CITY OF
YORK
COUNCIL

# Meeting of Shadow Executive

**10 January 2007**

Report of the Director of City Strategy

## Employment and Pay in York

### Summary


1. This report provides information on the occupations of employees in the city in 2006 and the numbers of people employed in different industries; showing how that picture has altered over the past decade. Regional and national data is presented to place York within a broader context. Pay data and the types of new jobs that are emerging in the local economy in the 21st Century are also presented together with an analysis of the skills needs of the local economy both now and in the future.


### Introduction

2. The changing nature of the York economy has been particularly apparent in recent years as some major local firms have slimmed down their operation or have taken the decision to leave the city altogether. In 2002 the Thrall Europa factory closed – the city's last stage of a railway manufacturing facility which had been British Rail Carriageworks, BREL and then ABB - and 260 local workers lost their jobs. In 2005 the Kraft Food Group closed the former Joseph Terry factory in Bishopthorpe Road with the loss of 320 food manufacturing jobs. In Summer 2006 British Sugar announced it would be closing its York factory with the loss of 140 full and part-time jobs. In the Autumn of this year 450 job losses were announced at Norwich Union in the city as the company sought to achieve efficiency savings within its operation. This announcement was closely followed by the announcement that 645 jobs were to be lost at Nestlé in the city as the company rationalised its operation.

### Strategy

3. The City Council has for many years taken action through the Economic Development Strategy to ameliorate the difficulties that reductions in manufacturing capacity and other restructuring inevitably place upon local people. From the establishment of an economic development unit in 1983 through the 'Partnership for Prosperity' Campaign in 1987, which brought many new office-based jobs to the city, to the establishment of Science City York with the University of York in 1996, the Council has taken action to see the continued development and growth of the local economy.

4. The most recent restructuring within the local economy has provided an opportunity to form a group of local business leaders to examine that strategy in detail and, following a period of discussion, to decide how to advise the Council upon future direction. The Future York Group first met in October 2006 under the chairmanship of Christopher Garnett and is expected to report in the Spring of 2007.

### The York Economy in 2006

5. **Appendix 1** provides data from the Office for National Statistics (ONS) on the number of people employed by broad industrial groups in 1996 and 2004 in York, Yorkshire and The Humber and Great Britain (Northern Ireland data is not available for all years, so there is no UK figure presented).

6. Overall employment in the city has grown over the past eight years – from 80,500 jobs to 100,650. These are job counts of the York workforce; that is people who work in the city rather than reside here only, and some people have more than one part-time job. The familiar decline in manufacturing employment can be clearly seen, from over 12,000 jobs to less than 7,000 - a decline of some 44%. This has been matched however by strong growth in the service sectors – in Distribution (principally retailing), hotels and restaurants, Transport and Communications and Public Administration and Health and overall employment has grown by 20,000 jobs.

7. The Region has lost nearly 90,000 manufacturing jobs over the same period and seen the proportion of manufacturing jobs decline by 21%. The decline has possibly been proportionally lower than York due to the far-greater degree of industrialisation in other parts of the region, with a wider spread of manufacturing industries and firms. There has been less growth however in Distribution, Hotels and Restaurants than York – here employment grew by 29% rather than York's 52%, but Construction has seen stronger growth as has Banking, Finance and Insurance etc. at 31% doubtless due to Leeds' strong performance in this sector.

8. Great Britain lost approaching one million manufacturing jobs over this eight year period or 23.7% of the manufacturing workforce - rather more than the Region but less than York's – again although the sector has considerable problems it is far more broadly based at the national level and better placed overall to cope with challenges. The Construction industry has shown strong growth of 37%, while Distribution, Hotels and Restaurants has grown nearly 29% - a fraction behind our own region, but not as strongly as the sector in York. Banking, Finance and Insurance etc. has grown strongly too – up by 32% over the eight-year period far ahead of York, but not as strongly as the Regional picture. Public Administration, Education and Health has performed well nationally – doubtless assisted by a government spending more on education and health services, but despite growth of 23% for this sector nationally, it was unable to match the growth of the sector in York at a little over 40% or just under 9,000 jobs.

