

# **Yorkshire Forward Annual Report and Accounts**

## **2008/09**



The Region's  
Development Agency



# **Yorkshire Forward Annual Report and Accounts 2008/09**

Annual Report and Accounts presented to Parliament by the Secretary of State for Business Innovation and Skills in pursuance of Sections 15 (2) and 17 (3) of the Regional Development Agencies Act 1998.

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## **Chair's statement**

Over the six years I have had the privilege of contributing my thoughts to the Yorkshire Forward Annual Report and Accounts; I have taken the opportunity to sum up the positive growth we have seen in our regional economy. This year is different.



The signs of economic challenge that came to the fore in 2007/08 have deepened into global recession in 2008/09, and like many others, the Yorkshire & Humber economy has felt the effects. The latest evidence suggests that our regional economy shrank by 1.5% in the final quarter of 2008 and current projections indicate it will contract by 2.7% during 2009.

However, we should remember that in spite of the current climate, Yorkshire & Humber has a strong and diverse economy that will help it to manage this recession.

I know that it is easy to get bogged down in the negative headlines and worrying forecasts – one of the unique facets of this recession is the impact of media coverage on confidence. But we must each endeavour to retain a balanced perspective and give good news as much credence as bad. And we must remember that we have weathered recessions before, and whilst they are immensely difficult, they do end.

I believe one of the greatest strengths of this region is the stoicism, determination and thriftiness of its people. And it is these qualities that will help Yorkshire & Humber manage this recession and come out stronger on the other side. But we must be careful to ensure our strengths do not manifest themselves into weaknesses – our stoicism cannot become cynicism, nor can our thriftiness become a fear of investing in our future.

*Our businesses must continue to invest in their future through their staff and their products. They must not lose focus on the long-term game and continue to position themselves for recovery. For our part, I am determined that Yorkshire Forward will continue to invest in them, both in supporting their efforts to manage the challenges of today, whilst also investing in the opportunities that tomorrow will bring.*

And as we tackle the challenges of today we must remember that none of us can succeed alone, either as businesses or public bodies. Our strength comes from our commitment to work together, and I believe Team Yorkshire and Humber is a partnership to be proud of. Over the last 12 months Yorkshire Forward has been working extremely closely with our partners in Local Government Yorkshire and Humber to develop the new arrangements that will ensure our organisations work effectively in the implementation of a new Integrated Regional Strategy for the region, and I would like to thank them and their chair Arthur Barker for their continued efforts. I would also like to thank the Yorkshire & Humber Assembly, and its chair Peter Box for the excellent work they have achieved over the past eight years, that has laid down strong foundations for the development of the new strategy.

I would also like to recognise the efforts of my own contingent of Team Yorkshire and Humber, the Board of Yorkshire Forward and its Executive Directors. They continue

to dedicate their energy and expertise to making our organisation the best it can be. There is no doubt that the last 12 months have been challenging for our region, and no question that more is to come. But as we face these challenges, we could do worse than remember the slogan of an ad campaign from the Second World War. Whilst I would not suggest our current situation is comparable, I believe there is much merit in our region continuing to do what it does best and to 'Keep Calm and Carry On', and I know that we will come out fighting.

*Terry Hodgkinson*

**Terry Hodgkinson**  
Chair  
Yorkshire Forward

## **Chief executive's statement**

Yorkshire Forward's role has always been to support the growth of Yorkshire & Humber's economy. For ten years we have achieved this under generally sunny economic skies. However, in the last 12 months those skies have clouded over and the role of Yorkshire Forward has changed and become even more vital. It has also become a lot simpler.



Our primary focus now is to ensure viable companies stay afloat, as many people as possible stay in work and key regeneration schemes keep going.

We are working closely with our family of business support agencies – Business Link Yorkshire, the Manufacturing Advisory Service and Welcome to Yorkshire – to ensure our support hits the mark. Calls to Business Link Yorkshire have tripled over the past 12 months and we have announced over £73m of funding in loans for business expansion and training support.

We are working to ensure that when companies like Corus, Otto Grattan, Youngs and ITV Yorkshire have to make difficult decisions about staffing levels, their people receive a personalised package of support that can get them back into work or training as quickly as possible.

Another sign of the recession has been the stalling of major development projects in our region, and whilst we do not possess the resources to keep every project on site, we are endeavouring to keep as many developments as possible active, so that they are primed to take advantage when the upturn comes.

More than ever, people are looking for us to provide strategic leadership in response to the recession and we are doing just that through the task forces supporting financial services and manufacturing. These groups are not only ensuring that immediate help is in place for businesses, but also how we can take maximum advantage of new opportunities once the recovery happens. ‘Big impact’ projects are being launched to do that, like Digital Region that will make South Yorkshire a test-bed for super-fast broadband provision

and carbon capture and storage that will create thousands of jobs and cut the UK’s carbon emissions. We also continue to make the case for retaining as many jobs within the new Lloyds Banking Group and Bradford and Bingley as possible in our region.

The recession has also brought into sharp focus the absolute necessity to invest taxpayers’ money wisely. I have led Yorkshire Forward over the last three years with **value for money** as one of the central values of the agency. Every member of staff knows that they must invest every pound of taxpayers’ money as if it were their own. So our running costs are amongst the lowest of similar organisations, with less than seven pence in every pound being spent on our administration. For every pound that we invest, independent studies have shown that the economy gets an average £4.50 in return. We have made sure that we pay small businesses nine out of ten of their invoices within ten working days.

Our other corporate values are equally important in these testing times. It is vital that we are as **open** as possible, with our Board agenda and papers released in advance of meetings, our doubling of the information available to the public, and a strong joint-decision making partnership with our democratically-elected local government at Local Government Yorkshire and Humber.

The **team** ethic comes easily to Terry Hodgkinson and myself, as we are both team players who want the region to do well first and Yorkshire Forward second. Team Yorkshire and Humber was once an idea, but this year it has become the reality of a top team fighting the recession, with all partners in the region playing their part. We also aspire for Yorkshire Forward not just to be the best economic development

agency in the UK, but one of the best in the world. This pursuit of **excellence** is central to the way we run the agency and we will never believe we are the finished product. On the contrary, we realise we have to get better at communicating with key partners, bedding in new responsibilities like European funding and making our decision-making more transparent. We also believe that **diversity** is a huge strength and so we make sure that we have skills, experience and expertise from all walks of life and industry making the agency work. Around half of our staff has private-sector experience. We also work directly with every council, every major business organisation and all key stakeholder groups in the region, and value those relationships.

I consider it a great privilege to be Chief Executive and I know I speak for all our highly committed, talented and hard-working staff when I say that working at Yorkshire Forward is more than just a job. People may sometimes get the impression that quangos are cold, calculating, passionless organisations. I can emphatically say that Yorkshire Forward is no such organisation. We believe in our region and care passionately about the impact we make. We are proud of the job we have done over the last year to support this region in tackling the recession head on, and we will continue to deliver real improvements for people and businesses in Yorkshire & Humber.

**Tom Riordan**  
Chief executive  
Yorkshire Forward

## **Headline summary**

This year has brought with it the major impacts of the global economic slowdown. Yorkshire Forward has adjusted to this situation, working hard to prioritise its core business in a period of economic slowdown and budget cuts from central government (£3.5m for the 2009/10 financial year and £38.5m for 2010/11).

In response to how the recession will impact our region, we have adjusted our corporate objectives, making them more specific for the current climate; for example 'keep as many people as possible in jobs or work related training in 2009'. We have also set up a specific economic response unit within the organisation so there is a recognisable point of contact for both internal and external enquiries. Further detail on our response to the recession and our new corporate objectives can be found on page 27.

While we are working on more immediate targets to help the economy in the current climate, we have not lost focus on the longer terms objectives to help grow the Yorkshire & Humber economy. These are focused around five key drivers that include **enterprise, skills, innovation, employment and productivity**. These are complimented by two cross cutting drivers of **sustainable development** and **economic opportunity** for all. By focusing our activity we will endeavour to meet or surpass our outputs.

In 2008/09 we have:

- Created or safeguarded 23,635 jobs;
- Assisted 10,030 people to gain employment;
- Created 1,410 new businesses and provided assistance to boost performance to 51,228 businesses;
- Attracted £873m of private-sector investment; and
- Assisted 6,221 people with their skills development (level 4+).

We have done a great deal of activity in 2008/09 and we will continue to build on this in the coming year. Below we have selected ten of our top achievements which highlight the variety of work the organisation does to support the Yorkshire & Humber economy.

## **1. Business Link health-checks**

In December 2008 Business Link Yorkshire launched a Yorkshire Forward-funded, £1.4m package to help companies through the current economic conditions. The health-check is a comprehensive package of practical support and advice that will help those business which are affected by the current market to identify strengths and weaknesses and any further assistance available to help them to survive

and prepare for the recovery, and for those businesses with opportunities, help to capitalise them so they can boost the overall economy.

An online action plan, accessed through the Business Link website, takes the user through every aspect of their business. Trained Business Link advisers can also create an action plan with the business over the phone.

For more in-depth help £1,000 is available to pay for a meeting with an accountant who will focus on financial priorities and recommend key actions. For more complex businesses, £2,000 worth of accountancy support is available for businesses.

## **2. Plugging the gaps in workforce development**

Yorkshire Forward is partnering with the Learning Skills Council (LSC) on the Train to Gain Enhancement Fund, which will help fill the gaps in skills and workforce development which cannot be funded through the Train to Gain service. The fund also offers support for those companies wishing to enrich their skills bases with higher-level or a broader range of skills.

The programme is administered by Calderdale College and funded by the European Social Fund, Yorkshire Forward and the LSC. It funds up to 60% (up to a maximum of £20,000) of the cost to businesses developing their staff, supporting both accredited and non-accredited activity, of any duration, at any level.

The programme engages with both employers and employees in Yorkshire & Humber; employers are encouraged to invest in skills development, with a greater number of employees undertaking structured learning and development leading to qualifications.

Within the first two weeks of launching the fund, £500,000 has been allocated to businesses, and around 15 business applications are received every day.

**Partners:** LSC, West Yorkshire Consortium of Colleges, Calderdale College (the 'accountable body').

**Investment:** £48m, with £9.12m from Yorkshire Forward.

## **3. Storing the region's CO<sub>2</sub>**

Yorkshire & Humber may produce a heavy 90m tons of CO<sub>2</sub> every year through industrial processes and power generation, but our geography means we're superbly placed for carbon capture and storage (thanks to the storage potential of disused coal mines and depleted gas fields under the North Sea, for example).

Yorkshire Forward is taking the lead in developing the evidence base for the benefits of investing in carbon capture and storage (CCS), and to stimulate commercial interest and co-operation. Yorkshire & Humber is one of few places recognised by the European Commission as leading European work in this field.

We have already shown that:

- It's feasible to develop a region-wide CCS network
- We could be storing up to 60m tonnes of CO<sub>2</sub> a year by 2030
- The construction phase could create 55,000 jobs
- The network could deliver £30bn of additional gross value-added during its operation.

We've been working with the European Commission's DG Transport & Energy and the DG Environment on greater collaboration on CCS across Europe, and on potential funding for demonstration projects. We're also looking at stimulating long-term investment in CCS through the Emissions Trading Scheme.

Yorkshire Forward is now working with a small group of 'early movers' who intend to invest in CO<sub>2</sub> capture over the next five years and, together with our partners, we're planning to begin the network at the end of 2013. We anticipate attracting investment from a range of sources, including our private-sector partners, the European Investment Bank, and EU funding for CCS demonstration.

**Partners:** The European Commission, major carbon emitters, owners of assets in the North Sea, coal mines, the TUC Clean Coal Forum.

**Investment:** £6m

#### **4. Boosting the attainments of Pakistani/Bangladeshi children in Bradford**

Yorkshire Forward is funding the innovative Open Madrassah Network, a pilot project in Bradford to increase the GCSE attainment of young people in the Pakistani and Bangladeshi communities. The goal is to help them achieve at least five GCSEs at grades A–C, which should lead to the attainment of higher skill levels and, in turn, to greater enterprise activity.

Under the scheme, Education Bradford will work with a number of Muslim religious supplementary schools to form a network of madrassahs. The network will deliver three strands of activity, each in collaboration with a different public-sector organisation:

- Education and attainment: numeracy and literacy booster classes at Key Stage 2 and 3, plus three GCSE subjects.
- Adult learning: Adult learners will be able to access English for Speakers of Other Languages (ESOL), and eventually pre-employment training, through the madrassahs. This provision will be particularly targeted at the hardest to reach of Black, Asian and minority ethnic groups, women, and old people.
- Access to employment: Each venue across the network will host themed job workshops to engage women and young people to access work through these targeted events.

The scheme is expected to:

- Lead to the attainment of 40 GCSEs in Arabic/Urdu or Comparative Religion
- Help 90 young people to raise their attainments at Key Stages 2 and 4 (GCSE)
- Provide ESOL for women across the network
- Help 40 adults into jobs
- Run eight job fairs targeting women and young people.

**Partners:** Education Bradford, Job Centre Plus, Asian Trade Links (Yorkshire) Ltd, the madrassahs, Bradford Metropolitan District Council, Bradford College.

**Investment:** £555,000 from Yorkshire Forward

#### **5. Green hydrogen on the AMP in South Yorkshire**

The Advanced Manufacturing Park (AMP) in South Yorkshire is the UK's premier advanced manufacturing technology park, providing world-class advanced manufacturing technology solutions for industry.

In response to Yorkshire Forward's aims to accelerate the region's move towards carbon neutrality, the AMP will be home to the UK's first building fuelled by 'green' hydrogen. The project has started as it means to go on, with a recycled wind turbine which generates the electricity it needs to produce hydrogen. To produce truly 'green' hydrogen, that hydrogen must be derived from renewable sources and not fossil fuels. Using wind to generate the electricity ensures that the hydrogen produced is 'green'; using a recycled turbine also reduces the carbon footprint of the project.

**Partners:** TNEI, Pure Energy Centre, Allen Build, ARUP.

**Investment:** £9.3m



## 6. Transitional Loan Fund

In February a new loan fund worth £5m was launched in Yorkshire & Humber to help businesses tackle the credit crunch. The Transitional Loan Fund, which can be accessed through Business Link Yorkshire, has been designed to provide small to medium sized businesses in the region with working capital to help them maintain liquidity in their business.

It adds to the existing support being made available by Yorkshire Forward and Business Link including; Grants for Business Investment, free financial health checks worth up to £2,000, a £43m Research and Development grant fund and a £10m extension to regional venture capital and loan funds Partnership Investment Fund (PIF) and South Yorkshire Investment Fund (SYIF). A new regional venture capital fund worth up to £120m is currently also in development to be launched later in the year.

## 7. Championing enterprise in Scarborough

Following its success in 2008, when the town was named 'Most Enterprising Place in Yorkshire & Humber', Scarborough went on to win the government's Enterprising Britain competition – now officially known as the most enterprising place in the UK. Since winning the UK final, the Scarborough Renaissance Partnership has risen among over 350 entrants to be short-listed for the European Enterprise Award.

Scarborough was selected in recognition of its recent economic turnaround. Its entry explained how the decline of traditional industries (such as fishing and long-stay tourism) had affected the town's economy. However, since 2002 the mood, fortunes and appearance of Scarborough have changed as a result of its renaissance programme – which has helped to create new public and business spaces, expanded its visitor appeal, and increased local business opportunities (especially in the creative industries).

Since the renaissance programme was launched in Scarborough five years ago, over £200m of private-sector investment has been attracted to the town. Led by a locally established town team, Scarborough's renaissance has been driven by the local community, businesses and local authority, with support from Yorkshire Forward. State-of-the-art buildings have been developed in line with new communication facilities, including publicly available Wi-Fi along the harbour-front and high speed broadband.

## 8. Regional businesses going global

Yorkshire Forward continues to support the Targeted Export Support Scheme (TESS) and is working with UK Trade & Investment (UKTI) to increase export activity among the region's businesses.

Diversifying across established and emerging international markets – by trading internationally – can help to protect businesses, particularly from growing concerns over fluctuations in base rates and the cost of raw materials.

At the Going Global event in September 2008, co-hosted by Yorkshire Forward and UKTI, Sir Alan Sugar addressed over 700 companies on how to grow their business by entering overseas markets. The event also included exhibits from key organisations such as DLA Piper, KPMG, PWC, HMRC and the British International Freight Association. Each of these offered free and expert advice on maximising international opportunities while minimising the associated risks.

Following the event, a total of 85 companies has been in contact with UKTI with 75% signing up for Passport to Export or TESS funding.

**Partner:** UKTI.



## 9. Redeveloping Bridlington Spa

The redevelopment of the Bridlington Spa was completed in June 2008. The classic 1930s Royal Hall ballroom and Edwardian theatre have been retained, with the addition of state-of-the-art technology and modern facilities.

The Spa is now a major event and entertainments centre, acting as a key venue for top touring bands. New and refurbished rooms of different sizes are available for hire for events, conferences, exhibitions, weddings and meetings.

East Riding of Yorkshire Council compared the periods May–December 2005 (pre-refurbishment) and May–December 2008 (post-refurbishment) and found:

- 151% increase in the number of shows/events/meetings
- 144% increase in the number of visitors to events/shows
- 171% increase in the estimated number of bed-nights
- 128% increase in the estimated number of day-visitors.

**Partners:** East Riding of Yorkshire Council, ERDF

**Investment:** £20.5m of which £3.9m invested by Yorkshire Forward.



## 10. Providing essential vocational training to the chemical industry

The UK's first dedicated chemical training facility, the Centre for the Assessment of Technical Competence Humber (CATCH) was developed in 2006. This unique facility is fully equipped like a working chemical plant – with machinery, a control room, workshops and training rooms but only uses harmless liquids and powders.

Since opening in 2006 CATCH has:

- Successfully assisted 55 businesses, 20 public sector bodies and worked with 15 training providers
- Assisted in creating 657 new jobs and safeguarded 1,894 jobs, well above its original targets
- Provided 1,604 learning opportunities

Due to its initial success further investment into the facility has been proposed to increase its training capacity and provide extra facilities. The proposed programme will create 612 new jobs, leverage £750,000 private sector investment and support 25 businesses.

**Partners:** North East Lincolnshire Council, National Skills Academy for Process Industries, Humber Chemical Focus, Engineering Construction Industry Training Board.

**Investment:** £2m invested by Yorkshire Forward.



# The recession and Yorkshire Forward's response

## Economic update

The economy of Yorkshire & Humber faces a number of challenges – the same challenges which are being felt all over the world as a result of the current economic downturn. Global solutions are needed to help put our region's economy back onto a long-term trend of sustainable growth.

Global drivers started to have an effect on business confidence in Yorkshire & Humber from the second half of 2007. Figure 1 shows a clear relationship between global macro developments and headline business in the region.

### Shifting demand

Domestic demand within developed economies has been significantly constrained by the surge – and peak – in global commodity prices. These, in turn, have been driven by strong demand from the BRICS (Brazil, Russia, India, China and Singapore) economies.

Global growth decreased as a result, shown clearly in the final-quarter 2008 GDP data for all developed economies. This was exacerbated by the liquidity problems arising from the global credit crunch and banking crisis. Figure 2 summarises the level of contraction across the developed economies in the final quarter of 2008.

Seen in context, the UK was by no means the worst off when it came to reduced growth, although the final-quarter GDP contraction was significant.

Figure 1. Total employment in key sectors of the economy 2007-2012

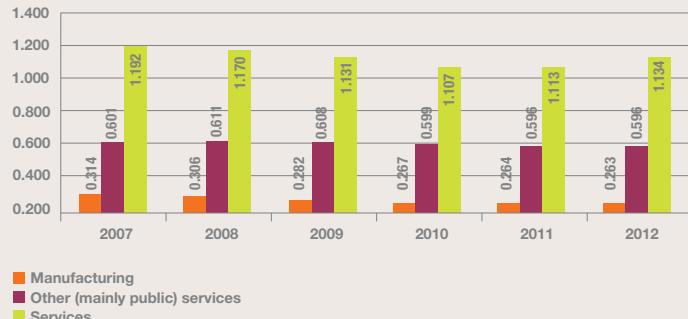


Figure 2. Quarterly growth rates of GDP, volume



### Export markets

In export markets, at least, the UK has enjoyed the benefit of sterling's weakened relationship against the world's major currencies, while reduced domestic demand has also helped to cut the UK's import bill. The fall of more than 25% in the Sterling Effective Exchange Rate (ERI) since mid-2007 is the most significant over a comparable period since the breakdown of the Bretton Woods agreement in the early 1970s (as figure 3 shows), and has more than reversed the late 1990s' appreciation.

### Commodity prices

Commodity prices (figure 4) declined significantly throughout 2008, providing some respite to the region's exporters. As a consequence, input price inflation has fallen consistently. The short-term prospects for inflation, with economic commentators focusing on the downside risks from deflation, seem less clear. January 2009's Consumer Prices Index (CPI) shows a levelling-off and then an increase going into 2009.

### The stock markets

The volatility of demand across developed and emerging markets, coupled with the global banking and liquidity crisis, means that global stock indices suffered heavily in 2008. Market uncertainty has continued into 2009. Businesses in our region have not been immune to the pricing uncertainties across global businesses, as Yorkshire50 (a tracker of the region's 50 largest companies) demonstrates in figure 5.

Figure 3. Sterling Effective Exchange Rate



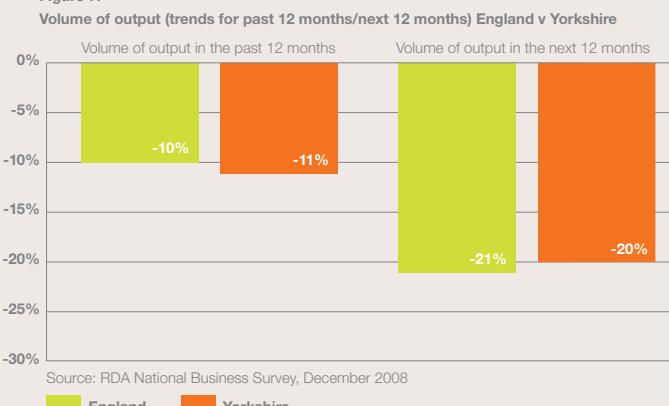
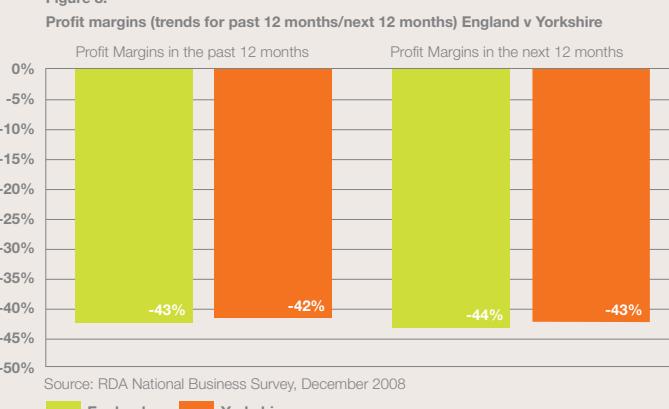
Sources: Bank of England and Thompson Datastream

Figure 4. Commodity prices



Figure 5. Stock indices % performance (20th February-20th March)



**Figure 6.****Figure 7.****Figure 8.**

### Business confidence

Throughout 2008, business sentiment and key business intentions deteriorated rapidly – as clearly and consistently highlighted by regional business surveys. (These included the RDA National Business Survey, the Chambers' Quarterly Economic Survey, the Federation of Small Businesses' Quarterly Survey and the Regional Purchasing Managers' Index.)

Headline business sentiment was extremely poor, and the view from the region's businesses was that 2009 will see further drops in employment, output and sales. Businesses are forecasting persistent cash flow pressures and further decreases in profit margins. Fewer businesses believe they will be able to pass on any further direct cost increases.

### Monitoring the region's economy

Yorkshire Forward has developed a comprehensive framework of intelligence to help us monitor the region's economy. Every month, we review what we believe will happen in our region's economy in the short term, as well as what this means for our long-term growth potential.

Table 1 summarises our March 2009 view of recent, current and predicted growth. It clearly demonstrates the scale of the contraction in activity across the region's economy in 2008; our view of the potential scale of contraction in activity in 2009; and when we think the economy will return to some form of positive net growth (in GVA).

### Employment

Figure 9 presents our March 2009 view of the structural impacts of the recession across the region's key cities, in terms of employment growth. Our current belief is that the region and its key cities will not return to positive employment growth before 2012.

The speed at which the region's economy has contracted (bearing in mind that the economy was still expanding – albeit at a reduced level – into the second quarter of 2008) creates distinct policy challenges, especially for jobs and the labour market.

Yorkshire Forward's forecasts clearly suggest that output (GVA) will recover towards the latter part of 2010, with the labour market taking longer to recover to a position of net growth.

More fundamentally, the long-term structural growth prospects for the region suggest that Yorkshire & Humber is unlikely to return to pre-recessionary growth levels (as seen in 2007), trending instead at an average rate of 1.75% growth in GVA between 2008 and 2020. This is below the 2.5% average growth rate in the previous economic cycle.

Using both claimant-count and ILO unemployment data, it became very clear from mid-2008 that there was a statistically significant and consistent increase in the level of unemployment in Yorkshire & Humber.

Table 1. Forecast percentage change in growth by region

	2008	2009	2010	2011	2012	2013	2014	2015	2016
East Midlands	0.5	-2.6	0.5	2.0	2.1	2.0	2.3	2.4	2.6
Eastern	0.8	-3.0	0.5	2.1	2.3	2.2	2.3	2.3	2.5
Greater London	1.0	-3.1	0.2	2.0	2.5	2.6	2.5	2.5	2.7
North East	0.3	-2.7	0.2	1.5	1.6	1.5	1.7	1.6	1.8
Northern Ireland	1.5	-2.6	1.0	2.2	2.2	1.9	2.1	2.1	2.2
North West	0.6	-2.5	0.6	1.9	2.0	1.8	2.0	2.0	2.1
Scotland	-0.2	-3.8	-0.1	1.4	1.7	1.6	1.9	1.9	2.1
South East	1.2	-2.9	0.8	2.5	2.7	2.5	2.7	2.6	2.8
South West	1.1	-2.9	0.5	2.1	2.2	2.0	2.2	2.2	2.3
Wales	1.9	-2.8	-0.1	1.7	2.0	1.9	2.0	2.0	2.2
West Midlands	1.3	-2.7	0.6	2.0	2.1	1.9	2.1	2.1	2.2
<b>Yorkshire &amp; Humber</b>	<b>0.1</b>	<b>-2.7</b>	<b>0.3</b>	<b>1.7</b>	<b>2.0</b>	<b>1.9</b>	<b>2.2</b>	<b>2.2</b>	<b>2.4</b>
UK	0.8	-2.9	0.4	2.0	2.2	2.1	2.3	2.3	2.4

Figure 9. Short- and long-term employment forecasts across Yorkshire & Humber

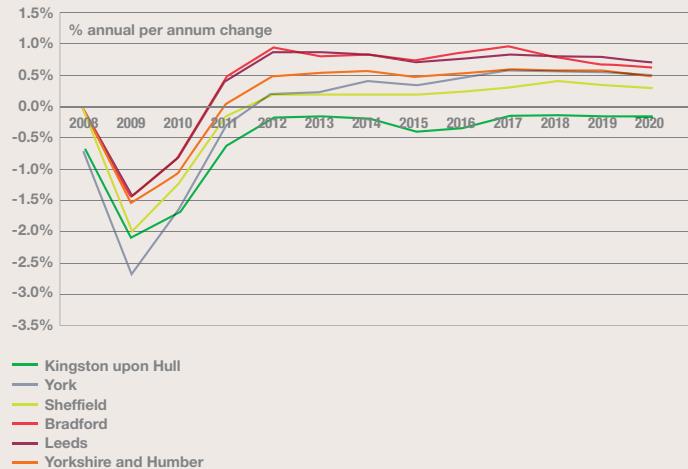


Figure 10. % change in JSA Claimant Count between February 2008 and February 2009



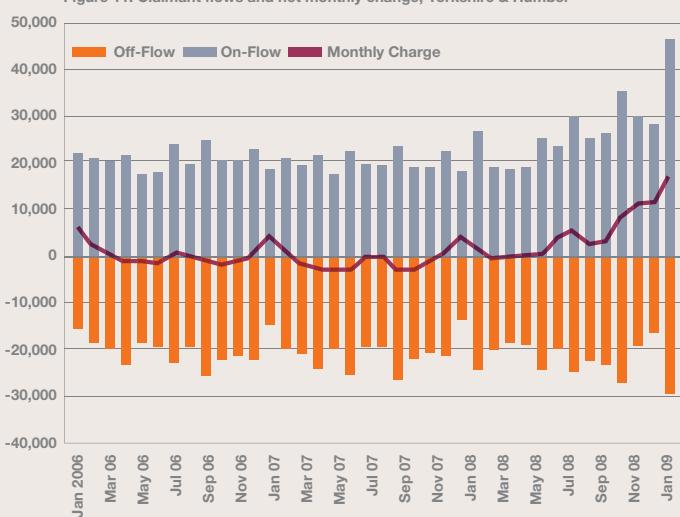
Using the administrative claimant-count measure, the trend accelerated from September with consistent month-on-month volume increases in net levels of claimant-count unemployment. Spatially, it became apparent that certain parts of the region were seeing significant rises in claimant-count volumes (as figure 10 shows).

It is vital to reflect on the efficiency of the jobs market if we are also to understand whether rising unemployment feeds through into fewer vacancies, and whether people are finding a job as quickly as when the economy was in growth.

As figure 11 shows, we still have a very functional jobs market in Yorkshire & Humber, and it is important to recognise the underlying strength of the region's employment base. In the year to February 2009, total claimant-count volumes increased by 62,000 (reaching 143,000 by February 2009).

Ironically, the number of those leaving the claimant-count register (typically those who find a job) has also increased, as total net unemployment has also been rising. Those leaving the register increased sharply in February 2009. This suggests that the underlying jobs market is still functioning efficiently. Indeed, the level of vacancies still remains reasonably robust, despite falling consistently since mid-2008. There are currently 30,000 vacancies (through Jobcentre Plus) across Yorkshire & Humber.

Figure 11. Claimant flows and net monthly change, Yorkshire & Humber



The jobs market has clearly suffered throughout 2008, as figure 12 (taken from the regional jobs database) indicates.

The regional jobs database monitors the weekly and monthly changes in job announcements, and is a useful measure, complementary to official labour data, of the jobs lost and created across the region. The pattern of job-shedding is seen very clearly, particularly in comparison with 2007, with the trend accelerating at the end of 2008.

Yorkshire Forward's employment forecasts very clearly indicate that, even at the height of the current recessionary cycle, there will be over two million people in employment in the region. Understanding this, and putting it into context (compared to previous recessions), indicates a significant expansion in economic activity, as figure 13 shows.

Figure 12. Job announcements between January 2007 and March 2009

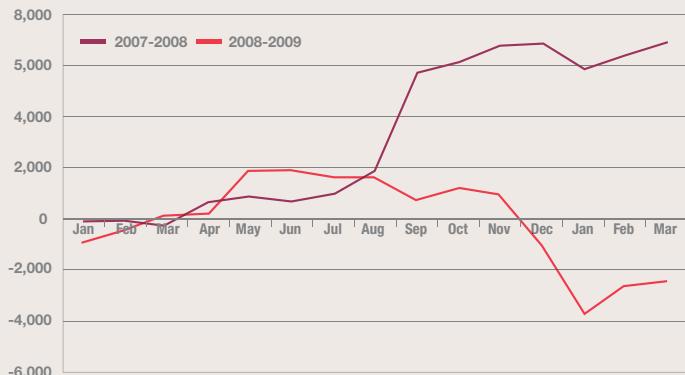


Figure 13. FTE Employment



Some of the greatest challenges we face reflect the impact of the slowdown in global demand, and the liquidity crisis in the banking system, on key industry sectors. The manufacturing sector, for example, is shouldering a disproportionate number of the jobs lost or at risk.

The following figures show the comparative impact of the contraction in activity across services, manufacturing and the public sector. The region's manufacturing employment base faces some of the most significant challenges: we currently estimate that the sector employs some 300,000 people, with up to 46,000 jobs at risk between 2008 and 2010.

### Manufacturing

The recession particularly impacted on the manufacturing sector in Yorkshire & Humber in the latter half of 2008, especially in the last quarter. Yorkshire Forward estimates that the contraction in output was close to 5% in 2008; this was the most severe rate of contraction across any of the English regions.

Figure 14. Total employment in key sectors of the economy 2007-2012

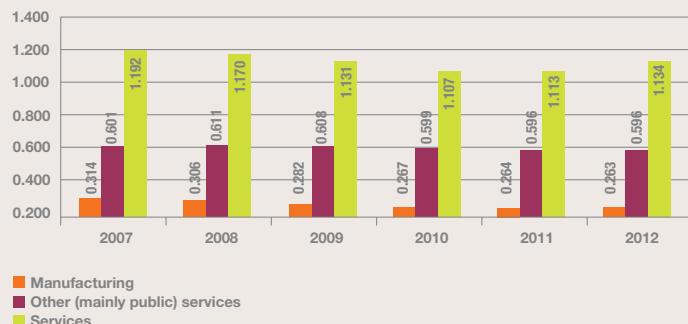


Figure 15. Regional manufacturing output change, September 2007 to September 2008



### Consumer confidence

The slowdown in consumer expenditure (accentuated by liquidity issues in the banking system) had a significant impact on demand-driven consumer discretionary spending. This, in turn, has had a visible impact on those manufacturing and retail businesses which rely heavily on such spending.

### Our approach

Inevitably, there are wide-ranging opinions as to the likely depth, duration and timing of the recessionary period in which the UK now finds itself: it was officially confirmed we had entered recession following the publication of final-quarter GDP data for 2008.

