A64 BROAD BASED STUDY

Economic Impact Report

Report

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Prepared for:

Regional Assembly
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Contents Page

FIGURES

TABLES

APPENDICES

1. INTRODUCTION

1.1 This report sets out an assessment of the likely wider economic impacts of the various transport options being considered as part of this study. It does this against the background of a review of the current functioning of the regeneration areas within the study corridor.

1.2 The background to this report is the developing government guidance on investigating wider economic impacts of transport schemes[1]. The over-arching objective is to understand how changes to the transport network or its functioning might lead to economic development. In some instances such development could be additional to the welfare benefits that are captured using traditional cost-benefit analysis. However, here the aim is to identify impacts specifically in terms of development and which can be estimated in terms of jobs – new jobs created or jobs secured which otherwise would be lost. In principle both should lead to a reduction in unemployment.

1.3 This section is to be read in conjunction with other aspects of the appraisal report, notably safety, environment and transport economic efficiency.

1.4 Each of the transport options is considered in turn though, as will be seen, there are many common elements across the set. Most detail is therefore provided for the dualling option since this would represent the most dramatic change from the status quo. More modest transport options might be expected to have impacts of the same types but of smaller magnitudes, and this is the general principle here, and any exceptions to this rule are discussed in Section 1. However, there also tend to be threshold-type effects in the provision of transport infrastructure, and hence a below threshold improvement might generate no development impacts.

1.5 The remainder of this section is structured as follows:

- Statement of method (Section 2);
- Quantification methods (Section 3);
- Definition of regeneration area (Section 0);
- Overview of the economy in the regeneration areas (Section 1):
  - Scarborough - general business;
  - Scarborough - tourism;
  - Ryedale - general business;
  - Ryedale – tourism;
  - General discussion and comparison between the regeneration area and Yorkshire and the Humber region.
- Examination of ways in which changes to the transport network could affect these economies (Section 6);
- Detailed analysis of likely regeneration impacts of dualling the A64 from York to Scarborough (Section 1):

[1] http://www.roads.dft.gov.uk/roadnetwork/heta/resresult/pdf/eirphase1.pdf

  - Small to medium sized businesses across all sectors;
  - Larger sized manufacturing businesses;
  - Property development;
  - Tourism;
- Analysis of distinct impacts of more modest options (Section 1); and
- Summary (Section 9).

2. STATEMENT OF METHOD

Introduction

2.1 The method adopted is in line with the current draft of guidance being produced for the Department for Transport on conducting economic impact reports. This considers interactions between transport accessibility/costs and economic actors at a micro-economic level. This approach is intended to identify how and to what extent economic actors are likely to respond to transport-generated changes, and is based on a detailed understanding of:

- The structure and performance of the regional economy;
- The economic and business issues confronting businesses within each economic sector;
- The extent to which transport factors constrain or affect current and potential economic performance; and
- How significant are transport-related changes within the range of other short and medium-term factors affecting investment and employment decisions by economic actors in the region.

2.2 In summary, the following approaches have been used to gather information:

- Structured interviews with key stakeholders;
- Collation and analysis of information presented in key research reports and strategy documents;
- Targeted interviews with businesses sampled to reflect geography, sector and size of enterprise (two samples were drawn, one for smaller companies across all sectors and one for larger sized companies within the manufacturing sector only);
- Interviews with property developers; and
- Analysis of relevant published data on economic conditions.

2.3 The outputs of these various activities were then collected and examined to provide the basis of the arguments which follow.

2.4 Some projections of jobs created as a result of options are given in this document. An explanation of the methods used to derive these projections is provided in Section 3 below.

Stakeholder interviews

2.5 Interviews have been held with the stakeholders listed in Table 2.1.

TABLE 2.1 STAKEHOLDER INTERVIEWS CONDUCTED

Organisation	Face-to-face/telephone
Yorkshire Forward	Face-to-face
North Yorkshire County Council	Telephone
York City Council	Face-to-face
Ryedale District Council	Face-to-face
Scarborough Borough Council	Face-to-face
Yorkshire Tourist Board	Face-to-face

Analysis of reports and other documents

2.6 All those interviewed were invited to provide the consultant team with all relevant documentation providing information on the state of the local economy and its prospects. References are made at various points in the following text to the documents consulted.

2.7 Targeted interviews with smaller companies across all sectors The consultant team was provided with detailed lists of businesses in Scarborough, Ryedale and York which included the following attributes:

- Size (not York);
- Classification of business by detailed SIC code (not York); and
- Description of activity.

2.8 The list also gave details of a nominated contact including address and telephone number.

2.9 These lists were used to derive a sample of businesses to interview so as to obtain as representative a view as possible of likely regeneration effects resulting from transport interventions.

2.10 The relative sizes of the various sectors in Scarborough and Ryedale are shown in Table 5.1 (Scarborough) and Table 5.6 (Ryedale), below. The sample was derived on the basis of both the relative size of the sector (its share of employees in the respective district) and its expected sensitivity to changes in transport. Thus, sectors such as education, though large, were not prioritised because it was felt that other, smaller, sectors would experience more profound changes in the event of major alterations in infrastructure. Tourism was emphasised because of its particular characteristics and its acknowledged importance to the aspirations of the area. The eventual set of interviews was strongly influenced, of course, by the availability and willingness of interviewees. York was included later in the study and a smaller sample of interviews achieved, largely because of the intervention of Christmas. With logic similar to that explained above for the selection of sectors, a representative sample was targeted.

2.11 The questionnaires used (separate versions were developed for general business and for tourism firms) are reproduced at Appendix A.

2.12 The distribution of interviewed companies by district and sector is set out in Table 2.2.

TABLE 2.2 DISTRIBUTION OF BUSINESSES INTERVIEWED

Local Authority	Sector	Businesses Interviewed
Ryedale	Hotels and restaurants	7
	Manufacturing	6
	Other community, social/personal service	3
	Wholesale/retail trade; repair etc	1
	Construction	1
Ryedale Total		**18**
Scarborough	Manufacturing	18
	Hotels and restaurants	15
	Real estate, renting, business activities	4
	Wholesale/retail trade; repair etc	3
	Transport, storage and communication	3
	Health and social work	1
Scarborough Total		**44**
York	Manufacturing	1
	Hotels and restaurants	2
	Real estate, renting, business activities	2
	Wholesale/retail trade; repair etc	2
York Total		**7**
Grand Total		**69**

Targeted interviews with larger manufacturing companies

2.13 In addition to the interviews with smaller companies it was necessary also to focus on those sectors considered to be the key economic drivers of the region, in particular the larger manufacturing businesses. Given that the movement of raw materials (inward) and finished goods (outward) is a core activity of most manufacturing companies, and that the manufacturing sector accounts for significant proportions of employment in both Ryedale (23%) and Scarborough (14%)[2], it was deemed that this sector would be most susceptible to changes in accessibility arising from proposed transport improvements.

Segmentation of manufacturing sector

2.14 The manufacturing sector was segmented further based on number of business units and employees within each sub-sector. From this, the proposed necessary number of interviews within each sub sector was established.

[2] Annual Business Inquiry, 2001.

2.15 In drawing up a sampling frame, company size was based on the NOMIS categorisation of company size:

- Medium (50 to 199 employees); and
- Large (200 plus employees).

Sample decision

2.16 Based on SIC categorisation and employment data available from NOMIS, a sample was defined to interview companies within the manufacturing sector in Ryedale and Scarborough. In total, 28 companies were to be interviewed, of which 12 large companies were to be interviewed face to face and a further 16 medium sized companies were to be interviewed by telephone. Table 2.3 presents the initial proposed sample for this additional piece of empirical research.

TABLE 2.3 PLANNED INTERVIEW SAMPLE STRUCTURE

Manufacturing Sub-Sector	Interviews	Ryedale	Scarborough
Metals	7	4	3
Optical and Electrical Equipment	5	2	3
Transport Equipment	1	1	0
Food, Drink and Tobacco	7	3	4
Pulp / Paper / Printing	3	0	3
Other (Rubber / Plastics / etc)	5	2	3
Total	**28**	**12**	**16**

Company information

2.17 From the population of companies only a relatively small number of medium and large companies were listed for Ryedale (6 large / 8 medium) and Scarborough (8 large / 20 medium). Therefore the list was extended to incorporate some smaller companies within sub-sectors where required, so that a sufficient sample of companies per sub-sector could be established.

Surveys conducted

2.18 A total of 22 companies agreed to participate and were interviewed in March and April 2003. Some interviews were arranged but failed to occur due to busy time schedules on the part of the interviewees and a number of companies chose not to participate in the survey. Accordingly a smaller sample was used but this remains reasonably representative of the population of large businesses, with the exception of Grampian Country Pork which is a dominant player in the food sector and whose input would have been very desirable for this element of the study.

2.19 Table 2.4 presents a summary of interviews undertaken, by region and sub-sector, along with number of interviews undertaken by face and telephone.

TABLE 2.4 INTERVIEWS BY REGION AND SUB SECTOR

Manufacturing Sub-Sector	Scarborough	Ryedale	Total	*Face*	*Phone*
Metals	2	3	5	*2*	*3*
Optical / Electrical Equipment	1	4	5	*4*	*1*
Transport Equipment	0	1	1	*1*	*0*
Food, Drink and Tobacco	2	0	2	*1*	*1*
Pulp / Paper / Printing	2	0	2	*0*	*2*
Other (Rubber / Plastics)	4	3	7	*3*	*4*
Total	**11**	**11**	**22**	*11*	*11*

2.20 Based on Annual Business Enquiry figures for employment per sector for the year 2001, and on the companies' statements relating to number of staff employed, the sample interviewed are largely representative of the manufacturing sector, with businesses interviewed in Ryedale comprising 20% of employment in the manufacturing sector and in Scarborough 51% of employment in the manufacturing sector (See Table 2.5 and Table 2.6 below).

2.21 The representation is lower in Ryedale primarily due to the fact that Grampian Country Pork, one of the major employers in the region employing over 2000 staff, did not wish to participate in the survey.

TABLE 2.5 REPRESENTATION OF MANUFACTURING SECTOR: SCARBOROUGH

Manufacturing Sub-Sector	Total Employment in Sector	Total Employment Interviewed	% Total Employment in Sub-Sector
Metals	731	154	21%
Optical / Electrical Equipment	718	150	21%
Food, Drink and Tobacco	1852	1386	75%
Pulp / Paper / Printing	1236	770	62%
Other (Rubber / Plastics)	733	555	76%
Total Employees Manufacturing	**5890**	**3015**	**51%**

TABLE 2.6 REPRESENTATION OF MANUFACTURING SECTOR: RYEDALE

Sector	Total Employment in Sector	Total Employment Interviewed	% Total Employment in Sub-Sector
Metals	1041	667	64%
Optical / Electrical Equipment	311	173	56%
Transport Equipment	150	150	99%
Food, Drink and Tobacco	2753	0	0%
Pulp / Paper / Printing	118	0	0%
Other (Rubber / Plastics)	506	43	8%
Total Employees Manufacturing	**5065**	**1033**	**20%**

Interviews with property developers and agents

2.22 Interviews with property agents, promoters and developers were interviewed with regard to development and investment potential along the A64 corridor. Interviews were held with 5 property developers and 2 property agents;

- Tecrum Properties;
- Caddics;
- Benchmark Properties:
- S Harrison Developments Ltd;
- Broadland Properties;
- DTZ Debenham Tie Leung; and
- Knight Frank.

Published data

2.23 Much relevant information is routinely collected and made available through NOMIS (a government database of labour market information). Information was used on the following:

- Population;
- Composition of economy in relevant areas, sizes of business, new business registration/deregistration rates;
- Vacancies advertised at Jobcentres;
- Unemployment; and
- Pay.

2.24 In certain circumstances, it was necessary to carry out calculations using the data collected from NOMIS.

3. QUANTIFICATION

Introduction

3.1 Estimates are provided in various sections of this report of the possible jobs impacts resulting from the various transport options. This section is intended to provide an overview of the methods used to derive these estimates.

Safeguarding of jobs within manufacturing sector

3.2 Following interviews with the majority of larger manufacturing companies in Scarborough and Ryedale, it was clear that there are potential job impacts likely to arise as a result of the transport improvement.

3.3 It was possible to obtain detailed information regarding transport costs, general costs, profit margins and turnover for some companies. Analysis of these data – combined with an assessment of individual company responses (see Chapter 7) – shows that there are potential impacts for particular companies, especially for those that are either externally owned or have locations outwith the area. Based on an analysis of the likely impacts to arise, it was possible to conclude that one or two companies could be forced to close down or re-locate if transport costs remained as they are and the current logistical situation did not change. Calculations of jobs impacts are therefore based on the respective workforces of these employers.

Inward investment

Introduction

3.4 The estimation method used for this study depends on a number of assumptions, which were essential to making the task tractable, given the large number of unknowns that feature in inward investment decision-making. Those assumptions, though, are not unreasonable.

3.5 The survey of businesses locating in North Yorkshire (discussed in more detail at §7.88 et seq), carried out by Swift for Yorkshire Forward, has been very useful in demonstrating the priorities of businesspeople in selecting a site for developing their business. The clear impression given by interviewees is that their focus is quite local – a connection with the area or fondness for it meant that few looked beyond North Yorkshire. It must be asked whether the regeneration area is competing with other locations in Great Britain which offer very attractive packages to incoming businesses in light of their significant regeneration needs. Our assertion is that this is not likely, since the level of the assisted area status (Tier Three) in Ryedale and Scarborough means that it will not vie effectively with the most inexpensive locations elsewhere.

3.6 The inference is therefore that the regeneration area in this study is competing with other sites in North Yorkshire for inward investment. This condenses into a competition with York itself for the following reasons:

- Businesses that locate elsewhere in the County (such as in Selby district) will be closer to the motorway network than they would be in the regeneration area, but would still enjoy the availability of labour and the quality of rural life;

- Though some stress is placed upon the quality of the coastal environment in Scarborough and the proximity of the Moors in Ryedale, we have not encountered evidence to suggest that these factors are compelling in location decisions; and
- York has many features which make it attractive as a location for inward investment (main-line rail, presence of the University, the Science City culture) and it thus unsurprisingly dominates the inward investment scene in the County.

3.7 These assumptions are admittedly significant but are essential to placing the argument within sensible limits.

Method

3.8 Yorkshire Forward kindly provided a copy of its database of "successes" over the eleven years to 2002. Whilst a subset of the total inward investment pool, we understand that it is probably a geographically balanced subset. We have therefore used the number of businesses locating in York and the regeneration area, combined with an estimate of the number of new jobs associated with each (based on the industrial sector) to derive a ratio between numbers of jobs created in the two areas over time.

3.9 The number of new jobs which the sum of "successes" would appear to indicate appeared a significant underestimate, even allowing for Yorkshire Forward's stated belief that it was involved in approximately 60% of deals. We therefore took an alternative estimate from the York Inward Investment Board. We were told that it could claim responsibility for 2,500 jobs over the past six years, with the important proviso that 1,500 of these had been associated with a single deal. The IIB also told us that 23 companies had set up new operations in York during the previous financial year (compared with the same number the year before). We concluded that the 1,000 jobs not associated with the major deal were more representative of the picture for York and used this, together with the ratio derived from Yorkshire Forward, to produce an estimate of the total pool of inward investment likely to come to York and the regeneration area in a typical year. We compared York's figure with a total subsequently provided by Yorkshire Forward (that the eleven years had seen more than 92,795 jobs created in the Yorkshire and the Humber region) to check that they were of the same order of magnitude. The proportion of Yorkshire Forward's successes in York (3%) suggests that the numbers from the two sources are broadly comparable – a margin of error allows for the range of possible true values.

3.10 We analysed the responses of businesses that had located in York to understand whether they would be likelier to consider the regeneration area if accessibility were increased. Over half of these gave answers that made it clear that York had unique selling points from their perspective. The remainder appeared less wedded to York as a location.

3.11 For this remainder, further analysis of the specific location priorities was conducted. Three were picked out as pivotal: access to transport network, pleasant area to live in, and cost of premises. By assuming that the current split of inward investment is a function of these three variables, we derived a model[3] of the relative "generalised cost" of the two competing locations for inward investors. It was then possible to hypothesise what the result of dualling the road would be upon this relative cost and, thereby, the likely change in the balance of inward investment between York and the regeneration area. This produces an estimated number of new jobs for a year; we consider it appropriate to multiply this number by thirty to account for the entire appraisal period. The reason for doing this in the case of inward investment and not for, say, tourism, is that the flow of inward investment is assumed to be consistent over time and so a change in the balance would continue to be felt. Other sectors would arrive at a new equilibrium following the adjustment brought by dualling and so a single change to their size would be witnessed.

3.12 The raw output of the modelling exercise was subjected to a "sense check" through our interviews with property agents. They cast doubt on the numbers derived, believing them to be somewhat optimistic. On these grounds, therefore, the total was adjusted downwards to reflect this expert view.

Discussion

3.13 The number of significant assumptions used in this estimation process will be quite apparent from the explanation above. We feel that they are justified and, in fact, necessary if any quantitative outputs are to be produced. Whilst the assumption that a closed competition is taking place between York and the regeneration area rules out the possibility that businesses looking outside the area could choose Ryedale or Scarborough, this limitation is counterbalanced by three assumptions which favour the regeneration area:

- A uniform assumption that premises will be more attractive outside York (in terms of availability or price);
- The assumption that the regeneration area's new share of inward investment will hold up over time; and
- The relatively peripheral location of the regeneration area (irrespective of the quality of the transport network) has been ignored.

3.14 With regard to the first assumption, rental rates in York overall are higher than in the regeneration area but there appears a substantial amount of property available at competitive rates on the periphery of the city. The second assumption ignores the fact that, as time passes, the relative attractiveness of the regeneration area could be expected to be eroded by increasing land values and wage rates.

3.15 The nature of the model used to represent the choice between locations is, inevitably, speculative. Only through stated preference research could a more robust model be derived. It is, however, true to the evidence available and is standard practice.

[3] The model used is a "logit" model of choice between competing options. It is frequently used in transport and is thought to offer a reasonably good representation of user response to the perceived utility of choices.

3.16 On balance, then, the method can be claimed not to be unfairly biased either towards or against the dualling scheme.

Tourism

Introduction

3.17 The method employed in estimating tourism impacts is grounded in the relationship between propensity to visit the study area and its accessibility from various points. It stands to reason that the longer one's journey time to a location, the less likely one is to visit it, all other things being equal.

3.18 The principal sources of data used to drive this series of projections are the results of tourism surveys conducted by Scarborough (1999) and Ryedale (2000), which include the residential locations of interviewees to a greater or lesser degree of accuracy. These, combined with overall visitor numbers for the two areas, provide the basis for estimates of the propensity to visit.

3.19 The accessibility measures have been taken from the software package DriveTime, adjusted to mirror the findings concerning likely impacts of the dualling scheme on journey times along the A64.

Method

3.20 The following text applies to both Scarborough and Ryedale.

3.21 By dividing Great Britain into a series of zones reflecting the precision of the survey data available and associating the number of stay visits with base population, a "per capita visit rate" was calculated for each zone. DriveTime was then used to calculate "do minimum" and "do something" journey times from the centroid[4] of the zone to the proxy destination (central Scarborough for Scarborough Borough; Pickering for Ryedale).

3.22 The relationship between does minimise journey time and visit rate was plotted and examined and a clear pattern emerged. A curve-fitting exercise was then conducted on the assumption that the relationship was exponential. The fit was better for Scarborough than for Ryedale but this is probably because the former had far fewer data points and so there was some natural averaging within zones.

3.23 The curve-fitting enabled a model of the relationship to be derived. This was used to produce a model of "do minimum" visitor volumes. By then inserting the reduced journey times, a "do something" visit rate was derived leading to an associated volume of visitors. It is the ratio between these two numbers that has been used to drive the estimation of employment impacts below.

3.24 Whilst more emphasis was placed on stay visits (given the greater number of employees per visitor), it was important to understand how the day visit market would

[4] The centroid is weighted to reflect the distribution of population in a given area.

respond so this was modelled separately for Scarborough. Day visits were found to be more sensitive to changes in access time. This finding has been reflected in the margin of error for the day/stay relationship explained below.

3.25 A projection was made of visitor numbers to Ryedale and Scarborough in 2007, using historical data for the two areas and comparing them with figures for England as a whole (see §7.128 et seq). A margin of error was included. By applying the modelled percentage increase in stay visitor numbers, the number of jobs was calculated using the relationships of visitors to FTE jobs identified from STEAM data (see §7.175) and information from the interviews that approximately half the businesses would take on more employees in the event of increased visitor numbers. Error margins were acknowledged and incorporated at each stage of the calculation. This method gives a figure for the number of new jobs resulting from an increase in stay visitors. The same proportion increase was also applied to day visitors, although the margin of error allowed for the more elastic relationship described at §3.24. The increase in jobs for day visitors was then calculated. This resulting figure is much less sensitive to visitor numbers than that resulting from stay visitors since the visitor:jobs ratio is very much larger. An increase in indirect jobs (i.e. in supporting trades) resulting from an overall increase in visitor numbers was also calculated using the relationships specified in STEAM.

3.26 It is acknowledged that a wide error margin emerges from these calculations. In summary, individual error margins have been incorporated at the following stages:

- Estimates of 2007 visitor levels;
- Modelling error in curve-fitting;
- Relationship between day and stay visitor numbers;
- Relationship between visitors and employment using STEAM estimates of employment numbers; and
- Proportion of businesses which take on new employees as a result of a visitor increase.

3.27 The precision of the STEAM visitor totals themselves is doubtful since the monitor is intended to facilitate year-on-year comparisons rather than to produce absolute numbers. A margin of error has not been applied to account for this, however, because of a lack of reference points.

Discussion

3.28 The visit rate model is inevitably an over simplification of the real situation involved in trip choice in that it is based solely on the increased accessibility of the destinations in question and takes no account of the fact that the two-way road argument may apply, with competitor destinations made more attractive as a result of dualling. It therefore could slightly overestimate impacts.

3.29 The expected increase in employment directly or indirectly related to tourism is much less for Ryedale than it is for Scarborough. This is unsurprising since access to Ryedale involves less distance on the A64 than access to Scarborough. Further, the section between York and Malton will see comparatively smaller journey time reductions than the section east of Malton.

3.30 Linear relationships have been used throughout in the modelling of employment impacts. This may be unrealistic since certain businesses will enjoy economies of scale as their turnover increases.

3.31 The use of unadorned journey time in the projection process may lead to an underestimate of total visitor impacts, given evidence that certain sectors would see dualling of the A64 as a step change.

Commuting

3.32 Though no projections of reduced unemployment or new jobs are made in connection with the possibility that workers will travel further in response to dualling, we explain here the method used to justify this decision.

3.33 The Census of Population undertaken each decade includes a detailed analysis of the journey to work. Data from the 2001 Census relating to this is not yet available but Peter Davidson Consultancy has produced updates of the 1991 numbers for the Government. We analysed the most recent year available (1997) to understand the level of commuting between the three areas of interest (York, Ryedale and Scarborough). As explained in the relevant sections of the text, the proportions commuting between these locations are very small.

Margins of error and interpretation of findings

3.34 Throughout this section, the term "margin of error" has been used for the various points at which relationships have been estimated and there is a degree of uncertainty concerning the precise value of the underlying factor. The goal has been to ensure that realistic estimates of impacts are derived and that an equivalently realistic notion of the possible range around each is also obtained. Thus, we have presented a central figure for the number of new jobs in tourism, which could follow on from dualling, together with percentage errors above and below this figure. The intention, in providing a percentage error either side of a figure, is to convey the degree of uncertainty concerning its precise value. It is very important that these upper and lower values are not adopted by proponents and opponents of the dualling scheme, respectively. The central figure is offered because the likelihood is that for each component of the calculation that has been overestimated, there will be a counterbalancing component that has been underestimated. The upper end of the range of values corresponds with all effects being more favourable than anticipated, the lower end with the opposite scenario. **Neither of these extremes is likely**.

4. DEFINITION OF REGENERATION AREAS

4.1 The existing draft of economic impact report guidance requires that the effects of transport schemes on regeneration areas be carefully considered. This is partly because the economic vitality of regeneration areas is, by definition, a matter of concern. It also stems from the findings of the SACTRA report, that wider economic impacts can differ in magnitude from the primary *transport economic efficiency* impacts where market failure is occurring. Regeneration areas generally manifest market failure where wages remain at levels greater than the marginal social cost of labour, leading to unemployed labour. This tends to be linked to slow or no labour market responses to factors such changes in employment structure, alongside market failures in the property sector. Eventually real wages and property values fall relative to other areas but in rural areas the process can lead to out-migration and a change in economic structure with greater reliance on low paid sectors such as tourism and catering.

4.2 The definition of regeneration areas is vexed because there are many different designations in force and their coverage differs.

4.3 A review of designations in the A64 corridor was conducted, with the following results.

Objective 2

4.4 Objective 2 is a European funding programme aimed at supporting regions suffering from the decline of particular industries and services. The North Yorkshire Partnership Unit highlights the following reasons for Objective 2 funding in the Yorkshire and Humber region:

- Urban areas which are the most deprived, high unemployment, high levels of poverty, levels of crime, housing conditions;
- Rural areas most dependent on agriculture, most sparsely populated, most threatened by disappearing services; or
- Areas where traditional industries such as mining, fishing and textile manufacturing have declined and moved away, together with areas that have seen a real decline in tourism.

4.5 Figure 4.1 identifies the areas designated for Objective 2 funding, including transitional areas (areas only eligible for Objective 2 support in the first few years of the programme). The designation of the majority of wards in the Borough of Scarborough is of particular relevance to this study.

Assisted area status

4.6 Much of the study area is designated under this scheme operated by the Department of Trade and Industry.

4.7 The Scarborough area, as indicated on Figure 4.2, is given Tier Three status. This refers to a new level of Enterprise Grant Areas where assistance is available to businesses employing up to 250 people. Small and medium-sized enterprises (SMEs) are seen as playing a crucial role in regional development and the Tier 3 status aims to tackle their needs. It is intended that Third Tier should be a flexible measure to aid regional development and respond to local economic crises. These areas will therefore be reviewed after an initial period of twelve months.

