York and North Yorkshire
Labour Market Analysis 2023

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Introduction

This report provides an assessment of York and North Yorkshire's (YNY's) skills needs based on a detailed analysis of the supply and demand of skills together with evidence of mismatch and market failure. It identifies employment and skills priorities and sets out high level recommendations for action.

Covid-19 and its aftermath have had a profound impact on the workings of the local economy, labour market and education and training supply side. The pandemic resulted in a lockdown of much of the economy and a sharp rise in unemployment; the re-opening of the economy was accompanied by a rapid rise in vacancies and the onset of labour shortages. But the report seeks to see through what may be short-term effects to examine the underlying strengths and weaknesses of the local labour market, some of which are long term and structural and will continue to have a bearing on its future performance.

The key purpose of the analysis is to inform the deliberations of the LEP's Skills and Employability Board (which also serves as its Skills Advisory Panel). Skills Advisory Panels comprise employers, skills providers and local government, working together to understand and address local skills challenges. The analysis also has wider applications; for example, it can be used to inform the curriculum strategies of local institutions and to underpin local careers information and advice practice.

A key further objective of the document is to contribute to the evidence base for the Local Skills Improvement Plan (LSIP). The LSIP seeks to set out the priorities for change in order to make local education and skills provision more responsive to local labour market needs.

The content of the analysis takes account of the LEP's existing policy context and priorities around workforce skills, apprenticeships, social inclusion and enterprise in education.

The local landscape

Local action on employment and skills aims to contribute to improvements in wider economic performance, particularly around productivity, earnings and employment. It also seeks to foster greater inclusion around opportunities to participate and benefit from economic opportunities.

The York and North Yorkshire area has a distinctive labour market, characterised by a strong business base, a high overall rate of employment combined with low unemployment and a low prevalence of deprivation. However, its performance on productivity and pay is relatively weak. These aspects, and the important variations within the LEP area, are examined in more detail below.

York and North Yorkshire has a strong business base in terms of the ratio of businesses to head of population; there are 5,000 additional businesses locally compared with what would be the case if local business density matched the national average. Nine out of 10 businesses are micro in size (0-9 employees) and the LEP area is distinguished by large proportion of agricultural businesses in this size band. Compared to the national business profile, establishments in *Accommodation and food services* are also well represented. The local business base has grown in recent year but at less than half the rate seen nationally.

York and North Yorkshire faces a significant gap in its **productivity** performance with the national average. Output per hour worked in the LEP area is only 89% of the UK average (although the latest figures for 2020 were distorted by the effects of the pandemic). Within the LEP area York has substantially outperformed North Yorkshire on productivity prior to the exceptional year of 2020, although both parts of the LEP area have lost ground on the national average since the global financial crisis. There is a strong association between the relative performance of local areas on skills and their productivity performance. A comparison with other areas suggests that YNY has a weaker productivity performance than one would expect based on the strength of its skills base.

Pay levels also lag behind the national average, reflecting this weak productivity performance. At £575 per week, gross median pay for full-time jobs in the LEP area is only 89% of the national average of £646. The proportion of jobs paid below the Real Living Wage has fallen in recent years to around 12% but this is expected to increase substantially when figures for 2023 are published, due to the recent increase in inflation. YNY's pay deficit largely reflects a gap at the upper end of the pay distribution: well-paid workers in the LEP area are paid less than their national counterparts. In addition, the residence-based median rate of hourly pay is 5% higher than the workplace measure and 92% of the national average, indicating that a proportion of residents are commuting out of the LEP area to jobs that are better paid than those in the locality.

Real-time information indicates that **employee median pay has seen strong year-on-year growth in nominal terms in recent months**, although not sufficient to provide a pay increase in real-terms. However, the upward trend in nominal pay has flattened out in recent months, both locally and nationally, potentially providing early signs of a slowdown in the labour market.

The LEP area faces a **gender pay gap**[1] that is slightly lower than the national average. The overall pay gap for all employee jobs locally is 15%, slightly below the England average of 16%.

On the face of it, the LEP area has performed positively in getting people into jobs. The **local employment rate**, expressed as the proportion of the population aged 16-64 who are in work, is around three percentage points above the national average at 80%, versus 77%. The local rate has recovered relatively strongly since the pandemic and has been consistently higher than average over the last 15 years. However, this is partly due to relatively slow growth in the size of the LEP area's working age population, meaning that a fairly small increase in the number of people in employment has been sufficient to drive up the employment rate.

Real-time employee count information confirms the picture of recovery with the number of employees in employment in the LEP area 4% higher than pre-pandemic. However, the strength of the recovery varies at local authority level within York and North Yorkshire.

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[1] The gender pay gap is calculated as the difference between average hourly earnings (excluding overtime) of men and women as a proportion of average hourly earnings (excluding overtime) of men's earnings.

Recent employment growth has come in the form of **full-time employment** with a net fall in self-employment and part-time employment compared with 2019, although part-time jobs are still strongly represented in the LEP area.

Based on the official estimates **unemployment** remains low in the LEP area and is less than half the national average rate. Unemployment is consistently below the national average at local authority level within York and North Yorkshire, except in Scarborough where the rate is similar to the national average.

As of January 2023, there are currently around 10,000 people who are claimant unemployed in total in YNY, a claimant rate of 2% (national average=3.7%). The claimant count remains 23% higher than its pre-pandemic level recorded in February 2022 and, following a long period of steady decline starting in early 2021, has grown by around 5% since October 2022.

Acute **deprivation** is not widespread in the LEP area. Only 3 per cent of neighbourhoods fall within the 10% most deprived nationally; however, its isolated nature, with coastal communities particularly affected, means that outcomes are often poorer than in areas where it is more commonplace. In particular, Scarborough stands out as part of the LEP area that consistently underperforms against many socio-economic indicators. Education, training and skills deprivation is a more significant issue than other forms of deprivation in the LEP area.

Table 1: Key facts about the York and North Yorkshire labour market

Key fact	Notes and source
Mapping the landscape	
Size of total resident population – **818,300**	Census 2021, Office for National Statistics
Size of working age population (aged 16-64) – **495,700**	Census 2021, Office for National Statistics
Productivity level, gross value added per hour worked, in YNY: **- £36.10** (national average: £40.50)	Source: ONS Subregional Productivity July 2022 release, Office for National Statistics
Average pay: **£575 per week** (national average: £646)	Median gross weekly pay for full-time jobs. Source: Annual Survey of Hours and Earnings, 2022
Size of gender pay gap in YNY (median pay for all jobs; residence-based): **15%** (England average: 16%)	The gender pay gap is the difference between average hourly earnings of men and women as a proportion of average hourly earnings of men. Source: Annual Survey of Hours and Earnings, 2022
Employment rate in YNY: **80%** (national average 77%)	Proportion of people aged 16-64 in employment. Source: Annual Population Survey, October 2021 to September 2022.
Number of people in YNY who are unemployed or inactive (but would like a job): **20,000**	People aged 16-64 who are unemployed plus people who are inactive but would like a job as a proportion of population aged 16-64. Source: Annual Population Survey, October 2021 to September 2022.
Demand	
Number of workplace jobs in YNY: **465,000**	Workplace jobs comprise employee jobs, self-employed, government-supported trainees and HM Forces. Figures are for 2021. Source: Office for National Statistics, 2022
Proportion of people in employment working in high skilled occupations – **49%** (national average – 51%)	Proportion of people aged 16-64 in employment. Source: Annual Population Survey, October 2021 to September 2022.

Key fact	Notes and source
Proportion of workers in YNY that are employed in five lowest paid occupations – **21%** (national average – 17%)	Source: Annual Population Survey, October 2021 to September 2022.
Proportion of projected job openings in YNYER that are due to replacement demands rather than net job growth – **94%**	Source: Working Futures, 2017 - 2027
Supply	
Total further education learners, aged 16-18 – **8,900**	Figure relates to YNY residents in learning in 2021/22 academic year,. Source: Education and Skills Funding Agency
Total adult learners in further education – **12,200**	Figure relates to YNY residents in learning in 2021/22 academic year, includes Community Learning and Education and Training. Source: Education and Skills Funding Agency
Total apprenticeship starts in YNY – **7,458**	Figure relates to YNY residents starting an apprenticeship in 2021/22 academic year, includes British Army apprentices. Source: Education and Skills Funding Agency
Number of students enrolled at YNY higher education institutions – **30,300**	2020/21 academic year. Source: HESA
Mismatches	
Proportion of vacancies in YNY that are skill shortage vacancies – **19%** (national average – 25%)	Source: Employer Skills Survey 2019
Proportion of employers in YNY who have one or more staff with a skills gap – **13%** (national average – 13%)	Source: Employer Skills Survey 2019
Proportion of YNY employers who say the skills of their staff are underutilised – **36%** (national average 34%)	Source: Employer Skills Survey 2019

Demand for skills

The report provides an overview of the demand for skills in the area, based on the profile of jobs locally and the skills required to do those jobs. It considers the current picture and the way in which the pattern of demand is expected to develop in the future. The fundamental question that it addresses is: what skills are needed by employers and the local economy, both now and in the future?

This already difficult question has been made more difficult to answer by the **recent volatile conditions in the economy and labour market** arising out of the pandemic, followed by the supply-side and cost of living challenges associated with the re-opening of the economy and subsequently the war in Ukraine. Alongside this, the implementation of Brexit is also impacting sectors that are exposed to international trade.

YNY has a high **jobs density**, indicating that it has a strong supply of employment opportunities for local people. The area's ratio of workforce jobs to working age population is 0.94 compared with the national average of 0.86. Several districts have a very high jobs density, including Craven (1.14), Richmondshire (1.05) and Harrogate (0.99).

The four **biggest sectors** in the LEP area's employment base are *Wholesale and retail* (13% of total employment), *Accommodation and food services* (12%), *Health and social care* (also 12%), and *Manufacturing* (9%).

The local employment base has several distinct **sectoral specialisms**. Relative to the structure of the national economy, *Agriculture* and *Manufacturing* (particularly food and manufacturing), together with *Accommodation and food services* are key strengths of the local employment base. The key area of under-representation is knowledge-intensive services, which in proportionate terms accounts for only two-thirds of employment seen at national level. The local share of employment accounted for by the public sector is in line with the national average, although it is relatively high in York.

Overall, the LEP area has a **deficit of high skilled employment:** 49% of people are employed in higher skilled roles locally, versus a national average of 51%. There is also a disproportionate reliance on lower-skilled and lower-paid jobs. This deficit of workers in higher skilled occupations extends to employment in most industry sectors in the LEP area, reflecting relatively low value business activities, low productivity and an associated weak demand for skills locally.

In absolute terms, *Elementary administration and service* occupations, *Corporate managers*, *Administrative occupations* and *Business and public service associate professionals* are the largest occupations in the LEP area, each accounting for employment of more than 30,000.

In terms of specific **occupational specialisms**, the LEP area's employment base is distinguished by relatively large numbers of people employed in *Skilled agricultural trades* and *Protective service* roles. The latter reflects the considerable presence of the British Army locally. The key areas where employment is under-represented include the higher skilled occupational categories of *Science, research, engineering and technology professionals* (due to low employment in digital roles) and also in *Business, media and public service professional roles*, reflecting the comparatively small size of knowledge-intensive service activities locally.

The bulk of recent **sectoral employment growth** has been in service activities (both business and consumer-facing). The two business service categories of Administrative and support services and Professional scientific and technical activities had the highest net employment growth followed by Accommodation and food services. Looking beyond services, manufacturing and construction also grew over this period.

Occupational employment growth has mainly been concentrated in higher skilled occupations. The number of people employed in management, professional and associate professional roles has grown by 53,000 over the last decade, three times the rate for employment as a whole. Higher skilled occupations have also been the main source of growth since 2019, immediately before the pandemic.

The higher skilled occupational categories seeing the biggest growth in absolute terms in recent years were *Health professionals* (+7,000), *Corporate managers* (+7,000), *Business, media and public service professionals* (+7,000), *Business and public service associate professionals* (+6,000), and *Science, research, engineering and technology professionals* (+6,000). Some of the occupations seeing the biggest growth are those in which York and North Yorkshire is under-represented.

Aside from higher skilled occupations the biggest sources of net growth during this period were *Administrative* (+5,000) and *Caring personal service* roles (+3,000).

The categories seeing the biggest net declines in employment were mostly lower-skilled and manual occupations, including *Elementary trades* and *Elementary administration and service*, *Sales* (mainly retail roles) and *Skilled agricultural trades*.

Online job postings data provide an insight into the level and profile of current job openings. The number of vacancies advertised online in York and North Yorkshire is currently at high levels in historic terms, the monthly count having continued to rise during 2022. The LEP area has outperformed the national average in recent months in terms of growth in the number of postings.

The **occupational profile of job postings** in York and North Yorkshire is different to the national picture, reflecting its employment profile. The area is underweight in terms of higher skilled occupational groups including digital professionals and business roles but is strong in terms of *Caring personal services* and intermediate and lower skilled roles linked to the hospitality sector.

The occupational areas of greatest **vacancy growth** recently were *Caring personal services* (including Care workers and Teaching assistants), *Elementary administration and service* (including Kitchen and catering assistants and Cleaners and domestics) and *Science, research, engineering and technology professionals* (primarily digital roles including programmers and IT business analysts).

Around two-thirds of employers have **upskilling needs** in the LEP area. Employers are most likely to say that managers need upskilling. The types of skills employers believe need to be developed are a combination of operational skills, including job specific skills and product / service knowledge; complex analytical skills such solving complex problems; and digital skills including digital literacy and advanced IT skills. Functional literacy and numeracy skills are also highlighted.

Based on the latest *Working Futures* projections the main sectoral sources of net job growth in YNY in the period to 2035 are expected to be a diverse range of service activities, in the form of *Health and social work*, *Accommodation and food*, *Support* *services* and *Professional services*. The industries with the poorest prospects based on the projections continue to be drawn from the manufacturing and primary sectors of the economy. Key employment sectors like *Wholesale and retail*, *Construction* and *Public administration* are forecast to remain largely static in employment terms.

The projections indicate that higher skilled occupations will continue to see the strongest net growth in employment, whilst middle skilled administrative and manual roles will continue to see net contraction, although at much reduced rates of decline than previously expected.

Science, research, engineering and technology professionals is the category projected to see the biggest growth over the course of the period. Other higher-level occupations expected to see substantial growth are *Health and social care associate professionals*, *Business, media and public service professionals*.

Net employment growth is also projected for *Caring personal service*, *Customer service* and *Elementary trades* occupations. *Elementary administration and service* roles (an important source of jobs for York and North Yorkshire) is expected to see the biggest decline in absolute terms.

Replacement demands will reinforce labour requirements in areas of net growth, including most higher skilled occupations and caring roles, leading to strong recruitment needs in these areas. However, because replacement demands are expected to generate 11 times as many job openings as net growth in the period to 2035, they will also serve to offset net declines in other occupational areas, ensuring that most occupational areas will see a positive recruitment requirement over the next decade. The broad-based nature of the future recruitment requirement is a key message for those planning education and training provision within institutions and for individuals making careers choices.

Supply of skills

This section of the report provides an assessment of the current profile of skills and qualifications in the local area and considers the quality and responsiveness of the skills “pipeline” provided by apprenticeships, higher education, workforce development and other sources of skills supply.

Overall, the LEP area has a strong skills base and a high-performing skills pipeline. However, the impact of the pandemic on skills provision has not fully worked through. Participation in further education and skills programmes remains below pre-Covid levels.

With regard to local **demography**, the LEP area faces a challenge of a declining and ageing population. The working age **population of the LEP area contracted** by 2% between the 2011 and 2021 censuses, in contrast to the national picture, which saw an expansion of 4%. Some of the North Yorkshire districts saw much larger declines than the area as a whole over the courses of the decade, including Richmondshire (-11%) and Scarborough (-6%), whilst York remained largely static.

The LEP area has an **ageing population** with 24% of the population aged 65 and over compared with a national average of 18%. This is mainly a North Yorkshire phenomenon with York having a similar age profile to the national average.

The **size of the local labour force is in decline**. The working age population of York and North Yorkshire is projected to fall by 3% between 2018 (the baseline year for the latest available projections) and 2030, compared with growth of 3% nationally.

However, the number of young people aged 16-24 is projected to grow by 6% during this period and this is expected to contribute to heightened demand for further and higher education places in the period to 2030. This trend highlights the importance of maximising labour market participation and lends added urgency to the task of investing in the skills of existing members of the workforce to boost productivity.

The LEP area is characterised by strong inward and outward **commuting flows**. One-fifth of residents (66,000 people) commute to jobs outside YNY, whilst a fifth (21%) of people who work in the area commute from outside, 67,000 in absolute terms. Commuting links are strongest with Leeds and the East Riding in terms of both inward and outward flows (with Bradford also significant in terms of outward commuting). Overall, the LEP area's inward and outward commuting flows are close to being in balance.

A key characteristic of the LEP area is its **rural nature and remote locations**. Combined with a lack of transport options, this presents a particular challenge to local employers in addressing their skilled labour needs and results in hard-to-fill vacancies.

A key strength of the LEP area is the **qualification profile** of its labour force. The proportion of local people qualified at tertiary level (level 4 and above) is higher than the national average (48% versus 43%), whilst the proportion with no formal qualifications is smaller (5% versus 6%). YNY LEP is ranked first out of all northern LEPs with regard to the proportion of people qualified at a higher level (Level 4 and above). The LEP area has seen an improvement over time in its qualification profile, both in terms of growth in the proportion of people qualified at a high level and an ongoing reduction in the proportion qualified below level 2.

Apprenticeship starts grew by 11% during the 2021/22 academic year, as part of the continuing recovery from the impact of Covid-19. Starts remain 5% below their pre-pandemic (2018/19) level, however. Although starts grew in most subjects during 2021/22, several subjects remain below their 2018/19 level, including the key subjects of *Business, administration and law*, *Retail and commercial enterprise*, and *Engineering and manufacturing*. Conversely, *Health, public services and care*, *Construction*, and *Information technology* had a higher level of starts than in 2018/19. Intermediate level apprenticeship starts (-31%) and starts for young people (-12%) remain well below their pre-pandemic position whilst higher level starts have grown (+45%) and starts for people aged 25 and above (-1%) have seen little change.

Higher apprenticeship provision is narrowly concentrated in subject terms, and there is little sign that this is changing over time. In 2021/22, 76% of all higher level starts fell within *Business, administration and law* and *Health, public services and care* subject areas. The number of higher apprenticeships in the technical areas of construction, engineering and information technology have all grown recently but from a low base; they currently account for 6%, 3% and 6% of total higher apprenticeship starts respectively.

The number of **higher apprenticeships** in the technical areas of *Construction*, *Engineering* and *Information technology* together account for 13% of higher level starts. The number of starts in these subject areas has grown by a combined 58% since 2018/19, albeit from a low base. This constrains progression pathways and the general responsiveness of provision to the full range of higher-level skills needs, including in shortage areas.

There are issues around the **inclusiveness of apprenticeships** with regard to access for the disadvantaged and gender segregation. Although the overall apprenticeship entry rate is high across much of York and North Yorkshire following Key Stage 4, the proportion of pupils eligible for free school meals entering an apprenticeship is much lower than for other pupils. Apprenticeships are also highly segregated by sex and subject, reflecting a broader national pattern. For example, 79% of starts on *Health, public services and care* apprenticeships were for females in 2021/22 but the proportion of female starts in *Construction, planning and the built environment* was only 6%.

Participation in adult education remains 29% below 2018/19 levels for Education and Training and Community Learning strands in combination. Education and Training provision is weighted towards qualifications at or below level 2 and is concentrated in subjects like *Health and social care* and *Information Technology,* as well as basic skills.

The LEP area has a significant **higher education footprint** with around 30,000 student enrolments at its two higher education institutions during the 2020/21 academic year. HE provision in local institutions is strongly focused on *Physical sciences*, *Social sciences*, *Languages* and *Historical, philosophical and religious studies*, with *Biological and sport sciences* and *Mathematical sciences* also well represented. It is under-represented across a range of subjects including *Subjects allied to medicine*, *Engineering and technology*, *Architecture, building and planning*, as well as *Business and management* and *Design and creative and performing arts*.

The economic benefit that local areas derive from their higher education institutions is to a large extent determined by the degree to which **qualifiers remain in the area following graduation**. Two-fifths of graduates from YNY institutions are retained in Yorkshire and the Humber 1-year after qualifying, falling to around one-third at the 5-year point. York St John University has a much higher retention rate (of 63% at the 1-year point) reflecting the fact that it recruits many of its students from the local area.

Local **entry rates into higher education** are relatively strong, with 48% of young people entering HE by the age of 19 compared with 44% nationally. However, the LEP area performs poorly with regard to entry rates for pupils who are eligible for free school meals. North Yorkshire, York and the LEP area as a whole all perform below the national average in this regard. They are also characterised by wider than average gaps between the entry rates for disadvantaged and non-disadvantaged pupils. For York and North Yorkshire as a whole the progression rate gap stands at 27 points, compared with a national average gap of 19 points. Entry rates into HE have seen an upward trend for all groups in recent years but there is no sign of a sustained reduction in the progression rate gap.

Inclusive access to employment is central to fostering opportunities for individuals and broadening the supply of labour available to employers. In line with its strong general employment performance, disadvantaged groups perform well relative to the national average in terms of accessing employment. For example, the employment rate for disabled people is 6 points higher locally than nationally. However, disabled people and older workers still face marked employment rate gaps of 22 points and 17 points respectively.

With YNY businesses making an estimated £600m annual investment in staff skills and a majority of the 2030 workforce already in employment, activity on **workforce development** is central to improving the local skills base. 61% of employers in the LEP area provide any kind of training to their staff, the same proportion as the England average. At the same time 59% of staff received training, similar to the national average of 60%. There have been some modest changes against these indicators between 2019 and the previous survey in 2017, with the proportion of establishments providing training falling by 3 points but the proportion of staff receiving training increased by 2 points. The largest volume of training in YNY is undertaken in the business services sector but staff in the health sector are most likely to receive training.

However, it is important to **view training behaviour in the context of business need**: 37% of local employers acknowledge that they under-invest in training from this perspective. The key constraints relate to a lack of funds for training and an inability to spare staff time for training. The key challenge is to make the case for training as a business investment that will deliver suitable returns in the form of improved business performance.

Another key challenge relating to workforce development is **unequal access to job-related training**. Local people are slightly more likely to undertake job-related training than nationally, with 26% receiving training in the previous 13-week period compared with the national average of 19%. The prevalence of such training appears to have increased since the pandemic in York and North Yorkshire. The area performs well across the board in terms of access to training for various groups in the workforce relative to national counterparts. However, some workforce groups are significantly less likely to undertake job-related training than others both locally and nationally, with a potential impact on prospects for pay and progression. For example, workers who are already qualified to a high level (level 4+) are, by a significant margin, more likely to receive training than their less qualified colleagues. Public sector workers are also more likely to receive training than workers in some other sectors.

The **physical accessibility of education and training services** is a particular issue within the rural parts of the YNY LEP area. For example, the average travel time to college by public transport or on foot is more than twice as high for Ryedale (50 minutes) as for York (20 minutes).

Mapping of skills demand and supply

Where skills mismatches are acute and persistent, there can be significant implications for business performance. This kind of market failure presents a policy priority but also offers an opportunity for individuals considering their career options to target areas of unmet demand.

Much of the data relating to skills mismatches is drawn from the Employer Skills Survey, published by the Department for Education. Partly due to the impact of the pandemic this survey data has not been updated since 2019, meaning we lack a fully up to date picture of skills deficit issues. This area of analysis will need to be revisited once refreshed data from the 2022 survey becomes available.

Labour shortages are currently a major cause for concern in terms of their impact on the wider economy. The tightness of the labour market is reflected in the historically low ratio of jobless claimants to vacancies (online job postings). But it is important to differentiate between general shortages and skill shortage vacancies which are primarily the result of a deficit of skills among candidates.

Skill shortages are vacancies that are difficult to fill due to a lack of candidates with the required skills. Around a fifth of vacancies in the LEP are skill shortages – vacancies that are hard-to-fill due a lack of candidates with the required skills.

Construction, manufacturing and primary / utilities are the **sectors most susceptible to shortages** in YNY. Shortages have a very high prevalence in skilled trades occupations. The skills that employers find most difficult to obtain from applicants are principally specialist, job-specific skills and knowledge required to perform the role (for 59% of shortage vacancies). However, other skills including customer handling, team working and time management are also highlighted.

Drilling down into the more detailed **occupational pattern of shortages** across Yorkshire and the Humber, the highest prevalence of shortages is among higher skilled occupations with significant technical requirements, including health professionals and STEM professionals plus a range of skilled trades.

The causes of hard-to-fill vacancies are not confined to lack of the required skills among applicants. There is also a range of contextual factors that hamper employers when recruiting the people that they need. Employers in the LEP area are especially likely to highlight issues with poor terms and conditions offered for the post, perhaps reflecting the large number of lower-paid roles in YNY; and remote location / poor public transport, reflecting the rural nature of North Yorkshire.

Skills gaps are another form of skills mismatch and come about when existing employees within an organisation are not fully proficient in their job and are not able to make the required contribution to the achievement of business or public service objectives. The pattern of skills gaps provides a useful indication of employers' needs in terms of workforce development.

Thirteen per cent of employers in the LEP area are affected by a **lack of proficiency among existing staff**. There are approximately 17,000 gaps, equivalent to around 5% of total employment in YNY. This is similar to the national picture, in terms of the proportions of employers and workers affected by skills gaps. The proportion of employers who report having a skills gap is slightly higher in York at 16%, compared with North Yorkshire at 12%. This may reflect the sectoral make-up of employment in York and its reliance on activities like hospitality and retail which have a high susceptibility to skills gaps

Hotels and restaurants, wholesale / retail and manufacturing are the sectors most affected. Lower-skilled elementary and sales / customer service occupations, together with administrative roles, are most susceptible to gaps.

People in higher skilled roles are less likely to have skills gaps, with the key exception of managers. **Gaps in management proficiency are an issue for a significant proportion of organisations** with major implications for wider workforce development and business performance.

Many skills gaps pertain to operational skills and are caused by staff turnover and the need to train new recruits. However, some gaps are driven by deficits of complex analytical skills and digital skills. Many workers with skills gaps need to improve their soft skills, in areas such as time management, team working, customer handling skills and persuading / influencing others.

Mismatches are not just caused by a deficit of workers' skills; **under-utilisation** of skills is also an issue. Just over a third (36%) of employers in the LEP area say that they have workers whose skills / qualifications are in advance of those needed for the job; this is slightly above the national average of 34%. The survey data suggest that underutilisation has a higher incidence in North Yorkshire at 38% than in York at only 25%. This issue matters because an inability to use acquired skills and knowledge has a de-motivating effect on workers and represents a missed opportunity for employers to maximise productivity.

A structural mismatch between the occupational background and skills of the jobless and the requirements of the labour market acts as a barrier to employment for this group. Compared with the occupational profile of current employment **the unemployed and inactive are much more likely to have an occupational background in lower-skilled occupations**, principally elementary but also sales and customer service, plus caring roles and operative roles in the case of the inactive. The proportion of unemployed and inactive people with a background in higher skilled management, professional and associate professional is less than half that of people in employment (16% versus 43%). Moreover, the jobless are disadvantaged by their qualification profile. Both the unemployed and the inactive are less likely to hold a qualification at tertiary level than the employed and are more likely to hold a low-level qualification or have no formal qualifications at all.

The report provides an indicative comparison of **the subject profile of further education and skills provision**, relative to the current profile of demand in the labour market, based on online job postings. For apprenticeships, this shows that *Health and social care*, *Building and construction* and *Business management* attract relatively large shares of apprenticeship provision. Other disciplines, including *Administration* and *Hospitality and catering* attract low shares of apprenticeship provision relative to their shares of labour market demand. With regard to classroom-based adult education the profile of provision is heavily skewed towards *Health and social care*.

Applying the same approach to higher education, **comparing the profile of HE achievements with the profile of labour market demand**, in the form of online job postings in higher level occupations, also highlights disparities. There are several areas where supply is low relative to estimated demand. Key instances are technical subjects of *Engineering and technology*, *Computing and architecture, building and planning* plus *Business management*. Conversely, there are subject areas in which supply, reflected in the proportion of qualifiers relative to the proportion of openings, appears to be high. This is the case for *Design and creative and performing arts*, *Social sciences*, *Media, journalism and communications*, *Psychology* and *Biological and sports sciences*.

The LEP area has more people working in high skilled jobs in the LEP area workplaces than it has economically active people qualified at level 4 and above. The trends suggest that the local area has been successful in terms of increasing employment in higher skilled jobs alongside steady growth in the number of people who are qualified to a higher level.

3 Introduction

3.1 Purpose of this report

What skills are needed to support the development of the local economy, to enable people to fulfil their career potential and to promote inclusion?

This document seeks to provide a comprehensive assessment of skills needs across the YNY LEP area, taking into account the level and nature of labour demand and the sufficiency of skills available in the local area in meeting this demand.

In theory, a properly functioning local labour market will allocate resources, including skilled workers, to parts of the economy that demonstrate the greatest demand for them. In reality a series of market failures mean that this process operates in a sub-optimal way, as reflected in the presence of various types of skills mismatch in the LEP area. Not least among these failures is a failure of information. There are disconnects between employers and individuals regarding the skills and other attributes that are required from recruits. In some cases, education and training providers' curricula may not fully reflect demand in the local labour market.

In addressing these issues the richer and more comprehensive the information available to all parties about opportunities, the better the labour market will work.

Skills needs are to a large extent driven by the profile of employment in the economy – both sectoral and occupational. But at present it is hard to say with certainty what this profile will look like even in the medium term because of the continuing volatility in the economy and labour market arising out of the aftermath of the pandemic and then the cost of living crisis sparked by the invasion of Ukraine. Added to this, most of our sources of local data have a time lag, which limits our ability to assess the current labour market situation.

In undertaking labour market analysis the aim is to add value by supplying intelligence for the following purposes:

- To support strategy and policy development, particularly around areas of market failure in the local labour market.
- To influence the focus / profile of local learning delivery with reference to evidence of labour market demand and the wider learning supply picture.
- To inform individuals' careers choices by providing clear and robust information on labour market opportunities.
- To inform action by local employers (including through collaborative action) to address the skill needs of business.
- To support policy development and action on skills by local authority districts within York and North Yorkshire.

The ultimate aim is to use intelligence to get the right people with the right skills in the right place to support economic growth and individual progression and well-being.

The government seeks to support the achievement of this outcome through a series of interventions set out in its Skills for Jobs White Paper (2021), which are designed to make the further education and skills system more responsive to the needs of local economies (see below).

3.2 Skills Advisory Panels

The government's policy on Skills Advisory Panels (SAPs) reinforces the importance of local labour market analysis and clearly defines the context for decision making and action by local partnerships with regard to employment and skills issues.

The aim of Skills Advisory Panels is to ensure that local areas can get the skills they need by setting out priorities for action and investment by local partners.

Local Enterprise Partnerships across England are developing Skills Advisory Panels, each comprising employers, skills providers and local government - pooling their knowledge on skills and labour market needs and working together to understand and address key local challenges. The Skills and Employability Board (SEB) of the LEP is currently in the process of taking on the SAP remit for YNY.

SAPs reach an evidence-based view on local skills needs drawing on intelligence about the labour market. This document is intended to serve as a central element of that evidence base for York and North Yorkshire and it aims to inform the SEB's / SAP's thinking around employment and skills priorities.

3.3 Local Skills Improvement Plans

Arising out of the Skills for Jobs White Paper, Local Skills Improvement Plans (LSIPs) are part of a wider effort to put employers at the heart of the skills system to help ensure businesses and people have the skills they need to prosper. The government expects that most of the country will have a LSIP developed and approved by the Secretary of State by summer 2023.

The key purpose of LSIPs is to set out the key priorities and changes needed in a local area to make post-16 technical education or training more responsive and closely aligned to local labour market needs.

The development of LSIPs is led by Employer Responsive Bodies. For York and North Yorkshire, the West and North Yorkshire Chamber of Commerce fulfils this role.

The intention is to develop actionable priorities that are grounded in a representative and coherent employer view of the skills needed to support local economic growth and boost productivity, and improve employability and progression for learners. There also needs to be effective join-up between the priorities and other parts of the local skills system.

LSIPs will selectively focus on areas of provision that can have the greatest impact on the local economy and can gain traction with local stakeholders.

They have a lifetime of three years with the option to be reviewed and updated during this time to ensure continued relevance in a fast-changing environment.

LSIPs also need to explicitly consider skills development needs associated with jobs that contribute to the achievement of net zero objectives and wider environmental goals.

This document provides an evidence base to support the development of the Local Skills Improvement Plan for York and North Yorkshire.

3.4 Structure of the document

In order to assess the employment and skills needs of the LEP area this document works through the following stages:

- The local landscape. This section assesses how the local area is performing in terms of productivity, living standards and inclusion and shows how employment and skills are critical to raising performance in future.
- Supply of skills. What is the level and profile of skills available from the local labour force? This section examines the characteristics of the existing labour force and also considers the output of skills being delivered by the local "skills pipeline", comprising the formal education and training system and employers' own investment in workforce development.
- Demand for skills. The report examines the key forces that shape local demand for skills including changing industrial structure and the product market strategies of firms. We then turn to key indicators of the current demand for skills, including occupational structure and formal qualification attainment before taking a forward looking perspective on the prospects for skills demand.
- Skills mismatches. In this section the key types of mismatch are defined, taking account of deficits of skills demand as well as supply. The prevalence of each type of mismatch within the local area is then examined, giving an insight into the scale and nature of market failure in the area.
- Conclusions and implications. What does this analysis mean for the LEP's agenda around getting the right skills in place to support business growth and individual career progression? How effective is the employment and skills system in responding to local needs?

3.5 Policy context

The LEP's Skills Strategy 2021-26 was launched at its annual skills conference in January 2021 and sets out a vision for York and North Yorkshire to be a place where people are empowered to achieve their potential in a greener, fairer, stronger economy. There are four strategic pillars:

- Our young people equipped to make quality decisions about education, training and careers
- Our employers able to access the skills to grow highly productive and inclusive workplaces
- Our local skills providers enabling businesses to respond with innovation and resilience to a dynamic economy
- Our communities empowered by learning and skills that support everyone to participate fully in society.

The Skills and Employability Board will review the progress of the strategy on an annual basis and will refresh it on a regular basis in response to emerging opportunities and changes within the employment and skills landscape over time.

The intention is that this report will provide an input into future thinking around these opportunities and challenges.

4 The local landscape

Summary

- York and North Yorkshire has a highly distinctive economy and labour market, it has a large business base and performs strongly against key indicators including employment, economic activity and unemployment. But productivity is relatively low and this is reflected in low average pay. York's labour market profile is different to that of North Yorkshire in several respects that are further explored in the report.
- YNY has a high ratio of businesses to head of population. Nine out of 10 businesses are micro in size (0-9 employees) and the LEP area is distinguished by a large representation of agricultural and hospitality businesses. The business base has grown in recent years but at a slower rate than nationally.
- Productivity figures were disrupted by the impact of the pandemic in 2020 but the underlying position remains that the York and North Yorkshire area as a whole underperforms on productivity relative to the national average.
- Pay levels for the LEP area are also lower than the national average, reflecting productivity performance. The hospitality and agriculture related jobs that are strongly represented in the area tend to be low paid. The pay deficit mainly lies with North Yorkshire, whilst York is close to the national average. There is some evidence that local residents are commuting out-of-area to better paid jobs.
- Around 12% of jobs in the LEP area pay below the Real Living Wage. This proportion has fallen significantly in recent years but is expected to rise as a result of inflationary pressures. There is also a significant gender pay gap in YNY, which is particularly large in York, but this seems to be on a downward trend.
- The overall employment rate of the LEP area has been consistently higher than the national average over the last 15 years and has recovered to its pre-pandemic position in recent months. York and North Yorkshire's strong employment rate performance is partly due to slow population growth locally, as the increase in the number of people in employment has been limited.
- Since the pandemic local employment growth has come from employee and full-time jobs rather than part-time working and self-employment, which have seen a net reduction.
- Based on official estimates the unemployment rate remains low in the LEP area at below 2%, which is less than half the national average rate. The rate has now fallen to its position before the pandemic.
- The count of out of work claimants in York and North Yorkshire declined steadily between early 2021 and late-2022 but then increased by 5% between October 2022 and January 2023. The count is currently 23% above its pre-pandemic level recorded in February 2020. National forecasts suggest that claimant unemployment will grow by a modest degree in the medium-term.

This section provides important context to the analysis of local skills needs by examining the area's performance against high level economic and labour market indicators, including productivity, pay, employment and deprivation. These are the things that we need to positively influence through action on employment and skills if the wider vision for the LEP area around prosperity, the fulfilment of individual potential and inclusion, is to be realised.

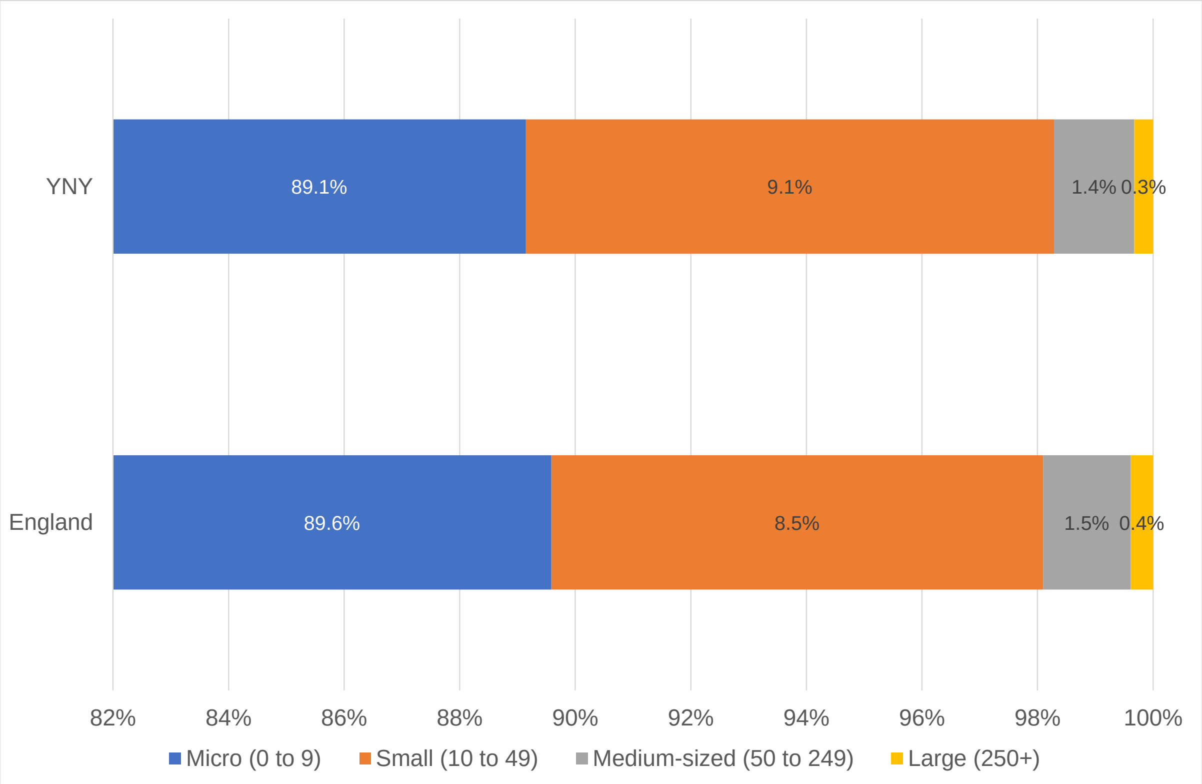
4.1 Business base

The size and sectoral profile of the local business base is a key determinant of the area's economic performance but is also an important influence over the character of local skills needs, as well as being a determinant of business behaviour around training and skills investment.

YNY has a strong business base relative to the size of its population

The area has a relatively strong business base: its 39,935 enterprises equate to 49 enterprises per 1,000 population, much higher than the national average ratio of 43. This means there are just over 5,000 additional businesses locally compared with what would be the case if local business density matched the national average.

Figure 1: Profile of local enterprises by size (number of employees), 2022

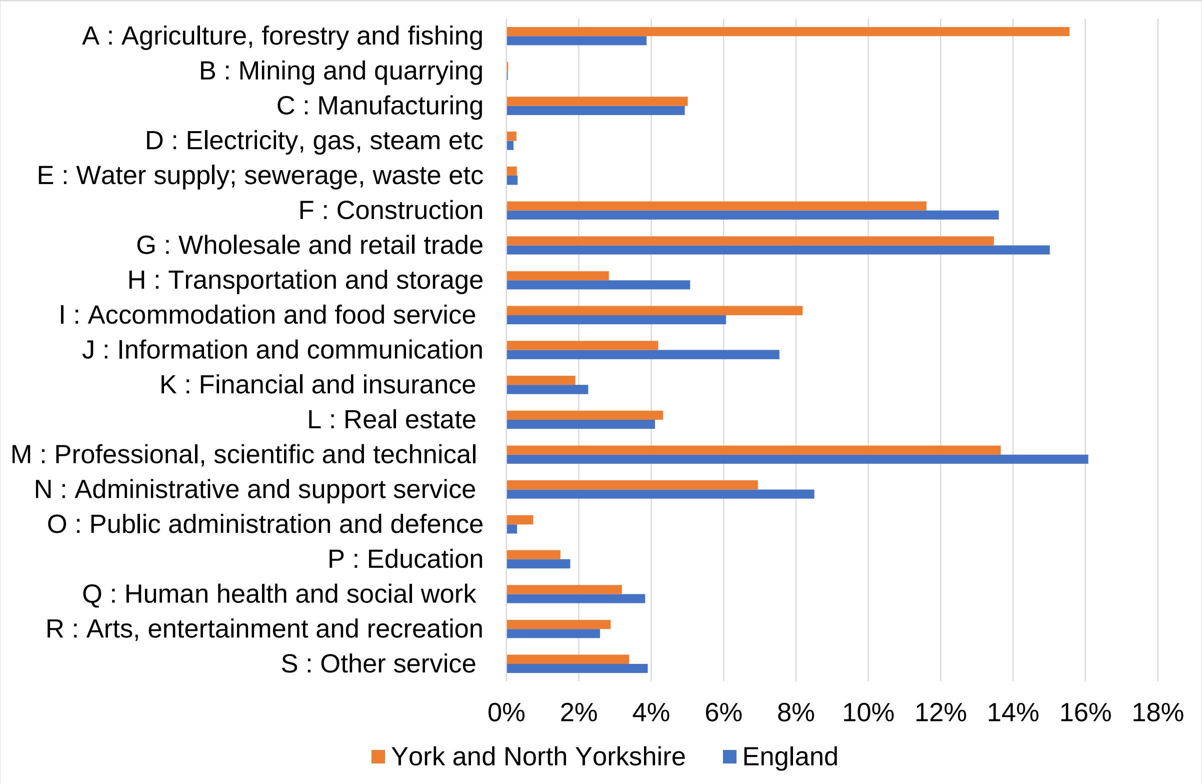


Source: Office for National Statistics, UK Business Counts

The size profile of local enterprises is similar to the national picture, with micro businesses accounting for just under nine out of 10 of total enterprises. In combination medium and large businesses account for less than 2% of the total, with the remaining 9% comprising small enterprises with 10 to 49 employees.

The LEP area has a strong representation of businesses in the *Agriculture, forestry and fishing* sector. This sector accounts for 16% of all enterprises in the area, a proportion that is around four times the national average. Around 97% of enterprises in this sector employ fewer than 10 people and it has more micro businesses locally than in any other sector.

Figure 2: Profile of local enterprises by industry section, 2022



Source: Office for National Statistics, UK Business Counts

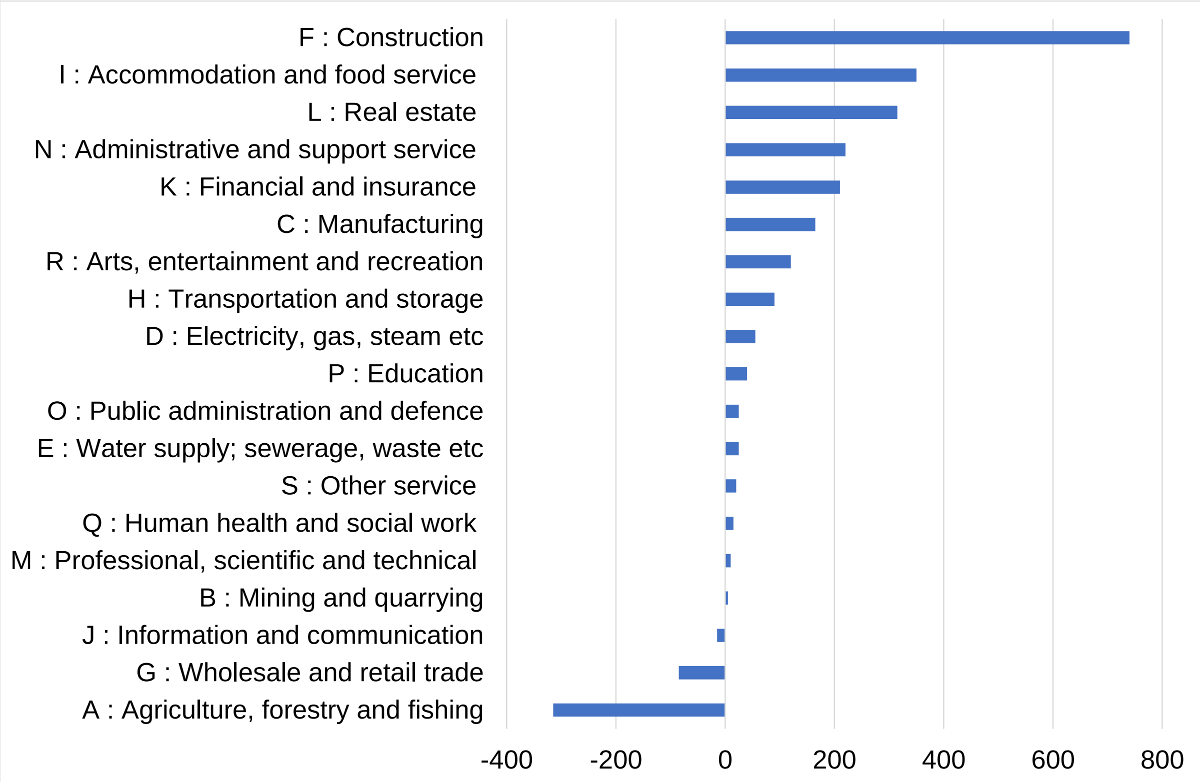
Compared to the national business profile, establishments in *Accommodation and food services* are also well represented, accounting for 8% of total enterprises compared with 6% nationally.

A number of sectors are under-represented in the business base of York and North Yorkshire to a significant degree, including *Information and Communication*, *Professional services*, *Construction*, *Wholesale and retail* and *Transportation and storage*.

The sectors with the biggest shares of medium and large enterprises are *Manufacturing* (15% of businesses in this category), *Health* (13%) and *Wholesale and retail* (12%).

The business base of York and North Yorkshire has grown in recent years. The number of enterprises increased by 5% or nearly 2,000 between 2015 and 2022. However, this was well below the national average growth rate of 14% for the same period.

Figure 3: Net change in count of enterprises, York and North Yorkshire, 2015 to 2022



Source: Office for National Statistics, UK Business Counts

The biggest areas of growth in absolute terms over this period were *Construction*, *Accommodation and food service* and *Real estate*. These areas of growth were partially offset by a net fall in the number of enterprises in the *Agriculture, forestry and fishing sector*.

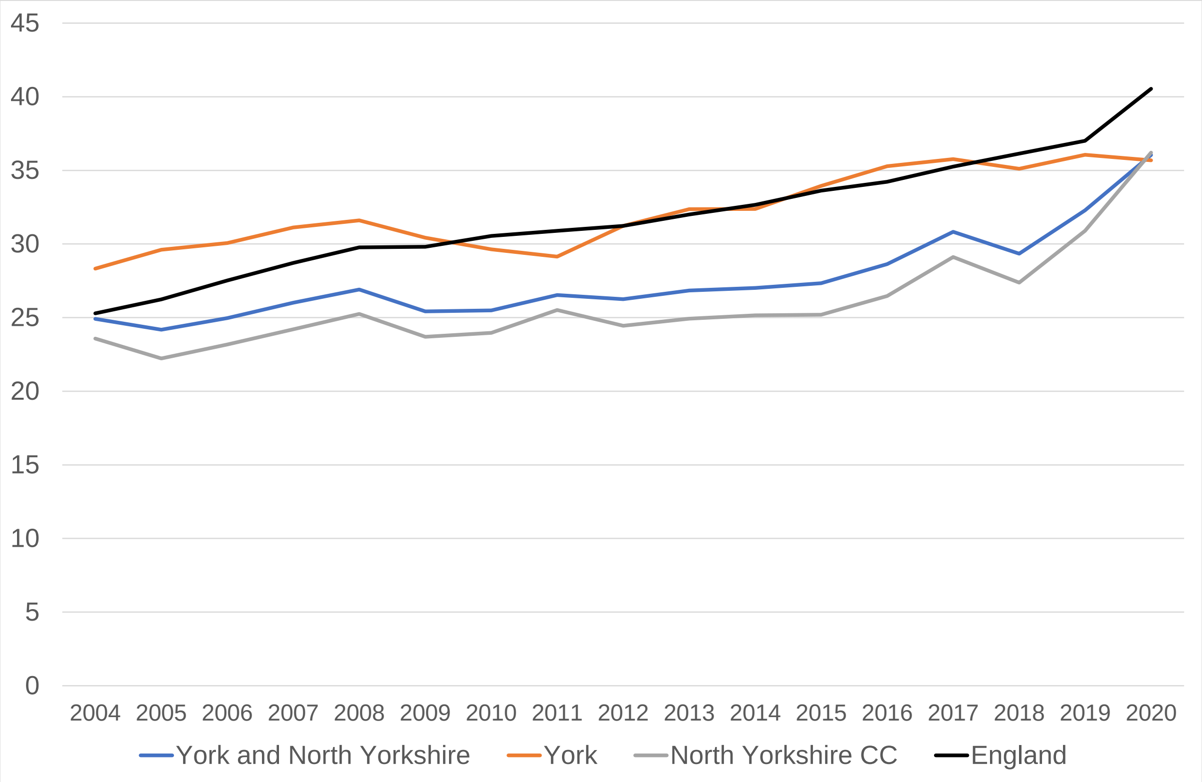
4.2 Productivity

Productivity is a central measure of the performance of the local economy because it is the main driver of economic growth, prosperity and living standards.

The LEP area faces a gap with UK average performance on productivity

The recent performance of the national economy has been problematic in respect of productivity. Since the recession productivity growth has stalled, growing at a rate far lower than that seen prior to the crisis, whilst lagging the progress seen by a number of international competitors. Nonetheless, many local economies have fallen behind even this weak national performance.

Figure 4: Trend in productivity - GVA per hour worked (£) in current prices (smoothed)



Source: Office for National Statistics

It should be noted that the impact of the pandemic distorted the latest available productivity figures in 2020.

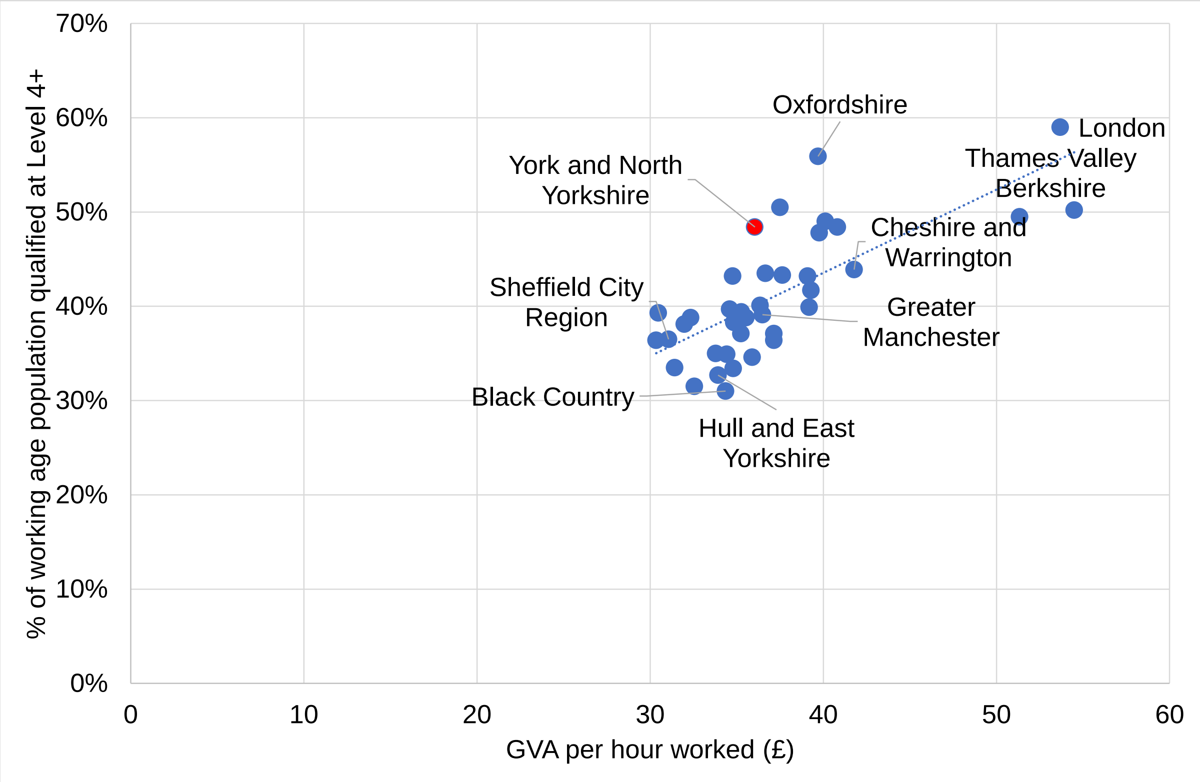
Parts of the service economy with the lowest productivity levels, such as hospitality, were closed down during 2020. this means they were effectively stripped out of the figures giving an artificial boost to productivity in most parts of the UK. the level of economic output actually fell across the UK.

The effect on productivity is particularly visible for North Yorkshire, where sectors like hospitality form a big part of the economy. Productivity increased sharply here in 2020, also pushing up the figure for York and North Yorkshire. There was also an increase at national level. However, York remained flat in productivity terms in 2020, probably reflecting the differing structure of its economy.

The underlying position is that YNY productivity is well below the national average. In 2020, it was 89% of the England average, a slight increase on the 87% registered in 2019, although this change may be partly due to the unique conditions of 2020 as outlined above.

The component parts of the LEP area have performed differently over time, in terms of their productivity performance. York's output per hour was 12% higher than the England average in 2004 but rapidly converged with the national average during the financial crisis and has shadowed the national average position ever since, other than in 2020. York's output per hour worked was 97% of the England average in 2019. North Yorkshire has been well below the England average throughout much of the period for which data are available. Although it rose to 89% of the national average in 2020, this may be due to the unique circumstances of that year; in the previous year productivity in North Yorkshire was only 83% of the England average.

Figure 5: Skills and productivity performance by LEP area



Source: Annual Population Survey; ONS LEP level estimates of productivity

This productivity deficit has important consequences. It is estimated that the local economy would be around £3.2 billion larger, an increase of 15%, if its productivity performance could be raised to match the UK average[2]. This is important because prosperity in the LEP area is relatively low.

YNY is not capitalising fully on its skills base in terms of its productivity performance

A simple illustration of the link between productivity performance and skills is presented in Figure 5 which plots the performance of LEP areas against two variables – productivity (output per hour) and higher level skills (the proportion of the working age population qualified at level 4 and above). This shows the strong relationship between the two. York and North Yorkshire is positioned towards the left of the distribution, indicating relatively low productivity although higher than many northern LEPs. The top right area, indicating high productivity and a strong skills base, is mainly occupied by areas from London and the South East.

Relative to other areas YNY skill levels are above what one would expect in view of its productivity performance, suggesting that the area’s skills base is underutilised and / or that there is outward commuting of more skilled residents (the qualification measure is residence-based whereas the productivity measure is workplace based).

[2] This calculation is based on productivity and output data for 2019 to remove the distorting effect of the pandemic.

4.3 Pay

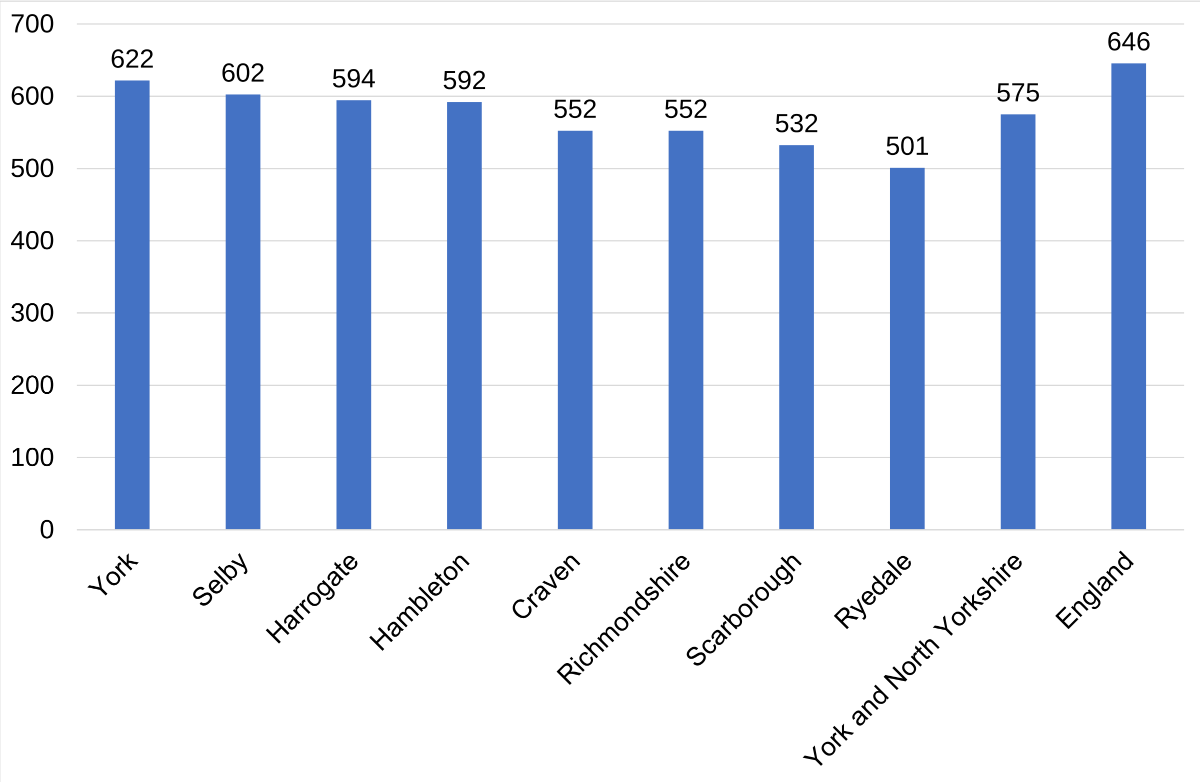
Productivity is closely linked to pay and therefore to living standards: more productive firms pay higher wages.

Average pay in York and North Yorkshire is low

The LEP area's underperformance on productivity is reflected in its performance on pay. Pay is also an important indicator of job quality and of the skill levels being deployed within the area. At £575 per week, gross median pay for full-time jobs in the LEP area is only 89% of the national average of £646.

All districts in the area have a median rate of pay that is below the national average, ranging from £501 in Ryedale (78% of the national average) to £622 (96%) in York.

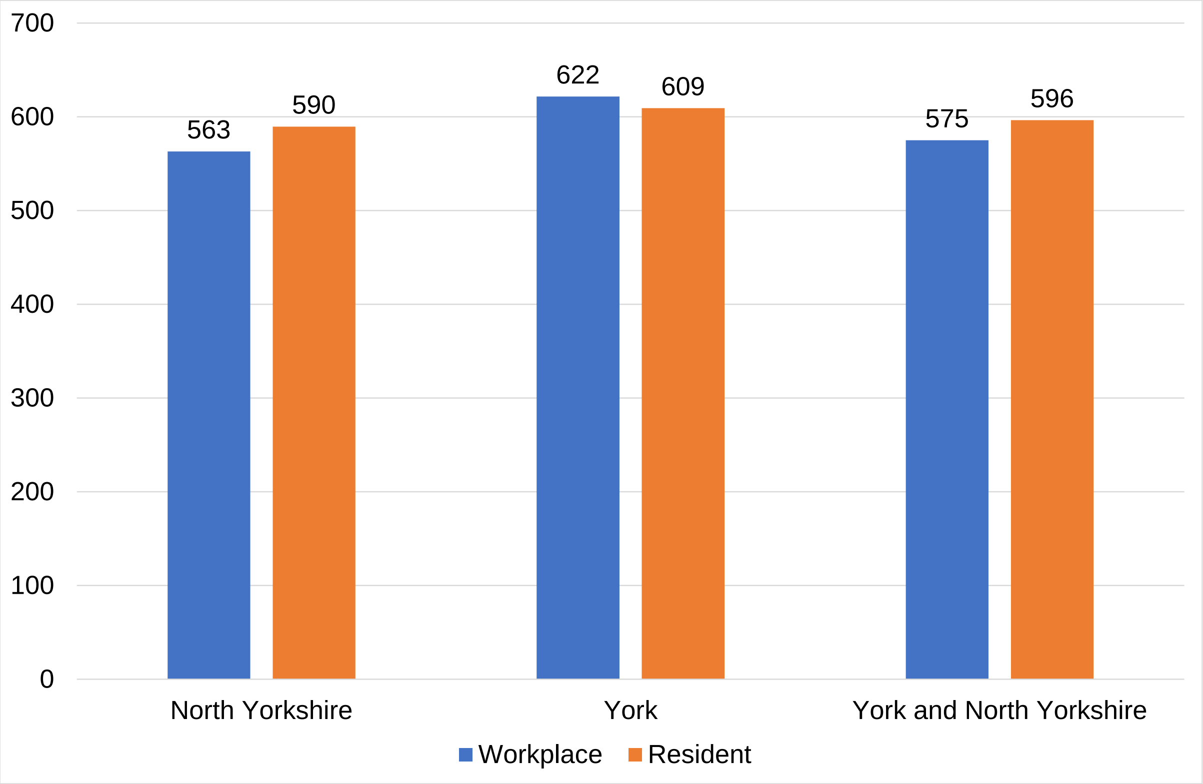
Figure 6: Median gross weekly pay for full-time jobs, 2022



Note: Geography relates to place of work
Source: Annual Survey of Hours and Earnings, 2022

These figures relate to jobs that are located in workplaces in the LEP area. The figures for jobs that are held by residents of the LEP area but are in some cases located outside the area are more positive, although still below the national average. The residence-based median rate of weekly pay is £21.00, 4% higher than the workplace measure and 92% of the national average, indicating that a proportion of residents are commuting out of the LEP area to jobs that are better paid than those in the locality.

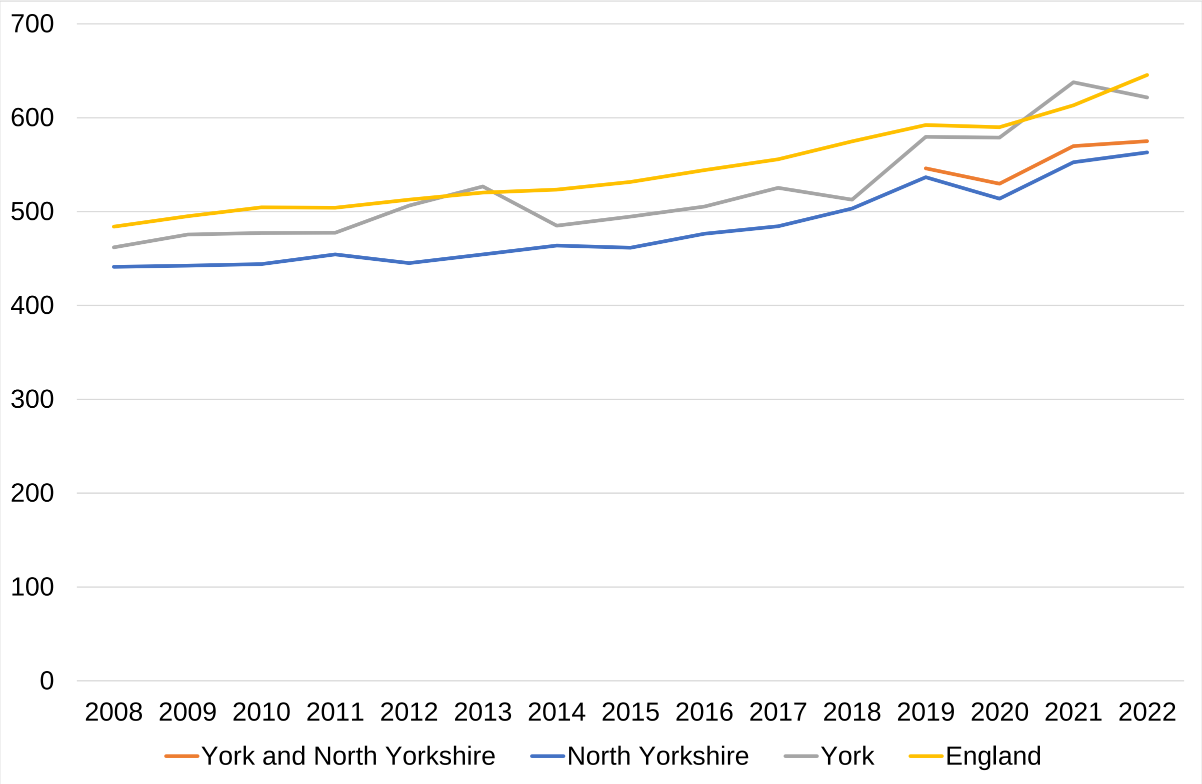
Figure 7: Median weekly pay for full-time workers – comparison of workplace and resident rates



Source: Annual Survey of Hours and Earnings, 2022

This pattern applies to most districts within the LEP area, with the exceptions of Craven and York where workplace pay is higher than the residence-based measure. This indicates that inward commuters undertake relatively well-paid jobs within each of these districts.

Figure 8: Trend in median gross weekly pay (£) for full-time jobs; workplace analysis



Source: Annual Survey of Hours and Earnings

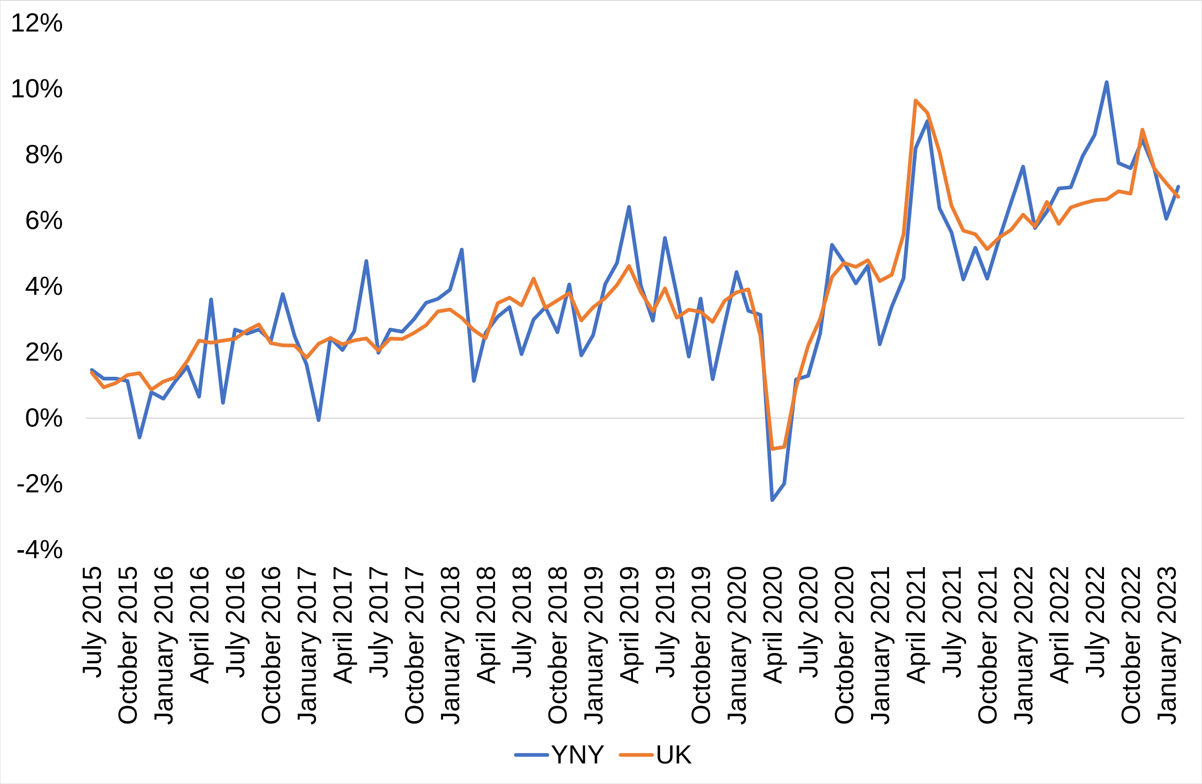
There is no evidence that the pay gap with the UK average is narrowing. Figures for York are quite volatile but the trend for York and North Yorkshire suggests a fairly constant gap with the national average.

