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Essays on the Yorkshire and Humber Region

**A Leeds Metropolitan University
research report**



Policy Research Institute



Essays on the Yorkshire and Humber Region

**Researching Local and Regional
Development**

**A Leeds Metropolitan University
research report**

**Edited by John Shutt, Roger Henderson and
Steve Johnson**

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Contents

| | <i>page</i> |
|--|-------------|
| List of Tables and Figures | v |
| The Contributors and their Centres | vii |
| Acknowledgement | viii |
| Introduction | ix |
| Theme A: Enterprise and Community Research | |
| 1 Making Sense of Bradford: A Review of Research and Evidence <i>Alison Darlow</i> | 3 |
| 2 Engaging Social Enterprise in York and North Yorkshire <i>Felix Kumi-Ampofo</i> | 7 |
| 3 Changing Voluntary and Community Sector Funding Programmes: Impacts and Consequences <i>John Shutt</i> | 13 |
| 4 Enterprise in Deprived Areas <i>David Devins and David Usher</i> | 20 |
| Theme B: Labour Market and Sector Research | |
| 5 Employers' Adjustment to Equalities Legislation in Yorkshire and the Humber <i>Alex Nunn</i> | 27 |
| 6 Leeds Financial and Related Services Sector: Strengths of the Labour Market <i>Mark Rudd</i> | 33 |
| 7 Financial and Business Services in Leeds: Cluster and/or Catalyst? <i>Roger Henderson</i> | 37 |
| Theme C: Spatial Research | |
| 8 The Northern Way: A Polycentric Megalopolis <i>Simin Davoudi</i> | 47 |
| 9 A Review of the Two Housing Market Renewal Pathfinders in the Context of the Northern Way <i>Jane Kettle</i> | 54 |
| 10 Valuing the Region's Urban Fringes and Learning Lessons from Other Regions in Europe: The Countryside in and around Towns in Yorkshire and the Humber <i>Kevin Thomas and Steve Littlewood</i> | 59 |

List of Tables and Figures

| | <i>page</i> | |
|----------------|--|----|
| Tables | | |
| 1 | NRF Allocations in Yorkshire and the Humber Region 2001-08 | 15 |
| 2 | Programme Funding Accessed by the Voluntary and Community Sector in Yorkshire and Humber 2005-09 | 17 |
| 3 | A Simple Hierarchy of UK Financial Centres | 38 |
| 4 | Largest Employers by Local Authority in Financial and Business Services outside London | 39 |
| 5 | Definitions – Financial and Business Services | 39 |
| 6 | Industry Growth Rates: 1992-2001 | 42 |
| 7 | Key Features of Regional Organising Capacity | 52 |
| Figures | | |
| 1 | Yorkshire and the Humber Objective 2 Eligible Areas | 8 |
| 2 | The Northern Way | 47 |
| 3 | Polycentric versus Dispersed City | 48 |
| 4 | Monocentric versus Polycentric Urban Region | 48 |
| 5 | The Randstadt | 49 |

The Contributors and their Centres

The Centre for Urban Development and Environmental Management (CUDEM)

Simin Davoudi
Steve Littlewood
Jane Kettle
Kevin Thomas

CUDEM brings together academics from the Planning, Housing and Human Geography groups whose research focuses on the development of conceptual frameworks and their relevance to local, regional, national and international policy in the areas of planning, governance and sustainability; local and regional regeneration; and housing and neighbourhoods.

The European Regional Business and Economic Development Unit (ERBEDU)

John Shutt
Roger Henderson
Felix Kumi-Ampofo

ERBEDU provides research and consultancy expertise in European and regional business, economic and finance research. Areas covered include European and Regional Development Agencies, economic partnerships and regeneration; local authority economic development; regional implications of EU developments including business strategy, the euro, integration, enlargement and structural funding; regional business growth including small firms and social enterprises; and finance, including regional venture capital and financial services.

The Policy Research Institute (PRI)

Alison Darlow
David Devins
Alex Nunn
Mark Rudd
David Usher

The Policy Research Institute (PRI) is one of the UK's leading university-based centres for applied economic and social research. The PRI provides a multi-disciplinary environment for research and evaluation aimed at improving policy and practice across diverse fields. These include labour markets and skills; economic development and urban regeneration; enterprise and SMEs; local and regional governance and the public sector; social inclusion, focusing particularly on young people and communities; and the third sector.

Acknowledgement

The contributors wish to thank Catherine Brooks of ERBEDI for assistance in compiling this collection of essays.

Introduction

This collection of essays on the regional economy provides an insight into the important applied research and consultancy work undertaken in the Yorkshire and Humber region by three centres within Leeds Metropolitan University: the Centre for Urban Development and Environmental Management (CUDEM); the European Regional Business and Economic Development Unit (ERBEDU); and the Policy Research Institute (PRI).

The collection demonstrates the wide-ranging nature of activity undertaken in the units, such that the individual papers do not fit neatly into coherent themes. Nevertheless, three thematic areas are identified which reflect core areas within the work undertaken: Community and Enterprise; Labour Market and Sector Research; and Spatial Studies.

The first theme, *Community and Enterprise*, brings together four papers linked by issues of community and voluntary sector development in disadvantaged areas within the region, including the challenges to develop entrepreneurial activity and social enterprises. The opening paper by Alison Darlow provides a poignant reminder of the current importance of evidence-based research to both academics and policy-makers. The paper explores the process involved in drawing together a diverse range of research material on Bradford in order to identify key research themes and generate a research agenda. What emerges is a complex set of processes and issues shaping the district, which in turn are interwoven with the wider sub-regional and regional environment. In this respect the paper is representative of much of the work of the three centres.

The next two papers focus on the emerging 'third sector' and the potential to develop the social economy in the region. Felix Kumi-Ampofo describes an *ex post* evaluation of a social enterprise project in North Yorkshire managed by Business Link York and North Yorkshire. The paper examines the nature of the project's objectives in the sub-region, largely focused on raising awareness of, developing, and providing support for, social enterprises. A related paper by John Shutt examines the future scope of regeneration funding for the voluntary and community sector (VCS) in the period 2006-2010 in the region. Whilst the VCS has benefited from ESF and other support for 2000-2006, the core funding programmes will change thereafter with potentially adverse consequences in terms of the funding support available. The paper details the changes and concludes that while the VCS in the region has grown with regionalisation, it will need to adjust to new structures, including sub-regional investment planning (SRIP) processes and constraints.

The final paper in this theme considers the enterprise gap in the region. David Devins and David Usher draw on VAT registration data to highlight considerable sub-regional and local variations in business start-up and self-employment rates, and the policy challenges that emerge. The PRI has a long history of involvement in research and evaluation of policy-related interventions, and this paper examines some findings from this body of research.

The second theme, *Labour Market and Sector Research*, provides a taster of important aspects of research for both the PRI and ERBEDU. An understanding of labour market issues and dynamics is central to interpreting the regional economy, as is evaluation of specific sector drivers. The paper by Alex Nunn evaluates two surveys of regional employers' attitudes and adjustment to recent equalities legislation. The research addresses both technical compliance with the new legislation and broader underlying equality principles. The evidence suggests that more effort and support is needed to enable employers to address the necessary changes in attitude and practice that the legislation requires.

The next two papers focus on the major growth driver of the Leeds economy, Financial Services. Mark Rudd examines the Financial Services labour market from the perspective of recruitment patterns and issues. The market is buoyant and highly dynamic, evolving in the face of technological and global pressures, and there are many opportunities for good quality candidates. Indeed, employers will need to place more emphasis on internal training and flexible working practices to satisfy their labour needs. Roger Henderson evaluates the emergence of Leeds within the financial services hierarchy from a bank-dominated to a broadly-based financial and business services centre. The paper considers issues relating to Leeds' role as a catalyst for the sector's development in the wider city-region. In this context it has led to research for evidenced-based input into the City Regional Development Programme.

The third theme, *Spatial Research*, reflects CUDEM's work and brings into focus the wider context of Yorkshire and the Humber and the Northern Way. Simin Davoudi considers the conceptual background to the Northern Way concept through evaluation of polycentricity, drawing on examples from Europe. In viewing linkages between cities and towns in city-regions, the issue of power-relations becomes critical, with local policy-makers having a crucial role in developing collaborative processes. Jane Kettle examines the Northern Way in the specific context of Housing Market Renewal Pathfinders (HMRPs), areas established to tackle housing market failures. The paper evaluates the impact of two HMRPs in South Yorkshire and Hull. These Pathfinder programmes are seen as central to the Northern Way's focus on community engagement and partnership working.

The final paper by Kevin Thomas and Steve Littlewood considers the policy implications of the emerging 'green infrastructure' approach applied in and around towns and cities in Yorkshire and the Humber. The paper makes reference to both local examples and those from other EU regions, and raises policy and planning issues in terms of the need to find ways to develop green assets in the region.

Professor John Shutt
Roger Henderson
Steve Johnson

August 2006

THEME A

ENTERPRISE AND COMMUNITY RESEARCH

1 Making Sense of Bradford: A Review of Research and Evidence

Alison Darlow

This paper explores the process involved in drawing together a diverse range of research material on Bradford in order to identify key research themes and generate a research agenda. What emerges is a complex set of processes and issues shaping the district, which in turn are interwoven with the wider sub-regional and regional environment.

As locally and regionally based researchers and policy-makers, we sometimes feel overwhelmed by the sheer amount of information, evidence and research that is available. What might broadly be termed 'evidence' varies greatly in scale, rigour and applicability, and the one of the key issues we face is the ability to be able to synthesise this information into something meaningful.

The current drive by the UK government towards evidence-based policy-making has resulted in a (re-)turn to doing 'useful' research that '*helps us not just to understand society but gives us guidance on how to make it better*' (Solesbury 2001, p. 4). This national drive has also translated to the local level, and has led to new demands by policy-makers and practitioners for analysis, research and intelligence to help understand local problems and formulate appropriate policies, services and projects.

The move to evidence-based policy has contributed to the burgeoning amount of research and 'evidence' about what works and for whom. Allied to this has been a move towards the re-examination of existing literature and research that has been previously largely unused, for example through an increasing focus on the use of Systematic Reviews, which have been used extensively in the medical field and are now being extended into the social policy arena.

In this chapter we draw on the findings from a study undertaken by the Policy Research Institute on behalf of the Joseph Rowntree Foundation (JRF) focusing upon Bradford (Darlow *et al.* 2005). The context for the study was that JRF were developing a new programme of work based in Bradford, and they wished this to build firmly upon what was already known about the District, to draw on lessons learnt from previous interventions, and to identify research 'gaps'.

This was a tall order: the project would need to draw together evidence and research from a range of disciplines, approaches and ideologies, and all with varying degrees of rigour and applicability. More specifically the review was charged with, by assessing relevant research, identifying 'effective solutions' to problems. The key findings from the review, and what this says about Bradford itself as well as the wider region, are summarised here.

A complex picture

Clearly an undertaking of this kind appears at first to be an almost impossible task: extensive research has been undertaken within Bradford District by a wide range of actors, including local and national public agencies, voluntary and community groups, residents' groups, and regeneration programmes, as well as local universities and consultancies. Attempting to draw the findings together from such a diverse range of research projects, with varying aims and objectives, approaches, rationales and theoretical approaches, presents a considerable challenge.

The project involved identifying, obtaining and reviewing almost 200 books, reports, research papers and articles, primarily between 1995 and 2005, on the District of Bradford. All research was assessed for quality and relevance, and in total some 200 pieces of research were included in the review. A key recurring question throughout the literature search phase was what constituted 'research', particularly in relation to some of the more contested areas around community cohesion.

What we found

In order to make some sense of the range of material that we found research was grouped into eight broad themes. These were: community cohesion; housing neighbourhoods and regeneration; business and enterprise; health, disability and social care; children and young people education, skills and the labour market; and crime and community safety. Whilst it is impossible to do justice to the breadth of material covered by the review, key issues under each of these themes are summarised below.

There has been a wide-ranging commentary in the academic and political literature on the issue of **community cohesion** within Bradford District, much of which is linked to the two waves of 'disturbances' that occurred in the city in 1995 and 2001, the majority referring to the 2001 events. Much of this evidence is not based upon what might be termed 'systematic research', but is commentary or critique of the political response to the riots. While there is broad agreement in the literature that community relations in Bradford are not as good as might be desired, there is less agreement about the causes and consequences of this, and the appropriate actions required to address this situation. There are clear differences in interpretation of the events, particularly in the extent to which they might be linked to what has been termed 'self segregation' by minority ethnic communities.

Some studies and reports focus on what has been termed 'the worrying drift towards self-segregation', whilst others have challenged this as an over-simplistic analysis which fails to take account of racism and structural constraints on choice. Whatever analysis is adopted, it is clear that the District's largest minority ethnic community is highly 'visible' in some of the most deprived and socially excluded areas of Bradford.

The quality of physical environment and a host of housing related issues emerged as key concerns when examining the literature on **housing, neighbourhoods and environment**. A large body of research has focused upon patterns of housing need within the District, including the needs of key groups such as people with disabilities, older people, those in sheltered housing, the homeless, asylum seekers and refugees. Access to housing services by minority ethnic groups, particularly in relation to the social rented sector, emerged as a key concern, particularly the needs of black and African Caribbean and South Asian communities.

Other research has focused upon spatial residential patterns, and what might be termed the 'racialisation of space', within Bradford, and possible discrimination within housing markets among both estate agencies and mortgage lenders, which may perpetuate these patterns.

Most **business and enterprise research** in or on Bradford District is descriptive in nature, with little offered in the way of effective solutions. Research has been undertaken on the general profile of business and enterprise activity in Bradford, and also sector-specific research, focusing on tourism and the cultural industries, for example.

Research has also focused upon the role of minority ethnic groups within the economy – as business owners and as customers. Research into Asian entrepreneurial activity

identified stark differences between the establishment of Muslim and non-Muslim owned businesses. Other studies have focused on the minority ethnic population as distinct groups of consumers. Nevertheless it is clear that there is scope for further research, along with studies of key sectors in Bradford's economy, into the role of inward investment, and the causes and consequences of recruitment difficulties among the District's employers.

Research into **health and disability issues** in Bradford has been disparate in nature and focused primarily on identifying differences in health experiences and outcomes according to ethnic group. Access to information and services regarding health and disability has also been a key research theme, as has community involvement in the development of health and related services.

Overall there was little robust evidence of effective interventions to address the inequalities identified through research, for example in relation to the health needs of Bradford's South Asian population. Social care and disability issues have been less extensively researched than health issues, and the prevailing focus on ethnicity may mask other health issues in the District.

Much of the research that has been undertaken on **children and young people** in Bradford District focuses on the needs of quite specific groups within the community. Specific studies have looked at the appropriateness of key services aimed at young people and the extent to which they address the key concerns of young people. This includes issues such as the differential take up of health and social services by young people from different minority ethnic groups.

Issues relating to the achievement and aspirations of young people in Bradford District have been a key area for research, in particular focusing on the variations between different communities. This found that, benchmarked against national data, young people in Bradford were less likely to feel positive about the future, or to believe that they would achieve their goals in life.

A related area is the whole agenda of **education, skills and the labour market**. We found that most research in this field was descriptive, and lacked a longitudinal element that would allow changes over time to be analysed in more depth.

The research does highlight the relatively low levels of educational attainment among many local residents, and points to a number of barriers preventing many individuals and groups from undertaking learning activities that would improve their position in the labour market. Young people's transition from education to employment is also a recurring theme, focusing on issues around gender and ethnicity.

The final area addressed by the review is **crime and community safety**. We found that whilst there was very little new research that had been undertaken in the District, extensive use was made of secondary data and analyses. A considerable amount of statistical information exists about experiences and perceptions of crime in Bradford, focusing on issues such as overall patterns of crime, community perceptions of crime, youth crime and race crime. A number of studies within this area focused upon the extent to which different ethnic groups had distinctive patterns of crime.

Bradford: a future research agenda

The review of research identified a wealth of research studies and papers on Bradford District. These reflect a wide range of approaches and methodologies, ranging from academic papers through to much more practitioner-orientated studies.

A key question that has been raised in relation to the Review is whether Bradford District has been 'over-researched'. Based on the evidence we have gathered, it is clear that while a great deal of material has been identified, *significant gaps remain in knowledge and understanding about Bradford District.*

Not surprisingly, a considerable proportion of research on social issues in Bradford has focused on its *minority ethnic communities*, and in particular the Pakistani and Bangladeshi communities who suffer the highest levels of deprivation. This focus is justified, although there is a danger that problems facing *other sections of the community* – including white people who make up 78 per cent of Bradford's population – are not being addressed sufficiently in social research in the District.

A further consideration is the fact that, despite the wealth of information on Bradford's minority ethnic communities, only a small proportion of research studies provide a robust *comparative* dimension, either in relation to other groups within the District, or with similar groups in other similar cities in the UK or overseas. Moreover, issues relating to the *interaction* between different groups – including between faith groups within the minority ethnic communities – are not covered in great depth in the research that has been reviewed.

The review suggests that further research into the socio-economic and ethno-cultural circumstances of a range of groups within Bradford, in addition to those that have been researched in detail, would be valuable, as would a more in-depth understanding of the factors contributing to racism in the District. Comparative work on issues of race, racism and policing in other countries would be useful, as would comparisons between the perceptions and behaviour of different ethnic groups in different local contexts.

Overall the process of undertaking the Review has emphasised the complexity of a city such as Bradford, of the range of issues facing the District, and of the processes that shape the District as a whole. There is therefore a need to avoid over-simplistic analyses of the evidence, and the adoption of untested or inappropriate solutions to social 'problems'.

Bradford's economy, labour market and society are inextricably connected to the wider sub-regional and regional environment, mapping the extent and nature of relationships between different groups (social, ethnic, spatial) in Bradford and the wider region would make a useful contribution to our understanding of social dynamics in the District.

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Thanks go to the Joseph Rowntree Foundation; also to the research team, including Tim Bickerstaffe, Tom Burden, Sukky Jassi, Steve Johnson, Sarah Kelsey, Ben Mitchell, Martin Purcell and Fiona Walton from PRI, and Jackie Green and Jane South from the Centre for Health Promotion Research.