9. The decline of manufacturing jobs is a cause of concern not just in York, but across the UK. Amicus, the UK's largest private sector union which covers every industrial, occupational and professional sector of the economy, considered in a 2003 report that while there were sectors that performed well, that the overall decline of UK manufacturing could be attributed to five main factors:

- A failure to put money into research and development and innovation;
- A failure to invest adequately for the long term linked to a short-termist view in the UK's corporate culture;
- Inadequate skills levels among managers and employees;
- Inadequate consultation with employees and ease with which job cuts can be implemented to respond to short-term pressures; and
- Inadequate political support – the failure by governments of all political persuasions over the years to give manufacturing the priority it deserves and set out a proper strategy for the longer term.

10. While a full-scale analysis of the difficulties facing manufacturing is outside the scope of this report, some of the themes above are already being addressed in a more general sense in the York economy, either in response to particular community needs or as part of the regional agenda to improve the economic performance of the Yorkshire and The Humber Region. In broad terms these follow the Regional Economic Strategy seeking to develop the regional economy in a sustainable way that will bring long-term benefits to the region and lasting employment for local people.

11. In economic terms York faces much the same challenges as the UK in a modern, highly competitive world in which communications have been transformed and the ability to move capital has become very much easier and faster. UK businesses have now to compete in world markets and face much stiffer competition - in particular the growing strength of Asian economies where labour costs are significantly lower and who have invested heavily in education and skills. There is a growing need for the UK to develop skills, secure investment in businesses and infrastructure, become more competitive and secure a lead in technologies that will be in demand in the years ahead.

12. The Government has responded to the difficulties being experienced by manufacturing in the UK by establishing the Manufacturing Forum which is chaired by Jacqui Smith MP Minister of State, Industry and the Regions. Board members include representatives of industry; GKN, BMW, VT Group, Business Groups; the CBI, EEF, Government; the DTI, HM Treasury, DfES, The Prime Minister's Office, Academia; Cambridge Institute for Manufacturing and the Trades Unions; GMB, TUC, Amicus, T & G. The forum is focussing on areas which it believes are key for further action and is concentrating on understanding the industry, skills, public procurement and investment.

13. **Appendix 2** provides information on the York workforce by occupation – with comparator data on both the Region and Great Britain. The first data set is from 1996 from The Labour Force Survey, with the second ten years later from the Annual Population Survey for 2006. In general terms, as the workforce has grown over the last eight years, growth has occurred in York, Yorkshire and The Humber and Great Britain across the managerial, professional and technical grades – managers and senior officials, professional occupations and associate professional and technical occupations. There are fewer jobs however in areas such as administrative and clerical occupations, skilled trades occupations, personal service occupations and process plant and machine operatives. There is just one exception to this general pattern; skilled trades occupations which grew by 41% between 1996 and 2006 while it declined as a group by –2% and –4% in the Region and Great Britain respectively. The full tables of change can be seen in Appendix 2.

14. **Appendix 3** provides a more detailed breakdown on occupation for York. It is not possible to compare over time at this level since in the 1996 Labour Force Survey, information is only available at the higher level of detail shown in Appendix 2.

15. **Appendix 4** shows the largest (in employment terms) 25 employers in the city, grouped (not ranked) according to their workforce size.

**The new Demand for Labour – jobs being generated**

**Tourism**

16. In 2005/06 there were approximately 8,000 direct jobs in York's tourism industry plus 1,600 indirect jobs as a result of the £311.8m spent by the city's four million visitors. This sector is projected to grow over the next few years with a greater regional dimension to the way the city is marketed and with support from Yorkshire Forward for additional product development and marketing activity. York is working towards a 5% per annum growth in tourism earnings.

17. The tourism industry directly generates a wide range of jobs from the familiar 'front of house' employees (receptionists, waiters, retail staff etc.) to skilled 'back of house' staff (chefs, admin staff), and from graduates (managers in major hotels and attractions) to unskilled staff working in the industry temporarily. Though many jobs (especially in hospitality) are based around shift work, many others, including the majority in attractions, have more conventional hours.. The industry naturally provides employment for a wide range of people in the city including the growing number of students and graduates who are seeking work both during and after their courses. There are jobs at all levels across the industry, some requiring high levels of skill and qualification particularly in the large hotels and the museums sector.

18. In terms of new Attractions which opened in the city in 2005-06 York benefits from the reopened Art Gallery, DIG, the Cold War Bunker, Constantine Exhibition, the Norwich Union Yorkshire Wheel and evening entertainment at The Living Room and in many bars in Grape Lane. Members will be aware that together with the creation of the new job itself in the tourism industry, there will be other jobs created in support industries – for example: food and drink supplies, laundry services, painters and decorators, builders, gardeners, advertisers/promotional agencies and so on.