Pay as You Earn Real Time Information (PAYE RTI) is drawn from administrative data for the whole employee population (for those paid through PAYE) and provides timely and accurate information on this group in terms of pay and employment levels.

Real-time data indicates that that there has been growth in pay in nominal terms but that this equates to a pay cut in real terms

This data shows that year on year pay growth has been on the increase since the economy started to re-open during the pandemic. The latest figures, for February 2023, show growth in median pay of 7% compared with the same month of 2022, similar to the national average. However, when adjusted for inflation this equates to a fall in pay in real terms of around 3%.

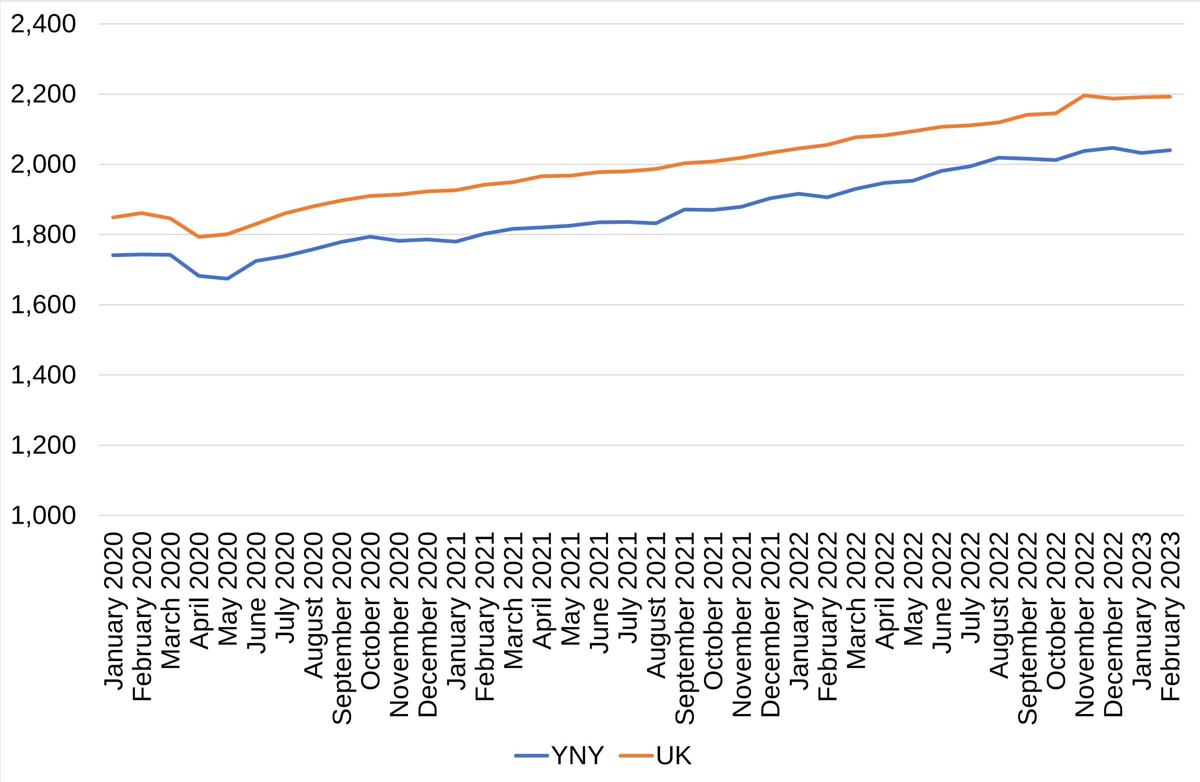
Figure 9: Percentage change in median pay on same month in previous year, seasonally adjusted



Source: Pay As You Earn Real Time Information from HM Revenue and Customs

The level of median pay for employees is 93% of the national average based on these latest figures.

Figure 10: Trend in median pay, seasonally adjusted



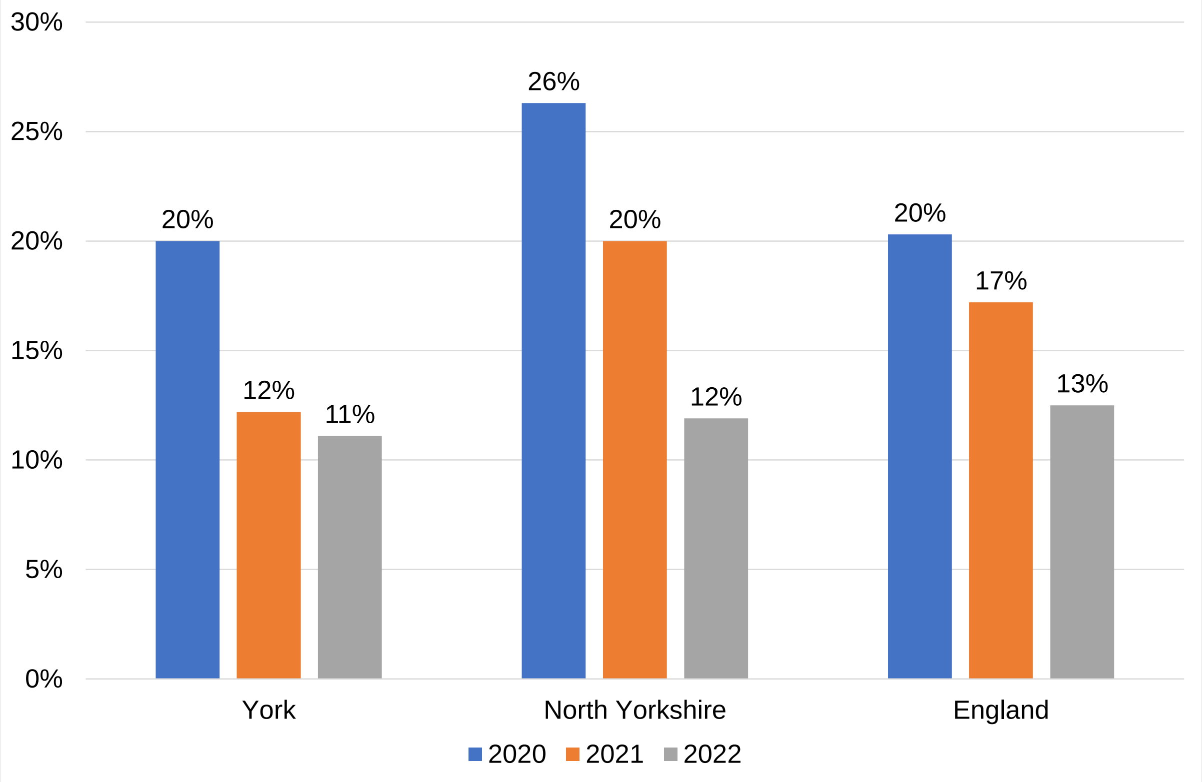
Source: Pay As You Earn Real Time Information from HM Revenue and Customs

There are also clear signs that the upward trend in pay levelled off during late 2022, both for York and North Yorkshire and nationally. This is partially concealed by the figures for year on year change and provide and early and tentative indication of a slowdown in local and national labour markets.

Around 12% of local jobs are paid below the Real Living Wage in York and North Yorkshire

According to the Annual Survey of Hours and Earnings 2022, 11% of jobs in York and 12% in North Yorkshire pay less than the Living Wage Foundation's Living Wage rate, which is intended to reflect the level of pay people need to get by. This means that approximately 12% of jobs in YNY pay below the RLW (LEP figures are not published and this is a rough calculation),. This is slightly lower than the England average of 13%. In total, around 44,000 people across the LEP area are paid below the LWF's Living Wage threshold.

Figure 11: Proportion of employee jobs paying below the Real Living Wage (as defined by the Living Wage Foundation), 2022



Note: Workplace-based estimates. Real Living Wage set at £9.90 for areas outside London in 2022.
Source: Annual Survey of Hours and Earnings 2022

Complete data are not available for the North Yorkshire local authorities. Based on the estimates that are available he proportion of jobs that are low-paid based on this measure is high in Scarborough (15%) and Hambleton (14%) but is low in Harrogate (8%).

There has been a large reduction over time in jobs paid below the Real Living Wage. In North Yorkshire the figure has more than halved between 2020 and 2022, falling from 26% to 12% and in York the figure fell from 20% to 11% over the same period. The reduction in low paid jobs against this measure is believed to be mainly due to enhancements in the National Living Wage and National Minimum wage.

The current cost of living crisis is likely to offset much of the progress seen in recent years. Since the 2022 estimates were published the Real Living Wage threshold has been raised by a pound an hour to £10.90 in recognition of the impact of inflation. The Real Living Wage Foundation project that the 2023 data (published in the autumn) will show that the proportion falling below the threshold has returned to around 20% at national level, which implies a similar effect in York and North Yorkshire.

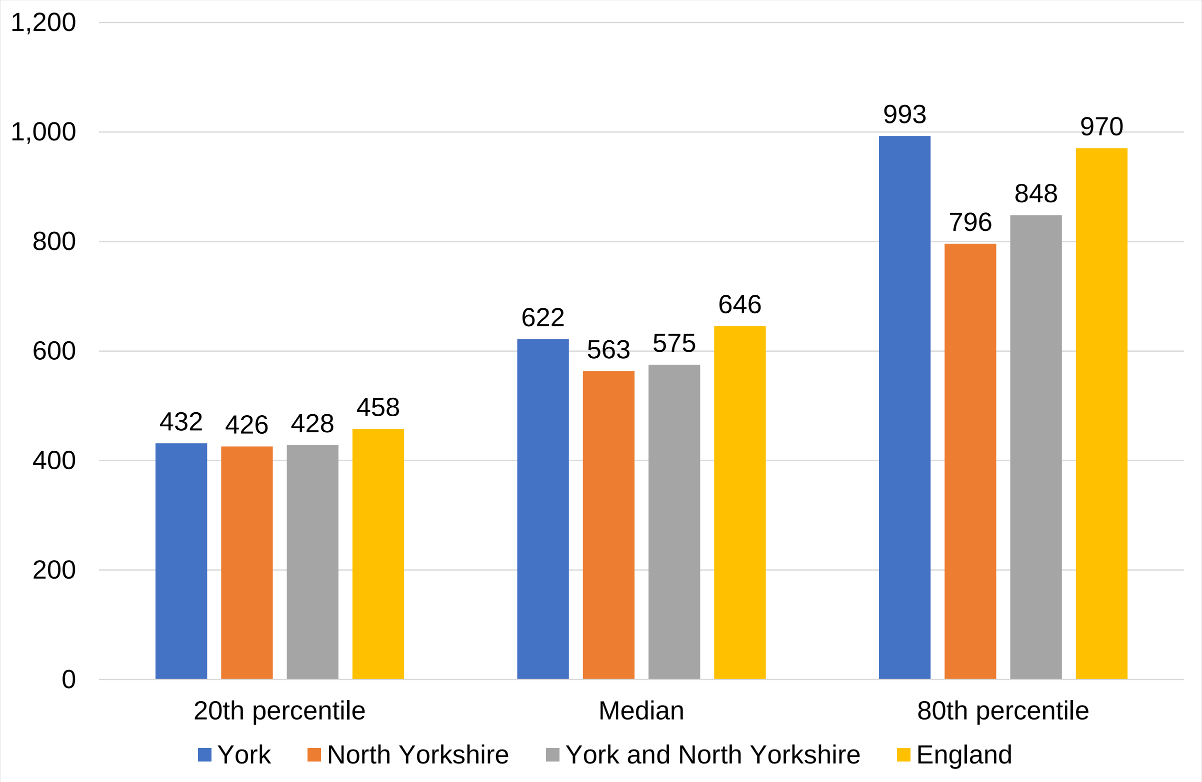
The pay deficit is driven by a pay gap for higher paid workers

Although the region has a significant proportion of people paid below the Living Wage, the main source of the pay deficit with the national average is under-performance at the upper end of the pay distribution.

For example, the pay level for jobs at the 20th percentile in the LEP area is 94% of the equivalent national figure; however, at the 80th percentile it is only 87% of the national figure.

This indicates that the highest paid jobs in the region are paid significantly less than the highest paid jobs nationally and this is the main source of the overall pay gap. This, in turn, reflects the under-representation of jobs in the highest skilled occupations in the region.

Figure 12: Distribution of gross weekly pay (£) for full-time jobs



Source: Annual Survey of Hours and Earnings, 2022

As with other aspects of the local pay deficit, the difference with the national average is due to the performance of North Yorkshire. Pay in York is 2% higher than the national average at the 80th percentile point.

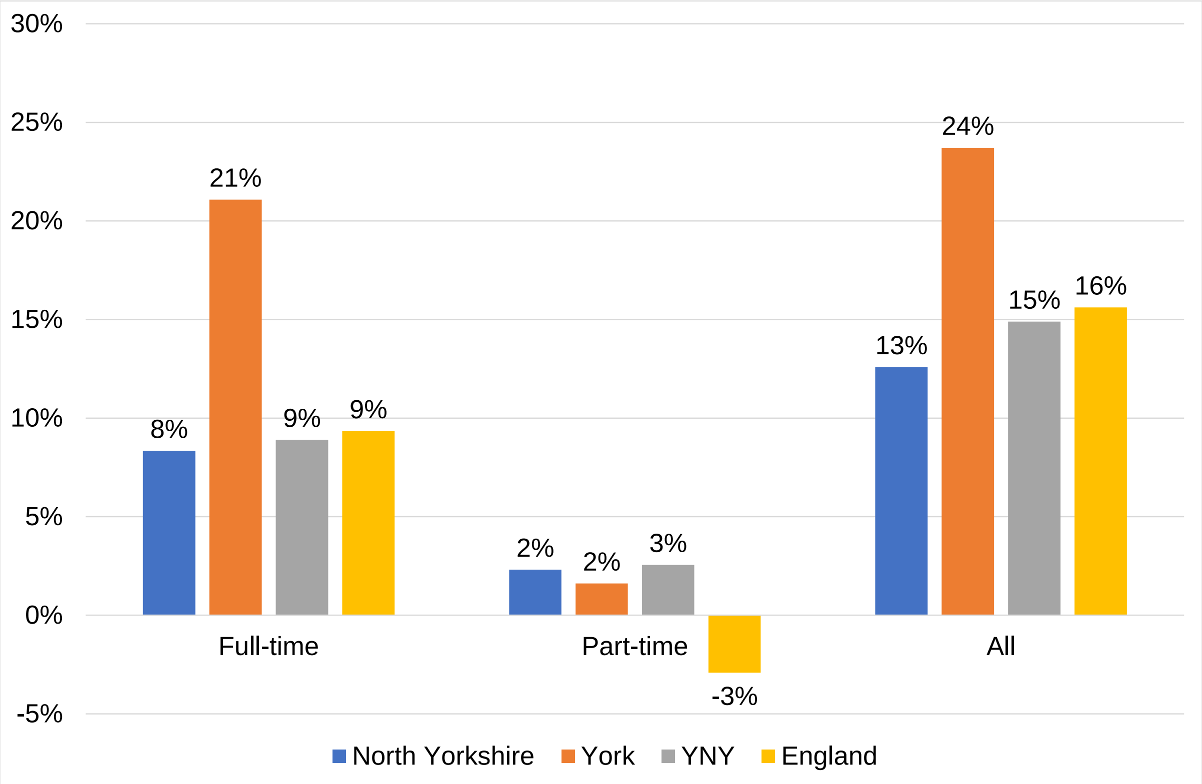
The LEP area has a relatively large share of its workplace employment in low-paid occupations. This is significant because level of pay provides a rough indication of the level of skill required to perform a job and its contribution to productivity. Around 90,000 people employed in workplaces in the LEP area fall within the five lowest paid occupational groups[3], equivalent to 21% of total employment. This is higher than the national average of 17%.

[3] These are: Skilled agricultural trades; Elementary trades; Sales; Textiles, printing and other skilled trades; and Elementary administration and service.

York and North Yorkshire's gender pay gap is similar to the national average

The LEP area faces a gender pay gap[4] that is similar to the national average. The overall pay gap for all employee jobs locally is 15%, slightly below the England average of 16%. The size of this gap partly reflects the fact that women are more likely to work in part-time roles which attract a lower hourly rate of pay. At 9% the gap for full-time jobs is smaller but still substantial; and it matches the national average figure. The pay gap for part-time jobs is 3% in York and North Yorkshire. This is in contrast with the national average of -3%, which is a negative figure, reflecting the fact that across the country as a whole women earn more per hour than men in these roles. The gender pay is much more pronounced in York for full-time roles than in North Yorkshire and is also 8 points above the national average, suggesting very different pay dynamics.

Figure 13: Gender pay gap for median gross hourly earnings (excluding overtime; workplace analysis), 2022

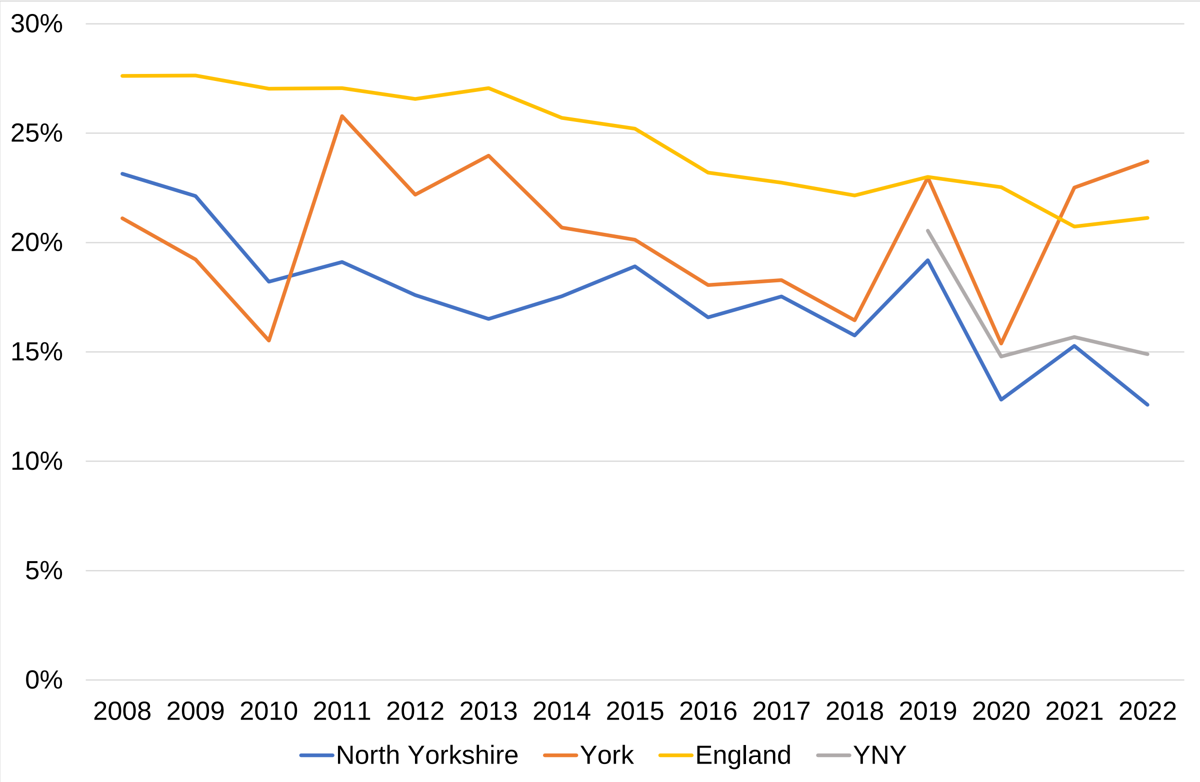


Source: Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics

There are no published estimates of pay by age group at local level but national data clearly shows that the gender pay gap is almost entirely due to pay disparities among the older age bands.

[4] The gender pay gap is calculated as the difference between average hourly earnings (excluding overtime) of men and women as a proportion of average hourly earnings (excluding overtime) of men's earnings.

Figure 14: Trend in gender pay gap, all jobs



Source: Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics

The local level data are volatile. They point to an underlying downward trend in the overall gender pay gap for North Yorkshire, reflecting the broader trend across England. North Yorkshire's gender pay gap has been consistently below the national average since 2008 and this is largely reflected in the position of York and North Yorkshire as a whole, although the available time series is shorter in this case. York's gender pay gap has spiked upwards in the last two years for which data are available following a downward trend lasting several years. This may at least partly reflect the wider confidence intervals that apply to the York estimates.

4.4 Employment

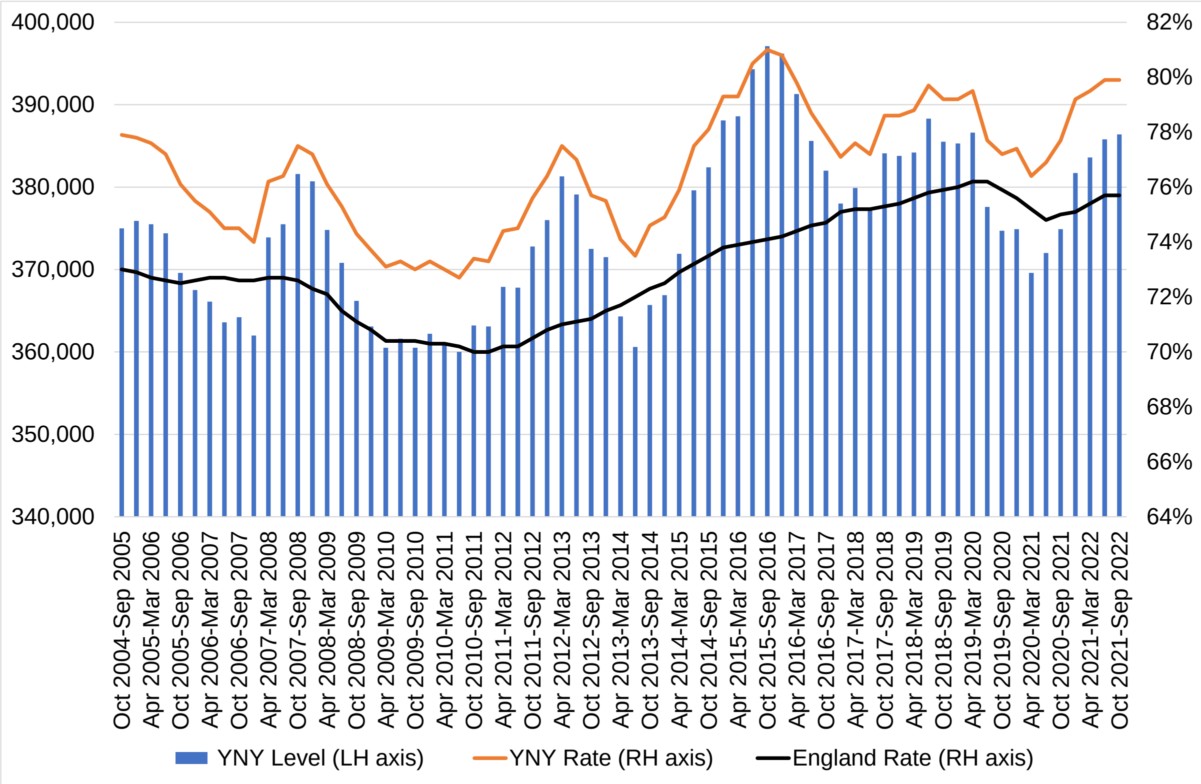
The level of employment in the LEP area is the main indicator of the overall demand for labour in the area.

The local employment rate is above the national average and has largely recovered following the pandemic

The employment rate in the YNY LEP area, expressed as a proportion of the population aged 16-64, is four percentage point above the national average at 80% (versus 77%[5]) as of October 2021 to September 2022. The local rate has been consistently higher than average over the last 15 years and has recovered relatively strongly in the aftermath of the pandemic. The current rate is 1 point higher than pre-pandemic (October 2018 to September 2019).

[5] Rounding means that this calculation appears incorrect.

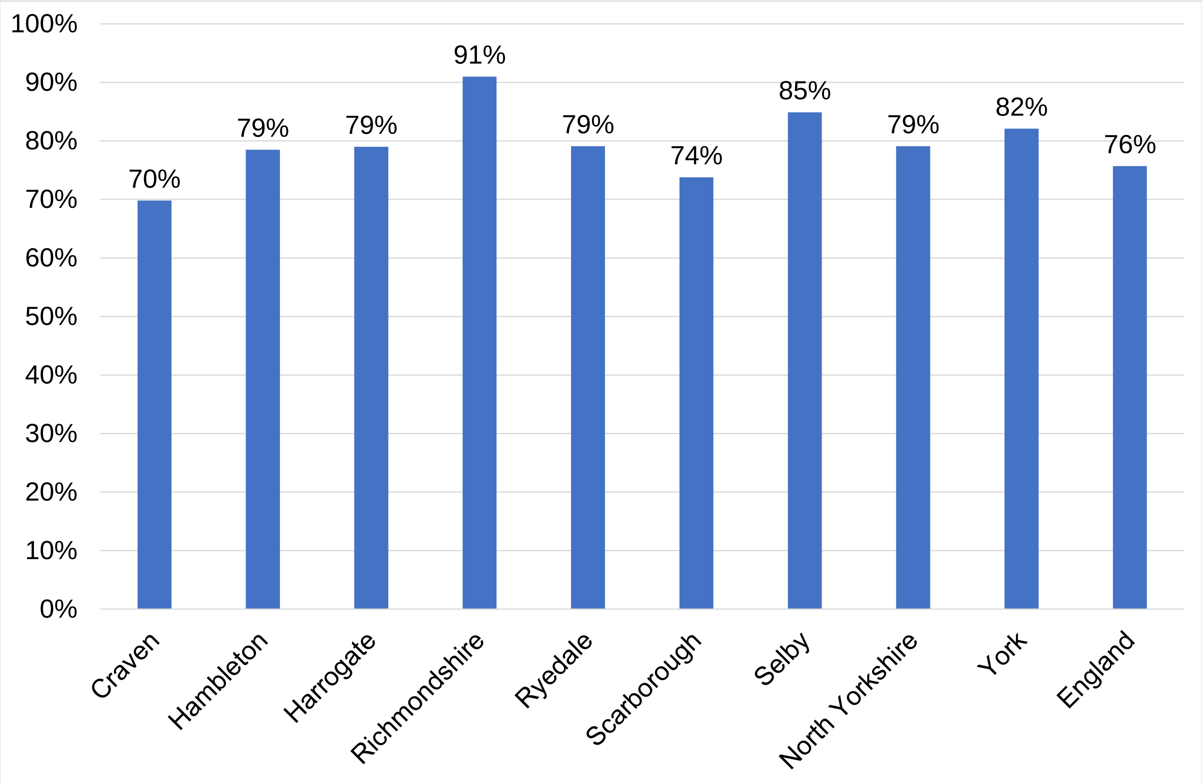
Figure 15: Trend in employment rate (% of working age (16-64) population in employment)



Source: Annual Population Survey

Within the LEP area six of the eight local authorities have an employment rate above the national average; Richmondshire, Selby and York each outperform the England average by a wide margin. Craven and Scarborough have rates below the national average with Craven's deficit being six percentage points.

Figure 16: Comparison of employment rates (of population aged 16-64)



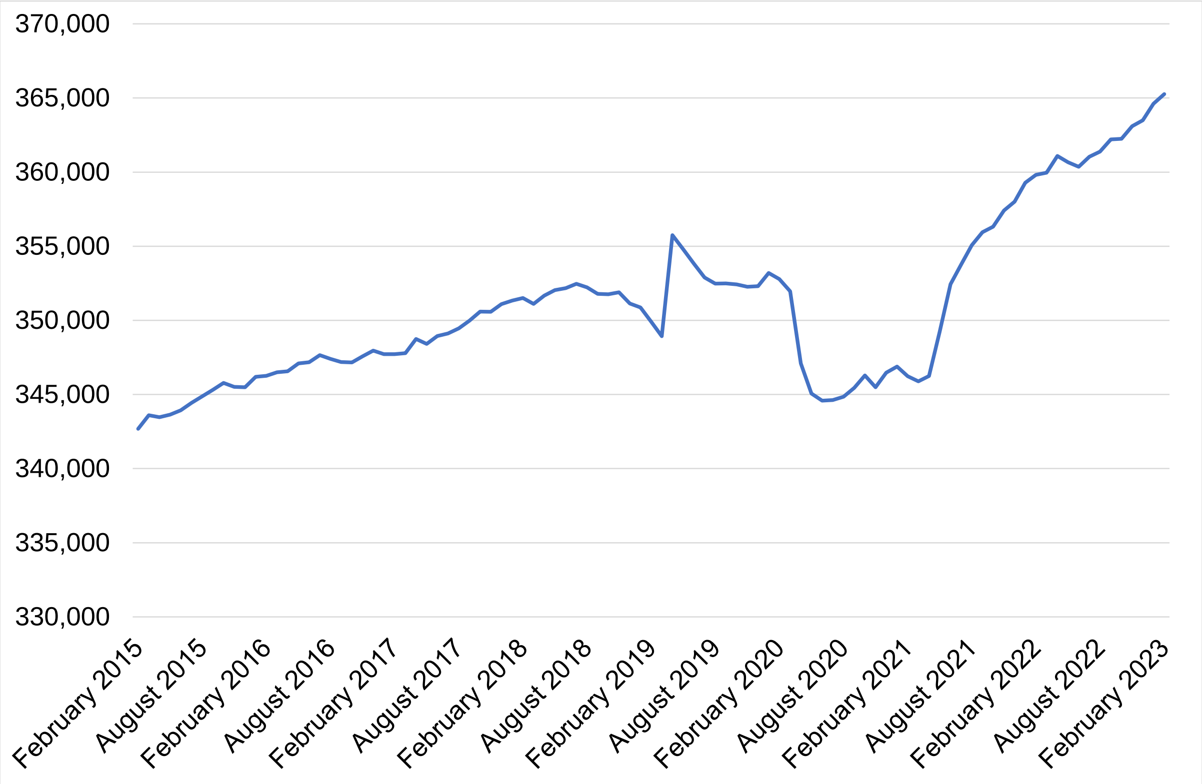
Source: Annual Population Survey, October 2021 to September 2022

Pay as You Earn Real Time Information (PAYE RTI) is drawn from administrative data for the whole employee population (for those paid through PAYE) and provides timely and accurate information on this group. It does not include the self-employed.

Real-time data shows that the number of employees in YNY is growing steadily

This more timely data shows that the count of employees in York and North Yorkshire has grown continuously since the early part of 2021, as the economy re-opened.

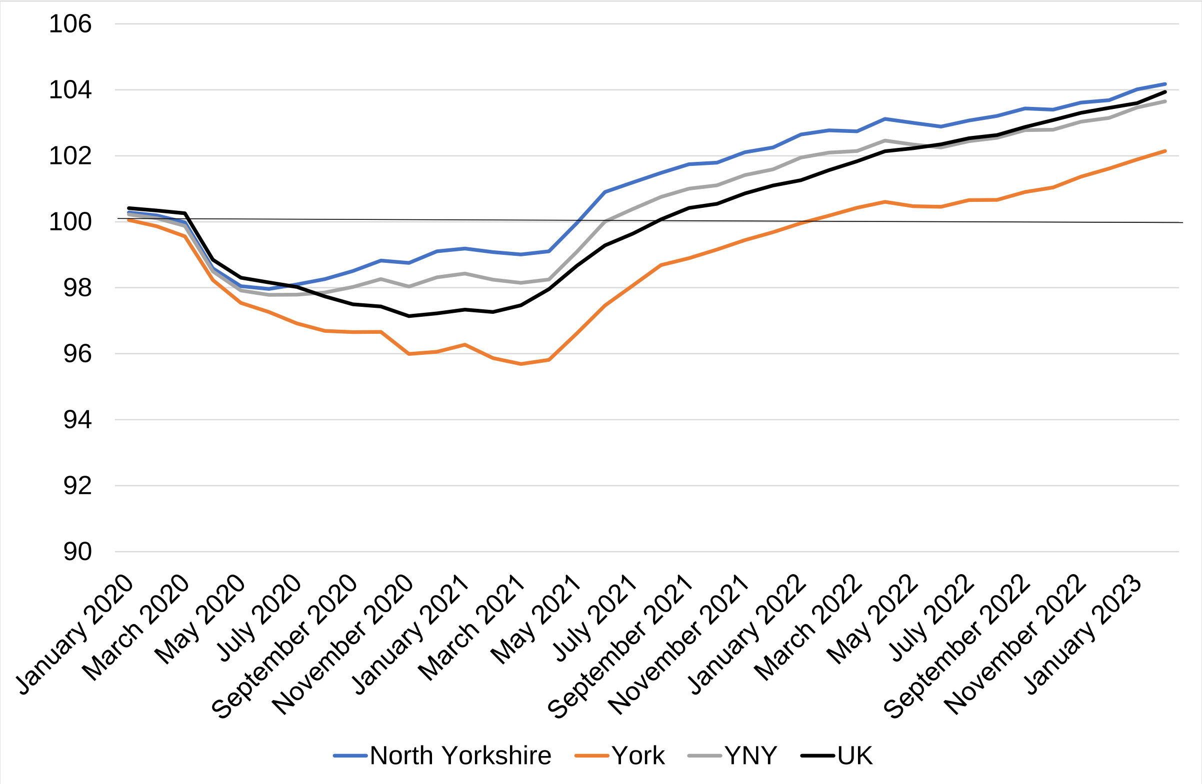
Figure 17: Trend in employee count, York and North Yorkshire



Source: Pay As You Earn Real Time Information from HM Revenue and Customs

The count of employees in York and North Yorkshire is around 13,000 or 4% higher than it was in 2019 prior to the pandemic (based on an average of the monthly count for that year).

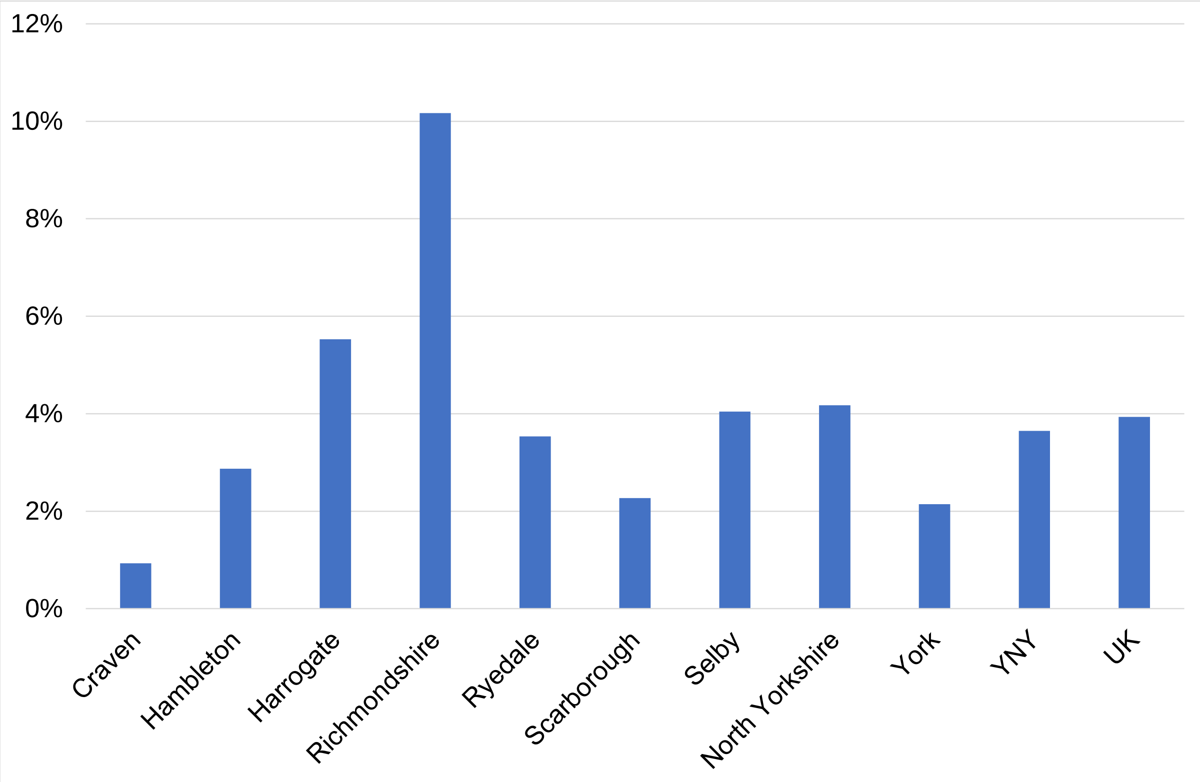
Figure 18: Trend in employee count; index: average of 2019=100



Source: Pay As You Earn Real Time Information from HM Revenue and Customs

The recovery in the employee count since the pandemic has been on a par with the UK average for YNY as a whole. However, although North Yorkshire has outperformed the UK picture to a marginal extent York has lagged someway behind.

Figure 19: Net growth in the employee count – February 2023 versus average of 2019



Source: Pay As You Earn Real Time Information from HM Revenue and Customs

Growth in the employee count has been uneven across the North Yorkshire districts. Whereas Richmondshire saw growth of 10% and Harrogate growth of nearly 6%, Craven experienced growth of less than 1% and Scarborough growth of barely 2% relative to 2019.

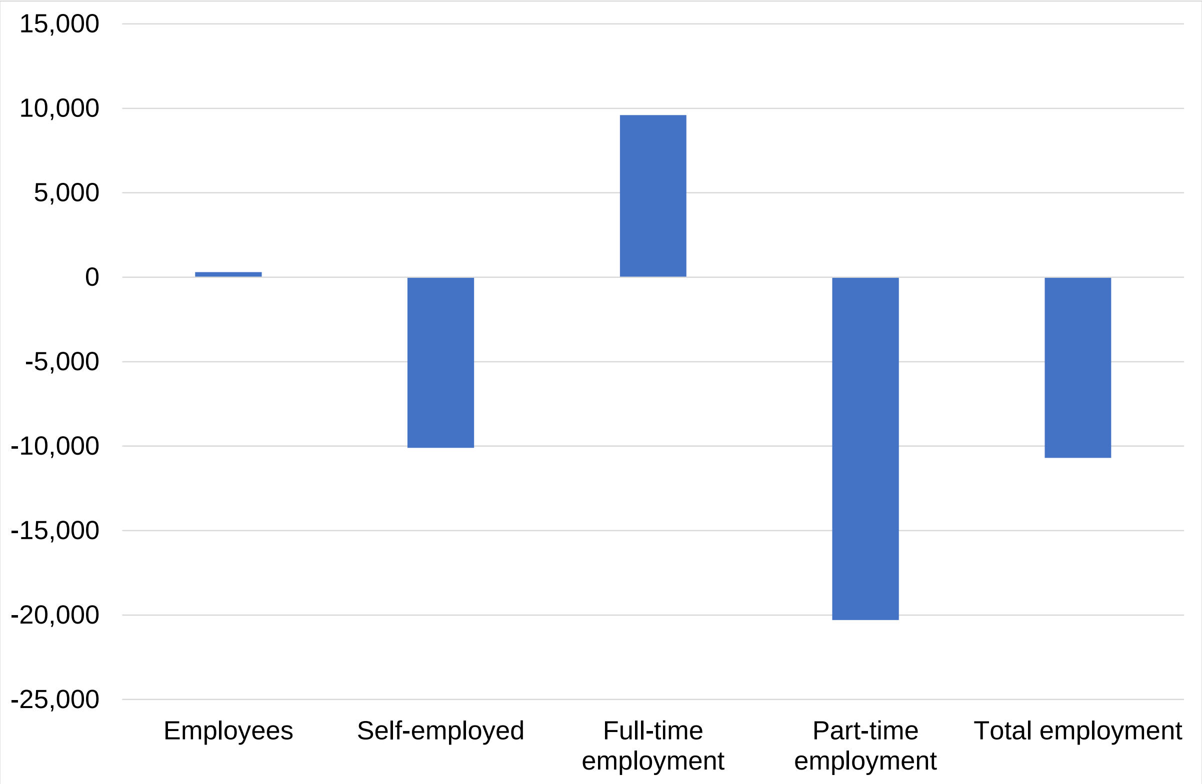
4.5 Employment status

Although this employment rate performance suggests that the local economy has been effective in getting people into work, it is important to note that the relatively high local employment rate is partly due to a lack of population growth. Between 2014/15 and 2021/22 the count of people in employment in YNY barely increased, whilst it grew by 5% nationally. However, over the same period the size of the local working age population fell slightly locally but increased by 2% nationally.

Employee jobs and full-time employment have been key contributors to employment growth since the pandemic

As Figure 20 shows, since 2015/16 full-time was the source of net employment growth with part-time employment falling over this period. The number of employees in employment remained flat. The level of self-employment locally fell into decline during 2018 and has not recovered since. At the same time self-employment at national level was negatively affected by the pandemic and has also declined.

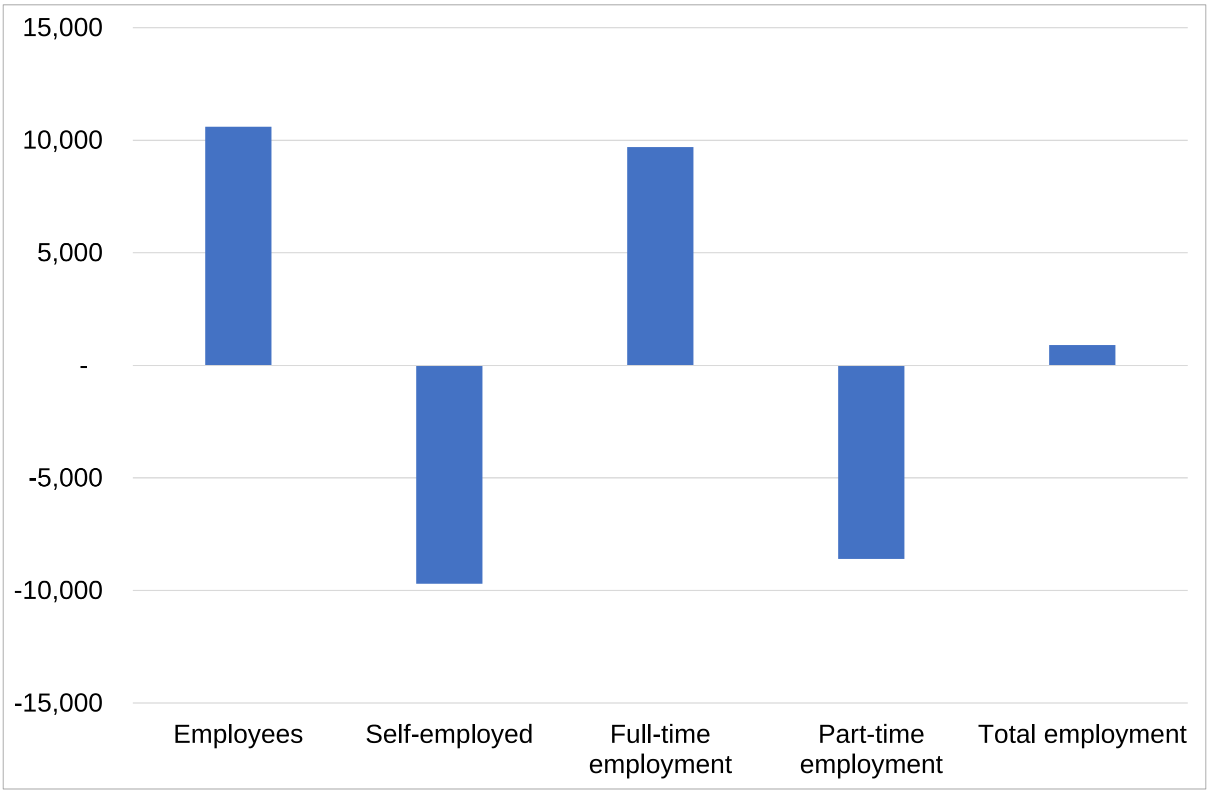
Figure 20: Change in employment by status, YNY, 2015/16 to 2021/22



Source: Annual Population Survey, October to September periods

The picture of net change by employment status since 2018/19 shows the impact of the pandemic on the pattern of employment in York and North Yorkshire. In the context of a flat position for overall employment, there has been net growth for employees in employment and also full-time employment but decline in both self-employment and part-time employment over this period.

Figure 21: Change in employment by status, YNY, 2018/19 to 2021/22

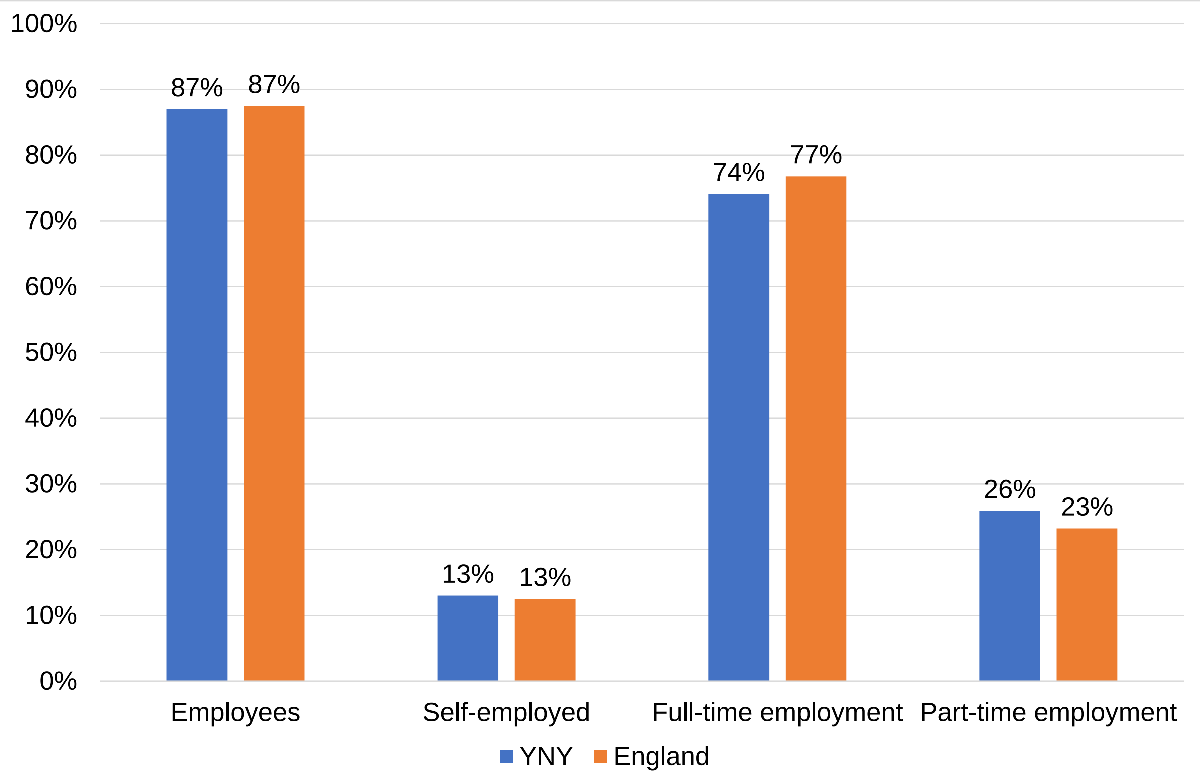


Source: Annual Population Survey, October to September periods

The LEP area's current employment profile is broadly similar to the national average. The key difference is that workers are more likely to be employed part-time and less likely to work full-time than nationally. Twenty-six per cent of people in employment in York and North Yorkshire work part-time compared with 23% nationally.

This has implications for living standards because part-time workers receive lower rates of hourly pay than those in full-time employment.

Figure 22: Profile of employment by status



Source: Annual Population Survey, October 2021 to September 2022

Published figures are not currently available at LEP level in respect of temporary working. Data for Yorkshire and the Humber indicate that 5% of people in employment are employed on a temporary contract[6]. This is slightly below the national average of around 6%[7].

Estimates of non-permanent employment in the LEP area were available in previous years and indicated that some local authorities in YNY, including York and Scarborough, have high levels of non-permanent employment. This fits with their reliance on employment in sectors associated with tourism, within which non-permanent employment is widespread. National data shows that temporary workers in the tourism sector are much more likely to be employed in this way because they are seasonal or casual workers rather than on fixed contracts or agency temps[8].

Published figures are also not available at LEP level in respect of zero hours contracts. People on such contracts account for 3.4% of all employment across Yorkshire and the Humber based on estimates for October to December 2022[9]. This is similar to the national average. Assuming that YNY has the same prevalence as

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[6] Source: HI03 Regional labour market: Headline indicators for Yorkshire and The Humber, ONS, February 2023.

[7] Source: EMP01 SA: Full-time, part-time and temporary workers (seasonally adjusted), ONS, February 2023.

[8] Source: Office for National Statistics (2016) Tourism employment summaries: Characteristics of tourism industries.

[9] Source: EMP17: People in employment on zero hours contracts, ONS, February 2023.

regionally this would imply that there are around 13,000 people who are employed on zero hours contracts in the LEP area.

4.6 Unemployment

Getting people into work is central to inclusive growth and boosting individual living standards. During the current period of economic volatility, it is difficult to measure changes in unemployment in a timely manner using the official ILO indicator[10]. This is because we are reliant on the Annual Population Survey for this indicator, which draws on 12 months of survey data for its estimates and serves to obscure changes on a month-to-month basis.

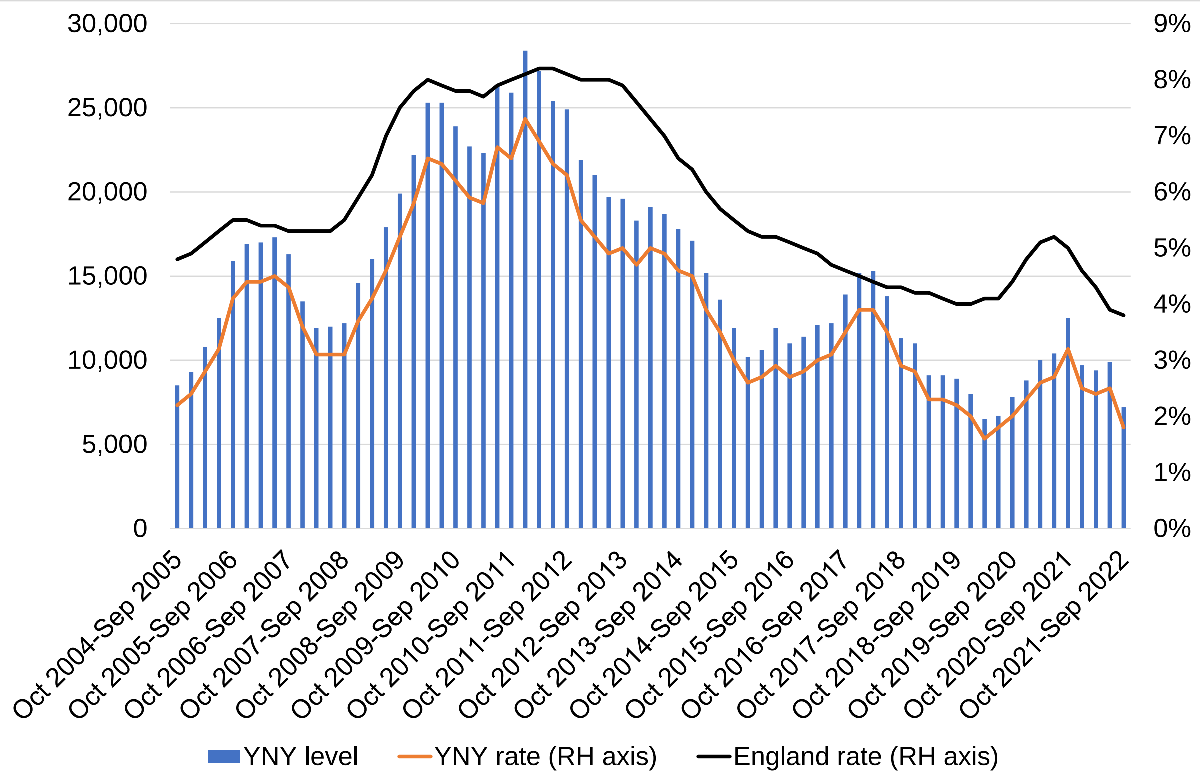
The LEP area has a low unemployment rate

Reflecting its strong employment performance, the LEP area has low unemployment, using the official ILO measure. According to modelled estimates based on the Annual Population Survey for October 2021 to September 2022, unemployment stands at 7,200, 1.8% of the population aged 16-64. This is below the national average of 3.8%. The LEP area's unemployment rate has been consistently below the England average over recent years.

Unemployment is consistently low across the LEP area with a rate of 3% or below for all districts except Scarborough (3.8%).

[10] The UK's official definition of unemployment is the one specified by the International Labour Organisation (ILO). This ILO definition defines unemployed people as being: without a job, have been actively seeking work in the past four weeks and are available to start work in the next two weeks or out of work, have found a job and are waiting to start it in the next two weeks.

Figure 23: Trend in unemployment rate and level, working age population (aged 16-64)



Source: Annual Population Survey, model-based estimates of unemployment

As Figure 23 shows, the recent trend in the LEP area is one of increasing unemployment as the pandemic hit, followed by swift decline as the economy adjusted to the health crisis and then re-opened. The current rate is on a par with the pre-pandemic position.

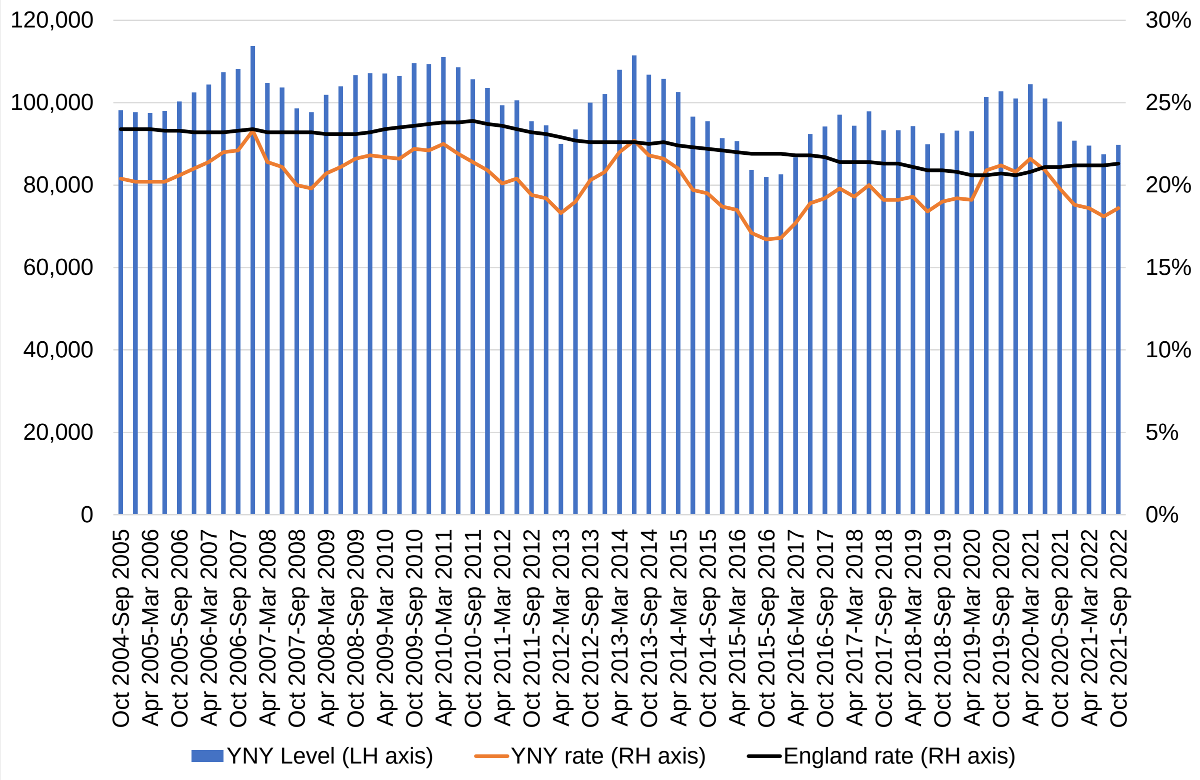
4.7 Inactivity

There are currently 90,000 people of working age (16-64) in York and North Yorkshire who are economically inactive. This is equivalent to 19% of the working age population, compared with a rate of 21% nationally.

There has been an increase in economic inactivity among the over-50s

As the figure, below, shows, the economic inactivity rate in York and North Yorkshire has been consistently below the national average in recent years, aside from a short period during the pandemic. Since the economy re-opened the local inactivity rate has shown signs of falling whereas the national average rate has increased. The overall number of inactive people is slightly lower than it was pre-pandemic in York and North Yorkshire.

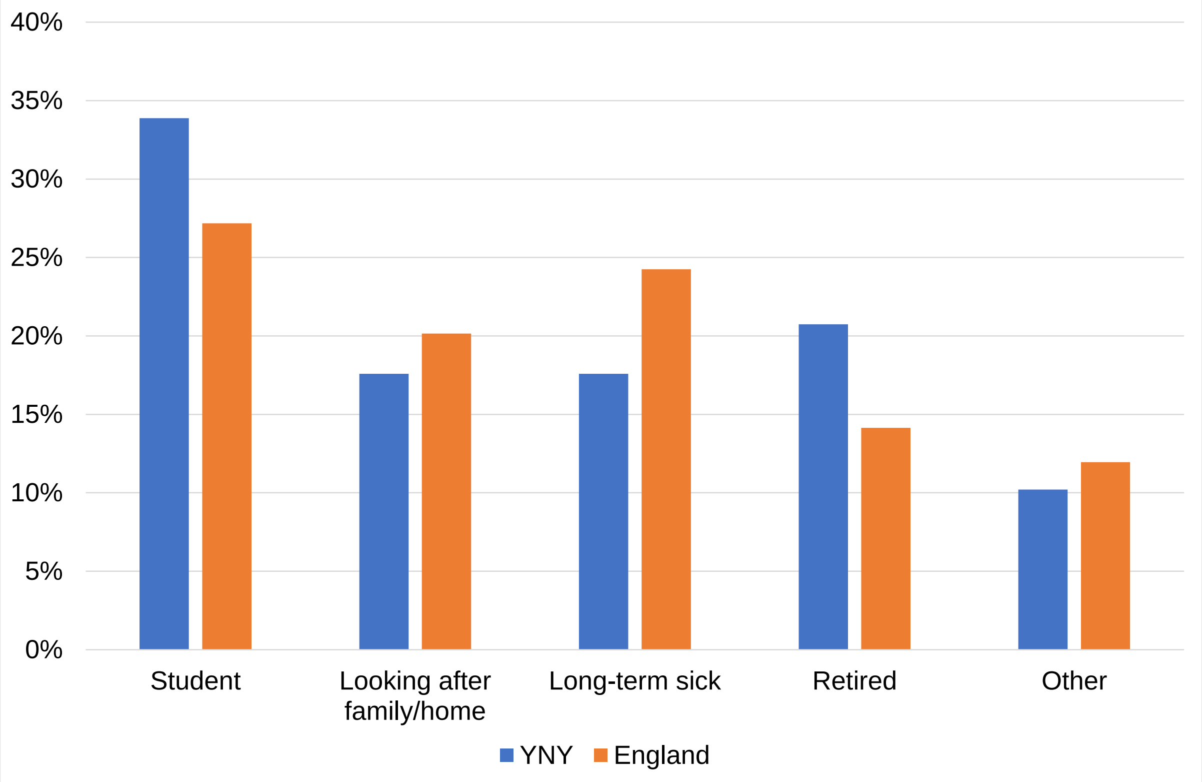
Figure 24: Trend in economic inactivity rate and level, working age population (aged 16-64)



Source: Annual Population Survey

A concern among national policy makers is rising economic inactivity rates among older people. There are 43,000 inactive people in York and North Yorkshire aged 50-64. The inactivity rate for this group in WY is 24%, the same as nationally. The number of people aged 50+ who are economically inactive in York and North Yorkshire has grown by around 8,000 or 4% compared with pre-pandemic, similar to the 5% increase seen nationally.

Figure 25: Economic inactivity by reason, population (aged 16-64), % of total economically inactive



Source: Annual Population Survey, October 2021 to September 2022
Note: Figures for "Discouraged" and "Temporary sick" categories not available for York and North Yorkshire

The reasons why working age people in York and North Yorkshire are economically inactive differ somewhat from the national picture, with inactive people more likely to be students or retired and less likely to be long-term sick.

National research evidence suggests that people who have taken early retirement tend to be financially secure and less likely to return to the labour market.

Data from the Annual Population Survey for inactive people aged 50-64 at Yorkshire and the Humber level shows that long-term sickness is a more important cause of inactivity for this age group

Overall, 14% of inactive people of working age in York and North Yorkshire say that they want a job (approximately 13,000 people in total). This is lower than the national average proportion of 18%. When added to the number of people who are unemployed by the ILO definition (see above) this gives a total of around 20,000 people of working age in York and North Yorkshire who are jobless but would like a job.

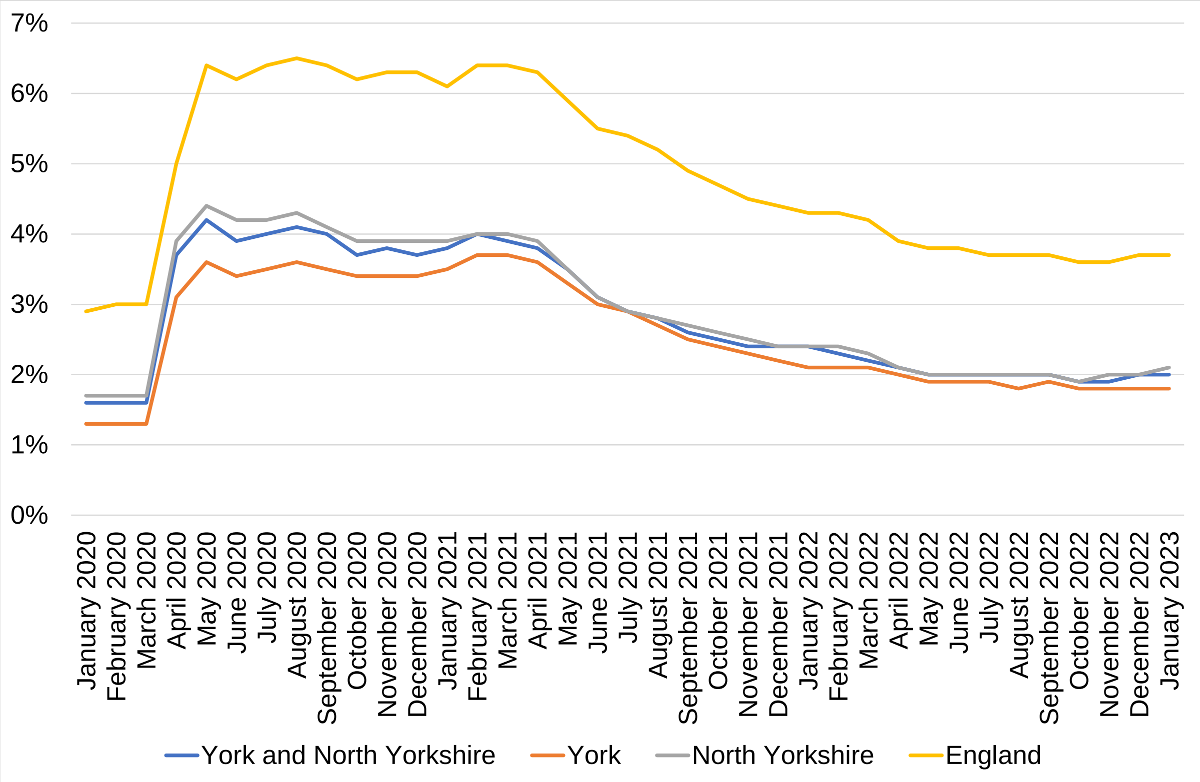
4.8 Claimant unemployment

The Claimant Count experimental dataset seeks to measure the number of people claiming benefits (Universal Credit and Jobseekers' Allowance) principally for the reason of being out of work. It provides a more timely picture of joblessness at local level.

York and North Yorkshire's claimant rate is well below the national average, **although it has shown signs of increasing recently**

There were 9,945 claimants in York and North Yorkshire as of January 2023. Claimant unemployment in York and North Yorkshire is relatively low. The latest figures for January 2023 show that the LEP area's claimant rate (which presents claimants as a proportion of working age population), at 2%, is well below the national average of 3.7%. Both York and North Yorkshire have rates of around 2%.

Figure 26: Claimant rate trend (% of population aged 16-64)



Source: Office for National Statistics

Following the steep increase in the number of claimants at the beginning of the pandemic (the number of claimants grew by 12,400 (153%), from 8,110 in February 2020 to 20,500 in August 2020) the count fell steadily in York and North Yorkshire from early 2021 onwards. At no point has it returned to the pre-pandemic level. As of January 2023, the claimant count in York and North Yorkshire was 1,835 (23%) higher than in February 2020, compared with an equivalent national figure of 25%. Indeed, there has been a small increase in the claimant count since October 2022, of 465 or 5%; this compares with an equivalent national increase of 2%. York's count continued to fall during this period but North Yorkshire's increased by 520 (7%).

Expectations regarding the prospects for the UK economy have become more positive in recent weeks and this is reflected in the latest forecasts for claimant unemployment. HM Treasury's summary of forecasts for the UK economy[11] indicate that the median value for the claimant count in Q4 of 2024 of the range of forecasts covered by the analysis is 1.7 million, up from its current level of around 1.5 million (January 2023). This suggests that there is likely to be a modest increase in claimant numbers in the medium-term in York and North Yorkshire.

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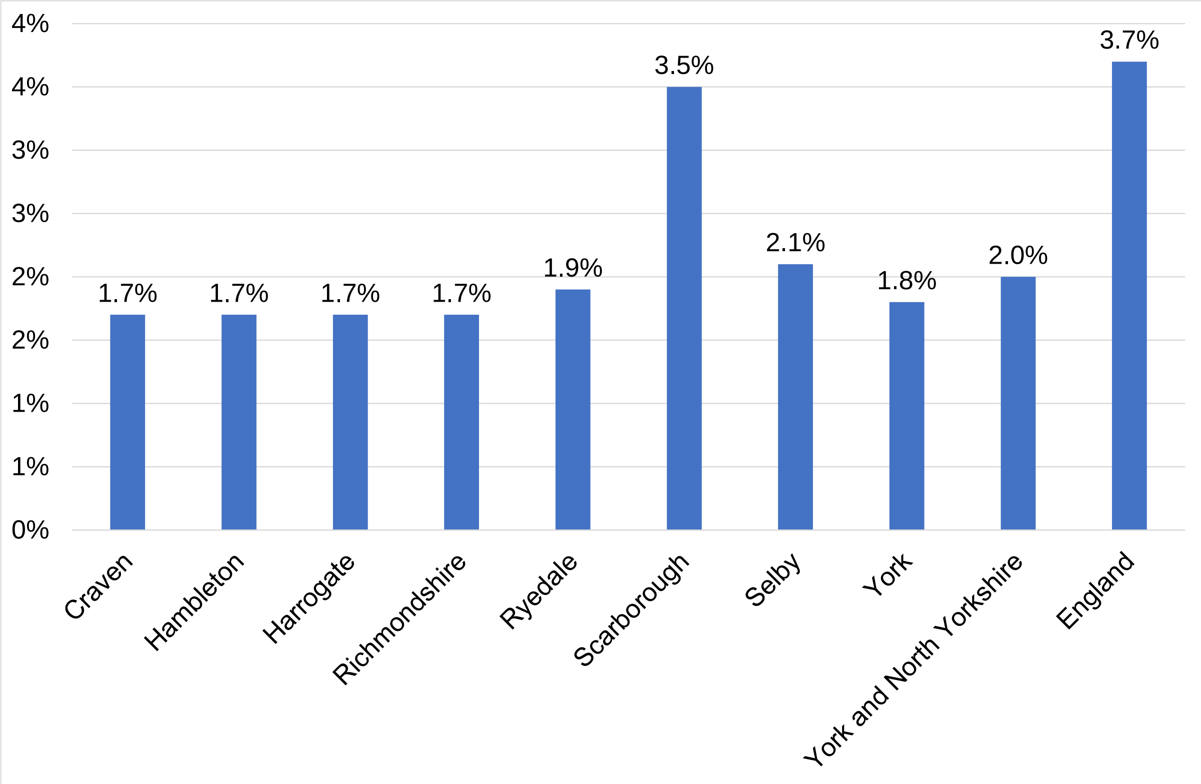
[11] HM Treasury (2023) [Forecasts for the UK economy: March 2023]

The claimant rate is highest in Scarborough

Only Scarborough has a claimant rate that is close to (but slightly below) the national average. It well above the figure for other local authorities in the LEP area, most of which have rates that are barely half the England average.

