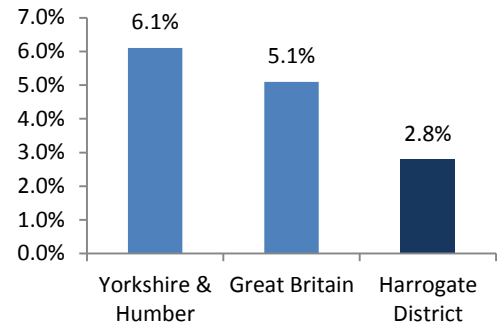


## 1.0 Harrogate District Economy: Strengths

- 1.1 The district enjoys **high levels of employment** and has a daily net in-commute of workers. There is a **low** reliance on **public sector employment**.
- 1.2 The district’s residents are **well qualified**.
- 1.3 In recent years, Harrogate District’s **business start-up rate** has been consistently **above** the Leeds City Region average.

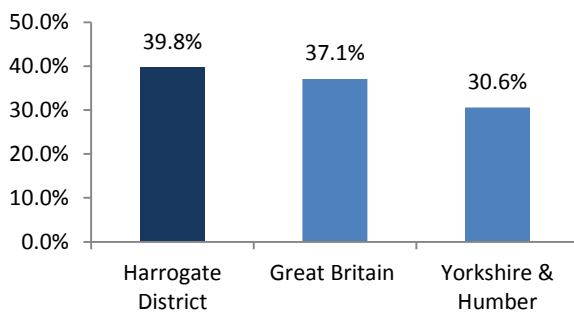
### Modelled Unemployment

(Source: ONS – NOMIS 2015)



### % Working-Age Population Qualified to Degree Level and Above

(Source: Annual Population Survey 2015)



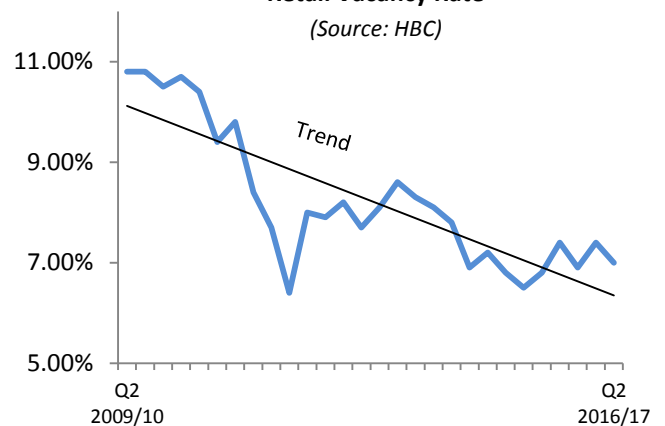
- 1.4 **Prominent high-value sectors** including wholesale, professional services and media activities contribute to a £3.6 billion economy (GVA).

- 1.5 **World-leading** businesses include Covance, Bettys & Taylors, Belzona, Reed Boardall, Vocalink, Stage One, Nostrum, TSYS and Smithers Viscient.

- 1.6 A **thriving visitor economy** and environmental assets contribute to a **high quality of life**.
- 1.7 **Vibrant urban centres** are characterised by low retail vacancy rates.
- 1.8 The district is **strategically placed** geographically, with the A1(M) allowing for efficient movement of goods and services across the UK.

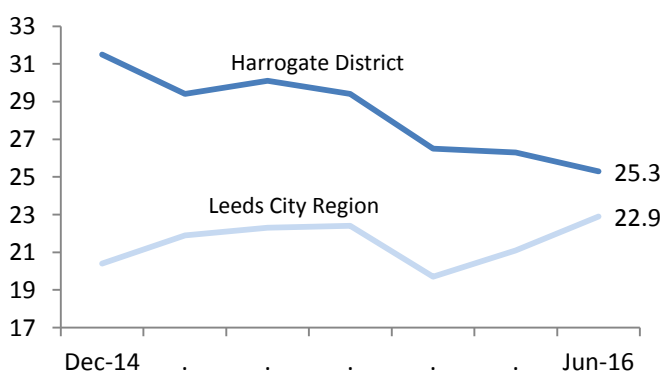
### Retail Vacancy Rate

(Source: HBC)



### Business Start-Up Rate (per 10,000 head of population)

(Source: Banksearch Consultancy)

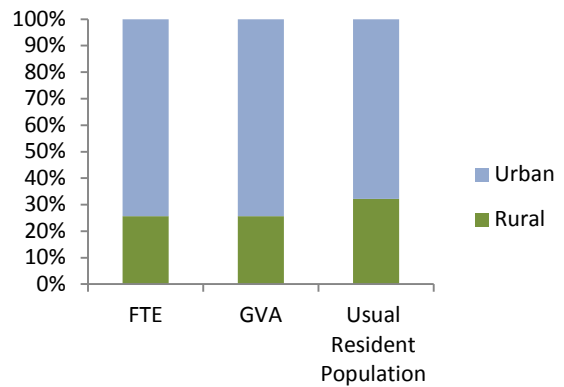


- 1.9 **‘Brand Harrogate’** has never been stronger after successfully hosting the Tour de France: Grand Départ in 2014.