19. In addition to these will be 'induced jobs' which result as a sector employs staff - which result from the salaries spent by those directly employed. The size of this 'induced effect' is estimated between 15% and 30% - that is 15 – 30 new jobs will be created for every new 100 tourism jobs. These will arise across the whole of the local economy wherever the tourism workers spend their incomes – in 2004 the multiplier effect increased local incomes by some £42.5 million, in 2005 this figure increased to £46.8 million. As a result the number of local jobs generated by the multiplier effect also increased, 1,512 in 2004 to 1,633 in 2005. Overall, in 2005 tourism provided York with some 9,560 jobs compared to 8,860 the year before – an increase of around 8%.

20. The number of jobs generated by Tourism in the city between 2002 and 2005 together with indirect and induced effects may be found in **Appendix 5.**

**Retailing**

21. Retail is certainly a growth area in employment terms for the city, but currently on a largely *ad hoc* basis as shops are developed, new stores open and so forth – e.g. Zara, H & M, The Range at Monks Cross on the old Asda site.

22. The major opportunity for higher numbers of retail jobs would come with the redevelopment of sites such as Foss Islands Road, Hungate, the Castle-Piccadilly site and York Central – the major one in this list being Castle–Piccadilly. The number of jobs is dependant upon the size of any eventual development and the number of additional or larger stores – as opposed to relocating existing ones.

23. Retail has considerable potential for getting people into employment - for example it can offer flexible hours, which are good for mothers returning to employment, specialist careers, e.g. pharmacy, opportunities for disabled people (the multiples provide specialist training and support), part-time work and 'straight from school' jobs for school leavers. It often provides a first taste of the world of work for young people, e.g. the 'Saturday job' for students. Importantly, retailing can offer an initial 'stepping stone' into higher-level jobs within the jobs market once people have mastered many basic skills such as record keeping, handling cash, customer care, product awareness, branding and so forth.

24. However, many retailers and managers in the hospitality industry complain they cannot suitable get people to fill the basic level jobs. School-leavers and long-term unemployed people are often not 'work ready' since they lack the necessary numeracy and communications skills together with the right 'attitude' to work with the public. Most of the multiples offer good in-house training programmes in retail skills but they need willing staff to work with. Retail is not always seen as a 'first choice' career for the better qualified, despite the fact that there are many fast-track management schemes for graduates and salaries for senior management in the bigger chains are in six-figures with annual performance bonuses.

25. The national retail service organisation, Skillsmart, a not-for profit organisation backed by the Government, has just established the Yorkshire and The Humber Retail Strategic Forum to address these problems in this region and the Chief Executive of the city's City Centre Partnership is a member representing both the city and the Association of Town Centre Management.

26. Key facts about the Retailing industry in the UK include;
    - Retail has created more new jobs in the last five years than any other sector
    - It is expected that by 2014 there will be an extra 250,000 retail jobs in the UK
    - Just over half of the retail workforce are part-time workers
    - On average 17% of retailers in Great Britain have at least one staff vacancy
    - One fifth of retailers reported having skills gaps – there is little evidence reported in the York Retail Survey however
    - One in three retail employees has only a basic qualification or no qualification at all
    - Currently 13% of managers and 17% of sales and customer service hold no formal qualification
    - However over half of career advisors do not think that the sector offers top quality training and career development.

Source: Skillsmart Retail Ltd.

**Science City York**
**Science City York Skills Mapping Research - 2003**

27. Science City York are in the process of undertaking further evaluation of the specific and general skills make-up of the businesses it assists and are currently looking to further develop bespoke skills development programmes in order to address the gaps for specialist skills development. The most recent data available at present in this area is from the Impact Research Study of 2003, an analysis of the Science City workforce,

skills and qualifications follows. In conjunction with the North Yorkshire Learning and Skills Council, Science City York commissioned Impact Research to undertake an evaluation of the skills and workforce development requirements of Science City York clusters during 2003.

28. The strategic aims of the work was to:

1) Increase the competitiveness and growth of York's science and technology-related businesses through increased skills development at all levels.
2) Encourage the local community to access new skills and employment opportunities in knowledge related businesses in the York area.

