Employment Land Study

Appendix 3: Economic

Baselining

July 2007

CONTENTS

1. NORTH YORKSHIRE'S COMPETITIVENESS IN A EUROPEAN CONTEXT

Background

1.1 The UK has enjoyed an unprecedented period of economic growth since emerging from the recession of the early 1990s. Its economy has been described as a “paragon of stability” by the OECD and growth in Gross Domestic Product (GDP) has been uninterrupted and less variable than the other G7 nations[1]. However in projecting forward, the UK faces a period of increasing uncertainty in which structural weaknesses will become ever more apparent in the face of growing competition from overseas. The structural weaknesses that the UK economy exhibits include low levels of labour force productivity, high levels of the workforce on incapacity benefit and a low level of innovation.

1.2 The UK economy and its regions face increasing competitive pressure for investment, labour force and productive power. According to theories of globalisation, this competitive pressure extends from trade with other developed nations as well as trade with low wage competitors such as India and China.

1.3 This is not a new story, rather it is concerned with the competitiveness of UK businesses in the face of open trade and footloose investment capital. As the Work Foundation has recently commented in their report on Knowledge City Regions, the real change that has been experienced in the last decade is concerned with the pace of economic change which has been linked to technological advancement, the extension of the market place and the application of knowledge to trading.

1.4 In response to these pressures there is a concerted EU and UK policy drive towards encouraging knowledge based industry and the competitive advantages to be gained through the application of knowledge. This process of managed economic restructuring is an essential context in considering the economic role of North Yorkshire.

1.5 In this section the importance of the knowledge economy is briefly reviewed focusing on a definition and different types of knowledge. The European Union and UK policy drivers are briefly reviewed as a context for examining North Yorkshire and its relative performance, setting the context for economic development in Selby.

1.6 A model for assessing the competitiveness of North Yorkshire is presented focusing on key indicators of the knowledge economy in addition to the existing business and labour force structure.

Importance of the Knowledge Economy

1.7 The knowledge economy is a well researched concept that has helped to shape EU and UK competitiveness policy over the last decade. In 1998 the DTI defined the knowledge economy as follows:

"…one in which the generation and the exploitation of knowledge has come to play the predominant part in the creation of wealth. It is not simply about pushing back the frontiers of knowledge; it is also about the more effective use and exploitation of all types of knowledge in all manner of economic activity."[2]

1.8 The DTI identified a series of knowledge economy drivers which can be used to understand changing industrial, investor and consumer contexts. They are:

- Development of ICT which has facilitated transfer of knowledge at an accelerated rate and increased access to knowledge on a global scale and assisted in the process of knowledge "diffusion";
- Heightened levels of investment in scientific research and business research and development has increased the stock of knowledge that is available to exploit in a commercial business context. When combined with the diffusion effects of rapid ICT assimilation, knowledge has permeated industry at a faster rate than previously experienced;
- Global competition has been facilitated by the liberalisation of trade coupled with ICT developments. This has served to increase the size and geographic extent of firm's markets for products and services. It has also necessitated a quicker assimilation of knowledge into mainstream business activity in order to realise the competitive advantages; and
- Changing consumer demand associated with rising levels of prosperity, a greater emphasis on non-essential expenditure including leisure and quality of life aspects, greater concern for environmental well being and increasing pressure on companies to

[1] Source: The Economist (online)
[2] Source: Department for Trade and Industry (1998) – "Competitiveness White Paper Technical Report"

reduce their dependency on physical resources has increased consumer demand for services and knowledge enhanced products.

1.9 In terms of the effects on the way that firms conduct their business it is apparent that knowledge can be applied and transacted in ways which secure a competitive advantage.

1.10 Distinctions can be drawn between types of knowledge and the type of competitive advantage that this knowledge confers to business:

- “Codified knowledge” – which can be easily recorded and transferred; and
- “Tacit knowledge” – which is gained over a longer period through experience and familiarity with market conditions, processes and protocols.

1.11 Tacit knowledge in a business context can provide a valuable source of competitive advantage. The DTI concluded in its 1998 White Paper that successful firms are increasingly developing niche or highly specialised roles and capabilities which are competitive within the global market place. Such businesses are realising value through the accumulation and application of tacit knowledge.

1.12 The knowledge economy is demanding businesses to change and to keep pace with changes occurring within global markets. As the DTI note, successful businesses are recognising the need to devolve higher levels of production budgets to support research and development activity.

1.13 Firms are increasingly undertaking joint venture arrangements to procure research and development and buying in specialist knowledge to add value to their own areas of business expertise. Where labour force and the tacit knowledge associated with employees is the source of a business’s competitive advantage, companies are increasingly embracing new ways of flexible working and incentivising employee productivity.

1.14 The business investment context is also rapidly evolving. A smaller proportion of company assets are tied up in physical capital and a higher proportion is intangible and knowledge based. Knowledge when coupled with advancements in ICT is an increasingly mobile and transferable commodity. The higher level of exposure to markets, contraction of product lifecycles and pace of technological development demand greater flexibility in business investment and financing.

1.15 Within the knowledge economy, the role of the public sector is one of a strategic enabler – creating the right conditions for business to flourish and providing “a framework which supports continued development of scientific and technological excellence, greater competition and a culture of enterprise and innovation"[3]. The public sector also has a critical role in assisting those areas with structural constraints which prevent access to knowledge capital and its application in business. In providing the right conditions for business to flourish, the DTI identifies the following factors as being essential:

- A stable economic backdrop
- A supportive business and social environment;
- Good access to markets, technology and finance; and
- Flexible, highly skilled and educated workforce.

1.16 It is in this context that North Yorkshire's business environment and company base will be examined and the question "how competitive is North Yorkshire in the global knowledge economy?" will be answered as a precursor to assessing the potential of the Selby economy.

EU Policy Drivers

1.17 Support for advancement of the knowledge economy was recognised and endorsed by member states at the Lisbon European Council of March 2000. This Council stated a commitment to working towards the goal of the EU economy becoming:

"the most competitive and dynamic knowledge based economy in the world, capable of sustaining economic growth with more and better jobs and social cohesion".

1.18 This commitment was reinforced at the Barcelona European Summit of 2002 at which EU Governments signed up to raising research and development expenditure to 3% of GDP by the year 2010. This commitment was made in recognition of an emerging gap in innovation terms between the EU and its economic competitors.

1.19 The conclusions of the Barcelona Summit were reiterated at the 2005 European Spring Council, with the Commission identifying "knowledge and innovation for growth" as central to the competitive development of the European economy.

1.20 In summary, there has been a strong drive from EU level compelling member states to focus resources and policy initiatives towards accomplishing an economy that is founded on research and development, knowledge and innovation.

[3] Source: DTI (1998)

UK Policy Drivers

1.21 The application of EU commitments in the UK was predated by the Governments Competitiveness White Paper issued in 1998. The White Paper focused on sectoral growth and established a clear rationale for investment to support emergence of a dynamic, post industrial economy.

1.22 Most recently UK policy has been informed by the DTI “Competing in the Knowledge Economy” report (2003) and the subsequent “Innovation Report” of 2005. The latter document represents the most up to date policy position and its content is briefly reviewed.

1.23 The Innovation Report contains 5 strands to guide implementation:

- Strand 1: Knowledge Transfer – it is stated that “more needs to be done to encourage business pull” and to facilitate the transfer of new technology from the science base to industry;
- Strand 2: Skills and the Workplace – in which the link between innovation and high performance workplaces is made apparent. The need to develop skills as a precondition of innovation is supported;
- Stand 3: Regional Innovation – in which a commitment to increasing focus on innovation as a driver of regional economic development is stated;
- Strand 4: Reglatory Framework – in which recognition is given to the importance of intellectual property rights in underpinning a return on investment (ROI) on innovation; and
- Strand 5: Small Businesses – in which due recognition is given to new entrants and growing business to the stock of innovative process and product development.

1.24 In summary, the UK policy framework supporting the knowledge economy has been established for approaching 10 years and has evolved alongside EU commitments to pursuit of sustainable economic growth. There is a recognition and support for the economic value that research and development and innovation can contribute to the national, regional and local economies. In this context the dynamism of the North Yorkshire economy will be examined.

North Yorkshire – Dynamic Knowledge Economy?

The Knowledge Economy Competitiveness Index

1.25 North Yorkshire is classified as a NUTS level 2 region within the European Union. There are 268 NUTS level 2 regions within Europe. These spatial units provide a point of comparison for considering how competitive South Yorkshire is in the global knowledge economy. Other NUTS level 2 regions within Yorkshire and the Humber are East Riding and North Lincolnshire, South Yorkshire, and West Yorkshire.