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- Solesbury, W. (2001) *Evidence Based Policy: Whence It Came and Where It's Going*, ESRC UK Centre for Evidence Based Policy and Practice: Working Paper 1, University of London, London.

2 Engaging Social Enterprise in York and North Yorkshire

Felix Kumi-Ampofo

This article covers an end-of-project evaluation of the Engaging Social Enterprise (ESE) project in North Yorkshire. It discusses the project management challenges, summarises outputs and outcomes, and examines the conclusions and recommendations arising from the evaluation.

Since 1997, the Government has promoted a greater role for the 'third sector' in Britain, focusing on the potential for developing the social economy as a major force for social change and building social capital in deprived communities. This emphasis on an active civil society to engage with the state to deliver social goals, and a pragmatic attitude to public, private or voluntary solutions to public policy delivery, was grounded in the 'Third Way' thesis, developed and popularised in the mid- to late-1990s (Giddens, 1998).

Background and context - North Yorkshire's Objective 2 areas

The project, delivered by the North Yorkshire Forum for Voluntary Organisations (NYFVO), covered all EU Objective 2 eligible areas in the York and North Yorkshire sub-region. It started in July 2003 as one of 13 projects commissioned under the Business Support Scheme (BSS) managed by Business Link York and North Yorkshire (BLYNY). The North Yorkshire Social Enterprise Framework defines social enterprises as:

- having a social aim;
- reinvesting surpluses to further this aim (rather than distributing the surplus to individuals in profits);
- existing in the social economy between the private and public sectors;
- combining entrepreneurial skills with a social mission;
- using trading as their primary source of income to achieve their goals and self sufficiency; and
- having a stakeholder/community governance structure.

The project rationale emerged from the development of the Sub-Regional Social Economy Framework in 2002. This framework was based on research in York funded by the Joseph Rowntree Foundation and undertaken by Community Regeneration York (2002), and across North Yorkshire by Questions Answered (2003), which recommended that "*BLYNY, NYFVO or an agreed body should create the role of Senior Social Enterprise Business Advisor to act as a champion for social enterprise development*".

The ESE project's main objective was to provide a dedicated champion and expert resource responsible for engaging with, developing and understanding the needs of those organisations identified as social enterprises in the sub-region.

York and North Yorkshire have a two-speed economy, with the relatively prosperous area in and around York acting as the key economic driver and anchor, whilst the declining fishing communities on the coast have relatively high unemployment rates. The sub-region's largely rural and agricultural nature means many jobs are low-paid and seasonal.

The Objective 2 areas of North Yorkshire cover a large area of the county, including the North York Moors and Yorkshire Dales National Parks (Figure 1). Most of the local authority districts in these areas are classified as 'remote rural' by the Countryside Agency, including the coastal districts with the towns of Whitby and Scarborough, underlining the challenges for both economic development and social support in the sub-region.

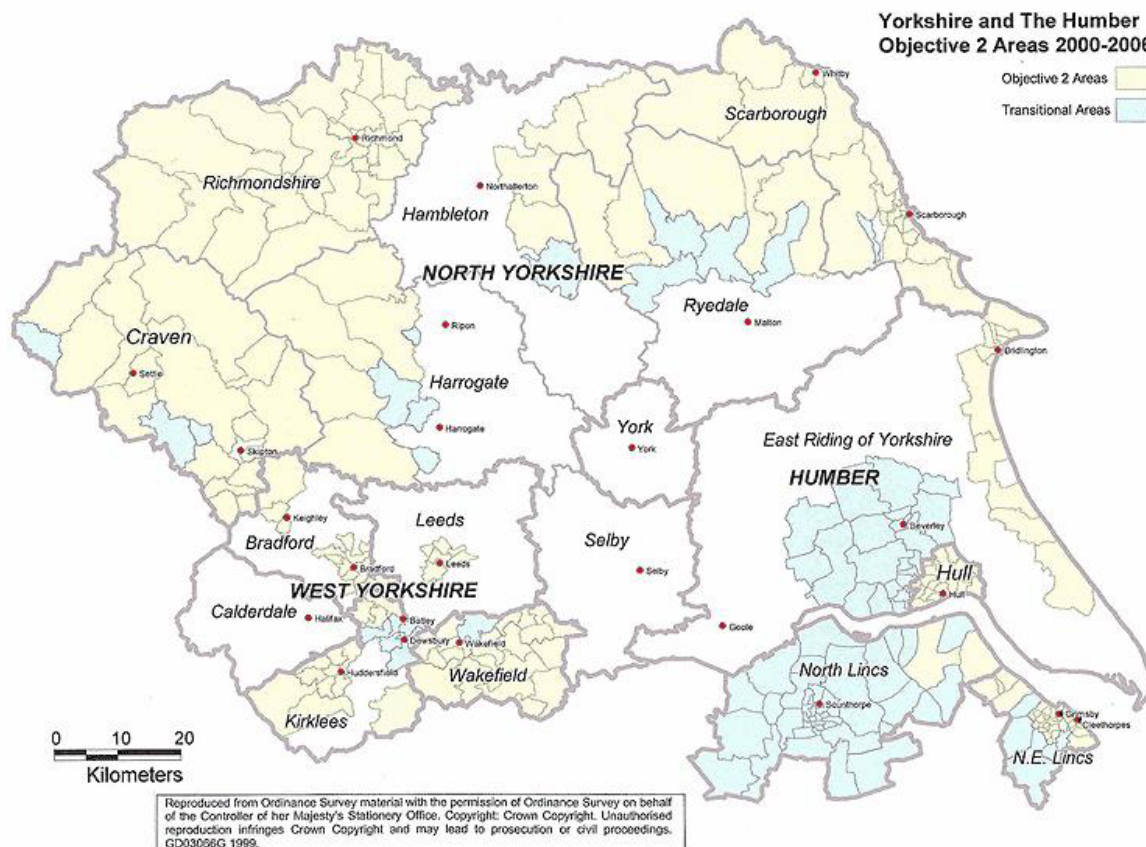


Figure 1: Yorkshire and the Humber Objective 2 Eligible Areas

A recent national survey by the Small Business Service of the Department of Trade and Industry (DTI, 2005) found that the Yorkshire and Humber regional profile for social enterprises favoured smaller organisations, with more varied trading activities than the national average. Almost two-thirds of the region's social enterprises are based in the most deprived areas, and almost three-quarters have charitable status, yet barely a tenth are located in the rural hinterland.

This may reflect both differential funding and variations in awareness levels and social profiles between the metropolitan and rural districts, and again underlines the particular challenges facing a project to stimulate social enterprise growth in a primarily rural sub-region, especially in a set of dispersed localities as defined by the Objective 2 eligible area.

Project management and processes

The ESE project was the first co-located and co-branded project undertaken by the Business Support Team at BLYNY. As such, it gave joint ownership and credibility to the project, and contributed to a learning experience for all, from which useful lessons were drawn. While there were some problems with the co-location arrangements, there were

also beneficial aspects in terms of increasing awareness and cooperation between the two organisations, which should be further explored during the forthcoming 'Developing Social Enterprise' project.

The delivery of the ESE project was monitored through the Business Link database called Linktrack, the system used by all Business Link advisers. The Social Enterprise Adviser (SEA) was fully inducted and introduced to this; given the broad scope of social enterprise, however, the database did not always have the flexibility needed to record outputs. For example, the evaluators found that considerable support given to certain organisations could not count as output, because the Linktrack database criteria did not recognise those organisations as social enterprises.

Outputs

The ESE project largely met its original targets. The number of start-ups assisted exceeded the set target, whilst the number of small and medium-sized enterprises (SMEs) assisted was almost exactly met.

Some 55 organisations were contacted, of which 40 were eventually assisted. Of these, seven were either not in the Objective 2 area or were not recognised by Linktrack as social enterprises, and hence assistance given to them did not count towards the achievement of ESE project targets. The support usually took the form of initial enquiries and onward referral to other appropriate support programmes.

The successor project (Developing Social Enterprise) is designed to provide support to these 'ineligible' organisations as it covers the entire county of North Yorkshire, not just the Objective 2 areas.

A further 12 organisations were in contact with the ESE, but the intensity of assistance was below the two-day equivalent criterion for target achievement. This level of intensity was reduced from five days to two as a result of the Objective 2 mid-term evaluation, and this reduction, whilst being more realistic, made it much easier to meet targets. Without this change, the project would have struggled to achieve its goals.

Achievement of outputs was adversely affected by the departure of the Advisor in mid-2005, some four months before the end of the project. This departure arose partly due to uncertainty over future funding for social enterprise work – often a symptom of short-term grant-funded projects. NYFVO staff kept the ESE project running for the last three months, and employed a local consultant with relevant prior knowledge of the project on a call-off basis to respond to enquiries.

The original budget for the project (£196,436) was subsequently reduced to £179,000 when the North Yorkshire Business Support Scheme was revised in July 2004. Total spend is estimated to be eventually around £161,300 (almost 90 per cent of the budget), making this project among the best performing in the BSS in terms of achieved spending targets.

Outcomes

One objective of the project was to stimulate interest in local authorities and 'other large purchasing organisations within the county' for sourcing from social enterprises. However, given the large size of public sector procurement contracts and small size of many of the social enterprises in the sub-region, not surprisingly there does not appear overall to have been substantial progress made on this objective.

A key outcome of the ESE project was the social enterprise visit programme organised by the SEA. This involved best practice visits to other social enterprises in the Yorkshire and Humber region, and offered an 'eye opener' for project leaders and entrepreneurs who participated. The visits provided mentoring opportunities, introduced new and alternative operational approaches, and offered encouragement to the beneficiaries as they witnessed what could become of their respective projects in future. Unfortunately this initiative was not implemented until much later on in the life of the ESE project, and accordingly only four such visits were organised.

A stated output of the ESE project in its business plan was the production of a social enterprise 'market segmentation/diagnostic tool'. However, after considerable research the SEA realised later on that several other organisations were either developing a similar tool or had already developed one and it therefore made little sense to duplicate this. The decision was thus made instead to focus on developing a CD-ROM resource linked to another aim, to develop an online 'Managing a Social Enterprise' course. This CD-ROM was called 'TradingUp', and serves to provide information and support to starting and establishing social enterprises.

The resultant product has been very well received, and because some of the social enterprises in the sub-region took part in its development, it has created a sense of pride, achievement and ownership. The CD-ROM is now a valuable resource which has been made freely available to all social enterprises in the eligible area.

As part of the co-branding arrangements for the delivery of the ESE project, NYFVO was required by BLYNY to work towards the region's 'Putting the Customer First' standard. Under the regional agreement 'A Better Deal for Business', the four LSCs, four Business Links and Yorkshire Forward require all providers funded to deliver services to businesses to conform to the requirements of the Customer First framework (BLYNY, 2005).

Beneficiary survey findings

Most beneficiary organisations had embraced the social enterprise concept, either from the existing VCS, or as groups of individuals wanting to do a particular task, rather than as businesses developing a social interest.

As one respondent commented, there is a distinction to be made between using the term 'social enterprise' as a noun and as a verb, i.e. to be a social enterprise, or to be an organisation which engages in social enterprise activities. Thus, several organisations are voluntary or charitable organisations engaging in income earning activities, although they may have dual fundraising and social aims.

Many, however, have constituted themselves as limited companies, and are classic social enterprises, aiming to meet social needs while paying their way. Variants are voluntary or charitable organisations in the process of establishing a limited company to act as a linked social enterprise.

Most organisations relied on both grants and earned income. For the more established beneficiaries earned income constituted the majority of their funding, while for others it was currently a small component that they were looking to increase. Grant funding is widely seen as restrictive because of time limits, reporting burden, spending conditionality, and uncertainty of funding renewal after typically a two- or three-year maximum period.

Earned income is more secure, and increasing the proportion of this often gives the organisation more control over budgeting and spend. Future changes in the funding regime, including the end of SRB and the economic focus of Single Pot, have stimulated organisations to look more closely at generating income themselves to fund their work.

It is likely that there are many organisations which are either already functioning as a social enterprise, or are within the social economy but not currently engaging in trading activities, which have not yet realised the opportunities – including support and finance – that the concept of social enterprise offers them. National initiatives to promote the concept can be slow to reach the grassroots. There is some evidence that the ESE project played a valuable role in stimulating interest and promoting opportunities available in the sector.

The survey revealed the diversity of social enterprise activities undertaken by these organisations. Several were primarily engaged in gardening or horticulture, or in the entertainment/music sectors. But others generated income from a mixture of renting out rooms to local community groups, providing housing, refurbishing second-hand clothing and furniture, or craft production.

Principal support activities mentioned by interviewees were:

- business advice, business planning;
- finding funding sources, advice on who to apply to;
- guidance through regional/sub-regional politics and institutional architecture;
- networking – putting in touch with other social enterprises e.g. at FTSE 100 or informally;
- best practice visits – taking people on learning visits to well-established social enterprises: dual learning and networking benefit; and
- seminars – some expert-led seminars aimed at social business managers; although some interviewees were not sure if these were organised under the ESE project or were other initiatives of the NYFVO.

Conclusions

The ESE project has been largely successful in cementing the position of social enterprise on the sub-regional agenda. The Business Plan's multiple aims and objectives were ambitious, and this project, in many ways a pilot, unsurprisingly did not fulfil them all, especially with regard to national and international linkages and support for the more established and experienced organisations. However, it has been delivered in a practical and flexible spirit, and had real and positive impacts for many beneficiaries.

The project has raised awareness on the ground about the extent and potential of the sector, and about the many possibilities open to entrepreneurs if they choose to go down that particular route. It led to the development of the 'TradingUp' CD-ROM, which has been well received in York and North Yorkshire. The best-practice visits widened the perspectives of most of the beneficiaries, and provided useful examples, guides and mentors. Many new and younger social enterprises found the project very useful – often more so than the older and well established ones.

The wealth of information, support and advice made freely available by the SEA was invaluable to many organisations, especially help with business planning and signposting

towards funding organisations. The successful attainment of the 'Putting the Customer First' standard by NYFVO will also have longer-term benefits in terms of credibility and quality assurance.

Recommendations

The recommendations focus on actions, policies and lessons which could be implemented to enhance the impact of the Developing Social Enterprise project and the wider Business Support Scheme in the York and North Yorkshire sub-region. These include: continuing best practice visits; introducing an advisor caseload ceiling where possible; reviewing of the co-management arrangements with a view to ironing out operational difficulties; reviewing of Linktrack with a view to making it more 'social enterprise-friendly' or developing a new monitoring system; addressing needs of older organisations as well as start-ups; and procurement support for social enterprises.

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3 Changing Voluntary and Community Sector Funding Programmes: Impacts and Consequences

John Shutt

This article examines regeneration funding for the voluntary and community sector (VCS) for the 2006–2010 period and its impact on Yorkshire and the Humber, particularly in the light of impending changes in UK and European funding streams.

The voluntary and community sector (VCS) has benefited from European Structural Fund programmes for 2000–06 (Objectives 1, 2 and 3), and also from matched national and neighbourhood regeneration funding (from ODPM, the Home Office and the DTI) provided through a range of urban and rural programme initiatives, but particularly through the Single Regeneration Budget (SRB). These core programmes are set to change in the second half of the decade.

This article is based on the *Changing Funding Programmes* report for the Yorkshire and Humber Regional Forum (Shutt and Kumi-Ampofo, 2005) which estimates the potential loss of funding to the sector and assesses the impact and consequences to the region, concluding with a set of suggested recommendations for regionalisation.

Although the VCS is buoyant and currently growing in the region, its funding and development is often short term. The sector is reliant on a cocktail of funding sources from a myriad of funding agencies. Regional development agency (RDA) funding is being targeted at economic regeneration and competitiveness activity, and this is often perceived, within the VCS, to be at the expense of social regeneration.

There is some disillusionment with what is seen as the national failure to support the VCS role in social and community regeneration and in combating social exclusion, and a concern that Government departments still fail to record the activities of the VCS and respond to the needs of the sector in many Government funding programmes. The Home Office *ChangeUp* programme is putting considerable resources into the sector.

The recent National Audit Office report (Comptroller and Auditor General, 2005, p. 2) has once again made the point that “*more reliable and timely data is needed to gauge the sector’s contribution to public services and to understand whether it is growing as government intended*”. This is particularly the case at regional and local authority levels.

SRB and RDA funding

In March 2007, when SRB ends, the community-based economic and social regeneration work carried out by the sector could potentially be lost, and the VCS will be discussing their operational funding with the RDAs and national government. SRB funding in Yorkshire and Humber was £90 million in 2004, but will decline to £5 million in 2008 and then expire (Hill, 2004).

Yorkshire and the Humber received approximately £882 million through SRB allocations during this programme, representing 15.4 per cent of the English SRB resources. It is difficult to ascertain exactly how much of this was drawn down and accessed by the VCS because the necessary monitoring systems are not in place at regional and local levels. However, anecdotal evidence (Lewis, 2003; 2004; Rhodes *et al.*, 2002) suggests that it has been a very significant source of funding for the sector in the English regions.

The Yorkshire and Humber region was the third most successful in accessing SRB funds (following London and the North West). Once this source of funding expires, however, the sector will need to seek access to other regeneration programme funding, as Yorkshire Forward's 'Single Pot' cannot, and indeed is not intended to, fully replace SRB.

In order to operationalise the current objectives under the new Single Pot regime, Yorkshire Forward has developed its Sub-Regional Investment Plans (SRIP), informed and supported by sub-regional Strategic Economic Assessments (SEAs). Funds have already been allocated to the four sub-regions of Yorkshire and Humber.

The RDA and partners have also agreed a set of key sub-regional priorities for the investment of the (uncommitted) £737 million of Single Pot funding for the next five years. By July 2005, Yorkshire Forward had spent at least £49 million from its committed spending for 2002–09 under the Single Pot regime on VCS projects in the region. This represents approximately 7.6 per cent of the £655 million already committed by the RDA under Single Pot.

Further uncommitted funds are now being allocated under the SRIP process. If the VCS allocations were to remain constant under the SRIP process, then the sector could potentially receive a further £56 million (i.e. 7.6 per cent) of the £737 million uncommitted Single Pot funding to 2009. The SRIP process has again confirmed the importance of more effective sub-regional intermediate agencies.

