ANNEX 3

AN OVERVIEW OF YORK'S ECONOMY

ANNEX 3

"What are the headline facts for York?"

6,675 businesses

[breakdown of businesses by size]

106,000 Residents employed

[breakdown by full time / part time / gender / self employed]

1,005 working age residents claiming Job Seekers Allowance

[Further breakdown of those not in work]

£11.40 average (median) hourly wage for York residents

[salary breakdown by full time / part time / gender]

£4.8bn worth of goods + services produced in York

(Gross Value Added; GVA; the size of York's economy)

[compare to others]

2.5% economic growth projected on average each year for the next 15 years

[compare to others]

21,000 York residents work outside of York

26,000 non-York residents work in York

[Further info on commuting patterns]

7 million visitors each year

[Further info about York's visitors]

ANNEX 3

"What are the strengths of York's economy?"

A highly educated workforce (over 40% with a degree or equivalent) with continual new talent from the city's universities and colleges

A key hub on the UK's rail network, less than 2 hours from London and with direct connections to every major city economy in England + Scotland

York is regularly recognised as **one of the most desirable cities to live in in the UK**, making it an attractive place for talent (and therefore business)

7 million visitors a year support a large tourism sector, a more resilient city centre and strong brand recognition internationally

Consistently one of the lowest unemployment rates in the UK: this is good for residents + also for businesses recruiting people with good record of work

World-leading industrial biotech + agri-food research, major centres of excellence + 'pipeline' of graduates from top bioscience departments

Larger than average insurance and rail sectors with key employers located in the city & growing Media Arts sector with **UNESCO designation**

Ahead of the curve on digital infrastructure with widespread 1gbit/sec fibre connections possible from 2015

ANNEX 3

“What are its weaknesses and challenges?”

Lack of available land and good quality city-centre office space means it is harder to attract new companies or retain growing businesses, especially ones providing the best jobs

A skew towards low productivity sectors means there are more people on lower wages with poorer chances of progressing to better paid jobs, and there is less money flowing in York’s economy

Congestion, especially around Northern outer ring road, provides a problem for businesses located or travelling in this part of the city; and a lack of demand for business premises there

A mismatch between skills and jobs means many residents are doing lower-skilled jobs than they potentially could; talented people leave the city for jobs elsewhere + businesses can’t find fill certain vacancies

A lot of (esp. female) part time workers want more hours, especially given they are paid less per hour. This is likely to be particularly acute in York, where a high proportion of people work part time

Lots of competition nationally and globally, with larger cities / urban areas preferable locations for most higher value industries, and better placed for future economic growth (+ career prospects)

ANNEX 3

"What are York's key business sectors?"

...That depends what you mean(!); whether the sectors that employ the most people, the sectors which contribute the most to York's economy, where we have particular specialisms, where there will be most job gaps in the future or where we've got the best chance of attracting new businesses to the city.

The answer to each of those questions is different and probably covers almost every business sectors.

Clearly we can't focus our attention on everything, but there are ways we can prioritise. In order to have the biggest impact:

- Business growth initiatives should be focussed on high value sectors with good potential for growth
- Good employer initiatives or programmes designed to raise wages should be focussed on the biggest employment sectors
- Education, skills and recruitment intervention should be focussed where there are largest job requirements in the next 10 years
- Initiatives to attract new businesses to the city should be focussed on sectors where York has a distinctive advantage to differentiate from the competition
- Key relationships should be with the businesses which have the biggest impact on the city regardless of sector, although which sector they are part of may influence their impact

Biggest employment sectors	*Sectors which contribute the most to the overall value of York's economy*	*High value sectors which have good potential for growth*	*Sectors with largest job requirements in the next 10 years*	*Sectors where York has a distinctive competitive advantage for attracting new businesses*	*Detailed analysis of sectors* *(N.B. using Experian REM 2013 projections)*

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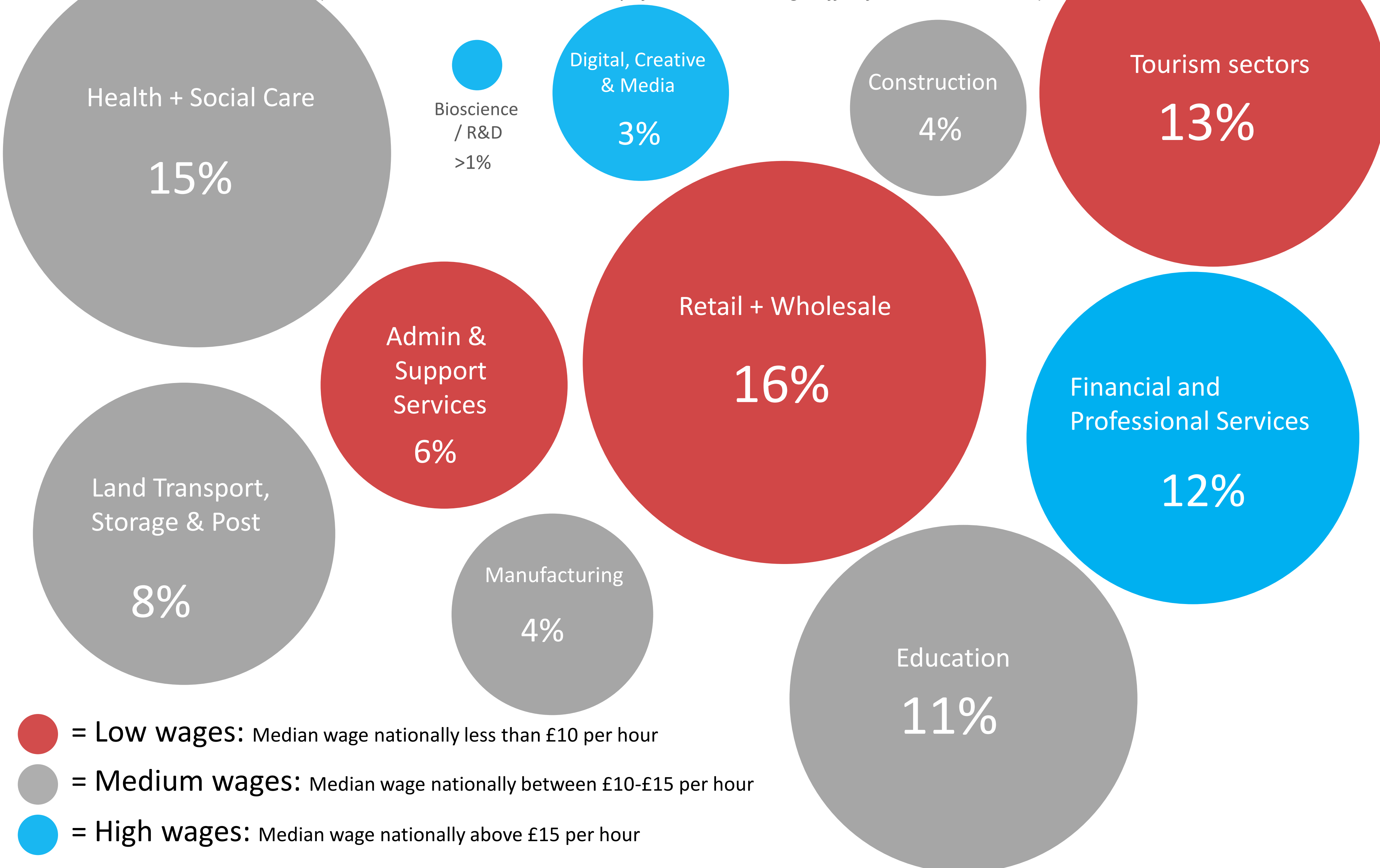
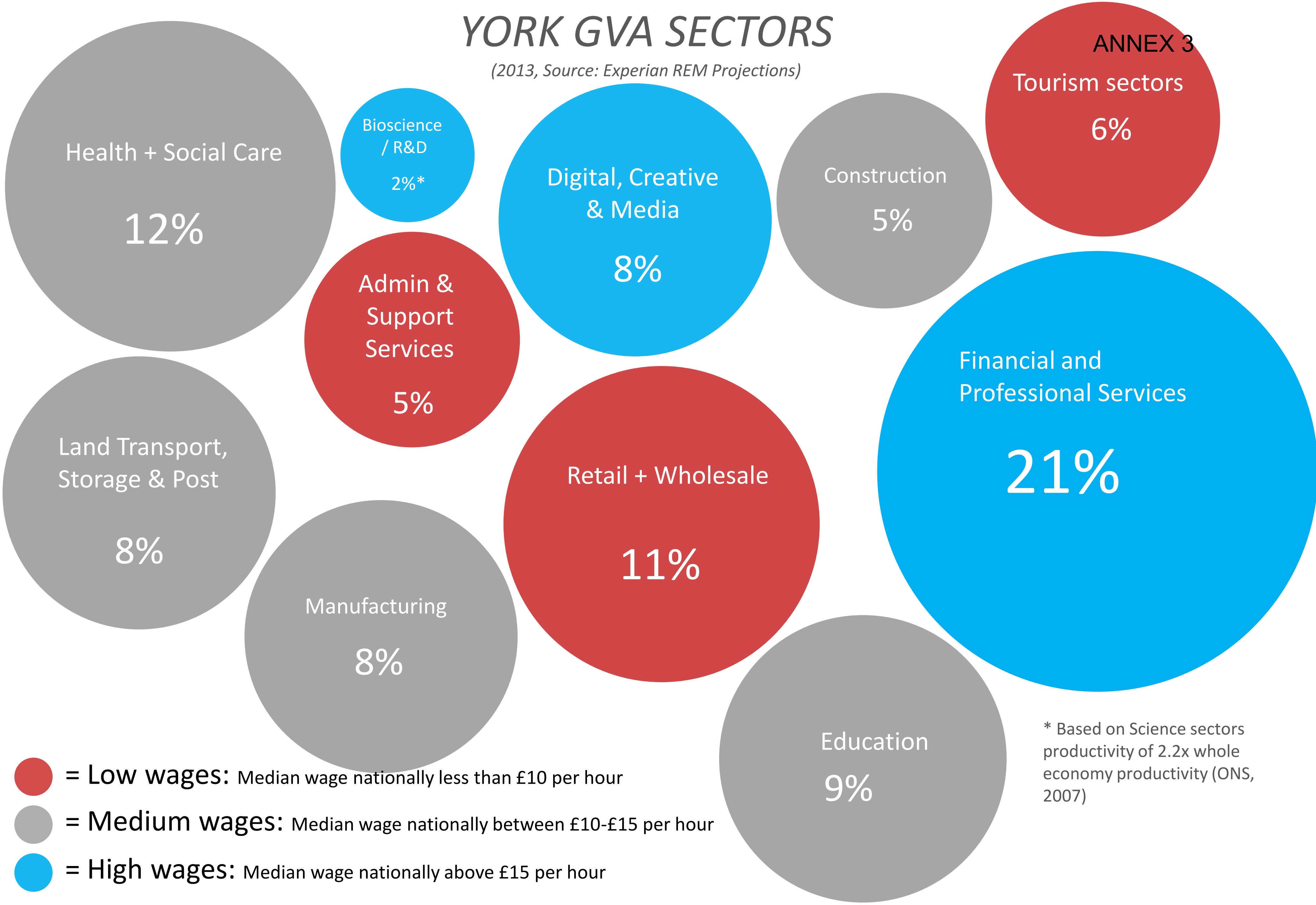
YORK EMPLOYMENT SECTORS

(2014, Source: BRES and Annual Survey of Hours and Earnings, Office for National Statistics)



ANNEX 3



YORK GVA SECTORS
(2013, Source: Experian REM Projections)
Health + Social Care
12%
Bioscience / R&D
2%*
Digital, Creative & Media
8%
Construction
5%
Tourism sectors
6%
Admin & Support Services
5%
Financial and Professional Services
21%
Land Transport, Storage & Post
8%
Retail + Wholesale
11%
Manufacturing
8%
Education
9%
* Based on Science sectors productivity of 2.2x whole economy productivity (ONS, 2007)
= Low wages: Median wage nationally less than £10 per hour
= Medium wages: Median wage nationally between £10-£15 per hour
= High wages: Median wage nationally above £15 per hour

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High value sectors which have good potential for growth

Different econometric models predict different proportionate growth across sectors (and at different times depending on current trends). As an example, the Oxford Economics projections from February 2014 show strong growth in a number of sectors; but there would be variances of the exact % growth with other models or different dates projections were made. However, there are a number of sectors which are consistently high value in terms of productivity, pay high wages and have high potential for growth in York. These are as below:

It is worth noting that most economic growth comes from growth from businesses already in the region, so this should be the focus for these high growth sectors. Proactive activity to attract new businesses to York (inward investment) should be based on where there is distinctive advantage so often requires greater specificity.

Sectors where York has a distinctive competitive advantage for attracting new businesses

It is also worth noting that there are elements about York's economy which will appeal to every sector; and as a city we should welcome and respond to all interest. However, if there are particular sectors, from the private-sector led analysis through the York Economic Partnership, the below sectors were identified as providing particular opportunity for attracting new businesses. Click the sector links below for more details.

BEST OPPORTUNITIES FOR PROACTIVE TARGETING

Sectors where we believe proactive interventions will make the greatest impact in targeting businesses outside the city because there are unique distinctives which differentiate York, which are both important to businesses in where they locate and which other cities cannot compete with.

GOOD MATCHES

- F+PS auxiliary functions
- Enterprise software
- Health science + bioanalytics
- Media arts
- Quality tourism + leisure
- Back office functions

Sectors where York is a good match for businesses, but where there are perhaps other cities with just as strong an offer in some regards, so it is more difficult to stand out in a competitive market, or where interventions are likely to have less impact. These are the sort of sectors we should be ready to respond strongly too, and may see high growth from businesses already in the city, e.g. Media Arts.

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	Current employment (BRES, 2014)	Expansion demand (UKCES, 2013)	Retirements (UKCES, 2013)	Net requirement (UKCES, 2013)	Median UK wage (ASHE, 2014)
Health and Social Care	**16200**	**1132**	**5209**	**6341**	**£13.00**
Retail & Wholesale	**16700**	**388**	**5047**	**5435**	**£10.42**
Food and Accommodation	11000	588	3135	3722	£7.97
Education	12000	-245	3918	3673	£16.28
Transport and Storage	8800	800	2667	3467	£12.60
Professional Services	6900	768	2305	3074	£16.43
Support Services	6600	204	1832	2036	£10.22
Construction	4000	530	1061	1591	£13.16
Finance and Insurance	4500	307	1536	1536	£19.37
Information and communication	3200	306	918	1376	£18.10
Public Admin and Defence	5100	-190	1707	1328	£15.60
Arts and Entertainment	2400	193	964	964	£10.75
Manufacturing	4000	-293	1171	878	£12.98
Other Services	2400	133	667	800	£11.83
Real Estate	1700	0	760	760	£13.59
Water and Sewerage	300	0	200	200	£12.66
Agriculture	100	0	38	38	£9.00

PROJECTED FUTURE JOB REQUIREMENTS TO 2022 BY INDUSTRY

KEY POINTS?

Demand for future jobs is influenced significantly more by retirements than new job creation, therefore it will always largely follow what the largest sectors are (unless they have particularly young employees); and not radically changed by growth sectors or differing projections.

Health, social care and retail are where there will be most demand.

Professional services (which covers a huge range of occupations), is the best paid sector with large future job requirements; along with certain occupations within education, health and rail.

SO WHAT?

Our skills and recruitment support interventions should be focussed on these sectors to maximise impact, especially where we know there is market failure.

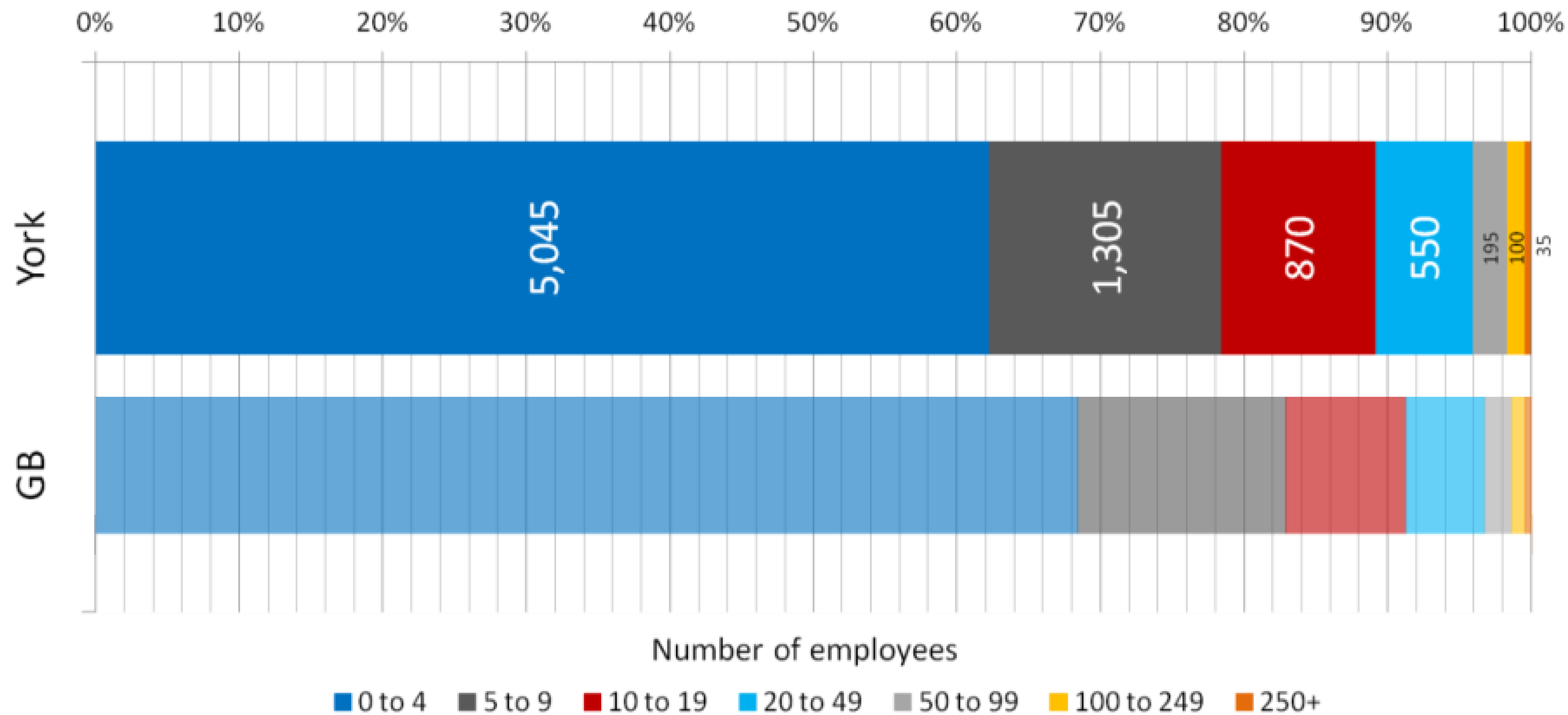
MORE DETAILED ANALYSIS

BREAKDOWN OF NUMBER OF YORK BUSINESSES BY SIZE

ANNEX 3
(NOMIS, 2014)

KEY POINT? Most businesses in York employ less than 10 people, although there is a higher proportion than the GB average of York businesses which employ between 10 and 99 people.

SO WHAT? We need to ensure the business environment and any initiatives are appropriate for all sizes of business, especially smaller (micro) businesses (e.g. recognising capacity / time constraints; working through representative bodies).



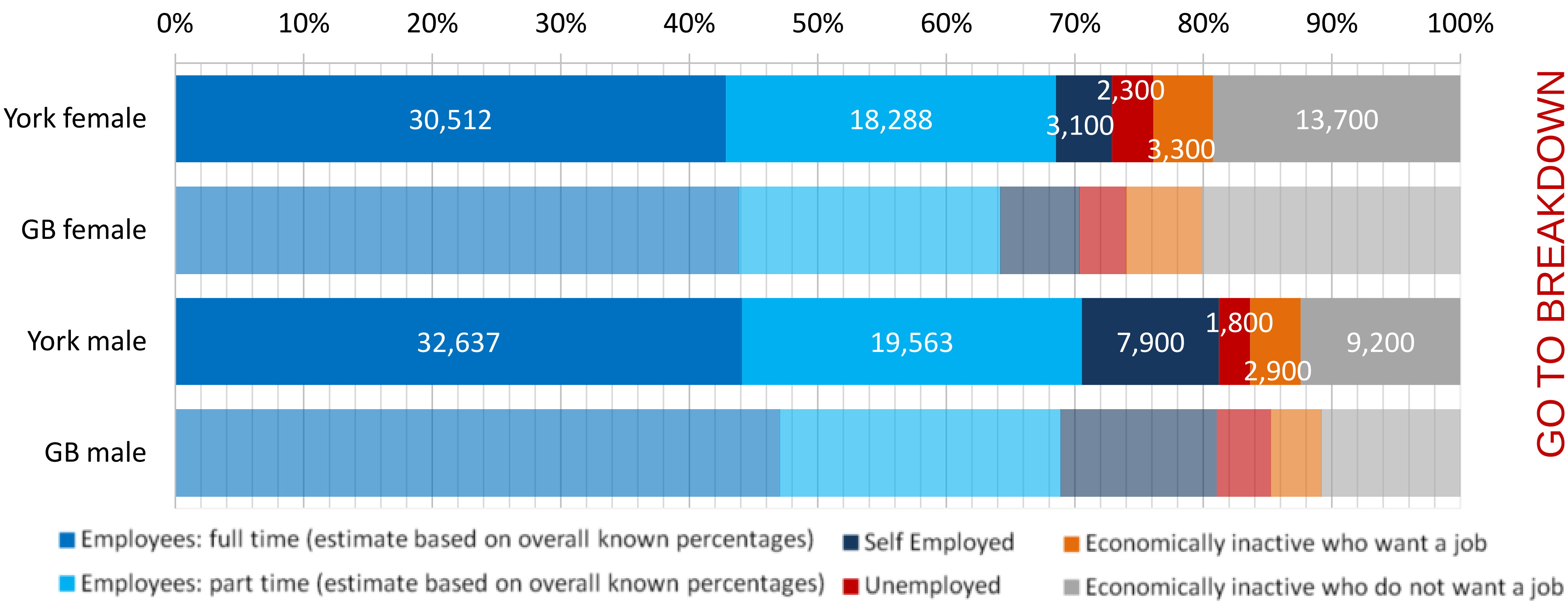
The data is produced from a snapshot of the Inter Departmental Business Register (IDBR) taken in March of selected year.
Businesses in the above data is taken as number of local units (registered units of an Enterprise) e.g. multiple Tesco stores.

YORK WORKING AGE POPULATION (September 2015, Annual population survey)

ANNEX 3

KEY POINTS?

- York has high levels of part-time working especially amongst it's female population.
- Further analysis suggests this is largely due to students, and some women, likely mothers, working part-time who would otherwise be economically inactive / unemployed.
- Both unemployment (especially among women) and self-employment are low compared with national averages.
- The higher male economic inactivity rate for York is due to higher levels of male students in this category (female students in York are more likely to work part time).



GO TO BREAKDOWN BY TYPE OF JOB

SO WHAT? Despite headline figures, without investment in independent research, given the explanations above it is difficult to conclude that part-time working per se is a specific problem in itself.

That said, we know part-time workers are lower paid and more likely to want more hours, so understanding that many jobs in York are part time should impact how we about consider policy regarding income, e.g. ensuring PT workers have opportunities to increase their hours; focussing on increasing overall household income; focussing on enabling progression and raising wages for those working part time and paid poorly.

MEDIAN HOURLY WAGES FOR YORK RESIDENTS VS UK (ASHE Dec 2015)

Key points:

York residents, particularly women working full time are paid slightly less than the national average.

