

**DEVELOPING ENTREPRENEURSHIP AND
INNOVATION IN RURAL AREAS IN WEST
YORKSHIRE**

FINAL REPORT: FEBRUARY 2006

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Developing Entrepreneurship and Innovation in Rural Areas in West Yorkshire

Final report: February 2006

Submitted to the West Yorkshire Enterprise Partnership



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Executive summary

Research objectives

1. SQW Limited was commissioned in November 2005 to undertake research into encouraging entrepreneurship and innovation in West Yorkshire's rural areas. The research was to examine the characteristics of entrepreneurs, their motivations and the issues and barriers they face in setting up small businesses in rural areas.
2. The research brief identified the focus of the work to be on knowledge-based and creative sectors, as it was felt that the promotion of these sectors in the rural areas of West Yorkshire could complement the growth of the knowledge economy in the sub-region as a whole. Inevitably, other sectors were considered during the research, in particular food and drink, tourism and social enterprise.
3. Ultimately, the study was to develop outline initiatives for the way forward in encouraging entrepreneurship in rural areas of West Yorkshire, in particular in knowledge-based and creative fields.

Methods

4. The research process involved a number of elements:
 - desk-based review of the strategic and policy context, including national, regional and sub-regional documents;
 - a survey of existing entrepreneurs in the knowledge-based and creative sectors in West Yorkshire's rural areas;
 - consultations with a range of stakeholders including local authority representatives, Yorkshire Forward, experts and academics;
 - a participative workshop, which included members of the Steering Group, consultees and members of the West Yorkshire Rural Partnership.
5. An analysis was undertaken to understand the key drivers of rural entrepreneurship, what the desirable outcomes would be in trying to influence these drivers, and how feasible intervention might be. From this analysis, areas of priority were determined where intervention: would meet a gap or need; would be feasible; and could lead to a net impact.
6. From these priority areas, outline initiatives were developed, identifying objectives, activities, focus and outcomes.

7. An important methodological point was the definition of rurality. Work has already been undertaken in this field and so the research did not duplicate this. The research used as its starting point the Defra/ONS definitions of urban and rural. Those areas that are non-urban were considered as key to the research. In addition, it was recognised that there are several settlements that play a key role in the economy of rural areas as important service centres. Though classified as mainly urban by Defra/ONS, these places were also considered as part of the research. These include places such as Ilkley, Otley, Holmfirth, Sowerby Bridge, Garforth and South Elmsall.

Key issues

8. A number of pertinent issues have become apparent in the course of the study:
- **Geography:** there are key differences across West Yorkshire in terms of the level and type of entrepreneurship. In the South Pennines (especially the Upper Calder Valley and Holme Valley), creativity and entrepreneurship is more significant (particularly in knowledge-based and creative sectors). Places such as Hebden Bridge, Todmorden and Holmfirth have a specific identity, and a distinctive image for some activities. In the Wharfe Valley (from Addingham through to Wetherby and Boston Spa) and north Leeds knowledge-based and creative entrepreneurship is also strong. There are potential linkages to skill levels and prosperity in these findings. Elsewhere in the sub-region, knowledge-based and creative entrepreneurship is less significant. In Airedale, there is some evidence of ICT and digital enterprise, and also particular activity in food and drink and tourism. In the former coalfield areas (particularly around Wakefield) there is much more of a dependency culture and entrepreneurship is much less significant. Despite this there has been some activity (e.g. at Hemsworth and Nostell Priory) to try to encourage knowledge-based firms.
 - **Rural-urban interdependence:** given the proximity to major urban settlements (in West Yorkshire, but also outside e.g. Manchester) the linkages between rural and urban are close and strong with rural areas part of key city-regions. This has a number of important implications. First, the rural areas are not typically rural and so to characterise them as such may lose part of the groups being targeted – whether existing businesses or potential entrepreneurs. Second, the businesses in rural areas are very similar in nature to those you would expect in urban centres. Third, businesses benefit from being proximate to markets and major centres, whilst at the same time being in a more rural environment. Fourth, this “best of both worlds” feature is a useful selling point.
 - **Satisfaction:** the businesses that were surveyed are generally happy with their location. They enjoy the quality of environment and quality of life to be gained from (living and) working in a rural area. The business base is stable in terms of location and a significant proportion of entrepreneurs are interested in growing their business. The ratio of male to female entrepreneurs is 2:1, which is similar to regional and national trends for rural areas (and different to trends for urban areas where the ratio

is typically 3:1). Entrepreneurs are generally well-skilled with significant numbers having a degree level or higher qualification. The start-up needs of entrepreneurs were finance and cash flow. These are still issues, but marketing and recruitment of staff have also become important areas where support is needed.

- **Support and capacity:** the delivery of business support is a key factor to consider for rural areas. The cost premium to deliver public sector-funded support means that access is perceived to be an issue. This has implications for how resources can best be allocated to deliver in rural areas, e.g. through one-stop shops or business support surgeries. It also indicates the importance of using private sector support and the capacity of rural communities. This capacity issue highlights the notion of networking, which can be useful as a means of support, but also for other purposes e.g. sharing ideas, collaboration and forming cooperatives. The other area of support is the importance of education and skills for enterprise. This can relate to developing an enterprise culture through working with schools as well as enabling people to have the skills for enterprise – e.g. business planning, applying for finance and marketing.
- **Premises:** this was highlighted in particular by stakeholder consultees who indicated that the shortage of suitable and appropriate premises was a key barrier to entrepreneurship in rural areas of West Yorkshire. Although this was not identified to a large extent by the businesses surveyed (partly due to the age of the business), the evidence from consultations and elsewhere indicates that there is potentially latent demand, which the supply side is not meeting due to risk and uncertainty. The key in providing premises is to support incubation, but also a rounded provision that also enables businesses to move when seeking expansion. A further premises-related issue raised was the potential to develop “enterprise hubs”, which could provide a range of facilities including workspace, resources, meeting space and educational facilities.

Analysis

9. As part of the interpretation and development of the findings, a driver analysis was undertaken to understand the key factors that could be influenced in encouraging entrepreneurship and innovation in rural areas of West Yorkshire. In particular this looked at four themes – people, support, infrastructure and conditions – and sub-themes and target areas within these (see Figure A).
10. The driver analysis enabled priority areas to be determined where interventions would be: feasible; have a net impact; and were underpinned by the evidence base.

Figure A: Themes, sub-themes and target areas within the driver analysis		
Theme	Sub-theme	Target areas
People	Commuters	
	Underemployed	Women, economically inactive/ unemployed, farmers
	External	Graduates, in-migrants
Support features	Public sector support	Business growth stage
	Network/cooperatives	Local capacity
	Education/training	Skills for enterprise, capacity building, schools
Infrastructure	Premises	Live-work premises, workspace, rural hubs
	Broadband	
	Transport/access	
Conditions	Local leadership	
	Enterprise culture	Skills/education, local role models, clustering effect
	Key sectors	Creative, food & drink, finance/business, digital/ICT, social enterprise
	Environment	

Initiatives

11. On the basis of the driver analysis eight activity areas have been recommended across four themes. These are set out as follows:
 - targeting people – women; other underemployed;
 - providing support for enterprise – business support; networking;
 - creating infrastructure – premises; rural enterprise hubs;
 - ensuring the right conditions – culture; environment.

12. It is recommended that the activities are packaged carefully to target businesses and local areas appropriately. There are two particular issues here, the first is ensuring that activities take account of the differing local context, and the second is over the use of the word “rural”, which may not be appropriate in reaching some of the business population of the rural areas of West Yorkshire. A further aspect to consider is timing as some will be able to start in the short-term and others (in particular infrastructure) are more medium to longer-term activities. The West Yorkshire Rural Partnership needs to decide how initiatives will be developed and delivered, including the phasing of activities. This will inevitably be also driven by available funding and the West Yorkshire Rural Partnership will need to decide which

activities should be prioritised now, e.g. using legacy funding, and which may form part of future sub-regional investment planning.

13. Other factors to consider will be the specific design of activities, the responsibilities for delivery and how success will be determined. It is recommended that design and delivery should pay close attention to existing activities and where possible build on and use existing infrastructure and initiatives.
14. As well as the eight activity areas identified, other potential initiatives arose in the research. However, at this stage the evidence base was deemed insufficient for these to be recommended or they were outside of the specific focus of this work. These areas of activity for future consideration are:
 - social enterprise;
 - graduate entrepreneurship;
 - promoting rural areas as places to live and work as part of the wider Northern Way agenda.

1 Introduction to the research

1.1 SQW Limited was commissioned in November 2005 to undertake research into developing entrepreneurship and innovation in rural areas. The purpose of the work was:

- “To identify measures that would encourage more entrepreneurs, especially those operating in knowledge-based, creative and innovative fields, to live and work in West Yorkshire’s villages and market towns”.

1.2 The measures to be developed were outlines of possible initiatives that could be used to encourage entrepreneurship. The key beneficiaries could be people interested in setting up a business who are: existing residents of rural areas in West Yorkshire; residents from elsewhere in West Yorkshire; or residents from outside of the sub-region. In addition, existing businesses could benefit from initiatives, particularly where there was a rationale to support these businesses to grow.

1.3 In developing possible initiatives and the evidence base for these initiatives, this research can be used by policy-makers in West Yorkshire in two ways, to:

- aid the allocation of legacy funding (left by the Countryside Agency), which is to be spent on rural activities – either to support service delivery or business development;
- contribute to the Strategic Economic Assessment of the West Yorkshire sub-region – this assessment is used to inform sub-regional investment planning.

Defining priority sectors

1.4 The focus was on knowledge-based, creative and innovative fields, and the research targeted those in knowledge intensive and creative sectors. This focus was identified in the tender specification as the purpose of the work was to identify how entrepreneurship and innovation could be encouraged to complement the knowledge economy of the West Yorkshire sub-region. As a result, the role of social enterprises and the tourism sector were not explicit areas for investigation. Nevertheless, tourism, social enterprise and food-based activities arose during the research process given the role that each of these types of activity does and can have in rural economies.

1.5 Figure 1.1 indicates the types of activity within the knowledge-based and creative sectors, which formed the focus of the research.

Figure 1.1: Knowledge-based and creative activities

<p>Creative sector</p> <ul style="list-style-type: none"> ▪ Publishing, news agency, newspaper and printing activities ▪ Software consultancy ▪ Architectural/engineering activities ▪ Advertising and other business activities ▪ Photography and other audio-visual activities ▪ Artistic and literary creation ▪ Manufacturing, e.g. photographic chemicals, TV/radio equipment, musical instruments ▪ Wholesale/retail, e.g. electrical household goods, books/newspapers ▪ Cultural/recreational activities such as arts facilities, libraries and museums 	<p>Other knowledge-based activities</p> <ul style="list-style-type: none"> ▪ Advanced manufacturing such as aerospace, electric machinery equipment, chemicals and energy ▪ Telecommunications, computer and related services and R&D ▪ Finance and business services ▪ Other recreational and cultural services
<p>Definitions based on Local Futures, http://www.localfutures.com/</p>	

Defining geography

- 1.6 Work had already been undertaken to define and identify the scope of rural areas in West Yorkshire¹. Therefore, the research did not spend significant time defining geography. Although there is some debate as to whether a “rural economy” is meaningful in West Yorkshire given the interdependence of rural and urban areas, the ONS/Defra definition of urban and rural areas was used as the starting point. Those areas classified as “non-urban” were considered to come under the area of interest for this work. Annex A contains a map of West Yorkshire using the rural-urban definition developed by ONS/Defra. In addition, key service centres that are defined as urban such as South Elmsall, Knottingley, Brighouse, Sowerby Bridge, Garforth, Wetherby, Holmfirth, Slaithwaite, Ilkley and Otley were also considered to be important for this research.

Steering group

- 1.7 The project was led by a Steering Group consisting of representatives of each of the five local authorities and representatives of Yorkshire Forward, the West Yorkshire Research Group and Business Link West Yorkshire.

Methods

- 1.8 There were several key elements to the research process, which drew together views from the demand side (entrepreneurs²) and supply side (stakeholders) and put these into the context of

¹ See for example: *West Yorkshire Scoping Study*, West Yorkshire Rural Partnership, 2004; Ward, N. (2003) *Marginalised Metropolitan Ruralities: Defining Rural Bradford*, Bradford Metropolitan District Council.

² There are various definitions of an entrepreneur. For the purpose of this research we understand an entrepreneur to be someone who creates an organisation in response to a perceived opportunity.

the existing policy scenery. Existing initiatives, both from inside West Yorkshire and outside were examined to understand key learning points. The methods adopted were:

- a review of policy, taking into account national, regional and sub-regional policy relating to enterprise and rural affairs;
- a survey of businesses already in existence in West Yorkshire's rural areas. The survey was targeted at knowledge-based and creative businesses and specifically at entrepreneurs;
- consultations with key stakeholders, including representatives of local authorities, Yorkshire Forward, experts, rural entrepreneurs and representatives of other organisations;
- a review of good practice, including initiatives identified by stakeholders and those found through web-searching.

1.9 In addition to analysis of each of the strands of the research, a team brainstorming session was held as well as a workshop that included a range of participants, such as representatives of the local authorities, Business Link West Yorkshire and members of organisations with an interest in rural affairs (e.g. Defra and the Country Land and Business Association).

1.10 A driver analysis was undertaken to understand how different areas of activity might influence the overarching objective of entrepreneurship and innovation in rural areas. On this basis outline initiatives were developed.

Remainder of this report

1.11 The rest of this report is structured as follows:

- section 2 examines the policy context, within which the study is placed;
- in section 3 there is an analysis of the business survey, assessing motivations and barriers to starting a business, business support needs, future obstacles and the advantages and disadvantages of locating a business in West Yorkshire's rural areas;
- section 4 uses the stakeholder consultations and the review of existing practice to examine particular issues such as what generates an enterprise culture, the barriers facing businesses in more peripheral locations and potential interventions that might help rural enterprise;
- in section 5 we develop areas for intervention by combining the findings into a framework that seeks solutions to the needs, gaps and problems raised by the evidence;

- section 6 contains the final conclusions and recommendations in light of the research;
- Annexes containing a map of West Yorkshire using the ONS/Defra definition of urban and rural, a list of stakeholders consulted as part of the research and the business survey questionnaire.

2 Policy context

2.1 The purpose of this section is to produce a strategic review of rural policy and set the existing policy scenery. It briefly examines: the national context; the regional rural policy and also examine relevant documents at sub-regional level. Figure 2.1 shows the sources that were drawn upon.

Figure 2.1: Documents under review		
Level	Document	Date
National	Defra – Rural white paper: Our Countryside ~ The Future	Nov 2000
	Countryside Agency – Stepping Stones	March 2003
	Social Enterprise Unit – Rural Social Enterprise	Oct 2003
	Lord Haskins – Rural Delivery Review	Nov 2003
	Defra – Rural Strategy 2004	July 2004
	Defra – Funding Streams Review	July 2004
	Defra – Social Enterprise Position ~ Statement	March 2005
Regional	Stepping Stones – Yorkshire and The Humber	July 2004
	Northern Way – Rural North Exec Summary	May 2005
	Northern Way – Rural North Full Report	May 2005
Sub - Regional	West Yorkshire Enterprise Partnership – Enterprise Strategy	April 2004
	WY Rural Partnership - Scoping Study	Sept 2004

National Context

Background to rural policy

2.2 According to the *Rural White Paper: Our Countryside – The Future* produced by Defra in November 2000 the basic services in rural areas are overstretched. Farming has been hit hard by change, development pressures are considerable and the environment has suffered. Although this change is not new, over the last 20 years the pressures have become acute. Many rural areas are prosperous but in other areas there has been real loss of incomes, employment and services.

2.3 The report sets out Defra’s vision for the countryside:

- a **living** countryside, with thriving rural communities and access for all to high quality public services;
- a **working** countryside, with a diverse economy giving high and stable levels of employment;

- a **protected** countryside in which the environment is sustained and enhanced, and which all can enjoy;
- a **vibrant** countryside which can shape its own future and whose voice is heard by Government at all levels.

2.4 In March 2003 the Countryside Agency produced a document entitled “*Stepping Stones*”, which explains the importance of having sound understanding of the nature and dynamics of our rural economies, particularly in response to the widespread effects of foot and mouth on the national economy, as well as rural life and livelihoods. The aim of the document is to describe at a national level some of the principal drivers of the economies of rural England and to illustrate why these economies are important – to the national economy, to the people who live there and who visit it and to the landscapes, wildlife and wider environment of our countryside.

2.5 The Countryside Agency report explains that the traditional view of rural economies is that they are dominated by farming, food and tourism enterprises. In terms of number of businesses and number employed in rural areas sectors other than farming are in fact far more significant. Over 5.35 million people work in rural offices, shops, factories and workshops and more than 80% are employed in:

- distribution, which includes wholesale, retail, hotels and catering;
- public administration, health and education;
- manufacturing;
- business and financial services.

2.6 Figure 2.2 lists some important key facts provided in the document about rural England.

Figure 2.2: Key facts about Rural England
<ul style="list-style-type: none"> • Agricultural employment is now below 370,000, including farmers, their families and even part time workers – it is still falling by 4% a year.
<ul style="list-style-type: none"> • Rural England has significant entrepreneurial activity and is a major contributor to GDP - It has around a million enterprises - It has more businesses per head of population than urban areas. - It has more women in self employment than in urban areas.
<ul style="list-style-type: none"> • Rural local authorities' host 34% of England's registered firms.
<ul style="list-style-type: none"> • Ninety per cent of rural enterprises are micro-businesses, employing 41% of all rural employees
<ul style="list-style-type: none"> • Self employment is a significant feature of rural areas ~ 11% = Rural ~ 8.5% = Urban • However, many self employed are on very low incomes, especially women, with one in six struggling on household incomes of less than the poverty line.
<ul style="list-style-type: none"> • Incomers increase rural enterprise, with up to 2/3 of new firms being created by people moving from urban to rural areas, often attracted by the quality of life.

2.7 According to “*Stepping Stones*” the key points listed in Figure 2.2 provide three main reasons for public intervention in England’s rural economies.

- **The contribution of businesses based in the countryside to the national and regional Gross Value Added (GVA) is significant.**
 - New inward investment programmes should be introduced to support households who migrate from urban areas, to start new enterprise and invest in rural economies.
- **To tackle disadvantage and social exclusion**
 - This could be done by making self employment a financially and emotionally more satisfying experience, especially for women, young people who move to urban areas in search of work and also those who wish to work after retirement.
- **“Countryside Capital” is an important feature and asset for some rural businesses and worth investment to sustain that advantage in the longer term.**
 - There is a strong case for investing in farming – not because it’s important to the UK economy, but for the non-market benefits – landscape features, access, biodiversity and the built heritage which it provides.

2.8 The Rural Strategy 2004 sets out the current and future rural trends; these are summarised in Figure 2.3.

Figure 2.3: Rural trends
Further convergence between urban and rural lifestyles and economic activity in most rural communities, with a minority of areas continuing to lag behind economically.
Continuing population growth as a result of migration by (mostly) affluent and older people into accessible rural areas, in addition to the increased life expectancy.
Continuing ageing of the population in rural areas, with consequential demands on public and community services that support the elderly, and in some areas difficulty in maintaining facilities for young people, such as schools
Greater demands for rural housing, much of it resulting from migration to countryside and an increase in the number of single-person households.
Continuing increases in the mobility of the majority as more people have cars, threatening a further reduction in local shops and other outlets and the increasing isolation of those who do not have a car
A continued reduction in the proportional direct contribution of farming to total economic activity.
Increasing demands on natural resources in the countryside

Strategic Priorities

2.9 The Rural Strategy 2004 sets out the Government's new approach. It identifies three key priorities for rural policy:

- **Economic and Social Regeneration** – supporting enterprise across rural England, but targeting greater resources at areas of greatest need;
- **Social Justice for All** – tackling rural social exclusion wherever it occurs and providing fair access to services and opportunities for all rural people;
- **Enhancing the Value of our Countryside** – protecting the natural environment for current and future generations.

2.10 Figure 2.4 sets out the strategic objectives.

Figure 2.4: Objectives	
Policy Theme	Policy Objectives
Economic	To build on the economic success of the majority of rural areas to ensure they contribute fully to national, regional and local economic prosperity.
	To tackle the structural economic weaknesses and accompanying poor social conditions that exist in a minority of rural areas.
Social Justice	For the majority of rural England (which is fundamentally prosperous) the social priorities are to ensure fair access to public services and affordable housing.
	In both the more and less prosperous areas, the policy objective is to tackle social exclusion wherever it occurs.
Enhancing the Value of the Countryside	To continue to take action to protect and enhance the rural and urban environments and to promote a more integrated approach to management of the natural environment.
	To enhance the value and natural beauty of the countryside for rural communities and for the benefits of society in general – through making the countryside more accessible to all and promoting sustainable tourism, to contribute to the economic and social well-being of the nation.

Delivery reforms and funding review

- 2.11 Lord Haskins made recommendations regarding rural delivery through his report of 2003, and then in 2004 the government announced radical reforms including a full review of rural funding streams to provide a clearer and simpler framework for applicants. The *Funding Streams Review* makes recommendations on how funding and accompanying advisory support can be best used to deliver an improved service to both customers and tax payers.
- 2.12 The review states that although some current funding schemes are delivering good quality projects, there is some confusion amongst customers and therefore some room for improvement. The review states that this needs to be addressed by:
- defining objectives more clearly so that customers know what results Defra and its agencies want to buy;
 - ensuring that advisory resources are focused on providing a good service to customers, rather than being diverted into making complex systems and organisational relationships work;
 - better targeting of delivery to make the most of the available resource;
 - better integration between Defra, Defra-sponsored bodies and others to provide the best possible service to the customer and to exploit the value of better managed co-operation.

2.13 The recommendations provided in the report are designed to improve the quality of service to customers and to achieve better value for money for the taxpayer. Figure 2.5 summarises the recommendations.

Figure 2.5: Summary of Recommendations from the Funding Streams Review		
Aim	Recommendation	Details
An improved quality of service for customers	Simplify schemes	1: Defra should simplify the current 100 schemes and replace them with a simplified funding framework. The framework should be based around three main funding programmes corresponding to the three rural priorities.
	Better advice, communication and information	2: Establish a professional and corporate information service.
		3: Strengthen and improve the quality of all advisory support.
		4: Encourage local service delivery through local delivery agents or partnerships.
		5: Adopt a contractual basis for funding which enables local deliveries to procure necessary support.
	Simplify the bureaucracy to save customers time and money, and minimise the overhead costs	6: Deliver to corporate Defra, Defra agency and Forestry Commission public service standard setting out the quality that customers should expect.
7: Standardising and simplifying application and appraisal processes and designing them on a risk assessment basis to introduce fast track procedures for modest and low risk expenditure.		
Improved value for money for the taxpayer	Better organised delivery	8: A single IT based handling system for all Defra, Defra agency and Forestry Commission grants to accelerate process and payment times and reduce transaction costs.
		9: Simplification (recommendation 1) and structuring funding programmes around the Defra Strategic Priorities and Public Service Agreements relevant to rural policy will help to bring clarity of purpose. However, this needs effective use of evidence to determine need: social, economic and environmental. A better evidence base is a key theme of Rural Strategy 2004.
Improved objective-setting, balance of investment and performance management	Improve corporate management of funding streams	10: This can be achieved by more clearly stated Defra objectives, regional frameworks that set out how national priorities are to be delivered in terms of regional and local outcomes and by arrangements at national, regional and local level that ensure funding deployed by different organisations in pursuit of environmental, social and economic aims produce sustainable development outcomes.
		11: More systematic and consistent resource allocation and performance management activities carried out by or on behalf of Defra, Defra agencies and the Forestry Commission
		12: A design guide for Defra, Defra agencies and the Forestry Commission to enshrine quality of service and communication to customers, and clarity of objectives into policy development. This will also provide a measurement to assess proposed changes in policy

2.14 The Rural Strategy 2004 sets out new delivery arrangements built on the principles set out in Lord Haskins *Rural Delivery Review* and also from the recommendations of the *Funding Streams Review* (see Figure 2.5). They are aimed at delivering services in a more streamlined, customer-focused way by a smaller number of organisations, with clearer, and therefore more accountable, roles working in partnership within an overarching sustainable development framework. Figure 2.6 summarises the main elements of the delivery reform.

