The Economy

planourfuture

A Local Development Framework Issues and Options Consultation Paper

November 2009

RICHMONDSHIRE
DISTRICT COUNCIL
working for a better future

Foreword

What will your town or village be like by 2026? It's not an easy question, but it is one that we need to try and answer with your help. Richmondshire's Local Development framework (LDF) will help shape future development across all parts of the District outside of the National Park. This includes Richmond, Leyburn, Catterick Garrison and the villages to the north and south. The National Park Authority is responsible for development in the rest of Richmondshire.

The LDF will be a set of policy documents that shape an overall direction for development in these places. These policies will help determine future planning applications for, amongst other things, housing, economic or green energy developments, once the LDF is adopted. Before we can write these policies we must understand local conditions. We need to find out about where people live and work and how they travel. We also need to recognise the sensitivity of the local environment and our local heritage to development.

This consultation report is one in a series of ten:

1. Achieving Sustainable Communities - Settlement Hierarchy
2. Achieving Sustainable Communities in the Central Area
3. Achieving Sustainable Communities in Lower Wensleydale
4. Achieving Sustainable Communities in the A66 North Richmondshire Area.
5. Scale and Distribution of Development
6. Economy
7. Environmental Assets
8. Housing
9. Infrastructure
10. Climate Change

Each report asks a series of questions about issues we need to debate. For example, how should we treat small villages in terms of development? Or how should Richmond and Catterick Garrison grow? You can make detailed responses to any of the questions using the on-line form on our website or by writing to us using the contacts below. Or simply get in touch with us to talk about the LDF.

Please ask if you would like this document in a different format or language.

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1. Introduction

1.1 This is a consultation paper on our local Economy, designed to guide the preparation of the Local Development Framework (LDF). It concerns decisions on what needs to happen, and where, to create a sustainable economy that offers opportunity for people to both live and work in the Richmondshire LDF plan area (ie. that part of Richmondshire outside the National Park). This will link to the parallel spatial consultation papers by considering how to channel economic investment for the right balance of businesses (for economic output) and jobs (for revenue and affordability) to create the most sustainable future for local communities.

2. Key Features of the Economy in the Plan Area

2.1 The Economy is fundamental to achieving a sustainable community. The Prosperous Community Strategy, produced by the Council in June 2009, provides a major element of the context for this paper. It recognises prevalent and emerging economic conditions, and outlines plans to develop sustainable opportunities for investment, business growth, labour availability and innovation. The key features of the economy are:

- Richmondshire has the lowest GDP in North Yorkshire.
- Two sectors dominate employment - Distribution, hotels and Restaurants and Public Admin, education and Health, which indicates a strong tourism and Ministry of Defence (MOD) influence.
- There is disparity in access to employment opportunities, labour supply and connectivity (road/broadband/mobile 'phone coverage).
- Most employment sites are at, or close to capacity, thereby limiting growth opportunities.
- The economic 'base' of the plan area is dominated by service sectors reliant on consumer spending, which makes them vulnerable to change (such as the recession), and with limited capacity for growth (hence low output/GDP levels).
- Tourism as a dominant sector is plateauing with emphasis on day visitors, and there is inadequate provision for the 'night time' economy to encourage spend after 5pm.
- Richmondshire has low unemployment and high levels of economic activity, however wages are low and there are higher than average number of residents who work part time or are self employed.
- Low wage levels impact on housing affordability, and many local people work outside the District to the Tees Valley area in order to access wider employment opportunities.
- Whilst the District has a good record of business start ups and survival much of these are small businesses with fewer than 10 employees.
- Business owners are also ageing and there a fewer younger enterprise entering the market to sustain new business growth in the future.
- There are no Universities in the District, only local university hubs, hence very low business links to universities (critical for innovation and growth) with a high 'brain drain' of skilled, highly qualified people outside the District.
- The evidence suggests that whilst the District offers the benefits of a beautiful rural setting, excellent quality of life and low crime, it is currently not economically sustainable as it has become harder to both live and work in the District.