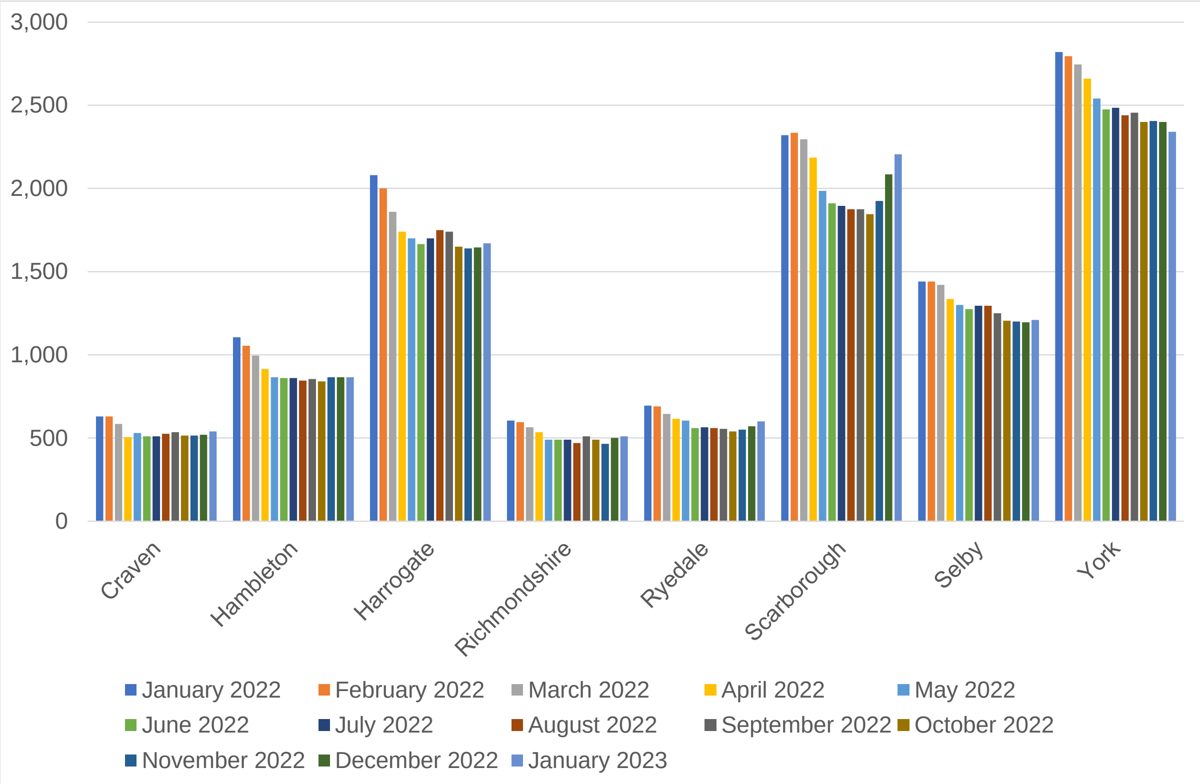
Figure 27: Claimant rate by local authority, January 2023



Source: Office for National Statistics

Since October 2022 there have been increases in the claimant count across most of the North Yorkshire districts. These increases have been small in most cases but there was a 20% increase in Scarborough, which accounts for much of the overall increase in North Yorkshire.

Figure 28: Claimant count trend by local authority

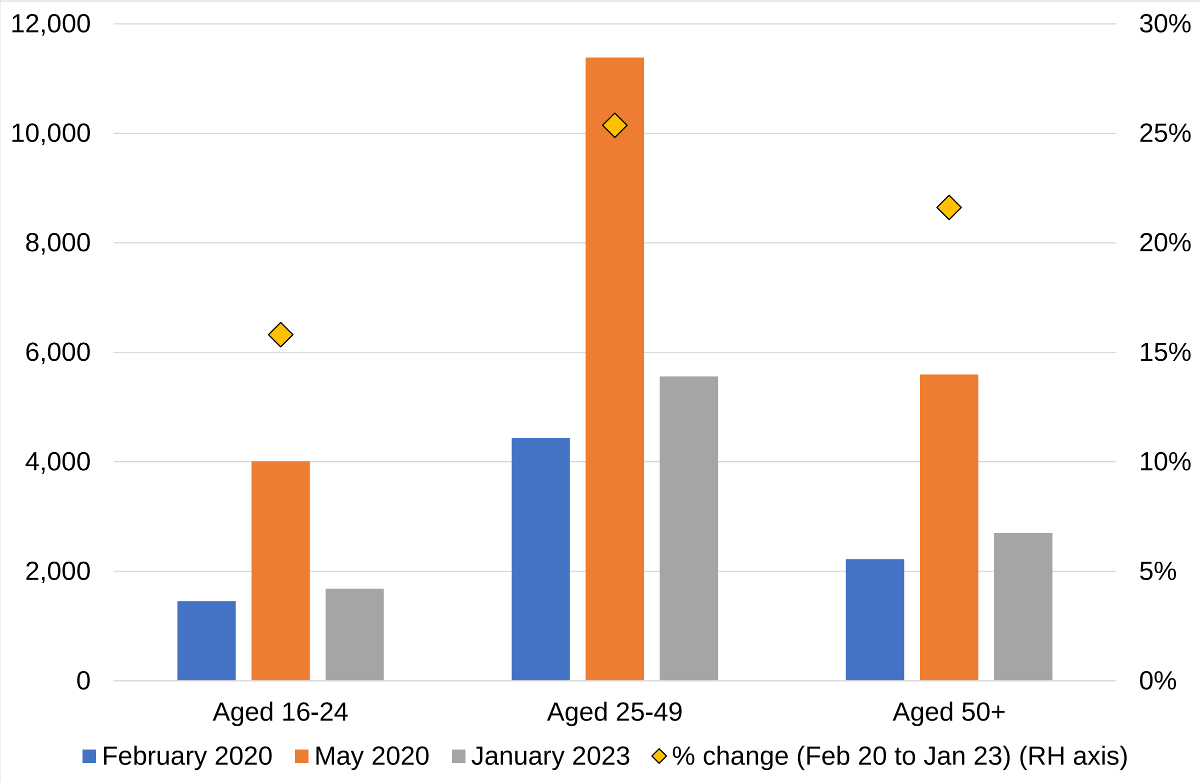


Source: Office for National Statistics

During the pandemic the increase in claimant unemployment was most marked among young people. However, at the current time young people perform best in terms of a comparison between the current claimant count and the pre-pandemic level. With 1,455 16-24 year olds on the claimant count as of January 2023 the level among young people is 16% higher than in February 2020. However, the overall claimant count is 23% higher and for those aged 25-49 it is 25% higher.

Since October 2022, when the claimant count reached its lowest point following the pandemic, the number of claimants has increased by 465 or 5%. The increase has been uniform across the age bands, with an increase of 6% for 16-24 year olds and an increase of 5% for both 25-49 year olds and those aged 50+.

Figure 29: Claimant count increase by age band, YNY



Source: Office for National Statistics
Note: May 2020 was the peak month for the claimant count in York and North Yorkshire during the pandemic period

The estimated claimant rate for young people for January 2023, using the economically active population as the denominator, is 3.5%, compared with an overall rate for people aged 16-64 of 2.5%. This shows that young people are most likely to be claimant unemployed, although the rate for 16-24 year olds has more than halved since its peak of more than 8% in 2020.

4.9 Deprivation

As well as improving the performance of the local economy there is a need to ensure that everyone in the local community has the opportunity to participate in high quality employment and benefit from economic growth. This partly involves addressing localised pockets of deprivation at neighbourhood level.

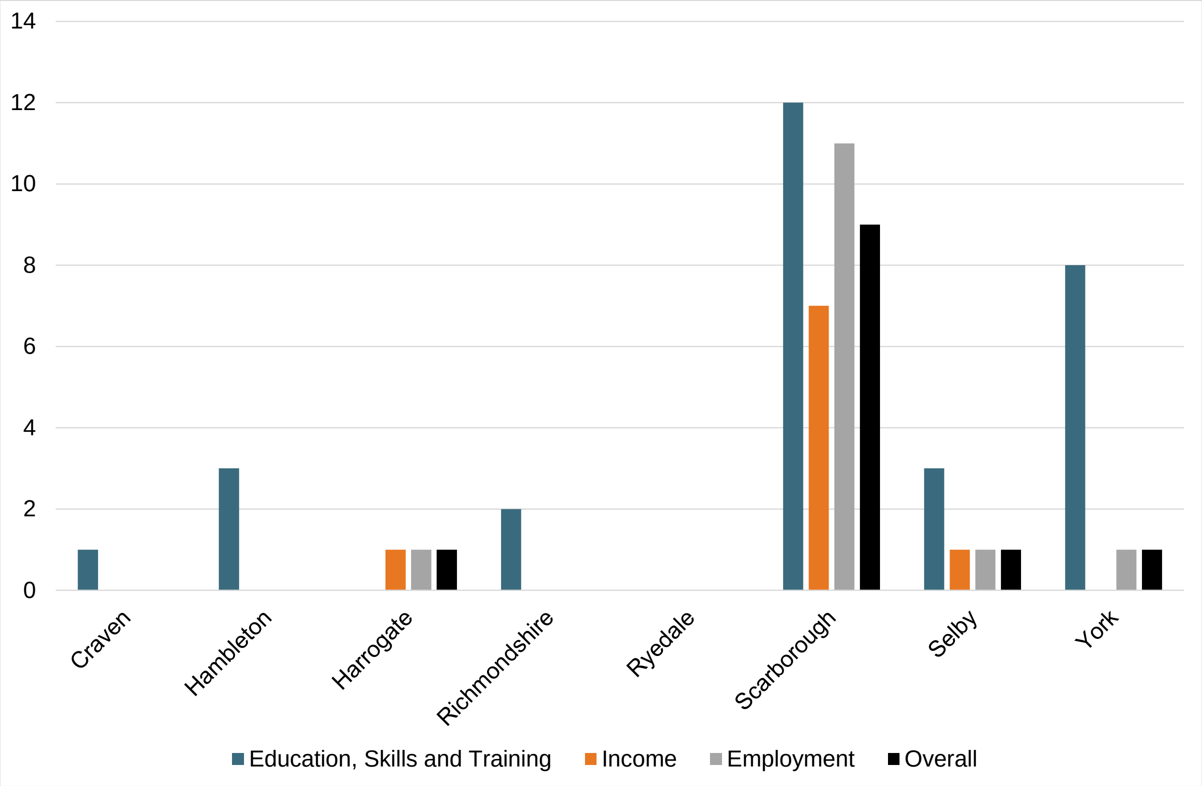
The Indices of Multiple Deprivation (IMD) 2019 show that deprivation is not widespread across the LEP area, with 12 out of 493 neighbourhoods (2%) in the LEP area among the 10% most deprived in England. Nine of these neighbourhoods are located in Scarborough, with single neighbourhoods in Harrogate, Selby and York. Some of the deprivation is concentrated in coastal areas: these include Scarborough and Whitby.

The Indices are based on seven different domains of deprivation, one of which is Education, skills and training[12]. This specific aspect of deprivation is a more

[12] The Education, Skills and Training Domain measures the lack of attainment and skills in the local population. The indicators fall into two sub-domains: one relating to children and young people and

widespread problem for the LEP than other forms of deprivation, particularly as it affects children and young people.

Figure 30: Proportion of neighbourhoods in 10% most deprived nationally by selected domain of deprivation and district



Source: Department of Communities and Local Government, Index of Multiple Deprivation 2019

Around 6% of neighbourhoods in the LEP area are among the 10% most deprived with reference to the Education, Training and Skills domain of the IMD. This rises to 17% of neighbourhoods in Scarborough. All districts except Harrogate and Ryedale have at least one neighbourhood that is classed among the 10% most deprived against this measure.

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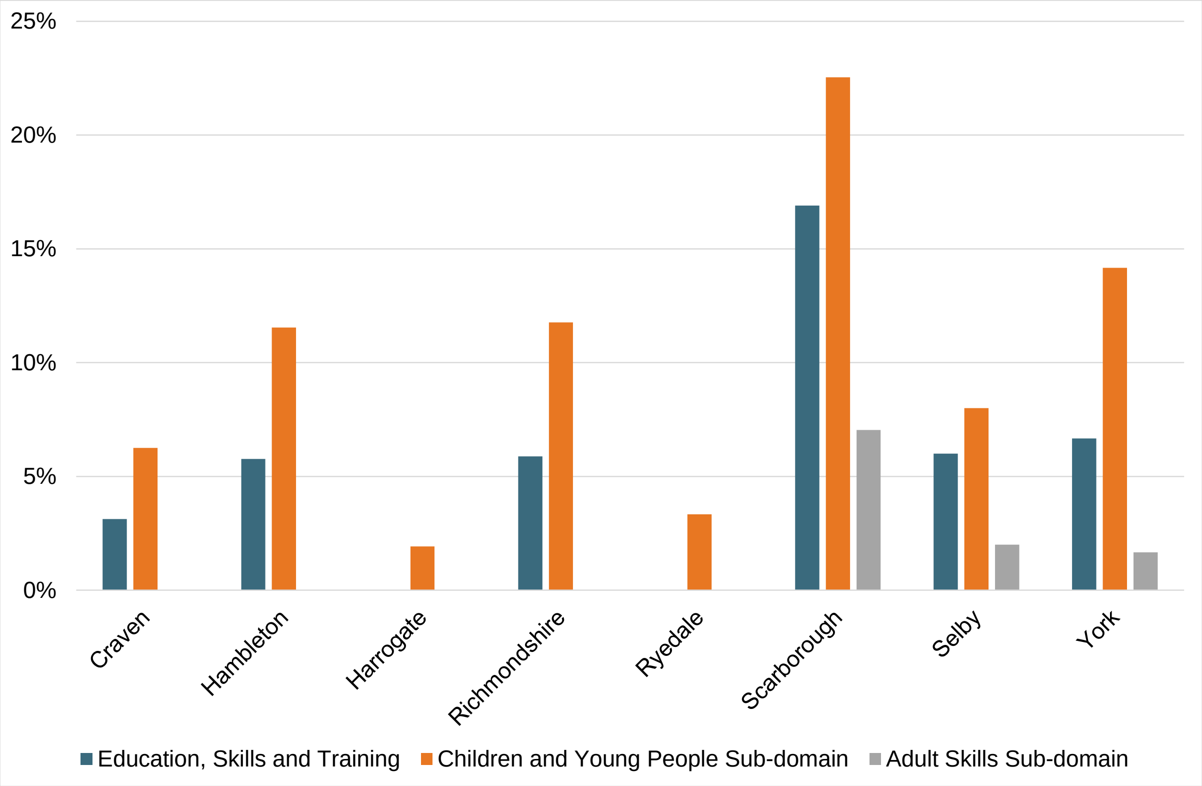
one relating to adult skills. The Children and Young People sub-domain is based on indicators that include attainment at Key Stages 2 and 4, secondary school absence, staying on rates and entry into higher education. The adult skills domain is made up of two indicators relating to adults with low or no qualifications and adults who lack English language proficiency.

Figure 31: Proportion of neighbourhoods in 10% most deprived nationally by Education, skills and training sub-domain of deprivation and district



Source: Department of Communities and Local Government, Index of Multiple Deprivation, 2019

The Education, Training and Skills domain is based on two sub-domains. Around 11% of LEP neighbourhoods (52 in total) are among the 10% most deprived with regard to the first of these, which relates to Children and Young People. The deprived neighbourhoods are concentrated in York and Scarborough but in this instance all districts in the LEP area have at least one neighbourhood among the 10% most deprived and it is notable that York has 17.

Only 2% of neighbourhoods (8) fall into the most deprived decile in respect of Adult Skills, the second of the sub-domains. These neighbourhoods are concentrated in only four of the districts within the LEP area, most notably Scarborough.

5 Skills demand

Summary

Demand for skills

The report provides an overview of the demand for skills in the area, based on the profile of jobs locally and the skills required to do those jobs. It considers the current picture and the way in which the pattern of demand is expected to develop in the future. The fundamental question that it addresses is: what skills are needed by employers and the local economy, both now and in the future?

This already difficult question has been made more difficult to answer by the **recent volatile conditions in the economy and labour market** arising out of the pandemic, followed by the supply-side and cost of living challenges associated with the re-opening of the economy and subsequently the war in Ukraine.

York and North Yorkshire has a high **jobs density**, indicating that it has a strong supply of employment opportunities for local people. The area's ratio of workforce jobs to working age population is 0.94 compared with the national average of 0.86. Several districts have a very high jobs density, including Craven (1.14), Richmondshire (1.05) and Harrogate (0.99).

The four **biggest sectors** in the LEP area's employment base are *Wholesale and retail* (13% of total employment), *Accommodation and food services* (12%), *Health and social care* (also 12%), and *Manufacturing* (9%).

The local employment base has several distinct **sectoral specialisms**. Relative to the structure of the national economy, *Agriculture* and *Manufacturing* (particularly food and drink manufacturing), together with *Accommodation and food services* are key strengths of the local employment base. The key area of under-representation is knowledge-intensive services, which in proportionate terms accounts for only two-thirds of employment seen at national level. The local share of employment accounted for by the public sector is in line with the national average, although it is relatively high in York.

Overall, the LEP area has a **deficit of high skilled employment** (albeit this deficit is reducing)**:** 49% of people are employed in higher skilled roles locally, versus a national average of 51%. There is also a disproportionate reliance on lower-skilled and lower-paid jobs. This deficit of workers in higher skilled occupations extends to employment in most industry sectors in the LEP area, reflecting relatively low value business activities, low productivity and an associated weak demand for skills locally.

In absolute terms, *Elementary administration and service* occupations, *Corporate managers*, *Administrative occupations* and *Business and public service associate professionals* are the **largest occupations in the LEP area**, each accounting for employment of more than 30,000.

In terms of specific **occupational specialisms**, the LEP area's employment base is distinguished by relatively large numbers of people employed in *Skilled agricultural trades* and *Protective service* roles. The latter reflects the considerable presence of the British Army locally. The key areas where employment is under-represented include the higher skilled occupational categories of *Science, research, engineering and technology professionals* (due to

low employment in digital roles) and also in *Business, media and public service professional roles*, reflecting the comparatively small size of knowledge-intensive service activities locally.

The pattern of recent **sectoral employment growth** has been disrupted by the pandemic, with the latest figures available for 2021. Looking at net change over recent years the two service categories of *Administrative and support services* and *Real estate* had the highest net employment growth followed by *Manufacturing* and *Construction*.

Occupational employment growth has mainly been concentrated in higher skilled occupations. The number of people employed in management, professional and associate professional roles has grown by 53,000 over the last decade, three times the rate for employment as a whole. Higher skilled occupations have also been the main source of growth since 2019, immediately before the pandemic.

The **higher skilled occupational categories seeing the biggest growth** in absolute terms in recent years were *Health professionals* (+7,000), *Corporate managers* (+7,000), *Business, media and public service professionals* (+7,000), *Business and public service associate professionals* (+6,000), and *Science, research, engineering and technology professionals* (+6,000). Some of the occupations seeing the biggest growth are those in which York and North Yorkshire is under-represented.

Aside from higher skilled occupations the biggest sources of net growth during this period were *Administrative* (+5,000) and *Caring personal service* roles (+3,000).

The categories seeing the **biggest net declines in employment** were mostly lower-skilled and manual occupations, including *Elementary trades* and *Elementary administration and service*, *Sales* (mainly retail roles) and *Skilled agricultural trades*.

Online job postings data provide an insight into the level and profile of current job openings. The number of vacancies advertised online in York and North Yorkshire is currently at high levels in historic terms, the monthly count having continued to rise during 2022. The LEP area has outperformed the national average in recent months in terms of growth in the number of postings.

The **occupational profile of job postings** in York and North Yorkshire is different to the national picture, reflecting its employment profile. The area is underweight in terms of higher skilled occupational groups including digital professionals and business roles but is strong in terms of *Caring personal services* and intermediate and lower skilled roles linked to the hospitality sector.

The occupational areas of greatest **vacancy growth** recently were *Caring personal services* (including Care workers and Teaching assistants), *Elementary administration and service* (including Kitchen and catering assistants and Cleaners and domestics) and *Science, research, engineering and technology professionals* (primarily digital roles including programmers and IT business analysts).

Around two-thirds of employers have **upskilling needs** in the LEP area. Employers are most likely to say that managers need upskilling. The types of skills employers believe need to be developed are a combination of operational skills, including job specific skills and product / service knowledge; complex analytical skills such solving complex problems; and digital skills including digital literacy and advanced IT skills. Functional literacy and numeracy skills are also highlighted.

Based on the latest *Working Futures* projections the main sectoral sources of net job growth in YNY in the period to 2035 are expected to be a diverse range of service activities, in the form of *Health and social work*, *Accommodation and food*, *Support services* and *Professional services*. The industries with the poorest prospects based on the projections continue to be drawn from the manufacturing and primary sectors of the economy. Key employment sectors like *Wholesale and retail*, *Construction* and *Public administration* are forecast to remain largely static in employment terms.

The projections indicate that higher skilled occupations will continue to see the strongest net growth in employment, whilst middle skilled administrative and manual roles will continue to see net contraction, although at much reduced rates of decline than previously expected.

Science, research, engineering and technology professionals is the category projected to see the biggest growth over the course of the period. Other higher-level occupations expected to see substantial growth are *Health and social care associate professionals*, *Business, media and public service professionals*.

Net employment growth is also projected for *Caring personal service*, *Customer service* and *Elementary trades* occupations. *Elementary administration and service* roles (an important source of jobs for York and North Yorkshire) is expected to see the biggest decline in absolute terms.

Replacement demands will reinforce labour requirements in areas of net growth, including most higher skilled occupations and caring roles, leading to strong recruitment needs in these areas. However, because replacement demands are expected to generate 11 times as many job openings as net growth in the period to 2035, they will also serve to offset net declines in other occupational areas, ensuring that most occupational areas will see a positive recruitment requirement over the next decade. The broad-based nature of the future recruitment requirement is a key message for those planning education and training provision within institutions and for individuals making careers choices.

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This section provides an overview of the demand for skills in York and North Yorkshire, based on the profile of jobs locally and the skills required to do those jobs. It considers the current picture and the way in which the pattern of demand is expected to develop in the future.

5.1 Job density

A key measure of the strength of labour demand in a local area is jobs density: the ratio of workplace jobs[13] to the number of residents in an area. Job density also

[13] Workforce jobs comprise employee jobs, the self-employed, government-supported trainees and HM Forces.

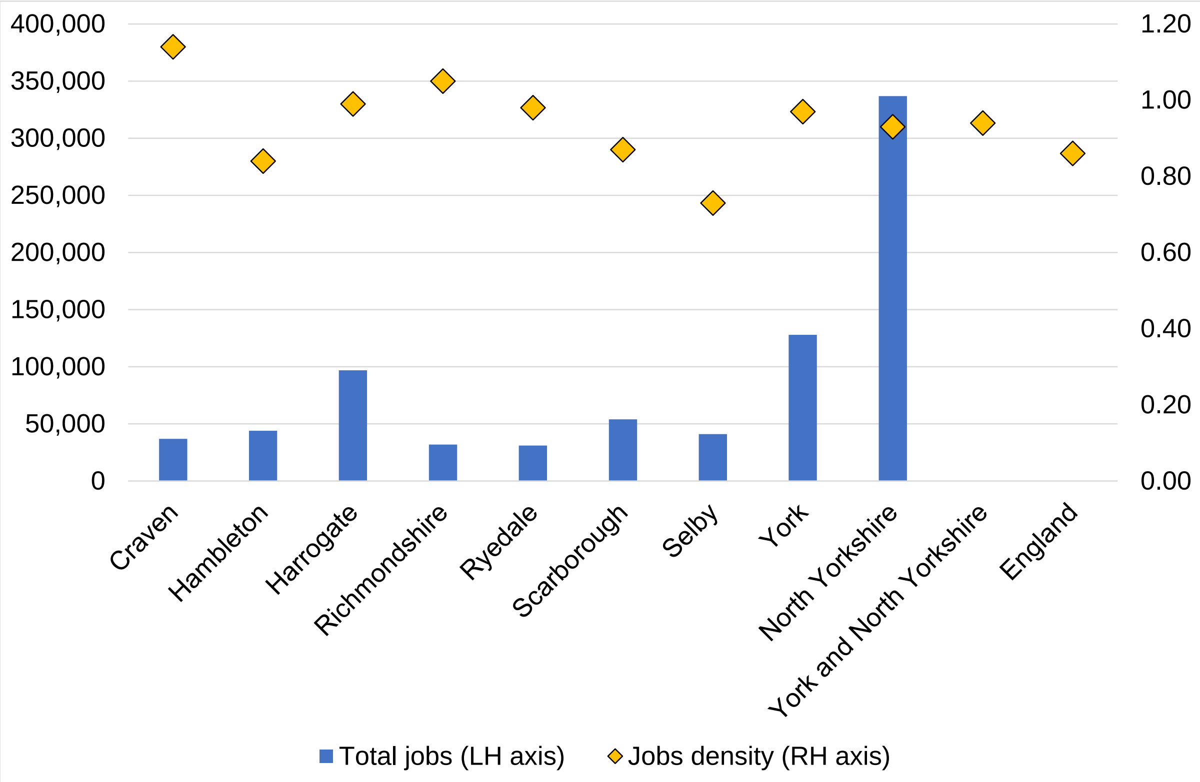
needs to be interpreted in the context of commuting patterns, as smaller areas can serve a primarily residential role and others act as commercial or industrial centres.

The LEP area has a higher job density than the national average

The LEP area has a total of 465,000 workforce jobs. The overall job density of the LEP area (0.94) is above the national average (0.86), as are the figures for both York (0.97) and North Yorkshire (0.93). The count of workforce jobs increased by 38,000 or 9% in the decade between 2011 and 2021 and the job density ratio increased from 0.85 to 0.94.

In North Yorkshire several districts have a very high jobs density, including Craven (1.14), Richmondshire (1.05) and Harrogate (0.99). All districts in North Yorkshire are above the national average except Selby (0.73) which has a high level of outward commuting and Hambleton (0.84).

Figure 32: Jobs density, 2021



Note: Jobs density is the number of workplace jobs per resident aged 16-64
Source: Office for National Statistics

These job density figures show that the LEP area has a strong supply of jobs overall, relative to its population. The nature and quality of these jobs is considered below.

5.2 Sectoral employment profile

The sectoral make-up of a local area is an important determinant of the workforce skills that are required.

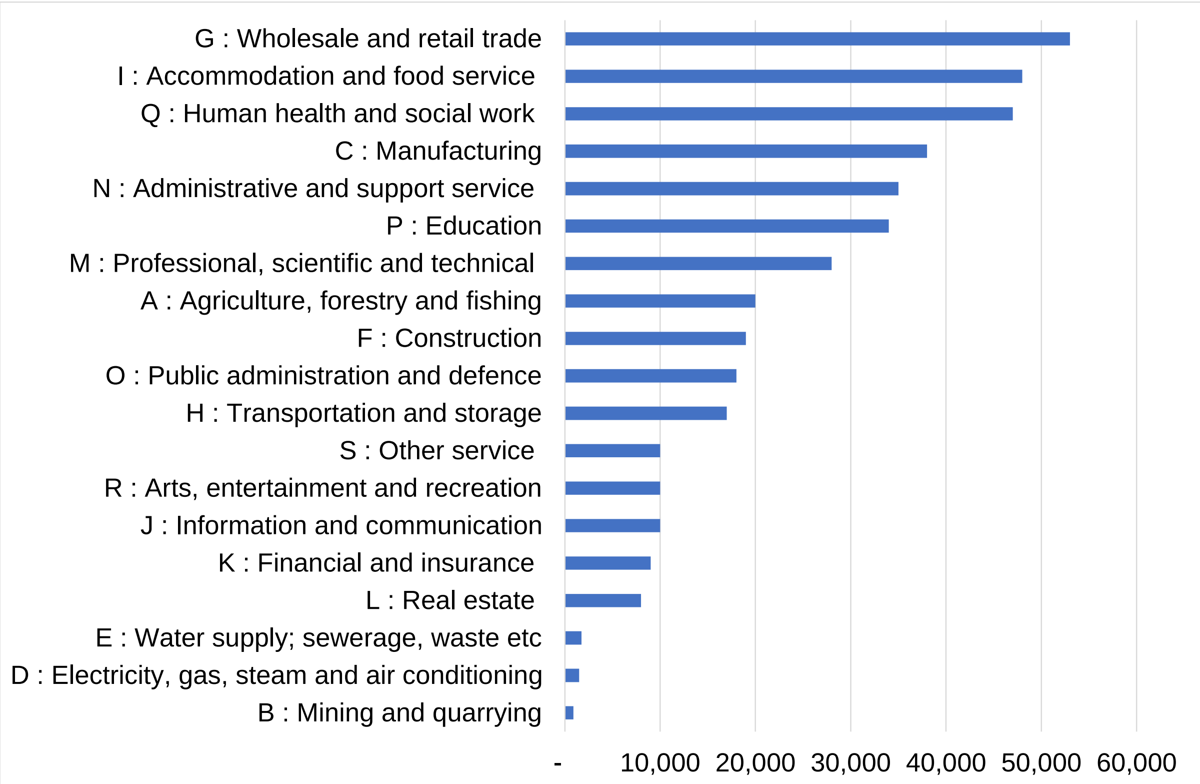
The largest sectors by size of employment are wholesale / retail, health and social care and hospitality

The LEP area's total employment, based on BRES[14], is 408,000[15]. Focusing on the profile of these jobs in absolute terms, two of the largest sectors are in the field of consumer-facing services in the form of *Wholesale / retail* (53,000 jobs, 13% of the total) and *Accommodation and food services* (48,000 jobs; 12%), whilst *Health and social care* (12%; 47,000) and Manufacturing (9%; 38,000) are also among the largest sources of employment.

In addition to Health and social care there is also significant further employment in activities that are primarily public sector-based, including Education (34,000; 8%) and Public administration and defence (18,000; 4%).

Overall, there are 64,000 public sector employee jobs in the LEP area, based on the Office for National Statistics' broader definition. This equates to 16% of total employment, slightly below the national average of 17%. Public sector employment is much higher in York, accounting for 22% of total employment, as compared with only 13% in North Yorkshire. In Craven and Selby public sector is a very small component of employment, at 8% and 9% of the total employment respectively.

Figure 33: Employee jobs by industry (SIC section), 2021, YNY LEP area



[14] BRES is the Business Register and Employment Survey. The BRES measure of employment includes employees plus the number of working owners. BRES includes self-employed workers as long as they are registered for VAT or Pay-As-You-Earn (PAYE) schemes. Self employed people not registered for these, along with HM Forces and Government Supported trainees are excluded. Working owners are typically sole traders, sole proprietors or partners who receive drawings or a share of the profits.

[15] The difference between this total employment figure and the figure cited in section 5.1 can be mainly explained by the exclusion of HM Forces from the BRES figure.

Source: Business Register and Employment Survey, 2021

With regard to business-related services, Professional service activities (section M) and Administrative and support services account for 28,000 (7%) and 35,000 jobs (9%) respectively. Finance and Information and communication are much smaller contributors to employment, each with around 2% of total employee jobs.

A key part of the local economy, the Agriculture, forestry and fishing sector has employment of 20,000 or 5% of the total.

Agriculture, hospitality, manufacturing and mining are strongly represented in the area's employment base relative to a national benchmark

Location quotients (LQ) are a useful way of quantifying how concentrated a particular industry or occupation is in a local area or region as compared to a reference area such as the nation. It can reveal what makes a particular region distinct in comparison to the national average. This gives an insight into the characteristics of local labour and skills demand and of specialist requirements.

In the table, below, cells highlighted in red represent sectors that are "over-represented" (LQ greater than 1.2) in the district or LEP area. Those highlighted in yellow are under-represented (LQ below 0.8).

For the LEP area as a whole, Agriculture is particularly strongly represented and is proportionately almost four times larger than the national average. Agriculture is also "over-represented" in all constituent districts with the exception of York; and there are particularly substantial concentrations in Richmondshire, Ryedale, Hambleton and Craven.

Mining and quarrying is also a distinct feature of local employment, although small in absolute terms (see above). The sector is particularly strongly represented in Scarborough, Craven, Richmondshire and Selby.

Manufacturing is strongly represented at LEP level and across five of the eight districts. Underlying this is a significant concentration of food and drink manufacturing, which is a feature of employment in most districts.

Employment in Accommodation and food service activities also accounts for a large share of total jobs in the LEP area and in all districts except Selby and is particularly pronounced in Scarborough and Richmondshire.

Employment in utilities (Electricity, gas, steam and air conditioning supply) is relatively low for the LEP area as a whole but this conceals a very large concentration of employment in Selby (five times the national average in proportionate terms), reflecting the importance of energy generation to the district.

Public administration contributes a large proportion of total employment in Hambleton, Richmondshire and York. It should be noted that employment in the armed forces is not included in the BRES figures.

Several sectors are under-represented to a significant extent (LQ of less than 0.8). Information and communication activities in the local area account for half the national share of employment and this under-representation extends to all districts in the LEP area. Finance and insurance accounts for two-thirds of the national share of total employment across the LEP area as a whole, although these activities are well-represented in Craven. Professional services are under-represented across York and North Yorkshire as a whole but account for a similar share of employment to the national average in Harrogate.

Figure 34: Sectoral employment location quotients for YNY LEP area and constituent local authorities

Area	Craven	Hambleton	Harrogate	Richmondshire	Ryedale	Scarboro'	Selby	York	YNY LEP
A : Agriculture, forestry and fishing	5.11	7.42	3.69	9.19	9.11	2.81	3.61	0.48	3.78
B : Mining and quarrying	4.25	1.39	0.86	2.06	1.46	17.98	1.93	0.00	3.18
C : Manufacturing	1.21	1.97	0.81	0.65	2.76	1.42	2.92	0.49	1.27
D : Electricity, gas, steam and air conditioning supply	0.00	0.90	0.74	0.00	0.13	0.26	5.33	0.28	0.92
E : Water supply; sewerage, waste management	0.33	1.26	0.80	0.53	0.25	0.23	1.40	0.33	0.64
F : Construction	1.19	1.22	0.85	1.21	1.03	0.74	1.22	0.72	0.94
G : Wholesale and retail trade	0.82	1.00	1.00	0.99	0.70	0.87	0.65	0.93	0.90
H : Transportation and storage	0.51	0.69	0.57	0.73	0.52	0.50	1.79	0.85	0.80
I : Accommodation and food service activities	1.58	1.29	1.61	2.24	1.59	2.51	0.90	1.44	1.58
J : Information and communication	0.46	0.37	0.79	0.37	0.22	0.21	0.35	0.79	0.54
K : Financial and insurance activities	1.85	0.20	0.75	0.13	0.16	0.17	0.13	1.00	0.62
L : Real estate activities	0.68	1.23	1.07	1.22	0.69	1.33	0.55	0.91	1.00
M : Professional, scientific and technical activities	0.63	0.58	1.03	0.77	0.72	0.28	0.72	0.86	0.74
N : Administrative and support service activities	1.99	0.47	0.94	0.67	0.66	0.82	1.05	0.90	0.97
O : Public administration and defence	0.43	1.45	0.65	1.44	0.57	1.13	0.58	1.51	1.06

Area	Craven	Hambleton	Harrogate	Richmondshire	Ryedale	Scarboro'	Selby	York	YNY LEP
P : Education	0.78	0.71	0.99	0.84	0.79	0.86	0.95	1.37	0.98
Q : Human health and social work activities	0.45	0.74	1.00	0.33	0.45	1.27	0.51	1.23	0.88
R : Arts, entertainment and recreation	0.76	0.83	0.90	1.84	2.53	1.12	0.52	0.96	1.05
S : Other service activities	1.18	1.51	1.20	1.43	0.76	0.94	0.94	1.12	1.23

Note: Employment figures relate to employee jobs
Source: Business Register and Employment Survey, 2021

Sector strongly represented
Sector under-represented

The LEP area has a low representation of knowledge-intensive services, when high-technology services, financial services and knowledge-intensive market services are taken into account. These activities have employment of 57,000 locally (equivalent to 14% of total employment) and their combined location quotient is 0.66, meaning their share of total employment locally is only two-thirds of the national average.

Figure 35: Industry divisions with highest employment location quotient in York and North Yorkshire (benchmark = England)

Industry row	Employment	Location quotient
11 : Manufacture of beverages	2,000	4.1
01 : Crop and animal production, hunting and related service activities	20,000	4.0
55 : Accommodation	15,000	3.1
10 : Manufacture of food products	14,000	3.0
91 : Libraries, archives, museums and other cultural activities	2,500	2.0
65 : Insurance, reinsurance and pension funding, except compulsory social security	2,500	1.8
16 : Manufacture of wood and of products of wood and cork, except furniture;manufacture of articles of straw and plaiting materials	1,500	1.7
18 : Printing and reproduction of recorded media	1,750	1.7
75 : Veterinary activities	1,500	1.7
72 : Scientific research and development	3,500	1.7

Note: Analysis limited to sectors with employment of more than 1,000 in YNY
Source: Business Register and Employment Survey, 2021

Looking in more detail at the industry divisions with high shares of employment relative to the national average, the analysis further highlights the importance of agriculture, food and drink manufacturing, hospitality and cultural activities to the local employment base. It also shows that Scientific research and development and Insurance are strongly represented in York and North Yorkshire.

Figure 36: Industry divisions with lowest employment location quotient in York and North Yorkshire (benchmark = England)

Industry row	Employment	Location quotient
61 : Telecommunications	1,250	0.44
66 : Activities auxiliary to financial services and insurance activities	3,500	0.49
64 : Financial service activities, except insurance and pension funding	3,000	0.49
74 : Other professional, scientific and technical activities	1,500	0.54
38 : Waste collection, treatment and disposal activities; materials recovery	1,000	0.58
69 : Legal and accounting activities	7,000	0.62
53 : Postal and courier activities	2,250	0.64
52 : Warehousing and support activities for transportation	6,000	0.69

Industry row	Employment	Location quotient
62 : Computer programming, consultancy and related activities	7,000	0.69

Note: Analysis limited to sectors with employment of more than 1,000 in YNY
Source: Business Register and Employment Survey, 2021

Turning to the industry divisions with the lowest representation in York and North Yorkshire's employment base, it confirms that a range of service activities, including legal, financial (except insurance – see above), professional services and computing consultancy all have low shares of employment; as does telecommunications and warehousing.

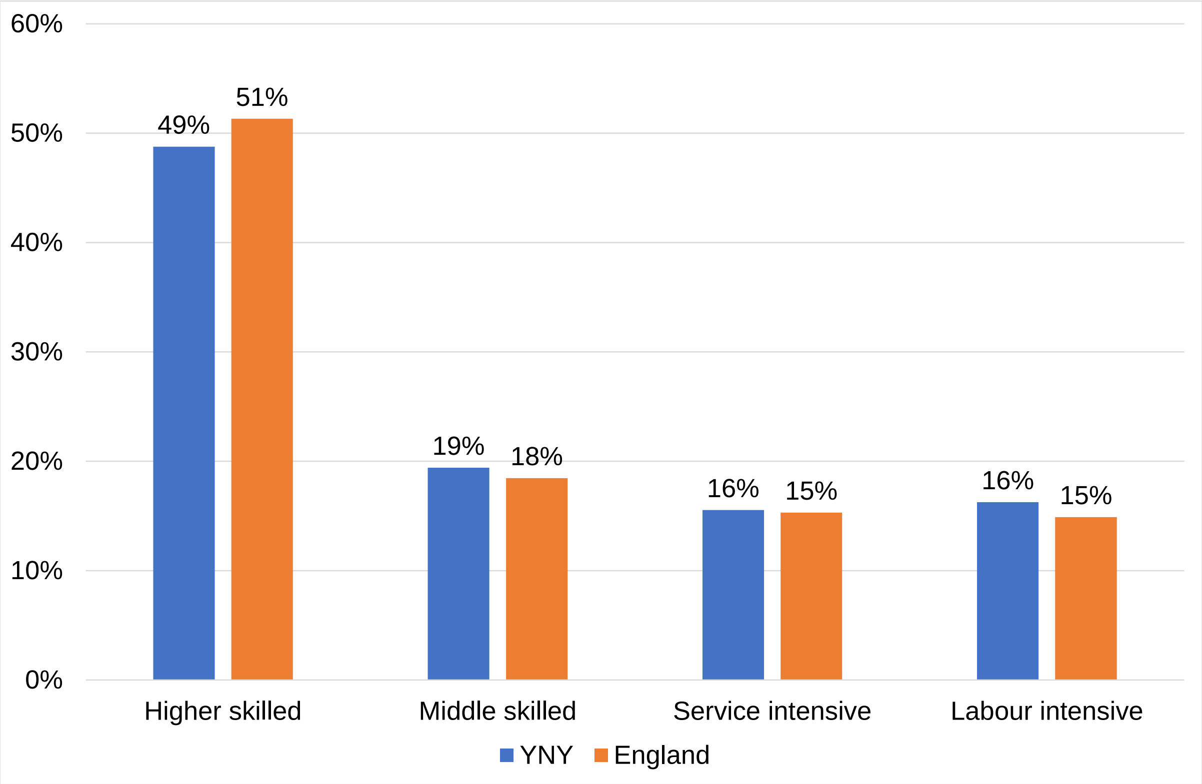
5.3 Occupational profile of employment

The occupational profile of employment provides an insight into the skills people need in order to do their jobs and is also a reflection of aspects of job quality like pay.

The LEP area has a significant deficit of higher skilled employment

Employment in higher skilled management, professional and associate professional / technical occupations accounts for a smaller proportion of the total in the LEP area compared with nationally. Forty-nine per cent of people are employed in higher skilled roles, versus a national average of 51%. Employment in middle-skilled, service-intensive and labour-intensive roles in York and North Yorkshire each account for slightly larger shares than the national average.

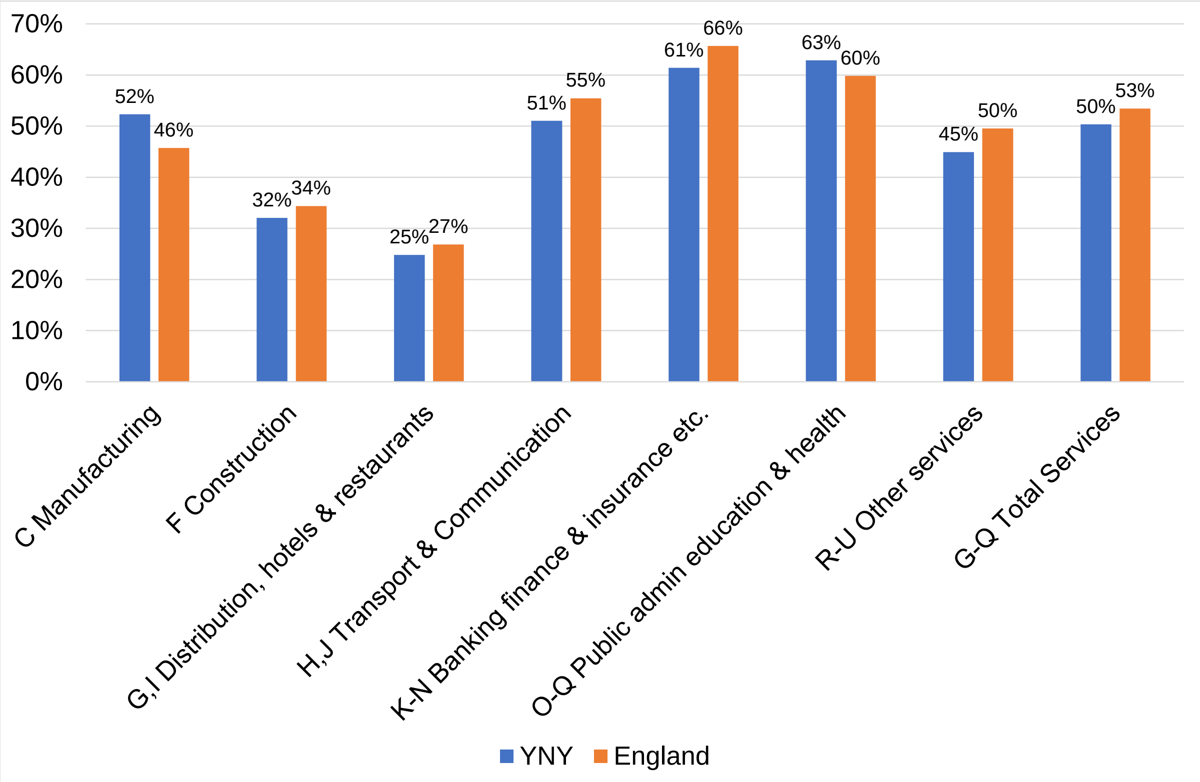
Figure 37: Profile of workplace employment by broad occupational segment



Note: workplace employment
Source: Annual Population Survey, October 2021 to September 2022

Figure 38 shows that this local deficit of higher skilled employment extends to the majority of broad industry sectors. This reinforces the picture of a productivity deficit that is largely due to underperformance within sectors rather than the result of a negative sectoral mix and that the issue is not simply one of availability of skills, it is also about lack of demand for skills in these sectors.

Figure 38: Proportion of workers in higher skilled occupations by industry



Note: workplace-based employment; higher skilled occupations are SOC major groups 1-3; managers, professionals and associates professional / technical. Local data not available for Agricultural and fishing and Energy and water sectors.
Source: Annual Population Survey, October 2021 to September 2022

This deficit of demand stems from the nature of the functions undertaken within sectors (e.g. front vs back-room functions, or global vs national focus) in the local area compared to high productivity locations.

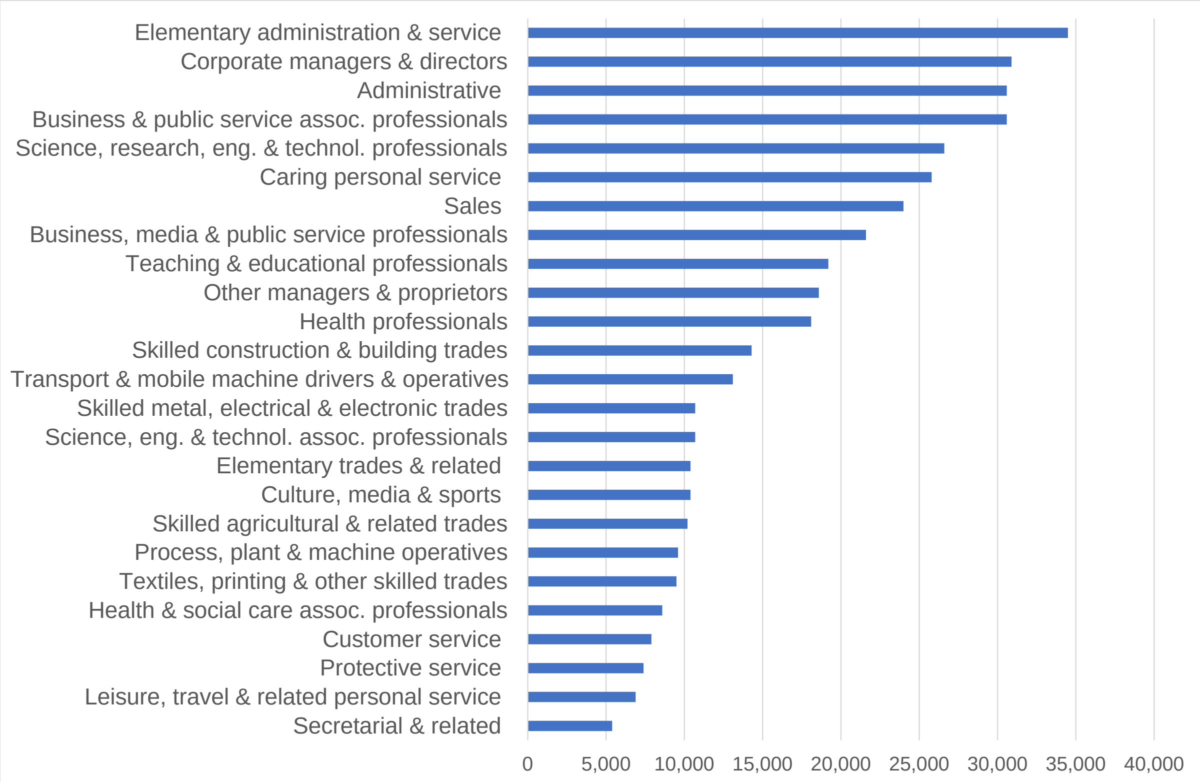
How is employment in the LEP area distributed at a more detailed occupational level? The chart below ranks occupational sub-major groups by the level of LEP-level employment in each.

The six largest groups, each employing more than 25,000 people in the LEP area are:

- Elementary administration and service roles, a category which includes hospitality staff such as waiters / waitresses, bar staff and kitchen and catering assistants; cleaners; and lower-skilled storage roles.
- Corporate managers, which comprises management roles from across different parts of the economy, including retail, production managers in manufacturing and construction, financial managers and marketing and sales managers.
- Administrative occupations, including book-keepers, payroll managers, and admin roles in finance and local government.
- Business and public service associate professionals, a diverse category which includes sales and marketing, human resource, financial and public service roles at the associate professional level.
- Science, research, engineering and technology professionals, which includes scientists, engineers and IT professionals.

- Caring personal services, which includes care workers and home carers, teaching assistants, nursing auxiliaries and nursery nurses.

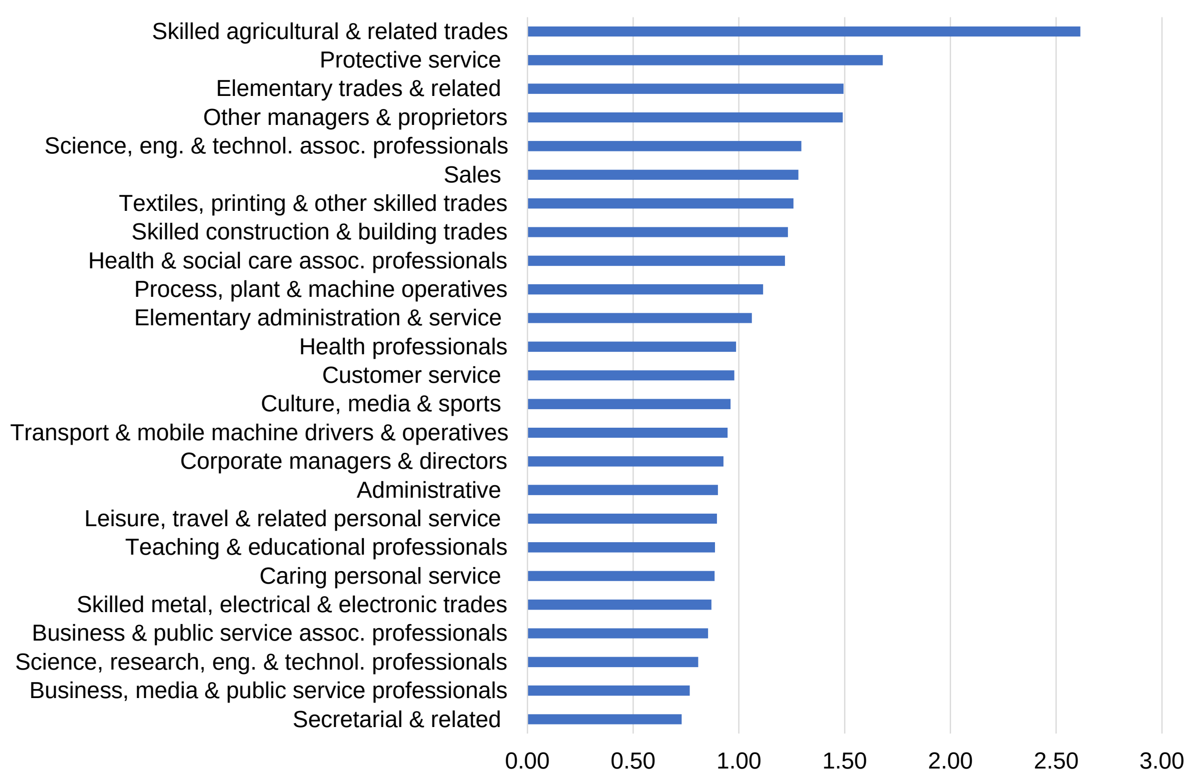
Figure 39: Employment by SOC sub-major group, October 2021 – September 2022, YNY



Source: Annual Population Survey, October 2021 to September 2022

It is also useful to understand the distinctive features of occupational employment in the LEP area, to gain an insight into specific skill requirements of the locality. The following chart provides a comparison of the occupational distribution of local employment relative to the national picture.

Figure 40: Location quotients for occupational employment in York and North Yorkshire; benchmark area = England



Note: a quotient of 1 indicates parity with England average with regard to employment share
Source: Annual Population Survey, October 2021 to September 2022

The chart shows that the local occupational profile is broadly similar to the national average but with a number of areas that are both over- and under-represented.

- Employment in skilled agricultural trades (a category which comprises farming roles) is also strongly represented, also accounting for a share of total employment in the LEP area that is 2.5 times greater than the national average. As Figure 39 shows, this occupational area is of relatively modest size in absolute terms.
- Protective service roles contribute a share of total employment that is more than1.5 times the England average, reflecting the presence of military bases in the LEP area.

Other occupational areas that are also “over-represented” include:

- Elementary trades[16]: this includes people working in elementary agricultural roles (e.g. farm labourers);
- Other managers and proprietors: managers and proprietors in agriculture and hospitality are both strongly represented York and North Yorkshire.

There are several groups that are under-represented in terms of their share of local employment, a number of them higher skilled occupational areas.

[16] Includes packing roles, farm workers and elementary construction roles.

Employment is under-represented in higher level STEM professional roles

The share of local employment in Business, media and public service professional occupations is below the national average. Data from Census 2021 indicates that this reflects a particularly low representation of media professionals, finance professionals and project management professionals. This links to the under-representation of knowledge-intensive business services highlighted above.

Employment in *Science, research, engineering and technology professional* roles accounts for a small share of employment relative to the national average. Census 2021 data indicates that this deficit mainly arises out of an under-representation of employment in IT professional roles. It should be noted that science professionals and conservation and environmental professionals account for a much bigger share of employment in the LEP area than nationally but are relatively small in absolute terms.

Culture, media and sport employment is also under-represented. Census data suggest that there is a relatively low level of employment in both Artistic, literary and media occupations and Design occupations.

Secretarial employment also has a low representation but this may be considered a strength in the sense that this occupation has the weakest employment prospects of any category.

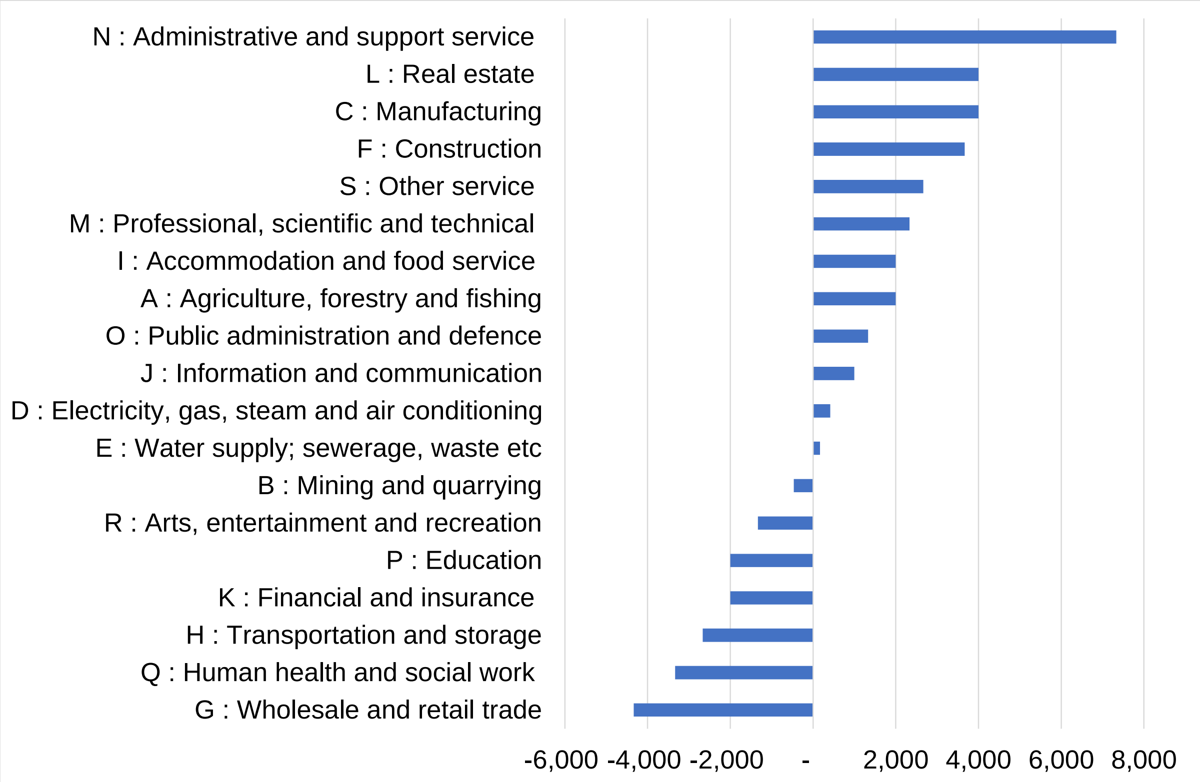
5.4 Patterns of sectoral employment change

The pattern of growth and decline across industry sectors is a key driver of change in terms of skills requirements.

Service activities have been the key source of recent sectoral employment growth but manufacturing and construction also grew

Jobs data by industry are available but they are subject to volatility over time at local level and therefore two periods of three years each have been used to discern underlying trends. The pattern of recent **sectoral employment growth** has been disrupted by the pandemic, particularly since the latest local employment figures available are for 2021.

Figure 41: Employment change by industry, 2019 to 2021 versus 2013 to 2015, York and North Yorkshire



Note: Employment figures relate to employee jobs. Chart compares average employment for 2013 to 2015 with average for 2019 to 2021.
Source: Business Register and Employment Survey

The two service categories of *Administrative and support services* and *Real estate* had the highest net employment growth followed by *Manufacturing* and *Construction*.

Turning to the sectors which experienced net decline, these include *Wholesale and retail*, *Health*, *Transportation and storage* and *Finance and insurance*.

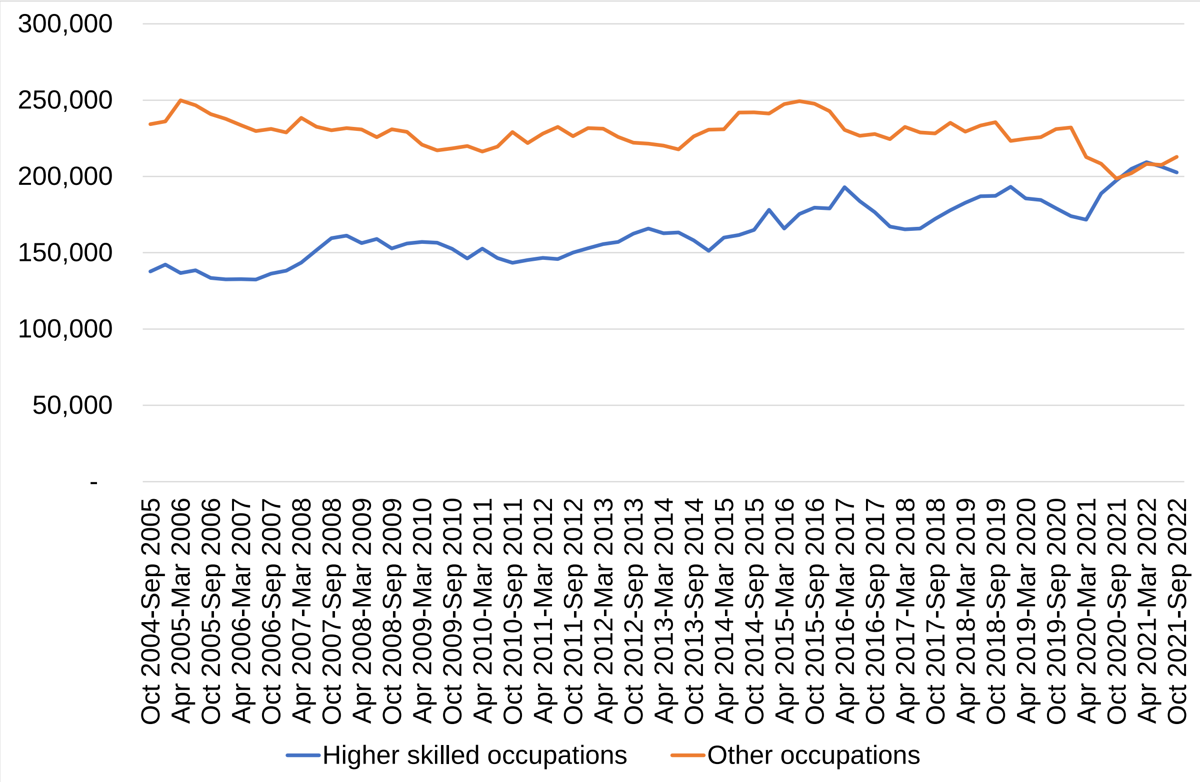
5.5 Patterns of occupational employment change

The changing profile of occupational employment provides an important insight into the demand for skills in the local labour market. Occupations are largely defined by the level and type of skills that are required to perform work tasks.

The main source of employment growth and skills demand is higher-skilled occupations

Recent employment growth has been driven by expansion of higher skilled occupations. The number of people employed in management, professional and associate professional roles grew by 53,000 over the course of the decade from 2011/12 to 2021/22. This represents growth of 35%, more than three times the rate seen for overall employment (10%) for this period. Even compared with pre-pandemic, employment in higher skilled occupations has grown by 15,000 or 8%.

Figure 42: Trend in employment by broad occupational segment, YNY



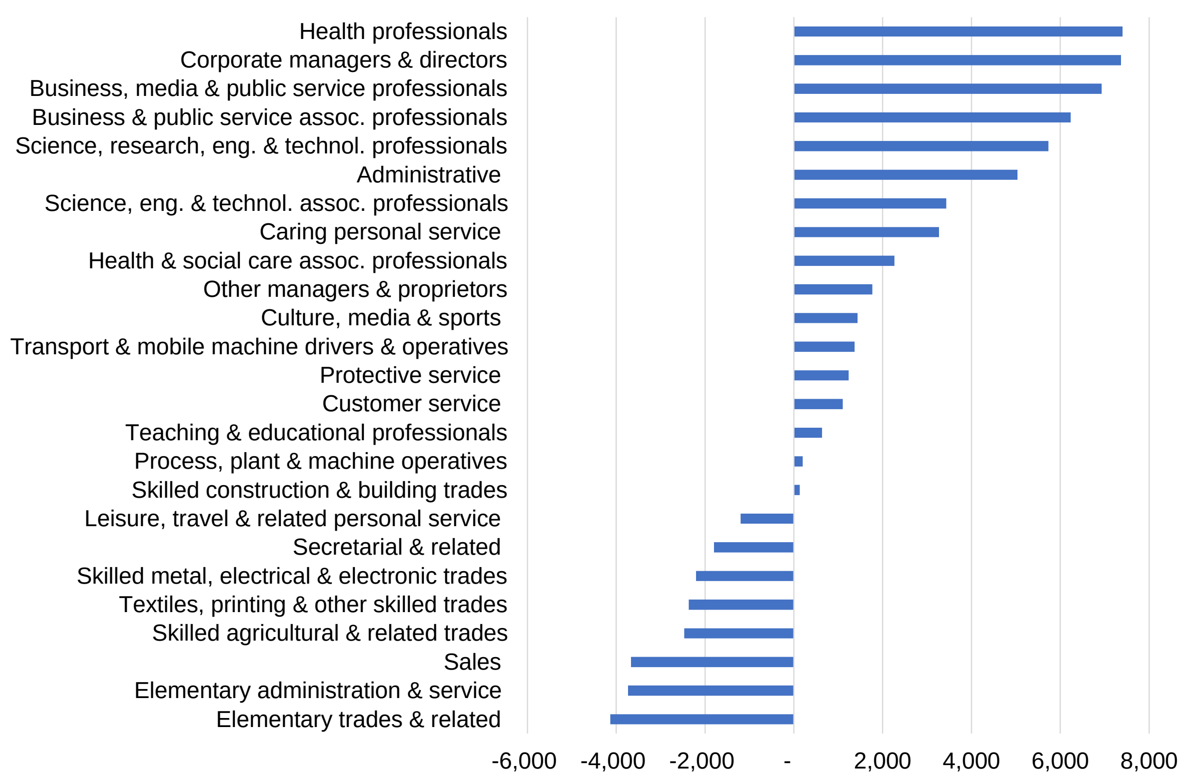
Source: Annual Population Survey

Employment statistics are volatile at local level. In order to gain a clear picture of the more detailed pattern of change in occupational employment over time, figures presented in Figure 43 have been averaged for a pair of three-year periods: 2013/14 to 2015/16 and 2019/20 to 2021/22.

The occupational categories which saw the greatest growth in absolute terms were higher skilled, most notably *Health professionals* (+7,000), *Corporate managers* (+7,000), *Business, media and public service professionals* (+7,000), *Business and public service associate professionals* (+6,000), and *Science, research, engineering and technology professionals* (+6,000).

Aside from higher skilled occupations the biggest sources of net growth were *Administrative* (+5,000) and *Caring personal service* roles (+3,000).

Figure 43: Net change in employment by occupation (sub-major group) between 2013/14 to 2015/16 and 2019/20 to 2021/22



Note: chart shows the net change between the average employment levels of two three-year periods
Source: Annual Population Survey

The categories which saw the most pronounced declines between the two periods in absolute terms were exclusively lower-skilled occupations, including *Elementary trades* and *Elementary administration and service*, *Sales* (mainly retail roles) and *Skilled agricultural trades*.

