

**York and North Yorkshire
Creative Industries Network**

**Economic Impact Study and
Needs Assessment**

Final Report

June 2006



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1 Executive Summary

The scope of the study

- This is the first study into the economic impact of the creative industries in the sub-region of York and North Yorkshire, one of the largest rural areas in England (800,000 hectares, population of 750,000), stretching from the Doncaster border to the lake district, covering rural, urban and coastal areas with the main centres being York, Harrogate and Scarborough.
- The study adopts the nationally-accepted definition of the creative industries: *those activities which have their origin in individual creativity, skill and talent, and which have the potential for wealth and job creation through the generation and exploitation of intellectual property* (Department for Culture Media and Sport, 1988).

The economic data generated by the study are derived from standard government and business data sources, using agreed industrial classifications and accepted methodologies (DCMS Evidence Toolkit, 2002).

- The study tells the story of a fast-growing sector, spread across the sub-region, worthy of much greater attention from policy-makers and poised to make an even greater contribution to the sub-region's economic future.

Economic importance

- In 2005, the creative industries in York and North Yorkshire provided employment for 11,600 people across 1,500 businesses and over 1,102 sole traders. This represents 3.2% of total employment in the sub-region - compared to 3.3% for the Yorkshire and Humber region as a whole.
- Employment in the sector in the sub-region grew by 16.4% between 1999 and 2003 – compared to 8.2% for the Yorkshire and Humber region as a whole.
- The sector employs almost 30% more people than agriculture in York and North Yorkshire.
- Unlike agriculture, where employment is in decline, the sector has also witnessed significant growth, having increased employment by 16% over the last five years.
- In terms of employment numbers, the sector is concentrated in the main urban areas of York, Harrogate and Scarborough.
- However, when scale is taken into account, the relative contribution of the creative sector to local economies is greatest in areas outside the two main urban centres, indicating the (perhaps surprising) spread of activity across the sub-region.
- The stock of businesses and self employment in the creative industries in York and North Yorkshire is dominated by the Audio-Visual, Visual Arts and Design sub-sectors.

- However, a small number of large firms within the print and publishing industries means that this sub-sector accounts for the single largest share of employment in the creative sector in York and North Yorkshire.

The role of York

- York has a distinctive creative industries profile within the sub-region. In part, this simply reflects the size of the sector in the city, in terms of the number of jobs and businesses it supports.
- But it is also distinct in that it is home to a significant grouping of creative companies – one that cannot be found elsewhere in the North Yorkshire sub-region¹ – that have a scale and/or specialism that makes them explicitly international in character and outlook.
- The relationship between the creative sector in York and in the rest of North Yorkshire is not a well established city-region relationship. However, opportunities could be explored in this field in the future.
- Supply chain links and market orientation for creative businesses outside York are currently as likely to be focused on centres outside the sub-region (West Yorkshire), region (Manchester, Teesside, London) and overseas, as they are on York.

Opportunities

As the striking findings of this study show, the creative industries are a significant and growing sector, which provides a number of major opportunities for the North Yorkshire sub-region that are currently not being realised in full:

- The ‘new rural economy’ agenda essentially refers to the diversification of the rural economy in the face of the long-term decline of some of its traditional industries and re-structuring of others (e.g. Agriculture). Creative and cultural industries have the potential to form an even more important part of this more diverse picture. The sub-region has a strong base of companies on which to build.
- The creative and cultural industries are a growth sector in a sub-region that has historically struggled with rates of business start-ups, and to provide new employment opportunities. This is not just a strategy for incomers, but has the potential to help with graduate retention.
- In addition to the direct growth of the sectors, creative industries offer immense potential for intermediate inputs into other sectors, such as tourism, hospitality and leisure services. The current restructuring taking place in business support and tourism management structures in the sub-region, as well as the recently introduced sub-regional investment planning process, offer an historic opportunity to position creative industries at the centre of the sub-region’s economic future.
- They are key to the development of a ‘new rural leisure infrastructure’ in North Yorkshire, which offers the possibility for expanding markets

¹ For the purposes of this report, when referring to “The North Yorkshire Sub-region”, it covers the administrative areas of North Yorkshire County Council (and its seven district councils) and the City of York Council.

such as cultural tourism, as well as capturing more of the spend of current tourists, by upgrading accommodation and leisure facilities and offering dual purpose amenities such as 'art farm stays' or art hotels.

- The supply chains within the sector are national and international, creating links between local economies in the North Yorkshire sub-region and national and overseas markets.
- A significant component of the small and micro business base consists of relatively mature owner/managers who have migrated their businesses into the sub-region, often making a high quality product and bringing new skills, knowledge and experience with them. These owner/managers could be the focus of strategies to encourage business growth and to encourage further in-migration. Further, they offer a potential resource as mentors, advisors and investors.
- Cultural and creative facilities add to quality of life and quality of place in an area that is already well known for it – but one where the 'quality of life' image tends to be strongly related to the natural environment. High quality of life is strongly linked to both the attraction of knowledge workers, as is shown in current migration patterns, but more importantly, to the retention of graduates and young workers.
- There is a growing network of independent organisations working with the public sector and businesses to build the creative sector and enhance its contribution to the sub-regional economy (York and North Yorkshire Creative Industries Network). This network is helping to raise the ambition and profile of the sector and is a vital asset in any future strategies for growth and development.

Challenges

The main economic challenges for areas like the North Yorkshire sub-region (in which rurality is a major component) are well-known and some touch particularly on the creative sector: the 'thinness' of business and consumer markets (in terms of critical mass and dispersal), the adverse business and skills legacies of de-industrialisation in resource-based industries, the seasonal nature of some parts of the tourist market, and tensions between older population gain and younger population loss, often related to house price affordability and job quality.