Figure 1: The Prosperous Communities Strategy SWOT analysis

Strengths

1. Low unemployment and high economically active workforce
2. Lowest unemployment in all North Yorkshire even during economic downturn.
3. Excellent tourism offer and quality of life
4. Low manufacturing base and strong public sector occupations has slowed the impact of economic downturn on the economy
5. Excellent potential for renewable energy generation to support low carbon economy

Weaknesses

1. Lowest GDP and GVA in North Yorkshire
2. Lower wages than regional and national average income levels
3. Dominance of tourism and administration sectors stifle wage levels
4. NVQ qualifications level 4 and above are less than regional average - possibly due to lack of FE/HE institutions
5. Low VAT registrations suggests limited business growth and development
6. Sparse Rural nature of District can be a barrier to provision of appropriate infrastructure for economic growth

Opportunities

1. Predicted economic growth, due partly to Garrison extension, is higher than other Districts
2. Increasing employment in cultural industries
3. Lowest GVA per head (contribution individuals make to the economy) in North Yorkshire - but expected to rise towards 2015
4. More part-time than fulltime employment suggest it might be possible to increase full-time employment in line with higher wage levels
5. Low VAT de-registrations suggest a plateau-economy, and/or a prevalence of ‘lifestyle’ businesses
6. Emerging businesses sectors such as ‘food and drink’ have potential to increase employment if aligned with tourism industry

Threats

1. No universities in Richmondshire. Poor access to HE/FE creates “brain drain” of young people that may never return
2. Sparse rural area creates barriers to accessing services. Reliance on car for transport to work and services impacts on carbon footprint
3. Reducing employment in agricultural sector
4. There is a predicted decrease in the level of consumer spending nationally/globally during the recession/downturn which may impact on tourism revenue
5. Lack of Housing affordability has an impact on economic performance - it is becoming increasingly harder to live and work within Richmondshire
6. Uncertain outlook on global economic downturn

2.2 There is currently 51.3 ha of employment land remaining across Richmondshire including the National Park (Source: Employment Land review 2006) with 48.4 ha in the Plan area. Of this, 60% of the available land is located in Colburn/Catterick but a significant proportion of this land is under pressure for residential development.

2.3 There exist five formal business Parks and Industrial Estates in the plan area, located in Richmond, Catterick, Colburn and Leyburn, which are at or near to capacity:

- Gallowfields Trading Estate, Richmond
- Colburn Business Park, Colburn
- Walkerville Trading Estate, Colburn,
- Gatherly Road Industrial Estate, Brompton-on-Swale
- Leyburn Business Park

2.4 There are also several rural office conversions located in the periphery of these towns that have offered employment provision in rural locations (for example Aske Hall, Sedbury stables and Harelands).

2.5 Larger scale and more industrial uses (B2, B8) tend to be located in the Catterick/Colburn and Richmond area within larger areas of employment land with close proximity to the A1/A66 interchange, although smaller light industrial uses is also located in smaller settlements. B1 office developments have appeared in all employment land allocations throughout the Plan area though there has been more emphasis on developing creative business space in recent years (Innovate managed workspace for example).

2.6 Of the allocated employment land that remains undeveloped in the Plan Area (48.4 ha), which is principally in Catterick/Colburn and Richmond area, constraints are primarily linked to land assembly, land ownership, commercial viability and access limitations.

Issue 1: key Economy Features of the Plan area

E1
Is there anything else that needs to be included in the economy description?

E2
Does the description above reflect the scale and type of the employment land features in the area?

3. Main Policy Influences

3.1 The following help to provide a policy context for our discussion about the Economy of the Plan Area:

- Yorkshire and Humber Regional Spatial Strategy (RSS)
- Richmondshire Sustainable Communities Strategy 2009-2025 (SCS)
- Regional Economic Strategy 2006-2015 (RES)
- Visitor economy strategy 2008-2013
- Economic Impact of the military in North Yorkshire (to be published)
- Richmondshire Employment Land Review 2006
- Richmondshire Swale Valley Community Initiative Strategic Framework Refresh 2009
- Lower Wensleydale Study for Leyburn and Middleham 2009

Regional Spatial Strategy (RSS)

3.2 The RSS seeks to achieve a more robust and diverse economy which supports the role of identified Principal Service Centres (which include Richmond, jointly with Catterick Garrison). In the Richmondshire case, the RSS indicates that the designation builds on the potential benefits of a growing Catterick Garrison and maximises the potential contribution of small scale economic uses. The RSS states that development at Catterick Garrison may help reduce development pressure at Richmond, thereby indicating that the Garrison expansion is an opportunity to create employment and widen service provision. The Yorkshire and Humber RSS encourages a degree of 'protection' to support the strategy for the Tees Valley area in the adjacent North East RSS, in terms of economy and investment, so efforts should be made to ensure that the development of Richmondshire's economy does not adversely impact beyond its borders into the Tees Valley area and undermine activities there.