It is very important, therefore, that Yorkshire Forward takes an objective, coherent and rational view of the severity of the recession in our region, so that we understand the nature of reduced growth, the timing of when we might expect to see net employment and output growth, and recovery.

We also consider it essential to take a joined-up, partnership approach to the use of economic intelligence as we determine the spatial challenges we are likely to face over the coming years. It is anticipated that some parts of Yorkshire & Humber will take longer to return to pre-recessionary growth levels.

Figure 16. Consumer confidence



## **Yorkshire Forward's response to the recession**

Our focus in responding to the recession is, as far as possible, to help viable businesses to survive and to safeguard jobs. Therefore, our priority has been to re-evaluate our activity and realign our resources in support of those objectives.

We are always disappointed to hear of job losses in the region, and recognise the difficult circumstances in which these losses place both businesses and families. Unfortunately, Yorkshire Forward faces the same constraints as any other regional development agency, and cannot support every struggling business in the region. This is a global economic situation, brought about by global issues; it will take time to resolve.

That said, Yorkshire Forward is providing support wherever possible and practicable. The main areas in which we are able to help are in:

- Providing a strategic lead in ensuring that the region's evidence base is being used to both shape local delivery and influence national policy
- Promoting Business Link as the place to go for businesses support
- Helping businesses to access the finance they need to survive and grow
- Using training to retain skills within businesses
- Reducing costs and improving productivity within the region's manufacturing businesses
- Encouraging businesses to innovate and develop new products or services which will enable them to take advantage of future opportunities
- Developing supply chains and working with businesses to research and access new markets
- Co-ordinating with partners to respond to redundancies, ensuring that those affected are helped back into employment as quickly as possible.

Businesses and individuals are already benefiting from the increased intensity and flexibility of the support available. Some of our achievements include:

- 3,867 businesses have undergone a Business Link health-check
- 1,020 financial health-checks have been completed through the region's accountants
- £14.7m additional investment has been pumped into the region's venture capital and loan funds
- 1,791 businesses have accessed training support through the Train to Gain Enhancement Fund, developed in conjunction with the Learning & Skills Council
- 68 businesses have accessed retraining for 2,544 individuals under notice of redundancy.

Alongside this support, we continue to research those sectors worst affected by the downturn. Task forces have been set up for the financial services and manufacturing sectors, to advise on the impact of job losses and to identify short- and medium-term actions which could help to support these sectors.

Consultation has begun with the region's banks and administrators with a view to providing intelligence and identifying ways of working together. At a practical level, this has included improving the Business Link financial health-check, to ensure it provides supporting evidence for lending decisions, and pairing bank managers with Business Link advisors to encourage banks to direct their clients to business support services.

Unfortunately, job losses are inevitable in the current climate and we are working closely with our partners in the region to ensure that those affected receive the support they need to retrain and get back into employment as quickly as possible. Working in partnership, Yorkshire Forward, Job Centre Plus, the Learning & Skills Council, local authorities, trades unions and Business Link have put together a seamless rapid response team. Their remit is to ensure that where redundancies are announced, their impact is minimised through a comprehensive package of support for the business, the individuals at risk, and suppliers.

We have responded vigorously to the recession, focusing our efforts on supporting the region's businesses through these challenging times. 2009 will continue to be difficult, but we will do everything in our power not only to help viable businesses survive, but to prepare them to take advantage of future opportunities.

## **Refocusing our corporate objectives in response to the economic climate**

By its very nature, this annual report is predominantly a reflective document – looking at achievements over the past year. Throughout this document (particularly in the Planning for the future with Team Yorkshire and Humber section), reference will be made to the corporate objectives. In response to the current recession, our corporate objectives have been amended for 2009. The following table shows their revised wording and how they fit with our 'policy product ranges' (our core delivery areas):

<b>Corporate objective</b>	<b>Policy product range</b>
Keep as many people as possible in jobs or work-related training in 2009.	<ul style="list-style-type: none"> <li>• Skills</li> <li>• Transport</li> <li>• Economic Inclusion</li> <li>• Competitiveness</li> <li>• Enterprise/Access to Finance</li> <li>• International Business</li> <li>• Lower-Carbon Economy</li> </ul>
Work to maintain and build the number of competitive, innovative and resilient businesses in 2009.	<ul style="list-style-type: none"> <li>• Urban Renaissance</li> <li>• Rural Renaissance</li> <li>• Property</li> <li>• Marketing the Region through Tourism and Major Events</li> </ul>
Sustain the momentum of major regeneration (renaissance) schemes in key towns and cities vital to the region's economy.	

## **Yorkshire Forward: delivering and performing**

Our Corporate Plan for 2008-11 outlines how Yorkshire Forward will contribute towards achieving the Regional Economic Strategy (RES). This is a 10-year plan detailing how Yorkshire & Humber will grow its economy faster and better than its competitors; it also sets out how we will work with our partners to make this happen.

The plan details our three original strategic objectives before they were updated in response to the recession:

- Helping people to access good jobs, skills and transport
- Helping businesses to start up, grow and compete through innovation
- Regenerating cities, towns and rural communities

To have objectives is not enough, however – it is also essential to plan how they will be met. To ensure that we meet our objectives efficiently and cost-effectively, we have developed a series of tactical approaches to delivery. These are our 11 ‘policy product ranges’, covering our approach to important drivers such as skills, international business, and urban renaissance.

This programme-based approach, which was developed through constant review and wide-ranging consultation, helps to strengthen our interventions. It clearly demonstrates what we are doing and where, and shows how we will work with our partners.

### **Recognising the impact of recent global changes**

In last year’s report, we talked about our plans to seize a share of the tremendous growth in the global economy. This year, as we all know, things are very different.

In response to the sudden and dramatic downturn in the global economy, we have been positive in our response. We have helped to speed and facilitate access to business support by pro-actively signposting help with finance, business improvement, training and recruitment, debt management, innovation, cost-cutting, and more. You can read more about these interventions later in this section.

Yorkshire Forward has always been one of the UK’s ‘leanest’ regional development agencies. Our experience in balancing cost with value means we’re now particularly well-placed to meet the increased demand for value for money in every area of delivery.

Despite the downturn, however, we are determined that Yorkshire & Humber will increasingly be (and be seen to be) a great place to live, work and do business. Our overarching goal remains: to maximise the region’s potential by helping it to perform better than its competitors.



## **Delivery**

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The content in this section has been arranged to show how our activities have contributed towards each of our three strategic objectives (listed on page 23). Under each objective, there is a short list detailing which of our 11 policy product ranges are helping to meet that strategic goal.



## Objective 1:

Helping people to access good jobs, skills and transport. The policy product ranges which are helping to achieve this objective include: **Skills, Transport, and Economic Inclusion.**

## **Skills** – developing the demand for skills; raising both aspirations and attainment to improve the region's competitiveness.

### **Making maths and science fun**

Space Circus makes learning science, technology, maths and engineering (STEM) enjoyable and entertaining for under-16s right across the region. It uses the idea of the universe, mixed with all the fun of the circus, to catch the imagination – and includes a Space Circus show, innovative CPD for teachers, out-of-school clubs, family engagement days, web-based competitions, and 'space extravaganza' days.

Delivered by Partners in Innovation, Bradford, the project helps to increase participation, achievement and progression in STEM subjects, and encourages students to consider related disciplines as a career. Additional benefits include supporting the region's priority sectors, enterprise education, equality and diversity, and education about sustainable development.

The first Space Circus show was launched in November 2007 by Yvette Cooper MP, chief secretary to the Treasury. The show, and its related activities, continues to be popular with both students and teachers, and initial external evaluation has shown a positive impact on students' attitudes towards STEM.

**Partners:** These include Chol Theatre Company, the STAR Centre, Space Connections, local authorities and schools.

**Investment:** £1.3m from Yorkshire Forward over three years with an additional year's funding of £400,000 now committed.

### **Boosting primary maths attainment**

Developed by the National Centre for Excellence in the Teaching of Mathematics (NCETM) and launched by Yorkshire Forward, Inspiring Mathematics Champions supports achievement in primary-school maths.

Inspiring Mathematics Champions works with a range of partners, including two universities and the Teaching & Development Agency, to enhance the teaching of maths and to improve children's attitudes towards the subject. Among trainees, teachers and tutors, it also increases confidence, improves practice and encourages greater collaboration.

24 trainee teachers from two of the region's universities are already engaged with the programme, along with a network of classroom teachers, mentors, tutors and maths education specialists.

The programme contributes towards two key recommendations of the recent Williams review: that there should be at least one maths specialist in every primary school, and that there should be a renewed focus on oral and mental maths.

Evidence to date indicates that this project is already achieving its objectives. Trainees, teachers and mentors report increased confidence in teaching, and value a more creative, flexible and inspirational approach to teaching maths. Wider benefits are also already apparent: the project is shaping teaching practice within the partnership universities.

**Partners:** NCETM, Teaching & Development Agency, Leeds Metropolitan University, York St John University, local schools.

**Investment:** £148,000 from Yorkshire Forward (April 2008-June 2009).

## Transport – working to influence key agencies and organisations to address regional priorities, linking transport with economic growth.

### Improving access to the Port of Hull

The Hull Docks Branch Line rail upgrade works represent the first stage of a package of improvements which will allow more freight trains access to the ports at Hull and Immingham, bringing substantial economic and environmental benefits to the region.

This forms part of a wider rail network enhancement scheme on both banks of the Humber, to be delivered by Network Rail under the government's Transport Innovation Fund. It is an important priority – not only in our Regional Economic Strategy, but for the country as a whole. The Humber Ports contribute over £250m a year to the region's economy, and support over 47,000 jobs.

Over the past two years, Yorkshire Forward and the Northern Way (working closely with Associated British Ports, Network Rail and Hull City Council) have jointly contributed £9.5m to a £17m project to more than double the number of trains able to access the Port of Hull.

By 2016, it is anticipated that the Hull Docks capacity works will:

- Create 115 new jobs
- Generate 10 new businesses
- Reduce greenhouse-gas emissions by over 134,000 tonnes
- Attract match-funding of £20.05m.

The work involves installing new signalling systems, double-tracking one mile of the line, strengthening 15 bridges and one mile of embankment, major track and other works on the Hull River swing bridge, smoothing and realigning all six miles of track, and installing a new double junction where the freight line joins the passenger route to Hull.

**Partners:** The Northern Way, Network Rail, Associated British Ports, Hull City Council.

**Investment:** £4.75m from Yorkshire Forward, £4.75m from the Northern Way, £2.6m from Associated British Ports and £5.1m from Network Rail. Potential match-funding: £20.05m.



"The Humber Ports contribute over £250m a year to the region's economy, and support over 47,000 jobs"

## Economic Inclusion – ensuring opportunities for everyone, where everyone is included in contributing to, and benefiting from, economic prosperity. There is a particular focus on areas with the highest levels of deprivation.

### **Reducing barriers to employment**

Making Opportunities Realistic for Everyone (MORE) is an initiative devised by Yorkshire Forward and the Northern Way to reduce barriers to employment and encourage a positive work ethic. It operates across a large part of the east and south-east of the region.

East Riding of Yorkshire Council will manage the project on behalf of four local authorities; itself, Hull City Council, North Lincolnshire and North East Lincolnshire.

The project tackles worklessness, and underpins the strategic objectives and principles in the Regional Economic Strategy – reducing barriers to employment and strengthening equality of opportunity. The six MORE programmes include:

- Wheels to Work – providing moped loans for those who live or work in rural areas
- The OWEN Project
- Step-Up – offering advice, training and practical support for those previously or currently dealing with mental health issues, in relation to obtaining or staying in work
- PREP (Preventing Re-offending Through Employment) – supporting serving prisoners and ex-offenders by looking at what might prevent them from finding work
- Forward Thinking – supporting people in Hull and East Yorkshire with mental health issues, in relation to work
- EMERALD – offering an integrated employment and skills programme for clients with learning difficulties.

MORE has completed its first phase (2006/07-2008/09), and a second phase now takes us through to 2010/11.

**Partners:** The Northern Way; East Riding of Yorkshire Council, Hull City Council, North Lincolnshire and North East Lincolnshire; multiple partners for the programmes.

**Investment:** £3.7m.

### **Regen2000 in Bradford**

This has been the final year for all Single Regeneration Budget (SRB) schemes, and Regen2000 was one of the largest-ever programmes run in West Yorkshire.

Over the eight years of the programme, almost £150m was invested in over 100 individual projects within the targeted area of Bradford 3 (Leeds Road and Barkerend through to the city centre). These projects were delivered under three themes: the economy and jobs; the environment and homes; and learning and skills.

By the close of the project, it had:

- Created over 1,000 new jobs
- Started 200 new businesses
- Helped almost 700 people to access jobs
- Helped 2,300 residents to receive skills assistance and increased qualifications.

The legacy of the programme includes a local partnership board, which is managing the capital assets purchased with the SRB funding. This will protect and sustain the investments, and continue to improve the area.

**Partners:** Bradford Council, the Regen2000 partnership board.

**Investment:** £28m of SRB funding, £75m from the public sector, and £40m from the private sector.

### **Encouraging private- and third-sector collaboration**

Yorkshire Forward's Creating Better Futures Awards were presented in Leeds during June 2008, demonstrating successful partnerships between the private sector and the third sector (comprising voluntary, community and faith groups).

The awards look for examples of partnership working which show qualities such as ambition, inspirational leadership, promoting diversity, involving people and communities, and making a difference to people's lives and to organisations.

Guest speaker Midge Ure presented awards to seven companies, as well as their third-sector partners – who also received an award of £10,000 towards a variety of activities. Private-sector winners included Eversheds, DLA Piper, Barclays Bank, Addleshaw Goddard and O<sub>2</sub>, alongside third-sector winners including Mencap, St George's Crypt and Craven Volunteer Centre.



### Access to employment in West Yorkshire

West Yorkshire Access to Employment, a programme which runs until March 2010, addresses the high levels of unemployment and worklessness across the sub-region. A range of projects has been commissioned and delivered at district level, including job brokerage, mentoring, pre- and post-employment support, and removing barriers to employment (such as childcare, mental health issues, etc). Work is also being done with employers, helping to raise awareness of issues in the labour market and the sort of problems which can affect particular groups.

Three further projects have been commissioned at sub-regional level:

- Assisting ex-offenders, specifically those coming to the end of a prison sentence
- Working with refugees, focusing on integrating individuals with higher-level qualifications (or relevant experience in higher skill areas)
- Engaging with larger employers in key sectors, such as logistics, which provide large numbers of entry-level vacancies.

So far, the programme has:

- Created 73 new jobs
- Provided employment support to 927 people
- Supported 56 businesses
- Helped 435 residents with their skills.

All of the programme's activities have been commissioned through open competitive tendering, ensuring that delivery is efficiently planned and co-ordinated with employers and is additional to mainstream provision.

**Partners:** Wakefield Council (the 'accountable body'), Bradford Council, Calderdale Council, Leeds City Council, Kirklees Council, RETAS (the refugee project), DISC (the ex-offender project) and Fair Play (the diversity project).

**Investment:** £8m from Yorkshire Forward.

### Signing off on regenerating coalfields

The South Yorkshire Coalfield Single Regeneration Budget (SRB) Scheme finished this year. It represented the largest-ever single allocation of SRB resources by Yorkshire Forward, which was only 15 months old when it was set up.

Over its eight-year lifespan, the scheme has:

- Created over 11,300 jobs
- Started 2,700 businesses
- Provided an essential source of match-funding for the Objective One programme.

The scheme has engaged local communities in shaping the programme activities.

**Partners:** The metropolitan borough councils of Doncaster, Rotherham and Barnsley.

**Investment:** Approximately £400m, of which £96.5m came from Yorkshire Forward.

### Empowering community action in Sheffield

As part of a broader community infrastructure programme across South Yorkshire, Yorkshire Forward has invested in the Sheffield Community Action Plan, helping community organisations to empower local communities to improve their surroundings and way of life.

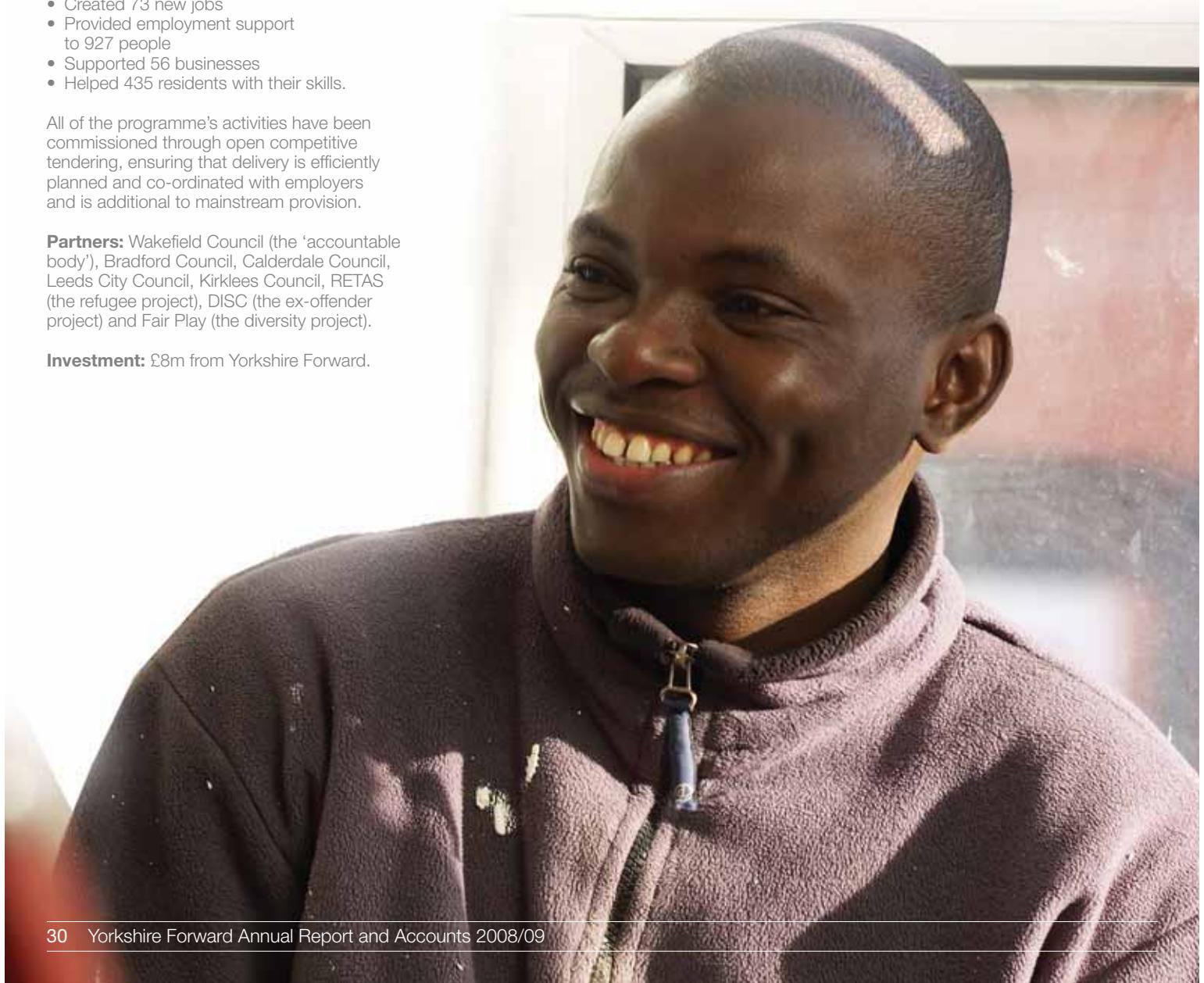
So far, the programme has:

- Helped over 2,500 people into employment
- Enabled over 3,500 people to improve their skills.

The legacy of the scheme is that it acts as a crucial bridge when local organisations make the transition from grant dependency to a more sustainable future.

**Partners:** Sheffield City Council.

**Investment:** £35m, of which £6.2m came from Yorkshire Forward.



## Objective 2:

Working to maintain and build the number of competitive, innovative and resilient businesses. The policy product ranges which are helping to achieve this objective include: **Competitiveness, Enterprise and Access to Finance, and International Business.**

**Competitiveness** – encouraging the region's businesses to improve competitiveness through innovation and business improvement, to collectively boost the region's economy.

### Enhancing manufacturing productivity

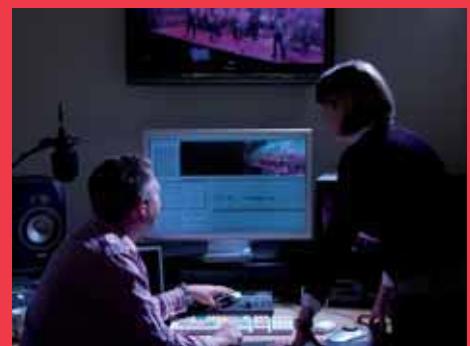
Manufacturing plays a huge role in our regional economy, contributing over £13bn every year – yet productivity levels could be higher. Yorkshire Forward has therefore invested in a business support initiative to help the region's manufacturing businesses improve their productivity, especially in this turbulent global marketplace.

The funding goes to the regional Manufacturing Advisory Service (MAS), which provides specialist advice to help companies understand how to improve their operations, become more streamlined, and access new opportunities. Since its launch six years ago, MAS has:

- Helped over 1,500 manufacturers to improve their processes and productivity
- Helped to secure 15,000 jobs
- Added £190m to the turnover of the companies involved.

The new partnership funding package will allow MAS to continue and expand its activities in the region over the next three years. It will now be able to help companies find new suppliers or equipment to improve their business, support the development of new products, and work with businesses which want to develop a long-term manufacturing strategy.

**Investment:** £7.2m from Yorkshire Forward.



“The Yorkshire Enterprise Fellowship delivers practical support for commercialising ideas and research findings from the region’s universities”

#### **Collaborating with universities for economic development**

On behalf of ten of the region’s universities, Yorkshire Forward has signed an agreement with Yorkshire Universities to identify areas for collaboration on economic development.

This will underpin and complement many aspects of regional business support as well as the implementation of the Regional Innovation Strategy. 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, the Technology Strategy Board and UK Research Councils.

The Yorkshire Forward and Yorkshire Universities boards agreed four key areas as the focus for joint working. These are to:

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

An action plan has been developed to translate these themes into four practical delivery programmes:

- *Research strengths* – building on areas of international research excellence within the universities and the world-class research capabilities identified by Yorkshire Science and the White Rose Consortium. For example, in December 2008 Yorkshire Forward agreed to invest £5.79m on the Centre for Low-Carbon Futures. The centre is tasked with investigating the key challenges and commercial opportunities associated with climate change, and is expected to attract research funding of up to £50m over five years.
- *Innovation hubs* – providing resources which will catalyse collaboration between innovative companies and the regional knowledge base where there is mutual interest in a common technology.
- *Supporting regional innovation*.
- *International collaboration* – a co-ordinated approach to international activities which will focus on those countries and sectors where there is real potential for strengthening international trade deals.

#### **New businesses from university expertise**

The Yorkshire Enterprise Fellowship (YEF) helps university researchers to start businesses based on their research. This new initiative from Yorkshire Forward delivers practical support for commercialising ideas and research findings from the region’s universities.

Fellows selected to join the programme (on a part-time basis) have access to a fully managed proof-of-concept support scheme, offering a tailored science and business development programme. Over the course of the programme (2007-2010), a total of 60 fellowships will be awarded across the eligible disciplines of biosciences, chemicals and healthcare technologies.

YEF offers a unique package of support, including:

- Up to £10,000 to develop the science in question
- A specialist enterprise and personal development programme delivered by experienced professional trainers (including business finance and accounting, IP management, and leadership skills)
- A personal business mentor with specialist commercial expertise in the area
- A dedicated extranet and online project-management facility
- Assistance to find investors, with signposting to other funding sources
- A highly experienced and focused programme-management team.

**Partners:** All regional universities.

**Investment:** £2.1m from Yorkshire Forward.



#### **New catalyst for innovation in seafood**

Recognising the continuing importance of fish to the local economy, the £5.7m Humber Seafood Institute at Europarc, near Grimsby, opened in June 2008. It offers state-of-the-art facilities within a complex of laboratories, offices, development kitchens and test manufacturing units.

The opening of the institute provides an excellent opportunity for the area to develop a vibrant and sustainable UK seafood industry, as well as providing a major gateway to international seafood markets. Staffed by scientists, food technologists and engineers, it will engage in collaborative research with industry leaders in order to optimise market and trade opportunities.

Four innovation groups at the institute now focus on trade corridor issues, cold-chain developments, process and product, and ‘green’ technical support. The centre is expected to become a catalyst for innovation and creativity, internationally as well as in the Humber. It will also assist companies which might not have been able to afford specialist services.

SMEs can also be accommodated in the managed workspace, and the site is home to the Seafish Industry Authority.

**Partners:** Grimsby Institute of Further and Higher Education.

**Investment:** £750,000 from Yorkshire Forward, with the remaining funding from ERDF and North East Lincolnshire Council.



## Enterprise & Access to Finance – encouraging business start-ups and providing access to finance (which will support the survival and growth of those start-ups) – creating new jobs and boosting and protecting our region's economy.

### Managing Solutions for Business

In 2008, the government launched Solutions for Business – a programme designed to simplify access to business support, increase its clarity, and improve its quality.

The regional development agencies, including Yorkshire Forward, are running Solutions for Business at a regional level. In Yorkshire & Humber, the scheme will be accessed via Business Link, which will help to ensure that delivery tracks real business needs by bringing senior private-sector leaders into the strategic management of the service.

New and existing companies of any size will find it easier to identify the right products to help with common business issues such as finance, export, skills, the environment, innovation and growth. This brings a boost for businesses facing difficulties as a result of the economic downturn, and means that more companies will be able to access the support to which they are entitled.

### Encouraging student enterprise

The Enterprise Centre was opened in December 2008 to encourage students to pursue their dreams of starting their own business. The plan is to increase the number of business start-ups generated from within the University of Hull.

The centre offers 38 pre-incubation facilities, supported by an advice and support network which will help to develop and grow not only the businesses developed within the university but also well-established external businesses. Its world-class services range from information and training for potential freelancers or entrepreneurs right through to specialist facilities, consultancy and intellectual property licensing.

The Enterprise Centre runs a range of high-quality events, workshops and courses, some of which lead to accredited awards.

**Partners:** ERDF, the University of Hull.

**Investment:** £2m, of which £640,000 came from Yorkshire Forward.

### Better business support for specialist needs

Business support in Yorkshire & Humber is accessed through Business Link Yorkshire. In re-tendering the new Business Link service, Yorkshire Forward made a conscious decision to move away from the previous model (where Business Link provided limited support to diverse groups through sub-contractors) towards mainstream diversity activity within the core Business Link service. This will ensure that all of Business Link's services are open, accessible and relevant to all groups, and avoids needing to commission a large range of specialist support.

The new model has increased the number of intermediaries signed up as providers, from around 300 under the old structure to more than 1,000 in the first year of the new structure. This includes, for the first time, blue-chip providers such as HSBC and Yorkshire Bank.

The new Business Link provider has performed well in its first financial year, with more than 105,000 customers accessing the service and a further 5,596 receiving in-depth services. Both figures are up on the previous year, by 18% and 8.7% respectively. Customer satisfaction remained very high, at 88%.

### Business support campaign

From November 2008 to January 2009, Yorkshire Forward ran a campaign to promote awareness of the extensive range of business support available in our region. In response to the current economic downturn, it highlights the wide range of support available through a fast, simple access point: Business Link Yorkshire.

The campaign featured online and offline messages seen via billboards, an online banner campaign, a supplement in the *Yorkshire Post*, the Yorkshire Forward website, targeted emails, and direct mail. The online activity alone delivered over 15 million impressions, and calls to Business Link Yorkshire increased by 30%.

### Encouraging women's enterprise through children's centres

The first pilot project in the UK to encourage women entrepreneurship has been run in four of Rotherham's 20 children's centres, including four 'mini Enterprise Roadshows' at each of the pilot centres.

Yorkshire Forward developed the pilot project, which is focused on pre-start-up enterprise outreach support, in response to the BIS white paper entitled *Enterprise Unlocking the UK's Talent*, published in March 2008.

The pilot was delivered through children's centres because they are an ideal place in which to target parents. The women were encouraged to progress towards positive outcomes, whether enterprise-related or otherwise supportive of personal and economic advancement.

**Partners:** Rotherham Children's Centres, Rotherham Council, Business Link Yorkshire, Job Centre Plus and GROW.

**Investment:** £50,000 from Yorkshire Forward.



## International Business – attracting and retaining investment by overseas-owned companies, and promoting more international trade/joint ventures by regional businesses in key overseas markets.

### Supporting our World Trade Centre

The Hull and Humber World Trade Centre opened in June 2008, and forms part of a global network of 300 similar centres. As the only fully operational World Trade Centre in the North of England, it creates a one-stop-shop for businesses right across the UK which want to start trading internationally.

The centre helps the region to promote its attractions both across the UK and internationally. These include:

- Hull and Humber is home to the UK's largest ports complex, perfectly placed to access Northern European trading routes
- The transformation of the city of Hull
- The expertise available at the University of Hull
- The global organisations which are already operating in the region
- Hull's existing and developing economic sectors.

The new centre has been instrumental in unifying the Humber sub-region and its four local authorities, providing them with a global showcase in front of an international audience of 750,000 companies in 319 countries.

Our delivery partners offer a wide range of services from the World Trade Centre, including sector-specific research, access to funding, translation services, access to logistics technologies, knowledge transfer, and state-of-the-art business facilities.

**Partners:** The councils of Hull, North and North East Lincolnshire, and the East Riding of Yorkshire; UKTI; Hull Forward; Humber Economic Partnership; the University of Hull; Hull & Humber Chamber of Commerce.

**Investment:** £346,000 from Yorkshire Forward.

### Supporting our biggest employers

Businesses employing over 250 people (our 'key accounts') represent just 4% of all firms in Yorkshire & Humber, yet they account for over 41% of employment and half the region's gross domestic product. The investment and restructuring decisions they make have a significant impact on our economy; therefore, we work closely with them to influence investment decisions before they happen.

The economic challenges faced by all businesses over the last year have highlighted the importance of the relationships we've developed with our key accounts. We're continuing to build our Key Account Management (KAM) programme, working with over 600 of the region's largest employers. We're helping to retain jobs, promote innovation, and enhance competitiveness for the future.

Yorkshire Forward has taken the lead in working in partnership with the region's local authorities to ensure that an effective investor-development programme is in place with these large companies. The goal is to develop and sustain strategic relationships, and to create bespoke support packages for these clients.

During 2008/09, key account managers from both Yorkshire Forward and the region's local authority business development units have:

- Visited 441 companies
- Provided 2,083 hours of direct support
- Helped to create or safeguard 5,587 jobs
- Attracted over £44m of investment into the region.

Some companies are restructuring to both survive and reposition for a better future. Yorkshire Forward is co-ordinating the public-sector response to this, helping to support change in instances which will have significant impact upon the region's economy.

### Attracting foreign investment

Despite the global downturn, foreign direct investment (FDI) activity within our region has continued at a strong pace. During this year, Yorkshire Forward has:

- Been directly involved in attracting 82 inward investments
- Exceeded the annual target set by UKTI (of 44 FDIs) by 86%
- Created 1,274 new jobs and safeguarded a further 3,683
- Attracted over £66m of private-sector investment
- Seen high levels of FDI performance in North America, Japan and Germany (which account for 44% of FDI activity in the region).

Of the 82 investments:

- 52% have been expansions
- 10% have been R&D related
- 14% have been global partnerships
- 21% are first time investments and acquisitions
- 2% have been retentions
- 1% have been joint ventures.

The quality of investment wins has, for the third consecutive year, increased in terms of capital expenditure and job creation. Current pipeline activity is strong, and includes a number of multi-million pound, advanced-technology, high-value job-creation investments.

**Partners:** Regional local authorities.

"The quality of investment wins has for the third consecutive year increased in terms of capital expenditure and job creation"

### **FDI campaign**

In January 2009 we started a foreign direct investment (FDI) marketing campaign, promoting the region as a world-class location offering real business advantages for companies locating all or part of their businesses here.

The campaign will be seen by over 6 million people, targeting three of our top sectors for FDI activity:

- *Advanced engineering and materials* (targeting the USA, France, Germany, and the Netherlands)
- *Healthcare technologies* (targeting the USA, France and Germany)
- *Environmental technologies* (targeting the USA, France, Germany, and Spain)

The activity consists of print and online advertising, as well as direct mail to key UKTI contacts and over 14,000 international businesses.

The results show that most enquiries during the campaign originated from the US, India, France and Germany. So far, the campaign has generated one confirmed investment.

To coincide with the campaign, our investment website, [www.investinyorkshire.com](http://www.investinyorkshire.com), was substantially improved and updated. It was also translated into German, Japanese,

Portuguese, French, Simplified Chinese, Dutch, Spanish and Hindi. Since the launch of the updated site and the start of the FDI marketing campaign, there has been a 330% increase in traffic to the website.

### **Export campaign**

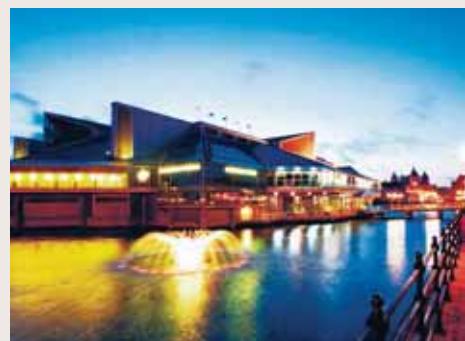
We have responded proactively to the current economic downturn with a campaign to help our region's businesses look at diversifying their risk, by starting or increasing their trade in overseas markets.

