European Strategic Investment Fund

York, North Yorkshire and East Riding

Revised Strategy

(previously named Implementation Plan)

5 February 2016

To be read in conjunction with:-
York, North Yorkshire and East Riding Strategic Economic Plan (ESIF Submission)

NB. Member State ESI Funds allocations and the Operational Programme of each Fund are in euros. ESI Funds notional allocations to LEP areas are therefore also in euros. Sterling valuations of LEP area euro notional allocations will therefore naturally change to reflect ongoing euro/sterling fluctuations. For the purpose of this Strategy euro allocations have been converted to sterling using the following rate €1 = £0.78 current at the most recent revaluation January 2016.

European Union
European Structural and Investment Funds

Contents

1. Introduction

1.1. How this Strategy fits in to our overall Plan for Growth

This revised European Structural Investment (ESI) Funds Strategy sets out how the York, North Yorkshire and East Riding area will deliver its share of European Structural and Investment Funds 2014-2020. This builds on the original strategy agreed in January 2014 and has been revised to take account of changes to the ERDF, ESF and EAFRD Operational Programmes now that they have been approved by the European Commission.

This revised strategy for ESI Funds is structured around our Local Enterprise Partnership (LEP) areas five Strategic Priorities (as set out in the York, North Yorkshire and East Riding Strategic Economic Plan – our Plan for Growth) and for each explains the rational for intervention, the types of activities that we intend to support, financing arrangements and the outputs we expect to achieve.

The Strategic Economic Plan (SEP) is the overall strategy for our LEP area and sets out the strategic requirements needed to guide European Structural and Investment Funds locally.

2. Delivering European Structural and Investment Funds

2.1. Overview of the Priorities

Our overall approach to delivery is to focus on specific, evidenced interventions that will enable economic growth. These will help to achieve the LEP areas ambition for growth set out under its five Strategic Priorities. The table below highlights the relationship between the ESI Funds objectives and the York, North Yorkshire and East Riding Strategic Economic Plan Priorities and Objectives.

Figure 1: Relationship between the SEP Priorities and ESI Funds Priorities.

Strategic Priority/ Programme	Objectives	ERDF							ESF		EAFRD
		PA1	PA2	PA3	PA4	PA5	PA6	PA8	PA1	PA2	
1) Profitable and ambitious small and micro businesses	Innovative, growing small businesses	✓		✓							✓
	More entrepreneurs who start and grow a business			✓							
	Ambitious business leaders									✓	
2) A global leader in food manufacturing agri-tech and biorenewables	World class innovation in agri-tech and biorenewables	✓									
	Agriculture and food business connected to new opportunities										✓
	Low carbon businesses				✓						
3) Inspired people	A productive workforce for growing businesses									✓	
	Inspired people making the right job choices								✓	✓	
	Empowered communities delivering support and inclusion							✓	✓		
4) Successful and distinctive places	Environmental quality and community needs					✓	✓				✓
5) A well connected economy	Access to UK and international markets (Broadband)		✓								✓

Priority Axis	Title	Priority Axis	Title
PA1	**Promoting Research and Innovation**	PA6	**Preserving and protecting the environment and promoting resource efficiency**
PA2	**Enhancing access to, and use and quality of, information communication and technology (ICT)**	PA8	**Promoting social inclusion, combating poverty and any discrimination**
PA3	**Enhancing the competitiveness of Small and Medium Sized Enterprises**	ESF PA1	**Inclusive Labour Markets**
PA4	**Supporting the shift towards a low carbon economy in all sectors**	ESF PA2	**Skills for Growth**
PA5	**Promoting climate change adaptation, risk prevention and management**		

The following sections set out in more detail the strategic priorities, objectives, activities and financial allocations for the Plan.

York, North Yorkshire and East Riding Strategic Economic Plan
Priority 1: Profitable and ambitious small and micro businesses

Overview

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.

Why

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

ESI Funds Notional Allocation

£13.71m of ERDF

£3.72m of ESF
(Also see Priority 3)

£1.5m of EAFRD

NB. Figures quoted are based on exchange rate of €1 = £0.78 (as at 31 January 2016)

This priority is focused on creating conditions which enable businesses with an ambition to grow to do so, and boosting innovation levels by connecting businesses to the best expertise. It will support the growth and profitability of existing businesses and the formation of new firms, including through action to enhance management and leadership skills that are critical to business success.

At a strategic level, the evidence and rationale for making this area a Priority is based on the following facts:

- Our business base is disproportionately dominated by small and micro businesses (we have 20% fewer medium and 50% fewer large companies than the UK average). Therefore we need to build on this base of small businesses and help firms to grow in number and size.
- Productivity is below national average and falling. Improving SME competitiveness will be central to a turnaround and evidence makes it clear that skills and innovation are key drivers of productivity and central to long term improvement.
- Businesses taking external advice are twice as likely to grow as those that do not. However, many businesses do not make use of such support so a key task is to encourage businesses to better utilise external business support and advice including on exports and market development.
- Business start-up rates are 20% below national average; which on top of smaller than average businesses, makes high total output growth harder to achieve. We need more new firms to start up to correct this structural imbalance in our economy and enable our economy to achieve its full potential.
- We have a low rate of business innovation, with our LEP coming second to last in a ranking of all LEP areas for rates of innovation.

Objectives

The objectives of the profitable and ambitious small and micro businesses priority that can be addressed through ESI Funds are:-.

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

Investment priorities

YNYER SEP Objectives	ESI Funds Priority Axis	ESI Funds Investment Priorities	Outcome
Innovative, growing small Businesses	**ERDF Priority Axis 1** Promoting Research and Innovation	PA1a - **Enhancing research and innovation** (R&I) infrastructure and capacities	To increase the number of enterprises actively innovating to bring new products and/or new processes to the market and collaboration with large enterprises, research institutions and public institutions. The projected number of enterprises receiving support by 2023 is about 110 with 27 supported by 2018.
		PA1b - **Promoting business investment in R&I**, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	
	ERDF Priority Axis 3 Enhancing the competitiveness of Small and Medium Sized Enterprises	PA3c - **Supporting the creation and the extension of advanced capacities** for product and service development	To increase the growth capability and capacity of SMEs. The projected number of enterprises receiving support from the funds by 2023 is about 700 with 200 by 2018.
		PA3d - **Supporting the capacity of SMEs to grow** in regional, national and international markets, and to engage in innovation processes.	
	EAFRD Measures	16.3 - **co-operation** among small operators in organising joint work processes and sharing facilities and resources, and for developing/marketing tourism.	To be determined

More entrepreneurs	**ERDF Priority Axis 3** **Enhancing the competitiveness of Small and Medium Sized Enterprises**	PA3a - **Promoting entrepreneurship**, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms.	To increase entrepreneurship. The projected number of new enterprises receiving support from the funds by 2023 is about 370.
Ambitious Business leaders	**ESF Priority Axis 2** **Skills for Growth**	PA2.2 - To **promote improvements in the labour market** relevance of skills provision through active engagement with relevant institutions and employers, particularly SMEs and micro businesses.	To increase the number enterprises supported with training. The projected number of supported micro, small and medium-sized enterprises (including cooperative enterprises, enterprises of the social economy) by 2023 is about 390

Potential Activities

Improve business competitiveness through co-ordinated business support - We will encourage 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, via it's Growth Hub www.howsbusiness.org . We will link interventions, so that for example mentoring and peer support are wrapped around the provision of finance for growth. Tailored support will be provided to sectors with specific needs such as the visitor economy and engineering. Support will be linked to resource efficiency and low carbon goals and cover areas including marketing, finance, ICT, staffing and investment readiness.

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 in the form of universities and private sector expertise. We will also use the University of York as a conduit to connect businesses to the best academic expertise across the UK. 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.

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 supply chain opportunities in Large Enterprise and exploiting new economic infrastructure.

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.

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.

Beneficiaries

The benefits/beneficiaries of the **Profitable and ambitious small and micro businesses priority** will be small and medium sized enterprises across the LEP area, residents of the YNYER through increased employment and skills development opportunities and the LEP area economy as a whole.

Notional Allocation by ERDF, ESF, EAFRD and ESIF Priority Axis

ERDF				ESF		EAFRD	TOTAL
Priority Axis 1 Innovation		Priority Axis 3 SMEs		Priority Axis 2 (2.2) Skills for Growth		EAFRD 16.3	
More £m	Trans £m	More £m	Trans £m	More £m	Trans £m	£m	£m
2.32	1.18	6.63	3.58	2.98	0.74	1.5	18.93
3.5		10.21		3.72		1.5	

NB. Figures quoted are based on exchange rate of €1 = £0.78 (as at 31 January 2016)

Outputs

The activities supported through the **Profitable and ambitious small and micro businesses** priority are expected to deliver the outputs shown in the following table.

Target Outputs by 2023		
ERDF		
Number of researchers working in improved research infrastructure facilities	Full time equivalents	4
Number of researchers working in improved research or innovation facilities	Full-time equivalents	8
Public or commercial buildings built or renovated	Square metres	322
Number of enterprises receiving support	Enterprises	811
Number of enterprises receiving grants	Enterprises	522
Number of enterprises receiving financial support other than grants	Enterprises	85
Number of enterprises receiving non- financial support	Enterprises	200
Number of new enterprises supported	Enterprises	384
Private investment matching public support to enterprises (grants)	EUR	2,874,942
Private investment matching public support to enterprises (non- grants)	EUR	1,584,327
Employment increase in supported enterprises	Full time equivalents	386
Number of enterprises cooperating with research institutions	Enterprises	63
Number of enterprises supported to introduce new to the market products	Enterprises	24
Number of enterprises supported to introduce new to the firm products	Enterprises	134
Number of potential entrepreneurs assisted to be enterprise ready	Persons	420
Number of enterprises receiving information, diagnostic and brokerage	Enterprises	52
ESF		
Number of supported micro, small and medium-sized enterprises (including cooperative enterprises, enterprises of the social economy)	Enterprises	390
EAFRD		
Tbd		

York, North Yorkshire and East Riding Strategic Economic Plan
Priority 2: A global leader in food manufacturing, agritech and biorenewables

Overview

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.

Why

We have leading edge assets in the food manufacturing, agri-tech and bio-renewables sectors (the 'bio-economy') with a worldwide reputation and the potential to create thousands of new jobs.

ESI Funds Notional Allocations

£15.15m of ERDF

£2m of EAFRD

NB. Figures quoted are based on exchange rate of €1 = £0.78 (as at 31 January 2016)

This priority is focused on the growth of our most distinctive and disproportionately concentrated sector – the bio-economy. We have world leading, high value assets and businesses in agri-tech and biorenewables as well as a large number of local food and agricultural businesses that can be better connected to and benefit from these strengths. Activity will help to further boost and utilise our R&D and innovation assets, support growth of the sector and ensure businesses adopt and benefit from low carbon and resource efficiency measures.

At a strategic level, the evidence and rationale for making this area a priority is based on the following facts:

- Across Europe the bio-economy sectors have a reported turnover of some 2 trillion Euros[1] and the global market for biochemicals has been predicted to increase tenfold.
- The R&D base in York competes internationally 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.
- FERA Science at Sand Hutton and the Stocksbridge Technology Centre complement these resources, alongside a major presence for many of the UK's main food brands such as Nestle and McCain.
- Whilst the overall 'bio-economy' sector incorporates a number of different sectors – for instance agri-tech, agriculture, food production and processing and biorenewables – there are strong connections between these sector and advantages in developing them together.
- Businesses are facing rising energy and resource bills and there are wider pressures and reasons to cut carbon emissions. Encouraging efficient, low carbon business helps to meet European and national policy goals and to achieve economic objectives.

Objectives

The objectives of the **Global leader in food manufacturing, agritech and biorenewables** priority are as shown below.

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

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

Investment priorities

YNYER SEP Objectives	ESI Funds Priority Axis	ESI Funds Investment Priorities	Output
World class innovation in agritech and bioeconomy	**ERDF Priority Axis 1** Promoting Research and Innovation	1a - **Enhancing research and innovation** (R&I) infrastructure and capacities 1b - **Promoting business investment in R&I**, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	To increase the number of enterprises actively innovating to bring new products and/or new processes to the market and collaboration with large enterprises, research institutions and public institutions. The projected number of enterprises receiving support by 2023 is about 260 with 66 supported by 2018
Agriculture and food businesses connected to new opportunities	**EAFRD Measures**	4.2 - Support of investments in processing/marketing and/or development of agricultural products	To be determined
Low carbon businesses	**ERDF Priority Axis 4** Supporting the shift towards a low carbon economy in all sectors	4b - **Promoting energy efficiency** and renewable energy use in enterprises 4e **- Promoting low-carbon strategies** 4f - **Promoting research and innovation** in, and adoption of, low-carbon technologies	To increase the number of sites generating local energy renewables and reduce local carbon emissions. It will also support improvements in the energy efficiency of companies, buildings and communities and increase the number of innovative companies in the low carbon sector. The projected reduction in greenhouse gas emissions by 2023 as a result is over 5,000 tonnes of CO2 and a projected 54 enterprises supported by 2018.

Potential Activities

Capitalise on our biorenewable assets – The BioVale Vision is for a Yorkshire and Humber wide biorenewables based[2] innovation cluster focused on local centres of expertise. 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.

Connect our agricultural sector to innovation expertise and opportunities – Growth of the food manufacturing, agritech 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 ensure local SMEs are aware of supply chain opportunities and enhance their capacity to secure them. We will develop a low carbon strategy for the agri-food industry and an associated delivery plan, to drive the sector's growth. We will also exploit opportunities for inward investment and reinvestment based on the supply chains of major investors. Connecting people within the sector to each other for peer to peer learning will help embed and optimise the returns from innovation activity.

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.

Beneficiaries

The beneficiaries of the 'global leader in food manufacturing, agri-tech and biorenewables' will be YNYER businesses within these sectors and their supply chain and residents in terms of employment.

Notional Allocation by ERDF, EAFRD and ESIF Priority Axis

ERDF				EAFRD 4.2	Total
Priority Axis 1 Innovation		Priority Axis 4 Low carbon			
more £m	trans £m	more £m	trans £m	£m	£m
5.39	1.40	6.04	2.32	2.0	17.15
6.79		8.36		2.0	

NB. Figures quoted are based on exchange rate of €1 = £0.78 (as at 31 January 2016)

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

Outputs

The activities supported through the 'global leader in food manufacturing, agritech and biorenewables' priority are expected to deliver the outputs shown in the following table:

Target Outputs by 2023		
ERDF		
Number of researchers working in improved research infrastructure facilities	Full time equivalents	8
Number of researchers working in improved research or innovation facilities	Full-time equivalents	16
Public or commercial buildings built or renovated	Square metres	523
Number of enterprises receiving support	Enterprises	952
Number of enterprises receiving grants	Enterprises	180
Number of enterprises receiving financial support other than grants	Enterprises	6
Number of enterprises receiving non- financial support	Enterprises	63
Number of new enterprises supported	Enterprises	31
Private investment matching public support to enterprises (grants)	EUR	217,618
Private investment matching public support to enterprises (non- grants)	EUR	313,381
Employment increase in supported enterprises	Full time equivalents	21
Number of enterprises cooperating with research institutions	Enterprises	143
Number of enterprises supported to introduce new to the market products	Enterprises	21
Number of enterprises supported to introduce new to the firm products	Enterprises	48
Estimated annual decrease of GHG	Tonnes CO2eq	5,148
EAFRD		
Tbd		

York, North Yorkshire and East Riding Strategic Economic Plan
Priority 3: Inspired people

Overview

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

Why

Businesses need people with the right skills and qualities to flourish and grow. The same skills help people to get jobs and progress in their careers. There is a strong link between skills (especially higher level ones) and business productivity. On average, businesses that invest in training perform far better than those 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.

