Scoping Paper for the Local Productivity Levels and High Value Jobs

Proposed by Cllr Anna Semlyen

Background

In looking to attract high value jobs it is necessary to understand and appreciate the link between Gross Value Added (GVA) and the high value jobs.

To that end,

- GVA is linked to gross domestic product (GDP), as both are measures of economic output. The relationship is defined as:

Aggregated GVA + taxes on products – subsidies on products = GDP

GVA is for Local Authority areas – GDP for the nation as a whole

- As the total aggregates of taxes on products and subsidies on products are only available at whole economy level, Gross Value Added is used for measuring gross regional and local domestic product and other measures of the output of entities smaller than a whole economy. Restated,

GVA = GDP + subsidies - (direct, sales) taxes

- Over-simplistically, GVA is the grand total of all revenues, from final sales and (net) subsidies, which are incomes into businesses in any one Local Authority. Those incomes are then used to cover expenses (wages & salaries, dividends), savings (profits, depreciation), and (indirect) taxes.

Recently published figures by the Office of National Statistics show the value of York's Economy was worth £4.31 billion in 2012, the highest since 1997 and beating pre-recession levels of £4.273 billion. The GVA per head in 2012 is above the UK 100 Indices at 101.1.

The Percentage change in GVA between 2008 and 2012 is as follows;

England– 6.4%, Y & H – 2.7%,   York – 6.9%

Although we have increased in the last year and our productivity per head performs well on a regional basis, we need to remain competitive on a national and international scale and the Centre for Cities Outlook has ranked York 40 out of 64 cities in regards to GVA per worker hence:

- **GVA per head is not competitive**
- **GVA per hour worked is no competitive**

We can track this back to two headline issues but further work needs to be carried out to determine other factors.

- We have high employment in traditional low productivity area ie hospitality, catering, retail,
- We have low employment in the traditional high value area ie insurance & pensions, pharmaceuticals, telecoms, chemicals, biochemistry.

Attracting the high value jobs is critical to add to the overall GDP and increase the GVA per worker.
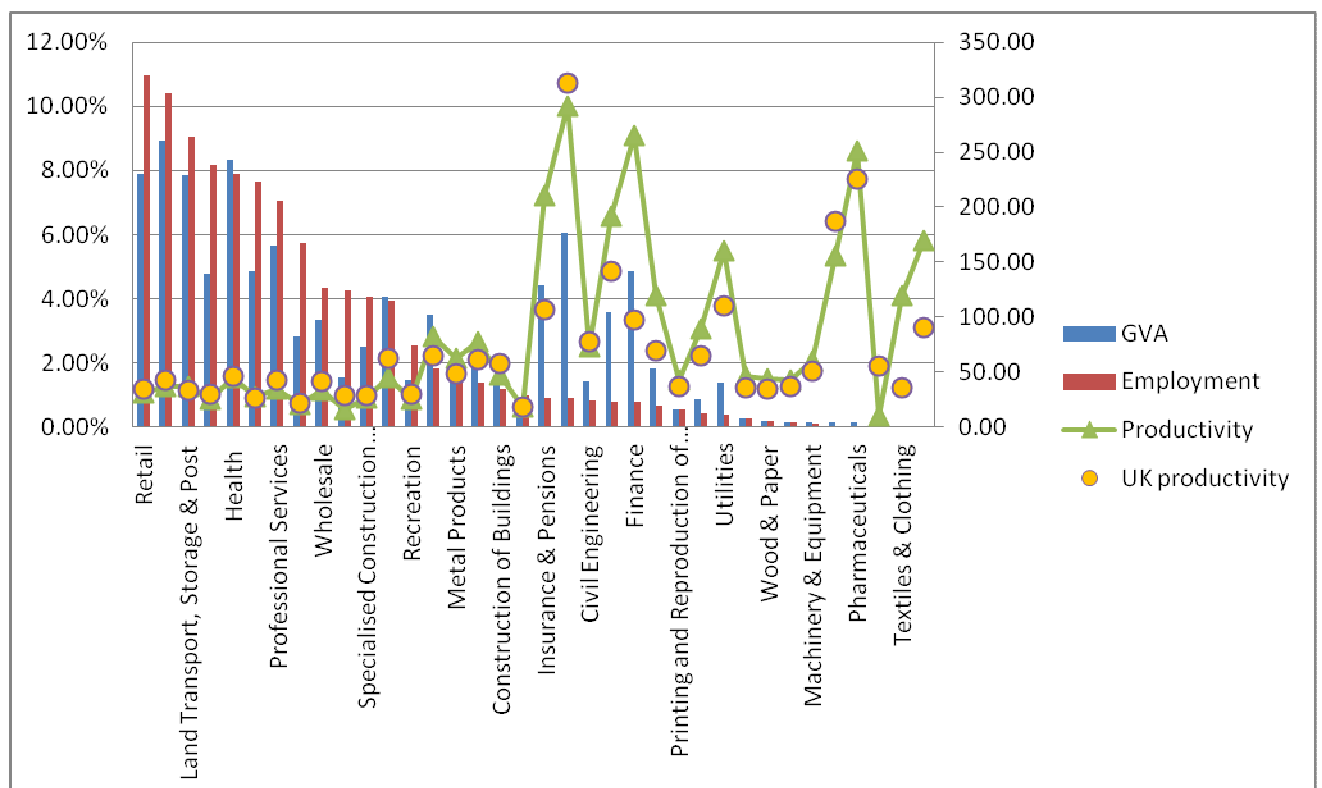
Scope

The committee should consider the topic from several viewpoints.

- Identify activities to attract higher value inward investment opportunity using better intelligence to inform those activities.

Objective: Place resources behind the activities that gets best value for money

- How do we encourage graduates to the higher value professions?

 Objective: to create opportunities for students/graduates in the sector and provide incentives were possible for the companies in the sectors to take on graduates and apprentices.

- Lift the productivity of the high employment sectors.

 Objective: Work with the businesses to upgrade and increase staff skill levels

- Review skills available vs skills required for high growth sectors, e.g. biochemistry, agri-tech to provide a platform for engaging Higher York with task of gearing provision appropriately.

Objective: To determine exactly were we stand in relation to having the right skill base to attract high value employers in the right sectors and the educationally geared to meet future demands.

Author

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