In addition, there are a number of potential challenges that particularly relate to the continued development of the creative industries in the sub-region:

- There is a general lack of visibility and understanding amongst policy-makers of the importance of the creative industries within the North Yorkshire sub-region. In addition, the sector has sometimes been defined narrowly, with the focus on digital media to the exclusion of more arts-based creative industries, rather than the broader cultural and creative industries which link both.
- In some local areas, lack of visibility and understanding leads to a lack of support, recognition or promotion of the sector by public agencies, particularly compared with other regions such as the North West or the South West.
- Thus while there are individual instances of where partnerships and links have been made, this is *ad hoc* and there is very little strategic action to improve the linkages between the creative and cultural industries and

other related sectors, such as tourism, heritage, sports, and food and drink – and, indeed, to agriculture.

- A lack of diversity, quality and innovation in the tourism offer of the North Yorkshire sub-region is constraining the growth potential for venue or area-based activities (performing arts, festivals, galleries etc.) within the creative sector.
- There is also a general lack of awareness of the creative industries within some segments of the wider population of York and North Yorkshire, meaning that local people can be unaware of, and unable to benefit from, the employment opportunities provided by the sector (see *Building Strategic Connections* below).
- While some areas of the sub-region are very well served by transport connections, there are a number of remote and rural areas in which accessibility (particularly travelling within the sub-region) is a major barrier to creative businesses. Different approaches to development, focused on local or imported activity, are required in these circumstances.
- The sector benefits from in-migration, particularly by people in later middle age, who bring with them a wealth of experience and skills and contacts. However, though many of them run their own businesses, they are not looking to become employers, so do not necessarily offer the prospects for business growth in conventional terms. They, nevertheless, represent a major skills resource, whose products and networks could be exploited in broader strategies for regeneration and cultural tourism.
- In some areas, issues of accessibility also relate more directly to the sector itself, in the form of significant gaps in the supply chain for exhibition/retail that are necessary to showcase and sell creative products and services.

What needs to happen

The research demonstrates that the creative industries make a significant contribution to the local economies of York and North Yorkshire. Further, the economic significance of the sector is growing. The sector has benefited from public funds and intervention. But, this has happened in piecemeal fashion. The challenge for public agencies and their partners is to grasp the significance of the sector in York and North Yorkshire, to work to ensure its continued growth and, in particular, to ensure that activity in the sector adds greater value to other sectors of the economy, particularly through tourism and regeneration.

Recommendations for Y&NYCIN

The Creative Industries Network is a suitably strategic starting point for dealing with the challenges and opportunities facing the sector, in that it brings together the key public agencies and the independent sector-specialist organisations.

Any future structures for supporting the sector need to be capable of both taking forward broad strategic agendas and of dealing with the particular needs of the businesses in the different sub-sectors across the spectrum of creative industries activity.

Given the geographic factors and sector spread of businesses revealed by the study, it makes sense to adopt a 'distributed' rather than a 'single agency' approach. This should involve mobilising resources – some of which exist already – to be delivered by sector specialists via a network of support points. This should include a connected hub which co-ordinated investment and undertakes strategic work with other sub-regional agencies.

But the over-riding priority for Y&NYCIN or any other strategic body must be to place the creative industries at the heart of the sub-region's other economic and social agendas, in a way that encourages bold, ambitious and long-term thinking.

There are four clear lines of action to be pursued:

1. Building strategic connections (tourism and regeneration)

Y&NYCIN should ensure that creative industries feature strongly in all strategic planning in the key areas of tourism and regeneration. This should happen at levels from the Sub-Regional Investment Planning (SRIP) process, to Local Strategic Partnerships, to community planning.

The establishment of the three new Destination Management Organisations (DMOs) for the sub-region is an opportunity to make such connections. They should be represented on Y&NYCIN and vice versa. The work taking place to define and target 'creative-digital' businesses within the York & North Yorkshire Business Support Partnership is a good example of ways Y&NYCIN can practically influence economic agendas. Although there are examples of some local authorities and policy makers supporting collaborations and seeing the potential of the Y&NYCIN, there is still a lot of work to do to spread understanding of the potential of the sector across the sub-region.

2. Stimulating interconnections (within and outside)

Y&NYCIN should pursue ambitious initiatives which aggregate resources for the benefit of creative businesses. This is a particularly relevant strategy for a largely rural area. This involves supply-side activities such as building networks, delivering bespoke business support and developing appropriate workspace but also demand-side approaches such as the successful North Yorkshire Open Studios, and proposed festivals, voluntary arts and arts education initiatives. These interconnections should be focused just as much outside as within the region – reflecting the reality of the markets which will be basis for future growth and development.

3. Promotion and marketing

The principle of aggregation should also be applied to promoting and marketing the sector. There are some good examples of joint marketing initiatives in the sub-region already. But a much more focused and strategic effort is needed which should concentrate on three main areas:

- promoting the overall cultural offer of the sub-region and tying it into the heritage and environmental offer
- re-branding the sub-region as a place of creative production and cultural consumption
- addressing significant gaps in the infrastructure – particularly around exhibition, but also around markets and related leisure infrastructure such as hotels and restaurants.

4. Demonstrating current impact and realising future potential

The ongoing process of demonstrating the economic value and potential of the creative industries in this sub-region should continue, starting with the wide dissemination of this work. It should provide the starting point for a regular series of surveys, briefings and events that can make the case for the critical role of the creative industries in regeneration and the economic future of York and North Yorkshire. Again, ambition and long-term thinking should be the hallmark of this programme.

2 Introduction

This report analyses the creative industries in the North Yorkshire sub-region. It was commissioned by the York and North Yorkshire Creative Industries Network (Y&NYCIN) and prepared by the Burns Owens Partnership (BOP).

