

Yorkshire Forward: Annual Report and Accounts 2010/11

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Yorkshire Forward

Annual Report and Accounts 2010/11

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Regional Development Agencies Act 1998.

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1 Introduction from our Chair

This year has brought many rapid changes, both for the economy and for this organisation. It has also given me greater responsibility within the organisation as its new Chair. I have, however, served on Yorkshire Forward's Board for eight years and therefore I am no stranger to the great work Yorkshire Forward has done.

Holbeck Urban village, the River Hull footbridge, Sheffield city centre and Scarborough sea front clearly demonstrate how our strategic investment, partnership working and importantly our long-term regional approach can transform the physical landscape of Yorkshire and Humber.

In supporting our region's businesses through initiatives and organisations such as Business Link Yorkshire, Finance Yorkshire, the Manufacturing Advisory Service and the Enhancement Fund, we have created or safeguarded 254,824 jobs and supported the creation of 13,151 new businesses during our lifetime.

We have invested in new and emerging sectors and helped to kick-start industries which will now continue to flourish long after we are gone; Carbon Capture and Storage in Hatfield, the Nuclear Research at the Advanced Manufacturing Park in Rotherham and Offshore Wind in the Humber to name just three.

We have responded quickly and decisively to economic shocks. During the outbreak of foot and mouth in 2001, the floods in 2007 and most recently throughout the recession, we have provided support to businesses, individuals and places to ensure our region is a place people want to continue to live, work and invest.

Whilst we can no longer commit to new investments, we will be seeing out our existing investments, projects and initiatives or ensuring they are seamlessly passed on to new delivery bodies so that this work can continue, and doing so with the utmost professionalism and efficiency.

I would like to thank the Board of Yorkshire Forward for their support this year, it has been invaluable in what has been our most challenging year to date.

Finally, and most importantly, I would like to give a heartfelt thanks to my CEO Thea Stein, the Executive Directors and all of our staff at Yorkshire Forward for their unfailing hard work and passion for making this region even better. Even as we work to closure, staff have continued in their dedication to the work at hand; adapting their talents to the wind down of the organisation and delivering the results we need, just as I have come to expect. They can all be proud of the legacy they leave behind, which I am certain Yorkshire and Humber will feel the benefits of for years to come.

2 Introduction from our Chief Executive

The last 12 months have presented Yorkshire Forward with its toughest challenges yet, in dealing with the region's rapidly changing economic and political environment and our ultimate position within this. As an organisation, we have remained committed to working with our partners, businesses and our local authorities across Yorkshire and Humber, to ensure those projects and initiatives we support are completed or transitioned to a successor body prior to our closure, in March 2012.

We are working now for the legacy of Yorkshire Forward, to ensure that the strategic investments we have made; in employment, in our towns and cities, in marketing the region nationally and internationally, in ensuring our businesses are innovative and competitive and in our infrastructure, continue to benefit the region long-term.

I would like to thank our Chair, Julie Kenny, for stepping up to meet the challenge of working towards Yorkshire Forward's closure head on and with the dedication to help us to ensure this is done in the most professional and efficient way, whilst providing much needed support for our staff.

Finally, I would like to thank the staff of Yorkshire Forward, past and present. Throughout the many challenges which the organisation has dealt with throughout its lifetime, they have remained steadfast in their hard work, resilience and dedication to excellence through an extremely difficult year.

3 Management commentary

This commentary is divided into three sections: the first covers the period from April to August 2010, when Yorkshire Forward was in delivery mode; the second section covers the period from September 2010 to March 2011 when Yorkshire Forward was in closure and transition mode and the third section covers the corporate information that has crossed both periods.

In the first section we describe what we did, detailing the initiatives we put in place to meet our objectives and summarise several of our achievements. The second section covers our work on closure and transition, now our sole focus; it details how we are managing Yorkshire Forward's projects, assets and staff towards closure in March 2012. It also describes the governance structure that is ensuring the process runs smoothly. The third section looks at the other corporate information that crossed the two periods, the Board, The Northern Way and ERDF, efficiency savings and outputs.

3.1 Delivery April-August 2010

In June, the Emergency Budget announced £270m cuts to be found by the RDA Network during 2010/11, of which Yorkshire Forward's share was £40.27m.

3.1.1 Economic and Integrated Strategy

It was a year of change for regional strategy. During 2009-10, the focus was on the development of a new Integrated Strategy, the 'Yorkshire & Humber Strategy', alongside our partners. Good progress was made on evidence for the strategy early in 2010-11, with the plan being to make sure objective and robust evidence was collated that would be useful to partners whatever the post-election policy framework. This work was completed and made publically available.

Following the election there was a major shift in Government policy, with regional economic strategy work, including the RES and the Integrated Regional Strategy no longer required. Therefore any strategic work that has progressed has been based on assisting local authority partners, especially those seeking to become local economic partnerships.

3.1.2 Our Corporate Objectives

Initially, Yorkshire Forward's five corporate objectives provided the focus for our work, these being:

Objective 1: Keep as many people as possible in jobs or work-related training

Objective 2: Maintain and build the number of competitive, innovative and resilient businesses

Objective 3: Sustain the momentum of economic renaissance schemes in priority cities and towns (urban and rural), and support business start-ups and growth with a property offer which meets their changing needs

Objective 4: Develop new industries and new jobs

Objective 5: Establish an agreed Integrated Regional Strategy which is distinctive to Yorkshire & Humber and has a low-carbon focus

Positive progress was made against all our objectives (detailed in section 3.3), initially in the context of progressing as an Agency, and ultimately in light of budget cuts and the announcement of our closure in the context of continuing to manage (out) projects diligently.

3.1.3 Our policy product ranges

Yorkshire Forward's policy product ranges (PPRs) and geographic programmes were developed in consultation with regional partners and form the building blocks for our way of working to deliver the RES.

The delivery of these policy product ranges has continued to involve working closely with our delivery partners, particularly local authorities, but also with regional bodies such as Business Link Yorkshire or CO2Sense Yorkshire. We communicated as quickly and openly as possible with partners when projects were unexpectedly reduced in scale or ended prematurely as a result of reduced budgets and the announcement of Yorkshire Forward's closure.

PPRs

Economic Inclusion: Skills, Transport, Employment

Business: Competitiveness, International Business, Enterprise and Access to Finance, Low Carbon Economy

Environment: Rural Renaissance, Urban Renaissance, Economic Infrastructure, Marketing the Region through Tourism and Major Events

3.1.4 Case studies

Skills: The Skills Enhancement Fund

In responding to those employees at risk of recession-induced redundancy in Yorkshire and Humber, Yorkshire Forward worked in partnership with the Skills Funding Agency to deliver the £50million Skills Enhancement Fund.

The Fund offered support for those companies wishing to enrich their skills bases with higher-level or a broader range of skills. It funds up to 50% (up to a maximum of £20,000 per business) of the cost to businesses developing their staff, supporting accredited activity at any level and non-accredited activity at Level 4 and above.

Since launching in October 2008, Yorkshire Forward has committed over £9 million of funding and supported 6,000 individuals, with over 5,000 at Level 4 and above. It has encouraged employers to invest in staff training, £1 million of which is directly attributable to Yorkshire Forward's investment.

Partners: The West Yorkshire Consortium of Colleges, Calderdale College, the European Social Fund and the Skills Funding Agency

Investment: £9 million from Yorkshire Forward and £40 million from the European Social fund

Competitiveness - Innovation Vouchers

Yorkshire Forward launched the Innovation Voucher Scheme to help the region's small to medium size businesses to grow and develop, by supporting their collaboration with the region's universities and other academic institutions.

The Scheme has provided 1,094 vouchers to companies in the region since it launched in February 2009. These comprised of a mixture of vouchers worth £3,000 and £7,000 and specifically supported companies to develop their ideas and innovations into real commercial success.

As a result of the scheme, we have seen a greater collaboration between industry and academia, a more innovative and therefore more competitive business base for Yorkshire & Humber and a greater economic growth for the region.

Partners: Business Link Yorkshire, Yorkshire & Humber Universities, further education and research partners

Investment: £1.91 million from Yorkshire Forward and £1 million from the European Regional Development Fund

Enterprise and Access to Finance – Finance Yorkshire

Access to finance is the largest barrier to success for businesses operating in today's difficult economic climate. To meet this pressing demand for finance, a new £90 million regional venture and capital loan fund, supported by Yorkshire Forward and EU funds, was launched.

The fund supported business growth by providing access to finance for companies across the region. Seedcorn, loan and equity linked investments, ranging from £15,000 to £2 million, are available through the fund, to help businesses meet the gaps in funding they need for growth and development.

Finance Yorkshire has invested more than £5 million since it launched, with 75 of the region's small and medium sized businesses benefiting from the fund. The fund has helped these organisations generate growth and revenue to the tune of nearly £16 million.

Partners: European Regional Development Fund, European Investment Bank

Investment: £30 million investment from the European Regional Development Fund, £15 million from Yorkshire Forward and £45 million from the European Investment Bank

Marketing the Region through Tourism and Major Events – Welcome to Yorkshire

The visitor economy, which includes tourism and major events, makes a vital contribution to our region's economy. As the strategic lead body for tourism in Yorkshire and Humber, we have made it our goal to continue growing this sector by 5% every year.

In 2008, Yorkshire Forward approved an investment of £30 million over 3 years into Welcome to Yorkshire, the official tourist board for Yorkshire & Humber, as a catalyst to attract new public and private sector funds and better co-ordinate existing investment in tourism.

Yorkshire's tourism industry has already grown in value by over 5% to £6.3 billion, since the launch of Welcome to Yorkshire and 2700 new jobs have been created in the industry. Visits to Yorkshire have increased by 8% since Welcome to Yorkshire was launched. For every £1 invested by Yorkshire Forward in the industry it has delivered £13.57 back into the Yorkshire economy.

Partners: Welcome to Yorkshire

Investment: £30 million from Yorkshire Forward

Scunthorpe Sports Academy (The Pods)

The Pods in Scunthorpe is a partnership between Yorkshire Forward and North Lincolnshire Council.

A new top-class sports centre is being created in Scunthorpe, thanks to the local authority and Scunthorpe Town Team and support from Yorkshire Forward. The Pods and Central Park will become a centre of excellence for sports and recreation, and a hub for sports education and leadership training.

The Pods will provide a range of modern facilities, including:

- 25-metre swimming pool;
- training pool;
- state-of-the-art gym;
- dance studio;
- six-court sports hall; and
- café and a crèche.

As part of the project, £2m has been spent on rejuvenating Central Park, with:

- new £450,000 children's play area;
- pavilion and street furniture;
- boulevard through the park, linking the entrance and the Pods to the colleges;
- refurbished fountain; and
- events area with an open-air amphitheatre for musical and theatrical events.

The project is now substantially complete.

Partners: Yorkshire Forward, North Lincolnshire Council and developer Bowmer Kirkland & design team Andrew Wright Associates and S & P.

Investment: Yorkshire Forward Investment of £7.9 million out of a total budget of £14.9 million.

Background: Yorkshire Forward instigated the Urban Renaissance programme, providing financial and practical support throughout to develop a shared vision and strategic framework for each urban area. Town Teams form part of the Yorkshire Forward Urban Renaissance programme. This initiative helps to ensure that our region's urban areas are places where people want to live, work and invest. The goal is to make our towns and cities stronger and more competitive through the advantages of good design and management, good connections and high levels of accessibility.

3.2 Closure and Transition – September 2010 to April 2011

3.2.1 The Context

Since September 2010 when the Government made it clear that they were reforming the system of sub-national economic development, including the abolition of all RDAs, Yorkshire Forward's sole focus has been Closure and Transition.

As our sponsor department, the Department for Business, Innovation and Skills (BIS) is responsible for ensuring that abolishing the RDAs cease operation by March/April 2012, which they are managing through their cross-departmental transition process.

3.2.2 Governance of the Closure and Transition Process

To ensure that Yorkshire Forward closes orderly and effectively a Closure and Transition Team has been established. This team oversees the closure process and development of a full Closure Plan. To compliment this, there is also a Closure and Transition Project Board, to oversee the governance of the closure and transition process.

Yorkshire Forward Board and sub-committees

The Board has final oversight and responsibility for all major transition plan decisions relating to its overall strategic direction and management. The Audit Sub-Committee supports the Board in its responsibility for issues of risk control and governance. The Compensation Sub-Committee supports the Board in its responsibility for redundancy schemes. The Chief Executive presents a Progress Report at every Board meeting, accompanied by the latest KPI report, Significant Risks and Significant Issues.

Project Board

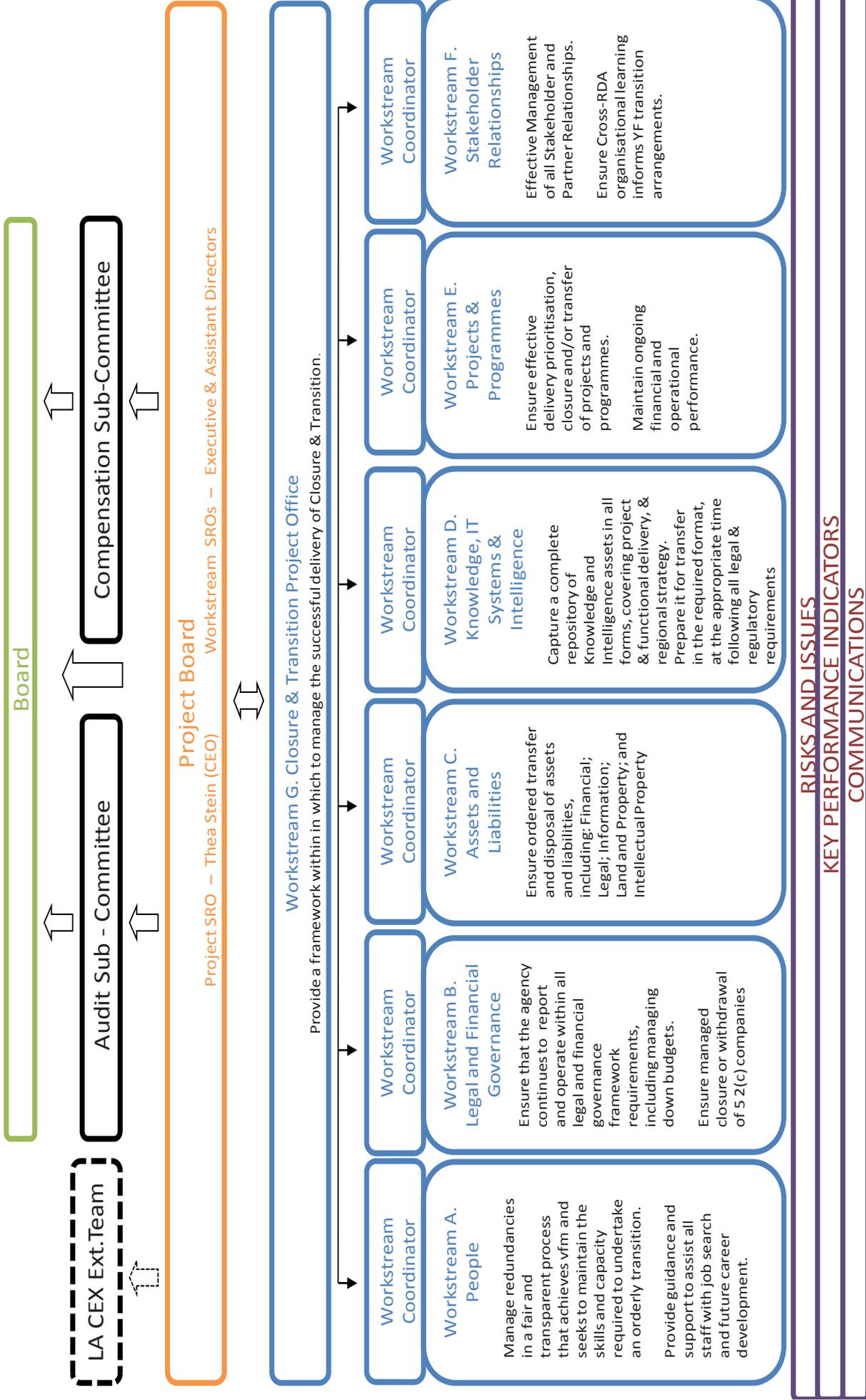
The Project Board has overall operational responsibility for ensuring that Yorkshire Forward closes in an orderly manner, delivering the desired outcomes on cost, quality, and to time. The Project Board is made up of the Chief Executive, the Executive Team and the Assistant Director for Closure and Transition.

Closure & Transition Project Team

The Closure and Transition Project Team is headed by the Assistant Director for Closure and Transition and staffed by a full time team responsible for the day to day project management of workstream activities. It provides the essential functions of planning support and coordination necessary to ensure the delivery of key outcomes on time and to cost.

[This is detailed in Annex F – Closure & Transition Governance Structure on page 10](#)

Annex F - Closure & Transition Governance Structure



3.2.3 The Workstreams

The Yorkshire Forward Closure Plan is focused around seven workstreams:

- A. People
- B. Finance
- C. Assets and Liabilities
- D. Knowledge and Information
- E. Projects and Programmes
- F. Stakeholder Relationships
- G. Overall closure management.

Each workstream has an objective and workstreams A to E have a range of Key Performance Indicators to allow us to monitor progress towards closure.

Workstream A – People

Objective: *We will manage the redundancy implications of the phasing out of Yorkshire Forward in a way that ensures processes are effective, fair, transparent, and represent value for money. We will strive to retain the critical capacity necessary to manage an orderly transition and the ongoing delivery of priority investments.*

We recognise that the final period of Yorkshire Forward will be challenging for our staff. Therefore, we will provide the appropriate level of support, guidance and information to assist our people in job search and personal and future career development as they take their next steps.

Since the announcement of our closure, Yorkshire Forward has seen increasing numbers of staff leaving the organisation. This reduction in staff numbers was supplemented by a Voluntary Redundancy (VR) scheme in October 2010, when 100 additional staff left the organisation. In February 2011 the Agency launched our final VR / Compulsory Redundancy (CR) scheme with a view to the majority of staff leaving on individually determined dates linked to the completion of closure tasks. The first staff to leave under this scheme were made redundant in May 2011.

Work is still underway in conjunction with Government Departments (Department for Communities and Local Government, Department for Environment, Food and Rural Affairs and BIS) on the transfer of staff to those Departments where responsibility for work previously undertaken by the RDA is transferring.

Workstream B - Legal, Finance and Governance

***Objective:** We will ensure that the Agency continues to operate within its specified financial and legal governance arrangements and that all aspects of the project are delivered and reported in accordance with these rules and regulations and to achieve value for money.*

The overall governance of the closure process is managed by the Project Board, who meet fortnightly and report to the Yorkshire Forward Board. The Audit Sub-Committee has responsibility for challenging the Project Board on the management of risks arising from the closure process. Under this workstream we ensure the Agency closes and disposes of assets and contingent assets in a legally compliant manner that also provides value for money for the taxpayer.

Workstream C - Assets and Liabilities

***Objective:** We will, subject to instructions issued by Government, ensure an ordered and effective transfer and disposal of all of Yorkshire Forward's assets and liabilities making sure decisions represent value for money and that, where possible, asset transfer/disposal supports the ongoing strategic objectives of local economies.*

Yorkshire Forward's Assets and Liabilities Plan was submitted to BIS on January 31st 2011 – this identified the Agency's assets and contingent assets and detailed the proposed routes for disposal.

Government have now approved –

- **Proposed sales of properties – both to Local Authorities and open market sales.** These sales will be at Open Market Value and represent those assets that can now be delivered through the private sector and therefore no longer require public sector funding or control.
- **Transfer of Coalfield Assets to the Homes and Communities Agency (HCA) and the Land Trust.** The regeneration of coalfield sites has been funded by HCA (but managed by YF) and as such their transfer should ensure continuing management and development in line with agreed principles. The transfer of landscape sites to the Land Trust represents a passing of liability and future management of green-scape areas to a specialist company who are best placed to manage them.

There is one asset within the Agency's portfolio that has been categorised as a National Asset – the Advanced Manufacturing Park (AMP). This indicates its importance both regionally and nationally and our sponsor organisation Business, Innovation and Skills continuing interest in the future business opportunities the Park affords. The future ownership and management of this site is still under review.

All the remaining assets are expected to pass to HCA through a statutory transfer order – where upon they will be owned by HCA and managed through a stewardship model. BIS have not yet approved this model and the exact nature and scale of the stewardship model is yet to be agreed. Whilst there may not be the scale of funding

previously available, HCA are committed, under stewardship, to continue the work and visioning prepared and delivered by YF and Local Authority colleagues, where they are able.

Detailed discussions are ongoing between Yorkshire Forward, BIS and HCA regarding the transfer of YF staff to HCA as assets transfer – under employment regulations.