- 1.10 The district has benefitted from **significant** recent **investment** in **broadband** infrastructure – with circa 93% of properties now served by superfast broadband.

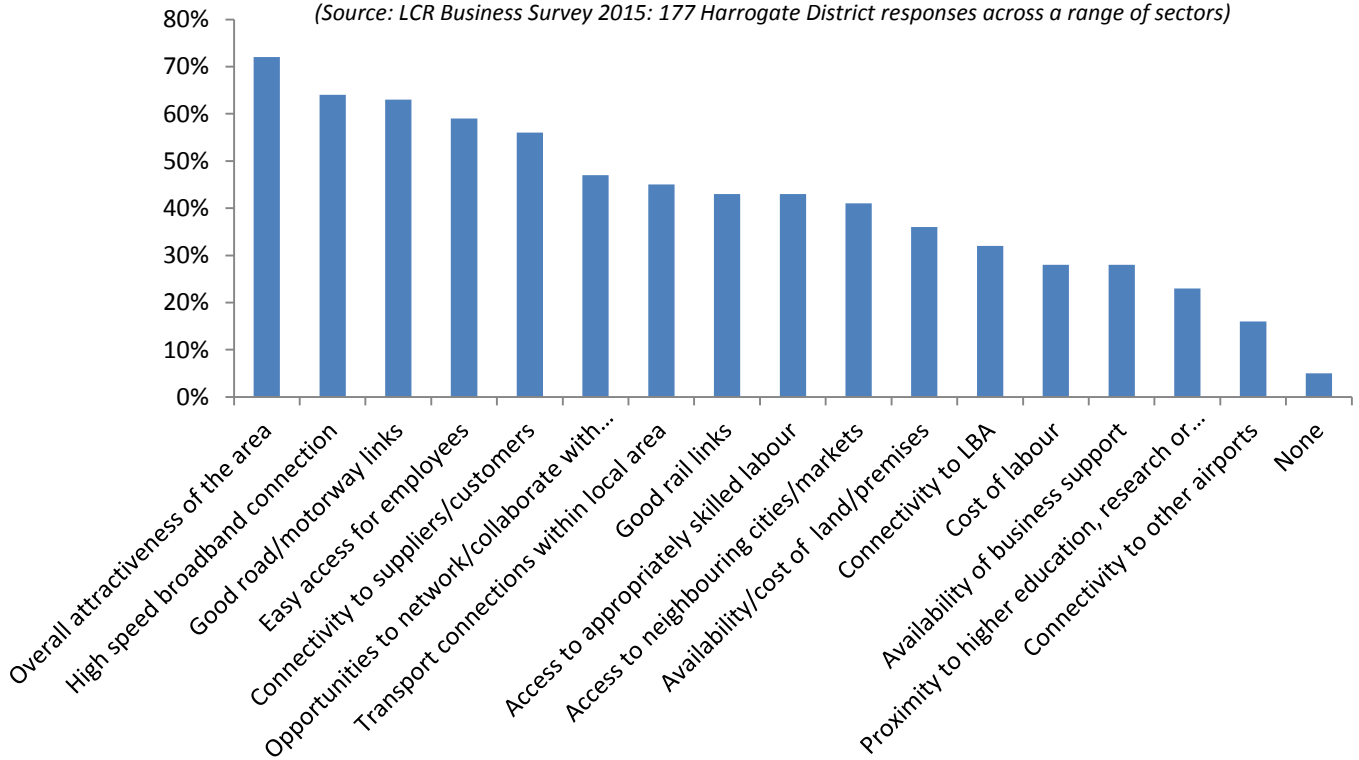
1.11 A **quarter** of the district's **economy** is based within **rural** areas – adding diversity and supply chains for retail and catering industries.

**Rural/Urban Split**  
(Source: REM 2016 & ONS 2014)



**Which of these issues do you perceive to be an advantage to the success of your business at its current location?**

(Source: LCR Business Survey 2015: 177 Harrogate District responses across a range of sectors)



**STRENGTHS: KEY POINTS**

The Harrogate district is a great place to do business. Comparatively, its residents are well qualified and enjoy a high quality of life. It attracts over five million visitors a year and offers excellent road transport and broadband connectivity. All of these factors contribute to high levels of enterprise and employment.