3.3 For the more rural parts of the plan area, the RSS states that rural areas should foster diversification, including tourist and sport-related development, and encourage creative, diverse and low impact enterprises which provide employment opportunities and contribute to meeting local need. A managed approach should be adopted to provide some new job opportunities mainly in Local Service Centres (which include Leyburn) to assist in promoting long term economic and social sustainability. However new infrastructure that increases general road capacity should not be pursued in remoter rural parts on the Plan Area

Richmondshire Sustainable Community Strategy 2009-2025 (SCS)

3.4 The Richmondshire SCS expects that the main area for the employment activities in the District will be in the central area of Catterick Garrison and Richmond, with limited development in the Lower Wensleydale area and a stronger focus on safeguarding environmental assets. The Lower Wensleydale area is seen as a visitor 'gateway' to the Dales and the National Park, with tourism as a strong economic driver. Hence the strategy here is to safeguard the service provided by smaller local settlements, without encouraging wider growth in investment and adverse environmental impact. Nevertheless, the SCS would like to see investment in better transport and connectivity in key corridors, which would help to reduce barriers to employment and trade between the central area and the rest of the District.

Regional Economic Strategy 2006-15

3.5 The RES has a vision for Yorkshire to become "a great place to live, work and do business, that fully benefits from a prosperous and sustainable economy", a vision reflected in sub-regional and District strategies including the Prosperous Communities Strategy. The RES has 6 objectives:

- More businesses that last
- Competitive businesses
- Skilled people - benefiting business
- Connecting people to good jobs
- Transport, innovation and environment
- Stronger cities, towns and rural communities

3.6 The RES promotes 'rural renaissance' of market towns (though this is limited to Richmond and Catterick Garrison in Richmondshire) and focuses on clusters of themed activity such as Digital Industries, which are not identified specifically in Richmondshire. For rural areas there is more focus on cultural themes as an economic driver linked to tourism including heritage, outdoor adventure, creative industries development, and events and festivals.

Visitor Economy Strategy 2008-13

3.7 The Visitor Economy Strategy 2008-13 (a sister strategy to the RES) aims to grow the value of the visitor economy by 5% per annum. Whilst the tourism sector is a dominant economy in Richmondshire, it is primarily represented by day visits, rather than overnight stays that generate more income. The average age of visitors is over 50 years and the rate of growth in numbers and spend has plateaued. The VES is seeking to open new markets and improve the tourism product to increase its market share of visitors.

Richmond Swale Valley Community Initiative Framework Refresh 2009

3.8 The Richmondshire Swale Valley Community Initiative Strategic Framework Refresh 2009 (currently in draft) is likely to recommend that diversifying the economy and attracting new business is a key priority, together with seeking greater engagement and collaboration between Richmond and Catterick. There is a focus on increasing the tourism offer in Richmond and moving towards more creative industries including the evening economy. There is however an emphasis on conserving and expanding the 'green' fringes of Richmond, which could reduce the capacity for the town to grow economically with new land and premises.

MOD Economic Impact report 2009

3.9 The Economic impact of the military in North Yorkshire 2009 (to be published - provisional findings provided only) is likely to confirm that of the 14,700 staff in North Yorkshire, Catterick Garrison employs the most military staff (56%) and civilian staff (47%). The report estimates that over 4,000 partners/spouses are employed in the local labour market and provide an additional boost to GVA

3.10 If Catterick Garrison were to expand the MOD does not anticipate any changes to procurement patterns and procedures that would open up more opportunities for local businesses in particular. Procurement will continue on a large scale, national basis for efficiency and value for money. Therefore there would be a limited impact on high street businesses - rather there may be some smaller supply-chain/sub contracting opportunities only.

Lower Wensleydale Study for Middleham and Leyburn 2009

3.11 The Lower Wensleydale Study for Middleham and Leyburn 2009 (currently in draft form) is expected to conclude that Lower Wensleydale has significant outward commuting from the rural area, by mainly higher-skilled individuals. It has significant self-employment in agricultural and construction sectors and a high proportion of employment in the tourism sector, much of it part time. Infrastructure ambitions recommended in the report to help create a sustainable economy include mobile phone and Broadband coverage, car parking facilities, railway improvements, protection for retail and hospitality sectors through planning powers, and development of arts and workshop space for creative industries.

3.12 Whilst the Lower Wensleydale area can be seen as a travel to work area it is on the periphery of the Tees Valley City Region. It is located beyond the immediate 'sphere of influence' of the A1/A66 road networks, and relies on tourism and local service provision as a primary income generator. The existing business park is at capacity with no further employment land available for development.

