York and North Yorkshire
Strategic Economic Assessment

RES 1: More Businesses That Last

Final
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Contents

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1.1 Introduction to the Chapter

This Chapter of the Strategic Economic Assessment looks at RES Objective 1 More Business That Last. This Chapter builds upon the Introduction and Overview which examined the broad trends in the economy including GVA, and employment, as well as forward trajectories for the next 10 years.

RES Objective 1 has three sub objectives. These are

(A) Encourage More People to Start a Business

(B) Improve Support to Help New Business Start Up

(C) Increase and Embed Business Investment in the Region

This RES Objective is set within the context of Yorkshire and Humber performing moderately against a number of key indicators including growth in the number of businesses, the start up rate and the survival rates of businesses. This section looks at the evidence and focuses on understanding the businesses start up performance, and the extent to which businesses survive and grow in York and North Yorkshire.

The prospects for new starts and their survival are set within the context of the sub regional economic performance of the last ten years, the current business profile, and the forecasts for continued economic growth outlined in the Introduction and Overview section. Broadly speaking these illustrate the sustained economic growth over the past ten years has been at a higher rate than elsewhere in Yorkshire and the Humber.

1.2 Headlines

While there has been a large increase in the business base, primarily a result of new starts, the significant increase in the employment base has come from "larger", established small companies and from very large organisations (public and private). Employment in micro businesses actually fell during the period, although the number of micro businesses grew substantially.

While the increase in new business does not appear to have generated significant additional jobs, there may be benefits in terms of the efficiency and productivity of businesses i.e. less competitive businesses will be forced to improve or move out of the market.

The sub region has a very high business density, although the long term growth rate is modest. In spite of a high growth rate over the past ten years, business density in York is very low, while Scarborough has experienced a decline in the number of businesses.

Three sectors dominate the business base, Agriculture, Wholesale and Retail, Real Estate, and Renting and Business Activities - although in two of these – agriculture and retail – numbers have declined. The real estate and other business category is now the largest source of businesses in the sub region and growth has been exceptional.

The number of manufacturing business, although substantial at 1,900, is relatively low when compared to the other sub regions. Nevertheless, there remains a significant base to work with in areas such as innovation and productivity improvements.

When self employment and VAT business stock are combined, there appears to be a much higher level of enterprise in the sub region than elsewhere in Yorkshire and the Humber. This headline total, however, provides only limited information on the quality of the enterprise base.

The sub region generates around 2,200 new starts per annum, which is good relative to the population base, but low compared to the business base. This lower rate (when compared to the business base) is off set by a much lower de-registration rate which has allowed the business base to grow year on year for the past nine years. The growth in the number of business over the past ten years has been a result of the exceptional start up in real estate and other business category, where the numbers of new starts now exceed 700 per annum

Two areas have markedly lower start up rates – York and Scarborough – indicating a difference in performance between the rural and urban areas.

Households from the Black, Asian and Minority Ethnic community (BAME) in York and North Yorkshire are only half as likely to be self-employed / business owners as white households. The BAME population is more likely to be interested in becoming a business owner than the sub region's white population, but less likely than BAME communities in the rest of England.

The survival rates in York and North Yorkshire are very good. It is unlikely that the one year rate can be improved, although there may be scope to improve the three year failure figure or the four year figure where the failure rate increases to about one third of initial registrations. Provision of appropriate support and premises will need to be made to achieve this.

Recent growth in the economy suggests a significant level of investment by local and inward investing businesses. Evidence from the commercial property market suggests continued confidence in the sub region, although there are concerns as to whether this can be maintained in the light of investment being made elsewhere.

The sub region has a great deal to offer businesses looking to invest, although the very high employment levels and limited availability of land and premises in some areas is beginning to act as a constraint.

1.3 Strategic Context

1.3.1 Why Enterprise Matters

Enterprise is one of the five drivers of competition identified by HM Treasury in its attempt to improve the UK's competitive position[1]. An enterprising economy is dynamic, with new businesses providing an impetus to develop new products and processes, and generating a competitive environment in which less efficient firms are unable to maintain their market position and are forced out of business. This leads to a re-allocation of resources to more productive uses, increasing competitiveness and productivity, and raising overall levels of wealth. Enterprise is often taken to refer only to new businesses, but existing firms can also demonstrate higher levels of enterprise. This section of the SEA focuses on new firms, with the following chapter assessing the competitive strength of York and North Yorkshire's existing businesses.

1.3.2 Policy Context

The UK Government is committed to creating an environment that encourages enterprise and supports people who take opportunities and risks[2]. This is a key strand of the drive to increase the UK's productivity. A strong entrepreneurial base is regarded as an essential driver of growth in a modern economy, with new and more dynamic businesses accelerating the introduction of new ideas, technologies and more efficient working practices.

Although there has been a considerable growth in the SME sector since the 1970's, UK rates of entrepreneurial activity are moderate by international standards, particularly when compared to the US. To address this gap, the Government is taking steps to:

- establish and maintain a modern and competitive business tax system;
- reduce the regulatory burden on enterprise;
- address barriers to raising finance for small business;
- improve support for small and new business;
- promote a step change in the UK's enterprise culture.

There are a number of agencies taking forward this agenda nationally, regionally and sub regionally. This includes some with a broad remit, and other focussed on particular groups of potential entrepreneurs. The key agencies are:

- The Small Business Service.
- The Regional Development Agencies, through the Regional Economic Strategy and including their direction of Business Link activity.
- Oganisations such as the Princes Youth Business Trust.

[1] *Productivity in the UK: The Evidence and the Government's Approach, HM Treasury, November 2000*
[2] DTI website

The region has identified the need to increase the business start up rate, and RES Objective 1, More Business That Last, deals specifally with this. This high level objective is being taken forward through three sub objectives. These are (A) Encourage More People To Start a Business (B) Improve Support To Help New Business Start Up (C) Increase, Retain and Embed Investment In The Region.

The Business Support Review team at Yorkshire Forward is currently undertaking a thorough review of the business support infrastructure in the region. The intention is to develop a system which is fit for purpose and focussed on meeting the needs of the region's businesses. The current period of review and research is likely to lead to a significant change in the support structures offered to businesses.

1.4 Trends and Prospects

1.4.1 Some Dynamics Of Change With the Business and Employment Base

The table below compares York and North Yorkshire to England in terms of the breakdown of the business base by employment sizeband. The sub region's employment distribution is not markedly different to the national position, with marginally more smaller businesses and fewer larger business. There is a more marked differences in terms of employment, with smaller businesses (employing less than 50 people) accounting for 52.3% of employment, compared to 44.6% nationally.

Workplaces and Employment in England and York and North Yorkshire

	Workplaces 2004		Employment 2004	
	England	Y and NY	England	Y and NY
1-10 employees	83.7	84.2	20.9	23.7
11-49 employees	12.5	12.9	24.7	28.6
50-199 employees	3.0	2.4	24.1	21.8
200+ employees	0.7	0.5	30.6	26.0
	100%	100%	100%	100%

Source: ABI, 2000, 2004, Nomis

The comparison with the national figures suggests that smaller workplaces have slightly more employees in York and North Yorkshire, medium sized business are more similar to the national average, and larger businesses in the sub region employ more people. The table below which looks at how average employment has changed over a four year period, develops some of these points.

Average Number of Employees by Business Sizeband, England and York and North Yorkshire, 2000 and 2004

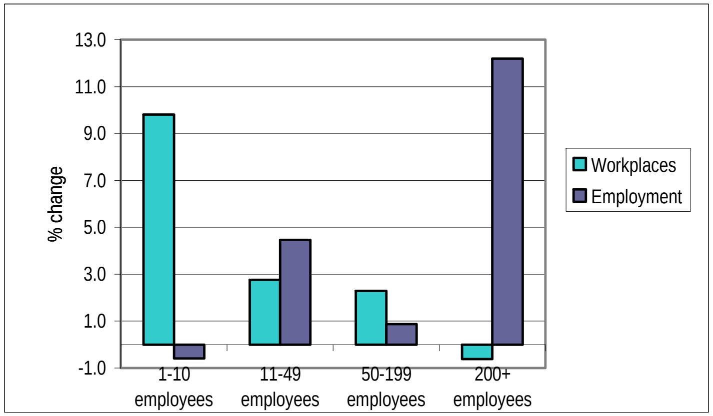
	Average Number of Employees 2000		Average Number of Employees 2004	
	England	Y and NY	England	Y and NY
1-10 employees	3.0	3.1	2.8	2.8
11-49 employees	22.2	21.	22.4	22.1
50-199 employees	91.6	90.3	90.0	89.0
200+ employees	499	471	507	531

Source: ABI, 2000, 2004, Nomis

The trends in York and North Yorkshire are similar to the national situation, with the exception of average employment in large companies which has increased markedly in the four years under review. From a position where average employment size in large companies was below the national average, the reverse is now true for York and North Yorkshire. The differences in the other categories are not significant.

All sizes of businesses contribute to the employment base in York and North Yorkshire. Although there are variances, there is no particular sizeband which makes such a contribution that it would merit sole attention or a markedly higher priority on the basis of employment size alone. The table below illustrates the change in business numbers by employment sizeband and the total numbers employed in each category in the sub region.

Change in Workplaces and Employment York and North Yorkshire, 2000-2004



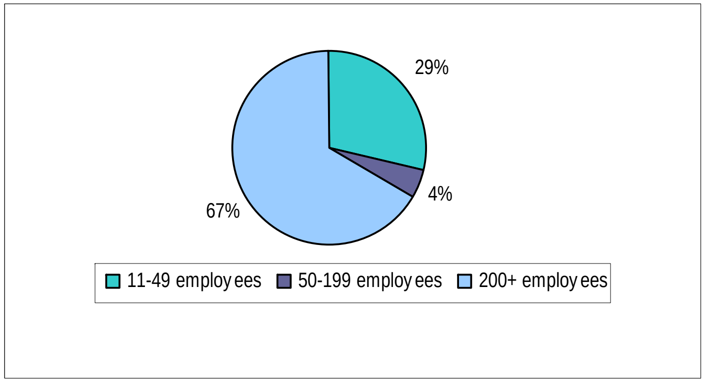
Source: ABI, 2000, 2004, Nomis

Change in Workplaces and Employment York and North Yorkshire, 2000-2004

	Workplaces		Employment	
	2000	2004	2000	2004
1-10 employees	25,152	27,618	77,983	77,528
11-49 employees	4,117	4,231	89,647	93,647
50-199 employees	784	802	70,777	71,400
200+ employees	161	160	75,779	85,020

Source: ABI, 2000, 2004, Nomis

Source of Employment Growth in York and North Yorkshire, by Business Size, 2000-2004



Source: ABI, 2000, 2004, Nomis

There are a number of important features arising from this data:

- While the 1-10 employees category records the greatest absolute and relative increase in terms of the numbers of business (almost 2,500 or 10% in four years), the numbers employed actually declined, although only marginally. This suggests that the employment potential of new business may be limited, although some of the larger enterprises will have graduated to the next employment category.
- Although the growth in business numbers of the category employing between 11 and 50 employees was modest (114 enterprises or 2.8%), the employment growth was considerable (4,000 jobs or 4.5%).
- Although the number of medium sized companies increased by 18, the employment growth was marginal.
- The number of large employers fell (by one) although as already noted the increase in the average number of employees result in a very large increase in employment – over 9,500 jobs in only four years.

While there has been a large increase in the business base, primarily a result of new starts, the significant increase in the employment base has come from "larger" and established small companies and from large companies.

While the increase in new business does not appear to have generated significant additional jobs, there may be benefits in terms of the efficiency and productivity of businesses i.e. less competitive businesses will be forced to improve or move out of the market.

1.4.2 The Stock of Businesses

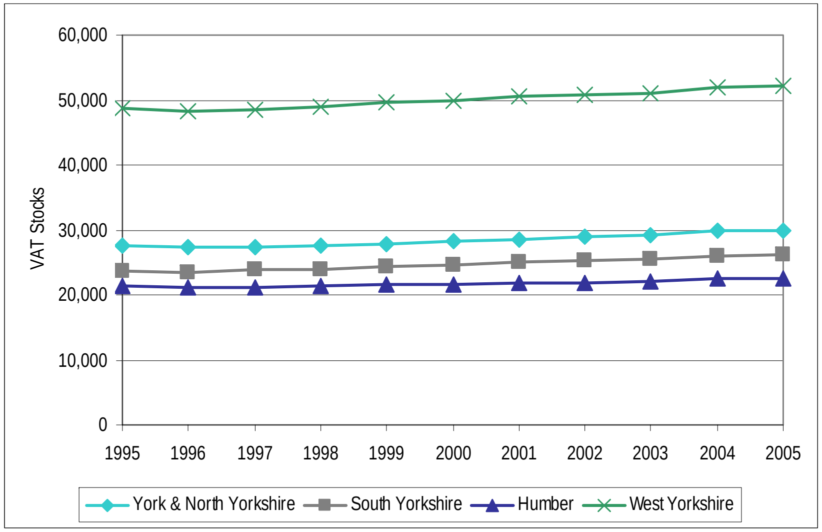
Although VAT registered business cover only part of the enterprise base, the data available remains the foundation for any analysis of business performance at the local, sub regional and regional level. The key points from a 1995-2005 review are:

- In 2005, York and North Yorkshire had 29,940 VAT registered businesses, 23% of the regional total. This proportion has remained unchanged over the past 10 years, indicating that broadly speaking the relative numbers of businesses have been increasing across the region at the same pace. When agricultural businesses are removed from the analysis, the sub region accounts for 20% of the business base.

- The VAT business base has increased in the sub region from 27,595 in 1995 to 29,940 in 2005, an average net gain per annum of 220.

- The most significant sub region is West Yorkshire, with 52,205 VAT registered businesses, although this reflects the scale of the population and economy in this sub region.

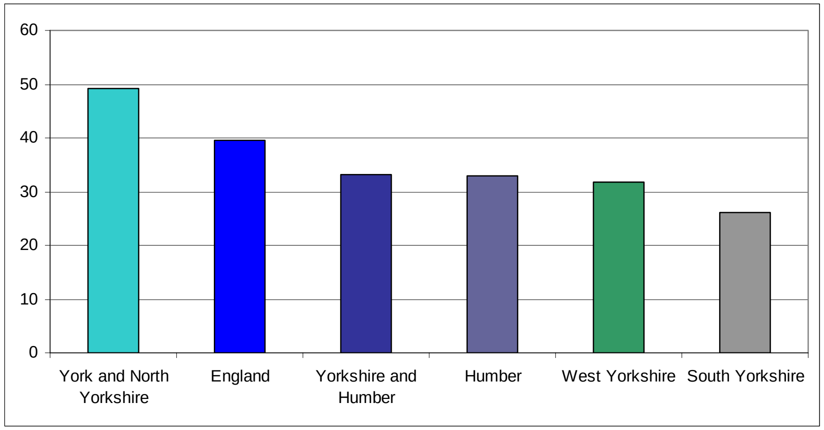
Total VAT Stock By Sub Region 1995-2005



Source: SBS VAT Statistics, 2005

The chart below shows the business density (the number of VAT registered business per 1,000 adult population) nationally, regionally and sub regionally in 1995 and 2005. The business density figure in the sub region is remarkably high, well above the national average which is itself significantly higher than the regional average. The number of businesses per head in York and North Yorkshire is nearly twice as high as in South Yorkshire. This is typical of many primarily rural areas[3].

Comparative Business Density, 2005



Source: SBS VAT Statistics, 2005, Labour Force Survey

Business Density per 1,000 Adult Population, 1995-2004

	1995	2005
York & North Yorkshire	48.8	49.3
England	36.2	39.5
Yorkshire and the Humber	31.5	33.2
Humber	31.4	32.9
West Yorkshire	30.3	31.7
South Yorkshire	23.8	26.1

Source: SBS VAT Statistics, 2005, Labour Force Survey

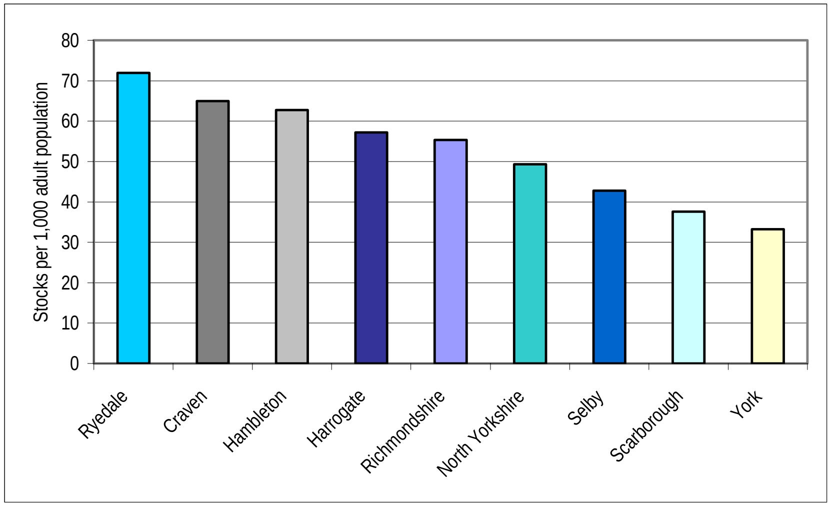
Although the sub regional figure is much higher than the other sub regions, it has been static over the past ten years. The relative change in the sub region has been much lower than nationally or regionally.