Women are paid less per hour than men; with a greater number working in roles and sectors the market values lowly (care / admin / sales).

People who work part time are paid less per hour on average; again, with a greater number working in sectors the market values lowly (care / admin / sales).

So what?

Overall, this is a more fundamental issue about the sector makeup of York: unless this is addressed wages are likely to remain below the national average.

Similarly, market intervention is required if women, and especially those working part time, are to be given fair opportunities in higher paid sectors and occupations.

Male full time

£12.96 YORK

£13.97 UK

£1,943 per year LESS in York if working 37 hours

Female full time

£11.39 YORK

£12.56 UK

£2,251 per year LESS in York if working 37 hours

Male part time

£8.12 YORK

£8.11 UK

£8 per year MORE if working 16 hours

Female part time

£8.74 YORK

£8.59 UK

£125 per year MORE if working 16 hours

UNDEREMPLOYMENT OF YORK RESIDENTS

(EMPLOYEES WHO WANT MORE HOURS) (ONS, 2014)

	ALL PEOPLE	MALES	FEMALES
TOTAL WORKFORCE X REGIONAL UNDEREMPLOYMENT RATE	**10,910** (11%)	**4,524** (8.9%)	**5,319** (11%)
PART-TIME WORKERS X NATIONAL UNDEREMPLOYMENT RATE	**7,197** (22.1%)		
FULL-TIME WORKERS X NATIONAL UNDEREMPLOYMENT RATE	**3,597** (5.4%)		

TOP 3 OCCUPATIONS FOR UNDEREMPLOYMENT	NUMBER OF PEOPLE UNDEREMPLOYED (% underemployed nationally)	% OF ENTIRE WORKFORCE
Elementary Occupations	**2456** (21.10%)	**2.48%**
Sales And Customer Service Occupations	**1921** (18.72%)	**1.94%**
Caring, Leisure And Other Service Occupations	**1251** (13.87%)	**1.26%**

KEY POINTS?:

A large number of those working part time nationally want more hours. If this trend was applied to York's figures, that would mean approximately 7,200 York residents currently working part time wanted more hours. The occupations which these apply to also compound the issue; they are the same as the low pay sectors highly prevalent in part time working.

It is also more of an issue as there are more part time employees comparatively in York.

[N.B Full time employees can also want more hours; however the national proportion is much lower as you'd expect].

SO WHAT?: This is a key issue to seek to address holistically given that we know that residents that work part time, especially women, earn less per hour, and York has a greater proportion of part time workers, and those working in low paid professions. It is this multi-faceted issue of residents who are:

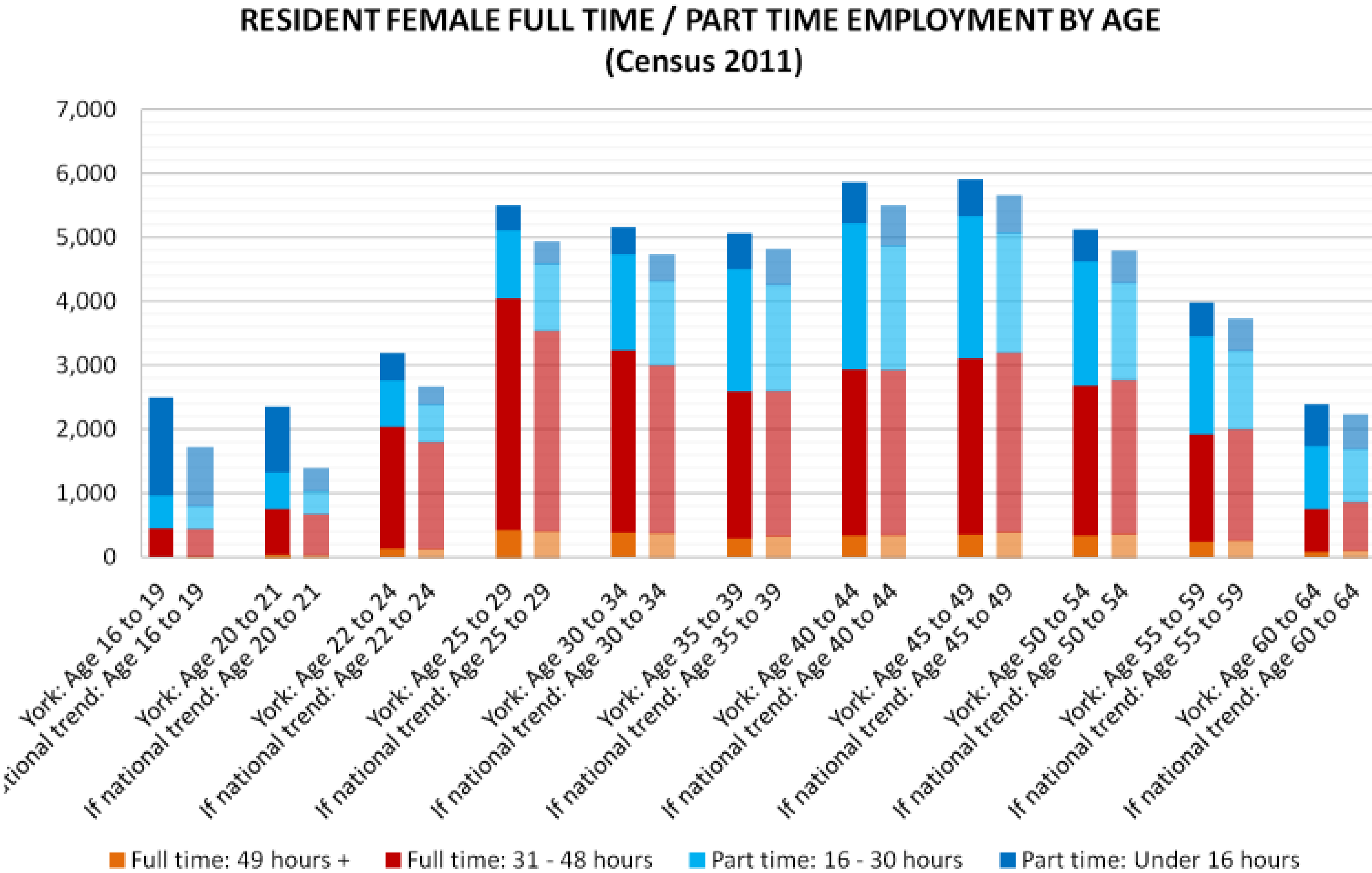
- Being paid a poor wage per hour, often below the living wage (£7.85 per hour)
- Working in low paid occupations where there is less scope for progression
- Working part time so reducing their overall income by the virtue of working less hours
- Wanting more hours than they currently have

The number who face all those issues in York is estimated to be 4,000 – 7,000, and the vast majority women.

ANNEX 3

KEY POINTS?

- York has high levels of part-time working amongst it's female population.
- However, as the graph suggests, this is largely due to students, and some women, likely mothers, working part-time who would otherwise be economically inactive or unemployed.
- Figures about York's economically inactive population confirm this trend.



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Census 2011 + ASHE 2015

TOP 3 OCCUPATIONS – MEDIAN PAY

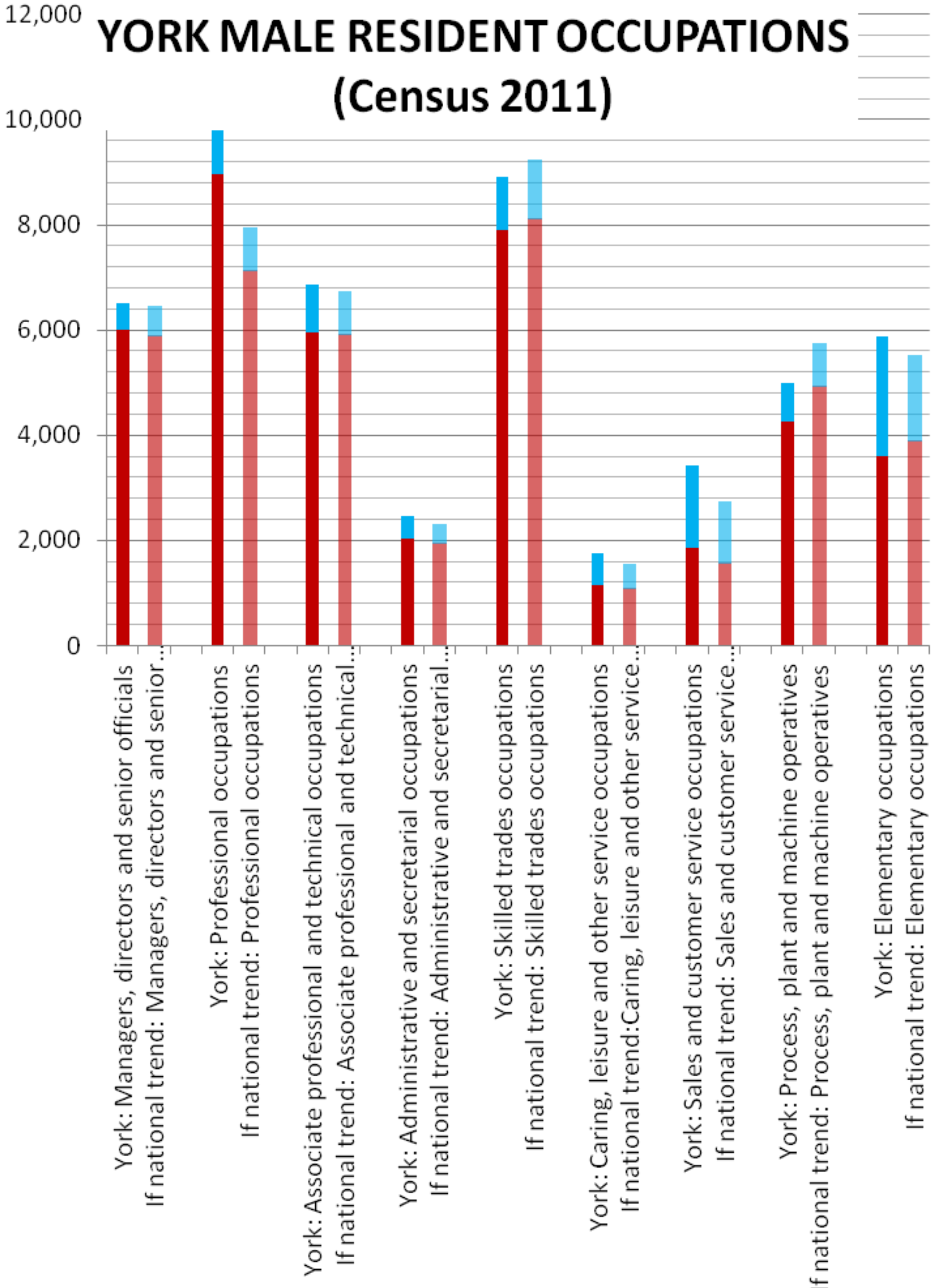
KEY POINTS? The top 3 occupations across the 3 categories show low median hourly wages. This is particularly the case for where York has more than the national average number of people working in certain occupations. In this category, the top two most popular occupations are below the Living Wage. Two of the three most popular occupations for women also show two of the median hourly wages below and only just above the Living Wage.

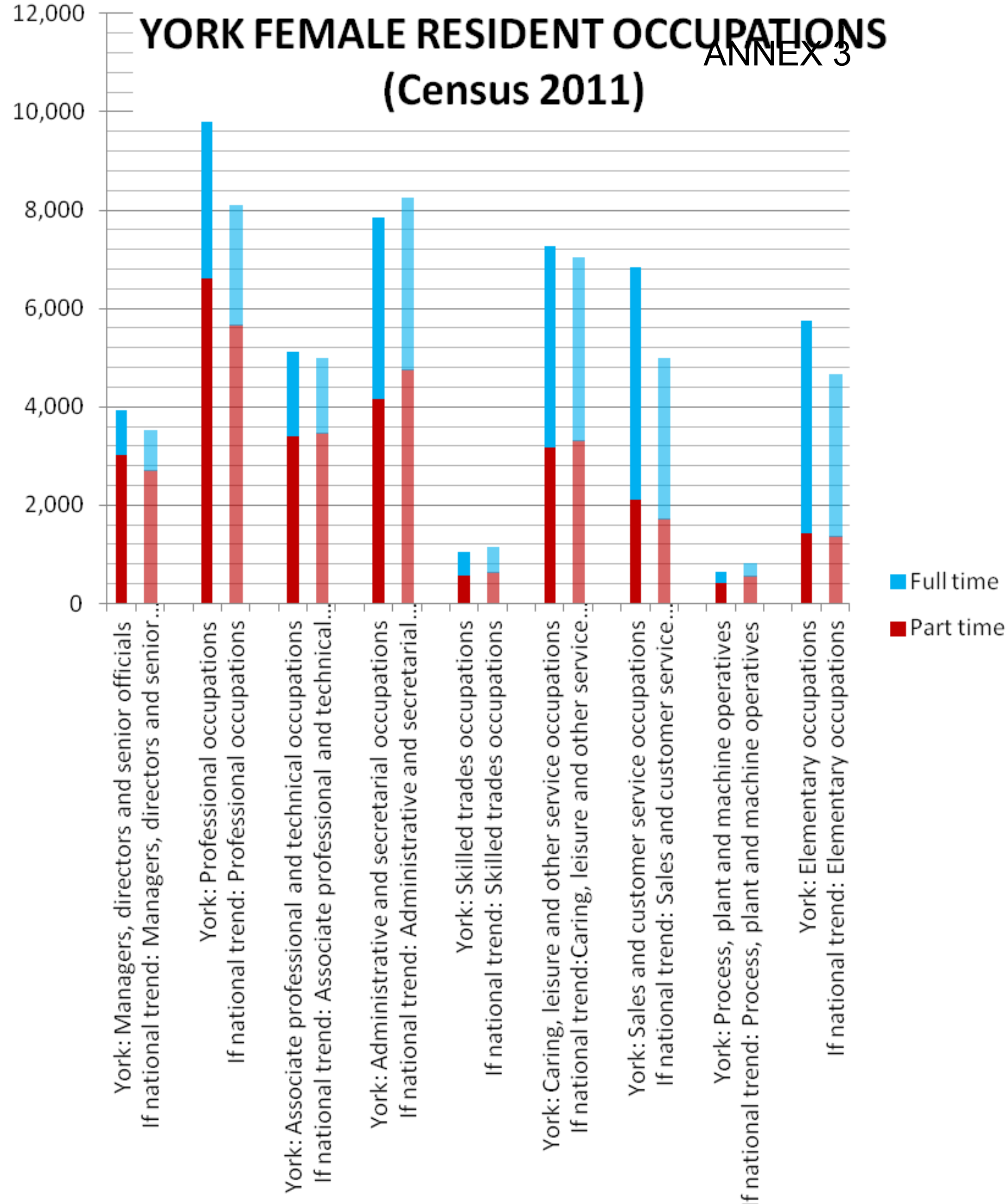
TOP 3 OCCUPATIONS MOST SKEWED TOWARDS MALE > FEMALE	MEDIAN HOURLY WAGE (UK)
1. Skilled trades occupations	£11.38
2. Process + plant operatives	£9.94
3. Managers, directors and senior officials	£19.44

TOP 3 OCCUPATIONS MOST SKEWED TOWARDS FEMALE > MALE	MEDIAN HOURLY WAGE (UK)
1. Caring, leisure and other service occupations	£8.49
2. Administrative and secretarial occupations	£10.30
3. Sales and customer service occupations	£7.64

TOP 3 OCCUPATIONS WHERE YORK HAS MORE RESIDENTS WORKING IN THAN THE NATIONAL AVERAGE	MEDIAN HOURLY WAGE (UK)
1. Sales and customer service occupations (specifically sales assistants and retail cashiers)	£7.64
2. Elementary occupations (specifically cleaners, waitors/waitresses, bar staff and kitchen assistants)	£7.49
3. Professional occupations (specifically education professionals)	£19.50

SO WHAT? The Living Wage, a level of income based on the cost of living, is currently set at £7.85. Two of the top three occupations where York has more than the national average have a median hourly wage set below this rate. One of the top three most skewed to female workers is also below this rate, and one only just above it. This reflects that some of York's top occupations are poorly paid, and this particularly affects women: something which should sought to be addressed.


YORK MALE RESIDENT OCCUPATIONS
(Census 2011)
12,000
10,000
8,000
6,000
4,000
2,000
0
York: Managers, directors and senior officials
If national trend: Managers, directors and senior…
York: Professional occupations
If national trend: Professional occupations
York: Associate professional and technical occupations
If national trend: Associate professional and technical…
York: Administrative and secretarial occupations
If national trend: Administrative and secretarial…
York: Skilled trades occupations
If national trend: Skilled trades occupations
York: Caring, leisure and other service occupations
If national trend:Caring, leisure and other service…
York: Sales and customer service occupations
If national trend: Sales and customer service…
York: Process, plant and machine operatives
If national trend: Process, plant and machine operatives
York: Elementary occupations
If national trend: Elementary occupations


YORK FEMALE RESIDENT OCCUPATIONS
(Census 2011)
12,000
10,000
8,000
6,000
4,000
2,000
0
Full time
Part time
York: Managers, directors and senior officials
If national trend: Managers, directors and senior…
York: Professional occupations
If national trend: Professional occupations
York: Associate professional and technical occupations
If national trend: Associate professional and technical…
York: Administrative and secretarial occupations
If national trend: Administrative and secretarial…
York: Skilled trades occupations
If national trend: Skilled trades occupations
York: Caring, leisure and other service occupations
If national trend:Caring, leisure and other service…
York: Sales and customer service occupations
If national trend: Sales and customer service…
York: Process, plant and machine operatives
If national trend: Process, plant and machine operatives
York: Elementary occupations
If national trend: Elementary occupations

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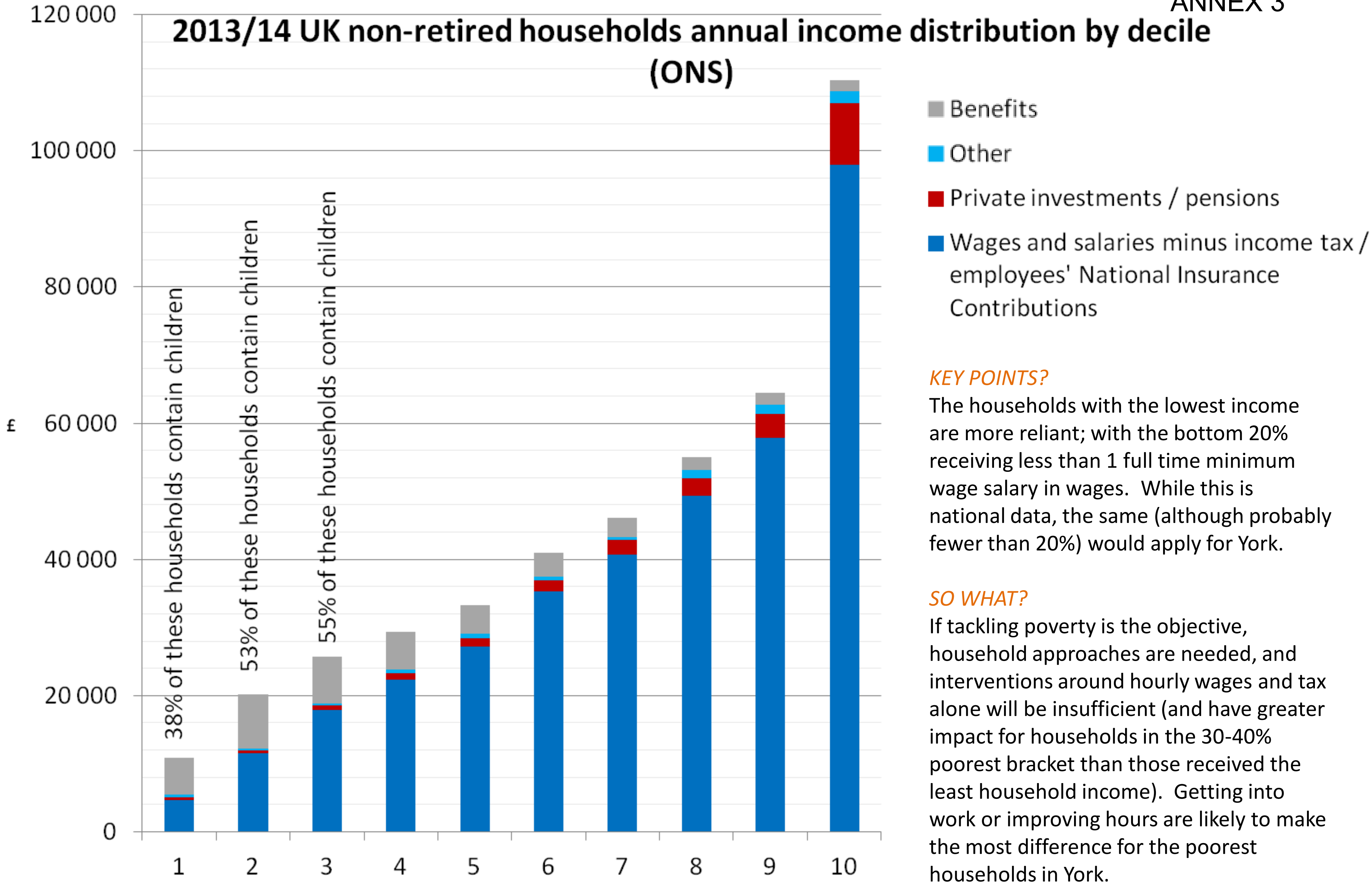


KEY POINTS?

The households with the lowest income are more reliant; with the bottom 20% receiving less than 1 full time minimum wage salary in wages. While this is national data, the same (although probably fewer than 20%) would apply for York.

SO WHAT?

If tackling poverty is the objective, household approaches are needed, and interventions around hourly wages and tax alone will be insufficient (and have greater impact for households in the 30-40% poorest bracket than those received the least household income). Getting into work or improving hours are likely to make the most difference for the poorest households in York.

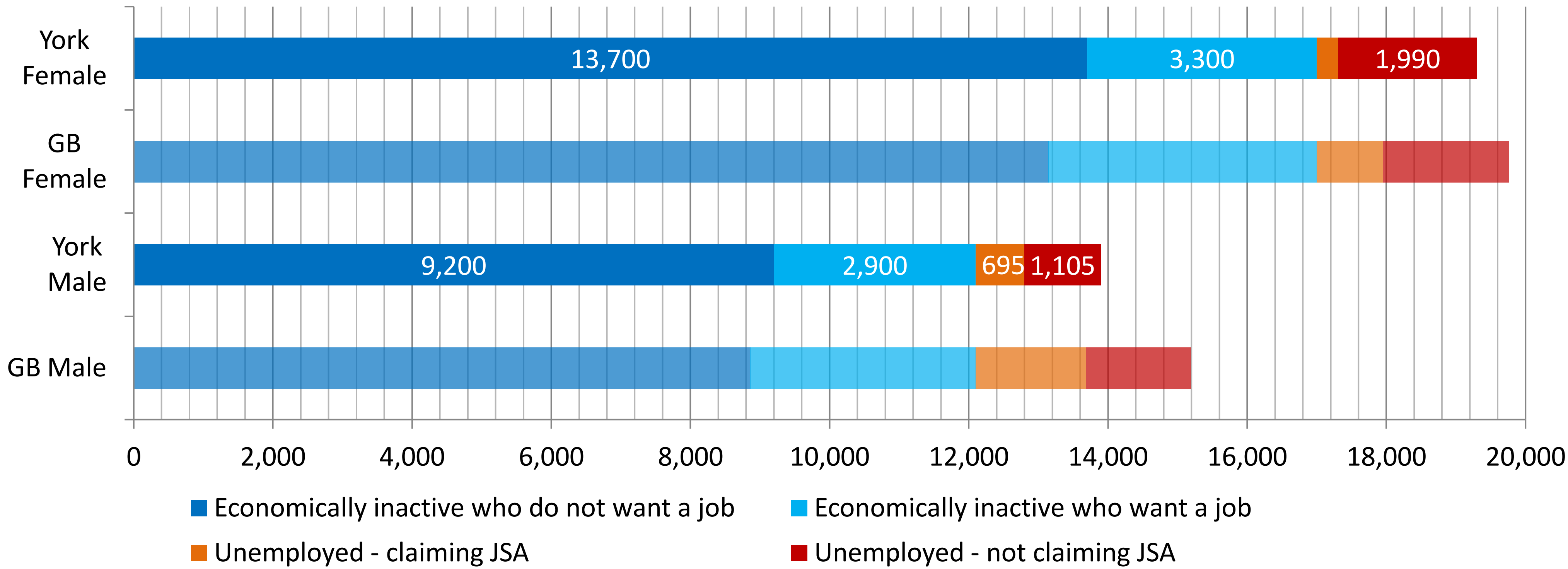
ANNEX 3

RESIDENTS NOT IN WORK

Source: Annual Population Survey (September 2015), JSA Claimant Count (Feb 2016)

KEY POINTS? York has very low level of unemployment, especially those claiming Job Seekers Allowance (JSA) . This has decreased further since June 2014 and March 2013 too.

