

## **YORKSHIRE FORWARD – YORKSHIRE & HUMBER RDA**

### **MINUTES OF THE EIGHTY SEVENTH MEETING OF THE YORKSHIRE FORWARD BOARD HELD AT THE YORKSHIRE FORWARD OFFICES, LEEDS ON THURSDAY 17 APRIL 2008**

#### **PRESENT**

Terry Hodgkinson – Chair  
Linda Pollard – Deputy Chair  
Michael Arthur (except for agenda item 8)  
Barry Dodd (except for agenda item 7)  
Chris Haskins  
Arshad Javed  
Mark Kirk  
Julie Kenny  
Laura Moynahan (agenda items 1 – 9)  
Kath Pinnock (except for agenda item 7)  
John Weighell  
Jan Wilson (except for agenda items 3 (paragraph 3503), 15 and 19 - 23)

#### **IN ATTENDANCE**

Tom Riordan	:	Chief Executive
Jan Anderson	:	Executive Director, Environment
Simon Hill	:	Executive Director, Business
Trevor Shaw	:	Executive Director, Finance
Thea Stein	:	Executive Director, Economic Inclusion (agenda items 1 – 14)
Don Stewart	:	Executive Director, Strategy (except for agenda item 10)
Rachael Oakley	:	Secretary to the Board
Laura Ford	:	Secretariat Executive
Simon Foy	:	Chief Economist (agenda items 1 – 4)
Michael Smith	:	Head of Sustainable Development (agenda item 7)
Jonathan Brown	:	Senior Transport Manager (agenda item 9)
Bev Foster	:	Learning and Skills Manager, Business (agenda item 10)
Alex McWhirter	:	Head of Enterprise (agenda item 12)
The Rt Hon Rosie Winterton MBE MP	:	Regional Minister for Yorkshire and the Humber (agenda items 1 – 9)
Felicity Everiss	:	Regional Director, Government Office for Yorkshire and the Humber (GOYH) (agenda items 1 – 10)
Suzy Kantor	:	Branch Head – Regional Policy, HM Treasury (agenda items 1 – 6)

#### **Agenda item 1: Apologies for absence**

3517. Apologies had been received from Stella Guy and Mark Lovell. The Chair welcomed the Minister to the meeting, confirming that this was the first ministerial visit to a Yorkshire Forward Board meeting. Felicity Everiss, Regional Director at GOYH and Suzy Kantor, Branch Head – Regional Policy at HM Treasury were also

welcomed as observers, along with Simon Foy, Chief Economist who would be providing an economic update to the Board as part of agenda item 4.

## **Agenda item 2: Declarations of Interest**

3518. Declarations of interest were received for:

- (a) Agenda item 3 – Minutes of the Eighty Sixth meeting of the Yorkshire Forward Board (matters arising, paragraph 3503 Digital Region): Jan Wilson as Leader of Sheffield City Council and Felicity Everiss as Chair of the Programme Monitoring Committee;
- (b) Agenda item 7 – Lower Carbon Economy: Biomass Supply Chain Development and Wood Pellet Mill Investment: Barry Dodd as Chair of SFCo, Trevor Shaw as a Director of SFCo, Simon Hill as a Board member of Kirklees MC Regeneration & Sustainable Development Local Public Services Board and Kath Pinnock as a member of Kirklees Metropolitan Council;
- (c) Agenda item 8 – Programme of Regional Healthcare Technologies Activity: Professor Michael Arthur as Vice-Chancellor of the University of Leeds;
- (d) Agenda item 9 – A Strategic Approach to the Region's Airports: Mark Kirk as a Director of Humberside Airport;
- (e) Agenda item 10 – Directions Finningley: Don Stewart as Chair of Directions Finningley;
- (f) Agenda item 11 – Investment in Major Events: Michael Arthur as Chair of Yorkshire Universities;
- (g) Agenda item 12 – Proposed New Regional Venture Capital and Loan Fund: Barry Dodd as Chair of Connect Yorkshire and Alex McWhirter as a Board member of PIF and SYIF;
- (h) Agenda item 13 – Bradford City Centre Renaissance: Bradford Business Innovation Centre (Velocity) and Listerhills Development: Linda Pollard as Chair of the Bradford Property Forum;
- (i) Agenda item 14 – York City Centre Economic Growth: York Central Development Opportunity: Barry Dodd as a member of the Future York Group;
- (j) Agenda item 15 – Investment South Yorkshire Programme: Julie Kenny and Jan Wilson as Board members of Creative Sheffield; and
- (k) Agenda item 21 – Yorkshire and Humber Manufacturing Advisory Service: Barry Dodd as an Ambassador of MAS and John Weighell as a member of Yorkshire and Humber Assembly.

