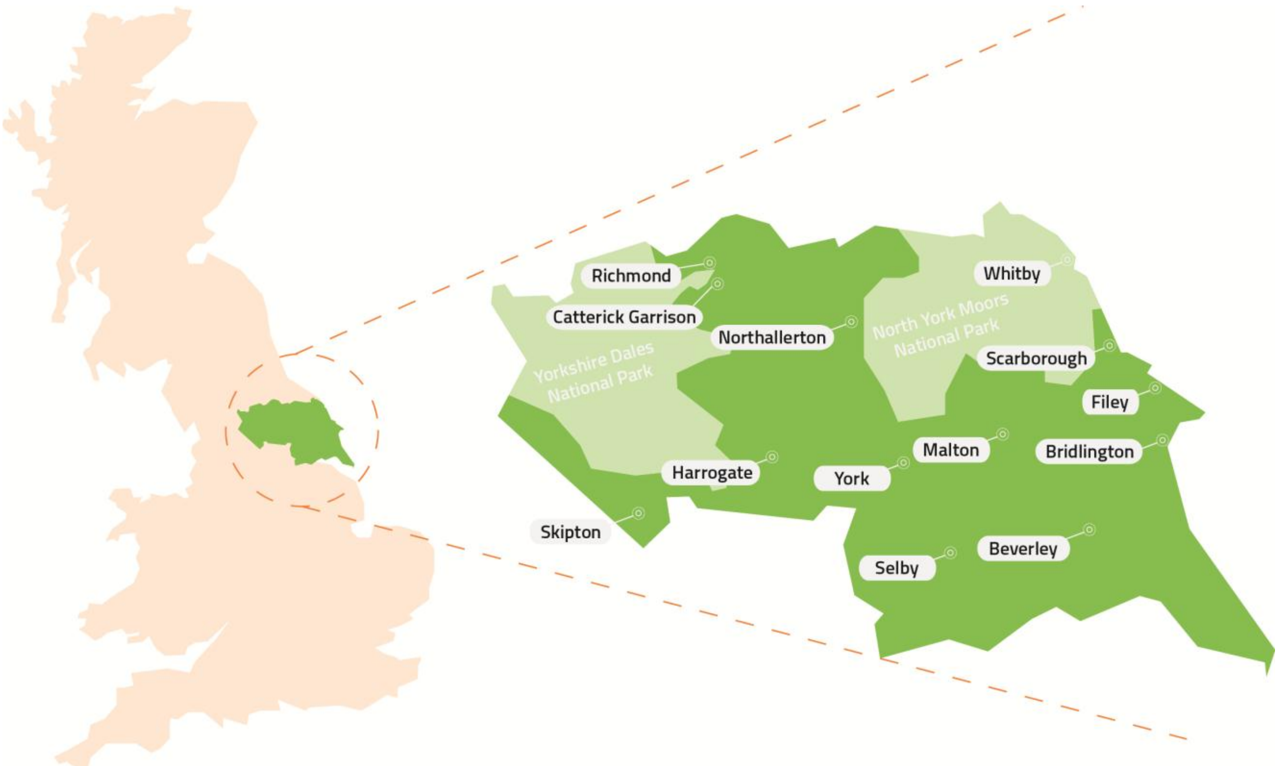
ENTERPRISE PARTNERSHIP
York / North Yorkshire / East Riding
Business Inspired Growth

Strategic Economic Plan

ESIF Submission

31st January 2014



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Executive Summary

Our vision is to make York, North Yorkshire & East Riding *the* place in England to grow a small business, combining a vibrant business location with an enviable 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!

We have unique industry assets and our unparalleled, multi-billion private sector investments are revolutionising the Agri-Tech and Bio-renewable industries. Coupled with the roll-out of superfast broadband, easy access to Leeds and fast mainline rail links to London, this gives us the opportunity to work 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. We shall, within five years, combine an enterprising, innovative, outward looking culture with unique economic assets and strengths. We will provide a supportive environment that backs businesses 100 per cent, with excellent ICT and accommodation, networking and contract opportunities and access to high quality advice that supports new and existing SMEs alike.

Leading edge assets in the food manufacturing, agri-tech and bio-renewables sectors (the 'bio-economy') will establish a worldwide reputation and create thousands of new jobs. 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***.

Our strengths will form the basis of a programme of growth, revolutionising towns such as Northallerton and Ripon, which are suffering from public sector cuts. Yorkshire is home to some of the most successful town centres in the country in places such as Beverley and Skipton. We must build upon our successes to allow towns across the region to think as a business, to understand their place in the market and to invest to be successful and sustainable in the long term.

There are few landscapes as famous as Yorkshire. We have inspired and shaped the literature, art and music of this country for hundreds of years. Our area has an outstanding offer that few can match; two stunning national parks, one of the finest coastlines in England and the historic city of York. The tourism industry employs thousands of people and we must ensure our plans for growth reflect 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.

World leader in Agri-tech

Food and Environment Research Agency (FERA) employs 600 scientists and is a globally significant research agency at the forefront of government responses to Agri-tech and food issues. The site will become an internationally important asset, leading the response to global challenges such as food security and supply-chain integrity.

We aim to double employment on the site from 800 to 1,600 high quality jobs and to boost the economy by £100m.

Our Priorities

Profitable and ambitious small and micro businesses	*"Ambitious businesses that are supported to innovate, improve and grow"*
A global leader in food manufacturing, agri-tech and biorenewables	*"Driving growth by building on our international reputation in agri-tech & biorenewables"*
Inspired People	*"Growing businesses able to access ambitious people, with the right skills and the right attitude"*
Successful and distinctive places	*"Enhanced growth and opportunities in targeted locations"*
A well connected economy	*"Businesses with strong connections to their customers and markets"*

Evidence Based

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.

Whilst the LEP area is successful overall, we need to confront challenges and exploit opportunities, not least to reverse the gradual decline in our competitive advantage.

Fact	Response
We have a rich diversity of small & micro-businesses **but few medium and large ones**	Focus on growing our existing businesses
Growth and productivity are low **and decreasing compared to national average.**	Focus on drivers of productivity including innovation, enterprise & skills
We have some world class innovative companies**, but** Innovation levels are not high enough	Support businesses to invest in R&D
We have some globally recognised innovation in agri-tech, food manufacturing **and** biorenewables	Focus on growing these sectors
Business start-up rates are 20% below average**, but survival rates are high**	Inspire an enterprise culture and start-up support
Skills levels are good, **but our lead over national average is eroding,**	A strong focus on the skills businesses most require
Employment rates **are high but we have low wage levels**	Active inclusion and employability activity
Carbon emissions **are reducing but more slowly than average**	Help businesses to reduce emissions and boost profits through resource efficiency,
We have complex geography and specific growth opportunities and transport needs **related to this**	Unblock growth based on major physical developments and transport improvements.

Making a difference

To ensure we are adding value, we will only fund activity where there is market failure or where we can stimulate bigger, better or faster delivery. All investments will pass a selection test which considers; Strategic fit, value for money, market failure and additionality.

"Impact and value for money will drive our delivery model"

Delivery and Resources

We will use a range of funding and influencing mechanisms to deliver the strategy, including existing local funding streams, private sector investment, central government funding and EU support.

A **local growth team** will be created, bringing together partners from different organisations to deliver the LEP strategy. The core secretariat will be funded via local authority contributions, central government funding and EU Technical Capacity

We have been allocated £83.4m of EU Structural and Investment Funds for our LEP area. This document sets out how these funds will be used to deliver our priorities.

Global event,
North Yorkshire engineering

The 2012 Olympics was a global success. The opening ceremony celebrated the UK's industrial heritage and culminated in the lighting of the Olympic flame

North Yorkshire based Stage One's world class, precision engineering produced the acclaimed Olympic Cauldron.

Measuring Success

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.

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 have a wide range of outputs, which individual investments are targeted to achieve, however overall success will be measured against these 10 tests.

Key Outputs:
3000 Businesses Supported
1650 Jobs created
7450 People trained

2020 Outcome Tests

1. Is GVA and productivity increasing ?
2. Are more business starting and surviving?
3. Have exports and investment in R&D increased?
4. Are we a global leader in agri-tech and biorenewables?
5. Are employment rates back to pre-recessionary levels?
6. Are our higher level skills above the national average?
7. Are employers able to recruit better quality local people?
8. Have the major developments been delivered?
9. Is ICT access and uptake keeping pace?
10. Are carbon emissions falling at least as fast as nationally?

Delivery Activities

We have established ambitious goals under each of our five, connected priorities and identified core activities for each.

Overview of Priorities, Objectives and Core Activities

Priority and Goal	Objectives	Core Activities
1) Profitable and ambitious small and micro businesses *"Ambitious businesses that are supported to innovate, improve and grow"*	• Innovative, growing small businesses • More entrepreneurs who start and grow a business • Ambitious business leaders	[a] Increase innovation in small businesses [b] Inspire and supporting new business starts [c] Improve business competitiveness through co-ordinated business support [d] New market development [e] Deliver business friendly planning, regulation and procurement [f] Enhance leadership and management skills
2) A global leader in food manufacturing, agri-tech and biorenewables *"Driving growth by building on our international reputation in agri-tech & biorenewables"*	• World class innovation in agri-tech and biorenewables • Agriculture and food business connected to new opportunities • Low Carbon businesses	[a] Grow our International competitiveness in Agri-tech [b] Capitalise on our biorenewables & low carbon assets [c] Connect our agricultural sector to agri-tech and biorenewables based expertise and opportunities [d] Support investment in energy & resource efficiency
3) Inspired People "Growing businesses able to access ambitious people, with the right skills and the right attitude"	• A Productive workforce for growing businesses • Inspired people making the right job choices • Empowered communities delivering support and inclusion	[a] Increase productivity by investing in workforce skills [b] Build competitive advantage through higher level skills [c] Increase employability by connecting business to education [d] Support high quality apprenticeships and internships [e] Build skills, attitude and ambition to help people access jobs [f] Develop strong communities and active inclusion [g] Deliver a skills capital programme
4) Successful and distinctive places *"Enhanced growth and opportunities in targeted locations"*	• Unlock major growth opportunities • New development in response to economic shocks and closures • Environmental quality and community needs	[a] Strategic investments in the A1/A19 corridor [b] A strong and growing coastal economy [c] Strengthen economic links with neighbouring cities [d] Sustainable growth in the Dales, Moors and Wolds [e] Business led investments in market towns
5) A well connected economy *"Businesses with strong connections to their customers and markets"*	• Fast, reliable journeys between key centres • Transport that underpins growth • Access to UK and international markets	[a] Improved east-west connections [b] Investment to ensure the existing transport network supports growth [c] World class ICT & broadband

1. Introduction

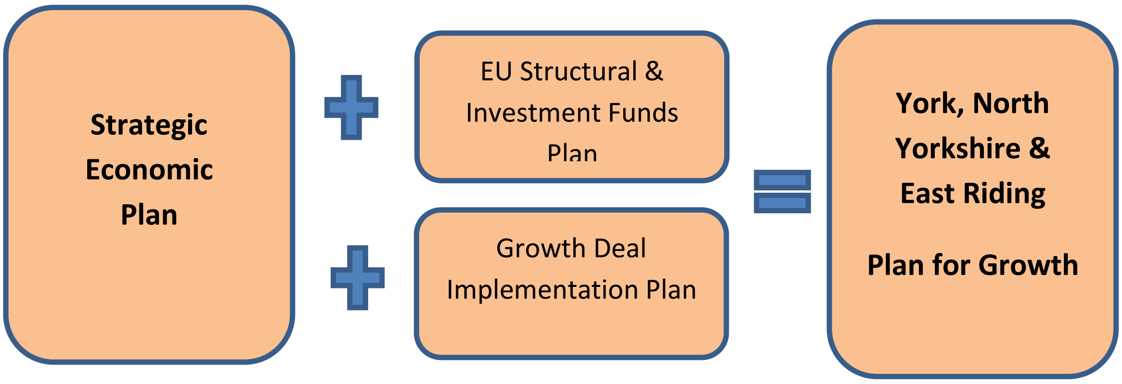
York, North Yorkshire and East Riding Local Enterprise Partnership will work with partners to transform the economic ambitions of our area, turning major opportunities into tangible achievements and delivering business led growth.

This Strategic Economic Plan is a single strategy for our area that serves three purposes:

1. It sets out the key economic issues, opportunities and priorities for our area in their own right

2. 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)

3. It is the Strategic Economic Plan that Central Government require for Growth Deal funding purposes (supported by a more detailed Local Growth Deal Implementation Plan)



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.

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 agri-tech, 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.

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

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

We will focus on delivering five, outcome focused **priorities** to enable business led growth:

1 Profitable and ambitious small and micro businesses

2 A global leader in food manufacturing, agri-tech and biorenewables (the 'bio-economy')

3 Inspired people

4 Successful and distinctive places

5 A well connected economy

As the diagram shows these priorities connect to one another and will *together* drive business growth. For instance, small businesses in the food manufacturing, agri-tech and biorenewables sector (priority 2) can benefit from business support (priority 1) and enhanced skills levels (priority 3). The attributes of the places they are based in – rural and urban – affect their success (priority 4), as do good connections to markets (priority 5).

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 and focus on 'ten tests for 2020' (see section 6) that we will use to assess whether the LEP area has met the ambitious goals that have been set.

Delivery and monitoring will take into local areas, including those of the East Riding of Yorkshire as a 'transitional area' (for EU funding purposes) and the imperative of delivering change right across the LEP area, in remote rural areas as well as in our towns and cities.

[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 incomes as proxy measures for it.

2. Investment Priorities and Activities

The following Table sets out the Priorities, Objectives and deliverable Core Activities in overview. These are covered in detail, priority by priority in this section before resourcing is set out in section 6.

Overview of Priorities, Objectives and Core Activities

	Priority	Objectives	Core Activities
1	**Profitable and ambitious small and micro businesses**	• Innovative, growing small businesses • More entrepreneurs who start and grow a business • Ambitious business leaders	[a] Increase innovation in small businesses [b] Inspire and supporting new business starts [c] Improve business competitiveness through co-ordinated business support [d] New market development [e] Deliver business friendly planning, regulation and procurement [f] Enhance leadership and management skills
2	**A global leader in food manufacturing, agri-tech and biorenewables (the 'bio-economy')**	• World class innovation in agri-tech and biorenewables • Agriculture and food business connected to new opportunities • Low carbon businesses	[a] Grow our International competitiveness in agri-tech [b] Capitalise on our biorenewables & low carbon assets [c] Connect our agricultural sector agri-tech and biorenewables based expertise and opportunities [d] Support investment in energy & resource efficiency
3	**Inspired People**	• A Productive workforce for growing businesses • Inspired people making the right job choices • Empowered communities delivering support and inclusion	[a] Increase productivity by investing in workforce skills [b] Build competitive advantage through higher level skills [c] Increase employability by connecting business to education [d] Support high quality apprenticeships and internships [e] Build skills, attitude and ambition to help people access jobs [f] Develop strong communities and active inclusion [g] Deliver a skills capital programme
4	**Successful and distinctive places**	• Unlock major growth opportunities • New development in response to economic shocks and closures • Environmental quality and community needs	[a] Strategic investments in the A1/A19 corridor [b] A strong and growing coastal economy [c] Strengthen economic links with neighbouring cities [d] Sustainable growth in the Dales, Moors and Wolds [e] Business led investments in market towns
5	**A well connected economy**	• Fast, reliable journeys between key centres • Transport that underpins growth • Access to UK and international markets	[a] Improve east-west connections [b] Invest to ensure the existing transport network supports growth[2] [c] Ensure world class ICT and broadband

[2] This includes North Yorkshire Local Transport Body proposals on managing urban traffic, congestion and pinch points; the reliability of current transport networks; and addressing specific local transport issues

Priority 1: Profitable and ambitious small and micro businesses

Goal

Ambitious businesses that are supported to innovate improve and grow

We will create conditions which enable all businesses with an ambition to grow to do so, and boost innovation levels by connecting businesses to the best expertise. 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.

Objectives:

- Innovative, growing small businesses
- More entrepreneurs who start and grow a business
- Ambitious business leaders

Action Table

Core Activities	Core Theme (EU)*	Actions	Delivery Route	
			Lead Partner(s)	Resource Streams
Increase innovation in small businesses	Innovation	Create a single access point to improve links between business and universities	University of York	ERDF
		Financial support for R&D and new product development	SCY	ERDF
Inspire and support new business starts	SMEs Skills	Business start-up support	Various	ERDF/ESF/EAFRD, Growth Deal
		Enterprise education and culture	Education providers	ERDF/ESF
Improve business competitiveness through co-ordinated business support	SMEs	Simplify and incentivise access to business advice including business networks	Business Networks	LEP Funding, ERDF, Growth Deal
		Tailored business support to meet specific needs	To be commissioned	ERDF, ESF, EAFRD, MAS, Growth Deal
		Access to Finance (including Business Growth Grants for capital investment)	TBC	ERDF, EAFRD RGF, Growth Deal
		Business Improvement Programme	Chartered institutes	ERDF, Growth Deal
New market development	SMEs	Export market development	UKTI	ERDF
		Supply chain development	MAS	ERDF
Deliver business friendly planning, regulation and procurement	SMEs	Better, business friendly advice on legislation, planning & regulation	Various	ERDF, Growth Deal
		Better procurement that widens SME opportunities	TBC	ERDF
Enhance leadership and management skills	SMEs	Leadership development programme	Universities	ESF

Why this is a priority

We have a micro and small business based economy. Future growth therefore depends on a highly competitive and growing small and micro business sector.