The variations within the sub region are illustrated in the 2005 density figures outlined below, with the more rural areas exhibiting a much higher density level. There is only one local authority – York – where the density is below the regional average (although there has been considerable growth from a low base)[4]. The number of businesses per 1,000 adult population in York is 33.2, with a total number of businesses of 4,785. This compares to over 6,800 businesses in Harrogate, which has an adult population 25,000 people smaller, a business density per 1,000 adults of 57.2.

[3] Rural Economies: Stepping Stones to Healthier Futures, Countryside Agency, 2003

[4] This analysis excludes the student population in York. If they were to be included, the business density per 1,000 adults figure in the City would be considerably lower.

Business Density per 1,000 Adult Population, York and North Yorkshire, 2004



Source: SBS VAT Statistics, 2005, Labour Force Survey

Business Density per 1,000 Adult Population, North Yorkshire Districts 2004

Business Density			
Ryedale	71.9	Richmondshire	55.3
Craven	64.9	Selby	42.8
Hambleton	62.8	Scarborough	37.5
Harrogate	57.2	York	33.2

Source: SBS VAT Statistics, 2005, Labour Force Survey

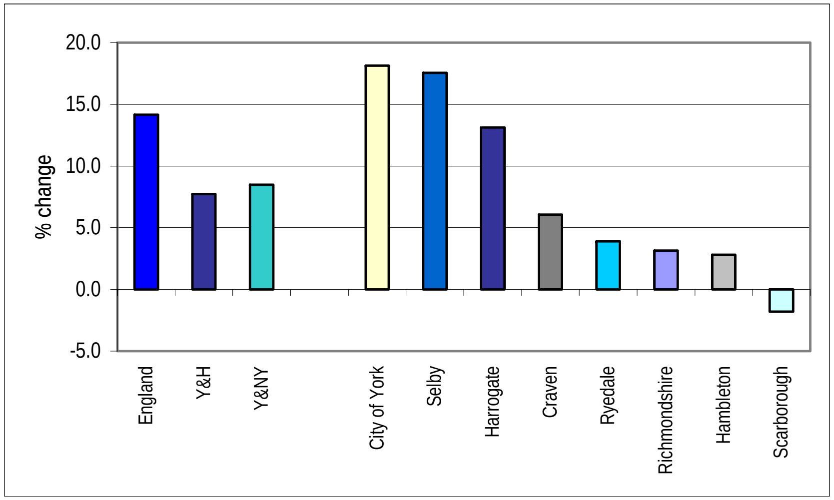
There has been a distinct spatial pattern in the source of growth of the business base.

Change in the Number of Businesses in York and North Yorkshire, 1995-2005

	1995	2005	Change	% Change
York	4,050	4,785	735	18.1
Selby	2,365	2,780	415	17.5
Harrogate	6,020	6,810	790	13.1
Craven	2,725	2,890	165	6.1
Ryedale	2,940	3,055	115	3.9
Richmondshire	2,065	2,130	65	3.1
Hambleton	4,090	4,205	115	2.8
Scarborough	3,345	3,285	-60	-1.8

Source: SBS VAT Statistics, 2005

Change in the Number of Businesses in York and North Yorkshire, 1995-2005



Source: SBS VAT Statistics, 2005

In summary, York, Selby and Harrogate have experienced a marked growth and Scarborough a fall in the number of businesses, illustrating that the sub regional economy is not homogenous and has distinct spatial strengths and weaknesses.

The sub region has a very high business density, although the long term growth rate is modest. In spite of a high growth rate over the past ten years, business density in York is very low, while Scarborough has experienced a decline in the number of businesses.

1.4.3 The Structure of the Business Base

VAT data on the sector of businesses is broken down into broad sectoral definitions only. This means that it is not possible to examine VAT registrations within the more tightly defined priority clusters and sectors. The table below shows the VAT sectors into which the key clusters and sectors analysed in the chapter on RES 2 are grouped:

Cluster / Sector	VAT Grouping
Food and Drink	Manufacturing
Chemicals and Bioscience	Manufacturing
Creative and Digital	Part manufacturing Part public administration / other community, social and personal services Part real estate, renting and business services
Advanced Engineering and Metals	Manufacturing
Environmental Technologies	Part real estate, renting and business services Part mining and quarrying, electricity, gas and water supply Part manufacturing
Healthcare Technologies	Manufacturing
Tourism	Part hotels and restaurants Part real estate, renting and business services Part public administration / other community, social and personal services
Cultural Industries	Part hotels and restaurants Part public administration / other community, social and personal services Part manufacturing Part real estate, renting and business services
Agriculture	Agriculture, Forestry and Fishing
Finance	Finance
Construction	Construction
Logistics	Transport & storage

In addition to the problem of cluster and sector definitions, it is also important to remember that not all businesses are registered for VAT. Those with a turnover below the VAT threshold, often sole traders and very small businesses, do not need to register. This affects some sectors disproportionately. For example, the business structure in the creative and digital industries often involves a number of sole traders working together in a consortium, rather than the traditional model of business growth. The number of sole traders in the creative sector in York and North Yorkshire is known to be substantial – with 1,100 people working in the sector as sole traders[5]. These numbers are not reflected in the VAT data analysis.

Three sectors account for 60% of the VAT registered business base, Agriculture, Wholesale and Retail, and Real Estate, Renting and Business Activities - although in two of these the numbers of businesses have declined over the past ten years. The sectors and numbers involved are:

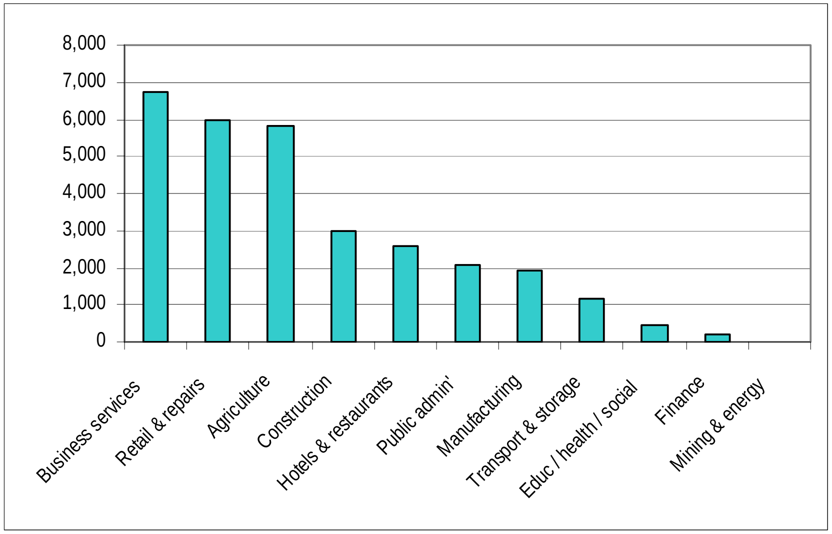
Key Sectors in North Yorkshire			
	1995	2005	% change
Agriculture	6,680	5,800	-13.2
Wholesale and Retail	6,530	5,960	-8.7
Real estate, renting and business activities	3,905	6,750	+72.9

Source: SBS VAT Statistics, 2005

The predominance of both agriculture and wholesale / retail in a rural economy is not unusual. Their high representation is one of the explanatory factors of low wage levels in rural economies[6]. The increase in real estate and business services businesses has been remarkable, although it mirrors a national trend. A more detailed exposition of this phenomenon is presented later in this Chapter.

Three other very important sectors of the business base are hotels and catering where total numbers have increased over the ten years from 2,255 to 2,565; manufacturing where numbers have held up, from 1,840 to 1,900; and transport from 1,130 to 1,185.

VAT Registered Businesses by Sector, York and North Yorkshire 2004



Source: SBS VAT Statistics, 2005

In a regional context York and North Yorkshire accounts for almost 60% of the agriculture businesses. The sub region will have a continuing interest in agriculture and land management polices, including those involved in diversification and environmental protection. The continuing structural changes affecting the agriculture sector have led to increasing interest in diversification,

[5] Economic Impact Study and Needs Assessment, Final Report, March 2006, Burns Owen Partnership

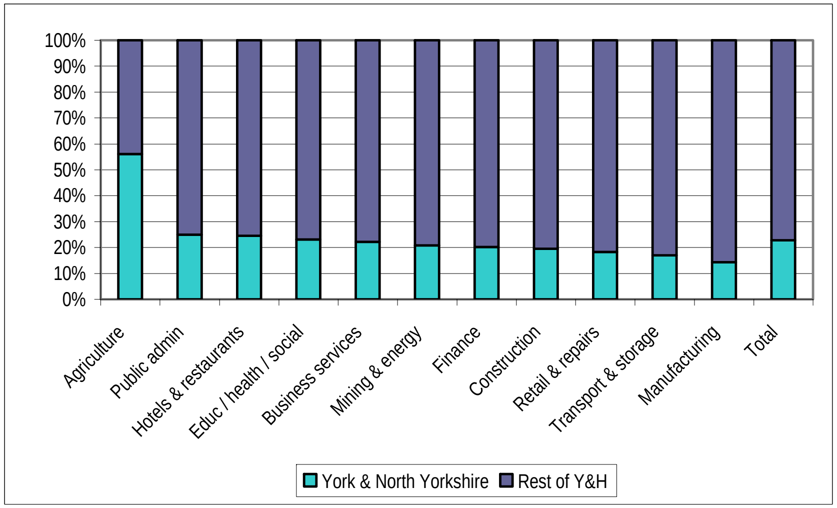
[6] Rural Economies: Stepping Stones to Healthier Futures, Countryside Agency, 2003

with many farmers and their families establishing new businesses to bring in additional income, sometimes replacing but often alongside the continued farm business.

York and North Yorkshire has a business structure heavily influenced by the rural nature of large parts of the area and the importance of tourism to both the urban and rural economies. Leaving agriculture aside, the most notable variations when compared to the region are:

- the very small number of manufacturing businesses, in relative terms.
- the high proportions of hotels and catering; real estate and public administration.

VAT Registered Businesses by Sector, York and North Yorkshire 2004



Source: SBS VAT Statistics, 2005

Three sectors dominate the business base, although in two of these – agriculture and retail – numbers have declined. The real estate and other business category is now the largest source of businesses in the sub region and growth has been exceptional. There is a need to understand this enterprise base (with 6,750 businesses) in more depth.

The number of manufacturing businesses, although substantial at 1,900, is relatively low when compared to the other sub regions. Nevertheless, there remains a significant base to work with in areas such as innovation and productivity improvements.

Social Enterprise

The DTI defines a social enterprise as:

> *"A business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the needs to maximise profit for the shareholders and owners[7]."*

Despite the increased recognition of the role that social enterprises can play in the economy, relatively little information is available on the nature and scale of the sector in the North Yorkshire sub region. Recent research undertaken for the Small Business Service[8] has estimated that there are 15,000 social enterprises in the UK, 1.2% of all businesses excluding sole traders. In the York and North Yorkshire sub region this would equate to some 100-150 social enterprises[9], although previous research undertaken in the sub region would indicate this may under-estimate the number of social enterprises[10]. Turnover nationally is estimated to be £18bn, or 0.8% of the total for businesses with employees.

Most social enterprises generate most of their turnover through trading, rather than being reliant on grants. On average they employ around 10 people and two-thirds also employ volunteers, which would equate to some 1,000-1,500 employees in the sub region. Only 11% of social enterprises are located in rural areas, compared to 32% of all businesses, which suggests that the number of social enterprises in the York and North Yorkshire sub region will be lower than elsewhere in Yorkshire and Humber.

Research undertaken for Yorkshire Forward[11] suggests that social enterprises in the sub region are smaller than those found in West and South Yorkshire, with most having a turnover of below £500,000 per annum. The research found that social enterprises in the sub region have substantially lower access to finance to support growth than was available to social enterprises elsewhere.

The Questions Answered review of social enterprises in rural North Yorkshire found that they tended to be clustered around the settlements, with most located near to Harrogate and Scarborough, although they often covered a wide geography. The businesses surveyed had a wide variety of trading areas, with the largest number working with disabled people, providing general community support and support for carers. This reflects the findings of those working with social enterprises in the sub region, who report that they come from a range of sectors including music, culture and tourism; health and social care; provision of services around worklessness; and areas where the market does not provide such as local transport services.

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[7] Social Enterprise: a strategy for success, DTI, 2002
[8] A Survey of Social Enterprises Across the UK, IFF for Small Business Service, 2005
[9] Estimate based on the number of VAT registered businesses with employees in the sub region.
[10] Developing Social Enterprise in Rural North Yorkshire, Questions Answered, 2003
[11] Understanding and meeting the demand for social enterprise investment and support in Yorkshire and Humber, NEF, 2005

The potential importance of social enterprise to the sub regional economy has been recognised, for example through the development of a social enterprise strategy for York[12] which, whilst relatively wealthy overall, has the largest number of residents living in deprived communities in the sub region. Following the evaluation of a pilot study[13], support has also been made available through Business Link North Yorkshire and the North Yorkshire Forum for Voluntary Organisations to engage social enterprises and support them to grow. There are significant opportunities related to the future delivery of public services which the social enterprise sector is well placed to exploit. To date some 80 SMEs / individuals have been engaged, 35 social enterprises have been assisted and four new social enterprises have been supported to start up[14]. Compared to other parts of the region, the social enterprise sector is under-developed, but it has the potential to play an increased role in the provision of services to the community and providing opportunities for those out of the labour market to return to employment.

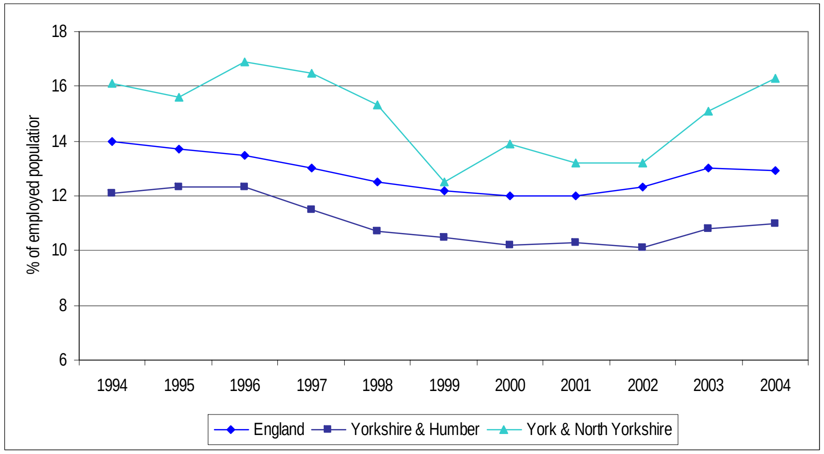
The social enterprise sector in the sub region cannot be easily quantified, although the evidence suggests it may account for up to 150 businesses and 1,500 employees. Social enterprises provide important services across a range of areas and fill gaps where the market is unwilling to provide.

There is scope for considerable further development of the social enterprise sector, particularly in areas of lower business density, such as Scarborough, where social enterprise could provide a route to raise levels of local entrepreneurship.

1.4.4 Self-Employment and Business Ownership

York and North Yorkshire has a very high level of self employment, significantly in excess of the region average. In 2004, over 16% of those in employment were self employed, compared to 11% across the region, higher than any of the other sub regions. A significant part of the self employment base is effectively employment by another name, including highly paid and highly skilled employment and part time and seasonal employment. This said, it also includes a significant number of enterprises per se, some of which may go on to employ other people at some time and which can generate considerable income, such as in the creative and digital sector.

