

# S O R C E S T H I N G S

impact  
challenges  
issues  
recommendations

## **12** - Rural Economy

**March 08**



**YORKSHIRE  
AND  
HUMBER  
ASSEMBLY**

The Regional Strategic Partnership

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# Foreword

Yorkshire and Humber's unique rural economy, and the thousands of people involved in it, have always been a key part of the region's make-up.

Changes brought about by outbreaks of foot and mouth, floods, population movement and changes in various funding regimes are just a few of the issues facing those in farming and related industries.

This review has explored a range of initiatives and challenges to make rural areas more enterprising and revitalise rural town centres.

Generally, partners feel that the region cannot have 'one-size fits all' policies, and that there needs to be a recognition that the social and economic elements are more closely linked in rural areas than they are in urban centres - what works in an urban area, may not necessarily work in a rural setting.

There will always be disparities between urban and rural - but the key agencies need to acknowledge the contributions that both urban and rural communities make to the region's economy. Only then can we properly address what needs to be done to support Yorkshire Forward, local authorities and other organisations in helping maximise the opportunities our rural communities and business present us with.

Finally, I would like to thank my Assembly Scrutiny Board colleagues, the Yorkshire Forward panel and staff, and the range of regional partners and organisations who have contributed their views and comments to the review.



**Paul Jagger**

*Deputy Chair of Yorkshire and Humber Assembly  
Chair, Scrutiny Board*

# The Assembly's Scrutiny Role

The Assembly has a statutory responsibility to scrutinise how Yorkshire Forward spends its money. Each year we undertake detailed scrutiny reviews on a specific part of the Regional Economic Strategy (RES). The purpose of these reviews is to ensure that Yorkshire Forward is accountable to the region, and that it is achieving the best possible results for the region's economy.

We have completed eleven scrutiny reviews to date. Since July 2006, the scrutiny reviews have been undertaken by our standing Scrutiny Board. The Scrutiny Board consists of up to eight Assembly members, who are nominated by the Assembly at the Annual General Meetings. Each member of the Scrutiny Board agrees to undertake a minimum of two scrutiny reviews.

We have used a number of methods to obtain the views and comments of partners, business representatives, and the voluntary and community sector across Yorkshire and Humber, on the subject of the rural economy. These methods have included a public discussion with Yorkshire Forward, a series of consultative interviews with partners and businesses, and written requests for questions and comments. In order to obtain the perspectives and views of rurally based businesses and community associations, we held two focus groups, conducted a workshop with the Rural Affairs Forum, and attended meetings of the West Yorkshire Rural Partnership and North Yorkshire County Council's Economic Development and Regeneration Overview and Scrutiny Committee.

If you would like to know more about any aspect of the process used in this review, or would like to see the information and data gathered, further detail can be found in the 'Scrutiny' section of our website [www.yhassembly.gov.uk](http://www.yhassembly.gov.uk).



# The Assembly's Scrutiny Board

## **Paul Jagger MBE - Deputy Chair of Yorkshire and Humber Assembly & Chair of the Scrutiny Board**

Paul is the Deputy Chair of the Yorkshire and Humber Assembly, and Chair of the South Yorkshire Learning and Skills Council. He was the Regional Secretary for the TUC Yorkshire and the Humber, until November 2005. Paul is Pro Chancellor and Chair of Council at Bradford University, Chair of the Knowledgebaseuk training company, and a representative on the Sheffield Local Strategic Partnership. Paul is the Chair of the Yorkshire and Humber Assembly Scrutiny Board.

## **Cllr Ann McAllister - Calderdale Metropolitan Borough Council**

Ann is Leader of Calderdale Metropolitan Borough Council and is an elected member for the Rastrick ward. She is Chair of the council's Employment Committee and a member of its Audit Committee. Ann is Chair of Calderdale Forward, the district's Local Strategic Partnership, and a member of the Leeds City Region Leader's Board. She is also a Trustee of the British School Trust, and Governor of Woodhouse Primary School.

## **Cllr Carl Lis - Craven District Council**

Carl is Leader of Craven District Council, and has been one of two councillors representing the Ingleton and Clapham ward for 19 years. Carl is Chair of the Yorkshire Dales National Park Authority and the English National Park Authorities Association. He worked for 40 years in the quarrying industry before retiring in 2005. Carl chairs a number of local community bodies, and has served as a Governor of Ingleton Primary School for 12 years.

## **Michael Oughtred - Yorkshire and Humber Chambers of Commerce**

Michael is currently the president of the Yorkshire and Humber Chambers of Commerce, and a past president of the Hull and Humber Chamber. He is Vice Chairman and Corporate Development Director of William Jackson and Son Ltd, a fifth generation family food business in Hull, and is Non Executive Chairman of Oughtred and Harrison limited. Michael is also Chair of the Hull Truck Theatre Company.

## **Bill Adams - TUC Yorkshire and the Humber**

Bill is the Regional Secretary of the TUC for Yorkshire and the Humber. He has worked for the TUC since 2000. Bill graduated in 1993 from the University of Central Lancashire after reading Law. He is a Governor at the Northern College, a Director at the Open College Yorkshire and Humber, and a member of the Regional Skills Partnership Board and Energy Review Committee.

## **Cllr John Harris - Richmondshire District Council**

John is a Liberal Democrat elected member for Richmond Town, and a former Chair of one of the Council's two scrutiny committees. He is a Board Member of the Richmond Swale Valley Community Initiative (RSVCI), which is a local economic partnership. As an appointed General Commissioner, John is a member of an arbitration panel relating to Income Tax. John is a co-opted member of the Scrutiny Board.

## **Cllr Shelagh Marshall - North Yorkshire County Council**

Shelagh is County Councillor for Mid-Craven. She is vice chair of the Yorkshire and Humber Rural Affairs Forum, a member of the Regional Health Executive Forum, and a member of the Age Concern National Council Rural Sub-group. Shelagh is Chair of the County Council's Care and Independence Overview and Scrutiny Committee and Chair of Future Years, the Regional Forum on Ageing. Shelagh is a co-opted member of the Scrutiny Board.

## **Naheed Arshad-Mather MBE - BME Regional Panel**

Naheed is Chair of the Black and Minority Ethnic (BME) Regional Panel and Deputy Chair of the Assembly's Sustainable Development Board. Naheed is a self-employed consultant with 18 years lecturing experience in Higher Education. She is Chair of the Unity Housing Association in Leeds, Magistrate Chair on the Huddersfield bench, and Independent Chair of Kirklees Social Services Complaints Panel. Naheed is on the parliamentary BME Task Force on Representation. Naheed is the Sustainable Development Board's representative on the Scrutiny Board.

# Background on the Rural Economy

Approximately 5 million people live in the Yorkshire and Humber region. Around 83% of these individuals live in urban areas, which cover an area of approximately 2,095 square metres (14% of the region's land mass). The remaining 17% of the population, some 842,000 people, live in areas classified as being rural and they are dispersed across a land mass area of 13,470 square metres (86% of the region's land mass).

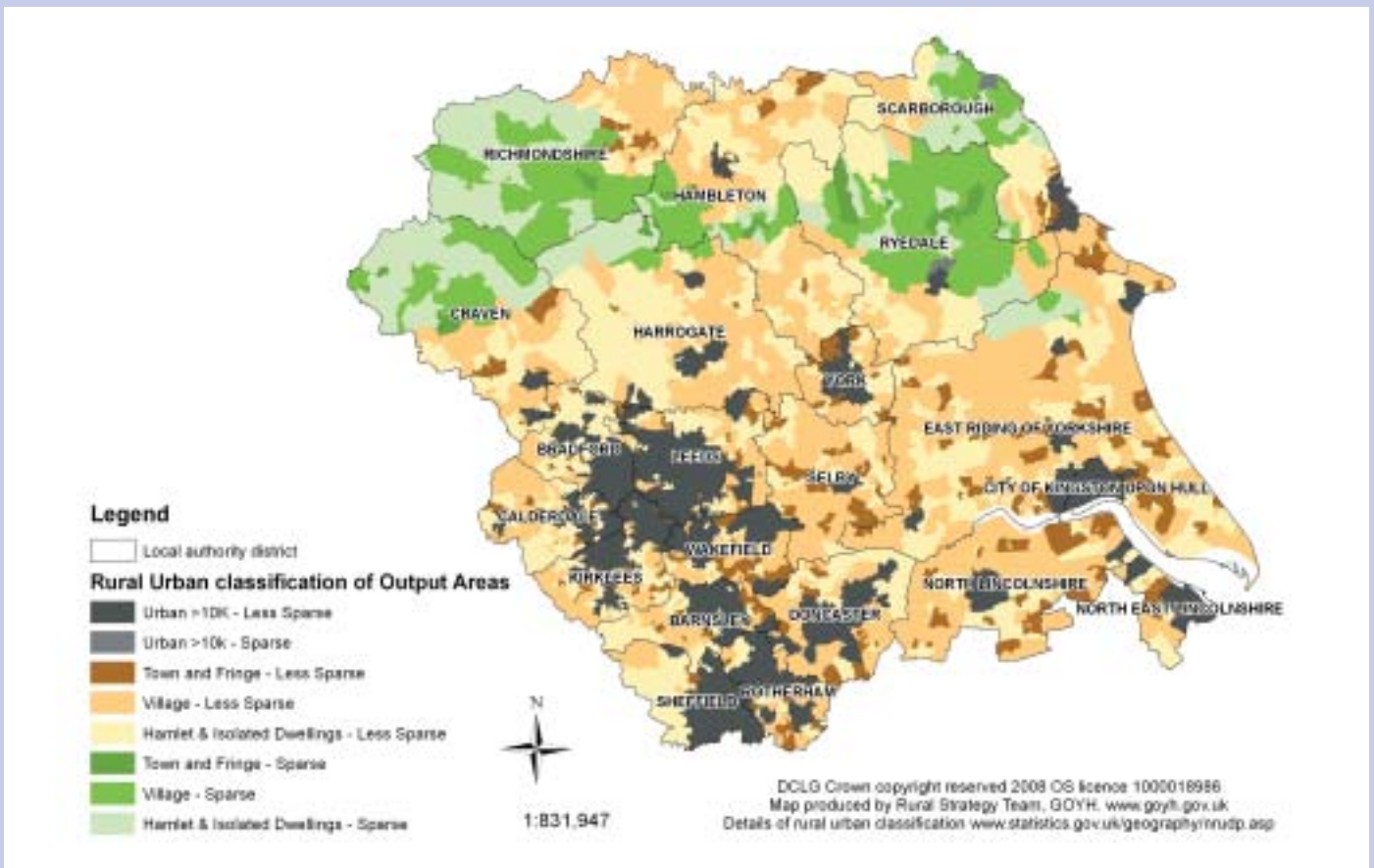
## What Do We Mean by 'Rural'?

The Department for Environment, Food and Rural Affairs (Defra) has stated that if a Local Authority area has more than 26% of its population living in rural settlements or larger market towns, it is regarded as being 'rural'. Yorkshire Forward uses the Defra definition to distinguish its work on rural economic development from urban economic development.

Defra identifies three 'rural' categories:

- **Rural-80** Districts that have at least 80% of their population living in rural settlements or larger market towns (Rural-80 Local Authority areas are Craven, Richmondshire, Hambleton, Ryedale and Selby).
- **Rural-50** Districts with between 50% and 80% of their population living in rural settlements or larger market towns (Rural-50 Local Authority areas are the East Riding of Yorkshire and North Lincolnshire).
- **Significant Rural** Districts that have between 26% and 50% of their population (or at least 37,000 people) living in rural settlements or larger market towns (Significant Rural Local Authority areas are Harrogate, Scarborough, Calderdale, Barnsley and Doncaster).

Figure 1: Output Area definition of rural and urban areas in Yorkshire and Humber, 2004



Only 7 of the region's 21 Local Authority areas in the Rural Evidence Base 2007 are classified as being considerably rural under these three categories, with at least 50% of their population living in rural settlements. The map (figure 1) however, illustrates the rural and urban parts of the Yorkshire and Humber region, and this shows that rural communities exist in other Local Authority districts with a high concentration of urban areas, such as the hinterlands of Bradford and Sheffield.

## The Rural Population

The population of rural areas is increasing quicker than that of urban areas, and it has been predicted that the vast majority of people who will move into rural communities over the next three decades, will be over the age of 60 years, thereby resulting in an ageing population in the region's rural districts. Scarborough and Hambleton in North Yorkshire are expected to see the largest increase of individuals who are nearing retirement age. Approximately 18.3% of the rural population is aged over 65 years, and this percentage will continue to increase. Only 10.6% of the rural population are aged between 15 and 24 years, and there is a strong tendency for young people to move out of rural communities to go to higher education institutions, or to seek employment elsewhere.

According to the last census conducted in 2001, 6.52% of the Yorkshire and Humber population are Black and Minority Ethnic (BME). The vast majority of people from BME communities live in urban areas, with just over 3% living in Local Authority districts that are classified as rural.

Generally, there is a good quality of life in most of the region's rural areas. Life expectancy is higher than it is in urban districts, with residents of rural communities living around two to three years longer than their urban counterparts. Most people living in rural areas are also more satisfied with the community in which they live, and are more optimistic about their future.

Qualification levels are higher in rural districts with 56.7% of rural residents being qualified to NVQ Level 2, with a further 29.8% having a degree, compared with 49.5% and 21.7% respectively in urban communities.

Household income on the whole is also significantly higher in the region's rural areas than the average income of urban households. Average earnings in the Local Authority areas classified as rural are well over £30,000 per annum. In comparison, average earnings in Local Authority areas classified as urban, are under £26,000 per annum. However, it is important to note that whilst there are significant numbers of affluent households in rural areas,

there are also poor households whose income falls considerably below the average income of rural districts. This is particularly true of the region's rural coalfield areas and coastal districts where there are pockets of high deprivation.

## The Rural Business Community

Approximately 45,000 VAT registered businesses are based in the rural areas of Yorkshire and Humber, with 35,000 of these employing less than 4 people. On average, the number of businesses per 10,000 of the population is higher in rural districts than it is in urban areas. Rural districts also have above the regional and urban averages for self-employment, with 13.1% of rural residents being self-employed in comparison to 8.6% of the urban population.

In terms of industrial sectors, around 76% of the rural landscape is occupied by the agricultural industry, with land allocated to farm buildings, and fields set aside for growing crops and maintaining livestock. Unsurprisingly, the majority of businesses in rural areas are involved in agriculture (23.3%), yet it employs only 4.5% of the rural workforce, and the number of individuals employed in the sector is dropping year on year. Financial services account for 20% of all rural businesses, with wholesale and retail companies representing 14.5% of all employers in rural areas.