4.8 Tier 3 milestones have been proposed and are the outputs that Regional Development Agencies (RDA) are expected to achieve. The core milestones set for Yorkshire Forward relate to: employment opportunities (create or safeguard 15,000 jobs), brownfield land (remediate/recycle 127 ha), education and skills (learning opportunities for 20,000), business performance (support creation/attraction of 1,000 new businesses), and strategic added value. In addition each RDA agrees supplementary milestones. The specific values within the milestones are set for individual regions.

FIGURE 4.1 OBJECTIVE 2 DESIGNATIONS IN A64 CORRIDOR

FIGURE 4.2 ASSISTED AREA STATUS IN A64 CORRIDOR

FIGURE 4.3 SRB-TARGETED AREAS IN A64 CORRIDOR

Single Regeneration Budget

4.9 The Single Regeneration Budget Challenge Fund (SRB) is a government fund for the most deprived areas of a region. The North Yorkshire Partnership Unit identifies that the SRB Programme has been specifically geared to assist in meeting the identified economic and social needs of North Yorkshire and that it will assist in achieving the objectives of Yorkshire Forward's Regional Economic Strategy.

4.10 Several successful bids can be identified to be of relevance to the A64 corridor. These are briefly described below.

4.11 Round 6 successful bid:

- **North Yorkshire: Developing Futures for Community and Agricultural Regeneration -** A 6-year bid submitted by North Yorkshire Economic Development Forum. The bid aims to address issues of Community Development, Agricultural Diversification and Business Support. Community Development will support the development of 10-year action plans in 29 areas across North Yorkshire, which will help shape the longer term planning for SRB expenditure. Agricultural Diversification aims to create opportunities and support networks. Business Support will provide business advice to encourage diversification in agriculture, in order to encourage long-term sustainability.
- **Spirit of Staithes Regeneration Initiative, North Yorkshire** A 4-year bid submitted by Staithes Regeneration Partnership, led by Scarborough Borough Council. The bid aims to tackle economic, social, environmental and health issues in Staithes and its surrounding area. The bid aims to improve access to jobs, education and training as well as attempting to boost tourism and provide environmental improvements to an area which has suffered from the downturn in the fishing industry.

4.12 Round 5 successful bids:

- **Yorkshire and Humber Coastal Tourism Initiative -** A £0.5m, 5 year bid submitted by the Yorkshire Tourist Board to support and encourage the growth of small tourism businesses from Staithes to Cleethorpes. Support is through a range of programmes including grant assistance, marketing, environmental improvements, consultancies, business mentoring and training.
- **Social and Economic Regeneration of Ryedale -** A £2.3m, 7 year bid submitted by the Ryedale Regeneration Partnership, led by Ryedale District Council. It focuses on 10-29 year olds aiming to tackle deprivation in Malton, Norton and Pickering. The bid intends to improve the employability and reduce the migration of young people from the area. It also seeks to improve access to housing, improve the physical fabric of Malton town centre and provide community support and education facilities.
- **Scarborough: The Falsgrave Community Investment Initiative -** A £3m, 4 year bid submitted by the Falsgrave Partnership, led by Scarborough Council. It proposes the comprehensive regeneration of the Falsgrave ward of Scarborough, particularly the Edgehill housing estate and involves initiatives to tackle unemployment, crime and fear of crime and to provide support for the socially excluded, particularly young people, single parents, the unemployed and ex-offenders.

- **York Communities in Partnership: North Clifton Regeneration -** A £1.6m, 3 year strategy submitted by the North Clifton Regeneration partnership, led by York City Council, targeting the North Clifton area, which is the most deprived in York. The bid includes projects to raise educational attainment, support training and tackle drug abuse, crime and poor health.

4.13 Round 4 successful bids:

- **The Filey Bay Regeneration Initiative -** A 4 year bid that addresses the Filey's principal economic and social problems and will halt the cycle of decline brought about by flagging tourism and fishing industries. This will be achieved through investment in key tourism and environmental infrastructures to make the best use of the area's unique environmental assets; improving the competitiveness of local businesses; addressing the needs of vulnerable and disadvantaged groups within the community, particularly the elderly and young unemployed; tackling crime and enhancing community safety; and improving the capacity of the community to assist the process of regeneration.
- **Leeds: Investing in the Community** - A 7 year bid that seeks to arrest the continued decline of the area through an integrated programme of activities, linking with existing strategies and developing policies such as Welfare to Work, designed to tackle the problems of multiple deprivation and social exclusion affecting the area: poor housing/housing conditions; a highly transient population with a large proportion of single people/single parents; high unemployment; high crime levels (drugs, burglary, racially motivated offences etc); poor health; low educational attainment and a lack of investment.

4.14 In Figure 4.3, the locations targeted for SRB assistance are shown.

Conclusion

4.15 Depending on the interpretation of the regeneration schemes and programmes described above, very different pictures of the regeneration area for the purposes of this study could result. The ultimate decision was pragmatic and reflected two desires:

- To ensure that areas in need that could be affected by the proposals under consideration in the corridor were not excluded;
- To keep the investigation manageable by limiting the size of the area investigated.

4.16 Thus it was decided that the Ryedale and Scarborough local authorities should be taken as the regeneration area for the purposes of this study. Whilst York and areas to its west both contain areas of identified need, the potential for improvements to the A64 to produce a step change in accessibility for these areas appears slight. Further, it was felt that dissection of the two districts chosen was unlikely to lead to more meaningful results.

5. OVERVIEW OF THE ECONOMY IN THE REGENERATION AREAS

Introduction

5.1 Detailed analysis of the economies in the area of concern for this study has been undertaken in the recent past[5]. This section is not intended to duplicate these. Instead, a simple summary of the key points is provided so as to give a basis for the discussion of impacts which follows.

Scarborough

General business

Existing sectors – introduction

5.2 Scarborough's economy is dominated by five sectors - retail/repair, health and social work, hotels and restaurants, manufacturing, and education (top five sectors in descending order of size). Between them, these sectors account for nearly three quarters of the approximately 40,000 employees in the district (Annual Business Inquiry, 2000). Real estate, renting, business activities; other community, social/personal service; and public admin/defence, social security are the other sectors which account for five per cent or more each of the overall working complement in the borough.

5.3 The recent trend is positive but marginally so: during 2001, there was a small net increase in the number of businesses' registrations; both York and Ryedale outstripped Scarborough during this period.

TABLE 5.1 SCARBOROUGH SIZE OF SECTORS

Industry	Number of employees	%
Wholesale/retail trade; repair, etc	7,302	19
Health and social work	6,418	16
Hotels and restaurants	5,863	15
Manufacturing	5,813	15
Education	3,541	9
Real estate, renting, business activities	2,390	6
Other community, social/personal service	1,850	5
Public admin/defence; social security	1,796	5
Construction	1,538	4
Transport, storage and communication	1,209	3
Financial intermediation	853	2

5 See, for example, North Yorkshire Partnership Unit – Progress in the Sub-Region, April 2002; Malton and Norton Area Partnership – Economic Impact and Needs Analysis, May 2002

Industry	Number of employees	%
Agriculture, hunting and forestry	497	1

Retail/repair

5.4 Scarborough has, in many respects, a healthy retail sector. As the principal shopping destination for a large area (because of local geography and infastructure), it boasts many of the major multiples as well as a good number of indigenous stores. That said, its recent past has not been wholly positive (there was a net reduction in the number businesses during 2001, based on VAT registrations and deregistrations), and there remains some difficulty over the availability of suitable premises (in terms particularly of size) for potential investors. The market is seasonally peaked, with additional income accompanying the holiday visitors to the town. As would be expected, the sector is dominated by smaller companies, 85% of firms having nine employees or fewer.

Health and social work

5.5 There are several hospital and equivalent employers in the borough, with large workforces. The remainder of the sector comprises smaller organisations, a great many of them nursing homes, whose average staff size is fifteen. This sector too has shrunk somewhat recently.

Hotels and restaurants

5.6 This is a major component of - and can usually be regarded as a proxy for - the tourism sector, which is dealt with separately below.

Manufacturing

5.7 This sector accounts for fifteen percent of Scarborough's workforce and particular subsections are prominent in the borough:

- Food manufacture (notably McCains);
- Publishing and printing firms; and
- Vehicle manufacture.

5.8 The restructuring of Plaxtons, leaving only the luxury coach manufacture activities in Scarborough, has greatly reduced the vehicles sub-sector's prominence.

5.9 The manufacturing sector in Scarborough presents a considerable demand for low-skilled labour. In terms of business size, half of the manufacturing firms based in the borough have four employees or fewer. This might suggest problems of low added value in the area, which in turn could make for a high level of fragility in the manufacturing sector.

5.10 The larger manufacturing firms are concentrated in the Scarborough Business Park area, to the south of the town.

Education

5.11 This sector's largest employers are the colleges and secondary schools, primary and other schools making up the majority of the medium-sized employers. It also contains many small organisations providing training in specific skills such as IT. Employment in this sector is almost wholly related to the population and its age structure.

Other

5.12 Though not large, sectors such as distribution and construction stand to be affected more by the functioning of the transport network than certain of the larger sectors. Demand in the transport and distribution sector is a derived demand – the level of activity depends on that in other sectors. However, at the small area level the competitiveness of businesses within an area for both local and external (non-local) business can be affected by access costs.

Deprivation

5.13 Two of Scarborough's wards, Castle and Eastfield, feature in the 10% most deprived wards in England, according to the 2000 Index of Multiple Deprivation. In the case of Castle, this reflects problems in respect of the indicators of income, employment and child poverty. Education is a more pronounced problem in Eastfield – its employment score does not place it in the top 10%.

Unemployment

5.14 Scarborough's regeneration status derives to a great extent from its unemployment problem, which is pronounced when compared with other local areas, but remains lower than the regional average (see Table 5.2). Whilst things have improved in recent years, Scarborough still lags behind both Ryedale and York.

TABLE 5.2 UNEMPLOYMENT RATES

Area	Unemployment rate (October 2002)[6]
Scarborough	3.3%
Ryedale	1.2%
York	1.6%
North Yorkshire	1.7%
Yorkshire and the Humber Region	3.5%
UK	3.0%

Vacancies, skills and pay

5.15 Detailed vacancy information is collected according to travel-to-work areas (TTWAs) which do not coincide with district boundaries. Nonetheless, the Scarborough TTWA

[6] NOMIS

vacancy profile is of interest, particularly because of its similarity with those of Malton and York.

TABLE 5.3 VACANCIES IN TTWA BY OCCUPATION (OCT 2002)[7]

	Proportion of vacancies (%)		
Occupation	Scarborough	Malton	York
1: Managers and Senior Officials	1	1	1
2: Professional Occupations	0	1	2
3: Associate Professional/Technical Occupations	4	1	6
4: Administrative and Secretarial Occupations	5	6	13
5: Skilled Trades Occupations	14	6	14
6: Personal Service Occupations	11	5	4
7: Sales and Customer Service occupations	23	4	19
8: Process, Plant and Machine Operatives	8	20	8
9: Elementary Occupations	33	56	33
Total number of vacancies	*455*	*306*	*1905*

5.16 As can be seen from Table 5.3, Scarborough's vacancies are concentrated in the elementary and sales & customer service occupations, which would not ordinarily demand a high level of skills. They would, however, be expected not to pay particularly well. These proportions reflect the employment structure of the area.

5.17 It is also informative to see the rate of vacancies per head of economically active population.

5.18 This is shown in Table 5.4 below.

TABLE 5.4 VACANCIES PER CAPITA IN TTWA (OCT 2002)[8]

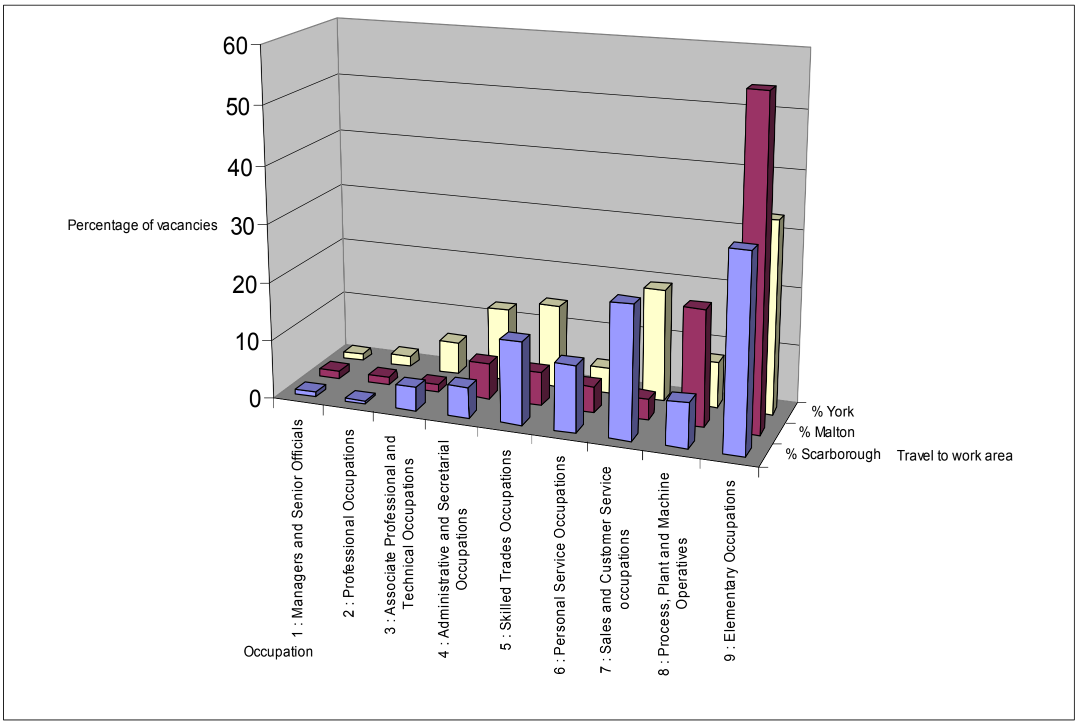
Vacancies per head			
	Scarborough	**Malton**	**York**
Vacancies per head of economically active population	0.012	0.027	0.018
Vacancies per head of unemployed	0.34	1.80	1.01

7 NOMIS

8 NOMIS and Census data. Note that the "economically active" rates have been calculated using the most accurate estimate available of TTWA populations, derived from 1997 estimates and original 1991 data. The rates quoted should not therefore be seen as definitive.

5.19 It is evident that Scarborough generates fewer vacancies per economically active person and there are fewer opportunities per person who is out of work and registered as unemployed. This could however be due to the way employers notify vacancies – for example there may be much greater use of the local press; it is also likely that there are more seasonal vacancies and therefore fewer at this time of year. Leaving the skills requirements and pay offered to one side, Scarborough's unemployed are clearly at a distinct disadvantage compared with Malton and York in terms of the number of vacancies available.

FIGURE 5.1 VACANCIES BY OCCUPATION



5.20 The distribution of vacancies by occupation type in the three travel-to-work areas of interest is shown in Figure 5.1.

5.21 Overall, rates of pay are lower in Scarborough than in York, as shown in Table 5.5, although for professional and skilled craft workers they are higher than both York and Ryedale as well as the county or regional average. Scarborough in particular has a pronouncedly lower wage than other areas for plant/machine operatives and "other occupations". The lower weighted average suggests that the distribution of employment in Scarborough borough is towards low wage sectors. This could reflect a lack of flows of labour between areas at the low end of the wage scale, so that local demand / supply factors would dominate with little or no influence coming from competition for jobs / labour within the wider region.

TABLE 5.5 RATES OF PAY BY OCCUPATION (OCT 2002)[9]

Occupation	Scarborough	Ryedale	York	North Yorkshire	Yorkshire & the Humber Region
	Full time weekly wage, £, 2002				
1: Managers/Administrators	486.82	628.56	475.57	607.76	560.48
2: Professional Occupations	604.02	446.72	543.96	498.85	533.64
3: Associate Professional/Technical	359.90	Not available	406.06	360.23	402.99
4: Clerical/Secretarial Occupations	204.45	182.95	241.78	224.37	245.11
5: Craft/Related Occupations	462.57	294.16	425.77	382.29	381.00
6: Personal/Protective Service Occupations	181.26	182.33	187.84	202.14	203.62
7: Sales Occupations	206.32	251.94	213.51	219.56	216.32
8: Plant/Machine Operatives	291.00	329.24	393.16	340.26	331.49
9: Other Occupations	180.33	231.96	257.90	208.13	200.14
All occupations	**305.78**	**301.09**	**349.50**	**328.92**	**340.96**

5.22 Scarborough has a low educational attainment and skills shortages cited include ICT and health and safety. This could be in part the result of outward migration in response to adjustments in the labour market as discussed above. (For more details, see North Yorkshire Partnership Unit's reports, including Progress in the Sub-Region, Stage 1, draft dated April 2002).

Land and premises

5.23 There is limited land available for development by expanding or for new businesses in the vicinity of the A64. The principal site of interest, the Scarborough Business Park, is a sizeable area to the south of the existing industrial estate. Its current facilities are not sufficient to support the development of new business and many aspects, most notably access roads and IT connectivity, need to be attended to before it will become a cost-effective proposition for possible incomers. As such speculative development is very unlikely and it is reported[10] that ongoing support may be required to compensate developers for the probable low rents likely to be achievable from tenants.

9 NOMIS.

10 An audit of Scarborough today, Yorkshire Forward, 2002, p73

Ryedale

General business

Existing sectors – introduction

5.24 Ryedale's economy is dominated by five sectors – manufacturing, retail/repair, hotels and restaurants, health and social work, and real estate, renting, business activities (top five sectors in descending order of size). Between them, these sectors account for nearly three quarters of the approximately 22,500 employees in the district (Annual Business Inquiry, 2000). Education, agriculture and other community, social/personal services are the other sectors which account for five per cent or more each of the overall working complement in the District.

TABLE 5.6 RYEDALE INDUSTRY SECTORS

Industry	Number of employees	%
Manufacturing	5,824	26
Wholesale/retail trade; repair, etc	3,689	16
Hotels and restaurants	2,110	9
Health and social work	1,941	9
Real estate, renting, business activities	1,906	8
Education	1,739	8
Agriculture, hunting and forestry	1,411	6
Other community, social/personal service	1,226	5
Transport, storage and communication	925	4
Construction	914	4
Public admin/defence; social security	536	2
Financial intermediation	221	1

5.25 Ryedale's general business environment appears buoyant. During 2001, there was an increase of 60 (net) businesses registrations (compared with York's 50).

5.26 As the unemployment rate for Ryedale shows (see Table 5.2), this district is distinctly healthier overall than Scarborough and the rate of 1.2% is lower than the regional or county average. Indeed, Ryedale has some flourishing new industry (mainly light and heavy engineering) and tourism is growing. There remain some significant problems, however: agriculture is having to diversify to resist decay. Regeneration efforts are targeted at industries (in particular high-tech and knowledge-based) and at the future of Malton and Norton as twin market towns.

Manufacturing

5.27 The largest manufacturing sub-sector in Ryedale is food and drink but this is largely due to the 2,800 employees at Grampian Country Pork. Aside from this company, the next largest sub-sector is metal production, followed by rubber and plastic. Companies are concentrated in Malton and Norton though there are some based elsewhere in the district, many nearer to York. During 2001, there was a net increase of five businesses in this sector, reflecting an upward trend.

5.28 The principal concerns of these businesses vary but many are affected by the access arrangements onto and off the A64 around the Malton/Norton area.

Retail/repair

5.29 The second largest sector in Ryedale is, as could be expected, distributed across the centres of commerce in the district, including Malton/Norton, Helmsley, Pickering, Kirbymoorside and the smaller villages. This being so, the relevance of the A64 corridor will vary depending on the location of the individual enterprise.

5.30 The largest firms in this sector are supermarkets and major wholesalers; smaller companies make up the remainder. Business registration information indicates that the sector is stable.

Hotels and restaurants

5.31 This sector is dealt with in detail below.

Health and social work

5.32 This sector is also spread quite widely around the district, with many establishments some way from the A64 corridor.

Real estate, renting, business activities

5.33 A net increase of forty firms in this sector during 2001 shows that this is the key area of growth for Ryedale. There is considerable variation within the sector but the common thread is service activities. In Ryedale the size of such firms is generally small and the skill level involved can be high – many firms are directly or indirectly associated with the increasingly prominent *Science City* initiative in York.

Agriculture, hunting and forestry

5.34 This sector accounts for six per cent of Ryedale's employment but the number of businesses is shrinking, through amalgamation or closure. As many farms start to develop specialist products or diversify into offering accommodation, the general downward trend is being resisted.

Unemployment

5.35 The low rate of unemployment compared with neighbouring areas and North Yorkshire as a whole shows that Ryedale is not manifesting widespread difficulty in the same way as Scarborough or other areas of need. That said, there is anecdotal evidence that the area struggles to retain its young people once they are trained, with many moving to urban areas to work.

Vacancies, skills and pay

5.36 Information concerning vacancies is presented above in Table 5.3 and Figure 5.1; rates of pay are set out in Table 5.5.

5.37 Malton has a much larger proportion of vacancies in elementary and processing occupations, which reflects the employment structure. Though Ryedale's average wage is actually slightly lower than that of Scarborough, the rates are significantly higher for key low-skill areas, which probably reflect a combination of sector-specific factors such as levels of added value and competition with York for some types of labour.

5.38 Ryedale has a less pronounced problem of skills shortages - ICT is named as the principal gap.

Land and premises

5.39 In the study corridor, most major employers are concentrated around Malton/Norton with some additional activity to the west of the urban area. Within Malton/Norton, there exist areas with expansion potential but issues of local access mentioned above remain a concern. There are also questions of the environment for development – certain possible investors appear unwilling to site close to the bacon factory.

Tourism – general vacancies and skills gaps

5.40 Evidence from interviews showed that two thirds of businesses experience a problem with filling vacancies but only one saw it as a restriction to the business. The businesses generally commented that they find someone in the end; it just takes up their time to do so. Chefs were mentioned by two hotels in Ryedale, but this reflects a national picture.

5.41 Hotels, guest accommodation and attractions in both Ryedale and Scarborough also experience difficultly in attracting staff to low-skilled positions such as room attendants, waiting staff and cleaners. It is felt that the reason for this difficulty is low wages: an attraction in Ryedale mentioned that Grampian Country Pork pays almost *three times* their wage for low-skilled work. Some guesthouse owners in Scarborough also complained that they felt the people they had tried to recruit preferred to remain on benefits than earn a wage or wished to avoid any forms in relation to paying tax, though we have not found firm evidence to support this view; it could also be the case that a black economy exists where people live on benefits and work for cash. It was not felt that businesses could support higher wages without raising tariffs and so reducing competitiveness.

5.42 The effect of these problems is the wasted time of managers and more pressure on other workers. Businesses felt that a solution to these problems would 'make life easier' but in the majority of cases would not change the way the business was run. One hotel in Scarborough Borough felt that their business performance was restricted by staff issues and cited the benefits argument as well as their remote location as the key reasons for not filling vacancies.

5.43 The nature of the vacancy issues experienced in the area are unlikely to be resolved through improved access to a larger pool of workers. This is compounded by the fact that employees in tourism tend to live locally and wages do not support commuting from a distance. Indirect effects of an improved tourism product may, in some instances, enable slightly higher wage rates, however, the industry is renowned for its low wage rates in general.

Tourism – Ryedale

5.44 Ryedale is best known for the attractions within the District rather than as a destination in itself. These attractions include the North York Moors National Park and North Yorkshire Moors Railway, Flamingo Land Funpark and Zoo, Castle Howard and Eden Camp. The area is particularly popular with day visitors visiting these attractions from their home or holiday accommodation outside of the District. The proportion of staying visitors has increased over the last five years and the area offers a good base from which to explore surrounding attractions.

5.45 The nature of tourism in Ryedale District has been researched in two key studies: the Ryedale District Visitor Survey 2001 and the Ryedale District Council STEAM[11] Report 2000 (which also includes data for 1999). To give an overview of tourism in the area, key factors are presented in Table 5.7. It should be noted that these studies vary strongly in some areas, such as the assessment of the proportion of day visitors. For the table below, figures from the visitor survey are given in preference to STEAM where available.

TABLE 5.7 TOURISM IN RYEDALE DISTRICT - KEY FACTS

Characteristic	Description
Volume and value[12]	3.7 million visitors (1999) Spending £95 million
Seasonality	Highly seasonal with 47% of tourist days spend in the District in July, August and September (15% in August, 4% in December)
Day / Stay	38% day visit from home, 25% day visit from holiday address outside Ryedale, 37% staying overnight. STEAM figures (2000): 86% day visitors, 14% stay visitors
Visitor origin	Day visitors: 47% Yorkshire, 27% North East, 4% East Midlands, 5% North West, 14% Rest of England Stay visitors: 23% Yorkshire, 22% North East, 9% East Midlands, 8% North West, 29% Rest of England (14% South East)
Visitor characteristics	Age: 18% under 16, 21% between 16-44, 61% over 45 Typical visitor: repeat, booking accommodation independently, as party of 2 or as 3 if children included, in social grouping B, C1, C2
Accommodation	Of overnight stays – 29% camping/caravan, 23% self-catering, 28% serviced, 11% VFR

[11] Scarborough Tourism Economic Activity Monitor

[12] Ryedale District Council STEAM Report 2000 – 1999 figures (for comparison with Scarborough)

Length of stay[13]	Average for stay visitors – 4.4 days: 4.9 days April-Sept, 3.3 days Oct-Mar
Repeat	75% visited before. Of repeat - 57% visit at least twice a year, 20% once a year
Mode	88% car/van/motorhome/motorbike, 5% bus/coach service, 3% coach tour, 2% train, 1% bicycle
'Main purpose of the visit'	Day visitors: 33% 'for a drive in the car', 17% 'to visit an attraction', 9% 'to walk', 41% other Stay visitors: 2% 'for a drive in the car', 21% 'to visit an attraction', 18% 'to walk', 18% 'to meet friends', 41% other
Attractions	Proportion of survey respondents who had visited the following attractions during their current visit - 61% visit Flamingo Land; 37% visit North Yorkshire Moors Railway; 19% Ryedale Folk Museum; 17% Castle Howard; 16% Eden Camp; 14% Dalby Forest; 11% Helmsley Castle; 11% Rievaulx Abbey (multiple responses were accepted)
Other destinations	29% visiting other destinations following their trip to Ryedale. Of those – 46% visiting the coast in Scarborough borough (17% Scarborough itself); 15% visiting York

Key Source: Ryedale District Visitor Survey 2001 Draft Report

5.46 Employment in tourism in the District is estimated as part of the STEAM report. For the year 2000 the following estimates for full-time equivalent employment are given.

