable resources or powers, rather than a pre-defined national programme for regional delivery.

2000	2002	2003	2004	2005	2006
Market Towns Initiative Farm Action Plan	Manufacturing Advisory Service	Regional Tourism Boards Regional Skills Partnerships	Selective Finance for Investment Broadband Aggregation Programme Statutory consultee on planning decisions Rural Strategy Sustainable Farming and Food Strategy (regional implementation)	Business Link BREW (Business Research, Efficiency and Waste) support programme Modernising Rural Delivery Grant for R&D	Olympic Games preparation Structural Funds

Source: PwC analysis

Source: “*Impact of the RDAs—National Report*”, March 2009, PWC

8. We do have some concern about their role to engage with partners locally and sub-regionally. We fully recognise that Yorkshire Forward is a regional organisation but its sub-regional offices are underpowered in terms of wider stakeholder engagement. The Sub-National Review makes it even more important that Yorkshire Forward has strong relationships with both local authorities and partners, including business, at a local level and at present this is too inconsistent across the region.

9. Yorkshire Forward also appear to be moving more towards service delivery, when we believe its primary role must remain strategic. This is most obvious in its roles and responsibilities for business support, for example the restructured Business Link Yorkshire which has been positioned as “Yorkshire Forward’s Business Support Service”. its website invites businesses to sign up as “members”, it runs an increasing number of events and provides business news (not merely news about Yorkshire Forward and its activities). We recognise that the distinction between strategy and delivery can easily become blurred and we support organisations providing useful help to Chamber members across the region, however, we firmly believe Yorkshire Forward should remain strategic and should not position itself as a body with a day to day delivery interface with individual businesses or as a provider of business support services.

*The mechanisms by which Yorkshire Forward is held accountable;*

10. YHCC welcomes the measures Yorkshire Forward have taken to become more transparent and accountable, eg the publication of Board agendas, minutes and papers before meetings. We are satisfied that Yorkshire Forward are fully aware of their need to be accountable for their decisions and put in place the necessary steps to achieve this.

11. Businesses are often unclear about what Yorkshire Forward is accountable for. We want to see RDAs openly accountable to their regions for the impacts they have had, not merely accountable to Government departments for spending its money and meeting narrow output targets.

12. Government could take further measures to improve accountability, for example by allowing regions, not Ministers, to appoint the Chair and Board Members of the RDA. This would need to be managed carefully and should include Ministerial input, but it would make the RDA Board more accountable to the regions they serve rather than Whitehall which appoints them.

13. Whilst we recognise there are private sector members on the Yorkshire Forward Board, including the Chair, we do not share the view that the RDA is “business-led”. Although there are some excellent Board members, more of them should have direct experience of running businesses. The private sector membership of the Board is generally weaker than a decade ago and their links to the main business representative organisations are insufficient.

14. The Regional Assembly’s Scrutiny Board was imperfect, but had improved and was a useful, formal mechanism for regional partners and local authorities to hold Yorkshire Forward to account. We believe it was a mistake in the Sub-National Review to remove all formal scrutiny from the region and some form of revised regional scrutiny arrangements are required to ensure Yorkshire Forward’s policies and activities are accountable to the wide range of partner organisations in the region. A new system should take into account the new regional arrangements which came into effect from 1 April 2009, and include scrutiny of the work of the new Joint Regional Board.

*The process by which the Regional Economic Strategy (RES) was drawn up and the level of involvement of regional stakeholders in that process;*

15. Yorkshire Forward have consistently been open and inclusive about the way in which they have drawn up consecutive Regional Economic Strategies. We are satisfied with the level of involvement we have had in previous consultations and believe Yorkshire Forward have done a good job given the many different priorities and perspectives offered during such consultation periods.

16. Looking to the future, the Sub-National Review is worryingly vague about the involvement of partners in the new regional arrangements. However, we do believe that Yorkshire Forward are fully committed to working with partners such as Chambers and many others to build upon the successful RES process as the new Integrated Regional Strategy is developed. We strongly welcome this and would ask that the Committee explicitly support this inclusive approach.

17. We would like to commend Yorkshire Forward on its establishment of Yorkshire Futures which has been a real asset to the region in collating and understanding evidence which is essential to good policy development and decision making. This work should be continued into the future.

*The effectiveness of the RES for Yorkshire and the Humber in delivering against its targets;*

18. YHCC recognises that Yorkshire Forward has consistently hit its key output targets, although we also believe this is an achievement of many partners in the region, not merely Yorkshire Forward. Yorkshire Forward does not itself create jobs or businesses it helps companies and entrepreneurs to do so. This is a vital distinction, and it one rightly recognised publicly by Tom Riordan but rarely comes across in the sometimes overly self-justifying marketing and communications of the RDA.

19. The “*Impact of RDA Spending*” Report published by BERR in March 2009 provided a fuller analysis of Yorkshire Forward’s performance. We would surely expect any organisation to have an impressive list of achievements and outputs given the £2.1 billion spent between 1999 and 2007. The report does not clearly demonstrate that the RDA model itself delivers real impact and value for money, as opposed to the £2.1 billion spent by any organisation(s). It is vitally important that Yorkshire Forward can demonstrate their effectiveness so that their credibility and sustainability can be secured.

20. Yorkshire Forward has not been successful in all areas of its activity and Chambers would highlight a number of examples such as the provision of business support where real frustration has been expressed. Too few international trade and enterprise services have been put out to open tender, as has been the case in other regions, and this risks eroding the capacity of the region to hit targets, especially when resources become tighter in the coming years. Business Support Simplification has at times rationalised and reduced useful support previously available to businesses. Yorkshire Forward also funds a number of “business membership” type organisations which risk competing with existing business organisations such as Chambers.

21. Yorkshire Forward could have been more successful in lobbying for the region. Figures show total public spending in our region has grown the slowest of any English region over recent years. For example the regions transport spending allocation has been amongst the lowest whilst traffic growth has been growing amongst the fastest. We recognise RDAs have limited transport powers but we are very disappointed that Yorkshire Forward have not been able to exert more influence over central Government on transport, which is a real business priority. Transport investment is much more likely to reverse the regions worrying record on productivity than a range of business support schemes which too often have a marginal net economic impact.

*The effect of the current financial and economic situation on businesses, including the effect on different sectors and on skills and employment in the region;*

22. This is a very broad question and we would be happy to provide the Committee with specific data from our economic surveys as the picture is complex, but the overall picture is that the recession is hitting almost every sector hard and manufacturing is especially vulnerable. Our measures of sales, orders and employment have hit record lows and a slow recovery is anticipated. The two key issues are credit and confidence. Both will need to return before a recovery can begin.

23. One point we feel it is important for the Committee to take on board is that business confidence started falling in the second half of 2007, a full year before the bank bailout of October 2008. This was a result partly of the early phase of the credit crunch, but also because of rapid increases in raw material costs and particularly oil prices. We are also concerned inflation and interest rates could rise substantially as the global economy recovers. These problems are likely to constrain growth long after the credit crunch ends.

24. There will need to be major rethink at a policy level. The region has been trying to solve entrenched problems such as deeply rooted unemployment in some communities, low levels of productivity and skills and underinvestment in transport for the past decade. Only modest relative progress has been made despite the rising economic tide and unprecedented Government spending. With less funding available and a new set of challenges helping businesses recover, rebuilding enterprise, restarting regeneration programmes and tackling rising unemployment the challenges will be much more difficult. The next ten years will be totally different from the past ten.

25. The model of regeneration with a housing boom driving forward residential led redevelopment, allied to a consumer spending bubble promoting massive investment in city and town centre retail schemes, is unlikely to return quickly, if at all. The regeneration model will need to change, as will the public sector interventions to support economic development. Strategy must concentrate on supporting both enterprise, businesses development in key sectors and a return to export led manufacturing. Yorkshire Forward will need to retain a sharp economic focus to lead this change.



*The role of other Government agencies such as the Government Office for Yorkshire and the Humber, and of partnerships between Government agencies, local government and the private sector, in delivering the aims of the RES;*

26. As noted earlier, the roles of RDAs has changed and is becoming less distinct in relation to both Government Office and local government. It is too early to tell how the new regional governance arrangements will work, but businesses are concerned that there is a fragile “balance of power” shared between Yorkshire Forward and LGYH. The lack of clarity in roles does give us cause for concern that IRS will take too long and be insufficiently focused.

27. The Sub-National Review made regional governance more complicated and contested, when it should have streamlined it. Settled arrangements about what is done at which geographical level are needed to provide the decision making structures needed to make good decisions for business. Businesses will not be impressed by squabbling and petty power struggles within the public sector when businesses and people need a proper strategic direction and effective delivery.

28. There are specific issues which we do not feel Yorkshire Forward has satisfactorily managed its relationships with other partners such as the provision of international trade support. In our view, Yorkshire Forward has not been strong enough, particularly with central Government, on the role of UKTI in the region. Yorkshire Forward’s expensive restructure of Business Link services last year was based on a shift to providing only information, diagnostic and brokerage (IDB) services to businesses to avoid duplication and competition with other providers. We believe UKTI should be subject to the same IDB role and believe Yorkshire Forward should be stronger in making this happen in the region.

*The move towards a regional integrated strategy and the likely effect on the work of Yorkshire Forward;*

29. The IRS provides an opportunity to ensure that planning, transport and skills can be much better aligned to the main policy areas covered by the RES. There are dangers that the debate over planning eg housing numbers, could overshadow the economic focus to the IRS, and risks prolonging the strategy development. The regional economy is at a critical point and we will need a new strategy before 2011 or 2012.

30. We believe Yorkshire Forward will approach the IRS in the spirit of partnership, and local government must demonstrate this commitment as well. Yorkshire & Humber has a good record of regional partnership working, and this must continue.

*The extent to which Yorkshire Forward has the capacity and expertise to address all the elements which will be contained in the new integrated strategy, including in relation to transport, planning and housing; and*

31. The development of the IRS is very much a joint effort between Yorkshire Forward and local government. Business expects them to share capacity and expertise and work in a positive manner to develop an IRS which can deliver for the region.

32. Neither Yorkshire Forward nor local government have a monopoly on expertise and knowledge. They will also need to work very closely in consultation with partners such as business to ensure all relevant evidence and perspectives are properly understood from the outset. The current stakeholder involvement in the new arrangements is insufficient and is too dominated by local authorities.

*The role of Yorkshire Forward in promoting a low-carbon economy in the region and in addressing regional issues concerning climate change and flooding.*

33. Yorkshire Forward has a potentially major role in helping the region move towards a low carbon economy and tackle climate change particularly in helping the region develop some of the new technologies and infrastructure such as carbon capture and renewable energy. Planning for such infrastructure goes well beyond local or city-region boundaries. A regional agency with a commitment to sustainable economic growth makes them ideally placed to play a leading role in this agenda and offer something local areas cannot achieve acting alone or together.

15 May 2009

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### **Memorandum from the Government Office for Yorkshire and the Humber (YH 15)**

#### **SUMMARY**

- Yorkshire Forward has a key role in helping improve regional economic performance and contributing to the delivery of other Government priorities including addressing climate change, flooding and promotion of a low carbon economy.
- Yorkshire Forward develops and delivers the Regional Economic Strategy working with regional partners such as the Government Office for Yorkshire and The Humber.
- The recent evaluation of Regional Development Agencies (RDAs) highlights the added value that Yorkshire Forward (and other RDAs) has generated.

- Yorkshire and the Humber is affected by economic downturn across a number of sectors and Yorkshire Forward is playing an important part in responding to that and preparing for recovery.
- The sub national review will strengthen Yorkshire Forward's role, promoting more effective joint working with local authorities in delivering a single regional strategy for Yorkshire and the Humber.

## INTRODUCTION

1. Since 1999, Yorkshire Forward's (YF) role has been to help improve regional economic performance and contribute to the delivery of other Government priorities, including responding to climate change. Currently, YF is taking action to tackle the economic downturn in Yorkshire and the Humber. Looking to the future, the Government expects YF to develop a more strategic role, working closely with local authorities to deliver a single, integrated regional strategy.

## THE WORK OF YORKSHIRE FORWARD SINCE 1999

2. YF is a non-departmental public body that has five statutory purposes:<sup>21</sup>

- To further economic development and regeneration.
- To promote business efficiency, investment and competitiveness.
- To promote employment.
- To enhance development and application of skills relevant to employment.
- To contribute to sustainable development.

3. YF was set up on 1 April 1999 and took over responsibilities previously held by certain government departments and sponsored bodies, along with associated funding streams.<sup>22</sup> Subsequently, YF's responsibilities increased to include regional development grants (2002), research and development grants (2005), Business Link (2005), the economic and social funding elements of the Rural Development Programme in England (2006), European Regional Development Funds (ERDF, 2007), and the Manufacturing Advisory Service (2008).

4. A key duty for YF is to "formulate and keep under review a strategy in relation to its five purposes"<sup>23</sup>—this is the Regional Economic Strategy (RES). The current RES was published in 2006 and covers the period to 2015. It sets out strategic priorities and targets, and the roles of regional and local organisations and agencies to deliver high quality sustainable growth. In developing the RES, YF followed closely Government guidance<sup>24</sup> and undertook significant activity to engage and consult widely within the region, with Regional Development Agencies in neighbouring regions, and with Government and other interests nationally.

5. YF's contribution to delivering the RES is funded primarily by the "single pot" (grants from six Government departments<sup>25</sup>); in 2008–09 this was £303 million.<sup>26</sup> YF's investment strategy, and its contribution to the Government's regional economic performance Public Service Agreement (PSA)<sup>27</sup> and the delivery of other PSAs, is set out in YF's Corporate Plan.<sup>28</sup>

## PARTNERSHIP WORKING

6. Delivery of RES objectives is in large part through YF's joint working and partnerships with other organisations, including local authorities, businesses, colleges, universities, the third sector, and a range of public agencies, including Government Office for Yorkshire and The Humber (GOYH).

7. Other public sector agencies who YF work in partnership with to deliver the RES include:

- Homes and Communities Agency—creates opportunity for people to live in high quality, sustainable places by providing funding for affordable housing, bringing land back into productive use, and improving the quality of the physical and social environment.
- Environment Agency—protects and improves the environment and promotes sustainable development.
- Natural England—conserves and enhances the natural environment, for its intrinsic value, people's wellbeing and enjoyment, and the economic prosperity that it brings.

<sup>21</sup> Regional Development Agencies Act 1998

<sup>22</sup> Responsibilities inherited by RDAs in 1999 included administration of the Single Regeneration Budget, regeneration functions of the Rural Development Commission and English Partnerships, and regional coordination of inward investment

<sup>23</sup> RDA Act 1998 section 7(1)

<sup>24</sup> Guidance to RDAs on Regional Strategies (DTI 2005)

<sup>25</sup> "Single pot" is funded by BERR, CLG, DIUS, DCMS, DEFRA, UKTI.

<sup>26</sup> Letter from John Cross (BERR) to Trevor Shaw (YF) 29 December 2008.

<sup>27</sup> PSA7 "Improve the economic performance of all English regions and reduce the gap in economic growth rates between regions".

<sup>28</sup> Yorkshire Forward Corporate Plan 2008–11 was approved by the BERR Secretary of State in July 2008. This is currently being updated to take account of the economic downturn and to cover the period to 2012.

- Forestry Commission—protects, expands and promotes the sustainable management of woodlands and increases their value to society and the environment.
- Jobcentre Plus—provides help and advice on jobs and training for people who can work and financial help for those who cannot.
- Learning and Skills—exists to make England better skilled and more competitive by improving the skills of young people and adults.
- UK Trade and Investment—helps UK companies succeed in international markets and assists overseas companies to bring high quality investment to the UK.

8. Annex A provides some examples of Government Agencies’ and Departments’ work with YF.

#### GOVERNMENT OFFICE FOR YORKSHIRE AND THE HUMBER

9. GOYH is “central Government in Yorkshire and the Humber” (representing 12 departments<sup>29</sup>). It aims to transform lives and places by:

- acting for Government in the region and localities;
- acting for the region and localities in Government; and
- building partnerships and delivering in partnership.

10. GOYH’s involvement in the work of YF includes the Regional Director attending Board meetings as an observer and chairing the ERDF Programme Monitoring Committee. GOYH advises YF during the preparation of RES and YF Corporate Plans, and works with local authorities and others to help deliver RES objectives including through the Local Enterprise Growth Initiative; Solutions for Business;<sup>30</sup> negotiating Local Area Agreements and Multi Area Agreements; and delivering the Regional Housing and Spatial Strategies.

11. GOYH also supports the Regional Minister’s activity in the region. It ensures that the Regional Minister is briefed appropriately for the Council of Regional Ministers and the Economic Delivery Group, which the Minister set up in 2008 to address the downturn.

#### CLIMATE CHANGE

12. Addressing climate change, through a partnership approach, is an area that YF has taken a strong interest in, reflecting the significance of power generation<sup>31</sup> and flood risk in the region.<sup>31</sup> YF:

- Set a target in RES to reduce greenhouse gas emissions.<sup>32</sup>
- Provides funding and advice to businesses to help create a lower-carbon economy.<sup>33</sup>
- Supports biomass boiler technology and supply chain development in the region, and has worked with key suppliers such as the Forestry Commission and the major coal-fired power stations and local organisations to encourage biomass use.
- Set up a Carbon Capture and Storage Partnership (CCS) to actively develop business opportunities and plans for a linked transport network for CCS.<sup>34</sup>
- Has a Strategic Alliance with Yorkshire Universities which is seen as a national exemplar and has resulted in the development of the Centre for Low Carbon Futures.<sup>35</sup>

13. YF has taken an active role in addressing flood risk, working with businesses, local authorities and the Environment Agency. The summer floods of 2007 had a severe impact on numerous businesses and YF quickly made an emergency fund available to those affected. YF has provided funding to the Yorkshire and the Humber Regional Flood Defence and supported development of green infrastructure.

<sup>29</sup> Cabinet Office; Department for Business, Enterprise & Regulatory Reform; Department for Children, Schools and Families; Department for Communities and Local Government; Department for Culture, Media and Sport; Department for Environment, Food and Rural Affairs; Department of Energy and Climate Change; Department for Work and Pensions; Department for Transport; Department of Health; Home Office; and Ministry of Justice

<sup>30</sup> “Solutions for Business” is a simplified portfolio of business support making it easier for businesses to get help. YF set up the Y&H Business Support Partnership in April 2008 to give a strategic overview to implementing the business simplification programme in the region.

<sup>31</sup> Around one sixth of Y&H is at risk of flooding, and the region has the second highest number (325,362) of properties at risk from flooding in England, after London. The region was badly affected by flooding in 2000 and most recently in summer 2007.

<sup>32</sup> In 2003, the RES introduced a climate change target. Current RES includes a target to reduce greenhouse gas emissions by 20–25% over 1990 baseline and a commitment to deliver a Climate Change Action Plan.

<sup>33</sup> This has included setting up Carbon Action Yorkshire, Resource Efficiency Yorkshire and Future Energy Yorkshire, and using a range of European Funds.