ESI Funds Notional Allocation

£31.16m of ESF

£2.74m of ERDF

NB. Figures quoted are based on exchange rate of €1 = £0.78 (as at 31 January 2016)

This priority is focused on the skills and attributes of our present and future workforce. It includes attainment and qualifications, but also the employability and attitude skills that many employers see as crucial to success and actively seek in new recruits. It includes sector specific needs as well as issues and skills that affect employers across our economy.

At a strategic level, the evidence and rationale for making this area a priority is based on the following facts:

- A highly skilled workforce is recognised as a key driver of productivity and one that also supports enterprise and innovation. A fifth of UK economic growth is due to improvements in workforce skills.
- Businesses that develop their skills do better. ‘Low training’ companies are between 2 and 2.5 times more likely to go out of business as ‘high training’ companies.
- People with better skills are more likely to be employed, to contribute more to productivity, and to earn more. The earnings advantages associated with achieving higher qualifications are: Level 2 (+15%); Level 3 (+13%); Level 4 (+28%); Level 5 (+23%) – these are additive percentages[3].
- Whilst qualifications levels across most of the LEP area are above national average, they are not rising as fast as nationally – so our advantage in this area will diminish unless we act. Additionally, there are localised areas where skills levels are lower, most notably on the Yorkshire Coast.

Objectives

The objectives of the ‘Inspired people’ Priority are as shown below.

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

[3] Statistics from “The Big Picture: skills and employment needs in a global context” presentation by Professor Mike Campbell OBE to LCR skills network, June 28 2012

Investment Priorities

YNYER SEP Objectives	ESI Funds Priority Axis	ESI Funds Investment Priorities	Outcome
A productive workforce for growing businesses	**ESF Priority Axis 2** Skills for Growth	2.1 **Enhancing equal access to lifelong learning** , including those in work but at risk due to skills deficiencies or facing redundancy; Also see Priority 1	The projected number of participants by 2023 is about 17,000 with 3,200 by 2018
Inspired people making the right job choices	**ESF Priority Axis 1** Inclusive Labour Markets	1.1 **Access to employment** for jobseekers and inactive people	The projected number of participants by 2023 is about 10,000 with 2,000 by 2018
		1.2 **Sustainable integration of young people**	
Empowered communities delivering support and inclusion	**ESF Priority Axis 1** Inclusive Labour Markets	1.4 **Active inclusion**	
		1.5 **Community Led Local Development**	
	ERDF Priority Axis 8 Promoting social inclusion, combating poverty and any discrimination	9d - Undertaking investment in the context of **community-led local development strategies** (ERDF)	To overcome persistent barriers to growth and employment in lagging areas or deprived communities and reduce the risk of poverty and social exclusion through improved access to economic growth and development opportunities. The projected number of enterprises receiving support from the funds by 2023 is about 200 with the Local Development Strategy agreed by 2018.

Potential Activities

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 biorenewables, 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.

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.

Increase employability by connecting business to education – Businesses make it 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.

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.

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.

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.

Beneficiaries

Priority groups for support under this thematic objective include:

- Residents of the YNYER facing the highest levels of poverty and social exclusion

- Young people and adults facing multiple barriers to employment
- Troubled families
- Groups requiring additional support to transfer to Universal Credit
- Voluntary and community sector organisations, including social enterprises

Notional Allocation

ESF										ERDF		TOTAL
TO8/PA1				TO9/PA1				TO10/PA2		TO8		
8(i) £m		8(ii) £m		9(i)		9(vi)		10(iii) 2.1		9d		
more	trans	more	trans	more	trans	more	trans	more	trans	more	trans	£m
3.45	1.43	0.88	0.2	4.2	1.47	3.13	1.09	11.18	4.13	1.43	1.31	33.9
4.88		1.08		5.67		4.22		15.31		2.74		

NB. Figures quoted are based on exchange rate of €1 = £0.78 (as at 31 January 2016)

Outputs

The activities supported through the Inspired People Priority are expected to deliver the outputs shown on the following table.

Target Outputs by 2023	
Participants	29370
Participants (below 25 years of age) who are unemployed or inactive	9010
Participants over 50 years of age	6650
Participants from ethnic minorities	1290
Participants without basic skills	4110
Unemployed, including long term unemployed	9010
Inactive	3930
Participants with disabilities	3830
Participants who live in a single adult household with dependent children	1150

York, North Yorkshire and East Riding Strategic Economic Plan
Priority 4: Successful and Distinctive places

Overview

Our unique combination of stunning natural landscapes, iconic centres and bustling market and coastal towns deliver a vibrant business location with an enviable quality of life. 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 economies and the entire LEP area

Why

Our market and coastal towns and the centres of York and Harrogate are where business, people and place issues come together. We are a large geographical area boasting two National Parks and three Areas of Outstanding Natural Beauty and possess areas of both opportunity and need. 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 (e.g. flooding) when it comes to growth.

ESI Funds Notional Allocation

£8.06m of ERDF

£2.85m of EAFRD

NB. Figures quoted are based on exchange rate of €1 = £0.78 (as at 31 January 2016)

This priority within the Strategic Economic Plan has a broader scope but this ESIF plan specifically aims to enable growth through better flood and water management and support this area’s high quality rural and coastal visitor economy offer through targeted infrastructure investment.

At a strategic level, the rationale for Successful and Distinctive Places priority is:

- The rural nature and hilly terrain of much of York, North Yorkshire and East Riding means that there are often physical constraints or resource capacity issues that raise the cost of development beyond the point of its financial viability. Equally, localised responses are needed that fit the community and environmental needs of specific areas.
- There is wide evidence to show that higher quality environments and quality of life attract business investment and underpins support successful economies. Community led approaches have been shown to be successful in advancing these goals (e.g. through LEADER programmes)
- The areas high quality environment also plays a significant role in a vibrant visitor economy which provides potential for sustainable economic growth across the rural and coastal areas, this requires future investment in the visitor economy infrastructure, including blue and green infrastructure.
- Some aspects of place based development – notably large scale infrastructure - are outside the scope of ERDF or ESF investment. Recognising this, proposed activities focus on elements that are generally smaller scale, community led and which deliver environmental as well as economic goals.
- Flood risk **-** The risk to businesses, and therefore to economic development, posed by flooding is a significant climate change challenge for the UK. Flood damages in England have risen by around 60%

over the past 25 years and already exceed £1bn per annum in direct costs. Parts of the YNYER were very severely affected by the major floods of 2007, Christmas 2015 and the tidal surge event in December 2013 with very significant and long lasting consequences. Although difficult to accurately quantify, it is clear that the large-scale damages to stock and loss of revenue for YNYER businesses ran into many millions of pounds.

.

Objectives

The SEP objective of this priority relating to ESIF is:

- Environmental quality and community needs

This includes:

- Improved environmental quality
- Resilient, Community needs
- Landscapes underpinned by sustainable growth

Investment Priorities

YNYER SEP Objectives	ESI Funds Priority Axis	ESI Funds Investment Priorities	Outcome
Environmental quality and community needs	**ERDF Priority Axis 5** Promoting climate change adaptation, risk prevention and management	5b - Promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems	To increase the number of non-residential properties better protected from flood and coastal risks. The projected number of businesses and properties with reduced flood risk by 2023 is around 2,400 with 22% of schemes in place by 2018.
	ERDF Priority Axis 6 Preserving and protecting the environment and promoting resource efficiency	6d - Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure	To increase the surface area of habitats supported to attain a better conservation status by 83 hectares by 2023 with 11 hectares by 2018.
		6f - Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution	
	EAFRD Measure	7.5 - support for investments for public use in recreational infrastructure, tourist information and small scale tourism infrastructure	

Potential Activities

Flood and Water Management

There is a strong rationale for using a proportion of the resources available through this Strategic Objective to support activities that will further strengthen the area's resilience to flooding, in doing so providing important stability to our businesses and unlocking growth opportunities on strategic employment sites across the YNYER.

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 these towns 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.

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. . We will work with our partners to enhance these living and working upland landscapes through a tailored approach to the unique challenges faced by business and communities within the protected landscapes. We will aim to deliver a more viable and resilient rural economy, a vibrant tourism economy; and improved environmental outcomes for the spectacular landscape that characterises much of the YNYER area.

Beneficiaries

The beneficiaries of the activities delivered through this Strategic Priority will be:

- YNYER businesses and the overall economy through reduced flooding risks, amenity improvements and biodiversity
- The wider YNYER economy, through the creation of new employment and apprenticeship opportunities
- The YNYER natural environment

Notional Allocations by ERDF, EAFRD and Priority Axis

<table>
<tr><th colspan="4">ERDF</th><th>EAFRD</th><th rowspan="2">Total</th></tr>
<tr><th colspan="2">Priority Axis 5 Climate change adaptation</th><th colspan="2">Priority Axis 6 Environment</th><th>measure 7.5</th></tr>
<tr><th>More £m</th><th>Trans £m</th><th>More £m</th><th>Trans £m</th><th>£m</th><th>£m</th></tr>
<tr><td>2.7</td><td>2.29</td><td>1.58</td><td>1.49</td><td rowspan="2">2.85</td><td rowspan="2">10.91</td></tr>
<tr><td colspan="2">4.99</td><td colspan="2">3.07</td></tr>
</table>

NB. Figures quoted are based on exchange rate of €1 = £0.78 (as at 31 January 2016)

Outputs

Target Outputs by 2023		
ERDF		
Nature and biodiversity: Surface area of habitats supported to attain a better conservation status	Hectares	89
Businesses and properties with reduced flood risk	Number	2,439
Land rehabilitation: Total surface area of rehabilitated land	Hectares	2
Productive investment: Number of enterprises receiving support	Enterprises	96
Productive investment: Number of new enterprises supported	Enterprises	19
Research, Innovation: Number of enterprises supported to introduce new to the firm products	Enterprises	15
EAFRD		
tbd		

York, North Yorkshire and East Riding Strategic Economic Plan

Priority 5: A Well Connected Economy

Overview

We will strive to ensure that businesses across our area are well connected to their customers, markets and workforce. Our 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.

Why

It is widely recognised that connectivity can have a direct impact on economic performance and business success. Good connectivity is an enabler for growth and it can help stronger economies in the LEP area to grow further and weaker ones to recover.

ESI Funds Notional Allocation

£1.18m of ERDF

£3.5m of EAFRD

NB. Figures quoted are based on exchange rate of €1 = £0.78 (as at 31 January 2016)

This priority is focused on ensuring that the economy is well connected to its markets either through improved telecommunication networks.

The rationale for the Priority of a Well Connected Economy is:

- Although there has been significant investment recently to ensure that the area is not disadvantaged through the lack of superfast broadband, some of our rural areas still do not feature in the plans to be connected. Tackling this is critically important in supporting rural businesses.

Objectives

The objectives of this priority that can be supported through ESI Funds are as follows:

- Access to UK and international markets

Investment Priorities

YNYER SEP Objectives	ESI Funds Priority Axis	ESI Funds Investment Priorities	Outcome
Access to UK and international markets	**ERDF Priority Axis 2** **Enhancing access to, and use and quality of, information communication and technology (ICT)**	PA2a - Extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy	To improve ICT connections so they are no longer a barrier to growth for businesses and will help them to improve their productivity and growth and to create jobs, in turn increasing the percentage of businesses which use superfast broadband. This also will help small and medium sized enterprises to access ICT products and services including broadband and improve their productivity. The projected number of additional businesses with broadband access of at least 30mbps by 2023 is over 770 with 200 by 2018
	EAFRD Measures	7.3 - Support for broadband infrastructure	To follow

Potential Activities

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 in remoter rural locations. Closing these gaps will be critical in supporting future business growth and competitiveness across our area.

Beneficiaries

The beneficiaries of the activities delivered through this Strategic Priorities will be:

- YNYER businesses, residents and the economy through the employment opportunities and commercial benefits of infrastructure improvements
- The YNYER environment.

Notional Allocations by ERDF, EAFRD and Priority Axis.

ERDF		EAFRD	Total
Priority Axis 2		7.3	
More £m	Trans £m	£m	£m
1.18	0	3.50	4.68
1.18			

NB. Figures quoted are based on exchange rate of €1 = £0.78 (as at 31 January 2016)

Outputs

Target Outputs by 2023		
ERDF		
Productive investment: Number of enterprises receiving support	Enterprises	76
Productive investment: Number of new enterprises supported	Enterprises	16
Additional businesses with broadband access of at least 30mbps	Enterprises	773
EAFRD		
To be determined		

3. Cross Cutting Issues – Sustainable Development and Low Carbon, Social Inclusion and Equalities, and Innovation

The Strategic Economic Plan and this Implementation Plan 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.

a. Our Approach

A number of key issues cannot be framed within a single component of this Plan; 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

b. 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
- responding to climate change by both reducing carbon emissions and adapting to a changing climate – for instance through flood prevention.

The LEP and the Strategic Economic Plan 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[4]. 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. 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;
- 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;

[4] 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.

- 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 CO_2 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.

c. Social Inclusion and Equalities

This theme includes two main strands: anti-discrimination policies in line with the Equality Act, 2010[5]; 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[6]. 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;
- 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

[5] 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.

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

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.

d. 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. 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.

4. 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 "*mobilise and involve local communities to contribute to achieving the Europe 2020 Strategy goals of smart, sustainable and inclusive growth*".

This approach has been operating across the LEP area through LEADER in rural areas, Fisheries Local Action Groups (FLAGs) in coastal areas, and across our market towns through community led area partnerships and town teams. In our experience CLLD can focus on and make a real difference to the economic growth of smaller local areas.

The knowledge and lessons learned gained through these existing CLLD programmes in our LEP area (and others) and the community led groups involved in it, are valuable in informing how it can provide an effective mechanism to stimulate growth in the future. Other lessons are that CLLD activity needs to be focused on clear local priorities and link proposed activities to anticipated outcomes.

Our Approach to CLLD

The local area will determine its own eligible priorities under a local CLLD strategy which will be based upon the needs of the area and its communities. The area will form a Local Action Group (LAG) who will be responsible for determining local activity. It is anticipated that CLLD will provide a valuable test bed for social innovation and that partners will be actively encouraged to pilot such activity. The LAG will be expected to produce its own local development strategy, and show how this aligns with the overall ESIF strategy.

CLLD can help to tie together broad thematic priorities and local place based needs. Hence whilst its focus is on places (Priority 4) it provides a mechanism in which to deliver skills, access to work and training and business support and social enterprise (Priorities 1 and 3).

Why do we want to use CLLD?

Community Led Local Development can make a real difference to the lives of local people and businesses across York, North Yorkshire and East Riding by:

- providing a unique long term investment opportunity of up to seven years, with the benefits of the investment remaining within the designated local area
- empowering local communities to identify challenges in their area and tailor their own innovative solutions
- increasing local interest and engagement by supporting projects to work with the community – improving partnership working and ability to access and effectively use both European and wider funding streams.