The VCS, however, feels underrepresented and under-consulted on the Single Pot (SRIP) process relative to the private and public sectors. It also worries that the DTI-driven RDA target and performance system which is geared more towards economic priorities is often at the expense of social regeneration priorities, creating problems for much VCS development activity.

There seems to be a tension between the demands of social inclusion and the need for a more effective VCS presence in deprived communities on the one hand, and the drive of the economic and competitiveness agenda on the other. To reconcile these, a more mature dialogue between the regional stakeholders is needed.

European funds

For the VCS in the region, European funding opportunities for 2007–13 are most likely to be focused under the 'Regional Competitiveness' and 'Employment' priorities. However, future European programmes are unlikely to allocate English regional funds to match previous European commitments made to the VCS under the 2000-2006 programmes.

This will create particular problems in South Yorkshire, where the voluntary sector has benefited from significant Objective 1 (O1) funds, and in localities in the rest of the Yorkshire and Humber region which have had Objective 2 (O2) funding. The VCS in South Yorkshire has received £71 million of grants from the European Union O1 programme alone for 2000-06, and acute and pressing problems may only appear after 31st March 2008 when actual spending ends. In the O2 area, the demise of funding may well have a detrimental effect on the VCS in both inner city and rural localities.

National Regeneration Funding (NRF) programmes

From 2006/7, the number of districts eligible for NRF will reduce nationally from 88 to 80, and in Yorkshire and the Humber, North East Lincolnshire will become eligible, bringing

the total number of eligible districts in the region to 10. In July 2005, the ODPM announced regional allocations for 2006/7 and 2007/8 which increase the region's overall annual allocation from £30 million in 2001/2 to £85 million for 2007/8, and significantly increase district level allocations for Bradford and Leeds.

In the Yorkshire and the Humber region, it is generally the major metropolitan local authorities which benefit from NRF, as shown in Table 1.

Table 1: NRF Allocations in Yorkshire and the Humber Region 2001-08

| Local Authorities | 2001/2 £m | 2002/3 £m | 2003/4 £m | 2004/5 £m | 2005/6 £m | 2006/7 £m | 2007/8 £m |
|---|---------------|---------------|--------------|---------------|---------------|---------------|---------------|
| Barnsley | 2.722 | 4.083 | 5.444 | 5.444 | 5.444 | 5.444 | 5.444 |
| Bradford | 4.906 | 7.359 | 9.812 | 9.812 | 9.812 | 12.613 | 14.707 |
| Doncaster | 4.394 | 6.592 | 8.790 | 8.790 | 8.790 | 8.699 | 8.739 |
| Kingston upon Hull | 3.754 | 5.63 | 7.507 | 9.642* | 12.844* | 12.844 | 12.844 |
| Kirklees | 1.496 | 2.244 | 2.992 | 2.992 | 2.992 | 4.183 | 4.878 |
| Leeds | 4.198 | 6.297 | 8.396 | 8.396 | 8.396 | 12.811 | 14.939 |
| NE Lincolnshire | - | - | - | - | - | 4.559 | 4.579 |
| Rotherham | 1.834 | 2.751 | 3.669 | 3.669 | 3.669 | 3.496 | 3.512 |
| Sheffield | 4.79 | 7.186 | 9.581 | 9.581 | 9.581 | 9.899 | 11.543 |
| Wakefield | 2.222 | 3.329 | 4.439 | 4.439 | 4.439 | 4.439 | 4.449 |
| Yorkshire & Humberside Total | 30.316 | 45.471 | 60.63 | 62.765 | 65.967 | 78.987 | 85.633 |

* Main Allocation plus Residual Allocation

Source: GOYH, 2005

The initial nine Yorkshire and Humber districts have together been allocated a total of £265 million, which have been targeted at the most deprived wards in the region. The 2006/7 and 2007/8 allocations bring the region's total allocation to £430 million. In some areas, the VCS has actively participated in the allocation of these funds.

However, it is difficult to establish how much funding the VCS has accessed via NRF (beyond funds committed under the Community Empowerment Fund), since this data appears not to be collected and made available by central government or the local authorities concerned.

Since April 2005, the Community Empowerment Fund, Community Chest and Community Learning Chest (all elements of NRF) have been merged into the Single Community Programme (SCP). In March 2006 this fund became part of the Safer and Stronger Communities Fund (SSCF) which is now being rolled out in all local authorities in England. Various Home Office and Department for Communities and Local Government (DCLG; formerly ODPM) funding streams are being merged together into the SSCF (see www.neighbourhood.gov.uk/page.asp?id=1304). The SCP and NRF are to be managed as part of the SSCF.

From 1 April 2006, ODPM/DCLG funds for community empowerment, neighbourhood management and neighbourhood wardens – previously programmes subject to their own ring-fenced funding – were merged into a single funding stream and allocated to areas which include the most disadvantaged neighbourhoods. This funding is known as the

'Neighbourhood Element' of the SSCF (Neighbourhood Renewal Unit, 2005), and will only be available in the poorest 3 per cent of super output areas (SOAs) which do not already have one of the Neighbourhood Management Pathfinders or New Deal for communities or Housing Market Renewal Pathfinders.

At present, Local Area Agreements (LAAs) are being piloted in 66 local authority areas in England, and nine of these are in Yorkshire and Humber (Barnsley, Bradford, Doncaster, East Riding, Kirklees, Leeds, Rotherham, Sheffield and Wakefield). If these pilots are successful, then this could develop into a preferred way of funding the VCS in localities. The success of the LAAs will depend on the flexibility and scope yielded by central government to the LSPs and to local authorities in the management of funds to tackle local priorities.

Lottery, ChangeUp, Futurebuilders and the Local Enterprise Growth Initiative all make new resources available to the sector. However, they are still embryonic and short-term. Some of these new initiatives are not appropriate for all VCS organisations, and are thus unlikely to fully plug the gap which is to be left by the demise in SRB and the reduction in European funds.

Loss of funding

If current known trends continue without replacement funding, there could be an estimated £3.2 million reduction in funding available to the regional VCS in 2006/07, and this will rise substantially in 2008/09 to £47 million as European O1, O2 and O3 funding tapers out in the region (using 2005/6 as the base year), giving a potential total loss of up to £54 million (see Table 2).

Whilst some of these figures are based on assumptions which may change following the 2007 Comprehensive Spending Review, it does indicate the scale of the problem to be addressed. Throughout 2006 there is work to be done to review funding practices, policies and progress in the region if the VCS is to continue to provide services and develop its activities.

A reduction in funding of the scale identified could result in:

- losing the equivalent of 5 per cent of the sector's FTE workforce;
- many VCS organisations which rely too heavily on SRB and EU funding failing to find alternative financial support, and possibly folding;
- other VCS-related delivery activities which yield more 'social' rather than 'economic' outputs suffering adversely, and failing to be prioritised in new Single Pot regimes;
- a reduction in core funding which would inevitably adversely affect the sector's capacity, infrastructure and intermediate agencies;
- a VCS delivery agenda which becomes increasingly centrally (Government) and supply-side driven, at the expense of locally developed, tailored and home grown initiatives which have roots in communities and neighbourhoods;
- under the NRF allocations for 2006–08, funding is targeted at 10 local authorities in the region. The VCS in these localities benefits from NRF, which is being delivered now through Local Strategic Partnerships and LAAs; and
- losses to the regional economy of services and activities delivered by the VCS.

Table 2: Programme Funding Accessed by the Voluntary and Community Sector in Yorkshire and Humber 2005-09

| Funds | | 2005-06 £m | 2006-07 £m | 2007-08 £m | 2008-09 £m | Total £m |
|--|---|---------------|---------------|---------------|---------------|---------------|
| UK Government Programmes | Single Pot (Committed) (1) | 7.06 | 7.06 | 7.06 | 7.06 | 28.24 |
| | Single Pot (Uncommitted) (2) | 13.92 | 13.92 | 13.92 | 13.92 | 55.68 |
| | Single Regeneration Budget (3) | 6.50 | 4.70 | 2.40 | 0.50 | 14.10 |
| | Community Empowerment Fund (Neighbourhood Renewal Fund) (4) | 4.88 | N/A | N/A | N/A | 4.88 |
| | Neighbourhood Element (Safer and Stronger Communities Fund) (5) | N/A | 6.19 | 7.74 | 6.19 | 20.12 |
| | ChangeUp (6) | 5.70 | 3.00 | 3.00 | N/A | 11.70 |
| European Programmes | O1 (7) | 10.14 | 10.14 | 10.14 | | 30.42 |
| | O2 (ERDF + ESF) (8) | 16.29 | 16.29 | 16.29 | | 48.87 |
| | O3 (9) | 10.45 | 10.45 | 10.45 | | 31.35 |
| Total | | 74.94 | 71.75 | 71.00 | 27.60 | 245.36 |
| Possible loss of funding (with 2005/6 as the base year) | | | 3.19 | 3.94 | 47.27 | 54.40 |

Source: Compiled by ERBEDU from data provided by YF/GOYH/DWP

Notes

1. Data provided by Yorkshire Forward and averaged for each year.
2. Assumes Yorkshire Forward continues with trends as for Committed funds (i.e. 7.6% of available funds).
3. Total SRB Spend in line with Hill (2004). VCS spend not specified.
4. Regional Allocations of CEF.
5. This is a merger of Community Empowerment, Neighbourhood Warden and Neighbourhood Management programmes and funding starts in 2006/7.
6. Regional Allocation for 2005/6, and expected maximum allocation for 2006/7 and 2007/8.
7. Objective 1 figures represent VCS Allocation. It assumes that entire allocation will be spent by 2008. Total figure represents entire ring-fenced commitment.
8. Objective 2 figures represent entire Priority 3 Allocation (i.e. not VCS specified) on the premise that majority of funds are accessed by the sector. It assumes that entire allocation will be spent by 2008.
9. Objective 3 figures represent the average VCS allocation using 2002 and 2003 data, and assume that past trends continue, as figures for 2004 and 2005 are not broken down by sector.

Conclusion

Since 1997, the process of regionalisation has led to the growth of a vibrant VCS at regional as well as local levels. The Yorkshire and Humber Regional Forum has worked with Government Office for Yorkshire and Humber, Yorkshire Forward, and the Yorkshire and Humber Assembly to ensure that the regional voice of the voluntary sector is heard and its agenda is inserted into the appropriate regional and sub-regional forums and governance institutions.

The process is a worthy one, bringing key partners in the region together to identify how the VCS can best contribute to economic, social and environmental activities, respond to

the growth in public services, and connect with disadvantaged groups, communities and neighbourhoods.

It is likely that there will be a significant drop in VCS funding levels relative to the pre-2006 period, and all stakeholders have a responsibility to ensure that this does not translate into a weakened VCS which reduces the advances made in the 2000–2006 period throughout the region, particularly the positive benefits which have arisen through imaginative use of European programmes to fund third sector activities. VCS capacity reduction will lead to a loss of service and activities, including volunteering.

In the sub-regions, the Yorkshire Forward SRIP process is bringing partners and stakeholders together to identify project priorities and, eventually, to commission programmes and projects which will harness and utilise all available public and private sector resources to boost regeneration.

To date, the level of VCS involvement in this process has varied across Yorkshire and Humber depending on the nature of the sub-regional infrastructure and the SRIP economic partnership approach adopted in each sub-region. Craig *et al.* (2005) have highlighted the need to understand much more about the capacity and role of the VCS in each local authority district across the region.

The VCS in Yorkshire and Humber must come to terms with the facts that SRB will disappear in 2006-07, and that EU funds will also diminish significantly during the 2007-13 period. New national programmes have been initiated to assist and help to advance the sector's infrastructure and development.

However, these new programmes, e.g. the Local Enterprise Growth Initiative (LEGI), which includes social enterprise support, or Futurebuilders, come with highly prescribed accessibility criteria, and are often seeking to deliver to a central Government-driven agenda which is sometimes not aligned with local VCS needs and priorities. Significant challenges lie ahead for both the community and government funding agencies, in terms of examining VCS funds and priorities and suitable strategies for the post-2006 era.

Recommendations

The 2005 *Changing Funding Programme* report presents a set of recommendations which focus on the need for strategic and mature dialogue between key stakeholders in the region centring on:

- responses to SRB demise and European funding reductions;
- responses to LAAs;
- the strategic role of the VCS;
- the VCS role in contracting, procurement;
- development programmes for infrastructure support;
- campaigning and advocacy funding;
- the VCS and sector-specific initiatives;
- social inclusion and neighbourhood renewal;
- more effective VCS sub-regional representation, for example in the SRIP process;

- linking policy frameworks and the VCS role; and
- sharing best practice across the region, more effective research and intelligence, and monitoring of the VCS role in the region.

What is perhaps required is a new focused Sustainability Unit, bringing together VCS activities in the region with the aim of:

- brokering investment programmes between the key funding agencies and the VCS;
- developing the VCS role in the SRIP process and sub-regional infrastructure agencies;
- providing better technical assistance to the VCS;
- advising on changing funding regimes; and
- improving the monitoring, evaluation and impact of the VCS organisations and assessing activity and ways of strengthening the VCS contribution across localities and neighbourhoods.

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4 Enterprise in Deprived Areas

David Devins and David Usher

The authors draw on VAT registration data to highlight considerable sub-regional and local variations in business start-up and self-employment rates, and the policy challenges that emerge.

Context and policy challenge

The promotion of enterprise throughout the UK remains at the forefront of Government activity, which seeks to achieve key policy goals associated with improving productivity and increasing participation. The government identified enterprise and productivity as its primary economic objective for its second term of office, and this priority continues to this day. New firms, new ideas, new products and new ways of doing things are seen as central to the successful economic performance of the nation. Alongside this drive for improved productivity and competitiveness, enterprise and economic activity are seen as central to the Government's actions to tackle poverty, unemployment and social exclusion.

Enterprise is often (but not exclusively) related to the concept of entrepreneurship. This leads to a focus on the start-up and growth of new businesses. The evidence presented by government departments, most notably H.M. Treasury and the Department of Trade and Industry, and agencies such as the Small Business Service, suggests a strong association between high levels of start-up activity and the economic performance of regional as well as local economies. This has recently been taken a stage further in government circles, and the role of enterprise, as a means of helping to renew and revitalise poor and marginalised communities, is now a vital part of the Government's wider neighbourhood renewal objectives. New business starts are seen to bring a range of benefits to an area, such as the provision of local employment opportunities, improved access to services, and/or improved physical appearance of an area.

Yet levels of entrepreneurship and business start-up vary widely between different areas and socio-economic groups within society. This policy challenge has been labelled the 'enterprise gap', and this gap is multifaceted, sometimes associated with the differences in the propensity to start a business between, for example, different spatial areas or socio-economic groups, and sometimes related to differences in aspirations (thinking about starting a new business) and reality (actually starting a business).

This paper draws on work undertaken on behalf of Yorkshire Forward, the Regional Development Agency for the Yorkshire and Humber region, as part of our call-off contract to provide research support to their policy and research team. It also draws on our experience of undertaking research and evaluation in local areas within the region over the past ten years or so, to provide an indication of the challenge presented by the enterprise gap, and some of the lessons we may learn from some publicly funded interventions within the region aiming to meet this challenge.

The enterprise gap in the region: some evidence

The argument for policy intervention is often founded upon an analysis of business start-up rates and business density (H.M. Treasury 2003). The analysis draws on VAT registration data as a proxy measure of business start-up, and reveals considerable variation both between and within regions. For example, at 34 business start-ups per

10,000 people, the Yorkshire and Humber region has amongst the lowest level of business start-ups in England (where the average across all regions is 42 per 10,000 people).

To compound the policy challenge associated with business start-up rates, the region is not starting from a position of strength, as in some respects it does not have a tradition which supports entrepreneurship through the owning and management of smaller enterprises or self-employment. According to the Household Survey of Entrepreneurship commissioned by the Small Business Service, self-employment in Britain as a whole is reported in 11.5% of households. The comparable figure in Yorkshire and Humber is just 9.7%, and the region ranks 8th out of the nine English regions, just ahead of the North East.

The concept of Total Entrepreneurial Activity (TEA) is used to measure the enterprise gap in the Global Entrepreneurship Monitor (GEM). The latest data for Yorkshire and the Humber (GEM 2004) suggests that people in the region are slightly less likely than in other regions to consider self-employment or starting up a business. The most recent data reports that only 4.3% of households across the region have at least one adult that is considering starting their own business, compared to the England average of 4.8%. The region again ranks 8th out of nine on this measure of enterprise activity.

Local variations

Within the region there are considerable variations between sub-regions and local areas in terms of business start-up and self-employment. For example, according to the VAT registrations data, Doncaster and the city of Hull have among the lowest levels of entrepreneurship (24 and 27 per 10,000 people respectively). VAT registrations are also conspicuously low in Sheffield and Barnsley (both areas are located in the South Yorkshire sub-region). At the other end of the spectrum, Harrogate had 52, Craven 53 and Ryedale 57 VAT registrations per 10,000 population in 2003 (all three areas are located in the North Yorkshire sub-region). Meanwhile, Leeds holds the second largest stock of VAT-registered businesses in the UK, but this masks significant 'enterprise gaps' within the city area. Over half of the 13 wards identified as the Leeds Local Enterprise Growth Initiative area have enterprise stock rates below 60% of the Leeds average.

The dynamics associated with business start-up are also reflected in the data underpinning self-employment. The only sub-region to have a higher than national average level of self-employment is North Yorkshire (at 13.2%). The most deprived sub-region in Yorkshire and Humber, South Yorkshire, has a start-up rate of only 6.3%, less than half that apparent in the most affluent sub-region of Yorkshire and the Humber (North Yorkshire).

Why is the enterprise gap so pronounced in the region?

Examination of the evidence suggests that levels of enterprise are increasing over time in the region, but that they are increasing at a lower rate than in many other regions, and so in spite of regional improvements to, for example, start-up and self-employment rates, the enterprise gap continues to grow between Yorkshire and Humber and the most affluent regions of the country.

The reasons for lower rates of enterprise within or between regions have been long debated, and various economic, social, psychological and cultural factors come into play.