<sup>34</sup> DECC contributed £20,000 towards a study on the commercial structures and financial models capable of supporting a CCS transport network

<sup>35</sup> The Centre for Low Carbon Futures will position the region to contribute to the global agenda of a low carbon economy, fostering excellence, enhancing research capability/capacity and enabling knowledge transfer to realise regional and national benefit

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## ACCOUNTABILITY

14. The effectiveness of YF in delivering against objectives and targets and managing its budget is scrutinised in a number of ways, both nationally to Parliament through the Secretary of State for Business and Regulatory Reform, and regionally through its Board, its annual public meeting, and by the regional chamber.<sup>36</sup> Yorkshire Forward publishes an Annual Report which demonstrates how the Agency is delivering the RES.<sup>37</sup>

15. YF is held accountable at national level for performance against objectives and targets through:

- Chair and Board Members being appointed by the Secretary of State.
- A Government Tasking Framework for all RDAs.<sup>38</sup>
- The Corporate Plan being agreed with funding departments before it is signed off by the Secretary of State for Business and Regulatory Reform.
- Annual Reports being laid before Parliament and being made publicly available.
- National Audit Office independent performance assessment.<sup>39</sup>
- Independent assessments commissioned by Government.<sup>40</sup>

16. In terms of financial accountability, the YF Chief Executive is an Accounting Officer with delegations and responsibilities to Parliament, the Secretary of State for Business and Regulatory Reform, and the YF Board. YF has an Audit Committee that is responsible for supporting and challenging the financial and risk management systems and related issues of propriety and prudence. . Other measures to provide financial accountability include:

- Projects for more than £10 million of “single pot” generally require approval by Government.<sup>41</sup>
- National Audit Office audits YF annual accounts and systems.
- YF management of the ERDF Programme 2007–13 for the Department for Communities and Local Government is subject to specific monitoring and reporting arrangements.

17. At the regional level, Yorkshire and Humber Assembly carried out a series of scrutiny reviews into Yorkshire Forward between 2001 and 2009<sup>42</sup> in line with the approach agreed between regional chambers and RDAs.<sup>43</sup> The reviews focussed on the impact of activities and investments and the strategic role played by YF in delivering the RES. YF is legally required to take account of the findings of these reviews.<sup>44</sup>

## DELIVERY

18. The Yorkshire and the Humber economy grew by nearly 50% between 1999 and 2007. This was just under the rate of growth in England as a whole.<sup>45</sup>

19. YF was found by the National Audit Office in 2007 to be performing strongly overall, and particularly on ambition and capacity. In terms of “achievement” (including delivering RES and the Corporate Plan), YF was found to be performing well.<sup>46</sup>

20. The recent RDA impact evaluation report<sup>47</sup> shows that 33 YF projects carried out between 2002–03 and 2006–07 have generated significant outputs including more than:<sup>48</sup>

- 40,000 jobs created & safeguarded.
- 2,000 businesses assisted.
- 330 businesses created.
- 350 hectares of land reclaimed.
- 74,000 net skills assists delivered.

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<sup>36</sup> Regional chambers are designated by the SoS under the RDA Act 1998. Up until 31 March 2009, the Yorkshire and Humber Assembly was designated as regional chamber. From 1 April 2009, Local Government Yorkshire and Humber is designated as regional chamber.

<sup>37</sup> Yorkshire Forward Report and Accounts 2007–08

<sup>38</sup> The Government Tasking Framework (BERR 2007) sets all RDAs a single growth objective derived from PSA7 (regional economic performance) and requires them to address improvements in the five drivers of productivity and apply two cross-cutting principles (sustainable development and economic opportunities for all) to all their activities

<sup>39</sup> Yorkshire Forward Independent Performance Assessment (National Audit Office March 2007) [http://www.nao.org.uk/publications/0607/yorkshire\\_forward.aspx](http://www.nao.org.uk/publications/0607/yorkshire_forward.aspx)

<sup>40</sup> In 2008, Price Waterhouse Cooper (PWC) undertook an independent assessment of the effectiveness of each of the nine RDAs, and the RDA network as a whole. Its report was published on 31 March 2009

<sup>41</sup> RDA Accountability and Financial Framework (BERR October 2008)

<sup>42</sup> Scrutiny reviews of the Rural Economy, Climate Change and Investment Planning were completed during 2008–09

<sup>43</sup> Scrutiny: RDA/RA Memorandum of Understanding 2007

<sup>44</sup> RDA Act 1998 section 7(1) (a)

<sup>45</sup> Y&H GVA increased from £59.7 billion in 1999 to £87.4 billion in 2007 (Table 2.1 in Progress in the Region 2008)

<sup>46</sup> [http://www.nao.org.uk/publications/0607/yorkshire\\_forward.aspx](http://www.nao.org.uk/publications/0607/yorkshire_forward.aspx) pages 18–21

<sup>47</sup> Impact of RDA Spending National Report (PricewaterhouseCoopers for BERR, March 2009)

<sup>48</sup> Price Waterhouse Cooper evaluated 33 Yorkshire Forward projects carried out in the period 2002/03–2006/07 (total value of which was approximately £750 million or 62% of the total Yorkshire Forward spend during that time)

21. The report anticipates significant additional outputs in the future as schemes are completed. It also suggests that YF has positively influenced partners' behaviour and performance, for example in terms of providing a strategic focus and leadership, influencing and bringing partners and stakeholders together, improving linkages and partnership working, leveraging private sector investment, and co-ordinating responses to the region's challenges.<sup>49</sup>

#### EFFECT OF THE ECONOMIC DOWNTURN

22. Yorkshire and the Humber's economy has been restructuring since the 1980s, moving from reliance on large scale heavy industry, manufacturing, mining, and textiles to a more diverse range of services and businesses. Sectors that have become increasingly significant include financial and business services, digital and new media industries, environmental technologies, and public administration, education and health.<sup>50</sup>

23. Despite restructuring, the region is being significantly affected by the global economic downturn. Increased unemployment and redundancy figures are indicators of the impact. In the year to March 2009, people affected by statutory redundancy totalled over 40,800<sup>51</sup> and unemployment rose by over 67,000 to a total of 142,800.<sup>52</sup> The manufacturing sector has been hardest hit in the region, accounting for 33% of redundancies, followed by financial services and construction.<sup>53</sup>

24. Nationally, the Government has taken significant action in response to the economic downturn. This includes a wide range of help to businesses, and accelerating investment in housing, regeneration, transport, health, education and skills. Annex B contains details of initiatives by BERR, DIUS and HMRC.

25. The Regional Minister is leading the response in Yorkshire and the Humber to the economic downturn, working with a wide variety of public and private sector organisations and businesses to identify problems and devise solutions. The Minister:

- Chairs the Economic Delivery Group<sup>54</sup> to take forward issues identified as barriers to economic recovery through the Council of Regional Ministers or through other Ministers.
- Launched "Real Help for Yorkshire and the Humber".<sup>55</sup>
- Appointed a small group of Business Ambassadors to help raise the profile of the region and promote the continuing importance of skills.
- Works closely alongside YF with the region's banks, through the Leeds Financial Services Initiative, to kick-start lending to the region's businesses.

26. The Government has asked Yorkshire Forward to focus on the following:<sup>56</sup>

- Assistance to business as an immediate priority.
- Stimulating economic recovery and growth for the medium-term.
- Restructuring and developing the region's strengths, supporting its growth and competitiveness in the future for the longer-term.

27. In response, YF is revising its Corporate Plan and taking action to:

- Support business (eg new and extended financial support schemes, and an enhancement fund of £50 million for "Train to Gain").
- Support people (eg setting up an Employment Support Group with the Learning and Skills Council and Jobcentre Plus, and implementing a "Time to Train" scheme in partnership with local authorities).
- Support physical infrastructure (eg supporting regeneration projects in financial difficulty that YF has not previously been involved in, and taking action to bring forward development on YF sites).

<sup>49</sup> Projects where PWC found that YF provided "Strategic Added Value" include Holbeck Urban Village Project in Leeds, E-Business Unlimited; Renaissance Towns and Cities, and providing help to businesses affected by the 2007 floods (PricewaterhouseCoopers for BERR, March 2009)

<sup>50</sup> Progress in the Region 2008 Tables 2.6 and 2.11

<sup>51</sup> Job Centre Plus Data taken from HR1s and RRS1 information

<sup>52</sup> Seasonally adjusted Job Seekers Allowance claimant count in February 2009

<sup>53</sup> Insolvency Service HR1 data

<sup>54</sup> The Yorkshire and Humber Economic Delivery Group (EDG) is made up of the region's key public sector agencies together with private sector representation through the Confederation of British Industry and Federation of Small Businesses. The EDG seeks to assess and monitor the performance of the regional economy during the recession. It has identified three key strands against which to measure the impact of intervention by the region's public sector agencies including Yorkshire Forward

<sup>55</sup> "Real Help for Yorkshire and the Humber" (April 2009) is a one-stop guide for people and businesses to all sources of Government help available during the economic downturn

<sup>56</sup> Lord Mandelson's statement to Parliament 31 March 2009—Impact of RDA Spending National Report (PricewaterhouseCoopers for BERR, March 2009)

<sup>57</sup> Review of sub-national economic development and regeneration (HMT/BERR/CLG July 2007)

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 LOOKING TO THE FUTURE

28. The Government expects YF to adapt both what it does and how it operates to implement the sub-national review (SNR).<sup>58</sup>

29. The Government announced in November 2008<sup>59</sup> that having considered the responses to consultation on SNR, it had decided to take forward proposals for:

- Creation of an economic assessment duty on local authorities.
- Local authorities collaborative arrangements on economic development.<sup>60</sup>
- Production of a new Regional Strategy jointly by RDAs and Local Authority Leaders' Boards.
- RDAs working with local authorities and sub-regional partners on a programme-based (rather than project-based) approach, through Joint Investment Planning.

30. A Bill is currently proceeding through Parliament to implement these proposals where necessary.<sup>61</sup> Policy documents giving further detail on local economic assessments, regional strategies, and sub-regional co-operation were published in January.<sup>62</sup>

31. As a result, YF will become even more strategic in its leadership of sustainable economic growth in the region, with a geographic, programme-based approach to the investment of the "single pot" alongside other resources.

32. YF will have a statutory responsibility, jointly with a Local Authority Leaders' Board, to deliver a single Regional Strategy. This will replace the existing regional economic, spatial, transport and housing strategies, and more effectively align and prioritise public and private sector investment. The Bill and associated guidance<sup>63</sup> suggest that the Regional Strategy will need to cover:

- Key regional and sub-regional opportunities and challenges over a 15–20 year period.
- Sustainable economic growth within environmental limits, and the drivers of productivity.<sup>64</sup>
- How housing need and demand will be met.
- Action on climate change and energy.
- Transport and other infrastructure (potentially including waste, water, minerals, culture, media and sport, and environmental infrastructure).

33. A new Joint Regional Board has been established between YF and local authority leaders to deliver the Regional Strategy. It will be supported by four advisory boards on Spatial Planning, Work and Skills, Transport, and Housing and Regeneration. There will also be an Independent Board to work with and challenge the boards to ensure sustainable development and other cross-cutting themes are thoroughly considered. GOYH Regional Director and Deputies are non-voting, advisory members of these boards.

34. The new governance structures established by YF and local authorities include members from a range of stakeholders who bring expertise and capacity. Staff in YF and local authorities will need to work effectively together and with stakeholders. YF is leading on Transport and Work and Skills and local authorities are leading on Spatial Planning and Housing and Regeneration.

35. YF staff members have experience and capacity in these areas, for example through work with partners on the Northern Way, the Regional Spatial Strategy, the Regional Transport Board and Regional Funding Advice exercise. This capacity will be further developed and effectively aligned with that in local authorities, harnessing expert input from other stakeholders. For example, through the new Regeneration and Housing Board, it will be important that YF works closely with stakeholders, and especially the Homes and Communities Agency, to align investment strategies and programmes.

36. The new Regional Strategy will contribute to the mitigation of, and adaptation to, climate change. YF will work with partners to build on the work they have done in this area, making effective use of the UK Climate Projections for the region in identifying and assessing those risks and opportunities. Flooding is a particularly high risk for the region; other risks include water availability and heat-wave impacts, the latter particularly in urban areas. YF will need to tackle these issues through new ways of working with local authorities and others to develop the Regional Strategy. Applying lessons learned through the development of the RES, this will involve ensuring evidence is in place, developing options, assessing these using a variety of techniques including sustainability appraisal and statutory environmental assessments,<sup>65</sup> and agreeing a draft strategy with partners.

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<sup>58</sup> Review of sub-national economic development and regeneration (HMT/BERR/CLG July 2007)

<sup>59</sup> Government Response to Public Consultation (CLG/BERR 25 November 2008)

<sup>60</sup> Economic Prosperity Boards and Multi Area Agreements

<sup>61</sup> Local Democracy, Economic Development and Construction Bill 2008

<sup>62</sup> See <http://www.communities.gov.uk/citiesandregions/thesubnationalreview/takingforwardnsnr/>

<sup>63</sup> Policy Document on Regional Strategies (CLG January 2009)

<sup>64</sup> Innovation, Skills, Enterprise, Investment and Competition

<sup>65</sup> Including Strategic Environmental Assessment (Environmental Assessment of Plans and Programmes Regulations 2004) and assessment under the Habitat Regulations 2007

## EXAMPLES OF GOVERNMENT DEPARTMENT AND AGENCY WORKING WITH YORKSHIRE FORWARD TO PREPARE AND DELIVER THE RES

Representatives from the Department of Health and GOYH played an active part in carrying out a health impact assessment of the draft RES in 2005, focusing on the wider determinants of health and the contribution that the RES could make to reducing deprivation and health inequalities. Health impact is now incorporated into strategic environmental assessment and this offers a major opportunity for health to influence plans and programmes that shape wider determinants of health.

The Homes and Communities Agency<sup>66</sup> was established on 1 December 2008. The two agencies have recently worked together on the prioritisation of regeneration activity within the region, identifying critical schemes which require additional support. We anticipate this partnership working will develop and strengthen in forthcoming years, as the region develops its Single Strategy and begins implementation. In particular, it will be important that both agencies work together to align investment strategies and programmes.

The Environment Agency works in partnership with Yorkshire Forward on a number of environmental issues. The EA was effectively involved in the preparation of the RES, primarily in advising on flood risk management. Strategic Environmental Assessment was a component of RES development and was undertaken in 2005–06, with additional consultation being undertaken by YF to ensure legal compliance following representations from EA and other statutory agencies. EA has continued to work with YF through the Yorkshire and Humber Climate Change Partnership which has resulted in the production of the Yorkshire and Humber Climate Change Plan, and the Yorkshire and Humber Climate Change Adaptation Study. Yorkshire Forward recognise the importance of flood risk on the economy and environment of the region and are taking an active part in promoting the reduction of flood risk by agreeing to contribute £500,000 a year as matched funding to the Regional Flood Defence Committee's (RFDC) Local Levy Programme. Yorkshire Forward is also helping to promote partnerships whereby flood risk reduction can be delivered more cost effectively and efficiently with other benefits such as regeneration. The Environment Agency is also working with Yorkshire Forward and other partners on evaluating the economic impact of flood risk. When completed this will identify the potential wider economic costs of flooding in Yorkshire and help understand the implications for local and regional economies.

Natural England is a joint partner along with Yorkshire Forward and the Forestry Commission for the regional delivery of the Rural Development Programme for England (RDPE). Natural England has a key role in advising YF on environmental issues and how the environment may be affected by economic development. Regionally, Natural England is also working with Yorkshire Forward on practical land management projects relating to climate change mitigation and adaptation. As a delivery partner for the RDPE, Natural England works with YF and contributes to the delivery of the RES through the delivery of agri-environment schemes in the region (worth £42 million in 09–10) with objectives relating to wildlife, archaeological and landscape conservation, access, natural resource protection (soils, water quality etc), genetic conservation and flood management. As a way of protecting and enhancing the region's environmental and cultural assets, Natural England secures positive management for Sites of Special Scientific Interest (currently 89% under positive management) as well as funding numerous access, green infrastructure, climate change, health and landscape projects across the region.

The Forestry Commission is working in partnership with YF on a number of projects that support the delivery of the RES, and in particular that seek to address issues concerning climate change and flooding. This includes the development of a region wide Forestry and Flooding programme that aims to utilise targeted woodland creation to reduce flood risk to protect the region's economic assets. YF have also been a key partner in the delivery of tourism developments at Dalby Forest, including supporting the new Visitor Centre, which won the 2007 Prime Minister's Better Public Building Award.

In Yorkshire and the Humber, Jobcentre Plus has modernised the network of 59 Jobcentre Plus offices providing a professional service, centralised benefit processing in eight sites and membership of virtual contact centre network. Jobcentre Plus is working closely with Yorkshire Forward on a number of issues that have a direct impact on the delivery of the RES. Jobcentre Plus has supported major developments in the region, in partnership with the Learning and Skills Council, through developing the Integrated Employment and Skills strategies. The combined focus on labour market intelligence has identified opportunities for sector specific joint working, helping to increase activity in growth employment areas, such as care. Jobcentre Plus is working with Yorkshire Forward on strategies in response to the economic downturn, leading on a Regional Operational Delivery Group which focuses on employment, job losses and future skills needs. Jobcentre Plus has also aligned activities to influence and retain the strong financial sector skills base which is so important for the future economy of the region.

The Yorkshire and The Humber Regional Skills Partnership (RSP) brings together key agencies and sectors in the region—to give collective leadership to the skills agenda in the region and to improve skills outcomes and productivity on a demand-led basis for the region, aligned with the Regional Economic

<sup>66</sup> The HCA has brought together all the activities of English Partnerships and the Academy for Sustainable Communities, the investment functions of the Housing Corporation, and the delivery responsibility of most of CLG's growth and renewal programmes.

Strategy. The RSP Board includes representatives from Yorkshire Forward, Learning and Skills Council, GOYH, Jobcentre Plus, local authority and employer representative groups. The RSP's priorities for this region are: getting into work; skilling up the workforce; growing our own; being more productive and understanding demand.

UK Trade and Investment (UKTI)—The Targeted Export Support Scheme (TESS) is designed to help companies in Yorkshire and the Humber access funding to help develop their export strategy, usually over a 6–12 month period. Any size company in the region can apply, but they must be working with a UK Trade & Investment International Trade Adviser to develop their export strategy. The main idea is to help to take an existing product/service to a new market or promote a new product/service into an existing export market. Funding for TESS is provided by Yorkshire Forward but it is delivered by the UKTI International Trade Advisers (who are based in Business Link Yorkshire). The three year project, which provides £6.9 million funding, was approved in June 2008. Outputs include: businesses assisted, increase in export turnover (£ million), jobs created and safeguarded and private sector investment (£ million).

## **Annex B**

### **GOVERNMENT RESPONSE TO THE ECONOMIC DOWNTURN**

#### **REAL HELP FOR YORKSHIRE AND THE HUMBER**

“Real Help for Yorkshire and Humber” was published on 9 April 2009. This sets out how Britain is taking decisive action to come through the global economic crisis sooner, stronger and fairer. It sets out the real help that is available to families and businesses in Yorkshire and the Humber and where to find it. The latest delivery update for “Real Help” is at Appendix 1.

#### **BUILDING BRITAIN'S FUTURE—NEW INDUSTRY, NEW JOBS**

“Building Britain's Future—New Industry, New Jobs” was published by BERR and DIUS on 20 April 2009. The strategy builds on the industrial activism principles and will reinforce Britain's existing strengths such as advanced engineering, electronics and biosciences.

“New Industry, New Jobs” acknowledges that the growth and success of British business is key to the UK's future prosperity, but that there is a role for government to ensure Britain retains and strengthens its competitive position in a rapidly changing global marketplace. In particular the strategy sets out how the Government will:

- adapt and strengthen Britain's general competitiveness policies in critical areas like innovation, skills, finance, infrastructure and access to global markets;
- use its role and influence in the market in a new and more strategic way; and
- use a new approach to targeted interventions to ensure that Britain continues to retain and develop strengths in high-value areas of global growth or rapid and fundamental technological change.

Key areas for immediate action include making sure high growth, high innovation firms get the financing they need, and more support for exporters by enhancing the role of UKTI and the ECGD.

The Government believes that policies central to UK competitiveness, such as infrastructure, business finance and skills, are areas where the market can fail, or non-joined up government action can reduce business performance. So the strategy argues that “in future there should be no barriers of mindset that holds back sensible and prudent (government) intervention”. RDAs have an important role in this.

