York and North Yorkshire Rural Partnership

13 February 2010

Economic Assessment

Attached is an initial ‘Engagement Paper' on the York and North Yorkshire Economic assessment which will form the basis of a presentation at this meeting

The paper is designed to engage partners and interested parties in the work on the assessment. The initial assessment to feed into the regional strategy will be ready by March.

The purpose in bringing this matter to this meeting is to highlight to the Rural Partnership some of the emerging issues, to promote discussion and also to give this Partnership an opportunity to ask for specific rural issues to be covered or considered in more depth, if necessary.

Andrew Leeming
York and North Yorkshire Partnership Unit
15th February 2010

York and North Yorkshire Economic Assessment 2010

Engagement paper

7th January 2010

York and North Yorkshire Partnership Unit

yorkshirefutures

YoHr SPACE
YORKSHIRE & HUMBER IMPROVEMENT AND EFFICIENCY PARTNERSHIP

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York and North Yorkshire Economic Assessment 2010

Engagement paper

Introduction

What is the economic assessment?

The Economic assessment is about setting out:-

- Our understanding of the current position on the York and North Yorkshire economy;
- How the sub region will earn its living in twenty years time and what we will need to do to get there;
- How we will contribute to the economic recovery over the next few years and what are the critical issues that we will need to address;
- What this means for our localities;
- What might be our opportunities, competitive advantages and how they might be taken forward as drivers for change;
- A set of outcomes which will guide and provide the basis for a future economic strategy; and
- What it will look like when we get there.

How will it be used?

The assessment fulfils two formal tasks.

1. Providing by March 2010 an initial local economic assessment of the sub region which forms part of the evidence for the drafting of the Yorkshire and Humber Strategy (formerly the Integrated Regional strategy)

2. Fulfilling the statutory requirements for an economic assessment for North Yorkshire and to support the preparation of the assessment for the City of York both of which will be prepared by the end of 2010.

The preparation of the assessment needs to draw together opinion and evidence from partners in the public, private and voluntary sectors and create a consensus on the key opportunities and concerns for the local economy and how they might be addressed.

It will also contribute to the review of local authority community strategies during 2010.

How is it being prepared?

An iterative approach is the key to drawing together opinion and evidence which engages as many partners as possible. This means that papers and research will be circulated 'prematurely', before they are near their final form. This enables contributions to be made that influence the direction of travel and ensures the involvement of the widest research base and knowledge of practitioners.

The Government has prepared draft statutory guidance for the preparation of assessments and detailed guidance work has been published by IDEA (the Improvement and

Development Agency for Local Government). This will be followed in detail for the statutory assessment but influences the structure of the initial assessment for the regional strategy. The key points are that the assessment should be a participatory process and be prepared for functional economic areas and not administrative boundaries. They should be prepared collaboratively with other local authorities, economic partners and the regional development agency ensuring compatibility across regions.

The preparation of the assessment is supported by resources made available by local partners through their support for the Partnership Unit, Yorkshire Futures and the Regional Improvement and Efficiency Partnership, YoHr Space.

A scoping paper for the assessment was produced in September 2009 which set out the key components of the work. These include:

Labour Market Areas (LMAs) – The sub region has been divided into 35 areas in agreement with District Councils. This will also facilitate the production of the North Yorkshire statutory EA next year in understanding and engaging on local impact. York is treated as one area and the City will explore its sub areas in its own EA. An initial iteration for the LMAs in North Yorkshire has been prepared and has been made available to District Councils.

Spatial areas - The LMAs provide the statistical base to aggregate data to the spatial areas that in the first instance will mirror those in the approved Regional Spatial Strategy viz.

- Leeds City region
- York sub area (also part of Leeds City region)
- Remoter Rural area (two – the Moors and the Dales)
- Vales and Tees links
- The Coast

Initial drafts have been prepared and will be available to discuss with partners. Spatial areas rely on ward data and there are limitations in content but they provide the 'building from below' component.

Technical assessment – This is the more traditional 'top down' presentation of data against topics such as enterprise, skills etc. It has been agreed with Yorkshire Futures that this will replace 'Progress in the sub region' this year. It will provide data for administrative areas and be the 'data bank' for the EA. Within this special papers or think pieces are being prepared around key topics of concern to this sub region, some of which have already been circulated to partners. A first iteration of the technical assessment will be ready by the end of January.

A short summary assessment – This will be a document of about 20 pages that will draw together initial thoughts and ultimately the final conclusions in a form that facilitates interacting with partners. This paper is the first iteration of that short summary and seeks to facilitate engagement with the development of the assessment. Before the final draft it is expected that a 'First Thoughts' paper will be produced setting out some initial conclusions which can be discussed with partners.

This Engagement Paper

This paper picks out some key points from the initial work on the technical assessment, the think pieces and the spatial area papers within a possible structure for the final assessment.

It seeks to show what an assessment might seek to achieve and thereby engages partners in the process. It is hoped that partners will suggesting areas for further work and highlight research and evidence that is relevant.

SECTION 1
Overview and Strategic Context

1.1 Overview of the Sub Region

The York and North Yorkshire Sub-Region is made up of the local authority areas of the City of York and North Yorkshire County. It includes the North Yorkshire districts of Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough, and Selby; and the National Park authority areas of the Yorkshire Dales and North York Moors.

The economy has experienced growth above the regional and national average with manufacturing employment remaining constant, compared to a downturn nationally, and with growth concentrating in services especially the finance and business sector.

Growth has been weak in the eastern part of the sub region and at its most strong in the western areas. The City of York and its surrounding area have seen significant growth and growth in the central part of the sub region has outperformed the national trend but lies between the figures for the other two areas.

1.2 Strategic Context

The sub region adopted an Investment Plan in 2007 as a strategic response to the opportunities and issues highlighted within the 2006 York and North Yorkshire Strategic Economic Assessment, adopting the strapline Aspire, Achieve, Enjoy. The sub region adopted 5 transformational themes as part of its 2007 Investment Plan:

Exploiting knowledge and innovation

The sub region, especially York has a significant opportunity to build on its science and knowledge base, expanding research but also developing new enterprises. The sub region wants to be the best and easiest place to locate science in the UK.

Stimulating and Supporting Enterprise and Enterprising Culture

The sub region is characterised by a very large number of small firms and above average numbers of self-employed people. Firm formation rates are high, especially in the rural areas, as are survival rates. This is a significant asset as demonstrated when in May 2009, Scarborough won the award of the most enterprising place in Europe.