However, the headline figures can mask a large number people who; around 2/3rds of those who are unemployed do not seek JSA (albeit this is from different data sets and time series) ; and a further 6,300 who are classed as economically inactive would like to work.



SO WHAT? In total, the annual population survey suggest there are up to 10,000 York residents not in work but who want work yet only a small proportion receive job-seekers allowance. Therefore interventions around employment readiness need to look beyond simply those receiving JSA (who are likely to receive some level of support anyway as a result of receiving this benefit).

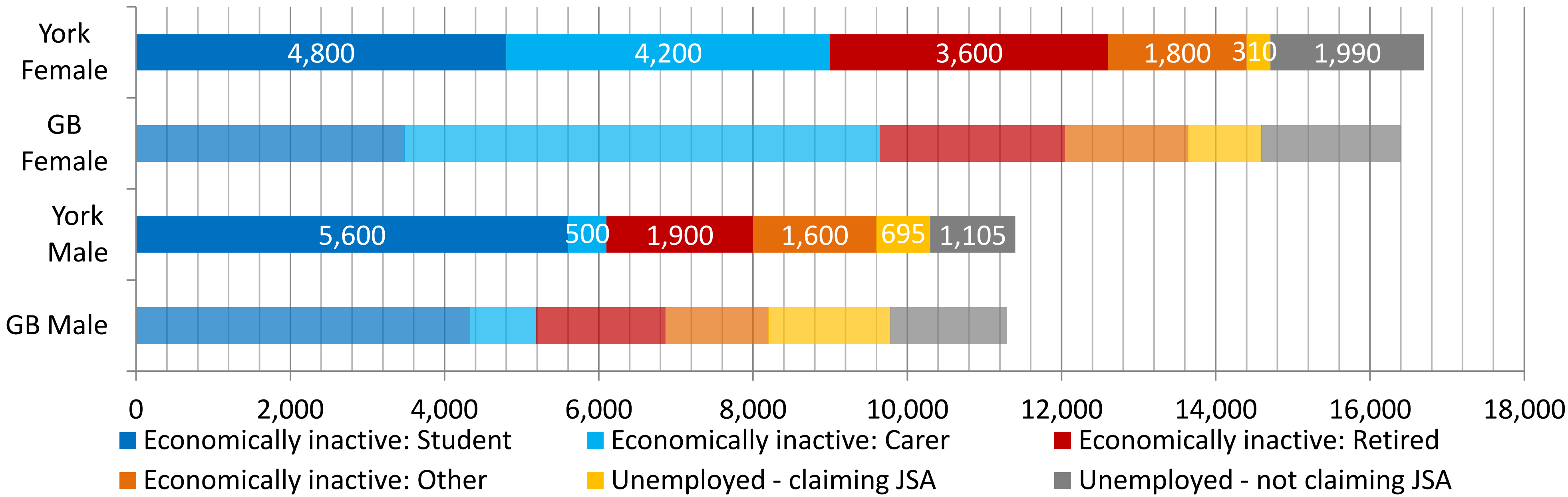
RESIDENTS NOT IN WORK

Source: Annual Population Survey (September 2015), JSA Claimant Count (Feb 2016)

KEY POINTS? York has very low level of unemployment, especially those claiming Job Seekers Allowance (JSA) . This has decreased further since June 2014 and March 2013 too.

A large number of those economically active are students; but there are lower numbers of female carers who are economically inactive in York

More female students work (quite starkly, given there are more female students in York overall) than male students and these are likely to captured in York's high female part time employee figures.



SO WHAT? One of the reasons why York has lower unemployment figures or economically inactive figures is because female students or carers in York work part time. This is likely to distort the high level of part-time working in York; and given those who work part-time earn considerably less; the average pay figures, especially when taken as annual or weekly figures. For these people, working part time is a much better outcome than not working – which should be acknowledged when pondering challenges around productivity, part-time working and wages.

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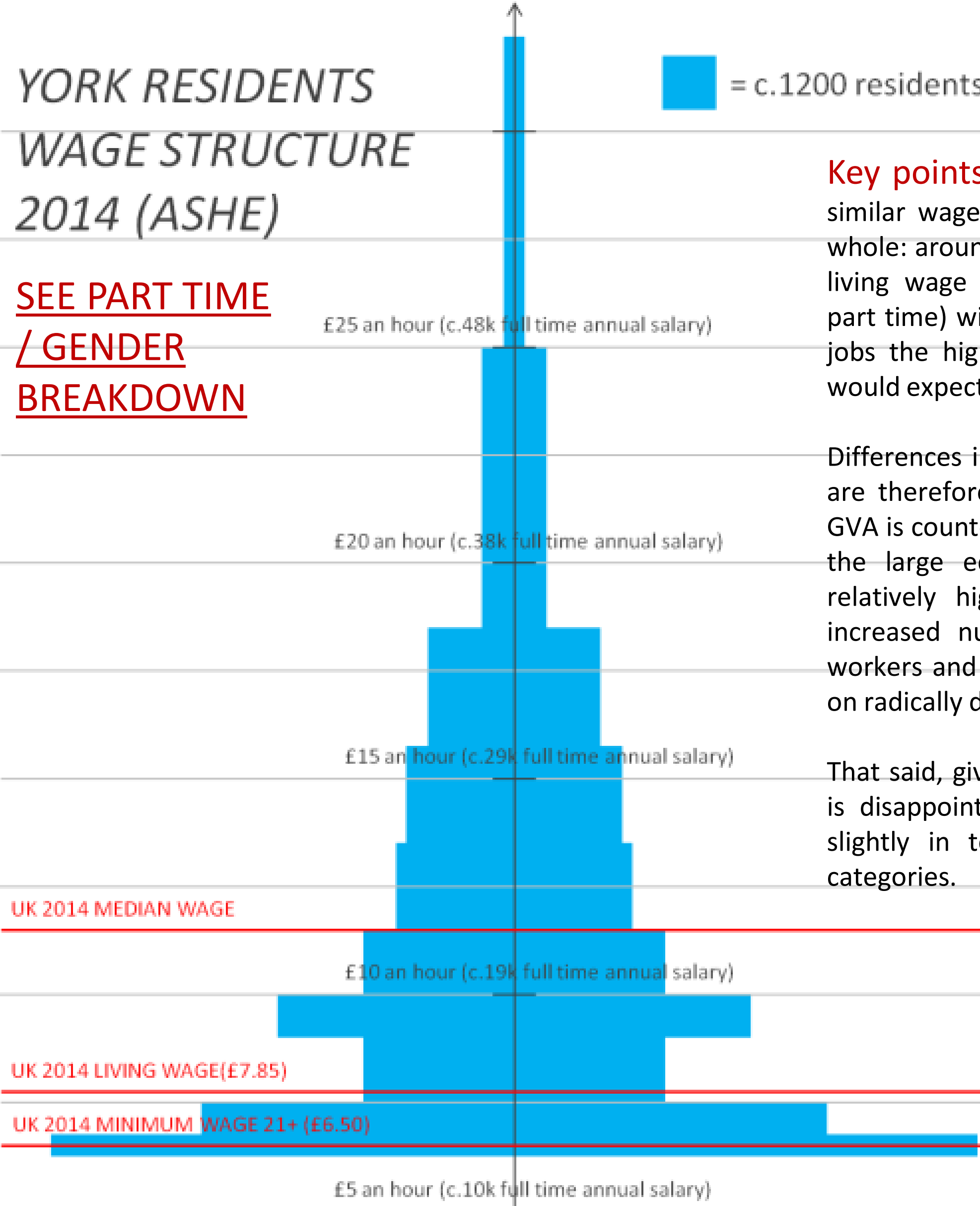
YORK RESIDENTS WAGE STRUCTURE 2014 (ASHE)

SEE PART TIME / GENDER BREAKDOWN

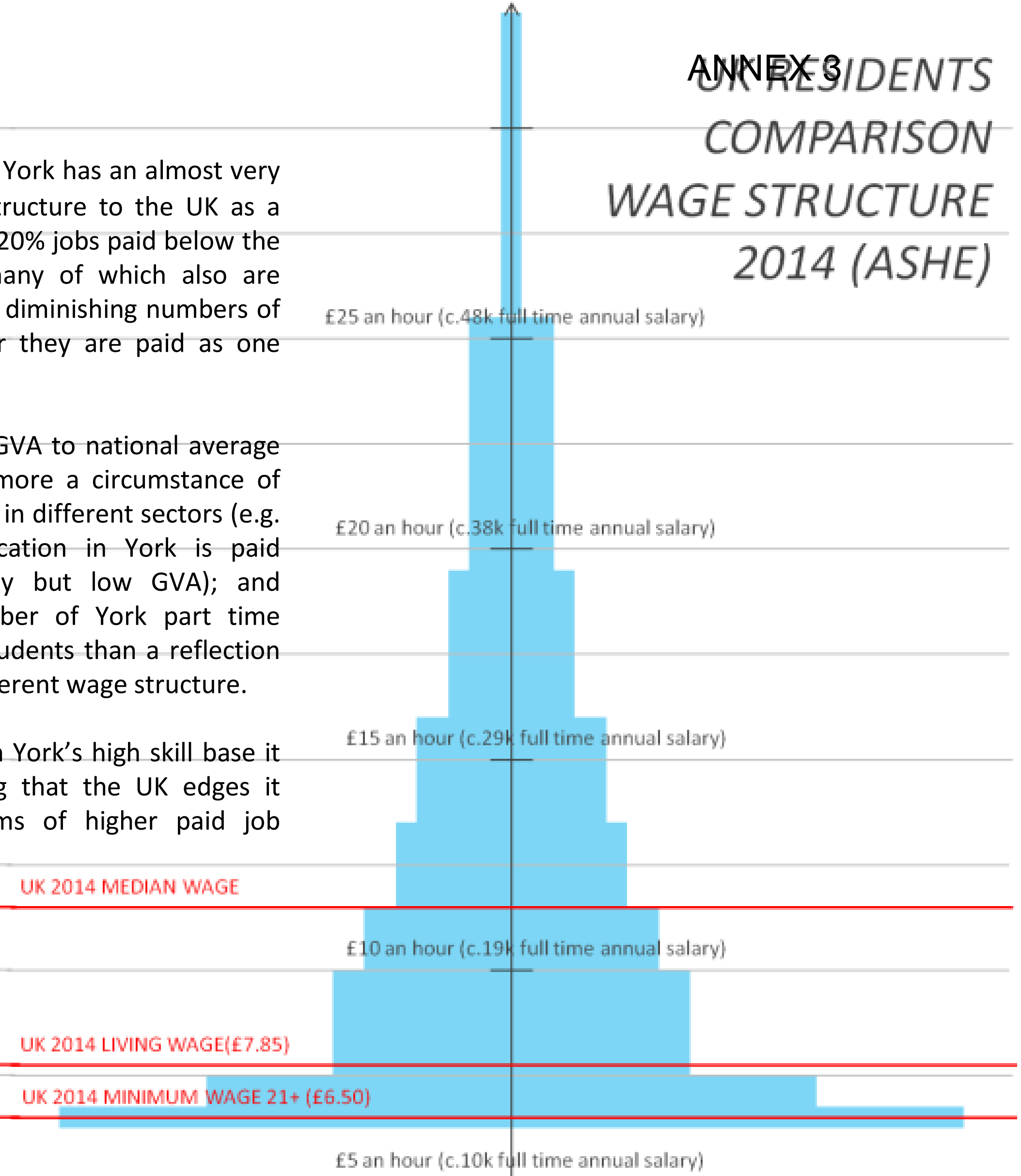


Key points? York has an almost very similar wage structure to the UK as a whole: around 20% jobs paid below the living wage (many of which also are part time) with diminishing numbers of jobs the higher they are paid as one would expect.

Differences in GVA to national average are therefore more a circumstance of GVA is counted in different sectors (e.g. the large education in York is paid relatively highly but low GVA); and increased number of York part time workers and students than a reflection on radically different wage structure.

That said, given York's high skill base it is disappointing that the UK edges it slightly in terms of higher paid job categories.

UK RESIDENTS COMPARISON WAGE STRUCTURE 2014 (ASHE)



So what? Factors which fundamentally affect the wage structure are likely to be largely down national policy and external macro-economic factors. Local interventions are likely to have marginal effects: the biggest impact is likely to be sector makeup.

Employers implementing the living wage would impact a large number of jobs both in York (over 16,000) and nationally; although challenging for business, especially in large York sectors like accommodation and food where the whole sector competes on the basis of 70% jobs nationally being paid below the living wage.

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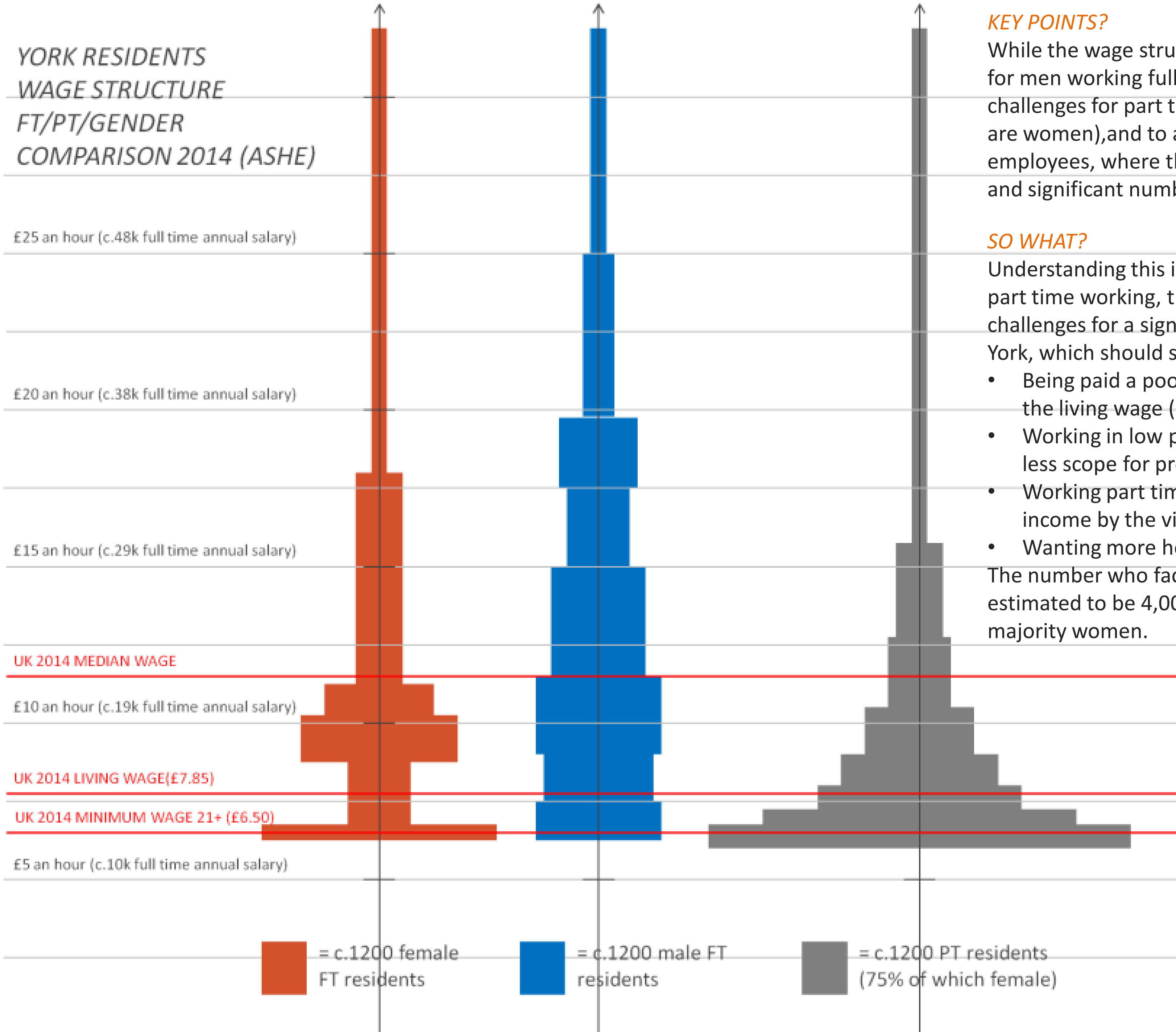


KEY POINTS?

While the wage structure is balanced and positive for men working full time, but there are significant challenges for part time employees (of which 75% are women),and to a lesser degree FT female employees, where the majority of jobs are low paid and significant numbers below the Living Wage.

SO WHAT?

Understanding this in light of other issues around part time working, there are multi-faceted challenges for a significant number of employees in York, which should sought to be addressed:

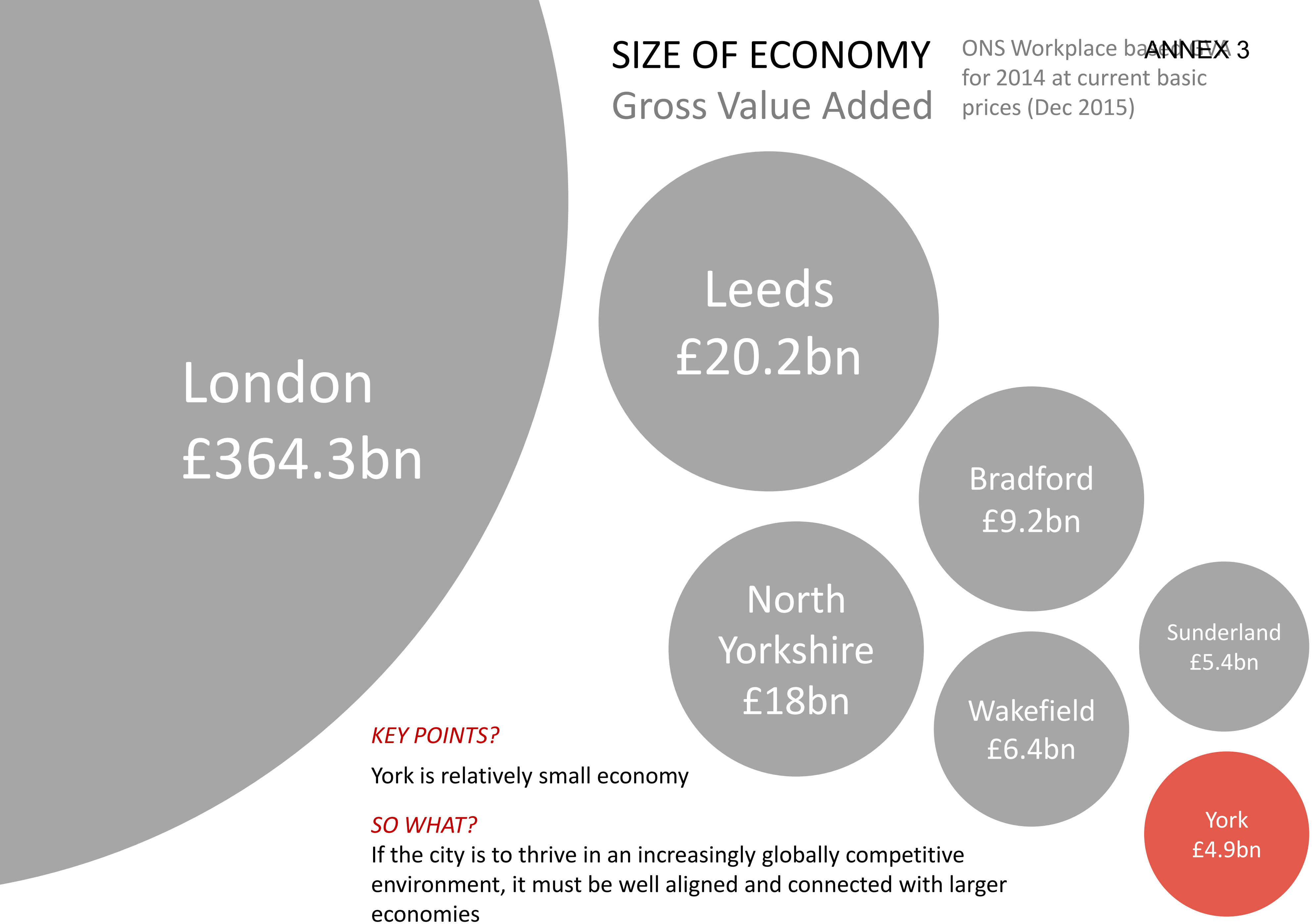
- Being paid a poor wage per hour, often below the living wage (£7.85 per hour)
- Working in low paid occupations where there is less scope for progression
- Working part time so reducing their overall income by the virtue of working less hours
- Wanting more hours than they currently have

The number who face all those issues in York is estimated to be 4,000 – 7,000, and the vast majority women.

SIZE OF ECONOMY

Gross Value Added

ONS Workplace based GVA for 2014 at current basic prices (Dec 2015)



KEY POINTS?

York is relatively small economy

SO WHAT?

If the city is to thrive in an increasingly globally competitive environment, it must be well aligned and connected with larger economies

ECONOMIC GROWTH PROJECTIONS (Oxford Economics, May 2015)

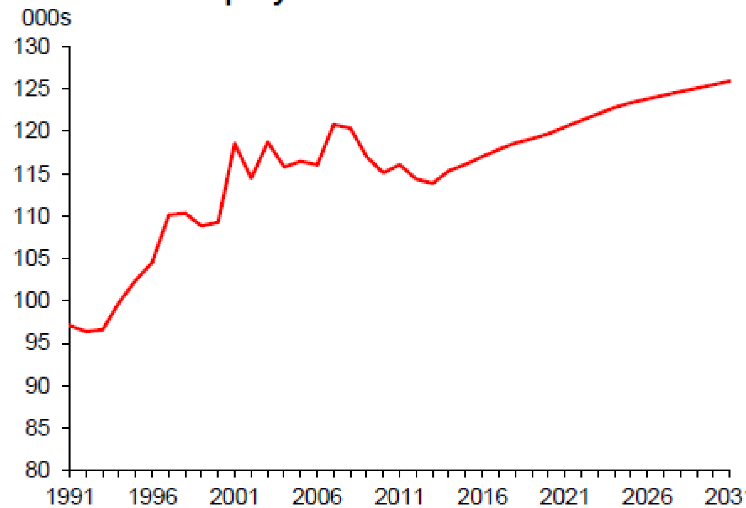
KEY POINTS?