Workstream D - Knowledge, IT Systems and Intelligence

Objective: *Capture a complete repository of Knowledge and Intelligence assets in all forms, covering project and functional delivery, and regional strategy. Prepare it for transfer in the required format, at the appropriate time following all legal and regulatory requirements*

Yorkshire Forward’s Knowledge Inventory is complete and awaiting decisions from BIS regarding the transfer of information to national Government departments. In addition to information of a national interest, Yorkshire Forward holds a body of knowledge and information of considerable local benefit. Plans are being developed with local authorities over possible disposal options for this. A major internal exercise is currently underway in sorting and storing electronic and paper records required for transfer when Yorkshire Forward closes.

Workstream E - Projects and Programmes

Objective: *We will ensure that our financial commitments are managed within the funding envelope set by Government through the Comprehensive Spending Review and will continue to ensure the ongoing delivery, transfer and project management of economic development programmes and projects, whilst maximising impacts and value for money.*

Following a detailed Project Review in February 2011, a full project closure schedule has been developed detailing the projects to be closed and made archive ready on a month by month basis. The proposed date of transfer for UK Trade and Investment (UKTI) is June 2011, European Regional Development Fund (ERDF) and Rural Development Programme for England (RDPE) is July 2011. Decisions are still outstanding regarding the transfer of the Grants for Business and Grants for Research and Development schemes. Considerable effort has been made to close projects early, where possible, to minimise the number of projects still live as of March 31st 2012. However, at this point it is envisaged that there will be only five projects with spend forecast past 2012.

Workstream	Key Performance Indicators
A: People	Number of Staff
B: Legal & Financial Governance	Number of Live Contracts

C: Assets & Liabilities	Total Value of Remaining Assets Total Number of Remaining Assets Number of Loans Number of Operational Properties Number of Service Contracts
D: Knowledge, IT Systems & Intelligence	Indexed archived boxes ready for transfer Gigabytes of Information indexed and moved to I: Drive Number of IT Service Contracts
E: Projects & Programmes	Programme Expenditure Outputs Number of live projects

Workstream F - Stakeholder Relationships

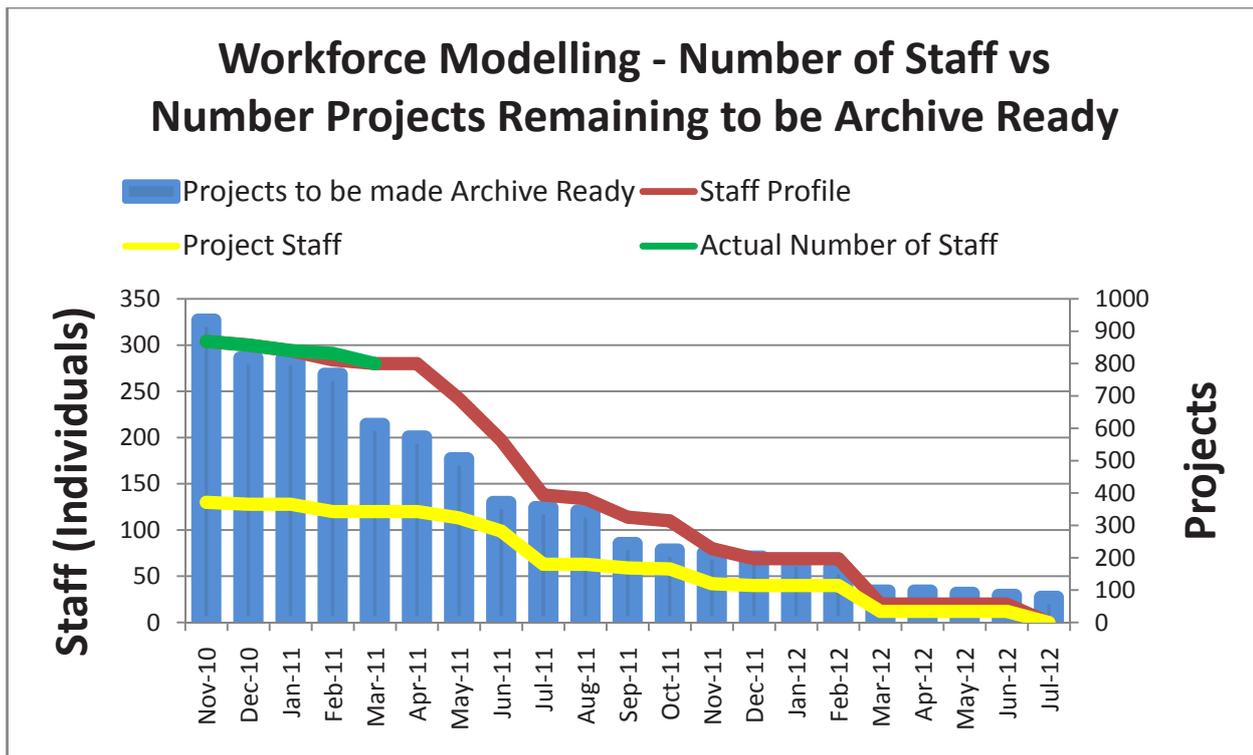
Objective: *We will maintain clear and open two way lines of communication between Yorkshire Forward and its partners during the transition. This includes the following key stakeholders – regional politicians, local authorities, business, media and Government through HMT and the BIS Transition Team.*

Keeping our stakeholders informed about our work towards closure is crucial to ensuring the smooth wind down of Yorkshire Forward. Throughout the year many established networks have ceased to meet as new infrastructure emerges, however the Stakeholder Relationships workstream has a focus in three distinct areas of activity; local government and partner relationships, political relationships and media relations. We have supported local authorities as they seek to form Local Enterprise Partnerships, kept politicians informed of key closure milestones and maintained effective and responsive media relations.

Workstream G - Management of Closure

In delivering against the Closure Plan, risks and issues are monitored fortnightly and reviewed by the Project Board, with action taken to mitigate and resolve them being reviewed by the Audit Sub Committee at each of its meetings. The greatest risks to delivery of the plan remain the speed and clarity of information coming from central Government on the closure and transfer of functions, coupled with Yorkshire Forward's ability to maintain sufficient staffing levels to complete the work required for a smooth and orderly transition.

3.2.4 Workforce Modelling



3.3 Corporate Information

3.3.1 Yorkshire Forward's Board

During 2010-11 the Board met on nine occasions. The members' responsibilities include:

- ensuring that we comply with any statutory or administrative requirements for the use of public fund;
- establishing our strategic direction within the policy and resources framework agreed with the Minister;
- ensuring that high standards of corporate governance are observed at all times;
- overseeing the delivery of planned results by monitoring performance against strategic objectives; and
- ensuring that, in reaching decisions, they have taken into account any guidance issued by BIS.

Board Members also fulfilled their wider responsibilities which include:

- membership of Board sub-committees and task & finish groups;
- representing Yorkshire Forward in the sub-regions and on the sub-regional partnerships;
- championing particular policy areas, such as renaissance, inclusion and skills, sectors and scrutiny; and
- developing and maintaining relationships with Yorkshire Forward's partners and stakeholders.

Board Members have a duty to comply at all times with an established Code of Practice, which includes following the seven principles of public life as set out by the Committee of Standards in Public Life.

Board Members

During 2010-11, 15 members have served on Yorkshire Forward's Board. Biographies for all Board Members can be found on Yorkshire Forward's website:

<http://www.yorkshire-forward.com/about/structure/the-board>

Terry Hodgkinson stood down as Chair of Yorkshire Forward's Board in **December 2010 when his term came to an end**. Terry had been Chair of the Regional Development Agency for seven years, extending his contract by one year at the request of the previous Government to steer the RDA through the recession.

Julie Kenny CBE DL, Managing Director of Pyronix Ltd, was appointed as the Chair of Yorkshire Forward in December 2010. Julie is a long serving member of the Yorkshire Forward Board and her appointment was approved by Rt. Hon. Dr. Vince Cable MP, Secretary of State for Business, Innovation and Skills, in December. As Chair she is accountable for Yorkshire Forward's performance, reporting directly to senior Government ministers. As well as being the key interface with our stakeholders, she also acts on behalf of all the UK's Regional Development Agencies on a number of national issues, including maintaining relationships with HM Treasury, the CBI and the TUC.

Prior to founding Pyronix Ltd, Julie held a successful career as a litigation lawyer in both Local Authority and private practice. Since 1995 Julie has been actively involved in serving the Yorkshire and Humber business community and is currently Board member of Creative Sheffield and Yorkshire Forward. Julie has recently been appointed by Government as one of three commissioners to oversee improvements of governance at Doncaster

Metropolitan Borough Council. Nationally, Julie is Commissioner with the UK Commission for Employment and Skills, and Chairman and Director of the British Security Industry Association.

Linda Pollard OBE JP DL is Deputy Chair of Yorkshire Forward, a role in which she has taken the lead on skills, tourism and key account management, currently leading on “people”. Linda started her business at 24 and sold her last business some 10 years ago and she now divides her time between the public and private sector. She is Chair of NHS Leeds, Pro Chancellor/Chair of the University of Leeds, the Regional Chairman of Coutts Bank Plc and Chairman of the 2% Club Yorkshire.

Full list of Board Members

Name
Julie Kenny CBE DL, Chair
Linda Pollard OBE JP DL, Deputy Chair
Ajaz Ahmed
Bill Adams
Professor Michael Arthur
Barry Dodd
Cllr Mark Kirk
Mark Lovell
Cllr Kath Pinnock
John Vincent
Cllr John Weighell
Sharon Allen
Heidi Mottram

Board meetings

These attendance figures are for regular Board meetings from 1 April 2010 to 31 March 2011 and a special Board meeting held in May 2010.

Name	Meetings attended
Terry Hodgkinson, Chair (up to December 2010)	7/7
Linda Pollard, OBE JP DL, Deputy Chair	9/9
Professor Michael Arthur	3/9
Barry Dodd	8/9
Cllr Mark Kirk	7/9
Mark Lovell	5/9
Julie Kenny CBE DL (Chair from December)	8/9
Cllr John Weighell	8/9
Cllr Kath Pinnock	9/9
Ajaz Ahmed	7/9
Bill Adams	7/9
John Vincent	7/9
Sharon Allen	5/9
Heidi Mottram	9/9
<i>Jan Wilson</i>	-

Changes to Board membership

We were sad to announce the death of Cllr Jan Wilson CBE in August 2010 after a long illness. Jan was a loyal Board Member who added significantly to the work of Yorkshire Forward in her two terms and six years in post and she is greatly missed by her colleagues and friends on the Board.

Compensation Sub-Committee

The Compensation Sub-Committee is appointed annually and acts on behalf of the Board to consider any revised terms and conditions of its members; the performance and compensation of the Chief Executive and the Executive Directors; and any review of pay and other personnel policies relating to Yorkshire Forward staff. Over the last six months it has played an increasingly important role in overseeing closure and transition.

The sub-committee met eight times during the course of the year. The Compensation Sub-committee is chaired by Linda Pollard and other members included Terry Hodgkinson (and subsequently Julie Kenny as Chair of Yorkshire Forward), Bill Adams, Michael Arthur, Mark Kirk and Sharon Allen.

Attendance figures were as follows:

Name	Meetings attended
Linda Pollard, Chair	8/8
Terry Hodgkinson*	6/6
Julie Kenny**	1/2
Mark Kirk	5/8
Bill Adams	5/8
Michael Arthur	1/8
Sharon Allen***	0/2

**Terry Hodgkinson left Yorkshire Forward in December 2010*

***Julie Kenny joined the Compensation Sub Committee in December 2010*

****Sharon Allen joined the Compensation Sub Committee in January 2011*

Audit Sub-Committee

The Audit Sub-Committee supports the Board in its responsibilities for issues of risk, control and governance. The Sub-Committee formally reports in writing, by way of minutes, to the Board and Accounting Officer after each meeting and copies are provided to the National Audit Office, who are invited to attend meetings.

The Sub-Committee also provides the Board and Accounting Officer with an Annual Report, timed to support finalisation of the accounts, summarising its conclusions from the work it has done during the year and periodically reviews its own effectiveness, reporting this also to the Board and Accounting Officer. Board Members are appointed to the Audit Sub-Committee on an annual basis.

The Audit Sub-Committee advises the Board and Accounting Officer on:

- the strategic processes for risk, control and governance and the Statement on Internal Control;
- the accounting policies, the accounts and the annual report, including the process for review of the accounts prior to submission for audit and that reporting is prudent, accurate, appropriate and consistent with Government accounting policies;
- the planned activity and results of both Internal Audit and the National Audit Office;
- adequacy of management response to issues identified by audit activity, including the National Audit Office's management letter;
- assurances relating to the corporate governance requirements for the Agency;
- the anti-fraud and confidential reporting policies; and
- oversight of the closure and transition process, including challenge to the Project Board and their management of the associated risks.

During 2010-11 the Audit Sub Committee met five times. Attendance figures were as follows:

Name	Meetings attended
John Weighell, Chair	5/5
Julie Kenny	4/5
Bill Adams	4/5
Heidi Mottram*	2/3
Kath Pinnock*	3/3
Mark Lovell	2/5
Jan Wilson	0/2
Terry Hodgkinson**	1/1

* Heidi Mottram and Kath Pinnock joined the Audit Sub Committee in September and July 2010 respectively.

** As Chair of Yorkshire Forward, Terry Hodgkinson attended the Audit Sub-Committee meeting in July 2010.

3.3.2 Evaluation

Yorkshire Forward has remained committed to evaluation over the last year with a strong focus on capturing lessons learned from our investments. These include:

- whether our objectives are being met;
- the net economic impact of our interventions;
- the social and environmental impacts of our interventions;
- the value for money, including return on investment of our interventions;
- the strategic added value of our interventions;
- the effectiveness and efficiency of our delivery of our interventions; and
- the lessons learned and good practice to share from our interventions.

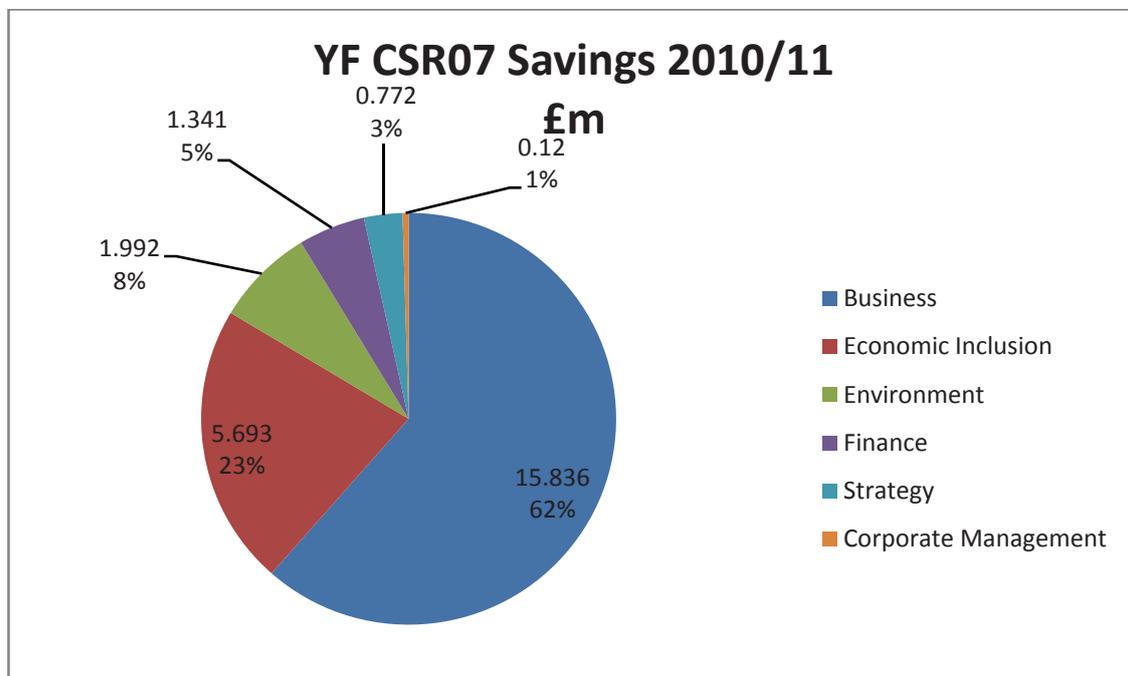
This last point in particular has been a focus as we have sought to create a legacy of learning that can help to inform future investment decisions for the region.

3.3.3 Efficiency summary

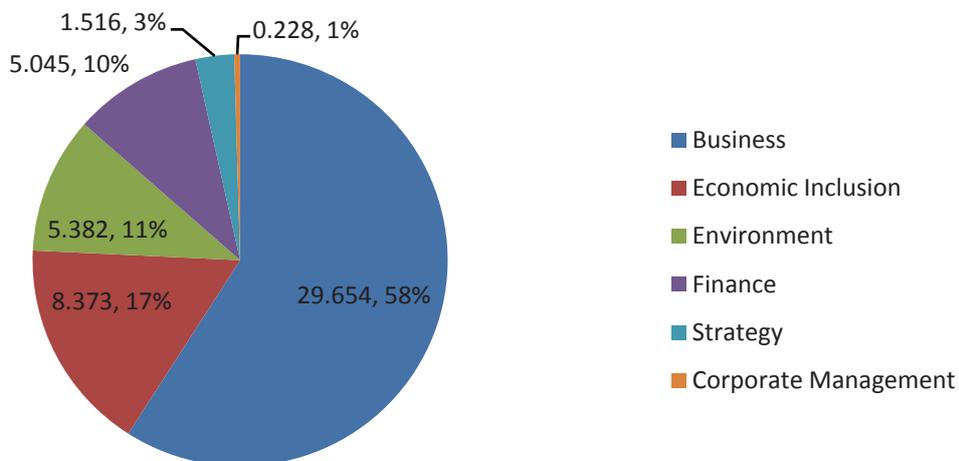
The 2007 Comprehensive Spending Review (CSR07) brought confirmation of a reduced budget of 2.3% year-on-year, over the period 2008 to 2011 and outlined the requirements for us to achieve savings of £47.378m in order to release monies to our priority areas of delivery. To achieve the necessary savings and performance improvements under the 3 year programme, we agreed a value for money strategy and set up an implementation board.

In 2010/11, the final year of the 3 year programme, we have delivered savings of £25.754m, exceeding our annual target of £23.760m. Across the full 3 year programme, we achieved savings of £50.198m exceeding the target of £47.378m

In May 2010, the Department of Business, Skills and Innovation (BIS) required us to deliver savings on our programme and administration expenditure of £40.27m and £2.42m respectively. In July 2010 BIS instructed us, along with other RDAs, to make no new commitments. Savings made as a result of these cuts have been counted as efficiency savings where appropriate.



Yorkshire Forward - CSR07 Savings Cumulative 2008/11 (£m)



CSR 07 Performance Improvement 2010/11

Cash Releasing Savings Target 2010/11	£23.760m
To Achieve CSR 07 Cash Releasing Savings Target	4.655
Corporate Plan Target 2010/11	4.963
Achieved 2010/11	4.001

3.3.4 Assuring quality and compliance

Yorkshire Forward is a learning organisation: we undertake and are subject to regular quality and compliance reviews and take on board their findings and recommendations. We know that we can learn from the insight that others can provide.

- *Independent Supplementary Review (ISR)*

Elements of Yorkshire Forward's processes were most recently assessed under the Independent Supplementary Review undertaken by the National Audit Office in 2010. They assessed us as adequate overall within the scope of the ISR.

- *Performance-monitoring by the Board and Executive*

The Yorkshire Forward Executive team and Board monitor our performance on an ongoing basis through regular financial and non-financial reporting. During 2010-11 this has focused increasingly on ensuring an

orderly closure for Yorkshire Forward, whilst continuing to maximise economic benefits for the region and achieve value for money.

External stakeholder surveys, which are shared with the Board, give a clear indication of our partners' understanding of what we do, and also what partners think of our performance. Feedback from staff and the work done to support them through our internal Moving On Team (MOT Team) indicates staff morale throughout this closure period. Our performance is now judged on hitting our financial targets and delivering outputs in the region and how effectively we close Yorkshire Forward down. The headline outputs we have delivered for 2010-11 can be found on page 25.

- *Performance-management framework (PMF)*

All projects funded by Yorkshire Forward and the 2007-13 ERDF programme are subject to rigorous development, appraisal, monitoring and evaluation through our performance-management framework (PMF). The PMF has been developed in accordance with Guidance for RDAs in Appraisal, Delivery and Evaluation (GRADE), issued by BIS. This sets out best practice for the full project cycle. It provides the framework within which we operate, ensuring that we deliver value for money for the public purse; comply with Government requirements; and learn lessons from what we deliver. Our PMF has been aligned with EU requirements to ensure we have consistent processes across Single-Pot and ERDF funding. Additionally, some grant schemes (which we have inherited and now run) have their own appraisal and compliance systems which we adhere to.

