

York and North Yorkshire
Strategic Economic Assessment

RES 3: Skilled People Benefiting Businesses

Final
September 2006



RES 3: Skilled People Benefiting Businesses

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Chapter 3 – Skilled People Benefiting Business

3.1 Introduction to the Chapter

This chapter of the Strategic Economic Assessment examines the skills base of the population in York and North Yorkshire and how this relates to business needs. It relates to RES Objective 3 - Skilled People Benefiting Business. RES Objective 3 has six sub-objectives, as follows:

- create a new enthusiasm for learning and increase attainment;
- improve basic skills and skills for everyday work;
- improve skills for technicians, crafts people and managers;
- improve the skills of people already in work and the potential workforce;
- improve higher level skills to capture the potential of people with degrees; and
- use research and evidence on skills needs and business demand to guide action.

Workforce skills are well established as a major contributory factor to an area's productivity. The existence of a highly skilled workforce is vital if an area is to attract inward investment, grow its indigenous business base and foster innovation and enterprise. There is a widely held belief that with the increasing pace of technological change and business globalisation, the importance of a skilled population to an area's productivity will increase over time.

Skills are equally important for the economic well being of individuals. For individuals in work, there is a clear link between skills (as measured by the qualifications they hold) and earnings. For those out of work, there is a greater likelihood of being unemployed or on other benefits if skills levels are low.

3.2 Headlines

Test results of eleven year olds (Key Stage 2) are above the England average in all local authority areas, with the exception of Scarborough. In 1997, Scarborough was well above the England average, but the rate of improvement in the borough since then has been slow. This relatively weak performance in Scarborough at KS2 later feeds into very weak performance at GCSE.

At GCSE, performance of pupils in the York and North Yorkshire LEAs is considerably above the national average, in terms of the proportion achieving 5 A*-C grades (62% compared to 55%, with North Yorkshire LEA having the 14th best performance in England and York LEA the 27th best). However, for pupils entitled to free school meals, a measure of deprivation, performance in North Yorkshire is in line with the England average and in York is below it. This is likely to reflect weaker performance in some schools in relatively deprived areas.

The proportion of 16-year olds in Ryedale who progress to further formal education after compulsory schooling is the lowest of all local authority areas and is surprising given that pupils perform well at GCSE. This suggests that the post-16 education options for young people in the district might be limited.

Overall progression into post-compulsory education at sixteen years is high. However, there remains a group of some 378 young people (4.5%) who did not enter employment, education or training (NEET) after leaving compulsory education in 2005 and some 225 (2.7%) who did not achieve any GCSE passes (from a cohort of 8,308). Given the clear links between qualifications and future employment prospects, this group remains an area for action – taking into account however that, in relative terms, the NEET figure is low.

Students in the York and North Yorkshire LEAs perform better than the national average at A-level and a relatively high proportion progress to Higher Education.

Overall adults in York and North Yorkshire are well qualified compared to the rest of the region, although performance is not as strong as amongst young people. However, issues remain in Scarborough, Selby and Ryedale.

There are approximately 145,000 16-74 year olds with no qualifications; 100,000 16-60 year olds with literacy problems and 96,000 with numeracy problems in the sub region. These figures are not additive – many people will have no qualifications and basic skills needs in literacy and numeracy. In Scarborough and Ryedale, over 30% of the adult population have no qualifications, with the absolute numbers of unskilled adults greatest in York, Scarborough and Harrogate as a result of their larger populations. Although these figures are a lower proportion of the workforce when compared to other sub regions, the numbers involved are challenging.

York is the only local authority area in the sub region where employers are more likely than the national average to provide training to their staff. Training is less prevalent in employers in Hambleton and Richmondshire. Nationally, people who are highly skilled are more likely to receive training. York and Harrogate have relatively high proportions of skilled workers, where as Scarborough and Ryedale have lower proportions.

In York, over 70% of have one or more of a business plan, training plan and training budget. In Selby, only 53% of employers have one of these three in place, indicating a lack of focus on training by many employers in the district.

In York, relative to the England average, a high proportion of employers report skill-shortage vacancies – hard to fill vacancies which cannot be filled because applicants lack the required skills, experience or qualifications. All other areas are below the England figure.

A high proportion of employers in York and Scarborough report skills gaps in their current workforce. The prevalence of skills gaps is much lower than in 2003, as is the case in England as a whole, although the region suffers the highest level of skills gaps of all regions.

In all local authority areas, the proportion of employers citing a lack of suitable courses in the area as a barrier to workforce development is above the England average. The highest figures are for Richmondshire, Ryedale and Craven. Richmondshire does not have a dedicated FE college within its boundaries.

There is evidence of skills gaps amongst the current workforce in the Science City York clusters, with advanced ICT, people management and business and commercial skills lacking in four out of ten employers. Senior management, professional and technical occupations are most affected by difficulties in recruitment.

Specific skills needs have been identified for the key clusters and sectors in the sub region, although the scale of these needs has not been quantified. Needs range from specific high level skills e.g. in the bio-science cluster to basic literacy, numeracy and health and safety skills in the food and drink cluster.

3.3 Strategic Context

Business globalisation and technological change, coupled with the rapid rise of emerging economies, particularly India and China, will place an ever increasing premium on workforce skills. This realisation has seen a much greater focus on skills in government economic policy in recent years and this is now feeding through into policy on compulsory education and lifelong learning and downwards into the delivery system.

The major national policies developed with the intention to develop the skills of the population are the 14-19 strategy and the Skills Agenda.

3.3.1 14-19 Strategy

The major national policy initiative focused on the skills of young people is the 14-19 strategy¹. The policy is a response to the low post-16 participation rate in England – which is one of the lowest in the industrialised world - and the high proportion of young people who have not attained Level 2 by age 19. Level 2 attainment refers to the achievement of five good GCSE passes (grades A*-C) and is viewed by government as the minimum requirement for someone to progress successfully in employment.

The aim of 14-19 policy is to develop an education system that can be tailored to the individual needs of young people to ensure they have the opportunities to achieve their potential. More specifically, the 14-19 reform proposals address four priorities:

- Ensure that every young person leaves education with the basics of English and maths, so that they can function effectively in work and life;
- Establish vocational education and qualifications which have the same value and recognition as GCSEs and A levels;
- Establish a higher degree of stretch for the most able learners, in ways that help Universities distinguish better between the most talented applicants; and
- Develop education and training that motivates and engages the disengaged and the disaffected.

At the centre of the reform programme is the creation of a new national curriculum and qualifications entitlement. There will be a choice of routes for young people from the age of 14, as follows:

- **General diploma:** to be awarded to those young people achieving the equivalent of 5 A*-C grade GCSEs, including English and maths; and
- **Specialised Diplomas:** occupation specific programmes designed by employers, these will develop young people's knowledge, understanding and skills through a combination of general and applied education.

¹ 14-19 Education Skills, 2005, Department for Education and Skills

In any area, it is highly unlikely that the entitlement could be delivered by a single institution. Even if feasible, it is unlikely that this would be desirable, given the varying strengths of schools, colleges and private training providers in local areas. Providers will need to work collaboratively to ensure that they deliver the entitlement in the most appropriate way. This presents challenges for a rural area such as York and North Yorkshire, where population density is very low in places².

National level targets (short-term and long-term) supported by 14-19 reform, shared by partners including the LSC, Connexions and the Regional Development Agencies, include:

- Increase attainment of Level 2 by age 19 from 67% in 2004 to at least 70% in 2006 and by a further 2 percentage points by 2008;
- Increase the proportion of young people who attain Level 3 by age 19;
- Increase the number of young people completing apprenticeships by 75% by 2007/8 as compared to 2002/3;
- Increase the number of young people participating in education at 17 from 75% now to 90% by 2015; and
- Reduce the proportion of young people not in education, employment or training (NEET) by 2 percentage points by 2010.

3.3.2 Skills Policy

Skills Policy has developed rapidly since the publication of the Skills Strategy White Paper³ in July 2003. A further White Paper followed in March 2005⁴ and the Leitch Review of UK Skills Needs is ongoing. The December 2005 Interim Report⁵ from the Leitch Review stresses the importance of skills for the UK economy and its weak position relative to many competitor nations, despite recent improvements. For example:

- Over a third of adults in the UK do not have a basic school-leaving qualification – double the proportion of Canada and Germany;
- Five million people have no qualifications at all; and
- One in six adults does not have the literacy skills expected of an 11 year old and half do not have these levels of functional numeracy.

At a basic level, the two primary aims of Skills Policy are to increase the competitiveness of the UK economy by:

² Exploring ways of extending choice in small sixth forms through joint provision was one of the recommendations of the sub region's Strategic Area Review, undertaken between 2003 and 2005. This is being addressed by the sub region's Learning Partnership 14-19 structures, which are considering challenges including ensuring the sustainability of vocational provision in rural areas with higher transport costs.