We have 20% fewer medium and 50% fewer large companies than the UK average. Growth and job creation is therefore going to come from our small businesses base.

Productivity is below national average and falling, SMEs will be central to a turnaround.

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. We need to help businesses to capitalise on this success.

Collaborating to support small business

We have brought together business networks and their members with chartered professionals – connecting businesses to trusted sources of advice.

The LEP has also brought together the 'big five' business membership organisations to cross promote each other's work and that of smaller networks, the first time this collaboration has happened.

	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

In summary, we have a very resilient small business base, which has fared better in the economic downturn than in many areas. However, historically we have grown slower than the national average and we need to increase the productivity and growth rate of our businesses.

We need to build on our current position to outstrip the UK growth rate

In driving our growth we know that:

- Businesses taking external advice are twice as likely to grow as those that do not.
- Productivity increases are best driven by investing in innovation and skills.
- We have genuine world leading innovation in some of our small businesses; however many small businesses have unrealised growth potential because of a lack of capacity and internal expertise.
- Our inward investment opportunities are likely to be limited and linked to a small number of supply chain opportunities linked to specific growth opportunities.
- Many of our biggest companies started out as micro businesses here. The quality of life, coupled with a quality business environment, means businesses are likely to stay and grow in the area.
- Business start-up rates are 20% below national average; we need more new firms to start up.
- We are therefore likely to deliver best results by helping our existing base of small and micro businesses to grow, whilst helping new firms to start up and survive.

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 potential is key to our future growth and stability. Evidence also shows innovation has the potential to drive business growth. We will work with HE and FE to drive this, linked to our 'Smart Specialisation' approach. We will also help businesses to embed a culture of new ideas and continual improvement around their goods, processes and services, linked to business support.

How we will make a difference

Our approach will be business led and focus on stimulating demand for external advice and addressing market failures - for instance relating to imperfect information, merit goods and barriers to market entry.

Cutting red tape to help business

Yorkshire, Europes best tourism destination has secured the start of the 2014 Tour De France

Almost 500,000 visitors are expected to flood into the area for next year's Grand Départ so it's really important for businesses to take advantage of this huge opportunity

It's always great news for businesses when public bodies cut the red tape and let them get on with boosting the economy.

That's why we were so excited to see Harrogate Borough Council agree a planning amnesty for businesses who wish to set up temporary campsites, caravan parks, or car parks during the Tour de France. The same amnesty also applies to any businesses displaying advertising material linked to the Tour.

We need to build on the many innovative businesses already operating in our region, but also to stimulate ambition in others and support those businesses that are willing to invest to improve their competitiveness and grow.

The rural geography and dispersed nature of our business base mean that much support which is readily available in more urban areas is not promoted to our rural businesses. We will ensure that businesses, wherever they are located, have access to the same level of support and same opportunities.

We will improve the productivity of our businesses by capitalising on the investment in superfast broadband, helping businesses to take advantage of the productivity and new market opportunities this presents. We will work across sectors and geographies to learn and share best practice and support our small business base to improve margins and win new business.

And we will remove barriers to innovation, including de-risking investment in research and development. We will ensure businesses are supported to access and work with the very best innovation expertise in UK, and will provide financial support to those that are willing to invest in research and development.

Finally, we will back our business leaders. Sustainable business growth needs strong leadership and good management. We already work closely with the many business networks in our region. We will continue to partner with these networks to ensure business leaders have access to the support, peers and mentors they need to grow their business. We also benefit from great universities, ambitious colleges and a wealth of knowledge assets. Our role is to ensure businesses can access these assets, to provide them with the confidence, learning and ambition to drive business growth.

We will also look to remove barriers to growth, intervening only when we can make a real difference so that businesses that are wanting to expand and grow are able to do so. Planning, regulation and public procurement is a good example where businesses often cite complexity and bureaucracy as a real barrier to their growth. We are already running a better regulation programme and will expand this to ensure business and the regulators work together to support local ambition and growth.

A further example of removing barriers is the Business Growth Grants Programme. This will provide capital finance to unlock development and where proven market failure based gaps exist, using modest resources to lever in investment, growth and jobs.

Yorkshire is home to some of the most resilient, experienced businesses in the UK. It's no secret that part of the reason why our businesses have one of the best survival rates in the country, is that they're run by sensible, innovative, forward-thinkers.

Our mentors are passionate about business and want others to share in their success

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 start up, move through improvement and modest growth before possibly reaching high growth. We will ensure that support is available through partner organisations at each stage, as appropriate to the business needs and demands.

Core Activities

We will focus on six Core Activities:

[a] Increase innovation in small businesses – We will de-risk investment in R&D and make it easier for small businesses to innovate. We have world class innovation assets in the region that we will utilise. However we will also seek to use the University of York as a conduit to connect businesses to the best expertise across the UK. We will create a single entry point, whereby a business wishing to innovate is helped to find and access the very best expertise and support and supported in invest in developing new products and processes. We also recognise that broadband is an enabling technology that can support long term competitiveness (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 region's businesses and universities will play a key role in driving high value growth.

[b] Inspire and support 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] Improve business competitiveness through co-ordinated 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. Tailored support will also extend to sectors with specific needs such as the visitor economy and engineering. 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. Support will be linked to resource efficiency and low carbon goals (see 2d) and cover areas including marketing, finance, ICT, staffing and investment readiness. It will also include access to capital finance through Business Growth Grants.

[d] New market development - Businesses looking to grow know they need a market for the goods and services they provide. Where there is a need or opportunity to 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 tourism and recreational markets linked to long distance cycle paths and footpaths through our region and promotional opportunities linked to events such as the Tour de France in Yorkshire.

[e] Deliver customer friendly 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 facilitate progress. 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.

[f] Enhance leadership and management 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. Additional results and output measures include:

- Jobs created
- Increased business start-ups
- Enterprises co-operating with research institutions
- Enterprises actively innovating and introducing new to market and new to firm products
- More productive and profitable businesses, with enhanced economic resilience
- Enterprises accessing ICT products and developing ICT based products or services
- Greenhouse gas reduction and businesses supported with energy and resource efficiency
- Economic viability through infrastructure (including natural environment/green infrastructure)
- More ambitious businesses people
- A better connected, better supported, business community

Associated benefits for businesses and the economy include access to good quality help and advice, improved access to finance, ease of accessing university, college and R&D expertise, better skills, raised productivity, lower resource costs, and enhanced access to new markets and supply chain opportunities.

Priority 2: A global leader in food manufacturing, agri-tech and biorenewables

Goal: ***Driving growth by building on our international reputation in agri-tech & biorenewables***

We will drive growth and exports by building on our international reputation and connections in these sectors of global significance. We want to grow and cross fertilise two sectors in which we are internationally recognised to make our area a global leader in both aspects of our bio-economy.

Objectives:

- World class innovation in agri-tech and biorenewables
- Agriculture and food business connected to new opportunities
- Low carbon businesses

Action Table

Core Activities	Core Theme (EU)*	Actions	Delivery Route	
			Lead Partner(s)	Resource Streams
[a] Grow our international competitiveness in agri-tech	Innovation	i) Deliver Sand Hutton/FERA agri-Tech Campus Masterplan	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	FERA/ University of York	Growth Deal, Universities, ERDF + TSB/innovation partners
[b] Capitalise on our biorenewables and low carbon assets	Innovation Low Carbon	i) Create a 'one stop shop' on biorenewables innovation	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] Connect our agricultural sector to agri-tech and biorenewables expertise and opportunities	SMEs	i) Connect agriculture businesses to food, agri-tech and biorenewables expertise and supply chains	To be identified	MAS, Private Sector, ERDF/EAFRD
[d] Support investment in energy and resource efficiency	Low Carbon	i) support programme for energy efficiency, renewable energy generation and waste prevention	To be identified	ERDF/EAFRD + private sector and other partners

Why this is a priority

The region is internationally competitive in agri-tech & biorenewables

Across Europe the bio-economy sectors have a reported turnover of some 2 trillion Euros[3] and the global market for biochemicals has been predicted to increase tenfold between 2005 and 2015.

The R&D base in York competes on the international stage in agri-tech and biorenewables. It is home to the Biorenewables Development Centre and two internationally recognised research groupings at the University of York, the Centre for Novel Agricultural Products and the Green Chemistry Centre of Excellence.

The Food and Environment Research Agency (Fera) complements these resources. Located at Sand Hutton outside York, it connects our agricultural sector to agri-tech and biorenewables based expertise and opportunities. Fera employs some 550 scientists to support and develop a sustainable food chain, a healthy natural environment, and to protect the global community from biological and chemical risks. This site is at the heart of the ***UK strategy for agricultural technologies*** and is identified as a candidate for 'Catapult centre' status in the future, reflecting its role as a centre of expertise and innovation.

Yorkshire Innovation

Global Ambition

Yorkshire and the Humber has a unique combination of industry, agriculture and a world class knowledge base to capitalise on agri-tech and biorenewables opportunities. This combination includes internationally recognised biorenewables research at the University of York and Fera, innovative chemicals-using industries, biofuel and bioenergy suppliers, forward-looking agricultural enterprises and the largest concentration of food and drink businesses in the UK

Land based industries training is offered by Askham Bryan, the fastest growing college in the UK specialising in land based disciplines, and by Bishop Burton agricultural college.

Importantly, these different elements in the knowledge base work closely with each other. For instance Fera works closely with the University of York, including the recent development of an Agri-food Resilience Initiative in collaboration with York Environmental Sustainability Institute.

We have innovative businesses in Food, Agri-tech & Biorenewables

Our LEP area benefits from high quality and often small food manufacturers, such as Wensleydale Cheese, whilst major international brands such as McCain and Nestle are also based in the region. Nestle has located its product innovation centre in York.

We are home to Drax, the largest coal-fired power station in the UK, and Eggborough power station, both near Selby. Drax has made a £700 million pound investment to transform itself into a largely biomass fuelled facility. Alongside its investment in converting to biomass, it is shortlisted for a £1bn carbon capture and storage investment.

[3] Statistic taken from BioVale proposal consultation document, July 2013

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. That includes producing energy from waste with leading businesses such as Peel Environmental investing in excess of £200m in the technology.

Lastly, we have a diverse agricultural base. 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 locally, whilst food manufacturing accounts for around 35% of all manufacturing jobs. Focus on food manufacturing, agri-tech and biorenewables is in keeping with a ‘smart specialisation’ approach given the strength of the sectors here and the pronounced R&D activity and expertise in them.

How we will make a difference

This mix of internationally leading innovation, global brands and ambitious small businesses present three major growth opportunities

1. New product and process and development
2. New and increased exports, supply chain and inward investment opportunities
3. Competitiveness and growth in a low carbon economy

In terms of R&D and innovation, although there are initiatives to bridge the gap between the region’s agriculture, industry and its outstanding R&D knowledge base, in practice there are substantial gaps and interactions are often *ad hoc*. There is a need to draw new industries into the agri-tech and bio-based innovation environment and promote movement of staff between the academic and private sector science base. FERA expansion and the BioVale vision both respond to these issues and ideas.

Our vision aligns exactly with the preliminary recommendations of the Witty review and the principles of Smart Specialisation. We are making sector/cluster strengths a foundation of our growth strategy. And we will ensure that universities play a stronger role in economic development, working together with LEPs and with central bodies such as UKTI, the TSB and BIS to support business growth, innovation and to attract inward investment to the UK.

Precision Decisions
Driving Farm Efficiency

A revolutionary new soil sampling system that offers farmers full traceability and swift, reliable results from soil tests has won its Yorkshire-based inventors a major business award.

Working with Precision Decisions’ new sampling service, farmers will be able to improve the accuracy with which they apply inputs like fertiliser, giving the potential to improve yields and quality of their crops, while ensuring they use inputs judiciously and minimise the impact they have on the environment

This proposal links strongly to our neighbour, the Humber LEP. We have a large overlapping area and will collaborate to link key investments in bioenergy to the Humber's growing low carbon and renewables sector and its diverse chemicals industry. These links will create new market and supply chain opportunities and enhance our international reputation in the sectors. More widely we will look to connect businesses here to low carbon opportunities and supply chain needs in the Humber. We will also work with Leeds City Region (LCR) on this agenda and develop an integrated bio-economy delivery plan with LCR and the Humber to drive the growth of the sector.

Food and energy security are issues of global significance. We already have a major international presence through the University of York and Fera, which works across over 100 countries. Strengthening the links between industry and research will create major export opportunities in what are rapidly growing international markets.

We will address a number of market failures to catalyse growth. These include public goods and positive externalities market failures that mitigate against business R&D and technology transfer, as well as issues around imperfect information.

Core Activities

We will focus on four Core Activities:

a) **Grow our international competitiveness in Agri-Tech -** 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 build an innovation cluster around the FERA business, supporting investment in R&D, technology transfer and creating major new business and export opportunities.

b) **Capitalise on our biorenewables and low carbon assets** – The BioVale Vision is for a Yorkshire and Humber wide biorenewables based[4] innovation cluster focused on centres of expertise in the University of York. 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 will make it easier for business to access the world class innovation assets in the region and will promote technology transfer, build supply chains and bridge gaps between sectors. We will develop an integrated bio-economy delivery plan in collaboration with neighbouring LEP areas to drive the sector's growth, incorporating all relevant parts of this Priority.

c) **Connect our agricultural sector to agri-tech and biorenewables expertise and opportunities** – Growth of the food manufacturing, agri-tech and the biorenewables sectors will create major supply chain and innovation 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, including farms, are aware of supply chain opportunities and enhance their capacity to secure them. We will also exploit opportunities for inward investment and reinvestment based on the supply chains of major investors.

[4] Biorenewables specialisms include high value chemicals, natural products, next generation biofuels and biowastes

d) **Support investment in energy and resource efficiency** – There is great potential to turn waste into a source of renewable energy and an income stream, as well as to implement other energy saving, waste reduction and energy microgeneration activities in farms and SMEs. However, market failures including access to finance (barriers to market entry) and lack of awareness (imperfect information) are preventing take up. This programme will open up grants, advice and other support that encourage small scale take up of low carbon and sustainable technologies across the LEP area.

Outcome Indicators and Benefits to Business

The overall outcomes that will result 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.

Priority 3: Inspired People

Goal:

Growing businesses able to access ambitious people, with the right skills and the right attitude

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 business needs now and in the future. Achieving that will drive business growth and competitiveness and support employment and incomes.

Objectives:

- A productive workforce for growing businesses
- Inspired people making the right job choices
- Empowered communities delivering support and inclusion

Action Table

Core Activities	Core Theme (EU)*	Actions	Delivery Route	
			Lead Partner(s)	Resource Streams
[a] Increase productivity by investing in workforce skills	Skills	i) Research and communicate sector needs	SFA opt in, FE	ESF + SFA, Growth Deal
		ii) Develop specific training packages that meet local priority sector and investor needs		
[b] Build competitive advantage through higher level skills	Skills	i) Promote the benefits of higher level skill to business and encourage their uptake	SFA opt in	ESF + SFA. Growth Deal
		ii) Graduate and postgraduate retention		
[c] Increase employability by connecting business to education	Employment Skills	i) Mainstream employability into education and roll out employability charter activity	SFA opt in	ESF + SFA, Growth Deal
		ii) Devise and deliver targeted initiatives to enhance employability	SFA/Big Lottery opt in	ESF + SFA /Big Lottery
		iii) Develop links between business and education providers	SFA opt in	ESF + SFA
		iv) Promote 'careers inspiration' through better advice and guidance linked to local business needs and opportunities		
[d] Support high quality apprenticeships and internships	Skills	i) Promote higher level apprenticeships	SFA opt in	ESF + SFA
		ii) Create hubs to promote apprenticeships and simplify take up for business		
		iii) Promote widened use of placements, internships and work experience		
[e] Build skills, attitude and ambition to help people access jobs	Employment	i) Build 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 not in employment/ training to local employers and opportunities		
[f] Develop strong communities and active inclusion	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		

g) Deliver a skills capital programme	Skills	i) Bring all FE college infrastructure up to an suitable standard to enable sound business engagement, training and career choices	FE colleges	Growth Deal
		ii) Targeted investment in facilities that meet sector specific needs (as per this strategy)		

Why this is a priority

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 that 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 levels across most of the LEP area are above national average. They are rising over time, but not as fast as nationally, so 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.

Higher skills have a pivotal impact on growth and productivity, but our lead over national average at this level is slipping away. Higher level skills – at graduate and postgraduate level, as well as higher level apprenticeships – is a key focus and also links to key business leadership and management skills. Those are also critical to business growth and success and covered in Priority 1 (ambitious businesses) because they relate strongly to business ambition and are part of a co-ordinated business support offer.

How we will make a difference

Activity will confront 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). These prevent the degree of upskilling that is required, whilst institutional, cultural and policy barriers about skills acquisition and structures also need to be addressed.

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 to enhance skills, employment and inclusion.