29. The work produced an in-depth audit of Science City York cluster skills and workforce development needs, highlighting short, medium and long-term priorities. The objective of the study was to review potential areas of improvement to formulate strategies in order to bridge gaps identified – including the development of new schemes, sign-posting to existing regional/national programmes. In addition, the study reviewed ways to encourage the local workforce to access employment and training opportunities within knowledge-based industries.

30. In September 2003 Science City York commissioned research into Skills and Workforce development within the knowledge-based industries in the city and this was undertaken by Impact Research. Their work found the Science City York clusters comprised 280 businesses across three sectors. The bioscience cluster comprised over 70 businesses employing an estimated 3,749 people. The E-science cluster comprises nearly 150 Information Communications Technology-based firms employing an estimated 2,692 people. The Creative technology cluster comprises over 60 businesses employing an estimated 1,965 people. An estimated 8,406 people worked across the clusters. This does not include the multiplier effect within other businesses across the region, York and North Yorkshire.

31. The research study engaged representatives from 56 of these businesses in February and March 2003 (20% of the cluster). The businesses in the sample employed 3,249 people, or 39% of the entire workforce. 68 employees (in 20 companies across the clusters) completed a survey about their skills, qualifications, training and their careers. 1,741 York residents (weighted to the equivalent of 2,158 residents) provided opinion and perceptions about the clusters. A wide range of interviews and consultations with cluster champions, key agencies and intermediaries were also carried out.

32. The employer survey showed that men made up 54% of the 'Science City' workforce, but were under-represented in e-sciences accounting for 30% of employees. In the employee survey, 55% of respondents were male. People recruited from the York area made up 50% of the workforce across the Science City York clusters. The bioscience cluster employs fewer local people, as do large companies employing more than 50 staff. The main problem employers identify when trying to recruit locally is the high level of employment in York and the lack of a broad enough labour pool from which to recruit specialists, typically recruited from around the UK or even internationally. This is supported by evidence from the employee survey which shows a stable workforce (41% of employees have lived in York for more than 10 years), but also movement into the area for employment (38% moved to York because of their current job and 9% had moved to York because of a previous job).

## Qualifications of the workforce

33. Employers estimated that 43% of the workforce is graduate or postgraduate. Given the existing size of the clusters and forecast growth (described below) this represents a high demand for suitably qualified people. It may also naturally inhibit opportunities for local people who are not graduates. The employee survey found 75% holding the equivalent of an NVQ level 4 or 5 qualification (e.g. graduate/post-graduate qualification). Discussion groups and depth interviews highlighted a major issue with the migration of York graduates away from the city once qualified, and a potential mismatch between the academic excellence being developed and the jobs on offer in York.

34. The residents survey found a very well qualified labour pool in the York area with 42% holding a NVQ level 4 or 5. However, data from North Yorkshire LSC's household survey shows 24% of York residents with a qualification equivalent to NVQ 4 or 5 suggesting over-sampling of highly qualified people in the residents survey. 35% of residents have a relevant qualification in science, information technology, computer science, media, heritage or arts including 79% of those in full-time education. A high proportion of relevantly qualified people have a NVQ level 4 qualification (38%) or a NVQ level 5 (19%). Despite sampling issues, the resident survey suggests a good supply of suitably qualified people to meet the needs of an expanding cluster.

## Skills Intelligence

35. Cluster Champions identified a number of issues:

- In Biosciences, difficulties with securing senior management, lack of marketing staff and skills shortages in scientific /laboratory technicians
- In ICT, lack of proficient sales and marketing staff, wages competition and retention issues
- Creative Technologies, difficulties securing senior management, attracting people to York.

36. The employer survey showed key skill gaps in areas across the three clusters

- Advanced ICT
- People management
- Business and Commercial development

## Career Progression

37. There is a high degree of stability in the workforce in the clusters. The employer survey found that (47%) have changed their job since being with their current employer. The survey indicated that over half of the respondents will remain in York and in the same industry area.

## Forecasts

38. The York and North Yorkshire Sub-regional Action Plan notes job growth of 25% p.a. has been achieved in the first 3 years of the project across the clusters. An increased level and pace of activity in key areas of the project will contribute to the 20-year target

of an additional 15,000 jobs in science-based sectors. In the short-term, companies predict an increase of 1,082 jobs across the clusters (37% of employment in the sector) in the next 3 years. This is a much higher rate of growth than the 7.1% expected in all sectors in North Yorkshire in the next eight years[1]. E-science / ICT companies expect their workforce will more than double. Supplying this demand will present a significant challenge, particularly with regard to the high level of graduates likely to be required.