3.13 The Yorkshire Dales LDF is under development by the National Park Authority, although the employment related policies are not expected to be reviewed until after 2009. Hence this paper acknowledges the links to the National Park but is unable to comment in detail on the National Park policies.

Wensleydale Railway Socio-Economic Study 2009

3.14 The Wensleydale Railway that operates currently between Leeming and Leyburn has aspirations to expand into Aysgarth in the west, and connect to the main line at Northallerton to the east of the District. The Wensleydale Socio Economic Study draft report 2009 (Wensleydale Railway PLC) is likely to conclude that the extension of the line will bring 'economic benefits' in the form of jobs associated with construction and operation, and in opening up access to remoter rural communities.

Issue 2: Main Policy influences

E3
Is there anything else that needs to be taken into account in terms of the Policy context?

4. Economic Issues

4.1 The LDF can respond to the issues raised in the portrait and policy context set out in sections 2 and 3 in a number of ways, which include:

- Directing the distribution of employment land to allow future sustainability of businesses to increase the number and output of businesses
- Identifying the location of future housing supply, including affordable housing, to help create an available labour supply near to employment opportunities
- Making decisions on which commercial centres will be the focus of growth to help guide economic investment for both night and day time economies
- Helping to preserve and develop the tourism offer as an income generator whilst also protecting environmental and historic assets and supporting the National Park's sustainability ambitions
- Reducing barriers to employment and training by making decisions on the future scope for employment/training infrastructure in the more rural areas of the plan area.
- Identifying the key economic drivers for the plan area in terms of commercial centres and assets to guide future employment and investment planning opportunities.

4.2 For the LDF, the range of decisions which need to be taken can be considered most easily under three broad headings, which will now be addressed in turn:

- the scale of employment land required
- distribution of employment development
- future employment structure - sector and type

Scale of Employment Land

4.3 The Richmondshire Employment Land Review 2006 (ELR) states that there are 48.4ha of employment land remaining in the Richmondshire LDF plan area. Of this, 60% of the available land is located in the Garrison area but a significant proportion of this land is under pressure for residential development.

4.4 The ELR suggests that there is a requirement for an additional net area of employment land between 8.66 ha and 12.06 ha for the plan area to 2021. This means that all of the existing employment land supply plus additional land is required to deliver the Plan area's future employment needs.

4.5 The Employment Land Review suggests that B1a (Office) and B1b (Research and Development) uses will be the fastest growing sector, which is predicted to increase by 21% by 2021. Additional employment land of between 2.35ha and 3.52 ha is suggested for this use over the plan area.

4.6 Industrial use (class B1c/B2) is expected to increase at a slower rate of 7%. Between 1.92ha and 2.89 ha for Industrial use is suggested to be required for this classification over the plan area.

4.7 Distribution (B8) is expected to increase by 1% by 2021, requiring a suggested additional employment land allocation of between 1.51ha and 2.26ha.

4.8 Employment in non B class uses (those that do not require employment land) such as hotels and catering, public administration and defence is predicted to increase by 12% to 2021.

Issue 3: Scale of employment land

E4
How much employment land should the Core Strategy provide for in the Plan area?

E5
Are the employment land use area figures in the Employment Land Study the appropriate scale of provision to make for B1, B2 and B8 uses?

Distribution of Employment Development

4.9 Between 2006 and 2016, most of the plan area's future jobs growth is linked to the predicted expansion of Catterick Garrison. The extent of Catterick Garrison expansion in the ELR was based on between 4 and 6 additional military units, suggesting a need for between 2.3ha and 3.4ha of additional employment land in this area.

4.10 This issue is considered in the 'Scale and Distribution of development' paper options, and in the Sustainable Settlement Hierarchy paper. The four spatial consultation papers have developed the concept of a sustainable hierarchy of settlements in the plan area, and explained the proposal to sub-divide the plan area into three Sub-areas for individual consideration. Both the hierarchy and the Sub-areas provide a basis (or "set of building blocks") for developing a strategy for the distribution of development.

4.11 RSS advises that the top tier of the proposed hierarchy (the joint Principal Town of Richmond and Catterick Garrison) should be "the main focus for housing, employment. Shopping, leisure, education, health and cultural activities and facilities", while lower order Local Service Centres like Leyburn should have "an appropriate scale of…employment opportunities to meet local needs".