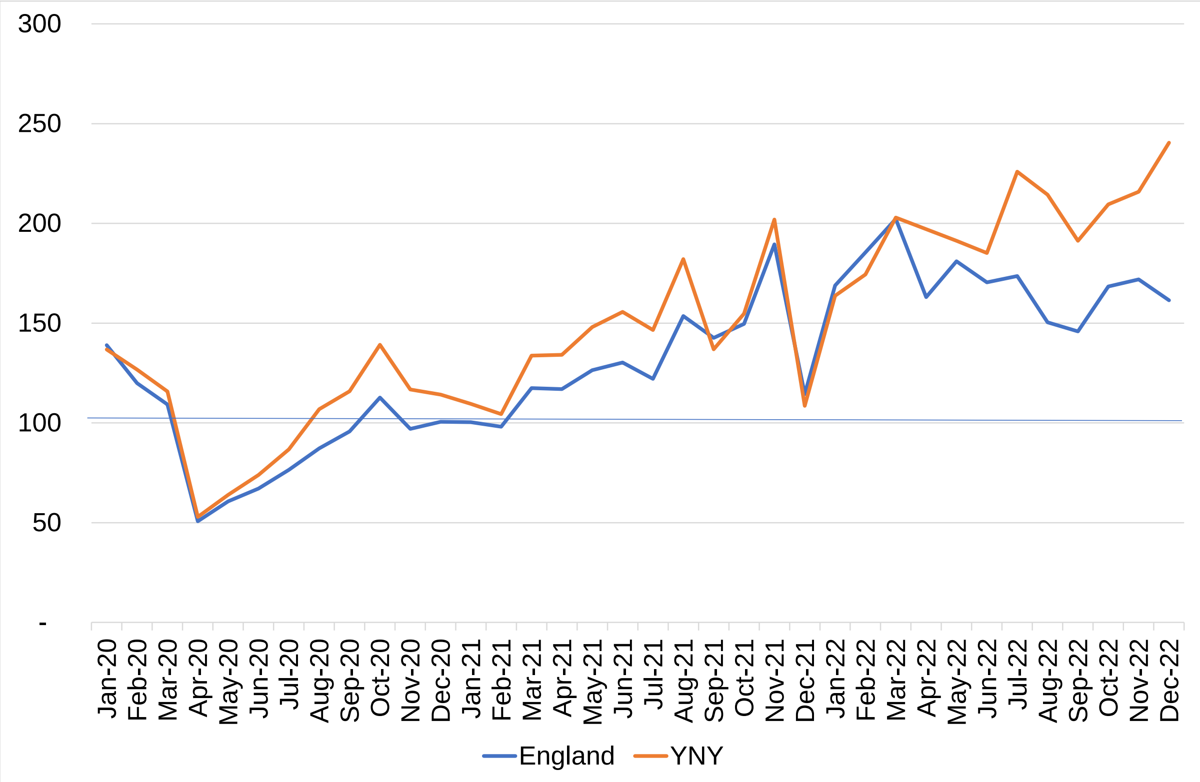
5.6 Current job openings – online job postings

Another way of understanding demand is by examining the types of job that are being advertised via online job postings. This gives an insight into current recruitment levels and patterns and the timeliness of these data provide an insight into the impact of the Covid crisis on labour demand.

Recruitment activity remains strong

The monthly count of online job postings for York and North Yorkshire has been on an upward trend since mid-2020 following a sharp fall associated with the start of the pandemic. Although the recovery was uneven due to the reintroduction of Covid-19 restrictions at various stages, the count of postings remained above 2019 levels from late-2020 onwards.

Figure 44: Trend in monthly count of online job postings; index: average 2019 = 100

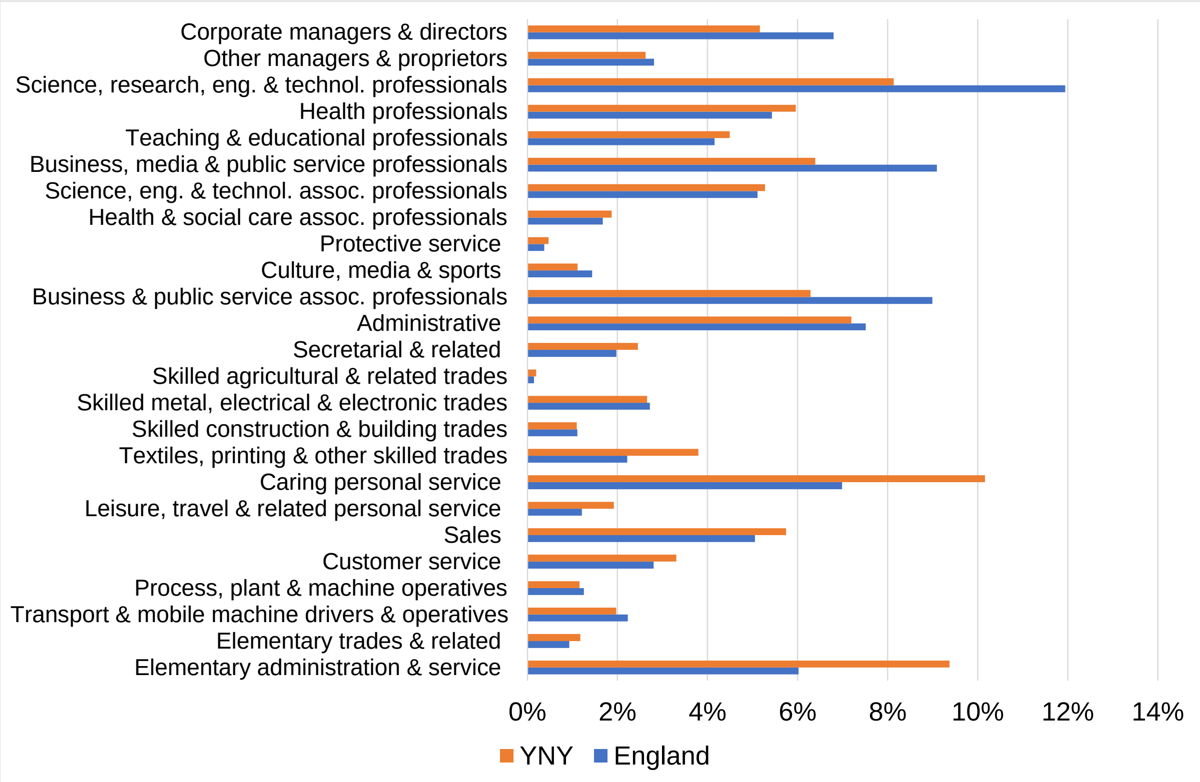


Note: Count of postings relates to the number of new vacancies posted each week
Source: Lightcast

The monthly count continued to grow in the LEP area throughout 2022, in contrast to the national trend which saw a stalling of growth in the early part of the year. As of December 2022, the count of postings in York and North Yorkshire was more than twice the level seen in December 2021 and more than two and a half times its pre-pandemic level (average of monthly count in 2019).

Online job postings do not provide a fully representative picture of employer vacancies. Relative to all vacancies higher skilled occupation are over-represented in online postings and middle and lower-skilled occupations are under-represented. Nonetheless, it is useful to examine the profile of local online job postings relative to the national picture in order to gain an understanding of the distinctive patterns of local recruitment demand. Differences in the profile of demand in some cases align with the area's employment profile.

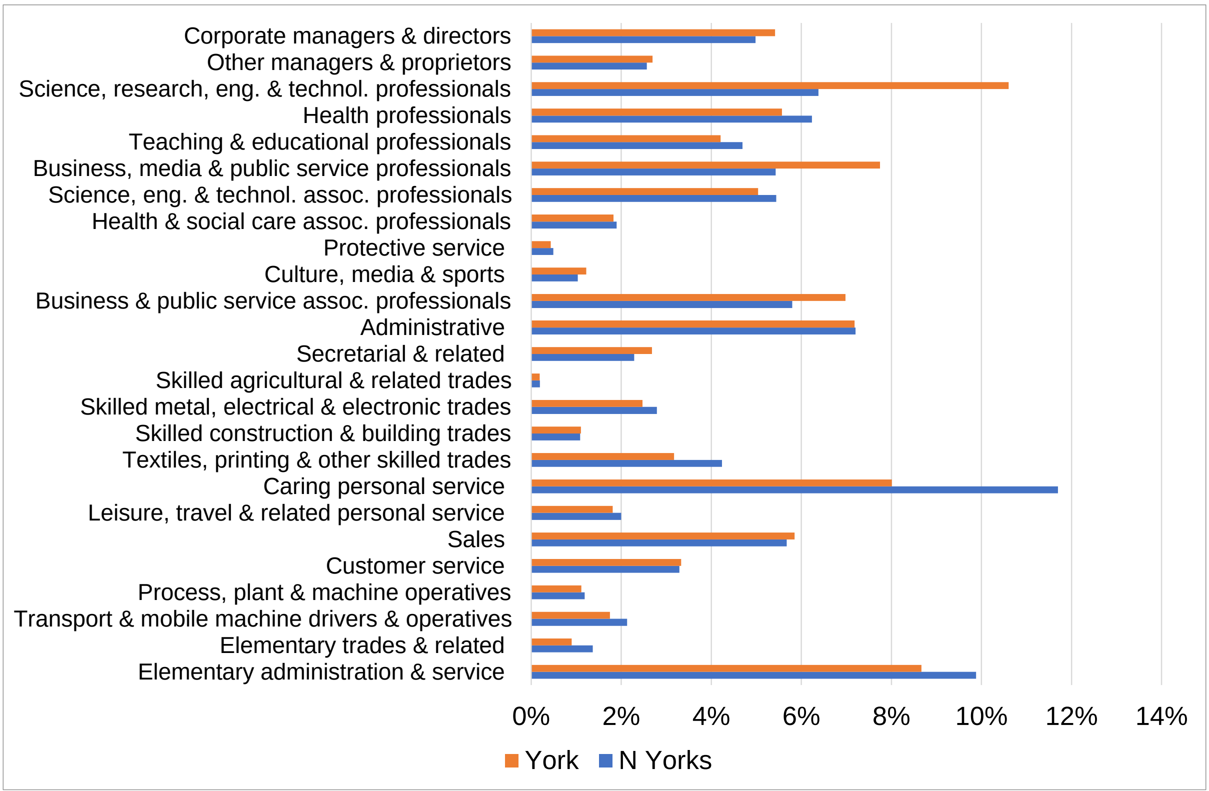
Figure 45: Occupational profile of job postings, 2022



Source: Lightcast

The occupational profiles of the two component parts of the LEP area are also distinctive. The proportions of online job postings for Caring personal service and Elementary administration and service roles are both higher than for York. In addition, York has a stronger representation of postings for higher skilled occupations, including STEM professional-type roles and business-related professional and associate professional occupations.

Figure 46: Occupational profile of job postings, 2022; York versus North Yorkshire



The occupational categories with the largest number of job postings recorded in the 2022 calendar year were for the following:

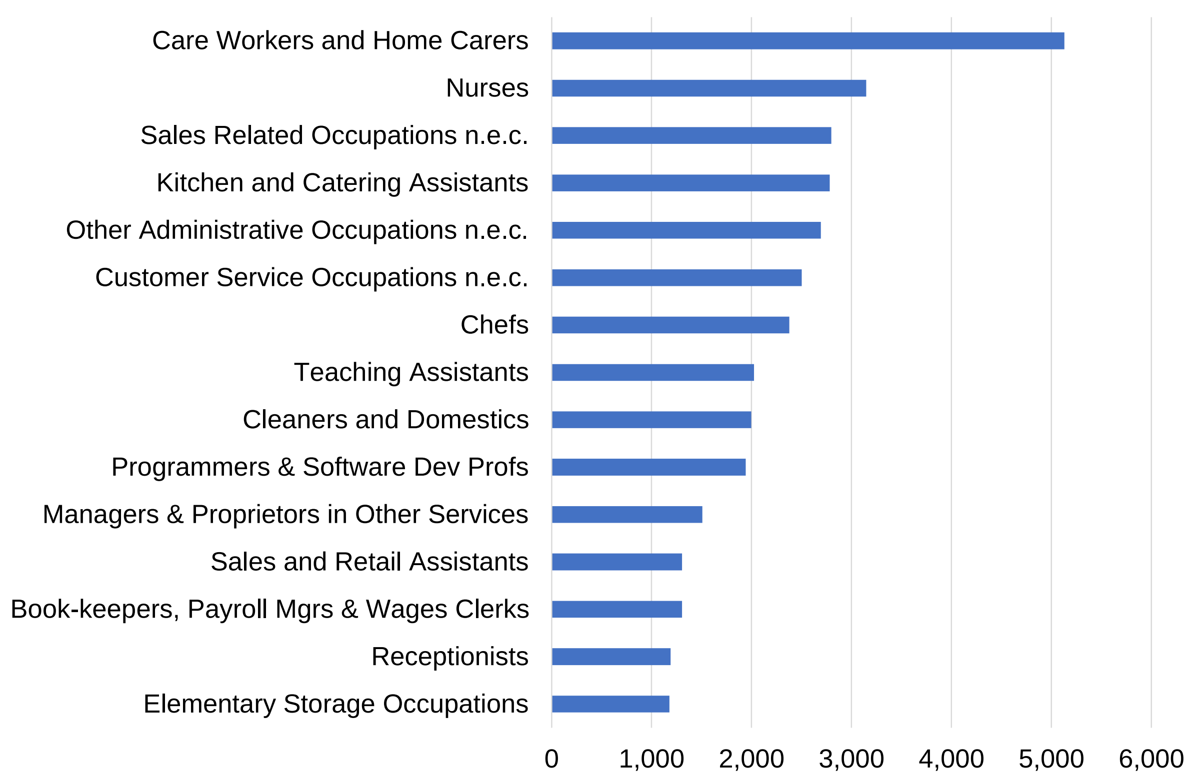
- Caring personal service
- Elementary administration and service
- Science, research, engineering and technology professionals
- Administrative.

The profile of job postings is examined in more detail in the following section.

Care, health, retail, hospitality and administration are featured among those in greatest current demand

Turning to the individual detailed occupations in greatest demand currently the occupations with the greatest number of postings are drawn from a diverse range, covering, amongst other disciplines, care, health, retail, hospitality and administration.

Figure 47: Top occupations in greatest demand overall based on count of online job postings, YNY, Jan to Dec 2022,



Source: Lightcast

Care workers and home carers are ranked at the top by some distance, followed by Nurses, Kitchen and catering assistants and Other administrative occupations (which mainly comprises general administrator roles).

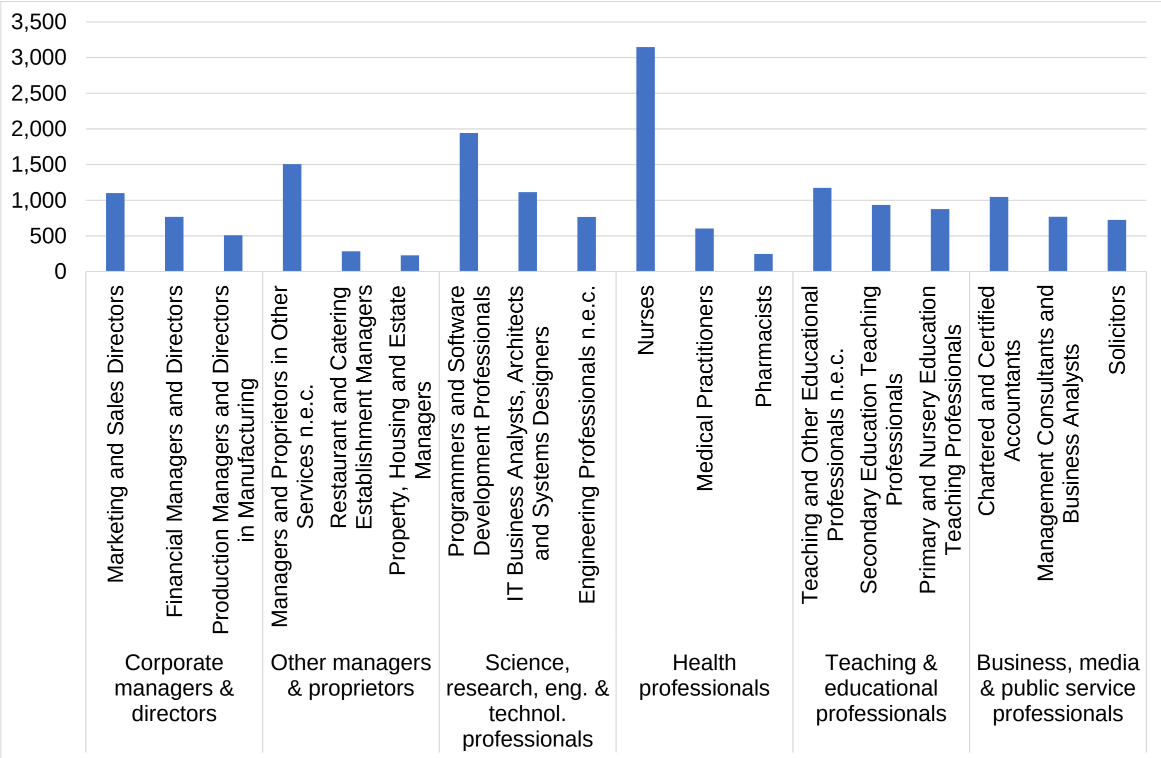
The occupational profile of postings locally is different to the national picture

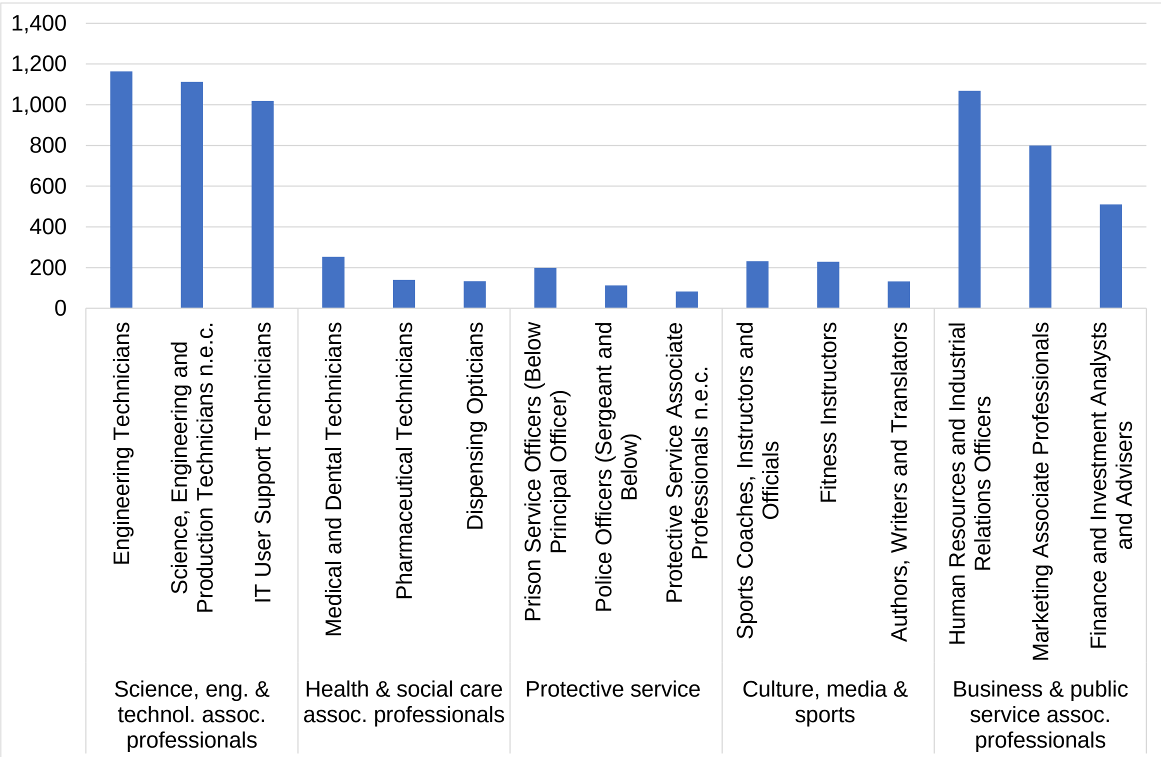
In YNY recruitment demand is relatively low for some higher skilled occupations (which sit at the top of the chart in Figure 45). Postings for Corporate managers, STEM professionals, Business, media and public service professionals and Business and public service associate professionals account for lower shares than nationally.

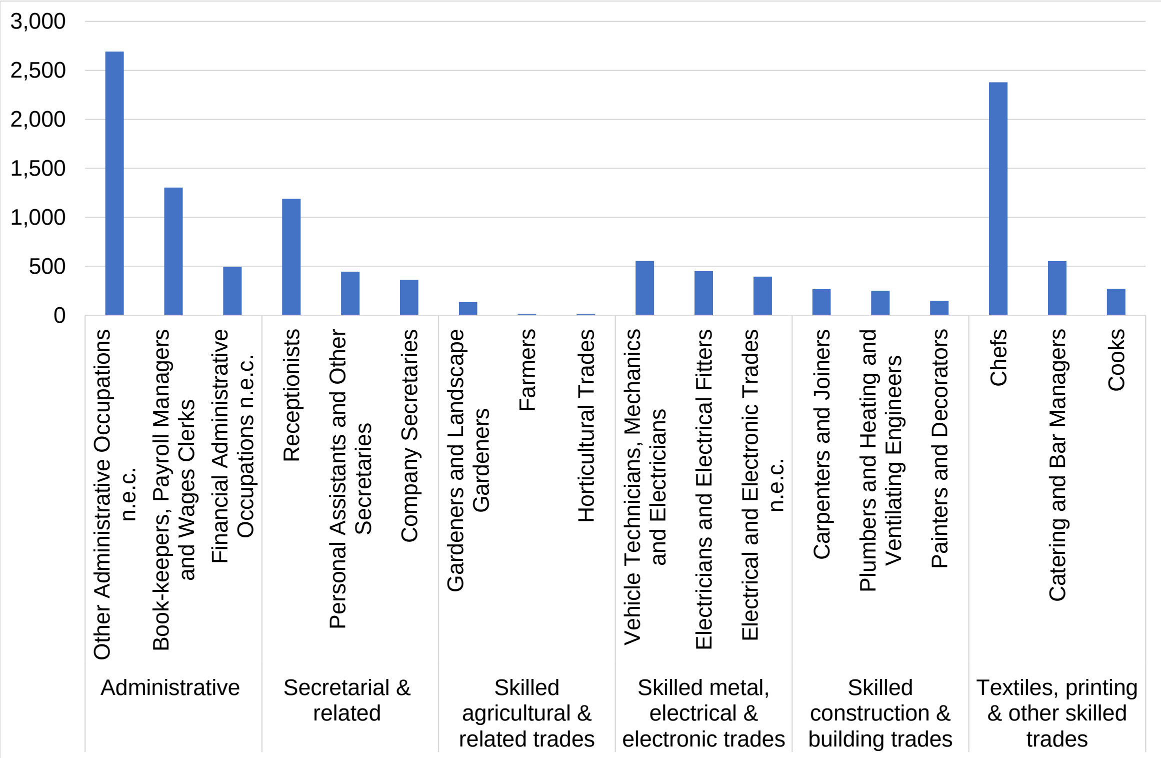
The under-representation of STEM professional postings is largely due to the relatively small share of openings for digital professionals compared with the national profile, although the number is large relative to other occupations in York and North Yorkshire (see Figure 48).

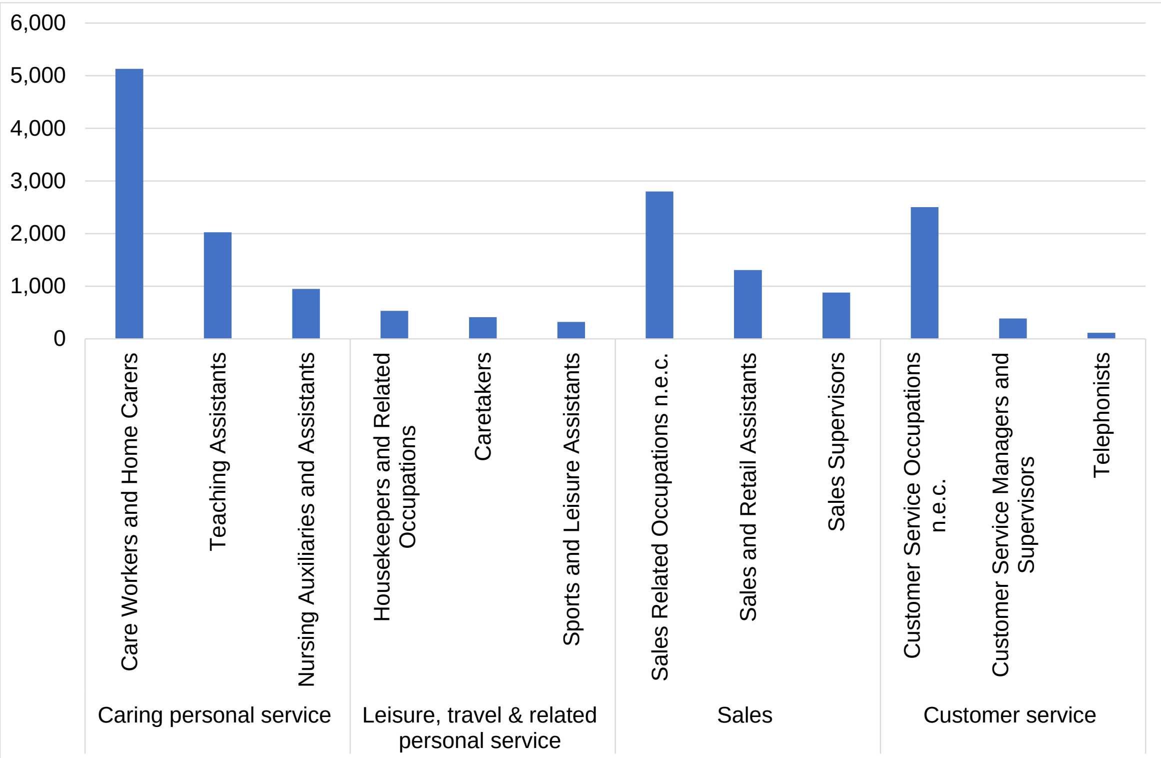
The relatively low proportion of vacancies for Business, media and public service professionals and for Business and public service associate professionals is partly due to a lack of demand for workers associated with knowledge-intensive services, in occupations such as Management consultants and business analysts and Finance and investment analysts and advisers plus Sales accounts and business development managers.

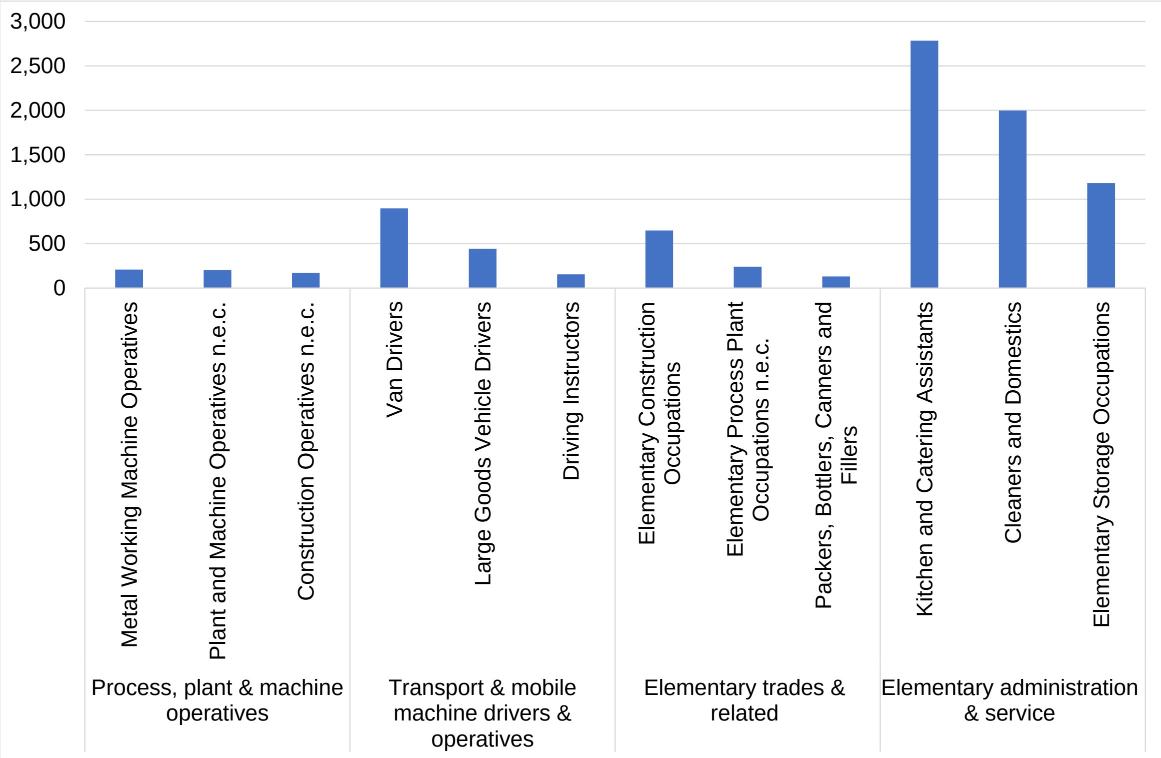
Figure 48: Top detailed occupations by occupational sub-major group, York and North Yorkshire, 2022






3,000
2,500
2,000
1,500
1,000
500
0
Other Administrative Occupations n.e.c.
Book-keepers, Payroll Managers and Wages Clerks
Financial Administrative Occupations n.e.c.
Receptionists
Personal Assistants and Other Secretaries
Company Secretaries
Gardeners and Landscape Gardeners
Farmers
Horticultural Trades
Vehicle Technicians, Mechanics and Electricians
Electricians and Electrical Fitters
Electrical and Electronic Trades n.e.c.
Carpenters and Joiners
Plumbers and Heating and Ventilating Engineers
Painters and Decorators
Chefs
Catering and Bar Managers
Cooks
Administrative
Secretarial & related
Skilled agricultural & related trades
Skilled metal, electrical & electronic trades
Skilled construction & building trades
Textiles, printing & other skilled trades


6,000
5,000
4,000
3,000
2,000
1,000
0
Care Workers and Home Carers
Teaching Assistants
Nursing Auxiliaries and Assistants
Housekeepers and Related Occupations
Caretakers
Sports and Leisure Assistants
Sales Related Occupations n.e.c.
Sales and Retail Assistants
Sales Supervisors
Customer Service Occupations n.e.c.
Customer Service Managers and Supervisors
Telephonists
Caring personal service
Leisure, travel & related personal service
Sales
Customer service


3,000
2,500
2,000
1,500
1,000
500
0
Metal Working Machine Operatives
Plant and Machine Operatives n.e.c.
Construction Operatives n.e.c.
Van Drivers
Large Goods Vehicle Drivers
Driving Instructors
Elementary Construction Occupations
Elementary Process Plant Occupations n.e.c.
Packers, Bottlers, Canners and Fillers
Kitchen and Catering Assistants
Cleaners and Domestics
Elementary Storage Occupations
Process, plant & machine operatives
Transport & mobile machine drivers & operatives
Elementary trades & related
Elementary administration & service

In other occupational areas there is a high level of job postings locally relative to the national profile. This includes Elementary administration and service occupations with relatively strong demand for Waiters and waitresses, Cleaners and domestics and Kitchen and catering assistants.

With regard to Textiles, printing and other skilled trades, YNY has relatively strong demand in this area for posts like Cooks and Catering and bar managers.

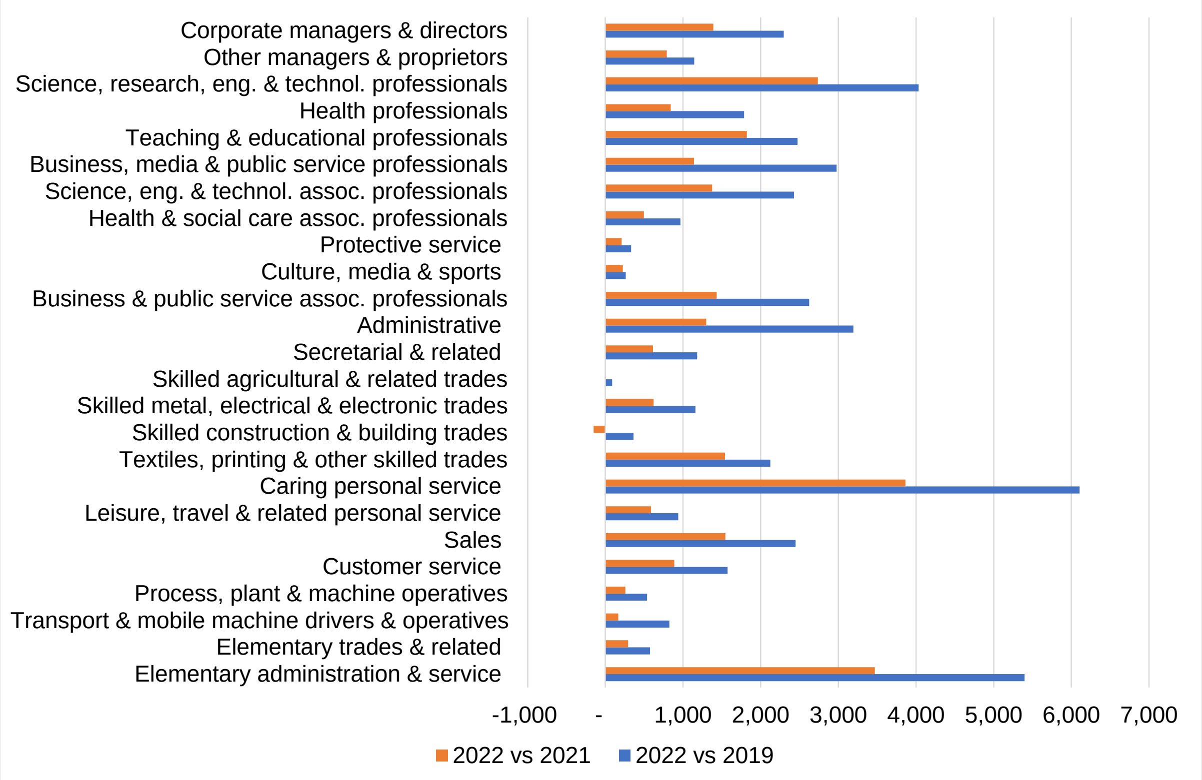
The Caring personal services category accounts for a relatively large share of job postings locally. Care workers and teaching assistants are the biggest areas of demand within this category.

STEM professionals are under-represented in terms of the profile of local job postings but STEM associate professionals and technicians are account for a similar proportion of total employment as nationally. Key areas of demand within this category include technicians in engineering and manufacturing and IT support technicians.

Overall, then recruitment demand in the LEP area is underweight in terms of higher skilled occupational groups including digital professionals and business roles but is strong in terms of intermediate and lower skilled roles linked to the hospitality sector.

How have employers' recruitment needs changed over time? The following analysis examines online job postings by occupation, comparing the 2022 calendar year with 2021 but also with 2019 in order to provide a picture of the net changes since before the pandemic as well as more recent developments.

Figure 49: Net change in count of online job postings by occupational sub-major group, YNY



Source: Lightcast

Almost all broad occupational categories Figure 49 saw absolute terms growth in their number of online postings between 2021 and 2022 calendar years and also between 2019 and 2022.

The occupations with the biggest growth in postings in absolute terms both periods were:

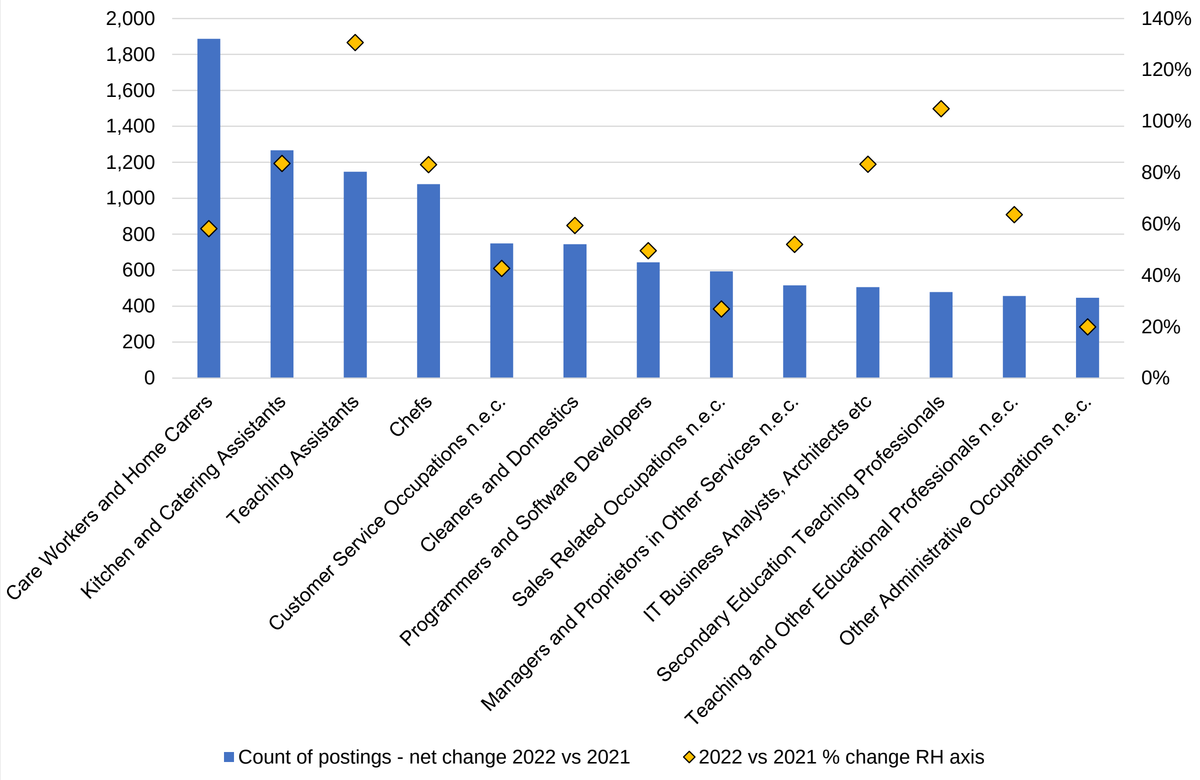
- Caring personal services
- Elementary administration and service
- Science, research, engineering and technology professionals.

For Caring personal services, the biggest areas of absolute growth at a detailed level were Care worker and home carers plus Teaching assistants.

The key source of growth for Science, research, engineering and technology professionals was digital roles, specifically Programmers and Software development professionals and IT Business analysts, architects and systems designers.

Kitchen and catering assistants and Cleaners and domestics were the leading sources of growth for Elementary administration and service.

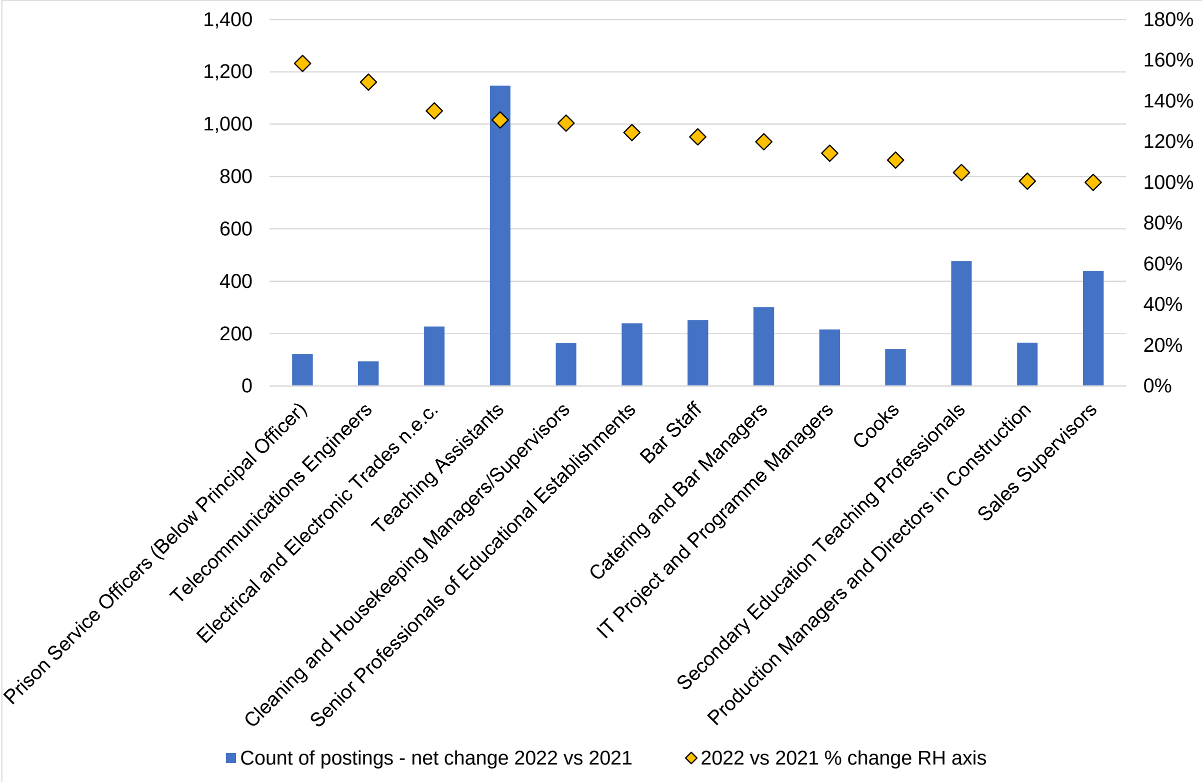
Figure 50: Detailed occupations with the highest absolute terms growth in online job postings, York and North Yorkshire



Note: analysis limited to occupations with 100 or job postings in 2022
Source: Lightcast

It is also important to consider potentially niche areas that have seen fast rates of growth in job postings recently, although they may not feature in an analysis of absolute terms growth.

Figure 51: Detailed occupations with the highest year on year percentage growth in online job postings, York and North Yorkshire



Note: analysis limited to occupations with 100 or job postings in 2022
Source: Lightcast

This shows that occupations like prison service officers, telecoms engineers and electrical and electronic trades more than doubled their level of postings between 2021 and 2022.

5.6.1 Mapping of online job postings to subject areas

What are the trends in labour market demand relative to subject areas used in further education and skills?

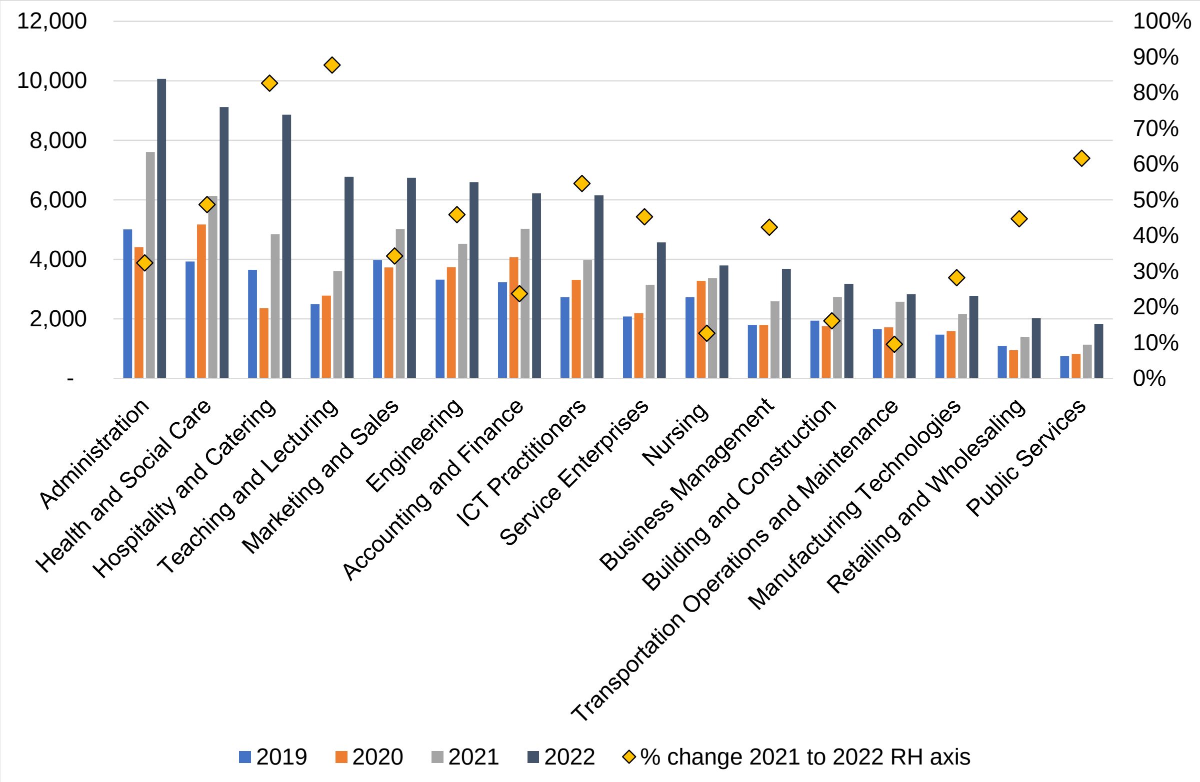
It is useful to present the profile of demand in this way because a key objective of this labour market report is to shape the focus of further education and skills provision.

To address this question the following analysis is based on a mapping of occupations to related tier 2 sector subject areas, which are used to classify qualifications that are publicly funded. This then provides a basis for analysing the volume of job postings that are relevant to those subject areas.

Administration, Health and social care and Hospitality and catering are the subjects with the greatest associated labour market demand

The subjects are presented across two charts in descending order to make for easier readability.

Figure 52: Annual trend in count of job postings by associated subject area, York and North Yorkshire (chart 1 of 2)



Note: Subjects ranked in descending order of job postings in 2022
Source: Lightcast

A key overall conclusion is that nearly all subjects across the two charts have seen an increase in the count of job postings over the period under consideration, which runs from 2019 (pre-pandemic) to 2022.

In absolute terms, the subjects with the greatest demand in 2022 were:

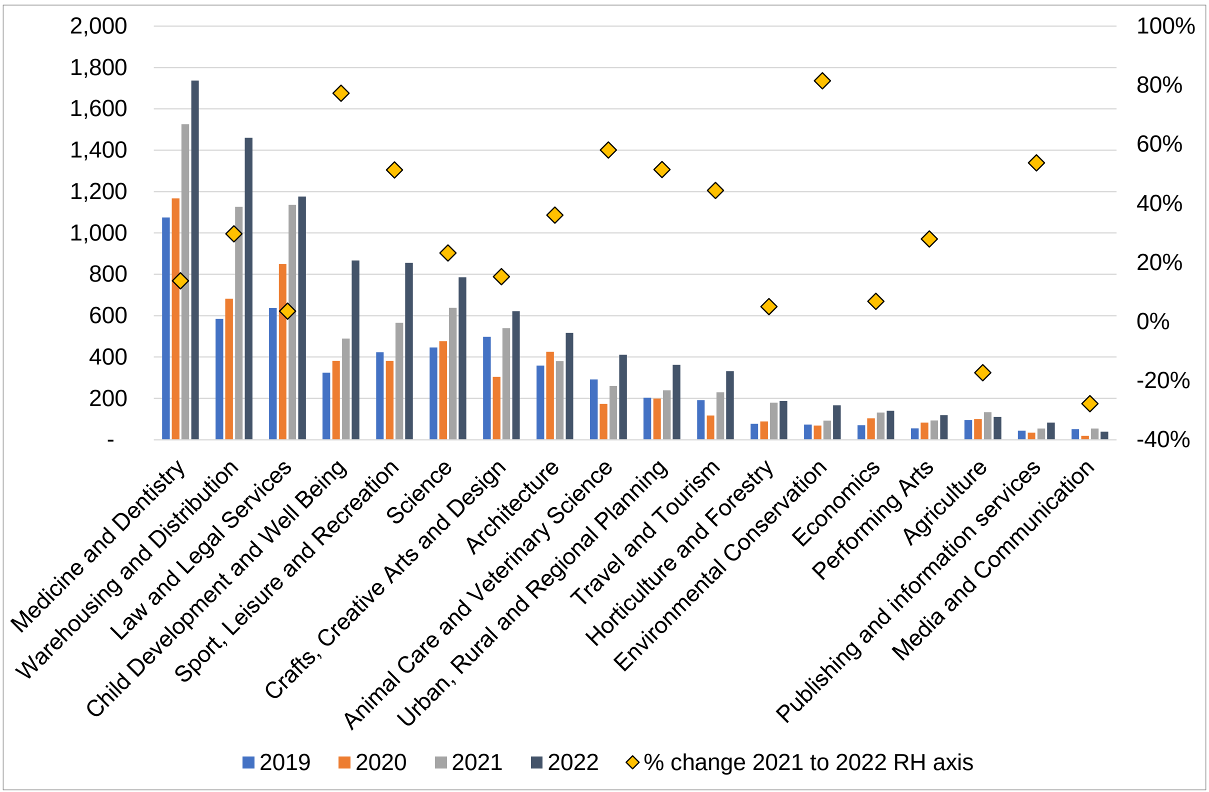
- Administration
- Health and social care
- Hospitality and catering
- Teaching and lecturing.

The analysis also points to strong demand for business-related disciplines (in addition to Administration), including Marketing and sales and Accounting and finance, reflecting the growing importance of these areas in employment terms in York and North Yorkshire.

The ICT practitioners subject area lies outside the highest ranked subjects but there is still substantial demand in respect of associated digital roles.

Similarly, Engineering and Manufacturing technologies are important areas of demand, particularly when viewed in combination, as is Building and construction.

Figure 53: Annual trend in count of job postings by associated subject area, York and North Yorkshire (chart 2 of 2)



Note: Subjects ranked in descending order of job postings in 2022
Source: Lightcast

Turning to the second half of subject ranking, the subjects covered here are smaller in absolute terms. The level of demand for occupations associated with subjects like Medicine and dentistry, Warehousing and distribution and Law and legal services is still significant, however.

There has been strong percentage growth in the last year for some subjects – including Child development and well-being, Environmental conservation and Animal care and veterinary science – although, some of these areas are niche in terms of their scale of demand in absolute terms.

Lightcast also supports analysis of the types of skill that employers ask for in their job postings, enabling us to profile the skills in greatest demand. The fact that employers ask for skills suggests they are not available as matter of course – in some cases they may be difficult to obtain from candidates.

Communication, management and customer service are among the generic skills in greatest demand

The analysis presented in Figure 54 focuses on “Common” skills – generic skills in widespread demand across different types of job.

Figure 54: Common Skills in greatest demand, % of total job postings, North Yorkshire, Jan to Dec 2022

Source: Lightcast

Communication is the "Common" skill that is in the greatest demand by far, followed by skills such as customer service, management, attention to detail, sales and planning.

It is also possible to examine the specialised skills in greatest demand. These are skills that are more job-specific rather than being generic requirements.

Figure 55: Specialist Skills in greatest demand, % of total job postings, North Yorkshire, Jan to Dec 2022

Source: Lightcast

As with Baseline skills, the hierarchy of skills in greatest demand has remained broadly the same over time, although some skill types have increased their share of total postings whilst others have seen a reduction. Customer service, teaching and team working / collaboration are the specialist skills in greatest demand. We could infer a link between some of the changes in demand and the impact of the Covid crisis. For example, the proportion of postings requiring cleaning and patient care skills increased. On the other hand the proportion for which customer service and sales skills were required fell, perhaps reflecting the impact of the crisis on retail. However, it is important to remember that these modest changes, which may be linked to Covid, may not prove to be long-lasting.

Skills relating to use of Microsoft packages are in strong demand among recruiters

In view of the central importance of digital skills to employability across a majority of jobs, it is useful to drill down on the specific computing skills that are most commonly cited in employers' job postings. Figure 56 sets out the top 10 requirements for all jobs irrespective of their overall skill level. Not surprisingly an ability to use packages within the Microsoft Office suite is in widespread demand, particularly Excel but also Word and Powerpoint.

Figure 56: Computing skills in greatest demand, % of total job postings, Jan to Dec 2022

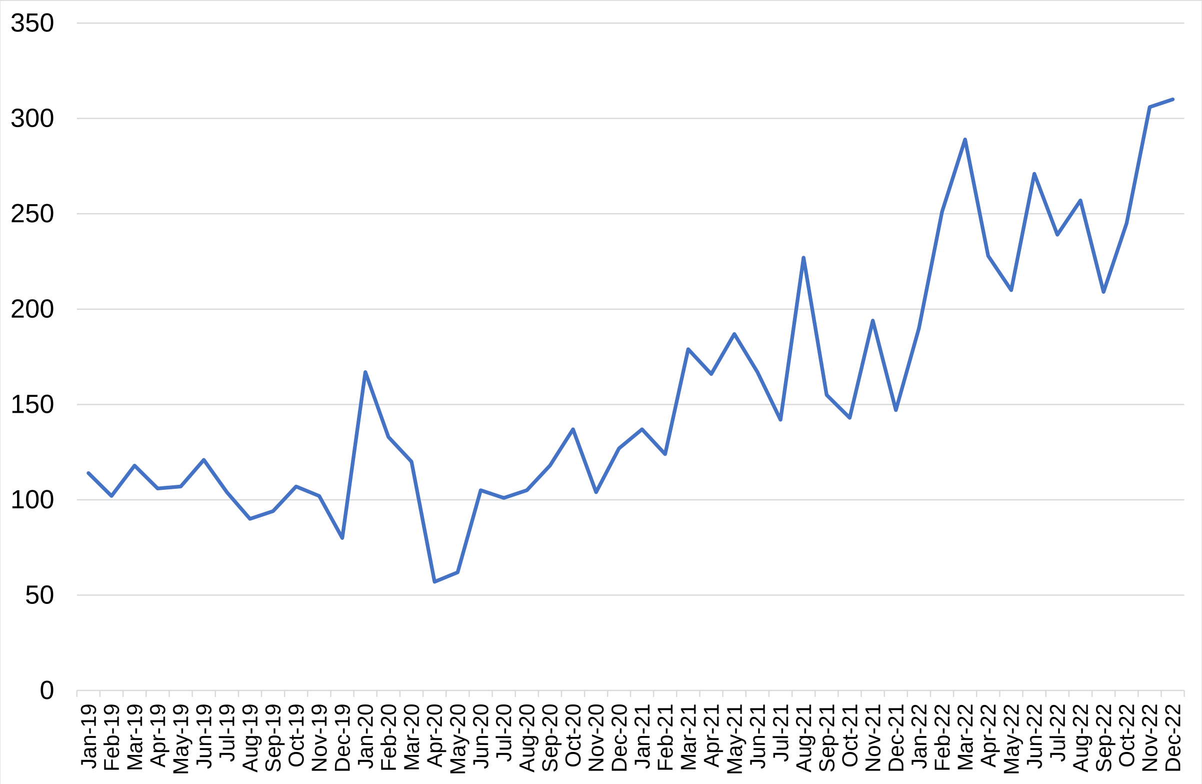
Source: Lightcast

In addition to skills in the use of standard productivity packages, specialist digital skills are highlighted in significant numbers of postings, including SQL, Microsoft C# and JavaScript.

5.7 Green skills needs

The employment and skills needs associated with the development of the emerging green economy are a key priority for policymakers. These needs must be addressed if commitments relating to the achievement of net zero and wider environmental objectives are to be met.

Figure 57: Trend in monthly count of online job postings that specify green skills, York and North Yorkshire



Source: Lightcast

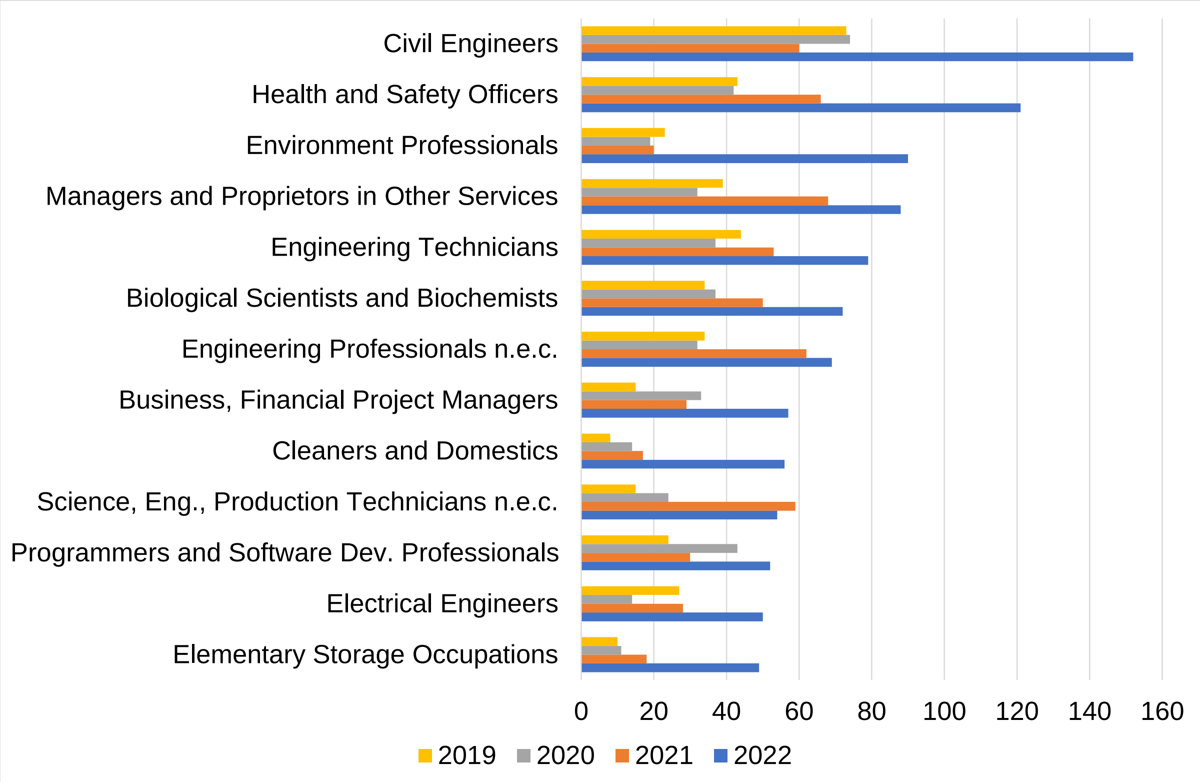
Green jobs are indistinct and difficult to categorise using standard taxonomies. A wide range of occupations contribute to the green economy in a variety of ways. Most of these are existing occupations rather than new occupations with a defined focus on aspects of the green economy.

The following analysis focuses on online job postings that specify green skills – including skills falling within the categories of energy efficiency, renewable energy, regulatory requirements, waste management, environmental health and safety and conservation.

As figure shows the number of postings specifying green skills has increased by more than 100% in the last year and by nearly 300% since 2019. However, the figure also shows that this growth has taken place from a low base.

There were just over 300 green job postings recorded during December 2022 and just over 3,000 over the course of the 2022 calendar year; this constitutes around 3% of total postings.

Figure 58: Count of online job postings that specify green skills by highest ranked occupations, York and North Yorkshire



Source: Lightcast

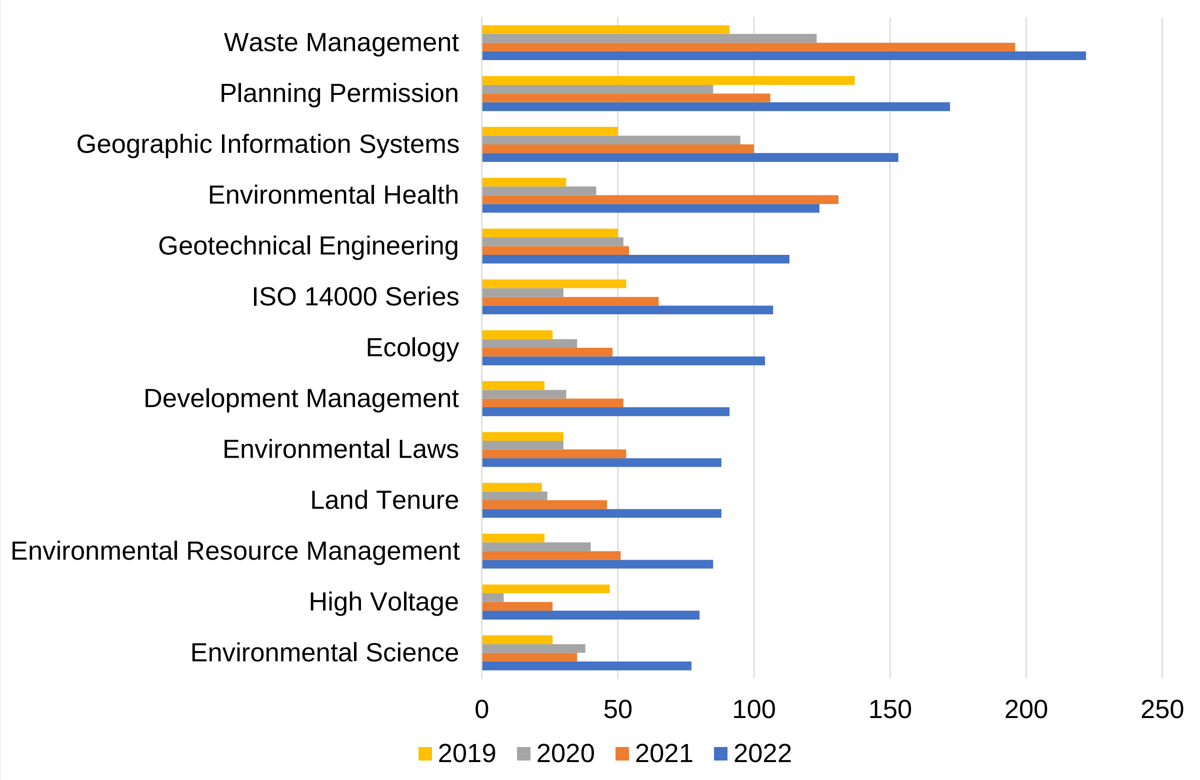
The occupations that account for the greatest number of vacancies (online job postings) requiring green skills are existing occupations which incorporate a focus on green tasks and associated green skills.

Engineering occupations of various kinds are strongly represented in the top ranked green occupations, most notably civil engineer, which in different contexts requires skills like flood risk management, hydrology etc

The Environment professional occupation is an example of a specialist occupation explicitly focused on the green economy. It is high in the ranking but roles like electric vehicle technicians, heat pump installers, which are typically associated with the green economy do not feature. They remain relatively niche and are subsumed in general categories like vehicle technician and heating engineer.

Green skill requirements are present at different occupational skill levels – cleaners and elementary storage (warehouse worker) occupations are present alongside the professional-level occupations that make up most of the top-ranked occupations

Figure 59: Count of online job postings that specify green skills by highest ranked skill, York and North Yorkshire



Source: Lightcast

The figure above focuses on the green skills which are most commonly specified by employers in their online job postings. Top of the ranking is waste management; in addition environmental aspects of development are a common feature, linking back to the top-ranked civil engineer occupation. This includes geotechnical engineering and development management, for example.

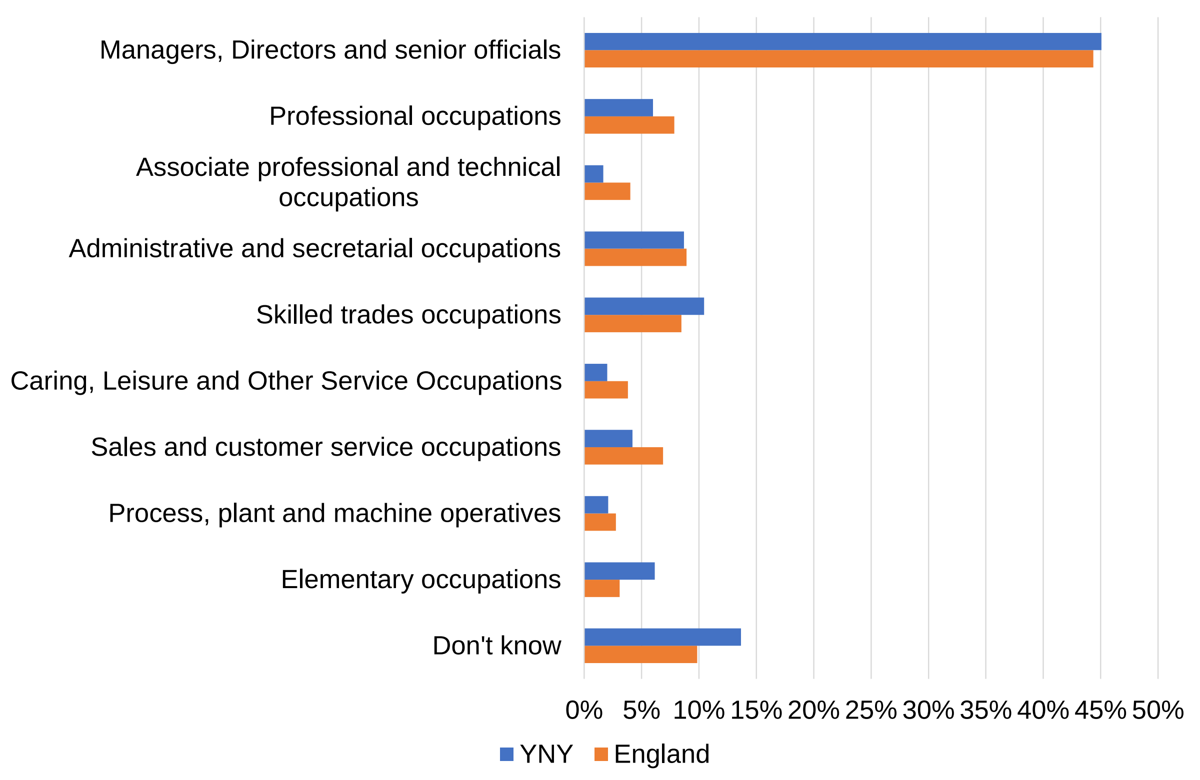
It is notable that skills linked to emissions reduction are not currently a major feature within the ranking. Skills relating to energy efficiency (retrofit etc) and renewable energy (turbines, solar etc) are not strongly represented.

5.8 Upskilling needs

Around two-thirds of employers expect future upskilling needs - they are most likely to highlight their managers as being affected

Based on the Employer Skills Survey, two-thirds (68%) of employers expect that at least some of their staff will need to acquire new skills or knowledge over the next 12 months. This is slightly higher than the national average of 64%. The main drivers of this need are the introduction of new working practices, the development of new products and services, the introduction of new technologies or equipment and new legislative or regulatory requirements.

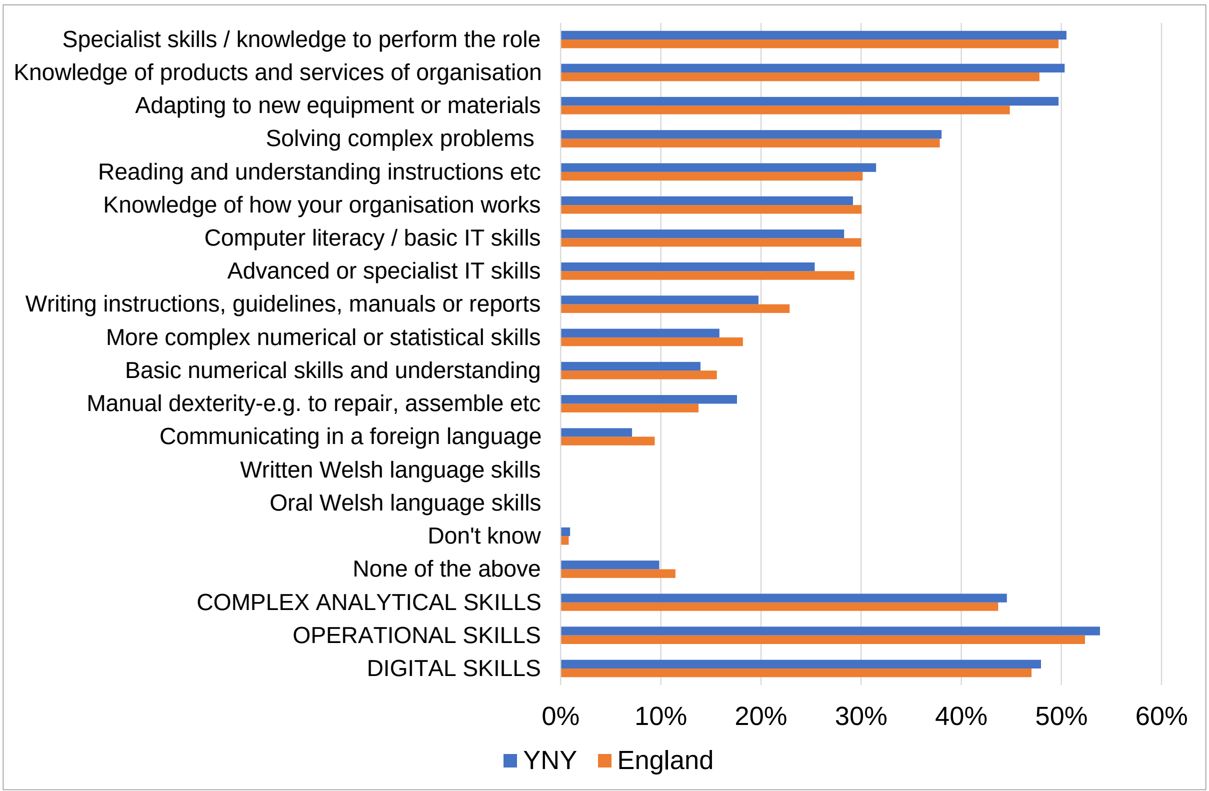
Figure 60: Occupation most affected by need for new skills, among employers who anticipate a need for new skills in next 12 months, YNY



Source: Employer Skills Survey 2019

Managers are the occupation most likely to be identified by employers as requiring future upskilling being highlighted by 45% of those with an upskilling need. This partly reflects the fact that managers are employed by virtually all organisations whereas this is not the case for some other occupational groups which are more specialised. National analysis shows that among employers who identify an upskilling need but also employ people in particular occupations the proportions are higher.