Recent research in the region (GEM 2004) indicates that there is little difference between residents of Yorkshire and the Humber and in the country more generally in the extent to which they see opportunities to start up an enterprise. However, the research suggests that connections with other entrepreneurs, and skills and attitudes, are considerably different. For example, when compared with the national picture 20% fewer people know an entrepreneur, 43% fewer feel that they have the skills to start a business, and fear of failure affects 65% more people in the region than in the UK as a whole. In the North, there are fewer firms per capita and the lowest rates of business start-ups in the country. Taken together, this represents a significant challenge to those with an interest in narrowing the enterprise gap both within the region and between regions.

Local and regional policy interventions

As this brief review indicates, the region faces considerable challenges if it is to close the enterprise gap and support the change to a more dynamic, enterprising and competitive regional economy. To give some indication of this, Yorkshire and Humber would have to increase its current performance by 22.7% in order to match the English average level of self-employed/business owners.

In terms of public policy support for enterprise in deprived areas, current interventions are largely the result of the Policy Action Team Report in 1999 which identified three major obstacles to enterprise in more deprived communities: a lack of high quality business support, including advice on training, marketing and money; market failures in terms of access to finance; and a weak culture of support across a range of local and national institutions including the benefits and tax system. A policy of 'Enterprise for All' has been pursued, and a broad range of policy initiatives, including The Phoenix fund, City Growth, Enterprise Areas and the Community Development Venture Capital Fund, have been implemented with varying degrees of success.

The strategic priorities of key players at regional and local level are reflecting the enterprise challenge to various degrees. The pan-regional initiative, the Northern Way, places enterprise high on its list of priorities. One of the objectives of the Northern Way Growth Strategy (2004) is to build a more entrepreneurial North, with the aim of increasing the rate of new business start-ups from 30 per 10,000 people (2002 rate) to 33 per 10,000 people by 2008.

The revised Regional Economic Strategy (RES) 2006-15 for Yorkshire and Humber provides a framework for the development of the economy at a regional level. One of the six objectives of the RES is to create 'more businesses' in the region, with a particular emphasis on the education for enterprise programme to be delivered into secondary schools. Other priorities, such as the training of people with the skills that businesses need, helping businesses find new markets and innovate, and improving the customer-focus of business support, also contribute to the wider enterprise agenda.

At the local level, a variety of interventions are being delivered through a range of funding streams and organisations (including, for example, European funding, SRB, NDC, the Prince's Trust and Business in the Community). The Local Enterprise Growth Initiative (LEGI) has recently been developed and linked to Local Area Agreements to provide Local Authorities, in partnership with key stakeholders, the resources to stimulate economic development in their area. LEGI aims to increase entrepreneurial activity in deprived local areas, support sustainable growth, and reduce failure rates, and aims to attract investment and franchising into deprived areas. Bradford was the first area in the Yorkshire and Humber region to have been awarded substantial LEGI funding in the first

bidding round. This saw Bradford awarded £21 million over three years to develop an entrepreneurial culture through a Festival of Enterprise.

Meeting the enterprise challenge in deprived areas

Narrowing the enterprise gap within the region, and with other regions, remains a considerable policy challenge in Yorkshire and the Humber. The causes and consequences of spatial variation in business start-up activity are varied and complex. The specific problems faced by, for example, run-down inner city areas are not the same as those faced by former coalfield areas, coastal towns or remote areas of the countryside, suggesting that a 'one size fits all' policy for promoting enterprise in disadvantaged communities may not be appropriate. Furthermore the specific problems faced by 'priority groups' identified by government departments as at most risk of exclusion, such as individuals with a disability, lone parents, young people, or members of ethnic minority groups, may vary both within and between groups.

The Policy Research Institute has been involved in research and evaluation of a range of interventions seeking to support business start-up or other publicly funded entrepreneurial activity for more than a decade. This work includes research underpinning the development of local interventions, as well as process and impact evaluations of interventions in various stages of implementation, and supporting strategy development. This work has supported the development of enterprise interventions in deprived areas at the strategic, tactical and operational level, and provides some interesting findings to be considered within the context of this paper. For example, the body of research suggests that:

1. National, regional and local policies need to fit with the local context and the circumstances of the individual, in order to effectively support enterprise in different types of deprived areas.
2. Delivery agencies and their funding bodies need to recognise the need to resource a considerable amount of outreach and intensive assistance necessary over a considerable period of time to engage residents of deprived communities and to 'unlock their entrepreneurial potential'.
3. Whilst project-based evaluations often demonstrate considerable impact in terms of, for example, improvements to physical infrastructure, raising the aspirations of participants, developing organisational resources, and further use of the support network, issues associated with deadweight (i.e. the extent to which they would have started a business anyway) and substitution (the extent to which they replace existing businesses) need to be carefully considered.
4. There are many examples of successful local practice which do not (or take an inordinately long time to) permeate into mainstream delivery.
5. The start-up initiatives we have reviewed appear unlikely to result in major improvements to job opportunities for local residents, or to high level measures of productivity and competitiveness of interest to policy planners.

In terms of narrowing the enterprise gap, there is a need to recognise the lead-in time required to improve start-up rates in deprived areas imposed by the need to build capacity and develop motivation and confidence amongst the client group. Consequently, work to improve entrepreneurial performance at the local level will be both resource-intensive and time-extensive to engage residents of deprived communities. The client

group may require considerable assistance to build capacity during the pre-start stage, and may be less likely to give serious ongoing consideration to the idea of starting a business in terms of motivation and aspiration. To achieve more lasting change in deprived communities, a cultural transition is required which raises the profile and credibility of new enterprise formation at an early stage in the life cycle, and which is subsequently built upon through the education programme. This change is likely to take considerably more time to filter through into start-up activity.

The development of a more enterprising regional and local economy is clearly a policy priority to be welcomed. At the regional level, the RES identifies opportunities to focus on priority groups, such as BME communities and women, to pursue self-employment and/or business start-up. Whether enterprise is able to deliver the aspirations of policy planners associated with productivity improvements and competitiveness remains to be seen; however, the current environment provides an opportunity to develop and co-ordinate quality services to support enterprise in deprived areas which have the potential to make a material difference to the lives of local people and the communities in which they live. As researchers, we face a key challenge to ensure that the knowledge base associated with this policy challenge continues to grow and continues to inform the development and delivery of publicly funded intervention strategies at the regional, sub-regional and local level.

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THEME B

LABOUR MARKET AND SECTOR RESEARCH

5 Employers' Adjustment to Equalities Legislation in Yorkshire and the Humber

Alex Nunn

This paper evaluates two surveys of regional employers' attitudes to recent equalities legislation, considering both technical compliance with the legislation as well as broader underlying equality principles.

Introduction

The UK legislative framework for equal opportunities in the labour market has been significantly strengthened in recent years, with regulation moving out from an initial focus on race, gender and disability to cover Sexual Orientation and Religion or Belief. Further regulations will be introduced during 2006 in relation to age. However, it is widely recognised that legislation is not on its own enough to promote fair practices in the workplace, and that it is much quicker and more efficient to support employers to make voluntary changes than have them enforced through the accumulation of case law. Previous research has suggested that employers currently lack awareness and understanding of the Sexual Orientation and Religion and Belief regulations, introduced in 2003, and may not have sufficiently changed their working practices in accordance with the requirements which are now placed upon them (Eversheds, 2004; Anon., 2003). Similarly, there is a considerable body of research evidence which suggests that employers are insufficiently prepared (see Nunn, 2006, pp. 58-65) for the introduction of the Age Discrimination regulations that will be introduced later in 2006.

This short paper summarises the findings from two major surveys of employers' attitudes and adjustment to this recent and forthcoming legislation. The first survey, part of a broader trans-national research project undertaken in several EU member-states¹ had a UK-wide remit, but produced findings (see Nunn *et al.*, 2006a; 2006b) of considerable relevance to the Yorkshire and Humber in relation to employers' adjustments to recruit and retain older workers and to comply with the forthcoming age discrimination regulations.

The second survey, which focused on existing changes in relation to the Sexual Orientation and Religion or Belief Regulations, was undertaken in the Yorkshire and Humber region. This survey also explored the equal opportunities policies of employers in the Yorkshire and Humber region. The findings from this work are published elsewhere in greater detail (see Nunn, 2006; Nunn and Monro, 2006).

Both surveys were managed and undertaken by the Policy Research Institute in a developing collaboration with the Fair Play Partnership, a not-for-profit organisation working to mainstream equality and diversity in the workplace and public and community life in the Yorkshire and Humber region. In both cases survey and statistical analysis methodologies were used to maintain a statistically representative sample and analysis, including by employer size and industrial sector.² Both surveys suggest important

¹ UK, Spain, Greece, Netherlands, Hungary.

² Full details of the survey methodology and sampling techniques used are available in Nunn (2006); Nunn *et al.* (2006); Nunn and Monro (2006).

conclusions and policy implications, particularly the need to encourage and support employers in the region to adjust to the requirements of recent and forthcoming legislation.

Context

The EU Equal Treatment in Employment Directive of 2000 (European Council, 2000) requires member states to implement legislation to prohibit discrimination on the grounds of sexual orientation, religion or belief, disability and age. It covers conditions for access to employment, self-employment and occupation, working conditions, including dismissals and pay; and vocational guidance and training. It is in this context that the government has extended existing legal protection in regard to equal opportunities to 'new' equality strands of Sexual Orientation and Religion or Belief and Age. However, the legislative context is shaped by more than the simple obligation to comply with the EU Directive. A number of additional concerns have also motivated policy and legislative development. For instance, in relation to age a clear additional concern is to adjust to the demands of the ageing population and the labour market and long-term social security implications that this poses. In relation to Sexual Orientation and Religion and Belief there is a clear concern to recognise often hidden and complex forms of workplace discrimination. In both cases, the context is also influenced extensively by prevailing labour market conditions. A sustained period of strong demand for labour has resulted in a tight labour market in the UK, leading to increased policy emphasis being placed on the need to draw excluded social groups back within the scope of the formal labour market (DWP, 2002; HM Treasury, 2003; 2004). Thus policy and legislation has focused both on the need to combat discrimination and to boost employability among these groups.

Taken together, the two surveys addressed a wide range of issues, broadly defined by the extent to which employers had already or were prepared to adjust in the future to both the technical requirements of the new regulations but also to the broader principles of equality of opportunity in the labour market which underpins them. As such, the findings produced have a major policy and academic relevance for understanding important contemporary dynamics in the Yorkshire and Humber labour market.

Equal Opportunities practices among employers in Yorkshire and the Humber

The surveys investigated whether employers in Yorkshire and the Humber had written policies covering recruitment, promotion, access to training, discrimination, bullying and harassment, grievance and disciplinary procedures and equal opportunities. Just over half said that they had written equal opportunities and discrimination policies. Less than half had written policies on bullying and harassment, access to training, recruitment and only around a fifth had written policies related to promotion. Employers were slightly more likely to have formal policies covering disciplinary, dismissal and grievance procedures.

However, because small businesses make up the vast majority of the total business stock while employing only a small proportion of the region's workforce, this does not produce an accurate representation of the proportion of the region's workforce that is covered by written employment policies. Using the same data, adjusted and weighted to be representative of the region's employee profile rather than employers, it is possible to estimate that more than 80% of the region's workforce is covered by a written equal opportunities policy. The larger the employer, the more likely it is to have written employment policies. Conversely, the smallest employers were least likely to have written

policies. Across all size bands, employers were most likely to have disciplinary and grievance procedures in place and least likely to have written policies on recruitment, access to training and promotion. Industrial sector was also related to the likelihood of having written employment policies. Across the board, employers in Primary, Construction and Transport sectors were comparatively less likely to have formal written employment policies and Public sector employers were generally most likely to have them. This was also the case in relation to equal opportunities policies.

Having policies in place however, does not necessarily mean that they are effective or become part of the culture of the organisation. Of those that had them, more than 90% of employers in each size band made their employment policies in relation to Equal Opportunities, disciplinary and dismissal, grievance procedures, bullying and harassment, discrimination and access to training known to new employees.

Of those organisations that do have an equal opportunities policy over 90% covered race, gender and disability strands. As might be expected coverage of the 'newer' equalities strands of Age, Sexual Orientation and Religion or Belief was slightly lower overall but is more prominent in larger employers than smaller ones. Around 78% of all employers said that their policies covered people with caring responsibilities for children or other dependents.

Employers' responses to ageing in Yorkshire and Humber

Most countries in the EU are witnessing profound demographic changes as their population 'ages'. It is widely recognised, both within the UK and across the EU, that the economy needs to be restructured to cope with this changing demographic structure. In this context, lower employment rates among older workers are not just an issue of social justice for older people but constitute a waste of resources and economic potential. For employers, competitiveness in the future will depend increasingly on their ability to take advantage of the skills and experience of older workers. For the state, a failure to deal with the reality that, on current projections, a decreasing proportion of the workforce will be supporting an ever-increasing number of retired people will have serious long-term consequences for public finances.

Six key themes emerge in three groups of issues from our survey on employers perceptions, attitudes and employment practices toward older workers. Firstly, while employers demonstrate some general superficial awareness of demographic change, there appear to be much lower levels of awareness of how this change will impact on them, and the findings demonstrate only low levels of actual existing responses to ageing on the part of employers. For instance, employers were aware that retirement ages generally would rise in the future, but did not think this would happen within their own organisation, or that it might cause them recruitment and retention problems, even where they were already experiencing these.

Secondly, employers' views about the capacities and competencies of older workers in the workplace suggested both that they continued to hold some negative perceptions about older workers, and that they also held some more encouraging positive opinions about their skills in competencies that are widely thought to be in increasing demand, such as social and customer relations skills. However, these views were again rather stereotypical in relation to both older and younger workers, viewing the former as reliable and accurate, but slow to learn and adapt to new technology, and the latter as dynamic and more pliant, but less reliable.

Thirdly, while there was greater awareness of government policy than has been suggested by previous research (e.g. NOP, 2001), employers also thought that government policy to retain older workers in the labour market were ineffective, and that the introduction of age discrimination legislation in 2006 would have little impact on them, despite evidence of widespread age discrimination in recruitment and other employment practices (Unwin, 2004; McNair and Flynn, 2005; Hoque and Noon, 2004; Mori, 2002).

Taken together, this evidence suggests that much more needs to be done to change the attitudes and perceptions of employers in relation to different age groups. Previous research (Taylor and Walker, 1994; 1998) has suggested that it is these underlying attitudes and beliefs that drive discriminatory employment practices. As such, work to secure compliance with the forthcoming regulations will need to continue, and disseminate more widely, some of the existing work that has been done on this issue (e.g. Benjamin and Wilson, 2005). Moreover, this evidence may also have implications for explaining recent increases in the employment rate for older workers, and the narrowing of the gap between the employment rate for those aged between 50 and State Pension Age and the general employment rate. In particular, the lack of evidence of any serious change in employers' attitudes and perceptions of older workers, or adjustments to employment practices, suggests that these labour market dynamics may be more the result of cyclical patterns of labour demand than a more fundamental transformation in the character of that demand. This may suggest that older workers as a social group are operating as a reserve labour force, rather than being more permanently re-integrated into the formal labour market. Again, this suggests a need for more, not less, policy focus on the issue.

Employers' responses to the 2003 Sexual Orientation and Religion and Belief Regulations in Yorkshire and Humber

Regulations have been in place since 2003 to prevent discrimination in employment on the grounds of Sexual Orientation and Religion or Belief. However, legislation is not on its own enough to secure fair practices in the workplace. Importantly, previous research has suggested that employers lack awareness of the regulations, and may not have fully adjusted to the requirements and implications of the legislation. As such, this research (see Nunn, 2006; Nunn and Monro, 2006), funded by the Fair Play Partnership using Department for Trade and Industry funds, sought to provide baseline information on the existing state of awareness, understanding, attitudes toward and implementation of both the Employment Equality (Religion and Belief and Sexual Orientation) Regulations.

Our survey found that many organizations were still unaware of the Regulations, with almost 40% unaware of the Sexual Orientation Regulations, and about a third were unaware of the Religion or Belief Regulations. In either case, larger employers were more likely to be aware of the regulations than were smaller ones. Where they were aware of the regulations, employers generally rated their understanding as good. Despite this, only very small proportions of employers reported that they had or would be making changes to the way that they employ people or treat their workforce as a result of the regulations.

Of course, this could be because employers already comply with the terms of the regulations, and certainly employers' qualitative responses suggested that many believed this to be the case. However, many of those employers who reported that they had not and would not be making changes also did not have equal opportunities policies in place. When asked about a series of measures that they might have in place in order to make the workplace more accepting of diversity in relation to religion/belief and sexual

orientation, the majority of employers responded negatively. For instance, less than 50% of employers allow religious dress to be worn in the workplace, and less than 40% allow flexible working to accommodate prayer time. However, 44% did report that they allowed priority leave arrangements for staff observing religious holidays. Again, in relation to sexual orientation there was some mixed evidence of measures taken to welcome a more diverse workforce. For instance, while 84% reported that they allow staff compassionate leave whatever the gender of their partners, only around a quarter allowed same-sex partners access to pension or benevolent funds on the same terms as heterosexual partners, although this was higher for larger organisations.

Taken together, this evidence suggests that there is some considerable distance to go in raising awareness and understanding of the Sexual Orientation and Religion and Belief Regulations, and the principles of equality of opportunity in the workplace and labour market that underpin them. At least part of this will involve combating negative stereotypes, homophobia and racism. However, there is a need to go further than this. Many of the responses to the surveys suggested that employers wish to comply, but understand the legal and broader requirements posed by the equality of opportunity in rather limited terms, as the absence of direct discrimination, rather than the need to avoid indirect discrimination also. Achieving this is likely to involve much more considered responses on the part of employers to making their workplaces and employment practices accessible, open and welcoming to all, regardless of their sexual orientation or religious or other deeply held beliefs. This will involve much more profound structural changes than this survey evidence suggests have yet been undertaken. At all stages, from awareness, understanding to making these structural changes, employers are likely to need support from central as well as regional government agencies.