- Direct employment – 2,486;
- Of which 80% are employed for stay visitors (Serviced, non-serviced accommodation and visiting friends and relatives);
- Indirect employment (calculated using economic multipliers) of 459; and
- Total (direct and indirect) – 2,945.

5.47 These figures are not dissimilar to the NOMIS data where the Hotels and Restaurants sector (H) is estimated to employ 2110. Tourism employment also falls into sector O which includes attractions and museums and helps to explain the difference between STEAM and NOMIS figures. Further, it should be emphasised that STEAM does not profess to provide a 'statistically robust measurement of tourism'[14] but rather a method which can be implemented to monitor year on year changes.

Tourism – Scarborough

5.48 Scarborough Borough stretches along the east coast of North Yorkshire and is dominated by the three coastal resorts of Scarborough, Whitby and Filey. Scarborough is the largest and oldest of these resorts and the area still attracts a large proportion of its traditional market of summer long stay holidaymakers who return year after year.

[13] Calculated from STEAM 1999 figures for tourist days and tourist numbers

[14] Ryedale District Council STEAM Report 2000

Camping/caravan accommodation is popular in the area as well as self-catering. The hotel sector does not include any four or five star hotels and, in the past, issues have been raised regarding the quality of accommodation available in Scarborough.

5.49 Tourism in Scarborough Borough is expected to be influenced by the national trends of a declining long holiday (4+ nights) market; a growing short holiday market; more discerning consumers in terms of expected facilities and service; and greater individualism among tourists.

5.50 The nature of tourism in Scarborough Borough has been researched in two key studies: the Borough of Scarborough Visitor Survey 1999/2000 and the Scarborough Borough Council STEAM Report 1999. To give an overview of tourism in the area, key factors are presented in Table 5.8. Where available preference has been given to sourcing information from the visitor survey.

TABLE 5.8 TOURISM IN SCARBOROUGH BOROUGH - KEY FACTS

Characteristic	Description
Volume and value[15]	5.4 million visitors (1999) Spending £320 million (46% in Scarborough town, 42% in rural areas, 10% in Whitby, 2% in Filey)
Seasonality[16]	Highly seasonal with 42% of tourist days spent in the Borough in July, August and September (17% in August, 3% in January)
Day / Stay	33% day visit from home, 9% day visit from holiday address outside borough, 58% staying overnight STEAM figures (1999): 68% day visitors, 32% stay visitors
Visitor origin[17]	Day visitors: 55% Yorkshire, 23% Teesside & North East, 9% East Midlands, 4% North West, 7% Rest of England Stay visitors: 41% Yorkshire, 10% Teesside & North East, 15% East Midlands, 12% North West, 14% Rest of England
Visitor characteristics	Age: 23% under 16, 33% between 16-44, 44% over 45 Socio-economic group: 55% C1 & C2 Compared to the average for the Borough, visitors to Scarborough Town are more likely to be: on holiday/short break, repeat visitors, age 25-44 with children, from C2/DE socio-economic group, from Yorkshire and resort visitors.

[15] Scarborough Borough Council STEAM Report 1999

[16] Scarborough Borough Council STEAM Report 1999

[17] These figures are weighted by length of stay (if visitors were staying longer they were more likely to be interviewed). The areas of North East and North West are not necessarily defined in the same way between the Ryedale and Scarborough visitor surveys.

Characteristic	Description
Accommodation[18]	Of overnight stays – 34% camping/caravan, 13% self-catering, 51% serviced. Oct-Mar visitors less likely to stay in camping/caravan accommodation Majority of bed spaces are non-serviced (especially camping/caravan) and in rural areas, predominantly in the south; serviced accommodation predominantly in Scarborough Town. Occupancy 1991-1999 average: camping/caravan pitch 34%, self-catering unit 40%, Scarborough Town serviced room 53%
Length of stay	40% staying 1-3 nights, 60% of staying for 4+ nights (national average 45%) Average length of stay for overnight visitors: 4.5 days April-Sept, 2.8 days Oct-March. Visitors during the low season are more likely to be day visitors and those on short stays.
Repeat	83% visited in the last 10 years. Of repeat - 46% had stayed in the borough two or more times in the last five years. Of repeat – 42% had visited for the day more than twice or more during the previous year Repeat visitor: 59% of repeat visitors favour non-serviced accommodation; more likely than the average visitor to be on a day trip from home or stay for a longer period (3.9 days) New visitors: more likely than the average visitor to be on a holiday in the area, stay for a shorter period (3.6 days), stay in serviced accommodation. New visitors 'are likely to be from a higher socio-economic group and without children'.
Mode	77% by car[19]
Activities during visit	'Most people said they had gone shopping, gone to the beach and/or visited tourist attractions or museums. Less than half the sample had been to the amusement arcades. … The least popular activities were entertainment.'
New / repeat visitor analysis	New visitors are more likely to be… travelling without children from areas other than Yorkshire, North East, North West and East Midlands on holiday / short break as opposed to day trip from home stay in serviced accommodation

Sources: Borough of Scarborough Visitor Survey 1999/2000, Yorkshire Tourist Board, UKTS 2001, STEAM 1999.

5.51 Employment in tourism in the Borough is estimated in the STEAM report. For the year 1999 the following estimates for full-time equivalent employment are given.

[18] These figures are weighted by length of stay (if visitors were staying longer they were more likely to be interviewed). Occupancy data from Yorkshire Tourist Board.

[19] Yorkshire and Humber Tourism Study – Final Draft June 2002

- Direct employment – 6,931;
- Of which 89% are employed for stay visitors (Serviced, non-serviced accommodation and visiting friends and relatives);
- Indirect employment of 1,793; and
- Total (direct and indirect) – 8,724.

5.52 Again, these figures are not dissimilar to the NOMIS data where the Hotels and Restaurants sector (H) alone is estimated to employ 5,863.

General discussion and comparison with region

5.53 In Table 5.9, the headline unemployment rates are presented for all districts and unitary authorities in the region. It is noteworthy that Scarborough lies tenth in the table (lower than the regional average) and that Ryedale has the second lowest rate. In view of the findings on industrial structure and earnings, it is possible that the low rate of unemployment in Scarborough reflects loss of population rather than strong demand for labour.

5.54 Scarborough's general standing conceals the significant problems of the two wards which are amongst England's most deprived (as explained at §5.13). But the fact that need appears concentrated quite locally actually suggests that the problems are not Scarborough-wide but specific, i.e. they reflect the particular economic and social circumstances of the neighbourhoods involved.

TABLE 5.9 UNEMPLOYMENT ACROSS YORKSHIRE & THE HUMBER (OCT 2002)[20]

District/Unitary Authority	Rate of Unemployment (%)
Kingston upon Hull	6.3
North East Lincolnshire	4.8
Bradford	4.7
Rotherham	4.4
Doncaster	4.3
Sheffield	4.2
Barnsley	3.8
Calderdale	3.5
East Riding of Yorkshire	3.5
Scarborough	3.3
Wakefield	3.1
Kirklees	3
Leeds	2.9
North Lincolnshire	2.9
Selby	2.2
York	1.6

[20] NOMIS

Hambleton	1.3
Harrogate	1.3
Richmondshire	1.3
Ryedale	1.2
Craven	1.1
Total	**3.5**

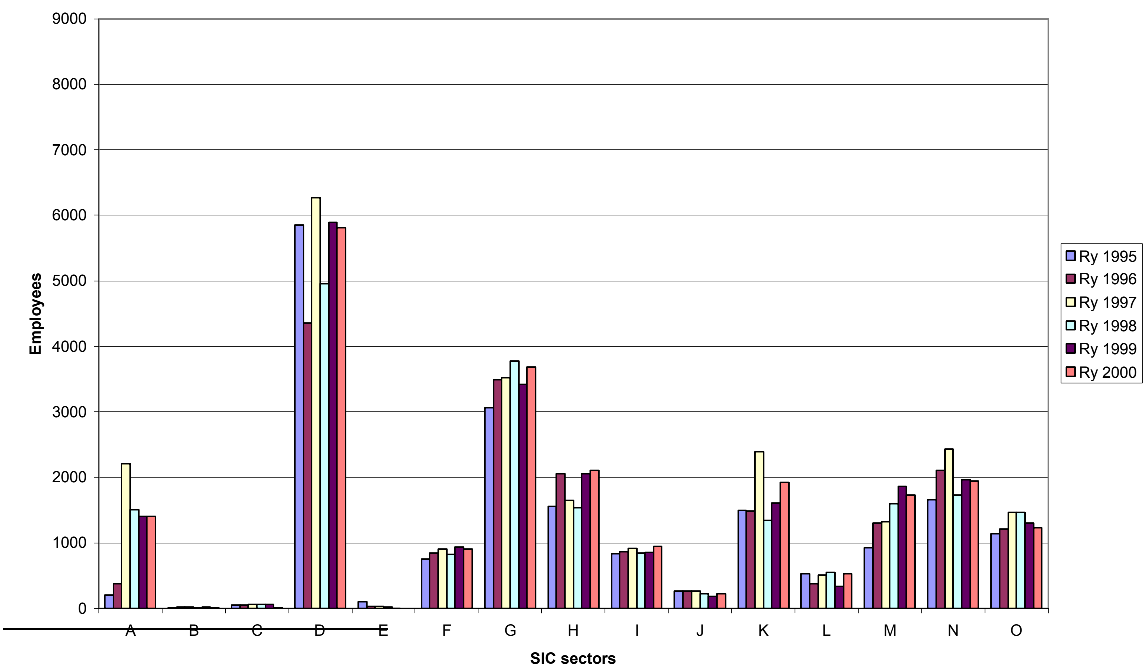
Local economic trends

5.55 An understanding of trends within each SIC sector can be gained from the Annual Business Inquiry, which includes employment data since 1998. Pre-1998 data was collected in a different way, but the ONS has rescaled the data from the Annual Employment Survey to make it comparable[21]. The trends overall and in key sectors are shown below.

5.56 Total numbers of employees have shown a positive trend between 1995 and 2000 in Ryedale, Scarborough and York. The details of how these changes have occurred within each SIC sector are shown in Figure 5.2, Figure 5.3 and Figure 5.4.

[SIC sectors - A: Agriculture, hunting and forestry; B: Fishing; C: Mining and quarrying; D: Manufacturing; E: Electricity, gas and water supply; F: Construction; G: Wholesale/retail trade; repair, etc; H: Hotels and restaurants; I: Transport, storage and communication; J: Financial intermediation; K: Real estate, renting, business activities; L: Public admin/defence; social security; M: Education; N: Health and social work; O: Other community, social/personal service. (No data/zero values for P: Private households with employees and Q: Extra-territorial organisations/bodies.)]

FIGURE 5.2 RYEDALE EMPLOYMENT CHANGES BY SECTOR



[21] Caution should be taken when interpreting the apparent trends due to these changes in survey method.

FIGURE 5.3 SCARBOROUGH EMPLOYMENT CHANGES BY SECTOR

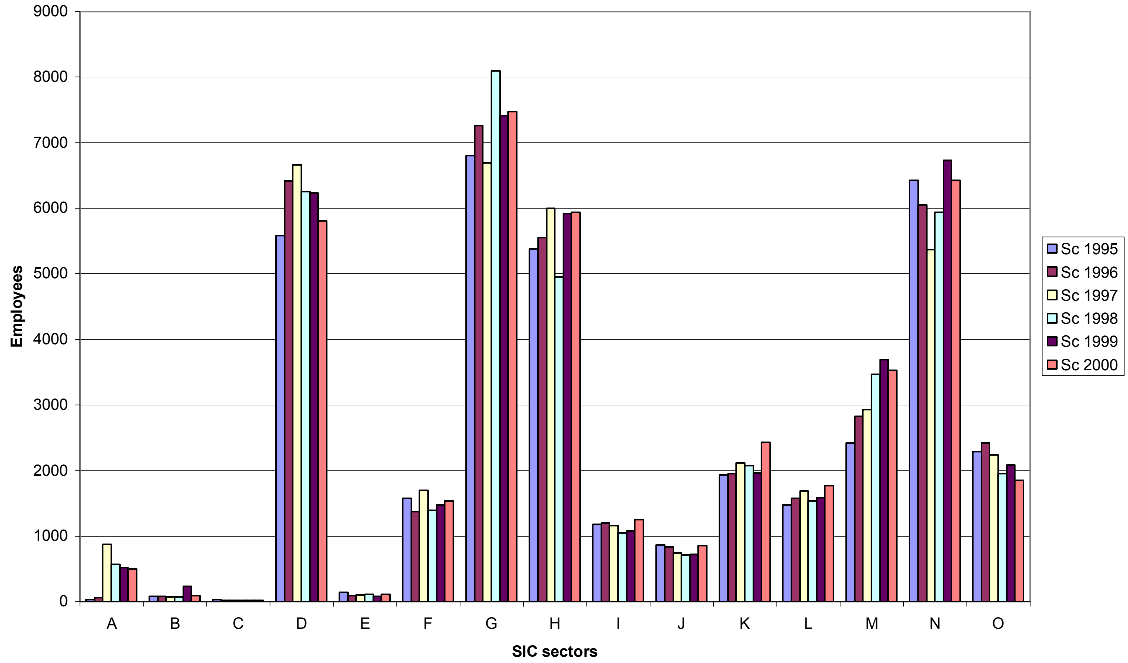
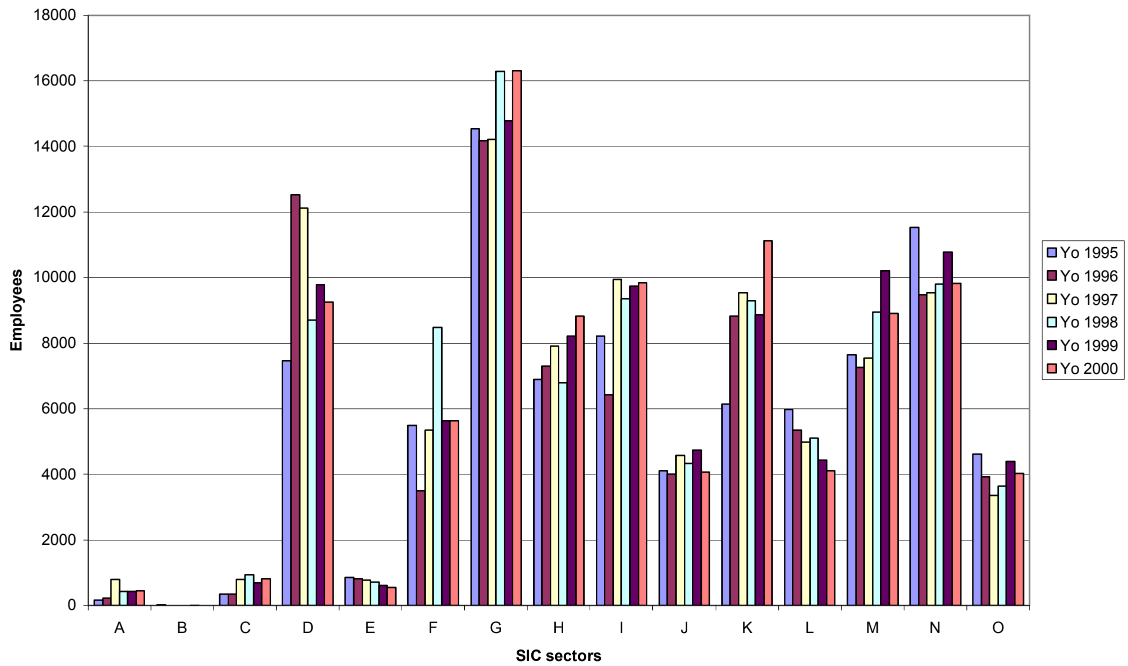


FIGURE 5.4 YORK EMPLOYMENT CHANGES BY SECTOR



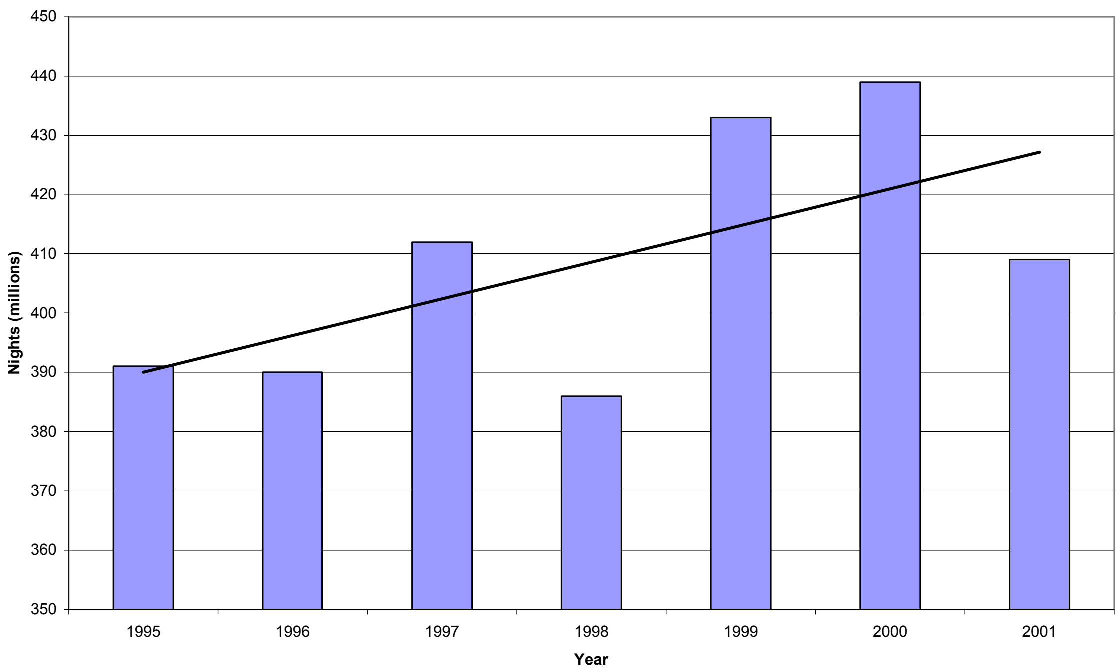
5.57 In the manufacturing sector the change in employment between 1995 and 2000 is relatively slight in the area. The application of a trend line shows a very slight increase in Ryedale, a very slight decrease in York and virtually no change in Scarborough, although the 1997-2000 trend for Scarborough is declining.

5.58 The wholesale/retail sectors have increased in Ryedale, Scarborough and York, by 20%, 10%, and 12% respectively between 1995 and 2000. The trend has not been constant however and, as with all trend analysis, what has happened in the past cannot necessarily be used to predict the future.

5.59 The trend in employment in the hotels and restaurants sector has also been positive between 1995 and 2000, although fluctuations in the trend can be seen. In Ryedale the increase in employment between 1995 and 2000 was 36%, and 11% and 28% in Scarborough and York respectively.

5.60 Domestic tourism forms the major part of visitor spend in Ryedale and Scarborough For reference, trends in domestic tourism for all England can be seen in Figure 5.5. This shows a rising trend in the tourism nights between 1995 and 2001, and an increase of 12% between 1995 and 2000.

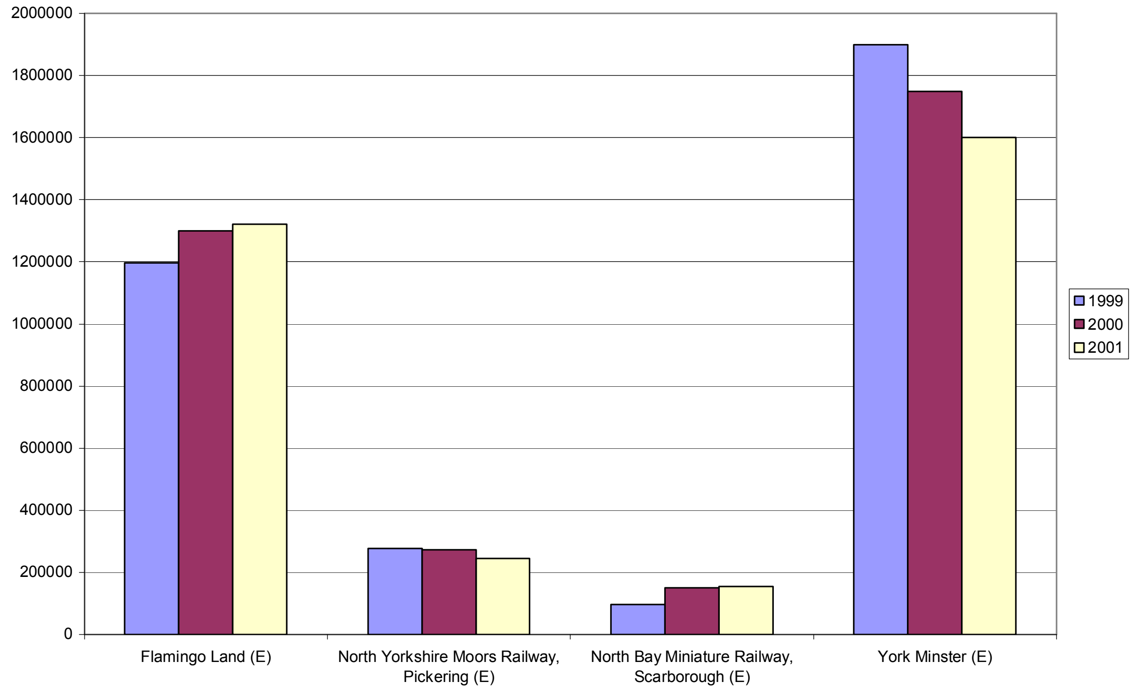
FIGURE 5.5 DOMESTIC TOURISM – ALL TOURISM NIGHTS (ENGLAND)



Source: UKTS

5.61 In terms of attractions, the English Tourism Council has estimated the number of visitors in 1999, 2000 and 2001 for major attractions. Those relating to the A64 Corridor are shown in Figure 5.6 and present a mixed picture. Visitors to Flamingo Land and the North Bay Miniature Railway in Scarborough are shown to be increasing. The North Yorkshire Moors Railway at Pickering and York Minster are losing visitors, however. The trend for these latter two attractions is partly explained by the effects of foot and mouth disease and terrorism discouraging trips to the Moors and trips by overseas visitors, as well as other events which made 2000 and 2001 anomalous years for York.

FIGURE 5.6 ATTRACTION VISITOR FIGURES



5.62 Source: English Tourism Council

5.63 In summary, the historical trends in employment volume for the key sectors show a growth in wholesale/retail and tourism and an uncertain trend in manufacturing.

6. POSSIBLE REGENERATION EFFECTS OF TRANSPORT INTERVENTIONS

Introduction

6.1 It is acknowledged that several different options are being considered in this study. In the following two sections, the differing impacts of these options are considered. For reasons of simplicity, however, this section is based on the assumption that there might be a general improvement in the speed and reliability of the principal transport links along the corridor. It is expected that this simplification will not obstruct an understanding of the possible impacts or their assessment in the following sections.

6.2 To support this discussion, some analysis of catchments has been undertaken using a software package called DriveTime. Using a representation of the road network with associated assumptions concerning link speeds, it produces "isochrones" – lines which join the furthest points which could be reached from a given starting point within the chosen time period. Two figures have been created which demonstrate the possible effects of converting the A64 to dual carriageway along its length from the A1 to the outskirts of Scarborough. Figure 6.1 shows the effects of dualling on journeys to and from Scarborough, whilst Figure 6.2 demonstrates the possible impacts on journeys to and from York. The isochrones produced for existing conditions indicate that the representation of the network is roughly equivalent to peak-time operation.

6.3 **The information conveyed in these figures must be treated with caution**. The underlying modelling is an over-simplification (the existing alignment's speed has simply been increased to levels commensurate with a D2 dual carriageway) and no allowance is made for the volume of traffic on links. This means that the impacts of changes are likely to be under or over estimated depending on how changes in journey opportunities affect in trip generation and in turn traffic volumes and speeds. Thus the figures should be seen as illustrative only. They are most useful for showing how the *shape* of isochrones could change in the event that the road's speed were increased. Of particular note is the (unsurprising) extension of isochrones towards the Leeds/Bradford area, the most striking example of this being the growth in population within 90 minutes' drive of Scarborough. For reference, the key changes are recorded in Table 6.1 below. Again, it must be stressed that these are **not** definitive estimates of the effects of dualling the A64. To the extent that there would not be sufficient volume growth to offset the time impacts of dualling, these are likely to understate the catchment impacts. Nonetheless the growth within the 90-minute catchment is substantial.

FIGURE 6.1 EFFECTS OF DUALLING ON POPULATION CATCHMENTS - SCARBOROUGH

FIGURE 6.2 EFFECTS OF DUALLING ON POPULATION CATCHMENTS - YORK

TABLE 6.1 CHANGES IN POPULATION CATCHMENTS - SCARBOROUGH

Drive time (mins)	Population within isochrone (current situation)	Population within isochrone (A64 dualled)	Effective growth (%)
30	105,988	115,696	9
60	321,559	475,085	48
90	1,504,050	2,541,231	69
180	16,117,691	18,410,578	14

6.4 A further weakness of DriveTime is that it cannot capture the role of reliability, which, as interviews with businesses show, is very important. Instead, the catchments represent an average journey and thus ignore the significant variations which can accompany peaked demand, or the role of slower vehicles in determining speed of traffic flow. Some effort has been made to understand perceptions of the relative importance of speed and reliability but this is of necessity a subjective issue.

6.5 There are three principal ways in which increased accessibility, such as would be provided by a dualled A64, could lead to economic regeneration:

- Increased access to a suitable workforce;
- Access to a larger number of possible suppliers or customers; and
- Access for workers to suitable employment.

6.6 These are discussed in brief below. In subsequent chapters, the question of whether and how these circumstances would apply in the study area is dealt with in detail.