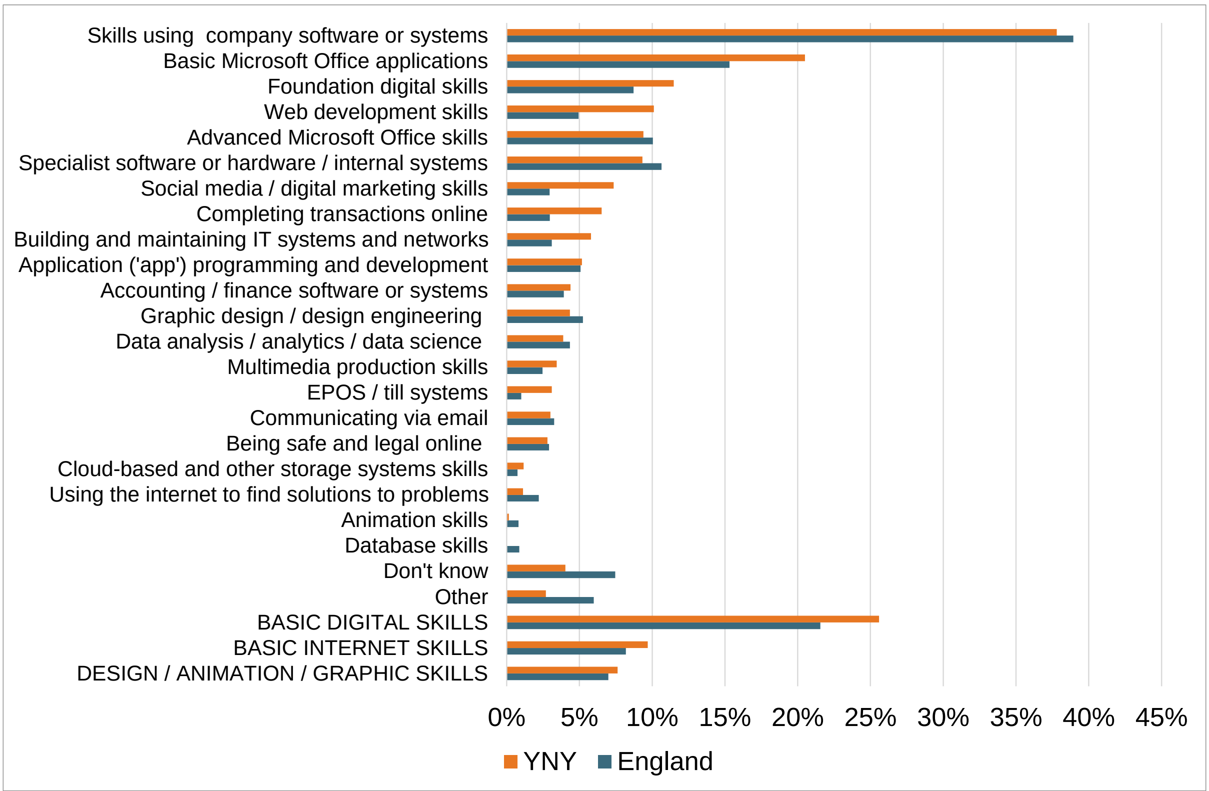
Figure 61: Skills that will need developing among workforce



Source: Employer Skills Survey 2019

The types of skills employers believe need to be developed are a combination of operational skills, including job specific skills and product / service knowledge; complex analytical skills such solving complex problems; and digital skills including digital literacy and advanced IT skills. Functional literacy and numeracy skills are also highlighted.

Figure 62: IT that will need developing among workforce



Source: Employer Skills Survey 2019

With regard to digital skills that need improving, employers are most likely to highlight various kinds of basic digital skills. Local employers are more likely to flag this than the national average. The ability to use the employers' own systems is the most commonly identified need.

5.9 Future trends in employment and replacement demands

Skills development often requires a considerable level of investment and a significant lead-in time. This means that it is important to take a forward-looking perspective on the demand for skills in order to anticipate future needs and to "future proof" investment decisions, so far as this is possible.

The *Working Futures* labour market model allows us to assess future sectoral and occupational employment prospects based on projections that are grounded in past patterns of performance and behaviour in the labour market.

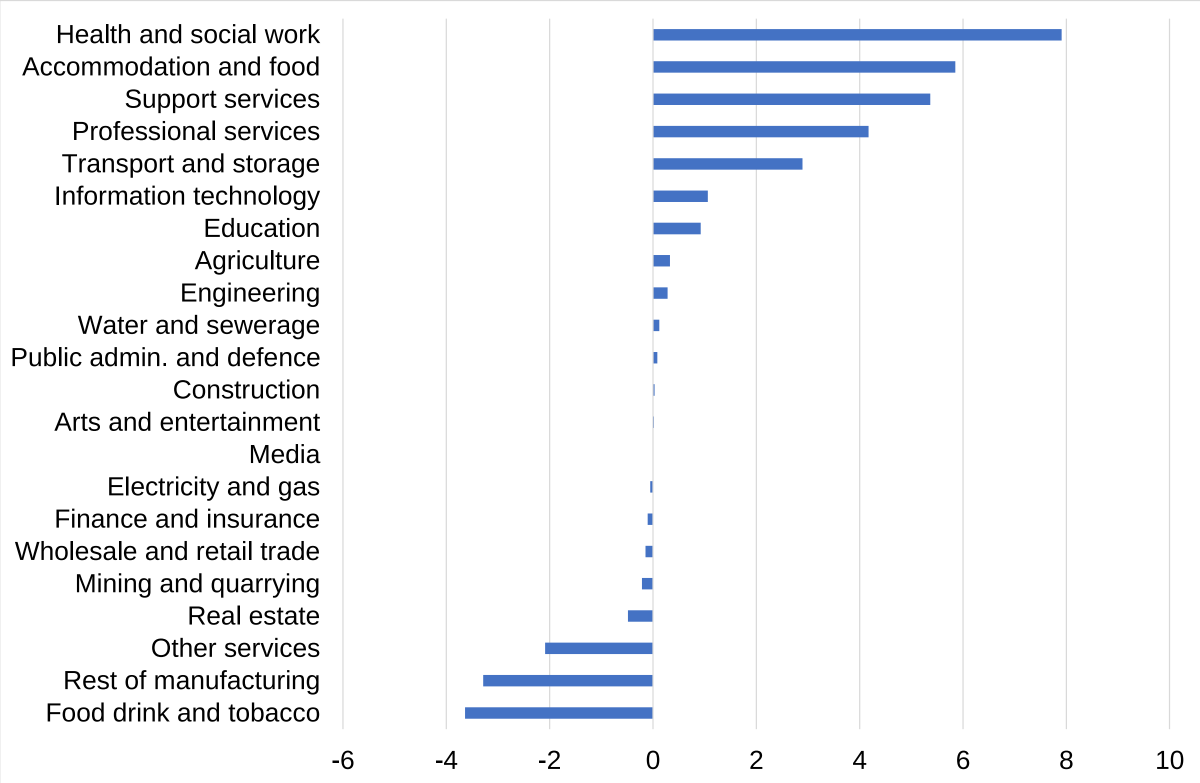
There are several aspects to consider: net change in the level of employment by sector and occupation; replacement demand and the net recruitment requirement.

Net employment growth is expected to be concentrated in service-based activities

The primary sectoral sources of net job growth in YNY over the period to 2035 are forecast to be service-based in the form of Health and social work (+8,000 jobs), Accommodation and food (+6,000), Support services[17] (+5,000) and Professional services (+4,000).

Other sectors will also see net growth but at a smaller level in absolute terms, including Transport and storage (+3,000), Information technology (+1,000) and Education (+1,000).

Figure 63: Projected net employment change by industry, 2020-2035, YNY



Source: Working Futures

The fastest rates of growth for 2020 to 2035 are projected for Support services (17%), Transport and storage, Health and social work (15%), Accommodation and food (15%) and Information technology (14%).

The industries with the poorest prospects based on the forecasts continue to be drawn from the manufacturing and primary sectors of the economy. Much of the manufacturing sector, including Food and drink manufacturing (-4,000), is expected to see a marked net decline in jobs, as is Rest of manufacturing (-3,000) – a category which includes manufacturing activities except food and drink and engineering. Nonetheless, as noted below these sectors will have a recruitment requirement arising out of replacement demands and will see growth in higher skilled jobs although these will be offset by reductions in lower-skilled and routine posts..

Sectoral rates of change are forecast to be broadly similar to the national average, except that engineering is expected to fare much better than nationally and manufacturing sectors are forecast to perform less well than their national counterparts.

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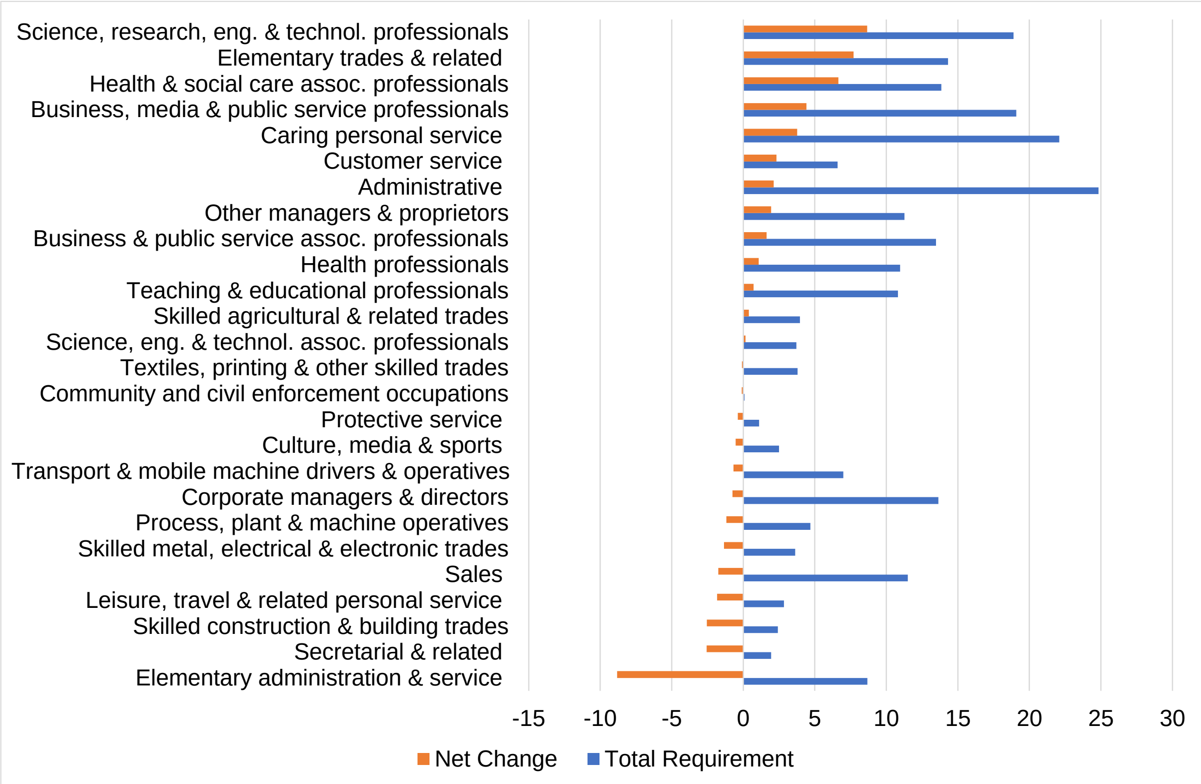
[17] Support Services includes the following activities: rental and leasing, employment agencies, travel, security and services to buildings.

Key employment sectors like Wholesale and retail, Construction and Public administration are forecast to remain largely static in employment terms.

Figure 64: Projected net employment change and net requirement by occupation, 2020-2035, YNY



Source: Working Futures

The occupational projections sit within the context of relatively modest forecast growth for the local area. According to *Working Futures*, the area is expected to see overall job growth of 4%, somewhat lower than forecast UK growth of 7%. However, the overall quantum of future growth is uncertain and subject to the influence of fluctuations in macro-economic conditions both nationally and internationally.

Higher skilled occupations are expected to grow much faster than the overall rate of employment growth

Even though there is huge uncertainty about the future growth trajectory of the UK economy and the sectoral pattern of change within the economy, it is worth noting that established trends in occupational employment have proven to be largely resilient in recent years, even in the face of the last recession.

Significant net employment growth is expected for most higher level occupations, including some managers, all professional occupations and most associate professional occupations. Between 2020 and 2030, employment in professional jobs is expected to increase by 15,000 (17%) and in associate professional roles by 8,000 (14%). Net growth in management roles is more marginal at 1,000 (3%). Taken together, these three occupational groups have a combined growth rate of 13%, around four times the average rate.

Science, research, engineering and technology professionals is the category projected to see the biggest growth over the course of the period with a net increase in employment of 9,000. Other higher-level occupations expected to see substantial growth are *Health and social care associate professionals* (+7,000), *Business, media and public service professionals* (+4,000).

Middle skilled occupations are projected to see net decline but at a much slower rate than previously projected

Net job losses are projected for middle skilled occupations, of 4% or around 4,000 in absolute terms. This represents a less pronounced rate of decline compared with the previous iteration of Working Futures, reflecting the fact that these occupations performed relatively well in employment terms in the interim. The most pronounced net decrease is expected for Secretarial roles (projected net decline of -27%). Employment in Administrative occupations, the largest middle-skilled occupational category by far is now projected to grow with an employment increase of 5%. By 2030 employment in administrative and secretarial occupations is expected to be only slightly lower than its 2020 level and to be 4,000 lower in skilled trades.

There is expected to be a net decline of 1,000 (-8%) in Process, plant and machine operative jobs (semi-skilled blue-collar occupations). Employment for Transport & mobile machine drivers and operatives is also projected to decline by around 1,000 (5%).

Caring personal service jobs are expected to grow but at a slower rate than previously projected

Turning to lower-skilled occupations, *Elementary Trades* are expected to see the largest growth in absolute terms of any of the occupational sub-major groups of around 9,000 net additional jobs. The strong growth expected for this category may at least partly reflect the very strong employment performance during the pandemic which has fed through into the projections.

Conversely, employment in *Elementary administration and service* roles is expected to see the biggest decline in absolute terms of -9,000 or 21%. This is key for York and North Yorkshire, since the area has strong employment representation in this category.

Caring personal services is expected to see growth in absolute terms of around 4,000 net additional jobs, a growth rate of 12%. This represents a reduction compared with previous projections.

Strong growth in *Customer service* jobs of 2,000 (+28%) is projected to be offset by a net decline in employment of 2,000 (-6%) in *Sales* occupations.

Replacement demands are expected to generate 11 times as many job openings as net growth

From the point of view of assessing future labour demand, it is important to focus not just on projections of changing levels of employment by occupation, but also on replacement demands – the job openings created by the outflow of workers from the labour force.

Workers leave the labour market for a variety of permanent and temporary reasons including retirement, family reasons (e.g. maternity leave) and mortality. These outflows have a significant influence on job opportunities.

Over the period to 2035, replacement demands are expected to generate around 11 times as many job openings in the LEP area as those arising from net job growth.

In absolute terms this equates to around 19,000 job openings resulting from net growth and 219,000 openings arising from replacement needs, giving a total number of job openings (total requirement) of approximately 238,000.

Recruitment needs will be greatest for higher skilled occupations, administrative and caring occupations

Figure presents projected net change in employment and total requirements by occupational sub-major group. The total requirement reflects the recruitment requirement or number of job openings expected for the period in each occupation. It is calculated as the sum of net change and replacement demand in the occupation.

Occupations where employment is growing will require additional workers on top of those being replaced. Almost all higher skilled occupational sub-major groups are expected to see strong demand as a result of this effect and especially Science, research, engineering and technology professionals (19,000), Business, media and public service professionals (19,000) and Health and social care associate professionals.

The Caring personal service occupational category has one the highest projected net requirements, reflecting strong net growth combined with significant replacement demands. In total, more than 22,000 job openings are projected for this occupation over the next decade.

Only the Administrative occupations category has a higher total requirement of 24,000.

Replacement demands mean that job openings are expected in all broad occupational groups including those that are projected to see net decline

Employment in some occupations is forecast to see net decline but replacement demands mean that there will still be job openings that need to be filled and in some cases the volume of openings is expected to be substantial.

For example, employment in Elementary administration and service occupations is projected to see a net decline of 9,000; but this will be offset by expected replacement demands of 17,000 over the forecast period.

Replacement demands tend to be much more significant than any net change in the level of jobs, meaning that we can still expect some job openings across nearly all broad occupational groups. Individuals need to consider this when making careers decisions and employers need to be conscious of the need to replace key workers.

6 Skills supply

Summary

- Overall, the LEP area has a strong skills base and a high-performing skills pipeline. However, the impact of the pandemic on skills provision has not fully worked through: there are still issues around participation in further education and skills programmes being below pre-Covid levels.
- The area faces an ongoing challenge of a declining and ageing population with implications for the size of the labour force and future skills supply. In the short to medium term, however, projections show that there will be an increase in the number of young people, creating extra potential demand for education and training provision.
- The LEP area has significant inward and outward commuting flows but these are virtually in balance. Commuting links are strongest with Leeds and the East Riding in terms of both inward and outward flows (with Bradford also significant in terms of outward flows). York and North Yorkshire cannot be considered in isolation and it is important to be aware of the wider opportunities available to local residents, particularly when thinking about career opportunities for young people.
- Remote locations and a lack of transport options present a particular challenge to local employers in addressing their skilled labour needs and result in hard-to-fill vacancies.
- The LEP area outperforms the national average in terms of its qualification profile and following recent improvements is currently the best performing northern LEP in terms of the proportion of its working age population with higher qualifications.
- Apprenticeship starts continued to recover during 2021/22, growing by 11% but the level of starts remained 5% below the 2018/19 pre-pandemic figure. Advanced apprenticeships, under-19 apprenticeships and the subjects of Construction and Engineering / manufacturing saw the strongest growth year on year. There was little change for intermediate level apprenticeships, whilst the key subject areas of *Business, administration and law* and *Health, public services and care* also saw little change.
- A number of subjects remain well below their pre-pandemic level of starts recorded in 2018/19, including *Business, administration and law* (particularly *Administration*); *Retail and commercial enterprise* (particularly *Hospitality and Catering*, *Retailing and Wholesaling*); and *Engineering and manufacturing* (mainly *Manufacturing Technologies*). A selection of other subjects have grown since 2018/19, most notably *Health, public services and care*, *Construction*; and *Information technology*.
- Apprenticeships for under-19s and especially intermediate apprenticeships remain well below pre-pandemic levels.
- Higher apprenticeship provision continues to be strongly focused on *Business, administration and law* and *Health, public services and care* subjects, with little change over time in this situation. Skill shortage areas like *Construction*,

Engineering and *Information Technology* still account for small proportions of higher apprenticeship starts, limiting progression routes in these disciplines.

- There are issues around the inclusiveness of apprenticeships in respect of access for the disadvantaged and in terms of gender segregation.
- Participation in adult education remains 29% below 2018/19 levels for Education and Training and Community Learning in combination. Education and Training provision is weighted towards qualifications at or below level 2 and is concentrated in subjects like *Health and social care* and *Information Technology,* as well as basic skills.
- HE provision in local institutions is strongly focused on Physical sciences, Social sciences, Languages and Historical, philosophical and religious studies, with Biological and sport sciences and Mathematical sciences also well represented. It is under-represented across a range of subjects including Subjects allied to medicine, Engineering and technology, Architecture, building and planning, as well as Business and management and Design and creative and performing arts.
- York and North Yorkshire has a significant HE sector but graduate retention is key to securing economic benefit from this asset. Two-fifths of graduates from YNY institutions are retained in Yorkshire and the Humber 1-year after qualifying, and this is largely sustained to the 5-year point with 33% of graduates retained at that point. York St John University has a much higher retention rate, 63% at the 1 year stage, reflecting the fact that it recruits many of its students from the local area.
- York and North Yorkshire has an above average progression rate into higher education but the disadvantaged face a progression rate gap of 27 percentage points, which shows no sign of narrowing.
- Although the LEP area performs well relative to the national average in respect of the employment performance of disadvantaged groups, the disabled and older workers still face marked employment rate gaps.
- Close to two-fifths of local employers acknowledge that they under-invest in training relative to business needs.
- Individuals in the area are more likely than average to access job-related training and the prevalence of training appears to have increased since the pandemic. Access to job-related training is unequal. Most notably workers who are less qualified are less likely to receive training than those qualified at a higher level.

Getting the right skills in place is key to achieving inclusive growth: employers need workers with the right skills to meet market requirements and drive productivity growth, while individuals need a range of skills to get a job and to progress in employment. The following section provides an assessment of the current profile of skills and qualifications in the local area, together with the quality of the skills "pipeline" provided by apprenticeships, higher education, workforce development and other sources of skills supply.

6.1 Local demographics

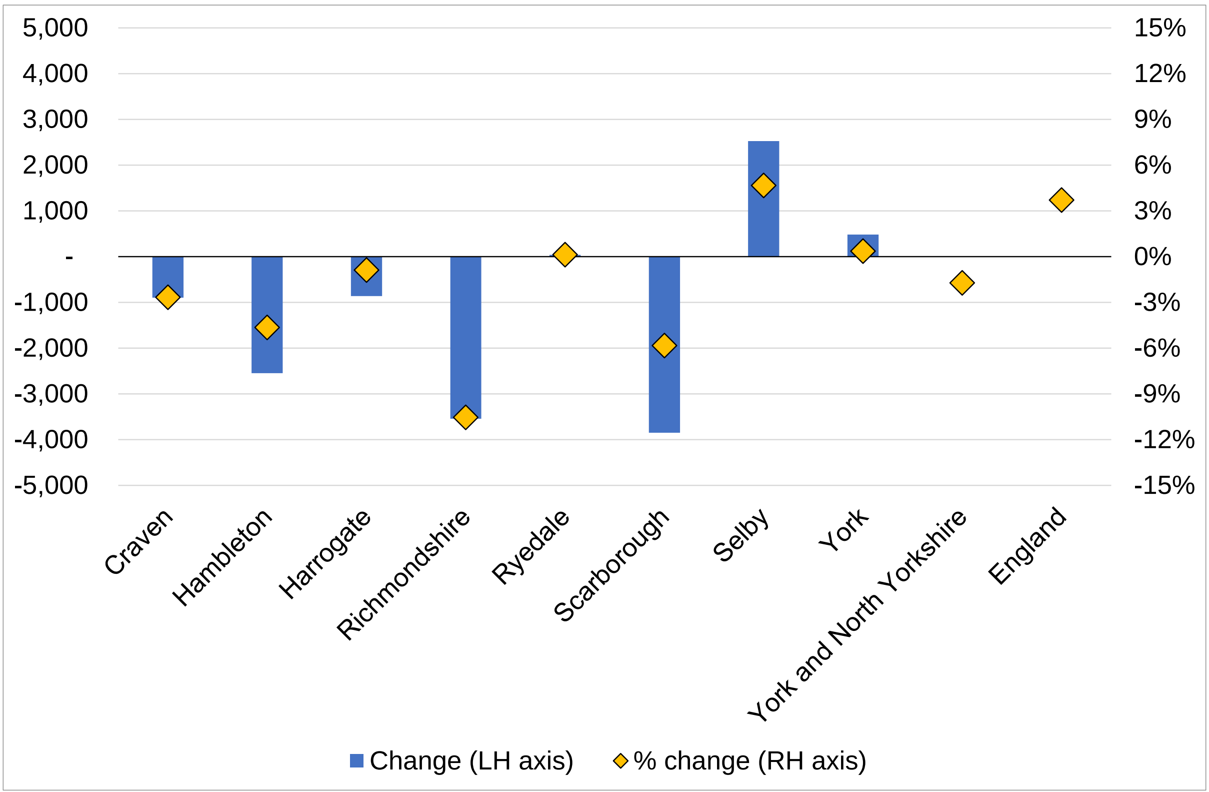
Changes in the structure of the local population have an important influence on the available labour supply.

The LEP area has seen a stagnation in the size of its working age population

York and North Yorkshire has a total population of 818,300 with 495,700 (61%) people being of working age (16-64). The working age population of the LEP area contracted by 8,600 or 2% between 2011 and 2021, in strong contrast to the national picture, which saw an expansion of 4%.

The majority of local authority areas saw decline, with Richmondshire (-11%), Scarborough (-6%) and Hambleton (-5%) seeing the biggest falls. Only one local authority saw population growth: Selby (+5%), with two authorities, Ryedale and York, seeing little change over this period.

Figure 65: Change in working age population by district, 2011 to 2021

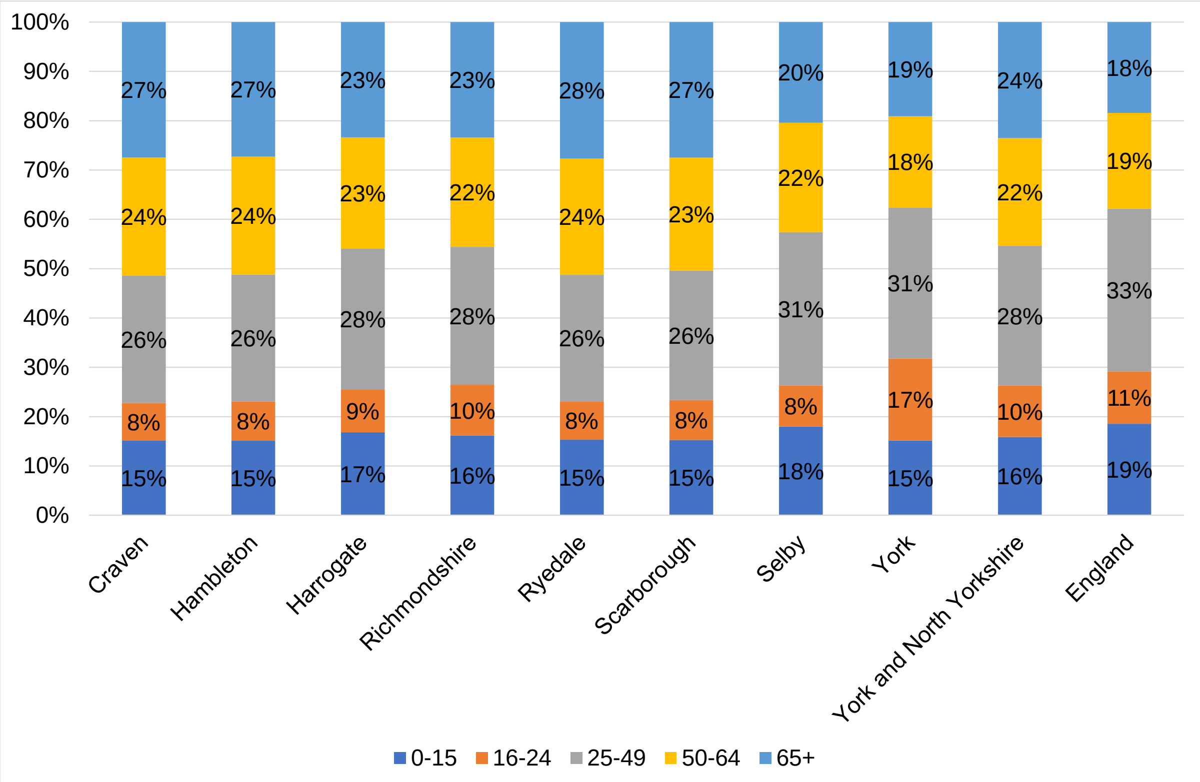


Source: Census 2011 and Census 2021, Office for National Statistics

The LEP area and most of its constituent districts have an ageing population. In the LEP area 24% of the population is aged 65 and over compared with a national average of 18%. This proportion rises to 28% in Ryedale and 27% in Craven, Hambleton and Scarborough.

The main exceptions to this pattern are York and Selby, where the age profile is younger and only 19% and 20% of the population respectively are aged 65 and above.

Figure 66: Age profile of population, 2021



Source: Census 2021, Office for National Statistics

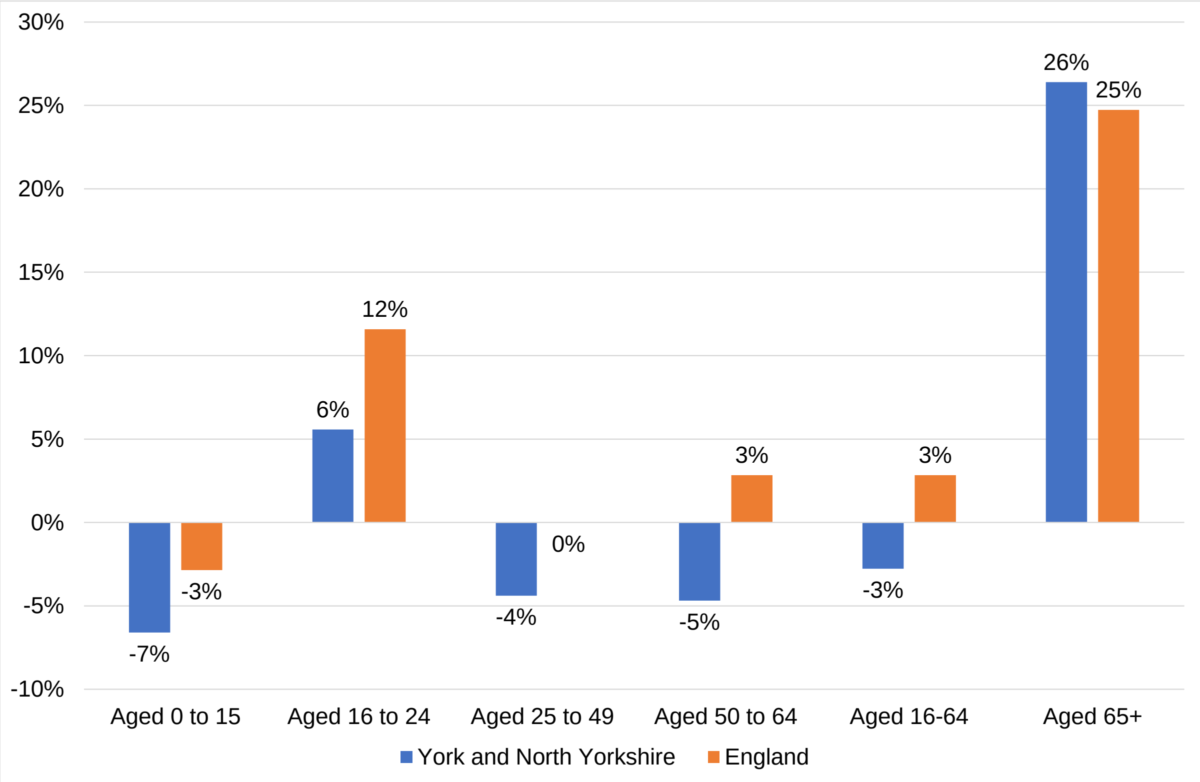
Population projections produced by ONS suggest that the number of people of working age in the LEP area will continue to decline in the period to 2030, in contrast to the expected national position.

The local working age population is projected to fall by 3% between 2018 (the baseline year for the latest available projections) and 2030 compared with growth of 3% nationally. In absolute terms this is a reduction of 14,000 in the number of people aged 16-64.

However, it is notable that the number of young people aged 16-24 is projected to grow and this is expected to contribute to heightened demand for further and higher education places in the period to 2030.

Meanwhile, the number of people aged 65 and over is expected to grow by 26% or 49,000.

Figure 67: Projected population change by age band, 2018 to 2030



Source: Mid-year Population Estimates 2018, Office for National Statistics

At district level both Selby and Ryedale are projected to see growth in the size of their working age populations, of 9% and 2% respectively over this period. All other districts are set for decline, ranging from -2% for York through to -15% for Richmondshire, -11 % for Harrogate and -10% for Hambleton.

6.2 Commuting

The LEP area is not a closed system: commuting behaviour has a key bearing on the labour supply that is available to meet demand from local employers.

The LEP area has significant inward and outward commuting flows

The LEP area is characterised by strong commuting flows, with large numbers of local residents travelling out of the area to work and a considerable number commuting into the LEP area from neighbouring locations.

Almost four-fifths of local residents (79%) who are in employment work in the LEP area (250,000 people) with the remaining fifth of residents (66,000 people) commuting to jobs elsewhere. Around a fifth (21%) of people who work in the area commute from outside, 67,000 in absolute terms.

Hence the LEP area's inward and outward commuting flows are almost in balance: with the number of outward commuters offset by the people who travel into the area to work.

In last year's labour market analysis, YNYER was shown to have a net outward flow of workers in higher skilled jobs. This is primarily a feature of the East Riding and there is no evidence of such a characteristic for York and North Yorkshire.

The main destinations for outward commuters from the LEP area are:

- Leeds, which is the destination for 22,000 commuters, mainly residents of Harrogate, Selby and York.
- Bradford, which is the destination for around 6,000 commuters, primarily from Craven.
- The East Riding, the destination for around 5,000 commuters, mostly from York and Selby.

There are also significant flows from Selby to Wakefield. Looking northwards there is outward commuting to Middlesbrough (principally from Hambleton), Darlington (Richmondshire) and Stockton-on-Tees (Hambleton).

Leeds and the East Riding are by far the most significant sources of inward commuters (12,000 and 11,000 respectively), followed by Bradford and Wakefield in West Yorkshire and then by Darlington, Stockton-on-Tees and Redcar and Cleveland in the Tees Valley LEP area. There are also significant inward flows from Doncaster into the East Riding.

The proportion of people in employment who work outside their home district ranges from 18% for Scarborough to 59% for Selby. Therefore, in the case of Selby more residents work outside their home district than work within it.

Relatively few people in employment commute within the LEP area, i.e. travel between constituent districts for work, compared with those who commute outside of the LEP area. Of the 38,000 people (12% of the total) who do commute in this way, the largest flows are between the Selby and York, York and Hambleton and Hambleton and Harrogate. At the other extreme, only 4% of employed residents of Craven travel to other districts in the LEP area, although 40% commute outside the LEP area. Not surprisingly, York is the largest focal point for inward commuting among LEP area residents, with around 12,000 travelling into York and around 9,000 commuting out from York to surrounding districts.

Table 2: YNY commuting Patterns, people aged 16 and over

	Live in area, work in area	Live in area, work outside area	Work in area, live outside area	Net inward commuting	Commute within LEP area	Commute outside LEP area	% of residents who live in area, work in area	% residents who work outside area	% of those working in area who live outside area	% residents who commute within LEP area
Craven	11,763	9,131	8,901	-230	786	8,345	56%	44%	43%	4%
Hambleton	20,799	13,989	17,621	3,632	6,197	7,792	60%	40%	46%	18%
Harrogate	45,408	18,423	19,366	943	5,005	13,418	71%	29%	30%	8%
Richmondshire	13,801	7,113	7,255	142	2,990	4,123	66%	34%	34%	14%
Ryedale	12,012	6,473	7,047	574	4,379	2,094	65%	35%	37%	24%
Scarborough	31,348	6,899	5,058	-1,841	3,215	3,684	82%	18%	14%	8%
Selby	14,362	20,937	13,235	-7,702	6,769	14,168	41%	59%	48%	19%
York	62,209	21,187	25,651	4,464	8,995	12,192	75%	25%	29%	11%
LEP area	250,038	65,816	66,523	707	38,336	65,816	79%	21%	21%	12%

Source: Census of Population 2011

6.3 Qualification profile

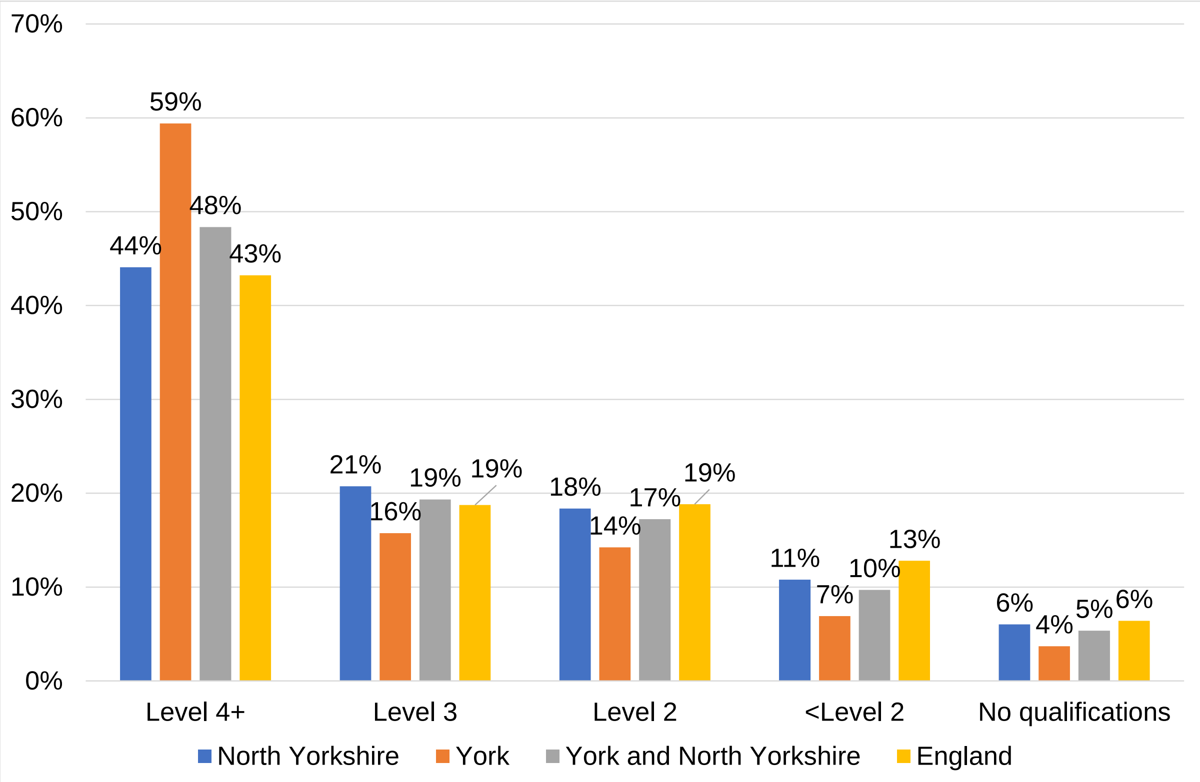
The qualification profile of the population is a key indicator of the quality of local skills supply.

The LEP area has a strong qualification profile

The LEP area performs relatively strongly in this regard. The proportion of local people qualified at tertiary level (level 4 and above) is higher than the national average (48% versus 43%), whilst the proportion with no formal qualifications is smaller (5% versus 6%).

York and North Yorkshire is the highest ranked of all northern LEP areas with regard to the proportion of people qualified at level 4 and above.

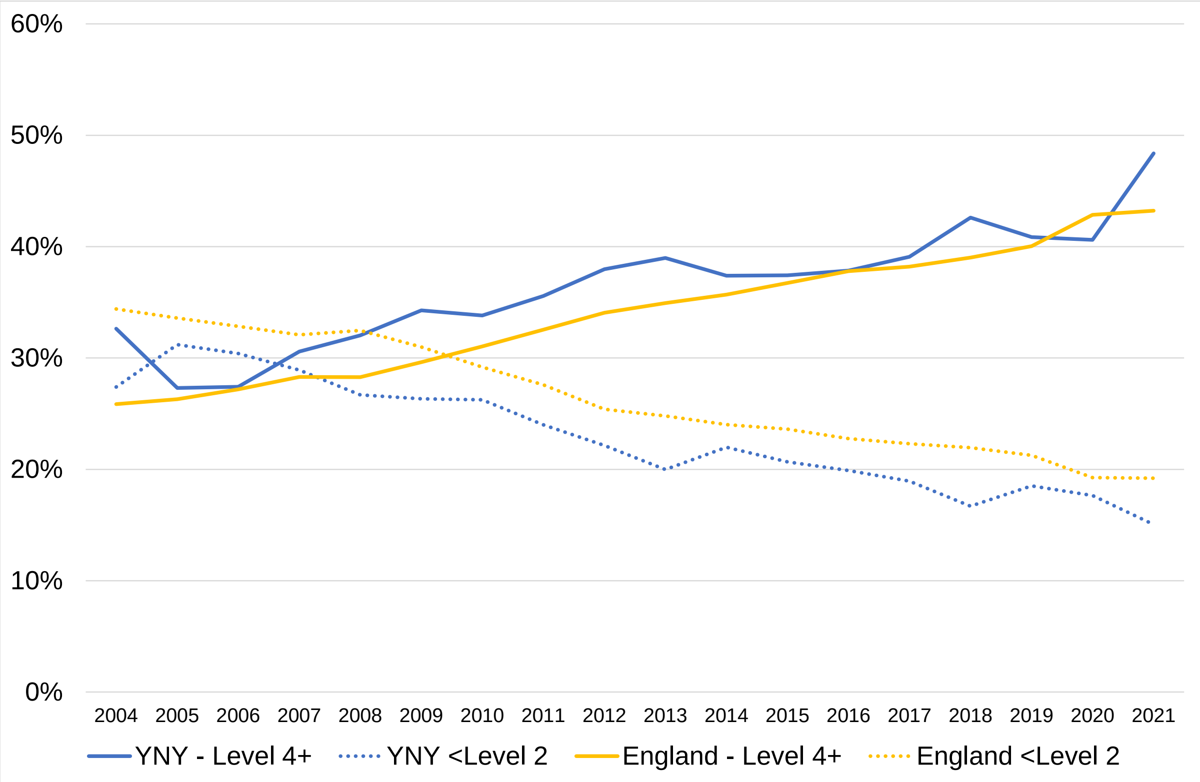
Figure 68: Profile of highest qualification held by working age (16-64) population



Source: Annual Population Survey, Jan – Dec 2021

There is variation within the LEP area in terms of skills profile. York easily outperforms the national average (by around 16 percentage points) on higher level qualifications whilst North Yorkshire is similar to the England average. On a positive note, only 1 in 20 of the LEP's working age population lack formal qualifications.

Figure 69: Trend in highest qualification held, Level 4 and above and below Level 2



Source: Annual Population Survey

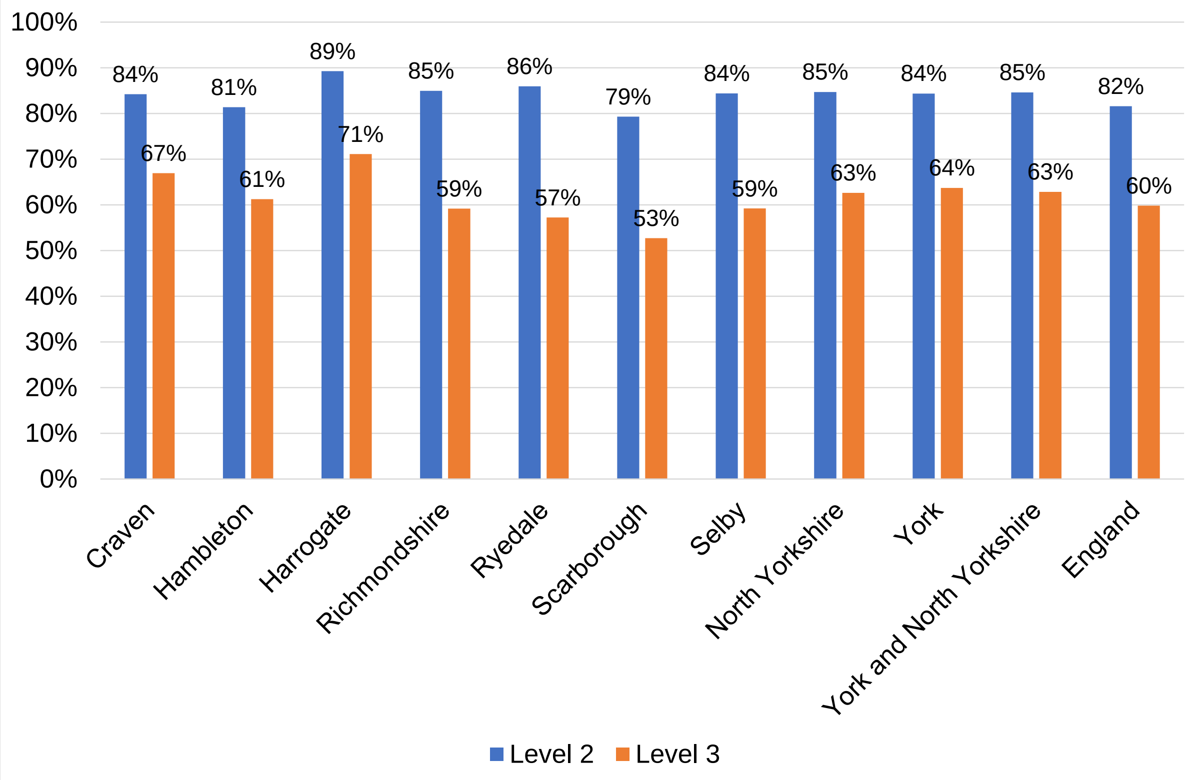
The LEP area has seen an ongoing improvement over time in its qualification profile, both in terms of growth in the proportion of people qualified at a high level (there was a particularly sharp increase in 2021 for Level 4 attainment) and an ongoing reduction in the proportion qualified below level 2. With regard to both measures the LEP area has outperformed the national average on a consistent basis.

The overall attainment of young people at level 2 and level 3 is strong

The attainment of young people at age 19 provides an important insight into the in-flow into the labour market of qualified people.

The LEP area performs strongly relative to the national average in terms of the qualification attainment of young people. The proportion of people achieving level 2 equivalent by the age of 19 in the LEP area in 2021 was 85%, 3 points above the national average, whilst it was 8 points higher than the average in Harrogate. Only Hambleton and Scarborough were below the national average on this measure of attainment.

Figure 70: Proportion of young people achieving qualifications at level 2 and level 3 equivalent by age 19 in 2021 (State sector)



Source: Department for Education

By the age of 19, 60% of young people in the LEP area were qualified to level 3, again, 3 points above the national average. Four local authorities were below the average in respect of this indicator but only Scarborough and Ryedale were lower to a significant degree. At the other end of the spectrum Harrogate was 11 points above the national average and Craven 7 points above.

6.4 Apprenticeships

Apprenticeships are a key means for employers to grow their own skills and to address their specific needs, particularly in areas of skills shortage.

Around one third of apprenticeship starts were provided by the British Army

There were 7,458 apprenticeship starts in the LEP area in the 2021/22 academic year[18], the latest full year for which data are available.

The LEP area contains a number of large army bases. In 2021/22 there were 2,355 British Army apprenticeship starts locally, accounting for 32% of total starts and almost entirely concentrated in Richmondshire. This is a distorting factor when seeking to understand local apprenticeship provision. For this reason Army apprentices have been excluded from the main analysis set out below.

[18] Unless otherwise stated all figures refer to apprenticeships undertaken by residents of the LEP area, irrespective of where the learning is delivered. British Army apprentices are classified as residents of the LEP area for the purposes of the ESFA's management information system.

With Army figures not included, it leaves a total of 5,103 starts for 2021/22, together with 2,951 apprenticeship achievements.

Private providers account for nearly 60% of apprenticeship delivery

Private providers contributed the majority of apprenticeship starts in the LEP area, accounting for 59% of the total in 2021/22 (when the British Army is not counted in the figures). General FE colleges were responsible for around a quarter of starts overall whilst special colleges such as Askham Bryan occupy a relatively niche provision in terms of total starts (2% of the total).

Table 3: Profile of apprenticeship starts by provider type in YNY in 2019/20

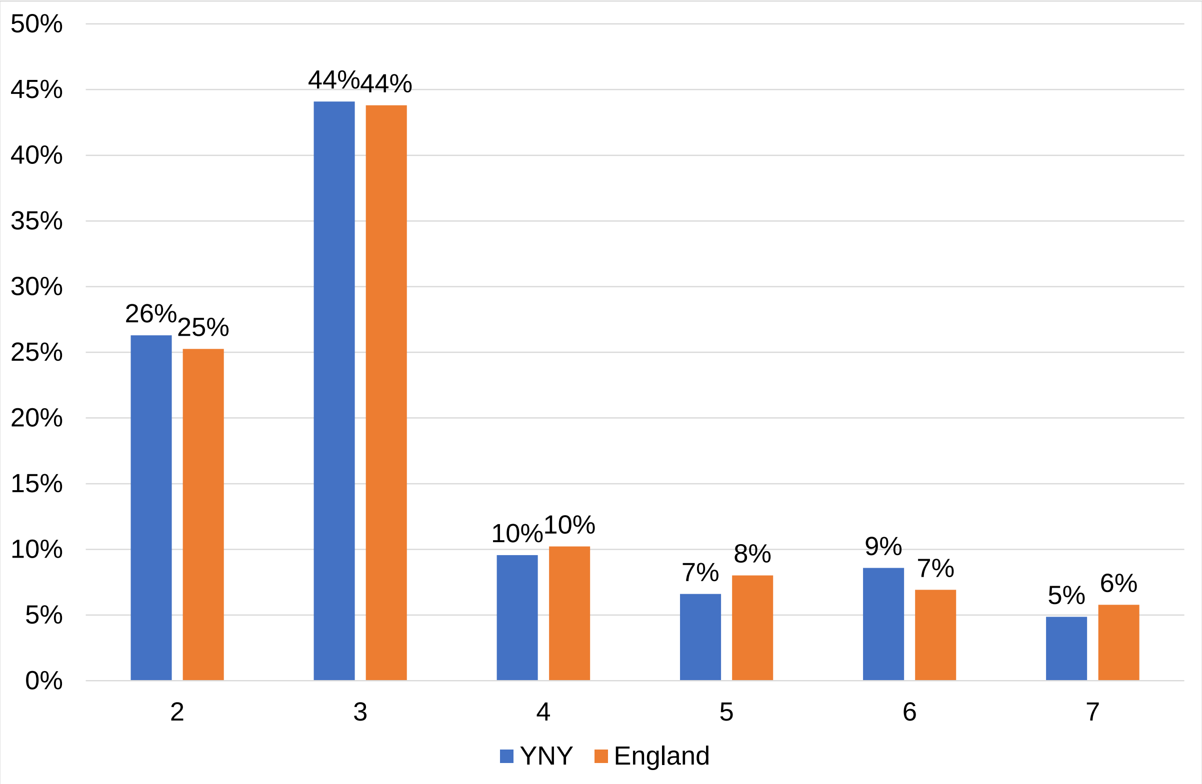
Provider Type	Starts	% of total
Private Sector Public Funded	3,029	59%
General FE College incl Tertiary	1,223	24%
Other Public Funded i.e LAs and HE	732	14%
Special College	118	2%
Sixth Form College	1	0%

Source: Education and Skills Funding Agency
Note: YNY figures exclude apprenticeships provided by British Army

However, colleges make a more substantial contribution in particular subject areas. General FE colleges delivered 73% of *Construction* starts and 50% of *Engineering and Manufacturing* starts in 2019/20. Meanwhile Askham Bryan was the key provider for apprenticeships in *Agriculture*, with nearly a half of total starts in this subject area.

The profile of starts by level is very similar to the national average, with Higher level starts (levels 4-7) contributing 30% of the total locally (versus 31% nationally), Advanced 44% of starts (44% nationally) and Intermediate starts 26% (25% nationally).

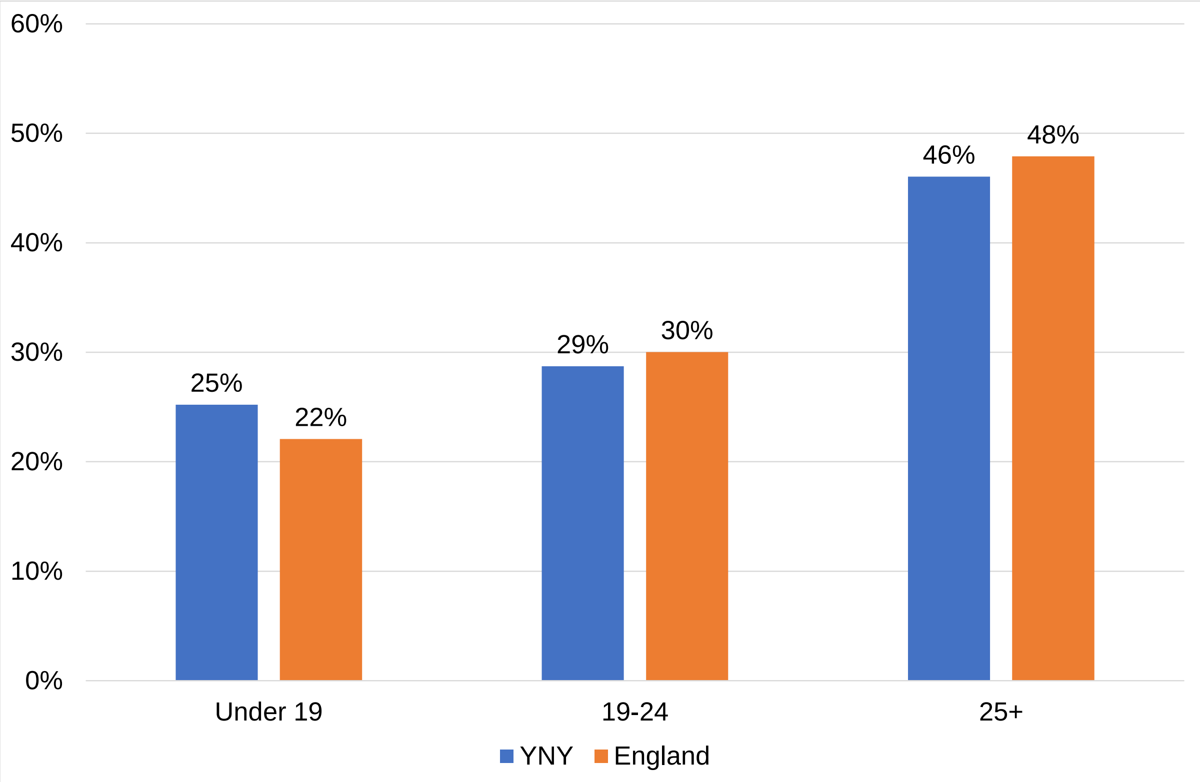
Figure 71: Profile of apprenticeship starts by level, % of total starts, 2021/22



Source: Education and Skills Funding Agency
Note: YNY figures exclude apprenticeships provided by British Army

Young apprentices, aged under 19, account for a higher proportion of total starts in YNY, at 25%, than nationally, where the figure is 22%. Adult apprentices (aged 25+) are correspondingly less well-represented at 46%, compared with a national average of 48%. Apprenticeships aged 19-24 account for the remaining 29% of starts locally, similar to the national average of 30%.

Figure 72: Profile of apprenticeship starts by age band, 2021/22



Source: Education and Skills Funding Agency
Note: YNY figures exclude apprenticeships provided by British Army

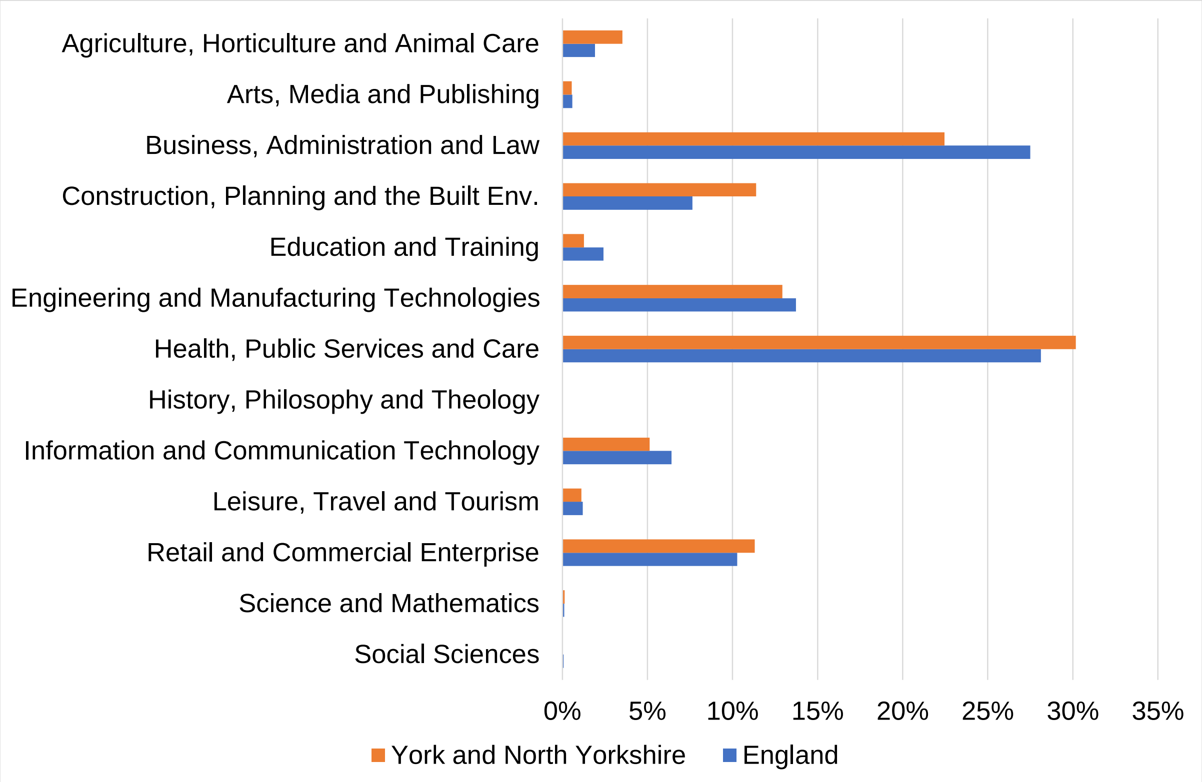
Five subjects dominate apprenticeship provision: Business, admin and law, Health, public services and care, Engineering / manufacturing, Retail and commercial enterprise and Construction, planning and the built environment.

When army provision is excluded, the subject profile of starts in the LEP area is broadly similar to the national average. The largest subjects are *Business, administration and law*, which contributes 22% of total starts locally; *Health, public services and care* (30%); and *Engineering and Manufacturing Technologies* (13%). *Retail and commercial enterprise* and *Construction, Planning and the Built Environment* both contribute 11%.

Agriculture, horticulture and animal care apprenticeships account for a small proportion (4%) of total apprenticeship starts, although this is twice the share at national level. This may be because the size of agricultural holdings locally means that they are unable to offer the range of experiences required to complete an apprenticeship[19].

[19] Beyond 2030 (2018) Future skills needs in the York, North Yorkshire and East Riding Local Enterprise Partnership Area. Agri-Tech: Agriculture.

Figure 593: Comparison of profile of apprenticeship starts by framework sector subject area, 2021/22

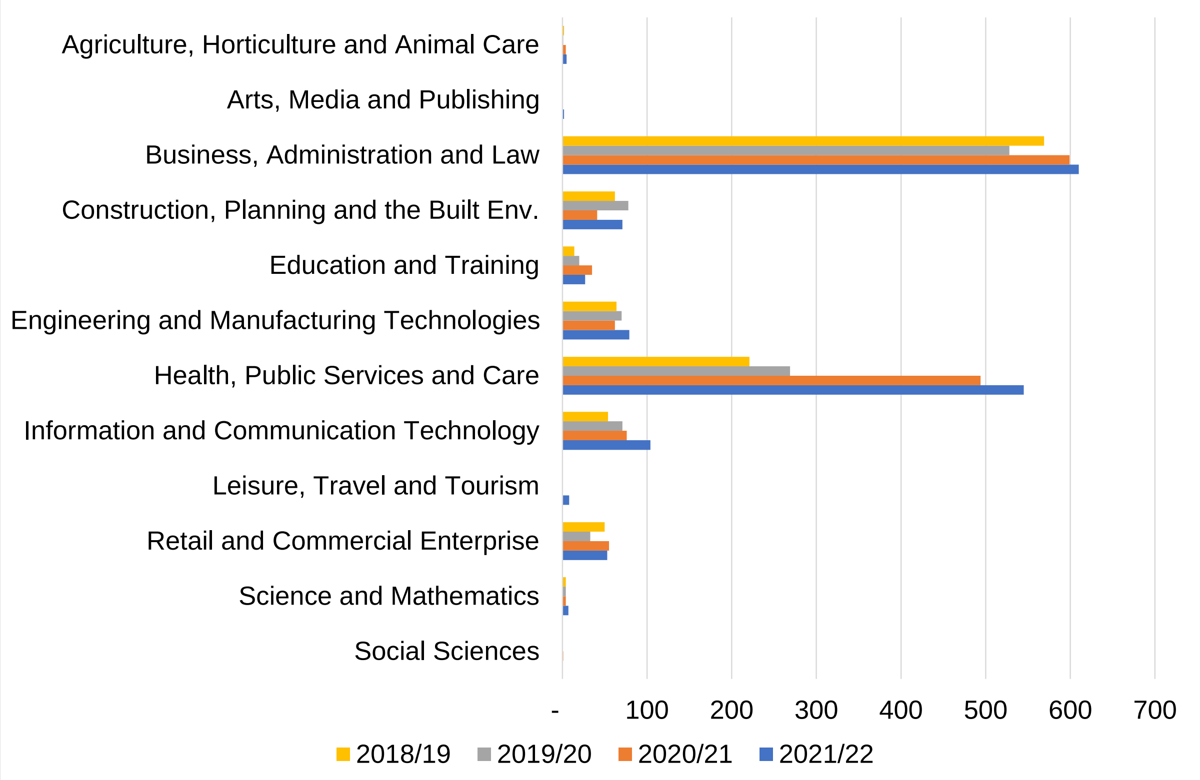


Source: Education and Skills Funding Agency
Note: YNY figures exclude apprenticeships provided by British Army

Higher apprenticeship starts are narrowly concentrated in terms of subject

As higher skilled jobs increasingly dominate the employment scene, higher level apprenticeships gain greater significance, particularly for occupations in which exposure to the workplace is key. Higher apprenticeships are a relatively small but growing element of apprenticeship provision.

Figure 74: Profile of higher apprenticeship starts by framework sector subject area, YNY



Source: Education and Skills Funding Agency
Note: YNY figures exclude apprenticeships provided by British Army

However, concern remains that higher apprenticeship availability in the local area is narrowly concentrated in a few subject areas, with 76% of all higher level starts falling within *Business, administration and law* and *Health, public services and care*.

Figure 60 shows the extent to which the different apprenticeship subjects offer progression routes in York and North Yorkshire.

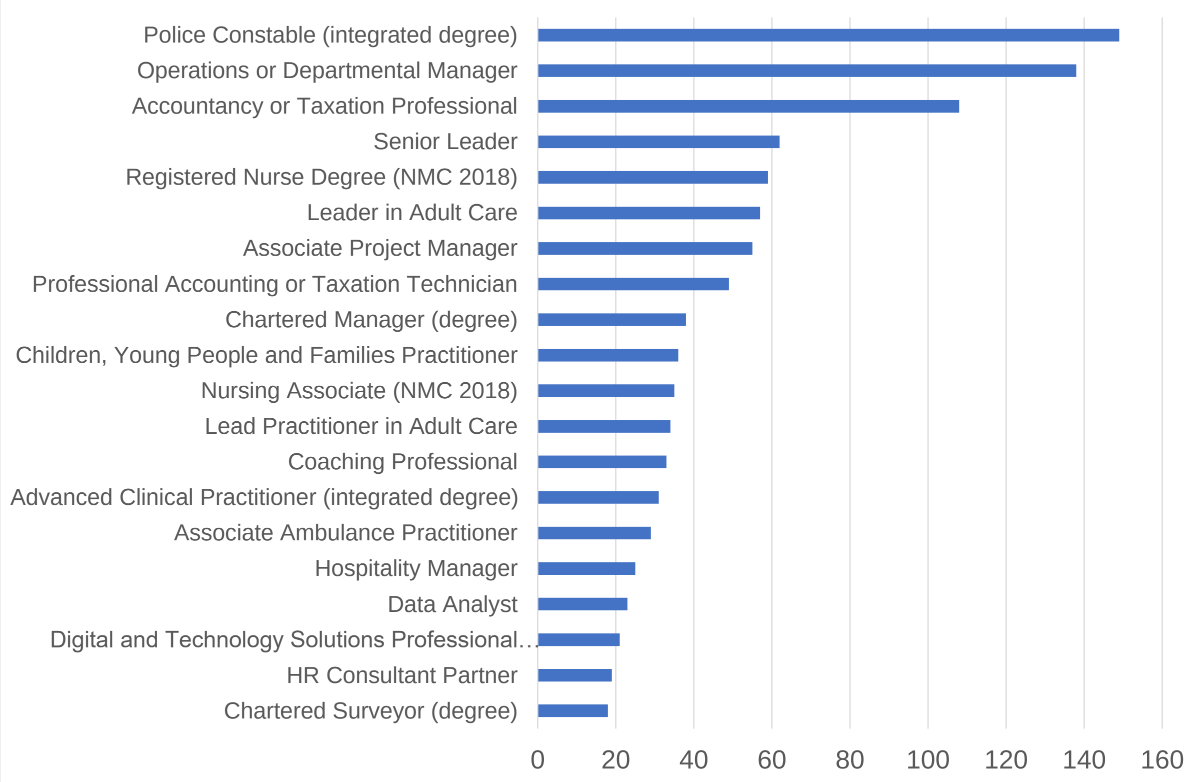
Of the first of these subject areas most starts are in *Business management* (24% of all higher level starts) and *Accountancy* apprenticeships (12% of all higher level starts); of the second, *Health and social care*, *Nursing* and *Public services*[20] each account for 11% of higher level starts.

The number of starts in *Health, public services and care* grew by 147% between 2018/19 and 2021/22, driven by strong growth in Nursing and Public services.

The number of higher apprenticeships in the technical areas of *Construction*, *Engineering* and *Information technology* together account for 13% of higher level starts, although the number of starts in these subject areas has grown by a combined 58% since 2018/19.

[20] Starts in *Public Services* are mainly concentrated in the Police Constable (Integrated Degree) apprenticeship.

