York North Yorkshire and East Riding Economic Review 2015/16 (Draft)

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1. Foreword

Foreword

We are delighted to introduce this year's annual economic review.

This report has been compiled through analysis of a wide range of publically available data that paints a complex and detailed picture of the socio-economics of the York, North Yorkshire and East Riding Local Enterprise Partnership area. It follows significant achievements and progress against our ambitions for sustainable economic growth in the area which saw its economy growth by 3.1% in 2012 and 3.0% in 2013 to £21.7 Billion[1]. Employment growth has also been strong with 12,400 people[2].

The LEP achieves economic growth by supporting our 50,000 small businesses, by investing in projects and infrastructure that grow our specialist sectors, by interventions which raise the skills and employability of our residents and by infrastructure investments which increase housing supply and road, rail and broadband connectivity.

This is a wide and varied remit which requires a detailed and significant evidence base. Our strategic economic plan (published in 2014) contained a range of statistics which help inform our actions and objectives to improve our area's economy. This document updates and expands on those statistics to provide further evidence to support the LEP and its partners in all activities that drive sustainable economic growth.

[1] Sub-regional Gross Value Added (income approach) (ONS)
[2] Business Register and Employment Survey (2014)

Executive Summary

This report provides the latest annual update on the state of the York, North Yorkshire and East Riding economy and recent trends associated with it. It presents an overview of the size and structure of the economy and the businesses and sectors which contribute to it. It provides analysis for three of the key mechanisms for economic growth which are skills provision, housing provision and transport infrastructure. Barriers to achieving economic growth through these mechanisms are identified from the statistics.

Context

The population of York, North Yorkshire and East Riding is 1.143 million which is growing due to inward migration but growing slower than nationally. The proportion of the population aged over 65 is 22.7% compared to 17.8% nationally. It is forecast that by 2037 31.2% of everyone in the LEP will be aged over 65. With an area of 10,718 the LEP is mainly rural, the largest out of the 39 LEPs in England and therefore has a low population density.

The economy of York, North Yorkshire and East Riding was £21.7 Billion in 2013 and grew 3.1% in 2011 and 3.0% in 2012. This means there is £19,003 for every LEP resident (a GVA per head lower than nationally). Per hour worked, GVA is lower and has risen slower than nationally over the last decade indicating low levels of productivity and low productivity growth.

Businesses

There are 51,365 businesses in the LEP of which 89.1% have less than 10 employees, a rate higher than nationally. As a result we have around four fifths as many medium businesses (50-249 employees) and 25% fewer large businesses (250+ employees). The number of businesses in the LEP is growing but slower than nationally due to lower start-up rates in the LEP. Business closures however, are lower than nationally, showing that businesses in York, North Yorkshire and East Riding are resilient and more likely to survive.

Sectors

There are 514,000 people employed in the LEP and like nationally, 1 in every 8 people employed in the LEP work in the Health industry. Unlike nationally, in 5 of our 9 districts manufacturing or accommodation and food services is the sector with the most employment whilst in England these sectors don't make the top 5 largest employers. I.T., financial and insurance and business administration and support services are not as specialised in the LEP as nationally whilst agriculture is extremely specialist with employment making up a slice of total employment 3.7 times larger than nationally.

Specific sectors that have been identified as important to economic growth are health and social care, the visitor economy, agriculture, food manufacturing, high value manufacturing, construction, agriculture and energy. We also have a specialism and high employment growth in scientific research and development where key assets have the potential to grow many of our sectors.

Despite these assets, business research and development is low and the proportion of businesses in our LEP introducing new or improved products and services is the lowest of the 39 LEPs in England at 12%. This lack of innovation needs to be addressed, particularly in our LEP as innovation and technology will be key to finding ways to increase the output possible from our key industries, find ways of reducing waste and generating income from waste in many of our key industries and being at the forefront of a global move away from fossil fuels to biological resources of which we have a significant amount.

Skills

The York, North Yorkshire and East riding LEP area is characterised by high skills (with 39.6% with a NVQ level4+ qualification compared to 35.8% nationally) and low unemployment (a rate of 3.5% compared to 5.4% nationally). There are however pockets of deprivation, high unemployment and low skills towards the coast and in some of our main towns.

Many of the barriers to higher skills and employment are particularly concentrated in our LEP. These include a lack of work experience in schools with only 32% of businesses offering work experience (the bottom 3rd of the 39 LEPs). Gender imbalances and a mismatch between what is being studied and what jobs available also contributes to underemployment and skills gaps.

Up-skilling the existing workforce is vital to economic growth, particularly in this LEP where 27% of the population will retire between 2015 and 2022. An economy with a high proportion of seasonal employment, low wages and high part-time employment is less suited to in-work training and many businesses report barriers to up-skilling their workforce such as lack of time and money.

Barriers to gaining employment include accessibility (explored in the transport section) and also physical and mental health problems which contribute to the economic inactivity of 27,500 residents.

Housing

The LEP area is a very attractive place to live but this creates pressure from commuters, retirees and second and holiday home owners wishing to buy properties, and impacts on housing availability, communities, land prices and affordability. Wages are low in the LEP, with Selby the only district to have higher wages than national average yet house prices are high. The LEP has the least affordable housing in the North of England with the cheapest 25% of property prices up to 9 times higher than the lowest 25% of salaries for full time workers.

Housing quality is relatively poor in rural areas and this can contribute to increased levels of deprivation whilst a projected increase in households will contribute to an increased demand in housing.

Barriers exist to providing housing for our residents. These include lack of finance for small builders who are responsible for over half the new housing in York, North Yorkshire and East Riding and lack of viable land is also cited as a barrier. Whilst house building rates are improving, more investment is needed as a lack of supply of housing for future generations will increase demand, reduce affordability and stifle economic growth.

Transport

As a rural LEP transport access to key service and work is poor. People in Craven travel to work on average 6.8km further than in England. One measure cites North Yorkshire as the joint lowest Local Authority in mainland England for households with transport access to key services and work. Another cites the LSOA (small area with roughly 1,500 population with the worst access) out of 32,800 LSOAs in England as a rural location in Ryedale.

Links to neighbouring areas have also been identified as key to economic growth yet hindered by underinvestment. One location on the A59 to the west of Skipton has average daily traffic flows of over 16,000 motor vehicles despite being a single lane road. This exceeds many key east west connections in northern England and is even higher than duelled sections of the A66.

Conclusion

These statistics are drawn upon along with other local intelligence and expertise to inform strategy that will enable economic growth. York, North Yorkshire and East Riding has a diverse and growing economy with a strong resilient small business base and key growth assets. High skills and low employment are a key strength but attracting and retaining skills will be a key challenge in the future. Housebuilding and wage growth are needed to address unaffordable housing issues and the sheer size and rurality of the LEP means transport access to key services and work can be poor and some connections have been identified as strategically important such as the East to West connections on the A59.

2. Population and land area

Population and Land Area

York, North Yorkshire and East Riding is the largest LEP area in England by land area[3] (10,718 sq. km) but also has lower population density than most – 106 people per sq. km. Its population is 1.14 million.

Table 1 shows how this is spread across local authority areas, forecasts for population growth, and ageing population statistics[4]. Figure 1 shows how this population growth varies within the LEP's 9 districts and how they compare to national rates.

	Population			Population growth (%)		% aged 65+	
Area	**2005**	**Mid-2014**	**2037 (projected)**	**2005-2012**	**2011-2021**	**2015**	**2037 (projected)**
East Riding	329,400	337,115	368,700	2.0%	9.8%	24.3	33.1
York	189,200	204,439	229,000	5.7%	14.5%	18.2	23.7
Craven	54,700	55,696	58,800	1.5%	5.9%	26.1	37.4
Hambleton	85,300	89,828	93,200	5.2%	3.9%	24.5	35.2
Harrogate	154,000	157,267	169,100	3.0%	6.6%	22.1	32.5
Richmondshire	49,300	52,729	55,300	9.3%	2.6%	19.6	28.6
Ryedale	52,500	52,655	55,100	-0.8%	5.8%	26.0	34.8
Scarborough	108,200	108,006	111,400	0.4%	2.6%	25.9	34.3
Selby	78,500	85,355	99,200	7.1%	18.0%	19.4	28.1
North Yorkshire	582,500	601,536	642,100	3.5%	6.6%	23.2	32.9
Total LEP area	**1,101,100**	1,143,090	**1,239,800**	3.4%	8.9%	**22.7**	**31.2**
England	50.47m	53.50m	62.17m	6.0%	16.2%	17.8	24.0

Table 1 - Population trends, projections and age profile by area

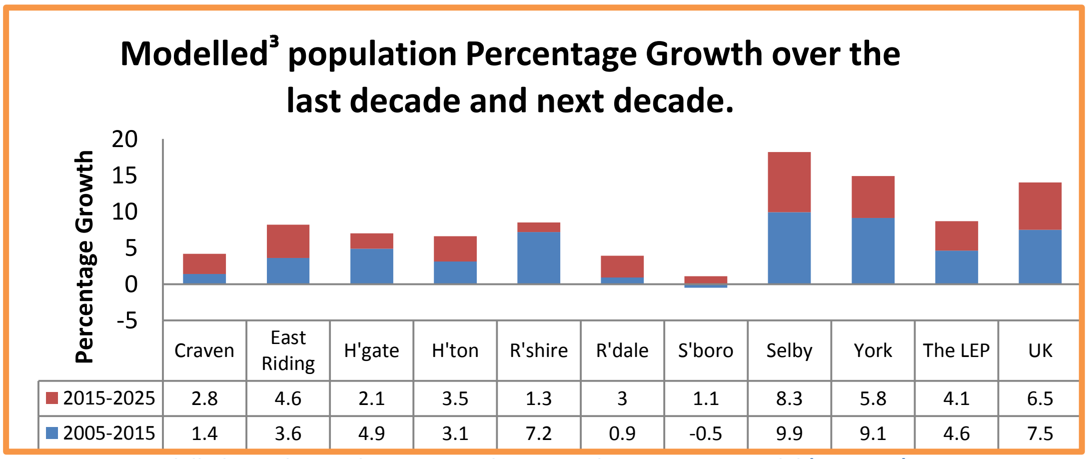

Figure 1 –Modelled population change using the regional econometric model (Experian)

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[3] UK Standard area measurements (ONS)
[4] Sub national population projections (ONS)
[5] Regional Econometric Model (West Yorkshire Combined Authority Regional Economic Intelligence Unit and Experian)

Key points are that:

- **The LEP area's population is forecast to grow by 8.9% between 2011 and 2037**, with the highest rate of growth by some way being in Selby, the only area forecast to see growth above England average. Projected growth is next highest in York and the East Riding and lowest in Scarborough and Craven.

- **22.7% of the LEP population is 65+**, five percentage points (and 28%) higher than the England average. This gap is expected to grow with the LEP area 65+ population rising by four percentage points – not far off double the national increase. The LEP areas with the highest proportion of people aged 65+ now, and the greatest projected rises in this group in the future, are the Dales, Moors & Wolds and Yorkshire Coast areas. The lowest proportions are in York and Selby.

- **The age group 25-35 is 22.3% smaller in the LEP than the UK** and as a result there are 19.4% fewer 0-4 year olds as a percentage of the population as shown by the narrower base of the LEP population pyramid shown in figure 2

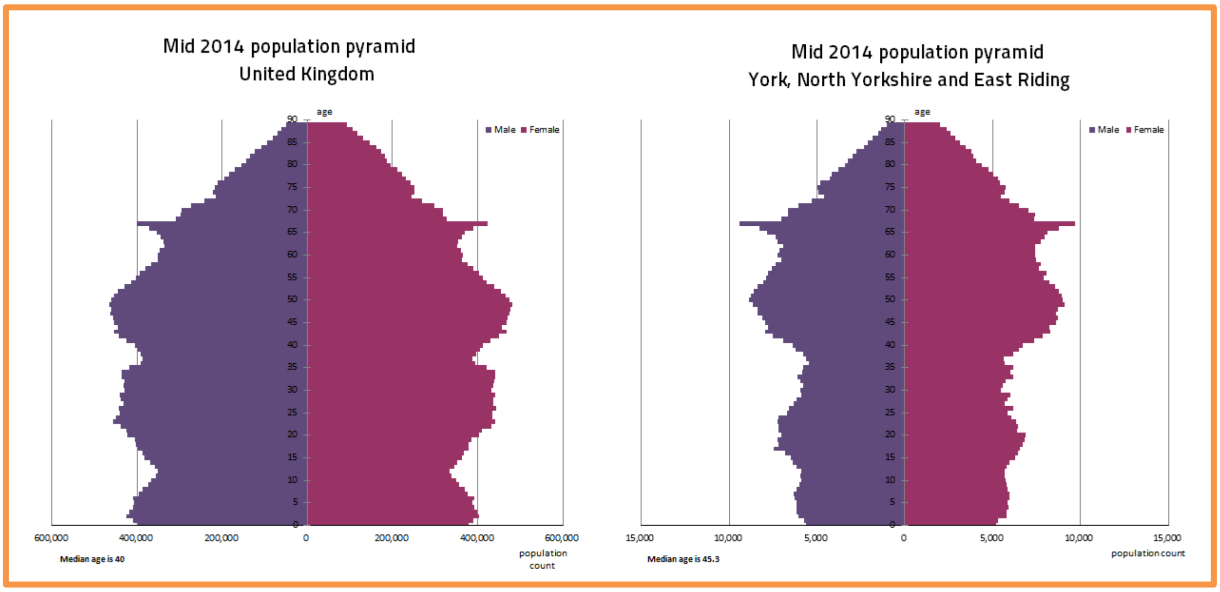


Figure 2 - [Population pyramids in the UK and the LEP] (click here for link to ONS analysis tool)

Population Change[6]

As a result of this Low birth rate and high crude death rate, natural population change in the LEP is negative with deaths outweighing births. Between 2013 and 2014 there were 10,763 births and 12,019 deaths in the LEP meaning natural population decline. The population growth is due to (mainly domestic) inwards migration. This is shown in detail in table 2 on the next page.

Key points are that:

- The natural population declined between 2013 and 2014 by 442
- Migration from other parts of the UK contributed to an extra 2,736 people
- Migration from other countries contributed to an extra 819 people.
- International migration results in a net outflow of LEP residents aged 25-50 and inwards for other age groups.
- The population in their 20's reduced by 3075 due to migration to other parts of the UK

Variations within the LEP districts

With the **LEPs median age of 45.3 significantly higher than the national median of 40** there is no doubt our area has an older population. There are sub-regional differences however and York (as a City with 2 Universities) has a younger population. The presence of an Army college in Richmondshire results in population figures being skewed with higher numbers of males aged 16-30. Most other districts have population profiles typical of areas with an ageing population and **by the year 2022 27% of the working age population will have reached retirement age.**

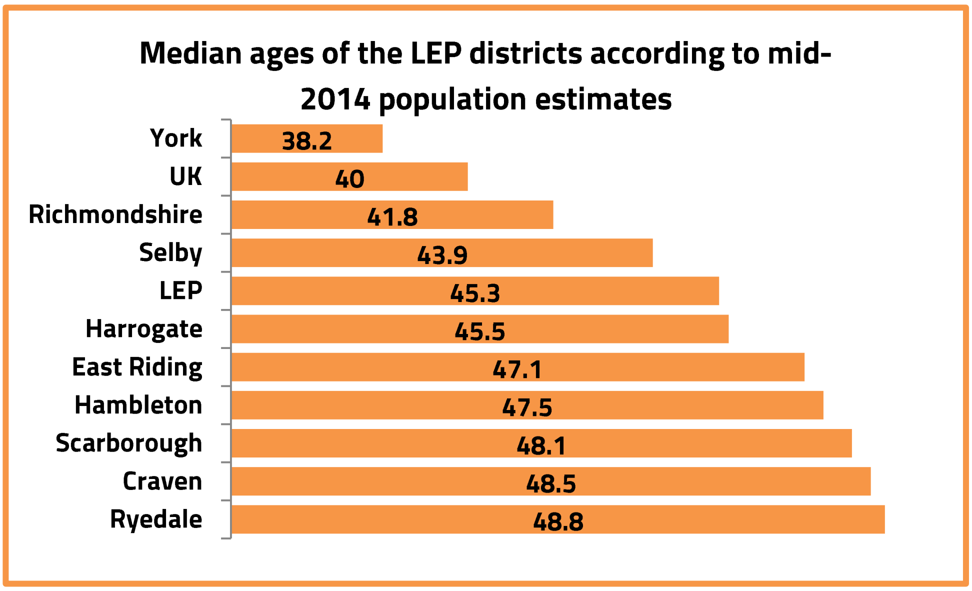


Figure 3 - Median ages in the UK, the LEP and its districts

[6] Mid-2014 population estimates (ONS)

Age	Estimated Population 2013	Births	Deaths	Internal Migration Inflow	Internal Migration Outflow	Internal Migration Net	International Migration Inflow	International Migration Outflow	International Migration Net	Other	Estimated Population 2014	% of Total Estimated Population 2014
0-4	58,105	10,746	39	3,564	2,990	574	331	98	233	26	57,753	5.05%
5-9	59,338	0	4	2,426	2,072	354	279	62	217	40	60,300	5.28%
10-14	59,759	0	3	1,872	1,673	199	251	51	200	23	59,035	5.16%
15-19	69,110	0	9	6,667	5,960	707	556	171	385	-64	68,063	5.95%
20-24	68,895	0	24	10,004	12,494	-2,490	1,527	1,218	309	-628	67,970	5.95%
25-29	61,270	0	36	5,833	6,418	-585	1,027	1,349	-322	-330	61,249	5.36%
30-34	59,276	0	36	4,579	4,260	319	574	838	-264	-224	58,736	5.14%
35-39	59,835	0	41	3,346	2,866	480	410	490	-80	-77	59,015	5.16%
40-44	78,121	0	82	3,012	2,491	521	316	342	-26	-48	74,995	6.56%
45-49	86,206	0	131	2,761	2,384	377	208	230	-22	41	85,233	7.46%
50-54	83,771	0	203	2,667	2,213	454	169	136	33	1	86,095	7.53%
55-59	75,003	0	283	2,327	1,793	534	132	109	23	21	76,384	6.68%
60-64	75,041	0	458	2,183	1,625	558	132	103	29	11	73,836	6.46%
65-69	78,812	0	749	1,978	1,541	437	87	64	23	-3	80,617	7.05%
70-74	56,068	0	987	1,046	871	175	63	52	11	3	58,225	5.09%
75-79	46,825	0	1,386	701	681	20	40	6	34	1	48,316	4.23%
80-84	33,848	0	1,897	562	569	-7	23	0	23	0	34,354	3.01%
85-89	20,228	0	2,151	480	418	62	10	1	9	0	20,862	1.83%
90+	11,672	0	2,669	395	347	48	4	0	4	0	12,052	1.05%
Grand Total	**1,141,183**	**10,746**	**11,188**	**56,403**	**53,666**	**2,737**	**6,139**	**5,320**	**819**	**-1,207**	**1,143,090**	**100.00%**

Table 3 - Population of York, North Yorkshire and East Riding in 2014 by age and components of change

3. Growth and Productivity

Growth and Productivity

In 2013 the LEP had an economy worth £21.7 billion[7]. Like the national picture, the LEPs economy saw its strongest growth before the 2008 financial crisis. After 2 years of recession economic growth in the LEP has been relatively strong for a Northern LEP with growth of over 3% in 3 out of the 4 years between 2010 and 2013.