³ Skills Strategy White Paper, 2003, Department for Education and Skills

⁴ 'Skills: Getting on in business, getting on at work', 2005, Department for Education and Skills

⁵ Skills in the UK: The long-term challenge, 2005, Leitch Review of Skills

- **Increasing the demand for skills from employers and individuals.** The establishments of the Sector Skills Councils and new workforce training services such as Train2Gain are designed to address the need to increase employer propensity to train.
- **Reforming the supply of skills training,** making it responsive to that increased demand and more focused on skills needed for employability. Recent policy in the FE sector designed to address this includes the establishment of Centres of Vocational Excellence (COVEs) in FE sector institutions, and funding reform, including the introduction of the adult Level 2 entitlement. The recent Further Education Reform White Paper⁶, prepared in response to the Foster Review of the future role of FE Colleges, calls for the FE system to further increase its focus on the needs of employers and employability skills. Through the Agenda for Change, a fundamental programme of reform for further education in response to barriers identified in the way of the 14-19 and skills agendas, the LSC is working with the FE sector to raise quality, better meet the needs of employers and raise the reputation of the sector.

For many businesses, the lack of basic numeracy and literacy skills within the workforce is a major constraint on productivity. The Skills for Life national strategy is designed to improve adult literacy and numeracy in England and has a target of helping 1.5 million adults improve their skills by 2007.

3.3.3 Local Priorities

The sub region has two Local Education Authorities: York City and North Yorkshire. The LEAs are responsible for the provision and funding of primary and secondary education. School sixth form education in the sub region is funded by the Learning and Skills Council North Yorkshire. Work based learning (WBL) providers and Further Education (FE) colleges are also funded by the LSC.

LSC North Yorkshire shares the LSC's national priorities to:

- Ensure that all 14-19 year olds have access to high quality, relevant learning opportunities;
- Make learning truly demand-led so that it better meets the needs of employers, young people and adults;
- Transform the learning and skills sector through *agenda for change*;
- Strengthen the role of the LSC in economic development so that we provide the skills needed to help individuals into jobs;
- Improve the skills of workers who are delivering public services;
- Strengthen the capacity of the LSC to lead change nationally, regionally and locally.

The LSC and LEAs both fund Adult and Community Learning, which is often focused on adult basic skills needs and in many instances is delivered by Voluntary and Community Organisations. Investment in skills is also being made through the European Social Fund (ESF) and Yorkshire Forward Sub Regional Action Plan funding. Yorkshire Forward has also been active in supporting

⁶ Further Education: Raising Skills, Improving Life Chances, 2006, Department for Education and Skills

learning and skills activity in York and North Yorkshire, particularly through its funding of STEM activities to promote Science, Technology, Engineering and Maths to young people in the region⁷.

In addition to the LSC and LEAs, a number of other local partners help to shape learning and skills policy priorities in York and North Yorkshire. Education business links in the sub region are developed by NYBEP, the Business and Education Partnership for York and North Yorkshire. The organisation works to increase the involvement of the business community in education, to help ensure that young people are prepared for the world of work and recognise the value of lifelong learning.

The Local Strategic Partnerships (LSPs) also have a key role to play. There are LSPs in each local authority area in North Yorkshire, an over-arching LSP for North Yorkshire, and a further LSP in the City of York. LSPs take their learning and skills priorities from Area Learning Plans produced by the local Learning Partnerships, which are in turn a localised reflection of LSC priorities. Learning Partnerships are viewed as the principal link into LSPs at the district level. Learning Partnerships are at the heart of local partner and provider engagement. There are Learning Partnerships for York and North Yorkshire (including the seven Area Learning Partnerships, one per local authority area). Specific task groups such as 14-19 and Skills for Life groups have also been established.

The local implementation of a number of national policies is also affecting delivery structures. Local Area Agreements (LAAs) are being developed in both York and North Yorkshire, with each including Children and Young People and Economic Development and Enterprise as two of their four 'blocks'. Outcomes for each area are being agreed and thematic groups established to oversee progress towards these outcomes. A review of partnership structures is currently underway which will bring in the Local Area Agreement thematic groups and ensure there is greater clarity of roles and alignment between groups.

In response to the government's Every Child Matters Green Paper and the Children Act 2004, Children and Young People's Plans have been developed for both York and North Yorkshire⁸. These plans bring together a diverse range of services for children and young people, including education and guidance services, to ensure all young people are supported to achieve the government's five outcome areas, including developing the skills needed in adult life, and achieving economic well-being.

⁷ Evaluation of STEM Activities, Hoshin, 2005

⁸ Children and Young People's Plan 2005-2008, Yor OK, the Children's Trust for York; Children and Young People's Plan 2006-2009, North Yorkshire County Council

3.4 Performance of the Compulsory Education System

The performance of the compulsory education system, in terms of the skills it imparts to young people before they move on to further education or work, is vital to the success of the sub region. This section uses data published by the Department for Education and Skills on the performance of pupils in the maintained sector (state schools) in York and North Yorkshire.

3.4.1 A note on educational 'levels'

Within the chapter, we refer at various stages to education levels.

In our discussion of Key Stage 2 (KS2) results - national tests are taken by eleven year olds at the end of their primary education – we refer to the proportion achieving Level 4. Level 4 is a defined standard which an eleven year old should achieve in these tests. This is the only 'level' that we refer to in pre-16 education and should not be confused with Level 4 in post-16 education.

In post-16 education, there are four levels that are typically referred to. The 'levels' refer to a specified standard of educational attainment, and are broadly defined as follows:

Level	Description
1	Level 1 attainment is equivalent to low grades (D-G) in five or more GCSEs.
2	Level 2 attainment is achieved if someone achieves five or more good passes at GCSE (where a good pass is a grade A*, A, B or C) or an equivalent qualification such as an NVQ2. Level 2 is generally seen as the minimum level required for productive participation in the workforce, and would allow someone to perform a 'moderately' skilled job.
3	Level 3 attainment is achieved if someone gains two or more A level passes or an equivalent qualification (e.g. NVQ3). It is the level required for more technical work and for entry to HE.
4	Level 4 attainment is achieved if someone gains a first degree (e.g. BSc, BA) or an equivalent vocational qualification, such as an NVQ4.
5	Level 5 attainment is achieved if someone gains a further degree (e.g. MSc) or an advanced vocational qualification (e.g. NVQ5).

3.4.2 Pupil Numbers

The performance of the compulsory education system, in terms of the skills it imparts to young people before they move on to further education or work, is vital to the success of the sub region. In 2005, there were 121,910 young people in schools across the sub region.

Number of Pupils by Type of School in York and North Yorkshire, January 2005

	Primary	Secondary	Independent	Other	All Schools
York LEA	13,626	10,328	2,448	458	26,860
NY LEA	45,387	42,076	6,585	1,002	95,050
Y & NY	59,013	52,404	9,033	1,460	121,910

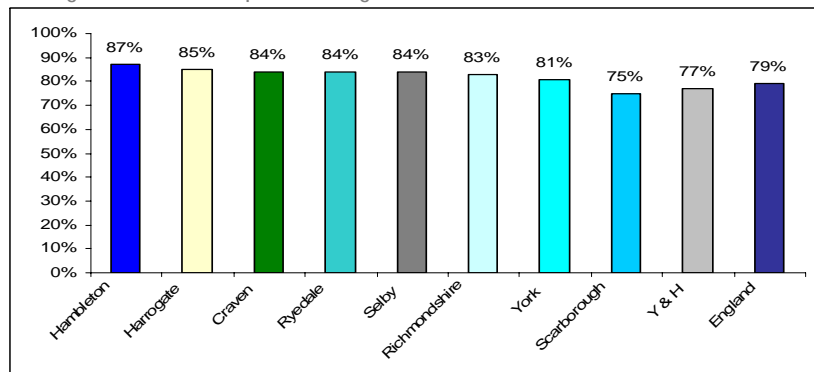
Source: Schools and Pupils in England, DfES, 2005

3.4.3 Primary Education: Key Stage 2 Results

National curriculum Key Stage (KS) 2 tests are taken by eleven year olds at the end of their primary education. National Curriculum tests measure pupils' attainment against the levels set by the National Curriculum. Standards have been designed so that most pupils will progress by approximately one level every two years, so that by the end of Key Stage 2, pupils are expected to have achieved Level 4. Pupils are tested in English, Maths and Science.