Figure 75: Most popular higher apprenticeships by level of starts, 2021/22 academic year, York and North Yorkshire



Source: Education and Skills Funding Agency
Note: YNY figures exclude apprenticeships provided by British Army

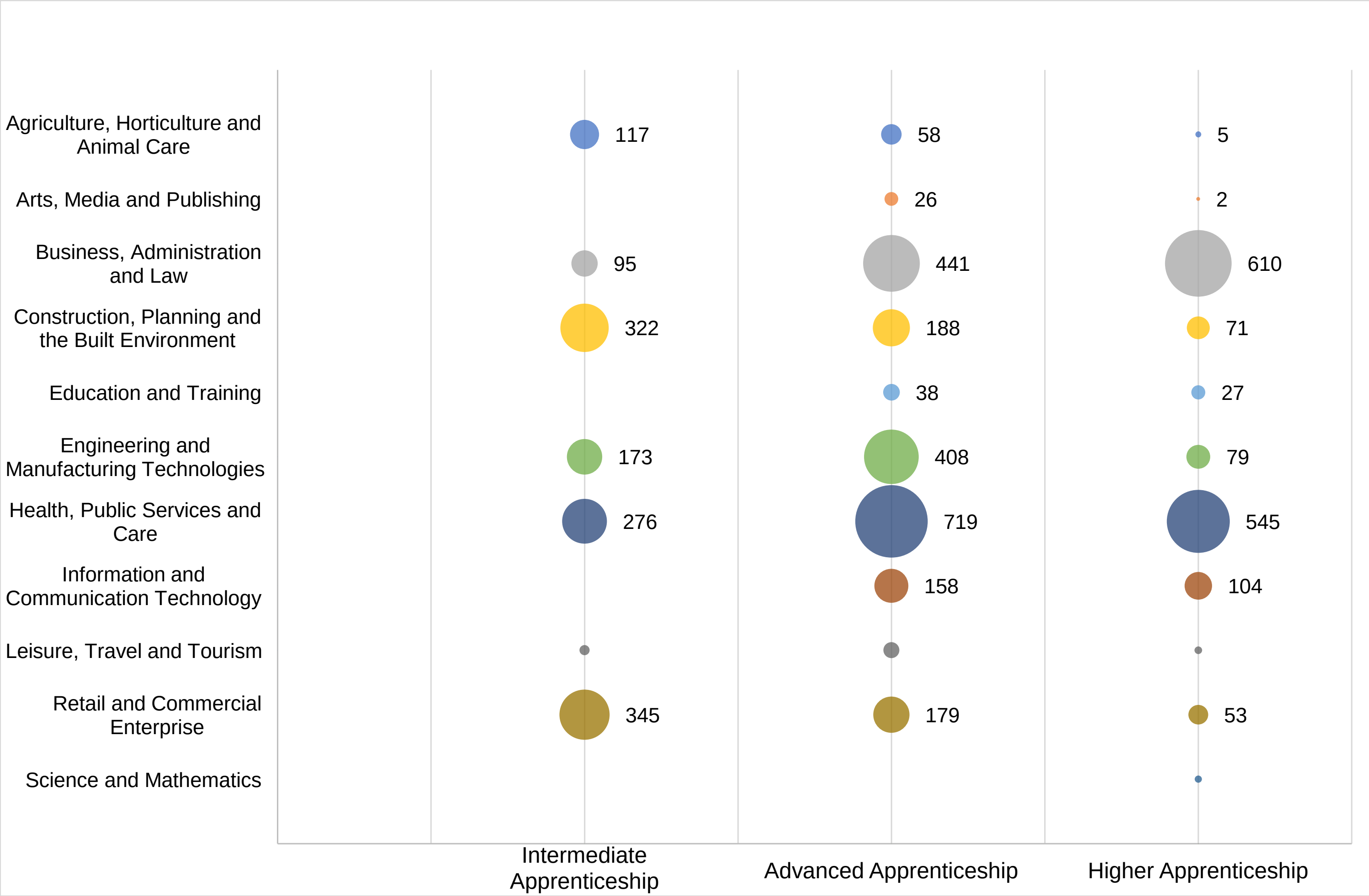
Figure gives a more detailed insight into the subject focus of higher apprenticeships, drilling down into the individual apprenticeships that were most popular in the last academic year.

From a *Business, administration and law* perspective, management, project management and accountancy apprenticeships are included in the list of the most popular. Much of this is levy funded activity to address skills needs among existing staff within companies.

Turning to *Health, public services and care*, policing, nursing, care and social work are apprenticeships are represented.

Looking beyond these dominant subjects there are two ICT apprenticeships (Digital and Technological Solutions Professional and Data analyst) plus Hospitality manager and Chartered Surveyor apprenticeships, which sit relatively low in the ranking.

Figure 606: Progression routes for apprenticeships in York and North Yorkshire based on starts by subject area and level during 2021/22 academic year



Source: Department for Education

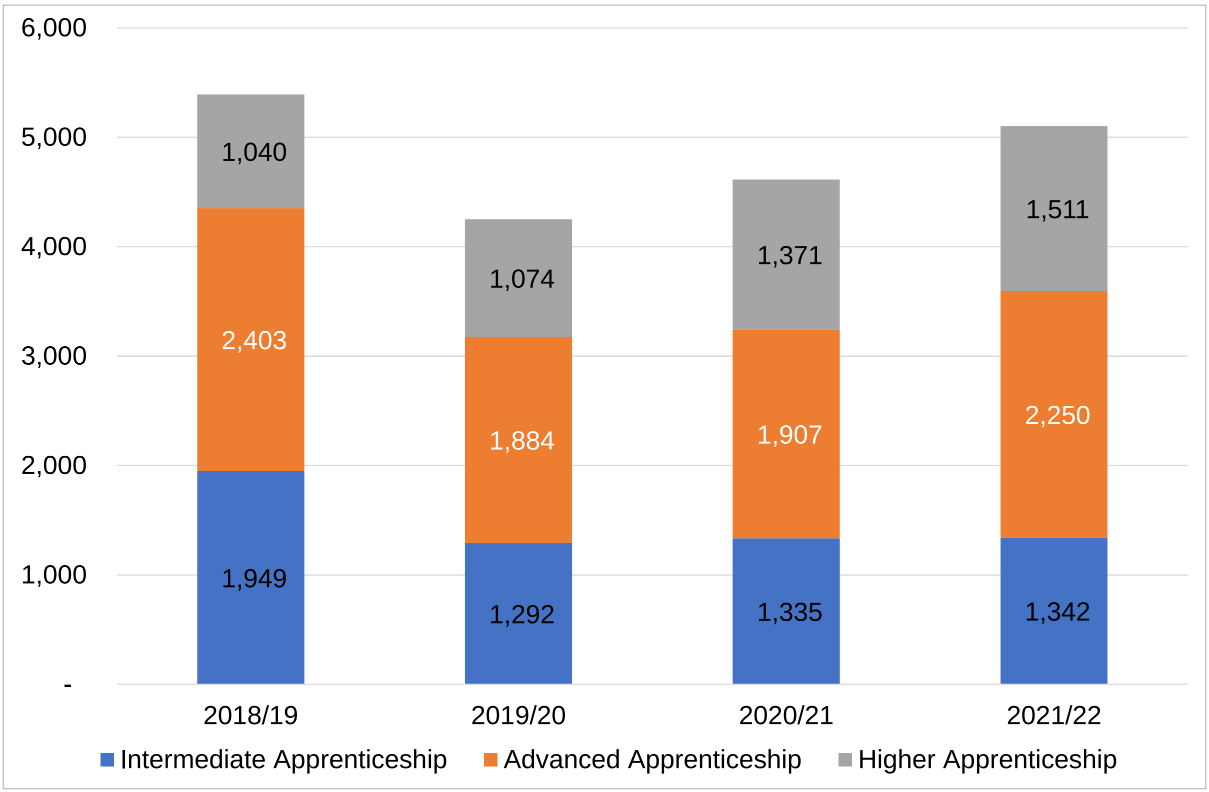
Apprenticeship starts increased by 11% in the 2021/22 academic year, with Advanced apprenticeships, 19-24 apprenticeships and the subjects of Construction and Engineering / manufacturing seeing the strongest growth

The LEP area saw an increase in the overall number of apprenticeship starts of 11% or 490 in 2021/22, compared with the previous year, exceeding the national rate of growth of 9%. The number of achievements declined by 14% for the same period, however.

Starts in 2021/22 were 5% below their pre-pandemic level of 2018/19, a stronger position than nationally – total starts across England remained 11% below pre-pandemic.

Intermediate apprenticeship starts remained almost static in 2021/22 but Advanced Apprenticeships grew by 18% and Higher Apprenticeships by 10%. Compared with pre-pandemic (2018/19) intermediate starts were 31% lower and Advanced 6% lower but starts at Higher level saw an increase of 45%.

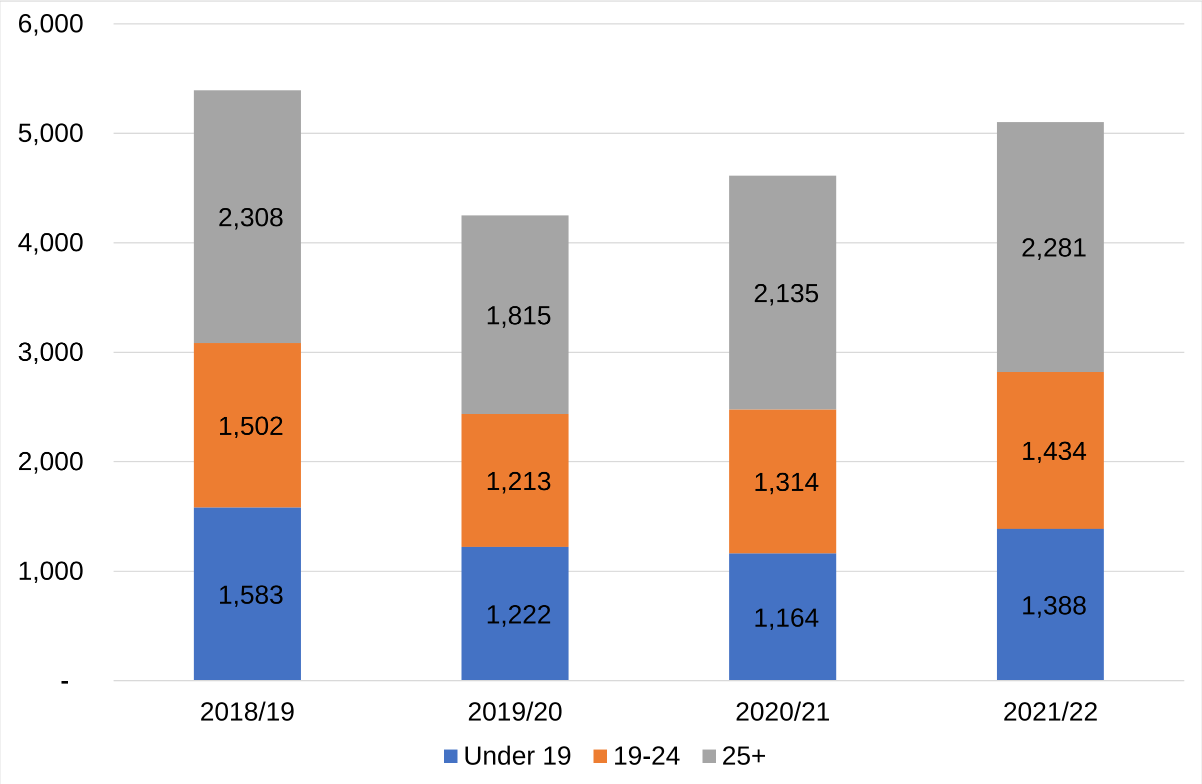
Figure 77: Trend in starts by level, North Yorkshire



Source: Education and Skills Funding Agency
Note: YNY figures exclude apprenticeships provided by British Army

Starts grew strongly by 19% for under-19s during 2021/22 and by 9% and 7% respectively for 19-24 year olds and people aged 25+. Starts among under-19s are 12% lower than pre-pandemic (2018/19 academic year) and 5% lower for 19-24 year olds but are only 1% lower for those aged 25+.

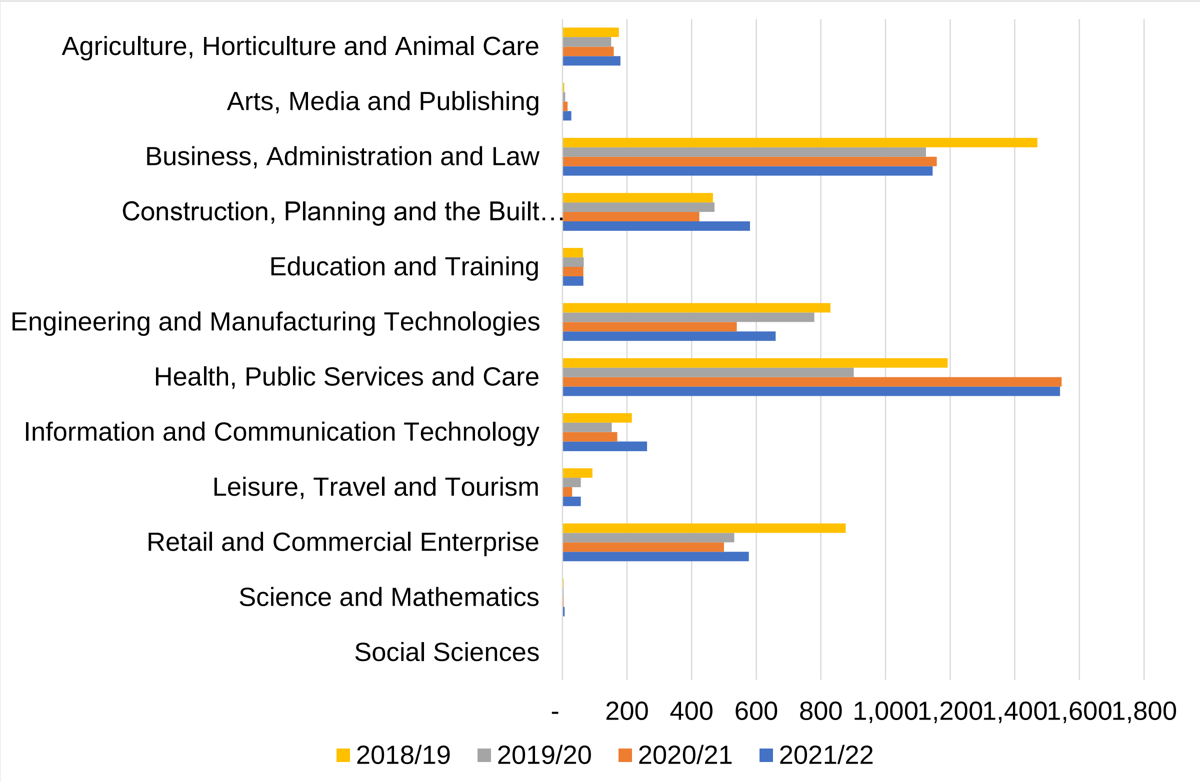
Figure 78: Trend in apprenticeship starts by age band, York and North Yorkshire



Source: Education and Skills Funding Agency
Note: YNY figures exclude apprenticeships provided by British Army

A majority of subject areas experienced net growth in 2021/22, aside from *Business, administration and law* and *Health, public services and care* which saw little change. There was strong growth for *Construction* (+157; +37%), *Engineering and manufacturing* (+120: +22%), *Information and communication technology* (+92; +54%) and *Retail and commercial enterprise* (+77; +15%).

Figure 79: Trend in apprenticeship starts by subject area, YNY



Source: Education and Skills Funding Agency
Note: YNY figures exclude apprenticeships provided by British Army

However, a number of subjects remain well below their pre-pandemic level of starts recorded in 2018/19, including *Business, administration and law* (-324; -22%); *Retail and commercial enterprise* (-300; -34%); and *Engineering and manufacturing* (-170; -20%). A selection of other subjects have grown since 2018/19, most notably *Health, public services and care* (+348; +29%), *Construction* (+115: +25%); and *Information technology* (+47; +22%).

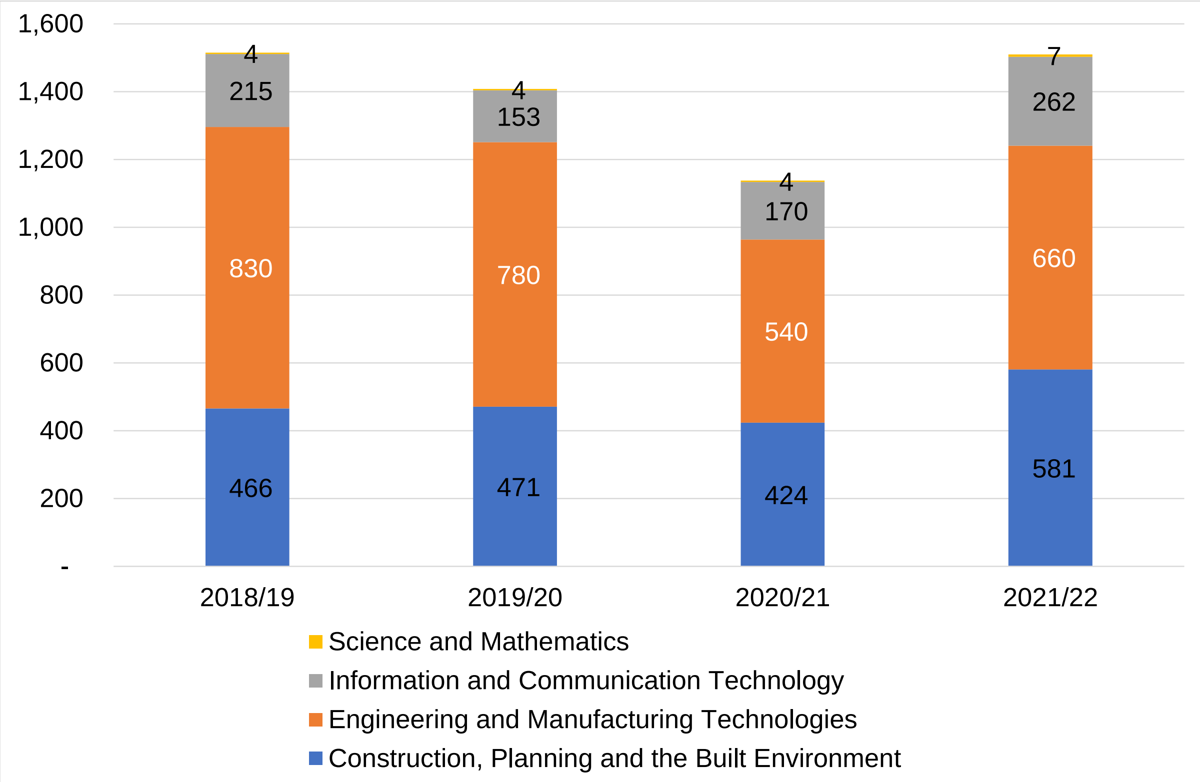
At tier 2 subject level the areas of biggest growth between 2020/21 and 2021/22 were *Building and Construction* (+155), *Engineering* (+120), *Public Services* (+98) and *ICT Practitioners* (+86).

The tier 2 subjects that have the biggest deficit with pre-pandemic (2018/19) start levels are *Administration*, *Manufacturing Technologies* and *Hospitality and Catering*. However, a number of subjects have seen net growth for this period, including *Public Services*, *Nursing* and *Building and Construction*.

STEM

There were 1,510 starts in STEM subjects in 2021/22, 30% of total starts in YNY. STEM starts fell during 2020/21 as a result of the pandemic but grew by a third between 2020/21 and 2021/22, returning to their pre-pandemic level of 2018/19. As noted above, all STEM component subjects saw a significant increase in 2021/22 and all had a higher level of starts than pre-pandemic except *Engineering and Manufacturing*.

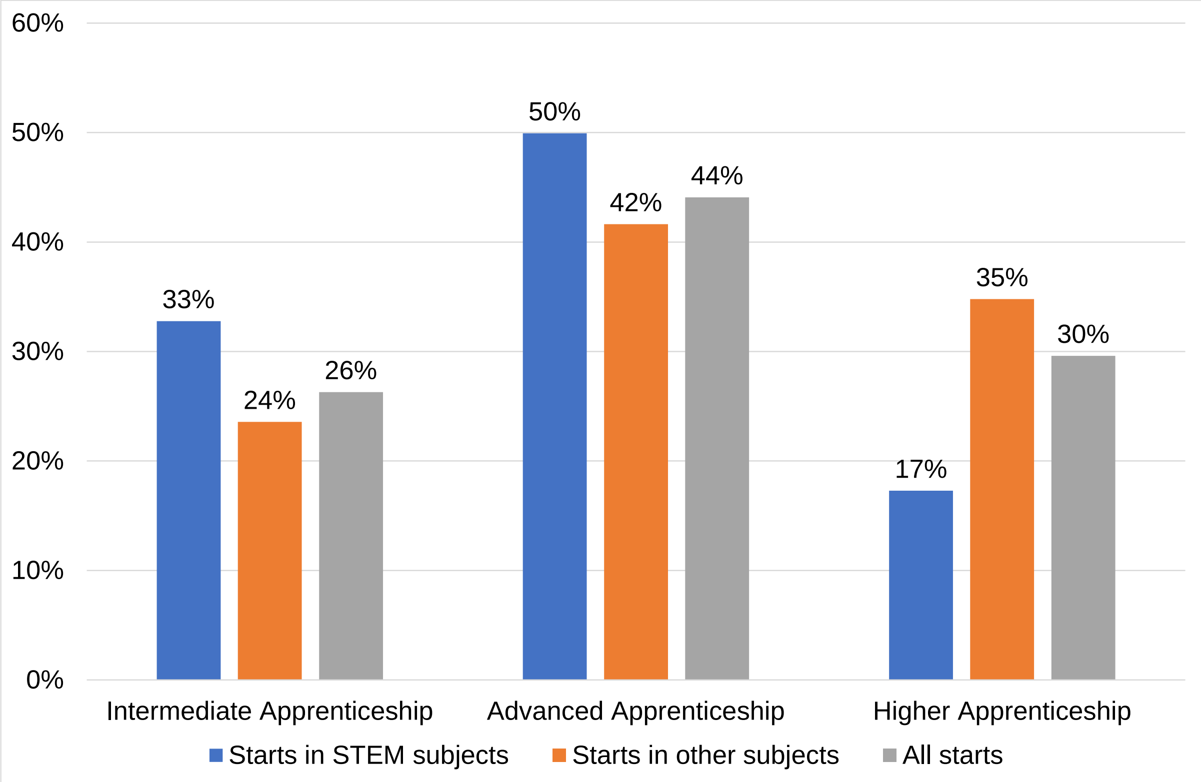
Figure 80: Trend in starts for STEM subjects, York and North Yorkshire



Source: Education and Skills Funding Agency
Note: YNY figures exclude apprenticeships provided by British Army

In 2021/22 STEM starts were more likely to be at Intermediate and Advanced level than overall starts and were half as likely to be at Higher level.

Figure 611: Profile of starts by level and STEM subject status, York and North Yorkshire



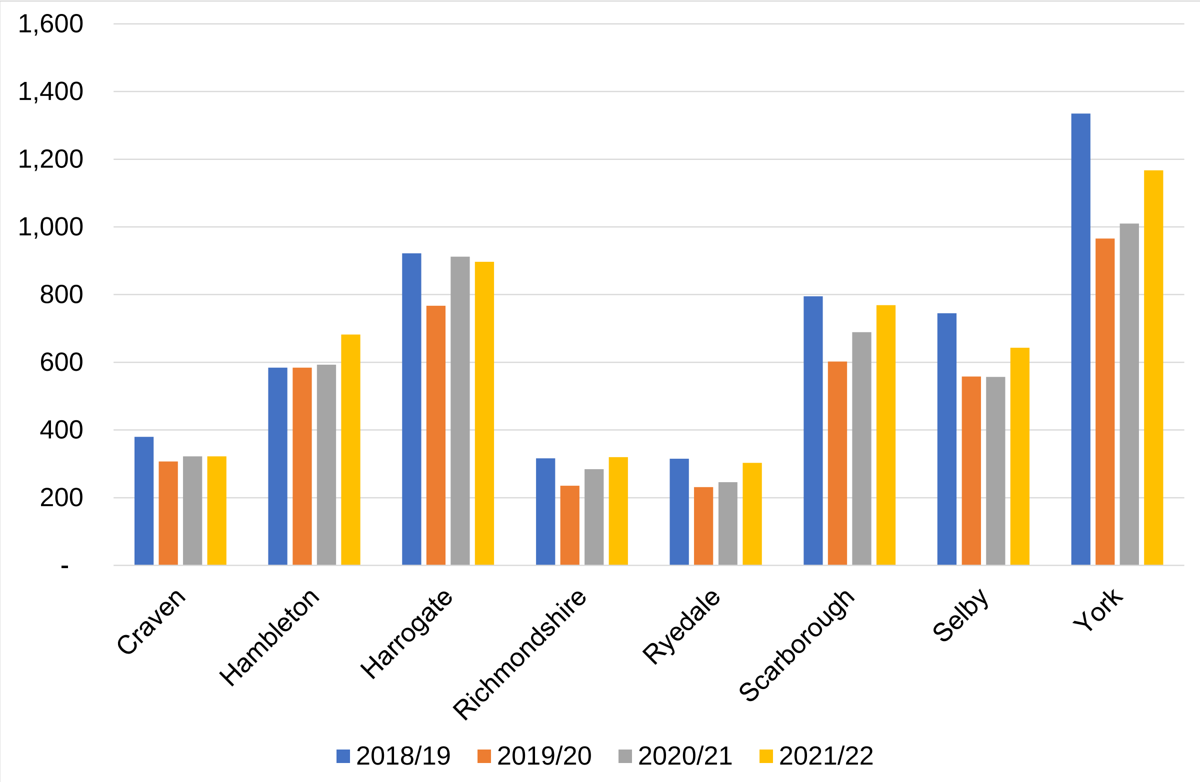
Source: Education and Skills Funding Agency
Note: YNY figures exclude apprenticeships provided by British Army

Local authorities

Starts in York grew by 16% between 2020/21 and 2021/22, outperforming growth in North Yorkshire of 9%. However, starts in York in 2021/22 were still 13% below the level seen in 2018/19 whereas the equivalent deficit for North Yorkshire was only 3%.

All local authorities saw growth in starts during the year, except Harrogate which saw a very small reduction and Craven which saw no change. Growth rates ranged from a 12% increase in Scarborough to 23% growth in Ryedale.

Figure 82: Trend in total apprenticeship starts by local authority



Source: Education and Skills Funding Agency
Note: YNY figures exclude apprenticeships provided by British Army

The majority of local authorities had fewer starts in 2021/22 than in 2018/19, although Richmondshire returned to its pre-pandemic level and Hambleton was 17% higher.

6.4.1 Inclusion within apprenticeships

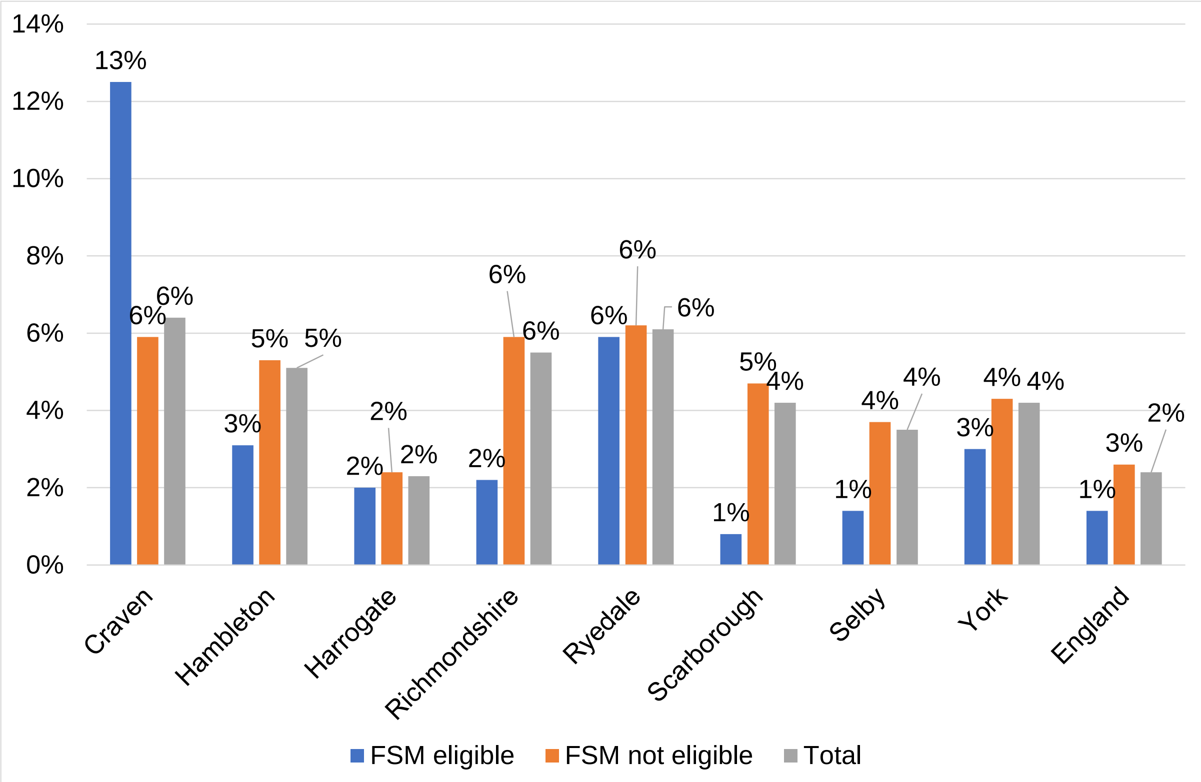
In considering the supply of skills within the local area, we need to take account of the inclusiveness of the skills pipeline, as well as the extent to which it is sufficient to meet needs.

In some districts disadvantaged pupils are less likely to access apprenticeships on leaving school than other pupils

In the case of apprenticeships, which should provide an important mechanism for social mobility, there are issues about the degree to which they are inclusive.

There is a recognised issue that in many areas of the country disadvantaged pupils are less likely to access apprenticeships on leaving schools than other pupils. This is also reflected in the picture for England.

Figure 83: Proportion of pupils entering sustained apprenticeships following completion of Key Stage 4, by free school meal status



Note: Analysis shows 2020/21 destinations for the 2019/20 cohort (state-funded mainstream schools). Source: Department for Education.

All districts in the LEP area have overall apprenticeship entry rates following Key Stage 4, that are above the national average. The exception is Harrogate which is equal to the national average.

However, all districts have apprenticeship entry rates for pupils eligible for free school meals that are lower than for other pupils in 2020/21, except Craven. It should be noted that the number of pupils eligible for free school meals is small in some districts.

Gender segregation within apprenticeships is a key challenge

Fifty per cent of apprenticeships starts in 2021/22 in York and North Yorkshire were for females, similar to the national average of 51%.

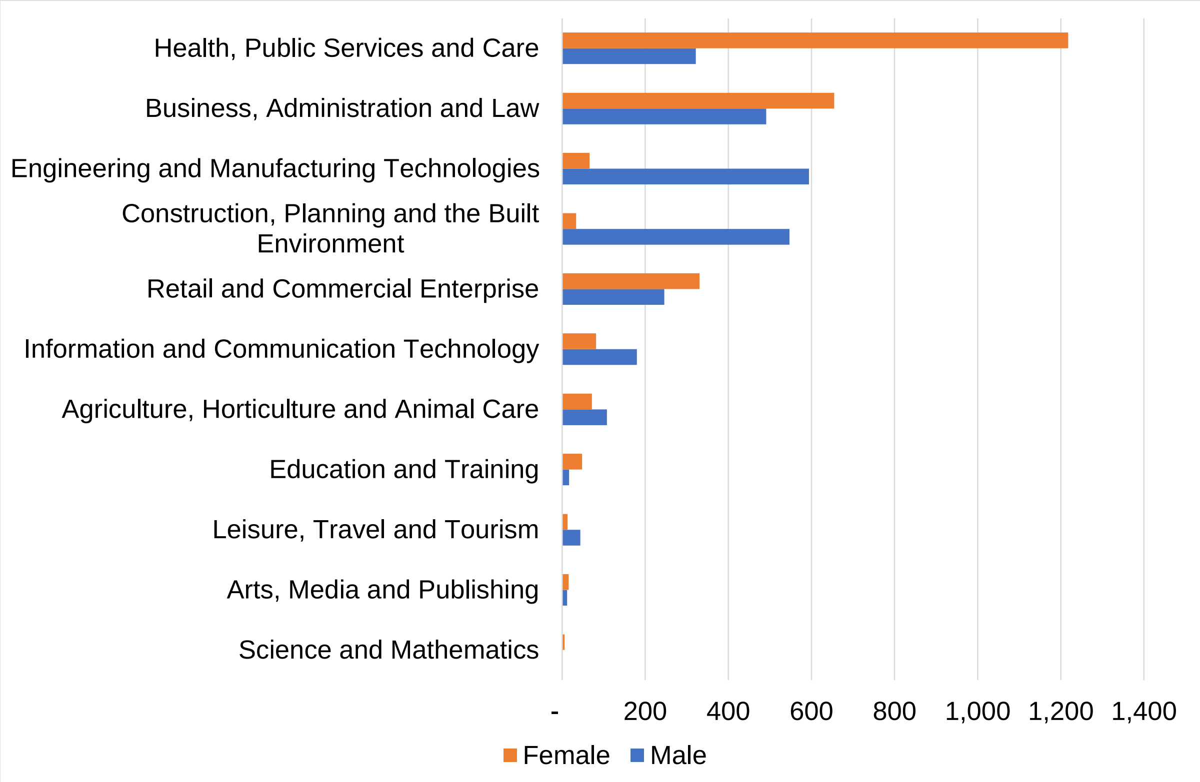
Females are strongly represented at Advanced and Higher levels, with 52% and 55% of starts respectively; but relatively poorly represented at Intermediate level, with only 41% of total starts at this level. This is partly because Intermediate apprenticeships are concentrated in subjects that are less popular with females (see below).

Similarly, females account for relatively small proportions of apprenticeships for under-19s and for 19-24 year olds, at 40% and 47% respectively, but females are in the majority (60%) among apprentices aged 25+.

Another issue is that take-up of apprenticeships is highly segregated by gender and subject, reflecting a broader national pattern. For example, 79% of starts on *Health, public services and care* apprenticeships were for females but the proportion for

Construction, planning and the built environment was only 6%. A range of national research shows that male-dominated apprenticeships such as construction and engineering offer better pay and prospects than those in which women are concentrated.

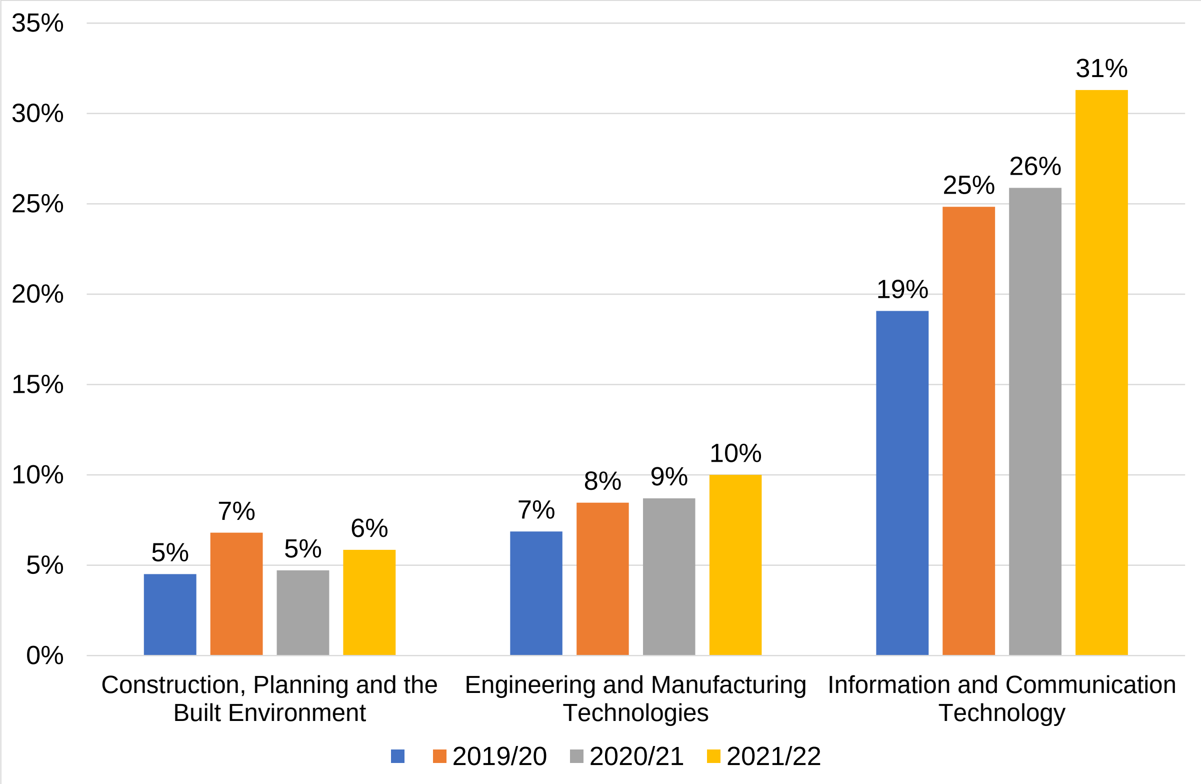
Figure 84: Apprenticeship starts by gender and sector subject area, YNY, 2021/22



Source: Education and Skills Funding Agency
Note: YNY figures exclude apprenticeships provided by British Army

As the following figure shows, there has been some improvement over time in female representation in those key subjects within which women are most heavily under-represented.

Figure 85: Proportion of apprenticeship starts that are female in selected subjects, York and North Yorkshire



Source: Education and Skills Funding Agency
Note: YNY figures exclude apprenticeships provided by British Army

The proportion of starts in Information Technology apprenticeships that are for females has increased sharply, by around 12 points, between 2018/19 and 2021/22. There has also been a more modest increase of around 3 points for Engineering and Manufacturing Technologies. However, for Construction there is no sign of a sustained improvement in female representation for this period.

6.5 Achievement and positive destination rates

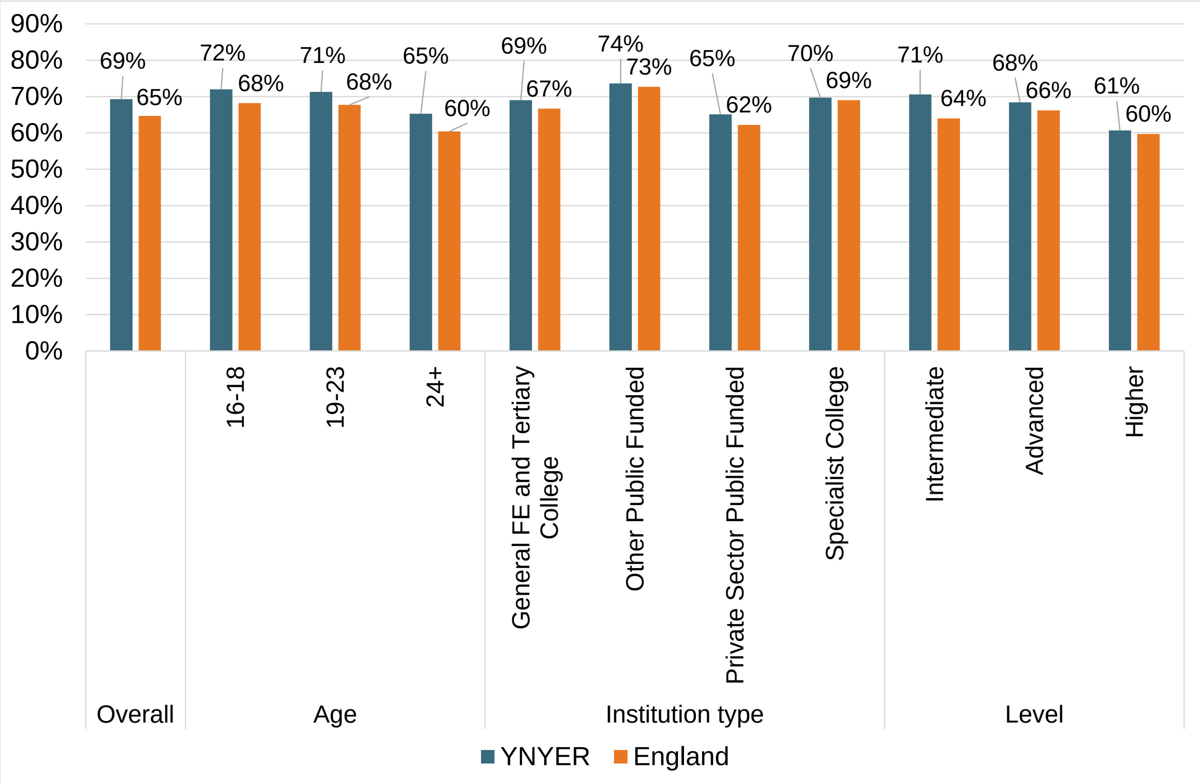
The various headline achievement rate indicators show that residents of the LEP area have access to apprenticeship provision of a high quality.

Achievement rates for the LEP area consistently outperform the national average

The overall achievement rate of YNYER[21] is 4 points higher than the national average. A ranking of LEPs' overall achievement rates places YNYER seventh out of 38 LEPs, with Cornwall and Isles of Scilly topping the ranking (72%), followed by Cumbria (71%) and the Marches (also 71%). YNYER's overall achievement rate is around 10 points higher than the rate for the lowest ranked area, London (59%)

[21] Achievement rate data are only available for the previous footprint of the LEP area, which includes the East Riding.

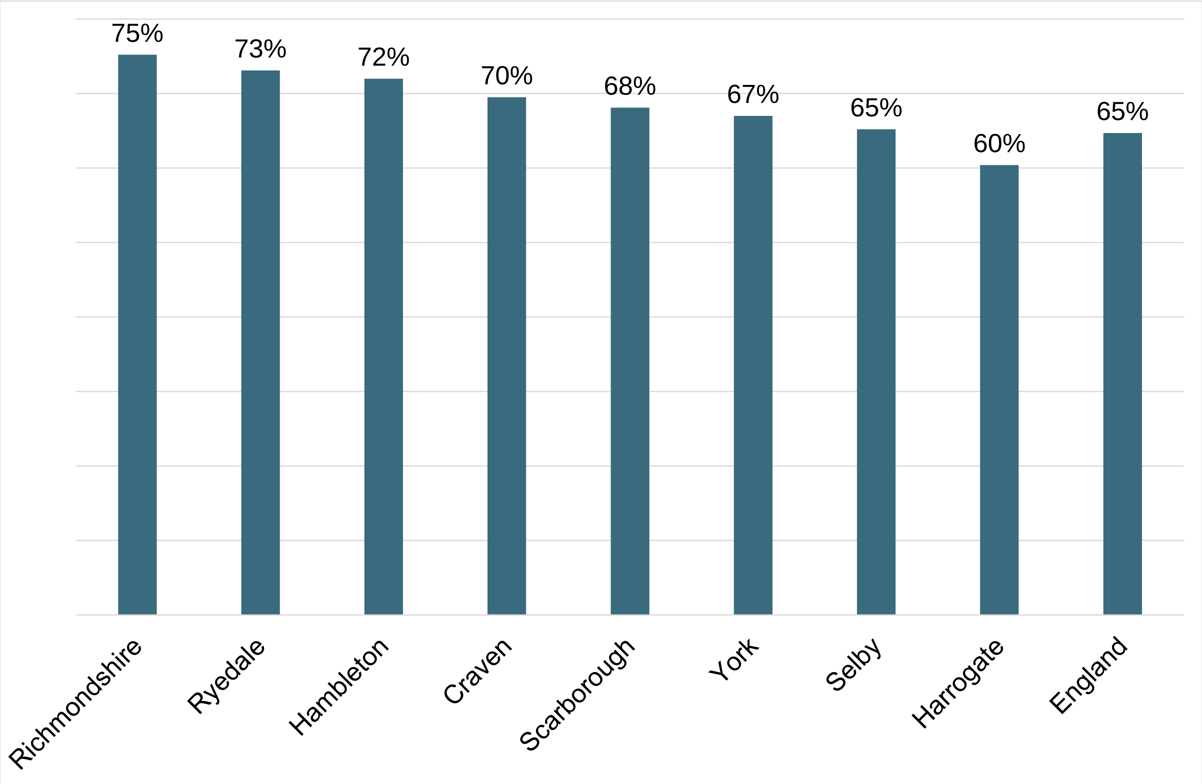
Figure 86: Apprenticeship achievement rates, 2018/19 academic year



Note: Achievement rates for YNY relate to learners resident in the LEP area
Source: Department for Education

Focusing on differences in performance by type of scheme, achievement tends to be higher for younger apprentices aged 16-18 and 19-23 compared with the over-24s. Intermediate apprenticeships deliver higher achievement rates relative to the advanced level in the LEP area, in contrast to the national picture where advanced apprenticeships perform better. The LEP area's higher apprenticeship rates have improved by 3 points since last year, overtaking the national average and closing the gap with intermediate and advanced level apprenticeships. The LEP area now outperforms the national average on all key dimensions of achievement rates as set out in the chart.

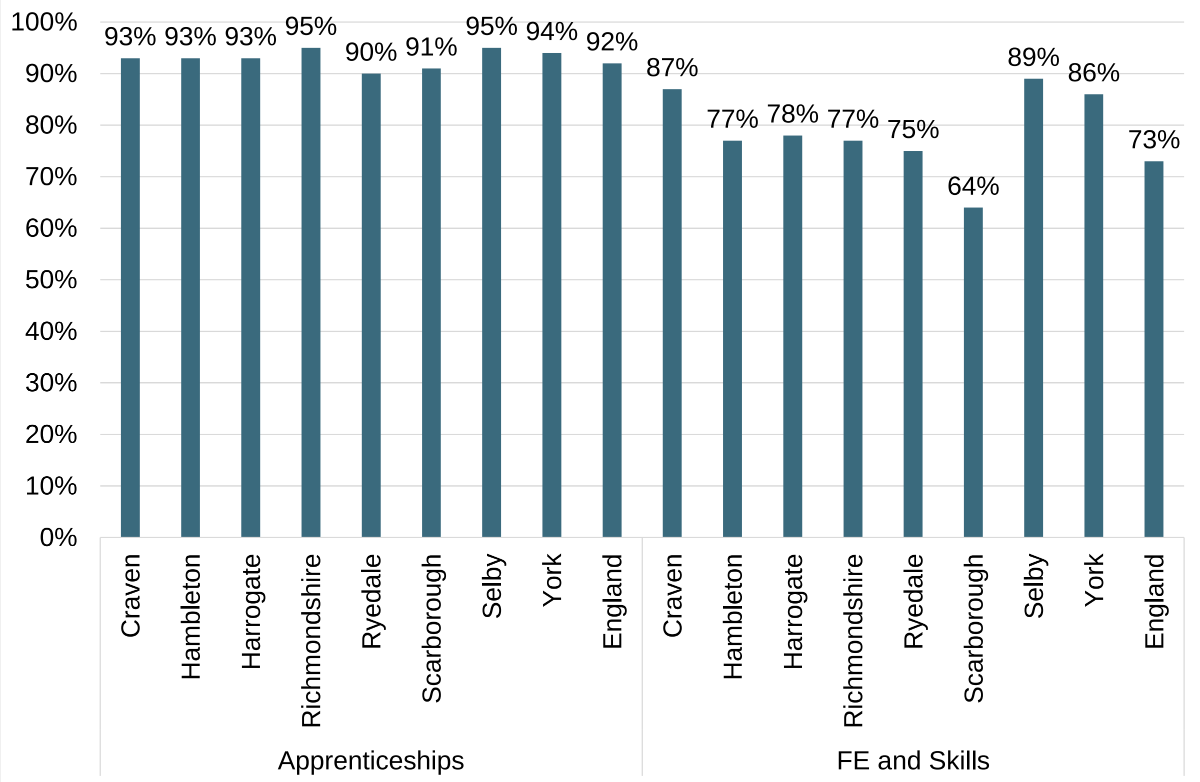
Figure 87: Apprenticeship achievement rates by district, 2018/19 academic year



Note: Achievement rates for YNY relate to learners resident in each district
Source: Department for Education

There was also a marked difference in achievement rates at district level within the LEP area. At one extreme the achievement rate was only 60% for Harrogate residents during 2018/19 and at the other it was 75% for residents of Richmondshire.

Figure 88: Proportion of learners entering a sustained positive destination by learning type



Note: Analysis relates to people who completed learning in 2017/18 academic year
Source: Outcome-Based Success Measures, Department for Education
The Department for Education also publishes local data relating to the destinations of learners post-completion. The sustained positive destination measure presented in Note: Achievement rates for YNY relate to learners resident in each district
Source: Department for Education

There was also a marked difference in achievement rates at district level within the LEP area. At one extreme the achievement rate was only 60% for Harrogate residents during 2018/19 and at the other it was 75% for residents of Richmondshire.

Figure shows the proportion of learners who progress to a sustained destination in learning or employment (or both) following completion of an eligible FE qualification or apprenticeship.

All districts in the LEP area, except for Ryedale and Scarborough, have sustained positive destination rates for apprenticeships that are equal to or ahead of the national average. Rates are consistently at or above 90% for apprenticeships.

In the case of wider FE / skills provision only one districts, Scarborough, falls below the national average. This may reflect the less favourable labour market conditions in these districts. Selby and York have positive destination rates that are more than 10 points higher than the national average.

6.6 Adult education

Adult education is a key mechanism for upskilling and re-skilling adults, to support them into work or to enable them to progress within work.

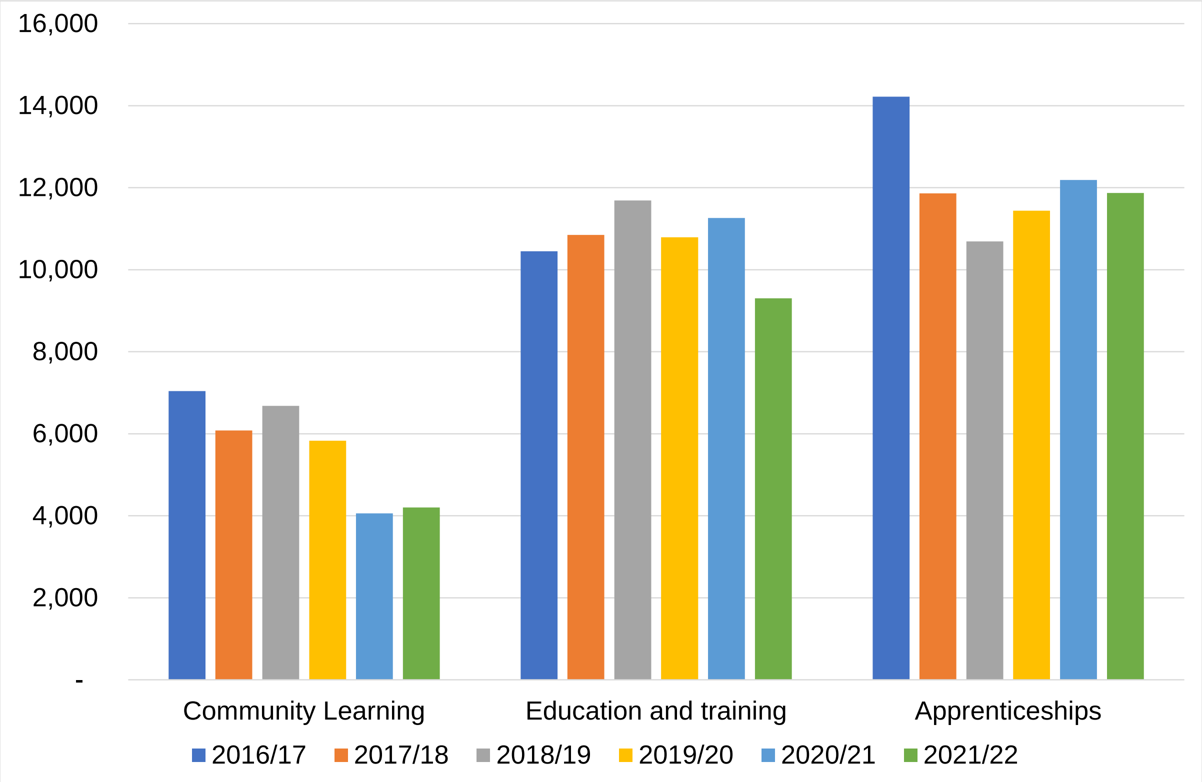
Around 12,200 local people undertook government-funded adult (19+) education in 2021/22

During 2021/22 academic year, 9,300 YNY adults (aged 19+) participated in classroom-based further education courses funded by government (Education and Training), with a further 4,200 participating in Community Learning. Allowing for people who participated in both strands, this gives a total of 12,200 people pursuing adult education.

Approximately three-quarters (77%) of Education and Training learners are funded through the Adult Education Budget.

The number of Education and Training participants fell, by 17% in 2021/22 and was 20% lower than its pre-pandemic level in 2018/19. Participation in Community Learning increased slightly by 3% in 2021/22 but take-up has fallen steeply (by 37%) since 2018/19. Taking these two programme strands together, participation has fallen by 13% in 2021/22 compared with the previous year and by 29% compared with 2018/19.

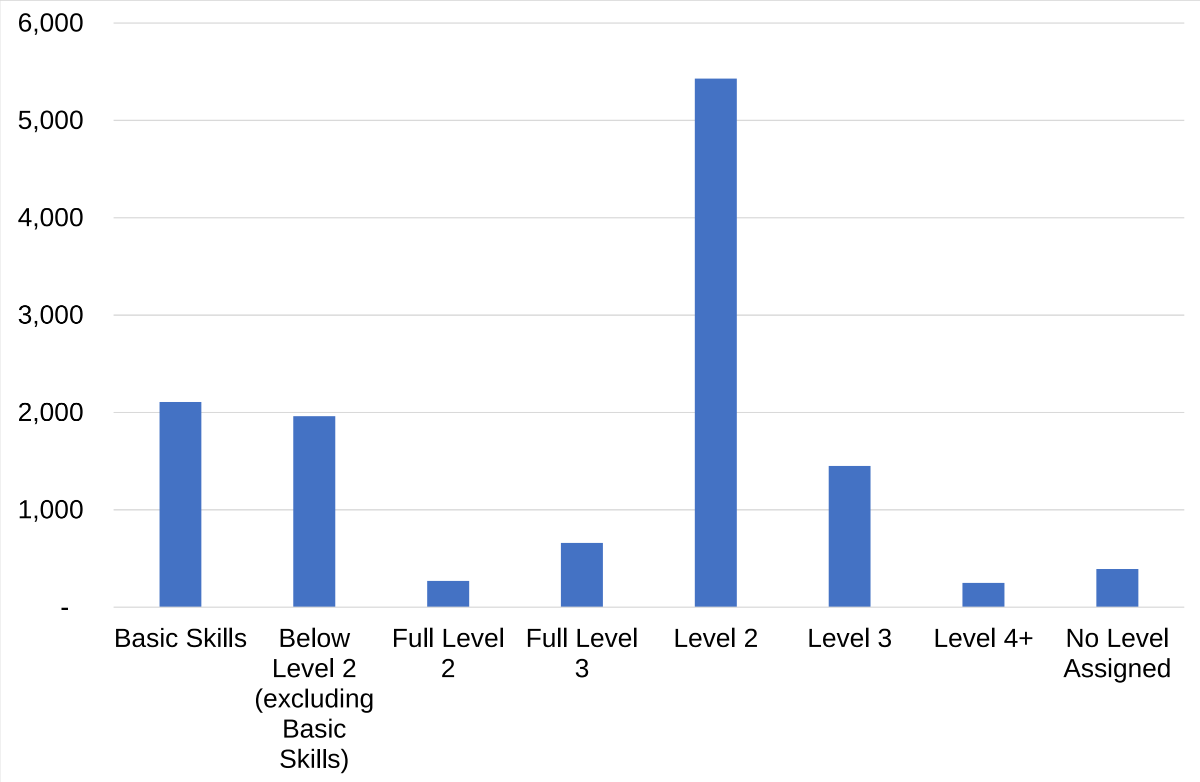
Figure 89: Participation in further education and skills programmes (funded learners aged 19+), YNY



Source: Department for Education

Around 2,100 (23%) of Education and Training learners took a basic skills course in 2021/22 academic year, with 14% of total learners undertaking a literacy course, 3% an ESOL course and 11% a numeracy / maths course.

Figure 90: Profile of adult learners (Education and Training) by qualification level, YNY, 2021/22 academic year



Note: analysis relates to learners resident in YNYER. Learners pursuing learning aims at multiple levels are counted multiple times, hence percentages do not sum to 100%.
Source: Department for Education

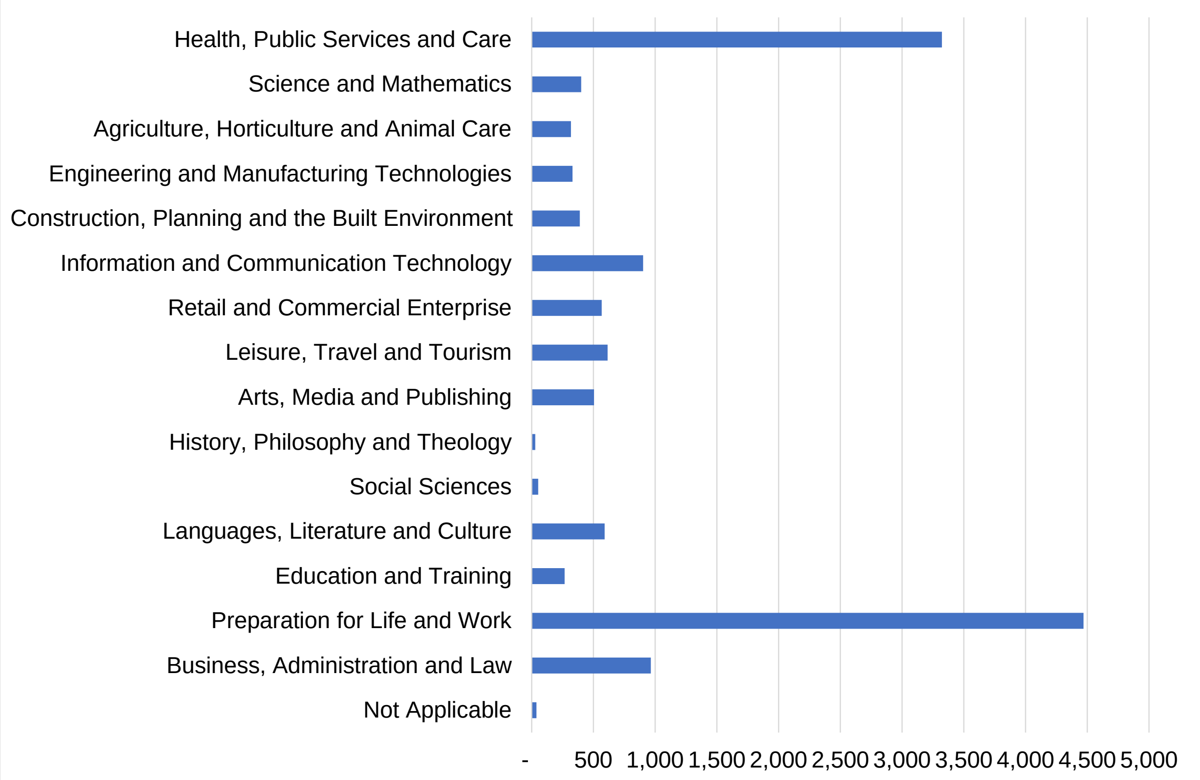
The majority of learners (61%) in the Education and Training strand undertook a qualification at Level 2 or full Level 2. Around 21% took a course at below Level 2 (excluding basic skills). Just under a fifth of learners (18%) participated in a course at Level 3 / Full Level 3, with 4% undertaking a course at Level 4.

Almost all learners in Community Learning have no level assigned to their provision and this is also the case for a small proportion (4%) of learners in the Education and Training strand.

Health and social care is a key vocational subject area for Education and Training learners

In subject terms the largest category within Education and Training is *Preparation for Life and Work*, which contributes 32% of total enrolments and includes basic skills courses. *Health, public services and care* accounts for 24% of all learners, with 22% of learners falling within *Health and social care* alone.

Figure 91: Profile of Education and Training enrolments by subject area, YNY, 2021/22 academic year



Note: Analysis relates to enrolments by learners resident in YNY made during the 2021/22 academic year.
Source: Department for Education

Business, administration and law is the next largest subject area (7% of total learners), with Administration (3%), Business management and Accounting and finance (both 2%) all substantial elements of provision.

Information and communication technology also accounts for 7% of total enrolments.

Retail and commercial enterprise provision accounts for 4% of enrolments and its main components is Service enterprises (3%) and Hospitality and catering (1%).

6.7 Higher education

The LEP area's higher education institutions are a key asset in terms of the supply of higher level skills.

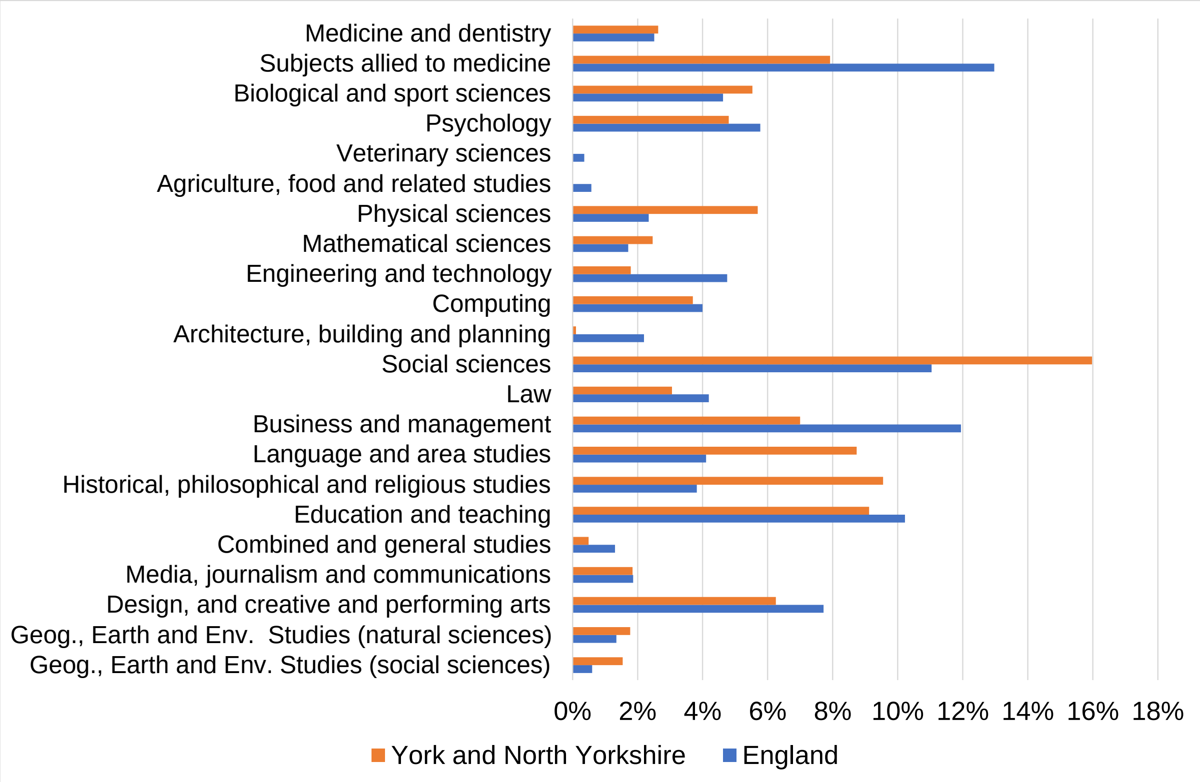
There were around 30,000 enrolments at YNY's HE institutions in 2020/21

The LEP area has a significant higher education footprint with 30,300 student enrolments at its two higher education institutions during the 2020/21 academic year. This includes 23,500 UK-domiciled students. Three-quarters of total enrolments were at the University of York, with the remaining 25% at York St John University.

According to data from the Higher Education Statistics Agency, there is a net outflow of students from the LEP area of around 7,000, based on the 20,000 HE students originally from the LEP area who studied elsewhere, compared with 27,000 students from outside the LEP area (including foreign students) who came to study at local institutions.

Figure shows the subject profile of the 7,428 UK-domiciled students who qualified from local institutions in the 2020/21 academic year, compared with the equivalent subject profile for England.

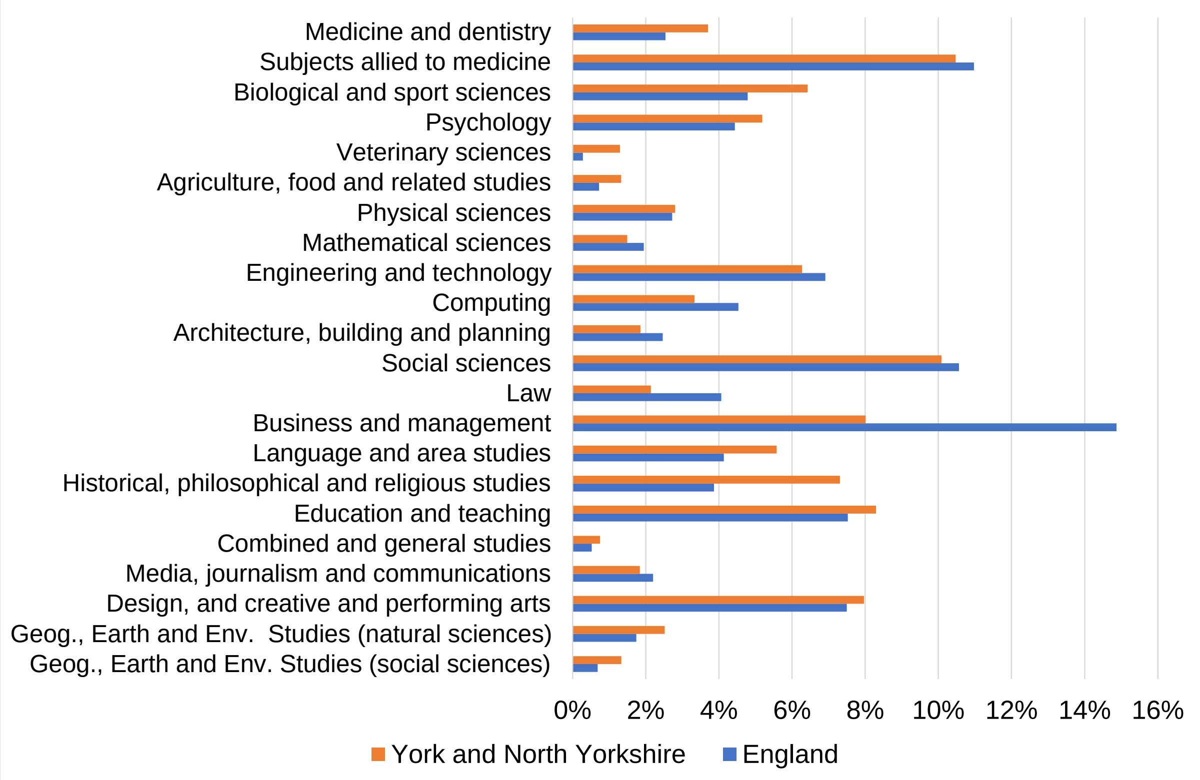
Figure 92: Profile of qualifiers from YNY HEIs by subject area, 2020/21 academic year



Note: Analysis relates to UK-domiciled students only
Source: Higher Education Statistics Agency

It demonstrates that HE provision in local institutions is strongly focused on Physical sciences, Social sciences, Languages and Historical, philosophical and religious studies. There is also a strong representation of Biological and sport sciences and Mathematical sciences. Relative to a national benchmark there is an under-representation of qualifiers in Subjects allied to medicine, Engineering and technology, Architecture, building and planning, as well as Business and management and Design and creative and performing arts.

Figure 93: Subject profile of qualifiers with location of employment in York and North Yorkshire 15 months after qualifying



Note: Analysis relates to students who graduated in 2019/20
Source: Graduate Outcomes Survey, Higher Education Statistics Agency

This subject profile is perhaps to be expected to some extent since it is based on the provision of only two institutions with their own specialisms. An examination of the subject profile of qualifiers who graduated in 2019/20 and were in employment in York and North Yorkshire 15 months after graduation, including those who studied at institutions outside the LEP area, shows a broader based profile.

41% of graduates from HEIs in the LEP area are retained in Yorkshire and the Humber after one year

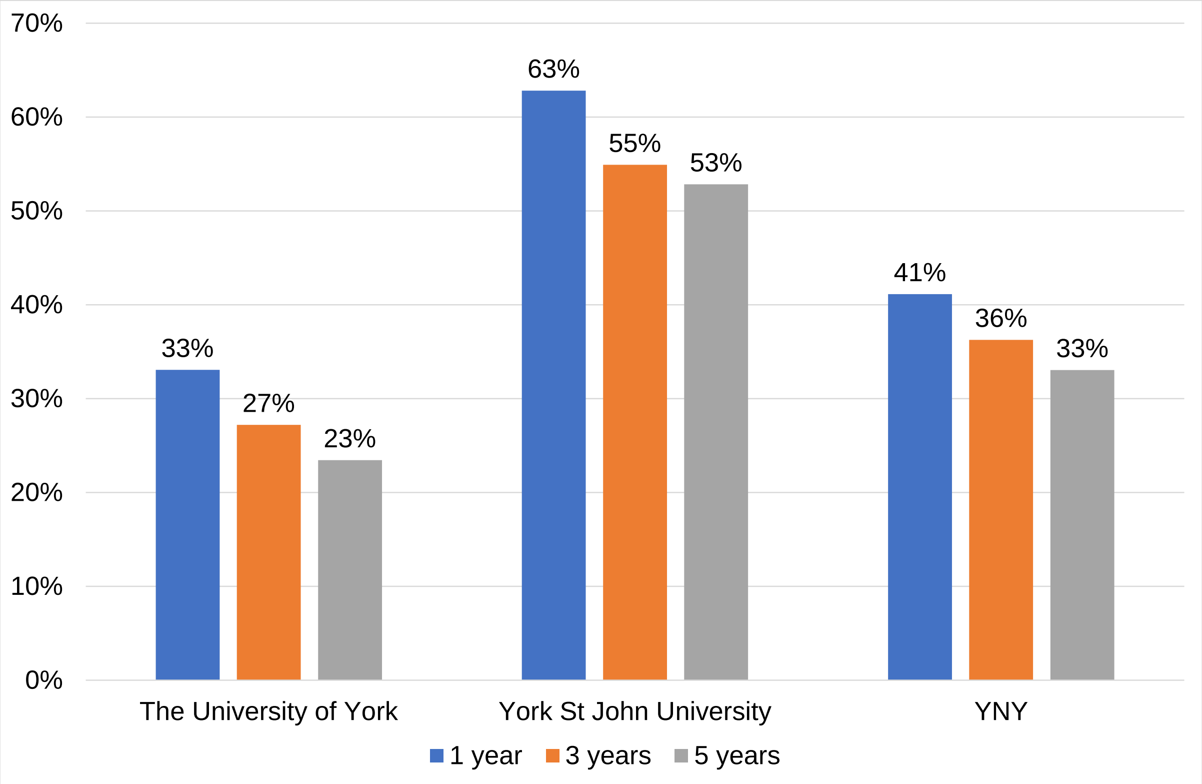
The economic benefit that local areas derive from their higher education institutions is to a large extent determined by the degree to which qualifiers remain in the area following graduation.