In attempting to map and understand the nature of the creative sector in York and North Yorkshire, it is important to first understand the nature of the sub-region as a whole. The area covered by Y&NYCIN is hereafter referred to in the report as the 'North Yorkshire sub-region', which constitutes the areas covered by North Yorkshire County Council (composed of seven district councils: Craven, Harrogate, Hambleton, Richmondshire, Ryedale, Scarborough and Selby) and the City of York Unitary Authority. Just over 750,000 people live in the North Yorkshire sub-region, 181,000 of whom live in York.

Even without the City of York, the area covered by North Yorkshire County Council is the largest county in England. It extends from the North Sea to within approximately 30 miles of the west coast of England. It also encompasses areas with greatly differing characteristics. Within its boundaries are the coastal resort towns of Scarborough and Whitby; large rural areas covered by two National Parks (the Yorkshire Dales National Park and the North Yorkshire Moors National Park), market towns such as Richmond, Thirsk and Pateley Bridge; the former coalfield area focused on Selby; and the affluent spa town of Harrogate. Much of the sub-region is also influenced by the large conurbations on its borders: Leeds/Bradford to the south, Greater Manchester to the west and Teesside to the north and east.

The North Yorkshire sub-region is a popular tourist destination that accounts for half of all the tourism revenues for the Yorkshire and Humber region. Traditionally, the appeal of the area lay in its spectacular natural landscape of moors and dales, the historic appeal of York, and the seaside towns of the coast. But the Foot and Mouth epidemic of 2001, coupled with changing consumer preferences, alerted businesses and public agencies alike to the importance of both renewing and refreshing the tourism offer, while simultaneously developing a more mixed sub-regional economy. As the rest of this report outlines, the creative industries are an important component in this process of renewing and re-invigorating the economies of York and North Yorkshire.

The economic importance of the creative industries

The creative industries are jointly sponsored within government by the Department for Culture, Media and Sport (DCMS) and the Department for Trade and Industry (DTI). However, it is the DCMS that has largely been responsible for developing and shaping the terms of debate for the creative industries in terms of policy.

The first DCMS definition of the creative industries dates from the 'Creative Industries Mapping Document' that was published by the department in 1998:

“Those activities which have their origin in individual creativity, skill, talent, and which have their potential for wealth and job creation through the generation and exploitation of intellectual property. These

*have been taken to include the following sectors: advertising, architecture, the art and antiques market, crafts, design, designer fashion, film, interactive leisure software, music, the performing arts, publishing, software and television and radio.*²

On the basis of this definition, in 2003 the creative industries accounted for 8% of the UK's Gross Value Added (GVA). Employment in the sector totalled 1.8m jobs in the summer quarter of 2004, and it grew between 1997 and 2004 at a rate of 3% per annum, compared to 1% for the whole economy³.

The dawning of the importance of the creative industries as a key driver for the economy can be summed up by the fact that when the Regional Development Agencies (RDAs) in England were first tasked with identifying priority sectors for their regions in 1998, all nine included the creative industries (in some guise) in their priorities. Yorkshire and Humber are no different in this regard, identifying the creative industries as a priority for investment and promotion – albeit within a broader 'Digital Industries' cluster that also includes activities such as electronics.

This report represents the first comprehensive mapping of the creative industries in the North Yorkshire sub-region. It uses the definition and framework for analysing the sector contained within the 2004 DCMS Data and Evidence Toolkit (DET)⁴, and is designed to provide a robust evidence base to support the design and implementation of public & private investment and interventions in the sector.

Structure of the report

The report begins by setting out the policy context for the development of the creative industries in York and North Yorkshire. In particular, it aims to articulate how the development of the creative sector addresses the main economic and socio-economic challenges facing the North Yorkshire sub-region, as identified in key national, regional and sub-regional strategies.

The mapping of the sector provides a detailed statistical analysis of the creative industries in York and North Yorkshire. It provides data on the sector for each of the eight local authority areas, compares the sector's direct economic impact with local economies and other sectors in the sub-region, and provides longitudinal data on the performance of the creative industries in York and North Yorkshire over the last five years.

The sector overview then draws on more qualitative research to provide detailed sectoral intelligence that identifies the main challenges and opportunities for the creative industries in the North Yorkshire sub-region. The overview also provides snapshots of the creative sector in four areas: York, Harrogate, Scarborough and the market towns/rural areas. The snapshots outline the distinctive features of the creative industries in each place, as well as highlighting the main locational advantages and disadvantages experienced by creative businesses and practitioners in these localities.

² DCMS (1998).

³ DCMS (2005).

⁴ DCMS (2004).

The report closes by providing a series of recommendations on how Y&NYCIN can work with partners and stakeholders to improve support for the sustainable development of the sector in the sub-region, and also ensure that the creative industries add greater value to other sectors of the economy in York and North Yorkshire, particularly through tourism and regeneration.