1.26 Data with which to assess the knowledge economy has been sourced from the Eurostat Statistical Office of the European Communities. Eurostat provides comparable and harmonised data across a range of socio-economic, business and innovation factors.

1.27 There are limitations associated with the data chosen to conduct the analysis. Many aspects of the knowledge economy cannot be accurately measured. The tacit knowledge that is accumulated through years of business experience and market familiarity is not easily quantified or readily comparable. In setting out an index of competitiveness, the purpose is to examine a range of indicators which signal the incidence and extent of the knowledge economy in North Yorkshire, rather than to model the interaction between different factors affecting economic performance.

1.28 The choice of indicators has been largely determined by the availability of comparative data for European regions as defined at NUTS level 2. In this respect, full use of Eurostat data has been made and in particular data supporting the Regions Statistical Yearbook 2005[4].

Knowledge Economy Indicators

1.29 The following indicators have been profiled as a proxy for knowledge based activity at North Yorkshire NUTS level 2:

- Share of high-tech manufacturing in total manufacturing;
- Share of high-tech services in total services;
- Employment in Knowledge Intensive, high tech and market services;
- Patent applications; and
- Gross Domestic Product (GDP) per inhabitant

[4] Note: The Eurostat Regions Statistical Yearbook contains data for the period 1999 to 2003 and represents the most up to date source of EU level economic intelligence at NUTS level 2

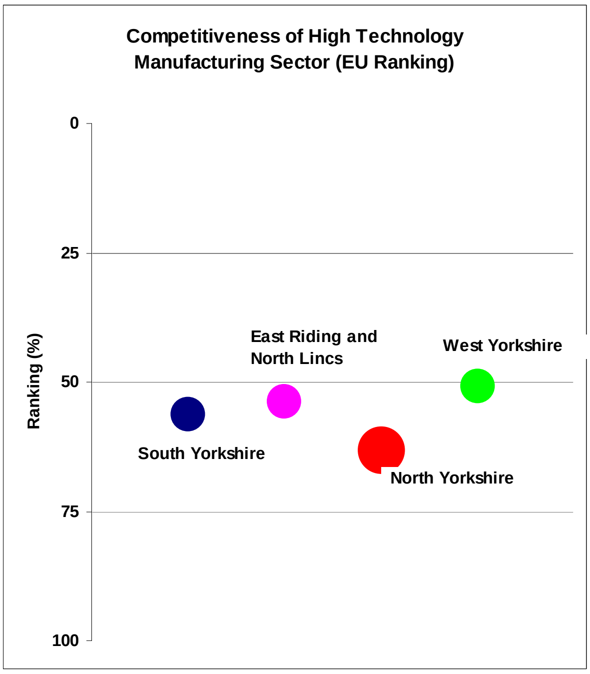
1.30 The performance of North Yorkshire is profiled against each of these indicators, drawing comparisons with other NUTS level 2 areas in Yorkshire and the Humber.

1.31 Data is presented in the form of graphs illustrating the position of North Yorkshire compared to each of the 268 comparator regions. Each region has been assigned a rank and percentage to reflect performance in the context of all comparator regions. The scale for presenting the data classifies the highest scoring region as within the 1st percentile, with regions assessed as falling within the 100th percentile being the lowest performing. Each of the knowledge economy indicators is profiled below.

Share of High-tech and Medium high-tech Manufacturing

1.32 This is a key indicator in distinguishing the relative proportion of the manufacturing workforce engaged in hi-tech activity. It is calculated on the basis of a comprehensive series of high-technology divisions of manufacturing including but not limited to:

- Pharmaceuticals, medical chemicals and botanical;
- Computers;
- Medical, optical and precision equipment; and
- Manufacture of aircraft and spacecraft.



1.33 Divisions of manufacturing industry classified as “Medium High-tech” include:

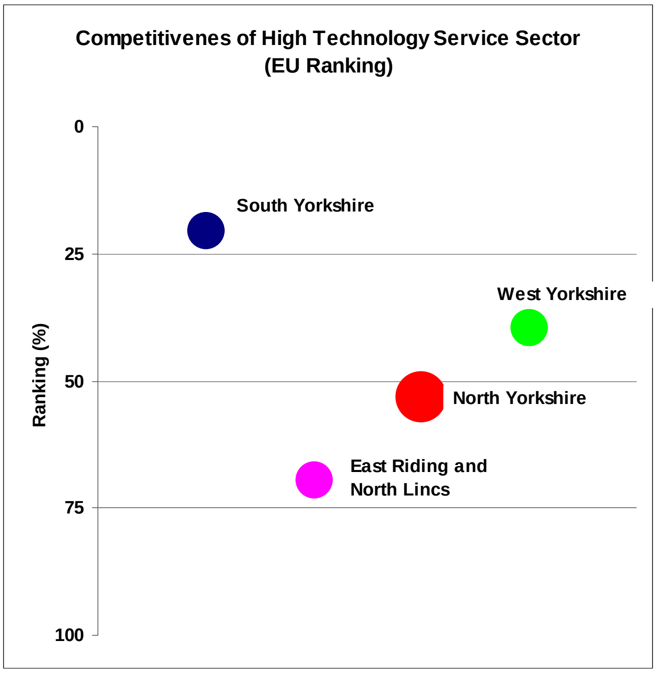
- Chemicals;
- Electronic equipment; and
- Motor vehicle, railway and other transport equipment.

1.34 The analysis suggests that **employment in high-tech sectors of manufacturing is relatively weak** with North Yorkshire registering outside the 60% most technology intensive EU regions (63%). North Yorkshire is performing just behind its regional comparators East Riding and North Lincolnshire (54%), South Yorkshire (56%) and West Yorkshire (51%).

1.35 This implies that technology is not driving the manufacturing industry in North Yorkshire in the context of the EU and more locally its regional comparators.

Share of High-Tech Services

1.36 High-tech services are defined as activities relating to: post and telecommunications; computing and computer related activities and research and development business sectors. It should be noted that this definition does exclude elements of the knowledge economy which are associated with professional and financial services to business. It is therefore a partial measure of the knowledge economy in services which is focused exclusively on technology.



1.37 The data illustrates that North Yorkshire, as in the manufacturing sector, performs outside of the 50% most competitive sub-regions in the high technology service sector (53%) above that of East Riding and North Lincolnshire (69%) but behind West Yorkshire (40%), and South Yorkshire (21%).

Employment in Knowledge Intensive, High-tech and Market Services

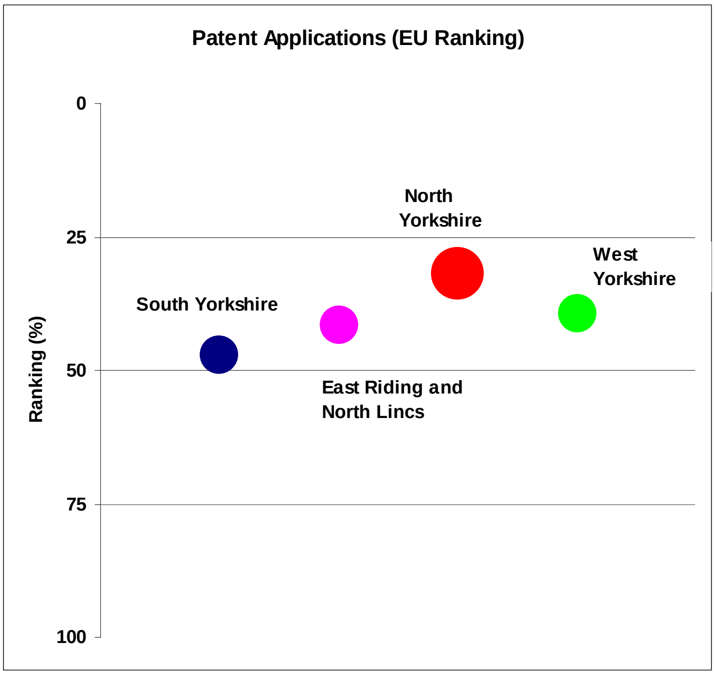
1.38 This indicator represents employment in post and telecommunications, computer based, research and development, business services, water and air based service sectors expressed as a proportion of total employment. It can be considered a key measure in understanding the extent of the knowledge economy as it examines the prevalence of employment in knowledge intense sectors.