Where?

The UK Partnership Agreement sets out the following parameters and criteria for support of CLLD as follows:

i) 'ERDF and ESF

In more developed and transition categories of region, CLLD will be limited to areas defined as being within the 20% most deprived according to the Index of Multiple Deprivation 2010. This means that CLLD support will mostly concentrate on urban areas. The resources will be focused towards those areas with the most serious disadvantage.

Based on the parameters outlined above, Community Led Local Development activity in York, North Yorkshire and East Riding Local Enterprise Partnership area will be targeted towards coastal wards which feature in the 20% most deprived areas according to IMD 2010, located in Bridlington, Scarborough, Whitby, Filey and Withernsea. (Neighbouring or Lower Super Output Areas not within the 20% most deprived may be considered for incorporation into the proposed Community Led Local Development area if the area is adjacent to the deprived area, where their incorporation links need with opportunity or presents a more coherent functional economic geography.)

What?
The kinds of activities that will be pursued under CLLD for the 2014-2020 programme will include:

- Measures to address urban/coastal deprivation and rural isolation;
- Skills enhancements, particularly for the most vulnerable groups, who are not in a position to access other provision through the main skills programme;
- Community transport and access to work measures, particularly ensuring that deprived communities are able to access employment opportunities in growth sectors
- Business networks and business support and enterprise, in particular entrepreneurial activity in deprived communities and social enterprise stimulation

Areas with low levels of community capacity to deliver support through other elements of the social inclusion programme can particularly benefit from CLLD activity. For example, in the Community Grants programme operating within the 2007-13 programme, one of the eligibility criteria is that a group applying for a grant must have been operating for a year. If an area of high deprivation does not have groups already established then they will struggle to access this type of support and will therefore be even further disadvantaged. Low community capacity is suggested by the award of 'Big Local Trust' status (Withernsea; Barrowcliff, Scarborough) or a Community First panel (Bridlington South and Withernsea), although other areas may be able to demonstrate low community capacity using other evidence.

CLLD activity in the identified area will also benefit people who have been unemployed for over 2 years. These potential beneficiaries will have been through the Work Programme and entering the new 'Help to Work' programme. One third of the participants on this scheme will be offered a 'Community Work Placement'. CLLD can help to ensure that voluntary and community sector groups in areas of high unemployment have the capacity to offer suitable placement opportunities will have the triple benefit of creating intermediate labour market opportunities close to where beneficiaries live, will strengthen the community as well as potentially improving the environment where this is the focus of the placement activity.

Delivery and collaboration
At this stage the potential Local Action Group suggested above needs further refinement and development locally. This will involve collaboration between key partners, stakeholders, including across local boundaries. A process will be established to develop these proposals further, with each area preparing a Local Development Strategy.

It is proposed that the maximum 5% (approx. £5m) of the YNYER ESIF allocation is attributed to CLLD approach, with the level for each LAG area determined through the development of their Local Development Strategies.

5. The 'Opt In' model

The Opt-in model has been developed to allow Local Enterprise Partnerships to access both match funding and administrative support from key national programmes whilst retaining influence and strategic control of how services funded by European Structural and Investment Funds are delivered locally.

Initially there were six opt in offers, three from ESF providers:

- Department of Work and Pensions (DWP)
- Skills Funding Agency (SFA)
- Big Lottery

and three from ERDF providers:

- Growth Accelerator (GA)
- Manufacturing Advisory Service (MAS)
- UK Trade & Industry (UKTI)

Subsequently, the ERDF proposals were withdrawn as formal opt-in provision, although the same products re-emerged as national calls for business support.

In the delivery of key activities set out in this Plan it is proposed to draw on the opt-in offers of the following:

Strategic Priority/ Programme	Objectives	Opt-in organisation	Indicative EU Allocation (£m)
3) Inspired people	A productive workforce for growing businesses	Skills Funding Agency	**10.83**
	Inspired people making the right job choices	DWP	**5.00**
	Empowered communities delivering support and inclusion	Big Lottery	**4.00**

6. Access to finance

The York, North Yorkshire and East Riding LEP and Humber LEP jointly commissioned Regeneris to look at the potential for Financial Instruments and access to finance. They presented initial suggestions on the basis of the stage one analysis and our wider experience of SME finance in the UK and the Yorkshire and Humber region.

Scale of Activity

Regeneris would judge the current Finance Yorkshire fund to be broadly appropriate size and mix of finance types given the needs of the market and existence of market failures. If a regional JEREMIE project were to be introduced for the period 2014-20, it is likely to have an overall fund size of around £100m and an ERDF contribution of £50m. Assuming that the Humber and YNYER LEP contributions were broadly in line with the size of their economies and SME business bases, their share would be around:

- Humber LEP – around £5-6m, although this would need measures to both stimulate demand improve the accessibility of the finance and enhance investment readiness (in response to the current low levels of take-up in some local authority areas in particular). However, a higher level could be justified to reflect the policy emphasis on encouraging start-up activity and the opportunities that exist in the renewables sector. The LEP is currently proposing £8m, although some of this higher amount would need to cover the revenue costs of operating a fund.

- YNYER LEP – Between £12-£14m, although the lower end of this range may be more appropriate due to the higher figure being skewed by the extent of the small firm sector in this particular estimation method.

Mix of Finance and Needs of Different Types of SMEs

The report recommended the type of finance is split as per the table below. The proposed allocation to start-up and micro-finance reflects the high volume, lower value and high risk focus of the activity. In the case of seed or early stage venture capital, whilst demand as a whole is likely to be less, the average finance required will be relatively high and the risks significant.

Indicative Focus of SME Finance Provision for Humber and YNYER LEPs			
Finance	**SME Focus**	**Indicative Finance Offer**	**Indicative Proportion of Finance**
Micro Finance	Finance for start-ups and micro-business	Grant based finance for start-ups and up to £20k for micro-businesses	15%
Loan Finance	Focus on traditional term finance for SMEs	Repayable loans between £20k and £200k	40%
Seed Finance	Proof of concept and early stage finance with a focus on high tech SMEs with the prospects for fast growth	Equity and mezzanine finance (possibility of grant for POC activity)	15%
Expansion Finance	Focus on larger expanding SMEs	Mix of equity and mezzanine financing	30%

There is also the need to consider the possible delivery of finance for social and community enterprises through a CDFI approach.

Delivery Approaches

Yorkshire and the Humber Cross LEP Venture Capital Loan Fund

YNYER is working with the other three Yorkshire LEPs to create a Yorkshire and the Humber Cross LEP Venture Capital Loan Fund as a successor to the current JEREMIE (Joint European Resources for Micro to Medium Enterprise), managed by Finance Yorkshire.

The fund will address market failure in access to finance by providing debt and equity finance to SMEs across Yorkshire and the Humber, where the private sector is unwilling or unable to do so.

In order that LEPs' combined investment meets the European Investment Bank's minimum threshold of £50 million to create a JEREMIE, the 4 LEPs are proposing the following:

LEP	Indicative Contribution (£m)
Sheffield City Region	15
Leeds City Region	18.66
York, North Yorkshire, East Riding	7
Humber	5.7
ESIF Contribution	46.36
Legacy Funds (minimum)	3.64
European Investment Bank Loan	50
Total	100

7. Technical Assistance

Technical Assistance funding is available to specifically support the administration and delivery of European Regional Development Fund and European Social Fund Operational Programmes, ensuring that the activities which fall within the scope of these Programmes are managed, monitored and evaluated in line with the Common Provision Regulation, European Regional Development Fund and European Social Fund regulations and the European Commission's delegated and implementing regulations.

The objective of Technical Assistance is to support the efficient and compliant management and implementation of European Regional Development Fund and European Social Fund Programmes, as well as support robust governance, accountability and partnership engagement. This will help to ensure that Programme performance targets are achieved and that the delivery of European Structural and Investment Funds projects, comply with applicable law.

Technical Assistance projects will initially be funded for a maximum of three years. The Technical Assistance budget available during this round is £60 million for both the European Regional Development Fund and European Social Fund combined (subject to exchange rate).

DCLG and DWP requested that each LEP-area outlines their objectives for local Technical Assistance projects. This document will be used by the Managing Authorities and local partners to support the project selection process.
The Ambition Statement for the YNYER LEP area is as follows:

Ambition Statement
For Technical Assistance delivery to maximise access to ESIF across the YNYER LEP area to:

- Ensure effective programme implementation;
- Raise awareness of funding opportunities available via ESIF;
- Raise awareness of what is expected in relation to compliance with ERDF and ESF regulations;
- Contribute to the delivery of the relevant ESIF Strategies

In all instances, duplication of activity with the Managing Authorities will be avoided, and close working with DCLG and DWP will ensure that TA activity is complementary.
Programme Development and Capacity Building
For ESIF TA to:

- Conduct knowledge sharing/capacity building activities;
- Provide more in-depth guidance, as required, for local partners, local stakeholders and project sponsors covering technical topics;
- Provide general advice and guidance about ERDF and ESF to applicants, either in one-to-one meetings or one-to-many workshop situations to enable them to make an informed decision about whether to apply and the resources required;
- Provide support for Civil Society networks to support participation of voluntary, community and social enterprise;
- Provide support and guidance through the preparatory stages of CLLD Local Action Groups (LAGs), for example, help with establishing the LAGs, exploring the feasibility of developing their Local Development Strategy, advising LAG members on the content, eligibility and technical aspects to enable them to write their Strategies;
- Provide support for FEIs as appropriate;
- Offer specific, targeted support to sponsors in particular sectors as information related to particular calls come up;
- Assist projects applicants to respond to calls in a technically compliant way;
- Assist project sponsors who are invited to develop their outline application
- Undertake or contribute to ex-ante evaluations associated with Financial Engineering Instruments (FEIs) as required;

- Support the development of wider geographic project applications, Collaborating across LEP area geographies to provide a seamless support service for example when joint calls are launched;
- Work to support potential applicants to understand the issues and opportunities in developing projects in overlapping LEP areas;

Promote and Publicise Funds
For ESIF TA to:

- Undertake promotion and publicity to promote the programme by producing and utilising case studies, success stories and lessons learnt by projects, individually in the YNYER areas, as well as cross-LEP activities;
- Develop and procure (as appropriate) compliant publicity materials for use at publicity and promotional events;
- Organise capacity building activities such as workshops and stakeholder events to publicise ESIF, provide basic information on what ESIF is and how it can be accessed, and share knowledge and good practice;
- Share knowledge and best practise across LEP areas and boundaries regarding forthcoming calls, pipeline projects etc. in order to provide brokerage opportunities and develop consortium, bringing together those with similar ideas as appropriate.

8. Governance

Partnership working: governance and roles of ESI Funds Growth Programme Board, its national and local sub-committees, Managing Authorities and local partners

A national ESI Funds Programme Monitoring Committee (PMC) has been established in England. It is the PMC for the Operational Programmes for the ERDF and the ESF in England and is known as the ESI Funds Growth Programme Board (GPB).

The EAFRD PMC will be the PMC for EAFRD funds within the European Growth Programme.

The GPB is chaired by a representative of the Managing Authorities, who also provide the Secretariat. The membership of the GPB is drawn from representatives of a wide range of partners across the public, private, business, social, voluntary and environmental sectors.

The GPB is supported by a number of sub-committees advising it on relevant policy and operational matters. These sub-committees, which will provide supporting advice in specific policy areas such as innovation, skills and aspects of implementation, will bring in leading experts from their fields and provide an important resource for the GPB and ESI Funds Growth Programme.

All sub-committees will report to the GPB, to ensure transparency of proceedings. The GPB will not delegate decisions to these national sub-committees though their advice will be important in informing the GPB's perspective, advice and decisions.

The Managing Authorities will work in partnership with economic, environmental, equality, social and civil society partners at national, regional and local levels throughout the programme cycle, consisting of preparation, implementation, monitoring and evaluation.

At the local level, ESI Funds sub-committees have been set up in each Local Enterprise Partnership area. These local sub-committees in each Local Enterprise Partnership area will operate as sub-committees of the GPB, to whom they will report. Local promotion of ESI Funds projects and their impact will be a priority, as will local leadership of this amongst partners. This will complement the functions of the Managing Authority but not substitute for them.

Each Local ESI Funds sub-committee is therefore chaired by a local partner who, along with other members drawn from business, public, environmental, voluntary and civil society sectors, are advocates for the opportunities and impact of the ESI Funds. Membership of these sub-committees is inclusive and in line with EU regulations and the wide scope of ESI Funds priorities. The Managing Authority is the Deputy Chair of the local ESI Funds sub-committee, except in London.

The role and purpose of these Local ESI Funds sub-committees is clearly defined in Terms of Reference published on GOV.UK[7]. They are not responsible for any tasks set out in EU regulations for which Managing Authorities are responsible in relation to management of the ESI Funds.
The local sub-committees:

- Provide advice to the Managing Authorities on local development needs and opportunities to inform Operational Programmes and ESI Funds Strategies;

- Work with sectors and organisations they represent so that they engage with and understand the opportunities provided by the ESI Funds to support Operational Programme objectives and local economic growth;

[7] The Terms of Reference for the Growth Programme Board can be found on the following web page: https://www.gov.uk/government/groups/growth-programme-board

- Promote active participation amongst local economic, environmental and social partners to help bring forward activities which meets local needs in line with the Operational Programmes and local ESI Funds strategies and Implementation plans;

- Provide practical advice and information to the Managing Authorities to assist in the preparation of local plans that contribute towards Operational Programme priorities and targets. Similarly, provide local intelligence to the Managing Authorities in the development of project calls decided by the Managing Authorities that reflect Operational Programme and local development needs as well as match funding opportunities;

- Provide advice on local economic growth conditions and opportunities within the context of Operational Programmes and the local ESI Funds Strategy to aid the managing authority's assessment at outline and full application stage;

- Contribute advice, local knowledge and understanding to the Managing Authority to aid good delivery against spend, milestones, cross-cutting themes, outputs and results set out in the Operational Programme and local ESI Funds strategies.

In this way partners at local level will play the important role foreseen in the Common Provisions Regulation and the main principles and good practices set out in the European Code of Conduct on Partnership. Managing Authorities will ensure that partner roles and responsibilities are clearly set out at all levels and that conflicts of interest are avoided.

Where specific Managing Authority functions are designated to an Intermediate Body, that body will seek advice from the relevant LEP area ESI Funds sub-committee in the same way as the Managing Authority would. The LEP area ESI Funds sub-committee will therefore provide advice to the Intermediate Body and/or the Managing Authorities as appropriate and as set out in the written agreement with the Intermediate Body.