In the current economic climate there are companies struggling to secure the finance they need, not because of any failure in their business but due to much tougher credit conditions.

Since the start of the year Government has introduced a range of measures to help increase liquidity and ease credit conditions for small and medium sized enterprises (SMEs). This is real help that is focused and funded. It is help that has only been made possible due to the fiscal stimulus offered by the Government in the PBR.



### REAL HELP FOR SMALL AND MEDIUM SIZED ENTERPRISES

Small firms can access real help through [www.businesslink.gov.uk/realhelp](http://www.businesslink.gov.uk/realhelp) (over 285,000 visits to date) or by contacting their local Business Link<sup>67</sup> adviser.

### ENTERPRISE FINANCE GUARANTEE SCHEME (EFG)

Government will provide £1 billion of guarantees to support up to £1.3 billion of bank lending to smaller firms.

### WORKING CAPITAL SCHEME

Government will provide banks with up to £10 billion of guarantees covering 50% of the risk. This secures up to £20 billion of working capital credit lines for companies, and frees up capital which the banks must use for new lending. SMEs do not apply for this scheme: instead banks will bring to Government portfolios of existing and new lending.

### CAPITAL FOR ENTERPRISE SCHEME

A new £75 million fund (£50 million of Government funding with £25 million from the private sector). Professional fund managers will provide equity investment that can be used to pay off existing debt to free up capital for day to day cash flow and for investment for the future for viable companies. Fund managers have received serious proposals seeking a total of £57 million of investment and have already made the first offers of investment.

In the current economic climate, it is more important than ever that social enterprises have the support they need to survive. That is why Government is providing real help for all businesses, including the third sector. They too can benefit from Government's working capital and loan guarantees to secure more than £20 billion in bank lending, along with a range of other government support.

### HEALTH CHECKS FOR BUSINESSES

SMEs can get a free review of their business with a professional business adviser, who can provide hands-on advice and help them access Government help. Since 23 October 2008 nearly 44,000 unique businesses have benefited from the Business Link "Health Check".

### BUSINESS PAYMENT SUPPORT SERVICE

Businesses worried about being able to meet tax payments, including Income Tax, National Insurance, Corporation Tax and VAT, can call HMRC's Business Payment Support Service on 0845 302 1435. Up to April 26 over 116,000 agreements had been reached with businesses to spread tax payments worth over £2 billion.

The Business Payment Support Service offers viable businesses in temporary financial difficulty a streamlined service for arranging to pay their HMRC tax bill to an affordable timetable. In Yorkshire and the Humber, by 26 April 9,560 agreements had been reached with businesses to spread tax payments worth £163 million.

<sup>67</sup> Business Link is a national service, managed regionally and delivered locally. In 2005 the funding and management of the Business Link service locally was devolved by BERR to the Regional Development Agencies. Each RDA contracts delivery of the Business Link service in its region to one or more Business Link Providers, which operate the service under license. The Business Link service is delivered in the English regions as part of each RDA's Regional Economic Strategy. RDAs proactively provide additional services and support for priority sectors and under-represented groups in their regions, some of which are offered under the Business Link brand. HMRC is responsible for managing the Business Link national website—[www.businesslink.gov.uk](http://www.businesslink.gov.uk)—the operation of which is outsourced to an external service provider, SERCO. Each region operates a regional version of the Business Link website, supplemented with content from the region on the guidance and business support available locally. The role of Business Link is to help customers identify support from both the public and private sector. By understanding customers' needs, they can direct them to the available support, helping them to select the most appropriate solutions to meet their needs. As Business Link does not deliver solutions itself, they can only advise on what is available in the market at any one time. However, the market is constantly changing with new products and services being launched to help businesses through the current economic downturn. Business Link provides access to help and advice for businesses that wish to manage their growth or deal with a business difficulty. This will include offering businesses free personalised "Health Checks" to identify problems early and survive the current financial climate, and using qualified experts to help firms draw-up business action plans. In addition, Business Link users will be given free guidance, produced by the Institute of Credit Management, providing expert financial information to help safe guard their businesses.

#### BUSINESS LINK—KEY STATISTICS

	<i>England</i>	<i>Y&amp;H</i>
No of customers (% of business base)	942,274 (49%)	103,077 (64%)
Customers very satisfied or satisfied with BL service	90%	90%
Unique businesses benefiting from BL Health Check	39,715	4,495

The Chancellor of the Exchequer announced in Budget 2009 that this service would, from 22 April, be expanded so that where a business is likely to make a loss for the current year this would be taken into account as part of any rescheduling of its Income Tax or Corporation Tax payments on profits from a previous year. Businesses can take advantage of this enhanced service if:

- they are genuinely unable to pay immediately or enter into a reasonable time to pay agreement;
- the tax they owe is Corporation Tax or Income Tax on the previous year's profits; and
- they are likely to make a trading loss in the current year.

#### HELP WITH MANAGING CASH FLOW

Short guides on managing cash flow, are available at: [www.businesslink.gov.uk/realhelp](http://www.businesslink.gov.uk/realhelp). Over 55,000 guides have been downloaded.

Central Government has also committed to pay all bills within 10 days at latest, to help businesses with cash flow, bringing forward an extra £8 billion of payments on top of the £58 billion already paid within 10 days. Government is encouraging businesses to agree to pay suppliers on time. So far over 150 organisations have signed up to the code. Businesses which have signed up to this can be viewed at: [www.promptpaymentcode.org.uk](http://www.promptpaymentcode.org.uk)

The code, developed with the Institute of Credit Management and supported by major business organisations, aims to establish a clear and consistent policy in the payment of business to business bills.

Key elements include encouraging businesses to:

- pay suppliers on time;
- give clear guidance to suppliers; and
- encourage good practice through their supply chains.

#### REAL HELP FOR SKILLS

It is vital that businesses continue to invest in skills, to survive the recession and prepare for the upturn. To support this, the Government has rescued and expanded apprenticeships; there will be over 250,000 starts nationally next year. It has increased the training support available to people who are unemployed: £158 million for 40,000 extra places on employability programmes for those who are unemployed or under notice of redundancy; and £83 million for 75,000 high quality training places for those claiming JSA for over six months to help them quickly back into sustainable employment. There is also continuing support through Train to Gain with £925 million invested for 2009–10 and support just for small and medium sized enterprises. The latest information on skills in Yorkshire and the Humber is at Appendix 2.

#### REAL HELP WITH TRAINING—TRAIN TO GAIN AND BUSINESS LINK

Free training is available for small businesses with the Train to Gain scheme, which was made more flexible in early January 2009 to make small firms a top priority for funds, helping SMEs continue training during the economic downturn.

A new service providing employers with easy access to free advice and support launched on 1 April 2009, as part of the Government's commitment to provide "Real Help Now" for business.

As part of the Government's Solutions for Business initiative, the Train to Gain skills brokerage service has come together with Business Link to provide a comprehensive information, diagnostic and brokerage service, making Business Link the main route to all government support for business.

Business Link will now be offering a joined-up service which aims to simplify access to information for employers and offers free, impartial advice to help them improve and grow their businesses, and encourage them to develop a more highly skilled and qualified workforce.

#### PERFORMANCE OF BANKS AND OTHER FINANCIAL INSTITUTIONS IN DELIVERING ON GOVERNMENT INITIATIVES TO STIMULATE LENDING TO BUSINESS

BERR, with the Bank of England, is collecting lending data for SME business customers from the five main banks; Lloyds, Barclays, HSBC, RBS and HBOS.

The picture has changed little from January; stock levels are holding up, but new lending has fallen when compared to 2007, although the level is stable when compared to January 2009.

There is clear falling demand, as indicated by a large decline in applications compared to 2007, and also a decrease in approvals. There has been a shift to overdrafts as businesses seek working capital, but importantly, there was a sharp reduction in the number of limits withdrawn or cancelled.

Margins on new borrowing (loans and overdrafts) have increased, but remain less than the reduction in Base Rate, so in general businesses are paying less.

Varying survey evidence shows only a minority of firms, between a fifth and a third, seek external finance. The latest BERR Barometer survey shows 19% of SME employers sought finance in the last six months.

The majority of SMEs (around two-thirds of those seeking finance) are still managing to raise at least some of the external finance they require. The BERR Barometer figure shows 64% managed to raise some finance from the first source they approached.

A number of UK lenders have announced increases in the availability of lending in the coming months. The Government has agreed lending commitments with Lloyds and RBS that will see Lloyds lend an additional £14 billion, and RBS an additional £25 billion, on commercial terms, over the 12 months from March 2009. These commitments are specific, quantified and legally binding. The Government will report annually to Parliament on the delivery of these commitments.

Other banks have also signalled increases in lending. The Bank of England's *Credit Conditions Survey* reported that a net balance of lenders expected to increase corporate credit availability over the next three months.

#### REGIONAL LENDING ROADSHOWS

Ministerial events are being held with businesses, the banks and representative bodies in all regions over the next few weeks, focussed on what Government has done to get banks lending again, and the Real Help available for businesses facing the current economic downturn.

BERR and HMT are working closely with each RDA to deliver these events.

The Prime Minister is taking a keen interest in outcomes from these events and has asked for a report of each meeting.

### APPENDIX 1

#### REAL HELP FOR BUSINESSES BOW DELIVERY UPDATE—26 APRIL 2009

<i>What we said</i>	<i>Progress so far</i>
To get real help for your business go to <a href="http://www.businesslink.gov.uk/realhelp">www.businesslink.gov.uk/realhelp</a> or speak to a Business Link adviser: 0845 600 9006	There have been over 285,000 visits to the Real Help for Business campaign webpage
Finance from your bank: you may be able to benefit from the Government's Enterprise Finance Guarantee if you apply for a loan from your bank	26 lenders have signed up and 20 have made loan offers over 2,350 eligible loans worth nearly £270 million have been granted, are being processed or assessed Over £17.7 million of loans have been agreed
Regional Loan Transition Funds: loans available from some regional development agencies (access via local Business Link)	
The Capital for Enterprise Fund provides equity investment which you can use to pay off existing debt or invest in your business. Call the Capital for Enterprise Fund Registration Helpline: 0845 459 9780	fund managers have received serious proposals seeking a total of £57 million of investment
Free guides on managing your finances are available at <a href="http://www.businesslink.gov.uk/realhelp">www.businesslink.gov.uk/realhelp</a> ; click on "Help with managing your cash flow"	there have been over 55,000 downloads of the guides
Need more time to pay your tax bill? Call the Business Payment Support Service: 0845 302 1435 Business Link Health check: Get a free review of your business with a professional business adviser for hands-on advice and help accessing the full range of government help	116,300 businesses have gained agreement to spread payment of tax, worth just over £2 billion. nearly 44,000 businesses have benefited from a free Health Check

## APPENDIX 2

### EVIDENCE ON SKILLS IN YORKSHIRE AND THE HUMBER

There have been significant improvements in performance in Yorkshire and the Humber in the skill levels achieved by both young people and adults, but the region still lags behind national performance.

16–18

Participation in learning has increased significantly in the region:

- Further education college student numbers increased by 3.1% in 2007–08 (compared with 2.7% nationally) and by a further 5.8% in 2008–09 to date
- Schools participation is up by 6.5% in 2008–09.
- Participation in Entry to Employment programmes (specifically designed to address young people not engaged in employment, education or training—NEET—issues) increased by 13% in 2007–08 (compared to 8.7% nationally) and 8% in 2008–09 to date.

Participation on apprenticeship programmes is a more mixed picture:

- There was a 5% increase in apprenticeship participation in 2007–08
- There has been a 3% decrease in apprenticeship starts to date in 2008–09 resulting in 7,800 starts compared to 8,040. This is directly related to the credit crunch and the reduction is lower than might have been expected were it not for planned interventions by Learning and Skills Council (LSC), Jobcentre Plus (JCP), Yorkshire Forward and local authorities

Achievement rates have increased across the board in the region:

- Success rates for students undertaking courses that last longer than 24 weeks increased in further education colleges by 2.6 percentage points to 78.0% in 2007–08. This is a faster increase than the national average of 1.8% but still leaves the region 1.2 percentage points below the national average of 79.2%.
- Apprenticeship success rates increased by 6 percentage points to 64% year on year and match national rates.
- Advanced apprenticeship success rates increased by 8 percentage points to 64% and are 3 percentage points above the national rate.
- The region has the highest added value of improvement between 16 and 19 with a 22.2% increase in attainment of level 2 qualifications between these ages.

However:

- The start point for skills development is low and performance at age 16 in the region remains below national averages and the region has the lowest achievement of 5 GCSEs at A\*–C including English and Maths of any region.
- The number of NEETs is the second highest in the country at 7.9% despite falling by 0.3 percentage points year on year.
- Achievement of level 2 qualifications at 19 with English and Maths is 6 percentage points below the national average.
- Achievement of level 3 qualifications at 19 is 5 percentage points below the national average.

#### ADULTS

In order to improve skill levels in the region the LSC has focused its funding increasingly on programmes which enable adults to achieve full level 2 and full level 3 programmes and on skills for life. This has resulted in the significant changes in participation and achievement in the region:

- There were 32,900 Train to Gain starts in 2007–08 from a standing start in 2006–07. This annual total has already been exceeded by period 9 of 2008–09.
- There were 4,036 starts on adult apprenticeships in 2007–08. By period 9 of 2008–09 this figure had already been exceeded with 4,274 starts.
- Adult apprenticeships for 25+ began to be available for the first time in 2007–08 with 669 starts. By period 9 of 2008–09 this had increased hugely to 2,767 starts for a part year.
- 19,800 adults successfully completed a Train to Gain programme in 2007–08.
- There has been a 40% increase in the participation in Skills for Life programmes with the participation target for the year of 6,900 having been exceeded by period 9.

Nevertheless skills challenges in the region remain significant:

- The percentage of the working age population qualified to level 4 in the region is 25.4%. Nationally it is 30.2%.
- The percentage of the working age population qualified to level 2 or above is 65.8% compared with 68.9% nationally.

The major challenge of the last 12 months has clearly been the credit crunch and an 89% increase in JSA claimants over a 12 month period:

- The response to the challenge of integrated Employment and Skills is being co-ordinated by the Regional Economic Delivery Group.
- GOYH has formed a regional intelligence forum and JCP and Yorkshire Forward are working together to co-ordinate MI/intelligence on the economic downturn.
- A regional redundancy portal has been developed using the Yorkshire Forward website.
- An excellent and productive working relationship has been established between LSC and Jobcentre Plus on joint planning to respond to skills challenges.
- Clear “offer” leaflets have been developed to help individuals, employers and intermediaries to source support.
- The Employability Skills Programme for JCP customers with literacy, language, numeracy and employability skills needs has supported 2,640 starts in 2008–09.
- Contracts have been exchanged to establish a six months unemployed offer in local further education college.
- The region is piloting the “Time to Train” offer which supports employers to release employees under notice or threat of redundancy to undertake training. £10 million of European Social Fund (ESF) and Yorkshire Forward funds will provide a training allowance in place of wages.
- Contracts for £15 million of ESF funded activity to enhance our regional response to redundancy have been issued.

#### CHANGES IN RESPONSIBILITY

Currently the lead responsibility for skills in the region resides with the Learning and Skills Council. After April 2010 the situation will be that adult skills will be the responsibility of the skills funding agency. Young people’s skills will be the responsibility of the local authorities supported by the Young People’s Learning Agency.

15 May 2009

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#### **Memorandum from Advanced Manufacturing Research Centre (YH 16)**

I am writing in support of the work of Yorkshire Forward and their impact in the Region. I believe Yorkshire Forward is unique amongst the Regional Development Agencies due to its strong commitment to advanced manufacturing. Yorkshire and in particular the South Yorkshire region were badly hit by the demise of the coal and steel industries. The impact of the reduction of these two industries was immense and badly affected manufacturing companies in the supply chain. It was perhaps surprising that with this background Yorkshire Forward should choose to support manufacturing industry.

In 2000 Adrian Allen (Sales Director of Technicut Ltd, Sheffield) and I approached Yorkshire Forward to support a proposal to develop a manufacturing research centre. The Centre would focus on high value aerospace and defence and be located on a Manufacturing Park. Unlike previous Science or Technology Parks the Manufacturing Park would house companies manufacturing high value products. At the time an area of 100 acres was suggested. Yorkshire Forward backed the idea and identified a former open cast coal site at Catcliffe near Rotherham. They set aside an area of 100 acres of which 20 acres would be used for research and development and 80 acres designated for manufacturing companies. The park was called the Advanced Manufacturing Park (AMP) and I believe it is one of the first parks to be established solely for advanced manufacturing.

The University of Sheffield Advanced Manufacturing Research Centre with Boeing (AMRCJ) was established in July 2001. Initially the AMRC was located in a small (5,000 sq ft) factory unit on the Sheffield Airport Business Park. When the AMP was completed the AMRC moved to a 15,000 sq ft purpose built facility on the AMP. Yorkshire Forward donated the land and Objective 1 assisted with the building costs. The AMRC was quickly joined by TWI and Castings Technology International (CTI), providing unique R and D support in one location.

The AMRC building was opened in July 2004 and within three months the building was full. In 2005 Rolls-Royce became a Tier 1 partner and we were confident that we could operate in a much larger building. In 2005 we turned to Yorkshire Forward for further assistance. This time the aim was to build a

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50,000 sq ft research facility to house all the machining activities and to continue to use the existing 15,000 sq ft building for composites and structural testing. The new building would be a “Factory of the Future” demonstrator. The “Factory of the Future” was strongly supported by Rolls-Royce who wished to use it as a demonstrator for their future factory developments. In addition to housing “state of the art” machine tools and equipment the “Factory of the Future” would demonstrate seventeen environmental innovations including, wind turbine power generation, ground source heating and cooling, rain water collection and maximum use of natural light.

Yorkshire Forward provided £10.5 million to build the new “Factory of the Future”, which is now fully operational and located on the AMP. The FOF is powered by two wind turbines, which can be seen from the MI Motorway and the Sheffield Parkway and testify to the green credentials of the cities of Sheffield and Rotherham.

In addition to supporting the FOF Yorkshire Forward also made the bold decision to support the development of the composites centre in the old AMRC building on the AMP. Despite there being little composites expertise in the Region they have provided £4.5 million of support to purchase industrial scale composites manufacturing equipment. This includes an automated tow placement and tape laying facility, which could be used by SMEs in a composite supply chain and is the only one of its type in the UK. Composites manufacturing is in its infancy but all large future aircraft (Boeing 787, Airbus 380 and 350XWB) will be manufactured from composites. Composites are the aerospace material of the future and if companies in the Region are to remain in or enter the aerospace supply chain they will need composites manufacturing equipment and expertise. Through the support of Yorkshire Forward this expertise is available on the AMP and companies in the Yorkshire Region are well placed to exploit future composites development.

Supporting the Composites Centre demonstrates that Yorkshire Forward are thinking ahead. When new composite aircraft build rates reach maturity it will be difficult for companies to gain the expertise and enter the market. Existing aluminium machined components will not be used and a number of companies will find themselves without a customer. Through the foresight of Yorkshire Forward companies in the Yorkshire Region will have the opportunity to gain that expertise and adapt accordingly.

In addition to composites Yorkshire Forward have also invested in other future manufacturing processes such as additive layer manufacturing and metal injection moulding. These techniques are again in their infancy but companies in Yorkshire have the opportunity to gain expertise and introduce these techniques into their production portfolio.

The Advanced Manufacturing Park was built to house high value manufacturing companies and encourage their growth in the Region. It has been hard to attract high value manufacturing companies to South Yorkshire but Yorkshire Forward has never wavered from the vision of the AMP and has refused to open the AMP to logistics and non-manufacturing companies.