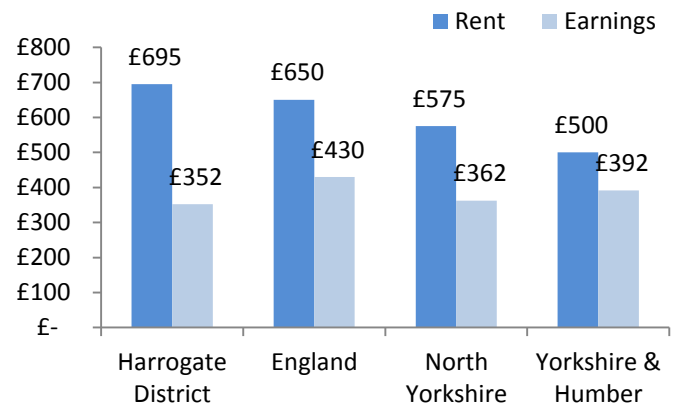
## 2.0 Harrogate District Economy: Weaknesses

2.1 Despite above average resident skill levels and average earnings, **workplace wages** in the district are **considerably lower** than regional and national averages; falling into the bottom 16% of England's Local Authority areas.

2.2 The low-wage economy is driven by a daily export of many high-earning residents, combined with a **disproportionate skew in local employment towards low value sectors**. For example, Accommodation & Food Services is the largest sector in the district in terms of FTE jobs, yet it generates only the eighth highest amount of GVA.

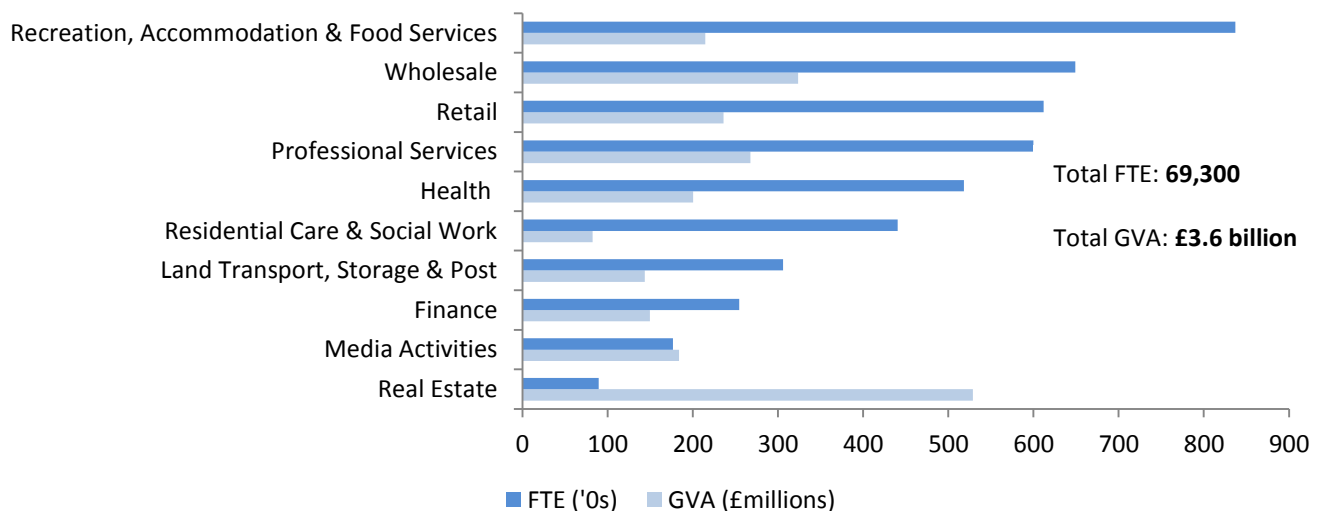
**Median Weekly Workplace Earnings v Median Private Monthly Rent**

(Sources: ASHE & VOA 2016)



**FTE (Jobs) and GVA (£) by Sector**

(Source: REM 2016)

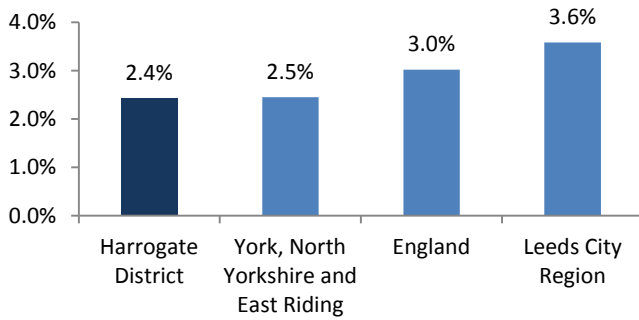


2.3 **Housing costs** are **unaffordable** for an increasing number of local employees and residents. Following a 9% annual increase, the median house price in the district (£247.5k) was **63% above the Leeds City Region average** (£152k) and 15% above the national average (£215k) at the end of 2015/16. Simultaneously, the median private market rent level was 39% and 7% above the regional and national averages respectively. This disparity is reflected by changes to the number of Housing Benefit Claimants in employment - rising year-on-year from 644 Claimants in 2005/06 to a peak of 1,900 in 2013/14.