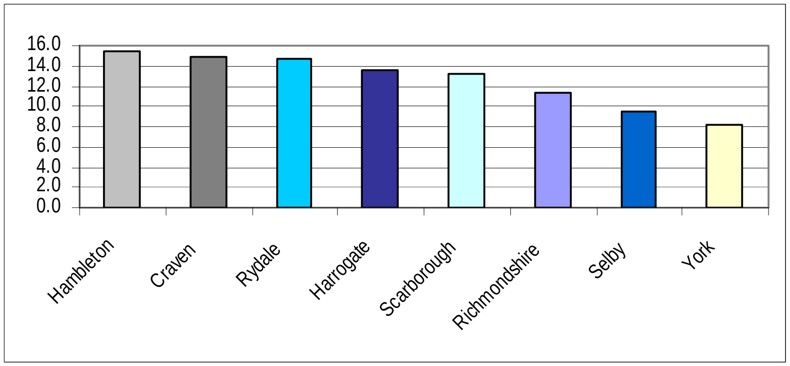
Self-Employment Rates in York and North Yorkshire1994-2004



Source: ONS Labour Force Survey - Four Quarter Averages, 1994 - 2004

Whilst not directly comparable, the Axciom lifestyle survey provides data on self-employment at the local authority level. Self-employment varies considerably across the sub region, with the highest levels in the districts of Hambleton, Craven and Ryedale. On this measure, self-employment has fallen as a percentage of all households in all areas over the last three years, with the exception of Hambleton where there has been a slight increase, and Scarborough where rates have remained stable.

Self-Employment Rates in the York and North Yorkshire local authority areas, 2005



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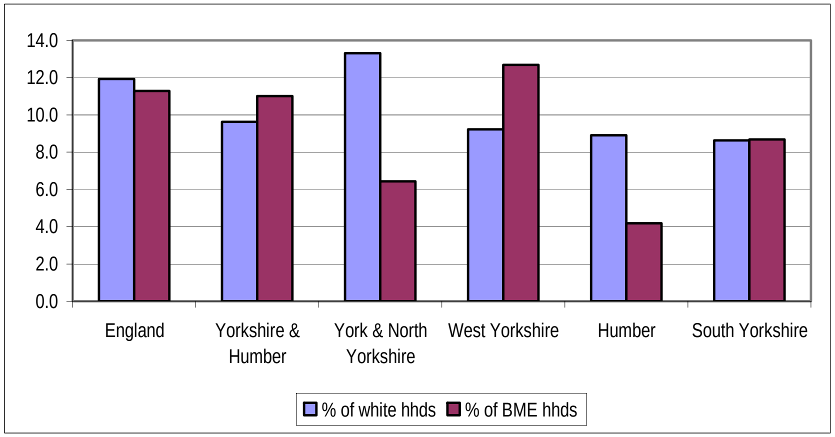
12 Social Enterprise: towards a development strategy for York, Joseph Rowntree Foundation, 2002
13 Engaging Social Enterprise in York and North Yorkshire, End of Project Evaluation, ERBEDU, 2005
14 Developing Social Enterprise Quarterly Review Report, NYFVO, April 2006

Ethnicity

Levels of self-employment vary between communities from different ethnic backgrounds. In England as a whole, white households are slightly more likely to be self-employed than those from the Black, Asian and Minority Ethnic communities (BAME). The situation is reversed in Yorkshire and Humber. However, in York and North Yorkshire, BAME households are less than half as likely to be self-employed than white households – 6.4% of the total compared to 13.3% of the total amongst the white population.

Self-Employment Rates of White and BAME Households as a % of all Households, 2004



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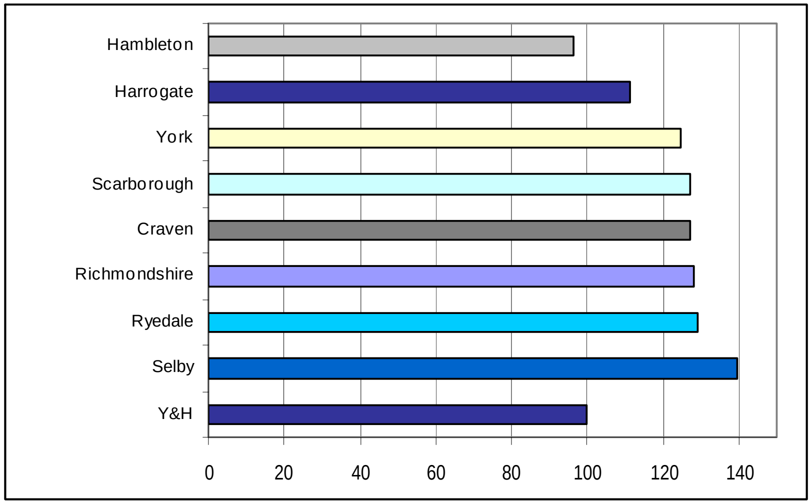
Levels of BAME self-employment are low in all the York and North Yorkshire local authority areas with the exception of Harrogate, where nearly one quarter of BAME households are self-employed.

Gender

Women make up half the population, half the workforce and half of the University population. In addition, girls out-perform boys at school. It would be reasonable to expect women to make up a significant proportion of business owners, managers and the self employed.

Levels of female entrepreneurship in York and North Yorkshire are generally higher than in the rest of the region and England as a whole[15]. Only Hambleton has a level of female business ownership which is below the England average[16], and in Selby the proportion of women who own businesses is 40% above average.

Female Business Owners in York and North Yorkshire 2004, England = 100



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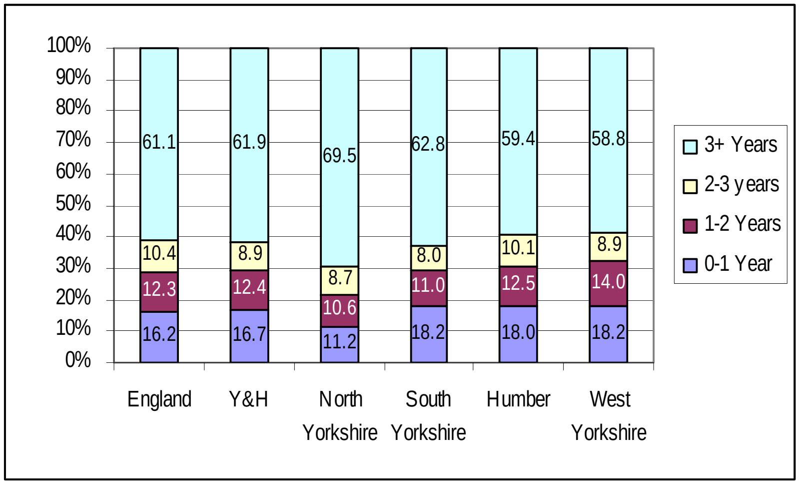
Duration of Business Ownership

The business base in York and North Yorkshire tends to be older than in the other sub regions and in England as a whole. Nearly 70% of business owners have owned their businesses for three years or more, compared to 62% in Yorkshire and Humber as a whole and 61% in England. Whilst this demonstrates stability, it may also be an indicator of a lack of dynamism in the business base. Scarborough is the most extreme example, with over three-quarters of owners having owned their business for over three years. The proportion of business owners who have owned their business for less than one year in York and North Yorkshire is much lower than in the other sub regions, and in Craven, is only 6% of business owners.

15 Data on female entrepreneurship is affected by the female skew towards filling out the Lifestyle Survey. Therefore, it is not valid to show percentage rates - nor indeed are these available. However, as the female skew is prevalent across the country, an index against England = 100 is one way of providing female entrepreneurship data.

16 Work is underway to address this through the provision of additional support to encourage women into entrepreneurship through the Stokesley Incubator.

Length of Time Owners have Owned their Businesses



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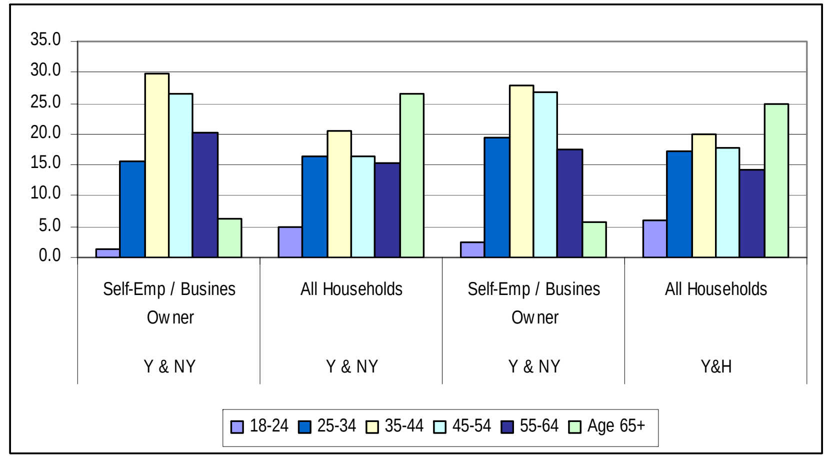
Age

Levels of entrepreneurialism are affected by age, with younger people more likely to express an interest in becoming an entrepreneur, and older people more likely to actually own their own businesses. The population in York and North Yorkshire is older, on average, than other parts of the region.

York and North Yorkshire has a lower number of young entrepreneurs than the region or England as a whole. Even after account is taken of the smaller number of young households in the sub region, the level of young entrepreneurs is only 70% of the regional average and less than two-thirds of the England average. The sub region has an above average number of business owners aged 35 and over.

Self Employment and Business Ownership by Age Band



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The table below shows the estimated number of business owning / self-employed households in the sub region, region and England, taken from the Axciom survey. Entrepreneurs in York and North Yorkshire have an older age profile than in the region or England as a whole, with 54.1% aged over 45, compared to 48.9% in Yorkshire and the Humber and 50.2% in England. Although this is partially accounted for by the older age profile of residents in the sub region, there may also be links to the number of recent graduates resident in the sub region (see RES 3) and higher house prices, making it less affordable for young entrepreneurs to live in the sub region (see RES 6).

Self-employed / Business Owning Households, by age band, 2005

	18-24	25-34	35-44	45-54	55-64	65+	Total
Y & NY	260 0.5%	7,320 12.9%	18,460 32.5%	15,380 27.1%	9,720 17.1%	5,620 9.9%	56,760 100%
Y&H	3,200 0.8%	73,210 19.0%	120,750 31.3%	104,744 27.1%	53,836 13.9%	30,520 7.9%	386,260 100%
England	26,907 0.7%	674,668 17.4%	1,231,516 31.8%	1,026,561 26.5%	565,645 14.6%	351,075 9.1%	3,876,373 100%

Source: "© Acxiom UK Ltd. All rights in the data contained in this table belong to Acxiom UK Ltd and may not be used or reproduced without the express permission of Acxiom UK Ltd."
Note: estimated number of business owners / self-employed rounded to nearest 10.

When self employment and VAT business stock are combined, there appears to be a much higher level of enterprise in the sub region than elsewhere in Yorkshire and the Humber. This headline total, however, provides only limited information on the quality of the enterprise base.

Although the BAME community in York and North Yorkshire is small, increasing the business ownership rate amongst the BAME community to the same rate as in the region as a whole would contribute to raising the start-up rate and increase economic dynamism.

The business ownership base in York and North Yorkshire is older than elsewhere, with nearly 70% of owners having owned their business for three years or more and 54% aged over 45. There may be a need to tailor business support products to meet the needs of this group, including succession planning and business growth advice.

Levels of female entrepreneurship in York and North Yorkshire are generally higher than in England and the region as a whole, with Selby in particular having high levels of female entrepreneur ship. Hambleton has the lowest levels which may reflect a lack of opportunities in a more rural area.

1.4.5 Business Starts Ups

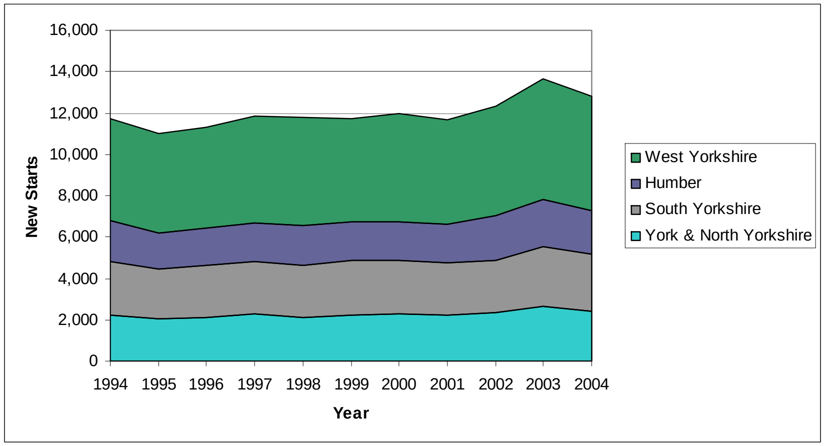
The number of new enterprises registering for VAT is a key indicator of entrepreneurial dynamism. The ten year analysis indicates that:

- In Yorkshire and the Humber the number of new starts has remained within a relatively narrow band until 2002 when there appears to have been an increase in volumes. It is too early to say if this is a temporary phenomenon.

- In York and North Yorkshire, new starts, as measured by VAT registrations are typically around 2,200 per annum, and this has been the consistent pattern for the past ten years. There is limited evidence of a sustained and substantial increase in numbers over the period, although some recent years have seen higher numbers.

- The main source of the recent increase in new start numbers, over 12,000 per annum across the region in 2003 and 2004, has been West Yorkshire.

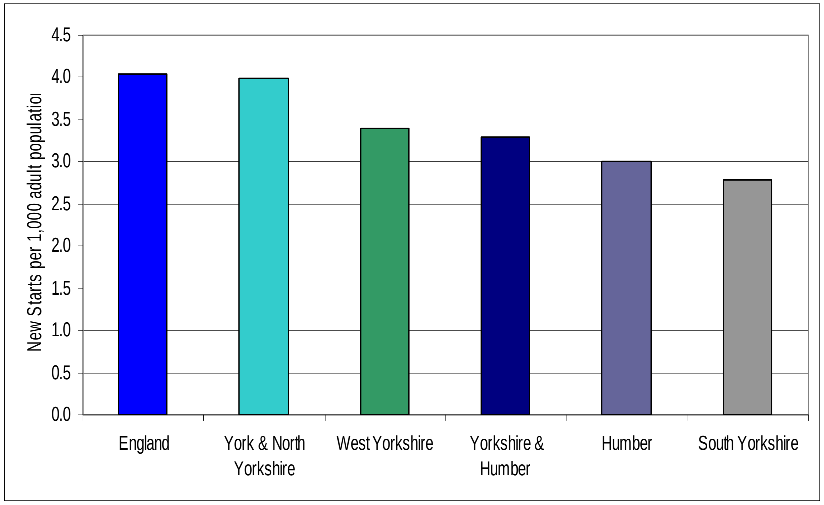
New Business Start-Ups in Yorkshire and Humber, 1994-2004



Source: SBS - VAT Registrations

York and North Yorkshire performance with regard to new starts is relatively good when account is taken of the adult population. The sub region has a performance which is close to the English average and above the regional average. The start up rate is more modest when expressed as a percentage of the total business base and then compared to the other sub regions.

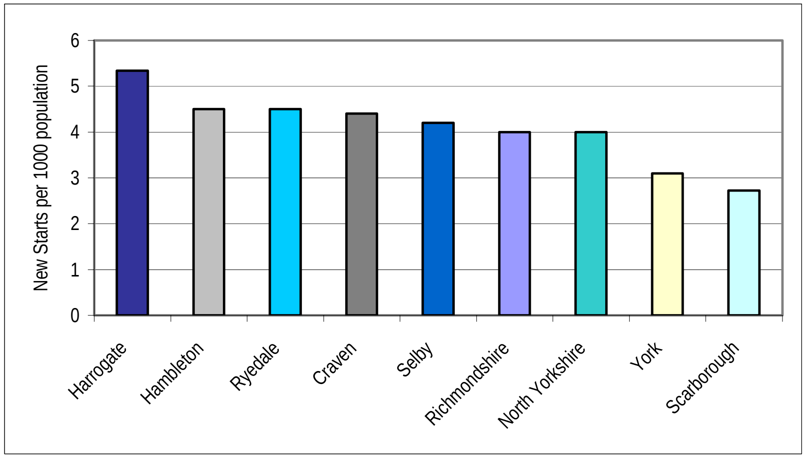
New Business Start-Ups per 1,000 Adult Population, 2004



Source: SBS - VAT Registrations, LFS

There is a considerable variation in the start up rate across the sub region, with a clear difference between the more urban areas – York and Scarborough – and the rural areas, with the Harrogate start up rate particularly high.

New Business Start-Ups per 1,000 Adult Population, 2004



Source: SBS - VAT Registrations, LFS

All parts of the sub region have seen an increase in the number of start up businesses since 2000. Across the sub region as a whole, the annual number registering for VAT has increased by nearly 6%. Selby has seen the fastest increase, with Scarborough, Harrogate and Richmondshire also seeing numbers rise by over 10%.