The AMP is now filling up with small high value companies and it is the home to the Castings Technology Centre and a branch of TWI. The AMRC concept is being copied in the Midlands where Advantage West Midlands and East Midlands Development Agency are jointly funding the development of the Manufacturing technology Centre and Scotland, where Scottish Enterprise have established the Advanced Forming Research Centre with the University of Strathclyde. Fortunately Rolls-Royce is the main industrial drivers and ensuring that expertise is not duplicated. AMRC type organisations are being established worldwide and linked centres are already established in Italy, Australia, India, USA, Germany and Canada. Many companies have identified the AMRC concept as the most appropriate industry/university relationship.

AMRC now has over 40 industrial partners including Boeing, Messier-Dowty, Rolls-Royce, BAE Systems, Parametric Technology Corp, Dassault Systems, Delcam, Unigraphics, Cincinnati Machines, Starrag-Heckert, Mori-Seiki, Carpenters, Mitutoyo, Renishaw, Timet, Alcoa, Sandvik Tooling, Technicut, Lola Composites, Mitsubishi Automation Metris, RTI, Carpenters Technologies and Siemens. Although initially focussed on aerospace the AMRC has now widened its areas of interest to include automotive marine and power generation and is involved in a number of cross sectoral EU Framework 6 and Framework 7 projects. Since it was established the AMRC has worked with over 500 SMEs and has audited evidence of the impacts achieved. Projects are carried out in all areas of the AMRC including the Composite Centre, Centre of Excellence in Customised Assembly, Innovative Metal Processing Centre and Advanced Machining. This would not have happened without the support of Yorkshire Forward.

### **Memorandum from the Archbishop of York (YH 17)**

Thank you for your invitation to make a submission regarding the work of Yorkshire Forward.

I would like to raise with you the issue of representation of faith communities in relation to the regional decision-making bodies.

1. There has been a steady diminishment of the representation offered to faith communities in recent years. This is having serious consequences, not only for the faith communities but also for those whom they serve in the region.

2. Under the Yorkshire & Humber Assembly, there was a dedicated seat on the Board for a representative of faith communities. There was also provision for a representative of faith communities to have a seat on each of the four subsidiary boards: namely education and skills, transport, planning and housing.

3. The Assembly delivered some excellent partnership achievements, including the creation of the Yorkshire and Humber Faiths Forum. The abolition of the Assembly has meant that faith communities and other third sector organisations are no longer properly represented at regional strategic level.

4. This has been evidenced by the developments which have taken place since the end of the Assembly. Now that the Yorkshire & Humber Assembly has been wound up, there is no provision for faith communities on the Regional Committee. Neither is there provision for representation of faith communities on the four subsidiary boards. Instead, there is just provision on two of the boards for a representative from the third sector (on the Spatial Planning Board & the Regional Skills & Partnership Board). This person may or may not be a representative of a faith community. Two of the boards currently have no provision whatever for a third sector representative.

5. Since 2008, Yorkshire Forward has discussed the possibility of setting up a fifth board with responsibility for sustainability and inclusion. When the Chief Executive of Yorkshire Forward addressed the meeting of regional church leaders at Bishopthorpe in January 09, he mentioned that it might be possible to have more third sector involvement on this group. However, it has not yet been set up and we do not know if or when this is likely to take place.

6. This steady reduction of representation opportunities for faith communities is very serious because of the major role that faith communities fulfil in the region. This includes contribution to social cohesion, welfare provision, employment and training, health and provision of facilities for local communities.

The contribution that faith communities are making has been recognised in a number of recent government reports including "*Churches and Faith Buildings: Realising the Potential*" (2009). This report, produced by a working group with representatives from Her Majesty's Treasury, Communities and Local Government, Office of the Third Sector in the Cabinet Office, the Department for Culture, Media and Sport and Defra in conjunction with representatives of the Church of England, demonstrated the huge potential that church and other faith buildings have to help the Government to meet its agenda.

### **7. PROPOSED SOLUTION: WHAT FAITH COMMUNITIES NEED**

Yorkshire Forward need to progress means by which effective consultation with faith communities and other stakeholders can take place. To achieve this, Yorkshire Forward need to increase opportunities for stakeholders including faith communities to get involved. It is important that they work out means by which faith groups can influence policy in a meaningful way.

15 May 2009

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### **Memorandum from the Yorkshire and the Humber Regional Forum (YH 18)**

The Regional Forum is the strategic organisation for the Voluntary and Community Sector, (VCS), in the Yorkshire and the Humber region. The Forum promotes and supports the contribution of the VCS in improving the quality of life for people, and especially those who are disconnected from society and the economy, or who live in disadvantaged communities across our region. Yorkshire Forward has supported the Regional Forum through major contracts in recent years to deliver the promotion of social enterprise, and strategic involvement, which has included representation to regional committees and consultation on YF's Corporate Plan.

In our region, voluntary and community organisations:

- Employ an estimated 45,000 paid employees.
- Work with more than 500,000 volunteers and trustees.
- Contribute over £500 million to the regions economy.

There are more than 30,000 voluntary and community organisations in Yorkshire and the Humber, ranging from regional arms of national charities to small groups working in local communities.

This Response has been informed by detailed consultation with Regional Forum Trustees.

## INTRODUCTION

- It is important for Yorkshire Forward to develop its position as a key focus for sustainable development in the region. We believe it is appropriate for the Regional Committee to raise issues like accountability, the delivery of the RES, and to ask for the views of regional partners like the Regional Forum. This is because all of these are facets of how the Integrated Regional Strategy will be created. Yorkshire Forward has a key role to play in ensuring that all these issues are handled in a credible manner but so does the Government in facilitating the RDA's effectiveness. To be the guardian of so much that is vital across our region necessitates assent as well as mandate. Support for the involvement of stakeholders alongside other regional decision making arrangements is an important example of how that assent can be facilitated, and the Regional Forum supports this.
- The Regional Forum has developed a positive working relationship with Yorkshire Forward on regional issues through a formal “strategic alliance”, and has raised issues of concern with it on behalf of the most economically disadvantaged in our region. However, the region's governance architecture is now dramatically different. The Regional Assembly has now gone. As a result, the meeting point of communities of interest, geography, and political will has been lost from across our region. This has not been replaced, nor have its consultative functions such as the presentation of the RDA Corporate Plan to the Assembly for comment and discussion. The new landscape for regional governance is still developing and is made more complex by the growth of City Regions. It is against this newly emerging and embryonic governance structure that we comment on Yorkshire Forward.
- We have no doubt that Yorkshire Forward wants everybody in the region to share in economic prosperity. This is a fundamental principle of the RES and Yorkshire Forward should take credit for it. However, the burden on YF is oppressive and onerous, whilst the level of delegated authority for independent action in the pursuit of regionally agreed aims is perversely low; the top limit of £10,000,000 spend without central government approval makes a mockery of regional flexibility and effectiveness. The processes for approval of spend on anything “novel or contentious” actually impedes the very innovation the government says it wants Yorkshire Forward to encourage and deliver. Innovation like South Yorkshire's Digital Region project is a testament to YF's determination to drive forward important initiatives, despite the barriers in their way.

## THE QUESTIONS RAISED BY THE COMMITTEE

### *The mechanisms by which Yorkshire Forward is held accountable*

1. It has been widely recognised, both in the Sub National Review, in the conclusions of the Select Committee of the House of Commons, and by RDA's themselves in evidence to that committee, that there is a clear “accountability gap” at regional level. The Yorkshire and Humber Assembly provided an important element of accountability at regional level which has now been removed. The Assembly also offered opportunity for wider stakeholders, (including the VCS), to contribute to, and be included in, the scrutiny of Yorkshire Forward. This approach to accountability, stakeholder and cross sector working was a successful example of positive regional relationships and collaboration.

2. At least in the short term, we believe that mechanisms for holding Yorkshire Forward to account have been weakened. A consequence of this could well be that the quality of decision making is reduced because the diversity of perspective that can be drawn from stakeholders has been lost. The Regional Forum thinks that this involvement contributed to good governance within the region, and that the experience, expertise, and challenge that this provided was a positive contribution to governance and policy making.

3. Whilst we believe that the establishment of Regional Select Committees to improve the line of accountability to Parliament is a positive step, there is a risk of duplication with the work of existing Select Committees. This was recognised in the report from the Select Committee on Modernisation. We also believe that there may be a role for the Regional Select Committee in monitoring the increasingly wider range of government department relationships with Yorkshire Forward.

4. The thrust of our view is that Yorkshire Forward deserves to be accountable to a clearer and more transparent structure within the region than is being proposed, and that those who are charged with this responsibility should have the time and the independent support to do the job properly. It is not clear how these requirements will be met.

### *The process by which the Regional Economic Strategy was drawn up and the level of involvement of regional partners*

5. The Regional Forum, on behalf of the Voluntary and Community Sector in the region, was fully involved in the RES process. We made a number of recommendations regarding the importance of existing and potential sector contributions to the regional economy, and a number were incorporated into the final strategy. For example; Paragraph 3.95 Section D “Utilise the Voluntary Sector to Reach Local People and Improve Service Delivery”, Paragraph 3.29 on the scope to increase the number of social enterprise, and Paragraph 3.84 on the need to address pockets of deprivation. From our experience, we think that Yorkshire Forward tried hard to ensure regional partner involvement in the process. This commitment to cooperation continues with a healthy recognition from the YF strategy team of the importance of wider engagement.



6. One of Yorkshire Forward's strengths is their research and strategy function, able to look ahead, find useful data and arguments to move issues forward, and to allow others with different perspectives to comment and contribute. This will be important in future strategic developments.

7. However, we do not agree with the narrow economic remit given to Yorkshire Forward by the government and against which the RES is judged. Nor are we content that YF has the powers, duties, authority, and accountabilities to properly discharge the tasks that government has added to its remit in recent times; for example the need to address child poverty.

*The effectiveness of the RES for Yorkshire and the Humber in delivering against its targets*

8. Evidence suggests that the RES has had a limited impact to date on those who are most disadvantaged in our region. Given the £60 billion GVA of our region and the £300 million annual budget of Yorkshire Forward this is not a surprise. It was also not a surprise to find that Yorkshire Futures "Progress in the Region" Report for 2008 painted a mixed picture in terms of progress against RES targets for the economy. For example:

- On Diversity and Equalities, it says that "there are signs that these (minority groups), are becoming more concentrated in certain areas and groups. This, along with analysis of future trends in areas like skills, health, and housing points to what could become a potentially divided society.
- Economic growth is below the national average.
- The Regional Indicator of Sustainable Wellbeing (R- ISEW) ranks this region as one of the poorest performing in the country.
- The region is at the bottom of the national league table on Education and Skills, and the gap with the national average on skills has widened.

9. This is not a criticism of Yorkshire Forward. By general consent, the RES was predicated on a high value/high growth economy which assumed a degree of human and capital mobility. This subsequently failed to materialise with the result that it has been unable to achieve the goal of "inclusive" growth and economic advancement for all. In particular, Hull, the South Bank of the Humber and parts of South Yorkshire have lagged behind the rest of the region.

10. The Regional Forum thinks that a more corporate strategy across Yorkshire Forward to involve and use the Voluntary and Community Sector to develop, pilot, and deliver innovative responses to the issues raised in Progress in the Region would be productive.

*The effect of the current financial and economic situation on business, including the effect on different sectors and on skills and employment in the region.*

11. The Regional Forum believes that the pattern of economic growth in our region has left the economy badly exposed to the effects of the current downturn. Growth has been dependent on the health of one or two sectors. "Financial Services" is one of these. These assumptions, accepted by all before the downturn, have proved to be fragile in the face of recent events.

12. In the Voluntary and Community Sector the demand for services has increased and this is placing increasing strain on the sectors' ability to respond. Whilst the picture for 2009–10 is reasonably healthy in terms of survival, we believe that 2010 will see a significant impact on individual smaller organisations with many facing closure at a time when the demand for their services is rising.

13. The Regional Forum's "Health of the Sector" Survey of Voluntary and Community organisations in the region, (April 2009), reveals that:

- 14% of VCS organisations are not sure if they will *survive* in 2010.
- 60% of organisations expect *demand* for their services to increase but only 35% expect to see an *increase* in staff to meet this demand, and 17% expect to *lose* staff.

14. The Regional Forum has carried out extensive consultation with the VCS in the region to help it compile a Manifesto to put to political parties in the run up to the next general election. Amongst a number of issues, organisations asked for;

- The VCS to be formally included as essential partners in the design, management, and delivery of programmes and partnerships.
- Regional strategies and programmes to prioritise activity that combines economic, environmental, and *social* developments.

*The role of other Government agencies such as GOYH, and of partnerships between Government agencies, local government and the private sector in delivering the aims of the RES.*

15. GOYH has been a substantial and visible partner in helping to deliver the RES. It has been successful in facilitating the strategic linkage of stakeholders, something which has been very important in helping to deliver the RES.

16. Although the management of European programmes has now moved to Yorkshire Forward we are pleased that GOYH'S involvement has continued and so the VCS remains represented in the governance of the European Regional Development Fund programme at the highest level. However, consultation about the delivery of European Social Fund supported training and job support programmes essential in meeting RES aims is not enough when the spending decisions about ESF are made elsewhere but impact upon the crucially important skills and employment targets of the RES.

17. The Regional Forum, through initiatives such as a cross sector Task Group on "Worklessness and the over 50's", involvement with the Department of Health as a "Strategic Partner", and a wide range of other VCS work, might be better utilised in a more comprehensive approach to delivery of the RES. This would however necessitate adequate resource if it were to be successful. In addition, we believe that including wider stakeholders as partners, (not just as contractors), is a critical way of creating mechanisms for regional progress.

*The move towards a regional integrated strategy and the likely effect on the work of Yorkshire Forward.*

18. The Regional Forum supports the intention to produce a single Integrated Regional Strategy. We believe it will have a profound effect on the work of Yorkshire Forward. It is difficult to conceive of an integrated strategy being produced without effective partnership and collaboration between agencies responsible for housing, planning, transport, the environment, skills, and the economy. This partnership working will require effective leadership from Yorkshire Forward if it is to succeed. It will require a new *style* of relationship building which recognises the intelligence and expertise of other sectors and partners and involves them in the process.

19. The challenge will be to balance this responsibility and to manage key relationships with all the relevant sectors, as well as with local government. These relationships will need to go beyond the limits of business and the economy.

*The extent to which Yorkshire Forward has the capacity and expertise to address all the elements which will be contained in the new Integrated Regional Strategy.*

20. Yorkshire Forward will need to consider a much broader and deeper range of interests and issues as it seeks to promote the Integrated Regional Strategy and secure its delivery. Under the new regional governance arrangements, wider groupings of partners and stakeholders will not now be part of the decision making process. New ways have to be found to tap into the necessary expertise.

21. The Regional Forum is able to bring VCS expertise, intelligence and experience, and the ability to link regional decision making to reality on the ground. By providing a conduit of connection to communities of place and interest, policy makers can have a vital feedback mechanism. What could otherwise be a rather remote decision making structure in the region can be communicated to the wider community. All this has the potential to contribute to the Integrated Regional Strategy, although it should be noted that this will not be resource free.

*The role of Yorkshire Forward in promoting a low carbon economy in the region, and in addressing regional issues concerning climate change and flooding*

22. The Regional Forum believes that this role should be agreed and then supported by a wide range of regional partners. It will be demanding and it is clear that if the region is to achieve a low carbon economy then there are difficult decisions to be made for the long term. The replacement of the Ouse/Trent Valley power stations and the technology involved is the biggest carbon footprint issue facing the region, yet the scale of involvement of any regional body is far from clear in relation to national powers.

23. However, the clear regional priority has to be improvement of the public transport infrastructure. The importance of City Region development at the expense of rural communities and smaller towns needs greater recognition especially in terms of sustainability. If the price of economic recovery is the short term increase in car use, then the regions carbon reduction targets may already be unattainable.

#### GENERAL CONCLUSION

- The Regional Forum believes that Yorkshire Forward is actively seeking to develop its capacity for strategic leadership in the region. We support them in this aim. To achieve it we believe they will need;
  - More relevant and appropriate delegated powers, duties, authorities and accountabilities in line with the growing list of tasks given to them by the Government.
  - Renewed and clear accountability and scrutiny arrangements within the region.

- Continued pursuit of effective and efficient involvement of the widest possible range of interests in the decision making processes about strategy, plans and resource allocation.
- A reduction in the burden of regulation, which is onerous and counter productive to the need for innovation and action.
- Ongoing, internal review of their corporate structure to ensure effective and strategic partnership working.
- What is required is nothing less than a paradigm shift in the way that all regional partners and stakeholders view the inter-relationships of their core responsibilities. Only in this way will the concept of genuine partnership working at the appropriate level become a reality. The prize is a genuinely integrated and sustainable regional strategy which is the product of an inclusive and focussed process. Yorkshire Forward have a critically important role to play in driving this agenda forward, but they themselves will require support, resources and goodwill if they are to succeed. The Regional Forum is committed to doing whatever it can to help.

14 May 2009

### **Memorandum from the North East Lincolnshire Council (YH 19)**

#### **1. INTRODUCTION**

1.1 North East Lincolnshire Council has worked with the Humber Economic Partnership to contribute to the production of a regional level response on the work of Yorkshire Forward, drawing evidence from across the Hull and Humber Ports City Region.

1.2 The views of North East Lincolnshire Council are reflected in the overall response produced by the Humber Economic Partnership, and North East Lincolnshire Council are fully supportive of the report they have produced.

1.3 To reinforce the findings of the city regional response, below are some extra comments that are specific to the North East Lincolnshire view of working with Yorkshire Forward. In particular these views show specific examples of some of the actions taken by Yorkshire Forward in relation to the current financial and economic situation.

#### **2. LOCAL EXAMPLES OF WORKING WITH YORKSHIRE FORWARD**

2.1 *Question 5 The effect of the current financial and economic situation on businesses, including the effect on different sectors and on skills and employment in the region;*

- Yorkshire Forward developed a two day event held in North East Lincolnshire, physically bringing together organisations to assist individuals and businesses with the impact of the recession.
- By bringing forward an identified budget allocation, Yorkshire Forward are actively supporting investment into the Region at a time when private sector investment is being limited by current financial constraints—investing to gain short term impact, but also ensuring long term benefits.
- Yorkshire Forward have shown understanding on the impact of the current economic climate on the delivery of outputs of Yorkshire Forward investment supported projects; for example, Publicly Enabled Renaissance projects were set to lever in private investment which has been delayed due to economic conditions. Communication between all parties concerned has been key to ensuring all parties understand the current situation and seek solutions to overcome current constraints.

19 May 2009

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### **Memorandum from EEF (YH 20)**

#### **INTRODUCTION—BRIEF INTRODUCTION TO EEF**

EEF, the manufacturers' organisation is the representative voice of manufacturing in the UK together with ECIA, the Engineering Construction Industry Association and UK Steel. EEF has a growing membership of almost 6,000 companies of all sizes, employing some 900,000 people from every sector of engineering, manufacturing, engineering construction and technology-based industries. In Yorkshire & the Humber its membership extends to around 1,000 companies, serviced via offices in Sheffield and Leeds.

#### *Section 1: The role and responsibilities of Yorkshire Forward*

1.1 Yorkshire Forward has an important role and provides critical mass in developing and coordinating policies to promote regional economic development. Critics who propose abolishing it and other RDAs have yet to come up with a convincing alternative.

1.2 There has been a lack of a clear set of aims and objectives for RDAs and efforts to measure their effectiveness have been flawed.

1.3 In most cases EEF believes that RDAs should be commissioning bodies, rather than delivery agents. There has been confusion in Yorkshire over which body businesses should approach for help. Recently there has been a more concerted attempt to make Business Link the clear first point of contact, but Business Link's reputation is tarnished by very patchy quality of service over the years, and this will not improve until there is clear evidence, communicated via case studies, of businesses that have been successfully helped.

1.4 The effectiveness of RDAs can be improved by improving the evaluation of their impact with a greater focus on outcomes.

