

LEP Update Paper

1. Summary

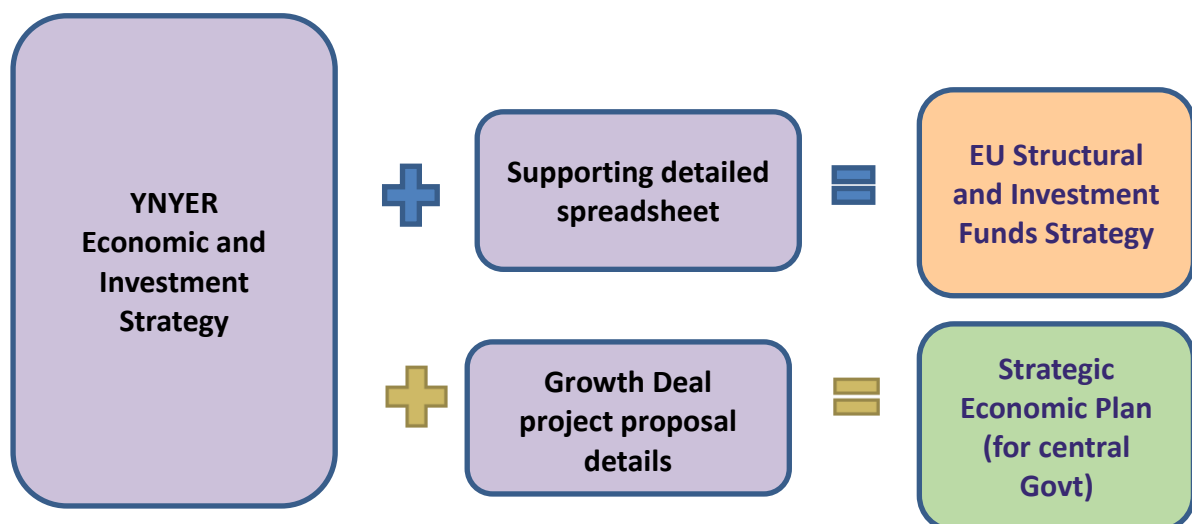
The purpose of this paper is to provide an update on the development of the LEP Strategy and address three issues;

1. Update on the LEP Priorities
2. Funding the LEP going forward
3. Increasing collaboration with the LA's

2. Update on the LEP Priorities

We have produced an 'indicative draft' of a single strategy for the LEP area. The strategy is intended to serve three purposes:

- It sets out the key economic issues, opportunities and priorities for our area in their own right
- It is the EU Strategic and Investment Funds Strategy required for EU funding purposes (supported by a separate detailed spreadsheet on activities, outputs and funding)
- It is the Strategic Economic Plan that Central Government require for Growth Deal funding purposes (to be supported by detailed business case proposals for priority projects)



A consultation took place in August and early September and included seven well attended consultation events and an online survey.

The draft strategy is enclosed as a separate document. Please note this is subject to change following the LEP Board.

Timescales;

The key deadlines are;

- Submission of draft EU strategy to Government – October 7
 - Government feedback and negotiation before finalisation of EU strategy in January 2014
 - Development of draft Strategic Economic Plan for Government (for Growth Deal funding) – December 2013 (with subsequent completion in March 2014)
- Annex 1 outlines the deadlines.

3. Funding the LEP going forward & Collaboration

In considering how best to fund the LEP going forward, we have considered;

- The need to deliver efficiency/cost savings to LA
- The need to build delivery capability
- The requirement to demonstrate collaboration and shared resources to government

The proposed model will fund LEP secretariat and delivery through 3 sources.

LA Contribution (possibly through pooled business rates) – Must be a minimum £250k

BIS Capacity Funding - £250k to match the LA contributions.

LEP Single Local Growth Fund.

The following is subject to clarification on how the New Homes Bonus element of the Single Local Growth Fund is calculated.

It is proposed that the Single Local Growth Fund supports capacity within LA partners, to support joint working and collaboration; for example it could;

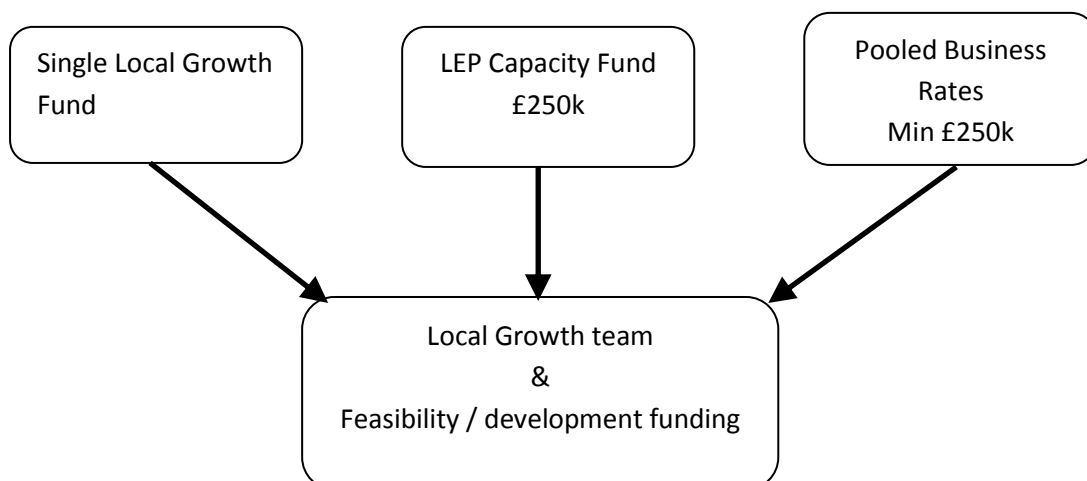
1. Fund half a post in each Local Authority
2. Provide a development pot to support the feasibility/development of investment proposals

Each Local Authority would take a lead for the LEP on a key area within the strategy, driving the agenda across the LEP area and reporting back to the LEP Board. This would create a

Local Growth Team

The areas for LA lead could cover;

Market Town Centres, Environmental Assets, Apprentices, Employability, Housing



4. Governance of the LEP Strategy

The core principles surrounding the proposed governance structure is one of skillset and proportionality. Some area, particularly around infrastructure and transport and bound by strict guidance and links to both national and local policy. Others, such as business support are driven by private sector demand and need.

The other driving factor is the requirement of EU Funding. The decision making process for EU funding needs to be clearly representative of the regions stakeholders.

Structure

It is therefore proposed that the decision making of investments is governed by the following Boards;

Business Growth – Business Support and Agri-Tech will be governed by the **main LEP Board**. The Board needs to consider its membership with regard to key stakeholders, both geographically and sectorally. Covered within business growth will be;

1. Ambitious & Profitable Small Businesses
2. Agri-tech & Bio-renewables

Skills – Skills & Employment will be governed by a newly created Skills Board. The make up of this Board will be discussed at the skills Task & Finish Group on 18th September and a verbal update given. It is likely to include, Business, FE, HE, Voluntary Sector, Local Authority. It will be chaired by a nominated LEP Board member. Covered by the Skills Board will be;

1. Business Skills for growth
2. Employability
3. Social Inclusion & Community Led Development

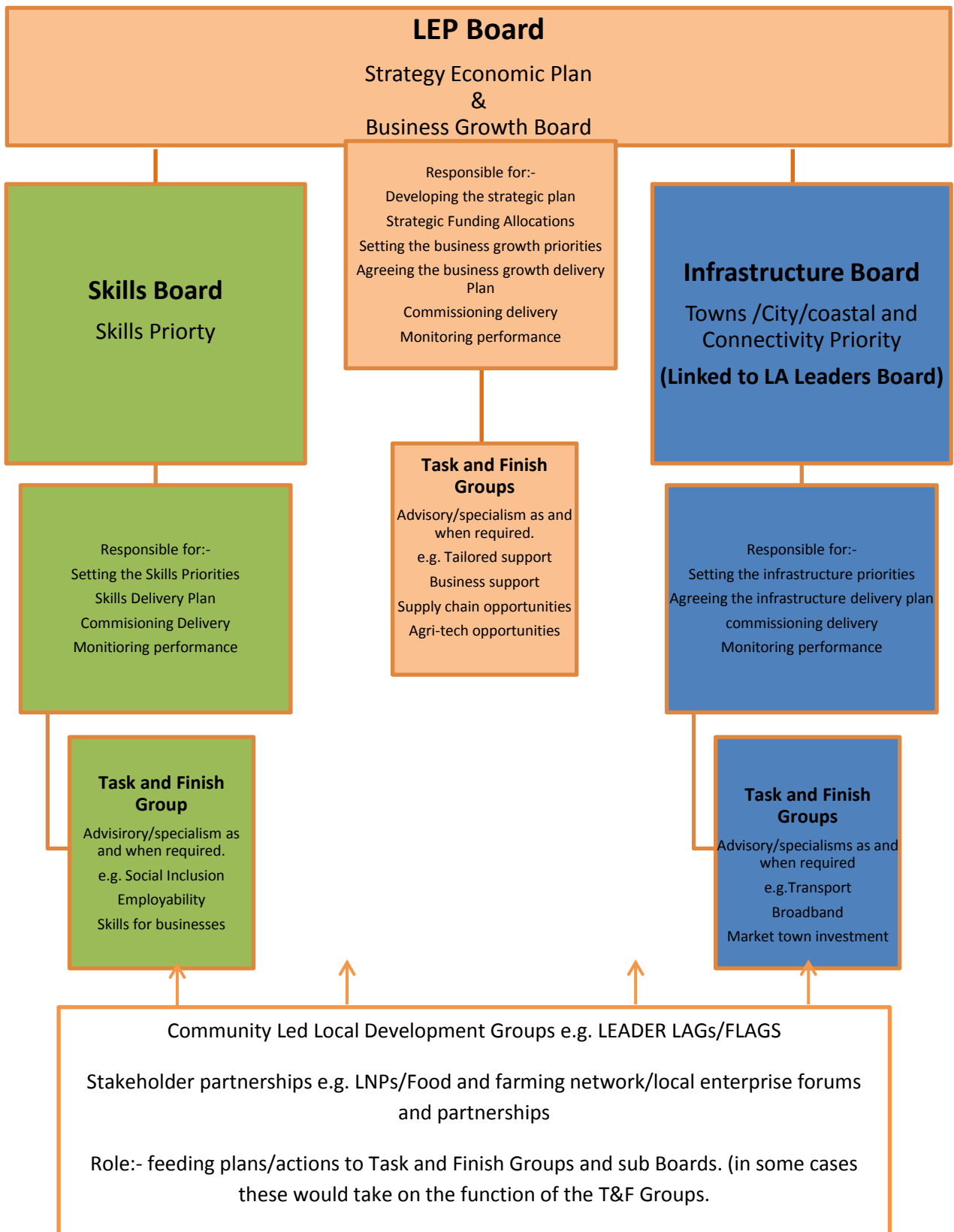
Infrastructure – The nature of infrastructure projects is that they are often driven by Local Plans. We therefore propose that the Board for Infrastructure investment will be the Local Authority Leaders Board. ***It is proposed the LEP Chair will have a voting position on the Infrastructure Board.*** Covered within infrastructure will be;

1. Employment Land & Housing Sites
2. Transport Infrastructure (Delivery to be led by Devolved Local Transport Board)
3. Environmental & Flood defences
4. Coastal Infrastructure (Delivery to be led by Humber North Bank Partnership)

Each sub Board will then maintain a working relationship with a range of existing structures to ensure collaboration and partnership working across the region. The diagram below summarises the Sub-Boards and their responsibilities.

Key Discussion – Voting Rights

A key issue for the Board to consider is voting rights when allocating funding, taking into account the two tier structure. The nature of the investment proposals coming forward are that they are likely to be in the remit of either the County council or District councils. For example housing is the responsibility of Districts, transport the responsibility of County.

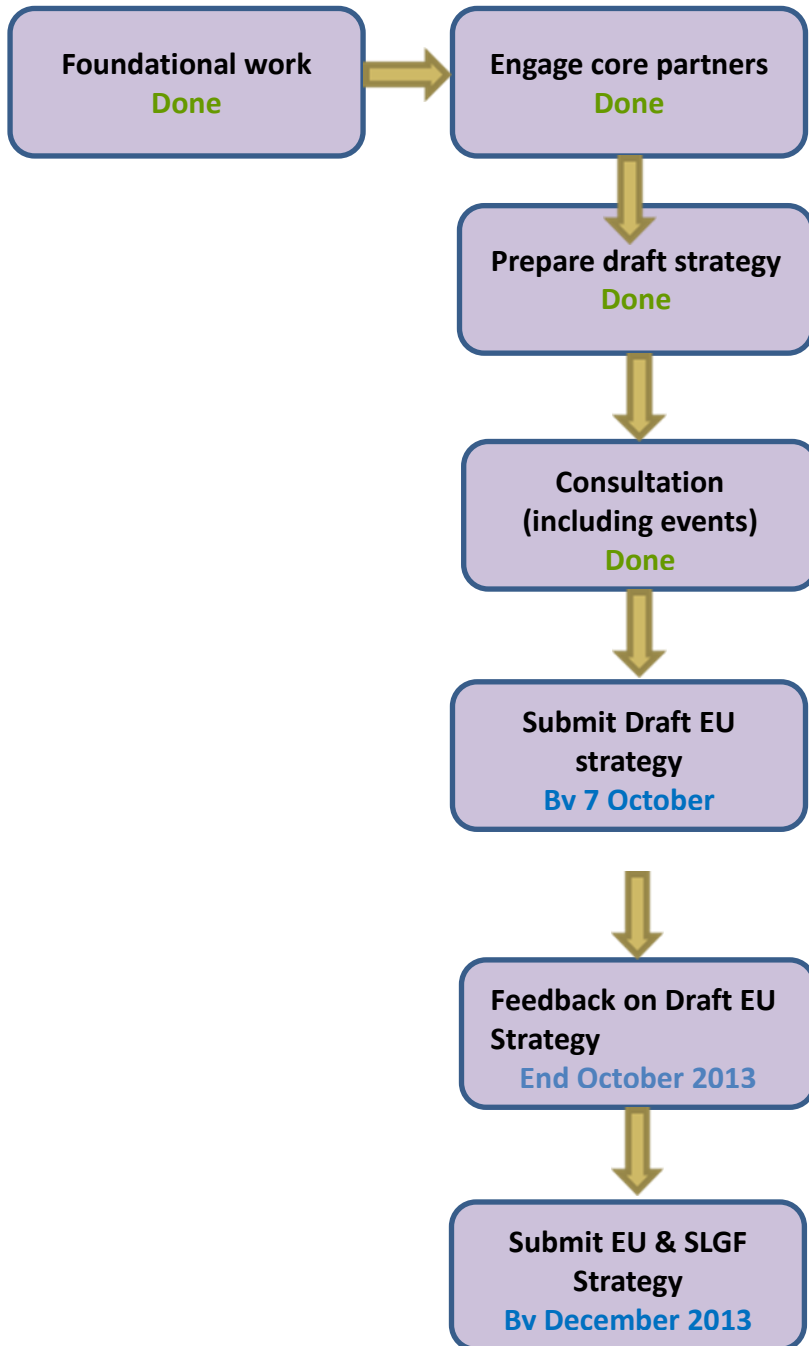


5. LGNYY are asked

1. To support the LEP Priorities identified in section 2
2. To comment on the proposed funding mechanism to build a Local Growth Team detailed in section 3
3. To comment on the proposed LEP Governance model detailed in section 4

Annex 1: Timescales

As detailed below, the draft EU Strategy has to be submitted by 7 October. Feedback will be received and this along with our Strategic Economic Plan to bid into the Single Local Growth Fund shall be submitted by December 2013. Final allocation decisions will be mid 2014.





Economic and Investment Strategy

Indicative Version for the Board

13 September 2013

Executive Summary

Business for Life

Our vision is to make York, North Yorkshire & East Riding the best place in England to grow a small business, combining a quality business location with a great quality of life.

Our quality of life is unquestionable; Harrogate is the happiest place in England, York has been voted the best place to live in Britain and Yorkshire the best tourist destination in Europe. We have an excellent cultural offer and the world's greatest cycle race is coming in 2014. This provides the backdrop to unparalleled, multi-billion private sector investments in the Agriculture Technology and Biorenewable industries. All that plus superfast broadband, easy access to Leeds and fast mainline rail links to London.

We must capitalise on this opportunity, working with our resilient and innovative small business base to deliver growth, quality jobs and to address long standing issues of coastal deprivation and a low wage culture in rural areas.

Most businesses stay where they start. Growing our existing businesses, whilst inspiring enterprise, is part of a long term strategy for growth that capitalises on our concentration of small and micro-enterprises and a pipeline of **multi-billion pound** private sector investments. Within five years we will combine an enterprising, innovative, outward looking culture with unique economic assets and strengths. So we will provide a support offer and environment that backs businesses 100%, with excellent ICT and accommodation, networking and contract opportunities and access to high quality advice that supports new and existing SMEs alike.

UK leading assets in the food manufacturing, agriculture technology and biorenewables will establish a worldwide reputation and create thousands of new jobs. Major tourism investments coupled with offshore opportunities and a new potash mine in Whitby have the potential to tackle head on the declining role of the seaside town and make the Yorkshire Coast the **Opportunity Coast**. Whilst the university based knowledge and R&D assets of York can become a conduit to connect our area to the best expertise across Britain and beyond.

We will also use this as an opportunity to drive change. We have some of the most successful town centres in the country in places such as Beverley and Skipton but we also have challenges. Towns such as Northallerton and Ripon are suffering from public sector cuts. We must use this as an opportunity to support our towns to think as a business, to understand their place in the market and to invest to be successful and sustainable long term.

