

Future skills needs in the York, North Yorkshire and East Riding Local Enterprise Partnership Area

Skills Needs in the Priority Sectors, looking to 2023:

Visitor Economy

Beyond 2030 has produced this Report on behalf of Calderdale College and as part of the College's delivery of the 2017-18 ESF funded Skills Support for the Workforce programme across the York, North Yorkshire and East Riding Local Enterprise Partnership Area.

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1 Introduction to the LEP and the research

The York North Yorkshire and East Riding Local Enterprise Partnership (YNYER LEP) has commissioned a series of research reports which will allow key decision makers to more fully understand the future skills needs of the eight identified priority sectors in the medium term. These sectors are:

- Visitor Economy
- Food manufacture
- Construction
- Engineering
- Health and Social Care
- Voluntary, Community and Social Enterprise (VCSE)
- Agritech
- Bio renewables

As the economic and political situation changes, it is nearly universally acknowledged that improved skills and the link to enhanced productivity is a key way by which to improve economic well-being. Consequently LEPs across England are looking at how best to support sectors with the potential to grow and generate wealth and prosperity.

In this research series we will seek to fully understand the future skills needs required to ensure that within the YNYER LEP area, priority sectors can recruit and develop world class employees who have the skills to deliver exceptional service now, but also that they are equipped with the relevant skills to ensure a highly productive and world class sector throughout their working lives. In short our research question can be regarded as:

Q. What skills are needed in the YNYER LEP to deliver world class performance in the identified 8 Priority sectors using 2023 as the horizon? What are the key messages for policy makers and those working in skills development?

As well as wanting to more fully understand the characteristics and future needs of the eight sectors, the LEP wants to drill down to develop an understanding of the most significant sub sectors in each of the eight priority areas.

Consequently, in this series of reports there will be insight offered into the broad sector, but there will then be a more detailed series of reports which focus on sub sectors by geography.

Using standard EU metrics, the YNYER LEP has been classified into two constituent parts.

- **Transition Area (TA)** where GDP per capita is between 75% and 90% of the EU average – i.e. East Riding
- **More Developed Area (MDA)** where GDP per capita is above 90% of the EU average – i.e. York and North Yorkshire

In pieces of work such as this there are routinely suggestions that important nuances are missed because researchers ignore the smaller areas because they become intoxicated by the larger values and sample sizes of urban areas.

Consequently, what follows are studies of those subsectors in the MDA and the TA for each of the priority areas. There will be three subsectors studied in the MDA, with two standalone studies in the TA. These standalone reports let us test the big data against the local picture.

Following the detailed sub sector reports we present a thematic study which brings together all of the major issues identified in our secondary and primary research.

Our research draws on robust data analysis, primary research with stakeholders, employers and employees as well as many years of experience working in skills research and policy development. In this way, what follows now is a mixture of top down analysis combined with bottom up insight. In this way we expect to deliver reports which serve as both a comprehensive and robust basis for action and investment.

1.1 Explanation of the LEP

YNYER LEP is the largest LEP in England by land area (10,718sq. km) but has a lower population density than most (106 people per sq. km) (Burge, 2016). It has a resident population of 1.14 million (ONS, 2017).

597,500 individuals are considered to be economically active in the LEP (2016). The employment rate of 79.9% is greater than GB average of 74%, while unemployment stands at 3% compared to 4.8% GB average (ONS, 2017).

Across the LEP there are nearly 61,000 businesses - the majority (85%) are micro, employing less than 10 individuals. A further 13% employ between 10 and 49. To be clear, this means that 98% of businesses in the LEP area employ less than 50 people.

Key employment sectors in the area include: wholesale and retail, employing 15.9% of the workforce, Health and social work (13.7%), manufacturing (10.8%) and accommodation and food service activities (10.1%).

The LEP faces a number of challenges:

- Average weekly earnings for full time workers in the LEP are less the English average - £481.30 v £544.20
- Productivity in the LEP is 18% lower than English average (GVA per head £21,486 v £26,159) and is ranked 23rd out of the 39 LEPs (ONS, 2017)
- 31% of all vacancies in the LEP are hard-to-fill and of these 68% of considered to be skills shortage vacancies (UKCES, 2014)

Other key points include:

- The population of the LEP is forecast to grow by 7.7% between 2014 and 2039 (ONS, 2017) – lower than the English rate of 16.5%
- In 2014, 22% of the population was 65+. This is anticipated to increase to 31% in 2039, which is much greater than the England average where only 24% of the population is expected to be 65+ in 2039 (ONS, 2017). Additionally by 2039, it is expected that those aged 25 to 49 will equate to 26%, while across England this age group will account for 31%.

1.1.1 More Developed and Transitional Areas

The EU's Cohesion policy aims to reduce economic and social disparities at regional level across the EU. Consequently, the European Commission has three categories of regional funding:

- **Less Developed regions**, whose GDP per capita is below 75% of the EU average
- **Transition regions**, whose GDP per capita is between 75% and 90% of the EU average
- **More Developed regions**, whose GDP per capita is above 90% of the EU average

Within the YNYER LEP, York and North Yorkshire at nearly 98% GDP per capita is considered a More Developed Area (MDA), while East Riding at 83% is considered a Transition Area (TA) (Eurostat, 2016).

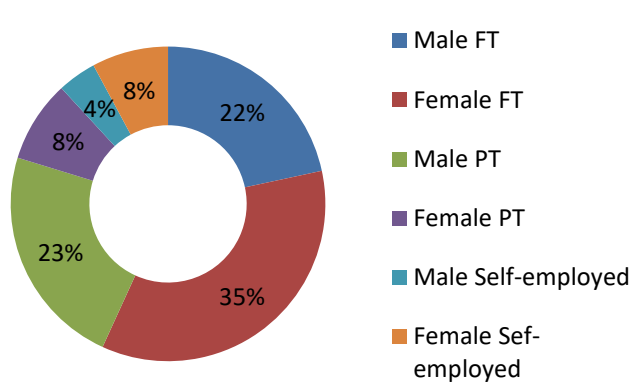
1.2 Future workforce projection

Working Futures is a model of the UK labour market, which seeks to assess future prospects for employment and address the question of where will jobs come from in the future. Whilst the data is not available at a LEP level the regional data for Yorkshire and Humber provides a useful indication of the employment projections.

1.2.1 Regional Growth

Employment in the Yorkshire and Humber region is expected to grow at 3.9% between 2014 and 2024 – or by 99,000. This is less than the whole economy where growth of 5.5% is anticipated (UKCES, 2016).

Figure 1 Employment by gender and status, Yorkshire & Humber, 2024



With an anticipated workforce of nearly 2.64 million in 2024, nearly half (31%) of the workers will be part-time.

57% will be full-time and 12% self-employed (Figure 1).

This is very similar to proportions seen in 2014.

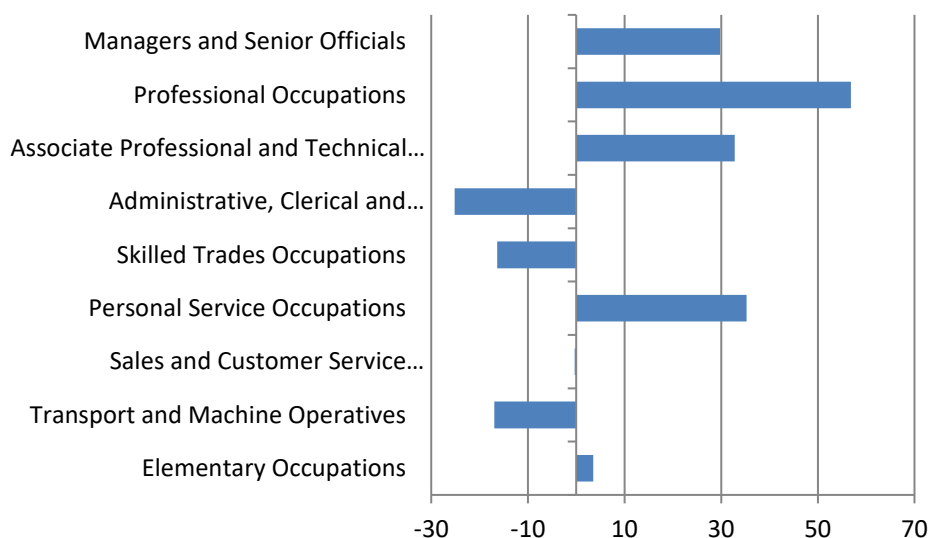
Source: UKCES Working Futures VI

Employment projections by occupation for the region are shown below. This is clearly useful for people making careers decisions.

We expect to see large employment growth for higher level occupations, including managers, professional occupations and associate professionals and technical roles, as well as personal service occupations (Figure 2).

But net job losses are projected for administrative and secretarial roles, skilled trades and elementary roles.

Figure 2 Occupation change, 2014 -2024 (000s) Yorkshire & Humber



Source: UKCES Working Futures VI

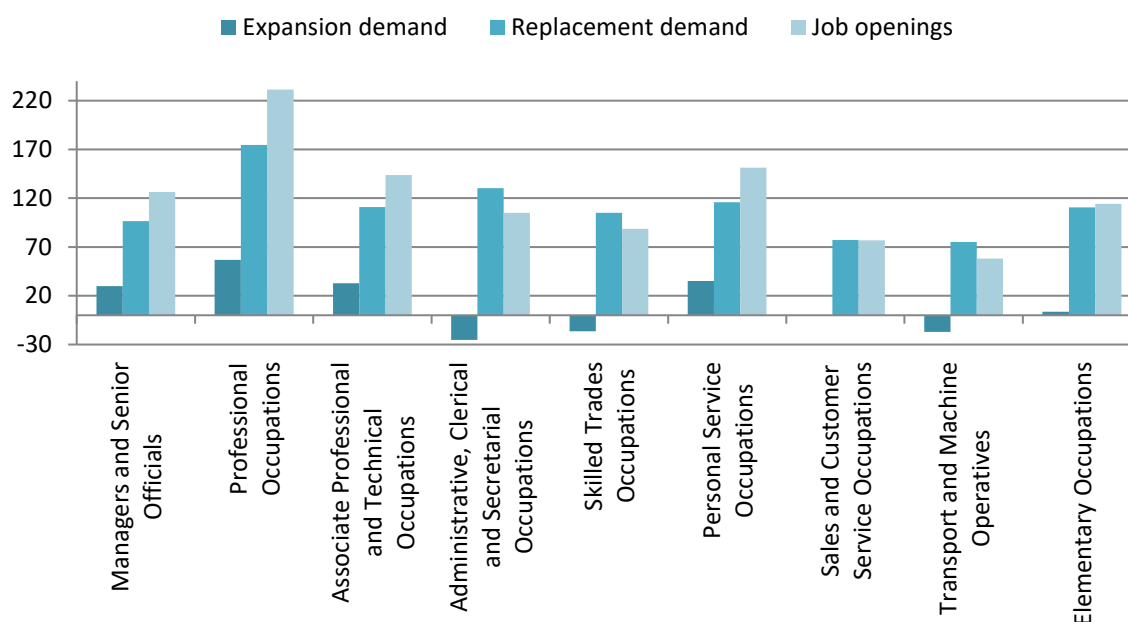
1.2.2 Replacement need and total demand

The above occupational change data is a useful indicator of changing patterns of demand for skills. However, it is also important to consider the replacement demands – the job openings created by the outflow of workers from the labour market.

Workers leave the labour market for a variety of permanent and temporary reasons, including retirement, family reasons (i.e. maternity/paternity leave) etc. These outflows have a significant influence on job opportunities across the labour market. Over the next decade, replacement demands are expected to generate nearly ten times as many job openings in Yorkshire and Humber compared to net job growth. Overall the Yorkshire and Humber region is expected to have nearly 1.1million job openings between 2014 and 2024: 99,000 growth and 996,000 replacement demand. A fifth of all job openings will be within professional occupations (Figure 3).

Occupations where employment is growing will need additional workers on top of those being replaced. Occupational groups forecasting to see a net decline will still have job openings that need to be filled due to the replacement demand. Individuals need to consider this when making career choices but also employers need to be conscious of the need to replace key workers.

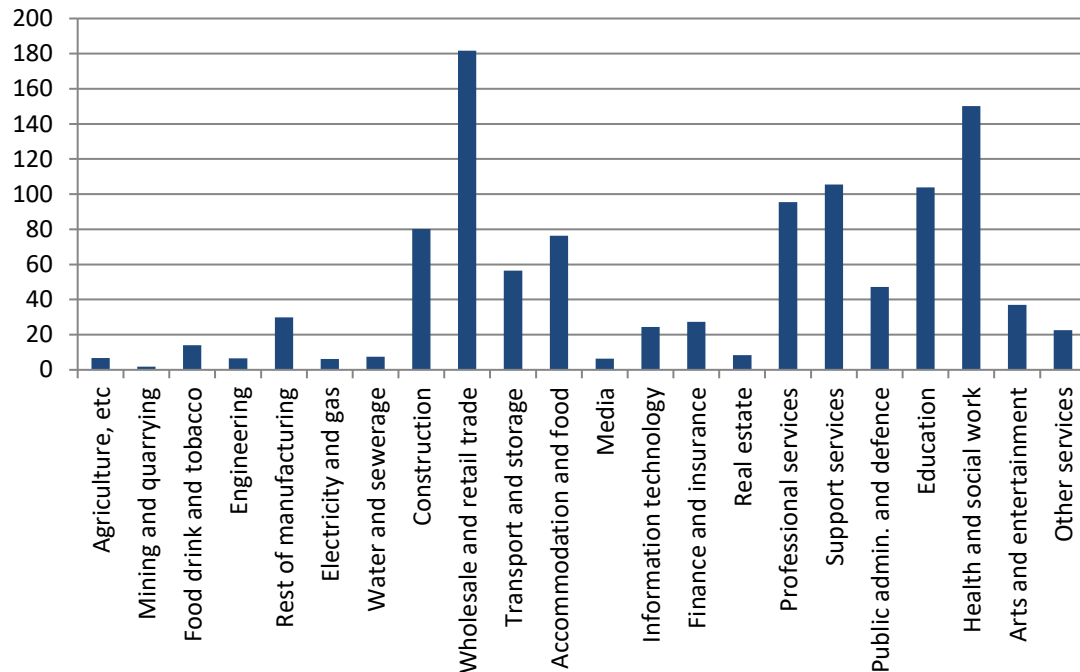
Figure 3 Job openings in by occupation 2014 - 2024 (000s), Yorkshire and Humber



Source: UKCES Working Futures VI

Nearly 182,000 (17%) of the anticipated job openings across Yorkshire & Humber will be within wholesale and retail and a further 150,000 in health and social work (Figure 4). These are the sectors with the highest proportion of individuals in the region.

Figure 4 Job openings in Yorkshire & Humber by sector, 2014 - 2024 (000s)



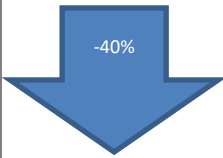


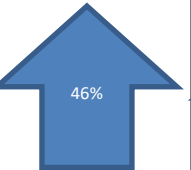
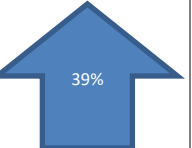
Source: UKCES Working Futures VI

1.2.3 Qualifications

The latest Working Future projections also consider the qualification levels of the workforce. It shows that there will be a shift towards more people holding higher qualifications.

By 2024, 47% of people employed in the Yorkshire and Humber region are expected to be qualified at level 4 and above, whilst the proportion of people with no formal qualifications is expected to fall to 2.6%, noticeably lower than the 2014 level of 6.0%.

Table 1 Change in qualification profile, Yorkshire and Humber

	No qualifications and level 1	Level 2	Level 3	Level 4 – 6	Level 7 – 8
Qualification example	GCSE (grades D – G) BTEC level 1	GCSE (grades A* - C) NVQ Level 2	AS & A level BTEC National	Certificate of higher education (L4) Foundation degree (L5) Bachelor's degree (L6)	Master's degree (L7) Doctorate (L8)
2014 level	565,300	564,600	549,200	674,400	183,000
2024 level	338,000	542,300	514,800	985,600	255,200
2014 – 2024 % change					
2014 % share	22%	22%	22%	27%	7%
2024 % share	13%	21%	20%	37%	10%

Source: UKCES Working Futures VI

In-depth analysis of the skills needs and challenges facing the identified Priority Sectors and their main subsectors in both the MDA and TA

The section which follows provides an overview of each priority sector at national and LEP level.

2 The Visitor Economy

The term 'Visitor Economy' is increasingly being used as a replacement for 'Tourism'. However the concept of the Visitor Economy recognises the importance of other factors and the wider set of individuals and organisations required to make a success of the destination. For example:

- The things that attract visitors. This can be a diverse range of destinations, such as the natural environment, heritage and culture, iconic buildings, retail, sport, leisure and cultural facilities, food, gardens and events.
- The infrastructure that helps to reinforce and shape the place, as well as making it easy to visit – i.e. signs, transport links, parking.
- The services that cater for the needs of the visitors – this includes the hotels and bars, pubs and restaurants, galleries and the day-to-day services that make the destination clean, safe and welcoming.

To create a successful visitor economy, it is necessary to manage all of the components in an integrated and long-term way, with a clear focus on the needs of the visitors the destination is seeking to attract.

For the following report we have defined the visitor economy as:

SIC	Description
Accommodation and food service activities	
SIC 55	Accommodation - including hotels, self-catering accommodation and holiday parks
SIC 56	Food and beverage services: including restaurants, event catering and public houses
Administrative and support service activities	
SIC 79	Travel agency, tour operator and other reservation service and related activities
Arts, entertainment and recreation	
SIC 90	Creative, arts and entertainment activities
SIC 91	Libraries, archives, museums and other cultural activities
SIC 92	Gambling and betting activities
SIC 93	Sports activities and amusement and recreation activities

This report will provide an overview into the sector and its main subsectors. We will review the data and literature which captures the challenges and opportunities facing the sector and present an overview on the sector situation within the LEP. This gives us the stake in the ground against which we can test the local and regional situation.

2.1 National Picture

2.1.1 Current sector performance

The UK's visitor economy makes a significant direct and indirect contribution to the UK economy. The sector contributed £87 billion in 2015, about seven per cent of total GVA. Over the last five years GVA has had year on year growth (ONS, 2016).

Across the UK the sector operates 281,550 businesses (ONS, 2016). While the number of businesses has increased 9% since 2010, this growth has been much less than across the economy where the number of local units grew by 17%.

The vast majority of establishments employ less than 10 people (74%). This is slightly lower than the average across the UK economy (84%).

At 96%, creative, arts and entertainment activities has the highest proportion of firms with less than 10 individuals, followed gambling and betting (91%). Conversely the accommodation sector is made up of larger organisations, with 10% employing 50 or more.

Table 2 Size of establishments (2016)

	Mirco		Small	Medium		Large	Total
	0 to 4	5 to 9	10 to 49	50 to 99	100 to 249	250+	
Accommodation	8,670	3,430	6,920	1,355	680	120	21,175
Food and beverage service activities	73,410	43,640	46,250	2,565	700	125	166,690
Travel agency, tour operator and other reservation service and related activities	7,145	2,535	1,345	180	85	35	11,330
Creative, arts and entertainment activities	27,105	1,450	1,045	185	90	15	29,890
Libraries, archives, museums and other cultural activities	2,790	1,310	1,490	215	115	35	5,955
Gambling and betting activities	4,865	5,535	810	100	80	15	11,405
Sports activities and amusement and recreation activities	20,295	5,460	7,535	1,155	535	125	35,105
Visitor Economy	144,280	63,360	65,395	5,755	2,285	470	281,550
%	51%	23%	23%	2%	1%	<1%	

Source (ONS, 2016)

In 2015, nearly 33,000 new businesses opened across the sector, with 27,820 closing (Table 3). The greatest number of openings was across the largest subsector Food and Beverage service activities.

Survival rates from firms opening in 2010, shows that only 36% are still operating after five years - this is lower than the all economy figure where 41% still operate (ONS, 2016).

Table 3 Business openings and closures (2015)

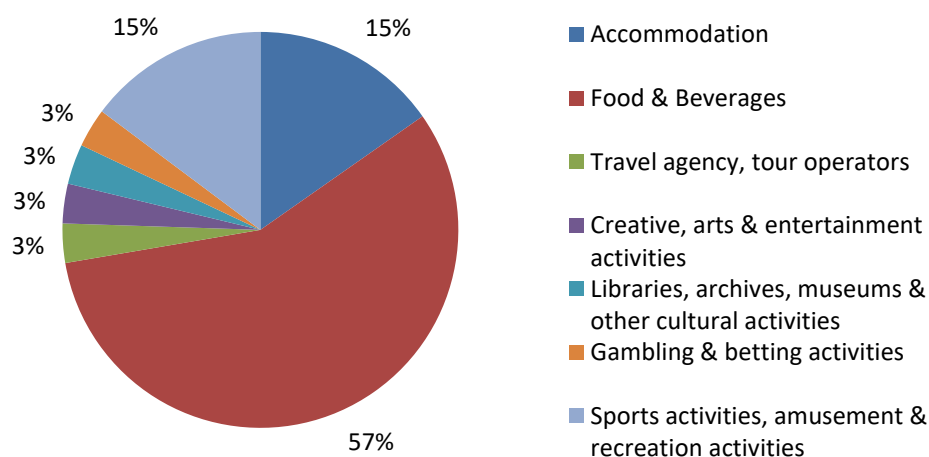
	Number business openings	Number of Closures
Accommodation	1,690	1,435
Food and beverage service activities	22,645	19,695
Travel agency, tour operator and other reservation service and related activities	1,190	755
Creative, arts and entertainment activities	3,115	2,545
Libraries, archives, museums and other cultural activities	110	105
Gambling and betting activities	90	130
Sports activities and amusement and recreation activities	4,150	3,155
Visitor Economy	32,990	27,820

Source (ONS, 2016)

2.1.2 Workforce

Nearly 3 million individuals work across the UK visitor economy (roughly 10% of the total UK employment). Employment in the sector increased by 11% between 2010 and 2015.

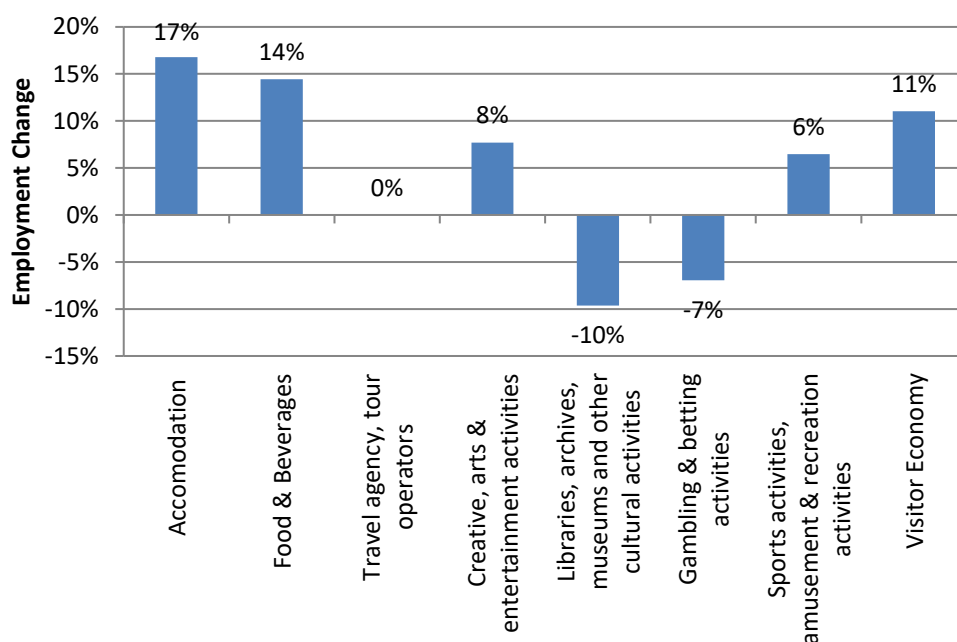
Food and beverage services accounts for 57% of the sector's employment, the arts, entertainment and recreation subsector accounts for 24% and accommodation 15% (Figure 5).

Figure 5 Employment by visitor economy subsectors


Source (ONS, 2016)

Whilst the sector on average has seen growth in employment numbers, looking at the subsectors there is noticeable differences in employment fortunes. The accommodation and food and beverage subsectors saw above sector average employment growth, but numbers employed in libraries, museums and cultural activities and gambling and betting activities have actually decreased (Figure 6).

Figure 6 Visitor economy employment change 2010-2015 (%)



Source (ONS, 2016)

2.1.2.1 The jobs people do

Jobs in the visitor economy tend to be concentrated towards the lower end of the occupational scale. Over a third (35%) of the workforce are in elementary occupations, such as kitchen assistants, waiters, bar staff and cleaners. This compared to 11% across the all economy. There are also slight over-representations of managers (managing hotels, restaurants and public houses), and skilled trades workers (for example chefs) in the sector (Table 4). There are relatively few professional workers in the tourism sector, comprising just 4% of the total workforce compared with 20% of all workers.

Table 4 Employment by occupation

	Visitor Economy	All economy
Managers, Directors And Senior Officials	14%	11%
Professional Occupations	4%	20%
Associate Professional And Technical Occupations	12%	14%
Administrative And Secretarial Occupations	8%	10%
Skilled Trades Occupations	13%	11%
Caring, Leisure And Other Service Occupations	7%	9%
Sales And Customer Service Occupations	5%	8%
Process, Plant And Machine Operatives	1%	6%
Elementary Occupations	35%	11%

Source (Office for National Statistics, et al., 2016)

The distribution of workers varies within the sector (Table 5):

- A fifth (22%) of workers in *accommodation* are managers (twice the UK all economy average)
- Over half (52%) of those in *food and beverage service activities* work in elementary positions and a further 20% are skilled workers (i.e. chefs, cooks)
- 37% of those in *travel, tour operator and reservation* are a service occupation (travel agents) - significantly greater than the sector and all economy proportions of 7% and 9% respectively.
- Three in five workers (61%) in *Creative, arts and entertainment* subsector are associate professionals and technical occupations
- *Libraries, archives and museums* employ a large proportion of higher skilled workers, with one in three (30%) classified as a professional.
- A quarter of workers (25%) within *gambling and betting activities* are managers and a further 20% are administrative or secretarial positions
- 29% of individuals in *Sports, amusement and recreation* are classified as associate professional and technical occupations (i.e. sport coaches) and a further 20% are elementary positions.

Table 5 Subsector employment by occupation

	Accommodation	Food and beverage service activities	Travel, tour operator, reservation	Creative, arts and entertainment	Libraries, archives, museums	Gambling and betting activities	Sports, amusement, recreation
Managers, Directors And Senior Officials	22%	13%	18%	6%	10%	25%	12%
Professional Occupations	2%	1%	9%	14%	30%	6%	4%
Associate Professional And Technical Occupations	6%	2%	10%	61%	14%	10%	29%
Administrative And Secretarial Occupations	11%	3%	16%	5%	19%	22%	11%
Skilled Trades Occupations	11%	20%	1%	5%	3%	3%	7%
Caring, Leisure And Other Service Occupations	14%	1%	37%	1%	12%	11%	14%
Sales And Customer Service Occupations	4%	7%	7%	0%	5%	12%	3%
Process, Plant And Machine Operatives	1%	2%	1%	0%	1%	1%	1%
Elementary Occupations	31%	52%	2%	7%	6%	11%	20%

Source (Office for National Statistics, et al., 2016). Data rounded to nearest whole percent

The most popular job roles in the visitor economy are show below.

Table 6 Top 15 occupations in the Visitor Economy

Rank	Occupation	Number employed
1	9272 'Kitchen and catering assistants'	318,400
2	9273 'Waiters and waitresses'	254,500
3	5434 'Chefs'	204,500
4	9274 'Bar staff'	187,500
5	1223 'Restaurant and catering establishment managers and proprietors'	100,400
6	9233 'Cleaners and domestics'	72,000
7	7111 'Sales and retail assistants'	68,600
8	1221 'Hotel and accommodation managers and proprietors '	67,600
9	6211 'Sports and leisure assistants'	66,800
10	5436 'Catering and bar managers'	63,900
11	4216 'Receptionists'	60,200
12	4159 'Other administrative occupations n.e.c.'	44,500
13	1225 'Leisure and sports managers'	44,400
14	3411 'Artists'	40,000
15	1224 'Publicans and managers of licensed premises'	39,800

Source Labour Force Survey April-June 2016

There are notable differences in the top occupations across the subsectors (Table 7).

Table 7 Top five occupations in each subsector

Accommodation	Food and beverage service activities	Travel, tour operator, reservation	Creative, arts and entertainment	Libraries, archives, museums	Gambling and betting activities	Sports, amusement, recreation
1221 'Hotel and accommodation managers and proprietors '	9272 'Kitchen and catering assistants'	6212 'Travel agents'	3411 'Artists'	4135 'Library clerks and assistants'	1259 'Managers and proprietors in other services n.e.c.'	6211 'Sports and leisure assistants'
9233 'Cleaners and domestics'	9273 'Waiters and waitresses'	1226 'Travel agency managers and proprietors '	2471 'Journalists, newspaper and periodical editors'	6211 'Sports and leisure assistants'	4129 'Financial administrative occupations n.e.c.'	3442 'Sports coaches, instructors and officials'
5434 'Chefs'	5434 'Chefs'	6219 'Leisure and travel service occupations n.e.c.'	3415 'Musicians'	2452 'Archivists and curators'	6211 'Sports and leisure assistants'	3443 'Fitness instructors'
6240 'Cleaning and housekeeping managers and supervisors'	9274 'Bar staff'	6214 'Air travel assistants'	3412 'Authors, writers and translators'	2451 'Librarians'	7219 'Customer service occupations n.e.c.'	1225 'Leisure and sports managers'
4216 'Receptionists'	1223 'Restaurant and catering establishment managers and proprietors '	3543 'Marketing associate professionals'	3413 'Actors, entertainers and presenters'	4159 'Other administrative occupations n.e.c.'	7220 'Customer service managers and supervisors'	4216 'Receptionists'

Source LFS April – June 2016

2.1.2.2 Working patterns

Within the visitor economy 56% of the workforce is employed on a full-time basis. The sector has the lowest proportion of full-time employees across the entire economy (56% compared to 73%). 44% of the workforce is employed on a part-time basis.

Much of the part-time worker is due to the volume in food and beverage services, where 49% are employed on part-time basis (Table 8). This helps restaurants, for example, to deal with peak-times of service without the financial implications of employing full-time staff members.

This flexibility could make the sector an attractive option for many (i.e. students).

Table 8 Employment status in the visitor economy

	% Full-time	% Part-time	Permanent Job	Temporary Job
Accommodation	66%	34%	90%	10%
Food and beverage service activities	51%	49%	88%	12%
Travel agency, tour operator and other reservation service and related activities	70%	30%	93%	7%
Creative, arts and entertainment activities	63%	37%	91%	9%
Libraries, archives, museums and other cultural activities	51%	49%	80%	20%
Gambling and betting activities	73%	27%	96%	4%
Sports activities and amusement and recreation activities	55%	45%	84%	16%
Visitor Economy	56%	44%	88%	12%
All economy	73%	27%	94%	6%

Source: Office for National Statistics, et al., 2016

Across the visitor economy 12% of the workforce is employed on a temporary basis - this is twice the proportion seen across the whole economy. There are some differences across the subsectors (Table 8). For example a fifth of those working in libraries, museums and other cultural activities are on temporary contracts, while only 4% in gambling and betting activities are.

Much of the high proportion of temporary workers in the sector can be attributed to seasonality. Seasonal employment is important throughout almost all facets of the sector from holiday parks to sport.

Hospitality based industries (most notably restaurants and pubs, bars and nightclubs) experience their highest level of custom towards the end of the year and particularly around the Christmas period. Hotels, on the other hand, are especially busy throughout the summer months and take on seasonal staff accordingly (Galbraith & Bankhead, 2012).

2.1.2.3 Workforce characteristics

The visitor economy has a fairly even split between male (52%) and female (48%) workers, in keeping with the economy as a whole. But this does conceal some variation across subsectors (Table 9). For example, two thirds of workers in the travel agency and tour operator subsector and libraries and museums subsector are female.

Table 9 Employment by gender in the visitor economy

	% Male	% Female
Accommodation	44%	56%
Food and beverage service activities	49%	51%
Travel agency, tour operator and other reservation service and related activities	34%	66%
Creative, arts and entertainment activities	50%	50%
Libraries, archives, museums and other cultural activities	34%	66%
Gambling and betting activities	50%	50%
Sports activities and amusement and recreation activities	54%	46%
Visitor Economy	48%	52%
All economy	53%	47%

Source: Office for National Statistics, et al., 2016

The visitor economy has a higher than average proportion of elementary occupations, managers and senior officials and skilled trades occupations compared to the whole economy. If we also then consider gender within the occupational groups we can then see further variations (Table 10).

The proportion of women working in elementary occupations is considerably higher than average across the whole economy (60% compared to 46%). Similarly, women form a higher proportion of the sector's managers and senior officials than average (42% compared to 35%). However, women are significantly underrepresented in skilled trade occupations (24%) although this is still above the average found across the UK economy (10%).

Table 10 Gender profile by broad occupational group

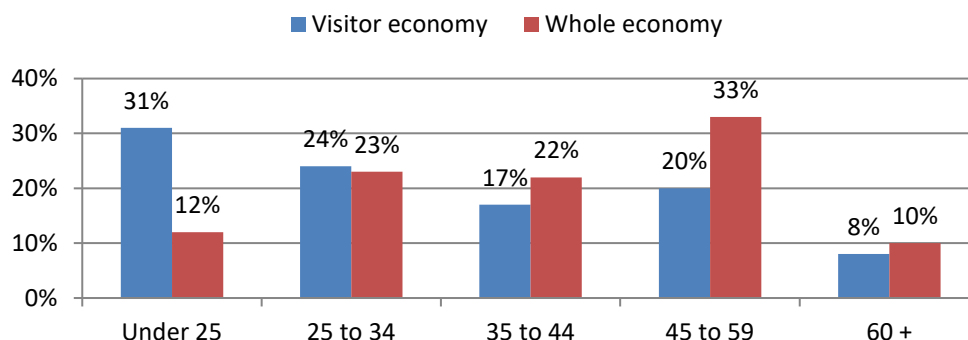
	Visitor economy		Whole economy	
	% Male	% Female	% Male	% Female
Managers, Directors And Senior Officials	58%	42%	65%	35%
Professional Occupations	51%	49%	51%	49%
Associate Professional And Technical Occupations	48%	52%	56%	44%
Administrative And Secretarial Occupations	31%	69%	24%	76%
Skilled Trades Occupations	76%	24%	90%	10%
Caring, Leisure And Other Service Occupations	36%	64%	17%	83%
Sales And Customer Service Occupations	36%	64%	38%	62%
Process, Plant And Machine Operatives	86%	14%	88%	12%
Elementary Occupations	40%	60%	54%	46%

Source: Office for National Statistics, et al., 2016

A high proportion (31%) of the sector's workforce is under 25, with a further 24% aged 25 to 34 (Figure 7). This is much greater than the all economy average.

This high proportion of younger workers can, to some extent, be attributed to the seasonal and part-time nature of work. Many of the roles are more suitable for a youthful workforce than older workers with greater financial responsibilities and resultant need for a steady, secure income. However, this does also lead to a more 'transient' workforce where some people enter the sector's workforce with limited intentions of remaining for a prolonged period.

Figure 7 Age profile of the visitor economy



Source: Office for National Statistics, et al., 2016

Nearly a quarter (23%) of the visitor economy's workforce was born outside of the UK. This is greater than the all economy where 17% were born overseas (Table 11). There is some variation across the sector, with 29% of accommodation and 28% of food and beverage services employees born outside of the UK compared to just 9% in the sports activities and amusement subsector.

Table 11 Employment by country of birth in the visitor economy

	UK Born	Overseas
Accommodation	71%	29%
Food and beverage service activities	72%	28%
Travel agency, tour operator and other reservation service and related activities	79%	21%
Creative, arts and entertainment activities	85%	15%
Libraries, archives, museums and other cultural activities	86%	14%
Gambling and betting activities	84%	16%
Sports activities and amusement and recreation activities	91%	9%
Visitor Economy	77%	23%
All economy	83%	17%

Source: Office for National Statistics, et al., 2016

2.1.3 Skills

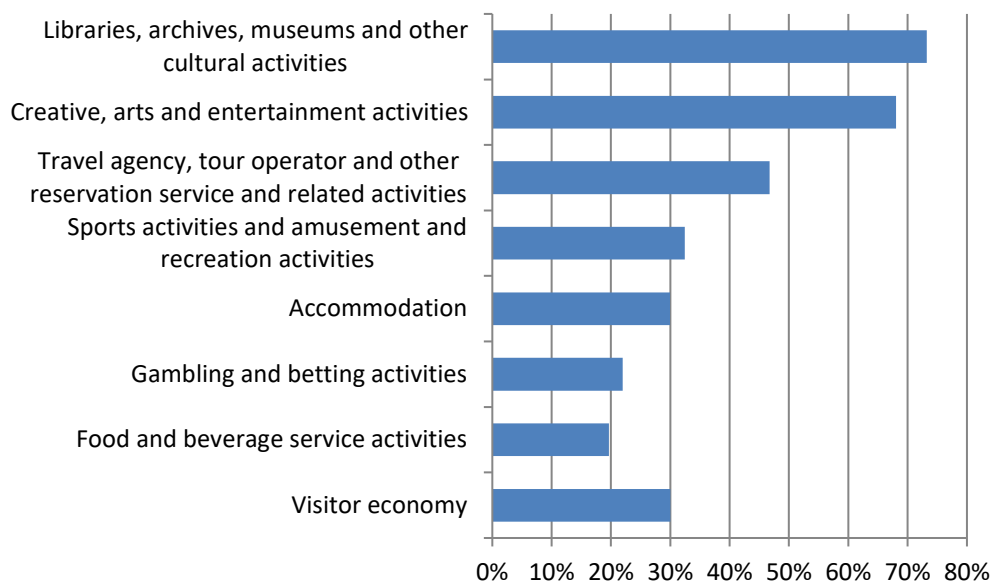
To assess the nature and scale of skills issues within a sector, we must consider the distribution of skills and skill levels of its workforce. While there is no perfect indicator for skills or skills levels, qualifications are generally used as a proxy.

Compared to the whole economy, the visitor economy has a lower proportion qualified at level 4 and above (30% compared to 43%). 7% of the sector has no qualifications and a further 19% hold level 1 or other qualification (Table 12).

Looking at the subsectors, there is some notable differences in skills levels:

- One in ten of the workforce in *accommodation* (11%) and *gambling and betting activities* (10%) have no qualifications.
- Over two thirds of workers in *creative, art and entertainment* (68%) and *libraries, museums and other cultural activities* (73%) have a level 4 or above qualification – this is much greater than both the sector and whole economy average.

Figure 8 Proportion of workforce qualified to level 4 and above



Source: Office for National Statistics, et al., 2016

Table 12 Qualification profile of sector workforce

	No qualifications	Other qualifications	Level 1	Level 2	Trade App	Level 3	Level 4+
Accommodation	11%	12%	9%	16%	3%	20%	30%
Food and beverage service activities	8%	12%	12%	23%	2%	24%	20%
Travel agency, tour operator and other reservation service and related activities	1%	6%	7%	20%	1%	19%	47%
Creative, arts and entertainment activities	1%	2%	5%	10%	1%	13%	68%
Libraries, archives, museums and other cultural activities	0%	2%	8%	8%	0%	9%	73%
Gambling and betting activities	10%	5%	13%	27%	2%	20%	22%
Sports activities and amusement and recreation activities	4%	6%	8%	21%	4%	24%	32%
Visitor Economy	7%	9%	10%	20%	2%	22%	30%
All economy	5%	7%	10%	15%	4%	17%	43%

Source: Office for National Statistics, et al., 2016

2.1.4 Skills mismatch

When employers have vacancies, the labour market is either able to meet employer requirements (the most common scenario) or it is not. Where employers struggle to fill their vacancies, this may be due to a lack of skills, qualifications or experience amongst applicants. Collectively these are known as 'skill-shortage vacancies'. Vacancies can also prove 'hard-to-fill' for other, non-skills-related reasons. Such reasons principally include a lack of applicants for the role, issues with applicants' attitude, personality or motivation, or specific issues related to the job role (e.g. poor terms and conditions or unsociable hours) or the recruiting organisation (e.g. remote location or poor transport links).

The UKCES Employer Skills Survey provides insight into vacancies and skills shortages for the sector.