- *Internal Audit*

We are required to maintain effective arrangements for internal audit which accord with Government Internal Audit Standards. Internal Audit provides an independent and objective opinion to the Accounting Officer on risk management, control and governance, by measuring and evaluating their effectiveness in achieving our objectives. Consequently, Internal Audit represents a major source of the assurance upon which the Accounting Officer relies in signing the Statement on Internal Control. This statement is on pages 52-57.

During the year, Internal Audit has reviewed the adequacy of our controls to manage risk in a wide range of financial and management systems, as well as a sample of our projects. The outcome of these reviews, including the action taken to improve controls, has been reported to our Audit Sub-Committee, papers for which are available on our website.

Additionally, as part of its assurance function surrounding project management and contract monitoring; the Contract Management Team has undertaken reviews of projects across Yorkshire Forward. The findings and recommendations from these reviews are reported to project managers and Assistant Directors. From 2010/11, their assurance work has also been reported to the Audit Sub-Committee alongside Internal Audit.

- *ICT and systems*

Yorkshire Forward prides itself on using leading-edge technology to create a working environment which is secure and efficient, yet also highly flexible and provides value for money. Our people enjoy the confidence

which comes from system 'up'-time of almost 100%, and are able to work off-site and from home reliably, securely and efficiently.

Our business intelligence platforms have been expanded to provide high-quality, business-critical performance information at all levels of our organisation, using both a distributed-report mechanism and self-service portals.

Our knowledge management system integrates all of our key systems, presenting staff with a single, flexible way to access up-to-date information. This enables business decisions to be made with confidence.

Over the next financial year we will work closely with central Government Departments in order to find the most efficient and accurate solutions to transferring our information and knowledge assets to successor bodies that are identified to continue delivering our activities in the future.

3.3.5 The Northern Way

2010/11 was a busy year, but also one of finality for Yorkshire Forward's contribution to the Northern Way initiative. At the start of the year, Northern Way activity was retaining and tightening its focus on its core themes. By the end of the year, the aim was simply closing down the Northern Way.

Excellent progress made on cross regional transport working over the years was consolidated further. Highlights included a joint approach on high speed rail that has helped win favour for a route extending to Yorkshire as well as Manchester, further development of the business case for the Northern Hub rail project that will enable faster and more frequent services between Manchester and Leeds and Sheffield and beyond once completed, securing a significant tranche of investment in the most congested sections of the North's motorway network including on the M1 and M62, and securing investment to enable high cube containers to be moved by rail between Yorkshire, Scotland and the East and West Midlands.

3.3.6 The Yorkshire & Humber Competitiveness and Employment Programme 2007-13 (ERDF)

The Yorkshire & Humber Competitiveness and Employment Programme 2007-13 has plans to invest €583m from the European Regional Development Fund (ERDF) in Yorkshire and The Humber's economic development by 2015. The programme has been managed by Yorkshire Forward on behalf of the Government, the European Commission and the region to date. Responsibility for ERDF administration is being transferred back to Government in July 2011 where it will be administered by the Department for Communities and Local Government.

We support programme delivery through the provision of an ERDF Secretariat, which in turn supports the Programme Monitoring Committee and manages the programme on a day-to-day basis. In addition to the Programme Monitoring Committee, there are other partnership bodies overseeing various areas of programme

activity—including two performance management boards, a cross-cutting themes sub-committee, an access-to-finance sub-committee, and an evaluation steering group.

N+2 target

The Yorkshire & Humber Competitiveness and Employment Programme exceeded its 2010 spending target (known as N+2) by £19.9 million. The programme's targets for 2009 to 2015 were re-profiled by the European Commission as part of its response to the Europe-wide economic crisis.

The cumulative spend target for the end of 2010 was £90.2 million. The programme surpassed that target by £19.9 million. The N+2 targets are set by calendar year.

Programme performance

The Yorkshire and Humber ERDF Programme has contracts with 52 separate ERDF projects. Cumulatively, these projects have been allocated £205,520,732 of ERDF funding and have the cumulative eligible expenditure (ERDF and match funding) of £438,913,600. This means that the programme has contracts for approximately 40% of the total amount of ERDF available to invest. Additionally, project sponsors have submitted a significant number of further proposals for consideration that are at various stages of development.

Annual implementation report

The Programme's financial reporting to the European Commission is by calendar year. By regulation, an annual implementation report has to be approved by the programme monitoring committee and submitted to the European Commission by 30 June. The 2010 report was approved and submitted on time and is currently under consideration, by the European Commission.

3.3.7 Yorkshire Forward's Outputs against Corporate Objectives

Positive outputs and outcomes were achieved against all our objectives. In overview, Yorkshire Forward's work has:

- Helped nearly 30,000 businesses per year to improve their performance - equating to positive contact with 1 in 12 of the region's business every year, and typically increasing their turnover by circa £15,000 per year.
- Helped around 1 in 30 people in the region's workforce to gain or keep a job in the last five years – around 60,000 people in total.
- Created businesses and jobs that bring additional **tax revenue of around £725 million per year** into the region – well over twice what has typically been invested in the Agency.

3.3.8 Headline Outputs

In 2010-11 we have:

- Created or safeguarded 25,974 jobs
- Assisted 11,027 people to get a job & 6,799 people in their higher level skills development
- Created 942 new businesses in the region & assisted 29,895 businesses to improve their performance
- Levered £107.40m in public and private investment on physical regeneration projects.

Further details about our outputs can be found on page 26 to 29.

This concludes the Annual report section of the document. The remaining section of the document includes the Business Performance, Directors' Report the Financial Statements and other statutory reporting requirements.

Business activities and performance

Yorkshire Forward is the Regional Development Agency for the Yorkshire & Humber region. The Agency was established on 14 December 1998 following parliamentary approval of the Regional Development Agencies Act 1998.

Our name was formally changed to Yorkshire Forward (Yorkshire & Humber Regional Development Agency) on 19 February 1999. Yorkshire Forward was set up because the Yorkshire & Humber region had undergone major economic upheaval caused by the decline of traditional industry such as coal, steel, textiles, fishing and agriculture. We are one of nine UK regional development agencies, arm's length government bodies charged with improving regional economies. The Public Bodies Bill, published in Parliament on 29 October 2010, proposes that the Regional Development Agencies are abolished.

Whilst Yorkshire Forward can no longer commit to new investment, we will be seeing out our existing investments, projects and initiatives or ensuring they are seamlessly passed on to new delivery bodies so that work can continue, and doing so with the utmost professionalism and efficiency.

2010/11 achieved outputs compared to target range

Yorkshire Forward has continued to collect and report on output achievement against our original Corporate Plan targets. Although performance has been substantially affected by the combined impact of budget cuts and the early closure of projects, we will continue to maximise the outputs and impact of projects through to closure or transfer if earlier.

The table below summarises the outputs we achieved against the original target range for the 2010-11 year followed by a short analysis of each output.

2010- 2011 ACHIEVED OUTPUTS COMPARED TO TARGET RANGE

CORE OUTPUTS	TARGET RANGE*			ACTUALS	ACHIEVED AS % OF MID POINT
	Min	Mid Point	Max		
1. Jobs created and safeguarded.	20,701	24,354	28,007	25,974	107%
2. People assisted to get a job.	4,875	6,500	8,125	11,027	170%
3. New businesses created.	1,280	1,600	1,920	942	59%
4. Businesses assisted to improve their performance.	36,000	45,000	54,000	29,895	66%
4a. Businesses assisted via collaboration with the UK Knowledge Base	525	700	875	533	76%
5. Public and private regeneration investment levered					
(i) Total (£m).	£118.00m	£157.00m	£197.00m	£107.40m	68%
(ii) Proportion of private leverage.	32% (£37.77m)	42% (£65.94m)	53% (£104.41m)	67% (£72.26m)	110%

6. People assisted in their skills development (Level 4+)	4,800	6,000	7,200	6,799	113%
7. Sustainable Development (<i>Reduce Greenhouse Gas Emissions</i>).	0.038m T C02e	0.075m T C02e	0.113m T C02e	0m T C02e	We stopped monitoring this target.
8. Private Sector Investment (excluding regeneration)	£182m	£242m	£303m	£298.77m	123%
9. Businesses with R&D levered.	410	550	690	638	116%
10. Intensive Business Assists.	7,600	9,500	11,400	6,744	71%

* Target range - min, mid and max are as set in the Yorkshire Forward Corporate Plan.

Report on progress against output targets

1. **Jobs created and safeguarded** - main contributors were Business Link (9,560) and the Manufacturing Advisory Service (1,862).
2. **People assisted to get a job** - main contributors were the employment support projects in Sheffield (3,093) and Hull (2,678).
3. **New businesses created** - Business Link continued to contribute the majority of these outputs (768).
4. **Businesses assisted to improve their performance** - Business Link continued to deliver the majority of these outputs (over 18,000).
- 4a. **Businesses assisted via collaboration with the UK Knowledge Base** - The main contributor to this output was Innovation Vouchers (288).
5. **Public and private regeneration investment levered** - A variety of regeneration and renaissance schemes contributed to this output including Bradford BIC and the Waterfront Quarter, Huddersfield.
6. **People assisted in their skills development (Level 4+)** - The project contributing significantly to this output was the Enhancement Fund (3,463).
7. **Private Sector Investment (excluding Regeneration)** - The International Business Development Programme and the Grant for Business Investment Programme were the major contributors to this output.
8. **Business with R&D levered** - Innovation Vouchers continued to deliver this output.
9. **Intensive business assists** - The Business Link continued to deliver the majority of this output (5,335).

Output disaggregation

We have also continued to collect beneficiary data about the outputs delivered by postcode. This allows us to disaggregate the figures by Urban/Rural and Disadvantaged area. The data is linked into the GIS (Geographic Information System) mapping software. The amount of beneficiary data collected this year has once again improved and having collected between 96% & 100% of the data for each output we have then scaled the results up to the full 100% where necessary.

CORE OUTPUTS	URBAN	RURAL	DEPRIVED	% DATA COLLECTED
1. Jobs created and safeguarded.	22,110 85%	3,864 15%	11,033 42%	100%
2. People assisted to get a job.	9,689 88%	1,338 12%	8,472 77%	99%
3. New businesses created.	706 75%	236 25%	224 24%	97%
4. Businesses assisted to improve their performance.	24,065 80%	5,830 20%	8,918 30%	96%
5. Public and private regeneration investment levered.	£102.86m 96%	£4.54m 4%	£48.80m 46%	100%
6. People assisted in their skills development (Level 4+)	6,293 93%	506 7%	1,710 25%	97%
8. Private Sector Investment	£261.10m 87%	£37.67m 13%	£60.03m 20%	99%
9. Business with R&D levered	512 80%	126 20%	204 32%	97%
10. Intensive Business Assists	5167 77%	1577 23%	1960 29%	96%

CLASSIFICATION

In determining the above classifications we have used the DEFRA Rural/Urban Classification 2004 at Ward Level. For Deprived Areas we have used the DCLG Index of Multiple Deprivation (IMD 2007). There are 32,482 Super Output Areas (SOAs) in England, we have taken the top 20% most deprived, and of these Yorkshire and the Humber has 907 SOAs that are within the most deprived nationally.

DISAGGREGATION INTERPRETATION

The outputs can be split into two groups being those that deal with people (Jobs, Skills and Businesses) and those that deal with location (Regeneration).

Those relating to people continued to have similar splits with the Business Related outputs being on average 80% Urban and 20% Rural, which aligns with the region's population split of 80% Urban and 20% Rural. However the skills have again been largely delivered in Urban areas this year (93%) as the majority of Skills institutions delivering these are located in urban areas.

We have continued to target and deliver in deprived wards with on average 30% of outputs being delivered in Deprived Wards. Again this aligns with the fact that 30% of the region's population live in Deprived Wards. The notable exception to this is in the number of people assisted to get a job where 77% of the outputs were delivered in deprived wards. Similarly this can be explained by the majority of the projects delivering in this area being targeted at deprived areas.

Investment in physical regeneration has been levered in largely urban wards mainly due to large contributions from our urban renaissance schemes of which 46% of investment levered being in deprived areas.

Business Link regional performance

National KPIs

2010/11 was an extremely challenging period for our Business Link service provider who faced several reductions in budget resulting in major cuts in its workforce, a national ban on marketing and uncertainty over the future of the Business Link service in the region. The performance against main national Business Link KPIs is detailed below:

- **Usage** of the service fell in 2010/11, it had 68,319 customers, this fall was largely as a result of a ban on all marketing activity.
- **Intensive assistance** was provided to 5,808 customers; this was a significant drop from previous years largely due to redundancies within the adviser team.
- **Customer satisfaction** was maintained at 86% which against the back drop of constant change and uncertainty was a credible performance and is a testament to the professionalism and ability of the staff delivering the service.

Yorkshire Forward tasking framework targets

Targets for the Business Link service were revised within the year to take account of significant in-year budget cuts and as a result activity levels were down on previous years, nevertheless Business Link has put in a very strong performance with most measures seeing performance ahead of target:

- **Businesses assisted to improve performance** - almost 28,000 clients received at least 2 hours worth of support from the Business Link service within the year.
- **Jobs created** - 2010/11 saw a big improvement in number of businesses reporting that they have taken on staff as a result of Business Link support with more than 6,000 new jobs created and an additional 4,500 jobs safeguarded.
- **Businesses created and surviving 52 weeks** - Owing to staff cutbacks it proved difficult to verify the number of businesses surviving 52 weeks. However, as at 15th April 2011, 768 businesses that started the previous year were confirmed to still be trading.
- **Intensive assists** - The tasking framework definition of intensive assistance differs slightly from the Business Link management information requirements, as a result our performance against this output stands at 5,808.

Other issues

Evaluation of the Business Link service for 2009/10 was completed during the year and reported some excellent impacts from the service including:

- return on investment of £35 per £1 invested,
- 71 percent of the firms that received intensive support reporting they would definitely not have made the improvements to their business without support from Business Link, and
- 85% reporting that they would not have taken the support from elsewhere.

Financial performance and position

RDAs are not-for-profit organisations. We are given a strict allocation of funding each year and we must manage this funding to deliver our objectives. We cascade these funding allocations into targets for each Director. Progress of spend against each target is regularly monitored by the Executive team and the Board. Directors work within stringent budgets and are given autonomy to manage their own resources.

The Agency's total funding for the year was as follows:

	£m
• Core Government Grant	186.5
• Coalfields Grant	0.2
• EU Grants	48.5
• Other Revenue Grants	4.7
• Proceeds from sale of assets	2.8
• Rents and maintenance charges	4.3
• Other income	3.7
• Total monies received	250.7

Reconciliation of Statutory Accounts to Grant in Aid

Yorkshire Forward receives its core government funding from BIS as Grant in Aid and is required to make an annual return to the Department to show how this funding has been spent. The following table is a reconciliation of the total expenditure from the Statement of Comprehensive Net Expenditure to the Grant in Aid Return.

RECONCILIATION OF STATUTORY ACCOUNTS TO RAB (GIA Return)

	£000's	£000's
Total Expenditure from the Statement of Comprehensive Net Expenditure Account		236,815
Plus: Other Expenditure not in the Statement of Comprehensive Net Expenditure Account		
Capitalised Expenditure:		
• Operating Assets - Property, furniture and equipment		68
• Intangible Assets - Computer software licenses		23
• Inventories		1,727
• Loans to public and private sector		14,893

Less: Book value of Inventories sold excluded from Grant in Aid		(520)
Gross Expenditure		253,006
Less: Other Income deducted from Grant in Aid		
• Clawback, JV Share, Rents etc	(7,000)	
• Loan Capital Repayments	(1,726)	
• Disposal receipts for Development Assets	(2,270)	
• Corporation Tax received within Grant in Aid	(730)	
• Interest included within Grant in Aid	(940)	
		<u>(12,666)</u>
Less: Coalfields Sales Revenue payable to Homes and Community Agency		(621)
Consolidation adjustment		(751)
Less: Expenditure funded by other than Grant in Aid		
• Expenditure covered by European Union Grants	(49,727)	
• Expenditure on Coalfields Programme	(227)	
• Expenditure financed by other Grants	(4,439)	
		<u>(54,393)</u>
Total YTD Outturn per RAB Workbook		<u><u>184,575</u></u>

Resources

Throughout the year Yorkshire Forward directly employed an average of 363 full time equivalent employees.

During the year Yorkshire Forward utilised net assets to the value of £122m and held development assets with a net realisable value of £60.1m per note 6 Inventories.

During the year Yorkshire Forward also continued to work in partnership with the Government Office of Yorkshire and Humber, Urban Regeneration Companies and local authorities throughout the region.

Managing risk

Throughout its closure and transition phase Yorkshire Forward continues to be committed to maintaining best practice risk management and corporate governance procedures. Yorkshire Forward's risk management process is applied at both corporate and project levels in order to identify and manage risk across the Agency.

Yorkshire Forward's risk policy is approved by the Board and reviewed annually. The Board has also approved the closure and transition risk log and has delegated the oversight of risk management to the Audit Sub-Committee and which provides challenge to the Executive regarding risk management.

The Audit Sub-Committee annually receives an Internal Audit report regarding Yorkshire Forward's risk maturity. Furthermore, each Executive Director provides an annual assurance statement to the Accounting Officer stating that their Directorates have implemented effective risk management processes. Throughout 2010/11 Government Office

Yorkshire and Humber has been kept fully informed by way of regular meetings with Yorkshire Forward and through its invitation to all Audit Sub-Committee meetings.

The Chief Officers of the Agency's Special Purpose Entities and significant key partner organisations are requested to complete an annual assurance statement whilst all of the Agency's highest risk projects have been presented to the Executive every quarter to January and monthly thereafter detailing the work underway to manage risks within them.

Environmental sustainability

Yorkshire Forward will be closing down in March 2012 and as a result have surrendered their ISO14001 status.

Yorkshire Forward will, during the close down period, still remain committed to:

- compliance with all relevant UK environmental legislation and specifying that our contractors do the same,
- preventing pollution through controlling our activities, which include procurement, resource use and waste management. We will also avoid hazardous processes and materials where suitable alternatives exist,
- seeking opportunities to minimise our resource use, through sound waste management and transport initiatives, sustainable products, contract and consultancy procurement, energy efficiency and water conservation,
- encouraging environmentally responsible behaviour in the workplace, and
- a low carbon economy leading by example, encourage our employees to make sustainable travel choices.

Yorkshire Forward's approach to sustainable development

Yorkshire Forward is committed to making Yorkshire & Humber a better place to work, live and enjoy. In particular, we want to fulfil our potential for truly sustainable economic growth, building a strong and stable regional economy which provides prosperity and opportunity for all alongside environmental and social benefits.

In working towards this, we have adopted the following aims, which focus on the areas where we can make the most positive difference.

- Leading the transformation to a **lower carbon, resource efficient regional economy** by driving forward developments in energy and low carbon technologies and techniques; good business practice; and land management which both protects and enhances the region's natural assets and enhances our environment.
- Working to **decouple economic growth from increasing energy and resource use**, in both individual businesses and the wider economy, through promoting sustainable production and consumption so that we achieve more with less.
- Building resilience to the impacts of, and maximising the economic opportunities presented by, **climate change**, through both **adaptation and mitigation** measures.
- Identifying and **addressing skills shortages in sustainability**, both within own organisation and across the region, and building capacity to enable the region to move towards sustainable economic development.

- Using our statutory planning responsibilities and influence to promote a more **sustainable pattern of land use**, including economic development, housing and transport.
- Maximising the potential for sustainability in the development and delivery of **regional strategies** as well as in European policy and programmes.

Substantial progress was made during 2010 on these goals, with Yorkshire Forward completing groundbreaking work to:

- define a model of the low carbon economy,
- secure ‘low carbon economic area’ (LCEA) status focused on strengths in carbon capture and storage and in the civil nuclear supply chain, plus develop strong proposal for further LCEAs in offshore wind and bio renewable energy,
- make the case for low carbon economy as a priority area where the region should strive to become a world leader and to secure endorsement from local government leaders and the YF Board for this, and
- continue to support contracted major projects and low carbon activity.

Government funding cuts, the impending closure of YF and the recruitment freeze meant YF lost capacity to model and measure outputs on carbon emissions and to effectively progress this agenda. However, YF hopes to have left a positive and influential legacy around how economic development can combine with sustainable development and will strive to record legacy lessons and communicate these.

Sickness absence data of employees

Analysis of average working days lost

	2011	2010
Total number of sickness days	1,625	2,663
Total number of permanent staff	375	409
Total average working days lost per staff member	4.33	6.51

The total number of permanent staff has reduced due to redundancies during the year.

Internal communication channels

We have continued to utilise a number of communication channels to engage with the organisation:

- **Internal Communications Strategy** – Has now been replaced with the internal comms element of the **Next Steps Plan**. The plan reflects the proposed actions and initiatives we will use to ensure the organisation is kept informed of all developments concerned with closure & transition.
- **Team Meetings** – All teams continue to hold monthly **Core Team Brief** meetings to provide colleagues with key strategic messages and allow them to comment on these as part of a two-way dialogue. The completed forms are returned and logged for evaluation.