1.39 The data illustrates a focus of employment in knowledge intensive sectors in the southern regions of the UK. Overall Eurostat data for the 268 NUTS level 2 regions also demonstrates a spatial dislocation between high-tech industrial and service sectors, suggesting the manufacturing clusters are somewhat removed from the knowledge intensive services which could potentially contribute to their own competitive advantage.

1.40 **North Yorkshire falls within the 25% most competitive regions within the EU in terms of employment in knowledge intensive services (24%)**, but outside the 50% most competitive for knowledge intensive manufacturing (69%). This trend, whilst similar to that across South Yorkshire and East Riding and North Lincolnshire, is more accentuated within North Yorkshire than across the rest of the region.

Patent Applications

1.41 Patents applications are a good indication of the creative and inventive capital within an economic area. They also provide an indication of knowledge transfer to commercial outputs. For the purpose of this exercise data is drawn from the European Patent Office (EPO) based on the inventors region of residence, rather than workplace.

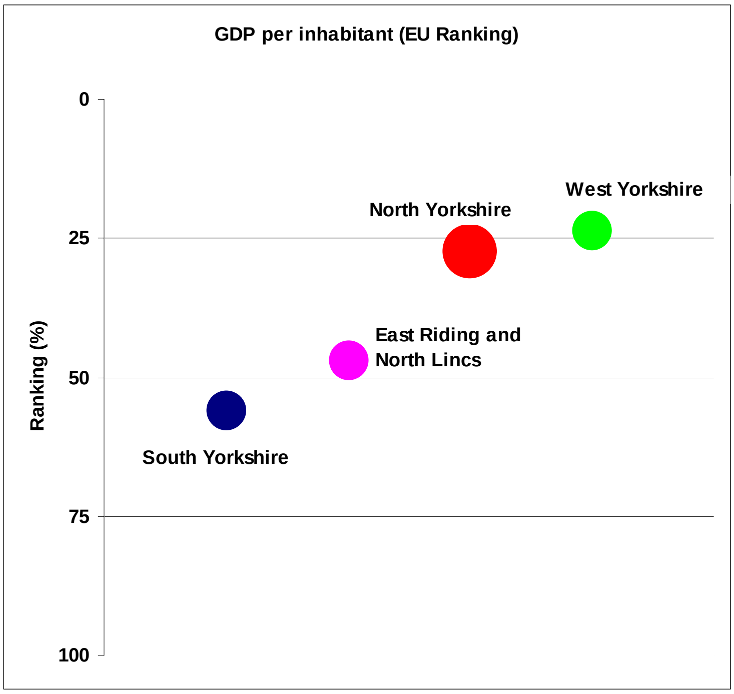


1.42 The EPO demonstrates that **North Yorkshire can be considered a highly productive patenting region – both in the European and regional context**. Indeed it falls just outside the 25% most competitive regions against the measure of patents per one million inhabitants (32%).

1.43 Significantly this is ahead of the level recorded across the three other sub-regions in Yorkshire and Humber – suggesting a significant performance.

GDP per inhabitant

1.44 Gross domestic product is a measure of productivity and value added. Higher levels of GDP are indicative of the application of knowledge and the presence of knowledge intensive industry within a region. GDP is measured per inhabitant in order to capture the value generated per capita and to isolate the effects of the different sizes (and economic capacities) of regions.



1.45 The data for North Yorkshire demonstrates that GDP levels are just outside of the 25th percentile across the EU in productivity terms (27th), just behind the performance of West Yorkshire (24th), significantly above the performance of East Riding and North Lincolnshire (47th) and South Yorkshire (56th).

Conclusions – A dynamic, knowledge based economy?

1.46 A range of factors have been considered in order to gauge the extent to which North Yorkshire's businesses and labour force are engaged in knowledge related and high technology activities. The overall frame of reference for this analysis has been that of the NUTS level 2 economic regions of the EU and specific comparisons have been drawn within the regional context. It is concluded that:

- High technology has not permeated the traditional manufacturing activity across North Yorkshire to the same extent as across the EU – with **employment within high-tech manufacturing sectors suppressed within the sub-region**.
- The **level of specialisation within the service sectors does, however, distinguish North Yorkshire from the rest of the region, and the EU** on a wider scale. This gives the sub region a strong base on which to operate at the European level, in terms of

existing businesses and employment, and developing the local economy in the future. Hand in hand with this North Yorkshire shows significant competitiveness in terms of employment in knowledge intensive services.

- Knowledge economy outputs, such as patent application and GDP, reflect the structure of the economy within North Yorkshire, and the high value-added bias towards specialised and knowledge intensive activity that prevails.

1.47 This analysis is in part skewed by the presence of York within North Yorkshire. However, it presents a real opportunity for economic development within Selby as part of this wider sub-regional competitiveness.

2. LABOUR FORCE AND ECONOMIC STRUCTURE

2.1 Having established the wider context in which Selby is located – the EU, Yorkshire and Humber, and North Yorkshire context – it is essential to consider the nature of the labour force and economic structure within Selby.

2.2 The baseline analysis presented here is supplemented by that within Section 4 which appreciates the rural economy specifically.

Population trends

2.3 Current population within Selby stands at around 75,468 people (Census, 2001), representing just 1.5% of the Yorkshire and Humber population.

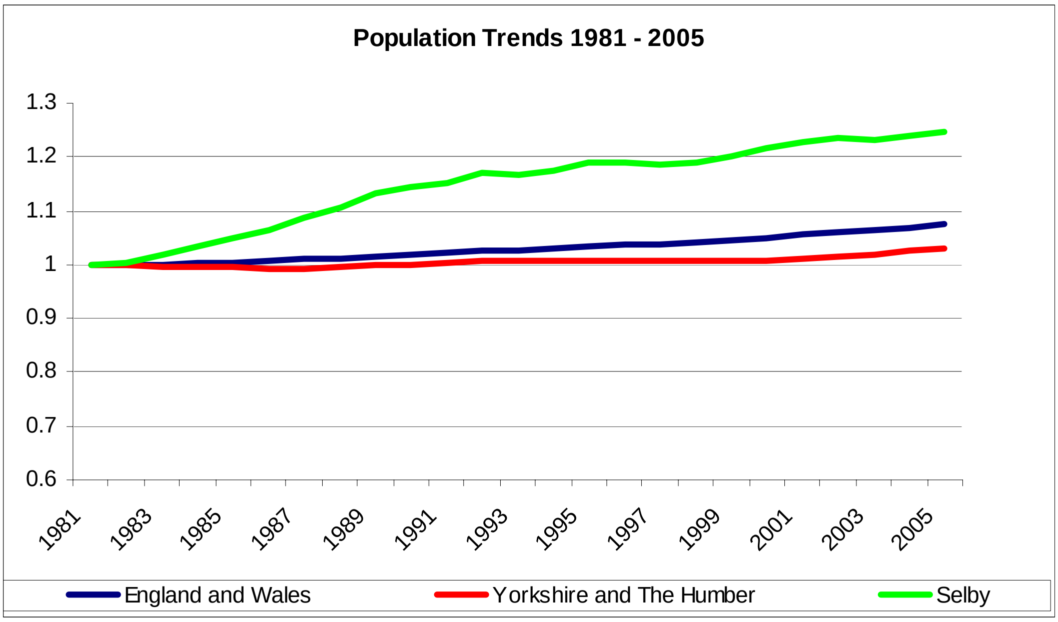
2.4 The figure below shows the annual change in population between 1981 and 2005 across Selby, in the context of Yorkshire and the Humber and England and Wales.

2.5 Significantly, whilst population grew at a steady rate across Yorkshire and Humber and England and Wales the growth was more pronounced within Selby over the period.

2.6 There was a degree of fluctuation within the growth in Selby, although it remained at a rate significantly above the wider comparators over the period. Over this period strong propensities to travel outside of the District to work saw this population growth in excess of the wider context.

2.7 This population trend sets an interesting context for understanding the economic condition of Selby. Significantly the level of population growth within the District is linked to the relative attractiveness of the area as a location to live. Key to the economic future of Selby there is a need to maximise the economic potential of this population, through retention of employment activity.