Working with UK Trade & Investment, Yorkshire Forward ran a major international trade marketing campaign between July 2008 and February 2009. The campaign encouraged our region's businesses to see internationalisation as a major way to increase competitiveness and productivity. The goal was to help companies exploit overseas opportunities and become aware of the extensive range of support available, particularly among our priority sectors.

Three direct mailings were supported by a major event entitled Going Global, as well as online banner ads. As a result, over 800 companies have been in contact with UKTI and calls to Business Link Yorkshire have increased by 19%.

**Partners:** UK Trade & Investment.

“Despite the global downturn, foreign direct investment (FDI) activity within our region has continued at a strong pace”



## Objective 3:

Sustaining the momentum of key regeneration (renaissance) schemes in key towns and cities vital to the region's economy. The policy product ranges which are helping to achieve this objective include: **Urban Renaissance, Rural Renaissance, Property, Lower-Carbon Economy, and Marketing the Region through Tourism and Major Events.**

**Urban Renaissance** – creating places where people want to live, work and invest; seizing opportunities, fixing what's broken, and building on what's already there.

### Pedestrianisation of Victoria St, Grimsby

Victoria Street, Grimsby, is part of the Urban Renaissance Programme and was completed in May 2008 at a cost of around £3.5m. It is now a safe, clean, high-quality pedestrianised area featuring public art and creative landscaping.

The street has been transformed using innovative materials and lighting, revitalising the street by day and night. The pedestrianisation scheme includes a new water feature located in the Bull Ring; carved stone and marble seating incorporating designs from local schoolchildren; and cutting-edge Wi-Fi technology offering free internet access for residents and visitors.

**Partners:** North East Lincolnshire Council (NELC).

**Investment:** £750,000 from Yorkshire Forward, matched by ERDF and NELC.

### Creative and digital facilities in Scarborough

The Woodend Creative Centre was opened in May 2008. It provides state-of-the-art accommodation and facilities, including high-speed broadband, to the creative and digital sector within Scarborough. The project complements other completed and planned projects within the town, and represents a successful attempt to diversify the local economy by moving it further away from its seasonal traditions.

The centre consists of a renovated Grade-I listed building of significant historical and architectural importance. A success from the outset, the centre is now fully let to local companies rooted in the local area. This represents a real opportunity to attract and develop similar companies, providing high-skill employment opportunities within the town

**Partners:** Scarborough Borough Council.

**Investment:** Total cost of £6m, with £3m from Yorkshire Forward.

"The Woodend Creative Centre was opened in May 2008 and provides state-of-the-art accommodation and facilities, including high-speed broadband"



"Its redevelopment forms a key component of the renaissance programme in the city"



#### **The Barnsley Civic project**

This mixed-use building combines a refurbished Grade II-listed building with a contemporary new-build addition. It consists of a new art gallery and theatre venue plus shops, and is a much-anticipated cultural hub in the centre of town. Adjacent to the Civic, the Mandela Gardens offer a world-class public space designed by the landscape architecture practice Estell Warren.

**Partners:** Barnsley Metropolitan Borough Council, Arts Council.

**Investment:** £3.9m from Yorkshire Forward, matched by Barnsley Metropolitan Borough Council, Arts Council and ERDF.

#### **Rotherham flood alleviation**

The first phase of this River Don flood alleviation scheme, to protect the centre of Rotherham, is now complete. The improved defences will result in a once-in-100-years flood protection standard.

A further part of the scheme, an urban wetland reserve, will provide a habitat for wildlife and an area of education and recreation for the community. The flood defence works will make a major contribution to the renaissance of Rotherham's town centre, protecting existing and future developments and helping to make a positive feature of the river.

**Partners:** Environment Agency, Rotherham Metropolitan Borough Council (RMBC).

**Investment:** £5.2m from Yorkshire Forward, matched by RMBC and the Environment Agency.

#### **Transforming Rotherham's railway station**

Led by the South Yorkshire Passenger Transport Executive, in partnership with Network Rail and Northern Rail, plans are underway for the transformation of Rotherham's Central Railway Station, an important step forward in the town's renaissance programme. The resulting flagship architecture will attract interest in the town and encourage further regenerative investment.

The innovative design for the station has the potential to create a landmark building, reflecting the renaissance ambitions of the town. Rotherham needs to be better-connected, and rail passengers need both improved facilities and to feel safer when using the station.

Works are due to begin late in 2009, providing a passenger lounge, retail space and a travel and information centre in addition to transport facilities. Work will be completed by early 2011.

**Partners:** South Yorkshire Passenger Transport Executive (SYPTE), Network Rail, Northern Rail, Rotherham Metropolitan Borough Council, ERDF.

**Investment:** £2.4m of Yorkshire Forward investment matched with funding from SYPTE, Network Rail, ERDF and Northern Rail.

#### **Phase 1A of Wakefield Waterfront**

The new Wakefield Waterfront covers a site of approximately ten acres adjacent to the river Calder, located at the southern gateway to Wakefield city centre. Its redevelopment forms a key component of the renaissance programme in the city, and will provide a new mixed-use destination within the city centre.

Phase 1A of the project (delivered by developer CTP St James, at a total cost of around £38m) was completed in October 2008. This included the refurbishment of the Grade-II listed Calder and Hebble Navigation Warehouse for office and leisure use; two new office buildings; and a new 58-apartment residential building known as Hebble Wharf. The project also included a number of highway improvements and flood defence works to the site.

Wakefield Council is also simultaneously delivering Phase 1B of the project, comprising the construction of the Hepworth Gallery – an important cultural addition to the city and the wider district.

**Partners:** Wakefield City Council.

**Investment:** £5.89m from Yorkshire Forward, plus funding from Wakefield Council and European Objective Two.

## Rural Renaissance – addressing the opportunities and challenges facing rural regions in order to create sustainable regional communities.



### A new home for Yorkshire Agricultural Society

Yorkshire Forward has invested in a £5m scheme to create a new centre for the Yorkshire Agricultural Society.

The new building will contain offices for staff, meeting rooms, managed office space for agricultural-related organisations, an 80-seat café, and the Best of Yorkshire Food shop.

The building is being built using sustainable materials (sourced wherever possible from the region) and using labour from within the region. Special features include ground-source heat pumps, sheep-wool insulation, sun pipes, and solar-control double-glazing. Water efficiency is maintained through low-flush toilets, spray taps, leak detection, rainwater harvesting and permeable paving.

**Partners:** Yorkshire Tourist Board.

**Investment:** £0.5m from Yorkshire Forward.

### Restoration in Richmond

The Richmond Heritage Partnership Scheme brings together Yorkshire Forward, English Heritage, North Yorkshire County Council, Richmondshire District Council and the Richmond Swale Valley Community Initiative.

It returns disused upper floors in Richmond's town centre to economic use, and renovates the original features of the listed Georgian buildings.

This approach uses heritage construction skills to bring a number of significant town-centre buildings back to their former glory. It has already had a positive impact on the vitality of the town centre, creating new business space and improving the town's general appearance. It has made a significant contribution to Richmond winning the national Great Town award from the Academy of Urbanism.

**Partners:** English Heritage, North Yorkshire County Council, Richmondshire District Council and the Richmond Swale Valley Community Initiative.

**Investment:** £1.12m from Yorkshire Forward.

### Funding for the RDPE

In 2008/09 we committed over £25m to the Rural Development Programme for England (RDPE). Innovative schemes launched in that time include the Farm Resource Efficiency Programme (which helps farmers to introduce new technologies which promote energy, manure and water-resource efficiency) and the Rural Retail Scheme (which helps retailers in rural areas to increase or improve the range of essential services they provide).

**Partners:** Business Link, LANTRA and Yorkshire Agricultural Society.

**Investment:** £25m from Yorkshire Forward.

## Property – supporting sustainable economic growth by championing sustainable construction, encouraging private-sector investment, and playing an active role in the work of our urban regeneration companies and city development companies.

### Prestigious new offices & apartments for Hull

Humber Quays is the new business district located on Hull's waterfront, led by the city's economic development company, Hull Forward. Phase One, completed in 2008, saw the construction of two prime office developments (One and Two Humber Quays) and a complex of 51 apartments. (Freedom Quay). Over £165m of investment is expected on completion of Phases 1 and 2.

Since its completion, Phase 1 has achieved a 40% increase in prime office rental value. The two office developments are approximately 60% and 30% let, respectively. Occupiers include RBS, Barclays Commercial, World Trade Centre Hull & Humber and PriceWaterhouseCoopers.

**Partners:** Hull Forward.

**Investment:** £16.9m from Yorkshire Forward.

### Opening the East Leeds Link Road

The East Leeds Link Road, which opened to traffic in February 2009, links Leeds city centre with junction 45 of the M1 motorway. As well as helping to ease congestion around Leeds city centre, the road is a key component of the regeneration of the Aire Valley.

The new road opens up access to a significant area of land (circa 250Ha) which is capable of being developed for a range of employment uses, with the potential to create up to 10,000 jobs. The Aire Valley is one of the largest areas in our region to be set aside for employment uses, and this redevelopment is highly important to the creation of employment opportunities within the Leeds city region.

Yorkshire Forward and Leeds City Council, along with the owners of adjacent land, have worked for a number of years to finalise a funding package which would deliver the construction of the road.

Yorkshire Forward's investment will be reimbursed by the land owners when the land is brought forward for development.

**Partners:** Leeds City Council.

**Investment:** £10.5m from Yorkshire Forward.

### Phase 1A of Sheffield Digital Campus

This project is the delivery of the first phase of an E-Campus, one of the main aims of Sheffield's 2000 City Centre Masterplan. It has been led by a private-sector developer, Sheffield Digital Campus Ltd, which is a joint venture between Valad and GMI Holdings. It entails the remediation and servicing of a Yorkshire Forward site in Sheffield city centre, along with the development of its first two office buildings. One of the buildings has been let to Sheffield City Council, which has opened the Electric Works there, while the other is currently being marketed to creative and digital businesses.

The final cost of the Phase 1A scheme is expected to be in the region of £34m, of which Yorkshire Forward invested £1.91m and Objective One £8.89m, with the developer funding the remainder. Yorkshire Forward has invested approximately £3.6m in assembling the E-Campus Phase 1 site, and approximately £1.2m in developing the E-Campus concept and identifying and contracting with a partner, while the sale of the two development plots for Phase 1A have generated a receipt of £1.46m.

**Partners:** Sheffield City Council, Creative Sheffield (previously Sheffield One), Homes and Communities Agency (formerly English Partnerships), Objective One, Sheffield Digital Campus Ltd.

**Investment:** £1.91m from Yorkshire Forward.



## Lower Carbon Economy – ensuring carbon-emission reduction is embedded in organisational practices, across both the private and public sectors, in response to challenging targets. Our goal of a lower-carbon economy cuts across all areas of our work.

### Piloting carbon trading for businesses

Yorkshire Forward is ambitiously working towards a lower-carbon economy. Through Carbon Action Yorkshire, in partnership with the Local Government Information Unit, we're investing in setting up the first regional 'shadow' carbon-trading scheme, Carbon Trading Yorkshire.

The programme uniquely offers 50 private- and public-sector organisations a free-of-charge simulation of carbon-trading, in a risk-free environment, in advance of the government's carbon reduction commitment (which comes into force in April 2010). The new regulations are likely to affect those organisations which spend £500,000 or more on electricity in the UK every year.

The 50 organisations will learn how to deal with the mandatory cap-and-trade scheme, and how to maximise business benefits while reducing the risks of climate change.

The project was highlighted at the UN Framework Conference on Climate Change in Poznan, Poland, as an example of innovation and best practice in tackling climate change.

**Partners:** Local Government Information Unit.

**Investment:** £60,000 from Yorkshire Forward.

### Investing in flood defences

Yorkshire Forward recognises the extent to which flooding impacts on the local economy, and is the first regional development agency to contribute to the Regional Flood Defence Levy. This helps to get regionally important projects (which fail to meet the criteria for DEFRA's central Grant in Aid) off the ground.

This investment has two goals: firstly, to demonstrate regional leadership on the issue; and secondly, to encourage local authorities (who contribute the remainder of the levy via Council Tax income) to raise their contributions each year.

**Partners:** The Environment Agency.

**Investment:** £2.5m over five years.

## Marketing the region through tourism and major events – attracting people from all over the world to visit Yorkshire & Humber to enjoy world-class events and hospitality.

### Hosting the Tour of Britain

Yorkshire Forward's major events team secured Hull as the host of the start of the Yorkshire leg of the Tour of Britain cycle race in September 2008. The race attracted around 100,000 people to the city and its surrounding areas, boosting tourism and winning coverage of the event on ITV4.

The route for the 100 riders took in the Humber Bridge and spectacular east coast scenery before finishing at Dalby Forest in North Yorkshire. 16 professional teams, including Olympic gold medallists Bradley Wiggins and Geraint Thomas, took part. As well as bringing cycling enthusiasts to the region, the event also promoted health and fitness with a mass-participation race.

The economic benefits to the region are known from previous years: over £400,000 of direct benefit was reported from the 2007 event.

**Partners:** Yorkshire Tourist Board, Yorkshire Culture.

**Investment:** £150,000.

### **Yorkshire Forward's performance**

Since Yorkshire Forward receives public funding, it is particularly important that we can demonstrate an excellent return for the region on all the investments we make in Yorkshire & Humber. Therefore, we monitor our performance internally as well as being subject to external audits. Our own performance team reports to the Department for Business, Innovation & Skills (BIS) on how well we're delivering on the objectives set out in our Corporate Plan.

#### **Corporate Plan**

The Corporate Plan details how Yorkshire Forward will contribute to the region's economic goals set out in the Regional Economic Strategy (RES) for Yorkshire & Humber 2006-2015 during the 2008/11 planning period. The plan also identifies how we will respond to the changes in regional policy and responsibilities as a result of the government's recent Sub National Review of Economic Development and Regeneration (see our Planning for the future with Team Yorkshire and Humber section). The plan is clear about what we are going to do and why (as explained within the 'policy product ranges'), and where they will have an impact (in terms of geographic programmes).

### **Policy product ranges**

Yorkshire Forward has clarified the types of activity in which it will be investing by establishing a series of 'policy product ranges'. These have been developed by each of the Yorkshire Forward delivery teams, and provide a menu of activity to be developed by each team. Through working with partners, particularly local authorities through the geographic programmes, the precise nature of the activity to be delivered in a specific locality can be tailored from the suite of options available. The products (see diagram opposite) are the more detailed activities which sit under the policy product ranges.

### **Key performance indicators**

Measuring how Yorkshire Forward performs is important for everyone concerned, the core outputs for this year can be seen below:

- Creating 23,635 jobs
- Supporting the creation of 1,410 businesses in the region
- Supporting 6,221 people in their skills development
- Helping 51,228 businesses to improve their performance, with 757 encouraged to collaborate with the region's universities
- Attracting £216m of regeneration investment, of which 68% comes from the private sector.



"Measuring how Yorkshire Forward performs is important for everyone concerned"

## RES Objectives



## Evaluation

This has been an important year for Yorkshire Forward with respect to evaluation. We have commissioned 61 independent evaluations this past year (work undertaken by specialised evaluation consultancies). From these 61 evaluations, 32 were completed within the timeframe required so they could contribute to the national evaluation of regional development agency impact report produced by PricewaterhouseCoopers.

These reports provided information on net economic impact for over 60% of RDA delivery expenditure between 2002/03 and 2006/07. One of the success stories from our evaluations this year was Design Works, a pilot project that helped businesses to reap the benefits of good design. The evaluation report has influenced the Design Council's subsequent development of Designing Demand nationally. In addition to the evaluations that contributed to the Impact of RDA spending – National report, we have commissioned another 29 independent evaluations that include spend up to 2008/09.

Evaluation in Yorkshire Forward continues to evolve and there have been changes again this year, also as a result of the lessons learned from the national impact evaluation exercise and partly as a result of our desire to continue to improve.

This year evaluation has a higher profile at Yorkshire Forward than it did in 2007/08; this is reflected in the increased number of staff in this area with one of these posts dedicated to evaluation of European Regional Development Fund investment. The team not only commissions independent evaluations for our larger investments, it also conducts internal reviews with smaller projects. Lessons learned from both our internal and independent evaluations are vital to the improvement of project delivery and investment decisions. A primary focus for the coming year will be timely communication of evaluation findings, tailored to the specific needs of different audiences in Yorkshire Forward itself and our partners.

## Independent evaluations by policy product name

The table opposite highlights the 61 independent evaluations that took place at Yorkshire Forward during 2008/09. These evaluations have been categorised under their relevant policy area (the 11 Yorkshire Forward policy product ranges) as well as under the heading of 'capacity building'. High level summary for the evaluations is provided at the policy product level.



## Skills

**Evaluations** – Graduates Yorkshire, Directions Finningley, University Centre Barnsley, Train to Gain, West Yorkshire Skills Programme, STEM (Science, Technology, Engineering and Maths), Skills for Clusters, Franklyn Covey 7 habits for effective teenagers, Regional Language Network.

**Findings/implications** – Rationale for skills interventions needs to be more clearly articulated. It is particularly important to distinguish market failure interventions from those with equity or distributional objectives. The target outputs and outcomes need to relate more closely to the objectives. There is a need for evaluation to find better ways of converting some skills outputs (e.g. number of skills assists) to contribution to GVA, or to use outcomes resulting from the outputs to do this (e.g. number of skills assists leading to higher level jobs). This has implications for monitoring.

## Transport

**Evaluations** – Rail Rolling Stock.

**Findings/implications** – This transport intervention has delivered marginal economic benefit to date but there have been significant wider social benefits and CO<sub>2</sub> emissions reductions. Evaluation needs to work through the national network to align the guidance from DfT and BIS on evaluation.

## Economic Inclusion

**Evaluations** – South Yorkshire Transitional Labour Market, South Yorkshire Social Infrastructure Programme, Churches Regional Commission, Charity Bank, MORE (Making Opportunities Realistic for Everyone), Prince's Trust.

**Findings/implications** – As with skills, it is important to be clear about the rationale for intervention (those which have an equity or distributional rationale might not aim to increase regional GVA at all but to ensure benefits target particular geographies or communities). Clearer logic models will be needed to demonstrate benefits.

## Competitiveness

**Evaluations** – E-Business Unlimited, SY Design Works, Clusters, Broadband/NYNet, Centres of Industrial Collaboration, Science City York, Industrial R&D, AIDC (Automatic Identification and Data Capture Technologies), Designing Demand IMMERSE, NHS Procurement, Innovation Awards, Innovation Hubs, KnowledgeRICH, E@SY Connects.

**Findings/implications** – Competitiveness projects have provided good value for money on the whole compared with many other policy product ranges. This is partly because they have been well targeted and executed and partly because they have a more direct link to GVA in the logic than some other intervention types. Projects and programmes need to continue to target well to avoid unnecessary deadweight and leakage, and to maximise further supply chain benefits. The challenge for evaluation is to learn more about

some intermediate steps in the logic chain (e.g. around conversion from business/ HEI collaboration to increased investment in R&D in regional businesses).

## International Business

**Evaluations** – SY Inward Investment, Targeted Export Support Scheme, Key Account Management.

**Findings/implications** – Some successes have been evidenced but there are suggestions that there is still great potential to achieve further impact through these programmes. They should continue to offer demand-led services and continue to target but do this carefully.

## Enterprise and Access to Finance

**Evaluations** – SY Generic and Intermediate Start-up, York and North Yorkshire Business Support, Forward Ladies, Graduate Entrepreneurship, Rotherham Enterprise, CDFI (Community Development Finance Institution) Support.

**Findings/implications** – Generally these interventions (particularly the direct business support ones) have provided good value for money. Similar recommendations to the competitiveness programmes. Too many large projects and programmes in this policy product range have never been evaluated. It is essential that this changes in future.

## Low Carbon Economy

**Evaluations** – Resource efficiency, BREIG (Business Resource Efficiency Improvement Grant).

**Findings/implications** – As with skills and economic inclusion, there needs to be clarity around objectives and the extent to which investment is aimed at increasing regional GVA or environmental impacts that are being targeted. Projects in this area are particularly susceptible to being skewed through inappropriate output targeting. Care needs to be taken around displacement when displacement itself is an objective (and hence should not be treated negatively). Also these interventions need to be careful about multiple counting of outputs where a business is involved in a number of projects.

## Rural Renaissance

**Evaluations** – Modernising rural delivery, ROSE (Rural Opportunities for Self Employment).

**Findings/implications** – There are challenges for the rural programme as they cannot compete on straight value for money with some of the urban interventions. These programmes need to be clear about the rationale for intervention, especially if distributional effects are key to the case.

## Urban Renaissance

**Evaluations** – Bradford Centre Regeneration, Holbeck Urban Village, Renaissance Towns and Cities, Renaissance Market Towns, Hull Quays, Hull City Build, Sheffield One.

**Findings/implications** – There are some very large future predicted impacts from some of the urban renaissance programmes, indicating good value for money. The renaissance approach has worked well. Town teams are important and commitment from local authorities is critical to success. It is therefore well worth the effort in early stages to develop partner relationships further if necessary. Persistence rates will be pivotal in the final impact figures and evaluation will need to understand persistence better to get accurate figures from the urban renaissance interventions.

## Property

**Evaluations** – Renaissance South Yorkshire, (Holbeck Urban Village, Hull City Build, Hull Quays).

**Findings/implications** – We need to differentiate clearly between acquisitions that are purely strategic, those that have a clear development vision at the start but which will not be part of a future Yorkshire Forward development/business project and those that are intended to lead to further Yorkshire Forward investments with output targets (other than land remediated). Wherever possible property projects should be evaluated as part of renaissance programmes or other subsequent Yorkshire Forward funded projects.

## Tourism/Major events

**Evaluations** – Stainborough Park, Marketing Leeds, Northern Way Visitor Economy, Northern Way Public Art, Review of Regional Tourism Partnerships, Clipper.

**Findings/implications** – There are still not many projects that have reached the stage of being able to report actual impact. More research is needed around the potential additional impact of major events on the regional economy and the need for public-sector intervention. Clear logic models are needed to show how activity will be converted to contribution to regional GVA. There are some issues to be resolved about calculating impact of events e.g. whether/when to use multipliers. These need to be resolved at national level involving BIS and other government departments.

## Capacity Building

**Evaluations** – Yorkshire Futures, Yorkshire Forward's Floods Response, ONS Regional Presence, Evaluating Evaluation.

**Findings/implications** – Contribution from these projects is mostly through strategic added value (SAV). It is important to have a good SAV case for these programmes at appraisal. Good partnership links are paramount in most capacity building interventions and therefore worth building in time for partner relationship development if necessary. There is a need to further develop SAV evaluation methodology.

## Internal audit

Yorkshire Forward is required to maintain effective arrangements for internal audit which accord with Government Internal Audit Standards (GIAS). Internal audit primarily provides an independent and objective opinion to the accounting officer on risk management, control and governance, by measuring and evaluating their effectiveness in achieving the organisation's objectives.

During the year, internal audit has reviewed the adequacy of the controls to manage risk in a wide range of financial and management systems, as well as a sample of our projects. The outcome of these reviews, including the action taken to improve controls, has been reported to our Audit Sub-Committee, papers for which are available on our website.

Internal audit represents a major source of the assurance upon which the Accounting Officer relies in signing the Statement on Internal Control. His statement is on 82.

In spring 2008, Yorkshire Forward's internal audit function was subject to a quality assessment by BIS, using HM Treasury's framework. Its conclusion was that the function has demonstrated broad compliance with the GIAS. The National Audit Office (NAO) continues to be able to rely on the work of Internal Audit in conducting their statutory audit of Yorkshire Forward's accounts.

## Listening to stakeholders

We've undertaken a stakeholder survey every year since 2001. This year, we asked for the opinions of 1,300 stakeholders – including public-sector partners, businesses, key accounts, MPs, the media, and third-sector organisations from right across Yorkshire & Humber. We always ensure that we consult with a wide range of stakeholders, not just those who have regular contact with us. Some of the results include

- Those who are 'highly' or 'generally' aware of the agency remain at the 2007 level of 60%, with a slight increase among those answering 'highly' aware
- 69% of respondents believe we're making a positive difference to the region's economic development and regeneration
- 51% believe that Yorkshire Forward is addressing the right priorities for the region – that's 1% up on 2007
- Despite the economic downturn, 48% believe that Yorkshire & Humber has more to offer as a place to live, work and invest than four years ago (27% say it's the same, and 14% are less positive)
- Just as in previous years, the most popular words to describe our region are 'friendly', 'proud' and 'welcoming'.

## Our environmental performance

Yorkshire Forward will be externally audited in June/July 2009 with a view to retaining our ISO 14001 accreditation and our European Eco-Management and Audit Scheme (EMAS) certification. A surveillance visit by an external auditor in December 2008 highlighted a number of minor findings, which we are working to address before then.

In 2008, Yorkshire Forward achieved Gold in the Business in the Community Environmental Index, as one of only 12 organisations scoring 90% or above. We have recently submitted our latest application, with the results to be announced in May 2009.

Our goals are:

- To ensure that the principles of **sustainable development** are embedded within all projects funded by Yorkshire Forward. Thus, we will ensure that all new projects demonstrate the consideration or inclusion of environmental good practice during project development and delivery. We will also ensure that, wherever we invest, projects make a positive contribution to sustainable development.
- To reduce by 3% the level of **greenhouse-gas emissions** arising from Yorkshire Forward's internal activities. We intend to reduce energy consumption in all our office locations (other than Bradford) by 2%, to 7,882 kWh per head, and will continue to source electricity from renewable sources for all of our locations other than Bradford. We will reduce business mileage (pool and private) by 4.5% year on year, from the 2007/08 baseline figure of 1,293 to 1,234 miles per head.
- To reduce Yorkshire Forward's impacts from purchasing we will ensure that our environmental procurement policy and procedures are implemented on purchasing decisions for project delivery and office goods.
- To reduce Yorkshire Forward's **waste generation** we will reduce the consumption of paper (both copier and headed paper) by 5% per head from the 2007/08 baseline figure of 31kg.

## Freedom of Information

As a public authority, Yorkshire Forward is subject to obligations under the Freedom of Information Act (FOI) 2000, Environmental Information Regulations (EIR) 2004, and the Data Protection Act (DP) 1998. These acts give the public the general right of access to information held by a public authority, and give individuals the right to know what information is held about them. Because of rising public and commercial awareness of the acts, requests continue to increase in number and have become increasingly complex. There has

also been an increase in the number of requests from journalists and MPs under the Freedom of Information Act. The below table illustrates the number of requests received by Yorkshire Forward in recent years:

Financial year	FOI	EIR	DP
2008/09	85	1	2
2007/08	62	0	1
2006/07	78	2	3
2005/06	41	2	3

## Organisation

Yorkshire Forward is one of England's leanest regional development agencies. Conscious of the importance of delivering the best possible value for every Pound we receive, we work hard to ensure that we attract the highest calibre of people; that we provide an enjoyable and effective working environment; that we deliver with the right attitude – and that we practice what we preach when it comes to issues like diversity and environmental sustainability.

## Yorkshire Forward as an employer

Yorkshire Forward is committed to maintaining a high-quality working environment – where the right people can enjoy helping to maximise the region's opportunities and successes:

- Every three months, we measure our people's behaviours and achievements (which are linked to our agency objectives) via an appraisal programme
- They also have the opportunity to put questions to our directors at regular informal forums, and can meet with our chief executive during his roadshows
- We regularly compare how our own human resources profile compares to the region's working-age profile, and ensure we're using best practice when it comes to staffing, recruitment, diversity and retention
- 2008 saw our ninth annual staff satisfaction survey and it continued the trend of a generally positive view amongst staff. 83% felt that Yorkshire Forward was a good place to work compared to other organisations of which they knew, and overall 74% of people were satisfied with working for our organisation. 72% also felt that Yorkshire Forward was an ethical organisation and 72% felt we had reduced our carbon footprint.

## A new Yorkshire Forward website

In December 2008, the new Yorkshire Forward website went live. The new site features a complete redesign and re-write, significantly improving the user experience and providing comprehensive information and signposting in accessible language.

Navigation was improved to our four key areas – Helping businesses, Supporting people, Improving places, and Our wonderful region. We've improved our 'search' functionality, and provided links and cross-referencing to relevant links within and outside of the site.

The site is ranked second among all of the regional development agencies for numbers of visitors (around 30,000 visits per month), with 13.45% market share. Current targets for bounce rate, time on site and pages per visit are still at the level of the industry standard, and we continue to aim for targets of a 35% bounce rate, five page views and over four minutes on the site. Yorkshire Forward currently ranks as first or second for all these targets, and is consistently the highest-performing RDA site in terms of quality of visit in these categories (Source: Hitwise 2009).

#### **ICT and systems**

Yorkshire Forward prides itself on using leading-edge technology to create a working environment which is supremely secure and efficient, yet also highly flexible. Our people enjoy the confidence which comes from system 'up'-time of almost 100%, and are able to work effectively off-site and even from home.

Our business intelligence platforms are being expanded to provide higher-quality, business-critical performance information at all levels of our organisation.

We also continue to develop and enhance our internal knowledge management system, which integrates all of our key systems into a single, flexible way to access up-to-date information. The emphasis remains on speed and ease of use, as well as the ability to share data and collaborate.

As one of the first regional development agencies to implement portfolio management to fully meet the demands of the 'single pot', in 2008 we also seamlessly integrated it with the new ERDF funding stream and other key finance systems.

#### **Corporate finance**

This year, the National Audit Office has once again awarded Yorkshire Forward a clear opinion and assessed our internal controls as satisfactory.

Following on from the success of last year's accounts-payable action plan, we have continued to improve on the speed of payments to both grant recipients and suppliers, and have enhanced the service we provide to our internal and external customers.

We continue to improve our administration budget-setting process, and the 2009/10 budget has been balanced to the reduced funding available under the latest Comprehensive Spending Review.

Our performance management framework process was reviewed last year. This year, having introduced the recommended changes, our projects have flowed more efficiently through our systems. Our internal audit plan (produced in consultation with the Executive team, National Audit Office and Government Office for Yorkshire and Humber) was approved by the Audit Sub-Committee and has been 95% delivered.

Challenges for 2009/10 include upgrading our ledger system and introducing International Reporting Standards.

#### **European funding**

Our European team is now established and administering the ERDF funding made available to our region via Yorkshire Forward.

#### **Programme approval**

Having worked with our partners in the region, we were the first region to submit an ERDF Operational Programme, approved by the European Commission on 7 December 2007. This was launched in Sheffield on 15 February 2008 by John Healey MP, minister for local government, and Danuta Hübner, European commissioner for regional policy. The event was attended by over 400 key stakeholders, including MPs and MEPs.

#### **Governance and evaluation**

Partnership working and governance arrangements are crucial to the successful delivery of the ERDF programme in our region. We have therefore set up effective governance structures including a programme-monitoring committee, two performance-management boards, a cross-cutting themes sub-committee, and an evaluation steering group.

We have also developed, agreed and published a technical assistance strategy, an evaluation plan and a communication plan, and agreed the monitoring and control arrangements. Our communication plan was widely used by the European Commission as an example for other UK regions as well as other member states.

#### **Impact of currency on the budget**

The ERDF Competitiveness Programme is on-plan and on-budget – despite not only starting a year late, but also the weakening of Sterling against the Euro: from €1 worth 67p at the outset to 92p at the time of writing.

This has raised the Sterling value of the programme from £394m to £530m. Since ours is the second-largest ERDF programme (accounting for 27% of the total ERDF), the impact of currency issues is far more significant than in most other regions. This has also been in the absence of clear guidance from Department of Communities and Local Government (DCLG) and is set against the backdrop of a worsening economic climate.

#### **N+2 spending targets**

Yorkshire & Humber's programme is progressing well, and is well-placed to meet its N+2 spending target at the end of 2009 – despite the currency issues increasing them significantly. The European Commission, which sets the N+2 spending targets, requires any unspent money to be returned to Brussels.

Currently, there are five ERDF projects contracted worth £14.5m, and a significant pipeline of ERDF projects in development worth a total of £233m.

#### **Annual implementation report**

Yorkshire Forward's ERDF team has built a strong reputation with the European Commission and DCLG, and among the other development agencies in England. Our first annual implementation report (submitted to DCLG and then the European Commission within the deadlines) passed through the commission's internal processes and was approved quickly.

#### **First for Commission approvals**

We are the first (and only) English regional development agency to have submitted, and received approval for, a major project – South Yorkshire's digital region broadband initiative. We were also the first regional development agency to talk directly with the commission about programme flexibilities, and it has already been agreed that we will extend the programme to include private match-funding, and some flexibility has been introduced to allow more businesses to benefit from the support funded through ERDF.

#### **Refining the way we work**

Yorkshire Forward's European team has restructured the way Yorkshire & Humber engages with Europe – its regions, its institutions and its policy makers. We have taken responsibility for the region's office in Brussels, as well as staff from the Yorkshire & Humber Assembly, and undertaken a root-and-branch review of activities, staffing and premises. We have now moved a smaller and more focused team to more cost-effective premises, in order to realise significant cost savings.

In addition, we have developed a new, focused European Engagement business plan, aligned with regional priorities. Those tasks best undertaken in Brussels will take place there, and those best delivered in the region will be undertaken by the team in Leeds.

# Planning for the future with Team Yorkshire and Humber

## Delivering the Regional Economic Strategy

Our activity continues to be driven by the Regional Economic Strategy (RES). Published in July 2006, the RES is the overarching strategy for Yorkshire & Humber. It sets out agreed priorities and defines our approach to maximising economic development and investment, calling on the public, private, voluntary and community sectors to work together.