Change in Number of VAT Registered Business Starts, 2000-2004

	2000	2001	2002	2003	2004	% change
Selby	250	255	300	310	300	20.0
Scarborough	230	220	255	285	265	15.2
Harrogate	170	190	165	225	195	14.7
Richmondshire	140	140	125	160	155	10.7
Ryedale	570	530	615	640	610	7.0
Hambleton	195	185	190	225	200	2.6
York	450	445	445	495	450	0.0
Craven	275	245	265	310	240	-12.7
Y & NY	2,280	2,210	2,360	2,650	2,415	5.9

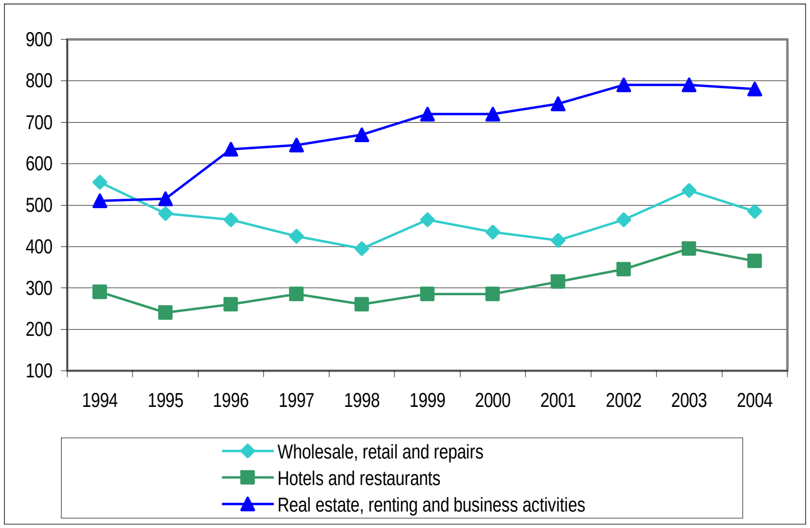
Source: SBS Vat Statistics, 2005

1.4.6 Starts Ups By Sector

Analysis of start ups by sector is subject to the same constraints on sector definitions as were outlined in section 1.4.3 – with the broad sector categories used making it impossible to identify cluster / sector trends without further detailed research. A snapshot of the new registrations in 2004 in York and North Yorkshire gives a clear picture of the broad trends of the past five years. These are:

- Retail, hotels and restaurants typically account for over one third of new start ups, and this is typical for a rural area.
- The largest category of new starts by far is real estate and other business, a category which has seen sustained growth over many years. This sector includes a proportion of the creative and digital sector. It is estimated that the number of businesses in this sector in York and North Yorkshire rose by 10% between 1999 and 2003, faster than the general increase in VAT registered businesses[17].

New Starts per annum, York and North Yorkshire Key Sectors, 1994-2004



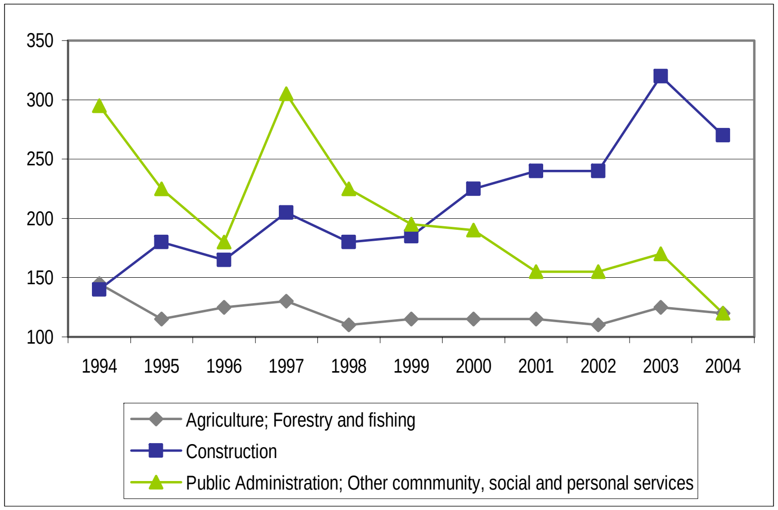
Source: SBS - VAT Registrations

Amongst the smaller sectors there has been a considerable degree of fluctuation in the number of new start businesses registering for VAT on an annual basis. The construction sector has seen an increase in the number of businesses registered, reflecting both national trends in demand and the changing tax regime affecting the sector. The number of new community and social services

[17] Economic Impact Study and Needs Assessment, Final Report, March 2006, Burns Owen Partnership

businesses has gradually declined. The agriculture sector continues to account for over 100 new start businesses each year. The section on de-registrations provides an analysis of the net change in the number of businesses by sector.

New Starts per annum, York and North Yorkshire Medium-Sized Sectors, 1994-2004



Source: SBS - VAT Registrations

York and North Yorkshire accounts for circa 23% of the business base in the region, and recently has generated circa 19% of registrations. It is however generating lower levels of manufacturing and construction business, although this is being offset by higher proportions in agriculture and public sector organisations. The result is likely to mean that the size of the manufacturing sector in the sub region will decline relative to the regional position. As the manufacturing sector traditionally provides full-time employment, often for males, there may be an impact in terms of the structure of employment in the sub region.

Key Sectors in York and North Yorkshire, Registrations as a % of Y&H

Registrations 2004	Y and NY Registrations	% of regional Registrations
Real estate	780	21.3
Retail	486	15.8
Hotels and restaurants	365	21.7
Construction	270	15.8
Pubic admin	120	23.0
Agriculture	120	45.0
Manufacturing	110	15.5
Transport	105	13.1
Finance	15	17.6
Education/health	40	26.7
Total	2,410	18.7

Source: SBS - VAT Registrations

The registration rate in 2004 was 18.7% of the number of regional start ups. This suggests that the registration rate is less than the sub region's share of the business base, although this is offset by a lower proportion of de-registrations, as the next section highlights.

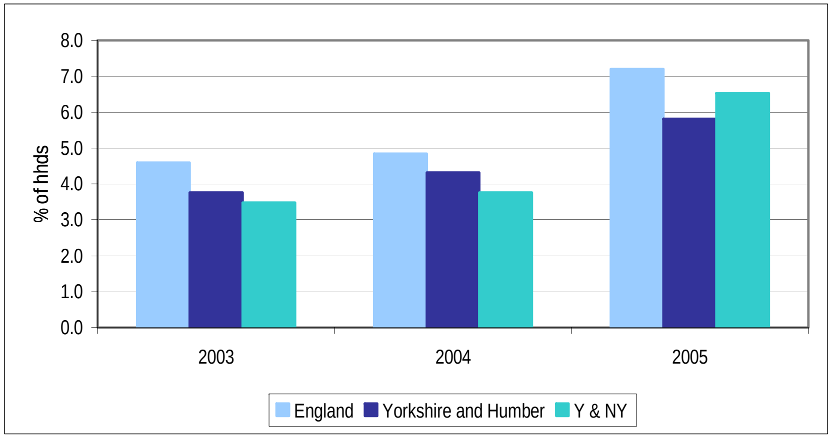
The sub region generates around 2,200 new starts per annum, which is a good relative to the population base, but low compared to the business base. This lower rate (when compared to the business base) is off set by a much lower de-registration rate which has allowed the business base to grow.

Two areas have markedly lower start up rates – York and Scarborough – indicating a difference in performance between the rural and urban areas. The growth in the number of business over the past ten years has been a result of the exceptional start up in real estate and other business category, where numbers new starts now exceed 700 per annum.

1.4.7 Potential New Business Starts

The Axciom lifestyle survey also gathers data on levels of interest in becoming business owners. Levels of interest in York and North Yorkshire have been below the national and regional averages until 2005, when the level of interest in York and North Yorkshire surpassed that in Yorkshire and Humber as a whole. However, levels of interest in becoming a business owner in York and North Yorkshire are still lower than in all the other English regions except for the North West, North East and East Midlands.

Interest in Becoming a Business Owner, 2003-2005



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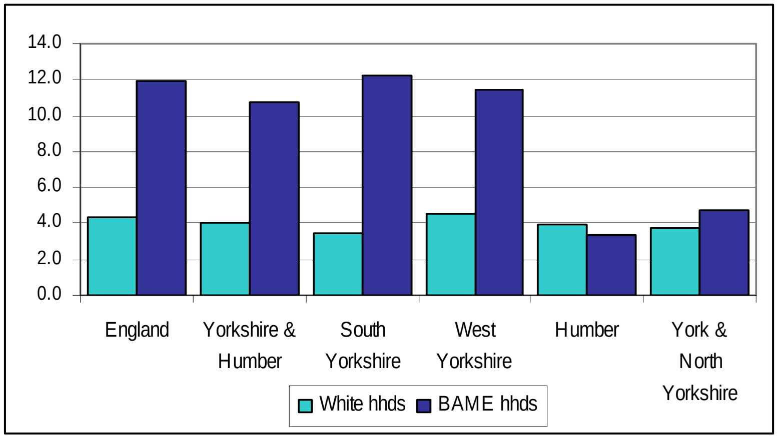
Interest in becoming a business owner was higher amongst the BAME population than the white population in York and North Yorkshire in 2004, at 4.8% compared to 3.8% overall. However, this is considerably lower than amongst the BAME population in England as a whole, where the proportion expressing an interest in becoming a business owner was over twice as high at 12%.

Interest in Starting a Business, White and BAME Households, 2004



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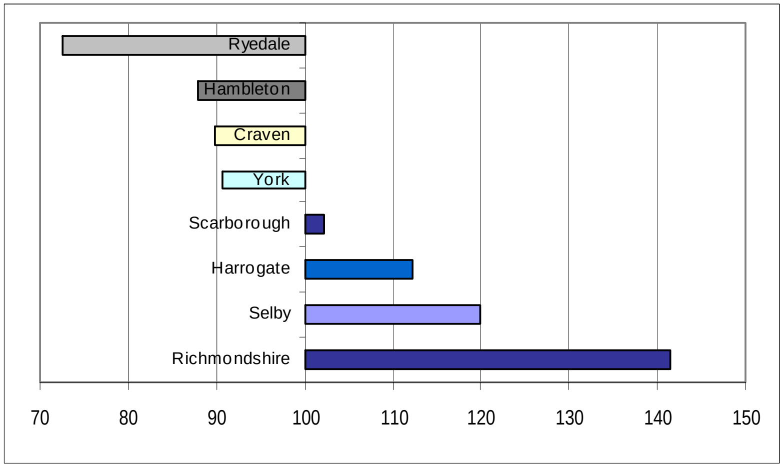
There are also interesting differences amongst women in the different districts of York and North Yorkshire. Women in Richmondshire, Selby and Harrogate are considerably more likely to say they are interested in starting their own business than in England as a whole, despite the existing high level of female business ownership in Selby. However, women in Ryedale and Hambleton are much less likely than in England as a whole to express an interest in starting their own business.

Women Thinking of Starting their Own Businesses – North Yorkshire Districts compared to English Index (England = 100)



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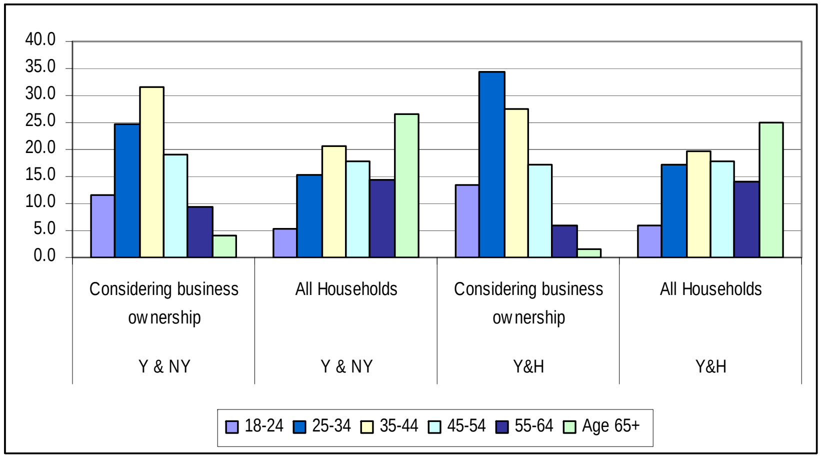
The chart below shows the proportion of households in each age band who are considering starting their own business in York and North Yorkshire and the region as a whole. Levels of interest in starting a business are much higher than in the region amongst 35-44 year olds but much lower amongst 25-34 year olds.

When account is taken of the relative number of households in each age band, the sub region has a higher than average level of interest in all age groups except the 25-34 group, and very high levels amongst those aged 55 and over.

Interest in Business Ownership by Age Band, % of households by age band



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Whilst self-employment levels compare well to the other Yorkshire and Humber sub regions, interest in becoming a business owner in York and North Yorkshire is lower than in all other England regions with the exception of the North West, North East and East Midlands. This suggests that levels of entrepreneurship in North Yorkshire may not be particularly high by national standards.

1.4.8 De-registrations

De-registrations follow a similar pattern to registrations in terms of scale, with real estate, retail and hotels and catering accounting for a significant proportion of all de-registrations. In the case of retail, however, there was a net loss of businesses, while there was another marked increase in the net real estate business.

There was further net loss of manufacturing businesses, although the sub region accounted for only 11% of regional de-registrations. This suggests there was a more marked decline in manufacturing business in other sub regions.

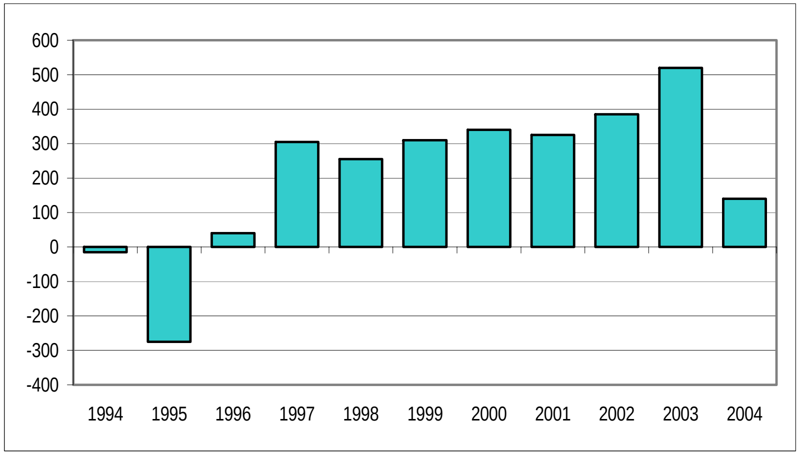
Key Sectors in North Yorkshire

De-Registrations 2004	Y and NY De-registrations	% of regional de-registrations
Real estate	585	18.7
Retail	505	17.2
Hotels and restaurants	310	21.2
Construction	200	14.7
Pubic admin	165	21.3
Agriculture	245	47.5
Manufacturing	135	11.5
Transport	90	13.6
Finance	15	21.4
Education/health	20	16.0
Total	2,270	18.6

Source: Small Business Service

Since 1996 the number of VAT registrations has significantly outstripped the number of de-registrations, leading to an annual net increase in the number of businesses in the sub region.

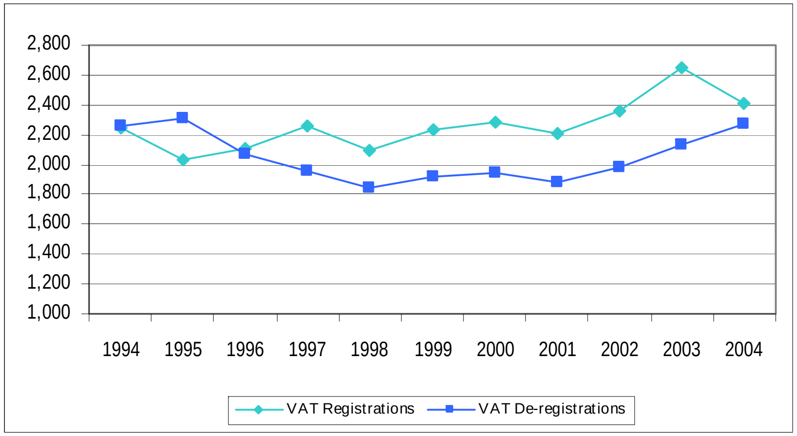
Annual Net Change in Number of VAT Registered Businesses, York and North Yorkshire



Source: VAT De-Registrations, SBS

Overall, the typical pattern of low numbers of de-registrations allowed the enterprise base to increase again. Over the long run, it has been low levels of de-registrations which have allowed the business base in York and North Yorkshire to grow. However, in recent years the number of de-registrations has begun to increase, and the decline in registrations in 2004 meant that the net increase in business numbers in 2004 was the lowest for eight years.

Annual VAT Registrations and De-Registrations, York and North Yorkshire



Source: VAT De-Registrations, SBS

Net Change in VAT Registered Businesses by Sector, York and North Yorkshire, 2004

	Registrations	De-Registrations	Net Change
Agriculture	120	245	-125
Pubic admin	120	165	-45
Manufacturing	110	135	-25
Retail	486	505	-19
Finance	15	15	0
Transport	105	90	15
Education/health	40	20	20
Hotels and restaurants	365	310	55
Construction	270	200	70
Real estate	780	585	195
Total	2,410	2,270	140

Source: VAT Registrations and De-Registrations, SBS

Although there was an overall increase in the number of businesses registered for VAT in 2004, four sectors saw the number of businesses decline (although in most cases the numbers were small).