- The Hotel and Restaurant sector had 104,300 vacancies, with 26% of firms reporting at least one vacancy; greater than UK findings (19%)
- Vacancies as a % of employment (density) was 5.3% (greater than UK average of 3.3%)
- A third (33%) of vacancies were considered to be hard-to-fill
- 14% of firms in the sector report retention issues (UK findings was 8%) – particularly in skilled trade occupations and elementary staff

The key technical or practical skills lacking among applicants in the sector included:

- Specialist skills or knowledge
- Knowledge of products and services
- Knowledge of how your organisation works
- Reading and understanding instructions etc.
- More complex numerical or statistical skills

The key soft skills lacking among applicants in the sector included:

- Ability to manage own time and prioritise own tasks
- Managing their own feelings, or handling the feelings of others
- Team working
- Customer handling skills
- Managing or motivating other staff

The most common impacts of skill-shortage vacancies were:

- Increase workload for other staff
- Have difficulties meeting customer service objectives
- Have difficulties meeting quality standards

2.1.5 Internal Skills Challenge

2.1.5.1 Skill gaps, reason and impact

- 19% of all firms in the sector report having skills gaps, with 7.2% of all workers not considered fully proficient in their role. (UK finding 14% of firms and 5% of employees).

The main causes of skills gaps in the sector are:

- The individual is new to the role
- Their training is currently only partially completed
- Staff lack motivation to acquire new skills

The skills lacking in the workforce mirror those that are found to be lacking in applicants – knowledge of products and services on offer, specialist skills and knowledge, customer handling skills, team working, ability to manage own time and prioritise tasks.

21% of firms report that skills gaps have a major impact on their business, 50% a minor impact and 28% no impact. Some of the implications of skills gaps include:

- Increased workload for other staff
- Higher operating costs
- Difficulties meeting quality standards

To overcome skills gaps employers in the sector undertook the following actions:

- Increased training activity
- More supervision
- More appraisals
- Mentoring

2.1.5.2 Investment in training

- 63% of firms in the sector provided some form of training in 2015 up from 61% in 2011. This is slightly lower than UK average where 66% provided some form of training.
- 40% provided off-the job training and 52% on-the-job training
- Overall 64% of staff in the sector received training. This has increased since 2011 when only 55% received training
- In total the sector delivered 13.2m training days in 2015. That's the equivalent of 10.5 days per person trained or 6.8 days per employee. This is slightly above the all sector where days per person trained is 6.8 and days per employee 4.2.
- £3.3bn was spent on training by the sector in 2015. That equates to £2,670 per trainee or £1,710 per employee. This is greater than all sector where spend per trainee was £2,610 and per employee £1,640.

Types of training provided included:

- Job specific
- Health & Safety
- Basic Induction
- Management

51% of firms would have liked to have provided more training but were unable to do so, mainly as they lacked the funds or couldn't spare the time for employees to be training.

2.1.6 Apprenticeships in sector

The government has made a clear commitment to delivering employer-led apprenticeship. Apprenticeships are full-time paid jobs which incorporate on and off the job training.

There are two different types of apprenticeship schemes; frameworks and standards. Apprenticeship frameworks are being progressively phased out and replaced by the newer apprenticeship standards. Both operate under different models of government funding.

Apprenticeship standards show what an apprentice will be doing and the skills required of them by job role. Standards are developed by employer groups known as 'trailblazers'.

Currently available frameworks and standards for the industry can be found in the Annex. Latest data (2015/16) on apprenticeship reveals that there were 46,620 starts on frameworks relating to the visitor economy. This is a slight increase on the previous year when 46,250 frameworks were started.

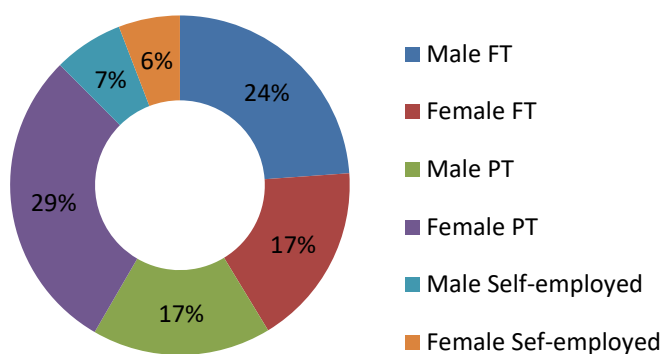
- 31,660 (68%) starts were on an Hospitality and Catering framework
- 10,470 (22%) starts were on an Active leisure and learning framework
- 2,510 (5%) on Sporting Excellence framework
- 1,020 (2%) on Licensed Hospitality framework
- 350 on a Creative framework
- 610 (1%) on a Travel service framework

2.1.7 Future workforce

2.1.7.1 Sector Growth

Employment in the UK visitor economy¹ is expected to grow 13% between 2014 and 2024 – or by 407,000. This is greater than whole economy where growth of 5.5% is anticipated (UKCES, 2016).

Figure 9 Employment by gender and status in the visitor economy, 2024



With an anticipated workforce of 3,568,000 in 2024, nearly half (46%) of the workers will be part-time.

41% will be full-time and 12% self-employed (Figure 9).

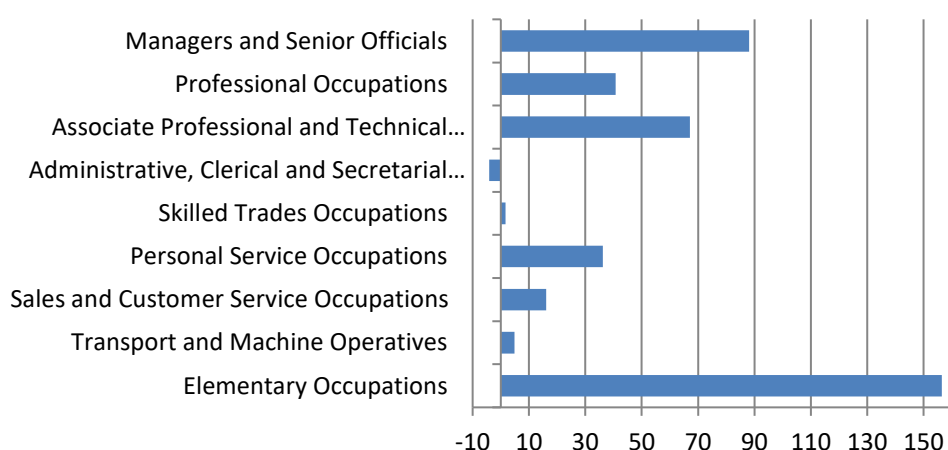
This is very similar to proportions seen in 2014.

Source: UKCES Working Futures VI

Employment projections by occupation for the sector are shown below. This is clearly useful for people making careers decisions.

We expect to see large employment growth for higher level occupations, including managers, professional occupations and associate professionals and technical roles. Elementary occupations are projected to see the greatest growth (Figure 10). But net job losses are projected for administrative.

Figure 10 Occupation change in the visitor economy, 2014 -2024 (000s)



Source: UKCES Working Futures VI

¹ Working Future – 22 Industry data for Accommodation and food and Arts and entertainment. Travel agency subsector is not included in this analysis

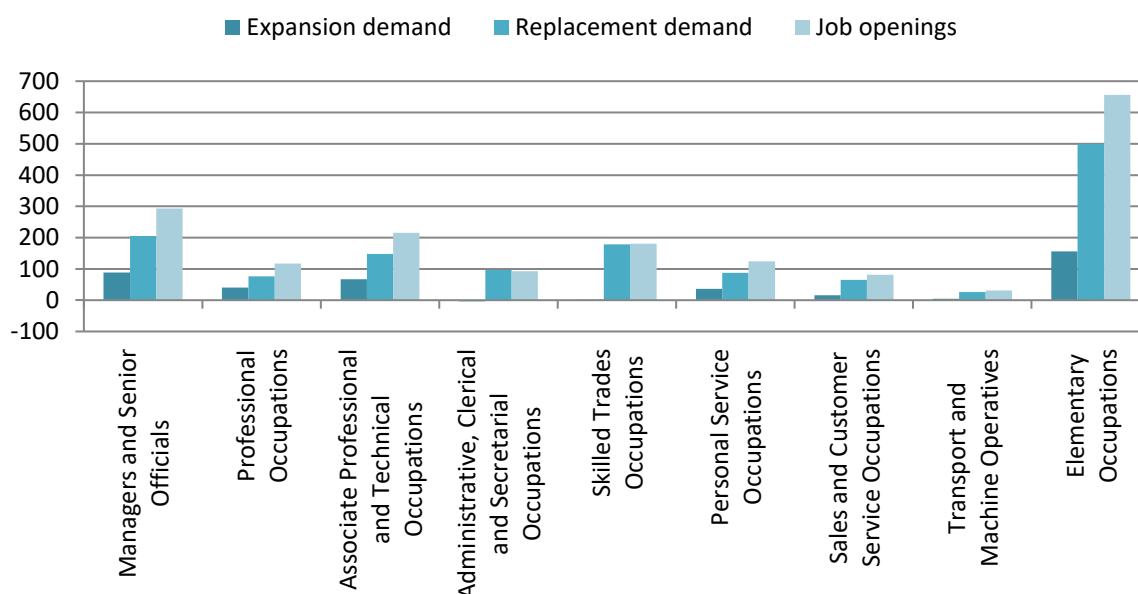
2.1.7.2 Replacement need and total demand

The above occupational change data is a useful indicator of changing patterns of demand for skills. However, it is also important to consider the replacement demands – the job openings created by the outflow of workers from the labour market.

These outflows have a significant influence on job opportunities across the labour market. Over the next decade, replacement demands are expected to generate nearly three times as many job openings in the visitor economy compared to net job growth.

Overall, the visitor economy is expected to have 1,791,000 job openings between 2014 and 2024: 407,000 sector growth and 1,384,000 replacement demand. Nearly two fifths (37%) of all job openings will be in elementary occupations, and a further 16% in managerial positions (Figure 11).

Figure 11 Job openings in the visitor economy by occupation 2014 - 2024 (000s)



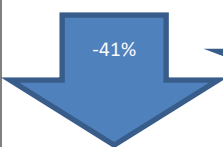


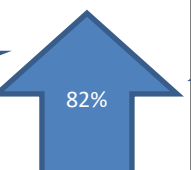
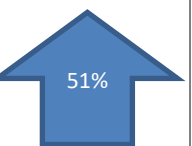
Source: UKCES Working Futures VI

2.1.7.3 Qualifications

The latest Working Futures projections also consider the qualification levels of the workforce. It shows that there will be a shift towards more people holding higher qualifications.

By 2024, 48% of people employed in the visitor economy are expected to be qualified at level 4 and above, whilst the proportion of people with no formal qualifications or level 1 is expected to fall to 12%.

Table 13 Change in qualification profile of the visitor economy

	No qualifications and level 1	Level 2	Level 3	Level 4 – 6	Level 7 – 8
Qualification example	GCSE (grades D – G) BTEC level 1	GCSE (grades A* - C) NVQ Level 2	AS & A level BTEC National	Certificate of higher education (L4) Foundation degree (L5) Bachelor's degree (L6)	Master's degree (L7) Doctorate (L8)
2014 level	743,358	782,451	667,181	822,734	145,273
2024 level	411,812	768,898	638,852	1,499,588	219,007
2014 – 2024 % change					
2014 % share	24%	25%	21%	26%	5%
2024 % share	12%	22%	18%	42%	6%

Source: UKCES Working Futures VI

2.2 The Visitor Economy in the York, North Yorkshire and East Riding LEP

The YNYER LEP area is an important location within the UK visitor economy. There are two National Parks and two Areas of Outstanding Natural Beauty within its boundaries:

- Yorkshire Dales National Park
- North York Moors National Park
- Nidderdale AONB
- Howardian Hills AONB

In addition there are a number of historic market towns and cities, ancient monasteries, castles, traditional rural villages and museums.

The LEP is the fourth most visited area by British residents (VisitBritain, 2015) after London, Heart of the South West and South East LEPs. On average, 5.4 million trips were taken to YNYER LEP by UK residents between 2012 and 2015. This totalled 19.7 million nights away from home, with an expenditure of £1.1 billion (VisitBritain, 2015).

2.2.1 Visitor economy performance in the LEP

The LEP economy contributed over £24 billion in 2015, an increase of 13% since 2010 (ONS, 2015). However GVA growth in the LEP was less than UK growth, with saw an 18% growth in GVA.

Looking specifically at the visitor economy subsectors we can see that *accommodation and food service activities* contributed £941m to the North Yorkshire economy and the *arts, entertainment and recreation* a further £234m – equating to 6% of the total GVA in North Yorkshire. Across East Yorkshire and Northern Lincolnshire the contribution of these two subsectors was slightly lower at 3%.

Table 14 Regional gross value added (income approach) at current basic prices by industry (£m)

	2010		2015	
	East Yorkshire and Northern Lincolnshire	North Yorkshire	East Yorkshire and Northern Lincolnshire	North Yorkshire
Accommodation and food service activities	367	621	456	941
Arts, entertainment and recreation	163	219	130	234
All Industries	16,687	16,333	17,802	18,629

(ONS, 2015)

Across the LEP the sector operates 6,355 businesses (ONS, 2016). While the number of businesses has increased 8% since 2010, this growth has been slightly lower than whole visitor economy (9%) and less than LEP growth in general, where the number of local units grew by 10%.

The vast majority of establishments employ less than 10 people (71%). This is lower than the average across the LEP economy (85%).

At 94%, creative, arts and entertainment activities has the highest proportion of firms with less than 10 individuals. Conversely the accommodation sector is made up of larger organisations, with 7% employing 50 or more.

Table 15 Size of visitor economy establishments in YNYER LEP (2016)

	Mirco		Small	Medium		Large	Total
	0 to 4	5 to 9	10 to 49	50 to 99	100 to 249	250+	
Accommodation	430	150	260	50	15	0	910
Food and beverage service activities	1,325	1,100	1,125	45	15	0	3,605
Travel agency, tour operator and other reservation service and related activities	125	45	15	0	0	0	190
Creative, arts and entertainment activities	285	20	10	5	0	0	320
Libraries, archives, museums and other cultural activities	75	45	50	5	5	0	180
Gambling and betting activities	90	75	15	0	0	0	185
Sports activities and amusement and recreation activities	635	135	165	25	5	0	965
Visitor Economy	2,965	1,570	1,640	130	40	0	6,355
%	47%	25%	26%	2%	1%	0%	

Source (ONS, 2016)

2.2.2 Workforce

Over 67,500 individuals work across the YNYER LEP visitor economy (13.5% of the total LEP employment). Employment in the sector increased by 9% between 2010 and 2015, slower than national sector growth.

Similar to the national profile, the food and beverage services accounts for 57% of the sector's employment, the arts, entertainment and recreation subsector accounts for 23% and accommodation 19%.

Table 16 Visitor economy employment by subsector in the YNYER LEP (2015)

	Number	%	% Full time	% Part Time
Accommodation	12,500	19%	50%	50%
Food and beverage service activities	36,200	57%	37%	63%
Travel agency, tour operator and other reservation service and related activities	1,200	2%	58%	42%
Creative, arts and entertainment activities	1,000	2%	62%	38%
Libraries, archives, museums and other cultural activities	2,600	4%	43%	57%
Gambling and betting activities	1,200	2%	54%	46%
Sports activities and amusement and recreation activities	10,100	15%	37%	63%
Visitor Economy	67,500		41%	59%

(ONS, 2016)

The most popular job roles in the visitor economy across Yorkshire and Humber regions are shown below. The top five is similar to the national picture.

Table 17 Top 5 occupations in the Visitor Economy, Yorkshire and Humber

Rank	Occupation	Number employed
1	9272 'Kitchen and catering assistants'	33,400
2	9273 'Waiters and waitresses'	27,300
3	9274 'Bar staff'	12,200
4	5434 'Chefs'	11,900
5	1223 'Restaurant and catering establishment managers and proprietors'	9,300

Source Labour Force Survey April-June 2016

Other significant roles include:

- 9233 'Cleaners and domestics'
- 5436 'Catering and bar managers'
- 4216 'Receptionists'
- 4129 'Financial administrative occupations n.e.c.'
- 7111 'Sales and retail assistants'
- 5435 'Cooks'
- 4122 'Book-keepers, payroll managers and wages clerks'
- 1225 'Leisure and sports managers'
- 6211 'Sports and leisure assistants'
- 1221 'Hotel and accommodation managers and proprietors '

2.2.3 Skills

Previous research in the LEP with businesses in the visitor economy sector found that just over a quarter (26%) of businesses have struggled to fill vacancies in the previous 12 months while 29% have struggled to find the right applicants with the right skills and 27% report currently employing workers without the right skills - i.e. have a skills gap (Copsey, 2016). Skills gaps would thereby appear to be a greater issue in the visitor LEP area than sector as a whole.

2.2.4 Training

Earlier research has found that 67% of visitor economy firms in the area are committed or very committed to investing in training, with 65% of firms having arranged or offered staff training (Copsey, 2016). This is slightly higher than national findings. As with the national findings, research at a local level found that firms will invest in job-specific training, health and safety and induction training (Copsey, 2016). Firms prefer on-the-job training and blended learning options. Due to the seasonality of the visitor economy it has been reported that training is best delivered for permanent staff between September to March (Copsey, 2016).

A strong online presence and social media are likely to be significant drivers of growth of businesses. Thereby the sector needs to consider training in the areas of digital technology and social media (Copsey, 2016). In addition, some of the non-British born workers require language training as well as cultural and geographic specific training so as to effectively assist and advise visitors and respond to their questions (Needham & Johnson, 2015). Additional training areas identified included improving customer service, leadership and management and marketing.

There is also a need for strategy and business planning courses to give owners in the industry relevant skills to undertake strategic reviews, as well as customer assessments so as to plan future direction.

2.2.5 Future workforce in the visitor economy in Yorkshire and Humber

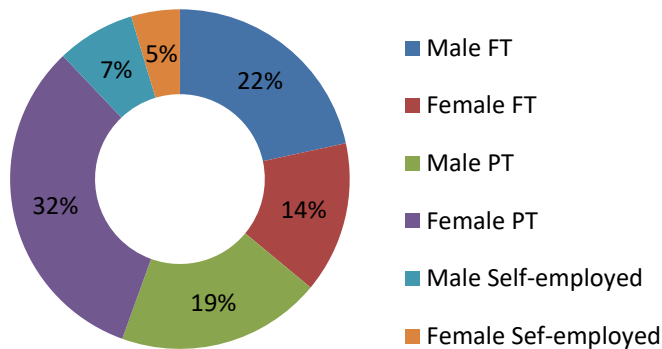
Future workforce projection for the sector are available at the wider region of Yorkshire and Humber rather than the LEP area but this still provides a useful indication of changes in the workforce moving forward.

2.2.5.1 Sector Growth

Employment in the Yorkshire and Humber visitor economy² is expected to grow 9% between 2014 and 2024 – or by 19,000. This is greater than the whole economy where growth of 5.5% is anticipated but less than the all sector figure of 13%.

² Working Future – 22 Industry data for Accommodation and food and Arts and entertainment. Travel agency subsector is not included in this analysis

Figure 12 Visitor Economy employment by gender and status, 2024, Yorkshire & Humber



With an anticipated workforce of 237,500 in 2024, over half (52%) of the workers will be part-time.

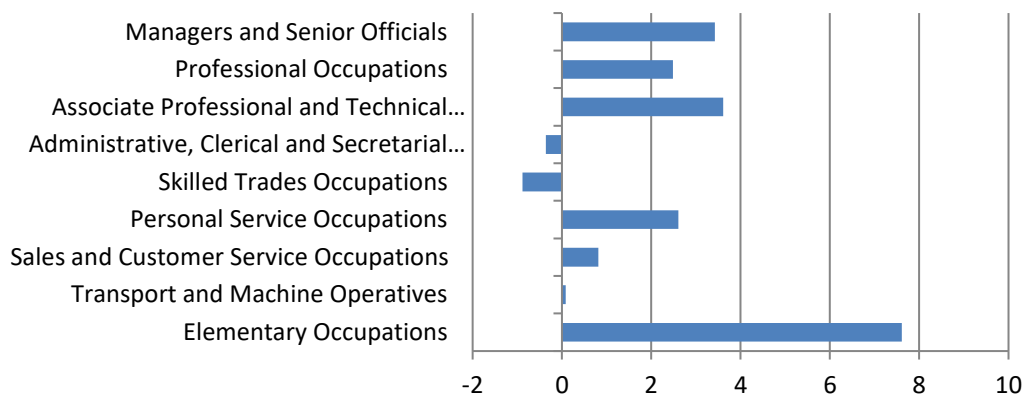
36% will be full-time - less than UK sector average - and 12% self-employed (Figure 12).

This is very similar to proportions seen in 2014.

Source: UKCES Working Futures VI

We expect to see large employment growth for higher level occupations, including managers, professional occupations and associate professionals and technical roles. Elementary occupations are expected to see the greatest growth (Figure 13). But net job losses are projected for skilled trades and administrative occupations.

Figure 13 Occupation change, 2014 -2024 (000s)



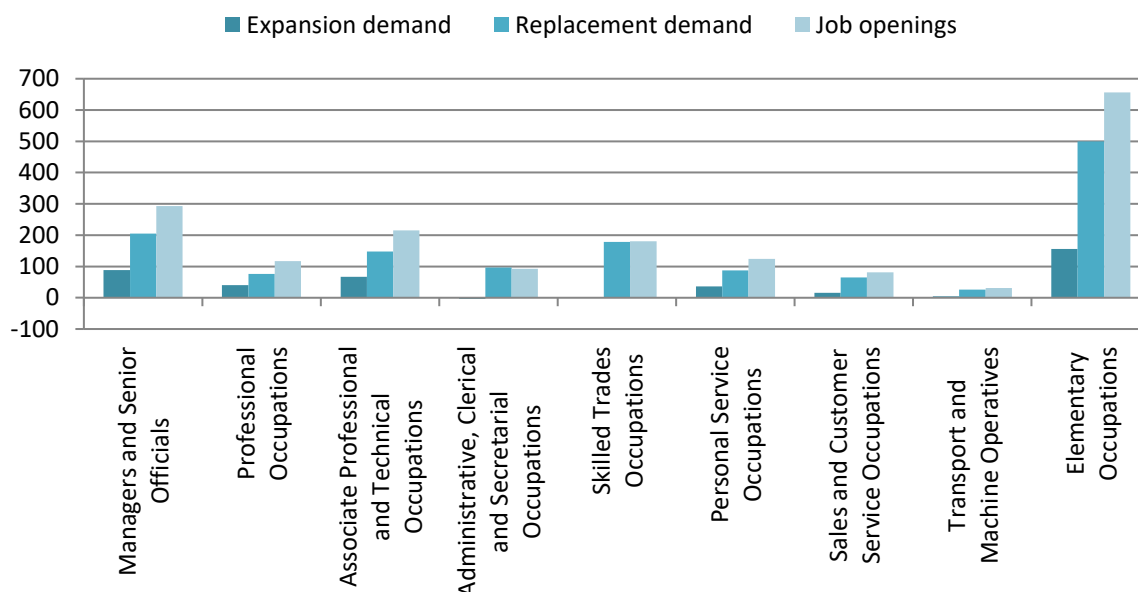
Source: UKCES Working Futures VI

2.2.5.2 Replacement need and total demand

Over the next decade, replacement demands are expected to generate four times as many job openings in the sector compared to net job growth.

Overall the industry is expected to have 113,000 job openings between 2014 and 2024: 19,000 from sector growth and 94,000 replacement demand. A third (34%) of all job openings will be within elementary occupations, and a further 16% in managerial positions (Figure 14).

Figure 14 Job openings in the visitor economy by occupation 2014 - 2024 (000s), Yorkshire & Humber



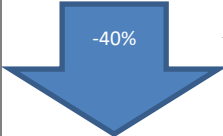


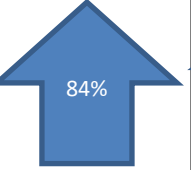
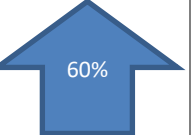
Source: UKCES Working Futures VI

2.2.5.3 Qualifications

The change in qualification levels of the workforce shows that there will be a shift towards higher qualifications (Table 18).

By 2024, 42% of people employed in the industry are expected to be qualified at level 4 and above (slightly lower than UK sector proportion 48%), whilst the proportion of people with no formal qualifications or a level 1 is expected to fall to 14%.

Table 18 Change in qualification profile visitor economy, Yorkshire and Humber

	No qualifications and level 1	Level 2	Level 3	Level 4 – 6	Level 7 – 8
Qualification example	GCSE (grades D – G) BTEC level 1	GCSE (grades A* - C) NVQ Level 2	AS & A level BTEC National	Certificate of higher education (L4) Foundation degree (L5) Bachelor's degree (L6)	Master's degree (L7) Doctorate (L8)
2014 level	56,900	59,200	46,800	47,900	7,400
2024 level	34,100	60,700	43,000	87,900	11,900
2014 – 2024 % change					
2014 % share	26%	27%	21%	22%	3%
2024 % share	14%	26%	18%	37%	5%

Source: UKCES Working Futures VI

More Developed Area: York and North Yorkshire

3 Introduction to More Developed Area of York and North Yorkshire

The EU's Cohesion policy aims to reduce economic and social disparities at regional level across the EU. Consequently, the European Commission has three categories of regional funding:

- **Less Developed regions**, whose GDP per capita is below 75% of the EU average
- **Transition regions**, whose GDP per capita is between 75% and 90% of the EU average
- **More Developed regions**, whose GDP per capita is above 90% of the EU average

Within the YNYER LEP, York and North Yorkshire at nearly 98% GDP per capita is considered a More Developed Area (MDA), while East Riding at 83% is considered a Transition Area (TA) (Eurostat, 2016).

The following three sections considers the Visitor Economy within the More Developed Area (MDA) of York and North Yorkshire at the subsector levels of:

- Arts, Entertainment and Recreation subsector
- Food and Beverages subsector
- Accommodation subsector

3.1 York and North Yorkshire MDA

North Yorkshire covers an area of 8,654 square kilometres (3,341 sq mi), making it the largest county in England. The majority of the Yorkshire Dales and the North York Moors lie within North Yorkshire's boundaries, and around 40% of the county is covered by National Parks.

York and North Yorkshire is divided into a number of local government districts: Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough, Selby and the City of York.

It has a resident population of 809,200, which equates to 71% of the LEPs resident population (ONS, 2017). Nearly 380,000 individuals are employed in the area. Employment rates stand at 81.9% for North Yorkshire and 78% in York compared to LEP average of 79.9% (Table 19).

Using YNYER LEP as the standard, we can see various differences in the productivity, skills and employment across North Yorkshire and York. Table 19 highlights where the area performs better (green) or worse (red). For example, self-employment in North Yorkshire stands at 14.1% - greater than within York, the LEP as a whole and the English average. However, the number of individuals qualified to level 4 or above is lower and the proportion with no qualifications is greater in North Yorkshire.

Table 19 Productivity, skills and jobs:

Measure	North Yorkshire	York	YNYER LEP	England
Gross Weekly pay full time (£)	£475.40	£505.40	£481.30	£544.20
Job density (the ratio of total jobs to population aged 16-64.	0.96	0.85	0.86	0.84
Employment Rate	81.9%	78.0%	79.9%	75.0%
Self-Employment	14.1%	9.6%	12.2%	10.6%
Full-time workers	63.1%	62.7%	63.8%	69.1%
Unemployment Rate	2.3%	3.2%	3.0%	4.7%
Economically Inactive	16.1%	18.8%	17.6%	21.2%
Level 4+	35.9%	42.7%	37.5%	37.9%
No Qualifications	6.5%	6.2%	6.3%	7.8%

Source: Office for National Statistics: LEP and National Labour Market Profiles; GVA for Local Enterprise Partnerships

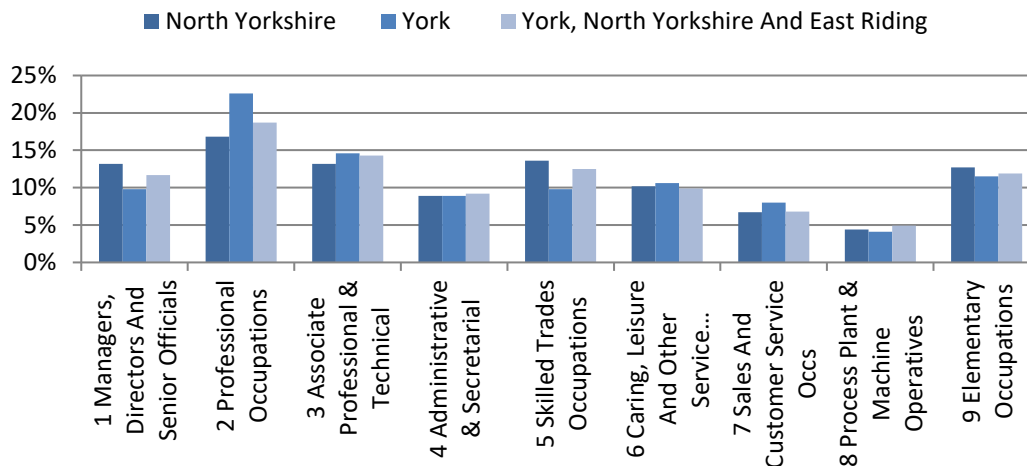
As previously mentioned nearly 380,000 individuals work across the York and North Yorkshire area. The largest employment sectors are (ONS, 2015):

- Health and Social work, employing 13% of all workers
- Accommodation and food services, employing 11% of all workers
- Retail, employing 10% of the workforce

The occupational profile across York and North Yorkshire has some variations compared to the LEP and national data (Figure 15). For example:

- There are more managers in North Yorkshire - 13% compared to 10% in York and 12% at a YNYER LEP level
- Nearly a quarter (23%) of the workforce are professional occupations in York, compared to 17% in North Yorkshire
- North Yorkshire has more skilled trade personal than York (14% compared to 10%)

Figure 15 Employment by broad occupation (Jan 2016 - Dec 2016)



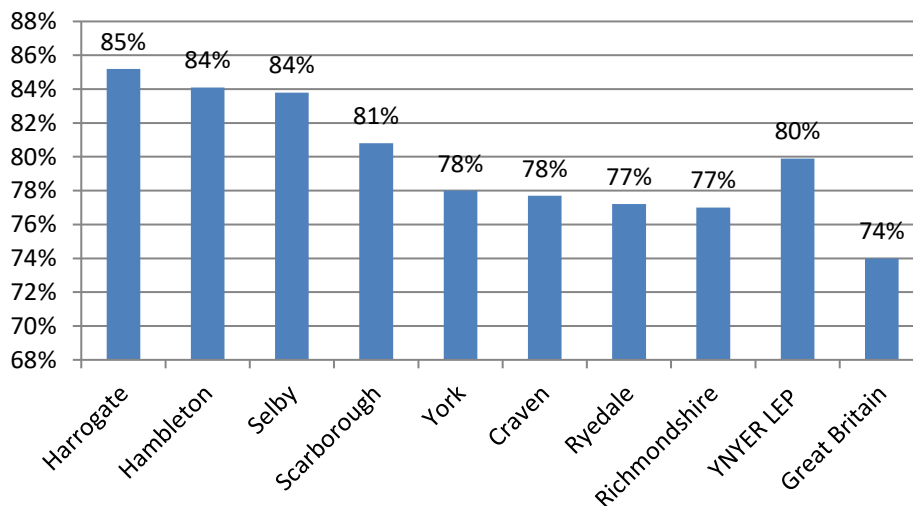
Source (ONS, 2017)

3.1 Local Authorities

The York and North Yorkshire MDA is made up by a number of local government districts: Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough, Selby and the City of York.

Looking in more detail at Local Authority level, we can see that there are variations in the employment rate: Harrogate has the highest at 85% while Richmondshire has the lowest at 77%. However the employment rate in all local authorities is greater than the national average (Figure 16).

Figure 16 Employment rate across the LEP and North Yorkshire Local authorities



Source (ONS, 2017)

Using YNYER LEP as the standard, additional variations in the job, skills and productivity levels of each of the local authorities are highlighted in the table below. Where the area performs better, we have highlighted this in green with relatively poor performance being highlighted in red in Table 20. In summary:

- Three authorities have a lower weekly wage than the LEP average (Craven, Ryedale and Scarborough).
- In three authorities the job density is above one - meaning that there is more than one job for every resident aged 16-64. These are Craven, Harrogate, and Ryedale. However Craven and Ryedale employment rate is lower than the LEP average.
- Self-employment is particularly high in Harrogate and Scarborough and also in Scarborough, the proportion of full-time workers is low.
- The proportion of workers with a level four qualification ranges from 23.5% in Hambleton to 50.4% in Craven.

Where the local authority area performs better than the YNYER standard we have highlighted this in green or worse in red in the table below.

Table 20 Productivity, skills and jobs by local authorities in York and North Yorkshire MDA

	Craven	Hambleton	Harrogate	Richmondshire	Ryedale	Scarborough	Selby	York	YNYER LEP	England
Gross Weekly pay full time (£)	£413.10	£496.80	£535.50	£507.20	£443.10	£460.30	£549.40	£509.60	£481.30	£544.20
Job density (the ratio of total jobs to population aged 16-64.	1.16	0.98	1.06	0.8	1.02	0.93	0.73	0.85	0.86	0.84
Employment Rate	77.7%	84.1%	85.2%	77.0%	77.2%	80.8%	83.8%	78.0%	79.9%	75.0%
Self-Employment	*	14.7%	19.2%	*	12.7%	18.0%	*	9.6%	12.2%	10.6%
Full-time workers	60%	65%	61.5%	62.5%	69.9%	58.5%	68.6%	62.7%	63.8%	69.1%
Unemployment Rate	3.2%	2.8%	2.7%	2.8%	3.3%	3.7%	3.8%	3.2%	3.0%	4.7%
Level 4+	50.4%	23.5%	42.9%	25.3%	36.8%	37.5%	31.0%	42.7%	37.5%	37.9%
No Qualifications	*	9.1%	*	*	*	7.4	8.9%	6.2%	6.3%	7.8%

(ONS, 2017) * data not available, sample too small

3.2 Emerging developments in York and North Yorkshire MDA

The York and North Yorkshire area is not standing still. Improvements in transport, infrastructure, and housing continue to attract employers and business opportunities. Speaking with stakeholders we understand that each local authority has or is in the process of updating Local Plans and Investment Strategies. For example, Hambleton Inward Investment Strategy and Action Plan has just been published, with the aims to attract quality jobs to the district by looking at its unique selling qualities and how they can be recognised nationally. The initial focus will be on potential employment sites around Leeming Bar. The plan will look at the land, skills, support and opportunity the area has to offer investors, ensure a sufficient supply of good quality sites over the next five years, and encourage links between existing and potential new businesses in the area. It will also promote the creations of centres of excellence in some sectors.

Examples of growth, investment and development in the area includes:

Al Khaleej International is looking at a site next to the Allerton Park waste incinerator, near the A1/A59 junction for a new sugar beet processing plant. The company has asked Harrogate Council planners for environmental opinions before it puts in a full planning application. If the new plant goes ahead, the company claims it would create employment for 200 to 300 jobs, and would buy sugar beet from 3500 farmers mainly across the North East of England (Prest, 2017).

Sirius Minerals PLC is seeking to become a leading producer of multi-nutrient fertilizer and current focus is the development of North Yorkshire Polyhalite project. Located 3.5km South of Whitby, the project will involve the extraction and granulation of the mineral. The project involves the construction of an underground mine, along with the necessary infrastructure above and below grounds that will be necessary for transporting processing and distributing the minerals. The project is expected to deliver 2,500 direct and indirect jobs (Sirius Minerals PLC, 2017)

Covance, a global drug development business, currently based in Harrogate where more than 1,000 people are employed, are expanding on the National Agri-Food Innovation Campus, at Sand Hutton near York. Opening in late 2017, the laboratory extension in York will employ up to 30 scientists (Knowlson, 2017).

ACM Global Laboratories, a medical diagnostic testing company, has added a second specialised building to its laboratory block in Hospital Fields Road, York. The jobs generated will be high tech and include laboratory scientists, life sciences project managers, quality assurance professionals and data managers (York Press, 2017).

Furthermore in York, York Central - a 72 hectare site formed mainly of former railway land behind the station - could see the development of thousands of new homes and enough office space for 7,000 new jobs (City of York Council, 2017)

Near Whitby, a new 60-lodge holiday could be built on a hotel estate. The Classic Lodges hotel group has submitted an application to build a holiday park on its estate at Grinkle Park, following two years of extensive planning and consultation with the relevant authorities (Copeland, 2017). The development would see the restoration of the hotel's Grade II listed stable block, the re-introduction of a derelict caravan site, and the formation of two new lakes to complement the existing water feature. The lodges would be created in an environmentally considerate way and are aimed at the 'staycation' market of families who prefer to holiday in England than abroad. In addition to the construction jobs, once fully operational, the lodge park would create 25 jobs.

Discussions with Selby District Council highlighted a number of planning applications, including housing applications, the construction and operation of a combined cycle gas turbine (CCGT) power station, While Harworth Group Plc has recently secured the resolution to grant planning consent from Selby District Council to redevelop Kellingley Colliery, 151 acre site into a major new manufacturing and distribution centre, which could create 2,900 new jobs and bring investment into the region of £200m. (Bean, 2017).

Newby Wiske Hall, formerly the North Yorkshire Police's Headquarters has been sold to PGL, a company that runs educational activities for schools and young people in March 2017. PGL plan to open the site in Spring 2018 and reported that they will create more than 100 jobs, not only in instructing activities, but in catering, housekeeping, site maintenance and management roles.

The above demonstrates some of the opportunities in the area where new firms are entering and currently resident employers are expanding. These developments will have multiplier effects across the supply chains and wherever consumption occurs.

4 Arts, Entertainment and Recreation subsector in North Yorkshire MDA

4.1 Introduction

The arts, entertainment and recreation sector is a subsector of the wider visitor economy. It includes a wide range of establishments that operate facilities or provide services to meet varied cultural, entertainment, and recreational interests of their patrons. This sector comprises:

- establishments that are involved in producing, promoting, or participating in live performances, events, or exhibits intended for public viewing;
- establishments that preserve and exhibit objects and sites of historical, cultural, or educational interest; and
- establishments that operate facilities or provide services that enable patrons to participate in recreational activities or pursue amusement, hobby, and leisure-time interests.

Across York and North Yorkshire there are a number of arts, entertainment and recreation facilities:

The area is home to the North York Moors a national park, containing one of the largest expanses of heather moorland in the United Kingdom. The moors also have the North Yorkshire Moors Railway, a heritage railway which is one of the busiest steam heritage lines in the UK and Falling Foss waterfall.

Whitby hosts the Captain Cook Memorial Museum as well as Whitby Abbey and a ruined Benedictine abbey overlooking the North Sea.

Scarborough has a Sea Life Sanctuary, Peasholm Park, Alpamare, and Scarborough Spa: a multipurpose venue offering conference, exhibition, entertainment and banqueting facilities. Further south of the town is Playdale Farm Park.

Flamingo Land, near Malton, attracts over 1.5 million visitors every year to its Theme Park, Zoo & Conservation and Holiday Resort.

Harrogate Convention Centre provides conferences, exhibitions and live entertainment shows including comedy, drama and live music. While Ripley Castle and Gardens is an historic attraction open to the public all year round.

Around York; there is York Maze, The Web Advantage Park, Yorkshire Air museum, York Castle & museum, National Railway museum, City Walls, York Minster, Jorvik Viking Centre, as well as a number of other museums and sites.

The Royal Horticultural Society and the National Trust also have a number of sites in the York and North Yorkshire area.

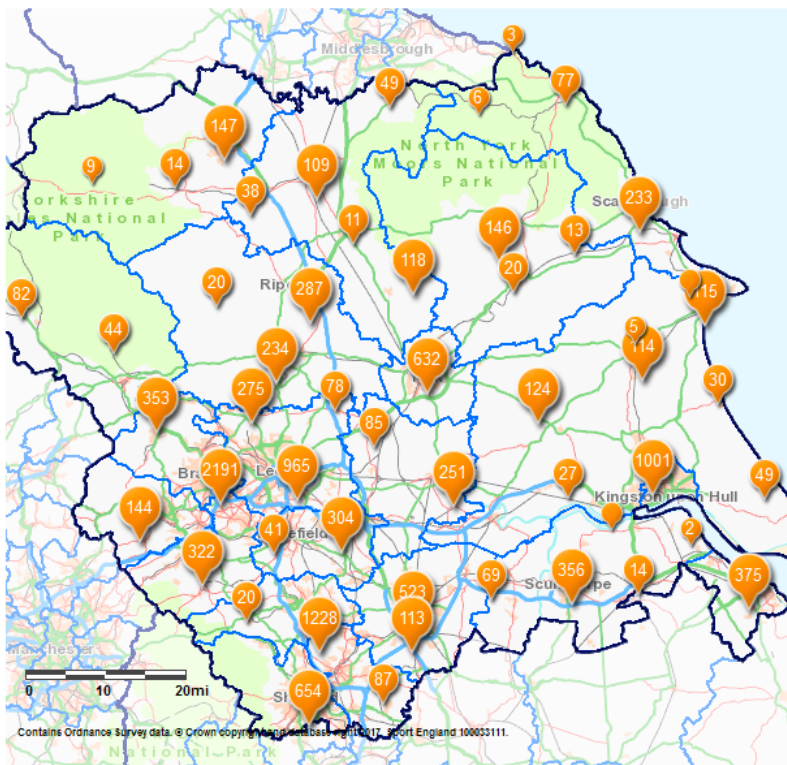
In terms of sporting and recreation, Sport England's Active Places database reveals that across the Yorkshire and Humber region, 36.3% of adults (16+) participate in at least 30 minutes of sport a week, slightly higher than nation average of 35.4%. To accommodate this, the region has over 12,000 sports facilities. The majority available are grass pitches (7,176), followed by sports halls (1,139) and tennis courts (952). However, sporting facilities that are run by public sector organisations may not be included in these figures. For example, local authority leisure centres may be officially classed as a local authority business establishment. This suggests that the 'official' number of sporting related businesses is likely to be an underestimation.