Core Activities

We will focus on six Core Activities:

a) **Increase productivity by investing in the workforce** - There is a need to upskill the 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-tech, 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. Higher level skills will be included in upskilling activity where appropriate. We will also consider the case for new or upgraded infrastructure (e.g. college buildings or training centres) where that will enhance take up and delivery of training and benefit workforce skills.

b) **Build competitive advantage through higher level skills** – We will seek to ensure both that there is an improving stock of people with higher level skills, and that businesses make best use of them to enhance growth and productivity. That includes postgraduates who are especially important to innovation, R&D and our Smart Specialisation approach.

c) **Increase employability by connecting business to education** – 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 into education across the LEP area. That will mainstream employability into teaching and curriculums, and make links to work experience and careers information, advice and guidance (IAG). Achieving all 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 IAG is 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 and a 'careers inspiration' approach that motivates as well as informs young people.

d) **Support high quality apprenticeships and internships** – We will 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 other high quality work experience (e.g. internships and 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 enhancing the quality, range and flexibility of apprenticeship provision – including more high level apprenticeships.

e) **Build skills, attitude and ambition to help people access jobs** – 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 to employment include confidence and ambition, health, personal and family issues, skills, poor work experience, and travel difficulties to work or college. 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 those who are not in employment, education or training (or at risk of becoming so) will be a priority.

f) **Develop strong communities and active inclusion** – 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.

g) **Deliver a skills capital programme** - Our approach is two pronged; first to get all FE college infrastructure up to a suitable standard. Businesses must see FE colleges as a quality delivery partner, whilst students need to make career choices based on economic opportunity and quality of training and not on quality of premises. Secondly we will seek to enhance training/learning facilities where these enable FE colleges (and other relevant training centres) to meet specific sector needs in line with our strategy.

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.

Priority 4: Successful and Distinctive Places

Goal: ***Enhanced growth and opportunities in targeted locations.***

We will ensure a high quality of environment and life goes hand in hand with good economic growth and housing across the LEP area - consistent with the vision of attracting entrepreneurs and the skilled employees they will need. We will realise strategic opportunities to unlock and transform growth and development prospects in prioritised locations to benefit local economic and the entire LEP area.

Objectives:

- Unlock major growth opportunities
- New development in response to economic shocks and closures
- Environmental quality and community needs

Action Table

Core Activities	Core Theme (EU)*	Actions (See Note)	Delivery Route	
			Lead Partner(s)	Resource Streams
[a] Strategic investments in the A1/A19 corridor	Limited	i) Unlock strategic housing and employment sites	Local Authorities	LA, HCA, Growth Deal
		ii) Drive growth in bio-economy & agri-tech	See Priority 2	
[b] Ensure a strong and growing coastal economy (The Yorkshire Coast)	Environment (for ii and iii)	i) Exploit opportunities from major investment in the coast	Scarborough BC/ East Riding C	LA, Growing Places, Growth Deal
		ii) Tackle housing demand and affordability	Scarborough BC/ East Riding C	HCA/Growth Deal
		iii) Implement flood prevention measures, capitalising on green and blue infrastructure	Environment Agency	ERDF
[c] Strengthen economic links with neighbouring cities	Environment	i) Provide major employment sites	Local Authorities	LA, Growing Places, Growth Deal
		ii) Increase the range and availability of housing	Local Authorities	HCA/Growth Deal
[d] Sustainable growth in the Dales, Moors and Wolds	Environment Low carbon LEADER	i) Maximise the strengths of Market Towns	Local Authorities	Growth Deal / EAFRD
		ii) Raise the quality of the visitor infrastructure	Local Authorities / Private Sector / National Parks	EAFRD / Growth Deal
		iii) Optimise the potential of the environmental economy	Local Authorities / Private Sector/ DEFRA Agencies	EAFRD / Growth Deal
[e] Business led investments in market towns	SMEs Environment LEADER	i) to be determined through local/ community led approaches	Private sector	Private sector, ERDF/EAFRD

[**Note**: Discussion with local partners and evidence based prioritisation is ongoing regarding potential actions. The detail of specific schemes will be further developed and assessed during early 2014 before clear priorities are included in the final version of this Strategic Economic Plan and the Local Growth Deal Implementation Plan. Reference to schemes here is illustrative and not exhaustive or final, and reference to Growth Deal funding here (and in P5) is to indicate it as one *possible* vehicle to support delivery. 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 this is a priority

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.

Catterick town centre

Catterick Garrison is one of the largest armed forces bases in the UK. The population of the Garrison and its neighbouring 'villages' is as large as most of the towns across the LEP area. However it has no real town centre.

The 150,000 sq ft town centre scheme will transform a former sports ground and will include major retail units, a five-screen cinema, cafes, restaurants and bars, and a 60-bed hotel with 400 car parking spaces.

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 ('City Links'), and the Dales and Moors & Wolds areas. The Yorkshire Coast remains as a distinctive area for proposals in its own right.

How we will make a difference

Our Infrastructure Programme will focus on specific instances where a market failure is preventing or delaying development, often to do with a mismatch between the costs necessary to allow development (e.g. transport, energy infrastructure, flood prevention or land remediation costs) and the expected returns.

These often relate to public goods and externalities and we will appraise the business case and extent of market failures before focusing on schemes that offer the best value, most strategic and sustainable benefits. We will seek exemplary low carbon and environmental performance in built developments. Our area contains localities with significant flood risks, such as in parts of East Riding. We will work with partners to mitigate flood risks in priority areas where they threaten growth and development, adopting a sustainable approach.

We will collaborate with the Leeds City Region LEP and the 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 full **supporting paper on housing**[5], combining evidence and its implications for strategic priorities supports this strategy, prepared through close partnership working between the LEP and the North Yorkshire & York Strategic Housing Board/East Riding of Yorkshire Council. Evidence from the paper is summarised in section 3bv, whilst its key pointers on policy have supported and will inform delivery of the core activities set out here. Relevant detail includes that on planning policy and the status of local plans, housing strategies and their priorities, local investment plans and governance structures.

Core Activities

We will focus on five Core Activities:

a) **Strategic Investments in the A1/A19 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 authorities and agencies and also defence, where areas such as Northallerton and Ripon face significant loses 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) **Ensure a strong and growing coastal economy** – The **Yorkshire Coast** has one of the finest coastlines in Britain, with famous seaside towns such as Scarborough, Bridlington, Whitby and Filey. All of which have seen 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 offshore 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 exploit new growth opportunities, and improvements to raise the quality of the coastal visitor offer. As well as on rivers, flood risks can be marked in areas close to the coast and to the Humber estuary. We will respond to these pressures where they affect economic success and future development, adopting a sustainable approach that fully utilises and takes account of green and blue infrastructure.

[5] The Contribution of Housing to Economic Growth in the York, North Yorkshire and East Riding LEP area, 16 December 2013

c) **Strengthening economic links with neighbouring cities** – Our **City Links** 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 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) **Sustainable growth 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.

e) **Business led investments in market towns** – the LEP area has well over 30 market towns and these are pivotal to our distinctive identify, quality of life and economic prospects. We will support local business led action tuned to the needs of the market towns and communities they are based within, and designed to attract and retain visitors and customers.

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
- Infrastructure site development including green infrastructure

Associated benefits for businesses and the economy include ensuring high quality, distinctive and outstanding places continues to support growth, as well as better access to premises, market opportunities, customers and workers (linked to affordable housing availability).

Priority 5 – A well connected economy

Goal: *Businesses with strong connections to their customers and markets*

We will strive to ensure that businesses across our area are well connected to their customers, markets and workforce. Our transport, mobile and broadband network must not act as a barrier to growth but instead be an enabler for thriving, prosperous places where businesses are able to grow.

Objectives:

- Fast, reliable journeys between key centres
- Transport that underpins both growth and low carbon goals
- Access to UK and international markets

Action Table

Core Activities	Core Theme (EU)*	Actions (SEE NOTE BELOW)	Delivery Route	
			Lead Partner(s)	Resource Streams
[a] Improve east – west 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] Invest to ensure the existing transport network promotes growth and low carbon goals	n/a	i) York Outer Ringroad	CYC	LCR
		ii) Catterick Town Centre	Transport Authorities	Private Sector / Growth Deal
		iii) North Northallerton Level Crossing (see Priority 4)	Transport Authorities/District Council	Private Sector / Growth Deal
		iv) Bedale Bypass	Transport Authorities	DfT/NYCC
		v) ensure a safe and reliable highways network supports growth and investment	Transport Authorities	Transport authorities/ Growth Deal
[c] Ensure world class ICT and broadband	ICT	i) Rural Business Parks	Superfast North Yorkshire	Growth deal EAFRD
		ii) East Riding	East Riding Council	Growth Deal EAFRD
		iii) 4G		Tbc

[NOTE: This is a preliminary list of Actions. Local Authorities, through the Transport Board, have identified an initial long-list of schemes which will be further assessed and whittled by them to finalise priorities. Not all schemes will require Growth Deal support (e.g. Bedale bypass) whilst others are covered in place based rather than transport elements of the Implementation Plan (e.g. North Northallerton).

Why this is a priority

North Yorkshire and the East Riding are large areas with a dispersed population, and sizeable distances between many of their settlements. This can help to reduce congestion to some extent, but means that the economies of many places suffer from their remoteness from raw materials, markets and workforces. North-South connectivity is generally good, but East-West connections are often poor and there are 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 are not appropriate in our rural areas they have for years suffered from a lack of connectivity to the 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. Transport decisions will include consideration of sustainable, low carbon options including rail and bus services and cycling where feasible.

SUPERFAST NORTH YORKSHIRE
CONNECTING OUR COMMUNITY

Aided by significant investment from BDUK and Europe (ERDF) along with investment from BT, Superfast North Yorkshire will deliver superfast broadband by the end of 2014.

90% of homes and businesses will have access to the benefits of fibre broadband and the remaining premises in the project area will have access to at least 2Mbps. To capitalise on this opportunity a support programme works alongside the roll out, ensuring businesses are able to take advantage of the technology.

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.

How we will make a difference

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 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 **full supporting paper on transport**[6], combining evidence and its implications for strategic priorities supports this strategy. That includes principles and justification for action overall and under five headings:

- Improving east-west road and rail connections
- Managing urban traffic and transport congestion and addressing pinch points
- Enhancing the reliability of our current transport networks
- Improving access to superfast broadband
- Identifying and addressing specific local transport issues

[6] LEP Strategic Economic Plan – Transport, North Yorkshire Local Transport Body, December 2013

The content of the supporting paper has informed and will be used to guide implementation of the Core Activities detailed here.

Core Activities

We will focus on three Core Activities:

a) **Improving east – west connections** - Whilst north – south links (especially in the central corridor with the A1(M) and East Coast Main Line) are generally good, east - west links (e.g. the A64) are relatively poor. This constrains the economic performance of towns such as Scarborough, Bridlington, Whitby and Skipton. Improving these links will be crucial to boosting the economies of these towns and their surrounding areas. The York-Harrogate-Leeds rail line is a priority for investment and included within this core activity. Ensuring rail access on key routes (e.g. Scarborough- Leeds) maintains its competitiveness compared to journeys by car and lorry will be important to low carbon goals. The relevant section of the supporting Transport Body paper provides further detail on east-west connections.

b) **Invest to ensure the existing transport network promotes growth** - 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. Specific, localised transport issues and pinch points, such as level crossings on major 'A' roads or overcapacity motorway junctions, lead to long and unreliable journey times. Equally, specific traffic issues can constrain major opportunities such as expansion at Sand Hutton/FERA, or the potential potash mine near Whitby. Addressing these pinch points will help businesses through shorter and more predictable journey times for both goods and their workforce. A well maintained and effective transport network also supports continued economic growth,[7] as does a sustainable approach that promotes low carbon travel options and reduced congestion. Three sections of the supporting Transport Body paper provide further detail relevant to this activity; those focused on managing urban traffic, congestion and pinch points, on the reliability of current transport networks, and on addressing specific local transport issues.

c) **Ensure world class ICT and broadband** - 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. The relevant section of the supporting Transport Body paper provides further detail on improving access to superfast broadband.

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

[7] "an efficient transport system depends on effective maintenance" (Transport – an engine for growth, Department for Transport, August 2013)

- Resources secured for transport
- Transport improvements
- More reliable and faster travel times
- New investment as a result of transport improvements
- Jobs created
- Reduction in greenhouse gas emissions from sustainable transport options

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

3. 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.

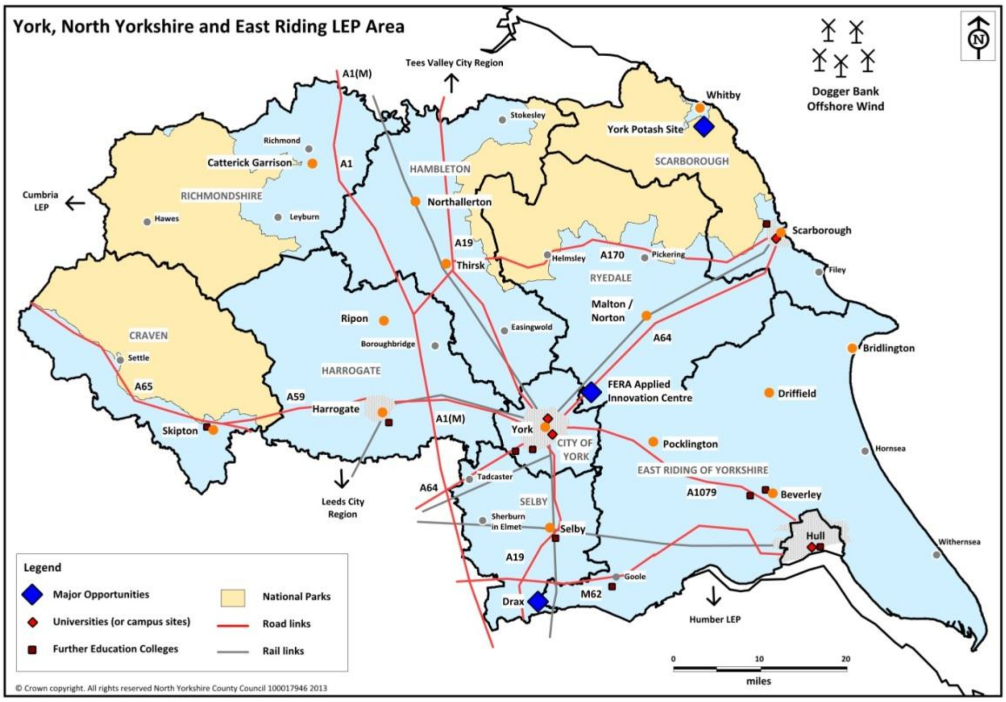
We set out the economic evidence that describes our area, its strengths and challenges, and which spans business profile, sectors, employment, skills and other statistics. The evidence and identified areas of market failure have informed our priority setting and strategic investments. A supporting document will further set out the logic chain from evidence to intervention for specific objectives, covering factors such as market failure, additionality and options analysis.

a) Economic Geography

Overview

The LEP area is one of the 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, 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.

Figure 1: Map of the LEP area



Our area's economy presents a combination of strengths, assets and unfulfilled potential (as section 2b details). Employment, basic skills and business survival rates are above average and we have strong business sectors such as food and agri-tech/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.

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.

The schematic map and table that follow show how these areas relate to one another and set out the main towns and local authority districts within each.

Figure 2: Schematic map of Local Economic Areas

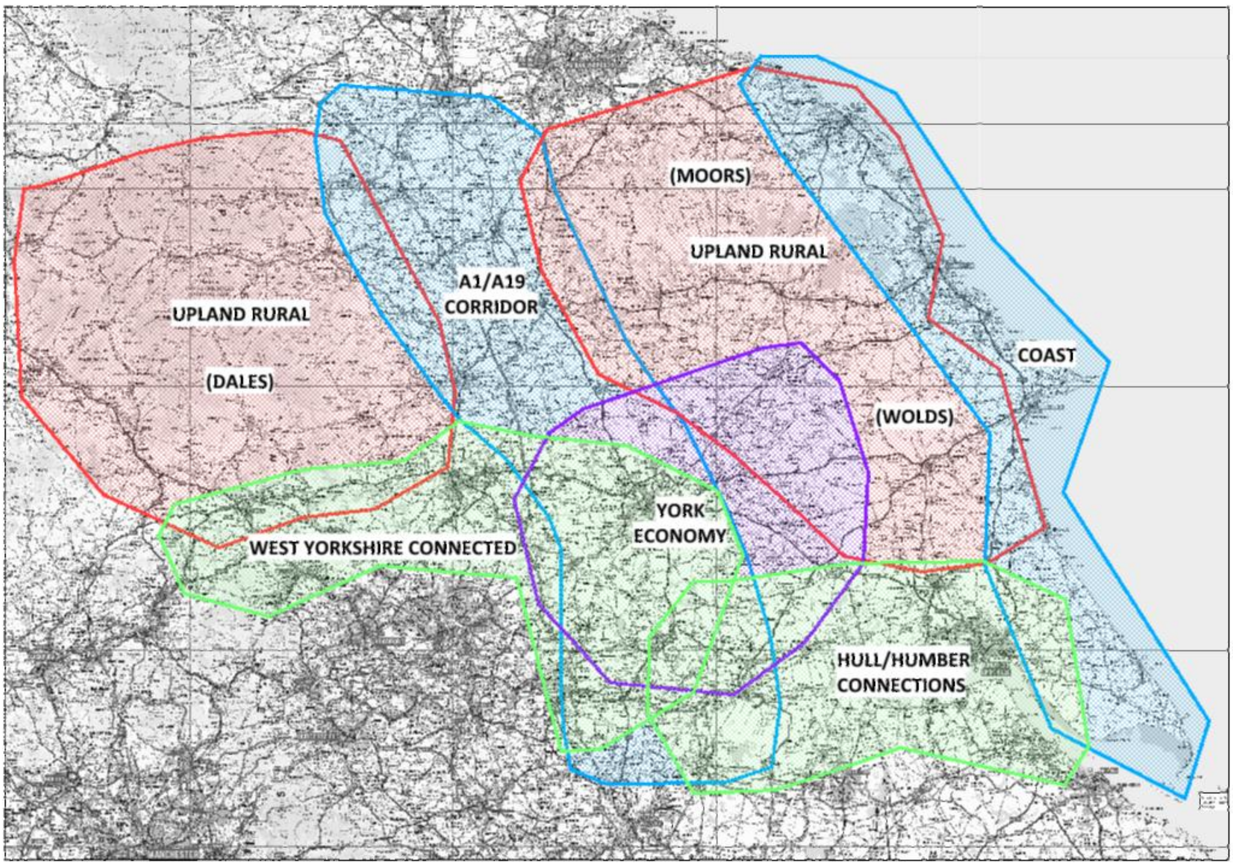


Table 1: Local Economic Areas

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 7). 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.