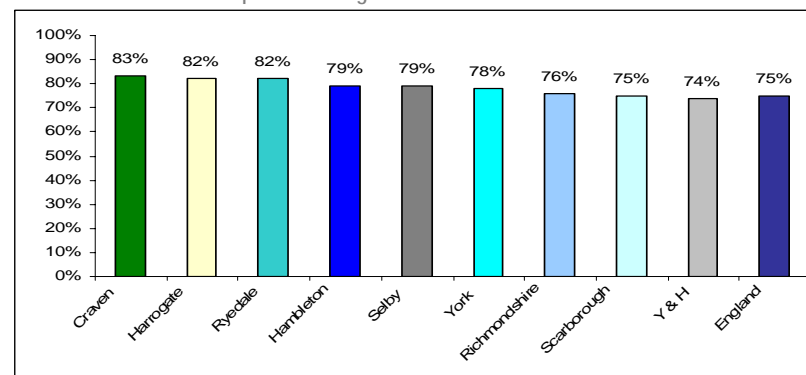
KS2 English results for each North Yorkshire local authority area, Yorkshire and Humber, and England are shown below. With the exception of Scarborough, the performance of pupils in all areas is above the Yorkshire and Humber and England averages. Pupils in Hambleton perform particularly well, with 87% achieving Level 4 or above – 8 percentage points above the England average.

KS2 English - Percent of Pupils Achieving Level 4 or Above 2004/05



Source: DfES, In Your Area

KS2 Maths - Percent of Pupils Achieving Level 4 or Above 2004/05

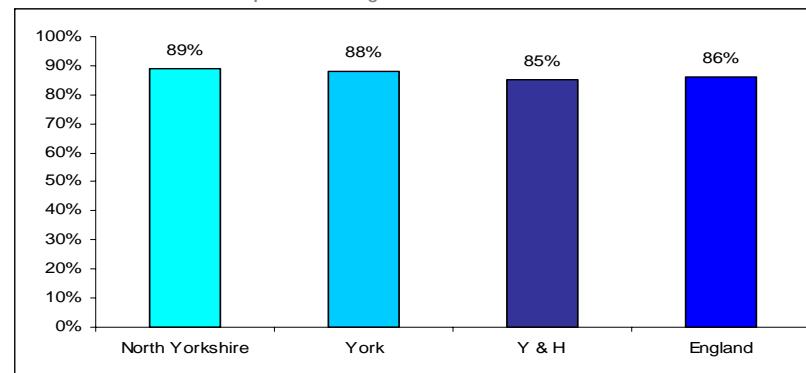


Source: DfES, In Your Area

Again, Scarborough is the worst performing area, although in line with the England average (75%) and above the Yorkshire and Humber average (74%). Pupils in Craven, Harrogate and Ryedale perform particularly well, with over 80% of pupils achieving Level 4 or above.

Results in Science are shown below. Results are not available for individual local authority areas. Pupils in the North Yorkshire and York education authorities perform better than regional and England averages.

KS2 Science - Percent of Pupils Achieving Level 4 or Above 2004/05



Source: DfES Statistical First Releases - Key Stage 2 attainment in 2004/05 for each Local Authority

Key Stage 2 results by gender are only available at the LEA level. Nationally, girls perform significantly better than boys in English, but slightly worse in Maths. This relative performance is

repeated in the North Yorkshire and York LEAs. For KS2, data is not published by ethnic group, Special Educational Needs (SEN) status, disability, or Free School Meals status.

The table below shows KS2 results in English for 1997 and 2005 in the eight local authority areas. In 1997, all areas were well above the England average, and it is perhaps not surprising that the percentage improvement in results over the period 1997 to 2005 is below that of England.

Improvement in % Pupils Achieving Level 4 or above in Key Stage 2 English

	% Level 4 or above, 1997	% Level 4 or above, 2005	% Change
Selby	69	84	21.7
Hambleton	72	87	20.8
Richmondshire	70	83	18.6
Ryedale	71	84	18.3
York	69	81	17.4
Craven	74	84	13.5
Harrogate	76	85	11.8
Scarborough	70	75	7.1
Yorkshire and Humber	60	77	28.3
England	63	79	25.4

Source: DfES, In Your Area

Points of interest are that:

- KS2 results in Hambleton and Selby have shown the greatest percentage improvement – both have improved by over 20%.
- The proportion of pupils achieving Level 4 in these two districts in 1997 was similar to that in Scarborough, but the percentage improvement in Scarborough between 1997 and 2005 is only 7%.

As a result of this relatively low improvement rate, Scarborough moves from being 7 percentage points above the England average in 1997, to 4 percentage points below it in 2005.

The following table shows the 1997 and 2005 KS2 results for Maths. The picture is similar to that described for English. In 1997, pupil performance in all areas is well above the England average. Improvement from 1997 to 2005 is below the England average, but varies by area. In particular:

- Improvement has been slowest in Richmondshire, Hambleton and Selby, although the strong starting position means that all three of these areas remain above the England average;
- The improvement in Scarborough is also below that in England as a whole, so that by 2005, it has moved from a position of being 6 percentage points above the England average, to in-line with the England average (75%);

- The improvement in Ryedale, at 19%, is particularly strong, although in all areas improvement was less rapid than in England as a whole.

Improvement in % Pupils Achieving Level 4 or Above in Key Stage 2 Maths

	1997 (%)	2005 (%)	% Change
Ryedale	69	82	18.8
Craven	72	83	15.3
York	68	78	14.7
Harrogate	73	82	12.3
Scarborough	68	75	10.3
Selby	72	79	9.7
Hambleton	73	79	8.2
Richmondshire	71	76	7.0
Yorkshire and Humber	60	74	23.3
England	62	75	21.0

Source: DfES, In Your Area

Test results of eleven year olds (Key Stage 2) are above the England average in all local authority areas, with the exception of Scarborough. In 1997, Scarborough was well above the England average, but the rate of improvement in the borough since then has been slower than in England as a whole. This relatively weak performance in Scarborough at KS2 later feeds into very weak performance at GCSE.

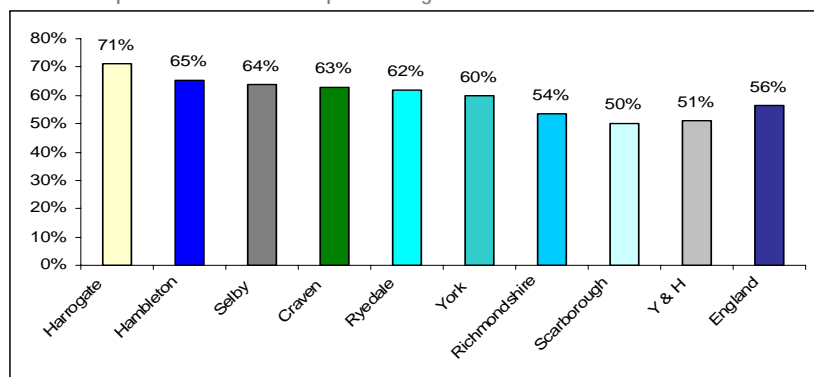
3.4.4 Secondary Education: GCSE Results

Pupils sit GCSE or equivalent examinations at the end of their compulsory secondary education, age 16. The headline measure of performance is the proportion of pupils in a school or area that achieve 5 good GCSE passes, where a good pass is either an A*, A, B or C grade. Pupils who achieve five good GCSE passes or better have attained Level 2 – this is the minimum level of attainment deemed necessary for productive participation in the workforce. Again, the data used in this section refers to the state sector only.

The chart below shows the proportion of pupils achieving 5 A* - C grades in the academic year 2004/05. There is significant variation between the local authorities:

- Harrogate, Hambleton, Selby, Craven, Ryedale and York are all above the England average of 56%. Harrogate is particularly strong at 71%.
- Richmondshire and Scarborough are below the England average. Scarborough is also below the Yorkshire & Humber average, and 21 percentage points below the best performing district, Harrogate. There is a close correlation between patterns of deprivation and of under-performance within the education system.

GCSE and Equivalent - Percent of Pupils Gaining 5 A* - C 2004/05



Source: DfES, In Your Area

The proportion of pupils leaving secondary education with no GCSE passes is below the England average of 3.6% in all areas except Scarborough (3.9%). At 2.5% of the cohort in York and North Yorkshire LEAs overall, this equates to some 225 pupils, who are at risk of being unable to participate productively in the workforce in future years.

Pupils achieving 5 A*-C GCSE or Equivalent - Improvement 1997-2005

Area	1997	2005	% Change
Selby	50.3	63.9	27.0
Ryedale	51.9	61.7	18.9
Harrogate	60.3	71.3	18.2
York	51.4	59.8	16.3
Hambleton	58.0	65.3	12.6
Scarborough	45.1	50.2	11.3
Craven	57.3	62.9	9.8
Richmondshire	51.1	53.7	5.1
North Yorkshire LA	51.4	62.4	21.4
Yorkshire and Humber	37.9	51.2	35.1
England	45.1	56.3	24.8

Source: DfES, In Your Area

The performance of Selby is impressive – a 27% increase over the period, above the 25% improvement recorded across England, despite starting from a significantly higher base in 1997. The poor performance of Richmondshire over the period means that it has moved from being 6 percentage points above the England average in 1997 to 5 percentage points below in 2005.