Data from the Graduate Outcomes (LEO) dataset for 2019/20 indicates that 41% of UK domiciled first degree graduates from YNY's two higher education providers were resident in Yorkshire and the Humber 1-year after graduation. This proportion falls only slightly, to 36%, at the 3-year mark and then to 33%, at the 5-year point.

There is a marked difference between the retention rate of the two YNY institutions. Sixty-three per cent of York St John University graduates remain in Yorkshire and the Humber after 1-year and this proportion remains steady through to the 5-year point. However, the 1-year retention rate of the University of York is only around half that of York St John, at 33%, and this falls to 23% after 5 years. The difference between the institutions is at least partly due to the fact that York St John recruits much of its intake from the immediate area, whereas the University of York, as a

Russell Group institution serves a national market and its graduates are less likely to have an affinity with the local area.

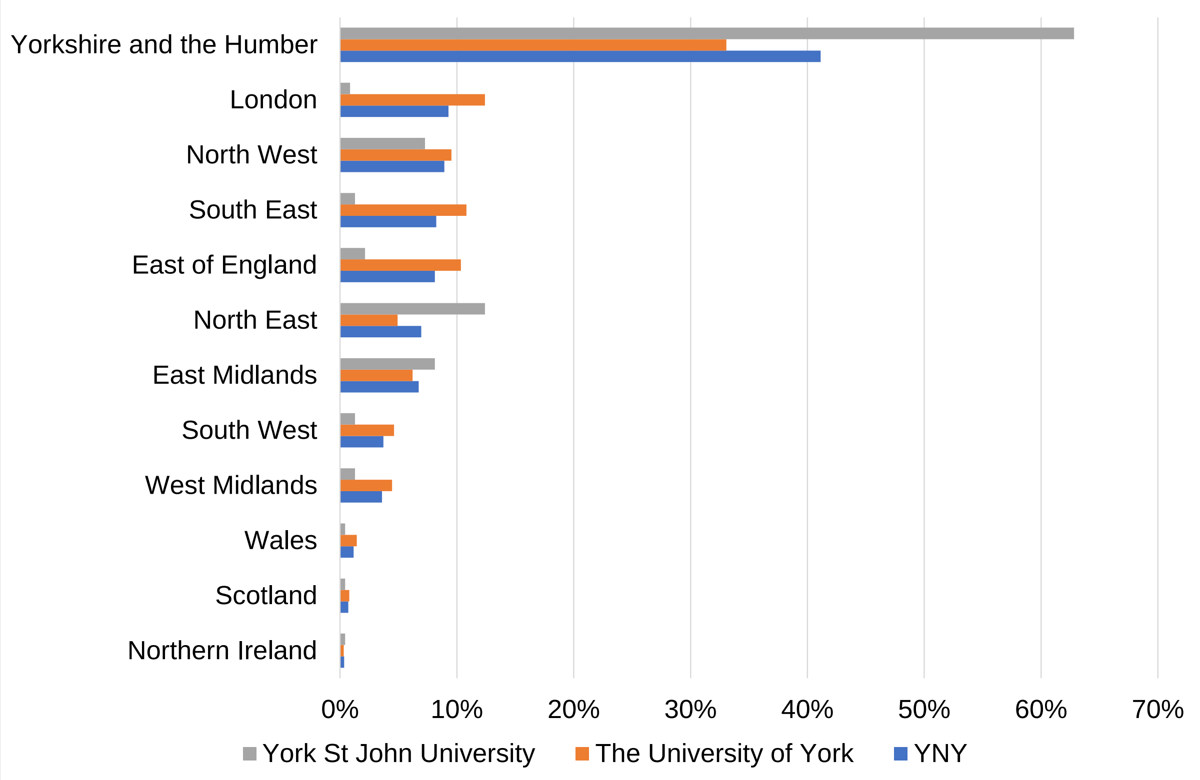
Figure 94: Proportion of graduates from YNY HEIs retained in Yorkshire and the Humber - 1, 3 and 5 years after graduation, for 2019/20 tax year



Note: Analysis relates to UK-domiciled students with a UK destination only
Source: Graduate Outcomes in 2019/20, Department for Education

The main initial destinations (after 1 year) for graduates outside Yorkshire and the Humber, are London (accounting for 9% of leavers), the North West of England (also 9%), the South East of England and the East of England each accounting for 8% of leavers.

Figure 625: Destinations of graduates from YNY HEIs by institution and region, 1 year after graduation



Note: Analysis relates to UK-domiciled students with a UK destination only
Source: Graduate Outcomes in 2019/20, Department for Education

The pattern of destinations differs between the two institutions. For the University of York the top destinations outside Yorkshire and the Humber are London, the South East and the East of England; for York St John University they are the North East of England and the East Midlands.

What are the factors behind YNY's graduate retention performance? Research indicates that high skilled workers are highly mobile and often attracted by higher wages and better career opportunities in London[22]. As we have seen, YNY faces a deficit of high skilled jobs and there is a pay deficit with the national average at the top of the earnings distribution. Factors like housing affordability could also play a part. The ratio of median house price to median gross annual workplace-based earnings is relatively high in some districts within YNY, at 9.85 in Harrogate, 9.12 in Ryedale, 8.94 in Hambleton and 8.86 in York. This compares with a national average of 7.70[23].

On the whole, the evidence suggests that cities have little direct influence over flows of graduates around the country because these are determined primarily by relative levels of demand for high skilled workers. It could be concluded that the most

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[22] Faggian, A. and McCann, P. (2009) Universities, agglomerations and graduate human capital mobility. Tijdschrift voor Economische en Sociale Geografie.

[23] Source: Office for National Statistics - Ratio of house price (existing dwellings) to workplace-based earnings (lower quartile and median), 1997 to 2018.

effective course of action would be to focus on increasing the supply of home-grown talent and helping boost demand for high skilled workers among local businesses[24].

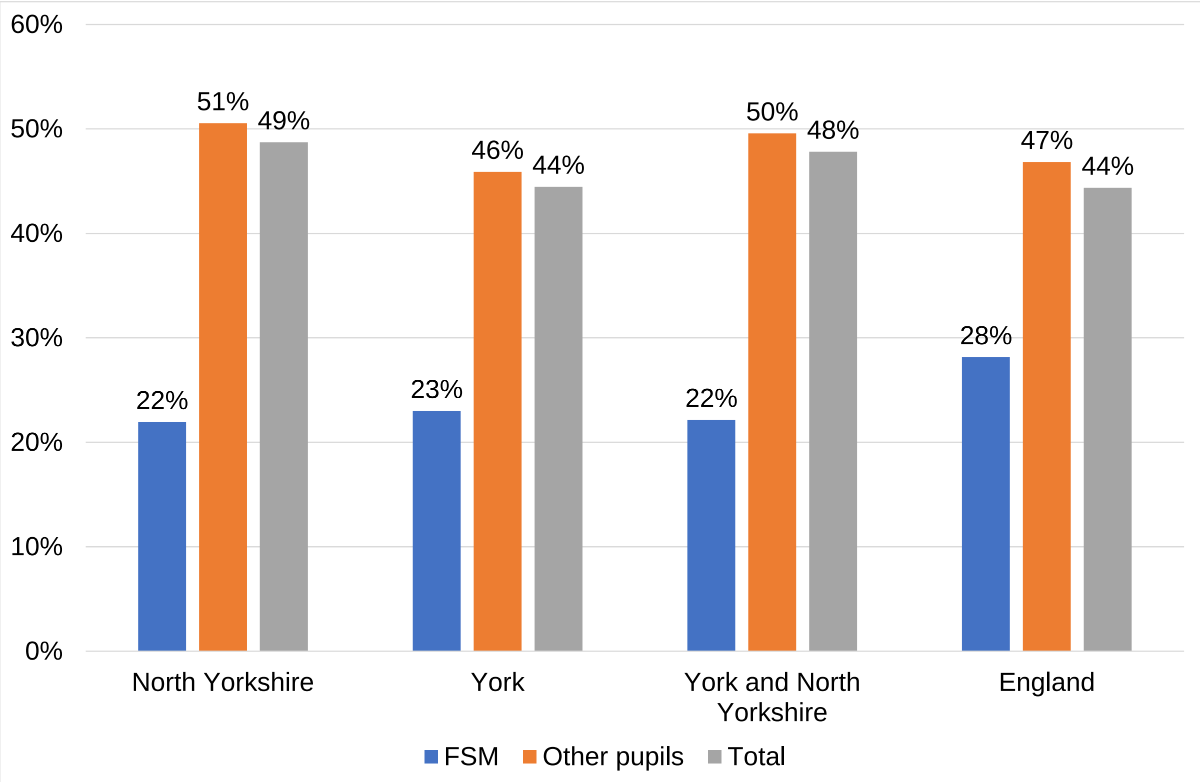
6.8 Access to higher education

One of the constraints on skills supply is a lack of access to higher education among the disadvantaged.

York and North Yorkshire has an above average progression rate into higher education but the disadvantaged face a progression rate gap

Overall entry rates into higher education are strong for the LEP area. The entry rate for York and North Yorkshire combined is 48%, 4 points higher than the national average. North Yorkshire's rate is 5 points above the national average and York's is on a par with the average.

Figure 96: Proportion of students entering higher education by free school meal status



Note: Progression rates to higher education by age 19 for state-funded pupils, 2020/21
Source: Department for Education

However, in spite of this strong overall performance, the LEP area performs poorly with regard to entry rates for pupils who are eligible for free school meals. North Yorkshire, York and the LEP area as a whole all perform below the national average in this regard. Accordingly, they are also characterised by wider than average progression rate gaps between the entry rates for disadvantaged and non-disadvantaged pupils. For York and North Yorkshire as a whole this gap stands at 27 points, compared with a national average gap of 19 points. There is some

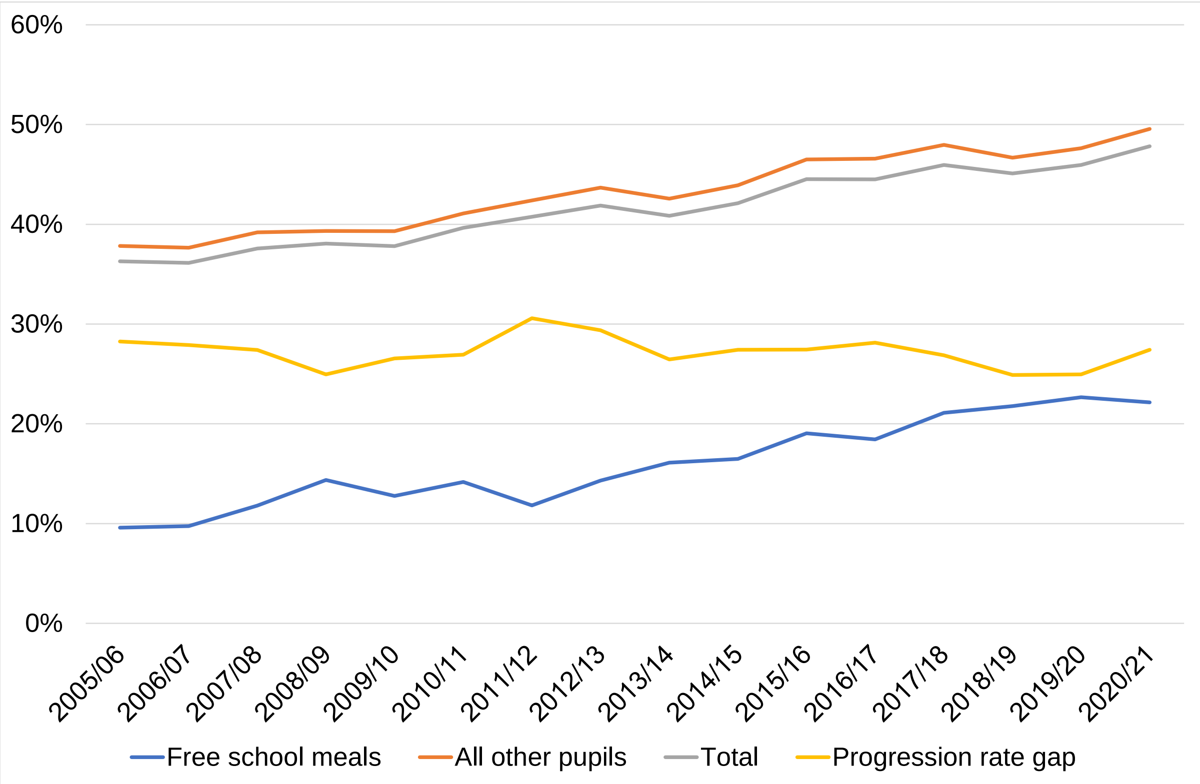
[24] Webber, C. and Larkin, K. (2009) Growing by degrees? High skilled workers in Liverpool: An independent report by Centre for Cities. Centre for Cities, London.

divergence within the LEP area: York's gap is 23 points, whilst North Yorkshire's gap is 29 points.

To set these figures into context it should be noted that there are relatively few individual eligible for free school meals. The entry rate figure for 2021 is based on 480 young people who had been eligible for free school meals, or 6% of the total cohort.

Looking at the size of these gaps over time for the three component parts of the LEP area, there is no evidence that they are seeing a sustained reduction.

Figure 97: Trend in HE progression rates by free school meal status, YNY



Note: Progression rates to higher education by age 19 for state-funded pupils
Source: Department for Education

On the positive side, entry rates into HE have seen an upward trend for all groups in recent years. However, this has not led to a sustained reduction in the progression rate gap.

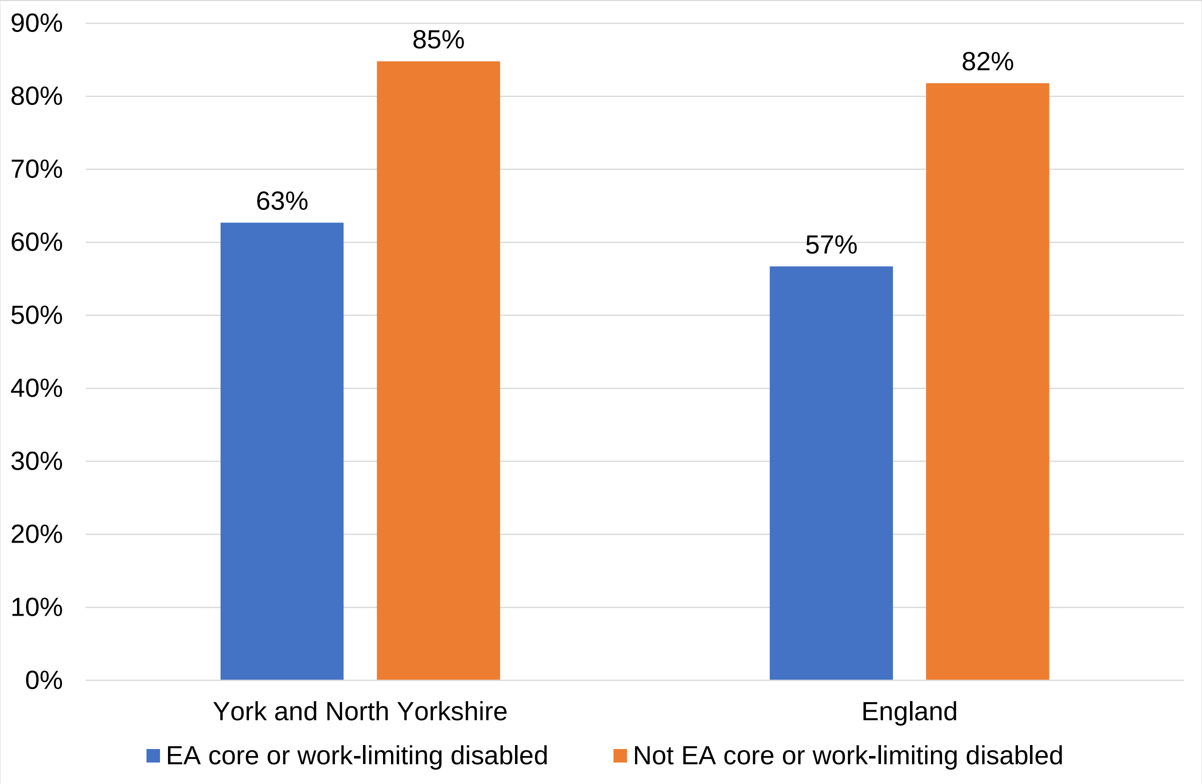
6.9 Labour market inclusion

The LEP is committed to supporting local business to develop an inclusive and diverse workforce. A key challenge in this area is the employment rate gap faced by specific groups in the labour force. As well as acting as a limitation on individual opportunity this also constrains the labour supply available to local employers.

Several groups in the labour force face employment rate gaps, although the LEP area generally outperforms the national average for most indicators.

Around 103,000 people of working age in the LEP area are Equality Act core or work-limiting disabled[25], equivalent to 21% of the total working age population and slightly below the national average of 24%.

Figure 98: Employment rate by disability status



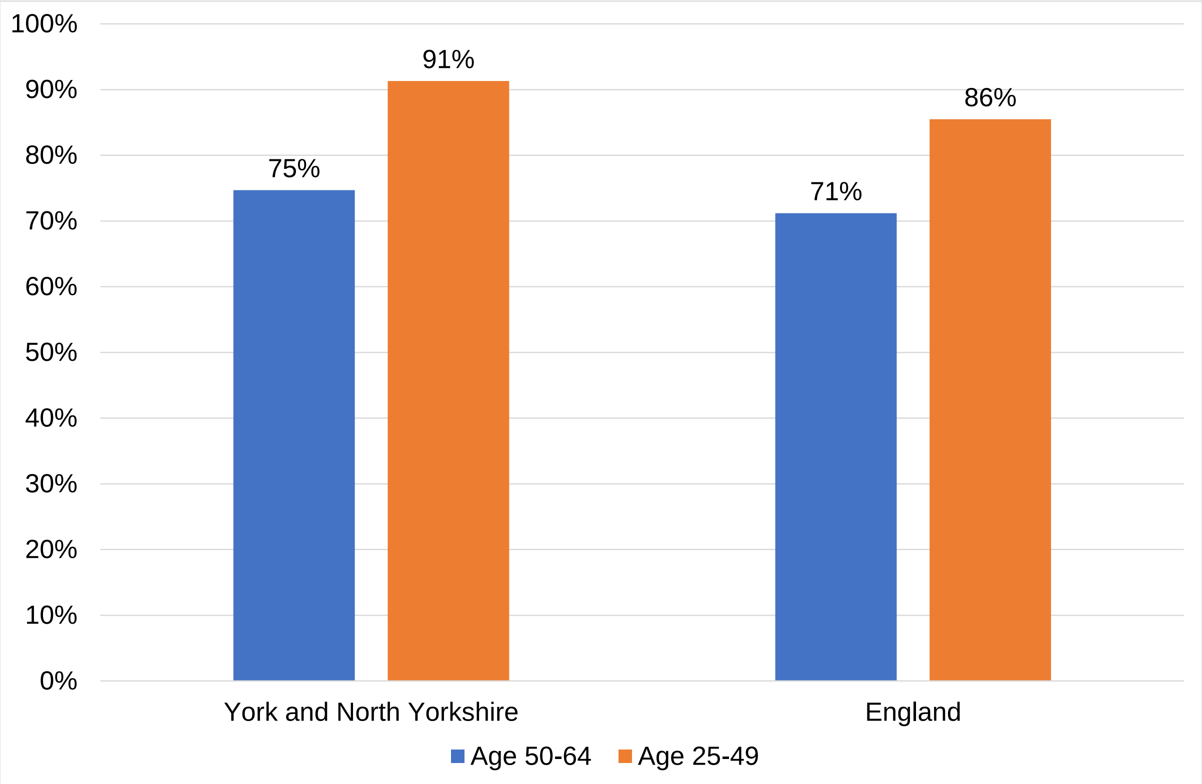
Source: Annual Population Survey, October 2021 to September 2022

The proportion of disabled people of working age in employment is well below the rate for people who do not have a disability, at 63% and 85% respectively, a gap of 22 percentage points. It is notable, however, that the employment rate for disabled people is higher locally than nationally (the England average is 57%) and the employment rate gap is also smaller than the national average (22 points versus 25 points). The employment rate gap is somewhat lower for women in York and North Yorkshire than for men at 20 points compared with 24 points.

Older people are also much less likely to be in employment than people of "prime age". The employment rate in the LEP area for people aged 50 to 64 is 75%, 17 points lower than the rate of 91% enjoyed by people aged 25 to 49 (note that percentages are rounded making size of gap appear incorrect). Both figures are above their respective national averages.

[25] EA Core disabled includes those who have a long-term disability which substantially limits their day-to-day activities. Work-limiting disabled includes those who have a long-term disability which affects the kind or amount of work they might do.

Figure 99: Employment rate by age group



Source: Annual Population Survey, October 2021 to September 2022

As the population ages it is clearly of vital importance that the contribution to the economy of older people is maximised. This is of particular relevance locally because people aged 50 to 64 account for a relatively large proportion of the working age population – 37% compared with 31% nationally. Older people also make a disproportionate contribution to the employed labour force in York and North Yorkshire, accounting for 35% of the total, five points above the national average.

The LEP area has a relatively small ethnic minority population of approximately 24,000 people of working age, equivalent to around 5% of the total working age population. The data suggests that the ethnic minority employment rate is very high at around 82%.

Getting people from disadvantaged groups into employment is only one step in the process. They also need help to sustain and progress within employment.

The number of disabled people in employment is increasing

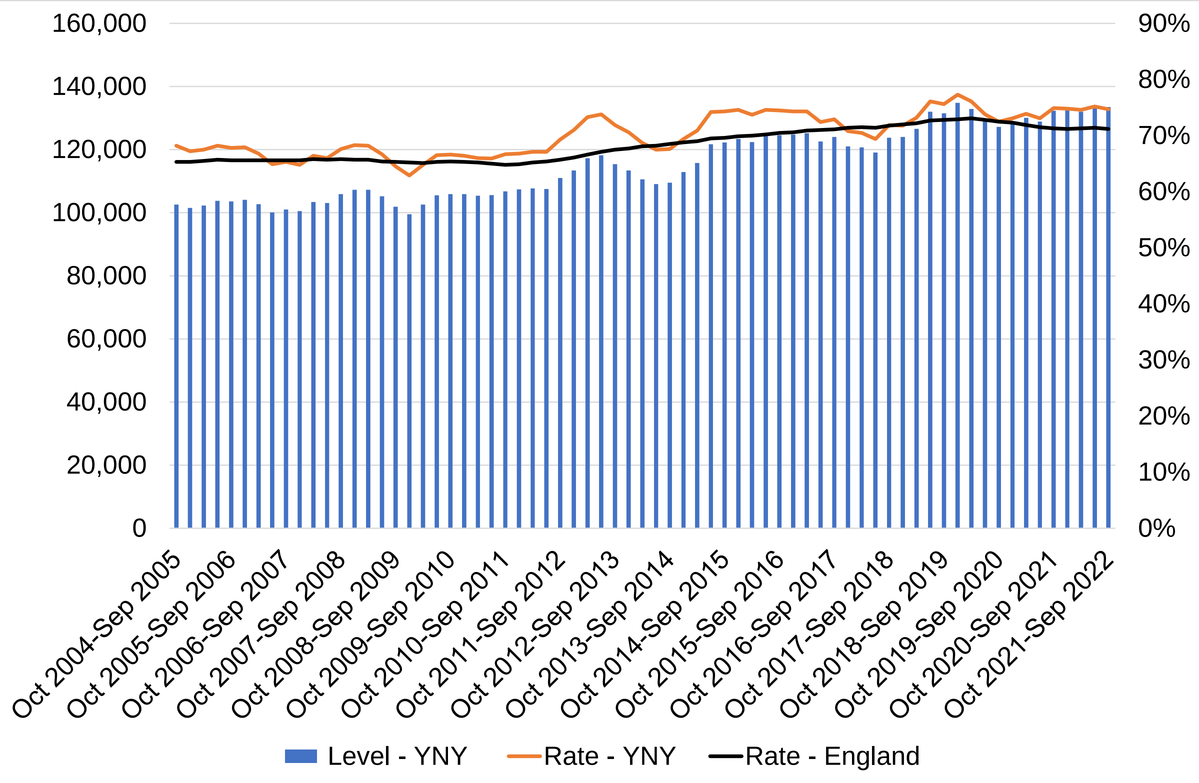
The number of disabled people in the working age population is growing strongly. The level increased by 29% to 8.3m nationally and by 17% to 103,000 in York and North Yorkshire between 2013/14 and 2021/22.

As noted above, the employment rate for disabled people is higher locally than nationally. The number of disabled people in work is also increasing over time. Nationally, the employment rate for this group increased by 8 points between 2013/14 and 2021/22, a net increase in absolute terms of 1.6m people in employment. In the LEP area the rate increased by 10 percentage points over the same period, with a net increase of 18,000 disabled people in work, giving a current total of 65,000.

The number of older people in employment is growing rapidly

Older workers are becoming an increasingly important segment of the labour force. Over the last decade the number of people in employment in YNY aged 50-64 increased by 23,000 or 20%, whilst the number aged 65+ increased by 11,000 or 75%.

Figure 100: Trend in employment level and rate for people aged 50-64



Source: Annual Population Survey

The overall rate of growth for people aged 16-64 was only 5% whilst the number of people in employment aged 16-24 and 25-49 fell for both categories. National figures show that the employment rate for people aged 50-64 has stagnated since the pandemic. Local figures are subject to statistical noise but show stronger performance than nationally.

However, national data suggests that the potential of older workers is not being maximised. The average age of leaving the labour market has increased over the past two decades, but it is still lower than it was in 1950 and is not keeping pace with increases in life expectancy. As people approach State Pension age (SPA), the rate of employment declines steeply and economic inactivity rates rise as people leave the labour market 'early'. Although many leave the labour market voluntarily others do so for involuntary reasons linked to ill-health, caring responsibilities or redundancy[26].

[26] DWP (2017) "Fuller Working Lives: Evidence Base 2017" [online]

6.10 Workforce development

Improvements to the skills base of the LEP area depend to a large degree on ongoing investments by employers in workforce development. New entrants can only make a partial contribution since existing workers will form the vast majority of the local labour force a decade from now.

Many employers admit that they under-invest in training

Based on an extrapolation of spend per person trained taken from the Employer Skills Survey it is estimated that employers in the LEP area invest close to £600m per annum on workforce development, when wage costs are taken into account.

A review of local training performance based on key indicators from the Employer Skills Survey 2019 shows that 61% of employers in the LEP area provide any kind of training to their staff, the same proportion as the England average. At the same time 59% of staff received training, similar to the national average of 60%. There have been some modest changes against these indicators between 2019 and the previous survey in 2017, with the proportion of establishments providing training falling by 3 points but the proportion of staff receiving training increased by 2 points.

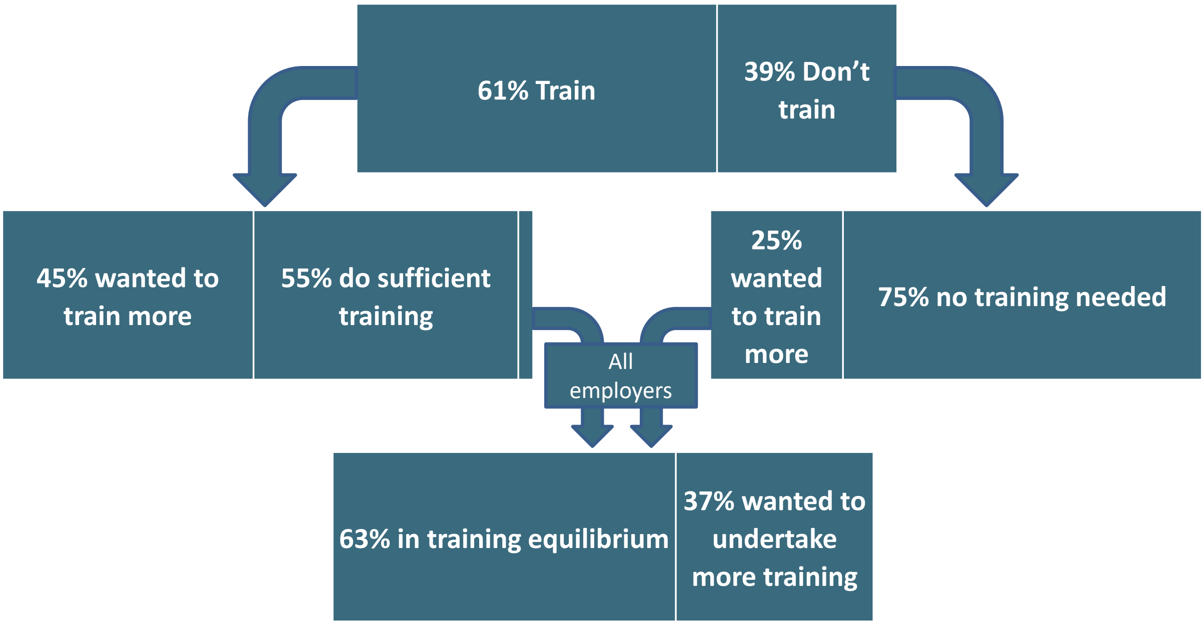
In assessing whether enough training is being undertaken by local employers it is important to view training behaviour in the context of business need.

Among the third of local establishments who did not train, a majority (75%) said that no training was needed mainly because staff already had the required skills but a significant minority (the remaining 25%) said that they would have liked to have done some training. Among those employers who did invest in training, 45% would have liked to have done more.

The overall picture is that 37% of employers would have liked to have done some training or more training. We can view this as an acknowledgement by many employers that they are under-investing relative to the skills needs of their business.

Among employers who would have provided more training if they could, the chief barriers to doing more were an inability to release staff for training due to a lack of time (54%), lack of funds for training (47% of respondents), followed by a lack of time to organise training (17%). Issues around the availability of suitable training provision were identified by small proportions of respondents to the Employer Skills Survey. For example, only 6% said that a lack of appropriate training / qualifications in the subject areas needed was a barrier to doing more training. The key challenge therefore is to make the case for training as a business investment that will deliver suitable returns in the form of improved business performance.

Figure 101: Training equilibrium summary, York, North Yorkshire, and East Riding



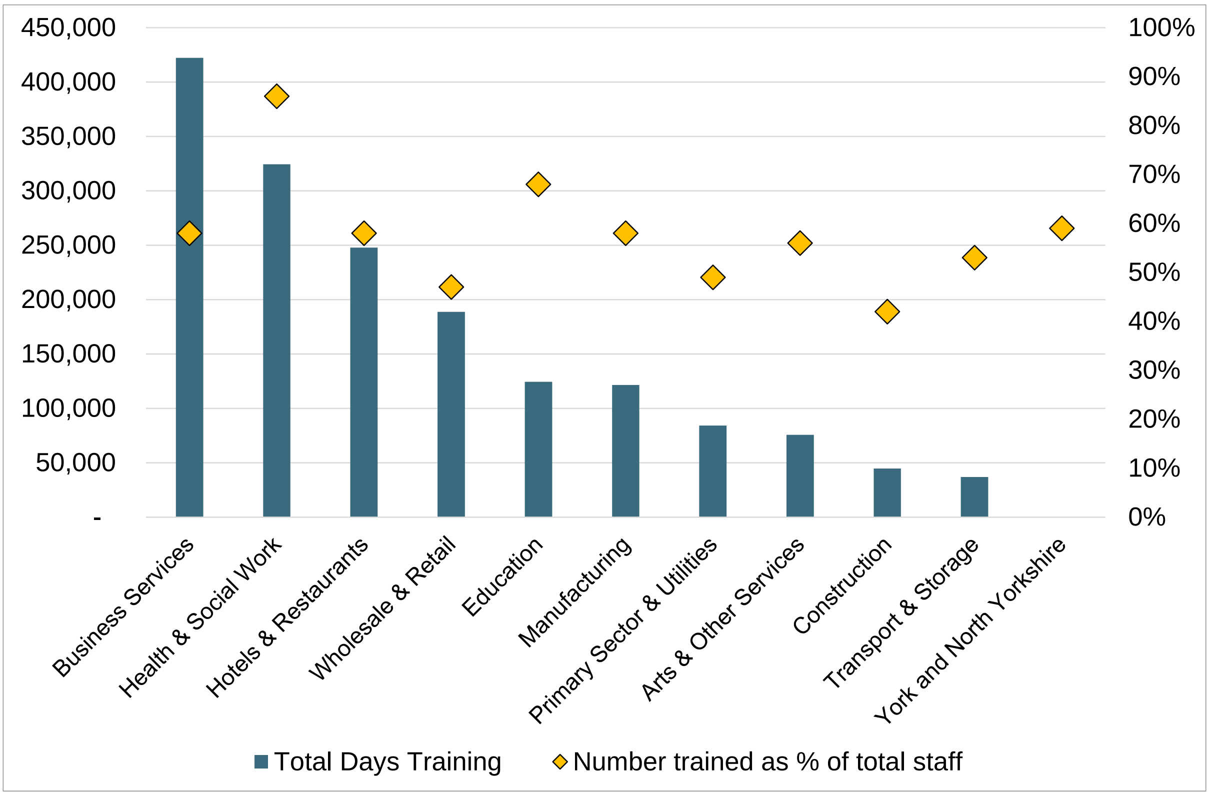
Source: Employer Skills Survey 2019. Base: all establishments in LEP area (1,703)

The prevalence and volume of training varies markedly across different parts of the economy.

The largest volume of training is undertaken in the business services sector but staff in the health sector are most likely to receive training

Looking at the sector profile of the training that is undertaken, business services accounts for the largest number of training days, with close to a quarter of the total. Health and social care contributes nearly a fifth of the total days of training provided with almost nine-out-of-10 staff receiving training. Hospitality and wholesale and retail are the next largest sectors, in volume terms, accounting for 14% and 11% of total training days respectively.

Figure 102: Training activity by industry sector, YNY[27]



Note: Data not available for financial services, information and communication and public administration sectors.
Source: Employer Skills Survey 2019

Aside from the health sector staff are most likely to undertake training in the Education sector. Workers are least likely to receive training in the construction, primary and utilities and wholesale and retail sectors (the latter in spite of the large number of training days delivered).

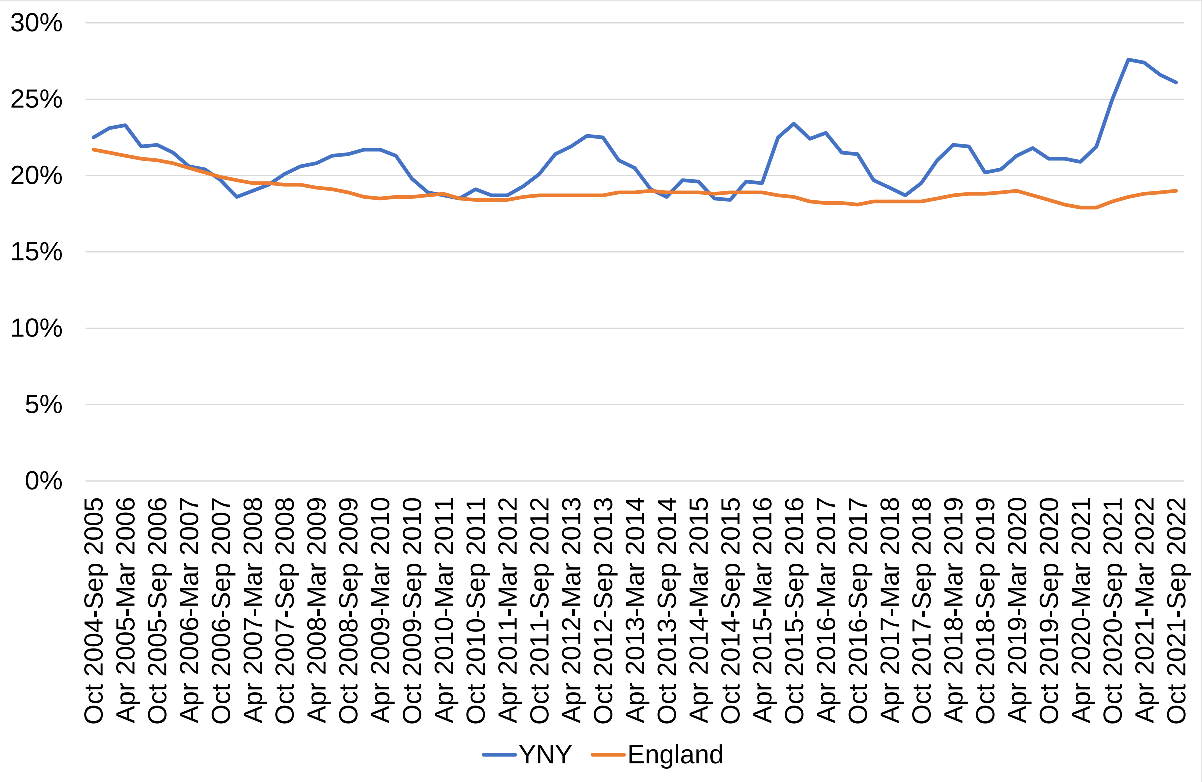
With regard to the average number of training days provided per staff member, business services is ranked top (5.5 days) followed by health and social care (5.2) and hotels and restaurants (4.5). This is in comparison with an all-industry average for YNY of 3.4.

Individuals in the area are more likely than average to access job-related training and the prevalence of training has increased since the pandemic

Looking at individual access to training, data from the Annual Population Survey shows that local people are more likely to undertake job-related training than nationally, with 26% receiving training in the previous 13-week period compared with the national average of 19%.

[27] Data not available for the YNY footprint.

Figure 103: Trend in proportion of people receiving job-related training in previous 13 weeks



Source: Annual Population Survey

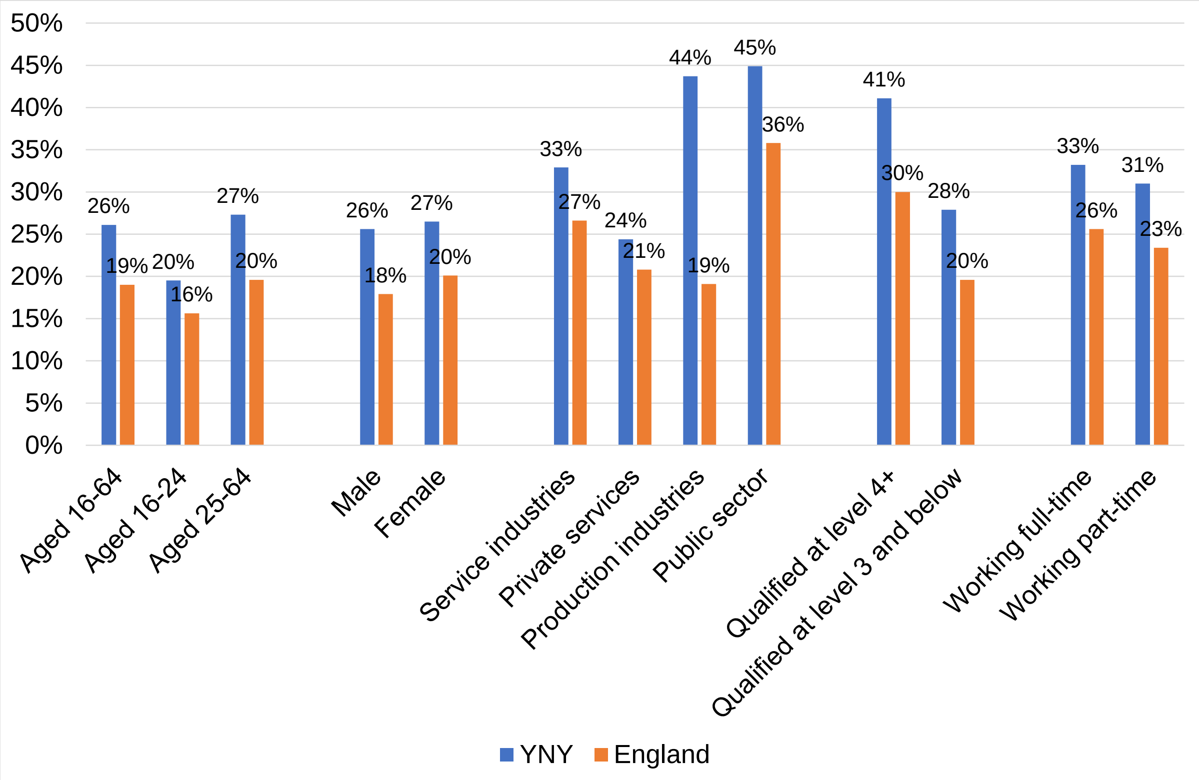
York and North Yorkshire has had a prevalence of job-related training that has been above the national average on a fairly consistent basis over recent years. Since the economy re-opened following the pandemic, the proportion of people receiving job-related training has increased sharply. There has also been an upward trend nationally but much less pronounced. This may reflect a determination on the part of employers to invest the in skills of their staff as part of their response to labour shortages.

York and North Yorkshire performs well across the board with regard to access to training for various groups in the workforce relative to national counterparts (see figure below).

There is unequal access to job-related training

However, some workforce groups are significantly less likely to undertake job-related training than others, with a potential impact on prospects for pay and progression. Arguably, people who could most benefit from skills development are least likely to be provided with access to it. The pattern broadly reflects that seen at national level.

Figure 104: Proportion of people receiving job-related training in previous 13 weeks by labour market group



Source: Annual Population Survey, October 2021 to September 2022

First of all, there are differences in access to training by industry. Workers in the public sector are the most likely to receive job-related training.

With regard to employment status, a higher proportion of full-time workers than part-time receive training.

Workers who are already qualified to a high level (level 4+) are, by a significant margin, more likely to receive training than their less qualified colleagues.

Finally, females are slightly more likely than males to receive training, but to a large extent this reflects their strong representation in public sector employment.

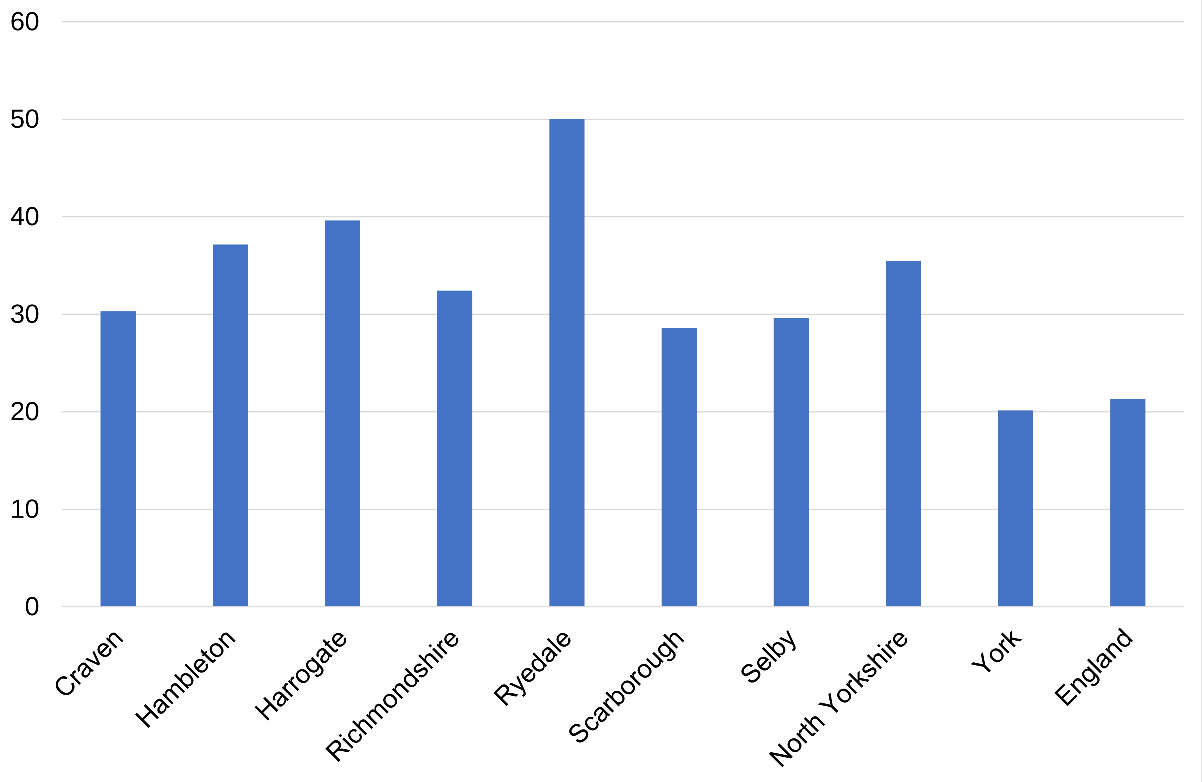
Data are not available at LEP level relating to access to job-related training by the disabled. However, data for Yorkshire and the Humber suggest that disabled people are equally likely to undertake training as the non-disabled.

Clearly these inequalities of access to work-related training serve as a potential barrier to career progression and to the fulfilment of individuals' potential.

Travel to learn times impact on the responsiveness of the skills system

The rural nature of much of York and North Yorkshire means that education and training is less accessible than in other areas, particularly for users of public transport and people travelling on foot.

Figure 105: Travel time in minutes to nearest Further Education College by public transport / walk, 2019



Source: Department for Transport, Journey Time Statistics, Table JTS0404

Statistics from the Department for Transport show that the travel time to the nearest FE college is much longer for North Yorkshire (35 minutes) than for York (20 minutes) and for the national average (21 minutes). For example, the travel time is more than twice as high for Ryedale (50 minutes) as for York.

An important potential barrier to a responsive skills pipeline is limited physical access to learning opportunities.

A large number of learners travel outside their home district and outside the LEP area to undertake learning

Around 13% of adult education and training learners in the LEP area travel outside their home district to another district in the LEP area to undertake learning (i.e. the delivery location of their learning is in a different district to their home district). This is primarily driven by learners travelling into York from their home district; for example, from Selby to York, from Harrogate to York and from Ryedale to York.

It is notable that very little adult education provision is delivered within Ryedale itself.

Learners are more likely to travel outside the LEP area entirely than to travel to another district in the area. A total of 23% of learners travel to a delivery location that is outside the LEP area. Learner records indicate that a substantial number of learners travel to Doncaster (principally from York), to Darlington (mainly from Hambleton and Richmondshire) and to North East Lincolnshire (primarily from York).

In addition to out of area provision, 37% of enrolments were delivered from a delivery location of “Other” during 2021/22. This category includes distance learning provision, which became particularly important during the pandemic, doubling its share of enrolments between 2019/20 and 2021/22.

Table 4: Travel to learn flows of adult education and training learners resident in YNY, 2021/22

Local Authority District	Craven	Hambleton	Harrogate	Richmond shire	Ryedale	Scarboro’	Selby	York	Total
Craven	370	-	10	-	-	-	-	-	390
Hambleton	-	80	10	10	20	10	-	90	220
Harrogate	-	30	510	10	-	-	50	20	630
Richmondshire	-	-	-	930	-	-	-	-	930
Ryedale	-	-	-	-	20	-	-	-	20
Scarborough	-	20	10	10	50	720	-	-	800
Selby	-	-	-	-	-	-	320	20	340
York	-	100	140	-	120	20	160	1,780	2,320
YNY total	380	220	680	960	210	750	530	1,920	5,640
% travelling to another district in LEP area	1%	12%	10%	1%	36%	2%	16%	3%	7%
Other	280	520	810	970	270	710	510	960	5,030
% Other	32%	43%	48%	44%	51%	42%	38%	23%	37%
Out of area	210	470	190	290	50	240	310	1,350	3,110
% out of area	24%	39%	11%	13%	10%	14%	23%	32%	23%
Total	860	1,210	1,670	2,220	530	1,700	1,350	4,240	13,780

Note: figures relate to enrolments
Source: Education and Skills Funding Agency, Localities Cube

6.11 Work experience and work inspiration

The Gatsby Benchmarks for Good Career Guidance codify the elements of good careers provision which schools and colleges can follow, relating to a stable careers programme, use of career and labour market information, addressing the needs of all their students, linking career learning to the curriculum, providing encounters with employers and experiences of the workplace, offering the opportunity to find out about all educational routes and providing access to personal career guidance.

Progress against the Benchmarks is captured using Compass, a self-assessment tool which allows schools and colleges to compare their provision to both the Gatsby Benchmarks and to other providers. These results are brought together in the Careers and Enterprise Company's *State of the Nation 2019* report.

By the end of the 2018/19 academic year, schools and colleges across the country were achieving an average of 3.0 of the Gatsby benchmarks.

Progress in the YNYER area has been slightly faster: an average of 3.4 of the eight benchmarks having been achieved. This places YNYER in the band of LEPs that are performing at an average level, according to the *State of the Nation* report.

7 Mapping of skills demand and supply

Summary

- Where skills mismatches are acute and persistent, there can be significant implications for business performance. This kind of market failure presents a policy priority but also offers an opportunity for individuals considering their career options to target areas of unmet demand.
- Labour shortages are currently a major cause for concern in terms of their impact on the wider economy. But it is important to differentiate between general shortages and skill shortage vacancies which are primarily the result of a deficit of skills among candidates.
- Around a fifth of vacancies in the LEP are skill shortages – vacancies that are hard-to-fill due a lack of candidates with the required skills.
- Construction, manufacturing and primary / utilities are the sectors most susceptible to shortages. Shortages have a very high prevalence in skilled trades occupations.
- 13% of employers in the LEP area are affected by a lack of proficiency among existing staff (skills gaps). Hotels and restaurants, wholesale / retail and manufacturing are the sectors most affected. Lower-skilled elementary and sales / customer service occupations, together with administrative roles, are most susceptible to gaps.
- People in higher skilled roles are less likely to have skills gaps, with the key exception of managers. Gaps in management proficiency are an issue for a significant proportion of organisations with major implications for wider workforce development and business performance.
- Many skills gaps pertain to operational skills and are caused by staff turnover and the need to train new recruits. However, some gaps are driven by deficits of complex analytical skills and digital skills. Many workers with skills gaps need to improve their soft skills, in areas such as time management, team working, customer handling skills and persuading / influencing others
- More than a third (36%) of local employers say that have staff whose skills are underutilised. Underutilisation is particularly widespread among organisations in public administration, hospitality and manufacturing.
- Unemployed and inactive people tend to have a background in lower skilled occupations. However, many of these occupations currently face labour shortages, creating an opportunity to get people back into work.
- A comparison of the subject profile of education and training provision with the profile of labour market demand shows major disparities between the two for apprenticeships, adult education and higher education.
- The number of people with higher level qualifications continues to increase in York and North Yorkshire but this continues to be matched by the number of jobs that require higher level skills and qualifications, suggesting that equilibrium is being broadly maintained. The area also has relatively strong employment rates for people with different qualification levels suggesting that

the local labour market offers a range of opportunities to reflect the profile of the local skills base.

Skill mismatches reflect an imbalance between supply and demand in the labour market, between the skills available and the skills needed by employers.

This inability to obtain the skilled people that are required is one of the key barriers to business growth and improved productivity for firms.

Skills mismatches are often short term, as the operation of the market leads to an increase in the supply of people with the necessary skills, but in some cases they are acute and persistent, with significant implications for business performance. This kind of market failure presents a policy priority but also offers an opportunity for individuals considering their career options to target areas of unmet demand.

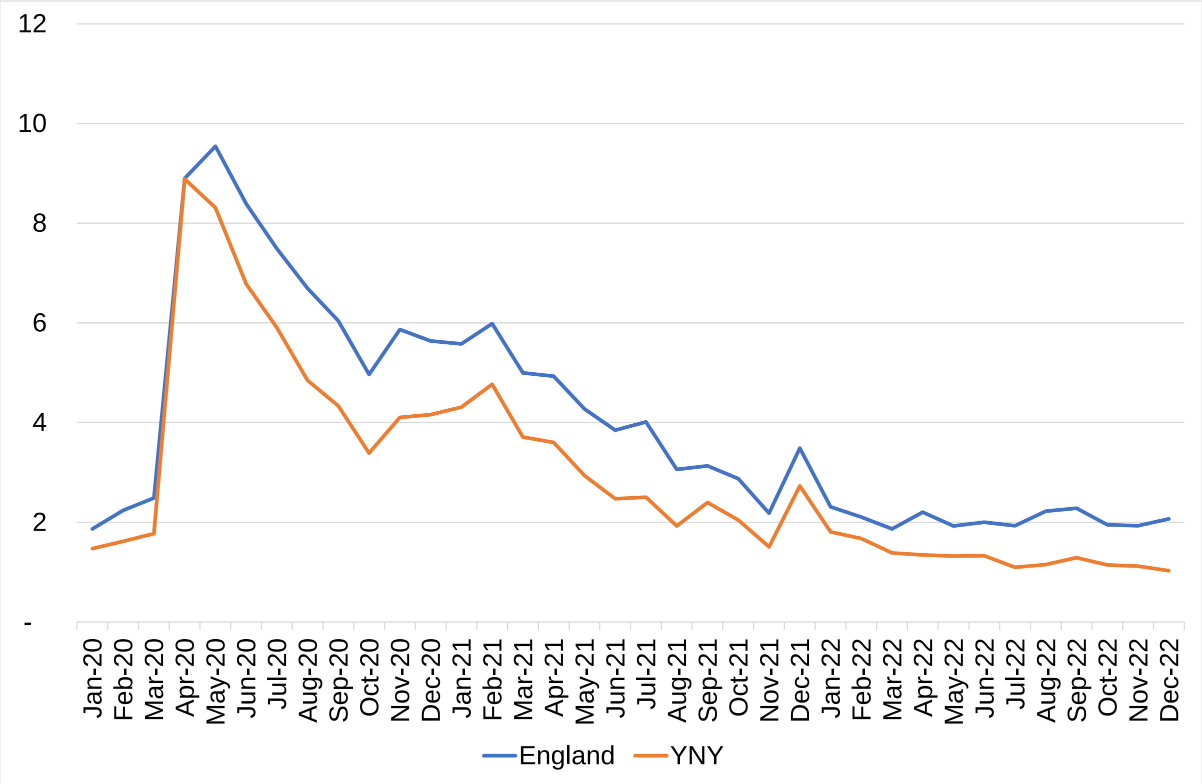
Much of the data relating to skills mismatches is drawn from the Employer Skills Survey, published by the Department for Education. Partly due to the impact of the pandemic this survey data has not been updated since 2019, meaning we lack a fully up to date picture of skills deficit issues. This area of analysis will need to be revisited once refreshed data from the 2022 survey becomes available.

7.1 Tightening of labour market

The number of unemployed people per vacancy is a key measure of the tightness of the labour market, showing the number of jobless people who are actively seeking and available for work relative to the number of opportunities open to them.

At the height of the pandemic the number of claimants per job opening soared to nearly 10 but quickly fell, as the economy re-opened, to a ratio of one claimant per job posting in late 2022. This tightening of the labour market has been driven by a steady fall in the claimant count in Yorkshire since March 2021 and a steep increase in the count of online job postings.

Figure 106: Ratio of online job postings to count of claimant unemployed



Source: Lightcast and Nomis

As the chart shows, the national labour market has consistently had a higher number of claimants per job posting since the start of the pandemic, showing the relative tightness of the local labour market.

7.2 Skill shortages

A key type of skills mismatch is skill shortage vacancies. These arise when employers find it difficult to fill their vacancies because of a lack of candidates with the necessary skills, qualifications and experience.

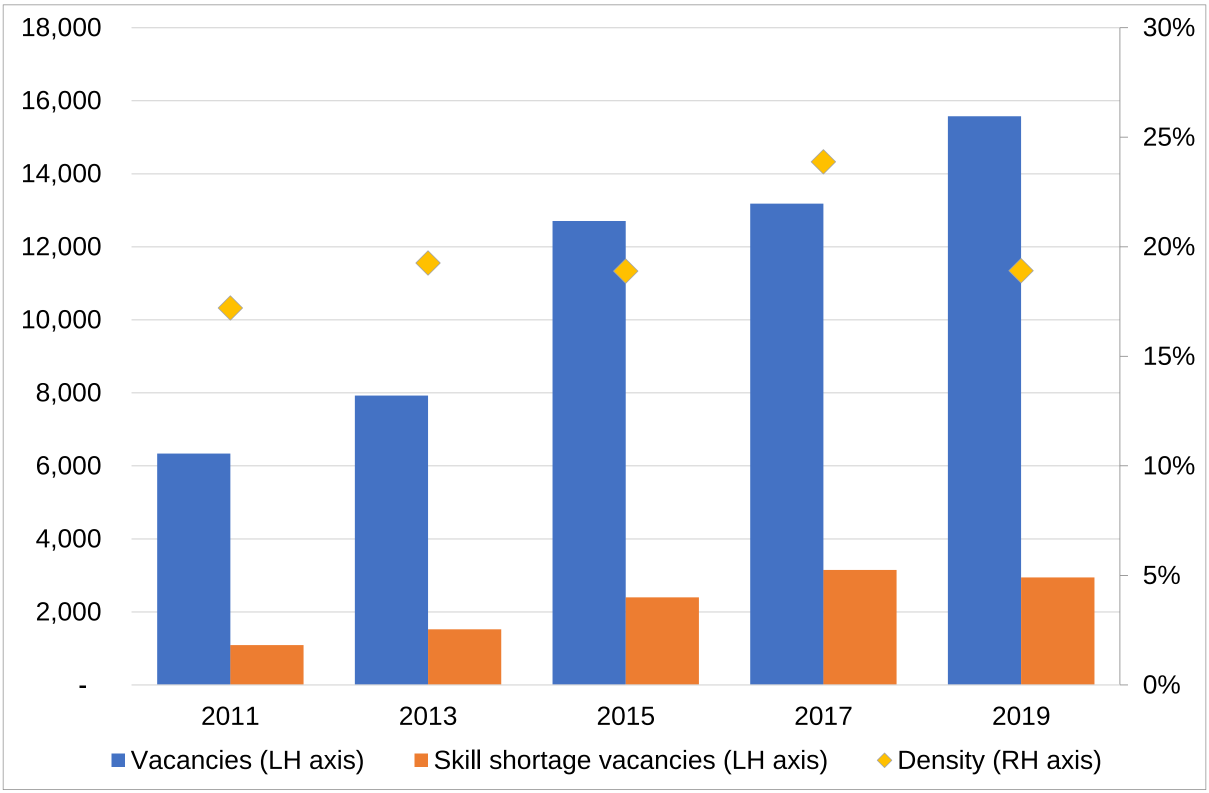
At the current time widespread labour shortages are a key policy concern. As noted earlier in this report much of the growth in vacancies seen locally and at national level has been for lower skilled roles. The lead-in time to develop the required skills for these roles is often relatively short and it is important to differentiate between shortages that stem from a general lack of candidates and those for which a deficit of skills among candidates is the primary issue.

The Employer Skills Survey provides information on the number of vacancies and skill shortage vacancies that employers have at a single point in time. Skill shortages do not occur in large numbers and are not widespread. They tend to be concentrated in particular industry sectors and occupations but where they do exist they can be acute and persistent.

Nearly one-fifth of vacancies are skill shortages locally

According to the most recent 2019 iteration of the survey there were 2,900 skill shortage vacancies in the LEP area at the time of the survey, with 6% of employers reporting one or more shortage.

Figure 107: Trend in volume of vacancies and skill shortage vacancies, YNY



Source: Employer Skills Survey 2019

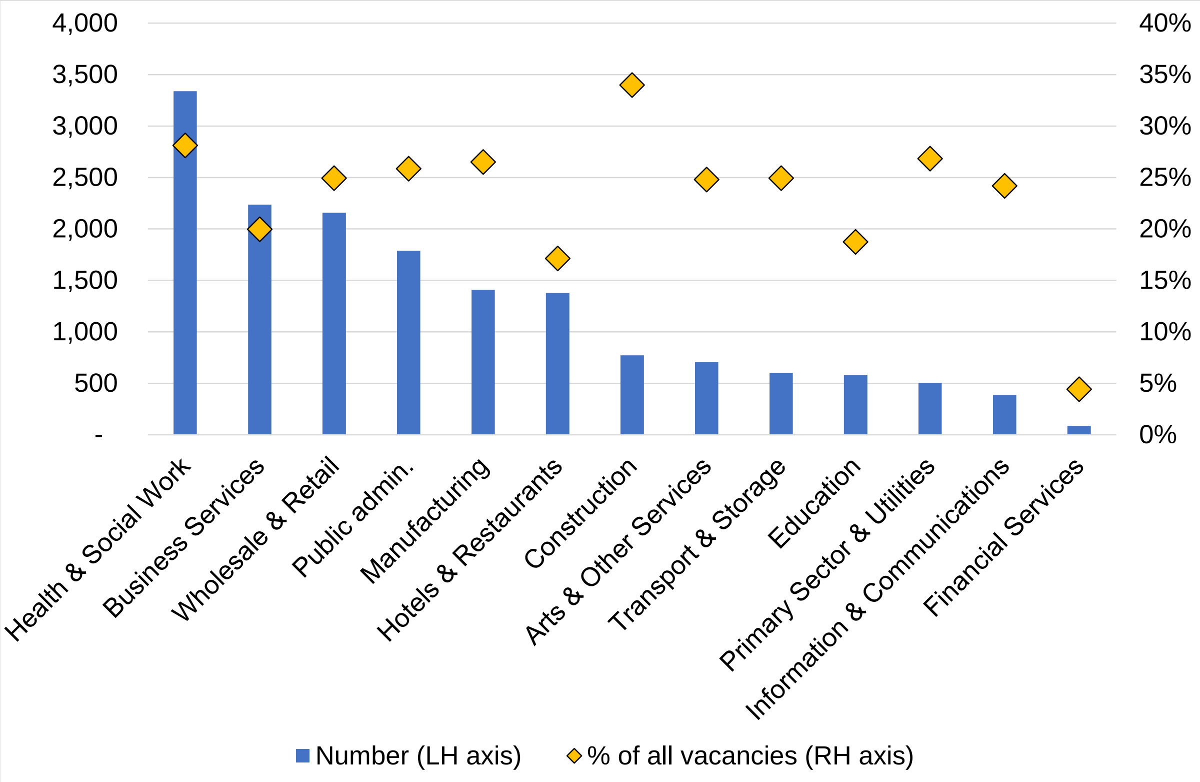
Just under a fifth (19%) of all vacancies in the LEP area are skill shortage vacancies, somewhat lower than the national average of 25%. This is also lower than the 2017 figure of 24% and similar to the 2015 estimate, which was also 19%. As Figure shows the overall number of vacancies was higher in the LEP area in 2019 but the number of shortages remained broadly the same.

Data are also available at Local Education Authority level and these suggest that North Yorkshire has a higher prevalence of shortages (20%) compared with York (17%).

Skill shortages are most acute in construction

In absolute terms the greatest numbers of skill shortages at Yorkshire and the Humber level are contained Health and social work, Business services and Wholesale and retail. This reflects the sheer size of these sectors in employment terms. Shortages have the highest prevalence, relative to the overall number of vacancies, in the following sectors: construction, manufacturing and primary and utilities.

Figure 108: Number and density of skill shortage vacancies by industry sector, Yorkshire and the Humber



Source: Employer Skills Survey 2019
Note: Density measure shows skill-shortage vacancies as a proportion of all vacancies

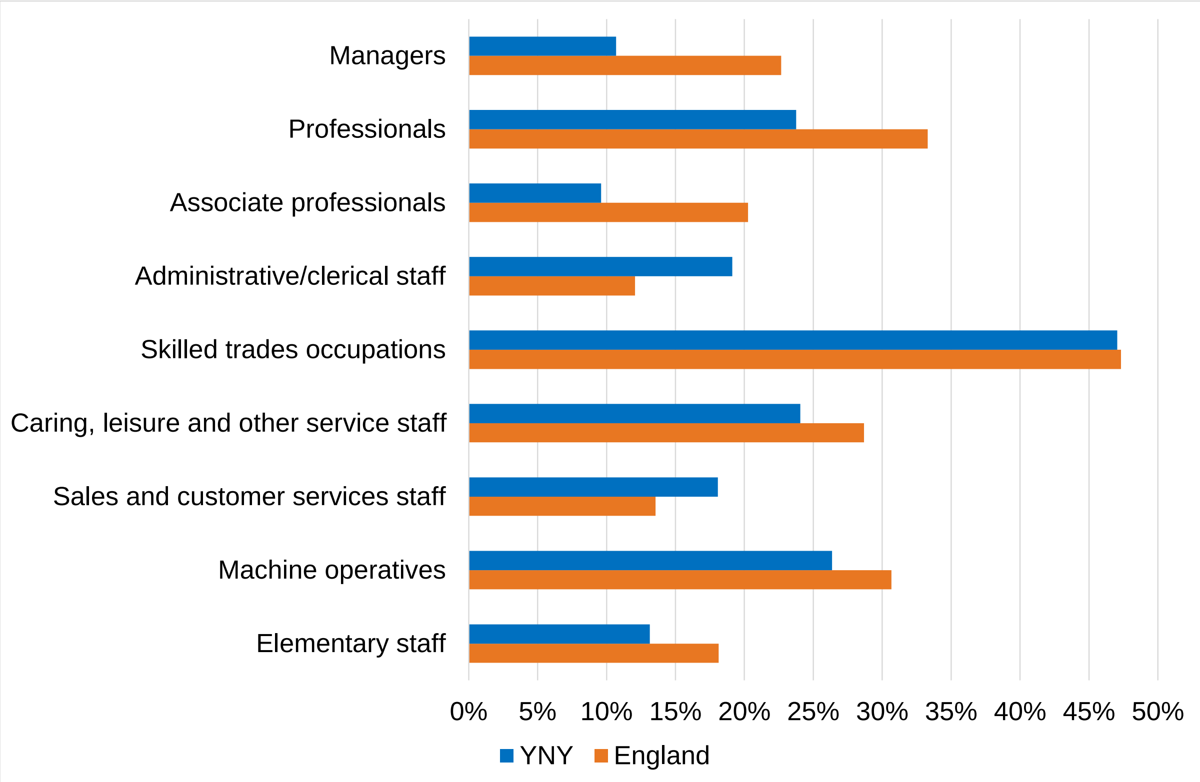
The occupational pattern of shortages provides an insight into the particular types of jobs that are most affected by a lack of candidates with the right skills.

Shortages are most prevalent in skilled trades roles

The latest data show shortages are most acute for jobs that require intermediate vocational / technical skills, specifically skilled trades occupations but also machine operative occupations. There is also a fairly high prevalence of shortages for Caring, leisure and Professional occupations.

This local pattern of shortages differs from the national picture with regard to a lower prevalence of skill shortages among higher skilled manager, professional and associate professional roles but a more marked prevalence for clerical roles.

Figure 639: Density of skill shortage vacancies by occupation major group



Source: Employer Skills Survey 2019
Note: Density measure shows skill-shortage vacancies as a proportion of all vacancies

With regard to the skills that employers found difficult to obtain from applicants, specialist, job-specific skills and knowledge required to perform the role are the type most commonly highlighted (for 59% of shortage vacancies). However, other skills including customer handling, team working and time management were also highlighted.