Developing a contemporary high quality cultural environmental offer

Quality is critical to the success of the visitor economy, to create a place where people want to live and for businesses to prosper. This however requires constant investment as well as careful management and there is a need to ensure that the “Product” is relevant to the needs of a modern and global market.

Attracting & Developing Knowledgeable and Creative People

The sub region has excellent levels of education attainment in most areas and within the areas included in or connected to city regions there is a high level of skill and knowledge. This has been reinforced and supported by the growth of Higher Education, particularly in York.

Ensuring a Connected Sub Region

Activity and the flow of information are critical for a modern economy and is a particular challenge for such a wide spatial area. There has already been significant investment in broadband infrastructure.

SECTION 2:
Opportunities and Strengths
A Sub-regional overview

2.1 Spatial linkages and Economic Performance:

This section will set out how the economy of York and North Yorkshire is performing against the rest of the region. It also begins to identify and highlight the importance of its economy on its linkages and connectivity with neighbouring economies and the diverse nature of the sub region and its differing economies. An initial approach has been taken to identify functional spatial areas and to prepare statistics on that basis. This will be reviewed prior to entering into the statutory stage of the assessment. Some initial information is given below.

2.1.1 Overall Economic Performance

GVA per head for York and North Yorkshire in 2006 was 15% below that for England but similar to the regional average. However the City of York performs much better with a GVA per head broadly equal to the national average and 20% above the region. The County of North Yorkshire has a much lower level of economic performance, around 20% lower than that for England and 4% lower than that for the region. Being in mind this includes areas of prosperity such as Harrogate, those locations which are more peripheral to City Regions are clearly performing badly.

Table 1: GVA per Head (£) by NUTS3 Region, 1998-2006

	1998	2003	2004	2005	2006
England	13,482	17,153	17,967	18,551	19,413
Yorkshire and Humber	11,623	14,486	15,114	15,485	16,114
York and North Yorkshire	12,016	15,156	15,810	15,918	16,443
North Yorkshire	11,171	14,121	14,839	14,948	15,497
York	14,692	18,405	18,837	18,924	19,360

Source: ONS, Gross Value Added 2007

2.1.2 Spatial Linkages

The sub region has a series of complex interfaces with the adjacent economies and with managing the demands of different sectors within it.

It is a part of the Leeds City Region with important linkages to the West Yorkshire economy. The towns of Skipton, Harrogate, Selby and especially York, are also important independent economic centres as well reflecting the fact that the Leeds City Region is perhaps the most polycentric of all the English City Regions. York's influence spreads beyond the City Region boundary eastwards into the East Riding and Ryedale.

To the north, lies the Tees Valley but economic linkages are less significant, in part because of the weakness of that local economy. However the locations that border the Tees valley such as Stokesley are a part of that economy.

Scarborough has important links also with the East Riding although perhaps more for retailing than employment flows. There are also connections to Lancashire for those areas in the west.

One of the issues is to distinguish between essentially local connections across boundaries say travelling to work for up to 10 miles and those which are more than locally significant.

2.1.3 Spatial dimensions within the sub region

As well as the spatial linkages and interfaces with adjacent economies, the sub region also consists of a number of distinct local economies. These spatial areas do not following administrative boundaries but do have distinctive characteristics both physically and economically making them a good spatial basis for this sub regional economic assessment. These areas include:-

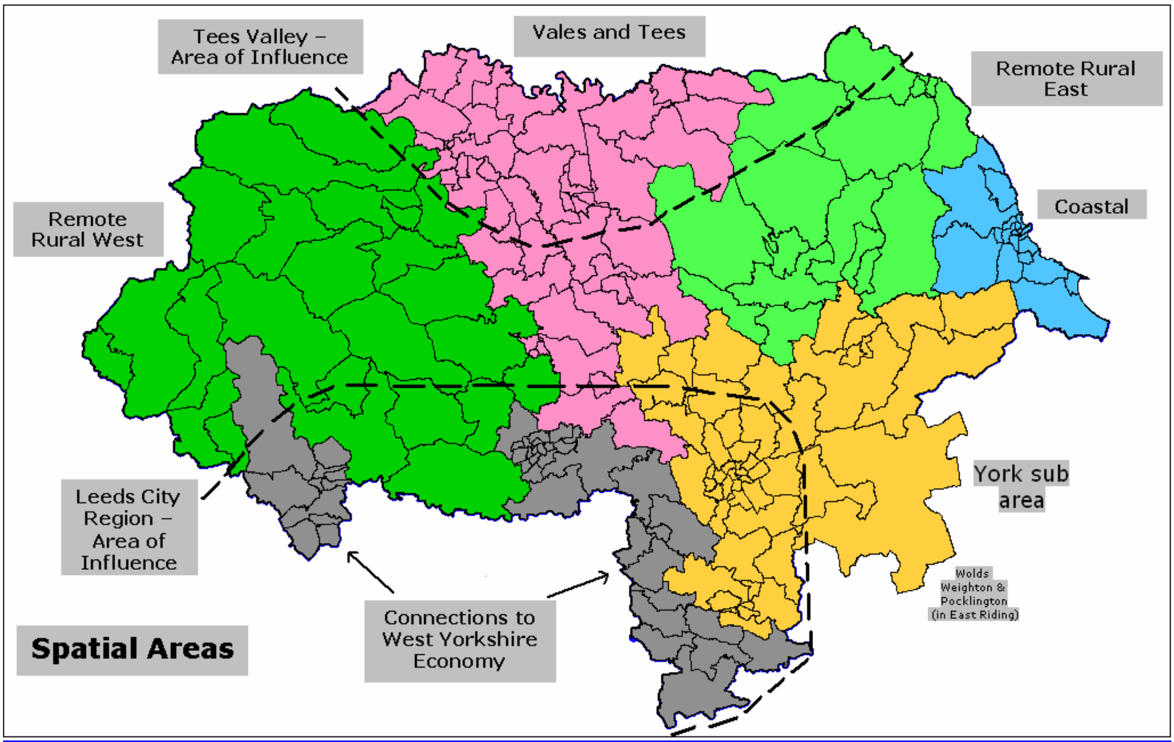
Two areas based on the characteristics of a **remote rural upland economy**. These are on either side of the Vale of York based on the National Parks of the Yorkshire Dales and the North Yorkshire Moors. They encapsulate the popular image of North Yorkshire, although represent only a small portion of its population and its economy. These upland areas suffer most from the effects of peripherality and have an economy dominated by the visitor economy and agriculture. This area also includes where the uplands meets the coast around and including Whitby.