	2005	2006	2007	2008	2009	2010	2011	2012	2013
England	1,003,375	1,057,878	1,120,041	1,151,980	1,135,262	1,187,364	1,220,147	1,255,768	1,297,667
% Growth		5.4	5.9	2.9	-1.5	4.6	2.8	2.9	3.3
LEP area	17,651	18,558	19,777	19,735	19,534	20,291	20,414	21,055	21,686
% Growth		5.1	6.6	-0.2	-1.0	3.9	0.6	3.1	3.0
North Yorkshire	9,334	9,878	10,545	10,597	10,252	10,820	11,092	11,377	11,800
% Growth		5.8	6.8	0.5	-3.3	5.5	2.5	2.6	3.7
York	3,943	4,047	4,412	4,249	4,246	4,295	4,428	4,617	4,754
% Growth		2.6	9.0	-3.7	-0.1	1.2	3.1	4.3	3.0
East Riding	4,374	4,633	4,820	4,890	5,036	5,176	4,893	5,061	5,132
% Growth		5.9	4.0	1.5	3.0	2.8	-5.5	3.4	1.4

Table 4 - Gross Value added (income approach) in England an the LEP 2005-2013

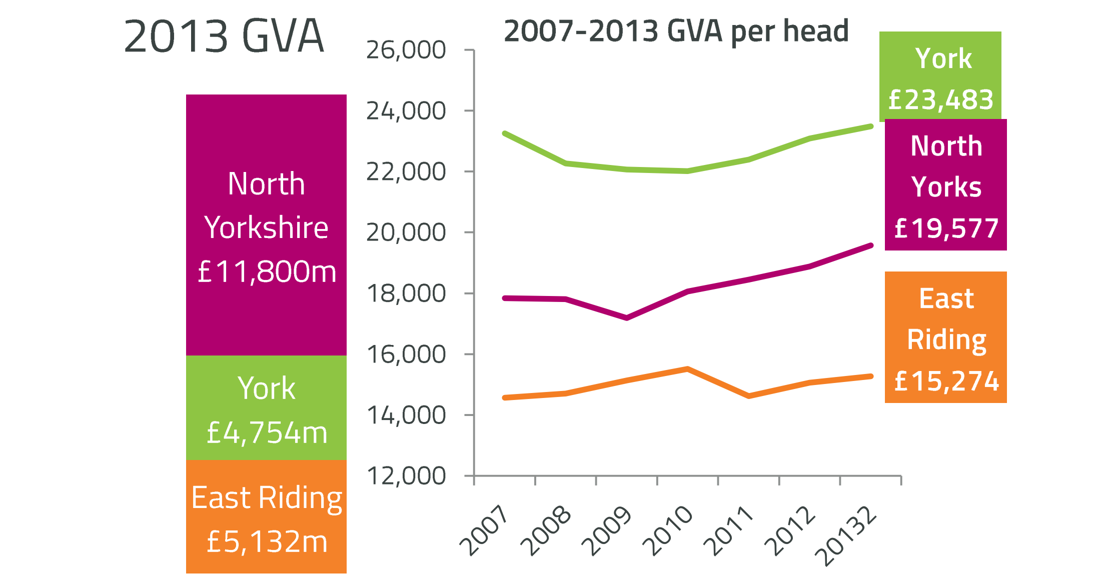


Figure 4 – Gross Value Added in the LEP and GVA per head 2007-2013

GVA per hour worked	2005	2006	2007	2008	2009	2010	2011	2012	2013
UK	**24.2**	**25.4**	**26.5**	**27.4**	**27.6**	**28.7**	**29.4**	**29.6**	**30.1**
LEP	22.2	23.0	23.7	24.1	23.8	24.4	24.8	25.0	25.5
East Riding	22.9	23.8	24.6	25.3	25.0	25.5	25.5	25.7	26.2
York	24.5	25.2	25.8	25.8	25.2	25.4	25.9	26.3	27.1
North Yorkshire CC	21.0	21.8	22.5	23.0	22.8	23.5	24.1	24.3	24.6

Table 5 – Productivity- GVA per hour worked 2005-2013

[7] Sub-regional Gross Value Added (income approach) (ONS)

Key points are:

- The LEP economy was worth £21.7 billion in 2013, a rise of 22.9% on 2005 compared to a rise of 29.3% in England. However the LEP area grew marginally faster than the England average in 2012

- Below the headline LEP level data there are marked differences across the LEP area. GVA growth in North Yorkshire was close to national average with 26.4% between 2005 and 2013 whilst in York growth was 20.6% and in East Riding 17.3%

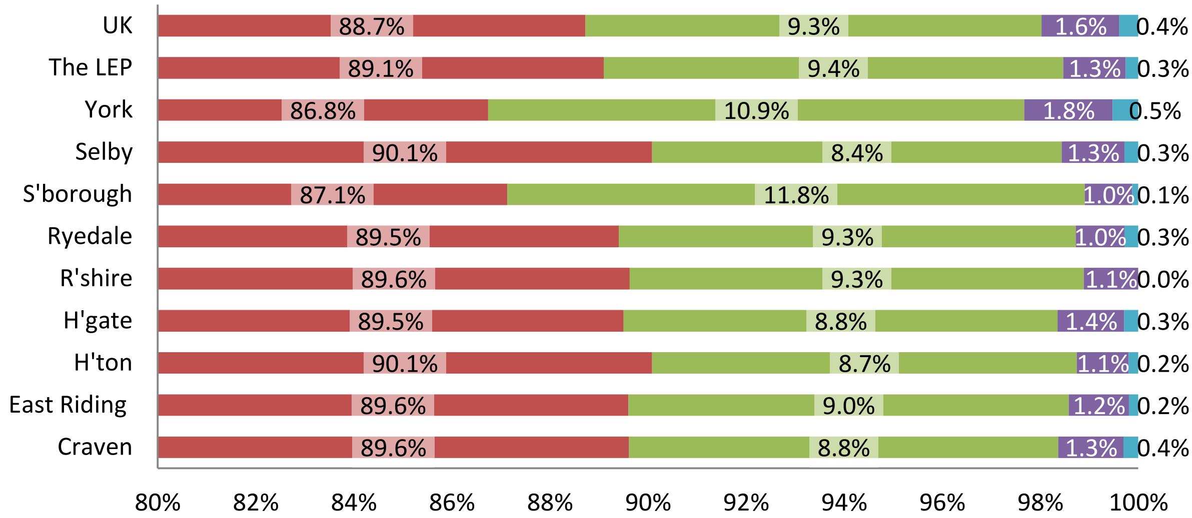
- Productivity in the LEP declined in relation to national levels between 2005 and 2011 but in the most recent 2 years it has been catching up and is now 84.8% of the UK average.

- Economic structure is likely to influence these productivity levels

4. Business Profile

Business Profiles – stock and size profile[8], self-employment and start up and closure rates

Businesses by size for the UK, the LEP and its 9 districts in March 2015



	Craven	East Riding	H'ton	H'gate	R'shire	Ryedale	S'borough	Selby	York	The LEP	UK
Micro (0 to 9 employees)	3,020	12,020	4,680	7,890	2,420	3,165	3,590	3,180	5,790	45,765	2,173,355
Small (10 to 49 employees)	295	1,205	450	780	250	330	485	295	730	4,815	227,770
Medium-sized (50 to 249 employees)	45	165	55	120	30	35	40	45	120	655	38,940
Large (250+ employees)	10	25	10	25	0	10	5	10	35	130	9,350

Figure 5 - Business size by district

Key points are that:

- **The vast majority of businesses in the LEP area (89.1%) are micro-businesses** with less than 10 employees. 98.5% are small or micro in the LEP area.

- Proportionately, **the LEP area has less medium and large businesses than England**, with around four fifths as many medium businesses and 25% fewer large businesses.

- The size profile of businesses varies. York has more medium and large businesses than elsewhere. Parts of the West Yorkshire connected area (Harrogate and Craven) have the next highest proportions of large and medium businesses, but both are still below national average.

- Scarborough and Richmondshire have the lowest rates medium and large businesses with only 1.1% of all businesses having more than 50 staff. A rate 45% lower than nationally.

[8] UK Business Counts 2015 (ONS)

Self-Employment[9]

There are similarities between self-employment and running a business, with self-reliance, enterprise and the ability to bring in income fundamental to both. Moreover, self-employment can be a step towards running a business.

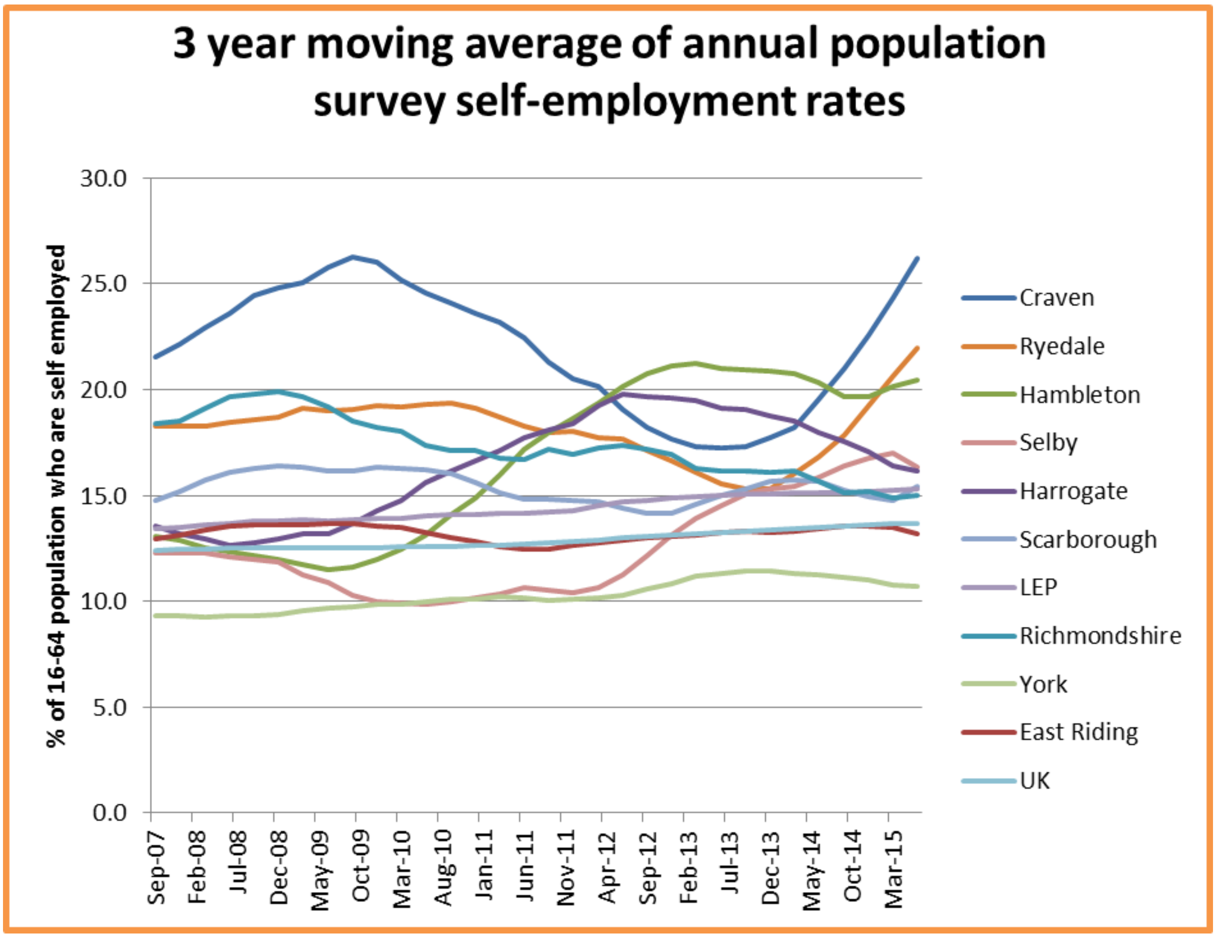


Figure 6 - Self-employment rates from the Annual Population Survey (year ending June 2015)

Key points are that:

- The self-employment rate in the LEP is higher than national average and has risen from 13% of the working age population to around 15% of the working age population.
- In most rural districts self-employment is significantly higher with Craven and Ryedale currently making up 2 out of the top 3 highest self-employment rates in the Country out of 381 local authority areas.

[9] Annual Population Survey year ending June 2015 (NOMIS)

Business start-ups[10]

In 2014, 5240 new businesses were "born" in the York, North Yorkshire and East Riding area bringing the total number of active enterprises to 46,700. **Business birth rates** (business births as a share of the total active business stock) in the LEP area are **below the national average** and falling. Between 2004 and 2014, business birth rates have fallen from 2 per cent below the national average to 18 per cent below the national average. As presented in table 6

	Area	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Births/Enterprises	UK	13.0	12.6	11.6	12.3	11.5	10.1	10.0	11.2	11.4	14.1	13.7
	LEP	12.7	11.8	10.6	11.3	10.0	8.8	8.9	9.2	9.5	11.7	11.2

Table 6 - Business births as a percentage of business stock 2004-2014

Growth in business stock

The number of businesses in the LEP area grew by an average of 1.6% per year between 2004 and 2008. Between 2008 and 2011 there was a net fall of 755 businesses but since then the number has risen to exceed pre-recession levels. Despite this, **every year between 2005 and 2014 the UK saw its number of active enterprises grow faster (or decline slower) than in the LEP**. (2010 was the same rate of change)

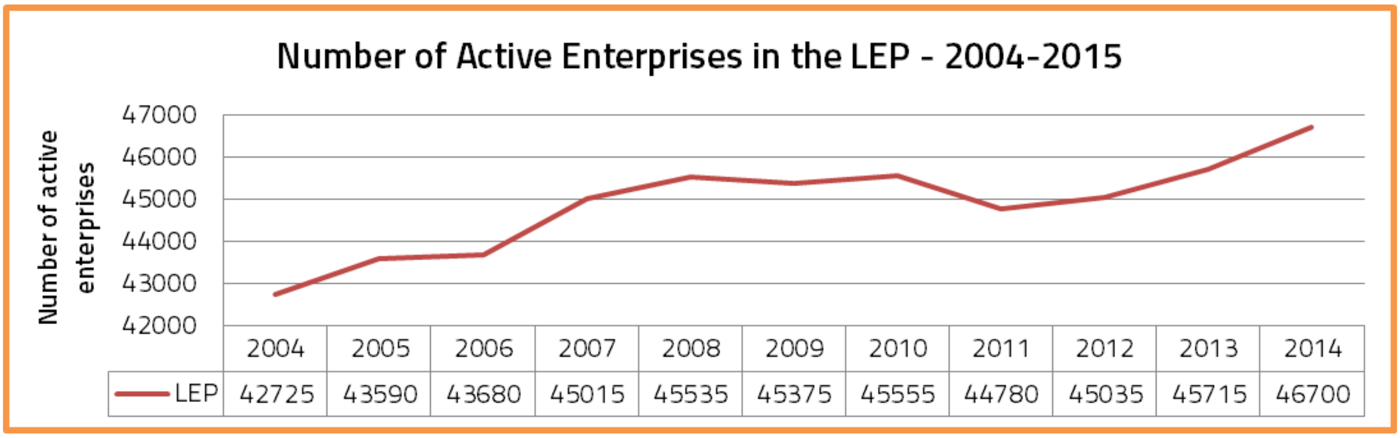


Figure 7 - Number of active Enterprises in the LEP 2004-2014 (Business Demography)