- Employment in York in 2031 is forecast to be 125,900, more than 10,000 higher than in 2014. This is equivalent to a change of 11,220 jobs between 2013/14 to 2030/31.
- York GVA is forecast to grow on average by 2.5% per year between 2013 and 2030.
- It is important to understand this by sector for a more intelligent view on how growth may affect York.

SO WHAT?

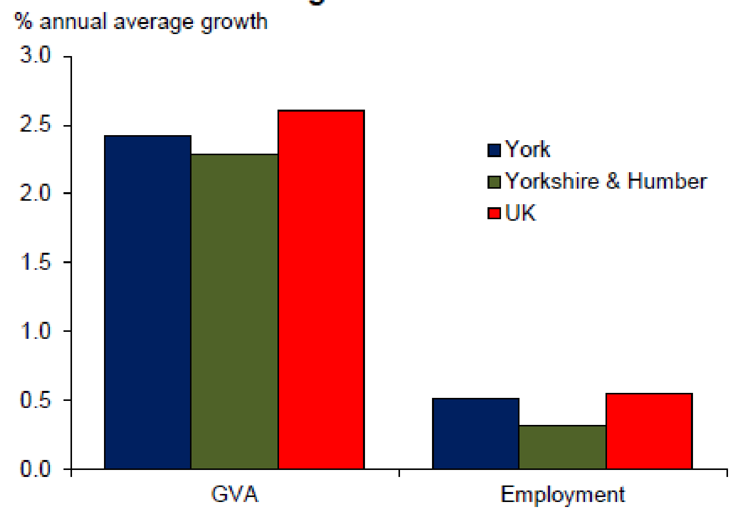
- We should apportion suitable employment land for the overall projected growth through York's local plan.
- Where growth is forecast in a way which reinforces low pay e.g. admin / retail, we should seek to make policy interventions to affect what would happen if we do nothing.

York total employment



Source: ONS, Oxford Economics

Headline economic growth 2014-31



Source : Oxford Economics

ECONOMIC GROWTH PROJECTIONS BY SECTOR (Oxford Economics, March 2014)

KEY POINTS?

These are just sector projections; and heavily subject to many factors and assumptions. Different models forecast things differently, therefore lead to different conclusions. Hence any conclusions around sector growth should be taken only as indicative rather than definitive.

The largest employment growth to 2030 is projected to come from professional, scientific and technical services, creating about 3,000 jobs; with significant growth of over 1,000 jobs in each of tourism sectors; retail; transport and storage; retail; admin & support services; human health & social work; and construction.

Manufacturing is the major sector projected to lose jobs: over 1,000 to 2030.

Oxford Economics project high GVA growth largely in a number of the retail, finance & insurance; professional services, real estate (although this is in part due to how the sector is valued, so this won't translate as fully into wages).

York's digital, creative and media sector (Information & communication) is forecast to grow by over 20% in the 50 year period, the fastest of any sector aside from Admin. However in actual employment and GVA terms the value is proportionally less than the national average as the sector in York digital, is smaller proportionately (about 40% smaller per size of economy) than in most other cities.

York's transportation sector is forecast to grow about twice as much proportionally in value than the national average. This is likely to be because the large rail sector in York which is about three times as large proportionate to other cities.

SO WHAT?

We should take into account growth projections in looking to work 'with the grain' of what is likely to happen. For example, we should use the indicative employment growth figures to take a broad view of likely sectors and jobs for future skills and education interventions to make sure we have an appropriately skilled workforce.

However, given sector econometric projections are based largely on historic size of sectors, not particularly nuanced with local intelligence (e.g. knowledge of distinctive subsectors; transport projects; development constraints; university research capabilities) and 'policy-off', we should not allow them to wholly dictate if this jars with our vision for what sort of city we want to become.

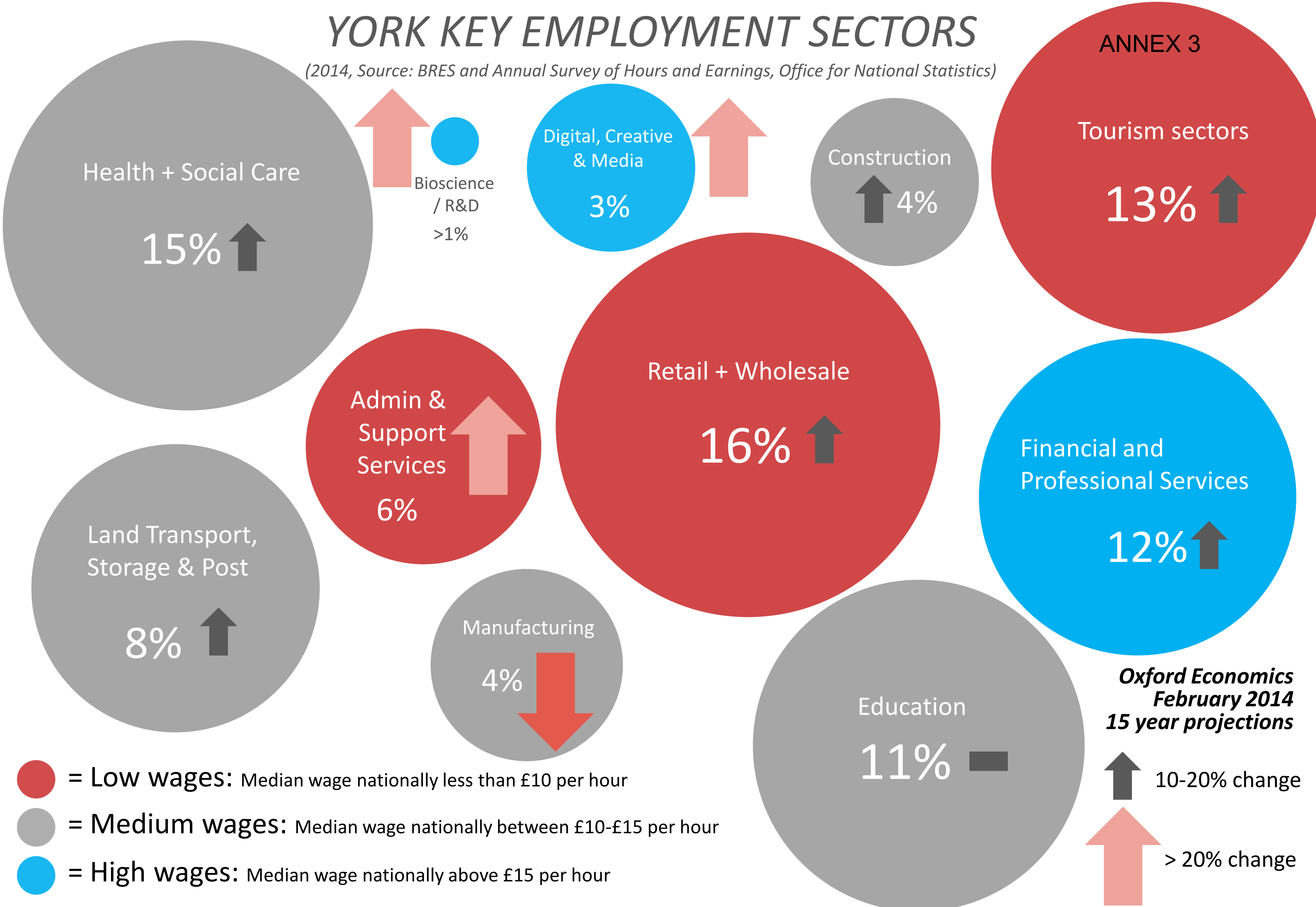
Where growth is forecast in a way which we want as a city, we should seek to maximise such growth further.

Where growth is forecast in a way which e.g. reinforces low pay e.g. admin / retail, we should seek to make policy interventions to affect what would happen if we do nothing.

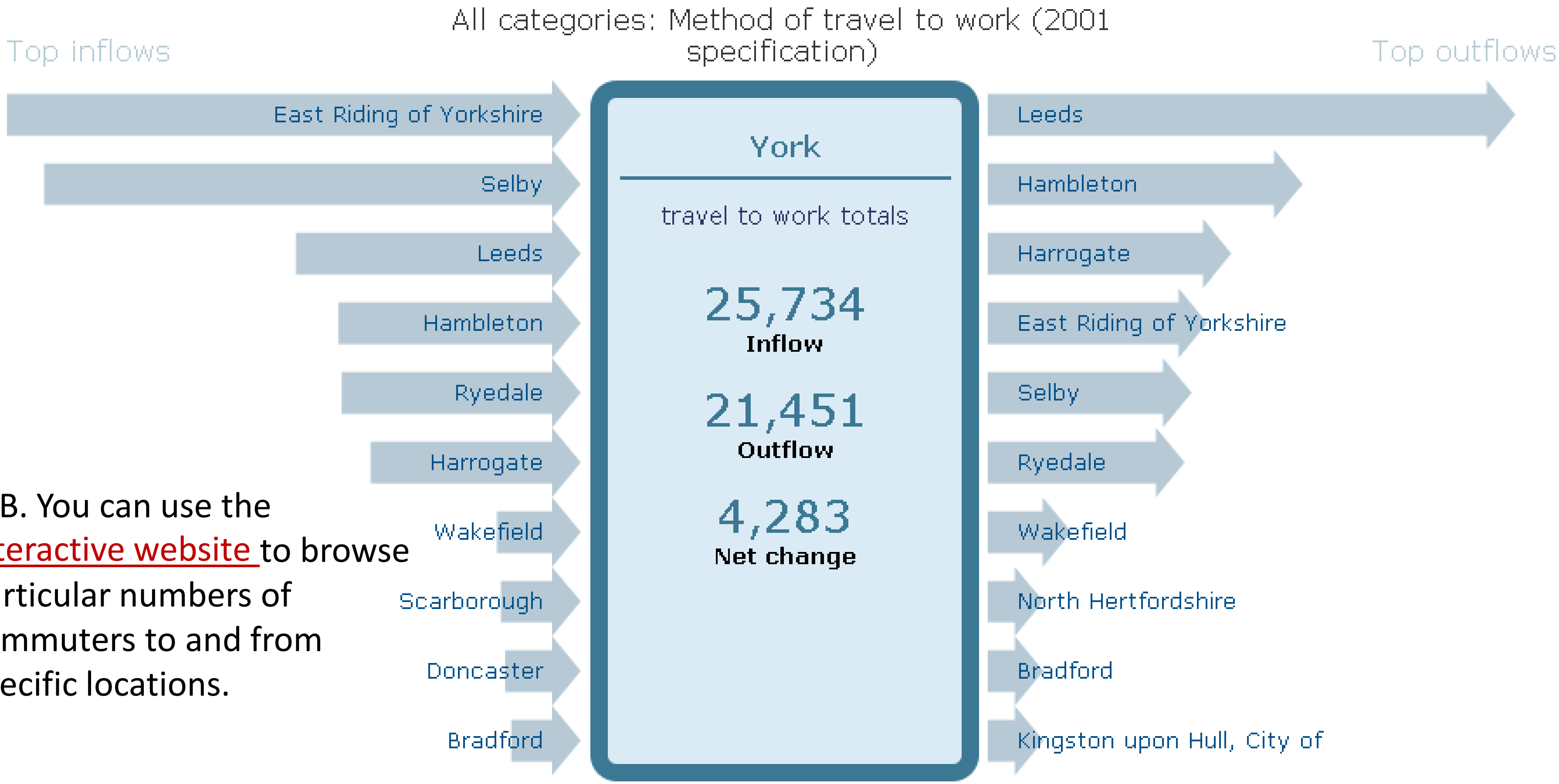
Nevertheless, in all this acknowledging there is only so much within our gift to affect.

YORK KEY EMPLOYMENT SECTORS

(2014, Source: BRES and Annual Survey of Hours and Earnings, Office for National Statistics)



DAILY TRAVEL TO WORK PATTERNS TO AND FROM YORK (Census 2011)



N.B. You can use the interactive website to browse particular numbers of commuters to and from specific locations.

GO TO BREAKDOWN BY MODE OF TRANSPORT

KEY POINT? Large numbers of people travel in to and out of York for work. It is important to note the locations people are coming from and also where they are going to. The highest proportion of inflows come from the East and the South of York. Whereas the biggest outflows are to the West of the city.

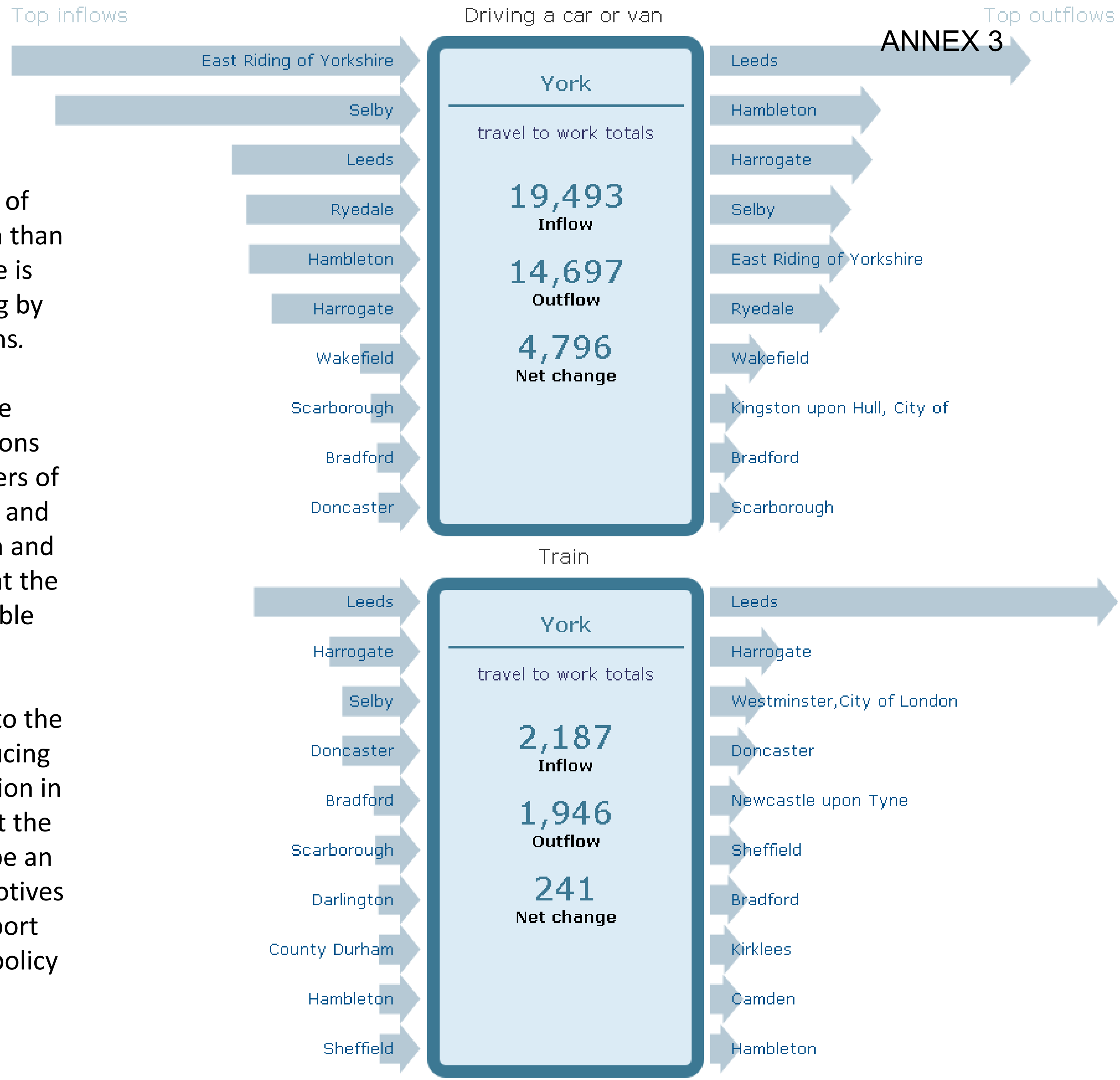
SO WHAT? It is important to know where people who live in York travel to work and also where people who work in York live. This is because it is important to maximise the ease and also reduce cost of getting to work.

ANNEX 3

KEY POINT? A larger proportion of people travel to work by car or van than by train. Aside from Leeds, there is significantly less people travelling by train to and from all destinations.

SO WHAT? With so few people travelling by train to all destinations apart from Leeds, but large numbers of people on the whole travelling to and from Selby, Harrogate, Hambleton and Ryedale, it could be concluded that the rail links do not provide a desirable alternative.

If looking to improve accessibility to the city, perhaps with the aim of reducing journey times or reducing congestion in and around the city, trying to shift the focus on the rail transport could be an option. A closer look at peoples motives to use certain methods of transport would be required to ensure any policy support demand.

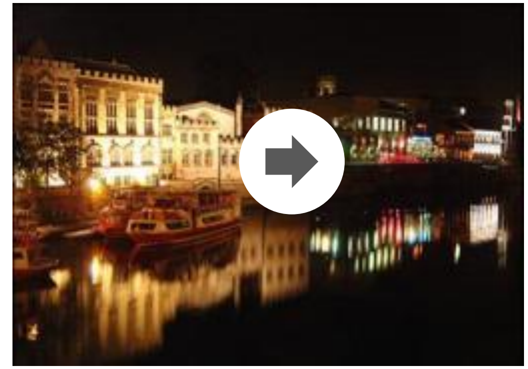


ANNEX 3

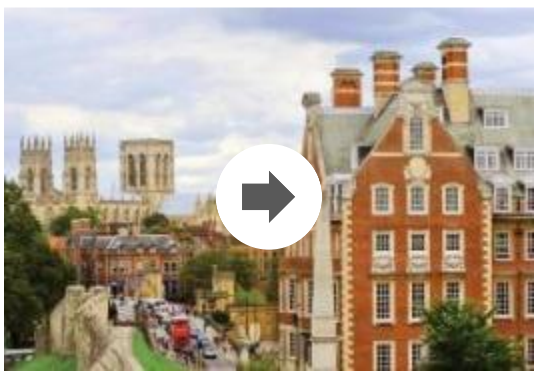
TOURISM

Headline figures

Tourism product:
accommodation
Attractions
retail + restaurants



Tourism product:
events
evening economy
infrastructure



Reasons for visiting & visitor behaviour

Value of tourism and visitor spend

Visitor profile

TOURISM HEADLINE FIGURES

7 million visitors each year

Visitor satisfaction score = **4.55/5**

£606m to the local economy and support **20,000 jobs**

77% likely to return

99% likely to recommend

TOURISM PRODUCT

ACCOMMODATION

14,262 bedspaces in York

Hotel room occupancy is high (2013: 80%)
National average for hotels 72%

BEDSPACES	
TOTAL	14,262
HOTELS	6,000
CAMPSITES / HOLIDAY PARKS	2,700
B&Bs / GUEST HOUSES	2,500
SEFL-CATERING	1,400
THIS SUPPLIES ALMOST 5M BED SPACES PER YEAR	

ATTRACTIONS

2013: **2.9m visits** to the 9 big attractions and **237,000 visits** to 12 small attractions

Satisfaction with the variety of things to do in York is high - 80% describing it as very good

86% of visitors to York visit an attraction whilst here

RETAIL + RESTAURANTS

Eating and drinking is the most popular activity among leisure visitors **(96%)**

Shopping is the 4th most popular activity **(72%)**

Shoppers believe York's strengths as a shopping destination is: **variety of shops** (especially independent shops); **compact size of the city**

SO WHAT? There needs to be continued investment in a high quality tourism product (across all of the sectors: accommodation, attractions, retail and restaurants) to encourage visitors to spend more time and money in York.

No sectors should be left to stagnate, a continually evolving product is needed to drive repeat visits and positive word of mouth.

Quality and variety of tourism product will encourage a two-way exchange of visitors, incoming from a holiday base beyond York and outgoing from a York base, keeping visitors in the region for longer.

TOURISM PRODUCT

EVENING ECONOMY	EVENTS AND FESTIVALS	INFRASTRUCTURE
The evening economy appears to be a weakness in terms of participation for visitors - **only 4% of visitors attended a cultural performance** in the evenings. (average spend about 90p per evening)	**13%** of visitors attended a **festival/event** whilst here (main reason for the trip for 8%) . This is significantly lower than for other attractions.	Main method of transport used to travel to York: **Car (just over 60%).** Train is an increasingly popular **(27%, up from 18% 3 years ago**)
Research required here into the reasons why participation isn't happening – awareness and/or product problem?		**89% of visitors walk** around York, **13% using public buses/park and ride**. Only **12% of visitors drive** around the city
		Where visitors commented on areas for improvement: cheaper and more **car parking**, **better signage**, more **toilets** and **improved public transport**

SO WHAT?

An improved evening economy could be used to promote longer stays (extension of a day trip by a few hours, or turning a day trip into an overnight stay) which would in turn grow visitor spend. It would also improve the atmosphere of the city and feeling of welcome in the evenings and so grow overall visitor satisfaction

Events and festivals give a reason to come back to York to experience something different from the last visit, or a reason to come to York in the first place. A well planned programme of festivals and events encourages growth in the shoulder seasons, taking advantage of spare capacity rather than creating issues of crowding

Variety of activities and events allows us to promote York to wider groups of potential visitors

REASONS FOR VISITING & VISITOR BEHAVIOURS

Main Reasons Given For Visiting York

1. Ambience **(46%)**
2. Visiting Cultural attractions and historic houses **(22%)**
3. Visiting friends and relatives **(10%)** [slow upward trend]
4. Attending a festival or event **(8%)**

Visitor Behaviour - Popular activities

1. Eating and drinking **(96%)**
2. Visiting attractions **(86%)**
3. Strolling around and enjoying the ambience of the city **(85%)**
4. Shopping **(72%)**

SO WHAT?

There is a conflict between the things that inspire people to come to York and the things that they experience while they are here (e.g. eating and drinking is not a main reason to come here, yet York's food offering is experienced by the vast majority of the visitors and accounts for a reasonable proportion of their spend, whereas strolling around and enjoying the ambience is unlikely to generate much spend)

Having attracted visitors using York's USPs, we can then tactically use marketing and information (such as the York Pass, or shopping or food trails) to create additional opportunities to spend

Market Intelligence gathered underpins the work to market the city, inform the visitors and identify areas in need of product development

VALUE OF TOURISM AND VISITOR SPEND

£145

Average trip spend of a business visitor

Tourism brings £606m to the local economy, and supports 20,000 jobs.

£78

Average trip spend of a leisure visitor

Business tourism contributes **25%** to the total value of tourism **(£152m spend)**

SO WHAT?

Volume and value are not always directly linked and the high value segments should be targeted to generate growth in the value of the tourism.

The high value segments are known to be business visitors (as demonstrated by their high trip spend, left), overseas visitors and specific segments of high value leisure visitors.

ANNEX 3

VISITOR PROFILE

7m visitors per annum:
5.9m for leisure and **1m for business**

¼ of leisure visitors are from within Yorkshire

LEISURE	
DAY VISITORS (80%):	**STAYING VISITORS (20%):**
TOP 10 OVERSEAS MARKETS FOR LEISURE	**TOP 5 OVERSEAS MARKETS FOR BUSINESS**
The US (18%) Australia (13%) Germany (8%) The Netherlands (8%) France (7%) Canada (6%) Spain (4%) Italy (3%) Norway (3%) China (2.5%)	US Ireland Poland Germany Sweden

These percentages are 'of all overseas visits' 83% of visitors are from the UK

SO WHAT?

Make progress to grow the proportion of staying visitors by 1%, which equates to 70,000 visitors, by attracting first time, overnight visitors and converting day visitors to staying visitors

Focus on the greatest volume overseas markets to capitalise on the Northern Futures Tourism Investment Fund for 2015/16, which has identified it's key markets to be the four that are also at the top of York's list (US, Australia, Germany and the Netherlands)

Watch China and other potential growth markets and prepare product and marketing in order to benefit from their rapid growth

STRENGTHS FURTHER ANALYSIS

Highly educated workforce

One of the top 10 UK cities for percentage of high qualification levels	Each year over 7000 new graduates and postgraduates completing qualifications in York	Lower wage costs than any of the other top 10 cities for skills levels

Details

What is distinctive about York?