3 Policy background and context

3.1 Introduction

Creative and cultural industries are high on the agenda of many regional economic policy makers for four primary reasons:

- **As a source of jobs and growth.** In many developed economies the creative industries have been growing faster than the rest of the economy, in some cases at up to twice the rate. In the UK, the creative industries represent around 8 per cent of GDP and employ about 1.8 million people, with a significant contribution to international trade.
- **As an important source of intermediate inputs** into the rest of the knowledge economy and into public services. In addition, they are strongly linked to other sectors like leisure, tourism and hospitality – all of which feature highly in any strategy for economic diversification in York and North Yorkshire.
- **They help to provide the amenities that attract knowledge workers to a region.** Although in a European context, the issue of knowledge worker mobility may be overplayed, some commentators have stressed the role of cultural & creative amenities in supporting talent retention as well as attraction, and in making places more interesting and inclusive, thus contributing to their social sustainability⁵. In a sub-region like York and North Yorkshire, with an ageing population, the need to retain more young people is clear.
- **They have a role to play in quality of life and social sustainability.** Much of the work on this has looked at culturally-led regeneration purely in the context of urban environments. But as DCMS have pointed out, ‘the cultural and creative sectors are essential to rural economic diversification, with other potential to employ local people, attract diversification and harness traditional crafts and skills.’⁶

In this section, we will explore the policy background in which the programme of support for the creative industries is being developed in York and North Yorkshire. It is not intended to be an exhaustive account of all relevant material, but a discussion of how this policy shapes and frames the activities of the York and North Yorkshire Creative Industries Network (Y&NYCIN). The primary source materials used are the regional and sub-regional strategies for economic development, for culture and for broader knowledge economy development, such as York’s ‘Science City’ initiative, which is to be extended out into North Yorkshire. In addition, we will consider the literature on the ‘new rural economy’ that provides the overall context for development in North Yorkshire.

3.2 The ‘New Rural Economy’

It makes little sense to talk about the rural economy, or even the new rural economy; rather more to speak of rural economies⁷. While the majority of

⁵ Gertler (2004)

⁶ Evans and Shaw (2004)

⁷ See for example, Government Office Yorkshire and Humber (GOYH, 2005)

rural economies enjoy a relatively strong economic performance, and indeed some are coming to resemble urban economies more closely with the diminution in importance of agriculture, a significant minority suffer serious structural weaknesses and poor social conditions. The Department for Environment, Food and Rural Affairs' (Defra) Public Service Agreement (PSA) target is to reduce these disparities, understood as a gap in the relative productivity of different rural economies.

At the same time, there is concern that much of the government's strategy for economic development in the UK – to build a world class knowledge economy – has been overly focused on urban areas⁸. This, together with widening regional disparities in the UK economy has provided the context for what is called 'the new rural economy,' a shorthand for a set of measures designed to increase prosperity in rural areas, while attempting to maintain social cohesion and quality of life.

A recent study of the factors behind the uneven development of rural economies concluded that at least eight factors were at work⁹. These are:

- skills and education – with retention of skilled workers as important as the quality of the education system that produces them
- accessibility and transport – good intra-regional transport is linked to improved economic performance
- an economy that is open to inwards migration and new ideas
- a high quality natural and built environment
- entrepreneurship – the study found that high levels of business start-ups were linked to newcomers
- cultural capacity – a difficult concept referring to attitudes and openness, rather than culture in the narrower sense
- a strong and visible local identity, sometimes reinforced through place marketing
- institutional effectiveness – the role of partnership, networks and local public institutions is crucial

The basic implication for rural economic policy that flows from this analysis, is the need to develop a rural version of the knowledge economy – one that stresses the role of skilled labour and new ideas and openness, but also the importance of place, of social networks and connections and of environmental sustainability. It is within this context and to answer this need, that support for the creative and cultural industries in the region is being conducted.

A report by the Local Futures Group found the knowledge economy alive and well in 'accessible' rural areas, many of which could compete with urban economies, but completely under-developed in remote rural areas. In these places, the business drivers of the knowledge economy were particularly weak – and where jobs do exist for graduates and other skilled labour – they are concentrated in the public sector.

Accessible rural areas, by contrast, face 'the problems of success', such as high house prices and rapid development posing a threat to environmental

⁸ See, for example, Local Futures Group (2004).

⁹ Rural and Tourism Research Group and Countryside and Community Research Group (2004).

sustainability and the quality of life which attracted knowledge workers in the first place. North Yorkshire in particular appears representative of a phenomenon picked up by several recent studies of the rural economy¹⁰. Urban to rural migration is now a significant factor in the UK's internal migration, but for places like North Yorkshire, this tends to happen for people in later middle age, bringing a wealth of experience and skills into the region which, while offering limited opportunities for growth in the conventional sense, could be exploited in broader strategies for regeneration and cultural tourism.

At younger age groups, the brain drain continues and while Yorkshire and the Humber attract large numbers of young people to its many universities, along with the rest of the UK, it loses graduates to London. When those cohorts marry and have children they often move out of London, but generally to the 'commutable' South East and East of England. Graduate retention is thus a major issue for economies like North Yorkshire – as once graduates leave they are unlikely to return for many years, if ever.

Given these conflicting demands, the Local Futures report recommended more nuanced policy development that reflected the needs of these different types of rural economies.

Defra's rural strategy was published in 2004, following a review of the rural White Paper. This was followed in 2005 by the publication of the Yorkshire and Humber draft rural framework, which is briefly discussed below. One of the effects of the Defra paper has been to devolve the delivery of both rural economy and regeneration policy to the RDAs – tying them together under the banner of sustainable development. Its three priorities reflect this mix of the social and the economic:

- regeneration – supporting enterprise, but targeting resources at areas of greatest need
- social justice – tackling social exclusion and ensuring equitable access to public services across the countryside
- environmental protection and enhancement.

It is clear from this that economic impacts alone – growth and jobs – may not answer all the issues raised by the notion of sustainable development. Any assessment of these impacts needs to reflect the wider issue of the distribution of benefits and social justice.

The balancing act that the new rural economy requires, putting the need for greater prosperity and employment against concerns about the effects of growth, means that certain types of economic development, such as social enterprise and creative and cultural industries, are likely to be favoured by policymakers as sectors that have the potential to achieve balanced outcomes. Section 3.4 below examines how far regional strategies reflect this argument.

¹⁰ For instance, Commission for Rural Communities (2005) and Local Futures Group (2005).