Increased access to a suitable workforce

6.7 Where organisations are hampered by a lack of suitably skilled staff and where the existing training mechanisms are not equipping local people with the necessary skills, increased accessibility can lead to improved recruitment as the costs of travel to a job reduce. This assumes that the financial gap (including wage differential and relative costs of living) between the job location and the worker's home area fall within acceptable boundaries: if wages in the home area are much higher and jobs are available, the worker will not be persuaded to travel even if journey conditions improve; by the same token, if the wage rate offered by the organisation is so much higher than that in the worker's home location as to drown out the cost of travel under existing circumstances, it is to be assumed that the worker will already be seeking work in the employer's location.

6.8 For an improved A64 to improve recruitment for employers then, the following must obtain:

- Employers have vacancies which cannot be filled from the skills base of the existing populace; and
- Workers with the required skills are available in a location which would fall within a feasible journey of the employer's location following the transport intervention; and

- Workers in the remote location are either unable to obtain work there (through full employment) or are attracted by the higher wages, the differential being large enough to justify the now less costly trip.

6.9 Increased accessibility can lead to a general growth in the mobility of labour in an area and, in due course, to a more flexible labour market. At the national and regional level these efficiency effects are beneficial, but at the local level these effects – which are likely to be secondary - may not be wholly positive – currently low wage rates in a regeneration area can increase, placing employers under financial pressure. This could lead to a spatial re-distribution of employment, which would not benefit the local area but would probably represent a net benefit at a larger spatial level of appraisal.

Access to a larger number of possible suppliers or customers

6.10 Some employers are constrained by the number of suppliers or customers that lie within a feasible journey of their location. The definition of feasibility varies by sector and reflects both margins and the concentration of the industry in question. For example, those producing specialist products will expect to source from and deliver to distant points; companies making bread, in contrast, will naturally be operating within a much smaller compass.

6.11 An increase in accessibility leads to a larger geographic area or "territory" which can be reached within a given journey time. By association, it is reasonable to assume that this in turn leads to a (perhaps not proportionate) growth in the number of possible suppliers and customers. All things being equal, a company can expect to do business with some of these. From the perspective of regeneration, increased business should lead to increased workforce size (though this is not necessarily the case).

6.12 As with all these impact categories, the "two-way road" effect is also possible. For example, Figure 6.2 shows how dualling the A64 could increase the population within a given journey time of York. The speed increase would lead to a reduction in the absolute differential between access times to York and Scarborough for those living closer to the latter. If it is assumed that York is a more attractive retail environment overall, this reduction could lead to a drop in custom for Scarborough.

6.13 Thus, for a positive regeneration impact to be felt in this case, it is necessary for the following to obtain:

- Employers within the regeneration area are constrained by their customer base or the cost of obtaining supplies; and
- Increased accessibility leads to a greater number of potential clients or a more competitive selection of suppliers; and
- This increase is not outweighed by the possible loss of custom from "local" clients who, through the accessibility improvement, are able to access competitors who were previously out of range.

Access for workers to suitable employment

6.14 In a regeneration area, unemployment will often stem from a lack of suitable vacancies nearby for those seeking work. This may be because of a mismatch between the applicants' skills and those required in the posts that are available, a general lack of vacancies, or an unattractive wage for the work in question. An increase in accessibility can lead to improvements of the options available to these people seeking work. Perhaps they will be able to access jobs which match their skills or simply access vacancies if the economy in their home area is depressed. They may find they can obtain work at a higher rate of pay than would be offered in their home area. In this last case, as with that discussed at §6.7 et seq, it is necessary for pay differentials to be such that people are willing to incur the time and other costs involved in accessing jobs outside their home area.

6.15 It is therefore seen that positive impacts in this area depend on the following:

- There are unemployed workers in the regeneration area for whose skills there exist insufficient vacancies;
- There exist posts which these individuals could fill which become feasible (i.e. within a reasonable commuting journey) as a result of accessibility increases; and
- Alternatively, the differential between local wage rates and those in a now feasible (as defined above) location is such as to make commuting to this other location attractive following the accessibility increase.

Inward investment

6.16 Discussion above has focussed on whether existing businesses will benefit from changes in accessibility resulting from a dualled A64. It is important to ask as well whether such changes might lead to a different rate of new investment in the regeneration area.

6.17 By inward investment, the following is implied:

- New business start-ups;
- Relocation; and/or
- Opening of a branch.

6.18 In economic terms, the current rate of inward investment in the regeneration area is a function of the "cost" of choosing this location, this cost being a multi-faceted entity covering many areas, including:

- Availability and cost of suitable land and premises;
- Access to customers and suppliers;
- Availability of appropriate staff at acceptable rates;
- IT connectivity; and
- Level of support provided by local agencies.

6.19 This cost is both relative – how the regeneration area compares with alternate sites – and absolute – whether the company in question can bear the expense; it is also strongly influenced by wider market forces: high interest rates would be a deterrent to business investment affecting all of the UK.

6.20 In a perfect market, businesses will naturally gravitate towards the location which provides them with the best balance of the features they seek. Some of these will be specific to the business in question – fish processors for example will naturally seek a location within easy reach of the port where their principal material will be landed – but others appear generic. Cheap premises and good access are likely to find favour with most prospecting for a site.

6.21 It is therefore to be expected that increased accessibility will, all other things being equal, increase the likelihood that businesses will choose a given location. It would be unwise to oversimplify though, since businesses may have a list of requirements, one or more of which remain unmet in spite of the changes to the transport arrangements. Nonetheless, it is reasonable to assert that, for the class of businesses for whom there exists no other insurmountable obstacle to locating there, increased accessibility will make a location more attractive.

6.22 For significant inward investment to result from a transport improvement, the following conditions would need to apply:

- Certain firms contemplating new investment find the non-transport elements of the package in the regeneration area attractive compared with its competitors;
- Current transport conditions are the only substantive obstacle to choosing the regeneration area; and
- The transport improvement would be sufficient to overcome concerns.

Tourism

6.23 Employment in the tourism industry is driven by the number of overnight and day visitors to an area, and their expenditure in the areas' attractions and accommodation and restaurants. For this reason the examination of ways in which changes to the transport network could affect the regeneration areas must focus primarily on the ways in which a change could affect visitor numbers and, in the case of day visitors their length of stay, which affects their level of spend per day.

6.24 The factors leading to a change in visitor numbers are many however and so need to be addressed separately. The following areas are addressed: new visitors, repeat visitors and visitor characteristics.

New visitors

6.25 A new visitor is one who would not visit the area in the absence of a transport improvement. The transport improvement could affect the number of new visitors to the area in the following ways:

a) Change the number of new visitors from within the existing catchment[22] area visiting the area (e.g. residents in York who would not have visited Scarborough in the absence of the transport improvement);

b) Change the number of new visitors from an expanded area visiting the area (e.g. residents within the new and expanded 1 ½ hour travel time who would not have visited in the absence of the transport improvement); and

c) Change in the perception of the area amongst potential new visitors (e.g. people who otherwise would visit Malton but who would change their behaviour by visiting Scarborough if it is made quicker to get to).

Return visits by existing visitors

6.26 In the case of "existing" visitors who come even without the transport improvement, that improvement could increase frequency of visit over the course of a year and hence affect the number of visitors who make one or more return visit to the area. Such changes could come about in the following ways:

a) Change the number of visitors who return to the area

b) Change the frequency at which visitors return to the area (e.g. visitors to the Moors choosing to come back more often than they have before)

c) Change in the perception of the area amongst potential return visitors leading to a change in frequency of visit (e.g. visitors who have been before feeling more keen to return to the area)

Visit characteristics

6.27 A transport improvement could affect the characteristics of visits made to the area in the following ways:

a) Change the length of visit to the area (e.g. decide to stay another hour, an extra day or decide to make a day trip rather than an overnight one)

b) Change the number of tourist attractions visited during a visit to the area

c) Change the amount spent during a visit to the area (e.g. go to a restaurant when arrive in the evening if people have not been delayed in their journey)

d) Change the trend in different types of visit to the area (e.g. companies in York running more conferences in Scarborough hotels)

e) Change in the demand for different transport modes used to make visits in/to the area (e.g. take the train to York from Scarborough rather than drive)

[22] The catchment area is not clearly defined for visitors to the area and visitor survey results show this can be quite varied. As a proxy for the majority of visitors, a day trip is considered to have a catchment of 1 ½ hours travel time and a stay trip one of 3 hours.

Tourism businesses and labour

6.28 Having determined the scale of change in visitor numbers we can then consider how this might affect employment in tourism businesses. The affects might be in the following ways:

a) Change the number of new/existing jobs in the area (e.g. taking on more waiting staff if a hotel restaurant is busier, or not laying off part-time staff in low periods)

b) Change the number of hours/months worked in existing jobs in the area (e.g. giving part-time staff more hours or employing staff for a longer season)

6.29 Changes to the transport network could also affect tourism in regeneration areas in other ways, such as:

a) Change the number of new businesses attracted to the area (e.g. a new attraction may open if a demand is perceived) or the extent of investment in existing premises derived from increased visitor income

b) Change the ability of businesses to fill vacancies/skills gaps through access to a larger and/or appropriately skilled labour force (e.g. hotels in Scarborough being able to attract chefs from York)

c) Change the costs borne by businesses of accessing supplies (e.g. delivery of catering supplies or laundry)

Two-way road

6.30 Changes to the transport network may also affect tourism in the area in relation to improved access to tourism sites outside of the area. Whilst the effects of this are covered in the points above, it is important to highlight the fact that access should not only be seen as inbound to the area. Thus the following should be considered:

a) Change in the number of visits made in the area by residents of the area

b) Change in the characteristics of visits made in the area by residents of the area (e.g. Malton residents making day trips to Leeds at the expense of trips to Scarborough)

c) Increases in the number of trips out of the area by tourists who use accommodation within the area – for example more trips to York or Lightwater Valley by tourists whose hotel or self catering accommodation is in Scarborough

   i. Further, effects may be felt in the labour market and the local economy in relation to the following possible factors:

d) Change in the number of (potential) tourism employees seeking jobs within the area (e.g. hotel staff in Malton attracted to jobs in York)

e) Change in the linkage[23] and leakage[24] situation leading to knock-on effects in the local economy and thus labour markets (e.g. locally owned hotels being bought by national or international chains).

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[23] E.g. a local hotel preferring to trade with local businesses

Regional economy

6.31 In addition to understanding the potential economic effects of an improvement to the transport links in the A64 corridor, it is important to test the fit of such an intervention with stated/published policy. The generic improvement has been assessed with respect to the documents specified in Table 6.2 below. The compatibility of the options in regard to the policies allows a single appraisal to be undertaken. Thus, a cross against “positively related” implies that any combination of the four highway options and the public transport options would support achievement of the objective in question.

6.32 This analysis accords with the requirements of the Guidance on the Methodology for Multi-Modal Studies (GOMMMS) in relation to appraisal under the *integration* objective and reflects the stated requirement of the client group that option appraisal should be conducted against the background of existing policy.

[24] Eg a national hotel chain drawing its profits out of an area

TABLE 6.2 RELATION OF A TRANSPORT IMPROVEMENT IN THE A64 CORRIDOR TO REGIONAL AIMS AND PRIORITY ACTIONS

Regional aims/objectives/priority actions	Positively related	Negatively related	Unrelated
YORK AND NORTH YORKSHIRE SUB REGION SUB REGIONAL ACTION PLAN 2003/06 OUTLINE PLAN - NOVEMBER 2002			
SUPPORTING YORK AS A REGIONAL AND SUB REGIONAL ECONOMIC DRIVER Implementing Science City York; Developing York Strategic Sites; Developing the City's Economic Driver Potential	X		
BUILDING A NEW ECONOMIC BASE IN THE COASTAL, SELBY AND RURAL AREAS The Renaissance of Market Towns; Building a New Rural Economy; Addressing Disadvantage on the Coast; Building a Post Coalfield Economy in Selby	X		
SUPPORTING HIGH VALUE ADDED BUSINESSES Embedding an Integrated Business Support Service; Supporting High Growth Businesses; Supporting Priority Sectors and Clusters; Addressing the Digital Divide; Promoting Better Business Practise	X		
MAXIMISING THE LOCAL IMPACT OF REGIONAL ECONOMIC DRIVERS Enhancing Harrogate's Business Tourism Product			X
Key action areas which will support the above priorities: Developing Skills to Support the Priority Themes Promoting Social Inclusion Building Linkages Within the Sub Region and Beyond its Boundaries Sustaining Viable and Safe Communities Advocating Transport Improvements to Support Local economies Connecting Housing Issues to Local Economies	X		
REGIONAL ECONOMIC STRATEGY FOR YORKSHIRE AND HUMBER 2003-2012 – CONSULTATION DRAFT			
Grow the region's businesses, focusing on key clusters, to create a radical improvement in the competitiveness, productivity and value they add to the region's wealth.	X		

Achieve higher business birth and survival rates to create a radical improvement in the number of new, competitive businesses that last.	X		
Attract and retain more private and public investment by creating the right product for investors, and more effective marketing of the region.	X		
Radically improve the development and application of education, learning and skills, particularly high-quality vocational skills.			X
Connect all of the region's communities to economic opportunity through targeted regeneration activity.	X		
Enhance and utilise the region's infrastructure of physical and environmental assets.	Rail option		X
REGIONAL PLANNING GUIDANCE FOR YORKSHIRE AND THE HUMBER (RPG12) – OCTOBER 2001			
MAINTENANCE OF HIGH AND STABLE LEVELS OF ECONOMIC GROWTH AND EMPLOYMENT Regeneration of areas damaged by past industrial decline as well as capitalising on economic growth points	X		
SOCIAL PROGRESS WHICH RECOGNISES THE NEEDS OF EVERYONE Seeking social equity and inclusion; Protecting rural communities and recognizing their particular needs; Seeking wider housing opportunity and choice			X
EFFECTIVE PROTECTION OF THE ENVIRONMENT Making full use of urban land and minimizing the loss of greenfield land; Protecting and enhancing natural resources; Tackling urban traffic congestion and reducing transport related emissions; Making urban areas attractive, high quality, safe places where people chose to live; Minimising the loss of the rural landscape, maintaining and where possible enhancing its diverse character		X	
PRUDENT USE OF NATURAL RESOURCES Minimising travel needs and maximising use of energy efficient modes; Limiting pollution to what is compatible with health and biosphere capacity; Reducing energy consumption and encouraging use of renewable energy sources		X	
REGIONAL TRANSPORT STRATEGY (Ch 7 of RPG12) – OCTOBER 2001			
TO INTEGRATE TRANSPORT AND LAND-USE PLANNING			

In particular:-			
To support regeneration and economic growth and in particular facilitate development in the main urban areas and regeneration priority areas identified in RPG	X		
To support sustainable development			X
To reduce the need to travel, especially by car			X
To reduce the impact of traffic and travel on the environment		X	
To improve access to opportunities in a manner that is equitable and socially inclusive			X
Within the transport system itself:-			
To integrate the operation of different transport modes			X
To make efficient use of transport resources			X
To promote safety	X		
To maximise the use of more energy efficient modes of travel, including cycling and walking			X
To assist in the achievement of the Government's local air quality targets			X
To increase the provision of safe traffic free networks for access on foot or cycle within and between town and countryside			X
To be affordable and achievable in practical terms	X		
NORTH YORKSHIRE COUNTY COUNCIL LOCAL TRANSPORT PLAN 2001/2006 – JULY 2000			
To promote social equality by providing genuine choices of travel mode which meet the travel needs of the socially and physically disadvantaged			X
To limit traffic growth by reducing the need to travel and developing alternative non-car travel modes	Rail option	X	
To provide a safe, efficient and well maintained highway network as part of an integrated transport strategy	X		
To minimise the adverse impact of traffic on the environment, particularly with regard to noise and air pollution		X	
To provide a quality public transport system for as many residents as possible which recognises the importance and impact of tourism in the County	X		
To reduce the number and severity of casualties arising from road accidents in the County	X		

To facilitate opportunities for economic regeneration and growth and the sustainable movement of goods.	X		
SCARBOROUGH RENAISSANCE CHARTER 2002 (Key Themes)			
PLAYING A KEY ROLE IN YORKSHIRE AND HUMBERSIDE'S REGIONAL STRATEGIES Create a world-class town that supports Yorkshire and Humberside's development into a world class region; Give priority to the development of flagship projects that will play a key part in the renaissance of Scarborough's reputation; Improve Scarborough's physical and virtual connectivity with the outside world; Promote the town's heritage and foster local distinctiveness to let Scarborough play a full role in defining the unique character of the Yorkshire region	X		
DEVELOPING A FRAMEWORK FOR QUALITY PUBLIC SPACE Make a visible and radical impact on Scarborough's urban space to profoundly alter its image			X
DELIVERING CULTURALLY-LED REGENERATION Make critical connections between the elements of the town's artistic resources to bring about a cultural renaissance that is celebrated with an internationally recognized festival programme			X
DIVERSIFYING THE ECONOMY, ATTRACTING INWARD INVESTMENT & DELIVERING QUALITY SERVICES Use public sector investment to create the favourable market conditions that will stimulate further investment by the private sector in quality commercial premises; Deliver the best quality services, shops, restaurants, hotels and other visitor facilities and ensure that every visitor's experience of Scarborough exceeds expectations and creates the conditions for positive and lasting memories; Reverse the decline in the housing market and create the conditions that are necessary to stimulate investment in the built environment; Develop business and political conference infrastructure; Deliver educational and training programmes that enable business to compete in key regional, national and international markets.	X		
BUILDING STRONG, STABLE AND HEALTHY COMMUNITIES Reduce the physical isolation and social exclusion experienced by those living in marginal circumstances to help them play a greater role in the renaissance of Scarborough; Use Scarborough's natural landscape and built environment to develop sport and recreational facilities and promote healthy lifestyles for all.			X
PLANNING FOR GROWTH Define appropriate strategies that will deliver new homes, workplaces, jobs and services in ways that will increase Scarborough's critical mass and protect and enhance Scarborough's natural and historic environment.			X

REPORT OF THE SCARBOROUGH ECONOMIC PROSPECTS TASK FORCE			
OBJECTIVE 1 To diversify the economic base of the coastal area by facilitating local business expansion and the development of new business opportunities in growth sectors • Yorkshire Coast Investment Bureau • Scarborough Business Park • "Scarborough On Line"	X		
OBJECTIVE 2 To adapt the traditional tourism industry in the coastal area to meet new market demands by building on the environmental and cultural assets of the area • Scarborough Bay Renaissance • Scarborough Central Area Business Investment Programme • Business Tourism/Conference Development	X		

Competing regional priorities in relation to the A64

6.33 In relation to an A64 transport improvement there is some conflict between the different aims and objectives for the region – namely between those related to the environment and the economy. This is not applicable to the Sub-regional action plan or the RES since their aims do not include an environmental component. The Regional Planning Guidance, Regional Transport Strategy and NYCC Local Transport Plan do however and an A64 improvement is negatively related to the environment, natural resource and reducing the need to travel aims. The rail option is more favourable in this regard.

Discussion

6.34 A number of topics relating to possible scheme impact and EIR method deserve further consideration.

Regional interactions

6.35 A wider question has been raised by the client group regarding not simply the fit of transport options with regional policy but their *importance to the delivery of wider economic and social strategies*. This reflects the fact that various strategies exist relating to the regeneration of the study area, with the dualling of the A64 constituting an explicit or implicit part of many.

6.36 Thus, the question to which the client group seeks an answer is not "what would dualling the A64 achieve?" but "would not dualling the A64 compromise or obstruct the achievement of the vision?" In other words, "is dualling a necessary part of the strategy?" This represents a departure from standard practice in compiling EIRs, where the aim is to identify the economic effects of a transport intervention compared with not doing it.

6.37 The degree of precision with which the strategies have been defined differs – the Regional Economic Strategy, for example, is clearly a top-level document and contains few references to specific interventions (in terms of either action or location). The Sub-Regional Action Plan is more clearly defined but there remain significant areas of ambiguity.

6.38 This implies that there are two significant problems with answering the question of whether a given scheme is necessary to the strategy:

- To be able to comment on whether the scheme is necessary to the strategy requires an understanding of whether the complete strategy would actually deliver the vision. This is a regeneration economics task which lies outside the scope of A64 Broad-based Study; and
- The lack of precision of the other elements of the strategy makes it difficult to say what their economic impacts would be.

6.39 This discussion picks up an important point about the analysis that has been undertaken. Imperfect as the method used is, its strength is that it is based on as much sound fact as is available at present (published statistics, the stated opinions of companies and other relevant organisations in the locations of interest). The more the analysis departed from this factual basis, the more tenuous the conclusions would become, and the easier to criticise.

6.40 Another way of putting this issue is that the definition of the true "do minimum" in economic terms is proving difficult. If it were possible to produce a robust definition which included all the elements which will happen regardless of transport decisions, this would at least enable a comparison between this scenario and one which was identical but for the addition of the transport scheme (leaving to one side the question of fulfilling the vision). But the point about relying on fact holds here too: there is not sufficient information to say with any precision what the non-transport strategy elements would mean for the study area's economy.

6.41 This is an important topic and one which should not be glossed over. Guidance was therefore sought from the Department for Transport. Its response is that, where non-transport policy measures are vaguely defined, the EIR should be based on comparing the scheme with "business as usual". On the question of whether it is the job of the EIR to assess a wider policy package including transport, the Department indicates that the impacts of the transport scheme are to be the focus.

Transport as the spark

6.42 It is frequently claimed that a scheme of sufficient importance (such as the dualling of the A64) will provide the *spark* for the regeneration of deprived areas. In fact, we record on more than one occasion that, though a business may not be able to say what the impacts upon it would be, it states with confidence that the sector or the economy at large would benefit. This is taken to mean that a virtuous circle of investment and growth will be created (where an equivalent vicious circle is associated with not proceeding). This goes against the principle of the EIR in which economic impacts are to be inferred only where there is a logical chain between the increased accessibility arising from the scheme and those impacts. It also conflicts with the scepticism voiced in SACTRA's report as to whether these virtuous circles really do follow transport investment.

6.43 It is worth making a key point on this topic: the EIR methodology requires a direct line of cause and effect from change in transport cost to final economic impact. This principle does not easily admit the notion of positive feedback loops which might lead to further growth. As far as transport is concerned, in fact, the increased economic activity, which might follow an intervention, is likely to erode its journey efficiency benefits over time. This, if anything, would push the economy in the opposite direction. What is more likely is that the result of the transport intervention will be a shift in the equilibrium, as economic actors adjust to the new circumstances. Inward investment is the exception to this rule but, as the following analysis will show, its impact is comparatively small when examined against the activity of indigenous business.

Breadth of enquiry

6.44 The issue of whether enough attention had been paid to York was raised within a connected, but distinct, discussion: that the regeneration benefits of the scheme would be seen to be greater if it could be demonstrated that, not only would dualling assist the economies of the regeneration area, it would also help the "over-heating" economies of York and Leeds. Some interviews have been achieved with businesses in York and the response anticipated – that conditions on the A64 beyond the ring-road were of little comparative relevance – was the one given. We have assumed that what is true for York will be true also for Leeds.

6.45 The question of whether either York or Leeds is, strictly speaking, over-heating is moot. It is possible to conduct the EIR with a larger area in mind but the guidance is focussed upon regeneration areas, meaning that benefits (or disbenefits for that matter) to economically healthy locations should not be counted amongst a scheme's positive impacts. The implication is that areas outside the regeneration area (its hinterland) are of interest in the EIR insofar as they relate to the regeneration area, in providing jobs to unemployed people or labour for skills gaps, for example. The role of York in the economic welfare of the regeneration area was considered through analysis of published statistics.

6.46 It is acknowledged that the client group is interested in impacts upon York and Leeds for reasons which fall outside the strict definitions of the EIR. Investigations into the likelihood of greater labour mobility between these places and the regeneration area have indicated that there is not much scope for this changing as a result of transport interventions. Thus, benefits of this type to York and Leeds, whether considered part of a scheme's positive impacts or not, are likely to be small. Similarly, interviews with York businesses indicated that they did not anticipate major changes to their markets as a result of access changes on the A64 to the east.

Empirical evidence

6.47 Some effort has been devoted to obtaining evidence of the economic impacts of comparable transport interventions to provide a comparator for the projections made in this report.

6.48 There are a number of similar schemes that could provide an indication of the likely effect on inward investment in the surrounding regions, notably the upgrades to the A30 near Honiton or the A55 North Wales.

6.49 A number of sources including government reports, local council reports and minutes, and parliament debates look at the potential of inward investment in different areas; unfortunately there is little *ex post* analysis conducted on the realisation of these benefits. Much of the anecdotal evidence from similar schemes is based on employer surveys, and often biased towards an author's stance. An example is the Snowdonia Region, where the benefits gained from using suppliers further away are highlighted in one document, whilst another report considers the increased competition forced on local suppliers.

6.50 We note that, in most cases, all the arguments may have some weight but, without quantitative backup, it is almost impossible to assess the relative strength of arguments propounding and questioning an increase in inward investment. That our attempts to find empirical evidence have been in vain is not surprising given that this was the conclusion of SACTRA[25]. An appeal to the Department for Transport was similarly unproductive.

Reliability

6.51 It has proved difficult to incorporate the effect of reliability into calculations of impact, for the following reasons:

- The valuation of reliability remains a hotly debated topic;
- Evidence gathered on the true variability of journey times has proved inconclusive; and
- The effect of reliability on decision-making by economic actors has been shown through interview to be a very subjective matter.

6.52 The upshot is as follows:

- Reliability impacts of the various options have not featured explicitly in the projection of tourism job effects but margins of error have been made wide enough to allow for additional benefits which might accrue beyond those arising from reductions in average journey time; and
- In the case of inward investment, the driver for the projections has been the emphasis placed by interviewees on access to the transport network. A "full score" is only attributed to Option 4 (dualling along the length of the A64) and the reliability of a full-length dual carriageway is implicit in this. Lesser scores are allocated to options which will have a lesser impact on journey reliability.