- **All staff emails** – Coordinated timely and methodical system for sending emails to all staff on a range of key issues, including HR/Redundancy, Closure & Transition, Placement opportunities etc, Finance and Payroll news, Office information (opening, closing times etc), updates from the RDA network, Policy issues, news from the Executive Team and Events.
- **Ontrack** – The staff magazine was cancelled in October 2010 due to budget constraints and has been replaced to a degree with news items on YFi.
- **Intranet – YFi** - Yorkshire Forward interactive (YFi) continues to provide knowledge management facilities including:
 - News feeds from user defined and preferred news suppliers – 168 people have added a total of 867 news feeds.
 - Subscriptions to allow users to monitor changes to specific pages and to new items – 255 people have added a total of 2460 subscriptions.
 - Alerts to highlight important and time sensitive facts about particular YFi pages – 75 people have added a total of 300 alerts.
 - Baskets to enable users to build and share collections of items in logical groupings – 73 people have created a total of 128 baskets.
 - Internal, interactive events calendar with a wide range of activities advertised. Events received a total of 95272 hits. For example, Chief Executive Roadshow got 900 hits in February 2011, with staff booking on to sessions.
 - Online employee suggestion forum with regular participation – the forum has had 116 comments, with 68 ‘thanks’ recorded.
 - Sports and social news, events and forums supporting online community - with numbers of visitors continuously building (S&S news one of the more popular parts of YFi).
 - Assistant Chief Executive Blog: six weblogs this year with 54 comments and a total of 4110 hits.
 - Chief Executive Blog: one weblog this year with 10 comments and a total of 1079 hits.
- **Field Trips** – Cancelled due to budget constraints.
- **Team Yorkshire Forward Survey/Pulse Surveys** – The Annual survey to help gauge employee perceptions of the organisation was cancelled due to budget constraints. However, we carried out four short ‘Pulse Surveys’ during the pre/post election and pre VR period to gain reactions to the current climate and respond accordingly. Further Pulse Surveys are planned for the run up to closure.
- **Executive Directors’ ‘surgeries’** - Informal questioning sessions are held with Executive Directors on any topic that employees would like to raise.
- **Internal Communications Forum** – Set up in 2002 to help improve internal communications by looking at ways to encourage a better exchange of key information across the Directorates and promoting best

practice. The group had an input into the new Pulse Surveys in refining some questions perceived as ambiguous or misleading.

- **Chief Executive’s Roadshows** – Involves the Chief Executive visiting all Yorkshire Forward offices and talking to staff about key strategic issues and inviting them to respond with questions and suggestions.
- **Plain English Training** – Due to budget constraints, no in-house training courses were held. However, as part of YF’s life-long membership, 50 online training courses were available to staff. Colleagues who have completed either course are encouraged to become ‘ambassadors’ of Plain English, and offer guidance to colleagues.
- **Staff Conference** – Cancelled due to budget constraints.
- **CSR Events** – Our decision to host events of this nature is a reflection of our commitment to Corporate Social Responsibility and our belief that we should be an organisation that ‘practices what it preaches’. In December we hosted a ‘Present Poundshop’, where staff donated Christmas presents which were sold to raise £230 for Shelter the homeless charity.

Prompt payment code

The Agency is committed to the ‘Better Payment Practice Code’ (previously the CBI Prompt Payment Code) and aims to pay all undisputed invoices within 30 days. We also aim to pay all small to medium sized enterprises within 5 working days.

In 2010/11 Yorkshire Forward paid 98% of all invoices within 30 days (2009/10 99%) and paid 95% of small to medium sized enterprises within 5 days (2009/10 96%). Yorkshire Forward is committed to meeting targets in the next financial year.

Freedom of information

During 2009/10 the Parliamentary expenses scandal was a primary reason for the increased interest in and awareness of FOI; the recession was also a driver for an increase in spending-related information requests.

Yorkshire Forward initially saw a significant drop in receipt of FOI requests during 2010/11 compared with 2009/10. However, the complexity of requests increased as applicants submitted more focused questions. In the last quarter of 2010/11, a sharp increase occurred (35 requests) as public and media awareness of closure activity increased.

The table below shows the number of requests received by Yorkshire Forward in recent years:

FINANCIAL YEAR	FOI	EIR	DP	INTERNAL REVIEW
2010/11	94	2	1	2
2009/10	141	3	3	2
2008/09	85	1	2	-
2007/08	62	0	1	-
2006/07	78	2	3	-
2005/06	41	2	3	-

Directors' report

The Directors present their Annual Report and Accounts for the year ended 31 March 2011.

Principal activities

The Agency was established under the provisions of the Regional Development Agencies Act 1998 and came into existence on 14 December 1998. The Agency is a Non-Departmental Public Body sponsored by BIS. Under the Regional Development Agencies Act 1998, the Agency has the following statutory purposes:

- to further the economic development and the regeneration of the Yorkshire & Humber region;
- to promote business efficiency, investment and competitiveness in the region;
- to promote employment in the Yorkshire & Humber region;
- to enhance the development and application of skills relevant to employment in the region; and
- to contribute to the achievement of sustainable development.

Non Executive Directors (the Board)

Board Members are appointed by the Secretary of State.

Individuals who served on the Board during the year were as follows:

Terry Hodgkinson (Chair until retired on 13.12.10)

Julie Kenny CBE DL (Chair: new appointment from 14.12.10)

Linda Pollard OBE JP DL (Deputy Chair)

Cllr Kath Pinnock

Cllr Jan Wilson CBE

Barry Dodd OBE

Prof Michael Arthur

Cllr John Weighell

Cllr Mark Kirk

Mark Lovell

Ajaz Ahmed

Bill Adams

John Vincent

Sharon Allen

Heidi Mottram

The Agency maintains a register of Board Members' interests. The register of interests is available for inspection at the Agency's Leeds office by prior arrangement with the Secretariat Manager.

Executive Directors

The Board has appointed an Executive team to manage the activities of the Agency. Individuals who served on the Executive team during the year were as follows:

Thea Stein - Chief Executive ¹

Trevor Shaw - Executive Director of Finance

Simon Hill - Executive Director of Business

Tom Riordan - Chief Executive ²

Jan Anderson - Executive Director of Environment ³

Simon Foy - Executive Director of Strategy ⁴

¹ **Thea Stein** - appointed Chief Executive and Accounting Officer for Yorkshire Forward on 1 July 2010.

² **Tom Riordan** - resigned as Chief Executive and Accounting Officer on 15 August 2010.

³ **Jan Anderson** - resigned as Executive Director of Environment on 22 October 2010.

⁴ **Simon Foy** - resigned as Executive Director of Strategy on 31 January 2011.

Accountability and Financial Framework

The Secretary of State issued Yorkshire Forward with a Accountability and Financial Framework in October 2008. The framework sets out the financial framework under which Yorkshire Forward should operate. Yorkshire Forward has complied in all material respects with the terms of this memorandum during 2010/11.

Financial results and review

The Agency's principal source of funding is Grant in Aid received from Government. The Single Programme allows the Agency to effectively influence regional economic priorities and gives greater flexibility to manage the available resources. The Single Programme replaced the many different funding streams previously received from government departments, which were allocated for specific legacy and inherited programmes.

This Single Programme funding was supplemented by European Funding, the Northern Way Programme from the Department for Communities and Local Government and the Coalfield Programme from Homes and Communities Agency, Grants Business Investment funding from BIS, capital receipts from the disposal of assets, rental income and other income resulting in a total income and funding of £250.7m for the year.

The results for the year ended 31 March 2011 are set out in the financial statements on pages 61 to 66.

Events after the reporting period

The Agency's contingent liabilities and events after the reporting period are disclosed at notes 22 and 23 of the financial statement pages 85 to 86.

Principal risks and uncertainties

The Agency's principal risks, including mitigating action taken and planned to be taken by Executive Directors, are set out in its Closure and Transition Risk Log. It is available on request from the Assistant Director (Internal Audit & Value for Money).

Following the General Election last year, the coalition Government outlined a series of proposed changes to how local economic development will be delivered, including its intention to abolish the Regional Development Agencies. Since Yorkshire Forward was established by statute through the Regional Development Agencies Act 1998, further legislation is required to effect its abolition. To this end, the Government published the Public Bodies Bill in Parliament on 29 October 2010. Whether Yorkshire Forward will be abolished, and any resulting timetable for abolition, is subject to the passage of this legislation and has yet to be decided.

Ministers have confirmed that there will be an orderly transition to closure and that some Regional Development Agency activities will transfer to other parts of government. These have already begun; inward investment activity transferred to UKTI on 1 April 2011; and the ERDF programme transferred to the Department for Communities and Local Government and the RDPE programme transferred to the Department for the Environment, Food and Rural Affairs both with effect from 1 July 2011. A series of further transfers to other parts of Government are planned throughout 2011-12. As abolition arrangements have yet to be confirmed there is a material uncertainty that casts significant doubt upon Yorkshire Forward's ability to continue to operate in its current form and fulfil its current powers under the Regional Development Agencies Act 1998.

Management have considered the circumstances described above. Whilst there is a material uncertainty over the future of the organisation, management have concluded that, in the absence of the passing of the legislation necessary to abolish Yorkshire Forward Regional Development Agency, it is appropriate to continue to adopt the going concern basis in preparing the Annual Report and financial statements until such time as this legislation is passed.

Pension costs

The treatment of pension liabilities and the relevant pension scheme details are set out in the accounting policies note on page 67, in the staff costs note to the financial statements (note 3) and in the Remuneration Report on pages 43 to 51.

Special purpose entities

The Agency has received Section 5 (2) c consent to participate in the following corporate bodies:

CO2Sense Limited

Directions Finningley Limited

Victoria Place Management Company (Leeds) Ltd

Digital Region Limited

Hull Forward

Creative Sheffield

Health and safety

The Yorkshire Forward Health and Safety Policy sets out how the responsibilities of the organisation are fulfilled to staff, visitors and anyone who might be affected by activities related to Regional Development Agency offices, commercial and industrial properties and projects.

The Health, Safety and Security Committee meet every three months to report on health, safety and security issues and to agree and share best practice. All staff has access to health, safety and security representatives and any matters raised are presented to the committee.

The Committee is chaired by Ruth Redfern (Assistant Chief Executive) and Committee Members include:

- Facilities manager
- HR representative
- Representatives from each office

Employee information and consultation

As part of our commitment to business excellence we are dedicated to maintaining and developing internal consultation with our employees on proposed developments, or new initiatives that would have an impact. In line with this commitment we reviewed our working practices and agreed to continue to work in partnership with Prospect our recognised union. The consultation extends to all our employees, whether union members or not. We regularly use working groups and other focus groups in addition to the union to ensure that employees have the opportunity to input to improvements and changes to our policies and ways of working.

Employment of disabled persons

Yorkshire Forward's Diversity Policy recognises the need to value and respect everyone's abilities and differences, whilst interacting with and treating individuals both fairly and equitably in relation to recruitment, promotion, training or continued employment. Yorkshire Forward aims to ensure that full appropriate consideration and support is given to all employees, in being able to perform effectively in their individual roles and fulfil their potential. To this aim, Yorkshire Forward has developed a Disability Equality Scheme.

Diversity

Yorkshire Forward's aim is to be at the forefront of the diversity agenda. It is committed to operating policies and procedures that encourage and promote diversity both internally in respect to the recruitment and treatment of its workforce and externally in how it deals with its regional partners. In particular it seeks to:

- ensure that all internal policies and procedures operate equally and fairly across the organisation regardless of race, gender, age, or disability, marital status, sexual orientation, or religious belief,
- adopt measures that ensure regional partners and other stakeholders promote equality and diversity amongst their own workforce, and
- ensure that the beneficiaries of Yorkshire Forward's funding reflect the diversity of communities in the region.

Consequently and in line with changing legislation, Yorkshire Forward has developed a Single Equality Scheme (SES). This SES incorporates, amongst other things, revisions to our three key existing policies: Disability Equality, Gender Equality and Race Equality.

Gender Equality Scheme

The Gender Equality Scheme has been produced to ensure that we are not discriminating on the grounds of gender in any aspects of our policies or procedures. It meets the general and specific duties assigned to us under the Gender Equality regulations and complements our other equality schemes to ensure we continue to promote our diversity agenda.

Single Equality Scheme

The introduction of a Single Equality Scheme (SES) has commenced and is being led by Helen Thomson assistant director economic inclusion with input from HR as appropriate.

The Single Equality Scheme covers race, disability, gender, age, religion or belief and equality on sexual orientation. The scheme was submitted and agreed by the Yorkshire Forward Board in April 2010.

In light of the move to close the RDAs, Yorkshire Forward has refocused the SES, to monitoring the implementation of the redundancy policy. The report on the first round of voluntary redundancy policy was agreed by the Compensation Audit Committee October 2010.

Political and charitable donations

No political or charitable donations were made during the year.

Audit Sub-Committee

The Sub-Committee met five times during the course of the year to review the Annual Accounts and the assurance work of Internal Audit and the Contract Management Team; meet with the National Audit Office (NAO) (as external

auditors), monitor the implementation of the Risk Policy and, from September 2010, provide oversight of the closure process and in particular the Project Board's management of the associated risks.

The Sub-Committee was chaired by John Weighell.

Other members were:

Bill Adams

Julie Kenny CBE DL

Mark Lovell

Heidi Mottram (appointed 23 September 2010)

Kath Pinnock (appointed 22 July 2010)

Jan Wilson CBE (retired 31 July 2010)

Terry Hodgkinson (retired 13 Dec 2010)

Auditors

The Comptroller and Auditor General is appointed by statute to audit Yorkshire Forward and reports to Parliament on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The following costs have been incurred in relation to services provided by the Comptroller and Auditor General:

- Audit Fee £72,000
- Audit Fee £1,250 for Northern Way Grant expenditure
- Audit fees for auditing subsidiary bodies are disclosed in note 4.

The Comptroller and Auditor General also has statutory powers to report on the economy, efficiency and effectiveness with which the Agency has used its resources.

Statement of Accounting Officer's responsibilities

Under Section 14(2) of the Regional Development Agencies Act 1998, the Secretary of State, with consent of HM Treasury has directed Yorkshire Forward to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Yorkshire Forward and of its comprehensive net expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State for Business, Innovation and Skills, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis:
- make judgments and estimates on a reasonable basis:
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements: and
- prepare the accounts on a going concern basis unless it is not appropriate to do so.

The Accounting Officer of the Department for Business, Innovation and Skills has designated the Chief Executive as the Accounting Officer of Yorkshire Forward. The responsibilities of the Accounting Officer include keeping proper records, safeguarding Yorkshire Forward assets and managing Yorkshire Forward in line with the Regularity and Propriety guidance. These responsibilities are set out in full in the 'Non-Departmental Public Bodies' Accounting Officer's Memorandum published by HM Treasury.

Statement of Disclosure to Auditors

So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware, and she has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.



THEA STEIN
Chief Executive and Accounting Officer

12 July 2011

Remuneration Report

This Report for the year ended 31 March 2011 is produced by the Board on the recommendation of the Compensation Sub-Committee and deals with the remuneration of the Chair, Chief Executive, Board Members and Executive Directors who have influence over the decisions of the Agency as a whole.

Compensation Sub-Committee

The remuneration of the Board is set by BIS and is reviewed every year by BIS in line with the recommendations of the Senior Salaries Review Board. The Compensation Sub-Committee is appointed annually and acts on behalf of the Board to consider any revised terms and conditions of its members, the performance and compensation of the Chief Executive and the Executive Directors, and any review of pay and other personnel policies relating to Yorkshire Forward staff.

Six members of the Board sit on the Compensation Sub-Committee.

The Sub-Committee met eight times during the course of the year to advise the Board on the remuneration of the Chief Executive and advise the Chief Executive on Executive Directors' remuneration.

The Sub-Committee was chaired by Linda Pollard OBE JP DL (Deputy Chair) and the other members were Terry Hodgkinson (as Chair until he left Yorkshire Forward in December 2010), Julie Kenny (as Chair from January 2011) Mark Kirk, Bill Adams, Professor Michael Arthur and Sharon Allen.

Remuneration policy

2010/2011 was the 2nd year of Yorkshire Forward's two year Pay Remit agreement and salary increases were in line with government guidelines. Performance pay for the Chief Executive is agreed by the Chair on the recommendation of the Compensation Sub-Committee and is now subject to approval by BIS and has to be within BIS guidelines. The objectives on which the Chief Executive's performance pay is based now reflect the closure and transition of Yorkshire Forward.

Service contracts

All Board Members have been appointed on a fixed-term contract of up to three years and except for the Chair and Deputy Chair are contracted to carry out two days work per month. The Chair is contracted for three days per week and the Deputy Chair is contracted for four days per month.

Please see the emoluments table for details of the terms of appointment of the Board Members. Board Members' appointments are made by BIS ministers in accordance with the Commission of Public Appointments code.

The following sections provide details of the remuneration and pension interests of Board Members, Chief Executive and Executive Directors.

Audited part of the Remuneration Report

Emoluments of Board Members

NAME	DATE OF	TERM OF	SALARY	SALARY
	APPOINTMENT/ REAPPOINTMENT	APPOINTMENT	2010/11 £	2009/10 £
Julie Kenny CBE DL (Chair) ¹	14 December 2010	2 years	22,336	8,538
Terry Hodgkinson (Ex Chair) ²	14 December 2009	1 year	57,334	80,509
Linda Pollard OBE JP DL (Deputy Chair) ³	14 December 2010	2 years	17,332	17,076
Ajaz Ahmed	14 December 2008	3 years	8,666	8,538
Bill Adams	14 December 2008	3 years	8,666	8,538
Prof Michael Arthur	14 December 2009	2 years	8,666	8,538
Barry Dodd OBE	14 December 2008	3 years	8,666	8,538
Heidi Mottram	14 December 2009	3 years	8,666	2,586
Sharon Allen	14 December 2009	3 years	8,666	2,586
Arshad Javed ⁴	14 December 2007	2 years	-	5,991
Cllr Mark Kirk	14 December 2010	2 years	8,666	8,538
Mark Lovell	14 December 2010	2 years	8,666	8,538
Laura Moynahan ⁴	14 December 2007	2 years	-	5,991
Cllr Kath Pinnock	14 December 2008	3 years	8,666	8,538
John Vincent	14 December 2008	3 years	8,666	8,538
Cllr John Weighell	14 December 2009	3 years	8,666	8,538
Cllr Jan Wilson CBE ⁵	14 December 2007	3 years	2,889	8,538

¹ Julie Kenny CBE DL is the Chair of Yorkshire Forward from 14 December 2010.

² Terry Hodgkinson (Ex Chair) left on 13 December 2010.

³ Linda Pollard was re-appointed as Deputy Chair on 14 December 2010.

⁴ Arshad Javed and Laura Moynahan retired as Board Members on 13 December 2009.

⁵ Cllr Jan Wilson CBE left on 31 July 2010.

Emoluments of Chief Executive and senior managers

NAME AND POSITION	SALARY	BONUS	OTHER BENEFITS	PENSION CONTRIBUTIONS	COMPENSATION SCHEME EXIT PACKAGES	TOTAL SALARY 2010/11	TOTAL SALARY 2009/10
	£	£	£	£	£	£	£
Thea Stein - Chief Executive ¹	112,732	9,135	1,800	27,394	-	151,061	137,458
Tom Riordan - Ex Chief Executive ²	52,582	9,076	673	11,390	-	73,721	184,275
Simon Hill - Executive Director of Business	103,017	9,135	1,800	25,033	-	138,985	136,958
Jan Anderson - Executive Director of Environment ³	78,601	9,135	2,179	19,100	53,313	162,328	135,658
Trevor Shaw - Executive Director of Finance	103,017	9,135	1,800	25,033	-	138,985	136,958
Simon Foy - Executive Director of Strategy ⁴	85,848	9,135	1,698	20,861	92,548	210,090	132,351

Don Stewart - Project Director Destination Yorkshire	103,017	8,627	1,800	25,033	-	138,477	134,958
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¹ **Thea Stein** - appointed as Chief Executive on the 01/07/2010.

² **Tom Riordan** - Chief Executive left on 15/08/2010.

³ **Jan Anderson** - Executive Director of Environment left on 22/10/2010.

⁴ **Simon Foy** - Executive Director of Strategy left on 31/01/2011.

Senior staff contracts

The members of the senior management team are employed under permanent employment contracts. The Chief Executive and senior managers work for the Agency full time.

For the Chief Executive and senior management team, early termination, other than for misconduct, will be under the terms of the Principal Civil Service Pension Scheme (PCSPS). This is per the terms under the Civil Service Compensation Scheme.

Pension benefits

No Board Members are eligible for pension contributions, performance related pay or any other taxable benefit as a result of employment with the Agency with the exception of the Chair.