- Agriculture saw the largest absolute decline, with twice as many businesses de-registering for VAT as registering.
- Public administration, manufacturing and the retail sector all saw the number of businesses fall.

1.4.9 Survival Rates

The Small Business Service has recently produced a ten year analysis of the survival rates for VAT registered businesses between 1994 and 2003. It provides an assessment of changes over time at the regional level, and this sets a context for York and North Yorkshire. The key results were:

- One year survival rates had levelled off at 90%, and three year survival rates at 70%, although these reflected an improvements in the mid 1990s position.
- Hotels and restaurants and transport had poorer survival rates than other sectors, significantly for York and North Yorkshire were hotels and restaurants make up an important part of the business base.
- Yorkshire and the Humber had an improving position and is now close to the national average.

An important point of context is that high survival rates could reduce the entrepreneurial dynamism in sub regional and local economies.

The table below highlights the survival rates of business registered in 1999. As can be seen York and North Yorkshire businesses appear to be more robust and durable, and at the end of four years over two thirds continue in business.

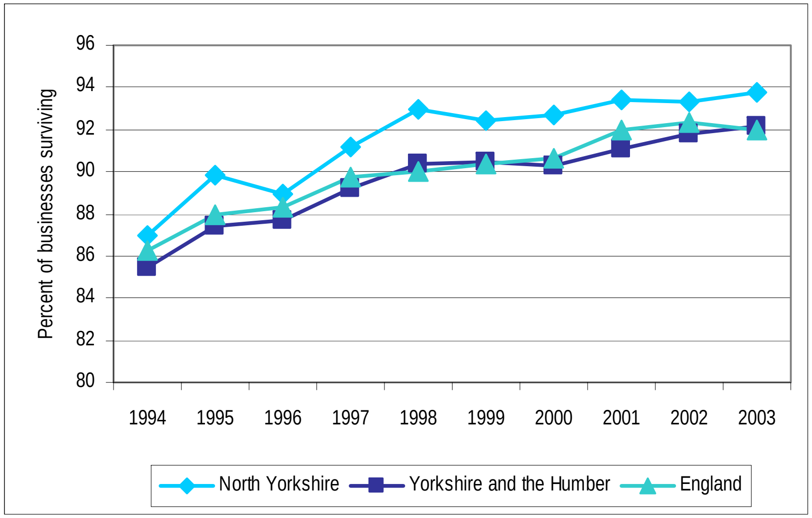
Survival Rates – Business Established in 1999

	UK	Y&H	Y & NY
6 months	95.9	96.3	96.8
12 months	90.2	90.4	92.4
18 months	84.4	84.8	87.4
24 months	78.8	79.1	83.2
30 months	73.8	74.1	78.7
36 months	69.3	69.5	74.7
42 months	64.8	65.2	71.1
48 months	60.9	61.3	67.3

Source: SBS Survival Rates Data

York and North Yorkshire has had a one year survival rate above the national average for many years, and at almost 94% this figure is exceptionally high, and much higher than the 1994 figure.

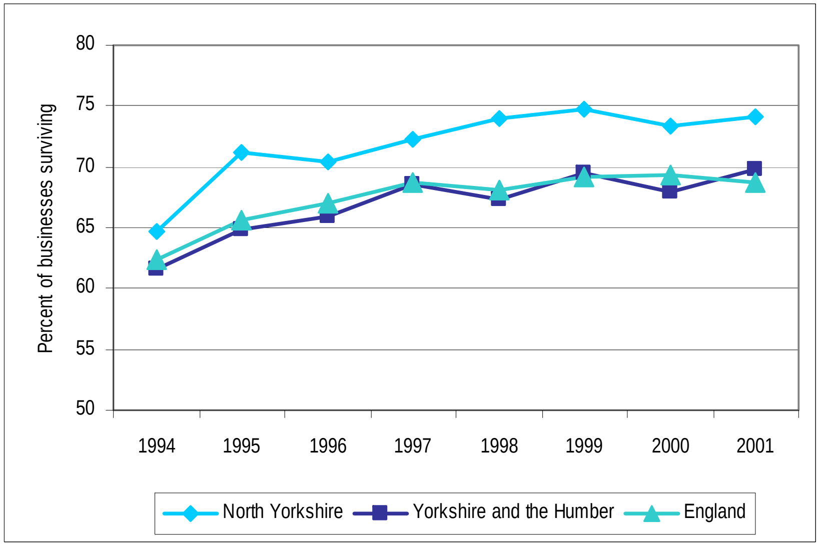
Percentage of VAT Registered Businesses Surviving 12 Months, 1994-2003



Source: SBS Business Survival Rates

The chart below looks at the three year survival rates, one of the key indicators used by national agencies. Again, the survival rates in York and North Yorkshire are much higher than the regional and national average, with three quarters still in business.

Percentage of VAT Registered Businesses Surviving 3 Years, 1994-2001



Source: SBS Business Survival Rates

The survival rate of businesses in York and North Yorkshire is even more impressive when account is taken of the importance of hotels and restaurants in the new start numbers each year. This sector has one of the lowest survival rates, yet in spite of this the sub regional survival performance is very good.

Survival rates have been improving for some time in the UK. This may be a result of better pre-start counselling to divert weaker proposals from starting up, more effective business support from the key business development agencies, and more favourable economic conditions making early failure more unlikely.

The survival rates in York and North Yorkshire are very good. It is unlikely that the one year rate can be improved, although there may be scope to improve the three year failure figure or more likely the four year figure where the failure rate increases to about one third of initial registrations. The needs of businesses at this stage of development should be considered, including for appropriate property and premises.

High survival rates can reduce entrepreneurial dynamism if they are indicative of an uncompetitive environment where there is a lack of competitive pressure on businesses.

1.4.10 Support for New and Potential New Businesses in York and North Yorkshire

Business Link York and North Yorkshire works with approximately 6,000 pre-start businesses per annum, over 30% of their annual customer base. Nearly four in ten of the potential entrepreneurs supported are women, and 1% are from ethnic minority communities. Specific assistance funded through Yorkshire Forward and European funding is targeted at young people, social enterprises, graduates and women. Thirty local access points are provided in rural areas to provide support on an out-reach basis.

Nearly 1,000 new and young businesses are supported by Business Link York and North Yorkshire each year, again with additional support targeted on the key groups set out above, and a high growth start-up scheme provides support to businesses with the potential to turnover £1m within three years.

The annual Enterprise Show in York attracts over 700 attendees, the third largest in the region after Leeds and Sheffield. Attendees at the 2004 York event travelled from across the sub region and beyond, with a small number travelling from the East Midlands. Over 60% of those who registered for the 2004 Enterprise Show in York attended, the second highest attendance rate in the region[18]. In addition sixteen local enterprise events are held each year to attract and support potential new business start ups, and Business Link maintains an on-going awareness campaign including advertising, PR and leaflet drops.

Financial support to businesses is available from a number of sources, including the Small Firms Loan Guarantee. In Craven, Hambleton, Richmondshire, Scarborough and Selby the local authorities run grant schemes for new businesses. The Princes Trust can provide financial support to new businesses run by young people. Some financial support is also available to businesses in particular sectors. The Growing Routes fund provides funding for agricultural based new businesses, and Ryedale Tourism provides support for IT and marketing for tourism based businesses. Micro loans are also available through the Partnership Investment Fund.

There are also a number of business support networks in the sub region which provide support to new and existing businesses. No comprehensive mapping currently exists of these networks but they include:

- Sector and cluster networks – such as Creation, the interactive media network, Science City York Business Network, Bioscience York, Creative York, IT and Digital York, Digital Harrogate.
- Support networks for women entrepreneurs – including WiRE (Women in Rural Enterprise) networks in York, Richmondshire and Harrogate and WorcNET, (Womens Opportunity for Rural Contact Through Networking Education and Training).
- Networks based around geographic locations and workspace.

[18] An Independent Evaluation of Enterprise Shows 2004, QA Research, 2004

1.4.11 Developing Enterprise Skills

Enterprise and education has become a focus of attention in recent years, with the government seeking to raise the level of entrepreneurialism in society. Enterprise is important, not just in relation to business ownership, but as a result of the changing economy, with more frequent job changes, less hierarchical management structures and greater team and networking work methods meaning that everyone in the workforce needs to be able to spot opportunities, take the initiative and adapt to changing circumstances[19]. This is particularly important to leaders and managers, who need to be able to encourage their staff to do the same. It is therefore important that young people understand enterprise and are prepared for the world of work.

The Davies Review of Enterprise and the Economy in Education[20] found that fewer than 30% of young people took part in enterprise projects. In response, the government introduced a commitment to ensure that all pupils at Key Stage 4 receive a minimum of five days enterprise education. Enterprise education is defined as[21]:

- Enterprise capability – the ability to handle uncertainty and respond positively to change, to create and implement new ideas and ways of doing things, to make reasonable risk / reward assessments and act upon them in one's personal and working life.

This is supported by:

- Financial capability – the ability to manage one's own finances and to become questioning and informed consumers of financial services; and
- Business and economic understanding – the ability to understand the business context and make informed choice between alternative uses of scarce resources.

NYBEP is the Business and Education Partnership for York and North Yorkshire and works to support links between education and the business community to ensure that pupils are prepared for working life. NYBEP has a number of priority areas including: work related learning; enterprise and creativity; science, technology, engineering and maths (STEM); mentoring and professional development.

In the Higher Education sector, considerable effort has gone into integrating enterprise education across the curriculum. York University, with Leeds and Sheffield, is part of the White Rose Centre for Excellence in Teaching and Learning in Enterprise, with an Enterprise Zone providing a dedicated facility for enterprise learning. The University is in the top 20 in the UK for enterprise funding[22], having recently been awarded £2.3m in the HE Innovation Fund round 3. York St John University College was awarded £250,000 and the University of Hull £1.065m in the same funding round. York University has been successful in developing graduate enterprise and spin out companies have been

[19] Creating an Enterprise Culture Discussion Paper, HM Treasury, 2004
[20] A Review of Enterprise and the Economy in Education, Howard Davies, 2002
[21] Academy of Enterprise, DfES, www.academyofenterprise.org/DFES.shtml
[22] http://www.hefce.ac.uk/reachout/heif/heif3.asp

created at an average rate of 2.5 per year in recent years[23]. The chapter on RES 3 provides an analysis of the contribution of the Higher Education sector to the York and North Yorkshire economy.

1.4.12 Business Investment

There are a number of factors which encourage enterprises and entrepreneurs to locate or start up in the sub region and which support the further growth of businesses. These include:

- The availability of a skilled labour force (dealt with in the chapter on RES 3).
- Access to suppliers and markets (dealt with under RES 2, and RES 5).
- The availability of suitable sites and premises.

The employment analysis outlined earlier showed that between 2000-2004, employment in firms employing between 11-49 employees increased by 4,000 and employment in large companies employing more than 200 employees increased by almost 10,000. This is evidence that businesses are investing in the sub region, and in the case of larger companies the investment is substantial.

This section draws conclusions about the nature and level of business investment that has taken place in York and North Yorkshire over the past ten years based on an examination of the following:

- The availability and rental values of commercial sites and premises.
- The availability and value of commercial (employment) land.
- Locational attractiveness.
- Inward investment trends.

This analysis is undertaken in the following four sub sections, allowing conclusions to be made regarding the historic nature and value of business investment and the identification of emerging issues going forward.

1.4.13 Commercial Sites and Premises

York and North Yorkshire has a wide range of commercial premises available to investors, including listed office accommodation, industrial buildings, serviced offices in business centres, biotech laboratory space, and food-grade units. This diverse range of property types is not available across all parts of the sub region, and the lack of appropriate premises can lead to growing businesses moving away from their original location.

Office

The table below shows the current rental values (2006) of a range of office accommodation:

- Type 1 - Town centre location. Self contained suite over 1,000 sq.m in office block.
- Type 2 - As Type 1, but suite size in range of 150sq.m-400sq.m.
- Type 3 - Converted former house, usually just off town centre. Self contained suite in size range 50sq.m-150sq.m.

Higher rental values tend to reflect a combination of good levels of demand and investor confidence, and at the same time often open up other development opportunities in nearby neighbouring centres where rental values are lower.

Data is only available for major office markets, including York and Harrogate in the York and North Yorkshire sub region. Harrogate and York are ranked towards the top end of the Yorkshire cities in terms of the annual rental value of Type 1 accommodation, with only Leeds having a higher rental value than York, whilst York also has higher rental levels than Sheffield. In terms of the change in rental levels, York has had one of the slowest rates of increase since 2001.

Office Rental Values (£/m^2 per annum) for Type 1– 3 Offices @ Jan 2006 and % Change between April 2001 and Jan 2006

	Type 1*		Type 2		Type 3	
	£/m^2	%chge	£/m^2	%chge	£/m^2	%chge
Harrogate	150	36.4	160	14.3	140	75.0
York	155	10.7	175	25.0	105	5.0
Bradford	135	19.5	130	15.0	125	56.3
Hud'sfield	150	36.4	150	50.0	100	42.9
Leeds	215	-2.3	225	12.5	180	28.6
Doncaster	145	107.1	140	64.7	90	28.6
Grimsby	105	16.7	75	7.1	63	-3.1
Hull	82	17.1	75	0.0	65	35.4
Sheffield	155	10.7	155	10.7	120	20.0
Wakefield (new location)	145		150		110	

Source: Valuation Office Agency, Property Market Reports, 2006

Property values for smaller office accommodation located in the town centres (Type 2) are highest in Leeds (£225m²), but here, the values in York (£175m²) and Harrogate (£160m²) are higher compared to other regional locations. The rate of change in York has also been high (25%), but comparatively, lower in Harrogate (14%).

The values of office accommodation located away from the town centre (Type 3) show slightly different trends. The values of such offices in Leeds are still the highest (£180m²), but this time, the value of offices is higher in Harrogate (£140m²) compared to York (£105 m²). Indeed, the value of office accommodation away from the town centre in York is towards the middle end of the regional market, with similar property with higher rental values in Sheffield and Bradford. It is also interesting to note that, over the five year period, where Harrogate experienced the greatest rate of increase in this type of accommodation (75%), York experienced one of the lowest (5%).

[23] Economic Contribution Of The University Of York, Submission to the Planning Inquiry for Heslington East, University of York, 2006

Factories and Warehouses

Factories and warehouses are also classified according to their size:

- Type 1 - Small starter units, 25sq.m-75sq.m. Often built in terrace layout and let on weekly terms.
- Type 2: - Nursery units, 150sq.m-200sq.m. Limited or no office content.
- Type 3 - Industrial/warehouse units, circa 500sq.m. 10% to 15% office content.
- Type 4 - Industrial/warehouse units, circa 1,000sq.m. 10% to 15% office content.

Rental values for factories and warehouses are highest in London. However, although three other regions have higher values (SE, SW and SW), current rental values are higher in Yorkshire and the Humber (£53m²) compared to the other two northern regions (NE and NW) and the Midlands (East and West). Yorkshire and the Humber was also within the top five regions across the UK that experienced the greatest rate of increase in factory and warehouse rental values. This is a reflection of increased confidence in the region and an indicator of demand from both indigenous firms and inward investors.

Regional Averages of Rental Values for Factories and Warehouses (Type 3): 2001, 2006 and % Change

	2001, £	2006, £	% Change
Inner London	81	103	27.2
Outer London	74	91	23.0
East	53	66	24.5
SE	66	81	22.7
Y&H	44	53	20.5
EM	43	50	16.3
NW	43	49	14.0
SW	51	56	9.8
WM	46	50	8.7
NE	37	40	8.1
Wales	39	41	5.1
Scotland	47	49	4.3

Source: Valuation Office Agency, Property Market Reports, Jan 2006 and Spring 2001

The table below provides more detailed information about rental values for different types of industrial sites and premises across the main towns and cities within Yorkshire and the Humber. The availability and rental value of small starter units (Type 1) is important, as this will impact upon new business seeking to set up. Here, current rental values are highest in Harrogate (£90m²), followed by York and Huddersfield and Leeds (all £70m²). Harrogate has experienced one of the highest rates of change in the rental value for small starter units (29%) within the region, whilst York has experienced a comparatively modest rate of increase (13%).

Rental values for Type 2 premises are broadly similar across the region, with Harrogate and York again towards the top end of the range. The differences between the regional locations in this context are related to rates of change, with some locations experiencing considerable increases in rental values, and others much more modest. Interestingly, Leeds and York, the region's key economic growth locations, experienced lower rates of increase in the rental value of industrial warehouses compared to other locations within the region (particularly Grimsby, Doncaster and Huddersfield).