Conclusions and policy implications

The combined evidence from these surveys of employers in the Yorkshire and Humber region suggests that much work needs to be done to facilitate the adjustment of employers in the region to the requirements of recent and forthcoming equalities legislation. The research suggests in particular that employers will require support if these adjustments are to be made, particularly in regard to combating potentially discriminatory attitudes and perceptions about specific groups in the workforce and their role and needs in the workplace. Facilitating such adjustments is about more than securing equality of opportunity. Securing greater participation among under-represented (or under-visible) groups is essential to dealing with the long-term impacts of demographic change, in addition to coping with skills and labour shortages. It is therefore part of the agenda to increase regional productivity and to sustain this over the long-term.

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6 Leeds Financial and Related Services Sector: Strengths of the Labour Market

Mark Rudd

This paper examines the Financial Services labour market from the perspective of recruitment patterns and issues, finding a buoyant and highly dynamic market, evolving in the face of technological and global pressures, with many opportunities, but that employers need to start thinking more laterally about how to attract the best people.

Background

HM Treasury's 2005 report on the UK Financial Services Sector concluded that:

"Of the supply side factors supporting the UK's financial services sector, the most important is the supply of skilled labour. Financial Services is a complex, high value added industry. If the UK is to remain competitive internationally it is vital that the sector attracts, develops and retains a large supply of high skilled workers from the UK labour force and internationally".

Financial and Related Services (FRS) are acknowledged as being a key driver of the 21st century knowledge-led economy, particularly in large, post-industrial European cities such as Leeds. In fact, the development of financial and professional services in the Leeds city region is recognised as one of the top ten priorities within the proposed Regional Economic Strategy for 2006-2015 (Yorkshire Forward, 2005). Furthermore, the sector has been identified as a potential Phase II cluster in the Northern Way business plan (Northern Way Steering Group, 2005). It is estimated to employ around 95,000 people in the city region in 2006.

One of the key elements of the development of the sector is the continued drive for inward investment. In turn, there are a number of factors which influence a company's decision to relocate, expand, merge or make any sort of business investment in a given locality. Some factors are based on practicalities (e.g. transport links), some on purely economic grounds (e.g. cost of premises) and some on 'softer' issues (e.g. quality of life). Another key indicator is the state of the local labour market, both in terms of availability and flexibility of a skilled workforce. It is this latter factor which concerns Leeds City Council who, in conjunction with the Leeds Financial Services Initiative, commissioned the Policy Research Institute to investigate further.

The aim of the research was to *"identify the current and recent patterns of recruitment within the specialist labour market of the Leeds Financial and Related Services (FRS) sector"*. The intelligence gathered will subsequently be used to inform Leeds' inward investment activities in conjunction with Yorkshire Forward. At the time of writing, evidence gathered by the research had already been passed onto potential investors who had made enquiries about moving into the area.

The evidence presented in the report was gathered from in-depth interviews with senior executives from recruitment companies and FRS employers in the Leeds area.

Contemporary characteristics of the labour market in FRS

In summary, recruitment in Leeds was described as "flat" for two or three years in the early 2000s, but is now described unanimously as buoyant. It is especially strong in growth areas such as shares and equity, which leads to increased activity and therefore

more jobs. This is expected to continue at least until the end of 2007, when there is a possibility that the rate of growth may slow slightly. The prospects for most of the main sub-sectors in financial services, such as retail and corporate banking, accountancy, insurance and legal, are covered in their own right in the main report. General findings across the sector are highlighted below:

There was a definite feeling overall that the Leeds market is still quite parochial, especially when compared to the south-east, but this could be construed as one of its advantages because of the changing nature of business and customer relationships. For example, outside the south-east, and London in particular, personal contacts, local knowledge and relationship building are now considered to be crucial commercial assets for someone entering the job market. Furthermore, many companies in London and the south-east seem to be pushing a number of roles, such as financial services consultancy, out of London into the regions, whereas the reverse used to be true. Leeds is well placed to take advantage of this shift.

As far as recruitment, search and selection executives are concerned, there is a huge number of vacancies and other job opportunities in the Leeds city region, but there is a shortage of appropriate candidates within the geographic catchment area, particularly when specific, high-level skill sets are required.

With regard to the movement of people, there are two identifiable shifts in the Leeds labour market. The city and its surrounding areas continue to attract the experienced, highly sought-after executives who wish to relocate to Yorkshire to improve their quality of life. Significantly, however, Leeds is now able to offer highly competitive salaries, career progression, and interesting and varied FRS work on top of the quality of life, so that the city is now able to retain those who it might previously have lost in the opposite direction.

Some people move jobs for career progression, but many at the top level are either returning to their northern roots or are looking for quality of life and family stability. More and more candidates are asking questions about the wider package that comes with a job than they are about possible progression through the ranks, and the financial rewards that might bring.

This is increasingly the case for young graduates. There seems to be a shift in the culture of FRS in particular for this group, whereby there now is more emphasis on personal and family security than there is in climbing to the top of the ladder. The graduate market in the Leeds city region is one of its potentially great strengths, with two world-class universities enjoying a successful and popular reputation among young people. There is also a huge diversity and strength in the number of HE courses available in the city, which produces a large graduate pool. The subsequent retention of those graduates is of particular interest to Yorkshire Forward.

Because Leeds is perceived as a growing, vibrant city, there is very little outflow of qualified people. Once they are on the ladder they tend to stay around, and so they become known to the employers as well as to each other. Furthermore, there is evidence among recruitment people that there is a significant net inflow into the Leeds city region from the south-east, which will continue apace as long as Leeds can deliver the facilities and infrastructure required to meet the demand.

Another clear finding is that the FRS professions have to be more open-minded and less prescriptive in their recruitment, because there are fewer good people around. This is largely due to a movement of qualified and experienced people out of the professions and into industry and commerce, but also due to the sheer growth of FRS and the corresponding net job creation across the sector.

Focus on diversity

The question of diversity might seem peripheral to this study, whereas in fact it is absolutely central in a variety of ways, as intimated above. Financial services companies in Leeds are considered to be relatively enlightened with regard to diversity policy, which broadly means:

- Female- and family-friendly policies;
- diversity and non-discrimination in terms of ethnicity and age;
- a willingness to be flexible in the way the business manages its people and delivers its services.

Companies such as those in FRS who are continuously evolving and offering new services are also looking at other ways of attracting the best people in a tight labour market. To some extent this can be achieved through overtly progressive terms and conditions, perhaps through a compressed working week, home working, flexible hours or extra holidays.

Anecdotally, FRS in Leeds is fundamentally non-discriminatory, and recruitment firms are finding that companies are more willing than they ever have been to place women and those from ethnic minorities in senior positions. A broader approach to recruitment can have a direct impact on competitiveness, as a more diverse workforce is better placed to relate to its broad customer base.

Leeds' growth sectors are financial services, health and the public sector – all of which are 'female-friendly' sectors, and this could be capitalised upon in terms of a marketing 'hook' for the city. The City of London, for example, is seen as very male-oriented and even somewhat sexist, so maybe Leeds can find its niche here with the rise of senior women in financial services. Perhaps Leeds could even promote itself as "The Family Friendly City" – a place that can offer a high standard of living and employers who can offer flexibility and work-life balance.

The future

The FRS labour market, like most others, is constantly evolving in the wake of new technologies and globalisation, resulting largely in a search for specialised, value-added services and cost savings through the offshoring of key functions. One of the main considerations for recruitment in FRS is that companies are undoubtedly seeking more 'rounded' individuals. The technical skills are a prerequisite in most cases (except for graduate training schemes), but employers are increasingly seeking a portfolio of personal assets which includes the soft skills such as presentation, networking and so on. These are often not taught skills, but are in fact personality traits which are translated into a professional package.

This trend is also true of employers who are recruiting specialised, senior roles. They no longer require an FD just to manage the books; that appointee is now expected to be proficient in business development and selling skills. Those who have the technical and the selling skills are able to almost name their own price at interview. Furthermore, because the bar has been raised in terms of calibre, the so-called top firms are in a position to offer better salaries.

As a counter to this, the not-so-big companies are looking at alternative ways of attracting the best candidates. In many cases they are doing so by offering flexible terms such as a compressed working week, home working, and so on. These are no-cost solutions for

keeping incumbent staff happy where they are, and for enticing the best candidates in.

Overall, recruitment activity in Leeds is expected to remain buoyant for the foreseeable future. The area is starting to see interest from venture capitalists, which in itself can act as a catalyst for growth. Corporate financiers are still extremely active in Leeds, and the market is currently highly stimulated, which translates into a healthy recruitment and labour market.

Conclusions

Leeds should not necessarily see itself as a competitor to London, Manchester or Birmingham, but create its own niche, as it is trying to do through the 'Leeds Legal' campaign. Leeds can not and should not be trying to entice companies away from London, but it can entice some of the best people, if the marketing is right.

Leeds should undoubtedly continue to market itself as a leader in FRS. It is becoming increasingly attractive to those who are still on the career ladder, and this momentum should not be lost. It is entirely possible to market Leeds as a centre for career progression and the highlife, whilst also espousing the lifestyle choice which is increasingly a pre-requisite in relocation factors.

With regard to pure numbers in the labour market, there are enough people in the city region to satisfy the growth in FRS at many levels. However, one of the conclusions of this research is that more emphasis needs to be placed on training from within – that is to say, within the Leeds city region labour market and within the firms that operate here.

In the short and long term, FRS in Leeds is set to grow further and to attract even more people into the area, and so some of the demand will be met by a net inflow. Nevertheless, one of the keys to success is for existing employers to look after their staff in order to retain them in the face of tough competition, a tight labour market and smaller margins. Such staff need to be developed from within, but although this is becoming accepted wisdom, there is more to it. Development is not just about sending people on training courses, it is about offering flexibility as well as seconding people into a variety of roles throughout the business, which gives people job satisfaction and a rounder view of how the company operates.

The key message to FRS businesses from this research is that the mindset of many employers needs to change in order to attract and retain the best people. The best candidates are able to virtually name their price, and even those who are not in such demand are seeking more flexibility, a better balance between work and family/social life. Employers have to start thinking more laterally about how to attract the best people, particularly through diversity and flexible terms and conditions.

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7 Financial and Business Services in Leeds: Cluster and/or Catalyst?

Roger Henderson

This paper evaluates the emergence of Leeds as a major centre for financial services and, increasingly, business services.¹ Consideration is given to its place in the UK hierarchy and whether it performs a cluster and/or catalyst role within the region. Some current sector issues and their policy implications are discussed.

Trends and definitions

According to a recent assessment of official labour market data by Halifax, the mortgage lender, in the first quarter of 2005, financial services (1,085,000) and business services (4,042,000) accounted for 20% of total sector employment in the UK. Moreover, over half the 3.5 million jobs created in the UK economy since 1985 have been in business services such as real estate, information technology, accountancy and legal services (Taylor, 2005). Another recent survey by the CBI and accountants PriceWaterhouse Coopers suggests that the financial services sector will continue to prosper, in contrast to the anticipated slowdown in the economy (Guha, 2005).

This recent growth is important for London's role as an international financial centre, but is also driving economic development in other major UK cities, especially Leeds. It is therefore important to examine how financial and business services are developing in London and Leeds, and what are the implications for future policy in our region.

Among various financial services drivers, *growth* has derived from increased consumer and corporate credit needs and technology-based innovation, both on the product (e.g. derivative and securitised assets) and delivery (e.g. ATMs, call centres) sides. *Deregulation*, starting in the UK with the 1986 'Big Bang' at the Stock Exchange, has fuelled *competition*, aided by pan-European single market developments and globalisation of financial markets. In turn competition has brought *consolidation* with widespread mergers and acquisitions, including those affecting local businesses, such as the Leeds Permanent's incorporation into the Halifax and then into HBOS.

In 2000 the DETR recommended the development of cluster-based policies as a regional planning strategy for the UK (DETR, 2000), and financial services are seen as comprising the UK's most successful cluster (DTI, 2001). However, this has tended to focus on London's role as a global financial cluster: employing over 700,000 people in financial and related work; handling 40% of all 'City-type' financial services conducted in the European Union; and with a significant presence in many international markets, including foreign exchange, foreign equity trading, bond issues and trading, insurance and cross-border bank lending.

The drivers behind the particular success of London in this area include:

- cumulative expertise based on a long culture of trading and banking, openness, and a willingness to innovate;

¹ The paper was published in the *Yorkshire & Humber Regional Review*, Vol.15 (3), Winter 2005. The author is now working on a project for Leeds City Council and Leeds Financial Services Initiative examining the cluster and catalyst components as part of the evidence base for the Leeds City Region Development Programme (CRDP).

- physical concentration of firms affording economies of scale and scope;
- substantial physical infrastructure in terms of office accommodation and telecommunications;
- quality financial professional and related services in terms of accounting, legal, actuarial and IT support;
- a favourable time-zone position such that it is 'open for business' when both Japan (ending) and the USA (starting) are operating;
- the use of English as the language of business.

This success raises questions, firstly, as to whether these drivers are all unique to London or feature in other centres, and secondly, whether London's dominance in financial services has had adverse effects on the designation of financial services clusters elsewhere.

While the primacy of London in both the international and national financial system is apparent, the relative pecking order for regional secondary and sub-regional centres is less clear and quite contentious, depending in which city one is operating and where the boundaries are drawn.

Table 3: A Simple Hierarchy of UK Financial Centres

| | Features | Roles | Examples |
|------------------------|---|---|--|
| Global FC | HQ location for UK and overseas MNEs. Global markets in FS. FBS jobs > 500k | Interaction with other global FCs. International filter for domestic FCs. | 'City' of London |
| National FC | Large asset/liability mgt Diverse activities, firms. Gains from regional and sub-regional centres. FBS jobs 100k+ | Responds to global FC yet specialisms and autonomy. | Edinburgh Leeds |
| Regional FC | Local HQ. Regional focus of business prominent. Some overseas firms. FBS jobs >50-100k | Links to global and national centres. City-region role. | Birmingham Manchester Glasgow Bristol |
| Sub-Regional FC | Few HQ. Little autonomy. Main domestic institutions only. FBS jobs <30k | Dependence on regional and national centres. | Newcastle Sheffield Bournemouth |

Table 3 depicts a simple hierarchy of financial centres in which Leeds is seen as a national centre ranking above Manchester and Birmingham in importance. Table 4 shows this is not solely a function of employment (Birmingham employs a similar number to Leeds) but is a representation of Leeds' national role as the most important legal centre outside of London, and its strongly pan-regional role as a northern centre of accountancy, banking, mortgage-based and retail finance, non-life insurance, venture capital, and call centre work. It is apparent that Leeds has a cluster of financial operations that give it critical mass in areas of financial and business services that go beyond its role as a regional centre.

Table 4: Largest Employers by Local Authority in Financial and Business Services outside London

| City | 1996-2003* | | | 1991-1996* | | |
|--------------------|------------|-----------|--------|------------|-----------|--------|
| | 2003 | 1996 | Change | 1996 | 1991 | Change |
| Edinburgh | 103,800 | 64,600 | +61% | 62,200 | 59,000 | +5% |
| Birmingham | 100,200 | 94,300 | +6% | 91,500 | 75,700 | +21% |
| Leeds | 99,500 | 73,000 | +36% | 69,600 | 56,900 | +22% |
| Glasgow | 91,500 | 67,900 | +35% | 64,200 | 60,000 | +7% |
| Manchester | 85,000 | 56,700 | +50% | 54,200 | 57,000 | -5% |
| Bristol | 67,700 | 64,100 | +6% | 61,200 | 57,000 | +7% |
| West Yorks | 176,100 | 135,100 | +30% | 128,700 | 113,400 | +13% |
| Y& H | 344,300 | 262,400 | +31% | 252,500 | 113,400 | +12% |
| GB | 5,086,200 | 4,073,000 | +25% | 3,930,900 | 3,373,300 | +17% |
| Core Cities | 510,100 | 418,100 | +22% | 401,900 | 360,500 | +11% |

*change in calculation base in 1996

Source: Annual Business Inquiry/Annual Employment Survey

Any discussion of economic sectors or relative city performance can quickly become embroiled in definitional issues, especially where competitive pride is at stake. The Standard Industrial Classification (SIC) 2003 in Table 5 indicates that the narrow definition of financial services is largely concerned with financial intermediation activities (Group J), while business services encompass a broader range of activities, largely contained in Group K.

Table 5: Definitions – Financial and Business Services

| | Trade Codes |
|--|----------------|
| Group J | |
| ● Financial Intermediation | 6511-2; 6521-3 |
| ● Insurance, Pensions | 6601-3 |
| ● Activities Auxiliary to Financial Intermediation | 6711-20 |
| Group K (part) | |
| ● Real Estate, Renting & Business | 7011-32 |
| ● Computer and Related Activities | 7210-60 |
| ● Other Business Services: | 7411-99 |
| <i>especially</i> | |
| ● Legal Activities | 7411 |
| ● Accounting, Auditing, Tax Consultancy | 7412 |
| ● Business & Management Consultancy | 7414 |
| ● Call Centres | 7486 |

Source: Standard Industrial Classification SIC Codes and Revisions with effect from 1 Jan 2003

Leeds' evolution as a financial and business centre

This definitional distinction is significant in charting the dynamics of financial and business services change within Leeds and the city's development into a secondary financial centre of national status. A four-stage approach can be depicted, broadly corresponding to recent decades.

In the 1970s Leeds was still very much a manufacturing base, and consequently the focus of financial services was *financial intermediation* functions carried out by the clearing banks, Yorkshire Bank and the building societies. In terms of Table 3, the city was largely a *sub-regional centre*.

During the 1980s both general services and financial jobs grew and the legal profession emerged as important sectoral and regional drivers. Increasingly deals began to be done locally rather than in London. Moreover, consolidation of regional operations occurred as offices, jobs and business moved from surrounding cities such as Bradford, Sheffield and Hull into Leeds. This period coincided with a deepening of *financial services* with Leeds emerging as a *regional centre*.