Figure 2.6: Summary of Delivery Reforms	
Reforms	Details
Rationalised funding programmes	<ul style="list-style-type: none"> • Reduce the current 100 rural funding schemes into three major funding programmes which are linked to DEFRA 3 main strategic priorities: <ul style="list-style-type: none"> ✓ Rural Regeneration ✓ Agriculture and Food Industry Regeneration ✓ Natural Resource Protection
More professional and streamlined support for rural people, targeted on their needs	<ul style="list-style-type: none"> • Defra will work with the DTI, the RDAs and other to ensure that the national network of advice and support provided through Business Links and other business support providers meet the needs of rural businesses. • Defra has put £2 million into Business Links to improve support for the economically lagging rural areas. • Defra to commission a review of the role of the five statutory, producer levy-funded organisations covering the various agricultural sectors.
Clear responsibilities for policy and delivery and hence better accountability.	<ul style="list-style-type: none"> • Defra will assume full responsibility for rural and environmental policy functions. • At local level, it will encourage the spread of existing good practice in the identification of a “lead delivery agent” within a partnership.
Better mainstreaming of the Government’s response to rural socio-economic needs, and better targeting of deprivation in lagging rural areas through the devolution of decision making to regions and of funding to RDAs.	<ul style="list-style-type: none"> • Defra will devolve £21 million additional socio-economic funding, previously disbursed by the Countryside Agency, to the RDAs’ Single Pot. • Government Offices will be empowered to broker and bring forward proposals for arrangements at the regional level. • The adoption of mechanisms to provide the “Rural Priority Board” prioritisation function envisaged by Lord Haskins.
Thinking “rural”, accepting regional variations, but holding to account against national standards	<ul style="list-style-type: none"> • Devolving regional decision-making on the delivery of social and economic regeneration to RDAs. • Working in close partnership with local authorities. • To provide challenge to Government and fresh thinking on rural solutions, the Countryside Agency will be refocused as a New Countryside Agency – a small body providing expert advice to government on behalf of rural people and businesses. • The Government will also strengthen the link between Ministers and rural people in their regions by developing closer relationships with Regional Rural Affairs Forums and their Chairs.
More coherent and effective environmental outcomes through organisational streamlining	<ul style="list-style-type: none"> • English Nature, the landscapes, access and recreation part of the Countryside Agency and the environmental functions of the Rural Development Service will be brought together into an Integrated

Figure 2.6: Summary of Delivery Reforms	
Reforms	Details
	Agency with a remit across England's rural, urban and maritime environment.
Sustainable development proofing the delivery arrangements	<ul style="list-style-type: none"> All delivery bodies should seek to work in partnership to achieve sustainable outcomes – will enable organisations to integrate their goals towards sustainable rural communities and countryside. Government Offices have a key part to play in ensuring that processes and programmes are coordinated within a sustainable development framework.

2.15 The aim is to ensure that they will bring benefits to those who live in and use the countryside, as well as benefits to the environment, the taxpayer and society generally. More specifically, rural businesses should:

- spend less time filling in forms, will be helped through to sources of advice and assistance more quickly and will be able to build better working relationships with a smaller number of delivery organisations.

2.16 Defra states that taken together, this package of reforms and the benefits they will bring represent a step change in the delivery of rural policy and services.

Rural Social Enterprise

2.17 Rural Social Enterprise is an important element of rural economies. Although social enterprise is outside the scope of the research, it is still examined in this policy review. This is because our review found the concept of social enterprise to be relevant in the economic and social development of rural areas.

2.18 The *Social Enterprise Unit* has produced a document on *Rural Social Enterprise* which explains that Social Enterprise has always been an important driver of change and that there is a clear link between social regeneration and economic regeneration which needs to be understood. It suggests that there is increasing evidence that the social enterprise sector is particularly suited to addressing the needs of rural areas. This is particularly the case when distance, isolation and poor access to jobs and services create problems for disadvantaged people in remote rural areas. Social enterprises can therefore make positive changes to:

- the delivery of services in rural areas which might not otherwise be available;
- regeneration and economic development;
- tackling social and financial exclusion;
- community development;

- local capacity building and empowerment;
 - opportunities for work experience and training.
- 2.19 The supplement explains and recognises that there are distinctions between rural and urban businesses in many respects. Rural social enterprises tend to be smaller with more limited markets and their operating environment is different. Business support mechanisms need to appreciate the differences. The Social Enterprise Unit is seeking to improve its knowledge of the needs of rural social enterprise by becoming more actively involved with the rural sector and its representatives. Ministers and officials have visited rural enterprises and attended several conferences with a rural nature to ensure their attention is focused to create the right policies and support mechanism to boost rural economies, tackle deprivation in rural areas and help rural enterprise thrive.
- 2.20 Defra in March 2005 produced a *Social Enterprise Position Statement* which sets out the latest stage in a programme of work by Defra to explore the increased contribution that social enterprises could make to delivering out strategic objectives and to consider what Defra can do to contribute to Government-wide activity to support the sustainable growth of the sector.
- 2.21 In 2002, the Government launched “*Social Enterprise: a strategy for success*”. This set out a three year programme to promote and sustain social enterprise activity, helping the sector to grow dynamically by sustainably strengthening an inclusive and growing economy.
- 2.22 Working together with key partners, the Government is seeking three outcomes and Defra has a key role to play in each of these:
- **creating an enabling environment** for social enterprise i.e. through coordinated action across government and between public agencies and opening up opportunities within public procurement for social enterprises to compete for contracts;
 - **make social enterprises better businesses** by improving the availability of and access to good quality training and business advice for social enterprises;
 - **establish the value of social enterprise:**
 - develop a knowledge base to disseminate information and improve understanding;
 - support measures and initiatives which recognise and publicise the achievements of social enterprise;
 - create trust, e.g. by support research into social auditing methods;
 - encourage partners and industry sectors to consider social enterprise solutions.

2.23 The report states that the objectives of social enterprise in achieving economic, social and often environmental benefit are in line with Defra's overarching aim for sustainable development. Sustainable development involves integrating and balancing economic environmental and social considerations. It means achieving a better quality of life for everyone, now and for the future. Social enterprises use business solutions to achieve public good, and have a distinct and valuable role to play in helping create a strong, sustainable and socially inclusive economy.

Conclusions from a National Context

- Focus on sustainability – in terms of a rural economy and also the need to protect the countryside.
- The rural economy is not dominated by farming, food and tourism but by business and financial services, retail and manufacturing.
- Social enterprise has helped rural disadvantaged areas to provide a community focal point.
- Importance of tackling rural social exclusion and providing a fair service for all in rural areas.
- Convergence between urban and rural lifestyles.
- The need for better integration and simplification of bureaucracy to improve the quality of services to customers in rural areas.

Regional Context

Yorkshire and Humber rural economy

2.24 It is important to note that *Stepping Stones – Yorkshire and Humber* contains very little reference to the West Yorkshire sub-region in a rural context. The report focuses on North Yorkshire, the East Riding of Yorkshire and North Lincolnshire. To illustrate this point further, the report maps the Yorkshire and Humber region and on the map the West Yorkshire region is marked as “urban.”

2.25 This report is one of three reports commissioned by the Countryside Agency to examine the rural economies of Northern England. It builds on work done by the Countryside Agency at a National level.

2.26 This report provides a research and policy orientated review of the key issues arising from analysis of economic and social data for the rural areas of Yorkshire and the Humber, as well as examining the case for public intervention in the rural economies of the region. The report

sets out a way forward for the region on how best to take into account the important contribution of the rural economies to the economic and social life of Yorkshire and the Humber.

2.27 The report sets out in detail the importance of rural entrepreneurship; it states that self-employment is a crucial driver of rural economies, both in terms of entrepreneurial activity and as a source of income and employment activity for a significant part of rural workforce. The report highlights a number of interesting facts about rural enterprise:

- half of rural self-employed work in construction, wholesale & retail and in business and financial services;
- only one in ten work in agriculture or manufacturing;
- rural areas have higher levels of self-employment than urban areas;
- twice as many men as women are self-employed in rural areas;
- comparing the self-employed with those in paid employment the rural self employed tend to be older than rural employed.

2.28 The report states that better information is needed on who is most likely to become self-employed and in addition who is most likely to succeed. The gender issue is interesting, with the ratio of male self-employed to female self-employed 2:1 in rural areas in Yorkshire and Humber compared to 3:1 in urban areas (nationally there is a similar trend). Also, in rural areas overall, female self-employment has increased whereas in urban areas it has remained constant. It would appear that this increase in rural areas is explained by the more accessible rural areas of the Yorkshire & Humber region.

2.29 The report highlights policy implications which arise due to the nature of rural areas and their significance on entrepreneurial activity. Figure 2.7 illustrates the key relevant policy implications.

Figure 2.7: Policy Implications	
Theme	Policy Implication
Small Businesses	Businesses in rural areas tend to be smaller than businesses in urban areas, and business size can differ significantly by sector. Economic development policies and strategies should take these differences into account.
Enabling business start-ups	Access to skilled labour and resources, which is important for attracting inward investment, can be enhanced through improvements to transport (preferably sustainable means of transport) and the internet, developing more positive attitudes toward lifelong learning and improving access to training facilities.

Figure 2.7: Policy Implications	
Theme	Policy Implication
Business start-ups	It is clear that business start-up rates in rural areas lag significantly behind those in urban areas and there is a need to look at ways of boosting levels of entrepreneurship whilst at the same time maintaining the high survival rates of rural businesses

City-regions and rural development

- 2.30 The *Northern Way – Rural North* study attempts to consider the implications of the city region approach to regional development for rural areas.
- 2.31 The report states that although the idea that “rural” and “urban” are distinct geographical categories is the cause of much discussion in public debate, the reality is far from clear cut. They are relational categories – that is, they are defined in relation to each other.
- 2.32 The report states that regional boundaries for the three northern regions artificially divide up much of the rural North. It broadly characterises three types of relationships, reflecting the settlement structure within the three component regions of the North:
- **Separable Rural Periphery:** this is typified in the North West region, where a large rural periphery (in Cumbria) is seen as relatively self contained and separate from the city regions (Liverpool, Manchester);
 - **Interdependent Rural Periphery:** this is typified by the North East, where the large rural areas surround the two city regions of Tyne and Wear and Tees Valley, and independencies are likely to be stronger and more complex;
 - **Urban – Rural Mosaic:** This is typified by the southern parts of Yorkshire and Humber regions, such as the Southern Pennines, South Yorkshire and West Yorkshire coalfield areas, where rural areas nestle between several city regions.
- 2.33 The report indicated that at a regional level there has not been enough analysis of the rural-urban relationship and that further analysis and research is needed. It is recommended that an integrated policy of the rural-urban relationship is considered but one that recognises the differences in rural businesses and urban businesses.

Regional priorities

- 2.34 Yorkshire Forward’s rural policy is built around Rural Renaissance. The overarching aim of the Rural Renaissance Team is to create places throughout the region where people want to, and can, live, work, invest and visit – both now and in the future. There are four key programmes:
- business;

- Modernising Rural Delivery (MRD);
- Renaissance Market Towns (RMT) Programme;
- Sustainable Strategy for Food and Farming (SSFF).

2.35 The RMT programme was launched in 2002 and is a ten-year plan to support sustainable small towns in the region. The policy is strategy-led rather than funding-led, and there are three key aspects for each Renaissance Town to follow:

- developing a Town Team to drive forward the Renaissance process forward;
- creating a vision or charter for the Town, which is translated into action plans;
- a portfolio of projects with defined delivery mechanisms.

2.36 There are two RMTs in the West Yorkshire sub-region – the Colne Valley (Marsden/Slaithwaite) and the Upper Calder Valley³.

2.37 In terms of enterprise, Yorkshire Forward has a target to double the rate of business start-up by 2010. A number of initiatives to increase the business start-up rate are in progress, forming the business birth-rate strategy. There are four key priorities, all of which could potentially be important in the context of entrepreneurship in rural areas. These are:

- developing an enterprising culture and entrepreneurial skills through programmes such as the Enterprise Shows and The Young People's Enterprise Forum;
- improving access to finance through the support of the Regional Venture Capital Fund, the South Yorkshire Investment Fund and the Yorkshire Association of Business Angels;
- ensuring business support is fit for purpose through a number of start-up programmes, social enterprise activities and the quality framework Customer First;
- supporting high growth companies and technology based companies through Connect Yorkshire. Connect Yorkshire supports entrepreneurs to become investment ready, and links up young high growth companies with potential investors.

2.38 Yorkshire Forward is also targeting women in business. Forward Ladies is a not-for-profit women's business networking organisation supported by the Agency. There are now groups in Leeds, Wakefield, Hull, Huddersfield and North Yorkshire.

³ In addition, Otley was supported through the Market Towns Initiative, which preceded RMT.

Conclusions from a regional context

- Urban and rural areas in Yorkshire and Humber are not distinctly different. They have similarities which can be used in a policy context.
- Enterprise is a key strategic area for Yorkshire Forward.
- Yorkshire Forward has four key programmes within Rural Renaissance. The overarching aim is to create prosperous and attractive places.

Sub-regional context

West Yorkshire Enterprise Partnership – Enterprise Strategy

2.39 The Enterprise Strategy details the developments of the West Yorkshire Enterprise Partnership and explains its commitment to the future and what plans it has to achieve real growth and opportunity in the future.

2.40 The report sets out the achievements of Business Link and its associated brands which include:

- supporting 25,000 existing businesses;
- assisting 21,000 individuals planning to start a business;
- helped create 5,000 new businesses;
- developed ground breaking approaches to delivery through partnership with Asian Trades Links, supporting 2,100 enterprises;
- launched West Yorkshires Ventures providing a first-rate specialist support programme for ambitious entrepreneurs whose businesses have serious growth potential.

2.41 The report states that West Yorkshire is home to a population of 2 million people and has a business base of 59,000 and 100,000 self employed. It plays a key role as the driver of the Yorkshire and Humber region and Leeds, the regional capital, has enjoyed fast growth and is firmly established as a leading financial and commercial centre outside London.

2.42 The Enterprise Partnership has a vision where West Yorkshire is seen as:

- a thriving economy, where businesses invest, develop and grow;
- having an entrepreneurial culture, prepared to embrace change and nurture innovation, a place where risks can be taken;

- a high-wage, high skilled economy;
- a place where prosperity benefits all the West Yorkshire communities.

2.43 With these visions in mind the Partnership is committed to the following four themes:

- **increasing enterprise** through enterprise campaigns, development of Education Business Link, pre-start support and expanding support for social enterprises;
- **improving competitiveness** through encouraging supply chain and cluster initiatives and support initiatives to promote improved access to finance and introduction to venture capital;
- **raising skill levels for the workforce** through creating informed demand from employers, expanding the reach of learndirect provision, targeting skills improvement in clusters and sectors;
- **promoting an inclusive society** by improvements in service take-up by under represented groups, increasing access to support in disadvantaged areas and increasing equality and diversity awareness.

2.44 Figure 2.8 is a summary illustrating the strategy of how the vision above can be achieved.

Figure 2.8: Summary table of Strategic Objectives and Actions		
Issues facing the West Yorkshire Economy	Strategic Objective	Strategic Actions
Low levels of enterprise compared to national averages	1: Increase Enterprise	Enterprise culture/campaigns – to inspire positive entrepreneurship role models
Survival rates are slightly behind national averages		Business - education links - through the development of Education Business Link and building of partnerships with schools
Historically low aspirations and role models for entrepreneurship in some parts of WY		Pre-start support – delivering information, advice and guidance to those considering starting a business
Lack of support infrastructure for business incubation		Business incubation Start - up and high growth start-up support – WY Ventures and BL Concession providing support in the early stages of business formation
		Expanding support for social enterprises – recognising the distinct value and support needs of socially motivated enterprises
Below average GDP	2: Improve competitiveness	Increase the number of businesses adopting changes in: Strategic business development, marketing capabilities, productivity improvement, HR, financial capability etc
Poor levels of research and development investment		Improve the above capabilities through accessible information, a stimulating seminar and workshop programme
Traditional dependence on manufacturing retains a high proportion of employment, but the sector continues to suffer job losses		Encouraging supply chain and cluster initiatives
Scarcity of large-scale prime development land for inward investment in some parts of the sub-region		Support initiatives to promote improved access to finance and introduction to venture capital, particularly for SMEs
Skills gaps affecting numerous sectors	3: Raise skill levels for the workforce	Create informed demand from employers
Demographic shifts resulting in fewer young people and reliance on an older workforce		Expand the reach of learndirect provision – to support learners with basic skills, ICT and other programmes
63 wards out of the 126 in WY are rank in the poorest 25% nationally for education deprivation		Target skills improvement in clusters and sectors – to deliver a wide range of sector specific skill activity, aiming to improve the levels of individual achievement and business competitiveness.
Below average attainment at GSCE level		Support capability and capacity building in businesses – to create the infrastructure that will develop and sustain workforce and management development as a business solution

Figure 2.8: Summary table of Strategic Objectives and Actions		
Issues facing the West Yorkshire Economy	Strategic Objective	Strategic Actions
Poor basic skills, low attainment and participation in formal education and low levels of workforce qualifications		Promote improvement awareness and take-up of quality frameworks
WY is home to 77% of the region's black and minority ethnic population of working age	4: Promote an inclusive society	To achieve improvements in: <ul style="list-style-type: none"> • Service take-up by under represented groups – by increasing the proportions of women, minority ethnic communities and other disadvantaged or excluded groups in service provision, providing outreach campaigns and tailored services to promote improved accessibility. • Access to support in disadvantaged areas, particularly deprived urban and outlying rural areas – by tailoring specific initiatives to improve access and overcome disadvantage in particular locations in WY • Equality and diversity awareness - by promoting the business benefits of equality and diversity employment practices to SMEs and supporting their implementation.
Urban deprivation affects over half the wards in WY		
Community cohesion is high on the political agenda in WY		
Rural isolation is not a predominant feature of WY, but there are rural communities, outlying market towns and former coalfields that are remote from services and detached from opportunities to participate in enterprise or learning		
Female participation in enterprise is identified as significantly lower than for males		

2.45 As well as the sub-regional enterprise strategy, there are local enterprise action plans. These have been finalised for Wakefield and Bradford, with the action plans for Calderdale, Kirklees and Leeds in the process of development/finalisation.

West Yorkshire Rural Partnership – Scoping Study

2.46 The Scoping Study was commissioned with the intention of identifying the headline characteristics of the rural areas of West Yorkshire and the nature of the “rural economy”. It has been used to suggest ways in which the West Yorkshire Rural Partnership can best take the development of the rural areas forward. The purpose of the report was to allow for a better understanding of rurality at the sub-regional level and to develop a Strategy and Action plan consistent with the needs and opportunities of the area.

2.47 The report explains how West Yorkshire is a conurbation with the major towns being Leeds, Bradford, Halifax, Huddersfield and Wakefield. There is also a complex mix of other settlements from traditional market towns and isolated rural villages to industrial settlements with a heritage based on textiles or mining. West Yorkshire does not conform to the established view of a “rural area” but the sub-region does include settlements and related hinterlands that are clearly “rural” in scale, type and characteristic.

2.48 In essence the report explains how the West Yorkshire area’s rurality provides its towns and cities with a competitive advantage, and this advantage should be managed and developed as

a core part of the Sub-Regional Investment Planning and Northern Way development programme process.

2.49 The report states that the sub-region rurality is complex and integrated and to ensure it can be used to the sub-region's advantage work is needed to better understand the characteristics and functionality of many of the areas settlements and communities. Bradford District, for example, has adopted a three part classification of its rural areas using:

- rural service centres – comprising settlements with more than 10,000 residents and with a range of functions;
- dispersed settlements – those with between 3,500 and 10,000 residents, which are historically functional;
- rural villages – with a population of less than 3,000 and surrounded by open countryside.

2.50 In addition, the Scoping Study begins to analyse particular places on the basis of characteristics such as self-employment, unemployment and age. This highlights potential 'new rural' locations with high self-employment, e.g. Holmfirth, Ilkley, Boston Spa and Hebden Bridge. It also notes where there are pockets of exclusion and low levels of self-employment, e.g. some of the former coalfield areas, Hebden Bridge again (in terms of high unemployment) and Denholme. The *Rural Evidence Base Report for Yorkshire and the Humber*, produced by Government Office, also highlights some particular characteristics in the West Yorkshire rural economy. Generally, West Yorkshire's rural areas are more prosperous than the urban areas. This is demonstrated through the mapping of deprivation and household income information. There are exceptions, in particular the former coalfield areas in south Leeds and Wakefield and parts of the Pennines – at the top of the Upper Calder Valley around Todmorden and the top of the Colne Valley near Marsden.

2.51 The other notable finding in the Government Office report is that the rural economy has a generally similar structure to the regional economy as a whole. However, survival rates and productivity amongst the region's rural businesses are generally lower.

2.52 The scoping study sets out a number of Action Points and Next Steps which are listed in Figure 2.9.

Figure 2.9: Action Points and Next Steps as set out in the report	
Action Points and Next Steps	Date to be completed
1: Secure a mandate from West Yorkshire Economic Partnership for a Core Rural Investment Theme to meet identified SRIP objectives and a “rural proofing” role of the remainder	October 2004
2: Provide “rural proofing” during the development of the SRIP action plan, any West Yorkshire Economic Partnership representation to the Regional Spatial Strategy and engaged pro-actively with the development of Regional Rural Development Framework.	October 2004 – April 2005
3: Secure SRIP funding to improve the evidence base to add to the understanding of the economic and demographic context of the sub-regions rural areas within the Strategic Economic Assessment.	November 2004 – April 2005
4: Engage in the production and “rural proofing” ⁴ of the Leeds City Region Development Programme and integrate rural actions with the SRIP	
5: Analyse the updated Economic Assessment and development programmes to address identified priorities within the SRIP and Leeds City Region Development Programme that would be best delivered within a Core Rural Investment Theme. These should include: <ul style="list-style-type: none"> • Actions to identify “lagging” pockets in rural settlements and areas and define relevant actions – e.g. Leeds and Wakefield are readily identifiable lagging areas • Research into Rural Workspace and development of a support programme. • A programme to recognise, manage and improve the natural environment in order to maximise related business and economic opportunities. 	April 2005- October 2005

Priority areas

2.53 The West Yorkshire Economic Partnership has identified its priority rural areas. These are Otley (in the Leeds district), the Colne Valley (Kirklees), the Upper Calder Valley (Calderdale) and Airedale (Bradford). The Colne Valley and Upper Calder Valley are part of the RMT programme. Although these are the priority areas, this does not exclude activity in other parts of the sub-region.

Sub- Regional Conclusions

- Women are important in the promotion of enterprise.
- West Yorkshire is not seen as a typical “rural area”. The rural areas have important linkages with urban areas and vary in functions and characteristics. Generally the rural areas are more prosperous but there are notable exceptions in the former coalfield areas and in parts of the Pennines.
- The importance of an inclusive society.
- The importance of social enterprise.

⁴ **Rural Proofing** is a commitment by Government to ensure that all its domestic policies take account of rural circumstances and needs (Rural White Paper, 2000).

- Priority areas are Otley, Upper Calder Valley, Colne Valley and Airedale.

Key implications and discussion points

- The rural business base differs slightly from that of urban areas: there is higher self-employment in rural areas; the proportion of firms that are large (250+ employees) is lower in rural areas; the proportion of firms that are small and micro enterprises is higher.
- Enterprise and business start-up rates differ by area. It may not be appropriate to have the objective of the same levels of enterprise in all areas, as other factors such as skill levels and social structures will also be important. In which areas should enterprise be targeted, e.g. to help deliver enterprise-led growth generally, or to support areas that are currently underperforming against their potential?
- How could enterprise-based initiatives in rural areas be delivered in conjunction with the existing Renaissance Market Towns work?
- Urban and rural areas are not separate but interdependent. This is particularly important in the West Yorkshire context as urban centres dominate the economy. We may expect similar types of businesses in West Yorkshire's rural areas as in urban areas. The key question is how this interdependence translates in terms of enterprise in the more rural areas. What particular activities should be encouraged to ensure coherent economic development across the sub-region?
- Social enterprise can be important in rural areas, in particular in those parts where there is disadvantage. Social enterprise was outside of the scope of the remit for this work in terms of the core focus of proposed interventions. However, the notion of social enterprises and how they can be a source of enterprise in rural areas is likely to remain a key part of the context.
- Self-employment amongst women is higher in rural areas than in urban areas. Why is this so, and could this be a particular source of knowledge-based and creative entrepreneurship for rural areas? How could this be best promoted?