2.4 A **constrained local transport** network (characterised by road congestion and overcrowded rail services) does not support an effective daily commute in and out of the district or the distribution of goods and services.

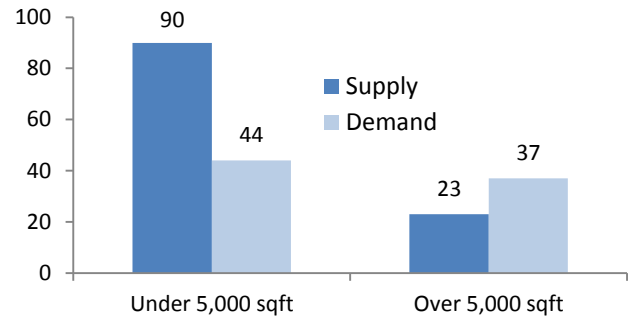
### % Business Units that are 'Medium' or 'Large'

(Source: ONS 2016)



### Industrial and Office Units: Supply v Demand

(Source: Harrogate Propertyfinder Database Q1 2016/17)



2.5 **A limited supply of larger, high quality, accessible commercial units** restricts business expansion and inward investment.

2.6 **Training provision** by local providers **does not align with employer demand** and **high value** growth (e.g. 228 Health & Social Care qualifications were delivered/achieved in the district in 2014/15, compared with four Warehousing & Distribution achievements).

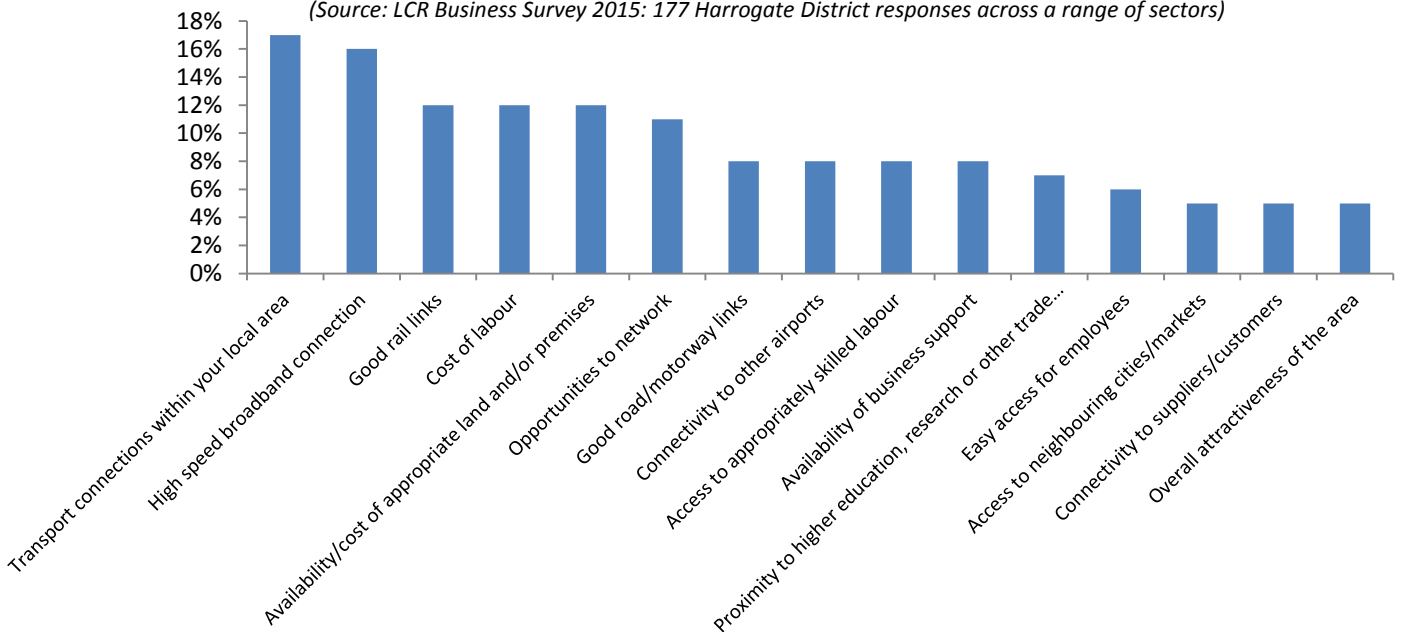
### Employer Skills Demand by Jobs Advertised

(Source: Labour Insight 2015)