Table 21 Top facilities in Yorkshire and Humber

Facility	Number
Grass Pitches	7176
Sports Hall	1139
Tennis Courts	952
Health and Fitness Suite	699
Studio	555
Artificial Grass Pitch	544
Swimming Pool	393
Squash Courts	367
Golf	273
Athletics Tracks	34

Source Sport England Active Places database

Figure 17 Sport and recreation facilities by location in Yorkshire and Humber



Source Sport England Active Places database

Local Authorities are one of the primary funders of art and cultural activities, along with the contribution from the Arts Council England. From public libraries to municipal galleries, from music education and arts festivals to public art, councils are active in regional cultural life.

The Department for Communities and Local Government data shows how much is spent on cultural & heritage and recreation and sports by local authorities. Across North Yorkshire, 1% of the total service expenditure was on cultural & heritage and recreation and sports compared to 3% across England in 2015/16 (DCLG, 2016).

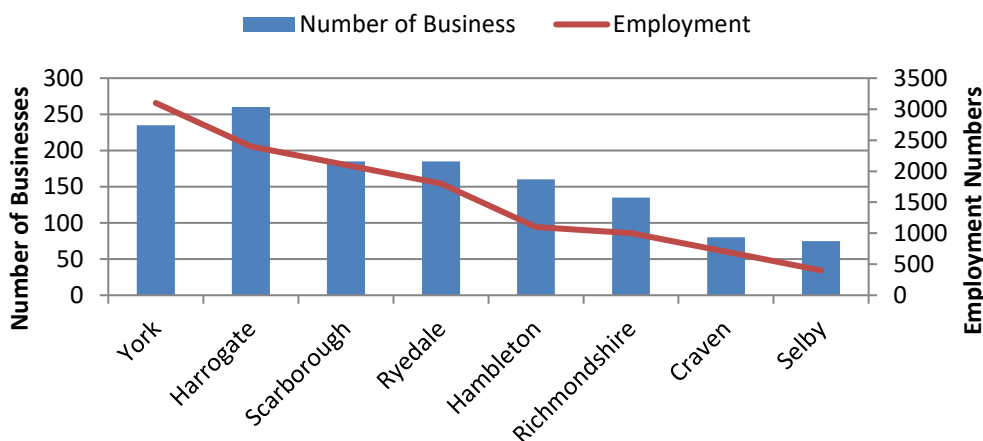
4.2 Arts, Entertainment and Recreation economy and employment

North Yorkshire has a resident population of nearly 810,000 (ONS, 2017) and is also a key destination for domestic and overseas visitors (Visit Britain, 2015). For example in 2015, York was the 17th most visited city by overseas visitors, with 240,000 staying visits (Visit Britain, 2015). Other towns across North Yorkshire attracted a further 190,000 visits. While on average 4.7million yearly trips are taken to North Yorkshire by domestic visitors (VisitBritain, 2015).

Consequently the North Yorkshire area has numerous businesses in the arts, entertainment and recreation subsector.

In total the York and North Yorkshire MDA has 1,315 businesses operating in this subsector, employing over 12,000 individuals. Greatest employment is found within York, accounting for 24% of the workforce. A further 19% are employed in Harrogate.

Figure 18 Distribution of arts, entertainment and recreation businesses and employment in North Yorkshire



Source (ONS, 2015) & (ONS, 2016)

Within the subsector there is further disaggregation of business and employment:

- Sports activities accounts for 59% (775) of all subsector businesses and 68% of employment
- One in five (19%) of businesses are classified as creative, arts and entertainment activities and these employ 7% of the workforce.
- Libraries, archives, museums and other cultural activities accounts for 12% of the subsector workplaces and 19% of employment.
- One in ten businesses (10%) operates within gambling and betting activities and these employ 7% of the workforce.

But of note in this subsector are the volunteers that assist in many of the workplaces, particularly in the cultural and sporting areas.

The Institute for Volunteering Research found that most common fields of interest supported by volunteers was education, with sports and exercise also in the top four. Arts and museums ranked 8th in the types of organisations helped (Low, et al., 2017).

Volunteers have always played a vital part in the sport and physical activity sector. Without them, most activity simply wouldn't happen. 5.6 million people volunteer every month in sport and physical activity in England (Sport England, 2017).

The job roles which have the greatest number employed in the arts, entertainment and recreation subsector across Yorkshire and Humber are:

- Financial administrative occupations (not elsewhere classified (n.e.c.))
- Receptionists
- Sports and leisure assistants
- Kitchen and catering assistants
- Leisure and sports managers
- Leisure and theme park attendants
- Cleaners and domestics

4.3 Skills needs – Primary Research testing the data

4.3.1 Planning for the future

Data tells us that across the LEP economy 58% of firms have a Business Plan which specifies objectives for the coming year, which is slightly lower than national findings of 62% (UKCES, 2016). 39% of firms had a training plan, again less than national average of 42%.

Our primary research highlights that employers in the subsector in the MDA frequently do not have either of the above. Smaller establishments are clearly focussing on operational matters, and whilst there is some understanding of the need to plan this is clearly a gap.

4.3.2 Recruitment and retention

There is a high level of recruitment demand across the arts and other service sector and this is mirrored in the arts, entertainment and recreation subsector. Nationally we have seen that 22% of firms in the arts and other service sector reporting at least one vacancy; greater than UK findings (19%) (UKCES, 2016).

But it is not just recruitment; many firms also report retention issues and this appears to be increasing. In 2010 7% of firms reported difficulties retaining staff but by 2015 this had increased to 10% (UKCES, 2016).

Flamingo Land

The theme park near Malton are actively seeking new team members to ensure that their 1.5million visitors a year receive the best customer service. Roles they seek include:

- Restaurant Staff - Front of House professionals delivering food with great service
- Amusements - Customer focused, keep the fun rolling in the arcades
- Games Stalls - Challenge fun loving customers to win great prizes
- Bartenders
- Ride Photography - Ensuring customers have a lasting memory
- Retail - Sales Assistants helping customers find that special gift or souvenir in the shops
- Kitchens - Head Chef, Sous Chef, Kitchen Assistant & Kitchen Porter
- Catering Crew - Baristas, Fish Fryers, Sandwich Artists and counter staff are always offering fast food on the go
- Administration Support - Admissions, Accounts and Cash Office
- Warehouse - Stocking up the park ready for the thrill seekers
- Holiday Resort & Caravan Cleaning - To keep the standards high for guests
- Maintenance Team - Park Cleaners, Plumbers, Joiners, Painters, & Gardeners
- Security - Trained professionals ensuring everyone is safe and secure
- Rides/Operations Staff-Electricians, Engineers and ride operators
- Leisure Complex - Lifeguards & Customer Service Assistants
- Holiday Village - From meeting guests at Reception to working in the Customer Service team

4.3.3 What are your current skills needs and skills gaps?

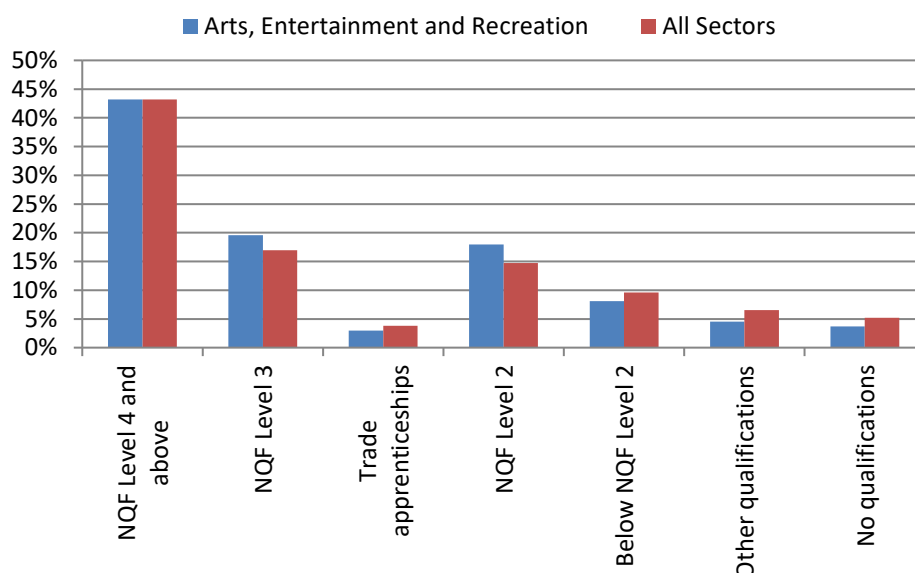
Skills levels

At a national level the Arts, Entertainment and Recreation sector has a very similar profile to the all sector average (Figure 19). Two in five workers hold a level 4 qualification or above compared - the same as national data at 43%. 16% do not have a level 2 qualification, with 4% having no qualifications at all.

There is some variation within the sector. For example 73% working within libraries, archives and museums have a level 4 or above, while within gambling and betting activities only 22% do.

The largest occupational group in the subsector is Associate professional and technical occupations – accounting for 32% of the workforce - and these roles traditionally require higher levels of qualifications. These include roles such as Sport coaches and instructors, artists, entertainers, dancers and choreographers. A further 12% of the workforce are in senior managerial position.

Figure 19 Qualifications levels of Arts, Entertainment and Recreation subsector



(Office for National Statistics, et al., 2016)

Skills gaps

Across all sectors in the LEP, 15% of firms report having a skills gap - i.e. where an employee is deemed by their employer to be not fully proficient, i.e. is not able to do their job to the required level (UKCES, 2016). Overall it has been calculated that over 21,200 individuals in the LEP are not proficient in their job.

Across the UK Arts and other service sector 12% of firms report having a skills gap, with over 47,000 individuals not fully proficient in their role (UKCES, 2016). The main causes of skills gaps in the arts and other services sector are:

- Individual is new to the role, with 59% of employers reporting this factor
- Their training is currently only partially completed (59%)

These two factors are both predominantly transient: that is to say one would expect skills gaps resulting from these causes to be eliminated once staff have settled into their new roles and/or existing training has been completed.

From our primary work we can suggest that the following skills are particularly needed and valued by employers:

- Customer service was the main area raised, but obviously it is a less technical skills
- Health and safety training is a necessity for many roles working in the subsector
- Fundraising and commercialisation are seen as major issues in a number of cultural areas such as heritage. As public funding is diminished, organisations will need the skills to harness new business development and philanthropic investment.

4.3.4 Training

The arts and other services sector invests a significant amount of money in training and development. In 2015, 2.6bn was spent across UK sector, equating to an average spend of £3,410 for every worker trained (Vivian, et al., 2016).

Across all sectors in the LEP, 65% of firms had funded or arranged training for staff in the previous 12 months, while across the UK arts and other service sector 70% of firms had done so (UKCES, 2016). The vast majority of training and development is targeted at initial training and development and perceived statutory areas such as health and safety.

Our primary research found similar findings in this area. Key areas of training for employers in Sports activities, amusement and recreation activities are health and safety, insurance, minibuss driving and ensuring facilities are fit for purpose. The cost of compliance is also an area of concern.

Cost and time were the main drag factors on engaging non mandatory training, but we also heard criticisms of course provision and that there was a lack of high quality providers who really understood the needs of the sector.

Sports activities, amusement and recreation activities employ a high proportion of part-time workers (63 per cent) (ONS, 2015). Part-time working may suit both the nature of the business and certain groups of workers (such as carers and students), but it does present a potential barrier to training in terms of time off work (when hours are shorter), affordability and time of delivery.

4.3.5 Apprenticeships

Nationally there has been a large uptake of apprenticeships across the hospitality sector, however only 10% of businesses are offering them and the vast majority are large businesses (APPG, 2016).

Across North Yorkshire there has been a steady increase in the number of individuals starting an apprenticeship. In 2009/10, just over 9,200 individuals starts one, while by 2013/14 this had risen to nearly 19,000 (DfE, et al., 2017). Nearly two in five (38%) of all starts have been within Richmondshire, 14% in Harrogate, 13% in York, 11% in Scarborough and the remainder in the other local authority areas.

However, the table below highlights that relatively few (140) of the framework starts have been on Leisure, Travel and Tourism frameworks. This is just over 1% of all apprenticeship starts in the area. Considering visitor economy employment is in the region of 10% this can be considered low.

In our primary work we explored this and the reasons will be familiar to people working in the skills sector. Whilst there is a general support for the principle of Apprenticeship, it was felt that they were often too large an intervention for this subsector. The lack of career route, high staff churn, and the relatively low skilled occupations were all mentioned. It is clear that larger employers are more likely to use apprenticeships than the smaller employers.

From our primary work we can see that the challenge, particularly for SMEs, in hiring apprenticeships continue to be significant. There are issues around awareness, relevance and perceived bureaucracy, but we do wonder if the currently available frameworks fit with the need.

Table 22 Apprenticeship Programme Starts by Parliamentary Constituency and Sector Subject Area (2013/14)

Sector Area	Harrogate and Knaresborough	Richmond (Yorks)	Scarborough and Whitby	Selby and Ainsty	Skipton and Ripon	Thirsk and Malton	York Central	York Outer
Agriculture, Horticulture and Animal Care	10	40	20	20	30	40	10	10
Arts, Media and Publishing	0	0	0	0	0	0	0	0
Business, Administration and Law	190	270	250	210	170	180	170	150
Construction, Planning and the Built Environment	20	50	40	50	40	60	60	40
Education and Training	0	0	0	10	0	10	0	0
Engineering and Manufacturing Technologies	70	150	120	170	100	120	80	90
Health, Public Services and Care	200	3,670	230	180	170	180	160	120
Information and Communication Technology	20	20	10	20	10	10	10	10
Languages, Literature and Culture	0	0	0	0	0	0	0	0
Leisure, Travel and Tourism	20	20	20	10	20	20	20	10
Preparation for Life and Work	0	0	0	0	0	0	0	0
Retail and Commercial Enterprise	200	280	190	150	190	170	200	140
Science and Mathematics	0	0	0	0	0	0	0	10
Unknown	0	0	0	0	0	0	0	0
Total	740	4,500	880	800	750	800	710	600

Source (DfE, et al., 2017) Apprenticeships by parliamentary constituency 2011/12 to 2014/15

4.4 Future requirements

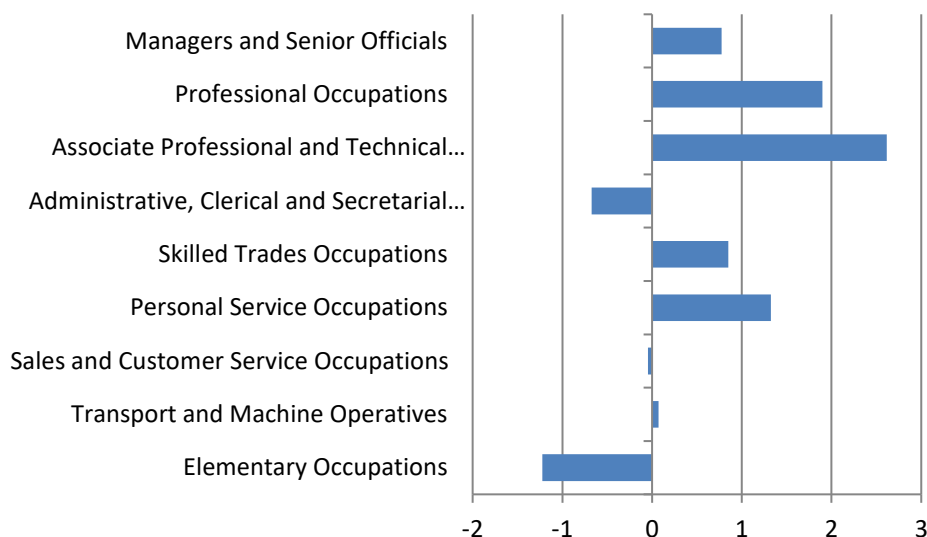
4.4.1 Sector growth

Future workforce projections for the subsector are available at the wider region of Yorkshire and Humber rather than the North Yorkshire area but this still provides a useful indication of changes in the workforce moving forward.

Employment in the Yorkshire and Humber arts and entertainment subsector is expected to grow 8% between 2014 and 2024 – or by nearly 6,000. This is a greater rate than whole economy where growth of 5.5% is anticipated in the region, but less than the UK subsector figure of 9% (UKCES, 2016).

We expect to see employment growth for higher level occupations, including managers, professional occupations and associate professionals and technical roles (Figure 13). Net job losses are projected for elementary roles and administrative roles.

Figure 20 Arts, entertainment and recreation subsector occupation change, 2014 -2024 (000s)



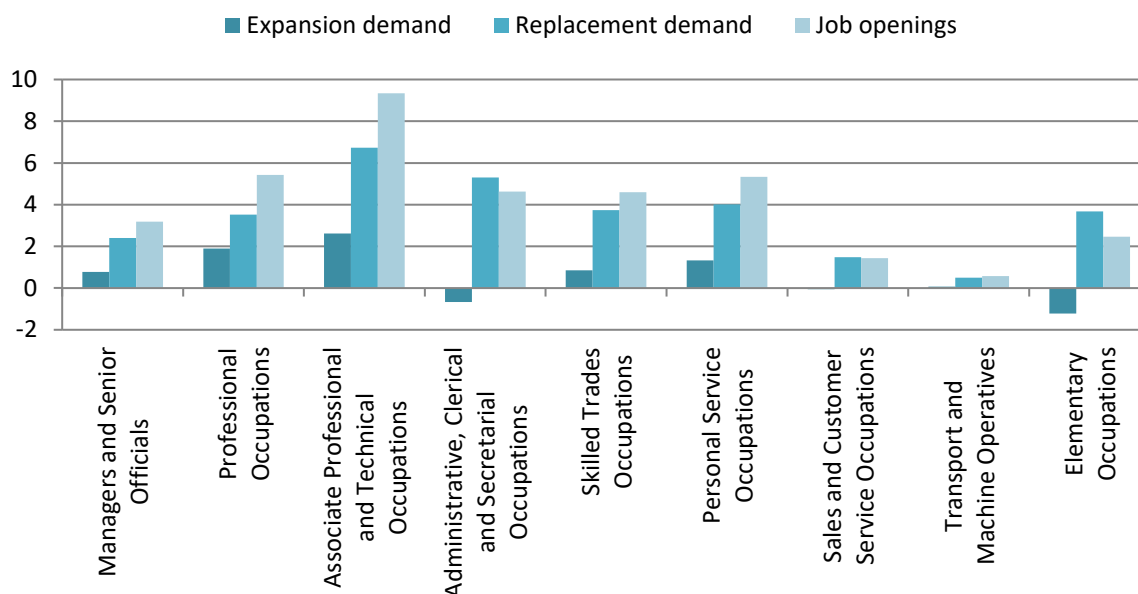
Source: UKCES Working Futures VI

4.4.2 Replacement need and total demand

Over the next decade, replacement demands are expected to generate nearly five times as many job openings in the subsector compared to net job growth.

Overall the Arts and entertainment subsector in Yorkshire and Humber is expected to have nearly 37,000 job openings between 2014 and 2024: 6,000 sector growth and 31,000 replacement demand. A quarter (25%) of all job openings will be within Associate professional and technical roles and a further 15% in professional positions (Figure 14).

Figure 21 Job openings in the Arts, entertainment and recreation by occupation 2014 - 2024 (000s) in Y&H



Source: UKCES Working Futures VI

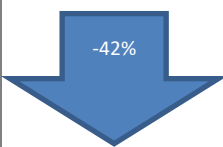


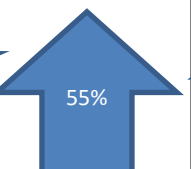
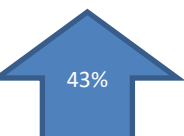
The startling fact that 85% (31,000) of the new staff requirements are needed to replace existing employees is a consequence of its older workforce. The Creative, arts and entertainment, and Libraries, archives, museums areas have a low proportion of young workers (7% and 5% compared to national average 12%). But consequently also means that they have a much older workforce – two in five workers are over 50 years of age.

4.4.3 Qualifications

The change in qualification levels of the workforce shows that there will be a shift towards more people holding higher qualifications (Table 23).

By 2024, 53% of people employed in the Arts and entertainment subsector are expected to be qualified at level 4 and above (higher than YNYER all sector proportion of 47%), whilst the proportion of people with no formal qualifications or level 1 is expected to fall to 9%.

Table 23 Change in qualification profile arts, entertainment and recreational subsector, Yorkshire and Humber

	No qualifications and level 1	Level 2	Level 3	Level 4 – 6	Level 7 – 8
Qualification example	GCSE (grades D – G) BTEC level 1	GCSE (grades A* - C) NVQ Level 2	AS & A level BTEC National	Certificate of higher education (L4) Foundation degree (L5) Bachelor's degree (L6)	Master's degree (L7) Doctorate (L8)
2014 level	12,500	16,400	16,700	23,200	4,300
2024 level	7,300	14,900	14,500	36,000	6,200
2014 – 2024 % change					
2014 % share	17%	22%	23%	32%	6%
2024 % share	9%	19%	18%	46%	8%

Source: UKCES Working Futures VI

4.4.4 Future roles and skills

The above Working Future projections demonstrate that there will be growth across most occupational groups and a significant replacement need for positions. This will be for entry level, through skilled positions up to higher level roles.

Employers have not necessarily identified any new roles developing in the next 6 years; rather it will be recruiting for existing positions.

A fundamental part of this sector is the actual performers who people want to come and see. It is clear that there are real financial pressures being placed on the performing arts sectors. This has led to significant concern around where the next generation of world class performers will come from. Likewise we know that there is concern about the impact of the current political discourse on migration on the sector.

Whilst we do not want to downplay this part of the sector, our research has heard the most concern around roles in support and back office functions. We wonder if our findings would be different if the primary work had been conducted in places with more companies dedicated to performing, such as London for example.

In this way our primary research was in keeping with the wider data analysed.

4.5 Drivers of change

4.5.1 Political

Safety

British amusement parks have been placed into the media spotlight in recent years when an incident on the Smiler rollercoaster at Alton Towers left five people with serious injuries and more recently a young child passing away at Drayton Manor. This has brought health and safety into the spot light.

The record at theme parks and fairgrounds however is good. More than a billion “individual bums-on-seats rides” are taken every year and from those rides around 35 people are taken to hospital for treatment (Smith, 2016). This low accident rate is thanks to a range of safety precautions, which stretch from rollercoasters’ over-the-shoulder harnesses and electronic control systems to measures as simple as fences to keep park visitors away from moving parts.

Fairgrounds, which are taken apart and reassembled frequently, have the dangers of worn equipment, which must be inspected regularly, but workers also have the danger of working at height.

HSE is working with the British Association of Leisure Parks, Piers and Attractions to ensure the robustness of its members’ risk management systems, and with the Health and Safety Laboratory to check that physical and electronic protections are as strong as the parks and regulators believe them to be.

Brexit

Uncertainty post Brexit is a concern reported by employers in the accommodation subsector. The UK Prime Minister, Theresa May has emphasised that “Brexit means Brexit” and the Conservative Manifesto pledge to bring net migration down to ‘tens of thousands’ will remain. Likewise, the Labour Party has acknowledged that freedom of movement is going to end post Brexit.

The effect on inward migration particularly from EU countries could affect the sector’s ability to recruit and retain skilled staff and is by far the biggest issue employers have raised with us.

Legislation / Regulations

As with other industries which interface directly with the public, this is a sub sector which is heavily regulated. Employers are not expecting there to be significant new legislation in the next few years.

4.5.2 Economic

Austerity

Local government is one of the primary funders of art and cultural activities, along with the contribution from the Arts Council England. However, direct funding from local government to the arts, museums and libraries has been under enormous pressure in recent years.

In the arts and museums infrastructure we have seen significant improvement in bringing the arts to more people, wherever they live. But recipients of public funds have to show how that money benefits the public - and the nation. How can the value of arts and culture be measured?

The more we understand - and talk about - what art does for us, in terms of the economy, our education, health and wellbeing, the lives of our communities and of our nation, the more we can give government and the taxpayer the confidence to invest.

But not only that, as public funding is reduced, organisations will need the skills to harness new business development and philanthropic investment.

Rising Costs

The whole subsector is affected by rising operating costs. For example increasing energy prices impacts on the whole sector. We also heard that insurance costs, particularly in relation to the outdoors industry where activities are perceived to be of higher risk than usual are having an impact on the sub sector. Consequently, resource management and budgetary controls are important.

A slowdown in economic growth

Research by Deloitte reveals that the activities most likely to be foregone by people when they have less money were: betting and gaming; attending live sports events and short breaks. This obviously is relevant here.

Wage levels

The National Minimum Wage (NMW) was first introduced in the UK in April 1999 at a rate of £3.60 per hour for over 21-year-olds. Prior to that there was no statutory minimum. In April 2016 the government introduced the National Living Wage (NLW) at a level of £7.20 per hour for those over 25 years old, increasing to £7.50 in April 2017. It is expected to rise to at least £9 per hour by 2020. The impact of this is likely to be significant on this subsector. Hoteliers undoubtedly face higher payroll costs and this is a challenge they face. In a subsector such as this, maintaining the pay differentials is also likely to have a significant cost.

Labour availability

Following the recession, the economic situation across the UK and North Yorkshire has been improving. Unemployment rates in the area have declined from a high of 7.5% in 2011 to 2.3% at the end of 2016. Of those claiming JSA, 43% have been out of work for six months or more (ONS, 2017) and are therefore more of a challenge to get back into work. Consequently it's becoming harder to recruit.

Demographic changes mean that there are fewer younger people entering the job market, which has an adverse effect, particularly on sports, amusement and recreation part of the subsector as it employs a greater proportion of 16-24 (35%) than found across the economy as a whole (12%). So employers need to find ways to attract and then retain staff. Recruitment and retention are two important issues.

Creative, arts and entertainment, and libraries, archives, museums, require higher skills levels for entry and therefore have a lower proportion of young workers (7% and 5% compared to national average 12%). But consequently also means that they have a much older workforce – two in five workers are over 50 years of age. Hence the replacement demand in the subsector. Employers need to consider their succession plans.

4.5.3 Social

Attraction Security

Protecting the security and welfare of guests is paramount. If guests do not feel safe, then they will not attend. Operators of entertainment, arts and recreational facilities are increasingly ensuring that they have staff who are trained to be vigilant and responsive to any threat and execute procedures to alert the relevant authorities. Larger sites often maintain both active and passive security protocols across attractions in order to maintain the integrity of physical boundaries and operations/assets within.

Consumer needs

Research by Mintel reveals that 82% of consumers have visited attractions in the previous 12 months. (Deloitte, 2016).

The sector is not just for the young. While the Millennials, consumers aged 18-24, are the most likely to spend in categories such as gym and sports, short breaks or drinking in coffee shops; the age groups in the middle are more active spenders on betting and gaming, eating out and drinking in pubs and bars. Employers know this and are targeting their marketing appropriately.

4.5.4 Technological

Technology is expected to play an ever-increasing role in the subsector, meaning that digital skills are going to be important across all job roles.

4.6 Key Points

What follows is a presentation of the key findings from the above.

- 1,315 businesses operate in this subsector, employing over 12,000 individuals. Greatest employment is found within York, accounting for 24% of the workforce. A further 19% are employed in Harrogate
- The subsector relies on a high number of volunteers.
- Soft skills are a fundamental and key part of the skills needs of the workforce
- There are a high number of skilled roles in the subsector but we have not heard significant challenges around recruiting these roles.
- The main skills identified as being missing are soft or general skills rather than technical or professional skills
- Compliance is a key driver for training
- Take up of Apprenticeships is not high in this subsector
- We expect to see employment growth for higher level occupations, including managers, professional occupations and associate professionals and technical roles, but net job losses are projected for elementary roles and administrative roles.
- The Creative, arts and entertainment, and Libraries, archives, museums areas have a low proportion of young workers. Consequently also means that they have a much older workforce
- This is a subsector where higher level skills are going to be near essential in the future.
- Bidding for funding is a new skill needed by the sub sector – as is capturing and evaluating the impact of that funding.
- Resource management and budgetary controls are important
- Security is a new area of skills and training and with threats to public safety is only likely to be more in demand.
- Demand for the services offered by this subsector is clearly linked to demographics and employers are marketing themselves accordingly.

5 Food and Beverage services subsector in North Yorkshire

5.1 Introduction

This subsector comprises of establishments primarily engaged in preparing meals, snacks and beverages, for immediate consumption on and off the premises. In this way it clearly differs from food manufacturing employers who produce food or meals typically expected to be consumed sometime in the future.

As the interests of the public became more diverse, so too do the offerings of the food and beverage sector.

For example we have:

- Fast-food Restaurants: catering for both residents and visitors they generally located in areas that can be conveniently accessed. They may have drive-through capabilities, located within retail stores, within motorway service stations. Convenience and familiarity is key in this sector.
- Full-service restaurants: Consumer expectations are higher here than fast-food restaurants. The menus offered are varied, but in general reflect the image of the restaurant or consumer's desired experience. Examples may include fine dining, family/casual, ethnic, and upscale casual.
- Catering and Banqueting: banqueting relates to catered food served on premise, while catering typically refers to off-premise service. At a catered event, customers typically eat at the same time, as opposed to restaurant customers who are served individually or in small groups. Catering businesses include: catering companies, conference centres, conference hotels, wedding venues, festival foods
- Accommodation foodservice: These include hotel restaurants and bars, room service, and self-serve dining operations (such as a breakfast room). Hotel restaurants are usually open to the public and reliant on this public patronage in addition to business from hotel guests.
- Drinking: Public houses and bars, licenced clubs, wine bars, juice bars

5.2 Food and beverage service economy and employment

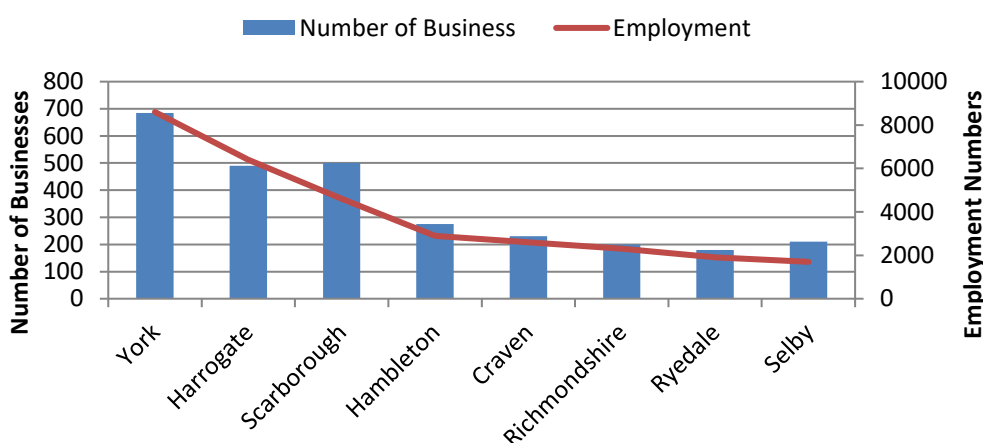
North Yorkshire has a resident population of nearly 810,000 (ONS, 2017) and is also a key destination for domestic and overseas visitors (Visit Britain, 2015). For example in 2015, York was the 17th most visited city by overseas visitors, with 240,000 staying visits (Visit Britain, 2015). Other towns across North Yorkshire attracted a further 190,000 visits. While on average, 4.7million yearly trips are taken to North Yorkshire by domestic visitors (VisitBritain, 2015).

Across the LEP there are 3,600 businesses in this subsector. 77% or 2,770 are located in the North Yorkshire area. In total these business employ over 31,000 individuals (ONS, 2015).

York has the greatest number of businesses and also employs the most people: 28% of the subsector workforce. As noted York is an important area for the visitor economy but it also a large resident base (over 200,000 individuals).

Harrogate accounts for a further 18% of the businesses and 21% of employment. Harrogate has the second largest resident base with 157,000, after York (ONS, 2017).

Figure 22 Distribution of food and beverage service activities businesses and employment in North Yorkshire



Source (ONS, 2015) & (ONS, 2016)

The top occupations in the subsector in the Yorkshire and Humber region are:

- 9272 'Kitchen and catering assistants'
- 9273 'Waiters and waitresses'
- 5434 'Chefs'
- 9274 'Bar staff'
- 1223 'Restaurant and catering establishment managers and proprietors'

5.3 Skills needs – Primary Research testing the data

5.3.1 Planning for the future

Data tells us that across the LEP economy 58% of firms have a Business Plan which specifies objectives for the coming year, which is slightly lower than national findings of 62% (UKCES, 2016). 39% of firms had a training plan, again less than national average of 42%.

Our primary research highlights that employers in the subsector in the MDA frequently do not have either of the above. Smaller establishments are clearly focussing on operational matters, and whilst there is some understanding of the need to plan this is clearly a gap.

5.3.2 Recruitment and retention

There is a high level of recruitment demand across the hospitality sector and this is mirrored in the food and drink services sub sector. Nationally we see that 26% of firms in the hospitality sector report at least one vacancy; greater than UK findings (19%) (UKCES, 2016). The extent to which sector businesses are finding it more problematic to recruit is borne out by the fact that the percentage of employers reporting skill-shortage vacancies has risen by 4% since 2011.

But it is not just recruitment; many firms also report retention issues and this appears to be increasing. In 2010 10% of firms reported difficulties retaining staff but by 2015 this had increased to 15% (UKCES, 2016).

The recruitment of chefs continues to be the most obvious challenge for the sector and it is one that is borne out by both the data and our primary research. Nationally chefs make up a fifth of all skill shortage vacancies for skilled trades and nearly half of all vacancies for chefs prove difficult to fill because of a shortage of skilled applicants (UKCES, 2016). Consequently chefs are recognised in the Migration Advisory Committee shortage occupation list (MAC, 2013).

Chefs (SOC 5434)

Only the following job titles within this occupation are included on our recommended shortage occupation list:

Skilled chef where:

- the pay is at least £29,570 per year after deductions for accommodation, meals etc;
- the job requires five or more years" relevant experience in a role of at least equivalent status to the one they are entering; and
- the job is not in either a fast food or standard fare outlet.

The UK Border Agency also require that the job is not in an establishment which provides a takeaway service; and the job is in one of the following roles:

- executive chef – limited to one per establishment
- head chef – limited to one per establishment
- sous chef – limited to one for every four kitchen staff per establishment
- specialist chef – limited to one per speciality per establishment.

A fast food outlet is one where food is prepared in bulk for speed of service, rather than to individual order.

A standard fare outlet is one where the menu is designed centrally for outlets in a chain / franchise, rather than by a chef or chefs in the individual restaurant. Standard fare outlets also include those where dishes and / or cooking sauces are bought in ready-made, rather than prepared from fresh / raw ingredients.

Source (MAC, 2013)

5.3.3 What are your current skills needs and skills gaps?

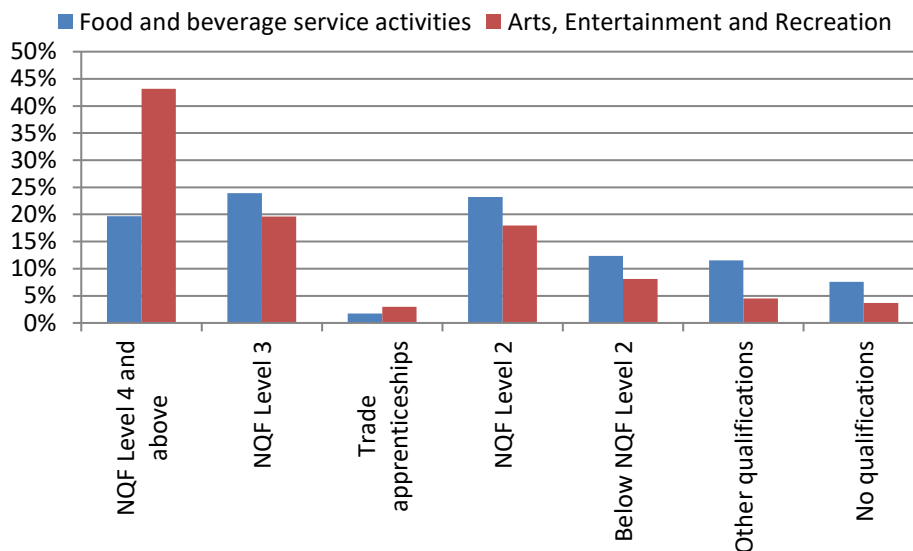
Skills levels

The food and beverage service subsector has a much lower qualification profile nationally than the all sector average (Figure 23). Only one in five workers hold a level 4 qualification or above compared to 43% nationally. 31% do not have a level 2 qualification, with 8% having no qualifications at all.

The largest occupational group in the subsector is elementary occupations – accounting for 52% of the workforce - and these roles traditionally require low levels of qualifications. This subsector is also popular with young people - with 39% employed under the age of 25. Many of these are likely to have joined at entry level before gaining more experience and qualifications.

13% of the workforce is in senior managerial position which you would expect to have higher skill levels. These findings were mirrored and validated by our primary research. In the majority of cases, employers are looking for core soft skills rather than specific technical occupation specific skills. Of course the main area where this is not the case relates to chefs and other expert roles in food preparation. Please see the previous description of a chef as this is very different from someone who prepares simple food.

Figure 23 Qualifications levels of food and beverage service activities subsector



(Office for National Statistics, et al., 2016)

Skills gaps

Across all sectors in the LEP, 15% of firms report having a skills gap - i.e. where an employee is deemed by their employer to be not fully proficient, i.e. is not able to do their job to the required level (UKCES, 2016). Overall it has been calculated that over 21,200 individuals in the LEP are not proficient in their job.

One of the direct results of labour turnover which is estimated to be 30% (People1st, 2015) is that hospitality and tourism businesses are much more likely to have workforces with little experience and who lack the skills to make them high performing in their roles. In our primary work with the subsector, it is clear that this continues to be the case still and high churn is something that casts a shadow over all the training debates.

Staff being new to the role is the most common reason for skills gaps across the hotels and restaurant sector, with 72% of employers reporting this as a reason, followed by training is only partially complete (64%) (UKCES, 2016): both of which could be attributed to the high rates of labour turnover.

From our primary work we can suggest that the following skills are particularly needed and valued by employers:

- Clearly the main pinch point is around recruiting chefs. This is not a surprise following a review of the literature and is one that has been raised frequently and regularly
- Customer service skills were the main area raised, even more so than chefs, but obviously it is a less technical skills
- Health and safety training is a necessity for many roles working in the subsector
- Working with vulnerable people is a skill that was raised as being necessary
- Cleaners. This was raised as a real problem with churn of qualified cleaning staff being exceptionally high. As we will discuss later, the increased minimum wage has raised the challenge of wage differentials, with many staff believing that cleaners are at the bottom of the ladder and so are consequently expecting higher wage rates.
- Management staff are also required.
- English language skills
- One that came a bit from the blue was the need for in-house security staff, particularly at the weekends. Whilst there are several firms offering the service, the cost is not small and is a significant burden for smaller venues.

5.3.4 Training

The hospitality sector invests a significant amount of money in training and development. In 2015, 3.3bn was spent across the Hotels and restaurants sector, equating to an average spend of £2,670 for worker trained (Vivian, et al., 2016).

Across all sectors in the LEP, 65% of firms had funded or arranged training for staff in the previous 12 months, while across the hotels and restaurant sector 63% of firms had done so (UKCES, 2016). The vast majority of training and development is targeted at initial training and development and statutory areas such as food safety and health and safety (People1st, 2015). Certainly we found that this was the case, with the vast majority of training simply covering areas mandated by legislation. In terms of discretionary spending on training, there was actually very little with many employers recognising the value, but prioritising legally necessary training. Consequently, in a low margin sector, training in non-mandated areas is clearly being squeezed.

In keeping with the rest of the sector, employers favour training delivered by experienced staff, or on site by an external provider. There is acceptance that chefs need to learn off site, but for all other roles we found a really strong view that onsite training built around service times was the best and indeed often the only way to conduct training.

We also had several discussions around zero hours contracts and how they had an impact on training staff. Certainly in customer service roles there was a perception that staff were 'guns for hire' who had no real affinity with their employer and would move without too much reason. It was clear to us that the sub sector has a very functional approach to training, largely seeing it as a cost that has to be borne rather than as an investment which would improve performance or profitability.