ANNEX 1 - Evidence for Economic and Investment Strategy Interventions

Introduction and approach

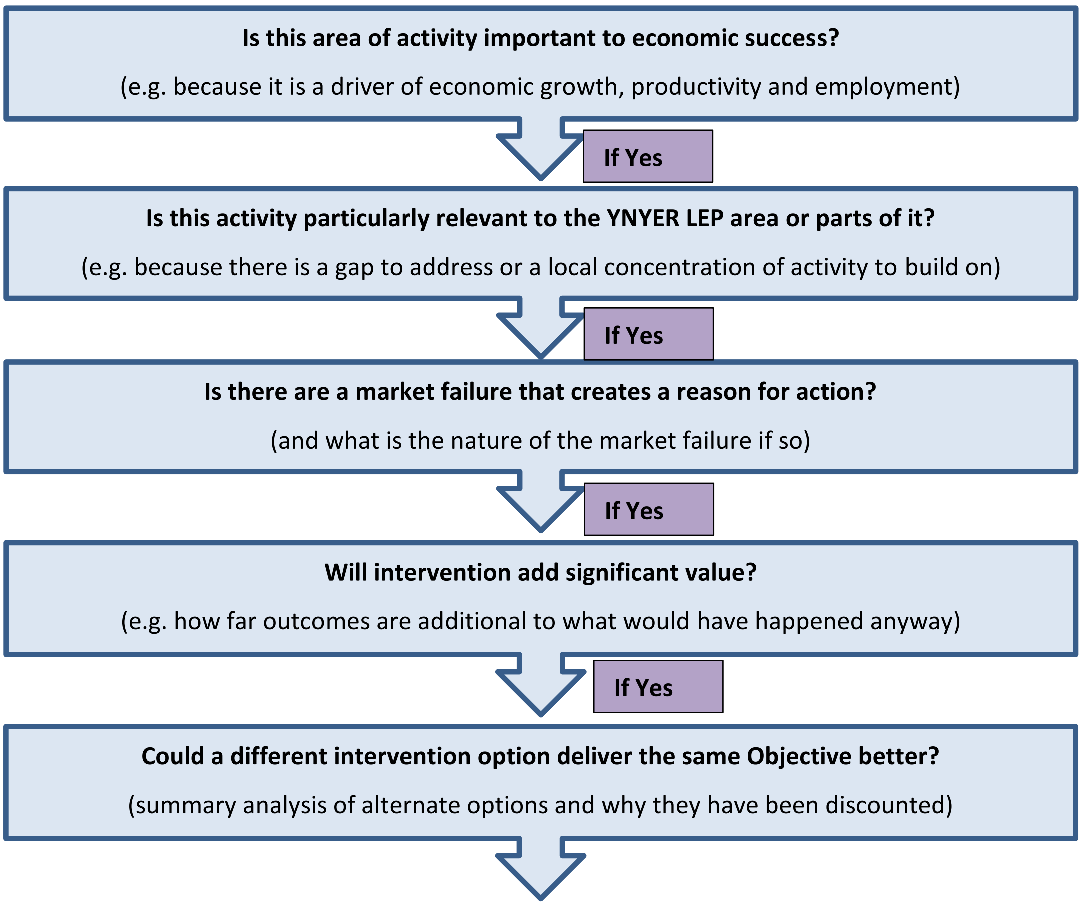
This document supports the York, North Yorkshire and East Riding Economic and Investment Strategy and sets out the logic chains and intervention rationales supporting the strategy's Priorities and Objectives where these are seeking European Funding. It focuses on three elements:

- It sets out the evidence supporting specific objectives in a clear and logical way, incorporating quantitative and qualitative elements and a focus on market failure

- It provides further content on additionality, making clear what is delivered on top of what would have been delivered anyway without funding

- It sets out value for money in relation to output levels

The document is structured around the five priorities in the strategy and, and after a discussion of priority wide evidence, adopts a common format for presenting evidence and rationale under each objective. This is essentially the logic chain for each Objective and covers the following elements/questions:



Additionality and options at a more strategic level are also discussed under each Priority overall before the Objectives under that Priority are considered individually. Where choices have been made between competing ways of the delivering the same objective the decisions taken and/or future approach are explained.

The evidence to interventions analysis presented makes use of a variety of sources. These include qualitative and quantitative information on LEP area performance, issues and opportunities, and independent national evidence (often from BIS) around additionality and value for money benchmarks.

Table 1 indicates the Objectives that are covered under each priority and the core activities included under each. It excludes those where no European funding is sought.

Table 1: Overview of Priorities and Objectives covered in this analysis

Priority	Objectives
1) Profitable and ambitious small and micro businesses	• Innovative, growing small businesses
	• More entrepreneurs who start and grow a business
	• Ambitious business leaders
2) A global leader in food manufacturing, agri-tech and biorenewables	• World class innovation in agri-tech and biorenewables
	• Agriculture and food business connected to new opportunities
	• Low carbon businesses
3) Inspired People	• A productive workforce for growing businesses
	• Inspired people making the right job choices
	• Empowered communities delivering support and inclusion
4) Successful and distinctive places	• Environmental quality and community needs
5) A well connected economy	• Transport that underpins growth

Priority 1: Profitable and ambitious small and micro businesses

Priority Level Evidence and Intervention Logic

This priority is focused on creating conditions which enable businesses with an ambition to grow to do so, and boosting innovation levels by connecting businesses to the best expertise. It will support the growth and profitability of existing businesses and the formation of new firms, including through action to enhance management and leadership skills that are critical to business success.

At a strategic level, the evidence and rationale for making this area a Priority is based on the following facts:

- Our business base is disproportionately dominated by small and micro businesses (we have 20% fewer medium and 50% fewer large companies than the UK average). Therefore we need to build on this base of small businesses and help firms to grow in number and size.

- Productivity is below national average and falling. Improving SME competitiveness will be central to a turnaround, and evidence makes clear that skills and innovation are key drivers of productivity and central to long term improvement.

- Businesses taking external advice are twice as likely to grow as those that do not. However, many businesses do not make use of such support, so a key task is to encourage businesses to better utilise external business support and advice, including on exports and market development.

- Business start-up rates are 20% below national average; which on top of smaller than average businesses, makes high total output growth harder to achieve. We need more new firms to start up to correct this structural imbalance in our economy and enable our economy to achieve its full potential.

The table illustrates the overall additionality, return on investment (RoI) and value for money benchmarks for relevant activity based on BIS research on evaluation of interventions at a regional and sub-regional level. It should be noted that there is wide variation between the RoI and value for money of different projects delivering the same broad type of intervention; hence the range shown is wide.

Strategic Intervention Type	Mean Additionality Percentage			Return on investment ratio GVA/£ (achieved/ achieved + future)	Cost per job
	Sub-regional	**Sub-regional range**	**Regional**		
Business development & competitiveness	46	0-153	50	7.3/11.6	£14.2k

Overall this area of activity delivers good additionality and value compared to other types of intervention (e.g. infrastructure, skills) and is a good strategic option for assisting short term growth and employment. For these reasons it has been prioritised compared to other potential areas of investment, as far as guidelines for allocation of funding allow. Impacts, value and additionality vary by the type of business intervention adopted, which is now discussed under the three Objectives within this Priority.

Objective 1i: Innovative, growing small businesses

Coverage

Innovation and business support are at the heart of this objective, which is focused on helping existing businesses to become more productive and to grow. Specific activities are:

- Increase innovation in small businesses
- Improve business competitiveness through co-ordinated business support
- New market development
- Deliver business friendly planning, regulation and procurement

Economic Importance and Drivers of Growth (productivity and employment)

Growth is a function of employment and productivity. Different sources define drivers of productivity slightly differently, and one of the most established models is that produced by the UK Government which set outs five drivers of productivity: innovation, enterprise, skills, investment and competition[8].

The focus of this Objective responds directly to the importance of innovation as a driver of productivity, and also to enterprise – which covers how existing businesses (as well as new ones) seize economic opportunities. Both business support and innovation can lead to investment – another driver of productivity, and both can also help to either build skills in the workforce or to exploit external skills.

Evidence such as from the Witty review and the EU's Smart Specialisation approach is also relevant. It makes clear that collaboration with universities (and other expertise) locally, and engagement with centres elsewhere is important to ensure businesses are connected to the expertise that can best help them to innovate and grow.

Relevance to York, North Yorkshire and East Riding

Innovation data at LEP level is very limited. However it is clear that innovation in the wider Yorkshire and Humber area of which the LEP is part is very muted, and lower than in most parts of the UK. Business R&D

[8] DTI Economics Paper no.17, UK Productivity and Competitiveness Indicators, Department of Trade and Industry, March 2006

investment in the region has been around 0.5% of GVA[9] compared to 1.5% for England overall and it has had less patents granted than all but two other English regions. Expenditure on external R&D and external knowledge is also well below average.

The need to innovate more and the benefits that are likely to stem from it are clear. The comparatively low number of universities within the LEP area is likely to heighten the need to better uptake external R&D and that has informed the strategy's approach of using the University of York as a conduit to HE expertise across the UK. Additionally, contact with firms through business support and networks will steer them to external sources of innovation support where they are relevant to the business, including through networking with and learning from peers.

Economic indicators make clear that the LEP area also faces considerable challenges in terms of productivity. Key points are that:

- 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 is also well below national average and declining.

We know that businesses taking external advice are twice as likely to grow as those that do not. By assisting businesses to operate more efficiently and to develop new capacities and markets, business support can play an important role in boosting productivity. Within the LEP area, there is already a well-established approach in place based on better connecting businesses to existing business support, for instance that provided through business networks. Hence there are strong and pronounced local reasons for prioritising this activity.

Market Failure
Interventions can address a number of market failures act to prevent innovation, these include:

- *Positive externalities* – over time there is potential for one firm's R&D to become used by others who do not bear the cost of the R&D activity.

- *Imperfect information and uncertainty* – businesses can underestimate the value and importance of innovation to their future profits, causing them to underinvest as a result. Furthermore there is suboptimal awareness of the available R&D expertise and its applicability to businesses.

Market failures that apply to business support include:

- *Imperfect information and uncertainty* – businesses can be unaware of or undervalue the benefits of business support to productivity and competitiveness.

- *Barriers to entry* – real or perceived difficulties in entering new markets, notably exports, can prevent businesses from expanding their operations and reduce competition.

[9] From BIS, Regional Performance Indicators, 2009 (data referred to spans from 1998-2007)

In short, there are clear market failures around business support and innovation, which mean that there is a case for interventions to correct them, such as those proposed in the strategy.

Additionality, Return on Investment and Value for Money
The table illustrates mean gross additionality at sub-regional/regional level, the range of sub-regional additionality values[10] from lowest to highest, and value for money and cost per job benchmarks.

Intervention Type	Mean Additionality Percentage			Return on investment ratio GVA/£ (achieved/achieved + future)	Cost per job
	Sub-regional	**Sub-regional range**	**Regional**		
Promotion/development of science, R&D and innovation infrastructure	23	0-100	44	3.4/8.3	£37.9k
Individual enterprise support	70	35-153	58	12.0/14.1	£8.3k
Support for internationalisation of business	86	43-130	59	n/a	n/a

Sub-regional additionality for **innovation** activity is often relatively low, but also extremely varied and significantly higher at a broader geographic scale. The approach to intervention in the LEP area is designed to achieve high additionality by connecting businesses with innovation assets across the UK, effectively broadening its scale and decreasing the likelihood of deadweight, as connections to R&D centres outside of the local area would be less likely to occur without intervention than with local ones.

GVA based Return on Investment (RoI) for Innovation is positive – with returns three and a half times greater than outlays. That is one of the lower RoI figures for business based economic development, however figures increases markedly if future impacts are also taken into account, which is highly relevant given that innovation will deliver benefits in the long term. Cost per job figures of around £38,000 per job are fairly high, but do not take into account the GVA and productivity benefits that also arise. All things considered, there is a strong case for innovation activity as part of our area's economic strategy. It fits with national and European policy and offers important long term and structural dividends that complement other actions in the strategy that deliver short term outputs.

Business support aimed at individual enterprises and to support exports have the two highest additionality ratios of any intervention type, meaning that they are particularly efficient at converting investment into added value impacts. Value for money and RoI statistics for individual enterprise support activity are also very high and present a strong case for investing in relevant activities to secure growth and employment outcomes over a relatively short time frame.

Our concentration of available resources on this theme – it has the largest allocation of ERDF funding of any of our objectives – reflects the benefits of investing in this area. Our approach of working through the UKTI opt in on exports and making connections to and better use of existing business support will further help to ensure additionality ratios are at the upper end of the likely range.

Options analysis

[10] BIS Occasional Paper no.1: Research to Improve the Assessment of Additionality, Department for Business, Innovation and Skills, October 2009 (data is taken from tables 8.1 and 8.2)

Other potential approaches to **innovation** and the reasons they have not been included are summarised in the table.

Alternative Options	Reasons Discounted
Focus solely on connecting businesses to HE/R&D expertise within the LEP area	Would severely limit the expertise firms could draw upon, reducing impact and value for money
Fund experts to go into businesses and advise on innovation	Likely to be expensive, potential for limited range of R&D to be tapped
Create new business innovation hubs/centres	Expensive and likelihood of duplication, reducing additionality and value for money
Leave it to the market	Evidence suggests this is not working and innovation levels would remain low

Other potential approaches to **business support** and the reasons they have not been included are summarised in the table.

Alternative Options	Reasons Discounted
Focus on creating new business support infrastructure, specialist advisers and service, etc.	High cost, failure to capitalise on existing assets
Wholly sector focused approach	Limited impact as most businesses are not in targeted sectors, and growth in SMEs is required across many sectors
No intervention - leave it to the market	Low take up of support would mean productivity likely to remain low, with risk of further relative decline

In conclusion, the activities proposed have clear economic merit, local relevance, will deliver good value and additionality, and lead to better outcomes than alternative course of action.

Objective 1ii: More entrepreneurs who start and grow a business

Coverage

This Objective supports the formation and growth of new businesses, and will help to correct the LEP area's relatively low business formation rates and to raise business stock levels. Specific activities are:

- Inspire and support new business starts

Economic Importance and Drivers of Growth

Enterprise – focused on the creation and growth of businesses - is identified as one of five drivers of Growth[11]. Enterprise is important as economic output and employment are in part determined by the number of businesses in a local area. Put simply, less businesses equals less growth. Along with closure/survival rates, enterprise levels are a key long term factor affecting the number of businesses per head of population.

Relevance to York, North Yorkshire and East Riding

Business start up rates in the LEP area are almost a quarter (23%) lower than England average. That position has deteriorated since 2003, when the gap was only 4%. Whilst survival rates for new starts are slightly above average, these are insufficient to make up the difference in terms of net new enterprises that start up and survive. Statistically:

- In 2011, there were 43.8 new businesses per 10,000 people in the LEP area compared to 54.0 per 10,000 in England

[11] DTI Economics Paper no.17, UK Productivity and Competitiveness Indicators, Department of Trade and Industry, March 2006

- Taking into account 3 year survival rates of 61.6% in the LEP area and 57.9% for England, that would mean 27.0 new businesses surviving 3 years in the LEP area compared to 31.3 in England

If lower net business formation rates continue, it will mean that long term economic output and growth are likely to fall further behind national average per head of population, especially given the smaller than average size of firms in the LEP area. Hence higher business formations rates (alongside not instead of growth of existing SMEs) is an important part of the growth agenda for the LEP area. There are positives to build upon in achieving the desired progress, for example the relatively high self-reliance and entrepreneurial instincts demonstrated by the high self-employment levels in the LEP area.

Market Failure

A number of market failures are evident that act to deter new businesses from starting and growing. These include:

- *Barriers to entry* – there is market failure where factors prevent business from entering or competing in a market. Such factors can include access to finance or premises, as well as the confidence, expertise, skills and ambition needed to start and grow a business. Enterprise education and various aspects of business support can help to address these barriers where they exist.