3.3 Market Towns

The government's Rural White Paper in 2001 highlighted growing concern for the future of market towns. The growth of out of town shopping centres, the closure of livestock markets and the growth in car-based mobility had all combined to threaten the prosperity of these towns and hence their role as service centres for surrounding countryside.

In response to this, the Countryside Agency and RDAs were charged with both monitoring the vitality of market towns and developing interventions to address these concerns. Known as the Market Towns Initiative (MTI), (and superseded by the Renaissance Market Towns Programme) the aim is to regenerate market towns and restore their role in rural life – albeit through packages of services that differ somewhat from their traditional roles. Thus while traditional livestock markets may be in long-term decline, the growth of farmers' markets – and particularly their role as showcases for local, seasonal food – offers a way forward that address the need for regeneration that is environmentally sensitive as well as economically diverse. The Market Towns Initiative consists of:

- a web-based toolkit available to communities in all market towns, giving advice on how to: carry out a 'healthcheck', prepare an action plan and seek sources of funding and advice
- support for co-ordinators (who help communities carry out healthchecks) and project managers (who help deliver action plans) in 220 towns. These towns have been selected by regional partnerships of the Countryside Agency and regional development agencies
- a monitoring and evaluation programme reporting to Government on the issues that affect communities
- a programme of 'Beacon Towns' which have been chosen for more in-depth work with the Countryside Agency. Three of these beacons are in North Yorkshire – Thirsk, Richmond and Whitby
- an electronic learning network for market town professionals interested in exchanging information.

A national evaluation of the Market Towns Initiative¹¹ argued that the combination of partnership working, the healthcheck process and development of associated action plans, has helped to raise the profile of market town issues for regeneration and economic development agencies. Organisations such as Sport England and English Heritage, have (according to the evaluation) seen the MTI as a way to influence activities in market towns. The MTI programme has now been superseded by the Renaissance Market Towns Programme (RMT), which aims to develop an ambitious yet achievable vision for market towns in the region but it needs to be said that the profile of cultural and creative industries within the MTI/ RMT is currently low. Clearly the development of farmers' markets has the potential for links to cultural tourism, but this needs to be part of a larger strategy linking tourism to the sports, arts, heritage and food of the sub-region.

Under the umbrella of the Yorkshire and Humber Rural framework (YHRF), a set of Task and Finish Groups (T&F Groups) were set up to examine how each of the region's rural priorities were being delivered. One was focused on

¹¹ Countryside Agency (2004).

market towns, but concluded that the issues facing market towns should not be artificially separated out from other rural priorities. In other words, market towns provide a spatial focus for investment and activity *across all areas*.

The relevance of initiatives such as the MTI/RMT for the cultural and creative industries is therefore simply that they provide a spatial focus for policy engagement and an existing partnership structure on which to build relationships. If market towns are to be regenerated as service centres then cultural activities need to be part of the mix, particularly in an area where isolation can be an issue. Networks of market towns could provide a backbone and a focus for reaching even the deeply rural parts of the sub-region.

3.4 Strategies for Yorkshire and Humber

There are a large number of regional and sub-regional strategies that touch on York and North Yorkshire – some of which are summarised below. They provide the context for support work in the creative and cultural industries; though it is worth noting that creative and cultural activities are rarely to be found in the mainstream of these documents. Potentially this creates a problem for those, such as Y&NYCIN, that need to make the connection between support for creative businesses on the ground and overarching economic strategies. It is important therefore to be able to articulate the connection between creative and cultural activities, and the goals around learning, enterprise and quality of life that do figure in these strategies.

As part of the government's regional strategy set out in the White Paper, *Your Region, Your Choice*, the regional assemblies were asked to develop a framework for the integration of all regional and sub-regional strategies. In the case of Yorkshire the result was *Advancing Together*.

Advancing Together is the framework for the four regional strategies on culture, housing, planning and the economy, as well as numerous sub-regional strategies on everything from tourism to forestry.

3.4.1 The Regional Economic Strategy (RES)

The revision of the Regional Economic Strategy (RES) contains six objectives for the region for the period 2006-2015. These can be summarised as follows:

1. Increase the number of businesses in the region
2. Improve the competitiveness of businesses in Yorkshire and Humber through innovation and investment
3. Improve skill levels in the region, for the benefit of both employers and employees
4. Increase employment levels, particularly in deprived areas
5. Improve transport, infrastructure and the environment
6. Improve the quality and cohesion of the region's cities, towns and rural communities

Interpreting the RES in the context of York and North Yorkshire, a number of actions have been identified, the aim of which has been described as,

developing a stronger economic base from existing natural, cultural and heritage assets, by creating a new market of active recreation, an effective broadband infrastructure, having vibrant market towns... and by developing a stronger business base¹².

The review of the RES produced a set of emphases that tie-in with many of the themes of this study, including:

- the need to boost the business birth rate
- a stronger focus on graduate retention
- the importance of links between design, creative industries and digital sectors – also being reflected at sub-regional level in the new cluster strategy
- a stronger focus on exporting

A new policy driver within the revised RES is the 'city-region' concept. The RES re-iterates the importance given to city-regions as the economic engines that drive the economy of the North of England in the Northern Way initiative. Within Yorkshire and Humber, there are three identified city-regions: Leeds, Sheffield, and the Hull and Humber Ports. The Leeds city-region is of most immediate relevance to the present discussion as it includes the city of York. While funded business plans for the city-region areas in Yorkshire and Humber are already in place, what is not yet clear is the potential wider significance of the city-region agenda to governance arrangements, particularly sub-regional planning and investment.