1.5 EEF's own evidence suggests that the RDAs have made little direct impact on regional economies. However, they have been effective at promoting urban regeneration, responding to regional crises and in certain areas of business support. In Yorkshire there were effective responses to the foot and mouth crisis, and to the closure of the Selby coalfield. However, the response to the crisis facing manufacturing under the current conditions has been slow to emerge. EEF was disappointed not to be included in the Regional Minister's Economic Delivery Group, and furthermore has not yet been able to secure a meeting with the Minister to discuss the problems facing manufacturing, despite various promises. Yorkshire Forward has now established a Manufacturing Taskforce, on which EEF sits, but this may be too little too late.

1.6 More needs to be done to get RDAs to work together to ensure that the artificially imposed geographical boundaries of the regional structure do not become obstacles to economic competitiveness. The Northern Way initiative, which at first had little focus, is proving effective at delivering a joined-up approach across the North, although on a restricted range of issues.

## Section 2: *The mechanisms by which Yorkshire Forward is held accountable*

2.1 The relationship with the Regional Assembly has generally ensured that Yorkshire Forward has maintained legitimacy with elected members.

2.2 In the early days of these organisations' existence the Assembly's Economy Commission provided an effective means for stakeholders to scrutinise the RDA's actions.

2.3 Yorkshire Forward has been less effective at engaging with the business community to gain feedback on its strategies, activities and success. EEF has frequently made clear its readiness to advise, to give feedback and to promulgate details of initiatives, but has just as frequently been disappointed.

## Section 3: *The process by which the Regional Economic Strategy (RES) was drawn up and the level of involvement of regional stakeholders in that process:*

3.1 There was effective involvement of stakeholders as successive iterations of the RES were produced, although it was hard to assess the direct impact on the wording of the RES. However,....

3.2 EEF has been pleased to see manufacturing gradually given the attention it deserves in these iterations.

## Section 4: *The effectiveness of the RES in delivering against its targets*

4.1 Yorkshire Forward places too much weight on communications with businesses individually to encourage take-up of the initiatives it promotes. It has failed to realise the added value that would flow from using trusted partners of businesses, such as EEF, as intermediaries.

4.2 Yorkshire Forward's initial strategy focused on the identification and subsequent support of key clusters. One of these was Advanced Engineering & Metals, and the Chief Executive of EEF's Sheffield operations was appointed to chair that cluster's steering group. Throughout the period that he fulfilled that role, he felt that the group was not being used to steer activity, but rather as an audience to be informed by Yorkshire Forward about its plans; and despite requesting it on a number of occasions he could not lay his hands on a strategy for Yorkshire Forward's activity to support the cluster. It was also felt that much of the cluster activity was focused on South Yorkshire, more because of the availability of Objective 1 funding than because of geographical location factors around members of the cluster.

## Section 5: *The effect of the current financial and economic situation on businesses, including the effect on different sectors and on skills and employment in the region*

5.1 Many manufacturers in Yorkshire have been hit hard by the recession. EEF's most recent Business Trends survey was released on 2 March. It showed the downturn in manufacturing accelerating, with the outlook exceptionally weak. Output and orders were at historically low levels, and companies did not expect demand to pick up in the short term. Intense cashflow constraints were contributing to sharp cutbacks in investment plans, and the pace of job cuts was picking up. However, weaker sterling was helping exports, which in Yorkshire & the Humber had led to exports declining less slowly in this quarter than in the final quarter of 2008. The deterioration was being felt in all sectors, but basic metals and automotive were particularly hard-hit.

5.2 Not all companies have been hit to the same extent. The aerospace, oil & gas sectors have bucked the trend, and there are examples of manufacturers in various niches who have not felt the pain to the same extent as the majority.

5.3 Whilst there have been many redundancies, manufacturers have done all they can to avoid losing valuable staff. Measures taken include short-time working, pay freezes and cuts. Short-time working may well have been implemented to an even greater extent had Yorkshire Forward and/or the LSC put in place funding to provide an income to employees who are moved onto short-time working, to enable them to maintain something approximating to their normal income. It was announced at a Regional Skills Partnership seminar in January that such funding was to become available, under the “Time to Train” banner, but since then it has proved impossible to find out what is planned regarding the initiative.

*Section 6: The role of other Government agencies such as the Government Office for Yorkshire and the Humber, and of partnerships between Government agencies, local government and the private sector, in delivering the aims of the RES*

6.1 Government Office for Yorkshire & the Humber has been an effective partner in the region, taking a leading role in efforts to realise the ambitions of the RES.

*Section 7: The move towards a regional integrated strategy and the likely effect on the work of Yorkshire Forward*

7.1 EEF welcomed many aspects of the recent Sub-National Review (SNR), in particular the proposals for new Single Regional Strategies (SRS) to bring together the Regional Spatial Strategies and Regional Economic Strategy.

7.2 With the failure of the Regional Government agenda there was a clear need to address the question of local accountability for, and scrutiny of, the economic strategies. We recognise that the new arrangements agreed in the Local Democracy, Economic Development and Construction Bill, with RDAs and newly-formed Local Authority Leaders’ Boards taking joint responsibility for a SRS, rightly address this issue.

7.3 However, we are concerned that a SRS could become subject to costly delay either because of disagreements between RDAs and the Leaders’ Boards, or indeed division within the Boards themselves. There is a safeguard to avoid this, through the ability of Ministers to force the process, but it remains to be seen how effective this will be.

7.4 Stakeholders have a critical role in informing the SRS process. This is a key area to get right. Where previous arrangements of stakeholder engagement have worked well, they should be maintained as far as possible and used as examples of best practice elsewhere. In Y&H the Assembly’s Commissions on matters such as the economy and planning were initially very effective in facilitating stakeholder input and feedback, and were respected by Yorkshire Forward as a key method of stakeholder engagement. However, some of the topics chosen for debate were not of critical interest for the majority of members, private sector attendance fell and Yorkshire Forward’s engagement declined accordingly. Alternatively, the Regional Assembly developed a business group, comprising representatives of CBI, FSB, EEF, the Chambers, FTA, CBWT, Asian Business Forum. It met shortly before each meeting of the Assembly, so that the people with an Assembly seat could take soundings on issues from other business groups. It may be helpful to recreate such a group, to meet before each meeting of the Joint Regional Board and to be chaired and to feed in views via one of the Yorkshire Forward Board members.

7.5 Taking it one step further, EEF would be interested in discussing the establishment of a Regional Business Forum, similar to those that now exist in most English regions.

*Section 8: The extent to which Yorkshire Forward has the capacity and expertise to address all the elements which will be contained in the new integrated strategy, including in relation to transport, planning and housing*

8.1 We are unable to comment on Yorkshire Forward’s capacity to pick up the work on transport, planning and housing. Presumably in any case relevant staff will have been transferred across from the Regional Assembly.

8.2 When it comes to Yorkshire Forward’s key role in facilitating economic development, the RDA has always had an impressive and competent senior team. However at a more junior level we have been concerned that progress could have been quicker on a number of initiatives if the RDA had adopted a more dynamic approach. There have been too many people with a “civil servant” mentality. This is not to decry the efforts of some staff, and it is heartening that staff working to support business have in some cases come in from real businesses.

*Section 9: The role of Yorkshire Forward in promoting a low-carbon economy in the region and in addressing regional issues concerning climate change and flooding*

9.1 These are important issues and Yorkshire Forward is the right body to be coordinating the region’s contribution to addressing them.

9.2 As a business-led body, it is crucial that Yorkshire Forward involves, consults with and takes account of the needs of business in this regard. Manufacturers are as concerned about these issues as anyone, but action taken should not be at the expense of the viability of any business. EEF stands ready to work with Yorkshire Forward on these issues, on behalf of manufacturing, if a partnership approach can be agreed.

15 May 2009

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**Memorandum from Norman Edmanson (YH 21)**

**SUMMARY**

1. Much stronger links between Education and Business
2. Identifying entrepreneurs of real potential then Fast track for selected entrepreneurs. Particularly young.
3. Stronger links with small groups and passionate individuals who have got real world scars. Right now excessive links with large organisations and politicians who claim to represent the community.
4. Less chart ticking more real results of substance.
5. Focus on manufacturing with higher skills jobs.
6. Yorkshire Forward has done a good job so far. Tom Riordan an inspiring leader.

I have not had a great deal of first hand experience in dealing direct with Yorkshire Forward. But I have had quite a bit of experience of business in South Yorkshire over the past 30 years plus. After 35 years in various blue chip Manufacturing companies I have put into my community. Over the past five years + I have made major contributions to the Doncaster/Rossington communities through a variety of voluntary activities—CVS Board three years—Doncaster LEGI Steering Group + Success Doncaster Tracker Group three years—Rossington Development Trust Trustee—Rossington Forward (ECO Town)—Rossington Business Forum—The Tricon Foundation Charity three years.

Five years ago I mentored the six main drivers of the Doncaster Economic Partnership for 18 months at no charge as my contribution of putting back into my community. In my view YF has done an excellent job to date in what is a very difficult role.

The need is to make sure that the investments of the future are even better than those of the past. Having spent many years in industry with the responsibility for large budgets I learned quickly that with money you buy things but if you are wise you invest in people and their ability to envisage the best way forward and then the bottle to deliver that vision. We need to be even more certain that the people who get the investments are those who can truly deliver the best results for the community. The investments must be targeted to people who are outstanding leaders who can inspire their teams to deliver world standard results. We have those people but our process in selecting the right ones is where we need improvement.

The big step forward which we need in my view is to involve more people with successful experience in demanding competitive businesses and add less weight to the influence of the local politicians or local government officers. They cannot deliver successful results. They can help create an environment in which those with the scars can deliver. Too much weight is often given to the inputs of people who have never had the hair raising responsibilities of delivering demanding results in very difficult situations.

My passion is to help education and businesses, particularly manufacturing develop extremely strong links for the mutual benefit. Right now I am actively involved in achieving this goal with two schools in Doncaster. And one in Sheffield. I have also met with Rob Willmott Chairman of the Board at Doncaster College.

A major aim I have is to help identify future entrepreneurs and then help to make sure they have the opportunities to deliver. An ambition in this respect is to see the creation of a new business park in Rossington ideally a Clive Hutton venture—he is different. This park would have some incubation units which would be for young entrepreneurs. I would ensure that a team of suitably experienced people would be available to make sure these young people had all the help and guidance—not interference—they needed to become successful. I have 14 years of experience in mentoring on the Cranfield University Fellowship In Manufacturing Management programme (Queens Award for Higher Education 2005).and would apply that.

15 May 2009

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## Submission from Natural England (YH 22)

### EXECUTIVE SUMMARY

- Natural England is a national body with a strong regional presence delivering positive outcomes for the natural environment.
- One of Natural England’s key roles is to work with land managers on sustainable schemes which encourage the land to be farmed productively whilst also providing environmental benefits. Alongside this Natural England also provides environmental farming advice. The funding for these schemes is through the Rural Development Programme for England (RDPE), made up of European and UK Government funds. These schemes contribute significantly to the regional rural economy; in Yorkshire and the Humber they are worth £42 million in 2009–10, and the schemes currently cover 65% of the available agricultural area in the region.
- Natural England provided core funding of £350,000 in the financial year 2008/09 to the Howardian Hills AONB and the Nidderdale AONB. This has helped to lever in multi-million pound partnership projects which are involving local people in the environmental, economic and social sectors to conserve and enhance the natural beauty of our finest landscapes.
- A healthy natural environment is an important economic asset. It provides us with many important goods and services (ecosystem services) that are critical for our health and wellbeing—for example, clean water, protection from flooding, carbon storage, recreation opportunities, etc. If invested in and protected, these services will also provide the foundation on which future economic growth and greater prosperity can be built.
- In the development of the Regional Economic Strategy (RES) Natural England’s engagement with Yorkshire Forward is relatively recent. The founding bodies (English Nature, the Rural Development Service and the Countryside Agency) did collaborate and engage extensively with Yorkshire Forward. It is in this context that Natural England makes this response.
- Natural England’s founding bodies were all involved in the development of the RES but shared the Environment Agency’s concerns regarding compliance with the Strategic Environmental Assessment (SEA).
- Natural England’s delivery makes a significant contribution to the delivery of the 3rd aim of the RES: protecting, enhancing and utilising the region’s environment.
- Natural England is a joint delivery body, with Yorkshire Forward and the Forestry Commission, of RDPE and there is a joint delivery partnership to ensure the three axes of RDPE are aligned and complement each other.
- Natural England is keen to work with Yorkshire Forward, Local Government Yorkshire and Humber and the new Regional Structure to develop the Integrated Regional Strategy (IRS) and achieve sustainable economic growth for the region.
- Natural England recognises that Yorkshire Forward is working positively to address climate change and is demonstrating leadership in tackling climate change mitigation.

### 1. INTRODUCTION

1.1 Natural England is a statutory body created in 2006 under the Natural Environment and Rural Communities Act by bringing together English Nature and parts of the Rural Development Service and the Countryside Agency. Natural England has been charged with the responsibility to ensure that England’s unique natural environment, including its flora, fauna, land and seascapes, geology and soils are protected and improved.

1.2 Natural England’s purpose, as outlined in the Act, is “to ensure that the natural environment is conserved, enhanced and managed for the benefit of present and future generations, thereby contributing to sustainable development”. It is from this perspective that Natural England in the region felt able to respond, on the following items:

- the process by which the RES was drawn up and the level of involvement of stakeholders in that process;
- the role of other Government agencies such as the Government Office for Yorkshire and the Humber, and of partnerships between Government agencies, local government and the private sector, in delivering the aims of the RES;
- the move towards an integrated regional strategy and the likely effect on the work of Yorkshire Forward; and
- the role of Yorkshire Forward in promoting a low-carbon economy in the region and in addressing regional issues concerning climate change and flooding.

## 2. REGIONAL ECONOMIC STRATEGY & STAKEHOLDER INVOLVEMENT

2.1 The development of the RES predates the creation of Natural England. The three antecedent bodies of Natural England, however, produced a joint response to the RES, and within this the most significant “process” issue related to the Strategic Environmental Assessment (SEA).

2.2 The SEA of the RES was carried out largely subsequent to, rather than concurrently with, the development of the RES itself (which did undergo extensive consultation), and with limited participation of statutory consultees. This led to concerns about the sustainability credentials of the RES, and the compliance of the process with SEA regulations. The response from our founding organisations was:

*“The Strategic Environmental Assessment process has not been well linked to the preparation of the RES. This is due to the late consultation on scoping and alternatives. The SEA should be conducted in parallel to fully inform the best options for future sustainable development. This is a serious flaw and does not give confidence that sustainability or environmental issues have been fully considered or that the spirit if not the letter of government guidance is being followed. Sustainable development should have informed early drafting. It is in danger of being an afterthought where unsuitable policies are assessed for mitigation rather than truly sustainable policies incorporated at the outset. To address this the SEA process should clearly show how policies have been modified in the light of rigorous assessment.”*

2.3 Environment Agency raised these matters nationally, and subsequently the SEA underwent a second consultation to ensure compliance. From the perspective of Natural England’s founding organisations, at the end of this extended process, no outstanding concerns remained.

## 3. GOVERNMENT AGENCIES, PARTNERSHIPS AND RES DELIVERY

3.1 The most significant areas of overlap between Natural England’s role and RES delivery are focussed on the RES’s third Aim:

*“Utilising the full potential of Yorkshire and Humber’s physical and cultural assets, maximising resource efficiency and conserving and enhancing its environment to achieve an integrated and sustainable economy.”*

This is further reflected in RES Objective 5D “to protect, enhance and utilise the environment and natural resources”, and Objective 6C “secure a strong and diverse rural economy”.

3.2 Natural England contributes to these objectives through its roles in:

- delivery of agri-environment schemes with farmers and other land managers across the region (worth £42 million in 2009–10; currently covering 65% of the agricultural area; including grants for capital works delivered through contracting businesses), with Primary Objectives relating to wildlife, historic environment and landscape conservation, access, natural resource protection (soils, water quality etc), and Secondary Objectives of genetic conservation and flood management. This work is funded by Axis 2 of the RDPE;
- securing positive management for Sites of Special Scientific Interest (SSSIs) of which there are 186,900 ha in the region. 87.5% of this area is currently under positive management—with plans in place to exceed the Public Service Agreement (PSA) target of bringing 95% of SSSIs into “favourable” or “favourable recovering” condition by December 2010;
- work to implement the Marine Bill;
- development and delivery of the Regional Biodiversity Strategy, which was launched in January 2009 and is only just entering the implementation phase. Yorkshire Forward was present and gave a presentation at the launch and recognises how the Regional Biodiversity Strategy supports some of Yorkshire Forward’s own environmental projects;
- advocating for Sustainable Development within both strategic planning and development control processes; and
- delivering or contributing to numerous access, green infrastructure, climate change, health, landscape projects across the region. For example, with green infrastructure our work will provide evidence based mapped information on the region’s green assets; how these are inter-related, creating multi-purpose corridors in the region, and as a result of this how intervention and investment can be prioritised to maximise the benefits that green infrastructure can provide, such as raising the quality of the built environment, contributing to climate change mitigation and reducing flood risks.

3.3 Natural England, with Yorkshire Forward and the Forestry Commission, is a joint delivery body of RDPE and there is a joint delivery partnership to ensure the three axes of RDPE are aligned and complement each other. The level of alignment and integration has been variable, partly due to the length of time taken by Yorkshire Forward to get RDPE investment programmes up and running. This was due to factors outside of Yorkshire Forward’s control and delays in getting the programme approved by Defra and the Commission. In comparison the schemes being implemented by Natural England and the Forestry Commission were already established—Environmental Stewardship and England’s Woodland Grant Scheme (EWGS) respectively.



3.4 Under the previous Rural Development Programme (England's Rural Development Programme—ERDP) there was widespread consultation and engagement with partners on its development and delivery, through regional planning and consultation groups. Yorkshire Forward has not established such extensive means of engaging with partners on the RDPE Rural Investment Programme. There has though been some joint reporting of the RDPE by Yorkshire Forward, Natural England and the Forestry Commission, through the regional Rural Affairs Forum. Natural England believes Yorkshire Forward could have engaged partners more effectively.

3.5 Within Yorkshire and the Humber there are a number of established partnerships operating effectively at various levels across the region. Whilst these have not been established to deliver RES aims and objectives per se, the RES is factored into discussions and decisions. The result is that these partnerships have considered the aims of the RES and have a crucial role to play. Natural England has a key role to play in ensuring the environment is considered in economic development, and economic growth is truly sustainable.

3.6 Examples of how we are doing this are: working with the Yorkshire and Humber Sea Food Group on the creation of a coherent network of Marine Conservation Zones arising from the Marine Bill; as part of the Humber Industry and Nature Conservation Association looking for sustainable solutions to development pressure on the Humber South bank; with several thousand agricultural businesses delivering sustainable land management through agri-environment schemes; with Local Authorities on green infrastructure projects, spatial plan policy making, development control and shoreline management planning.

#### 4. INTEGRATED REGIONAL STRATEGY (IRS)

4.1 Natural England currently understands the overarching goal of the IRS to be to deliver the outcome of “Sustainable Economic Growth”; this is defined as:

*“Economic growth that can be sustained and is within environmental limits, but also enhances the environment and social welfare, and avoids greater extremes in future economic cycles.”*

4.2 It is therefore absolutely key for Yorkshire Forward (and the Joint Regional Board, and Local Government Yorkshire and Humber) to work with the environment sector, including Natural England, to understand:

- what “environmental limits” mean within the regional context;
- which aspects of the environment should be a priority for enhancement; and
- and how we might measure and monitor with respect to both these.