Six core objectives, covering three key areas, translate the strategy's aims into action on the ground. These are:

- **Business:** more businesses that last (encouraging enterprise across the region, to drive productivity) and more competitive businesses (recognising that innovation is essential to growth).
- **People:** more skilled people, to benefit both businesses and individuals (thereby driving productivity and improving the quality of life), and connecting more people to good jobs (to tackle unemployment and remove barriers to work).
- **Environment:** improving transport, infrastructure and the environment (looking at transport schemes of economic priority, the role of the private sector in utilities and infrastructure, and enhancing the environment and optimising the use of natural resources).

Across these three sets of objectives, the strategy has three key cross-cutting themes:

- **Sustainable development**, a long-term approach to business growth
- **Diversity**, ensuring that all people and businesses are able to achieve their potential
- **Leadership and ambition**, promoting a culture where people, businesses and agencies aim high and are empowered to succeed.

We have worked diligently over the past year to deliver and monitor those elements of the RES for which we are responsible and, until the new Integrated Regional Strategy (IRS) is in place, will continue to deliver our investments in line with the long-term economic development goals of the RES. In doing so, we have also sought to respond quickly and effectively to the current economic downturn: the key growth assumptions and strategic risks section of the RES have provided a useful starting point for this.

## Effective use of Yorkshire Forward's funding

The changing state of financial and economic systems during the year has reinforced the need for Yorkshire Forward to ensure that Single Pot funds are used as effectively as possible. Throughout the year we have responded to the changing situation by reviewing our approach, ensuring that it continues to make best use of our funds. For example, we have increasingly focused on retaining jobs and businesses rather than pursuing a growth-based approach. We have also sought to ensure that, where necessary, we are using our funds to invest in regeneration and infrastructure where private-sector funding has dried up. We are working closely with partners, through our revised investment planning framework, to maximise the impact of public-sector spending in the region.

## Leading a partnership approach to investment planning: Geographic Programmes

We have a strong track record of working with partners (such as local authorities and Business Link) to administer Single Pot funds via an investment-planning approach. The development of our 'policy product range' (a menu of activities which we are seeking to develop) and Geographic Programmes moves this on. They provide greater specificity about the nature of the activity to be delivered in a particular locality, and about the impact our funding will have in local authority areas.

Through our Geographic Programmes, local authorities are receiving delegated responsibility for delivering more of our Single Pot. In addition, they get more detail on Single Pot investments which have an impact in their area but which are being managed by other partners.

Recognising the increasingly important role of city regions, we continue to work closely with the three in our area (Leeds City Region, Sheffield City Region, and Hull and Humber Ports City Region) as well as the functional sub-region of York and North Yorkshire. These take a pragmatic approach which reflects the realities of the region's economic geography, and delivers real functional benefits.

We have worked with city regions to support the development of multi-area agreements. These bring together local public- and private-sector partners to co-ordinate action across a wide range of policy interventions – including housing, transport and employment and skills. We will continue to support city regions as new statutory arrangements are developed for co-operation between local authorities.

## Meeting the requirements of the Sub-National Review of Economic Development and Regeneration (SNR)

### Moving from the RES to the IRS

Yorkshire Forward and the region have embraced the change brought about by the Sub National Review of Economic Development, and established new regional governance structures. At the heart of these structures, the new Joint Regional Board provides an opportunity for Yorkshire Forward and local authorities to develop a stronger relationship with a view to driving forward the strategic development of the region. The Joint Regional Board will be responsible for the development, delivery and monitoring of a new Integrated Regional Strategy (IRS).

The move towards the IRS is a welcome step. It will combine the economic planning provided by the Regional Economic Strategy (RES) with the spatial planning of the Regional Spatial Strategy in pursuit of sustainable economic growth. This is defined as 'economic growth which can be sustained and is within environmental limits, but also enhances the environment and social welfare, and avoids greater extremes in future economic cycles'<sup>1</sup>.

This new approach will require the integration of different policy areas. It will bring together planning, housing, transport and the economy, ensuring that the benefits of change in each system have the greatest cumulative contribution to sustainable economic growth. As part of this, a key element of the IRS will be an outline of how the region intends to respond to climate change and how it intends to move towards a low-carbon economy.

**Yorkshire Forward, Local Government Yorkshire and Humber,** the local authorities themselves and other key partners will need to develop the IRS to build on our existing partnership structures at all levels, enabling a strong feed-in from distinct parts of the region. Functional sub-regions will, alongside others, have a central role helping to shape our understanding of the dynamics of city/functional sub regional economies, helping to set future strategic priorities and ensure that the activity at local, sub-regional and regional levels each adds value to work happening on other scales.

<sup>1</sup> HM Treasury definition

## **Relationships with regional partners**

We build close working relationships with a wide variety of external partners, government organisations and other agencies. Together, we decide and deliver the most effective interventions for the regional economy.

### **Working with the region's organisations**

Under the terms of the Sub National Review of Economic Development and Regeneration (SNR), the Yorkshire & Humber Assembly (YHA) will be abolished in March 2009. We would like to take this opportunity to thank the YHA for all the constructive work they have done for the benefit of this region. This year, we have continued our relationship with the YHA through two scrutiny enquiries on the issues of climate change and investment planning. We are now working together with the YHA to conclude the current scrutiny process with a joint review of regional scrutiny. A senior representative from Yorkshire Forward presents the action plan arising from each scrutiny directly to the YHA Scrutiny Board. Progress is also reported to the YHA Scrutiny Board every six months.

We have maintained our close working relationship with Government Office Yorkshire and Humber, assisting them in all areas of their work including the support of the regional minister in particular and the Cabinet's visit to Leeds.

We have also worked closely with Local Government Yorkshire and Humber since the announcement of the SNR, discussing and drawing together a position on how the SNR's outcomes can be implemented within the region. To date, this has included two joint meetings between the RDA board and local authority leaders, working towards the development of a joint approach.

### **Working with local government**

Strong relationships with local government are of vital importance to us.

This year, we have continued to meet regularly with the leaders and chief executives of the 22 local authorities across the region. Our particular focus this year has been on the development of Geographic Programmes and SNR, as we work with local authorities to consider the region's future structure. We have held joint meetings with our Board and Local Government Yorkshire and Humber in order to debate and discuss key issues and ways forward. This work is ongoing.

## **Working with MPs, MEPs and peers**

Yorkshire Forward is proud of the strong relationships which we continue to build with our region's politicians.

Our regular face-to-face meetings and quarterly newsletters keep MPs, MEPs and peers up-to-date with our work, and we hold annual events in the region and in London to foster closer links with their key staff. This enables us to brief them all more directly on issues affecting their constituencies and the region, and ensures that politicians have a strong first point of contact within Yorkshire Forward – which is particularly important during the current economic climate.

Twice a year, we provide economic data with detailed constituency-specific information to MPs and MEPs, offering greater understanding of the economic needs of the people they represent.

Yorkshire Forward maintains strong relationships with national politicians through our HM Treasury lead role and at major events. Our senior team continues to meet regularly with key politicians.

In 2008/09, we held a House of Commons event for MPs and peers, meeting more than 50 of our regional representatives to discuss our work on climate change. We also held our first politicians' surgery in Westminster, allowing MPs and peers to meet with senior Yorkshire Forward staff on a one-to-one basis. We worked with the two other Northern regional development agencies to stage an event at each political party conference, discussing our work across the North.

## **Advising HM Treasury**

Following a successful submission to Budget 2008 last year, Yorkshire Forward has continued to work in partnership with HM Treasury, which is vital at a time of economic downturn. Working jointly with HM Treasury, Yorkshire Forward has led the regional development agency network in producing regional response documents which show how the regions are responding to the economic downturn. We also worked closely in updating this information for the pre-budget report.

Since November, we have focused on providing advice to HM Treasury on three important policy areas: what needs to be done to help business; what needs to be done to help people; and the regeneration sector. This advice has been submitted to HM Treasury for consideration ahead of Budget 2009. We are currently investigating the possibility of discussing further our policy recommendations with the chancellor and secretary of state for business. Yorkshire Forward continues to work with HM Treasury, highlighting important matters including how economic conditions are affecting the regions and its businesses.

## **Working with the TUC**

Yorkshire Forward has the lead regional development agency role with the TUC and our chair, Terry Hodgkinson, holds regular meetings with its general secretary, Brendan Barber.

The purpose of these meetings is to improve relationships and representation with the trades unions, to share ideas and policy, and to work together on major agendas such as the Sub National Review and vulnerable workers. In November 2008, Yorkshire Forward – on behalf of the regional development agency network – signed a memorandum of understanding with the TUC, formalising our strong relationship with them. We are currently working with the TUC on how to maximise the benefits of this agreement.

We also meet regularly with Bill Adams, regional secretary of the Yorkshire and Humber TUC, to discuss issues related to Yorkshire & Humber. Over the past year, these have included carbon capture and storage, mitigating the impact of the economic downturn, and employer relations. Bill Adams was appointed to the Yorkshire Forward Board in December 2008.

In partnership with One North East and the Northwest Regional Development Agency, we held an event on the subject 'Leadership of the North' at the TUC Annual Congress in Brighton.

## Sustainable development & the lower-carbon economy

Yorkshire Forward is committed to helping the region to fulfil its potential for truly sustainable economic growth<sup>2</sup>, building a strong and stable regional economy which provides prosperity and opportunity for all alongside environmental and social benefits.

Over the past year, we have made a major change to the way we work. We have restructured internally to create a stronger and more strategic leadership role on moving the region to a sustainable lower-carbon economy. The sustainable development function has been brought into the core of the Strategy Directorate, where it will have a greater influence across Yorkshire Forward's regional remit and will help to promote sustainability practice and principles across the organisation.

Some of our achievements in 2008/09 have been:

- Working with partners to establish intelligence on sustainable low-carbon economic growth. Examples include the Regional Climate Change Adaptation Study; a regional economic analysis of the projected impacts of the Climate Change Act; an investigation into the barriers and challenges facing the region in terms of the skills needed to deliver a lower-carbon economy; and an analysis of the economic impacts of potential future flooding across the region.
- Continuing to support the Sustainable Futures Company (SFCo) in promoting sustainable business leadership, support and practice. SFCo was created by Yorkshire Forward to act as its primary delivery body and as a focus for action in this area. The vision for SFCo is to put Yorkshire & Humber at the centre of developing a global low-carbon economy, with the aim of delivering Yorkshire Forward's sustainable development priorities.

• Working with other regional development agencies to develop a consistent approach to carbon accounting across all regions. We have also embarked on a process which could allow Yorkshire Forward to calculate the carbon footprint of all of its interventions.

- Supporting partners to maximise the sustainability opportunities and benefits of their projects through comprehensive sustainability appraisal.
- Developing comprehensive guidance on the sustainable development commitments included in our Single Programme Agreement, so that our project partners are better supported in meeting our sustainable development requirements.
- Working with partners to progress the region's carbon capture and storage (CCS) agenda, building support for a region-wide CCS network and demonstrating the region's high state of readiness to exploit this opportunity. The Powerfuel Power Ltd Hatfield site in South Yorkshire has been shortlisted as a potential candidate for European funding for a proposed CCS demonstration project. The two-year scheme would be part of a Europe-wide plan from the European Commission to invest € 1.25bn in carbon-capture projects at five European sites, as well as € 1.75bn earmarked for better international energy links.

Meanwhile, it is now widely recognised that the global economy is being affected by a 'triple crunch' – the financial crisis, accelerating climate change, and a rapidly encroaching peak in oil production. The impacts of this have been far-reaching, and include negative effects on this region's economy.

Along with tackling the immediate economic challenges, Yorkshire Forward is committed to maintaining a focus on the longer term, acknowledging that a more stable and resilient economy will be essential to the region's recovery – a strong and vibrant economy which also delivers social progress and true

environmental sustainability. Yorkshire Forward has therefore started to develop a roadmap which, through working with regional and national partners, will develop and deliver new models of growth across the region. These models will simultaneously promote economic recovery, avoid the worst impacts of increasing fuel prices, and cut climate-changing emissions.

Our overall aims are:

- To lead the transformation to a lower-carbon and sustainable regional economy. This will include increasing understanding of what this means; the implications for the region; the resulting social, economic and environmental benefits; and how our interventions can help to achieve it.
- To work towards ensuring that sustainability is at the heart of the development and delivery of the new Integrated Regional Strategy, as well as in European policy and programmes.
- To develop the intelligence which will allow our region to become a leader in truly innovative approaches to sustainable economic development and the low-carbon economy. The goal is to pilot and refine approaches in order that they can be rolled out subsequently across Yorkshire & Humber.
- To identify and address skills shortages in sustainability, both within our own organisation and across the region, and building capacity which will enable the region to move towards sustainable economic development.
- To work with SFCo and other partners to de-couple economic growth from increasing energy and resource use, in both individual businesses and the wider economy. This will be done through the promotion of sustainable production and consumption, so that we achieve more with less.
- To use our influence to promote a more sustainable pattern of land use across the region, including economic development, housing, transport, and the protection and enhancement of our natural assets.

<sup>2</sup> Sustainable economic growth can be 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'  
(Prosperous Places: Taking forward the Review of Sub-National Economic Development and Regeneration, CLG/BIS 2008)

# Yorkshire Forward's Board and the Regional Assembly

During 2008/09 the Board met on nine occasions. The members' responsibilities include:

- Ensuring that we comply with any statutory or administrative requirements for the use of public funds
- Establishing our strategic direction within the policy and resources framework agreed with the minister
- Ensuring that high standards of corporate governance are observed at all times
- Overseeing the delivery of planned results by monitoring performance against strategic objectives
- Ensuring that, in reaching decisions, they have taken into account any guidance issued by BIS.

Members of the Board have wider responsibilities, which include: membership of Board sub-committees and task & finish groups; representing Yorkshire Forward in the sub-regions and on the sub-regional partnerships; championing particular policy areas, such as Renaissance, Inclusion and Skills, Sectors and Scrutiny; and developing and maintaining relationships with Yorkshire Forward's partners and stakeholders.

Board members have a duty to comply at all times with an established code of practice, which includes following the Seven Principles of Public Life as set out by the Committee of Standards in Public Life.

## Board members



**Terry Hodgkinson** is Chair of Yorkshire Forward's Board and is accountable for its performance, reporting directly to senior government ministers. As well as being the key interface with our stakeholders, he also acts on behalf of all the UK's regional development agencies on a number of national issues, including maintaining relationships with HM Treasury, the Confederation of British Industry (CBI) and the Trades Union Congress (TUC).

He is responsible for updating and promoting our Regional Economic Strategy, which has a direct influence on Yorkshire & Humber's £87bn economy.

Terry is passionate about good design and architecture, and is a keen supporter of the arts and built environment. A Fellow of the Chartered Institute of Building, as well as a Fellow of the Institute of Directors, he brings more than 30 years' experience in property and building-related businesses to his post at Yorkshire Forward.

He is also chair of Magna Holdings Ltd, a property development and investment company where he is dedicated to restoring brownfield sites, redundant and historic buildings and conservation areas.

Terry is committed to professional and personal development. He believes that continuous learning is critical to success in our fast-changing world.



**Linda Pollard OBE JP DL** is deputy chair of Yorkshire Forward, a role in which she takes the lead in skills, tourism and key account management. Linda started her first business at the age of 23 and sold her last over eight years ago. Now she devotes most of her time to the public sector, and is chair of Leeds NHS Primary Care Trust. She is also the pro-chancellor and chair-elect of the University of Leeds, as well as the regional chair for Coutts Bank plc.



**Barry Dodd OBE** founded the GSM Group 30 years ago. Today, his company is a market-leader in manufacturing, with five major operations in our region. Barry's remit at Yorkshire Forward is for business and innovation. He currently chairs CONNECT Yorkshire, our initiative to help high technology growth companies prepare for market; the Yorkshire Forward Sustainable Futures Company; and the Yorkshire Universities Proof of Commercial Concept fund. Barry is also a board member of Yorkshire Innovation, the Science and Innovation Council for Yorkshire and the Humber.



**Arshad Javed** has over 15 years' experience in the hospitality and catering sector, and represents Yorkshire Forward on the board of the North Yorkshire Learning & Skills Council. Arshad is actively involved in community radio, and has worked with a number of initiatives to enable ethnic minorities to engage with mainstream communities. He was a pioneer of the Yorkshire Asian Business Convention and is a founding member and director of ATL (Yorkshire) Ltd, an organisation which improves access to mainstream business support services.



**Mark Lovell** is the executive chairman of A4e Ltd. He is a dynamic, successful entrepreneur and business leader focused on high-growth business in global public service markets. His company, which has grown from a start-up 15 years ago to a £100m turnover business, has received a number of accolades.



**Cllr Jan Wilson CBE** is an elected member of Sheffield City Council. She is also a member of the Core Cities Group and has undertaken a great deal of work with the Office of the Deputy Prime Minister on this agenda. She is also a member of Sheffield First Partnership and vice-chair of the South Yorkshire Passenger Transport Authority. Jan is a former director of the Sheffield One board.



**Cllr Kath Pinnock** is deputy leader of Kirklees Council. She is a member of LGA Finance & Strategy Committee and a trustee of Kirklees Council Mayor's Charity Appeal Fund. Kath also chairs Yorkshire Forward's Scrutiny Panel, which involves working closely with the Yorkshire & Humber Assembly.



**Cllr John Weighell** is the leader of North Yorkshire County Council and a member of Hambleton District Council. He is also vice-chair of the Association of North Yorkshire Councils; chairman of the North Yorkshire Local Government Pension Fund; co-chair of the Joint Regional Board; a member of the County Councils Network executive; and a partner in a family farming business in the Vale of York, which grows crops and rears beef cattle.

## Board members

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**Cllr Mark Kirk** is responsible for shaping and implementing Yorkshire Forward's policies for the environment, sustainability and rural renaissance. He is the leader of North Lincolnshire Council and chair of the Yorkshire & Humber Assembly's Regional Transport Board. Mark is also a director of Urban Renaissance in the Humber region, chairs the local ethnic community meetings, and is a founder member of the Crosby Community Association.

**Professor Michael Arthur** is vice-chancellor of the University of Leeds, and champions inclusion and skills issues on behalf of Yorkshire Forward. Throughout his distinguished career in medical research scholarship and education, Professor Arthur received an array of accolades for his studies of the liver. He also sits on the boards of the White Rose University Consortium, Worldwide Universities Network and Yorkshire Universities. He has recently become a US/UK Fulbright Commissioner, as well as a Council Member of the Medical Research Council. In September 2009, he will become chair of the Russell Group of Universities.

**Laura Moynahan** is the Chief Executive of Zest, a leading development trust in Sheffield. In addition to her lead role on environmental issues at Yorkshire Forward, she sits on the board of Sheffield First Partnership and the Learning and Skills Regional Council. She is a member of the advisory board for the University of Sheffield Management School, a Fellow of the Royal Society for Arts, Manufacturing and Commerce and a director of Prosper Consortium. In April 2009, Laura was also appointed a board member of the Sheffield First Partnership Strong Economy Board.

**Stella Guy** championed inclusion and skills issues on behalf of Yorkshire Forward. She chairs the region's European Strategy Board, which is tasked with maximising the benefit of the region's membership of the European Union in order to deliver the RES. She is a member of the Regional Labour Party Executive, the trade union Unite, and the National Trust. Stella does not hold any other ministerial appointments.

**Lord Haskins** had a lead role on rural issues and represented Yorkshire Forward on the Humber Economic Partnership. Lord Haskins is a cross-bencher peer and non-executive director of JSR Farms Ltd. He is an advisory director to Montrose Associates; director of Quarryside Farms Ltd; and trustee of the Lawes Agricultural Trust Co Ltd. Lord Haskins is pro-chancellor of the Open University, and chair of both Air Track Railways and Graduates Yorkshire. He is former chair of Northern Foods and of the Better Regulation Task Force.

## Board appointments

In the last year, Yorkshire Forward has made four appointments to the Board. The following all began three-year terms on 14 December 2008:



**Bill Adams** is currently regional secretary of the Yorkshire and Humber TUC, having previously served five years as its education officer. Bill has been a trade union activist for most of his working life, in both the public and private sectors. In 1990 he returned to university to read law, and then completed a postgraduate degree in industrial relations and labour law. Bill cares deeply for the region, having served as an executive member of the Yorkshire & Humber Assembly. He is also on the executive of the ACAS Employee Relations Forum, the Work and Skills Board in Sheffield, and the board which promotes ESF funding in the region. He is a governor of his alma mater, the University of Central Lancashire. His many interests include international issues and sport.

**Ajaz Ahmed** founded Freeserve, once the UK's largest internet service provider (ISP) and now part of Orange. Having bought a PC at a computer superstore, he discovered that no one there could tell him how to get online. So in 1998 he persuaded Dixons to launch Freeserve. After becoming the UK's largest ISP (in just three months), quickly going public at £1.5bn and entering the FT100 soon after with a market cap of £9bn, Freeserve was later sold to Wanadoo for £1.6bn. Ajaz was business development director there until April 2001, when he left to pursue other business interests. He now holds several board positions and is actively involved with a number of investments. He also sits on the governing council at the University of Huddersfield.



**Julie Kenny CBE DL** is managing director of Pyronix Ltd and a director of both Secure Holdings Ltd and the British Security Industry Association. She is also a UK commissioner for employment and skills; sits on the Small Business Forum; and is a member of both the Better Regulation Stakeholder Group and the Administrative Burdens Advisory Board. In our region, Julie serves on the board of Creative Sheffield and is an honorary director of Barnsley and Rotherham Chamber of Commerce.

**John Vincent** is a director of AECOM, a global planning and advisory service for the built environment. John has over 30 years' public-and private-sector experience of delivering transportation projects from feasibility through to implementation. As managing director for transportation in UK and Europe, he is responsible for over 1,100 AECOM staff in the road, rail and aviation sectors. He is a graduate of the University of Leeds; founded AECOM's business in Yorkshire; and is a resident of York – so he is fully committed to making the region a great place in which to live and work.

## Board meetings

Members' attendance figures for Board meetings from 1 April 2008 to 31 March 2009:

Terry Hodgkinson, Chair	9/9
Linda Pollard, Deputy Chair	8/9
Prof. Michael Arthur	7/9
Barry Dodd	9/9
Arshad Javed	7/9
Cllr. Mark Kirk	9/9
Mark Lovell	7/9
Julie Kenny*	7/9
Laura Moynahan	6/9
Cllr. John Weighell	9/9
Cllr. Jan Wilson	9/9
Cllr. Kath Pinnock	9/9
Chris Haskins***	6/7
Stella Guy***	5/7
Ajaz Ahmed**	2/2
Bill Adams**	2/2
John Vincent**	2/2

\* Julie Kenny was reappointed to the Board on 14 December 2008

\*\* Ajaz Ahmed, Bill Adams and John Vincent joined the Board on 14 December 2008

\*\*\* Chris Haskins and Stella Guy retired from the Board on 13 December 2008.

## Compensation Sub-Committee

The Compensation Sub-Committee is appointed annually and acts on behalf of the Board to consider any revised terms and conditions of its members; the performance and compensation of the chief executive and the executive directors; and any review of pay and other personnel policies relating to Yorkshire Forward staff.

The sub-committee met once during the course of the year. It was chaired by Linda Pollard and the other members were Terry Hodgkinson, Stella Guy, Mark Kirk and Chris Haskins.

Board attendance figures for Compensation Sub-Committee meetings from 1 April 2008–21 March 2009 are as follows:

Linda Pollard, Chair	1/1
Terry Hodgkinson	1/1
Stella Guy	1/1
Cllr. Mark Kirk	1/1
Chris Haskins	1/1

## Audit Sub-Committee

The Board has delegated certain functions to the Audit Sub-Committee. The Audit Sub-Committee undertakes these actions on behalf of the Board and reports back at regular meetings. It holds responsibilities in areas such as ensuring compliance with accounting and legal requirements relating to government guidelines; reviewing corporate integrity and standards; and considering the annual audit plan. The sub-committee is authorised by the Board to investigate any activity within its duties. It is authorised to seek any information it requires from any employee, and all employees are directed to co-operate with any requests made by the Audit Sub-Committee, which has the following duties:

- a) Commenting on the nature and scope of each forthcoming audit with the external auditor
- b) Monitoring the operational effectiveness of policies and systems
- c) Considering the impact and mitigation of business risks
- d) Reviewing corporate integrity and standards, including a code of best practice for the Board and code of conduct for staff
- e) Establishing and maintaining an internal audit plan and reviewing completed reports
- f) Reviewing our statement on internal control systems prior to endorsement by the Board
- g) Ensuring that the internal and external auditors have the fullest co-operation of staff; before submission to the Board, focusing particularly on:
  - (i) compliance with accounting standards
  - (ii) compliance with legal requirements

- (iii) the going-concern assumption
- (iv) major judgemental areas
- (v) significant adjustments resulting from the audit
- (vi) any changes in accounting policies and practices
- (vii) compliance with the financial memorandum and terms & conditions of grant.

- i) Discussing problems and reservations arising from any audit, and any matters that the auditor may wish to discuss
- j) Providing advice to the Accounting Officer.

Board members are appointed to the Audit Sub-Committee on an annual basis.

Attendance levels for the year were:

Cllr. John Weighell, Chair	4/4
Julie Kenny	3/4
Cllr. Jan Wilson	3/4
Mark Lovell	3/4
Arshad Javed	3/4
Terry Hodgkinson*	1/1

\* As chair of Yorkshire Forward, Terry Hodgkinson attended the special Audit Sub-Committee meeting in June 2008.

## Board member appointments

	Date of appointment/re-appointment	Term (years)
Terry Hodgkinson, Chair	14 December 2006	3
Linda Pollard OBE JP DL, Deputy Chair	14 December 2007	3
Ajaz Ahmed	14 December 2008	3
Bill Adams	14 December 2008	3
Professor Michael Arthur	14 December 2006	3
Barry Dodd	14 December 2008	3
Stella Guy*	14 December 2006	2
Lord Haskins*	14 December 2007	1
Arshad Javed	14 December 2007	2
Julie Kenny CBE DL	14 December 2008	3
Cllr Mark Kirk	14 December 2007	3
Mark Lovell	14 December 2007	3
Laura Moynahan	14 December 2007	2
Cllr Kath Pinnock	14 December 2008	3
John Vincent	14 December 2008	3
Cllr John Weighell	14 December 2006	3
Cllr Jan Wilson	14 December 2007	3

\* Stella Guy and Lord Haskins retired as Board members on 13 December 2008.

## **Yorkshire Forward and the Yorkshire & Humber Assembly**

As chair of the Yorkshire & Humber Assembly, I'm once again pleased to contribute to your annual review. I shall comment on the joint working between us and Yorkshire Forward, and the changes to regional arrangements which are taking place.

The last year has seen enormous changes planned for the way the region does its business. In particular, it has confirmed that in this region, the assembly will cease to exist from April 2009 and from then, council leaders (through their Local Government Yorkshire and Humber representative body) and Yorkshire Forward Board members will jointly take responsibility for developing, implementing and monitoring the new single regional strategy.

But it is not all change. Key activity currently undertaken by the assembly will continue to be funded in 2009/10, and will be delivered through the new regional governance arrangements.

Details and membership of the four new policy boards (planning, transport, work & skills and housing & regeneration) have now been agreed, while the development of a new independent board looking at sustainability issues is continuing following research and consultation across the region. We look forward to progress on all this activity to bring a new, streamlined approach to the work and the challenges we face in Yorkshire & Humber.

This will include work to update the Yorkshire and Humber Plan; the ongoing development of the region's long-term transport priorities; action on housing aimed at, amongst other things, securing the ongoing delivery of affordable new homes, despite the economic downturn; and initiatives on regional scrutiny and accountability, sustainable development and climate change.

I believe the new ways of working will offer huge opportunities to build even stronger regional working and make the most of our existing strong partnerships.

Turning now to the past 12 months, I'd like to say a few words about some of the joint successes the assembly and Yorkshire Forward have helped develop over the last year.

Much of that work has concentrated on delivering regional priorities for the communities we serve. This has included:

- The continuing development of a new regional spatial strategy, the Yorkshire and Humber Plan – this will help steer future development in the region and will decide where, how big, and how much of this development should take place.
- Overseeing the integrated regional framework to identify issues we must tackle together as we move towards an integrated regional strategy in the future, supporting the use of a common evidence base to ensure sustainable development issues are identified and addressed, and securing the effective monitoring of progress.
- Delivery of the regional transport strategy and its priorities – to address the shared view across the region that transport remains our biggest barrier to continued economic progress. Work on regional funding advice has been the dominant focus of the Regional Transport Board this past year. Working closely with Yorkshire Forward and Government Office, the assembly has led both an interim review of the existing RFA (Regional Funding Advice) transport programme and a full review as part of the wider RFA2 exercise. The reviews have resulted in the Board endorsing proposals for over £500m-worth of new transport schemes for the region. Work such as this will help to ensure that the region's transport investment programme delivers over the short, medium and longer term.
- With other partners in the region, we've developed a major piece of work on a regional adaptation study, looking at how communities might be affected by, and cope with, the effects of climate change. This was launched in March 2009 and will have a profound influence on how we all tackle this growing threat.
- Our continuing work on scrutiny, for which I believe the assembly, Yorkshire Forward and regional stakeholders deserve enormous credit in helping bring real change at shop floor level through the development of policies and strategies. This year has seen reviews into climate change and investment planning.

Terry and I are of the same view about this work: it can't be done in isolation, and it needs to add value to the region's economy and communities that we all serve in one way

or another. Both the assembly and Yorkshire Forward have played an important role in this up to now, working together, but now we also need to look to a different future.

As we move to change the structures and functions involved in carrying out this work, I believe we must continue to build on our strong local authority engagement to provide democratic accountability for the core strategic functions at regional level. But, in addition, the involvement of economic, social and environmental partners, which has undoubtedly enhanced regional decision-making by the assembly, unblocked the way for agreeing priorities for action and added weight to regional accountability, must not be lost.

Our challenge is to ensure that the successor to current arrangements (which we have developed to suit the particular requirements of Yorkshire & Humber) builds on the last eight years.

The Yorkshire & Humber region has come a long way since the assembly was launched in 2001, and the legacy left by our organisation will need be taken up and acted upon by successor bodies. We cannot afford to stand still.

And as we look to the future, we must also remember some of the things that we have learnt. We must build on the work of the assembly, improve it and adapt it to suit the new era, remaining firmly focused on our goal of continuing to work together to develop our region, and to tackle the new and difficult challenges we now face.

There's no doubt the next 12 months promise to be not only interesting, but also stimulating, in steering forward a bright and prosperous region.

I'm confident the teamwork approach we've adopted across Yorkshire & Humber remains strong and focused. I look forward to further developing this, not only through Yorkshire Forward and Local Government Yorkshire and Humber but also all the other regional players, in tackling the challenges we all face.

### **Peter Box**

Chair  
Yorkshire & Humber Assembly

## Progress in the Region

Progress in the Region is the fullest and most extensive assessment of Yorkshire & Humber's progress, conducted against the wide spread of issues facing the region. It monitors progress against a range of regional targets, including the Advancing Together indicators and the economic targets in the Regional Economic Strategy.

This report is published annually by Yorkshire Futures, providing an economic, social and environmental assessment of the region's progress against a wide range of indicators.

In 2008, the region replaced the previous Advancing Together Indicators (incorporating nearly 60 measures within its high level framework) with a new set of three headline and 35 high level indicators to support the new Integrated Regional Framework, as well as other key strategies covering specific areas – such as the Regional Economic Strategy

A Progress in the Region Guide to the new indicators was published in 2008 setting out and defining those indicators, their sources and data trends going back to baseline (available on [www.yorkshirefutures.com](http://www.yorkshirefutures.com)). The indicators and the Progress in the Region document are intended to support monitoring of sustainable development in the round, as well as the component issues that comprise it.

Published in March 2009, Progress in the Region 2008 includes data that was available up to the end of 2008. It builds on the earlier guide to the new indicators and carries out analysis of progress against them. The executive summary of the document sets out our conclusions for key policy areas and sustainable development overall. It identifies broad implications that follow from the observed trends.

The headline indicators encompass quality of life (through a composite regional quality of life indicator), regional Gross Value Added (GVA), an index of Regional Sustainable Economic Well being and carbon dioxide emissions. There have been some notable improvements in these indicators in both absolute and relative to the rest of England, particularly in terms of Regional Sustainable Economic Well Being; no areas have shown a decline. However, we do not appear to be making substantial progress on closing the gap with the rest of the country on GVA, and greenhouse gas emissions are falling too slowly.

On the remaining 35 high level indicators, we are making absolute progress (compared to baselines) on 22 and 8 show a negative trend – the remaining 5 show little or uncertain change. When relative change compared to England averages is considered, we are making progress on closing the gap for 17 indicators, while 13 show a worsening relative performance – in 5 cases changes are small or uncertain.

The launch of Progress in the Region was moved from November to March to link in with the launch of the Regional Spatial Strategy (RSS) Annual Monitoring Report (AMR) that monitors change against the desired outcomes of the RSS. The RSS focuses on delivering development in the right locations and improving the quality of places across the region, growing a stronger economy and reducing inequalities, improving transport and accessibility and enhancing environmental quality and using resources effectively. The AMR reports on indicators established by central government and measures the extent to which RSS targets are being met.

As well as reporting against trends, the Progress in the Regions report also considers our position in comparison to similar European countries and regions; monitoring of the 'Yorkshire Gold' strategy; and discussion of future trends and scenarios. The forward looking aspects of the report are particularly important in this time of economic change.

# Business activities and performance

Yorkshire Forward is the regional development agency for the Yorkshire & Humber region. The agency was established on 14 December 1998 following parliamentary approval of the Regional Development Agencies Act 1998.