With the approval of BIS, a pension and death in service benefit scheme has been in place for Ex Chair Terry Hodgkinson, with contribution rates and benefits which are identical to the Principal Civil Service Pension Scheme and funded directly by the Agency up to the 13th December 2010. On retirement, the Ex Chair's pension is the responsibility of the Agency, underwritten by the BIS. The new Chair Julie Kenny is not party to this scheme.

The Agency is not permitted to invest employer contributions of £13,932 (2009/10 £19,564) and those deducted from the Ex Chair's salary together amounting to £2,007 (2009/10 £2,818) and an equivalent pension benefit has been provided for in the statement of financial position at 31 March 2011.

FINANCIAL ASSUMPTIONS	31/03/2011	31/03/2010
• The inflation assumptions	2.65%	2.75%
• The rate of increase in salaries	4.90%	4.30%
• The rate of increase for pensions in payment and deferred pensions	2.65%	2.75%
• The rate used to discount scheme liabilities	5.60%	4.60%

THE EFFECT OF ACCRUAL DURING YEAR	£000's	£000's
• The current service cost (net of employee contributions)	19	22
• Any past service costs	(22)	Nil
• Gains and losses on any settlements and curtailments	Nil	Nil
• The interest cost	9	9
• Total Expense/(Income)	6	31

ACTUARIAL GAINS AND LOSSES DURING THE YEAR	£000's	£000's
• Experience losses (gains)	(7)	(3)
• Effect of changes in assumptions underlying the present value of scheme liabilities	(12)	40
• Total Actuarial Losses (Gains)	(19)	34)

LIABILITY (£000's)	31/03/2011	31/03/2010
• Actives	192	203
• Deferred	0	0
• Pensioners	0	0
• Dependant Pensioners	0	0
• Total Present Value of the Scheme Liabilities	192	203

LIABILITY CALCULATION	£000's
Present Value of Scheme Liability at start of the Year	203
Current service cost (net of employee contributions)	19
Employee contributions	2
Interest cost	9
Actuarial losses (Gains)	(19)
Past service cost	(22)
Less: Benefits paid	-
Less: Net individual transfers out	-
Present Value of Scheme Liabilities at end of Year	192

Pension benefits of Chief Executive and senior managers

All senior managers and the Chief Executive are members of PCSPS. Tom Riordan, Don Stewart, Trevor Shaw, Jan Anderson and Simon Foy are in the Classic scheme. Simon Hill and Thea Stein are in the Premium scheme.

NAME AND POSITION	REAL INCREASE IN PENSION	REAL INCREASE IN LUMP SUM	PENSION AT 31/03/11	LUMP SUM AT 31/03/11	RE-STATEMENT CETV AT 31/03/10	CETV AT 31/03/11	EMPLOYEE CONTRIBUTIONS AND TRANSFERS IN	REAL INCREASE IN CETV AS FUNDED BY EMPLOYER
	£	£	£	£	£	£	£	£
Jan Anderson² Executive Director of Environment	339	1,017	44,584	133,751	974,000	1,015,000	1,179	7,000
Trevor Shaw Executive Director of Finance	568	1,704	46,947	140,841	985,000	1,075,000	1,545	11,000
Tom Riordan⁴ Ex Chief Executive	247	742	31,831	95,494	354,000	375,000	703	2,000
Simon Hill Executive Director of Business	1,602	n/a	9,008	n/a	84,000	111,000	3,606	16,000
Thea Stein¹ Chief Executive	3,906	n/a	30,124	n/a	299,000	373,000	3,946	44,000
Simon Foy³ Executive Director of Strategy	696	2,087	21,946	65,839	298,000	334,000	1,288	9,000

Don Stewart Project Director Destinations Yorkshire	461	1,382	53,745	161,236	1,132,000	1,231,000	1,545	9,000
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Columns 6 & 7 of the above table show the member's cash equivalent transfer value accrued at the beginning and the end of the reporting period. Column 9 reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation and contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

¹ **Thea Stein** - appointed as Chief Executive on 1st July 2010.

² **Jan Anderson** - Executive Director of Environment left on 22nd October 2010.

³ **Simon Foy** - Executive Director of Strategy left on 31st January 2011.

⁴ **Tom Riordan** - Chief Executive left on 15th August 2010.

Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Non cash remuneration

There were no payments made to directors in the year (2009/10 £nil).

Payments made for loss of office

There were no payments made in the year (2009/10 £nil).

Principal Civil Service Pension Scheme

The Principal Civil Service Pension scheme is an unfunded multi-employer defined benefit scheme, but Yorkshire Forward is unable to identify its share of underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office Civil Superannuation

(www.civilservice-pensions.gov.uk) scheme statement of the PCSPS. The actuarial review of the PCSPS was due in 2010, but has been suspended due to issues arising from the Hutton Report. For 2010/11 employer's contributions of £ 2,477,576 (2009/10 £2,688,468) were payable to the PCSPS at rates in the range of 16.7% to 24.3% of pensionable pay. Employer contribution rates are reviewed every four years following a scheme valuation by the Scheme Actuary. The contribution rates reflect as they accrue, not when the costs are actually incurred, and they reflect past experience of the scheme. At the statement of financial position date there were no outstanding contributions to the scheme.

From 1 October 2002, employees may be in one of three statutory based 'final salary' defined benefit schemes (**classic**, **premium**, and **classic plus**). New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder based arrangement with a significant employer contribution (**partnership pension account**).

As part of the Emergency Budget statement in 2010, the Chancellor announced that the uprating of public service pensions (including PCSPS) will be based on the CPI measure of price movements rather than the RPI as in prior periods. This change has taken effect from April 2011 and is reflected in the calculations of payments due under this scheme.

All employees of Yorkshire Forward are members of the PCSPS pension scheme unless otherwise stated. The scheme is currently open to new members.

a) Classic scheme

Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 1.5% of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed ten years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

(b) Premium scheme

Benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume maximum commutation. Members pay contributions of 3.5% of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8ths of the member's pension (before any commutation). On death in service, the scheme pays a lump-sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed ten years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such

that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at the age of 60.

(c) Classic plus scheme

This is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic. Pensions payable under classic, premium and classic plus are increased in line with the Retail Prices Index.

(d) NUVOS pension scheme

The Nuvos Pension Scheme was introduced for new entrants from 30 July 2007. This is not a final salary pension scheme, but one based on an average of pensionable earnings over an employee's career.

The employee contributes 3.5% of their pensionable earnings. Yorkshire Forward contributes between 16.7% and 24.3%, depending on the employee's salary.

(e) Partnership pension account

This is a stakeholder-type arrangement where the employer pays a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product. The employee does not have to contribute, but where they do make contributions, these will be matched by the employer up to a limit of 3% (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of risk benefit cover (Death in service and ill health retirement). The member may retire at any time between the ages of 50 and 75 (from 2010 the age range has changed 55 to 75) and use the accumulated fund to purchase a pension. The member may choose to take up to 25% of the fund as a lump sum. For 2010/11 normal employer contributions of £18,775 (2009/10 £17,479) were payable to the Scottish Widows and Standard Life schemes at a maximum rate of 12.5% of pensionable pay.

English Partnerships Pension Scheme

The English Partnership Pension scheme, run by the Homes and Communities Agency, is a multi-employer defined benefit scheme, but Yorkshire Forward is unable to identify its share of underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2008 and details can be found in the separate scheme statement of the English Partnerships Pension Scheme. For 2010/11 normal employer contributions of £51,301 (2009/10 50,481) were payable to the English Partnerships Pension Scheme at the rate of 29.1% of pensionable pay, fixed for 3 years. Employer contribution rates are reviewed every three years following a scheme valuation by the scheme actuary. The contribution rates reflect as they accrue, not when the costs are actually incurred, and they reflect past experience of the scheme. At the Statement of Financial Position date there were no outstanding contributions to the scheme.

There were four members in the scheme in 2010/11. The scheme is no longer open to new members and is an inherited scheme from English Partnerships.

West Yorkshire Pension Fund

The West Yorkshire Pension Fund is a multi-employer defined benefit scheme, but Yorkshire Forward is unable to identify its share of underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2010 and details can be found in the separate scheme statement of the West Yorkshire Pension Fund. For 2010/11 normal employer contributions of £20,907(2009/10 £31,490) were payable to the West Yorkshire Pension Fund at the rate of 17.9% of pensionable pay.

The scheme is reviewed every three years following a valuation by the scheme actuary. The contribution rates reflect as they accrue, not when the costs are actually incurred, and they reflect past experience of the scheme. At the Statement of Financial Position date there were no outstanding contributions to the scheme.

There were nine members in the scheme in 2010/11. The scheme is no longer open to new members of staff other than staff TUPE transferred in, and is an inherited scheme from Yorkshire & Humberside Development Agency.



THEA STEIN
Chief Executive and Accounting Officer

12 July 2011



JULIE KENNY
Chair CBE DL

12 July 2011

Statement on internal control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Yorkshire Forward's policies, aims and objectives, whilst safeguarding the public funds and Agency assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money. I am also responsible for ensuring that Yorkshire Forward continues to operate within the framework specified by the Secretary of State and the Department for Business, Innovation and Skills (BIS) in Yorkshire Forward's Accountability and Financial Framework.

On 22 June 2010, the Coalition Government confirmed the intention to abolish the Regional Development Agencies through the Public Bodies Bill. Yorkshire Forward has taken action in 2010/11 to ensure the effective delivery of economic development activity in the region whilst absorbing the impact of and working towards the Agency's closure by 31 March 2012.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Agency policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Yorkshire Forward for the year ended 31 March 2011 and up to the date of approval of the Annual Report and Accounts, and accords with HM Treasury guidance.

The closure of the Agency presents a challenge to maintaining an effective control environment, managing those new risks that arise directly from closure with the 'business as usual' risks that have been managed throughout the year.

Capacity to handle risk

The Agency's role has been the pursuit of economic development through the taking of risks that the private sector might not be ordinarily prepared to take. It therefore has a greater 'risk appetite' and requires a risk management and governance framework that allows risks to be managed in an effective and proportionate way rather than being avoided entirely. This includes the Accountability and Financial Framework issued by BIS, the Agency's Financial Regulations and Delegations, and its Risk Policy and Risk Management Procedure.

The Risk Policy and Procedure accords with HM Treasury guidance, is overseen by the Board and Audit Sub-Committee and is applied consistently across the Agency. Responsibility for ensuring that all risks identified to the Board are effectively managed has been delegated to the Executive Director Finance, with a clear objective set at the start of the year and reviewed throughout as part of the Performance Management Scheme.

Following the announcement of the closure of the Agency, the Risk Policy and Procedure have been specifically reviewed by the Board and the Executive Director Finance respectively in order to ensure the risk management framework is well placed to respond to the risks arising from delivering the workstreams of the Agency's Closure and Transition plan. The Procedure advises on the use of horizon scanning to identify risk and on the use of risk registers to manage risk. Each workstream is led by a coordinator responsible for identifying and managing risk within their workstream.

A Risk Management Forum met quarterly throughout 2010/11, comprising staff responsible for promoting effective risk management within their own Directorates, through liaison with Assistant Directors and by supporting workstream coordinators. Risk management training has been provided where necessary to any new Project Managers, other staff and Board Members.

Internal Audit conducts an annual review of the risk management framework, issuing a 'good' audit opinion in January 2011, and identifies the objectives, risks and controls as part of the planning stage of each review undertaken. Internal Audit reports contain agreed action plans to improve the system of internal control with actions tracked by the Audit Sub-Committee. The National Audit Office (NAO) and internal assurance providers, such as the Contract Management Team and European Regional Development Fund (ERDF) Article 13 Team routinely provide reports on the system of internal control, including risk management, with action plans for improvement agreed and shared.

The risk and control framework

Following the announcement in June 2010 of the Agency's proposed closure, the focus of the risk and control framework changed to concentrate on the Agency's new objectives within the Closure and Transition plan. The corporate and directorate risk registers were reviewed in light of these objectives and became the Closure and Transition risk log. Both the corporate and Closure and Transition risk registers were reviewed by the Audit Sub-Committee and approved by the Board.

Risks within the Closure and Transition risk log are allocated to specific members of the Executive to own and manage with actions monitored by way of a report to each Audit Sub-Committee. In order to achieve consistency in assessing and addressing each risk, the Executive has lately agreed a framework to define each risk's impact and likelihood scores. An agreed and defined response to each risk arises, dependent on its risk score. In this way the Agency's risk appetite can be better defined as the framework allows the Agency to ensure it achieves its objectives whilst balancing its risk exposure and capacity to deal with the risks that may arise.

Risk management is embedded within project management processes with each project appraised, approved and managed under the Agency's Performance Management Framework (PMF) which accords with BIS Guidance for RDAs in Appraisal, Delivery and Evaluation (GRADE). This requires risk management to be fully considered at every stage in the project lifecycle. Project risk, and management thereof, is therefore identified and evaluated by Project Managers with support and challenge provided at various stages of the PMF.

The Agency is aware of its responsibilities regarding the safeguarding of information, including personal data, and recognises the new risks posed by closure. It has appointed a Senior Information Risk Owner and operated an Information Security Strategy Board to ensure its responsibilities are widely owned and to identify, review and manage information security risks. Information Asset Owners have been identified for systems holding business critical data and large amounts of personal data and are required to attain level 3 of the National School of Government Information Security training package by 31 March 2011. Due to the Agency's control framework, there have been no known losses of personal data or incidents of unauthorised access to personal data; and no known breaches of confidentiality obligations or incidents of unauthorised access to confidential information. The measures taken to manage information risk will be reviewed to ensure they are fit for purpose given our closure. The annual Internal Audit review of Information Security has, on this occasion, expressed a 'weak' audit opinion owing to some actions from a previous review not having been implemented and the increased risk exposure associated with the closure of the Agency. An action plan has been agreed to address the recommendations arising from the review and a follow up review in the Summer will report to Audit Sub-Committee the progress made in implementation.

Risk forms part of the template for Board papers whilst the Boards and/or Audit Committees of the Agency's Special Purpose Entities and significant partner organisations are attended by senior management of Yorkshire Forward.

Risk priorities

Closure and Transition of Yorkshire Forward

There are significant risks and issues surrounding closure and transition. These can be grouped in terms of

- staffing risks (e.g. retention of critical staff whilst achieving an ordered staffing reduction, weakened internal controls due to smaller staffing profile leading to increased risk of fraud);
- knowledge management risks (retention of business critical knowledge and orderly transition of knowledge to successor bodies);
- asset management risks (identification and disposal of infrastructure assets, intellectual property and subsidiary companies); and
- external risks (speed of decision making within central Government).

The Executive has set up a Closure and Transition Project Office, led by an Assistant Director, in order to help ensure that closure risks are identified, assessed and managed appropriately. The Executive also meets every fortnight as the Closure and Transition 'Project Board' and at each meeting reviews the Closure and Transition Risk Log and reports on risk from workstream coordinators.

The Board and Audit Sub-Committee have been closely engaged in their oversight role of risk management, and have sought assurance from Internal Audit and Contract Management Team that such risks are being managed appropriately. The Chief Executive and Chair of the Board are also closely engaged with national developments through their interaction with the National Transition Board.

European Regional Development Fund (ERDF) Programmes

The Board and Audit Sub-Committee continue to be kept apprised of the risks surrounding the closure of the ERDF Programme 2000-2006. The 2009/10 Statement on Internal Control disclosed that following an audit by Government Office for Yorkshire and the Humber (GOYH), which in turn followed an earlier inspection by the European Court of Auditors, Yorkshire Forward received invoices from GOYH totalling £9.27m relating to the recovery of ERDF by the European Commission. £7.61m of this was recharged to delivery organisations. During 2010/11, £0.92m of the recharge was cancelled and £6.69m remains outstanding. The Agency has also received further similar invoices totalling £2.04m however these will not be settled by Yorkshire Forward, under the direction of BIS.

Yorkshire Forward is the designated Intermediate Body for delivery of the ERDF Programme 2007-2013, Again, the Board and Audit Sub-Committee continue to be advised of how the associated risks are being managed. In December 2010, the Agency achieved the second of its annual 'n+2' spend targets and will assess resource availability going forward to achieve subsequent years targets.

It is not considered that the risk exposure of the Agency to further recovery is as great as in previous years but, nonetheless, we remain vigilant in maintaining a strong control environment and, in particular, robust archiving in both the ERDF Programmes.

Agency resilience

Our Business Continuity Plan was invoked during the severe weather affecting the region in Autumn 2010. Due to the effectiveness of Business Continuity arrangements, our service delivery remained unaffected.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of Internal Audit and the Agency's Executive Directors who have responsibility for the development and maintenance of the internal control framework, and comments made by the NAO in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Sub-Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

In 2010/11 the Agency continued the following established processes in maintaining and reviewing the effectiveness of the system of internal control.

- The Board, comprising Non-Executive Members, continues to meet every 6 weeks to consider the Agency's corporate plan and since autumn 2010 its Closure and Transition plan; to evaluate and monitor key performance indicators and financial performance and to formally approve the annual report and accounts.
- The Audit Sub-Committee, chaired by one of the Board Members, now meets five times per year to support the Board in its responsibilities for issues of risk, control and governance. The Sub-Committee operates in accordance with HM Treasury guidance, having responsibility for the oversight of closure and transition, the review of the Annual Accounts and the review of the opinion of Head of Internal Audit on the adequacy and

effectiveness of the system of internal control. Its minutes are presented at Board meetings as is a Chair's Annual Report on its work.

The Executive receives on a quarterly basis, increased to monthly since January 2011, a schedule of projects which expose the Agency to the greatest risk, including the actions taken or planned to manage risk. It also receives every fortnight the closure and transition risk and issues logs.

The NAO is the appointed external auditor of Yorkshire Forward under section 15 of the Regional Development Agencies Act 1998. The NAO has considered the Agency's Internal Audit function to inform the identification and assessment of the risk of material misstatement of the financial statements, and in determining the nature and extent of external audit procedures to be performed. The NAO has not reported any issues to those charged with governance in respect of the Internal Audit function.

The NAO, in its management report, provided an unqualified audit opinion on the 2009/10 accounts of the Agency with no significant material weaknesses in accounting or internal control systems identified.

Each RDA has recently been subject to a 'peer review' commissioned by BIS to assess the Agency's effectiveness in preparing for closure. The final report, once issued, will be used to develop the Agency's direction in closure particularly where improvement is identified as being required.

Regarding financial management and budgeting, the Executive are supported by dedicated accountants and meet with their own Assistant Directors regularly to monitor project expenditure and budget variances with action taken to address any issues identified. Management accounts are reviewed monthly by budget holders and a budget holder's manual is provided to all Assistant Directors. All programme spend approval is conducted in accordance with the PMF and all project spend, forecasts and contract variations since autumn 2010 have been and continue to be carefully scrutinised by the Executive. This has been particularly important in 2010/11 given the financial restrictions, budget reductions and focus towards closure.

Statements providing assurance regarding risk and financial management have been received from all members of the Agency's Executive; the Chief Officers of the Agency's Special Purpose Entities and, from 2009/10, the Chief Officers of the Agency's significant partner organisations. Positive assurance on the Agency's system of internal control has been received from Internal Audit, the Contract Management Team, the European Programme Team and other internal and external assurance providers.

Significant Internal Control issues

A significant risk was raised under this heading in the 2009/10 Statement on Internal Control associated with the closure of the 2000-2006 ERDF Programme. The action taken in 2010/11 to manage this risk is described in section European Regional Development Fund (ERDF Programmes) above. Despite the challenging year faced by Yorkshire Forward, no significant internal control issues have been identified and the independent and objective conclusion drawn by the Agency's Head of Internal Audit is that

“Assurance on the adequacy of the internal control environment has been complemented by other assurance providers such as the Contract Management Team. By combining their work with that of Internal Audit, it is concluded that Yorkshire Forward has adequate and effective risk management, internal control and governance processes to manage the achievement of its objectives.”



THEA STEIN
Chief Executive and Accounting Officer

12 July 2011



JULIE KENNY
Chair CBE DL

12 July 2011

THE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I have audited the financial statements of Yorkshire Forward for the year ended 31 March 2011 under the Regional Development Agencies Act 1998. These comprise the Group Statement of Comprehensive Net Expenditure, the Group and Agency Statement of Financial Position, the Group and Agency Statement of Cash Flows, the Group Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board, the Chief Executive and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and the Chief Executive and Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and report on the financial statements in accordance with the Regional Development Agencies Act 1998. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Yorkshire Forward's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Yorkshire Forward; and the overall presentation of the financial statements.

In addition, I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Yorkshire Forward's affairs as at 31 March 2011 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Regional Development Agencies Act 1998 and Secretary of State directions issued thereunder.