The 1990s was a period of substantial growth. In finance increased corporate finance activity surrounding 'mid-capitalisation' companies (buy-outs, mergers and funding), and new market of services for high net worth individuals encouraged the arrival of specialist banks (e.g. Fortis, Coutts). With First Direct's operation in 1989 there followed a growth of call centre activity which boosted Information Technology and finance-related business work. The period also coincided with structural changes as firms merged and strengthened their regional and national importance, for example, lawyers Hammond Suddards merger with a Birmingham firm to become Hammond Suddards Edge, while BWD Rensburg amalgamated their Leeds, Bradford and Huddersfield offices in new premises at Canal Wharf, Leeds. The latter location was one of many significant property developments during this time. The period was also characterised by sort of networking growth associated with the cluster dynamics of London. In this phase both financial and business services growth became significant, and in terms of Table 3, Leeds took on the characteristics of a *strongly regional financial centre*.

The growth of legal, financial and professional services has continued into the new millennium. However, much of this is among smaller firms such as specialist financial boutiques, venture capital providers, PR firms, insurers, management and IT consultants, as well as larger property companies and business outsourcing operations. Examples include Capita Business Services, Wilton Investments and Watson Wyatt. As such there is a process of deepening the financial and business services sector with the major players, especially the legal firms, providing a *national role* with London clients coming to Leeds firms rather than vice versa.

In examining the drivers behind Leeds success as a financial and business centre, there are some parallels with those mentioned earlier for London. Cumulative expertise and reputation have developed, albeit more from 1970 than 1770 as in the capital. The cluster effect through a concentration of firms is apparent, especially in LS1, although not as extensive as the 'Square Mile'. Substantial investment has occurred in physical assets, especially office developments in the past decade. There is also a growing nexus of professional and support services, notably in IT and marketing-related activity. However, some features are more Leeds-specific, including the vital role of the legal sector as key drivers, the importance of call centre activity, and Leeds' location and access to surrounding high quality physical environments. A crucial factor is seen as the close and positive relationship between the public and private sectors in wishing to develop the city, epitomised by the Leeds Financial Services Initiative (LFSI).

Since its formation in 1993, LFSI membership has grown and broadened beyond the 'traditional' financial sector to encompass business service firms in areas such as executive search, IT and consulting, and public sector bodies such as Yorkshire Forward. As such, it mirrors the sectoral developments in the city, even though the key drivers remain financial services firms, legal and accountancy practices. It may be argued that this raises issues for the future direction of the LFSI partnership and its membership. Does Financial Services imply too narrow a range, or would adding 'Professional' or 'Business' to the title dilute the partnership activity and remit? Manchester, seen frequently as a close competitor, has a broader Financial and Professional Forum. On the other hand, this might be seen as semantics. The operations of LFSI revolve around lobbying, promotional activity and networking (e.g., seminars, briefings, functions), with the aims of making Leeds:

- the dominant financial services centre outside of London;
- the undisputed second in several key activities;
- a significant European centre;
- a major contributor to the economy;
- profile the city-region.

Cluster and/or catalyst?

The latter relationship between Leeds and its region begs the question of whether financial (and business) services in Leeds should be regarded as a *cluster* in its own right, and/or as a *catalyst* within the broader city-region. With regard to the former, it is arguable that, given the prominence of such services in transforming Leeds and thereby also the regional economy, the failure to designate it as part of the Yorkshire Forward cluster strategy has been a major policy oversight. This is especially the case when, as we noted earlier, financial services is perceived as the most successful cluster by the DTI, and offers opportunities for other clusters to benefit from its success.

However, the Northern Way proposals do offer some recognition of the potential of the sector in so far as Financial and Professional Services have been identified as a potential phase 2 cluster to be developed from March 2006 (Northern Way Steering Group, 2005, p.16). The Northern Way clusters are seen as offering the greatest potential for joint working across the North, although given the alignment of the Northern Way concept, these clusters may be perceived as more akin to catalysts for the city-regions rather than focused clusters.

In evaluating Leeds' links with its city-region, it was suggested that "...*the single most important issue for the future in terms of Leeds' relationship with its broader region is how to facilitate the further development of the Leeds business services cluster, for this is the main motor of economic dynamism which the region possesses...*" (CURDS, 1999)

Within the Leeds city-region, Table 6 confirms the significance of Leeds in the growth of both financial and business services, an importance that has increased since the CURDS report. In particular, business services have grown more rapidly than financial services, with the difference most marked in the outer city region area. On this basis, we might surmise that Leeds has a role both as an important localised financial services cluster in the traditional sense, and also a broader catalytic role in developing regional business services.

Table 6: Industry Growth Rates: 1992-2001 (% p.a.)

| | Financial Services | Business Services |
|-------------------|--------------------|-------------------|
| Leeds | | |
| Urban Centre | 3.1 | 5.1 |
| Outer Region | 0.0 | 4.3 |
| Birmingham | | |
| Urban Centre | 2.9 | 6.1 |
| Outer Region | 2.6 | 5.5 |
| Manchester | | |
| Urban Centre | 2.5 | 7.0 |
| Outer Region | 3.3 | 5.0 |

Source: Experian: *Financial and Related Services in Leeds*, November 2004.

Issues and research opportunities

For Leeds and its city-region there are various operational and policy issues surrounding the future development of the financial and business services sector. Two major 'local' issues are *skills* and *infrastructure*, to which may be added the broader need of adaptation to national and global *economic changes*.

The need to sustain and develop the sector training infrastructure and the evolving skills base is a continuing problem. Until the mid-1980s the sector skills base was dominated by generalists – 'career' bankers and accountants; by the end of that decade marketing and information technologists were in demand. The advent of call/contact centres in the 1990s helped to change the nature of working as well as the skills, offering often short-term, part-time and flexible working hours, and opening up the sector to a wider range of jobseekers. However, financial call centres themselves have changed with the advent of services globalisation. No longer can Leeds centres compete on simple voice-based customer support, but increasingly they have had to resort to higher value-added customer relationship management, encompassing customer enquiries, services, sales, marketing and interactive facilities. This region has experienced a significant expansion of financial contact centre work in the past decade – First Direct, GE Capital, Barclays, Halifax, etc. By 2002 12,000 people were employed in 18 call centres. Thus the future skills mix in such centres, their prospects, and potential threats from outsourcing to low cost centres, such as India and China, are important issues to investigate with key sector individuals.

Contact centres apart, there is a general supply-side constraint of insufficient available labour with specialist skills such as corporate lending, IT and communications capabilities. Leeds' position in the financial and business services hierarchy will require more emphasis on higher value added activity and in turn more people with NVQ level 4 and higher qualifications. New initiatives are needed to integrate the skills needs of the financial and business services firms in the city with sector professional bodies, the Financial Services Sector Skills Council, higher educational establishments, the City Council and the RDA. Developments such as Foundation Degrees offer one way forward but there is also a broader need for CPD and work-based learning approaches linking professional and academic organisations and their respective qualifications to the needs of the workplace. An organisation such as LFSI could have an important facilitator role to play in this but would need appropriate support from other public and private stakeholders.

Secondly, a recurrent issue is that of infrastructural constraints, most often cited in terms of airport and city-centre access and congestion. However, it also relates to the availability and increasing cost of city premises to meet changing space requirements. As such, the locational concentration of the financial services cluster in LS1 is already weakening as firms seek new offices in various parts of the city (Unsworth and Henderson, 2004).

Adaptation to change will require the promotion of competitive businesses, implying greater focus on higher value added outputs. In turn this may require more inward investment promotion of services in the city-region, especially in emerging niche areas such as health, pension and asset finance, consumer credit, trustee, venture capital and minority business support services. However, it is equally important that existing businesses are sustained, especially those whose names are indelibly linked to the region, especially, say, Yorkshire Bank and prominent building societies/mortgage lenders, such as the Leeds.

Finally, on a broader level, a recent White Paper examined the role of the financial services sector in the national and international economy and emphasised that '*...the UK financial services sector will be integral to helping the rest of the UK economy and society respond to long-term global economic changes*'. (HM Treasury, 2005). The White Paper outlines four main challenges ahead for the sector, namely:

- promoting further financial integration to deliver economic growth;
- ensuring that the sector meets the changing needs of the UK economy;
- ensuring that it also meets the changing needs of UK society; and
- ensuring that the sector remains globally competitive.

If Leeds is to develop its role as a national as well as a strongly regional Northern financial centre, it is vital that the sector regionally is also able to respond to these broader national and international issues, for example, the increased emphasis on risk management, securitisation, disintermediation and venture capital.

For researchers and policy-makers, such issues offer opportunities to re-evaluate Leeds' role in the financial centre hierarchy. For example, in mapping the *cluster* there is a need to understand micro-level cluster interactions. How do local financial and business firms interact, say, in the development of new office space such as at Bridgewater Place, or in arranging regional funding deals? In terms of the broader *catalyst* role, what is the nature of interaction between Leeds' firms and those in the sub-regional financial and business centres in Bradford, Sheffield, York, Harrogate, etc? How are developments in particular financial and business sub-sectors evolving, for example, among the regional supply and demand for venture capital consequent upon various new funds and providers that have arisen recently in the region? (see Henderson, 2004). On a wider scale, how does Leeds' financial and business services link with other major centres, for example, Manchester and Newcastle, in the Northern Way context?

Conclusions

The financial services sector has been a core driver in the transformation of the Leeds economy in the past thirty years, evolving from a bank-dominated to a broadly based financial services cluster. Indeed, as well as being a major regional centre, the city also exhibits characteristics of a national centre in certain areas, especially legal services. In recent years, growth has been in broader business services, often in support of core

financial services. The sector in Leeds performs both a cluster and a broader catalyst role for the city-region. In explaining its success, Leeds' financial services exhibits some key cluster features, such as cumulative expertise, reputation, concentration, and substantial investment in office infrastructure. However, a special driver has been the public-private partnership working to develop the sector, epitomised in the past decade by LFSI. Continued support via formal recognition of the sector's significance to both the RES and Northern Way is a necessary component of its future development.

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THEME C

SPATIAL RESEARCH

8 The Northern Way: A Polycentric Megalopolis

Simin Davoudi

This article is the first of three pieces in this volume which look at different aspects of the Northern Way. It sets the conceptual background to the Initiative, by focusing on its underpinning concept of polycentricity.

Last February, John Prescott, the Deputy Prime Minister, unveiled his vision of a coast-to-coast 'megalopolis', the Northern Way, with the 130-mile M62 at its core, stretching from Liverpool to Hull, encompassing Manchester, Leeds and Humberside, with spurs linking it to Newcastle to the north and Sheffield to the south (Figure 2). The idea is to create a single economic unit from eight city-regions without taking away their names, identities and authorities. This 'extended metropolis' with its 15 million population is seen to be large enough to shift the balance of power in England away from London and the South East, and hence create a more balanced development across the country.

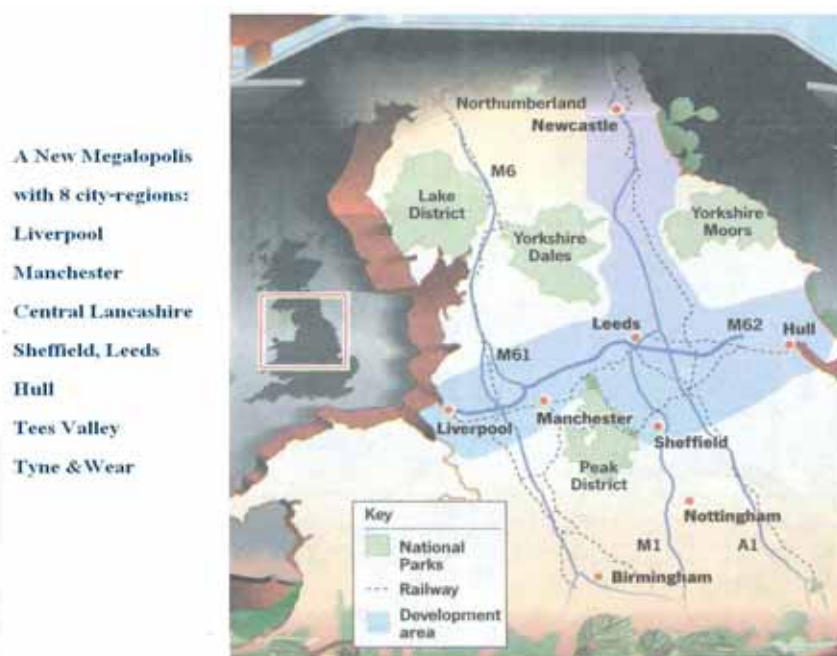


Figure 2: The Northern Way

Although the Northern Way might seem like a back-of-the-envelope reaction to the rising disquiet of the northern authorities about the government's plan to concentrate future growth in the south-east, its rationale lies in a tried, yet not fully tested, concept of polycentricity. While polycentricity is not a new concept and can be traced back to the urban literature of the early 20th century, its growing popularity is due to a 1999 pan-European spatial framework called the European Spatial Development Perspective (ESDP) (Davoudi, 2000).

Yet, despite its long history and widespread usage, its precise meaning has remained elusive. It means different things to different people. It also means different things when it is applied at different spatial scales. This article aims to trace the origin of polycentricity, unpack its multiple interpretations, and provide examples of how the concept has been employed across Europe to enhance economic competitiveness and social cohesion: an underlying objective for the Northern Way initiative.

Polycentric city

Traditionally the concept of polycentricity has been applied at the *intra-urban scale* to challenge the monocentric models which were used in the pioneering work of Ernest Burgess in his famous depiction of the city as a series of concentric circles (Burgess, 1925). In contrast to this definition, a polycentric city is defined as a city which consists of a centre and an organised system of concentrated sub-centres (European Commission, 1999). This of course is different from a dispersed city, which represents a disorganised urban sprawl (Figure 3).

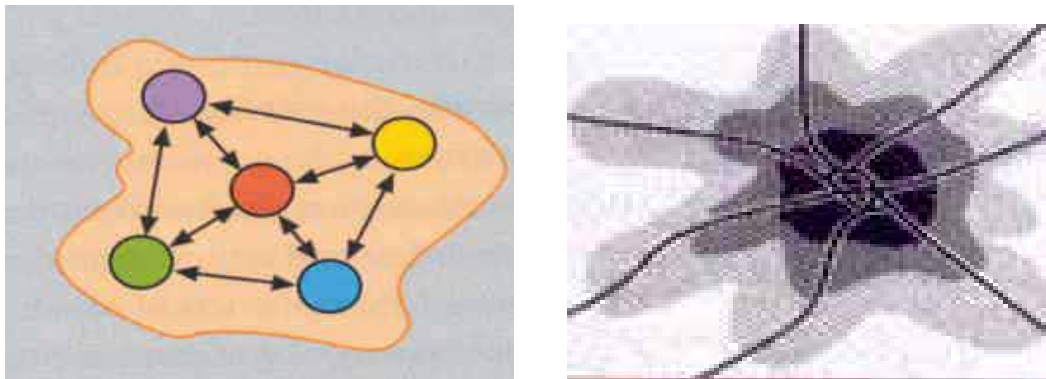
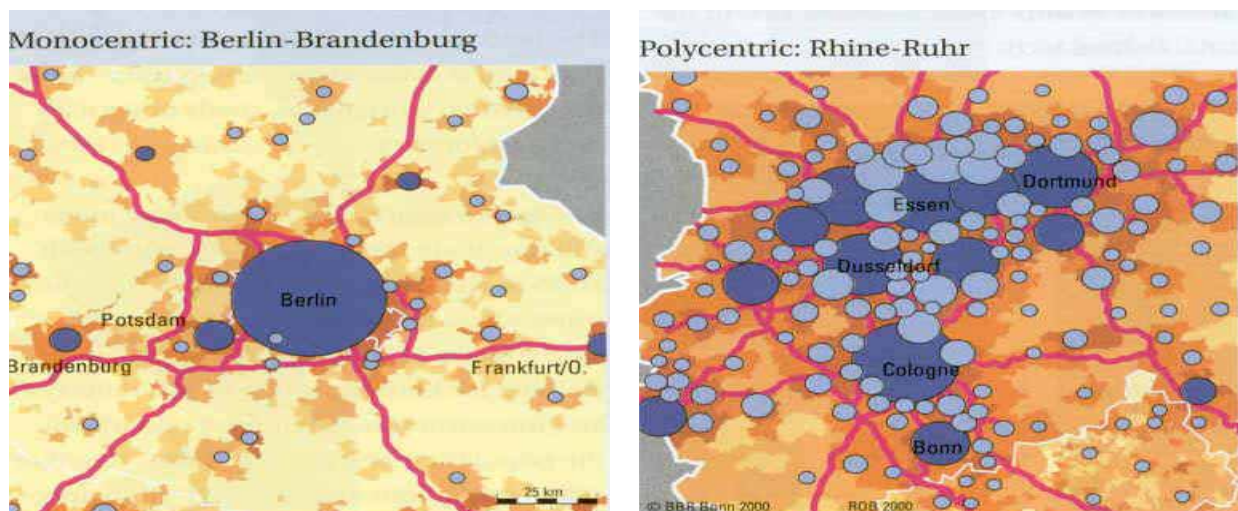


Figure 3: Polycentric versus Dispersed City

Polycentric urban region

At the *inter-urban scale*, the focus is on the polycentric urban region (PUR), defined as a region with three or more cities that are historically and politically separate, have no hierarchical ranking, are in reasonable proximity from each other, and demonstrate a high degree of functional interconnections and complementarities.

Several examples of PUR can be found in Europe, such as the Rhine-Ruhr region in Germany, which shows a sharp contrast with the Brandenburg region where Berlin is clearly dominant (Figure 4). Other examples include the Flemish Diamond in Belgium (consisting of Brussels, Leuven, Antwerp and Ghent), and the Padua-Treviso-Venice area in Northern Italy.



Source: Federal Office for Building and Regional Planning (2001)

Figure 4: Monocentric versus Polycentric Urban Region

However, the classic example of a PUR is the Randstadt in Holland. This consists of a ring of four large cities around an area of farmland and water, called the Green Heart. Each city thrives on a different, yet complementary, economic basis: Amsterdam benefits from proximity to Schipol Airport, tourism and finance; Utrecht has the service sector and nice surroundings; The Hague is the seat of government; and Rotterdam lives off its port (Figure 5).