[25] Transport and the Economy Summary Report §12

7. REGENERATION IMPACTS OF DUALLING THE A64 FROM YORK TO SCARBOROUGH

Introduction

7.1 As stated above, detailed analysis is concentrated here on the possible impacts of dualling the A64. In Section 1, differences between this option and the more modest interventions in view for the corridor are discussed.

7.2 The content of this section derives from several sources:

- Methodical analysis of the reasons why change in transport infrastructure might lead to economic regeneration impacts;
- Discussions with various senior individuals having an understanding of the economic conditions;
- All relevant data and reports made available to the consultant team; and
- A programme of surveys conducted with businesses operating in the regeneration area, both small businesses across sectors and a concentrated sample of larger companies within the manufacturing sector.

7.3 The conclusions presented in this chapter result from the combination of these inputs.

7.4 The quantification of likely jobs impacts is presented in Table 8.1 below.

General business (small businesses across all sectors)

Introduction

7.5 Where numeric information is given in this section, it derives either from official data sources or the results of the survey programme (detailed above in Section 2). In the case of the latter, raw information collected from interviews has been "grossed up" so that individual businesses are weighted so as to represent, as accurately as possible, the size of their respective sectors in their district. This has been done on the basis of NOMIS data concerning the number of employees within each of the SIC business categories in Ryedale and Scarborough.

Increased access to a suitable workforce

7.6 Would dualling the A64 provide businesses in the regeneration area with the means to expand through access to a suitable workforce? As discussed above at §6.7 et seq, three conditions need to apply.

Employers having unfilled vacancies

7.7 The profile of vacancies was examined briefly in Section 0 above. The level of vacancies in Scarborough is low, both compared with the size of the economically active population and with the number of unemployed people. Malton has a significantly higher vacancy rate given the size of the working population and the lower claimant count.

7.8 The additional condition, however, is that these posts cannot be filled from the skills base in the local area. The fact that the vacancies in both these TTWAs are predominantly low-skill jobs indicates that the problem is unlikely to be underqualification, but rather pay levels which together with the nature and / or location of employment leads to some people preferring to be on benefits and possibly also lowering economic activity rates. Certain categories of vacancy in Scarborough, though, (skilled trades particularly and personal services to a lesser extent) do depend on appropriate skills. And the raw number of vacancies may not reflect the relative importance of certain staff to an operation. Interviews with businesses indicate that access to staff is the overarching concern, this being the most important factor to the majority of those contacted (see General Business Questionnaire, q22), with a strong bias towards manufacturing firms. Those interviewed in the retail and construction sectors also named access to staff as their primary concern.

7.9 The conclusion is therefore that the majority of vacancies in the regeneration area do not meet the criterion of demanding skills unavailable in the locality, but that some do. The fact that many vacancies are not placed with job centres should, though, be taken into account.

Suitable workers become available through intervention

7.10 The linear nature of the A64 corridor makes it reasonable to suggest that York may grow as an "in-scope" source of labour for Ryedale and that Ryedale (and to an extent York) may do likewise for Scarborough in the case of increased speed on the A64.

7.11 In Table 7.1 below, the distribution of skills amongst unemployed people in York and Ryedale is shown. These data are somewhat older than that presented for vacancies and headline unemployment and so should be treated with some caution.

7.12 Ryedale's profile is weighted towards clerical/secretarial and plant/machine operative roles. Only nine per cent of unemployed people fall into the "skilled trades" category (note that terminology has altered over time). Nonetheless, this is a higher rate than the equivalent proportion of vacancies in the Malton TTWA (admittedly two years later). It is therefore conceivable that the increased accessibility of Scarborough would make it a possible venue for work on the part of this group, presuming they cannot find work locally or are unhappy with the wages.

7.13 York's unemployed do show (in 2000) a weight toward skilled trades, with eleven per cent of the area's claimants. There is an equivalent peak, though, for this skill area in York's more recent vacancies.

7.14 The lack of temporal correlation between vacancy and unemployment data makes a firm conclusion on this topic impossible. The resounding emphasis made by interviewees on the lack of skilled staff suggests that, whether it is a matter of pay or overall numbers, this remains a key issue.

TABLE 7.1 UNEMPLOYMENT BY OCCUPATION (OCT 2000)

	Proportion of unemployed (%)	
Occupation	York	Ryedale
0: No Previous/Unknown Occupations	2.6	0.5
1: Managers/Administrators	5.8	5.6
2: Professional Occupations	4.8	5.6
3: Associate Professional/Technical	5.9	5.8
4: Clerical/Secretarial Occupations	13.8	12.8
5: Craft/Related Occupations	11.0	9.0
6: Personal/Protective Service Occupations	7.6	6.1
7: Sales Occupations	7.0	9.7
8: Plant/Machine Operatives	10.6	10.7
9: Other Occupations	30.9	34.4

Full employment in source area/attractive wages in regeneration area

7.15 If interviewees are clear that there is a lack of skilled labour, it is hard to argue that in the Malton TTWA there is an oversupply of workers. Rather, for any to be attracted to Scarborough to take up employment, there would need to be a wage differential sufficient to outweigh the cost of additional travel. As Table 5.5 demonstrates, there is a surprisingly large gap between Malton and Scarborough's rates for "craft/related occupations". Such is the gap, in fact, (nearly £170 per week) that it would be very likely to prove a sufficient incentive even with transport as it is, which suggests there could be a problem with the data and / or some in-built market imperfection such that people in different districts simply do not look for work in the next district. If it is assumed that the individual drives alone from home to work, a journey of 25 miles each way, five days per week, then she/he would cover 250 miles each week. Perceived costs of driving differ but tend to be focused on the variable aspects (namely fuel). These would indeed be significantly smaller than the supposed £170 premium which a person might expect to earn if commuting to Scarborough.

7.16 In reality, the differential between wage rates in neighbouring districts is unlikely to be quite as pronounced as indicated by official figures, or else they refer to very different jobs within the category. There could be real shortages in Scarborough, with a small number of firms bidding against each other but with no labour with the specific skills in the wider region. Thus, the fact that Scarborough offers a higher wage for this category of worker provides some evidence that an increase in travel speed on the A64 would have a marginal impact on the willingness of Ryedale workers to commute there for jobs. There is the additional concern, though, that employees transferring between Ryedale and Scarborough would not benefit the regeneration area as a whole, if the Ryedale firm then had difficulty filling the posts vacated.

7.17 Would York people consider work in Ryedale or even Scarborough in the event of increased speed on the A64? There is a peak in skilled trades vacancies in the area which suggests that there is not an oversupply of skilled labour. And the pay for this category is so much better in York than Ryedale that it is hard to envisage much outward commuting even given the higher costs of living in York. Even Scarborough's premium does not seem sufficient to draw employees from York. This suggests – assuming the data refer to similar jobs – an imperfect labour market, so the dualling scheme might help to equalise factor prices over time – i.e. it would promote efficiency within the region's labour market.

7.18 It seems more likely that the process at the skilled end of the labour market would be for people to look more to York for better wages, more variety of opportunities and possibly better medium-term career prospects. This could impact adversely on employers in the regeneration area while conferring little benefit in terms of some additional earned income – some of which would tend to be spent in York.

Summary

7.19 The evidence available suggests that there is only limited scope for increased speeds on the A64 to lead employers in the regeneration area to be able to recruit key staff. The low skills requirements of most vacancies and high levels of employment in the hinterland combine with unfavourable wage conditions (the Scarborough skilled manual rate excepted) to indicate that increased speeds would not prove decisive. Some marginal shifts are likely but there is a danger that this could simply take the form of transfer within the regeneration area, without producing a net benefit.

7.20 Examination of journey to work data demonstrates the following:

- Of journeys to work in 1997 originating in York, 9.1% had destinations in Ryedale and 0.1% in Scarborough; and
- 2.6% of Ryedale workers commuted to Scarborough.

7.21 The marginal shifts described in previous paragraphs would therefore apply to the already small numbers currently making the journey. The exception to this is the commute from York to Ryedale but, since improvements to the A64 would affect this journey much less than one to Scarborough, any impact would be proportionally smaller in this case.

7.22 It is concluded that any positive impacts would be small and quantification has therefore not been attempted.

Access to a larger number of suppliers or customers

7.23 As Figure 6.1 and Figure 6.2 help to demonstrate, increased speed on the A64 makes a larger area of the country accessible within a given journey time. It must therefore be asked whether this would lead to a larger customer base or a better choice of suppliers. The former should, all things being equal, allow the employer to expand; the latter leads to reduced costs and, perhaps, the reallocation of savings into additional production. Three conditions must be met for the primary benefits to be felt.

Employers within the regeneration area constrained by their customer base or the cost of obtaining supplies

7.24 It is of note that the most common answer to a question (Questionnaire q23) investigating the relative importance of four factors (premises, skills of current workforce, access and the market's knowledge of the business) related to the market's knowledge of the companies surveyed. Knowledge can be increased through marketing where it is thought that potential customers are simply unaware of the business or its offer. Another method is to increase the area of influence such that the raw number of potential client companies becomes greater. The frequency of the answer certainly indicates that businesses surveyed do feel constrained by their present client base.

7.25 For those companies surveyed which named transport as a key concern, the cost of moving produced goods was the principal issue. Any savings made on this front would be seen as a primary outcome of the transport intervention and so would not be counted as a regeneration impact as such, unless they led to a growth in output and employment arising from greater price (and possibly service) competitiveness on the part of businesses, due to passing on cost savings in quoted prices. The particular issue of whether current transport arrangements had implications for drivers' hours thresholds did not arise; rather, the inconvenience of the limitations in the current transport network tended to be mentioned.

7.26 The second most important issue is the cost of clients or suppliers coming to visit, followed by the costs of staff travelling for work reasons. The cost of bringing in supplies is the least important issue for interviewees. There is therefore little evidence that this represents a barrier to expansion for businesses in the regeneration area.

Increased accessibility leads to a greater number of potential clients

7.27 This would vary very much by sector. Retail businesses, for example, should expect to see an increase in their potential markets in proportion to the growth in population within a defined "furthest shopping distance". Those selling specialist goods or services, however, may already be shipping their output to or dealing with clients in distant locations, making increases in the speed of the A64 of negligible impact.

7.28 It is therefore suggested that the sectors most likely to gain in this way from increased A64 speed are retail, construction, distribution and tourism (dealt with elsewhere). Manufacturing and the service sector, being more varied, will show a mixed picture. The survey explored whether businesses thought expansion to be feasible and desirable and, unsurprisingly, only a proportion (approximately 20%) did. Conclusions concerning the impacts of increased customer base should be tempered by this fact.

Two-way road effects not too large

7.29 The scope for the two-way road effect has been discussed above at §6.12 in the context of the retail trade. This is equally possible in the other sectors which stand to increase their numbers of possible customers through a faster A64. To help understand the risk, businesses surveyed were asked where their current competitors are located. The most varied answers were given by the manufacturing sector – a quarter cited North Yorkshire, the vast majority saying that competitors were spread across the UK and/or abroad. The retail and construction sectors understandably see their competition as being local, a great many Scarborough firms believing their principal rivals to be located in the same borough. Thus, the sectors thought most likely to benefit from A64 dualling in terms of customer numbers also saw their competition as local. All things being equal, then, they should not be exposed to a significant two-way road effect. The local presence of a rival does not, however, rule out the possibility that, as with the example of retail competition between York and Scarborough discussed at §6.12, a perceived higher quality offer will draw custom away.

Summary

7.30 There is reason to expect some of the sectors represented in the regeneration area to see an expansion to their potential markets if the A64 is dualled. This was echoed in the survey itself, in which approximately 30% of all those questioned felt that they would gain access to more customers. But the likely effect is almost certain to be small: typical answers to the question of what proportion of businesses' costs went on transport were 2% and 3.5%, the only key exception being the distribution sector. Where a company's transport costs are small, it is hard to see what constrains them from marketing as far afield as they wish. Those outside the distribution sector who cited a larger figure for transport tended already to be trading at least at a regional level, so the cost of travel on the A64 would constitute a small part of overall outgoings in this area.

7.31 Whether the businesses in question will translate any increase in potential market into a larger customer base, increased production and ultimately additional staff is less easy to say. Of the 30% of respondents who expected access to more customers, approximately a third claimed that they expected to expand employee numbers if the A64 were dualled (though other contributing reasons should not be ignored).

7.32 The conclusion is that, though probably positive on balance, there is not evidence that the impacts in this category would not be negligible.

Access for workers to suitable employment

7.33 The relatively high rate of unemployment in Scarborough gives some cause to believe that increased accessibility would enable some of those without jobs to access work outside the area, probably in Ryedale and possibly in York. As discussed in Section 6, this depends on a number of conditions.

Unemployed workers cannot obtain suitable work in the regeneration area

7.34 To investigate this, the data from 2000 must be used, which is not ideal. Nonetheless, it does provide some guidance. In Table 7.2 below, the distribution of occupations amongst unemployed people in Scarborough is shown. The largest share by far is "other occupations", a collective term for a variety of unskilled jobs. This equates well with the share for this skill area of vacancies in the Scarborough TTWA. The excess of unemployed[26] over vacancies, though, should not be overlooked. It may well be that the vacancies listed merely represent the natural churn of the economy and that there are not large numbers of long-term unfilled vacancies, even in the low-skill sectors. A comparison between vacancies and unemployed (the latter scaled to the 2002 total for the TTWA), shows that unemployed people exceed vacancies in all the occupation areas. However, only around a third of vacancies are notified to Jobcentres but this proportion varies by job type, region and timing within the economic cycle, and so firm conclusions using these data are difficult.

TABLE 7.2 PROFILE OF UNEMPLOYED IN SCARBOROUGH (OCT 2000)

Occupation	Proportion of unemployed (%)
0 : No Previous/Unknown Occupations	0.6
1 : Managers/Administrators	3.6
2 : Professional Occupations	3.0
3 : Associate Professional/Technical	4.5
4 : Clerical/Secretarial Occupations	9.7
5 : Craft/Related Occupations	10.9
6 : Personal/Protective Service Occupations	9.2
7 : Sales Occupations	8.5
8 : Plant/Machine Operatives	8.2
9 : Other Occupations	41.7
Total claimants	*2034*

Transport intervention makes suitable posts elsewhere feasible

7.35 If it is concluded that the excess of unemployed over vacancies in Scarborough indicates a general shortage of work, an increase in speed on the A64 is likely to bring jobs in neighbouring areas into reach. Malton's TTWA, though, has a low number of vacancies, reflecting the lower level of economic activity in that area. It is hard to see how a workforce who cannot find jobs in an area with 455 vacancies would be any more successful where there are only 306. York, on the other hand, presents more of an opportunity because of its greater size. And there is a relatively good match between the skills of the Scarborough unemployed and the vacancies in the York TTWA (the exception being sales/customer services for which York has a pronounced need). In fact, vacancies in York outnumber (scaled) numbers of Scarborough unemployed for most of the skill areas.

26 1,356 in the Scarborough TTWA, October 2002

Additional journey acceptable

7.36 Since the discussion is now focussed on workers commuting from Scarborough to York, the question of weekly travel returns. It is appropriate to revisit the relative wage rates by area and occupation shown in Table 5.5. There are two occupations for which the York salary is substantially greater than that available in Scarborough – plant/machine operatives and elementary occupations. There are substantial (though not large) numbers of vacancies in these two areas.

7.37 If Scarborough workers are unable to access jobs in their area however (as opposed to not being attracted by the wages available), the issue becomes one of whether they would be prepared to bear the monetary and time cost of commuting to York in return for the absolute wage available. This is difficult to judge without surveying individuals but the following may not be unreasonable:

7.38 A round trip from Scarborough to York may reduce by 23 minutes with full dualling. Assuming a value of time of 8 pence per minute, this would equate to a saving in the region of £9 per week (assuming five shifts). Given an average wage in York of £350 per week, this represents approximately 4% of take-home pay. It seems reasonable to suggest that the differential between York wages and likely unemployment benefits would be great enough for such a marginal change not to prove critical – those whose alternative to unemployment in Scarborough is working in York are likely to be making the journey already.

7.39 The two-way road argument may hold here. Those currently in work in Scarborough and Ryedale might be attracted by higher wage alternatives outside the regeneration area, were the travel conditions to improve. One example is plant/machine operatives who, according to Table 5.5, could expect significantly better pay in York than Scarborough or, to a lesser extent, Ryedale. If this were to happen, Scarborough employers might be pressurised into increasing wages. This could impact on margins and, in extreme cases, lead to business closure. Alternatively, movement of workers from Scarborough to York might free up jobs for currently unemployed workers. There is not clear evidence to support either conclusion.

Summary

7.40 The picture is mixed. Certainly, there seems good evidence that Scarborough's population includes unemployed people who cannot obtain work locally and this seems more a lack of jobs than a skills mismatch. This conclusion does derive, however, from outdated figures on unemployment and is hard to reconcile with the strong case made by employers that they cannot source skilled employees. One explanation is the mix of jobs notified to Jobcentres and whether firms continue to advertise once they come to believe there are no workers with suitable skills available within that labour market area. The likelihood is that there is a combination of limited opportunities, some skills mismatches and, for some unemployed people, a perception that the going rate is insufficient.

7.41 There is reason to believe that certain groups of Scarborough's claimants could access work in York. However, there are also traditional attitudes towards job search which particularly affect the behaviour of people with lower levels of skills. The evidence from journey to work statistics is that only 0.5% of Scarborough's workers commuted to York in 1997. If it is assumed that some do not do so now because of the cost of travel, the reduced generalised cost resulting from a dualled A64 could make the proposition sufficiently attractive for some of them. But, if unemployed people are prepared to make the trip, it is likely that those currently working in Scarborough would be too, with resulting upward pressure on wages in Scarborough. However, it appears unemployment is not an overwhelming problem in Scarborough and not a problem at all in Ryedale. Given that the 1.2% claimant rate for Ryedale is about the 'floor' rate associated with transitional job changing, any new jobs would only come about through increased participation in the labour market (e.g. more houseworkers taking up paid employment, or inward migration.

7.42 The conclusion is that impacts of this type would be too small to permit meaningful attempts at quantification.

General business summary

7.43 Of the various potential forms of economic regeneration which might accompany dualling, the following has been concluded:

- Little scope for local businesses to source suitably skilled employees from outside the area;
- Some small increases in workforce arising indirectly from larger markets becoming available to indigenous businesses;
- Limited likelihood that unemployed residents in Scarborough would access work in York but with accompanying risk of upward pressure on wages in Scarborough; and
- Considerable enhancement to the prospects for inward investment, strongly tied to the local and wider economy's well-being (see below).

7.44 These conclusions are in harmony with the answers given to the general question put to small businesses of the prospects for workforce expansion: though 22% of companies surveyed expressed a confidence about growth following dualling which has been defined as "medium" in accordance with the draft guidance on economic impact reporting, no firm was able to cite a specific expansion project which was dependent upon the dualling scheme. This is not surprising, given the timescale associated with road schemes.

7.45 Where there was near unanimity amongst those surveyed was the generally beneficial effects which dualling would be expected to bring. Though firms could not provide a basis for arguing that their own operation would expand with increased accessibility, they argued that the prospects for their sector and for the area in general would be much enhanced. This coincides with the widely stated belief that being on the major road network (as discussed at §7.99 et seq) makes a big difference to the way in which places are perceived.

7.46 The approach taken to investigating the question of impacts is bound to be greatly affected by the status quo: companies cannot make projections beyond a certain point but the road would not be dualled for at least another five years. There is therefore an unavoidable gap between being able to say that dualling would have limited impact given current circumstances and adequately allowing for all possible eventualities between now and the period following opening.

Manufacturing sector

Constraints on business performance

7.47 As part of the interview process, companies were asked to state what they felt were the principal constraints on business performance. In the questionnaire, a series of possible constraints was presented and the interviewee was then asked to rate each using a scale of 1 to 5, with 5 signifying a severe constraint to business. (1 - significant strength, 2 – moderate strength, 3 - neutral, 4 - moderate constraint, 5 - severe constraint). The possible constraints cited were:

- Access to staff;
- Access to suppliers;
- Access to markets;
- Degree of competition;
- Transport costs;
- Availability of capital; and
- Availability of land.

7.48 The percentage of companies stating that these factors are a severe, or moderate, constraint to business performance are shown in Table 7.3.

TABLE 7.3 PRINCIPAL CONSTRAINTS

Constraint	% Companies Moderate Constraint	% Companies Severe Constraint	Total Companies Moderate / Severe Constraint[27]
Access to Staff	45%	14%	73%
Transport Costs	41%	14%	69%
Availability of Capital	14%	22%	58%
Degree of Competition	36%	9%	54%
Access to Markets	32%	9%	50%
Access to Suppliers	9%	9%	27%
Availability of Land	9%	9%	27%

7.49 The main constraints on business performance were found to be access to staff, access to capital and transport costs. There is a shortage of skills in the region, particularly cited by companies involved in engineering and related industries. More than half of the companies interviewed felt that this constituted a moderate or severe constraint on business performance.

[27] Severe constraints weighted by factor of 2.

7.50 Access to capital was the leading "severe" constraint. This was perceived as a constraint by companies in terms of the availability of capital to fund investment in new products, techniques or training of staff, and also in terms of available financial assistance from Government. Many companies within the manufacturing sector have low profit margins and high overhead costs associated with labour and sourcing of raw materials. As competition from overseas increases, prices are required to absorb rising overhead costs. As a result, profit margins are squeezed, a location can become less competitive within a company with multiple locations and investment there can become less attractive. Hence available capital allocated to less competitive locations can be limited.

7.51 Transport costs were cited as a moderate or severe constraint to business by 55% (12 companies) percent of companies interviewed. While only 14% (3 companies) felt that it poses a severe constraint, 41% (9 companies) felt that transport costs were a moderate constraint.

7.52 For those companies stating transport costs to be the most constraining factor, reasons given were varied:

- '*Transport costs have to be absorbed in the cost structure and not passed on to customers in order to remain competitive;'*
- *'Transport costs are high because of the distance between the company and our markets. Companies in Leeds have a major advantage over us in terms of cost and time';* and
- *'We are not located close to a motorway network and as a result haulage costs are high'.*

7.53 However, as discussed more fully below, companies felt that transport costs were high due to **location** and not just due to problems associated specifically with one part of the road or transport network, namely the A64.

Key strengths and weaknesses

7.54 Companies were asked to comment on strengths and weaknesses associated with their location. Responses show that the key strength of the area is that it is a pleasant place to live, with just under 50% stating this. Just over 30% (7 companies) felt there were no strengths and 2 companies felt that the transport infrastructure was good.

7.55 A variety of key weaknesses were cited, including poor road infrastructure, geographical location and distance from markets, recruitment issues and red tape. 27% (6 companies) felt that there were no weaknesses while a further 27% felt that geographical location / distance from markets were weaknesses. 23% (5 companies) felt that poor road infrastructure was a key weakness, citing that location and access to the motorway network is a constraint. It should be noted that 3 out of the 5 companies stating this were significant players within the manufacturing sector, each dependent on a the movement of a large number of goods.

Geographical location and perceptual issues

7.56 27% of companies felt that their current geographical location was a weakness. This was both in terms of distant to markets and the perception of existing customers, potential customers and staff. Comments included:

- *'Better reliability and a reduction in journey times on the A64 would improve the perception of the area, more people would choose to live here and the pool of labour would increase as a result';*
- *'Customers from overseas would like to visit but the perception is that the company is too difficult to get to;'*
- *'Employees could potentially be attracted due to a better perception of the area';*
- *'The company is perceived to be in a remote location';*
- *'We are 40 miles from any suitable suppliers – our competitors located in Leeds have a significant advantage over us in this respect';*
- *'We are in a peripheral location: 1.5 hours from our nearest customer';* and
- *'Location is isolated, especially in terms of attracting suitable staff.*

7.57 The interview responses tend to suggest that a combination of three related factors impact adversely on a minority of companies in the sample. These factors are:

- The actual location, which impacts on recruitment, marketing, dealing with customers and suppliers and similar operational issues including the time involved in getting goods to customers or in bringing in supplies;
- Transport costs, which impact directly on competitiveness in terms of goods to markets and which are in part location / distance related; and
- The perception of the location, which also affects recruitment and marketing, but might also be affecting the ability of some companies which are owned externally to attract investment from within the group.

7.58 It is clear that locational factors do impact on current performance and could impact on future performance especially if the original economic logic for locating in this area has evaporated and if distance / time / cost factors are eroding the competitive advantages which the location offered when originally selected.

7.59 While it can be concluded that transport related issues are not perceived to be the main constraint to business performance and not the main weakness associated with location for the majority of respondents, it is an important factor that contributes to the success and competitive position of a significant minority of companies.

7.60 For these companies, where distance between markets and other company locations are more critical factors, transport is a key enabler in allowing the increasing disadvantages of location to be overcome. However, there are limits to what better transport can do where a location has become less competitive than it had been because of cost and competitive pressures, as the journey time and cost improvements generated by transport infrastructure investment tend to be marginal compared with the benefits of new locations closer to markets or, in the case of many manufacturing businesses, to low cost locations overseas.

7.61 It is also the case that where perceptual factors are at work, for example where a head office is in another region, even major transport improvements might not be enough to address negative views held about a particular location.

7.62 Some of these locational / cost / time factors are discussed more fully below.

Movement of goods

7.63 Movement of goods is a key element of business for all companies interviewed. Peripheral location combined with congestion on the A64 does inhibit logistics for a number of companies, both in terms of meeting deadlines and transport costs.

7.64 More than half of the companies interviewed avoid congested periods on the A64 where possible, with some setting off early in the morning to avoid morning peak hour congestion, which is especially bad in the summer months. Other companies deliver goods during the night or allow 2 or 3 extra hours in order to ensure deliveries arrive on time. These adjustments to transport scheduling arrangements, while difficult to quantify, are potentially costly, especially for those companies with tight margins and high overheads. This has been taken into account in the final analysis of likely impacts.

7.65 Companies feel that there are at a disadvantage over other companies located closer to the motorway network in terms of logistics. Transport costs associated with this disadvantaged position can potentially have an impact on the ability of companies to remain competitive. Given the nature of manufacturing, and especially for companies producing low value products, such costs can impact substantially on already low profit margins. As noted above this can result in capital rationing, which in turn constrains growth in the short term and in the longer term leads to closure if capital is not replaced and updated. Consequently any factors that can impact positively on margins can be of value to companies which operate within multi-location business structures.