5.3.5 Apprenticeships

Nationally there has been a large uptake of apprenticeships across the hospitality sector, however only 10% of businesses are offering them and the vast majority are large businesses (APPG, 2016).

Across North Yorkshire there has been a steady increase in the number of individuals starting an apprenticeship. In 2009/10, just over 9,200 individuals starts one, while by 2013/14 this had risen to nearly 19,000 (DfE, et al., 2017). Nearly two in five (38%) of all starts have been within Richmondshire, 14% in Harrogate, 13% in York, 11% in Scarborough and the remainder in the other local authority areas.

However, the table below highlights that relatively few (140) of the framework starts have been on Leisure, Travel and Tourism frameworks. This is just over 1% of all apprenticeship starts in the area. Considering visitor economy employment is in the region of 10% this can be considered low.

Table 24 Apprenticeship Programme Starts by Parliamentary Constituency and Sector Subject Area (2013/14)

Sector Area	Harrogate and Knaresborough	Richmond (Yorks)	Scarborough and Whitby	Selby and Ainsty	Skipton and Ripon	Thirsk and Malton	York Central	York Outer
Agriculture, Horticulture and Animal Care	10	40	20	20	30	40	10	10
Arts, Media and Publishing	0	0	0	0	0	0	0	0
Business, Administration and Law	190	270	250	210	170	180	170	150
Construction, Planning and the Built Environment	20	50	40	50	40	60	60	40
Education and Training	0	0	0	10	0	10	0	0
Engineering and Manufacturing Technologies	70	150	120	170	100	120	80	90
Health, Public Services and Care	200	3,670	230	180	170	180	160	120
Information and Communication Technology	20	20	10	20	10	10	10	10
Languages, Literature and Culture	0	0	0	0	0	0	0	0
Leisure, Travel and Tourism	20	20	20	10	20	20	20	10
Preparation for Life and Work	0	0	0	0	0	0	0	0
Retail and Commercial Enterprise	200	280	190	150	190	170	200	140
Science and Mathematics	0	0	0	0	0	0	0	10
Unknown	0	0	0	0	0	0	0	0
Total	740	4,500	880	800	750	800	710	600

Source (DfE, et al., 2017) Apprenticeships by parliamentary constituency 2011/12 to 2014/15

In our primary work we basically found that chefs are the only occupation where an apprenticeship is seen as an appropriate qualification or pathway (in this subsector). Even for management positions, experience and skills were favoured over the apprenticeship route. But in this instance we do think that there might be interest in a standard which was specific to the industry. Taking someone from an entry level job to management is an obvious progression pathway and some employers saw the value, albeit given the fast pace of the industry, the hours worked etc. many employers seemed to regard formal training as being something that was not really an option.

5.4 Future requirements

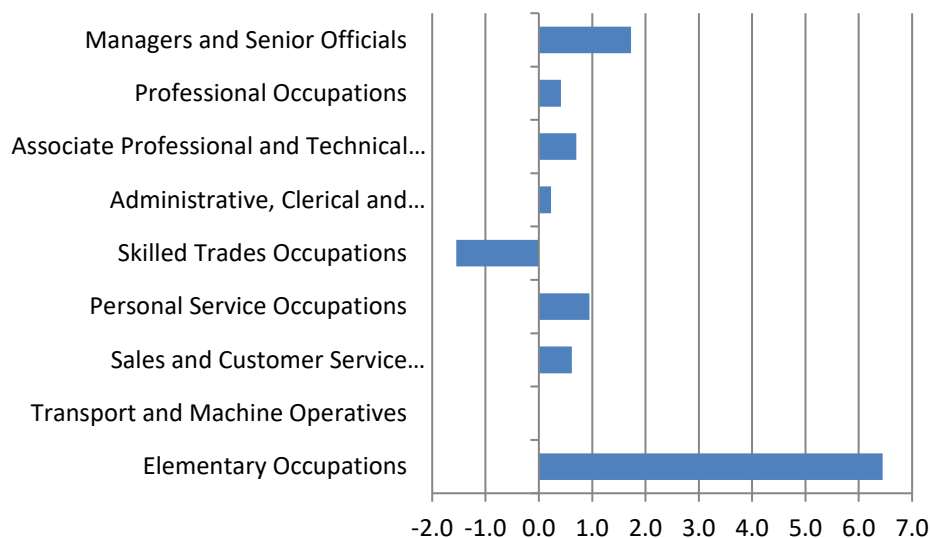
5.4.1 Sector growth

Future workforce projection for the subsector are available at the wider region of Yorkshire and Humber rather than the North Yorkshire area but this still provides a useful indication of changes in the workforce moving forward.

Employment in the Yorkshire and Humber food and beverage service activities subsector is expected to grow 9% between 2014 and 2024 – or by nearly 10,000. This is a greater rate than whole economy where growth of 5.5% is anticipated in the region, but half the rate of the UK subsector figure of 18% (UKCES, 2016).

We expect to see employment growth for higher level occupations, including managers, professional occupations and associate professionals and technical roles. Elementary occupations are projected to see the greatest growth (Figure 24). But net job losses are projected for skilled trade roles.

Figure 24 Food and Beverage services subsector occupation change, 2014 -2024 (000s)



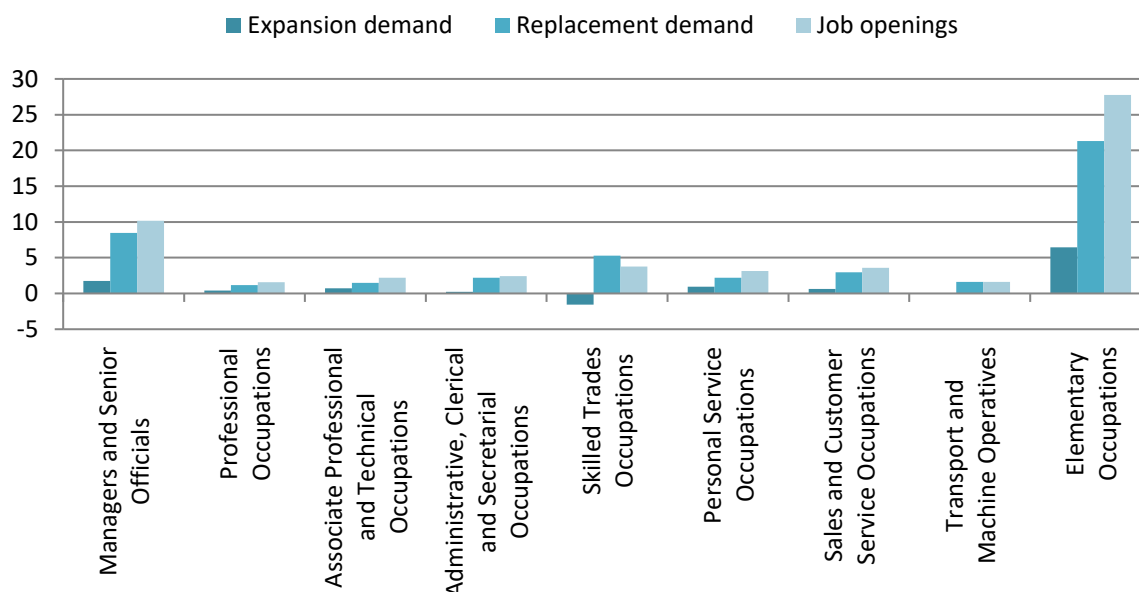
Source: UKCES Working Futures VI

5.4.2 Replacement need and total demand

Over the next decade, replacement demands are expected to generate nearly five times as many job openings in the sector compared to net job growth.

Overall the food and beverage service activities in Yorkshire and Humber is expected to have over 56,000 job openings between 2014 and 2024: 10,000 sector growth and 47,000 replacement demand. Nearly half (50%) of all job openings will be within elementary occupations and a further 18% in managerial positions (Figure 25/Figure 14).

Figure 25 Job openings in the food and beverage services by occupation 2014 - 2024 (000s) in Y&H



Source: UKCES Working Futures VI

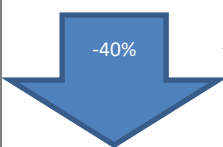
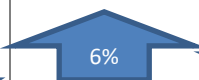

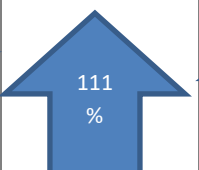
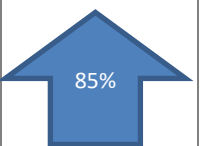
The startling fact that 83% (47,000) of the new staff requirements are needed to replace existing employees indicates that the subsector may have a retention problem. So whilst the growth of the subsector means we need to recruit more people, the high rates of labour turnover are driving recruitment needs. Latest figures conservatively indicate that labour turnover at 30% is costing the sector £274m annually (People1st, 2015).

5.4.3 Qualifications

The change in qualification levels of the workforce shows that there will be a shift towards more people holding higher qualifications (Table 25).

By 2024, 36% of people employed in the food and beverage service subsector are expected to be qualified at level 4 and above (lower than YNYER sector proportion 47%), whilst the proportion of people with no formal qualifications or level 1 is expected to fall to 17%.

Table 25 Change in qualification profile accommodation subsector, Yorkshire and Humber

	No qualifications and level 1	Level 2	Level 3	Level 4 – 6	Level 7 – 8
Qualification example	GCSE (grades D – G) BTEC level 1	GCSE (grades A* - C) NVQ Level 2	AS & A level BTEC National	Certificate of higher education (L4) Foundation degree (L5) Bachelor's degree (L6)	Master's degree (L7) Doctorate (L8)
2014 level	33,700	32,600	22,900	18,400	2,300
2024 level	20,300	34,700	21,400	38,800	4,300
2014 – 2024 % change					
2014 % share	31%	30%	21%	17%	2%
2024 % share	17%	29%	18%	33%	4%

Source: UKCES Working Futures VI

5.4.4 Future Skills

This is clearly not an industry that is expecting massive changes over the next few years, consequently they expect alterations to current roles rather than seeing significant new roles to be created.

5.4.5 Future roles

The above Working Future projections demonstrate that there will be growth across most occupational groups and a significant replacement need for positions. Employers have not necessarily identified any new roles developing in the next 6 years, rather its recruiting for existing positions - i.e. waiters/waitresses, chefs, cleaners, kitchen porters, managers.

5.5 Drivers of change

5.5.1 Political

Brexit

Uncertainty post Brexit is a concern reported by employers in the accommodation subsector. The UK Prime Minister, Theresa May has emphasised that “Brexit means Brexit” and the Conservative Manifesto pledge to bring net migration down to ‘tens of thousands’ will remain and the Labour Party are also talking about managing migration with an expectation that the total number will come down.

The subsector traditionally filled vacancies through migrant labour and Asian and Oriental restaurants in particular are heavily dependent on recruiting workers from outside the European Union. Across hospitality and tourism, 24% of the workforce is made up of non-British nationals. But as we have seen the UK labour market become more competitive, with unemployment falling, we have also seen the number of non-British workers in the sector rise. Between 2011 and 2016, the number of migrant workers in the hospitality and tourism sector has increased by 27%, with the majority of this increase coming from other EU countries (People 1st, 2017).

The effect on inward migration policies from the EU and beyond could affect the sector’s ability to recruit and retain skilled staff.

Legislation / Regulations

There are a number of areas of legislation and regulations that employers must comply with in the sub-sector, including health and safety, licensing laws and hygiene and food safety regulations (FSA, 2017). Managers and supervisors should have knowledge of these requirements and skills to ensure compliance. The subsector is not expecting any new legislation which will have any serious impact in the coming years, but the situation with Brexit could potentially have an impact.

5.5.2 Economic

A slowdown in economic growth

With the drop in sterling against other major currencies there may be some short term benefits to the visitor economy. More international visitors could be attracted but also a weaker pound may encourage staycations. Imports are likely to be more expensive, potentially pushing up the prices of raw materials including energy. There is likely to be an increase in basic foodstuffs which will impact on prices. Economic downturn is always felt very keenly in the food and drink sectors as it is directly related to disposable income.

Wage levels

The National Minimum Wage (NMW) was first introduced in the UK in April 1999 at a rate of £3.60 per hour for over 21-year-olds. Prior to that there was no statutory minimum. In April 2016 the government introduced the National Living Wage (NLW) at a level of £7.20 per hour for those over 25 years old, increasing to £7.50 in April 2017. It is expected to rise to at least £9 per hour by 2020. The impact of this is likely to be significant on subsector. The subsector will undoubtedly face higher payroll costs.

Labour availability

Following the recession, the economic situation across the UK and North Yorkshire has been improving. Unemployment rates in the area have declined from a high of 7.5% in 2011 to 2.3% at the end of 2016. Of those claiming JSA, 43% have been out of work for six months or more (ONS, 2017) and are therefore more of a challenge to get back into work. Consequently it is becoming harder to recruit.

With fewer younger people entering the job market, the subsector which is particularly reliant on young people faces significant challenges. So employers in particular need to find ways to retain staff.

5.5.3 Social

Consumer needs:

It is clear that the food and beverage sector must remain responsive to consumers' needs and desires.

This is made evident by the emergence of health-conscious eating. The UK market is increasingly looking at healthy eating as a way to address health-care concerns including hypertension, diabetes, and obesity.

This awareness, coupled with an increasing interest and desire for more authentic foods produced without using herbicides and pesticides, free of genetically modified ingredients, and even free of carbohydrates or gluten, has placed pressure on the sector to respond accordingly. Consumers are also more aware of the plight of farmers and producers from faraway places and they are increasingly supporting fair trade practices. At the same time, there is a heightened desire for more locally grown products, as well as a general awareness and appreciation of the quality of produce.

Perception

There is a perception from the public that there is limited opportunity for career development in the sub sector.

5.5.4 Technological

Technology continues to play an ever-increasing role in the sector. It is most noticeable in fast-food establishments where many functions are automated in both the front of house and back of house. WiFi enables credit/debit card hand-held devices to be brought directly to the table to process transactions.

There are also smartphone apps which will tell customers what restaurants are nearby or where their favourite chain restaurant is located. Responding to the new avenues of marketing etc., is an obvious future development for the sub sector.

Marketing

In today's marketplace, being noticed is a constant goal for most companies. Converting that awareness into patronage is a challenge for most operators.

Reviews have been a part of the restaurant sector for a long time but increasingly, influential reviews are coming from members of the public rather than professionals. With the increase of online reviews by customers at sites like TripAdvisor, and sharing of experiences via social media, operators are becoming increasingly aware of their web presence and are spending more time and money on it.

Social media, in its various forms, presents the subsector with a direct way of reaching customers as well as communicating key information about and any offers. But this presents a challenge, especially for the smaller businesses: expertise and time is required.

5.6 Key Points

What follows is a presentation of the key findings from the above.

- There is an increasing diversification of establishments in the subsector, as the interests of the public became more diverse
- Across the LEP there are 3,600 businesses in this subsector. 77% or 2,770 are located in the North Yorkshire area.
- York has the greatest number of businesses and also employs the most people: 28% of the subsector workforce. York is an important area for the visitor economy but it also a large resident base (over 200,000 individuals).
- Harrogate accounts for a further 18% of the businesses and 21% of employment. Harrogate has the second largest resident base with 157,000, after York.
- Many firms report retention issues and this appears to be increasing. In 2010 10% of firms reported difficulties retaining staff but by 2015 this had increased to 15%.
- Recruiting Chefs is perhaps the highest profile challenge affecting the sub sector.
- This subsector is popular with young people - with 39% employed under the age of 25.
- Employers are extremely keen on recruits with soft skills.
- Security is a significant issue in the subsector with it being a significant staffing cost for many establishments.
- Perceived Apprenticeship relevance and uptake in the sub sector is low.
- The subsector will grow and need to replace current employees.
- The subsector is not expecting the creation of new roles, rather employers are looking to recruit into currently existing roles.
- The subsector is very responsive to economic conditions and so investment decisions are affected by uncertainty of the current situation.

6 Accommodation subsector in the York and North Yorkshire MDA

6.1 Introduction

The area is home to a number of attractions, important to both day and overnight visitors. There are numerous historical locations including Bolton Castle and Abbey, York Minster, Duncombe Park and attractions like Flamingo Land Theme Park and Zoo as well as the moors.

The area is not only important to overseas visitor but also domestic visitors.

The table below indicates the importance of York in terms of overseas visitors coming to the city. In 2015, York was the 17th most visited city by overseas visitors, with 240,000 staying visits (Visit Britain, 2015). Other towns across North Yorkshire attracted a further 190,000 visits.

Table 26 'Visits' by overseas residents to UK towns and cities from 2010-2015 (000s)

	2010	2011	2012	2013	2014	2015
Harrogate	38	56	68	50	45	57
Richmond	15	15	9	16	10	14
Scarborough	18	23	26	26	40	25
Skipton	8	5	8	8	7	10
Whitby	17	17	17	17	47	23
York	224	222	199	269	311	240
Other / DK towns	52	46	48	34	67	61

Source: International Passenger Survey, Office for National Statistics (Visit Britain, 2015)

But domestic tourism is also very important to North Yorkshire. On average, between 2013-15, 4.7 million trips were taken each year to North Yorkshire. 1.6 million trips were made to Scarborough and a further 1.2 million to York. These visits to the area equated 14 billion nights per year. The annual value of these trips was over £1 billion (Table 27).

Table 27 Domestic tourism

	Total Trips 2013-15 thousands	Total Nights 2013-15 thousands	Total Spend 2013-15 millions
Craven	363	1,156	69
Hambleton	183	621	25
Harrogate	709	1,904	141
Richmondshire	284	995	58
Ryedale	321	1,205	67
Scarborough	1,671	5,658	361
Selby	74	180	11
York	1,244	2,931	288
North Yorkshire	4,793	14,661	1,021

Source (VisitBritain, 2015)

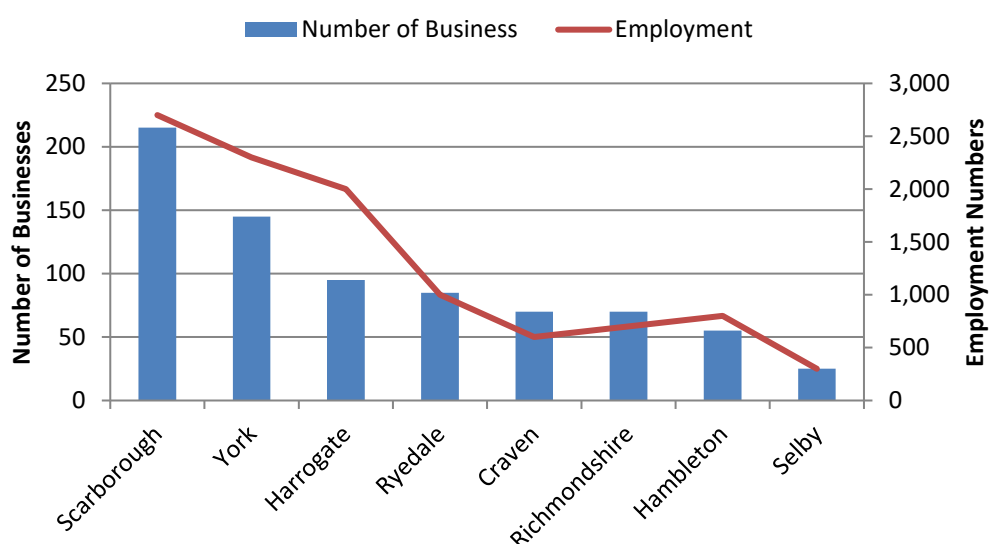
6.2 Accommodation sector economy and employment

Consequently, the North Yorkshire area has numerous businesses within the accommodation subsector. Across the LEP there are 910 businesses. 84% or 760, are located in the North Yorkshire area. In total these business employ over 10,000 individuals (ONS, 2015).

Scarborough has the greatest number of businesses and also employs the most people: 26% of the subsector workforce. This is perhaps unsurprising given that it is the largest holiday resort on the Yorkshire coast.

York accounts for a further 19% of the businesses and 22% of employment. Again, York has an important visitor economy with the city offering a wealth of historic attractions, of which York Minster is the most prominent, and there are a variety of other cultural activities.

Figure 26 Distribution of accommodation businesses and employment



Source (ONS, 2015) & (ONS, 2016)

The occupations which employ the most individuals in subsector across Yorkshire and Humber are:

- 9273 'Waiters and waitresses'
- 9233 'Cleaners and domestics'
- 1221 'Hotel and accommodation managers and proprietors'
- 6240 'Cleaning and housekeeping managers and supervisors'
- 9272 'Kitchen and catering assistants'

6.3 Skills needs – Primary Research testing the data

6.3.1 Business and training plans

Data tells us that across the LEP economy 58% of firms have a Business Plan which specifies objectives for the coming year, which is slightly lower than national findings of 62% (UKCES, 2016). 39% of firms had a training plan, again less than national average of 42%.

Our primary research highlights that employers in the subsector in the MDA frequently do not have either of the above. Smaller establishments are clearly focussing on operational matters, and whilst there is some understanding of the need to plan, this is clearly a gap.

6.3.2 What are your current skills needs and skills gaps?

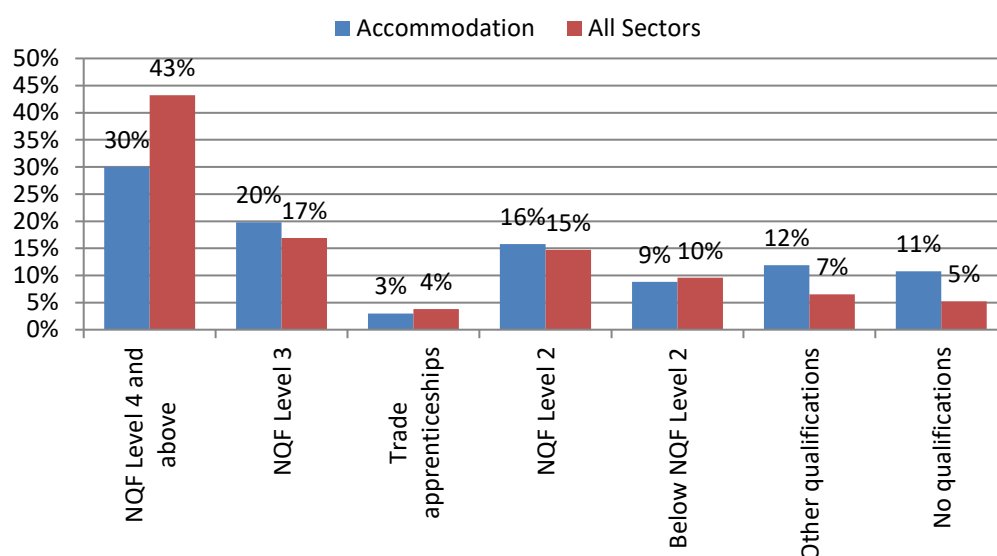
Skills levels

The accommodation subsector has a much lower qualification profile than the all sector average (Figure 27/Figure 19). Only three in ten workers hold a level 4 qualification or above compared to 43%. 31% do not have a level 2 qualification, with one in ten (11%) having no qualifications at all.

The largest occupational group in the subsector is elementary occupations – accounting for 31% of the workforce - and these roles traditionally require low levels of qualifications. This subsector is also popular with young people - with 20% employed under the age of 25. Many of these are likely to have joined at entry level before gaining more experience and qualifications.

However over a fifth (22%) of the workforce are in senior managerial position which you would expect to have higher skill levels.

Figure 27 Qualifications levels of accommodation subsector



(Office for National Statistics, et al., 2016)

Skills gaps

Across all sectors in the LEP, 15% of firms report having a skills gap - i.e. where an employee is deemed by their employer to be not fully proficient, i.e. is not able to do their job to the required level (UKCES, 2016). Overall it has been calculated that over 21,200 individuals in the LEP are not fully proficient in their job.

One of the direct results of labour turnover which is estimated to be 30% in the subsector (People1st, 2015) is that hospitality and tourism businesses are much more likely to report that their staff lack essential skills to meet their business needs compared to other sectors.

Staff being new to the role is the most common reason for skills gaps across the hotels and restaurant sector, with 72% of employers reporting this as a reason, followed by training is only partially complete (64% (UKCES, 2016): both of which could be attributed to the high rates of labour turnover.

This is perhaps the key issue that we really took from the primary work we conducted. Staff churn is a significant issue in this subsector. There are clearly lots of applicants for positions in this subsector, but employers have a really high churn (length of time staying in a role is low). Consequently employers are wary of employing someone with little or no experience in the job. They see this as a risk because new recruits who find out what the job involves may have those initial days of training and then leave before actually working in the role.

There is also a desire to recruit people who have previous experience because this can reduce the training period at the start of the job. Employers tend to train in their own specific skills in the sense of how things are done at their particular establishment, i.e. making rooms, handling orders etc. But having experience of previously doing the role is a really useful signpost and is something recruiters are looking for. In particular we have heard about a high number of applications for entry level roles who are perceived to be simply looking for any job, which can result in a very mobile workforce. This is a significant risk for smaller employers who want stability and reliability in their team.

The skills gaps identified across the subsector included:

- Operational IT/digital skills – handling orders, bookings
- Management skills at a shift level
- Customer service skills
- Room attendant skills
- Cleaning skills
- Health and safety

Nationally chefs make up a fifth of all skill shortage vacancies for skilled trades and nearly half of all vacancies for chefs prove difficult to fill because of a shortage of skilled applicants. This gap was mentioned extensively in our primary research.

There was also a significant issue around language skills, in both directions. There was particular demand for staff to have high quality English language skills given that they are working in frontline occupations where engaging with people, understanding their requests and acting on them is a significant part of the job. However, there was also demand for staff to be able to speak languages of visitors. As well as European languages there was also some interest in having basic skills in languages spoken by Asian visitors such as Chinese and Mandarin. Considering the huge scale and rapid growth of foreign markets, such as China, this is a clear need.

6.3.3 Training

The hospitality sector invests a significant amount of money in training and development. In 2015, 3.3bn was spent across the Hotels and restaurants sector, equating to an average spend of £2,670 for worker trained (Vivian, et al., 2016).

Across all sectors in the LEP, 65% of firms had funded or arranged training for staff in the previous 12 months, while across the Hotels and restaurant sector 63% of firms had done so (UKCES, 2016). The vast majority of training and development is targeted at initial training and development and perceived statutory areas such as food safety and health and safety (People1st, 2015).

Our primary research discovered similar findings in this area. Employers are clearly more likely to train in house than they are to use off site external providers although they do bring in experts when necessary. This is important, we understand that when compliance with legislation is the driver, external trainers and accreditors are used, when legislation is not the driver, employers will do it in house using an experienced team member (who may or may not have training in training)

Cost and time were the main drag factors on engaging non mandatory training, but we also heard criticisms of course provision and that there was a lack of high quality providers.

6.3.4 Apprenticeships

Nationally there has been a large uptake of apprenticeships across the hospitality sector, however only 10% of businesses are offering them and the vast majority are large businesses (APPG, 2016).

Across York and North Yorkshire there has been a steady increase in the number of individuals starting any apprenticeship framework or standard. In 2009/10, just over 9,200 individuals starts one, while by 2013/14 this had risen to nearly 19,000 (DfE, et al., 2017). Nearly two in five (38%) of all starts have been within Richmondshire, 14% in Harrogate, 13% in York, 11% in Scarborough and the remainder in the other local authority areas.

However, the table below highlights that relatively few (140) of the framework starts have been on Leisure, Travel and Tourism frameworks. This is just over 1% of all apprenticeship starts in the area. Considering visitor economy employment is in the region of 10%, this can be considered low.

Table 28 Apprenticeship Programme Starts by Parliamentary Constituency and Sector Subject Area (2013/14)

Sector Area	Harrogate and Knaresborough	Richmond (Yorks)	Scarborough and Whitby	Selby and Ainsty	Skipton and Ripon	Thirsk and Malton	York Central	York Outer
Agriculture, Horticulture and Animal Care	10	40	20	20	30	40	10	10
Arts, Media and Publishing	0	0	0	0	0	0	0	0
Business, Administration and Law	190	270	250	210	170	180	170	150
Construction, Planning and the Built Environment	20	50	40	50	40	60	60	40
Education and Training	0	0	0	10	0	10	0	0
Engineering and Manufacturing Technologies	70	150	120	170	100	120	80	90
Health, Public Services and Care	200	3,670	230	180	170	180	160	120
Information and Communication Technology	20	20	10	20	10	10	10	10
Languages, Literature and Culture	0	0	0	0	0	0	0	0
Leisure, Travel and Tourism	20	20	20	10	20	20	20	10
Preparation for Life and Work	0	0	0	0	0	0	0	0
Retail and Commercial Enterprise	200	280	190	150	190	170	200	140
Science and Mathematics	0	0	0	0	0	0	0	10
Unknown	0	0	0	0	0	0	0	0
Total	740	4,500	880	800	750	800	710	600

Source (DfE, et al., 2017) Apprenticeships by parliamentary constituency 2011/12 to 2014/15

In our primary work we explored this and the reasons will be familiar to people working in the skills sector. Whilst there is a general support for the principle of Apprenticeship, it was felt that they were often too 'large' an intervention for this sector. The lack of career route, high staff churn, and the relatively low skilled occupations were all mentioned. It is clear that larger employers are more likely to use apprenticeships than the smaller employers.

From our primary work we can see that the challenge, particularly for SMEs, in hiring apprenticeships continue to be significant. There are issues around awareness, relevance and perceived bureaucracy, but we do wonder if the currently available frameworks fit with the need. They are very broad and possibly favour parts of the sector other than working in accommodation. We have also had conversations with employers who wonder if the skills needed to work in this sub sector actually warrant an Apprenticeship.

6.4 Future requirements

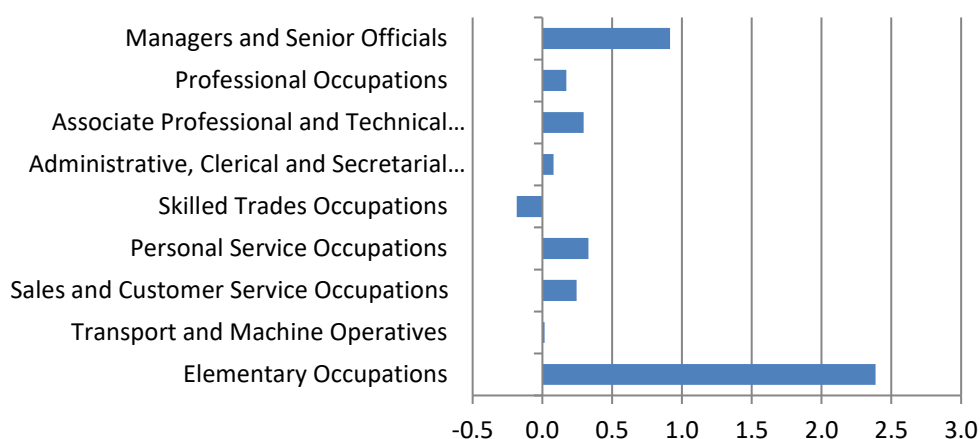
6.4.1 Sector growth

Future workforce projection for the accommodation subsector are available at the wider region of Yorkshire and Humber rather than the North Yorkshire area but this still provides a useful indication of changes in the workforce moving forward.

Employment in the Yorkshire and Humber accommodation subsector is expected to grow 12% between 2014 and 2024 – or by over 4,000. This is greater than whole economy where growth of 5.5% is anticipated in the region and much greater than UK subsector figure of 2% (UKCES, 2016).

We expect to see employment growth for higher level occupations, including managers, professional occupations and associate professionals and technical roles. Elementary occupations are projected to see the greatest growth (Figure 28). But net job losses are projected for skilled trade roles.

Figure 28 Accommodation subsector occupation change, 2014 -2024 (000s), Yorkshire and Humber



Source: UKCES Working Futures VI

Example of growth

Travelodge, one of the UK's leading hotel chains, is actively seeking to increase the number of hotels they have.

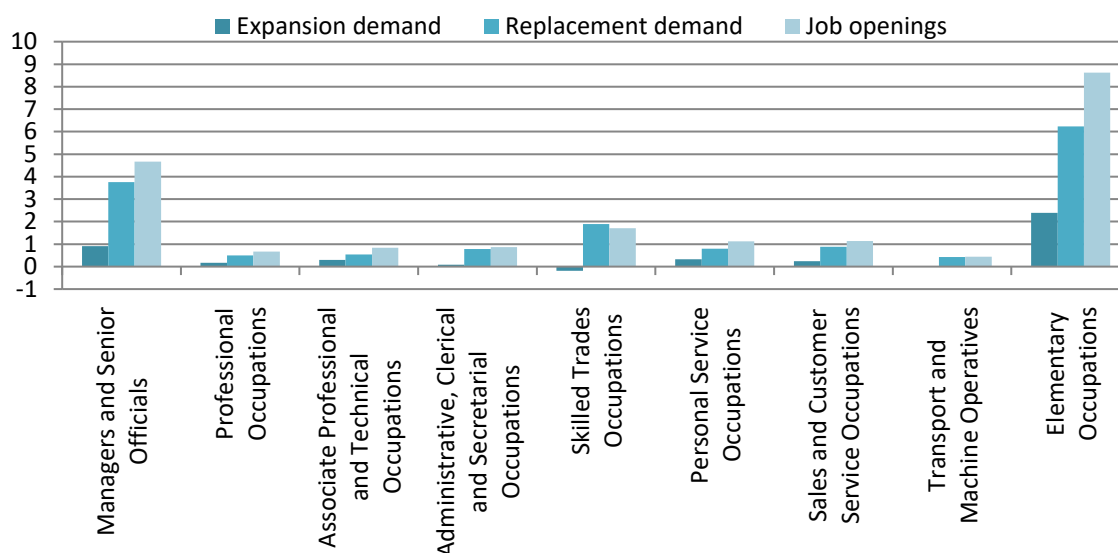
Already established across North Yorkshire, with sites in York, Harrogate, Scarborough, they are planning expansion. A fourth hotel in York is expected to open by the end of this year and they are actively seeking sites in Knaresborough, Northallerton / Thirsk, Whitby and a further one on York.

6.4.2 Replacement need and total demand

Over the next decade, replacement demands are expected to generate three times as many job openings in the subsector compared to net job growth.

Overall the accommodation subsector in Yorkshire and Humber is expected to have over 20,000 job openings between 2014 and 2024: 4,000 sector growth and 16,000 replacement demand. Two fifths (43%) of all job openings will be within elementary occupations and a further 23% in managerial positions (Figure 29).

Figure 29 Job openings in the accommodation subsector by occupation 2014 - 2024 (000s), Yorkshire & Humber



Source: UKCES Working Futures VI

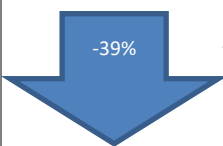
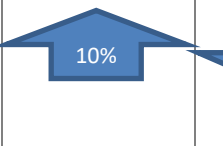
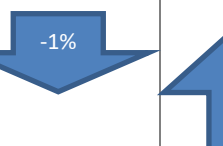
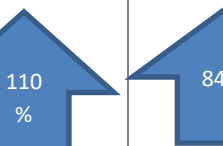
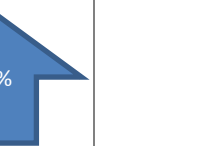
The startling fact that 80% (16,000) of the new staff requirements are needed to replace existing employees indicates that the sector has a retention problem. So whilst the growth of the subsector means we need to recruit more people, the high rates of labour turnover are driving our recruitment needs. Latest figures conservatively indicate that labour turnover at 30% is costing the national hospitality sector £274m annually (People1st, 2015).

6.4.3 Qualifications

The change in qualification levels of the workforce shows that there will be a shift towards more people holding higher qualifications Change in qualification profile.

By 2024, 37% of people employed in the accommodation subsector are expected to be qualified at level 4 and above (lower than YNYER sector proportion 47%), whilst the proportion of people with no formal qualifications or level 1 is expected to fall to 17%.

Table 29 Change in qualification profile accommodation subsector, Yorkshire and Humber

	No qualifications and level 1	Level 2	Level 3	Level 4 – 6	Level 7 – 8
Qualification example	GSCE (grades D – G) BTEC level 1	GCSE (grades A* - C) NVQ Level 2	AS & A level BTEC National	Certificate of higher education (L4) Foundation degree (L5) Bachelor's degree (L6)	Master's degree (L7) Doctorate (L8)
2014 level	10,700	10,200	7,200	6,200	800
2024 level	6,500	11,200	7,100	13,100	1,500
2014 – 2024 % change					
2014 % share	31%	29%	20%	18%	2%
2024 % share	17%	28%	18%	33%	4%

Source: UKCES Working Futures VI

6.4.4 Future Roles

The above Working Future projections demonstrate that there will be growth across most occupational groups and a significant replacement need for positions.

In our primary research, employers have not necessarily identified any new roles developing in the next 6 years; rather the future challenges relate to recruiting for existing positions - i.e. front house, chefs, cleaners, kitchen porters, managers. Whilst those roles will change and evolve, we expect it to be about changes at the margins, rather than the creation of brand new roles, i.e. we expect to see currently existing job roles asking for additional skills including better digital skills, languages etc.

Specifically mentioned were:

- More house workers in the building, managers.
- We're going to need more chefs, kitchen porters, bartenders and cleaners
- General administrative and cleaning staff
- Managerial

In this way our primary was completely in keeping with the wider data analysed.

6.5 Drivers of change

6.5.1 Political

Brexit

Uncertainty post Brexit is a concern reported by employers in the accommodation subsector. The UK Prime Minister, Theresa May has emphasised that “Brexit means Brexit” and the Conservative Manifesto pledge to bring net migration down to ‘tens of thousands’ will remain. Likewise, the Labour Party has acknowledged that freedom of movement is going to end post Brexit.

The effect on inward migration particularly from EU countries could affect the sector’s ability to recruit and retain skilled staff and is by far the biggest issue employers have raised with us.

6.5.2 Economic

A slowdown in economic growth

With the drop in sterling against other major currencies there may be some short term benefits to the visitor economy. More international visitors could be attracted but also a weaker pound may encourage staycations in the UK. However we are not able to report on prior bookings from EU member states or beyond. Imports are likely to be more expensive, potentially pushing up the prices of raw materials including energy which will impact on the competitiveness of UK –based holidays. Business travel may also be affected.

Wage levels

The National Minimum Wage (NMW) was first introduced in the UK in April 1999 at a rate of £3.60 per hour for over 21-year-olds. Prior to that there was no statutory minimum. In April 2016 the government introduced the National Living Wage (NLW) at a level of £7.20 per hour for those over 25 years old, increasing to £7.50 in April 2017. It is expected to rise to at least £9 per hour by 2020. The impact of this is likely to be significant on this subsector. Hoteliers undoubtedly face higher payroll costs and this is challenge they face. In a subsector such as this, maintaining the pay differentials is also likely to have a significant cost.

6.5.3 Social

Boutique / lifestyle hotels

There is a strong market for the new breed of modern boutique and lifestyle hotels (Melvin Gold Consulting Ltd, 2016), particularly around seaside resorts. Scarborough for example, has 175 independent hotels accounting for nearly 3,000 rooms (Melvin Gold Consulting Ltd, 2016). While the boutique and lifestyle hotels may not serve the traditional bucket and spade tourist, they are not as seasonal either. Their guests are aspirational and seek authenticity: quality food and drink; spas, gyms and leisure; and quality cultural and leisure attractions. Consequently there is a demand for a higher level of customer service and it seems clear that these hotels may be particularly attractive to people looking for employment.

Consumer mindset

Businesses in the sector are very much driven by customer demand. But customer's values, preferences and expectations are not fixed. Consumers have begun to expect a personalized experience tailored to meet their needs. Personalisation can go a long way but getting this right can be difficult since customers' needs and preferences change frequently.

Free WiFi is generally expected as a norm nowadays by the customer, yet not all places offer this. One large nationwide firm located in North Yorkshire reported that not providing free WiFi was a weakness.

Perception

There's a perception from the public that there is limited opportunity for career development and the entry level skills in particular are low paid.

Many people fail to appreciate that hospitality offers a career pathway where success is largely dependent upon aptitude and ability, rather than particular qualifications. Therefore, there is the possibility of promotion from the 'kitchen floor' to the most senior levels company management.

6.5.4 Technology

Enabling / New technologies

One of the biggest changes in the accommodation sector is the way in which rooms can be purchased and even more so the way that guests are influenced to buy them. Technology and its use and implementation have been a game changer.

Driving traffic to a website and getting the customer to book is central to success. Many hotels use online travel agencies to sell rooms but this incurs commission fees.

Social media, in its various forms, present hoteliers with a direct way of reaching customers as well as communicating key information about the accommodation and any promotional offers they are running. But this presents a challenge, especially for the smaller businesses: expertise and time is required. Social media skills in a business context are required and they need to have the time to use it effectively while also running the business.