1	Customer Service
2	Microsoft Excel
3	Building Relationships
4	Sales
5	SQL
6	Microsoft Office
7	Business Management
8	JavaScript
9	Product Sales
10	Project Management

### Which of these issues do you perceive to be a disadvantage to the success of your business at its current location?

(Source: LCR Business Survey 2015: 177 Harrogate District responses across a range of sectors)



## WEAKNESSES: KEY POINTS

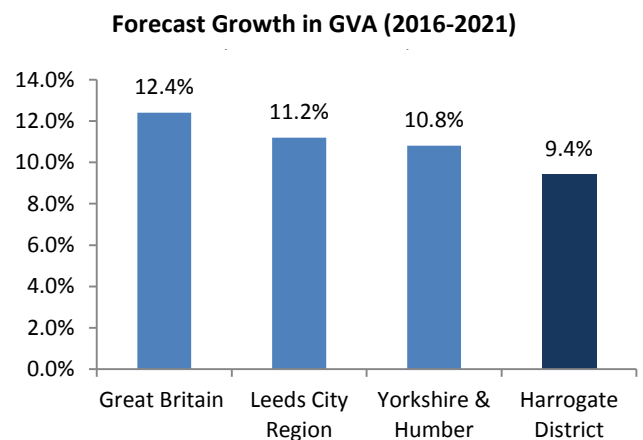
Significantly below average workplace earnings are driven by high levels of employment within lower value sectors. A lack of affordable housing and appropriate business units, inhibited local transport and a disparity between local skills provision and employer demand restricts local economic growth.

### 3.0 Harrogate District Economy: Sustainable Development

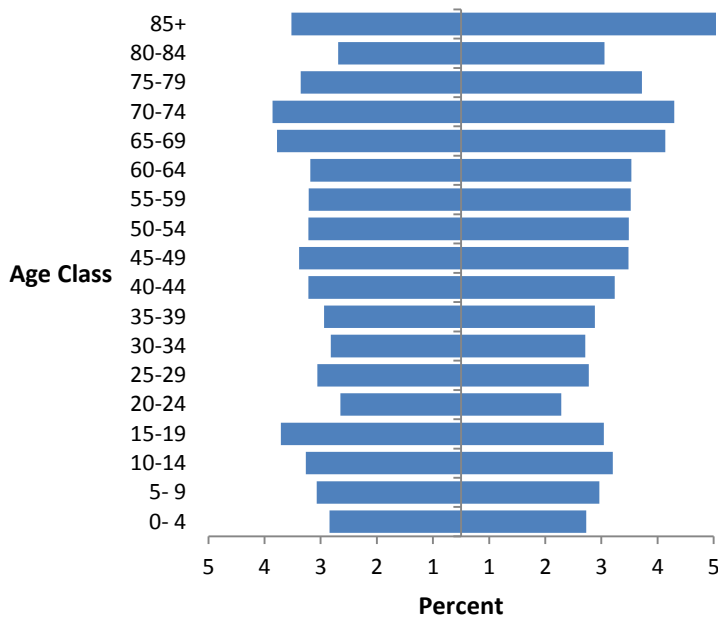
#### Threats

3.1 **Over dependence on low value sectors** leaves the district’s economy **vulnerable** when conditions worsen globally and nationally. At the height of the recession (2007 to 2009) the district’s economy contracted by 5.8% (compared with 4.5% across the UK). In Harrogate District, net FTE job losses across all sectors totalled 450 FTE. However; Retail, Accommodation & Food Services, Recreation, Residential Care & Social Work and Administrative & Supportive Service Activities experienced reductions in employment totalling -1,554 FTE. In contrast Media Activities, Professional Services, Finance and Computing & Information Services generated 1,142 new FTE jobs over the same period.

3.2 Employment is forecast to increase significantly in Accommodation & Food Services and Residential Care & Social Work over the next five years – with 708 new FTE jobs by 2021. This will further impact upon the district’s resilience and constrain overall economic growth.



**Population Pyramid (2037)**  
(Source: ONS 2014)



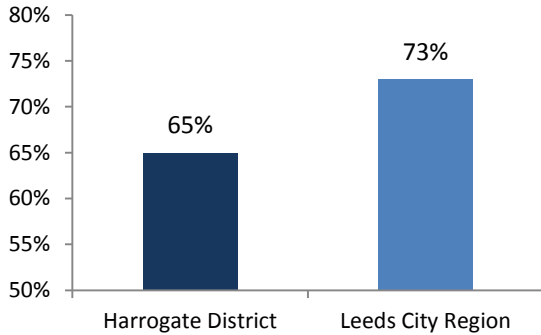
3.3 The district’s **population is ageing rapidly**, with an additional **17,800** people aged over 65 forecast by 2035 (+49%). High rates of inward migration among the older cohort (combined with their existing prevalence in the local population) will place an increasing demand on public services and impact upon sustainable economic development by constraining the labour market.