- *Imperfect information and uncertainty* – potential entrepreneurs can be unaware of or underestimate the opportunities and markets that exist for new businesses, and may overestimate the difficulty of starting and running a business.

Additionality, Return on Investment and Value for Money

Enterprise is included within the wider heading of 'Individual enterprise support' in BIS evaluation and additionality data. Figures for this are included in the table, including sub-regional/regional level data and ranges for additionality values[12] and value for money and cost per job benchmarks.

Intervention Type	Mean Additionality Percentage			Return on investment ratio GVA/£ (achieved/achieved + future)	Cost per job	Cost per new business
	Sub-regional	**Sub-regional range**	**Regional**			
Individual enterprise support	70	35-153	58	12.0/14.1	£8.3k	£74.2k

Value for money and RoI statistics for **individual enterprise support activity** overall are very high and present a strong case for investing in relevant activities to secure growth and employment outcomes over a relatively short time frame. It is unclear precisely what the cost per job figures are for the enterprise element of this activity, however, the cost per business created for new business specific activity is likely to be well below the £74,000 per business for overall enterprise support given its focus.

We have allocated a significant resource to this activity given its importance to our economic future and the existence of market failures that need to be overcome. However, this figure is significantly smaller than for business support and innovation for existing businesses, given the far higher number of businesses who are already established and the need to support their growth. Most enterprise support activity will be focused on

12 BIS Occasional Paper no.1: Research to Improve the Assessment of Additionality, Department for Business, Innovation and Skills, October 2009 (data is taken from tables 8.1 and 8.2)

providing help and advice to people who are thinking of starting a business. This will provide quicker returns than enterprise education activity, although that will also be supported where possible in a low cost way, for instance through influencing and making resources available and convenient for schools and colleges.

Options analysis
Other potential approaches to **enterprise** and the reasons they have not been included are summarised in the table.

Alternative Options	Reasons Discounted
Focus wholly on enterprise education	This is a useful component of an approach, but will pay long term dividends, with limited short term outputs.
Focus on social enterprise instead of new businesses	Social enterprises represent only a small proportion of business starts, so a wider approach that also incorporates them will have greater impact
Wholly sector focused approach to new business support	Limited impact as most businesses are not in targeted sectors. Enterprise culture needs to be built, and growth in new start-ups achieved, across sectors.
No intervention - leave it to the market	Low enterprise levels will mean widening growth gap with national average

In conclusion, support for businesses formation addresses market failures and a marked local deficit in business start-ups. Evidence suggests that focused interventions can make a difference in addressing what is a key driver of productivity.

Objective 1iii: Ambitious business leaders

Coverage
This Objective focuses on improving high level management and leadership skills that are often critical to business success and growth ambitions. Specific activities are:
- Enhance leadership and management skills

Economic Importance and Drivers of Growth
Skills is identified as one of five drivers of productivity[13] and a wealth of evidence makes clear the connection between skills and economic performance (see evidence for Objective 3i, ii and iii). As business leadership is a specific area of skills and integral to the ambitions and running of a business, it is covered separately to other skills needs and specifically related to business support, growth and ambitions. Hence it is important to growth both because it is a skillset that drives effective business operation, and also because business leadership has an inherent influence on other drivers of productivity such as innovation and investment – where management decisions will affect what a company does and its subsequent growth trajectory.

A 2012 BIS review of leadership and management skills[14] provides an excellent summary of the evidence about the extent to which and why leadership skills are important. It concludes that “Strong leadership and management is a key factor in fostering innovation, unlocking the potential of the workforce and ensuring organisations have the right strategies to drive productivity and growth”. It identifies that a single point improvement in management practices (rated on a five-point scale) is associated with the same increase in

[13] DTI Economics Paper no.17, UK Productivity and Competitiveness Indicators, Department of Trade and Industry, March 2006

[14] Leadership and Management in the UK – the key to sustainable growth: a summary of the evidence for the value of investing in leadership and management development, BIS, July 2012

output as a 25% increase in the labour force or a 65% percent increase in invested capital. Best practice management development can result in a 23% increase in organisational performance.

Relevance to York, North Yorkshire and East Riding

There is very little specific LEP area based research into the quality of leadership and management skills locally and their importance to business. A major business survey carried out by Ekosgen and partners for the Skills Funding Agency in 2012[15] found that 21% of businesses thought that the importance of management skills would increase in the next three years. However it did not identify how far businesses thought management and leadership skills influenced business success, or how well these were developed.

The previously cited BIS research did look at how UK leadership and management skills compared to those elsewhere. It found that whilst these skills have been improving in the last ten years in the UK, it is "*clear that the UK is falling behind many of our key competitor nations in terms of leadership and management capability, which is undermining our productivity compared to those competitors. This is having a direct and detrimental impact on UK business profits, sales, growth and survival*." Specific statistics are:

- Ineffective management is estimated to be costing UK businesses over £19billion per year in lost working hours.

- 43% of UK managers rate their own line manager as ineffective – and only one in five are qualified.

- Nearly three quarters of organisations in England reported a deficit of management and leadership skills in 2012. This deficit is contributing to our productivity gap with countries like the US, Germany and Japan.

As there is no reason to expect leadership and management skills in the LEP area to be significantly better than in the UK as a whole, this suggests that there is almost certainly considerable opportunity to enhance these skills locally and to enhance growth and productivity as a result.

The UKCES 2011 survey[16] found that 32% of UK SMEs had provided managers with some training or development to improve their leadership and management skills in the last 12 months. This proportion varied from 28% of micro businesses to 49% of small businesses and 67% of medium sized businesses. As the LEP area has smaller than average businesses, if anything, it is likely that businesses here will undertake less management training than UK average.

Market Failure

The main reason(s) for a deficit in leadership and management skills and training is likely to be:

- *Imperfect information and uncertainty* – businesses (especially smaller ones) underestimate the value of leadership and management skills in influencing their profitability and growth.

In addition:

[15] Ekosgen and partners/associates, Skills Research in York, North Yorkshire and East Riding August 2012, SFA/Skills Enhancement Fund, August 2012

[16] UKCES (UK Commission's Employer Skills) Survey 2011: UK Results, UK Commission for Employment and Skills, 2012

- *Positive externalities* – there is some evidence that, as with skills development and R&D more broadly, firms can be reluctant to invest in management training because they fear that those they have trained may demand higher wages or leave the business and apply their new skills elsewhere.

Additionality, Return on Investment and Value for Money
Leadership and management skills and training is not singled out as an intervention type in additionality or RoI intervention analysis. Hence the figures provided below are a best fit basis showing what is available. They use 'Provision of Level 3 or above qualifications' for additionality and 'workforce/skills development' for additionality and RoI, cost per job and cost per skills assist data. Business support data is also shown as there is also some crossover with this activity.

Intervention Type	Mean Additionality Percentage			Return on investment ratio GVA/£ (achieved/achieved + future)	Cost per job	Cost per skills assist
	Sub-regional	**Sub-regional range**	**Regional**			
Workforce/skills development	50	36-62	58	0.9/1.0	£105.3k	£1.2k
Provision of Level 3 or above qualifications	50	36-57	62			
Individual enterprise support	70	35-153	58	12.0/14.1	£8.3k	

Value for money and RoI statistics for workforce skills and higher level skills interventions on the whole are modest. However, it is questionable how well these cover management and leadership skills, where the support on offer is more explicitly business related and (based on other evidence) likely to have a major influence on business success. We will integrate support with our SME business support and advice programmes to ensure the higher returns associated with business specific support are realised in offering targeted leadership and management skills support.

We have allocated a significant but modest resource to this activity given its quite specialised and targeted nature. This will also help to maximise its cost effectiveness, as will diagnostics that ensure training is focused on business leaders with growth aspirations.

Options analysis
Other potential approaches to leadership and management skills are possible and the reasons they have not been included are summarised in the table.

Alternative Options	Reasons Discounted
Grants/subsidies for companies wanting to direct senior staff to long and formal qualifications.	Likely lower cost effectiveness as less targeted on business needs and businesses with growth aspirations
Focus on all businesses, not just SMEs	Need is greatest in smaller businesses and larger companies are likely to have in-house options to provide or fund such training
Build skills through mentoring and/or peer learning	This will be built into our business support and development model alongside training based approaches, but would be insufficient in scale and impact on its own
No intervention - leave it to the market	Low leadership and management skills would continue to undermine productivity and growth

In conclusion, developing business leadership and management skills can be pivotal to business growth and competitiveness, but needs to be well targeted and integrated with other business support to generate the best return.

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

Priority Level Evidence and Intervention Logic

This priority is focused on the growth of our most distinctive and disproportionately concentrated sector – the bio-economy. We have world leading, high value assets and businesses in agri-tech and biorenewables as well as a large number of local food and agricultural businesses that can be better connected to and benefit from these strengths. Activity will help to further boost and utilise our R&D and innovation assets, support growth of the sector and ensure businesses adopt and benefit from low carbon and resource efficiency measures.

At a strategic level, the evidence and rationale for making this area a Priority is based on the following facts:

- Across Europe the bio-economy sectors have a reported turnover of some 2 trillion Euros[17] and the global market for biochemicals has been predicted to increase tenfold between 2005 and 2015.

- The R&D base in York competes internationally 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) at Sand Hutton complements these resources.

- Whilst the overall 'bio-economy' sector incorporates a number of different sectors – for instance agri-tech, agriculture, food production and processing and biorenewables – there are strong connections between these sector and advantages in developing them together.

- Businesses are facing rising energy and resource bills and there are wider pressures and reasons to cut carbon emissions. Encouraging efficient, low carbon business helps to meet European and national policy goals and to achieve economic objectives.

The table illustrates the overall additionality, return on investment (RoI) and value for money benchmarks for relevant overall activity based on BIS research on evaluation of interventions at a regional and sub-regional level. As with Priority 1, business development is the best overall heading. More detailed sub-headings are used for specific objectives. It should be noted that there is wide variation between the RoI and value for money of different projects delivering the same broad type of intervention; hence the range shown is wide.

Strategic Intervention Type	Mean Additionality Percentage			Return on investment ratio GVA/£ (achieved/ achieved + future)	Cost per job
	Sub-regional	**Sub-regional range**	**Regional**		
Business development & competitiveness	46	0-153	50	7.3/11.6	£14.2k

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

Objective 2i: World class innovation in agri-tech and biorenewables
and
Objective 2ii: Agriculture and food businesses connected to new opportunities

Coverage

These two objectives are covered together given a high degree of cross-over between them. This gives a more connected and rounded presentation of the evidence for intervention and avoids duplication. Together, they involve business cluster/sectoral support and innovation which will build the bio-economy sector's innovation assets and activities, and promote the utilisation of these by food, agri-tech, agricultural and low carbon businesses to support their growth and development. Specific activities are:

- Grow our international competitiveness in agri-tech
- Capitalise on our biorenewables and low carbon assets
- Connect our agricultural sector, agri-tech and biorenewables based expertise and opportunities

Economic Importance and Drivers of Growth

This Objective responds to innovation as a driver of productivity and to the important role of focusing on the most outstanding assets and economic sectors/clusters in line with the principles of Smart Specialisation and the Witty review (as previously cited). Innovation is also closely related to other drivers of productivity – notably skills and innovation. By focusing on one overall bio-economy sector (made up of a number of related sub-sectors) rather than a wider spread of business sectors, we have taken the tough decisions required to focus energy and resources on excellence in the one key area that is best tuned to our area's strengths, assets and opportunities.

Relevance to York, North Yorkshire and East Riding

The LEP area has a wide and 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. The biorenewables and energy sector is also highly concentrated, in the south east of our area in particular around the Drax and Eggborough power stations near Selby.

Additionally, there are key assets and opportunities in the sector. Assets include research institutions at the University of York and FERA (see Priority overview for more detail) and Askham Bryan, the fastest growing college in the UK specialising in land based disciplines. Opportunities include:

- the BioVale initiative led by the University of York and its partners which spans this LEP area and the Leeds City Region;
- major investments in low carbon energy, such as biorenewable and carbon capture and storage) at Drax and Eggborough power stations;
- expansion of the FERA Sand Hutton site to double its current size;
- the potential for potash mining at Whitby; and
- linkages to other low carbon energy development such as offshore wind.

Market Failure

Interventions in this area address the market failures previously identified in relation to innovation, but also include aspects related to adoption of low carbon measures and cluster development. They include:

- *Positive externalities* – over time there is potential for one firm's R&D to become used by others who do not bear the cost of the R&D activity – this can deter innovation. In addition, negative externalities associated with pollution/carbon emissions are not fully borne by businesses, meaning that individual business decisions do not always tally with what is best for society or the economy.

- *Imperfect information and uncertainty* – businesses can underestimate the value and importance of innovation or adoption of new low carbon technologies to their future profits, causing them to underinvest as a result. There is suboptimal awareness of the available R&D expertise and its applicability to businesses.

Additionality, Return on Investment and Value for Money
The table illustrates mean gross additionality at sub-regional/regional level, the range of sub-regional additionality values[18] from lowest to highest, and value for money and cost per job benchmarks. It shows relevant spheres of activity where data is available.

Intervention Type	Mean Additionality Percentage			Return on investment ratio GVA/£ (achieved/achieved + future)	Cost per job
	Sub-regional	**Sub-regional range**	**Regional**		
Sector/cluster support	27	0-130	42	7.7/8.7	£12.1k
Promotion/development of science, R&D and innovation infrastructure	23	0-100	44	3.4/8.3	£37.9k

Sector/cluster support and innovation can both have relatively low additionality at sub-regional level, but compensate for this by offering high GVA per £ invested, and in the case of sector support, a low cost per job figure. Both activities are extremely varied in their impact and have higher additionality at a broader geographic scale. Hence collaboration with other areas – notably the Leeds City Region LEP on the Biovale proposal - will help to achieve cost effective impacts. The reach of the activity, which is national, further enhances its impact and cost effectiveness.

Options analysis
Other potential approaches to sectors not included and the reasons why are summarised in the table.

Alternative Options	Reasons Discounted
Focus solely on individual business support, not on sectors, to avoid 'picking winners'.	That approach works for many businesses, as covered under business support, but if taken on fully would mean losing out on sizeable potential benefits from targeted sector development
Target support at a wider range of sectors	This would have benefits in responding to pressures from industries/localities to include their specific

[18] BIS Occasional Paper no.1: Research to Improve the Assessment of Additionality, Department for Business, Innovation and Skills, October 2009 (data is taken from tables 8.1 and 8.2)

	strengths, but would mean focusing on sectors that do not have any particular concentration in the LEP area, diluting resources and energy and diminishing impact in truly outstanding areas
Treat biorenewables/low carbon and agri-tech/food manufacturing as wholly separate	Misses out the considerable overlap and connective benefits between these sectors
Leave it to the market	Misses out on opportunities based on strong assets and pipeline investments, where interventions will lead to amplified benefits

Objective 2iii: Low Carbon Businesses

Coverage
This objective is designed to support, widen and accelerate low carbon based progress and competitiveness within our economy. It includes resource efficiency and clean, low carbon energy generation activity within the bioeconomy sector (including food and farm businesses) where there are particular opportunities and in SMEs more widely. Specific activities are:

- Support investment in energy & resource efficiency

Economic Importance and Drivers of Growth
This activity will contribute to economic growth by helping SMEs to enhance their productivity and competitiveness by reducing long term energy and resource costs, and developing new and better products, services and processes. This activity will put businesses in a stronger position to survive and grow given likely increases in energy and resource costs over time.