**Summary**

39. Science City York continues to develop and implement targeted skills initiatives to support Science City York clusters across York and North Yorkshire in order to achieve learning outcomes in Science, Technology and Creative Sectors. Further evaluation of the needs of the clusters in terms of skills and qualifications is planned during 2007.

**Who are taking the new jobs in York across all sectors?**

40. The current model in terms of regional economic development focuses on the development of city-regions as the way forward – with Leeds being the city-region in which York lies. The city-region focuses on shared governance - recognising economic influences on boundaries not constrained by administrative or political limits. It offers an approach to economic development on a broader scale – developing wider markets, improving links, both in sustainable transport and business senses- between disparate areas which should bring about enhanced economic prosperity. Estimates suggest that annual growth of 4% is achievable resulting in 150,000 extra jobs over the next 10 years.

41. This broader approach recognises the realities of wider labour markets for example and removes some of the risks associated with the domination of a particular industry in one area. Through sustainable transport corridors it is possible to spread industries and prosperity through the region, and yet for them to remain accessible for the workforce without increasing congestion on the roads. As a example this could tie in Selby and Malton to York for areas of development for knowledge-based industries while those sites can benefit from the expertise offered by the expanding University of York, Science Park and existing clusters. Provided the movement of people can be arranged in a manner which is sustainable and minimises both congestion and pollution, there should be no disadvantage offered by more a widely-based labour force.

42. It is not possible to find data from individual firms about the home address of their staff or whether they are recruiting locally or from further afield, such information is considered confidential. However there are two areas in which we can shed some light on the live/work locations of local people and firms.

43. Firstly, the commuting figures from the last Population Census in 2001 show that 17,200 individuals lived in the city and commuted out to work while 22,450 lived outside the city and commuted in. Nevertheless, the vast bulk of travel to work is from within and to within the York UA boundary – 70,000. The commuting figures might in a traditional sense raise some problems in planning and transportation terms – there are people for whom it would appear have to find work outside the city boundary while others do the opposite, taking the job opportunities that the city affords. This ceases to be a problem under a broader city-region regime or viewpoint, *provided* the movement

[1] Source: Progress in the Region – Yorkshire Forward

of people does not take place on heavily-congested roads and using large amounts of fossil fuels. The city-region model offers a view of labour markets that would be recognised by many HR managers – that some members of staff will leave close to their place of work while others, whose skills are perhaps more scarce, may commute in from some distance.

44. It is probably fair to say that more junior staff are more likely to be recruited and to live locally while managers and professional staff are more likely to live further away – this is partly dictated by disposable income as travelling costs in the UK are relatively high and it is usually more senior staff who are able to commute longer distances.

45. Secondly, while personal data from York employers is not available, we do have access to data from the city's largest employer – the City Council itself. Other large employers might reasonably be expected to show a broadly similar pattern as many will have similar recruitment policies and the need to recruit a range of staff – many of whom have specific professional and managerial skills which may not be available locally or businesses will seek to appoint the most suitable applicant irrespective of where they are from. Members will be aware that the Council is an equal opportunities employer too and that it has a policy of recruiting the best person for the job, which in many cases will mean advertising the post on a regional or national basis. While an individual may be recruited from outside the city they may decide to move to the city once they have joined the staff. However, if they have a partner, children of school age or other domestic responsibilities they may elect to remain where they are if commuting is possible. Such a decision will be made on the basis of personal circumstances and perceived cost, benefits and disbenefits.

46. Of the City Council's approximately 7,000 staff, HR have been able to provide the following information about where they currently reside:

**City of York Council**

| **Employees who live in:** | |
|---|---|
| York | 79.4% |
| Leeds | 2.7% |
| North Yorkshire | 15.1% |
| Elsewhere* | 2.5% |

*This figure may not be current and should be used with caution.

47. All Council jobs are advertised automatically in the Job Centre and approximately 60% of advertising expenditure is with the local press and it is used for jobs up to around scale 5/6. All jobs also go on Sector 1 and the North Yorkshire Together website, www.oneplacenorthyorks.com. As North Yorkshire Together, HR staff have been able to attend a couple of jobs fairs this calendar year and with more to come next calendar year. More senior level posts are advertised in regional, national and relevant professional press.