3.4.2 The Regional Cultural Strategy

The Regional Cultural Strategy stresses cultural activity in its broadest sense. In particular, both in terms of its core role in our lives ('not an add on') and its wide applicability ('everyone, resident and visitor alike, deserves the best').

The five priority areas, which form the basis of the Action Plan are:

- continuity in development – instead of ad hoc support, the aim is to support growth in businesses and professional development in practitioners. This should be delivered via networks and partnerships in priority areas
- opportunity – both for professional practice and for all levels of participation
- social and economic change stresses cross-agency partnerships and links to issues such as community development or sectors like agriculture and tourism
- sustainability – both in the environmental context and sustainability of support
- understanding – to improve the evidence base that supports policy development and evaluation.

¹² Investment Plan for York and North Yorkshire 2004-2009.

3.4.3 The Yorkshire and Humber Rural Framework

Following the government's Rural White Paper, the Yorkshire and Humber Rural Framework is intended to identify and highlight the region's rural priorities and align them with other core regional and sub-regional strategy. The emphasis is on embedding the notion of 'sustainable rurality' within wider policy frameworks, as well as re-emphasising the issue of the diversity of rural economies.

The Framework's Task and Finish Groups (established to examine how rural priorities were being pursued) were concerned that this diversity was sometimes lost on government agencies and that there was a danger of a 'generic approach' to issues such as business development, skills and planning. There was also concern that the prioritisation of regional level 'clusters' and sector-led investments did not take account of rural diversity, or of the importance of SMEs and micro-businesses within rural economies. This is an issue of great importance when it comes to the creative industries, as we shall see below.

3.5 Sub-regional strategies

To help develop the new rural economy in North Yorkshire, various partners, led by the County Council, sought to develop a vision for that rural economy, described in the report *Building the New Rural Economy in North Yorkshire*¹³. The Scoping Study, which preceded the Action and Investment Plans, revealed several characteristics of the new rural economy of North Yorkshire that are of particular relevance:

- tourism is a major sector, though it could be better marketed with stronger links to the food and drink industry (locally produced foods as part of a cultural tourism offer, for example)
- the cultural offer of rural North Yorkshire is strong and diverse but fragmented. Joint planning and promotion of activities is needed to overcome this
- the community and social enterprise structure is strong
- there is a high incidence of micro and lifestyle businesses, but there are concerns about the level of entrepreneurship, in the sense of growth orientated businesses
- interconnections with urban areas are relatively strong but transport connection between rural areas are much less so
- many of these findings are echoed in the sub-region's cultural strategy, which found fragmentation, weak marketing and need for increased collaboration, to be major issues facing the sector.

Building the New Rural Economy in North Yorkshire's summary of the strengths and weaknesses of the sub-region concluded that strengths included an outstanding natural environment, good schools, high levels of self-employment and low levels of unemployment. However, in common with other regions in the UK, while labour activity rates are high, wages are low and graduate retention very difficult. While young people continue to leave economic activity is often taken up by older 'downshiffters' who may have

¹³ SQW (2004)

valuable skills, but are unlikely to support the kind of growth business that can provide career employment for school and college leavers.

Based on this work, an Action Plan was developed around two themes:

- food and farming
- leisure and creativity

These sectors were chosen because it was felt they could offer a range of direct and indirect employment opportunities and because, in part through their links to tourism, they could open up North Yorkshire to further inward investment. The focus of the leisure and creativity theme is on the cultural offer in the broader sense, and particularly its links to tourism and recreation, rather than on creative industries per se.

In particular, Working Groups were set up to look at:

- outdoor adventure
- heritage landscapes
- festivals and events
- connecting culture via digital and ICT

In all cases, the report suggests that there is a high level of fragmentation between projects. More co-ordination and clearer 'branding' are needed to raise the profile of these activities, particularly given the highly competitive national and international market. The Action Plan resulted in several projects with relevance for the cultural and creative industries sector, including 'Building Capital through Networking', which aims to support new and existing user-led networks such as Chrysalis Arts' Art Connections and Creative Rural Enterprise.

3.5.1 Sub-regional Investment Plan (SRIP)

The Sub-Regional Investment Plan develops Action Plans for North Yorkshire and York for the periods 2002-5 and 2003-6 and looks forward to 2009. Its primary function is to set priorities for investment in the sub-region by Yorkshire Forward and its partners (e.g. local authorities), and it echoes many of the issues raised above such as:

- inward migration of older entrepreneurs, but a dearth of younger ones
- the issues of low skills, unemployment and deprivation around Scarborough and Selby
- the fact that York and North Yorkshire attract half the tourism revenues of Yorkshire and Humber – though the tourism offer is felt to need refreshing if it is to preserve its competitive advantage.

In addition to the priority actions above, the SRIP also develops 'spatial investment themes' that are an attempt to reflect the different rural economies in North Yorkshire.

For the present purposes, the most significant spatial themes are:

- the need to develop York's key role as a city and its links into North Yorkshire and into the growing business clusters around Harrogate

- the potential for a ‘food cluster’ along the A1 corridor
- the need to use the natural and cultural heritage of the upland areas as economic drivers, both in tourism, diversification and the development of new businesses
- the important role of cultural and creative industries in Scarborough and the coastal towns.

3.5.2 Creative industries policy in North Yorkshire county

Support for, and recognition of, the economic importance of the creative industries from the main public agencies across North Yorkshire county has been slower to develop than in other areas of Yorkshire and Humber (e.g. Sheffield, Kirklees), or indeed than in York (see Section 5.2)¹⁴. Despite the historic lack of profile and awareness of the sector across local authorities and other public agencies in North Yorkshire, a number of organisations focused on various aspects of sector-specific business support, professional development, and marketing and promotion have been operating within the county for a number of years (Chrysalis Arts’ Art Connections, Arts in Richmondshire, CREATE)¹⁵.