Figure A3.2.1: Population trends 1981 – 2005



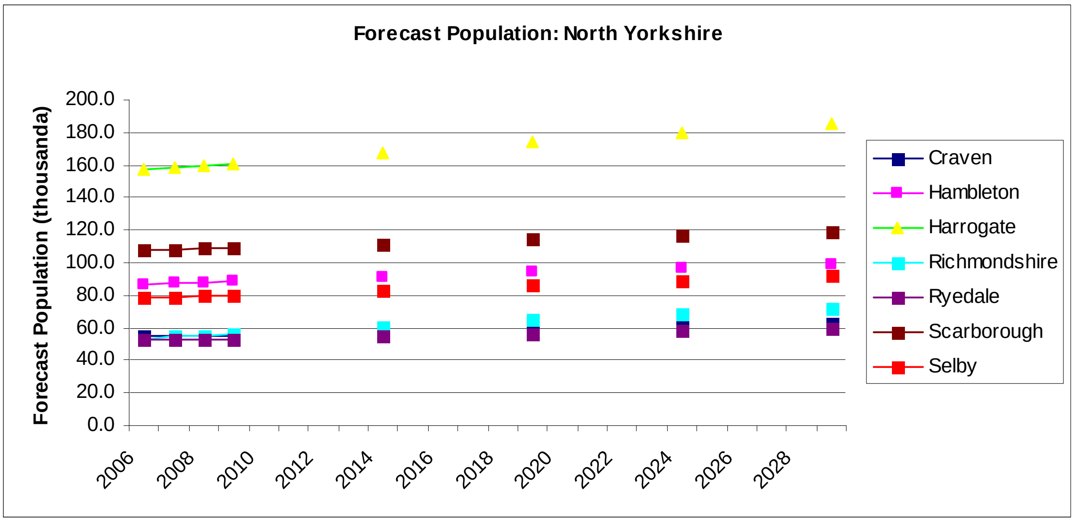
Source: ONS Mid-year population estimates, Nomis 2006

2.8 Overall, between 1981 and 2005 the Selby population grew by 25% compared to 3% across Yorkshire and the Humber and 8% across England and Wales.

2.9 The growth in population in Selby is linked to wider market forces (growth in out-commuting) and planning policy linkages – anecdotal evidence suggests that changes to previously restrictive policies saw a significant degree of residential development take place across the District.

2.10 Trend in population is a key barometer of an economy's well being and on this basis Selby appears to have a positive disposition in its wider regional and national context. The annual change in population forecast from 2007 to 2029 is shown on the figure overleaf.

Figure A3.2.2: Population projections 2007 – 2029



Source: Population projections, ONS 2007

2.11 Significantly compared to past population growth in Selby the forecast population change does not suggest a trend out of line with wider forecasts in North Yorkshire. Selby is forecast to see a 17% growth in population over the period, behind the rate in both Harrogate (18%) and Richmondshire (34%), whilst ahead of that across the other Districts. It should be noted that Richmondshire's figure is potentially skewed by the presence of Catterick Garrison.

2.12 This forecast population growth shows a healthy trend – and a positive climate for economic growth within the sub-region, but at the same time an economy which is potentially not maximising the growth potential identified on the wider sub-regional scale.

2.13 It is imperative for Selby to maximise the growth potential of this population increase. Within the remainder of this analysis the extent to which this growth is accompanied by a growth in key economic sectors, which will determine the extent to which Selby will experience productivity growth in line with its forecast population growth will be analysed.

Deprivation and a profile of Selby's workforce

2.14 The Index of Multiple Deprivation (IMD) 2004 uses a range of indicators to assess the existence of multiple deprivation down to small geographical levels, the smallest available spatial unit being the Super Output Area. The model of multiple deprivation which underpins the IMD 2004 is based on the idea of distinct dimensions of deprivation which can be recognised and measured separately.

2.15 Seven domains of deprivation make-up the IMD 2004:

- Income deprivation
- Employment deprivation
- Health deprivation and disability
- Education, skills and training deprivation
- Barriers to housing and services
- Living environment deprivation
- Crime

2.16 In order to calculate an overall Index of Multiple Deprivation these domains are combined, the weighting granted to each domain within this overall Index is indicated below.

Figure A3.2.4: IMD domain weights

Domain Weights for the IMD 2004	
Domain	Domain Weight
Income deprivation	22.5%
Employment deprivation	22.5%
Health deprivation and disability	13.5%
Education, skills and training deprivation	13.5%
Barriers to housing and services	9.3%
Crime	9.3%
Living environment deprivation	9.3%

2.17 Each of the 32,482 SOA's in England were assigned a score and a rank for the IMD 2004 as well as a separate rank for each of the seven domains.

2.18 The following text summarises the purpose and considerations of each domain, as taken from *The English Indices of Deprivation 2004: Summary (revised).*

Income Deprivation Domain

The purpose of this domain is to capture the proportion of the population experiencing income deprivation in an area.

- Adults and children in Income Support households (2001).
- Adults and children in Income Based Job Seeker Allowance households (2001).

- Adults and children in Working Families Tax Credit households whose equivalised income (excluding housing benefits) is below 60% of median before housing costs (2001).
- Adults and children in Disabled Person's Tax Credit households whose equivalised income (excluding housing benefits) is below 60% of median before housing costs (2001).
- National Asylum Support Service supported asylum seekers in England in receipt of subsistence only and accommodation support (2002).

In addition, an Income Deprivation Affecting Children Index and an Income Deprivation Affecting Older People Index were created.

Employment Deprivation Domain

This domain measures employment deprivation conceptualised as involuntary exclusion of the working age population from the world of work.

- Unemployment claimant count (JUVOS) of women aged 18-59 and men aged 18-64 averaged over 4 quarters (2001).
- Incapacity Benefit claimants women aged 18-59 and men aged 18-64 (2001).
- Severe Disablement Allowance claimants women aged 18-59 and men aged 18-64 (2001).
- Participants in New Deal for the 18-24s who are not included in the claimant count (2001).
- Participants in New Deal for 25+ who are not included in the claimant count (2001).
- Participants in New Deal for Lone Parents aged 18 and over (2001).

Health Deprivation and Disability Domain

This domain identifies areas with relatively high rates of people who die prematurely or whose quality of life is impaired by poor health or who are disabled, across the whole population.

- Years of Potential Life Lost (1997 – 2001).
- Comparative Illness and Disability Ratio (2001).
- Measures of emergency admissions to hospital (1999-2002).
- Adults under 60 suffering from mood or anxiety disorders (1997-2002).

Education, Skills and Training Deprivation Domain

This domain captures the extent of deprivation in terms of education, skills and training in a local area. The indicators fall into two sub-domains: one relating to education deprivation for children / young people in the area and one relating to lack of skills and qualifications among the working age adult population.

Sub Domain: Children / Young People

- Average points score of children at Key Stage 2 (2002).
- Average points score of children at Key Stage 3 (2002).
- Average points score of children at Key Stage 4 (2002).
- Proportion of young people *not* staying on in school or school level education above 16 (2001).
- Proportion of those aged under 21 not entering Higher Education (1999-2002).
- Secondary school absence rate (2001-2002).

Sub Domain: Skills

- Proportions of working age adults (aged 25-54) in the area with no or low qualifications (2001).

Barriers to Housing and Services Domain

The purpose of this Domain is to measure barriers to housing and key local services. The indicators fall into two sub-domains: ‘geographical barriers’ and ‘wider barriers’ which also includes issues relating to *access* to housing, such as affordability.

Sub Domain: Wider Barriers

- Household overcrowding (2001).
- LA level percentage of households for whom a decision on their application for assistance under the homeless provisions of housing legislation has been made, assigned to SOAs (2002).
- Difficulty of Access to owner-occupation (2002).

Sub Domain: Geographical Barriers

- Road distance to GP premises (2003).

- Road distance to a supermarket or convenience store (2002).
- Road distance to a primary school (2001-2002).
- Road distance to a Post Office (2003).

Crime Domain

This Domain measures the incidence of recorded crime of four major crime themes, representing the occurrence of personal and material victimisation at a small area level.

- Burglary (4 recorded crime offence types, April 2002 – March 2003).
- Theft (5 recorded crime offence types, April 2002-March 2003, constrained to CDRP level).
- Criminal damage (10 recorded crime offence types, April 2002-March 2003).
- Violence (14 recorded crime offence types, April 2002-March 2003).

The Living Environment Deprivation Domain

This Domain focuses on deprivation with respect to the characteristics of the living environment. It comprises two sub-domains: the ‘indoors’ living environment which measures the quality of housing and the ‘outdoors’ living environment which contains two measures about air quality and road traffic accidents.