Its name was formally changed to Yorkshire Forward (Yorkshire & Humber Regional Development Agency) on 19 February 1999. Yorkshire Forward was set up because the Yorkshire & Humber region had undergone major economic upheaval caused by the decline of traditional industry such as coal, steel, textiles, fishing and agriculture. We are one of nine UK regional development agencies, arms length government bodies charged with improving regional economies. Our plans to improve the regional economy are set out in our Regional Economic Strategy (RES) – a statutory 10-year blueprint to guide and co-ordinate the work of public and private agencies. We receive government funds to deliver elements of this strategy. We are also the Managing Authority for the 2007-13 ERDF Programme.

Yorkshire Forward's role is to improve the economy of Yorkshire & Humber. We act as the interface between business and the public sector, ensuring that the two connect. We cannot deliver the RES alone and work with public, private and third sector agencies – 'Team Yorkshire and Humber' – to deliver it with us.

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 & 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.

During 2009 we will work with Local Government to produce an Integrated Regional Strategy (IRS) – a long-term blueprint to guide the work of public and private partners by setting out how and where sustainable economic growth will be delivered. The IRS will bring together economic development (RES), spatial planning, transport, climate change and housing policy, which are currently covered by separate strategies. We will do so by: building strong evidence and regional ownership; influencing key policies and strategies in pursuit of regional goals; leading a partnership approach to prioritisation and investment; and ensuring the delivery of the ERDF Operational Programme.

## Business activities

We have five corporate objectives to guide our people and invested over £255m this year to help deliver the region's economic strategy. Our objectives are:

- 1. Championing RES delivery, particularly leading 'Team Yorkshire and Humber' – the top businesses and public agencies – to move to a lower carbon economy, to promote diversity and to raise levels of ambition in the region.**
- 2. Helping people to access good jobs, skills and transport.**
- 3. Helping businesses to start-up, grow and compete through innovation.**
- 4. Regenerating cities, towns and rural communities.**
- 5. Improving Yorkshire Forward's capacity.**

The latest Corporate Plan 2009/12 sets out how Yorkshire Forward will respond to the challenges the Yorkshire & Humber region faces from the economic downturn. The above corporate objectives have also been revised in light of the changing economic challenges and policy context. They both reflect the requirement to provide the region with the strategic framework to achieve its long-term aspirations for sustainable economic growth, and the need to respond to immediate challenges in a way that provides a strong foundation to achieve our longer term aims. Although the Corporate Plan is for the 2009/12 planning period, it 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.

We continue to embed the principles of **sustainable development** and **equality of opportunity for all** into all of our work; and ensure sustainable practice is incorporated into our internal operations. We want to see our region at the leading edge of sustainable development practice. Reducing the agency's and the region's carbon footprint is a key goal and we are determined to exploit opportunities in the low carbon economy, including on carbon capture and storage. Externally, Yorkshire Forward is committed to using its intelligence, influence and leadership to drive progress towards a low carbon economy. Internally, we are exploring the potential to introduce carbon footprint objectives, accountable within delivery directorates, with a view to making our intervention impacts as close to carbon neutral as possible in the long term.

**Equality and diversity** is an integral part of our business led agenda and our approach to economic development. The organisation's approach to continuous improvement will be enhanced by the implementation of a Single Equality Framework which will incorporate the Race Relations Scheme and action on disability and gender. Our revised policies and practices move the organisation towards best practice and will be continually reviewed to reflect our ambition. We will take the lead in the region in promoting the economic case for diversity, working to influence business support in meeting the needs of different minority groups. We will mainstream diversity by promoting employer engagement (developing and adopting a procurement model for Yorkshire Forward which reflects a broader supply base), and demonstrating the potential for marketing job and career offers, raising aspirations within large companies and SMEs.

Our 11 key policy areas are delivered through an integrated approach – policy product ranges (PPR). These explain the economic rationale for our policy priorities, clearly articulate the nature of our interventions and begin to set out the method of delivery.

CORPORATE OBJECTIVE	POLICY PRODUCT RANGE
Helping people to access good jobs, skills and transport	1. Skills 2. Transport 3. Economic Inclusion
Helping businesses to start-up, grow and compete through innovation	4. Competitiveness 5. Enterprise/Access to Finance 6. International Business
Regenerating cities, towns and rural communities	7. Urban Renaissance 8. Rural Renaissance 9. Property 10. Marketing the Region through Tourism and Major events 11. Lower Carbon Economy

Each policy product range:

- Sets out the rationale and key policy priorities we will commission through the policy product range, as well as match-funders and key delivery agencies (i.e. what we will do and why).
- Set out the geographic rationale and priorities for the policy product range (i.e. where we will do it).
- Identify the strategic added value the policy product range will deliver to address wider RES targets by influencing the investment and policy decisions of what others will do to deliver the RES through Key Account Management of major businesses, partners and public agencies (i.e. who we need to work with).

We have worked very closely with local authority partners over the last year to develop 15 Geographic Programmes (our investments in the Districts of North Yorkshire are built into an overarching Geographic Programme). Geographic Programmes provide a mechanism to strengthen the close partnership working we have developed with local authorities and strengthen the spatial focus of our corporate objectives. They are effectively a business plan to improve the economy of local authority areas. They build on the strength of the previous investment planning approach, namely a strong evidence base, long-term RES related priorities and local renaissance master plans. They also address the weaknesses – in particular they give transparency across all of Yorkshire Forward's spend and understanding of how regional programmes impact in local areas e.g. business support delivered via Business Link. They are effectively a snapshot of our direct and indirect investment in a local area and include contracted activity, activity under discussion and future plans. They

outline our contribution in three key ways – financial; local delivery of outcomes from regional contracts; and strategic influence.

The management and accountability for 2007/13 ERDF Programme moved from the Government Office for Yorkshire and the Humber (GOYH) to Yorkshire Forward. The new programme represents a significant reduction in the amount of ERDF funds available to the region, when compared with the previous Objective 1 and 2 programmes. The maximisation of EU funding presents a number of challenges for Yorkshire Forward and the region:

- The requirement to match fund the programme from ourselves and to mobilise partners to draw down the ERDF and maximise the impact it has on the regional economy.
- The scale of this match funding requirement on the single pot will be significant, perhaps in the region of 70% of the Programme.
- The move to larger scale transformational programmes, whilst at the same time ensuring interventions are of the appropriate scale (e.g. smaller interventions in rural areas).
- The need to improve draw-down of additional sources of EU funding, such as the Framework Programme.
- The need to achieve N+2 targets.

## Performance for the regional delivery of strategies and for self management

Our performance is managed externally and internally in a number of ways.

### 1. Scrutiny

The scrutiny of Yorkshire Forward's work has been undertaken by Yorkshire & Humber Assembly (YHA). This year two scrutiny enquiries on the issues of climate change and investment planning have been undertaken. We worked together with the YHA to conclude the current scrutiny process with a joint review of regional scrutiny. A senior representative from Yorkshire Forward presented the action plan arising from each scrutiny directly to the YHA Scrutiny Board. Progress has been reported to the YHA Scrutiny Board every six months.

The scrutiny role of Yorkshire Forward's work will pass from the assembly to Regional Select Committees from April 2009.

### 2. Integrated Regional Strategy (IRS)

In response to Sub-National Review (SNR) the Yorkshire & Humber region will move to new partnership arrangements from April 2009. The region has already made strong progress having established a Joint Regional Board comprising representatives from Yorkshire Forward's Board and a Strategic Leaders Board made up of local authority leaders. This Joint Regional Board provides the mechanism that enables Yorkshire Forward and Local Government to jointly lead on preparing the IRS. Four thematic boards for transport, work and skills, spatial planning, and housing and regeneration are being established to support the Joint Regional Board. An independent board will work to ensure that sustainable development is integrated across the new regional structures and the IRS.

### 3. Regional Economic Strategy (RES)

In 2010, the RES (the current ten-year blueprint to improve the Yorkshire & Humber economy) will be incorporated as part of the Integrated Regional Strategy. The RES is currently owned by, and delivered across the regional partnerships in Yorkshire & Humber, and Yorkshire Forward is responsible for its production and monitoring, with and on behalf of the region.

Latest progress shows that the current economic downturn has had a notable effect on the region's previously good performance on GDP growth and employment, whilst additional effort should pay good dividends in the long run on skills, enterprise and improving the region's most deprived areas. Particular effort however is still needed on tackling increasing CO<sub>2</sub> emissions and lower than average business innovation levels.

### 4. Northern Way

The development and delivery of the Northern Way initiative has seen Yorkshire Forward working with colleagues in the North East and North West to address shared issues and opportunities across the North of England. We continue to work with them and government to deliver the Northern Way. Northern Way priorities have been refocused in the past twelve months to concentrate on three key investment priorities: transport, innovation in industry and private investment.

### 5. Independent Performance Assessment

Yorkshire Forward's performance is also assessed under the Independent Performance Assessment process established in 2006 and undertaken by the National Audit Office (NAO). We were assessed as a strong performing regional development agency and have made good progress in implementing the improvement plan agreed with the NAO as part of this process.

### 6. Performance monitoring by department for Business, Innovation & Skills (BIS)

Every six months we meet with our sponsoring government department (BIS) to monitor and discuss our performance. This covers key business successes and challenges, how we are responding to the economic downturn and progress on delivering of the RES and our Corporate Plan. Other areas covered are key agency risks, sponsorship issues and a forward look at issues that will impact on us.

Our Corporate Plan which contains our key priorities and measures is approved by the minister for BIS.

### 7. Performance monitoring by the Board and Executive

The Executive team and Board monitor our actual performance on an ongoing basis through regular reports, both financial and non-financial. External stakeholder and internal staff surveys are shared with them and these give us a clear understanding of how partners and staff both rate and understand what we do.

Our performance is judged on:

- Achievement of our corporate objectives – specifically how we respond to the recession going forward
- Our impact evaluations
- The outcomes from our Independent Performance Assessments
- Our strategic added value role (including how we help to drive and coordinate the contributions of our partners at national, regional, sub-regional and local level to the region's economic goals)
- Delivery of efficiencies in a tight government fiscal environment.

Although there is no mandatory requirement for us to set and report on output targets as part of our Corporate Plan, we have identified key performance indicators (KPIs) which include output and outcome measures which we use to assess our performance. The table below summarises the outputs we achieved against the measurable target range for the 2008/09 year.

#### 2008 – 2009 achieved outputs compared to target range

OUTPUTS	MINIMUM	MAXIMUM	ACHIEVED
1. Jobs created and safeguarded	19,703	26,657	23,635
2. People assisted to get a job	5,625	9,375	10,030
3. New businesses created	1,000	1,500	1,410
4. Businesses assisted to improve their performance	35,200	52,800	51,228
4a. Businesses assisted via collaboration with the UK Knowledge Base	488	812	757
5. Public and private regeneration investment levered			
(i) Total (£m)	£161.25m	£268.75m	£215.86m
(ii) Proportion of private leverage	30% (£48.37m)	50% (£134.37m)	68% (£146.14m)
6. People assisted in their skills development (Level 4+)	4,800	7,200	6,221
7. Sustainable development (reduce greenhouse gas emissions)	0.375m T C02 e	0.625m T C02 e	0.780m T C02 e
8. Private sector investment (excluding regeneration)	£172.50m	£287.50m	£873.25m
9. Businesses with R&D levered	150	250	209
10. Intensive business assists	8,320	12,480	9,273

### **Report on progress against output targets**

We are pleased to report that we have again met or exceeded all our targets, with all actuals being within or above the target range.

A short analysis of each output is given below:

#### **1. Jobs created and safeguarded –**

The Key Account Management project continues to perform well in this area delivering 5,587 jobs. Other large contributors were the Yorkshire and Humber Manufactory Advisory Service (2,948) and the International Business Development Programme (3,373).

#### **2. People assisted to get a job –**

Many projects over achieved including the West Yorkshire Travel for Work Partnership (1,808), West Yorkshire Access to Employment (1,646) and The Prince's Trust (1,178) which means this output delivered above the target range.

#### **3. New businesses created –**

Business Link contributed the majority of these outputs (947).

#### **4. Businesses assisted to improve their performance –**

Business Link continues to deliver the majority of these outputs (over 39,000).

#### **4a. Businesses assisted via collaboration with the UK Knowledge Base –**

The significant contributor to this target continues to be the Institute of Logistics (313).

#### **5. Public and private regeneration investment levered –**

A variety of renaissance schemes contributed to this output such as the Manningham Mills Development, Bradford and Heart of the City in Sheffield.

#### **6. People assisted in their skills development (Level 4+) –**

Projects contributing significantly to this output were Skills for Key Clusters (1,276) and the regional Science, Technology, Engineering and Maths (STEM) programmes (total 2,068).

#### **7. Sustainable development –**

CHG CO<sub>2</sub> M tonnes – The main contributor to this target was the investment in the biomass supply chain development and wood pellet mill.

#### **8. Private-sector investment (excluding regeneration) –**

The International Business development Programme accounted for the majority of this output delivering £562 million.

#### **9. Business with R&D levered –**

The Technology Capacity Building Programme in South Yorkshire, the Centres for Industrial Collaboration (CICs) and the Yorkshire Forward led R&D schemes accounted for most of these outputs.

#### **10. Intensive business assists –**

Business Link continues to deliver the majority of this output (6,081).

### **Output disaggregation**

Under the RDA Tasking Framework we were required to disaggregate our core output figures by urban/rural and disadvantaged area. Yorkshire Forward has continued to collect beneficiary data about its outputs by postcode to enable us to understand the impact of our interventions better. The data is linked into the GIS (geographic information system) mapping software, which allows us to see where our outputs are being delivered on a map of Yorkshire & Humber.

The amount of beneficiary data collected this year has again improved. We have collected between 92% and 100% of the data for each output. Where 100% collection has not been possible the results have been scaled up to the full 100%.

OUTPUTS	URBAN	RURAL	DEPRIVED	% DATA PROTECTION
1. Jobs created and safeguarded	21,178 90%	2,457 10%	6,834 29%	97%
2. People assisted to get a job	9,404 94%	626 6%	7,111 71%	93%
3. New businesses created	1,142 81%	268 19%	407 29%	94%
4. Businesses assisted to improve their performance	41,146 80%	10,082 20%	15,796 31%	92%
5. Public and private regeneration investment levered	£202.82m 94%	£13.04m 6%	£142.84m 66%	100%
6. People assisted in their skills development (Level 4+)	5,804 93%	417 7%	1,589 26%	93%

## Classification

In determining the above classifications we have used the DEFRA Rural/Urban Classification 2004 at ward level.

For deprived areas we have used the DCLG Index of Multiple Deprivation (IMD 2007). There are 32,482 Super Output Areas (SOAs) in England, we have taken the top 20% most deprived, and of these Yorkshire & Humber has 976 SOAs that are within the most deprived nationally.

## Disaggregation interpretation

The outputs can be split into two groups – those that deal with people (jobs, skills and businesses) and those that deal with location (regeneration).

Those relating to people continue to have similar splits regardless of the output, being on average 85% urban and 15% rural. This is as you would expect as the region's population is split 85% urban and 15% rural. We continue to deliver in deprived wards with on average 30% of outputs in these areas. Again comparing this to the regions population, around 30% of the people in Yorkshire & Humber live in deprived wards. The exception to this is the 'people assisted to get a job' output where 70% of the outputs were delivered in deprived wards due to the specific targeting of the main projects in this area.

Public and private sector investment in physical regeneration has been levered in largely urban wards this year, mainly as a result of our urban renaissance programmes. We continue to deliver physical regeneration in deprived areas, with 66% of the investment levered being in these areas.

## Business Link regional performance

### National KPI's

The Business Link Service for Yorkshire & Humber has had a good year, particularly given the difficulties caused by transitioning to a new contractor and delivery model. We have been able to manage transition without any dip in performance either during the period leading up to handover or the period following, and have even seen growth. The performance against the national Business Link KPIs is detailed below:

- **Hybrid penetration** – the service has performed extremely well, exceeding 100,000 for the first time. In total 106,703 customers used the service, an increase of 26% on the combined performance of the four previous Business Link Operators in 2007/08. Two key factors helped to generate this increase; a successful marketing campaign in the second half of the year and the fact that more businesses are seeking support and assistance in response to the difficulties they are facing as a result of the recession.
- **Intensive assistance** – almost 5,600 customers were intensively assisted in 2008/09. Whilst slightly behind target, this is a 9% increase on the results achieved by the previous operators and is a satisfactory performance in the first year of the new service. The TUPE process resulted in only two thirds of the adviser team being in place at the start of the year. The vacant posts have been filled throughout the year and the team is now at its full complement. Given the improvements achieved in this area during the year and the capacity we now have it is expected that we will continue to see sizable growth in the number of customers supported next year.
- **Customer satisfaction** – this is slightly behind target at 89%. However this is a good performance, based on the number of new staff recruited during the year, the increasing impact of the recession and the huge increase in numbers of customers accessing the service. The newly introduced customer satisfaction index rates the service as 'very good' when benchmarked against a range of other companies and organisations.

	<b>YORKSHIRE &amp; HUMBER</b>	<b>TARGET 2008/09</b>	<b>ACHIEVED 2008/09</b>
Total penetration	93,700	106,703	
Intensive assistance – GVA measure	6,339	5,596	
Customer satisfaction	90%	89%	

## National comparison of KPIs

Despite being the only region to have changed providers at the start of the year, our performance has remained strong in relation to other regions.

- **Hybrid penetration** – we have achieved the best performance on this measure nationally. We have improved from a credible 56.8% at the end of last year, to 65.1% this year. This compares to other regions' performance which range from 42% to 58%, with the national average being 49%.
- **Intensive assistance** – performance of 3.4% is within the range of results reported from other regions this year (2.1% – 6.4%). In terms of the stage of development of the service, when compared to the average at the end of last year (3.1%), we have performed considerably better than most other regions through transition.
- **Customer satisfaction** – at 89% our performance is in line with the national average of 89%.

## Yorkshire Forward tasking framework targets

- Businesses assisted to improve performance** – at more than 39,000 performance against this output has been strong. This is in line with the target, and represents a growth of nearly 230% compared to the previous year.
- Jobs created** – given the current economic climate it is not unexpected that performance in this area has seen a drop. In 2008/09 we reported 2,623 jobs created through the Business Start Up Programme. Actual performance is felt to be better than this but some issues with providing robust evidence has meant that we have not been able to fully attribute all jobs created through the Business Link Service. Work is ongoing to ensure we report any additional jobs we are able to verify including a further 500 jobs created by established businesses.
- Businesses created and surviving 52 weeks** – we have exceeded corporate planning targets for this output with the Business Link Service reporting 947 businesses surviving their first year. We have also reported over 2,500 businesses starting up in 2008/09 and their survival will be tracked into 2009/10.
- Intensive assists** – the tasking framework definition of intensive assistance differs slightly from the Business Link MI requirements, as a result our performance against this output stands at 6,082. Similarly to our performance against the Business Link MI definition, the number of advisers in post has a direct impact on the volumes that can be achieved. With a full team now in place we anticipate significant growth in this area during the new year.

## Other issues

2008/09 has presented many challenges for both the Business Link Service and Yorkshire Forward. Unlike most other regions, the contract for the service in Yorkshire & Humber resulted in the Business Link Service being awarded to a new provider. As a result the first year has been one of consolidation, in the new year significant focus will be placed on the quality and impact of the service. This will inform our approach to target setting and performance management and monitoring to ensure we deliver the best Business Link Service possible for the region.

The new contract has also created significant financial efficiencies. The previous providers enjoyed a total income of around twice that available to the new provider including around 35% more funding from Yorkshire Forward.

## Efficiency summary

Within an increasingly challenging fiscal environment, we strive to achieve an excellent return on investment for the taxpayer with value for money representing the first of our five corporate values. The 2007 Comprehensive Spending Review (CSR) reduced our budget by 2.3% year-on-year over the period 2008 to 2011 whilst also requiring us to achieve both admin and programme savings of 2.7% to release cash to our priority areas of delivery. This equates to £47.378m of cash releasing savings over the period which is being evidenced not only by delivering savings but also by improving our performance efficiency.

In 2008/09 we delivered cash releasing savings of £7.984m, exceeding our annual target of £7.778m by £0.206m. With the support of our partners we also achieved an equivalent improvement in our performance efficiency, resulting in greater outputs achieved per pound invested. In addition to delivering these savings, budget reductions and increased efficiency, we also accommodated a further reduction in our 2008/09 capital budget of £2.320m.

To respond to the challenges provided by the CSR settlement, a value for money strategy has been endorsed by the Executive and an implementation board composed of Directorate representatives meets quarterly to actively monitor progress. In line with BIS's traffic light risk rating, our overall status after the first year of the CSR period is 'green'.

We are working with other RDA colleagues to understand the implications of further budget reductions anticipated in the remainder of the CSR period upon the CSR savings target. We are also engaged, as part of the RDA network, with HM Treasury and BIS to help shape thinking for further value for money savings within the present and next spending review periods as part of HM Treasury's Public Value and Operational Efficiency Programmes.

**Efficiency performance tables****CSR 07 Programme to Date 2008/09****CSR 07 Cash Releasing Savings**

DIRECTORATE	TARGET £M	QTR 4 ACTUAL £M	YTD ACTUAL £M	YTD VARIANCE £M	YTD VARIANCE %	3 YEAR PROGRAMME TARGET
Business	3.057	2.881	4.752	(1.695)	155.45	<b>17.587</b>
Economic Inclusion	1.246	0.639	0.690	0.556	55.38	<b>7.439</b>
Environment	3.138	0.159	0.675	2.463	21.51	<b>18.248</b>
Strategy	0.139	0.975	1.777	(1.638)	1278.42	<b>0.834</b>
Finance	0.152	0.048	0.066	0.086	43.42	<b>2.994</b>
Corporate Management	0.046	0.000	0.024	0.022	52.17	<b>0.276</b>
<b>TOTAL CASH RELEASING</b>	<b>7.778</b>	<b>4.702</b>	<b>7.984</b>	<b>(0.206)</b>	<b>102.65</b>	<b>47.378</b>

**CSR 07 Performance Improvement 2008/09**

OUTPUT INDICATOR	BASE LINE	UNIT OF BENEFIT	CORPORATE PLAN TARGET	CORPORATE PLAN TARGET UNIT OF BENEFIT 2008/09	OUTTURN	YTD UNIT OF BENEFIT	CSR 07 TARGET UNIT OF BENEFIT 2008/09
							2008/09
	2007/08	2007/08	2008/09	2008/09	2008/09	2008/09	
Job creation	22615	1.00	23180	1.025	23635	1.045	0.977
Employment supported	3895	1.00	7500	1.926	10242	2.575	0.977
Business creation	1150	1.00	1250	1.087	1410	1.226	0.977
Business support	23575	1.00	44000	1.866	51228	2.173	0.977
Regeneration	210	1.00	215	1.024	216	1.029	0.977
Skills	35000	1.00	6000	0.171	6221	0.178	0.977
<b>TOTAL</b>	<b>-</b>	<b>6.00</b>	<b>-</b>	<b>7.099</b>	<b>-</b>	<b>8.226</b>	<b>5.862</b>

**Cash Releasing Savings Equivalent**

Cash releasing savings target 2008/09	£7.778m
Unit of benefit required to achieve cash releasing savings	5.700
Unit of benefit required to achieve CSR 07 cash releasing savings target	5.862
Corporate plan target unit of benefit 2008/09	7.099
<b>Unit of benefit achieved Q4 2008/09</b>	<b>8.226</b>
<b>Cash releasing savings equivalent</b>	<b>£7.778m</b>

**Efficiency summary**

Over the 2008/09 year we have continued to deliver cash releasing value for money savings across our administration and programme budgets.

**Cashable savings**

A mix of programme and administration cash releasing savings of £7.984m have been achieved against a year one target of £7.778m. This represents an overachievement of £0.206m.

Yorkshire Forward budgets were reviewed and revised in light of the £2.230m budget raid in 2008/09. Funding has been committed to all Yorkshire Forward projects and as a result of the review, budget allocations have been reduced across all Yorkshire Forward projects. This has enabled all committed projects to be progressed albeit with a reduced funding stream. The re-investment of the cash releasing savings achieved during 2008/09 has provided sufficient contingency to meet the shortfall created by the budget raid. The increased performance improvement outputs also demonstrate where cash releasing savings have been recycled to the agency's key priorities.

Discussions are ongoing between the RDAs and HM Treasury to develop a model to account for the impact of future budget raids on value for money savings targets in a consistent way.

**Ensuring maintenance of quality after efficiency savings**

The value for money strategy implementation board continues to meet every quarter to actively monitor progress against our three-year value for money strategy.

All savings reported have been subject to review and verification by our senior directorate management teams.

All outputs are subject the definitions in to the RDA Tasking Framework.

**Key initiatives and new initiatives**

The most significant new initiative is our response to the economy. The initiative and our key activities to respond to the economy are outlined at section 'The recession & Yorkshire Forward's response' of the report.

**Financial performance and position**

RDAs are not-for-profit organisations. We are given a strict allocation of funding each year and we must manage this funding to deliver our objectives. We cascade these funding allocations into targets for each director. Progress of spend against each target is regularly monitored by the Executive team and the Board. Directors work within stringent budgets and are given autonomy to manage their own resources.

During the year, agency reserves were reduced from £151m to £104m. The main reason for this decrease is a reduction in the market value of property assets (see notes 11 and 14).

The agency's total funding for the year was as follows:

	£M
Core Government Grant	290.0
Coalfields Grant	1.9
EU Grants	4.5
Other Revenue Grants	5.0
Proceeds from sale of assets	8.1
Rents and maintenance charges	4.3
Other income	7.0
<b>Total monies received</b>	<b>320.8</b>

**Reconciliation of statutory accounts to Grant in Aid**

Yorkshire Forward receives its core government funding from BIS as Grant in Aid and is required to make an annual return to the department to show how this funding has been spent. The table on page 67 is a reconciliation of the total expenditure from the Income and Expenditure Account to the Grant in Aid Return.

### Reconciliation of statutory accounts to RAB (GIA Return)

	£'000'S	£'000'S
<b>Total Expenditure from the Income and Expenditure Account</b>		<b>357,664</b>
<b>Plus: Other Expenditure not in the Income and Expenditure Account</b>		
<b>Capitalised Expenditure:</b>		
• Operating Assets – Property, furniture and equipment	927	
• Intangible Assets – Computer software licenses	6	
• Development Assets	9,334	
Notional Cost of Capital	4,465	
<b>Less:</b> Book value of Development Assets sold excluded from Grant in Aid		(2,690)
<b>Gross Expenditure</b>		<b>369,706</b>
<b>Less:</b> Other Income deducted from Grant in Aid		
• Clawback, JV Share, Rents etc	(9,045)	
• Disposal receipts for Development Assets	(551)	
• Interest included within Grant in Aid	(265)	
		(9,861)
<b>Less:</b>		
Coalfields Sales Revenue payable to Homes and Communities Agency		(12,384)
Consolidation adjustment		(62)
<b>Less:</b> Expenditure funded by other than Grant in Aid		
• Expenditure covered by European Union Grants	(5,362)	
• Expenditure on Coalfields Programme	(1,933)	
• Expenditure financed by other Grants	(5,052)	
<b>Total YTD Outturn per RAB Workbook</b>		<b>335,052</b>

#### Contractual obligations

Many of the projects in which Yorkshire Forward invests involve contracting with third parties for delivery of the project. The contracts are normally for no more than three years and performance is constantly monitored by the internal control procedures established by Yorkshire Forward.

In addition Yorkshire Forward has set up a number of companies to facilitate delivery of its corporate objectives. These are detailed in note 13 to the accounts.

#### New developments to the scope of our work

There have been no significant changes to our scope of work in 2008/09.

#### Resources

Throughout the year Yorkshire Forward directly employed an average of 406 full time equivalent employees.

During the year Yorkshire Forward utilised net assets to the value of £109m and held development assets with a net realisable value of £87.9m per note 14 Development Assets.

Yorkshire Forward also continues to work in partnership with the Government Office of Yorkshire and Humber, Yorkshire & Humber Assembly, Urban Regeneration Companies and local authorities throughout the region.

#### Managing risk

Yorkshire Forward continues in its commitment to provide best practice risk management and corporate governance procedures. Yorkshire Forward's risk management process is applied at corporate, directorate and project levels in order to identify and manage risk throughout the agency.

Yorkshire Forward has a corporate risk policy, which is approved by the Board and reviewed annually for ongoing best practice. The Board undertakes an annual corporate risk assessment, which is managed by the Executive and monitored by the Audit Sub-Committee twice during the year. The Audit Sub-Committee annually receives an Internal Audit report regarding corporate adherence to Yorkshire Forward's risk management processes. Furthermore, each Executive Director provides an annual assurance statement to the Accounting Officer stating that their directorates have implemented effective risk management processes and that a risk assessment has been carried out on projects prior to submission for approval. Government Office Yorkshire and Humber is kept fully informed by way of regular meetings with Yorkshire Forward and through its invitation to all Audit Sub-Committee meetings.

The Chief Officers of the Agency's Special Purpose Entities are required to complete an annual assurance statement whilst all of the agency's highest risk projects are presented to the Executive every quarter detailing the work, underway to manage risks within them.

### **Environmental sustainability**

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Through adherence and commitment to ISO 14001 (European standard on environmental management) and Eco-Management and Audit Scheme (EMAS) Yorkshire Forward has demonstrated to staff, partners and independent auditors, a real commitment to environmental improvement in terms of both our office management and project development and delivery.

Our commitment will remain in future as the basis for further improvement in Yorkshire Forward's internal systems and project work to minimise environmental impact across all of our activities.

As a result of Yorkshire Forward's commitment to environmental good practice, we scored 90.47 in the last Business in the Environment Regional Index of Engagement in 2008 (figures based on 2007 data) – this ranked us in the top 14 organisations in Yorkshire.

Our commitment to sustainable development is set out on this page. A detailed environmental policy also supports the leadership role that Yorkshire Forward has developed in this region.

### **Yorkshire Forward's approach to sustainable development**

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Yorkshire Forward is committed to making Yorkshire & Humber a better place to work, live and enjoy. In particular, we want to fulfil our potential for truly sustainable economic growth, building a strong and stable regional economy which provides prosperity and opportunity for all alongside environmental and social benefits.

In working towards this, we have adopted the following aims, which focus on the areas where we can make the most positive difference:

- Leading the transformation to a lower carbon, resource efficient regional economy by driving forward developments in energy and low carbon technologies and techniques; good business practice; and land management which both protects and enhances the region's natural assets and enhances our environment.
- Working to decouple economic growth from increasing energy and resource use, in both individual businesses and the wider economy, through promoting sustainable production and consumption so that we achieve more with less.
- Building resilience to the impacts of, and maximising the economic opportunities presented by, climate change, through both adaptation and mitigation measures.
- Identifying and addressing skills shortages in sustainability, both within own organisation and across the region, and building capacity to enable the region to move towards sustainable economic development.
- Using our statutory planning responsibilities and influence to promote a more sustainable pattern of land use, including economic development, housing and transport.
- Maximising the potential for sustainability in the development and delivery of regional strategies as well as in European policy and programmes.

All of these aims will be underpinned by the principles set out within the UK Sustainable Development Strategy, Securing the Future (2005): Living within Environmental Limits; Ensuring a Strong, Healthy and Just Society; Achieving a Sustainable Economy; Using Sound Science Responsibly and Good Governance. We will also apply these principles across all areas of our work to create truly sustainable communities across the region, where people want to live and work, now and in the future.

### **Yorkshire Forward people**

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Five core values guide the way that we work and how we do business, these values are central to the operation of the agency:

- We will achieve **VALUE** for money for the taxpayers
- We will be **OPEN** about the way we invest and take decisions
- We will work as a **TEAM** (Team Yorkshire Forward) and as part of a wider Team Yorkshire and Humber to deliver the RES
- We will seek **EXCELLENCE** in the way we operate
- We will strive to be an agency that promotes **DIVERSITY** and celebrates difference.

The first letter of the values spell the word **VOTED**. This is to ensure that we and partners understand our role. No one has voted for us, so we have a duty to be open, achieve value for taxpayers' money, account for what we do and work closely with democratically elected politicians. Equally, we are deliberately a business-led, non-political, objective organisation with a long term strategy set up to take tough decisions to improve the Yorkshire & Humber economy. The core values exist to drive a culture change in Yorkshire Forward to equip the agency to deal with our new role as set out by government. Our latest internal and external surveys show that this culture change is well underway, but there is more work to do.

Our values are promoted through internal leadership and corporate development programmes which seek to give participants experience of different leadership styles and team working. At the same time they are promoted through internal communications mechanisms. The newly developed Management Development Programme seeks to ensure that a corporate management style is consistently used across the organisation which promotes openness and values difference and diversity.

The continuous improvement to Team Yorkshire Forward is underpinned by strong internal communications, and high quality support for the Executive team and Board, key elements of our approach to human resources (HR) are:

- Leading Yorkshire Forward in developing a flexible, motivated and productive workforce recruited and developed with the skills and experience needed to achieve RES and Corporate Plan objectives in line with our VOTED values.
- Establishing a business case for diversity including ensuring that the Business Support Review reflects the needs of all.
- Providing a one stop shop for HR advice and guidance and providing relevant, accurate and timely HR information to better manage resources.
- Setting internal diversity targets and working to set the baseline to ensure we can establish diversity targets for external contracts (e.g. Business Link) by April 2009.

Yorkshire Forward was the first RDA to gain Investors in People (IIP) accredited status in January 2002, and we have maintained the standard since that date. In 2009 the standard changed from having a core and a profile standard to one framework giving organisations the opportunity to explore areas of particular interest to pursue. Yorkshire Forward fully intends to maintain the IIP framework and will work with the assessing bodies to understand what needs to be done to achieve this.