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 and Sheffield City Regions 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 treat 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 significant employment impacts in the areas affected. Northallerton is a prime example, where Government Agencies are moving out, the prison is due for closure and the two local authorities based within the town, the County Council and Hambleton District 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, one of the largest armed forces base in Europe, 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 in an important entity in its own right and exerts an influence over much the of 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 planned HS2 rail terminal in Leeds will also connect to York. The city has important road links too, although it 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 example of excellent engineering companies and training facilities and significant proposals for local development. The Food and Envronment Research Agency (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 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.

The 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 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 a £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. 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 the congestion which restricts growth in Harrogate (including through better rail links to Leeds and sustainable transport policies), 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, Cottingley, 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 areas of high unemployment and 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.

Connections between Local Economic Areas

Whilst the seven areas are all distinct entities, there are also similarities between some of them which can be taken advantage of in planning programmes of action. Notably, the seven areas can be sandwiched into four areas which are the basis for core activities as described in Priority 4. These four areas are:

A1/A19 Corridor – widened to include the York Connected area which it encompasses
The Dales, Moors & Wolds – which combines the Dales to the west and Moors & Wolds to the east
City Links – combining the West Yorkshire Connected and Hull & Humber Connected areas
The Yorkshire Coast – as described with no changes

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

	Population			Population growth (%)		% aged 65+	
Area	**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.

- More widely the age profile of the population in the LEP area is older than nationally. In England, 13.7% of the population is aged 20-29, and 20.6% is aged 30-44. In the LEP area, these proportions are 11.3% and 18.1% respectively, whereas our proportion of people in the 45-64 and 65+ age bands is higher than England average.

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% on 2005 compared to a rise of 18.8% in England. However the LEP area grew marginally faster than England average between 2009-2011.

- Below the headline LEP level data there are marked differences across the LEP area. GVA growth 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 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.

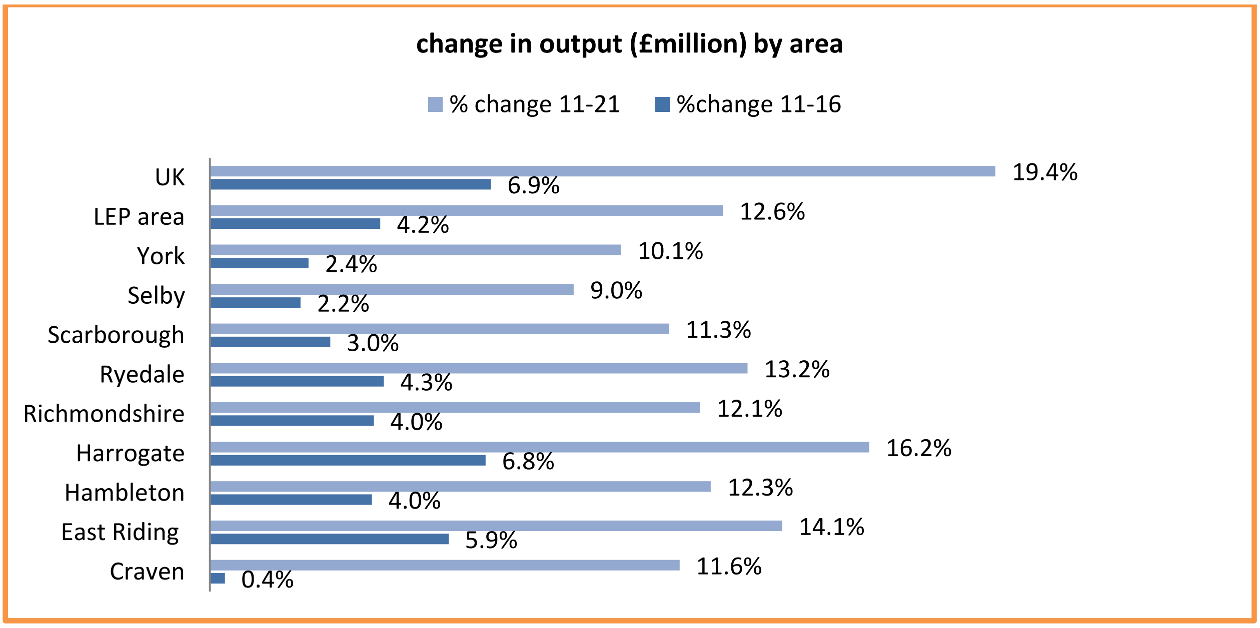
The Regional Econometric Model (REM) uses calculations, assumptions and trend data to estimate how GVA output data varies by local authority area and makes forecasts for future growth. Table 5 shows the modelled data for 2011 (output for all industry sectors) and forecasts for 2016 and 2021, whilst Figure 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: Growth Forecast by Area

	Output £million		
Area	**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 pick up 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 large 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. York has 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, 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

						Survival Rate	
Area	**Active businesses**	**Births rate (per 10,000 pop aged 16+)**	**Births rate (% of stock)**	**Deaths rate (% of stock)**	**Net % change: births - deaths**	**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

	Births rate (per 10,000 pop aged 16+)				Net % change: births - deaths			
	2005	**2007**	**2009**	**2011**	**2005**	**2007**	**2009**	**2011**
Area								
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.

Other sources[8] conclude that activity to promote new business start-ups can succeed, but that progress is not quick, easy or guaranteed. They stress dual approaches around enterprise education and culture, and start up support and that enterprise promotion is a long term game that is about the type of economy that is sought as well as its scale.

[8] Les Newby with Kate Parry, Bea Jefferson and Alex McWhirter, Enterprise – helping new business to start and survive, Learning Legacy Module 5, Yorkshire Forward, July 2011

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	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 admin &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 most 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 Yorkshire[9] shows the 'Energy and Water' subsector to have an LQ of around 1.5 – the second highest of those it described. East Riding analysis[10] 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.

[9] York and North Yorkshire Economic Assessment, YNYPU, October 2010
[10] East Riding of Yorkshire Local Economic Assessment (data from 2008)

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. However there is regional level or national data around innovation and some survey based data on exports.

Exports

- Business surveys in the LEP area (as part of skills research) and conducted elsewhere suggest that around 11% of businesses are likely to export[11] and more expect to do so in the future. Specific skills needs arise in relation to export, for example researching market opportunities or overseas contacts.

- 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.

Innovation

- The preliminary findings of the Witty Review[12] put forward the proposition that understanding of sectoral strengths, including local competitive advantage and clusters of associated activity, should be a key element of regional or local growth policy. This strategy adopts that approach and the principle of working in partnership with other localities and with universities that the review also recommends. The evidence makes clear that both local collaboration with universities (and other centres of expertise) and engagement with centres elsewhere is important to ensure businesses are connected to the expertise that can best help them to innovate and grow.

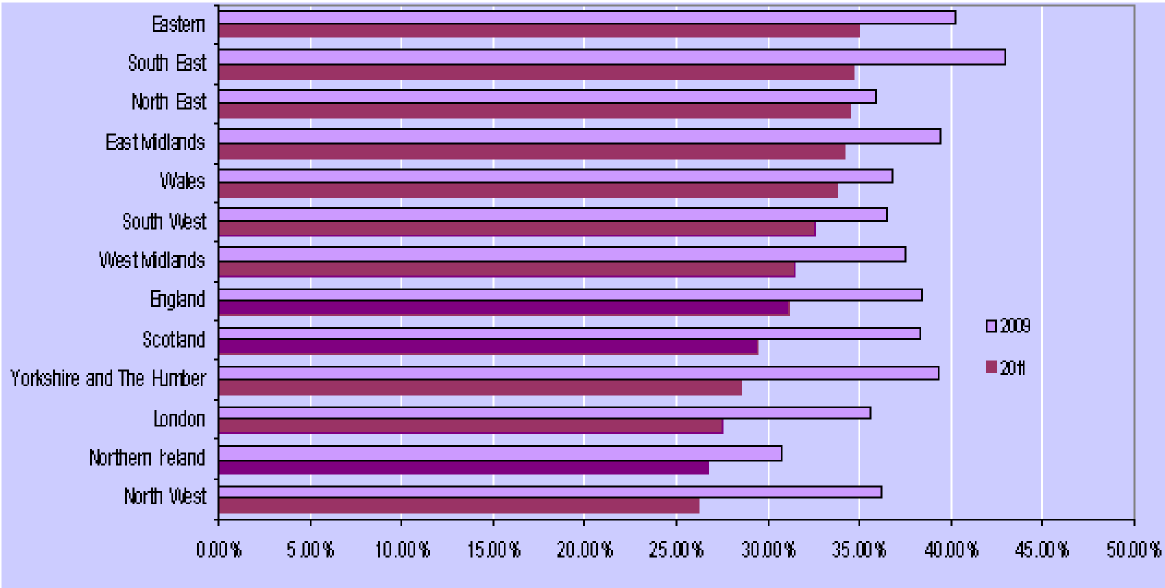
- The Witty Review findings chime with the central tenets of the Smart Specialisation approach, which is based on "*a process of developing a vision, identifying competitive advantage, setting strategic priorities and making use of smart policies to maximise the knowledge-based development potential of any region*"[13]. In essence it is about economic development through *targeted* support for research and innovation rather than 'spreading the jam too thinly'.

- The UK lags behind its major competitors in terms of business investment in Research & Development (R&D). UK business spends 1.09% of GDP on R&D, compared with 1.42% in France, 1.89% in the US, 1.94% in Germany and 2.61% in Japan.

- Within the UK, Yorkshire and Humber has historically had one of the lowest levels of innovation based on R&D investment – business R&D has been around 0.5% of GVA[14] (compared to 1.5% for England overall) and it has had less patents granted than all but two other English regions. Figure 4 backs this up with statistics on the share of 'innovation active businesses' across the countries and regions of the UK - Yorkshire & Humber shows one of the lowest innovation levels of all UK regions

[11] Leeds City Region Trade and Investment Strategy, 2013
[12] Independent Review of Universities and Growth: preliminary findings, July 2013
[13] http://s3platform.jrc.ec.europa.eu/home?CFID=7d41ff53-1a73-41f1-86f5-0cad9583f1d9&CFTOKEN=0 (accessed 10/9/2013)
[14] From BIS, Regional Performance Indicators, 2009 (data referred to spans from 1998-2007)

Figure 4: Proportion of Innovation Active Businesses in UK Nations and Regions



- Within innovation active businesses in the region, the proportion of expenditure on in-house R&D activity (56%) is much higher than any other English region (typically it is less than 40%), while expenditure on external R&D (0.9%) and external knowledge (0.5%) is well below average. At least 7% of innovation expenditure is spent on these two areas combined in most UK regions, and in some it is above 50%. This implies a reluctance or inability to easily access external expertise.

- Around 40% of businesses do not innovate because they feel previous innovations make it unnecessary or they see no need for it in current market conditions. For the 30% of business who don't innovate because of factors constraining innovation the key barriers highlighted are cost, availability of finance and economic risks.

Whilst some of these statistics are dated and not LEP area specific, they do suggest we are likely to face a major innovation challenge, and to have the potential to perform much better. The fact that the LEP area has some pronounced areas of R&D excellence and assets, not least linked to the University of York, points to a potential solution for technically focused areas of innovation. There is a particular concentration of expertise in the fields of agri-tech and biorenewables and this is further reviewed in the detail of Priority 2 of this strategy (Section 5).

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.

- Current rates are generally similar to those in 2004/5, although with modest reductions in York, Ryedale and in East Riding, and the most notable increase in Selby.

Unemployment and Youth Unemployment

Table 14: JSA Claimant Unemployment Rate (% of working age and 18-24, resident population)

Area	**Unemployment (all working age)**					**Unemployment (aged 18-24)**				
	2005	**2008**	**2011**	**2012**	**2013**	**2005**	**2008**	**2011**	**2012**	**2013**
East Riding of Yorkshire	1.7	1.5	3.1	3.3	2.7	3.9	3.5	7.5	8.6	6.7
York	1.3	1.3	2.4	2.5	1.9	1.5	1.7	3.1	2.9	2.0
Craven	0.7	0.9	2.0	2.1	1.7	2.0	2.0	4.7	4.9	3.3
Hambleton	0.8	1.0	1.8	1.8	1.4	2.1	2.8	4.3	3.8	2.7
Harrogate	0.8	0.9	1.9	1.9	1.3	1.6	1.7	4.4	3.8	2.3
Richmondshire	0.9	0.8	1.6	1.7	1.4	1.6	1.5	2.2	2.5	2.0
Ryedale	0.9	0.9	1.9	1.9	1.5	2.2	2.0	4.6	5.3	4.0
Scarborough	2.0	2.2	3.6	4.0	3.6	3.8	4.1	6.2	7.6	5.6
Selby	1.4	1.3	2.8	2.8	2.3	3.7	3.6	6.6	6.6	4.9
North Yorkshire	1.1	1.2	2.3	2.4	1.9	2.5	2.6	4.7	4.9	3.5
LEP area	**1.3**	**1.3**	**2.6**	**2.7**	**2.2**	**2.6**	**2.6**	**5.0**	**5.2**	**3.9**
England	2.1	2.1	3.6	3.7	3.4	4.3	4.2	6.7	7.1	6.0

Key points are:

- Overall, unemployment rates are notably lower than (around two thirds of) England average. They remain well above the rate in 2005-2008 period, but fell between 2012 and 2013.

- Scarborough has the highest unemployment rates in the LEP area, although these are still only around England average. Unemployment is below 2% nearly everywhere else in North Yorkshire.

- Youth unemployment follows largely the same trends as total unemployment and has consistently been around double the overall unemployment rate. However, it varies more, with rates highest in East Riding of Yorkshire and lowest in York and Richmondshire. There is a substantial difference between the number of unemployed people in East Riding (around 1,600) and smaller North Yorkshire districts (barring Scarborough and Selby) where the figure is typically 100-200 people.

Analysis of young people who are not in employment, education or training sheds further light on potential exclusion issues, which could stretch over generations if unchecked.

Table 15: Proportion of young people Not in Employment, Education or Training ('NEET')

	2005	2006	2007	2008	2009	2010	2011	2012
North Yorkshire	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.

Incomes and Rurality

Research published by JRF[15] 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 areas[16] 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.

[15] 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

[16] 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 16 shows mean and median earnings for those in paid employment[17] and includes all of Yorkshire and Humber to allow comparison of areas within our LEP area with comparators. The 25th percentile figures show what somebody would earn if they were a quarter of the way up from being the lowest paid person in their district.