3.4 Simultaneously, factors including the profile of jobs available, affordable housing supply, local transport networks and the absence of a higher education offer are driving an outward migration of 20-30 year old. By 2035, the **working age population** is forecast to **decrease by 8,000** (-9%).

3.5 **Loss of existing office stock** by continued conversion to residential under **Permitted Development Rights**. Since May 2013 Harrogate Borough Council has received ‘notifications of change of use’ from B1 (office) to residential, with a loss of office floor space totalling 38,000sqm.

**Businesses that stated they will look to re-locate within the next five years – will you look to re-locate within the same town or surrounding area?**

(Source: LCR Business Survey 2015: 177 Harrogate District responses across a range of sectors)



*“...given that businesses are already experiencing a limited choice of sites and premises for expansion, there is a danger that, without consideration of the need for new allocations, there will be a continued trend of businesses being squeezed out of the area. Moreover, the limited supply may act as a significant constraint to potential inward investment to the area”*

*(Harrogate Borough Council Employment Land Review 2015)*

**Opportunities**

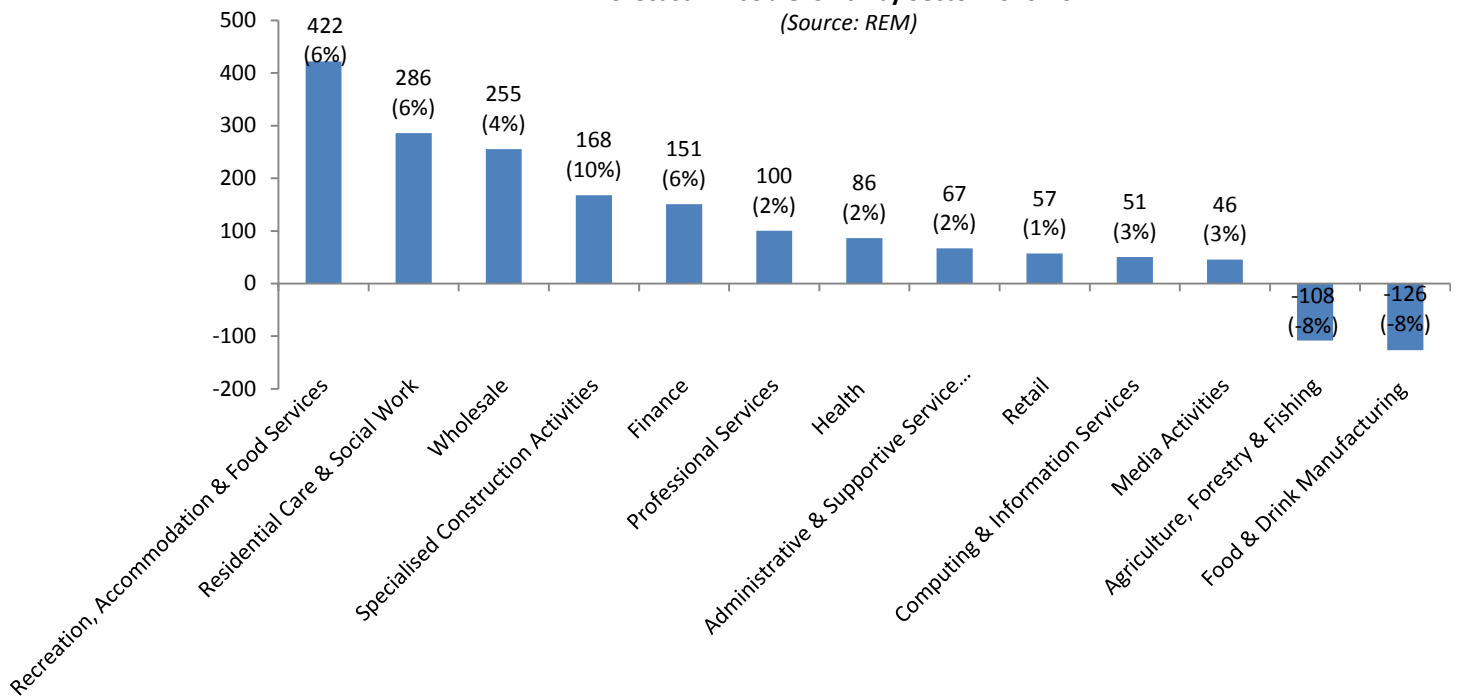
3.6 **Plan positively** for the expansion of existing businesses, whilst also attracting the inward investment required to generate new, high value jobs.