## **Agenda item 3: Minutes of the Eighty Sixth Meeting of the Yorkshire Forward Board held on 6 March 2008 at the Yorkshire Forward Offices, Leeds**

### **(a) Correct record**

3519. The minutes were approved as a correct record.

## **(b) Matters arising**

3520. Paragraph 3467 – Sub National Review (SNR) Update: In providing the Board with an update on SNR since the last meeting, the Chief Executive confirmed that the Consultation Document had been published on 31 March. The key headlines of the document were discussed and the main areas of reform for the RDA were confirmed. The need to retain good working relationships with the Local Authorities was vital in establishing an effective way forward, as well as recognising the need for the Social, Economic and Environmental (SEE) partners' involvement in the process.

3521. An update on the first SNR Task and Finish group was provided, along with the outcomes of the joint meeting held with the Yorkshire Forward Board and Local Authority Leaders in February. It was agreed that there were significant differences in the views of Local Authority Leaders around housing and planning. However, there was general optimism that a pragmatic approach to SNR would continue to be taken and agreement could be reached in order to benefit the region as a whole. A paper would be brought to the June meeting to provide a further update for the Board.

3522. In conclusion, the Minister acknowledged that SNR had heightened the need for closer working relationships with Local Authorities and other partners in order to reach consensus. In considering how the regional agenda would be taken forward, it was agreed that transport and skills were two important areas for consideration. The Minister then assured the Board that she would be fully prepared to assist the RDA in taking this work forward.

3523. Paragraph 3475 – Draft Corporate Plan 2008/11: The Executive Director, Strategy confirmed that a formal letter from the Department for Business, Enterprise and Regulatory Reform (DBERR) was expected shortly and should Government require any formal changes to be made to the Corporate Plan, these amendments would be delegated to the Chair and Chief Executive, as previously agreed by the Board.

3524. Paragraph 3503 – Business Progress Report (Digital Region): The discussion of this item is commercially confidential.

### **Agenda item 4: Monitoring and Assessing the Performance of the Business and the Region**

3525. The Executive Director, Finance introduced paper RDA.08/27, which updated the Board on performance monitoring since the Board meeting on 6 March 2008. He reported on cumulative expenditure for this year; the capital/current position for 2007/08; Performance Management Framework approvals between £1m and £3m made by the Chief Executive; increases to project approvals over £3m authorised by the Chief Executive; a final completion report for Hull Citybuild – Riley Centre; progress on projects previously approved by the Board and details of progress against the Continuous Improvement Plan.

3526. The Chief Economist then commented on the Board Economic Briefing, reporting that last year showed strong performance with growth from both the service and manufacturing sectors. Since the last Board meeting, there were signs of

increased concern within the business community flowing from the continued uncertainty in financial markets. Overall, he reported a mixed picture with credit remaining tight and signs that banks were withdrawing lending facilities to SMEs. Companies in the financial sector were rethinking their own business models, which in turn was affecting job growth. For business more generally, cash flow was important and the divide was widening between those with access to facilities and those without. However, employment and the manufacturing sector were still remaining relatively buoyant. He commented that in the light of negative and unbalanced press comment it was important for the Board to demonstrate a balanced view of the region's economy.