**Manufacturing job losses – the case of Tenneco**

48. In January 2000, the Brussels headquarters of Tenneco Automotive, the parent company of the former Monroe damper/automotive part plant in Shipton Road, announced that the factory was to close. A working group was set up comprising Tenneco Management, Trade Unions, Future Prospects, the Employment Service,

Training Providers, CYC Economic Development Officers and a Tenneco-funded financial advice organisation (Frizzells). This group provided a support/management group for Future Prospects who in turn acted as the lead agency working from within the factory.

49. An on-site Employment Resource Centre was opened in May 2000 and closed with the final redundancies in April 2001. After this date the Future Prospects service continued to be delivered from their city-centre premises in Back Swinegate. All the members of staff had access to the service for any amount of personal time and once notice had been given, were encouraged to use one hour per week of paid time to maximise access to the service.

50. On receiving notice, all staff members were booked into a 1-2-1 chat to discuss options and to introduce people to the service. The resource centre was equipped with computers, telephone and personal work space with a focus on maintaining an informal and welcoming environment. This was achieved through the careful selection of staff used for the centre and the creation of a positive atmosphere through coffee, background radio and bright décor.

51. Of the 362 people in the workforce, 320 people attended their initial advice session and were consequently tracked through the redundancy support process.

52. Destination outcomes were as follows

| | | |
|---|---|---|
| Employed / self employed | 235 | (74%) |
| Education / training | 10 | (3%) |
| Retired | 42 | (13%) |
| Career break / unemployed | 33 | (10%) |

53. **Confidential Appendix 7** provides some more personal and detailed outcome data for the Tenneco workforce showing first employment destinations. Members should be aware that these are first destinations and that employees may have decided to continue their job search and career progression after this initial destination.

**Pay**

54. **Appendix 6** provides some detail on pay levels in York for 2006 for both All Full-Time Workers and Female Part-Time Workers. Other Key Cities in the Region are shown together with Yorkshire and the Humber and the United Kingdom to offer comparative data.

55. The median provides an average measure in that half the population earn more than this figure and half less, with the 25% Quartile and 75% Quartile providing intermediate points that provide information on those who are less well paid than the average and those who are better-paid than average. The 10% measure represents those who are the least well-paid, the lowest tenth of the spread of earnings in the city’s workforce.

56. On median earnings and at the lower quartile, earnings are higher in York than in other key cities in the region, the region itself and the UK. At the upper quartile point however, wages are higher in Leeds and the UK although York is ahead of other key cities and the Region as a whole except for part-time females where Sheffield is also higher than York.

57. For the lowest 10% decile, wages are higher in York than elsewhere although the range is not great. The data is based upon a 1% sample of National Insurance records and larger areas such as the UK, the Region or Leeds are likely to be more precise than York. However the ONS say that the error levels are within acceptable limits and they are happy with the quality of the data.

**Skills Audit of the city**

58. The importance of skills to the city has long been recognised - the quality of school leavers in York is significantly better than the region and country and is improving at a faster rate than either.

**<u>Schools Performance Data – GCSE Results: Pupils achieving 5+ A*-C grades (%) or equivalent</u>**

| | 2003/04 | 2004/05 | Change |
|---|---|---|---|
| **York** | 56.6 | 59.8 | 3.2 |
| **Yorkshire & Humber** | 47.1 | 51.2 | 2.1 |
| **England** | 52.9 | 54.7 | 1.8 |

Nationally York ranks 27th out of 149 Local Education Areas. Source: DfES (January 2006)

59. Skills in the city, in terms of qualification level, are above the regional average on all the categories below.

*Qualification Levels of York Residents of working age (16-64), 2005*

| Qualification Level | Number of Residents of Working Age | % of Working Age Population |
|---|---|---|
| No Qualifications | 13,200 | 11.7% |
| At Least NVQ Level 1 (or equivalent) | 94,600 | 83.2% |
| NVQ Level 2 or above | 81,900 | 72.1% |
| NVQ Level 3 or above | 61,600 | 54.2% |
| NVQ Level 4 or above | 37,900 | 33.4% |

Source: *NOMIS, December 2005*

60. In considering economically-active adults, York has a higher percentage qualified to at least NVQ Level 3 than the country, region and sub-region.