Emphasis of Matter – Going Concern

In forming my opinion, which is not qualified, I have considered the adequacy of the disclosures made in Note 1 of the financial statements concerning the application of the going concern principle in light of the announcement to abolish Yorkshire Forward, which is subject to legislation. This proposal indicates the existence of a material uncertainty which may cast significant doubt about the ability of Yorkshire Forward to continue as a going concern. The financial statements do not include the adjustments that would result if Yorkshire Forward was unable to continue as a going concern.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Regional Development Agencies Act 1998; and
- the information given within the Management Commentary and the Directors' Report for the financial year for which the financial statements are prepared, is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office,
157-197 Buckingham Palace Road
Victoria,
London,
SW1W 9SP

July 2011

Financial statements 2010/2011

Group Statement of comprehensive net expenditure for the year to 31 March 2011

	NOTES	2010/2011 £'000	RESTATED 2009/2010 £'000
Expenditure			
Programme expenditure	2	145,762	292,015
European funded programme expenditure	2	48,414	79,506
Staff costs	3	20,382	20,956
Depreciation	4	1,112	938
Other administration costs	4	4,703	7,725
Other expenditure	5	14,318	21,896
Disposal of inventories	6	2,124	757
TOTAL EXPENDITURE		236,815	423,793
Income			
European funded income	7	48,533	89,491
Other income	8	12,890	24,861
Other gains	9	-	6
Proceeds from sale of inventories		2,797	489
TOTAL INCOME		64,220	114,847
NET EXPENDITURE		(172,595)	(308,946)
Surplus/(deficit) in relation to Share in Joint Venture & Associates	9	(3,740)	(702)
Interest payable	10	(12)	-
Interest receivable	10	1,110	239
NET EXPENDITURE AFTER INTEREST		(175,237)	(309,409)
Taxation	11	(948)	3
NET EXPENDITURE AFTER TAX		(176,185)	(309,406)
Other Comprehensive Expenditure			
Net gain/(loss) on revaluation of Inventories	6	(7,276)	160
Net gain/(loss) on revaluation of Investments	14	(94)	(27)
TOTAL COMPREHENSIVE EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2011		(183,555)	(309,273)

Net expenditure is financed by Grant in Aid as explained in accounting policy note 1.12. All activities are from continuing operations.

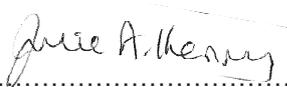
The notes on pages 67 to 90 form part of these accounts.

Group Statement of Financial Position as at 31 March 2011

	NOTES	2010/2011 £'000	2009/2010 £'000
Non Current Assets			
Property, Plant & Equipment	12	18,146	20,987
Intangible Assets	13	36	27
Investments in Joint Ventures			
- Share of gross assets	9	41,874	22,608
- Share of gross liabilities	9	(46,728)	(22,891)
Investments in Associates	9	8,563	10,705
Investments Other	9	4,539	4,503
Loans and Receivables	14	27,011	11,640
TOTAL NON CURRENT ASSETS		53,441	47,579
Current Assets			
Inventories	6	60,095	78,505
Loans and Receivables	14	1,826	1,732
Trade and Other Receivables	15	49,422	37,006
Cash and Cash Equivalents	16	62,321	60,821
TOTAL CURRENT ASSETS		173,664	178,064
TOTAL ASSETS		227,105	225,643
Current Liabilities			
Trade and Other Payables	17	(100,506)	(114,897)
TOTAL CURRENT LIABILITIES		(100,506)	(114,897)
NON CURRENT ASSETS PLUS/LESS NET CURRENT ASSETS/LIABILITIES		126,599	110,746
Non Current Liabilities			
Provisions	18	(3,304)	(409)
TOTAL NON CURRENT LIABILITIES		(3,304)	(409)
ASSETS LESS LIABILITIES		123,295	110,337
Taxpayers' Equity			
General Reserve	19	18,548	37,719
Revaluation Reserve	19	4,036	4,221
Grant in Aid Reserve	19	100,711	68,397
TOTAL TAXPAYERS' EQUITY		123,295	110,337

The notes on pages 67 to 90 form part of these accounts.

The financial statements on pages 61 to 66 were approved by the Board on 12 July 2011 and signed on its behalf by


.....Chair

Date: 12 July 2011

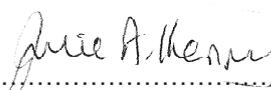

..... Chief Executive and Accounting Officer

Agency Statement of Financial Position as at 31 March 2011

	NOTES	2010/2011 £'000	2009/2010 £'000
Non Current Assets			
Property, Plant and Equipment	12	9,919	11,949
Intangible Assets	13	36	27
Investments in Subsidiaries	9	4,701	4,812
Investments in Joint Ventures	9	(4,854)	(283)
Investment in Associates	9	8,563	10,705
Investments Other	9	4,539	4,503
Loans and Receivables	14	27,011	11,640
TOTAL NON CURRENT ASSETS		49,915	43,353
Current Assets			
Inventories	6	60,095	78,505
Loans and Receivables	14	1,826	1,732
Trade and Other Receivables	15	48,562	35,800
Cash and Cash Equivalents	16	61,709	60,720
TOTAL CURRENT ASSETS		172,192	176,757
TOTAL ASSETS		222,107	220,110
Current Liabilities			
Trade and Other Payables	17	(99,614)	(113,736)
TOTAL CURRENT LIABILITIES		(99,614)	(113,736)
NON CURRENT ASSETS PLUS/LESS NET CURRENT ASSETS/LIABILITIES		122,493	106,374
Non Current Liabilities			
Provisions	18	(3,304)	(409)
TOTAL NON CURRENT LIABILITIES		(3,304)	(409)
ASSETS LESS LIABILITES		119,189	105,965
Taxpayers' Equity			
General Reserve	19	19,315	38,162
Revaluation Reserve	19	4,036	4,221
Grant in Aid Reserve	19	95,838	63,582
TOTAL TAXPAYERS' EQUITY		119,189	105,965

The notes on pages 67 to 90 form part of these accounts.

The financial statements on pages 61 to 66 were approved by the Board on 12 July 2011 and signed on its behalf by


Chair

Date: 12 July 2011


Chief Executive and Accounting Officer

Group Statement of Cash Flows for the year ended 31 March 2011

	2010/2011 £'000	2009/2010 £'000
Cash Flows from Operating Activities		
Cash generated from operations	(198,501)	(292,515)
Corporation Tax Paid	784	(2,489)
NET CASH GENERATED FROM OPERATING ACTIVITIES	(197,717)	(295,004)
Cash Flows from Investing Activities		
Purchase of inventories	(1,727)	(2,049)
Purchase of intangible assets	(23)	(16)
Purchase of fixed operating assets	(131)	(3,114)
Interest received	1,110	235
Interest payable	(12)	
Cash from sale of fixed assets	-	80
NET CASH USED IN INVESTING ACTIVITIES	(783)	(4,864)
Cash Flows from Financing Activities		
Cash inflows Grant in Aid and other grants	200,000	309,000
Cash movements in Subsidiaries	-	-
NET CASH USED IN FINANCING ACTIVITIES	200,000	309,000
Net Increase in Cash and Cash Equivalents	1,500	9,132
Opening cash and cash equivalents	60,821	51,689
CASH AND CASH EQUIVALENTS AT END OF YEAR	62,321	60,821
Reconciliation of net expenditure to net cash outflow from operating activities		
	2010/2011 £'000	2009/2010 £'000
Net expenditure	(172,595)	(308,946)
Non-cash asset entries on I&E	14,722	15,324
Movement in operating receivables	(27,823)	(32,820)
Movement in operating payables	(16,825)	33,552
Movement in provisions	2,895	38
Removal of Non-Cash items in Net Expenditure	1,125	337
CASH OUTFLOW GENERATED FROM OPERATIONS	(198,501)	(292,515)

The notes on pages 67 to 90 form part of these accounts.

Agency Statement of Cash Flows for the year ended 31 March 2011

	2010/2011 £'000	2009/2010 £'000
Cash Flows from Operating Activities		
Cash generated from operations	(199,099)	(294,740)
Corporation Tax Paid	835	(2,552)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(198,264)	(297,292)
Cash Flows from Investing Activities		
Purchase of inventories	(1,727)	(2,049)
Purchase of intangible assets	(23)	(16)
Purchase of fixed operating assets	(68)	(78)
Interest received	1,071	225
NET CASH USED IN INVESTING ACTIVITIES	(747)	(1,918)
Cash Flows from Financing Activities		
Cash inflows Grant in Aid and other grants	200,000	309,000
NET CASH USED IN FINANCING ACTIVITIES	200,000	309,000
Net Increase in Cash and Cash Equivalents	989	9,790
Opening cash and cash equivalents	60,720	50,930
CASH AND CASH EQUIVALENTS AT END OF YEAR	61,709	60,720
Reconciliation of net expenditure to net cash outflow from operating activities		
	2010/11 £'0000	RESTATED 2009/2010 £'000
Net expenditure	(172,791)	(308,565)
Non-cash asset entries on I&E	14,658	12,924
Movement in operating receivables	(28,042)	(32,987)
Movement in operating payables	(16,134)	33,514
Movement in provisions	2,895	37
Removal of Non-Cash items in Net Expenditure	315	337
CASH OUTFLOW GENERATED FROM OPERATIONS	(199,099)	(294,740)

The notes on pages 67 to 90 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2011

	Grant in Aid Reserve £'000	Reval- uation Reserve £'000	General Reserve £'000	Total Reserves £'000
Restated balance at 31 March 2009	67,148	4,088	38,335	109,571
Changes in Taxpayers' Equity 2009/10				
Net gain on revaluation of inventories	-	160	-	160
Net loss on revaluation of investments	-	(27)	-	(27)
Activities in relation to Subsidiaries, Joint Venture & Associate	702	-	-	702
Activities in relation to Coalfields	-	-	(1,375)	(1,375)
Transfers between reserves	953	-	759	1,712
Retained (Deficit)	(309,406)	-	-	(309,406)
Total recognised Income & Expense for 2009/10	(240,603)	4,221	37,719	(198,663)
Grant in Aid from BIS	309,000	-	-	309,000
Balance at 31 March 2010	68,397	4,221	37,719	110,337
Changes in Taxpayers' Equity 2010/11				
Net loss on revaluation of inventories	-	(7,276)	-	(7,276)
Net loss on revaluation of investments	-	(94)	-	(94)
Activities in relation to Subsidiaries, Joint Venture & Associate	3,740	-	-	3,740
Activities in relation to Coalfields	-	-	(4,885)	(4,885)
Transfers between reserves	4,759	7,185	(14,286)	(2,342)
Retained (Deficit)	(176,185)	-	-	(176,185)
Total recognised Income & Expense for 2010/11	(99,289)	4,036	18,548	(76,705)
Grant in Aid from BIS	200,000	-	-	200,000
Balance at 31 March 2011	100,711	4,036	18,548	123,295

The notes on pages 67 to 90 form part of these accounts.

Notes to the financial statements for the year ended 31 March 2011

1. Accounting Policies

(1.1) Basis of accounting

The financial statements of Yorkshire Forward have been prepared in accordance with government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Yorkshire Forward for the purpose of giving a true and fair view has been selected. The particular policies adopted by Yorkshire Forward are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

(1.2) Going Concern

Following the general election last year, the coalition Government outlined a series of proposed changes to how local economic development will be delivered, including its intention to abolish the Regional Development Agencies. Since the Yorkshire Forward was established by statute through the Regional Development Agencies Act 1998, further legislation is required to effect its abolition. To this end, the Government published the Public Bodies Bill in Parliament on 29 October 2010. Whether Yorkshire Forward will be abolished, and any resulting timetable for abolition, is subject to the passage of this legislation and has yet to be decided.

Ministers have confirmed that there will be an orderly transition to closure and that some Regional Development Agency activities will transfer to other parts of government. These have already begun; inward investment activity transferred to UKTI on 1 April 2011; and the ERDF programme transferred to the Department for Communities and Local Government and the RDPE programme transferred to the Department for the Environment, Food and Rural Affairs both with effect from 1 July 2011. A series of further transfers to other parts of Government are planned throughout 2011-12. As abolition arrangements have yet to be confirmed there is a material uncertainty that casts significant doubt upon Yorkshire Forward's ability to continue to operate in its current form and fulfil its current powers under the Regional Development Agencies Act 1998

Management have considered the circumstances described above. Whilst there is a material uncertainty over the future of the organisation, management have concluded that, in the absence of the passing of the legislation necessary to abolish Yorkshire Forward, it is appropriate to continue to adopt the going concern basis in preparing the Annual Report and financial statements until such time as this legislation is passed.

(1.3) Change of accounting policy

With effect from the 2010/11 reporting period the FReM no longer requires a cost of capital charge to be reflected in the financial statements. The effect of this change is the cost of capital charge and reversal is no longer shown on the face of the Group Statement of Comprehensive Net Expenditure. There is no impact on the net expenditure taken to tax payers' equity. There is no impact on the Statement of Financial Position.

(1.4) Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories. The accounting policies set out below have been applied consistently to all periods presented in the financial statements and have been applied consistently by the group.

(1.5) Basis of consolidation

No separate account is presented for the Agency as provided by Section 408 of the Companies Act 2006.

The consolidated accounts incorporate the accounts of the Agency and its subsidiary undertakings CO2 Sense Limited, Victoria Place Management Company (Leeds) Limited, and Directions Finningley. The Group Accounts also include group share of the post tax returns of its associates and joint ventures.

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The results of subsidiaries are included in the Group Statement of Comprehensive Net Expenditure from date of acquisition, or in the case of disposals, up to the effective date of disposal. Inter company transactions and balances between Group companies are eliminated upon consolidation.

Associates and Joint Ventures

Associates are entities that are neither Subsidiaries nor Joint Ventures, over which the Group has significant influence. Joint Ventures are jointly controlled entities in which the Group has an interest. The Group's share of the results of its Associates and Joint Ventures are included in the Group Statement of Comprehensive Net Expenditure using the equity method of accounting.

Investments in Subsidiaries, Associations and Joint Ventures are carried at cost plus post-acquisition changes in the Agency's share in the Financial Statements of the Agency.

Details of Subsidiaries, Joint Ventures and Associates can be found at Note 9.

(1.6) Other income

Revenue consists of grants, clawback, proceeds from sale of inventories, rents and other income.

Proceeds from sale of Inventories - Yorkshire Forward recognises the income from sale of properties at the time unconditional contracts are exchanged. For conditional contracts, income is recognised when the last material condition is met.

Rents - are collected by Yorkshire Forward and other agents. Amounts are recognised as income when the rent is due.

Other Income - is recognised in revenue based on the terms of the agreement.

(1.7) Loans and Receivables

These consist of loans to joint ventures and third parties and Partnership Workspace schemes. The loans are for capital development projects which could not proceed without loan funding. The Partnership Workspace schemes are with local authority partners, to provide rural workspace. They have been disclosed in the Statement of Financial Position at a valuation based on present value of estimated future rental income. Expenditure on these projects is written off in the year of spend.

Loans are shown net of provision for amounts considered doubtful and net of write-offs for amounts considered irrecoverable. Provision has been made for all loans where recovery appears doubtful.

(1.8) Property, Plant and Equipment

Properties are valued at market value. Other assets including refurbishment on Directions Finningley's aviation hangars, Furniture and IT equipment, are valued at depreciated historic cost because either the value of the items is low or there is no regular market against which to compare prices and valuations.

(1.9) Inventories

Development assets, consisting of land and buildings, are shown at market value. Increases in holding value are taken to the Revaluation Reserve. Losses are written off against the reserve up to any credit balance in the reserve relating to development assets and to the Group Statement of Comprehensive Net Expenditure thereafter. Any reductions in holdings are written off to the Group Statement of Comprehensive Net Expenditure. Valuations are carried out in accordance with best practice as contained in the Statement of Asset Valuation Practice and Guidance Notes (3rd Edition) published by the Royal Institute of Chartered Surveyors. A valuation of the portfolio was carried out as at 31 March 2011 by King Sturge.

(1.10) Depreciation

Depreciation is provided to write off the cost of tangible and intangible non current assets over their anticipated useful lives on a straight-line amortisation basis at the following annual rates:

Property, Plant and Equipment :

- Vehicles 3 years
- Office furniture, fittings and equipment 4 years
- Computer equipment 4 years
- Leasehold improvements 10 years

Intangible Assets:

- Software licences 5 years

A full year's depreciation is chargeable in the year of acquisition and none is chargeable in the year of disposal.

The properties occupied by the Agency are reviewed for impairment and no depreciation charge is made if it is considered to be immaterial owing to the residual values of the properties being not materially different from the book values.

(1.11) Pension costs

The Agency's employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), the English Partnership Pension Scheme or the West Yorkshire Pension Fund Scheme, which are all defined benefit schemes. Further details of these pension schemes are given in the Remuneration Report pages 43 to 51. Yorkshire Forward recognises the cost of employees' pensions in the periods which it benefits from the employee services. Details of the chair's pension are also included in the Remuneration Report.

(1.12) Grant Receivables

Yorkshire Forward's activities are funded primarily by Grant in Aid provided through BIS. Grant in Aid received is treated as financing and credited to the Grant in Aid Reserve. Other grants received are treated as income on the Group Statement of comprehensive net expenditure.

(1.13) Deferred taxation

Deferred taxation is provided for all timing differences to the extent and at the rate that they are expected to reverse in the future.

(1.14) Leases

Operating lease rentals are charged to the Group Statement of comprehensive net expenditure over the period of the lease term. There are no finance leases.

Land and buildings leases have been reviewed to consider separation to determine the appropriate lease classification. None were material enough to require separation.

(1.15) VAT

The financial statements are prepared net of recoverable VAT.

(1.16) Financial instruments

Financial Assets

The financial assets of the Agency are classified into the categories of cash and cash equivalents and loans and receivables. The classification depends on the nature and purpose of the financial assets.

The cash and cash equivalents comprise cash on hand and demand deposits. Yorkshire Forward does not have short-term, highly liquid investments.

The category of loans and receivables include trade receivables, loans, other receivables and cash that have fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition at fair value plus transactions costs, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Interest income from these financial assets is calculated on an effective yield basis and is recognised in the Group Statement of Comprehensive Net Expenditure, except for short-term receivables and cash when the recognition of interest would be immaterial.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Agency has transferred substantially all risks and rewards of ownership.

Financial Liabilities and Equity Instruments

The financial liabilities of the Agency are all classified into the category of other financial liabilities.

The category for other financial liabilities includes trade payables, borrowings and other payables. Other financial liabilities are initially measured at fair value, net of transaction costs and then subsequently measured at amortised cost using the effective interest rate method. The Agency only has short-term liabilities and therefore the recognition of interest expense would be immaterial.

The Agency derecognises financial liabilities when the Agency's obligations are discharged, cancelled or they expire.

Any equity instrument of the Agency is taxpayer's equity and is measured in the Statement of Financial Position at nominal value.

(1.17) Foreign exchange

The Agency has some immaterial monetary assets and liabilities in foreign currency. These are translated into sterling at the rates prevailing at the Statement of Financial Position date. Resulting exchange gains and losses are taken to the Group Statement of comprehensive net expenditure.

(1.18) Programme expenditure

Programme expenditure consists of grants and other project costs. These costs are recognised when the underlying activity has taken place.

(1.19) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. Yorkshire Forward does not hold short term highly liquid investments.

(1.20) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the obligation, and where the amount of the obligation can be reliably estimated.

(1.21) Future IFRS amendments and early adoption

The Agency applies new or amended International Financial Reporting Standards (IFRSs) in line with their adoption to the FReM.

At 31 March 2011 the following IFRSs or future amendment to the FReM, identified as having an impact on the Agency, had been issued but were not effective:

IFRS9 replaces IAS39 in respect of the classification of Financial Assets. Under IFRS9, financial assets should be classified on the basis of the entity's business model for their management and their contractual cash flow

characteristics. This is not expected to result in a change for the Agency but the categorisation of financial assets will be reviewed against the new standard once effective.

(1.22) Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the accounting policies above, management have made no individual judgements that have a significant impact on the Financial Statements, apart from those involving key estimations which are as follows:

Market value of property/inventory assets

The most significant judgement made in preparing the Financial Statements is the determination of the market value of property/development assets. By its nature, this process involves a significant amount of estimation uncertainty particularly given the complexity of some of the Agency's properties and the current market conditions. Valuations are performed by an independent qualified valuer.