3527. The Minister agreed that an exaggerated negative outlook on the region's economy could have a detrimental effect on inward investment. The need to maintain the region's healthy export market was also vital during this period of uncertainty. It was also suggested that it might be useful for Yorkshire Forward to work with businesses to undertake some form of analysis in order to ascertain what external factors are affecting them during this time.

3528. The Board discussed further the impact of the financial climate on the region's businesses covering increases in business tax, skills and pension costs which were adversely affecting them. The strength of the Euro was also having a major impact on businesses, along with raw material costs. Cash flow and fuel surcharges were identified as further burdens. The Board also considered how Yorkshire Forward could assist businesses and it was agreed that the RDA needed to be particularly attentive to businesses half way through an investment or a regeneration project. The inconsistency between the high street bank's lending rate and the London Inter-Bank Offered Rate was also considered a major difficulty for businesses.

3529. In conclusion, it was acknowledged that Yorkshire Forward's assistance, in particular, around business support and customer needs was vital. The Minister asked for a briefing note on the comments made, so that this could be passed to Treasury colleagues and the Prime Minister's office. The Chief Executive then informed the Board that the Chair would shortly be attending a meeting with the Rt Hon John Hutton MP, Secretary of State for Business, Enterprise and Regulatory Reform to discuss the RDA's response to the current financial climate, which included assistance with businesses and financial services, leadership and regeneration. All the comments received as part of this agenda item would be relayed to the Secretary of State at this meeting.

3530. Introducing the Communications Update, the Executive Director, Business provided the Board with an update on press and PR, Foreign Direct Investment and business development. Yorkshire Forward events were also highlighted and he confirmed that a review of their effectiveness was currently being undertaken. An update of this review would be brought back to the Board at a later date.

3531. The Board resolved that:

- (a) the content of the performance monitoring annexes be noted.

## **Agenda item 5: Annual Review of the Financial Strategy**

3532. The Executive Director, Finance introduced paper RDA.08/28, which sought the Board's approval of a revised Financial Strategy for 2008/11. The four key challenges within the strategy were confirmed and, as a result of SNR, Yorkshire Forward would have less control because of delegating parts of its budget to the Local Authorities. It was reported that the RDA was within 1.25% of its agreed Single Pot annual expenditure position for 2007/08. The Board was also advised that the slippage rate for all uncommitted projects would be increased from 60% to 70%.

3533. The Board resolved that:

- (a) the revised Financial Strategy for 2008/11 be approved.

## **Agenda item 6: Business Recovery Fund**

3534. The Executive Director, Business introduced paper RDA.08/29, which asked the Board to note the progress of the Business Recovery Fund. As the scheme had now closed, it was considered prudent to provide an update of its achievements and highlight the lessons learned which could be applied to similar practices of the organisation.

3535. In conclusion, the Regional Director, GOYH thanked Yorkshire Forward on behalf of DBERR for its quick response to the businesses affected by the flooding.

3536. The Board resolved that:

- (a) the progress of the Business Recovery Fund and the lessons learned that can be drawn on to shape future rapid response initiatives, be noted.

## **Agenda item 7: Lower Carbon Economy**

The discussion of this item is commercially confidential.

## **Agenda item 8: Programme of Regional Healthcare Technologies Activity**

3540. The Executive Director, Business introduced paper RDA.08/31, which sought the Board's approval for an investment of £3.94m to support healthcare technologies development activity across the region, 2008/11. Following the recommendations made in the Seven Year Review, healthcare technologies was highlighted as one of the region's priority sectors and is currently growing at 7 – 10% per year. Engagement and partnership with the Strategic Health Authority and NHS, as well as other key partners, were considered vital in taking this programme forward successfully. It was also important that this programme did not duplicate work currently being carried out by Medipex.