4.12 The ELR considers that the majority of current employment land supply in Richmond, Brompton on Swale and Leyburn is more suited to the location and expansion of local and regional businesses, for which there is a steady demand, particularly for small workshops. Meanwhile Colburn has the potential to be a prestige employment area and a key location for new businesses wishing to align with the Garrison and take advantage of improved strategic connections (such as the A1 upgrade).

4.13 The ELR also states that the Scotch Corner allocation is well placed to take advantage of the A1 corridor for viable warehousing and distribution uses. However it is unlikely to bring a significant contribution to the employment offer in Richmondshire as it is more likely to serve the Tees Valley catchment area.

4.14 The Scale and Distribution of Development paper suggests three options for the distribution of growth in the plan area, including allocation of employment sites:

Option A1:
concentrate growth on the top of the hierarchy (in the joint Principal Towns of Richmond and Catterick Garrison, and to a lesser extent Leyburn)

Option A2:
Give greater emphasis to the lower order settlements, particularly the proposed Service Villages, and allow some development in at least some of the smallest settlements

Option A3:
distribute growth according to the current proportions in each tier of the hierarchy, but exclude smaller settlements.

4.15 These options are discussed in greater detail within the Scale and Distribution of Development paper with key economy and enterprise implications considered in the issues boxes below.

4.16 There are also some rural office developments that exist on the periphery of the settlement hierarchy (for example Aske Stables) following refurbishment of agricultural buildings, which are aimed at attracting growth sectors (consultancy, high technology, media, digital business). This also offers some employment needs in more isolated communities. Consideration will need to be given about whether to allow further provision for these types of developments, in addition to the general allocation of employment land.

Issue 4: distribution of development

E6
Do we need to make provision for growth only within Richmond and Catterick Garrison as the joint Principal Town, or expand to include lower order settlements for future growth?

E7
To what extent do we make provision for employment land and economic growth in rural areas?

E8
Is the impact of the Garrison expansion likely to be sufficient to suggest that larger scale employment land allocations should be made in the Catterick and Richmond area?

E9
How much employment land supply should be for the purpose of indigenous business growth, and how much for inward investment opportunities?

E10
How should we balance economic and housing need in making land allocations?

E11
To what extent should we make provision for redevelopment of rural properties for commercial uses?

Future employment structure - sector and type

4.17 The evidence suggests that, to be sustainable, the economy needs to diversify away from a smaller number of dominant, low growth, low wage sectors, into new growth sectors with higher output (GDP), skills and salary levels (such as high technology, consultancy, digital, media and other creative/cultural industries).

4.18 The RES and RSS policy context suggest that economic drivers in the rural or lower order settlements are limited to tourism, outdoor/leisure, and creative industries. This implies a need for possible office or creative employment space, but limited options for growth of industrial or commercial activities that require larger scale employment land.

4.19 Provision is required to grow the 'evening economy' (from 5pm) to increase visitor revenue in the food and drink, creative/cultural and leisure based sectors. Consideration is needed as to how much of this should be provided within town centres.

4.20 The ELS states that the Colburn area should be the location of the largest provision of additional employment land to reflect the inward investment potential of the expansion of the Garrison. The MOD study suggests that any type of employment resulting from the expansion will be around supply-chain and sub-contracted commercial opportunities, rather than larger-scale procurement direct from the MOD.

4.21 Currently the lower ranked settlements have smaller elements of employment land/space available (and which is near to capacity). Consideration needs to be given about how much to retain or allocate to offer employment to more rural parts of the plan area, and if any other infrastructure, such as roads or technological connectivity (broadband/mobile phone coverage) needs improvement (this is discussed in more detail in the Infrastructure paper).

Issue 5: future employment structure - sector and type

E12
Should larger and more industrial use for employment land be reserved for the joint Principal Towns of Richmond and Catterick?

E13
Should we make provision for B1, B2 and B8 uses across the plan area, or focus provision in the proposed sustainable hierarchy settlements?

E14
Should we limit industrial uses in rural areas?

E15
What type and size of businesses should we encourage in rural areas?

E16
What provision should be made within town centres to support growth sectors and improve the 'evening economy'?

E17
What other infrastructure improvements will be required to meet future employment structure needs (for example broadband provision)?

E18
What scope of employment land and infrastructure are needed to support cultural activities and creative industries as an economic driver?

E19
Are there other economic drivers to be considered, for which the LDF should make provision?

E20
How much employment and local economic growth is appropriate to support in rural areas?

Notes

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