Rental values for large warehouses (Type 4) show slightly more variation between the regional locations, but this is not considerable. They vary from £37m² at the lower end and £55m² at the higher end (Harrogate). Again, there is more variation between rates of increase in the rental values. In York, rental rates have remained static since 2001, whilst the increase in Harrogate (10%) is low compared to other regional locations. This may be due to the composition of the local economy which is skewed towards professional, knowledge based sectors that require offices, rather than whole and distribution sectors that require warehouses and industrial accommodation.

Rental Values for Type 1– 4 Units @ Jan 2006 and % Change between April 2001 and Jan 2006:

	Type 1*		Type 2		Type 3		Type 4	
	£ / m²	%ch	£ / m²	%ch	£ / m²	%ch	£ / m²	%ch
Har'gte	90	28.6	65	18.2	55	10.0	55	10.0
York	70	12.9	65	8.3	55	1.9	50	0.0
Bradford	65	-1.5	60	27.7	53	12.8	48	17.1
Hud'ed	70	27.3	65	22.6	55	27.9	50	25.0
Leeds	70	7.7	65	8.3	55	10.0	55	14.6
Donc'tr	65	35.4	60	33.3	55	37.5	50	31.6
Grimsby	62	24.0	50	22.0	47	38.2	37	32.1
Hull	65	18.2	54	25.6	45	18.4	40	25.0
Sheffield	65	30.0	60	25.0	55	22.2	50	25.0
Wakef'd	66		64		60		50	

Source: Valuation Office Agency, Property Market Reports, Jan 2006 and Spring 2001

Recent growth in the economy suggests a significant level of investment by local and inward investing businesses. Evidence from the commercial property market suggests continued confidence in the sub region, although there are concerns as to whether this can be maintained in the light of investment being made elsewhere.

Incubator Units

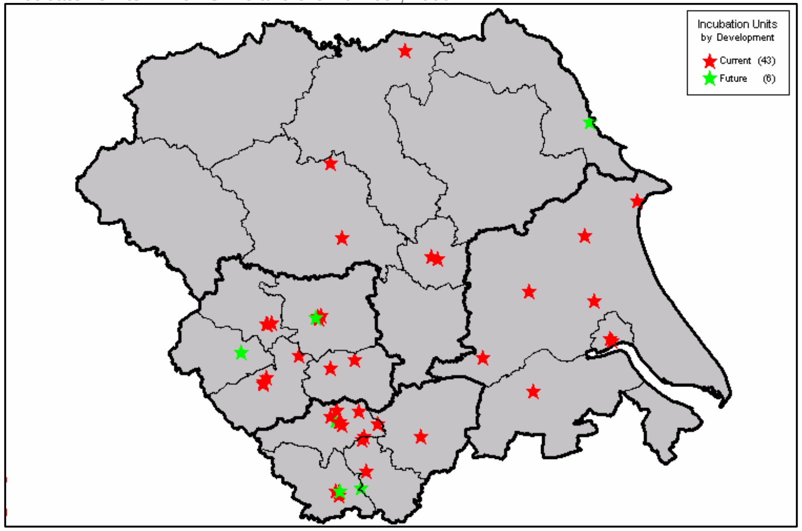
Incubator Units are a very specific type of business premises. The UKBI[24] defines incubation as:

> *"a unique and highly flexible combination of business development processes, infrastructure and people, designed to nurture and grow new and small businesses by supporting them through the early stages of development and change"*

Incubation is provided during the pre-start and start up phase, with growing companies moving on to 'grow-on' space once they are through this phase. Yorkshire Forward has recently undertaken a mapping exercise of incubator units in the region, which provides useful data on York and North Yorkshire[25].

Seven incubators, plus one future potential incubator, were identified in York and North Yorkshire, as shown in the map and table below. There are currently no incubators in Scarborough, Ryedale, Craven or Richmondshire.

Incubator Units in Yorkshire and the Humber, 2006



Source: Yorkshire Forward Enterprise Team 2006

Incubator	Location
The Fishergate Centre	
Springboard Business Centre	Stokesley, Hambleton
GSPK Corporate Services	Knaresborough, Harrogate
York Biocentre	York
York Innovation Centre	York
York IT Centre	York
Melmerby Food Grade Premises	Richmondshire
Proposed Incubator	
Scarborough Creative Industries Centre	Scarborough

Source: Incubation in Yorkshire and Humber, Yorkshire Forward Enterprise Team, July 2006

Incubators are differentiated from managed workspace through the additional support they offer to tenants, and their defined entry and exit policies, which ensure that once businesses no longer need such intensive additional support, they move out to 'grow-on' accommodation. The extent to which this is achievable is partly determined by the availability of suitable premises for new but growing businesses, particularly in a rural area such as the sub region.

The majority of the York and North Yorkshire incubators are targeted at defined sectors, which is not the case for the majority of incubators across the region. The support services provided to businesses by incubators across the region include: networking (98%), general support (93%), mentoring (88%), access to finance (83%) and sector specific support (65%).

Vacancy Rates

Vacant commercial premises can indicate an overall lack of demand for property or that local supply is not appropriate to local needs. The table below shows the vacancy rates for commercial and industrial property within York and North Yorkshire in 1998/99 and 2002/03. During the most recent period, all areas of the sub region had vacancy rates below the regional average (8%), with the highest rates in Harrogate and Scarborough (5%) and the lowest in Ryedale and Selby at 3% each. Unlike the other districts in York and North Yorkshire, Scarborough and Craven both experienced an increase in vacant property over the four period.

[24] UK Business Incubation, the UK network of incubator units
[25] Source: Incubation in Yorkshire and Humber, Yorkshire Forward Enterprise Team, July 2006

Commercial and Industrial Property Vacancies, and Change 1998/9-2002/3

	1998/1999 % of stock	2002/03 % of stock	%change
York	6	4	-33.3
Craven	3	4	33.3
Hambleton	4	4	0.0
Harrogate	5	5	0.0
Richmondshire	9	4	-55.6
Ryedale	4	3	-25.0
Scarborough	3	5	66.7
Selby	6	3	-50.0
Y&H	7	8	14.3

Source: ODPM/Neighbourhood Statistics

Demand for commercial sites and premises appears to remain strong in key parts of the sub region, with Harrogate and York maintaining their position near the top of the regional rental chart for many property types and vacancy rates below the regional average having fallen in most districts since 1998/99.

However, there are some signs that the property market in York has not risen as quickly as in other parts of the region, and there are concerns that improvements elsewhere may undermine the level of private sector interest in development in the city. This may lead to a lack of supply of appropriate property in the longer term, with potential impacts on business growth and investment.

The strong demand for premises recorded in the sub region is indicative of a healthy economy. However, it will be important that there remains sufficient premises capacity within the sub region to ensure land and premises does not act as a constraint on business growth, new business start ups or inward investment.

1.4.14 Availability and Value of Commercial (Employment) Land

The table below shows the value of industrial land across the UK. Once more, current land values are highest in the south, particularly in London, reflecting high levels of demand and limited supply. However, land values for Yorkshire and the Humber are one of the lowest in England, with only the East Midlands and North East having lower values. In terms of the rate of change since 2001, however, Yorkshire and the Humber experienced the second highest level of growth (40%). The rate of growth in the south, by contrast, has been lower with London experiencing a decline of 40%.

Regional Changes in Value of Class B1 Land[26]: Spring 2001–Jan 2006

	Typical £s per ha		%Change
	2001	2006	
North East	183,000	235,000	28.4
East Midlands	429,000	500,000	16.6
Yorkshire & Humber	397,000	557,000	40.3
North West & Merseyside	452,000	583,000	29.0
Scotland	453,000	623,000	37.5
West Midlands	750,000	639,000	-14.8
South West	650,000	760,000	16.9
Eastern	792,000	1,269,000	60.2
South East	1,663,000	1,672,000	0.5
London	3,750,000	2,138,000	-43.0

Source: Valuation Office Agency, Property Market Reports, Jan 2006 and Spring 2001

The table below shows industrial and land values at the district level within the region. There is considerable variation between areas with the highest and lowest land values, which are Harrogate and Grimsby respectively. However, land values for most of the other districts converge around £500,000, including York. The rate of change over the past five years has been remarkable, with the value of industrial land in four districts increasing by more than 100%. York, by contrast, is conspicuous because the value of industrial land in the areas has increased by modest amount.

Typical industrial and warehouse land values as at Spring 2001, Jan 2006 and % Change 2001-2006

	2001	2006	%Change
Harrogate	375,000	625,000	66.7
York	425,000	500,000	17.6
Bradford	300,000	500,000	66.7
Huddersfield	275,000	500,000	81.8
Leeds	475,000	600,000	26.3
Doncaster	230,000	500,000	117.4
Grimsby	125,000	310,000	148.0
Hull	180,000	590,000	227.8
Sheffield	250,000	500,000	100.0

Source: Valuation Office Agency, Property Market Reports, Jan 2006 and Spring 2001

Providing appropriate land for industrial and commercial development is a key element of developing strong local economies. Local authorities are required to undertake a review of the availability of employment land within their districts to inform their respective Local Development Frameworks (LDF). This section summarises the demand for and supply of employment land within each of the

[26] Class B1 is for use as an office other than for financial and professional services, for research and development of products or processes or for an industrial process which can be carried out in a residential area without detriment to the amenity of that area.

district councils in North Yorkshire, along with that for York City Council[27]. Ensuring that there is appropriate supply of land is only one element of making suitable premises and property available. Developing land for industrial and commercial use is dependent on the provision of adequate infrastructure and utilities (see RES 5).

York

Employment Projections and Forecast Demand for Employment Land

The Local Development Framework (LDF) sets out plans for the City to increase its workforce from 85,100 in 1998 to 140,100 by 2021. The distribution of this across the different economic sectors is illustrated in the table below.

York – Proposed Change in Employment Sectors 1998–2021

	1998	2021	% Change
Manufacturing	9,800	6,300	-35.7
Distribution, hotels and catering	20,100	26,400	31.3
Finance/Business services	13,800	23,000	66.7
Other Services	25,700	33,800	31.5
Construction, Transport & other Sectors	15,700	14,600	-7.0
Total	85,100	104,100	22.3

Source: City of York LDF Annual Monitoring Report 2004/05, Appendix 3

There is expected to be significant change between the employment sectors. For example, the numbers employed in manufacturing are set to decline, whilst those in Finance/Business services are set to increase greatly. The main driver behind the overall predicted increase in jobs from 1998 to 2021 is the Science City York (SCY) project. It has been estimated that of the 19,000 total increase, 15,600 will be directly generated by Science City York, with a further 3,400 will be generated indirectly by the project (through the supply chain and spend of employees).

Given the importance of the Science City York project to the City's economy, the LDF makes a distinction between Premier Employment land that is reserved primarily for businesses operating within or related to the project's clusters, as well as other B1 use, and Standard Employment Land that is for general industrial use.

The table below summarises anticipated demand per annum for both Premier and Standard Employment Sites. There is likely to be almost twice as much demand for Premier employment land compared to Standard land. Overall though, there is a need to provide for 83.6 hectares of land up to 2011.

[27] Selby and Richmondshire have not yet undertaken an Employment Land Review and so are not included in this section.

Annual Demand for Premier and Standard Employment Sites 2000–2011

Demand	Premier	Standard
Science City	2.0	1.0
Other	3.0	1.2
Total p.a.	5.0	2.6
Grand Total	55.0	28.6

Source: City of York Employment Land Monitoring Report, April 2005

Employment Land Take-up Trends

Between 1991–2005, 53.5 hectares of land was taken--up for employment purposes, with a further 9.4 hectares used specifically for car showrooms. In total, therefore, 62.97 hectares has been taken up as employment land. The annual employment land take up rate between 1995–2005 equates to 4.78 hectares of land although two years exceed this significantly. These were 1991/2000 and 2001/02 when the following large developments took place at:

- Holgate Park
- York Business Park
- University Science Park

The table below summarises the take-up of Premier and Standard employment land. Over the last two years (2003–2005), twice as much Standard employment land has been developed upon compared to Premier employment land. This is attributed to the short-term shortage of Premier employment land.

Premier and Standard Allocated Employment Land Sites

2000/2001–2004/05*	
Total Premier Land Take-up B1	11.47
Total Standard Land Take up: B1 B2 B8 B1/B8 B2/B8	12.821 7.22 0 1.85 2.611 1.14
GRAND TOTAL	24.291

* These figures are an average as there was a gap in updates between 2003 and 2005
Source: City of York Council Employment Land Monitoring Report: April 2005

The majority of take-up on Standard employment sites over the last five years has been for office use. The second most popular land use has been B1/B8 due to warehouses having been built with associated offices.

Not all allocated employment land is always developed upon. Over the last 10 years, 45 hectares of employment land has been lost to other uses, with 20% having been lost to car showrooms. Over the last two years, 10.5 hectares of unallocated employment land has been lost to housing schemes.[28] There is likely to be continued pressure for housing development in the city given the buoyancy of the housing market.

Supply of Employment Land

The table below shows that York City Council currently has a total employment land supply of nearly 90 hectares. Over 50% of this has been designated as Premier Land for B1 use (50.2 hectares). Premier land sites are further distinguished as 'out of centre' and those located in 'urban areas'. The majority of Premier land is 'out of centre' (43.7hectrres). In line with the requirements of the regional RPG, nearly 30 hectares of out of centre premier land has been identified specifically as a viable option for firms who have a choice of national and international sites to locate. A small proportion of premier land (6.5 hectares) has been designated for B1 Businesses office development only. However, a significant proportion of Premier land has already been developed upon or has existing planning applications associated with it. This lowers the actual available supply of Premier land to just over 15 hectares.

The table also shows that the availability of Standard land is over twice that for Premier land, with the majority for B1, B2 and B8 uses. This indicates that there is a shortage of land specifically for Science City York related businesses. However, the figures in the table above do not take into account the possibility of a further 25 hectares of Premier land being made available at the new 65 hectare University Campus site at Heslington. This will be reserved for industries related to Science City York. This will help towards alleviating shortage of land for SCY businesses.

Employment Land Availability in York

Available Land in City of York – April2005*	hectares
Total Premier Land Allocated for B1 Premier Land Allocations Net Premier Land for B1	50.2 34.91 15.29
Total Standard Land Available Standard Employment Land Available for B2 Standard Employment Land Available for B2, B8 Standard Employment Land Available forB1, B2, B8,	38.88 1 7.15 30.73
Total Employment Land Available	89.08
Total Net Employment Land Available	54.17

Source: City of York Employment Land Monitoring Report, April 2005

Turning to the location of available land supply, there is only a limited supply with close proximity to the city centre. There are only three sites available: one Premier for B1 use and two Standard sites for B1, B2 and B8.

The main areas of available land supply in the short to medium term are to be found on the outskirts of the urban area. This includes one Premier Land allocation of 11.7 hectares at South of Monks Cross, and several Standard employment sites totalling 29.93 hectares. Most of these are allocated for B1, B2 and B8 use. Outside the main urban area (defined by the Monitoring report as outside the A1237 / A64 ring road) several sites totalling 8 hectares, are available for B2 and B8 development.[29]

There is likely to be a shortage of Premier Land up to 2011 if the additional land of 25 hectares at the University Campus site at Heslington is not made available. If it is made available, then there should be sufficient supply to meet forecast demand. The figures seem to indicate that there is a sufficient supply of Standard land to meet the demand for non B1 employment use.

Harrogate

The review of employment land for the Borough focused on the demand and supply for sites and premises from three key sectors:

- manufacturing,
- warehouse and distribution, and
- offices.[30]

Based on forecasts for the Harrogate Borough economy, it is estimated that the area will require a net increase of floor space totalling 48,900 sq.m. up to 2021. Demand is mainly expected to originate from two sectors, first, Offices and second, Warehouse & Distribution. By contrast, manufacturing is likely to experience a reduction in floor space requirement of 46,000 sq.m. The table below translates floor space requirements into employment land requirements.

Employment Land Requirements, (ha) to 2021 in Harrogate

Sector	2005	2021	Change
Manufacturing	102.0	91.7	–10.3
Warehouse & Distribution	131.4	139.8	8.4
Office	29.6	38.2	8.6
Total	263.0	269.7	6.7

Source: Harrogate Borough: Employment Land Review (2006)

Overall, it is estimated that a minimum of 7 hectares of employment land will be required up to 2021 to support activities within the three sectors.

The study concludes that, whilst there is a sufficient quantity of employment land to meet the forecast requirements of 7 hectares for the District, there is a mismatch in the distribution of supply. In addition, when taking into account qualitative issues, this restricts availability. In particular, the study states that supply of employment should be enhanced in the Harrogate town centre and, to a lesser extent, in Boroughbridge.