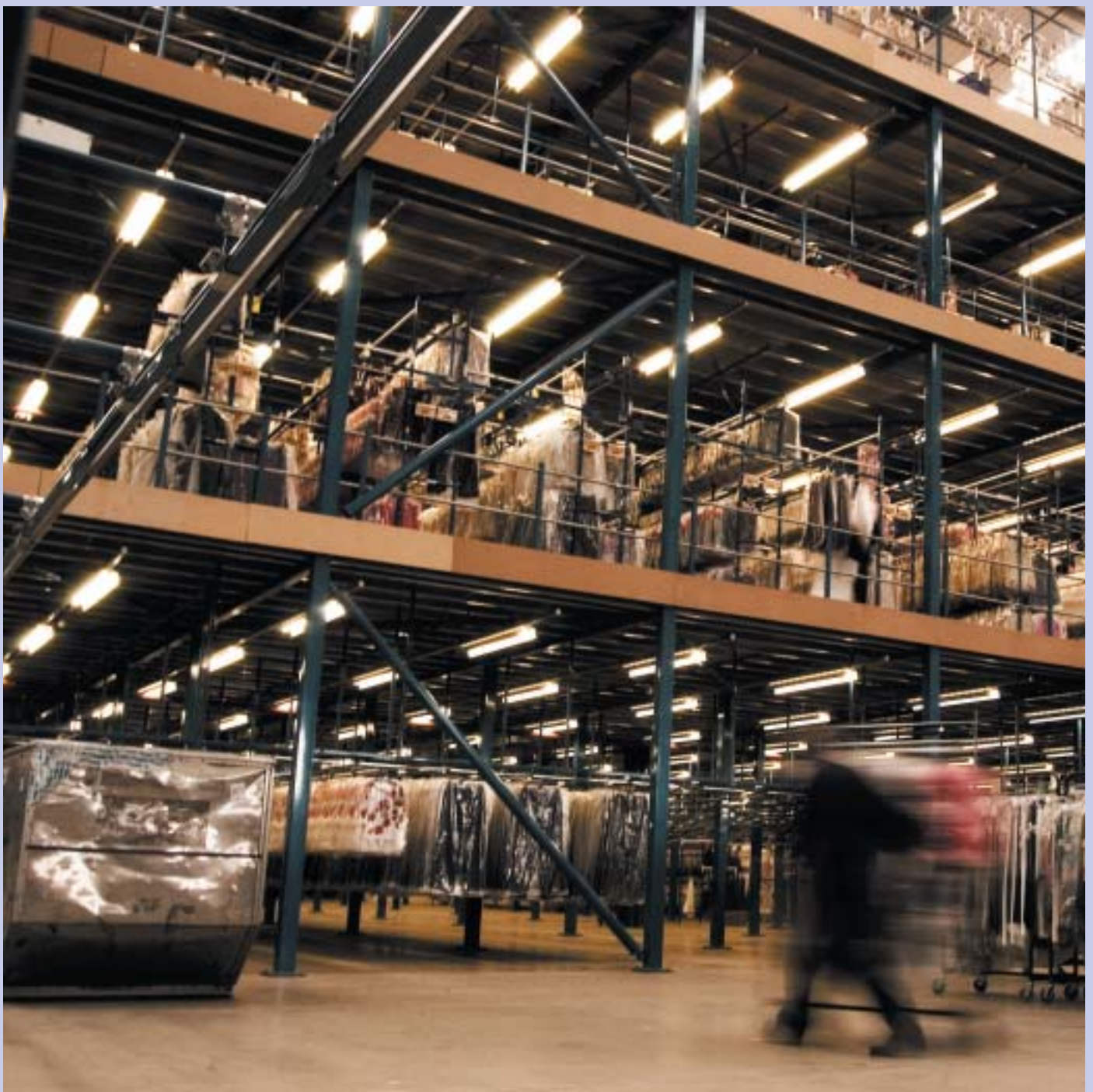
Whilst only 6.3% of rural businesses are in the hotel and catering industries, employment in these sectors has been steadily increasing since 2002. Over 50% of all employment in rural districts, is in the public service, hotels, catering and distribution sectors. As is the case in urban areas, the biggest reduction in jobs in rural communities has been in the engineering and manufacturing industries. In comparison, the communications, construction and financial services industries, have been significantly increasing the number of jobs available since 2002. The arts based creative industry in rural areas is also reported to be growing to the extent that it now employs 30% more people than the agricultural sector. Rural areas have low rates of unemployment (2.9% compared with 5.9% in urban areas), although traditional rural sectors such as agriculture and tourism often offer seasonal employment rather than permanent jobs, and tend to pay low salaries.

Despite high rates of employment, businesses in rural communities are suffering from low productivity, with rates in most rural areas being less than those in urban districts. In 2004, Local Authority areas classified as urban contributed 60% of the region's GVA, with the cities of

Leeds and Sheffield contributing the most. Those Local Authority areas classified as Rural-50 or Rural-80 contributed 16% to the region's GVA rate in comparison, with the East Riding, Hambleton, Richmondshire and North Lincolnshire faring worst in terms of productivity values. This may be considered as surprising given the relative wealth of these districts in comparison to some urban areas, and the fact that on the whole the rural population is more highly skilled. However, it is important to note that productivity in the region is calculated on the basis of GVA, and that this measure is influenced by labour

costs, and is counted at the place of work. Low productivity rates in affluent rural districts can therefore be explained by three factors: the number of highly skilled rural residents commuting to work in urban areas, the lower number of businesses in rural communities and the relatively lower rates of pay in rural districts.

GVA data is not currently available lower than district level, and this creates a problem when trying to understand the total monetary contribution that rural areas make to the regional economy.



# Executive Summary

This scrutiny review has considered Yorkshire Forward's economic development activities in the rural communities of the Yorkshire and Humber region, and has assessed whether Yorkshire Forward and its partners are creating the right conditions for rurally based businesses to exist and thrive. The Scrutiny Board chose to look at two themes in the review: Making Rural Areas More Enterprising and the Regeneration of Rural Town Centres. In reflecting on whether the region is undertaking the right activities to ensure a sustainable economic future for rural areas, the Scrutiny Board has also analysed a number of key challenges that are facing the rural economy in future years.

## Making Rural Areas More Enterprising

The Scrutiny Board looked at the range of support that Yorkshire Forward and its partners deliver to start-up, existing and growing businesses in rural communities.

Partners and businesses believe that Yorkshire Forward concentrates more effort on helping new businesses to start-up, than in supporting existing businesses to survive. However, partners acknowledge that this is the result of central Government policy rather than a decision made by Yorkshire Forward. The Rural Opportunities for Self-Employment (ROSE) initiative for young budding entrepreneurs, and the Growing Routes project for young residents on farms, offer specialist support for start-up businesses in rural areas, and both programmes have been praised by partners, businesses and communities. Yorkshire Forward needs to consider the incentives that are on offer to start-up and relocating businesses in rural areas, in comparison to the incentives available in urban districts, particularly if more high-value and high-growth businesses are to be attracted to the region's lagging rural districts to raise their contribution to regional GVA.

Business support delivery in rural areas in the past has often been considered as inflexible and difficult to access, with limited availability of tailored products that can meet the specific needs of rural businesses. The Scrutiny Board accepts that it costs more to deliver business support in rural areas, as businesses tend to be more widely dispersed. The Scrutiny Board acknowledges that Yorkshire Forward needs to balance the provision of business support to rural areas at higher cost with a reduction in its overall budget from Government. Partners, businesses and community groups highlighted some concerns over the impending changes to business

support delivery in the Yorkshire and Humber region. The new Information, Diagnostic and Brokerage (IDB) service, will be delivered by Y&H IDB Ltd, a national company, and will commence in April 2008. The principle concern is whether and how rural businesses can access local advice, guidance and other support through IDB, although Yorkshire Forward has assured the Scrutiny Board that this will happen. The Scrutiny Board recommends that Yorkshire Forward ensures that the delivery of IDB services takes account of the needs of existing rural businesses, and provides tailored and specialist support as required. The Scrutiny Board also recommends that Yorkshire Forward should also investigate how rural businesses can access face-to-face business support locally, through a single point of contact.

Social enterprises are not-for-profit organisations which deliver a service for social benefit, and partners and community organisations regard them as a real asset to rural communities, as they can deliver services locally, and at a lower cost. Social enterprises can also deliver 'softer' social, educational and ethical outcomes, which are so important to rural communities. Yorkshire Forward has already supported social enterprises in a number of ways: Yorkshire Forward worked with key agencies such as the Regional Forum and Business Link to produce 'Advancing Community Partnerships - the Social Economy in Yorkshire and the Humber'; a Social Economy Support Network has been created for the region; and grant funding was made available to social enterprises through the Single Regeneration Budget (SRB) programme. However, partners and communities have questioned the support available from Yorkshire Forward for social enterprises once they have been established, particularly in regards to business advice and guidance. Communities have requested that business support to social enterprises is delivered through specialist social enterprise advisors, as they understand that social enterprises are a different type of business and have different needs to private sector companies. The Scrutiny Board has also been alerted to a degree of frustration with all funding bodies, over their preference for funding large-scale projects rather than smaller, continuous initiatives that are more appropriate for rural communities. Whilst loan funds are available for social enterprises the Scrutiny Board acknowledges that grant funding may be more appropriate and economically viable. The Scrutiny Board recommends that Yorkshire Forward identifies the best practice in Social Enterprises in rural areas, and considers how these enterprises can best be supported by the new IDB service, and financially, to

deliver sustainable services to local people and local businesses.

Two Yorkshire Forward funded initiatives have been praised by partners and businesses for how they help smaller businesses to grow: the aforementioned Growing Routes project, which is delivered locally and provides financial as well as mentoring support; and the Women in Rural Enterprise (WiRE) programme. WiRE is a national organisation that provides appropriate and tailored business support to women in rurally based businesses, and advises them on how to develop and grow their business. Although Yorkshire Forward has provided funding to WiRE in the past, it now considers WiRE to be self-sustaining and is no longer providing financial assistance. The Scrutiny Board is concerned that although Yorkshire Forward intends to mainstream Growing Routes under the new IDB service, there are no plans to mainstream WiRE, which has reduced in scope and size as a result of less funding. The Scrutiny Board therefore recommends that Yorkshire Forward considers reviewing the decision on mainstreaming WiRE through the new IDB service, in order to ensure that it is sustainable and that its impact is not compromised as a result of insufficient funding.

Whilst partners strongly support the need for rural areas to attract new and high-growth sectors which will provide well-paid jobs, continued effort needs to be given to supporting the agricultural sector to offset its decline. Agricultural products need to be locally available in order to reduce the volume of imports into the UK, and ensure that the country is self-sufficient. The agricultural industry also has a large supply chain, and the knock-on effects of decline in the sector could be detrimental to other rurally based businesses. Market changes are impacting on the value of livestock, and livestock farmers will also be affected by changes to the Common Agricultural Policy (CAP), which will see payments to farmers gradually transform from being production based to land area based, over the next eight years. There is a degree of uncertainty over how land-based industries will develop in the future, however, if the amount of livestock farming in Yorkshire and Humber is to be maintained, farmers will need to seek other forms of income from their land assets. Partners and businesses are supportive of the principles behind diversifying land-based industries, however, land-based businesses have indicated that diversification is not possible for all farms, particularly the more vulnerable hill farmers in the Yorkshire Dales. The national Redundant Building Grants (RBG) scheme, which Yorkshire Forward administered, enabled land-based businesses to re-develop their agricultural buildings into new business ventures. The scheme has been so significantly praised by partners

and businesses, that they have suggested that Yorkshire Forward resurrect it through the new European funded Rural Development Programme for England (RDPE). The Scrutiny Board recognises that it is not Yorkshire Forward's responsibility to resolve all of the issues associated with the decline in the agricultural industry. However, partners and businesses have identified a number of key roles that Yorkshire Forward can undertake, including the funding of business advice and guidance to farms wanting to diversify, identifying and developing new markets for land-based businesses to access through collaborative working with UK Trade and Investment and the Chambers of Commerce, and building on the region's strong image for food produce. The Scrutiny Board believes that Yorkshire Forward can also help lobby Government departments on national policies and strategies which affect the land-based industry, and by strengthening their existing relationship with Defra. The Scrutiny Board therefore recommends that Yorkshire Forward ensures that the RDPE programme funds farm diversification, and that land based businesses are given the appropriate business advice and guidance to enable them to diversify into new markets.

## Regeneration of Rural Town Centres

The Scrutiny Board looked at the impact that the Renaissance Market Towns (RMT) programme and other Yorkshire Forward projects and initiatives had made so far, and how the regeneration of rural town centres is delivered with and through partners.

The Scrutiny Board recognises that not all of the regeneration activity in rural town centres is the responsibility of Yorkshire Forward. However, Yorkshire Forward has a lead role in supporting and stimulating economic development in rural areas through the Renaissance Market Town Programme (RMT), business support activities and ICT projects. The Scrutiny Board also acknowledges the constraints that exist in rural areas that affect the degree and type of regeneration that can take place. Yorkshire and Humber has the highest proportion of land with a national or international environmental designation in the UK. Although partners and communities believe that this 'green infrastructure' is integral to the vitality of the rural economy, in terms of attracting new investment and tourism, it also means that the availability of land and premises for economic development in rural areas is limited. The range of workspace available for new and growing businesses in rural communities is not currently wide enough, and Yorkshire Forward is making a concerted effort to resolve this issue.

Yorkshire Forward has also invested in other forms of rural infrastructure. In 2005, Yorkshire Forward invested just under £3 million in a project, which sought to enable the provision of broadband internet to businesses and households across the region. In 2006, Yorkshire Forward contributed an additional £4 million to North Yorkshire County Council's NYNET project, to expand broadband access across the predominantly rural sub-region. Although partners, communities and businesses have raised issues about the differing speed, quality and reliability of the broadband service, rurally based businesses are generally appreciative of Yorkshire Forward's intervention, recognising that the provision of broadband is not Yorkshire Forward's responsibility.

The provision of services in rural areas is integral to creating long-term sustainability in rural communities, although some respondents feel that the focus of economic development on rural towns, does little to help the long-term future or sustainability of the surrounding hinterlands. One way in which Yorkshire Forward is improving rural service delivery, is through a £1.2million investment in the Humber Rural Pathfinder programme, which is testing new ways of delivery. The pathfinder is one of eight Defra pilot projects and it is well regarded by partners and communities, and is credited with tackling disadvantage and social exclusion, and enabling funds to be delivered much closer to rural communities. In terms of how rural communities access services, the Scrutiny Board has received conflicting opinions on transport in rural areas. There are strong concerns about enabling rural residents to access places of work in rural town centres, although it appears as if poor road access and irregular bus services are tolerated in return for leaving the countryside unspoilt. Although Yorkshire Forward has limited responsibilities for addressing rural transport issues, it has funded some small local projects and partners, businesses and communities have identified a clear role for Yorkshire Forward in guiding transport investment through the Regional Economic Strategy (RES) and in strengthening the rural transport priorities in the RES.

Housing is another area that is not currently under Yorkshire Forward's remit. However, the Scrutiny Board believes that consideration needs to be given to the limited availability of 'suitable' and 'affordable' housing in rural areas, and the impact that this has on the region's economy. The Scrutiny Board acknowledges that Yorkshire Forward does not have direct responsibility in tackling some of the issues outlined above. However, they all contribute to the sustainability of the rural economy. The Scrutiny Board recommends that Yorkshire Forward, and its regional and local partners, address the rural issues of sites and land for business and employment opportunities, access to services, transport networks and housing provision, when developing the future Single

integrated Regional Strategy. The Scrutiny Board also recommends that Yorkshire Forward considers any potential policy conflicts that may arise, and how these may be resolved.