Table 16: Gross Weekly Pay (£ for all employee jobs (2012) – mean, median and 25th percentile

Area	**Weekly pay – *median* (£) (and rank 1=highest)**	**Weekly pay – *mean* (£) (and rank 1=highest)**	**Weekly pay - lower earner (£ 25th percentile)**
LEP area districts			
York	387 (8)	486 (3)	239 (8)
Craven	354 (15)	441 (11)	198 (15)
Hambleton	356 (14)	445 (8)	188 (18)
Harrogate	408 (3)	513 (1)	254 (4)
Richmondshire	353 (16)	421 (14)	157 (21)
Ryedale	343 (18)	444 (9)	189 (17)
Scarborough	334 (20)	399 (19)	183 (20)
Selby	424 (1)	507 (2)	259 (2=)
East Riding of Yorkshire	398 (6)	481 (4)	240 (6=)
Regional comparators			
Kingston upon Hull	319 (21)	361 (21)	194 (16)
North East Lincolnshire	341 (19)	392 (20)	184 (19)
North Lincolnshire	404 (5)	473 (5)	249 (5)
Barnsley	387 (7)	434 (13)	240 (6=)
Doncaster	362 (12)	409 (17)	228 (11)
Rotherham	360 (13)	417 (16)	227 (12)
Sheffield	376 (9)	441 (12)	225 (13)
Bradford	362 (11)	419 (15)	231 (9)
Calderdale	415 (2)	465 (7)	267 (1)
Kirklees	371 (10)	442 (10)	230 (10)
Leeds	408(4)	473 (6)	259 (2=)
Wakefield	345 (17)	402 (18)	212 (14)
Yorkshire and Humber	375	442	231
England	412	499	249

The data makes clear that sizeable areas of the LEP area 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

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

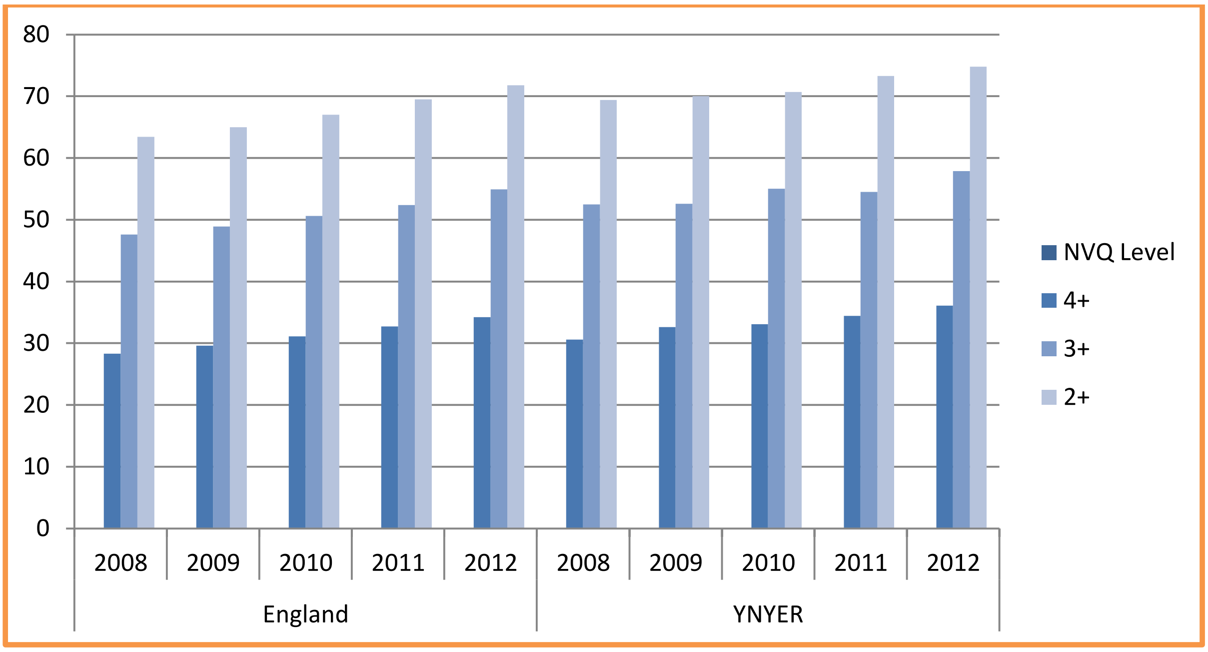
Dales and Moors. Low wages are confounded by higher livings costs and a lack of local support services and facilities.

vii) Skills and Qualifications

Skills are a driver of productivity and there is extensive evidence linking higher levels of skills to economic performance[18]. 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 studies[19] 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 chart and table describe skills levels across the LEP area over time compared to England average and how skills vary by locality and level.

Figure 5: Change in Qualification over time in LEP area compared to England



[18] 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/Forms/AllItems.aspx (accessed 6/9/2013)

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

Table 17: Qualifications by Area and Skills Level

	% of the working age population with qualifications levels (Jan 2012-Dec 2012)[20]			
Area	**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 2012 (although this data is 'spiky' in nature and variable by year, so 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 area[21] 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 actually are

[20] Source is Annual Population Survey Resident Analysis
[21] 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

varies. Based on consultation and in line with CBI thinking[22], 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, customer skills and emotional intelligence

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.

A major piece of skills research in the LEP area[23] was undertaken in 2012 and this identified business skills issues and potential economic needs based on forecast data.

Key Points from this skills research were that:

- Significant future employment demands will present skills needs, based on a combination of baseline economic growth, major initiatives, and 'replacement demand'. In total 30,000 recruits were forecast to be required between 2011 and 2015, with that figure rising to 91,000 by 2020.

- Replacement demand (i.e. replacing workers who have retired) accounts for the bulk of the expected employment needs, - 20,000 workers by 2015 and 67,000 by 2020. It will involve a mixture of upskilling needs within businesses and recruitment of new employees with the right skills. The largest volume of replacement demand needs is in large sectors such as health, business services, retail and education. Other sectors with a high proportion of over 55s in the workforce (e.g. metals, transport equipment) have a more concentrated but smaller scale need.

- Survey results showed that 17% of businesses currently employ apprentices – but 22% planned to employ one in the next three years. Apprenticeships and other models that combine learning and practical work experience were popular with employers and expected to grow. The main reasons for not employing apprentices were lack of business need or that the business was too small.

- Only 17% of firms said they employed graduates, with another 4% expecting to do so in the next three years. That is a low figure and suggests application of high level skills could be improved.

- 30% of firms said they did not plan to provide any formal training – a higher figure than in neighbouring LEP areas - and suggesting that business could be more aware of the value of skills.

- Specific, sector based skills gaps did not emerge strongly in the research, although in other areas specialist engineering and software development skills emerged as needs. However, employers did stress the importance of job-specific and ICT skills, work readiness and generic employability skills.

Further data and analysis of apprenticeship take up and skills levels will be added to the final strategy.

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[22] http://www.cbi.org.uk/business-issues/education-and-skills/in-focus/employability/ (accessed 6/9/2013)
[23] Skills Research in York, North Yorkshire and East Riding, Ekosgen, Skills Strategy Research and Les Newby Associates et al for SFA/Skills Enhancement Fund, August 2012

viii) Low Carbon Performance

Table 18: Per capita carbon emission by source and locality

	Total Emissions (tonnes CO2/person)			Emissions breakdown by source (2011)		
Area	**2005**	**2011**	**% reduction 05-11**	**industrial**	**domestic**	**road transport**
East Riding	11.3	9.1	19.5%	4.4	2.2	2.4
Craven	9.3	7.8	16.1%	2.5	2.4	2.8
Hambleton	11.8	10.2	13.6%	2.9	2.3	4.7
Harrogate	9.9	8.6	13.1%	2.7	2.4	3.4
Richmondshire	10.7	9.1	15.0%	2.3	2.2	4.6
Ryedale	11.5	10.1	12.2%	3.7	2.5	3.3
Scarborough	7.6	6.4	15.8%	2.5	2.3	1.6
Selby	15.5	11.6	25.2%	5.6	2.2	3.8
York	7.0	5.3	24.3%	1.9	1.9	1.4
Yorkshire & Humber	10.3	8.2	20.4%	4.1	2.0	2.0
England	8.5	6.7	21.2%	2.7	2.0	1.9

(source: Local CO2 emissions estimates, Ricardo-AEA for DECC, July 2013)

Total CO2 emissions from the LEP area in 2011 were 9,488 Kt CO2, a 15% reduction on the 2005 level. Emissions were fairly evenly split between industrial, domestic and road transport, meaning that all three sources need to be targeted to secure the continuing and sizeable reductions required to contribute to national carbon reduction targets. CO2 per capita is not available for the whole LEP area, but local estimates are.

Key points are that:

- CO2 per capita has reduced in all areas between 2005-2011, typically between 12-25%. In most places, reductions have been significantly below the national and regional averages. The main exceptions are York and Selby which have both cut CO2 by around a quarter.

- In more rural areas, the main reason for higher than average CO2 emissions is road transport – that is particularly notable in Hambleton and Richmondshire. Domestic emissions are consistently just above national average everywhere but York. Industrial emissions vary significantly. They are highest in Selby and East Riding, reflecting concentrations of heavy industry in the Hull and connected area, and Ryedale also has relatively high levels.

- Concerted CO2 reduction will require emissions reduction to be factored into business operations (e.g. through resource efficiency), housing (e.g. domestic retrofit) and transport decisions (e.g. promotion of public transport and cycling based options where feasible).

ix) Transport and Connectivity

A full supporting paper on transport, combining evidence and its implications for strategic priorities supports this strategy, prepared by the North Yorkshire Local Transport Body[24]. This section summarises key points of evidence in overview and applied to five specific themes.

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[24] LEP Strategic Economic Plan – Transport, North Yorkshire Local Transport Body, December 2013

It is widely recognised that transport and connectivity have a direct impact on economic performance and business success. Transport is an enabler of growth and it can help stronger economies in the LEP area to grow further and weaker ones to recover. The key to business connectivity is quick, easy and reliable access for the flow of goods and services. Well managed transport networks that achieve this, with minimal congestion, enable businesses to become more competitive and reduce transport costs Consequently, investment in transport can lead to sustainable economic growth[25].

In parts of the LEP area transport links are good, particularly north to south links, including the A1 (M) corridor, East Coast Main Line (ECML) and A19 corridor (although the A19 suffers severe congestion into and out of York (north and south) and on the key route between Selby and York). East to west transport links across the LEP area are less well developed and there is a need for investment in key corridors. Poor longer distance connections between towns, large urban centres and the national transport networks can lead to long and often unpredictable journey times, making access to labour markets more difficult and supply and distribution of business goods and services unreliable. Targeted investments in transport infrastructure can unlock specific growth sites and address congestion or pinch points on the network. Equally, appropriate investment in existing road and rail infrastructure is required to prevent deterioration of transport networks/services from constraining economic performance in the LEP area (as recognised by the Government in 'Transport – an engine for growth'.)

Investments in transport improvements that will impact on the LEP area economy have already been secured. The Bedale, Aiskew and Leeming Bar bypass will provide a link from the A684 north of Bedale to the A684 east of Leeming Bar and link in to the recently upgraded A1 (M). Furthermore, funding has been allocated by the LEP to upgrade a section of the Leeds – Harrogate – York rail line between Knaresborough and Cattal. It will move the line will from one track to two tracks and facilitate the doubling of train frequencies on this important and congested connection into the Leeds City Region. This is part of an ambitious improvement package and there is a strong case for electrification of the line.

Local Sustainable Transport Fund money has also been secured to support continued economic development. Examples include work to reduce congestion in Harrogate; park and ride, better bus and workforce travel initiatives in York; and the introduction of sustainable travel options and Park & Ride in Whitby which will benefit the east coast tourism economy. Further investment in transport schemes in the area continues to be needed and sustainable transport can be critical in unlocking growth. There are opportunities to address congestion issues in urban areas, such as York and Harrogate, through improvements to bus services, and better information to customers, as well as opportunities around electric vehicles and cycling, linked to the tourism economy and the legacy from the Tour de France stages in the LEP area in 2014.

Of the major internal movements within the LEP area a significant number involve trips to and from York. The major external movements involve trips to and from West Yorkshire and the Tees Valley City Region. Hence there is a need to work with neighbouring LEPs to address strategic cross-boundary transport priorities. The 2011 census demonstrates that within the LEP area 71% of commuters travel to work by road, so there is a clear need to invest an appropriate level of resource in the highway network. More specifically, there is key evidence and needs to consider under five main headings which are now set out.

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[25] Transport – an engine for growth, Department of Transport, August 2013

East-West Road and Rail Connections

North to south transport links within the LEP area are generally good. This is especially true in the central 'A1/A19 Corridor' which includes the A1 (M) and ECML railway which provide very good connections to markets in the rest of the LEP area and beyond. However, areas that are peripheral to this central corridor, especially the Coast and Dales and Moors tend to be constrained by their distance from these strategic transport links – which limits access to labour markets, materials and markets, and the agglomeration benefits that arise from connection with urban areas such as West Yorkshire.

The economies of these peripheral areas are often disadvantaged by both physical distance from the central area and by the quality of the available transport links. For example Scarborough and Bridlington are approximately 55 miles from the A1 (M) by road and the situation is similar for rail links to the ECML. They are also disadvantaged by the relatively poor quality of many of the links which lead to slow and unreliable journey times. For example train services between York and Scarborough take approximately 50 minutes to cover 40 miles, whilst the average journey time on the A64 between Scarborough and York is approximately 60 minutes (and notably more in summer). The situation is similar on other east west links in the LEP area.

Important east to west rail connections include the York – Harrogate – Leeds line, the York – Scarborough line and the Leeds – Selby – Hull line. As well as providing long distance rail links across the LEP area they provide important routes into the neighbouring Leeds City Region and Humber ports area. East to west links are also important in exploiting new economic opportunities such as the potential potash mine in Whitby. Key routes which act as barriers to growth and would benefit from improvements are:

- The A64 connecting the Leeds City Region to the A1 (M), York and onwards to Malton and Scarborough. This is especially poor on the sections east of York which is predominantly single carriageway, with some dual carriageway sections, and is operating above its designed capacity.

- The A1079 which connects northern areas of North Yorkshire and York to Hull and the Humber ports via Market Weighton and Beverley, and also provides the main link to the University of York campus.

- The A59 which connects York and Harrogate via the A1 (M) and onwards to Skipton and East Lancashire. Sections of this road are operating above its designed capacity.

Other important road connections include the A166 / A614 York to Bridlington, the A170 Thirsk to Scarborough and the A171 Guisborough to Whitby roads.

The identified road links carry multi-purpose local traffic such as agricultural vehicles, long distance heavy goods traffic and, especially on the A64 and A1079, a large proportion of holiday and caravan traffic in the summer months. A key issue on all of these east to west road links is therefore the lack of overtaking opportunities leading to 'convoying' of traffic behind slow moving vehicles such as tractors, caravans and HGV's, for long distances. Identifying and delivering targeted improvements to provide greater overtaking opportunities is hence important to improving journey time reliability and journey times.

Managing Urban Traffic, Transport Congestion and Pinch Points

Congestion in urban areas and at localised pinch points can affect connectivity by causing longer and/or unpredictable journey times, impacting on access to labour markets and movement of goods and services. Connectivity can influence business decisions to locate to or remain in a particular area and areas with unpredictable or long journey times and higher transport costs making locations less attractive. Key congestion pinch point issues in the LEP area include:

- York has high peak hour traffic flows on the main routes into, out of, and around the city which cause regular congestion and delays. The A1237 York Outer Ring Road has over 30,000 vehicles travelling on it per day – guidelines suggest dual carriageway status for that volume. The inability of this route to cope with higher traffic flows is limiting development in the city.
- Harrogate / Knaresborough suffers localised urban congestion issues and capacity constraints on both the strategic highway network and on the rail route between York, Harrogate and Leeds. The arterial routes in Harrogate are frequently blocked with high levels of vehicles and at peak times there are often delays of around 20 minutes travelling into the town centre.
- Seasonal peaks in traffic in coastal towns such as Scarborough and Bridlington and on key east to west road links, such as the A64.
- Pinch points across York, North Yorkshire and East Riding such as level crossings on key routes or over capacity motorway junctions which constrain future development.

Transport schemes that address pinch points and improve journey speed and reliability have the potential to unlock new business development, create jobs and GVSA and also to reduce vehicle emissions. Schemes with such potential and which would benefit from investment include:

- A1237 Northern Outer Ring Road – increased capacity through dualling the carriageway at certain locations and junction upgrades would address severe congestion, improve journey time and reliability, facilitating future development and improving road links to the east coast economies.
- A1 (M) / A59 (J47) Allerton Park – a key strategic junction and freight route
- Upgrading the existing Tadcaster A64 / A162 junction to permit all vehicle movements.
- Alleviate the constraint at Starbeck Level crossing to reduce congestion in the area.

Enhancing the Reliability of Current Transport Networks

Whilst targeted improvements to transport networks and infrastructure can help the economy grow it is equally, if not more important, to ensure reliable levels of performance of the existing networks and infrastructure in the LEP area. Failure to do so will lead to poorer physical communications which will act as a constraint on economic growth and may even lead to a shrinking of local economies. Assets that need to be sustained include:

- The level of rail services to/from stations throughout the LEP area
- Access to internal and overseas flights and ferry services from the regional airports/ports
- commercial inter-urban bus routes that connect local service centres and major towns and cities (e.g. high volume services into York, Harrogate and Scarborough and into neighbouring urban areas such as the Tees Valley, West Yorkshire and the Hull/Humber area).
- Highway maintenance of over 13,000km of road in the LEP area – which is more effective and creates less disruption if carried out in a planned rather than reactive manner.

Due to long term national underfunding of road maintenance and the impact of a series of harsh winters, the condition of many roads across the LEP area, particularly in rural areas, has been deteriorating. It is currently estimated that there is a total backlog of £280m of maintenance works on category 4 rural roads within North Yorkshire. Targeted improvements of the key transport links between service centres and their feeder villages will ensure more convenient, reliable and safe business journeys, encourage businesses to start up and grow in rural areas, and support land based industries such as forestry.