DfES has begun to provide data on the 'Value Added' between Key Stage 2 and Key Stage 4, to allow schools and areas with different intakes to be compared against each other more fairly. This

measure looks at the progress made throughout the period of secondary education⁹. Progress in York and North Yorkshire 2006 contains the latest data on value added in the sub region's education system. Value Added for both York and North Yorkshire LEAs fall below the national average, indicating that the strong performance recorded in the sub region's schools could be even better. However, there may be some methodological issues with the calculation of the national average, as the results from the London borough appear to skew the overall findings.

Value Added Scores in the Sub Region, 2005

Area	Value Added Score
North Yorkshire	994.1
York	995.5
York & North Yorkshire*	994.8
Yorkshire and Humber*	978.4

Source: Progress in York and North Yorkshire, Department for Education and Skills, School and College Achievement and Attainment Tables 2005 KS2 to KS4 Value Added, 2005

Note: York and North Yorkshire are measured separately in terms of Value Added Scores. The score for York and North Yorkshire combined has been calculated as an average of the individual York and North Yorkshire county scores.

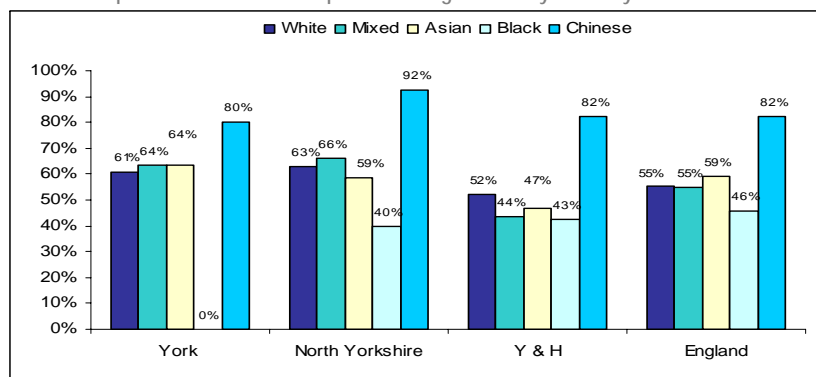
Nationally, GCSE results vary by pupil characteristics. The following figures consider the extent to which national differences are present in the North Yorkshire and York LEAs.

The number of pupils from a Black, Asian and Minority Ethnic (BAME) background at school in York and North Yorkshire is very low – just 155 (1.8%) of the 2004/05 GCSE cohort. Data on this group therefore needs to be used with caution. Although the numbers are small, there are some differences between the BAME and white groups:

- In York and North Yorkshire, the performance of pupils from the Black ethnic group is 6 percentage points below the national average. For other ethnic groups, performance is equal to or above national averages.
- Pupils from the Mixed ethnic group perform very strongly York and North Yorkshire relative to the national average.

⁹ As explained by the DfES, each pupil's Value Added score is based on their best eight results at GCSE or equivalent and the median performance of other pupils with the same or similar results at the relevant Key Stage. The individual pupil scores are added together and averaged to produce the school level Value Added measure. This indicates the value the school has added on average for its pupils. Measures above 1000 represent schools where pupils on average have made more progress than similar pupils nationally, while measures below 1000 represent schools where pupils have made less progress.

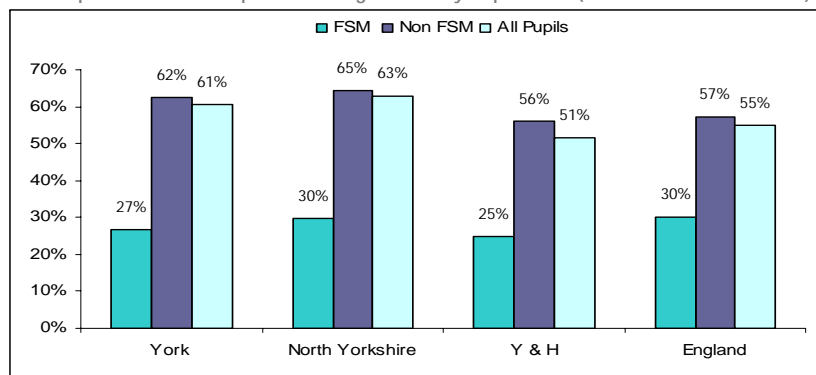
GCSE and Equivalent - Percent of Pupils Achieving 5 A* - C by Ethnicity



Source: DfES Statistical First Releases - Achievements at GCSE and Equivalents for pupils at the end of Key Stage 4, in maintained schools, in 2005, by Local Authority and ethnicity

GCSE results can also be analysed by level of deprivation, as measured by whether a pupil is entitled to free school meals (FSM). In York and North Yorkshire in 2004/05, 5.2% of the GCSE cohort were eligible for FSM, just over 450 pupils. Nationally, only 30% of pupils with FSM entitlement achieve 5 GCSE (A*-C), compared to 57% of pupils not entitled to FSM - a 27 percentage points gap. The performance gap between the two groups across York and North Yorkshire is significantly greater, at 35 percentage points.

GCSE/Equivalent - % of Pupils Achieving 5 A* - C by Deprivation (FSM - Free School Meals)

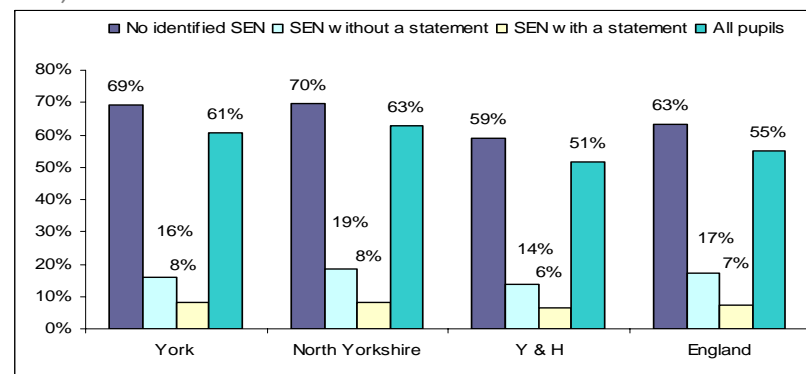


Source: DfES Statistical First Results - Achievements at GCSE and Equivalents for pupils at the end of Key Stage 4, in maintained schools, in 2005, by Local Authority and free school meal eligibility

The chart below shows GCSE results by Special Educational Needs (SEN) assessment. In York and North Yorkshire, over 1,200 of the GCSE cohort in 2004/05 had SEN, one quarter with a statement

and three-quarters without. The significant gap nationally between pupils with identified special educational needs and those without is also seen in York and North Yorkshire.

GCSE and Equivalent - Percent of Pupils Achieving 5 A* - C by SEN (Special Educational Needs)



Source: Achievements at GCSE and Equivalents for pupils at the end of Key Stage 4, in maintained schools, in 2005, by Local Authority and Special Educational Needs

At GCSE, performance of pupils in the York and North Yorkshire LEAs is above the national average, in terms of the proportion achieving 5 A* - C grades. However, for pupils entitled to free school meals, a measure of deprivation, performance in North Yorkshire is in line with the England average and in York is below it. This is likely to show up on the ground as weak performance in some schools in relatively deprived areas.

3.5 Destinations at 16

The 14-19 White Paper¹⁰ makes clear the importance of good quality and impartial information, advice, and guidance (IAG) for young people. While the focus of the White Paper is on ensuring that all young people have access to a broad range of flexible options, it is recognised that this needs to be supplemented by guidance which enables individuals to make the right choices - in an increasingly complex environment. There is also a growing recognition of the importance of IAG for adults, as set out in the March 2005 Skills White Paper¹¹. The provision of good quality IAG to young people whilst at school can help to shape their destinations at age 16.