And we mustn't forget the importance of the Visitor Economy, our area has an outstanding offer that few if any can match. Two stunning national parks, one of the finest coastlines in England, the historic city of York and characterful market towns. The tourism industry employs many thousands of people. But we must ensure the offer reflects changing customer demand and increasing customer expectations. If we want to tackle issues such as seasonality and to increase visitor spend and length of stay, we must be world class, not just in our assets, but by investing in skills and the use of technology to deliver a world class visitor experience.

Achieving this will mean we become **a thriving, prosperous place where businesses are growing in size, number and long term profitability.**

We will focus on delivering **five priorities** to enable business led growth and achieve these outcomes:

Profitable and ambitious small and micro businesses

A UK leader in food manufacturing, agriculture and biorenewables

Skills for businesses and employability

Investing in our places to unlock growth

A well connected economy

These priorities connect to one another and will *together* drive business growth.



This Economic and Investment Strategy is a single strategy for our area that serves three purposes:

- It **sets out the key economic issues, opportunities and priorities** for our area in their own right
- It is the **EU Structural and Investment Funds Strategy** required for EU funding purposes (supported by a separate detailed spreadsheet on activities, outputs and funding)
- It is the **Strategic Economic Plan** that Central Government require for Growth Deal funding purposes (to be supported by detailed business case proposals for priority projects)

Businesses and their growth are at the heart of our approach. Change must be demand led and business driven. And it must deliver hard outcomes. We will measure success by progress made towards the following outcomes:

- Higher total GVA (economic output)
- More jobs
- Reduced carbon emissions

For businesses, success will mean increased business profitability, productivity and resilience. For people, it will also mean rising incomes, and we will strive to ensure that economic growth goes hand in hand with an excellent quality of life and a high quality environment. We will take account of this range of factors in how we monitor success.

Our priorities are rooted in economic assessment and evidence, informed by our distinct economic geography, and have been developed through a process of extensive stakeholder consultation and engagement. That has made business input central and also involved local government and statutory agencies, education and the voluntary and community sector. Our delivery will be collaborative, within the LEP area and through working with organisations outside it, including the Leeds City Region, Humber and Tees Valley LEPs.

Priorities and Core Activities

We have ambitious goals under each of our five, connected priorities, and we have identified core activities (deliverables) for each. These are:

Priority 1: Profitable and ambitious small and micro businesses	
<p>Goal</p> <p>To enable all businesses with an ambition to grow to do so. This will help growing businesses to achieve greater overall size and profitability.</p> <p>As a result, local growth will outstrip benchmark growth rates, in a sustainable manner.</p>	<p>Core Activities (Deliverables)</p> <ul style="list-style-type: none"> [a] Access to business support [b] Enterprise – new business starts [c] Innovation and technology [d] Planning, regulation and procurement [e] Market development [f] Business skills
Priority 2: A UK leader in food manufacturing, agriculture and biorenewables	
<p>Goal</p> <p>To be a global leader in agri-tech and biorenewables</p> <p>Implementing the <i>BioVale</i> proposal, including expansion of the FERA site at Sand Hutton, and associated work in the low carbon and food sectors and supply chains will fuel growth across the LEP area.</p>	<p>Core Activities (Deliverables)</p> <ul style="list-style-type: none"> [a] A national exemplar Sand Hutton Agri-Innovation Campus and an agri-tech innovation programme [b] Progress the BioVale vision for the biorenewables sector and exploit wider low carbon opportunities [c] Develop supply chain opportunities based on major investments [d] A farm energy & resource efficiency programme
Priority 3: Skills for business and employability	
<p>Goal</p> <p>To have one of the best workforces in the country, with ambitious and enterprising young people, that meet the needs of businesses now and in the future.</p> <p>Achieving that will drive business growth and competitiveness and support high employment rates, inclusive communities and heightened incomes.</p>	<p>Core Activities (Deliverables)</p> <ul style="list-style-type: none"> [a] Employability skills [b] Apprenticeships and work experience [c] Connecting business to education [d] Upskilling the workforce and sector skills needs [e] Supporting people to access employment, especially young people [f] Active inclusion and community led solutions
Priority 4: Investing in our places to unlock growth	
<p>Goal</p> <p>To ensure a high quality environment and enhanced housing across the LEP area consistent with the vision of attracting people who are starting or running a business, and the skilled employees they will need.</p> <p>We will realise strategic opportunities to unlock and transform growth and development prospects in prioritised locations</p>	<p>Core Activities (Deliverables)</p> <ul style="list-style-type: none"> [a] Strategic Investments to maximise the potential of our major Growth corridor [b] Investments to ensure a strong and growing coastal economy [c] Capitalising on the growth of our neighbouring cities [d] Locally led physical development in the Dales, Moors and Wolds
Priority 5: A well connected economy	
<p>Goal</p> <p>Businesses across our area will be well connected to their customers, markets and workforce and that our transport, mobile and broadband network is not a barrier to growth but is an enabler for thriving, prosperous places where businesses are able to grow.</p>	<p>Core Activities (Deliverables)</p> <ul style="list-style-type: none"> [a] Improving east – west road and rail connections [b] Managing urban traffic and transport congestion and addressing pinch points [c] Maintaining our current transport network [d] Improving access to superfast broadband [e] Identifying and addressing specific local transport issues

Some areas of potential will be delivered by actions across the strategy. For instance the visitor economy requires investment in business development, skills, and infrastructure. The same is true for other sectors that are not specifically identified as priorities.

Delivery and Resources

We will use a range of funding and influencing mechanisms to deliver the strategy, including existing funding streams, private sector investment, central government and EU funding. In our role as the lead for EU Structural and Investment Funds Strategy for the LEP area, we set out how these EU Funds will be used to deliver our priorities.

The EU funds combine European Regional Development Fund (ERDF) and European Social Fund (ESF) as well as resources focused on rural areas and fisheries, and there are rules about what funds can be spent on what activities focused. Below we set out how we intend to allocate European resources across the ten 'core themes'. The intent is to maximise investment in the area of SME competitiveness (for ERDF) and business Skills (for ESF).

[Please see Board Paper for details of EU Strategic & Investment Funding]

[Please see Board Paper for Governance proposals]

1. Introduction

York, North Yorkshire and East Riding Local Enterprise Partnership will work with partners to transform the economic ambitions of our area, turning major opportunities into tangible achievements and delivering business led growth.

This Economic and Investment Strategy is a single strategy for our area that serves three purposes:

- It sets out the key economic issues, opportunities and priorities for our area in their own right
- It is the EU Strategic and Investment Funds Strategy required for EU funding purposes (supported by a separate detailed spreadsheet on activities, outputs and funding)
- It is the Strategic Economic Plan that Central Government require for Growth Deal funding purposes (to be supported by detailed business case proposals for priority projects)

The strategy is owned by stakeholders across our area and will focus activity and resources on priorities, align the work of partners, and ensure we deliver clear outcomes that add value.

[add additional detail on key messages for government]

Our area is genuinely distinctive. Small and micro enterprises predominate. We enjoy a wonderful geography of market towns, coastline and countryside, complemented by the famous centres of Harrogate and York. And our agriculture, food manufacturing and energy sectors are pronounced, full of potential and entwined with our rural character. These assets drive our economy and will be central to future prosperity.

Our vision is to make York, North Yorkshire & East Riding the best place in England to grow a small business, combining a quality business location with a great quality of life.

This will make us a thriving, prosperous place where businesses are growing in size, number and long term profitability.

We will focus on delivering **five priorities** to enable business led growth and achieve these outcomes:

Profitable and ambitious small and micro businesses

A UK leader in food manufacturing, agriculture and biorenewables

Skills for business and employability

Investing in our places to unlock growth

A well connected economy

As the diagram shows (overleaf) these priorities connect to one another and will *together* drive business growth. For instance, small businesses in the food manufacturing, agriculture and biorenewables sector

can benefit from business support and enhanced skills levels. The attributes of the places they are based in – rural and urban – affect their success, as do good connections to markets.

Five priorities working as one for business growth



As the vision makes clear, businesses and their growth are at the heart of our approach. Change must be demand led and business driven. And it must deliver hard outcomes. We will measure success by progress made towards the following outcomes:¹

- Higher total GVA (economic output)
- More jobs
- Reduced carbon emissions

For businesses, success will mean increased business profitability, productivity and resilience. For people, it will also mean rising incomes, and we will strive to ensure that economic growth goes hand in hand with an excellent quality of life and a high quality environment. We will take account of this range of factors in how we monitor success.

¹ Targets will be agreed before final submission and once resources are clear. Profitability is not shown in the outcomes as it cannot be easily measured - we will use productivity and average incomes as proxy measures for it.

2. Economic Geography and Evidence

In Summary

This section describes the wonderful, distinctive and sometimes challenging area that our strategy covers. It combines market towns, cities, coast and countryside. It spans county, unitary and district councils and has overlaps with two other LEP areas. It combines an overall feel of attractiveness and rurality with pronounced contrasts and local assets and opportunities.

We set out the economic evidence that describes our area, its strengths and challenges, and which spans business stock and profile, sectors, employment, skill and other relevant statistics. We use the evidence and identified areas of market failure to inform priority setting and strategic investments.

a) Economic Geography

Overview

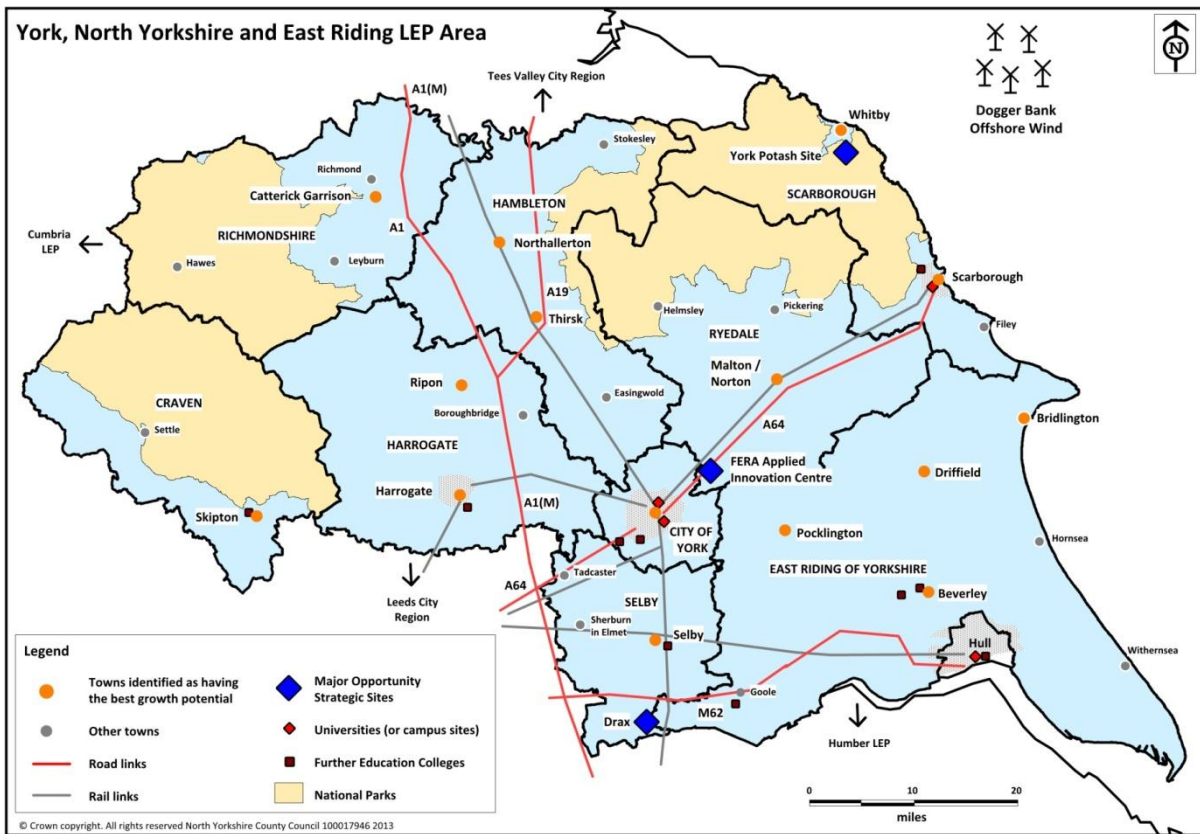
The LEP is one of largest economies in England by land area and covers more than 10,700 sq km. It has a population of around 1.14 million people and brings together an extensive and predominantly rural area running from north of Leeds up to Scarborough and Whitby. Its more southerly parts cover the districts of Harrogate,

Economy:	£19.3bn
Population:	1.14 million
Area:	10,700 sq km

Selby, Craven and the City of York, all of which are also part of the Leeds City Region. Further north it covers the North Yorkshire districts of Ryedale, Hambleton, Richmondshire and Scarborough, with connections to the Tees Valley becoming stronger in the most northerly areas. The East Riding is the largest unitary authority in our area and extends from north of the Humber estuary to Bridlington, taking in centres such as Goole, Beverley and Driffield. It is also part of the Humber LEP area.

Our area's economy presents a combination of strengths, assets and unfulfilled potential (as sections 2b and 2c detail). Employment, basic skills and business survival rates are above average and we have strong business sectors such as food and agriculture, energy and the visitor economy. Yet our productivity and GVA levels are below what we would expect given our size and skills base. There are also considerable differences at a local level that are masked by overall statistics. Our area includes localities that have surprisingly high and sometimes hidden deprivation. Elsewhere certain sectors, such as manufacturing and engineering, have localised hotspots. As our most urban area, the City Of York also has distinct features, for instance connected to its business base and university and science based assets.

Figure 1: Map of the LEP area



[note: map to be updated - remove references to growth towns, and add transport links, etc.]

Local Economic Areas

York, North Yorkshire and East Riding functions as a whole economic area, with similarities, shared interests and connections across our terrain. But it is far from homogeneous. Our geography combines seven local economic areas, each with its own distinctive features, assets and opportunities. These are complicated because they do not have clear boundaries, overlap with each other and often contain parts of multiple local authority districts. Nevertheless they are real entities recognised by people and businesses based there. Understanding and working with the grain of this geography is vital if we are to get the best from it.

[add picture]

The table and schematic map shows how these areas relate to one another whilst the table that follows sets out the main towns and local authority districts within each.

Figure 2: Schematic map of Local Economic Areas

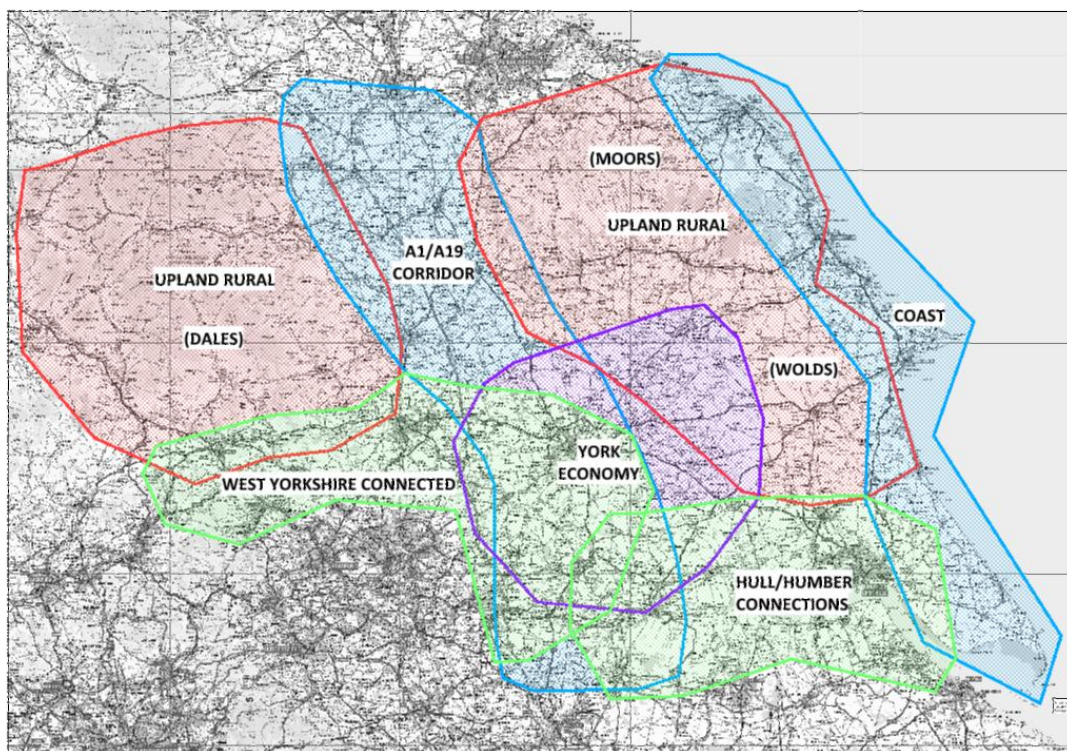


Table 1: Local Economic Areas

Local Economic Area	Main settlements	Main local authority areas	Connections to other LEPs
A1/A19 corridor	Northallerton, Thirsk, Richmond, Catterick Garrison, Bedale/Leeming Bar, Ripon, Boroughbridge, Easingwold, Knaresborough, Tadcaster, Sherburn in Elmet	Most of Hambleton, parts of Richmondshire, Selby and Harrogate, all of York (covered separately)	Leeds City Region, Tees Valley
York & connected	York, Malton & Norton, Pocklington, Selby, Market Weighton, Tadcaster, Easingwold	All of York, parts of East Riding, Ryedale, Harrogate and Selby	Leeds City Region, Humber
Dales	Skipton, Settle, Grassington, Ingleton, Hawes, Pateley Bridge Leyburn, Masham, Reeth, Richmond, Bedale	All of Craven, most of Richmondshire	Leeds City Region, Cumbria, Lancashire
Moors & Wolds	Pickering, Malton & Norton, Helmsley, Kirkbymoorside, Driffield, Whitby, Esk Valley, Pocklington, Market Weighton	All of Ryedale, parts of Scarborough and East Riding of Yorkshire	Humber, Tees Valley
Yorkshire Coast	Scarborough, Bridlington, Whitby, Filey, Hornsea, Withernsea	Most of Scarborough, parts of East Riding of Yorkshire	Humber, Tees Valley
West Yorkshire connected	Harrogate, Selby, Skipton, York, Tadcaster, Sherburn in Elmet	All of York and Selby, parts of Craven and Harrogate	Leeds City Region
Hull & Humber connected	Beverley, Goole, Hedon, Humber Bridge area (Hessle/Cottingham), Withernsea, Hornsea, Market Weighton	East Riding of Yorkshire	Humber

The governance structures that cover the LEP area and the Local Economic Areas are complex. The LEP area contains two unitary authorities (York and East Riding), a county council (North Yorkshire), and seven district/borough councils within North Yorkshire (Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough, Selby). All three upper tier authorities and four of the district/borough councils also fall within another LEP area (The Humber for East Riding, Leeds City Region for the others). There are also separate planning areas and mechanisms for the two national parks that fall almost entirely within our area – the North York Moors and Yorkshire Dales. Whilst both have landscapes with their own outstanding qualities, the two Parks share other issues – for instance to do with remoteness, the environment, planning and housing.