**Percentage of Economically Active Adults (18-59/64) Qualified to at Least NVQ Level 3 (or equivalent), 2000/01-2004/05**

| Area | 2000/01 | 2004/05 |
|---|---|---|
| York | 29.7% | 39.2% |
| York & North Yorkshire | 29.4% | 37% |
| Yorkshire & Humber | 24% | 27.3% |
| England | 27% | 30.3% |

Source: *Department for Education and Skills*

61. However, there is a surprisingly high percentage of the working age population in York with low literacy and numeracy skills.

62. **York - % of adults aged 16-60 with numeracy problems:**
Low Numeracy: 11.6%, Lower Numeracy: 6.7%, Very Low Numeracy: 5%, Overall: 23.3% (Source: Basic Skills Agency, 2003). – For York this translates into approximately 25,000 people who have numeracy problems.

63. **York - % of adults aged 16-60 with literacy problems:**
Low Literacy: 14.8%, Lower Literacy: 4.3%, Very Low Literacy: 3.9%, Overall: 23% (Source: Basic Skills Agency, 2003). – For York this translates into approximately 24,600 people who have literacy problems.

## Skills gaps

64. The National Employer Skills Survey (NESS) 2005, identifies nationally around one in six (16%) employers are experiencing skills gaps (a skills gap is defined as existing where, in the opinion of the employer, an employee is not fully proficient at their job). Yorkshire and Humber does however see the worst figures of any region at 23% whilst within York and North Yorkshire the figure is better at 21%. The table overleaf summarises the specific skills employers identified as the most common "deficiencies'**.**

**Employer skills needs in York (2005)**

| | | |
|---|---|---|
| Vacancies | % of establishments with vacancies | 21.9% |
| | Vacancies | 4,000 |
| | Vacancies as % of total employment | 4.0% |
| **Hard-to-fill vacancies** | % of establishments with hard-to-fill vacancies | 13.1% |
| | Hard-to-fill vacancies | 1,921 |
| | Hard-to-fill vacancies as a % of vacancies | 48.0% |
| **All skill-shortage vacancies (SSVs)** | % of establishments with any SSVs | 9.6% |
| | SSVs (total) | 1,312 |
| | SSVs as % of vacancies | 32.8% |
| | All SSVs per 1000 total employment | 13.0 |
| **Skills gaps** | % of establishments with skill gaps | 22.5% |
| | Skill gaps | 7,247 |
| | Skill gaps as % of total employment | 7.2% |
| **Training** | % of establishments with training plan | 50.4% |
| | % of establishments providing any training | 70.2% |

Source: *National Employers' Skills Survey 2005*

65. Sub-regionally (i.e. York and North Yorkshire) the highest volume of Skills gaps are identified in hotels and restaurants, banking/finance and insurance and public administration, education and health. All important sectors of the local economy.

66. However, it may be surprising that the deficiencies reported by employers in a 2005 survey mostly related to generic employability skills such as, customer handling, team working, oral communication and problem solving.

67. The unemployed themselves realise that a lack of skills are a barrier to learning and work. Future Prospects identify with their clients the primary and secondary barriers to

progressing into learning and work. Almost 1 in 5 clients quote skills as a primary barrier and over half quote skills as the secondary barrier.

68. **Primary barriers:**

| | |
|---|---|
| Basic skills | 4% |
| No relevant qualifications | 11% |
| Outdated skills | 4% |
| *Total* | *19%* |