Deferred tax

The recognition of deferred tax assets is based on the timing of the reversal of various temporary differences, relating to capital allowances and utilisation of tax losses and provisions. Judgement is therefore involved in estimating when these reversals are likely to take place

2. Programme expenditure

	2010/2011			2009/2010		
	TOTAL £'000	YF £'000	ERDF £'000	TOTAL £'000	YF £'000	ERDF £'000
Keep as many people as possible in jobs or work related training.	32,759	22,186	10,573	51,085	39,290	11,795
Work to maintain and build the number of competitive, innovative and resilient businesses and develop new industries and new jobs.	109,911	76,174	33,737	207,087	144,929	62,158
Sustain the momentum of economic renaissance schemes in key cities and towns and support business start-ups and growth with a property offer that meets their needs.	51,506	47,402	4,104	113,349	107,796	5,553
TOTAL	194,176	145,762	48,414	371,521	292,015	79,506

	2010/2011			2009/2010		
	TOTAL £'000	YF £'000	ERDF £'000	TOTAL £'000	YF £'000	ERDF £'000
Grants to public sector	71,707	37,399	34,308	147,976	117,333	30,643
Grants to private sector	95,853	81,747	14,106	178,311	129,448	48,863
Other programme expenditure	26,616	26,616	-	45,234	45,234	-
TOTAL	194,176	145,762	48,414	371,521	292,015	79,506

3. Staff costs

	2010/2011 £'000	2009/2010 £'000
(a) Salaries and wages summary Board Members		
Board member fees	195	209
Pension costs	14	20
Social security costs	7	14
TOTAL	216	243
Staff engaged by the Agency and its Subsidiaries		
Salaries and wages including overtime	15,235	17,552
Pension costs	2,631	2,909
Social security costs	1,293	1,452
Pension enhancements/redundancy	5,931	189
	25,090	22,102
Secondees and temporary staff	498	582
TOTAL	25,804	22,927
Salaries and wages are included in the Group Statement of Comprehensive Net Expenditure Account under the following headings:		
Salaries and wages	20,382	20,956
Programme expenditure - YF	5,422	1,971
TOTAL	25,804	22,927

(b) Staffing numbers

The average number of staff employed during the period was 375 analysed as follows:

	2010/2011	2009/2010
Corporate management team and Chief Executive office	108	23
Business directorate	150	102
Environment directorate	-	82
Economic inclusion directorate	-	67
Finance directorate	117	112
Strategy directorate	-	43
TOTAL	375	429
Permanent staff	363	409
Temporary staff	12	20
TOTAL AGENCY	375	429
Subsidiaries staff	45	49
TOTAL GROUP	420	478

Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band (total cost)	Number of departures included in (b) and (c) where special payments (SP) have been made (SP element totalled)
<£20,001	8	59	67 (£754,265)	-
£20,001 - £40,000	3	63	66 (£1,969,766)	-
£40,001 - £100,000	2	40	42 (£2,425,023)	-
£100,001 - £150,000	-	4	4 (£500,377)	-
£150,001 - £200,000	-	-	-	-
Total number of exit packages by type (total cost)	13 (£214,522)	166 (£5,434,909)		
			Total number (and cost) of exit packages	Total number of special payments (and total costs of special payment element)
TOTAL RESOURCE COST	214,522	5,434,909	179 (£5,649,431)	-

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where Yorkshire Forward has agreed early retirements, the additional costs are met by Yorkshire Forward and not by the Civil Service Pension Scheme. Ill-health retirement costs are met by the Pension Scheme and are not included in the table.

4. Other administrative costs

	2010/2011 £'000	2009/2010 £'000
Office costs	2,401	3,462
Depreciation	1,112	938
Operating lease rentals - other	984	996
Other staff costs	361	577
IT and communication	263	939
Professional costs	261	554
Travel, subsistence and hospitality	242	531
Marketing and PR	50	380
Operating lease rentals - plant and machinery	42	59
Amortisation on intangible assets	14	24
Auditor's remuneration		
- for audit of shadow accounts to International Financial Reporting Standards	-	6
- for statutory audit of this account	72	73
- for audit of subsidiaries	12	17
- for audit of ERDF	-	30
- for audit of Northern Way	1	-
- for non statutory audit work on Independent Supplementary Review	-	77
TOTAL	5,815	8,663

5. Other expenditure

	2010/2011 £'000	2009/2010 £'000
Book value of inventories written off	11,113	12,159
Provisions for liabilities and charges	2,906	30
Book value of property, plant and equipment written off	1,779	2,186
Loss on disposal of assets	7	3
Bad and doubtful debts	(1,111)	7,917
Write back of inventories	(376)	(399)
TOTAL	14,318	21,896

6. Inventories

	TOTAL GROUP/ AGENCY		COALFIELDS		OTHER	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Opening balances at 1 April 2010	78,505	88,813	18,630	20,005	59,875	68,808
Additions	1,727	2,049	-	-	1,727	2,049
Disposals	(2,124)	(757)	-	(400)	(2,124)	(357)
Release of revaluation on disposal	-	-	-	-	-	-
Amounts written off	(11,113)	(12,159)	(4,920)	(975)	(6,193)	(11,184)
Amounts written back	376	399	35	-	341	399
Revaluation	(7,276)	160	(7,185)	-	(91)	160
VALUATION AT 31 MARCH 2011	60,095	78,505	6,560	18,630	53,535	59,875

7. European funded income

	2010/2011 £'000	2009/2010 £'000
ERDF grants	48,344	83,887
EU revenue grants	189	5,604
TOTAL	48,533	89,491

8. Other income

	2010/2011 £'000	2009/2010 £'000
Rents	4,299	4,606
Grants other	3,730	3,498
Clawback	2,052	10,570
Sundry and events	1,637	1,649
Grants Northern Way	945	3,689
Coalfields	227	830
Consultancy	-	19
TOTAL	12,890	24,861

9. Investment in subsidiaries, associates and joint venture undertakings

SUBSIDIARIES:		NATURE OF BUSINESS	TYPE OF ORGANISATION
Co2 Sense Ltd	100.00%	Promote Renewal Energy Technology & Waste Management in Y&H	Company Limited by Guarantee
Directions Finningley	51.00%	To deliver a centre for excellence for airport and aviation training facilities	Community Interest Company Company Limited by Guarantee
Victoria Place Management Company (Leeds) Limited	59.00%	Management company for the maintenance of Victoria Place, Leeds	Limited company

JOINT VENTURES:

Hull Forward	50.00%	Regeneration of Hull	Company Limited by Guarantee
Digital Region	50.00%	Delivery of next generation broadband infrastructure	Company Limited by Shares
Creative Sheffield	33.33%	City Development Company	Company Limited by Guarantee

ASSOCIATES:

South Yorkshire Investment Fund Limited	33.33%	Promote economic growth in South Yorkshire	Company Limited by Guarantee
Partnership Investment Fund	33.33%	Venture Capital fund for Objective 2 areas in Yorkshire & Humber	Company Limited by Guarantee

OTHER:

Finance Yorkshire	10.00%	Venture Capital fund for Yorkshire & Humber	Company Limited by Guarantee
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Yorkshire Forward sold Ven International on 31st March 2010. There was a gain on sale of £6,100 shown in the Group Comprehensive Statement of Net Expenditure account as 'Other gains'.

Hull Forward ceased operations on 30th September 2010. Yorkshire Forward consolidated accounts for the six month period up to 30th September 2010.

KEY FINANCIAL RESULTS OF SUBSIDIARIES	2010/2011 TOTAL £'000	2010/2011 AGENCY SHARE £'000	2009/2010 TOTAL £'000	2009/2010 AGENCY SHARE £'000
Co2 Sense Ltd				
Profit/(Loss) for the year after taxation	168	168	-	-
Directions Finningley				
Profit/(Loss) for the year after taxation	4	2	(305)	(155)
Victoria Place Management Company (Leeds) limited				
Profit/(Loss) for the year after taxation	-	-	-	-
	172	170	(305)	(155)

INVESTMENTS IN SUBSIDIARIES ARE CALCULATED ON THE BASIS OF THE AGENCY'S SHARE OF NET ASSETS AS DETAILED BELOW:	2010/2011 TOTAL £'000	2010/2011 AGENCY SHARE £'000	2009/2010 TOTAL £'000	2009/2010 AGENCY SHARE £'000
Co2 Sense Ltd	428	428	260	260
Directions Finningley	8,379	4,273	8,925	4,552
Victoria Place Management Company (Leeds) Limited	-	-	-	-
NET ASSETS/(LIABILITES)	8,807	4,701	9,185	4,812

KEY FINANCIAL RESULTS OF JOINT VENTURES	2010/2011 TOTAL £'000	2010/2011 AGENCY SHARE £'000	2009/2010 TOTAL £'000	2009/2010 AGENCY SHARE £'000
Hull Forward				
Profit/(Loss) for the year after taxation	16	8	103	52
Digital Region				
Profit/(Loss) for the year after taxation	(9,244)	(4,622)	(840)	(420)
Creative Sheffield				
Profit/(Loss) for the year after taxation	-	-	-	-
TOTAL PROFIT/(LOSS) OF JOINT VENTURES FOR THE YEAR AFTER TAXATION	(9,228)	(4,614)	(737)	(368)

JOINT VENTURE ASSETS/(LIABILITIES)	2010/2011 TOTAL £'000	2010/2011 AGENCY SHARE £'000	2009/2010 TOTAL £'000	2009/2010 AGENCY SHARE £'000
GROSS ASSETS				
Hull Forward	484	242	1,105	553
Digital Region	83,246	41,623	43,993	21,996
Creative Sheffield	26	9	176	59
TOTAL GROSS ASSETS	83,756	41,874	45,274	22,608

GROSS LIABILITIES	2010/2011 TOTAL £'000	2010/2011 AGENCY SHARE £'000	2009/2010 TOTAL £'000	2009/2010 AGENCY SHARE £'000
Hull Forward	109	55	834	417
Digital Region	93,328	46,664	44,831	22,415
Creative Sheffield	26	9	176	59
TOTAL GROSS LIABILITIES	93,463	46,728	45,841	22,891

	2010/2011 TOTAL £'000	2010/2011 AGENCY SHARE £'000	2009/2010 TOTAL £'000	2009/2010 AGENCY SHARE £'000
NET ASSETS/LIABILITIES				
Hull Forward	375	187	271	136
Digital Region	(10,082)	(5,041)	(838)	(419)
Creative Sheffield	-	-	-	-
TOTAL NET ASSETS/(LIABILITIES)	(9,707)	(4,854)	(567)	(283)

	2010/2011 TOTAL £'000	2010/2011 AGENCY SHARE £'000	2009/2010 TOTAL £'000	2009/2010 AGENCY SHARE £'000
KEY FINANCIAL RESULTS OF ASSOCIATES				
South Yorkshire Investment Fund				
Profit(Loss) for the year after taxation	2,426	809	(1,069)	(356)
Partnership Investment Fund				
Profit(Loss) for the year after taxation	194	65	65	22
TOTAL PROFIT/(LOSS) OF ASSOCIATES FOR THE YEAR AFTER TAXATION	2,620	874	(1,004)	(334)

	2010/2011 TOTAL £'000	2010/2011 AGENCY SHARE £'000	2009/2010 TOTAL £'000	2009/2010 AGENCY SHARE £'000
NET ASSETS/(LIABILITIES) COMPRISED:				
South Yorkshire Investment Fund	19,486	6,495	22,986	7,662
Partnership Investment Fund	6,203	2,068	9,139	3,043
TOTAL NET ASSETS/(LIABILITIES)	25,689	8,563	32,125	10,705

	2010/2011 TOTAL £'000	2010/2011 AGENCY SHARE £'000	2009/2010 TOTAL £'000	2009/2010 AGENCY SHARE £'000
KEY FINANCIAL RESULTS OF OTHER				
Finance Yorkshire				
Profit(Loss) for the year after taxation	(1,512)	(151)	33	3
TOTAL PROFIT/(LOSS) OF ASSOCIATES FOR THE YEAR AFTER TAXATION	(1,512)	(151)	33	3

	2010/2011 TOTAL £'000	2010/2011 AGENCY SHARE £'000	2009/2010 TOTAL £'000	2009/2010 AGENCY SHARE £'000
NET ASSETS/(LIABILITIES) COMPRISED:				
Finance Yorkshire	45,388	4,539	45,033	4,503
TOTAL NET ASSETS/(LIABILITIES)	45,388	4,539	45,033	4,503

When accounting for our Associate venture capital companies South Yorkshire Investment Fund and Partnership Investment Fund consolidation adjustments have been made to ensure consistent treatment and a fair representation of the net assets of the respective groups. As a result the accounts reflect a one third share of the initial capital investment.

10. Interest receivable and payable

	2010/2011 £'000	2009/2010 £'000
Other interest received	974	84
Bank deposit received	136	155
TOTAL INTEREST RECEIVABLE	1,110	239
TOTAL INTEREST PAYABLE	12	-

11. Taxation

	2010/2011 £'000	2009/2010 £'000
Corporation tax for the year	(1,221)	(172)
Release of deferred taxation	279	16
(Over)/Under provision of corporation tax in previous years	45	99
TOTAL AGENCY	(897)	(57)
Corporation tax for subsidiaries	(51)	60
TOTAL GROUP	(948)	3

The corporation tax charge for the current year is lower than the standard rate of corporation tax for the UK of 28% (2010: 28%). The differences are explained below:

Reconciliation to tax at current rate	2010/2011 £'000	2009/2010 £'000
Net expenditure on Ordinary Activities Before Taxation for the Group	(175,237)	(309,409)
Tax arising on net expenditure at 28% (2010: 28%)	(49,066)	(86,635)
Prior Year Corporation Tax Charge	(45)	(99)
Non-deductible expenditure	921	204
Non-allowable Deficit on Non Taxable Activities	47,242	86,533
CORPORATION TAX CURRENT YEAR CHARGE FOR THE PERIOD	(948)	3

12. Property, plant and equipment

	LEASEHOLD IMPROVEMENTS £'000	PROPERTIES OCCUPIED BY THE AGENCY £'000	FURNITURE, FITTINGS & EQUIPMENT £'000	GROUP TOTAL £'000
Cost or valuation				
At 1 April 2009 RESTATED	33	11,800	12,424	24,257
Additions	-	-	2,652	2,652
Disposals	-	-	(490)	(490)
Write off	-	(410)	(157)	(567)
At 31 March 2010	33	11,390	14,429	25,852
Depreciation				
At 1 April 2009	-	-	2,743	2,743
In year charge	11	-	927	938
Disposals	-	-	(308)	(308)
Impairments	-	-	1,492	1,492
At 31 March 2010	11	-	4,854	4,865
Net Book Value at 31 March 2010	22	11,390	9,575	20,987
Net Book Value at 31 March 2009 RESTATED	33	11,800	9,681	21,514
Cost or valuation				
At 1 April 2010	33	11,390	14,429	25,852
Additions	-	-	131	131
Disposals	-	-	(486)	(486)
Write off	-	(1,790)	-	(1,790)
At 31 March 2011	33	9,600	14,074	23,707
Depreciation				
At 1 April 2010	11	-	4,854	4,865
In year charge	11	-	1,101	1,112
Disposals	-	-	(416)	(416)
At 31 March 2011	22	-	5,539	5,561
Net Book Value at 31 March 2011	11	9,600	8,535	18,146
Net Book Value at 31 March 2010	22	11,390	9,575	20,987
AGENCY				
Cost or valuation				
At 1 April 2009 RESTATED		11,800	2,806	14,606
Additions		-	78	78
Disposals		-	(106)	(106)
Write off		(410)	-	(410)
At 31 March 2010		11,390	2,778	14,168
Depreciation				
At 1 April 2009		-	2,008	2,008
In year charge		-	313	313
Disposals		-	(102)	(102)
At 31 March 2010		-	2,219	2,219
Net Book Value at 31 March 2010		11,390	559	11,949
Net Book Value at 31 March 2009 RESTATED		11,800	798	12,598

Cost or valuation			
At 1 April 2010	11,390	2,778	14,168
Additions		68	68
Disposals		(352)	(352)
Write off	(1,790)		(1,790)
At 31 March 2011	9,600	2,494	12,094
Depreciation			
At 1 April 2010	-	2,219	2,219
In year charge	-	301	301
Disposals	-	(345)	(345)
At 31 March 2011	-	2,175	2,175
Net Book Value at 31 March 2011	9,600	319	9,919
Net Book Value at 31 March 2010	11,390	559	11,949

13. Intangible assets

	GROUP/AGENCY	
	SOFTWARE LICENCES	
	£'000	
Cost or valuation		
At 1 April 2009		105
Additions		16
At 31 March 2010		121
Amortisation		
At 1 April 2009		70
In year charge		24
At 31 March 2010		94
Net Book Value at 31 March 2010		27
Net Book Value at 31 March 2009		35
Cost or valuation		
At 1 April 2010		121
Additions		23
At 31 March 2011		144
Amortisation		
At 1 April 2010		94
In year charge		14
At 31 March 2011		108
Net Book Value at 31 March 2011		36
Net Book Value at 31 March 2010		27

14. Loans and Receivables

	GROUP/AGENCY	
	2010/2011 £'000	2009/2010 £'000
Loans to Joint Venture	20,660	5,427
Loan to Capital Project	5,237	5,002
Partnership Workspace	1,114	1,208
Loans inherited from the Rural Development Commission	-	3
NON CURRENT ASSETS AT 31 MARCH	27,011	11,640
Loan to Capital Project	1,826	1,732
CURRENT ASSETS AT 31 MARCH	1,826	1,732
TOTAL LOANS AND RECEIVABLES AT 31 MARCH	28,837	13,372

15. Trade and Other Receivables

AMOUNTS RECEIVABLE WITHIN ONE YEAR	GROUP		AGENCY	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
ERDF grants receivables	37,425	19,841	37,425	19,841
Trade receivables	6,627	5,183	5,480	4,727
Prepayments	4,796	5,533	4,275	4,694
Other receivables	1,252	6,794	1,141	6,952
Deferred taxation	730	451	730	451
Provision for doubtful debts	(1,337)	(1,601)	(422)	(1,601)
Value added tax	(71)	616	(67)	547
EU grants receivables	-	189	-	189
	49,422	37,006	48,562	35,800
RECEIVABLES - INTRA GOVERNMENT BALANCES	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Balances with other Central Government bodies	39,444	26,584	39,444	26,584
Balances with bodies external to Government	8,037	10,152	7,177	8,946
Balances with Local Authorities	1,941	270	1,941	270
	49,422	37,006	48,562	35,800

16. Cash and cash equivalents

	GROUP		AGENCY	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Cash at bank and in hand at 1 April	60,821	51,689	60,720	50,930
Net cash inflow during the year	1,500	9,132	989	9,790
CASH AT BANK IN HAND AT 31 MARCH	62,321	60,821	61,709	60,720

17. Trade and Other Payables

AMOUNTS FALLING DUE IN ONE YEAR	GROUP		AGENCY	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Accruals and deferred income	47,901	51,171	47,901	51,171
EU deferred income	32,372	34,556	32,684	34,556
Trade Payables	16,116	27,934	15,904	27,099
Other Payables	2,348	1,670	1,372	1,348
Corporation Tax	1,154	(857)	1,154	(857)
Coalfields grant creditor	312	-	312	-
Other taxes and social security costs	303	423	287	419
	100,506	114,897	99,614	113,736

PAYABLES - INTRA GOVERNMENT BALANCES	GROUP		AGENCY	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Balances with bodies external to Government	42,263	52,619	41,371	51,458
Balances with other Central Government bodies	37,791	40,229	37,791	40,229
Balances with Local Authorities	17,817	20,812	17,817	20,812
Balances with Public Corporations and Trading Funds	2,635	1,237	2,635	1,237
	100,506	114,897	99,614	113,736

18. Provisions for liabilities and charges

	TOTAL	REDUNDANCY PROVISION	EX-CHAIRS PENSION	ONEROUS LEASES PROPERTY	ONEROUS LEASES OTHER
	£'000	£'000	£'000	£'000	£'000
Opening balance as 1 April	371	236	135	-	-
Charged in year	77	77	-	-	-
Used in year	(107)	(107)	-	-	-
Employer's contribution	68	-	68	-	-
BALANCE AT 31 MARCH 2010	409	206	203	-	-
Opening balance as 1 April	409	206	203	-	-
Charged in year	2,995	1,720	-	1,220	55
Used in year	(89)	(89)	-	-	-
Employer's contribution	(11)	-	(11)	-	-
BALANCE AT 31 MARCH 2011	3,304	1,837	192	1,220	55

The provision for Ex-Chair's pension is in line with the GAD valuation. The current Chair Julie Kenny has no pension. Further details of this provision can be found in the Remuneration Report.