Yorkshire Forward's rural remit has expanded in recent years with new funding responsibilities previously administered by other agencies. Partners are broadly complimentary about Yorkshire Forward's delivery of these new responsibilities, and Yorkshire Forward has also been praised for working in partnership with the Sub-regional Rural Partnerships, and for using regional 'expert' advice when developing projects.

One of Yorkshire Forward's main regeneration initiatives in rural areas is the Renaissance Market Towns (RMT) programme. Over the last four years, 24 out of the 72 eligible towns in the Yorkshire and Humber region have received funding through the RMT programme, which aims to develop long-term visions and masterplans for each town through a partnership of Local Authorities, businesses and residents. Yorkshire Forward has introduced a small projects fund to assist the masterplanning process, and partners and communities regard Yorkshire Forward's masterplanning approach as successful, as it has released new land for development at an appropriate time, has restructured the region's towns, and has led to effective partnerships and town teams being formed. However, partners have also commented that it has been a lengthy process to bring projects to fruition, and it has raised expectations amongst the town communities which the funding and delivery timescales cannot meet. The Scrutiny Board has also been alerted to concerns about the 'reach' of the RMT programme to the hinterland communities.

In addition to RMT, Yorkshire Forward funds the Modernising Rural Delivery (MRD) programme, which is currently being delivered through the Sub-regional Rural Partnerships. Although the sub-regional projects vary, MRD has funded activities such as sub-regional rural evidence bases, rural transport initiatives, and integrated rural business and skills support. Partners are supportive of Yorkshire Forward's decision to deliver the MRD programme through the Sub-regional Rural Partnerships as it has provided flexibility of decision making at a local level and allows local concerns to be addressed.

Over the next seven years, Yorkshire Forward will deliver the new RDPE programme in Yorkshire and Humber, which will bring approximately £66.5 million into the region. Whilst the RDPE is a new programme, and its impact on rural areas is not yet known, partners have commended Yorkshire Forward's partnership approach in developing four priorities, through which businesses and communities can access funding.

The funding for the RMT and MRD programmes will end in March 2009, and there is uncertainty about the future of these initiatives and how the established partnerships will continue to be supported. The Scrutiny Board therefore recommends that Yorkshire Forward carries out a detailed evaluation of the impacts of the RMT, MRD and RDPE programmes, and ensures that future programmes in rural areas address the specific needs of the rural economy. The Scrutiny Board also recommends that Yorkshire Forward better integrates the new RDPE programme with other mainstream programmes, and works more closely with Natural England, the Environment Agency, Commission for Rural Communities and Defra, to better utilise expertise and resource.

The Scrutiny Board was keen to understand how Yorkshire Forward supports other organisations and partners to deliver regeneration activity, and a key concern that has been raised by many partners and communities is the application process for Single Pot funding. All projects and programmes that seek Single Pot funding from Yorkshire Forward are processed through the three stage Performance Management Framework. The main issue is the amount of paperwork and detailed information required by Yorkshire Forward is the same, regardless of whether applicants are bidding for a £10,000 or £500,000 contribution. Partners, businesses and community representatives broadly agree that Yorkshire Forward's application, approval and delivery processes are often slow, lengthy and complex. The Scrutiny Board accepts that the amount of time it takes to move a project through the application process often depends on the quality of the application. However, the Scrutiny Board also acknowledges that delays in the process can be frustrating for applicants and can cause resource issues for smaller bidding organisations. The Scrutiny Board notes that a prospectus is being developed for the new ERDF programme, which provides a clear indication of what can and cannot be funded, and which guides applicants in how to bid for funds, and believes that this could provide a solution. The Scrutiny Board recommends that Yorkshire Forward works with applicants to develop their ideas prior to submitting an application for Single Pot monies, and considers adopting the ERDF prospectus model for the Single Pot, to ensure that the Performance Management Framework process is clearer to funding applicants, and that there is a consistent message on the activities that Yorkshire Forward can and cannot fund.

As mentioned previously, Yorkshire Forward has utilised the expertise of the Sub-regional Rural Partnerships to successfully deliver the MRD programme. The Scrutiny Board has received strong support from partners, businesses and community organisations, for other funds to be delegated to the local and sub-regional level, with

the flexibility to determine how the funds are spent. The respondents to this review believe that local and sub-regional agencies can ensure that projects and initiatives appropriately address local needs in rural areas. The Government's Sub-national Review of Economic Development and Regeneration, identifies a role in this regard for Local Authorities. However, partners and community based organisations have commented that economic development funding could also be devolved to larger third sector organisations, which have grant management expertise and could manage and fund small regeneration projects in rural communities. The Scrutiny Board recommends that Yorkshire Forward maintains the priority-setting for economic development and regeneration at a local and sub-regional level, so that priorities reflect local needs. The Scrutiny Board also recommends that Yorkshire Forward increases the involvement of Local Authorities, partnerships and the third sector, in delivering future regeneration programmes in rural areas.

## Challenges for the Future

Yorkshire Forward has a significant role to play in future regional policy making and regional governance, and the Scrutiny Board believes that Yorkshire Forward must ensure that the economic contribution of rural areas is acknowledged when developing new strategies and approaches.

The Yorkshire and Humber Rural Framework (YHRF), was produced in 2006 as a response to the Government's Modernising Rural Delivery Review and Defra's Rural Strategy, and it led to new governance and delivery arrangements being identified and established in the region. The aim of the YHRF is to improve the way that rural activities are targeted and delivered. A recent review of the YHRF concluded that it has improved understanding of rural issues, and rural priorities. However, it also stated that the YHRF had not unravelled the complexities associated with public sector funding in rural areas, and reported that its impact beyond rural stakeholders, was limited. In regards to more general regional strategies and policies, the respondents to this review believe that the Regional Economic Strategy (RES) is very city focused, and there is a concern that rural areas often get overlooked. The Scrutiny Board recognises that regional strategies need to ensure that they tackle issues that are more prevalent in rural areas. For example, regional policies and strategies must tackle the issues of low pay and seasonal employment in rural areas, and an increasing reliance on importing labour from elsewhere to fill gaps in labour supply, particularly when planning how gaps in skills and labour can be filled in the future.



The new rural governance structures were established in 2006, and include a Rural Board, the Rural Practitioners group and the Rural Affairs Forum. The respondents to this review have questioned the effectiveness of these structures, in which Yorkshire Forward plays an important role. Although the new structures are regarded as having improved the region's understanding of rural needs and priorities, the engagement with Local Authorities and Government departments needs to be improved. Partners and rural communities also believe that the vision for rural areas in Yorkshire and Humber needs to be strengthened and that the statements about rural areas in regional strategies and future plans need to be more consistent.

Partners and communities have identified rural proofing is an important tool for policy makers, as it ensures that the impact on rural areas is always considered when new initiatives or strategies are developed. However, partners also recognise that singling out rural concerns just for the sake of it, can sometimes be unhelpful. In light of the Government's intentions to no longer treat rural areas as 'special cases', the Scrutiny Board believes that future regional strategies should still be mindful of the special needs of rural areas, and that they detail tailored objectives for rural areas when generic objectives will not meet rural needs. The Scrutiny Board recommends that Yorkshire Forward ensures they are fully engaged with the region's rural governance structures and that the findings and recommendations of Rural Innovation's review of the YHRF are taken into account when developing future rural governance structures, and all new strategies which impact on rural areas.

Yorkshire Forward supports the City Region concept as a way of improving the region's economy by focussing on key economic centres. The Yorkshire Forward Board agreed in March 2007 to move from a Sub-regional Investment Planning approach to one based on City Regions from 2009, with separate arrangements for the rural and coastal areas that sit outside the City Region boundaries. Partners and businesses have expressed mixed views about the impact of a City Region approach on rural areas both within and outside the City Region boundaries, believing that there will be greater competition for resource and support, and a risk that the large rural districts will be ignored. Whilst the Scrutiny Board welcomes the fact that Yorkshire Forward will discuss how the City Region approach will work for communities both within, and outside, the City Region boundaries, the Scrutiny Board believes that Yorkshire Forward needs to provide more clarity on how economic development in rural and coastal areas will be supported and enabled. The Scrutiny Board therefore recommends that Yorkshire Forward develops a strategy that outlines how they will engage with the rural areas that sit within and outside the City Region boundaries. The Scrutiny Board also recommends that Yorkshire Forward engages the Sub-regional Rural Partnerships and Local Authorities when developing all future Investment Plans.

The Scrutiny Board has made a total of 10 recommendations on how economic development in the rural communities of Yorkshire and Humber can be improved.

# Introduction

This scrutiny review has considered Yorkshire Forward's economic development activities in the rural areas of the Yorkshire and Humber region. The Scrutiny Board has explored whether Yorkshire Forward and its partners are creating the right conditions for rural businesses to exist and thrive. The Scrutiny Board has also reflected on whether the region is undertaking the right activities to ensure a sustainable economic future for rural areas.

In August 2004, the Assembly completed a scrutiny review on the effectiveness of the implementation of the Market Towns Initiative (MTI) and Renaissance Market Towns (RMT) programme, and their contribution to Regional Economic Strategy (RES) objectives. As the renaissance programme is one of Yorkshire Forward's key initiatives in rural areas, this review has assessed the impact that this programme has had rather than re-evaluating the findings and recommendations from the previous enquiry.

Most references to the 'rural economy' in the RES appear under Objective 6: Stronger Cities, Towns and Rural Communities. This objective is concerned with boosting the role of City Regions as economic drivers, delivering integrated renaissance programmes in cities and towns, securing a strong and diverse rural economy, capitalising on housing and health and using culture to contribute to the economy. The rural economy also impacts on two other RES objectives: Objective 5: Transport, Infrastructure and Environment, and Objective 4: Connecting People to Jobs. The RES lists a number of outcomes that Yorkshire Forward will deliver with partners, in addition to its Public Service Agreement (PSA) targets for creating and safeguarding jobs and creating and assisting businesses. These outcomes include maximising public sector investment to support renaissance, ensuring effective investment in energy, utilities and broadband, and protecting and utilising the environment and natural resources.

The Scrutiny Board chose to look at two themes of the rural economy:

- **Making Rural Areas More Enterprising** - the impact that Yorkshire Forward's initiatives and programmes have had in enabling businesses to start-up, trade and grow in rural areas
- **Regeneration of Rural Town Centres** - how successful the region's policies, strategies and regeneration activities have been in revitalising rural town centres

Whilst the Scrutiny Board accepts that Yorkshire Forward was genuinely concerned regarding the content of the second line of enquiry, and its potential to duplicate issues already addressed in the scrutiny enquiry of August 2004, the Scrutiny Board felt that this was an opportunity to review the impact that the RMT programme has had. However, the Scrutiny Board recognised that Yorkshire Forward reserved the right during the Public Discussion to emphasise when points raised did not relate to its work.

The next two sections of this report look at the impact that initiatives and programmes have had on developing business opportunity in rural locations, and how Yorkshire Forward has worked with partners to regenerate rural town centres. The emerging findings and recommendations for each of the two themes are discussed in each section, and these are followed by an analysis of the key challenges that are facing the rural economy in the future.

# Making Rural Areas More Enterprising

Since February 2005, the Regional Development Agencies have been responsible for managing publicly funded business support, most notably through the Business Link brand. The Scrutiny Board wanted to identify the range of support that Yorkshire Forward and its partners deliver to start-up, existing and growing businesses in rural communities.

It is important to note that in order for businesses to start-up and survive in rural communities, the business owners and employees require the right skills and knowledge in order to succeed. The Scrutiny Board acknowledges the work of Lantra, the Sector Skills Council for the land-based and environmental sector, and welcomes the recently established Yorkshire Rural Academy to address skills development issues in the rural districts. However, this review does not explicitly cover skills in rural areas, as previous scrutiny reviews on skills policy and employment have considered the development of people, skills gaps and labour shortages in rural communities.

## Supporting Start-up Businesses

Whilst more rural residents consider starting a new business than urban residents, only 12.1% actually go on to start a new business, whereas in urban areas this rate is much higher at 19.1%. Whilst it may appear that rural residents are less likely to take on the risk of starting a business, when they do decide to set-up in business, their businesses are more likely to be stable, with over 67% lasting for more than 3 years, compared to 58% in urban districts.

The Government places a great deal of emphasis on business start-ups, and because of this there is a belief from partners and businesses in the region that Yorkshire Forward concentrates more effort on helping new businesses to start-up, than in supporting existing businesses to survive. Partners have been quick to point out however, that the imbalance in business support is the result of central Government policy rather than Yorkshire Forward's decisions.

In terms of Yorkshire Forward's specialist support for start-up businesses in rural areas, there are two key initiatives: Rural Opportunities for Self-Employment (ROSE) and Growing Routes. The ROSE programme is aimed at young people in rural communities who are budding entrepreneurs, and it develops their skills and

knowledge whilst identifying opportunities for self-employment. The project aims to retain enterprising young people in the region following their years in statutory education. The Growing Routes initiative is aimed specifically at young residents on farms, and it provides them with practical help and support in starting a new business. Growing Routes is also helping young people to develop a business plan whilst directing them to financial help and other relevant advice. Both of these programmes have been praised by partners, businesses and communities, and they are regarded as supportive and enabling of young people. The programmes are also credited with helping to develop a spirit of enterprise amongst young people in rural areas.

The Scrutiny Board was keen to understand how Yorkshire Forward is supporting business start-ups for other age groups, and learnt that Yorkshire Forward is working with the Princes Trust on a number of enterprise initiatives. One example is the national PRIME project, in which Yorkshire Forward has invested £160,000 to support individuals in South Yorkshire who are aged 45 years and over, to start a new business. Rural residents of all age groups, who wish to start-up a business, can also benefit from the general business support that is provided through the Business Link network, and funded by Yorkshire Forward.

Whilst Yorkshire Forward aims to increase the number of business start-ups, the views expressed by existing rurally based businesses during this review, have been mixed. Whilst some believe that it is vital that sufficient investment is made to improve the environment and quality of towns and villages to attract entrepreneurs and other new businesses, other respondents to this review are keen to ensure that rural areas are not inundated with new businesses which the buildings and transport infrastructure of rural towns might not be able to support. Some potential business start-ups have commented to the Scrutiny Board that they believe that more financial help and assistance is available for business start-ups in urban areas than there is for start-ups in rural towns. This may be true of some of the deprived urban communities which have benefited from Objective One and Two funding, although start-up grants from the Rural Development Programme for England (RDPE) have also been awarded to new rural businesses. If more businesses are to base themselves from rural areas, Yorkshire Forward needs to consider the incentives that are on offer to start-up and

relocating businesses, particularly if more businesses are to be attracted to the region's lagging rural districts. The Scrutiny Board believes that it would be beneficial if Yorkshire Forward and its partners focused their efforts on attracting high-value and growth sectors to rural communities, such as the creative and digital industries, as these sectors are not as heavily reliant on good transport networks and will make a larger contribution to the GVA of rural areas.