Impacts of transport improvements

7.66 Companies in general felt that dualling the A64 would be beneficial to the business as it would:

- Reduce transport costs through improved journey time reliability;
- Reduce transport costs through quicker and easier access to the motorway network;
- Increase accessibility for commuting staff; and
- Improve the perception of the area for potential employees and customers.

7.67 These are tangible benefits for companies, but what has to be considered is where these benefits sit within the wider business context and especially how they affect the basic competitive position of the business or of the plant located in the region compared with other plants elsewhere within a group.

7.68 When asked if dualling the A64 would have a positive impact on cost / competitiveness, the majority of companies felt that there would not be an impact (See

Table 7.4). Over a third of companies interviewed did however state that there would be an impact for 3 out of the 4 elements of costs, which is significant. Companies are continually under pressure to reduce costs and overheads, particularly within the manufacturing sector.

TABLE 7.4 IMPACT ON COSTS

Impact on Costs	No. Companies Stating Positive Impact	No. Companies Stating No Impact
Cost of Suppliers	4 (18%)	18 (82%)
Cost of Moving Goods	8 (36%)	14 (64%)
Cost of Meeting Clients / Visits to Other Locations	8 (36%)	14 (64%)
Cost of Clients Visiting Location	10 (45%)	12 (55%)

7.69 Cost of clients and customers visiting the company location were seen to attract the greatest impact. Comments include:

- *'Perception of area would be better and more visitors would be likely to visit';*
- *'Cost and time savings for clients from overseas would be a huge benefit: we currently show interactive videos but would much prefer face to face visits';* and
- *'Related to the perception of customers. One London customer commented that it is quicker and cheaper to visit one of our competitors in France'.*

7.70 Companies were also asked if the transport improvement would have a positive impact on efficiency of production, recruitment / retention of staff and on market catchment area (Table 7.5).

TABLE 7.5 EFFICIENCY, RECRUITMENT & ACCESS TO MARKETS

Impact	No. Companies Stating Positive Impact	No. Companies Stating No Impact
Greater Operational Efficiency	5 (23%)	17 (77%)
Easier Recruitment / Retention of Staff	5 (23%)	17 (77%)
Better Access to Market Areas	2 (9%)	20 (91%)

Greater operational efficiency

7.71 Only 2 companies gave statements as to the reasons why they felt production would become more efficient, with the main reason given being that time spent avoiding congestion or ensuring deliveries on time could be used more productively.

Easier recruitment / retention of staff

7.72 Most companies did not see a positive impact on recruitment / retention of staff, but for the 5 companies that did, comments included:

- *'Possibly the location will be made more attractive to people further afield';*

- *'Commuting from Scarborough and York would be easier (company in Ryedale)';*
- *'Employees from Leeds could get here in a more guaranteed time';* and
- *'Perception of the area in general would improve, which would help with recruitment'.*

Better access to market areas

7.73 Few companies felt that their market catchment area would increase. This is primarily due to the fact that markets tend to be either UK wide or overseas.

7.74 When asked to specify particular impacts, businesses generally felt that dualling of the A64 would not result in an increase in output or employment.

Level of output

7.75 Five companies foresee an increase in the level of output as a result of dualling the A64, though none were able to quantify the potential changes in output. Comments included:

- *'We could reinvest any cost saving and become more efficient resulting in greater productivity';*
- *Through continued investment in this site, we could increase the level of output. Investment in this site as opposed to other sites around the UK is dependent on a number of factors, including access and ease of logistical movements';* and
- *'Greater access to other areas will mean the ability to employ more people and as a result of this produce more goods'.*

Increase in employment

7.76 No companies felt that an increase in employment would occur directly as a result of dualling the A64. Only 5 companies stated that there could potentially impact on employment, but in terms of increased access to more people:

- *'If cost savings are made, investment occurs and markets continue to grow, then there will be an increase in employment';*
- *'Dualling might make it easier to commute from Scarborough to Malton and unemployment in Scarborough might be reduced';*
- *'Would encourage more commuters';*
- *'Marginally: greater access will mean the ability to employ more people;* and
- *'Marginally – we might be able to save 0.5 man per year through saved time'.*

Retention of existing businesses

7.77 From the surveys with businesses it is clear that a significant number of companies have:

- Headquarters located outwith the area (either in UK or overseas); and
- More than one company location within the UK or overseas.

7.78 From the sample of companies interviewed 12 possess overseas and other UK locations, a further 3 overseas locations only and 1 company has other UK locations only.

7.79 Companies are often therefore in direct competition with other company locations for further investment and / or retention. The current climate for many manufacturing companies is difficult, margins are low and costs have to be kept at a minimum in order to remain competitive. In the past, this has occurred, whereby investment has taken place in other UK locations and not in Scarborough.

7.80 This type of investment decision is based on a series of factors, which include cost overheads associated with accessibility, labour and logistics, as well as the perception associated with company location.

7.81 Another issue that has occurred is potential relocation of activities away from the area. Some companies have been threatened with such actions, but have managed to reduce costs and increase efficiency to such a level that the HQ decision was to retain operations at that particular site.

7.82 While these decisions have taken place in the past, it is not possible to say that dualling the A64 will physically result in future investments occurring – it will however increase the likelihood of retaining companies already in the area. Therefore it is possible to assume that a significant proportion of existing jobs would be safeguarded as a result of easing accessibility and reducing the cost of logistics for those manufacturing companies reliant on the movement of goods. This is particularly the case where larger manufacturing companies have low profit margins and high overheads to such an extent that the future of the company in its current location may be in jeopardy. A reduction in transport and transport-related costs could become the deal breaker in such instances.

Qualitative assessment

7.83 The sample of companies interviewed is representative of the manufacturing sector in Ryedale and Scarborough, with emphasis on larger manufacturing companies, for whom the movement of goods and recruitment of staff is a key factor of business performance. Beneficial impacts resulting from the dualling of the A64 are:

- More efficient logistical operations;
- Cost savings relating to the movement of goods;
- Access to a wider pool of skilled and non-skilled labour; and
- Better perception of company location.

7.84 Companies generally did not see a distinct impact upon the level of output or on the number of employees, as a variety of other factors, such as market conditions, competition, cost of labour and raw materials, had greater impacts upon performance than transport.

7.85 The surveys therefore identified ways in which the region would be enhanced as a business location for these larger manufacturing companies. However, our interviewees were unable to indicate that these improvements would translate into increased output and employment. Our view, based on other findings such as pressures on costs and scarcity of capital for new investment, is that in current market conditions and for some companies transport improvements could help keep locations such as Ryedale and Scarborough competitive for those businesses already located there. It seems likely that for some companies the economic logic which lay behind their original decision to locate in the region has lessened, and this plus external and market driven competitive pressures mean that business units in this region continuously have to reduce both overhead and operating costs. This reflects economic reality of course, as business units everywhere face the same pressures.

7.86 The survey indicates that a significant proportion of the larger manufacturing businesses compete internally for investment, and there have been occasions where Scarborough businesses have lost out to sites located in other UK regions, or have been threatened with relocation. This type of investment decision is based on a series of factors, which include the cost structures of plants located elsewhere, operating costs, access to government assistance and cost overheads associated with accessibility, labour and logistics, as well as the perception associated with company location. Dualling the A64 will increase competitiveness in this respect and potentially safeguard employment in this type of environment.

Estimate of employment impact (quantitative)

7.87 A detailed analysis of transport costs in relation to turnover, profit margins and other overheads was undertaken where possible. This highlighted that one or two companies would be likely to benefit from transport improvements, as it would release pressures on low profit margins and high overhead costs. Although such impacts would be highly dependent on the market conditions it is possible to make an assumption that **between 200 and 500 jobs** could potentially be safeguarded in the Scarborough area. For the purposes of appraisal, we have chosen the mid-point of this range (see Table 8.2 below).

Inward investment

Introduction

7.88 The discussion at §6.16 et seq sets the scene for the investigation of possible inward investment effects resulting from a dualled A64. In theoretic terms, the task would be to estimate the "elasticity" – the extent to which demand would change in response to a change in cost – as a means to estimate the impacts of a faster road. The complexity of location decisions renders this impossible. A second best would be to speak with companies which had looked at the regeneration area but chose to go elsewhere. This would allow the reasoning to be investigated and, more particularly, the question of whether transport was critical to the decision. It has not been possible to obtain information concerning such firms. This topic is therefore being tackled on the basis of some quite detailed research conducted recently by Yorkshire Forward on the subject of inward investment in North Yorkshire[28].

7.89 The research was intended to provide a basis for a strategy for business location. As such, it included an investigation of why businesses do or do not locate in the county. This was informed by a survey of businesses established in North Yorks.

The general inward investment picture in North Yorkshire

7.90 Inward investment is strongly centred on York. Though the net number of business registrations/deregistrations might suggest otherwise (in 2001 Ryedale's stock increased by 60 to York's 50), this is probably explained by business size: York's average business size is fifteen employees, Ryedale's nine. The density of inward investment appears inversely proportional to distance from York, though it should be said that the survey was not based on a rigorous sample. The largest business group surveyed was "consultancy/business services", after which came "digital/cultural" and other manufacturing. The first two of these could be expected to recruit skilled technical staff, the last skilled manual labour.

The competition

7.91 As only limited investment has been taking place, it is difficult to say which areas are Ryedale and Scarborough's key competitors. As regeneration areas, they may be competing with other parts of the country receiving support through Objective 2 or Assisted Area status. This would reflect a desire on the part of investing companies to obtain a "good deal" on premises and grants. If international companies were thought likely investors, this might be likely. The profile of new investment in North Yorkshire, however, is emphatically British and, in many cases, the key decision-makers are local people who have made an active choice to be near home. It is more realistic, therefore, to see this regeneration area as competing with other locations in the Yorkshire and the Humber region. The survey bears this out: 43% considered no other area; other locations considered mainly fall within Yorkshire.

Effects of dualling

7.92 Various conditions were presented at §6.22. The following analysis is intended to establish whether these are met.

Regeneration area package considered attractive

7.93 The best way to tackle this issue is to review attributes favoured by incoming businesses, taking care to exclude those that are peculiar to York and its environs.

7.94 In answer to the question of why the respondent considered North Yorkshire originally, the principal answer was "transport links/central to country". It can only be

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[28] North Yorkshire Business Locations Final Report, Yellow Book et al, September 2002; North Yorkshire Inward Investment Study - Survey with Businesses, August 2002, Swift Research Ltd

assumed that this answer was given by those who had located on the primary road network in the western sector of the county. The next most frequent reasons were:

- Originally from area;
- Cost effective;
- Wanted to live in area; and
- Premises available.

7.95 To the question of what the main reason was, the principal answer was "originally from area", with transport slipping to second place.

7.96 Respondents were also asked which, of a number of criteria, were important in their choice of location. Those which were considered either fairly important or very important were as follows:

- Pleasant area to live – 78% of respondents;
- Availability of suitable premises – 77%;
- Access to transport network – 73%; and
- Cost of premises – 70%[29].

7.97 If these answers can be taken as representative of business decision-making, it is fair to conclude that, with the exception of access to transport network, the regeneration area would have the necessary attributes to satisfy prospective investors. In fact, the availability and lower cost of premises outside York should make the regeneration area positively attractive compared with the City on these grounds.

Current transport conditions the only substantive obstacle

7.98 This is rather more difficult to demonstrate. Despite the answers given above, it is likely that York was chosen by so many knowledge-based companies because of the University and the associated high-tech industries. Whether their chief executives would look as favourably on Scarborough or Malton in the event that the A64 is dualled is moot. Certainly, though, the question examined above would appear to favour the regeneration area: availability of workforce is seen as less important than housing conditions, a lower crime rate and the presence of friends and family in the area. Going against this are the answers to another question concerning aspects considered not as good (in North Yorkshire) as in other areas: shortage of suitable labour received most mentions.

The dualling of the A64 a sufficient improvement

7.99 There are two sides to this issue: on the one hand, however fast the road becomes, the distances remain the same: Scarborough will remain 40 miles from York and 20 miles from Malton. On the other, the "primary" road network is interpreted by many as the

[29] Survey with Businesses, 4.3

set of motorways and other dual carriageways. Thus, dualling represents a step-change, putting Malton and Scarborough on the transport map.

7.100 The likely effect in terms of inward investment will reflect this dichotomy. Certain businesses, for whom distribution costs are critical, will not consider relocating in the A64 corridor even if it is dualled because distances to other key locations would not be acceptable. Other companies which simply wish to be connected to the primary network and do not require a truly central location, will probably look on the area favourably. This is supported by the evidence of the survey discussed above.

Interviews with property developers and agents

7.101 Based on a series of interviews with property developers and agents the following conclusions were reached:

- It is currently very unlikely that manufacturing companies reliant on the movement of goods would locate to Scarborough;
- Other areas in the country, which possess the same level of attractiveness offer better financial incentives;
- Perception of the area is one of distance;
- Good pool of low skilled service related labour available in Scarborough, which would be suited to Call Centre / office type businesses; and
- Malton would be more attractive to businesses if business units were available.

7.102 Even though it would not alter the actual distance, dualling the A64 would improve the perception of Scarborough as a place to do business. Developers and agents felt that there is more scope to grow indigenous businesses in Scarborough and that to attract new businesses to the area would require more than just the dualling of the A64, namely:

- High quality buildings;
- Incentives or grants;
- Cheap labour; and
- Good access, communications and infrastructure.

Property development potential

Scarborough Business Park

7.103 Scarborough currently has little marketable or developable land available. Therefore the development of the Business Park will open up opportunities for local companies to expand. Through relocation of local businesses to the Business Park, properties would become available in the centre of Scarborough, which could be developed into more modern retail and leisure facilities.

7.104 There are current plans to develop the 'Scarborough Business Park' concept. Options have been let on 90 acres of what is currently agricultural land, which constitutes part of the 170 acres allocated in the Development Plan for industrial use. At present the development of this site is dependent on various infrastructure improvements, such as junction improvements, a new spine road that would give access to the new sites as well as link up existing industrial sites and services such as electricity and sewage. Finance from European sources is currently being sought and the Business Park is seen as a strategic employment site for the area.

Office development potential in Scarborough

7.105 Office development in Scarborough has been practically non-existent other than the relocation of Scarborough Building Society HQ to the Business Park. Some developers say that there is no demand for offices, while others say there is no demand because there is no supply. There are indications that some companies based in Scarborough are renting office space in Beverley and York.

7.106 Office rental rates are around £20 per square foot in Leeds, and for existing stock in Scarborough rates can be between £5 and £10 per square foot. One agent suggested that a speculative development of £100,000 capital with lower specification modern offices renting at £10.00 - £12.00 per square foot would be popular and profitable.

7.107 Developers feel that it is always difficult to develop in coastal towns as they have a lower catchment area as a result of geographical location, i.e. much less than the main conurbations inland. In addition to better transport access, Scarborough requires a series of improvements, not just better transport access in order for businesses to be attracted, as mentioned above.

Industrial development potential in Scarborough

7.108 Many benefits of locating in Scarborough were cited by developers:

- Cheaper labour costs;
- Cheaper rent (£10 - £11 per square foot in Scarborough, as opposed to £13 - £16 per square foot in York);
- Existing supply of low skilled labour, ideally suited to call centre / office type operations; and
- Quality of life / affordable housing.

7.109 It was generally believed that there would not be an overspill from York or Leeds in terms of companies relocating to Scarborough. This reflects in part the compensating benefits to companies in some sectors of being close to each other and / or to suppliers and customers as well as having access to a larger labour pool; and the fact that there are other more competitive locations for any overspill development should a business wish to locate some or all of its activities way from its present location.

Industrial development potential in Malton

7.110 If land was made available for industrial development, Ryedale and the Malton area could be more attractive to businesses, especially if the A64 was improved. As Leeds and York grow, people are tending to relocate out of the conurbations into rural areas such as this, primarily because of quality of life issues and cheaper accommodation. This would also apply to older industries in York, which could sell existing sites at a premium and move out to Malton.

North Bay Development

7.111 Proposals to redevelop the North Bay Leisure Parks were initially discussed in 1996. Following failure of an ambitious £250 million project, developers were asked to resubmit proposals in 2001. Benchmark Properties submitted a proposal which was accepted and is now passing through the planning process. The project will cost in the region of £120 million and will create up to 1,000 jobs in the tourism sector. Local businesses such as accommodation providers, retail and restaurants should experience some uplift as a result of the development.

7.112 The site covers 50 acres and is projected to incorporate an all year round indoor leisure attraction, as well as other leisure and retail units, including 400 – 500 residential units, leisure centre, bars, retail, night club, casino and 150-bed hotel with conference facilities. Other attractions will include a miniature railway, open-air theatre, lake and cable car.

Expected visitors

7.113 The on-site accommodation is forecast to attract around 300,000 visitors per year, which is two-thirds of the predicted annual total of visitors expected. The remaining 150,000 visitors are expected to be non-resident day visitors. This is the minimum number of visitors forecast – the upper estimate is 1,000,000 visitors per annum.

7.114 Traffic flows likely to be generated on the local highway network have been estimated as part of the transport assessment[30]. This analysis assumes that a large proportion of visitors will be associated with existing trips to and from Scarborough and that any new trips generated by the development will be safely and satisfactorily accommodated on the local highway network. The main transport issue concerns public transport and the adequate provision of Park & Ride routes giving direct access to the site.

Possible impacts

7.115 Based on discussions with the developer it is likely that dualling the A64 would have beneficial impacts in terms of the number of visitors to North Bay but it is not possible to quantify these or their likely implications for jobs at the site.

7.116 As set out in the original EIR, the scheme has been assumed in the "do-minimum" scenario to reflect the fact that it is expected to go ahead irrespective of transport infrastructure developments. The possible impact of dualling upon visitor numbers and consequent employment is therefore implicit within the projections for tourism employment carried out as part of the original EIR.

7.117 The interview with the North Bay is nonetheless helpful in corroborating the conclusion arrived at in the EIR work that dualling the A64 would have a significant positive effect upon the tourism sector in the study area.

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[30] North Bay Development Transport Assessment, Bryan G Hall.

Estimate of employment impact

7.118 The estimation process described in Section 3 leads to the following projection: that over the thirty appraisal years of the scheme, inward investment may bring **400 new jobs** to the regeneration area. This projection is the result of the raw modelling outputs being adjusted downwards to reflect the scepticism of property agents, also described in that section.

Inward investment summary

7.119 There seems little doubt that a dualled A64 would enhance the prospects for inward investment in the corridor and the estimate of jobs created reflects this. In the short to medium term at least the prospects for investment from other regions and even more from abroad are not as good as they were in the 1990s. The scale of any investment captured by the region would depend on the general economic climate, the relative attractiveness of the support packages offered in the future (as the scheme would be nearing completion) and the progress made by the regeneration area in the intervening time. The prospects for the corridor would probably remain strongly linked to those for Yorkshire and the Humber in general, there being little evidence that international investors would be considering the area for the foreseeable future.

Tourism

Visitor numbers and trends

7.120 Visitor numbers and trends are the drivers of the success of the tourism sector in Scarborough and Ryedale and the scale of employment in the sector. To understand how a transport improvement to the A64 corridor might affect these numbers and trends different factors are discussed individually. These are: tourism prospects and restrictions; new visitors; repeat visitors; conference tourism; stay visitors, day visitors and spend; seasonality; and facilities and inward investment.

7.121 A key conclusion from the interviews is that approximately half of the respondents felt a small improvement in several factors was more important than a significant improvement in just one, and that a quarter of respondents cited an access improvement to be the most important factor to business performance. Another quarter cited quality and a half cited marketing. Marketing and quality were the most important factors overall for Scarborough businesses, and marketing for Ryedale businesses.

7.122 This does not mean however that the significance of an access improvement to businesses should be discounted. Rather, its significance should be judged in relation to whether it is a hindrance to the regeneration of Scarborough and Ryedale through preventing the full delivery of tourism strategies. Overviews of the tourism strategies for Scarborough Borough and Ryedale District are given in Figure 7.1 and Figure 7.2 and used to inform the discussions of the factors below.

7.123 Unfortunately the timing of this study has meant that assessments of changes in the visitor numbers and trends have had to be carried out in the absence of a bespoke visitor survey. Conclusions have had to be drawn using existing visitor surveys (which pose general questions) and interviews with tourism businesses.

FIGURE 7.1 SCARBOROUGH BOROUGH TOURISM STRATEGY

The strategic targets for the Borough of Scarborough identified in the 'Tourism Strategy 2000-2005' are to

- Increase bed occupancy;
- Increase average spend per head; and
- Increase the proportion of total tourist days in October to June (i.e. decrease seasonality).

These targets are supported by a vision and various priorities. Those of particular relevance to this study are the following.

- 'A better seasonal spread of tourism reducing pressure on specific sites at peak times of the year' [in Vision];
- A quality and value for money tourism product and service to encourage repeat business [in Key Principles].
- Seek to maximise geographical and seasonal spread of existing events and develop events to create a specific market demand [in Strategic Priority A].
- The emphasis of a new leisure tourism campaign 'should be on short breaks and additional holidays, non-peak season periods, and a Borough wide appeal and non resort branding' [in Strategic Priority B].
- 'Target traditional association conference business but once established focus on corporate business within a regional catchment area (i.e. a 1 ½ hour drive time)' [in Strategic Priority B]. Also investment in the Spa Complex.
- 'Develop the human resources of the Borough's tourism industry' [in Strategic Priority C].
- As market conditions change in the longer term, develop high quality accommodation and attractions. 'Opportunities are currently relatively limited with a relatively small catchment population and a reliance on a relatively static tourist market' [in Strategic Priority D]. Also development of facilities that will create their own demand.
- Market initiatives to improve accessibility to the Borough 'should focus on minimising the promotion of areas under pressure or certain peak periods, and place greater emphasis on usage of public transport' [in Strategic Priority F].

FIGURE 7.2 RYEDALE DISTRICT TOURISM STRATEGY

The Ryedale District Tourism Strategy is being written at present and so unfortunately the most recent published strategy available is entitled 'To the Year 2000'. Obviously the strategy is out of date but it is reasonable to believe that the broad thrust of objectives within the strategy will continue to be applicable.

The relevant objectives, for the purpose of this study, are as follows:

- Objective 1: To seek to encourage the sustainable growth of tourism within Ryedale, thereby safeguarding employment in the local economy. Includes: encouraging stay visitors, which are worth more to the economy, and encouraging day visitors to return for a holiday; and extending the main visitor season and increasing the number of low season visitors.
- Objective 2: To work towards safeguarding Ryedale's environment for the long-term benefit of tourism and the local community. Includes publicity not concentrating on the "honey pot" areas; and tourism literature including details on public transport to and within the district e.g. rail links to Malton
- Objective 3: To promote an improvement in the quality of Ryedale's tourism product and service. Includes reference to quality of the tourism product and service as a determinant of whether a visitor will return. Within priorities to improve quality, those relating to transport give reference to supporting and developing the public transport service further, to the parking policy, to public transport information factsheets, and to a coach policy to reflect needs yet minimise the impact of coaches on the area.
- Objective 6: To enhance the effectiveness of tourism marketing efforts through a general awareness and niche marketing campaigns. Includes concentrating on stay visitors and in the long term will look at new markets.
- Objectives 4, 5, 7 and 8 relate to: the links between Ryedale Tourism and the local industry; community involvement in the development of tourism; tourist information centres; and maximising Council resources through partnerships.

Tourism prospects

7.124 The prospects for tourism in the areas of both Scarborough and Ryedale are felt by the businesses interviewed to be promising and the large majority of businesses were optimistic about the future. Some interviewees highlighted that tourism in the area had in fact benefited from the foot and mouth (FMD) outbreak of 2001 because it has raised the government's awareness of the importance of tourism to the economy. For Ryedale this had a particularly noticeable impact for the National Park since a previous bias had been placed on supporting conservation rather than attracting visitors.

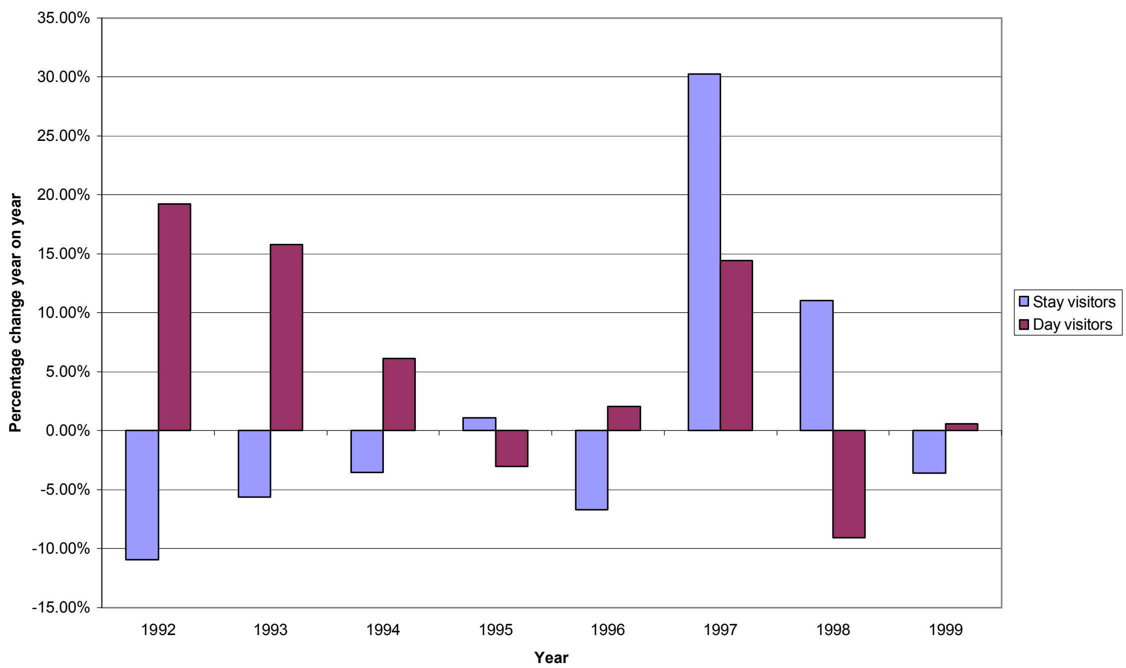
7.125 In Ryedale it was felt that the area had strong assets in its attractions and that these would continue to be an increasing draw to the area. Comments from interviewees included the following beliefs: that tourism had the potential to 'snowball' in its growth as visitor numbers increased and this would only be halted by a major set back; that the attractions in the area are strong enough to hold their own against the pull of other destinations; and that tourism will benefit as the National Park promotes itself as a visitor attraction. On the less optimistic side however a couple of attractions felt that visitor numbers were not going to increase much: the 'cake' was just going to be 'sliced thinner'; and that new funded attractions outside the area (Hull's The Deep) were tapping existing visitors. An attraction also raised the point that Ryedale needs tourism on the coast to also be doing well to create a more competitive overall package.