3 Business survey

Introduction

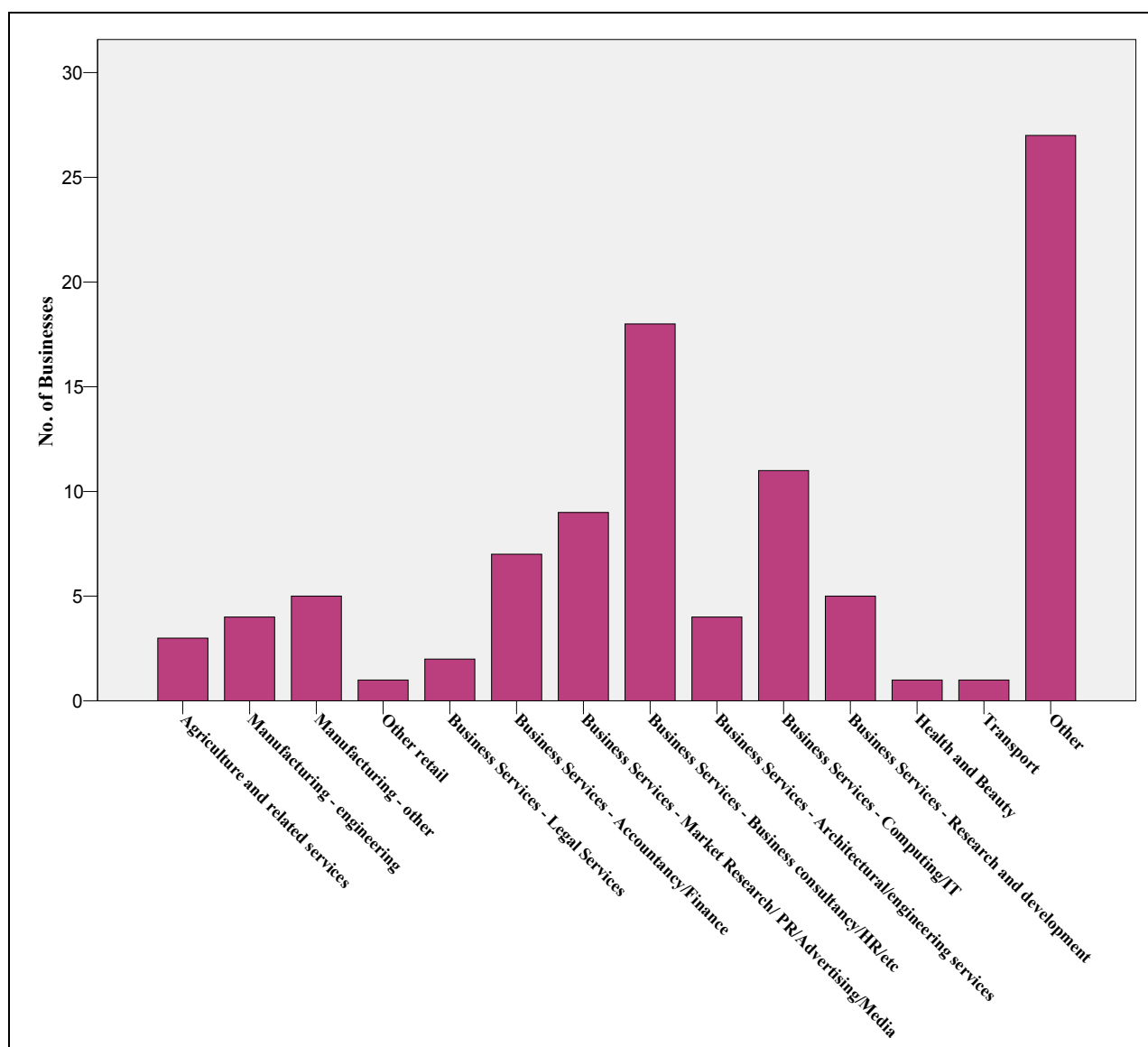
- 3.1 A survey of the rural businesses operating in West Yorkshire was undertaken as part of the research. The survey was distributed to rural businesses by post and email. The list of the potential respondents was sourced in two ways, the majority (around 1000) was provided by Business Link from their database system with others provided through a sub-regional business network. Approximately 1250 surveys were sent out in total – targeted at knowledge-based and creative sectors.
- 3.2 One hundred and two responses were received (a response rate of approximately 9%), three postal surveys were returned “addresses unknown” and approximately 150 email surveys were returned “undelivered”.
- 3.3 The rural businesses were asked questions on the following topics:
- brief characteristics of the company;
 - business motivations for starting up business;
 - factors affecting location decision;
 - main obstacles incurred when setting up business;
 - forms of business support – how often used and effectiveness;
 - future plans;
 - current barriers/potential barriers to future plans;
 - advantages and disadvantages of current rural location.

Key characteristics of respondents

- 3.4 The first interesting characteristic to note is the number of male and female respondents. The percentage of females amongst the respondents was 31.5% whereas the percentage of male respondents was 68.5%. This is in line with the wider regional trends identified in *Stepping Stones – Yorkshire and Humber*, which indicated that the ratio of male to female self-employed is 2:1.

3.5 Businesses were asked to indicate what their business sector is. Out of the 98 respondents who replied 22 (22.4%) indicated that their business did not fit into our listed sectors and ticked “other”. A variety of responses were given for this, notably many were literary or art based. Nineteen respondents (19.4%) stated their business was in “Business Services – Business Consultancy/HR/etc”, 12 respondents (11.7%) stated that their business was in “Business Services – Market Research/PR/Advertising/Media/etc” and a further 12 respondents (11.7%) stated that their business was in “Business Services – Computing/IT.” Figure 3.1 shows in greater detail the sectoral split for the respondents.

Figure 3.1 – Split of Rural Businesses by type of Industry/Sector (98 Respondents)



3.6 The survey results also show that roughly 25% of businesses have been located in their rural area for 12 years or more, just less than 50% of the respondents have located in their current geographic location for 5 years or less and just over 30% of businesses who responded have been in their current rural area for 2 years or less.

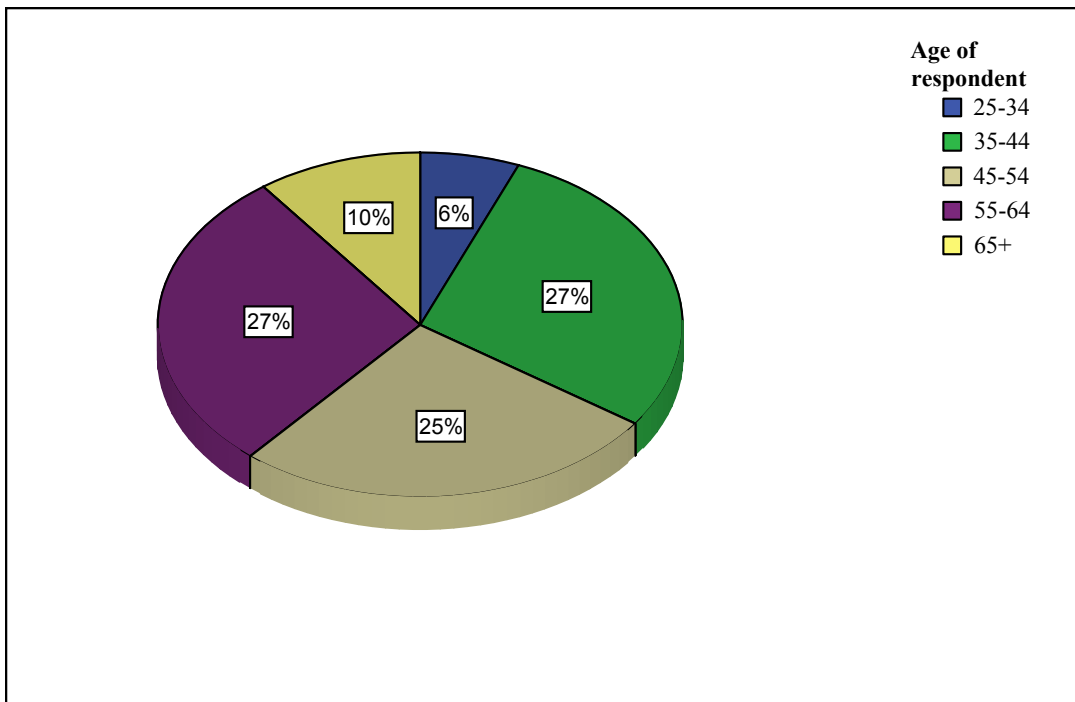
3.7 There was a concentration of respondents from the Calder Valley, Kirklees – other (e.g. Holmfirth and Denby Dale) and the Wharfe Valley and north Leeds areas (i.e. north of Leeds from Otley to Wetherby). This is to be expected given the higher number of knowledge-based and creative businesses in these areas. Figure 3.2 shows the breakdown of the geographic location of respondents.

Figure 3.2: Geographic location of respondents

	Number of respondents	%
Airedale	4	4%
Wharfedale - Bradford	9	9%
Bradford - Other	2	2%
Wharfe & North Leeds	27	26%
Coalfield - Leeds	3	3%
Leeds - Other	3	3%
Calder Valley	24	24%
Colne Valley	6	6%
Kirklees - Other	19	19%
Coalfield - Wakefield	1	1%
Wakefield - Other	2	2%
N/A	2	2%
Total	102	

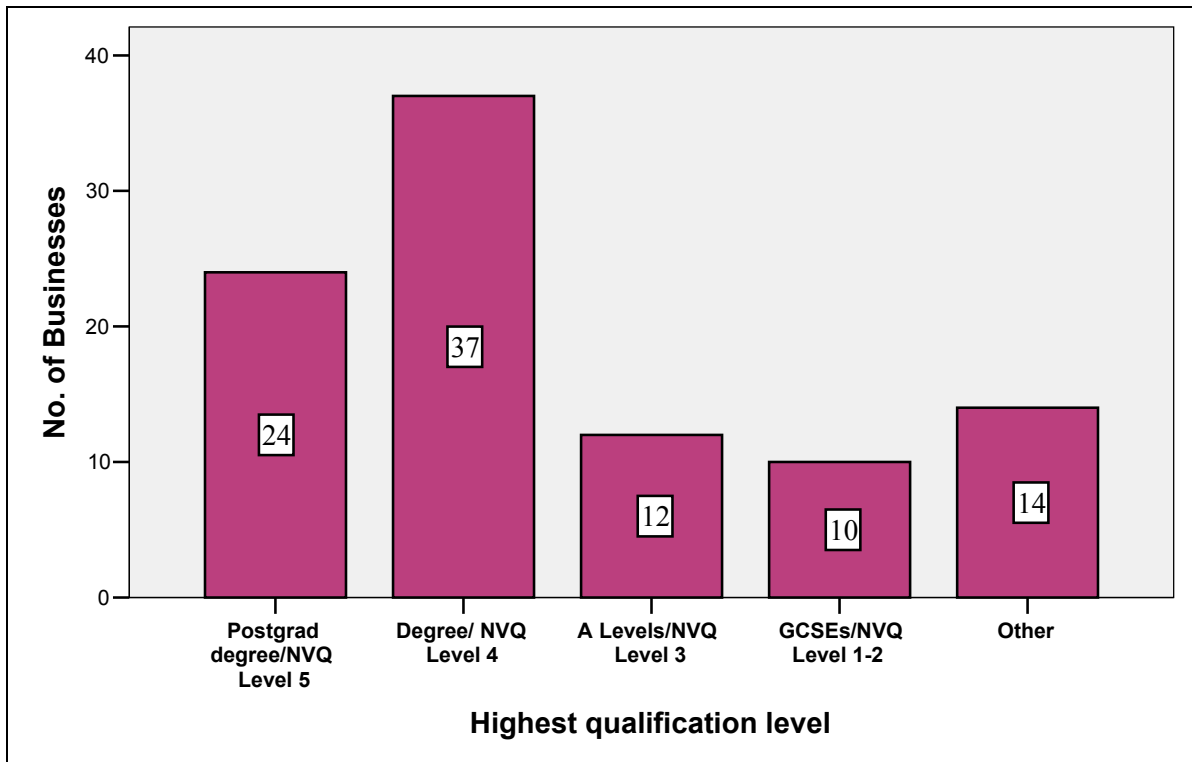
3.8 Respondents were asked to specify their age category to help assess potential groups of people to target and promote rural enterprise. Figure 3.3 illustrates the age ranges of the respondents. The pie chart shows that 28 of the 98 who answered (28.5%) indicated their age fell within the category 35-44 and a further 28.5% stated an age category of 55-64. Only 6.1% stated their age was in the 25-34 category.

Figure 3.3 – Age range of the respondents (98 Respondents)



3.9 Businesses were asked to give their highest qualification level, again to help us assess the characteristics of current and likely future rural entrepreneurs. Figure 3.4 illustrates the breakdown in qualification and shows that the majority of respondents are qualified to degree level or above.

Figure 3.4 – Respondents' highest qualification level (97 Respondents)



- 3.10 As Figure 3.4 illustrates, 62.9% of those who answered indicated their highest qualification was degree level or above, over a third of which was postgraduate degree level.
- 3.11 The cross-tabulation in Figure 3.5 shows the break down of the respondents by both ages and qualification. The table illustrates that currently there are very few young graduate entrepreneurs (only three, illustrated in bold italics in Figure 3.5) in the rural West Yorkshire suggesting a potential gap that could be exploited.

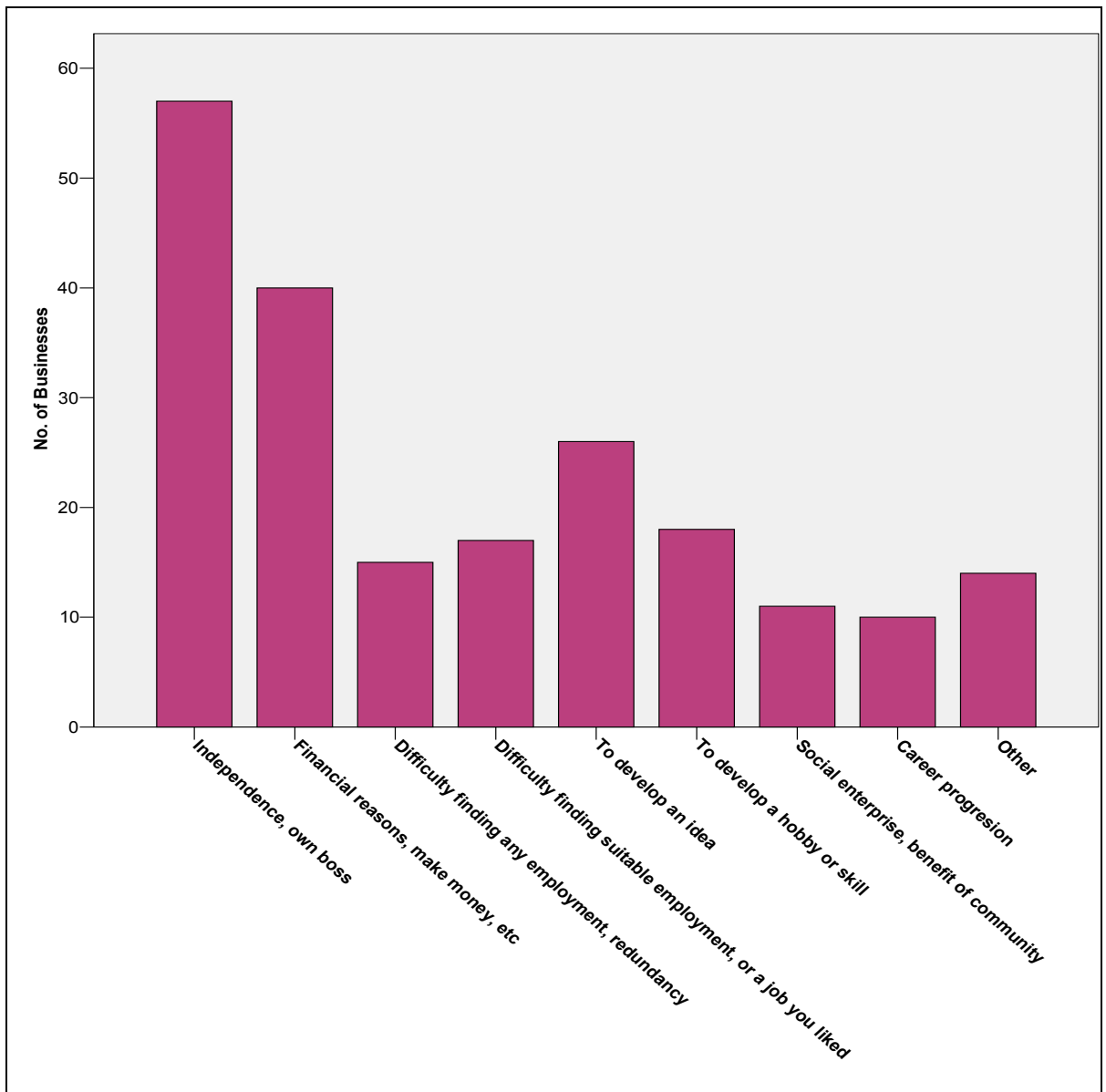
Figure 3.5 – Cross-tabulation of Highest Qualification and Age of respondents

		Highest qualification level						Total
		Postgrad degree/NVQ Level 5	Degree/ NVQ Level 4	A Levels/ NVQ Level 3	GCSEs/ NVQ Level 1-2	Other	Not answered	
Age of respondent	25-34	0	3	0	2	1	0	6
	35-44	8	12	4	2	1	1	28
	45-54	7	8	4	4	3	0	26
	55-64	8	11	4	2	3	0	28
	65+	1	3	0	0	6	0	10
	Not answered	0	0	0	0	0	4	4
Total		24	37	12	10	14	5	102

Starting up the business

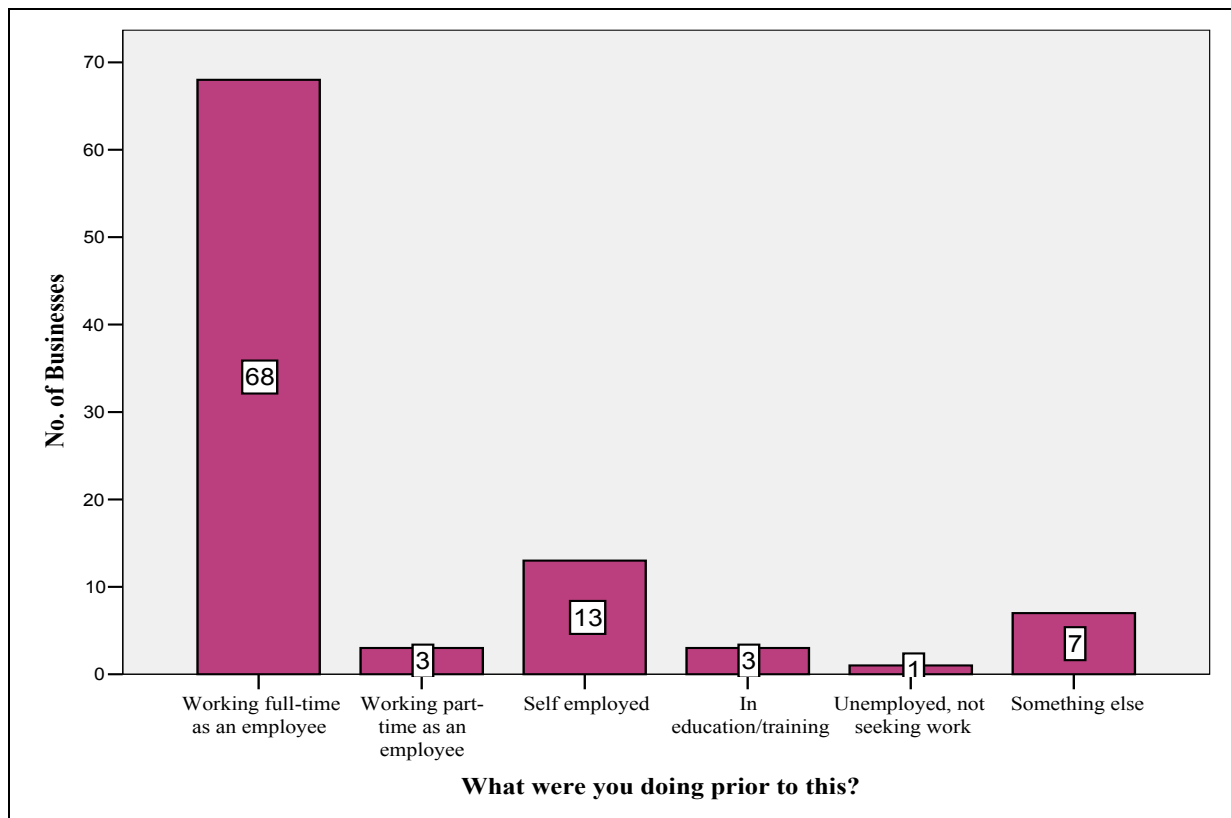
- 3.12 Respondents were asked if they had had a key role in starting up the business, 93 of those which respondents (94.8%) stated that they had; these 93 were then asked further questions about their motivations, location decisions and obstacles which they faced.
- 3.13 The businesses were asked what made them start-up their businesses, respondents were allowed to state all that applied. Eighty-eight businesses answered, 57 (64.8%) of which stated that one of the reasons for starting up their business was to gain independence and become their own boss. Forty (45.5%) indicated that one of the reasons was financial – to make money and 26 (29.5%) stated one of their motivations was to develop an idea. Employment possibilities seemed to also be a motivation as 17 (19.3%) stated one reason was due to the difficulty of finding suitable employment and 15 (17%) stated one motivation was due to the difficulty of finding any employment. Figure 3.6 illustrates these results.
- 3.14 It is also interesting to note that a reasonably high number of respondents selected “other” (15.9%) as a business motivation, from looking at their specified answers a large proportion stated that their one of their motivations was to increase their time/flexibility for family commitments the majority of which are female respondents.

Figure 3.6 – Business motivations (93 Respondents)



3.15 Figure 3.7 shows that the majority of the respondents, 68 (71.6% - of the 95 who responded), were previously employed working full-time as an employee. The survey asked those who were working full time as an employee to specify what their previous occupation was, the majority of which come under professional/business services. Thirteen (13.7%) stated that previously they were self- employed. Only one respondent indicated that they were unemployed prior to setting up their business.

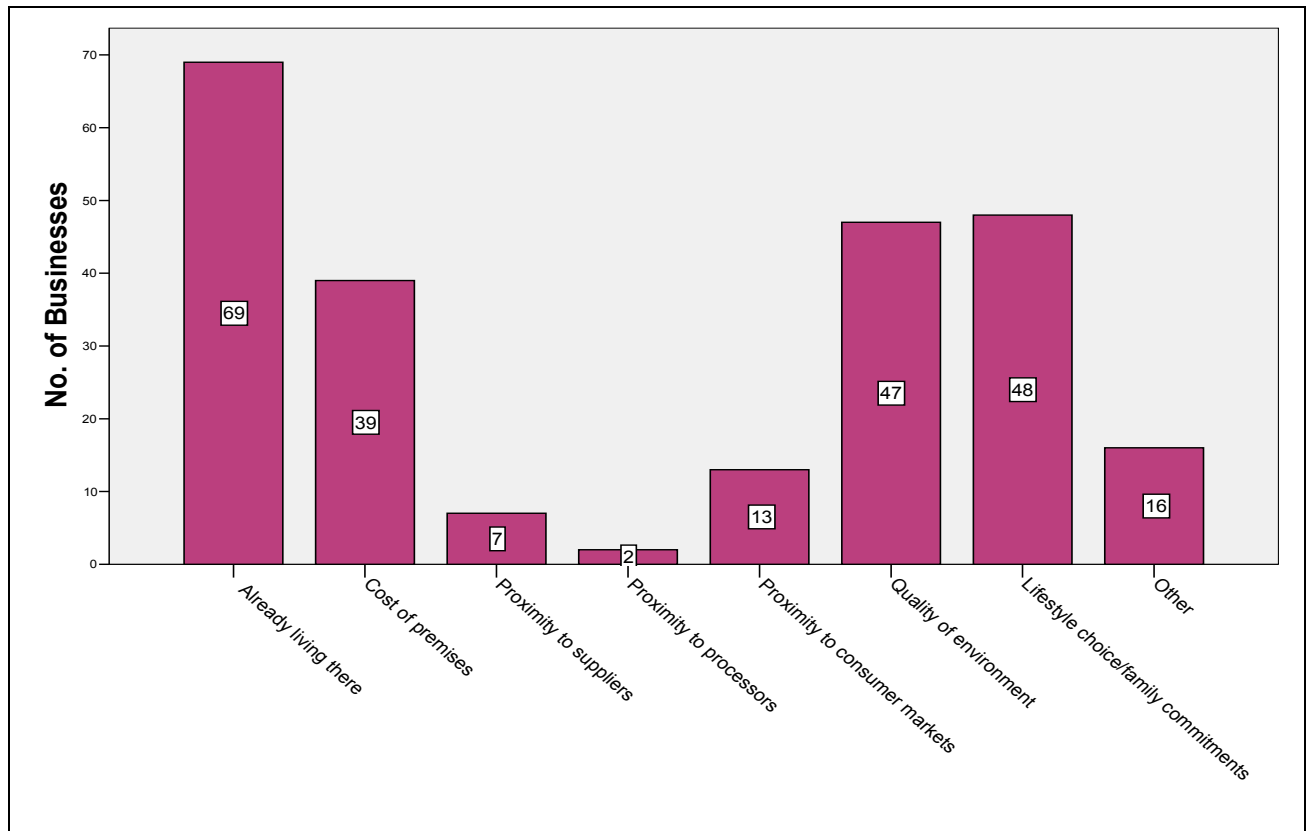
Figure 3.7 – What business owners were doing prior (95 Respondents)



3.16 The businesses were asked if they had moved into the area from outside to set up their business/ relocate their business. Seventy-seven (81.9% - of the 94 who responded) stated that they had not moved into the area. Eight (8.5%) said they had come from elsewhere within West Yorkshire and nine (9.7%) said they had come from outside of Yorkshire and Humber. The 17 respondents who answered yes to moving from outside the area were then asked if they had moved from a rural or urban location. Ten (58.9% - of those which responded) said that they had moved from an urban location and seven (41.1%) said that they had moved from a rural location. These findings indicate that most entrepreneurs come from the area (although still may have moved into the area prior to starting their business). But an important minority do come from outside.

3.17 Respondents were then asked to state what factors affected their decision to locate in their current town/village. The businesses were asked to indicate all possible factors and also the main factor which affected their decision. Figure 3.8 shows the responses of the businesses for all possible factors which affected their location decision.