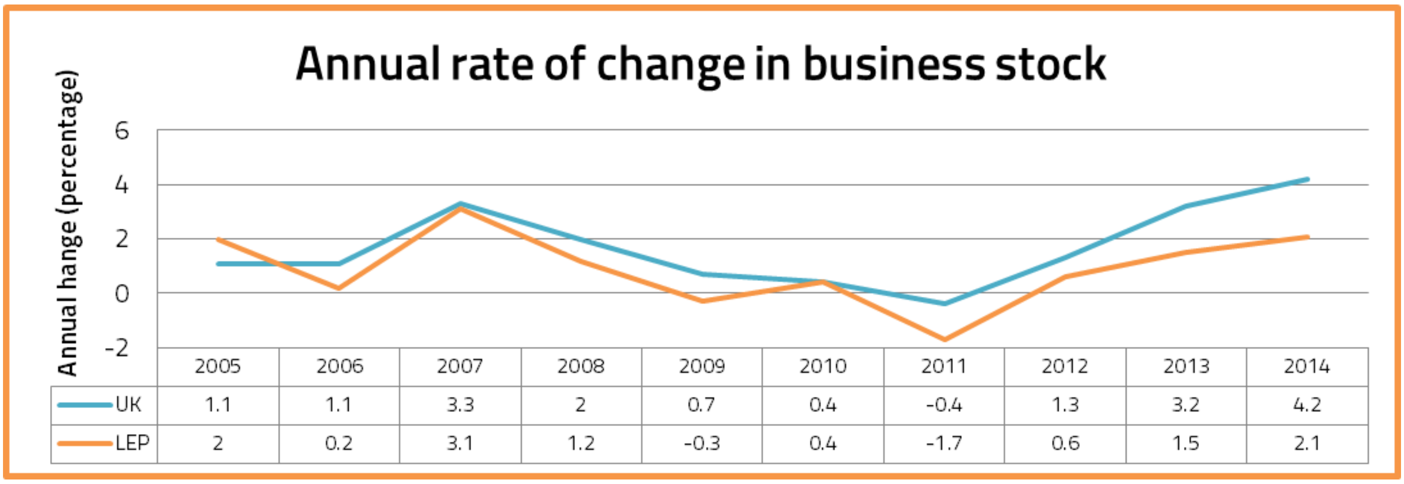


Figure 8 - Annual rate of change in business stock in the UK and the LEP 2004-2014

[10] Business Demography 2014 (ONS)

Figure 9 is a spider diagram showing businesses births and deaths per 10,000 people across the LEP area, with the gap between the orange and blue lines the net additional businesses formed per 10,000 population. Higher business start rates tend to come with higher closure rates such as in Harrogate, the district with the highest net business growth per 10,000 population in the LEP.

Scarborough and Richmondshire had the lowest rate of deaths per population but also the lowest start up rates. The growth in number of active enterprises per 10,000 population was slower than nationally in all districts but fastest in Harrogate. The growth in businesses per 10,000 population decreases clockwise from the UK.

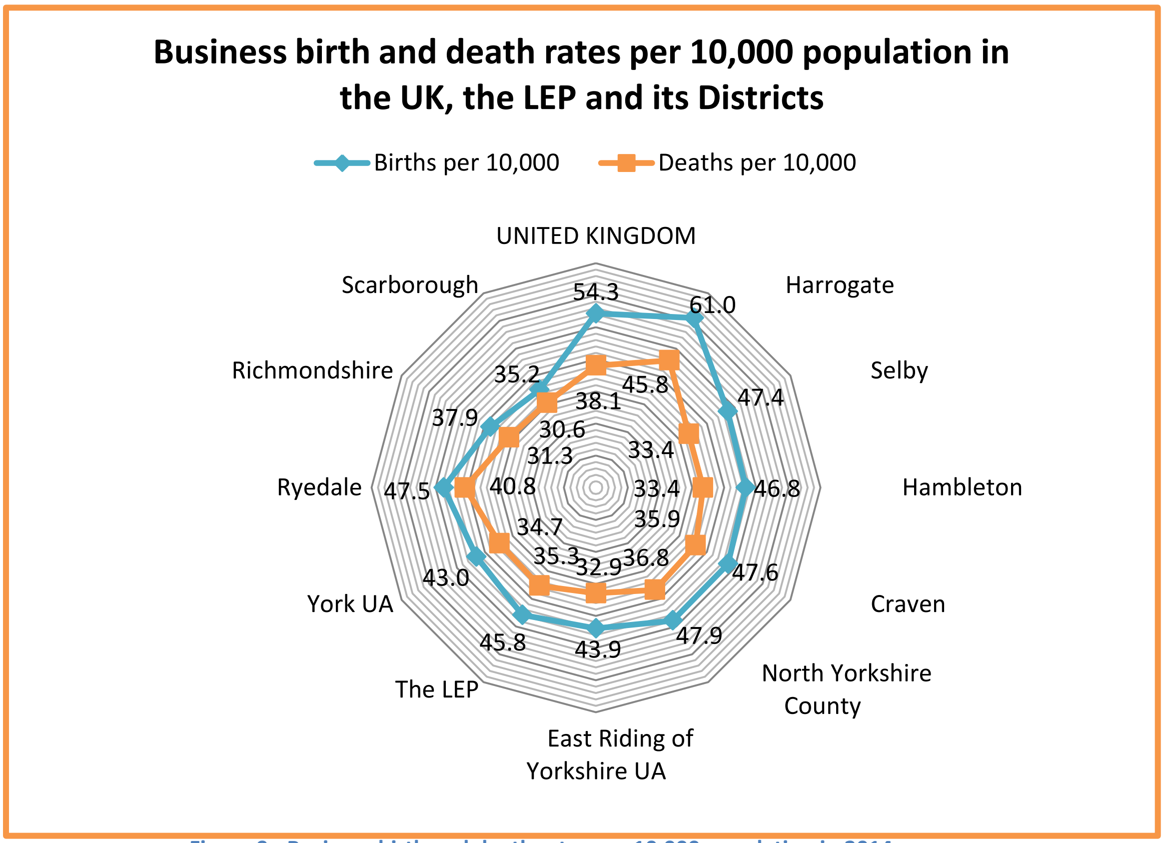


Figure 9 - Business birth and death rates per 10,000 population in 2014

Survival rates

Business survival rates fell between 2008 and 2010. With the exception of the 1 year survival rates for businesses born in 2011 **survival rates are higher in the LEP than nationally**. 45.4% of business born in 2008 in the LEP were active in 2013 which is 4.1 percentage points higher than nationally suggesting our businesses are resilient.

5 Year survival rates for 2008 businesses were highest in the rural areas of Ryedale (51.0%), Hambleton (47.6%) and Richmondshire (45.7%). The lowest survival rates were in Scarborough (40.8%) which was some way off the second lowest which was East Riding (44.4%)

The difference between the survival rates of the LEP and the UK has diminished in the last 2 years.

	UK						The LEP					
Year of Birth → Age in years ↓	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
1 year	92.0	90.8	86.7	93.1	91.2	93.5	93.8	93.2	88.7	93.1	92.1	94.2
2 years	74.0	73.8	72.5	75.6	73.7		77.5	77.0	74.8	76.8	75.9	
3 years	58.0	59.6	57.1	60.5			61.6	63.9	60.1	61.8		
4 years	48.9	48.9	48.1				53.4	52.6	51.7			
5 years	41.3	41.7					45.4	45.5				

Table 7 - Business Survival rates by year of Birth in the UK and the LEP

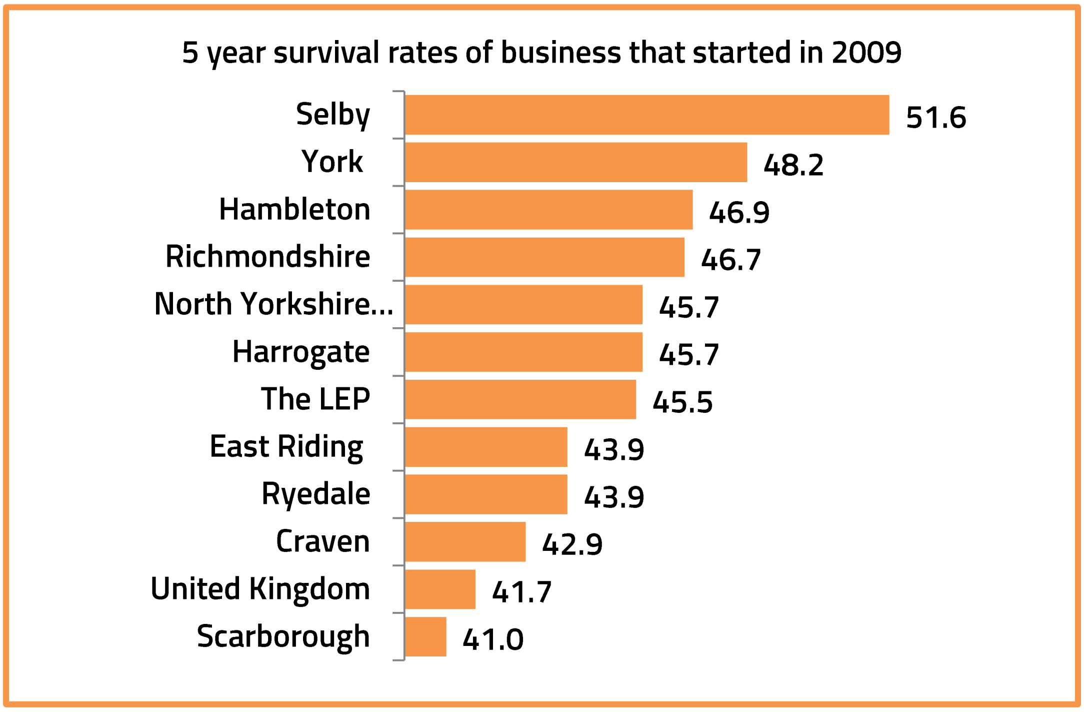


Figure 10 – 5 year survival rates of the UK, the LEP and its districts for businesses born in 2009

Businesses which set up in our area have a higher chance of survival compared to national averages. 45.5% of businesses started in the LEP in 2009 were active 5 years later compared with the UK's survival rate at 41.7%.

Business resilience is particularly prominent in York and Selby where survival rates are 16% and 24% higher than nationally respectively. Out of 381 local authorities in Great Britain Selby is in the top 3 for the resilience of businesses set up in 2009.

5. Sectoral Profile

Sectoral profile[11]

Our 50,000 businesses employ well over half a million people across a range of sectors. The distribution of this employment across our 9 districts by industrial classification is explored in table 8

(Green = biggest sector, blue = second biggest, yellow = third biggest and red = smallest)

2014	The LEP		Craven		East Riding		Hambleton		Harrogate		R'shire		Ryedale		S'borough		Selby		York		North Yorkshire		Eng
Broad Industrial Group	**Jobs**	**%**	**Jobs**	**%**	**Jobs**	**%**	**Jobs**	**%**	**Jobs**	**%**	**Jobs**	**%**	**Jobs**	**%**	**Jobs**	**%**	**Jobs**	**%**	**Jobs**	**%**	**Jobs**	**%**	**%**
Health	66,300	12.9	2,300	7.6	16,400	13.3	5,100	11.8	11,500	14.1	1,700	8.9	1,800	6.5	8,300	18.5	3,000	8.4	16,300	15.1	33700	12.0	12.7
Accommodation & food services	54,300	10.6	3,400	11.3	10,000	8.1	4,000	9.2	9,100	11.2	2,800	14.7	3,200	11.6	8,300	18.5	2,200	6.2	11,300	10.5	33000	11.7	7.0
Retail	52,400	10.2	2,700	9.0	12,300	9.9	3,700	8.5	8,200	10.1	1,700	8.9	2,000	7.3	5,800	12.9	2,300	6.5	13,700	12.7	26400	9.4	10.0
Manufacturing	48,400	9.4	2,700	9.0	15,500	12.5	4,600	10.6	4,400	5.4	1,000	5.3	4,800	17.5	5,000	11.2	6,400	18.0	4,000	3.7	28900	10.3	8.1
Education	43,900	8.5	2,500	8.3	11,300	9.1	2,600	6.0	6,400	7.9	1,400	7.4	1,900	6.9	3,400	7.6	3,000	8.4	11,500	10.6	21200	7.5	9.0
Professional, scientific & technical	30,900	6.0	2,300	7.6	5,800	4.7	2,400	5.5	7,300	9.0	900	4.7	1,700	6.2	1,000	2.2	2,200	6.2	7,300	6.8	17800	6.3	8.6
Business administration & support services	29,200	5.7	2,400	8.0	5,400	4.4	2,300	5.3	5,700	7.0	1,400	7.4	900	3.3	1,700	3.8	2,700	7.6	6,600	6.1	17100	6.1	8.7
Transport & storage (inc postal)	25,500	5.0	800	2.7	5,500	4.4	1,500	3.5	2,900	3.6	600	3.2	800	2.9	1,300	2.9	3,100	8.7	8,800	8.1	11000	3.9	4.5
Agriculture, forestry & fishing+	25000	4.9	2100	7.0	6300	5.1	3900	9.0	3300	4.1	2400	12.6	3100	11.3	1700	3.8	1700	4.8	600	0.6	18200	6.5	1.3
Public administration & defence	25,000	4.9	600	2.0	10,000	8.1	3,700	8.5	2,200	2.7	800	4.2	800	2.9	1,200	2.7	700	2.0	5,000	4.6	10000	3.5	4.2
Construction	23,200	4.5	1,600	5.3	5,800	4.7	2,600	6.0	3,200	3.9	900	4.7	1,500	5.5	1,400	3.1	1,800	5.1	4,400	4.1	13000	4.6	4.5
Arts, entertainment, recreation & other services	22,600	4.4	1,200	4.0	4,700	3.8	1,700	3.9	3,800	4.7	1,400	7.4	2,100	7.6	2,100	4.7	800	2.2	4,900	4.5	13100	4.7	4.5
Wholesale	19,400	3.8	1,400	4.7	4,500	3.6	2,100	4.8	4,500	5.5	700	3.7	1,000	3.6	1,000	2.2	1,800	5.1	2,400	2.2	12500	4.4	4.1
Financial & insurance	12,800	2.5	2,400	8.0	1,400	1.1	500	1.2	2,900	3.6	200	1.1	200	0.7	500	1.1	300	0.8	4,400	4.1	7000	2.5	3.7
Information & communication	11,300	2.2	500	1.7	2,700	2.2	700	1.6	2,600	3.2	200	1.1	200	0.7	400	0.9	900	2.5	3,100	2.9	5500	2.0	4.3
Motor trades	9,900	1.9	500	1.7	3,000	2.4	800	1.8	1,700	2.1	400	2.1	600	2.2	700	1.6	600	1.7	1,500	1.4	5300	1.9	1.9
Property	8,400	1.6	400	1.3	1,700	1.4	700	1.6	1,300	1.6	600	3.2	600	2.2	900	2.0	400	1.1	1,800	1.7	4900	1.7	1.9
Mining, quarrying & utilities (inc Energy)	5,100	1.0	100	0.3	1,400	1.1	500	1.2	400	0.5	200	1.1	200	0.7	300	0.7	1,700	4.8	400	0.4	3400	1.2	1.1
Total	**513.6k**	**100**	**30.1k**	**100**	**123.7k**	**100**	**43.4k**	**100**	**81.3k**	**100.0**	**19k**	**100**	**27.6k**	**100**	**44.8k**	**100**	**35.8k**	**100**	**108k**	**100**	281.7k	**100.0**	

[11] Business Register and Employment Survey (2014) and DEFRA farm labour estimates (2013)

Table 8 - Number of Jobs, percentage of total jobs and ranking of sector for LEP districts by broad industrial sector

Key points are that:

- **Health is our largest sector** followed by **accommodation and food services** and **retail** (the latter 2 are a big part of the visitor economy),
- **Manufacturing** and **Education** complete the top 5 largest sectors for employment in the LEP. These 5 employ over half the employed residents.
- Manufacturing in Selby and Ryedale employs at least 1 in every 6 people (more than twice the national average)
- The financial and insurance sector in Craven employs 8% of Craven's population which is a much higher rate than England and all other districts
- Agricultural jobs in Richmondshire make up a share of employment 21 times that of York.
- Manufacturing and Accommodation and food services are the biggest sectors in 5 of our 9 districts whilst nationally these sectors aren't in the top 5 biggest.

Location Quotients (Specialism)

Comparing the proportion of an industries employment to the national average can indicate how specialist a sector is to an area. This figure is known as a location quotient.