Access to Superfast Broadband

As well as transport links, e-connectivity (including broadband internet) is an important factor in business success. In this respect, the LEP area's large geographical area and low population density can mean that commercial organisations are not implementing the broadband infrastructure required for many North Yorkshire businesses and residents, especially in more remote areas. Whilst significant progress has been made in rolling out superfast broadband there are still a number of 'not-spots' where it is not available. Risks from not addressing these which will impact on business growth and competiveness include:

- Businesses will struggle to trade and to access all but local markets, whilst business parks will not attract tenants
- Opportunities for home-based or remote working will be lost without internet access.
- Employers will find it harder to recruit the best staff
- Digitally excluded areas will become less desirable places to live

A report commissioned by Connecting North Yorkshire and carried out by Regeneris Consulting provides further evidence of the potential economic impact and estimated that planned investment in superfast broadband has the potential to generate GVA over 15 years of between £8.8m - £337.2m

Specific Local Transport Issues

At a local level, transport limitations can act as a barrier that prevents strategic sites or local investments from coming forward. There are often transport based opportunities to unlock this potential growth through targeted investments in transport infrastructure. Exploiting these can help to deliver outputs of land opened up for development, new investment and jobs.

Within the LEP area, examples include the junction upgrade at the Sand Hutton/FERA site. Other interventions, such as the new link road at the North Northallerton site, will open up land for development creating business space and enabling a key housing site. Other locations require a package of improvements because without intervention the current transport network could not cope with the associated growth in traffic. For example, there are serious capacity issues affecting local connectivity along the A6136 and a package of junction improvements is required to increase capacity and facilitate the growth of Catterick Garrison town centre. There is also a need for a package of essential junction improvements in Harrogate and Knaresborough in order to bring forward the housing and employment sites identified in the Harrogate District Local Plan.

x) Housing

A full supporting paper on housing[26], combining evidence and its implications for strategic priorities supports this strategy, prepared through close partnership working between the LEP and the North Yorkshire & York Strategic Housing Board/East Riding of Yorkshire Council. This section summarises key points of evidence from this document.

The LEP area is a very attractive place to live, with outstanding countryside and coast, the historic centres of York and Harrogate, and many delightful market towns. This creates pressure from commuters, retirees and second and holiday homes owners wishing to buy properties, and impacts on housing availability, communities, land prices and affordability. Reflecting that, the housing markets in the LEP area have remained strong despite the national economic downturn, with high house prices compared to regional and national comparators.

The overall housing market has 'dual market' characteristics. An upper tier functions over a wider area extending into the Leeds City Region, Tees Valley and Hull/Humber conurbations, whilst a second tier is far more local and links rural communities to local service centres and employment.

There is a danger that the lack of housing growth in the LEP area will constrain local economic growth. New housing provision in all sections of the housing market has an important role in promoting and supporting economic growth. It can support local businesses, communities and families and allow employment and housing markets to function together. A 2012 study from CCHPR[27] established that every £1 invested in the construction of new homes generates **£2.84** in local spending. Further research[28] indicates that 2.3 person years of direct employment is created for every new house built in addition to an equivalent number in other sectors - a total of around **4.5** person years of employment per house built.

the University of York[29] found that inability to access homeownership has resulted in recruitment and retention difficulties, particularly for key workers in high cost areas as staff relocate to less expensive areas to access housing. The rural nature of much of our area means that these issues are more acute. We are increasingly hearing of many smaller, rural businesses that struggle to attract a workforce and of communities struggling to meet local needs, such as for care workers, farm workers, teachers, etc. Local wages are traditionally low (see table 16) and property prices and rental levels in our rural areas high.

LEP Area Housing Markets in Context: Demand and Need

The national 'What Homes Where?' toolkit (howmanyhomes.org) provides information on the number of extra households predicted to form to 2026 in each Local Authority based on 2008 household projections and assuming past trends continue. The information for the LEP area is presented in table 19 and predicts the formation of over 85,000 new households between now and 2026 (around 6,000 per year). Further homes may be required, for example, to provide housing for those who are not adequately housed at present (e.g. concealed households) or to make allowance for empty and second homes.

[26] The Contribution of Housing to Economic Growth in the York, North Yorkshire and East Riding LEP area, 16 December 2013

[27] 'Funding Future Homes – an evidence base' 2012

[28] The Case for Housing Savilles and Oxford Economics 2010

[29] Rapid Evidence Assessment of the economic and social consequences of worsening housing affordability University of York 2009

Table 19: New Household Formation

Extra Households Per year 2013 to 2026	
York	1285
Ryedale	265
Hambleton	335
Richmondshire	235
Scarborough	470
Selby	530
Craven	325
Harrogate	335
East Riding	2239
Total	**6,019**

Although household formation is only one element of new home requirements, this information evidences the quantum of homes which may be needed to satisfy demand if households form at the rates predicted. The size and shape of housing markets are driven by household migration patterns and travel to work areas and so are driven by employment locations and incomes.

As well as considering the overall number of homes needed, the North Yorkshire Strategic Housing Partnership and East Riding Council produced Strategic Housing Market Assessments (SHMAs) in 2011. These are developed in line with government guidance and map the strategic pattern of housing markets in the sub region and quantify housing need in each Local Authority area. From the SHMAs, Local Authorities in the LEP area have developed approaches around overall housing numbers, set planning strategy and affordable housing policies to address the needs and context.

Local Housing Markets

For North Yorkshire, the SHMA identified five main market sub areas:

- Leeds City Region
- York
- Vales and Tees
- Remote Rural
- Coastal

High levels of housing market containment were identified within Richmondshire, Ryedale, York and Selby and there were also wider links identified with the Leeds City Region, Tees Valley and Coastal areas. The East Riding market is inextricably linked to the cities and markets of Hull and York through migration and travel-to work patterns. It is therefore important to consider their spatial aspirations and the implications that this may have for East Riding. There are also relationships with areas of Selby and similar issues and challenges in the East Riding coastal markets as there are present in Scarborough.

The East Riding SHMA identified a total of six housing market sub-areas.

- Wolds
- Bridlington
- Beverly
- Goole
- Hull Borders
- Holderness

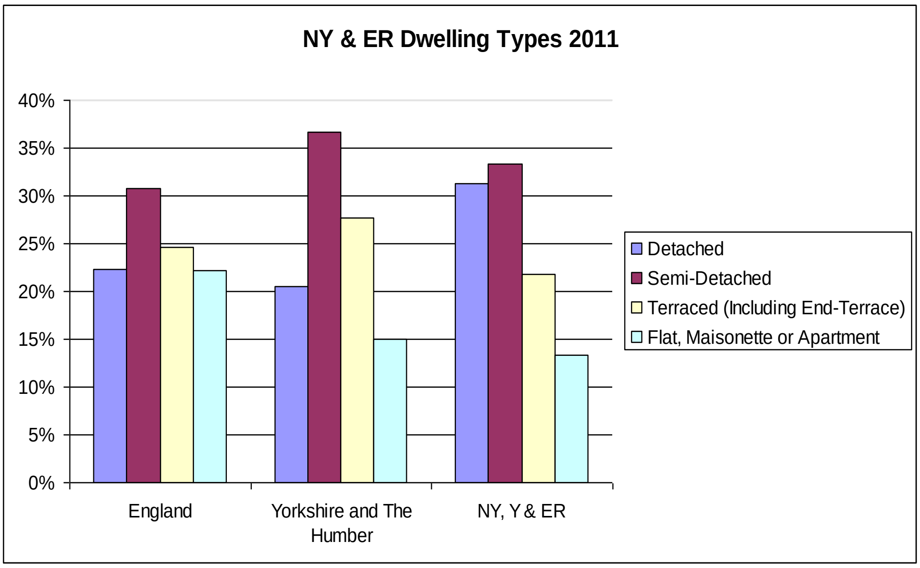
The City of Hull SHMA (2009 update) recognises the interrelated nature of the Hull and East Riding housing and employment markets and that the Hull housing market spans both areas. There has been a historic outflow of households from Hull to East Riding which requires intervention to rebalance the markets.

The SHMAs include a calculation of housing need using the methodology set out in the CLG Guidance. This indicates that authorities in the LEP area would need to provide for a net annual affordable housing need of approximately 4,000 homes pa over the next five years in order both to clear the existing backlog of households in need and meet future arising household need. This requirement for affordable housing is distributed across the individual authorities. In absolute terms East Riding has the highest annual need at 1,000 new affordable homes with the City of York, Harrogate and Scarborough having the next highest levels of annual need for new affordable properties (790, 507 and 457 respectively).

The research shows that the shortfall is mainly in smaller properties across all authorities. This is not surprising, as the stock profile of many of the authorities is skewed towards larger family properties across all tenures. Since the time of the research, this is likely to have been exacerbated by the introduction of Welfare Reform and new rules on payment of housing benefit for households in under occupation.

The following tables provide further statistics on housing and housing markets in the LEP area.

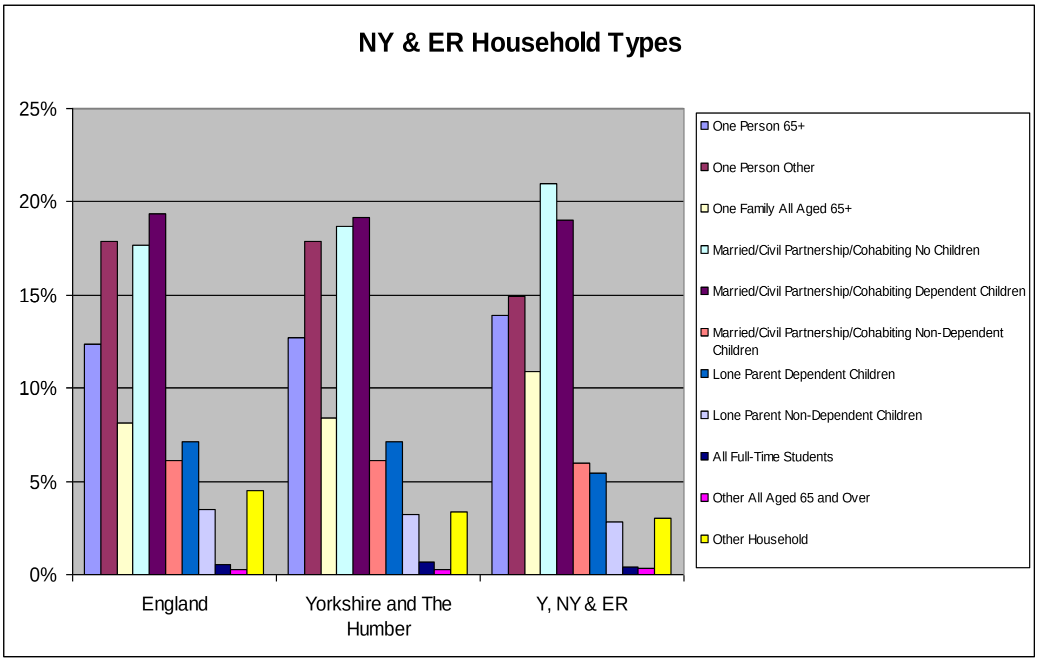
Figure 6: Dwelling Types



Source: ONS – Neighbourhood Statistics

- Around 40% of homes in Hambleton, Ryedale and Selby are detached (compared to 30% for the LEP area). Reflecting their economic history, Craven and York have higher than average levels of terraced housing.

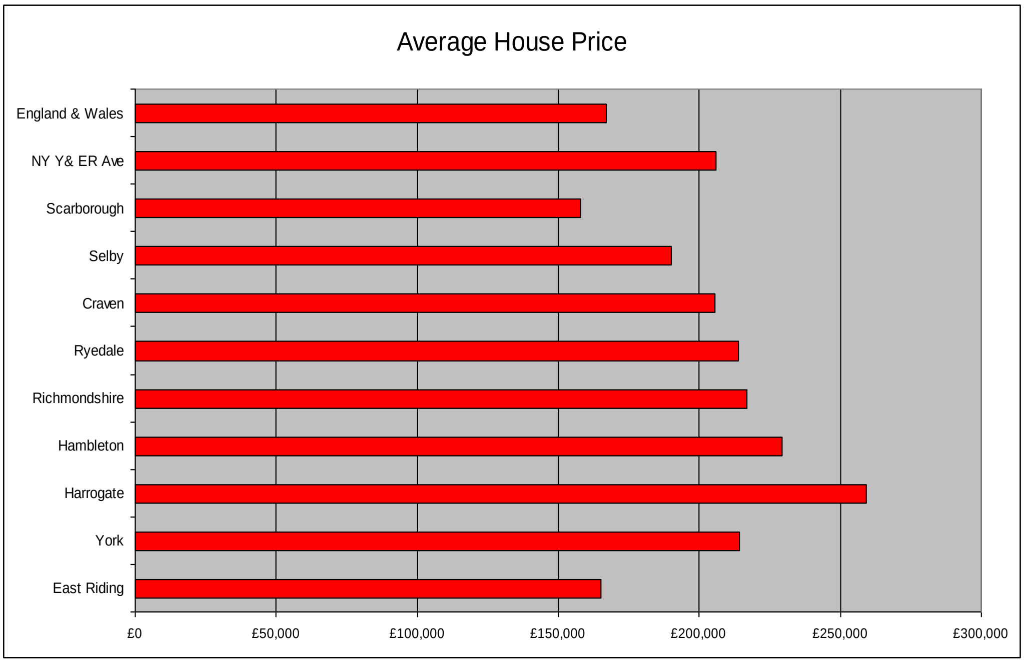
Figure 7: Household Types



Source: ONS – Neighbourhood Statistics

- Similar to the national and regional figures, one person households make up around 30% of all households in the LEP area. Those aged 65 and over make up one quarter of all households. Households with no children make up a slightly higher proportion than in the comparator areas.

Figure 8: Average House Prices



Source: HM Land Registry

- The most recent HM Land Registry House Price Index for the Authorities in the LEP area (Q1 2013) shows that the average house price (£205,800) is above the average for England and Wales, with only East Riding and Scarborough being below the national average price.

Table 20: Housing Affordability

House Price to Income Ratio, 2012	
Craven	7.40
East Riding of Yorkshire	6.13
Hambleton	8.51
Harrogate	8.77
Richmondshire	7.55
Ryedale	8.23
Scarborough	6.30
Selby	5.93
York	6.80

Source: DCLG, Table 577

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

- Qualifications levels are good but our lead over national average is reducing. 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 3

- 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 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 to Scarborough, and on York outer ring road. Fast broadband is being introduced into much of York and North Yorkshire, but there are gaps in East Riding and a need for greater uptake – see Priority 5

Table 19: Summary of key evidence messages and how they inform priorities and courses of action

Fact	Response	Coverage
Growth and productivity are low **and decreasing compared to national average.**	Focus on business growth throughout the strategy and on drivers of productivity including innovation, enterprise, skills, and on using business support to aid competitiveness and exports (new markets).	All five priorities
We have a rich diversity of small & micro-businesses **but few medium and large ones**	Focus on our existing base of small and micro businesses and help them to grow.	Priority 1 also through Priorities 2 and 3
Business start-up rates are 20% below average**, but survival rates and self-employment are high.**	Inspire an enterprise culture and strengthen enterprise education and start-up support.	Priority 1
Innovation levels are not high enough **and too few firms utilise external expertise**	A smart specialisation approach focusing on the agri-tech and biorenewables sector and linking business to R&D, coupled with wider support of business innovation.	Priority 2 Priority 1
The agri-tech/ food manufacturing/ agriculture **sector and the** biorenewables **sector are concentrated in the LEP area**	Focus on growth of these sectors, linked to outstanding R&D assets and expertise. Cover other sectors though support across the other priorities of the strategy.	Priority 2
Skills levels are good, but our lead over national average is eroding**, especially for higher level skills**	A strong focus on the skills businesses most require, including high level skills, employability and attitude skills.	Priority 3
Employment rates **are high but there are pockets of deprivation and median incomes are low.**	Active inclusion and employability activity to help unemployed people access jobs.	Priority 3
Carbon emissions **are reducing but more slowly than average**	Help businesses to reduce emissions and boost profits through resource efficiency, promote biorenewables, and set high environmental standards for developments.	Priorities 1, 2 and 4
We have complex geography and specific growth opportunities and transport needs **related to this**	Unblock growth based on major physical developments and transport improvements.	Priorities 4 and 5

Why Intervene? - 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 (which for this strategy could be businesses assessing whether to take up advice, or students choosing a course) 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)

Strengths	Weaknesses
• Strong SME base, many micro-businesses • Large food, agri-tech 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, especially at lower levels • Mostly low levels of unemployment/exclusion • Universities in York (and campuses beyond) • Fairly low congestion and good access to ports • Business support and engagement	• Few large employers • Low GVA and productivity • Employability and higher level skills can be lacking • Low levels of exports • Hard for SMEs to collaborate and influence decisions that affect them – e.g. on skills • Gaps in broadband coverage, for instance in more isolated business parks • Remoteness from jobs and opportunities in some areas • Insufficient and unaffordable housing, which can limit workforce availability • Pockets of hidden deprivation and coastal towns in need of regeneration • Airport access

Opportunities	Threats
• Agri-tech and Expansion of FERA/Sand Hutton • 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	• 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

4. Collaboration and Partnership

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.

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.

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.