## **Business Support for Existing Businesses**

During this review, partners and businesses have commented that business support delivery in rural areas has often been inflexible and difficult to access, with limited availability of tailored products that will meet the specific needs of rural businesses. It is generally acknowledged that it costs more to deliver business support in rural areas, as the businesses are often based in remote locations and are widely dispersed, requiring more travel time and higher travel expenses for business advisors. The Scrutiny Board is concerned that Yorkshire Forward will need to balance the provision of business support to rural areas with its associated higher cost, with a reduction in its overall budget from Government following the Comprehensive Spending Review 2007.

In terms of access to business support, small businesses in particular often seek business advice and guidance from their locally based accountant or bank, rather than through Business Link. In fact, the Survey of Regional Econometric Trends in 2005 showed that only 20% of micro businesses (employing less than 5 people) and 35.2% of small companies employing less than 50 people, had used Business Link in the last 12 months. The growth of the financial services sector in rural areas masks a general reduction in the number of high street banks and building societies operating from rural town centres. The closure of banks and building societies in rural communities has therefore reduced access to business advice through this traditional source. The Scrutiny Board believes that Yorkshire Forward needs to ensure that more emphasis is placed on delivering business support in rural areas, particularly for those businesses that have always relied on accessing advice and guidance through traditional routes such as their accountant or bank.

Yorkshire Forward does indeed fund specialist business support for rural businesses, with an emphasis on funding pilot projects which can then be mainstreamed or continued by other agencies. However, as business support is Yorkshire Forward's responsibility, the Scrutiny Board believes that Yorkshire Forward should ensure that any successful business support pilot projects are continued through mainstream business support funding.

The Scrutiny Board has acknowledged that existing businesses often require financial support as well as advice and guidance, to fund the development of new products and services, or to purchase essential equipment. The Scrutiny Board therefore believes that there is merit in Yorkshire Forward considering how they can assist other agencies to provide financial support that will help rural businesses to innovate and develop. One way of doing this would be to expand the remit of Partnership Investment Finance (PIF), which has provided access to small-scale finance to businesses in selected postcode areas Yorkshire and Humber, along with mentoring support. PIF has largely been funded through European monies, although Yorkshire Forward has provided funding to plug a finance gap, pending support from the banks. The initiative is generally well regarded by businesses, although as businesses based in Objective 2 areas are the only ones who can access financial support from PIF, it is limited and not well known. Yorkshire Forward recognises the value of PIF, particularly in terms of its ability to provide financial assistance for business activities that may be too risky for banks to consider loan finance. The Scrutiny Board welcomes the fact that Yorkshire Forward is now looking at how the initiative could be expanded with investment from the new European Regional Development Fund (ERDF) programme, and made more viable for other agencies like banks and building societies to fund. However, the Scrutiny Board believes that the mentoring aspects of the PIF initiative should be continued and strengthened.

The previous scrutiny reviews on Innovation and Employment highlighted issues with how Yorkshire Forward promotes its role and activities to partners and businesses. During this review, partners and businesses have again requested a clear explanation from Yorkshire Forward on what it can and cannot deliver in terms of business support. Further clarity on Yorkshire Forward's overall role and responsibilities in the region will become a more pressing issue in the future, as it will soon inherit areas of work from other bodies, as a result of the Government's Sub-national Review of Economic Development and Regeneration (SNR). The Scrutiny Board will continue to monitor progress on how Yorkshire Forward communicates its activities to partners and businesses.

The majority of comments that the Scrutiny Board received from partners, businesses and community groups on enterprise in rural areas were in relation to the delivery of the new Information, Diagnostic and Brokerage (IDB) service, which will commence in April 2008. In 2006, Yorkshire Forward used the Government's decision to transform business support services into IDB provision as an opportunity to review existing business support

mechanisms, including Business Link and its achievements in the region, and to improve them. Following an open and competitive tendering exercise with business support providers across the UK, Yorkshire Forward has awarded the contract for IDB delivery to Y&H IDB Ltd, which is a national company that will deliver IDB under the Business Link brand. The main concern that partners, businesses and communities have expressed through this review, is whether and how, rural businesses can access local advice, guidance and other support from April 2008. There is also a key concern that Y&H IDB Ltd may not have the knowledge or experience of addressing the needs of the region's rural businesses. Yorkshire Forward has confirmed that Y&H IDB Ltd have consulted existing suppliers of business support in the region, and has assured the Scrutiny Board that the new business support arrangements will be delivered at the local level, to fit business needs.

### Specialist Support for Social Enterprises

Social enterprises are businesses with a social purpose. They are not-for-profit organisations which deliver a service for social benefit, for example, creating jobs for disadvantaged local people, providing childcare facilities to local communities or providing local bus services for the elderly. Essentially, any profit that a social enterprise makes is re-invested in the delivery of additional services to the people and communities, which they serve.

In June 2002, the Government published its strategy on social enterprise, which outlined the aim of making social enterprises better businesses. The strategy identified possible key roles for social enterprises in regenerating their local community, and in delivering public services. Partners and community organisations have commented through this review that social enterprises are of value to rural communities, as they can often deliver services locally, and at a lower cost. There are approximately 1,485 social enterprises in the Yorkshire and Humber region.

The Government's strategy on social enterprise also identified the Regional Development Agencies (RDAs) as having a key role in ensuring that the potential of social enterprise businesses was realised, and the RDAs established a Social Enterprise Network to achieve this. Yorkshire Forward has supported the concept of social enterprise, by producing a document called 'Advancing Community Partnerships - the Social Economy in Yorkshire and the Humber' in collaboration with key agencies, such as the Regional Forum and Business Link. Yorkshire Forward also created a Social Economy Support Network for the region, and provided grant funding for social enterprise activities through the Single Regeneration Budget (SRB) programme. The network has since developed a framework, which highlighted the need to provide both small short-term grants and long-term finance to social enterprises to help them to become income-generating businesses.

Other regional partners, such as the Regional Forum, are supporting the social enterprise agenda by encouraging the creation of social enterprises, and by improving co-ordination with economic development bodies and the voluntary and community sector. It has been suggested by respondents to this review, that the voluntary and community sector could work more closely with Yorkshire Forward as providers of training to the social enterprise sector, as advisors to Yorkshire Forward on the economic needs of individual communities, as providers of business investment through credit unions, and as hosts of workspace units for start-up social enterprises.



### Recommendation 1

Yorkshire Forward should ensure that the delivery of IDB services takes account of the needs of existing rural businesses, and provides tailored and specialist support as required. Yorkshire Forward should also investigate how rural businesses can access face-to-face business support locally through a single point of contact.



In terms of how business support for social enterprises could be improved, partners and communities have highlighted a need for advice and guidance to be delivered through specialist social enterprise advisors who understand what social enterprise is, how it differs from other types of businesses, and the specific business needs of the social enterprise sector. Previously, business support to social enterprises has been delivered by Business Link. However, partners and communities have suggested that Business Link is not the best placed organisation to deliver advice to social enterprises on how to operate. Instead, there is more support from community groups for the sub-contracting of business support delivery to the voluntary and community sector. An example of this is Business Link York and North Yorkshire who has sub-contracted business support delivery to social enterprises to the North Yorkshire Forum. The Scrutiny Board feels that there is merit in Yorkshire Forward considering the continuation of sub-contracted business support for social enterprises, under the new IDB service.

Partners and communities have questioned the support available from Yorkshire Forward for social enterprises once they have been established. Partners and communities have stated that the main benefit of supporting social enterprises is that they deliver 'softer' social, educational and ethical outcomes, which are so important to rural communities. The voluntary and community sector in particular, has asked whether Yorkshire Forward is willing or able to fund social enterprise projects that deliver 'softer' outcomes, rather than the 'hard' PSA outputs that Yorkshire Forward is required by Government to deliver. The Scrutiny Board has received a number of comments from partners, businesses and community groups about funding bodies. Respondents are frustrated with all funding bodies, including Yorkshire Forward and the Learning and Skills Council, as they have a preference for funding large-scale projects that will become self-financing, rather than funding the smaller, continuous initiatives that are more appropriate for rural communities. Loan funds are available to social enterprises through the previously mentioned Partnership Investment Finance (PIF), which can provide finance of up to £100,000 through its micro and small loan funds. PIF has invested over £20 million in small and medium sized enterprises and social enterprises so far, although engaging with businesses in rural areas has proved difficult, meaning that this financial option has been under-utilised by rurally based businesses. The Scrutiny Board welcomes the fact that loan finance is available for social enterprises should they need to take advantage of it. However, the Scrutiny Board acknowledges that social enterprises are just as likely as other businesses to fail in their first two years, and that grant finance may be more appropriate and economically viable for some social enterprises than loan finance.

### Supporting Growing Businesses

By and large, Yorkshire Forward focuses its attention on supporting businesses with the potential for growth. Although this is a logical approach to take in terms of increasing the region's GVA and GDP rates, a significant proportion of rurally based businesses are micro and small sized. Whilst these businesses are valued contributors to the rural economy, they are not necessarily going to grow in terms of employment or market share. Questions have therefore been raised by partners, as to how micro and small sized businesses can benefit from business support services.

In terms of businesses that do have the potential for growth, two particular Yorkshire Forward funded initiatives have been praised by partners and businesses: the previously mentioned Growing Routes project, which is delivered

### Recommendation 2

Yorkshire Forward should identify the best practice in Social Enterprises in rural areas, and consider how these enterprises can best be supported by the new IDB service and financially, to deliver sustainable services to local people and local businesses.

locally and provides financial as well as mentoring support, and the Women in Rural Enterprise (WiRE) programme. WiRE is a national organisation that was established in 1996, which provides responsive business support to women in rurally based businesses, and advises them on how to develop and grow their business. In the past, Yorkshire Forward has provided funding to WiRE, although it no longer provides financial assistance as WiRE is regarded as being self-sustaining. Partners and businesses are surprised that Yorkshire Forward has not provided ongoing funding to WiRE, when it has successfully delivered appropriate and tailored business support for the development and growth of rural businesses.

Partners and businesses have also expressed concern over the short-term funding of other successful business support projects, which could be mainstreamed through the new IDB service, believing that a short-term approach can lead to a loss of progress, and a loss of opportunity. An example of this is the Rural Business Networking project which Yorkshire Forward previously funded, which provided grants and business support through Chambers of Trade and business associations to enable small, local businesses to network and build their capacity. Yorkshire Forward recognises that appropriate mechanisms need to be put in place to deal with small sized businesses, and acknowledges that both WiRE and Growing Routes have been successful. However, the Scrutiny Board is concerned that although Yorkshire Forward intends to mainstream Growing Routes under the new IDB service, there are no plans to mainstream WiRE, which has reduced in scope and size as a result of less funding and is no longer doing the breakthrough work with rural businesses that it once was.

## Diversification of Land-Based Businesses

There are two specific industrial sectors which are increasing in number in rural areas. These sectors are financial services and the creative industries. Whilst partners strongly support the need for rural areas to attract new sectors which will provide high value and well-paid jobs, continued effort needs to be given to supporting the agricultural sector to offset its decline. Agricultural products should be locally available in order to reduce the need for importing goods from overseas, and to ensure that the UK is self-sufficient. The agricultural industry also has a large supply chain, and the knock-on effects of decline in the sector could be detrimental to other rurally based businesses, such as food stores, animal feed merchants, hotels and many others.

There is a degree of uncertainty, and varied opinions, on how land-based industries will develop in the future. Since 2001, there have been two outbreaks of Foot and Mouth disease in the UK, and this may have persuaded some livestock farmers to leave the industry altogether. Changes to the Common Agricultural Policy (CAP) will also impact on livestock farmers, as between 2004 and 2012, payments to farmers will gradually transform from being production based (number of livestock) to being land area based (the number of hectares being farmed). In terms of the changes inflicted on farmers through CAP reform, it is clear that there will be a more detrimental effect on livestock farmers than there will be on arable farmers, meaning that if the amount of livestock farming in Yorkshire and Humber is to be maintained, farmers will need to seek additional and alternative forms of income from their land assets. The issues for livestock farming are further exacerbated by market changes that are affecting the value of livestock.



## Recommendation 3

Yorkshire Forward should consider reviewing the decision on mainstreaming WiRE through the new IDB service, in order to ensure that the sustainability and impact of the project is not compromised as a result of insufficient funding.



The Scrutiny Board has identified a willingness amongst partners and rural communities to develop strategies and to fund activities that will make farming more profitable, and which will reduce the vulnerability of farmers to disease outbreaks, the impact of climate change and price fluctuations for food and animal products. This willingness from partners and key agencies needs to result in action.

Some research has indicated that climate change will have a significant impact on the range of crops that can be grown in the Yorkshire and Humber region, and the yield that can be obtained from the land. With a growing interest and awareness in environmental issues like climate change, it may be an appropriate time for land-based industries to consider new options for using their land in different ways, and for entering new markets for niche products. Partners and businesses are supportive of the principles behind diversifying land-based industries, and they have cited opportunities in the generation of additional income, in helping to ensure a long-term and sustainable economic future for rural areas, and in taking advantage of Yorkshire and Humber’s largest capital asset - its land and woodlands. However, land-based businesses have highlighted the fact that diversification is not possible for all farms, particularly hill farmers in the Yorkshire Dales whose gradient and quality of land is not always conducive to being transformed from livestock into arable farming, and it is the hill farms that are more vulnerable to agricultural industry decline at present.

Despite the constraints in diversification, partners and businesses have provided the Scrutiny Board with specific views on how land-based businesses can diversify, and the role that they believe that Yorkshire Forward can play. There has been a significant amount of praise for the national Redundant Building Grants (RBG) scheme which Yorkshire Forward administered in this region during its early years. Through RBG, Yorkshire Forward provided financial support to land-based businesses to enable them to re-develop their agricultural buildings into new business ventures. The scheme was so successful in supporting existing land-based organisations, and in creating new rural businesses, that partners have suggested that Yorkshire Forward resurrect the scheme, or fund similar activities through the new European funded Rural Development Programme for England (RDPE). It has been suggested by partners and community organisations that some farms could branch-out into offering a range of niche or upmarket tourism opportunities and accommodation, to attract higher spending customers and longer visits. Partners and rural communities have also identified two potential new markets for land-based businesses in rural areas to diversify into: the coppicing of biomass and the growing of biofuels. Both of these markets would exploit the region’s large woodland and forestry resource, to produce raw materials for renewable energy supplies. A greater production of biomass in the region would help to strengthen the renewable energy supply chain and could create additional businesses in processing (raw material into wood pellets), manufacturing (boilers for commercial and domestic use), and installation and maintenance of biomass heating systems. However, in order to have the most economic benefit, biomass production has to be as localised as possible. These issues will be explored further by the Scrutiny Board in the next scrutiny enquiry on climate change.

## Recommendation 4

Yorkshire Forward should ensure that the RDPE programme funds farm diversification, and that any funding given to land based industries for diversification is part of a package of support, which includes the provision of appropriate business advice and guidance to enable businesses to diversify into new markets.