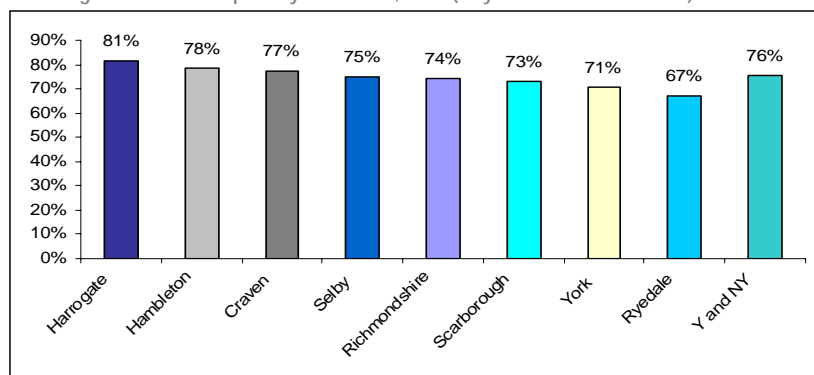
The proportion of 16-year old school leavers in each local authority area remaining in formal education after the compulsory stage is shown below. There is considerable variation across the areas, with a range of 81% (Harrogate) to 67% (Ryedale). The low figure for Ryedale is despite a higher than average proportion of young people achieving 5 A*-C at GCSE, and suggests that the Post-16 education options for young people in the district might be limited. There is for example, no

¹⁰ 14-19 Education and Skills White Paper, February 2005, DfES.

¹¹ Skills: Getting on in business, getting on at work*, Skills White Paper, March 2005, DfES.

dedicated FE college in the area. There are outreach learning opportunities within the area, so perhaps factors relating to engagement need to be a consideration.

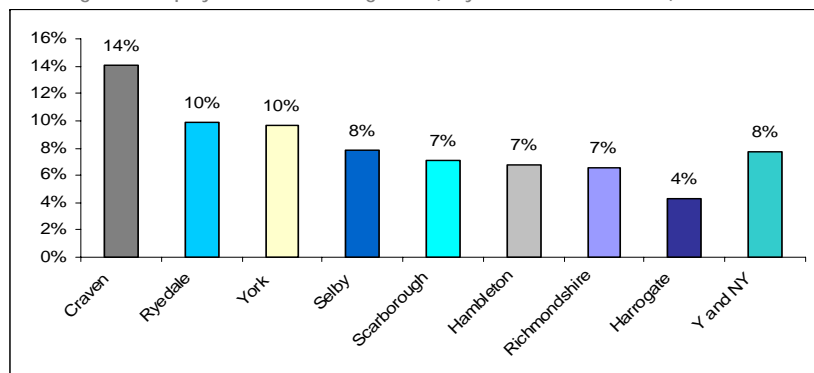
Percentage into Post-Compulsory Education, 2004 (16 year old school leavers)



Source: 2005 District Factsheets LSC (based on Connexions data)

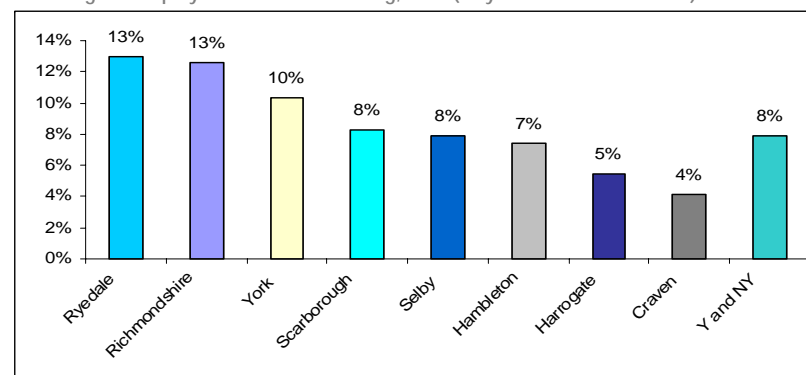
The proportion of young people in Ryedale that progress into employment with training is relatively high, at 10%. On a less positive note, so is the percentage of young people in employment without training.

Percentage into Employment with Training, 2004 (16 year old school leavers)



Source: 2005 District Factsheets LSC (based on Connexions data)

Percentage in Employment Without Training, 2004 (16-year old school leavers)

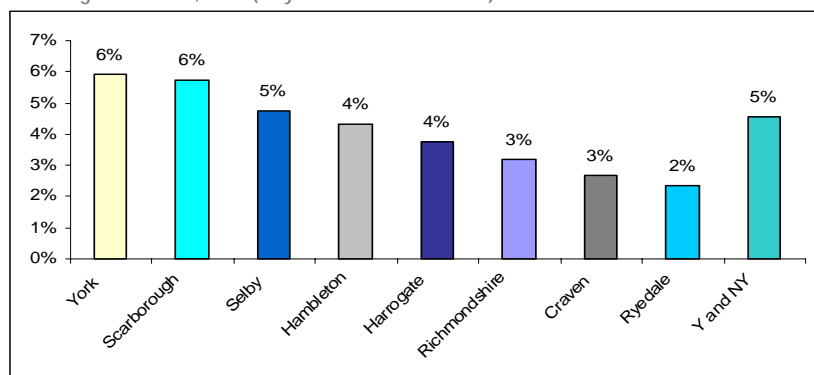


Source: 2005 District Factsheets LSC (Connexions data)

In 2005, out of a cohort of 9,310 16-year olds, 93% continued in Education, Employment or Training (EET). Of the remaining 7%, 0.7% were 'Unknown', 2.4% had moved away and 3.9% were 'Not in Education, Employment or Training' (NEET). The number of 16-year olds in the NEET group on leaving school in 2005 was 365, a reduction on the 378 in 2004.

It has not been possible to access data on NEETs at local authority level for 2005, so the following analysis uses 2004 data. In percentage terms, the NEET group is relatively large in York and Scarborough, although all areas have a low proportion of young people in the NEET group compared to England, where the proportion of young people recorded as NEET is around 10%. In scale terms, the NEET problem is most acute in York, Scarborough and Harrogate, with the number of 16-year olds entering the NEET group at the end of compulsory education being 105, 78, and 65 respectively.

Percentage into NEET, 2004 (16-year old school leavers)



Source: 2005 District Factsheets LSC

Although a relatively small number of school leavers enter the NEET group each year, across the sub region, the number of 16-18 year olds who are not engaged in education, employment or training is quite substantial, standing at over 1,000 in November 2005. There are a number of reasons why these young people may not be available to the labour market, including illness and pregnancy. The relative size of the 16-18 year old NEET group in York and North Yorkshire is smaller than in the other Yorkshire and Humber sub regions and has fallen since 2004.

Total number of 16-18 year olds NEET, by Sub Region

	NEET	% NEET 2005	% NEET 2004
Y & NY	1,011	4.1	4.5
Humber	2,556	8.6	7.9
W Yorks	6,236	9.0	9.2
S Yorks	4,259	10.4	9.1
Y&H	14,062	8.5	8.2
England	112,648	7.1	7.1

Source: Connexions West Yorkshire, November 2005

The proportion of 16-year olds in Ryedale who progress to further formal education after compulsory schooling is the lowest of all local authority areas and is surprising given that pupils perform well at GCSE. This suggests that the Post-16 education options for young people in the district might be limited.

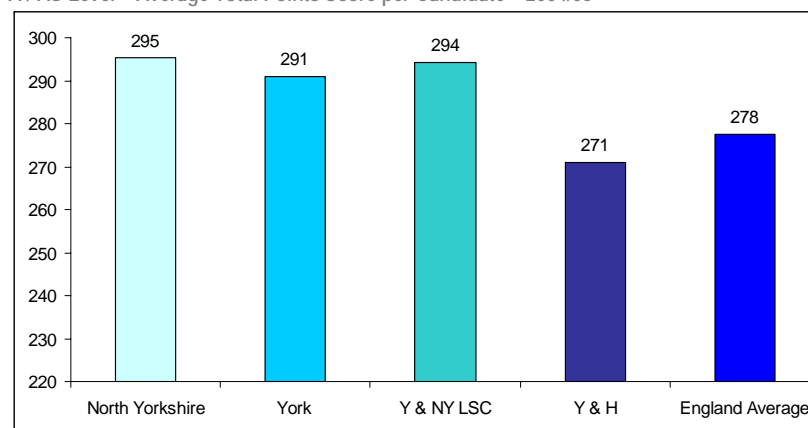
Overall progression into post-compulsory education at sixteen years old is high. However, there remains a group of some 365 young people who were not in employment, education or training (NEET) after leaving compulsory education in 2005 and some 225 who did not achieve any GCSE passes. Given the clear links between qualifications and future employment prospects, this group remains a concern.

3.6 Performance of Young People in Post-Compulsory Education

3.6.1 Sixth Form: A-Level Results

The chart below shows average points scores for A-level candidates in 2004/05, based on the UCAS tariff (A=120;B=100;C=80;D=60;E=40 points). Figures are not available at the local authority level. The average total points score per candidate are similar in York and North Yorkshire and are above the Yorkshire and Humber and England averages. Performance in York and North Yorkshire is high in terms of A-Level results – North Yorkshire ranks 3rd out of all local authorities and York ranks 11th.