Peer-to-peer (P2P) accommodation, such as Airbnb, sees new opportunities entering the market. Our research shows over 300 listings in the North Yorkshire area. We can assume that platforms, such as Airbnb, will move further from pure shared accommodation to apartment rental and will increasingly impact a wider range of hotels. While Airbnb does open the market to new customer segments it will increasingly encroach on hotel accommodation particularly at the mid-tier as it also becomes a major general booking platform.

Online Travel Agencies

Online Travel Agencies have strong customer recognition, massive marketing budgets and are a favoured booking channel for customers. However they have a large inventory and effectively provide customers with a price comparison and listings of hotels in a particular area. This is double edged for hoteliers – it keeps prices competitive but it also has high commission rates on business achieved which can affect the independent hotels more than chain hotels.

Online Security

The accommodation sector by its nature can collate a vast amount of information regarding their customers - not just names, address but also payment details. Credit card fraud is a massive threat. Criminals from all over the worldwide try to hack into hotel networks in an attempt to steal guest identities, including credit card details. They are not just targeting one individual, but thousands of cardholders at the same time.

Hotels need to be aware and have clear and up to date online security systems in place. We found in our research that online security has become a more pressing threat/risk to the subsector.

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6.6 Key Findings

What follows is a presentation of the key findings from the above.

- In 2015, York was the 17th most visited city by overseas visitors, with 240,000 staying visits (Visit Britain, 2015). Other towns across North Yorkshire attracted a further 190,000 visits.
- Domestic visits to the area equated 14 billion nights per year. The annual value of these trips was over £1 billion.
- Across the LEP there are 910 businesses in the accommodation subsector. 84% or 760, are located in the North Yorkshire area. In total these business employ over 10,000 individuals.
- Scarborough has the greatest number of businesses and also employs the most people: 26% of the subsector workforce. This is perhaps unsurprising given that it is the largest holiday resort on the Yorkshire coast.
- York accounts for a further 19% of the businesses and 22% of employment. Again, York has an important visitor economy with the city offering a wealth of historic attractions, of which York Minster is the most prominent, and there are a variety of other cultural activities.
- Staff churn is a significant reason why employees lack high quality skills.
- High quality language skills are a prized asset.
- The vast majority of training relates to mandated areas covered by legislation.
- The take up of apprenticeships in the subsector is extremely low.
- Replacement demand is a major driver in demand for skills.
- It seems unlikely that there will be new job roles in the next few years, but employers will be looking for new staff to have additional skills including digital and customer service.
- Digital Skills are important to the sub sector.
- Brexit is casting a shadow, with it being both an opportunity and a threat.

Transitional Area: East Riding

7 Introduction to the Transition Area of East Riding

The EU's Cohesion policy aims to reduce economic and social disparities at regional level across the EU. Consequently, the European Commission has three categories of regional funding:

- **Less Developed regions**, whose GDP per capita is below 75% of the EU average
- **Transition regions**, whose GDP per capita is between 75% and 90% of the EU average
- **More Developed regions**, whose GDP per capita is above 90% of the EU average

Within the YNYER LEP, York and North Yorkshire at nearly 98% GDP per capita is considered a More Developed Area (MDA), while East Riding at 83% is considered a Transition Area (TA) (Eurostat, 2016).

This report considers the Visitor Economy: Arts, Entertainment and Recreation subsector within the Transitional Area (TA) of East Riding.

The following two sections consider the Visitor Economy within the Transition Area of East Riding at the subsector levels of:

- Accommodation & Food subsector
- Arts, Entertainment and Recreation subsector

7.1 East Riding Transition Area

East Riding is located in the region of Yorkshire and Humber. It borders North Yorkshire, South Yorkshire and Lincolnshire and covers over 900 square miles. The Humber Estuary and North Sea mark its southern and eastern limits. There are a few large settlements, such as Beverley, Bridlington and Goole. Around half of the population live in rural communities.

The economy is mainly based on agriculture and this, along with tourism, has contributed to the rural and seaside character of East Riding. The area has a number of historic buildings, nature reserves and the Yorkshire Wolds Way long-distance footpath.

The open and maritime aspects and lack of major urban developments have led to the county being allocated relatively high targets for the generation of energy from renewable sources. Easington, on the coast, is the site of a natural gas terminal, Easington Gas Terminal, owned and operated by Centrica Storage is one of three main terminals that process gas from the UK Continental Shelf.

Goole is a significant dock area which serves as a significant employer in logistics and related sectors.

Bishop Burton is home to Bishop Burton College, a further education and higher education college specialising in agriculture and equine studies.

East Riding has a resident population of 336,700, which equates to 29% of the LEP's total resident population (ONS, 2017). Nearly 162,400 individuals are employed in the area. Employment rates stand at 77.5% (Table 19). The area has a growing and increasingly ageing population and whilst the majority of the communities enjoy a high quality of life, deprivation is evident in some areas (East Riding Council, 2016).

Using YNYER LEP as the standard, we can see various differences in the productivity, skills and employment across East Riding. Table 30 highlights where the area performs better (green) or worse (red).

For example, the job density is much lower in East Riding, as is the employment rate compared to the YNYER LEP area.

The economic inactivity rate is also much higher in East Riding (19.4%). While many of these are either retired, students, or looking after the home/family, it is worth noting that 23% (nearly 9,000) would like employment (ONS, 2017).

Table 30 Productivity, skills and jobs in East Riding:

Measure	East Riding	North Yorkshire	York	YNYER LEP	England
Gross Weekly pay full time (£)	£526.30	£489.10	£509.60	£481.30	£544.20
Job density (the ratio of total jobs to population aged 16-64.	0.69	0.96	0.85	0.86	0.84
Employment Rate	77.5%	81.9%	78.0%	79.9%	75.0%
Self-Employment	10.6%	14.1%	9.6%	12.2%	10.6%
Full-time workers	66.1%	63.1%	62.7%	63.8%	69.1%
Workless Households	13.5%	10.9%	12.5%	11.9%	15.3%
Unemployment Rate	3.8%	2.3%	3.2%	3.0%	4.7%
Economically Inactive	19.4%	16.1%	18.8%	17.6%	21.2%
Level 4+	36.5%	35.9%	42.7%	37.5%	37.9%
No Qualifications	6.2%	6.5%	6.2%	6.3%	7.8%

Source: Office for National Statistics: LEP and National Labour Market Profiles; GVA for Local Enterprise Partnerships

Nearly 162,400 individuals work across the East Riding area. The largest employment sectors (excluding agriculture) are (ONS, 2015):

- Health and social work and manufacturing, both employing 14% of all workers
- Retail and education, both employing 10% of the workforce

In terms of agriculture, the area has 1,856 holdings, with a total farming area of 204,191 hectares. 52% of the farmed area is for cereals, 21% arable crops, 4% fruit and vegetables and the 15% grassland (DEFRA, 2016). Total labour in agriculture stands at nearly 6,000 a slight decline from 2007 when 6,150 were employed. Nearly three in five (57%) of workers are full time, 32% are part time and one in ten (11%) are casual workers (Table 31).

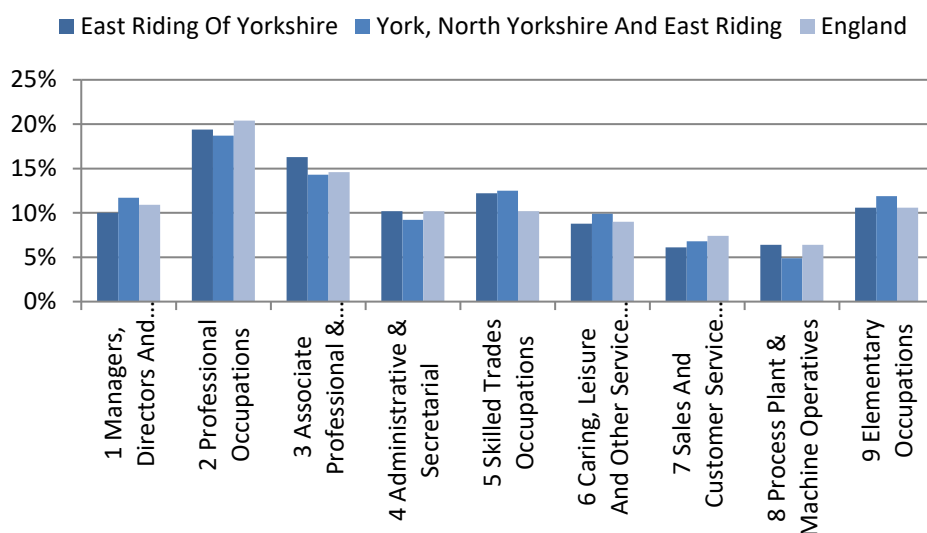
Table 31 Agricultural labour force on commercial holdings in East Riding of Yorkshire & Kingston upon Hull, 2013

	Number of people	%
Farmers, partners, directors and spouses full time	1,846	31%
Farmers, partners, directors and spouses part time	1,367	23%
Salaried managers	250	4%
Regular workers full time	1,271	21%
Regular workers part time	530	9%
Casual workers	661	11%
Total labour	5,924	100%

Source (DEFRA, 2016)

The occupational profile across East Riding is very similar to the LEP and national data (Figure 30).

Figure 30 Employment by broad occupation (Jan 2016 - Dec 2016)



Source (ONS, 2017)

7.2 Emerging developments in East Riding TA

Investment in transport, infrastructure, and housing continues to attract employers and business opportunities. In 2015, the area saw 1,405 new businesses open, up from 1,100 in 2010 (ONS, 2016). Overall the number of business has increased 3% since 2010, from 12,335 to 12,665.

The East Riding Local Plan sets out its plans for development up to 2029 (East Riding Council, 2016).

East Riding have identified key sectors of renewable energy; manufacturing and engineering (including chemicals); agriculture/food and drink; tourism; ports and logistics; transport equipment; digital and creative industries; finance and business services; construction; public administration, defence, health and education; and retail.

Current key employment sites have been identified as Hedon Haven, Humber Bridgehead (Hessle), Melton and Capitol Park (Goole) and they will be safeguarded from alternative forms of development.

In addition, five sites in East Riding have Enterprise Zone status. These are at Elloughton-cum-Brough, Melton, Goole, Salt End and Hedon Haven. A series of financial incentives have been put in place alongside simplified planning approaches that will attract and support businesses in the renewable and low carbon energy sector.

Further examples of growth, investment, and development in the area includes:

Outline planning application for the Yorkshire Energy Park, on a former aerodrome field in Preston has recently been submitted and includes a data centre, education campus and power station. Developers Sewell Group said the scheme could create more than 1,000 jobs.

South Cliff Caravan Park in Bridlington, which currently has nearly 800 permanent static caravan pitches, 160 touring pitches, 20 tent pitches and 12 fleet hire caravans for holiday letting are seeking to extend and develop. Plans have been submitted for 31 additional pitches for tents; 15 new units for 'glamping' (or 'glamorous camping'); 48 additional touring pitches; 132 additional static pitches; and 19 additional lodges. There would also be new toilet blocks and new office accommodation for the staff at the site (with up to five new jobs created), and a new area for meeting and greeting arriving customers.

Beverley Parkland Care Home has recently opened. With its own pub, shop, cinema and hair and beauty spa it is expected to create 100 jobs as well as meet a growing demand for care.

8 Accommodation and Food subsector in East Riding

8.1 Introduction

Accommodation and food are a subsector of the wider visitor economy. It includes a wide range of establishments that provides customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption.

The accommodation division mainly comprises the provision of short-term accommodation, typically on a daily or weekly basis, for visitors and other travellers by hotels, motels, guesthouses, holiday homes, bed and breakfast etc. It also includes the supply of short-term accommodation services by camping grounds, caravan parks and hostels.

Food and drink establishments are primarily engaged in preparing meals, snacks and beverages, for immediate consumption on and off the premises. In this way it clearly differs from food manufacturing employers who produce food or meals typically expected to be consumed sometime in the future.

Across East Riding there are a number of accommodation and food employers:

For example South Cliff Caravan Park is a scenic coastal site set in beautifully landscaped grounds, providing excellent touring and camping pitches or holiday home hire. These are all within walking distance of the lively and picturesque Yorkshire coast resort of Bridlington

The resort towns of Bridlington, Hornsea and Withernsea have a range of hotels, bed & breakfast and guest houses.

The East Yorkshire Local Food Network (EYLFN) comprises businesses and other organisations working together to promote, develop and expand the local food and drink sector in the East Riding and the surrounding area. They have produced a guide of where to enjoy food and drink in and around East Riding (EYLFN, 2017).

8.2 Accommodation and food subsector economy and employment

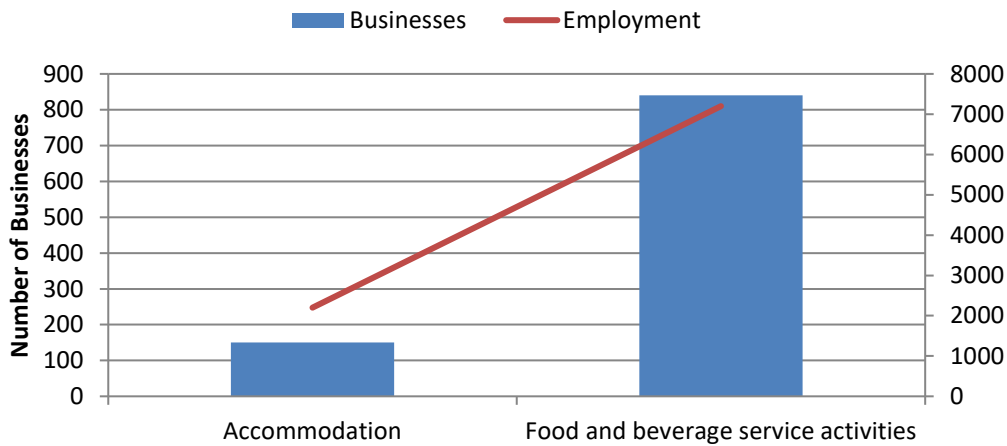
East Riding has a resident population of 336,700 (ONS, 2017) and is also a popular destination for domestic and overseas visitors (Visit Britain, 2015). For example, on average 669,000 yearly trips are taken to East Riding by domestic visitors (VisitBritain, 2015). However this has fallen from an average of 848,000 visits year between in 2010-2012.

The East Riding area therefore has a number of businesses in the accommodation and food subsector.

In total the East Riding TA has 990 businesses operating in this subsector, employing 9,400 individuals. Within the subsector there is further disaggregation of business and employment (Figure 31):

- Food and drink accounts for 85% of all subsector businesses and 77% of employment
- Accommodation accounts for 15% of subsector workplaces and 23% of employment

Figure 31 Distribution of Accommodation and food businesses and employment in East Riding



Source (ONS, 2015) & (ONS, 2016)

The job roles which have the greatest number employed in the accommodation and food subsector across Yorkshire and Humber are:

- 9272 'Kitchen and catering assistants'
- 9273 'Waiters and waitresses'
- 5434 'Chefs'
- 9274 'Bar staff'
- 1223 'Restaurant and catering establishment managers and proprietors'
- 9233 'Cleaners and domestics'
- 5436 'Catering and bar managers'
- 7111 'Sales and retail assistants'
- 5435 'Cooks'
- 1221 'Hotel and accommodation managers and proprietors'

8.3 Skills needs – Primary Research testing the data

8.3.1 Planning for the future

Data tells us that across the LEP economy 58% of firms have a Business Plan which specifies objectives for the coming year, which is slightly lower than national findings of 62% (UKCES, 2016). 39% of firms had a training plan, again less than national average of 42%.

Our primary research highlights that employers in the subsector in the TA frequently do not have either of the above. Smaller establishments are clearly focussing on operational matters, and whilst there is some understanding of the need to plan this is clearly a gap.

8.3.2 Recruitment and retention

There is a high level of recruitment demand across the accommodation and food subsector. Nationally we see that 26% of firms report at least one vacancy; greater than UK findings (19%) (UKCES, 2016). The extent to which sector businesses are finding it more problematic to recruit is borne out by the fact that the percentage of employers reporting skill-shortage vacancies has risen by 4% since 2011.

But it is not just recruitment; many firms also report retention issues and this appears to be increasing. In 2010 10% of firms nationally reported difficulties retaining staff but by 2015 this had increased to 15% (UKCES, 2016).

The recruitment of chefs continues to be the most obvious challenge for the sector and it is one that is borne out by both the data and our primary research. Nationally chefs make up a fifth of all skill shortage vacancies for skilled trades and nearly half of all vacancies for chefs prove difficult to fill because of a shortage of skilled applicants (UKCES, 2016). Consequently chefs are recognised in the Migration Advisory Committee shortage occupation list (MAC, 2013).

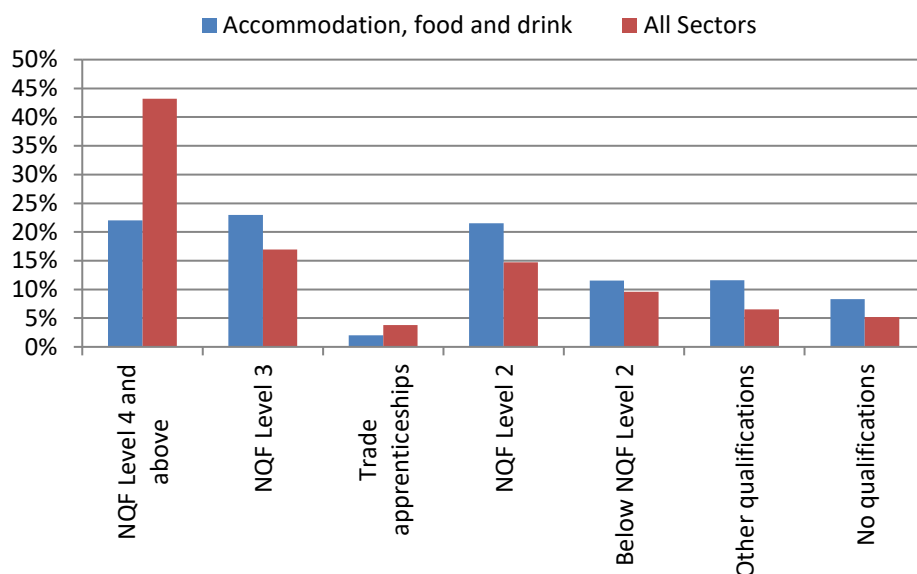
8.3.3 What are your current skills needs and skills gaps?

Skills levels

At a national level the accommodation and food subsector has a much lower qualification profile nationally than the all sector average (Figure 32). Only one in five (22%) workers holds a level 4 qualification or above compared to 43% nationally. 31% do not have a level 2 qualification, with 8% having no qualifications at all.

The largest occupational group in the subsector is elementary occupations – accounting for 47% of the workforce - and these roles traditionally require low levels of qualifications. This subsector is also popular with young people - with 35% employed under the age of 25. Many of these are likely to have joined at entry level before gaining more experience and qualifications.

Figure 32 Qualifications levels of Accommodation and food subsector



Source (Office for National Statistics, et al., 2016)

Skills gaps

Across all sectors in the LEP, 15% of firms report having a skills gap - i.e. where an employee is deemed by their employer to be not fully proficient, i.e. is not able to do their job to the required level (UKCES, 2016). Overall it has been calculated that 21,200 individuals in the LEP are not proficient in their job.

Across the UK accommodation and food subsectors, 19% of firms report having a skills gap, with 140,100 individuals not fully proficient in their role. The main causes of skills gaps in the accommodation and food subsector are:

- Individual is new to the role, with 72% of employers reporting this factor
- Their training is currently only partially completed (64%)

These two factors are both predominantly transient: that is to say one would expect skills gaps resulting from these causes to be eliminated once staff have settled into their new roles and/or existing training has been completed.

From our primary work we can suggest that the following skills are particularly needed and valued by employers:

- Clearly the main pinch point is around recruiting chefs. This is not a surprise following a review of the literature and is one that has been raised frequently and regularly and is a key issue nationwide
- Customer service skills were the main area raised, even more so than chefs, but obviously it is a less technical skills
- Health and safety training is a necessity for many roles working in the subsector

- Cleaners. This was raised as a real problem with churn of qualified cleaning staff being exceptionally high. As we will discuss later, the increased minimum wage has raised the challenge of wage differentials, with many staff believing that cleaners are at the bottom of the ladder and so are consequently expecting higher wage rates.
- Management staff skills are also required.
- English language skills
- Operational IT/digital skills – handling orders, bookings
- Room attendant skills

Nationally chefs make up a fifth of all skill shortage vacancies for skilled trades and nearly half of all vacancies for chefs prove difficult to fill because of a shortage of skilled applicants. This gap was mentioned extensively in our primary research.

8.3.4 Training

The accommodation and food subsector invests a significant amount of money in training and development. In 2015, 3.3bn was spent across the accommodation and food sector, equating to an average spend of £2,670 for worker trained (Vivian, et al., 2016).

Across all sectors in the LEP, 65% of firms had funded or arranged training for staff in the previous 12 months, while across the accommodation and food sector 63% of firms had done so (UKCES, 2016). The vast majority of training and development is targeted at initial training and development and perceived statutory areas such as food safety and health and safety (People1st, 2015).

Our primary research discovered similar findings in this area. Employers are clearly more likely to train in house than they are to use off site external providers although they do bring in experts when necessary. This is important; we understand that when compliance with legislation is the driver, external trainers and accreditors are often used, when legislation is not the driver, employers will attempt to deliver the training in house, using an experienced team member (who may or may not have training in training).

Cost and time were the main drag factors on engaging in non-mandatory training, but we also heard criticisms of course provision and that there was a lack of high quality providers.

8.3.5 Apprenticeships

Nationally there has been a large uptake of apprenticeships across the hospitality sector, however only 10% of businesses are offering them and the vast majority are large businesses (APPG, 2016).

Across East Riding three parliamentary constituencies there has been a decline in the number of individuals starting an apprenticeship (Table 32). In 2009/10, over 5,000 individuals began an apprenticeship but by 2013/14 this had declined to 4,370 going against the national trend of growth in take up.

Table 32 Apprenticeship Programme Starts by Parliamentary Constituency, East Riding

Year	Total
2009/10	5,120
2010/11	5,030
2011/12	5,460
2012/13	4,430
2013/14	4,370

Source (DfE, et al., 2017)

Two in three (66%) apprenticeship starts have been within Beverley and Holderness, 20% in East Yorkshire and 14% in, Haltemprice and Howden.

However, the table below highlights that relatively few (80) of the framework starts have been on Leisure, Travel and Tourism frameworks. This is just 2% of all apprenticeship starts in the area. Considering the visitor economy employment equates to 10% of all employment across East Riding this can be considered low.

In our primary work we explored this and the reasons will be familiar to people working in the skills sector. Whilst there is a general support for the principle of Apprenticeship, it was felt that they were often too large an intervention for this subsector. It is clear that larger employers are more likely to use apprenticeships than the smaller employers.

From our primary work we can see that the challenge, particularly for SMEs, in hiring apprenticeships continues to be significant. There are issues around awareness, relevance and perceived bureaucracy.

Table 33 Apprenticeship Programme Starts by Parliamentary Constituency and Sector Subject Area (2013/14)

Sector Area	Beverley and Holderness	East Yorkshire	Haltemprice and Howden
Agriculture, Horticulture and Animal Care	10	20	10
Arts, Media and Publishing	0	0	0
Business, Administration and Law	230	140	210
Construction, Planning and the Built Environment	30	30	20
Education and Training	0	0	0
Engineering and Manufacturing Technologies	200	180	110
Health, Public Services and Care	180	240	120
Information and Communication Technology	240	10	20
Languages, Literature and Culture	0	0	0
Leisure, Travel and Tourism	30	30	20
Preparation for Life and Work	0	0	0
Retail and Commercial Enterprise	1,960	210	110
Science and Mathematics	0	0	0
Total	2,890	860	620

Source (DfE, et al., 2017) Apprenticeships by parliamentary constituency 2011/12 to 2014/15

8.4 Future requirements

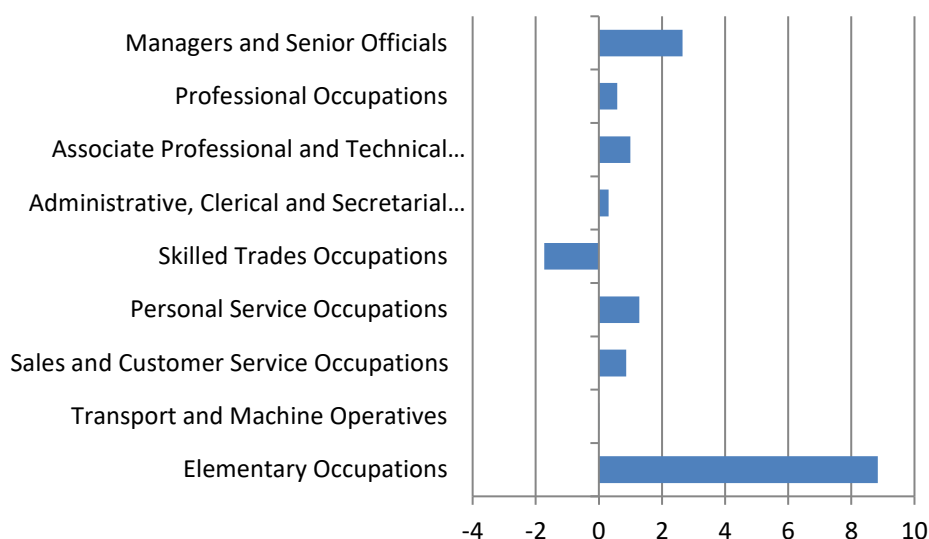
8.4.1 Sector growth

Future workforce projection for the subsector are available at the wider region of Yorkshire and Humber rather than the North Yorkshire area but this still provides a useful indication of changes in the workforce moving forward.

Employment in the Yorkshire and Humber accommodation and food subsector is expected to grow 9.5% between 2014 and 2024 – or by nearly 14,000. This is a greater rate than whole economy where growth of 5.5% is anticipated in the region, but less than the UK subsector figure of 14.6% (UKCES, 2016).

We expect to see employment growth for higher level occupations, including managers, professional occupations and associate professionals and technical roles (Figure 33). But greatest growth is across elementary positions. Net job losses are projected for skilled trade roles.

Figure 33 Accommodation and food subsector occupation change, 2014 -2024 (000s), Yorkshire and Humber



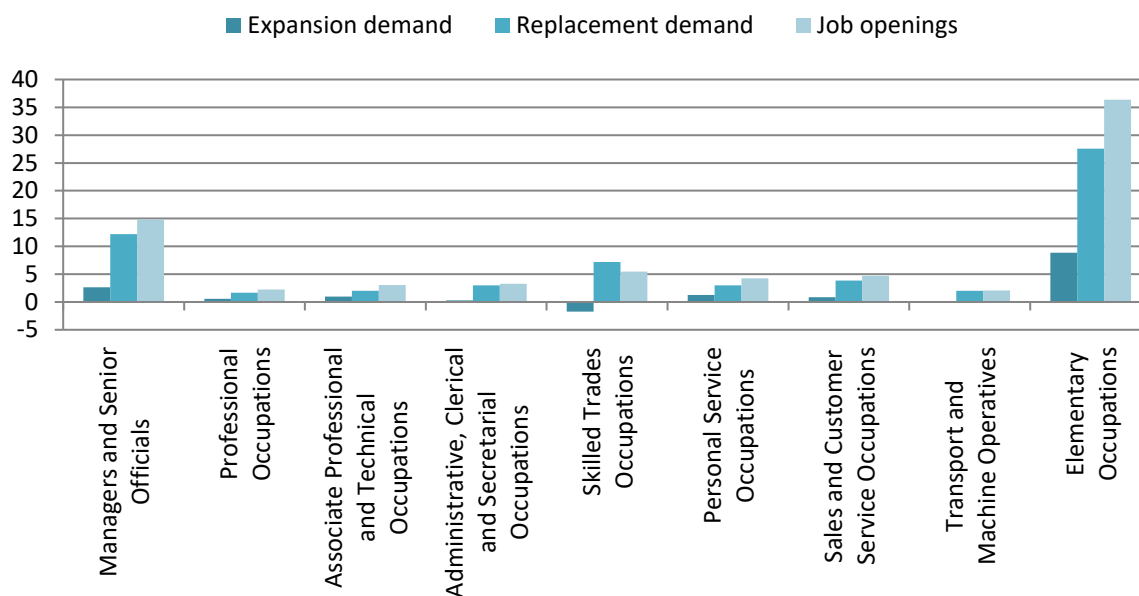
Source: UKCES Working Futures VI

8.4.2 Replacement need and total demand

Over the next decade, replacement demands are expected to generate nearly five times as many job openings in the subsector compared to net job growth.

Overall the accommodation and food subsector in Yorkshire and Humber is expected to have nearly 76,000 job openings between 2014 and 2024: 14,000 sector growth and 62,000 replacement demand. Nearly half (48%) of all job openings will be within elementary roles and a further 19% in managerial positions (Figure 34).

Figure 34 Job openings in the accommodation and food subsector by occupation 2014 - 2024 (000s) in Y&H



Source: UKCES Working Futures VI

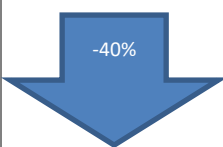
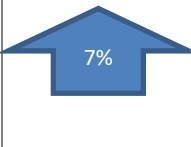
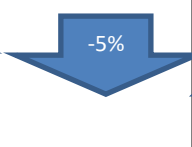
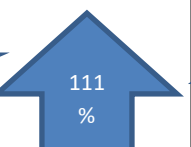
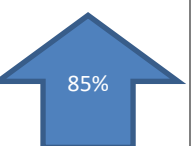
The startling fact that 82% (62,000) of the new staff requirements are needed to replace existing employees indicates that the sector may have a retention problem. So whilst the growth of the sector means we need to recruit more people, the high rates of labour turnover are largely driving recruitment needs.

8.4.3 Qualifications

The change in qualification levels of the workforce shows that there will be a shift towards more people holding higher qualifications (Table 34).

By 2024, 36% of people employed the accommodation and food subsector are expected to be qualified at level 4 and above (lower than all sector proportion 47%), whilst the proportion of people with no formal qualifications or level 1 is expected to fall to 17%.

Table 34 Change in qualification profile accommodation and food subsector, Yorkshire and Humber

	No qualifications and level 1	Level 2	Level 3	Level 4 – 6	Level 7 – 8
Qualification example	GCSE (grades D – G) BTEC level 1	GCSE (grades A* - C) NVQ Level 2	AS & A level BTEC National	Certificate of higher education (L4) Foundation degree (L5) Bachelor's degree (L6)	Master's degree (L7) Doctorate (L8)
2014 level 2024 level	44,400 26,900	42,700 45,800	30,100 28,500	24,600 51,900	3,100 5,700
2014 – 2024 % change					
2014 % share	31%	29%	21%	17%	2%
2024 % share	17%	29%	18%	33%	4%

Source: UKCES Working Futures VI

8.4.4 Future roles and skills

The above Working Future projections demonstrate that there will be growth across most occupational groups and a significant replacement need for positions. This will be for entry level, though skilled positions up to higher level roles.

Employers have not identified any new roles developing in the next 6 years, rather the challenges are about recruiting for existing positions, i.e. front of house, chefs, cleaners, kitchen porters, managers. Whilst those roles will change and evolve, we expect it to be about changes at the margins, rather than the creation of brand new roles, i.e. we expect to see currently existing job roles asking for additional skills including better digital skills, languages etc.

In this way our research was in keeping with the wider data analysed.

8.5 Drivers of change

8.5.1 Political

Brexit

Uncertainty post Brexit is a concern reported by employers in the accommodation subsector. The UK Prime Minister, Theresa May has emphasised that “Brexit means Brexit” and the Conservative Manifesto pledge to bring net migration down to ‘tens of thousands’ will remain. Likewise, the Labour Party has acknowledged that freedom of movement is going to end post Brexit.

The subsector traditionally filled vacancies through migrant labour and Asian and Oriental restaurants in particular are heavily dependent on recruiting workers from outside the European Union. Across hospitality and tourism, 24% of the workforce is made up of non-British nationals. But as we have seen the UK labour market become more competitive, with unemployment falling, we have also seen the number of non-British workers in the sector rise. Between 2011 and 2016, the number of migrant workers in the hospitality and tourism sector has increased by 27%, with the majority of this increase coming from other EU countries (People 1st, 2017).

The effect on inward migration particularly from EU countries could affect the sector’s ability to recruit and retain skilled staff and is by far the biggest issue employers have raised with us.

Legislation / Regulations

As with other industries which interface directly with the public, this is a sub sector which is heavily regulated. Employers are not expecting there to be significant new legislation in the next few years.

8.5.2 Economic

A slowdown in economic growth

With the drop in sterling against other major currencies there may be some short term benefits to the visitor economy. More international visitors could be attracted but also a weaker pound may encourage staycations in the UK. However we are not able to report on prior bookings from EU member states or beyond. Imports are likely to be more expensive, potentially pushing up the prices of raw materials including energy which will impact on the competitiveness of UK –based holidays. Business travel may also be affected.

Wage levels

The National Minimum Wage (NMW) was first introduced in the UK in April 1999 at a rate of £3.60 per hour for over 21-year-olds. Prior to that there was no statutory minimum. In April 2016 the government introduced the National Living Wage (NLW) at a level of £7.20 per hour for those over 25 years old, increasing to £7.50 in April 2017. It is expected to rise to at least £9 per hour by 2020. The impact of this is likely to be significant on this subsector. Hoteliers undoubtedly face higher payroll costs and this is challenge they face. In a subsector such as this, maintaining the pay differentials is also likely to have a significant cost.

Labour availability

Following the recession, the economic situation across the UK and East Riding has been improving. Unemployment rates in the East Riding have declined from a high of 7.2% in 2012 to 3.8% at the end of 2016, but still remains higher than the LEP average of 3%. Of those claiming JSA, 43% have been out of work for six months or more (ONS, 2017) and are therefore more of a challenge to get back into work. Consequently it's becoming harder to recruit.

Demographic changes mean that there are fewer younger people entering the job market, which has an adverse effect, particularly on food and drinks service as it employs a greater proportion of 16-24 (39%) than found across the economy as a whole (12%). So employers need to find ways to attract and then retain staff. Recruitment and retention are two important issues.

8.5.3 Social

Consumer mind set

Businesses in the sector are very much driven by customer demand. But customer's values, preferences and expectations are not fixed. Consumers have begun to expect a personalized experience tailored to meet their needs. Personalisation can go a long way but getting this right can be difficult since customers' needs and preferences change frequently.

It is clear that the food and beverage sector must remain responsive to consumers' needs and desires.

This is made evident by the emergence of health-conscious eating. The UK market is increasingly looking at healthy eating as a way to address health-care concerns including hypertension, diabetes, and obesity.

This awareness, coupled with an increasing interest and desire for more authentic foods produced without using herbicides and pesticides, free of genetically modified ingredients, and even free of carbohydrates or gluten, has placed pressure on the sector to respond accordingly. Consumers are also more aware of the plight of farmers and producers from faraway places and they are increasingly supporting fair trade practices. At the same time, there is a heightened desire for more locally grown products, as well as a general awareness and appreciation of the quality of produce.

Perception

There's a perception from the public that there is limited opportunity for career development and the entry level skills in particular are low paid.

Many people fail to appreciate that hospitality offers a career pathway where success is largely dependent upon aptitude and ability, rather than particular qualifications. Therefore, there is the possibility of promotion from the 'kitchen floor' to the most senior levels company management.

8.5.4 Technological

Technology is expected to play an ever-increasing role in the subsector, meaning that digital skills are going to be important across all job roles.

One of the biggest changes in the accommodation sector is the way in which rooms can be purchased and even more so the way that guests are influenced to buy them. Technology and its use and implementation have been a game changer.

Driving traffic to a website and getting the customer to book is central to success. Many hotels use online travel agencies to sell rooms but this incurs commission fees.

Social media, in its various forms, present businesses with a direct way of reaching customers as well as communicating key information about the accommodation and any promotional offers they are running. But this presents a challenge, especially for the smaller businesses: expertise and time is required. Social media skills in a business context are required and they need to have the time to use it effectively while also running the business.

Online Security

The accommodation sector by its nature can collate a vast amount of information regarding their customers - not just names, address but also payment details. Credit card fraud is a massive threat. Criminals from all over the world try to hack into hotel networks in an attempt to steal guest identities, including credit card details. They are not just targeting one individual, but thousands of cardholders at the same time.

Hotels need to be aware and have clear and up to date online security systems in place. We found in our research that online security has become a more pressing threat/risk to the subsector.

8.6 Key points

What follows is a presentation of the key findings from the above.

- East Riding's employment rate stands at 77.5% - lower than LEP data of 80%. In addition, the economic inactivity rate is much higher (19.4%) compared to the LEP as a whole (17.6%)
- The area is growing in terms of businesses -the number has increased 3% since 2010.
- The number of visitors to the area is high, at 669,000 yearly trips but this has fallen in recent years
- East Riding has 990 businesses operating in this subsector, employing 9,400 individuals.
- There is demand for entry level occupations and managers. The only advanced technical skill occupations is chefs
- The recruitment of chefs continues to be a challenge
- Cleaners. This was raised as a real problem with churn of qualified cleaning staff being exceptionally high.
- Customer service skills, health and safety training, management staff skills, English language skills, operational IT/digital skills , room attendant skills were all skills needed and valued by employers.
- Across East Riding there has been a decline in the number of individuals starting any apprenticeship, and relatively few starts on subsector frameworks. There are issues around awareness, relevance and perceived bureaucracy.
- Greatest employment growth and replacement demand is anticipated within elementary roles, where soft skills are needed.
- The subsector is not expecting the creation of new roles, rather employers are looking to recruit into currently existing roles.
- Brexit is casting a shadow, with it being both an opportunity and a threat.

9 Arts, Entertainment and Recreation subsector in East Riding

9.1 Introduction

The arts, entertainment and recreation sector is a subsector of the wider visitor economy. It includes a wide range of establishments that operate facilities or provide services to meet varied cultural, entertainment, and recreational interests of their patrons. This sector comprises:

- establishments that are involved in producing, promoting, or participating in live performances, events, or exhibits intended for public viewing;
- establishments that preserve and exhibit objects and sites of historical, cultural, or educational interest; and
- establishments that operate facilities or provide services that enable patrons to participate in recreational activities or pursue amusement, hobby, and leisure-time interests.

Across East Riding there are a number of arts, entertainment and recreation facilities:

These include historic buildings such as Burnby Hall, Burton Agnes Manor House, Burton Agnes Hall, Sewerby Hall, Skipsea Castle and the gun battery of Fort Paull. The religious edifices of the Rudston Monolith, Beverley Minster and Beverley Friary, and Howden Minster can be visited in all seasons.

Natural sites of interest are at Spurn, Bampton Cliffs, Hornsea Mere, Humber Estuary, River Hull, Watton Beck, River Derwent, River Ouse, River Aire, River Trent, and River Don, some of which are owned or run by the Yorkshire Wildlife Trust. The Yorkshire Wolds Way is a long-distance footpath that takes a winding route through the Yorkshire Wolds to Filey.

The Humber Museums Partnership consists of the museums services of Hull, North Lincolnshire and the East Riding. It was formed in 2014 to develop collaborative working for the purpose of delivering better services to the public (Humber Museums Partnership, 2016). Specifically in East Riding, sites include:

- Beverley Art Gallery
- Beverley Guildhall
- Goole Museum
- Sewerby Hall and Gardens
- Skidby Windwill
- Treasure House

Beverley is home to East Riding Theatre, a not for profit organisation which provides theatre, music and entertainment to individuals in the area. In Howden, HowdenLive is a volunteer run charity providing a mixture of theatre and live music.

Local Authorities are one of the primary funders of art and cultural activities, along with the contribution from the Arts Council England. From public libraries to municipal galleries, from music education and arts festivals to public art, councils are active in our cultural life.

The Department for Communities and Local Government data shows how much is spent on cultural & heritage and recreation and sports by local authorities. Across East Riding, 4% of the total service expenditure was on cultural & heritage and recreation and sports compared to 3% across England in 2015/16 (DCLG, 2016).

In terms of sporting and recreation, East Riding is home to Beverley Racecourse as well as sports clubs like Aldbrough Recreation Ground, Beverley Athletic Club, Aramis Sub Aqua Club, Airmyn Bowls Association, Blackburn Leisure Sports And Social Club, AFC Tickton, AFC Preston, Beverley RFUC, Beverley and East Riding Lawn Tennis Club amongst others. East Riding Council has a directory of information listing accredited sports clubs in the area (East Riding Council, 2017).