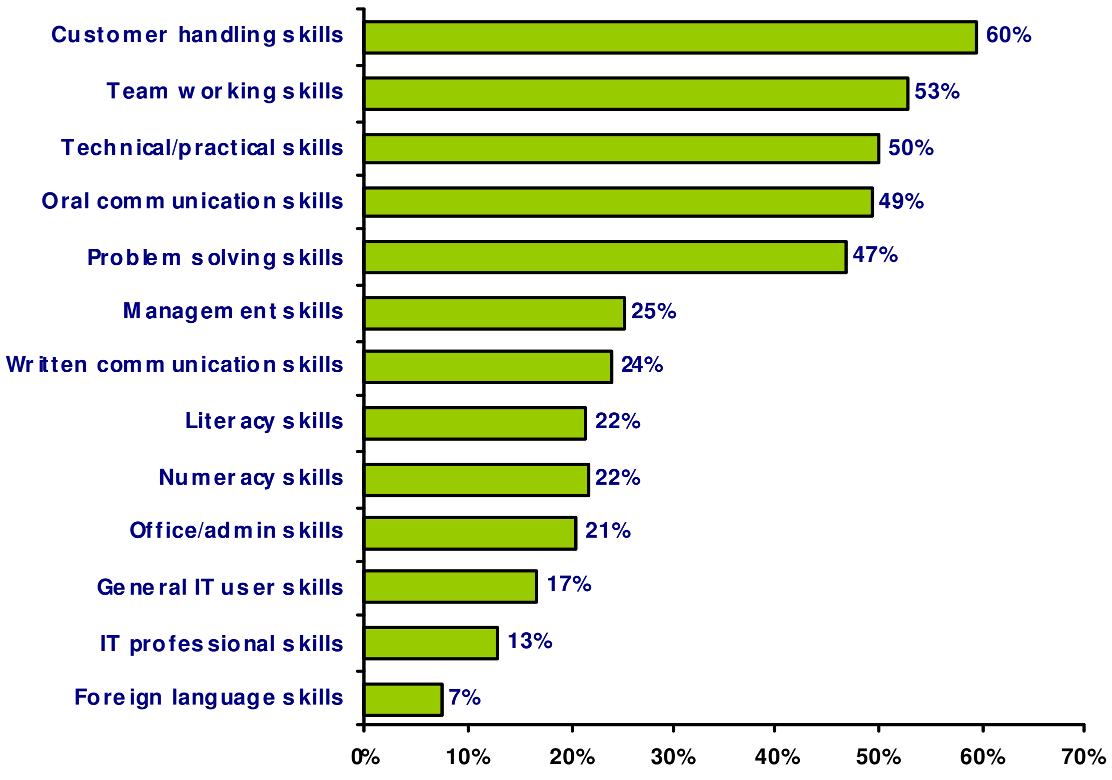
69. **Secondary barriers:**

| | |
|---|---|
| Basic skills | 17% |
| No relevant qualifications | 17% |
| Outdated skills | 21% |
| *Total* | *55%* |

Source: *Future Prospects Operational Report 2004/05*

Full details may be found in **Appendix 8**

**Skills Deficiencies Reported by Employers in York, 2005**




*Base: All establishments with skills gaps (unweighted=89)*

Source: *National Employers Skills Survey 2005 (LSC's York Report)*

**Key Strategies and Policy Drivers for Skills.**

70. There are a plethora of strategies and policy drivers from the national to the local level which address the skills agenda. Currently the York Lifelong Learning Partnership is developing a skills strategy for the city. This is a work in progress but the initial research has produced the schedule attached as **Appendix 9.** This schedule details the main themes under each policy driver, and the colour coding indicates the area of activity each theme relates to (described at the bottom of the schedule).

71. As the York Skills Strategy is developing, the above schedule has not been completed with regard to the Leitch review, an independent review commissioned by the Government which was published in December 2006. This report which is titled, "Prosperity for All in the Global Economy – World Class Skills" is available in full via www.regen.net/doc. For initial information without an in-depth analysis, the main recommendations in the report are:

- State funding for skills to rise by 33%.
- Employers given a greater role in skills provision through having a greater opportunity to state their needs, by taking more responsibility for training their staff and to form an employer-led Employment and Skills Board across the UK to oversee skills training in each region. In addition businesses should also be given a core role at a new body that would direct skills funding, the proposed UK Commission for Employment and Skills.
- A voluntary code for employers to train all employees up to five good GCSE level passes or equivalent by 2010.
- The creation of an adult career service accessible to all.
- All vocational qualifications to be approved by sector skills councils.
- Possible job cuts at England's work training agency the Learning and Skills Council (LSC).
- Cash to follow individuals via learning accounts rather than being distributed as block funding to further education providers.
- Increased employer investment in qualifications at A-level standard and above.

72. The DfES is waiting for the Treasury to provide a detailed response to the review before publishing its own response. This response is unlikely to arrive before the funding allocations in the Chancellor's comprehensive spending review, due in mid-2007.

**Financial Implications**

73. None

**HR Implications**

74. None

**Recommendation**

75. Members are asked to note the contents of this report.

**Contact Details**


**Author:**
Simon H Daubeney
Business Analyst
Phone No:  01904 554422

**Chief Officer Responsible for the report:**
Bill Woolley
Director City Strategy


**For further information please contact the author of the report**