3541. The Board resolved that:

- (a) an investment of £3.94m for support of the Healthcare Technologies industry in line with the RES 2006/15, the Regional Sector Strategy 2007/10, and ERDF Operational Programme 2007/13 be approved.

### **Agenda item 9: A Strategic Approach to the Region's Airports**

3542. The Chair welcomed Jonathan Brown, Senior Transport Manager to the Board meeting for this agenda item. The Executive Director, Economic Inclusion introduced paper RDA.08/32, which sought the Board's endorsement to the principle of supporting airports. It was highlighted that airports were instrumental in supporting the region's economy. Possible interventions that Yorkshire Forward could apply to support the region's airports were confirmed, along with the priorities for each of them. The importance of commercial airfreight on the region's economy was discussed further as well as the effect of good road and rail links to the airports.

3543. The Board resolved that:

- (a) the importance of the region's three airports and Manchester Airport as key economic hubs be endorsed;
- (b) the different roles of the airports serving the region, leading to different investment decisions, be recognised;
- (c) support for Manchester Airport as our main global gateway be continued; and
- (d) further development of this strategic approach, in discussion with the airports be approved.

### **Agenda item 10: Directions Finningley**

The discussion of this item is commercially confidential.

### **Agenda item 11: Investment in Major Events**

The discussion of this item is commercially confidential.

### **Agenda item 12: Proposed New Regional Venture Capital and Loan Fund**

3550. The Chair welcomed Alex McWhirter, Head of Enterprise to the Board meeting for this agenda item. The Executive Director, Business introduced paper RDA.08/35, which sought the Board's approval to an investment of £4m in the South Yorkshire Investment Fund (SYIF) and asked the Board to note the progress of the two Venture Capital and Loan Funds (VCLFs) that operate in the region, and agree with the recommendations to support the development and implementation of a new single Regional Venture Capital Fund. Certainty had not yet been received from DBERR and the Department for Communities and Local Government (DCLG) as to whether the single regional fund would be approved, therefore it was anticipated that a short term contingency fund may also need to be put in place for six months from January 2009.

3551. Further assurance was sought regarding the performance of SYIF and PIF, a similar fund which had already been set up by EMDA, and whether the new single fund would result in efficiency savings. The Head of Enterprise informed the Board that the portfolio management phase would take place over 2008 – 2013, when the value of the investments would be realised. It was, however, expected that SYIF would generate up to £17m, and PIF would generate up to £20m.

3552. It was further reported that the fund set up by EMDA included only Single Pot and ERDF funding, whereas the approach proposed by Yorkshire Forward would also seek to access support through the European Investment Fund and the JEREMIE initiative. It was also confirmed that a single regional fund would result in reduced costs.

3553. The Board resolved that:

- (a) an investment of £4m into SYIF be approved;
- (b) the development of the new regional VCLF utilising ERDF and single pot resources be approved, including the formation of a 5(2)(c) headline company; and
- (c) the development of a contingency fund to bridge the gap between PIF and SYIF ceasing to invest and the new regional fund becoming operational be approved.

### **Agenda item 13: Bradford City Centre Renaissance**

The discussion of this item is commercially confidential.

### **Agenda item 14: York City Centre Economic Growth**

The discussion of this item is commercially confidential.

### **Agenda item 15: Investment South Yorkshire Programme**

3559. The Executive Director, Business introduced paper RDA.08/38, which asked the Board to approve £2.726m for the Investment South Yorkshire programme, which builds upon and reinforces the platform of collaborative partnership working in South Yorkshire established through earlier Single Pot, Single Regeneration Budget and ERDF funding through the South Yorkshire Inward Investment and Investor Development Programmes. Yorkshire Forward's funding would provide a high-level investment team of 15 people (based locally) supporting investors in the sub-region through Key Account Management, and attracting new inward investment.