### Sickness absence data of employees

Analysis of average working days lost

	2009	2008
Total number of sickness days	1744	1551
Total number of permanent staff	406	418
<b>Total average working days lost per staff member</b>	<b>4.29</b>	<b>3.71</b>

### Internal communication channels

We have developed a number of communication channels to engage with the organisation:

- **Internal communications strategy** – This is updated annually to reflect the methods of internal communications in Yorkshire Forward and their effectiveness. The Team Yorkshire Forward survey is used to benchmark the existing strategy and input into the next version.
- **Team briefings** – All teams hold monthly core team brief meetings to provide staff with key strategic messages and allow them to comment on these as part of a two-way dialogue. The completed forms are returned and logged for evaluation as part of the internal communications strategy.
- **Ontrack** – Internal bi-monthly magazine for staff that provides reflective information on activities, priorities, staff changes and leads with a key message from the Chief Executive. Available both online and as a hard copy.
- **Intranet – YFi** – Relaunched at the beginning of 2008 as a more user friendly version, YFi provides an accessible, on site library for all Yorkshire Forward information and acts as a communication tool to share policies, forums (including Chief Executive's Blog) documents and news.
- **Field trips** – Held each spring and autumn, the field trips include tours of Yorkshire Forward projects in the geographical areas, and provide staff who are office based or new to the organisation the opportunity to see what Yorkshire Forward is delivering on the ground with our partners.

• **Team Yorkshire Forward survey** – Annual survey to help gauge employee perceptions of the organisation on a number of issues. The results are benchmarked against each other to inform decision making.

• **Directors' 'surgeries'** – Informal questioning sessions are held with Directors on any topic that employees would like to raise.

• **Internal communications forum** – Set up in 2002 to help improve internal communications by looking at ways to encourage a better exchange of key information across the Directorates and promoting best practice. Since then, the group has made a real difference in ensuring that the quality and consistency of news items provided for 'Ontrack' are of a much higher standard and are also representative of all the organisation. The group has also had a significant input into the Team Yorkshire Forward Survey in refining some questions perceived as ambiguous or misleading.

• **Chief Executive's road shows** – Twice yearly event, which involves the Chief Executive visiting the Yorkshire Forward offices and talking to staff about key strategic issues and inviting them to respond with questions and suggestions.

• **Plain English training** – To encourage the organisational use of Plain English in everyday communication are offered 50 online training courses and up to four internal one day training courses are offered for staff. Staff who have completed either course are encouraged to become 'ambassadors' of Plain English, and offer guidance to colleagues.

# Director's report

The Director's present their annual report and accounts for the year ended 31 March 2009.

## **Principal activities**

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The agency was established under the provisions of the Regional Development Agencies Act 1998 and came into existence on 14 December 1998. The agency is a Non-Departmental Public Body sponsored by the Department for Business, Innovation & Skills (BIS). Under the Regional Development Agencies Act 1998, the agency has the following statutory purposes:

- To further the economic development and the regeneration of the Yorkshire & Humber region
- To promote business efficiency, investment and competitiveness in the region
- To promote employment in the Yorkshire & Humber region
- To enhance the development and application of skills relevant to employment in the region
- To contribute to the achievement of sustainable development.

## **Non Executive Directors (the Board)**

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Board members are appointed by the Secretary of State.

Individuals who served on the Board during the year were as follows:

Terry Hodgkinson (Chair)  
Lord Christopher Haskins  
Stella Guy  
Arshad Javed  
Laura Moynahan  
Linda Pollard OBE JP DL (Deputy Chair)  
Julie Kenny CBE DL  
Cllr Kath Pinnock  
Cllr Jan Wilson CBE  
Barry Dodd OBE  
Prof Michael Arthur  
Cllr John Weighell  
Cllr Mark Kirk  
Mark Lovell  
Ajaz Ahmed  
Bill Adams  
John Vincent

The agency maintains a register of Board members' interests. The register of interests is available for inspection at the agency's Leeds office by prior arrangement with the Secretariat Manager.

## **Executive Directors**

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The Board has appointed an Executive team to manage the activities of the agency. Individuals who served on the Executive team during the year were as follows:

Tom Riordan  
**Chief Executive**

Trevor Shaw  
**Executive Director  
of Finance**

Jan Anderson  
**Executive Director  
of Environment**

Simon Foy Executive  
**Director of Strategy**  
(Appointed on 01.12.08)

Simon Hill  
**Executive Director  
of Business**

Thea Stein  
**Executive Director  
of Economic Inclusion**

Don Stewart  
**Executive Director of Strategy**  
(Resigned on 31.10.08)

## Agency and accounting officer responsibilities

Under Section 14 of the Regional Development Agencies Act 1998 the agency is required to prepare a Statement of Accounts for each financial year in the form and on the basis determined by the Secretary of State, with the consent of HM Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of Yorkshire Forward's state of affairs at the year-end and of its income and expenditure, total recognised gains and losses and cash flow for the financial year.

In preparing the accounts the agency is required to:

- Observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements
- Apply suitable accounting policies on a consistent basis
- Make judgments and estimates on a reasonable basis
- State whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements
- Prepare the accounts on a going concern basis, unless it is inappropriate to presume that Yorkshire Forward will continue in operation.

The Accounting Officer for BIS has designated the Chief Executive as the Accounting Officer of Yorkshire Forward. The Accounting Officer of Yorkshire Forward must ensure that there is a high standard of financial management; that financial systems and procedures promote the efficient and economical conduct of business and safeguard financial propriety and regularity; and that financial considerations are fully taken into account in decisions on Yorkshire Forward policy proposals. These requirements are set out in the 'Non-Departmental Public Bodies' Accounting Officer's Memorandum issued by HM Treasury.

The agency and the Chief Executive are also responsible for ensuring that there are appropriate controls over any publication of the financial statements, including the publication of the National Audit Office audit report on the agency's website and in other electronic forms.

As far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware and the Accounting Officer has taken all steps that he ought to have taken to make himself aware of any relevant information and to establish that the entity's auditors are aware of that information.

## Management statement and financial memorandum

The Secretary of State issued Yorkshire Forward with a Management Statement and Financial Memorandum in October 2008. The framework sets out the financial framework under which Yorkshire Forward should operate. Yorkshire Forward has complied in all material respects with the terms of this memorandum during 2008/09.

## Financial results and review

The agency's principal source of funding is Grant in Aid received from government. The Single Programme allows the agency to effectively influence regional economic priorities and gives greater flexibility to manage the available resources. The Single Programme replaced the many different funding streams previously received from government departments, which were allocated for specific legacy and inherited programmes.

This Single Programme funding was supplemented by European Funding, funding from the Department of Communities and Local Government under the Northern Way Programme, funding from Homes and Communities Agency under the Coalfield Programme, RSA funding from the BIS for projects with a value in excess of £2m, capital receipts from the disposal of assets, rental income and other income resulting in a total income and funding of £320.732m for the year.

The agency will continue to seek additional resources to support our activities and those of our partners, in contributing to the delivery of the revised Regional Economic Strategy.

The agency recognises the support of the European Community via the European Regional Development Fund (ERDF).

The results for the year ended 31 March 2009 are set out in the financial statements on pages 83 to 86.

## Post balance sheet events and contingent liabilities

The agency's post balance sheet events and contingent liabilities are disclosed at notes 22 and 23 of the financial statement page 101.

## Principal risks and uncertainties

The agency's key risks, including mitigating action taken and planned to be taken by Executive Directors, are set out in its Corporate Risk Register. It is available on request from the Assistant Director of Finance (Internal Audit & Value for Money).

## Pension costs

The treatment of pension liabilities and the relevant pension scheme details are set out in the accounting policies note on page 86, in the salaries and wages note to the financial statements (note 6) and in the remuneration report on pages 74 to 79.

## Special purpose entities

The agency has received Section 5 (2)c consent to participate in the following corporate bodies:

- Hull Citybuild
- The Bradford City Urban Regeneration Company Ltd
- South Yorkshire Investment Fund Ltd
- Yorkshire and Humber Regional Aggregation Body
- Partnership Investment Fund
- Yorkshire and Humber Sustainable Futures Company Ltd
- Renaissance South Yorkshire
- Victoria Place Management Company (Leeds) Ltd
- Ven International
- Directions Finningley

## **Employment, health and safety and environment policies**

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### **Health and safety**

The Yorkshire Forward Health and Safety Policy sets out how the responsibilities of the organisation are fulfilled to staff, visitors and anyone who might be affected by activities related to regional development agency offices, commercial and industrial properties and projects.

The health, safety and security committee meet every three months to report on health, safety and security issues and to agree and share best practice. All staff have access to health, safety and security representatives and any matters raised are presented to the committee.

The health, safety and security committee is chaired by Ruth Redfern (Assistant Chief Executive) and committee members include:

Representatives from Victoria House and each of the regional offices:

- Asset manager
- Facilities manager
- HR representative
- Police liaison officer
- Health and safety consultant
- Health and safety manager

## **Employee information and consultation**

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As part of our commitment to Business Excellence we are dedicated to maintaining and developing internal consultation with our employees on proposed developments, or new initiatives that would have an impact. In line with this commitment we reviewed our working practices and agreed to continue to work in partnership with Prospect. The consultation extends to all our employees, whether union members or not. We regularly use working groups, Internal Communications Focus Group (ICFG) and other focus groups in addition to the union to ensure that employees have the opportunity to input to improvements and changes to our policies and ways of working.

## **Employment of disabled persons**

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Yorkshire Forward's Diversity policy recognises the need to value and respect everyone's abilities and differences, whilst interacting with and treating individuals both fairly and equitably in relation to recruitment, promotion, training or continued employment. Yorkshire Forward aims to ensure that full appropriate consideration and support is given to all employees, in being able to perform effectively in their individual roles and fulfil their potential. To this aim, Yorkshire Forward has developed a Disability Equality Scheme.

## **Race Equality Scheme**

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In 2005 we reviewed our Race Equality Scheme action plan to ensure that we were on target with our expected achievements. The review highlighted a number of successes and areas for improvement. These have all been taken into account in producing a revised scheme. This is available on request from the Assistant Director of Human Resources.

## **Diversity**

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Yorkshire Forward's aim is to be at the forefront of the diversity agenda. It is committed to operating policies and procedures that encourage and promote diversity both internally in respect to the recruitment and treatment of its workforce and externally in how it deals with its regional partners. In particular it seeks to:

- Ensure that all internal policies and procedures operate equally and fairly across the organisation regardless of race, gender, age, or disability, marital status, sexual orientation, or religious belief.
- Adopt measures that ensure regional partners and other stakeholders promote equality and diversity amongst their own workforce.
- Ensure that the beneficiaries of Yorkshire Forward's funding are representative of all communities within the region.

## **Gender Equality Scheme**

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The Gender Equality Scheme has been produced to ensure that we are not discriminating on the grounds of gender in any aspects of our policies or procedures. It meets the general and specific duties assigned to us under the Gender Equality regulations and complements our other equality schemes to ensure we continue to promote our diversity agenda.

These schemes have action plans which will run up to 2010. At the same time we are embarking on another piece of work to promote an alignment to the schemes to produce a more joined up approach to diversity.

## **Single Equality Scheme**

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The introduction of a Single Equality Scheme has commenced and is being led by Helen Thomson Assistant Director Economic Inclusion with input from HR as appropriate.

The Single Equality Scheme is in development to incorporate the race, disability and gender equality schemes together and now adding age, religion or belief and equality on sexual orientation.

## The environment

Our commitment to sustainable economic development requires us to take responsibility for the environmental impacts of both our own operations and the projects we support, maximising opportunities and minimising the impacts.

Over the past 12 months Yorkshire Forward has successfully maintained its certification to the European Eco-Management and Audit Scheme (EMAS), which incorporates ISO14001, an internationally recognised industry standard. Yorkshire Forward has been recognised as a regional leader for its sound performance.

This has involved Yorkshire Forward demonstrating – to staff, partners and independent auditors – a real commitment to environmental improvement in terms of both our office management and project development and delivery, for example by:

- Seeking to comply with all relevant UK environmental legislation, specifying that our contractors do the same.
- Striving to prevent pollution through controlling our activities, which include procurement, resource use and waste management. We will also avoid hazardous processes and materials where suitable alternatives exist.
- Seeking opportunities to minimise our resource use, through sound waste management and transport initiatives, sustainable product, contract and consultancy procurement and energy efficiency.
- Continuously reviewing and recognising the environmental impacts associated with both implementing the RES and our office based activities.
- Seeking opportunities to improve the environmental performance of the strategies, projects and programmes that we deliver in partnership across the region.
- Encouraging environmentally-responsible behaviour in the workplace through effective awareness raising, and training.

Our commitment to EMAS remains the basis for further improvement in Yorkshire Forward's internal environmental performance and also plays a key role in minimising environmental impacts across all of our activities.

## Prompt payment code

The agency is committed to the 'Better Payment Practice Code' (previously the CBI Prompt Payment Code) and aims to pay all undisputed invoices within 30 days. We also aim to pay all small to medium sized enterprises within 10 working days.

In 2008/09 Yorkshire Forward paid 95% of all invoices within 30 days (2007/08 97%) and between November 2008 and March 2009 we paid 93% of small to medium sized enterprises within 10 days. Yorkshire Forward is committed to improving this performance in the next financial year.

## Freedom of information

As a public authority, Yorkshire Forward is subject to obligations under the Freedom of Information Act (FOI) 2000, Environmental Information Regulations (EIR) 2004 and the Data Protection Act (DP) 1998. These acts give the public the general right of access to information held by a public authority, and give individuals the right to know what information is held about them. Because of the rising public and commercial awareness of the Acts, requests continue to increase in number and have become increasingly complex. There has also been an increase in the number of requests from journalists and MPs using the Freedom of Information Act.

The table below shows the number of requests received by Yorkshire Forward in recent years:

FINANCIAL YEAR	FOI	EIR	DP
2008/09	85	1	2
2007/08	62	0	1
2006/07	78	2	3
2005/06	41	2	3

## Political and charitable donations

No political or charitable donations were made during the year.

### Audit Sub-Committee

The Sub-Committee met four times during the course of the year to monitor the work of Internal Audit, review the Annual Accounts, meet with the National Audit Office (NAO) (as external auditors), monitor the implementation of the Corporate Risk Policy and advise the Board and the Accounting Officer.

The Sub-Committee was chaired by John Weighell.

Other members were:

Arshad Javed  
Cllr Jan Wilson CBE  
Julie Kenny CBE DL  
Mark Lovell

### Auditors

The Comptroller and Auditor General is appointed by statute to audit Yorkshire Forward and reports to Parliament on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The following costs have been incurred in relation to services provided by the Comptroller and Auditor General:

- Audit Fee £69,000.
- Review and restatement of opening and closing balances in accordance with International Financial Reporting Standards £5,750.
- Certification of European grant claims £25,000.
- The audit fees for auditing subsidiary bodies are disclosed in note 7.

The Comptroller and Auditor General also has statutory powers to report on the economy, efficiency and effectiveness with which the agency has used its resources.

# Remuneration report

This report for the year ended 31 March 2009 is produced by the Board on the recommendation of the Compensation Sub-Committee and deals with the remuneration of the Chair, Chief Executive, Board members and Executive Directors who have influence over the decision of the agency as a whole.

## Compensation Sub-Committee

The remuneration of the Board is set by the Department for Business, Innovation & Skills (BIS) and is reviewed every year by DBIS in line with the recommendations of the Senior Salaries Review Board. The Compensation Sub-Committee is appointed annually and acts on behalf of the Board to consider any revised terms and conditions of its members, the performance and compensation of the Chief Executive and the Executive Directors, and any review of pay and other personnel policies relating to Yorkshire Forward staff. Five members of the Board sit on the Compensation Sub-Committee.

The Sub-Committee met once during the course of the year to advise the Board on the remuneration of the Chief Executive and advise the Chief Executive on Executive Directors' remuneration.

The Sub-Committee was chaired by Linda Pollard OBE JP DL (Deputy Chair) and the other members were Terry Hodgkinson (Chair), Mark Kirk, Stella Guy (retired December 2008) and Lord Christopher Haskins (retired December 2008).

## Remuneration policy

Performance pay for the Chief Executive is determined by the Chair on the recommendation of the Compensation Sub-Committee. Performance is measured against weighted targets determined by the Chair following consultation with the Regional Director of the Government Office and other regional development agency chairs and formal approval by BIS ministers. The amount of the performance award can be up to a maximum of 20% of salary. In 2008/09 the performance award was based on delivery against 2007/08 targets and related to production of the RES, delivery of the Financial Strategy, Investment Planning, Better Deal for Business, Northern Way, and Renaissance programmes, work on Business Excellence and regularity and probity levels. The bonus paid in 2008/09 is based on achievement against these targets.

## Service contracts

All Board members have been appointed on a fixed-term contract of up to three years and except for the Chair and Deputy Chair are contracted to carry out two days work per month. The Chair is contracted for three days per week and the Deputy Chair is contracted for four days per month.

Please see the emoluments table for details of the terms of appointment of the Board members. Board members' appointments are made by BIS ministers in accordance with the Commission of Public Appointments code.

The following sections provide details of the remuneration and pension interests of Board members, Chief Executive and Executive Directors.

**Audited part of the remuneration report****Emoluments of Board members**

NAME	DATE OF APPOINTMENT/ REAPPOINTMENT	TERM OF APPOINTMENT	SALARY 2008/09 £	SALARY 2007/08 £
Terry Hodgkinson (Chair)	14 December 2006	3 years	80,509	78,930
Linda Pollard OBE JP DL (Deputy Chair)	14 December 2007	3 years	17,076	16,741
Ajaz Ahmed	14 December 2008	3 years	2,548	–
Bill Adams	14 December 2008	3 years	2,548	–
Prof Michael Arthur	14 December 2006	3 years	8,538	8,371
Barry Dodd OBE	14 December 2008	3 years	8,538	8,371
Stella Guy*	14 December 2006	2 years	5,873	8,371
Lord Christopher Haskins*	14 December 2007	1 year	5,991	8,371
Arshad Javed	14 December 2007	2 years	8,538	8,371
Julie Kenny CBE DL	14 December 2008	3 years	8,538	8,371
Cllr Mark Kirk	14 December 2007	3 years	8,538	2,498
Mark Lovell	14 December 2007	3 years	8,538	2,498
Laura Moynahan	14 December 2007	2 years	8,538	8,371
Cllr Kath Pinnock	14 December 2008	3 years	8,538	8,371
John Vincent	14 December 2008	3 years	2,548	–
Cllr John Weighell	14 December 2006	3 years	8,538	8,371
Cllr Jan Wilson CBE	14 December 2007	3 years	8,538	8,268

\*Stella Guy and Lord Christopher Haskins retired as Board members on 13 December 2008.

**Emoluments of Chief Executive and senior managers**

NAME AND POSITION	SALARY £	BONUS £	OTHER BENEFITS £	PENSION CONTRIBUTIONS £	SALARY 2008/09 £	SALARY 2007/08 £
<b>Tom Riordan</b> – Chief Executive	125,333	21,002	1,800	29,988	178,123	167,791
<b>Simon Hill</b> – Executive Director of Business	98,716	8,539	1,800	25,499	134,554	128,216
<b>Jan Anderson</b> – Executive Director of Environment	98,716	9,251	478	25,499	133,944	127,286
<b>Don Stewart</b> – Executive Director of Strategy <sup>1</sup>	57,585	5,120	1,050	14,874	78,629	128,784
<b>Trevor Shaw</b> – Executive Director of Finance	98,717	8,539	1,800	25,499	134,555	128,319
<b>Thea Stein</b> – Executive Director of Economic Inclusion	98,945	8,621	1,800	25,499	134,865	125,250
<b>Simon Foy</b> – Executive Director of Strategy <sup>2</sup>	33,332	–	200	8,500	42,032	–

<sup>1</sup> Don Stewart resigned as Director of Strategy on 31 October 2008.

<sup>2</sup> Simon Foy was appointed as Director of Strategy on 1 December 2008.

## Senior staff contracts

The Chief Executive, Tom Riordan has been appointed on a renewable fixed term contract for a period of five years ending 31 January 2011. In the event of early termination of the contract by Yorkshire Forward he will be entitled to compensation for the unexpired period of the appointment in accordance with standard terms agreed with the sponsor department. No compensation is payable at the conclusion of the contract.

The other members of the senior management team are employed under permanent employment contracts. The Chief Executive and senior managers work for the agency full time.

For the Chief Executive and senior management team, early termination, other than for misconduct, will be under the terms of the Principal Civil Service Pension Scheme (PCSPS). The terms of this scheme come under the terms of the Civil Service Compensation Scheme.

## Pension benefits

No Board members are eligible for pension contributions, performance related pay or any other taxable benefit as a result of employment with the agency with the exception of the Chair.

With the approval of the BIS, a pension and death in service benefit scheme has been put in place for Terry Hodgkinson with contribution rates and benefits which are identical to the Principal Civil Service Pension Scheme but which is funded directly by the agency. On his retirement, payment of the Chair's pension will be the responsibility of the agency, underwritten by the BIS.

The agency is not permitted to invest employer contributions of £20,530 (2007/08 £20,127) and those deducted from the Chair's salary together amounting to £2,818 (2007/08 £2,762) and an equivalent pension benefit has been provided for in the balance sheet at 31 March 2009.

	31/03/2009	31/03/2008
<b>FINANCIAL ASSUMPTIONS</b>		
• The inflation assumptions	2.75%	2.75%
• The rate of increase in salaries	4.3%	4.3%
• The rate of increase for pensions in payment and deferred pensions	2.75%	2.75%
• The rate used to discount scheme liabilities	6.04%	5.3%
<b>THE EFFECT OF ACCRUAL DURING YEAR</b>	<b>£000'S</b>	
• The current service cost (net of employee contributions)	26	
• Any past service costs	Nil	
• Gains and losses on any settlements and curtailments	Nil	
• The interest cost	7	
<b>ACTUARIAL GAINS AND LOSSES DURING THE YEAR</b>	<b>£000'S</b>	<b>%AGE*</b>
• Experience losses (gains)	(3)	(3)
• Effect of changes in assumptions underlying the present value of scheme liabilities	(20)	(6)
<b>Total Actuarial Losses (Gains)</b>	<b>(23)</b>	<b>(9)</b>
<b>LIABILITY (£000'S)</b>		
• Actives	135	122
• Deferreds	0	0
• Pensioners	0	0
• Dependant Pensioners	0	0
<b>Total Present Value of the Scheme Liabilities</b>	<b>135</b>	<b>122</b>
<b>LIABILITY CALCULATION</b>	<b>£000'S</b>	
Present Value of Scheme Liability at start of the Year	122	
Current service cost (net of employee contributions)	26	
Employee contributions	3	
Interest cost	7	
Actuarial losses (Gains)	(23)	
<b>Less:</b> Benefits paid	0	
<b>Less:</b> Net individual transfers out	0	
<b>Present Value of Scheme Liabilities at end of Year</b>	<b>135</b>	

### Pension benefits of Chief Executive and senior managers

All senior managers and the Chief Executive are members of PCSPS. Don Stewart, Tom Riordan, Trevor Shaw, Jan Anderson and Simon Foy are in the Classic scheme. Simon Hill and Thea Stein are in the Premium scheme.

NAME AND POSITION	REAL INCREASE IN PENSION	REAL INCREASE IN LUMP SUM	PENSION AT 31/03/09	LUMP SUM AT 31/03/09	RESTATED CETV AT 31/03/08	CETV AT 31/03/09	EMPLOYEE CONTRIBUTIONS AND TRANSFERS IN	REAL INCREASE IN CETV AS FUNDED BY EMPLOYER
	£K	£K	£K	£K	NEAREST £K	NEAREST £K	£	NEAREST £K
<b>Don Stewart</b> Executive Director of Strategy <sup>1</sup>	0 – 2.5	2.5 – 5.0	45 – 50	135 – 140	987	1,083	1,499	30
<b>Jan Anderson</b> Executive Director of Environment	0 – 2.5	2.5 – 5.0	40 – 45	120 – 125	833	922	1,499	30
<b>Trevor Shaw</b> Executive Director of Finance	0 – 2.5	2.5 – 5.0	40 – 45	125 – 130	861	948	1,499	29
<b>Tom Riordan</b> Chief Executive	0 – 2.5	2.5 – 5.0	25 – 30	80 – 85	323	363	1,764	15
<b>Simon Hill</b> Executive Director of Business	0 – 2.5	n/a	5 – 10	n/a	45	69	3,499	18
<b>Thea Stein</b> Executive Director of Economic Inclusion	0 – 2.5	n/a	20 – 25	n/a	260	298	3,499	16
<b>Simon Foy</b> Executive Director of Strategy <sup>2</sup>	2.5 – 5.0	5.0 – 10.0	15 – 20	45 – 50	182	242	1,219	46

Columns 6 & 7 of the above table show the member's cash equivalent transfer value accrued at the beginning and the end of the reporting period. Column 9 reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation and contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

<sup>1</sup> Don Stewart resigned as Director of Strategy on 31 October 2008.

<sup>2</sup> Simon Foy was appointed as Director of Strategy on 1 December 2008.

#### Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the members' accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

## Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

## Non cash remuneration

There were no payments made to directors in the year (2007/08 £nil).

## Payments made for loss of office

There were no payments made in the year (2007/08 £nil).

## Principal civil service pension scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme, but Yorkshire Forward is unable to identify its share of underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)) scheme statement of the PCSPS. For 2008/09 employers' contributions of £2,714,293 (2007/08 £2,502,609) were payable to the PCSPS at rates in the range of 17.1 to 25.5% of pensionable pay. Employer contribution rates are reviewed every four years following a scheme valuation by the Government Actuary. The contribution rates reflect as they accrue, not when the costs are actually incurred, and they reflect past experience of the scheme. At the balance sheet date there were no outstanding contributions to the scheme.

From 1 October 2002, employees may be in one of three statutory based 'final salary' defined benefit schemes (**classic, premium, and classic plus**). New entrants after 1 October 2002 may choose between membership of premium or joining a good quality "money purchase" stakeholder based arrangement with a significant employer contribution (**partnership pension account**).

All employees of Yorkshire Forward are members of the PCSPS pension scheme unless otherwise stated. The scheme is currently open to new members.

### (a) Classic scheme

Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 1.5% of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed ten years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

### (b) Premium scheme

Benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume maximum commutation. Members pay contributions of 3.5% of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8ths of the member's pension (before any commutation). On death in service, the scheme pays a lump-sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed ten years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at the age of 60.

### (c) Classic plus scheme

This is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic. Pensions payable under classic, premium, and classic plus are increased in line with the Retail Prices Index.

### (d) NUVOS pension scheme

The NuvoS Pension Scheme was introduced for new entrants from 30 July 2007. This is not a final salary pension scheme, but one based on an average of pensionable earnings over an employee's career.

The employee contributes 3.5% of their pensionable earnings. Yorkshire Forward contributes between 17.1% and 25.5%, depending on the employee's salary.

### (e) Partnership pension account

This is a stakeholder-type arrangement where the employer pays a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product. The employee does not have to contribute, but where they do make contributions, these will be matched by the employer up to a limit of 3% (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of risk benefit cover. (Death in service and ill health retirement) The member may retire at any time between the ages of 50 and 75 and use the accumulated fund to purchase a pension. The member may choose to take up to 25% of the fund as a lump sum. For 2008/09 normal employer contributions of £8,180 (2007/08 £9,785) were payable to the Scottish Widows scheme at a maximum rate of 12.5% of pensionable pay.

**Homes and Communities Agency Scheme**

The Homes and Communities Agency Scheme is a multi-employer defined benefit scheme, but Yorkshire Forward is unable to identify its share of underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007 and details can be found in the separate scheme statement of the Homes and Communities Agency Pension Scheme. For 2008/09 normal employer contributions of £61,132 (2007/08 £77,073) were payable to the Homes and Communities Agency Scheme at the rate of 23.8% of pensionable pay.

Employer contribution rates are reviewed every three years following a scheme valuation by the scheme actuary. The contribution rates reflect as they accrue, not when the costs are actually incurred, and they reflect past experience of the scheme. At the balance sheet date there were no outstanding contributions to the scheme.

There were seven members in the scheme in 2008/09. The scheme is no longer open to new members and is an inherited scheme from Homes and Communities Agency.

**West Yorkshire Pension Fund**

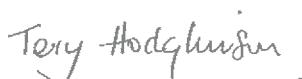
The West Yorkshire Pension Fund is a multi-employer defined benefit scheme, but Yorkshire Forward is unable to identify its share of underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2004 and details can be found in the separate scheme statement of the West Yorkshire Pension Fund. For 2008/09 normal employer contributions of £13,635 (2007/08 £12,015) were payable to the West Yorkshire Pension Fund at the rate of 48.8% of pensionable pay. Contributions will increase to 85% of pensionable pay by 2010/11.

The scheme is reviewed every three years following a valuation by the scheme actuary. The contribution rates reflect as they accrue, not when the costs are actually incurred, and they reflect past experience of the scheme. At the balance sheet date there were no outstanding contributions to the scheme.

There were three members in the scheme in 2008/09. The scheme is no longer open to new members and is an inherited scheme from YHRDA.



**Tom Riordan** 7 July 2009  
Chief Executive and Accounting Officer



**Terry Hodgkinson** 7 July 2009  
Chair

# Statement of internal control

## Scope of responsibility

**As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Yorkshire Forward's policies, aims and objectives, whilst safeguarding the public funds and agency assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money. The Regional Development Agency (RDA) Accountability and Financial Framework replaced RDA Management Statement and Financial Memorandum in October 2008. The Framework sets out the relationship between government and the agency, the framework within which the agency is required to operate and my responsibilities as Accounting Officer to Parliament, the Department for Business, Innovation & Skills (BIS) and Yorkshire Forward's Board.**

**Specifically, the agency interacts with and involves Government Office Yorkshire and Humber (GOYH) and BIS in the management of risk in the following ways:**

- Regular bi-lateral meetings between Yorkshire Forward's Chief Executive and the Regional Director, GOYH.
- Regular attendance by the Regional Director, GOYH at Yorkshire Forward's Board meetings.
- The invitation of a representative of the RDA Sponsorship Team, GOYH to Yorkshire Forward's Audit Sub-Committee and Value for Money Strategy Board meetings.
- Periodic joint Executive Team meetings with GOYH.
- Bi-lateral meetings between Yorkshire Forward's Executive Directors and Directors of GOYH.
- Consultation with the RDA Sponsorship Team, GOYH regarding Yorkshire Forward's Internal Audit plan to ensure it provides assurance on the risks facing the agency.
- Consultation with GOYH on projects at Outline Business Plan stage where the risks of each project are assessed and with BIS for advice on high risk projects.

## The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of agency policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Yorkshire Forward for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

## Capacity to handle risk

Creating and maintaining a framework for effective risk management has been delegated by the Chief Executive to the Executive Director Finance, with a clear objective set at the start of the year and reviewed as part of the Performance Management Scheme.

Risk management is included in induction training for all new staff and Board members with more focused training provided periodically for the Risk Management Forum (RMF). This forum meets quarterly and comprises representatives responsible for promoting risk management within their Directorates, allowing good practice on risk management to be shared by RMF representatives and across the agency.

## The risk and control framework

The main processes in place for identifying, evaluating and managing risk include:

- Maintenance of Corporate, Directorate and Project risk registers identifying risks and mitigations to manage those risks
- Annual review of the Corporate risk register by the Board
- Six monthly review of actions taken to address risks in the Corporate risk register by the Audit Sub-Committee
- Quarterly review of directorate risk registers and actions taken to address the risks by the RMF
- Annual review of the risk management procedure by the RMF

- Annual report of the RMF to Executive
- A requirement to report on risk in each report submitted to Board
- The annual review of the risk, anti-fraud and confidential reporting policies by Board
- Quarterly report of the agency's high risk projects submitted to Executive
- Assurance statements from Executive Directors on their compliance with the agency's risk management processes
- Assurance statements from the Chief Officers of the agency's special purpose entities on their compliance with risk management processes
- The continuous review of the agency's Business Continuity Plan and testing thereof
- The existence of a framework for responding to unexpected events
- Reviews of the agency's grant spending partners' internal control activities.

The agency's risk appetite is discussed and agreed by the Board and Executive in reviewing the corporate risk register where the need to achieve the agency's objectives is balanced by the level of risk assessed and the capacity to manage and deal with the risks that may arise.

The management of risk is embedded in our policy making, planning and programme delivery. Each project is appraised, approved and managed under the agency's Project Management Framework (PMF). The PMF has been developed in accordance with BIS Guidance for RDAs in appraisal, delivery and evaluation (GRADE) and requires risk management to be fully considered at every stage in the project lifecycle.

The agency is aware of its responsibilities regarding the safeguarding of information, including personal data and is active in identifying and managing associated risks. It has appointed a Senior Information Risk Owner and established an Information Security Strategy Board to ensure the agency's responsibilities are upheld and to identify and review information security risks. Information Asset Owners have been identified for systems holding business critical data and large amounts of personal data. Due to the agency's control framework, there have been no known material breaches of information security. Information security has also been subject to review by Internal Audit and received a favourable audit opinion.

## Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of Internal Audit and the Executive Directors within Yorkshire Forward who have responsibility for the development and maintenance of the internal control framework, and comments made by the National Audit Office in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Sub-Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The agency has established the following processes in maintaining and reviewing the effectiveness of the system of internal control:

- The Board, comprising non-executive members, meets six weekly to consider the plans and strategic direction of the agency. The Board evaluates and monitors key performance indicators and financial performance at each meeting and formally approves the annual report and accounts.
- The Audit Sub-Committee, chaired by an independent non-executive Board member, meets four times per year to support the Board in its responsibilities for issues of risk, control and governance. The Sub-Committee operates in accordance with HM Treasury guidance and reviews the annual report and accounts, as well as the opinion of the Assistant Director of Finance (Internal Audit & Value for Money) on the adequacy and effectiveness of the system of internal control together with recommendations for improvement. Its minutes are presented at Board meetings as is a Chair's annual report on its work.