There is no one easy, structural way round this complex geography. The solution lies in a shared commitment to work together and to apply common sense and flexibility in making things work. Partners across the area recognise their linkages and the advantages of working together. We will capitalise on this in the way that we develop governance and delivery structures and pool resources to maximise our impact (see section 6). At the same time, we will build on the distinctiveness of our Local Economic Areas and respond to the specific issues and opportunities in each. The following sections describe each of these areas and identify key economic roles, challenges and assets.

“Shared Commitment to working together”

The A1/A19 Corridor

This area is the economic spine of the LEP area, with the A1 and A19 connecting our region with Middlesbrough, Darlington and Tyneside to the north and the Leeds City Region to the south. The corridor takes in towns including Northallerton, Ripon, Richmond, Thirsk and Boroughbridge, as well as the City of York (although that is treated as a separate area of its own given its size and distinct role).

Economically this area is important for businesses that require rapid access to the trunk road and rail networks, with the two food based business parks at Leeming Bar and Melmerby (both full to capacity) a good example. There is also a concentration of public sector and defence activity in the area. This creates both challenge and opportunities. Cuts to local authorities and other public sector bodies will have a significant employment impacts in the areas affected. Northallerton is a prime example, where the prison is closing and the County Council are shedding large numbers of jobs. In Ripon, the closure of the Royal Engineers barracks will have economic shockwaves, but it also opens up new opportunities for growth in the town. Similarly the creation of a town centre at Catterick Garrison could have sizeable benefits.

The A1/A19 will be one of the most attractive bases for new development because of its transport connections, including the East Coast Mainline Rail, and because of its predominantly flat terrain. A good example is the new £100 million five star destination ‘resort’ at Flaxby, which will include high quality spa, restaurant, hotel and leisure facilities and prides itself on easy access to Yorkshire’s attractions, including local ones such as Knaresborough, Fountains Abbey, Newby Hall and Lightwater Valley.

York & connected

The City of York is the largest centre in our area. It is an important entity in its own right and exerts an influence over much of the LEP area. The York & connected area takes in the places where this influence is strongest – towns such as Malton & Norton, Pocklington, Selby, Market Weighton, Tadcaster and Easingwold.

The city itself is a major asset, and has been voted the nation's most beautiful and the best city to live in. It has two universities, including leading edge R&D strengths and enjoys excellent rail links to London and Scotland as well as to the coast and to Leeds and Manchester (a route where journeys will be more rapid with planned improvements). The HD2 rail terminal in Leeds will also connect to York. The city has important road links too, although suffers congestion problems in the city centre and on its outer ring road. The city's economic structure differs from that of the wider LEP area. It has more large businesses, less land based industry, and more businesses in the finance and insurance, education, and professional, scientific & technical sectors. But it shares a pronounced tourism sector and, despite some high profile closures, some important engineering and manufacturing strengths.

Economically there are paradoxes - GVA per head and productivity in the city have significantly declined *relative* to averages for England and the rest of the LEP area. Yet in other respects the city is buoyant – with healthy employment levels, skills and incomes in much (but not all) of the city. The York & connected area also presents huge opportunities, including being at the heart of BioVale proposals for the biorenewables industry.

Features and developments outside of York itself include the major energy industry concentration around Drax power station near Selby, which is converting to biofuels co-firing and has leading proposals for carbon capture and storage. In Malton & Norton, there are examples of excellent engineering companies and training facilities and significant proposals for local development. The FERA site at Sand Hutton is just outside the city of York boundary, but within the wider York & connected area.

The Dales

The Dales area defined here encompasses the Yorkshire Dales national park, the Nidderdale AONB, and nearby towns such as Skipton and Richmond which provide access and are connected to it. In terms of land area, the Dales is dominated by the national park, with its dramatic limestone scenery and extensive uplands. It includes famous features such as Malham Cove, Ingleborough Caves, whilst the Three Peaks Challenge walk attracts thousands of visitors annually. The population within the park is small and dispersed, and the gateway towns such as Skipton are important centres of population and employment. The southern areas of the Dales are connected to Leeds City Region centres such as Leeds, Bradford and Keighley, whilst the Dales also has connections to Lancashire and Cumbria to the north and west, as well as to Darlington to the north east.

On the surface, economic statistics for the Dales look healthy, with high employment and skills levels. However, median incomes are low and there is significant 'in-work poverty'. The heart of the economy is based on food and agriculture and tourism based businesses. Microenterprises dominate even more than average for the LEP area, and levels of self-employment are high, especially in Craven.

Strategic challenges include the pressures faced by upland hills farms, housing demand and affordability, and the need to marry together economic activity and environmental protection. The role of natural

assets and sustainable local economic development in the area will be continue to be important, including recognition of the role of the natural environment in functions such as water management, maintaining biodiversity and attracting 'eco-tourism'. Flood prevention is important in Skipton too and has the capacity to open up new development opportunities and business growth. In 2014, the Tour de France will weave its way through the heart of the Dales, attracting an influx of visitors and further showing off its attractions to a global audience.

The Moors and Wolds

This area covers a large land area in the north east of the LEP area, and comprises the North York Moors national park, the Yorkshire Wolds and Howardian Hills AONBs, and the local areas and towns connected to them such as Whitby, Pickering, Driffield and Pocklington.

The Moors and Wolds has a markedly different landscape character to the Dales but shares many of the same issues and opportunities. These include an economy with a strong agriculture, food and visitor economy focus; the pressures of integrating economic and environmental concerns; and a combination of good skills and employment levels but often low incomes.

There are also distinctive features and opportunities. These include a good number of engineering companies in parts of Ryedale, Scarborough and the East Riding, and forestry activity, where Dalby Forest is a tourism asset and a magnet for mountain bikers. The proposed Potash mine near Whitby could further stimulate considerable investment and economic opportunity.

Yorkshire Coast

The Yorkshire Coast stretches from Staithes and Whitby down to Spurn Head and the Humber estuary, taking in coastal settlements and resorts such as Scarborough, Bridlington, Filey, Hornsea and Withernsea. It overlaps with areas of the Moors & Wolds and the Hull & Humber connected areas and has links to both the Tees Valley and Humber LEP areas.

Economically, coastal areas, present some of the greatest regeneration in needs in the LEP area, with unemployment, deprivation and skills issues in most towns, and most acute in the south of the Yorkshire Coast. As the tourism market has changed, so resorts need to widen and upgrade their offer, and to strengthen non tourism related aspects of their economies.

In Scarborough tourism activity is combined with a significant manufacturing and engineering base. Successful events such as the Scarborough Engineering Week and the Employability Charter are looking to help to equip a new generation with the skills needed in the industry, and at the same time investments such as £15m water park, and the continuing rise of the surfing scene will continue to enhance its attractiveness to visitors. Other Yorkshire Coast opportunities include Potash mining and offshore wind, with potential to service turbines from Yorkshire Coast harbours such as Bridlington or Whitby. Coastal erosion and sea level rise present threats to stretches of the coast, and other areas such as Flamborough Head are important for birdlife and conservation. A long term sustainable approach to development that balances needs and looks at the future roles of settlements will be important.

West Yorkshire connected

This area includes the major centre of Harrogate and important market towns such as Selby, Skipton, Tadcaster and Sherburn in Elmet. It includes all of the local authority areas of York and Selby and much

of Craven and Harrogate, and all four are also part of the Leeds City Region. Links to West Yorkshire, especially Leeds and Bradford, are stronger than elsewhere in the LEP, with more and faster road and rail connections and significant commuting flows.

Nevertheless the area does not look wholly to the south. It is its own place and has much in common with the rest of North Yorkshire – including a rural landscape, attractive market towns, high levels of self-employment and a pronounced food and agriculture sector. The combination of a North Yorkshire base and good access to Leeds is a winner for many, resulting in high demand to locate in the area, high house prices and some of the highest earnings in the LEP area.

Opportunities and challenges include tackling congestion which restricts growth in Harrogate (including through better rail links to Leeds), making the most of the International Conference & Exhibition Centre, taking advantage of low carbon energy opportunities, and development potential at sites in Skipton and Selby.

Hull & Humber Connected

This area includes East Riding settlements with a connection to the Hull economy, including a ring of places just outside the Hull boundary (e.g. Beverley, Hedon, Cottingham, Brough), some of them close to the Humber Bridge. It stretches out to include the towns of Goole, Market Weighton, Hornsea and Withernsea and has overlaps with the Moors & Wolds, York & connected, and Yorkshire Coast economic areas. It contains a mixture of flourishing settlements and area of high employment with regeneration challenges – notably in coastal settlements such as Hornsea and Withernsea.

Many of the area's economic opportunities relate to the Humber LEP, its ports and growth of the renewable energy industry around them, especially offshore wind. Wider energy opportunities such as in biorenewables also connect to the land area, the ports, and the chemicals industry.

b) Statistical Economic Evidence

As well as the qualitative evidence described in the sections on local economic areas, statistics are available about the economic performance of the LEP area. These are often (if not always) available down to local authority district level, but rarely at a more tailored or detailed level, such as for rurality, local wards and neighbourhoods, or the local economic areas that have been discussed.

i) Population and Land Area

York, North Yorkshire and East Riding is the largest LEP area in England by land area (10,718 sq. km) but also has lower population density than most – 106 people per sq. km. Its population is 1.14m. Table 2 shows how this is spread across local authority areas, forecasts for population growth, and ageing population statistics.

Table 2: Population trends, projections and age profile by area

Area	Population			Population growth (%)		% aged 65+	
	2005	2012	2021 (projected)	2005-2012	2011-2021	2011	2021 (projected)
East Riding of Yorkshire	329,400	335,900	358,600	2.0%	7.1%	21.6	26.1
York	189,200	200,000	213,000	5.7%	7.6%	17.0	19.4
Craven	54,700	55,500	57,000	1.5%	1.8%	22.9	29.1
Hambleton	85,300	89,700	93,000	5.2%	3.3%	21.7	27.2
Harrogate	154,000	158,600	166,000	3.0%	4.4%	19.6	23.7
Richmondshire	49,300	53,900	54,000	9.3%	1.9%	17.2	22.0
Ryedale	52,500	52,100	54,000	-0.8%	3.8%	23.4	28.1
Scarborough	108,200	108,600	111,000	0.4%	1.8%	23.5	27.7
Selby	78,500	84,100	93,000	7.1%	10.7%	17.0	20.8
North Yorkshire	582,500	602,600	628,000	3.5%	4.5%	20.7	25.2
Total LEP area	1,101,100	1,138,500	1,199,600	3.4%	5.8%	20.3	24.4
England	50.47m	53.50m	57.69m	6.0%	8.6%	16.4	18.7

(source: Interim 2011 based Subnational Population Projections, ONS)

Key points are that:

- Just over a half of the LEP area's population is in North Yorkshire, with the remainder split between East Riding and York. The most populated districts within North Yorkshire are Harrogate and Scarborough.
- The LEP area's population is forecast to grow by 8.6% between 2011 and 2021, with the highest rate of growth by some way being in Selby, the only area forecast to see growth above England average. Projected growth is next highest in York and the East Riding and lowest in Scarborough and Craven.
- Just over 20% of the LEP population is 65+, four percentage points (and 25%) higher than the England average. This gap is expected to grow with the LEP area 65+ population rising by four

percentage points – not far off double the national increase. The LEP areas with the highest proportion of people aged 65+ now, and the greatest projected rises in this group in the future, are the Dales, Moors & Wolds and Yorkshire Coast areas. The lowest proportions are in York and Selby.

ii) Growth, Productivity and Economic Forecasts

The tables show total GVA (output) and GVA per head for the LEP area as a whole and the three upper tier local authority areas within it. They are based on national statistics which are not broke down to local area (modelled growth forecasts do that in the following subsection).

Table 3: Total GVA (£million) – 2005-2011

	2005	2006	2007	2008	2009	2010	2011
England	947,218	997,356	1,056,933	1,080,363	1,063,683	1,099,713	1,124,881
LEP area	16,689	17,522	18,353	18,652	18,231	18,856	19,336
North Yorkshire	8,692	9,192	9,680	9,877	9,659	10,006	10,322
York	3,843	3,943	4,098	4,134	4,026	4,098	4,134
East Riding	4,154	4,387	4,575	4,641	4,546	4,752	4,880

Table 4: £GVA per head – 2005-2011

	2005	2006	2007	2008	2009	2010	2011
England	18,769	19,647	20,681	20,992	20,531	21,054	21,349
North Yorkshire	14,922	15,708	16,429	16,643	16,161	16,685	17,148
York	20,309	20,647	21,288	21,212	20,253	20,242	20,103
East Riding	12,611	13,238	13,701	13,809	13,488	14,030	14,349

Key points are:

- The LEP economy was worth £19.3 billion in 2011, a rise of 15.9% compared to a rise of 18.8% in England.
- Below the headline LEP level data there are marked differences across the LEP area. GVA in North Yorkshire and East Riding were actually on a par with national trends with a rise of 18.8% in North Yorkshire and 17.5% in East Riding. Those figures are more than double the equivalent rise in York – 7.6%.
- GVA per head data is not available for the whole LEP area, but the same trends are evident as for total GVA in the three upper tier areas. Rises of 13.8% and 14.9% between 2005 and 2011 in East Riding and North Yorkshire respectively were slightly above national average (13.7%). The same figure fell by 1.0% in York.

Productivity statistics are only available at upper tier local authority level and are shown based on GVA per hour worked (for those in work) compared to an England average index of 100.

Table 5: Productivity

GVA per hour worked	2005	2006	2007	2008	2009	2010	2011
East Riding of Yorkshire	94.4	93.4	92.0	91.0	89.9	88.9	88.0
York	101.9	100.1	98.1	95.0	92.2	89.0	87.4
North Yorkshire CC	84.8	83.9	83.0	82.9	82.0	81.6	81.5

(Source: nominal GVA per hour worked, by NUTS 3 subregions, ONS)

Key points are:

- Productivity is significantly below England average across all three parts of the LEP area, just over 80% of England average in North Yorkshire, and nearer to 90% in York and East Riding.
- Productivity has declined consistently year on year between 2005 and 2011 relative to England average. It is unclear how much that is due to economic structure and lower value sectors compared to national average, or to efficiency in the workplace. The decline has been particularly pronounced in York.
- Productivity per worker figures (not shown above) which also take into account hours worked are also well below national average and declining.

Growth Forecasts

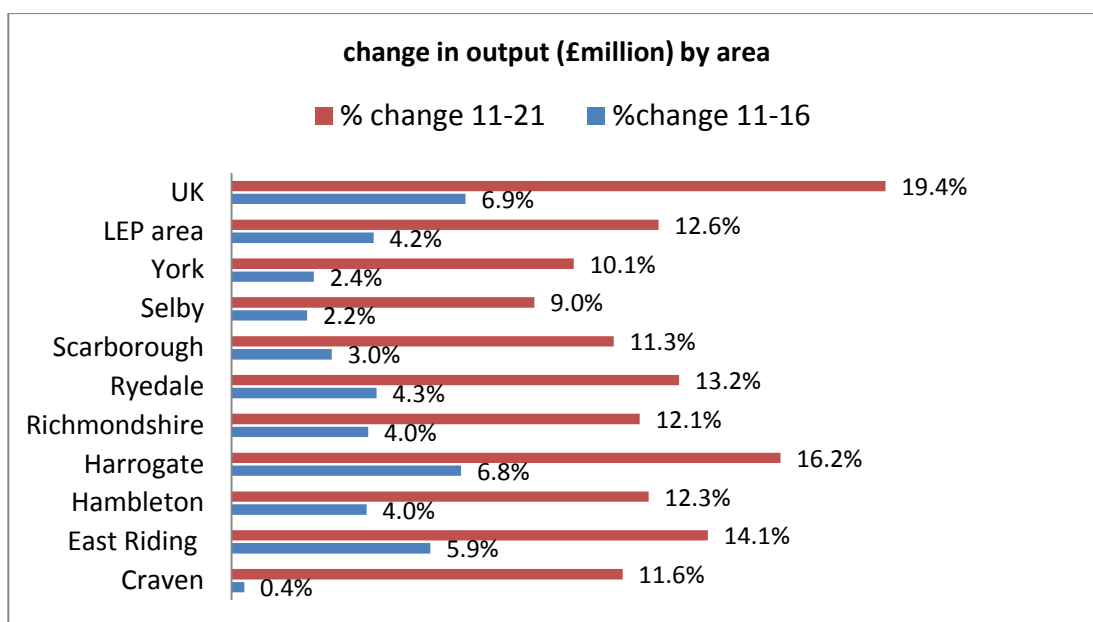
The Regional Econometric Model uses calculations, assumptions and trend data to estimate how GVA output data varies by local authority area and makes forecasts for future growth. Table 5 shows the modelled data for 2011 (output for all industry sectors) and forecasts for 2016 and 2021, whilst figure 3 shows the forecast percentage change over time compared to UK average based on this data. Forecasts do not take into account local interventions and policies that may enhance growth, such as major Regional Growth Fund projects or investments in the pipeline.