7.126 In Scarborough, long-term optimism also prevailed but, for some, was tainted by an acknowledgement of the difficulties ahead in changing the attitudes of both tourists and potential investors about the area. Concern about the lack of facilities and investment in the town was raised. It was generally felt however that strong efforts were being made through promoting conference tourism and the various aspects of the Renaissance Charter.

7.127 Prediction of visitor numbers and tourist days that will be spent in the area in the future is extremely difficult. Not only must one bear in mind that past numbers do not necessarily indicate future ones but also that there is not a clear trend in past either. Figure 7.3 shows the year-on-year change in visitor days. The figure shows significant oscillations but that total tourist days have increased since the early 1990s.

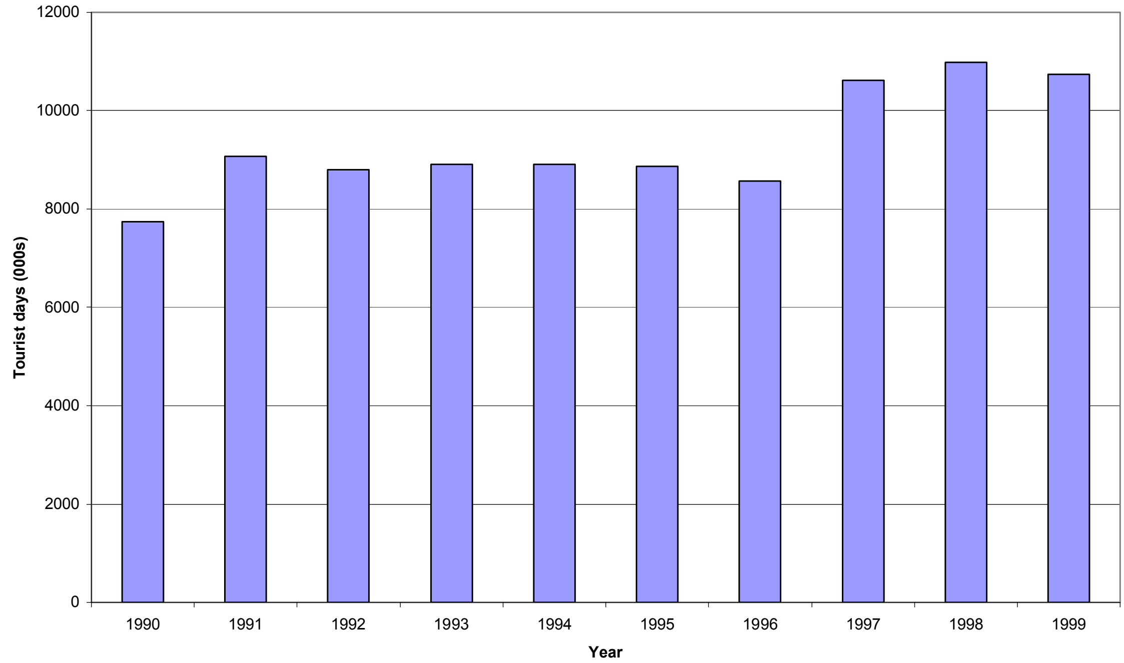
7.128 For the purpose of this study we have estimated growth rates for day and stay visits between the levels shown in available data (1999) and 2007, the proposed base year. This is based on previous trends in Scarborough, trends in England and includes the opening of the North Bay development. Error margins have been estimated to account for uncertainty of future visitor numbers. A similar approach has been taken for Ryedale.

FIGURE 7.3 YEAR ON YEAR CHANGE IN TOURIST DAYS OF STAY AND DAY VISITORS TO SCARBOROUGH



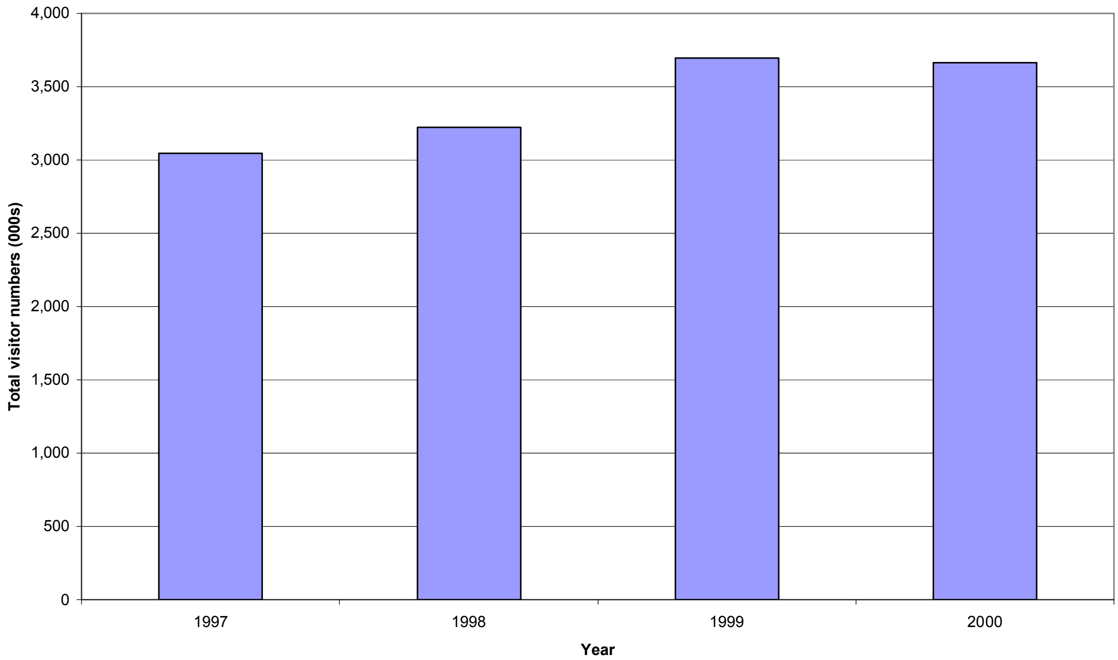
Source: STEAM Summary Scarborough Borough Council 1990-1999

FIGURE 7.4 SCARBOROUGH TOTAL TOURIST DAYS 1990-1999



Source: STEAM Summary Scarborough Borough Council 1990-1999

FIGURE 7.5 RYEDALE TOTAL VISITOR NUMBERS 1997-2000



Source: STEAM Ryedale Distict Council reports

Factors affecting growth

7.129 Marketing is considered to be key for the growth of tourism in the area as well as for individual attractions and accommodation providers. Intentions to increase/improve marketing form part of the tourism strategies and, as with quality improvements, marketing plays an interdependent role in the growth of tourism in the area.

7.130 Several interviewees identified quality as the driver of growth and profit, commenting that it is vital to provide something that visitors want to get to. Generally those who mentioned the importance of quality also felt it was something that they were already doing their best to improve. At a destination level however the need for an improved quality offer in Scarborough was raised several times with reference to hotels and particularly facilities for wet weather. This fits with the high proportion of Ryedale visitors who also visit the Scarborough coast (Table 5.7).

7.131 Several interviewees highlighted access issues as being a problem. Access to the area was perceived as a restriction to business by nearly two thirds of interviewees. About a quarter felt it was just frustrating and the remainder did not identify it as a problem to them.

7.132 The greatest concern was associated with the belief that access difficulties would put off repeat business. Other concerns related to the beliefs that access issues are restricting whether investments are made in the area and whether conferences come to the area. Further it is believed that ‘opening up the area’ might attract more people. Each of these areas is discussed individually below.

New visitors

7.133 Attracting new visitors is key to Scarborough, especially as the Borough’s traditional market continues to decline, and to Ryedale as the District seeks new markets. At present the areas both enjoy a very high repeat business rate, much higher than the national average, but anecdotal evidence for Scarborough suggests that the frequency of these repeat visits is declining.

7.134 Several factors play an important role in attracting visitors including the destination’s attributes, the product offer, perception of the product and destination, and marketing. These factors are closely linked and Scarborough’s and Ryedale’s success in attracting new visitors relies on them all. Access plays a key role however in the attributes and perception of the destination both directly through changing the visitor catchment area and indirectly through attracting investment.

7.135 A transport improvement will extend the catchment area in terms of travel time. For Scarborough, a 3-hour drive time (an average maximum for stay visits) could lead to an increase of the catchment population in the region of 3 million people (see Table 6.1), as shown in Figure 6.1 (paragraph 6.3 should be noted). It is likely that new stay visitors will increase as a result of this expanded catchment area. An upper limit to the number of new stay visitors from the population in the expanded area would be in the same proportion to the resident population of the area as the new stay visitors which currently arrive from the existing catchment population. It is important to remember however that the new catchment population is also accessible to a vast number of other tourist destinations and other factors such as marketing would be particularly important for attracting new visitors from this area to Scarborough and Ryedale.

7.136 For day visitors, a 1 ½ hour drive time (an average maximum for day visits) from Scarborough could lead to an expanded catchment population of approximately 2.5 million (an increase of approximately 1 million – see Table 6.1), as shown in as shown in Figure 6.1 (paragraph 6.3 should be noted). Again, the proportions of new day visitors from the new population are likely to be, as a maximum, similar to those from the present catchment population. Further, this population is also accessible to Blackpool and other coastal destinations and so a slight change in drive time is only one factor in the decision of potential visitors to make a trip.

7.137 An access improvement is also likely to have a bearing on the perception of transport problems and thus perhaps on whether an access improvement would also increase the number of new visitors from within the existing catchment area. It is arguable however that new visitors will not be aware of delays on the A64, or even if they are, through second-hand knowledge, not see this as their prime reason for not visiting Scarborough or Ryedale. The interviews highlighted that many felt attracting new visitors is more dependent on what they expect to find once they arrive and, as such, access is not the prime influence in such scenarios.

7.138 In conclusion, we would suggest that a moderate increase in new visitors would be experienced due to a transport improvement. This increase could be significantly affected by the extent of marketing and other actions as specified in the tourism strategies.

Repeat visitors

7.139 Repeat business to Scarborough and Ryedale is particularly high at 85% and 77% respectively. The repeat market is changing however – one accommodation owner commented that guests used to book for the following year before they left but now their visits are less frequent.

7.140 There is a multitude of reasons why tourists might be lessening the frequency of their visits or not returning at all. At a top level, there are national trends in the way we holiday – for example, a growth in holidays overseas, an increase in individualism and wishing to do something or go somewhere different, and a trend towards more discerning consumers wanting quality and service. At a local level however it is possible that other factors also come into play, one of which might be a transport access issue. Unfortunately the relative importance of such issues is extremely difficult to quantify since surveys of customers who have not returned to the area are not carried out.

7.141 Interviews with accommodation providers and attractions in the area highlight that the large majority are concerned that repeat business may decline as a result of delays experienced on the A64. Levels of concern varied however from ‘if they got stuck last time they won’t come back’, through ‘they might come once, possibly twice but be put off if they got stuck a third time’, to ‘if they like it here they’ll come, there are jams all over the country and a delay can be caught up quickly when they arrive’. It should be borne in mind however that a transport problem experienced during a short stay break as opposed to a longer one is likely to have a greater impact on perceptions about a repeat visit.

7.142 Overall however we would suggest in light of these comments that an access problem is unlikely to be the prime influence. There are several reasons which may influence whether a visitor returns and at what frequency. Further, the fact that flows have not significantly slowed over the past few years and visitor numbers have not decreased suggests little to support the fear that repeat visitors are being put off. Also, the fear is not substantiated by the fact that the stay visitor market, the most valuable to the economy, has grown over that last few years (18% to 37% of visitors to Ryedale between 1996 and 2001[31]) and this growth is unlikely to have come entirely from new visitors given the high levels of repeating business to the area.

7.143 In conclusion, a transport improvement is likely to have an influence on the decision of existing visitors whether to return or how often to return, but is not likely to be the deciding factor except in a relatively small number of decisions.

Conference tourism

7.144 Conference tourism has been identified as a market for development in Scarborough. This is complementary to all three strategic targets in the tourism strategy and a study has been carried out to consider the feasibility of growing this market. The report 'Confidence in the Future – A Conference Development Plan for Scarborough' was produced in September 1999 and outlines strategies for the conference product.

7.145 There is an overarching need for investment if conference tourism in Scarborough is to grow. There are numerous factors deterring investment at present and the report identifies four key points from the hotel developer's perspective. These are: limited business base from which to derive mid-week, high rate trade; restricted catchment area; holiday image with lower rate leisure markets dominating; and, on the positive side, perception that land is inexpensive. Whilst all of these factors may indirectly change through a transport improvement, the most direct relationship is with the catchment area restriction.

7.146 Part of this restriction can never change: a coastal location means that Scarborough's catchment area will always be semi-circular in shape and thus more limited geographically than an inland town. An access improvement has the potential to expand the catchment area however and improve perceptions of accessibility within the catchment area.

7.147 A possible expanded catchment area for Scarborough resulting from an access improvement is shown in Figure 6.1 for 1 ½ hour drive time (cited for attracting corporate conferences in the future). This could lead to a significant increase in the catchment population however paragraph 6.3 should be noted. This has the potential to make a significant difference since towns such as Leeds, Bradford, Scunthorpe and Doncaster become included in the catchment. It is important to remember however

[31] Ryedale District Council Tourism Strategy To the Year 2000 and Ryedale District Visitor Survey 2001

that the conference business market is very competitive and these populations also have access to a large number of other conference destinations including Harrogate.

7.148 The interview with the Spa Complex drew attention to the potential for a strong future for conference tourism in Scarborough and the development that has been embarked upon over the last few years. For continued growth, investment, parking and access to and within the area were highlighted as issues: the former of which was considered to be the more important. An increase in visitors would be expected from a transport improvement.

7.149 In conclusion, we would argue that a transport improvement would improve perceptions of Scarborough amongst conference organisers and as long as investment is made in quality it would also be a key factor in the success of drawing corporate conferences to Scarborough. If successful, an additional benefit is a noted trend in Scarborough that business visitors are likely to return as leisure visitors.

7.150 We would suggest that if investment continues to be made in the conference facilities of Scarborough a moderate increase in visitors as a direct result of conference tourism would be experienced due to a transport improvement. Conference visitors are implicitly included in the quantification of effects upon the stay market in Scarborough. Whilst it is acknowledged that a step change in the conference market is possible (if a number of things, including transport, are improved), it is not anticipated that the effect would be so large as to exceed the margin of error allowed for in the projections of job impacts.

Stay visitors, day visitors and spend

7.151 The characteristics of a visit to the area could have some bearing on the employment which is generated. For this reason it should be considered whether a transport improvement will have an impact on the length of a visitor's stay and the amount they spend. In assessing this, we are predominantly interested in staying visitors since they are the focus of the tourism strategies. The reasoning for this can be understood when considering the STEAM data that shows in Scarborough 30% of visitors contribute 82% of spend and in Ryedale 11% of visitors contribute 57% of spend[32].

7.152 A transport improvement would reduce the average journey time. The significance of journey time however is related to the length of stay. Thus whether a stay trip is undertaken will be less influenced by a transport improvement than whether a day trip is made. Further, a stay visitor considering whether to undertake a longer length of stay is likely to be predominantly influenced by time, money and activities available.

7.153 It is arguable that if a destination is easier to access, an overnight visit could be reduced to a day visit. In Scarborough, such a movement can not be discounted but visits of one night in the Borough represent only 11% of nights away from home (compared with 18% for England) [Scarborough visitor survey]. This might indicate that a relatively small number would change from a stay visit to a day visit if an access

[32] Scarborough Borough Council STEAM report 1999 and Ryedale District Council STEAM report 2000.

improvement were made. It is arguable that two night stays may reduce to one night stays to avoid, for example, travelling on a Friday night; but this may equally be balanced by visitors viewing a transport improvement as an opportunity to arrive the evening before rather than depart early on a Saturday.

7.154 Within the stay visitor market, it is also evident from many of the interviews that the available capacity to accommodate extra visitors during the peak season is limited. Given that this is the time at which access problems are considered by interviewees to be at their worst, it might be indicated that an increased number of stay visitors unlocked by a transport improvement would be limited by other factors.

7.155 Staying longer on a short break was not considered by the interviewees to be related to a potential transport improvement. Stays of three nights instead of two are influenced primarily by promotional offers.

7.156 The interviews generally suggested a limited direct correlation between a transport improvement and increased spend other than through the number of nights stayed. For day trips, however, staying longer is valuable to spend per head and Scarborough is promoting the idea of *twilight travel* whereby visitors are encouraged to 'time manage their visits'. This is intended to be supported by the promotion of special events and entertainment. One hotelier in Ryedale also pointed out that if guests are not delayed on a Friday evening he benefits from their dinner spend. Further, those running attractions suggested that there was a possibility that guests might visit more attractions during their stay or spend more at major attractions if they had the opportunity to stay longer.

7.157 Tourism businesses were also asked in the interviews about how they thought visitors perceived the importance of reliability in relation to journey time. Of those who were prepared to specify, nearly 80% felt that reliability was more important. The belief supporting this was that visitors wanted to be able to plan and know how long a journey would take. Tourism businesses felt that visitors would be less frustrated if they were not caught in traffic jams that they did not expect. It seems reasonable to assume that day visits would be more sensitive to journey-time reliability than stay visits, given the larger proportion of overall leisure time spent travelling.

7.158 Overall it may be concluded that a transport improvement potentially has a small bearing on the length of stay and visitor spend (other than accommodation) once a visitor has decided to visit the area but no unambiguous relationship between accessibility increases and length of stay/spend has become apparent through our research.

Seasonality

7.159 The tourism strategies both focus on increasing tourist days between October and June. This is a period when shorter stay breaks are more dominant than longer stay, but the volume is much reduced in comparison to the peak season.

7.160 The TrafficMaster data indicates however that the shoulder and low season is not free from congestion problems and anecdotal evidence from the interviews suggests that delays are also experienced in the winter, albeit to a lesser degree than peak days in August.

7.161 We would suggest that a transport improvement would not have a direct relationship with encouraging a greater proportion of low season visitors over and above the changes in new and repeat visitors.

Facilities and investment

7.162 The need for new facilities and investment was highlighted during the interviews. This was considered to be particularly important by the Scarborough accommodation providers and attractions, two-thirds of whom commented that the area needed leisure facilities for wet weather. It was also felt that this would help to encourage shoulder and low season visitors. A general investment in Scarborough Town was also felt to be lacking and a vicious circle of lack of investment leading to further lack of investment was described.

7.163 For Ryedale, concern was not as pronounced and opinions varied as to whether new facilities were needed. For example, one accommodation provider commented that large attractions are needed to get attention but another suggested that demand must be created first since he felt that the 'cake is just going to be cut into more pieces, not get bigger'. This is something that several guest accommodation owners also mentioned in relation to farmers being encouraged to diversify into tourism. A move that they felt resulted in an over-saturated market in accommodation provision and unfair competition due to the support farmers were receiving.

7.164 The reasons suggested for the lack of investment in the Scarborough town and in new facilities included the following: uncertain economic climate, lack of confidence, investors not receiving the right support, and lack of links to the rest of the country.

7.165 The latter is obviously a key point and a transport improvement is likely to assist in the attractiveness of Ryedale and particularly Scarborough to potential investors, however the investment decision will predominantly take account of existing catchment sizes (residential and current visitors) and perceived risk.

7.166 If regeneration strategies are delivered, it is likely that Scarborough will become more attractive to investors as confidence in the area builds. At this point it may be argued that transport access will play a larger role in investment decisions.

7.167 A planning application has recently been lodged for the North Bay development to the north of Scarborough town. The North Bay project represents an example of the potential for improving the image of Scarborough for future investors. Anecdotal evidence suggests that proposals for this area have been in existence for over 15 years and the fact that an investment had not been made up to now indicates the scale of factors other than access which may be deterring investment. The submission of the application suggests, however, that there is some confidence in the scheme's success irrespective of the future transport arrangements. The interviews suggest support for the facilities that the project would deliver.

7.168 It is appropriate to look on the North Bay project as something whose ultimate size will be in part a function of the access arrangements – the larger the catchment within a given journey time, the more visitors can be expected at the site, though whether any of these would be diverting from Scarborough's existing tourist facilities is a subject for further investigation. Care has been taken to ensure that jobs, which might accrue from the North Bay project, are allowed for in the margin of error associated with tourism impacts below.

7.169 In summary, we find that potential improvements to the tourism infrastructure in the study area are likely to lead to increases in visitor numbers in their own right. Such improvements are clearly thought to be necessary by many stakeholders. As explained elsewhere, we predict that increases in accessibility to the study area would, too, lead to increases in visits. Despite widely stated opinions to the contrary, we have not encountered firm evidence to demonstrate either:

- That investment in existing infrastructure is actually dependent upon increased accessibility; or
- That the combined effects of investment in tourist infrastructure and the transport network would be greater than the combination of their independent impacts[33].

Two-way road

7.170 The two-way road concept is explained in 6.30. For tourism in Scarborough and Ryedale we would suggest that this effect is unlikely to be significant. During the interviews it was commented that the two-way road factor was not a concern since it was felt that the area could hold its own against what tourism attractions residents of the area might leave the area to visit. Residents rarely stay in paid accommodation and so the issue is with regard to attractions visited. It was suggested that residents do not visit the local attractions much at the moment anyway and a transfer effect due to a transport improvement would be minimal.

7.171 It may be argued however that a greater proportion of tourists might base themselves in York if the cities hinterland is more accessible to it. This argument is explored further in paragraph 8.21. Two other possible areas for concern are businesses in Scarborough and Ryedale choosing to use hotels outside of the area for functions and conferences; and residents choosing to visit an alternative attraction. However, whilst Flamingo Land might at first glance be considered vulnerable to competition from other theme parks, this is not expected in reality.

7.172 With regard to tourism, accommodation provision in the Ryedale and Scarborough is currently dominated by private ownership. This is unlikely to change with a small increase in visitors, however, if a larger increase is experienced, more chain hotels will become interested in the area. This has a two-fold effect for the economy – on one hand the economy will benefit from increased spend in the area, but on the other, the spend in the national or international chain hotels will no longer stay in the area.

[33] That is, if the effect on visitor numbers of improvements in the two areas were growth factors x and y, respectively, our research suggests that the effect of the combination would be equivalent to the product of these factors.

Further, the privately owned hotels will not be able to compete on a level playing field since they are not able to take advantage of economies of scale.

Visitor numbers and trends summary

7.173 The discussion above is summarised in Table 7.6.

TABLE 7.6 CHANGES TO VISITOR NUMBERS AND THE SIGNIFICANCE OF ACCESS PROBLEMS TO FACTORS SUPPORTING TOURISM GROWTH

Tourism growth factor	Access as a dependent and key factor	Access as a dependent and small factor	Access bears limited relation
Attracting new visitors	✓		
Attracting repeat visitors		✓	
Attracting conference tourism	✓		
Encouraging visitors to stay longer and spend more			✓
Encouraging October – June tourist days			
Encouraging investment		✓	

Visitors and tourism jobs

7.174 To judge the regeneration impacts of a transport improvement delivered via the tourism sector of the economy, we must look at the relationship between visitor numbers and employment.

7.175 If the relationship were linear, it could be calculated using figures from STEAM reports[34].

- Ryedale stay visitors – 1000 visitors/yr for 4 FTEs in direct employment;
- Ryedale day visitors – 1000 visitors/yr for 0.16 FTEs in direct employment;
- Ryedale – 1000 visitors/yr for 0.12 FTEs in indirect employment;
- Scarborough stay visitors - 1000 visitors/yr for 3.5 FTEs in direct employment;
- Scarborough day visitors - 1000 visitors/yr for 0.21 FTEs in direct employment; and
- Scarborough – 1000 visitors/yr for 0.34 FTEs in indirect employment .

[34] Ryedale District Council STEAM Report 2000 & Scarborough Borough Council STEAM Report 1999

7.176 The interviewees acknowledged that overall there is a direct relationship between visitor numbers and employees but only two were prepared to give a quantitative indication of this relationship. Translated to percentages, the two relationships given were that for a 10% increase in visitor numbers one would increase employment by 12% and one by 7%. This would imply that a linear relationship is experienced by these two businesses. This relationship was reinforced by comments from other interviewees.

7.177 The interviews highlighted however that several exempting circumstances should be applied to a possible linear relationship. These are indicated in Table 7.7.

TABLE 7.7 RELATIONSHIP BETWEEN AN INCREASE IN VISITORS AND AN INCREASE IN EMPLOYMENT

	Ryedale accom.	Ryedale attraction	Scarb. accom.	Scarb. attraction
Accommodation/attraction looking to/able to take more visitors				
Yes – during off-peak days/months only	✓	✓	✓	✓
Yes – peak and off-peak	✓✓✓✓	✓✓✓✓	✓✓✓✓✓✓✓	✓
No – VAT limit restricts visitor numbers	✓		✓	
No – other reason			✓✓	
For those that can, would an increase in visitors lead to more jobs?				
Yes	✓✓✓✓	✓✓✓✓	✓✓✓✓	✓✓
Only increase hours/days given to part-time employees	✓		✓✓	
No		✓	✓✓	

7.178 The table shows that whilst the majority are looking to receive more visitors, about one third are restricted from doing so due to capacity, VAT or other reasons.

7.179 Those unable to take more visitors for capacity reasons suggested that they were full at weekends or during the peak summer months and were in fact looking to increase their tariffs to profit from their demand and focus their efforts towards improving their low season demand.