These figures are presented in table 9 on the next page

Key points are:

- Our areas **specialism in agriculture** is obvious with nearly 10 times the national rate of employment in Richmondshire.
- **Accommodation and food services is our second most specialist sector**, particularly in Scarborough and Richmondshire where it is more than twice the national average.
- Public administration and defence is another sector where employment is higher than national rates, particularly in Hambleton where it is twice the national rate.
- Although the transport and storage sector is less specialist in most districts it is nearly twice the national rate in York and Selby which contributes towards employment in the LEP being 20% more than nationally in this sector
- Retail, Health, Motor Trades, Construction and Arts/Entertainment/Recreation/Other have rates of employment equal to the national average
- All other sectors have a smaller proportion of employment than nationally with I.T. and communication having the lowest local quotient with half the national rate of employment

Local Quotients in the LEP and its districts

Dark green = 5x national average (NA) green = 3 x NA light green = 2x NA
Dark red = less than a quarter of NA red = less than a third of NA light red = half or less of NA

	The LEP	Craven	East Riding	Hambleton	Harrogate	R'shire	Ryedale	Scarborough	Selby	York	North Yorkshire
Agriculture, forestry & fishing	3.7	5.4	3.9	6.9	3.1	9.7	8.7	2.9	3.7	0.4	5.0
Accommodation & food services	1.5	1.6	1.2	1.3	1.6	2.1	1.7	2.6	0.9	1.5	1.7
Manufacturing	1.2	1.1	1.5	1.3	0.7	0.6	2.2	1.4	2.2	0.5	1.3
Public administration & defence	1.2	0.5	1.9	2.0	0.6	1.0	0.7	0.6	0.5	1.1	0.8
Transport & storage (inc postal)	1.1	0.6	1.0	0.8	0.8	0.7	0.6	0.6	1.9	1.8	0.9
Retail	1.0	0.9	1.0	0.9	1.0	0.9	0.7	1.3	0.6	1.3	0.9
Health	1.0	0.6	1.0	0.9	1.1	0.7	0.5	1.5	0.7	1.2	0.9
Motor trades	1.0	0.9	1.3	1.0	1.1	1.1	1.1	0.8	0.9	0.7	1.0
Construction	1.0	1.2	1.0	1.3	0.9	1.1	1.2	0.7	1.1	0.9	1.0
Arts, entertainment, recreation & other	1.0	0.9	0.8	0.9	1.0	1.6	1.7	1.0	0.5	1.0	1.0
Education	0.9	0.9	1.0	0.7	0.9	0.8	0.8	0.8	0.9	1.2	0.8
Wholesale	0.9	1.1	0.9	1.2	1.4	0.9	0.9	0.5	1.2	0.5	1.1
Mining, quarrying & utilities (Energy)	0.9	0.3	1.0	1.0	0.4	1.0	0.7	0.6	4.3	0.3	1.1
Property	0.9	0.7	0.7	0.8	0.8	1.7	1.1	1.1	0.6	0.9	0.9
Professional, scientific & technical	0.7	0.9	0.5	0.6	1.0	0.6	0.7	0.3	0.7	0.8	0.7
Financial & insurance	0.7	2.2	0.3	0.3	1.0	0.3	0.2	0.3	0.2	1.1	0.7
Business administration & support services	0.7	0.9	0.5	0.6	0.8	0.8	0.4	0.4	0.9	0.7	0.7
Information & communication	0.5	0.4	0.5		0.7	0.2	0.2	0.2	0.6	0.7	0.5

Table 9 - Location quotients for the LEP and its districts (BRES 2015)

The employment statistics by broad industrial sector provide a good overview of the LEPs industrial profile however more detailed analysis is useful to highlight specialisms in specific industries and their importance to employment.

Manufacturing is a sector specialist to the LEP but there are some types of manufacturing we specialise in particular. Employment in 21 different types of manufacturing is explored in the following table:

Local Quotients
Highest Specialism (3+)
Higher Specialism (2-3)
High Specialism (1.5-2)
Some Specialism (1-1.5)
Same rate as nationally (1.0)
Low specialism (0.5-1)
Lowest Specialism (0-0.5)

Standard industrial classification (2 digit sectors)	York, North Yorkshire and East Riding			England	
	number of jobs	% of Total Jobs	Local Quotient	number of jobs	% of Total Jobs
10 : Manufacture of food products	13,000	2.5	2.1	292,200	1.2
25 : Manufacture of fabricated metal products, except machinery and equipment	5,600	1.1	1.1	255,200	1
29 : Manufacture of motor vehicles, trailers and semi-trailers	3,500	0.7	1.4	130,700	0.5
16 : Manufacture of wood and of products of wood and cork, except furniture;manufacture of articles of straw and plaiting materials	2,700	0.5	2.6	58,400	0.2
22 : Manufacture of rubber and plastic products	2,600	0.5	0.8	145,200	0.6
31 : Manufacture of furniture	2,500	0.5	1.6	73,200	0.3
20 : Manufacture of chemicals and chemical products	2,100	0.4	1.4	83,200	0.3
27 : Manufacture of electrical equipment	2,000	0.4	1.3	67,100	0.3
28 : Manufacture of machinery and equipment n.e.c.	1,900	0.4	0.6	150,200	0.6
23 : Manufacture of other non-metallic mineral products	1,600	0.3	1	67,400	0.3
30 : Manufacture of other transport equipment	1,200	0.2	0.6	107,700	0.4
11 : Manufacture of beverages	1,100	0.2	2.1	24,000	0.1
21 : Manufacture of basic pharmaceutical products and pharmaceutical preparations	900	0.2	1.8	31,700	0.1
17 : Manufacture of paper and paper products	800	0.2	0.8	43,600	0.2
24 : Manufacture of basic metals	700	0.1	0.7	59,700	0.2
32 : Other manufacturing	600	0.1	0.4	64,800	0.3
13 : Manufacture of textiles	300	0.1	0.3	52,000	0.2
14 : Manufacture of wearing apparel	200	0	0.4	30,600	0.1
12 : Manufacture of tobacco products	0	0	N/A	1,200	0
15 : Manufacture of leather and related products	0	0	N/A	7,400	0
19 : Manufacture of coke and refined petroleum products	!	0	N/A	7,300	0

Table 10 – Employment in the manufacturing industry

This 2 digit sector analysis provides more detail on an industry type so for the purpose of identifying key sectors for growth it is useful to know which detailed sectors are important to employment (top 10 biggest employers provided in table 11) and which are highly specialist to our area (top 10 provide location quotients provided in table 12)

Standard industrial classification (2 digit sectors)	York, North Yorkshire and East Riding			England	
	number of jobs	% of Total Jobs	Local Quotient	number of jobs	% of Total Jobs
47 : Retail trade, except of motor vehicles and motorcycles	52,400	10.2	1	2,513,500	10
85 : Education	43,900	8.5	0.9	2,266,300	9
56 : Food and beverage service activities	36,800	7.2	1.3	1,411,000	5.6
86 : Human health activities	33,100	6.4	0.9	1,811,400	7.2
84 : Public administration and defence; compulsory social security	25,000	4.9	1.2	1,050,900	4.2
01 : Crop and animal production, hunting and related service activities	24,500	4.8	3.7	322,300	1.3
46 : Wholesale trade, except of motor vehicles and motorcycles	19,400	3.8	0.9	1,043,600	4.1
88 : Social work activities without accommodation	19,100	3.7	1.2	757,100	3
55 : Accommodation	17,500	3.4	2.4	359,400	1.4
49 : Land transport and transport via pipelines	17,000	3.3	1.8	445,200	1.8

Table 11 – Top 10 2 digit sectors by employment

Standard industrial classification (2 digit sectors)	York, North Yorkshire and East Riding			England	
	number of jobs	% of Total Jobs	Local Quotient	number of jobs	% of Total Jobs
01 : Crop and animal production, hunting and related service activities	24,500	4.8	3.7	322,300	1.3
16 : Manufacture of wood and of products of wood and cork, except furniture;manufacture of articles of straw and plaiting materials	2,700	0.5	2.6	58,400	0.2
55 : Accommodation	17,500	3.4	2.4	359,400	1.4
10 : Manufacture of food products	13,000	2.5	2.1	292,200	1.2
91 : Libraries, archives, museums and other cultural activities	3,300	0.6	2.1	75,700	0.3
11 : Manufacture of beverages	1,100	0.2	2.1	24,000	0.1
08 : Other mining and quarrying	1,000	0.2	1.9	13,000	0.1
49 : Land transport and transport via pipelines	17,000	3.3	1.8	445,200	1.8
21 : Manufacture of basic pharmaceutical products and pharmaceutical preparations	900	0.2	1.8	31,700	0.1
72 : Scientific research and development	3,500	0.7	1.7	107,800	0.4

Table 12 – Top 10 2 digit sectors by location quotient

6. Growth Sectors

Growth sectors

The previous sector looked at the current picture of employment in the LEP however in order to identify growth sectors additional intelligence is needed. Econometric modelling[12] can provide an indication of likely growth based on previous trends. Meanwhile, non-standard industrial classification can identify complex sectors such as the visitor economy and the bioeconomy.

This analysis along with local intelligence of key assets in the LEP area have identified the following sectors as key to economic growth:

Health and social care

- Employing 66,300 LEP residents or **1 in every 8 people**, health care is an important part of the LEPs economy.
- The sector contributes around **£2 billion of GVA output** to the economy each year[12]
- Between 2014 and 2022, over **a third of the workforce in the Health sector will retire**[13]
- This LEP will see its retired population rise from 23% of the population to 31% of the population in the next two decades which raises both opportunities and risks in both private and public sector health and social care provision

Tourism

- Although not an official industrial sector in the statistics, tourism is a vital part of the LEP's economy and supports the retail, accommodation and food and recreation sectors which contribute £2.5 billion[12] to the economy (though it's not easy to determine how much of this is through tourism

Estimates from ONS "tourism atlas[14]"	York	North Yorkshire	East Riding
Total Jobs in Tourism (2011-2013 3 year average)	16,218	29,927	8,509
Total Jobs in tourism as a percentage of all jobs (2011-2013 3 year average)	13.7%	10.7%	7.6%
Number of Tourism Enterprises (2013)	1,010	3,390	1,215
% of all Enterprises in Tourism (2013)	12.4%	10.1%	8.7%
"Tourism Direct" GVA	£280 million	£600 million	£140 million

Table 13 – Tourism statistics

- There are some official statistics which aim to determine the value of tourism to our economy of which table 13 is a short summary

[12] Regional Econometric Model (Experian)
[13] Working Futures dataset (UKCES) (sub-regional data requires chancellors notice to access)
[14] Tourism Atlas (ONS)

- Employment in the Accommodation and food sector grew by a staggering 8,800 between 2013 and 2014 according to the Business Register and employment survey. This was growth of 19.3% and means the sector makes up 10.6% of all jobs in the LEP.

Agriculture

Agriculture is at the heart of our LEPs economy with over 8,000 farms and over 23,000 people employed on farms. In North Yorkshire, employment in farming is 5 times the national average. The sector is modelled to contribute £1.1 Billion to the economy in 2015.

Only 2 other LEPs (South East and new Anglia) have larger agricultural sectors in terms of volume of GVA output and in only 1 other LEP (The Marches) does the sector make up a higher proportion of the total economy.

Manufacturing (food)

35% of the employment in manufacturing in the LEP is supported by the hundreds of businesses that process the raw materials from the agricultural industry into the food products that we eat and drink every day. Some key stats to evidence why this sector is important to our economy are as follows:
The sector's value was modeled at £927m for 2015. This is 4.4% of the total economic output for the area.

- 4.4% is a share of the economy larger than 37 out of the 38 other LEPs
- Global corporations such as McCain's in Scarborough and Nestle in York employ thousands of our residents and on top of this, locally based manufactures have grown in to substantially sized businesses. The top 5 food businesses based in the LEP have over £2 billion turnover.
- Between 2012 and 2013 employment in the sector grew by 9%
- In our LEP 3% of the working age population is employed in the sector (14,337 people) whilst in England only 1.3% of people are employed in the sector

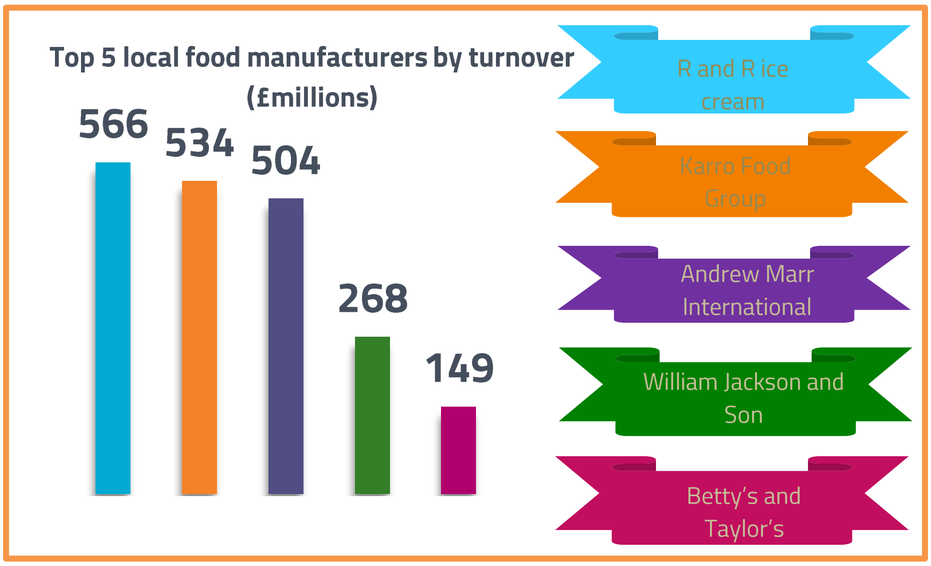


Figure 11 - Top 5 local food manufacturers by turnover

Manufacturing (high value)

Other manufacturing in the LEP (non-food and drink) employs over 32,000 people and totals around £2billion of economic output.[15]. Whilst global competition has put strain on the manufacturing industry in the UK and the LEP, innovative, high value, world leading products are key to economic growth in the sector. Large companies such as Croda International (chemicals) have turnover in excess of £1billion and Fenner PLC (polymer-based products) employ thousands of people.

Construction

The construction industry employs over 23,000 LEP residents and is modelled at £1.5 billion of GVA.

Serverfield PLC based in Thirsk is the largest structural steel specialist in the UK with buildings such as The Shard, the Olympic stadium and the Tate Modern on its growing list of famous projects. Persimmons PLC is the LEPs second largest company with turnover of over £2.5 billion and a workforce of 3,453 people. The Shepherd building group employs 3,235 people and has turnover of £686 million.

The significant demand for housing that exists in the UK provides an opportunity for growth in the construction industry .The sector is modelled to grow by 4% per annum over the next 10 years in the LEP which would make it our fastest growing sector.

Energy

Drax has turnover of £2.8 billion and employs 1,324 people. Eggborough power station employs 307 people has turnover of £660 million. The economies of the LEP and Selby have been modelled to recede by 1.4% and 20% respectively if these two stations were to close.

They make the Energy sector in Selby 5 times more specialist than the national average.

Renewable energy is a particular specialism in our area with Selby on its own contributing 22% of England's entire renewable energy generation in 2014.[16]

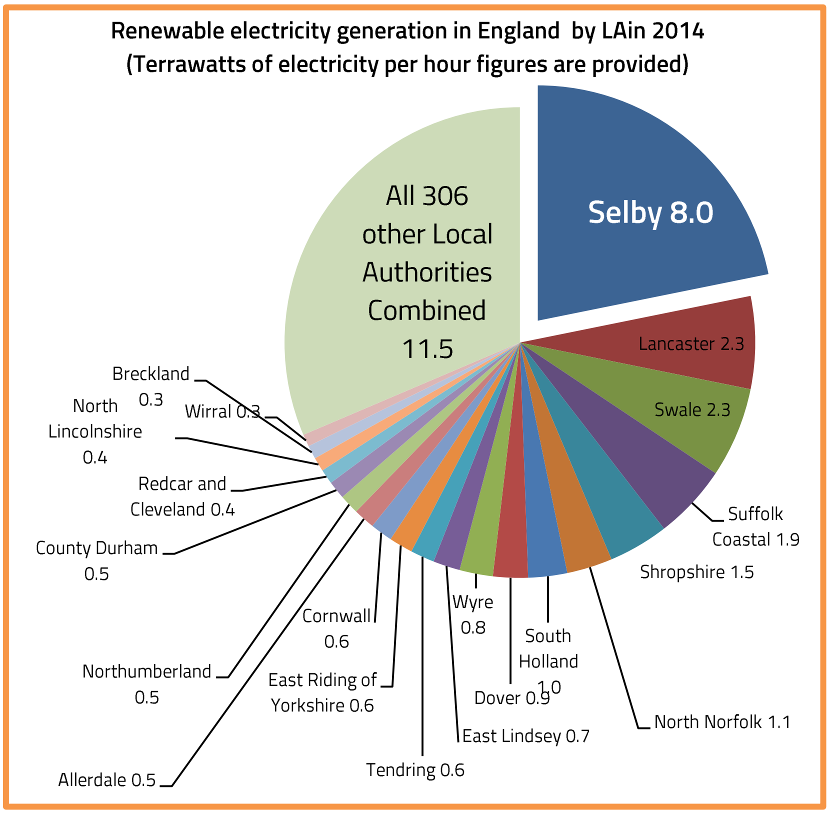


Figure 12 – Renewable energy in the UK in 2014

[15] Regional econometric model (Experian)
[16] Regional renewable statistics (Department for Energy and Climate change)

The knowledge-based economy

Economies are increasingly based on knowledge and information. Knowledge is now recognised as a key driver of productivity and economic growth, leading to a new focus on the role of information, technology and learning in economic performance.