Table 6: Forecast Output by Area

Area	Output £million		
	2011	2016	2021
Craven	1,101	1,105	1,228
East Riding	4,695	4,972	5,357
Hambleton	1,541	1,602	1,731
Harrogate	3,111	3,322	3,617
Richmondshire	663	690	743
Ryedale	855	891	968
Scarborough	1,538	1,584	1,712
Selby	1,254	1,282	1,367
York	3,970	4,066	4,372
LEP area	18,728	19,515	21,095

(source: Regional Econometric Model, provided by Experian for REIU, September 2013)

Figure 3: Change in output by locality 2011-2021 (REM data)



Key points are that:

- Growth forecasts for the LEP area are positive but modest and significantly below UK average
- Growth is expected to be slow to 2016 but to be higher between 2016 and 2021
- Within the LEP area, the highest growth forecasts are for Harrogate, East Riding and Ryedale, with the lowest forecasts for Selby and Craven

iii) Business Profile – stock and size profile, self-employment and start up and closure rates

Table 7: Businesses by size profile

Area	Micro (<10)		Small (10-49)		Medium (50-249)		Large (>250)		Total No.
	No.	%	No.	%	No.	%	No.	%	
Craven	2,850	90.2	260	8.2	40	1.3	10	0.3	3,160
Hambleton	4,330	90.7	390	8.2	45	0.9	10	0.2	4,775
Harrogate	7,155	90.0	650	8.2	120	1.5	25	0.3	7,950
Richmondshire	2,295	91.4	195	7.8	20	0.8	0	0.0	2,510
Ryedale	2,975	90.3	275	8.3	40	1.2	5	0.2	3,295
Scarborough	3,340	87.5	425	11.1	45	1.2	5	0.1	3,815
Selby	2,865	90.8	250	7.9	35	1.1	5	0.2	3,155
York	5,045	86.8	630	10.8	110	1.9	30	0.5	5,815
East Riding	10,960	90.1	1,035	8.5	150	1.2	20	0.2	12,165
Total LEP area	41,815	89.7	4,110	8.8	605	1.3	110	0.2	46,640
England	1.63m	88.7	170,430	9.2	30,140	1.6	7,680	0.4	1,842,680

(source: IDBR, 2012)

Key points are that:

- The vast majority of businesses in the LEP area (90%) are micro-businesses with less than 10 employees. 98.5% are small or micro in the LEP area.
- Proportionately, the LEP area has less medium and small businesses than England, with around four fifths as many medium businesses and only a half as many large businesses as national average.
- The size profile of businesses varies across the LEP area. York stands out as having more medium and large businesses than elsewhere. Parts of the West Yorkshire connected area (Harrogate and Craven) have the next highest proportions of larger businesses, but both are still below national average. In most other areas 1.2%-1.5% of businesses are medium or large, with that figure falling to 0.8% in Richmondshire.

There are similarities between self-employment and running a business, with self-reliance, enterprise and the ability to bring in income fundamental to both. Moreover, self-employment can be a step towards running a business.

Table 8: Self-employment levels (April 2012 - March 2013)

Area	Number self-employed	Rate (%)
East Riding of Yorkshire	19,800	9.5
York	12,900	9.2
Craven	4,500	13.2
Hambleton	7,600	14.4
Harrogate	13,400	13.6
Richmondshire	2,100	6.6
Ryedale	3,200	9.5
Scarborough	7,400	11.8
Selby	8,400	15.9
North Yorkshire	46,600	12.7
Total LEP area	79,200	11.1
England	3,274,500	9.7

(Source: Annual Population Survey Resident Analysis)

Key points are:

- Self employment is significantly above national average, especially in North Yorkshire. It is highest in Craven, Selby and Hambleton, all of which have a predominantly rural character. Rates are low in Richmondshire, and that may in part reflect the large number of armed services personnel stationed within the district who clearly cannot be self-employed.
- With some exceptions, self-employment tends to be higher in the more rural areas businesses, where the proportion of businesses that are micro-enterprises is often also higher. Four districts

stand out as above average on both counts – Hambleton, Selby, Harrogate and Craven, pointing to a concentration in the West Yorkshire connected area excepting York.

Business Start up and Survival rates

Table 9: Business Stock, Birth, Death and Survival Rates

Area	Active businesses	Births rate (per 10,000 pop aged 16+)	Births rate (% of stock)	Deaths rate (% of stock)	Net % change: births - deaths	Survival Rate	
						1 year (2010)	3 year (2008)
Craven	2,770	48.7	8.1	7.0	1.1	91.1	63.3
Hambleton	3,970	45.0	8.4	7.9	0.5	91.9	65.5
Harrogate	7,905	60.4	9.9	8.7	1.3	87.3	62.0
Richmondshire	2,085	43.2	9.1	7.9	1.2	89.2	62.9
Ryedale	2,615	44.9	7.5	8.8	-1.3	89.5	65.3
Scarborough	3,840	37.7	9.0	8.9	0.1	82.8	55.3
Selby	3,075	43.2	9.6	9.3	0.3	89.1	62.2
East Riding of Yorkshire	12,050	39.4	9.1	9.4	-0.3	89.5	60.4
York	6,470	39.5	10.1	9.5	0.6	88.7	61.9
Total LEP area	44,780	43.8	9.2	8.9	0.4	88.7	61.6
England	2,040,980	54.0	11.4	9.9	1.5	86.8	57.9

(source: Business Demography, year is most recently available for each field - 2011 unless stated otherwise)

Table 10: Change in business start rate and business stock over time

Area	Births rate (per 10,000 pop aged 16+)				Net % change: births - deaths			
	2005	2007	2009	2011	2005	2007	2009	2011
Craven	70.5	71.0	53.1	48.7	1.2	2.6	-0.9	1.1
Hambleton	54.5	59.1	44.3	45.0	0.7	2.0	-2.2	0.5
Harrogate	63.4	69.1	58.3	60.4	1.0	2.7	-1.1	1.3
Richmondshire	59.2	58.3	34.6	43.2	3.3	3.9	-2.9	1.2
Ryedale	62.6	61.6	46.1	44.9	1.5	1.9	-1.1	-1.3
Scarborough	50.3	47.1	33.6	37.7	0.6	-0.1	-2.5	0.1
Selby	58.0	57.1	48.0	43.2	1.7	2.8	0.2	0.3
East Riding of Yorkshire	57.5	52.2	39.8	39.4	3.2	1.6	-2.9	-0.3
York	48.3	43.2	33.9	39.5	1.1	1.6	-0.9	0.6
Total LEP area	56.7	54.9	42.3	43.8	1.8	1.9	-1.8	0.4
England	59.2	59.5	49.6	54.0	2.1	2.4	-1.9	1.5

(source: Business Demography)

Key points are:

- Business start rates declined markedly between 2005 and 2011 in the LEP area, with the drop off in start rates coinciding with the economic downturn and recession in 2008/9. The rate did though start to creep upwards in 2011. Business closures also outnumbered starts in 2009; in other years the balance has been positive.

- The overall rate of business starts in the LEP area is well below national average, with the England business birth rate 23% higher than that for the LEP area in 2011. This gap has increased sharply over time, the national figure was only 4% higher than that for the LEP in 2005. The biggest single factor in this gap appears to be business start rates picking up sharply nationally in 2011, but much more modestly in the LEP area.
- At a local level, Harrogate stands out as having had the best performance on business formation over time, with start-up rates holding up much better over time than elsewhere, and now well above England average. The lowest business formation rates are in the east of the LEP area – York, East Riding and Scarborough. Craven appears to have had a notable drop in business starts but this is in part compensated for by a low business death rate.
- One and three year business survival rates in the LEP area are above average – so overall less businesses start, but those that do are more robust than average. That trend is true across most local areas with little variation – although survival rates are highest in Ryedale and Hambleton, and significantly lower in Scarborough than elsewhere.

iv) Sectoral Profile

Table 11: Number of businesses by sector and local area within the LEP

2012 IDBR enterprises	LEP area	Craven	H'ton	H'gate	R'mond	Ryedale	S'boro	Selby	York	E.Riding
Agriculture, forestry & fishing	7,945	715	1,280	1,025	700	1,020	615	465	240	1,885
Production	2,700	160	265	410	120	210	210	210	280	835
Construction	5,535	365	460	835	275	320	470	380	725	1,705
Motor trades	1,535	80	160	245	75	115	105	135	190	430
Wholesale	1,990	140	215	410	75	125	135	175	190	525
Retail	3,950	290	320	675	170	240	455	240	530	1,030
Transport & storage (inc. postal)	1,480	95	115	180	70	70	95	170	145	540
Accommodation & food services	3,425	220	270	460	195	225	565	185	520	785
Information & communication	1,810	115	125	435	60	80	75	120	370	430
Finance & insurance	720	35	70	175	15	25	35	40	160	165
Property	1,595	105	145	340	90	75	120	85	260	375
Professional, scientific & technical	5,945	330	620	1,365	225	300	265	425	1,005	1,410
Business admin & support services	2,710	195	255	515	145	165	180	210	375	670
Public administration & defence	215	15	25	30	20	10	20	20	15	60
Education	640	30	60	120	35	25	40	45	115	170
Health	1,620	85	140	265	60	85	180	90	270	445
Arts, entertainment, recreation & other services	2,815	185	250	465	175	205	245	160	425	705
TOTAL	46,630	3,160	4,775	7,950	2,505	3,295	3,810	3,155	5,815	12,165

(source: IDBR, 2012)

Table 12: Location Quotients – concentration of industry sectors within local areas

	LEP area		Craven	H'ton	H'gate	R'mond	Ryedale	S'boro	Selby	York	E.Riding
	%	LQ	LQ	LQ	LQ	LQ	LQ	LQ	LQ	LQ	LQ
Agriculture, forestry & fishing	17	3.4	4.6	5.4	2.6	5.6	6.2	3.2	3.0	0.8	3.1
Production	6	0.9	0.8	0.9	0.8	0.8	1.0	0.9	1.1	0.8	1.1
Construction	12	1.0	0.9	0.8	0.9	0.9	0.8	1.0	1.0	1.0	1.1
Motor trades	3	1.0	0.8	1.1	1.0	1.0	1.1	0.9	1.4	1.0	1.1
Wholesale	4	0.9	0.9	0.9	1.0	0.6	0.8	0.7	1.1	0.7	0.9
Retail	9	1.0	1.1	0.8	1.0	0.8	0.8	1.4	0.9	1.0	1.0
Transport & storage	3	1.0	1.0	0.8	0.7	0.9	0.7	0.8	1.7	0.8	1.4
Accommodation & food services	7	1.3	1.2	1.0	1.0	1.3	1.2	2.5	1.0	1.5	1.1
Information & communication	4	0.5	0.5	0.3	0.7	0.3	0.3	0.2	0.5	0.8	0.4
Finance & insurance	2	0.7	0.5	0.7	1.0	0.3	0.3	0.4	0.6	1.2	0.6
Property	3	0.9	0.9	0.8	1.2	1.0	0.6	0.8	0.7	1.2	0.8
Professional, scientific & technical	13	0.7	0.6	0.8	1.0	0.5	0.5	0.4	0.8	1.0	0.7
Business admin & support services	6	0.8	0.9	0.8	0.9	0.8	0.7	0.7	1.0	0.9	0.8
Public admin & defence	1	2.1	2.2	2.4	1.7	3.7	1.4	2.4	2.9	1.2	2.3
Education	1	0.8	0.6	0.8	0.9	0.9	0.5	0.6	0.9	1.2	0.9
Health	4	0.8	0.7	0.7	0.8	0.6	0.6	1.2	0.7	1.1	0.9
Arts, entertainment, recreation	6	0.9	0.8	0.7	0.8	1.0	0.9	0.9	0.7	1.0	0.8

(source: IDBR, 2012)

A Location Quotient score of 1.0 means a sector has the same representation locally as national average; higher numbers show sectors to be more pronounced locally than nationally, with the converse true for scores below 1.0. For example a score of 3.0 would mean a sector is three times more concentrated locally than national average, and indicate a degree of local clustering and concentration.

Key points are:

- The agriculture, forestry and fishing sector stands out as having by far the highest LQ across the LEP area, with three and a half times as many businesses in the sector as would be expected based on national average. For the Moors & Wolds and Dales areas, that figure is notably higher and around five or even six times national average. Only in York is the sector's LQ below national average. Even in less remote areas such as the A1/A19 corridor and West Yorkshire connected areas, the LQ is likely to be in the region of 3.0-4.0.
- Public administration and defence also has a high LQ at 2.1 across the LEP area, which presents some risks given a declining public sector. The sector's LQ rises to 3.7% in Richmondshire – reflecting the impact of Catterick Garrison on its economy. Other notable local figures include Selby, Scarborough, and Hambleton – where there is a concentration of public sector jobs in North Yorkshire County Council and the prison, which are set for cuts and closure respectively.
- No one industry sector describes tourism related activities explicitly, but the accommodation & food services sector provides a reasonable proxy. This has an LQ of 1.3 across the LEP area, showing it is above national average but not considerably so. This figure is fairly consistent across the LEP area

except in York where it rises to 1.5, and in Scarborough where it is 2.5. That illustrates the importance of the sector to the Yorkshire Coast.

- Manufacturing and engineering mostly closely correlate to the ‘production’ sector in the table. Overall, the LEP area has an LQ of 0.9 for the sector, just slightly below national average. That figure does not vary greatly across the LEP area, but does rise to around 1.1 in some of the more eastern parts of the area, notably East Riding, Selby and Ryedale.
- It is hard to get reliable sector data for Energy overall, or for its low carbon components such as biorenewables and wind energy, because of the relatively small size of the sector. However, data for York and North Yorkshire² shows the ‘Energy and Water’ subsector to have an LQ of around 1.5 – the second highest of those it described. East Riding analysis³ also notes the importance of the sector and its concentration in the Goole and Selby area especially, where it accounts for 2.5% of jobs compared to 0.4% in England. The BioVale proposal (see section 5, Priority 2) makes clear the concentration of biorenewables assets and expertise in the LEP area, with valuable connections also to the Humber and Leeds City Region.
- There are local concentrations of some sectors, but these tend to be modestly pronounced and limited to a single area, such as transport & storage in Selby and retail in Scarborough. The LEP area is underrepresented in the financial and insurance; information & communication; and professional, scientific & technical sectors everywhere except Harrogate and York.

v) **Innovation, Exports and Investment**

- There are data difficulties with all of these headings, with no standard data and comparable national data sets available that cover the LEP or local authority geographies within it.
 - Business surveys elsewhere suggest that around 11% of businesses are likely to export⁴. Based on national trends and those observable from surveys in Leeds City Region, it is likely that a significantly higher proportion of businesses will export if they are larger sized, foreign owned, members of business networks or manufacturers.
- Add point on innovation, R&D and patents if data can be sourced

² York and North Yorkshire Economic Assessment, YNYP, October 2010

³ East Riding of Yorkshire Local Economic Assessment (data from 2008)

⁴ Leeds City Region Trade and Investment Strategy, 2013

vi) Employment, Inclusion and Incomes

Table 13: Economic Activity Rate

	Apr 2004 - Mar 2005		Apr 2012 - Mar 2013	
	Number	Rate (%)	Number	Rate (%)
East Riding of Yorkshire	152,800	75.1	151,600	72.8
North Yorkshire	276,400	77.7	286,800	78.4
York	95,900	77.0	104,700	75.1
Craven	26,600	81.2	27,600	81.0
Hambleton	42,200	79.8	42,000	79.4
Harrogate	77,300	82.4	81,000	82.3
Richmondshire	21,300	74.3	23,800	75.3
Ryedale	25,200	79.3	26,000	77.7
Scarborough	46,100	70.2	44,400	71.2
Selby	37,800	75.2	42,100	79.4
LEP area	525,100	76.8	543,200	76.1
England	23,435,300	72.9	24,017,000	71.1

Key points are:

- Economic activity rates in the LEP area are generally well above national average – five percentage points higher.
- Rates vary significantly, with the Yorkshire Coast areas having lower figures than the best performing areas of Harrogate and Craven – but still not below national average. Nevertheless there are likely to be areas with much lower employment at a local level.
- Rates in most areas are similar to level in 2004/5, although with modest reductions in York and in East Riding, and the most notable increase in Selby.

Incomes and Rurality

Research published by JRF⁵ shows that people living in rural areas typically spend 10-20% more on everyday requirements than in urban areas, with transport and domestic fuel the major elements of additional cost.