The area of Scarborough town and its surrounding area. This **coastal economy**, particularly Scarborough Town, needs to move away from employment in traditional tourism to a more diversified economy, yet also has to address severe deprivation.

The City of York and the area that is an integral part of the **York economy**. This area includes the City of York and Selby which are also in the Leeds City Region and other locations including Easingwold, Malton and parts of the East Riding of Yorkshire. It has seen a dramatic change within its industrial base over the past 10 to 20 years from one based on manufacturing to one now on financial and business services, science and innovation and also with a strong visitor economy sector.

The area connecting both city regions is the **Vales and Tees economy**, a key part of the A1 and the East Coast mainline north / south route. This area has seen important changes to their economy particularly in the growth of manufacturing and the service economy, including important investments in defence.

The areas and towns that have **connections to the West Yorkshire economy** and are also within the Leeds City Region. This includes Skipton, Harrogate, Tadcaster and south Selby.



2.2 Business and Enterprise:

This section will highlight the key sectoral structure and the nature of business and enterprise of the York and North Yorkshire economy. It will look to identify how the York and North Yorkshire sub region makes its living. Some initial information is given below.

2.2.1 The Nature of Enterprise Within York and North Yorkshire

The sub region is characterised by a very large number of small businesses and disproportionately higher levels of self employment. In the more remote rural areas self employment can be equivalent of 30% of all employment. This is almost three times the national average.

The sub region has a significantly higher level of businesses per population (508 per 10,000 population) than the region (345) and nationally (419). However there is a distinct difference between the high levels within the County of North Yorkshire (556) against that for the City of York (334). Over the last five years the number of businesses has increased by 25% in the sub region, which is below the national rate of 28.5% and on a par with the regional trend. Only York (30.2%) has exceeded the national rate of growth.

Self employment forms a significant part of the York and North Yorkshire economy, providing jobs for over 60,000 people, 15% of all jobs. With a further 47,000 people employed within businesses employing less than 4 people, self employment and very small firms provide employment for 25% of the jobs in the sub region. These figures rise significantly to almost 50% of jobs in the remote rural west area, and nearly 40% in remote rural east. In contrast the areas connected to the West Yorkshire economy and the York sub area have a much higher proportion of jobs in larger firms (50+). In York this is 70,000 people (46% of all jobs) and in the area connected to the West Yorkshire economy 43,000 people (43% of all jobs) compared to a sub regional average of 40%.

For the sub region it is very important to understand the impact of self employment. Generally economic analysis refers to employees. Figures on self employment are really only fully counted every ten years in the Census and like for like comparisons are difficult. In the following table they are combined. Although this is statistically questionable it does represent the only way of seeing the total picture. The total self employed and employees are referred to as total jobs.

The assessment will also look into the extent of enterprising attitudes and how this large business base can be sustained. A special paper or think piece has been prepared on the self employed and very small businesses.

Table 2: Summary of Self employment (2001) and employees by spatial Areas, 2007.

Area	Measure	Self employed Resident based: All	Employees (Business Size worked for - workplace based): 1-4 employees	5-10 employees	11-49 employees	50+ employees	Total jobs
Coastal	Jobs	5,569	3,987	4,044	10,073	13,639	37,312
	% of all jobs	15%	11%	11%	27%	37%	100%
LCR (in York and North Yorkshire)	Jobs	13,454	11,237	9,000	23,315	43,159	100,165
	% of all jobs	13%	11%	9%	23%	43%	100%
Remote Rural East	Jobs	5,852	3,606	2,560	5,781	8,121	25,921
	% of all jobs	23%	14%	10%	22%	31%	100%
Remote Rural West	Jobs	7,770	4,507	2,526	6,074	4,380	25,258
	% of all jobs	31%	18%	10%	24%	17%	100%
Vale and Tees	Jobs	11,337	8,627	7,105	18,379	24,336	69,785
	% of all jobs	16%	12%	10%	26%	35%	100%
York sub area	Jobs	18,326	15,418	14,276	36,404	70,738	155,161
	% of all jobs	12%	10%	9%	23%	46%	100%
Total	Jobs	62,309	47,382	**39,511**	**100,026**	**164,374**	**413,603**
	% of all jobs	15%	11%	**10%**	**24%**	**40%**	**100%**

Sources: 2001 Census, 2003 Crown Copyright and Annual Business Inquiry. The York sub area includes figures for part of the East Riding

2.2.2 Key sectors

The sub region as a whole has been able to sustain levels of employment growth increasing jobs by nearly 15% in the decade prior to the recession compared to 9% growth for England and the region.

The key sectors of the York and North Yorkshire economy include:

- **Manufacturing** which employs just over 39,000 people of which 32% are in the **food and drink sector**. Overall it has sustained its manufacturing base at around 12% of employment which is now above the English average. It even achieved a small amount of growth, unlike England where manufacturing jobs fell by 30%. However that masks a fall within the large firms in the food and drink sector specifically in the York sub area.
- **Visitor economy and cultural business sector** which not only dominates the business stock but also employs a large number of employees and self employed. One of the issues being explored is the extent of employment in this sector and how many of those jobs are linked to different segments of the tourism market. A number of issues around measuring the cultural industry are also being investigated.
- The **banking, finance and insurance sector** which has seen the largest growth of any sector, employing around 57,000 people. York and North Yorkshire has a higher growth rate compared to the English and regional averages. This growth has primarily been within the Leeds City region area.(i.e. York sub area and West Yorkshire connections sub area.) However the number of jobs in this sector at around 17% is still below the English figure of 23%.
- **Public sector employment** still remains one of the highest sectors for the sub region employing around 90,000 people. Around 20,000 of these jobs may be in externally driven drivers such as defence, higher education and large government offices with the remainder providing local services.
- **Land based industries and Agriculture** still forms a significant part of the sub Regional economy particularly in the remoter rural area and parts of the Vales and Tees area. Total employment maybe 20,000 but this includes self employed people.

The table below shows the breakdown in employment by the national sector classification. It shows an increase of nearly 14% over the period 1998 -2007. The number of business units rose in the same period by 21%.