4.3 The Boards were set up in January 2009. Natural England, along with other environmental partners in the region, is disappointed with the limited level of representation the environmental sector has in the new regional governance structures. There is a danger therefore, that economic development decisions do not give sufficient regard to the environment and do not deliver the desired outcome of sustainable economic growth.

4.4 At the time of this submission Natural England is still seeking clarity as to what role the Statutory Agencies, such as Natural England and the Environment Agency, will have in the new structures. Natural England is however, committed to working constructively with the new regional governance structures and is seeking to ensure that the economic growth is truly sustainable.

#### 5. YORKSHIRE FORWARD AND CLIMATE CHANGE

5.1 In 2008, Yorkshire Forward was subject to a Scrutiny Review by the Regional Assembly under the heading “Meeting the Climate Change Challenge”. Although the themes for this review did not overtly address Yorkshire Forward's role in “promoting a low-carbon economy and in addressing regional issues concerning climate change”, nonetheless many of the ten recommendations ultimately made (largely positively responded to by Yorkshire Forward) would do both these things.

5.2 In Natural England's experience Yorkshire Forward has been a positive participant in work addressing climate change—for instance the recent Climate Change Adaptation Study (and its further development); the review of the region's Climate Change Action Plan; region-wide discussions on the potential to develop “climate change and land management” type projects; managed realignment of tidal defences and coastal infrastructure; engagement with Forestry Commission over a “Capital Works Programme”. Beyond areas of immediate involvement by Natural England Yorkshire Forward is engaged also in important areas such as Community Energy schemes; carbon capture; renewable energy technologies; match funding contributions to the Regional Flood Defence Committee's Local Levy Programme; project development “best practice” promotion; and the measurement and reporting of carbon emissions).

15 May 2009

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## Memorandum from Doncaster Metropolitan Borough Council (YH 23)

### EXECUTIVE SUMMARY:

1. The following correspondence is Doncaster Metropolitan Borough Councils (DMBC) response to the Regional Select Committee enquiry dated the 2 April 2009. In summary, DMBC recognise the importance of our RDA's (Yorkshire Forward) contribution to its sub region, and the unprecedented need for transparent and public accountability within all RDA's.

2. In addition DMBC recognise the value of the new Integrated Regional Strategy and seek an approach from Yorkshire Forward that ensures inclusivity in its engagement with all appropriate partners.

3. In recognition of our response, DMBC have suggested key recommendations around the issues of communication, governance arrangements and the need for RDA's to be mindful of the longer term objectives, thus ensuring the focus is not all about the here and now.

4. In conclusion DMBC wish to make the Regional Select Committee aware that we have an extremely strong and healthy working relationship with Yorkshire Forward (particularly the South Yorkshire Office), and the approach that Yorkshire Forward have taken to develop joint priorities/evidence base with Doncaster and other local authorities has been a positive step forward. The opportunities that this provides for the next level of detail (ie. implementation of Geographic Programmes etc) are considerable, and we believe that these could be maximised if the following recommendations were implemented.

### BRIEF INTRODUCTION:

5. Doncaster is a Borough on the up. Moving away from its proud industrial heritage, the past five years has seen the Borough moving from a strategy of managing economic decline to one that seeks to promote, accelerate and manage economic growth. With a population of around 290,300 and covering some 224 square miles, it is the largest geographical Metropolitan Borough in England. Whilst the large majority of its population is from a White—British background (>95% according to the Census), the Borough's continuing economic growth has seen a large recent influx of BME economic migrants come into the Borough to support this.

6. Although the Borough is improving economically, significant social and economic challenges remain. Doncaster is still the 40th most deprived area in England, with 26% of its super output areas being in the most deprived 10% nationally, while 40% are in the most deprived 20% nationally. There are still areas of Doncaster that are recovering from the structural decline of coal mining, which has resulted in pockets of unemployment and derelict land. Heavy engineering, manufacturing and textiles, once large employers, have also suffered considerable job losses in the last few years. This has had a negative medium-term effect on Doncaster's population, with poorer than average skills, higher average mortality rates and lower average incomes all being recorded against the national average.

7. Clear plans are in place however to drive Doncaster's transformation, building upon the work of the past five years. Doncaster has pursued a policy of developing catalytic transformation of our urban landscape and invested heavily in developing employment sites alongside a programme of soft side regeneration activity designed to develop the capacity, engagement and activity rates of our communities, including those in our most deprived communities.

8. Doncaster has experienced considerable economic growth since 2000, over £1.3 billion worth of investment in Doncaster was achieved between 2000 and 2006 with projected investment set to continue. Employment growth has significantly outstripped regional and national averages and the average earnings gap of Doncaster residents has continued to narrow against our Yorkshire and Humber comparators.

9. Both the Council and its Partners have recognised that this economic growth is crucial to the future success of the town—hence its Borough Strategy and Local Area Agreement highlight the key programmes that will enable this to happen. Doncaster has deliberately set itself a bold vision statement within its Local Area Agreement:

10. "by 2025, Doncaster will be a city of international significance able to attract and retain a growing population with world-class skills in the creative and technological industries that drive the regional economy".

### FACTUAL INFORMATION:

11. The following information is presented to the Regional Select Committee in response to the specific questions raised in their correspondence on the 2 April 2009:

12. Question 1—*The role and responsibilities of Yorkshire Forward?*

13. DMBC in discussion with its partners have identified a real mixed level of understanding and interpretation of Yorkshire Forward's (YF's) role and responsibilities at both a local and a sub-regional level. Locally, the issue of YF's communication of its role and responsibility has been unclear, however in light of the new regional arrangements there is a need to clearly communicate YF's role in the post Sub National Review period.

14. Question 2—*The mechanisms by which Yorkshire Forward is held accountable?*

15. In response to the question of YF's accountability, it is clear that the electorate needs to be confident that Yorkshire Forward governance structures are robust, accountable and have a transparent mechanism that allows for decisions to be accountable, the question of whether the electorate feel these are sufficient to safe guard public expenditure, DMBC would say yes, however improvements are sought in the way YF communicates its governance arrangements at a local level and wish to explore the recommendation of a public health check to determine whether YF's governance structures could improve their regional effectiveness.

16. Question 3—*The process by which the Regional Economic Strategy (RES) was drawn up and the level of involvement of regional stakeholders in that process?*

17. In consideration of the process in which the RES was established, DMBC believe the process did not perhaps have the full ownership of local government. The involvement of key stakeholders from day one in the IRS should help to overcome some of the barriers faced and bring a greater focus to the RES. However we would be seeking involvement with YF that is as inclusive as the approach put in place for the Regional Spatial Strategy.

18. Question 4—*The effectiveness of the RES for Yorkshire and the Humber in delivering against its targets?*

19. The main criticism of the RES was the extent to which it reflects regional priorities, the priorities somewhat appear as a wish list or "all things to all people". Therefore, it is difficult not to identify a specific initiative that does not fit somewhere within the RES. The regeneration framework and the new IRS will help to address some of these issues if tackled properly; however with a likely decrease in the availability of public expenditure, the process of agreeing priorities is essential.

20. Question 5—*The effect of the current financial and economic situation on businesses, including the effect on different sectors and on skills and employment in the region?*

21. The key issue is the ability to be able to respond flexibly and responsive in our approach; both regionally and locally, different businesses and sectors are affected in different ways to different degrees in various parts of the region. The downturn is having a significant impact across the region—co-ordination and action joined up at the local level is paramount. However the RDA and other partners must still be mindful of the long term plans and ensure that the focus is not all about the here and now.

22. DMBC also acknowledge YF's contribution to being supportive to DMBC in relation to the economic downturn and commends the RDA for responding in a positive and flexible manner.

23. Question 6—*The role of other Government agencies such as the Government Office for Yorkshire and the Humber, and of partnerships between Government agencies, local government and the private sector, in delivering the aims of the RES?*

24. Historically there has not been the level of joined up thinking and consistency amongst the aforementioned partners in committing to deliver the RES and then priorities at sub-regional and local level. There does not always appear to be the flexibility in decision making and resource allocation that is required to deliver a challenging agenda. Often different Government Departments and agencies appear to have different priorities, or where there is consistency for whatever reason there is some barrier or other which prevents these from being delivered in a way that would suit the local circumstances. This situation is improving, for example GOYH recognising a shared evidence base for LAA's—using the agreed evidence produced by local authorities and YF through local economic strategies and strategic economic assessments.

25. Question 7—*The move towards a regional integrated strategy and the likely effect on the work of Yorkshire Forward?*

26. The IRS will have considerable impacts on YF, not least new role for planning and a joint regional board formed with the Local Government leader's board. This accompanied by the move to geographic programmes will mean a different way of working and a new partnership with local government which can only be seen as a positive direction of travel. This will require different flexibilities on all sides, and a different emphasis from YF, there are elements of YF that clearly want to embrace this and take these forward.

27. Question 8—*The extent to which Yorkshire Forward has the capacity and expertise to address all the elements which will be contained in the new integrated strategy, including in relation to transport, planning and housing?*

28. It would be fair to say that in short this is not fully in place, but as the new arrangements are implemented, YF will have an opportunity to address this issue, with a need to align their activity, strategies, plans and programmes to delivery more joint housing and economic regeneration initiatives.

29. Question 9—*The role of Yorkshire Forward in promoting a low-carbon economy in the region and in addressing regional issues concerning climate change and flooding?*

30. DMBC recognise the vital importance of our carbon reduction commitment and the role YF and other partners play in being a regional leader in a low carbon economy. The longer term issue is how RDA's can impact on Local Authorities reputation to be a low carbon producer.

31. In addition, DMBC wish to make the Regional Select Committee aware that Yorkshire Forward were extremely quick to respond to the devastation caused by the floods during 2007; YF in partnership with other agencies assisted a significant number of local businesses that would have simply closed down without this intervention.

32. **RECOMMENDATIONS FOR ACTION:**

33. R1: (Communication of the role and responsibility of Yorkshire Forward)—In light of the new regional arrangements, there is an unquestionable need to clearly communicate YF's role in the post Sub-National review period.

34. R2: (Accountability of RDA's)—Improvements are sought in the ways RDA's communicate their governance arrangements, and request the Regional Select Committee to consider the recommendation of a public health check to determine whether the governance structures are transparent and appropriate.

35. R3: (Involvement of Regional Stakeholders)—In context of our response to question 3, DMBC would recommend YF undertakes an approach that is as inclusive as the Regional Spatial Strategy.

36. R4: In relation to IRS, DMBC recommends evidence based priorities that reflect needs not the loudest voices.

37. R5: (Current financial/economic climate) For RDA's to be mindful of long term plans and ensure that the focus is not all about the here and now.

38. R6: The need for RDA's to explore/maximise the opportunities for delivering housing/economic regeneration initiatives.

39. R7: DMBC recommends RDA's give consideration to how they can positively impact on the Local Authorities reputation to be a low carbon producer.

15 May 2009

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**Memorandum from the Hull and Humber Chamber of Commerce (YH 24)**

1. INTRODUCTION

1.1 Hull & Humber Chamber of Commerce is the collective voice of business in the Humber sub-region, representing over 1,500 member businesses and affiliates of all sizes and across all sectors.

1.2 Our regional body, Yorkshire & Humber Chambers of Commerce (YHCC), will be making a fuller submission to your inquiry and we endorse their position, however we also thought it would be helpful to make some additional points specifically from the Humber perspective. This document should be read in addition to the YHCC submission rather than in isolation.

2. A GREEN LOW-CARBON ECONOMY

2.1 The Humber has massive potential for developing a cluster of green and low carbon technologies for energy generation and manufacturing in this area and, because of its geography and local expertise, is ideally situated to be a future world leader. Yorkshire Forward's support for renewable energy and work on carbon capture so far has been well received, but we would like to see this go much further and faster to ensure that we as a sub region, a region and a country do not miss out on the opportunities to assist in tackling the growing crisis of climate change.

2.2 The scale of the climate change challenge requires a strong regional and national commitment to developing new technologies and manufacturing capability, and as such we believe Yorkshire Forward is perhaps best suited to seizing this initiative than local authorities would be on their own. However, Yorkshire Forward will not be able to deliver a low-carbon agenda alone and partnership work with local business and local government will be key to driving this agenda forward.

3. INTEGRATED REGIONAL STRATEGY

3.1 Whilst in the Humber we wish to be at the leading edge of tackling climate change and have direct experience of its damaging consequences due to flooding and coastal erosion. It remains the case that key elements of the transport infrastructure require completion. In 2006, total government spending on transport in Yorkshire & Humber was £215 per head—the lowest of any English region. Businesses in the Humber have been waiting for major transport infrastructure improvements for too long, and the economic

performance of both the sub region and region has suffered as a result. Schemes such as the A63 Castle Street in Hull and A160 to Immingham are now urgently needed and accepted as regional priorities, but they are taking far too long to arrive.

3.2 The reasons for Yorkshire & Humber losing out in national transport spending rounds are unclear, but with its new responsibilities, businesses expect Yorkshire Forward to take a strong leadership role on behalf of the whole region on this issue. If necessary, and in the face of national public spending cuts, this may mean supplementing Government funding priorities with its own resources for critical infrastructure schemes such as the two schemes mentioned in the Humber sub-region. Fully involving business at every stage of these discussions on infrastructure is also crucial to ensure that key spending is prioritised intelligently.

3.3 To its credit, Yorkshire Forward did just that with its recent contribution to the upgrade of the Hull Docks Branch railway line, which has increased important capacity. However, many businesses in the Humber still feel that not enough prominence is given to the areas needs within Yorkshire Forward's thinking. We would like to see the importance of the region's ports and access to these facilities given greater recognition by Yorkshire Forward under its expanded remit. Given that these facilities are of regional and national economic importance as well, Yorkshire Forward must fulfil its leadership role in ensuring that their potential can be achieved.

#### 4. EFFECTS OF THE CURRENT ECONOMIC AND FINANCIAL SITUATION ON BUSINESS

4.1 Hull & Humber Chamber of Commerce monitors local business conditions through its Quarterly Economic Survey and we would be happy to provide current and historical data if the Committee would find this useful.

4.2 Most businesses in the Humber have been affected by the downturn in much the same way as businesses elsewhere, particularly through the reduced availability of bank lending and trade credit. The underlying causes of these problems are mostly to be tackled at a national and international level rather than specifically by Yorkshire Forward. However, a number of their financial initiatives have proved positive in terms of PIF funding, CDFI support and supporting Business Link financial health checks. That said, one sector in the Humber which feels particularly let down by a lack of support given to it since the downturn began is the caravan industry which has faced severe difficulties following the withdrawal of bank lending—in spite of some companies enjoying strong order books. It is felt to be as important to the local Humber economy as car manufacturing is to the West Midlands, but whereas car manufacturers have received support from national Government similar support from BERR and Yorkshire Forward has yet to be forthcoming for caravan manufacturers—despite the lobbying efforts of local MPs, ourselves and others. Although Yorkshire Forward was part of a joint task force which provided support to employees made redundant by caravan manufacturers, it has not stepped in yet to provide more fundamental restructuring assistance to the sector.

#### 5. INVOLVEMENT OF REGIONAL STAKEHOLDERS

5.1 Regional Development Agencies were originally set up to be “business-led” organisations. We believe this position has been diluted over time at the non executive level in particular. Business engagement must therefore be stronger to compensate and be consistent across Yorkshire Forward's departments and the whole region. In that regard we applaud the recent efforts of the Chief Executive and his Business Director. This general point is not a criticism of its staff in the sub-region, with whom we enjoy good relationships, but rather a continuing questioning of the level of resource discretion that are put into the sub-regions and the decision making authority allowed. Timetabled engagement with the private sector as well as public sector partners must also become more consistent to ensure a stronger sense of fairness and balance in policy deliberations.

5.2 Many businesses, particularly on the South Bank of the Humber (outside the traditional county of Yorkshire) also feel strongly that the area does not receive enough attention from Yorkshire Forward. Spending on tourism has been cited as an example of this, as North and North East Lincolnshire are covered by a separate tourism agency to the rest of Yorkshire & Humber. The issue of tourism promotion may be one that the committee would like investigated for the future.

#### 6. CONCLUDING REMARKS

6.1 We are positive about the role and performance of Yorkshire Forward and its senior management team and view ourselves as occasionally critical friends and a supportive partner rather than an opponent. We believe key issues will require strong regional leadership in the future such as responding to climate change and Yorkshire Forward is the best placed organisation available that can realistically tackle the industrial aspects of this agenda.

On other issues such as strategy, facilitation or delivery of business support we agree with the rest of Yorkshire and Humber Chambers observations. Similarly we share YHCC's general feeling that brokering and customising policy solutions to fit local circumstances with local stakeholders is more important than simply implementing national solutions in an absent minded way. This will in our view maximise impact, enhance creditability at a critical time and ensure careful use of increasingly scarce resources for the future.

6.2 We would welcome the opportunity to discuss any of these issues in more detail with the Committee and would be happy to supply more information if needed.

15 May 2009

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### Memorandum from Rotherham MBC (YH 25)

#### SUMMARY

Rotherham MBC are positive about the strong leadership Yorkshire Forward are providing to ensure a smooth transition to the new regional structures and working arrangements. Effective joint-working mechanisms, including a joint regional board, have already been established and positive partnership working is the norm at both officer and member/board level.

The key points include:

- The increased flexibility of funding programmes to tackle the recession is welcomed.
- There is an opportunity to simplify European funding approval processes.
- Important that existing expertise of transferring YHA staff and LAs is utilised on thematic areas that are comparatively new to Yorkshire Forward (eg planning).
- The move towards an outcome rather than output-based approach is to be encouraged.
- Important for Yorkshire Forward (YF) to provide clear leadership on low-carbon agenda, effectively promoting best practice and ensuring relevant technologies and initiatives are embedded in local economic plans.

1. In terms of the mechanisms by which YF are held accountable, the new regional arrangements in Yorkshire & the Humber only became operational on 1 April 2009, so it is difficult to evidence their effect as yet. However, these changes, including the formation of a Joint Regional Board made up of Yorkshire Forward (YF) directors and council leaders, should provide local authorities with a much greater influence on the local agenda and initial signs are promising.

2. Current YF policy seems to be moving towards a more “outcome” led approach and this is to be fully supported. The RES has been effective in delivering against its targets, but the output driven approach has made it difficult to assist wider impact across the region

3. YF have made big steps to increase the flexibility of their funding programmes (ERDF and Geographic Programmes) in order to tackle the short term impacts of the recession, which should be applauded. This has included a change of focus from new start businesses to supporting existing companies and also expanding this support across all business sectors. However, to ensure the benefits of this approach translate quickly to “on the ground” action, more needs to be done to streamline approval processes as it is still proving difficult to get funding approved and spent within a short timescale. In an economic climate where responsiveness is obviously vital, this remains a significant problem.

4. We feel it is crucial that other government agencies work in partnership with local government and YF to deliver the aims of the RES and provide a holistic response to economic regeneration. YF can help to develop strong relationships between business and business support agencies (eg Business Link) and JobCentre Plus and the LSC/Skills Funding Agency. This will complement work that is happening at a local level and help to ensure jobs and skills programmes are designed to reflect the needs of business.

5. It is reasonable to assume that there may be some issues in terms of YF’s capacity and expertise to address all the elements that will be contained in the new integrated strategy. This should be addressed by the transfer of staff (eg former YHA regional spatial strategy planning staff) and the involvement of local authorities and other partners on the regional board and thematic groups. There is a concern that, at this stage, it’s difficult to identify what mechanisms are in place to take forward the joint strategic agenda on some issues, planning being a particular example...

6. On transport issues, there is a concern about YF’s ability to fully embrace the sustainable transport agenda. YF have a history of promoting development and schemes that respond to increased demand on the basis that quicker and less congested travel produces economic benefits. Though this may be the case, we think the current agenda is much more about reducing the need to travel and would hope that this is reflected in discussions at the regional level.