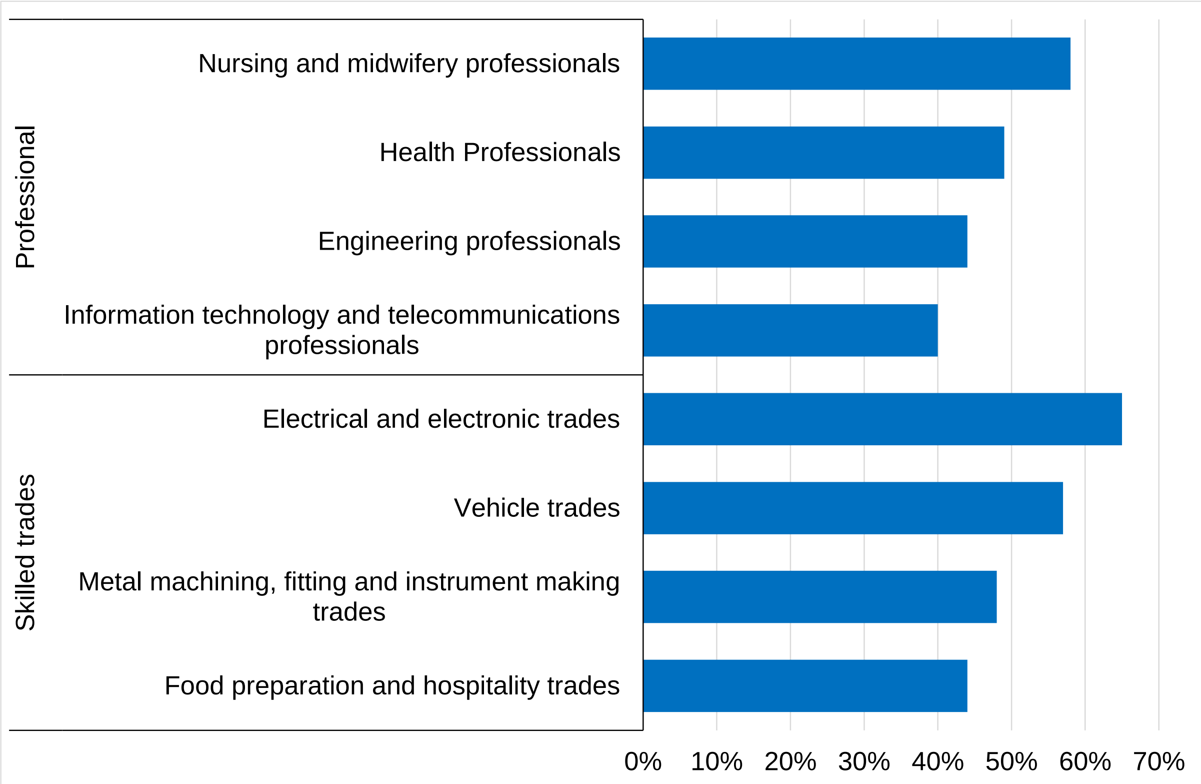
The detailed occupations with the most acute shortages in Yorkshire and the Humber include health engineering and digital professionals plus a range of skilled trades

More detailed occupational data on shortages is available for Yorkshire and the Humber, providing a clearer insight into the nature of the skills mismatches.

The occupations with the greatest overall number of shortages include caring roles (e.g. care workers), engineering professionals and metal machining trades.

However, the occupations with the greatest density of shortages, those in which shortages are most acute, are nurses, health professionals, engineering professionals, digital professionals, electrical and electronic trades and vehicle trades.

Figure 110: Occupational minor groups with highest density of skill shortage vacancies, Yorkshire and the Humber

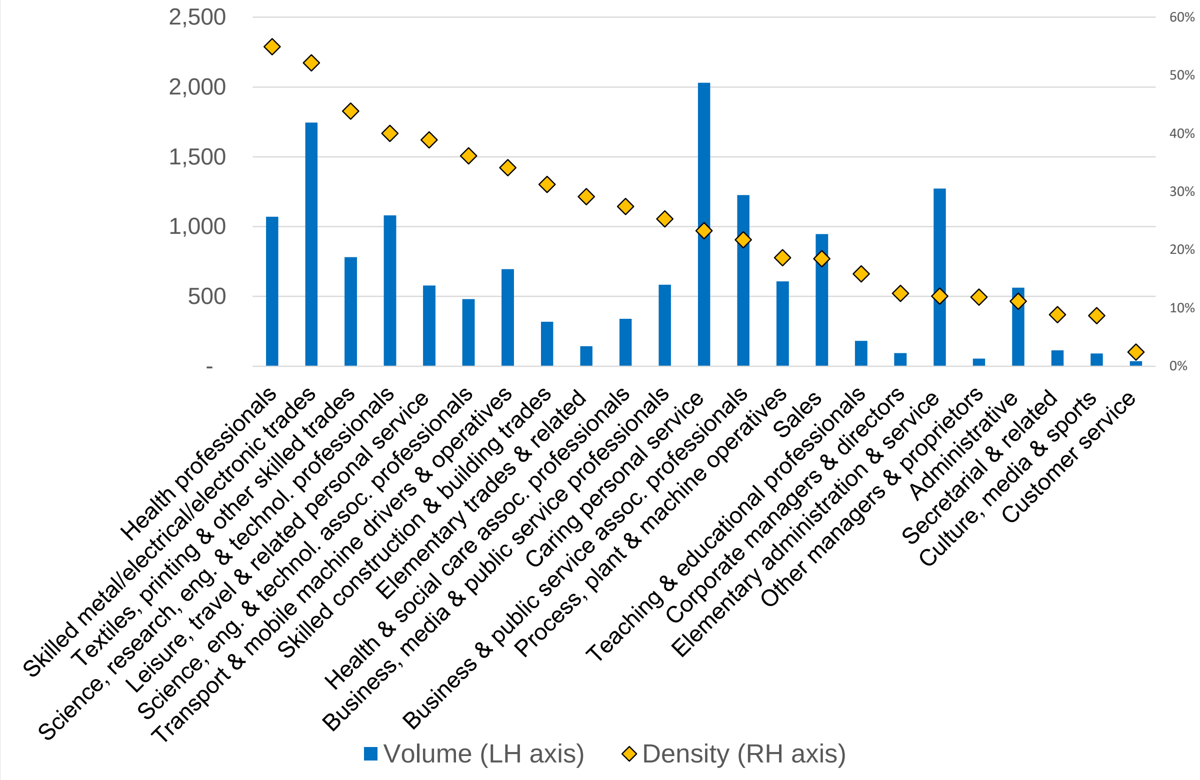


Source: Employer Skills Survey 2019
Note: Density measure shows skill-shortage vacancies as a proportion of all vacancies

In each case the prevalence of skill shortages in these occupations across Yorkshire and the Humber has been considerably higher than the average for all occupations since 2011, demonstrating their persistent nature.

The chart below shows the full spectrum of occupations at sub-major group level, in terms of the volume and prevalence of shortages across the Yorkshire and the Humber region. It confirms that the highest prevalence of shortages is among higher skilled occupations with significant technical requirements, including health professionals and STEM professionals plus skilled trades. It also shows that the volume of shortages is high for caring personal services and elementary administration and service, reflecting the size of these occupations; but also shows that shortage prevalence is low for these groups.

Figure 111: Volume and density of skill shortages by occupational, sub-major group, Yorkshire and the Humber



Source: Employer Skills Survey 2019
Note: Density measure shows skill-shortage vacancies as a proportion of all vacancies

The programme of work undertaken by Beyond 2030 as part of the Skills Support for the Workforce initiative examined sector skills needs at a detailed level and provides added detail on the nature of skill shortages in the LEP area, enriching the picture provided above[28]. Key points are as follows:

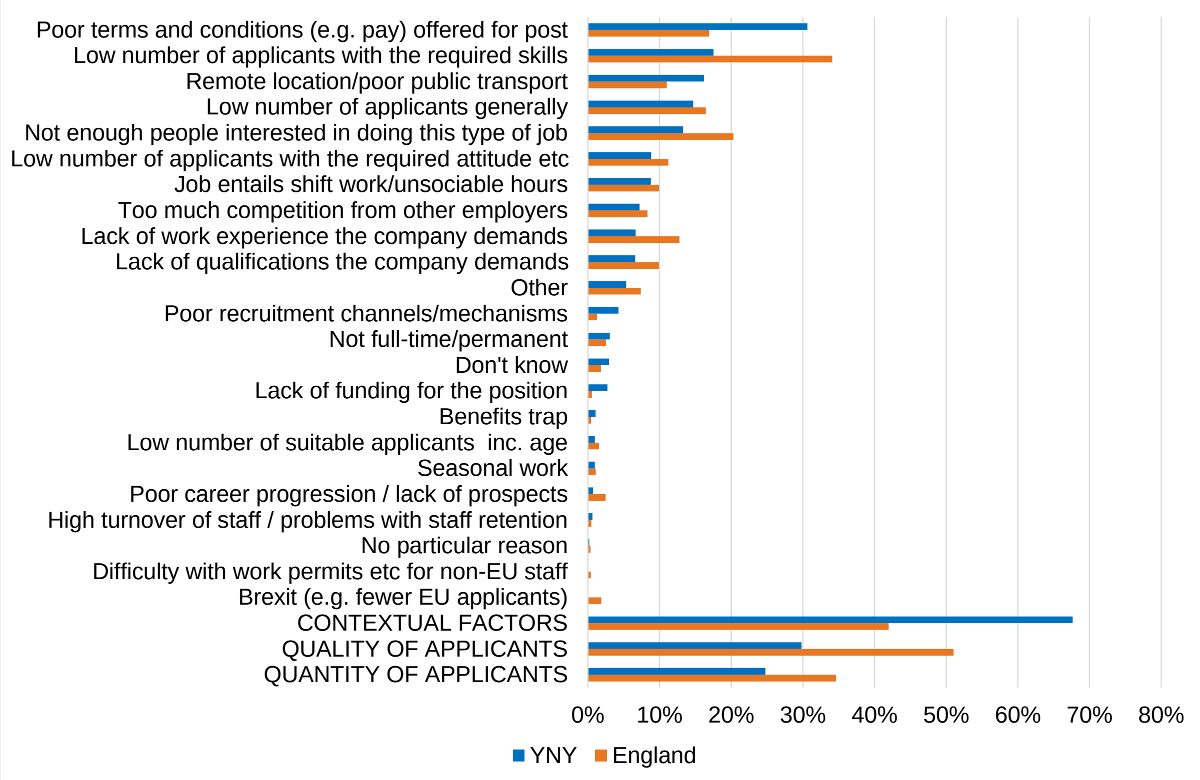
- In the manufacturing engineering sector employers report difficulties in find people with welding, turning, milling skills and CAD design.
- Employers in the food and beverage service subsector say that recruiting chefs is perhaps the highest profile challenge affecting the sub sector.
- Employers in the construction sector struggle to find specialist trades, including carpenters or brick layers.
- Employers in the emerging renewables sector report concerns about recruiting electrical and mechanical engineers.

7.3 Other reasons for hard-to-fill vacancies

The causes of hard-to-fill vacancies are not confined to lack of the required skills among applicants. There is also a range of contextual factors that hamper employers when recruiting the people that they need.

[28] See https://www.businessinspiredgrowth.com/publications/full-future-needs-reports/

Figure 112: Main causes of having a hard-to-fill vacancy (unprompted)



Base: All hard-to-fill vacancies
Source: Employer Skills Survey 2017

These factors are particularly important in YNY. Employers in the LEP area are especially likely to highlight issues with poor terms and conditions offered for the post, perhaps reflecting the large number of lower-paid roles in YNY; and remote location / poor public transport, reflecting the rural nature of North Yorkshire.

7.4 Skills gaps

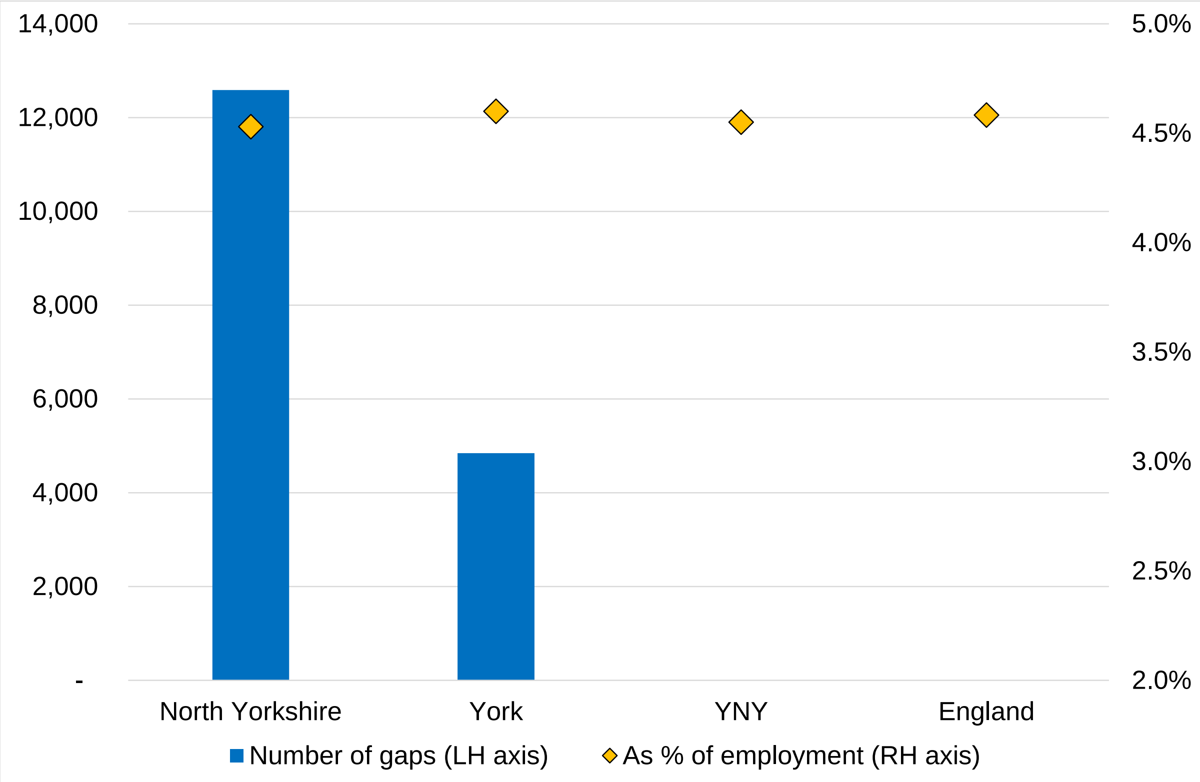
Skills gaps are another form of skills mismatch and come about when existing employees within an organisation are not fully proficient in their job and are not able to make the required contribution to the achievement of business or public service objectives. The pattern of skills gaps provides a useful indication of employers' needs in terms of workforce development.

13% of employers are affected by skills gaps, with administrative and sales and customer service staff most susceptible to gaps

Skills gaps are more widespread and numerous than skill shortages. According to the latest data, 13% of employers in the LEP area report that they have one or more skills gaps. There are approximately 17,000 gaps, equivalent to around 5% of total employment. This is similar to the national picture, in terms of the proportions of employers and workers affected by skills gaps.

The incidence and prevalence of skills gaps have also remained fairly constant within the LEP area since 2011, when figures first became available.

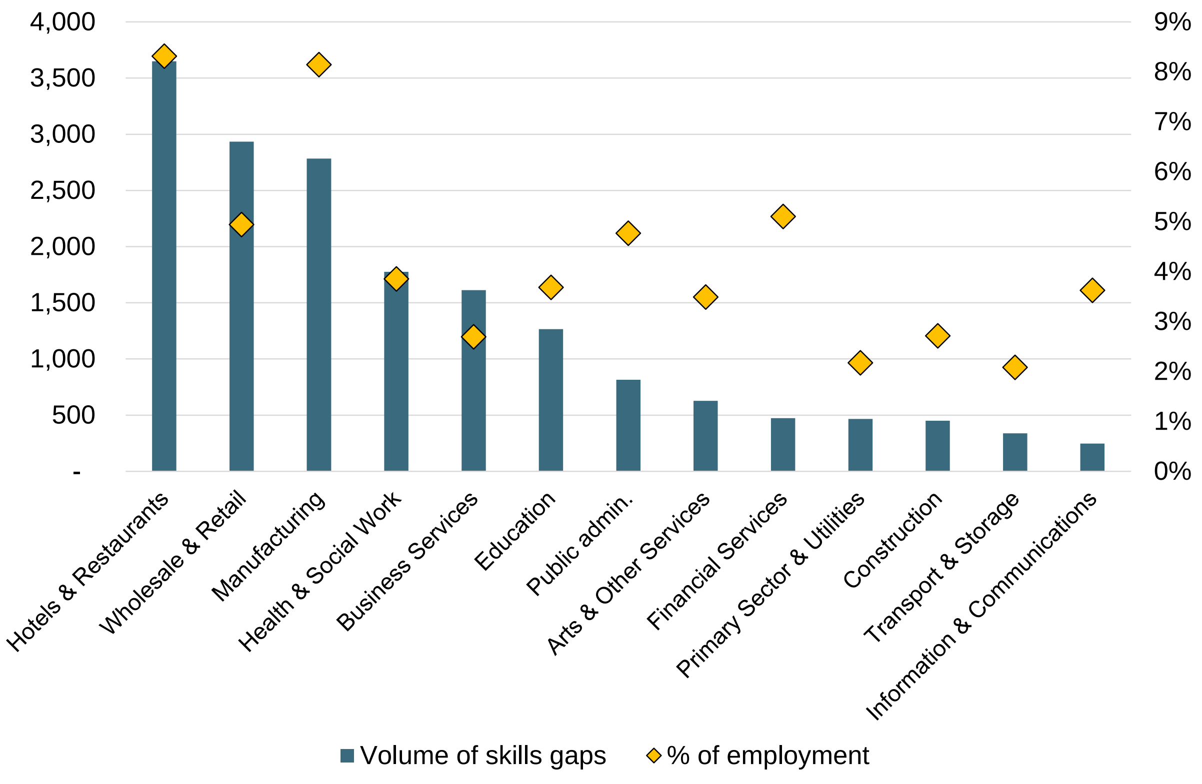
Figure 113: Volume and prevalence of skills gaps in the LEP area by unitary authority



Source: Employer Skills Survey 2019

The prevalence of skills gaps (in terms of the volume of gaps presented as a proportion of total employment) is broadly similar in York and North Yorkshire. The proportion of employers who report having a skills gap is slightly higher in York at 16%, compared with North Yorkshire at 12%. This may reflect the sectoral make-up of employment in York and its reliance on activities like hospitality and retail which have a high susceptibility to skills gaps (see below).

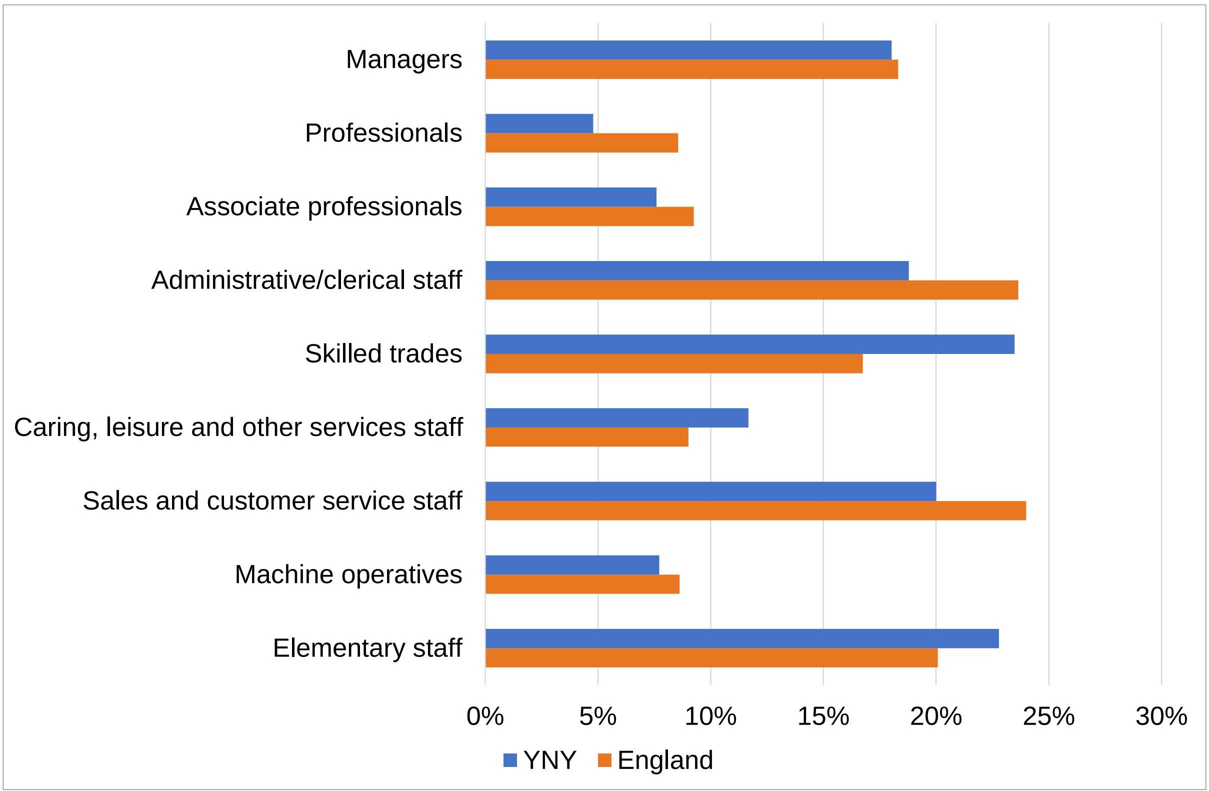
Figure 644: Volume and prevalence of skills gaps in the LEP area by industry sector, 2017



Source: Employer Skills Survey 2017

As the chart demonstrates, three sectors of the local economy have a high volume and prevalence of skills gaps: hotels and restaurants, wholesale and retail and manufacturing. Together these sectors contribute more than half of total skills gaps. Public administration and financial services both also have a high prevalence of gaps.

Figure 115: Incidence of skills gaps in the LEP area by occupational major group



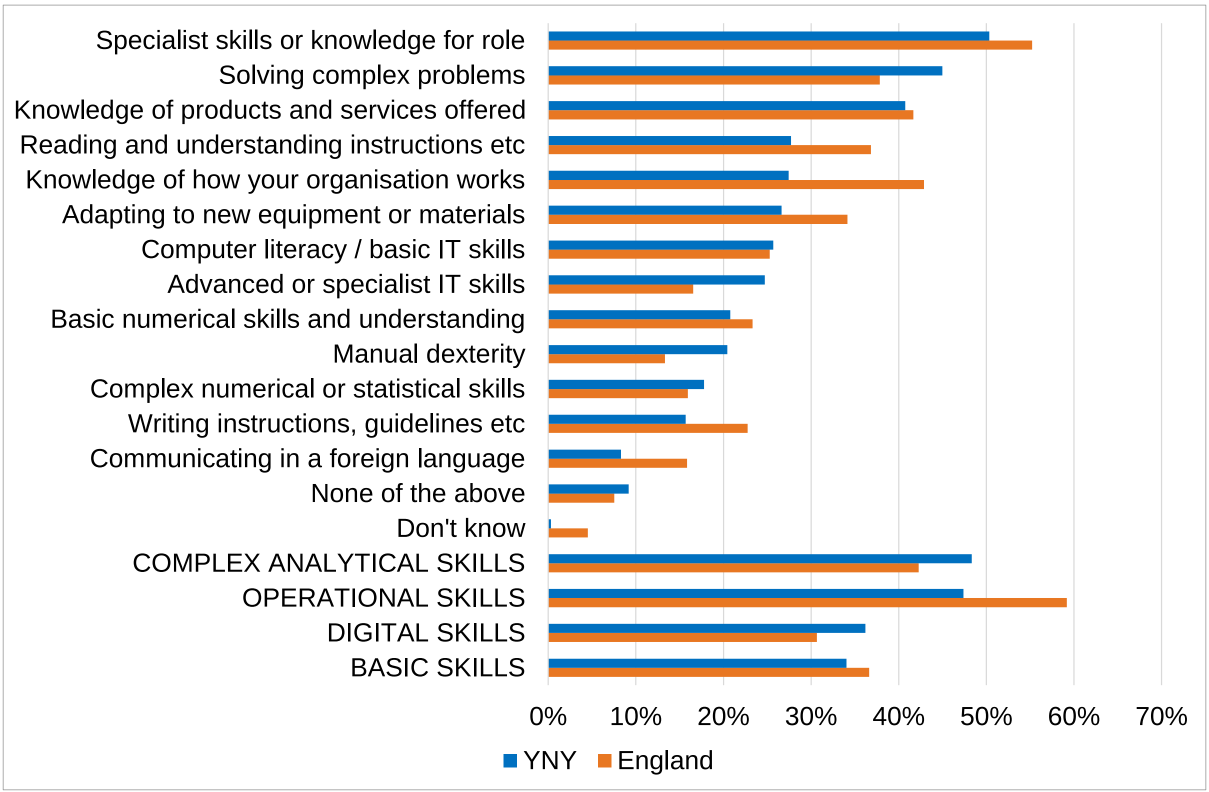
Source: Employer Skills Survey 2019
Base: all establishments with skills gaps

Turning to the occupational pattern of skills gaps employers in the LEP area are most likely to report skills deficits in respect of skilled trades, lower-skilled elementary staff, sales and customer service staff and administrative staff. Relatively few highlight gaps for higher skilled professional and associate professional workers.

The exception to this is the significant proportion of employers reporting skills gaps (nearly a fifth) who say that management level staff are affected. This has clear implications for wider business performance.

Many skills gaps are due to a deficit of practical skills among workers, including job-specific skills and operational skills, such as knowledge of the organisation's products and services. Complex analytical skills, such as problem solving, digital skills at a variety of levels, as well as basic skills (functional literacy and numeracy) are also in deficit for many staff.

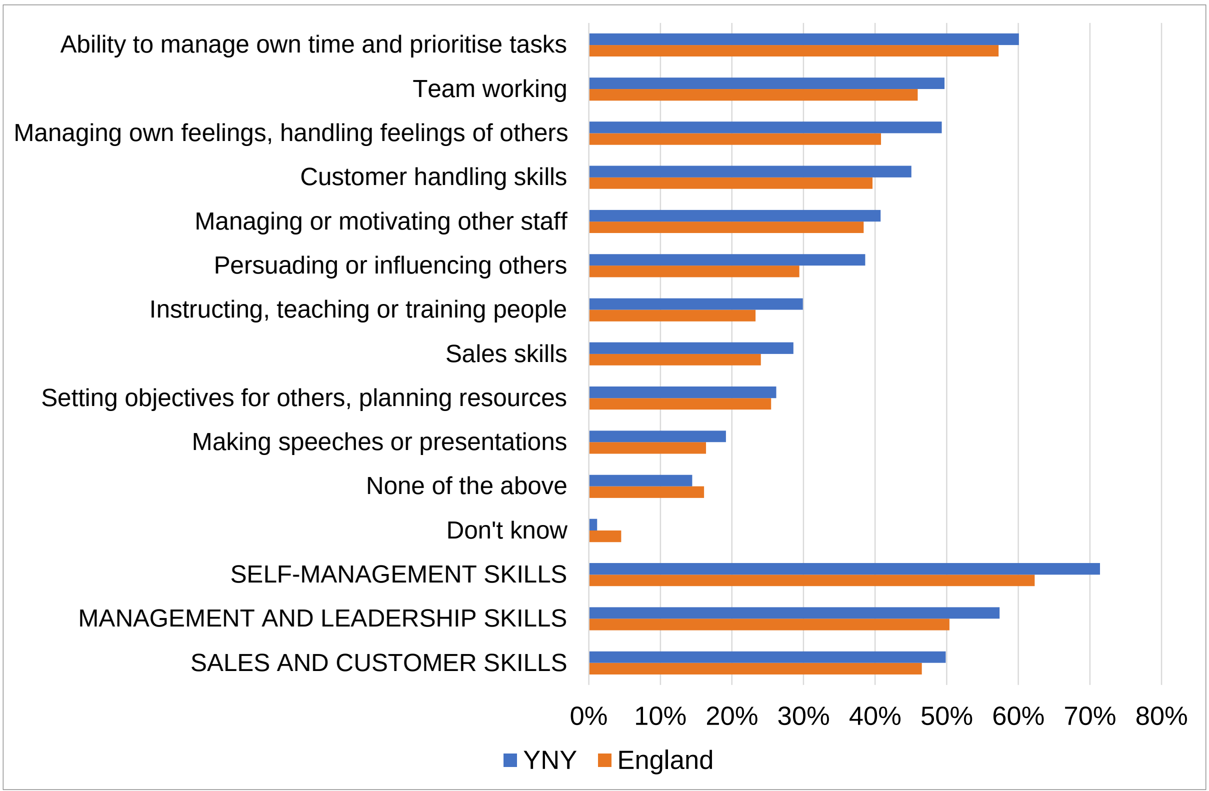
Figure 116: Technical / practical skills that need improving in occupations with skills gaps



Source: Employer Skills Survey 2019
Base: All skills gaps followed up

However, a lack of the required "soft" skills is more common, such as time management, team working, customer handling skills and persuading / influencing others. Management, whether it be aspects of self-management or leading / managing staff within the organisation, is a key element of skills gaps, together with sales and customer handling skills.

Figure 117: Soft / people skills that need improving in occupations with skills gaps



Source: Employer Skills Survey 2019
Base: All skills gaps followed up

For managers with skills gaps the main types of skill that need to be improved include core management skills, complex-problem solving skills, as well as operational skills.

Many skills gaps are short term and associated with high rates of staff turnover, particularly in sectors like hospitality, in the sense that the workers are new to the role or their training is not yet complete. However, in some cases gaps are due to wider organisational changes such as the introduction of new working practices or new technology. In other instances, gaps are associated with management issues, such as staff lacking motivation and problems in retaining staff.

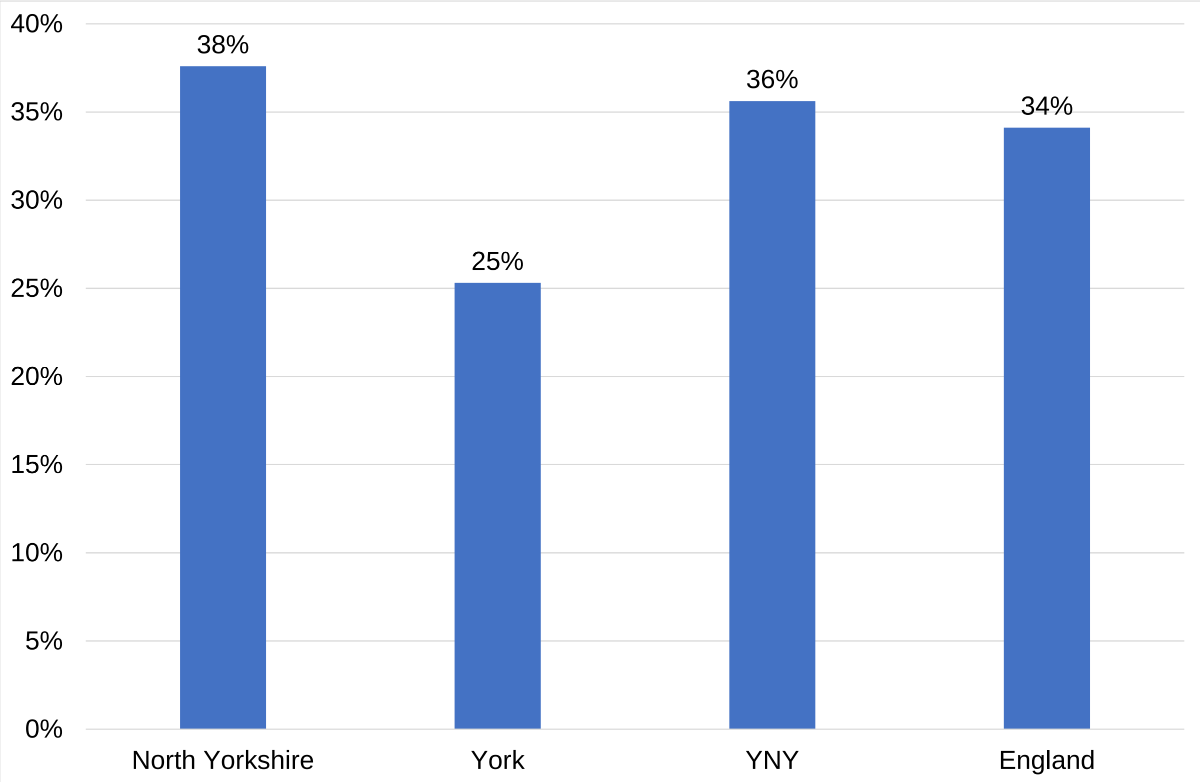
7.5 Skills underutilisation

Skills mismatches are not only due to skills deficits. It is important to understand the extent and nature of skills underutilisation as this issue implies a significant misallocation of resources in view of the large-scale investment in higher education by individuals and the state. An inability to use acquired skills and knowledge has a de-motivating effect on workers and represents a missed opportunity for employers to maximise productivity.

Skills underutilisation is widespread

Just over a third (36%) of employers in the LEP area say that they have workers whose skills / qualifications are in advance of those needed for the job; this is slightly above the national average of 34%. The survey data suggest that underutilisation has a higher incidence in North Yorkshire at 38% than in York at only 25%.

Figure 118: Proportion of employers with underutilised staff



Note: Underutilised staff are employees who have both qualifications and skills that are more advanced than required for their current job role
Source: Employer Skills Survey 2019

Analysis from Employer Skills Survey 2017[29] indicates that employers in public administration, hotels and restaurants and manufacturing are most likely to indicate that they have underutilised staff, whilst establishments in the primary and utilities, business services and information and communication sectors are least likely to say that this is the case.

7.6 Structural unemployment

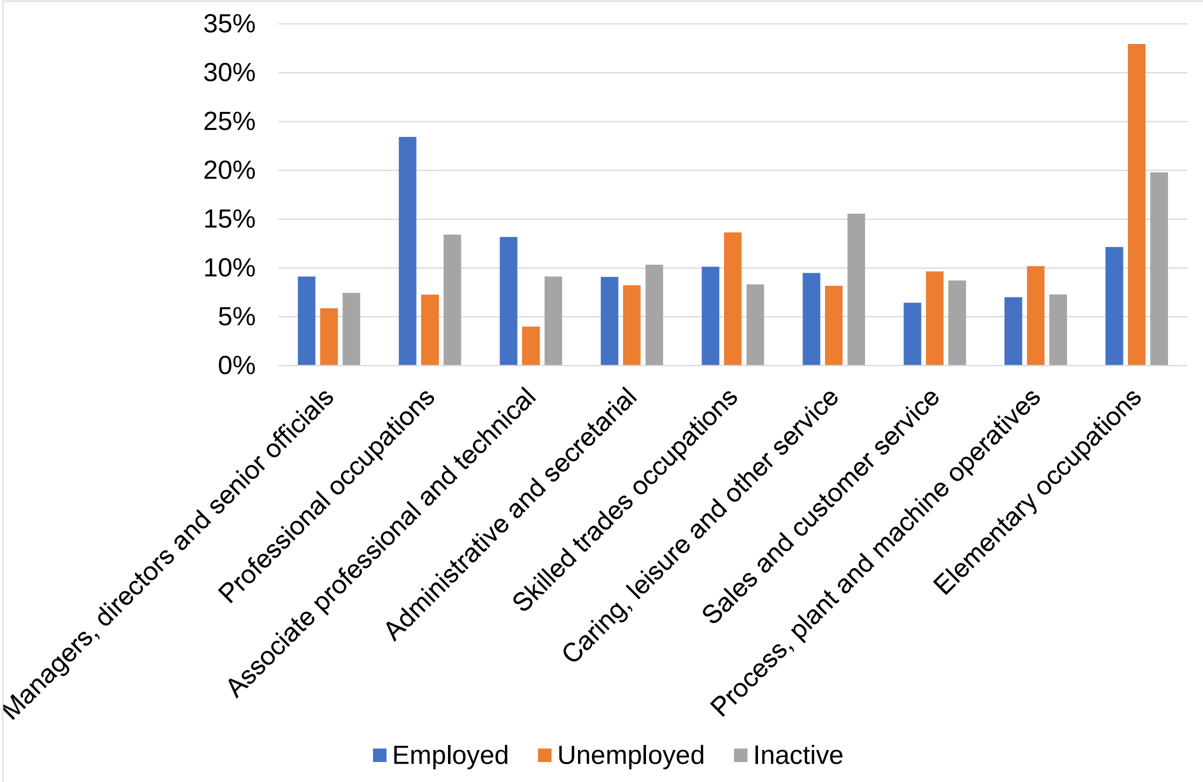
Skills mismatch also comes in the form of structural joblessness, in those instances where the occupational and qualification profile of the jobless is misaligned with demand from the labour market.

Structural joblessness is still a major feature of the regional labour market

As noted above, in spite of a reduction in the number of people who are unemployed on the ILO definition, there are still around 20,000 jobless people who are either unemployed or inactive but would like a job.

[29] Sectoral data are not available at local level from Employer Skills Survey 2019.

Figure 119: Occupational profile of the unemployed and inactive (based on last job), Yorkshire and the Humber

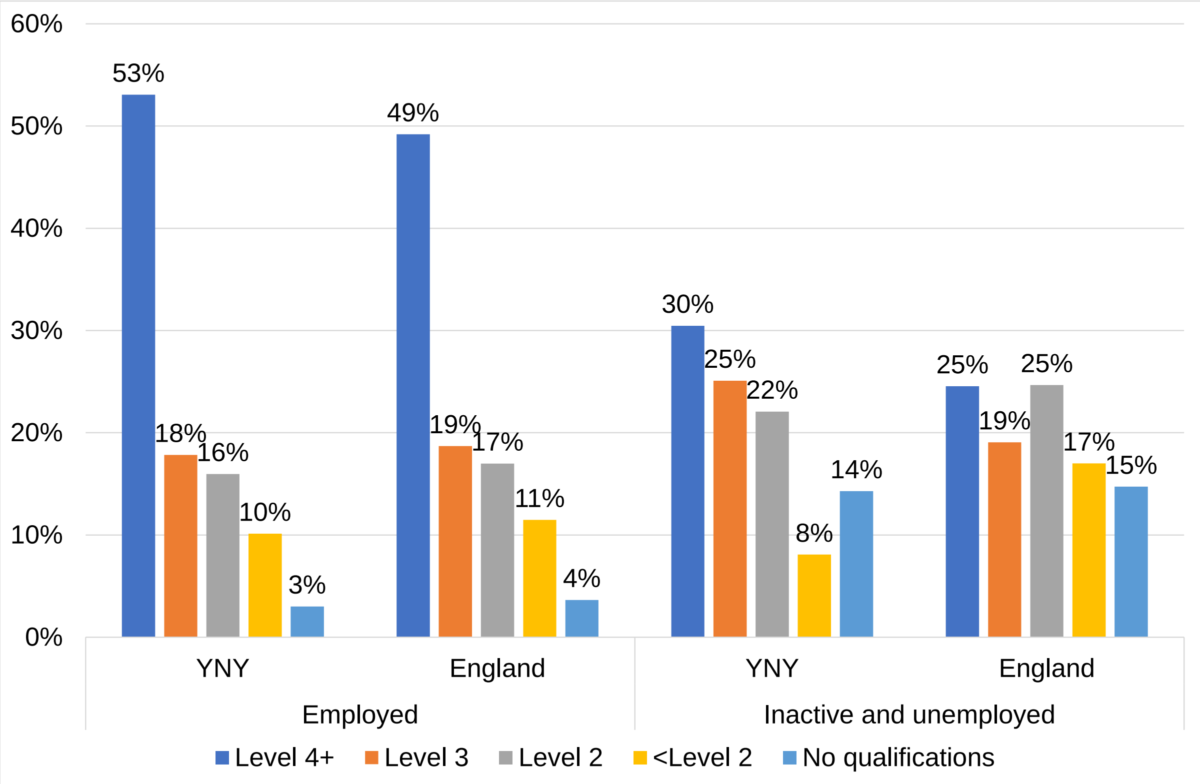


Source: Labour Force Survey, October to December 2022

There are marked differences between the occupational profile of people in work and of unemployed and inactive people; this is even more marked if we consider the profile of jobs growth in the labour market, which is largely concentrated in higher skilled occupations. The occupational background of both the unemployed and inactive is strongly weighted towards lower-skilled occupations, principally elementary but also sales and customer service, plus caring roles in the case of the inactive. The proportion of unemployed and inactive people with a background in higher skilled management, professional and associate professional is less than half that of people in employment (17% versus 46%). This implies a mismatch between the skills and experience of the unemployed and the profile of demand in the labour market.

The re-opening of the economy has prompted widespread labour shortages both locally and nationally. These shortages extend to the occupations in which inactive and unemployed people are concentrated, presenting an opportunity to get excluded people into jobs with the assistance of appropriate employment support provision.

Figure 120: Profile of highest qualification held by the unemployed and inactive, YNY



Source: Annual Population Survey, October 2021 to September 2022

The unemployed and inactive are also disadvantaged by their qualification profile. As a combined group, the unemployed and inactive are much less likely to hold a qualification at tertiary level than the employed and are more likely to hold a low-level qualification or have no formal qualifications at all. However, York and North Yorkshire outperforms the national average in terms of its qualification profile for both employed and unemployed/inactive groups: both are more likely to be qualified at Level 4 and above and less likely to be low qualified or hold no formal qualifications.

7.7 Responsiveness of education and training sector to labour market needs

We have seen elsewhere in this report that employers sometimes struggle to get the skills that they need, as reflected in instances of skills shortages and gaps. There are also situations where workers' skills and qualifications are in advance of those needed to do the job they hold. To explore this further the following analysis provides an indicative comparison of the profile of learning provision with the profile of labour market demand, based on online job postings. This involves mapping subject categories to occupations[30]. Clearly, there is a major caveat around the transferability of skills. Many people find that study in a particular vocational area proves to be of value across a range of occupational settings.

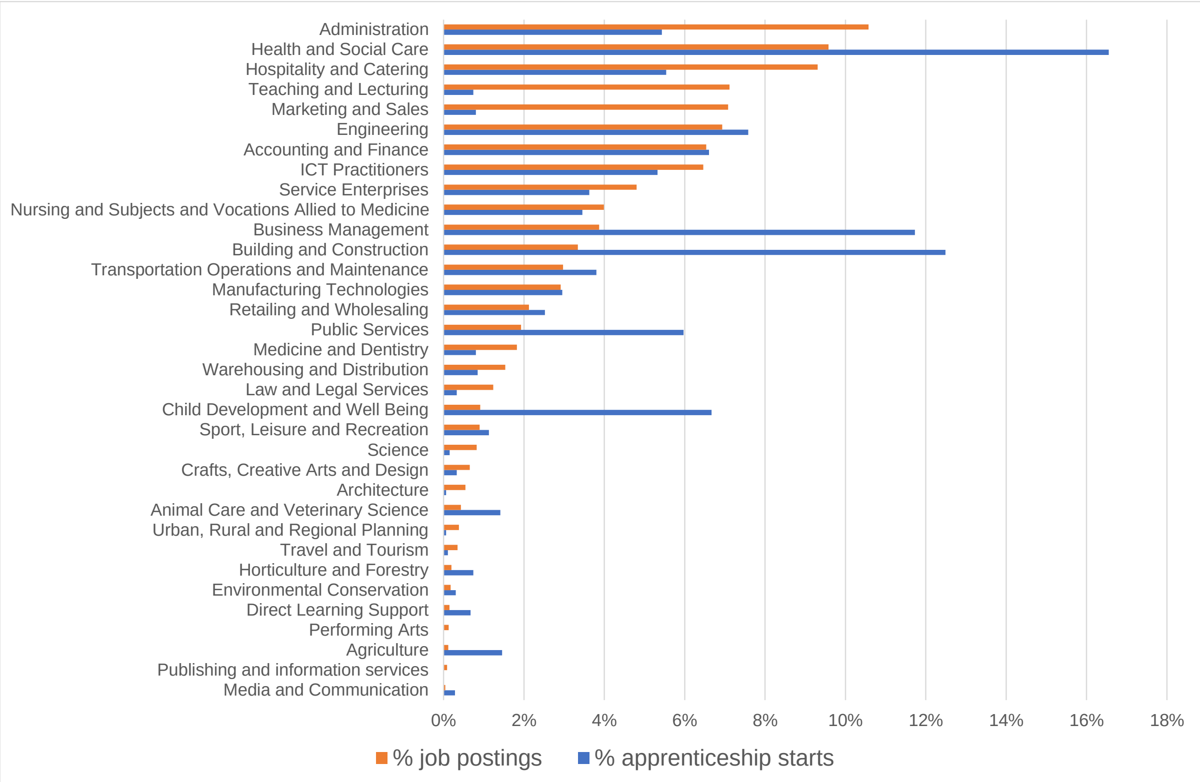
[30] Those subjects that do not have a reasonably straightforward relationship with an occupational group have been excluded. This includes academically-focused subjects.

There are disparities between the profile of apprenticeship and adult education provision and labour market demand

Section 5.6.1 of this report maps labour market demand, in the form of online job postings, to associated further education and skills subject areas. The following analysis takes this a step further by comparing the profile of supply by subject area to the profile of that demand, examining the key programme strands of apprenticeships and adult education. The intention is to understand how well provision reflects the profile of labour market demand.

Apprenticeships, since they consist of a job with training, are essentially led by employer demand. However, as the chart below shows, the profile of apprenticeship provision does not align with the current profile of demand in the labour market.

Figure 121: Profile of apprenticeship starts (2021/22 academic year) vs profile of job postings (2022) by subject area, York and North Yorkshire



Source: Lightcast and Department for Education

A number of subject areas account for a much higher proportion of apprenticeship starts than they do online job postings. In most cases this is because employers operating in those areas have used apprenticeships as a mechanism for addressing staffing and recruitment needs to a greater extent than in other parts of the economy.

In the case of Health and social care the proportion of starts is almost twice that of postings. Anecdotal evidence for York and North Yorkshire, combined with national analysis, suggest that this is due to particularly strong demand for apprenticeships among social care employers compared with most other sectors, as they seek to address recruitment and retention difficulties. If this diagnosis is correct it could be argued that this shows that the apprenticeship system is responding effectively to labour market demand.

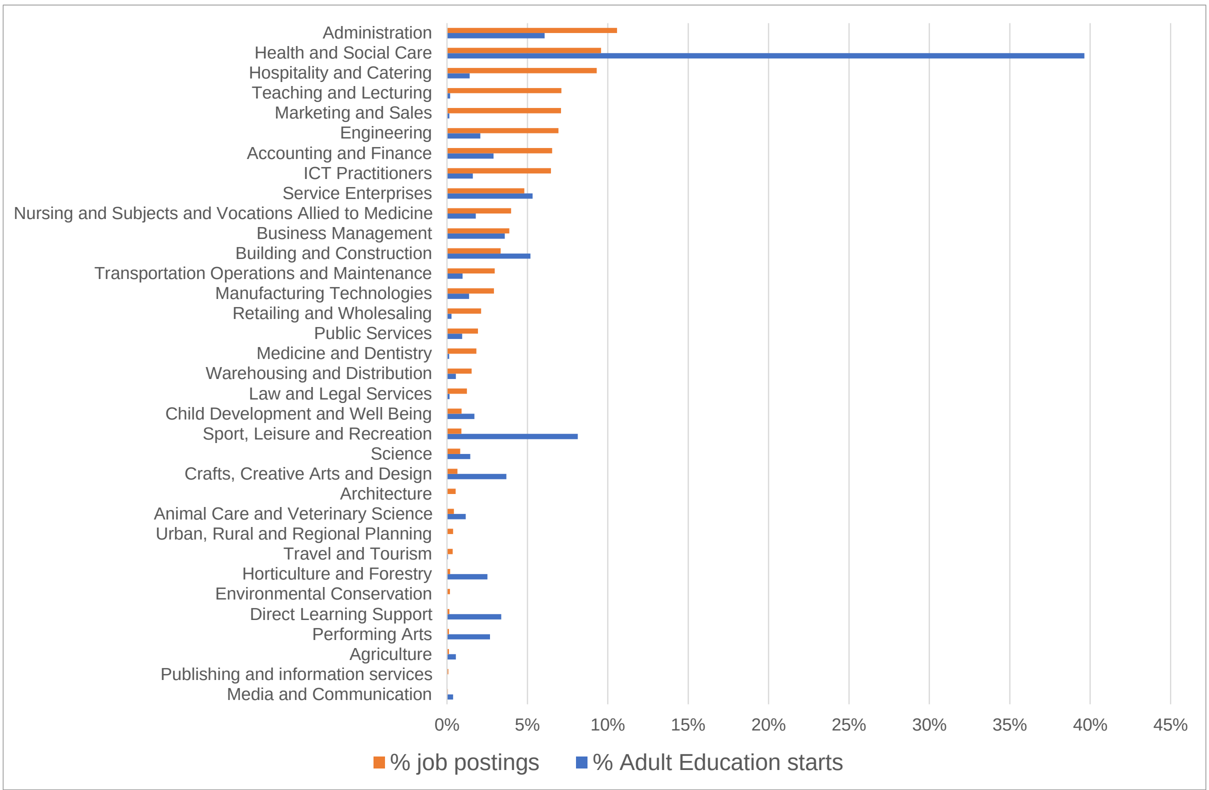
Another example is Business management. In this subject area the share of apprenticeship starts is three times that of job postings. This disparity seems to stem from levy-paying employers using apprenticeships to address management development needs of existing staff within their organisations.

A similar ratio between online job postings and apprenticeship starts also prevails for Building and construction. This seems to be due to the established role of apprenticeships in meeting the staffing needs of the construction sector. As demand for workers has grown following the re-opening of the economy employers have sought to meet this need through apprenticeships, to an extent that is not the case across most other sectors of the economy.

Other subject areas in which apprenticeships are being used extensively include Child development and well-being and Public services.

There are other subject areas in which the take-up of apprenticeships is low relative to overall labour market demand. This includes the major areas of Administration, Hospitality and catering, Teaching and lecturing and Marketing and sales. In some cases there is no tradition of apprenticeships in these disciplines. A lack of intermediate level apprenticeships in Administration may also act as a specific constraint on provision in this subject area.

Figure 122: Profile of adult education starts (2021/22 academic year) vs profile of job postings (2022) by subject area, York and North Yorkshire



Source: Lightcast and Department for Education

The profile of classroom-based adult education provision in York and North Yorkshire is heavily skewed by the high proportion of provision that is dedicated to Health and social care, accounting for 40% of total course starts during 2021/22. This profile is not unique to the local area and again reflects the strong demand from employers for provision in this field.

Other subject areas that attract high shares of adult education provision relative to labour market demand include Sport, leisure and recreation, Crafts, creative arts and design, Direct learning support and Performing arts.

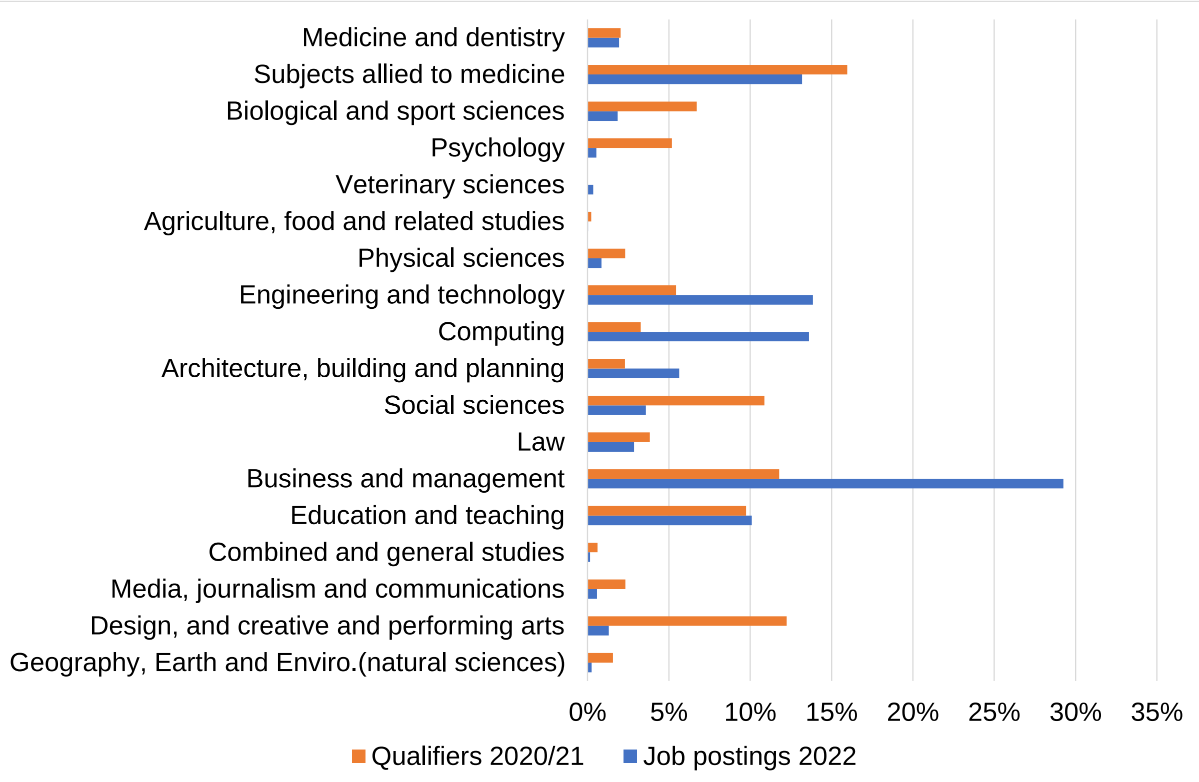
The subjects for which there is relatively little provision are similar to those identified for apprenticeships and include Hospitality and catering, Teaching and lecturing and Marketing and sales but also a range of further subjects, including Engineering.

It should be noted that adult education provision is primarily pitched at Level 2 and below and this does not align with entry requirements for some disciplines; for example, teaching roles.

The subject profile of HE achievements is very different to the profile of labour market demand in the form of job openings in higher level occupations

A similar approach to comparing supply and demand is applied to higher education, below. In addition to the caveat around transferability of skills highlighted above, it should be noted that HE institutions are serving the national labour market to a greater extent than further education institutions.

Figure 123: Comparison of subject profile of higher education qualifiers (2020/21 academic year) with online job postings in related occupations for 2022 calendar year



Note: Job postings limited to roles management, professional and associate professional / technical occupations
Source: Higher Education Statistics Agency and Lightcast

There are several areas where the supply of qualifiers is low relative to estimated demand. Key instances are the technical subjects of Engineering and technology, Computing and Architecture, building and planning. However, the most noticeable area of apparent disparity is for Business and management.

Conversely, there are subject areas in which supply, reflected in the proportion of qualifiers relative to the proportion of job postings, appears to be high. This is the case for a range of subjects including Design and creative and performing arts, Social sciences, Media, journalism and communications, Psychology and Biological and sports sciences, plus Physical sciences and Law. It should be noted that these subjects help to develop skills and qualities that are of general value in the labour market.

7.8 Demand and supply for high skilled workers

How is supply measuring up to growing demand for higher skilled workers? Figure , below, shows that the LEP area has a similar number of people working in jobs that require higher level skills in the LEP area's workplaces as it has economically active people qualified at level 4 and above.

Employment in higher skilled jobs continues to keep pace with the number of higher qualified people

As of the period from January to December 2021 the number of higher qualified people stood at 207,000 whilst the number of people working in high skilled occupations stood at 205,000.

Both of these indicators have followed an upward trend over the last two decades. Overall, the trends suggest that the local area has been successful in terms of increasing employment in higher skilled jobs alongside steady growth in the number of people who are qualified to a higher level.

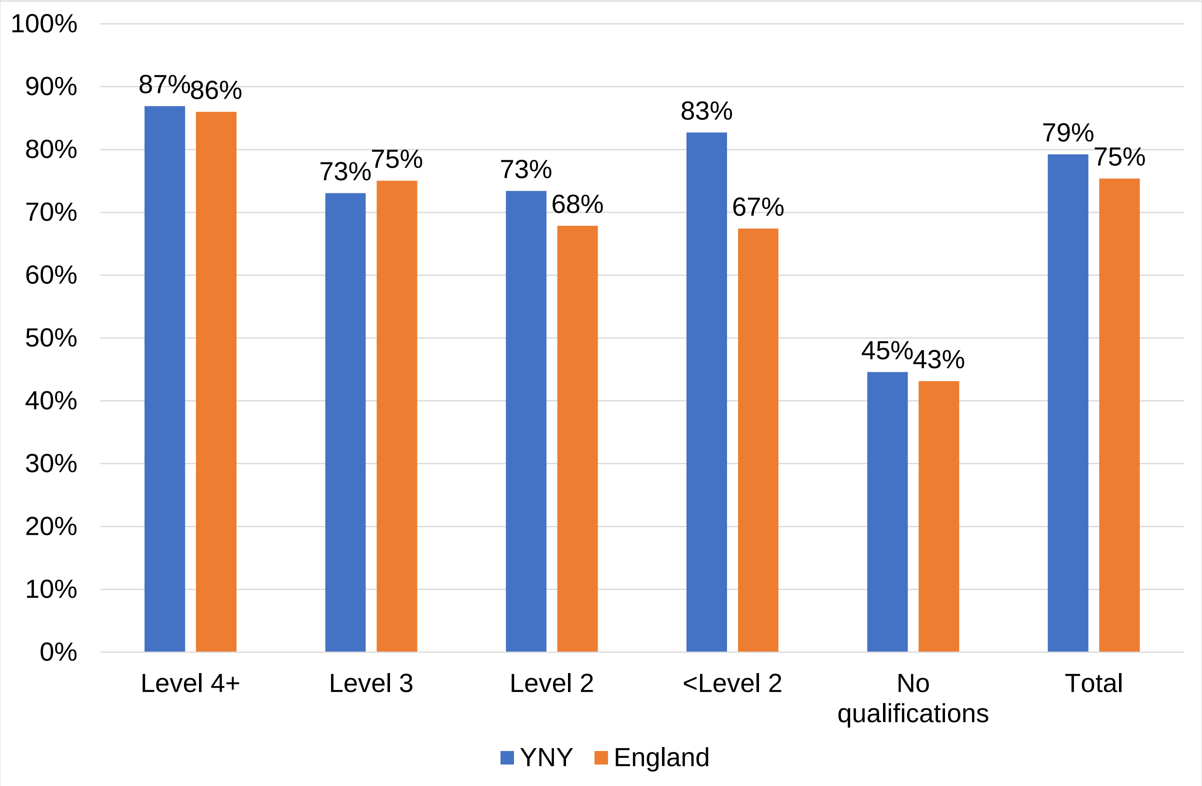
Over the course of the last decade there has been an increase of 41% in the number of people in employment in roles requiring higher level skills whilst the number of higher qualified people grew by a similar amount. In particular, there was a sharp increase between 2020 and 2021 in both categories.

Figure 124: Trends in numbers of high skilled people and the level of high skilled employment, YNY

Note: people qualified at level 4+ is a residence-based measure whilst people employed in SOC 1-3 jobs (manager, professional and associate professional) is a workplace-based measure.
Source: Annual Population Survey

It is also notable that the LEP area matches or outperforms the national average in terms of the employment rate for each qualification level (except Level 3), suggesting that opportunities are available for people across the skills spectrum, although the employment rate for people with no qualifications is low in absolute terms.

Figure 125: Employment rate by level of highest qualification held



Source: Annual Population Survey, January 2019 to December 2020

York and North Yorkshire's employment rate for people qualified to Level 2 is 5 points above the national average and 6 points higher for people with qualifications below level 2. This pattern is likely to reflect the pattern of supply and demand in the LEP area, with an abundance of jobs with low skills requirements.

It should be noted that this employment rate measure is residence-based and outward commuting from the LEP area will contribute to high employment rates, particularly for people with higher level qualifications.

8 Conclusions

In this concluding section we consider the main skills needs facing York and North Yorkshire and review the effectiveness of the local skills system in responding to these needs.

Key skills needs

Our understanding of the outlook for local skills needs remains clouded by continuing volatility in the economy. The disruption caused by COVID-19 has given way to a strong labour market recovery characterised by a surge in recruitment activity and labour shortages.

York and North Yorkshire has performed strongly relative to the national average in terms of most aspects of its recovery. In spite of the impact of inflation and the cost of living crisis the labour market remains strong overall, although there are signs of softening in indicators like pay and the official vacancy count at national level which may presage a slowdown.

There are several areas seeing sustained net growth in employment, with the implication that demand for skills in these areas is also increasing strongly. The picture presented by employment trends is generally reinforced by recent increases in online job postings.

The largest broad area is higher skilled occupations, which continue to serve as the main engine of job growth in the local as well as the national economy. Pockets of strong growth locally include: *Health professionals*, *Corporate managers*, *Business, media and public service professionals*, *Business and public service associate professionals* and *Science, research, engineering and technology professionals* (including digital professionals).

Aside from higher skilled occupations another area of long-term net growth is *Caring personal services* which encapsulates care workers in adult social care, child care workers, nursing assistants and teaching assistants. Recruitment demand, as reflected in the level of online job postings, has also grown strongly in the last year and relative to pre-pandemic.

Employment in *Administrative* roles has also experienced a net increase in employment in recent years. Although the pandemic had a negative effect on vacancies in this area it has recovered strongly since the economy re-opened and is currently one of the largest demand segments in the local labour market.

The strength of the *hospitality sector* is a distinctive feature of the local economy and labour market and this is reflected in strong recruitment demand prompted by the re-opening of the economy following the pandemic. Much of the requirement is for lower-skilled elementary roles, however, there is some evidence of skills shortages for some roles, especially chefs.

Demand in the labour market for **green economy skills** has grown sharply in the last two years and is strongly associated with vacancies for engineering roles but also with openings for a wide range of occupations including project managers, sales managers and electricians, as well as specialised roles such as environmental engineer, environmental scientist and water engineer.

There is a range of generic or **baseline skills** that are in widespread demand across different types of job in North Yorkshire, most notably communication, organisational skills, attention to detail, planning, creativity and problem-solving.

Crucially, there are a number of key areas of current market failure where supply is not meeting demand.

Occupational areas subject to **skill shortage** are a clear priority since they represent areas in which the operation of the market cannot meet the skills needs of the economy. Acute shortages affecting higher skilled roles such as nurses and digital professionals and a range of skilled trades (including chefs, which are particularly relevant to York and North Yorkshire) seem likely to continue and could act as a constraint on economic recovery.

Skills gaps largely affect lower-skilled occupations with high rates of labour. The skills most commonly in need of improvement include digital skills, problem-solving, basic literacy and numeracy and a range of "soft" skills.

The latest evidence points to a continuing widespread **lack of proficiency among managers**. This has implications for business performance and for the way in which the wider workforce is managed and developed, particularly at a time when organisations need to be effective in response to major external challenges.

Skills under-utilisation (particularly among graduates) co-exists alongside acute skills shortages in York and North Yorkshire.

The latest Working Futures **projections** continue to suggest that higher skilled roles will be the main source of net growth in employment both locally and nationally in the period to 2035. Caring personal services are also expected to be a major source of growth. Future prospects for Administrative roles, have been upgraded in the most recent projections, with a degree of growth now expected, although the outlook remains broadly negative for Secretarial and Skilled Trades roles among intermediate level occupations.

Looking beyond areas of net growth and decline in the local labour market, **replacement demands** will continue to drive a broad-based positive recruitment requirement that extends to most sectoral and occupational areas, including those that are expected to see a net reduction in employment over time, such as Skilled Trades.

Responsiveness of the skills system

As noted in previous labour market reports, the area's skills base, as reflected in the qualification profile of its labour force, is one of the strongest of any LEP area in the North of England. However, the strength of its skills supply is not reflected in its performance on productivity and pay and it has outward commuting flows of higher skilled people. The area's employment base also has a number of features which could be regarded as structural weaknesses including an **under-representation of employment in higher level occupations** (including digital and other STEM roles) and of knowledge-intensive services. This situation can only be addressed by raising the demand for skills by shifting the local business base to one that is founded on higher value market strategies by attracting inward investment and supporting the development of local businesses.

The ability of the skills system to support **people from disadvantaged backgrounds** is a further issue in terms of improving the supply of skills locally and supporting inclusive growth. The disadvantaged are less likely to enter an apprenticeship or higher education. This is important because, the evidence shows that education and training and further education and apprenticeships in particular, can have a powerful effect on social mobility through entry into a sustainable career and this must be a key priority for action. Investment in the enterprise in education agenda is particularly important, in order to increase the exposure of pupils and students to the world of work. This is a crucial part of developing career readiness and employability skills as well as raising individual aspiration with a view to improving attainment.

Similarly, issues relating to **equality and diversity** constrain the supply of skilled labour in the region. Employment rates are lower for minority groups, including women, older people, people from ethnic minorities and disabled people, although employment rate gaps are generally lower locally than nationally. Putting in place appropriate employment support and providing access to relevant skills is key to addressing these gaps.

A key issue is the increase since the pandemic in the number of older people who are **economically inactive**. This creates a requirement for effective employment support to bring people back into the labour market. This will be key to meeting the labour and skills requirements of the local economy.

Although total **apprenticeship starts** still remain somewhat below pre-pandemic levels, the recovery in apprenticeship starts seen in 2021/22, partly driven by worker shortages in disciplines like *Construction*, *Engineering* and *ICT*, points to an opportunity to promote the apprenticeship route more widely to employers across industry sectors. A number of subjects areas have not fully recovered from the pandemic, most notably *Administration*, *Hospitality and Catering*, *Retailing and Wholesaling* and *Manufacturing Technologies*, in spite of strong recruitment demand in many of these areas. Apprenticeship opportunities for under-19s and at intermediate level are a concern since they remain well below 2018/19 levels.

Take-up of **higher apprenticeships** proved resilient throughout the pandemic and its aftermath. Higher level starts were higher in 2021/22 than in 2018/19. This partly reflects the fact that the majority are funded through the levy. It shows that the levy is a powerful mechanism for driving the development of higher-level skills. However, higher apprenticeships remain narrowly focused in subject terms and there are relatively few starts in subject areas associated with the most acute skill shortages such as Engineering, Construction and ICT. This may reflect a lack of responsiveness rather than a lack of demand and constrains progression routes within these disciplines.

The picture is a complex one, but there is evidence of **misalignment between the subject profile of further education and skills and higher education delivery and the profile of demand in the local labour market**. For apprenticeships, disciplines like *Health and social care*, *Building and construction* and *Business management* attract relatively large shares of apprenticeship provision. Other disciplines, including *Administration* and *Hospitality and catering* attract low shares of apprenticeship provision relative to their shares of labour market demand. Further investigation is required to ensure that this pattern reflects employer demand rather than supply side issues.

There is potential for the **development of the green economy** to be constrained by existing skill shortages which are largely concentrated in occupations that are central to it development, such as engineering roles and skilled trades in the construction sector.

There are big disparities between the profile of provision delivered by **higher education institutions** in York and North Yorkshire and the profile of local labour market demand. This is largely to be expected since HEIs cater for national labour markets. However, the “under-supply” in key subjects like *Engineering and technology*, *Computing and architecture, building and planning* plus *Business management* appears to be particularly pronounced and may merit further exploration.

Maximising the potential of women in the workforce is key, particularly in York and North Yorkshire where labour supply is a major issue. This is a significant challenge since the area faces a significant **gender pay gap and occupational “segregation”** means that women are often concentrated in occupations with poorer prospects and in low-paid part-time work. The skill system is not addressing this effectively; in particular apprenticeships and higher education reinforce patterns of gender segregation. Countering the stereotypes held by young people should be a major priority for local careers information, advice and guidance.

Employers play a central role in developing the skills that the economy needs, but many acknowledge that they under-invest in **workforce development**. The key to tackling this issue is to encourage employers to adopt talent management systems that enable them to identify their skills needs and to deploy those skills effectively in the workplace to achieve business objectives. Projections suggest that skills gaps will intensify and become more widespread in future, in areas like basic digital and management skills, and that an increase in workplace training will be essential to addressing this.

Lack of proficiency in **basic literacy and numeracy** is also an issue facing York and North Yorkshire and employers indicate that many of their staff lack the basic skills needed to operate effectively in the workplace. There is relatively little workplace provision available that focuses on basic skills and engaging prospective learners through their employer has proven problematic in the past. In the case of numeracy this may be addressed by the recently introduced Multiply provision.