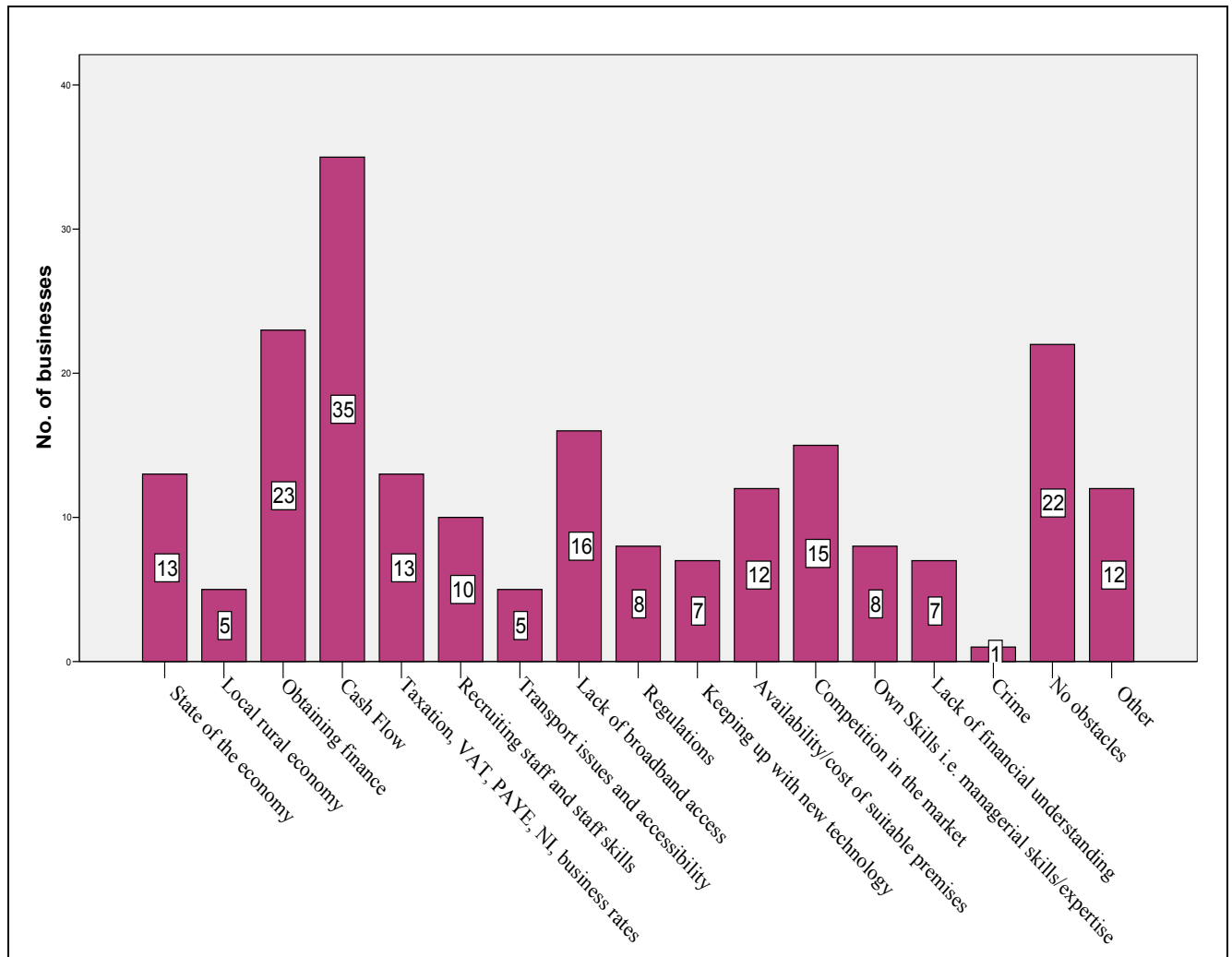
Figure 3.8 – Factors which affected businesses decision to locate their business in their current town/village. (93 Respondents)



3.18 Figure 3.8 shows that 69 of the businesses (74.2% of the 93 who responded) felt that one important factor in choosing their current location was because they were already living in the area. Both quality of environment and lifestyle choice were other reasons which came out high. It is also very interesting to note that the proximity to consumer markets had a response of 13.9%, which is reasonably high considering the businesses are located in rural areas.

3.19 Respondents were then asked to select from a list of obstacles and indicate from those which ones they encountered when starting up their business or moving their business to a rural location. Figure 3.9 illustrates the results, which shows that a significant number (22 respondents) did not face any obstacles when they moved into the rural location.

Figure 3.9 - Obstacles businesses faced when moving into their rural location. (91 Respondents)



3.20 Figure 3.9 shows that 35 of the 91 businesses who responded (38.5%) selected cash flow problems as one of the main obstacles facing their business. Twenty-three of the 91 respondents (25.3%) stated that obtaining finance was an issue for them. Unfortunately, it is not possible to comment on the exact problems businesses faced in terms of obtaining finance. This could mean a variety of things, including problems with being refused finance, poor quality business plan/ bid, other businesses could have had issues with grants running out.

3.21 It is also interesting to note that a large number of businesses – twenty-two of the 91 respondents (24.2%) – indicated that they had not encountered any obstacles when setting up their business. Sixteen respondents (17.6%) stated that one of the main obstacles that they had encountered was a lack of broadband connection. A large number also indicated that there were “other” obstacles that they had faced, one notable other obstacle which six businesses mentioned was about the difficulties in establishing a customer/ client base, this seems to be an issue for both new start-up businesses and also businesses that have moved far

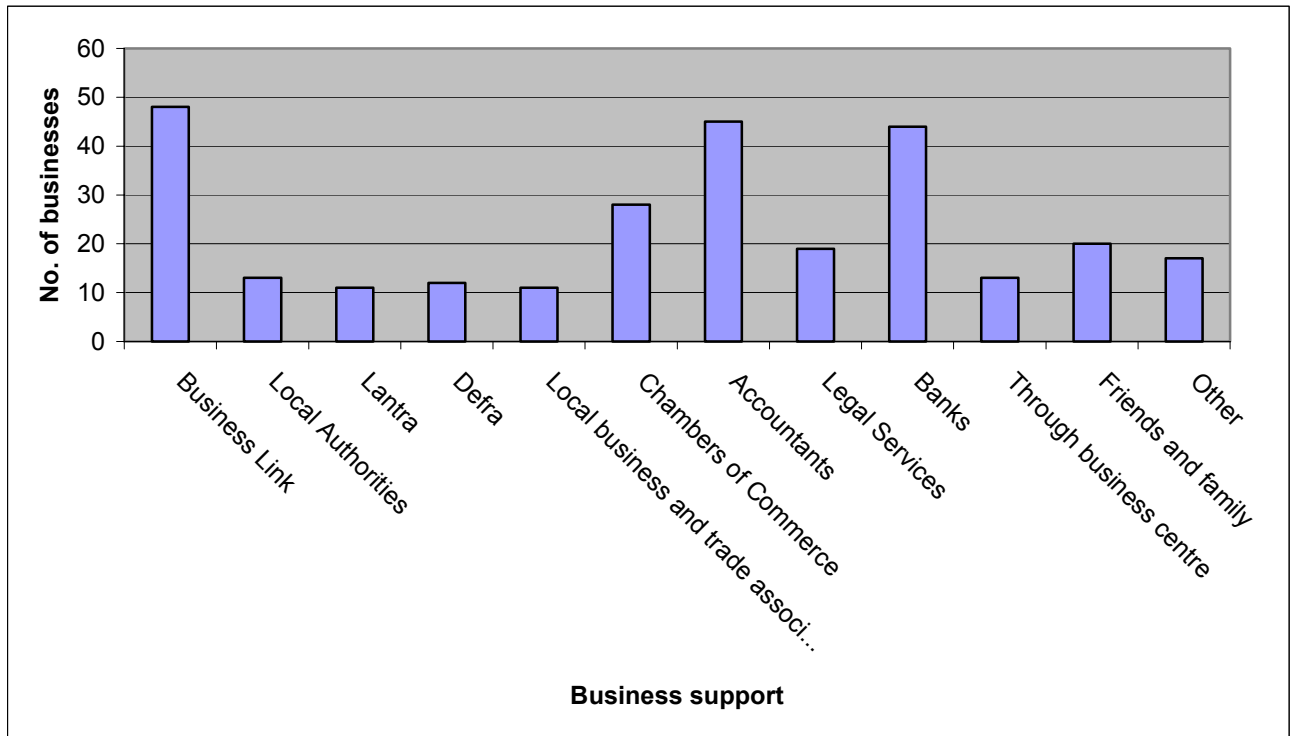
from their previous location. Another interesting obstacle which one respondent in Otley mentioned was problems to do with mobile connectivity.

- 3.22 Continuing this line of questioning, businesses were asked to comment on how they overcame the obstacles they encountered when first setting up their business. Twenty-seven of the 68 respondents who answered this question (39.7%) stated that they overcame their obstacles through working hard and persevering with their business (or words to that effect). Some of the businesses (11.8%) sought outside help in some way to enable them to overcome their obstacles, which included training and mentoring. Six of the businesses (8.8%) indicated that they had not yet overcome their obstacles.

Business support

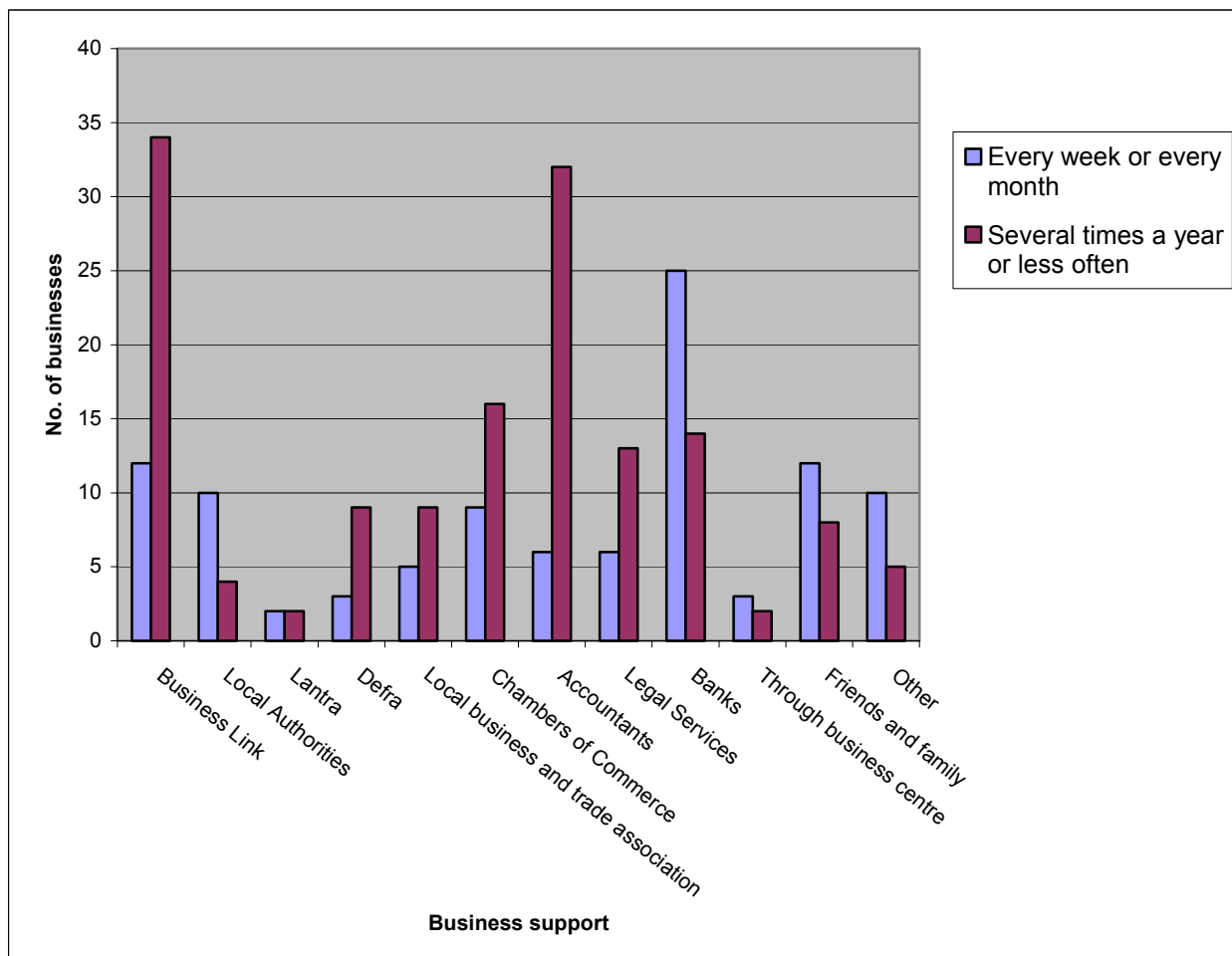
- 3.23 The survey questionnaire contained a section on the use of external business support since moving into a rural area. Just over two-thirds (68.4%) of the businesses who answered stated that they had received some form of business support. This figure is high and may not reflect the overall picture for all businesses in the West Yorkshire sub-region. One reason for this is because of the way in which we sourced our businesses for the survey with 1100 of the 1250 businesses taken from a Business Link database system (the database system records businesses which are known by Business Link e.g. through direct support, enquiries and referrals). The other 150 businesses are all taken from a sub-regional business network, which is a potential form of business support.
- 3.24 Businesses were asked to indicate which forms of business support they use or have used, how often they used them and to rate the quality of support out of five. Figure 3.10 shows how many businesses use the different forms of business support. The most common forms of business support which the respondents use include; Business Link, Accountants, Banks and the Chambers of Commerce. Twenty-four businesses stated that they had used other forms of business support including mechanisms such as business networking, marketing gurus and business contacts/suppliers.

Figure 3.10 – Use of the different forms of business support



3.25 Figure 3.11 shows how often the rural business respondents have used the above forms of business support. (Not all of the businesses who stated that they used a form of business support have indicated how often they use it). The graph shows that 25 businesses use Banks on a regular basis either every week or every month. It also shows that 12 of the respondents use their friends and family as a support mechanism either every week or every month. Figure 3.10 shows that 54 businesses use Business Link and Figure 3.11 shows that 12 of these businesses use them frequently either every week or every month and 34 businesses use them either several times a year or less often. Fifty of the respondents use Accountants, six of these businesses stated they use them frequently and 32 stated that they use them several times a year or less often. It is also interesting to note that 16 businesses indicated they use the Chamber of Commerce several times a year or less often.

Figure 3.11 – Frequency of use of the different forms of business support.



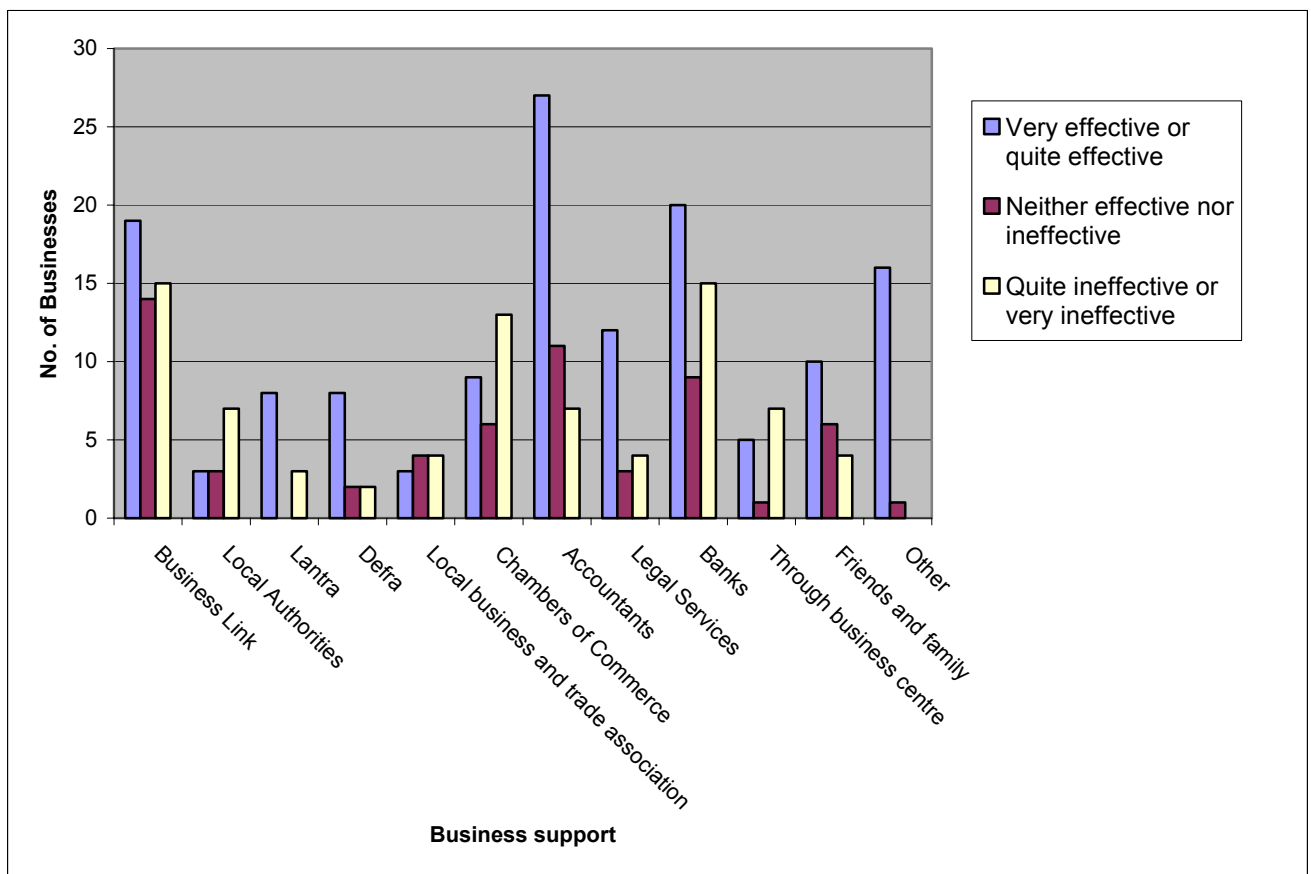
3.26 Respondents were also asked to rate out of five the business support that they use. Figure 3.12 shows how the businesses rated the business support services that they use. The graph shows some interesting results. There seems to be some mixed views over the quality of the support received from Business Link. Nineteen of the businesses which use Business Link (40%) stated that they found the support services either very effective or quite effective, fourteen (29.2%) businesses stated that they felt Business Link was neither effective nor ineffective and fifteen (31.3%) businesses indicated that the support they had received from Business Link was either very ineffective or quite ineffective.

3.27 Sixty percent of businesses who use accountants rated them either very effective or quite effective and 62% of businesses who use legal services also rated them either very effective or quite effective. It is also interesting to note that the majority of respondents who use Defra support were pleased with the support they received with 67% of them rating the service as either very effective or quite effective. “Other” sources of business support, which includes marketing gurus, business contacts and business networks were also highly regarded.

Overall, the local business community and professional services are seen as effective providers of support by rural entrepreneurs.

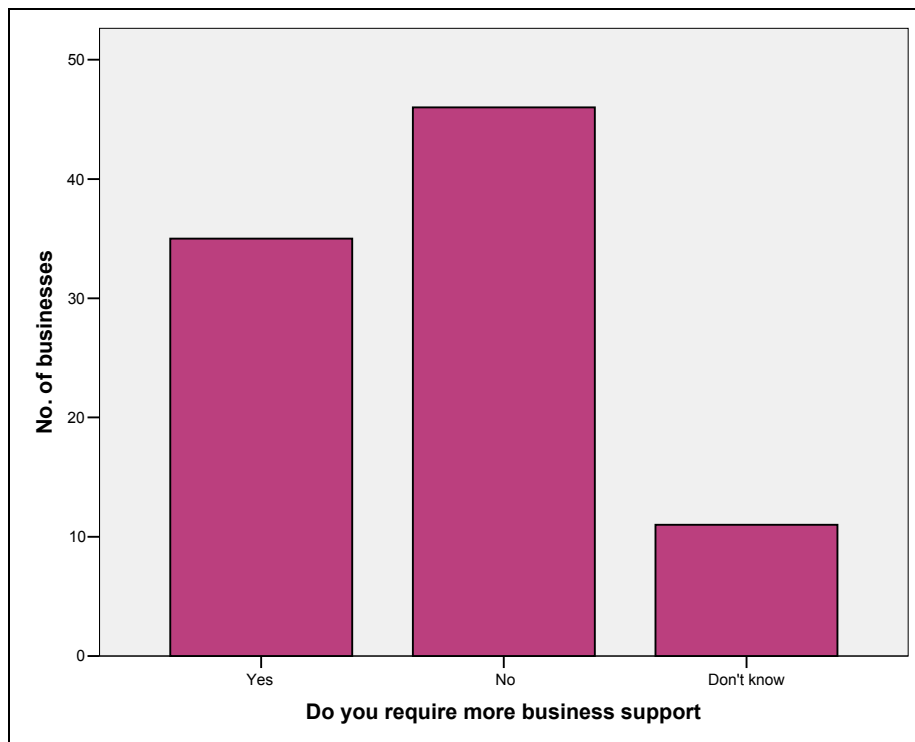
- 3.28 The respondents who have used Local Authorities do not have such a positive view on the business support they have received from them, with only 23% indicating they have received very effective or quite effective support and 54% stating the support they received was either quite ineffective or very ineffective.
- 3.29 It is important to note that the number of businesses who have received support from some of these services is quite small and is therefore unlikely to be a representation of all the businesses in rural West Yorkshire.

Figure 3.12 - How businesses rate the support services that they use.



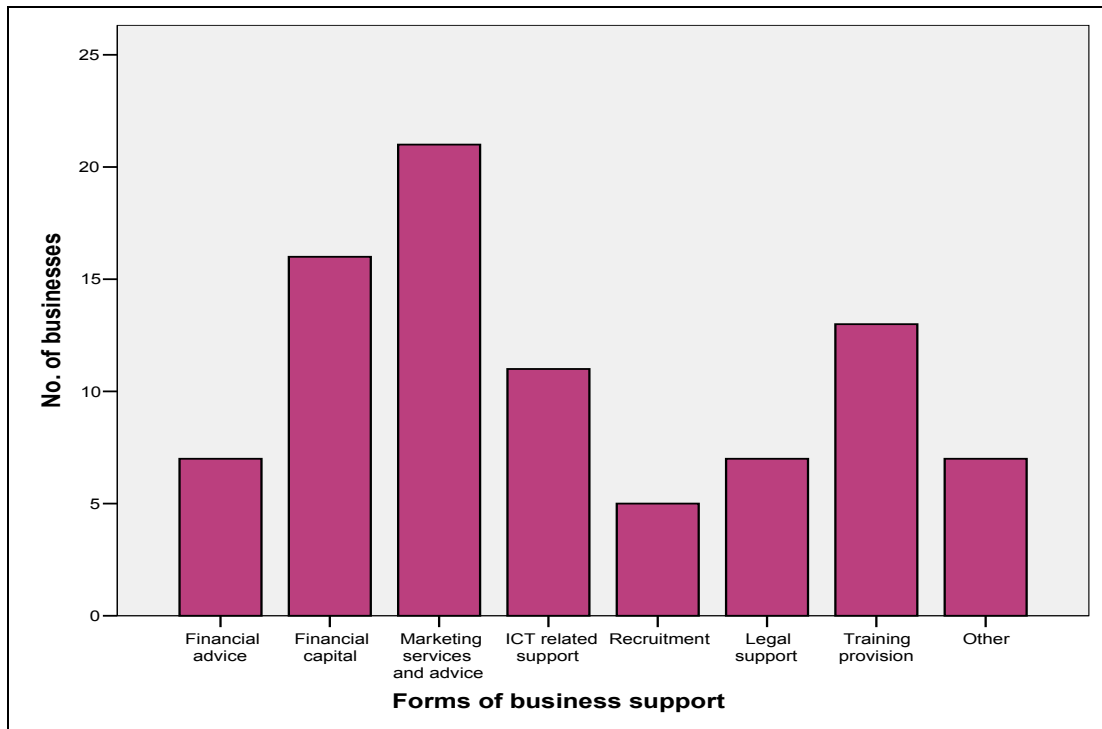
- 3.30 Respondents were asked if they required more business support, the results of which are illustrated in Figure 3.13. The graph shows that 35 businesses (38% of those who answered) stated that they would like some more business support, 46 businesses (50%) indicated no they would not like any more business support and 11 businesses (11.9%) stated they didn't know.

Figure 3.13 –Requirements for further business support (92 Respondents)



3.31 The rural businesses who stated that they wanted more business support were then asked to indicate what forms of business support they required. Businesses were asked to tick all those which applied. Although 35 businesses indicated in the previous question they required further business support, 52 businesses answered the question on what types of business support they required. Figure 3.14 shows that 21 businesses (40.4% of the 52 who responded) stated they would like support in the form of marketing services and advice. Sixteen businesses (30.8%) stated they require more financial capital and 13 businesses (25%) indicated they would like more business support in terms of training provision. It is not possible to ascertain from the question what kind of financial capital businesses are seeking – whether finance from the open market or grant aid.