9.2 Arts, Entertainment and Recreation economy and employment

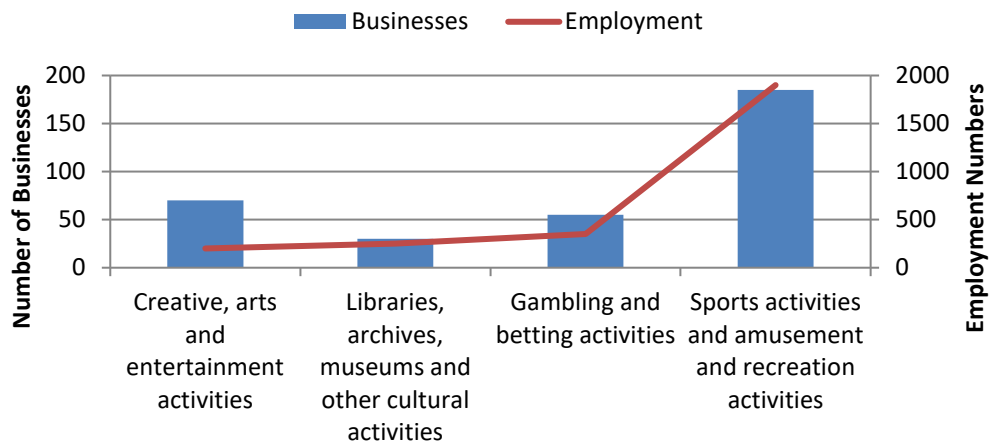
East Riding has a resident population of 336,700 (ONS, 2017) and is also a popular destination for domestic and overseas visitors (Visit Britain, 2015). For example on average 669,000 yearly trips are taken to East Riding by domestic visitors (VisitBritain, 2015). However this has fallen from an average of 848,000 visits year between in 2010-2012.

The East Riding area, therefore has a number of businesses in the arts, entertainment and recreation subsector.

In total the East Riding TA has 340 businesses operating in this subsector, employing nearly 2,700 individuals. Within the subsector there is further disaggregation of business and employment (Figure 35):

- Sports activities accounts for 54% of all subsector businesses and 70% of employment
- One in five (21%) of businesses are classified as Creative, arts and entertainment activities and these employs 8% of the workforce.
- Libraries, archives, museums and other cultural activities accounts for 9% of the subsector workplaces and 9% of employment.
- 16% of businesses operate within gambling and betting activities and these employ 13% of the workforce.

Figure 35 Distribution of arts, entertainment and recreation businesses and employment in East Riding



Source (ONS, 2015) & (ONS, 2016)

But of note in this subsector are the volunteers that assist in many of the workplaces, particularly in the cultural and sporting areas.

The Institute for Volunteering Research found that most common fields of interest supported by volunteers was education, with sports and exercise also in the top four. Arts and museums ranked 8th in the types of organisations helped (Low, et al., 2017).

Volunteers have always played a vital part in the sport and physical activity sector. Without them, most activity simply wouldn't happen. 5.6 million people volunteer every month in sport and physical activity in England (Sport England, 2017).

The job roles which have the greatest number employed in the arts, entertainment and recreation subsector across Yorkshire and Humber are:

- Financial administrative occupations
- Receptionists
- Sports and leisure assistants
- Kitchen and catering assistants
- Leisure and sports managers
- Leisure and theme park attendants
- Cleaners and domestics

9.3 Skills needs – Primary Research testing the data

9.3.1 Planning for the future

Data tells us that across the LEP economy 58% of firms have a Business Plan which specifies objectives for the coming year, which is slightly lower than national findings of 62% (UKCES, 2016). 39% of firms had a training plan, again less than national average of 42%.

Our primary research highlights that employers in the subsector in the TA frequently do not have either of the above. Smaller establishments are clearly focussing on operational matters, and whilst there is some understanding of the need to plan this is clearly a gap.

9.3.2 Recruitment and retention

There is a high level of recruitment demand across the arts and other service sector and this is mirrored in the arts, entertainment and recreation subsector. Nationally we have seen that 22% of firms in the arts and other service sector report at least one vacancy; greater than UK findings (19%) (UKCES, 2016).

But it is not just recruitment; many firms also report retention issues and this appears to be increasing. In 2010 7% of firms reported difficulties retaining staff but by 2015 this had increased to 10% (UKCES, 2016).

9.3.3 What are your current skills needs and skills gaps?

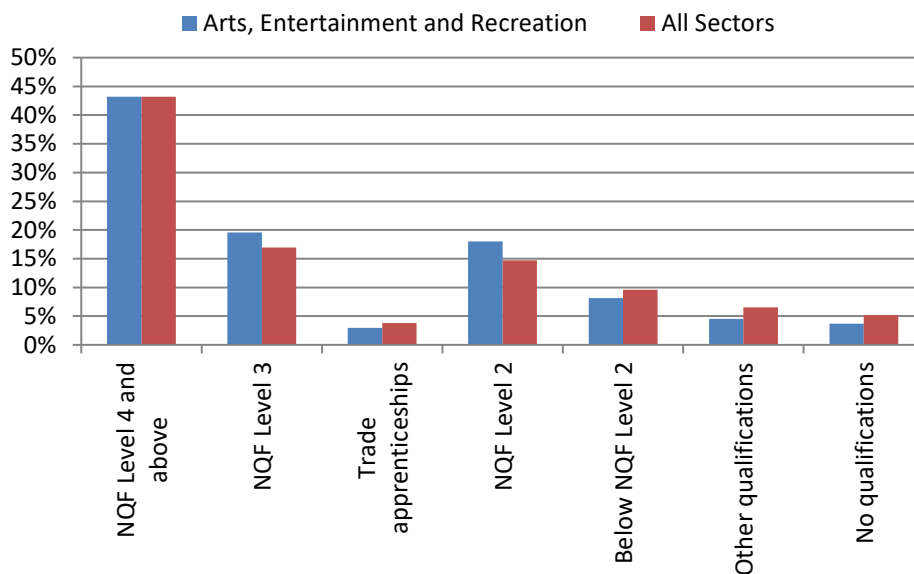
Skills levels

At a national level the Arts, Entertainment and Recreation sector has a very similar profile that the all sector average (Figure 36). Two in five workers hold a level 4 qualification or above compared - the same as national data at 43%. 16% do not have a level 2 qualification, with 4% having no qualifications at all.

There is some variation within the sector. For example 73% working within libraries, archives and museums have a level 4 or above, while within gambling and betting activities only 22% do.

The largest occupational group in the subsector is Associate professional and technical occupations – accounting for 32% of the workforce - and these roles traditionally require higher levels of qualifications. These include roles such as sport coaches and instructors, artists, entertainers, dancers and choreographers. A further 12% of the workforce is in senior managerial positions.

Figure 36 Qualifications levels of Arts, Entertainment and Recreation subsector



(Office for National Statistics, et al., 2016)

Skills gaps

Across all sectors in the LEP, 15% of firms report having a skills gap - i.e. where an employee is deemed by their employer to be not fully proficient, i.e. is not able to do their job to the required level (UKCES, 2016). Overall it has been calculated that 21,200 individuals in the LEP are not proficient in their job.

Across the UK Arts and other service sectors 12% of firms report having a skills gap, with over 47,000 individuals not full proficient in their role. The main causes of skills gaps in the arts and other services sector are:

- Individual is new to the role, with 59% of employers reporting this factor
- Their training is currently only partially completed (59%)

These two factors are both predominantly transient: that is to say one would expect skills gaps resulting from these causes to be eliminated once staff have settled into their new roles and/or existing training has been completed.

From our primary work we can suggest that the following skills are particularly needed and valued by employers:

- Customer service was the main area raised, but obviously it is a less technical skills
- Health and safety training is a necessity for many roles working in the subsector
- Fundraising and commercialisation are seen as major issues in a number of cultural areas such as heritage. As public funding is diminished, organisations will need the skills to harness new business development and philanthropic investment.

9.3.4 Training

The arts and other services sector invests a significant amount of money in training and development. In 2015, 2.6bn was spent across UK sector, equating to an average spend of £3,410 for every worker trained (Vivian, et al., 2016).

Across all sectors in the LEP, 65% of firms had funded or arranged training for staff in the previous 12 months, while across the UK arts and other service sector 70% of firms had done so (UKCES, 2016). The vast majority of training and development is targeted at initial training and development and perceived statutory areas such as health and safety.

Our primary research found similar findings in this area. Key areas of training for employers in sports activities, amusement and recreation activities are health and safety, insurance, minibuss driving and ensuring facilities are fit for purpose.. The cost of compliance is also an area of concern.

Cost and time were the main drag factors on engaging non mandatory training, but we also heard criticisms of course provision and that there was a lack of high quality providers.

Sports activities, amusement and recreation activities employ a high proportion of part-time workers (63 per cent) (ONS, 2015). Part-time working may suit both the nature of the business and certain groups of workers (such as housewives and students). But it does present a potential barrier to training in terms of time off work (when hours are shorter), affordability and time of delivery. These findings are common with the MDA. We found no significant areas of difference within the LEP. The TA has different challenges relating to its geography and development, which we report later in the report, but the skills needed by employers are not different.

9.3.5 Apprenticeships

Nationally there has been a large uptake of apprenticeships across the hospitality sector, however only 10% of businesses are offering them and the vast majority are large businesses (APPG, 2016).

Across East Riding three parliamentary constituencies there has been a decline in the number of individuals starting an apprenticeship (Table 35). In 2009/10, over 5,000 individuals began an apprenticeship but by 2013/14 this had declined to 4,370 going against the national trend of growth in take up.

Table 35 Apprenticeship Programme Starts by Parliamentary Constituency, East Riding

Year	Total
2009/10	5,120
2010/11	5,030
2011/12	5,460
2012/13	4,430
2013/14	4,370

Source (DfE, et al., 2017)

Two in three (66%) apprenticeship starts have been within Beverley and Holderness, 20% in East Yorkshire and 14% in, Haltemprice and Howden.

However, the table below highlights that relatively few (80) of the framework starts have been on Leisure, Travel and Tourism frameworks and there have been none on any arts, media or publishing frameworks. This is just 2% of all apprenticeship starts in the area. Considering the visitor economy employment equates to 10% of all employment across East Riding this can be considered low.

In our primary work we explored this and the reasons will be familiar to people working in the skills sector. Whilst there is a general support for the principle of Apprenticeship, it was felt that they were often too large an intervention for this subsector. It is clear that larger employers are more likely to use apprenticeships than the smaller employers.

From our primary work we can see that the challenge, particularly for SMEs, in hiring apprenticeships continues to be significant. There are issues around awareness, relevance and perceived bureaucracy.

Table 36 Apprenticeship Programme Starts by Parliamentary Constituency and Sector Subject Area (2013/14)

Sector Area	Beverley and Holderness	East Yorkshire	Haltemprice and Howden
Agriculture, Horticulture and Animal Care	10	20	10
Arts, Media and Publishing	0	0	0
Business, Administration and Law	230	140	210
Construction, Planning and the Built Environment	30	30	20
Education and Training	0	0	0
Engineering and Manufacturing Technologies	200	180	110
Health, Public Services and Care	180	240	120
Information and Communication Technology	240	10	20
Languages, Literature and Culture	0	0	0
Leisure, Travel and Tourism	30	30	20
Preparation for Life and Work	0	0	0
Retail and Commercial Enterprise	1,960	210	110
Science and Mathematics	0	0	0
Unknown	0	0	0
Total	2,890	860	620

Source (DfE, et al., 2017) Apprenticeships by parliamentary constituency 2011/12 to 2014/15

9.4 Future requirements

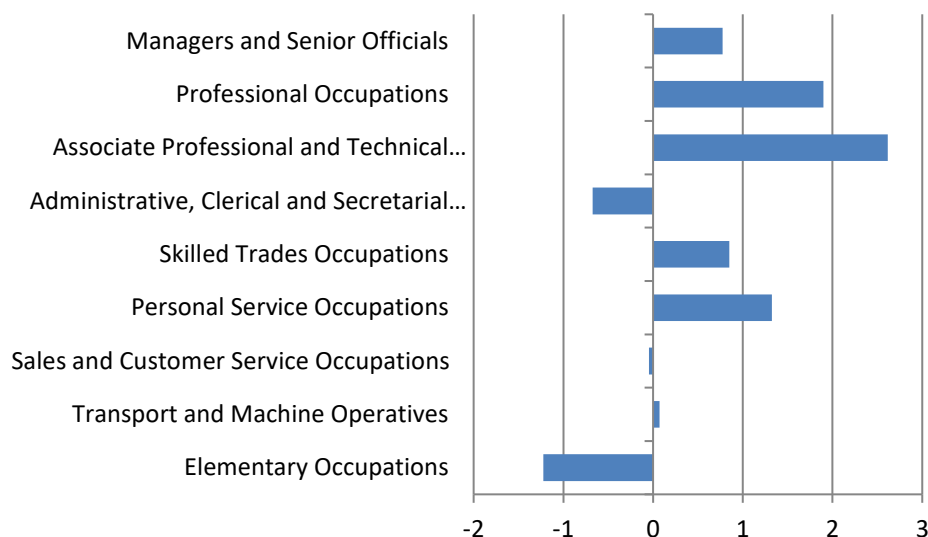
9.4.1 Sector growth

Future workforce projection for the subsector are available at the wider region of Yorkshire and Humber rather than the North Yorkshire area but this still provides a useful indication of changes in the workforce moving forward.

Employment in the Yorkshire and Humber arts and entertainment subsector is expected to grow 8% between 2014 and 2024 – or by nearly 6,000. This is a greater rate than whole economy where growth of 5.5% is anticipated in the region, but less than the UK subsector figure of 9% (UKCES, 2016).

We expect to see employment growth for higher level occupations, including managers, professional occupations and associate professionals and technical roles (Figure 37). Net job losses are projected for elementary roles and administrative roles.

Figure 37 Arts, entertainment and recreation subsector occupation change, 2014 -2024 (000s)



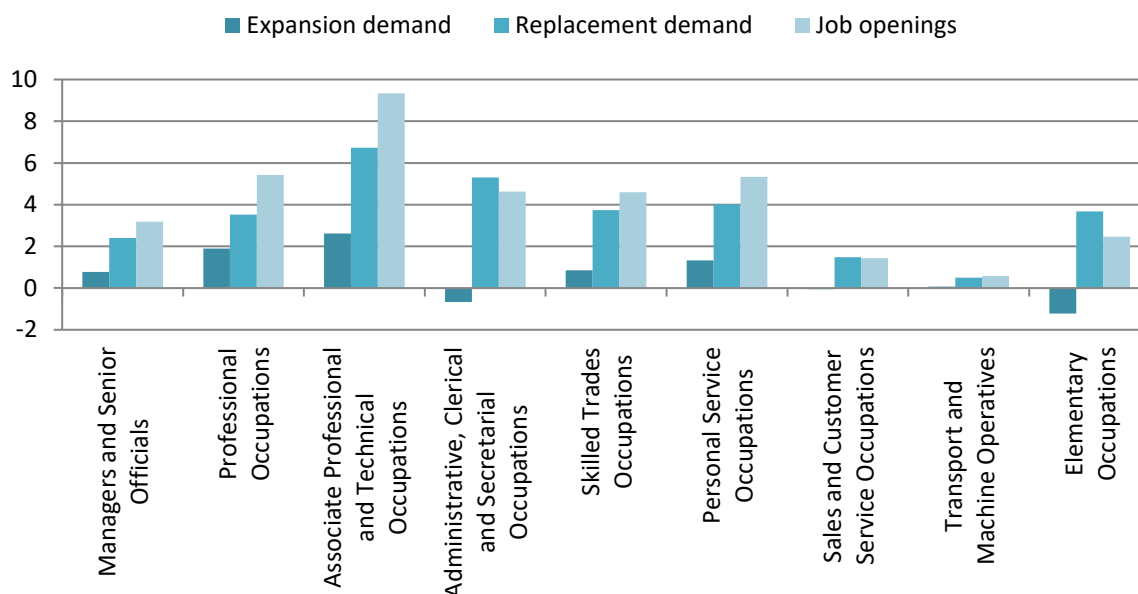
Source: UKCES Working Futures VI

9.4.2 Replacement need and total demand

Over the next decade, replacement demands are expected to generate nearly five times as many job openings in the subsector compared to net job growth.

Overall the Arts and entertainment subsector in Yorkshire and Humber is expected to have nearly 37,000 job openings between 2014 and 2024: 6,000 sector growth and 31,000 replacement demand. A quarter (25%) of all job openings will be within Associate professional and technical roles and a further 15% in professional positions (Figure 38).

Figure 38 Job openings in the Arts, entertainment and recreation by occupation 2014 - 2024 (000s) in Y&H



Source: UKCES Working Futures VI

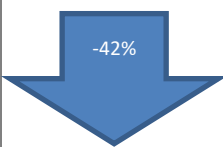


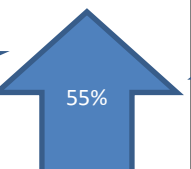
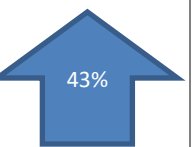
The startling fact that 85% (31,000) of the new staff requirements are needed to replace existing employees indicates that the sector has a retention problem. So whilst the growth of the sector means we need to recruit more people, the high rates of labour turnover are largely driving recruitment needs.

9.4.3 Qualifications

The change in qualification levels of the workforce shows that there will be a shift towards more people holding higher qualifications (Table 37).

By 2024, 53% of people employed the Arts and entertainment in subsector are expected to be qualified at level 4 and above (higher than YNYER all sector proportion 47%), whilst the proportion of people with no formal qualifications or level 1 is expected to fall to 9%.

Table 37 Change in qualification profile arts, entertainment and recreational subsector, Yorkshire and Humber

	No qualifications and level 1	Level 2	Level 3	Level 4 – 6	Level 7 – 8
Qualification example	GSCE (grades D – G) BTEC level 1	GCSE (grades A* - C) NVQ Level 2	AS & A level BTEC National	Certificate of higher education (L4) Foundation degree (L5) Bachelor's degree (L6)	Master's degree (L7) Doctorate (L8)
2014 level	12,500	16,400	16,700	23,200	4,300
2024 level	7,300	14,900	14,500	36,000	6,200
2014 – 2024 % change					
2014 % share	17%	22%	23%	32%	6%
2024 % share	9%	19%	18%	46%	8%

Source: UKCES Working Futures VI

9.4.4 Future roles and skills

The above Working Future projections demonstrate that there will be growth across most occupational groups and a significant replacement need for positions. This will be for entry level, though skilled positions up to higher level roles.

Employers have not necessarily identified any new roles developing in the next 6 years, rather the challenges are about recruiting for existing positions.

A fundamental part of this sector is the actual performers who people want to come and see. It is clear that there are real financial pressures being placed on the performing arts sectors. This has led to significant concern around where the next generation of world class performers will come from. Likewise we know that there is concern about the impact of the current political discourse on migration on the sector.

Whilst we do not want to downplay this part of the sector, our research has heard the most concern around roles in support and back office functions. We wonder if our findings would be different if the primary work had been conducted in places with more companies dedicated to performing, such as London for example.

In this way our primary was completely in keeping with the wider data analysed.

9.5 Drivers of change

9.5.1 Political

Safety

British amusement parks have been placed into the media spotlight in recent years when an incident on the Smiler rollercoaster at Alton Towers left five people with serious injuries and more recently a young child passing away at Drayton Manor. This has brought health and safety into the spot light.

The record at theme parks and fairgrounds however is good. More than a billion “individual bums-on-seats rides” are taken every year and from those rides around 35 people are taken to hospital for treatment (Smith, 2016). This low accident rate is thanks to a range of safety precautions, which stretch from rollercoasters’ over-the-shoulder harnesses and electronic control systems to measures as simple as fences to keep park visitors away from moving parts.

Fairgrounds, which are taken apart and reassembled frequently, have the dangers of worn equipment, which must be inspected regularly, but workers also have the danger of working at height.

HSE is working with the British Association of Leisure Parks, Piers and Attractions to ensure the robustness of its members’ risk management systems, and with the Health and Safety Laboratory to check that physical and electronic protections are as strong as the parks and regulators believe them to be.

Brexit

Uncertainty post Brexit is a concern reported by employers in the accommodation subsector. The UK Prime Minister, Theresa May has emphasised that “Brexit means Brexit” and the Conservative Manifesto pledge to bring net migration down to ‘tens of thousands’ will remain. Likewise, the Labour Party has acknowledged that freedom of movement is going to end post Brexit.

The effect on inward migration particularly from EU countries could affect the sector’s ability to recruit and retain skilled staff and is by far the biggest issue employers have raised with us.

Legislation / Regulations

As with other industries which interface directly with the public, this is a sub sector which is heavily regulated. Employers are not expecting there to be significant new legislation in the next few years.

9.5.2 Economic

Austerity

Local government is one of the primary funders of art and cultural activities, along with the contribution from the Arts Council England. However, direct funding from local government to the arts, museums and libraries has been under enormous pressure in recent years.

In the arts and museums infrastructure we have seen significant improvement in bringing the arts to more people, wherever they live. But recipients of public funds have to show how that money benefits the public - and the nation. How can the value of arts and culture be measured?

The more we understand - and talk about - what art does for us, in terms of the economy, our education, health and wellbeing, the lives of our communities and of our nation, the more we can give government and the taxpayer the confidence to invest.

But not only that, as public funding is reduced, organisations will need the skills to harness new business development and philanthropic investment.

Rising Costs

The whole subsector is affected by rising operating costs. For example increasing energy prices impacts on the whole sector. We also heard that insurance costs, particularly in relation to the outdoors industry where activities are perceived to be of higher risk than usual are having an impact on the sub sector. Consequently, resource management and budgetary controls are important.

A slowdown in economic growth

Research by Deloitte reveals that the activities most likely to be foregone by people when they have less money were: betting and gaming; attending live sports events and short breaks. This obviously is relevant here.

Wage levels

The National Minimum Wage (NMW) was first introduced in the UK in April 1999 at a rate of £3.60 per hour for over 21-year-olds. Prior to that there was no statutory minimum. In April 2016 the government introduced the National Living Wage (NLW) at a level of £7.20 per hour for those over 25 years old, increasing to £7.50 in April 2017. It is expected to rise to at least £9 per hour by 2020. The impact of this is likely to be significant on this subsector. Hoteliers undoubtedly face higher payroll costs and this is a challenge they face. In a subsector such as this, maintaining the pay differentials is also likely to have a significant cost.

Labour availability

Following the recession, the economic situation across the UK and North Yorkshire has been improving. Unemployment rates in the area have declined from a high of 7.2% in 2012 to 3.8% at the end of 2016. Of those claiming JSA, 43% have been out of work for six months or more (ONS, 2017) and are therefore more of a challenge to get back into work. Consequently it's becoming harder to recruit.

Demographic changes mean that there are fewer younger people entering the job market, which has a adverse effect, particularly on sports, amusement and recreation part of the subsector as it employs a greater proportion of 16-24 (35%) than found across the economy as a whole (12%). So employers need to find ways to attract and then retain staff. Recruitment and retention are two important issues.

Creative, arts and entertainment, and libraries, archives, museums, require higher skills levels for entry and therefore have a lower proportion of young workers (7% and 5% compared to national average 12%). But consequently also means that they have a much older workforce – two in five workers are over 50 years of age. Hence the replacement demands in the subsector. Employers need to consider their succession plans.

Diversification

Businesses in the subsector are also considering diversification. For example, arts and theatre venues providing food and drink, while farms have become petting attractions.

Bridlington Golf Club

With falling membership, the Golf Club has been losing money and there were concerns that it could close. The club needs new ways of generating income to be sustainable. They therefore have submitted outline plans to build a 12-bed hotel and 22 new homes, which have been approved.

The scheme also envisages a major refurbishment of the existing clubhouse and changes to the lay-out of the 18-hole course.

9.5.3 Social

Attraction Security

Protecting the security and welfare of guests is paramount. If guests do not feel safe, then they will not attend. Operators of entertainment, arts and recreational facilities are increasingly ensuring that they have staff who are trained to be vigilant and responsive to any threat and execute procedures to alert the relevant authorities. Larger sites often maintain both active and passive security protocols across attractions in order to maintain the integrity of physical boundaries and operations/assets within.

Consumer needs

Research by Mintel reveals that 82% of consumers have visited attractions in the previous 12 months. (Deloitte, 2016).

The sector is not just for the young. While the Millennials, consumers aged 18-24, are the most likely to spend in categories such as gym and sports, short breaks or drinking in coffee shops; the age groups in the middle are more active spenders on betting and gaming, eating out and drinking in pubs and bars. Employers know this and are targeting their marketing appropriately.

Volunteers

Encouraging volunteers is an ongoing issue in the subsector. Word of mouth was by far the most common route individuals took into volunteering. However, volunteers also get involved because they had previously used the organisation's services and/or seen a leaflet or poster.

Beverley Folk Festival - Beverley Racecourse

An annual weekend festival offering the opportunity to see new and established performers, it is made possible thanks to the support from hundreds of volunteers, either helping with specific jobs in the weeks leading up to the event or in a variety of vital roles over the weekend itself.

Roles people can help include:

- Information Desk
- Box Office
- Merchandise
- Traffic Team
- Campsite
- Task Force
- Stewarding
- Green Team
- Volunteer Check-in
- Artist Liaison
- Stage Managing and more.

9.5.4 Technological

Technology is expected to play an ever-increasing role in the subsector, meaning that digital skills are going to be important across all job roles.

East Riding Leisure Francis Scaife, Pocklington

Refurbishment of the cycle centre, see the introduction of Vismo X technology. This allows instructor-led classes as well as virtual classes, all tailored to individual ability. Participants can monitor their progress away from the centre by creating their own account which can be accessed by smartphone, tablet and desktop.

In addition, customers can now take advantage of a new way of booking their exercise classes and courts online. The mobile-friendly software – also designed for tablets and desktop computers - allows users to log in to East Riding Leisure Francis Scaife either as a member or non-member. Classes can be booked by type, date or activity, and users can see at a glance if particular classes have availability.

<http://www2.eastriding.gov.uk/say/news/?id=30068>

9.6 Key points

What follows is a presentation of the key findings from the above.

- In 2015, the area saw 1,405 new businesses open, up from 1,100 in 2010
- 4% of the total local authority service expenditure was on cultural & heritage and recreation and sports compared to 3% across England
- There has been a significant downturn in visits to the area. On average 669,000 yearly trips are taken to East Riding by domestic visitors but this has fallen from 848,000 visits year between in 2010-2012
- 340 businesses operating in this subsector, employing nearly 2,700. But further disaggregation reveals that Sports activities accounts for 54% of all subsector businesses and 70% of employment
- Skills are particularly needed and valued by employers: customer service, health and safety and fundraising and commercialisation
- There is an overall downturn in the number of apprenticeship starts in the area
- This is a subsector where higher level skills are going to be near essential in the future.
- There are no major differences in the skills required in the subsector between TA and MDA.

Broad Issues

10 Broad Issues Affecting the Demand for and take up of skills within the LEP

When considering the current and emerging skills and training challenges facing the LEP area, it is important to consider the external influences and factors which have an impact. Some of these may actually be beyond the sphere of influence of the LEP, but to fail to identify them in a report of this kind would be to present a partial analysis.

What follows is a presentation of some of the main policy and external issues which have come out during the research, both in our primary and secondary research.

10.1 Unaware of the value of skills

In conducting a study such as this, one of the biggest errors researchers can make is to work only with employers who are already convinced of the importance of skills and training. By using databases of employers who work with colleges or other partners you effectively hear back only from employers who are already converted! It is true that they might not be acting on their conversion, but they are warmed up, they have an understanding of the options that face them and they have already been worked on by (often) several different organisations.

Consequently, we have deliberately attempted to work with employers who we looked at completely at random. Whilst we focussed on the primary sectors identified by the LEP, and whilst we engaged with employers who are indeed already in the system in the sense of having previously worked with colleges, funders, trade associations etc., we deliberately also contacted employers who did not appear on any of these lists.

In research terms this gives us an excellent source to work with.

Oftentimes it is possible to look at pre-existing research and conclude that the picture is a little more progressive than we found it.

For us it is clear that a significant body of employers across the LEP economy are not concerned about or actively addressing skills issues. In the majority of cases when we said what we were doing, the conversation immediately stopped, or we were able at best to elicit one or two more responses to initial questions.

For those of us working in the skills world, the issue is at the top of our list, but for employers it is simply one of the things on their to-do list, and actually, many employers do not even consider it.

Of course, all research is dependent on the willingness of respondents to give feedback. But we clearly and categorically gained a perception that skills and training was a turn off for large numbers of employers. When speaking with employers explaining that we were conducting research on behalf of the LEP who were keen to support employers as a result of our findings, there was a palpable disappointment when our researchers went on to discuss training. Most noticeable, in this group, employers wanted to talk to us about business support such as business rates, access to finance and reduced legislation.

Noticeable was that trade associations and similar organisations varied in their responsiveness too. We are unable to find any definitive trends other than to conclude that despite being priority sectors to the LEP, some trade organisations did not see skills in their sector as a priority for their employers.

Consequently, we conclude that there continues to be a significant challenge to the LEP (as well as nationally) around convincing employers of the importance of investing in training and skills. It is easy to think that this research should be for the supply side in the sense of how best to respond to the demand which already exists. The real situation is more nuanced than this.

Whilst there are clearly employers and sector organisations who are convinced of the value of skills, both now and in the future, there is clearly work yet to be done further to convince the market that training and skills are things which they should be demanding.

The following is a summary of much of the relevant literature, which was particularly apparent prior to the 2007 crash when countries and employers were looking for new and innovative ways to engender economic growth. We believe that some of these messages could usefully be communicated to employers, individuals and stakeholders ten years later.

The Value of Skills

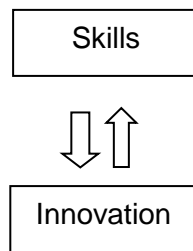
The UK Commission for Employment and Skills (UKCES) demonstrates that there is an “unambiguous link of skills to the national competitiveness and the significant economic gains to be achieved by raising skill levels of a nation’s labour force” (Garrett, et al., 2010).

There is a wealth of research on the relationship between skills and economic growth. The Leitch Report explored the relationship between skills and economic growth and estimated that the increase in skills in the UK workforce over the last 10 years, increased GDP by between £30 and £50 billion (Leitch, 2006). Other research supports the Leitch Report’s findings, for example Sianesi and Van Reensen (2003) argue that evidence “*supports the positive effects of skills on economic performance at country level*” (Garrett, et al., 2010). Barro (1991, 1997) undertook an important study of 14 OECD countries finding that a 1% point increase in the school enrolment rate tends to generate economic growth of up to 3%.

Skills are a factor driving the UK’s productivity. Skills also interplay with other factors driving productivity performance, for example innovation and knowledge transfer. The relationship between innovation and skills is, Griffith et al (2004) argues, the ability of people to make the best or most effective use of the information they are presented with or ‘absorptive capacity’. It is also about the stock of skills that the workforce holds - “*The stock of skill inevitably sets limits on how much firms can develop this capacity and also how much they will need to invest in skills relative to similar firms in other countries in order to achieve similar levels of skills*” (Garrett, et al., 2010).

Price Waterhouse Cooper (2005) estimated that the rate of return up to 13% for the state of educating an individual to degree level. Further research by Hunt and McIntosh (2007) suggests that raising the school leaving age to 18 would raise around £2.4billion for each cohort of young people who remain in education and training to the age of 18. Further, Bell et al (2005) show that one fifth of the annual growth in the UK economy, over the 1975-2002 period, was attributable to improvements in workforce skills.

Tether et al (2005) argues the connection between skills and increased innovation is dynamic and they react to each other.



Hanushek and Woessmann (2009) “find evidence that both providing broad basic education – education for all and pushing significant number to very high achievement levels have economic payoffs” (Garrett, et al., 2010).

Health

The Marmot Review published in 2010, demonstrates the huge amount of evidence linking skills and employment to health. The Marmot Review highlighted health inequalities by skill level of parents, job status, unemployment and attainment in education. Groot and Maassen van den Bink’s (2007) research found a strong relationship between education and health: a year of education was said to increase the health of men by 0.6% and of women by 0.3%.

Feinstein et al’s (2008) research shows that if 10% of women in the UK, who currently have no qualifications, were to gain a level 1 qualification the reduction in rates of depression associated with this could give potential savings of up to £34 million a year. Earlier research by Chevalier and Feinstein (2006) estimated that given the costs of depression in Britain is £9 billion each year, educating women with no qualifications to level 2 could lead to £200 million of savings per year (at 2002 prices). Research by Feinstein and Hammond (2004) suggests that learning increases life satisfaction and the amount of exercise taken as well as decreasing the likelihood of smoking.

Crime

Much research has suggested the link between skills and crime. Feinstein et al (2008) demonstrate that the more highly educated a man is, the less likely he is to commit a crime. Feinstein et al, (2008) suggests that £1 billion pounds per year could be saved in reduced crime costs through a 16% increase in those educated to degree level and argues that, a 1% point increase, in the working age population with qualifications equivalent to level 2, could reduce the bill for crime by up to £320 million per year (Garrett, et al., 2010).

Poverty

Dickerson and Lindley, 2008, argue that higher skills could contribute to a reduction in child poverty, such that the impact of meeting the targets of Leitch 2020 World Class Skills Ambition, could reduce child poverty by between 2% and 5%. It has been shown that parents' education has a positive association with how their children perform at school (Sabates, 2008).

Bynner et al (2001) estimated that government revenues could rise by just under £7 billion per year at 2000 prices if poor basic skills were removed completely.

The Value of Skills to Businesses

The impact of skills and training are wide reaching for UK businesses, and bring multiple benefits.

Training has been linked to the relative chance of business survival. It has been argued that, all other things being equal, those organisations providing training are less than half as likely to fail as those that do not provide training (Collier, et al., 2007). Collier et al's research shows that the failure rate of companies that did not provide training for their staff was, over a six year period, 27% compared to 11% for companies that did train their staff.

There are strong links between skill level and productivity. Barrett and O'Connell (2001) found that increasing the number of training days per employee by 1% was found to increase productivity by 3%. Further Carriou and Jeger, (1997) found that a 1% increase in training spending delivered a return of 2% in additional value. Konings and Vanormelingen (2010) found, in their study, that the trained worker is, on average 23% higher in productivity, than an untrained worker, but that wages for those receiving training increased by 12% - thus organisations are benefiting at twice the rate of employees.

Dearden et al, explored the relationship between the mean proportion of workers trained in an industry (10%) and the value added per worker. Their research suggests that increasing the proportion of workers receiving training in Britain by 5% (to 15%) results in a 4% increase in value added per worker compared to only 1.5% rise in the cost of wages for the firm.

Table 38 Productivity effects of training relative to wage effects

Study	Country	Productivity effects relative to wages
Barron et al (1999)	USA	2 times
Groot (1999)	Netherlands	4 - 5 times
Dearden et al (2000)	UK	2 times
Conti (2001)	Italy	3 - 4 times
Ballott et al (2004)	France	3.5 times
Ballott et al (2004)	Sweden	3 times
Konings and Vanormelingen (2010)	Belgium	2 times

Source: Hansson 2008, p. 51, with Konings and Vanormelingen 2010, added by Garrett, Campbell and Mason 2010.

Employers often raise concerns over offering training to employees as they perceive that it increases the risk of employees leaving. Green (1997) explored this issue, and looking at US and UK literature in the late 1990s argues that training did not exert a large influence on the likelihood of staff leaving the firm. In fact, Dex and Smith (2001) demonstrated that those employees who had five or more training days in the previous year were more committed to their employers than those employees who had less than five days of training, regardless of sector. Sloane et al. (2007) and Jones et al (2008) support these findings and conclude that overall, certain types of training can improve levels of job satisfaction.

The presence of employees who are highly skilled and the availability of training can raise the achievements of fellow colleagues and local organisations. Heuermann et al (2009) suggests that the productivity and performance effects of higher skills are not merely retained by the individual or firm to which they belong but that other individuals or firms that work or exist alongside them also benefit. Galinado-Rueda and Haskel (2005) make an even stronger case for the importance of skills. They found that a manufacturing firm located in an area where 40% of the population holds a level 4 qualification, output will be nearly 14% higher than one located where only 30% of the population is educated to the same level.

“it is important to recognise the benefits of training will vary according to the nature, level and quality of training and skills delivered and the means of delivery” (Garrett, et al., 2010).

Spicer and Sadler-Smith (2006) suggest that higher order learning when compared to lower order learning is more likely to result in an innovative response that may see the development of more productive production. Higher order learning focuses on a critical awareness of policy and practice compared with lower order training which concentrates on looking at current approach to production and business. Among the sample of firms they surveyed, firms that had a higher order orientation were more likely to exhibit higher performance shown by both financial and non-financial factors.

Sloane et al., suggest that it is important to allow workers the opportunity to apply the skills they had acquired through their training.

Apprenticeships, in line with other forms of training, bring a range of benefits to an employer. Bashford (2006), and Hogarth and Hasluck (2003) suggest that the use of apprenticeships improves business performance including organisational competitiveness, productivity, and quality of its services and products. 83% of employers would recommend apprenticeships to others. The average apprenticeship completer increases business productivity by £214 per week, with these gains including increased profits, lower prices and better products (ESFA, 2017).

Value of Skills to Individuals

Research demonstrates there is a relationship between having no or low skills and likelihood of low pay and unemployment. Descy and Tessaring's (2005) work highlights the link between greater levels of education and vocational training and the reduced likelihood of unemployment, low pay and increased labour market participation. Individuals without qualifications experience a rate of employment that is around 40% less than individuals with level 5 qualifications. Their average salary is around £450 less per week.

"The economic and social outcomes of learning are closely interconnected and it is important to acknowledge that they are by no means independent of each other" (Garrett, et al., 2010).

Research suggests that increasing skills can, and often does, lead to broad positive outcomes. Research is beginning to show that upskilling the workforce can bring significant benefits in the areas of health improvement, crime reduction and poverty reduction.

The Benefits of Upskilling

The benefits of upskilling can be summarised in Table 39

Table 39 The potential benefits of upskilling

Benefits	
Economy	<p>Leitch (2006) estimated that increases in skills in the UK workforce in the past 10 years, increased GDP by between £30 and £50 billion</p> <p>Up to 20% of annual growth between 1975 and 2002 was attributable to workforce skills (Bell et al, 2005)</p> <p>Increased productivity (Garrett, Campbell and Mason, 2010)</p> <p>The rate of return for the state up to 13% of educating an individual to degree level (PriceWaterhouseCooper, 2005)</p> <p>Improved economic growth (Barro, 1991; 1997); (Sianesi and Van Reensen, 2003)</p> <p>Increased innovation (Tether et al, 2005)</p> <p>The link between health and education (Groot & Maassen van den Bink, 2007)</p> <p>Increased education has been linked with a reduction in depression (Feinstein et al, 2008), increased life satisfaction, increased level of exercise and decrease in the likelihood of smoking (Feinstein & Hammond, 2004)</p> <p>Parents' education is positively associated with how their children perform at school (Sabates, 2008)</p>
Businesses	<p>Increases productivity and profitability (Barrett & O'Connell, 2001)</p> <p>Businesses that train their staff are more likely to survive (Collier et al, 2005; 2007)</p> <p>Increased retention of staff (Dex & Smith, 2001)</p> <p>Presence of skills among other some staff can have a spillover effect (Heuermann et al, 2009)</p> <p>Carriou and Jeger, (1997) found that a 1% increase in training spending delivered a return of 2% in additional value</p> <p>Organisations are benefiting at twice the rate of employees (Konings and Vanormelingen, 2010)</p> <p>Apprenticeships improves business performance including organisational competitiveness, productivity, and quality of its services and products (Bashford, 2006; Hogarth & Hasluck, 2003)</p> <p>Over 80% of employers who employ apprentices agree that they help increase productivity in their workplace (Populus, 2009)</p> <p>81% of consumers say they would favour a company that employs apprentices (Warwick, 2008)</p> <p>80% of employers who take on apprentices rely on them to provide skilled workers for the future (Populus, 2009)</p> <p>Research has found that those businesses that use a greater range of Human Resource Management (HRM) practices can double their profit per employee compared to those businesses implementing relatively few (Guest et al, 2003)</p>
Individual	<p>Helps avoid low wages (Descy & Tessaring, 2005)</p> <p>Decreased chance of unemployment (Descy & Tessaring, 2005).</p>

10.2 Access to Finance in support of upskilling

In the aftermath of the financial crash of 2007, the availability of finance has been an issue often discussed. As banks recapitalised their balance sheets there was a period when gaining finance was very difficult for any business let alone micro or SMEs. Banks became extremely risk averse and so fewer loans were made on the basis of projections. This of course had an impact on numerous businesses, but the effects were felt particularly keenly by smaller firms without financial reserves or capital assets against which to borrow.

With time, because of the economic recovery and continuing historically low interest rates, finance has become more available both to consumers and to businesses. This ability to access borrowed cash is arguably a significant factor explaining the economic recovery – as consumer credit begins again to grow there is demand for products and services. But firms are also able to look to the future in terms of investments.

Of note to this study is the status of skills in relation to borrowing. For many years government has tried to change the terms of the debates on skills acquisition. They have spoken about skills acquisition being an investment rather than a cost (UKCES, 2009) and have looked at ways to treat it as such in accounting terms.

However, these efforts have not had an impact on the way that lenders regard training. Firms who wish to borrow to fund staff training do not get a favourable response from the High Street.