7. We feel that YF have a very important role in promoting a low-carbon economy in the region and in addressing regional issues concerning climate change. The low carbon economy will become increasingly important and YF are best placed to influence this within the region through their distribution of funds, relationships with and lobbying of central government, and work with local authorities and other organisations. Their influence over the development of economic plans for all local authorities, for instance, can ensure that low carbon technologies and initiatives become embedded in mainstream economic activity. We are particularly pleased that YF are supporting the innovative “Dearne Valley Eco Vision” initiative and would hope that this support extends to a commitment to identifying funding opportunities through geographic programmes and ERDF.

8. We would suggest that YF could do more to provide an accessible central resource for promoting regional best practice and information about the low carbon economy. The low carbon economy pages on the Yorkshire Forward website, whilst on the face of it providing lots of information, are fragmented and provide links to many other sites. What is needed is an overview and summary of these different elements of work, setting out how they can all contribute towards a coherent vision and set of objectives. Yorkshire Forward needs to take more of a leadership role, setting out the line being taken in the region, which in turn will inform the development of sub regional and local policies and projects. In meetings, YF staff have quoted best practice examples, but then it has been difficult to find information and make linkages with these projects. Best practice examples should be widely publicised to encourage others to adopt similar initiatives and projects.

19 May 2009

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**Memorandum from Mr Barton Moenster, The Boeing Company (YH 26)**

I am writing to express the grateful feelings of The Boeing Company for the outstanding support by Yorkshire Forward in assisting and improving the aerospace manufacturing industry infrastructure in the Yorkshire and Humber Region. Through their support of such efforts as the University of Sheffield's Advanced Manufacturing Research Centre (AMRC), Yorkshire Forward has helped Boeing's regional supply chain grow in both quantity and quality. The AMRC has helped regional suppliers improve their manufacturing methods and overall operations through transitioning of optimized and proven processes. They have spun-off new companies which have new technologies to supply our suppliers with better, lower cost parts. None of this would have been possible without Yorkshire Forward's support of our efforts at the AMRC.

We have now started on yet a new journey with Yorkshire Forward in improving the regional manufacturing infrastructure, by teaming with them to enhance future manufacturing capabilities by using the AMRC to help teach high school and university students about engineering and manufacturing at the AMRC—a sort of “teaching factory.” Yorkshire Forward not only is helping in making this a reality, but they had the original concept.

The UK is Boeing's largest overseas supplier. The assistance of such organizations as Yorkshire Forward and the AMRC ensure this key supply chain will stay one of the best in the world.

14 May 2009

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**Memorandum from Yorkshire Forward (YH 27)**

This is Yorkshire Forward's submission to the Yorkshire and Humber Regional Select Committee's inquiry into our work.

Our role is to improve the regional economy by achieving the goals laid out in the Regional Economic Strategy (RES).<sup>68</sup> We are a Non-Departmental Public Body, with a budget of £350 million a year from central government. Our funding comes through a “single pot” which is contributed to by BERR, CLG, DIUS, DEFRA and DCMS; rather than silos of money from key departments that can only be spent on their area of work. We also manage European regional development funds for the region. BERR is our lead department and they assess our success by the delivery of four main “outputs”: creating or safeguarding jobs, assisting people in skills, creating businesses and attracting investment. We have never missed one of our core targets.

Yorkshire Forward is governed by a Board with a Chair and Chief Executive; the 14 Board Members include senior regional business leaders, leaders from local government, the voluntary sector, education and trades unions. Yorkshire Forward employs 450 people in six teams: Business, Corporate Management, Economic Inclusion, Environment, Finance and Strategy.

Central to our way of working are our corporate values of Value for Money, Openness, Team Yorkshire, Excellence and Diversity. On Value for Money we are the leanest Regional Development Agency (RDA) with the lowest overheads, on Openness we publish all our Board Papers online and have a well attended public AGM each year. On Team Yorkshire we have built strong partnerships with the region's local authorities (LAs), businesses and politicians. On Excellence we have created the UK's premier advanced manufacturing technology park in Rotherham and on Diversity we passionately advocate and show through our work that a diversity of place, business and people is crucial to the region's economic success.

Our success as a RDA is evidenced by our Independent Performance Assessment, conducted by the NAO in 2007, which gave Yorkshire Forward a mark of “performing strongly”. We achieved the highest mark of all the RDAs for our “capacity”, an assessment of the quality of our staff and their capacity to deliver the

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<sup>68</sup> The Regional Economic Strategy is a roadmap for how the region will grow its economy between 2006 and 2015 laying out a set of objectives, how they will be achieved and by whom

objectives of the organisation. The NAO commended much of our work including: our ambition; our response to economic shocks; our work to champion the region; the clarity and direction of the Agency and the Regional Economic Strategy; the delivery of the Renaissance Programme across our towns and cities; our commitment to tackling climate change and our positive action on transport.

In 2009, PricewaterhouseCoopers conducted an independent evaluation report called “Impact of RDA spending”, commissioned by BERR. Thirty three Yorkshire Forward investments totalling £750 million were evaluated as part of the report and it found that the agency’s business related investments had returned the greatest impact to date with some returning as much as £7.60 Gross Value Added back into the regional economy for every £1 of Yorkshire Forward money spent.<sup>69</sup>

## DELIVERING OUR ROLE

We deliver our role, to improve the regional economy, in three ways—Business, People and Places.

### BUSINESS

The rationale for our work with business is simple—we step in where there has been market failure. Our current priority is our work to tackle the economic downturn and to keep as many viable businesses trading as possible.

#### *Supporting business in the recession*

The key route to our support services is through the Business Link (BL) gateway. We have undertaken a concerted marketing campaign to inform businesses of this support, resulting in a trebling of enquiries for help to the highest level in the UK.

At a practical level, a Financial Healthcheck can be accessed through BL. It is designed to review business performance and plans and provide banks with management information to support lending applications. With more than 1,000 Financial Healthchecks completed, banks are already reversing some negative decisions.

We have brokered practical measures, such as an agreement that every bank manager in the region will have a personal Business Link Advisor relationship. This will increase banks’ understanding of available support, enabling them to introduce it to their customers. We have already paired more than 600 bank managers with Business Link Advisors.

We have utilised the Agency’s funding flexibility to shift resources to what the region’s businesses need. We are investing:

- £9.7 million in redundancy support measures.
- £9.7 million in a range of business investment funds.
- £43 million in research and development grants.
- £50 million in the Train to Gain Enhancement Fund.
- £7 million to enhance the Manufacturing Advisory Service’s work with industry.
- £10 million to improve competitiveness through resource efficiency.
- £6.9 million in the Targeted Export Support Scheme.
- £2 million in internships for graduates (currently in development).

#### *Supporting Financial Services and working towards their future in the region*

The financial services sector around Leeds has been the engine of growth in Yorkshire and Humber over the last decade and we are acting to ensure that the critical mass of over 300,000 jobs and top quality companies are supported through the recession.

Just days after the HBOS/Lloyds and Bradford & Bingley announcements; Yorkshire Forward established a high level task force charged with developing a plan of support for the region’s Financial Services sector.<sup>70</sup> They commissioned and signed off a report looking at the opportunities and challenges facing the region’s financial services sector, which was sent to the Chancellor to inform Government thinking on the current situation in the Financial Services industry. Yorkshire Forward is working with the sector to implement actions from the report.

<sup>69</sup> GVA measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom. GVA is used in the estimation of Gross Domestic Product (GDP). GDP is a key indicator of the state of the whole economy. In the UK, three theoretical approaches are used to estimate GDP: “production”, “income” and “expenditure”. When using the production or income approaches, the contribution to the economy of each industry or sector is measured using GVA.

<sup>70</sup> The group includes Yorkshire Forward, Leeds Financial Services Initiative, Local Authority leaders, industry representatives and skills partners.



We are working at both a strategic and practical level with the region's banks to understand how to help them help businesses secure the finance they need. At a strategic level, discussions continue with the regional directors of the banks, chaired by Leeds Financial Services Initiative. It is a platform for open and frank discussions around the current issues in the banking sector.

These activities, linked with schemes like the government's Enterprise Finance Guarantee (EFG) scheme, are reaping rewards for companies like Doncaster-based Amplefuel. Accessed through high street banks, the EFG scheme provides government guarantee backed finance for viable propositions. Amplefuel's original finance deal collapsed, threatening the company but a £200k loan from HSBC means they are now projecting turnover in excess of £4 million with the potential to create up to eight new jobs over the next 12 months.

#### *Still thinking long term*

We are still working with companies on innovation, enterprise and finding new markets. R&D grants totalling over £43 million are available to all businesses in the region, to help them develop innovative new products over the next six years. We believe this will create or safeguard 555 jobs and lever in private sector investment of £26 million.

Innovation vouchers are helping the region's firms remain competitive. Companies are able to apply for vouchers up to £3k. Successful businesses can then choose from a panel of academic experts they work with to test and develop their ideas. The scheme, launched in January, has awarded 131 vouchers so far.

The £6.9 million Targeted Export Support Scheme is for businesses to start or expand their international trade activities. This should create or safeguard 1,000 jobs and generate a £90 million increase in export turnover and private sector investment of £4.1 million.

Foreign direct investment (FDI) activity within our region has continued at a strong pace. During this year, Yorkshire Forward has:

- Been involved in attracting 62 inward investments.
- Exceeded the annual target set by UKTI by 41%.
- Created 1,229 new jobs and safeguarded a further 2,905
- Attracted over £600 million of private-sector investment.
- Seen high levels of FDI performance in North America, Japan and Germany.

We are very confident that our strong focus and leadership on positioning the region as a world leader in tackling climate change through projects such as carbon capture and renewables will lead directly to significant inward investment.

#### PEOPLE

Our region needs more skilled people. We cannot afford to have thousands out of the workforce because of unemployment, low skills or the effects of poverty. We believe that social inclusion is an economic imperative. This view is shared by the vast majority of business and political leaders in the region.

#### *Here and now*

A vital feature of our work in recent months is our Employment Support Group, with the LSC and JobCentre Plus. We work together with local companies to help people back into work quickly, following large scale redundancies. So far 68 businesses accessed the Redundancy Support Programme, assisting 2,544 individuals under notice of redundancy. And 10 Employment Support Groups have been formed for large scale redundancies:

- |            |                      |                         |
|------------|----------------------|-------------------------|
| — Corus    | — Bradford & Bingley | — ITV                   |
| — Burberry | — Otto Grattan       | — Norwich Union (Aviva) |
| — HBOS     | — Huntsman Tioxide   |                         |
| — VION     | — Mariner Bakkavor   |                         |

We are currently working with Corus to both support those made redundant and those that are redeployed within the company. There have been two events at Corus so far to raise awareness of the support available, and to target workers being released at the end of April. Of 156 leavers, 125 attended the second event, 78 arranged a further consultation to determine further support and 65 (to date) have accessed training support through the Enhancement Fund.

Following the announcement of the Mariner Bakkavor Grimsby site closure in October 2008, the partnership worked alongside the employer to offer support to the 530 individuals that were affected. We offered individual advice and guidance sessions with all employees, retraining opportunities funded by the Enhancement Fund and JCP Rapid Response. And we held two events focused on recruitment and job availability.

In light of the ITV Yorkshire decision, we're using our partnership and Fairplace Outplacement service to support the workers affected. Screen Yorkshire is working alongside JCP, YF and LSC to offer industry specific advice and guidance. We intend to inject additional resources into our very successful production fund that has led to high quality films and TV productions being made in the region, such as *The Damned United*, *Red Ridings* and *Unforgiven*.

#### *Train to Gain Enhancement*

The Train to Gain programme, delivered by the LSC, has been enhanced by £50 million, to encourage staff training and provide a rapid response to redundancy. The enhancement fund fills the gap in supporting skills and workforce development that cannot otherwise be funded.

We also have a planned reskilling and retaining of redundant workers programme to encourage companies who are recruiting to work with companies making redundancies, to identify opportunities to match redundant workers with new job opportunities. The plan includes a job retention subsidy of £1k per person and up to £500k if a new investor takes on otherwise redundant employees.

#### *Longer Term Work*

We are working closely with our partners to identify shortfalls in the market—mainly in Science, Technology, English and Maths (STEM)—and fund projects that help build the knowledge economy. By targeting these subjects during the early Key Stages, we aim to lay the foundation for higher attainment at GCSE and A-level in the future. The Space Circus project, based in Huddersfield, is an example of the innovative approach we've taken to STEM skills, using space as a hook to attract under-16s to future careers in STEM disciplines.

Demographic shifts will have a significant impact on the future of the region and we have been proactive in addressing these changes. Bradford now has an Open Madrassah Network, to increase the GCSE attainment of young people and adult learners in the Pakistani and Bangladeshi communities. Adult learning focuses on English, pre-employment training and is targeted at the hardest to reach groups.

#### *PLACE*

We believe that by creating sustainable places, where businesses want to invest and people want to live and visit, we can grow the regional economy. Great places are at the heart of Yorkshire and Humber's RES—"Place" and its attributes are important drivers of the region's economic success.

The industrial decline of the 1970s and 1980s left deep social, physical and economic scars across the region—problems compounded by over-reliance on a few industries. The need to develop and retain a more diversified business base is a core element of our renaissance and property programmes. Four fifths of our region is rural and we are committed to ensuring rural competitiveness against larger commercial centres at home and abroad.

#### *Renaissance Process*

"Town Teams" are central to our renaissance programme; they draw local people together to create the future of their places and are a way of Yorkshire Forward reaching out to and working with local communities. These teams have played a crucial role in developing master-plans that detail each place's ambition and aspiration. Town teams have developed master-plans in 32 towns, including Scarborough, Barnsley, Sheffield, Hull, Wakefield and Bradford. The ideas are designed to ensure that the region does not get "second prize" in terms of design or the economy but aspires to be the best.

The economic climate creates new challenges and all of our key development schemes have had to be reassessed. We continue to work to drive these projects forward.

#### *Renaissance Projects*

The success of this approach is evident across many of our towns and cities. The Renaissance of Scarborough and the specific role of the Town Team, the local community and local business culminated with the town being named Europe's Most Enterprising Place on Wednesday 13 May 2009. Many projects have contributed to the transformation of the town, with £30 million of public investment leading to a further £200 million from the private sector.

Barnsley's ambitious vision has helped deliver projects worth £100 million. These include the Digital Media Centre, diversifying the local economy, a new Transport Interchange ensuring improved access to the town and the Civic Building and adjacent Mandela Gardens public space.

Sheffield's 2000 Renaissance masterplan identified the "Magnificent seven" as projects key to its Renaissance. The "Heart of the City" project comprises of the Peace Gardens, Millennium Galleries and Winter Garden and represents an investment of £42 million. This is alongside the award-winning public realm of the Gold Route and development of new digital and creative industry facilities, with the Electric Works. All these act as catalysts for more private sector investment across the city centre.

In Hull, St Stephen's Shopping Centre was heralded as one of the best regeneration projects in the world at the RICS (Royal Institute of Chartered Surveyors) Awards 2008. The £200 million scheme has created 1,268 new jobs and acted as a catalyst for more investment in the city.

In Leeds the improved city's public realm has centred on works on Albion Place and Park Square, with investment planned for Briggate. A new Holbeck Urban Village will join the city centre with the relatively deprived ward of Beeston. Completed projects such as the Round Foundry Media Centre and planned projects like Tower Works provide a much needed boost to the area and better access to the city centre.

The Advanced Manufacturing Park (AMP) is located on Orgreave—a former open-cast colliery between Sheffield and Rotherham. The park builds on the existing expertise of the local workforce and companies, already attracted Rolls Royce, Boeing and Dormer Tools. Results and their expertise is already being utilised by Formula One and by Boeing's new 787 Dreamliner.

Wakefield Waterfront forms a vital component of the Renaissance programme in the city centre. The initial phase completed in October 2008, including a £38 million (public and private) investment enabling the refurbishment of the Grade two listed Calder and Hebble Navigation Warehouse. Wakefield Council's new Hepworth Gallery will complement the existing developments, providing an important cultural addition to the city.

Through the Northallerton programme, and in partnership with Hambleton District Council, we've invested £140k in a £1 million project to move the charity Chopsticks to a new, purpose-built factory building.

## FUTURE WORK

### *Integrated Regional Strategy*

We embrace the challenge of developing the new Integrated Regional Strategy (IRS). We recognise the huge potential that exists from better integration of economic development, associated housing, transport and regeneration developments with the statutory planning system. The IRS will frame activity on economic development in the broader context of improving quality of life for our region's residents.

Gaining support is one of our key strengths; we have recently devoted significant effort to ensuring our in-house expertise strongly supports the work of all our partners in the region. And we continue to support and resource Yorkshire Futures, the Regional Observatory, who will have an important role to play in establishing the evidence the IRS is based on.

The lead role activity we will assume as a result of the new regional governance structures include:

- Transport and Regional Work and Skills Partnership Boards;
- support to the Joint Regional Board; and
- organisation of Joint Regional Board events.

We will use our 10 years' experience of working with our own boards and organising and running professional events during the development of the IRS to make sure the governance structures receive excellent support. Our expert Transport team have provided significant knowledge and financial support to the transport elements of the Regional Funding Allocation (RFA). We have developed this capacity, and taken the lead on transport, because we recognise that there are very strong links between transport and economic development.

We developed the regional governance arrangements quite early during the government consultation on SNR in 2008, based on the strong understanding and partnership approach that exists between the RDA and Local Authorities in the region. This relationship will continue to grow through the Joint Regional Board as they work to develop the IRS.

### Local Authority relationships

Our LA partners are central to the success of our work. Working together, we pool our regional knowledge and expertise in economic development with their local knowledge and expertise in the same fields, making sure we deliver regional programmes at a local level.

We have strong relationships with the LAs, which we are keen to develop further. In the current economic climate we keep our partners as up to date as possible, in addition to the usual business contact. And we provide regular written updates on the changing economic situation. Building on existing relationships, we're developing an information sharing system with the Local Authorities and other public sector partners to help them better understand our work and improve interactions.

We intend to further develop communications with LAs by:

- holding joint information sessions with LA partners for executives and economic development staff, business and community partners;
- providing regular written updates on the work of Yorkshire Forward; and
- contributing to LA community newsletters.

### Business, social and environmental partner relationships

We are continuing to work closely with all our Social Economic and Environmental (SEE) partners, especially in light of the closure of the Yorkshire and Humber Assembly. We have commissioned specific resource within Yorkshire Futures to manage these relationships, to ensure their expertise is fed in during consultations and strategising.

We also maintain a very close working relationship with the top 100 companies and regional business organisations:

- Chambers of Commerce.
- Confederation of British Industry.
- Manufacturing Advisory Service.
- Federation for Small Businesses.
- Advisory, Conciliation and Arbitration Service.

### *Coming out of recession*

We are developing key schemes across the region to ensure that this time around we are not the last region out of recession. In Leeds we are working with city-region partners to position ourselves as the high skill and lower cost location for financial services, and to take advantage of the city-region's pilot status. We have doubled our investment in tourism, particularly to help the rural North Yorkshire economy. Alongside our South Yorkshire LA partners we are investing in Digital Region—the largest scale next generation broadband project in Europe. The region's excellent track record on green issues have positioned us well to take advantage of new opportunities for low carbon investment, particularly our work on Carbon Capture and Storage and large scale renewables manufacturing investment. The Humber is emerging as an ideal location for these investments.

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## **Memorandum from the Design Council (YH 28)**

### ABOUT THE DESIGN COUNCIL AND THE *Designing Demand* PROGRAMME.

The Design Council is the national strategic body for design. Its role is to inspire and enable the best use of design in business and public services.

One of the core programmes that we have developed to help achieve this goal is *Designing Demand*. The *Designing Demand* service was established in response to the HMT *Cox Review of Creativity in Business* which highlighted the role of design as an important driver of business competitiveness. The review went on to show how many SMEs were not aware of this fact and recommended the development of a new business support service to help them use design and understand how it could help them to grow their businesses.