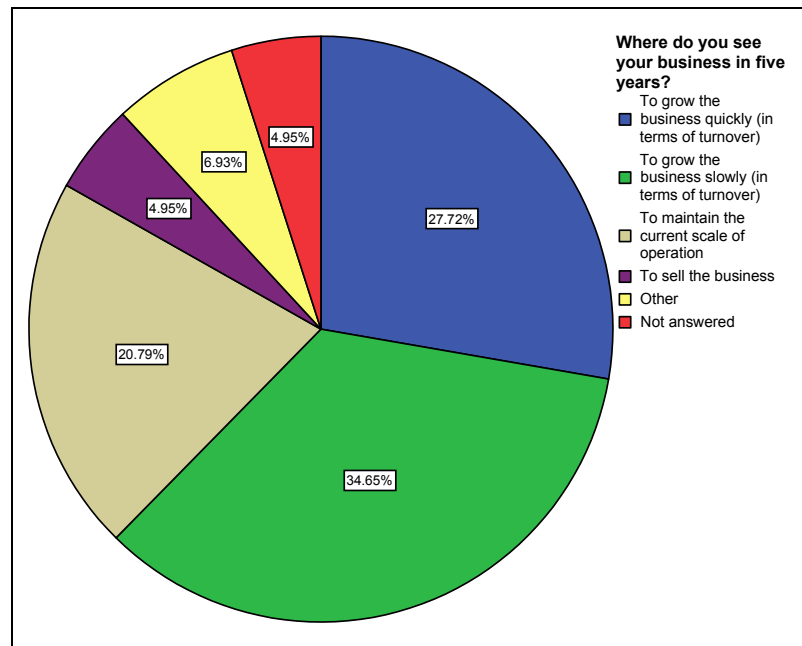
Figure 3.14 – Types of business support businesses require. (52 Respondents)



Future aspirations

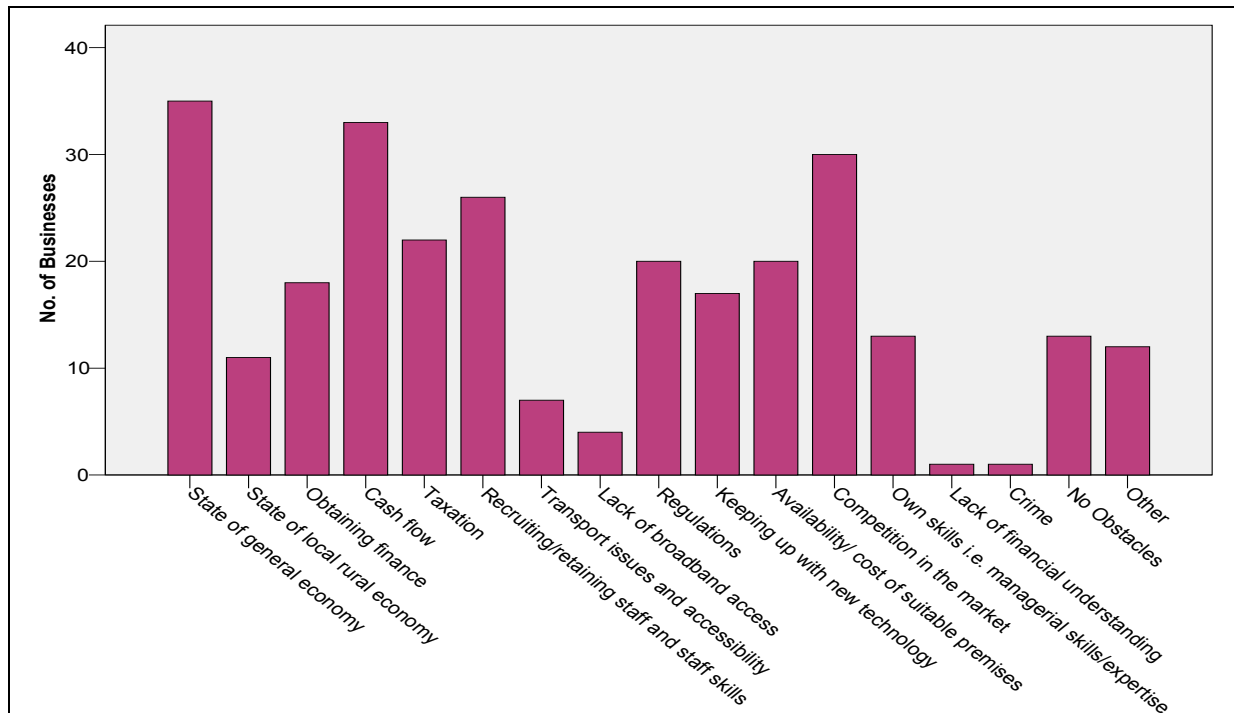
- 3.32 The next section of the questionnaire looks into the businesses aspirations, their future plans and what obstacles they foresee in reaching their aspirations.
- 3.33 Respondents were asked where they see themselves in five years time. Figure 3.15 shows how they responded. Over one-quarter (27.7%) of respondents stated they intended to grow their business quickly (in terms of turnover), 34.7% of respondents indicated they wish to grow their business slowly (in terms of turnover) and 20.8% wish to maintain their current scale of operation. This indicates that there are entrepreneurs who are seeking growth.

Figure 3.15 – Respondents' future plans. (96 Respondents)



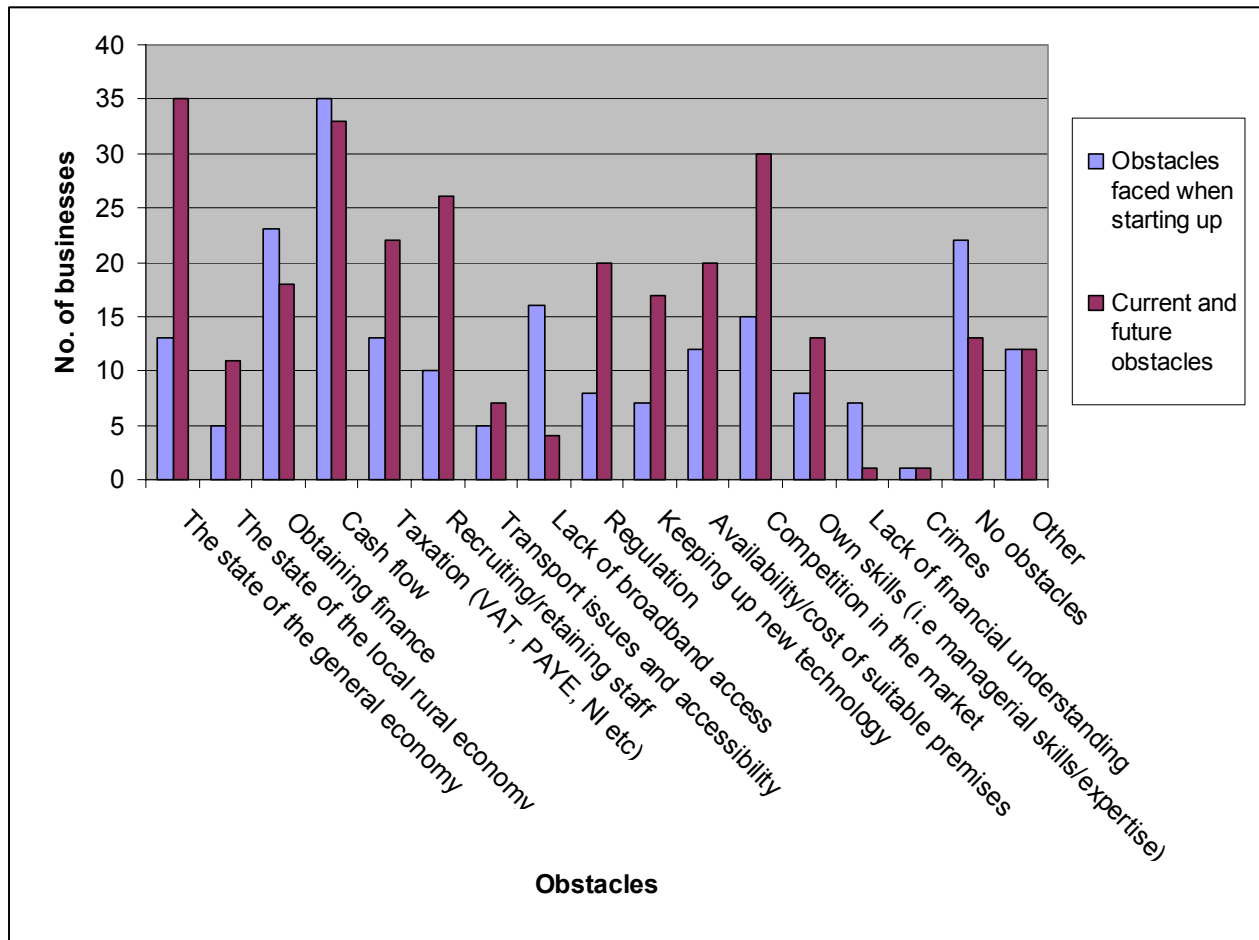
3.34 The businesses were asked to select all answers that apply from a list of barriers which ones they are currently face and/or expect to face in achieving their future plans. Figure 3.16 displays which barriers businesses currently face or expect to face in the future. The bar chart shows that businesses feel that the state of the general economy (36% of the 98 who responded), cash flow issues (34%) and competition in the market place (31%) are all issues which businesses indicated are either current barriers or expected barriers to achieve future plans. Another obstacle which 26.8% of businesses stated was problems with recruiting and retaining staff, which demonstrates that some rural businesses are intending to grow the scale of their operations in terms of staff numbers.

Figure 3.16 – Current barriers and future barriers respondents expect to face in achieving their future plans. (98 Respondents)



3.35 It is interesting to compare the obstacles which businesses faced when they first started up their business with the barriers they are currently facing and expect to face in the future. Figure 3.17 compares both sets of results.

Figure 3.17 – Comparison of the obstacles businesses faced when first setting up their business with obstacles they are currently facing or expect to face in the future.



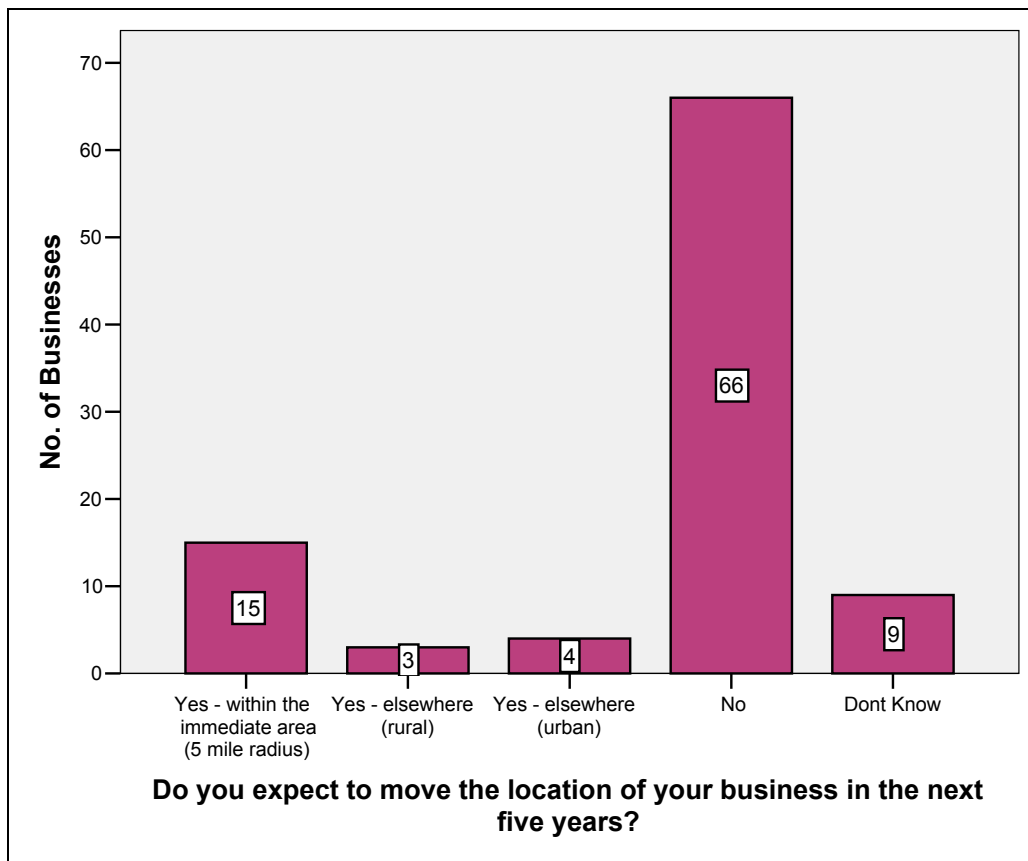
3.36 Figure 3.17 above shows the differences between the barriers which businesses faced when starting up their business and the obstacles they are currently facing and/ or expect to face in the future. Only 15.1% of businesses indicated that the state of the general economy was an obstacle when first starting up their business, yet 36% of respondents now feel it is a current obstacle or one which they expect to affect their future plans. It is a similar issue with recruiting and retaining staff, 11.6% felt it was an obstacle when setting up their business and 26.8% of businesses feel it is either a current or future obstacle. This probably indicates that businesses are now thinking of growing the size of their enterprise. The graph indicates that it is the same story for competition in the market place, only 17.4% of businesses stated it was a barrier when they first set up their business and yet 30.9% feel it is an issue now.

3.37 It is interesting to note that when starting up their businesses 16.5% of respondents felt that lack of broadband access was an issue, however only 4% of respondents feel it is a current obstacle. Another important thing to note is that 22.7% of businesses felt that they had encountered no obstacles when setting up their business and yet only 13.4% of businesses feel that they have no current obstacles or expect to face any in the future.

3.38 These findings are perhaps not surprising – as firms are trying to enter their next stage of development, e.g. growth, they are coming against a new set of issues such as market development, staffing, technology etc.

3.39 The respondents were asked if they expected to move the location of their business in the next five years. The majority (70.1%) of businesses stated they did not intend on moving location in the next five years. Out of the 22.7% who stated they did intend on moving, 15.5% of these businesses expect to move within the immediate area. This indicates that in general respondents are happy and satisfied with the location of their business. Alongside Figure 3.15, which shows future aspirations for the business, this demonstrates that there is a stable existing business base amongst knowledge-based entrepreneurs.

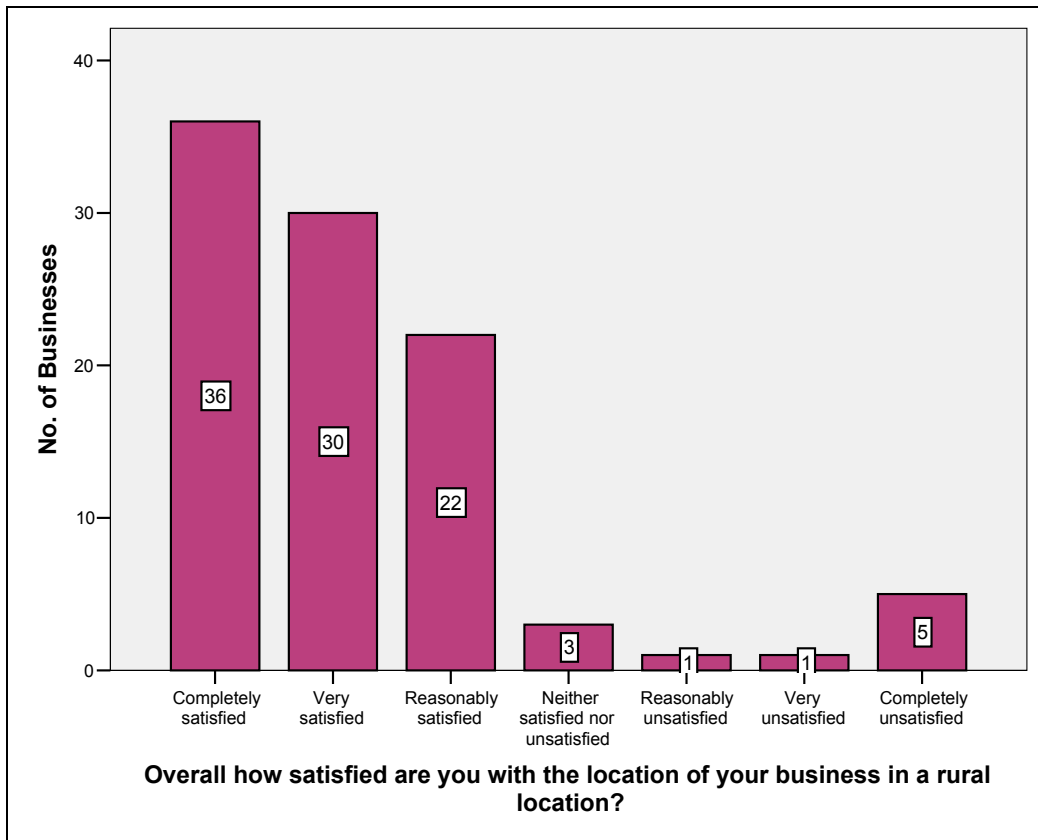
Figure 3.18 – Expectations of location in the next five years.



Rural enterprise

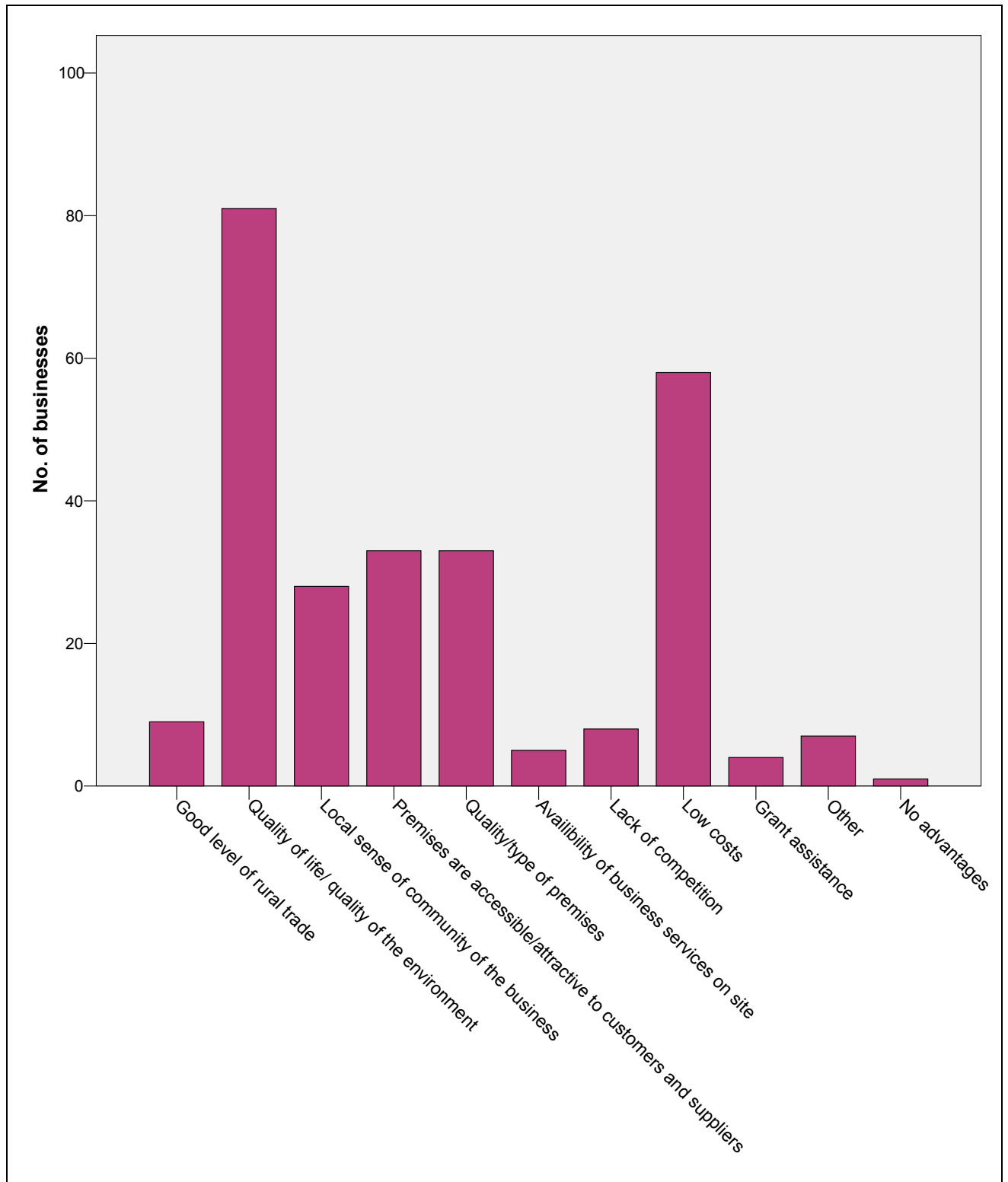
3.40 Entrepreneurs were directly questioned on how satisfied they are with the location of their business in a rural location. As Figure 3.19 shows, businesses seem to be positive about their rural location, 36.7% of respondents stated they were completely satisfied, 30.6% stated they were very satisfied and 22.4% indicated they were reasonably satisfied with their current rural location.

Figure 3.19 – Satisfaction of businesses with the location of their business in a rural location. (98 Respondents)



- 3.41 Respondents were asked to indicate the advantages of living in a rural location. Figure 3.20 shows that 81 respondents (86.2% of those that answered) stated that the quality of life and quality of environment was an advantage of being located in a rural area. Also high on the list was low costs, with 61.7% of respondents indicating these were an advantage for them. Just over one-third (35.1%) of businesses felt that the quality and type of premises and the accessibility and attractiveness of premises are an advantage for their business. A small number (7.4%) indicated that there were other advantages – these were generally along the same theme of proximity to home.
- 3.42 Out of the businesses who stated their main advantage of being located in a rural environment, a large majority (58.8%) stated that it was the quality of life and quality of environment. The next main advantage was low costs with 18.8% of the businesses choosing this as their option.

Figure 3.20 – Advantages of being located in a rural area. (94 Respondents)

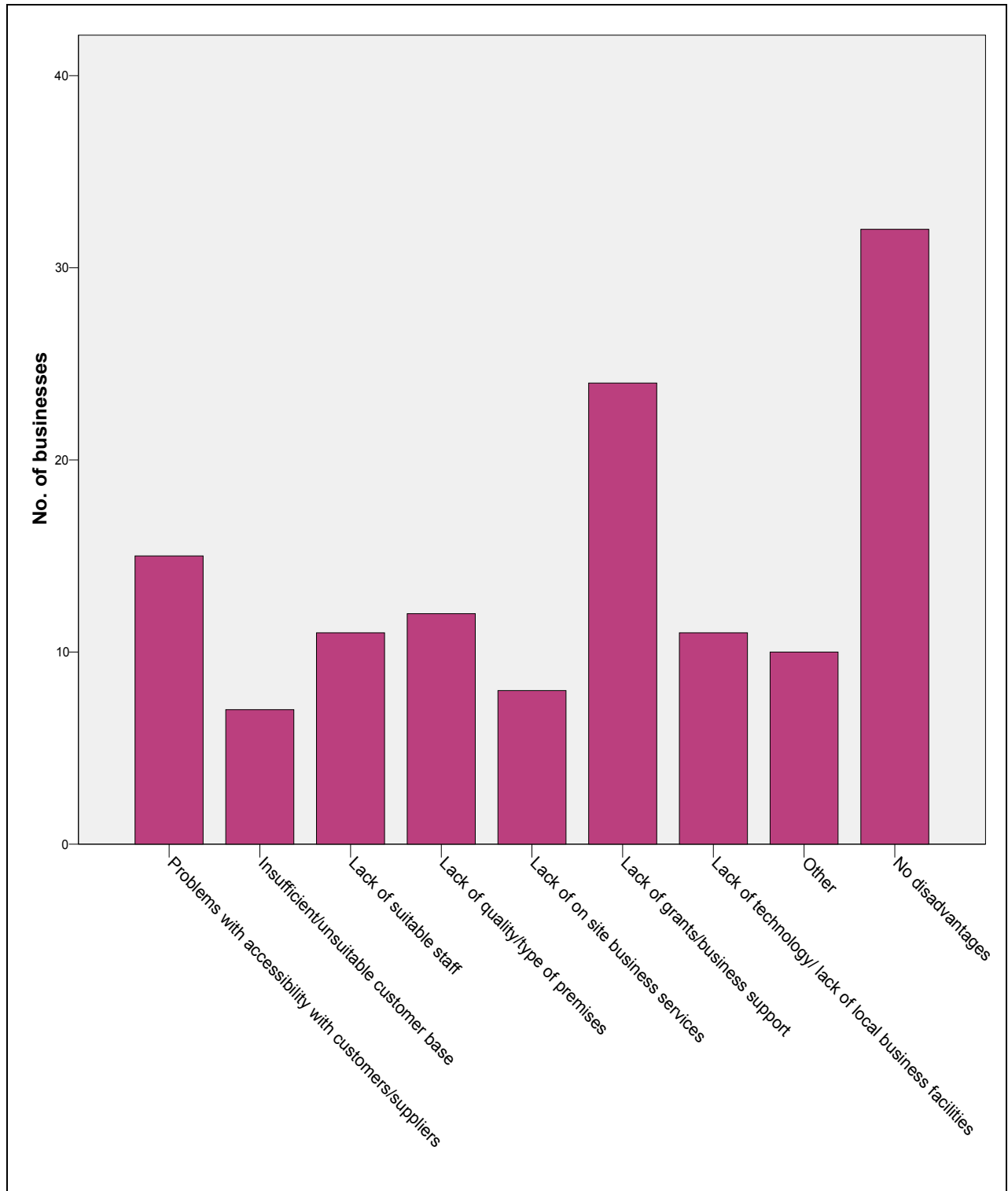


3.43 Businesses were also asked to give any comments they had regarding the advantages of being located in a rural area. One respondent stated that they had got an 0845 number to hide the actual location of the business and to allow them to relocate without having to change their

business number. Three businesses mentioned the advantages of being located near to where they live.

3.44 Businesses were asked to select from a list of disadvantages the ones which they felt affected them as a result of being located in a rural area. Figure 3.21 shows these results.