- The education sector employs 43,900 LEP residents (8.5%) whilst scientific research and development employs an additional 3,500 (0.7%)
- Key assets include University of York and York St John University, FERA and the Biorenewables development centre
- Employment in scientific research and development has risen by over a third between 2009-2014 compared to a rise of just 0.3% nationally.
- Scientific research and development is in the top 10 most specialist '2 digit' sectors in the LEP with a local quotient of 1.7

Bioeconomy

The bioeconomy is less of a sector and more of a multi-sector movement away from finite resources to biological resources utilising technology and innovation.

There will be an increasing demand for food and energy and other products in the region, the country and the world over the coming decades. This will come at a time where use of fossil fuels and their bi-products will decrease due to agreed targets to cut CO2 emissions and declining reserves of natural gas and oil.

Technological advances are the key to meeting the demand which inevitably will be left by the forced reduction in fossil fuel use. The economic value of being at the forefront of those technological advances are what this LEP has identified as a key growth opportunity.

Many of the sectors which are specialist in York, North Yorkshire and East Riding are wholly if not partly based around biological resources. These include but are not limited to agriculture, forestry, fishing, the manufacture of paper, wood, wood products, food, beverages, chemicals, textiles and pharmaceuticals.

The LEP also has specialism in scientific research and development with key assets such as the Food and Environment Research agency which provides scientific solutions, advice and evidence which supports and can grow the agricultural and food manufacturing industries.

The bio-renewable development centre can help businesses from a range of sectors research and develop renewable alternatives to fossil fuel reliant products and research and develop income generating bi-products from agricultural and industrial waste.

7. Innovationand Exports

Innovation and Exports

Regional Trade[17]

The Yorkshire and Humber region exported £17.0 billion worth of goods in the year ending September 2015 whilst importing goods worth £22.1 billion. This gave the region a trade deficit of £5.1billion. Which is its largest since regional trade statistic began. A strong pound is partly responsible combined with a slowdown in key markets.

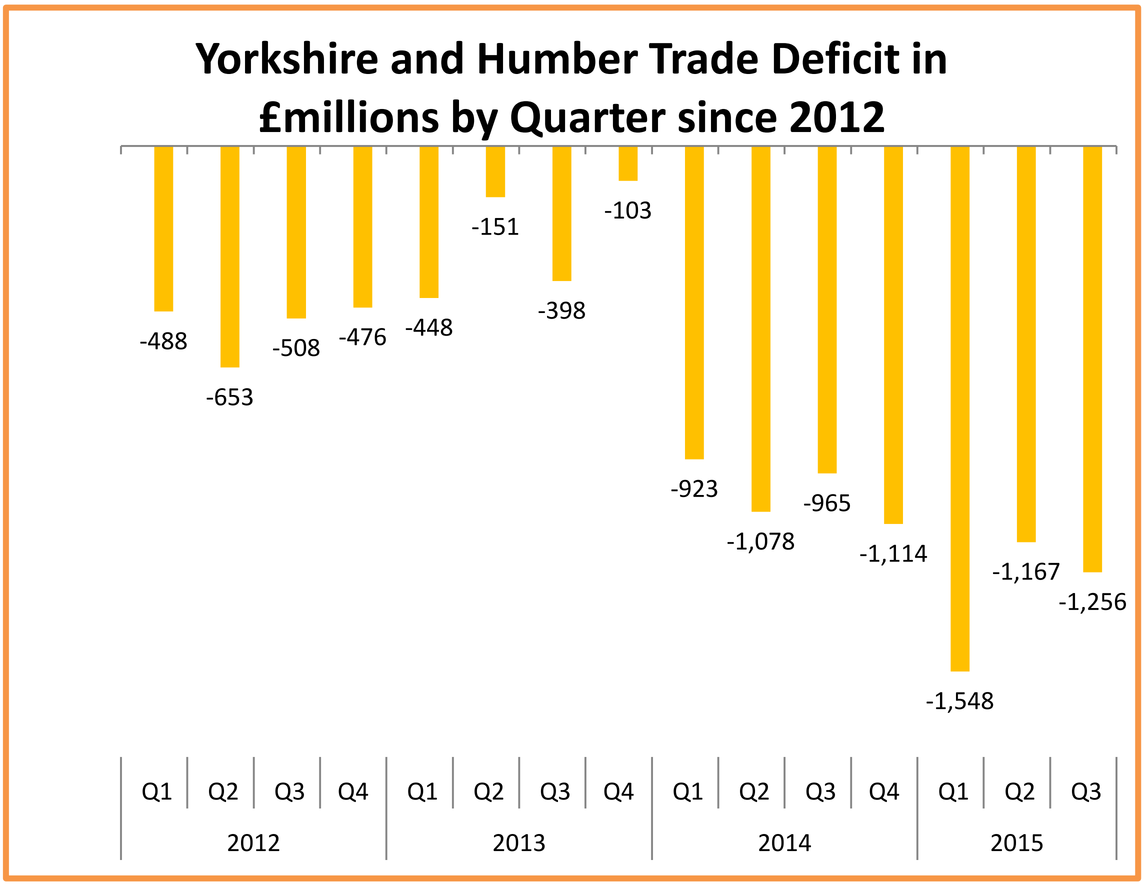


Figure 13 –Value of exports minus value of imports in Yorkshire and Humber

"Food and live animals" (a trade type concentrated in North Yorkshire and East Riding) had exports valued at £3.0 billion in 2014. This was down from £3.4 billion in 2013.

The EU is the destination for 49% of all Yorkshire and Humber exports and 53% of all imports. North America is the next largest market making up 26% of imports and 22% of exports.

In order to reduce the trade deficit businesses need to be innovative and much of this involves research and development of new internationally competitive products and services

[17] HMRC Regional Trade Statistics

.Local Innovation

The York, North Yorkshire and East Riding LEP area has relatively low l evels of Innovation, being scored 40th out of 45 local economic areas in a recent study[18]This piece of research suggests that only 13% of firms in the LEP area undertake Research and Development.

The ability to successfully introduce new or improved products and services is a key aspect of firms' innovation capability. Previous research studies have strongly linked new product innovation to both growth and productivity improvements. This metric measures the percentage of enterprises in each locality introducing either a new or significantly improved product or service during the three year period from 2010 to 2012. The higher the metric the more firms in any locality are engaging with innovation with its potential growth and productivity benefits.

Only 12% of businesses in York, North Yorkshire and East Riding introduced either a new or significantly improved product or service between 2010 and 2012, the lowest of 39 LEPs.

LEP Area	% of firms undertaking R&D
Oxfordshire LEP	28
Greater Cambridge &	26
Northamptonshire	22
Leicester and Leicestershire	21
Black Country	20
Enterprise M3	20
Swindon and Wiltshire	20
Coventry and Warwickshire	19
Liverpool City Region	19
South East Midlands	19
Cheshire and Warrington	18
Dorset	18
Heart of the South West	18
Lancashire	18
Thames Valley Berkshire	18
Coast to Capital	17
Derby, Derbyshire, Nottingham,	17
Leeds City Region	17
Sheffield City Region	17
Greater Manchester	16
Hertfordshire	16
London	16
North Eastern	16
Solent	16
South East	15
Buckinghamshire Thames Valley	14
Greater Birmingham and Solihull	14
The Marches	14
Worcestershire	14
Cornwall and the Isles of Scilly	13
Humber	13
York and North Yorkshire	13
Cumbria	12
New Anglia	12
Stoke-on-Trent and	12
West of England	10
Greater Lincolnshire	8

Table 14- Percentage of firms undertaking research and development

[18] "Benchmarking local innovation" (Enterprise Research Centre)

8. Skills and Employment

Skills and Employment

The York, North Yorkshire and East riding LEP area is characterised by high skills and low unemployment. There are however pockets of deprivation, high unemployment and low skills towards the coast and in some of our main towns.

Skills

38 of our 620 (middle) output areas are within the 10% most deprived in the country for the skills domain of the index of multiple deprivation[19][20]. The skills domain is based on a number of indicators including key stage 2 and 4 attainment, those staying on in education post 16, entry to higher education, adult skills and English language proficiency.

The map shows the distribution of skills deprivation across the LEP. Our main coastal towns have the lowest skill levels with areas such as Harrogate, York and Craven containing some of the highest skill levels in the country. The LEP is ranked 7th least deprived for education, skills and training out of 39 LEP areas and the least deprived in the North of England.

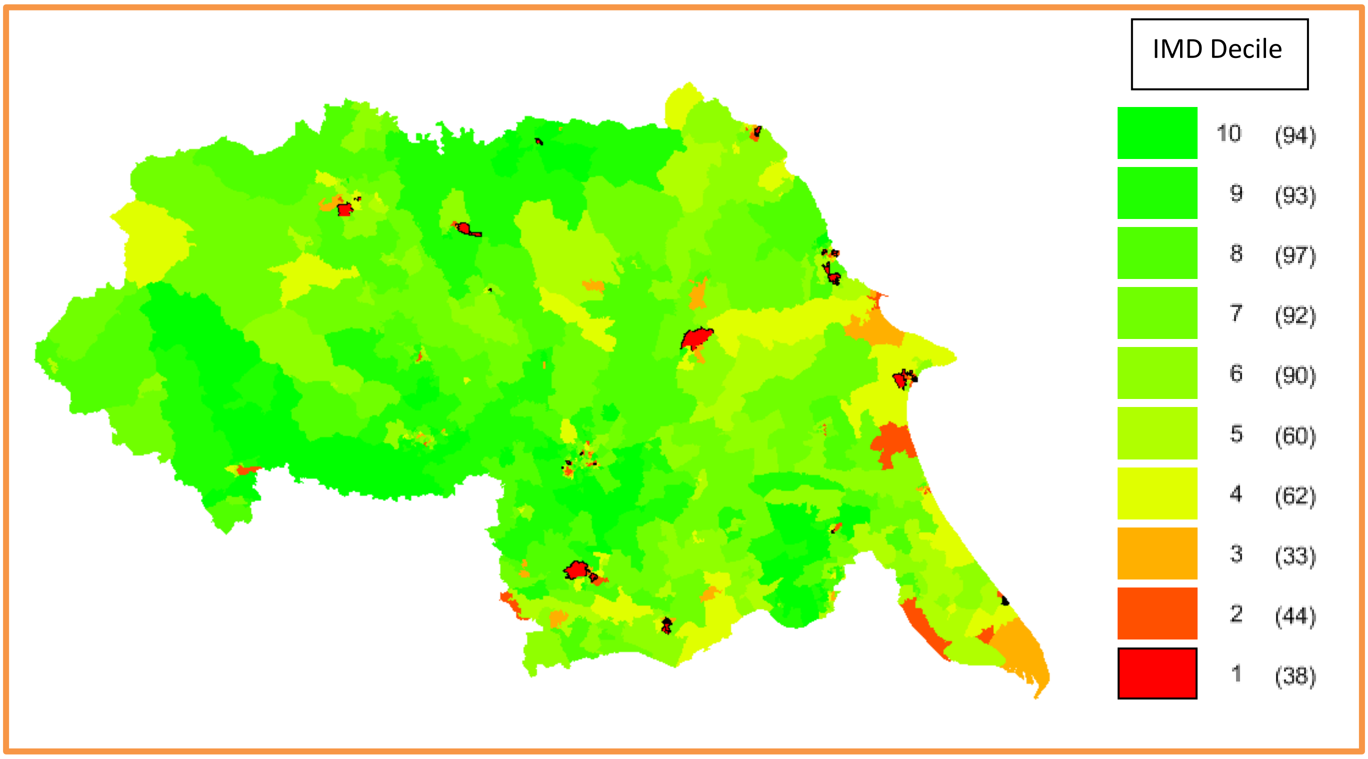


Figure 14 - Skills deprivation in York, North Yorkshire and East Riding (IMD 2015)

[19] English indices of deprivation 2015 (DCLG)
[20] Click for detailed analysis of the index of multiple deprivation for the LEP and its districts

Qualifications[21]

- The LEP area's working-age population is better qualified than across the UK. In 2014, 39.6 per cent of the LEP area's working-age residents had at least a degree-level qualification (Level 4+), above the England average of 35.8 per cent.

- While 75.7 per cent of the population were qualified to at least high-grade GCSE level (Level 2+), this was higher than the UK average of 73.1 per cent. At the lower end of the scale, the LEP area has a smaller percentage of people with low qualifications and those without any make up 6.9% of LEP residents compared to 9.0% of UK residents.

- The York, North Yorkshire and East Riding LEP area's qualifications profile is better than the majority of LEPs. For the year ending Dec 2014 York, North Yorkshire and East riding had the 11th highest rate of residents qualified to degree level and the 14th lowest rate of residents with no qualifications out of the 39 LEP areas.
- 9 out of the 10 LEPs with a higher rate of level 4 qualified residents and all 13 of the LEPs with a lower rate of unqualified residents are in the South of England.

- 60.2% of GCSE pupils in the LEP in 2013/14 achieved 5 A* to C including English and Maths. This compares favourable to 56.8% in England.

- The proportion of the working aged population with an NVQ level4+ qualification fell in the Annual Population Survey for the first time in nearly 10 years suggesting we could be losing some of our skilled residents.

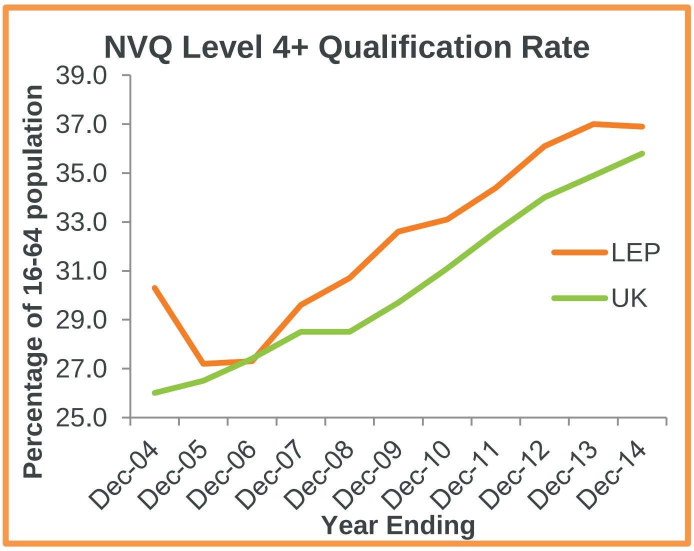


Figure 15 - NVQ Level 4 rate in the LEP and UK

Employment[22]

- Employment in the LEP remains higher than nationally in all districts except Scarborough
- The both the LEP and the UK employment rate dipped between 2008 and 2011
- Both the LEP and the UK's employment rate have recovered and exceeded pre-recession levels

[21] Annual Population Survey year ending December 2014 (Nomis)
[22] Annual population survey year ending June 2014 (Nomis)

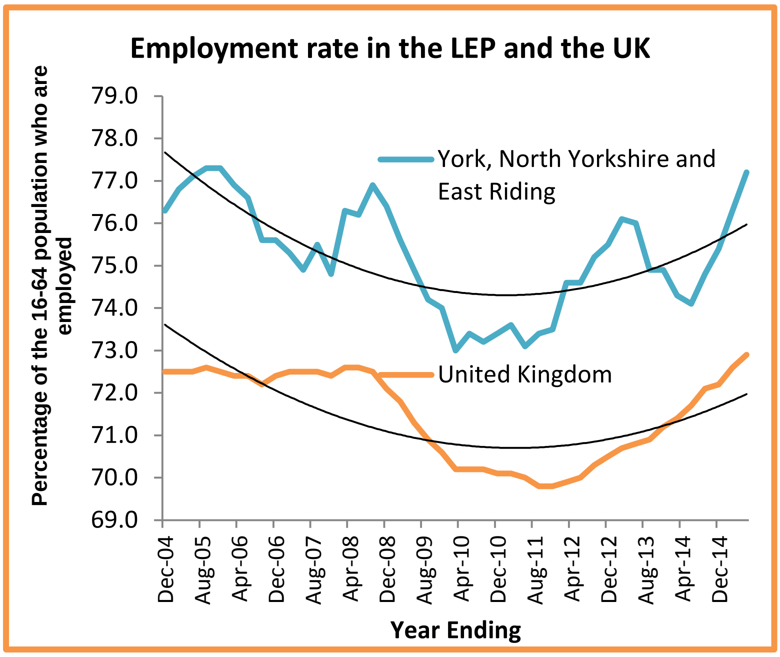


Figure 16 - Employment rate in the LEP and the UK

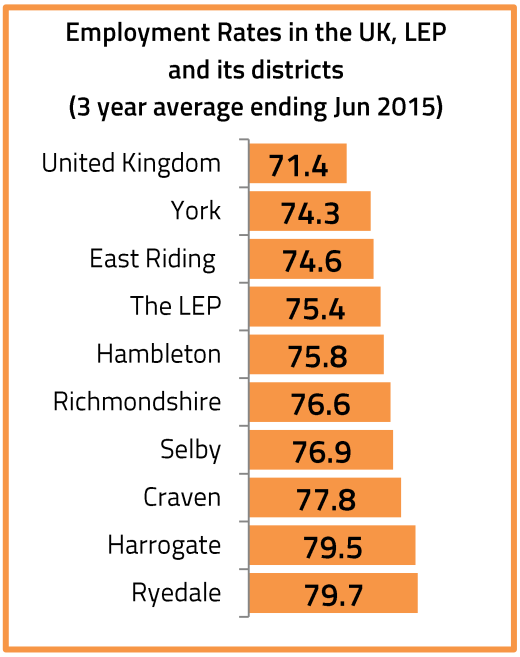


Figure 17 - Employment rate in the LEP and its districts

Economic activity

Those who have not been actively seeking work prior to the annual population survey for reasons such as being a student, looking after the family home, being retired or being ill (both long and short term) are classed as economically inactive.