Table 3: Number of Employees by Broad Industrial Sector, York and North Yorkshire, 1998-2007

	1998		2006		2007	
	Number	%	Number	%	Number	%
Agriculture and Fishing (SIC A,B)	9,486	3.1	8,201	2.3	8,142	2.3
Energy and Water (SIC C,E)	5,747	1.9	2,699	0.8	2,671	0.8
Manufacturing (SIC D)	37,751	12.2	38,720	11.0	39,293	11.2
Construction (SIC F)	18,753	6.1	19,489	5.6	17,897	5.1
Distribution, Hotel and Restaurants (SIC G,H)	85,374	27.7	93,479	26.7	94,002	26.8
Transport and Communications (SIC I)	17,005	5.5	21,147	6.0	21,175	6.0
Banking, Finance and Insurance (J,K)	38,591	12.5	52,798	15.1	57,023	16.3
Public Administration, Education and Health (SIC L,M,N)	79,249	25.7	93,609	26.7	90,387	25.8
Other Services (SIC O,P,Q)	14,728	4.8	18,584	5.3	17,981	5.1
Total	308,521	100.0	350,704	100.0	350,556	100.0

Source: Office for National Statistics, Annual Business Inquiry (workplace analysis), 2008.

The impact of self employment will be explored further. This might double the number of agricultural jobs for instance.

A longer time series from 1991 to 2008 shows employment in the sub region increased by 37% but with an increase of 49% in the western area, 15% in the eastern area and 37% in York and the central area. The equivalent national figure was 25%.

2.2.3 Specific Sector Analysis

The Financial and Business Service Economy

This sector is characterised by a mix of economic drivers (e.g. larger institutions), exporter services (e.g. advertising) and local services (e.g. high street offices). These differences are not easily identifiable in the statistics so work will be done to try to differentiate between them. Consideration needs to be given to the future of the sector after two years of instability and to use work such as Deloittes research for the Leeds City region (December 2008) and the Centre for Cities work on York (March 2009) to help ascertain the opportunities for the future.

The Visitor Economy

The visitor economy has grown successfully in the sub region for many years. Clearly it is critical to ascertain to what extent this growth will continue. Significant investments and promotions have broadened the product base. These include the development of outdoor adventure and specifically mountain biking, leading to the attraction of the Mountain Bike World Cup to the North Yorkshire Moors in 2010. Agreement has been given for the £13 million development to create two new exhibition halls and improve the facilities at the Harrogate International Centre.

Tourism investment in York may total £50 million over the next three years aiming to raise employment by c.12.5% to 12,000.

Visitors are becoming an increasingly more critical part of the local economy especially in the rural and coastal areas. The market is however subject to significant competition and the industry needs to maintain its product mix and secure active marketing.

An issue for the assessment will be to try to differentiate between the differing components in the hospitality industry which relies on local markets, day visitors including retail and entertainment and longer distance trips including business tourism.

The Culture and Creative Economy

Consultants Burns Owens estimated that this sector may contain 10,000 to 12,000 jobs including the self employed. Again it is a sector difficult to measure but the assessment will seek to draw differing approaches together. There is need for a critical understanding of what the opportunities for this sector in the future.

The Local service economy

A special paper or think piece has been prepared that seeks to define this sector more clearly. The local service economy may employ nearly 150,000 people, 43% of all employment. Around half are in the public sector. This is not an easy figure to estimate but takes from service employment all those services that seem to be economic drivers such as tourism, defence, Higher education and large financial institutions and the components of construction, retail, transport and finance and business services that may be ‘exporters’ i.e. not dependent on the local market. Further analysis is currently being carried out to understand this sector and its future needs. It is a sector that has been undervalued as an employer relative to its scale.

Key issues to look at include how to raise aspirations and skills in respect of this sector which will be the major source of employment for many entering the labour market. The care sector for instance will increase in size significantly but is already facing recruitment problems.

The Low Carbon Economy

The sub region is well positioned to facilitate investment in the future low carbon economy. Part of the science base in York has particular research strengths to facilitate the development of “Green” industries and innovative agricultural products. Strong research connections have also been established with the University of Leeds and Sheffield.

Adjacent to this academic base is the area of Selby which is a major energy supplier through its power stations of Drax and Eggborough as well as having the industrial base as a processor of agricultural products. It already has renewable energy plants under construction and can offer the appropriate infrastructure to accommodate demonstrator and full-size plants in the future.

The assessment will rely on the development of regional thinking on these issues.

The Food and Drink Economy

A special paper or think piece has been prepared on this sector. Food and drink manufacturing has been a significant sector within the York and North Yorkshire economy over many years. Employment in the early 1980's was in excess of 20,000. Since then it has seen a 21% decline in numbers primarily within the larger food manufacturing companies. For instance in York employment in Food and Drink businesses in the late 1980's was in excess of 10,000 representing 13% of all employment in the City, it now stands at just over 2,000 just 2.3% of all employment.

There has however been an increase in the number of businesses in the sub region and employment in smaller businesses seems to be much steadier, although this is a small percentage of the total.

As a proportion of all jobs, the food and drink sector in York and North Yorkshire is higher than that for the region as a whole. Ryedale, Selby, Hambleton and Scarborough are within the top five ranked LA areas within the region in terms of the proportion of total employment. The food and drink manufacturing sector is still an important part of the York and North Yorkshire economy particularly within the York sub area (which includes Selby and Malton), the coastal area and the Vales and Tees.

Agriculture and land based economy

Agriculture still remains one of North Yorkshire's main industries. In 2008 (DEFRA Census) nearly 20,000 people were employed in agriculture across the sub region. This has remained relatively static over the past 10 years dropping slightly by just 2%.

Further analysis into the future of the sector and a further breakdown of these figures is to be undertaken as part of this economic assessment.

Science and knowledge based economy

The opportunities created by the recent and future expansion of Higher Education especially in York continue to underpin the potential to base the economic development of the York sub area and other parts of the sub region on a growing science base. Science City York runs networks in Bioscience, creative sector and IT and digital engaging over 500 businesses with nearly 14,000 employees. The area also has a high numbers of well qualified residents.

The assessment will develop the evidence that will seek to quantify the potential and scale of this opportunity.

2.2.4 Innovation and links to R&D

25% of national full time employees work in knowledge intensive businesses. The figure for York is 32%, Craven 31% and Harrogate 22%. Elsewhere in North Yorkshire the figures are much lower dropping to 5% in Ryedale.

The assessment needs to set out an understanding of what is nature of the business base in the sub region and its potential to be innovative which might measure possible growth.

2.3 People and Communities:

This section will look at overall trends in population and in particular the working age population and the increase in the sub regions aging population. It will also look at the skills and educational levels of our people and economic exclusion issues affecting pockets of the sub regions communities. In essence it will ask the question the following question, what does our Labour market look like?