York is among the top cities (6th best) in the UK for % residents with a level 4 qualification. This does not necessarily mean residents are qualified in technical professions but rather indicates they have a very high broad standard of education. This is likely only to increase with 7000 new graduates from York each year, and the expansion of the University of York; and 46% finding work in Yorkshire & the Humber.

For businesses, this highly educated 'human resource' is available at lower salary levels than any of the other top 10 UK cities with high qualifications levels and lower than the major population centres of Leeds, Manchester and Birmingham.

See breakdown of York graduates by course

See wage comparisons

Who cares?

(Which businesses/functions does this have a particular strong impact on, e.g. in deciding where to locate)

Financial & professional services

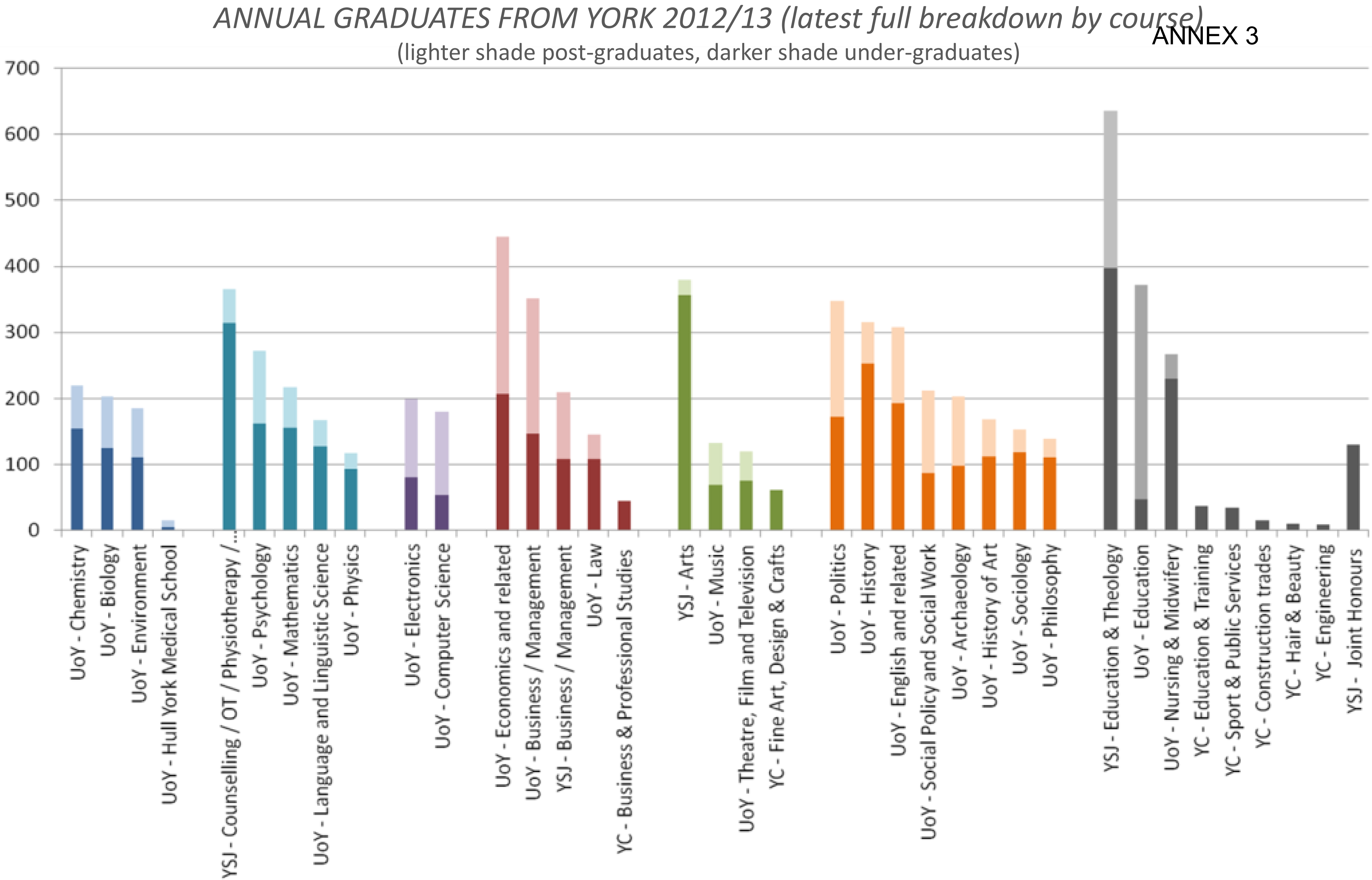
Back office functions and shared service centres

Marketing and sales

Market research/business intelligence

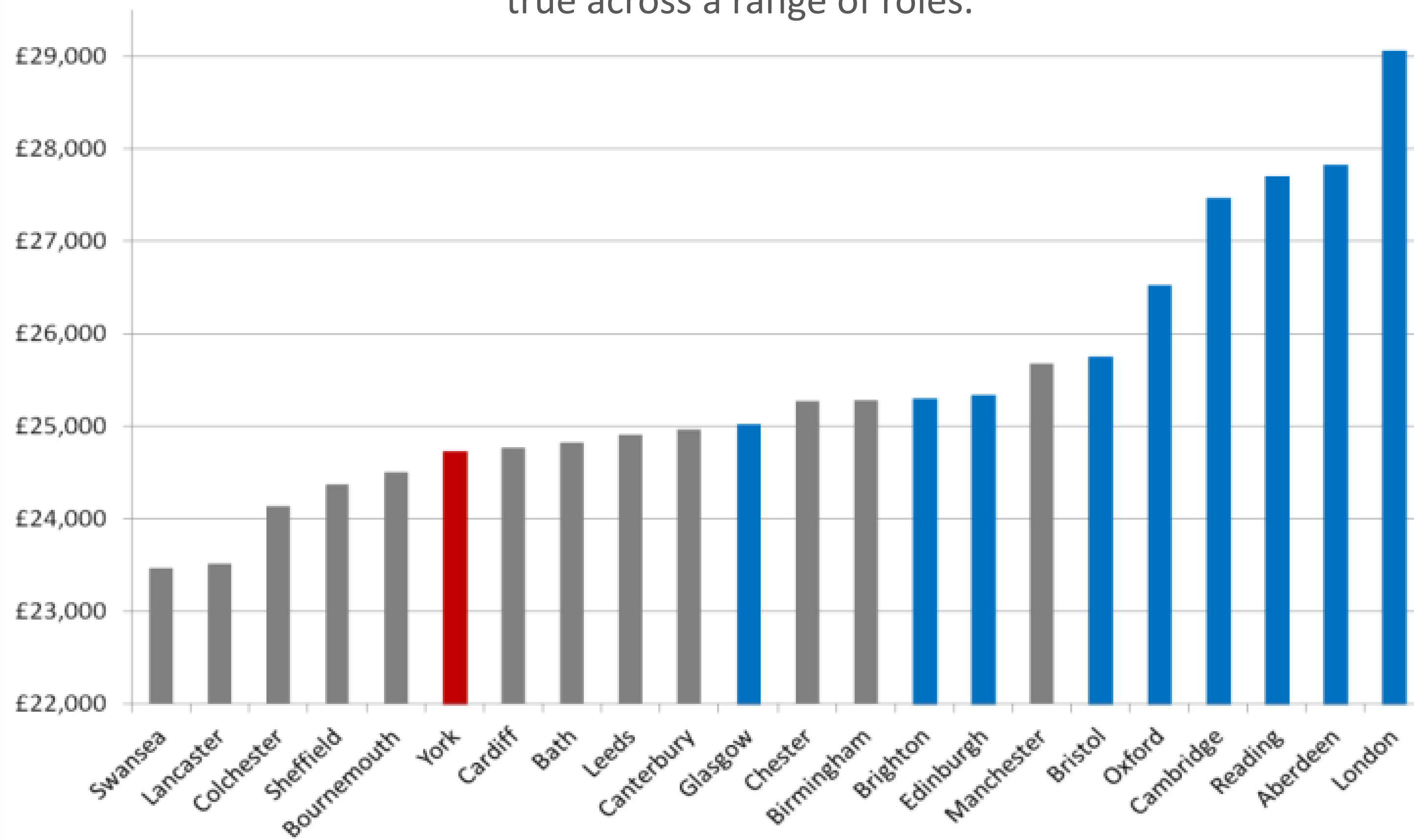
Businesses with a business model of graduate recruitment / interns

ANNEX 3


ANNUAL GRADUATES FROM YORK 2012/13 (latest full breakdown by course)
(lighter shade post-graduates, darker shade under-graduates)
700
600
500
400
300
200
100
0
UoY - Chemistry
UoY - Biology
UoY - Environment
UoY - Hull York Medical School
YSJ - Counselling / OT / Physiotherapy / ...
UoY - Psychology
UoY - Mathematics
UoY - Language and Linguistic Science
UoY - Physics
UoY - Electronics
UoY - Computer Science
UoY - Economics and related
UoY - Business / Management
YSJ - Business / Management
UoY - Law
YC - Business & Professional Studies
YSJ - Arts
UoY - Music
UoY - Theatre, Film and Television
YC - Fine Art, Design & Crafts
UoY - Politics
UoY - History
UoY - English and related
UoY - Social Policy and Social Work
UoY - Archaeology
UoY - History of Art
UoY - Sociology
UoY - Philosophy
YSJ - Education & Theology
UoY - Education
UoY - Nursing & Midwifery
YC - Education & Training
YC - Sport & Public Services
YC - Construction trades
YC - Hair & Beauty
YC - Engineering
YSJ - Joint Honours

Example salary costs for an International Sales Representative*

The same pattern of York being cheaper than other cities for a highly educated workforce is true across a range of roles.



= other top 10 cities with highest qualification levels

* Source: Payscale.com York v rest of the top 10 cities for highly educated workforce + cities with a similar business structure (August 2013)

Rail connectivity

Less than 2 hours from London by direct train, with 35 services a day

Frequent direct train connections to every major city in England and Scotland

Details

What is distinctive about York?

York is exceptionally well connected by Rail with journey times to London better than those of most competitor cities in the north including Manchester, Leeds and Sheffield. There are also direct rail connections to all major cities in England and Scotland (including Edinburgh, Leeds, Manchester, Sheffield, Birmingham, Newcastle, Bristol and Glasgow) and direct services to Manchester Airport providing access to international markets in over 200 different destinations worldwide in just 1 hour and 45 minutes.

Speedy access to St Pancras / Kings Cross also provides swift onwards rail connectivity to Europe.

Investment in the ECML and HS2 over the coming years are expected to reduce times to London still further.

Who cares?

(Which businesses/functions does this have a particular strong impact on, e.g. in deciding where to locate)

Financial & professional services

Rail industry

IT, digital, creative and media companies

UK relationship managers or back office functions for CBD branch-based companies
(e.g. retailers, restaurant chains, business hotels, entertainment venue chains)

Corporate training and development

YORK NATIONAL + INTERNATIONAL TRANSPORT LINKS

Located on the East Coast Mainline, York Station has around 83 daily services to Leeds (23 minutes), 74 daily services to Newcastle (53 minutes) and 35 daily services to London (1hr50).

York also has integrated international connections with direct trains to Manchester Airport, an hour and a half away, flying to over 200 destinations worldwide, and Leeds Bradford International Airport around an hour away, offering flights to 75 destinations.

The major port of hull, an hour to the East of York, offers further opportunities for international trade.

Furthermore, from London, Eurostar's St Pancras service brings Paris and the rest of Europe within easy reach.

Destination	Door to door time	Mode
Leeds	23 mins	Direct Train
Port of Hull	1hr	Drive
Manchester Airport	1hr 30 mins	Direct Train
London	1hr 50mins	Direct Train
Edinburgh	2hrs 22mins	Direct Train
Paris	2hrs 16mins	Flight (including travel to airport)
Berlin	2hrs 46mins	Flight (including travel to airport)
New York	9hrs 22mins	Flight (including travel to airport)

By road, the A64 dual carriageway leads to the A1 (M1), the UK's main North-South artery, providing easy access to a range of business hubs and centres across the UK. From many parts of the region, it is possible to be in Leeds in less than 30 minutes or at Manchester Airport in 1 hour 30 mins.

Quality of life

High quality of life in relation to a beautiful place, low levels of crime, good schools, cultural vibrancy and access to the natural environment; and multiple awards.

Details

What is distinctive about York?

York has frequently received accolades such as 'the place Britons most want to live'. Evidently, this is not the same as the draw to somewhere like London, but in part due to the beauty and heritage of the city itself. In addition, low levels of crime and anti-social behaviour make York a very safe place to live.

There are good education, health and public services. For the size of the city, York is also very culturally vibrant, with a range of festivals throughout the year alongside regular events such as York races.

While high for the North of England, living costs are good value for the 'Southern' quality of life York affords, which is likely to especially appeal for those moving from owning property in the South of England.

Who cares?

(Which businesses/functions does this have a particular strong impact on, e.g. in deciding where to locate)

Evidently, the main beneficiaries of this are residents of the city. It is also of benefit to most industries, perhaps most so to those with higher paid employees, e.g.

Financial & Professional Services

IT Businesses

Real estate

Visitor economy with strong brand recognition

Significant market of 7m visitors each year

A large base of hotels, restaurants, visitor attractions etc. in York

Brand recognition of York in relation to heritage and tourism

Details

What is distinctive about York?

York is recognised as a tourism destination of choice. Most significantly for businesses this provides a large potential customer base of 7m visitors, and the city footfall for passing trade related to this.

Added to this is strong brand recognition, with the particular association around heritage, culture, quality and traditional Englishness, alongside a large base of businesses already within the sector driving ever-increasing visitor numbers, albeit also generating increasing competition.

Further details about visitor economy.

Who cares?

(Which businesses/functions does this have a particular strong impact on, e.g. in deciding where to locate)

Visitor attractions / city centre leisure facilities

City centre retailers and those on the outskirts

Accommodation, restaurants, cafes, bars and pubs

Auxiliary services to the tourism sector

Conference venues

Event organisers

Tourism product and businesses based beyond York

Transport providers

ANNEX 3

Low unemployment

Some of the lowest rates of people claiming Job Seekers Allowance in the UK

Details

What is distinctive about York?

Only 1% (ONS, 2014) of York's working age population is claiming Job Seekers Allowance, placing York as the 4th best city in the UK for unemployment. This is consistently low and significantly lower than the national and regional averages.

This provides York with the opportunity to build on established solid base, and be a test-bed for new interventions

Who cares?

(Which businesses/functions does this have a particular strong impact on, e.g. in deciding where to locate)

Self-evidenctly, this has the biggest positive impact on residents.

For business, there are both benefits and challenges: It means that companies are able to recruit people with good record of work, and therefore with greater experience; however it also result in a tight labour market and some firms may find it harder to recruit because of this.

ANNEX 3

Industrial biotech and Agri-food strengths

Internationally leading research base in industrial biotech + agri-food	600+ new graduates / postgraduates each year from leading biology / chemistry / environment departments	High quality accommodation located next to research base
Close proximity to agricultural feedstock and industry	Significant and diverse regional supply chain utilising bio-based raw materials, e.g. Drax, Croda, Nestle, McCains etc.	Several centres of excellence and open innovation facilities with over 600 scientists in field for collaboration

Details

What is distinctive about York?

The R&D base in York competes on the international stage in these scientific areas. It is home to two internationally recognised research groupings at the University of York, the Centre for Novel Agricultural Products (CNAP) and the Green Chemistry Centre of Excellence (GCCE). The Biorenewables Development Centre is leading the way in business collaboration, bridging the gap between scientific discovery and commercial exploitation. Complementing these academic resources is the Food and Environment Research Agency (Fera), located at Sand Hutton outside York, which has over 600 scientists at the leading edge of research into food analysis and testing, crop protection, plant health, food labelling and other related areas.

The wider York area is also home to thousands of small and medium sized enterprises (SMEs) with footholds in the bioeconomy. These are the companies that are likely to create growth and jobs in the future.

These assets have begun to attract new businesses from elsewhere in country and internationally to move to York.

Who cares?

(Which businesses/functions does this have a particular strong impact on, e.g. in deciding where to locate)

R&D intensive Bio Process Innovation enterprises

Innovative chemical industries

Commercial food or crop analysis and testing companies

Biofuel and bioenergy suppliers

Forward-looking agricultural enterprises

Manufacturers of agricultural chemicals, especially R&D functions

Food and Drink Manufacturers

Key sector strengths

10% of national employment in the rail industry based in York	Services auxiliary to insurance are four times the size of the national average	Internationally recognised Media Arts sector through UNESCO designation

Details

What is distinctive about York?

There are a number of sectors where York has over four times the national average number of employees: namely rail and insurance.

10% of national employment in the rail industry and 67% regionally is based in York. The city has major offices for key businesses such as Network Rail and Virgin Trains East Coast as well as strengths in auxiliary industries such as rail engineering (Tata Steel, Siemens Rail) and transportation software (Omnicom, Funkwerk).

Emerging insurance hub including Aviva & Hiscox employing over 1000 in the city.

York's growing Media Arts sector has also received international recognition through designation as a UNESCO Media Arts city.

Further details about York's location quotients

Who cares?

(Which businesses/functions does this have a particular strong impact on, e.g. in deciding where to locate)

Rail and related companies

Insurance firms, and services auxiliary to the industry

Digital and Media Arts businesses

LOCATION QUOTIENTS

Industry Subsector	York	Median Hourly Pay
522 : Support activities for transportation	6.79	**£12.53**
662 : Activities auxiliary to insurance and pension funding	3.97	**£16.69**
854 : Higher education	3.39	**£13.61**
103 : Processing and preserving of fruit and vegetables	2.70	9.46
910 : Libraries, archives, museums and other cultural activities	2.42	11.46
251 : Manufacture of structural metal products	2.38	11.70
750 : Veterinary activities	2.35	11.48
431 : Demolition and site preparation	1.81	£12.22
551 : Hotels and similar accommodation	1.64	7.09
477 : Retail sale of other goods in specialised stores	1.54	7.52
949 : Activities of other membership organisations	1.52	11.79
421 : Construction of roads and railways	1.48	£12.75

KEY POINTS:

Looking closer at the location quotients of the sub sectors, there is a broad range of hourly pays across the top 12 subsectors and the number of times bigger than the national average they are comparatively. All these sectors and significantly larger than the national average, especially transportation support activities and auxiliary activities to insurance.

SO WHAT?

These disproportionately large sectors are a reflection on where York may specialise; and especially of interest where they are high value.

ANNEX 3

Digital infrastructure

A Gigabit City, one of four in the UK	A number of leading digital businesses	Free Wifi in the City Centre and on all park and ride routes

Details

What is distinctive about York?

1 Gigabit dark fibre infrastructure rollout underway, placing York ahead of the curve in terms of ultrafast digital connectivity. York is one of currently 4 Gigabit Cities in the UK.

Free WiFi in the city centre and all park and ride routes

Leading innovative digital businesses located in the city

Existing private-sector led digital strategy group with emerging plans for greater exploitation of this infrastructure

Who cares?

(Which businesses/functions does this have a particular strong impact on, e.g. in deciding where to locate)

Business reliant on high connect speeds who would otherwise not be able to afford an installed line, particularly:

Digital and creative businesses

IT / data businesses

Companies from a range of other industries who are leading in new digital approaches

Businesses developing smart city solutions

CHALLENGES FURTHER ANALYSIS

Lack of available land and good quality city-centre office space

THE CHALLENGE

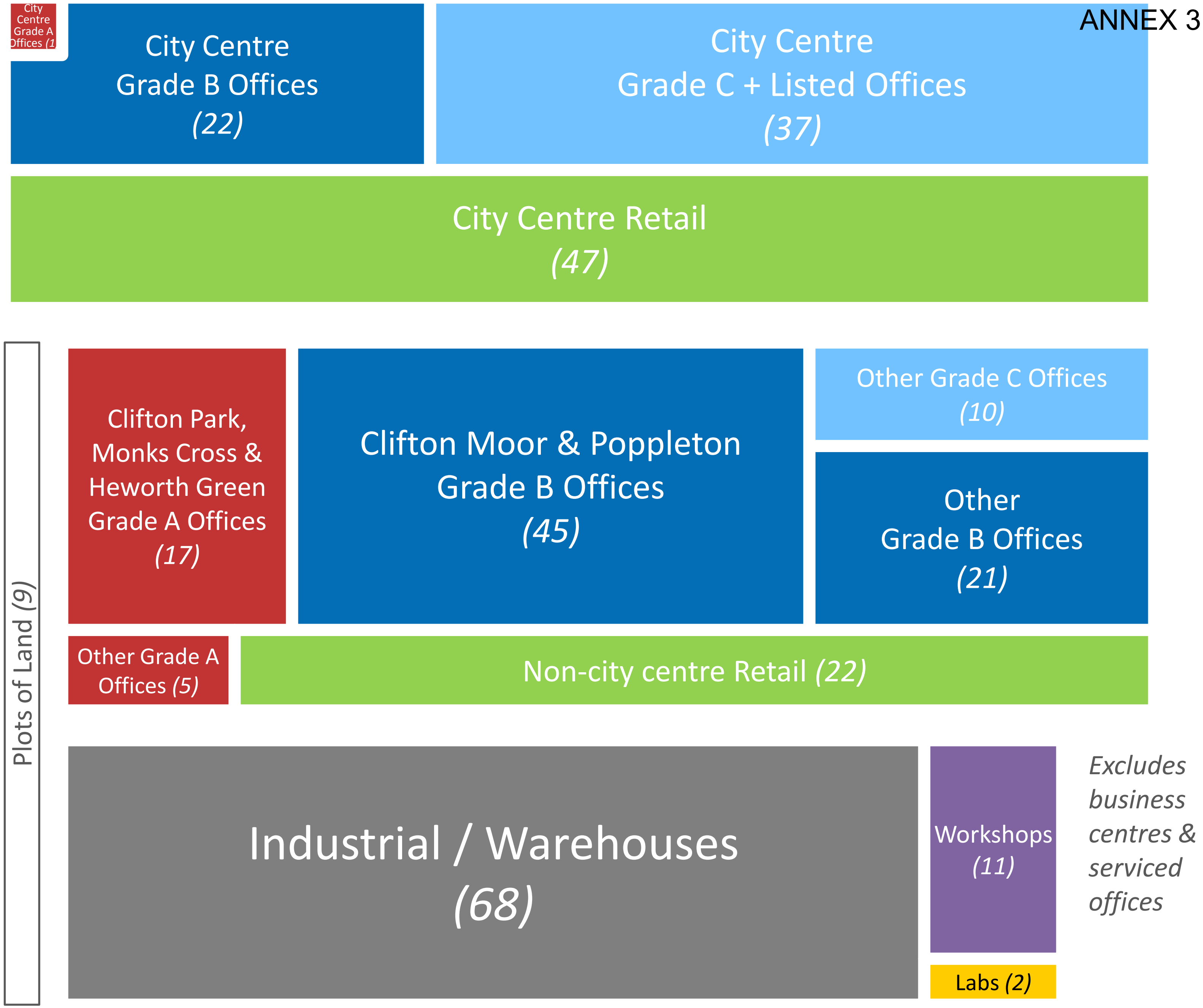
- York's size, available commercial property and infrastructure means that there are not always the sites to accommodate growing business
- Insufficient Grade A office accommodation in the City Centre to meet high demand from growth sectors, e.g. professional services
- Minimal available laboratory space, with the BioCentre at York Science Park full to capacity
- Specific challenges for businesses transitioning out of subsidised incubation accommodation into property at market rates
- Insufficient demonstrable demand to spec build or to upgrade lower grade properties

WHAT WOULD IT TAKE TO MAKE A CHANGE?