Sub Domain: The ‘indoors’ living environment

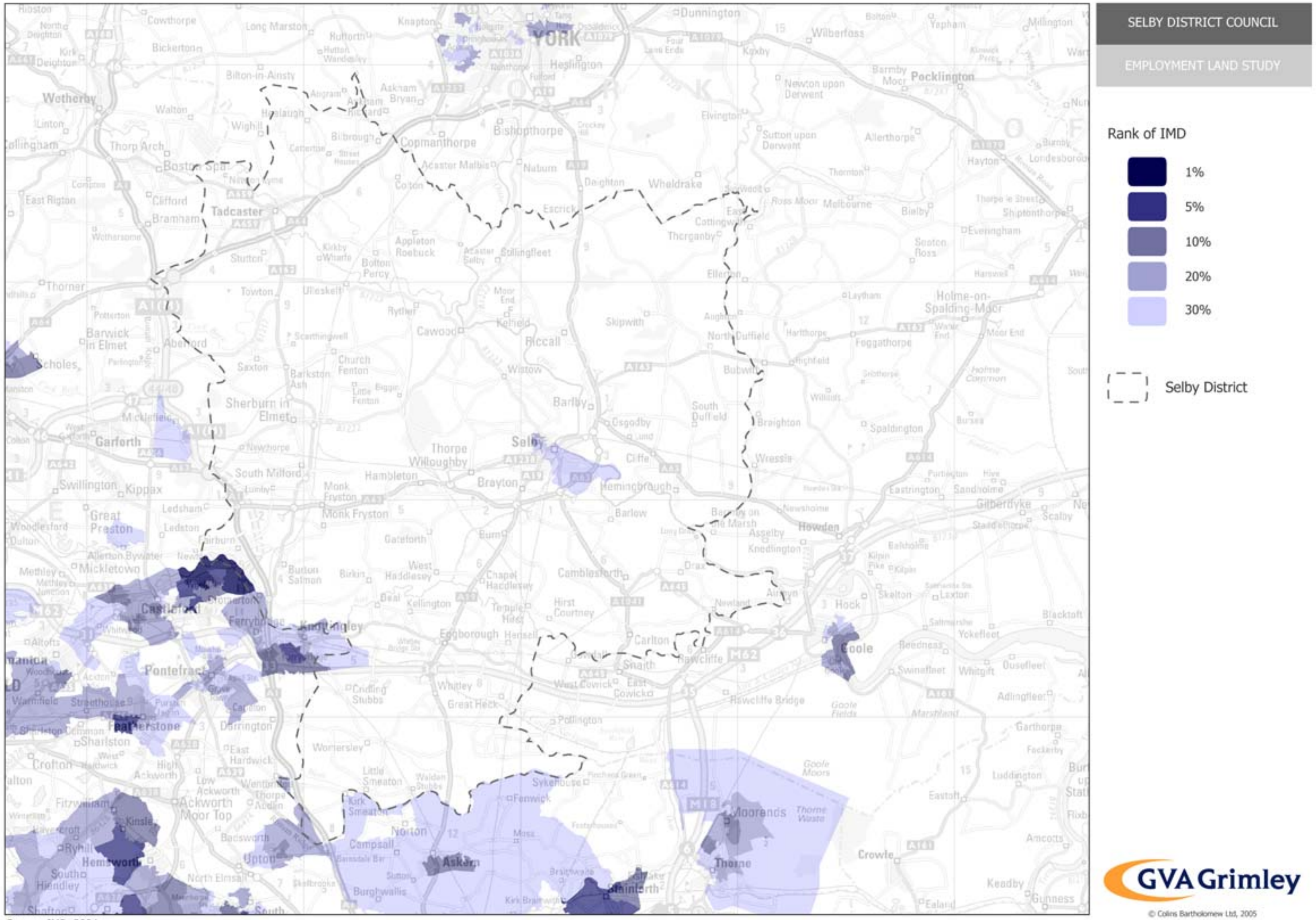
- Social and private housing in poor condition (2001).
- Houses without central heating (2001).

Sub Domain: The ‘outdoors’ living environment

- Air quality (2001).
- Road traffic accidents involving injury to pedestrians and cyclists (2000-2002).

2.19 Plan 1 overleaf illustrates overall deprivation levels across SOAs within Selby.

Figure A3.2.5: Index of Multiple Deprivation



Source: IMD, 2004

2.20 Clearly the majority of Selby does not face significant multiple deprivation. That which is identified is concentrated in Selby town (within the 30% most deprived nationally). This analysis supports the identification of Selby as a Renaissance town.

2.21 Separate analysis is made for each of the domains making up the composite IMD indicator in order to understand any underlying deprivation across Selby.

Income deprivation

2.22 There is no evidence of widespread income deprivation across Selby. There is however a concentration of relative deprivation around Selby town, covering the area of East Common and beyond (between the 5% and 10% most deprived areas nationally) and out towards Church Fenton (within 30% most deprived areas nationally).

Employment deprivation

2.23 As with the income domain, there is very little evidence of employment related deprivation across Selby district. A relatively minor concentration is identified at Selby town (within 1% most deprived), with concentrations outside of the district generally reflecting those of income previously mentioned.

Health and disability

2.24 The only identified presence of health and disability deprivation within Selby district is linked to that outside of the district around Ferrybridge / Knottingley.

Education, skills and training

2.25 Concentrations of education, skills and training deprivation are identified around Selby town beyond Church Fenton (within 20% most deprived) and to the east at East Common towards Hemmingbrough (between 20% and 30% most deprived) and to a lesser extent at Sherburn in Elmet. Generally the workforce resident within Selby district is acknowledged to have above average qualifications, reflected in this domain.

Barriers to housing and services

2.26 Of all the domains included within the IMD, the incidence of deprivation related to housing and services is most significant for Selby. Importantly however it remains generally less severe than in other adjacent areas such as Thorne. This deprivation identified in Selby is likely to reflect the affordability levels within the housing market – a direct result of the highly mobile /

skilled / qualified workforce who commute to adjacent settlements for work, but live in the predominantly rural Selby.

2.27 It is also pertinent to acknowledge that access to services is known to be more difficult in rural areas.

2.28 The highest housing and services related deprivation in Selby is identified around the settlements of Bilbrough, Colton, Appleton Roebuck, and Bolton Percy, and Hersall, Whitley, and Great Heck (within 5% most deprived).

Crime

2.29 The only crime related deprivation identified across Selby district is around the Selby town area (ranging between 1% and 20% most deprived). This is in part associated with town-centre activity and related crime (business crime, car parking etc).

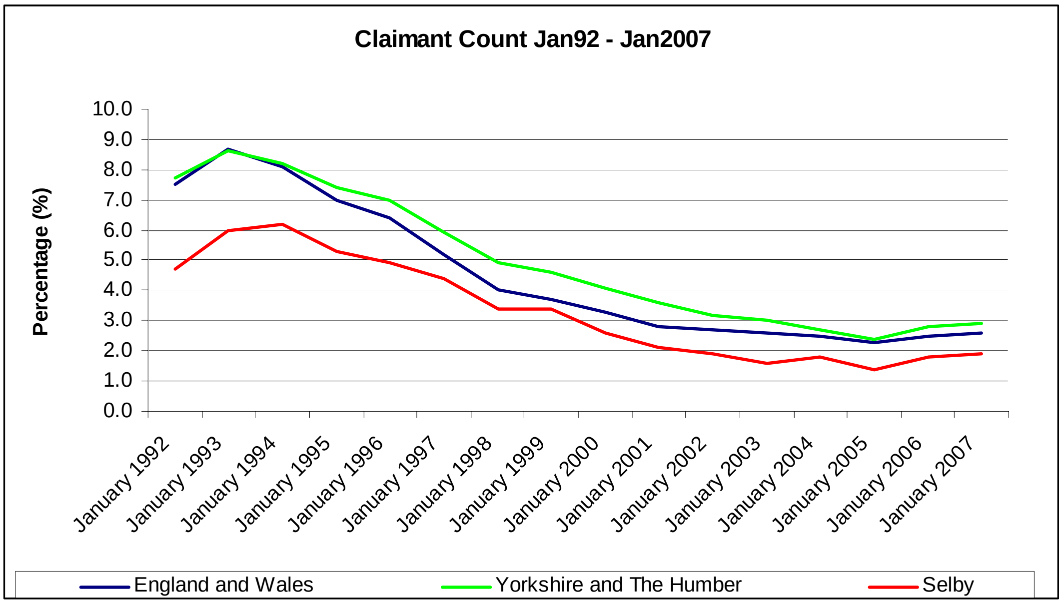
The living environment

2.30 Minor deprivation related to the living environment is identified at Selby town, and to the north of Tadcaster (within the 30% most deprived nationally).