2.3.1 Demography

York & North Yorkshire covers 54% of the spatial area of the region, yet only has 15% of the population. Population has increased for many years, growing by 5.8% between 2001 and 2008 a figure above both the regional and national rates. This would appear due to in migration rather than natural change. Growth in Richmondshire was highest but that may be an effect of the military but the next greatest growth was in York at 7.8%. The lowest was Scarborough.

Table 4: Population Change and Density by Local Authority, 2001-2008

	Number (000's)	% change since 2001	% of regional population	Area (sq km)	Population Density (people per sq km)
England	51,446.2	4.0	-	130,281	395
Yorkshire and Humber	5,213.2	4.8	-	15,408	338
York and North Yorkshire	794.7	5.8	15.2	8,310	96
North Yorkshire	599.2	5.1	11.5	8,038	75
York	195.4	7.8	3.7	272	718
Craven	56.2	4.7	1.1	1,177	48
Hambleton	87.1	3.4	1.7	1,311	66
Harrogate	160.5	5.9	3.1	1,308	123
Richmondshire	51.5	9.3	1.0	1,319	39
Ryedale	53.5	5.1	1.0	1,507	36
Scarborough	108.5	2.2	2.1	817	133
Selby	82.0	7.0	1.6	599	137

Source: Office for National Statistics, 2001 & 2008 Mid-Year Population Estimates

As well as the general growth in the population, the sub region has and will continue to see a significant increase in its aging population. In particular the area outside of the York sub area is seeing an increase at a rate of more than twice the national and regional rate. This will have a significant impact on future service provision but could also provide opportunities within the care services economy. Further analysis is currently underway to further understand the potential impact.

Table 5: Age Profile by Broad Age Band, 2001 & 2008

	All ages		Children 0-15		Working age 16-64M/59F		Older people 65M/60F and over	
	Number (000's)	% change since 2001	Number (000's)	% change since 2001	Number (000's)	% change since 2001	Number (000's)	% change since 2001
England	51,446.2	4.0	9,669.5	-2.4	31,937.6	4.8	9,839.1	8.7
Yorkshire and Humber	5,213.2	4.8	970.7	-4.3	3,245.7	6.9	996.8	7.5
York and North Yorkshire	794.7	5.8	135.1	-4.3	483.5	6.4	175.8	12.9
North Yorkshire	599.2	5.1	104.9	-4.1	356.6	4.8	137.7	14.5
York	195.4	7.8	30.3	-4.7	127.0	11.1	38.1	7.9
Craven	56.2	4.7	9.5	-5.9	32.4	4.2	14.3	14.4
Hambleton	87.1	3.4	15.3	-5.6	50.9	0.6	20.9	20.1
Harrogate	160.5	5.9	28.3	-3.1	97.3	6.1	34.8	13.7
Richmondshire	51.5	9.3	9.2	0.0	32.1	9.2	10.2	21.4
Ryedale	53.5	5.1	9.1	-3.2	30.8	4.8	13.5	11.6
Scarborough	108.5	2.2	17.8	-7.8	62.1	2.3	28.5	8.8
Selby	82.0	7.0	15.6	-2.5	50.9	7.4	15.5	17.4

Source: Office for National Statistics, mid year population estimates 2001 and 2007

2.3.2 Qualifications and skills

The sub region achieves a high level of educational attainment but still has areas (particularly towards the east area of the sub region) where there are also concentrations of low skills. There is a reality of a two-tier economy in that the opportunities for graduates and those with high levels of knowledge have been quite buoyant, and yet for lower skilled people opportunities are more scarce and exacerbated by low aspirations. It is expected that the downturn in the economy whilst affecting all levels at the moment will have its greatest impact in areas of low skills. Connecting those who might not go onto University to the job opportunities that will hopefully arise from investment is a clear challenge for the future.

In terms of the proportion of the population with NVQ levels of attainment, both York and North Yorkshire are above the regional national averages across all levels 2 to 4. York is significantly higher than elsewhere at all levels with Harrogate and Craven performing well. The worse performance is with Scarborough and Richmondshire.

2.3.3 Earnings and income levels

Income per head in 2007 in North Yorkshire was £15850 compared to £12900 regionally and £14560 nationally. York was £13600, significantly lower but perhaps reflecting the student population. Median weekly pay for North Yorkshire is £466 and for York £479 compared to £496 nationally and £452 regionally.

The assessment will need to explore some of the contradictions here where income and wages appear to tell a slightly different story. The contribution of students, pensions and self employed to income per head needs to be looked at further.

2.3.4 Employment and Unemployment

The proportion of people of working age in employment at 80% sub regionally is higher than the regional (73%) and national (74%) average. Harrogate and Selby have a figure of 82% and Richmondshire 85%. Scarborough has historically had a much lower rate.

Unemployment is low relative to the regional and national rates with only Scarborough higher than both. The only other area where unemployment is above the sub regional rate is Selby but that is still below regional and national rates.

2.3.5 Worklessness and economic exclusion.

The greatest concentration of deprivation is in key wards in Scarborough where in some instances, half of the working population are on benefits. Overall in Scarborough district people on out of work benefits (at 14.4% of the working age population) are above the regional average which is higher than the national rate. The rate for North Yorkshire is 8.2 % and for York 7.8.

2.4 Physical Infrastructure:

This section will assess and highlight the land and building issues affecting the sub region, and identifying future investment issues. It will also look at other infrastructure and connectivity issues such as transport, ICT and Utilities.

2.4.1 Property Investment

The sub region economy has long experienced significant amounts of housing investment. Currently this has reduced significantly although there is an expectation of revival during next year and of a longer term recovery.

However, the prognosis for commercial development, particularly for employment land and premises is far less optimistic. A combination of the credit crunch and the overhang of supply, may mean that it will be sometime before confidence in the development industry and the financing behind it recovers. The assessment will need to establish a more complete picture on this issue.

The following table shows percentage change in floor space of business premises. There has been a substantial reduction in retail space that is especially significant in the sub region compared to national and even regional figures. This will need investigation. However in terms of offices and factories performance locally is much better than nationally.