However, in 2003, the creative industries were identified as a priority within North Yorkshire County Council’s (NYCC) Cultural Strategy. The County Council subsequently facilitated the establishment of the North Yorkshire Creative Industries Network (later extended to include the City of York) in order to co-ordinate a more strategic approach to the sector, and to properly articulate the development of the creative industries in terms of the wider policy goals and agendas at local, sub-regional and regional level outlined above.

Due in large measure to the efforts of the members of NYCIN and other individual champions across the county, attitudes towards the sector have changed within other areas of North Yorkshire County Council. In particular, the County Council now firmly recognises the importance of the creative industries within the present and future economic development of the county.

In part, the pace of achieving recognition and profile for the sector may have been influenced by issues of sector definition and identity. At the regional level, Yorkshire’s Forward’s inclusion of the creative industries within a wider grouping of ‘digital industries’ in the first incarnation of the RES – a grouping that also includes, for instance, electronics and ICT alongside ‘cultural, creative and media’ – has meant that it has perhaps not always been straightforward for those working within local economic development to place more arts-based ‘creative industries’ within the region’s priorities as conveyed by the RDA. On the other hand, the number of organisations that have organically developed within North Yorkshire to support and advocate on behalf of the creative industries (e.g. Chrysalis Arts’ Art Connections, Arts in Richmondshire, CREATE) have all emerged from, and are perhaps still

¹⁴ City of York Council has been quite different, recognising the importance of the creative industries to the city’s knowledge-based industries much earlier (from 1998 onwards). For more information on this issue, see the area-based summary of York in Section 5.2.

¹⁵ CIN’s Research Paper in July 2005 documents the wide range of organisations that are now involved with providing some form of sector-specific support for the creative industries in North Yorkshire, as well as listing providers of mainstream business support services such as Business Link.

identified with, an 'arts' background rather than a more digitally-based creative sector.

In the revision of the RES, Yorkshire and Humber's digital cluster has an increased importance and it has also been explicitly widened to incorporate a greater emphasis on the creative industries within the cluster¹⁶. Similarly, the name alone of the draft 'Digital and Creative Industries Implementation Plan' for York and North Yorkshire indicates the subtle shift in the status of the creative industries within the RDA's thinking for the cluster. Y&NYCIN have also been an integral part of the Digital and Creative Cluster Working Group that was set up to develop and implement the Plan¹⁷. The Implementation Plan, which is still a work in progress, is intended to tailor public sector interventions for the digital and creative industries to address the 'barriers and advantages specific to York and North Yorkshire, which differentiate the sub-region from neighbouring areas'¹⁸.

In summary, although there is significant ground to make up, the present policy environment for the creative industries within the North Yorkshire sub-region is much more positive and forward-looking than in the recent past. It is thus an opportune moment in which to release research which builds the evidence base for the creative sector in the sub-region.

¹⁶ C.f. p.42, Yorkshire Forward (2005).

¹⁷ North Yorkshire Business Support Partnership (2005).

¹⁸ North Yorkshire Business Support Partnership (2005), *ibid*.

4 Mapping the sector

The North Yorkshire sub-region covers a large geographical area that encompasses a mix of urban, rural and coastal areas. It is therefore important to be able to reflect this diversity as far as possible within any comprehensive mapping of the creative industries in York and North Yorkshire.

Therefore from the outset, the intention of the present research was to map the sector down to the level of the seven districts and one unitary authority that make-up the North Yorkshire sub-region. However, achieving this level of disaggregation in statistical terms is not an easy task. The government's main sources of information on the labour market and economic performance, the Annual Business Inquiry (ABI) and Labour Force Survey (LFS) are not designed for local level analysis, and certainly not for analysis that simultaneously looks at a very discrete set of industrial activities.

For this reason, it was chosen to approach the task of statistically mapping the sector by using a dual approach:

1. analysis of actual business records in the form of a dataset compiled by BOP that combines commercially-licensed firm data from Experian's National Business Database with databases from project partners within Y&NYCIN
2. analysis of ABI firm level data to provide trend analysis and like-for-like comparisons with other sectors.

The key advantages of using a bespoke dataset of business records are that:

- it is possible to include self employment and those businesses below the VAT threshold (neither of which are covered by the ABI)
- unlike the ABI it is not based on a sample survey so the data is more robust and reliable at the local level
- it allows for more accurate identification of creative businesses than is possible within the classification structure used by the ABI (the Standard Industrial Classification).

For a full explanation of the methodology and the complete set of data tables, please see the Technical Appendix.

4.1 Summary

- In 2005, total employment (employees and the self employed) in the creative industries in the North Yorkshire sub-region stood at 11,600.
- 90% of those in creative industries employment are employees, with the remaining 10% self employed. The level of self employment is highest in the rural areas of the sub-region.
- For the most recently available data (2003), there were 30% more employees within the creative industries than within agriculture in York and North Yorkshire.
- Geographically, aggregate total employment in the creative industries is highly concentrated within the three main urban areas: York (29%), Harrogate (23%) and Scarborough (18%).
- However, when scale is taken into account, the relative contribution of the creative sector to local economies is greatest in areas outside the

three main urban centres, indicating the perhaps surprising spread of activity across the sub-region.