Which takes us back to the challenge. Studies such as this one routinely identify the need for skills development both in response to current skills gaps and shortages, but also in response to identified future issues.

However, accessing the funding to support those interventions is a real challenge.

The policy drive is clearly to move the financial burden for training away from the state and onto the employer (see the Apprenticeship Levy as the prime example of this). However, what we can end up with is a demand which is not fulfilled because of an inability to fund the desired procurement. With government believing that skills are important but being determined to have employers and/or learners foot the bill, it is clear that we could potentially have a block in the system.

Given that the private banking sector seems a long way away from supporting skills investment as it might do with other business investments, this might be an area where public policy has to get involved.

Learner loans have existed in the HE sector for some time and the principle is now being tested in FE. But there are also some interesting developments where sectors or regions effectively engage with the finance issue. Unable to offer grants for training, partners can look at ways to put liquidity into the system to support skills investment decisions. This may involve sector based solutions or geographically based ones. For instance, we know of a Credit Union established by a Sector Skills Council to address exactly this issue and some LEPs have sought to support local employers as they engage with finance providers.

10.3 Apprenticeships and the way ahead

Apprenticeships have in many ways become the key part of the government's approach to adult skills. Adult Skills Budgets have been significantly reduced since 2005, and the various solutions previously open to providers and employers have been increasingly reduced. There has been a successful rehabilitation of Apprenticeships, with the once forgotten approach to work based learning, now becoming a central plank of government policy. Indeed, in the 2015 General Election, the number of Apprenticeships that the government would deliver became a political issue similar to hospital waiting times or class sizes in primary schools. The Conservative Party introduced the target of 3 million more Apprenticeships as a manifesto commitment and it remained in 2017.

With rising university tuition fees, Apprenticeships are increasingly seen as an economically rational pathway for learners. Businesses report support for the solution and providers routinely compete with each other to deliver Apprenticeships.

The above does not mean that Apprenticeships are universally supported and that there are no issues with the policy. Far from it – as this section will show, whilst the government policy of driving up the number of completions is clear, there remain challenges in key areas where the LEP may wish to intervene, and some where they may be able to work with partners to resolve some challenges.

The Levy

The drive to increase the number, allied with the cross government determination to reduce public sector spending led to a significant policy announcement introducing the levy. The levy having been a policy option that previous governments had long considered but had often shrunk from for fear of seeming too harsh on business. We know from personal experience that the previous Labour Government examined every possible measure to raise employer investment in skills but was clear that the levy was not an option to be explored.

From April 2017 larger employers in the UK have been required to pay an apprenticeship levy based on their payroll bill. For employers with a wage bill over £3M per annum, the bill was 0.5% of their payroll.

The clear aim was to produce more apprenticeships as the output, such that the impact would be a more productive, higher skilled workforce, better equipped to close the productivity gap between the UK and other developed nations.

At this stage, of course we are too soon to evaluate the impact of the policy. However, it is clear that there are already emerging challenges which may be of interest to the LEP.

In some sectors, particularly those involved in delivery of high cost apprenticeships (such as Engineering), the levy will likely have minimal impact. Various studies and conversations with key stakeholders suggest that a significant number of employers will fall into this group. Consequently, the levy will have a neutral effect. It will not result in more spend, nor will it produce more starts.

For some business, there will clearly be a catalyst to move training spend into apprenticeships and away from other potential solutions. This is likely to be the case in low cost apprenticeship sectors such as business services, where employers may have favoured shorter courses with more flexibility and less regulation. Given that the levy is mandatory, it makes sense to procure apprenticeships rather than substitute packages of training. Again, early evidence suggests that this will be the case in a substantial number of large employers.

For large employers, who consequently have larger payrolls and thus large levy contributions, but who are engaged in low cost sectors (note that not all apprenticeships cost the same – technical apprenticeships tend to cost much more than ones relating to broader skilled occupations) there is a clear challenge as to whether the business has the appetite or need for a large number of apprenticeships. For instance in sectors such as hospitality, health and social care, there is a concern that employers simply have neither the appetite nor supporting infrastructure needed to deal with all the apprentices they could conceivably afford given the significant spending power they now have. In this way the policy may not achieve its aims.

Some employers may simply absorb the cost of the levy into their bottom line. Either for reasons in the above paragraph, or simply because they have never been able to put in place the procedures needed to help them overcome the main reason which has put employers off engaging with them in the past, namely the so called hassle factor, some employers will simply write off some or all of their levy contribution. Even when Apprenticeships are seen as a good solution, many employers have never engaged with them because they have had the perception that they are bureaucratic and far from what the business actually needs.

We continue to hear the call for bite sized, job specific training which ensures legal compliance, with larger solutions such as Apprenticeships being the right solution, but actually for the wrong problem. In the current economic and political situation, employers are looking to guarantee the short term existence of their business, with longer term investment taking a back seat.

SMEs and Apprenticeships

Whilst not making any formal levy payment, SME and micro business will continue to receive government support in relation to Apprenticeships. Smaller firms will pay 10% of the cost of training an Apprentice with government paying the rest. Apprentices under 19 will be completely funded with extra payments being made to employers and providers. The new digital service will help employers select the right framework, provider, and will facilitate vacancy advertising.

A recent FSB report highlights that nearly a quarter of small employers already employ an Apprentice with a further 24% considering it for the future (Peate & Impey, 2016).

Is it now plain sailing for Apprenticeships?

It is clear that there is much work yet to be done to smooth and finalise how apprenticeships are going to be delivered under the new system. The political uncertainty is certainly a key reason explaining this, but recent events in the funding of apprenticeships may well be of interest to the LEP.

The Association of Employment and Learning Providers recently suggested that, ‘Areas of the country face becoming close to apprenticeships deserts for young people over the next 7 months where there are few or no large levy paying employers to make up the shortfall. Current apprentices could also be cut adrift from their programmes as a consequence (AELP, 2017).

Without any prior warning, funding allocations to training providers have been reduced by up to 89% by the Education and Skills Funding Agency (ESFA) for non-levy apprenticeships, with many good quality apprenticeship providers, including much needed specialist ones, now fearing that they will go out of business (AELP, 2017).’

Consequently, whilst it is clear to anyone in the adult skills world that apprenticeships are seen as the main plank of government policy and funding, what we have in place thus far at least is certainly not a silver bullet.

What we have is an opportunity which yet needs some help to ensure that local employers and local people benefit to the maximum levels. In particular the LEP may wish to consider the following:

- Promoting the levy and educating local large employers on the mechanics of it
- Working with local providers facing the new world and pressures associated with initial uptake. In particular the threat of losing provision in small, niche provision is very serious
- Converting the interest from small employers into actually using the apprenticeship solution.

Recent research published by the IPPR suggests that the levy is set to have a patchy impact across the country. Their evidence suggests that a disproportionate amount of investment will be stimulated in London and the south-east where a relatively high number of big employers are based. Those areas have 38% of the large businesses targeted by the levy but only 27% of the population (IPPR, 2017).

Clare McNeil, IPPR associate director said, ‘it is extraordinary that the government has not analysed the regional impact of its new apprenticeships policy, which is likely to boost investment in training precisely in those areas where employment is higher, such as in London and the south-east, leaving unemployment hotspots in the north-east or Yorkshire with proportionately less funding’.

The IPPR is urging the government to change the apprenticeship levy system to redistribute some of the money collected to areas with the biggest training needs.

‘Unless it changes the policy to ensure that investment is distributed more fairly between north and south, it will exacerbate existing regional disparities in opportunity for young people’. McNeil said.

The sub-committee on education, skills and the economy finds that the Government’s Apprenticeship Levy, risk being unduly focussed on simply raising participation levels. Instead there should be greater focus on outcomes, particularly around job destinations and closing the skills gaps – in this regard there is support for reforming the levy so that it has a sector and/or regional focus.

There continues to be concern that the three million target will drive quantity at the cost of quality.

Apprenticeship Levels

Name	Level	Equivalent Educational Level
Intermediate	2	GCSE
Advanced	3	A level
Higher	4,5,6 and 7	Foundation degree and above
Degree	6 and 7	Bachelor's or Master's degree

Our research suggests that there is still ongoing confusion around the various parts of the Apprenticeship offer. Because of the history of apprenticeships there is an ongoing perception that they are qualifications aimed at young people without any level of skill. They are regarded, presumably because of their history, as the way by which to take someone into the labour market from school.

In this way there is widespread acknowledgement of the value of apprenticeships in that particular space. However, the product/brand of Apprenticeships has also been moved up the qualification levels.

Government is expecting high level of volumes to come through the Intermediate levels, with higher skills coming through the other apprenticeship offers.

However, it should be noted that employers' awareness of the whole range of apprenticeships is not uniform. Despite some significant recent press campaigns, there is significant work yet to do on making employers aware of who can be an Apprentice, as well as the levels (and equivalents) of apprenticeships.

Also of note, and unsurprising for anyone with experience in the area, is that few employers were aware of or had engaged with Traineeships. Interestingly, by comparison, even the employers who had not used Traineeships saw the attractiveness of having a sector focused pre-apprenticeship offer. They were particularly interested in any training which delivered work ready individuals who had background awareness of the industry and job they were coming in to do. They believed that it would improve retention – thus reducing churn, and whilst they would expect to train people to get them job ready, some industry background knowledge would be useful. They also report that during recruitment, when an applicant is able to demonstrate some sector knowledge they are far more likely to recruit them compared to someone with comprehensive and generic employability skills who have no awareness of the industry.

If the high volumes of apprenticeships starts are expected to come through the Intermediate levels, then the advanced level skills needed in various sectors are likely to come in the higher levels.

10.4 Skills Shortages and hard-to-fill vacancies

At the macro level, recruitment can signify a healthy labour market and can be an indicator of growth and an expanding economy. In recent years, against a backdrop of economic uncertainty and difficulty the UK has generally reported depressed levels of recruitment activity (UKCES, 2014a).

At an individual business level there can be a number of reasons for having vacancies. These can either be a positive indicator of growth or more negative if they signify a loss of key personnel or high staff turnover levels. But the key question is whether the labour market is able to respond to employer requirements. If employers struggle to fill vacancies as a consequence of a lack of skills, qualifications or experience amongst applicants this is known as 'skills shortages vacancies'. Vacancies can also prove to be 'hard to fill' for other non-skills related reasons, such as a lack of applicants to the role, an issue with applicants attitude, personality or motivation or issues relating to the job role, like poor terms and conditions.

When companies experience skills shortages or hard to fill to vacancies, it's been reported that they have a significant effect on business performance (Vivian, et al., 2016). This includes an increased workload for other staff, difficulties in meeting customer service objectives, delays developing new products or services, or even the loss of business or orders to competitors. They can hamper the productivity and growth of a business.

This research investigated employer's views on recent recruitment activities which are reported below, along with wider secondary evidence.

Over the past year, the UK economy has shown signs of economic recovery despite the various economic and political pressures faced across the UK. In line with the economic recovery and the continued strong recovery, there has been a rapid upturn in employment numbers. Today over 31 million people are employed across Great Britain compared to 28 million in 2010.

However, employers are experiencing difficulties in filling positions. There has been an increase in the incidence of hard-to-fill vacancies and skills shortages since 2013 and 2011 (Vivian, et al., 2016) (). The main causes of these recruitment difficulties are most frequently attributed to fact that applicants lack the skills, qualifications or experience required.

Across the UK the top 10 jobs employers are having difficulties filling are (ManpowerGroup, 2017):

- Skilled trades
- Drivers
- Engineers
- Sales representatives
- Management / Executive
- Doctors and other non-nursing professionals
- Secretaries, PAs, Receptionists, Administrative assistants & Office support staff
- Technicians
- Restaurants & Hotel staff
- Nurses

Most employers involved in this research, report that some new recruits have not been work or job ready. A number of firms will recruit personnel based upon individual's attitude rather than technical skills. As a consequence employers undertake a number of training and support activities for these individuals, including work shadowing, induction training, technical and generic skills training and personal development.

10.5 Sector v Supply Chain

In all of our primary work the issue of the appropriateness of the sector or even subsector as the unit of analysis has come up.

In previous years the UK government, national governments and locally based administrations have all reflected on how best to support key priority sectors. These sectors are usually the same sorts of sectors, albeit there have been local differences usually explained by particular environmental or traditional/heritage based characteristics. For example, Scotland has been interested in wood and paper manufacturing in a way that the city of London has not.

In 2001 The New Labour Government formalised this approach by establishing the Sector Skills Development Agency (which would become the UKCES) and 25 Sector Skills Councils. These bodies were arms-length government funded but employer led organisations seen as key parts of the government's determination to establish an employer led adult skills system.

Working with employers and stakeholders, the Skills for Business Network would do three things:

- Produce robust Labour Market Intelligence which captured the needs and challenges of the relevant sector and which informed policy making and funding allocation
- Develop National Occupational Standards for all key occupations within the sector, thus driving up quality and reforming the delivery of skills provision. Develop appropriate Apprenticeship frameworks to raise the uptake and quality of skills provision.
- Convince employers of the value of investing in skills and thus increase the amount employers invested in workforce planning.

Sector Skills Councils were a key part of the system which prioritised Sectors as this so called unit of analysis. Likewise, the SFA invested in creating National Skills Academies which were usually supported by the SSCs as a way by which to raise the quality of sector specific training. The assumption was that the training sector had historically been supply led – in the sense that courses were sometimes delivered because a college had a good lecturer, or had always delivered the course, rather than that there was a genuine need or demand. The training sector was seen as part of the so-called 'Bureaucratic Blob' (Sewell, 2010) and the NSA network was a way to drive employer demand and rigour into the delivery process.

Of course, other organisations support the idea that the sector is the prism by which to consider UK industry. Other standard setting bodies exist such as Habia, WAMITAB, etc. Chartered Institutes tend to be organised by sector or industry, as do many unions and research organisations.

However, there is an increasing body of literature and opinion which regards sectors as synonymous with silos. They suggest that to consider a sector is to consider it in isolation from the occupations and industries which underpin it and which are necessary to a more complete understanding of the potential of a particular sector. In particular whilst conducting this work we have had strong representation from the facilities management and logistics industries who have put it to us that the really useful way to consider skills development for the future is to look at supply chains rather than through the narrow parameters of sector. Stakeholders in the visitor economy have made similar representations to us, namely that having the finest hotels and world class attractions will be nothing without night time security on the streets or with a perceived lack of taxi drivers in certain areas.

Supply Chain

A supply chain is a system of organizations, people, activities, information, and resources involved in moving a product or service from supplier to customer. Supply chain activities involve the transformation of natural resources, raw materials, and components into a finished product that is delivered to the end customer. In sophisticated supply chain systems, used products may re-enter the supply chain at any point where residual value is recyclable.

Supply Chain Management encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third-party service providers, and customers. In essence, supply chain management integrates supply and demand management within and across companies. Supply Chain Management is an integrating function with primary responsibility for linking major business functions and business processes within and across companies into a cohesive and high-performing business model. It includes all of the logistics management activities noted above, as well as manufacturing operations, and it drives coordination of processes and activities with and across marketing, sales, product design, finance and information technology.

10.6 Training Provision – Supply side

When conducting this research we have primarily concentrated on the demand side – in the sense of working with partners and employers to determine the skills needs of the present and the future. However, it is clear that understanding the demand side is only possible with a fuller picture of the supply side.

The LEP area is well covered by several high quality FE Colleges including Selby College, Askham Bryan College, Craven College, East Riding College, Harrogate College. The colleges do well in national league tables, have high quality facilities and are well regarded by employers, stakeholders and learners. Likewise there is a well performing private training provider sector who work directly with employers and also with contract holding colleges. Combined, it seems that there is high quality provision in the LEP area, albeit we will identify potential pinch points for the sector moving forward.

However, it should be noted that the training sector is facing a number of challenges which may come to the fore in the next few years.

- Apprenticeships – as we discuss elsewhere, Apprenticeships are now essentially the only show in town in regard of adult skills. As the IPPR suggest, the funding associated with policy changes may not make it to colleges and providers outside of the south east or London, so providers may actually be looking at less demand in their patch. The determination to drive learning through Apprenticeships is also reducing take up of other solutions which are traditionally more responsive to employer learning (bite sized etc.) and potentially more profitable.
- Capital investment is unlikely to come back on stream for several years. Consequently, where new facilities or upgrades are required colleges are unlikely to be able to source funding to build or create the necessary environments.
- Wage rates for lecturers in some sectors are significantly lower than the market rate for their expertise. By their very nature, lecturers have practical skills which can easily be transferred to the private sector, e.g. a plumbing lecturer can expect to earn significantly more as a plumber than as a lecturer. With budgets continuing to be tight, colleges are expecting to have increasing recruitment and retention issues. We may conceivably get to a point where, irrespective of demand, supply cannot keep up and acts as a brake on growth.
- The 14-19 agenda continues to be difficult to navigate. UTCs, Academies etc., all have an impact on Colleges offering GCSE and A-Level options.
- Immigration makes it difficult to plan capacity and allocate resources in advance. When a community is relatively settled, colleges, schools, local authorities can plan based on birth rates/census figures etc. However, moving populations make it much more difficult to plan in advance. Current funding formulae for instance for Borough Councils are based on existing census figures, which may mean that funding is available for x amount of people, when in actual fact there are now 1.5x people living in the area.
- The Degree Apprenticeship is both an opportunity and a threat. Whilst it offers colleges the opportunity to become involved in HE, with many colleges becoming University Centres already, it also offers universities the chance to move down into traditional areas of FE provision. With less funding and a more competitive marketplace, the blurred lines between HE and FE become even more apparent.
- Austerity seems likely to have an effect on infrastructure and support systems necessary for learning. For example, we understand that bus services are being reduced which are often crucial in getting learners to college. The much discussed elimination on the EMA has also had an impact. For example it was found that nearly a third (29%) of young people not in education, employment or training (Neets), would have continued education after Year 11 if they have received more money to cover the cost of transport (Education Committee, 2011). There may yet be other moves which impact on training, albeit indirectly.

10.7 Core/Soft Skills

Here we set out the skills that employers tell us are needed now (but are often missing from candidates and employees) and which will be even more needed in the future as they expect increased flexibility and problem solving to be a key part of work.

At the most basic, and hence the most commonly agreed level, employability relates to the ability to be in employment, and in particular relates directly to the set of characteristics or behaviours that increase the chances of an individual being in work. It is not unusual for definitions to go further and to consider behaviours necessary to sustain or progress within work.

McQuaid et al 2006 argue that we need to reflect on the full suite of factors which make a person employable, grouped under three headings: individual factors, personal circumstances and demand factors.

Individual Factors: Skills and attributes, personal competencies, qualifications and educational attainment, work knowledge base, labour market attachment or work history, demographic characteristics, health and well-being, job seeking approach, adaptability and mobility

Personal Circumstances: Caring responsibilities, ability to access appropriate and secure housing, existence of work culture and support within the family, access to transport, financial and social capital.

Demand Factors: Local labour market demand/character, macro-economic factors, vacancy characteristics (e.g. terms and conditions of work), recruitment processes, employment policy factors (e.g. accessibility of employment services, availability of training), accessibility and affordability of other public services such as transport, childcare and other support).

McQuaid et al. argue that all of the above factors need to be considered when assessing the potential of an individual to move into work – hence they are effectively a cocktail of factors, all of which are needed to make the journey from worklessness into employment.

Moving on a stage was the contribution made by the UK Sector Skills Councils (SSCs). Whilst for some, employability was about simply getting into work, the SSCs considered the factors necessary to gain, maintain and then progress in employment. They conceptualised employability as a continual process (Belt, et al., 2010).

The generic skills of literacy, language, numeracy and basic IT skills are understood as being fundamental skills necessary for employability. Likewise, there is a core set of behaviours without which gaining a position is unlikely. The SSCs also identified and highlighted knowledge, skills, attitudes and behaviours as crucial.

In 1998 the Department for Education and Employment suggested that being employable is not simply about possessing a set of skills, but rather being able to present or deploy them when necessary. Crucially this gets us to think about skills in self-marketing and presenting effectively through CVs, job interviews and appraisals.

Having reviewed the broad literature, the UK Commission for Employment and Skills (UKCES, 2009) usefully defined employability in the following way:



Whilst the underpinning skills of numeracy, language and IT skills are fundamental, additional skills associated with attitudes and behaviours are often just as important and are perhaps of particular interest in a study such as this.

Research has added a new element of 'aesthetic skills' which are regarded as being crucially important in modern workplaces (Nickson, et al., 2003). These skills relate to the ways in which individuals present themselves at interview or at work and relate to the need to look or sound a particular way. The increasing demand for these skills is linked to the growing need for customer service skills and that many employers now engage directly with their end user in a way that is new (logistics firms in particular now deliver to the customer rather than to the store with the rise of online shopping). Consequently, employers are placing new importance on aesthetic skills, meaning that they judge new potential new recruits on mood, appearance, general demeanour and personality (see Nicolson et al. 2004).

Flexibility is perhaps the other new employability skill associated with changes in economic behaviour and market transactions. Certainly looking to the future, employers are telling us that employees will need to be able to think and behave flexibly, both in the sense of work patterns, but also in relation to the roles they are performing – even in the short and medium term it is expected that the barriers between occupations will diminish - an already witnessed example can be seen in home delivery. Previously this would have been seen as a logistics role, but actually it is often the only interaction that a customer has with a retailer and hence new skills are being expected. The role continues much as it always has been, but new skills are expected. In the longer term, new roles will of course emerge, but in the shorter term, up until 2023 for example, we should perhaps concentrate on being able to add components to already existing roles. Much of this will come from the base or core that is employability skills.

Felstead, et al., (2007) identified the increasing need for employees to be flexible and adaptable. Those agreeing strongly with the statement *'my job requires that I keep learning new things'* consistently increased during the 1992-2006 period, rising from 26% in 1992, to 30% in 2001 and then to 35% in 2006. In addition there was a clear increase in employees believing that they necessarily had to support colleagues in their learning.

Adaptability and flexibility of course are important characteristics given the move away from 'a job for life'. As organisations change, people may have to move into new roles within the same organisation. Alternatively, it seems likely that most people will, at some point, be in a job search situation and it seems likely these skills will be useful not just in securing a new role, but actually in searching for one in the first place.

Summary of Employability Skills

A review of the literature and our engagement with employers, learners and providers identifies the following skills that make up the suite of employability skills:

- Positive Approach
- Underpinning skills:
 - Using numbers effectively
 - Using language effectively
 - Using IT effectively
- Attitudes and behaviours
 - Aesthetic skills
 - Adaptability & flexibility
 - Self-management
 - Thinking and solving problems
 - Working together and communicating
 - Understand the business

Why are Employability Skills important?

As suggested previously, employability skills have long since been a key area of debate and discussion in UK skills policy. The UKCES suggest four key ways in which they have become particularly significant as well as the impact that they will have moving forward (Belt, et al., 2010):

1. Raising employability skills has emerged as an area for attention to improve the transition from full-time education into employment, including school leavers as well as those leaving college and university.
2. They have been identified as a key element in ensuring that the skills system is demand led.
3. Whilst integrating employment and skills policy there has been recognition of a need for broader employability skills far beyond vocational and technical skills alone.

4. Employability skills are now regarded as being crucial to career advancement when in employment.

Disadvantaged groups and employability – added challenges?

Whilst we have outlined the necessary skills above for employability, it is important to understand that being out of work in the first place brings its own set of barriers. A loss of confidence, people skills, motivation etc. is not unusual for unemployed people. What we see is that unemployment actually reduces employability.

In an area such as YNYER, where traditional industries have been and may yet be replaced with new and emerging industries, moving people back into the labour market will be important. Likewise, changes to benefit entitlements will mean that more people who were previously classed as being inactive will be engaging once again with the labour market.

So, whilst there is a base level at which people become employable, it is clear that not all people start from the same position. This is, of course, not surprising, but it is something that must be remembered when discussing interventions. Some sections of society have reduced employability for a variety of reasons. Unemployment and other disadvantage affect employability in specific ways which require solutions.

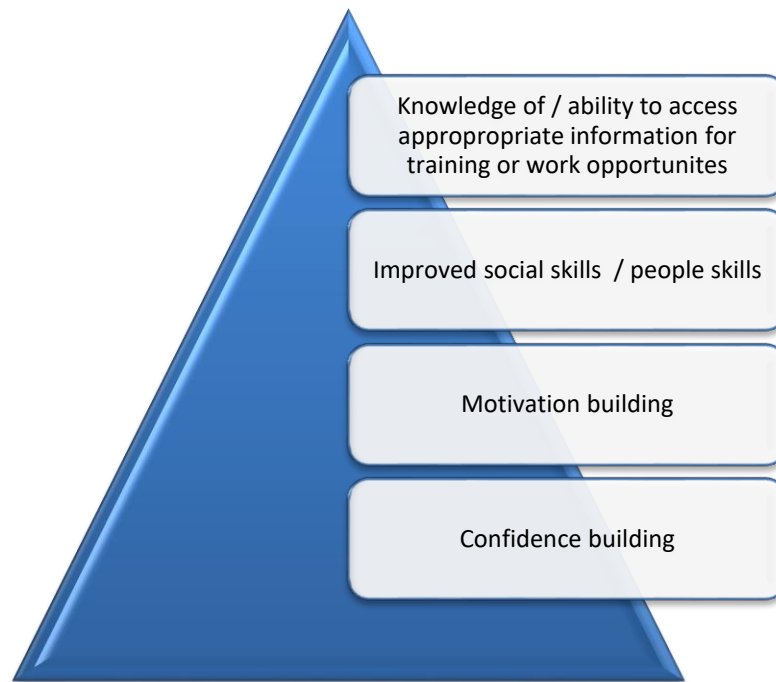
There is clear evidence that unemployment leads to job seekers effectively losing touch with employment related information. Disadvantaged people often have difficulties in accessing advice on learning or employment opportunities (Cabinet Office, 2008). This can mean that unemployed people can look for opportunities in roles or sectors which are actually reducing or declining, inevitably reducing their chances of getting back into work (Nickson, et al., 2003). Consequently, the LEP and partners may wish to consider improved LMI tools and services so that people do not end up in the situation where they move around in an ever diminishing market, potentially reducing chances of employment in other sectors or supply chains.

Working with disadvantaged groups also requires a holistic approach and action to address a wide range of barriers which may be a root cause of worklessness (Lindsay, et al., 2007, Newton, et al., 2005).

Nickson, et al., (2003) reviewed a training programme delivered to disadvantaged people, which aimed to build the confidence of participants, improve their social skills, motivation and widen their perceptions of the job opportunities available in the local economy. They were also trained in skills that would make the employment long term and help with progression. Evaluation of the pilot showed that of particular value was the increase in confidence levels and building awareness of the soft skills and self presentation necessary to secure and maintain a job. Newton, et al. (2005) carried out similar research for the DWP and indeed our own delivery experience over the last 3 years provides similar conclusions.

Therefore, in the context of this study, we must remember that new entrants to the labour market may need a distinct set of skills on top of general employability skills. These may include:

Figure 39 Training intervention for people who are far from the labour market



What we see here is that disadvantaged people clearly benefit from enhanced interventions. Why is this the case? It does rather seem that we can think of some skills as being natural and socialised into us (obviously different things - but socialised into us as part of everyday normal life is the point we make here). But this seems to be the crux of the matter. Technical skills, to which we will turn later could be taught and often are independent of environment, but employability skills may be regarded as being largely social skills, which are centred on context. This is why during unemployment, effectively a period away from that socialising process, employability skills can be reduced. Not only do people forget what to do, or fail to learn a new set of technical skills, they also can also simply not know how to behave in a social situation. In essence, out of work people may forget a set of norms or behaviours and thus become less likely to find work or then to progress in it (Nichols, et al., 2013).

Migrant and immigrant labour

When considering how the economy works now, as well as how it will operate in the future, any analysis must consider the role of foreign born labour.

The LEP area, like many across the UK, has a migrant population, which contributes to the economy.

Data shows that greatest proportions of non-UK born residents is within York – where 98 per 1,000 resident population are non-UK born. East Riding has a much lower proportion with just 39.2 per 1,000 born outside of the UK.

Table 40 Estimates of Non-UK Born per 1,000 resident population

Area	2011	2012	2013	2014	2015
York	82.1	66.0	75.4	79.6	98.0
North Yorkshire	49.5	51.1	42.4	60.9	61.3
East Riding	36.5	45.5	36.3	42.2	39.2
Yorkshire and Humber	82.7	87.2	87.8	90.0	89.4
England	134.6	135.7	137.0	141.8	145.6

(ONS, 2016)

Furthermore data shows that the area continues to experience long term immigration³ into the area. In 2015, 6,400 immigrants came to the area, while emigration out of the area was 4,200, meaning that net migration stood at just over 2,200 (ONS, 2016). Work is the most common reason for long term immigration.

Table 41 Long Term International migration in Yorkshire and Humber and LEP (mid year population)

Area		2011	2012	2013	2014	2015
North Yorkshire	Inflow	2,428	2,254	2,069	2,384	2,548
	Outflow	1,806	3,071	2,727	3,099	2,338
	Balance	622	-817	-658	-715	210
York	Inflow	2,817	2,330	2,571	2,784	2,889
	Outflow	1,158	1,128	1,493	1,507	1,246
	Balance	1,659	1,202	1,078	1,277	1,643
East Riding	Inflow	1,055	794	810	971	975
	Outflow	394	499	596	714	580
	Balance	661	295	214	257	395
YNYER LEP	Inflow	6,300	5,378	5,450	6,139	6,412
	Outflow	3,358	4,698	4,816	5,320	4,164
	Balance	2,942	680	634	819	2,248
Yorkshire and Humber	Inflow	38,664	32,093	32,298	36,407	39,790
	Outflow	16,106	21,053	19,607	24,722	18,904
	Balance	22,558	11,040	12,691	11,685	20,886

Source (ONS, 2016)

³ The UN recommendation for defining a long-term international migrant is used. That is, a migrant is someone who changes his or her country of usual residence for a period of at least a year, so that the country of destination effectively becomes the country of usual residence.

Looking closely at the districts in the LEP area, long term international migration does vary. York has the greatest net migration at 1,643.

Harrogate, buck the general trend, with more international migrants leaving than entering in 2015.

Table 42 Long Term International migration by districts, mid-year population 2014 to mid-2015

Area	Inflow	Outflow	Balance
Craven	195	116	79
Hambleton	281	171	110
Harrogate	828	1,133	-305
Richmondshire	293	237	56
Ryedale	209	209	0
Scarborough	417	299	118
Selby	325	173	152
<i>North Yorkshire</i>	2,548	2,338	210
York	2,889	1,246	1,643
East Riding	975	580	395
<i>LEP area</i>	6,412	4,164	2,248
Yorkshire and Humber	39,790	18,904	20,886
England	568,685	261,367	307,318

(ONS, 2016)

Certainly, in our primary research, the twin issues of Brexit and immigration have cast a long shadow in considerations of the future, with employers and stakeholders being thus far unaware of how Brexit will affect their ability to recruit people from abroad, both from within and external to the European Union.

Of course, many sectors currently lean heavily on skilled staff from foreign countries. The usual sector identified to make this point is the health care sector, with the NHS recruiting 12% of its staff in England from outside the UK (Baker, 2017). Of course, closer to home, we know that the Agritech industries have benefitted from scientific expertise largely coming in from Eastern Europe.

However, in this section on employability skills, we largely consider those immigrants who may be characterised as being unskilled. Of course, as we have suggested previously, all employees irrespective of level of occupation would benefit from enhanced employability skills, but here we consider those skills which, even without relevant technical skills, will make you employable.

In our background reading we came across this quotation from the Migration Advisory Committee (MAC) which illustrates the atmosphere surrounding discussions of migration:

In a number of cases, key partners whom we approached were very reluctant to engage fully or even at all. This was true of public and private sector organisations alike. Among such organisations there was a palpable unease about speaking – and of being identified – publically on these issues (MAC, 2014).

This led them to conclude, *'barriers to accessing and presenting the actual evidence merely serve to perpetuate this misunderstanding and possibly lead to poor policy choices in the longer term'* (MAC, 2014).

Why a migrant community?

Our interest in migration is not at the level of principle or politics. Instead we are interested in migration because, migration is happening, at far greater levels than the UK government wants or expected (The Migration Observatory, 2015). Likewise, as the MAC has said *'Migrants are concentrated in a relatively small number of areas across the country. Therefore, the impacts of migration will be felt locally more than nationally'* (MAC, 2014).

With the likely move to devolved and regionalised government, working with migrant communities is likely to be a crucial policy area for affected parts of the country. It is clear that the North Yorkshire region is one such area where migration has occurred both to a large extent and over a small time period (Rienzo & Vargas-Silva, 2014); consequently we were keen to explore possible effects and responses.

As we have conducted a review of the literature to do with migrants and skills we have been struck by the observation that much of the subject area that we seek to analyse seems to be largely untouched. When migrant skills are written about it is largely in relation to high skilled migrants of the sort of who are filling demonstrated skills shortages (The Migration Observatory, 2014, Hopkins & Levy, 2012, George, et al., 2012).

There has actually been surprisingly little consideration of how to support unemployed, low skilled migrants into work. We can speculate as to the reasons for this, but what we know is that migration is happening and they are not always highly skilled or qualified (MAC, 2014, Salt, 2014). In some cases migrants do not enter the UK ready to cure technical skills gaps. Instead, in some instances we have migrants entering the UK who face the barriers outlined above which may prevent them from entering the labour market. But it seems reasonable to assume that they also face challenges associated with being a migrant. Some migrants enter the UK with few if any formal qualifications and some have few skills which benefit them in the labour market. With these barriers come consequences for the individual and the communities they enter.

Literature on Migrants

In this section we briefly review two parts of the broader literature which may help understand why migration happens and consequently the interventions that might usefully improve the position of migrants. We believe that there is both a social and economic link here. Of course there are challenges to poor social cohesion and so we make a contribution to those debates, but centrally to this study, improving the skills of these new communities will have a clear positive effect on local and regional economies.

Why Migration happens

A conceptual review of theories of migration is useful because it helps us to understand why people become migrants (not refugees). Consequently, having understood motivations, we may be able to better understand what solutions will be most effective.

Perhaps the best known and the 'orthodox' view of considering migration is the so-called neo-classical approach to migration. This approach concentrates on wage differentials as the driving force behind people movement. Countries with high wages, therefore, should necessarily expect an influx of individuals who are seeking improved financial opportunities. At the centre of this analysis is a rational economic actor who has few, if any social ties and instead chooses where best to sell his labour. Unsurprisingly, this model has been criticised for lacking real life application and so the following amendments have been offered.

Crucially, Massey, et al. (1998) found that wage differential was by no means the strongest predictor of migration flows. Instead their work was helped in the emergence of new theoretical perspectives which sought to analyse the 'interplay of individuals, motivations and contexts' better to understand and explain migration.

Consequently, other notable contributions have been made which have gone further than the traditional neo-classical model of economic man in helping us to understand recent migration.

Stark (1991) moved focus away from individual choices and had us consider families and households as centres of decision-making. This allowed us to consider all the other factors which are part of making the decision to migrate. Wages are a significant part of this decision, but so too are other factors such as rule of law, health, life chances for children etc.

Dual Labour Theory (Piore, 1979) explains why there can be both a coexistence of demand for foreign nationals, as well as structural unemployment in receiving countries (Arango, 2000), with domestic workers unwilling to take the jobs on offer. This is an interesting explanation which is of particular value whenever political debates against migration suggest that immigrants are responsible for unemployment. In actual fact, sometimes there can effectively be two different labour markets, meaning that immigration might not cause unemployment, given that the jobs they take would likely go unfilled anyway.

The *Network Theory of Migration* seeks to explain why migration perpetuates, as opposed to why it happens in the first place. The existence of a diaspora is likely to influence the decisions of migrants when they choose their destinations (Vertovec, 2002, Dustmann & Glitz, 2005). This can help to explain why migration does not happen universally across a country, but rather into specific areas or pockets as is the case with the Roma community (Faist, 2006). This literature clearly shows that migration, and importantly successful migration (see above - where a migrant community becomes stable, integrated and long lasting) needs its own networks. Solutions and interventions which are exogenous to the group can be effective and have impact, but networks and figures which are owned by the community themselves are important in ensuring successful migration (Arango, 2000). These networks can be key in ensuring that new arrivals receive high quality advice on legal matters (licences, taxes, visa advice etc.) as much as informal issues (how to register for health care, travel, training etc.).

However, this literature highlights a number of important issues that should be considered when reflecting on how to improve the employability of the migrant community.

It is clear that a significant factor in any migration is the economic consideration. However, the financial element is only one of the factors which influence either the decision to migrate, or the destination of that migration.

There is often a perception that migration occurs when working age males effectively embark on work tourism, travelling to a country to work, sending money home and then leaving at an appropriate time. Certainly there are instances of this occurring in the LEP where work is seasonal. The pressures that have been working on Sterling also has an impact, as does the improvement in Eastern European economies, with Poland noticeably thriving).

Importantly, the existence of networks is a key factor in leading to further migration. When a community is already established in an area it can lead to more migration. However, the nature of these networks is extremely important to consider when considering 'successful' migration.

In mature immigrant communities there are often clear community leaders and help groups who can offer advice to new migrants. Importantly, in mature migrant communities there are obvious employers who conventionally can be the first employer for new entrants. As with all employment, the first position is often the most difficult to secure. But when in employment, individuals receive experience which is clearly beneficial for progression. Likewise, this first job can be an opportunity to improve language skills as well as become familiar with UK cultural norms.

Of course, new migrant communities often do not have many of these informal and formal networks, and hence do not derive the concomitant benefits.

Migrant employability literature

As previously suggested, an area of the employability literature which is relatively small is the work that has been conducted exclusively on migrant communities, particularly given the political interest in the issues. We briefly review some of it here. For us it is clear that migrant communities can be reviewed separately when considering their employability, the so-called ethnic penalty (Heath & Ridge, 1983), clearly exists and should be considered in the manner in which we outline in this report.

What is important to remember is that migrant communities are, of course, not homogenous. What we are studying here is the challenges faced by migrants who are seeking employment. Again, there will be differences by individual case, but we are looking to draw out main themes.

Language skills are identified as an important barrier in much of the literature and expect this is unsurprising. However, training interventions must remember that there is likely to be a mixed learning profile with migrant learners. Highly skilled individuals are likely to have similar language barriers as unskilled individuals. However, their ability to learn and the pace at which they will be competent will be different. This must be remembered when designing suitable interventions. Importantly, language is a means by which to communicate competence as well as meaning. There are sector specific vocabularies which need to be learned. Without 'key-words' interviews will not be successfully navigated.

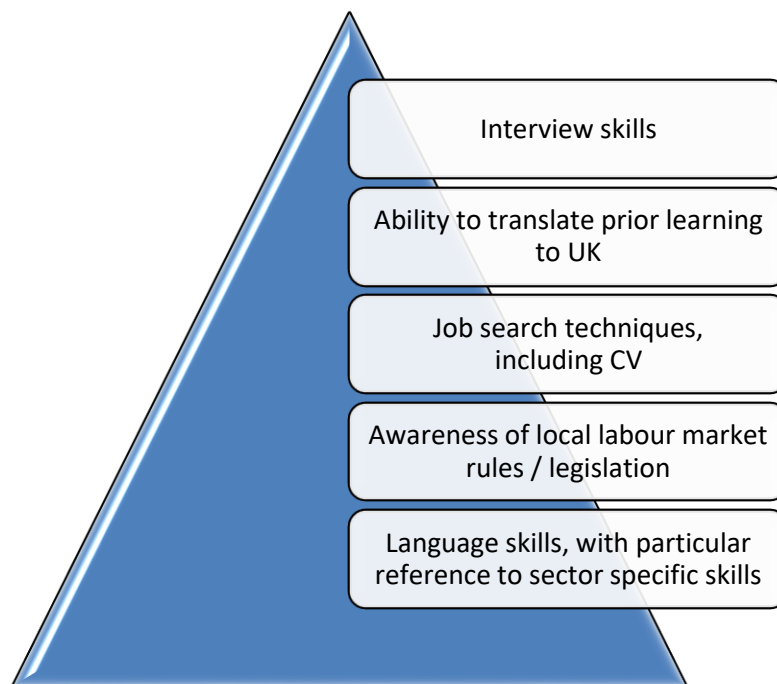
Whilst generic skills are transferrable by their nature, the country specific employability skills such as information and media literacy may be missing. Likewise, migrants will be unaware of local labour market processes and/or working culture. Migrants are unlikely to get high quality advice on job search, interview counselling or credential recognition. The lack of effective LMI/IAG is a recurring theme in the literature (Benton, 2013, Bimrose & McNair, 2011).

Consequently, even if a migrant gets a job, they may not keep it or progress upwards because of different cultural norms (Benton, 2013).

Where migrants have professional or technical qualifications, they are likely to have been gained under different professional or regulatory systems. Transferability may therefore be a significant issue. We may have skilled people unable to work in their home industry because of different modules/unrecognised validations etc. (Benton, 2013). This issue was also mentioned in Andersson & Fejes, (2010) who reflected on the importance of validating prior learning. Interestingly, they also identified the possibility of the validation process as a diagnostic tool. Reflecting on previous achievements may be a way by which we chart out future learning.