Relevance to York, North Yorkshire and East Riding
There are aspects of low carbon activity and technologies that are particularly relevant to businesses in the bio-economy that is so prominent in the LEP area, including food, agriculture and biorenewables based businesses. These include ways of reducing high and often rising resource costs, for example, by turning farm waste into energy, anaerobic digestion can turn a cost into an income stream. Likewise, agricultural businesses can face costs for carbon intensive products such as fertilisers and other costs relating to pollution control, water use and energy requirements. Sustainable approaches can help to reduce these costs and environmental impacts. More widely, SMEs (of which the LEP area has a disproportionately high number) are the most likely to face information based or access to finance/technology based market failures that restrict use of low carbon solutions.
Market Failure
Interventions in this area address market failures including:

- *Negative externalities* – damage associated with pollution/carbon emissions is not fully costed or borne by businesses, meaning that individual business decisions do not always tally with what is best for society or the economy.

- *Imperfect information and uncertainty* – businesses often underestimate the benefits and cost savings associated with low carbon and resource efficiency measures, such as anaerobic digestion or energy efficiency improvement. Additionally, many businesses are not aware of what options there are or how to go about implementing them. These failures restrict adoption of new low carbon technologies and mean businesses miss out on long term cost savings and market opportunities.

Additionality, Return on Investment and Value for Money
The table illustrates mean gross additionality at sub-regional/regional level and the range of sub-regional additionality values, as well as value for money and cost per job benchmarks as far as data is available.

Intervention Type	Mean Additionality Percentage			Return on investment ratio GVA/£ (achieved/achieved + future)	Cost per job
	Sub-regional	**Sub-regional range**	**Regional**		
Individual enterprise support	70	35-153	58	12.0/14.1	£8.3k
Sustainable consumption/production	n/a	42-90[19]	56	n/a	n/a
Other business development and competitiveness	n/a	n/a	n/a	4.1/15.8	n/a

Data on low carbon interventions is limited, with sustainable consumption/production the best proxy, but only providing additionality data – which at 56% is reasonably good. This activity also falls under the 'other business development' umbrella which points to a very high GVA return on investment in the long term. Activity will combine a sector wide element and individual businesses support, which as demonstrated in the table provides good GVA returns and cost per job figures.

Options analysis
Other potential approaches to low carbon business not included and the reasons why are summarised in the table.

Alternative Options	**Reasons Discounted**
Only carry out low carbon business support at a non-sector specific level	Specific benefits for the food and agricultural sector would be missed, which is key in the LEP area. Under our approach these benefits have a specific focus whilst other businesses can be assisted on low carbon and resource efficiency in a broader manner
Target other low carbon activities	Other activities such as resource efficiency and renewable energy generation will be covered, but a specific focus on areas such as housing retrofit or low carbon transport did not fit well with the LEP area's needs and opportunities.
Leave it to the market	Businesses incur increasing costs and become less competitive, market opportunities are missed, and carbon emissions rise

Priority 3: Inspired People

Priority Level Evidence and Intervention Logic
This priority is focused on the skills and attributes of our present and future workforce. It includes attainment and qualifications, but also the employability and attitude skills that many employers see as crucial to success and actively seek in new recruits. It includes sector specific needs as well as issues and skills that affect employers across our economy.

At a strategic level, the evidence and rationale for making this area a priority is based on the following facts:

[19] Regional data as sub-regional not available

- Skills is recognised as a key driver of productivity and one that also supports enterprise and innovation. A fifth of UK economic growth is due to improvements in workforce skills.

- Businesses that develop their skills do better. 'Low training' companies are between 2 and 2.5 times more likely to go out of business as 'high training' companies.

- People with better skills are more likely to be employed, to contribute more to productivity, and to earn more. The earnings premia associated with achieving higher qualifications are: Level 2 (15%); Level 3 (13%); Level 4 (28%); Level 5 (23%) – these are additive percentages[20].

- Whilst qualifications levels across most of the LEP area are above national average, they are not rising as fast as nationally – so our advantage in this area will diminish unless we act. Additionally, there are localised areas where skills levels are lower, most notably on the Yorkshire Coast.

The table illustrates the overall additionality, return on investment (RoI) and value for money benchmarks for overall skills activity based on BIS research on evaluation of interventions at a regional and sub-regional level. The overall 'People and Skills' based interventions headings is used, which includes subheadings such as skills development, matching people to jobs, and educational infrastructure More detailed sub-headings are used for specific objectives. As with other priorities, it should be noted that there is wide variation between the RoI and value for money of different projects delivering the same broad type of intervention, hence the range shown is wide.

Strategic Intervention Type	Mean Additionality Percentage			Return on investment ratio GVA/£ (achieved/ achieved + future)	Cost per job
	Sub-regional	**Sub-regional range**	**Regional**		
People and Skills	54	36-66	55	2.5/2.5	£43.3k

Objective 3i: A productive workforce for growing businesses
and
Objective 3ii: Inspired people making the right choices

Coverage

These two objectives include a focus on workforce and skills needs from a business perspective and seeks to enhance the level and relevance of skills to improve business productivity profits and growth. They combine qualifications, employability skills and work experience, as well as actions to do with careers choices which benefit individuals and the economy. Specific activities are:

- Increase productivity by investing in workforce skills
- Build competitive advantage through higher level skills
- Support high quality apprenticeships and internships
- Increase employability by connecting business to education

Economic Importance and Drivers of Growth

[20] Statistics from "The Big Picture: skills and employment needs in a global context" presentation by Professor Mike Campbell OBE to LCR skills network, June 28 2012

Skills is identified as one of five drivers of productivity[21] and a wealth of evidence makes clear the connection between skills and economic performance. Skilled people enable businesses to get started, to perform better and to innovate, whilst unskilled workers can hold companies back. For instance in UK manufacturing, lower skill levels were found to have a 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[22] suggest that a year's additional education can raise productivity by 5%-9% and 6%-12% in the manufacturing and service sectors respectively

Whilst all skills support growth, higher level skills have a particularly strong impact. The Leitch Review[23] found that increased skill levels accounted for a fifth of annual growth in the last 25 years, and that in the five years leading up to 2000 higher skills added 0.37 percentage points to annual growth. Additionally, Hanushek and Woessmann[24] found that a 10% increase in students reaching basic literacy increased annual growth by 0.3%, compared to 1.3% higher annual growth from a similar increase in high level skills.

Wide ranging evidence shows that many businesses value apprenticeships as a route to securing new workers, offering them ability to mould and train recruits to meet their requirements at relatively low cost. We were unable to find evidence that directly links taking on apprentices to productivity growth. Some UK research[25] has investigated this link and been unable to find a significant correlation, but it notes that this may well be because of limited data sets rather than there being no relationship. Businesses also stress the importance of employability skills[26] - incorporating basic English and maths skills, attitudes and ambition, and soft skills such as teamwork, communication and creativity. These skills can be enhanced during education, and also progressed through work experience and apprenticeships.

Relevance to York, North Yorkshire and East Riding

Research by Ekosgen and partners for the Skills Funding Agency in 2012[27] investigated skills requirements in the LEP area, in part through a major survey of businesses. This demonstrated particular needs within the LEP area, and key findings include:

- 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 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 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.

[21] DTI Economics Paper no.17, UK Productivity and Competitiveness Indicators, Department of Trade and Industry, March 2006

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

[23] Leitch Review of Skills, Lord Leitch, 2006

[24] The Role of Cognitive Skills in Economic Development, Hanushek and Woessmann, 2008

[25] Steven Mcintosh, Jin Wenchao and Anna Vignoles, Research Report DFE-RR180 - Firms' engagement with the Apprenticeship Programme, University of Sheffield, Institute for Fiscal Studies and Institute for Education, November 2011

[26] http://www.cbi.org.uk/business-issues/education-and-skills/in-focus/employability/ (accessed 6/9/2013)

[27] Ekosgen and partners/associates, Skills Research in York, North Yorkshire and East Riding August 2012, SFA/Skills Enhancement Fund, August 2012

- 17% of businesses currently employ apprentices – but 22% of those surveyed 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 are expected to grow.

- 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.

Market Failure

A number of market failures act to prevent businesses addressing their skills needs, even though doing so would in principle be in their own financial interests. The main ones are:

- *Imperfect information and uncertainty* – businesses, most notably SMEs, underestimate the value of skills in influencing their profitability and growth.

- *Positive externalities* – there is evidence that some businesses, especially smaller ones do not invest in upskilling workers because they fear poaching of skilled workers by other firms, and training leading to wage demands[28]. Hence the value to the economy overall may be greater than to an individual SME.

- *Public goods* – many skills issues are intimately related to education, including what it taught, how it is taught, and careers choices. As education is a public good, it is not directly influenced by the market, meaning that mechanisms need to be found to exert influence on education so that it meets business and economic needs – for example to improve employability skills or produce more people with qualifications in STEM subjects.

Additionality, Return on Investment and Value for Money

The figures below show data for the spread of skills and educational infrastructure sub-headings that are available. Educational infrastructure is also included for information, although the interventions covered here are more about people/business based connections to education than infrastructure. 'Hybrid' interventions refers to large, integrated people and skills programmes, sometimes including high level skills.

Intervention Type	Mean Additionality Percentage			Return on investment ratio GVA/£ (achieved/achieved + future)	Cost per job	Cost per skills assist
	Sub-regional	**Sub-regional range**	**Regional**			
Workforce/skills development	50	36-62	58	0.9/1.0	£105.3k	£1.2k
Provision of Level 3 or above qualifications	50	36-57	62			
Educational infrastructure	57	49-61	46	5.2/5.2	£34.0k	£6.5k

[28] Professor Ian Stone, Praxis no.5, Encouraging small firms to invest in training: learning from overseas, UKCES, June 2010

Other people and skills/hybrid	59	47-66	55	4.1/4.1	£24.0k	£5.4k

Value for money and RoI statistics for workforce skills and higher level skills interventions on the whole are modest, however additionality percentages are about or just above average compared to interventions across all categories of activity. This is not a reason to avoid skills based activity, partly because that is intrinsic to ESF programme requirements and an integrated economic programme for our area, but also because the cost per job and GVA RoI data is unreliable in relation to skills[29] and GVA returns are likely to be notably higher than those suggested in the data. There is also evidence in some specific areas, such as apprenticeships, to suggest that deadweight in particular is low. Research concluded that taking on apprentices complements rather than substitutes for other training activity[30].

Given the sizeable resources devoted to skills interventions, thorough appraisal and selection will be important in maximising value for money and impact. Whilst the 'hybrid' interventions category is based on a small sample, it appears to deliver returns quite efficiently, so the principle of integrating skills, employment and business development goals in interventions (which it involves) will be taken forward in our approach within the LEP area.

Options analysis

Other potential approaches to skills are possible and the reasons they have not been included are summarised in the table.

Alternative Options	**Reasons Discounted**
Concentrate wholly on skills in priority sectors	As we only single out the bio-economy sector, this would leave skills untouched in a large majority of businesses and sectors
Focus on all businesses, not just SMEs	Evidence suggests SMEs are less likely to upskill employees or take on apprentices, so support should be targeted at them
Focus wholly on formal qualifications	Misses out employability skills, which employers tend to single out as a key need
Wholly locally focused approach	Whilst the flexibility to respond to local skills needs where they exist is helpful and part of our approach, many skills needs (e.g. employability skills, apprenticeships) apply across our area
Focus wholly on education	Would miss out current employees, who will be the majority of the workforce for many years
Focus wholly on educational infrastructure	Educational infrastructure is covered in our strategic economic plan local growth deal priorities
No intervention - leave it to the market	Key skills issues and their impact on productivity would go untouched

In conclusion, there is clear evidence that skills are a major influence on growth, relevant to our area, and that market failures exist that require intervention. Acting in a targeted and integrated way can address these issues and improve productivity.

[29] The methodology used in the PWC/BIS research for calculating RoI and cost per job impacts was based only on job creation outputs by skills projects, even though many of those projects evaluated were primarily designed to enhance GVA and productivity and not necessarily to create any or many jobs in the short term.

[30] Steven Mcintosh, Jin Wenchao and Anna Vignoles, Research Report DFE-RR180 - Firms' engagement with the Apprenticeship Programme, University of Sheffield, Institute for Fiscal Studies and Institute for Education, November 2011

Objective 3iii: Empowered communities delivering support and inclusion

Coverage

This objective is designed to support employment and inclusion by addressing barriers to work including those related to ambitions, health, travel, skills and family issues. It includes a focus (but not an exclusive one) on young people and on areas where unemployment and disadvantage is most widespread, and it is designed to build community capacity and ownership of local solutions.

Specific activities are:

- Build skills, attitudes and ambition to help people access jobs
- Develop strong communities and active inclusion

Economic Importance and Drivers of Growth

Activity under this objective is about social goals as well as economic growth. Nevertheless by addressing barriers and building capacities that provide routes into employment, it will increase employment and incomes and contribute to economic growth. Additionally, there is some crossover between this Objective and Objective 3ii in relation to employability skills, which assist people in life and help them to gain and progress in a job, but also support business success and productivity.

Relevance to York, North Yorkshire and East Riding

Economic activity rates in the LEP area are generally above national average – around five percentage points higher. However, the employment rate has fallen since pre-recession peaks and varies significantly across our area. The Yorkshire Coast has the most pronounced unemployment and associated exclusion issues, however, even seemingly prosperous places such as Harrogate and York have areas with significant social and employment issues at a local level, whilst smaller districts also have pockets of disadvantage, sometimes hidden within seemingly prosperous neighbourhoods. The proportion of young people not in employment, education or training is around 4.5-5.5%, but this has not fallen over time, and there is a need to ensure that all young people are able to make an economic contribution.

Analysis of incomes further makes clear that our area is less prosperous than sometimes perceived. The most rural and remote rural districts in our area, 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. When low incomes are set against the significantly higher living costs that apply in rural areas (research[31] shows these to be 10-20% higher than in urban areas), it demonstrates that our area faces issues of in-work poverty as well as unemployment.

Market Failure

The two main market failures that apply in our area in relation to this objective are:

- *Factor immobility* – because travel and access barriers make it difficult for many people, especially those on low incomes and/or without access to a car, to get to a place of work or study. In technical terms, this prevents labour, from being efficiently employed and hence distorts and undermines the efficient operation of markets.

[31] 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

- *Equity issues* – because markets have generated an unacceptable distribution of income with social exclusion consequences.

Additionality, Return on Investment and Value for Money

The main area of activity where evaluation based data allows calculation of RoI, additionality and value for money in terms of outputs is 'matching people to jobs'. Figures for this are provided in the table.

Intervention Type	Mean Additionality Percentage			Return on investment ratio GVA/£ (achieved/achieved + future)	Cost per job	Cost per skills assist
	Sub-regional	**Sub-regional range**	**Regional**			
Matching people to jobs	52	41-62	53	0.8/0.8	£49.2k	£2.6k

Additionality levels are around average for matching people to jobs interventions. Whilst GVA returns are relatively low and cost per job figures quite high, these figures need to be taken in the context of social as well as economic objectives, and the much greater difficult and intensity work required to secure employment in deprived areas and for people who are some distance from the labour market. For instance, capacity building and personal development work may be required first to get a person to a stage where they are realistically able to gain and hold down a job. Reflecting this less direct route to employment, cost per job is quite high, but skills assist outputs are on average achieved at low cost. In addition to the outputs shown in the table, the average cost per person 'assisted into a job' is £4.7k – again a low figure and one which demonstrates value for money impacts are achievable.