Figure 3.21 – Disadvantages of being located in a rural area. (91 Respondents)



- 3.45 It is very interesting to note that 35.2% of the businesses stated that they did not face any disadvantages in being established in a rural location. Just over one-quarter (27.5%) of businesses did feel however that the lack of grants and business support was an issue for them and 16.5% felt that they had encountered problems with accessibility to customers and suppliers. Ten businesses (10.9%) felt that they had encountered other disadvantages including poor orange mobile connectivity, poor parking facilities and lack of room for expansion. This final point raises the issue of premises, the availability of which is not considered a major disadvantage by entrepreneurs (only 11.8% indicated that the quality/type of premises was a disadvantage, with 32.4% indicating that premises were actually an advantage for them). This is in contrast to the perceptions of stakeholders (as is found in Section 4), and there could be a couple of reasons for this:
- most of the businesses surveyed have found suitable premises for their needs (including being home-based), given that it is a survey of existing businesses not of potential entrepreneurs;
 - the lack of premises is not as key an issue for rural areas at this stage as stakeholders perceive.
- 3.46 When asked what had been their main disadvantage, 40.3% of businesses stated that they had not encountered any disadvantages. The main disadvantage after “no disadvantages” was lack of grants and business support – which 19.4% of the businesses stated was a problem. This provides some evidence on the issue of obtaining finance identified earlier.
- 3.47 Again, as with the question on advantages, the businesses were then asked to specify any comments they had regarding the disadvantages of their rural location. Five businesses mentioned in detail about the lack of business support/grants available for them. These entrepreneurs implied that the grant allocation system is working against them because they feel grants are distributed on how an area is perceived (and many rural West Yorkshire areas e.g. Ilkley and Otley are considered to be affluent) rather than how much an individual business needs the grants. As a result, these businesses miss out on grants.
- 3.48 The final question businesses were asked was whether they would be willing to promote enterprise in their area, in terms of becoming a business mentor or being used as a case study/success story. In total 97 businesses answered this question – with 34 (35.1%) saying “Yes”, 34 (35.1%) saying “No” and 29 (29.9%) stating that they did not know. This is positive news as it indicates that at least a third of rural businesses who took part in the survey are interested in promoting rural enterprise to the other businesses or potential entrepreneurs.

Conclusions

- 3.49 The results of the Business Survey produced some interesting and varied conclusions. It is difficult to define a typical rural entrepreneur based on the characteristics provided by the survey results. However, it should be noted that 68.5% of respondents were male. This statistic fits with the *Stepping Stone Report – Yorkshire and Humber*, which states that twice as many men as women are self-employed in rural areas. The survey also has highlighted the fact that a large number of rural entrepreneurs who responded, (29%) are within the age category 55-64yrs – this again fits in with the *Stepping Stone Report – Yorkshire and Humber*, which states that when comparing the self-employed with those in paid employment the rural self-employed tend to be older than the rural employed.
- 3.50 The results do indicate some broad trends in relation to business motivations, location decisions, and obstacles faced when starting up their business. The respondents have indicated that their main motivation for setting up their business was to gain independence and become their own boss, another important factor was to make money. According to the survey results the main reason for businesses wanting to locate in a rural area was due to the fact they were already living there. The survey also highlights the fact that cash flow was the main obstacle they encountered when starting up their business and obtaining finance was another barrier which many businesses faced. It is important to point out that over a third of the businesses stated they overcame their barriers through hard work and perseverance. These barriers are unsurprising for start-ups.
- 3.51 The majority of the businesses we surveyed had used some form of business support, not surprisingly as most of the business contact details came from a Business Link database then a large number stated they had used Business Link support. Banks and Accountants were the other forms of business support most used by the respondents, both of which were rated fairly positively in terms of the quality of the support they provide. Mixed views were given when businesses were asked if they wanted more business support with half stating they did not want any more business support and two-fifths stating they did. The respondents suggested it was marketing services and advice which they needed the most.
- 3.52 A significant number of entrepreneurs seem to have ambitious plans, with roughly two-thirds stating they wished to grow their business in the next five years. However, they foresee that the state of the general economy, issues with cash flow and competition in the market place as potential problems which could prevent them from achieving their future plans. It is interesting to see how barriers have changed from start-up stage with cash flow remaining an important barrier, but with external factors such as the economy and market positioning becoming more important. The majority of businesses are not intending on moving from their current location and seem generally satisfied with being located in a rural area. The main advantages they feel are the quality of life/ environment and the low costs. Over a third of all

the businesses even stated that they felt there were no disadvantages of their current location. Just over a quarter did say however that they felt the lack of grants and business support was an issue for them. In some cases there seems to be a perception that the grant allocation system works against them due to the fact that some more prosperous rural areas are considered to have less need.

- 3.53 These are all positive indications that businesses enjoy being in rural locations and can see the benefits of doing so. There also seems to be potential in using current entrepreneurs to help encourage enterprise with one-third of respondents saying that they would be willing to help promote the advantages of rural business opportunities to others.

4 Key issues in encouraging enterprise and innovation

Introduction

4.1 This section uses the results from stakeholder consultations and our review of good practice to understand more about the economies in rural areas, the barriers faced by businesses and how enterprise could be encouraged. The consultations were not specifically designed to understand the “supply-side”, though they do represent the views of key public sector bodies as well as experts and local leaders/rural entrepreneurs. The list of consultees can be found in Annex B.

4.2 The consultations were semi-structured, covering the following broad areas:

- the current state of the economies of rural areas – which parts of West Yorkshire are entrepreneurial and innovative, what characteristics contribute to an entrepreneurial local rural area;
- what factors encourage enterprise and innovation and bring about an enterprise culture;
- what is the support like for businesses in rural areas, what is hindering businesses;
- how might enterprise and innovation be increased in West Yorkshire’s rural areas, what initiatives already exist, what good practice is there from elsewhere.

4.3 Throughout this section case studies are identified to illustrate particular points and demonstrate what initiatives have been undertaken both in West Yorkshire and outside. The case studies used combine those mentioned by consultees as well as those found through our own research and knowledge.

The current economies of rural areas

4.4 Different local areas were identified within the West Yorkshire sub-region. These have specific characteristics that affect the cultural and social norms, and are related to the nature and level of entrepreneurship. There are broadly four different areas:

- South Pennines and the area of south Kirklees – includes the Calder, Colne and Holme valleys as well as the areas around Denby Dale;

- Leeds-Bradford rural/urban fringes, in particular the Wharfe valley (from Addingham right through to Wetherby) and north Leeds;
- Airedale and the surrounding area, including the Worth Valley, Steeton, Silsden and other surrounding villages such as Denholme;
- Former coalfield areas of the south east of the Leeds district and Wakefield.

4.5 Figure 4.1 highlights the particular aspects of the different geographical areas, combining the views of consultees with quantitative evidence. This quantitative evidence is drawn from the Business Link database that was used to provide contacts for the business survey, and identifies sectors of importance in terms of the percentage of known businesses. This indicates that knowledge-based and creative sectors are more prevalent in the South Pennines and Leeds-Bradford urban/rural fringes.

Figure 4.1: Area-specific characteristics		
Area	Consultees' views	Quantitative evidence
South Pennines	<ul style="list-style-type: none"> ▪ Historically/culturally enterprising ▪ Has been low cost in terms of premises (former industrial buildings) ▪ Local leadership and role models, e.g. Hebden Bridge ▪ Perception of creative sector in Upper Calder and Holme valleys, and design and manufacturing in Colne valley 	<ul style="list-style-type: none"> ▪ Knowledge-based and creative sectors account for 21% of all known businesses ▪ Particular concentration of creative sector businesses – 9% of businesses amongst Business Link contacts
Leeds-Bradford urban/rural fringes	<ul style="list-style-type: none"> ▪ Linked strongly into urban economy ▪ Prosperous commuter areas with high levels of skills/education – a factor linked to enterprise 	<ul style="list-style-type: none"> ▪ Knowledge-based and creative sectors account for 25% of all known businesses ▪ Particular concentration of financial and business services (11%), and creative sector (9%)
Airedale	<ul style="list-style-type: none"> ▪ Some perception of existence of digital sector – partly backed up by Airedale Masterplan ▪ Tourism particularly important, e.g. Haworth 	<ul style="list-style-type: none"> ▪ Knowledge-based and creative sectors only account for 15% of known businesses ▪ Particular concentration of food sector businesses (9%) ▪ Large proportion of known “firms” are also pre-start (13%)
Former coalfields	<ul style="list-style-type: none"> ▪ Dependency culture resulting in lack of enterprise culture ▪ Lack of HE sector ▪ Some interesting examples though, e.g. Nostell Estate Yard (hi-tech workspace) 	<ul style="list-style-type: none"> ▪ Knowledge-based and creative sectors only account for 13% of known businesses in Wakefield

4.6 A key issue is the urban-rural interdependence of West Yorkshire’s rural areas. Generally, West Yorkshire is considered to be a predominantly urban economy, and so the rural areas are fairly proximate to larger towns and cities. This has a number of important consequences:

- the nature of businesses is similar to those in urban areas, e.g. financial and business services – the key difference may be size;
- accessibility to urban centres is perhaps not as much of an issue for businesses than it is in more remote rural areas of the UK;
- many entrepreneurs are people who used to work in urban centres in particular in professional occupations.

4.7 The similarities in the nature of businesses are important in that the economies of rural areas seem to complement the wider sub-regional economy. This is potentially an aspect to build on. The third bullet point above is key in understanding the nature of motivation in entrepreneurship. One view was particularly pertinent to this point: managers, professionals and associate professionals often move out to more rural areas of the sub-region for the quality of the environment and quality of life (likely to be linked with the local identity of particular places); to begin with they commute to their jobs in urban centres; after a period of commuting they decide to set up a business locally to where they live. This story is important to bear in mind as we consider what kinds of people may be attracted to entrepreneurship in rural areas.

Encouraging enterprise and innovation

4.8 A number of key factors that enable an enterprise culture to develop emerged from the consultation process. Consultees identified the importance of skills and education, networking and local capacity. An important element is that there seems to be a virtuous cycle in local communities where an enterprise culture exists. In those communities where there is greater entrepreneurial capital (local leadership, local business role models and greater opportunities to network and learn from other entrepreneurs) further enterprise is stimulated. Four particular aspects are now considered that contribute to an enterprising culture.

Cluster/networking effect

4.9 Business to business networking helps the start-up and continued development and growth of enterprises. There are different aspects to this:

- informal networking can aid the sharing and discussion of ideas, for example identifying potential opportunities – this can generate the creation of new enterprises;
- networking can help businesses to learn from each other, and entrepreneurs can benefit from learning how others have overcome particular problems. Linked to this, the local capacity of businesses can enable the development of a support network;

- more formal networks and clustering can benefit businesses through local supply chain development, e.g. selling to local businesses, joint marketing etc;
- a key issue faced by entrepreneurs in rural areas is that of isolation, and informal networks can help to overcome this.

Skills and education

- 4.10 Areas where educational attainment is higher generally have higher levels of enterprise. This general rule suggests that we might be able to tell which areas have a higher tendency towards enterprise based on skill levels. It indicates that in areas of lower skill levels there may be a need for more capacity building through, for example, “pre-pre-” start support and greater handholding at start-up stage.
- 4.11 As well as capacity building, supporting the development of entrepreneurial skills may contribute to an enterprise culture. This could be in the form of specific training, for example in drawing up a business plan or undertaking market research, or could be working with schools to encourage enterprise to be part of the curriculum. Figures 4.2 and 4.3 identify two examples of practice that focus on skills for enterprise: the first is associated with helping small firms understand finance options and be able to maximise their applications for finance; the second is an initiative that worked with schools to encourage earlier education in enterprise and help to develop a more entrepreneurial culture.

Figure 4.2: Case study – Investor Readiness Pilots

The Small Business Service (SBS) established six demonstration projects to test ways of helping SMEs with growth potential to improve their readiness for investment. It was recognised that steps needed to be taken to help more small businesses to become ‘investment ready’ if they were to take advantage of an increased supply in equity finance. Lack of investment readiness is related to factors such as limited understanding of the available finance options, a failure to appreciate the needs of investors and the poor quality and presentation of business plans.

Although the pilots were focussed on equity finance, which may not be appropriate for most of the rural firms under consideration, the point on understanding and knowledge specific for entrepreneurship is still relevant.

Figure 4.3: Case study – Rural Enterprise Tynedale

Rural Enterprise Tynedale in Northumberland has worked specifically with schools, which have been found to be an important source of enterprise. For example, at Prudhoe High School enterprise activities have been encouraged. Part of the success has been down to key individuals, e.g. the support of the Head teacher. Key success factors have been encouraging teachers and students to participate – with students there was a need to emphasise that enterprise is about creativity as well as selling, and that learning is through doing (pupils could “dream their dream”). Notable activities included:

- a day’s training in enterprise activity to staff;
- events/activities such as assemblies, tutorials, life skills days, open evenings, displays and conferences;
- involvement of governors, parents and communities;
- partnership with another school e.g. for Enterprise Boat Challenge;
- careers education and work related learning;
- Trust Fund to take enterprise activity forward through older students acting as mentors to train young students;
- children producing business plans and receiving small sums of money to develop their enterprising activities;
- departmental projects, and the formation of a garden furniture company based in the design and technology building.

Local business role models

- 4.12 The presence of local business role models can be an important driver to an enterprise spirit within the local community. If people know others who own and run their own business then the concept of enterprise is less alien. People may look upon local, successful business people as a source of inspiration, helping to develop their own interest in enterprise.
- 4.13 A second factor is that successful business people in the local community will be a source of important knowledge and skills. This could be to help those who require support with setting up their own business and support in overcoming problems faced in start-up and then the development stage. Local successful entrepreneurs may be a useful sounding board for ideas and a source of potential solutions to problems – drawing on their experience. This idea of sharing knowledge and experience links back to the notion of networking considered earlier.
- 4.14 The final aspect associated with this area is local leadership. A pool of people with a range of entrepreneurial skills and experience can be important in helping to ensure local economic conditions are appropriate to drive economic development. This could be in the form of leading local business networks or representing the local area on key issues. For example, local leadership helped to retain the train station at Hebden Bridge.

Opportunities and support to identify them

- 4.15 Some consultees indicated that the existence of opportunities and being able to spot them was important in fostering enterprise in a local area. This could be through helping people to see the possibilities, e.g.: a solution to a problem; gap in the market; ways of doing things differently. The BizFizz initiatives, a joint project between the New Economics Foundation

and the Civic Trust, are examples of how this can be done (see Figure 4.4). In Bradford, Enterprise Island activities were undertaken as part of the district's Local Enterprise Growth Initiative bid preparation. This asked people to come forward to present their ideas to a group, and the group would provide advice on how they could turn ideas into reality.

Figure 4.4: Case study – BizFizz

BizFizz is a joint project between the New Economics Foundation and the Civic Trust. It is designed to stimulate economic regeneration from within communities by helping local entrepreneurs. BizFizz places a business coach in the heart of the community who offers free confidential business support to anyone who needs it. The approach is designed to work with people's passions and then remove the barriers to them achieving success. BizFizz is currently working in 10 communities across England, including the rural locations of Alnwick (Northumberland) and Thetford (Norfolk). The initiative is based on the belief that in all communities – no matter how disadvantaged – there are people with the passion and drive to create new enterprises as well as an existing business base with the potential to grow and thrive.
See <http://www.bizfizz.org.uk/>

- 4.16 Linked to capitalising on opportunities is the importance of the provision of physical space. Incubator space, rows of shops are also thought to be part of the process of identifying and acting on opportunities. The provision of premises is considered further “Key barriers”, below.

Key barriers

- 4.17 A set of common barriers to businesses and entrepreneurs in rural areas were highlighted by consultees. Three barriers that were identified featured amongst almost all of the discussions held with consultees: premises; lack of business support and advice; ICT/broadband. We consider these in turn.

Premises

- 4.18 Perhaps the most important barrier identified by consultees is the lack of suitable premises. This is particularly recognised in relation to managed workspace and incubator units, but also extends to other space that would allow businesses to grow. As well as providing space for businesses, which may encourage people out of their “attics and bedrooms”, entrepreneurs need places to meet and network. In the past mill buildings have been converted for commercial use, but now conversions tend to be to residential use given the higher expected returns.
- 4.19 Consultees identified purpose built and converted workspace outside of the sub-region that have been successful, in particular Market Weighton in the East Riding of Yorkshire where incubator space has been filled very quickly and Broughton Hall (near Skipton) where old estate buildings have been brought back into use as a successful business park accommodating knowledge-based businesses. Within the sub-region, one consultee identified Nostell Estate Yard in the district of Wakefield. This accommodates a range of businesses (see Figure 4.5). Other activity in the sub-region regarding premises includes Ledston Luck

Enterprise Park (near Garforth), Westfield Resource and Enterprise Centre (South Elmsall) and the Cedars Business Centre (Hemsworth). Key factors to consider are: what premises are needed, including geography-specific needs; how to ensure premises meet the needs of businesses; the financing of new premises; the role of mixed use development. In addition, a range of business space needs to be provided to meet the needs of both start-ups and growing firms who need mid-size space.

Figure 4.5: Case study – Nostell Estate Yard, south east of Wakefield

Nostell Estate Yard is a managed workspace project located in the grounds of Nostell Priory in Wakefield. The Yard is a farm diversification project undertaken by Nostell Estate, a primarily agricultural business in south east Wakefield, to restore to use and generate income from derelict farm buildings.

The project was funded wholly from the private sector without borrowing. The total cost of the project when completed is anticipated to rise to around £5.5m (£3m has been spent to date). This figure includes archaeological work, providing infrastructure and utilities (there were no mains utilities or access road to the site) and construction using locally sourced materials and labour.

The project director does not anticipate return on investment of above 6% however the goals of the project are not primarily to generate profit but to restore heritage buildings to use and guarantee income to maintain them in perpetuity.

The development consists of several buildings, which will form 15-17 units in total. Of these, nine are currently let, four nearly completed or let, and two remaining buildings are still under development (comprising 2-4 units - to be decided). All units are B1 office usage – this was decided due to the need to manage traffic and avoid detracting from the Nostell Priory tourist attraction. Rental levels are on average £15/sq.ft., reflecting the rural location. There is no premium charged for parking.

Workspace is not aimed at any particular type of business, and existing tenants reflect a broad mix of businesses, including a fruiterer, financial advisers, web design, training providers, two charities, surveyors, construction and office supplies business.

The units are mainly medium and large in size (the smallest is 570sq.ft. and the largest 2,000sq.ft.) which has meant take-up has mainly been from established business rather than start-ups – most have been seeking to expand into Yorkshire (or in one case into England); or are seeking new premises due to growth. Both charitable tenants moved from Leeds.

Because of the high set-up costs of the project, the project director has been keen to assess the sustainability of tenant businesses, with a view to ensuring ability to pay rent over the long term and develop a sustainable business community in the Yard. Rental contracts are agreed on a minimum six year basis and a deposit equivalent to six-months rent is required – these caveats have also inhibited take-up from start-ups.

However, interest in smaller start-up units has been strong and the project is considering developing a second phase aimed at start-ups in the future. This could potentially be developed in partnership with Wakefield DC's South East Regeneration Centre at Hemsworth (which provides incubation space) to provide space for move-ons from there.

The project director believes the most important success factor has been the rural location – he describes the site as characterised by 'a pastoral sense of calm' and believes that businesses value the opportunity to take walks at lunchtime in parkland and the relaxing atmosphere.

He also reports that the association with Nostell Priory adds value through prestige to tenants (for example one tenant has taken foreign investors on a tour of the Priory) and also that broadband connectivity has been critical.

Suitable business support

- 4.20 The provision of suitable business support and advice is another common barrier that was identified by consultees. This is not surprising, and the cost premium to delivery of business

support in rural areas has been widely documented (e.g. Smallbone and North 1999⁵). A number of further issues arose from the discussions of business support provision:

- Business Link support uses criteria that may mean some businesses in rural areas are not key targets, e.g. may not be high growth businesses;
- there is an additional issue of engagement with rural firms, which exacerbates the cost premium barrier;
- support needs to be in a language and form that is apt and sympathetic for the particular entrepreneur – including being relevant sectorally (e.g. farming, creative etc) and by the type of person supported (e.g. women, young people etc);
- how can coverage be extended to rural areas, e.g. through using surgeries, one-stop shops;
- businesses need to be supported to achieve growth, therefore appropriate advice is needed in areas such as marketing and market development;
- contrary to the general view of publicly provided business support, one consultee suggested that this was not important in the development of an enterprise culture in some areas. Instead, ensuring that local businesses such as banks, accountants and consultants were tied into existing initiatives such as the Renaissance Market Towns Initiative was more important. This is backed up to some extent by the findings of the business survey, where it was found that some of the most effective support was from accountants, legal professionals and other sources such as networks and business contacts.

4.21 Considering these points and combining them with practice from elsewhere enables us to draw together a number of key points that need to be considered with respect to business support provision. These are summarised in Figure 4.6.

Figure 4.6: Key learning points for effective business support	
Feature	Lessons and examples
Integrated approach & partnerships ⇒	<ul style="list-style-type: none"> ▪ Link into other initiatives e.g. Renaissance Market Towns ▪ Utilise resources of private sector, and in particular of the local business communities
Proactive approach ⇒	<ul style="list-style-type: none"> ▪ Blanket marketing, support and engagement is costly ▪ Need to use referrals and networks for effective outreach, e.g. successful for Somerset Chamber where they have used local business associations to contact people thinking of starting a business as part of their Greying Entrepreneurs initiative ▪ Outreach could also be provided in the form of business support surgeries

⁵ Smallbone D. and North D. (1999) “Innovation and new technology in rural small and medium-sized enterprises: some policy issues”, *Environment and Planning C: Government and Policy*, 17, pp549-566

Use of networks ⇒	<ul style="list-style-type: none"> ▪ Networks are useful for referrals (e.g. Somerset Chamber), aiding local business community self-help, supply chain development and market development ▪ Creative Rural Enterprise has worked with local food producers in and around the area and has established FEAST, a sectoral based network aiming to increase business opportunities within the food cluster
One-stop shop style of approach ⇒	<ul style="list-style-type: none"> ▪ Make range of business support services more accessible and understandable, e.g. East of England County Hubs, where business support providers have developed a partnership approach in supporting businesses in rural areas

4.22 A couple of consultees referred to social enterprises. The general feeling was that these types of enterprises are not well served by appropriate business support. This exacerbates the issue of isolation that rural social enterprises face. It was felt that social enterprises could make important contributions to the rural and wider economy, in particular through environmental benefits. Suitable support and activities for social enterprises might take the form of:

- promoting the sector;
- facilitate mentoring and networking;
- financial advice.

Broadband

4.23 Some consultees noted that broadband access was an issue faced by businesses in rural areas, indicating that distance from exchanges was causing problems in terms of the connectivity for businesses. This is interesting, and a view that is not backed up by the business survey findings, where only four respondents identified broadband as a barrier to achieving future plans. Yorkshire Forward does support community access to broadband where a 0.5MB service cannot be obtained. Though one issue raised by a particular respondent to the business survey was not the speed of access, but its reliability – as cables can be prone to failure. Community provision of broadband has been undertaken in the Upper Calder Valley – as shown in Figure 4.7. This demonstrates how local capacity has been used to provide broadband, but also develop networks that could be utilised to deliver other things such as knowledge-sharing and training.

Figure 4.7: Case study – Calder Connect Cooperative (3-C)

3-C is a member-owned co-operative, costing £1 to join with over 500 members. It was set up and is maintained mostly by volunteers. 3-C buys wholesale broadband from the Phone Co-op and sells it on either as wireless or wired ADSL to its members at discounted prices. The prices are in the region of £15/20 per month for 1Mb wireless, or 512k wired ADSL.

The co-operative owns a share in the broadband provider, thereby reducing costs and giving the community the potential to control future developments. A paid administrative assistant supports a range of technical volunteers who install wireless or wired broadband in people's homes and provide technical support. There is a growing number of wireless points fixed to local towers and high points in the Calder Valley.

Apart from sales of broadband, which have yet to break even, 3-C is funded by a mixture of loans from ICOF (Industrial and Common Ownership Fund), and grants from local councils, and West Yorkshire Social Enterprise Link. A spin-off project, involving members of 3-C, with a working title of the engine room, has received £10,000 from social entrepreneur support agency UnLtd to develop plans for further networking, training and skills sharing.

Source: "Under the radar: tracking and supporting rural home based business", Commission for Rural Communities, 2005

Other barriers

4.24 Some other barriers were noted by consultees:

- affordable housing acts as a barrier in different ways – putting pressure on using redundant buildings for residential (and so exacerbating the business premises barrier); it may prevent in-migration of potential entrepreneurs; it can contribute to skills shortages as potential staff for small businesses are squeezed out of rural areas by house prices (as has occurred in North Yorkshire);
- transport and accessibility, though this is not borne out by the business survey, and may in fact be a key selling point for rural West Yorkshire – that urban centres are not too far away;
- access to capital, highlighted specifically in relation to farmers, who are unwilling to source loans and are more reliant on grant aid;
- educational attainment acts as a key barrier in some areas where this is low, e.g. former coalfield areas, and associated with this the lack of higher education in the nearest city (i.e. Wakefield);
- linked to the former point, the presence of a dependency culture and reliance on large employers in former coalfield areas – highlights the need for capacity building and links directly to the earlier point of higher education associated with a more enterprising culture.

Increasing enterprise and innovation

4.25 Consultees were asked as to what interventions they thought would be appropriate to encourage entrepreneurship and innovation in rural areas of West Yorkshire. Figure 4.8

summarises the main types of intervention that were discussed and the associated issues. This forms a useful summary of this section, forming the basis for Section 5 where we develop the rationales for intervention and outline initiatives.

- 4.26 A general point made in regards to developing interventions is that they should, where possible, be extensions of and focus on what is already happening. Only exceptionally – and where there is strong supporting evidence – should wholly new interventions or mechanisms be proposed. This means that existing infrastructure can be used to deliver activity, and can help ensure integration.