Selby labour market and business trends

2.31 Unemployment in the UK has declined at an unprecedented rate since the last serious recession in the 1990s. The figure below charts annual unemployment rate change across Selby compared to Yorkshire and the Humber and England and Wales.

Figure A3.2.6: Unemployment trends (Claimant Count)



Source: ONS, 2007

2.32 The unemployment rate within Selby, as measured by the claimant count has mirrored that of the wider Yorkshire and Humber and England and Wales comparators. Importantly however the rate within Selby has remained below that of the regional and national averages, albeit with the gap between the local and wider comparators reducing by January 2007.

2.33 Significantly with regards this reducing gap, and therefore potential erosion of Selby's labour force strength (in resident based unemployment terms), the claimant rate in Selby reduced by 2.8% between 1992 and 2007, compared to 4.9% across England and Wales and 4.8% across Yorkshire and the Humber.

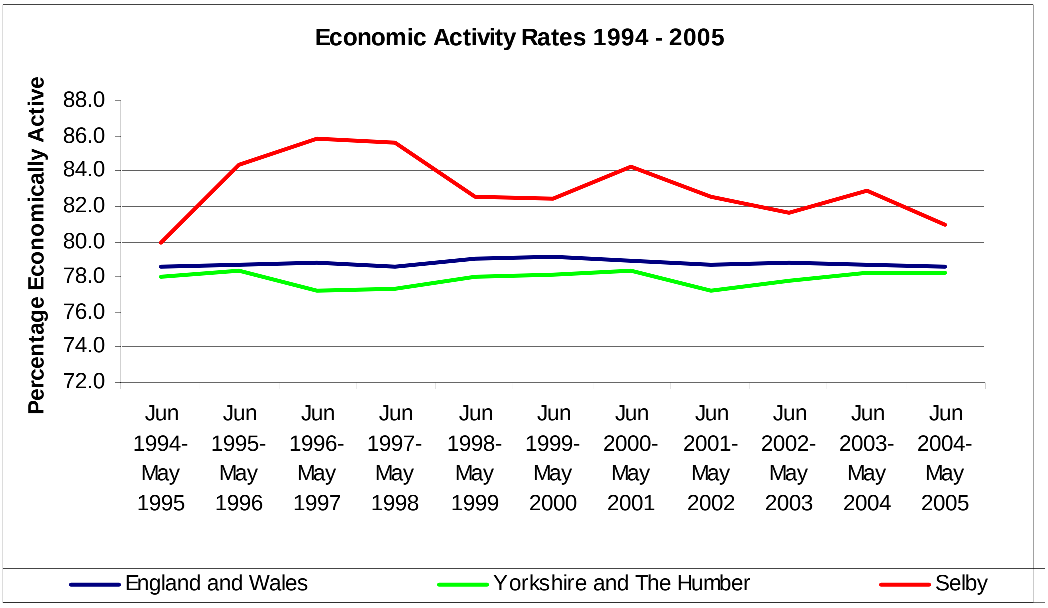
2.34 The figure overleaf shows the nature of economic activity across Selby.

2.35 Whilst the rate shows a significant degree of fluctuation over the period, it remained above that found across Yorkshire and the Humber and England and Wales. At its peak the economic activity rate was 86% (1996-1997), with a 1% increase over the period 1994 to 2005.

2.36 This reflects the early analysis of unemployment, which showed rates below those of the wider comparators.

2.37 Importantly this analysis does not indicate the 'level' of employment / economic activity, and therefore the wider value of employment and activity, within Selby.

Figure A3.2.7: Economic activity

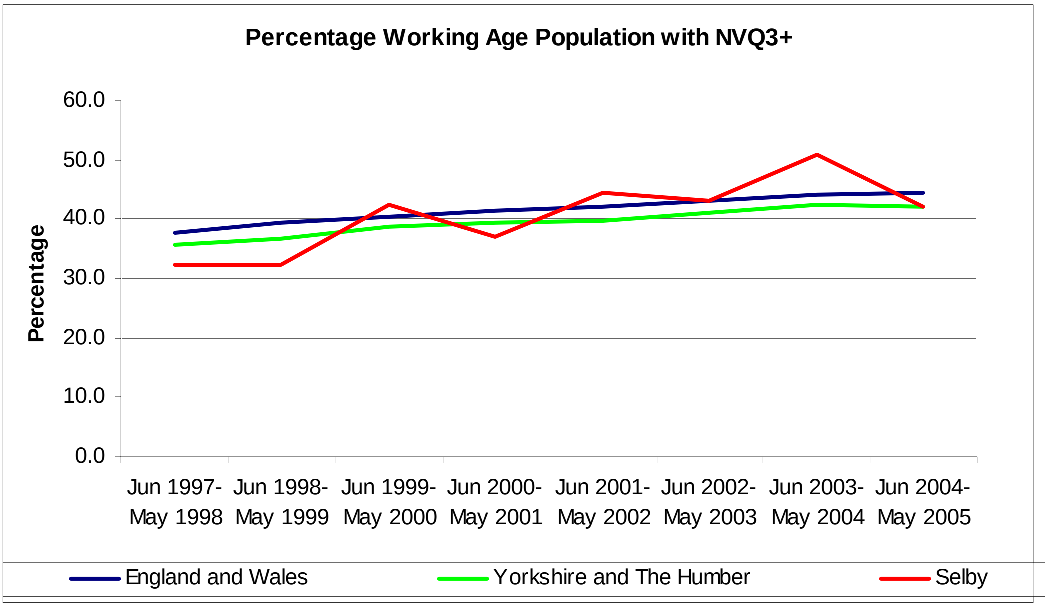


Source: Labour Force Survey, 2006

2.38 The figure below gives reason to suggest that the increase in economic activity is being matched in part with an 'up-skilling' in the labour market – a strong trend setting a significant context for future economic growth potential in Selby. This refers not least to the districts ability to attract growth sectors.

2.39 The figure shows the proportion of the working age population in Selby with a qualification equivalent to NVQ3+ compared to Yorkshire and Humber and England and Wales.

Figure A3.2.8: Working age population with NVQ3+ 1997 – 2006



Source: Labour Force Survey, 2006

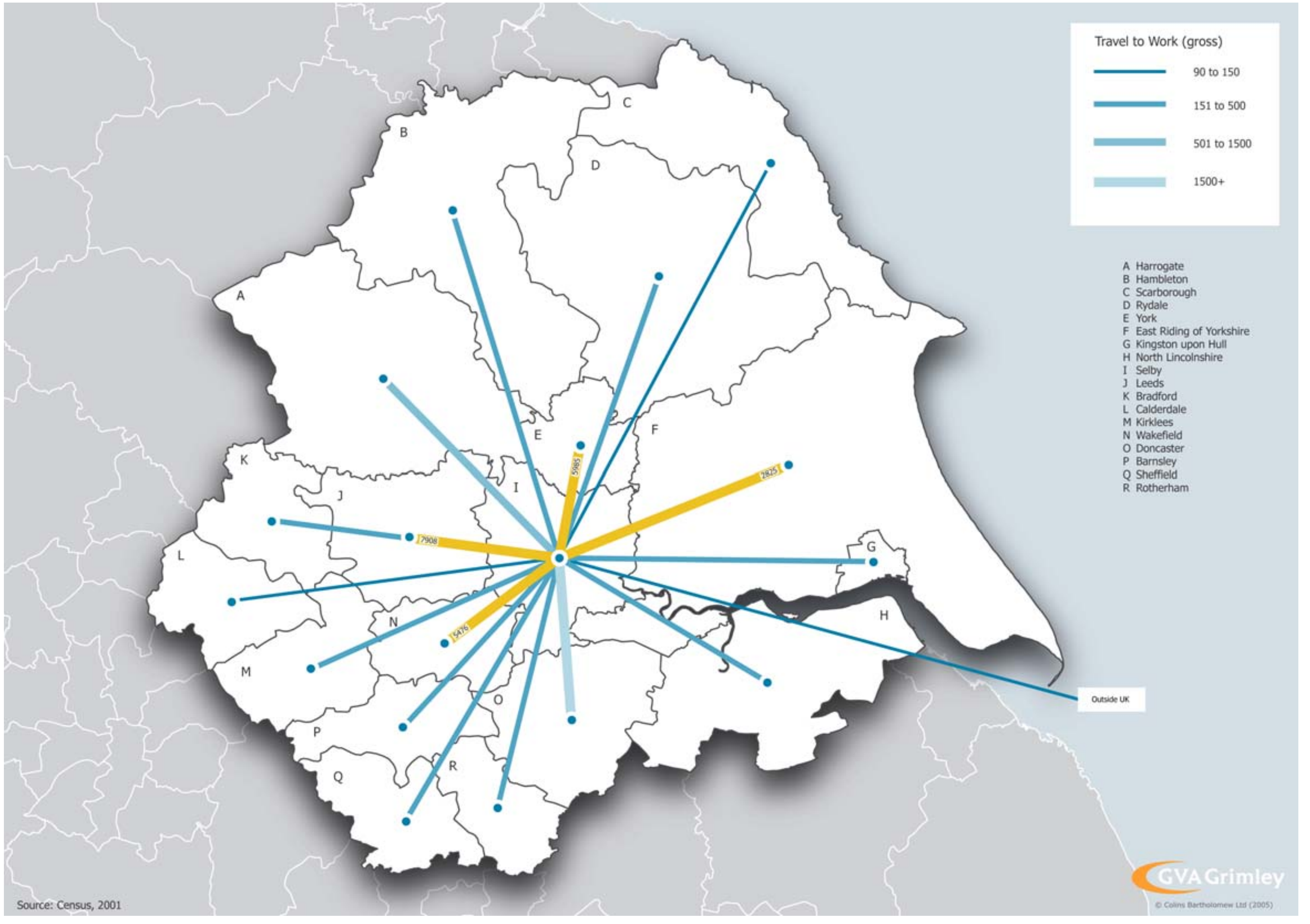
2.40 Selby can be seen to have undergone a period of 'catching-up' in qualifications levels over the period shown, occasionally outperforming its wider comparators (1999 to 2000, 2001 to 2002, and 2003 to 2004) although dipping back to a level in line in 2004 to 2005.