Options analysis

Other potential approaches to employment and inclusion are possible and outlined in the table together with the reasons for discounting them.

Alternative Options	**Reasons Discounted**
Rely on education to build inclusion long term	This has not worked to date – or there would not be the problem we face. It is unlikely to be a realistic solution on its own (although it can contribute)
Focus on business growth to drive employment, backed by a tougher benefits regime	This does not address the market failure based vicious cycle that exists, whereby some businesses avoid areas of disadvantage, adding to exclusion and employment barriers within them
Rely on skills solutions alone (as per objectives 3i and 3ii)	Misses the need to address wider barriers that cause unemployment and exclusion, e.g. travel, family, health or social/personal
No intervention - leave it to the market	Leaves people excluded and means that people and places that could be economically productive assets are instead a drain on resources

Priority 4: Successful and Distinctive Places

and

Priority 5: A Well Connected Economy

Priority Level Evidence and Intervention Logic

These two priorities are covered together because they both have a focus on physical development, have fewer supporting objectives that are seeking EU funding, and are less well supported by evaluation based intervention data – meaning that the same overall category ('Place/Regeneration through physical infrastructure') covers both priorities.

At a strategic level, the rationale for Successful and Distinctive Places a priority is:

- Our area contains a number of overlapping functional economic areas. These areas have their own distinctive challenges and opportunities, so local place based responses are needed.

- The rural nature and hilly terrain of much of York, North Yorkshire and East Riding means that there are often physical constraints or resource capacity issues that raise the cost of development beyond the point of its financial viability. Equally, localised responses are needed that fit the community and environmental needs of specific areas.

- There is wide evidence to show that higher quality environments and quality of life attract business investment and support successful economies. Community led approaches have been shown to be successful in advancing these goals (e.g. through LEADER programmes)

- Some aspects of place based development – notably large scale infrastructure - are outside the scope of ERDF or ESF investment. Recognising this, proposed activities focus on elements that are generally smaller scale, community led and which deliver environmental as well as economic goals.

The rationale for the Priority of a Well Connected Economy is:

- It is widely recognised that transport and connectivity have a direct impact on economic performance and business success. Transport is an enabler for 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.[32]

- Targeted investments in transport infrastructure can unlock specific growth sites and better connect our major settlements to places elsewhere in the LEP area and beyond. We envisage that this is outside the scope of ERDF or ESF investment. However, appropriate investment in existing road and rail infrastructure and in low carbon transport solutions is required to underpin growth, tackle pinch points constraining new development, and to prevent the deterioration of transport networks/services from constraining economic performance in the LEP area.

The table illustrates the overall additionality, return on investment (RoI) and value for money benchmarks for place based investment. It is based on BIS research on evaluation of interventions at a regional and sub-regional level. More detailed sub-headings are used for the relevant objective covered within each of the two priorities covered in this section. As with other sections, it should be noted that there is wide variation between the RoI and value for money of different projects delivering the same broad type of intervention, hence the range shown is wide.

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

Strategic Intervention Type	Mean Additionality Percentage			Return on investment ratio GVA/£ (achieved/ achieved + future)	Cost per job
	Sub-regional	**Sub-regional range**	**Regional**		
Place/Regeneration through physical infrastructure	54	35-76	51	3.3/8.0	£63.3k

Objective 4iii: Environmental quality and community needs

Coverage

This objective is designed to support sustainable development integrating economic, social and environmental needs and goals in specific local areas. It focuses on community led and place based aspects of development that create the right conditions for economic growth and social cohesion, and includes environmentally led approaches such as investment in green and blue infrastructure, including to alleviate flood risks. It also includes sustainable approaches determined through community led local development approaches. These are relevant in sensitive rural environments such as the Dales, Moors and Wolds, but also more widely. Specific activities are:

- Implement flood prevention measures, capitalising on green and blue infrastructure
- Sustainable growth in the Dales, Moors and Wolds – local/community led approaches
- Business led investments in market towns

Economic Importance and Drivers of Growth

Activity under this objective is about social and environmental goals as well as economic growth. However, there is a strong logic chain that makes clear the importance of quality of place to economic success. There is considerable evidence, documented and anecdotal, that makes clear that businesses make locational and investment decisions based on quality and attractiveness factors, as well as other factors such as costs and access. Likewise skilled people – whom are also a key consideration in business location and intrinsic to commercial success – often also consider the quality of place/life offer as well as available jobs when making employment decisions, especially those who have multiple options. For these reasons, getting the quality of place and life offer right supports the economic drivers of business investment and skills. It also supports innovation which is linked to skills, and to enterprise based on influencing the locational decisions of potential entrepreneurs.

Relevance to York, North Yorkshire and East Riding

The quality of place, life and environment is good in much of the LEP area, but also variable and open to improvement. Yorkshire Coast settlements such as Scarborough, Bridlington, Hornsea and Withernsea have the most obvious needs for environmental enhancement, but there are localised and different pressures and opportunities elsewhere.

Environmental issues affecting our area include those to do with climate change adaptation and flood risk. Significant areas of York, North Yorkshire and East Riding face high flood risks and have suffered damaging flooding in recent years. Economic impacts from this can be considerable and include costs of repairs, lost productive time and lost business. Additionally, flood risk can prevent future development for planning or risk avoidance reasons. As well as improved flood defences, sustainable approaches that use green infrastructure to soak up water upstream can prevent flooding downstream. Green infrastructure including green space, biodiversity, water courses and routes for cyclists and walkers can further add to an attractive environment that provides ecosystems services (the economic benefit of which can be calculated and valued) and can help to attract business investment, skilled people and entrepreneurs.

Market Failure
Three main market failures apply in our area in relation to this objective:

- *Externalities* – negative externalities include environmental damage or increased flood risk that can come with additional development, but which is shared by other/existing businesses and communities in the locality.

- *Barriers to entry* – because perceptions of a poor environment or quality of life, or flood risks can deter businesses from locating in (or cause them to leave) locations that would otherwise make sense as bases for their business.

- *Public Goods* – many environmental, community based or flood prevention improvements provide benefits to all businesses within an area and cannot be restricted to paying customers. That deters individual businesses from investing in them, as other would 'freeload' on their investment.

Additionality, Return on Investment and Value for Money
There is not a heading where evaluation based is available that neatly encompasses the activity envisaged within this objective, which combines community led aspects and environmental improvements, often at a small scale. We have used the 'public realm' heading below for data on RoI, additionality and value for money in terms of outputs. Whilst not ideal, this will give some indication of likely figures as the closest available place based heading.

Intervention Type	Mean Additionality Percentage			Return on investment ratio GVA/£ (achieved/achieved + future)	Cost per job	Cost per hectare remediated
	Sub-regional	**Sub-regional range**	**Regional**			
Public Realm	55	36-76	61	1.8/8.7	£118.9k	£1.4m

Additionality levels are slightly above average for public realm interventions, whilst GVA returns vary notably between the short term (when they are quite modest) to the long term (when they are much higher). This is as expected, as it will inevitably take some time for place based improvements to feed into investment and locational decisions downstream, and it demonstrates the long term gains that can result. Cost per job figures for this activity are high, but that reflects the evaluation methodology which only factored in direct jobs from improvements, not indirect or GVA benefits based on business investment, associated new development or improved business performance.

Options analysis
Other potential approaches to place based and community led development are possible and outlined in the table together with the reasons for discounting them.

Alternative Options	**Reasons Discounted**
Focus on large scale infrastructure improvements	Unlikely to be eligible for funding. These are instead included in complementary local growth deal proposals
Top down proposals led from the centre	These have the advantage of being quicker and involving less process, but fail to secure the ownership and involvement of people and businesses, making them less successful in the long run
Image based/promotional campaigns to change perceptions of an area	These rely on the product being right if they are to work in the long term, although good communication

	of existing strengths or improvements made does have a role.
No intervention - leave it to the market	Leaves places and communities in a sub-optimal position for economic development and erodes growth prospects and social inclusion.

Objective 5iii: Transport that underpins growth and low carbon goals

Coverage
This objective focuses on enhancing transport to enable access to employment and economic growth, with focus on low carbon modes and enhancements. These potentially include public transport, cycling, demand reduction (e.g. through home working, workplace travel planning, or car sharing) and more efficient management of the transport network to reduce emissions and congestion and enhance safety.

- Investment to ensure the existing transport network supports growth

Economic Importance and Drivers of Growth
Activity under this objective combines low carbon, economic and employment goals. Transport is a key enabler of economic growth as better access to workplaces allows businesses to recruit workers from a wider catchment area, enhancing the skills they can employ. Equally good transport links widen the markets businesses can serve, whilst reliability of transport services is important for employee commuting, securing supplies and serving customers.

However, transport is a significant source of carbon emissions and a sizeable share of these emissions are linked to the operation of the economy, whether linked to commuting or to business trade and operations. Reducing the carbon intensity of travel, either by more efficient car and freight journeys, travel avoidance or achieving switches to alternative modes can achieve environment goals at the same time as helping to prevent congestion – in turn enabling economic development and growth.

Relevance to York, North Yorkshire and East Riding
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. It can also be hard to travel to work or training from many smaller centres and rural areas, especially for those without access to a car. Improving transport connections and options can therefore help to connect people to economic opportunities and support business success.

Carbon emissions are above England average in seven of the nine unitary and district local authority areas in our area, and around a third of carbon emission in the LEP area are from transport. This proportion is higher in more rural and remote districts such as Hambleton and Richmondshire. Low carbon transport solutions are hence an important part of meeting transport, environmental, social and economic growth goals.

Market Failure

The main market failures that apply in our area in relation to this objective are:

- *Externalities* – negative externalities from motor transport include environmental damage in the form of carbon emissions, air and noise pollution plus social impacts from traffic accidents or the severance effects of major roads.

- *Barriers to entry* – poor transport links and access can prevent firms locating in an area (or cause them to leave) even though that area may otherwise make sense a base for their business. This distorts market operation and acts to suppress the economies of more remote area.

- *Public Goods* – it is difficult to directly charge for many aspects of transport provision, such as road and rail infrastructure and maintenance, traffic management or facilities for pedestrians and cyclists. These provide benefits to all businesses within an area and cannot easily be restricted to paying customers, deterring individual businesses from investing in them.

Additionality, Return on Investment and Value for Money

The BIS data sources we have used for additionality and value for money analysis have barely any coverage of transport. Only one scheme is reported as evaluated - at the regional level and with an additionality score of 46%. Likewise we do not consider other place and infrastructure headings to be closely related enough to transport to provide a useful indication of likely value for money, outputs or additionality. For those reasons no data table is provided for this objective. Nevertheless, transport authorities are well versed in thorough and complex transport appraisal mechanisms which assess the economic, social and environmental impacts of individual schemes and their return on investment. We will ensure appropriate use is made of such appraisal mechanisms in selecting transport based initiatives under this objective as we develop the programme for delivery.

Options analysis

Other potential approaches to low carbon transport are possible and outlined in the table together with the reasons for discounting them.

Alternative Options	**Reasons Discounted**
Focus on all transport, not low carbon options	Unlikely to be eligible for funding, plus counterproductive in terms of progress to a low carbon economy
Focus only on local level and wholly carbon neutral forms of transport – walking, cycling	These will be part of our approach, but would not be realistic options for longer journeys or for most business needs
Focus only on avoidance of travel through IT solutions and journey planning	These will be part of our approach, but travel will still be essential for many economic purposes and low carbon transport options are needed to meet these needs
No intervention - leave it to the market	Leaves places and communities with major transport and access barriers to economic development and employment, and fails to address carbon emissions from transport

ANNEX 2- York, North Yorkshire & East Riding LEP notional allocations (euros)

ERDF														
PA1		PA2		PA3		PA4		PA5		PA6		PA8		TOTAL
MD	Trans	MD	Trans	MD	Trans	MD	Trans	MD	Trans	MD	Trans	MD	Trans	
€ 9,889,261	€ 3,301,672	€ 1,515,221	€ 0	€ 8,494,421	€ 4,595,431	€ 7,743,618	€ 2,978,850	€ 3,461,017	€ 2,938,636	€ 2,022,775	€ 1,911,982	€ 1,827,493	€ 1,683,180	
€ 13,190,933		€ 1,515,221		€ 13,089,852		€ 10,722,468		€ 6,399,653		€ 3,934,757		€ 3,510,673		€ 52,363,557

ESF														
8i/1.1		8ii/1.2		9i/1.4		9vi/1.5		10iii/2.1		10/2.2				TOTAL
MD	Trans	MD	Trans	MD	Trans	MD	Trans	MD	Trans	MD	Trans			
€ 4,423,784	€ 1,832,253	€ 1,125,268	€ 258,125	€ 5,392,018	€ 1,883,231	€ 4,007,432	€ 1,401,814	€ 14,332,714	€ 5,295,133	€ 3,814,828	€ 943,201			
€ 6,256,037		€ 1,383,393		€ 7,275,249		€ 5,409,246		€ 19,627,847		€ 4,758,029				€ 44,709,801

EAFRD														
4.2	7.3	7.5	16.3											TOTAL
€ 2,564,103	€ 4,487,179	€ 3,651,282	€ 1,923,077											€ 12,625,641

GRAND TOTAL
€ 109,698,999

ANNEX 3 Detailed Output and Finance Tables

European Regional Development Fund

NB. Figures quoted are based on exchange rate of €1 = £0.78 (as at 31 January 2016)

Priority Axis	Investment Priority	ID	Indicator	Measurement unit	More Dev Target value (2023)	Transition Target value (2023	Total Target value (2023)	Indicative allocation		
								More developed	Transitional	Total
Priority Axis 1: Innovation	1a	CO25	Research, Innovation: Number of researchers working in improved research infrastructure facilities	FTEs	9	3	12	£ 7,713,624	£ 2,575,304	£ 10,288,928
	1a	P1	Number of researchers working in improved research or innovation facilities	FTEs	19	5	24			
	1a	P2	Public or commercial buildings built or renovated	Sqms	473	128	601			
	1b	CO01	Productive investment: Number of enterprises receiving support	Ents	290	84	374			
	1b	CO02	Productive investment: Number of enterprises receiving grants	Ents	203	59	262			
	1b	CO03	Productive investment: Number of enterprises receiving financial support other than grants	Ents	5	4	9			
	1b	CO04	Productive investment: Number of enterprises receiving non-financial support	Ents	71	21	92			
	1b	CO05	Productive investment: Number of new enterprises supported	Ents	25	7	32			
	1b	CO06	Productive investment: Private investment matching public support to enterprises (grants)	EUR	245,475	71,474	316,949			
	1b	CO07	Productive investment: Private investment matching public support to enterprises (non- grants)	EUR	343,306	113,016	456,422			
	1b	CO08	Productive investment: Employment increase in supported enterprises	FTEs	23	7	30			
	1b	CO26	Research, Innovation: Number of enterprises cooperating with research institutions	Ents	156	46	202			
	1b	CO28	Research, Innovation: Number of enterprises supported to introduce new to the market products	Ents	23	7	30			
	1b	CO29	Research, Innovation: Number of enterprises supported to introduce new to the firm products	Ents	46	13	59			
	1b	P2	Public or commercial buildings built or renovated	Sqms	125	36	161			
PERFORMANCE FRAMEWORK										
Priority Axis 1: Innovation			**Indicator or Key Implementation Step**	**Measurement Unit**	**Milestone for 2018 (MD)**	**Milestone for 2018 (Trans)**	**Milestone for 2018 (Total)**	**Final target for 2023 (MD)**	**Final target for 2023 (Transition)**	**Final target for 2023 (Total)**
		CO01	Productive investment: Number of enterprises receiving support	Ents	72	21	93	290	84	374
		N/A	Total Expenditure (ERDF & Match)	Euros	5,057,779	1,405,421	6,463,200	19,803,236	5,502,787	25,306,023