3.7 Based on recent and forecast trends, corporate priorities and the district’s competitive position, the council has an opportunity to **actively support growth** in the following high-value sectors:

- **Creative and Media Activities**
- **Computing and Information Services**
- **Life-Sciences**
- **Professional and Financial Services**
- **Wholesale/Logistics**

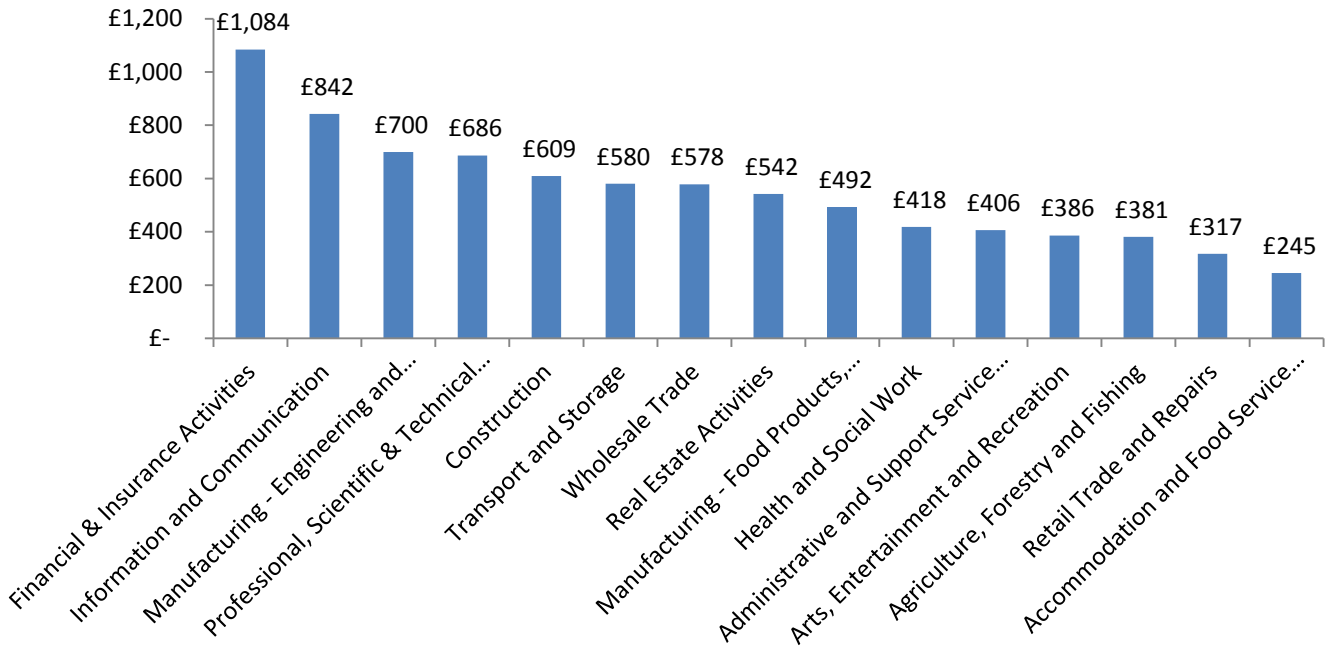
**Forecast FTE Job Growth by Sector 2016-2021**

(Source: REM)



### National Average Weekly Earnings by Sector

(Source: ONS 2016)



3.8 Actively seek to **address weaknesses** and gaps in the local **commercial property market** so as to enable high-value growth.

3.9 **Plan positively** for **affordable housing** in order to address the current disparity between the average workplace wage and local housing costs (see 2.1 & 2.3).

3.10 Develop **specialist links** between **businesses** in high-value growth sectors and **training/education providers**.

3.11 Build on **existing strengths** (e.g. attractiveness of the area and the 'Harrogate brand') to **attract inward investment**.

## SUSTAINABLE ECONOMIC DEVELOPMENT: KEY POINTS

Economic growth in Harrogate District is constrained by a range of factors, particularly its labour and property markets (commercial and residential).

The underlying economic concern is that an increasing employment dependence on lower value sectors has left the district's economy unbalanced, unsustainable and vulnerable to changing economic conditions.

Local policy interventions are required in skills provision, business support, inward investment, transport, affordable housing and the quality of the commercial property market to capitalize on high value economic growth sectors and ensure a sustainable future for the district.