2.41 This suggests a definite trend in 'up-skilling' in the local labour force, from a position behind its wider comparators in 1997 to 1998 to one in line with Yorkshire and Humber by May 2005.

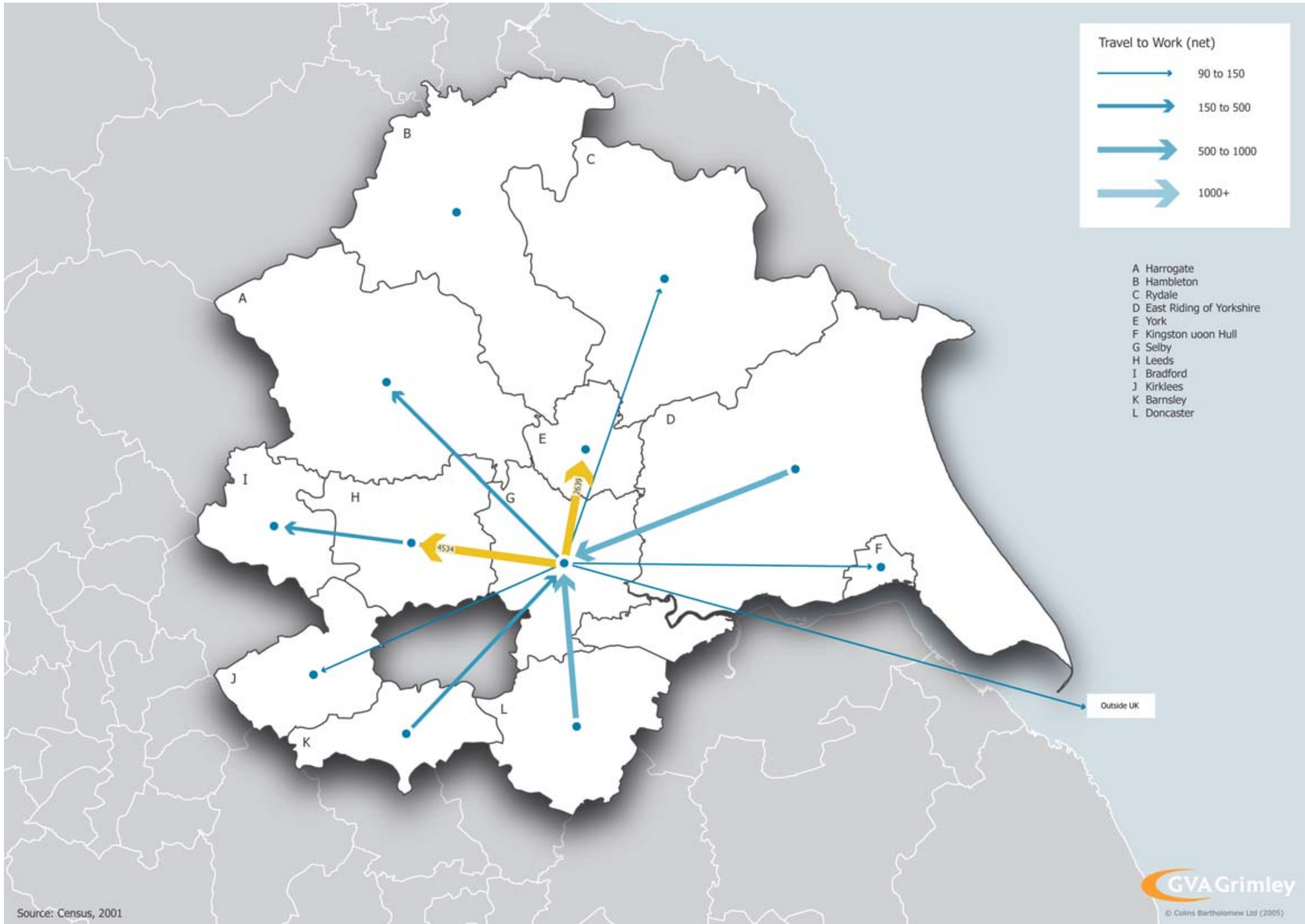
2.42 An important question relating to these economic activity and qualification trends is the extent to which this 'higher-grade' activity is retained within Selby.

2.43 Figures A3.2.9 and A3.2.10 overleaf illustrate gross and net travel to work patterns for Selby.

Figure A3.2.9: Gross Travel to Work Patterns



A3.2.10: Net Travel to Work Patterns



Source: Census, 2001

Figure A3.2.11: Travel to work (from Selby to..)

	Gross	Net
Outside UK	107	-107
Scarborough	113	3
Calderdale	124	-42
Rotherham	164	58
Sheffield	176	-10
North Lincolnshire	192	-10
Kingston upon Hull, City of	230	-112
Ryedale	287	-105
Kirklees	346	-94
Hambleton	362	-98
Bradford	419	-161
Barnsley	495	297
Harrogate	838	-242
Doncaster	1682	868
East Riding of Yorkshire	2825	539
Wakefield	5476	-66
York	5985	-2639
Leeds	7908	-4534

Source: xx

2.44 From this analysis it is possible to identify distinct travel to work relationships – linking Selby predominantly to York and Leeds (gross out-commuting of 5,985 and 7,908 respectively, net out-commuting of –2,639 and –4,534 respectively).

2.45 The fact that those who earn more have a higher propensity to travel to work would support the assumption that this workforce is highly qualified, and accessing 'higher-grade' employment in these adjacent settlements.

2.46 This is further evidenced in the table below, which shows average earnings in Selby, both workplace and resident based, compared to Yorkshire and the Humber and England and Wales.

2.47 Clearly over the period shown earnings of residents within Selby grew beyond those employed within the District, compared to a much closer relationship between resident and workplace earnings across Yorkshire and the Humber and England and Wales.

Figure A3.2.12: Full time gross earnings (median)

	Selby		Yorkshire and the Humber		England and Wales	
	Workplace (£)	Resident (£)	Workplace (£)	Resident (£)	Workplace (£)	Resident (£)
2002	400	399	360	360	394	395
2003	399	415	396	376	408	409
2004	438	430	389	392	423	423
2005	427	446	399	400	434	435
2006	416	458	412	415	450	452

Source: Annual Survey of Hours and Earnings, 2006

2.48 The above comparison further evidences the 'leakage' of economic activity outside of Selby. This net-exporting of higher value activity through commuting is a significant threat to the local economy within the District.