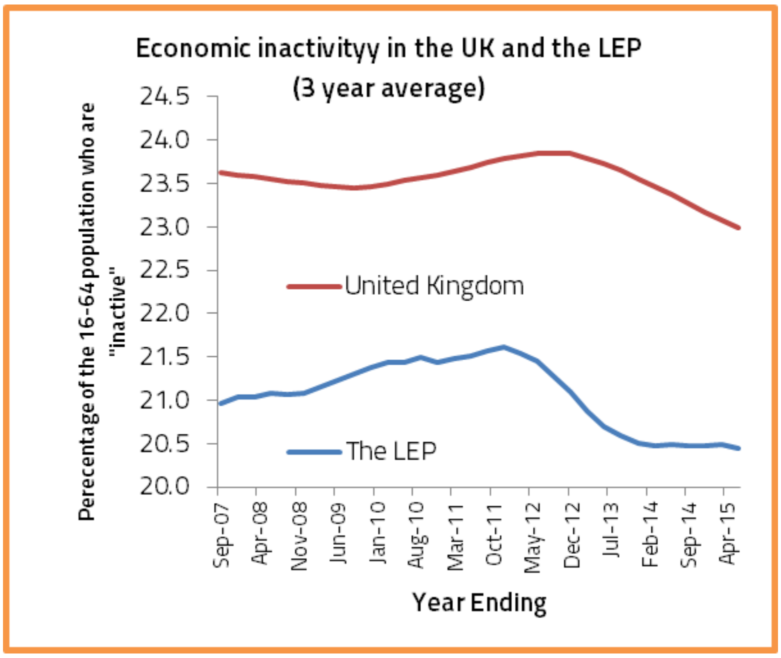


Figure 18 - Economic inactivity in the UK and the LEP

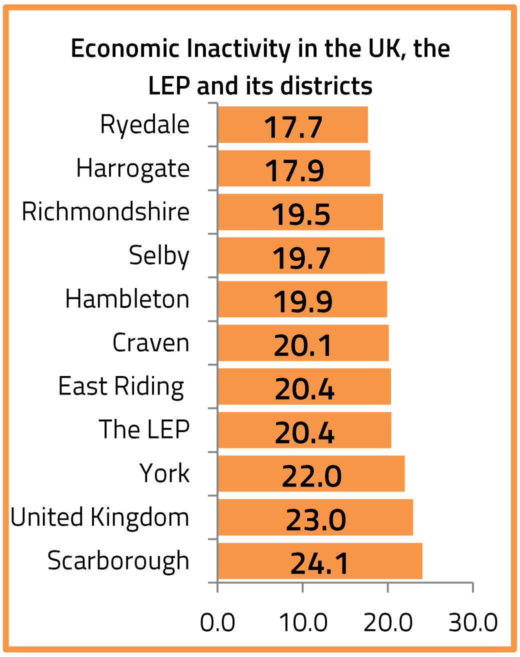


Figure 19 - Economic inactivity in the LEP and its districts (3 year average ending June 2015)

- The LEP has a lower rate of economic inactivity than the UK
- Inactivity is highest in Scarborough, the only district with a rate higher than the UK
- Inactivity rose between 2007 and 2012 and then fell to a level lower than before the 2008 financial crisis
- There are currently 137,200 people who are economically inactive in the LEP which is 19.8% of the working age population
- Of these people, 23% are students, 21.6% look after family/home 20.7% are retired and 20.1% have a long-term illness.
- When asked, 20.9% of economically inactive survey respondents stated they wanted a job which means an estimation of 28,700 people in the LEP area not in work who want to be yet aren't classed as unemployed.

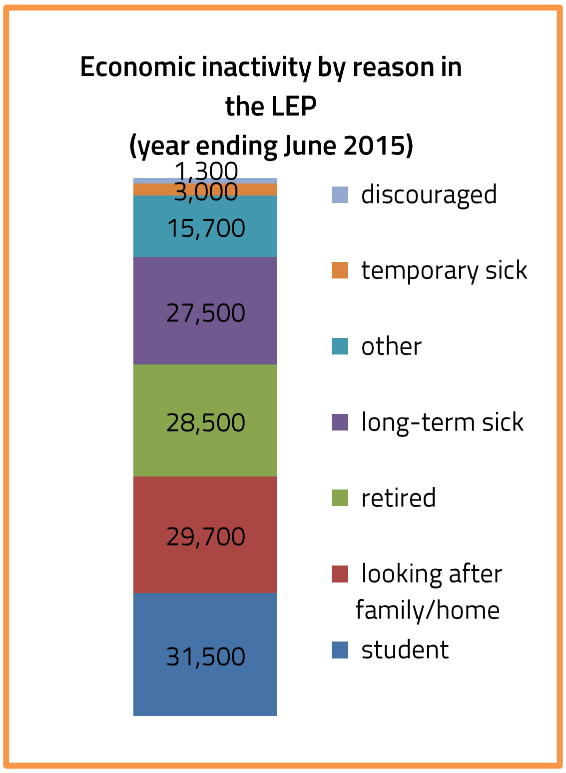


Figure 20 - Reasons for economic activity (year ending June 2015)

Unemployment

- The Annual Population Survey estimates there are currently 21,900 unemployed people in York, North Yorkshire and East Riding.

- The 2008 financial crisis saw unemployment rise across all age groups but those aged 16-24 saw the largest increase in unemployment from an already high base.

- 2.8% of those aged 35-65 are unemployed[23]

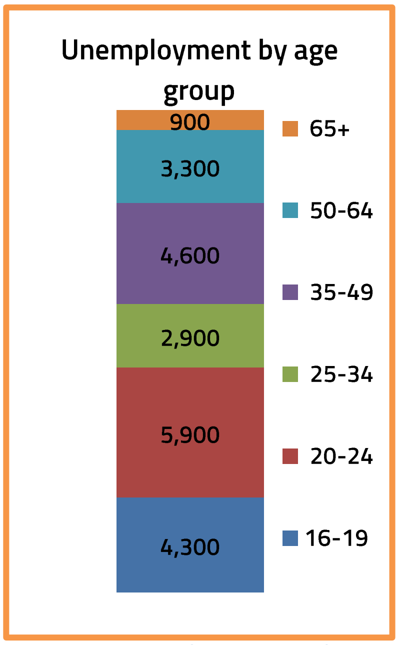


Figure 21 - Unemployment rate by age group (year ending June 2015)

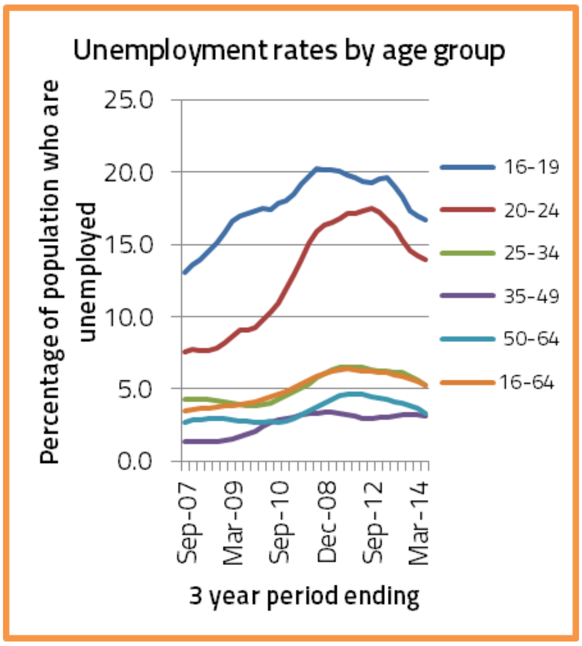


Figure 22- Time series of unemployment rates by age group

- 14.1% of 16-19 year olds and 11.2% of 20-24 year olds are unemployed and actively seeking work

[23] Annual population survey year ending June 2015 (Average of last 4 quarters)

Barriers to high levels of skills and employment

There are three main groups of barriers that, if addressed effectively, will result in higher rates of skills and employment in our area. Many of these barriers have been identified nationally as key obstacles to higher skills and economic growth however in many cases they are particularly relevant to the York, North Yorkshire and East Riding population due to its demography and economic structure.

Barriers involving Young people – Barriers include:

- A lack opportunities to experience and understand potential careers
- Lack of readiness for work
- Mismatch between what young people want to study and what jobs are available
- Lack of the skills and knowledge that are in demand
- Lack of access to work due to rurality and poor transport
- Outward migration of skilled young people to higher wage areas
- Outward migration of skilled young people to areas with more graduate opportunities such as places with larger financial, insurance and I.T. sectors
- current gender differences in industries that prevent ambitions

Barriers involving the upskilling of people in work – Barriers include

- Retirement of skilled workers outpacing upskilling and supply of skills.
- Seasonal, low skilled and part time employment economy
- Small business economy where training is limited by a lack of time, money, knowledge or attitude of business owners
- Current gender differences in industries that prevent ambitions

Barriers involving those currently not in work - Barriers include

- Exclusion due to Physical health problems
- Exclusion due to Depression, anxiety and other mental health problems
- Exclusion due to lack of skills
- Exclusion due to lack of transport access
- Debt
- Loneliness

The following three tables explore these themes and provide a relevant statistics to evidence the nature of the issues in our LEP.

Young People

Barriers involving Young people	Statistics
The number of young people in the LEP is falling	The age group 25-35 is 22.3% smaller in the LEP than the UK and as a result there are 19.4% fewer 0-4 year olds as a percentage of the population[24]
A lack opportunities to experience and understand potential careers	Only 32% of establishments surveyed in 2014 had someone on work experience and only 13% on "work inspiration", the bottom third of the 39 LEPs.[25]
Lack of readiness for work	28% of establishments who recruited a school leaver in the last 2-3 years reported they were poorly or very poorly prepared for work (compared to 36% nationally)[26]
Mistmatch between what young people want to study and what jobs are available	In our area, the hospitality industry which employs over 23% of the workforce was being considered by only 2% of young people. Conversely over 20% of young people expressed an interest in culture, media and sport, a sector which has less than 3% of jobs.
Lack of access to work due to rurality and poor transport	North Yorkshire is ranked lowest out of all local authorities in England by the Department for Transport in the quality of its access to key services and work. Half the national average.[27]
Lack of access to higher education due to rurality.	There were 8,130 entrants in higher education across 3 higher education institutions and 6 further education providers across the LEP of which 77% were in York and York St John University[28]. This means there is one higher education institution for every 3,573 km square of land. This compares to one in every 68 km square of London. So in essence higher education is 53 times more concentrated in London than in our LEP.
Outward migration of skilled young people to higher wage areas	The ratio of the lowest quarter of wages to the lowest quarter of housing is 9 in Richmondshire compared to less than 5 in neighbouring county Durham[29]. In Richmondshire every age group under the age of 45 saw net migration outwards between 2013 and 2014.
Outward migration of skilled young people to areas with more graduate opportunities	Employment in I.T. and Finance/Insurance sectors is around half the national rate[30]
Current gender differences in what younger people study	In 2013/14 92% of learners aged 16-24 who started education and training courses in the Engineering and Manufacturing sector were male. In the Health, public services and care sector 71% were female.94% of those studying Construction, Planning and the Built Environment were male[31]
These barriers contribute to recruitment struggles for local businesses	15% of businesses in the LEP reported "skills gaps" or "skills shortage vacancies" (where businesses cannot find recruits with the skills required)[19]

Table 15 - Barriers to higher skill and employment levels that face young people and associated statistics

[24] Mid-2014 population estimates
[25] Employer Perspectives Survey (2014) (UKCES)
[26] Employer Skills Survey (2013) (UKCES)
[27] Households with good access to key services and work (Department for Transport)
[28] Higher Education funding for England (HEFCA)
[29] Affordable Housing Supply (DCLG)
[30] Business Register and Employment Survey
[31] Further Education Data Library 2014/15 (Skills funding agency)

People in work

Barriers involving the upskilling of people in work	Statistics
Retirement of skilled workers outpacing upskilling and supply of skills. **(The need to upskill the existing workforce is particularly acute in the LEP due to the large proportion of the working age population due to retire in the near future)**	By 2022 levels of employment in the LEP are forecast to increase by 21,000 and on top of this 27% of the current population will retire meaning a further 152,000 jobs need to be filled[32]. Many of these are in skilled roles with 15,000 corporate managers and directors required a third of which are due to expansion alone. Other requirements by 2022 include 9,000 other managers and proprietors, 12,000 Professionals (degree level) in business, media and public service, 8,000 Teaching professionals, 9,000 Science, research, engineering and technology professionals, 9,000 Health professionals and 20,000 caring and personal service occupations.
Not enough people receiving in work training	When surveyed around 10% of LEP resident's state they have received job related training in the previous 4 weeks and around 20% within the last 13 weeks. This is in line with national averages.[33]
Seasonal, low skilled and part time employment economy	36.5% of jobs are part time in the LEP compared to 31.7% nationally[26]. "Elementary occupations" are seen as those with the lowest skill requirements. In England 10.8% of jobs fall into this category but in areas such as Richmondshire around 20% of all jobs are in this category. Scarborough and Ryedale have the most seasonal employment in the LEP with JSA claimant rates sometimes up to 50% higher in the winter months than the summer months.[34]
Small business economy where training is limited by a lack of time, money, knowledge or attitude of business owners	17% business in the LEP cited lack of their own time to organise training, 47% cited not being able to spare their staff's time and 57% reported not having the funds to afford the available training as barriers to upskilling their workforce[35]
Current gender differences in industries that prevent ambitions	Public administration, health and Education make up 45% of all female employment compared to just 18.9% of Males. Only 1.9% of females are employed in the Construction Industry compared to 12.1% of males.[26]

Table 16 - Barriers that limit the upskilling of the existing workforce and associated statistics

[32] Working Futures dataset (UKCES) (sub-regional require chancellors notice to access)
[33] Annual population survey year ending June 2015 (NOMIS)
[34] JSA Claimant Count (NOMIS)
[35] Employer Skills Survey (2013) UKCES

People not in work

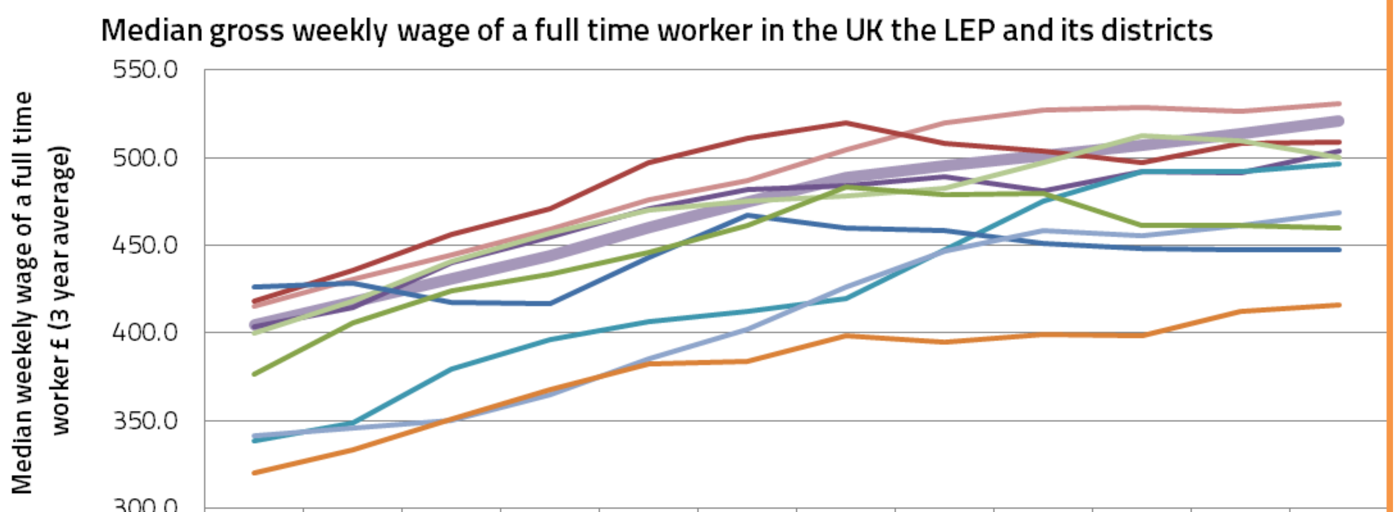
Barriers involving those currently not in work	Statistic
Exclusion due to Physical health problems	There are 27,500 people in the LEP economically inactive due to long term sickness[36]
Exclusion due to Depression, anxiety and other mental health problems	5.7% of people in Scarborough and Ryedale NHS area reported a long term mental health problem compared to 4.5% in England.[37] 44% of ESA Claimants (13,500 people) claim for mental and behavioural disorders. 1,400 of these are aged 18-24[38]
Exclusion due to lack of skills	Nationally the employment rate for those without qualifications is 48.5% compared to 73.8% for those whose highest qualification is 1-4 GCSEs. This rises to 78.3% for those with 5+ GCSEs, 80/7% for those with apprenticeships, 83.5% for people with 2+ A levels and 85.3% for those with a degree or above. Wages also increase with qualification levels.
Exclusion due to lack of transport access	North Yorkshire is ranked lowest out of all local authorities in England by the Department for Transport in the quality of its access to key services and work. Half the national average.[39]
Debt	Nationally 1,546 clients were surveyed by step change and 47% of respondents said they had visited their GP as a result of mental or physical health problems caused by their debts[40]
Loneliness	32.3% of pensioners in York live alone with 30% of pensioners in North Yorkshire and 27.3% of pensioners in East Riding living alone.[41] This is lower than nationally as in our area the rates of divorce among older people are relatively low (with the exception of Scarborough)