Whilst nationally, rural incomes are slightly higher than in urban areas⁶ the same is not true in the LEP area or Yorkshire and Humber more widely. Rural incomes locally are more variable, complex, and often lower than the headline statistics suggest. Districts such as Harrogate and Selby, which combine towns and rurality, and have good access to Leeds, do have some of the highest average earnings in the region (although they still have significant numbers who are low paid or not in work). However, more intensively rural and remote rural districts such as Craven, Hambleton, Ryedale and Richmondshire have some of the lowest *median* incomes in Yorkshire. These are typically in the region of £340-£355 per week, lower for instance than in every district in South Yorkshire and all but one in West Yorkshire.

⁵ Noel Smith, Abigail Davis and Donald Hirsch, A minimum income standard for rural areas, Loughborough University Centre for Research in Social Policy, published by Joseph Rowntree Foundation, November 2010

⁶ Data from <http://www.poverty.org.uk/r09/index.shtml> (accessed July 2013) and based on source data from: DWP, Households below average income, updated September 2010.

These median figures indicate the earnings of a typical worker, as they are the mid-point of the earnings range in an area. However, they can be overshadowed by reporting of *mean* (often described as average) earnings which can be distorted by very high earnings at the top end. Districts such as Craven, Hambleton and Ryedale are broadly in line with regional mean earnings, and reporting of this data rather than medians can hide the relatively low earnings that are the reality for most people living and working there. Four of the five local authority districts with the lowest earnings in Yorkshire and Humber are in North Yorkshire (based on 25th percentile earnings – see below).

Table 8 shows mean and median earnings for those in paid employment⁷ and includes all of Yorkshire and Humber to allow comparison of areas within our LEP area with comparators. The 25th and 75th percentile figures show what somebody would earn if they were a quarter and three quarters of the way up respectively to being the highest paid person in their district.

Table 14: Weekly Pay (Gross £) for all employee jobs (2012) and employment rate by locality

Area	Weekly pay – <i>median</i> (£) (and rank 1=highest)	Weekly pay – <i>mean</i> (£) (and rank 1=highest)	Weekly pay - lower earner (£ 25 th percentile)	Weekly pay higher earner (£ 75 th percentile)
LEP area districts				
York	387 (8)	486 (3)	239	625 (3)
Craven	354 (15)	441 (11)	198 (15)	523
Hambleton	356 (14)	445 (8)	188 (18)	593 (8)
Harrogate	408 (3)	513 (1)	254	609 (5)
Richmondshire	353 (16)	421 (14)	157 (21)	Not available
Ryedale	343 (18)	444 (9)	189 (17)	520
Scarborough	334 (20)	399 (19)	183 (20)	521
Selby	424 (1)	507 (2)	259	635 (1)
East Riding of Yorkshire	398 (6)	481 (4)	240	629 (2)
Regional comparators				
Kingston upon Hull	319 (21)	361 (21)	194 (16)	492
North East Lincolnshire	341 (19)	392 (20)	184 (19)	545
North Lincolnshire	404 (5)	473 (5)	249	607 (6)
Barnsley	387 (7)	434 (13)	240	560
Doncaster	362 (12)	409 (17)	228	545
Rotherham	360 (13)	417 (16)	227	558
Sheffield	376 (9)	441 (12)	225	569
Bradford	362 (11)	419 (15)	231	535
Calderdale	415 (2)	465 (7)	267	610 (4)
Kirklees	371 (10)	442 (10)	230	579 (9)
Leeds	408(4)	473 (6)	259	603 (7)
Wakefield	345 (17)	402 (18)	212	528
Yorkshire and Humber	375	442	231	575
England	412	499	249	638

⁷ Data source: Annual Survey of Hours and Earnings, ONS, 2012 (provisional results)

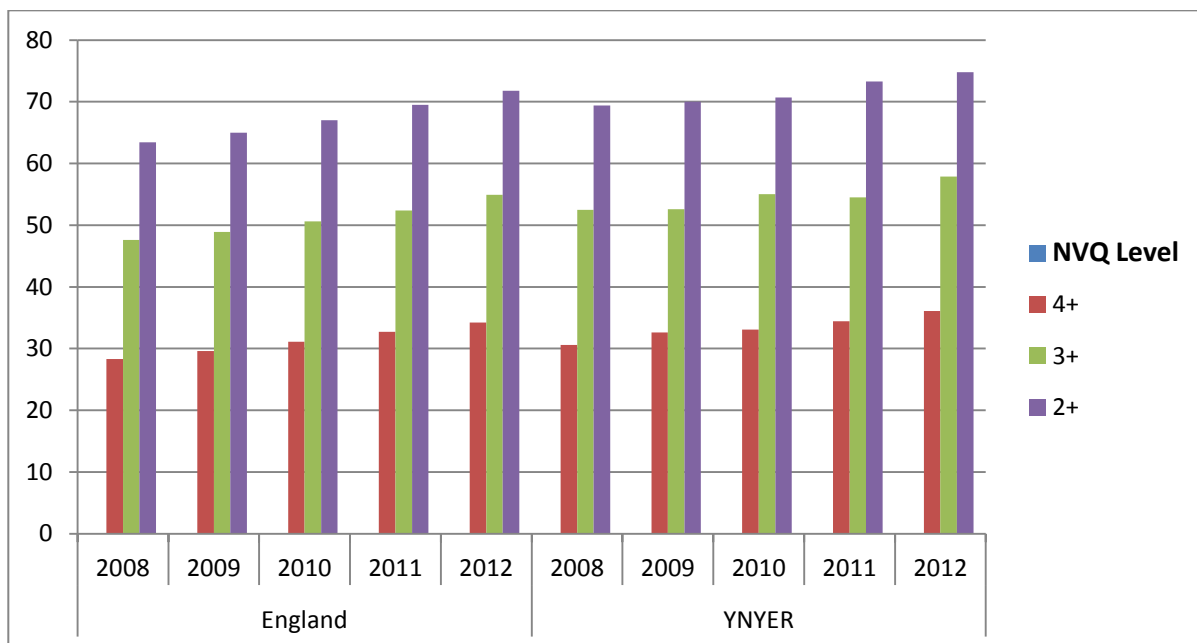
The data makes clear that sizeable areas of the LEP have good skills and employment levels but low wages – there is extensive ‘in-work poverty’. This is especially the case in more remote areas such as the Dales and Moors. Low wages are confounded by higher living costs and a lack of local support services and facilities.

vii) Skills and Qualifications

Skills are a driver of productivity and there is extensive evidence linking higher levels of skills to economic performance⁸. Skilled people, including leaders and managers, enable businesses to get started, to perform better and to innovate. The reverse is also true – unskilled workers can hold companies back. For instance in UK manufacturing, lower skill levels were found to have a direct and negative effect on labour productivity and on the types of machinery chosen, the way that machinery was used and the introduction of new technology. Some studies⁹ suggest that a year’s additional education can raise productivity by 5%-9% and 6%-12% in the manufacturing and service sectors respectively.

The following table and graph look at skills levels across the LEP area over time compared to England average and how skills vary by locality and level.

Figure 4: Change in Qualification over time in LEP area compared to England



⁸ For a summary of studies on the connection between higher skills and productivity, see: <https://almanac.ukces.org.uk/productivity/What%20is%20the%20impact%20of%20productivity%20on%20company%20perf/Fo rms/AllItems.aspx> (accessed 6/9/2013)

⁹ Lynch and Black, Beyond the incidence of training, evidence from a national employers survey, NBER working paper 5231, 1995

Table 15: Qualifications by Area and Skills Level

Area	% of the working age population with qualifications levels (Jan 2012-Dec 2012) ¹⁰			
	NVQ level 4+	NVQ level 3+	NVQ level 2+	No qualifications
Craven	44.2	65.6	82.5	4.9
Hambleton	41.2	55.8	71.9	9.1
Harrogate	39.4	56.6	76.8	10.4
Richmondshire	35.4	60.2	79.5	5.5
Ryedale	35.6	51.7	68.2	7.9
Scarborough	23.3	49.8	65.2	21.1
Selby	41.0	67.1	78.0	6.4
North Yorkshire	36.9	57.5	74.2	10.3
East Riding of Yorkshire	31.3	53.6	72.6	10.0
York	41.3	65.6	79.8	6.4
YNYER LEP	36.1	57.9	74.8	9.5
England	34.2	54.9	71.8	9.5
GAP: YNYER % - England%	1.9%	3.0%	8.0%	0.0%

A number of messages emerge from analysis of current skills levels across the LEP area:

- Overall skills levels in the LEP area compare favourably to national average at all levels. However, the extent to which the LEP outperforms England average is greater at lower skills levels – eight percentage points at NVQ Level 2 (five good GCSEs or equivalent) compared to two percentage points at NVQ Level 4 (degree equivalent).
- Skills levels in the LEP area have improved over time at all levels. For instance, the proportion with NVQ4+ has risen from 30.6% to 36.1% between 2008 and 2012. However, skills at all levels have improved at a faster rate in England, meaning the LEP area’s skills advantage is gradually eroding.
- Qualifications vary considerably across the LEP area. Areas such as Selby, Craven and York stand out as having the highest skills levels and perform well above national average. Skills in Hambleton, Harrogate and Richmondshire are also often above the LEP average, although that varies by skill level. Performance is weakest and below national average in Scarborough, with East Riding also having skills that are slightly below national average at NVQ Levels 3+ and 4+. In terms of the Local Economic Areas, it is the West Yorkshire connected area, the Dales and York that do best on skills, whilst Yorkshire Coast faces the greatest challenges.
- The proportion of people without any qualifications was highest in Scarborough in (although this data is ‘spiky’ in nature and should be treat with caution)

Qualifications levels are not the only aspect of skills that affect performance. Employability skills are frequently cited by employers as their key requirement, and are sometimes a major frustration. Discussion about employability skills and work experience dominated the workshops on skills held at consultation events on this strategy. Recent skills research in the LEP area¹¹ also found employability skills to be a key issue, and the CBI cite it as a key issue for business success in a changing world. Whilst there is wide agreement about the importance of employability skills, interpretation of what they

¹⁰ Source is Annual Population Survey Resident Analysis

¹¹ Ekosgen, Skills Strategy Research and Les Newby Associates et al., Skills Research in York, North Yorkshire and East Riding, SFA/Skills Enhancement Fund, August 2012

actually varies. Based on consultation and in line with CBI thinking¹², we identify three main aspects to employability skills:

- Attitude skills such as ambition, desire to work, and ability to turn up and complete tasks on time
- Basic skills required in the workplace such as English and Maths
- ‘Soft’ skills such as teamwork, creativity, communication and customer skills

There are good examples of projects to enhance employability in the LEP area in Scarborough as well as in Hull and the Humber area. These adopt slightly different approaches but have both gained very positive responses and there is scope for further roll out of these or similar initiatives, building on national good practice and taking into account the extent of gaps in employability skills provision.

[More evidence to be added on apprenticeships, skills gaps and educational performance, including reference to IAG issues.]

Table 16: Proportion of young people Not in Employment, Education or Training (‘NEET’)

	2005	2006	2007	2008	2009	2010	2011	2012
North Yorkshire County	4.9	4.8	3.8	4.8	4.4	4.4	4.5	4.8
York	5.2	5.9	3.8	4.2	4.3	3.7	5.6	4.3
East Riding	n/a	n/a	n/a	n/a	5.6	5.5	n/a	n/a
England	10.9	7.7	6.7	6.7	6.35	n/a	n/a	n/a

Key points are that:

- Overall, NEET levels are below national average. However, they have reduced little over time compared to notable falls nationally. Levels appear to be highest in East Riding and broadly similar in York and North Yorkshire, but with variation in individual years.

viii) Infrastructure, Climate Change and Environment

[Add summary data on climate change, transport and housing if available]

¹² <http://www.cbi.org.uk/business-issues/education-and-skills/in-focus/employability/> (accessed 6/9/2013)

c) Conclusions and Implications

Our area's economy presents a combination of strengths, assets and unfulfilled potential. Employment, skills and business survival rates are above average and we have strong business sectors such as food and agriculture, energy and the visitor economy. Yet our productivity, GVA and business formation levels are below what we would expect.

Considerable differences at a local level are masked by overall statistics. Our area includes localities that have significant deprivation, most notably on the Yorkshire Coast, but also in hidden pockets throughout. More remote parts of our area – such as the Dales, Moors & Wolds - have both high self-employment levels and perhaps surprisingly low levels of income. Elsewhere certain sectors, such as manufacturing and engineering, have localised hotspots. The City Of York also has distinct features, for instance connected to its business base and university and science based assets. Parts of the wider West Yorkshire connected area also have excellent performance on particular measures, such as skills in Harrogate, Selby and Craven, and business formation levels in Harrogate. We need to make more of our distinctive strengths to combat low GVA and drive future success.

The implications of this analysis have informed our approach, and there is **a clear line of sight from the evidence and emerging opportunities to the priorities and activities within this strategy**. They include:

- Our **high proportion of small and microbusinesses** means that if we are to improve GVA and productivity, then there must be a strong (but not exclusive) focus on these businesses across sectors, including tourism and farm based businesses. Our low and falling business formation rates will be a significant long term weakness unless they are reversed, but our quality of life and locational benefits could make our area an attractive one for entrepreneurs – see Priority 1
- **Food manufacturing and agriculture is our most pronounced sector.** Its scale far exceeds national average and it accounts for a sizeable number of businesses and jobs. It can perform better than it is doing now and major investments and innovation programmes have the potential to drive that improvement. The energy and especially biorenewables sector here is also pronounced. It includes key national assets which can drive expansion and enhance food and energy security – see Priority 2
- Our **distinctive and predominantly rural geography combines a wealth of market towns, and more national parks and areas of outstanding countryside and coast** than practically anywhere else in England. It includes distinctive local economic areas, each of which have opportunities to unlock and drive growth. These include major investments and site specific opportunities to address market failures, including on the Yorkshire Coast, in the A1/A19 corridor, and in the York & connected, West Yorkshire connected, and Hull & Humber connected areas to the south of our area. There are also opportunities for sustainable economic development in the Dales, Moors and Wolds. Our strategy reflects this geography and its opportunities – see Priority 3
- Improving **employability skills and qualifications** (especially at higher levels), combined with better apprenticeship opportunities and responsiveness to specific business and sector based needs, will help to drive growth and prosperity. Upskilling and support for those who are unemployed can also help to tackle pockets of deprivation (e.g. in coastal towns and parts of Selby, Colburn and York), underpin growth and ensure the talents of our whole population are utilised – see Priority 4

- Congestion is not as extensive as in some areas but there are pronounced **transport challenges** in specific places and pinch points – including rail access from York and Harrogate to Leeds, on the A64 into Scarborough, and on York outer ring road. Fast broadband is being introduced into much of York and North Yorkshire, but there are gaps in the East Riding and a need for greater uptake – see Priority 5.

The Importance of Market Failure

Economic interventions only make sense where evidence shows both that there is an opportunity or need, and that something can be done to make a difference. This is intrinsically linked to the concept of ‘market failure’. Market failure exists when the competitive outcome of markets is not efficient from the point of view of society as a whole - in essence, factors that prevent the economy from working as well as it should do. There are six main types of market failure that provide a reason for intervention in relation to local economic development and the actions within this plan:

- **Externalities** – these are essentially spillover effects where the consequences of market operation or a firm’s action are not fully borne by businesses themselves. Externalities can be positive – e.g. one firm’s R&D may be shared by others, or negative – such as pollution. This is relevant to innovation activity in Priority 1 and 2 of this strategy and to low carbon activity.
- **Barriers to Entry** – a functioning market relies on healthy competition. So if barriers prevent businesses from entering or competing in a market they will harm its operation. This is pertinent to Priority 1 of this strategy on business start ups, and also relevant to trade and export activity.
- **Imperfect information and uncertainty** – gaps in information and perceptions may lead to the ‘wrong’ decisions being made, related to ‘merit goods’ and ‘demerit goods’ where consumers underestimate or overestimate the value of a product. This is relevant to a number of areas of this strategy, including business support products, skills and training, technology and resource efficiency.
- **Public goods** – are those that cannot be easily restricted to a paying customer as others will benefit when they are made available – e.g. good town planning, roads maintenance or breakthroughs in basic science. Public goods are often entwined with public services or policy relating to areas such as education, transport infrastructure and health. Whilst they are not goods brought to market, their provision (or lack of) can have a significant impact on economic performance. This is relevant to Priority 5 of this strategy in relation to transport and ICT as well as to Priority 3 in relation to education.
- **Factor immobility** – is where barriers prevent a factor of production, such as labour, from being efficiently employed, for instance because of the costs or difficulties of travel. This is relevant in relation to Priority 3 of this strategy on employment and skills.
- **Equity Issues** – occur where markets generate an ‘unacceptable’ distribution of income with social exclusion consequences which a government may choose to change. This is most relevant to Priority 3 of this strategy.

The nature and extent of market failures will have a crucial bearing on priorities for action by the LEP and its partners. We will focus interventions where market failure is evident, and market failure based rationales for action are included in the detail of each priority.

SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats) [to update post consultation]

Strengths	Weaknesses
<ul style="list-style-type: none"> • Strong SME base, many micro-businesses • Large food and agriculture sector • Energy assets - especially biorenewables and power generation • Visitor economy and tourism – a strong and well known destination offer • High quality of life and low crime • A superb rural environment, with a wealth of national parks , AONBs and fine coastline • Distinctive and attractive market towns, plus the major centres of York and Harrogate • Good skills at lower levels (up to NVQ2) • Mostly low levels of unemployment/exclusion • Universities in York (and campuses beyond) • Fairly low congestion and good access to ports • Business support and engagement 	<ul style="list-style-type: none"> • Few large employers • Low GVA and productivity • Insufficient and unaffordable housing, which can limit workforce availability • Pockets of hidden deprivation and coastal towns in need of regeneration • Employability and higher level skills can be lacking • Gaps in broadband coverage, for instance in more isolated business parks • Remoteness from jobs and opportunities in some areas • Airport access • Low levels of exports • Hard for SMEs to collaborate and influence decisions that affect them – e.g. on skills
Opportunities	Threats
<ul style="list-style-type: none"> • Expansion of FERA and Sand Hutton site • Low carbon energy – especially biorenewables, decarbonised power and carbon capture • Potash mine and investment at Whitby • Development in York • Large land area • Market towns of quality and distinction • Catterick Garrison centre and changes in Ripon • Environmental and visitor economy, with modernisation and diversification of tourism • Superfast broadband – productivity, enterprise • Innovation, exports and supply chains • New funding opportunities • Collaboration with neighbouring LEP areas • Business led growth and leadership 	<ul style="list-style-type: none"> • Youth unemployment and deprivation hotspots • Constrained workforce, limited by house prices/availability and rising travel costs • Rising energy and resource costs • Ageing population and workforce • Skills issues, e.g. higher level, engineering • Closure of Ripon army base • Congestion in Harrogate and York, and risk of service changes slowing rail access to the coast • Some areas remote from cities and opportunities, exacerbated by broadband gaps • Could be left behind in a globalising world • Uncertain or constrained funding and reduced public sector resources and capacity • Climate change and coastal erosion • Complacency

3) Collaboration, Partnership and Cross Cutting Issues

In Summary

This strategy has been developed through a process of partner and stakeholder engagement. We have worked jointly with the key organisations across the private, public and voluntary sectors to identify issues and solutions and to agree our strategic approach.

Engagement has included meetings and discussion with the full range of organisations that have experience, assets or perspectives that could add value. The strategy has also been informed by an extensive consultation process, including seven open and participative events across the LEP area and feedback through written inputs and an online survey.

The Strategy takes account of and contributes to the EU cross cutting themes of sustainable development and equality and the process of social innovation.

Approach

We recognise that if the strategy is to be delivered by partners and private sector led, it must be shaped and owned by key stakeholders across the region, including businesses.

We have adopted a participative approach to developing this strategy, working as a team with our partners in business, local government and statutory agencies, education and in the voluntary and community sector. In this section we detail this engagement, the main messages emerging from participation, and how we cover the cross cutting issues stipulated in European guidance.

Summary of Consultation and Main Messages

This strategy has been developed through an ongoing process of engagement with key partners and stakeholders. It is private sector led but has also benefited from public and voluntary sector perspectives, with key stakeholder groups meeting to make inputs. In addition to the ongoing engagement, a formal consultation exercise was held during August and early September 2013. This had two main strands:

- A series of seven open and participative events held in venues across the whole LEP area [add venues]. This attracted over 250 participants [add exact number].
- A questionnaire survey was promoted and disseminated to partners and could be completed via the LEP website. This gained 57 responses in total, with just over half of those from the private sector.

The response to the strategy through the seven **events** was energetic and positive. There was widespread agreement with its overall direction and priorities and most of its content. In addition, a number of strategic points were raised repeatedly, with support from those present. The main points were to add or enhance content on:

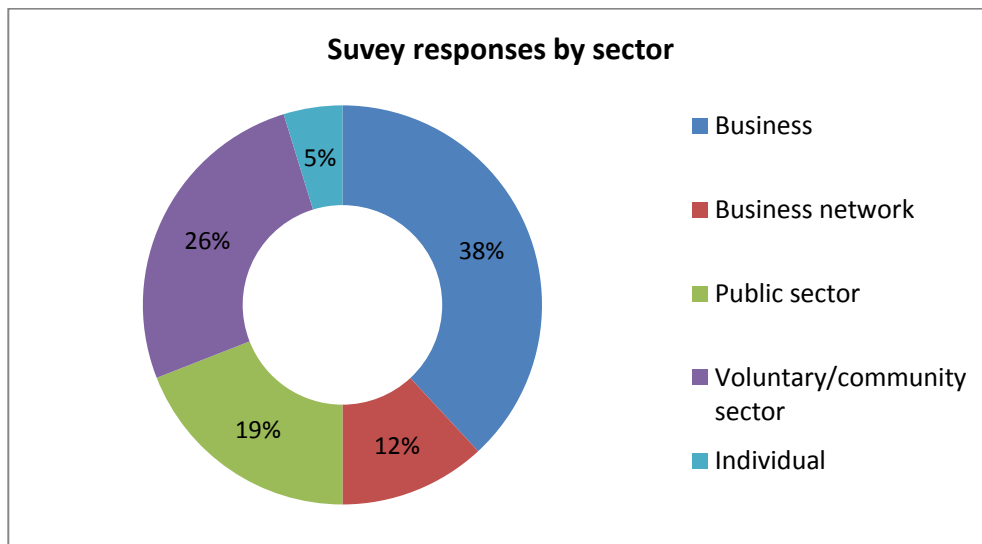
- i) Business start ups and enterprise
- ii) Upskilling the current workforce
- iii) Supporting employment and social inclusion

A log of more specific and detailed points was recorded and these specifics will be fed into the strategy where they are uncontroversial, obviously enhance the strategy or add value, and do not undermine or significantly dilute the main priorities and deliverables. Points included details about transport and place based approaches, and there has also been extensive discussion about these with relevant organisations such as local authorities and the North Yorkshire Transport Partnership.

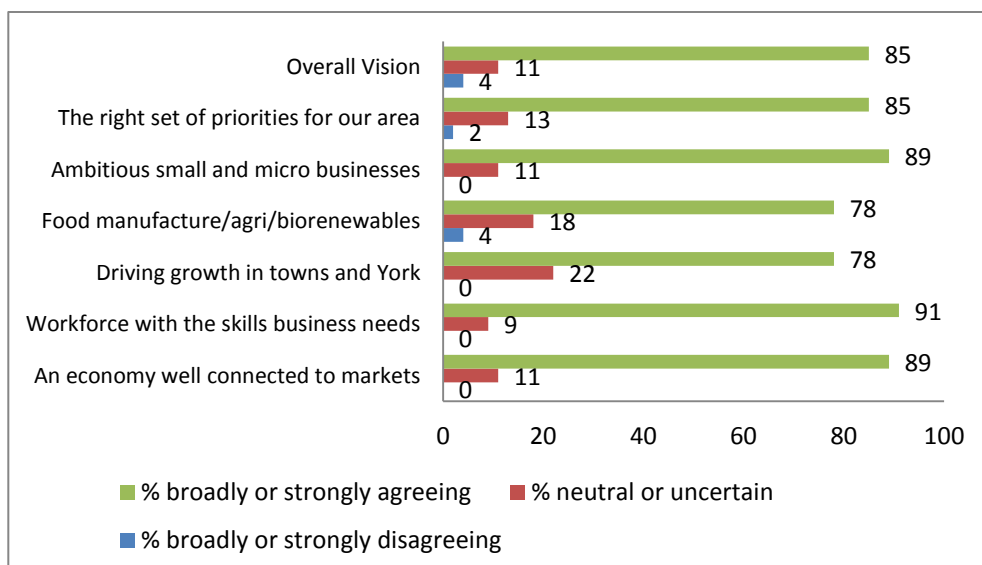
[Note: a log of detailed consultation points will be written up and made available before final submission of the strategy. The detail of the text will be amended to include points in line with the approach above]

The consultation survey attracted responses across sectors as shown in the chart – a half of responses were from the private sector.

Figure X: Respondents to the consultation survey by sector



Survey respondents were asked whether they agreed or disagreed with the direction and deliverables of each priority and the overall vision. Figure X shows the results



There was overall agreement with the priorities and their direction and deliverables. For four of the five priorities, most of those who agreed with them did so 'broadly' rather than 'strongly'. The exception was the priority on workforce skills which gained nearly as much strong support (43%) as broad support. The priorities on connection to markets and growth in towns and the City of York had the next highest levels of strong support – 27% and 29% respectively. Very few respondents disagreed with any of the priorities and none 'disagreed strongly'.

Strong partnerships delivering greatest impact

Greatest impact and best outcome are the drivers in our approach to collaboration. We understand where partners are best placed to deliver on our behalf and where working across Local Enterprise Partnership boundaries can provide better results for our area.

1. Neighbouring LEPs

Leeds City Region

Our LEP boundary overlaps with Leeds City Region. The City of York along with the districts of Harrogate, Selby, Craven work in partnership with both our LEP and Leeds City Region. We are fully supportive of the City Region and their aspirations. We fully recognise the benefits to the businesses and people of North Yorkshire and the City of York of a prosperous Leeds City Region.

Through their city deal, the City Region are best placed to make *large strategic investments* in infrastructure. We will work in partnership and support the City Region to invest to unblock key sites and to address strategic transport issue such as the congestion around *York Outer Ring Road*.

Our role around major infrastructure is one of support and enabling. For example, we are investing in improvements to the York – Harrogate –Leeds rail line, which will build capacity now, but also support the longer term City Region plans for electrification of the line. Additionally, on behalf of Leeds City Region, we are delivering an *Apprentice Hub* in Harrogate, Selby and Craven and will continue to work together on the apprentice and skills agenda. We are best placed to lead on supporting small business, the *visitor economy* and addressing *rural issues* in the overlapping areas.

A core strand of our strategy is to capitalise on our strength in Agri-tech and biorenewables. The *Biovale* proposal builds on this, recognising the strength of the food manufacturing sector in Leeds City Region as a key partner in our growth plans.

Humber Local Enterprise Partnership

We also share an overlapping boundary with Humber Local Enterprise Partnership, with East Riding of Yorkshire a key member of both LEP's.

The Humber LEP have secured a major *Enterprise Zone* focused on the Humber Port and the opportunity of *offshore wind*. Whilst the proposed wind farm at Dogger Bank is off the coast of North Yorkshire, manufacture and construction can only take place in the deep port of the Humber and we wholeheartedly support their work to deliver this major investment.

The benefits from offshore wind will be felt beyond the Humber and across the Yorkshire Coast. The Humber LEP are focused on delivering this, which we fully support. However coming out from the

opportunity are common issues on which we will collaborate. Firstly, the offshore wind industry coupled with Potash developments in our LEP area, present a major skills challenge, particularly around engineering skills. We will work together to develop a local skills base to support these emerging opportunities.

We will also work together, through the Humber North Bank Partnership to invest in the **Yorkshire Coast**, addressing historic issues of coastal deprivation whilst investing in key infrastructure to drive growth in our seaside towns. We are best placed to lead the **rural agenda** and, as with Leeds City Region, our **Biovale** proposal recognises the strength and value the Humber Ports and related businesses can add to our growth plans. Collaboration and joint working will be an integral part of our development plans.

Tees Valley LEP

Whilst we do not overlap with Tees Valley LEP area, we share several common issues and both markets and travel to work patterns provide a strong relationship. We have a history of working together and will continue to do so, where it makes economic sense. For example, potential multi-billion **Potash** development in Whitby will provide supply chain opportunities across both areas and **Darlington College & Teeside University** are crucial skills providers to serve the north of our area and many small businesses in Richmondshire, Hambleton & Ryedale look north to Teeside for their customer base. Infrastructure investments such as the A1 upgrade north of Leeming Bar are already improving these links and we will continue to proactively seek opportunities to work together.

2. Partners in the region

Our approach is, wherever possible, to work with existing structures and partners and build capacity in those that are best placed to deliver the greatest results.

We will work with, and through, Business Networks, Local Authorities, National Park Authorities or community and voluntary organisation to ensure we deliver value for money and greatest benefit to the businesses and people of our region. Impact and outcomes will be the key drivers in selecting our partners.

3. National Partners

We do not limit our collaboration to our neighbours, we will proactively seek partnership and collaboration where it makes best economic sense to do so.

East Coast Mainline Alliance

A collaboration of Local Authorities along the East Coast Mainline is working together to secure investments on the back of this strategic rail route. We fully support this collaboration and will actively work together to deliver results.

Universities

From an innovation perspective, we want our businesses to link to the best R&D available. Working through University of York as a conduit, we will enable our business to access the very best R&D and innovation assets across UK and beyond.

4) Investment Priorities and Activities

[Please see Board Paper for details of funding allocation and opt in proposal]

5) Priorities

Priority 1: Profitable and ambitious small and micro businesses that are able to grow

Goal

We will create conditions which enable all businesses with an ambition to grow to do so. This will help growing businesses to achieve greater overall size and profitability than they would otherwise. As a result, local growth will outstrip benchmark growth rates, in a sustainable manner.

Action table

Core Activities (Deliverables)	Core Theme (EU)*	Actions	Delivery Route	
			Lead Partner(s)	Resource Streams
[a] Access to business support	SMEs	i) Coordinate and promote public and private sector support & advice.	LEP	Core costs
		ii) Boosting mentoring & peer support	To be commissioned	ERDF
		iii) Boosting membership of business networks.	Business networks	ERDF
		iv) Access to finance, including: a. Business Grants b. Business Loans	LEP, Banks, Finance Yorkshire, CDFIs	ERDF, Regional Growth Fund
		v) Incentivise and support growth via Growth & Improvement Vouchers: a. Marketing b. ICT c. Investment readiness d. Staff expansion	Chartered Institutes	ERDF & ESF
		vi) Tailored business support (including Farming, Retail, Tourism & through supply chains)	To be commissioned	ERDF, ESF, EAFRD
		vii) Specialist advice and support for manufacturing businesses	MAS	ERDF opt in
		viii) Specialist advice and support for high growth businesses	Growth Accelerator	Government
		ix) Business hubs which add value to through greater connectivity & business space/support/services	To be commissioned	ERDF
[b] New business starts	SMEs	i) Startup support a. For young people & the unemployed. b. To help the more experienced into self employment or business startup.	Enterprise Agencies and to be commissioned	ESF
		ii) Instil young people with an understanding of what it means to be enterprising, and routes to starting a business	To be commissioned	ESF
[c] Innovation and technology	Innovation	i) Superfast East Riding	ERYCC	ERDF
		ii) Grants for R&D & proof of concept	SCY	ERDF
		iii) Improved links between business and local/national centres of expertise, including Universities	Yorkshire Universities	ERDF
		iv) Business resource efficiency programme	MAS & to be commissioned	ERDF & EAFRD
[d] Planning, regulation and procurement	SMEs	i) Better advice on legislation and regulation	Local Authorities	Single Growth Fund

		ii) Better regulation	Local Authorities	Single Growth Fund
		iii) Better procurement	Local Authorities	Single Growth Fund
[e] Market development	SMEs	i) Export market development & sales	UKTI	ERDF opt in
		ii) Targeted inward investment around supply chains	Commissioned	ERDF
		iii) Supply chain development	Commissioned	EDRF
		iv) Product development & marketing	Commissioned	ERDF
[f] Business skills	SMEs	i) Leadership & management training	Commissioned	ESF
		ii) Business essentials seminars	Business networks	ESF

Why?

Our aspiration for business growth is ultimately in order to provide broader benefits, primarily jobs. Pre-recession, our economic growth rate (total Gross Value Added) was below national average, however since 2009 our growth has matched or slightly beaten national rates. Our approach will maintain this competitive growth rate in future.

	2006	2007	2008	2009	2010	2011
England GVA growth %	5.3	6.0	2.2	-1.5	3.4	2.3
LEP area GVA growth %	5.0	4.7	1.6	-2.3	3.4	2.5

We know that businesses taking external advice are twice as likely to grow as those which do not. We also know that our business community is constituted of a higher proportion of micro and small businesses than the national average. These businesses, along with some larger firms, have unrealised potential for growth because they lack the capacity. Whilst there is latent capacity in some aspects of the market to support growth and improvement, the support landscape is fragmented and demand is inhibited.

We estimate that around 25% of our business community, that equates to 14,000 VAT registered businesses and up to 7,000 businesses below the VAT threshold, have growth aspirations that are not currently being effectively supported and realised. Making the most of this is key to our future growth and stability.

Approach and Focus

Our growth will be driven by business: We will realise the potential of the local economy by making the most of opportunities for businesses to support the improvement and growth of their peers. This may require the investment of public funds in the removal of barriers (such as a lack of time, knowledge or ambition, apparent risk, willingness to invest, etc.) or activity to stimulate the market for goods and services. Having made all we can from the support that the market can provide, we will use public funds to back growth and improvement approaches which cannot be supported by the market and where market failures exist – for instance relating to imperfect information and merit goods.

We get social: We will create a climate which nurtures business improvement and growth particularly through connecting with other businesses people.

Growth is a spectrum: Much of our unrealised growth potential will come from incremental changes in smaller companies. Local opportunities for significant one off economic boosts, particularly in terms of new jobs, are limited. Therefore, we understand the path to growth to be a progression, which may begin with fresh ambition or a new startup, move through improvement and modest growth before possibly reaching high growth. We will ensure that support is available from through partner organisations at each stage, as appropriate to the need and demand of the growing business.

Learning drives improvement: We will drive efficiencies and good practice in the delivery of publically backed business support in a number of ways. We will be transparent about the costs per intervention both in advance when commissioning activity and when reporting on results. This will help drive innovation in the delivery market, along with demonstrating how cost intensity varies along the spectrum of growth from pre-start to high growth. The LEP will also share learning and good practice across the support organisations to drive improvement.

[a] Access to business support - We will encourage realistic growth ambitions within our business community by demonstrating how others have created a path to success. The LEP will play a central role in coordinating and aligning the fragmented support network, particularly via its online insight and introductions service www.businessinspiredgrowth.com We will link interventions, so that for example mentoring and peer support are wrapped around the provision of finance for growth. In particular we focus on the creation of value relationships, such as incentivising the take up of support, whilst recognising that there's little value in 'free'. Typically we will encourage the provision of specialist advice for established businesses, to further build value relationships and make the most of the expertise within the business community to support growth. We will support people working as catalysts and network enablers along with the provision of infrastructure that meets the needs of businesses, such as physical Business Hubs.