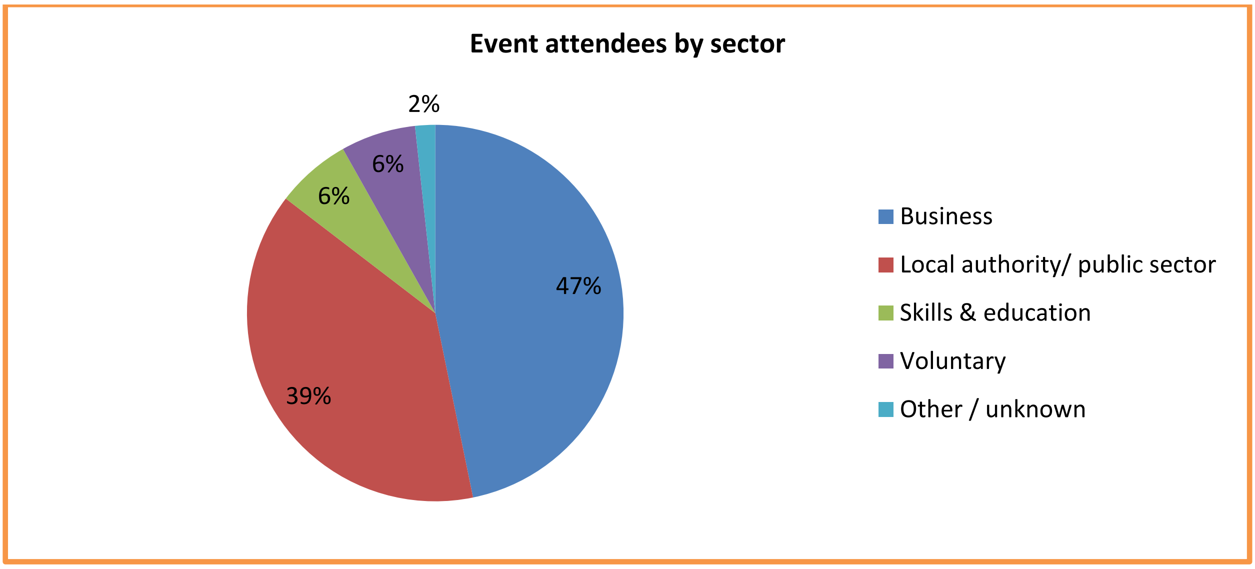
Summary of Consultation and Main Messages

A participative process helped to develop proposals, engaging 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 ongoing partner 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 were held in venues across the whole LEP area (Malton, Colburn/Richmond, Skipton, Knaresborough, York, Bridlington and Northallerton). These attracted 233 participants, with a healthy mix of sectors (see figure 9). Business was the largest single group, with significant input also from civil society and skills organisations as well as local government.

- 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.

Figure 9: Attendees at consultation events by sector



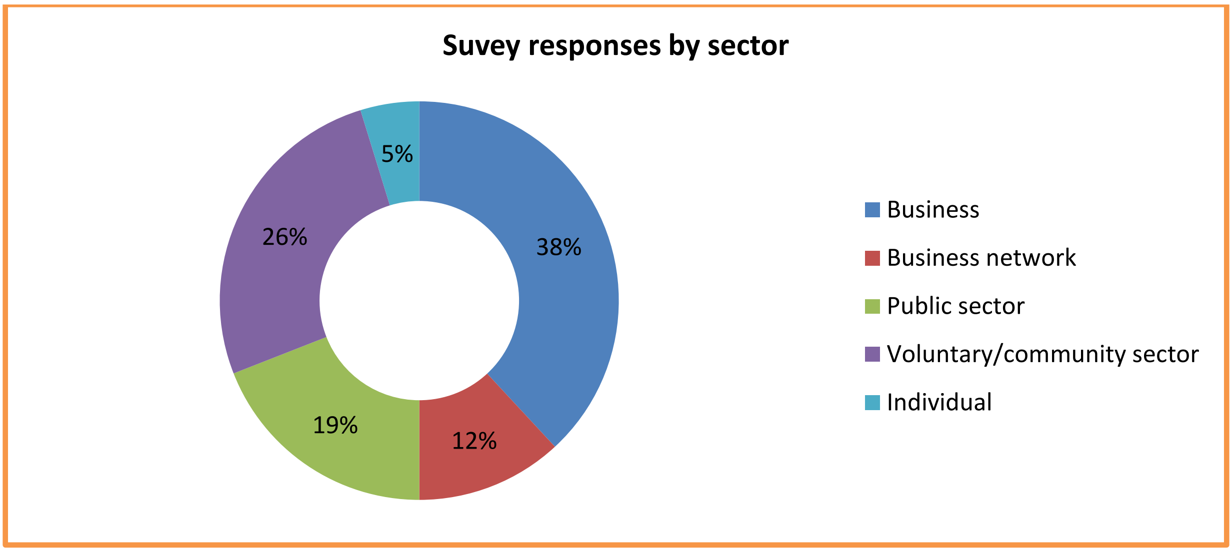
The response to the consultation draft of the strategy through the seven **events** was energetic and positive. There was widespread agreement with its overall direction and priorities and most of its content. In addition, a number of strategic points were raised repeatedly, with support from those present. 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, including third sector engagement
iv) Low carbon and the 'green economy'

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 been extensive discussion about these with relevant organisations such as local authorities and the North Yorkshire Transport Partnership.
A log of detailed consultation points will be written up and made available within the final draft of the strategy.

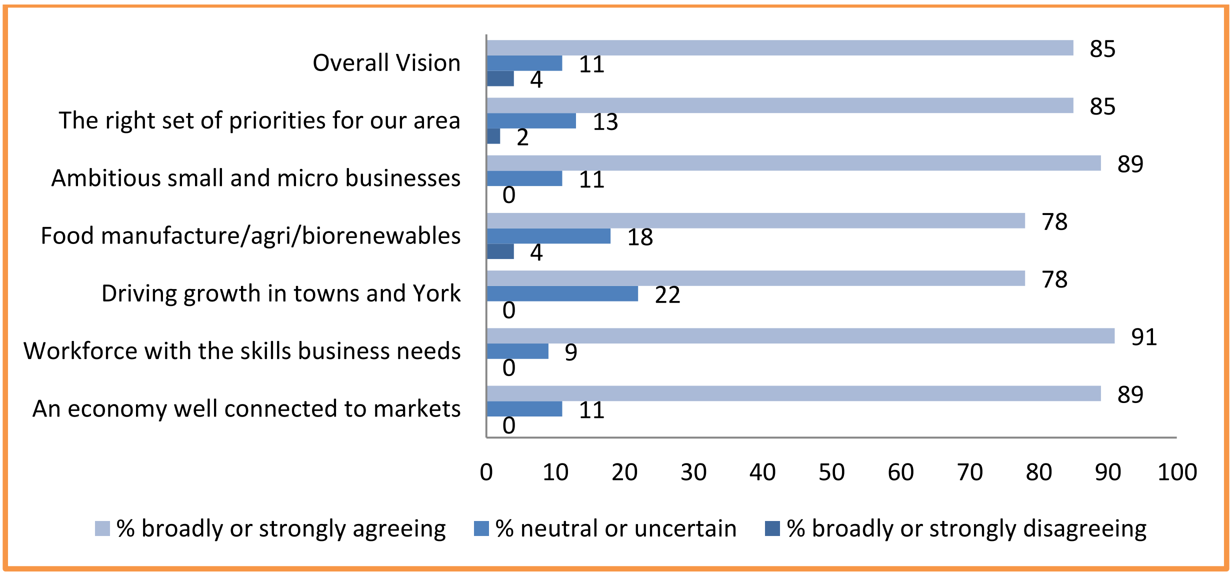
The consultation survey attracted responses across sectors as shown in figure 10 – a half of responses were from the private sector.

Figure 10: Respondents to the consultation survey by sector



Survey respondents were asked whether they agreed or disagreed with the direction and deliverables of each (consultation draft) priority and the overall vision. Figure 11 shows the results

Figure 11: Agreement or Disagreement with Strategy Priorities



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’.

Business engagement

Business has been at the heart of our LEP plans and 40 business networks have signed a MOU to work with the LEP to deliver our existing plan. We have engaged closely with the networks in developing the content of this strategy. In particular, the Federation of Small Businesses, Leeds, York & North Yorkshire

Chamber of Commerce, Institute of Directors, National Farmers Union and Welcome to Yorkshire have been core members of a task and finish group which has developed the business growth content of the strategy. Additionally, an invitation to participate in the consultation survey and events was sent to all the business networks. As previously detailed, business was the largest single group attending events and completing the questionnaire survey - almost a half of all respondents were from business.

Additionally, we have consulted with and retain strong relationships with publicly funded business support providers including the Manufacturing Advisory Service, UKTI, Growth Accelerator and Superfast North Yorkshire.

Local authorities and the public sector

We have worked closely with a range of existing agencies and structures to develop this strategy, building on existing plans and working in partnership with the range of organisations involved in them, often from the public sector. We will retain these relationships through the delivery of the strategy. We aim to coordinate resources and to build shared capacity to deliver greatest impact and deliver best value for money across the region.

We have worked with a wide range of public sector partners, at a range of levels from leaders and chief executives through to practitioner/officer level. Public sector organisations, especially local authorities, made extensive inputs during consultation, through the events and survey as well as fortnightly meetings with local authority economic development officers. A Skills Task Group that included public sector agencies, as well as business, was established to inform and guide establishment of skills priorities.

Annex A summarises the public sector partners who have helped develop the strategy.

The Voluntary and Community Sector ('Civil Society')

We have worked with key third sector organisations, notably Your Consortium, who provide an overall voice for the sector to inform strategy preparation. We have also engaged with groups across the sector through the consultation process and gained valuable input, including but not limited to specific areas of expertise such as social inclusion, employment, sustainable development and social enterprise.

Examples of third sector groups attending consultation events included local charities and community trusts, local LEADER group participants, Rural Action Yorkshire and CVS groups.

Partnership and collaboration with other LEP areas

We can achieve better results by working with neighbouring Local Economic Partnerships and will strive to do so. Already we have forged strong working relationships with neighbouring LEPs and discussed how our strategies and delivery can align. Key connections for specific LEP areas are set out below.

Leeds City Region

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

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 such as ***York Central*** 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 LEPs.

The Humber LEP has 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 local skills 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 or working together on the Community Led Local Development **LEADER** programme and this will continue.

Additionally the potential multi-billion **potash** development in Whitby will provide supply chain opportunities across both areas. We will collaborate to ensure we maximise the potential of this opportunity.

We also understand that **Darlington College and Teesside University** are crucial skills providers to serve the north of our area and many small businesses in Richmondshire, Hambleton and Ryedale look north to Teesside 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.

Other 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.

For example, 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. We also understand that from an innovation perspective, we want our businesses to link to the best R&D available and to adopt a 'smart specialisation' approach. Working through the 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.

5. Cross Cutting Issues – Sustainable Development and Low Carbon, Social Inclusion and Equalities, Innovation and Community Led Local Development

In Summary

The Strategy takes account of and contributes to the EU cross cutting themes of sustainable development and equality, and the processes of social innovation and community led local development. In this section we set out how these (and related) themes will be proactively taken forward and implemented.

Approach

A number of key issues cannot be framed within a single component of this strategy; to be meaningfully applied they need to run right through it, affecting both the content of actions and the way they are delivered. Based on partner engagement, evidence and guidance, we have identified four such themes:

- Sustainable Development and Low Carbon
- Social Inclusion and Equalities
- Innovation – Social Innovation and Smart Specialisation
- Community Led Local Development

a) Sustainable Development and Low Carbon Ambitions

This theme incudes three elements:

- integrating social, environmental and economic aspects of development to ensure that it contributes to quality of life now and in the future;
- protecting and enhancing the environment, and
- responding to climate change by both reducing carbon emissions and adapting to a changing climate – for instance through flood prevention.

The LEP and this strategy is committed to all three goals and will put in place actions and mechanisms to take them forward in line with the UK Government's principles for Sustainable Development[30]. We will work with relevant partners and experts to put this into practice, including our three Local Nature Partnerships, both National Park Authorities (covering the North York Moors and the Yorkshire Dales) and third sector environmental organisations.

Content on sustainable development, including low carbon, is covered within each of the priorities of the strategy (see annex B). Over and above that content the following general principles and commitments apply to strategic decision making and project development:

- Contribute to the carbon reduction goals in the LEP area (and beyond), including through shifts in energy generation and energy efficiency measures;

[30] These are: Living within environmental limits; Ensuring a strong, healthy and just society; Achieving a sustainable economy; Using sound science responsibly; and promoting good governance.

- Consider and adopt 'adaptation' measures in response to a changing climate and related pressures, including flood risk, coastal erosion and impacts on land use, health, habitats and industry;
- Promote mechanisms such as resource efficiency which reduce environmental impacts and enhance economic competitiveness;
- Value and where possible enhance 'green and blue infrastructure' such as habitats, water courses and features, and important landscapes and the 'ecosystems services' they provide such as climate regulation, amenity value and flood prevention;
- Pursue supply chain development and procurement approaches that deliver environmental benefits, for instance through the way in which use of local goods and services can reduce distances travelled and CO2 emissions;
- Take opportunities to encourage sustainable and low carbon transport, for instance through promoting of cycling, walking and public transport, and use of ICT and local services to avoid unnecessary or long journeys;
- Apply the polluter pays principle to all activities; and
- Set demanding environmental standards for buildings and infrastructure – BREEAM 'excellent' for new build, BREEAM 'very good' for refurbishment, and CEEQUAL 'very good' for infrastructure projects.

b) Social Inclusion and Equalities

This theme includes two main strands: anti-discrimination policies in line with the Equality Act, 2010[31]; and wider strategic and project level activity to support social inclusion.

The LEP is committed to the three key elements under the Public Sector Equality Duty in relation to our decision making and delivery, those being:

- To eliminate unlawful discrimination
- To advance equality of opportunity
- To foster good relations

We will seek evidence on the economic and employment circumstances of different groups and use that information in targeting of activity. Readily available evidence includes that on youth unemployment and that is set out in the evidence section and has been used to inform priority setting.

More broadly, we will look to ensure that people from all groups and all areas across York, North Yorkshire and East Riding benefit from economic growth and opportunities, and to narrow gaps between those who are most and least disadvantaged[32]. That will include action to:

- Support those who are unemployed to get a job, through improvement of skills and employability and connection to opportunities;
- Create more opportunities for local employment, through business growth and job creation, and encouragement of apprenticeships and other mechanisms that help local people to access them;
- Support community led development and third sector ('civil society') capacity to support social inclusion, employment and wellbeing;

[31] The equality duty covers nine groups with protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

[32] See for instance the report of the York Fairness Commission, 2012, for relevant principles and approaches

- Ensure connections to the Health and Wellbeing boards that support economic activity and wellbeing; and
- Ensure that the needs of social enterprise are covered in mainstream business support.

We have worked and consulted with Your Consortium and others in the third sector in the preparation of this strategy and will continue and deepen working relationships as we move forward. That will for instance include ensuring that the sector is represented on the LEP area's Skills and Employability Board, and consideration of a place on the main LEP Board when its membership is reviewed.

c) Innovation – Social Innovation and Smart Specialisation

Innovation, whether defined in strict technical terms or as the wider capacity to do things differently and better, is vital to economic success and social progress. It is all the more important in an era of tight finances where cost effectiveness and efficiency are paramount, and in a global market where innovation is crucial to market share, profitability and growth. Reflecting this content, the LEP area will pursue innovation in three main ways: social innovation, smart specialisation and wider business innovation.

Social innovation – is the process of finding and implementing new ways to tackle problems facing society or groups within it, drawing on local communities and the third sector as well as businesses, individuals and researchers. At this stage we are not proposing a specific social innovation project. However we will keep opportunities to apply the concept under review, especially in relation to (ESF related) employability, inclusion, health and wellbeing challenges, and to low carbon and climate change imperatives where community engagement and exchange of ideas can help to develop new solutions.

Smart specialisation – is about making economic development effective through focusing it on the most pronounced and concentrated R&D assets and sectoral strengths in our area. Our area's stand out R&D and sectoral strengths mirror each other and are in the area of agri-tech and biorenewables, and their wider application within low carbon, food manufacturing and agricultural industry. To put due focus on this area it is singled out as Priority 2 within this strategy, with focus on application of sector specific innovation strengths.

Business innovation – Whilst sector focused innovation activity is a key priority, that will reach a small proportion of our economy overall. The evidence section makes clear that there is a far wider 'innovation deficit' within businesses across the region, and a second strand of innovation activity will address this without undermining the more concentrated activity focused on agri-tech and biorenewables. This will cover the need for innovation based on technical expertise and R&D, and more general application of new ideas and approaches to improve products, services and business performance. This is a core activity within Priority 1 of this strategy, linked to SME support and to connecting businesses to expertise across the UK.

Community Led Local Development

Community Led Local Development (CLLD) is a specific, locally driven approach to development, often (but not necessarily) linked to EU funding. It is defined as a sub-regional process which can "*mobilse and involve local communities to contribute to achieving the Europe 2020 Strategy goals of smart, sustainable and inclusive growth*".
Details of our approach to CLLD is included within the EUSIF Implementation Plan.