The main conclusions for each employment sector can be summarised as follows:

[28] City of York Council Employment Land Monitoring Report: April 2005

[29] City of York Council Employment Land Monitoring Report: April 2005

[30] Harrogate Borough: Employment Land Review (2006)

- Forecast requirements for the office sector anticipate an increase 8.6 hectares, with the existing land supply in the Borough (exclusive of vacancies) exceeding this requirement by only 2 hectares. This supply is mainly focused in Harrogate and, to a lesser extent, in Knaresborough and Ripon.
- Forecasts requirements for warehousing are predicted to grow by 8.4 hectares. Potential supply exceeds this requirement, which is mainly to be found in Knaresborough and Ripon.
- In contrast to the above, requirements for manufacturing are set to decline by 10 hectares over the period to 2021. In basic quantitative terms, there will be a large surplus of land for this sector.

Total Land Supply in Harrogate versus Forecast Requirement to 2021, m2 (HA)

	Office	Manufacturing	Warehousing
Net Land Supply	49,785 (10.68)	53,740 (13.7)	6,9300 (15.47)
Forecast Requirement 2005–2011	60,700	–-46,000	34,200
Surplus or Deficit	–10,915 (2.08)	99,740 24.0	35,100 7.07

Source: Harrogate Borough: Employment Land Review (2006)

Whilst there is a sufficient quantity of employment land to meet the forecast requirements of 7 hectares, there is a mismatch in the distribution of supply and there are other qualitative issues which restricts availability. In particular, it appears that the supply of employment should be enhanced in the Harrogate town centre and, to a lesser extent, in Boroughbridge.

Hambleton

Take-up of employment land in Hambleton has totalled 44.13 hectares between 1991 and 2004, averaging at a rate of 3.39 hectares per annum. Over the shot-term period 1991–2004, employment land take-up has been significantly higher at 5.05 hectares per annum. This is attributed to:

- The increased prominence and accessibility of the Leeming Bar Industrial Estate, following the upgrading of the A1 to motorway and the provision of a new junction, allowing it to compete with other sites in the sub region;
- The Council's adoption of a proactive approach to bringing forward services sites in line with sub regional economic and planning policy, thereby reducing the danger of frustrated demand which cannot be met.

In recent years, the high level of demand has been evident in rising land prices, which have typically risen from £130,000 per acre to £200,000 per acre in the district. However the Economic Study notes that the increased short-term take-up rate is unsustainable over the longer term. It forecasts that, over the period to 2021, take-up will average around 4.5 hectares a year.

Turning to supply, Hambleton contains a number of established employment sites, comprising a mix of premises within B1, B2 and B8 uses. In total, there are 50 sites with 53.68 hectares of available employment land between them. (The study defines 'available' land as sites that are available until building construction has commenced, or it becomes otherwise occupied). Three of the 50 sites, totalling 6.98 hectares, are set for external storage. A further seven sites, totalling 3.70 hectares are held as expansion land for neighbouring occupiers and therefore, not generally available for development. Excluding these ten reduces current availability to 40 sites comprising 43.0 hectares. In addition, some locations include sites that are sold or under offer, but where development has not yet commenced. The impact of this on the availability of land is quantified in the table below. It also summarises the anticipated employment land requirements within each area of the district from April 2005 and April 2021 and the availability of this.

A summary of the demand and supply of employment land in Hambleton

	Reduced availability in future	Annual take-up (ha)	Land Reqrmt 2021	Shortage
Stokesley	0.66	0.5	9	8.34
Northallerton	12.05	1.25	20	7.95
Bedale	16.64	1.25	20	3.36
Thirsk	5.18	1	18	12.82
Easingwold	0.76	0.5	8	7.24
Hambleton	35.29	4.5	75	39.71

Source: Hambleton Economic Development Study, June 2005

It appears that there is a shortage of available employment land in Hambleton and that additional allocations are required, especially in Stokesley, Easingwold and Thirsk. In each of these areas, current allocations are estimated as only being able to meet demand for up to four years. In total, Hambleton requires an additional 39.71 hectares of employment land to meet forecast demand.

Ryedale

The Ryedale Employment Land Review Report notes that demand for land and premises is affected by the nature of the district, which falls into two distinct economic parts. Southern Ryedale, including Malton / Norton, the largest urban area in the district, is part of the York sub area and is strongly influenced by the York economy. Northern Ryedale is more remote and rural in nature, with activity concentrated in the market towns of Helmsley, Kirkbymoorside and Pickering.

To assess future demand, the study synthesised the Regional Employment Land Study, the Regional Econometric Model and undertook a Property Market Analysis. On this basis, it concludes that projected demand for employment land will comprise 2.8 ha (7 acres) per annum. This is summarised in the table below:

Demand for Land in Ryedale

2005 to 2008	2008 to 2016)	2016 to 2021	Total
8.4 Ha	22.4Ha	14 Ha	44.8 HA

Source: Ryedale Employment Land Review 2006

The study notes that there is a shortage of land across all sectors, but in particular, land dedicated for B1 office development and land for general employment use in B1 industrial and B2 categories. In general, all existing sites in the district and particularly those in Malton are either at full capacity or in the hands of a developer with development pending. The available supply of land up to 2021 is 43.58 hectares, suggesting that there is shortfall of 1.22 hectares. Although this seems small, the Employment Land Review included a qualitative property analysis in which property surveyors and agents of all sectors of the market were consulted. This allows a more in-depth assessment to be made of the extent to which available sites and premises meet business needs.

- The majority of industrial and office demand within Ryedale is centred on Malton.
- There is a shortage of readily available land and premises in all sectors.
- Most of the demand for sites and premises is from indigenous firms (either expansions or start-ups), rather than inward investors. However, this could be due to the limited amount of sites on offer.
- Accessibility, especially to the main road is a major factor influencing demand for property.
- There is a shortage of managed workspace across the whole of Ryedale.
- Demand for workshop and industrial size can vary, but the most popular sized units are 2,000 sq ft.
- Demand for office suites is mainly for suites that are less than 500 sq ft, although this can range up to 2,000 sq ft.
- There is a demand for, and a lack of supply of, expansion units and land for when small businesses have outgrown original sites or units. Consequently, growing companies could be lost from the area.
- Demand is mainly for freehold land and premises – i.e. owner occupation.
- Employment land faces competition from high land values for residential development.

The final part of the Review involved identifying a new portfolio of sites by carrying out a more detailed review of specific sites and their suitability in the light of the demand identified. In particular the study examined the development of an advanced engineering park, as the district already has a number of strengths in this cluster. It concluded that more general provision of employment land would provide the land necessary for the advanced engineering cluster.

The Review also noted the strong influence of the York economy on Ryedale, particularly the southern part of the district. Rising land and commercial property values in York have led to some occupiers looking at Ryedale as an alternative location, leading to higher land values in the district, which may act as a constraint on the growth of local businesses. The study concludes that the linkages to York should be exploited to the benefit of indigenous businesses, rather than Ryedale acting as an 'overspill' to the city. There is an opportunity for engineering firms in Ryedale to link into the networks being established through Science City York and the York Science Park, benefiting from the city's growing high-tech knowledge base.

Finally the Review considered the development of a technology and business park, in order to meet the growing latent demand for office space reported in the district, as well as research and development space including laboratories, light industry and high quality industrial development, such as for the advanced engineering sector discussed above. A carefully planned site could provide all these elements and land adjacent to the Eden Camp was identified as being appropriate for such a development.

In the short term, four sites were identified as priorities, totalling 12.43ha up to 2008. In the medium term, five sites comprising 13.57ha were identified, with five further sites which could come forward in the period 2016-2021 identified as long term priorities totalling 11.78ha. The proposed technology and business park is in addition to this.

> Although the overall supply of employment land in Ryedale looks to closely match forecast demand, there are a number potential pressure points including the concentration of available land in Malton, the lack of managed workspace and the lack of units available for expanding firms.

Craven

The Craven Business and Employment Needs Review[31] examined the supply and demand of employment land for the period 1991–2006. A revised study for the period up to 2021 has, to date, not been undertaken.

Supply of Employment Land in Craven

Between 1991–2006, the Local Plan allocated 30.34 hectares of employment land, mainly in and around the larger settlements of the Craven district. In addition to this, the Yorkshire Dales Local Plan (the Plan covering the Dales National Park) allocated a further 4.96 hectares of employment land from the National Park to the Craven district. This supply centred on new employment sites within or near four key service centres of Sedbergh, Hawes, Reeth and Grassington.

The 2005 Employment Study stated that of the total employment land allocated, much has now been developed. There were only 12 sites that were available – 11 of these were in Craven and 1 on the Yorkshire Dales National Park area (Grassington). In total, 7.2 hectares of land remained undeveloped. However, the study anticipated that six sites, totalling 4.18 hectares, are unlikely to be developed as a result of constraints including flood risk. Similarly, Grassington, which is situated in the National Park, totalling 4.9 hectares is also unlikely to be developed due to low demand for it.

The Study concluded that the supply of land (to 2006) was limited and did not meet modern business requirements in terms of floor space provision. In particular, the availability of suitable and developable employment land was limited in the areas showing the most demand: Skipton, South Craven and Settle.

Employment Land Take Up in Craven: 1995–2004

Between 1995–2006, 30.34 hectares of land was allocated for employment purposes. By March 2004, 23.14 hectares had been developed and 7.2 hectares remained available. From 1995 to 2000 the annual employment land take-up rate was 1.8 hectares. However, from 2000–2004, development activity increased and the take-up rate averaged 2.2 hectares. This has been attributed to large committed sites coming forward for development at Crossings Business Park in Croshills and Sowarth Fields Industrial Estate in Settle.

[31] Craven Business and Employment Needs Study (June 2005)

Demand for Employment Land in Craven:

- Geographic Demand: The 2005 Study identified demand for sites and premises to be greatest in the Skipton–Crosshills corridor with access to the A6068/A629. At the time, this was also the area experiencing the greatest shortage of available sites. Settle was the second location identified as having future demand requirements for business space.

- Demand by Business Type and Size: The 2005 Study stated there is little demand for office accommodation within Craven. Instead there is demand for the following:
  - Sites and high quality premises to accommodate small business. Alongside small business units, the Study identified demand for high quality services accommodation, such as incubator and managed workspaces. The size of accommodation varied from 400–100 sq ft for small industrial units, and 100–800 sq ft for managed and services workspace.
  - New industrial units to accommodate B1 employment uses and other industrial uses including service industries and logistics and distribution. Broad size requirements range from 10,000–30,000 sq ft.

- Gaps: The 2005 Study identified a shortage of sites and premises to meet the needs of the changing business base of the District's economy. The diversification of the area's economy from agriculture towards industry means that existing premises do not lend themselves to the requirements of new businesses.

The key issue for Craven appears to be the appropriateness of employment land provision, in terms of both its location, feasibility of development and target industrial sector, particularly given the changing needs of local businesses as the economy diversifies away from agriculture.

Scarborough

Employment Projections and Forecasted Demand for Employment Land

The Scarborough Employment Land Review[32] anticipates that there will be a 3% increase in employment across the main B1/B2/B8 sectors between 2001 and 2016. The distribution of this is shown in the table below.

Change in Employment Sectors 2006-2016

Employment Sectors	2006	2016	Change	% Change
Manufacturing	5851	5028	–823	-14
Construction	2866	3396	530	+18
Post & Communication	372	361	–11	–3
Motor vehicle sales & repair	1124	1109	–15	–1
Wholesdale	1105	1115	10	+1
Transport	883	913	30	+3
Warehousing	301	314	13	+4
Renting of machinery & equipment	89	82	–7	–8
Other business activities	3492	4202	710	+20
Other community, personal & social activities	938	1081	143	+15
Total	17021	17601	580	+3%

Source: PACEC c.f. Scarborough Employment Land Review

The forecasts in the above table show significant growth in construction, business and service activity jobs, and a sharp decline in manufacturing jobs. Based on the above forecasts, it is anticipated that demand by B1, B2 and B8 uses will be as follows:

Demand by B1, B2 and B8

	2006	2011	2016	Change 2006–2016	
B1	12.0ha	12.9ha	14.1ha	+2.1ha	+17.5%
B2	61.5ha	61.0ha	59.6ha	–1.9ha	–3.1%
B8	23.8ha	23.8ha	24.2ha	+0.5ha	+1.9%
Total	97.3ha	97.7ha	97.9ha	+0.6ha	+0.7%

Source: PACEC c.f. Scarborough Employment Land Review

Overall, the total demand for employment land is expected to increase by a marginal amount of 0.6 hectares, representing less than 1%. The majority of the demand is likely to originate from B1 use (2.1 hectares), whilst demand for B2 land is projected to decline by nearly the same amount (1.9 hectares). Demand for B8 land is likely to remain constant.

Supply of Employment Land

As shown in the table below, Scarborough has a total employment land supply of 197 hectares. However, the actual stock of B1/B2/B8 sites and premises is limited to only 98 hectares. A further 16 hectares is currently taken up by non B1/B2/B8 uses and it would appear that there is currently 79 hectares of vacant and developed land. However, there are plans to develop the vacant land is at south of the Scarborough Business Park and this should help towards adding to the stock of available and usable sites and premises.

[32] Scarborough Employment Land Review (May 2006)

Scarborough Land Supply Summary

	ha
Overall employment land	197
B1/B2/B8 employment land	98
Non B1/B2/B8 uses	16
Undeveloped, vacant or derelict land	14
Undeveloped land to the south of Scarborough Business Park	65
Unknown	3

Source: PACEC c.f. Scarborough Employment Land Review

On the basis that the vacant land at Scarborough Business Park will be developed and the site will be fully occupied, by 2016, Scarborough will have 14 hectares of vacant land and not 75 hectares. This means that it has sufficient land to meet the forecasted demand of 1 hectare.

Alongside a quantitative assessment of the supply of employment land, however, it is important to consider its quality and whether it can attract investment, development and high value economic activity. The majority of the building stock is of relatively good quality with major sites offering good accessibility and sufficient car parking space. Although this is encouraging in attracting and maintaining businesses, there are a number of sites that are in poor condition, offer poor accessibility and have insufficient car parking space. In this respect, development at Scarborough Business Park becomes even more important. In addition, the Employment Land Study recommends the need to consider the possibility of releasing further employment land, but ensuring that it is high quality and geographically located to meet the needs of modern businesses.

Safeguarding Employment Land in Scarborough

The Employment Land Study assumes that Scarborough will only have 14 hectares of available employment land by 2016. Given that there needs to be a natural level of vacant land for the market to operate effectively (10%), it becomes clear that, in practice, there is a need to safeguard existing employment from two pressures. The first is the potential loss of land to non- B1/B2/B8 uses and the second is the loss of employment land to housing developments. In recent years, employment land in Scarborough, along with other towns in the sub region, has been under pressure and threat from residential development. The Employment Land Study concludes that in the interests of sustainable economic growth, the employment land should be safeguarded from these pressures, especially sites in the town centre and rural areas.

> Whilst demand for employment land in Scarborough is not expected to increase substantially, there is a need to ensure that the supply of land is of the quality required to help the district re-structure its economy and attract the investment needed to raise income levels to the sub regional average.

1.4.15 Locational Attractiveness

The factors which are considered by businesses before deciding where to invest can be split into two categories: those affecting the running of the business, and those relating to the quality of life of those running / working in the business, which are generally assessed once the basic criteria that the business will be able to operate profitably has been established. The following analysis considers the factors which make York and North Yorkshire attractive to business investors using this approach.

York and North Yorkshire can offer a good supply of employment opportunities. Over 80% of the economically active population of working age is in employment, considerably higher than elsewhere in the region or in England as a whole. The number of jobs in the sub region has increased by almost 50,000 since the mid 1990s, at a faster rate than any other part of the region. However, many residents need to travel to take up these opportunities (see RES 5). Just under 60,000 residents of North Yorkshire travel out of their home district every day to access to employment, and just under 49,000 travel out of the county altogether. A further 6,250 travel out of York to East Riding and Leeds. The rural nature of the sub region means that many people are reliant on cars to access employment, with 31% of households in the sub region having two or more cars, compared to 26% in Yorkshire and Humber and 29% in England.

The workforce in York and North Yorkshire is well qualified compared to that in other parts of the region (see RES 3), with five local authority areas having a higher proportion of the adult population holding qualifications at level 2 than is the case in England as a whole, and four having a higher proportion of the adult population holding qualifications at levels 3 and 4 than is the case in England. However, the high employment rate, together with the low unemployment rate and low level of economic inactivity (see RES 4) means that the economy is very close to full employment. This makes it more difficult for businesses to recruit the skilled personnel they need to run their businesses, and may lead to increased wage levels.

The sub region offers a range of business premises, from rural enterprise parks, managed workspace and incubation, to urban business and science parks (for instance, there are a number of major sites under development in York due to a recent resurgence in the speculative property market), although availability and quality varies across the sub region. Office rental costs in York and Harrogate are higher than in some other parts of the region although to date there is no evidence that this is leading to any reductions in demand. The relatively low levels of vacant commercial and industrial premises compared to the rest of the region indicate continuing demand for property, but may also limit availability for new inward investors and those seeking to grow their businesses. Parts of the sub region also offer good access to national communications and transport networks, although the rural areas and the east coast are less well served, which is reflected in their more limited success in attracting inward investors (see RES 5).