In 2014 the MAC raised the possibility of migrant communities being exploited by unscrupulous employers a concern echoed by the TUC. Unaware of legal rights, migrant workers can be forced into exploited roles in terms of hours worked, working conditions, pay rates, holiday entitlements etc.

Figure 40 Skills identified as particularly needed by migrant communities which may differ to other suites of training



10.8 English Language Skills

We have heard that many employers in the LEP area are heavily reliant on people not born in the UK for their workforce, particularly in entry level occupations. Many of these people bring high levels of 'employability skills', and are employed despite having poor English skills. It is not unusual for premises to have operating and safety information displayed in languages other than English. This solution is probably not optimal and we understand the call for further support for English language training to be made available.

Who should pay for these solutions has resulted in basically the whole spectrum of responses, with some seeing the burden belonging to the state, the employer or the individual. The best way to provide the solution is beyond the remit of this study, but work necessary English language skills is a demand that we have heard frequently.

10.9 The difference between being Work Ready and Job Ready

This distinction is really important and is one that has come out of our primary research.

Work ready means that people are ready to go to work and flourish. It does not mean that they will instantly be amazing at their job. Work ready is about having the skills and abilities to gain employment and then to progress in it.

The overwhelming majority of employers in our primary research and in the literature suggest that what they want is someone who they can train and who they can mould to the company way.

There is often a misconception, in our view, that employers expect the system to churn out fabulously technically qualified people who they will simply set to work. To the contrary, few employers exist by simply offering what the market does. Most employers offer an innovative or different product. They will inevitably train and educate employees of the 'company way'. This includes the cultures and ethos, but it also extends to the specific technical skills required in many roles.

Of course, employers would love to have technically skilled, and our argument is not that there is no need for technical training, but rather that providers, funders and policy makers can be guilty of boiling down the argument too much.

By their nature, most technical qualifications are to some extent general. Doctors qualify at a broad level before specialising in particular roles. Solicitors too take on specialisms. When technical skills learned in the FE sector are seen as a way into employment rather than as definitive evidence that the person is job ready, they are probably delivered and learned in a more useful way.

10.10 Emerging Trends in Recruitment for Entry Level Jobs

Historically higher level jobs have used online methods to filter at the initial stage of application. Graduates are experienced in completing various online stages as part of the process. This has traditionally included psychometric and other online and digital stages of assessment.

However, increasingly, similar methods are being used to recruit by large employers who receive high volumes of applications for entry level jobs. The online processes allow employers to handle large amounts of data but they can also set clear parameters around what skills and competencies they expect from new recruits.

Recruiters who are already using similar processes include:

- Argos
- Asda
- B&Q
- M&S
- Sainsbury
- Tesco
- NHS

These new systems offer new advantages to recruiters, but they create a different set of challenges to job seekers. Consequently, employability programmes may need to respond to these challenges. As we move forward, providers may need to support individuals as they engage with these types of recruitment platforms. This means that more training may need to be completed on user IT skills, but also that candidates should be supported differently in what to expect in the recruitment process in the sense of what employers are looking for and how the selection process happens. With human interaction largely removed from the initial sift, partners may wish to think about how to proactively skill job seekers so that they can navigate these new processes.

Of course, there is something here that may seem distasteful, it may be argued that employability programmes which are in this way deliberately targeted at overcoming the barriers may simply help people to circumnavigate the process rather than genuinely upskill. However, we see that this new development in recruitment has much in common with the current process – it is just a different manifestation of the same challenge. Recruitment is in some regards about giving off the ‘right’ signals and speaking the ‘right’ language. All we have identified is a different way by which recruitment happens now and increasingly in the future. We see no reason why partners would feel inclined to train people according to the current barriers they face (the need for a CV, Covering Letter, Aesthetic Skills), but feel disinclined to support job seekers as they engage with online assessment centres.

Of note is that we know that partners elsewhere in the North of England are exploring ways by which they can support individuals to better engage with the new recruitment products being introduced onto the market. In this way, there is the potential for something approaching an employability arms struggle. Should the YNYERLEP decide against supporting job seekers in the light of the next generation of recruitment solutions, then the data available to these large companies may show that the skills they want are accessible in neighbouring areas more so than in NY/ER. Consequently it does not seem too much of a leap to believe that this will have an impact on decisions around where to locate sites for capital investment.

11 Higher Level Skills

It is clear that skills are required at a higher level too. What we now present is a consideration of those broad skills which are demanded across the economy.

11.1 Management and Leadership

Wherever there is change, the skills associated with outstanding management and leadership are particularly important.

There is considerable research evidence to show that there is a strong causal link between organisational performance and management capability (Bloom et al. 2011, Garret and Campbell 2010). The Employer Skills Survey indicates that that improving management practice should be a priority for UK business. For example, management and leadership type skills (managing and motivating other staff, setting objectives/planning resources) accounted for over half of all skills gaps (58 per cent) identified. Indeed, the overall proportion of businesses defined as High Performance working businesses is low at 12% (slightly higher in Yorkshire and Humber at 13%) but still suggesting that there is scope for improving the business practices of a good many UK firms (Vivian, et al., 2016).

There is also plenty of literature to suggest that there is an ongoing concern about the relative weakness of UK management and leadership comparative to competitor nations. International comparisons clearly show that leadership and management is one key area where UK firms could look to improve with a definitive study in the area showing that the UK tends to have less well educated managers who certainly have less formal training in effective techniques and practices (Bloom 2007). Weaknesses are further exacerbated in areas of the country with high volumes of micro and SMEs.

The top five skills in UK managers are, all of which have a direct link to organisational performance:

- Strategic Management (46%)
- Planning and organisational (44%)
- Team working (38%)
- Problem solving (35%)
- Oral communication (33%)

Recent evidence shows that over a third of organisations have not provided training for managers in the previous twelve months. Given the above identified link, this is an obvious weakness which would have demonstrable benefit as well as spill over effects for the area. Of course, the specific incidence varies by sector with the charitable sector being widely regarded as a good trainer and the for profit sectors being noticeably worse.

Our primary research shows that many organisations in the area do not have training plans, training budgets or business plans. A third (31%) of all business do not have any of these (UKCES, 2016). Given the link between organisational success and these factors this is worrying and surprising. We know that many employers suggest that these things are on their to do list – but are a long way down it. However, we wonder if partners might be more effective at supporting employers both to create a demand for planning, but also to effectively support them once that demand has been created. Certainly in terms of the skills packages which could be developed to improve the economic well-being of the LEP area, a focus on Leadership and Management has clear evidence to support it.

Organisations are beginning to face a pinch point because, having come through the economic downturn where many cut back to the bone to survive, there are now a new set of challenges associated with delivering growth. In particular there is a set of challenges associated with a lack of management and leadership skills.

Crucially, given the importance of SMEs in the infrastructure supply chain, we have found that SMEs and micro business have an appetite for skills which will help them grow. These training needs are not straightforward management skills. Owners and senior managers have expert knowledge of their industry and own business. Where they need support is in relation to the changes which will come as they grow and expand their business. This is a very distinct set of skills and is one that we have identified as being a key area moving forward.

11.2 Business Development Skills

The context is crucial to understanding the call for improved business development training. For a decade the economy has been operating at low levels of growth. The aftermath of the global financial crisis saw companies become very risk averse, operating on a safety first, ensure survival sort of basis. This led to a particular set of management skills and a particular approach to the future. Horizons were shorter and investments in new products and services were postponed.

Ten years after the crash, there is considered optimism in North Yorkshire and East Riding, albeit is tempered by the uncertainty of Brexit and the geopolitical situation. Employers are beginning to emerge from the self-induced state of hibernation and are beginning to look for opportunities for growth.

This creates its own set of challenges. Not least in relation to the necessary skills for business development. In times of contraction, it is usual for particular functions to be the first to be cut. Marketing and business development are particularly susceptible to a general economic downturn, but with the increase in confidence and expectations, employers are beginning to look again for these skills.

This has implications for the specialists in these areas (marketing departments have new horizons, budgets and targets), but more importantly for the LEP area, we found that business development skills were seen as lacking by micro and small business leaders who are often the business development specialists in the organisation.

Perhaps best fitting with previous comments about management and leadership, we see the need for business and development skills to be introduced to the area's employers. This is probably not as a standalone qualification, but should the provision be of the right quality and delivered in the right way, we are certain that there is a latent demand.

11.3 Bidding for contracts and Calculating ROI

The way by which publically funded services are delivered has changed since the beginning of austerity policies. In previous years local authorities would deliver solutions and services 'in house', of course we know that this has reduced and instead, professional organisations have been invited to tender for these sorts of services.

This shift in delivery model has resulted in private sector organisations successfully bidding for contracts to cut roadside grass, collect refuse and others.

In recent times we have seen a further shift whereby local authorities have begun to contract with organisations, including those of the third sector to deliver services provided to members of the public. For instance, in the skills and employment sector, there is a vibrant and committed third sector which delivers contracts on behalf of local authorities, charitable funders and national government agencies.

But this move away from grants and towards contestable funding is having an impact on the skills needed within these organisations in at least two areas.

Firstly, there is a clear need for people who can compose effective bids in response to calls for tender. Of course there are companies who can provide these services, but they are often expensive and so many firms are likely to choose to develop an in-house team who fully understand the offering of their organisation and who source relevant streams of funding.

Calculating Return on Investment

As funders carefully manage the impact of their investment, they are increasingly looking not just to understand the outputs their funding has ensured, but so too are they looking to understand the impact of their spend. This has led to a demand for impact calculations. These calculations allow organisations to make certain promises at the tendering stage (i.e. we will deliver the following impact) and it allows robust cost benefit analyses to be undertaken post project. Promoting skill and understanding in this area is likely to be a key part of both business development and post project evaluation in the VCS sector in the coming years.

Calculating projected return in advance is also a key part of Project Management skills required by the private sector.

11.4 Project Management

Project management is an area where employers and individuals nearly always agree that they need better skills in the area. It is often not something they volunteer, but when it is put to them then always agree.

Where margins are tight and where services and products are often part of a wider supply chain (a needs to be ready on time so that b can be produced), effective project management is increasingly a sought after skill. Experienced and qualified project managers can expect to earn significant amounts and so are potentially out of reach of SMEs.

Most larger firms have their own in-house project management processes, however, the Cabinet Office developed PRINCE2 process remains a system which covers the main principles of most other systems and competency in PRINCE2 is regarded as being indicative of competency in the area in general.

11.5 Energy Efficiency Skills

Energy security is a key geo-political issue for most national governments. Faced with international uncertainty and dwindling stocks of fossil fuels, governments are looking to invest in new sources of energy generation. This has resulted in off shore wind farms, new nuclear reactors, solar energy farms and others. The skills needed to generate, transfer and store these new types of energy are many and require significant consideration.

However, in the face of the above challenges, with scarcity, price increases, and punitive public policies directly aimed at over consumption, more firms are becoming convinced of the need to be more careful and conservative with the energy they use.

The technical measures with the highest potential to improve commercial energy efficiency are better heating, ventilation and air conditioning (HVAC) systems, lighting controls and building shell improvements like insulation or draft proofing. These measures account for 79% of potential energy savings in commercial buildings, with the balance being made up by installing more efficient appliances (5%), electronics (6%) and lighting (10%).

In this way the low carbon and renewable energy economy is a growing market, currently accounting for 234,000 UK jobs (ONS, 2017). Of these over 100,000 employees are active in the energy efficient products sector.

Energy management presents a significant opportunity for organisations to reduce their energy use while maintaining or boosting productivity. The ISO 50001 energy management standard is a proven framework for organisations to manage energy —including all aspects of energy procurement and use. But access to the skills of an experienced professional in energy management is difficult – not many individuals have them. Key positions that can influence energy management within a company include:

- Chief Financial Officers
- Sustainability Officers
- Accountants and Financial Professionals
- Environmental, Health, and Safety (EH&S) Professionals
- Engineers: Industrial, Mechanical, and Electrical
- Technicians and Tradespeople

Whilst many of these jobs are understandably involved in construction and building redevelopment and this is where the demanded technical skills will be focussed, there are also other key areas where the drive to energy efficiency will impact.

Recent research by UKCES highlights the need for more skills in occupations such as project/change management, sales and marketing and engineering roles directly linked to a changed energy production sector.

However, it is clear that many energy savings can result because of changed behaviours around usage. Whilst the big savings will clearly come from aggressive infrastructure improvements such as insulation and improved lighting alternatives outlined above, there are significant gains to be made from improving operational behaviour. Consequently, partners may wish to consider the appropriateness of pushing energy usage training out into the local economy. It is clearly something that employers value and have an interest in improving. Given the clear and demonstrable link to the bottom line, this is a potential way into pushing training into sceptical employers. Energy efficiency will bring a near immediate return on the necessary investment. Having witnessed first-hand the positive returns, even non training employers may become interested in the value of skills. In this way, whilst there is value to energy efficiency training in and of itself, it may be an effective way to engage the currently unconvinced employers. This is a key point.

11.6 Digital Skills

When asked about the future, many employers talk about the need for greater digital skills in the workforce. The changes which have happened to occupations over the past ten or five years, where IT, social media, electronic devices have basically become a significant part of almost every role, are seen as likely to continue until 2023 and beyond.

However, we believe that it is possible to usefully categorise the demands and calls for greater IT skills that we have heard.

Higher Level – Development Skills

It is clear that employers across sectors have witnessed changes to hardware and software which has had a material effect on their sector and the way they do business. These changes have been replicated in both the public and private sectors, with new devices, tools etc. now being used on a daily basis.

In particular we have found changes in parts of the economy which may have been considered as beyond the reach of technology. For instance, large food manufacturers now use GPS programmes to work the fields in an automated way and there is a belief that harvesting work will eventually be completely automated.

The Health and Social Care sector too expects more digital developments to reduce the need for people to be with patients in caring roles. The observational role of caring, will become more about distant, IT tools which are able to monitor and raise the alarm should there be a need for human attention.

However, what is clear is that these high level technical skills are seen at arms- length from the sector in which they become applied. The people who develop these new systems are likely to be graduate level IT/computer skilled who develop an application for a particular sector.

In this way, at the very highest levels, we cannot conclude that there is a need for the LEP to develop home grown specialists. It is likely that these roles will be filled by top calibre individuals from universities across the UK and beyond. We certainly do not see this as being a particularly local demand and the skills needed to support these expected developments are likely to be pushed by a high value/high price market. In terms of numbers, this high level IT development sector may be growing, but we expect it to have minimal impact on the employment market in the LEP area.

Specialist Roles in using IT/Comms

Looking backwards helps us to understand the likely future. Ten years ago, few employers will have had in house technical support teams. However, most companies now have a line on their budgets dedicated to exactly this function. Whilst they will buy in the devices and software from anywhere in the globe, there is an expectation that local people with locally sourced skills will 'work the tools'. They may be in house, or they may be local support firms, but this tier of skills is definitely local and so is relevant to the LEP. In 2017 this means that there are people who can provide remedial back up to systems and devices. But likewise, most firms maintain some form of electronic marketing presence. Most have web sites which are being frequently updated and it is usual for these companies to offer online payment processes.

In essence, there are many specialist roles which service and rely on the IT developments described above. These skills, which may be reasonably described as being at an advanced practitioner level (or associate professional as described in UK government data sets), have changed the nature of economic activity. There is no sign to suggest that this growth in reliance on technology will diminish over the next period. To the contrary, employers are expecting more roles and functions to become increasingly reliant on IT/digital skills.

There are three important messages from this conclusion.

Firstly, as suggested above, this tier of skills is relevant to the LEP as it is a local level of digital specialist skills.

Secondly, employers do not expect to recruit more people because of the likely development of technology. Instead they believe that non IT roles will increasingly become embedded in digital solutions. For example, all marketing departments are now in some regards basically IT departments. So too have accounts departments become reliant on IT. This move is about changing the nature of delivery rather than growing workforce numbers. Specialist IT using skills are going to become more important with the years across all professional or associate professional roles.

Thirdly, providers can be content to teach current systems and how to use them. There is an emerging need to be ahead of the curve, teaching how to use emerging market leading, world leading processes and systems. This means that training providers have to be able to see and teach the next Sage, or equivalent. Providers will then engage with the future, rather than playing catch up.

Essential Skills in using IT – skills for all roles, particularly relevant for entry level jobs

It is clear that the associate professional levels will become more reliant on IT and digital. But so too will entry level jobs and individuals not currently active in the labour market need a set of digital skills.

The Basic Digital Skills Framework, developed by partners, academics and the Tech Partnership (formerly e-skills the Sector Skills Council) highlights the five key areas in which all people need to be technologically skilled (TechPartnership, 2015).

- **Managing Information**

Everyone will have to be able to find, manage and store information and content. In the non-work environment this means being able to set parental controls, store data securely, compare utility bills, but there are similar applications in the working space. Understanding and utilising analytics, and storing confidential data all have obvious benefits to potential employers.

- **Communicating**

Using IT to communicate is something that many of us do on a daily basis. But there are significant numbers of people who are yet to engage with social media or email and who are thus at a disadvantage when looking for work or starting up a new business. There is also something here about giving people skills to prevent fraud, scams or stolen identities.

- **Transacting**

Again, so much of normal everyday behaviour is about managing finances and transactions online. This includes engaging with others in terms of applying for permits and licences. People removed from such, now regarded as essential skills, are at an immediate disadvantage in the labour market, and their employers will feel the disadvantage too.

- **Problem Solving**

Many people continue to be unaware of the solutions offered by IT systems. Video lessons can save time and cost of using experts. Conferencing applications can be cost effective. Analytics can provide really valuable business intelligence.

- Creating

As previously, many skills which are used socially can have enormous benefit in the commercial space. Creating content, social communities in a legal and secure way have obvious applications to employers.

11.7 Dealing with Brexit

Our primary research identified that businesses were facing a number of challenges over the next six to ten years. As noted on the Government's Red Tape Challenge; regulation can be beneficial but regulations, inspections and bureaucracy can increase and have negative impacts on the economy (Cabinet Office, 2014). Firms may not expand in to new markets as they are daunted by knowing and understanding the regulation and legislation requirements. This is not likely to be reduced with the huge changes expected from Brexit and the expected changes to trade rules and tariffs.

11.8 The Lack of Business Planning

Business plans are important to firms: they help business's clarify ideas, spot potential problems, set out goals and enable the measurement of progress (GOV.UK, 2014). Business plans are also used to help secure investment or loans if needed and can also help to convince suppliers and potential employees to commit support. Yet 58% of businesses in YNYER LEP do not have one (UKCES, 2016). Evidence shows owner/managers with a business plan are more likely to run an SME that has experienced growth in turnover over the past three years. This suggests that firms which plan to grow are more likely to achieve growth. (BIS, 2012).

11.9 Perfecting Recruitment and Retaining High Quality Staff

To grow, businesses will need to recruit, yet many of the business leaders, particularly in the micro and small firms do not have dedicated HR support that specialises in recruitment activities. When recruiting, it is important to ensure firms recruit the right person. The right person will help your business flourish, while making a wrong choice can cost you time and money. Hiring is not just about having the people with the technical abilities; it is about finding those who will enable your business to succeed. Our research validates existing literature which suggests that hiring for attitude and values is essential, particularly in small businesses where one person can have a significant impact on culture (CIPD, 2014). This illustrates that there is a skill to recruiting the right individual and firms' will need assistance or support in this area to ensure that they find individuals who can enable firms to grow and succeed.

Furthermore as businesses grow and recruitment maybe transferred to various line managers, there needs to be a mechanism for ensuring that a consistent approach to recruitment is maintained across the business.

With recruitment, also comes the need for retention. High levels of staff turnover are costly to firms. SME employers raised concerns about possible staffing issues. But at the heart of this issue is the need for employers to increase the retention of staff who have gone through initial training. Without strong HR and people development skills, SMEs are at risk of losing high quality staff (our research suggests SME staff are often ‘poached’ by larger firms) and thus bearing the brunt of increasing staff attrition rates.

11.10 .The Internal Skills Challenge – having a workforce fit for purpose

In the previous section we looked at how employers are being challenged in sourcing the skilled labour market they require and the impact that shortages can have on delivery or profitability. We now look at the skills challenges from an internal perspective.

Participating firms in the research reported that the biggest threat in delivering business going forward in the mid to long term was twofold. Firstly, it was difficult to attract new people into their industry, but secondly and perhaps as a result of the previous, most firms reported having staff who currently lack the requisite skills for their current job roles. In particular this came up when we discussed adult skills and apprenticeships, with many employers wanting to access bite sized very specific training rather than signing up to long courses.

While businesses of all sizes are faced with a growing skills requirement, it is the smaller, lower-tier suppliers that feel the effects of skills shortages and gaps most keenly. With competition for limited number of skilled workers, these workers tend to gravitate towards the more well-known companies meaning that smaller companies can be left at a disadvantage when trying to attract or retain staff they need.

In addition to technical skill gaps, managerial skills gaps can also have an impact on business development. Smaller firms may struggle to access the skills needed to capitalise on opportunities to grow their business from small to medium and beyond. The Impact of Retirements – the demographic

Employers also report an increasing loss of skills due to retirements. Older workers have vast experience and knowledge and without effective knowledge transfer across replacement staff these skills are easily lost. In support of this employers need to improve their succession planning skills to ensure that appropriately skilled workers are developed to replace staff moving into retirement. This issue has a potentially wider impact with regards to the smaller micro businesses. Owner managers approaching retirement age may have much greater succession planning needs, including actions like planning a business handover.

11.11 Succession Planning and Training

Minimising skills gaps will require firms to support new recruits into the world of work. Yet relatively few businesses (28%) in the YNYER LEP have recruited a young person to their first job on leaving school, college or university in the last 2 to 3 years (UKCES, 2015). A similar low proportion (32%) of employers offer work experience placements or internships in the region.

But it is not just about supporting new recruits into the workforce. For those in work there is the challenge of how to progress and keep pace with changing skills requirements. For example, new technology is transforming workplaces.

The majority of employers acknowledge that employees will need new skills and knowledge in the coming years. This was borne out in our research with employers' in the region and echoes the findings of the UK Employer Skills Survey. The most frequently cited factors to result in the need for new skills or knowledge is new legislative or regulatory requirements and the introduction of new technologies and equipment (CITB, 2014, UKCES, 2014a & Winters, et al., 2014). The introduction of new working practices and market changes and challenges were further reasons provided in our primary research.

Employers recognise that they are not meeting all their future upskilling requirements – nearly half (46%) of employers in YNYER would like to have provided more training (UKCES, 2016). Part of the problem is that when employers want to train their own staff they find themselves frustrated by time pressures and cost. Only two in five (39%) of employers in YNYER have training plans that sets out the staff requirements for the coming year and fewer have budgets for training: only three in ten (30%) have one (UKCES, 2016).

When apprenticeships were discussed as an opportunity to help with recruitment requirements, skills needs and longer term resource planning, many employers, particularly in the logistics and retail supply chain, professed their support for them, yet they then revealed that their company did not have any. When pressed about the reasons behind this, many reported having had a bad experience several years previously or that as a SME to 'hassle factor' is simply too great. Employers support the principle of apprenticeships and even traineeships but the current process of utilising them is problematic for many SMEs and micro businesses (see section 10.3 on apprenticeships). Employers need help around how to be better prepared to support and commit to recruiting a trainee or apprenticeship. How to mentor individuals on such programmes is key to ensure that apprenticeship experience, retention rate and outcomes are optimal.

There is also the fear that 'if we train they leave' philosophy across employers, which means that some will not invest in workforce development beyond the minimal legislative needs. However, evidence suggests that employees offered training are more loyal to the company. Therefore there is a clear need to challenge attitudes and perceptions to workforce development. Businesses need to be convinced about the benefits and return on investments that investing in the workforce can bring. Managers need to develop and have a clear workforce development strategy that clearly shows the benefits of training. This could help persuade and encourage workforce investment across the entire business.

11.12 Skills for Self-Employment

Data clearly shows that YNYER has a greater proportion of self-employed people than the national average (12.2% compared to 10.6%). Consequently, partners may choose to look at how best to support self-employed people as a means by which to support the economic performance of the locale. Of note is that self-employed people are usually low on the take up of skills and training. Whilst they may benefit from the support, reaching them is often difficult and finding the time is another significant barrier for this client group. Research by UKCES finds that self-employed people would benefit from training in the following areas (Meager, et al., 2011):

- values, beliefs and attitudes (e.g. action orientation, desire for independence, initiative, creativity etc.)
- 'soft' skills including interpersonal, communication and networking skills
- realistic awareness of the risks and benefits of self-employment
- functional business skills (financial, HR management, market research)
- relevant business knowledge (legislative, taxation, sources of finance etc.)

Of course, the relative importance of each of the above varies depending on the ambitions of the individual and where they are in the process (start up, survival, growth). However, the evidence shows that the self-employed need the ability to combine and deploy a wider range of competences. Consequently, broader training interventions, providing support across a range of disciplines would be useful.

There is little robust or systematic evidence on how far the existing self-employed or the potentially self-employed (whether currently unemployed, employed or inactive) possess these skills and competences, although several small scale studies suggest that many self-employed/potentially self-employed may have difficulties due to:

- insufficient self-awareness of own skill needs, and lack of self-assessment as 'business people'
- lack of business experience and/or lack of relevant business training, with particular reference to skills such as cash flow/financial management, marketing/winning business, creating and management business systems
- insufficient 'soft' skills, including interpersonal skills
- lack of staff management skills (where relevant)

As above, compared with employees, the self-employed are only half as likely to participate in work-related training or education. In part this is likely to reflect the over-representation of people with no qualifications among the self-employed (people with no qualifications are less likely than others to participate in training). It may also be partly because many self-employed people have low earnings and work long hours, making it difficult for them to afford the money or time to invest in skill development. The research evidence does not, however, reveal whether the self-employed compensate for this by finding other ways to update their skills, through informal learning or on-the-job skill development. It does, however, raise an important question about whether, over time, this lower level of work-related training leads to a widening skills gap between employees and the self-employed, as the latter fail to update and develop their skills and competences (certainly there is some evidence that this may be an issue in particular sectors, such as construction) (Meager, et al., 2011).

Accordingly, partners may wish to consider how best to support the large self-employed sector in the NYER area, across the various technical sectors. As well as the specific technical skills relevant to the sector in which they work, it is clear that they need a particular set of skills related to being self-employed.

12 Labour Market Challenges of Rural Communities

Rural communities face particular challenges in relation to employment and skills.

Characteristics of rural labour markets

- Rural communities tend to have fewer opportunities for higher skilled, better paid jobs.
- Self-employment and part-time work is proportionately high.
- Seasonal work is commonplace often resulting in a high churn between benefits and short term employment.
- Businesses tend to be small with the majority being small, micro, or small traders. This has an accompanying impact on employment and work related training opportunities.
- High numbers of businesses tend to be owner operated.
- Significant numbers of migrants are settling in rural communities to work but issues arise as extra demand is placed on local services – schools, GP surgeries etc.
- People tend to leave the rural communities at around 20 – meaning that there are often small cohorts of people between 20 and 35, with higher than average numbers of older people.

Challenges facing Rural Labour Markets

Young People

In particular, the challenges which face the more rural communities and places within the UK seem to be more obvious and have more impact on young people. By their very nature, rural communities are geographically isolated and hence access to essential services which support skills development and entry to work are often difficult to access. In particular it is clear that careers advice, training support and various youth services are more difficult to engage with in rural areas.

In a tough spending climate, local authorities who have historically held the sort of budgets that might be directed at these interventions, are increasingly looking at value for money rather than equity as the metric for deciding upon investment and spending decisions. This means that resources and attention are often targeted where the biggest volumes of need are recorded. Even when there are local authorities committed to supporting rural communities, national funding is tending more and more to be focussed on high population areas.

Transport

Transport is a long standing issue for the entire rural community, but of course for young people who are unable to gain a licence or who are unable to afford to own and operate their own vehicle, insufficient travel options is a significant barrier. Of note is that this is particularly the case for shift based work patterns where employees are expected to work irregular or antisocial hours, meaning that they need buses to run at off peak hours. Where rural bus services are under threat, the chances of late night, or indeed all though the night services, are extremely unlikely, which affect the employment chances of people living in isolated communities.

In the 2010 Spending Review three decisions in particular impacted on the UK bus industry. In 2011 local authority revenue expenditure was cut by 28%, the DFT's formula for concessionary fare reimbursement changed and the Bus Service Operators' grant was cut by 20%.

As expected, rural services were affected, which has a disproportionate impact on access to employment, training and education. Where community transport services via minibus are provided, take-up from young people is often low, as it is with others seeking transport for the above purposes.

With reduced local authority support, the price of bus passes has increased, and many local authorities are now only offering subsidy to the nearest college, which restricts choice of course and college. The compulsory age of education and training is now 18, but there is no accompanying requirement on local authorities to extend their pre-16 duty to provide transport. The removal of the EMA may also have a disproportionate effect on rural communities as they tend to rely on higher cost public transport.

Careers Advice

From September 2012, schools had a new duty to provide access to careers advice. However, there was no additional funding for this duty and so there is an ongoing concern about the quality and efficacy of that provision. In particular there is concern that isolated communities may be a blind spot in any national service (indeed some sectors worry about this too). Advisers may focus on cities and urban areas, having little local knowledge in relation to local employers, local labour markets and developments likely to come to the area. When schools rely on the online National Careers Service, the particular challenges of living in rural areas again come to the fore with regard to poor broadband coverage.

Employment and Training

A well-researched area is that employees in rural areas often find progression difficult. The concentration of small firms offer limited opportunities for in-work training as well as few opportunities to take the next step in terms of occupation level. This is because, as data shows, in rural communities, there tends to be a preponderance of smaller firms – which lack this internal progression structure. Consequently, this effectively puts a drag factor on many people within rural communities, holding them in the low wage, low skill part of the economy which is vulnerable to downturns in the economy and is thus characterised by insecure employment. This in turn brings economic, social and health related challenges.

Evidence shows that people in rural areas are much less inclined to claim the benefits to which they are entitled, often deterred by the hassle factor of travelling to relevant offices, or the fact that their employment is often seasonal and irregular, meaning that multiple applications need to be made for a matter of only a few months at a time. This leads to many claimants not ‘bothering’ with the system which means that they often do not access career development support offered through government funded initiatives.

Crucially, training providers routinely report that delivering solutions in rural locations is much riskier than in high population areas. As outlined above, transport is a significant issue, but often staff and other costs are higher as people are brought into areas to deliver training rather than using central offices and facilities. Thus their costs are routinely higher and cohorts of learners are often smaller. This means that providers may look to lessen their costs by reducing the quality of their provision.

Apprenticeships

The very nature of Apprenticeships is difficult for small and micro businesses, and despite various initiatives to make it easier for micro businesses to engage with the provision, smaller firms are routinely nervous about engaging with Apprenticeships for a number of reasons. Where ‘sharing’ an Apprentice is an option, it is historically something that has sounded easier than it has been in practice, and GTA, ATA type solutions have actually been patchy both in terms of volume, but also in terms of impact. Traditionally, rural businesses have often complained about the lack of focus placed on rural locations. Current funding criteria do not take notice of the extra costs with rural provision outlined above and so providers have less motivation to really push the offer in rural communities. However, there are good examples of VCS and private providers, acting as sub-contractors, offering good quality Apprenticeship provision.

Perception of Rural Communities

Despite the traditional perception of the countryside. Very few economies in rural England are driven by agriculture which now accounts for less than 5% of the rural workforce. Rural firms are in every sector. This lack of real understanding is also a frequent complaint against nominally supportive development agencies who are seen as being based in towns and cities and staffed by people with incomplete understanding of rural issues.

Recruitment

The absence of a large labour market means that employers are less able to recruit the right people for a new role. Advertising the role to the right cohort of people has been regularly mentioned. Of course, this fits alongside the imperative to upskill current employees, as one potential solution to recruitment challenges is to promote from within.

Business Growth - Management and Leadership – business relevant skills

In the city, core business functions can easily be sub contracted out, however rural based businesses often do not have this option. Consequently, owners either ignore things such as marketing, take it on themselves, or use someone who may be relatively unskilled or expensive. These additional business critical services are often missing from rural communities and consequently growth may be stymied. There is a body of evidence showing that owners would benefit from easier access to management and leadership training too, which is discussed elsewhere in this report. In this way, challenges facing businesses relating to skills should not be simply reduced to those facing employees. Rural businesses need support for business growth as much for current business operation.

Digital Skills and Necessary Infrastructure

Related to the above, many rural communities have insufficient internet infrastructure necessary to take advantage of progress in digital solutions. There are numerous moves to roll out access to high speed broadband, but investment needs to be made to ensure also that when the infrastructure does arrive the skills are there to make the most of the opportunities available. To note also is that when this infrastructure and skill set is in place, it can be a future way to deliver long distance or remote learning, with such solutions currently entering the learning and skills sector on a frequent basis.

Affordable Housing

A little beyond the remit of this study, but a challenge which comes up frequently, is that rural housing tends to be expensive, particularly where there is access to the coast and the market has become flooded with holiday homes. In turn, this pushes young people and their families away from where they have grown up, further adding recruitment challenges to the area.

Visitor Economy Annex

Apprenticeship Frameworks

Currently available frameworks for the industry are:

Framework Title	Level
people 1st	
Craft Cuisine - non-statutory (Wales)	2,3
Intermediate and Advanced Level Apprenticeship in Licensed Hospitality (England)/(Wales)	2,3
Retail (England)/(Wales)	2,3
Hospitality (England)	2,3
Travel Services (England)	2,3
Catering and Professional Chefs (England)	2,3
Level 4 Apprenticeship in Professional Cuisine (Wales)	4
Hospitality and Catering (Wales)	2,3
Creative and Cultural Skills	
Cultural Heritage Management (Wales)	5
Community Arts (England)/ (Wales)	2,3
Cultural and Heritage Venue Operations (England)/(Wales)	2,3
SkillsActive	
Leisure Management - non-statutory (Wales)	3
Sports Development (England)/(Wales)	3
Exercise and Fitness (England)/ (Wales)	2,3
Leisure Operations and Leisure Management (England)/ (Wales)	2,3
Coaching (England)/(Wales)	2,3
Sporting Excellence (England)/ (Wales)	3
Outdoor Programmes (England)/(Wales)	3
Activity Leadership (England)/(Wales)	2
Spectator Safety (England)	2,3

Source <http://www.afo.sscalliance.org/frameworks-library/index.cfm>

Apprenticeship Standards

To date the sector has eight apprenticeship standard published and approved for delivery.

Framework Title	Level	Status
Catering and Hospitality		
Advanced baker	3	Standard Published
Advanced butcher	3	Approved for delivery
Bakery	2	Standard Published
Butcher	2	Approved for delivery
Chef de partie	3	Approved for delivery
Cleaning and support services operative		In development
Commis chef	2	Approved for delivery
Fishmonger	2	Standard Published
Hospitality manager	4	Standard Published
Hospitality supervisor	3	Approved for delivery
Hospitality team member	2	Approved for delivery
Maritime caterer	2	Standard Published
Senior chef culinary arts	4	Standard Published
Senior chef production cooking	3	Approved for delivery
Creative and design		
Museum & galleries technician		In development
Health and Science		
Community sport and health officer	3	Standard Published
Leisure recreation assistant		In development
Outdoor sports		In development
Personal trainer	3	Standard Published
Sporting excellence professional		In development
Sales, Marketing and Procurement		
Leisure duty manager	3	Standard Published
Travel consultant	3	Approved for delivery

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/607590/Apprenticeship_standards_April_2017.pdf

Table 43 Apprenticeship programme starts by sector framework / framework

Sector Framework	Pathway	2013/14	2014/15	2015/16*
Active Leisure and Learning	Advanced Spectator Safety	10	130	
	Coaching	130	110	
	Coaching Swimming	130	40	
	Coaching Tennis	40	40	
	Exercise and Fitness	3,440	2,970	
	Leadership	930	1,220	
	Leisure Management	390	540	
	Leisure Operations	550	500	
	Outdoor Programmes	20	50	
	Outdoors	270	460	
	Personal Training	1,810	1,990	
	Playwork	370	670	
	Spectator Safety	550	460	
	Sports Development	420	280	
	No Pathway Assignment	70	30	
	Total	9,130	9,480	10,470
Creative	Community Arts Administration	50	60	
	Community Arts Management	50	40	
	Costume and Wardrobe	-	-	
	Costume and Wardrobe Support	-	-	
	Cultural and Heritage Venue Operations	110	60	
	Cultural Heritage	10	-	
	Lighting	90	110	
	Live Events and Promotion	90	110	
	Sound	10	10	
	Stage	10	10	
	No Pathway Assignment	20	-	
	Total	440	410	350
Hospitality and Catering	Chefs in the Licensed Hospitality Industry	-	30	
	Craft Cuisine	-	-	
	Food and Beverage Services	7,150	6,690	
	Food Production and Cooking	6,850	6,300	
	Front of House Reception	420	470	
	Hospitality Retail Outlet Supervision	20	20	
	Hospitality Services	6,250	5,130	
	Hospitality Supervision and Leadership	4,120	6,700	
	House Keeping	1,030	1,000	
	Patisserie and Confectionary	50	60	
	Professional Cookery	5,890	5,770	
	No Pathway Assignment	240	110	
	Total	32,010	32,280	31,660

Hospitality Management	Hospitality Management	160	200	370
Licensed Hospitality	Licensed Hospitality	1,210	820	
	Licensed Hospitality Management	60	540	
	No Pathway Assignment	-	-	
	Total	1,280	1,360	1,020
Sporting Excellence	Sporting Excellence	1,560	2,140	2,510
Travel Services	Leisure and Business	280	370	
	Tour Operators - Field Staff	30	20	
	Travel Services (Leisure and Business)	210	180	
	Travel Services (Tour Operators - Head Office)	-	-	
	No Pathway Assignment	-	-	
	Total	520	580	610
Total		44,940	46,250	46,620

Source (DfE, et al., 2017) * no pathway data available for 2015/16

Framework Title	Level	Status	2015/16	2016/17 Aug to Oct
Advanced butcher	3	Approved for delivery	*	*
Butcher	2	Approved for delivery	40	10
Chef de partie	3	Approved for delivery	*	*
Commis chef	2	Approved for delivery	-	30
Hospitality supervisor	3	Approved for delivery	*	*
Hospitality team member	2	Approved for delivery	-	110
Senior chef production cooking	3	Approved for delivery	*	*
Travel consultant	3	Approved for delivery	-	10

(DfE, et al., 2017) * No data

Table 44 Employment by Industry in the LEP and Local Authorities

Industry	Craven	Hambleton	Harrogate	Richmondshire	Ryedale	Scarborough	Selby	York	North Yorkshire	East Riding of Yorkshire	YNYER LEP
2 : Mining, quarrying & utilities	125	500	350	225	200	200	2,000	400	4,000	1,250	5,000
3 : Manufacturing	3,000	6,000	5,000	1,000	5,000	5,000	7,000	4,500	36,000	17,000	53,000
4 : Construction	1,500	2,250	3,000	1,000	1,500	1,500	1,750	4,000	17,000	6,000	23,000
5 : Motor trades	450	900	1,750	350	700	600	500	1,500	7,000	3,000	10,000
6 : Wholesale	1,500	2,250	4,500	700	1,000	1,000	2,000	2,500	15,000	5,000	20,000
7 : Retail	3,000	3,500	8,000	2,000	1,750	5,000	2,250	14,000	39,000	12,000	51,000
8 : Transport & storage (inc postal)	1,000	1,750	3,000	600	600	1,250	3,500	4,500	17,000	6,000	23,000
9 : Accommodation & food services	3,000	3,500	8,000	3,000	3,000	7,000	2,000	11,000	42,000	9,000	51,000
10 : Information & communication	350	600	2,000	150	150	300	800	2,500	7,000	2,250	9,000
11 : Financial & insurance	2,500	450	2,500	150	350	600	300	4,500	12,000	1,250	13,000
12 : Property	450	800	1,500	400	800	1,000	300	2,000	7,000	1,750	9,000
13 : Professional, scientific & technical	1,750	2,250	8,000	1,000	1,500	1,250	3,000	8,000	27,000	7,000	34,000
14 : Business administration & support services	6,000	3,000	6,000	1,000	1,250	2,000	3,500	8,000	30,000	7,000	37,000
15 : Public administration & defence	450	3,500	2,000	800	700	1,250	700	5,000	15,000	10,000	24,000
16 : Education	3,000	3,000	7,000	1,500	2,250	3,500	3,500	12,000	36,000	12,000	48,000
17 : Health	2,250	5,000	12,000	1,500	1,750	8,000	3,000	16,000	50,000	17,000	67,000
18 : Arts, entertainment, recreation & other services	1,000	1,750	3,500	1,250	2,000	2,500	700	5,000	19,000	4,500	23,000
Column Total	31,000	41,000	80,000	17,000	25,000	43,000	36,000	105,000	379,000	122,000	500,000

(ONS, 2015)

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