3560. In discussing the other sub-regions, it was confirmed that the same approach was not adopted throughout the whole region, however the Chief Executive confirmed that the Geographic Programmes would provide for a more cohesive agreement with Local Authorities throughout the region in future.

3561. The Board resolved that:

- (a) a SYRIP investment of £2.726m to fund the ISY programme over the years 2008/09 to 2010/11 be approved.

### **Agenda item 16: Business Link Transition Update**

The discussion of this item is commercially confidential.

### **Agenda item 17: Business Progress Report**

3566. The Chief Executive introduced paper RDA.08/40, which updated the Board on significant issues of interest since the last Board meeting, including the Carbon Capture and Storage project, on which a paper would be brought to the next Board meeting. He also reported that, following the end of Yorkshire Forward's period as Chair of Chairs, positive feedback had been received from Government Ministers. The Executive Director, Environment provided an update on the Bradford Odeon project.

3567. The Board resolved that:

- (a) the Business Progress Report be noted.

### **Agenda item 18: Forward Work Programme 2008 – 2009**

3568. The Chief Executive introduced paper RDA.08/41, which submitted the Board's scheduled work programme for consideration. It was agreed that a paper on the joint working between Yorkshire Forward, Yorkshire Science and Yorkshire Universities should be added to the July 2008 agenda.

3569. The Board resolved that:

- (a) the dates and agenda items up to December 2009 be noted; and
- (b) the next Board meeting to be held on Thursday 5 June in the Charles Thackrah Building at the University of Leeds be noted.

### **Agenda item 19: Annual Report and Accounts 2007/08**

3570. The Executive Director, Finance presented paper RDA.08/42, which advised Board members of the timetable for the production of the Annual Report and Accounts 2007/08, and invited comments on the Annual Report section.

3571. The Board resolved that:

- (a) the report be noted, subject to the comments made;
- (b) the finalisation of the Report section be delegated to the Chair and Chief Executive; and
- (c) the timetable for the production of the full Annual Report and Accounts be noted, including the special Board meeting on 30 June, commencing at 10.00am.

## **Agenda item 20: Regional Economic Strategy - Progress Report**

3572. The Executive Director, Strategy presented paper RDA.08/43, which sought the Board's approval of the Regional Economic Strategy (RES) – Progress Report. The report examines the progress that has been made in implementing the RES 2006-2015, and ultimately the progress made in achieving the overarching RES goal to grow the economy faster and better than its main competitors.

3573. The Board resolved that:

- (a) the RES Progress Report be noted and approved for publication; and
- (b) the authority to make any final changes following comments be delegated to the Chief Executive and the Executive Director, Strategy.

## **Agenda item 21: Yorkshire and Humber Manufacturing Advisory Service**

3574. The Executive Director, Business presented paper RDA.08/26, which sought the Board's approval to an increase of £1.57m to a previous Board approval of £6.59m in the funding for the Yorkshire and Humber Manufacturing Advisory Service (Y&H MAS) for 2007/08, taking the project investment in the second phase of MAS to £8.16m.

3575. The Board resolved that:

- (a) an additional investment of £1.57m to secure the continued delivery of the Y&H MAS until 30 September 2008 be approved.

## **Agenda item 22: Any Other Business**

3576. The Chair requested that Board members review their respective biography in the Draft Annual Report & Accounts, and make the Executive Director, Finance aware of any amendments. The Deputy Chair informed the Board that the Bank of England Monetary Committee would be visiting Leeds on 21 October 2008. It was also agreed that information regarding the LSC and the 19+ agenda would be included in the Business Progress Report at the next Board meeting.

## **Agenda item 23: Date of the Next Meeting**

3577. The Chair reported that the next meeting of the Yorkshire Forward Board would be held on Thursday 5 June 2008 at the Charles Thackrah Building, University of Leeds.

**Signed and approved by the Chair, Terry Hodgkinson**