[b] Enterprise – new business starts - A fundamental foundation of our economy is the high quality of life, which attracts and retains entrepreneurs and business leaders. Recognising that self-employment is an increasing trend, particularly amongst 25+ returnees to the area, we will ensure that we effectively support those with a desire to establish their own business and instil an enterprising mindset in our young people.

[c] Innovation and technology - Whilst North Yorkshire is benefitting from the rollout of superfast broadband, the East Riding currently does not. We will look to remedy this, recognising that broadband is an enabling technology that can drive growth and ensure competitiveness in the long term (see also Priority 5). Where broadband has been rolled out we will help businesses make the most of it. Unleashing the innovation and expertise in the regions businesses and Universities will play a key role in driving high value growth. This may involve making the most of local institutional knowledge and expertise, or creating links to relevant knowledge elsewhere. In particular we will seek to use the University of York as a conduit to connect businesses to the best expertise across the UK.

[d] Planning, regulation and procurement – The potential for the public sector to play a stronger role in supporting the economic growth of the local business community is recognised by both public and private sectors. The LEP will use our role as a bridge between these sectors to ensure that we make the most of this. Once again, we will look to the business community to help the public sector understand

where there are barriers to growth or opportunities to support additional local growth, whilst making it easier for business to deal with regulation. We will seek to encourage a positive, business friendly culture, including in planning, and explore potential for free pre-application planning advice to businesses, customer care training, and simplified planning regimes.

[e] Market development - Businesses looking to grow instinctively know they need a market for the goods and services they provide. Where there is a need or opportunity develop, test, establish or access these markets, which require additional intervention, we will assist. Whilst many of these markets will be international, there remain domestic opportunities to maximise, such as making the most of infrastructure such as roads and long distance cycle path and footpaths through our region.

[f] Business skills - As part of the overall principle of supporting linked interventions, it is important that business people receiving support have the skills required to make the most of this. Accordingly, both basic and specific business skills and higher level leadership and management skills will be key elements on the path to growth.

Outcome Indicators and Benefits to Business

We will create a minimum of 300 additional jobs per year, equating to £15,000,000 of additional GVA, or around 0.1% of extra GVA growth.

Associated benefits for businesses and the economy will be:

- Job creation
- More profitable businesses & enhanced economic resilience
- Continued provision of public goods and services (ie natural environment)

Outcomes will include:

- More ambitious businesses people
- A better connected, better supported, business community
- More innovation in business models and business support

Ensuring Inclusion and Sustainability

By supporting business growth we will increase the stock of local jobs and reduce unemployment, recognising that for most people the most important route to higher quality of life is through employment. The social enterprise sector is rapidly growing, providing valuable employment along with providing services to society. Our support programmes will be as relevant to social enterprises as for-profit businesses, and may be delivered by social enterprises.

Our approach will hard-wire long term sustainability, given it will be driven by demand and build the capacity of the business community. We recognise that most of the organisations providing support for businesses have outlived several publically backed economic development approaches. Whilst our approach majors on supporting growth, we also recognise the importance of boosting economic resilience and safeguarding employment in some instances. We will also provide support for businesses providing key public goods that the market alone will not deliver, such as resource efficiency activity and the high quality landscape which is the foundation of our tourism economy.

Priority 2: A UK leader in food manufacturing, agriculture and biorenewables

Goal

We want to grow and cross fertilise two sectors in which we are UK leaders- the established food manufacturing/agriculture/agri-tech sector, and the rapidly emerging biorenewables sector – to make our area a global leader in both. Implementing the **BioVale** proposal, including expansion of the FERA site at Sand Hutton, and associated work in the low carbon and food sectors and supply chains will fuel growth and ensure opportunities and benefits extend to businesses across the LEP area.

Action Table

Core Activities (Deliverables)	Core Theme (EU)*	Actions	Delivery Route	
			Lead Partner(s)	Resource Streams
[a] A national exemplar Sand Hutton Agri-Innovation Campus and an agri-tech innovation programme	Innovation	i) Deliver the masterplan to expand the Sand Hutton/FERA site into a public private agri-innovation campus	DEFRA/ University of York	Growing Places, DEFRA, ERDF, University of York, Growth Deal
		ii) Develop an agri-tech innovation programme connecting businesses to R&D and centres of expertise (and seek national 'catapult centre' status)	FERA/ University of York	Growth Deal, Universities, ERDF + TSB/innovation partners
[b] Progress the BioVale vision for the biorenewables sector and exploit wider low carbon opportunities	Innovation Low Carbon	i) Create a 'one stop shop' on biorenewables connecting different areas of expertise and business	BioVale partners	Growth Deal, Private Sector, ERDF
		ii) Promote technology transfer and specialist business advice	BioVale partners	Growth Deal, Universities, ERDF
		iii) Establish tailored incubator and grow on space	BioVale partners	Growth Deal, Private Sector, ERDF
		iv) Build biorenewables and low carbon supply chains	BioVale partners +	Private Sector, MAS, ERDF
[c] Develop supply chain opportunities based on major investments	SMEs	i) Connect SMEs to supply chain opportunities in the food/agriculture. biorenewables and low carbon sectors	To be identified	MAS, Private Sector, ERDF
		ii) Encourage major investors to reinvest and seek inward investment opportunities bases on supply chains	To be identified	Private Sector, Growth Deal
[d] A farm energy & resource efficiency programme	Low Carbon	i) support programme for energy efficiency, renewable energy generation and waste prevention/re-use in farms and the food sector	To be identified	ERDF/EAFRD + private sector and other partners

Why?

Businesses in the agricultural sector are around 3.5 times more concentrated in the LEP area than national average, and more concentrated than any other sector. The food manufacturing and energy generation sectors are also prominent. In York and North Yorkshire, food manufacturing accounts for around 35% of all jobs in manufacturing. No other sector comes close to its concentration in our area, and we have the assets and ambition to grow it further – including the goal of winning national 'catapult' centre status for FERA as a centre of innovation excellence and expertise.

Biorenewables sector development encompasses high value chemicals, natural products, next generation biofuels and biowastes. There is a global shift from oil based products towards bio-based materials. Across Europe the bio-economy sectors have a reported turnover of some 2 trillion Euros¹³ and the global market for biochemical has been predicted to increase tenfold between 2005 and 2015. Our LEP area has leading assets in the sector including R&D strengths at the University of York, the Biorenewables Development Centre, FERA, leading private sector firms, and the transformative initiatives at Drax, England's largest power station. Alongside a £700m investment in converting to biomass, it is shortlisted for a £1bn carbon capture and storage investment.

Development of the sector, and other planned investments such as the proposed £2billion potash mine near Whitby which could generate £1 billion of annual exports, will generate employment and present supply chain opportunities for local companies. More widely there is great potential for sustainable energy and resource efficiency in farms and food businesses, including producing energy through anaerobic digestion.

Activities and Collaboration

We will collaborate with the Humber LEP, Leeds City Region LEP and potentially the Tees Valley LEP, as well major institutions such as FERA, businesses including Drax, food and farming interests, and the partners driving the BioVale proposal. They include The Centre for Novel Agricultural Products, the Green Chemistry Centre and the Biorenewables Development Centre at the University of York, the City of York Council and Science City York.

We will focus on four Core Activities:

- a) **A national exemplar Sand Hutton Agri-Innovation Campus and an agri-tech innovation programme that helps business to access expertise** – Alongside expertise at the University of York, FERA at Sand Hutton is a key asset for agriculture and related food and energy businesses. This world class facility sits at the heart of the UK agri-tech strategy and has potential to double in size, creating 800 jobs and boosting the economy by £100m. It has an excellent case to be at the core of the new national agri-tech 'catalyst' programme and to become an exemplar 'catapult' centre. Investment will tackle public goods and positive externalities market failures that mitigate against business R&D. Activity will be fully connected to the BioVale proposal.
- b) **Progress the BioVale vision for the biorenewables sector and exploit wider low carbon opportunities** – The BioVale Vision is for a Yorkshire and Humber wide innovation cluster focused on centres of expertise in the University of York and FERA. This would connect to low carbon and biomass developments at Drax, low carbon energy and chemicals in the Humber, and expertise in other R&D institutions and universities. The proposal would promote technology transfer, build supply chains and bridge gaps between sectors and areas of specialism, including high value chemicals, natural products, next generation biofuels and valorisation of biowastes.
- c) Promoting **supply chain opportunities based on major investments** and sector development – Growth of the food manufacturing, agriculture and agri-tech sector, the biorenewables sector and

¹³ Statistic taken from BioVale proposal consultation document, July 2013

wider low carbon sectors will create major supply chain opportunities. These include those from investment in agri-innovation, potash mining, low carbon transformation at Drax and offshore wind energy development. We will seek to ensure local SMEs are aware of supply chain opportunities and enhance their capacity to secure them, addressing barriers to market entry and imperfect information market failures. We will also seek to exploit opportunities for inward investment and reinvestment based on the supply chains of major investors.

- d) **A farm energy & resource efficiency programme** – There is great potential to turn farm waste into a source of renewable energy and an income stream, as well as to implement other energy saving, waste reduction and microgeneration activities in farms and food industry SMEs. However, market failures relating to positive externalities, imperfect information and access to finance (barriers to entry) are preventing take up and economic and low carbon benefits. This programme will open up grants, advice or other support that encourage small scale take up of low carbon and sustainable technologies across the LEP area, with focus on anaerobic digestion and waste to energy

Outcome Indicators and Benefits to Business

The overall outcomes that will benefit from this activity are private sector investment, employment, sector growth and reduced waste and carbon emissions. Specific results and outputs from activities that contribute to these overall outcomes include:

- Number of enterprises engaging with universities and other research bodies
- Number of enterprises introducing new to market or new to firm products
- Number of businesses that are actively innovating
- Private investment
- Jobs created
- Greenhouse gas reductions
- ‘Smart specialisation’ – embedding innovation and value chain connections
- Companies delivering low carbon practices, processes, services or products

Associated benefits for businesses and the economy include world class agri-tech and food expertise and innovation accessible locally; improved access to new supply chain opportunities; and lower energy and waste costs, plus new income streams for farm and food businesses.

Ensuring Inclusion and Sustainability

This Priority will support environmental and low carbon goals through its promotion of biorenewable rather than oil based products, low carbon energy more widely, and resource efficiency and renewable energy in food and farm businesses. There are also good opportunities for locally driven and third sector led initiatives to deliver low carbon goals, as well as employment and training opportunities within the food manufacturing and agriculture and biorenewables industries, many of them spread across the LEP area and including remote rural communities.

Priority 3: Skills for Business and Employability

Goal

We want to have one of the best workforces in the country, with ambitious and enterprising young people, excellent employability skills and qualifications that meet the needs of businesses now and in the future. Achieving that will drive business growth and competitiveness and support high employment rates, inclusive communities and heightened incomes.

Action Table

Core Activities (Deliverables)	Core Theme (EU)*	Actions	Delivery Route	
			Lead Partner(s) ¹⁴	Resource Streams
[a] Employability skills	Employment Skills	i) Mainstream employability into education across the LEP area and roll out employability charter activity	SFA opt in	ESF + SFA
		ii) Devise and deliver targeted initiatives to enhance employability	SFA/ Big Lottery opt in	ESF + SFA /Big Lottery
[b] Apprenticeships and work experience	Skills	i) Promote higher level apprenticeships	SFA opt in	ESF + SFA
		ii) Use Apprenticeship Hubs or similar means to promote apprenticeships and simplify take up for business		
		iii) Promote widened use of placements and work experience		
[c] Connecting business to education	Skills	i) Develop links between business and education providers	SFA opt in	ESF + SFA
		ii) Enhance careers information and guidance and its link to local business needs and opportunities		
[d] Upskilling the workforce and sector skills needs	Skills	i) research and communicate specific sector needs	SFA opt in	ESF + SFA
		ii) develop specific training and skills packages that meet local and priority sector needs, including new investors		
[e] Supporting people to access employment, esp. young people	Employment	i) promote self-employment and enterprise skills	SFA opt in	ESF + SFA
		ii) intensive support to help people upgrade skills, move towards and enter work, including workless people and those facing redundancy	Big Lottery Opt in	ESF + Big Lottery
		iii) overcome rural employment challenges, including travel difficulties		
		iv) connect young people who are not in employment or training to local employers and opportunities		
[f] Active inclusion and community led solutions	Inclusion	i) develop the capacity of the community and social enterprise sectors to meet local needs	Big Lottery Opt in	ESF + Big Lottery
		ii) community led local development activity to build inclusion and employability		
		iii) activities that promote social inclusion through delivering environmental benefits		

¹⁴ The Skills Board will provide the strategic lead and commission and guide SFA and Big Lottery activity and opt ins

Why?

Businesses need people with the right skills and qualities to flourish and grow. The same skills help people to get jobs and progress in their careers. There is a strong link between skills (especially higher level ones) and business productivity. On average, businesses that invest in training perform far better than those who do not. Likewise, people with better skills are far more likely to be employed and to earn more. Skills are as vital to jobs and inclusion as to business success.

Qualifications across most of the LEP area are above national average. Whilst they are improving over time, national average is improving faster, meaning that we need to improve further and faster to stay ahead. Additionally, there are localised areas where skills levels are lower, most notably on the Yorkshire Coast, where unemployment is highest too. Market failures to do with public goods (trained workers may be poached by other companies) and imperfect information (the value of skills is not fully recognised) are preventing the degree of upskilling that is required, whilst institutional, cultural and policy barriers about skills acquisition and structures also need to be addressed.

Business skills, including leadership and management skills are critical to business growth and success. These are covered in Priority 1 on ambitious businesses because they relate strongly to business ambition and are part of a co-ordinated business support offer. Equally, higher level skills are often key to business productivity and growth. High level skills are included in the business growth skills in Priority 1 and also under High Level Apprenticeships and sector skills needs in this priority.

Activities and Collaboration

We will collaborate with the Leeds City Region LEP and Humber LEP, and work through the Skills Funding Agency and Big Lottery as well as local partners in delivering six Core Activities to enhance skills, employment and inclusion:

- a) building **employability skills** – Businesses make clear that ‘employability skills’ are vital. These skills include a good attitude, basic skills such as English and Maths, and ‘soft’ skills like communication, teamwork and creativity. There will be value in rolling out existing good practice such as the Employability Charters in Scarborough and the Humber at all levels of education across the LEP area, mainstreaming employability into core teaching and curriculums wherever possible, and making links to work experience and improved careers information, advice and guidance.
- b) Increasing **apprenticeship and work experience** opportunities and uptake – We need to increase and better match the supply of and demand for apprenticeships. Apprenticeships must be an attractive and high quality option for young people, and support should be provided to employers to make taking on an apprentice easier, and to encourage others forms of high quality work experience (e.g. placements). That will include ensuring there is ‘apprenticeship hub’ or equivalent provision across the LEP area to make it easier for employers to take on apprentices, and also working to enhance the quality, range and flexibility of apprenticeship provision – including more high level apprenticeships.
- c) **Connecting business to education** – The skills system needs to provide the skills that employers need. Achieving that will require good relationships between businesses, education and skills providers (including schools, FE and HE) and work to enable businesses (including SMEs) to influence

what is taught. It is widely recognised that information, advice and guidance provision is currently problematic. It needs to be high quality, impartial and tuned in to the opportunities and needs in local businesses and growth sectors. This will be reflected in relevant activity.

- d) **Upskilling the workforce and sector skills needs** – There is a need to upskill workforce, especially where there are skills gaps and to meet the needs of growing and locally important sectors. Needs include science, engineering and technical skills in fields such as agri-food, energy and vehicle/component manufacture (e.g. caravans, coaches, aircraft), as well as customer skills in the visitor economy and care skills linked to an ageing population. Evidence shows higher level skills boost productivity and rising employer demand for them, hence they will be included in upskilling activity.
- e) **Supporting people to access employment, especially young people** – There are pockets of deprivation and unemployment on the Yorkshire Coast in particular, but these issues affect people throughout our area, even in seemingly prosperous communities. Barriers that can prevent people from accessing a job, include confidence and ambition, health, personal and family issues, skills, lack of or poor work experience, and mobility/travel difficulties. Working with people to address these issues will help them to build employability skills and get a job, widen the labour pool for employers, and build inclusive communities. Youth unemployment is a particular problem, so this group and especially those who are (or at risk of becoming) not in employment, education or training will be a priority. Workforce mobility and travel issues (e.g. to work or college) are also recognised.
- f) **Active inclusion and community led solutions** – Long term, sustainable solutions require community input and ownership, and we will focus on a community led approach to enhancing inclusion and employability. This will utilise and strengthen the capacity available through the voluntary and community sector, which is more concentrated in this LEP area than elsewhere in Yorkshire.

Outcome Indicators and Benefits to Business

The overall outcomes that will benefit from this activity are employment rates, productivity and growth. Specific results and outputs from activities that contribute to these overall outcomes include:

- Apprenticeships started and completed
- Proportion of the population with qualifications at NVQ levels 2, 3, 4 and 5
- Businesses reporting skills improvements in the workforce and reduced skills gaps
- Number of people who participate in skills and learning activity
- Number of unemployed people accessing employment
- Young people engaged and numbers not in employment, education or training

Associated benefits for businesses and the economy include more people to recruit from with good employability skills, ease of recruiting apprentices, more demand from skilled young people to work in local businesses, and more influence over what is taught in schools, colleges and universities.