The National Audit Office reviewed the agency's internal audit function in 2008/09. As a result, they are able to place reliance on a number of Internal Audit reports in undertaking their statutory audit. The BIS internal audit team also reviewed the function, concluding that it is operating in accordance with the HM Treasury Quality Assessment Framework.

Regarding financial management, Executive Directors are supported by dedicated directorate accountants for financial management and budgeting purposes and meet with their own Assistant Directors regularly to monitor project expenditure and budget variances with action taken to address any issues identified. We have provided a range of in-house, external and interactive financial training sessions available for all staff.

Within the Regional Economic Strategy (RES), public stakeholders are identified for their lead roles and responsibilities in key strategic areas. To date, we have reviewed the strategy tri-annually and assess progress towards achieving RES goals annually. Moving forward, as a result of the Sub-National Review of Economic Development and Regeneration, the RES will be merged with the Regional Spatial Strategy (RSS) to form a new Integrated Regional Strategy (IRS). Plans to review the RES and the RSS have been revised, to ensure that work underway in the region will make a strong contribution to the evidence base for developing the new IRS, which will have a strong focus on the integration of policy areas.

Local authorities and the regional development agency will have joint responsibility for managing the development of the IRS, agreeing its priorities, signing it off and monitoring its implementation. This will be achieved through the new Joint Regional Board, which brings together eight Yorkshire Forward Board members with eight council leaders, drawn from the LGYH strategic leaders board.

The Joint Regional Board provides strategic leadership for the region in the development of the IRS and is supported by revised regional governance structures comprising four advisory thematic boards which have strong relationships to the Functional Sub Regions and their governance structures. Risks associated with delivering the outcome of the Sub-National Review have been identified, including appropriate mitigating actions, within the relevant risk registers.

Any significant internal control issue is dealt with by the Executive, with advice, where appropriate, from the Assistant Director of Finance (Internal Audit & Value for Money) and the National Audit Office. No significant internal control issues have been identified during the year. The independent and objective opinion of the Assistant Director of Finance (Internal Audit & Value for Money) is that:

"By combining the work of the assurance providers across Yorkshire Forward with the work of Internal Audit, it is concluded that the agency's overall control framework remains largely robust and generally being complied with."

**Tom Riordan**  
Chief Executive and Accounting Officer

7 July 2009

**Terry Hodgkinson**  
Chair

7 July 2009

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and Yorkshire Forward

## I certify that I have audited the financial statements of Yorkshire Forward for the year ended 31 March 2009 under the Regional Development Agencies Act 1998.

These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of Yorkshire Forward, the Chief Executive and auditor

Yorkshire Forward and the Chief Executive as Accounting Officer are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Regional Development Agencies Act 1998 and directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Agency and Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Regional Development Agencies Act 1998 and directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Management Commentary and the Director's Report, included in the annual report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if Yorkshire Forward has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the statement on internal control reflects Yorkshire Forward's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of Yorkshire Forward's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Chair's statement, Chief Executive's statement and the unaudited parts of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to Yorkshire Forward's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

## Opinions

In my opinion:

- The financial statements give a true and fair view, in accordance with the Regional Development Agencies Act 1998 and directions made thereunder by the Secretary of State, of the state of Yorkshire Forward's affairs as at 31 March 2009 and of its net expenditure, recognised gains and losses and cash flows for the year then ended;
- The financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Regional Development Agencies Act 1998 and the Secretary of State's directions made thereunder; and
- Information, which comprises the Management Commentary and the Director's Report, included within the Annual Report, is consistent with the financial statements.

## Opinion on regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

## Report

I have no observations to make on these financial statements.

**Amyas C E Morse**  
Comptroller and Auditor General

National Audit Office  
151 Buckingham Palace Road  
Victoria  
London  
SW1W 9SS

13 July 2009

# Financial statements

2008/2009

## Group income & expenditure account for the year to 31 March 2009

	NOTES	2008/2009 £'000	RESTATED 2007/2008 £'000
<b>Income</b>			
Coalfields revenue grants		1,933	3,231
Other revenue grants	4	4,960	20,544
EU revenue grants	3	4,495	2,442
Proceeds from disposal of development assets		8,062	19,153
Rents and maintenance charges		4,319	4,832
Other income		6,963	9,196
<b>TOTAL INCOME</b>		<b>30,732</b>	<b>59,398</b>
<b>Expenditure</b>			
Programme expenditure	2	270,006	302,593
Salaries and wages	6	19,593	17,585
Other administration costs	7	10,067	8,441
Book value of development assets written off	14	36,763	16,598
Write back of development assets	14	(202)	(5,779)
Book value of development assets sold	14	2,690	10,938
Book value of operating assets written off	11	6,251	958
Loss on sale of assets of subsidiaries		301	–
Provision for liabilities and charges	18	(1,117)	(770)
Coalfield sales revenue payable to Homes and Communities Agency		12,384	7,959
Bad debts written off and movements in provision for bad and doubtful debts		928	313
<b>TOTAL EXPENDITURE</b>		<b>357,664</b>	<b>358,836</b>
Net expenditure		(326,932)	(299,438)
Interest receivable	5	1,573	1,320
Notional cost of capital	8	(4,546)	(5,038)
<b>Net expenditure for the period on Ordinary Activities</b>		<b>(329,905)</b>	<b>(303,156)</b>
Taxation	9	(1,739)	(349)
Surplus/(deficit) in relation to Share in Joint Ventures and Associates	13	(14)	(513)
<b>Net expenditure for the period after tax</b>		<b>(331,658)</b>	<b>(304,018)</b>
Reversal of notional cost of capital	8	4,546	5,038
<b>Net expenditure for the period taken to reserves</b>		<b>(327,112)</b>	<b>(298,980)</b>

Net expenditure is financed by grant in aid as explained in accounting policy note 1 (10). All activities are from continuing operations.

The notes on pages 87 to 105 form part of these accounts.

**Group statement of recognised gains and losses for the year ended 31 March 2009**

	2008/2009 £'000	2007/2008 £'000
<b>Income</b>		
Revaluation not released to Income and Expenditure Account	(17,871)	(2,228)
Actuarial (loss)/gain on pension scheme (as per Remuneration Report)	23	9
<b>GAINS/(LOSSES) RECOGNISED SINCE LAST ANNUAL REPORT</b>	<b>(17,848)</b>	<b>(2,219)</b>

**Group balance sheet as at 31 March 2009**

	NOTES	2008/2009 £'000	RESTATED 2007/2008 £'000
<b>Fixed Assets</b>			
Intangible assets	10	35	50
Tangible operating assets	11	21,514	24,092
Investment assets	12	1,235	1,397
Investments in Joint Ventures	13		
– Share of gross assets	13	823	5,166
– Share of gross liabilities	13	(751)	(4,721)
Investments in Associates	13	13,877	10,443
		<b>36,733</b>	<b>36,427</b>
<b>Current Assets</b>			
Stock of development assets	14	87,882	135,509
Debtors	15	16,439	39,680
Cash at bank and in hand	16	51,689	18,283
<b>TOTAL CURRENT ASSETS</b>		<b>156,010</b>	<b>193,472</b>
<b>CREDITORS: Amounts falling due in one year</b>	17	(83,569)	(71,699)
<b>NET CURRENT ASSETS</b>		<b>72,441</b>	<b>121,773</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>109,174</b>	<b>158,200</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	18	(371)	(1,475)
<b>TOTAL ASSETS LESS ALL LIABILITIES</b>		<b>108,803</b>	<b>156,725</b>
<b>TOTAL RESERVES</b>			
General Reserve	19	38,131	67,104
Revaluation Reserve	19	10,915	21,849
Grant in Aid Reserve	19	59,757	67,772
		<b>108,803</b>	<b>156,725</b>



Chair

Date 7 July 2009



Chief Executive and Accounting Officer

**Agency balance sheet as at 31 March 2009**

	NOTES	2008/2009 £'000	RESTATED 2007/2008 £'000
<b>Fixed Assets</b>			
Intangible assets	10	35	50
Tangible operating assets	11	12,598	18,226
Investment assets	12	1,235	1,397
Investments in Subsidiaries	13	5,287	187
Investments in Joint Ventures	13	72	445
Investments in Associates	13	13,877	10,443
		<b>33,104</b>	<b>30,748</b>
<b>Current Assets</b>			
Stock of development assets	14	87,882	135,509
Debtors	15	14,947	39,529
Cash at bank and in hand	16	50,930	17,860
<b>TOTAL CURRENT ASSETS</b>		<b>153,759</b>	<b>192,898</b>
<b>CREDITORS:</b> Amounts falling due in one year	17	(82,523)	(71,122)
<b>NET CURRENT ASSETS</b>		<b>71,236</b>	<b>121,776</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>104,340</b>	<b>152,524</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	18	(371)	(1,475)
<b>TOTAL ASSETS LESS ALL LIABILITIES</b>		<b>103,969</b>	<b>151,049</b>
<b>TOTAL RESERVES</b>			
General Reserve	19	38,901	67,291
Revaluation Reserve	19	10,915	21,849
Grant in Aid Reserve	19	54,153	61,909
		<b>103,969</b>	<b>151,049</b>



Chair

Date

7 July 2009



Chief Executive and Accounting Officer

**Group cash flow statement for the year ended 31 March 2009**

	2008/2009 £'000	2007/2008 £'000
<b>NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>(243,904)</b>	<b>(301,406)</b>
Interest received	1,568	1,320
<b>NET CASH INFLOW / (OUTFLOW) AFTER RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>(242,336)</b>	<b>(300,086)</b>
UK Corporation tax paid	(373)	(738)
<b>NET CASH INFLOW / (OUTFLOW) AFTER TAXATION</b>	<b>(242,709)</b>	<b>(300,824)</b>
Purchase of development assets	(9,334)	–
Purchase of intangible assets	(6)	–
Purchase of fixed operating assets	(4,881)	(13,312)
<b>NET CASH INFLOW / (OUTFLOW) AFTER CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	<b>(256,930)</b>	<b>(314,136)</b>
Cash inflows Grant in Aid and other grants	290,000	300,000
Cash movement in Subsidiaries	336	(99)
<b>NET CASH INFLOW / (OUTFLOW) FOR THE YEAR</b>	<b>33,406</b>	<b>(14,235)</b>
<b>NET LIQUID FUNDS AS AT 31 MARCH 2009 Note 16</b>	<b>51,689</b>	<b>18,283</b>

**Reconciliation of net expenditure to net cash outflow from operating activities**

Net expenditure	(326,932)	(299,438)
Non-cash asset entries on I&E	45,503	21,079
Movement in operating debtors	28,393	(20,622)
Movement in operating creditors	9,910	(1,047)
Movement in provisions	(1,104)	–
Removal of Non-Cash items in Net Expenditure	326	(1,378)
	<b>(243,904)</b>	<b>(301,406)</b>

# Notes to the financial statements

for the year ended 31 March 2009

## 1. Accounting Policies

### (1) Basis of accounting

The financial statements of Yorkshire Forward have been prepared in a form directed by the Secretary of State for Business, Innovation & Skills, with the consent of HM Treasury, in accordance with the Regional Development Agencies Act 1998. The financial statements are prepared, as set out in Treasury guidance, under the historic cost convention as modified by the policies set out below and in accordance with applicable Accounting Standards and without limiting the information given, meet the accounting and disclosure requirements of the accounts direction and HM Treasury guidance.

### (2) Basis of consolidation

No separate income and expenditure account is presented for the agency as provided by Section 230 of the Companies Act 1985.

The consolidated accounts incorporate the accounts of the agency and its subsidiary undertakings Yorkshire and Humber Sustainable Futures Company Limited, Victoria Place Management Company (Leeds) Limited, Directions Finningley and Ven International Limited.

Details of Subsidiaries, Joint Ventures and Associates can be found at Note 13.

### (3) Revenue recognition

Yorkshire Forward recognises the income from sale of properties at the time unconditional contracts are exchanged. For conditional contracts income is recognised when the last material condition is met.

### (4) Fixed assets – Investment Assets

Investment assets consist of Partnership Workspace schemes, the agency's investment with mainly local authority partners, to provide rural workspace. They have been disclosed in the Balance Sheet at a valuation based on present value of estimated future cash inflows. Expenditure on these projects is written off in the year of spend.

### (5) Fixed assets – Tangible Operating Assets and Intangible Assets

Fixed operating assets are valued at depreciated historic cost other than properties which are valued at market value.

The minimum level of capitalisation of tangible operating assets is £1,000.

Software licenses are capitalised as intangible assets on the same basis.

### (6) Development assets

Development assets, consisting of land and buildings, are shown at net realisable value. Increases in holding value are taken to the Revaluation Reserve. Losses are written off against the reserve up to any credit balance in the reserve relating to development assets and to the Income and Expenditure Account thereafter. Any reductions in holdings are written off to the Income and Expenditure Account. Valuations are carried out in accordance with best practice as contained in the Statement of Asset Valuation Practice and Guidance Notes (3rd Edition) published by the Royal Institute of Chartered Surveyors. A valuation of the whole portfolio was carried out as at 31 March 2009, by King Sturge.

### (7) Depreciation/amortisation

Depreciation is provided to write off the cost of tangible and intangible fixed assets over their anticipated useful lives on a straight line amortisation basis on the following rates:

#### Tangible Assets:

• Office furniture, fittings and equipment	4 years
• Computer equipment	4 years
• Leasehold buildings	10 years

#### Intangible Assets:

• Software licences	5 years
---------------------	---------

A full year's depreciation is charged in the year of acquisition and none is chargeable in the year of disposal.

The properties occupied by the agency are reviewed for impairment and no depreciation charge is made if it is to be considered to be immaterial owing to the residual values of the properties being not materially different to the book values.

### (8) Loans

Loans are shown net of provision for amounts considered doubtful and net of write-offs for amounts considered irrecoverable. Provision has been made for all loans where recovery appears doubtful.

### (9) Pension costs

The agency's employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), the Homes and Communities Agency Pension Scheme or the West Yorkshire Pension Fund Scheme, which are all defined benefit schemes. Further details of these pension schemes are given in the Remuneration Report pages 74 to 79.

Yorkshire Forward recognises the cost of employee's pensions in the periods which it benefits from the employee services. Details of the Chair's pension are also included in the Remuneration Report.

### (10) Grant in Aid and Grants Receivable

Yorkshire Forward's activities are funded primarily by Grant in Aid provided through the Department for Business, Innovation & Skills (BIS). Grant in Aid received is treated as financing, credited to the Grant in Aid Reserve. Other grants received are treated as income on the Income and Expenditure Account.

### (11) Deferred taxation

Deferred taxation is provided for all timing differences to the extent and at the rate that they are expected to reverse in the future.

### (12) Operating leases

Operating lease rentals are charged to the Income and Expenditure Account over the period of the lease term. There are no finance leases.

### (13) Treatment of VAT

The financial statements are prepared net of recoverable VAT.

### (14) Financial instruments

The agency has no borrowings and relies primarily on department Grant in Aid for its cash requirements, and is therefore not exposed to liquidity risk. All material assets and liabilities are denominated in sterling, so it is not exposed to currency risk. Further details of the agency's financial instruments can be found at note 24.

### (15) Foreign currency transactions

The agency has some immaterial monetary assets and liabilities in foreign currency. These are translated into sterling at the rates prevailing at the Balance Sheet date. Resulting exchange gains and losses are taken to the Income and Expenditure Account.

## **2. Analysis of programme expenditure by key driver**

	2008/2009 £'000	RESTATED 2007/2008 £'000
Helping people to access good jobs, skills and transport	45,559	54,291
Helping businesses to start-up, grow and compete through innovation	110,016	151,428
Regenerating cities, towns and rural communities	114,431	96,874
<b>TOTAL</b>	<b>270,006</b>	<b>302,593</b>

Restated to reflect the movement of staff costs from programme expenditure to salaries and wages. See note 6.

## **3. ERDF grants income**

	2008/2009 £'000	2007/2008 £'000
ERDF grants	183	–
EU revenue grants	4,312	2,442
<b>TOTAL</b>	<b>4,495</b>	<b>2,442</b>

## **4. Other grants income**

	2008/2009 £'000	RESTATED 2007/2008 £'000
DCLG – Northern Way	1,312	17,823
Other grants	3,648	2,721
<b>TOTAL</b>	<b>4,960</b>	<b>20,544</b>

## **5. Interest receivable**

	2008/2009 £'000	2007/2008 £'000
Bank deposit	1,334	1,161
Other	239	159
<b>TOTAL</b>	<b>1,573</b>	<b>1,320</b>

## 6. Salaries and wages

	2008/2009 £'000	RESTATED 2007/2008 £'000
<b>(a) Salaries and wages summary Board members</b>		
Board member fees	202	203
Pension costs	21	20
Social security costs	15	15
<b>TOTAL</b>	<b>238</b>	<b>238</b>
<b>Staff engaged by the agency and subsidiaries</b>		
Salaries and wages including overtime	16,361	14,751
Pension costs	3,006	2,498
Social security costs	1,347	1,062
Pension enhancements	113	375
	<b>20,827</b>	<b>18,686</b>
Secondees and temporary staff	1,293	1,368
<b>TOTAL</b>	<b>22,358</b>	<b>20,292</b>
<b>Salaries and wages are included in the Income and Expenditure Account under the following headings:</b>		
Salaries and wages	19,593	17,585
Programme expenditure	2,765	2,707
<b>TOTAL</b>	<b>22,358</b>	<b>20,292</b>
Restated prior year to reflect a change in allocation of staff between programme expenditure and salaries and wages, and reclassification of subsidiaries staff costs from note 7 other staff costs to salaries and wages. Subsidiary salaries increased by £1.5m. The average increase in agency pay was 3.15%.		
<b>(b) Staffing numbers</b>		
The average number of staff employed during the period was 434 analysed as follows:		
	2008/2009	2007/2008
Corporate management team and Chief Executive office	24	24
Business directorate	103	104
Environment directorate	103	120
Economic inclusion directorate	67	49
Finance directorate	98	82
Strategy directorate	39	56
<b>TOTAL</b>	<b>434</b>	<b>435</b>
Permanent staff	406	418
Temporary staff	28	17
<b>TOTAL AGENCY</b>	<b>434</b>	<b>435</b>
Subsidiaries staff	58	47
<b>TOTAL GROUP</b>	<b>492</b>	<b>482</b>

## **7. Other administrative costs**

	2008/2009 £'000	RESTATED 2007/2008 £'000
Travel, subsistence and hospitality	643	509
Other staff costs	833	230
Office costs	3,785	2,266
Marketing and PR	629	463
Professional costs	889	2,394
IT and communication	1,408	1,014
Depreciation	769	124
Amortisation on intangible assets	21	20
Auditors' remuneration		
– for statutory audit of this account	69	68
– for audit of shadow accounts to International Reporting Standards	6	–
– for statutory audit of ERDF	25	25
– for statutory audit of subsidiaries	16	13
– for non statutory audit work	–	–
Operating lease rentals		
– plant and machinery	54	58
– other	920	1,257
<b>TOTAL</b>	<b>10,067</b>	<b>8,441</b>

Restated to move subsidiaries staff costs from other staff costs in 2007/08 to note 6 salaries and wages.

## **8. Notional cost of capital**

The agency is required to charge a notional cost of capital against the Income and Expenditure Account. The charge is 3.5% (2007/2008 3.5%) of the average of net assets. As this is a notional charge, the same amount is credited to the Income and Expenditure Account.

## 9. Taxation

The Group taxation charge based on Group taxable profits for the year at 30% comprises:

	2008/2009 £'000	2007/2008 £'000
Corporation tax for the year	1,877	289
Release of deferred taxation	(230)	(18)
(Over)/Under provision of corporation tax in previous years	(13)	78
<b>TOTAL AGENCY</b>	<b>1,634</b>	<b>349</b>
Corporation tax subsidiaries	105	–
<b>TOTAL GROUP</b>	<b>1,739</b>	<b>349</b>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2008/2009 £'000	2007/2008 £'000
Net expenditure on ordinary activities before tax for the group	(329,905)	(303,156)
Profit on taxable activities multiplied by standard rate of corporation tax in the UK of 30%	–	–
Effects of:		
Depreciation for the period in excess/(less than) of capital allowances	(250)	(16)
Expenses not deductible for tax purposes	2,127	305
Adjustments in respect of previous tax period	(13)	78
<b>Current tax charge for the period</b>	<b>1,864</b>	<b>367</b>
Release of deferred taxation	(230)	(18)
<b>TOTAL CURRENT TAX CHARGE</b>	<b>1,634</b>	<b>349</b>

## 10. Intangible assets

	GROUP/AGENCY SOFTWARE LICENCES £'000
<b>Cost or valuation</b>	
At 1 April 2008	99
Additions	6
Disposals	–
<b>At 31 March 2009</b>	<b>105</b>
<b>Amortisation</b>	
At 1 April 2008	49
In year charge	21
<b>At 31 March 2009</b>	<b>70</b>
<b>Net Book Value at 31 March 2009</b>	<b>35</b>
<b>Net Book Value at 31 March 2008</b>	<b>50</b>

**11. Tangible operating assets**

	LEASEHOLD IMPROVEMENTS £'000	PROPERTIES OCCUPIED BY THE AGENCY £'000	FURNITURE, FITTINGS & EQUIPMENT £'000	GROUP TOTAL £'000
<b>Cost or valuation</b>				
At 1 April 2008 RESTATED	26	18,051	8,012	26,089
Additions	33	–	4,848	4,881
Disposals	(26)	–	(436)	(462)
Write off	–	(6,251)	–	(6,251)
<b>At 31 March 2009</b>	<b>33</b>	<b>11,800</b>	<b>12,424</b>	<b>24,257</b>
<b>Depreciation</b>				
At 1 April 2008	8	–	1,989	1,997
In year charge	15	–	754	769
Disposals	(23)	–	–	(23)
<b>At 31 March 2009</b>	<b>–</b>	<b>–</b>	<b>2,743</b>	<b>2,743</b>
<b>Net Book Value at 31 March 2009</b>	<b>33</b>	<b>11,800</b>	<b>9,681</b>	<b>21,514</b>
<b>Net Book Value at 31 March 2008 RESTATED</b>	<b>18</b>	<b>18,051</b>	<b>6,023</b>	<b>24,092</b>
AGENCY £'000				
<b>Cost or valuation</b>				
At 1 April 2008		18,051	1,879	19,930
Additions		–	927	927
Disposals		–	–	–
Write off		(6,251)	–	(6,251)
<b>At 31 March 2009</b>		<b>11,800</b>	<b>2,806</b>	<b>14,606</b>
<b>Depreciation</b>				
At 1 April 2008		–	1,704	1,704
In year charge		–	304	304
<b>At 31 March 2009</b>		<b>–</b>	<b>2,008</b>	<b>2,008</b>
<b>Net Book Value at 31 March 2009</b>		<b>11,800</b>	<b>798</b>	<b>12,598</b>
<b>Net Book Value at 31 March 2009 RESTATED</b>		<b>18,051</b>	<b>175</b>	<b>18,226</b>

**12. Investment assets**

	GROUP/AGENCY	2008/2009 £'000	2007/2008 £'000
Opening balance at 1 April 2008	1,397	1,356	
Revaluation	(162)	41	
<b>VALUATION AT 31 MARCH 2009</b>	<b>1,235</b>	<b>1,397</b>	

**13. Investment in subsidiaries, associates and joint venture undertakings**

	NATURE OF BUSINESS		TYPE OF ORGANISATION
<b>SUBSIDIARIES:</b>			
Yorkshire and Humber Sustainable Futures Company	100.0%	Promote Renewal Energy Technology & Waste Management in Y&H	Company Limited by Guarantee
Ven International	100.0%	To create a virtual enterprise network for SMEs	Company Limited by Guarantee
Directions Finningley	51.0%	To deliver a centre for excellence for airport and aviation training facilities	Community Interest Company Company Limited by Guarantee
Victoria Place Management Company (Leeds) Limited	59.0%	Management company for the maintenance of Victoria Place, Leeds	Limited Company
<b>ASSOCIATES:</b>			
South Yorkshire Investment Fund Limited	33.3%	Promote economic growth in South Yorkshire	Company Limited by Guarantee
Partnership Investment Fund	33.3%	Venture Capital fund for Objective 2 areas in Yorkshire & Humber	Company Limited by Guarantee
<b>JOINT VENTURES:</b>			
Hull Citybuild	50.0%	Regeneration of Hull	Company Limited by Guarantee
The Bradford City Urban Regeneration Company Limited	33.3%	Regeneration of Bradford	Company Limited by Guarantee
Renaissance South Yorkshire Limited	50.0%	Delivery of projects focusing on the economic regeneration of South Yorkshire	Company Limited by Guarantee

Yorkshire Forward resigned as a member of Green Leeds Ltd on 31 October 2008.

Yorkshire & Humber Regional Aggregation Body did not trade in 2008/09. It wound up in March 2009.  
Renaissance South Yorkshire reduced activity in 2008/09 which was to be wound up in June 2009.

KEY FINANCIAL RESULTS OF SUBSIDIARIES	2008/2009 TOTAL	2008/2009 AGENCY SHARE £'000	RESTATED 2007/2008 TOTAL	RESTATED 2007/2008 AGENCY SHARE £'000
	£'000	£'000	£'000	£'000
<b>Yorkshire and Humber Sustainable Futures Company</b>				
Profit/(Loss) for the year after taxation	166	166	79	79
<b>Ven International</b>				
Profit/(Loss) for the year after taxation	(74)	(74)	(12)	(12)
<b>Directions Finningley</b>				
Profit/(Loss) for the year after taxation	178	91	21	7
<b>Victoria Place Management Company (Leeds) Limited</b>				
Profit/(Loss) for the year after taxation	—	—	—	—
	<b>270</b>	<b>183</b>	<b>88</b>	<b>74</b>
 <b>INVESTMENTS IN SUBSIDIARIES ARE CALCULATED ON THE BASIS OF THE AGENCY'S SHARE OF NET ASSETS AS DETAILED BELOW:</b>				
	2008/2009 TOTAL	2008/2009 AGENCY SHARE £'000	RESTATED 2007/2008 TOTAL	RESTATED 2007/2008 AGENCY SHARE £'000
Yorkshire and Humber Sustainable Futures Company	260	260	94	94
Ven International	(6)	(6)	42	42
Directions Finningley	9,869	5,033	153	51
Victoria Place Management Company (Leeds) Limited	—	—	—	—
<b>NET ASSETS/(LIABILITIES)</b>	<b>10,123</b>	<b>5,287</b>	<b>289</b>	<b>187</b>

KEY FINANCIAL RESULTS OF JOINT VENTURES	2008/2009 TOTAL £'000	2008/2009 AGENCY SHARE £'000	2007/2008 TOTAL £'000	2007/2008 AGENCY SHARE £'000
<b>Hull Citybuild</b>				
Profit/(Loss) for the year after taxation	99	50	(20)	(10)
<b>The Bradford City Urban Regeneration Company Limited</b>				
Profit/(Loss) for the year after taxation	11	4	26	9
<b>Green Leeds Limited</b>				
Profit/(Loss) for the year after taxation	–	–	31	16
<b>Yorkshire and Humber Regional Aggregation Body</b>				
Profit/(Loss) for the year after taxation	–	–	(49)	(25)
<b>Renaissance South Yorkshire Limited</b>				
Profit/(Loss) for the year after taxation	8	8	–	–
<b>TOTAL PROFIT/(LOSS) OF JOINT VENTURES FOR THE YEAR AFTER TAXATION</b>	<b>118</b>	<b>62</b>	<b>(12)</b>	<b>(10)</b>
KEY FINANCIAL RESULTS OF JOINT VENTURES	2008/2009 TOTAL £'000	2008/2009 AGENCY SHARE £'000	2007/2008 TOTAL £'000	2007/2008 AGENCY SHARE £'000
<b>GROSS ASSETS</b>				
Hull Citybuild	1,034	517	835	418
The Bradford City Urban Regeneration Company Limited	869	290	876	292
Green Leeds Limited	–	–	1,135	568
Yorkshire and Humber Regional Aggregation Body	–	–	–	–
Renaissance South Yorkshire Limited	16	16	7,776	3,888
<b>TOTAL GROSS ASSETS</b>	<b>1,919</b>	<b>823</b>	<b>10,622</b>	<b>5,166</b>
	2008/2009 TOTAL £'000	2008/2009 AGENCY SHARE £'000	2007/2008 TOTAL £'000	2007/2008 AGENCY SHARE £'000
<b>GROSS LIABILITIES</b>				
Hull Citybuild	885	443	816	408
The Bradford City Urban Regeneration Company Limited	876	292	865	288
Green Leeds Limited	–	–	274	137
Yorkshire and Humber Regional Aggregation Body	–	–	–	–
Renaissance South Yorkshire Limited	16	16	7,776	3,888
<b>TOTAL GROSS LIABILITIES</b>	<b>1,777</b>	<b>751</b>	<b>9,731</b>	<b>4,721</b>

NET ASSETS/LIABILITIES	2008/2009 TOTAL	2008/2009 AGENCY SHARE £'000	2007/2008 TOTAL	2007/2008 AGENCY SHARE £'000
	£'000	£'000	£'000	£'000
Hull Citybuild	149	74	19	10
The Bradford City Urban Regeneration Company Limited	(7)	(2)	11	4
Green Leeds Limited	—	—	861	431
Yorkshire and Humber Regional Aggregation Body	—	—	—	—
Renaissance South Yorkshire Limited	—	—	—	—
<b>TOTAL NET ASSETS/(LIABILITIES)</b>	<b>142</b>	<b>72</b>	<b>891</b>	<b>445</b>
KEY FINANCIAL RESULTS OF ASSOCIATES	2008/2009 TOTAL	2008/2009 AGENCY SHARE £'000	RESTATED 2007/2008 TOTAL	RESTATED 2007/2008 AGENCY SHARE £'000
	£'000	£'000	£'000	£'000
<b>South Yorkshire Investment Fund</b>				
Profit/(Loss) for the year after taxation	(271)	(90)	(1,598)	(533)
<b>Partnership Investment Fund</b>				
Profit/(Loss) for the year after taxation	41	14	70	23
<b>TOTAL PROFIT/(LOSS) OF ASSOCIATES FOR THE YEAR AFTER TAXATION</b>	<b>(230)</b>	<b>(76)</b>	<b>(1,528)</b>	<b>(510)</b>
NET ASSETS/(LIABILITIES) COMPRISED:	2009 TOTAL	2009 AGENCY SHARE £'000	2008 TOTAL	2008 AGENCY SHARE £'000
	£'000	£'000	£'000	£'000
South Yorkshire Investment Fund	27,771	9,257	19,916	6,639
Partnership Investment Fund	13,860	4,620	11,412	3,804
<b>TOTAL NET ASSETS/(LIABILITIES)</b>	<b>41,631</b>	<b>13,877</b>	<b>31,328</b>	<b>10,443</b>

When accounting for our Associate venture capital companies South Yorkshire Investment Fund and Partnership Investment Fund consolidation adjustments have been made to ensure consistent treatment and a fair representation of the net assets of the respective groups. As a result the accounts reflect a one third share of the initial capital investment.

During the year we have reassessed the status of Directions Finningley and due to Yorkshire Forward holding the 'Golden Vote' we have now accounted for this as a subsidiary. 2007/08 balances have been restated accordingly.

#### 14. Stock of development assets

	TOTAL		COALFIELDS		OTHER	
	GROUP/AGENCY 2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Opening balance at 1 April 2008	135,509	156,588	56,338	50,084	79,171	106,504
Transfer Coalfields from (HCA) to (YF)	–	–	(23,667)	–	23,667	–
Additions	9,334	2,946	134	2,590	9,200	356
Disposals	(2,690)	(10,938)	(1,350)	(4,345)	(1,340)	(6,593)
Release of revaluation on disposal	(7,246)	(6,446)	(1,666)	(136)	(5,580)	(6,310)
Amounts written off	(36,763)	(16,598)	(4,718)	(841)	(32,045)	(15,757)
Amounts written back	202	5,779	1	4,815	201	964
Revaluation	(10,464)	4,178	(5,272)	4,171	(5,192)	7
<b>VALUATION AT 31 MARCH 2009</b>	<b>87,882</b>	<b>135,509</b>	<b>19,800</b>	<b>56,338</b>	<b>68,082</b>	<b>79,171</b>

#### 15. Debtors

AMOUNTS RECEIVABLE WITHIN ONE YEAR	GROUP		AGENCY	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade debtors	8,689	27,269	8,529	27,269
Provision for doubtful debts	(1,416)	(591)	(1,416)	(591)
Prepayments	3,770	4,886	2,783	4,886
Other debtors	1,446	5,240	1,190	5,089
EU grants debtors	2,919	142	2,919	142
Deferred taxation	435	205	435	205
Value added tax	585	2,507	496	2,507
Loans	11	22	11	22
	<b>16,439</b>	<b>39,680</b>	<b>14,947</b>	<b>39,529</b>

Other debtors includes outstanding loans for 66 employees of £3,855 (2007/2008 £5,123 number of staff 77)

DEBTORS – INTRA GOVERNMENT BALANCES	GROUP		AGENCY	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Balances with other central government bodies	3,493	2,516	3,493	2,516
Balances with local authorities	28	26	28	26
Balances with bodies external to government	12,918	37,138	11,426	36,987
	<b>16,439</b>	<b>39,680</b>	<b>14,947</b>	<b>39,529</b>

**16. Cash at bank and in hand**

	GROUP		AGENCY	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Cash at bank and in hand at 1 April 2008	18,283	32,518	17,860	31,996
Net cash (outflow)/inflow during the year	33,406	(14,235)	33,070	(14,136)
<b>CASH AT BANK AND IN HAND AT 31 MARCH 2009</b>	<b>51,689</b>	<b>18,283</b>	<b>50,930</b>	<b>17,860</b>

**17. Creditors**

AMOUNTS FALLING DUE IN ONE YEAR	GROUP		AGENCY	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade creditors	32,080	35,799	31,983	35,799
EU deferred income	22,254	–	22,254	–
Other creditors	2,738	3,442	2,031	2,865
Accruals and deferred income	24,338	31,925	24,233	31,925
Other taxes and social security costs	430	374	400	374
Coalfields grant creditor	–	28	–	28
Corporation tax	1,729	131	1,622	131
	<b>83,569</b>	<b>71,699</b>	<b>82,523</b>	<b>71,122</b>

CREDITORS – INTRA GOVERNMENT BALANCES	GROUP		AGENCY	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Balances with other central government bodies	3,047	1,874	3,047	505
Balances with local authorities	10,401	10,431	10,401	7,643
Balances with bodies external to government	70,121	59,394	69,075	62,974
	<b>83,569</b>	<b>71,699</b>	<b>82,523</b>	<b>71,122</b>

### **18. Provisions for liabilities and charges**

	TOTAL £'000	RESTATED ENVIRONMENTAL PROVISION £'000	GROUP/AGENCY RESTRUCTURING PROVISION £'000	CHAIR'S PENSION £'000
Opening balance at 1 April 2008	1,475	1,000	353	122
Charged in year	236	–	236	–
Released in year	(1,000)	(1,000)	–	–
Used in year	(353)	–	(353)	–
Employers contribution	13	–	–	13
<b>BALANCE AT 31 MARCH 2009</b>	<b>371</b>	<b>–</b>	<b>236</b>	<b>135</b>

Restructuring provisions have been reviewed in year as part of the ongoing reorganisation exercise. We expect the remaining provision to be utilised in 2009/2010.