2.49 The table below illustrates the occupation split within Selby, compared to Yorkshire and the Humber, as measured by the Census in 2001. The location quotient in the final column measures the concentration of occupations in Selby compared to Yorkshire and the Humber. The following classifications apply:

- Under representation (low concentration) <1
- Over representation (high concentration) >1

Figure A3.2.13: Occupation split

				Location Quotient Analysis	
	Selby	Yorkshire and The Humber	England and Wales	S/YH	S/EW
Managers and senior officials	15.8	13.3	15.1	1.19	1.05
Professional occupations	9.3	9.7	11.2	0.97	0.84
Associate professional and technical occupations	11.9	12.5	13.8	0.96	0.87
Administrative and secretarial occupations	12.3	12.3	13.3	1.00	0.92
Skilled trades occupations	13.0	12.7	11.6	1.02	1.11
Personal service occupations	6.6	7.3	6.9	0.91	0.96
Sales and customer service occupations	7.6	8.4	7.7	0.90	0.99
Process; plant and machine operatives	11.1	10.4	8.5	1.07	1.30
Elementary occupations	12.4	13.7	11.9	0.91	1.04

Source: Census, 2001

2.50 Selby shows concentrations of occupation of those resident within three key areas when compared to Yorkshire and the Humber and England and Wales: managers and senior officials linked to the trends towards out-commuting, and therefore not resulting in high levels of value-added / high value activity within the District, skilled trades occupations, and process; plant and machine operatives.

2.51 This suggests the dichotomy within the labour force of Selby – those that are qualified but working outside of the District, and those that are less so, remaining in Selby for work within in part skilled-trades, but also process; plant and machine operative occupations.

2.52 The challenge for the Selby economy is retain more of the higher value employment within the District.

Figure A3.2.14: Employment by industry

	Selby	Yorkshire and The Humber	England and Wales
Agriculture; hunting; forestry	4.1	1.6	1.5
Fishing	0.0	0.0	0.0
Mining & quarrying	2.1	0.4	0.3
Manufacturing	15.8	17.4	15.0
Electricity; gas and water supply	2.1	0.8	0.7
Construction	7.1	7.0	6.8
Wholesale & retail trade; repair of motor vehicles	17.6	17.9	16.8
Hotels and catering	4.7	5.0	4.8
Transport storage and communication	6.1	6.3	7.0
Financial intermediation	3.8	4.1	4.7
Real estate; renting and business activities	10.7	9.9	13.0
Public administration and defence	4.9	5.5	5.7
Education	7.2	8.1	7.8
Health and social work	9.1	11.6	10.8
Other	4.7	4.5	5.2

Source: Census, 2001

2.53 The figure above shows employment by industry as recorded by the Census in 2001, with the figure below illustrating the change in VAT registered stock within Selby compared to Yorkshire and the Humber between 1994 and 2004.

Figure A3.2.15: Change in VAT registered stock

	Selby	Yorkshire and the Humber	England and Wales
Agriculture; Forestry and fishing	-10.6	-13.8	-13.3
Mining and quarrying; Electricity, gas and water supply	-100	-18.5	-4.1
Manufacturing	22.6	-4.7	-8
Construction	25	14.4	15.6
Wholesale, retail and repairs	-3.4	-10.3	-7.6
Hotels and restaurants	0	15.5	21.5
Transport, storage and communication	20	11.2	14.6
Financial intermediation	100	35.8	22.4
Real estate, renting and business activity	95.4	69.6	67.6
Public administration; Other community, social and personal services	14.3	2.3	9.1
Education; health and social work	16.7	4.3	12.4

Source: Office for National Statistics, 2007

2.54 The business structure within Selby remains significantly skewed towards ‘lower grade’ activity – with the District bucking regional and national trends in employment and VAT registrations in agriculture and manufacturing.

2.55 The most significant losses in Selby, in light of the regional and national trends presented, has been the reduction in Mining and quarrying etc, which is skewed by the low base and actually represents a loss of 5 registered companies.

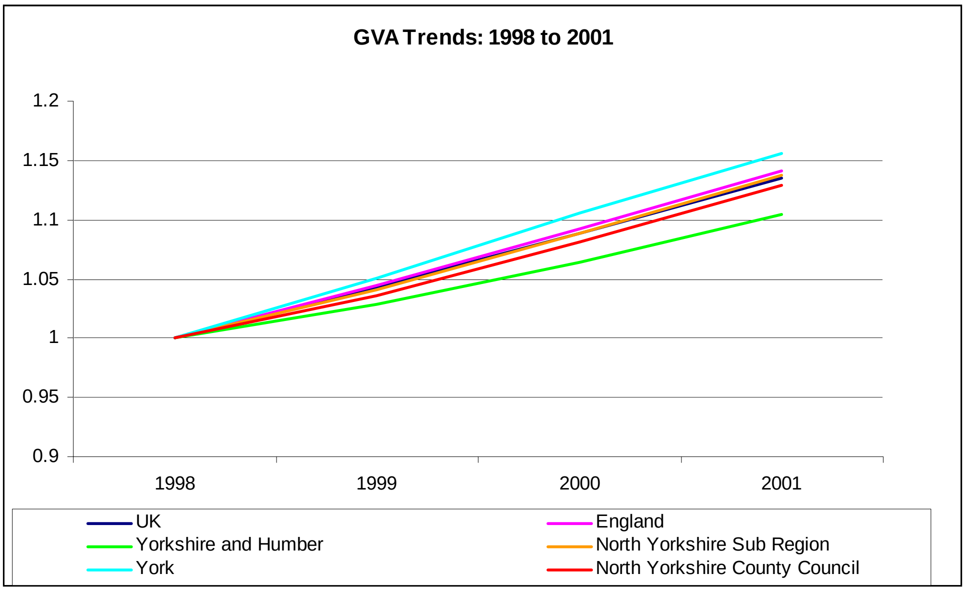
2.56 The most significant growth recorded at District level was in Financial intermediation, although this again shows a skewed result as a result of a low base, with the growth recorded as an increase from 10 to 20 VAT registered companies.

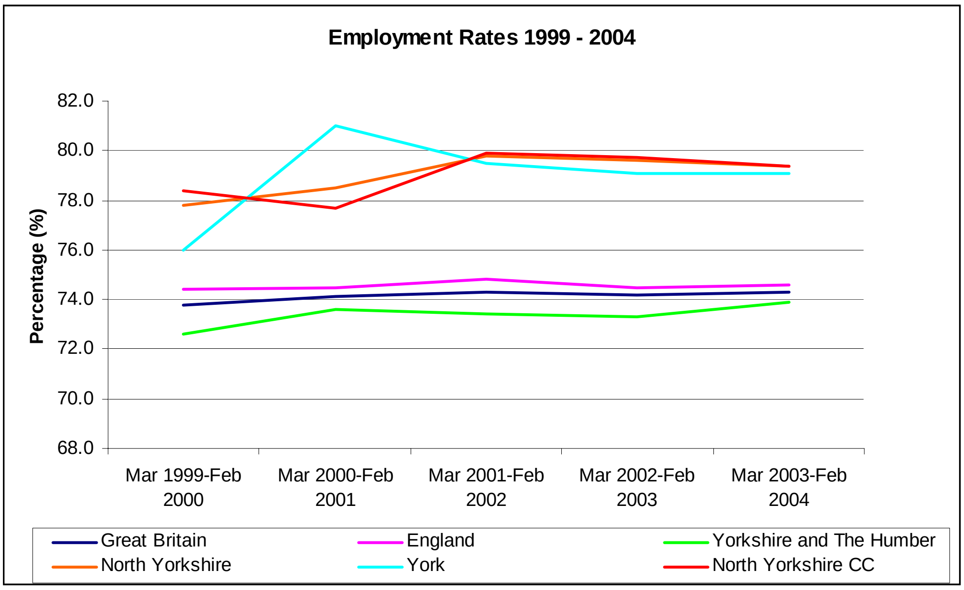
2.57 In sector terms Selby shows strong trends in a number of key areas, showing growth exceeding that of the wider comparators. This refers specifically to growth in manufacturing, which could potentially result in higher-value added manufacturing activity and Real estate, renting and business activity.

Employment and GVA analysis

2.58 Total GVA in North Yorkshire County stood at an estimated £6.74bn in 2001, representing 69% of GVA across North Yorkshire sub-region with York accounting for 31% of GVA. This represents just £11,882 GVA per head in North Yorkshire County compared to £16,833 in York.

Figure A3.2.16: GVA and employment trends (North Yorkshire)





Source: ONS, 2004

2.59 The GVA growth in North Yorkshire County NUTs level 3 area was not matched in extent by a growth in employment over the period analysed, suggesting a degree of upskilling within the area. This suggests a significant strengthening in the economy in the wider context presented.