Priority Axis 2: ICT	2a	CO01	Productive investment: Number of enterprises receiving support	Ents	76	0	76	£ 1,181,872	0	£ 1,181,872
	2a	CO05	Productive investment: Number of new enterprises supported	Ents	16	0	16			
	2a	P3	Additional businesses with broadband access of at least 30mbps	Ents	773	0	773			

PERFORMANCE FRAMEWORK

		Indicator or Key Implementation Step	Measurement Unit	Milestone for 2018 (MD)	Milestone for 2018 (Trans)	Milestone for 2018 (Total)	Final target for 2023 (MD)	Final target for 2023 (Transition)	Final target for 2023 (Total)
Priority Axis 2: ICT	P3	Additional businesses with broadband access of at least 30mbps	Ents	197	0	197	773	0	773
	N/A	Total Expenditure (ERDF & Match)	Euros	786,564	0	786,564	3,079,716	0	3,079,716

Priority Axis 3 - SMEs	3a	CO01	Productive investment: Number of enterprises receiving support	Ents	94	45	139	£ 6,625,648	£ 3,584,436	£ 10,210,085
	3a	CO02	Productive investment: Number of enterprises receiving grants	Ents	60	27	87			
	3a	CO03	Productive investment: Number of enterprises receiving financial support other than grants	Ents	11	5	16			
	3a	CO04	Productive investment: Number of enterprises receiving non-financial support	Ents	23	11	34			
	3a	CO05	Productive investment: Number of new enterprises supported	Ents	86	57	143			
	3a	CO06	Productive investment: Private investment matching public support to enterprises (grants)	EUR	317,656	144,519	462,175			
	3a	CO07	Productive investment: Private investment matching public support to enterprises (non- grants)	EUR	14,001	14,018	28,019			
	3a	CO08	Productive investment: Employment increase in supported enterprises	FTEs	45	30	75			
	3a	CO28	Research, Innovation: Number of enterprises supported to introduce new to the market products	Ents	9	6	15			
	3a	P11	Number of potential entrepreneurs assisted to be enterprise ready	Persons	289	131	420			
	3a	P2	Public or commercial buildings built or renovated	Square metres	11	5	16			
	3c	CO01	Productive investment: Number of enterprises receiving support	Ents	241	111	352			
	3c	CO02	Productive investment: Number of enterprises receiving grants	Ents	156	68	225			
	3c	CO03	Productive investment: Number of enterprises receiving financial support other than grants	Ents	29	13	42			
	3c	CO04	Productive investment: Number of enterprises receiving non-financial support	Ents	61	27	87			
	3c	CO05	Productive investment: Number of new enterprises supported	Ents	89	57	146			
	3c	CO06	Productive investment: Private investment matching public support to enterprises (grants)	EUR	988,212	433,557	1,421,770			

	3c	CO07	Productive investment: Private investment matching public support to enterprises (non- grants)	EUR	434,970	420,543	855,512			
	3c	CO08	Productive investment: Employment increase in supported enterprises	FTEs	116	75	191			
	3c	CO29	Research, Innovation: Number of enterprises supported to introduce new to the firm products	Ents	44	29	73			
	3c	P13	Number of enterprises receiving information, diagnostic and brokerage	Ents	23	10	33			
	3c	P2	Public or commercial buildings built or renovated	Square metres	29	13	42			
	3d	CO01	Productive investment: Number of enterprises receiving support	Ents	135	67	202			
	3d	CO02	Productive investment: Number of enterprises receiving grants	Ents	87	41	128			
	3d	CO03	Productive investment: Number of enterprises receiving financial support other than grants	Ents	17	8	25			
	3d	CO04	Productive investment: Number of enterprises receiving non-financial support	Ents	34	16	50			
	3d	CO05	Productive investment: Number of new enterprises supported	Ents	50	34	84			
	3d	CO06	Productive investment: Private investment matching public support to enterprises (grants)	EUR	605,716	285,951	891,667			
	3d	CO07	Productive investment: Private investment matching public support to enterprises (non- grants)	EUR	277,393	280,362	557,755			
	3d	CO08	Productive investment: Employment increase in supported enterprises	FTEs	66	45	111			
	3d	CO29	Research, Innovation: Number of enterprises supported to introduce new to the firm products	Ents	25	17	42			
	3d	P13	Number of enterprises receiving information, diagnostic and brokerage	Ents	13	6	19			
	3d	P2	Public or commercial buildings built or renovated	Square metres	16	8	24			

PERFORMANCE FRAMEWORK

		Indicator or Key Implementation Step	Measurement Unit	Milestone for 2018 (MD)	Milestone for 2018 (Trans)	Milestone for 2018 (Total)	Final target for 2023 (MD)	Final target for 2023 (Transition)	Final target for 2023 (Total)
Priority Axis 3 - SMEs	CO01	Productive investment: Number of enterprises receiving support	Ents	139	70	209	469	222	691
	N/A	Total Expenditure (ERDF & Match)	Euros	4,405,562	1,956,134	6,361,696	17,249,546	7,659,052	24,908,598

Priority Axis 4 – Low Carbon	4b	CO01	Productive investment: Number of enterprises receiving support	Ents	236	72	308	£ 6,040,022	£ 2,323,503	£ 8,363,525
	4b	CO34	GHG reduction: Estimated annual decrease of GHG	Tonnes of CO2eq	1,151	392	1,544			
	4e	CO01	Productive investment: Number of enterprises receiving support	Ents	284	56	340			
	4e	CO34	GHG reduction: Estimated annual decrease of GHG	Tonnes of CO2eq	2,448	520	2,968			

	4f	CO01	Productive investment: Number of enterprises receiving support	Ents	33	14	47			
	4f	CO05	Productive investment: Number of new enterprises supported	Ents	6	3	9			
	4f	CO34	GHG reduction: Estimated annual decrease of GHG	Tonnes of CO2eq	429	208	637			
	4f	CO26	Research, Innovation: Number of enterprises cooperating with research institutions	Ents	3	1	4			
	4f	CO29	Research, Innovation: Number of enterprises supported to introduce new to the firm products	Ents	5	2	7			
PERFORMANCE FRAMEWORK										
Priority Axis 4 – Low Carbon			**Indicator or Key Implementation Step**	**Measurement Unit**	**Milestone for 2018 (MD)**	**Milestone for 2018 (Trans)**	**Milestone for 2018 (Total)**	**Final target for 2023 (MD)**	**Final target for 2023 (Transition)**	**Final target for 2023 (Total)**
		CO01	Productive investment: Number of enterprises receiving support	Ents	-	-	-	3795	1214	5009
		CO34	GHG reduction: Estimated annual decrease of GHG		41	13	54	-	-	-
		N/A	Total Expenditure (ERDF & Match)	Euros	3,962,926	1,268,005	5,230,931	15,516,449	4,964,750	20,481,199
Priority Axis 5 – Climate Change	5b	CO23	Nature and biodiversity: Surface area of habitats supported to attain a better conservation status	Hectares	1	1	2	£ 2,699,593	£ 2,292,136	£ 4,991,729
	5b	P6	Businesses and properties with reduced flood risk	Number	1,428	1,011	2,439			
PERFORMANCE FRAMEWORK										
			Indicator or Key Implementation Step	**Measurement Unit**	**Milestone for 2018 (MD)**	**Milestone for 2018 (Trans)**	**Milestone for 2018 (Total)**	**Final target for 2023 (MD)**	**Final target for 2023 (Transition)**	**Final target for 2023 (Total)**
		N/A	Percentage of schemes in place	%	13%	9%	22%	-	-	-
		P6	Businesses and properties with reduced flood risk	Ents	-	-	-	1,428	1,011	2,439
		N/A	Total Expenditure (ERDF & Match)	Euros	1,767,899	1,250,887	3,018,786	6,922,034	4,897,727	11,819,761
Priority Axis 6 – Environmental protection	6f	CO22	Land rehabilitation: Total surface area of rehabilitated land	Hectares	1	1	2	£ 1,577,765	£ 1,491,346	£ 3,069,111
	6f	CO23	Nature and biodiversity: Surface area of habitats supported to attain a better conservation status	Hectares	49	38	87			

	6f	CO01	Productive investment: Number of enterprises receiving support	Ents	52	44	96			
	6f	CO05	Productive investment: Number of new enterprises supported	Ents	10	9	19			
	6f	CO29	Research, Innovation: Number of enterprises supported to introduce new to the firm products	Ents	8	7	15			

PERFORMANCE FRAMEWORK

		Indicator or Key Implementation Step	Measurement Unit	Milestone for 2018 (MD)	Milestone for 2018 (Trans)	Milestone for 2018 (Total)	Final target for 2023 (MD)	Final target for 2023 (Transition)	Final target for 2023 (Total)
Priority Axis 6 – Environmental protection	CO23	Nature and biodiversity: Surface area of habitats supported to attain a better conservation status	Ents	6	5	11	47	36	83
	N/A	Total Expenditure (ERDF & Match)	Euros	913,429	813,472	1,727,301	3,576,440	2,240,849	5,817,289

Priority Axis 8 – Community Led Local Development	9d	CO01	Productive investment: Number of enterprises receiving support	Ents	155	50	205	£ 1,425,445	£ 1,312,880	£ 2,738,325
	9d	CO05	Productive investment: Number of new enterprises supported	Ents	109	35	144			
	9d	CO08	Productive investment: Employment increase in supported enterprises	FTEs	116	38	154			
	9d	P11	Number of potential entrepreneurs assisted to be enterprise ready	Persons	434	141	575			
	9d	P12	Square metres public or commercial building built or renovated in targeted areas	Square metres	371	120	491			

PERFORMANCE FRAMEWORK

		Indicator or Key Implementation Step	Measurement Unit	Milestone for 2018 (MD)	Milestone for 2018 (Trans)	Milestone for 2018 (Total)	Final target for 2023 (MD)	Final target for 2023 (Transition)	Final target for 2023 (Total)
Priority Axis 8 – Community Led Local Development	N/A	Number of local development strategies agreed		1	1		-	-	-
	CO01	Productive investment: Number of enterprises receiving support	Ents	-	-	-	156	51	207
	N/A	Total Expenditure (ERDF & Match)	Euros	902,563	789,357	1,691,920	3,533,895	3,090,651	6,624,547

European Social Fund

NB. Figures quoted are based on exchange rate of €1 = £0.78 (as at 31 January 2016)

Priority Axis 1 - Inclusive Labour Markets Investment Priority		More Developed	Transition	Total	ID	Indicator	MD	Trans	MD (Men)	Trans (Men)	MD (Women)	Trans (Women)	Total (Men)	Total (Women)	Total
8i (1.1)	Access to employment for job seekers and inactive people	£3,450,552	£1,429,157 (£762,000 transferred to Humber LEP)	£4,879,709	O1	Participants	4350	650	2380	350	1970	300	2730	2270	5000
					ESF-CO01	Unemployed, including long term unemployed	3040	460							3500
					ESF-CO03	Inactive	1090	160							1250
					O4	Participants over 50 years of age	1050	130							1180
					O5	Participants from ethnic minorities	130	30							160
					ESF-CO16	Participants with disabilities	1000	130							1130
					O6	Participants without basic skills	770	110							880
					ESF-CO14	Participants who live in a single adult household with dependent children	410	70							480

Investment Priority		More Developed	Transition	Total	ID	Indicator	MD	Trans	MD (Men)	Trans (Men)	MD (Women)	Trans (Women)	Total (Men)	Total (Women)	Total
8ii (1.2)	Sustainable integration into the labour market of young people	£877,709	£201,338	£1,079,047	O2	Participants (below 25 years of age) who are unemployed or inactive	1120	210	610	110	510	100	720	610	1330

					ESF-CO01	Unemployed, including long term unemployed	780	150							930
					ESF-CO03	Inactive	280	50							330
					O5	Participants from ethnic minorities	50	10							60
					ESF-CO16	Participants with disabilities	90	20							110
					O6	Participants without basic skills	200	40							240
					ESF-CO14	Participants who live in a single adult household with dependent children	30	10							40

Investment Priority		More Developed	Transition	Total	ID	Indicator	MD	Trans	MD (Men)	Trans (Men)	MD (Women)	Trans (Women)	Total (Men)	Total (Women)	Total
9i (1.4)	Active inclusion	£4,205,774	£1,468,920	£5,674,694	O1	Participants	2430	800	1340	440	1090	360	1780	1450	3230
					ESF-CO01	Unemployed, including long term unemployed	1280	420							1700
					ESF-CO03	Inactive	980	330							1310
					O4	Participants over 50 years of age	530	150							680
					O5	Participants from ethnic minorities	90	30							120
					ESF-CO16	Participants with disabilities	540	150							690

Investment Priority		More Developed	Transition	Total	ID	Indicator	MD	Trans	MD (Men)	Trans (Men)	MD (Women)	Trans (Women)	Total (Men)	Total (Women)	Total

9vi (1.5)	CLLD	£3,125,797	£1,093,415	£4,219,212	O1	Participants	3200	920	1750	500	1450	420	2250	1870	4120
					ESF-CO01	Unemployed, including long term unemployed	2240	640							2880
					ESF-CO03	Inactive	800	240							1040
					O4	Participants over 50 years of age	650	170							820
					O5	Participants from ethnic minorities	270	80							350
					ESF-CO16	Participants with disabilities	640	160							800

Priority Axis 2 - Skills for Growth															
Investment Priority		More Developed	Transition	Total	ID	Indicator	MD	Trans	MD (Men)	Trans (Men)	MD (Women)	Trans (Women)	Total (Men)	Total (Women)	Total
10iii (2.1)	Enhancing equal access to lifelong learning	£11,179,517	£4,130,204	£15,309,721	O1	Participants	13090	3930	6140	1930	6680	2000	8340	8680	17020
					O4	Participants over 50 years of age	3130	840							3970
					O5	Participants from ethnic minorities	470	130							600
					ESF-CO16	Participants with disabilities	880	220							1100
					O6	Participants without basic skills	2300	690							2990
					ESF-CO14	Participants who live in a single adult household with dependent children	480	150							630

Investment Priority		More Developed	Transition	Total	ID	Indicator	MD	Trans	MD (Men)	Trans (Men)	MD (Women)	Trans (Women)	Total (Men)	Total (Women)	Total
10iv (2.2)	Improving the labour market relevance of education and training systems	£2,975,566	£735,697	£3,711,263	CO23	Number of supported micro, small and medium-sized enterprises (including cooperative enterprises, enterprises of the social economy)	300	90							390

EAFRD

To add