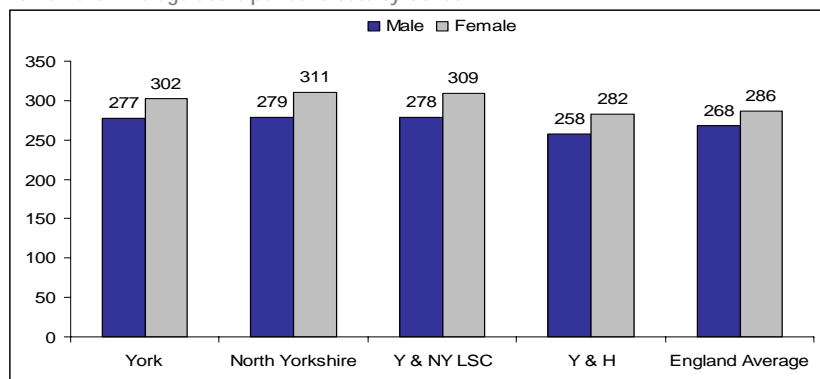
A / AS Level – Average Total Points Score per Candidate – 2004/05



Source: DfES Statistical First Releases - Average GCE/VCE A/AS(1) and key skills at Level 3 point scores of 16-18(2) year old candidates by gender in each Local Authority and Government Office Region by the end of 2004/05 Revised figures January 2006

Average points scores by gender for A-levels are shown in next diagram.

A / AS Level Average Score per Candidate by Gender



Source: DfES Statistical First Releases - Average GCE/VCE A/AS(1) and key skills at Level 3 point scores of 16-18(2) year old candidates by gender in each Local Authority and Government Office Region by the end of 2004/05 Revised figures January 2006 Figures

Across England, the average points score for female students is 282 and for male students is 264, a 7% difference. In York and North Yorkshire LEAs, the difference between female and male students' scores is wider – at 9% and 11% respectively.

A-level results are also available by ethnic group, SEN status and deprivation (FSM). The relative performance of pupils with different characteristics in York and North Yorkshire LEAs very closely mirrors that in England as a whole. The exception is that while nationally, students from the Asian ethnic group perform below the England average for all students, in North Yorkshire, students from this group perform on average better than the North Yorkshire average for all students. Again, the number of students in York and North Yorkshire from BAME communities is very small and so the data must be used with caution.

The table below shows the percentage increase in average points scores between 2004/5 and 2001/02. The North Yorkshire and York LEA figures are well below the Yorkshire and Humber and England average – this is likely to reflect the superior starting position in the two LEAs.

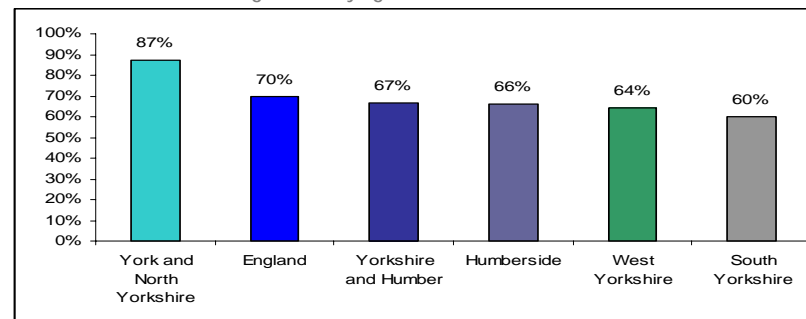
Improvement Rates between 2001/02 and 2004/05 (04/05 figures provisional)

	2002	2005	% Change
North Yorkshire	283.1	292.1	3.2
York	283.1	289.7	2.3
Yorkshire and Humber	245.6	265.8	8.2
England	254.5	273.7	7.5

Source: DfES Statistical First Releases - Average GCE/VCE A/AS and key skills at Level 3 point scores of 16-18 year old candidates by gender in each Local Authority and Government Office Region by the end of 2001/02 – 2004/05

Not all students continuing in compulsory education are studying A-level or equivalent qualifications at Level 3. Many will be studying at a lower level, often with the objective of achieving a Level 2 qualification (5 GCSE A*-C or equivalent). Relative to England and the other Yorkshire and Humber sub-regions, York and North Yorkshire performs well in terms of the proportion of young people who reach Level 2 or above by age 19.

Percent of Learners reaching Level 2 by age 19 in 2005

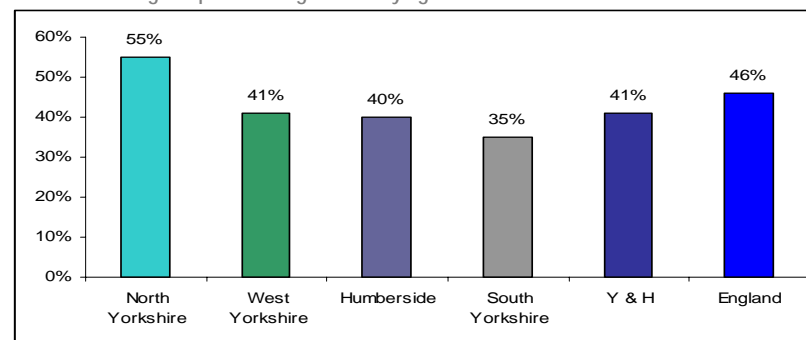


Source: LSC

At local authority level, the percentage achieving Level 2 by the age of 19 ranges from 80% in Harrogate and Craven to 67% in Scarborough. York performs moderately with 72% of young people achieving Level 2 by 19.

The sub region also performs strongly in terms of the proportion of young people who reach Level 3 (2 A-Level passes or equivalent) by age 19.

Percent of Young People reaching Level 3 by age 19 in 2005



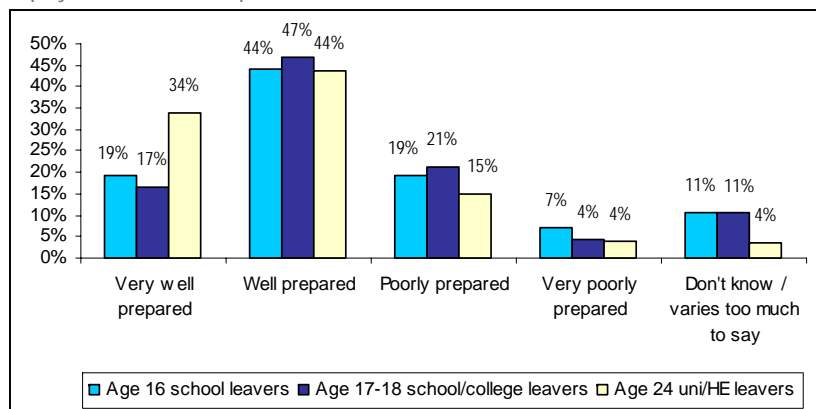
Source: LSC

Again Harrogate is the strongest performer with 62% of young people achieving Level 3 by the age of 19. The lowest proportion is in Scarborough, 43%.

Job Readiness

Although attainment in the sub region at both ages 16 and 19 is good, qualifications alone are not sufficient to equip young people for employment. The National Employer Skills Survey asked employers in Yorkshire and Humber how they rated the work readiness of those seeking their first job. University leavers are rated as significantly more ready to enter their first job than those leaving school / college at 16, or at 17-18. Only a net figure of 19% of employers consider 16 year old school leavers to be very well prepared to enter work, compared to 34% of university leavers and 17% of 17 to 18 year old school and college leavers. Interestingly, the proportion of entrants that are very well prepared is lowest in the aged 17 – 18 cohort.

Employers' View of the Preparedness of First Job Entrants

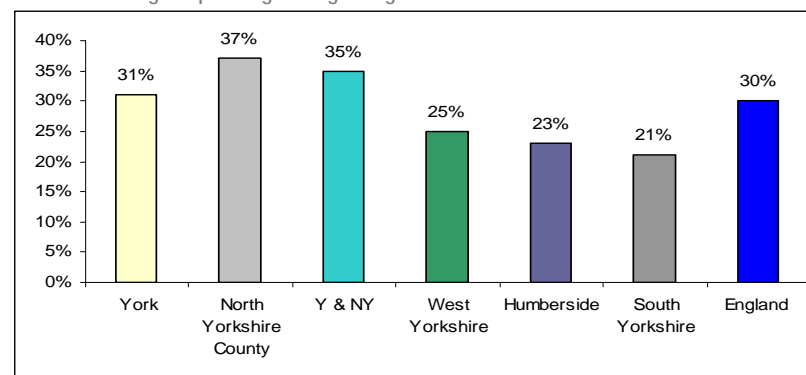


Source: NESS / LSC 2005 data

3.6.2 Progression to Higher Education

Strong results at Level 3 are reflected in a relatively high proportion (35%) of young people in York and North Yorkshire progressing to Higher Education. The figures relate to the average rate of progression over 1996-2000 and are taken from a Higher Education Funding Council for England (HEFCE) research study. The study also has data for Parliamentary Constituency – figures for York and North Yorkshire vary from 25% (of a mean annual cohort of 1,100) in City of York to 42% (of a mean annual cohort of 1,000) in Richmond.