## Harrogate District 2016 FTE Location Quotients (LQ)

(significant sectors ranked by specialisation relative to LCR) (Source: REM)

Industry	% Total FTE	LQ		
		Leeds City Region	Yorkshire & Humber	UK
Media Activities	2.5%	4.4	5.9	2.7
Agriculture, Forestry & Fishing	2.0%	4.4	2.6	2.4
Accommodation & Food Services	9.6%	1.7	1.7	1.5
Computing & Information Services	2.5%	1.3	1.5	1.0
Wholesale	9.4%	1.3	1.4	1.4
Recreation	2.5%	1.2	1.2	1.2
Professional Services	8.7%	1.2	1.4	1.0
Residential Care & Social Work	6.4%	1.1	1.1	1.2
Retail	8.8%	1.1	1.1	1.0
Other Private Services	2.3%	1.1	1.2	1.1
Health	7.5%	1.0	0.9	1.0
Real Estate	1.3%	0.9	1.0	0.8
Education	7.2%	0.9	0.9	0.9
Specialised Construction Activities	2.5%	0.9	0.8	0.8
Food, Drink & Tobacco	2.1%	0.9	0.8	1.2
Finance	3.7%	0.8	1.1	1.1
Land Transport, Storage & Post	4.4%	0.8	0.8	0.9
Administrative & Supportive Service Activities	6.4%	0.7	0.8	0.7
Construction of Buildings	1.0%	0.7	0.7	0.6
Public Administration & Defence	2.5%	0.6	0.5	0.5

Industry LQ is a way of quantifying how “concentrated” an industry is in a region compared to a larger geographic area, such as a nation. The basic uses of industry LQs include:

- To determine which industries make the regional economy unique.
- To identify the “export orientation” of an industry and identify the most export-oriented industries in the region.
- To identify emerging export industries beginning to bring money into the region.
- To identify endangered export industries that could erode the region’s economic base.

Industry LQs have been calculated by comparing the industry’s share of district employment with its share of employment in a wider area. Suppose that Breweries account for 16% of all the district’s jobs but only 1.6% of all national jobs. The district’s LQ for Breweries would then be  $16/1.6 = 10$ , meaning that Breweries are nine times more concentrated in the district than average.

## Shift Share – FTE 2009-2016 v Yorkshire & Humber (Source: REM)

Shift Share analysis explained:

- **Regional Share** – the amount of growth or decline that can be attributed to the overall growth of the regional economy.
- **Industry Mix** -the amount of growth or decline that could be attributed to the performance of the specific industry at the regional level.
- **District Share** – the amount of growth or decline in a specific industry that could be attributed to a local advantage or disadvantage. This is generally the most informative component as it clearly quantifies the level of advantage or disadvantage an industry has in the local area.

Industry	2009 FTE	% of Total FTE	2016 FTE	% of Total FTE	% Change 2009-2016	District Share	Regional Share	Industry Mix	Total change in FTE
Health	3,618	5.7%	5,183	7.5%	43.2%	1,211	236	118	1,565
Administrative & Supportive Service Activities	3,145	4.9%	4,455	6.4%	41.7%	572	205	534	1,311
Accommodation & Food Services	5,298	8.3%	6,670	9.6%	25.9%	527	346	499	1,372
Land Transport, Storage & Post	2,541	4.0%	3,059	4.4%	20.4%	397	166	-45	518
Wholesale	6,335	9.9%	6,490	9.4%	2.4%	225	413	- 483	155
Retail	6,343	10.0%	6,120	8.8%	-3.5%	166	414	-803	-223
Professional Services	4,842	7.6%	6,000	8.7%	23.9%	152	316	690	1,158
Computer & Electronic Products	478	0.8%	600	0.9%	25.5%	65	31	26	122
Real Estate	917	1.4%	897	1.3%	-2.2%	38	60	-118	-20
Finance	2,393	3.8%	2,544	3.7%	6.3%	38	156	-44	150
Food, Drink & Tobacco	1,305	2.0%	1,489	2.1%	14.0%	30	85	68	183

Industry	2009 FTE	% of Total FTE	2016 FTE	% of Total FTE	% Change 2009-2016	District Share	Regional Share	Industry Mix	Total change in FTE
Education	4,693	7.4%	4,961	7.2%	5.7%	29	306	-67	268
Other Private Services	1,125	1.8%	1,595	2.3%	41.8%	24	73	372	470
Specialised Construction Activities	1,936	3.0%	1,730	2.5%	-10.6%	-17	126	-316	-206
Public Administration & Defence	2,161	3.4%	1,732	2.5%	-19.8%	-74	141	-495	-428
Computing & Information Services	1,341	2.1%	1,754	2.5%	30.8%	-88	87	414	413
Agriculture, Forestry & Fishing	1,493	2.3%	1,379	2.0%	-7.6%	-98	97	-113	-114
Recreation	1,649	2.6%	1,700	2.5%	3.1%	-142	108	84	50
Construction of Buildings	890	1.4%	695	1.0%	-21.9%	-150	58	-103	-195
Media Activities	2,935	4.6%	1,766	2.5%	-39.8%	-214	192	-1,147	-1,169
Residential Care & Social Work	4,657	7.3%	4,405	6.4%	-5.4%	-1,196	304	640	-252