The Scrutiny Board recognises that it is not Yorkshire Forward’s responsibility to resolve all of the issues associated with the decline in the agricultural industry, and acknowledges that Defra, Natural England and the Commission for Rural Communities each have certain responsibilities to assist the development of

farming in the UK. However, during this review, partners and businesses have identified a number of key roles that Yorkshire Forward can undertake in the diversification of land-based businesses. The main role for Yorkshire Forward would obviously be in regards to the funding of business advice and guidance to farms wanting to diversify, so that businesses are supported in branching out to new markets. Other suggested roles for Yorkshire Forward include the promotion of the economic benefits of diversification to the agricultural sector, to encourage more farmers to consider their options by working more closely with the National Farmers' Union (NFU) and Country Land and Business Association (CLA) following up

the Framework for Change, the identification and development of new markets for land-based businesses to access through collaborative working with UK Trade and Investment and the Chambers of Commerce, and using Yorkshire Forward's successful involvement in the 'Deliciously Yorkshire' marketing campaign to build on the region's strong image for food produce. The Scrutiny Board believes that Yorkshire Forward can also assist the region's agricultural businesses by lobbying Government departments on national policies and strategies, which affect the land-based industry, and strengthening the existing relationship that Yorkshire Forward has with Defra for the benefits of greater partnership working.



# Regeneration of Rural Town Centres

In 2004, the Assembly carried out a scrutiny review on the effectiveness of the implementation of the Market Towns Initiative (MTI) and Renaissance Market Towns (RMT) programme, and their contribution to Regional Economic Strategy (RES) objectives. The vision for rural towns outlined in the Regional Rural Framework 2006, explains that these settlements should be regarded as hubs and service centres for the rural economy, providing locally based employment opportunities.

The Scrutiny Board wanted to understand the impact of these initiatives, and other Yorkshire Forward projects and programmes, which support the regeneration of rural towns. The Scrutiny Board also wanted to identify how regeneration of rural town centres is delivered with and through partners.

## Infrastructure in Rural Town Centres

The Scrutiny Board recognises that not all of the regeneration activity in rural town centres is the responsibility of Yorkshire Forward. Yorkshire Forward's role is to support and stimulate economic development in these areas through a number of tools and initiatives, for example through its Renaissance Market Town programme, business support activities and ICT projects. However, when considering the future of the rural economy, the infrastructure needed to ensure that the rural economy is maintained and grown cannot be ignored.

## Availability of Land

Over 20% of the land area in the region has a national or international environmental designation. This is the highest proportion of designated land of any English region. These designations include Sites of Specific Interest (SSSI's), Special Protection Areas (SPA's), Special Areas of Conservation (SAC's), Wetlands conservation areas (Ramsar), National Nature Reserves (NNR's) and Local Natural Reserves (LNR's). In addition, there are many non-statutory designated areas, which include sites of ecological and geological interest, ancient woodlands and large parts of greenbelt land.

During this review, partners have emphasised the important contribution of this 'green infrastructure' to the vitality of the rural economy, in terms of attracting new investment, young families, tourists and leisure visitors. Partners have also noted the potential of the region's

green spaces to assist in the mitigation and adaptation of climate change, such as through carbon sequestration, flood alleviation and air quality. The region's green assets therefore, provide a rich environment to live, work and visit. However, this also means that the availability of land and premises in the region's rural areas, for economic development, can be limited.

Yorkshire Forward has reported that the availability of appropriate workspace in the region is a priority area, and half of the projects funded under the RMT programme, are for the development of rural business premises. Yorkshire Forward's Property and Development team enables appropriate forms of physical development and regeneration to take place which will deliver the RES objectives for infrastructure and stronger towns, and rural communities.

The range of workspace available in rural communities, both private and publicly funded, is not currently wide enough, either in terms of start-up office or workshop units and larger premises for expanding businesses. Businesses have reported to the Scrutiny Board, that the costs involved in seeking the planning permission needed for business premises expansion, is discouraging, and some businesses are simply unwilling to take the risk. In order to address this issue, partners have suggested to the Scrutiny Board that Local Planning Authorities and the National Parks, need to include pro-active place-shaping policies for all aspects of the rural economy, in their local plans. Partners have also identified a need for Yorkshire Forward and key agencies, such as Natural England and the Environment Agency, to take account of the housing and economic requirements of rural areas, by the development of a vision for the future of the countryside.

## Access to Broadband Services

In 2005, Yorkshire Forward invested just under £3 million in a project which sought to enable broadband internet providers to offer their services to businesses and households across the region. Yorkshire Forward followed this investment, in 2006, with a £4 million contribution to North Yorkshire County Council's NYNET project, to enable broadband access in the sub-region. The purpose of this intervention was to remove the barrier to broadband service provision, by upgrading the BT exchanges. Yorkshire Forward has stated that NYNET will bring third generation broadband technology to rural

areas. However, whilst rurally based businesses are generally appreciative of Yorkshire Forward’s intervention in providing wider access to broadband, they have raised issues about the differing speed, quality and reliability of the service, depending on how far away their business is from the BT exchange. The respondents to this review however, recognise that the provision of broadband is not Yorkshire Forward’s responsibility. Although Yorkshire Forward believes that the availability of third generation broadband in rural areas will put rural communities ahead of their urban counterparts, rurally based businesses are convinced that the existing technology in their locality is far behind that in urban areas.

During this review, businesses have acknowledged that broadband is fundamental to business survival and business growth, particularly in terms of promoting the company and its goods and services, and in communicating with customers. Yorkshire Forward accepts that there is a challenge in encouraging businesses in rural areas to maximise the use of broadband. The Scrutiny Board agrees that Yorkshire Forward has a role in helping to stimulate demand for broadband provision amongst businesses, and in lobbying broadband internet providers and the Government to ensure that the business benefits of broadband are maximised.

**Access to Services**

Partners and communities have alerted the Scrutiny Board to the importance of service provision in rural areas, in order to create long-term sustainability. However, some

respondents feel that where the focus of economic development is primarily on rural towns, this actually does little to help the long-term future of the surrounding villages and hinterlands, and does not necessarily lead to the delivery of sustainable services in rural communities.

Yorkshire Forward is investing £1.2million in the Humber Rural Pathfinder programme. The Pathfinder is one of 8 Defra pilots that are being delivered between 2005 and 2007, and it is focused on improving rural services across the sub-region by testing new ways of delivery. It is regarded by partners and communities, as being an extremely positive initiative, as it has tested practical ways of improving local delivery, tackling disadvantage and social exclusion, engaging smaller delivery bodies, and enabling funds to be delivered much closer to rural communities.

In addition, the Humber and Wolds Rural Community Council, and the recently established Access to Services Partnership in the Humber, are working to improve rural access to services by combining and integrating community based transport provision, and wheels to work schemes, into a single central delivery agency. Additionally, in East Riding, support is available for Access Partnerships who can develop innovative and creative interventions that will improve access to services. Community Access Points, based on a community café model, are also to be established in North Lincolnshire. Views expressed by partners and communities through this review indicate that more rural services initiatives need to be supported and encouraged, in order to maintain the rural population and rural economy, and to attract new people and businesses into rural areas.





## Transport Networks

The Scrutiny Board has received conflicting opinions on access to transport in rural areas. On the one hand, there are strong concerns about people being able to get to places of work in rural town centres, but other respondents have commented on how poor road access and irregular bus services are tolerated in return for leaving the surrounding beautiful countryside unspoilt.

Currently, Yorkshire Forward has limited responsibilities for addressing rural transport issues, although some small and local projects have been supported by Yorkshire Forward, through the Modernising Rural Delivery Programme. The West Yorkshire Rural Partnership in particular, has allocated £388,314 (38% of its 2006-2009 budget) to projects that will improve rural transport in the sub-region. These projects include the development of transport interchanges, and the conversion of large vehicles into mobile access centres which can travel around West Yorkshire, delivering key services to rural communities.

The draft Regional Transport Strategy (RTS) highlights the need to improve access to services in rural areas through improved transport provision, through innovative means. Policy T8 of the strategy, aims to ensure that transport solutions address the economic and social problems of rural and coastal areas, by reflecting the geographical isolation and remoteness of Local Service Centres, as well as population sparsity and dispersal. The RTS also advocates the development of a dedicated rural transport strategy, which focuses on improving access to key facilities and services through appropriate transport measures, whilst also identifying how these facilities and services can be accessed in alternative ways.

Despite Yorkshire Forward’s limited responsibility for transport, partners, businesses and communities have identified a clear role for Yorkshire Forward in influencing regional thinking, and guiding transport investment through the RES. It has been suggested by several respondents that the transport elements in the RES could be strengthened, with a greater focus on rural transport priorities as opposed to concentrating on transport improvements in the region’s cities. Yorkshire Forward acknowledges that it needs to work more closely with the Local Authorities to determine the transport and access issues in rural areas, although clearly, other bodies are responsible for funding transport infrastructure development. Respondents to this review agree that there is also a clear role for the region’s Local Authorities in regional transport development, believing that they can use the Local Development Framework (LDF), and Local Area Agreements (LAAs) where appropriate, to determine where transport investment should be made.

## Affordable Housing

Although housing is not currently under Yorkshire Forward’s remit, the Scrutiny Board believes that consideration needs to be given to the limited availability of ‘suitable’ and ‘affordable’ housing in rural areas, and the impact that this has on the region’s economy. House prices in the rural parts of the region remain very high, with a house costing 4.2 times the average salary, with this rate being considerably higher in some rural districts. Many rural residents are paid high salaries, and this often overshadows the pockets of high deprivation in the rural coalfield and coastal areas, where residents earn low wages and cannot afford to buy their own home or rent a more suitable home for their family’s needs. Data gathered through this review suggests that this affordability gap is widening, and

## Recommendation 5

Yorkshire Forward, and its regional and local partners, must address the rural issues of sites and land for business and employment opportunities, access to services, transport networks and housing provision, when developing the future Single Integrated Regional Strategy. Yorkshire Forward must also consider any potential policy conflicts that may arise and how these may be resolved.

low wages coupled with a lack of affordable housing in rural areas, is a key concern for the future of the rural economy.

In terms of developing the infrastructure in rural town centres, the Scrutiny Board acknowledges that Yorkshire Forward does not have direct responsibility in tackling some of the issues outlined above. However, the Scrutiny Board recognises that they all contribute to the sustainability of the rural economy. The Scrutiny Board therefore believes that Yorkshire Forward and its partners must address these issues in the development of the Single Integrated Regional Strategy that all RDAs will shortly be responsible for, following the Government's Sub-national Review of Economic Development and Regeneration.

## Regeneration Projects and Programmes

As a result of the Government's Modernising Rural Delivery Review, Yorkshire Forward's rural remit has expanded in recent years. This includes new responsibilities for funding that was previously administered by the Countryside Agency and the Rural Development Service, the management of the Modernising Rural Delivery programme in the Yorkshire and Humber region, and the delivery of the region's European Rural Development Programme for England (RDPE) 2007-2013. As mentioned earlier in this report, Yorkshire Forward also funds the Renaissance Market Towns programme, rural business support initiatives and ICT projects.

Partners are broadly complimentary about Yorkshire Forward's delivery of these new responsibilities, and it is believed that Yorkshire Forward has consulted widely to identify funding priorities for the RDPE programme. Yorkshire Forward has also been praised for working closely with local delivery partners through the Humber Rural Pathfinder programme, and other Sub-regional Rural Partnerships, and for using regional 'expert' advice when developing projects.

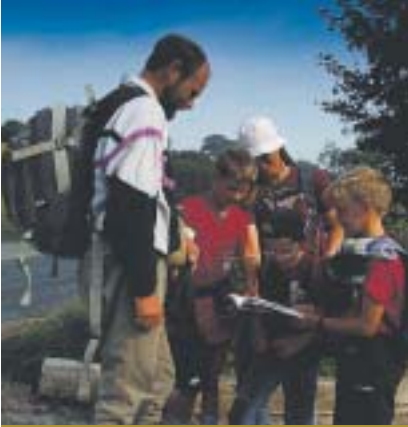
## Renaissance Market Towns (RMT) Programme

One of Yorkshire Forward's main regeneration initiatives in rural areas is the Renaissance Market Towns (RMT) programme. A total of 72 towns in the Yorkshire and Humber region are deemed to be eligible for the programme, with each having a population of less than 10,000, and being a stand-alone rural settlement outside an urban hinterland. Over the last 4 years, Yorkshire Forward has provided funding to 24 of these towns, working in partnership with Local Authorities, businesses and residents through a 'Town Team' approach, to develop long-term visions and masterplans for each town.

The Assembly's fifth scrutiny report, which was published in August 2004, looked at the Market Town Initiative, and the impending RMT programme. The scrutiny report recommended that Yorkshire Forward needed to establish a clear and well-understood mechanism for implementing the renaissance masterplans, in order to maintain momentum, and manage community expectations. The Scrutiny Board wanted to ascertain how well the masterplanning approach had been received by rural communities.

Yorkshire Forward has introduced a small projects fund to assist the masterplanning process, and Yorkshire Forward's Property and Development team works with the Rural Renaissance team, to provide property solutions that will kickstart the delivery of the renaissance masterplans. Partners and communities have acknowledged that Yorkshire Forward's RMT process has been successful in its 'masterplanning' approach, as it has released new land for development at an appropriate time, and has restructured the region's towns. However, partners have also informed the Scrutiny Board that the amount of time taken to develop the long-term masterplans, and bring projects to fruition, has been lengthy, and this has often caused frustration within the communities. Partners have also highlighted that whilst the engagement of communities in the long-term visioning for their town is a sound idea, it inevitably raises expectations, which the funding and short-term delivery timescales cannot meet.

The Scrutiny Board has received mixed views over the impact that the RMT programme has had so far. Partners and communities support the concept of the RMT programme, as they believe that the programme will support the development of the regional economy by creating towns and cities in which skilled people want to live and work. They also welcome Yorkshire Forward's focus on these towns as key service centres, as a means of delivering rural policy and have cited examples where effective partnerships and town teams have been formed. In contrast however, partners and communities also regard the RMT programme as being very selective, and they have expressed concerns about the 'reach' of the programme, in terms of the extent to which the investment will benefit those hinterland communities that sit outside of the town centres that the programme directly supports. Questions have also been raised as to the extent of the engagement that Yorkshire Forward and the Town Teams have had with the hinterland communities. Partners have stated that this is critical when engaging with rural businesses in particular, and they have suggested that improvements are made by Yorkshire Forward to the consultation process to ensure that they fully engage relevant organisations and intermediary bodies.



The Scrutiny Board recognises that the RMT programme is about long-term regeneration in rural town centres, and that it is therefore impossible for Yorkshire Forward to measure all of the outputs and outcomes that the programme has achieved so far, as some of the projects are ongoing and will continue to develop for many more years. Yorkshire Forward has explained that it is committed to delivering the current RMT programme until 2009, and has confirmed to the Scrutiny Board that a revised approach to supporting rural capitals is being developed, based on current research on the future of rural towns. The Scrutiny Board understands that once this research has been carried out, Yorkshire Forward will be in a position to identify the specific needs and opportunities in rural towns, which will provide a rationale for Yorkshire Forward's future support.

### **Modernising Rural Delivery (MRD) Programme**

Another element of Yorkshire Forward's rural remit, is the delivery of the socio-economic funds which transferred to the Regional Development Agencies from the former Countryside Agency, and Defra's Rural Development Service. These funds form the Modernising Rural Delivery (MRD) programme which runs from 2006 to 2009, and the programme is currently being delivered through the Sub-regional Rural Partnerships.