The resulting *Designing Demand* programme was launched in 2006 with funding from DIUS, BERR and the RDAs. It is a design mentoring service which delivers intensive advice for business leaders and helps them assess design challenges and opportunities across their operations. The focus is on accelerating innovation, developing new products and services and ultimately adding value. It is delivered through a roster of Design Associates who are all trained and vetted by the Design Council.

The programme is delivering positive results including improved company performance and profitability and new strategic directions for participating companies. It is now available in seven regions and over 1300 businesses have been through the programme to date. We are also working with the devolved nations to make the programme available in Wales, Scotland and Northern Ireland. The programme now forms an important plank of a streamlined portfolio of business support products available via Business Link.

### SOLUTIONS FOR BUSINESS: *Design Works*

Yorkshire Forward was the first region to roll out the *Designing Demand* Service which it did under its own *Design Works* banner in 2006.

This followed on from a report commissioned by the RDA which found that a large proportion of SMEs in the South Yorkshire region were not using design strategically and that perceptions about design amongst local businesses were varied and often inaccurate.

*Design Works* employed a team of six experienced consultants (Design Associates) approved by the Design Council who worked with the companies on a one-to-one basis to identify the most effective development design opportunities for the business and develop a project brief. Businesses then received support and advice in choosing the right design supplier to deliver that project (from a short list selected from a database of preferred suppliers).

By April 2008, almost £1.1 million (SME contribution and subsidies) had been spent on design projects through the programme with an average project spend of around £14,300 and an average SME contribution of more than £9,000.

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## DELIVERING IMPACTS FOR YORKSHIRE FORWARD

The overall aim of the *Design Works* programme was to strengthen the links between design and business success by promoting more effective communication between SMEs and design agencies. An independent evaluation based on a survey of 30 businesses involved in the *Design Works* programme which was carried out in April 2009 by Eko Gen, highlights that the service is meeting this aim and delivering impressive results in the following areas:

### *Raising the profile of design*

As a result of participating in Design Works, businesses are genuinely buying into the concept of design as a driver of business performance.

Almost a quarter of survey respondents said that design was crucially important to the success of their business and just under half said that it was very important (20%) or important (23%).

Just under half of respondents reported that design has become fully embedded in their operations. The same proportion reported that design had either become embedded across most or some departments and functions.

Two thirds of the businesses that took part in the phone survey reported that design was integral to their companies operation in comparison to under half of businesses in 2007.

### *Design Investment*

For many businesses, spend on design has increased as a result of participating in Design Works.

Following Design Works, there has been a decrease in the companies that spend up to £4,999 (from 13 businesses, 43% to two businesses, 7%) and an increase in those that spend between £5,000 and £35,000 (from seven businesses, 23% to 21 businesses, 70%).

In 2008, one business spent between £50,000 and £100,000. In 2009 six businesses (20%) expect to spend between £35,000 and £100,000, with half of these expecting to spend over £50,000.

Over the next two years, 11 businesses (36%) expect design spend as a proportion of annual turnover to increase. Nine businesses (30%) expect it to stay the same.

Overall, the majority of businesses (70%, 21) reported that their investment plans had been significantly (30%, 9) or partly (40%, 12) influenced by Design Works. Of these, just under a third reported significant increases and a larger proportion businesses (43%, 9) reported moderate increases.

### *Measurable business growth (including job creation, sales, profits and market share)*

Businesses have experienced a wide range of positive outcomes as a result of participating in Design Works.

Since 2007, the top five outcomes, in order, have been increased sales (50%, 15), jobs safeguarded (47%, 14), improved service to customers (40%, 12), increased profits (36%, 11) and increased competitiveness (36%, 11).

Businesses have also experienced increased market share (33%, 10), entry to new markets (33%, 10), improved employee performance (33%, 10), increased exporting (26%, 8) and job creation (23%, 7).

Outcomes which have occurred to a lesser extent are the creation of new products/services (20%, 6) and cost reductions (20%, 6).

## CASE STUDY 1: INTERIOR SURFACES

### *Background*

Sheffield-based Interior Surfaces manufactures a varied range of interior work surfaces. A retail outlet serves homeowners, but a larger proportion of the business is focused on top-end trade customers: design and build contractors and architect-led projects.

In March 2006, Interior Surfaces wanted to update its image following a turbulent few years. The company was launched in 1992 as Tailored Tops. In October 2000, Managing Director (now chairman) Arthur Mackenzie bought out his former partner and a year later renamed the business Interior Surfaces. Then, in November 2006, the company moved premises.

Following this upheaval, sales began to grow, but the new management team believed the business could be doing better.

### *Problem*

“We had a decision to make,” says Sales and Marketing Manager Zoe Dickinson explains. “We could remain small, just ticking over, or we could try to be a real player. We chose the second but weren’t sure how best to achieve it.”

Dickinson received a flyer about Designing Demand. Like many sales and marketing executives working in smaller businesses, she says, she was unclear about the role design and branding could play.

“Our only experience of design was putting together our company brochure,” she explains. The original Interior Surfaces identity had been developed by a commercial artist. “We’d spent what felt like a small fortune on printing new materials, but it wasn’t working. The experience left a sour taste. We felt if that’s design then we don’t want to play.”

### *Response*

Design Associate Ellis Pitt was assigned to work with Interior Surfaces after it joined the Generate service. His first step was to run an introductory session with the management team to analyse the business.

“It was clear that although they had a strong track record for good workmanship and great products, services and people, the image Interior Surfaces presented through its corporate identity and marketing materials fell short of this,” says Pitt.

The company was ambitious. It wanted to double its 2005–06 turnover of £1.3 million within five years. That meant attracting more business from leading, blue chip design-to-build contractors. But to achieve that the business needed these higher calibre clients to take it more seriously.

“The goal was to build a stronger brand through better design and use this to create an added value proposition, repositioning the business as more than just a supplier, as it had clear strengths in terms of quality and problem-solving,” Pitt adds.

He worked closely with the management team to analyse its customer base and target market, identifying the highest value clients and the less profitable ones.

Pitt developed a design brief crystallising the business’s strengths, including its focus on quality and problem-solving, and its ambition to build sales with higher calibre clients. This was then used to brief the design company appointed to create the new identity.

Three design companies were invited to present credentials. “It was apparent all could do the job,” says Dickinson. “But we felt only one took our business seriously and had taken the time to understand us. They didn’t talk at us, which was important. And as a result they were people we felt we could work with.”

The management team selected Huddersfield-based designers The Engine Room, impressed by their track record, enthusiasm and collaborative style. After spending time in the factory and with customers and clients to understand the work surfaces business more clearly, the designers developed three possible design solutions.

“Constant and open dialogue was essential to get the best out of this process, although we had such confidence in the (design) team we would have been happy to use one of the three ideas they came up with,” Dickinson adds. “Ultimately, it came down to personal preference and luckily we all chose the same one straight away.”

The new corporate identity was launched in January 2007. It comprises the company name in two shades of green beside the initials i and s and strap line, “Hardwearing surfaces for hardworking people”. This is used across all print materials and promotional literature, and a redesigned website.

### *Impact*

The re-branding was received positively by many customers including designers and architects—two groups to which the company was especially keen to present itself as a problem solver. Since then, Interior Surfaces has continued to work with The Engine Room and now has plans for a new retail website. In the year ending July 2008, the company’s turnover hit £2.4 million.

Dickinson believes the Designing Demand process “transformed” Interior Surface’s business, although at first the management team found it a challenge.

“We were questioned about turnover, business strategy, clients, products—topics we’d never been asked about when talking to designers about previous brochures. And we were initially quite surprised by the bluntness of the recommendations,” she says.

“But it’s now clear that what we had previously thought was investing in design was actually expenditure on print. Designing Demand not only helped us re-brand, it helped the management team to focus more closely on developing areas of business that are most profitable and provide greatest potential for future growth.”

Interior Surfaces’ Chairman Arthur Mackenzie readily endorses this. “When I first met the Design Associate I expected questions about colours and fonts. Instead they asked me about financial and business-related matters. The project has totally transformed my view of marketing and branding.”

## CASE STUDY 2: MECHAN

### *Background*

Mechan is the world leader in the design and manufacture of mechanical handling equipment for the rail industry. Founded 35 years ago and based in Chapeltown, Sheffield, the business is split into two parts. Mechan Ltd produces jib cranes for steel processing, power generation, and for use in petrochemical and marine environments, and also mechanical handling equipment for the rail industry. Mechan Technology, formed in 1998, designs and develops a patented railcar lifting jack control system, Micro Link. This division has enjoyed rapid growth and extended its products to include railway depot protection systems.

### *Problem*

Mechan has a solid reputation for quality, safety and reliability, plus many long-term customers. Although best known for its work in the rail industry it was keen to find new markets and also build export business. But by 2005 its image was looking dated. Faced with a static UK market and growing overseas competition, it needed to make an impact.

### *Response*

Through Business Link South Yorkshire, Mechan signed up for Designing Demand's Generate service, linking up with Design Associate Evan Kitsell. "I think Mechan was attracted to the programme because it wanted to understand how design could be used as a business tool but lacked the confidence and experience to select designers or ensure it was getting value for money," says Kitsell.

At around the same time, Richard Carr joined the company as business development director. "I'd known Mechan for about 20 years as a customer," he says. "They needed to be dragged out of the 1980s in terms of how they looked to the outside world and one of my first tasks was to identify our brand values and develop our image to reflect them."

"Mechan has its own internal design department but their primary focus was product design and so the image got left behind," Carr says. "Our reputation for quality, reliability and for being market-leading simply wasn't reflected in our identity."

First, Carr and Kitsell set about identifying the brand's strengths by talking to senior management, employees and customers.

"We went through the process properly," says Carr. "I was very keen for it to be done the right way round. I didn't want to get a pretty logo and then worry about everything else later. We looked at perceptions internally and externally, plus customer feedback and used all that to work on a brand image that reflects what the business is about."

Kitsell adds: "We gathered intelligence to confirm what we already knew, but also to learn some new things. We talked to staff and existing customers. It was all very positive feedback—customers spoke well of the company and what it did, so the next step was to get an identity that matched people's views."

Having identified Mechan's strengths—quality, reliability, safety and innovation—the company looked for a design consultancy. Evan Kitsell says, "I wrote a briefing document to tell shortlisted agencies enough about the company and its challenges to be ready for a conversation with us."

Richard Carr chose Sheffield-based Vivid Creative, which has a range of local, national and international clients. "I felt they would be proactive and were a tight knit team. It proved to be the right choice."

Vivid and Mechan have forged an ongoing relationship where each understands how the other works and what Mechan needs to move ahead.

Vivid Creative Director Dan Lindley says: "Mechan had very strong brand values—product quality and product reliability plus innovation and forward thinking combined with an 'everything is possible' attitude. It also has a strong heritage and a sense of pride, and it's strong enough to compete yet small enough to care—that's what we needed to work on."

Vivid created an image that is clean and simple and symbolises the two parts of the business—Mechan Ltd and Mechan Technology—linked together.

### *Impact*

Although it's too soon to see an impact on sales, the main benefit is expected to be abroad, where the company has previously done business in an ad hoc way. Already more overseas inquiries are coming in via the new website, which gives Mechan greater reach and impact.

The company is now entering a new phase following a management buyout led by Carr, who has ambitious plans to expand the number of export agents and to focus on new product development.

"The rebrand is all about projecting a high quality, professional image to the outside world. I believe it will give Mechan a higher profile in the UK and the international market and raise us above our competitors," says Carr.

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### CASE STUDY 3: SPOTTY OTTER

*Problem*

Little Trekkers' move to bigger warehouse and showroom premises in 2005 triggered a rethink about the business, including its brand. "When we looked at our existing marketing materials, the Little Trekkers logo was used inconsistently. Also, having researched brand identity, I concluded neither our logo nor our marketing were consistent with the fun, friendly and funky image we wanted," says Butterworth.

As well as rebranding the business, Butterworth and Jones decided to improve their margins by developing their own product range under a different brand to sell through third-party retailers.

The business had paid £60 for its original logo, relying on in-house expertise to refine it. But the owners realised they would need external expertise for this project and signed up for Designing Demand's Generate service through Business Link South Yorkshire.

*Response*

Little Trekkers had already begun discussions with a designer on a range of UV-protective swimwear, but Design Associate Lesley Page was not convinced by the results and went to clothing designers Glacier Blue for a second opinion. A meeting between Glacier Blue director Sarah Renton and Butterworth then led to Glacier Blue developing what became Spotty Otter's first product range. Renton says: "I wasn't convinced there was a gap in the market, but the thinking evolved and it was agreed that we would develop a launch range of autumn/winter outdoor wear, with UV sunwear for a summer range to follow."

Spotty Otter needed a brand positioning statement, and the business chose the words "funky and functional" to encapsulate the brand's unique appeal, provide direction for the look and feel of the brand, the products that would encapsulate it and the gap in the children's outdoor clothing market it aimed to fill.

Little Trekkers worked with Lesley Page on a design brief for the rebranding and Glacier Blue introduced Butterworth to branding specialists The Engine Room, who were given two projects—rebranding Little Trekkers and creating the Spotty Otter brand. The name had already been chosen by Butterworth and partner Matthew Jones following market testing with staff, family and friends.

Spotty Otter's products and brands were developed in tandem. "Constant dialogue between all parties was essential until initial designs were created to ensure neither side of the design brief went off-message," says The Engine Room Creative Director Darren Evans. "Stephanie and Matthew were very clear about their requirements from the outset and developed a strong relationship with the designers early on."

Working with two design companies was surprisingly straightforward, says Butterworth: "I produced mini-briefs for each element—not to dictate design but to ensure everything matched the feel we were trying to achieve. It was also invaluable that Glacier Blue and The Engine Room had experience of working together."

The resulting identity comprises the brand name with a distinctive letter "o" containing a swimming otter. The launch product range comprised a selection of down coats, waterproof wear and wellington boots. "We are thrilled," says Butterworth. "The designs have far exceeded our expectations. We now have our own branded product range that sits quite comfortably alongside the big brands already established in our market."

*Impact*

The first Spotty Otter product was sold within 45 minutes of going live on the rebranded Little Trekkers website. Distribution has since been extended offline into a number of retailers throughout the country, and the second range of clothing, also designed by Glacier Blue, was launched in spring 2008.

Butterworth says the process of creating Spotty Otter represented a steep learning curve, but that the skills she has honed are already proving invaluable. "Because of this project, I am now comfortable dealing with design agencies, clothing designers, factories overseas and freight companies. This has had a knock-on effect on our staff, who no longer just deal with customers but wholesalers and retailers too," she says.

"Just as importantly, our approach to design has altered fundamentally. Up front, we thought long and hard about the financial commitment—investment in the branding alone represented more than ten times our total design investment since 2002. It was a major step for us. But seeing where we've got as a result, and the extent of the role design has played, has been a revelation and has more than justified the financial investment."

16 June 2009

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## Supplementary memorandum submitted by Yorkshire Forward (YH 29)

### HMT LEAD

Yorkshire Forward takes the lead role with HM Treasury on behalf of the RDA network. Our work with them is wide ranging, for example leading discussions on development of key economic development policies; and on issues relevant to RDAs such as the Public Value Programme and Operational Efficiency.

A cornerstone of our lead role is to each year provide an input to the Pre-Budget Report and Budget. We are responsible for coordinating an RDA network submission to each—this is from agreeing the scope of the input, working with colleagues in the network to evidence and identify the key issues facing business, and facilitating agreement across the network on a focused set of policy recommendations. This year our input to PBR 2009 focused on Empty Property Rates (and we were pleased to see the extension given to the EPR relief subsequently announced in PBR). Our Budget input has focused on five core headings—improving SME access to finance; accelerating development of the low carbon economy; tackling the growing problem of youth unemployment; improving the flow of funding to regeneration; and supporting RDAs to deliver *Partnerships for Growth: the National Framework for Regional and Local Economic Development and the New Industry, New Jobs* agenda. This work is then submitted to Treasury and followed up with a meeting between RDA Chairs and the Chancellor and Treasury Ministers.

### YORKSHIRE FORWARD TUC LEAD ROLE

Yorkshire Forward is the lead RDA for the TUC and has a positive, effective relationship at a regional and national level.

They are a key partner in economic development at a regional level, being involved in all economic and governance consultations, using their expertise to tackle skills shortages and working collaboratively to build long term, big impact project like the low carbon economy.

At a national level, the relationship is also strong. Throughout 2008, Yorkshire Forward negotiated a Memorandum of Understanding (MOU) on behalf of the RDA network to formalise the already good relations. The MOU provides a clear framework for social dialogue in each region and outlined key principles for effective co-operation between trade unions and RDAs in pursuit of economic development in each region.

On the back of the MOU, Yorkshire Forward have been working with the TUC and Unionlearn on their *Skills: Response to Recession* project, which will see a Unionlearn project worker installed in each English region to focus on the region's response to the recession. Yorkshire Forward has been promoting this work to network colleagues, encouraging them to get involved.

Throughout the recession the TUC have proven an invaluable intelligence source. The information they have provided Yorkshire Forward has allowed, at times, for a more proactive approach in supporting struggling business, which has unquestionably saved jobs.

To promote the RDA/TUC relationship further, Yorkshire Forward, in partnership with One NorthEast and the NorthWest Regional Development Agency, hosts an annual event at TUC Congress. The event in 2009 was the seventh of its kind.

### List of RDA Lead Roles

<i>RDA</i>	<i>Lead Role</i>
AWM	DoT
EEDA	Defra
emda	BIS—Enterprise, Business Support
LDA	HO, MoJ and DH
NWDA	DECC & DCSF
ONE	CLG
SEEDA	BIS—Skills and Innovation
South West RDA	DCMS
YF	Treasury

### MONITORING THE RES

There are two ongoing elements of monitoring the RES at headline level:

- (a) Regular reporting against RES targets has also been established, with quarterly reports being produced by Yorkshire Forward's Chief Economist's Unit. These detail ongoing progress against headline RES objectives.
- (b) Annual *Progress in the Region* reports produced by Yorkshire Futures provide a comprehensive assessment of how Yorkshire and Humber is performing across a wide range of economic, social and environmental outcome indicators central to our vision of becoming a sustainable region and a great place to live, work and do business. It uses a set of headline and high level outcome

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indicators of progress including a new Quality of Life Index. Four complementary *Progress in . . .* reports cover York and North Yorkshire and the City Regions of Leeds, Sheffield and Hull and Humber Ports.

Additionally, a detailed RES progress report was undertaken during 2007 to cover the first 18 months of delivery against the strategy after its launch. The report was compiled using information gathered from lead partners and demonstrated how, and to what extent, the actions in the RES were being delivered in the region and the impact of these activities. It provided a balanced commentary on work towards achieving regional targets, highlighting good practice but also recognising where barriers have held back progress, helping to reinforce the RES as an action based strategy owned by the whole region.

Whilst the report provided a summary of activity against RES objectives, a more sophisticated and resource efficient approach to assessing progress is now being established, based on evaluation. Specifically, an evaluation of Yorkshire Forward's Policy Product Ranges is being commissioned. This will provide, for each Policy Product Range, an estimate of net economic and other impacts; an assessment of strategic added value; a statement of value for money. As there is a high degree of cross over between the PPRs and RES Objectives and Deliverables, it will also provide a helpful strategic level insight into the contribution that Yorkshire Forward has made towards the RES. This will assist with assessment of the distance the region as a whole has travelled in meeting the RES objectives.

Besides formal RES monitoring, led by its Chief Economists Unit, Yorkshire Forward continually works to track the economic position in the region, to model future trends, and to use this intelligence in its decision making and operations. That activity has been stepped up during the economic downturn to help in the response to the recession.

*February 2010*

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