The Randstadt is not an administrative or political unit, but given the proximity, connectivity and interactions between its constituent cities, it has been treated and promoted by Dutch planners as a single coherent region, as the next European metropolis capable of competing with London and Paris. The Northern Way, or more precisely its core of Liverpool, Manchester, Leeds and Sheffield with the Peak district at its heart, has already been compared with the Dutch example, and called by some commentators the 'Randstadt of the North' (Robson, 2005)

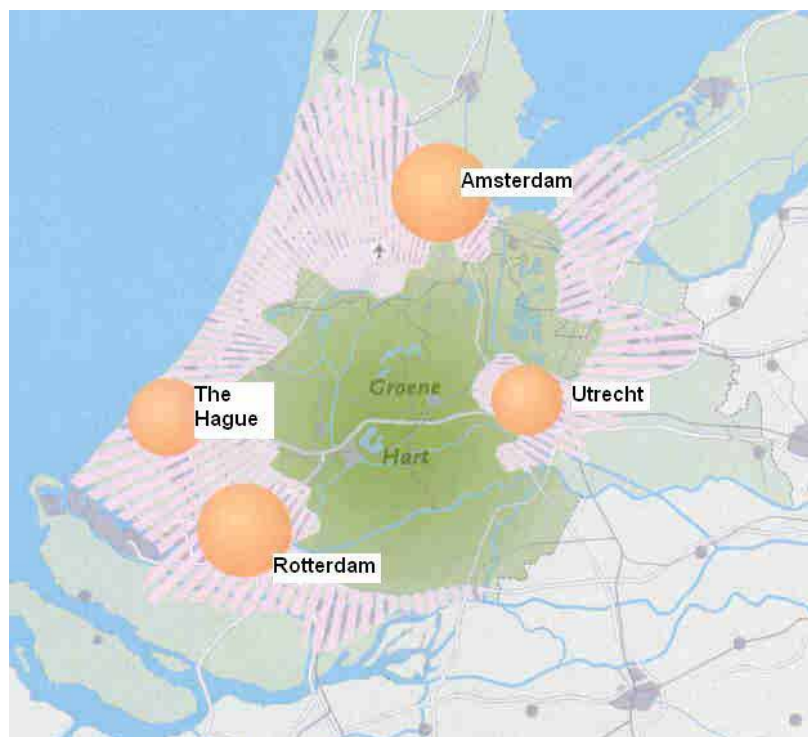


Figure 5: The Randstadt

However, the conceptualisation of polycentricity at the regional level is still at developmental stage. Its definition, for example, is problematic at least on two accounts: what is a reasonable proximity? And, how do we measure functional interconnection? Nevertheless, the concept has evoked a lot of enthusiasm amongst neighbouring cities, which are keen to expand their competitive advantage by pooling their resources together.

Polycentric Europe

At the *inter-regional scale*, the concept has been used to explain the expanding scale of urban growth and the coalescence of metropolitan areas. Gottmann (1957), for example, famously coined the notion of 'megalopolis' to define 600 miles of contiguous areas in the east coast of America, running from Boston in the north to Washington in the south. Thirty years on, the concept has come back to the planning scene following the launch of the Northern Way.

Another related concept is that of 'urban field', invented by Friedmann and Miller (1965) to depict a new scale of urban living that extends far beyond the metropolitan core and into the periphery. Doxiadis (1968) went even further and suggested that we would soon live in 'ecumenopolis' or world city. His poetic vision does not seem to be too far from the contemporary trends that are taking place in, for example, the Beijing-Seoul-Tokyo urban corridor which transcends national boundaries, stretching almost contiguously along a 1500-kilometre strip of densely populated land (98 million population) with a maximum air travelling time of one and a half hours.

At the level of Europe, the agglomeration forces have led to the uneven development of the EU territory, where a prosperous core stands against an underdeveloped periphery. This core-periphery conception of European space has been captured in a number of metaphors such as 'European Megalopolis', 'Golden Triangle', the 'Blue Banana', and more recently the 'pentagon'.

The last of these, which is an area bounded by the metropolises of London, Paris, Hamburg, Munich and Milan, was coined by the ESDP to describe an area which although it covers only 20 per cent of the EU15 territory, generates 50 per cent of its GDP and is home to 40 per cent of its population. It is seen as the only economic zone in Europe that can compete effectively in the world market. Hence a key aim of the ESDP is to promote new economic growth zones of global significance in order to make Europe not only more competitive but also more cohesive. The ESDP's idea of creating a more balanced spatial development has been another influential factor in the conceptualisation of the Northern Way.

The challenge of competitiveness and cohesion

However, recent trends have shown that the drive towards polycentricity at the European level has been coupled with further monocentricity at the national level, often at the expense of the peripheral and economically fragile regions.

Ireland is a potent example. The economic boom of the last decade, which has turned the country into one of Europe's star performers, has mainly gravitated in the Greater Dublin Area (GDA).

Research under the European Spatial Planning Observation Network (ESPON) has identified Dublin, along with Manchester, as one of top categories of metropolitan European growth areas (MEGAs) which are considered as having the potential to counterbalance the 'pentagon'(see ESPON reports at www.espon.lu).

However, while the economic growth of Dublin as the driver behind the 'Celtic Tiger' has been widely celebrated, it has also raised the alarm because firstly, its over heated economy has created a number of social and environmental problems, and secondly, its excessive growth has led to the widening and deepening of regional disparities. This is partly because in Ireland, as in most other Cohesion Countries, when the EU resources began to flow in only the major urban centres, and particularly the capital cities, had the critical mass, the infrastructure and the institutional capacity to absorb and deploy them effectively.

It is therefore not surprising to see that similar trends are taking place in the new member states which will be the main recipients of the EU funds in near future. In these countries, growth has already begun to gravitate towards capital cities such as Budapest, Prague, Riga, Tallinn and Ljubljana. Even Poland, which entered the post-socialist transformation with a well-balanced urban system, has since experienced a degree of regional polarisation.

The question is whether polycentric development at the national level can challenge the polarising effects of such agglomeration forces, and achieve cohesion and competitiveness. The simple answer is that, as a specific form of spatial structure, polycentric development is not a panacea for solving regional problems (Davoudi, 2003). However, as a strategic framework, it offers a powerful concept for promoting balanced development. This is particularly the case if the emphasis is put on a *potential-based* rather than a *redistribution-based* approach to regional policy.

In Ireland, for example, the National Spatial Strategy draws on this approach by putting the emphasis on maximising the existing potentials of the weaker areas rather than on re-directing resources from elsewhere to these areas, or seeking to halt growth in Dublin. The next question is whether second-order cities and towns can, on their own, achieve a competitive edge in a global market driven by clusters and networks. The answer is: very unlikely.

Here again, the concept of polycentricity can be drawn upon to urge cooperation between those cities that on their own do not have the critical mass to be globally or nationally competitive, as may be the case in the constituent cities of the Northern Way. Promotion of PUR is now a key element of many spatial strategies across Europe. In Ireland, polycentricity has been captured under the notion of 'Atlantic Gateways' (consisting of Cork, Galway, Limerick and Waterford), which are seen as a new zone of economic growth capable of competing in the global market.

Forging synergies between neighbouring cities

The most critical element for the implementation of such a strategy is the economic links and functional complementarities because, without that, a PUR will simply represent a symbolic image rather than an integrated functional space. In Scotland, for example, despite the fact that development has spread along an east-west corridor dominated by the well-connected cities of Glasgow and Edinburgh, research has shown that the evidence for treating the area as a fully integrated single region is weak (Baily and Turok, 2001).

Hence, the critical question for policy-makers is how to forge functional synergies between neighbouring cities of a potential PUR. There are two key areas where policy intervention can be usefully deployed. One is often obvious and relates to development of *hard infrastructure*, such as efficient transport and telecommunication networks between the nodes. The other, which attracts less policy attention, relates to development of *soft infrastructure*, notably governing capacity and regional identity.

If cities and towns are to pool together and share labour market and infrastructure facilities, they need to develop flexible and multi-agency forms of governance at the pan-PUR level, which in turn will enable them to enhance their functional synergies. Building up such governance relations, however, will not be easy without sufficient time and long-term external assistance and investment.

The issue of power relations is a critical element of such partnerships. Power in this context refers to power *to act* rather than power *over* the action others (Stone, 1989). It is about *enabling power* which allows partners to reach agreement on underlying issues and to turn that agreement into action. It is a power that facilitates collaboration.

Developing such enabling power is much more challenging in the context of a PUR, because here the partners are drawn from beyond the boundaries of formal institutions of government; they are spread among public, private and voluntary sectors; and they are

also spread across the boundaries of different political and administrative jurisdictions.

Even in areas such as the Ruhr in Germany, with a well-established tradition of institutional partnerships, research has shown that creating pan-PUR governance has proved difficult because of local attachments and rivalries. The success or failure of being able to collaborate and get things done is dependant on not only establishing PUR-wide institutions, but also on amplifying their *organising capacity* (van den Berg and Braun, 1999).

Regional organising capacity

In summary, such capacity is determined by seven key factors that can be grouped into three categories (Table 7).

Table 7: Key Features of Regional Organising Capacity

| | |
|------------------|--|
| Context | Spatial-economic incentives Institutional inheritance |
| Substance | Vision Strategy |
| Process | Leadership Strategic networks Political and societal support |

The *contextual factors* include, firstly, the spatial and economic context which may bind the partners together and provide them with the initial incentives to cooperate. In the Northern Way, for example, the context was initiated and steered by central government as a way of closing the £29 billion productivity gap between the north and the rest of the country. Secondly, it includes the structure and quality of the formal institutional networks as well as informal conventions, routines and habits that are embedded in the localities and sustained over time.

The *substantive factors* include clear vision and strategies for polycentric development of the region. It is about a 'big idea', yet coupled with concerted action to widen the horizon and position of the region in a European and international perspective (Newby, 2004).

Finally, the *process* includes: firstly, leadership, not of an individual or even an organisation, but of a group of interests to enable working across the old divides and developing new solutions, identifying key priorities and assets which can drive long-term success; secondly, strategic networks between public and private sector partners; and thirdly, political and societal support from wider stakeholders. Branding and promoting a unifying identity and a name for the area which is owned by key stakeholders has a genuine symbolic value in the development of a PUR. It will put the region in the spotlight, and create renewed confidence which can send the right signals to the market.

Local governments can play a crucial role in initiating and steering such collaborative processes. They have a unique position of being situated at the junction between the traditional *vertical* axis of public administration, and the emerging *horizontal* axis of partnership between state, market and civil society. Increasingly, positive-sum collaboration has become the hallmark of effective governance and the prerequisite for developing and sustaining economically, socially and environmentally balanced urban systems.

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9 A Review of the Two Housing Market Renewal Pathfinders in the Context of the Northern Way

Jane Kettle

The paper evaluates the impact of two Housing Market Renewal Pathfinders, areas established to tackle housing market failures, in South Yorkshire and Hull. The Pathfinder programmes are seen as central to the Northern Way's focus on community engagement and partnership working.

The housing-focused response to declining markets

The Government has introduced a number of initiatives designed to ease the problem of low demand and unpopular housing during its two terms of office. Most recently, in line with the recommendations of the Empty Homes Select Committee, it has launched the Housing Market Renewal Fund. This ambitious programme seeks to tackle housing market failure in a number of areas in England. Nine Housing Market Renewal Pathfinder areas (HMRPs), each covering between 40,000 and 120,000 units of accommodation, were announced in the summer of 2002.

This article assesses the impact to date of the two HMRPs within the Yorkshire and Humberside area, "Transform South Yorkshire" and "Gateway Hull", within the context of the Northern Way.

The emergence of the Northern Way

The Pathfinder projects must now be developed and implemented within the context of the Northern Way. This initiative emerged out of the Communities Plan, a spatially specific blueprint addressing the particular problems facing northern and midland regions. The Northern Way, a blueprint for transforming the northern core cities with their 15 million population into the so-called "megalopolis of the north", has an ambitious vision. Although in his justification of the concept of the Northern Way, John Prescott, the Deputy Prime minister, acknowledges the support and input of the local authorities, Regional Development Agencies (RDAs) and their key partners (including English Partnerships, the Housing Corporation and the Urban Regeneration Companies), he emphasises the need for an accelerated rate of change, a process that he asserts can only be achieved through partnership (ODPM 2004). This was reinforced on 20.9.04 when the Deputy Prime Minister announced a new £100 million growth fund to promote a vision for the economic renaissance of the North. "*Moving Forward: The Northern Way*" is a growth strategy to boost prosperity across the North and to close a £29 billion productivity gap with the rest of the country. This fund is intended to maximise the impact and effect of more than £7 billion investment already earmarked for the north in the Government's Sustainable Communities Plan.

The specific recommendation for the enhancement of housing markets within this strategic context is that truly sustainable communities be created by ensuring that low demand housing is replaced at a faster rate, with targets set for affordable housing as a proportion of all schemes for new home building. The summary of the first growth strategy report notes an intention to replace housing at a much greater rate than had been envisaged originally, the rate and scale of this replacement being determined within each of the emergent Regional Spatial Strategies and led by Regional Development Agencies and Regional Housing Boards (The Northern Way Steering Group, 2004).

What are the Pathfinders?

It has taken many years for policy-makers to grasp directly the extensive and insidious matter of the decline in communities that has led to abandonment and market decline. Now the Northern Way Steering Group is talking in terms of up to 400,000 demolitions. Clearly the HMRPs are pivotal to the success or otherwise of delivering thriving, sustainable communities. They are concerned with influencing demand for housing within specific communities, and the supply of housing with regard to tenure, quality and type of dwelling. Their remit also includes other markets (labour, commercial property), as well as factors including education, quality of life and crime. The approach to low demand and abandonment encapsulated within the concept of the Housing Market Renewal Pathfinders promotes a strategic approach that covers whole housing markets. The focus is on radical and sustained action. Large-scale clearance appears to be a priority (ODPM, 2003).

The Government's overarching aim does appear to be to allow local strategies to emerge without the imposition of an unnecessarily prescriptive framework. The approach to the Pathfinder programme is distinctive in that it is designed to facilitate a more sophisticated and "multi-layered" approach to combating decline that had previously been apparent in area-based initiatives (Cole and Nevin, 2004). The Pathfinder programmes operate at sub-regional level, and do so without external project control. The premise is that they will be able to differentiate between city, district, neighbourhood and street levels of interventions, and will be based on sound market intelligence. The Audit Commission plays the part of a "critical friend", and gives independent scrutiny to each prospectus.

Here it is worth referring to the content of the Audit Commission's scrutiny report on the Manchester-Salford Market Renewal Pathfinder (the first Pathfinder to submit its prospectus). This acknowledged the complexity of the problems at a sub-regional level, and the plethora of potential solutions. It asserted that the planned interventions should prevent further decline, reverse trends, deliver a vision of a balanced housing market, sustainable communities and renewed market confidence. It identified crucial factors impacting on the success or failure of markets, including the quality of the stock, the attractiveness of the environment, crime levels, and the quality of services. One of its recommendations was that the Pathfinder developed a taxonomy of the critical factors that drive success (Audit Commission, 2003).

The relationship between the two Pathfinders and the Northern Way

Notably, seven out of the nine HMRPs are contained within the boundaries of the Northern Way. In the housing context, the Northern Way focuses on three important drivers that underpin processes:

- Firstly, it acknowledges that low demand and deflated house prices are symptomatic of community failures beyond housing markets, such as educational attainment and economic vitality;
- Secondly, the importance of community engagement: solutions to housing market failure cannot be imposed in a top-down way, but must emerge from a sense of local accountability and pride;
- Finally, the role of partnership working should assume primacy.

There are a number of similarities between the region's two Pathfinders. Both have a younger population than average, and the level of owner occupation is well below the national average (48% as at 2004). Although house prices have increased over the past five years, this increase has been at less than half the national average rate. However, the

majority of the neighbourhoods contained within our Pathfinder areas are not experiencing comprehensive market failure, but they are falling behind the sub-regions that they are located in (ODPM, 2004). With this in mind, how are the region's Pathfinders performing?

Transform South Yorkshire

The South Yorkshire Pathfinder, 'Transform South Yorkshire', covers the core towns and cities of Sheffield, Doncaster, Barnsley and Rotherham. It therefore demands, of necessity, cross-authority collaboration. Although Transform South Yorkshire does not report large-scale and intractable problems of abandonment, it covers a particularly diverse range of areas, and a unifying factor is recent economic upheaval, one consequence of which is weakening demand for housing across all tenures.

Transform states as a strategic aim the need to build and support sustainable communities and successful neighbourhoods where the quality and choice of housing helps to underpin a buoyant economy and an improved quality of life. It sees the key to housing market renewal as being to link economic priorities with spatial investment strategies in a very systematic way. It is envisaged that this will be operationalised by improving housing quality, growing the areas' housing range, and a radical improvement in the character and diversity of the neighbourhoods. It is less emphatic on the role and extent of demolition.

Transform's overall objective to improve neighbourhoods in this way certainly does fit in with the broad three aims of the Northern Way, but it is not explicit how and where community engagement sits within this; indeed there is evidence of local concerns at the lack of direct community involvement in decision-making on the Transform Board, and the patchiness of stakeholder involvement has been confirmed by the Audit Commission. There appears to be no dedicated website for Transform as a vehicle to transmit information and seek contributions. However, in 2004 the ODPM announced the release of £71 million to implement the plans contained in Transform's prospectus to implement a programme of interventions to address housing market weaknesses over the first two years of the Pathfinder.

Gateway Hull

In Hull and the East Riding, the Pathfinder identity is "Gateway", and residents are being kept informed of the timetable for action through regular newsletters, leaflets and on the Gateway website (www.gatewaypathfinder.net).

The Gateway Prospectus sets out the vision for tackling market failures in the area over the next fifteen years. The key regional and local agencies and stakeholders for Hull include the Regional Development Agency, Yorkshire Forward, the Housing Corporation, police, education and health interests, housing associations and private sector bodies, as well as the local authority, whose interests are also met through the Local Strategic Partnership. Other players include Hull Citybuild, the urban regeneration company set up in 2002, and Cityventure, the city's first regeneration organisation, established in the mid-1990s to coordinate Single Regeneration Budget programmes and to bring together partners representing the private, voluntary and public sectors to create a city regeneration strategy.