- York Central and Heslington East delivered through full viable investable propositions and sufficient private sector investment
- Considerable evidenced demand to provide market confidence, and anchor tenants / pre-lets lined up for key sites
- Investor / developer interest and engagement
- Renovation of substandard existing buildings in the interim period; with incentivised business models / support on pre-lets to make commercially viable
- Adoption of a suitable planning framework

Available Accommodation in York

(Size of rectangle proportionate to number of units)
(CYC Office Accommodation analysis 2013)



A skew towards low wage / productivity sectors and occupations

THE CHALLENGE

- Despite high qualification levels and a strong economy, York's wage levels are below the national average (£25,674 gross annual wages for full time employees compared to £27,645 for the UK)
- York has a higher proportion of jobs in lower paid sectors than the national average , in particular within the accommodation and food sector with a median national wage of £7.97 per hour.
- Similarly, due the sectoral makeup, the occupations where York has the greatest number more than the national average is within poorly paid jobs: sales assistants, retail cashiers, cleaners, waiters/waitresses, bar staff and kitchen assistants.
- The majority of higher value jobs in sectors such as Accommodation and Food are still paid below the overall national median wage; therefore increasing productivity within sectors is unlikely to fully address the issue.

WHAT WOULD IT TAKE TO MAKE A CHANGE?

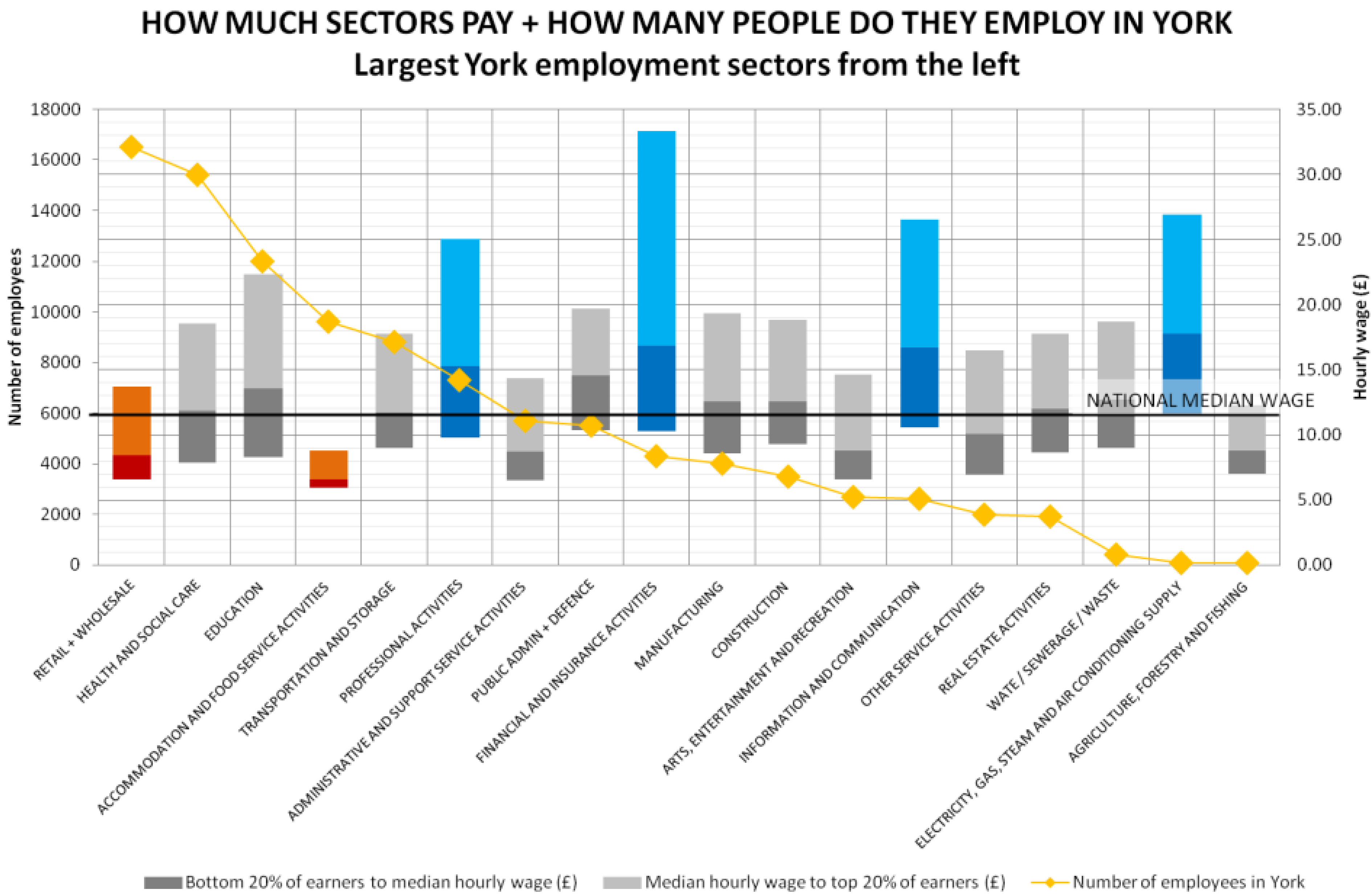
- The pace of growth in high value sectors to significantly outstrip growth which occurs in lower value sectors (e.g. tourism, retail, care).
- Existing businesses within these high value sectors growing rapidly
- New high value businesses moving to the City with the distinctive offer and suitable space for them to relocate
- The appropriate infrastructure, accommodation including accommodation to facilitate these sort of businesses staying, growing and moving to the city (e.g. city centre grade A office, lab space)

A skew towards low wage / productivity sectors and occupations

Description	# employees more or less than the national average trend in York	Median Hourly Pay
Transportation And Storage	4310	£12.60
Accommodation And Food Service Activities	2541	£7.97
Education	2400	£16.28
Health And Social Care	1772	£13.00
Public Admin + Defence	589	£15.60
Financial And Insurance Activities	528	£19.37
Retail + Wholesale	481	£10.42
Real Estate Activities	204	£13.59
Arts, Entertainment And Recreation	153	£10.75
Other Service Activities	-41	£11.83
Water / Sewerage / Waste	-278	£12.66
Electricity, Gas, Steam And Air Conditioning Supply	-317	£18.47
Agriculture, Forestry And Fishing	-614	£9.00
Professional Activities	-722	£16.43
Construction	-930	£13.16
Information And Communication	-1463	£18.10
Administrative And Support Service Activities	-2807	£10.22
Manufacturing	-4511	£12.98

TOP 3 OCCUPATIONS WHERE YORK HAS MORE RESIDENTS WORKING IN THAN THE NATIONAL AVERAGE	MEDIAN HOURLY WAGE (UK)
1. Sales and customer service occupations (specifically sales assistants and retail cashiers)	£8.78
2. Elementary occupations (specifically cleaners, waiters/waitresses, bar staff and kitchen assistants)	£8.20
3. Professional occupations (specifically education professionals)	£19.53

ANNEX 3



(2013, Source: BRES and Annual Survey of Hours and Earnings, Office for National Statistics)

Congestion

THE CHALLENGE

•York is constrained by its historic geography and consequently its road infrastructure

• High volumes of business, visitor and resident journeys into the City by car

• There are a small number of key routes in and out of the City, many of which lack sufficient capacity to support high volumes of traffic (i.e. Outer Ring Road, A1237)

• This poses a challenge for businesses reliant on frequent travel in and out of the City, or within it, and has resulted in lower demand for particular employment sites (e.g. Clifton Moor).

•Access around the City is sometimes inhibited

• There is a need to improve journey times on key routes, e.g. Outer Ring Road, as well as improving air quality and lower carbon emissions

WHAT WOULD IT TAKE TO MAKE A CHANGE?

• Improvements to infrastructure, with considerable investment through public and private investment

• An improved offer of timely, affordable and sustainable public transport

• Widespread adoption of sustainable transport approaches (e.g. Sustainable Transport Plans) by local businesses and residents

• Cross sector agreement and commitment from all stakeholders to work to a shared vision and take systematic and sustained action to combat congestion over the long term

•Business accommodation with good transport access is common across all employment location around the City

•Modal shift towards public transport or journey sharing, reducing congestion

Mismatch between skills and jobs

THE CHALLENGE

- The number of companies reporting difficulties recruiting to jobs remains high (52% service, 61% manufacturing) in the latest Chamber of Commerce survey (Q4 14)
- Low levels of unemployment means a tight labour market, heightening the issue.
- Despite high qualification levels, there is a mismatch between specialist skills required and the local talent pool; with skills shortages often job specific.
- Specific challenges around certain sectors, such as social care, construction and the rail industry
- Growing sectors requiring new skill sets e.g. Software developers

WHAT WOULD IT TAKE TO MAKE A CHANGE?

- Education, training and skills provision tailored to meet business needs and specific skills demands, with collective interventions for sectors with particular people or skills challenges
- Business led skills provision and investment in learning and development
- Clear mechanisms , especially around graduates, to match talent and fill vacancies
- People in the wider region to be able to access jobs in York with affordable, fit-for-purpose transport infrastructure
- People to perceive York as a quality place for talented ambitious people to work, with sufficient critical mass of companies within the region to develop a successful career

PROJECTED FUTURE JOB REQUIREMENTS TO 2022 BY INDUSTRY

	Current employment (BRES, 2013)	Expansion demand (YNYER projection, UKCES, 2013)	Retirements (UKCES, 2013)	Net requirement (UKCES, 2013)	Median UK wage (ASHE, 2014)
Health and Social Care	**15400**	**1132**	**5209**	**6341**	**£11.83**
Retail & Wholesale	**16500**	**388**	**5047**	**5435**	**£8.50**
Food and Accommodation	9600	588	3135	3722	£6.63
Education	12000	-245	3918	3673	£13.61
Transport and Storage	8800	800	2667	3467	£11.71
Professional Services	7300	768	2305	3074	£15.33
Support Services	5700	204	1832	2036	£8.75
Construction	3500	530	1061	1591	£12.58
Finance and Insurance	4300	307	1536	1536	£16.92
Information and communication	2600	306	918	1376	£16.78
Public Admin and Defence	5500	-190	1707	1328	£14.53
Arts and Entertainment	2700	193	964	964	£8.81
Manufacturing	4000	-293	1171	878	£12.58
Other Services	2000	133	667	800	£10.08
Real Estate	1900	0	760	760	£12.02
Water and Sewerage	400	0	200	200	£12.69
Agriculture	100	0	38	38	£8.81

KEY POINTS?

Demand for future jobs is influenced significantly more by retirements than new job creation, therefore it will always largely follow what the largest sectors are (unless they have particularly young employees); and not radically changed by growth sectors or differing projections.

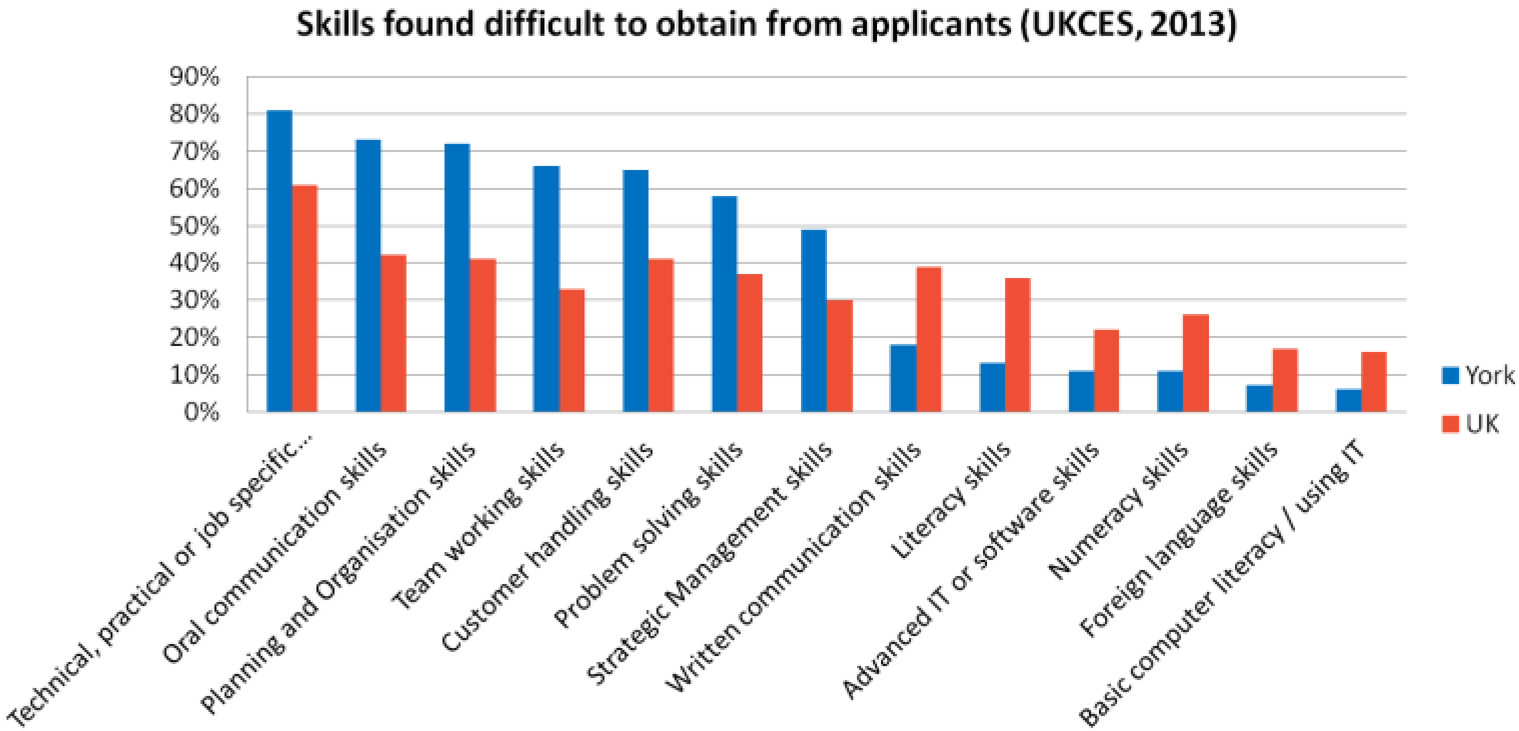
Health, social care and retail are where there will be most demand.

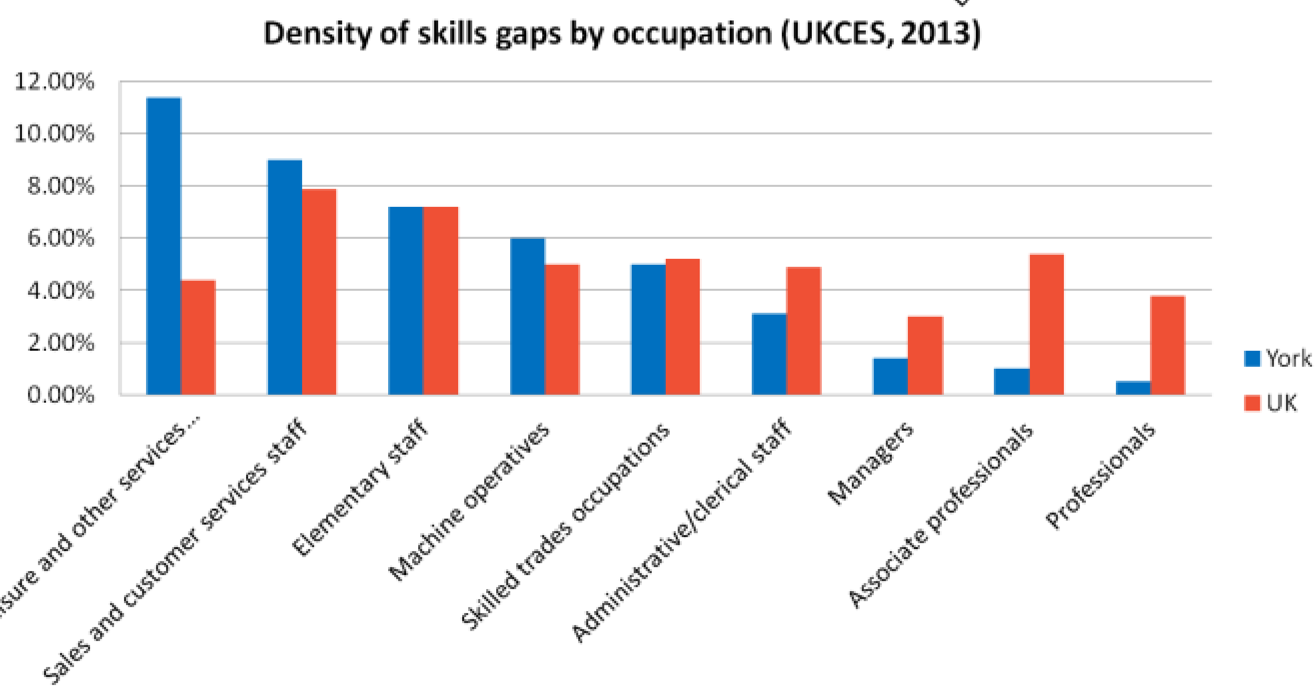
Professional services (which covers a huge range of occupations), is the best paid sector with large future job requirements; along with certain occupations within education, health and rail.

SO WHAT?

Our skills and recruitment support interventions should be focussed on these sectors to maximise impact, especially where we know there is market failure.

ANNEX 3





KEY POINTS?

There are some general skills shortages such as oral communication, planning and organisation, customer service and team working skills prevalent across a large number of employers. The highest skills gaps however often technical, practical or job specific though.

Skills gaps were most prevalent within care, leisure, sales and customer services occupations: often some of the lowest paid jobs.

SO WHAT?

Our skills and recruitment support interventions should be focussed on these sectors of care, tourism and retail to maximise impact, especially where we know there is market failure; as well as supporting talent matching for job specific skills shortages.

Underemployment, part time hours and low pay

THE CHALLENGE

• Some working households in York earn below levels estimated to be the minimum to live due to not enough hours; hourly pay; or both.

• There is a particular issue for those who are:
- Being paid a poor wage per hour, often below the living wage (£7.85 per hour)
- Working in low paid occupations where there is less scope for progression
- Working part time (therefore earning less) and wanting more hours but unable to

• The number who face all those issues in York is estimated to be 4,000 – 7,000; the vast majority are likely to be women

• Those in this group without higher earning partners are likely to struggle.

WHAT WOULD IT TAKE TO MAKE A CHANGE?

• Business model changes and increased productivity for sectors heavily reliant on low paid part time workers

• Affordable childcare options for working parents, especially single parents, with further household level support for those families

•Increased training and progression opportunities with low paid sectors, particularly targeted at female employees and those who are working part time, so that they can fulfil untapped potential

• A change in national employment legislation combined with further incentives for businesses to make it financially viable to pay above market rate

Lots of competition nationally and globally

THE CHALLENGE

• An increasingly global economy means there is increased competition for cities nationally and globally. Businesses have more options on where to locate or which markets to pursue.

• Larger cities / urban areas are often more preferable locations for most higher value industries due to agglomeration benefits meaning they are closer to markets and supply chains.

• This is also true for staff, that larger places provide a greater number of jobs within particular industries therefore can often be better for, or perceived as better, for career prospects. This means that talented, ambitious people often move to larger cities, e.g. London.

• It is difficult to differentiate strengths and for marketing to cut through in such a crowded global market.

• This trend will only increase in the coming decades.

WHAT WOULD IT TAKE TO MAKE A CHANGE?

• A realistic understanding of our distinct strengths and assets on a national and global scale; with place marketing and economic policies focussed around these things.

• Ensuring strong transport connections to other major cities and towns in the region for inbound and outbound labour supply, and customer and supply chain opportunities for businesses.

• Businesses increasingly connecting into national networks or supply chains of larger cities, expanding York's natural economic geography through these connections.

SECTORS FURTHER ANALYSIS

"What are York's key business sectors?"

...That depends what you mean(!); whether the sectors that employ the most people, the sectors which contribute the most to York's economy, where we have particular specialisms, where there will be most job gaps in the future or where we've got the best chance of attracting new businesses to the city.

The answer to each of those questions is different and probably covers almost every business sectors.