Figure 4.8: Possible areas for intervention		
Area for intervention	Policy	Issues/examples
Premises – prevent all conversions to residential, provide more workspace	<ul style="list-style-type: none"> ▪ Planning policy could go so far, e.g. in defining criteria for buildings to be suitable for business use ▪ More positive intervention would be to select key opportunities to develop ▪ Particular provision of incubator space, though other uses needed as well 	<ul style="list-style-type: none"> ▪ Some examples of successful conversion of buildings for commercial use, e.g. Nostell Estate Yard, Broughton Hall, Market Weighton ▪ Planning policy used in North Yorkshire whereby barn conversions had to be used for some form of business ▪ Feasibility studies of individual workspace proposals would be required ▪ Need for public funding is likely
Skills and training	<ul style="list-style-type: none"> ▪ Starts with the curriculum in schools ▪ Business mentoring ▪ Specific skills for enterprise ▪ Capacity building to break out of dependency culture 	<ul style="list-style-type: none"> ▪ Example in schools Rural Enterprise Tynedale ▪ Some willingness amongst businesses surveyed to help as a mentor and networks may encourage this/be doing this already
Sectors	<ul style="list-style-type: none"> ▪ Creative ▪ ICT/digital ▪ Food ▪ Environmental technologies 	<ul style="list-style-type: none"> ▪ Strongest evidence for the creative sector, especially around Calderdale/Kirklees and Wharfe Valley/Leeds ▪ Food sector could be promoted through public procurement that emphasises local sourcing
Entrepreneurial migrants	<ul style="list-style-type: none"> ▪ One view that these should be encouraged to add to the employment/business base ▪ Other view that need to concentrate on existing population 	<ul style="list-style-type: none"> ▪ Promoting West Yorkshire's rural areas should be part of the wider Northern Way agenda ▪ Particular need to add to the enterprise capital in areas of lower enterprise culture e.g. former coalfields
Hubs and networks	<ul style="list-style-type: none"> ▪ Networking and business clubs should be encouraged as this helps with sharing ideas, knowledge and experience ▪ Networks can also help in the creation of cooperatives and collectives ▪ Proposals for some form of “rural hub” with various functions – place to network, workspace, training facilities 	<ul style="list-style-type: none"> ▪ Earlier Rural Business Networking project (now finished) supported the development of networks. ▪ Enterprise Hubs elsewhere (e.g. in South East of England) are business-led networks that provide new and established firms with better access to knowledge, investment, flexible workspace and mutual support. These often focus on particular sectors and on high growth companies
Business support provision	<ul style="list-style-type: none"> ▪ Specific to particular clients, e.g. farmers and social enterprises ▪ Greater coverage required ▪ Particular support for marketing suggested 	<ul style="list-style-type: none"> ▪ South Yorkshire Rural Business Growth Programme focuses on farmers providing specific support and grants – issue of convincing farmers to accept Business Link provision, and needed expert team and integration of food and farming ▪ Coverage faces cost issue – needs to be done sensibly
Quality of the environment	<ul style="list-style-type: none"> ▪ This needs to be maintained and improved as it is a key selling point 	<ul style="list-style-type: none"> ▪ Integration with Renaissance Market Towns important, though their coverage is limited in the context of all rural areas in West Yorkshire

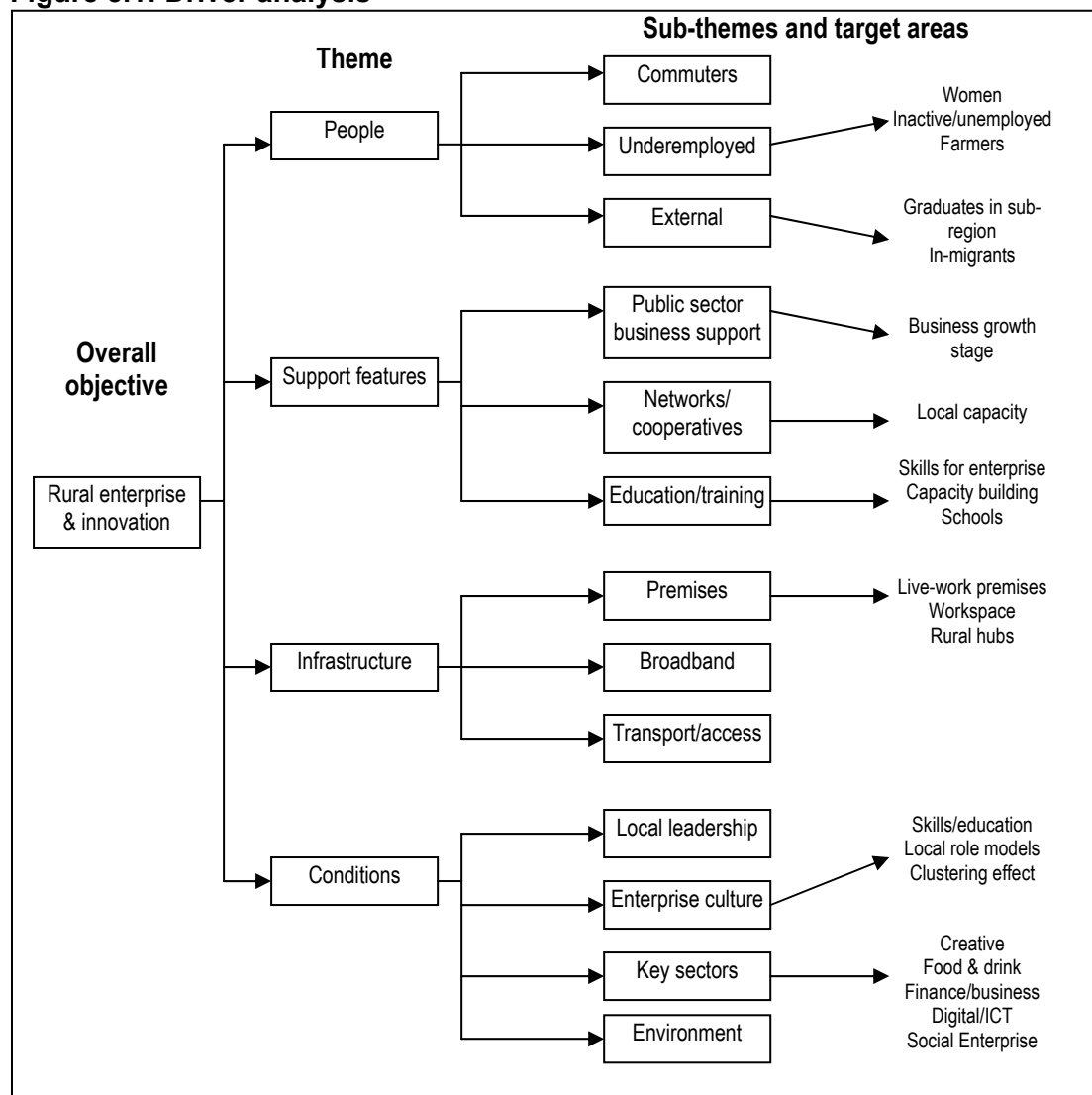
5 Developing areas for intervention

- 5.1 This section brings together the findings from the different strands of the research process. The evidence base was used to identify gaps and needs in rural areas, and then to develop potential areas for interventions that can encourage entrepreneurship and innovation. The section culminates with a proposal for a number of outline initiatives.

Driver analysis

- 5.2 The interpretation starts with mapping the key drivers to developing entrepreneurship and innovation in rural areas. This is shown in Figure 5.1, which sets out the main drivers under four different aspects: people; support features; infrastructure; local conditions. These are then examined in turn using the evidence base of this research, and potential solutions are considered.

Figure 5.1: Driver analysis



5.3 In examining the different drivers to rural entrepreneurship and innovation it is important to consider how influencing those drivers will have an additional impact on both:

- entrepreneurship and innovation in rural areas; and
- the wider economy.

5.4 Ideally we would want to influence those drivers that can have the most impact on entrepreneurship and innovation in rural areas, whilst also contributing to the wider economy. There may be constraints to this including: having an impact on rural enterprise may have an adverse impact on the wider economy, e.g. through displacement; there may be areas of particular need where intervention is warranted, but where impact may be more limited.

5.5 Drivers do link across our analysis, for example sectors will be a key factor in the types of support required and in the need for premises. This is inevitable given the complex set of issues in rural enterprise.

People

- 5.6 As identified in Figure 5.1, there are a number of potential different target groups of people for rural entrepreneurship.
- 5.7 The business survey findings indicated that 72% of entrepreneurs in knowledge-based and creative sectors were working full-time prior to starting their business and many of these were in professional occupations. In addition, 82% did not move into the area to start their business. This, along with the motivations found from the survey, suggests that many entrepreneurs are former professionals/commuters already living in the rural areas. This is backed up by the anecdotal theory proposed by some of the consultees. This may indicate that professional people living in rural areas would be a natural target group for entrepreneurship. However, though this is logically feasible, there are two key question marks over the additional impact that would be achieved in pursuing this line of intervention. First, this group seem to be already making the proactive decision to start up businesses, and are likely to have the contacts and initial skills and awareness to do this. As long as other factors are favourable, e.g. availability of suitable premises, then they will go into business on their own account. These other factors need to be addressed through tackling other drivers. The second issue is that encouraging these people to go into enterprise may result in displacing skilled labour from urban centres and so adversely impact upon the wider sub-regional economy.
- 5.8 The previous analysis that argues against targeting professionals in rural areas suggests some focus could be on underemployed resources, where additional impact would be achieved. There are three key areas for potential here:
- **Women** – this is backed up by the policy review and the business survey. Women are a priority group in terms of enterprise and the regional evidence indicates that the ratio of women entrepreneurs to men is higher in rural areas (the ratio is backed up by our own business survey). The reason for the higher ratio is potentially the ability to tie in home-based or local working with family commitments, a reason highlighted by the business survey. A cautionary point here is the potential saturation point in the targeting of women. Delivery could be done through existing women-only networks, such as Women in Rural Enterprise and Forward Ladies, and so the interventions can be extensions of existing activity. A point to raise here is that women entrepreneurs should also be engaged into wider support and advice structures, which may not be covered by women-only networks. Furthermore, self-employment amongst women in rural areas often results in low incomes, an aspect which could be addressed through supporting higher value knowledge-based activities and through helping to improve business performance.

- **Other inactive or unemployed** – this is potentially a broad group and could include early retirees, the disengaged and young unemployed people. There are two particular initiatives that already exist: the Growing Routes initiative supports people under the age of 45 in rural areas of the Yorkshire & Humber region into business; the Prince’s Trust ROSE project supports people aged 18-30 into self-employment. The key aspects to consider are how these initiatives could be added to, in particular:
 - providing similar support to over 45 year olds, learning from the Greying Entrepreneurs initiative in Somerset;
 - providing capacity-building support to people as a precursor to the Growing Routes or ROSE projects;
 - increasing awareness of the initiatives in particular target areas, e.g. working them into the Renaissance Market Towns initiatives.
- **Farmers** – these still represent an important group in the rural economy, and in Airedale, food-based businesses were recognised as being quite prevalent. Support to this group can be in different ways. First, aiding market growth through encouragement of local sourcing of food (e.g. using public sector procurement and buy local initiatives) and cooperatives would help in terms of their core business. The second area could be to aid diversification, e.g. into high value activities.

5.9 So far, we have considered the existing residents of rural areas. A further potential group are those external to rural areas. Encouraging in-migrant entrepreneurs by promoting the quality of the environment could increase the employment and business base and pool of entrepreneurial capital. There are issues here, however, as encouraging more in-migrants may exacerbate the housing affordability problem, and this may simply mean cross-regional displacement. The business survey indicated that only a small proportion came from outside of the area to set up their business, though obviously they may have moved there first and then later set up their business. If the benefits outweigh the costs of encouraging entrepreneurial migrants, the question is then how you do it. Marketing costs could be potentially high for limited impact, and so this is perhaps an initiative that could be promoted across the region or even the Northern Way – “live and work in rural areas of the north”.

5.10 A final group of people are younger entrepreneurs, and in particular recent graduates. The business survey indicated that only three were recent graduates. This indicates that there could be latent potential. Alternatively it may mean that recent graduates are not interested in becoming rural entrepreneurs, put off because they want urban living, or because they are not becoming entrepreneurs at all. There is some evidence to suggest that there is entrepreneurial interest to build on amongst students. Recent work undertaken by Leeds Metropolitan University and the University of Leeds indicates that students in the Yorkshire & Humber region are interested in becoming entrepreneurs. The “*Entrepreneurial intentions survey*”

2004-05”⁶ indicates that a large proportion (45%) of respondents either definitely or probably intended to become self-employed at some time following their University programme of study.

5.11 At this stage, there is possibly insufficient evidence to allocate resources to encouraging graduate entrepreneurs in rural areas of West Yorkshire. If this was tried as a pilot through working with universities, then it would need to be packaged in an appealing way, e.g. promoting the creativity and innovation of particular areas in the sub-region rather than promoting “rural” areas per se. An extension to this may be to highlight the opportunities for graduates of working in small businesses. The business survey indicated that sourcing staff was a key obstacle for realising future ambitions, and graduates could be a potential workforce. The issue of graduates links in with the policy objective of retaining graduates in the region.

5.12 Figure 5.2 summarises the main points of intervention through the “people” driver.

Figure 5.2: “People” driver – key points			
Target group	Evidence	Possible interventions	Link to policy objective/issues
Professionals	<ul style="list-style-type: none"> Key group in existing base of entrepreneurs 	<ul style="list-style-type: none"> Specific targeting to promote benefits of enterprise and of living and working locally 	<ul style="list-style-type: none"> May constitute displacement, potentially limited additional impact
Women	<ul style="list-style-type: none"> Higher ratio of women to men in self-employment in rural areas than in urban 	<ul style="list-style-type: none"> Enterprise awareness and promotion of benefits – linking into existing networks for contacts and referrals 	<ul style="list-style-type: none"> Priority group in terms of policy objectives Expect additional impact
Other underemployed	<ul style="list-style-type: none"> Possible groups, young unemployed, retired, disengaged 	<ul style="list-style-type: none"> Potential to extend existing initiatives, e.g. ROSE and Growing Routes 	<ul style="list-style-type: none"> Policy objective to promote inclusive society Strategic action to provide pre-start support
Farmers	<ul style="list-style-type: none"> Remain an important group Food sector relatively prevalent in some areas 	<ul style="list-style-type: none"> Market development for food sector – procurement, cooperatives etc Support diversification 	<ul style="list-style-type: none"> Not necessarily knowledge-based and creative
In-migrants	<ul style="list-style-type: none"> Small group in business survey Potential to add to entrepreneurial capital 	<ul style="list-style-type: none"> Promotion e.g. part of wider regional/Northern Way approach 	<ul style="list-style-type: none"> Cross-regional displacement? May exacerbate housing issues
Graduates	<ul style="list-style-type: none"> Only 3 from survey were recent graduates Some existing businesses see staff as a key obstacle E.g. of Sweet & Maxwell and subsequently Thompsons in Mytholmroyd 	<ul style="list-style-type: none"> Graduates into small business Graduate enterprise 	<ul style="list-style-type: none"> Retention of graduates in the region No guarantee that graduates are interested in entrepreneurship in rural areas

⁶ Source: Robertson, M and Wilkinson, D. “Entrepreneurial intentions survey 2004-05”, Draft report

Support features

- 5.13 The type of business support required varies by stage of business development. This was demonstrated in the business survey with cash flow and obtaining finance being the key issues at start-up. Going forward, cash flow is still an obstacle and access to capital of some description is a requirement, though the main issue is marketing (important support to enable businesses to achieve growth). Training provision is a further area identified by the businesses surveyed. There are some specific needs that vary by sector, e.g. specific farm-based support and support for diversification for farmers and support for social enterprises. Support for social enterprise would need to take into account and supplement existing initiatives, e.g. offered nationally by the Plunkett Foundation, and more locally by Social Enterprise Link⁷.
- 5.14 The question is who should provide the support and how. There is a range of support services available – both public and private – including specific rural-based initiatives. In Figure 4.6, we identified the key learning points for effective business support provision, and these highlight issues relating to:
- an integrated approach using existing initiatives (e.g. to promote what is available and encourage engagement), private sector providers and local business capacity;
 - proactive approach that uses referrals, networks and key points in the community (e.g. Post Offices, banks, libraries, pubs) to aid awareness and engagement and outreach through e.g. business surgeries;
 - using networks for local business community self-help and in developing networks with specific purposes e.g. around sectoral or local priorities;
 - one-stop shop approach meaning that access into the business support system is easy and is done through partnership-based delivery.
- 5.15 Some of this relies on effective local leadership, for example in leading business networks and in using the initiative to link in private sector and local business capacity to existing initiatives. Networks have been found to be successful, but in most cases they will need public funding to support them, particularly in early and developmental stages.
- 5.16 Education and training is a key aspect of the support system. Enterprise through schools and capacity building is examined in more detail through enterprise culture under local conditions. The other key area is skills for enterprise and skills for workforce development. Training was the third most commonly identified support requirement according to the business survey. As with business support provision generally, this suffers from the cost premium associated with

⁷ See <http://www.wyselink.co.uk/>

delivery in more peripheral areas. There are potential ways around this – partly borrowing from the key learning points of Figure 4.6. Existing infrastructure can be used to engage businesses (e.g. through business networks) and deliver training on particular areas of interest or need, e.g. business plan preparation to aid obtaining finance, cash flow etc. Other areas for potential are using ICT to deliver training in a more virtual way (e.g. learndirect). This works for some aspects of training, but for others face-to-face contact is required, which suggests the need for some training facilities in key service centres that are more accessible than urban centres. Working with local colleges will be an important factor to consider for this.

Infrastructure

- 5.17 Although not recognised to a large extent in the business survey (partly due to age of business), premises is the key aspect of infrastructure that warrants intervention. The availability of incubator space in particular has been highlighted by stakeholders, as well as the competition for buildings from residential use. A further factor is that other commercial space, e.g. to allow for business expansion, was noted by both consultees and a minority of businesses surveyed. This issue of the provision of premises has been highlighted by previous research⁸.
- 5.18 Elsewhere, the evidence indicates that incubator space in rural areas can be successful, e.g. at Market Weighton, and other conversions of redundant buildings to commercial use have also demonstrated that there is feasibility, e.g. Broughton Hall and Nostell Estate Yard. Further innovative practice is the recently opened managed workspace at Colburn Business Park in Richmondshire. This provides companies with facilities to encourage business growth (such as high-speed broadband, meeting and conference facilities, and support from an on-site centre manager) and allows companies of different sizes to pick and choose the services that they require. The aspects that need to be considered for intervention in this field are:
- how can planning policy have a role in determining the criteria with which to select key buildings/land for potential commercial use;
 - if planning policy can only go so far, how else can development be brought forward, e.g. through other public resources or through private sector leverage;
 - what particular types and quality of premises are required to ensure the availability of commercial space to meet the needs of start-ups and businesses wishing to grow.
- 5.19 A potential facility/support feature identified by many consultees was the idea of rural enterprise hubs. These could include incubator space, other commercial space, training facilities, resource facilities and places for people to meet and network. The business survey

⁸ See for example “*West Yorkshire Office Property Market*”, a report by David Simmonds Consultancy for the West Yorkshire Economic Partnership, December 2005

does indicate that businesses find business networking or their business contacts as a useful form of business support. Enterprise hubs elsewhere tend to be focused on particular activities. The evidence of this research indicates that there are clusters of activity in the creative sector around the South Pennines (Calder, Colne and Holme Valleys) and in the Wharfe Valley and North Leeds areas. It is difficult to put forward the case for other clusters, with the possible exception of ICT and digital activities in Airedale – which could capitalise on the Advanced Digital Institute and the existence of major firms such as Pace and Filtronic.

- 5.20 For the other areas associated with infrastructure, there is limited rationale for intervention. Access to broadband is not recognised as a key factor (only four businesses saw it as an obstacle). Yorkshire Forward does provide resources to help communities without a 0.5MB service. If broadband does become an issue for more communities, then there are lessons to be drawn from the 3-C initiative in the Calder Valley. Accessibility to markets is actually considered as good by rural businesses – largely due to the proximity and interdependence of rural and urban areas in West Yorkshire.

Local conditions

- 5.21 The final set of drivers is associated with local conditions, some of which can be difficult to influence because of their reliance on cultural and social norms. These drivers are associated with local leadership, enterprise culture, key sectors and the environment. Leadership and sectors have been examined as part of other drivers, in particular in relation to networks, support infrastructure and premises based on key clusters.
- 5.22 There are particular opportunities for intervention with enterprise culture, in particular through:
- working with schools in raising the profile of enterprise and encouraging the undertaking of activities associated with enterprise – this has been successful through national initiatives such as Young Enterprise but also more locally-based solutions as in Rural Enterprise Tynedale. In rural West Yorkshire, the key might be to promote more actively some of these types of initiatives, and try to work with several schools in a particular area – thus promoting some element of competition. This kind of activity should complement and supplement existing work, e.g. that done through Education Business Link⁹;
 - local capacity building through an initiative similar to BizFizz, which helps people in the community identify and act on opportunities. Another potential approach is the Enterprise Island work, which has been undertaken in Bradford;

⁹ See <http://www.wyubl.co.uk/>

- ensuring the environmental assets are maintained and improved, through promoting distinctive places within a rural setting.

5.23 The environment is the key selling point for rural entrepreneurship with the quality of life and quality of environment the big motivator for respondents to our business survey. As the environment is the biggest asset, its quality needs to be preserved. In some ways, this adds weight to supporting activities such as farming, which can help to preserve the natural environment. It also means that interventions that could put pressure on the rural environment have to be managed carefully. Key potential issues here may be the provision of premises and the encouragement of in-migrants, which may exacerbate housing shortages – putting pressure on the need for more development. In terms of premises, it is important to note that the key sectors identified here do not require large amounts of space and, as has been shown in the survey, many operations are small in scale. The pressure for development can be managed through planning policy and the close integration of any interventions proposed with the actions and policies of local authorities and local mechanisms such as the Renaissance Market Towns.

Cross-cutting issue: geography

5.24 The importance of geography is touched on throughout the analysis, and interventions must be designed and delivered in context of specific local issues. Therefore, some particular initiatives are more pertinent in particular areas, for example capacity building in areas where there is more of a dependency culture e.g. the former coalfields.

Outline initiatives

Priority drivers

5.25 On the basis of our driver analysis, we can make some judgements as to the key drivers for intervention. This is based on the criteria:

- likely additional impact;
- feasibility of implementation;
- priorities as determined by the evidence base.

5.26 Figure 5.3 makes a simple assessment of the drivers examined to arrive at the priority areas for intervention. These are based on the analysis in this Section and on the evidence derived from the research. Taking this forward for allocating Legacy Funding and other funding sourced from elsewhere, the West Yorkshire Rural Partnership would need to come to some judgement to determine if these were the right assessments.

Figure 5.3: Assessing priorities				
	Additionality/ displacement (1=low net impact, 2=medium, 3=high)	Feasibility of implementation (1=low, 2=medium, 3=high)	Evidence of need/gaps etc (1=low, 2=medium, 3=high)	Overall score
People				
Commuters	1	3	1	5
Women	2	3	2	7
Underemployed	2	3	2	7
Farmers	2	2	2	6
In-migrants	2	2	2	6
Graduates	2	2	1	5
Support features				
Public-sector support	2	2	3	7
Networks/cooperatives	2	2	3	7
Education/training	3	2	2	7
Infrastructure				
Premises	3	2	2	7
Broadband	1	2	1	4
Transport/access	1	1	1	3
Conditions				
Local leadership	2	2	2	6
Enterprise culture	2	3	2	7
Sectors				
▪ Creative	▪ 2	▪ 2	▪ 3	▪ 7
▪ Food & drink	▪ 2	▪ 2	▪ 3	▪ 7
▪ Digital/ICT	▪ 2	▪ 2	▪ 2	▪ 6
Environment/place	2	2	3	7

5.27 On the basis of Figure 5.3, there are 10 priority areas for intervention across four broad themes:

- people – women and the underemployed;
- support features – public sector, networks and education and training;
- infrastructure – premises;
- conditions – enterprise culture, creative sector, food and drink sector and environment.

Potential initiatives

5.28 For the 10 priority areas we now identify potential initiatives that could be taken forward. The 10 areas are cross-cutting and so there are eight activity areas within the four broad themes. Initiatives are identified in Figure 5.4, which highlights:

- objectives of the activities;
- possible activities;
- any focus on geography or sectors;
- issues to consider;
- an indication of costs and timescales;
- achievements.

Building on existing infrastructure and initiatives

5.29 As Figure 5.4 identifies, activities that are developed need to be done so by building on existing infrastructure and initiatives, thus preventing duplication. This is also a general point that needs to be considered going forward. One particular programme of support currently in the process of development is Diversity in West Yorkshire Enterprise. This will provide additional resource to the core/mainstream Business Link programmes and includes support tailored to the needs of rural businesses, including access to services and networking events. In addition, specialist rural retail support is also planned subject to funding. As a result, the initiatives outlined under “2. *Providing support for enterprise*” in Figure 5.4 will need to be dovetailed with the Diversity in West Yorkshire Programme. For example, the local business community could be linked into other initiatives, e.g. RMTs and existing networks, on the back of networking events.

5.30 Other initiatives and infrastructure to consider in developing activities are:

- Women in Rural Enterprise (WiRE) and Forward Ladies;
- Growing Routes and Rural Opportunities for Self-Employment (ROSE);
- Renaissance Market Towns initiative;
- Education Business Link;
- Social Enterprise Link.