Percent of Young People Progressing to Higher Education



Source: Higher Education Funding Council for England (HEFCE): Widening Participation, POLAR (1994 - 2000 average figures)

Figures for A-level performance are not available at district level. Students in North Yorkshire and York LEAs perform better than the national average at A-level and a relatively high proportion progress to Higher Education.

3.7 Adult Skills

This section considers the skills levels of the adult population in York and North Yorkshire. Qualifications are generally accepted as a reasonable proxy for skills levels, and our initial analysis focuses on the qualifications base of residents in the eight areas.

3.7.1 Returns to Qualifications

The earnings return to qualifications has been the subject of considerable academic research, with the Centre for the Economics of Education at the London School of Economics (LSE) leading the way. Studies show, after correcting for other factors that impact earnings (e.g. family background), that there is a strong positive relationship between level of qualification and earnings. The table below shows estimates of the wage premium for different types of qualifications, for men and women.

Wage premium (%) from obtaining qualifications

	NQF Level	Men	Women
Academic Qualifications			
O level/higher GCSEs	2	21	19
A level	3	17	19
First Degree	4	28	25
Vocational Qualification			
Level 1-2 NVQs	1-2	ns	ns
Level 3-5 NVQs	3-5	6	5
ONC/OND or TEC/BEC national	3	10	8
HNC/HND or TEC/BEC higher	4	15	9
Professional qualifications	5	35	41

Source: The Returns to Academic and Vocational Qualifications in Britain
 Lorraine Dearden, Steven McIntosh, Michal Myck, Anna Vignoles, November 2000
ns = not statistically significant
 NQF = National Qualification Framework

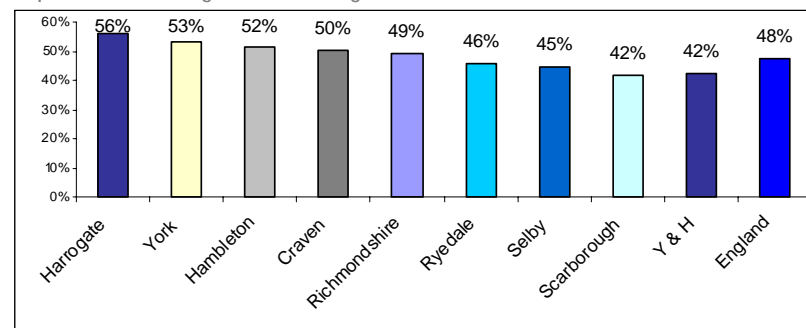
The benefits of education go beyond higher earnings and productivity. There is a considerable body of research into the wider benefits of learning, which finds evidence of positive external impacts – for example, healthier lifestyles and increased civic participation.

Data on the qualifications of the entire adult population is available from the census, although this is now some five years old. The age classification used (16-74) means that it is not possible to look at the qualifications of all adults of working age. Information on the qualifications of working age adults who are economically active is available from the Labour Force Survey, although this is a sample survey and sample sizes are small at local authority level. The data should therefore be used with care. All the Labour Force Survey data used in this chapter meets the LFS threshold for release, but it may be subject to significant variation year on year.

3.7.2 Qualifications Held by Adults

The chart below shows the proportion of adults with Level 2 (5 A*-C GCSE or equivalent) or above attainment. At 42%, Yorkshire and Humber is below the England average of 48%. Five of the North Yorkshire local authority areas are above the England average (Harrogate, York, Hambleton, Craven, and Richmondshire) and three are below (Ryedale, Selby, and Scarborough). BAME households in the sub region are only half as likely to hold qualifications at Level 2 as white households, whilst women are twice as likely to have Level 2 as their highest qualification¹².

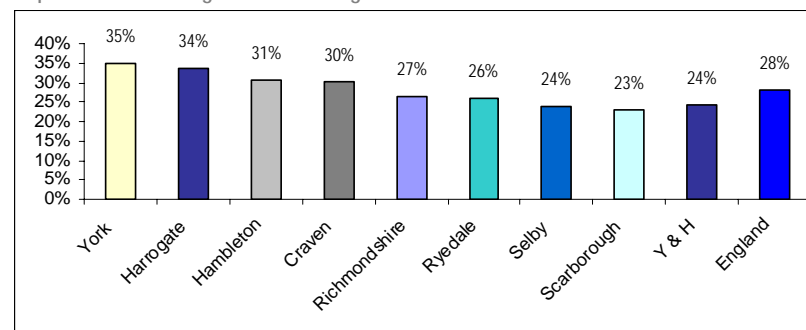
Proportion of Adults aged 16-74 Holding Qualifications at Level 2 and above



Source: Census 2001

The chart below shows the proportion of adults with Level 3 or above attainment. Individuals with Level 3 or above are more likely to possess the necessary skills to be in skilled trades or managerial occupations. At 24%, Yorkshire and Humber is below the England average of 28%. The local authority spread is similar to that for Level 2, with York and Harrogate having the highest proportion of adults at Level 3 or above and Selby and Scarborough the lowest. Women in the sub region are less likely than men to hold qualifications at Level 3, but slightly more likely to hold qualifications at Level 4¹³.

Proportion of Adults aged 16-74 Holding Qualifications at Level 3 or Above



Source: Census 2001

Labour Force Survey data indicates that the percentage of economically active adults aged 18-59/64 qualified to Level 3 or above is significantly higher than for the 16-74 population as a whole. Moreover, data for 2004/05 indicates a substantial improvement in the sub region on 2000/01

¹² Equality Impact Assessment Data Booklet, 2005, Yorkshire Forward
 EKOS Consulting (UK) Limited

¹³ Equality Impact Assessment Data Booklet, 2005, Yorkshire Forward

figures¹⁴. In general qualification levels have risen across the country and region, although the rise has been much faster in York and North Yorkshire.

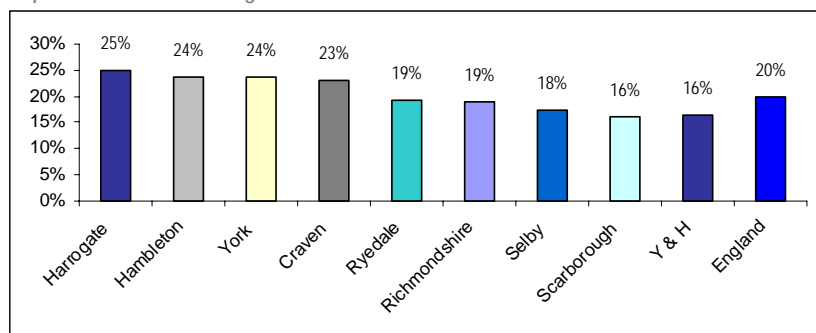
Economically Active Adults (aged 18-59/64) Qualified to NVO Level 3 or above

Area	2000/01	2004/05	% change
Craven	54%	64%	18%
York	53%	61%	15%
Harrogate	51%	59%	15%
Hambleton	48%	59%	21%
Ryedale	39%	58%	46%
Richmondshire	55%	57%	3%
Scarborough	53%	56%	7%
Selby	42%	55%	30%
Yorkshire and Humber	44%	48%	10%
England	46%	50%	8%

Source: DfES Analysis of Local Labour Force Survey

The proportion of adults with attainment of NVO4 (first degree level) or above also varies significantly by area. There is a clear divide between Harrogate, Hambleton, York and Craven, all of which are well above the England average, and Scarborough, Selby, Richmondshire, and Ryedale, all of which are below it.

Proportion of Adults Holding Qualifications at Level 4 or Above



Source: Census 2001

Labour Force Survey data suggests that the percentage of economically active adults (aged 18-59/64) qualified to Level 4 or above is significantly higher than for the 16-74 population as a whole. Moreover, data for 2004/05 indicates a substantial improvement in the sub region on 2000/01 figures. Again the data should be interpreted with care.