The provision for Chair's pension is in line with the GAD valuation. Further details of this provision can be found in the remuneration report.

### **19. Total reserves**

GENERAL RESERVE	GROUP RESTATED		AGENCY	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
<b>ACTIVITIES IN RELATION TO SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES</b>				
Balance at 1 April 2008	10,888	(3,907)	11,075	(3,846)
Subsidiaries reserve to Grant in Aid reserve	(5,240)	(51)	–	–
Minority interest	4,657	–	–	–
Additions	8,161	14,846	8,161	14,921
<b>BALANCE AT 31 MARCH 2009</b>	<b>18,466</b>	<b>10,888</b>	<b>19,236</b>	<b>11,075</b>
<b>COALFIELD ASSETS FUNDED BY HOMES AND COMMUNITIES AGENCY</b>				
Balance at 1 April 2008	56,338	50,084	56,338	50,084
Transfer from Coalfields (HCA) to (YF)	(23,667)	–	(23,667)	–
Additions	134	2,590	134	2,590
Disposals	(1,350)	(4,345)	(1,350)	(4,345)
Net write back/(off)	(4,717)	3,974	(4,717)	3,974
Transfer from revaluation reserve	(6,938)	4,035	(6,938)	4,035
<b>BALANCE AT 31 MARCH 2009</b>	<b>19,800</b>	<b>56,338</b>	<b>19,800</b>	<b>56,338</b>
<b>PENSIONS</b>				
Balance at 1 April 2008	(122)	(97)	(122)	(97)
Transfer from Grant in Aid reserve	(13)	(25)	(13)	(25)
<b>BALANCE AT 31 MARCH 2009</b>	<b>(135)</b>	<b>(122)</b>	<b>(135)</b>	<b>(122)</b>
<b>BALANCE AT 31 MARCH 2009</b>	<b>38,131</b>	<b>67,104</b>	<b>38,901</b>	<b>67,291</b>

REVALUATION RESERVE	GROUP/AGENCY	
	2009 £'000	2008 £'000
Balance at 1 April 2008	21,849	28,112
Development asset revaluations	(10,464)	4,178
Development asset revaluation on disposals	(7,246)	(6,446)
Investment revaluations	(162)	40
Transfer to general reserve	6,938	(4,035)
<b>BALANCE AT 31 MARCH 2009</b>	<b>10,915</b>	<b>21,849</b>

GRANT IN AID RESERVE	GROUP		AGENCY	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Balance at 1 April 2008	67,772	62,652	61,909	62,591
Grant in Aid received	290,000	300,000	290,000	300,000
Net expenditure for the year	(327,112)	(298,980)	(327,369)	(301,165)
(Surplus)/Deficit in relation to Joint Ventures	14	513	—	—
Subsidiaries Asset restatement	(5,730)	5,730	—	—
Transfer to pension reserve	13	25	13	25
Transfer to general reserve	34,800	(2,168)	29,600	458
<b>BALANCE AT 31 MARCH 2009</b>	<b>59,757</b>	<b>67,772</b>	<b>54,153</b>	<b>61,909</b>

## 20. Operating leases

AS AT 31 MARCH 2009 THE AGENCY HAD ANNUAL COMMITMENTS UNDER OPERATING LEASES AS FOLLOWS:	2009		2008	
	BUILDINGS £'000	OTHER £'000	BUILDINGS £'000	OTHER £'000
<b>LEASES EXPIRING:</b>				
Within one year	—	—	—	—
Between one and five years	131	31	131	31
In over five years	768	22	565	22
<b>TOTAL ANNUAL COMMITMENT</b>	<b>899</b>	<b>53</b>	<b>696</b>	<b>53</b>

## 21. Commitments

EXPENDITURE AUTHORISED BY THE BOARD AND CONTRACTED FOR AT 31 MARCH AMOUNTED TO:	2009 £'000	2008 £'000
Capital expenditure on development assets	33,035	23,273
Other programme expenditure	547,473	427,077
<b>580,508</b>	<b>450,350</b>	

## **22. Contingent liabilities**

As at 31 March 2009 there are potential liabilities arising from the closure of four Business Links in the region. Under the terms of the Business Link funding agreements Yorkshire Forward are liable to any excess Business Link staff redundancy costs which cannot be met from Business Link Reserves. Under the same agreements, however, Business Links were required to ensure that reserves were sufficient to cover closure costs, negotiations are ongoing to determine the remaining reserves and Yorkshire Forward currently anticipates nil financial impact.

Yorkshire Forward's solicitors are currently working to resolve a dispute over a deposit held by Yorkshire Forward for a land sale at Bentley. The dispute is at an early stage and therefore it is not possible to quantify the outcome with any certainty.

As at 31 March 2009 audits of the 2000-2006 ERDF programme were still ongoing. It is likely that some of the grants will be clawed back. The amount is currently unknown.

## **23. Post balance sheet events**

Yorkshire Forward's financial statements are laid before the Houses of Parliament by the Secretary of State of the BIS. FRS 21 requires Yorkshire Forward to disclose the date on which the accounts are authorised for issue. The authorised date for issue is the date the accounts are certified by the Comptroller and Auditor General.

## **24. Financial instruments**

Yorkshire Forward has no borrowings and relies primarily on departmental funding for its cash requirements, and is therefore not exposed to liquidity risks.

All material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

There is no material difference between the book value and fair value of Yorkshire Forward's assets and liabilities at 31 March 2009.

## **25. Losses and special payments**

In accordance with the provisions of the Accounts Direction, the agency must summarise all losses and special payments made during the year, being transactions of a type, which Parliament cannot be supposed to have contemplated. During the course of the financial year no losses or special payments required disclosure.

## **26. Corresponding amounts**

On 1 December 2008 the Academy for Sustainable Communities (ASC) programme administered by Yorkshire Forward transferred to the Housing and Communities Agency (HCA). The income and expenditure of ASC have been excluded from both 2008/09 and 2007/08 within this report. In 2008/09 both income and expenditure were reduced by £2,015k and in 2007/08 both income and expenditure were reduced by £5,829k. The balance sheet has not been affected.

## **27. Related party transactions**

Yorkshire Forward is an Executive Non-Departmental Public Body sponsored by BIS. BIS is regarded as a related party with which Yorkshire Forward has had a significant number of material transactions.

In addition, Yorkshire Forward has had a number of material transactions with other government departments, other central government bodies and various local authorities. During 2008/09 the agency

along with the Northwest Development Agency and One North East operated a North America Office and worked together on the Northern Way project. The Northern Way Growth Fund total expenditure in the year was £1.47m, approximately 68% of which was met by DCLG contribution and the remainder borne in equal share by the three agencies.

In addition, the agency was involved in the following related party transactions during the period which are considered to be significant.

NAME AND POSITION AT YF	CONNECTED PARTY	POSITION AT CONNECTED PARTY	PAYMENTS £	NATURE OF TRANSACTION	CREDITORS £	DEBTORS £
<b>Barry Dodd</b> Board member	Yorkshire Universities	Chair – Proof of Concept Fund Chair	72,116 875,655	Goods and services, Grant Claims	110,231	
	Yorkshire & Humber Sustainable Futures Company	Chair	285,369	Goods and services, Grant Claims	873,586	192,717
	Connect Yorkshire Limited	Chairman	3,627,333 1,175 471,723	Goods and Services, Grant Claims		
<b>Jan Wilson</b> Board member	South Yorkshire Passenger Transport Authority	Member	331,341	Grant Claims	62,781	
	Labour Party	Member	704	Goods and services		
	Sheffield City Council	Elected member	282,954 9,485,999	Goods and services, Grant Claims	3,247,461	14,125
	Creative Sheffield	Director	146,322	Grant Claims	17,071	
	Sheffield Hallam University	External Examiner	259,517 1,033,182	Goods and services, Grant Claims	128,028	
<b>Arshad Javed</b> Board member	Bradford MDC	Wife is an employee	373,340 123,645	Goods and services, Grant Claims	316,737	
<b>Councillor John Weighell</b> Board member	Hambleton District Council	Member	200 236,198	Goods and services, Grant Claims	2,690,257	34,500
	North Yorkshire County Council	Leader, member	445 1,509,022	Goods and services, Grant Claims	5,000	
	Local Government Yorkshire & Humber	Member	3,229	Goods and services	8,000	
	Conservative Party	Member	1,645	Goods and services		

NAME AND POSITION AT YF	CONNECTED PARTY	POSITION AT CONNECTED PARTY	PAYMENTS £	NATURE OF TRANSACTION	CREDITORS £	DEBTORS £
<b>Lord Chris Haskins</b> Board member	The Open University	Pro-Chancellor	610	Goods and services		
	Humber Economic Partnership	Member	234,555	Grant claims	5,000	
	Graduates Yorkshire	Chairman	12,190	Goods and services	38,991	
<b>Julie Kenny</b> Board member	Creative Sheffield	Director	146,322	Grant Claims	17,071	
	University of Sheffield Management School	Board member	22,481	Goods and services,	26,879	
<b>Kath Pinnock</b> Board member	934,004			Grant Claims		
	Liberal Democrats	Member	3,724	Goods and services		
	Yorkshire Water Services Ltd	Non-Executive Director	62,844	Goods and services		
	Kirklees MDC	Deputy Leader	31,389	Goods and services,	991,143	
			1,649,607	Grant Claims		
<b>Laura Moynahan</b> Board member	Environment Agency	Daughter is employee	29,300	Goods and services	380,716	1,717
	Renaissance South Yorkshire	Director	1,628,689	Goods and services,	431,000	35,588
			708,930	Grant Claims		
	University of Sheffield Management School	Advisory Board member	22,481	Goods and services,	26,879	
<b>Linda Pollard</b> Board member	Sheffield Hallam University	Husband is employee	934,004	Grant Claims		
			259,517	Goods and services,	128,028	
			1,033,182	Grant Claims		
<b>Mark Kirk</b> Board member	University of Leeds	Pro-Chancellor & Chair of the Governing Body	133,864	Goods and services,	105,397	
			652,256	Grant Claims		
	Yorkshire Tourist Board	Board member	4,865,850	Grant Claims	135,740	
	Labour Party	Member	704	Goods and services		
	Humber Economic Partnership	Director	234,555	Grant claims	5,000	
	North Lincolnshire Council	Leader	32,500	Goods and services,	475,551	
			3,835,842	Grant Claims		
	Yorkshire & Humber Assembly	Chair of Transport Board			23,000	56,599

NAME AND POSITION AT YF	CONNECTED PARTY	POSITION AT CONNECTED PARTY	PAYMENTS £	NATURE OF TRANSACTION	CREDITORS £	DEBTORS £
<b>Mark Lovell</b> Board member	A4e	Shareholder & Executive Chairman	18,929	Grant Claims		
<b>Ajaz Ahmed</b> Board member	University of Huddersfield	Council member	104,476	Grant Claims		
<b>Professor Michael Arthur</b> Board member	University of Leeds	Vice-Chancellor	133,864	Goods and services, Grant Claims	105,397	
	Yorkshire Universities	Chair	652,256 72,116 875,655	Goods and services, Grant Claims	110,231	
<b>Stella Guy</b> Board member	Labour Party	Member	704	Goods and services		
<b>John Vincent</b> Board member	Faber Maunsell Ltd	Director	35,002	Goods and services		
	York College	Wife is an employee	75,418	Goods and services		
<b>Bill Adams</b> Board member	Yorkshire & Humber Assembly	Executive member			23,000	56,599
<b>Terry Hodgkinson</b> Chair	DLA Solicitors	Daughter is employee	104,282	Goods and services		
	Institute of Directors	Chartered Director and Fellow	5,875	Goods and services		
	West Yorkshire Police	Daughter is an employee	20	Goods and services		
<b>Tom Riordan</b> Chief Executive	Renaissance South Yorkshire	Board member	1,628,689 708,930	Goods and services, Grant Claims	431,000	35,588
	Creative Sheffield	Board member	146,322	Grant Claims	17,071	
	National Centre for Diversity	Board member	79	Goods and services		
<b>Trevor Shaw</b> Executive Director of Finance	Yorkshire & Humber Sustainable Futures	Director	285,369 3,627,333	Goods and services, Grant Claims	873,586	192,717
<b>Jan Anderson</b> Executive Director of Environment	Renaissance South Yorkshire	Director	1,628,689 708,930	Goods and services, Grant Claims	431,000	35,588
	Hull Urban Regeneration Co (Hull City Build)	Director	232 470,862	Goods and services, Grant Claims	20,000	
	Creative Sheffield	Director – Observer status	479,322	Grant Claims	17,071	

NAME AND POSITION AT YF	CONNECTED PARTY	POSITION AT CONNECTED PARTY	PAYMENTS £	NATURE OF TRANSACTION	CREDITORS £	DEBTORS £
<b>Simon Hill</b> Executive Director of Business	Ven International	Director	2,526,545	Grant claims	229,079	
	Kirklees Metropolitan Council	Wife is an employee	31,389 1,649,607	Goods and services, Grant Claims	991,143	
	Science City York	Board member	249,746	Grant Claims		
	Namtec	Member	26,337 2,637,942	Goods and services, Grant Claims		
	Creative Sheffield	Board member	479,322	Grant Claims	17,071	
	Directions Finningley	Chair	3,628,722	Grant Claims	48,520	
<b>Don Stewart<sup>1</sup></b> Executive Director of Strategy	National Centre for Diversity	Board member	79	Goods and services		
<b>Thea Stein</b> Executive Director of Economic Inclusion						

<sup>1</sup> Don Stewart resigned as Director of Directions Finningley on 9 December 2008.

# Annex A

## Chair's, Board members' and senior employees' register of interest

### Terry Hodgkinson

NAME OF COMPANY, PARTNERSHIP, LOCAL AUTHORITY OR OTHER BODY OR ORGANISATION	NATURE OF INTEREST DATE OF (SHAREHOLDER, DIRECTOR, PARTNER, ADVISER, EMPLOYEE ETC)	APPOINTMENT/ RESIGNATION
A & T Hodgkinson Partnership	Partner	March 2009
Academy of Urbanism	Member	January 2008
Cedar Developments Ltd	Shareholder, Director (inactive)	Pre-2003
Chartered Institute of Building	Fellow	3 August 2001
Chartered Institute of Building	Ambassador	30 August 2007
Clarke Hall Farm Trust Ltd	Trustee	Pre-2003
Clumcliffe Farm Management Company Ltd	Shareholder, Director	Pre-2003
DLA Solicitors	Daughter is an employee (of real estate banking)	Pre-2003
Eshton Hall Management Company Ltd	Director	9 January 2007
Fern Bank Properties (Yorkshire) Ltd	Shareholder, Director	1 December 2004
Hodgkinson Developments Ltd	Director	March 2009
Institute of Directors	Chartered Director, Fellow	2003
Magna Holdings Ltd	Chair	Pre-2003
Magna Investments (Yorkshire) Ltd	Director	4 July 2005
Portland Gate Management Co Ltd	Director	Pre-2003
Project North Ltd	Director	February 2008
Region Rose Properties Ltd	Shareholder, Director (inactive)	Pre-2003
Shearerboff (113) Ltd	Director	1 April 2007
Trinity Agencies & Services (No 2) Ltd	Shareholder, Director (inactive)	Pre-2003
Trinity Agencies & Services Ltd	Shareholder, Director	Pre-2003
Wakefield Festival Co Ltd	Member	Pre-2003
West Yorkshire Police	Daughter is an employee	November 2007
White Rose Yorkshire Properties Ltd	Shareholder, Director	Resigned: March 2009

### Linda Pollard

NAME OF COMPANY, PARTNERSHIP, LOCAL AUTHORITY OR OTHER BODY OR ORGANISATION	NATURE OF INTEREST DATE OF (SHAREHOLDER, DIRECTOR, PARTNER, ADVISER, EMPLOYEE ETC)	APPOINTMENT/ RESIGNATION
Bradford Property Forum	Chair	Resigned: 1 January 2009
Breast Cancer Haven (Yorkshire)	President	Resigned: 1 October 2008
Coutts Plc	Regional Chair	1 April 2007
University of Leeds	Council member Pro-Chancellor & Chair of the Governing Body	1997
Leeds NHS Primary Care Trust	Chair	1 August 2007
Enterprise & Skills Strategic Advisory Committee for HEFCE	Member	1 March 2009
		1 August 2008

**Ajaz Ahmed**

NAME OF COMPANY, PARTNERSHIP, LOCAL AUTHORITY OR OTHER BODY OR ORGANISATION	NATURE OF INTEREST DATE OF (SHAREHOLDER, DIRECTOR, PARTNER, ADVISER, EMPLOYEE ETC)	APPOINTMENT/ RESIGNATION
Abduls	Partner	1998
Browzar	Shareholder, Director	2006
C3i	Shareholder, Director	2006
Cazenove Private Equity	Advisor	
Getmedia	Shareholder, Director	
Huddersfield Media Centre	Board member	2007
JumbleAID	Shareholder, Director	2007
Mackays Stores	Non Exec Director	
Peerless Technology	Shareholder, Director	
Rifle Fields Developments	Shareholder, Director	
University of Huddersfield	Council member	2005
Zestmedia	Shareholder, Director	2002

**Stella Guy**

NAME OF COMPANY, PARTNERSHIP, LOCAL AUTHORITY OR OTHER BODY OR ORGANISATION	NATURE OF INTEREST DATE OF (SHAREHOLDER, DIRECTOR, PARTNER, ADVISER, EMPLOYEE ETC)	APPOINTMENT/ RESIGNATION
European Strategy Board	Chair	Resigned: 13 December 2008
National Trust	Member	May 2007
The Labour Party	Member	1975
Unite the Union (formerly Transport & General Workers Union)	Member	1970

**Laura Moynahan**

NAME OF COMPANY, PARTNERSHIP, LOCAL AUTHORITY OR OTHER BODY OR ORGANISATION	NATURE OF INTEREST DATE OF (SHAREHOLDER, DIRECTOR, PARTNER, ADVISER, EMPLOYEE ETC)	APPOINTMENT/ RESIGNATION
Netherthorpe and Upperthorpe Community Alliance (trading as Zest)	Chief executive	1999
Prosper Consortium	Director	10 December 2008
Renaissance South Yorkshire	Director	2004
Royal Society for Arts, Manufacturing and Commerce	Fellow	9 May 2005
Sheffield First Partnership	Board member	Resigned: 9 April 2008
Sheffield First Partnership Local Economy Board	Board member	20 March 2008
Sheffield Hallam University	Husband is employee	1993
Sheffield Wellbeing Consortium	Director	May 2008
University of Sheffield Management School	Advisory Board member	14 February 2006
Upperthorpe Healthy Living Centre	Director and Trustee	2003

**Jan Wilson**

NAME OF COMPANY, PARTNERSHIP, LOCAL AUTHORITY OR OTHER BODY OR ORGANISATION	NATURE OF INTEREST DATE OF (SHAREHOLDER, DIRECTOR, PARTNER, ADVISER, EMPLOYEE ETC)	APPOINTMENT/ RESIGNATION
Co-Operative Party	Member	1990
Creative Sheffield	Director	Resigned: 21 May 2008
Home Office	Daughter is an employee	2004
RSPB	Partner is a member	2006
Sheffield City Council	Elected member Leader	1992 Resigned: May 2008
Sheffield First Partnership (LSP)	Member	May 2004
Sheffield Hallam University	External examiner	2006
South Yorkshire Passenger Transport Authority	Member	5 June 2003
The Labour Party	Member	1978
Unite the Union	Member	1965

**Chris Haskins**

NAME OF COMPANY, PARTNERSHIP, LOCAL AUTHORITY OR OTHER BODY OR ORGANISATION	NATURE OF INTEREST DATE OF (SHAREHOLDER, DIRECTOR, PARTNER, ADVISER, EMPLOYEE ETC)	APPOINTMENT/ RESIGNATION
Air Track Ltd	Chairman	1 February 2005
Graduates Yorkshire	Chairman	1 February 2008
Humber Economic Partnership	Member	Resigned: 31 December 2008
JSR Farms Ltd	Non-Executive Director	1991
Montrose Associates	Advisory Director	15 April 2002
Open University	Pro-Chancellor	1 January 2005
Quarryside Farms Ltd	Director	1985
The Lawes Agricultural Trust Co Ltd	Trustee	2003

**Arshad Javed**

NAME OF COMPANY, PARTNERSHIP, LOCAL AUTHORITY OR OTHER BODY OR ORGANISATION	NATURE OF INTEREST DATE OF (SHAREHOLDER, DIRECTOR, PARTNER, ADVISER, EMPLOYEE ETC)	APPOINTMENT/ RESIGNATION
ATL (Yorkshire) Ltd	Advisor/Consultant Director	2000 2004
Bradford and Bingley Building Society	Son is an employee	2008
Bradford Metropolitan District Council	Wife is an employee	1999
Shabab Restaurant & Frozen Foods Leeds Ltd	Director	1 August 2005
St James Hospital	Daughter is an employee	2008

**Bill Adams**

NAME OF COMPANY, PARTNERSHIP, LOCAL AUTHORITY OR OTHER BODY OR ORGANISATION	NATURE OF INTEREST DATE OF (SHAREHOLDER, DIRECTOR, PARTNER, ADVISER, EMPLOYEE ETC)	APPOINTMENT/ RESIGNATION
ESF Objective/Regional Committee	Board member	November 2006
University of Central Lancashire	Board member	September 2005
Works and Skills Board Sheffield	Board member	February 2007
Yorkshire and Humber Assembly – Regional Executive	Executive member	July 2007

**Julie Kenny**

NAME OF COMPANY, PARTNERSHIP, LOCAL AUTHORITY OR OTHER BODY OR ORGANISATION	NATURE OF INTEREST DATE OF (SHAREHOLDER, DIRECTOR, PARTNER, ADVISER, EMPLOYEE ETC)	APPOINTMENT/ RESIGNATION
Administrative Burdens Advisory Board (HMRC)	Member	1 April 2006
Barnsley & Rotherham Chamber of Commerce	Director	February 2008
Better Regulation Stakeholder Group (DWP)	Member	December 2007
British Security Industry Association	Director	1992
Castle Care – Tech Ltd	Director	2004
Creative Sheffield	Director	22 February 2006
Pyronix Ltd	Director (main employment)	1986
Secure Holdings Ltd	Director, Shareholder	1996
Secure Protection Ltd (Dormant)	Director	2001
Small Business Forum (DBRRE)	Member	March 2007
UK Commission for Employment & Skills (DIUS)	Member, Director	December 2007
Universities UK's skills policy committee	Member	Resigned 2008
University of Sheffield Management School	Board member	Resigned: 21 May 2008

**Barry Dodd**

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NAME OF COMPANY, PARTNERSHIP, LOCAL AUTHORITY OR OTHER BODY OR ORGANISATION	NATURE OF INTEREST DATE OF (SHAREHOLDER, DIRECTOR, PARTNER, ADVISER, EMPLOYEE ETC)	APPOINTMENT/ RESIGNATION
Addpower Technologies Ltd	Shareholder, Director	11 June 2001
Connect Yorkshire	Chairman	5 December 2005
Gazelle Aviation LLP	Partner	27 May 2004
GSM Graphic Arts Ltd	Shareholder, Director	2 April 1974
GSM Group Ltd	Shareholder, Director	9 June 1998
GSM Industrial Graphics Ltd	Shareholder, Director	18 June 2001
GSM Printers and Label Systems Ltd	Shareholder, Director	22 May 2001
GSM Valtech Industries Ltd	Shareholder, Director	24 March 1997
Manufacturing Advisory Service Yorkshire and the Humber	Ambassador	2 October 2006
NFU Mutual Insurance Co	Regional Board member	March 2007
Sustainable Futures Company	Chair	28 March 2008
Thirsk and Sowerby Civic Society	Member	2003
Thormanby Hall Farm		1989
Thormanby Parish Meeting	Chair	1989
Varlink Ltd	Shareholder, Director	5 August 2005
Yorkshire Universities Proof of Commercial Concept Fund	Chair	10 December 2007

**Michael Arthur**

NAME OF COMPANY, PARTNERSHIP, LOCAL AUTHORITY OR OTHER BODY OR ORGANISATION	NATURE OF INTEREST DATE OF (SHAREHOLDER, DIRECTOR, PARTNER, ADVISER, EMPLOYEE ETC)	APPOINTMENT/ RESIGNATION
Academy of Medical Sciences	Fellow	1998
American Association for the Study of Liver Disease	Member	1986
British Liver Trust	Vice President	February 2008
British Medical Association	Member	August 1977
DCSF 14 -19 Diplomas	Champion	January 2007
English Heritage	Member	1990
Hot Courses Ltd Academic Advisory Board	Member of Academic Advisory Board	April 2008
Leeds Chamber	Board member	Resigned: August 2008
Leeds Initiative	Board member	2004
Medical Research Council	Member	1 October 2008
My Science Ltd – National Science Leaning Centre Company	Director and Chair	Resigned: October 2008
N8	Board member	August 2007
National Student Survey Steering Group	Chair	Resigned: December 2008
National Trust	Member	1990
Opera North	Board member	2007
Qualifications and Curriculum Authority	Board member	December 2007
Royal College of Paediatrics and Child Health	Wife is a Fellow	1998
Royal College of Physicians	Fellow	1992
Royal Society for the Encouragement of Arts, Manufactures & Commerce	Fellow	2007
Royal Southern Yacht Club	Member	1996
Royal Yachting Association	Member	1986
Russell Group	Board member	August 2007
Southampton Primary Care Trust	Wife is an employee	1994
Tate Gallery	Member	2003
Universities UK's Research Policy Committee	Member	August 2006
University of Leeds	Vice-Chancellor	1 September 2004
US/UK Fulbright Commission	Commissioner	April 2008
Venture Capital Trust ARC	Member	2005
Venture Capital Trust Octopus	Wife is a member	2005
White Rose University Consortium	Board member	1 September 2004
Worldwide Universities Network (WUN)	Board member Chair	22 September 2004 May 2007
Worth Global Style Network	Daughter is an employee	2007
Yorkshire Universities	Board Member, Deputy Chair Chair	20 September 2004 Resigned: August 2008

**John Weighell**

NAME OF COMPANY, PARTNERSHIP, LOCAL AUTHORITY OR OTHER BODY OR ORGANISATION	NATURE OF INTEREST DATE OF (SHAREHOLDER, DIRECTOR, PARTNER, ADVISER, EMPLOYEE ETC)	APPOINTMENT/ RESIGNATION
Association of North Yorkshire Councils	Rotating Chair/Vice Chair	July 2001
Bedale and Upper Swale Drainage Board	Member	May 1999
Conservative Party	Member	November 1999
County Councils Network	Executive member	January 2006
ERDF Programme Monitoring Committee	Member	December 2007
Hambleton District Council	Member	October 1982
J K Weighell	Partner	
Leeds City Region Board	Member of Leaders Board	October 2006
Local Government Yorkshire & Humber	Member	Resigned: June 2008
North Yorkshire County Council	Leader Member	June 2001 May 1993
North Yorkshire Local Government Pension Fund	Chairman	May 2005
Y & H Rural Board	Vice Chairman	September 2006
York and North Yorkshire Development Board	Joint Chairman	April 2004
Yorkshire & Humber Assembly	Member	Resigned: 31 March 2009

**Kath Pinnock**

NAME OF COMPANY, PARTNERSHIP, LOCAL AUTHORITY OR OTHER BODY OR ORGANISATION	NATURE OF INTEREST DATE OF (SHAREHOLDER, DIRECTOR, PARTNER, ADVISER, EMPLOYEE ETC)	APPOINTMENT/ RESIGNATION
Association of Liberal Democrat Councillors	Member Chair	1995 September 2008
Environment Agency	Daughter is an employee	2001
IdeA	Peer Regional Peer	2006 September 2008
Kirklees Metropolitan Council	Elected member Deputy Leader	1987 21 January 2009
Kirklees Metropolitan Council Mayors Charity Appeal Fund	Trustee	1995
LGA Finance and Strategy Committee	Member	June 2007
Liberal Democrats	Member	1973
Scholes Village Shelter Trust	Trustee	January 2008
St Lukes Church, Cleckheaton		1974
West Yorkshire Economic Partnership	Leader	Resigned: 2008
Whitcliffe Mount High School Governing Body	Chair	1991
Yorkshire Water Services Ltd	Non-Executive Director	1 March 2008

**Mark Kirk**

NAME OF COMPANY, PARTNERSHIP, LOCAL AUTHORITY OR OTHER BODY OR ORGANISATION	NATURE OF INTEREST DATE OF (SHAREHOLDER, DIRECTOR, PARTNER, ADVISER, EMPLOYEE ETC)	APPOINTMENT/ RESIGNATION
Ashdown Club	Member	1976
Caravan Club	Member	2000
Caravanning and Camping Club	Member	2000
Community Union	Member	1974
Crosby Pathfinder	Community Director	Resigned: November 2008
Humber Economic Partnership	Director	May 2007
Humberside Airport	Director	June 2007
ITV	Son is an employee	2008
Labour Party	Member	1976
LGA Strategy and Finance	Member	2004
LGA Urban Commission	Member	2007
Lincolnshire Tourism	Director	May 2007
North Lincolnshire Council	Elected member, Leader	3 May 1995
North Lincs Homes	Son is an employee	2006
Town Team Scunthorpe	Member	2002
Yorkshire & Humber Assembly	Chair of Transport Board	June 2007

**Mark Lovell**

NAME OF COMPANY, PARTNERSHIP, LOCAL AUTHORITY OR OTHER BODY OR ORGANISATION	NATURE OF INTEREST DATE OF (SHAREHOLDER, DIRECTOR, PARTNER, ADVISER, EMPLOYEE ETC)	APPOINTMENT/ RESIGNATION
A4e	Shareholder, Executive Chairman	9 September 1991
CBI Education and Children Services Board	Chair	22 April 2004
CBI Public Services Strategy Board	Member	17 July 2007
Sheffield First Partnership	Member	Resigned: 9 April 2008
Sheffield PCT	Non-Executive Director	1 January 2007

**John Vincent**

NAME OF COMPANY, PARTNERSHIP, LOCAL AUTHORITY OR OTHER BODY OR ORGANISATION	NATURE OF INTEREST DATE OF (SHAREHOLDER, DIRECTOR, PARTNER, ADVISER, EMPLOYEE ETC)	APPOINTMENT/ RESIGNATION
AECOM UK Ltd	Director	2002
Faber Maunsell Hellas	Director	2003
Faber Maunsell Ltd	Director	2002
Faber Maunsell Polska Sp.	Director	2003
York Civic Trust	Member	2007
York College	Wife is an employee	1996

# Annex B

## Yorkshire Forward output targets 2008/09

ACTIVITIES	MIN. OF RANGE	MAX. OF RANGE	ACTUAL Q1	ACTUAL Q2	ACTUAL Q3	ACTUAL Q4	YTD ACTUAL	VARIANCE
Core outputs								
Job creation	19,703	26,657	3,509	4,843	4,904	10,379	23,635	455
Employment support	5,625	9,375	3,332	1,946	2,776	1,976	10,030	2,530
Business creation	1,081	1,419	116	79	97	1,118	1,410	160
Business support	35,200	52,800	3,200	3,801	4,236	39,991	51,228	7,228
No. of businesses assisted to collaborate with knowledge base	488	813	32	74	178	473	757	107
Regeneration £m	161.00	269.00	19.31	38.08	72.29	86.18	215.86	0.86
% of private-sector levered	30% (£64.50m)	50% (£107.50m)	40% (£7.74m)	97% (£36.9m)	59% (£42.39m)	69% (£59.11m)	68% (£146.14m)	28% (£60.14m)
Skills – No. of people assisted in higher level skills	4,800	7,200	452	900	2,048	2,821	6,221	221
Sustainable development GHG CO <sub>2</sub> M tonnes	0.38	0.63	0.00	0.00	0.00	0.78	0.78	0.28
Private sector investment levered £m (exc regen)	172.50	287.50	144.56	267.84	156.05	304.80	873.25	643.25

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