The MRD programmes in the sub-regions vary, to highlight the different concerns and priorities in each sub-region. The projects funded through the MRD programme include the establishment of sub-regional evidence bases, support for rural transport initiatives and sustainable access to services solutions, and integrated rural business support with skills development activities.

Partners broadly support the approach that Yorkshire Forward has taken in delivering this programme, citing that it has provided flexibility of decision making at a more local level, to address particular local concerns.

## **Recommendation 6**

Yorkshire Forward should carry out a detailed evaluation of the impacts of the RMT, MRD and RDPE programmes, and should adequately plan for future programmes in rural areas ensuring that they address the specific needs of the rural economy. Yorkshire Forward should also better integrate the new RDPE programme with other mainstream programmes, and work more closely with Natural England, the Environment Agency, Commission for Rural Communities and DEFRA to better utilise expertise and resource.

### **Rural Development Programme for England (RDPE)**

Yorkshire Forward has been given the responsibility for delivering the European Rural Development Programme for England (RDPE), over the next seven years, in the Yorkshire and Humber region. The amount awarded to the region is approximately £66.5 million at current sterling prices, which equates to £9.5 million per year between 2007 and 2013.

Yorkshire Forward has worked with partners across the region to design four programme priorities, through which businesses and communities can access funding. These priorities include the Leader Programme, the Rural Enterprise Investment Programme (REIP), the Rural Business Start-up Programme and the Land Based Industries, Skills and Knowledge Transfer programme.

Whilst the RDPE is a new programme, and its impact on rural areas is not yet known, partners have commended Yorkshire Forward's partnership approach in developing these priorities. The Scrutiny Board is keen for this partnership approach to be maintained through the delivery of the RDPE programme. It is clear that some of Yorkshire Forward's 'rural' programmes will come to an end in March 2009, specifically the RMT and Modernising Rural Delivery programmes, and there is uncertainty about the future of these initiatives and how the established partnerships will continue to be supported. These programmes have provided a great deal of focus for the development of rural

areas in recent years, and the Scrutiny Board recognises that the end of these programmes may have a more significant impact than some of the specialist rural projects currently being delivered.

## Delivery of Regeneration Projects

Whilst Yorkshire Forward has been successful in delivering its extended remit, following the Government’s Modernising Rural Delivery review, the Scrutiny Board was keen to understand how Yorkshire Forward supports regeneration activity that is delivered by other organisations and partners.

### Application Processes

Although Yorkshire Forward has consulted a variety of local partners, leading to the delivery of appropriate projects and programmes, many partners and communities have raised concerns over the funding application procedure. All projects and programmes that seek any Single Pot funding from Yorkshire Forward, are processed through Yorkshire Forward’s Performance Management Framework. The framework consists of a three stage process: at Stage 1 applicants complete an Outline Business Plan for initial approval. If successful applicants then proceed to Stage 2 where they submit a Full Business Plan for approval and Stage 3 culminates in budget approval and a contract outlining the terms of delivery.

Although regeneration project delivery in rural areas can be carried out by a number of different organisations, ranging from small community groups to Local Authorities, the application and project monitoring procedures remain the same. Partners and community groups have also highlighted that the amount of paperwork and detailed information, required by Yorkshire Forward is the same, regardless of whether they are bidding for a £10,000 or £500,000 contribution. Partners, businesses and community representatives generally agree that Yorkshire Forward’s application, approval and delivery processes are often slow, lengthy and complex, and this can cause particular problems for smaller delivery agents. Yorkshire Forward has confirmed that the length of time it takes to move a project through the application process, often depends on the quality of the application. The Scrutiny Board understands that when funding applications do take a considerable amount of time to move through the Performance Management Framework, this can be frustrating for the applicants and for some smaller delivery organisations, this can cause resource issues. The Scrutiny Board notes that Yorkshire Forward and other key agencies are developing a prospectus for the new ERDF and ESF programmes, which will provide a clear indication of what can and cannot be funded, and which will guide applicants in how to bid for funds. The Scrutiny Board believes that the issues with Yorkshire Forward’s Performance Management Framework, outlined above, could be resolved by adopting a similar approach for Single Pot monies that are available for bidding into.

### Role of Intermediary Agencies

Sub-regional Rural Partnerships have recently been used as a vehicle for commissioning and identifying rural priorities for Yorkshire Forward’s Modernising Rural Delivery programme. The partnerships also provide useful insights into the needs of rural areas in each of the four the sub-regions.



## Recommendation 7

Yorkshire Forward should work with applicants to develop their ideas and develop a more robust business case, prior to submitting an application for Single Pot monies. In addition, Yorkshire Forward should consider adopting the ERDF prospectus model for the Single Pot, to ensure that the Performance Management Framework process is clearer to funding applicants, and so that there is a consistent message on the activities that Yorkshire Forward can and cannot fund.



Although each of the four Sub-regional Rural Partnerships are at a different stage of development, they all have an in-depth understanding of the issues and diversity in the sub-region and localities. During this review, the Scrutiny Board has received strong support from partners, businesses and community organisations, for delegated funds to be given to local and sub-regional partnerships with the flexibility to determine how the funds are spent. It is believed that this flexibility would allow sub-regional partners and Local Authorities to work with their communities and develop programmes that appropriately reflect local needs.

The Scrutiny Board has received a number of comments on the role of Local Authorities, and their relationships with Yorkshire Forward. The Government's Sub-national Review of Economic Development and Regeneration, identifies increased responsibilities for Local Authorities. Partners and community groups have stated that whilst the Local Authorities are important to the development of town centres and local communities, tensions have arisen between Town, Borough and District councils, when they have had differing opinions on planned regeneration activities in town centres, for example the building of a new supermarket. The respondents to this review are keen to ensure that the Local Authorities at town, borough and district level work together and harmonise the economic development priorities as far as possible, to ensure that local communities are not disadvantaged or 'caught in the middle' by the decisions made by Local Authorities. Partners acknowledge that Yorkshire Forward is limited in its ability to influence Local Authorities, and the views of their elected members. However, partners believe that there would be benefit in Yorkshire Forward helping the Town, Borough and District level Local Authorities to determine the economic development priorities for Town Centres, on those occasions where there are conflicting opinions on planned regeneration activities.

Partners and community based organisations have stated that Yorkshire Forward needs to recognise that economic development funding could be usefully devolved to other bodies, in addition to the Local Authorities. The third sector's grant management expertise has been highlighted as an example where funding could be devolved to a larger voluntary and community organisation for them to manage and fund small regeneration projects in rural communities. The commissioning of programmes and projects by Local Authorities and Rural Community Councils, has also been praised, particularly by representatives of the voluntary and community sector. However, the Scrutiny Board appreciates that the commissioning approach can sometimes lead to two levels of bureaucracy, and two sets of monitoring requirements, which can put huge pressures on small delivery organisations, for example the audit requirements of a Local Authority can be different to the audit requirements for European funds. The Scrutiny Board believes that key public funding agencies have a responsibility to ensure that they are clear and consistent in their monitoring processes.

## Recommendation 8

Yorkshire Forward should ensure that the priority-setting for economic development and regeneration at a local and sub-regional level is maintained, so that priorities reflect local needs. Yorkshire Forward should also increase the involvement of Local Authorities, established partnerships and the third sector, in delivering future regeneration programmes in rural areas.

# Challenges for the Future

Yorkshire Forward has a significant role to play in future regional policy making and regional governance. The Scrutiny Board suggests that the Yorkshire Forward Board needs to ensure that the future arrangements and budgets clearly reflect the needs of rural areas.

## Regional Policy and Strategies

Current regional strategies and governance arrangements play a fundamental role in the level of delivery in rural areas, and the respondents to this review recognise that all regional strategies must apply to all parts of the region, whether this is rural or urban in character.

In addition to the key regional economic, housing and planning strategies, namely the Regional Economic Strategy, Regional Housing Strategy, and Regional Spatial Strategy, the region has also developed the Yorkshire and Humber Rural Framework (YHRF), which was launched in 2006. The YHRF was developed in response to the Government's Modernising Rural Delivery Review, and Defra's Rural Strategy 2004, and it led to new governance and delivery arrangements being identified and established in the region. By identifying 10 key priorities, the framework aims to improve the way that rural activities are targeted and delivered. Although this work was led by the Government Office for Yorkshire and the Humber, all regional partners played a key role in developing the framework. Yorkshire Forward in particular, played a key role in establishing the new partnerships and mechanisms to deliver its extended rural responsibilities. A recent independent review of the YHRF and its associated governance structures, was conducted by Rural Innovation, and it concludes that the YHRF has been successful in providing a much-improved understanding of rural issues, and priorities for the region. However, the report has also stated that the framework has been less successful in unravelling the complexities associated with public sector funding in rural areas, and has raised concern about the overall impact of YHRF, beyond rural stakeholders, being limited.

Some respondents to this review believe that the Regional Economic Strategy (RES) still remains very city focused, and tends to concentrate on bigger regeneration projects. Partners, businesses and communities firmly believe that the long-term sustainable economic future of the region, needs contributions from both urban and rural areas, and that all regional strategies should encourage sustainable levels of development in urban and rural districts.

Although the RES and RSS are seen to support this in principle, comments put to the Scrutiny Board indicate that these intentions are not always carried out, and that rural areas often get overlooked.

In regards to regional policies and strategies on employment, low pay in rural areas is a concern that needs to be tackled, and partners and businesses are also anxious about seasonal employment. Throughout this review, businesses have highlighted difficulties in recruiting local people during the peak holiday seasons, with an increasing reliance on importing labour from the larger towns and cities, and in using migrant workers to fill jobs. There is a risk for rural businesses in relying too heavily on migrant workers to fill gaps in labour supply. Migrant workers tend to be paid less which can keep salary costs low overall, and whilst this may be preferable for some businesses, the Scrutiny Board is concerned that this could create a division between how local and migrant workers are treated by their employers, and that it could make it increasingly difficult for workers to be able to afford to live in rural areas. Reports also suggest that migrant workers only tend to stay in the UK for short periods of time before returning to their countries of birth, meaning that labour gaps will sometimes only be filled temporarily. Policy makers and strategic organisations must take account of these factors when predicting future skills and labour supply, and when planning how the gaps in skills and labour will be filled. Partners and businesses have suggested that Yorkshire Forward needs to have a role in understanding the needs and behaviours of migrant workers, and the impact on businesses. In terms of effectively tracking changes in migrant labour supply in the region in relation to predicted skills and labour gaps, this is a role that a number of regional agencies and Government departments can have such as working together under a Regional Migration Partnership. Partners have highlighted the example of the recently established North Yorkshire Black and Minority Ethnic (BME) Strategy Board as good practice, which could be replicated in other rural areas, as it has assisted in addressing the needs and opportunities for BME individuals, including migrant workers.

## Rural Governance Structures and the Rural Vision

The new rural governance structures which were established in 2006, include a Rural Board, the Rural Practitioners group and the Rural Affairs Forum. Although it is not a prime responsibility of Yorkshire Forward,



questions have been raised during this review regarding the effectiveness of the region's rural governance structures, within which Yorkshire Forward plays an important role. Although the new structures are believed to have improved the region's understanding of rural needs and priorities, the review of the YHRF has highlighted that these bodies need to improve their engagement with Local Authorities, and should influence the Government departments further.

It is clear however, that the YHRF and governance structures, have provided a more focused vision for rural areas in the region, despite the fact that the impact so far may have been limited. Concern has been raised by partners during this scrutiny review, that the vision for rural areas in Yorkshire and Humber is not strong enough, and further work is needed to improve the consistency of statements about rural areas in regional strategies and future plans.

In anticipation of the future changes to regional policy making, as a result of the Government's Sub-national Review of Economic Development and Regeneration, and the development of the Single Integrated Regional Strategy, The Scrutiny Board believes that Yorkshire Forward must ensure that the role of rural areas, and the economic contribution that they make, is recognised and valued.

### Rural Proofing

Rural Proofing has been recommended by partners and communities as being an important tool for policy makers. Rural Proofing is a method which ensures that the impact on rural areas is always considered when implementing new initiatives and developing new strategies. Policy makers should systematically consider whether their policy or strategy is likely to have a different impact in rural areas, and should properly assess those impacts, identifying appropriate solutions as and when required to address rural needs and circumstances.

Partners recognise that although rural proofing can be effective in ensuring that generic strategies take account of the effects on rural areas, caution needs to be taken when separating rural and urban objectives, for the sake of singling out rural concerns, as this can sometimes be unhelpful. The Government's focus on rural areas as 'special cases' has disappeared, and has been replaced by a 'mainstreaming' rural approach. The Government believes that key issues such as social exclusion, economic productivity, sustainable development and climate change, affect people, places and businesses wherever they are situated, whether it be in a rural or urban setting. The Scrutiny Board suggests that future regional strategies must be mindful of the special needs of rural areas, but ensure that future funding programmes outline tailored objectives for rural areas, when generic objectives do not meet rural needs.

### City Region Approach

Yorkshire Forward supports the City Region concept approach, as a way of improving the region's economy, by focussing on key economic centres. There are three City Regions in Yorkshire and Humber. These are the Leeds City Region, the Sheffield City Region and the Hull and Humber Ports. In March 2007, the Yorkshire Forward Board agreed to move from a Sub-regional Investment Planning approach to one based on the City Regions in 2009, with alternative arrangements being planned for the rural and coastal areas that sit outside the City Region boundaries.

## Recommendation 9

Yorkshire Forward should ensure they are fully engaged with the region's rural governance structures and ensure that the findings and recommendations of Rural Innovation's review of the YHRF are taken into account when developing future rural governance structures, and when developing all new strategies which impact on rural areas.

The Scrutiny Board has received mixed views from partners and businesses as to the implications of a City Region approach on rural areas both within and outside the City Region boundaries. Although respondents recognise that those rural areas which fall within a City Region may see increased opportunities for investment, they also believe that there will be greater competition for resource and support, with more emphasis being placed on the urban parts of the City Region. The majority of concern with a City Region approach is for the larger rural areas which fall outside the boundaries, with many believing that they are in danger of being ignored.

Yorkshire Forward is keen to ensure that there is flexibility in the Investment Planning approach, and the Scrutiny Board welcomes the fact that Yorkshire Forward is prepared to have a dialogue with those areas which fall outside the City Region boundaries, and identify opportunities for them. However, the Scrutiny Board recommends that Yorkshire Forward provides more clarity at an early stage on how economic development in the rural and coastal areas will be supported and enabled.



## Recommendation 10

Yorkshire Forward should develop a strategy that outlines how they will engage with rural areas that sit within and outside the City Region boundaries. Yorkshire Forward must also engage the Sub-regional Rural Partnerships and Local Authorities when developing all future Investment Plans.

## Conclusions

The Scrutiny Board has concluded that Yorkshire Forward has established strong partnership arrangements in rural areas, through which the rural economy is developed. Yorkshire Forward's decision to deliver the Modernising Rural Delivery programme through the Sub-regional Rural Partnerships is particularly commended, as this has enabled the specific needs and priorities of rural areas to be addressed. However, the review has identified some key areas where further activities and policies need to be developed, in order to strengthen economic development in the region's rural communities.

A key conclusion from this review is that the region cannot have 'one size fits all' policies, as interventions that work in an urban area may not necessarily work in a rural setting. It is also clear from this review that the needs of businesses in rural areas can differ from those of businesses located in urban districts.