Table 6: Total Floor space in 2008 (m2) and Percentage Change since 2004

	Total floor space in 2008 (m2)(000's)	% change since 2004				
		All	Retail	Offices	Factories	Warehouses
England	561,777	1.1	-4.3	0.4	-7.8	5.0
Yorkshire and Humber	67,100	1.7	-15.1	6.6	-3.0	5.7
York and NY	8,333	1.7	-20.3	4.6	0.2	5.7
North Yorkshire	6,375	1.9	-21.9	6.4	1.6	0.3
York	1,958	1.1	-16.6	1.6	-5.2	39.1
Craven	641	-6.8	-28.4	-2.7	-12.6	8.9
Hambleton	1,067	5.6	-27.0	16.5	11.3	-1.9
Harrogate	1,614	0.7	-23.2	5.4	6.3	-6.9
Richmondshire	317	5.7	-15.5	33.3	-5.1	3.7
Ryedale	611	3.9	-27.3	3.8	-11.8	20.0
Scarborough	940	-0.5	-12.5	0.6	-0.3	-1.3
Selby	1,185	5.8	-24.8	6.4	7.2	0.9

Source: Neighbourhood Statistics

2.4.2 Transport and Accessibility

Information from transport plans will be incorporated at the relevant time.

2.4.3 Broadband and ICT infrastructure

The percentage of households who do not have an internet connection is 41% for the sub region on a par with the national average and better than the regional figure of 45%. However the figure for Scarborough is 48%. Hambleton is the most connected area with only 35% unconnected households.

Of those connected households in the sub region 92% have Broadband compared to 95% nationally and 94% regionally. The lowest figures are 88% in Ryedale and 90% in Richmondshire.

Information from NYNET on infrastructure developments will be incorporated in the assessment.

2.5 Environment

2.5.1 Environmental Assets

This will include a statement on the environmental, cultural and heritage assets and their economic benefit.

2.5.2 Climate Change and Natural Resources

Climate change raises some critical issues for natural resource utilisation in the sub region with growing and competing demands for the land base.

A current debate is whether local agriculture is at the beginning of a trend of a long-term revival based on the possible loss of agricultural capacity elsewhere in the world. This would reinforce its importance to the York and North Yorkshire economy as an economic driver for a series of downstream industries.

As a consequence of climate change, there could also be competing demands for the utilisation of land. Besides growing food there is demand for bio-mass production, flood prevention measures, carbon storage (in trees and peat), biodiversity and recreation. These competing demands are likely to increase. The assessment will look at what can be done in the sub region to promote integrated land management in the context of a strong national and European policy context.

SECTION 3:
Spatial Assessment
A Multi-faceted and Multi-layered Sub-Region

This section provides a brief view of some key points emerging from the analysis for each of the defined spatial areas across the sub region.

3.1 The York Sub Area Economy

The York sub area has been defined as the area covering the whole of the City of Council area, Easingwold and its surrounding villages (Hambleton District); the A64 corridor including Malton, Norton, Rillington and Sherburn (Ryedale District); Selby town and the villages to the north (Selby District); and the Wolds Weighton and Pocklington area in East Riding.

Part of the York sub area, York and Selby, are also within the wider Leeds City Region area. It is characterised by its dependence on the City of York as the main employment centre. The area has a population of 305,000 people nearly 40% of the population of the sub region. Although it includes area outside of the administrative Leeds City regions area it represents around 10% of the population.

3.1.1 Summary of Initial findings.

Rapid job growth that has stopped over the last five years.

Employment grew by 40,000 or 37% (against a national figure of 25%) from 1991 to 2008. There was a decline in manufacturing and a rise in the hospitality and retail sectors, finance and business services and public administration.

Nearly all growth was prior to 2003. This does reflect a national trend although growth nationally between 2003 to 2008 was a little higher than static at 3.5%. Regionally it was 1.4%. For the City of York growth was 1.5%. Since 2003 it would appear that manufacturing has continued to decline and hospitality and retail sectors and finance and business services have remained static but public administration has continued to grow.

Average business size is 12 employees (14 in the City), higher than the sub region but comparable to the Leeds City region.

High proportion of jobs in the Public Sector

31% of all jobs within the York sub area are in the public administration, education and health sector compared to 26% sub regionally. The City of York is higher at 32%.

An expanding Higher Education and the Science Base

The Centre for Cities report on York (March 2009) emphasised the importance of this sector for growth in context of flatter performance in the Finance and Business services and visitor economy and retail sectors. Those sectors will however remain as important employers.

Significant investment in the two Universities has already grown the research and teaching base. The University of York has ambitious plans to double its size and the initial phase for four new academic departments and a new hub building is now under construction. There are strong relationships with the Food and Environment Research Agency (FERA) based near York along with other private R & D facilities.

The changing nature of local economy of the York Sub area

The York sub area economy has experienced significant restructuring over the past 10 to 20 years, as exemplified by the above from one based around manufacturing to one based on a growing financial, business, and insurance service sector, the visitor and retail economy and a science and knowledge base sector which is largely public sector based.

Manufacturing accounted for 19% of jobs in 1991 falling to 9% in 2008. Finance and Business services grew in the same period from 11% of the economy to 16% although less than the national average of 23%.

A Skilled workforce

39% of residents in work are in higher level occupations compared to 37% for the Leeds City Region and 35% for the region as a whole. The figure for the sub are and the city are the same. Easingwold has a figure of 46% and the rural areas adjacent to the City have rates of 41%.

22% of the population have higher level qualifications compared to 16% regionally**.**

Critical importance of the City of York

72% of the employment is in the city although it has 63% of the population of the sub area. There is a high proportion of travel from areas outside of the city in the York sub area to York itself. This highlights the importance of York as a central employment centre in its own right within the sub region and the Leeds City Regions.

The other main centres are Malton (8% of jobs), Selby town (6%) and Pocklington/Market Weighton (7%).

A Self Contained Labour Market

82% of all jobs within the spatial area are taken up by people living within the area. There is a balanced flow to Harrogate. 5% of residents commute to Leeds. However there are compensating flows in meaning that there is only 1% more residents in employment than jobs in the area. This shows a high level of ‘self containment’ within the York sub area.

Self employment is nearer the national average and not as significant as elsewhere in the sub region and is relatively low in the City and Selby town.

3.2 The Vales and Tees Sub Area Economy

This area covers roughly the area along the A1 and A19 north of Harrogate through to the North Yorkshire boundary with the Tees Valley. It includes the towns of Northallerton, Thirsk, Bedale and Stokesley in Hambleton District, Boroughbridge and Ripon in Harrogate District and Richmond and Catterick Garrison in Richmondshire District. The largest centre being Northallerton but all the other centres act as key employment centres for the surrounding villages.