19. Total Reserves

GENERAL RESERVE	GROUP		AGENCY	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
ACTIVITIES IN RELATION TO SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES				
Balance at 1 April	19,293	18,466	19,736	19,236
Subsidiaries Reserve to Grant in Aid Reserve	(4,701)	(4,812)	-	-
Minority interest	4,106	4,373	-	-
Movement in investments	(6,517)	1,266	(6,788)	500
BALANCE AT 31 MARCH	12,181	19,293	12,948	19,736

COALFIELD ASSETS FUNDED BY HOMES AND COMMUNITIES AGENCY				
Balance at 1 April	18,629	20,004	18,629	20,004
Disposals	-	(400)	-	(400)
Net write back/(off)	(4,885)	(975)	(4,885)	(975)
Transfer from Revaluation Reserve	(7,185)	-	(7,185)	-
BALANCE AT 31 MARCH	6,559	18,629	6,559	18,629

PENSIONS				
Balance at 1 April	(203)	(135)	(203)	(135)
Transfer from Grant in Aid Reserve	11	(68)	11	(68)
BALANCE AT 31 MARCH	(192)	(203)	(192)	(203)
BALANCE AT 31 MARCH	18,548	37,719	19,315	38,162

REVALUATION RESERVE	GROUP	
	2011 £'000	2010 £'000
Balance at 1 April	4,221	4,088
Inventories revaluations	(7,276)	160
Investment revaluations	(94)	(27)
Transfer to General Reserve	7,185	-
BALANCE AT 31 MARCH	4,036	4,221

GRANT IN AID RESERVE	GROUP		AGENCY	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Balance at 1 April	68,397	67,148	63,582	61,544
Grant in Aid received	200,000	309,000	200,000	309,000
Net expenditure for the year	(176,185)	(309,406)	(172,618)	(308,398)
(Surplus)/Deficit in relation to Joint Ventures and Associates	3,740	702	-	-
Transfer to Pension Reserve	(11)	68	(11)	68
Transfer to General Reserve	4,770	891	4,885	1,374
Sale of investment in subsidiary	-	(6)	-	(6)
BALANCE AT 31 MARCH	100,711	68,397	95,838	63,582

20. Operating leases

AS AT 31 MARCH THE AGENCY HAD ANNUAL COMMITMENTS UNDER OPERATING LEASES AS FOLLOWS:	2011		2010	
	BUILDINGS £'000	OTHER £'000	BUILDINGS £'000	OTHER £'000
LEASES EXPIRING:				
Within one year	374	33	338	47
Between one and five years	4,303	136	2,741	155
Over five years	8,948	6	9,277	5
TOTAL	13,625	175	12,356	207

21. Commitments

EXPENDITURE AUTHORISED BY THE BOARD AND CONTRACTED FOR AT 31 MARCH AMOUNTED TO:	2011 £'000	2010 £'000
Capital expenditure on development assets	8,511	30,716
Other programme expenditure	241,604	528,087
TOTAL	250,115	558,803

Since July 2010 Yorkshire Forward has been unable to enter into new legal commitments without prior authorisation from the department for Business, Innovation and Skills.

22. Contingent liabilities

The Public Bodies Bill, published in Parliament on 29 October 2010, proposes that the Regional Development Agencies, including Yorkshire Forward, are abolished. Subject to the Public Bodies Bill receiving Royal Assent, it is expected that the Agency will cease operations by 31 March 2012 with all staff being transferred or being made redundant by July 2012.

The cost of redundancies has been accrued or provided for where staff are expected to leave prior to 30 September, the date the Public Bodies bill is expected to be passed. The redundancy costs for leavers after this date is expected to be £5.3m.

As detailed in the Remuneration Report the Agency participates in the English Partnerships Pension Scheme. Under the current scheme rules, a possible obligation exists for the Agency to settle its share of the exit debt, upon the last active member in the scheme ceasing employment with the Agency. The sponsor Department, BIS, are currently liaising with the pension scheme trustees to avoid crystallisation of the exit debt however at 31 March 2011 this position is not yet resolved.

As at March 2011, the scheme Actuary's estimate of the Agency's share of the exit debt is £6.5m.

As at 31 March 2011 Yorkshire Forward has claims outstanding for clawback of £2.04m from the Department for Communities and Local Government (DCLG) relating to the 2000-2006 ERDF programme. We do not expect to settle the full remaining balance.

23. Events after the reporting period

Yorkshire Forward's financial statements are laid before the Houses of Parliament by the Secretary of State of Business, Innovation and Skills (BIS). IAS10 requires Yorkshire Forward to disclose the date on which the accounts are authorised for issue. The authorised date for issue is the date the accounts are certified by the Comptroller & Auditor General.

On 6 July 2011, the Government announced its intention to transfer certain development land and property assets from Regional Development Agencies to the Homes and Communities Agency (HCA) for management under a stewardship arrangement. Under this arrangement, HCA will continue to develop the related assets to deliver economic benefits, taking account of the purposes for which they were originally acquired.

The transfer is expected to take effect on 19 September 2011. The transfer order includes a number of Yorkshire Forwards assets that are currently included in these accounts under the heading of inventories – note 6. Details of the assets intended for transfer will be announced when the transfer order is agreed. The transfers will be at the current carrying value of the relevant assets and no gain or loss on transfer will arise.

As outlined in the remuneration report, the decision to uprate public service pensions using the Consumer Prices Index rather than the Retail Prices Index has been recognised in these accounts. The decision is currently before the courts in judicial review proceedings. The Government is robustly defending the case and therefore no adjustment has been made to the accounts to this matter. The financial implications consequent on the review finding against the government have not been assessed.

Yorkshire Forward have guaranteed to cover potential shortfalls in Digital Region operating cashflows up to a maximum of £4m. This guarantee covers the period to December 2012. When Yorkshire Forward closes this guarantee will transfer to BIS. This guarantee has been given with BIS approval.

24. Financial instruments

Yorkshire Forward has no borrowings and relies primarily on departmental funding for its cash requirements, and is, therefore, not exposed to liquidity risks.

All material assets and liabilities are denominated in Sterling.

Yorkshire Forward is not exposed to interest rate risk or currency risk.

There is no material difference between the book value and fair value of Yorkshire Forward's assets and liabilities at 31 March 2011.

25. Losses and special payments

In accordance with the provisions of the Accounts Direction, the Agency must summarise all losses and special payments made during the year, being transactions of a type, which Parliament cannot be supposed to have contemplated. During the course of the financial year Yorkshire Forward made no special payments (2009/10 £781).

As outlined in the Statement on Internal Control on page 55 £6.69m of invoices raised to recover ERDF clawback remain outstanding and are considered unlikely to be recovered. Full provision has been made against these amounts in the financial statements, and at 31 March 2011, their carrying value is £nil. Yorkshire Forward are currently working with BIS to obtain approval to write off these balances.

26. Related party transactions

Yorkshire Forward is an Executive Non-Departmental Public Body sponsored by BIS. BIS is regarded as a related party with which Yorkshire Forward has had a significant number of material transactions.

In addition, Yorkshire Forward has had a number of material transactions with other Government Departments, other Central Government bodies and various Local Authorities. During 2010/11 the Agency along with the Northwest Development Agency and One North East continued to work together on phase 2 (2008-2011) on the Northern Way project. The Northern Way Growth Fund total expenditure in the year was £8.56m, approximately 12% of which was met by DCLG contribution and the remainder borne in equal share by the three Agencies.

In addition, the Agency was involved in the following related party transactions during the period which are considered to be significant:

RELATED PARTY	POSITION AT RELATED PARTY	PAYMENTS £	NATURE OF TRANSACTION	PAYABLES £	RECEIVABLES £
Julie Kenny – Chair					
Creative Sheffield	Director	213,084	Grant claims	-	-
Doncaster Metropolitan Borough Council	Commissioner (Ministerial Appointment)	3,748,700 11,750	Grant claims Goods and services	-	4,800
National Trust	Member	3,188	Goods and services	-	-
Sheffield Hallam University	Honorary Doctorate	946,523 62,230	Grant claims Goods and services	-	-
Administrative Burdens Advisory Board (HMRC)	Member (Ministerial Appointment)	31,739	Goods and services (HM Customs & Excise)	-	-

Linda Pollard – Deputy Chair					
University of Leeds	Council Member. Pro-Chancellor and Chair of the Governing Body	1,657,851 46,243	Grant claims Goods and services	-	-
Ajaz Ahmed – Board Member					
C3i	Share holder and Director.	1,401	Grant claims	-	-
University of Huddersfield	Council Member	636,039	Grant claims	-	-
Barry Dodd – Board Member					
CO ₂ Sense Yorkshire	Chair	7,269,646 68,142	Grant claims Goods and services	-	6,406
Bill Adams – Board Member					
ACAS	Employee Relations Steering Group	187,000	Grant claims	-	-
NHS	Spouse is employee	307,240 137,544	Grant claims (NHS Yorkshire & Humber) Grant claims (NHS Yorkshire & Humber Commercial Procurement Collaborative)	-	-
Unison	Spouse is member.	36,293	Grant claims	-	-
John Vincent – Board Member					
AECOM Ltd	Director	729	Goods and services	-	-
University of Leeds	Alumni	1,657,851 46,243	Grant claims Goods and services	-	-
John Weighell – Board Member					
Hambleton District Council	Member	18,028 129	Grant claims Goods and services	-	-
Kathryn Pinnock – Board Member					
Kirklees Metropolitan Council	Elected Member	1,848,396 12,218	Grant claims Goods and services	-	-
Yorkshire Water Services Limited	Non Executive Director	7,293	Goods and services	-	-

Environment Agency	Daughter is an employee	344,430 1,368	Grant claims Goods and services	-	-
Mark Kirk – Board Member					
North Lincolnshire Council	Elected Member Leader	5,626,371 594	Grant claims Goods and services	-	-
Humber Economic Partnership	Director	56,219 284	Grant claims Goods and services	-	-
Mark Lovell – Board Member					
CBI	Member – CBI Public Services Strategy Board Chair – CBI Education and Children Services Board	4,113	Goods and services	-	-
Michael Arthur – Board Member					
University of Leeds	Vice-Chancellor	1,657,851 46,243	Grant claims Goods and services	-	-
National Trust	Member. Spouse is member	3,188	Goods and services	-	-
Sharon Allen – Board Member					
Bradford Metropolitan District Council	Partner is employee	396,174 37,561	Grant claims Goods and services	-	1,826,257
Leeds Metropolitan University	External Examiner	515,448 57,420	Grant claims Goods and services	-	-
Yorkshire & Humber Regional Forum	Director	21,875 33,714	Grant claims Goods and services	-	-
Tom Riordan – Chief Executive Officer (Resigned 15th August 2010)					
Leeds City Council	Chief Executive (following resignation from YF)	5,724,291 829,685	Grant claims Goods and services	-	7,200
Unison	Member	36,293	Grant claims	-	-
Thea Stein – Chief Executive Officer					
The Prince's Trust Regional Council for Yorkshire & Humber	Member	367,802	Grant claims (The Prince's Trust)	-	-
Trevor Shaw – Executive Director of Finance					
Digital Region Limited	Director	24,316,518	Grant claims	-	20,660,000
Directions Finningley CIC	Director	494,491	Grant claims	-	-

Simon Hill – Executive Director of Business

Bradford University Management Advisory Board	Board Member	1,184,677 3000	Grant claims Goods and services	-	-
Creative Sheffield	Board Member	213,084	Grant claims	-	-
Finance Yorkshire	Director	3,135,285 12,963	Grant claims Goods and services	-	3,348
Forward Ladies	Board Member	114,427 2,919	Grant claims Goods and services	-	-
Kirklees Metropolitan Council	Board Member – Kirklees Metropolitan Council Regeneration and Sustainable Development Local Public Services Board Spouse is employed	1,848,396 12,218	Grant claims Goods and services	1,245	-
Science City York	Board Member	10,842,865	Grant claims	-	-
Y & H IDB Ltd	Observer on the Board	11,457,044	Grant claims	-	-

Jan Anderson – Executive Director of Environment (Resigned 22nd October 2010)

Creative Sheffield	Director – Observer Status	213,084	Grant claims	-	-
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Annex A - Chair's and Board Members' Register of Interest

Julie Kenny

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT/ RESIGNATION
British Security Industry Association: Council	Chair	
British Security Industry Association: General Purposes Committee	Chair	
British Security Industry Association: Security Equipment Section	Member	
Castle Care-Tech Limited	Director	2004
Company Of Cutlers in Hallamshire	Freemen Friend	April 2008
Company of Security Professionals	Member Freedom of the City of London Liveryman	May 2004 February 2006 March 2008
Creative Sheffield	Director	Resigned 13 April 2011
Doncaster Metropolitan Borough Council	Commissioner	1 July 2010
Doncaster NHS	Brother is employee	c. 2006
English Heritage	Member	1998
Government Office of Yorkshire and Humber	Business Ambassador	July 2008
HMRC – Administrative Burdens Advisory Board	Member	Resigned 21 October 2010
Inspiring Women 'Women in Business'	Board Member	August 2007
Maltby Academy	Governor Member/Chair	January 2010 February 2010
Mount St Mary's College`	Governor	October 2008
National Trust	Member	1990
Pyronix Limited	Director/Employee	1986
Rotherham Titans Rugby Union Club	Business Club Member	August 2007
Royal Society for the encouragement of Arts, Manufacturers and Commerce	Fellow	May 2002
Secure Holdings Limited	Director/Shareholder	1996
Secure Protection Limited	Director	2001
Sheffield Hallam University	Honorary Doctorate Sister is employee	November 2006 c. 1999
UK Commission for Employment & Skills	Commissioner	December 2007
Whirlow Hall Farm Trust	Ambassador	November 2006

Linda Pollard

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT/ RESIGNATION
Coutts Plc	Regional Chair	1 April 2007
Enterprise & Skills Strategic Advisory Committee for HEFCE	Member	Resigned 2010
Leeds NHS Primary Care Trust	Chair	1 March 2009

University of Leeds	Council Member Pro-Chancellor & Chair of the Governing Body	1997 1 August 2007
Yorkshire Tourist Board	Board Member	Resigned January 2011
2% Club	Chair	2009

Ajaz Ahmed

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT/ RESIGNATION
Abduls	Partner	1998
Browzar	Shareholder, Director	2006
C3i	Shareholder, Director	2006
JumbleAID	Shareholder, Director	Resigned 2010
University of Huddersfield – Business School	Advisory Board member	2005
ZestMedia/Quba	Shareholder, Director	2002

Bill Adams

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT/ RESIGNATION
ACAS	Committee Member	2007
Labour Party	Member	1980
NHS	Wife is employee	2005
TUC	Employee	2001
Unison	Wife is a Member	2005
Unite	Member	1993
University of Central Lancashire	Deputy Chair	October 2009

Barry Dodd

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT/ RESIGNATION
Addpower Technologies Ltd	Shareholder, Director	11 June 2001
Co2 Sense	Chair	2008
Gazelle Aviation LLP	Partner	27 May 2004
GSM Graphic Arts Ltd	Shareholder, Director	2 April 1974
GSM Group Ltd	Shareholder, Director	9 June 1998
GSM Industrial Graphics Ltd	Shareholder, Director	18 June 2001
GSM Printer and Label Systems Ltd	Shareholder, Director	22 May 2001
GSM Valtech Industries Ltd	Shareholder, Director	24 March 1997
Manufacturing Advisory Service Yorkshire and the Humber	Ambassador	2 October 2006
NFU Mutual Insurance Co	Regional Board Member	March 2007
Thirsk and Sowerby Civic Society	Member	2003
Thormanby Hall Farm	Partner	1989
Thormanby Parish Meeting	Chair	1989
UK Automotive Council	Member	2009
Varlink Ltd	Shareholder, Director	5 August 2005
Yorkshire Universities Proof of Commercial Concept Fund	Chair	Resigned March 2011

York, North Yorkshire with East Yorkshire Local Enterprise Partnership	Chair	April 2011
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Michael Arthur

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT/ RESIGNATION
Academy of Medical Sciences	Fellow	1998
American Association for the Study of Liver Diseases	Member	1986
British Liver Trust	Vice President	February 2008
British Medical Association	Member	August 1977
DCSF 14 -19 Diplomas	Champion	January 2007
English Heritage	Member	1990
Enthuse Trust	Trustee	2008
Hot Courses Ltd Academic Advisory Board	Member of Academic Advisory Board	April 2008
Leeds Chamber	Board Member	20 September 2004
Leeds Initiative	Board Member	2004
Medical Research Council	Member	1 October 2008
MyScience Ltd	Director	August 2006
N8	Board Member	August 2007
National Trust	Member	1990
Opera North	Board Member	2007
Qualifications and Curriculum Authority	Board Member	Resigned June 2010
Royal College of Paediatrics and Child Health	Wife is a Fellow	1998
Royal College of Physicians	Fellow	1992
Royal Society for the Encouragement of Arts, Manufactures & Commerce	Fellow	2007
Royal Southern Yacht Club	Member	1996
Royal Yachting Association	Member	1986
Russell Group	Board Member	2007
	Chair	1 September 2009
Southampton Primary Care Trust	Wife is an employee	1994
Tate Gallery	Member	2003
Universities UK's Research Policy Committee	Member	August 2006
University of Leeds	Vice-Chancellor	1 September 2004
US/UK Fulbright Commission	Commissioner	April 2008
Venture Capital Trust ARC	Investor	2005
Venture Capital Trust Octopus	Investor	2005
White Rose University Consortium	Board Member	1 September 2004
Worldwide Universities Network (WUN)	Board Member	22 September 2004
	Chair	Resigned May 2009
Worth Global Style Network	Daughter is an employee	2007
Yorkshire Universities	Board Member, Deputy Chair	20 September 2004

John Weighell

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT/ RESIGNATION
Local Government North Yorkshire and York	Alternating Chair/Vice Chair	April 2009
ERDF Programme Monitoring Committee	Member	December 2007
Leeds City Region Board	Member of Leaders Board	October /

		November 2006
County Council Networks	Executive Member	January 2006
North Yorkshire Local Government Pension Fund	Chairman	May 2005
North Yorkshire County Council	Leader Member	June 2001 May 1993
Conservative Party	Member	November 1999
J K Weighell	Partner Son is Partner	1990
Leeds City LEP	Board Member	April 2011
North Yorkshire LEP	Board Member	June 2011
Hambleton DC	Member	Ceased to be member May 2011

Kathryn Pinnock

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT/ RESIGNATION
Association of Liberal Democrat Councillors	Member	1995
	Chair	September 2008
CAB	Sister is employee	1998
Environment Agency	Daughter is an employee	2001
Local Government Improvement & Development	Peer Regional Peer	2006 September 2008
Kirklees Metropolitan Council	Elected member	1987
Kirklees Metropolitan Council Mayors Charity Appeal Fund	Trustee	1995
LGA Councillor Forum	Member	October 2010
LGA Finance and Strategy Committee	Member	Retired September 2010
Liberal Democrats	Member	1973
Scholes Village Shelter Trust	Trustee	January 2008
St Lukes Church, Cleckheaton		1974
Whitcliffe Mount High School Governing Body	Chair	1991
Yorkshire Water Services Ltd	Non-Executive Director	1 March 2008

Mark Kirk

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT/ RESIGNATION
Ashdown Club	Member	1976
BBC	Son is an employee	2008
Caravan Club	Member	2000
Caravanning and Camping Club	Member	2000
Community Union	Member	1974
Humber Economic Partnership	Director	Resigned May 2011
Humberside Airport	Director	Resigned May 2011
Labour Councillor Forum	Member	2010
Labour Party	Member	1976
LGA Urban Commission	Member	2007
Lincolnshire Tourism	Director	Resigned May 2011
North Lindsey College	Son is an employee	October 2009
Yorkshire & Humber Assembly	Chair of Transport Board	Resigned 2011

Mark Lovell

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT/ RESIGNATION
A4e	Shareholder, Executive Chairman	9 September 1991
A4E Insight	Chairman	1 April 2009
CBI Public Services Strategy Board	Member	17 July 2007
Consultancy Services	Wife is an employee	
Hairdressers in Leeds	Sister in law is owner	July 2009
Sheffield PCT	Non-Executive Director	1 October 2007

John Vincent

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT/ RESIGNATION
AECOM Hellas SA	Director	2003
AECOM Holdings Ltd	Director	2002
AECOM Ltd	Director	2002
AECOM Sp Zoo	Director	2003
Institute of Civil Engineers	Member	1973
Institute of Highways and Transport	Fellow	1986
Leeds University	Alumni	1973
Oscar Faber plc	Director	June 2001
Oscar Faber Trustees Ltd	Director	October 2001
York Civic Trust	Member	2007
York College	Wife is an employee	1996

Sharon Allen

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT/ RESIGNATION
ACEVO North Steering Group	Vice Chair	July 2008
ACEVO Board	Board Member	May 2011
Affinity Trust	Director	Resigned July 2010
Bradford District Care Trust	Employee	Sept 2009
Bradford Metropolitan District Council	Partner is an employee	April 2010
Chartered Institute of Housing	Member	September 1995
Health & Social Justice National Advisory Group	Member	Resigned July 2010
Leeds Joint Commissioning Board	Member	Resigned July 2010
Leeds Metropolitan University	External Examiner	Resigned July 2010
Skills for Care	CEO	August 2010
St Anne's Community Services	Chief Executive	Resigned July 2010
St Anne's Trading Ltd	Director	Resigned July 2010
Volition	Director	Resigned July 2010
Yorkshire & Humber Regional Forum	Director	Resigned July 2010

Heidi Mottram

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT/ RESIGNATION
Green Economy Council	Member	February 2011
Hebble Insurance Management Services	Husband is an employee	December 1992
Huddersfield Sailing Club	Member	April 2009
Kielder Water & Forest Park Development trust	Director	October 2010
Northumbrian Water Group PLC	Director	1 March 2010
Northumberland Water Limited	Director	1 March 2010
Salaned Dental Service North Yorkshire & York PCT	Sister is an employee	February 2009
Water UK	Director	April 2010

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