- The stock of businesses and self employment in the creative industries in York and North Yorkshire is dominated by the Audio-Visual and Visual Arts and Design sub-sectors.
- However, a small number of large firms within the print and publishing industries means that this sub-sector accounts for the single largest share of employment in the creative sector in York and North Yorkshire.
- There has been a 16.4% increase in the number of employees in the creative industries in York and North Yorkshire between 1999 and 2003. Employment growth in the sub-region outstripped that of the sector regionally.
- Overall, York and North Yorkshire's share of employment in the region's creative industries grew from 11.4% in 1999 to 12.2% in 2003.
- Putting these figures in a local context, employment growth for York and North Yorkshire across the whole economy was approximately nine percentage points lower at 5.9%.
- In fact there was only one district in which employment growth in the creative industries did not outperform employment growth in the local economy as a whole.
- The number of businesses (excluding sole traders) operating in the creative sector in the sub-region between 1999 and 2003 rose by 10%. This increase was both less pronounced than the increase in employment and more in line with the general trend across the sub-region's economy.

4.2 Employment and businesses

4.2.1 Creative industries employment

In 2005, total employment (employees and the employed) in the creative industries in the North Yorkshire sub-region stood at 11,600. As Figure 1 below shows, 90% of those in creative industries employment are employees, with the remaining 10% self employed. The level of self-employment is highest in the rural areas of Richmond (18.4%) and Ryedale (14%), and lowest in York (8.7%) and Scarborough (7.4%).

Figure 1: Total employment in the creative industries in York and North Yorkshire, employees and self employed, by local authority, 2005

	Employees	Self-employed	Total employed
Craven	1,100	70	1,170
Hambleton	780	100	880
Harrogate	2,380	270	2,650
Richmondshire	310	70	380
Ryedale	430	70	500
Scarborough	1,990	160	2,150
Selby	470	70	540
York	3,040	290	3,330
North Yorkshire CC	7,460	810	8,270
York & North Yorkshire	10,500	1,100	11,600

Source: Burns Owens Partnership (2005)

To put these employment figures in context, we need to use ABI figures to compare the employment in the creative industries with other sectors in York and North Yorkshire. The latest ABI figures date from 2003 and place the number of employees only in the creative industries at 8,880¹⁹. Given the absence of the self-employed and those businesses operating under the VAT threshold, plus the two year time lag, the ABI employee figures are broadly in line with BOP's employment numbers.

The ABI figure of 8,880 for the number of employees in the creative sector in York and North Yorkshire in 2003 compares well with employee numbers for agriculture, farming, hunting and related services in the sub-region for the same period: 6,850²⁰. On this basis, there are 30% more employees within the creative industries than within agriculture in North Yorkshire. This rises to 79% more in Craven and 83% more in Harrogate.

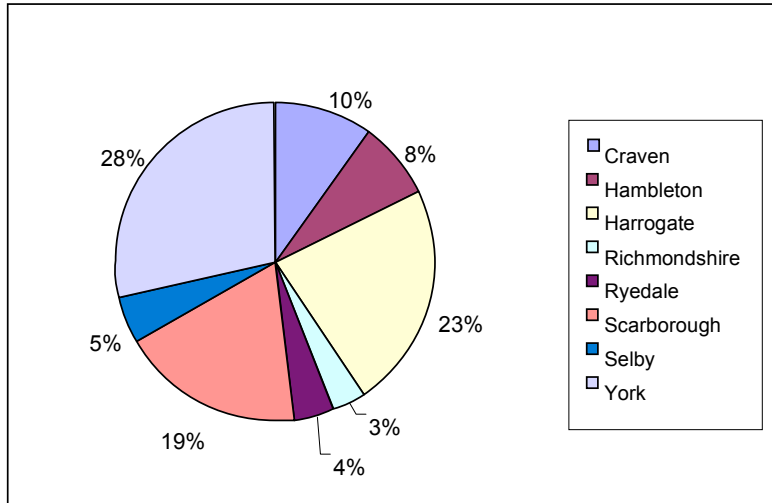
Geographically, aggregate total employment in the creative industries is highly concentrated within three areas: York (29%), Harrogate (23%) and Scarborough (18%) together account for 70% of creative industries employment in York and North Yorkshire.

The map below (Figure 3) illustrates the geographic spread of creative industries employment throughout the sub-region. The map shows the concentrations of jobs in York and Harrogate, with smaller agglomerations in Scarborough and the Skipton areas. It also illustrates the existence of creative industries employment throughout the rural areas, centring on the market towns of Richmond, Northallerton, Thirsk and Malton.

¹⁹ This is using the methodology outlined within the Technical Annex which uses co-efficients derived from analysis of the database of business records to 'constrain' the ABI figures to enable more accurate micro data.

²⁰ In technical terms, this collection of activities comprises Division 01 of the Standard Industrial Classification (SIC).

Figure 2: Total employment in the creative industries in York and North Yorkshire, by local authority, 2005



Source: Burns Owens Partnership (2005)

It needs to be remembered though that this geographical distribution should be expected as York, Harrogate and Scarborough are the largest and most populous areas of York and North Yorkshire. When scale is taken into account, a more complex picture of employment in the sector emerges.

Figure 4 below shows the share of local employment accounted for by creative industries employees in each area²¹. Though Harrogate and York have the highest aggregate numbers of creative industries employment, Figure 4 demonstrates that the sector is relatively more important as an employer in some of the coastal and rural areas in North Yorkshire. For example, in Scarborough and Craven the creative industries account for 4.4% of all employment.

The share of local employment accounted for by the creative industries is lowest in Selby (1.2%). In the North Yorkshire CC area, 3.0% of all employees are employed within the creative industries. Across the sub-region (i.e. including York) the proportion is slightly higher at 3.2%. This compares to 3.3% in Yorkshire and Humber in 2003 as a whole²².

²¹ Comparison has been undertaken using employees only to ensure that it is in-line with the ABI all economy figures.

²² Yorkshire and Humber figures taken from a study of Kirklees creative industries, undertaken using a very similar methodology, c.f. BOP and University of Leeds (2005).