Very limited data is available on supply chains within the sub region, so it is not possible to examine the extent to which business expenditure on inputs is maintained within the area. However, businesses in York and North Yorkshire are more likely than the regional average to be part of a Special Industrial Network (see RES 2), which may indicate a greater degree of general business networking, which may be attractive to inward investors. The sub region has particular strengths in a number of the regional priority clusters, including Food and Drink (with links to the sub regional agriculture industry), creative and digital (including small businesses and sole traders) and parts of the healthcare technologies cluster such as pharmaceuticals (see RES 2).

The sub region offers a number of opportunities for R&D (see RES 2). The presence of the University of York also provides a link to leading edge R&D in some sectors. Business expenditure on R&D has grown from £69m in 2000 to £104m in 2003, considerably higher than in some other parts of the region. The number of businesses with R&D links to Universities is higher than the regional average although still considerably lower than in England as a whole, with the exception of York and Ryedale. The number of intellectual property patents per head in the sub region is higher than in any of the other Yorkshire and Humber sub regions and than in the UK as a whole. Two Centres of Industrial Collaboration are located in York and North Yorkshire – the Green Chemistry CIC and the Biomaterials and Tissue Engineering CIC, which is also linked to Leeds and Sheffield Universities. The development of the knowledge based economy through initiatives such as Science City York provides a potentially conducive environment and supportive infrastructure for business formation and growth.

York and North Yorkshire also has a lot to offer potential businesses in terms of quality of life. Three of the local authority areas are ranked in the top 10% of all local authorities in England on Experian's quality of life index[33]. The sub region offers a vast number of environmental and cultural assets (see RES 5), with the natural and built environment one of its key economic assets providing an attractive living environment. The attractiveness of the sub region is demonstrated by the increase in population in recent years, as people have chosen to re-locate to York and North Yorkshire (see the Introduction and Overview). Life expectancy in the sub region is higher than the national average for both men and women[34], and the incidence of long term illness amongst the population is lower (see RES 4).

Crime levels are lower than in other parts of the region according to the York Index of Public Safety[35] which provides an estimate of the safety of an area from the household perspective. Levels of recorded crime per 1,000 population within the sub region remain low in comparison to regional and national averages. Business crime is estimated to account for 20% of volume crimes such as theft and burglary. A new Regional Business Crime Partnership has recently been established in Yorkshire and Humber to reduce crime levels by sharing information and intelligence. Crime against business can be difficult to isolate from other crimes e.g. burglary of a business may be classed as a burglary from a building other than a dwelling, but also in this category are shed break-ins, school break-ins etc. The most important prevalent crime affecting business is shoplifting. Trend analysis of shoplifting over the past two years shows that there has been a decrease in the number of shoplifting offences from 2003 to 2005 across the sub-region. Analysis of shoplifting as a percentage of total crime highlights that such offences make up 46% of York's total crime and 18% of Scarborough's total crime compared to 2% in Ryedale[36].

The education system in the sub region is amongst the best in the country, with the two LEAs ranked 14th and 27th in England in terms of GCSE results, and all but one of the local authority areas above the regional average on the same indicator. However, data recently made available by DfES on 'value added'[37] indicates that less value is added by secondary schools in the sub region than the headline performance data would suggest (see RES 3). Despite this, 94% of sixteen year olds progress into education, employment or training and A-level points scores are above the regional and England averages. Over one third of young people (35%) progress into Higher Education, above the England average (30%) and considerably higher than in any of the other Yorkshire and Humber sub regions (see RES 3).

House prices in the sub region are considerably higher than in many other parts of the region (on average 43% higher than in the region as a whole), although lower than in some parts of England. In some parts of the sub region the income: house price ratio is very high, making affordability a problem for both local people and potential new residents (see RES 6).
As noted above, most district councils have undertaken employment land reviews to inform their LDF. As part of this process, some studies have undertaken primary research either with businesses or local property agents about the area as a place to do locate or do businesses. These are summarised below, although they should be read as 'anecdotal' evidence rather necessarily reflecting the views of all businesses.

Business Perceptions in Harrogate

The Employment Land Review for Harrogate undertook a survey of businesses operating within three sectors and asked them a range of issues, including those relating availability and suitably of sites and premises. Some of the key findings are as follows:

- The major concerns of businesses within the District relate to the affordability of housing, the availability of new sites, the level of business rates and access by public transport.
- The need for more available employment sites was particularly pronounced amongst engineering businesses and amongst small / micro businesses.
- There was a strong desire from businesses that the business rate should be reduced, although for most, this would not be a strong factor determining locational choice. This is because the difference between Harrogate and York is marginal.
- Nine percent of the sample stated that one of the issues that was directly affecting their performance was existing site constraints. Across the three sectors, site constraints were highest for businesses operating in warehouses and distribution. Geographically, areas with the most shortage of sites and premises were Boroughbridge, the A1(M) corridor and Ripon.
- 68% of the respondents rated Harrogate as a very good or good place to do business and only 7% rated it as poor or very poor. The highest level of satisfaction was expressed for Knaresborough, Boroughbridge, and the Rural West.[38]

1.4.16 Inward Investment Trends

Overall levels of 'traditional' inward investment have been falling, with relatively few large scale Foreign Direct Investments (e.g. Toyota in Derbyshire) being attracted to the UK in recent years. The latest data from the European Investment Monitor[39], shows that the region attracted only 17 of the 559 FDI investments into the UK in the past year. Fourteen of the 17 were in the manufacturing sector, and the overall decline in FDI in this sector is thought to be the reason for the region's overall lack of FDI, with London and the South east attracting a bigger share of investment in modern,

[33] http://experian.global-pressoffice.com/show_docs.cfm?dtype=SU
[34] Health Profile for North Yorkshire, 2006, APHO and Department of Health, 2006
[35] http://www-users.york.ac.uk/~rab12/yips.htm
[36] Safer York Partnership, 2005
[37] Value added data measures the progress made throughout secondary school, thereby allowing more meaningful comparisons to be made between schools with intakes with different ability levels.
[38] This includes Bishop Monkton, Killinghall, Kirkby Malzeard, Lower Nidderdale, Mashamshire, Nidd Valley, Pateley Bridge, Spofforth with Lower Wharfdale, Washburn
[39] Ernst & Young, quoted in the Yorkshire Post 8th August 2006

knowledge services. Mergers and acquisitions activity in the UK by foreign companies was lower in Quarter 2 of 2006 than Quarter 1, following the acquisition of BAA by the Spanish business Ferrovial. Acquisitions of UK firms by UK firms also fell[40]. Official statistics on mergers and acquisitions activity are not available below the national level, although this can be an important source of inward investment and can bring new technology, processes and products to the existing business base.

York-england.com provides support to businesses looking to invest across the sub region, from both within and outside the UK. The table below shows the number of companies that York-england.com has supported in re-locating to the sub region since 2003/04.

Companies provided with support to re-locate to York and North Yorkshire

	Jul 03/Jun 04	Jul 04/Jun 05	Jul 05/ Jun 06	Total
Service	12	8	8	28
Professional	8	3	2	13
Manufacturing	7	3	3	13
IT/Digital	7	4	2	13
Arts and Heritage	4	2	2	8
Bio Science	3	2	2	7
Food and Drink	2	3	0	5
Rail/Engineering	1	2	2	8
Public Sector	1	2	0	3
Distribution	1	2	0	3
Other	7	6	2	15
Total	53	37	23	113
FDI	3	2	2	7

Source: York-england.com, 2006

- The largest number of companies supported are from the service sector, with professional businesses also accounting for 13 new companies.
- Manufacturing remains significant, with 13 businesses, plus eight in the rail / engineering sector.
- Many of the key clusters are represented, with 8, 7 and 5 companies from the arts and heritage, bio science and food and drink sectors respectively.

Data is also available on the enquiries made about the York area from inward investors[41]. In the six months from mid-December 2005 to mid-June 2006, York-england.com received 63 enquiries, including three from the public sector and three from overseas investors. Of these, five had been successfully converted by June 2006. Forty-two per cent came from businesses based in the rest of Yorkshire and Humber, 32% from businesses based elsewhere in the UK and 18% from businesses based within the sub region. 8% came from international businesses.

Enquirers had wide-ranging needs and sought a range of different premises including, for example:

- Financial Services Shared Service Centre
- New warehouse office space in the York area. PR company, marketing promotional
- Approx 3500 sq ft (including small office and storage area), Food grade fabrication or a unit which can be converted. Good access to motorway
- 10,000 - 11,500 sq ft Office and studio space. An element of ground floor presence is essential.

York-england.com have also been able to provide qualitative information on the reasons why inward investors choose York and North Yorkshire. The key factors mentioned by businesses include:

- Ability to run the business profitably. This is the key first requirement. Once this is satisfied a number of other factors come into play.
- Communications linkages. Including access to suppliers and markets.
- Quality of life offered by the sub region. Including residential choices and the quality of the education on offer.
- Availability of appropriate property.
- Availability of appropriate labour force. The recent tightening of the labour market has made it more difficult to attract inward investors and those who came to the sub region five years ago are finding it harder to recruit the labour they need.
- A previous link with York, including former graduates of the University.

The sub region has a great deal to offer businesses looking to invest. The quality of life and quality of place, together with the availability of land and premises and the highly skilled workforce has helped to attract many companies to York and North Yorkshire.

Recent developments, such as the tightening of the labour market, are making it harder to attract inward investors.

40 Mergers and Acquisitions Involving UK Companies, First Release, ONS, August 2006
41 Unpublished data provided by York-england.com

1.5 Other Investment and Plans

Under RES 1 the mapping exercise has identified a number of current and anticipated investments[42]. These include a number of discretionary and major investments in York and North Yorkshire such as:

- Yorkshire Forward business start-up support (£6.3m 2005-2010) and targeted export support for businesses (£0.35m 2005-2010).
- Business Link York and North Yorkshire has developed a package of Business Support activities to be delivered under five themes including Enterprise; Support for the Food Cluster; Tourism; Environment and International Trade. The package of support commenced in April 2005 and spans a three year period, with total support valued at £9m over three years.
- The sub regional Business Support scheme developed by Business Link York and North Yorkshire, which funded 13 discrete projects under a package of business support, ends in September 2006. In total the scheme was worth £4m over three years in the Objective 2 areas of the sub region.
- The development of a number of business premises across the borough in Richmondshire, Scarborough (including managed workspace and the Scarborough Business Park £9.9m 2006 and the development of complementary business units at the Moors Centre in Danby - some £900,000), Ryedale (the construction of managed workspace in Malton/Norton and Pickering – both costing £1.5m between 2007/8-2008/9 and £2.3m into Thornton Road business park 2006/7-2007/8) and York.
- Several proposed private sector developments at Scotch Corner Business Park (Richmondshire, value undisclosed), and a workspace development of speculative offices and light industrial premises Colburn Business Park (Richmondshire, £10m 2006-2009).
- The development of a business improvement project in York (£0.24m 2005-2009) establishing a city centre partnership and exploring the potential of a business improvement district.

[42] These include mainstream, discretionary and major investments were identified from a range sources including articles, reports and submissions from stakeholders. They are intended to provide a picture of every funding source and programme by paint a picture of some key relevant RDA complementary funding and investment.

1.6 Policy Implications

There are two elements to RES 1, both of which have particular importance to York and North Yorkshire. These are new starts and entrepreneurialism and inward and new investment. These are both areas in which historically the sub region has been strong.

New Starts and Entrepreneurialism

The sub region has a very high level of new starts, a very high number of businesses relative to its population and low business failure rates. It also has high levels of self employment. At the same time, earnings and GVA are lower than average and there remain some underlying weaknesses in the economy, particularly with regard to the knowledge economy. While the absolute numbers of new starts is not an issue, an important point of context is that high survival rates could reduce the entrepreneurial dynamism in sub regional and local economies, and hinder the achievement of the RES objective of stimulating enterprise. There are some policy implications with regard to the location, type and growth of new starts.

These can be summarised as:

- There is a need to increase the business base in Scarborough as part of the response to the overall poor economic performance and the forecasts which suggest that the economy will continue to under perform.
- Prioritising new starts in sectors which are a regional priority and/or are in high growth areas, under represented in the sub region. While this does not imply a picking winners approach, there is a need to re-structure the economic base towards higher value added sectors.
- The need to raise aspirations further amongst the wider community to increase the number and ambition of entrepreneurs as part of the long term process of creating a more dynamic culture of entrepreneurialism in Yorkshire and the Humber, including amongst under-represented groups such as women, BAME communities (although very small) and young people.

The Regional Economic Strategy Target for Enterprise is to increase the number of VAT registered businesses in the region by 25% by 2016. In York and North Yorkshire this would equate to an additional 7,486 businesses over the next ten years, an ambitious target given the already high number of businesses per head in the sub region and the fact that the VAT stock has increased by 2,625 over the past ten years, during a period of sustained economic growth.

On average there are approximately 2,200 new start businesses per annum, whilst the de-registration rate varies considerably. The net change in the number of businesses in the sub region has been positive every year for the past eight years, ranging from +40 in 1996 to +520 in 2003. However, to achieve the RES target, the number of VAT registered businesses in the sub region would need to increase by an average of just under 750 per annum for ten years. This would result in the sub region having a business density rate of 59.8 businesses per 1,000 adults, over 50% higher than the current England average and almost 25% higher than the current level. The only areas in England which currently have a higher business density rate are Inner and Outer London and Buckinghamshire, suggesting that this target will be difficult to achieve, and that faster growth in VAT stocks elsewhere in the region will therefore be needed to reach to RES target.

New Investment

The sub region has a strong and successful track record in attracting new and inward investment. The economic forecasts suggests that the scale of new investment may be less than in previous years, and that some sectors are still re-structuring. In the face of a possibly reducing demand and increased competition from other sub regions there is a need to ensure that a broad range of quality sites and premises are available in York and North Yorkshire.

The policy implications can be summarised as:

- York has a number of advantages for the attraction of new, substantial investment, and acts as an employment centre for a large part of rural North Yorkshire. There is a need to ensure that York has the Premium employment sites to attract the quality and scale of new investment that can help accelerate growth and assist with the restructuring of traditional industries.

- In the rural areas, the policy priority is to ensure that the supply of sites is appropriate to likely level of future demand and can support a diversified and more modern economy. This also needs to be linked and reconciled with the plans for the Market Towns.

- Scarborough faces a number of challenges and it is important that its revival is not impeded by a lack of suitable sites or premises. This said, there is a need to take account of the likely scale of future development given its relative isolation from other parts of the region.

- There is a need to safeguard some employment land from demand for housing development.

1.7 Links to other RES Objectives

The analysis presented in relation to RES 1: More Businesses That Last should not be seen in isolation. The main linkages for RES 1, focussed on enterprise and new investment, are with RES 2 competitive businesses and RES 6, stronger cities, towns and rural communities. There are also strong linkages between new and inward investment and transport infrastructure and services.

The linkages can be summarised as:

- RES 2 which supports the cluster agenda and where there is a need to stimulate growth in higher value added businesses through increasing the number of new starts. This will include Creative and Digital Industries, where many of the companies involved are new or recent starts, and building on the opportunities provided for high-tech growth through Science City York.

- RES 3, where new starts and self employment, and the skills needed to own and manage a business, will be an important strand of activity, and where the links with the education system need to be made to ensure young people benefit from enterprise activity, with the aim of creating a more entrepreneurial labour force in the future.

- Also in RES 3, where the supply of a high quality workforce will be crucial in advancing York as a location for major new investment, and the high levels of employment mean that there will be a need for up-skilling as well as attracting new people into work.

- With regard to RES 4, enterprise development and self employment in a LEGI type context will be a strand of activity targeted at certain groups, which can both help to raise levels of enterprise in deprived areas such as parts of Scarborough, and help to increase participation in the labour force. The development of social enterprise can provide an opportunity to support the economically inactive back into the labour market.

- With regard to RES 5, the availability and sustainability of development land has to be linked to sustainable locations with adequate transport infrastructure and public transport services, focussing on areas of growth but mindful of the need to provide grow-on space for growing businesses across the geography of the sub region.

- There are links to RES 6, where new starts are an important element of improving the quality and range of tourism and cultural industries. As already noted in the policy implications, new enterprise formation will play an important role in increasing business and employment opportunities in Scarborough. Creating more businesses that last will also strengthen the sub region's urban and rural areas, including the market towns. To achieve this, the plans for the major urban centres (Harrogate, York, Scarborough, Selby) and the Market Towns need to be supported by an adequate and appropriate supply of sites and premises.