The remote locality of rural businesses, means that it costs more to deliver face-to-face business support, and land-based businesses in particular, often require specialist advice and support on farm diversification, and how to cope with the impacts of climate change on their ability to produce at the rate required. With the impending changes to business support delivery in the region, through a new Information, Diagnostic and Brokerage (IDB) service, the Scrutiny Board has identified a degree of confusion amongst rurally based businesses on how they will be able to access business support from April 2008. Rurally based businesses have a number of questions to ask about IDB. Will the face-to-face contact that they have previously benefited from, continue under IDB, and will they be able to obtain tailored and specialist advice and support in accordance with their needs? The Scrutiny Board has concluded that Yorkshire Forward needs to provide some assurance to rural businesses that their needs, however specialised, will be catered for through the IDB service.

The Scrutiny Board has also concluded that Local Authorities, Sub-regional Rural Partnerships and community based organisations all have a strong role to play in developing and delivering activities to best serve the needs of their local communities. There is strong support amongst the respondents to this review for economic development funds to be devolved to local agencies to allow this to happen, and the Scrutiny Board supports this approach. The delegation of funding could also enable local and community based organisations, to deliver local products and services in a more innovative and cost effective way.

Finally, the Scrutiny Board has detected an uneasiness amongst partners regarding the Government's intentions to 'mainstream' rural, as opposed to identifying tailored approaches to economic development in rural areas. Partners have commented that the Regional Economic Strategy is already city-focussed, and they are concerned that a 'mainstreaming' approach to policy and strategy development, coupled with City Region Investment Planning, will lead to reduced effort and investment in rural areas. In order to ensure that this does not happen, the Scrutiny Board advocates that regional policy makers, including Yorkshire Forward, continue to be mindful of the specific impact that policies and strategies will have on rural areas, and that they develop tailored 'rural' objectives where it is more appropriate to do so.

## Key Messages for Partners

The scrutiny review on the 'Rural Economy' has identified two key messages for regional and local partners, in delivering the aims and objectives of the Regional Economic Strategy for Yorkshire and Humber:

1. There is a need for Local Planning Authorities, the National Parks, Natural England and the Environment Agency to work with Yorkshire Forward to develop a shared vision of the future for the region's countryside, in terms of local access to services, sustainable infrastructure, and safeguarding the rural economy. This will help to create a set of place-shaping principles for all forms of economic development and regeneration activity in rural areas, that town, borough, district, sub-regional and regional bodies can sign-up to.
2. There is a key role for Local Authorities in regional transport development. The Local Authorities should utilise the Local Development Frameworks (LDF) and Local Area Agreements (LAAs) to identify where transport investment should be made in rural areas.

## Key Messages for Government

The scrutiny review on the 'Rural Economy' has identified two key messages for Government. These messages are specifically intended for the Department of Business Enterprise and Regulatory Reform (DBERR) and the Department for the Environment, Food and Rural Affairs (Defra):

1. There needs to be a greater balance between the business support and guidance that is provided to new business starts, and the business support and advice that is available for existing businesses to enable them to develop further and grow. This will ensure that business failure rates are reduced, and will increase the ability of businesses to survive in rural areas thereby providing local employment opportunities.
2. Consideration needs to be given as to how livestock farms in rural areas can be supported to survive, following threats of disease outbreaks and impacts of climate change. This will help to ensure that meat produce can be sourced within the UK reducing the need for imported produce from overseas.

## Next Steps

The Scrutiny Board has made 10 recommendations on how the rural economy in Yorkshire and Humber can be further supported and developed. Yorkshire Forward has developed an Action Plan which outlines how it will work with partners to deliver against these recommendations. A copy of this Action Plan can be found in Appendix I.

The Scrutiny Board will monitor the delivery of the Action Plan through written progress reports and attendance by Yorkshire Forward at two Scrutiny Board meetings each year, to discuss the progress made against the Action Plan and to present future activities. The Scrutiny Board will update Assembly members on the delivery of the Action Plans by presenting six monthly reports at Assembly meetings. Members, partners and businesses will also be able to view the progress reports on the 'Scrutiny' pages of our website <http://www.yhassembly.gov.uk>

In this report, we have included two Case Studies to illustrate the types of activities that Yorkshire Forward has undertaken in rural areas, and the impact and benefit that has been made through Yorkshire Forward's investment. The inclusion of Case Studies will also be used in future scrutiny reviews. The Scrutiny Board has also liaised with Local Authority Overview and Scrutiny Committees through this review, to share knowledge and experience of rural economy issues, which has proved to be a valuable mechanism for strengthening regional scrutiny and providing greater accountability. The Scrutiny Board therefore intends to work more closely with other Local Authority Overview and Scrutiny Committees on the next scrutiny review on 'Meeting the Climate Change Challenge', which will commence in February 2008.

# Action Plan in Response to Scrutiny Enquiry 12 - Rural Economy Scrutiny March 2008

	Recommendation	Current Progress/Activity	New Activity	Timescale
<p><b>LINE OF ENQUIRY 1:</b></p> <p><b>MAKING RURAL AREAS MORE ENTERPRISING</b></p>	<p><b>Recommendation 1</b></p> <p>Yorkshire Forward should ensure that the delivery of IDB services takes account of the needs of existing rural businesses, and provides tailored and specialist support as required. Yorkshire Forward should also investigate how rural businesses can access face-to-face business support locally through a single point contact.</p>	<p>The new regional start up programme takes account of the needs of both start-up and existing rural businesses. YF and the new Business Link provider are currently looking at the alignment and co-ordination of the RDPE programme with the new regional IDB model.</p>	<p>Business Link will operate out of a number of key locations across the region, as well as operating out of a number of locally based partner offices.</p> <p>There will be a number of customer facing staff, ranging from partnership managers to new business advisers who will be actively engaging with new and existing rural businesses, as part of the new service.</p> <p>The new regional start-up service includes proactive outreach work to engage with rural pre-start potential businesses and the service will again look to integrate access to the RDPE programme.</p>	
<p><b>Recommendation 2</b></p> <p>Yorkshire Forward should identify the best practice in Social Enterprises in rural areas, and consider how these enterprises can best be supported by the new IDB service and financially, to deliver sustainable services to local people and local businesses.</p>		<p>Business Link is a service which will be delivered using an IDB model.</p> <p>The new regional IDB service has looked at existing best practice in Social Enterprise across the region, in the design and implementation of the new service.</p>	<p>A number of client facing staff within the new IDB model will be working closely with both social enterprise and rural start-up and existing businesses to ensure that clients receive the best possible service support and financial assistance, where appropriate.</p> <p>Frontline staff will utilise the resources of the new IDB service, access to the new RKS system and access to the new RDPE programme, to help maximise support available to rural social enterprise.</p>	

Recommendation	Current Progress/Activity	New Activity	Timescale
<p><b>Recommendation 3</b></p> <p>Yorkshire Forward should consider reviewing their decision on mainstreaming WiRE through the new IDB service, in order to ensure that the sustainability and impact of the project is not compromised as a result of insufficient funding.</p>	<p>In 2007, YF undertook extensive research to review women's business support in the region and the final report confirmed that mainstreaming of women's support in the region was the correct strategy. This was with the proviso that the best practice from bespoke women's programmes was included in the new start up programme.</p> <p>YF has maintained a close partnership with WiRE national who are continuing to deliver services in the region. YF has a good relationship with all of the regional women's networks.</p>	<p>The new IDB model promotes the principle of partnership work, which will continue the good working relationship with WiRE.</p> <p>In addition, the new start-up service will continue to provide specialist outreach at the pre-start stage, which includes women's enterprise awareness, coaching and confidence building. An open procurement process is currently underway for this provision.</p>	
<p><b>Recommendation 4</b></p> <p>Yorkshire Forward should ensure that the RDPE programme funds farm diversification and that any funding given to land based industries for diversification is part of a package of support, which includes the provision of appropriate business advice and guidance to enable businesses to diversify into new markets.</p>	<p>The Rural Development Plan for England (RDPE) has specific funds set aside to support farm diversification. The rationale for integrating delivery of the RDPE with the Business Link network was in the main, driven by a desire to offer coherent packages of support and advice to business, rather than simply providing funding. This will be extended to include RDPE funded training, delivered through LANTRA, the Sector Skills Council for the environmental and land-based sector.</p>	<p>Detailed development of links between the different elements of the RDPE (start up, Rural Enterprise Investment Programme (REIP), skills) will take place once each element is in place.</p>	<p>April 2008-June 2008</p>

Recommendation	Current Progress/Activity	New Activity	Timescale
<p><b>LINE OF ENQUIRY 2: REGENERATION OF RURAL TOWN CENTRES</b></p> <p><b>Recommendation 5</b> Yorkshire Forward, and its regional and local partners, must address the rural issues of sites and land for business and employment opportunities, access to services, transport networks and housing provision, when developing the Single Integrated Regional Strategy. Yorkshire Forward must also consider any potential policy conflicts that may arise and how these may be resolved.</p>	<p>YF is currently tendering for the production of an economic study that will examine the role of the supply and demand management of land and property in supporting the regional economic growth priorities articulated in the RES. The work will assess the economic performance and growth of sectors and the demand this will place on land and property markets. An increased understanding of the land and property market will help to better steer public sector interventions and will allow YF to take a long term strategic view to its interventions in the property market.</p> <p>In conjunction with this and the rural team, we will be commissioning a specific piece of work to identify existing workspace provision (both public and private sector) in rural parts of the region that will help inform YF investment and feed into the wider study identified above.</p>	<p>An integrated approach will be taken to addressing the issues in the region, in line with the recommendations of the Sub National Review of Economic Development and Regeneration.</p>	<p>October 2008</p> <p>October 2008</p>

Recommendation	Current Progress/Activity	New Activity	Timescale
<p><b>Recommendation 6</b></p> <p>Yorkshire Forward should carry out a detailed evaluation of the impacts of the RMT, MRD and RDPE programmes, and should adequately plan for future programmes in rural areas ensuring that they address the specific needs of the rural economy. Yorkshire Forward should also better integrate the new RDPE programme with other mainstream programmes, and work more closely with Natural England, the Environment Agency, Commission for Rural Communities and DEFRA to better utilise their expertise and resource.</p>	<p>Scrutiny of Renaissance Market Towns (RMT) and Market Towns Initiative (MTI) undertaken in 2004.</p> <p>Evaluation of Round 2 MTI and RMT undertaken in 2005/6.</p> <p>Interim evaluation of North Yorkshire delivery team in 2007.</p> <p>Yorkshire Forward has commissioned interim evaluations of MRD and RMT (MRD report currently being finalised, RMT due by end of March 08).</p> <p>These are providing some early findings on impacts. However, due to the nature of these initiatives, full impacts will only be realised in the medium to long term. Further evaluation of MRD, RMT and RDPE will take place in future years to capture these impacts. Ongoing performance against outputs is monitored by our performance management system.</p> <p>The RDPE is being evaluated nationally half way through its term and on completion.</p> <p>Yorkshire Forward already works with Natural England where there are mutually beneficial outcomes.</p> <p>Yorkshire Forward is a key supporter of Defra's regional group for networking rural practitioners, through the Rural Practitioners Group (RPG). New rural activity is always presented to the RPG with a view to using this to drive closer partnership working.</p>	<p>Full evaluation of RMT programme planned in 2009/10.</p>	<p>Interim reports on MRD and RMT available by 30th March 08</p> <p>Completion of MRD programme evaluation by March 2009</p> <p>Mid term evaluation 2009</p> <p>Final evaluation 2013</p> <p>February 2008 onwards</p>

Recommendation	Current Progress/Activity	New Activity	Timescale
<p><b>Recommendation 7</b></p> <p>Yorkshire Forward should work with applicants to develop their ideas and develop a more robust business case, prior to submitting an application for Single Pot monies. In addition, Yorkshire Forward should consider adopting the ERDF prospectus model for the Single Pot, to ensure that the Performance Management Framework process is clearer to funding applicants, and so that there is a consistent message on the activities that Yorkshire Forward can and cannot fund.</p>	<p>Investment planning is the route through which we work with partners to jointly support projects and programmes. This is a not an application process but a way of working together to agree priorities and projects to be further developed at a sub-regional level. The PMF is our appraisal process through which we appraise projects consistent with Government requirements.</p> <p>As part of Yorkshire Forward's Corporate Plan 2008/11 we have set out 11 Policy Product Ranges (PPRs) across our corporate objectives which effectively define our core business and the types of activity that we will support. As part of the consultation process open days have been held with partners to discuss these in some detail and provide clarification.</p> <p>YF has specifically set up delivery teams to build capacity among partners and ensure delivery of better quality projects.</p> <p>PMF training has been delivered for RMT Delivery Teams and other Local Authority staff in North Yorkshire and East Riding in 2006/07 to help build capacity and endeavor to increase partner understanding of YF systems and processes.</p>	<p>Yorkshire Forward's Performance Management Framework and funding processes will be clarified as policy product ranges are developed and implemented.</p>	

Recommendation	Current Progress/Activity	New Activity	Timescale
<p><b>Recommendation 8</b></p> <p>Yorkshire Forward should ensure that the priority-setting for economic development and regeneration at a local and sub-regional level is maintained, so that priorities reflect local needs. Yorkshire Forward should also increase the involvement of Local Authorities, established partnerships and the third sector, in delivering future regeneration programmes in rural areas.</p>	<p>Yorkshire Forward proposes to move to geographic programmes, which will enable us to be more specific about what is happening at what geographic level. Depending on the activity, Yorkshire Forward will prioritise at the most appropriate spatial level for the policy area. e.g. business support prioritised at a regional level, economic inclusion at the local level. The articulation of local need, through economic masterplanning has been helpful in those areas that have done this (Bradford, Barnsley etc).</p>	<p>This will continue as the Sub National Review recommendations are implemented.</p>	<p>Ongoing</p>
<p><b>Recommendation 9</b></p> <p>Yorkshire Forward should ensure they are fully engaged with the region's rural governance structures and ensure that the findings and recommendations of Rural Innovation's review of the YHRF are taken into account when developing future rural governance structures, and when developing all new strategies which impact on rural areas.</p>	<p>YF is fully engaged with regional and sub-regional rural governance structures. YF are amongst the most active contributors to, and users of, the RPG.</p> <p>YF contributes to funding the Y &amp; H Rural Affairs Forum and sit on the steering group.</p> <p>Rural Affairs Network - all RDA rural leads attend this event in London to share best practice and discuss general rural issues in the regions.</p> <p>Our track record demonstrates our ongoing commitment to supporting and working with and through the sub-regional rural partnerships, including the Humber Pathfinder.</p> <p>We continue to support the rural pathfinder in the Humber sub-region and continue to develop the pathfinder role in light of emerging policies and programmes.</p>	<p>We will work to strengthen the role of rural sub-regional partnerships to ensure that there continues to be an advocate for rural within investment planning and City Region structures (e.g continued support for rural Pathfinder by potentially funding a co-ordinators post).</p>	<p>April 2008</p>

Recommendation	Current Progress/Activity	New Activity	Timescale
<p><b>Recommendation 10</b></p> <p>Yorkshire Forward should develop a strategy that outlines how they will engage with rural areas that sit within and outside the city region boundaries. Yorkshire Forward must also engage the Sub-regional Rural Partnerships and Local Authorities when developing all future Investment Plans.</p>	<p>YF has developed a programme of 'Policy Products' which includes a range of activity specific to rural parts of the region. These will be delivered in collaboration with partners, particularly Local Authorities, through the development of the region's 'Geographic programmes'.</p> <p>Our commitment to partner engagement through the investment planning process will continue as these move from a sub-regional to city region geographic base.</p>	<p>Provide strategic leadership on the role of rural areas within city regions.</p> <p>Support the development of geographic programmes of activity that address rural issues both inside and outside designated city regions.</p>	<p>Ongoing</p> <p>February - October 2008</p>

# Appendix 2: Yorkshire Forward Panel

## **Cllr. Nic Dakin - Board Member, Yorkshire Forward**

Nic has a support role for the Humber sub-region. He is currently Principal of John Leggott College in Scunthorpe and was the Leader of North Lincolnshire Council from 1997 - 2003. He cares passionately about the performance of the region and has a strong record of commitment to the regional agenda. He is a member of the Humberside Learning and Skills Council. Nic is the Chair of the Yorkshire Forward Scrutiny Panel.