Table 17 - Barriers associated with those who are currently out of work and associated statistics

[36] Annual Population Survey year ending June 2015 (NOMIS)
[37] Health profiles interactive data tool (Public Health England)
[38] ESA claimants by condition (DWP)
[39] Households with good access to key services and work (Department for Transport)
[40] UK Personal debt statistics and trends (StepChange)
[41] Public health data interactive mapping tool (Public health England)

Earnings[42]

In published reports, median earnings rather than the mean will generally be used. The median is the value below which 50% of employees fall. It is preferred over the mean for earnings data as it is influenced less by extreme values and because of the skewed distribution of earnings data. 3 year averages are provided here to improve the accuracy of the data



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Selby	415.0	430.5	444.3	459.3	475.7	487.3	504.7	520.0	527.1	528.8	526.7	531.3
United Kingdom	404.7	418.1	431.3	444.1	460.1	475.1	488.7	495.1	501.0	507.3	513.8	521.0
East Riding	418.1	435.4	456.5	471.2	497.1	511.1	520.1	508.1	503.8	497.6	508.6	509.3
Harrogate	403.5	414.9	440.2	455.0	470.7	482.1	484.1	489.1	480.9	492.1	491.2	503.9
York	399.8	418.2	440.6	456.9	470.4	475.3	478.5	482.8	497.5	512.4	509.4	500.4
Richmondshire	338.8	348.4	379.3	396.3	406.4	412.4	419.9	447.7	475.2	492.0	491.9	496.2
Craven	426.3	428.2	417.5	416.5	443.4	467.2	460.3	458.3	451.0	447.9	447.4	447.4
Scarborough	341.5	345.8	350.0	365.1	385.4	401.8	426.1	447.0	458.4	455.4	461.1	468.9
Hambleton	376.7	406.1	423.9	433.8	445.8	461.1	483.2	479.1	480.0	461.1	461.1	459.6
Ryedale	320.2	333.2	351.2	367.4	382.4	383.8	398.5	394.6	399.5	398.1	412.2	416.3

Figure 23- ASHE 2015 - Gross median weekly wage of a full time worker in the UK, LEP and its districts 2004 -2015 (resident analysis)

Key points are:

Wages vary across the LEP with the Selby (the only district with wages higher than the national average) having a median wage of £531.

- The median wage in Selby is £115 more than in Ryedale which has the lowest wages of the LEP districts
- East Riding had the highest median wage of all the LEP districts until falling in between 2011 and 2013 to below the national average where it remains.
- Wage growth over the last 10 years has been strongest in Richmondshire with median wages increasing by 42% in the last 10 years. Scarborough has also seen its median wage rise faster than nationally with 36% growth. East ridings wages grew 17% between 2005 and 2015

[42] Annual survey of Hours and Earnings 2015 (ONS)

9. Housing

Housing

The LEP area is a very attractive place to live, with outstanding countryside and coast, the historic centres of York and Harrogate, and many delightful market towns. This creates pressure from commuters, retirees and second and holiday homes owners wishing to buy properties, and impacts on housing availability, communities, land prices and affordability. Reflecting that, the housing markets in the LEP area have remained strong despite the national economic downturn, with high house prices compared to regional and national comparators.

House prices[43]

House prices in the LEP vary. In East riding the average house price is only 72% of the national average. Growth is also the lowest here with just 1.3% annual growth.

Growth this year in North Yorkshire has also been slow with 2.6% annual growth compared to 5.3% nationally.

York has house prices higher than nationally and growing faster too with growth also outpacing the national trend. Its house price grew 8.2% since September 2014.

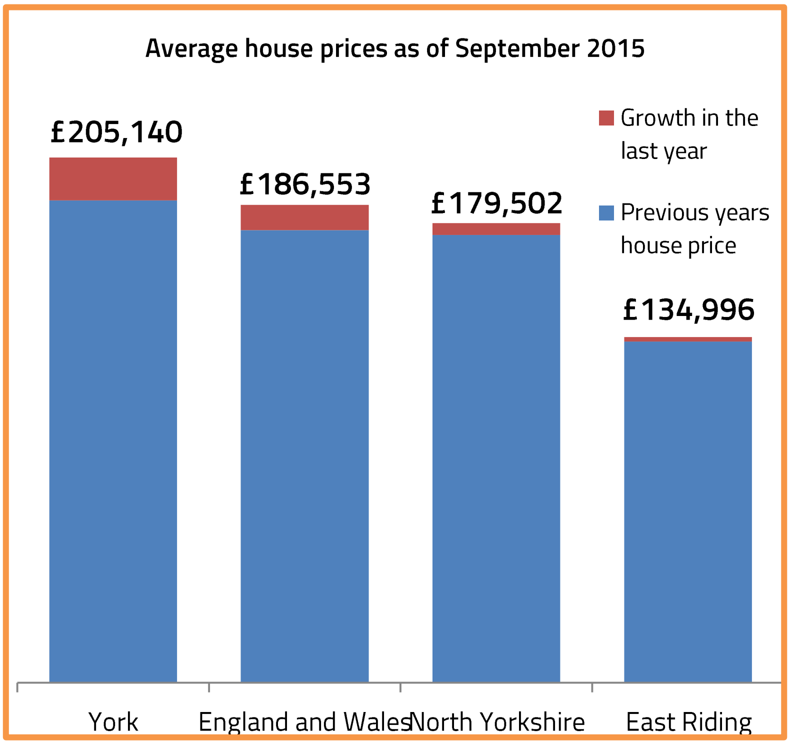


Figure 24- September 2015 average house prices

Table 18 shows 2014 house price by different dwelling types for the LEP's districts.[44] Within North Yorkshire there is a large variation in house prices with a detached property in Harrogate costing £142,500 more than in Scarborough and East Riding.

2014 median house prices	All dwelling types	Detached	Semi-detached	Terraced	Flats & Maisonettes
East Riding	£149,995	£220,000	£135,000	£113,500	£82,000
York	£194,000	£277,000	£194,000	£175,600	£145,000
Craven	£175,000	£320,000	£192,950	£140,000	£124,950
Hambleton	£210,000	£285,000	£175,000	£162,500	£120,000
Harrogate	£223,000	£362,250	£212,500	£179,950	£155,500
Richmondshire	£185,000	£238,000	£160,000	£173,500	£110,000
Ryedale	£185,000	£249,995	£157,500	£145,000	£130,500
Scarborough	£145,000	£220,000	£150,000	£124,950	£96,500
Selby	£162,500	£228,000	£143,500	£132,000	£83,950

Table 18 - Median house prices in 2015 for the 9 LEP district by dwelling type

[43] House Price Index (Land Registry)
[44] House price statistics for small areas (ONS)

Private rental prices[45]

There are large variations in the amount needed to rent a property in the LEP area. All districts except Harrogate have mean rent prices below the national average. When the median is taken to avoid extreme values skewing the figures, York joins Harrogate as having higher than national rental prices.

Like house prices, Scarborough and East Riding are the areas with the lowest rental prices. Scarborough average rental price of £456 is less than 60% of the national average

Location	Count of rents	Mean	Lower quartile	Median	Upper quartile
Harrogate	2,437	£810	£575	£695	£895
England	**493,599**	**£768**	**£475**	**£600**	**£850**
York	2,685	£761	£575	£675	£850
North Yorkshire	8,266	£622	£475	£550	£675
Hambleton	1,107	£604	£495	£550	£650
R'hire	996	£582	£495	£550	£650
Selby	641	£580	£480	£550	£650
Ryedale	627	£572	£475	£535	£625
Craven	613	£571	£475	£550	£625
East Riding	3,500	£491	£400	£475	£550
S'borough	1,845	£456	£368	£433	£542

Table 19 - Monthly rental prices for England, North Yorkshire and the 9 LEP districts

Affordability[46]

Comparing house prices in an area to the wages of its residents gives an indication of affordability.

The York, North Yorkshire and East Riding LEP, unlike many of its neighbouring areas, has areas with levels of affordability comparable to the South of England.

For lower earners the problem is particularly acute in our region. The least expensive 25% of houses in Richmondshire were 9 times higher than the salaries of the lowest 25% of earners. The highest in the North of England.

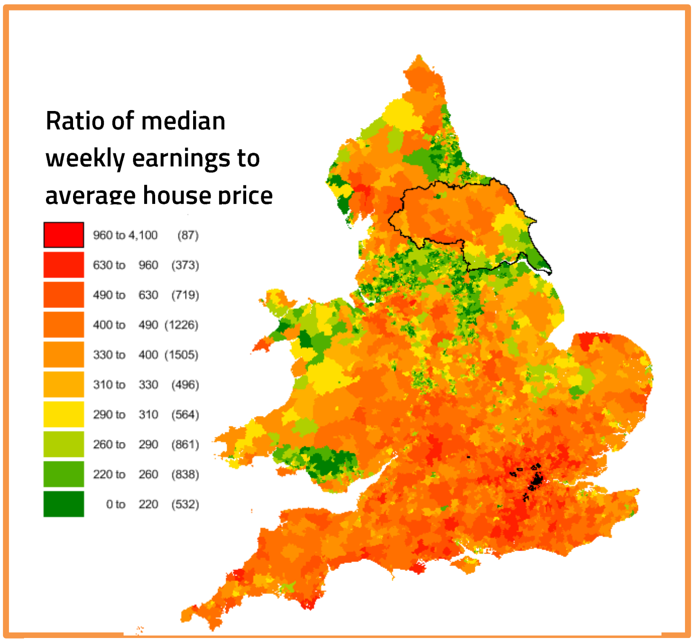


Figure 25 - House price affordability by super-middle output area in England and Wales

Hambleton and Harrogate have similar ratios to Richmondshire with lower quartile house prices 8.7 and 8.6 times higher than lower quartile earnings respectively. York was the next most affordable place to buy a house with a ratio of 7.9. This was followed by Ryedale and Craven (both 7.4), Selby (6.5), East Riding (6.1) and finally Scarborough with a ratio of 6.0 making it the most affordable place to live for the lowest 25% of earners.

[45] Private rental market statistics May 2015 (Valuation office agency)
[46] Small area model based income estimates 2011/12 (ONS)

Housing Quality[47]

Figure shows relative housing quality within the LEP. An indicator from the 2015 Index of multiple deprivation, the housing quality scores reveal low quality housing in rural areas. The indicator also reveals which parts of our main towns have older poorer, quality housing.

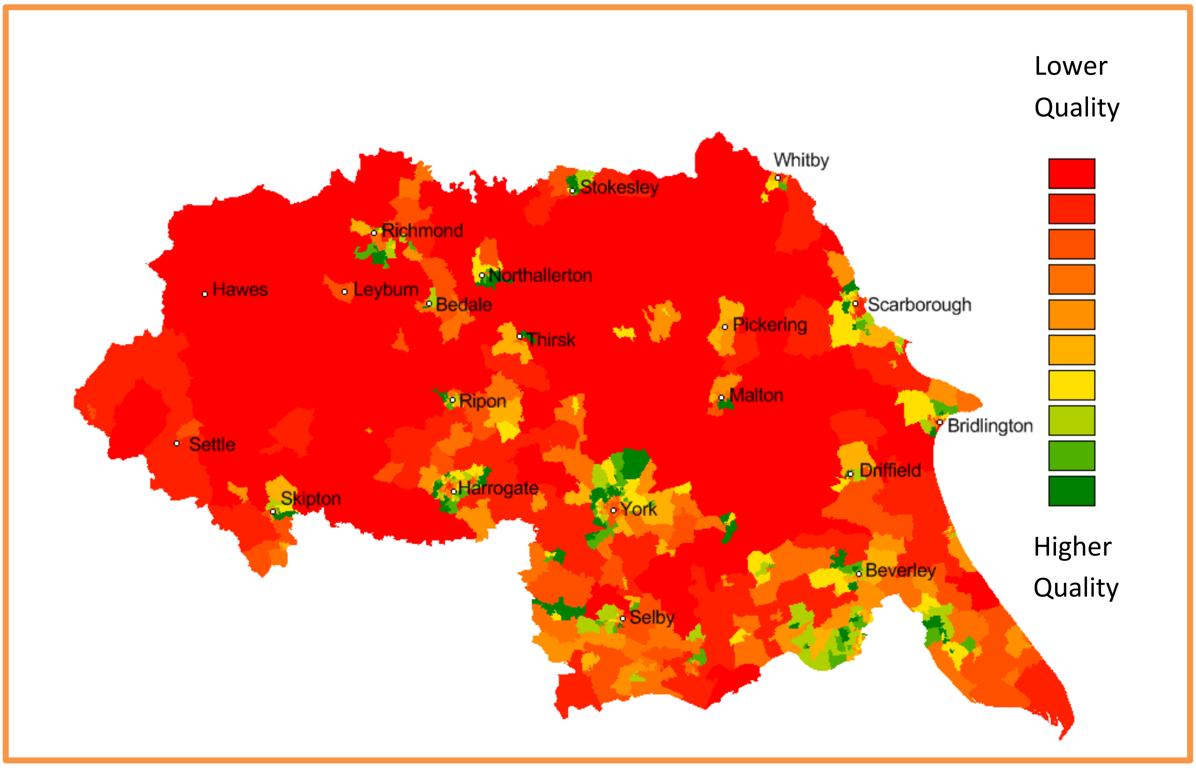


Figure 26 – Relative ousing quality in the LEP by lower super output area

Household Projections[48]

Household projections from the office for national statistics suggest that there will in 2015 there are 497,000 households in York, North Yorkshire and East Riding. If past trends continue then the LEP will see its number of households increase by 15% between 2012 and 2037. The pace of this growth would vary between the LEPs districts with Selby and York seeing the largest growth followed by East Riding.

Household projections are not an assessment of housing need or do not take account of future policies, they are an indication of the likely increase in households given the continuation of recent demographic trends

[47] English indices of deprivation 2015 (DCLG)
[48] 2012 based Household projections (DCLG)

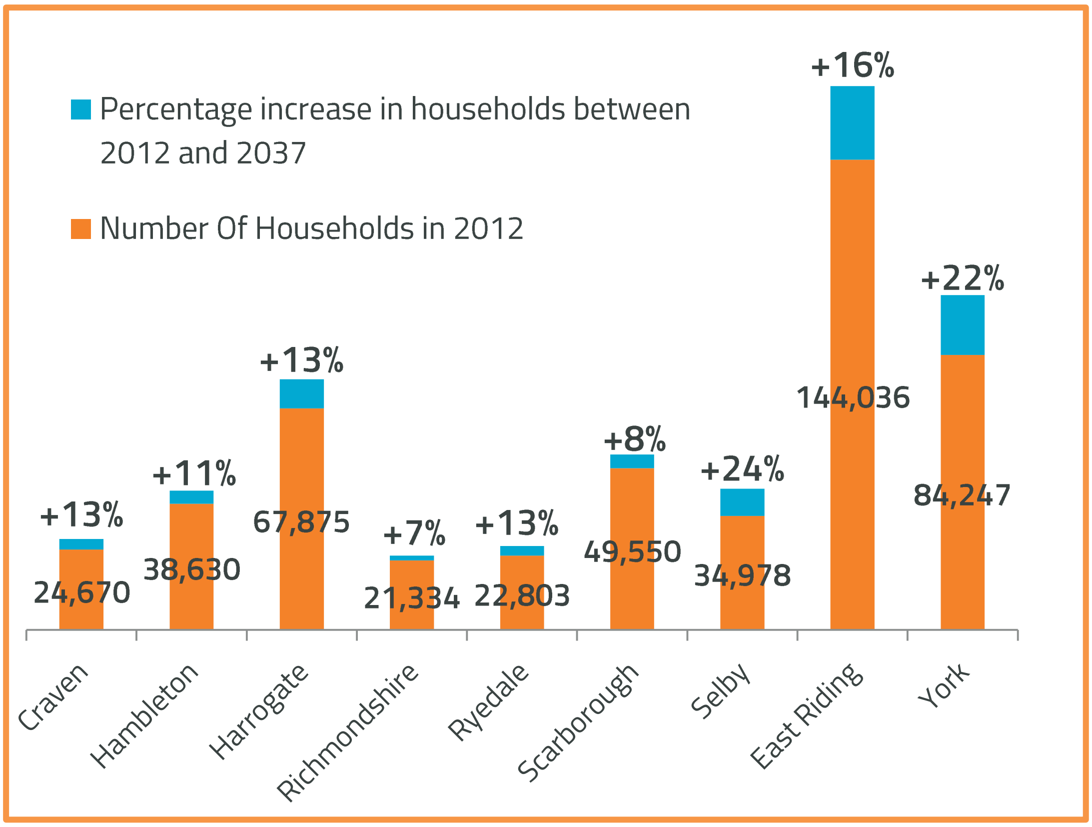


Figure 27 - 2012 based household projection for the 9 LEP districts

House Building and planning permissions[49]

Whilst house building has improved in recent years the level of house building is still short of what is needed to ensure economic sustainability for our area. The 3,523 houses completed in 2014/15 were still only 72% of the target of 4,902 outlined by Local Planning Authorities.