The main causes of housing market failure in Hull have been identified as the economic performance of the city, household migration, educational attainment levels and skill base, national planning policies which allowed decentralisation of new housing provision,

crime and social behaviour, a mis-match of housing supply and demand, and increasing levels of deprivation in some parts of the city.

Gateway was the last of the nine Pathfinders to submit its proposals and funding bids to Government, in autumn 2004. Funding was allocated from a number of different sources and supported match funding already obtained, including £40 million from Yorkshire Forward in 2002 at the launch of Citybuild, and a further £20 million announced in October 2004 in support of regeneration of the waterfront at Humber Quays and Fruit market areas.

Some issues

The key imperatives of the Northern Way are demonstrably central to the vision of the regional HRMPs. It is not easy, however, to compare the different strategies adopted by the HMRPs, because there are substantial differences in timescale, approach, spending plans, and indeed spatial context. Audit Commission scrutiny would suggest that all of the other Pathfinders that have already received approval and funding are experiencing problems in delivering some of the initial objectives in the timescales originally envisaged.

It is not an easy process. Key challenges include the potential for gathering accurate market information, the capacity to revise the strategy as it progresses, the imperative to mainstream initiatives and to develop efficient and effective delivery vehicles. Regional integration and community involvement also pose rigorous challenges. And the timetable may be running away. The Pathfinder programmes are unconstituted partnerships based on what could be termed “best endeavours”, so can the highest standards of governance and delivery be organised through such structures?

Most crucially, and as yet unquantifiable, is the potential for what has been described as “adjacency” and displacement”. To what extent will activity within the HMRPs’ market affect demand in adjacent areas, and will the programmes reduce regeneration activity in neighbouring areas? Such an unintended impact would be counter to the prevailing aspirations of the Northern Way agenda.

Finally, the Northern Way’s focus on community engagement and partnership working, if grasped fully by the Pathfinders, may yet demonstrate that the way to change housing markets might be to tackle broader structural issues before housing supply and demand.

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10 Valuing the Region's Urban Fringes and Learning Lessons from Other Regions in Europe: The Countryside in and around Towns in Yorkshire and the Humber

Kevin Thomas and Steve Littlewood

The final paper considers the policy implications of the emerging 'green infrastructure' approach applied to 'countryside in and around towns' in the region, raising policy and planning issues in terms of the need to find ways to develop the region's green assets.

Introduction

The countryside is a key element in the regional quality of life. It is seen as enhancing everyday living experiences, not only for those lucky enough or wealthy enough to live amongst it, but also for those who visit. It is also an asset to the region's economy. The amount and quality of countryside is an important element of the region's ability to attract new investment, through its contribution to 'quality of life', which may enhance the competitiveness of the regional economy and thus help to attract new investment by companies or attract creative and entrepreneurial people (Yorkshire Forward, 2005, p. 59).

In a region so blessed with outstanding protected landscapes, with 'two and a bit national parks', it is not surprising that its rural assets are exploited to 'sell' the region. But what of the less outstanding landscapes, the everyday landscapes that are more accessible from people's homes? These green spaces are often intensively used for farming, for recreation, as natural habitats and so on, but unlike the national parks they tend to lack formal recognition or any means of legal protection. They share features of both town and countryside, and are variously called the urban fringe, periurban spaces, green belts/hearts/fingers, etc. The Countryside Agency for England has defined them as the 'countryside in and around towns' (CIAT). These often overlooked places are now attracting much policy attention and interesting new ways of addressing them are emerging, increasingly known as the 'green infrastructure' approach, implying a more integrated, dynamic, reflexive and questioning approach to green assets.

A focus on the changing countryside in and around towns

Recent research for the Countryside Agency, the National Audit Office and others has helped define these dynamics more clearly (Countryside Agency and Groundwork, 2005; National Audit Office, 2006). What emerges is a 'multifunctional' set of spaces with functions such as linking the towns and countryside for recreation, for nature and biodiversity, providing healthy exercise, agricultural production, educational and cultural value, places for more sustainable lifestyles and for recycling, renewable energy and regeneration. Other functions of green spaces can include promotion of wellbeing and quality of life, and, important in an era of climate change, helping cities remain cooler in hot summers.

This is a complex set of expectations for green assets in the CIAT, and any coherent attempt to address them would be correspondingly complicated, given the legacy of agencies, policies and funding mechanisms that would be involved. This does not just entail crossing the 'urban-rural divide' that has been built into our governance over the

years, but also the compartmentalised thinking that can undermine the effective delivery and maintenance of green assets in any locality, as recently found by the National Audit Office (2006). A key part of the attraction of the emerging green infrastructure (GI) approach is that it offers a way through current blockages by taking a strategic, integrative stance.

There is no universally accepted definition of GI, but the one used in the Draft North West Region Spatial Strategy is a useful starting point:

The 'green infrastructure' approach to green space planning adds the element of 'multi-functionality' and integration to networks of green space, enabling them to be managed to provide wider socioeconomic and public health benefits whilst contributing to the delivery of regional biodiversity targets. (NW Regional Assembly 2005, s.9.3)

We argue in this essay that it is worth both focusing on the countryside in and around towns, and pursuing the green infrastructure model of response. Indeed, we contend that this is already happening, albeit faster in some regions than in Yorkshire and the Humber. However, we recognise that any policy rethink needs to be justified and any policy prescription proved 'fit for purpose'. We will approach this by, first, showing that the CIAT is an arena that demands policy attention, and that our regional strategies would benefit from giving that policy attention. Secondly, we will show that we can learn from experience in other regions in NW Europe about both the nature of the issues and some of the policy responses on offer. Thirdly, we will suggest how policy action might be taken to bring about an appropriate regional response.

Challenges facing the CIAT

These dynamics can be expressed as pressures and potentials, as follows:

Pressures:

- Farming: continuing decline in farming incomes, reinforced by the reformed EU farming support system - a particular problem at the urban edge where soil quality is poor (e.g. the South Pennines).
- Development pressures: market pressures for new peripheral development of all kinds, from recreational, amenity and business parks near major road junctions, to housing virtually anywhere.
- Mismatch between recreational demand (actual and latent) and the quality and quantity of green spaces and routes (footpaths and cycle paths), which can increase conflict between farmers and residents, and increase management costs.
- Low and declining resources in local authorities for spending on green spaces for recreation and leisure, affecting the quality and quantity of provision.
- Inappropriate 'silo thinking' that prevents joined-up thinking about the problems and opportunities of the CIAT.
- The legacy of protectionism and defensiveness that often goes with the territory of green belt settlements, often leading to 'nimbyist' responses to any change proposals.

Potentials:

- Strong national and regional cultural attachment to the countryside and continuing high demand for green spaces in and around towns and cities.

- Growing realisation of the great potential of green spaces and networks to improve wellbeing and health of urban populations.
- Growing appreciation of the economic benefits of attractive green spaces to place competitiveness.
- The growing 'multifunctionality' of the CIAT, partly as an economic response to the changing farming economy, partly in response to growing urban-rural interdependence.
- The often dynamic and creative communities in urban fringe settlements and higher levels of new enterprise formation – social and economic assets for the development of the CIAT.
- Support from EU funding for boosting the CIAT, e.g. INTERREG III, which has benefited Yorkshire and the Humber, and EU support for LEADER-type rural development initiatives (e.g. Penistone, S Yorkshire).

These factors are not peculiar to Yorkshire or to English regions, but we found that they applied quite consistently to the other NW European regions we studied recently as part of an INTERREG project on open spaces under urban pressure – SOS II (Thomas and Littlewood, 2006).

Changing economic expectations of the green infrastructure

Whilst rural economic restructuring is increasingly well understood, the picture in urban fringe areas is less clear-cut. Once avoided in policy terms, these spaces have now had attention forced upon them by the urban growth agenda. The adoption by the EU member states of the Lisbon agenda, to make Europe "the most dynamic and competitive knowledge-based economy in the world" by 2010, is partly predicated on urban areas as the main physical containers of economic growth. Thus the ODPM (DCLG)'s Sustainable Communities Plan (ODPM, 2005) supports the assumption of city regions (especially, for our purposes, those in the Northern Way) 'adding more cylinders to the UK economic engine', and tackling their underperformance relative to similar cities in NW Europe with the assistance of a new spatial planning ethos and framework (Parkinson *et al.*, 2004).

The new range of regional strategic planning documents in England provides potential for more coherent thinking about green space provision and protection, especially through the evolving Regional Spatial Strategies. At local authority level the picture is varied, but this is, potentially, the level at which the opportunities for joined-up thinking are greatest, given the large rural hinterland areas included in Yorkshire conurbation council areas. Indeed, there are good examples of local policy documents – especially those linked to development plans – that embrace many of the ideas that lie behind 'green infrastructure'. One example is the Leeds City Council Countryside Strategy of 1994, another the proposed Wakefield Greenspace Strategy 2004-09. These and similar documents are the subject of current research commissioned by the Countryside Agency (CUDEM, forthcoming). The 'thinking space' afforded by emerging policy, planning and resourcing frameworks in our region provides opportunities for challenging old ideas about countryside and green space policy.

The quality of life contribution of the CIAT is rarely counted in economic terms, even though green spaces in all their forms, from city parks to urban fringe wildlife habitats, background scenery and the green corridors that connect them, may be highly valued rhetorically and in strategy documents as contextual qualities. However, there is growing

recognition of the economic benefits that green space amenities can bring to cities, in two main ways: in improving the 'image' of a city in the 'place competition' that many city and regional bodies are engaged in; and in attracting desirable knowledge workers and entrepreneurs who are 'footloose' and able to choose where to live and work partly on lifestyle/amenity criteria (Cheshire and Duranton, 2004).

The argument that highly skilled knowledge workers are more likely to be attracted to places that offer a range of 'lifestyle' benefits, including green space amenities, is increasingly being made as part of discussions about what makes core cities or city regions more competitive. If core cities are seen as nodes in the 'new knowledge economy', what attracts key knowledge workers to one place rather than another becomes very interesting to policy-makers.

There is no simple formula for predicting what these factors are and their relative significance. Richard Florida (2002) has been influential in economic development circles in suggesting that key creative workers are attracted by local factors that support a bohemian lifestyle, by places that are tolerant, multicultural and vibrant. His latest formulations introduce amenity factors to the mix, such as accessible green recreation spaces. Some recent research in the Netherlands to test the ideas of Florida and others identifies strong correlations between cities with high levels of green space amenity and their attractiveness to knowledge workers and 'creatives' (Marlet and van Woerkens, 2005).

The Yorkshire and Humber context

If these green assets can be translatable into economic benefits, it may be argued that the countryside in and around towns confers a big advantage on this region. Unlike most other English regions, the conurbations in Yorkshire and Humber are relatively open. Sheffield, for instance, boasts of being the 'greenest city in England' (Sheffield City Region Development Programme, 2005), and Leeds is said to consist of 40% green belt. Bradford, Kirklees and Calderdale all contain large stretches of Pennine hill country of outstanding and distinctive quality – the South Pennines – which they share with Greater Manchester and East Lancashire towns. Within and between these towns, topography has protected many outstanding local landscapes, highly valued and often intensively used by locals but little known elsewhere, and often with no special recognition or protection.

Relative to the Birmingham or Manchester conurbations, those of West Yorkshire and South Yorkshire have higher levels of green space, and the constituent local authorities cover wide boundaries which incorporate large amounts of countryside, including statutory green belts. Surprisingly, this potential for comparative advantage for Yorkshire's city regions does not seem to have been acted upon in policy circles.

The Yorkshire region was represented in the Interreg project SOS II by the South Pennines 'sub-region'. The project was an attempt to identify good practices in protecting and developing 'open spaces under urban pressure' (roughly equivalent to the CIAT) by exploring, discussing and comparing practices across seven NW European regions. The character and quality of the localities varied, but all the spaces in the project network offered the potential to contribute to more sustainable patterns of recreation, heritage enjoyment and economic development. They promoted ideas about dynamic adaptation of green spaces towards greater sustainability, rather than passive protectionism. In contrast to traditional policy responses in such areas, the project assumed a need for enterprise to flourish more freely in these places, and to enable 'open space

entrepreneurs' to establish themselves and grow to provide economic uses for spaces and to employ local people. The project was especially interested in exploring the twin concepts of 'landscape identity' and 'landscape marketing' as ways of supporting and promoting enterprise, and exploring ways of linking these approaches to spatial planning practices.

The project accepted that policy-makers and others concerned with open spaces would have to understand the needs and demands of open space consumers better. For example, what would the recreational users of open spaces expect in terms of quality, access, etc? How could local products be marketed better, and how could more tourists be persuaded to come to CIAT spaces instead of more exotic 'honeypots' for their leisure time? Open spaces, it was felt, would have to become more competitive both in market terms, by appealing better to consumers, and in political terms, by having a strong presence in the market place of political ideas.

Attitudes to development were also highlighted as central to the future of these spaces. Instead of protectionism by default, dynamic forms of development that produced both economic and environmental benefits were advocated, and practices in urban fringe areas were charged with becoming more adaptable to new combinations of uses, e.g. combining farming with recreation and cultural tourism, production with tourist accommodation and other services. Recreational sites need to be dynamic too, not just expecting visitors to turn up to isolated amenities, but also promoting and marketing networks of attractions to make visits more fulfilling, or to sell local produce with 'landscape identity' to visitors when they arrive.

What can Yorkshire and Humber learn from other EU regions?

Urban expansion pressures were found to be similar across the NW European regions the project covered, including the fringes of Frankfurt, Paris, Strasbourg, Amsterdam and Brussels. More surprisingly, policy responses were broadly similar, in terms of all regions prioritising development to accommodate growth for economic reasons. But tensions existed between growth facilitation and amenity/green space protection priorities.

A contrast with English practices was found in many German and Dutch cities, with their 'hard-wired' policies to promote connectivity within and between urban parks and peripheral green spaces, and the higher apparent political profile of urban recreational space provision, particularly for informal uses such as cycling and walking. The extensive green structure networks of cities such as Hanover, Amsterdam and Frankfurt involve substantial public investment in their building and maintenance, and strong protection measures to safeguard the network against development. When major new developments happen, there is often an impressive commitment to integrated new urban green space. In the Netherlands, it is interesting to note the way the national ecological network of habitat corridors links with the urban recreational path systems to combine these complementary functions in the same spaces.

If it is fanciful to expect Dutch or German levels of financial support for CIAT in English regions, there are other possibilities thrown up by the SOS experiences. These include the potential for local communities and for enterprises to participate more in green space provision and management. In this area the English partners did not trail behind, but provided some good examples of 'bottom-up' endeavour. The South Pennines is building a reputation as a lively and creative place where bottom-up initiatives on the environment and quality of life issues are widespread, with Hebden Bridge – self-styled 'capital of the South Pennines' – allegedly the 'fifth most creative place in the UK', and Huddersfield, on

the eastern edge of the area, the 'sixth most creative' (Creative Valley, 2006). This suggests, following Richard Florida's arguments, that there is great potential for the region to exploit the South Pennines as a knowledge economy node, whose benefits may spill over into surrounding areas. It also suggests that this could be a fertile place to experiment with new ways of developing the potential of CIAT areas through harnessing local community energies and entrepreneurial potential.

Conclusions

It is easy to form the impression that green infrastructure is being undervalued in Yorkshire and the Humber, insofar as it appears only fleetingly in policy, and attracts little in the way of direct funding. However, there are many examples of good practice that could be built on, in this and other regions. If we take the local level we can find:

- The Wakefield Greenspace Strategy 2004-2009, undertaken as part of the preparations for the new-look development plan, follows a robust approach to identifying green assets and their potential for further development, using a visionary and co-ordinated approach (Wakefield Greenspace Partnership, 2004)
- In Sheffield, good work has been done in connecting deprived communities better to their local green infrastructure in the Castle and Manor estates, using regeneration funds.
- Doncaster has taken a similar stance in basing its green space improvement arguments on the themes of 'quality, equality and participation', emphasising the quality of life and wellbeing enhancements that green infrastructure can provide for the socially (and environmentally) excluded (Doncaster Metropolitan Borough Council, 2002).

At regional level, and in some English sub-regions, the picture is still evolving, but there is an impressive degree of convergence of regional level thinking about how to treat green assets and networks. Although the term green infrastructure was barely current in UK spatial planning discourse three years ago, GI is now firmly established as an element of regional spatial planning. To give a few examples from recent regional spatial strategy documents:

- The Draft South West RSS highlights green infrastructure as a means of delivering the spatial vision for the SW, which prioritises quality of life, environmental protection and enhancement and sustainable living. New development in the SW would be required to fit around and enhance green infrastructure networks, and maximise people's opportunities to access green spaces and corridors.
- In the growth areas of SE England, green infrastructure is emerging as a key strategic principle and co-ordination tool to ensure that new development respects and enhances existing valued natural habitats, helps create new habitats, and enhances quality of life and wellbeing through accessible green spaces. The East London Green Grid Framework elaborates the approach, as well as mapping out the key green assets and corridors to be protected in future development plans and planning decisions (Thames Gateway London Partnership, 2005).

In parts of northern England, RSS drafts are increasingly reflecting GI thinking. The north-west draft RSS (2005) has a green infrastructure policy (EM2), already referred to, and a green infrastructure guide is being developed to help planners and other delivery agents to promote GI. A similar guide was launched for the north-east in April 2006, to help planners producing new local development frameworks.

Ways forward

From this brief survey of how thinking about green spaces in and around towns and the green infrastructure approach is developing, we can suggest a few ways forward:

- More work is needed to clarify the regional and local economic benefits of green infrastructure, including:
 - ◆ less measurable quality of life and wellbeing factors;
 - ◆ long-term public expenditure savings, e.g. health cost reductions from greater exercise in green spaces.
- Spatial planning and other strategic policies at a regional level need to reflect the significant role of the countryside in and around towns, and to guide the incorporation of green infrastructure approaches in development plans.
- There is a need to find the mechanisms for developing and maintaining green infrastructure not only within local authority areas, but collaboratively between them, reflecting natural boundaries.
- There needs to be greater connectivity between urban green space and that on the periphery of urban areas to enable the benefits to flow around towns and cities, to maximise access, and to avoid barriers which ultimately might become excuses to avoid future development.

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