Clearly we can't focus our attention on everything, but there are ways we can prioritise. In order to have the biggest impact:

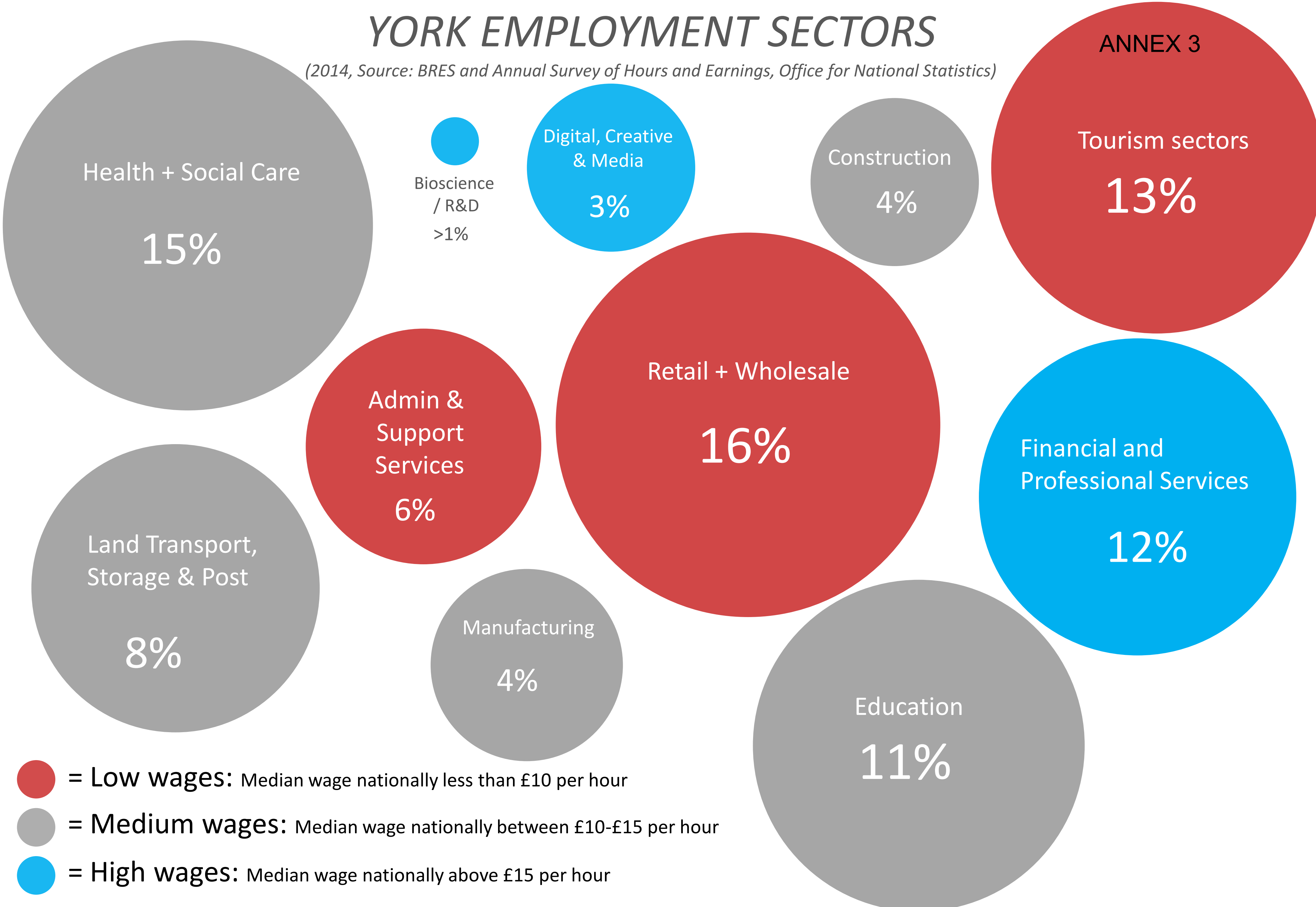
- Business growth initiatives should be focussed on high value sectors with good potential for growth
- Good employer initiatives or programmes designed to raise wages should be focussed on the biggest employment sectors
- Education, skills and recruitment intervention should be focussed where there are largest job requirements in the next 10 years
- Initiatives to attract new businesses to the city should be focussed on sectors where York has a distinctive advantage to differentiate from the competition
- Key relationships should be with the businesses which have the biggest impact on the city regardless of sector, although which sector they are part of may influence their impact

Biggest employment sectors	*Sectors which contribute the most to the overall value of York's economy*	*High value sectors which have good potential for growth*	*Sectors with largest job requirements in the next 10 years*	*Sectors where York has a distinctive competitive advantage for attracting new businesses*	*Detailed analysis of sectors* *(N.B. using Experian REM 2013 projections)*

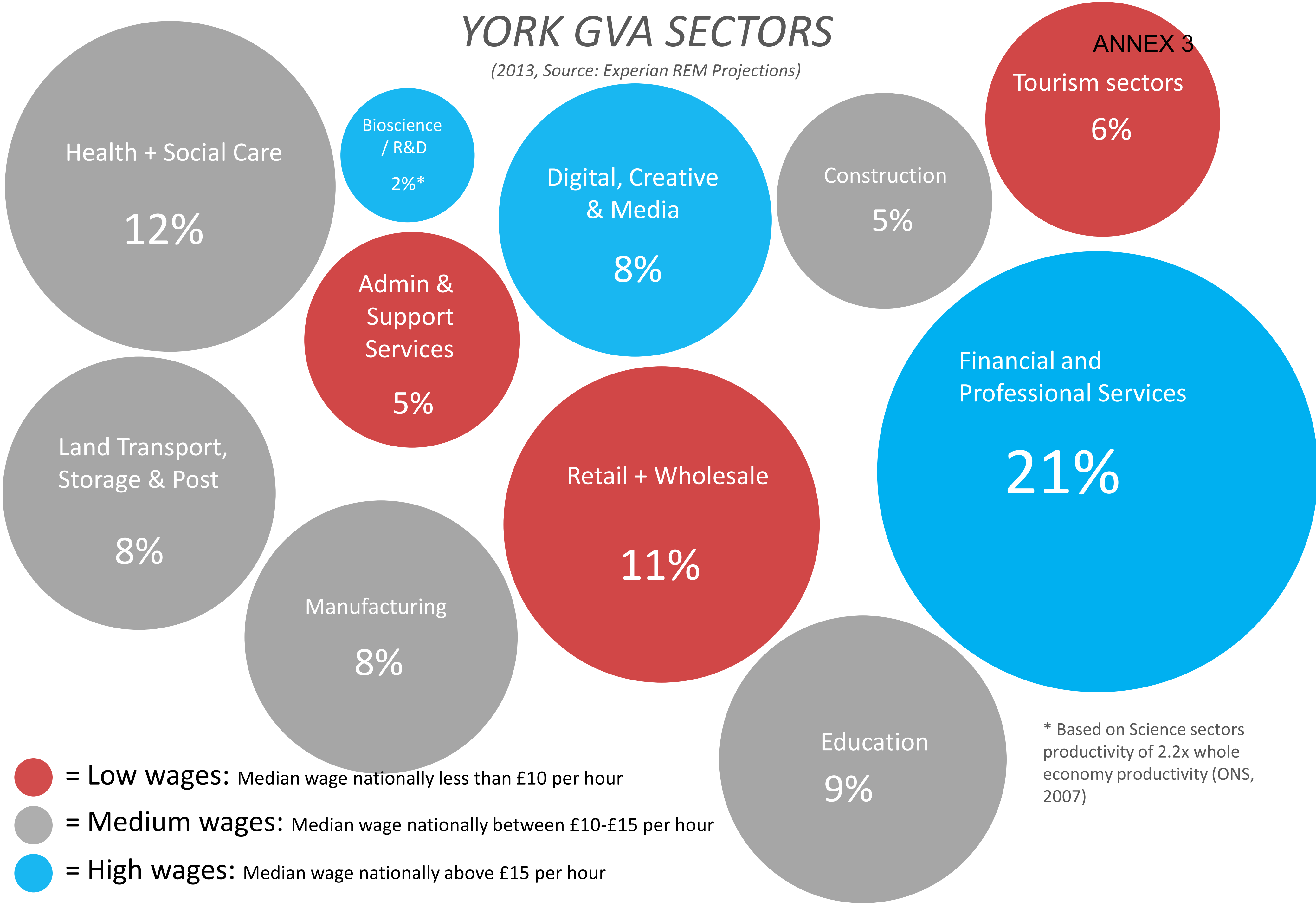
ANNEX 3

YORK EMPLOYMENT SECTORS

(2014, Source: BRES and Annual Survey of Hours and Earnings, Office for National Statistics)



ANNEX 3

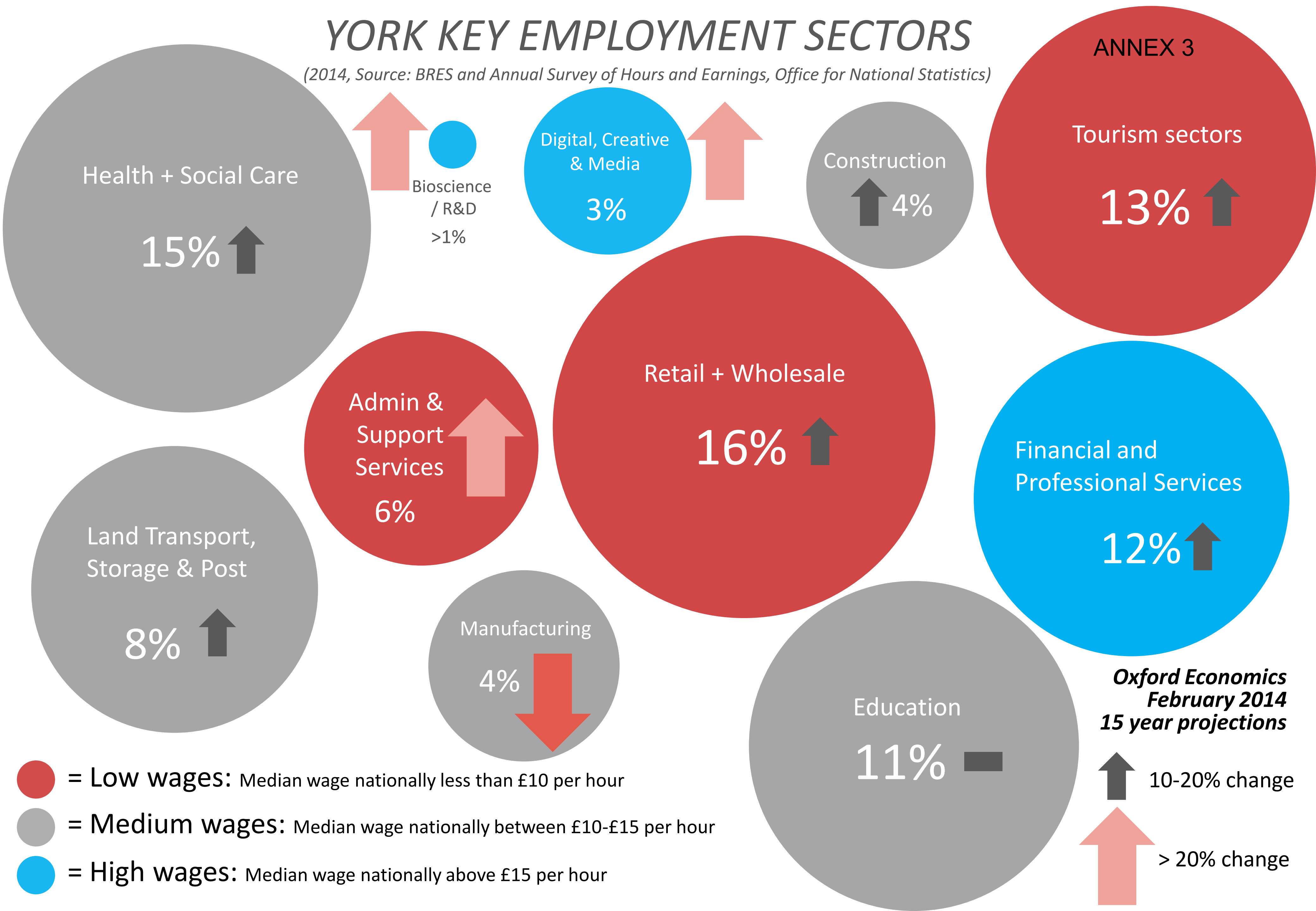

YORK GVA SECTORS
(2013, Source: Experian REM Projections)
Health + Social Care
12%
Bioscience / R&D
2%*
Digital, Creative & Media
8%
Construction
5%
Tourism sectors
6%
Admin & Support Services
5%
Financial and Professional Services
21%
Land Transport, Storage & Post
8%
Retail + Wholesale
11%
Manufacturing
8%
Education
9%
* Based on Science sectors productivity of 2.2x whole economy productivity (ONS, 2007)
= Low wages: Median wage nationally less than £10 per hour
= Medium wages: Median wage nationally between £10-£15 per hour
= High wages: Median wage nationally above £15 per hour

ANNEX 3

High value sectors which have good potential for growth

Different econometric models predict different proportionate growth across sectors (and at different times depending on current trends). As an example, the Oxford Economics projections from February 2014 show strong growth in a number of sectors; but there would be variances of the exact % growth with other models or different dates projections were made. However, there are a number of sectors which are consistently high value in terms of productivity, pay high wages and have high potential for growth in York. These are as below:

It is worth noting that most economic growth comes from growth from businesses already in the region, so this should be the focus for these high growth sectors. Proactive activity to attract new businesses to York (inward investment) should be based on where there is distinctive advantage so often requires greater specificity.


ANNEX 3
YORK KEY EMPLOYMENT SECTORS
(2014, Source: BRES and Annual Survey of Hours and Earnings, Office for National Statistics)
Health + Social Care
15%
Bioscience / R&D
>1%
Digital, Creative & Media
3%
Construction
4%
Tourism sectors
13%
Retail + Wholesale
16%
Admin & Support Services
6%
Financial and Professional Services
12%
Land Transport, Storage & Post
8%
Manufacturing
4%
Education
11%
Oxford Economics
February 2014
15 year projections
10-20% change
> 20% change
= Low wages: Median wage nationally less than £10 per hour
= Medium wages: Median wage nationally between £10-£15 per hour
= High wages: Median wage nationally above £15 per hour

PROJECTED FUTURE JOB REQUIREMENTS TO 2022 BY INDUSTRY

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Support Services	6600	204	1832	2036	£10.22
Construction	4000	530	1061	1591	£13.16
Finance and Insurance	4500	307	1536	1536	£19.37
Information and communication	3200	306	918	1376	£18.10
Public Admin and Defence	5100	-190	1707	1328	£15.60
Arts and Entertainment	2400	193	964	964	£10.75
Manufacturing	4000	-293	1171	878	£12.98
Other Services	2400	133	667	800	£11.83
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SO WHAT?

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ANNEX 3

Sectors where York has a distinctive competitive advantage for attracting new businesses

It is also worth noting that there are elements about York's economy which will appeal to every sector; and as a city we should welcome and respond to all interest. However, if there are particular sectors, from the private-sector led analysis through the York Economic Partnership, the below sectors were identified as providing particular opportunity for attracting new businesses. Click the sector links below for more details.

BEST OPPORTUNITIES FOR PROACTIVE TARGETING

Sectors where we believe proactive interventions will make the greatest impact in targeting businesses outside the city because there are unique distinctives which differentiate York, which are both important to businesses in where they locate and which other cities cannot compete with.

GOOD MATCHES

- F+PS auxiliary functions
- Enterprise software
- Health science + bioanalytics
- Media arts
- Quality tourism + leisure
- Back office functions

Sectors where York is a good match for businesses, but where there are perhaps other cities with just as strong an offer in some regards, so it is more difficult to stand out in a competitive market, or where interventions are likely to have less impact. These are the sort of sectors we should be ready to respond strongly too, and may see high growth from businesses already in the city, e.g. Media Arts.

ANNEX 3

INDUSTRIAL BIOTECH

Who do we mean by this?

How can we describe who we are targeting as specifically as possible?

- Scientific R&D companies specialising in processing of agricultural feedstock or waste, which could be for a range of uses in industry (e.g. chemicals / food / energy)
- Manufacturing companies using bio-based feedstock or waste to produce useful products, requiring further process innovation (e.g. within chemicals industry, within food and drink industry)
- Bio-energy companies
- Consultancy services around a bio-based economy.

Why is this a proactive priority?

- Companies can benefit from world-leading applied research and development and services from Biorenewables Development Centre, FERA, the Green Chemistry Centre for Excellence and the Centre for Novel Agricultural Products. This research around bio and waste process innovation can provide efficiency saving, open up new products opportunities and
- Companies can access to bespoke Biorenewables Development Centre equipment for commercialisation.
- Wider expertise and workforce available through University of York, including 600 graduating from top 5 UK bioscience departments in York each year. These are also available at low salaries in comparison to other UK centres of excellence.
- Close location to high volumes of agricultural feedstock in North Yorkshire.
- Upward supply chain opportunities from a vast array of regional related industry within food and drink, chemicals and bio-energy sector, with companies such as Nestle, Croda and Drax.
- Excellent lab and office facilities available in and around the University of York.
- The emergence of a ‘BioVale’ cluster across Yorkshire & Humber, attracting greater investment and a growing cluster effect.

RAIL + RELATED BUSINESSES

Who do we mean by this?

How can we describe who we are targeting as specifically as possible?

- Passenger rail transport services and back office functions
- Railway infrastructure operations e.g. signalling, safety systems
- Transport software systems companies
- Transport and rail consultancies
- Rail engineering companies
- Manufacturers of specialist products for the rail industry.

Why is this a proactive priority?

- 10% of national employment in the rail industry and 67% regionally based in York, providing a cluster of businesses, and a pool of talent for the industry.
- York has major offices from main operators including Northern Rail, Virgin Trains East Coast & Network Rail, providing collaboration and customer opportunities.
- There are existing strengths in auxiliary industries such as rail engineering (Tata Steel, Siemens Rail) and transportation software (Omnicom, Funkwerk).
- Graduate and research expertise around complex systems analysis and computer science are very beneficial to auxiliary functions to the rail industry.
- York has exceptional rail connectivity, for excellent transport links with UK markets and other rail hubs.
- Increasing opportunities for the rail industry around the development of HS2, and East Coast Mainline improvements, as well as growing export opportunities.
- Rail engineering is part of the largest sector for FDI for UK regions outside of London.
- York Central will provide significant amounts of business accommodation directly next to the railway station.
- There is historic significance of York as a rail hub, providing a basis for brand awareness and a convincing narrative.

ANNEX 3

INSURANCE

Who do we mean by this?

How can we describe who we are targeting as specifically as possible?

- Insurance providers and brokers.
- Functions auxiliary to the insurance industry such as risk and damage evaluation.
- Actuarial companies or functions.

Why is this a proactive priority?

- Emerging hub including Aviva & Hiscox employing over 1000 in the city.
- Over 2000 new graduates in York alone each year in economics or business related degrees provides a rich pool of talent. This in addition to a highly qualified resident population with over 40% with a degree level qualification or higher.
- Less than 2 hours from the City of London, with 35 services a day. Also, just over 2 from Edinburgh as another Insurance hub.
- The wider York region is the largest centre for financial and professional services in the UK outside London, providing a strong market, a range of support functions and a vibrant business environment.
- Salary costs are lower than any other of the top 10 most qualified cities in the UK, and accommodation costs lower than competitor cities which offer similar level of skills, connectivity and quality of life.
- Same 'London/South East' quality of business and life, but at huge savings to businesses.
- Future grade A office developments next to the train station providing ideal accommodation for the industry.

AGRI-TECH

Who do we mean by this?

How can we describe who we are targeting as specifically as possible?

- Plant science Research & Development, e.g. genetics and genomics for crops, process innovation.
- Fertilizer/ agri-chemical companies
- Bio-analytical testing and quality assurance around plants, crops, food and drink and other agri-products.
- Consultancy around crop management and agri-technology.

Why is this a proactive priority?

- Companies can benefit from cutting-edge applied research and development from FERA, with over 600 world-leading scientists in crop protection, plant health and food chain management; as well as the Green Chemistry Centre for Excellence, the Centre for Novel Agricultural Products and Biorenewable Development Centre in Heslington.
- Opportunity to locate on the uniquely tailored Sand Hutton Applied Innovation Campus, as well as other locations around York close to University research labs.
- Wider expertise and workforce available through University of York, including 600 graduating from top 5 UK bioscience departments in York each year. These are also available at low salaries in comparison to other UK centres of excellence.
- Access to a strong and diverse supply chain / customers / collaborators in Yorkshire food and drink sector.
- Good transport links in comparison to other UK agri-tech hubs which often tend to be more rurally focussed.
- UK investment in agri-tech growth (£160m) presents an opportunity for York to attract investment and develop further as a potential centre of excellence.

F+PS AUXILIARY FUNCTIONS

Who do we mean by this?

How can we describe who we are targeting as specifically as possible?

- Financial transaction processing and settlement companies or functions.
- Economic and business intelligence companies or functions.
- Risk assessment and evaluation companies or functions.
- Actuarial companies or functions.
- Brokerage services

Why is this a good match?

- Over 2000 new graduates in York alone each year in economics or business related degrees provides a rich pool of talent. This in addition to a highly qualified resident population with over 40% with a degree level qualification or higher.
- Less than 2 hours from the City of London, with 35 services a day. Also, direct connections to other key UK hubs of Manchester, Leeds, Edinburgh and Glasgow.
- The wider York region is the largest centre for financial and professional services in the UK outside London, providing a strong market and a vibrant business environment.
- Salary costs are lower than any other of the top 10 most qualified cities in the UK, and accommodation costs lower than competitor cities which offer similar level of skills, connectivity and quality of life.
- Same ‘London/South East’ quality of business and life, but at huge savings to businesses.
- Key successful businesses in the city, including Aviva, Hiscox and Total Systems Services, with F&PS accounting for over 9% of York’s employment and 15% of its GVA.
- Future grade A office developments next to the train station providing ideal accommodation for the industry.
- Insufficient differentiation from other cities for it to be a proactive target.

ENTERPRISE SOFTWARE

Who do we mean by this?

How can we describe who we are targeting as specifically as possible?

- Software developers focussing on software for businesses e.g. performance management / business efficiency
- Sales or distribution of software solutions for businesses
- IT consultancies

Why is this a good match?

- Home to a number of leading business efficiency and enterprise software solutions companies (e.g. Trustmarque Solutions, Mood International, Mitrefinch, Sawfish Software)
- Highly ranked computer science research department, with a specialism in enterprise software
- C.200 graduates and postgraduates each year from a highly rated Computer Science department
- Access to wider IT services and Computer Science graduate talent pool in Leeds
- York's rail connectivity and quality of life make an attractive place to locate.
- Salary costs are lower than any other of the top 10 most qualified cities in the UK, and accommodation costs lower than competitor cities which offer similar level of skills, connectivity and quality of life.
- Insufficient differentiation from other cities for it to be a proactive target.

HEALTH SCIENCE + BIOANALYTICS

Who do we mean by this?

How can we describe who we are targeting as specifically as possible?

- Therapeutical & diagnostic medicine companies
- Regenerative medical companies (e.g. wound / tissue)
- Bio-analytical testing companies
- Healthcare and dementia research
- Medical devices companies
- Pharmaceutical companies

Why is this a good match?

- York was the first Science City in the UK and can boast a host of top performing research institutions and national centres of excellence, a number of which are genuinely world class, for business collaboration and recruitment.
- York also has high specification serviced laboratory / office facilities located within close proximity to the university research assets at York Science park and can provide access to the secure science campus just outside of the local authority area at Sand Hutton for companies requiring this kind of science environment.
- Centres of excellence such as the Biorenewables Development Centre are leading the way in business collaboration.
- Wider expertise and workforce available through University of York, including 600 graduating from top 5 UK bioscience departments in York each year. These are also available at low salaries in comparison to other UK centres of excellence.
- Insufficient differentiation from other cities for it to be a proactive target.

MEDIA ARTS

Who do we mean by this?

How can we describe who we are targeting as specifically as possible?

- Theatre, film and television content production companies.
- Sound and lighting companies
- Electronic and digital artists
- Web and mobile creative content production companies

Why is this a good match?

- UNESCO City of Media Arts.
- Leading facilities for film production at University of York, with over 100 graduates and postgraduates each year from leading course.
- 700 graduating each year from York in creative disciplines creating a growing local network.
- Easy connections to London (1 hour 50 mins), Manchester, Liverpool, Leeds, Edinburgh etc.
- Significant amounts of available cheap office space, albeit of low spec.
- Home to ASFF, an internationally leading short film festival
- Plans for city centre digital media arts centre to bring sector together in heart of city.
- Opportunities from York's 7m visitor base.
- Insufficient differentiation from other cities for it to be a proactive target (almost every other city in the UK is promoting itself as a hub for creative and digital businesses and the majority have larger proportional employment in the sector in comparison with York)

ANNEX 3

QUALITY TOURISM + LEISURE

Who do we mean by this?

How can we describe who we are targeting as specifically as possible?

- 4 and 5* hotels
- Conferencing facilities
- Tourist attractions
- Awarded restaurants
- Luxury goods retail
- Festivals / arts / entertainment organisers / programmers

Why is this a good match?

- A large potential customer base of 7m visitors, and the city footfall for passing trade related to this.
- Strong brand recognition of York as a tourism and leisure destination, with the particular association around heritage, culture, quality and traditional Englishness, alongside a large base of businesses already within the sector driving ever-increasing visitor numbers, albeit also generating increasing competition.
- Over 18,000 people already work within tourism, leisure and retail sectors in York, providing a large talent pool.
- Cost of business accommodation and sites are lower than many other UK tourist destinations.
- Less than 2 hours from the City of London, with 35 services a day. Also, just over 2 from Edinburgh as another key tourism hub.
- Not a proactive target as inward investment in this area is likely to be possible without too much intervention. It is also more likely than other sectors to deliver lower paid jobs and displace jobs already in the city, so may have limited impact on desired productivity and GVA increases.

ANNEX 3

BACK OFFICE FUNCTIONS

Who do we mean by this?

How can we describe who we are targeting as specifically as possible?

- Administration functions
- IT Functions
- HR Functions
- Finance teams
- Business intelligence functions

Why is this a good match?

- York has one of the highest percentages of residents with a degree qualification or higher, and one of the lowest percentages of people unemployed in the UK. There are also over 7,000 additional graduates completing qualifications in the city from top UK institutions each year, continually providing a rich pool of talent for businesses to recruit from.
- Less than 2 hours from the City of London, with 35 services a day. Also, direct connections to other key UK business hubs of Manchester, Leeds, Edinburgh and Glasgow.
- Salary costs are lower than any other of the top 10 most qualified cities in the UK, and accommodation costs lower than competitor cities which offer similar level of skills, connectivity and quality of life.
- Insufficient differentiation from other cities for it to be a proactive target.