It has a population of approximately 144,000 people, representing 18% of the sub region's population. It has grown by 6% from 2001 to 2007 slightly faster than the sub regional rate of growth of 5%.

3.2.1 Summary of Initial Findings

A growing and diversifying economic base now marking time.

Jobs have grown by 15,000 or 36% since 1991 (nationally by 25%), broadly comparable to the York sub area. Key sectors such as the public sector (28% of employment in 2008) and manufacturing (10%) have not experienced much change and as a consequence are less significant in the economy than they were. Growth has been in construction, hospitality and retail and finance and business services. That growth was before 2003 and employment has declined by 1.3% since then against a national growth of 3.5%. That decline is mainly due to falls in the public sector.

Average business size is 9 employees compared to 12 regionally.

A high proportion of jobs in the Public Sector.

Almost 28% of all jobs in the Vales and Tees area are within the public sector. It is particularly high within the Richmond/Catterick garrison area (40%) and Northallerton area (50%). In 1991 the area had 36% of employment in the public sector. Broadly speaking numbers have held steady whilst jobs have grown elsewhere.

Food Manufacturing

The food sector constitutes 42% of the manufacturing employment in the spatial area and nearly half of food sector employment is in the Leeming Bar and Stokesley areas.

Changes in the economy

Growth in the hospitality and retail sector has been 64% since 1991 and is now 29% of the economy. This rate of growth is higher than for the York sub area where it was 46%. Conversely finance and business services grew in York by 93% in the same period compared to 46% in this area. But Finance and business services are still only half as important to the local economy here as they are nationally.

A highly skilled workforce

45% of residents in employment are in higher level occupations compared to 35% for the region. Figures are high in military areas but it is a general characteristic. In Stokesley it is 51% and Boroughbridge 47% with the lowest in Northallerton at 37%.

21% of the population have higher level qualifications compared to 16% regionally.

16.2 % of the residents in employment are self employed comparable to the sub region and higher than the regional and national averages.

Connections to neighbouring spatial areas

76% of all jobs within the spatial area are taken up by people living within the area. Their travel to work is however wide and varied across the area. There is a substantial flow out particularly to Tees valley and Darlington. 18% of residents travel to those locations but almost the same number travel in. There is also a net flow out to Harrogate. In total however there are only 3% more residents in employment than jobs.

There may be a case for reviewing some of the boundaries of this spatial area in the south although this is unlikely to alter the conclusions.

3.3 Connections to the West Yorkshire Economy (Leeds City Region)

This area is defined as that area of North Yorkshire that has direct connections to the West Yorkshire economy. In particular this includes the connections between Harrogate and the Leeds, Skipton area with Bradford, and the western and southern parts of Selby District with Wakefield and Leeds.

As areas there may have limited connections between them but there are commonalities because of their geographical position.

3.3.1 Summary of Initial Findings

A high growth and diversified economy that continues to grow

Employment has grown by 27,500 or 44% between 1991 and 2008, compared to the national figure of 25%. There have been no particular sectors of decline and very substantial and exceptional increases in finance and business services and manufacturing. Growth in hospitality and retailing mirrors that achieved in the York sub area.

Unlike other locations this growth has continued at 8% since 2003 compared to 3.5% nationally and a static performance elsewhere in the region. This may now have stopped.

Dominance of Financial and Business Services

Nearly a quarter of all employment within this spatial area is within the financial and business service sector. This is slightly greater than the national average and above the figure for the Leeds City Regions of 20.5%. The greatest concentrations are in Tadcaster, Skipton and Harrogate. It has grown by 144% since 1991 including a growth of 28% since 2003. This compares to a national change of 74% and for the Leeds City Region 95% since 1991. Since 2003 growth nationally has been 16% and Leeds City region 19%.

High levels of manufacturing employment

16.1% of all jobs within this area are within the manufacturing sector, higher than the region and higher than other parts of the sub region and the City region. There is a substantial manufacturing presence across the spatial area in southern Selby, Sherburn and Tadcaster as well as Knaresborough and south Craven. It has grown in numbers by 47% against the backdrop of very substantial declines nationally and regionally.

Conference and Business Tourism within Harrogate

There is a particular high concentration of hospitality and retail employment in Harrogate town (42%) and 35% in Knaresborough. Outside of the southern part of Selby this sector broadly reflects the sub regional average.

A highly skilled workforce

45% of residents are in higher level occupations with the highest levels in Harrogate town (54%) and Knaresborough (48%). Throughout the spatial area these levels are at or above the average of 37% for the Leeds City Region.

23% have higher level qualifications with high levels in Harrogate town (31%). Lower levels of 17%, the Leeds City Region average, apply to the Sherburn and Southern Selby.

Significant level of out migration to work

66% of all jobs within the spatial area are taken up by people living within the area. There is a substantial flow net flow out particularly to West Yorkshire. Just over 28% travel to Leeds and Bradford. Some of these movements are very local between South Craven and Keighley and Tadcaster and Wetherby but there is also an important flow to the city centres of Bradford and Leeds. 20% of jobs are taken by West Yorkshire flows into the area. There is a balanced flow with the York sub area. This means that in total there is a net outflow as there are 8% more residents in employment than jobs.

Connections to the Leeds City Region economy

There are critical connections with West Yorkshire, for both businesses and residents. Finance and business services in particular are important employers in York, Harrogate and Skipton and have strong connections with the sector in Leeds and Bradford. There are a significant number of residents particularly from Harrogate and Selby who are employed in Leeds, and Skipton connects with the Bradford area. Harrogate’s business tourism offer is an integral contribution to the city region’s offer.

3.4 Remote Rural West

This area can be defined the area covering approximately the Yorkshire Dales National Park area and the Nidderdale AONB area. It includes the towns and surrounding areas of Grassington, Settle, Bentham and Ingleton in Craven District, Pateley Bridge and Masham in Harrogate Borough, and Leyburn, Middleham, Hawes and Reeth in Richmondshire District.

The spatial area has a population of approximately 55,000 people, representing 7% of the sub region's population and has grown by 7% in the period 2001 - 2007.

3.4.1 Summary of Key findings:

A rural area with significant job growth.

Employment has grown by 7700 from 1991 to 2008 a rate of 75% the highest in the sub region and three times the rate nationally. Virtually all of this growth was before 2003. Most of the growth has been across all broad employment groups.

There are also around 7700 self employed against 17900 in employment and this is an important part of the economic picture.

Most jobs are within very small firms or self employment

Only 8% of the self employed are in agriculture and self employment occurs across a range of sectors including manufacturing/construction and retail/hotels/restaurants, reflecting the nature of the economy of this area.