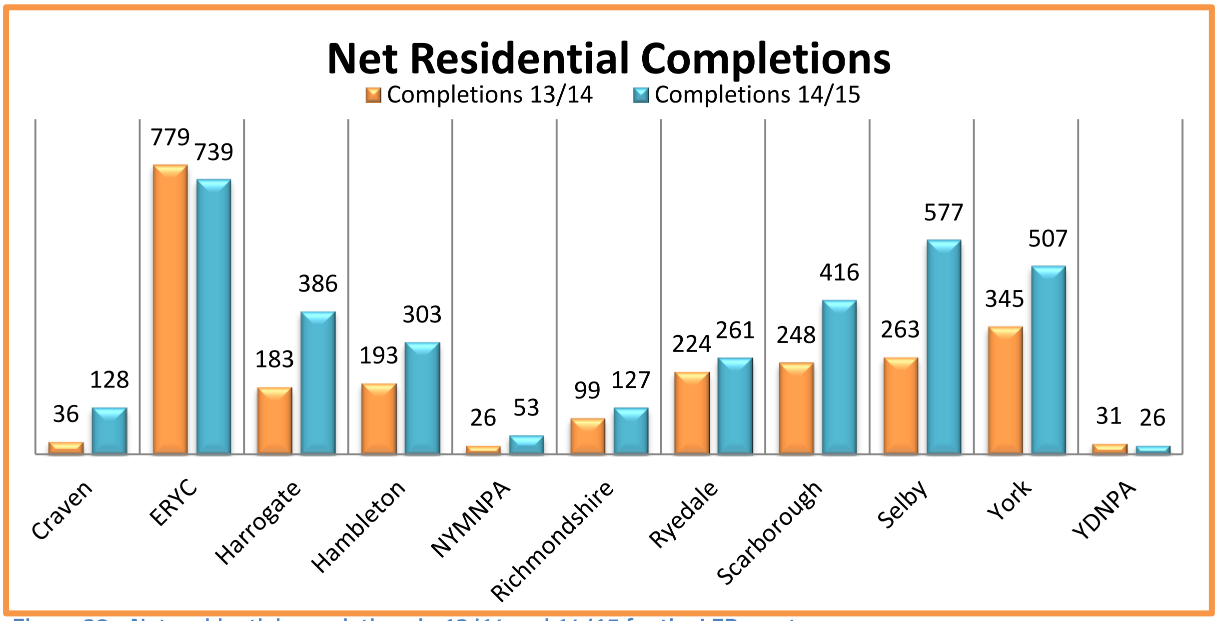


Figure 28 - Net residential completions in 13/14 and 14/15 for the LEPs partners

[49] Evidence supplied by LEP partner planning authorities to LEP housing board

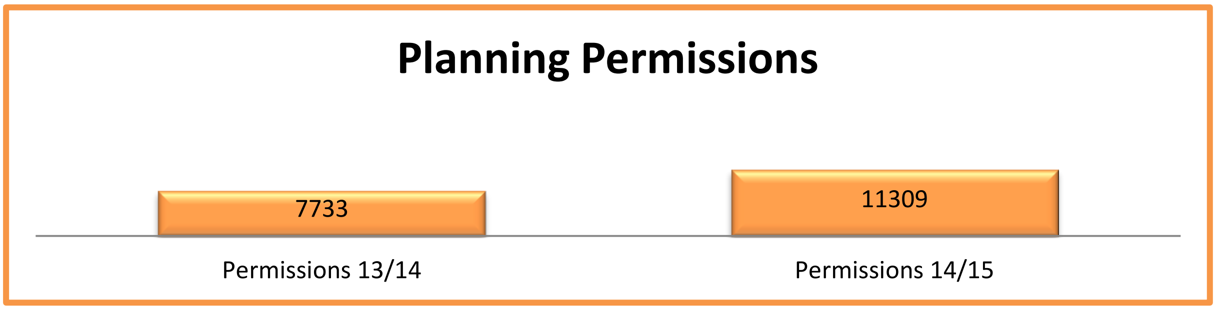


Figure 29 - Planning permissions granted in the LEP 13/14 and 14/15

Net Completions 14/15	LPA Annual Target	% of Target
3,523	***4,902***	**72%**

Table 20- Completions as a percentage of target

Barriers to House building[50]

Until this year, access to finance has consistently been cited as the most common barrier to increasing supply by Federation of Master Builders' members surveyed. This year 62% of surveyed builders cited access to finance as a barrier though "lack of available and viable land" was cited by 68% of respondents.

Although government schemes such as the "Builders Finance Fund" and "Housing Growth partnership" have made access to finance easier for small builders, major banks have remained highly reluctant to lend for small housing development projects.

This is particularly relevant to our York, North Yorkshire and East Riding as over half of the houses built in the last couple of years in our area have been on sites with less than 50 houses[51].

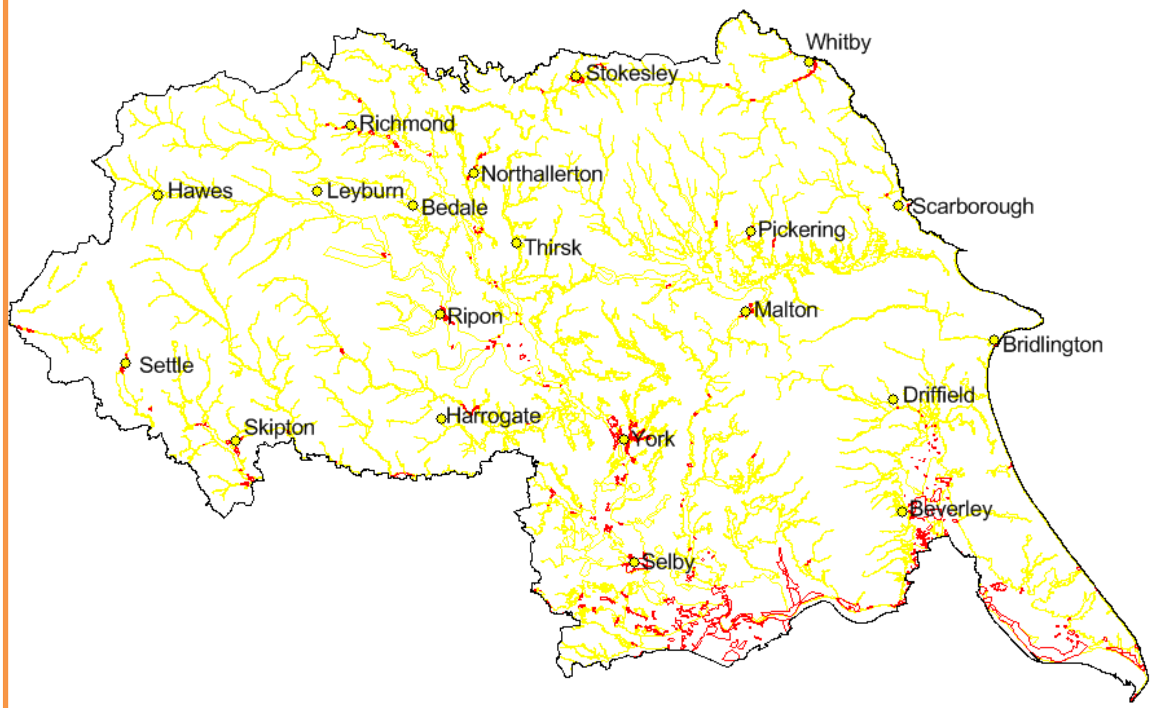
	Number of houses (Percentage of all housing)	
Year	**Small and medium house builders (less than 50 houses on site)**	**Volume house builders (more than 50 houses on site)**
13/14	1323 **(57%)**	985 (43%)
14/15	1762 **(55%)**	1,420 (45%)

Table 21 - Housing construction by site size in the LEP

[50] House Builders Survey 2015 (Federation of Master Builders)
[51] Evidence supplied by LEP partner planning authorities to LEP housing board

Flooding[52]

Flooding contributes to a lack of available and viable land which was reported by 68% of FMB respondents in their 2015 survey as a barrier to development.



Yellow areas are floodplains at risk of low-impact flooding whilst red areas are Flood warning areas that contain a discrete community at risk of flooding.

Figure 30 - Environment Agency map of flood risk

[52] Data Share (Environment agency)

10. Transport

Transport and connectivity

Transport infrastructure connects our distinctive places to each other and the rest of the UK. It connects our businesses to their customers, markets and workforce and provides our residents with access to work, goods, services and leisure. As a large rural LEP there are barriers to having good transport access which will be explored in this section.

Accessibility[53]

Accessibility statistics provide a local-level measure of the availability of transport to important services (covering food stores, education, health care, town centres and employment centres) for the populations who use them.

The department for transport produces an index of these statistics where the England level in 2011 is the base (100). The latest data is for 2013 where the England level is 106.

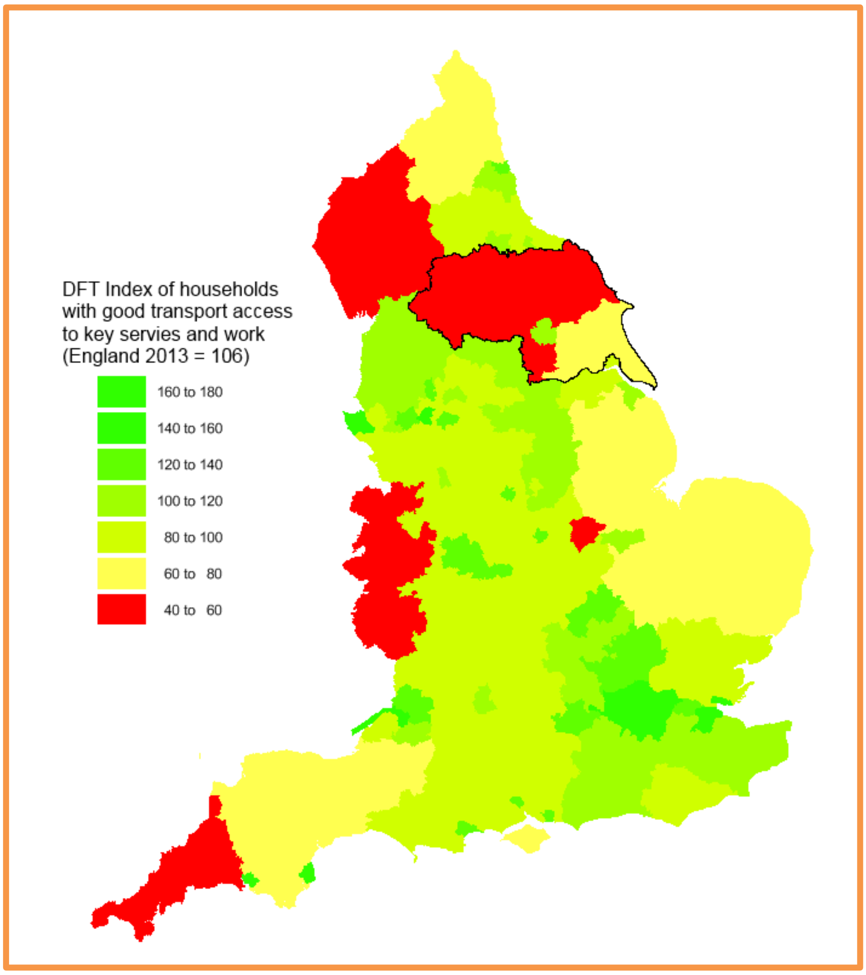


Figure 31 – Accessibility in England by local Authority

York has very similar accessibility to national averages with a score of 105. East Riding fares worse with a score of 77 putting it in the bottom 11% of Local Authorities.

North Yorkshire meanwhile had a score of 53 in 2013 which is the joint lowest score for all local authorities and half the national rate. Clearly accessibility is an issue in our area.

[53] Households with good access to key services and work (Department for Transport)

Road distance from housing to key services[54]

The index for multiple deprivation 2015 looked at the road distance to a post office, general store/supermarket, primary school and GP surgery and ranked Lower Super Output areas in England. The large majority of the area of the LEP falls within the most deprived 10% of LSOAs in England due to its rurality. The worst access in England out of 32,844 LSOAs was an area of Ryedale.

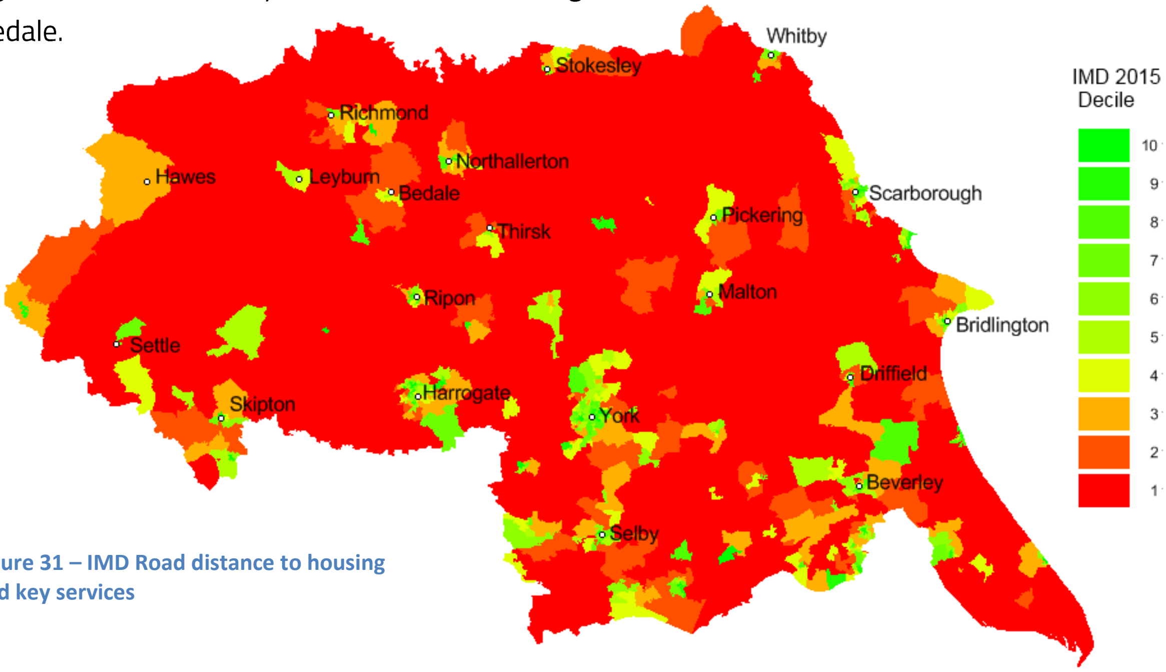


Figure 31 – IMD Road distance to housing and key services

Travel to work areas[55]

Travel to work areas are a geography representing the area where a given percentage of the residents work within. In figure 31 the map represents areas where 75% of the population live and work (with the LEPs boundary in black). It reveals that the LEP boundary has clearly defined labour markets within it however there is some overlap with Darlington, Stockton and Middlesbrough to the North and Hull to the South.

Figure 32- Travel to work areas in and around the LEP

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[54] English indices of deprivation 2015 (DCLG)
[55] Travel to work areas (ONS)

Commuting[56]

According to 2011 Census statistics, average commutes in the LEP range from 15.8km in York to 21.7km in Craven. The LEPs average commuting length is 18.3km compared to 14.9km in England.

Traffic counts[57]

Traffic counts for East-West connections in North Yorkshire can exceed levels on other key east to west roads in the North. Even the A66 which is a duel carriageway.

The traffic count point on the single laned A59 to the west of Skipton recorded an annual average daily traffic flow of 16,129 in 2014.

Whilst dwarfed by the traffic flows on the M62, the A59 has high levels of traffic when compared to a selection of key East to West A roads including the partly duelled A66.

Figure 33- Average daily traffic flows of key east to west connections

[56] 2011 Census (ONS)
[57] Traffic Counts (Department for Transport)