## **Lord Chris Haskins - Board Member, Yorkshire Forward**

Lord Haskins has a lead role responsibility in rural issues on Yorkshire Forward's Board and represents Yorkshire Forward on the Humber Economic Partnership. Lord Haskins is a Cross Bencher Peer and Non-Executive Director of the Business Dynamics Trust and J.S.R Farms Ltd. He is an Advisory Director to Montrose Associates, Director of Quarrieside Farms Ltd and Trustee of the Lawes Agricultural Trust Co Ltd. Lord Haskins is Pro-Chancellor of the Open University and Chair of Air Track Railways Ltd, and is a former Chair of Northern Foods and the Better Regulation Task Force.

## **Don Stewart - Executive Director of Strategy, Yorkshire Forward**

Don is one of the founder Directors of Yorkshire Forward. His remit covers the Regional Economic Strategy (RES), Investment Planning, Northern Way, Yorkshire Forward Development Fund (YDFD), Culture, Sport, Tourism, Major Events and key account management of sub-regional/city-regional partnerships and Treasury. Don has worked in the public sector for 30 years and has a background that is probably unique in its diversity. His career started in Transport, before he moved to the British Overseas Trade Board. From there Don moved through all the major economic Departments of State, including Prices and Consumer Protection, Environment, Housing, Education, Training and Employment, as well as the Office of the Health Service Commissioner, Manpower Services Commission and Government Offices in Manchester and Leeds before joining the Regional Development Agency.

## **Jan Anderson - Executive Director of Environment, Yorkshire Forward**

Jan was appointed Executive Director of Yorkshire Forward's Environment directorate in March 2004, a role that covers Yorkshire Forward's intervention in the property market, the rural economy, sustainable development issues and urban renaissance agenda. Prior to this, she was seconded from the Office of the Deputy Prime Minister (ODPM) to the South East England Development Agency as Head of Urban Renaissance and Policy. From July 2003 to March 2004, Jan was seconded back to ODPM for two days per week as Head of the Secretariat. Between 1992 and 1997, Jan was Head of the London Docklands Development Corporation sponsorship team. She was then appointed as Director of Corporate Affairs and Government Relations for the Dome's New Millennium Experience Company. Jan then became Head of Towns & Cities, Urban Regeneration Companies, Millennium Communities, Town Centre Management and Fiscal Incentives teams within the Office of the Deputy Prime Minister's Urban Policy Unit.

## **Andy Tordoff - Head of Rural Renaissance and Tourism, Yorkshire Forward**

Andy has a private sector marketing and business development background with ICI, British Aerospace and Property Trust PLC. He joined the Rural Development Commission (RDC) in 1992. In 1998, Andy joined the Regional Development Agency project team to develop the RDA rural agenda. In September 1998, he was appointed Change Management Manager for the RDA and lead the harmonisation Programme to bring the 4 constituent agencies into one single organisational structure. In September 2000, he was appointed Head of Rural Renaissance responsible for delivering the new rural agenda within Yorkshire Forward and in June 2002 was given additional responsibilities for Strategic leadership in Tourism. Recently he has been responsible for the transfer of the new EU Rural Development Programme for England (RDPE) to Yorkshire Forward from the Rural Development Service. He is a chartered marketeer and a fellow of the institution of Sales and Marketing Management and a Member of the Institute of Direct Marketing. Andy now heads a team of 25 people with an annual budget of circa £30m.

# Appendix 3: Case Studies

Yorkshire Forward has provided the Scrutiny Board with several case studies which identify the impact that its funding has had in rural areas. The case studies are all available in the ‘Scrutiny’ section of the Assembly website, however, two of the case studies are detailed below:

## Case Study I - Growing Routes

<b>Description</b>	Helps young, farm based people living in rural parts of Yorkshire and the Humber to start new businesses
<b>Area Improved</b>	Region wide
<b>Start &amp; End Dates</b>	March 2003 to March 2008
<b>Total YF Funding</b>	£1,640,200
<b>Outputs</b>	188 new businesses created and 252.5 new jobs created

The concept of the Growing Routes programme came from Yorkshire Forward’s desire to enable the younger generations of farming families where the farm was unable to support them financially to continue to live and work in rural areas. This would lead to the slowing down of the migration of young people from rural and farming backgrounds into urban areas.

The Growing Routes programme operated by the Yorkshire Agricultural Society (YAS) is aimed primarily at young entrepreneurs (18-45 years old) from agricultural and/or rural backgrounds to create and establish new businesses or diversify an existing agricultural business. This is achieved through one to one mentoring and financial support of a grant or loan of up to £5,000. This was essentially uncharted territory for both Yorkshire Forward and the Yorkshire Agricultural Society who, whilst supporting the agricultural community with its charitable work and hosting the Great Yorkshire Show, had not ventured into programme delivery before. However, since it’s first operational year in 2003/04 the staffing structure has grown from one Regional Programme Director and now comprises three staff based in the sub regions in addition to the Programme Director. It is now recognised as an important source of information, funding and on-going support for new businesses, and has recently been recognised and commended by Defra as contributing to its ‘New Start’ initiative.

To date Growing Routes has helped create over 150 new rural/agricultural businesses and over 200 jobs. Work is currently ongoing to devise a method of measuring the private investment contribution to the rural economy made by these businesses. Future development work includes formalising the Mentor programme with funding from Barclays Bank and identifying and organising workshops and master classes to significantly improve business management skills for the agricultural entrepreneurs. Yorkshire Forward’s role in agriculture is one of strategic support and intervention at the margins to drive up performance as seen through programmes such as Growing Routes. The following two examples demonstrate the success of creating new businesses and helping existing agricultural businesses to expand their services.

### Woollie Warmer



A very successful Growing Routes business the ‘Woollie Warmer’ evolved through the development of a portable warmer to help revive new born lambs. Growing Routes was instrumental in the development of the business including business planning and contributing to the prototype costs for the warmer. The original idea came from a nurse and a farmer’s wife very much involved in the running of a sheep farm in South Yorkshire. During the lambing season in March/April many lambs require warmth to get their circulation going especially after being born in unheated sheds or outside. The ‘Woollie Warmer’ is based on an insulated box filled with warm water in which the new born lamb is suspended.

The Woollie Warmer has been very successful business from the start and it is expanding rapidly due the great demand. Currently there are 29 distributors around the UK. Further information regarding the Woollie Warmer can be found on the website at [www.woolliewarmer.co.uk](http://www.woolliewarmer.co.uk)

## Stamfrey Farm



North Yorkshire organic dairy farmers Sue and Angus Gaudie have seen sales of their clotted cream rise by more than 25 per cent since summer 2006. Their Yorkshire organic clotted cream is hugely popular and is sold through farmers markets, organic food outlets and delicatessens including Betty's tearooms and Weeton's in Harrogate.

Following on from the success of the clotted cream, the Gaudies have just launched a second product line of Yorkshire organic yoghurt which they produce at Stamford Farm near Northallerton. The Gaudies have launched the yoghurt with help from three Yorkshire Forward supported programmes - Growing Routes, the Yorkshire Organic Centre and the Regional Food Group for Yorkshire and Humber.

The support from Growing Routes helped get the yoghurt side of the business off the ground as it helped to buy a yoghurt batch pasteuriser (the tank in which yoghurt is made). The Gaudies have been astounded by the speed with which the business has grown and highlighted that the support received from programmes such as this has been invaluable.

## Case Study 2 - Rural ICT Project

<b>Description</b>	Provide ICT support and promote ICT skills in rural areas
<b>Area Improved</b>	Region wide
<b>Start &amp; End Dates</b>	April 2004 to March 2007
<b>Total YF Funding</b>	£1,800,000
<b>Outputs</b>	16 new businesses created and 15 new jobs created

This project is made up of 10 sub-projects:

- Website - Promote awareness of broadband rollout
- Events & Marketing - Promote awareness of how ICT and broadband can benefit business
- Campaign Grants - Encourage communities to generate interest in broadband
- Move IT - Support rural business adoption of ICT
- IT Skills Promote ICT skills in rural areas - Three sub-projects including developing a virtual office support operation for people from agricultural backgrounds, supporting ICT Skills in business and assessing ICT skills in tourism businesses
- IT Technical Support - Develop capacity of technical support in rural areas
- Community Broadband - Develop Community solutions where broadband not otherwise available
- Technical Advisor - Provide technical advice on broadband solutions

The aim was to increase the competitiveness of rural businesses through making more use of, and benefiting from, the opportunities presented by e-commerce and e-business. The case study below is a good example of the work Yorkshire Forward has been involved with in supporting ICT development in rural areas.

### Broadband Boosts Community Spirit in Village (December 2005)

A community approach to getting high-speed internet in a rural area is thriving in a village in the East Riding of Yorkshire thanks to support from a Yorkshire Forward scheme. 15 businesses and 38 residents in and around Langtoft have benefited from getting connected to broadband.

Yorkshire Forward provided local company Langtoft.net with £25,000 to install a wireless broadband network in Langtoft and surrounding villages. Langtoft.net was set-up specifically to address the lack of broadband provision in the area. The funding was part of the Community Broadband Grant scheme operated by Yorkshire Forward. The scheme has so far assisted 20 communities across the region to get broadband.

Martyn Boswell, technical director at Langtoft.net said that the take-up of broadband in Langtoft has been so successful that they reduced the subscription fees from £20 to £16 a month. Following the success of installing broadband in Langtoft, Langtoft.net is involved with managing community broadband networks in the neighbouring village of Butterwick, the East Yorkshire villages of Kirkburn and Tibthorpe and Blubberhouses in North Yorkshire that will connect 100 properties.

## Appendix 4: Contributors

We would like to thank the following organisations and individuals for contributing their views and comments on how the rural economy of Yorkshire and Humber is supported and developed:

- Active for Life Healthcare Technology
- Amplebosum
- Anne McIntosh, MP for Vale of York
- Arts Council England
- Barnsley & Rotherham Chamber of Commerce
- Bradford Metropolitan District Council
- Campaign to Protect Rural England
- Christopher Elton, PhD Student at Sheffield Hallam University
- Craven College
- Development Trust Association for Yorkshire and the Humber
- Discerning Images
- East Riding of Yorkshire Council
- Environment Agency
- Federation of Small Businesses (FSB)
- Goole Development Trust
- Government Office for Yorkshire and the Humber
- Hambleton District Council
- Hornsea Regeneration
- Humber and Wolds Rural Community Council
- Learning and Skills Council Yorkshire and Humber
- Little Red Bus
- Mango Mutt
- My Knowledge.com
- National Farmers' Union
- North Doncaster Rural Trust
- North East Lincolnshire Council
- North Yorkshire County Council
- North York Moors National Park
- Partnership Investment Finance Ltd
- Pennine Prospects
- Prince's Trust
- Pritchard Associates
- Regional Forum
- Richmond Swale Valley Community Initiative
- Richmondshire District Council
- Rural Affairs Form
- Rural Racism Project
- Ryedale District Council
- Skipton Town Council
- Skipton Town Team
- The Courtyard, Goole
- Voluntary Action North Lincolnshire (VANL)
- West Yorkshire Rural Transport Partnership
- Wetherby Business Association
- Women in Rural Enterprise
- York and North Yorkshire Partnership Unit
- Yorkshire and Humber Black and Minority Ethnic (BME) Panel
- Yorkshire and Humber Chambers of Commerce
- Yorkshire Dales Millennium Trust
- Yorkshire Rural Community Council
- Yorkshire Tourist Board

In addition, we would like to thank ECOTEC Research and Consulting and Yorkshire Futures for their assistance and support to the Scrutiny Board throughout this review.

# Glossary

<b>BME</b>	Black and Minority Ethnic
<b>CAP</b>	Common Agricultural Policy
<b>CLA</b>	Country Land and Business Association
<b>DBERR</b>	Department for Business Enterprise and Regulatory Reform
<b>DEFRA</b>	Department for the Environment, Food and Rural Affairs
<b>ERDF</b>	European Regional Development Fund
<b>ESF</b>	European Social Fund
<b>FSB</b>	Federation of Small Businesses
<b>GDP</b>	Gross Domestic Product
<b>GVA</b>	Gross Value Added
<b>IDB</b>	Information Diagnostic and Brokerage Services
<b>LAA</b>	Local Area Agreement
<b>LDF</b>	Local Development Framework
<b>MRD</b>	Modernising Rural Delivery
<b>MTI</b>	Market Towns Initiative
<b>NATFHE</b>	National Association of Teachers in Further and Higher Education
<b>NFU</b>	National Farmers' Union
<b>NVQ</b>	National Vocational Qualification
<b>PIF</b>	Partnership Investment Finance Ltd
<b>PRIME</b>	Princes Initiative for Mature Enterprise
<b>PSA</b>	Public Service Agreement
<b>RDA</b>	Regional Development Agency
<b>RDC</b>	Rural Development Commission
<b>RDPE</b>	Rural Development Programme for England
<b>RBG</b>	Redundant Building Grants Scheme
<b>REIP</b>	Rural Enterprise Investment Programme
<b>RES</b>	Regional Economic Strategy
<b>RMT</b>	Renaissance Market Towns Programme
<b>ROSE</b>	Rural Opportunities for Self-Employment
<b>RSS</b>	Regional Spatial Strategy
<b>RSVCI</b>	Richmond Swale Valley Community Initiative
<b>RTS</b>	Regional Transport Strategy
<b>SRB</b>	Single Regeneration Budget
<b>TUC</b>	Trades Union Congress
<b>WiRE</b>	Women in Rural Enterprise
<b>YAS</b>	Yorkshire Agricultural Society
<b>YFDF</b>	Yorkshire Forward Development Fund
<b>Y&amp;HIDB</b>	Yorkshire and Humber Information Diagnostic and Brokerage Ltd
<b>YHRF</b>	Yorkshire and Humber Rural Framework

**YORKSHIRE  
AND  
HUMBER  
ASSEMBLY**

The **Regional** Strategic Partnership

impact  
**issues**  
challenges  
recommendations

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