As well as high levels of self employment, very small firms employing less than 4 people dominate the make up of the business stock, 78% of all businesses. In terms of employment this represents 26% of employment which is double that for the sub region. This increases within the area to 40% in the Upper dales, and 35% in the Grassington area.

When combined with figures for self employed around 49% of jobs are in enterprises employing less than five compared to 26% for the sub region as a whole.

Importance of Agriculture and the Landscape

Clearly the quality of the environment is critical for the economy. The assessment will include more information on the issues for upland farming.

The changes in the Economy

The growth since 1991 includes manufacturing (32%), construction (136%), finance and business services (199%), hospitality and retail (51%) and public administration (83%). The business structure has become less dependent on hospitality and retail since 1991 moving from 35% to 28%, seen a reduction from 16% in manufacturing to 12% and a rise from 8% in finance and business services to 14%, which is still relatively low. More work needs to be done to understand these changes.

Importance of employment centres on periphery

As expected for such a large and sparse area travel to work patterns are varied. 72% of all jobs within the spatial area are taken up by people living within the area. There are however 17% more residents in employment than jobs and there is a net flow out particularly to mainly across the border to Lancashire/Cumbria and a balanced flow with the other neighbouring areas.

Fewer young people of working age

Only 19% of the population is within the 15-34 age group compared to the 27% across the region.

Skills

42% of residents in employment have higher occupations. In the southern are this rise to 46% but in the northern area the average is 36%, much nearer the regional figure average of 36%. This pattern is repeated for higher level skills which are high at 25% of the population but the better figures are in the south.

3.5 The Coastal Area Economy

This area covers primarily the coastal areas around Scarborough town and Filey.

The spatial area has a population of approximately 83,000 people, representing 11% of the sub region's population and has grown by 3% in the period 2001 – 2007, below the regional and sub regional average.

3.5.1 Summary of Initial Findings

A low growth and unchanging economy

Since 1991 employment has grown by 2600 (9%) to 2008 compared to 25% nationally and 37% regionally. There has been a reduction of employment of 2% in the period 2003-2008.

There have been no dramatic movements in particular sectors and indeed manufacturing in losing 11% of employment in that period has done well relative to other areas. Most of these losses have been since 2003. Changes in service employment have not been as significant as elsewhere. There have been no big losses and no major gains.

Self employment is 16.5% of all employment, the same figure for the sub region but above the region at 12%.

An Ageing population

The Scarborough coastal area has the highest proportion of residents over 65, at 22% of all residents this is significantly higher than the region and sub regional figures. One factor that will be explored in the assessment is the scale of the local service economy and how that relates to the visitor economy.

Significant visitor economy sector

32% of all employment within this spatial area is within the hospitality and retail sector a proportion that was the same in 1991. Numbers have grown by 9% a very small figure relative to other areas. However it could be in danger of falling.

Investment through the Scarborough renaissance programme and in particular the development of the creative sector, and encouraging enterprise, are all initiatives to sustain this sector, which is vulnerable to long term changes in the visitor market.

Significant employment within the public sector

31% of all employment is within the public sector, the highest level across all the spatial areas. This could be a product of low levels of employment in other sectors, rather than a wider range of public sector opportunities.

High levels of worklessness/low skills

The numbers on work related benefits is 16% of working population compared to 9% in the sub region and 14% regionally. There is a concentration of benefit claimants in certain wards.

33% of residents are in higher occupations compared 35% for the region as a whole. 16% of the population have higher level qualifications compared to 22% sub regionally. The regional figure is 16%.

Low levels of out or inward commuting.

88% of all jobs within the spatial area are taken up by people living within the area. There are only 2% more residents in employment than jobs. There is a balance of flow to the East Riding of about 1700 each way , equivalent to around 5% of residents in employment.

3.5 Remote Rural East

This area is defined as that covering roughly the North York Moors National Park area and the northern area of Ryedale District and the Whitby area of Scarborough Borough. It includes the towns and surrounding areas of Whitby, Helmsley, Kirkbymoorside and Pickering.

The spatial area has a population of approximately 55,000 people, representing 7% of the sub region's population and has grown by 7% in the period 2001 - 2007.

3.6.1 Summary of Initial findings

Area of average job growth

Employment has grown in the period 1991 to 2008 by 27% similar to the national figure of 25%. This is below the rate for the sub region but better than the performance in the coastal spatial area. There has been no change in employment number since 2003.

Dominance of the Visitor economy

Cultural, heritage and environmental assets underpin an important visitor economy sector. 38% of all businesses and 35% (5,600 people) of all employment are within the hospitality and retailing sector, significantly higher than the rest of the sub region and over 10pp higher than the region. This proportion of employment has remained unchanged since 1991

An unchanged employment structure

The structure of the economy has remained largely unchanged with manufacturing providing 11% of jobs compared to 14% in 1991 and most other services employing broadly the same proportions. This is in marked contrast to rural area west where employment changes have been the most dramatic in the sub region.

Agriculture and land management

Further analysis is required to understand further the nature of agriculture and upland land management issues. It is characterised by a high value landscape and biodiversity of an upland nature.

High proportion of jobs within very small firms and self employment

Self employment accounts for 26% of all jobs within this spatial area. It is 10% higher than the sub regional figure and 14% higher than the region. This figure reaches 29% in the Helmsley and Kirkbymoorside area. Only the Remote Rural west area has a higher figure.

This self employment covers a range of industries including agriculture, manufacturing and construction and retail, hotels and restaurants.

37% of jobs are in self employment or in firms employing less than five, the highest ratio after the Remote Rural West. 35% of jobs are in business units employing more than 50 a much higher figure than the 17% in Remote Rural West.

Fewer young people of working age

Only 19% of the population is within the 15-34 age group compared to the 27% across the region.

Self dependent on jobs and services

This area has a scattered population dependent on its key local services centres for both services and employment. Unlike the remote Rural West area this spatial area doesn't rely as much on neighbouring areas for jobs.

84% of all jobs within the spatial area are taken up by people living within the area. There are however 15% more residents in employment than jobs and there is a net flow out particularly to the Malton area and to the Tees Valley.

Indications of rural worklessness

Within the Remote Rural East spatial area the work related benefits rate is almost 9%. This is significantly higher than the Remote Rural West area and is just above the Sub regional rate. This rate is not isolated to one area although the Whitby and its surrounding area does reach nearly 12%.

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