Ensuring Inclusion and Sustainability

Much of this activity is focused directly on employment and inclusion and will reach the most disadvantaged and excluded people. A focus on business needs, on better matching supply and demand, and building community capacity will help to ensure long term sustainability. Responding to low carbon and other environmental skills needs will ensure activity contributes to environmental imperatives.

Priority 4: Investing in our places to unlock growth

Goal

We will ensure a high quality environment, economic growth and enhanced housing across the LEP area consistent with the vision of attracting people who are starting or running a business, and the skilled employees they will need. Additionally, we must realise strategic opportunities to unlock and transform growth and development prospects in prioritised locations. These will benefit the local economic areas they are based in and the wider LEP area.

Action Table

Core Activities (Deliverables)	Core Theme (EU)*	Actions	Delivery Route	
			Lead Partner(s)	Resource Streams
[a] Strategic Investments to maximise the potential of our major Growth Corridor	Limited, but potentially Environment	i) Unlocking growth in North Northallerton	Hambleton DC/ NYCC	Growth Deal?
		ii) Strategic growth in Ripon and response to barracks closure	Harrogate BC/Ripon City Development/ MOD/NYCC	Growth Deal?
		iii) Catterick Garrison town centre and related development	MOD/Richmondshire DC/NYCC	Growth Deal?
		iv) Selby Olympia Park, employment site	Selby DC	Growth Deal?
		vi) York Central	LCR	
[b] Investments to ensure a strong and growing coastal economy		i) New Eastfield housing development, Scarborough	Scarborough BC/ NYCC	
		iv) Harbour development for offshore wind service potential (options in Whitby/Bridlington)	Scarborough BC/ East Riding C	Growth Deal?
[c] Capitalising on the growth of our neighbouring cities	n/a	i) South Skipton employment zone – flood alleviation	Environment Agency + Craven DC	Growing Places Fund + Defra
[d] Locally led physical development in the Dales, Moors and Wolds	Environment Low carbon LEADER	i) to be determined through local/ community led approaches	LAGs	EAFRD

[Note: Discussions with local authority partners is ongoing regarding the potential actions. These will be firmed up further during October and November as part of the Growth Deal submission – reference to Growth Deal funding here (and in P5) is to indicate it as a *possible* route, but further assessment and selection will be needed before finalising a small number of Growth Deal proposals. Other developments in local areas not covered in the above table include those relating to Sand Hutton/FERA expansion, and to transport and ICT, which are covered in priorities 2 and 5 respectively]

Why?

Our market and coastal towns and the centres of York and Harrogate are where business, people and place issues come together. We are a large geographical area with both areas of opportunity and need. Our area contains a number of overlapping and interlocking functional economic areas. These areas are what make York, North Yorkshire and East Riding distinctive, each having its own assets and opportunities to build future growth. These form the basis of this priority but they all have some common market failures and barriers when it comes to growth.

The nature of York, North Yorkshire and East Riding means that there are physical constraints or resource capacity issues that raise the cost of development beyond the point of its financial viability. The LEP and its partners can play an important role in ensuring that any barriers that may be preventing strategic sites or locally based investment taking place is unlocked. Our area faces some real challenges in the future such as the changes to the MOD establishments, further reductions in public sector employment, the isolation and accessibility of our upland rural economies and the difficulties faced by our coastal towns. However there are some significant opportunities such as excellent north-south connectivity, an outstanding landscape and coastline, high quality and attractive cities and towns and new growth opportunities to exploit. Investment in the infrastructure to unlock this potential is therefore critical.

The seven Local Economic Areas described in the economic geography and evidence section of this strategy have driven place proposals under this Priority, with areas brought together where they have strong similarities and relationships. That is the basis for the four core activities whereby proposals for the York & connected and A1/A19 corridor areas are brought together, as are the West Yorkshire connected and Hull & Humber connected areas, and the Dales and Moors & Wolds areas. The Yorkshire Coast remains as a distinctive area for proposals in its own right.

Activities and Collaboration

We will collaborate with the Leeds City Region LEP and Humber LEP on development opportunities that fall within both their LEP areas and our own, and with local authorities, the private sector, the HCA and Government funding streams on specific proposals.

- a) **Strategic Investments to maximise the potential of our major Growth corridor** - Through the central part of our area we have a growth corridor consisting of the A1(M)/A19 and East Coast Mainline. That includes York, the key economic driver for the area. It is an area with excellent connectivity and with real growth opportunities where future investment in high quality infrastructure is essential to enable growth. However it is not without its challenges; the area has significant public sector employment both within public sector authorities and agencies and also defence, where areas such as Northallerton and Ripon face significant losses whilst Catterick will become one of the largest armed forces bases in the UK. We need to overcome the infrastructure barriers faced by businesses and investors to ensure this area meets its growth potential and that opportunities are maximised.
- b) **Investments to ensure a strong and growing coastal economy** - Yorkshire has one of the finest coastlines in Britain, with famous seaside towns such as Scarborough, Bridlington, Whitby and Filey. All of which have seen a significant change over the years and have had to look towards raising the quality of their visitor offer whilst also looking to new economic opportunities, such as off shore wind, potash mining and creative and digital industries. There is a need to invest in the infrastructure

to enable new employment and housing land to be made available, new facilities to enable the most to be made from the new growth opportunities and improvements to raise the quality of the coastal visitor offer.

- c) Capitalising on the growth of our neighbouring cities** – Our area is almost surrounded by major urban conurbations and economic centres that each hold opportunities for growth. The south/east of our area could benefit from the investment going into Hull and the Humber ports area, particularly around the renewables industries. The south /west is clearly linked to the financial and commercial centre of Leeds. The north has connections to the engineering industries of the Tees Valley. Investment is needed to enable further employment land and opportunities to be met within the main towns.
- d) Locally led physical development in the Dales, Moors and Wolds** - We have significant rural upland areas covering the Yorkshire Dales, North York Moors and Yorkshire Wolds, outstanding landscapes with small towns acting as service hubs for jobs and visitors. But these are areas with future challenges where investment is needed to ensure sustainable economic communities rather than large scale growth.

Outcome Indicators and Benefits to Business

The overall outcomes that will benefit from this activity are land developed or opened up for development, new investment and jobs. Specific results and outputs from activities that contribute to these overall outcomes include:

- Ha of land opened up for development
- Business space created or improved
- Housing sites enabled
- New investment attracted to the area
- Jobs created

Associated benefits for businesses and the economy include ensuring that the potential of our high quality, distinctive and outstanding places continues to play a role in the growth of our economy. We want our area to be the best place to have and do businesses in the UK.

Ensuring Inclusion and Sustainability

Much of this activity is place based and so it is important that it is driven and supported by local interests and communities. Community Led Local Development can deliver real benefits in securing local ownership of projects and uniting efforts behind them. A sustainable approach will also seek high environmental standards in developments, including excellent energy ratings for new buildings, minimisation of carbon emission and waste, and sustainable transport and water management policies. Climate change adaptation needs (e.g. flood risks) should also be factored into planning and development.

Priority 5 – A well connected economy

Goal

We will aim that businesses across our area are well connected to their customers, markets and workforce and that our transport, mobile and broadband network is not a barrier to growth but is an enabler for thriving, prosperous places where businesses are able to grow.

Action Table

Core Activities (Deliverables)	Core Theme (EU)*	Actions (SEE NOTE BELOW)	Delivery Route	
			Lead Partner(s)	Resource Streams
[a] Improving east – west road and rail connections	n/a	i) A64 York – Scarborough	Transport Authorities /Highways Agency	Tbc
		ii) York – Harrogate – Leeds Rail	NYCC/Network Rail	NYLTB
		iii) York – Scarborough Rail	LAs/ Network rail/First Transpennine	Tbc
[b]Managing urban traffic and transport congestion and addressing pinch points	n/a	i) York Outer Ringroad	CYC	LCR
		ii) Catterick Town Centre	Transport Authorities	Private Sector / Growth Deal
		iii) North Northallerton Level Crossing	Transport Authorities/District Council	Private Sector / Growth Deal
		iv) Bedale Bypass	Transport Authorities	DfT/NYCC
		Further schemes currently being identified	LAs	
[c] Maintaining our current transport network	n/a	Priority actions to be identified	Transport Authorities	Transport Authorities / Growth Deal
[d] Improving access to superfast broadband	ICT	i) Rural Business Parks	Superfast North Yorkshire	Growth deal
		ii) East Riding	East Riding Council	Growth Deal
		iii) 4G		Tbc
[e] Identifying and addressing specific local transport issues	n/a	i) Access to Sand Hutton Agri Tech Campus		Growth Deal

[NOTE: This is a preliminary list of Actions. Local Authorities through the Transport Board have been asked to identify schemes which will be further assessed and considered by the Transport Board by end October]

Why

York, North Yorkshire & East Riding is a large geographical area with good North-South connectivity but poor East-west connections. The dispersed population across our extensive area to some extent helps to reduce congestion, but leads to specific transport problems and pinch points in our major centres and off the major motorway network.

Whilst accepted that significant improvements to the road and rail network is not appropriate in our rural areas they have for years suffered from a lack of connectivity to telecommunications network. Good Broadband and mobile communications provides a real opportunity for new investment and growth across our rural communities.

A targeted approach is therefore required which directs attention and resources to correcting a number of key access issues, and which combines transport and broadband based approaches.

Access to the Humber ports is good, especially from East Riding and Selby; access to airports is less so. There is quick rail access to London via York and Northallerton, and in the long term connection to the high speed rail terminal in Leeds from York will be important.

Activities and Collaboration

We will collaborate with the Leeds City Region LEP and Humber LEP, and work through the Devolved Local Transport Bodies and local partners in delivering five Core Activities. In particular, Highways Agency, Transport Authorities and Network Rail are critical partners to be able to deliver both funding and delivery mechanisms.

- a) **Improving east – west road and rail connections** - Whilst North – South links (especially in the central corridor with the A1(M) and East Coast Main Line) are generally good, the east - west links are relatively poor constraining the economic performance of towns such as Scarborough, Bridlington, Whitby and Skipton. Improving these east – west links will be crucial to boosting the economies of these towns and their surrounding areas.
- b) **Managing urban traffic and transport congestion and addressing pinch points** - Urban traffic congestion, especially in the two major centres of York and Harrogate, continues to cause problems for businesses and growth. Managing urban traffic congestion will allow our towns to continue to be the focal points for wider local economies. Localised pinch points, such as level crossings on major A class roads or overcapacity Motorway junctions, lead to long and unreliable journey times. Addressing these pinch points will help businesses through shorter and more predictable journey times for both goods and their workforce.
- c) **Maintaining our current transport network** - North Yorkshire and the East Riding are large areas with a dispersed population, and sizeable distances between many of their settlements. This means that the economies of many places suffer from their remoteness from raw materials, markets and workforces. A well maintained and effective transport network is therefore crucial to continued economic growth¹⁵.

¹⁵ “an efficient transport system depends on effective maintenance” (Transport – an engine for growth, Department for Transport, August 2013)

- d) **Improving access to superfast broadband and mobile technology** - Whilst Superfast broadband is being rolled out across much of York and North Yorkshire, gaps remain, notably in business parks at the edge of market towns and across parts of the East Riding. Closing these gaps, and those in the East Riding, plus 4G access in the future, will be critical in supporting future business growth and competitiveness across our area.
- e) **Addressing specific local transport issues that block the potential for major new economic development** - Specific large scale developments, such as the Sand Hutton Applied Innovation Campus or the potential potash mine near Whitby, bring with them specific transport problems. Investing in solving these problems can unlock the potential for economic and employment growth in some of the more difficult areas of the LEP area.

Outcome Indicators and Benefits to Business

The overall outcomes that will benefit from this activity are related to increased investment and improved connectivity. Specific results and outputs from activities that contribute to these overall outcomes include:

- Access to Broadband and mobile technology
- Resources secured for transport
- Transport improvements
- More reliable and faster travel times
- New investment as a result of transport improvements
- Jobs created

Associated benefits for businesses and the economy include ensuring that business have good access to customers, markets and a skilled workforce.

Ensuring Inclusion and Sustainability

6. Making it Happen

The role of the LEP and a partnership approach **[to be updated –see also section 3]**

The York, North Yorkshire and East Riding LEP Board brings together businesses, universities and local authorities and will take overall responsibility for the strategy and driving progress. **Delivery will be through collaboration:**

- Where businesses already have plans to grow we will let them get on with the job. We will only become involved where we can help to remove barriers to delivery or to enhance the scale and pace of progress.
- Where local partners have established shared goals and delivery mechanisms we will use these as a foundation. We will concentrate on using our influence to ensure that priorities maximise economic benefits and to secure resources for their implementation.
- Where there are existing resources or organisations outside the LEP area that we can make good use of, we will do so. That will involve collaborating with delivery organisations and neighbouring LEP areas where they can cost effectively deliver for or with us.
- The LEP will ensure the right skill sets exist and work with the most appropriate organisations to deliver priorities.

The diagram illustrates strategic partnerships we will make within the LEP area:



We will also make connections to key organisations and issues at national and local level, and to key strategies such as those covering economic development, planning, housing, transport, green

infrastructure and employment and skills. We will collaborate with neighbouring LEP areas wherever that makes sense, for instance with:

- The Humber LEP on priority sectors that are important to East Riding, and on employability skills
- The Leeds City Region LEP on skills issues such as apprenticeships, shared transport priorities and shared sectoral interests such as biorenewable energy and low carbon power generation at Drax
- The Tees Valley LEP on the Whitby potash proposals and related skills needs

Nationally, we will work with bodies such as UK Trade & Investment on exports and inward investment, the Technology Strategy Board on innovation, the Manufacturing Advisory Service on productivity and the Growth Accelerator on business development.

Capacity, strategy management and pooling of resources

[to be updated – please see Board Paper on Governance]

Given the context of stretched and reducing public finances, it is imperative that we put in place the most cost effective structures possible to manage finances and strategy delivery.

In practice, that will mean making the most of existing resources, collaboration and a pooling approach to drive efficiencies. Our preference is for using existing bodies to manage funds and day to day delivery where appropriate. The role of the LEP and its governance structures will be to set the vision and outcomes which will guide allocation of resources at a project level, and to ensure results meet expectations. The LEP Board will approve investment funds at a strategic programme level and these programmes will then be managed by local partners with relevant expertise.

Our collaborative approach will also ensure that bureaucracy in setting up and managing projects is avoided where an existing initiative or structure can simply be extended instead.

Despite a lean and collaborative approach, there will be significant additional tasks that need to be completed, for instance around strategy management and delivery, project development and appraisal, monitoring and intelligence, and partnership development. A LEP capacity review will inform the response to these needs, alongside development of proposals for the pooling of resources. This will include consideration of how, for example, economic development resources across local authority areas can work together as part of the LEP to deliver economies of scale, drive collaboration, and to support LEP development at the same time as serving local needs.

Influence and resources

The influencing role of the strategy, the LEP board and senior partners is pivotal. Making the case for our area to national decision makers, showing what we can deliver, and changing how things are done nationally and delegated locally can have a real impact.

Delivery will utilise a range of public and private resources and combine existing resources with new ones. Two key funding streams for LEPs were announced by government in the June 2013 spending review:

- The Single Local Growth Fund – will total £2bn per annum nationally, and be distributed to LEPs through a combination of allocations and bidding, taking into account governance, pooling of resources, and performance in using initial allocations. Given its sourcing from particular government departments and the local authority new homes bonus, this will come with expectations and rules about how it is spent (e.g. directing a proportion of expenditure towards housing, transport and skills).
- EU Strategic Investment Funds - are expected to total around 97.5m Euros for our LEP area over the period 2014-2020 and are allocated by formula. These funds combine a number of EU funds which have previously covered issues including small business growth, innovation, enterprise, employment, skills, inclusion and the environment. Much of their focus will be on business support, innovation, skills and low carbon growth, and expenditure on employment and inclusion is also expected.

We will seek to gain maximum value from these resources and to combine them with other sources of funding, for instance private investment, local funding sources and other agencies and institutions.

Appraisal mechanisms and procurement processes

We will develop and agree clear appraisal mechanisms for strategic assessment of proposals seeking to use Single Local Growth Fund or European funds. These will be objective and robust, but also as simple and streamlined as possible and proportionate to the sum of money involved. Our role will be to advise on and endorse proposals; Government’s role will be to ensure eligibility and make final funding decisions. We will look to use and adapt appraisal mechanism that have already been developed by other bodies where those meet these needs.

We will also develop proper governance, procurement and commissioning processes in the delegation of funding [to be developed].

Measuring success

Outcome indicators and measurables are included within the five Priorities. The following table sets out the high level outcomes, and splits them into those that benefit businesses directly, and other key outcomes linked to these. In some cases indicators are a proxy for the things that we want to measure but where data is not available – such as business profitability. Targets have not been set against outcomes or measurables at this stage, as performance will depend on the scale of resources secured and the detail of what is delivered. However, as a general principle, we will target improvements in performance that deliver both:

- Improved absolute performance year on year – i.e. numbers going in the right direction
- Improved performance compared to national average

Core Business Outcome Indicators	Additional Outcome Indicators
<ul style="list-style-type: none"> • Total GVA (output) • Business growth and profits (using proxies and indicators on number of businesses, productivity, start up and survival rates) 	<ul style="list-style-type: none"> • Employment rate • Average incomes • Carbon emissions

Review and evaluation

Things are changing fast so we will combine resolve around our overall strategic direction and priorities with flexibility to adapt to a changing context and new opportunities. We will ensure we have access to good economic intelligence across the LEP area. And we will build evaluation and learning into projects of significant scale, sharing and using the lessons learned to enhance the cost effectiveness of future projects. We will review the overall strategy and progress towards outcomes on an annual basis, and complete a full review of it as and when appropriate.