6. Resources and Funding Allocations

Overview - influence and resources

Making the impact we seek requires a mixture of investment and influence. Both can be mechanisms for getting new or different things delivered, and it is important to make the most of both routes.

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 how far they are delegated locally can have a real impact.

Where influence or new approaches are not enough on their own to effect the progress we seek, we will use the whole array of available resources to do so. Those include existing public and private resources, new private sector investments, and Government funds such as Regional Growth Fund and Growing Places.

There are two other major funding streams which LEPs will play a central role in and for which this strategy plays a key role in setting our local priorities:

- The Single Local Growth Fund
- EU Strategic Investment Funds

The overall resources will be added to the March version of this SEP. Details of the EUSIF requirements are included within the EUSIF Implementation Plan and the indicative levels of Growth Fund requirements are included in the draft Growth deal Implementation Plan.

7. Delivery and Governance

This section sets out overall governance principles. Further details on governance, business planning, prioritisation and appraisal mechanisms are covered in the supporting Implementation Plans.

Partnership principles

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.

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 through Programme Board structures.

Several organisations who are delivering national programmes have offered a series of 'Opt-Ins'. These allow the LEP to benefit from the expertise and capacity of national providers whilst also providing match funding required by EU funds. The LEP proposes to take advantage of the following opt-ins

- UK Trade & Investment
- Manufacturing Advisory Service
- Skills Funding Agency
- Big Lottery
- DWP

Governance

This strategy is owned and will be delivered by the region as a whole. The development of the strategy involved a series of Task & Finish Groups of key regional players, with representatives from the public, private and voluntary and community sectors, the higher education sector, skills and Local Strategic Partnerships all of whom consulted widely within their constituent communities in order to develop a consensus around priorities for action.

The Task Groups remit was to:

- Agree the economic analysis
- Determine the strategy, priorities and indicative actions

At a senior level the overall LEP Board will provide overall leadership and guide key decisions, including the balance between themes/programmes and strategic review. Given its make up and expertise the LEP Board will also play the role of a Programme Board leading on Business Growth elements of the strategy (priorities 1 and 2). Two other Boards – a Skills Programme Board and an Infrastructure Programme Board will feed into the LEP Board and lead on the relevant priorities. They will be provide local management and ensure partners are engaged in delivery of the programme and monitoring of performance. The box summarises the priorities that each Board will have ownership of and manage:

EU Priority Programme Name	Programme Board
Overall Strategic direction and performance management	LEP Board
Profitable and ambitious small and micro business	
A global leader in food manufacturing, agri-tech and biorenewables	
Inspired People	Skills Programme Board
Successful and distinctive places	Infrastructure Programme Board
A well connected economy	

The following sub-sections provide a high level overview of key elements of our approach to governance.

Ensuring Openness and Transparency

An open approach is important to the LEP. Each Programme Board will develop an annual delivery plan maintain a working relationship with a range of existing structures to ensure collaboration and partnership working across the region. The annual delivery plan, agendas and minutes will be published and made available electronically and via the LEP Website. Additionally an annual report will be published detailing investments made and progress against objectives.

Membership and Decision Making

The three Boards are at different stages of establishment. The LEP Board is well established and is due to be reviewed. The Skills Board is due to be established by the end of 2013, informed by proposals from a

Skills Task & Finish Group which reported in September 2013. The Infrastructure Board will combine partnerships that already exists but needs to be formed in its own right. The final version of this strategy will include membership of these Boards as an annex. Board membership will be reviewed on an annual basis to ensure they remain effective and representative of the region.

Wherever possible decision will be made by consensus, however if this is not possible, a majority vote will prevail with the Chair having the casting vote. Those with observer status at a meeting would n to be eligible to vote.

Managing Conflict of Interest

All members of the LEP Thematic-boards will be required to submit details of all entities in which they have an interest and to publicly declare any vested interest or conflict of interest in any discussion or project which will be discussed within LEP Business. Where appropriate, members will be asked to leave the room whilst discussions and decisions are made.

Capacity, management and pooling of resources

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.

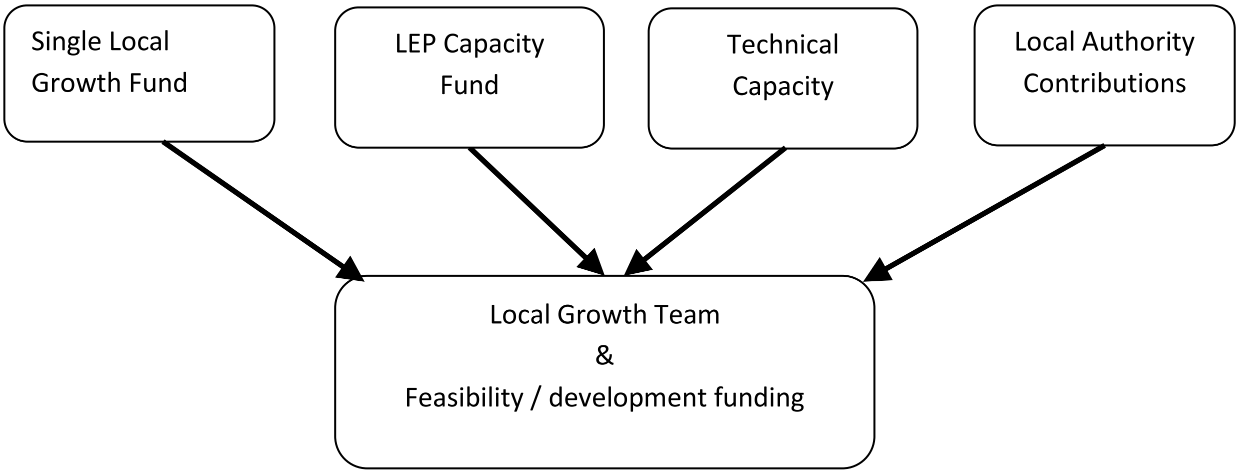
Our collaborative approach will also ensure that bureaucracy in setting up and managing projects is avoided where an existing initiative or structure can simply be extended instead.

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. The LEP is in the process of reviewing its capacity and formulating proposals for appropriate structures which bring together or pool local resources where this adds value. 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.

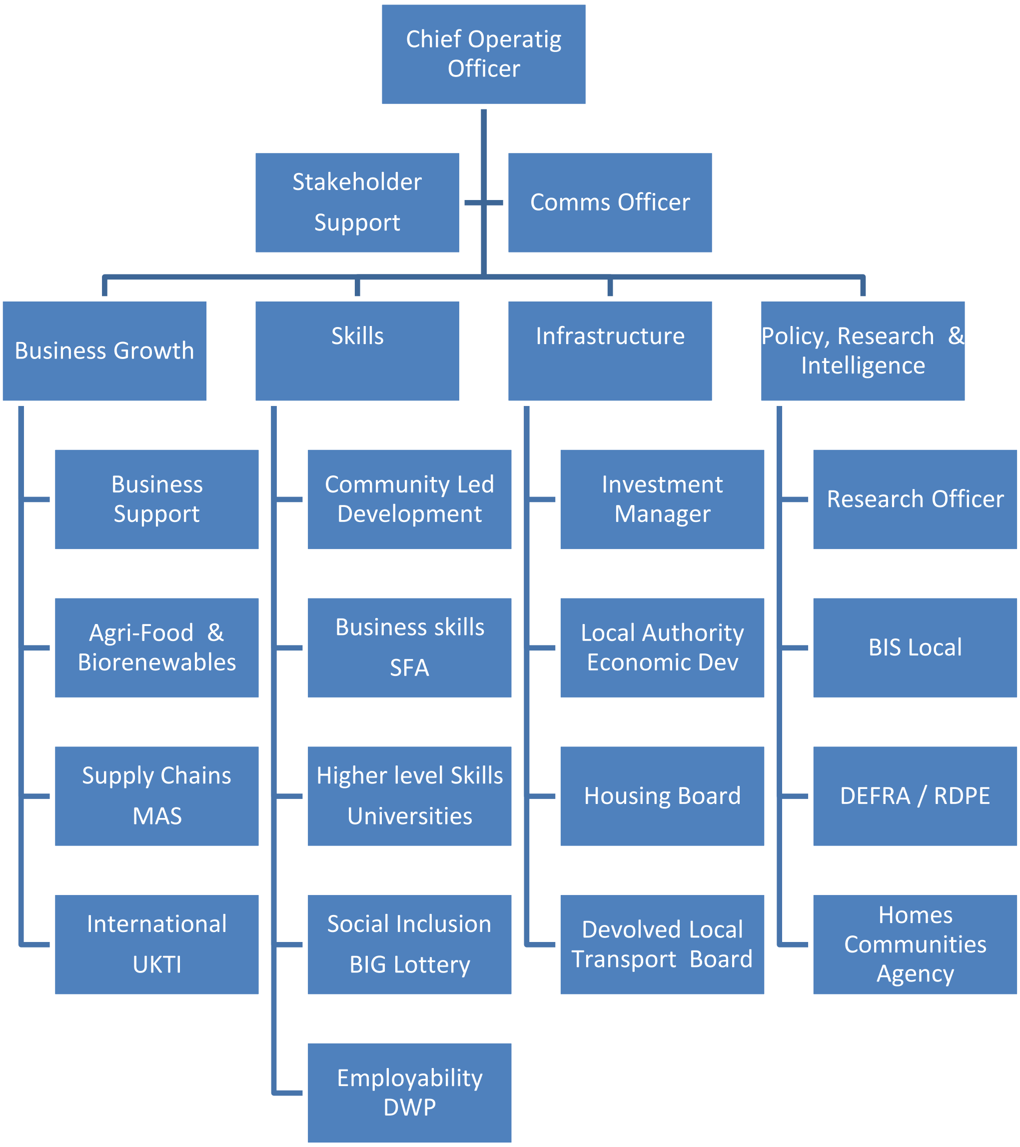
Building Local Capacity

A local growth team will be created, bringing together partners from different organisations to deliver the LEP strategy. The core secretariat will be funded via local authority contributions, Central government funding and EU Technical Capacity.

EU Technical Assistance will be utilised to support the strategy development, management and delivery of the EU Strategic Investment Framework.



Local Growth Team



Measuring success

Outcome indicators will be measured to track success at a number of levels:

The **overall outcome indicators** we will measure are:

- Jobs - (the output of jobs created and the outcome of employment rate)
- GVA (the output of additional GVA and the outcome of GVA per capita)
- Carbon emissions (the output of emissions reduced and outcome of CO_2 emissions per capita)

For these outcomes we will seek:

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

Additional output/results indicators are stipulated for each of the five priorities, and projects will need to show their performance against output indicators set when the projects are developed and agreed. These micro-level indicators are important to ensure cost effective results.

It is also important to see the big picture in monitoring our progress. Therefore we propose the following ten '2020 tests' as the best way of assessing whether we have made the difference we set out to. These cover the breadth of the strategy including overall goals, the five priorities and cross cutting issues.

2020 Outcome Tests

1. Is GVA and productivity per head increasing and the gap to national average closing?

2. Is there a stronger culture of enterprise with more business starting and survival rates high?

3. Has there been a revolution in innovation, with far more firms accessing R&D and developing new processes, products and markets – including exports?

4. Have the FERA/Sand Hutton expansion and BioVale proposals been delivered, with the LEP area a genuine global leader in agri-tech and biorenewables?

5. Are employers more content with the quality of their workforces and of young recruits?

6. Have we increased our lead in high level skills compared to national average and are businesses making good use of these skills?

7. Have the major developments set out been delivered and boosted the performance of local areas?

8. Are journey times faster and more reliable on key routes where improvements are prioritised and is ICT access and uptake keeping pace with the levels expected in a modern economy?

9. Are employment rates back to pre-recessionary levels and high amongst all groups and areas, with median incomes improving compared to national average?

10. Are carbon emission per capita falling at least as fast as nationally, with more businesses benefiting from greater resource efficiency?

Metrics will be developed to allow progress against these tests to be tracked on an annual basis, including new monitoring mechanisms where required. Progress will also be set in the content of wider health, wellbeing and environmental goals to ensure it is part of a long term and sustainable approach.

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.

We recognise the value of evaluation and the benefits that stem from ongoing evaluation that is able to track projects from early in their development onwards. We are committed to communicating the learning from evaluation and across the programme more widely, and sharing learning both within and beyond the LEP area so that economic development approaches can become ever more effective.

Annex A: Public sector partners involved in strategy development

The following public sector organisations were involved in developing the strategy:

Organisation	Area of engagement
North Yorkshire County Council	Engagement at leader, Chief Executive and Officer level across the whole strategy with co-production of the spatial elements with the partners.
City of York Council	
East Riding of Yorkshire Council	
Scarborough Borough Council	
Harrogate District Council	
Ryedale District Council	
Craven District Council	
Hambleton District Council	
Richmondshire District Council	
Selby District Council	
North Yorkshire & York Housing Board	Spatial investments and strategic sites
Homes & Communities Agency	Strategic sites
Humber North Bank Partnership	Coastal investment and key sectors
North Yorkshire Devolved Local Transport Body	Transport
University of York & Yorkshire Universities	Business Support, Agri Tech/Bio renewables and Innovation
Skills Funding Agency	Skills
North Yorkshire College Principles	Skills
North York Moors National Park	Rural, environmental, agriculture, business engagement & community led development
Yorkshire Dales National Park	Rural, environmental, agriculture, business engagement & community led development
North Yorkshire Local Nature Partnership	Environmental assets
North Yorkshire Flood Partnership	Flood alleviation and environment
Environment Agency	Flood alleviation and environment
Health & Wellbeing Board	Social Inclusion
Big Lottery	Social Inclusion and Opt In
Yorkshire Rural & Farming Network	Rural, Business Support and Agri-tech
Department for Business Innovation & Skills	Whole strategy
Department for Environment, Farming & Rural Affairs	Whole strategy
Department for Transport	Transport
Department for Communities & Local Government	Whole strategy

Annex B: Cross Cutting Issues by Priority

The following subsections highlight how each of the five priorities take forward the cross cutting themes of Sustainable Development, Social Inclusion and Equalities and the processes of Social Innovation and Smart Specialisation.

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

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

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

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

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, and we will establish structures and partnerships that enable communities (including the third sector) to drive local development, such as through the LEADER programme.

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

Transport is one of the main sources of carbon emissions in the LEP area, and so reducing these emissions will be important to meeting emissions reduction goals and facilitating a sustainable approach. This is challenging as emissions are highest in more remote areas where car dependence is higher and journeys are often longer. In practice, the best potential for reducing traffic, congestion and emission will be through:

- Facilitating sustainable travel choices for short trips, especially in flatter areas (e.g. around York, the A1/A19 corridor, parts of East Riding) where cycling, walking and public transport are all options
- Enhancing public transport on key routes between the main centres of population
- Using ICT and provision of local services/facilities to reduce the need to travel
- Promoting car sharing, greener driving and lower polluting vehicles (including motorbikes/mopeds)

Ensuring non-car based options exist is also important for social inclusion reasons and for those without access to a car, for instance those who cannot afford to drive or not able to. This will become more important given an ageing population and the rising costs of motoring. Additionally, it is important to promote workforce mobility and to enable young people especially to access work and training opportunities. Innovative solutions are required and social innovation approaches may provide one route to them.

Annex C: Relationship between Priorities, Objectives and Deliverables

Overview of Priorities, Objectives and Core Activities

Priority	Objectives	Core Activities
1) Profitable and ambitious small and micro businesses	• Innovative, growing small businesses	[a] Increase innovation in small businesses [c] Improve business competitiveness through co-ordinated business support [d] New market development [e] Deliver business friendly planning, regulation and procurement
	• More entrepreneurs who start and grow a business	[b] Inspire and supporting new business starts
	• Ambitious business leaders	[f] Enhance leadership and management skills
2) A global leader in food manufacturing, agri-tech and biorenewables	• World class innovation in agri-tech and biorenewables	[a] Grow our International competitiveness in Agri-tech [b] Capitalise on our biorenewables & low carbon assets
	• Agriculture and food business connected to new opportunities	[c] Connect our agricultural sector agri-tech and biorenewables based expertise and opportunities
	• Low Carbon businesses	[d] Support investment in energy & resource efficiency
3) Inspired People	• A Productive workforce for growing businesses	[a] Increase productivity by investing in workforce skills [b] Build competitive advantage through higher level skills [d] Support high quality apprenticeships and internships
	• Inspired people making the right job choices	[c] Increase employability by connecting business to education [g] Deliver a skills capital programme
	• Empowered communities delivering support and inclusion	[e] Build skills, attitude and ambition to help people access jobs [f] Develop strong communities and active inclusion
4) Successful and distinctive places	• Unlock major growth opportunities	[a] Strategic investments in the A1/A19 corridor [b] A strong and growing coastal economy [c] Strengthen economic links with neighbouring cities [d] Sustainable growth in the Dales, Moors and Wolds [e] Business led investments in market towns
	• New development in response to economic shocks and closures	
	• Environmental quality and community needs	
5) A well connected economy	• Fast, reliable journeys between key centres	[a] Improved east-west connections
	• Transport that underpins growth	[b] Investment to ensure the existing transport network supports growth
	• Access to UK and international markets	[c] World class ICT & broadband