Figure 5.4: Outline of potential initiatives to encourage entrepreneurship

Area of intervention	Objectives	Possible activities	Any sectoral focus?	Any geographical focus?	Issues to consider	Costs and timescales	Achievements
1. Targeting people – enterprise development and awareness	<ul style="list-style-type: none"> Increase enterprise amongst women, focussing on the knowledge-based and creative sectors; supporting growth in business performance 	<ul style="list-style-type: none"> Extending activities of WiRE and Forward Ladies with particular focus on knowledge-based sectors: promotion of enterprise; small grants 	<ul style="list-style-type: none"> Particularly target knowledge-based and creative sectors 	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> Careful to add to existing work, not duplicate it 	<ul style="list-style-type: none"> Start-up grants, marketing activities, staff time Start in short-term 	<ul style="list-style-type: none"> Number of business start-ups Number of businesses supported
	<ul style="list-style-type: none"> Increase enterprise amongst underemployed people, e.g. retirees and unemployed/inactive 	<ul style="list-style-type: none"> Extending existing initiatives such as Growing Routes and ROSE to retirees Capacity building and pre-start support (e.g. grants) for unemployed/inactive, with potential of BizFizz style initiative for particular areas 	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> Capacity building in less prosperous areas, e.g. former coalfields 	<ul style="list-style-type: none"> Need effective marketing, e.g. using referrals, existing networks – could tie in with wider enterprise promotion events May not result in knowledge-based enterprises 	<ul style="list-style-type: none"> Start-up grants, marketing activities, staff time and resource Start in short-term 	<ul style="list-style-type: none"> Number of business start-ups Number of businesses supported Developing a culture of enterprise
2. Providing support for enterprise	<ul style="list-style-type: none"> Improving engagement and support of enterprises in rural areas 	<ul style="list-style-type: none"> Physical presence in rural areas through e.g. weekly business support surgeries. Engage key partners, e.g. banks Specific training events aimed at key issues: cash flow; marketing; recruitment; diversification for farmers 	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> Key may be a shop window style place for delivery – passing trade and visible presence Training must be specific for audience 	<ul style="list-style-type: none"> Dedicated staff resource and sourcing of premises Cost of running training events and marketing Start in short-term 	<ul style="list-style-type: none"> Number of businesses supported Improved performance and growth of businesses
	<ul style="list-style-type: none"> Supporting business networking infrastructure 	<ul style="list-style-type: none"> Support existing networks to ensure a strong purpose and to develop sustainability. Some focus on developing cooperatives and using networks for market development Link local business community to other initiatives 	<ul style="list-style-type: none"> Food & drink for cooperatives, craft based for trade fairs & marketing 	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> Businesses may need some convincing as to the benefits of collaborating with competitors Supporting networks needs some continuation of support – need to persuade networks that this is available 	<ul style="list-style-type: none"> Staff resource Potential to start in short-term, though some achievements e.g. cooperatives may only be realised in medium-term 	<ul style="list-style-type: none"> Number of businesses supported Improved performance and growth of businesses Increased knowledge-sharing between businesses

Figure 5.4: Outline of potential initiatives to encourage entrepreneurship

Area of intervention	Objectives	Possible activities	Any sectoral focus?	Any geographical focus?	Issues to consider	Costs and timescales	Achievements
3. Creating infrastructure for businesses in rural areas	<ul style="list-style-type: none"> Improving the provision of commercial premises 	<ul style="list-style-type: none"> Use planning policy and RMTs to identify particular opportunities for premises, including commercial space, business facilities mixed use development and live-work space Feasibility studies for incubator space 	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> Planning policy may only go so far. May need other public sector support Could incubation be focussed on particular types of activity Those supported in incubation need to be able to move on to other premises when they are ready 	<ul style="list-style-type: none"> Research could be carried out in short-term, delivery in longer-term Will need additional public resources or private sector leverage 	<ul style="list-style-type: none"> Commercial space provided May stimulate some enterprise activity May help some businesses, constrained in current location, to grow
	<ul style="list-style-type: none"> Examining the feasibility for developing enterprise hubs 	<ul style="list-style-type: none"> Feasibility study for creative sector hub in South Pennines and/or Wharfedale/north Leeds Work with Advanced Digital Institute to engage rural businesses e.g. in product development 	<ul style="list-style-type: none"> Creative and digital sectors 	<ul style="list-style-type: none"> Creative hub – South Pennines and/or Wharfedale/north Leeds Digital hub – Airedale 	<ul style="list-style-type: none"> What would the hubs provide? Possibilities include training, resource library, networking, workspace, informal meeting space 	<ul style="list-style-type: none"> Research could be carried out in short-term, delivery in longer-term Will need additional public resources or private sector leverage 	<ul style="list-style-type: none"> Commercial space provided, other facilities provided Increased knowledge-sharing between businesses and help to overcome isolation May stimulate some additional enterprise activity
4. Ensuring the right conditions for developing enterprise	<ul style="list-style-type: none"> Developing an enterprise culture through schools 	<ul style="list-style-type: none"> Promote enterprise activities in schools in rural areas 	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> Depends partly on personalities, i.e. interest of school management teams Complement Education Business Link services 	<ul style="list-style-type: none"> Staff resource Start in short-term 	<ul style="list-style-type: none"> Student enterprise creation Developing a culture of enterprise
	<ul style="list-style-type: none"> Ensuring that the natural rural environment is preserved Promoting sustainable consumption and procurement 	<ul style="list-style-type: none"> Cross-cutting area: ensure activities undertaken are appropriate to preserving the rural environment Encourage local sourcing for public procurement; wider “buy local” promo 	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> Some cost-benefit analysis may be needed, i.e. weighing up pros and cons of particular activities where there are likely to be trade-offs 	<ul style="list-style-type: none"> Ongoing activity Some costs for research/analysis Marketing costs for “buy local” 	<ul style="list-style-type: none"> Environmental preservation Support local businesses’ performance and growth

6 Conclusions and recommendations

West Yorkshire's rural businesses

6.1 The West Yorkshire economy is predominantly urban in nature, dominated by the major business and financial centre of Leeds alongside Bradford and the other key centres of Halifax, Huddersfield and Wakefield. There are, however, significant rural areas in the sub-region, as illustrated in the map in Annex A. This shows the coverage of rural areas in each of the five districts:

- Bradford – containing Airedale and its surrounding areas such as Haworth and Denholme as well as parts of the Wharfe Valley;
- Calderdale – with significant rural areas to the west of the district including the Calder Valley towns;
- Kirklees – including the Colne and Holme Valleys as well as the areas to the south east of the district;
- Leeds – as the Wharfe Valley continues across the north of the district, as well as areas to the east and south east;
- Wakefield – including former coalfield areas, the area around Hemsworth and the more prosperous parts to the south west of the district (e.g. Woolley and Crigglestone).

6.2 Evidence suggests that the rural business base is similar in its nature to the urban base, in particular in the types of activities that exist. The main differences tend to be the size and scale of operations. This interdependence between urban and rural areas is an important factor, and a key asset to the sub-region as it allows entrepreneurs to combine the quality of the rural environment with the accessibility to urban centres.

6.3 Our business survey found that, overall, existing entrepreneurs are very happy with being located in a rural location with 90% being “completely”, “very” or “reasonably” satisfied with their rural location. This is backed up by the fact that 35% of respondents did not see any disadvantages to being located where they are in West Yorkshire's rural areas. The key advantages were quality of life/environment and low costs. Many also cited the quality and type of premises as well as the local sense of community for their business. Entrepreneurship had meant that some respondents had been able to work locally, which tied in with family and home commitments.

6.4 The business survey identified some important characteristics of entrepreneurs:

- twice as many are male than female, which matches the regional trend for rural self-employment (this is different to the urban trend for the region in which three times as many are male than female). This indicates that rural entrepreneurship is relatively more common amongst women than urban entrepreneurship. This is perhaps due to the need to work close to home to fit into family commitments, which is amenable with self-employment;
- the age profile of entrepreneurs is skewed to older age groups, with 84% fairly uniformly distributed across the 35-44, 45-54 and 55-64 age groups;
- many entrepreneurs were full-time employed prior to setting up their own business, and these were often in managerial, professional and associate professional types of occupation – this indicates that entrepreneurs may have previously worked in the urban centres of the sub-region and have decided to set up business locally;
- entrepreneurs are well-qualified with 63% having a degree level or higher qualification.

6.5 The obstacles facing rural businesses at start-up stage are those we would expect to find for any start-up business, in particular cash flow and obtaining finance. Cash flow and financial capital of some form have remained key obstacles for rural businesses now and looking forward. Other business support needs that firms have now are marketing advice and help and support for training provision. These indicate that firms are thinking about growth of their business, and demonstrate that there are some issues that rural firms may specifically face more so than others, i.e. being able to access their markets most effectively and access to training (which is unlikely to be necessarily on their doorstep).

6.6 It is important to note that the issues facing the economies of rural areas in West Yorkshire vary geographically, in particular:

- the South Pennines and the areas of the Wharfe Valley and Leeds have a greater proportion of businesses in knowledge-based and creative sectors. The business cultures and other characteristics of the areas do differ though.
- in Airedale, there is a notable number of firms in the food and drink sector, and also some anecdotal evidence of opportunities in digital and ICT;
- the former coalfield areas (particularly around Wakefield) are less prosperous, have more of a dependency culture given their economic history, and have fewer firms in knowledge-based sectors. Despite this, some knowledge-based businesses are located there and there have been notable successes, e.g. the Nostell Estate Yard. In addition,

there are potential advantages in the location close to the A1 and through the area's rail links.

- 6.7 In developing initiatives and taking these forward, it is essential, therefore to take account of specific local issues. At a strategic level, there is potentially a balance to be struck between further supporting knowledge-based and creative sectors in already successful areas and trying to intervene in geographical areas of greater need (where impact may be less cost-effective). At an operational level, how activities are designed and delivered will vary depending on for example existing infrastructure and existing business networks.

Key issues

- 6.8 There is a set of important challenges in developing entrepreneurship and innovation in rural areas. Four particular issues have been highlighted through the research:
- there is a cost premium on the provision of public sector business support to rural areas, and the perception is that support is not as readily accessible for rural businesses in West Yorkshire. There are a range of possibilities in meeting this challenge, for example improving Business Link services so that they meet the needs of rural businesses, both through straightforward access for start-ups and appropriate support to help with business growth. A second key factor is to integrate the capacity of local businesses and the support services of private firms;
 - networking has been identified as an important aspect in rural entrepreneurship, and this can serve several purposes including informal networking to overcome isolation and share knowledge and ideas. Supporting networks to make them stronger can also help them to be more purposeful in developing supply chains and joint marketing, and in linking them into the economy more widely;
 - the shortage of appropriate premises in rural areas has been identified – both for new firms and to allow current ones to grow. This challenge could be overcome in a variety of ways using different delivery mechanisms and different types of facilities, e.g. mixture of private and public sector, enterprise hubs, incubator space and sectoral focus such as on creative or food preparation;
 - the quality of the environment is an important asset, which must be maintained and improved. In addressing the quality of the environment, it is important to understand the importance of place. The rural areas thrive on the distinctiveness of individual places, and their setting within the wider countryside location.

Initiatives

6.9 In developing outline initiatives, there are four broad themes: people; business support; infrastructure; local conditions. Across these themes, there are eight activity areas, set out as follows:

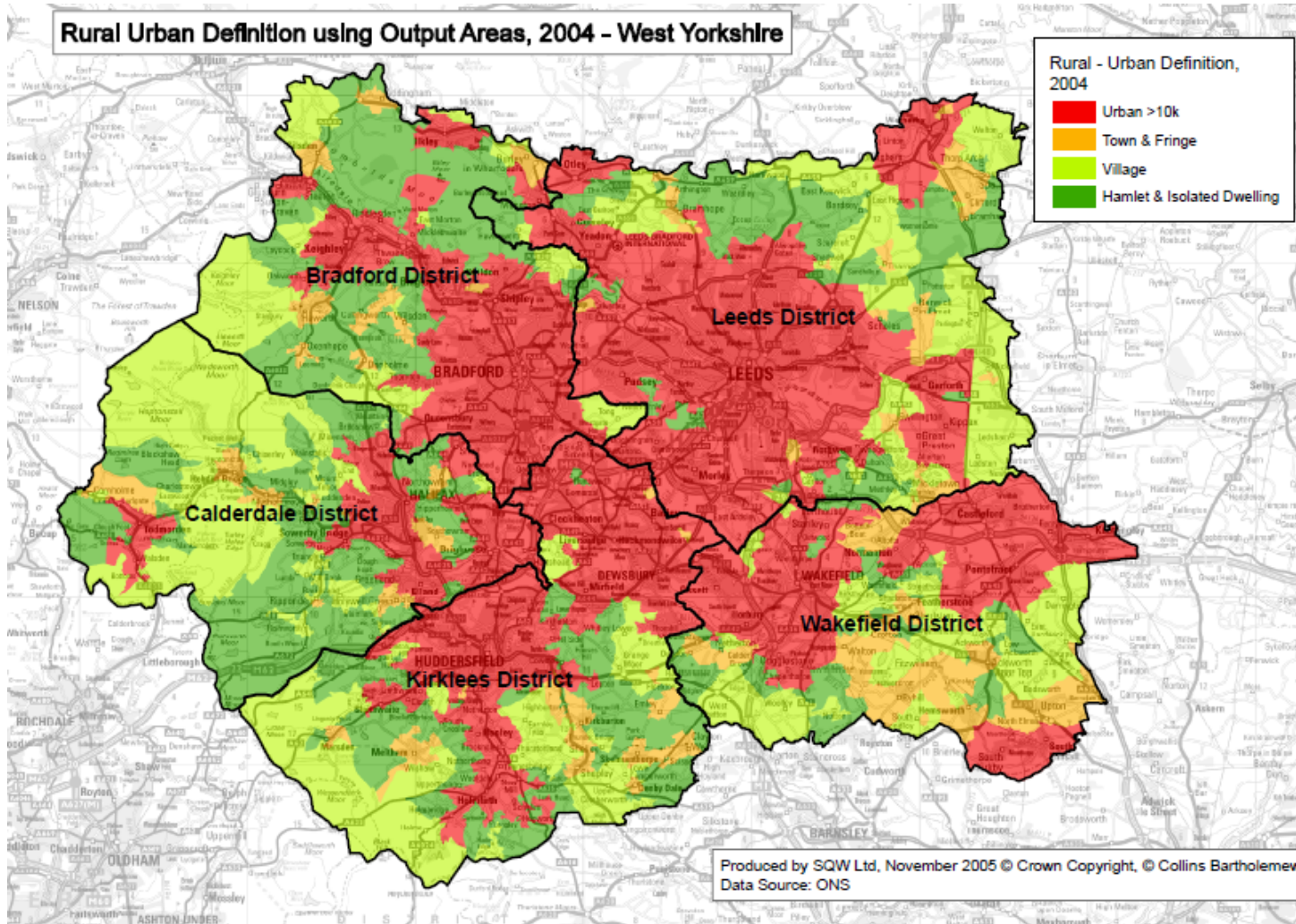
- targeting people – women; other underemployed;
- providing support for enterprise – business support; networking;
- creating infrastructure – premises; rural enterprise hubs;
- ensuring the right conditions – culture; environment.

6.10 The activities will need to be packaged carefully to target businesses and local areas appropriately. One particular issue will be over the use of the word “rural”, which may not be appropriate in targeting some of the business population in these parts of West Yorkshire. The initiatives form our recommendations for the way forward. These will need to be phased with some being able to start in the short-term and others (in particular infrastructure) to be more medium to longer-term activities. The West Yorkshire Rural Partnership needs to decide how initiatives will be developed and delivered, in particular:

- how funding is allocated, e.g. form of any bid process;
- the specific design of activities;
- responsibilities for delivery;
- how success will be determined.

6.11 In delivering initiatives there are two key funding options. First, a small amount of funding is available through legacy funds left by the Countryside Agency. Secondly, the evidence presented and recommended initiatives should be used to strengthen the Strategic Economic Assessment, and so inform future sub-regional investment planning.

Annex A: Rural-urban map of West Yorkshire



Annex B: List of consultees

Name	Organisation/role
David Fletcher	Innovation Shop (Authority on Market Towns from Hebden Bridge)
Tim Ashelford	Manager of Geographical Information Unit at DEFRA Rural Development Service in Leeds. (Previous research and definitions - ex-GOYH Rural Strategy Team)
Professor Neil Ward	Director of the Centre for Rural Economy, University of Newcastle
Roger Turner	Head of Enterprise and Skills, Commission for Rural Communities
Dorothy Fairburn	Country Land and Business Association
Gareth Gaunt	Rural entrepreneur
Adrian Rose	Calderdale Council
Dave Melling	City of Bradford Metropolitan District Council
Simon Woodhurst	City of Bradford Metropolitan District Council, Regeneration development manager
Gina Glot	Urban Centres Manager; Bronte Country Partnership
Robert Brough	Airedale Partnership
Hilary Brooke	Calderdale Council
Mindir Paul	South East Business Support officer (WMDC)
Allen Parks	Five Towns Regen Manage, WMDC
Maggie Mellor	Regeneration, Kirklees Metropolitan Council
Mark Firth	Rural Business Development, Yorkshire Forward
Liz Gorsen	Enterprise development, Yorkshire Forward

Annex C: Business survey questionnaire

(NOTE: All information provided will be treated in confidence)

This questionnaire should be filled in by the Business Owner/ Partner/ Director or equivalent.

SECTION ONE: CHARACTERISTICS

1. Business Name _____
2. Name of Respondent _____
3. Position of Respondent _____
4. Type of Business (*please tick one*)

Agriculture and related services	
Construction	
Accommodation and retail of food and drink	
Manufacturing – food	
Manufacturing – engineering	
Manufacturing – craft-based	
Manufacturing – other	
Other retail	
<i>Business services (tick one of the following)</i>	
-Real Estate	
-Legal services	
-Accountancy/finance	
-Market research/Public relations/advertising/media	
-Business consultancy/human resources/other business activities	
-Holding companies/management activities	
-Architectural/engineering services	
-Computing/IT	
-Research and development (including social research)	
-Technical testing and analysis	
Wholesalers	
Health and Beauty	
Transport	
Charitable/Social work	
Other, please specify:	

5. Where is your customer base? (*please tick all that apply*)

Consumers		Businesses	
Local		Local	
Regional - Yorkshire & Humber		Regional - Yorkshire & Humber	
National		National	
International		International	

6. How do they access your products/services? *(please tick all that apply)*

Via the premises	
Telephone	
Mail order	
Internet	
Other, please specify:	

7. Date enterprise was established (month and year if known)

__/__/ __/__/__

8. Date you located to your current geographical area (month and year if known)

__/__/ __/__/__

9. Please state town/village and postcode of main premises

Name: _____ Postcode: __/__/__/__/ __/__/__

10. Name of town/village of any other premises _____

11. How many people are employed in the business (approx) _____

12. What is your annual turnover? (approx) _____

13. What is your age?

16 – 24	
25 – 34	
35 – 44	
45 – 54	
55 – 64	
65 +	

14. What is your highest qualification level? *(please tick one)*

Postgrad degree/ NVQ Level 5	
Degree/ NVQ Level 4	
A Levels/ NVQ Level 3	
GCSEs/ NVQ Level 1-2	
Other	
None	

15. Did you start up the business or play a key role in setting up the business?

i. Yes ii. No

SECTION TWO: STARTED UP BUSINESS

(if answered Yes to Qu.15 please answer Section Two, if answered No please continue to section three)

16. What made you start – up your business? *(please tick all that apply)*

Independence, own boss, etc	
Financial reasons, make money, etc	
Difficulty finding any employment, redundancy	
Difficulty finding suitable employment, or a job you liked	
To develop an idea	
To develop a hobby or skill	
Social enterprise, benefit of community, not just to make money	
Career progression	
Some other reason, please specify:	
Don't know	

17. What were you doing prior to this? *(please tick one)*

Working full-time as an employee Please specify occupation:	
Working part-time as an employee Please specify occupation:	
Self employed	
In education/ training	
Unemployed, seeking work	
Unemployed, not seeking work	
Something else, please specify:	

18. Did you move into the area from outside (to set-up your business or to relocate your business)?
(please tick one)

No		Go to Q20
Yes – From elsewhere within West Yorkshire		Go to Q19
Yes – From elsewhere in the rest of Yorkshire & Humber		Go to Q19
Yes – From outside of Yorkshire & Humber (please specify):		Go to Q19

19. If you answered “yes” to question 18, did you move from an urban or rural location?

- i. Urban ii. Rural iii. Don't know

20. What factors affected your decision to locate in the current town/village where you are?

	Tick all that apply	Tick one - most important
Already living there		
Cost of premises		
Proximity to suppliers		
Proximity to processors		
Proximity to consumer markets		
Quality of environment		
Lifestyle choice/ family commitments		
Other, please specify:		

21. What were the main obstacles you faced in starting up you business in /moving your business to a rural location? *(please tick all that apply)*

The state of the general economy	
The state of the local rural economy	
Obtaining finance	
Cash flow	
Taxation, VAT, PAYE, National Insurance, business rates	
Recruiting staff and staff skills	
Transport issues and accessibility	
Lack of broadband access	
Regulations	
Keeping up with new technology	
Availability/cost of suitable premises	
Competition in the market	
Own skills i.e. managerial skills/expertise	
Lack of financial understanding	
Crime	
No obstacles	
Other, please specify:	

22. How did you overcome these?

SECTION THREE: BUSINESS SUPPORT

23. Have you used any form of external business support since being established in/
moving to a rural area?

- i. Yes ii. No iii. Don't know

24. i) If yes, please number accordingly how often you use the business support
(*please number all that apply*)

- a. Every week – 1
- b. Every month – 2
- c. Several times a year – 3
- d. Less often – 4
- e. Don't know – 5

ii) Please also rate 1 to 5 (5 being most effective and 1 being least effective) the
business support that you use? (*please rate all that apply*)

	How often use	How effective
Business Link		
Local Authorities		
Lantra		
DEFRA		
Local business and trade associations		
The Chamber of Commerce		
Accountants		
Legal Services		
Banks		
Through business centre where located		
Friends/family		
Other, please specify:		

25. Do you require more business support?

i. Yes ii. No iii. Don't know

26. If yes, what type of business support do you require? *(please tick all that apply)*

Financial advice	
Financial capital	
Marketing services and advice	
ICT related support	
Recruitment	
Legal support	
Training provision	
Other, please specify:	

SECTION FOUR: FUTURE ASPIRATIONS

27. What plans do you have in the future for your business/ where do you see yourself in the next five years? *(please tick one)*

To grow the business quickly (in terms of turnover)	<input type="checkbox"/>
To grow the business slowly (in terms of turnover)	<input type="checkbox"/>
To maintain the current scale of operation	<input type="checkbox"/>
To sell the business	<input type="checkbox"/>
Other, please specify:	<input type="checkbox"/>

28. What barriers do you currently face and/ or expect to face in achieving future plans? *(please tick all that apply)*

The state of the general economy	<input type="checkbox"/>
The state of the local rural economy	<input type="checkbox"/>
Obtaining finance	<input type="checkbox"/>
Cash flow	<input type="checkbox"/>
Taxation (VAT, PAYE, National Insurance, business rates)	<input type="checkbox"/>
Recruiting/retaining staff and staff skills	<input type="checkbox"/>
Transport issues and accessibility	<input type="checkbox"/>
Lack of broadband access	<input type="checkbox"/>
Regulations	<input type="checkbox"/>
Keeping up with new technology	<input type="checkbox"/>
Availability/cost of suitable premises	<input type="checkbox"/>
Competition in the market	<input type="checkbox"/>
Own skills i.e. managerial skills/expertise	<input type="checkbox"/>
Lack of financial understanding	<input type="checkbox"/>
Crime	<input type="checkbox"/>
No obstacles	<input type="checkbox"/>
Other, please specify:	<input type="checkbox"/>

29. Do you expect to move the location of your business in the next five years? *(please tick one)*

Yes, within the immediate area (5 mile radius)	<input type="checkbox"/>
Yes, elsewhere (rural)	<input type="checkbox"/>
Yes, elsewhere (urban)	<input type="checkbox"/>
No	<input type="checkbox"/>
Don't know	<input type="checkbox"/>

SECTION FIVE: RURAL ENTERPRISE

30. Overall how satisfied are you with the location of your business in a rural location?
(please tick one)

Completely satisfied	
Very satisfied	
Reasonably satisfied	
Neither satisfied nor unsatisfied	
Reasonably unsatisfied	
Very unsatisfied	
Completely unsatisfied	

31. What do you feel are the advantages of being located where you are?

	Tick all that apply	Tick one - most important
Good level of rural trade		
Quality of life/ quality of the environment		
Local sense of community of the business		
Premises are accessible/attractive to customers and suppliers		
Quality/type of premises		
Availability of business services on site		
Lack of competition		
Low costs		
Grant assistance		
Other, please specify:		
No advantages		

Any other comments relating to this question

32. What do you feel are the disadvantages of being located where you are?

	Tick all that apply	Tick one - most important
Problems with accessibility with customers and/or suppliers		
Insufficient/ unsuitable (e.g. seasonal/low spending) customer base		
Lack of (suitable) staff		
Lack of quality/type of premises		
Lack of on site business services		
Lack of grants/ business support		
Lack of technology (e.g. broadband) and/or a lack of local business facilities		
Other, please specify:		
No disadvantages		

Any other comments relating to this question

33. Would you be willing to help promote enterprise in your area, e.g. with becoming a business mentor, being used as a case study/success story.

- i. Yes ii. No iii. Don't know