7.180 In Scarborough two hotels said that VAT levels limited them. In order not to exceed the £54,000 turnover limit they are forced to restrict the months of the year during which they are open. For this reason an increase in visitors cannot be accommodated and so there is no relationship with employment. This might simply be due to the perceived costs of being VAT registered (forms etc) but it could highlight the importance of price competitiveness in these markets, where an additional 17.5% would result in a loss of sales in excess of this amount. Interviews implied the latter. This in turn raises concerns about added value in the sector and the lack of ability to attract premium business with the existing product offers.

7.181 Of the businesses that would be able to take more visitors, two thirds believed this would lead to more jobs. One third however stated that they did not believe it would make a difference to employment numbers and suggested that it would just mean giving more work to part-timers or, for owners of small accommodation, doing more work themselves. Unfortunately with the information available it is not possible to quantify change in part-time hours in terms of full-time equivalents.

7.182 In conclusion, it may be tentatively suggested that just over half of the tourism businesses interviewed would take on extra staff if demand increased. It should be borne in mind however that these conclusions are based on a narrow sample and the extent to which demand increases is highly dependent on other factors, of which a transport improvement is only one.

Estimate of employment impact

7.183 Quantification produced the following numbers, which the reader will see are in keeping with the increases discussed throughout this section. Using the methods described in Section 3, the overall expected increase in employment related to tourism as a result of dualling the A64 is **400 jobs**. The error margins surrounding this figure give a margin above of 101% and below of 40%. These figures are apportioned between Scarborough and Ryedale as follows: Scarborough – 365 jobs (+99%, -40%) and Ryedale – 35 jobs (+115%, -41%). The reader is encouraged to refer to Section 3 for guidance on interpreting margins of error.

York

Introduction

7.184 York does not fall within the regeneration area as defined in Section 0 but, at the request of the client group, we have carried out interviews with key York businesses and investigated information available regarding York's role in the region.

Policy background

7.185 The Progress in the Sub-Region Draft Report (April 2002) by Milburn Trinnaman La Court for the North Yorkshire Partnership Unit states that 'York has become a regional driver of economic growth'. To explore this topic SQW has been commissioned to define York's role, define the issues needed to achieve outcomes through playing that role and define the infrastructure/mechanisms needed achieve this. Initial indications cite four priority initiatives: physical development, business sectors and investment, capacity-building and supporting actions. Transport issues are cited within the physical developments section of the supporting actions initiative.

7.186 Unfortunately further detail regarding York's role or the initiatives is not available since this study has not yet reported. But the information currently available suggests that, if York is indeed over-heating, the aim is to carry out internal improvements to the functioning of the economy to return it to a sustainable equilibrium.

Research

7.187 Interviews were carried out with a small selection of key businesses in York. The timescale and time of year following the agreement to pursue this line of work unfortunately limited the number of interviews that could be achieved. Whilst 28 businesses were contacted, only seven agreed to be interviewed. The remainder mainly cited lack of time or the time of year (Christmas period) for not agreeing to the interview.

7.188 Key points from these interviews were as follows:

- The businesses were not looking to relocate and were either expecting their business size to increase or remain static;
- During the course of the interview, just less than half the respondents cited transport access as important to their business performance before the access was mentioned by the interviewer;
- Only 15% specifically cited the A64 as an access concern before the interviewer brought their attention to this corridor;
- Transport issues highlighted by interviewees included:
  - City centre restrictions on vehicles
  - Traffic in the city centre
  - Traffic on the ring road
  - Car parking in York / retail park out of city centre
  - Reliability of public transport
  - Lack of public transport
  - A64 road disruptions believed to deter shoppers from York
  - People put off working in York due to access difficulties
  - Problems at the A64 junction for the Central Science Laboratory
  - A64 had an impact on a company's costs but the introduction of flexible working hours has been used to combat the problem of unreliable journey times
- The believed impacts of a transport improvement in the A64 or rail route included:
  - Widen range of potential employees / beneficial impact on recruitment
  - Significant to staff access / staff more likely to get to work on time
  - Possibly increase pool of potential customers
  - Possibly increase sales
  - No impact – Malton/Scarborough/Pickering/Whitby not relevant to business
  - Possibly a small increase in hotel visitors.

7.189 Overall, it may be concluded that transport access to York is an issue to York businesses but that this issue takes several forms. An improvement in the A64 corridor is perceived by the businesses to be likely to have either a neutral or positive impact. The question of people commuting to work in York from the regeneration area has been considered §7.33 et seq and the likely impact concluded to be small.

7.190 With regard to tourism, the key themes from the two hotel interviews included the following. Tourists to York are not believed to come from one dominant area, but reflect a wide visitor pattern similar to London. The high/shoulder season is considered to be broad, spanning February to September, and visitor numbers are primarily influenced by national and international factors such as the economy and terrorism. Tourism in the area is expected to be strong in the future and York is considered as the pivot to how the area succeeds in relation to tourism: it is the driver of tourism to other areas, but not perceived to be affected by tourism in those areas.

7.191 The hoteliers did not consider transport to be a significant restriction to their visitor numbers and believed that access along the A64 did not have a strong influence on whether visitors made a repeat trip or visited Castle Howard. Both stated that the overriding factor in such decisions was whether visitors enjoyed the destination once they had arrived.

7.192 It would be expected that a transport improvement would have an overall positive effect in spreading the benefits which tourism brings to the York economy. This would be due to a higher propensity for trips from York, and for staying outside of York itself. This positive effect is likely to be small due to the relatively modest time saving by road and other access problems surrounding York, such as the ring road and parking in the city; but it is likely to outweigh any negative relationships. The proportionate change is likely to be greater for a rail improvement but due to the low base the result of this is also likely to be small.

7.193 To pick up on the point made at §7.186, the transport improvements desired by York businesses unsurprisingly centre on the City's own network with emphasis on the A64 directed to the ring-road. Whilst they would evidently welcome increased accessibility to Malton and Scarborough (or at worst be neutral on the subject), this is not seen as the highest priority in helping their activities to flourish

8. DISTINCT IMPACTS OF OTHER OPTIONS

Introduction

8.1 As explained above, the bulk of the economic impact reporting has been concentrated on the possible effects of dualling the A64 between York and Scarborough, on the principle that this represents the most dramatic change in transport infrastructure and that more modest interventions can be assessed in terms of their impact relative to that expected from full dualling.

8.2 Dualling can be looked at in two ways:

- A significant increase in the operating speed, capacity and reliability of the road in question; or
- A step-change in the perceived quality of the link.

8.3 It is possible, in fact, for a fast single carriageway to be converted to dual carriageway without this having much impact on its performance, though the A64 is not such an example.

8.4 The reason for making this point is that, under the first interpretation of dualling, more modest options would simply lead to smaller increases in speed and reliability. On the assumption that economic actors (businesses and workers) do not operate according to thresholds (maximum or minimum acceptable travel times, for example), their response to something less than dualling will reflect the relative difference between the two options: five, rather than ten, will change their work location, for example.

8.5 The second interpretation, described above in the context of inward investment, places the options into two distinct groups: those that result in a dualled A64 and those that do not. The argument put forward so far in this analysis is that it is only potential inward investors who might operate according to this paradigm, and that economic actors familiar with the road will concentrate on the changes in its operation and respond to these.

8.6 For tourism, the impact of the different highway options is likely to be one purely of scale. We would suggest that a more limited improvement would relate directly to a more limited growth in visitors numbers. The only area in which a threshold might be relevant is with regard to conference tourism. It is conceivable that conference organisers might factor dual carriageway into their decisions and if the Scarborough Conference Bureau could advertise that the area had dual carriageway access it might assist their marketing success.

8.7 Differential effects have been estimated in accordance with the above arguments. For simplicity, jobs impacts are summarised at the end of the section discussing individual options.

Highway Option 1

8.8 This option would not yield significant timesavings on the journey between points on the A64. The general regeneration picture would therefore not be significantly different from "do minimum" under this option. The exception relates to Malton/Norton, access to which is very much affected by the bypass principles on which the A64 junctions around it were designed. If it became possible for vehicles to join the A64 in a westbound direction to the east of Malton/Norton (and the equivalent to the west of the town), this would be a major change. The principal benefits would be environmental and safety-related, as reduced movements through the town improved conditions on its main streets; it is likely though that this development would also assist in unlocking land for development in the town, currently constrained by the inconvenient transport arrangements. Given the recent positive signs in the local economy, there is cause to believe that this would have a discernibly positive impact. Its magnitude could be estimated if data concerning requests for development land in Malton/Norton and their results were analysed.

Highway Option 2

8.9 This option represents the practical test of the twofold interpretation of dualling set out at §8.2. A wide single carriageway with overtaking opportunities could be expected to resolve most of the issues relating to "being stuck behind" slow vehicles but would not have the same impact as dualling where volume of traffic leads to delays. This is borne out by the more modest time savings predicted for this option – 6.6 minutes between York and Scarborough compared with 11.8 for dualling. Given that congestion-based delay is much more predictable than the slow vehicle issue, this option would probably result in potential savings to businesses able to distribute goods (or receive deliveries) outside times of peak demand. Whilst this would lead to some cost savings, though, the evidence from businesses surveyed is that, as with full dualling, these savings would not be significant enough to drive expansion or to safeguard jobs in firms currently operating at the margin.

8.10 Those travelling during peak periods, meanwhile, would encounter delays not dissimilar to those at present. Most workers would fall into this group and therefore the possible benefits of increased accessibility (discussed at §7.6 et seq and §7.33 et seq) would probably not come about. The assumption with respect to inward investment is that Option 2 would not represent a sufficient step in performance to have more than a small impact upon business decision-making. This leads to the forecast that this option would deliver approximately 20% of Option 4's job impacts.

Highway Option 3

8.11 This option could be described as partial dualling, given that the A64 between York and Scarborough is dualled with the exception of the stretch through the Howardian Hills and east of the Rillington bypass. Its impacts on journey time are somewhat less pronounced than full dualling and this is reflected in tourism effects. We believe that, whilst this option would not amount to the step change which inward investors may wish to see, the clear journey time savings and significant reliability improvements would be likely to have a major impact on the standing of the regeneration area as a site for development.

8.12 Nonetheless, the basis for projection of inward investment impacts is abstract, depending as it does on general questions concerning access to the transport network.

The provisional conclusion, then, that Option 3 would deliver approximately half of the inward investments, which would accompany Option 4, must be seen in this light.

8.13 The impacts of this option on the existing manufacturing sector could be expected to be roughly proportionate to those of Option 4, since decisions would be based on the hard facts of minutes saved rather than the more perceptual factors.

Highway Option 4

8.14 This option has formed the basis of the full assessment detailed in Section 1.

Highway Options – Summary of Impacts

8.15 In the following table, a summary is presented of the different jobs impacts which are predicted to accompany each of the highway options if taken forward. (See relevant parts of Section 1 for explanation of the omission of other possible impact types.) As discussed in the quantification section, a central figure is presented in each case, together with margins of error to reflect the extent to which actual effects might differ positively or negatively from this.

TABLE 8.1 ADDITIONAL JOBS BY OPTION

Impact sector	Location	Option 1	Option 2	Option 3	Option 4	Margins of error
Tourism	Scarborough	140	200	220	365	+ 99%, - 40%
	Ryedale	10	20	30	35	+ 115%, - 41%
	Total	**150**	**220**	**250**	**400**	+ 101%, - 40%
Inward investment	**Total**	**-**	**80**	**200**	**400**	+ 136%, - 84%
Overall		**150**	**300**	**450**	**800**	+ 119%, - 62%

8.16 In light of the analysis described in §7.47 et seq, there are also projections of jobs safeguarded in large manufacturing firms, again presented by highway option. These are set out in the following table.

TABLE 8.2 SAFEGUARDED JOBS BY OPTION

Impact sector	Option 1	Option 2	Option 3	Option 4	Margins of error
Large manufacturers	-	-	200	350	+ 43%, - 43%

Public transport options

8.17 Any discussion of the regeneration impacts of public transport improvements must take place in the context of the following statements:

- Businesses overwhelmingly see the road network as their principal transport facility, looking on main-line rail as important because it outperforms road. Movement of goods is predominantly by road in the study area and there is little evidence to suggest that significant transfer to rail freight would take place in response to enhanced services. Even with good inter-modal transfer for freight, only a small proportion of the goods moving to and from premises in the study area could be conveyed economically by rail;

- Car is the dominant commuting mode in the study area (as in the UK generally). Whilst this is partially a reflection of the quality of the current transport offer, it also results from the distribution of population across the corridor and the travel needs of this population; and
- Rail can be an exceptionally successful public transport mode. It is limited, though by the costs of access and egress associated with its use. Where walk-in access and egress are intended, there is a natural limit to the distance people are prepared to walk and this determines the catchment for the service. Where car is expected to be the access mode, questions remain about what happens at the other end of the journey – is the final destination within walking distance? And car plus train must be more competitive than making the whole journey by car. This brings in issues such as the relative cost (car running cost versus train fare plus any station parking cost).

8.18 In aggregate, these facts make the likely regeneration impact of rail improvements very small compared with their highway-based counterparts.

Impacts on tourism

8.19 Emphasis on usage of public transport is encouraged as part of a strategic priority to improve accessibility to Scarborough. Anecdotal evidence suggests that the promotion in 2001 with Arriva trains and the running of a steam train from York to Scarborough in the summer of 2002 both proved successful and led to an increased number of arrivals by train.

8.20 At present visitor arrivals by train are few (2% in Ryedale) and we would argue that a significant mode change by tourists to rail is unlikely. Scarborough aims to increase short breaks and the conference market however and it is arguable that an improvement in the train service could support growth in these sectors. If access were to become a dominant factor for growth in these sectors however we would suggest that a rail improvement alone would only contribute a small amount to alleviating an access problem. Rail travel was rarely mentioned by interviewees when discussing transport issues.

8.21 Whilst increasing day visitor numbers is not a defined priority for the Scarborough area, an improved service could increase the number of visits made. For these markets time is more constrained and so more frequent services are more attractive. The two-way road argument is particularly applicable here however since day trips to York from Scarborough may be equally as attractive as day trips in the opposite direction. For Scarborough the effect of this could be three-fold: visitor spend in Scarborough could decrease since the visitors have left for the day; it could increase because of increased day trips from York; or it could increase if accessibility in fact makes Scarborough more attractive as a base to stay from which to make visits to the surrounding area – a market currently tapped predominantly by Ryedale. In summary we would suggest a neutral net effect.

8.22 For Ryedale, the present train route only provides access to the Moors via Malton and so is of limited use to those wishing to stay closer to the Moors or visit the area. A train service on the Malton-Pickering line has the potential to make the train a much more viable option for tourists, particularly day trippers who wish to visit the North Yorkshire Moors Railway and other sites on the Moors. The market for this route is potentially strong since York receives a large proportion of its visitors by train (24%).

8.23 A demand study considering the tourist flows on the Malton-Pickering line has been undertaken by Jacobs Consultancy and their forecasts are shown in the Final Report for this study.

8.24 With regard to tourism demand, these forecasts are limited to the expected passengers on ‘conventional’ trains however and do not include potential key markets such as: ‘growth in North York Moors Railway visitors as a result of rail link direct to York’, ‘special excursion trains from York to Pickering and Whitby’, and ‘visitors to North York Moors for rambling and appreciation of the countryside’[35].

8.25 Taking each in turn, an interview with the North York Moors Railway highlighted that they would expect to receive more visitors if the attraction was accessible by train. The greatest increase would be in those visitors who do not have access to cars and those on day trips.

8.26 The re-opening of the Malton-Pickering line would also be likely to generate thematic trips or a ‘special’ service, probably steam-hauled, linking York and its National Railway Museum with Pickering and Whitby. Such a service would form a tourism attraction in itself and would be likely to be popular with York tourists, especially overseas tourists and those who have arrived in the city by train. It should be borne in mind however that providing such a service may be limited by logistical issues such as operating capacity out of York station.

8.27 In terms of day visitors, it is likely that a moderate proportion of York’s tourists who arrive by train and stay for more than a couple of days will take a day trip to the Moors and Whitby. The proportion of tourists arriving by car who make such a day trip by themed train would be less however and the majority would be likely to be just changing mode, rather than new visitors. Similarly, given the high proportion of car arrivals in Whitby and the lower socio-economic profile of these tourists it is likely that day trips made to the Moors and York on a special service would at best equal those by York’s ‘car tourists’.

8.28 In terms of staying visitors, the most important addition beyond the Jacobs Consultancy forecasts would be an increase in tourists visiting Moors for rambling, walking or ‘appreciation of the countryside’. Using either a ‘conventional’ or a ‘special’ service it is likely that train access to the Moors via York would increase the catchment and volume of this market. The Moors would then also be able to compete with destinations such as the Lake District for short walking holidays accessed by train from central and southern England.

[35] Malton-Pickering Railway Demand Study: Report (Jacobs Consultancy, Feb 2002)

8.29 Opening the Pickering area could have a two-way effect in terms of visitor numbers. It could encourage new trips, which would not have previously been made by road, or it could encourage day trips rather than stay trips and so have some negative impact on the occupancy figures in the area.

8.30 The two-way road impact between York, the Moors and Whitby is likely largely to cancel itself out since there is no strong argument that the transfer of tourist days between the three destinations will benefit one destination significantly more than others. It is possible however that the connectivity will benefit all destinations in terms of length of stay. Further, a reliable frequent service would benefit the level of repeat business to the area.

8.31 With regard to commuter demand, the Jacobs Consultancy study estimated volume by taking 'a direct measure of Scarborough commuting volume to York and established that it is approximately equal to the residential non-tourist volume, and that it is almost wholly booked in the to-York direction'. This proportionality was used to estimate volume from Pickering and Whitby. The study used a zero estimate for commuting out of York to work places in Malton, Pickering and Whitby.

Public Transport Option 1

8.32 Benefits resulting from this option would largely affect the York travel-to-work area, since the two new stations are located in small towns which look to York. An increased frequency on the train between York and Scarborough might encourage more commuters to consider the trip but the fact that services stop only at Malton means that the set of possible work journeys would be limited and peak-time services already run at a half-hourly frequency. The clear impression is also that rail fares are considered prohibitive for regular journeys. Nonetheless, with York's policies discouraging unnecessary car use, there may be jobs in the centre of the city which could realistically be reached only by rail; an increase in frequency might make the potential commuter consider the service a reasonable one. Journeys by rail between central York and central Scarborough currently enjoy a significant journey time advantage over the equivalent road trip; if the A64 is not significantly altered, this, combined with a reduced average wait time, may have an impact. It should be noted that there is an upper limit to any growth in rail travel determined by the capacity of the trains running. Points made in Section 1 concerning the prospect of increased labour mobility between points in the corridor indicate that the regeneration effect would be negligible.

Public Transport Option 2

8.33 We cannot foresee any significant economic benefit arising from the reinstatement of the Malton-Pickering link if it remains necessary to change at Malton for onward services to either Scarborough or York.

Public Transport Option 3

8.34 There is some labour mobility between Ryedale and York so there is conceivably a small commuter market for a service running from Pickering to York via Malton, since the journey time would be far more attractive than the road equivalent. It would be more likely to attract users currently driving the route than new travellers. Over time, the line could develop as a commuter route if it was perceived to be reliable and to offer value for money. But the onward trip to Whitby is quite lengthy and the service (six trains per day) not likely to be sufficient to provoke commuting journeys.

8.35 It has been suggested that this option could be significant because it would facilitate a round trip to London from Pickering within the day where the current equivalent is prohibitively time-consuming. This would benefit those companies based in Pickering which trade outside the region; it would be unlikely to have a marked impact on the local economy.

8.36 Discussion of potential tourism impacts (§8.19 et seq) sets out how the increased travel opportunities resulting from direct trains between York and Pickering could lead to a range of impacts, positive and negative, for the regeneration area. Whilst there may well be an increase in travel from York to the Moors and the coast, there could equally be a decrease in stay visits to the area as visitors discover they can base themselves in York and get to and from attractions within the day. What is more likely is mode shift of journeys currently made by car onto rail, particularly if the new service were marketed as an attraction in its own right (though major works to the A64 would erode these benefits).

Summary

8.37 The general view is that the impact of rail improvements is going to be limited by the factors set out above at §8.17 et seq. Any regeneration impacts will take the form of access to workforce effects or access of workers to jobs effects. Thus the impacts are governed by the same observations made on these topics in Section 1. Limited tourism impacts are expected but these would be small in comparison with any response to highway measures.

8.38 Whilst public transport options are being considered in isolation from possible highway options, it is of note that the impacts of measures on the York to Scarborough line would be dwarfed if the A64 were significantly altered. Such journey time advantages as are currently enjoyed by rail for certain trips would all but vanish.

9. SUMMARY

9.1 In this section, a summary is presented of the regeneration impacts that may accompany the implementation of the transport options. For ease of reference, we reproduce the tables which first appear in Section 1 above.

TABLE 9.1 ADDITIONAL JOBS BY OPTION

Impact sector	Location	Option 1	Option 2	Option 3	Option 4	Margins of error
Tourism	Scarborough	140	200	220	365	+ 99%, - 40%
	Ryedale	10	20	30	35	+ 115%, - 41%
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Inward investment	**Total**	**-**	**80**	**200**	**400**	+ 136%, - 84%
Overall		**150**	**300**	**450**	**800**	+ 119%, - 62%

TABLE 9.2 SAFEGUARDED JOBS BY OPTION

Impact sector	Option 1	Option 2	Option 3	Option 4	Margins of error
Large manufacturers	-	-	200	350	+ 43%, - 43%

General business (excluding larger businesses within manufacturing sector)

9.2 With respect to the indigenous business stock and workforce, the evidence suggests that, in the event of a significant reduction in journey times along the A64:

- There would be limited scope for local businesses to source suitably skilled employees from outside the area. This reflects the facts that pay rates are relatively poor in the regeneration area and that the employment markets in the hinterland are buoyant;
- Some small increases in workforce may arise indirectly from larger markets becoming available to indigenous businesses. Whilst many companies would stand to access a larger range of potential customers and possibly cheaper suppliers, this would not necessarily bring sufficient new activity to deliver new jobs. Some businesses may lose the benefits of an enclosed market; and
- There is a limited likelihood that unemployed residents in Scarborough would access work in the York area. The higher wages available for certain classes of work in York make it attractive but the marginal benefit of a shorter journey would not prove decisive in many cases. There is an accompanying risk of upward pressure on wages in Scarborough resulting from increased workforce mobility which could have a negative impact on indigenous businesses.

Safeguarding employment in the manufacturing sector

9.3 Findings from the interviews with large manufacturing companies suggest the following benefits could arise from dualling the A64:

- More efficient movement of goods;
- Better access to the motorway network;
- Marginal scope to attract skills from outwith the area;
- Quality of life improvements for employees;
- Shift in the perception and image of Scarborough, both of customers and potential employees; and
- Improved prospects for internal investment.

9.4 Companies generally did not see a distinct impact upon the level of output or on the number of employees, as a variety of other factors, such as market conditions, competition, cost of labour and raw materials, had greater impacts upon performance than transport.

9.5 A significant proportion of the area's larger manufacturing businesses are owned within a group or multi-location business structure. Consequently they are competing internally within these structures for capital for investment, and there have been occasions where Scarborough businesses have lost out to sites located in other UK regions, or have been threatened with relocation. This type of investment decision is based on a series of factors, which include cost overheads associated with accessibility, labour and logistics, as well as the perception associated with company location. Dualling the A64 would increase competitiveness in this respect and potentially safeguard employment in this type of environment.

9.6 Our analysis pinpointed that jobs would potentially be safeguarded for a small number of large manufacturing companies within the Scarborough area. While it is possible to say that the transport improvement will potentially safeguard employment, external factors will have a role to play too. It is not possible to predict market conditions over the next ten years and how the manufacturing sector as a whole will perform in the UK. Therefore a range of possible impacts has been derived. The employment impacts are at local and regional level, given that if jobs were not safeguarded it would be likely that they would be relocated outside the region.

Tourism

9.7 In respect of tourism, the following was concluded:

- There would be a increase in the number of new visitors from the (expanded) catchment area; this would apply to day and stay visitors as well as the conference trade;
- An increase may also be expected in respect of repeat visits – both number repeating and frequency of returns. This reflects the projected reduction in the generalised cost of access to points in and near the A64 corridor; and
- Enhanced transport infrastructure may engender investment in tourism businesses and facilities, leading to an increase in visitor numbers.

Inward investment

9.8 The special case of inward investment was considered, with the conclusion that a significant reduction in journey time on the A64 would lead to a substantial enhancement of the prospects for inward investment, strongly tied to the local and wider economy's well-being.

9.9 With regard to attracting inward investment, access is an important factor in any relocation decision, and it is unlikely that any manufacturing businesses involved in the movement of goods would relocate to Scarborough from a business perspective.

9.10 Future developments would depend on the success of the Scarborough Business Park Development and on incentives offered to prospective businesses, not solely on the dualling of the A64.

9.11 All of the changes described above would be sensitive to the delivery of other aspects of the regeneration strategies (including the tourism strategies of both Scarborough and Ryedale). The jobs projections are based on comparing the road scheme with a "do minimum" alternative. Thus, improvements in infrastructure, training etc could generally be expected to increase the base figures making the effect of transport intervention proportionately greater.

Variant options – impact

9.12 The general finding is that benefits from options would be approximately proportionate to the degree to which they replicated the timesavings which dualling would bring. The key exceptions to this rule relate to inward investment and the conference tourism trade, both of which are likely to place emphasis on dualling as a step-change in the quality of access.

9.13 In terms of tourism, variant options would be expected to have a reduced impact upon visitor numbers (and therefore associated jobs) when compared with Option 4 – ie reflecting the time saving of the variant as a fraction of the time saving of the dualling option.

9.14 The potential of rail service increases to regenerate the economy is limited. The putative reopening of Malton-Pickering could lead to increased economic activity and some additional tourism (particularly if a through service to York were offered) but the general economic impacts would be small (compared with highway options) and the tourism gains would probably be partially negated by "two-way road" effects taking stay visitors out of the regeneration area. It is important to note that this is not the same as saying that the rail options would not perform satisfactorily in terms of standard cost-benefit analysis – merely that their *regeneration* impacts would not be significant.

APPENDIX A

Example questionnaires