LOCATION QUOTIENTS

Industry Subsector	York	Median Hourly Pay
522 : Support activities for transportation	6.79	**£12.53**
662 : Activities auxiliary to insurance and pension funding	3.97	**£16.69**
854 : Higher education	3.39	**£13.61**
103 : Processing and preserving of fruit and vegetables	2.70	9.46
910 : Libraries, archives, museums and other cultural activities	2.42	11.46
251 : Manufacture of structural metal products	2.38	11.70
750 : Veterinary activities	2.35	11.48
431 : Demolition and site preparation	1.81	£12.22
551 : Hotels and similar accommodation	1.64	7.09
477 : Retail sale of other goods in specialised stores	1.54	7.52
949 : Activities of other membership organisations	1.52	11.79
421 : Construction of roads and railways	1.48	£12.75

KEY POINTS:

Looking closer at the location quotients of the sub sectors, there is a broad range of hourly pays across the top 12 subsectors and the number of times bigger than the national average they are comparatively. All these sectors and significantly larger than the national average, especially transportation support activities and auxiliary activities to insurance.

SO WHAT?

These disproportionately large sectors are a reflection on where York may specialise; and especially of interest where they are high value.

CREATIVE, DIGITAL + MEDIA

Employment: There is no clear definition for the creative, digital and media sector, or reliable data for a precise definition, so for the purposes of this analysis the SIC code for 'information and communication' which includes IT software and services, media and telecommunications, has been used. Within this collection of sectors, 2,470 people are employed in York (3% of total). This is lower than the national average, with a location quotient of 0.6. As a whole sector this is a projected to some growth (4%) in the next 10 years, however within this grouping, there is stronger growth projected within computer and information services and media, of around 8% (totalling 150 jobs), which is masked by projections of reduction in telecoms jobs.

GVA + Productivity: The creative, digital and media sector is overall very productive (£120k), and significantly more so than the national average (78k). So despite relatively low employment, the sector contributes 8% to total GVA, which is higher than the contribution of the sector nationally. Although all areas perform highly in productivity, Telecoms is by far the most productive at £192k. GVA is projected to grow by 24% in the next 10 years, which is slower than the national average of 39%. Note that this is just one growth model though.

Business base and specialisms: The largest employer within this sector is BT, but there are noteworthy employers with between 20 – 200 staff within 'computer consultancy activities'. In total, this sub-sector is still smaller in terms of employment comparative than in other UK cities, with a location quotient of 0.62. However, there are some notable trends within this subsector in digital video software (Kit Digital and PGi), transport systems software (Distinctive Systems, Trapeze Group and Omnicom) and business efficiency software solutions (Trustmarque Solutions, Mood International, Mitrefinch and Sawfish Software). Within the whole creative, digital and media sector there are also over 150 companies with less than 5 staff. Other major employers within the creative and digital sector include York Mailing and Access Intelligence.

Conclusions: As a highly productive existing sector projected to grow, business mentoring, funding initiatives and start up support would be well targeted at the digital / IT element of the sector. Especially There could be opportunities to further grow specialisms in one or more of digital video software (especially through UNESCO designation), business efficiency software solutions and transport systems software through a combination of investment in existing businesses, assets, skills, and inward investment, but these are not of the level yet to provide a significant cluster effect unassisted.

N.B Data is from Experian REM projections 2013.
Other econometric models or dates for the data may have different growth projects or use different definitions, hence differences within this document.

BIOSCIENCE AND R&D

Employment: The bioscience and research and development sector employs around 600 employees (just less than 1% York employees). This is slightly lower than the national average, with a location quotient of 0.88. There is not local data, but regionally the bioscience sector is projected to have among the fastest growth of any sector.

GVA + Productivity: There is not accurate data in relation to this sector and GVA. A broad estimate is that these businesses contribute around 2% (75m) to the total economy.

Business base and specialisms: The bioscience sector in York is diverse in terms of its focus, but there are emerging clusters around biorenewables and agri-food. The largest employer by far is the Nestle Product Development Centre, with other significant businesses including Smith & Nephew, Unilabs, Phoenix Healthcare Distribution, Tissue Regenix, Animalcare, Biorenewables Development Centre, the National Non-food Crop Centre, Thomson Reuters Zoological Ltd, Yorktest Laboratories and the Food Safety Agency. Just outside of York is the Food and Enviroment Research Agency (FERA). There are some but not lots of very small businesses. On the social research side (not included in employment/GVA figures), the Joseph Rowntree Foundation provides a world leading centre for dementia and poverty research.

Conclusions: As a high growth, high productivity sector, biosicence and R&D presents significant opportunity for opportunity – however in order to realise this, specialisms will need to be consciously grown and invested in to provide comparative advantage. The two areas where there is most scope for this are biorenewables and food-tech. If the broad sector is something York wishes to maintain and grow to be more of a specialism, close business support relationships and expansions space for the major employers listed above will be key, which could lead to supply chain follow up activities.

N.B Data is from Experian REM projections 2013.
Other econometric models or dates for the data may have different growth projects or use different definitions, hence differences within this document.

TRANSPORT, STORAGE + POST

Employment: The transport, storage and post sector in York employs over 7,000 people in York, which is 9% of total employment (although this may be a slight over-estimates due to the location of Head Offices in York). Nevertheless, this is above the average compared with the national picture. The transport, storage and post sector is forecast to decline by 2%, or around 100 jobs over the next 10 years.

GVA + Productivity: The transport, storage and post sector is more productive in York than nationally, and contributes 9% to York GVA. This to York's economy is projected growth of 8% over the next 10 years, a much slower rate than the 30% predicted nationally.

Business base and specialisms: York's specialism is within rail transportation, with Virgin Trains East Coast, Northern Rail, Network Rail all having head or major offices in York, alongside many other smaller businesses. Land transport is 3x bigger and support services for rail 8 times bigger than the national average, signifying a significant comparative advantage. Captured under other sectors, there are also major businesses closely linked with the rail industry such as Tata Steel Rail and the software developer Trapeze Group. The other major employers within the broader sector are the Post Offices and First Buses York.

Conclusions: As can be seen from supportive services in software and engineering, York's rail specialism appears to generate a some advantage for this wider sector. Therefore, strong links for the Council with the three major train operators would be beneficial; and there are opportunities to explore where this could create a driver for further inward investment.

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MANUFACTURING

Employment: This category includes all manufacturing from food and drink and structural fabrication, to pharmaceuticals and transport equipment. Manufacturing in York is less significant than manufacturing nationally, providing 3,860 jobs (4% of total). This puts York's location quotient against the UK average at 0.52. As nationally, this is forecast to fall by 15% over the next 10 years, which would mean the reduction of around 600 jobs in York.

GVA + Productivity: Manufacturing in York is more productive (productivity of £72k) than manufacturing nationally so despite smaller employment, it contributes 7% (£277m) to York GVA, which is more than tourism and leisure. GVA is forecast to grow, albeit slowly, by 11% over 10 years, which is broadly in line with UK growth projections. The sub-sectors where there is the largest growth predicted are structural fabrication (£15m) and electronic products (£12m), with negative growth projected for pharmaceuticals, wood and paper.

Business base and specialisms: York's manufacturing specialisms are essentially individual companies rather than clusters, so the areas which York shows a high location quotient can easily be attributed to particular businesses: for confectionary, Nestle & Tangerine Confectionary; and for structural fabrications, Portakabin. There are a greater number of major companies within electronic products - Apta Optical Networking, BSC filters, Cyclops Electronics, MDL Lasers and Nanometrics – however there is little synergy between the particular focus of any of these.

Conclusions: The greatest opportunity for the manufacturing sector in York is through growth in individual companies. This would suggest the best interventions would be to ensure strong local authority support and relationship with the businesses mentioned above, with the potential for working with them to attract supply chains or collaborators to the city. The one area where a broad (so not easily proactive) inward investment focus could be taken would be the manufacture of specialist electronic products.

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FINANCIAL + PROFESSIONAL SERVICES

Employment: Financial & professional services provide 7,630 jobs in York (9% of the total), excluding real estate in this definition. With a location quotient of 0.7, this is a lower proportion than the national average , although within this, there are a particularly high number of insurance & pensions jobs (location quotient of 1.91), and a very low number of finance jobs (location quotient of 0.2). Across financial & professional services, almost 700 jobs are forecast to be created in the next 10 years, largely in professional services.

GVA + Productivity: Financial & professional services make up the largest proportion to GVA of any sector, and by some way, contributing £562m to York's economy. This is forecast to grow by a further 25% over the next 10 years. The sector is a productive, with a productivity of 74k (more productive than average nationally), with extremely high productivity with insurance and finance (both of 200k).

Business base and specialisms: Data shows that York has a specialism in insurance, primarily attributed to Aviva, with over 1000 employees in York, but also strengthened by the recent move of Hiscox to York, as well as being the location for a significant branch of NFU Mutual Insurance . There are about 25 other small insurance firms primarily delivering 'activities auxiliary to insurance'. These auxiliary services to finance & insurance services are strong in York in general with a location quotient of 2.87, with CPP and Total Systems Service Processing as major employers, although aside from these, businesses are small (under 10 employees). Within professional services, York has a specialism in legal services (location quotient of 1.38) with a large number of solicitors, although this may be challenging to grow significantly due to the relocation of the College of Law to Leeds and the competition of Leeds in general. York also has an above average presence of infrastructure engineering, with Amey , Tata Steel and Jacobs Engineering as noteworthy businesses located in the city.

Conclusions: Given the sector provides high employment, GVA and productivity, the financial + professional services sector should be prioritised for investment, business support and inward investment, although acknowledging that it will be competing with most other cities, many of whom will have stronger specialism. Maintaining a strong presence of insurance brand names could provide York with a good basis for attracting further insurers or services auxiliary to insurance. In addition to this, there appears to be opportunities around attracting services which are auxiliary to the financial and insurance sector in general, as well as infrastructure engineering.

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TOURISM + LEISURE

Employment: Businesses within what is here defined as the tourism and leisure sector include hotels, restaurants, pubs, museums, libraries, visitor attractions, sports activities and arts organisations. These businesses provide 8,860 jobs in York (10% of the total). This is higher than the national average for the tourism and leisure sectors, with a location quotient of 1.21. The number of tourism jobs in York is projected to grow by around 400 (4%) in the next 10 years.

GVA + Productivity: The tourism and leisure sector in York contributes £238m GVA. York's accommodation and food services form the major contribution to GVA from tourism and leisure, making up 5% of York's total GVA, and a much higher proportion than tourism and leisure within the national economy. This part of the sector is actually slightly more productive than nationally too. However, surprisingly for a touristicity like York, arts, entertainment and recreation services are both a smaller comparative contributor to the overall economy and less productive than nationally. GVA from the tourism and leisure sector is projected to grow by 27% over the next 10 years, in line with UK projections.

Specialisms and business base: York has a specialism in museums and cultural visitor attractions, as well as to a lesser extent in hotels, pubs and restaurants. The tourism sector as a whole is made up of a large number of businesses, many of which are small in size. There are good number of larger businesses too including Betty's, hotels such as Royal York, The Grand and Marriott; major attractions such as the National Railway Museum and York Dungeons and leisure facilities like Next Generation gyms.

Conclusions: York has an abundance of arts and leisure options for its visitors, however the analysis outlined above displays the potential to expand on what is on offer to those planning their York stay, both in terms of size and productivity. With the support of businesses and targeted inward investment, there is a possibility to extend the leisure offer, giving York's tourists the ultimate visitor experience.

With a vamped-up tourism offering, the city will be able to boost its luxury services. From boutique hotels and award-winning restaurants through to first-class visitor attractions, there will be the opportunity to broaden what is available for high spending domestic tourists, as well as visitors from across the world.

Finally, through focusing on business development, innovation and start-up activities aimed at leisure and visitor attractions, there is likely to be an increase in productivity. Should these be part of a city centre package, there is an even higher chance that this will be the case.

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RETAIL

Employment: The retail sector is among the largest sectors for employment in York, providing 9,520 jobs (11% of the York total). This is higher than the national average for retail, with a location quotient of 1.31. The number of retail jobs in York is projected to grow by around 200 (2%) in the next 10 years.

GVA + Productivity: While still significant, retail contributes much less comparatively to York GVA at 8% of the total, £297m. This means York's retail sector has low productivity (£31k) which is also lower than the national average for retail at (£35k). However, GVA from the retail sector is projected to grow by £76m (26%) over the next 10 years, which represents a growth in productivity of 23% to £39k. This is in line with UK wide productivity growth projections.

Specialisms and business base: York's comparative strength within retail is its 'high street' stores (whether located in the city centre or at out-of-town centres). The sector is made up a diverse range of businesses, including 14 businesses with over 100 employees, to over 200 which employ less than 5 people. The major businesses in this sector such as the major supermarkets, Marks & Spencer and B&Q are not distinct to York, and would be common to most UK cities.

Conclusions: The main conclusion this analysis highlights is a large potential for increased productivity within the sector, which could be assisted by businesses engagement activities or through targeting more highly productive retailers for inward investment. New businesses attracted to the city are likely mainly to replace / displace jobs, however these may be of higher value than what is currently provided. Sustaining a strong presence of shops also benefits the wider tourism sector, and the businesses and jobs associated with this, though it is worth noting that a shift towards more productive retailers *may* not necessarily sustain / grow this attraction to the city itself e.g. online retailers.

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CONSTRUCTION

Employment: The construction industry provides 6% of all York employment, 5,300. This is a lower proportion than the national average (location quotient of 0.81).

GVA + Productivity: York's construction sector has a productivity lower than the national average for the sector, 37k compared to 43k nationally. The sector makes up 5% of York's GVA, £197m.

Business base and specialisms: York stands out from the national picture in terms of having a greater proportion of people employed within construction of railways; and site preparation. The major employers within construction include Shepherd Group, Simpson York, May Gurney, Siemens Rail Automation Holdings Limited, Persimmon and William Anelay; many of which are growing strongly.

Conclusions: As a sector which is key to delivering growth aspiration, even if it is not especially large in size, business engagement with major employers would seem worthwhile in supporting their growth and ensuring there is sufficient supply of skills as they navigate variable economic conditions.

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HEALTH & SOCIAL CARE

Employment: The health and social care sector employs 15,400 people, which is 15% of the York's total jobs. This is split fairly similarly between health, with around 7,000 employees and social care, with 8,000 employees.

GVA + Productivity: The health sector has fair productivity of 46k in line with the national trend, and contributes £313m (8%) to York's total GVA. This is forecast to grow by 29% over then next 10 years. Social care on the other hand is very low productivity, and contributes only an additional £106m (3%) to York's GVA.

Business base and specialisms: The vast majority of the health sector in York is NHS services, hospitals and GP surgeries. Aside from this the major employers are Benenden Healthcare, specialist mental health care providers The Retreat and Partnerships in Care, and 2 chains of national private hospitals: Ramsey Healthcare and Nuffield Health.

Conclusions: Due to the health sector in York primary being constituted of public sector organisations, there is limited opportunity for indigenous business growth and inward investment.

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EDUCATION

Employment: The retail sector provides 9,070 jobs in York, (10% of the York total). This is higher than the national average, with a location quotient of 1.37, largely because of an above average amount of higher education. The number of education jobs in York is projected to grow by 800 (9%) in the next 10 years.

GVA + Productivity: The education sector contributes £335m (9%) to York's total GVA, and has an adequate productivity of £37k. Due to the growth in jobs, the education sector's GVA is forecast to grow by 5% in the next 10 years 's despite a small projected fall in productivity to 36k.

Business base and specialisms: The sector is made up primary of schools and universities. York has a major specialism is within higher education, with a location quotient of 3.39. This is due to the presence of the University of York, York St John and York College which each employ over 500 people.

Conclusions: York's education sector is less volatile than other sector that are more footloose and reliant on private investment, so minimal intervention is required aside from supportive relationships with the University of York, York St John University, York College and Askham Bryan College.

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ANNEX 3

KEY ORGANISATIONS AND BUSINESSES

“Who are the key people and organisations?”

It is important to note that the health of York’s economy and the indicators in this document are not solely, or even primarily, down to the Council.

First and foremost, economic prosperity is driven by businesses. While the majority of businesses in York (which account for the largest proportion of its economy) employ less than 10 people; it is helpful to be aware of who the largest businesses are, as their decisions, competitiveness and growth evidently have a particularly strong impact on York’s economy and jobs in the city.

Local, regional and national public sector bodies have an important role in providing the right environment for growth. Again, the vast majority of investment and support is provided by organisations other than the Council. The below tabs outline some of these key organisations and contacts we need to work closely with to ensure a thriving and sustainable economy for York.

Major businesses

Key representative bodies / local organisations / regional / national bodies

Council departments

BIGGEST EMPLOYERS IN YORK

Biggest employers in York (Private sector)
Aviva PLC
Network Rail Infrastructure LTD
Nestle UK LTD
Tesco Stores LTD
Future Cleaning Services LTD (Head Office)
Sainsbury's Supermarkets LTD
Asda Stores LTD
Portakabin LTD (Head Office)
Marks and Spencer PLC
Royal Mail Group LTD
CPP Group PLC (Head Office)
WM Morrisons Supermarkets PLC
British Telecommunications PLC
Minster Law Limited (Head Office)
East Coast Mainline Company LTD (Head Office)
Total System Services Processing (Head Office)
McDonald's Restaurants LTD
York Conferences LTD
Arcadia Group LTD

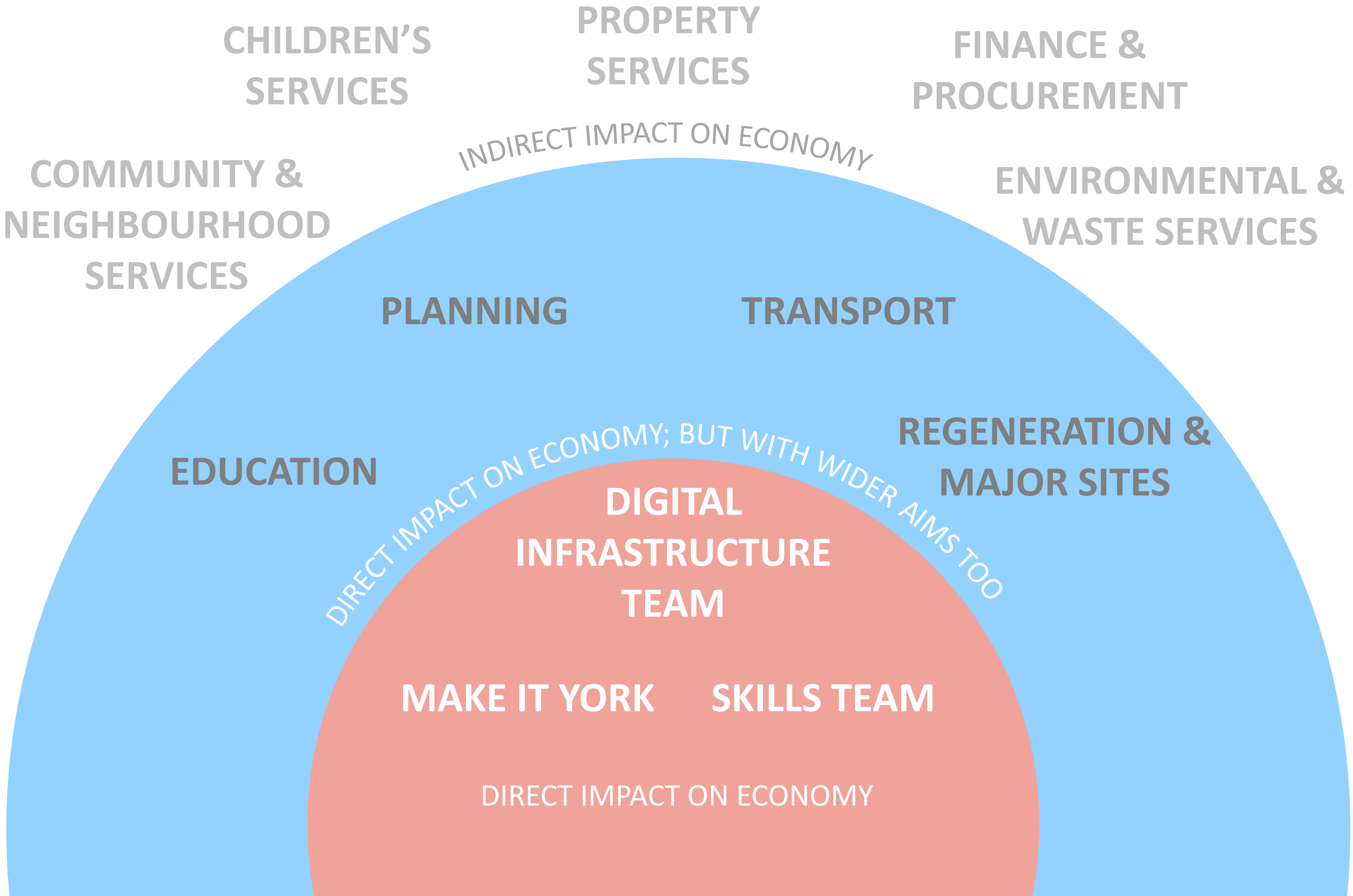
Biggest employers in York (Private sector)
Siemens PLC
Northern Rail LTD
Shepherd Engineering Services LTD
Boots UK LTD
First York LTD
Partnerships in Care LTD
Costcutter Supermarkets Group LTD
Cooperative Group LTD
Britsafe Security LTD

Biggest employers in York (Public, education or third sector)
City of York Council
York Teaching Hospital NHS
University of York
York College
Leeds and York Partnership NHS
Police and Crime Commissioner
York St. John University
Joseph Rowntree Foundation
Ministry of Defence
St. Peter's School

ANNEX 3

This list is non-comprehensive but includes some of the main organisations which impact or support businesses in the city

Organisation	Website
Make it York	www.makeityork.com
Visit York	www.visityork.org
Science City York	www.yorksciencepark.co.uk
Chamber of Commerce	www.yourchamber.org.uk
Federation of Small Businesses	www.fsb.org.uk/northyorkshire/branches/york
York Professionals	www.york-professionals.co.uk
York Science Park	www.yorksciencepark.co.uk
Proudly York	www.proudlyinyork.com
Leeds City Region Local Enterprise Partnership	www.the-lep.com
York, North Yorkshire & East Riding Local Enterprise Partnership	www.businessinspiredgrowth.com
Business Support York & North Yorkshire	www.bsyny.co.uk
Institute of Directors	www.iod.com/Connecting/Local-networks/Yorkshire
The Yorkshire Mafia	www.theyorkshiremafia.com
UK Trade & Investment	www.greatbusiness.gov.uk/ukti
Manufacturing Advisory Service	www.mas.businessgrowthservice.greatbusiness.gov.uk
Innovate UK	https://www.gov.uk/government/organisations/innovate-uk
Skills Funding Agency	www.gov.uk/government/organisations/skills-funding-agency
Department for Business, Innovation & Skills	www.gov.uk/government/organisations/department-for-business-innovation-skills
Welcome to Yorkshire	www.yorkshire.com
Visit England	www.visitengland.com
Visit Britain	www.visitbritain.com
Screen Yorkshire	www.screenyorkshire.co.uk
Finance Yorkshire	www.finance-yorkshire.com


CHILDREN'S SERVICES
PROPERTY SERVICES
FINANCE & PROCUREMENT
INDIRECT IMPACT ON ECONOMY
COMMUNITY & NEIGHBOURHOOD SERVICES
ENVIRONMENTAL & WASTE SERVICES
PLANNING
TRANSPORT
REGENERATION & MAJOR SITES
EDUCATION
DIRECT IMPACT ON ECONOMY; BUT WITH WIDER AIMS TOO
DIGITAL INFRASTRUCTURE TEAM
MAKE IT YORK
SKILLS TEAM
DIRECT IMPACT ON ECONOMY

ANNEX 3