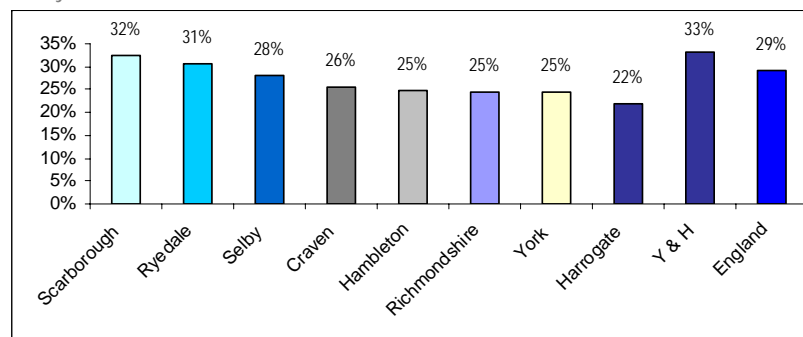
Economically Active Adults (aged 18-59/64) Qualified to NVO Level 4 or Above

Area	2004/05	2000/01	% Change
Ryedale	42%	26%	17%
Craven	40%	32%	8%
Harrogate	40%	36%	4%
York	39%	30%	10%
Hambleton	37%	25%	11%
Scarborough	35%	26%	9%
England	30%	27%	3%
Richmondshire	29%	32%	-3%
Selby	28%	25%	4%
Yorkshire and Humber	27%	24%	3%

Source: DfES Analysis of Local Labour Force Survey

At the opposite end of the scale, many adults do not have any qualifications and as a result, often face difficulties in the labour market. The chart below shows the proportion of adults in each area with no qualifications. Scarborough and Ryedale are both above the England average.

16-74 year Olds With No Qualifications



Source: Census 2001

The table below shows the number of people with no qualifications and the number with identified basic skills needs in literacy and numeracy (estimates are based on survey proportions). In the sub region there are approximately 145,000 16-74 year olds with no qualifications, 100,000 16-60 year olds with literacy problems, and 96,000 16-60 year olds with numeracy problems. These figures are not additive – many people will have no qualifications and basic skills needs in literacy and numeracy. York, Scarborough and Harrogate have the highest numbers of low-skilled adults.

¹⁴ Although small sample sizes at the district level mean that this data should be interpreted with care.

Number of people with no qualifications/basic skills needs

Area	Number with no quals (16-74)	Number with basic skills need in	
		Literacy	Numeracy
York	33,071	24,600	25,000
Scarborough	24,477	16,000	15,400
Harrogate	23,685	18,300	17,100
Selby	15,601	9,300	9,300
Hambleton	15,258	11,100	10,300
Craven	13,770	7,300	6,900
Ryedale	11,141	7,400	6,600
Richmondshire	8,506	6,500	5,700
York and N. Yorkshire	145,509	100,500	96,300

Source: Census 2001 and Basic Skills Agency 2003

The table below shows the number of achievements of basic skills qualifications which count towards Skills for Life targets. The sub region achieved its July 2004 target. To date 28% of the July 2007 target has been achieved and the LSC is on track to meet this target, although progress is slower than in the other Yorkshire sub regions. A key aim of the Skills for Life Targets at the national level is to improve the basic skills of 2.25m adults between 2001 and 2010. A milestone target is to achieve 1.5m by 2007. It is important to note that the LSC does not have sole responsibility for delivering these targets.

Skills for Life Achievements and Progress Towards Targets

	H'Side	Y&NY	SY	WY	Y & H	Eng.
Target to July 2004	14,000	8,530	25,010	30,910	78,450	763,306
Total achievements	16,917	8,634	17,875	34,009	77,435	746,988
% of July 2004 Target Achieved	121%	101%	71%	110%	99%	98%
Planned Achievements 2007	15,000	16,123	17,500	30,074	78,697	763,306
Achievements beyond 2004	9,796	4,588	11,464	15,315	41,163	382,179
Progress to July 2007 Target	65%	28%	66%	51%	52%	50%

Source: LSC South Yorkshire Management Information Report, June 2006

In addition to literacy and numeracy, providing basic skills in English for speakers of other languages is becoming increasingly important, particularly given the higher number of migrant workers coming to the sub region. LSC expenditure on English for speakers of other languages (ESOL) provision nationally has increased significantly in recent years. In 2003/04, there were 450,000 enrolments on ESOL courses and LSC expenditure totalled £256m. A review of ESOL provision published in 2005 found that ESOL provision is meeting the needs of a diverse set of learners with varying motivations for participation on a course, including gaining employment, accessing higher education, and settling

into a new community¹⁵. Given the difficulties of acquiring accurate data on the number of migrant workers (see RES 4) the sub regional partners face a challenging task in identifying demand for ESOL provision.

Information, Advice and Guidance is of great importance to those without the skills to participate fully in the labour market. The LSC and Jobcentre Plus (JCP) are working together in the areas of Skills for Life, Information, Advice and Guidance (IAG) (including skills coaching), the advertisement of Apprenticeship employed status vacancies on their system and work to smooth transition between New Deal and Entry to Employment (e2e) for JCP clients. A new regional JCP/LSC action plan, (nearing completion), will ensure collaborative working across county boundaries. Trade union learning representatives have also continued to play a key role in providing advice and guidance to those in the workplace that need to improve their skills.

Overall adults in York and North Yorkshire are well qualified. However, issues remain in Scarborough, Selby and Ryedale.

Census 2001 data demonstrated that approximately 145,000 16-74 year olds hold no qualifications, 100,000 16-60 year olds with literacy problems, and 96,000 16-60 year olds with numeracy problems.

York, Scarborough and Harrogate have the most significant problems in terms of the number of low-skilled adults.

3.8 Workforce Skills¹⁶

3.8.1 Skills Gaps

The 12th Regional Economic Trends Survey for Yorkshire & the Humber¹⁷ (November 2005) considers the skills needs of employers in Yorkshire and Humber in some detail.

The factor most commonly cited by regional businesses as contributing to their competitiveness is their high level of skills in the workforce – 61% of businesses in the region believe that this contributes to their competitiveness. This is especially true in medium and large businesses (73%) and in the construction sector (76%).

Although high levels of workforce skills are cited as the most significant contributor to business success in the region, businesses are not complacent. Four fifths of businesses surveyed in the November 2005 Regional Trends identify some skills gaps within their workforce.

¹⁵ KPMG Review of English for Speakers of Other Languages (ESOL), Department for Education and Skills, Skills for Life Strategy Unit and the Learning and Skills Council, 2005
¹⁶ The following sections use data from a number of sources including the National Employer Skills Survey (NESS), commissioned by the LSC, Department for Education and Skills and Sector Skills Development Agency. The most recent survey was undertaken in 2005; however, currently only headline data is available for York and North Yorkshire. Where data from 2005 is not available, information from the 2003 survey has been used.
¹⁷ Survey of Regional Economic Trends, Experian for Yorkshire Forward / CBI, November 2005

The table below lists the most common skills gaps cited by Yorkshire and Humber employers. Marketing and management skills are the most frequently mentioned as in need of improvement. It is interesting to note the low priority assigned to basic skills (literacy and numeracy) and to basic ICT skills. It is important to highlight that figures are taken from different surveys throughout the preceding and current section – this might explain a relatively low importance given to literacy and numeracy below, despite other data sources, e.g. Census 2001, demonstrating relatively high levels of adults with basic skills needs.

Y&H: Skills needing improvement in the next 12 months to meet business needs

Skills	% of firms
Marketing	31%
Management	31%
Selling	27%
Team working	21%
Customer care	21%
IT - technical support	20%
None	19%
Technical	17%
Professional	15%
Communications	13%
Clerical/secretarial	13%
Manual	12%
Business/Financial planning	12%
ICT competence	10%
Basic ICT	9%
Problem solving	8%
Numeracy	4%
Literacy	4%
Exporting skills	4%
Foreign languages	4%

Source: YF/CBI survey September 2005.

There is variation by cluster in the incidence of reported skills gaps. For example:

- A very high proportion of food industry companies cite Selling (55%), Marketing (49%), and Management (40%) skills as in need of improvement.
- In Digital industries, Marketing (49%) and IT Technical Support (32%) are the skills identified as most in need of improvement.

In York and North Yorkshire, there are some differences in the perceived incidence of skills gaps relative to Yorkshire & Humber as a whole. Most notably, York and North Yorkshire employers perceive fewer skills gaps in management skills (23% versus 31%). Marketing skills were most likely to be identified as an area in need of improvement in the sub region, in line with the region overall.

It is perhaps significant that few firms cite foreign language skills as needing improvement in the next 12 months. This could create a future barrier to attracting more, and maintaining current levels of international visitors.

Although the large majority of firms in Yorkshire & Humber recognise the existence of some skills gaps in their workforce, only 19% of employers cite skills gaps as a factor inhibiting growth – this has increased in recent surveys and is the fifth most significant growth constraint factor (after regulation/red tape, access to finance, transport costs, and inadequate business support from government). Only 2% of employers cite links to universities and the knowledge base as a constraint on growth.

The proportion of businesses citing skills gaps as a growth constraint varies by cluster:

- AEM – 25%
- Creative and Digital – 21%
- Bioscience and Chemical 16%
- Food and Drink – 12%

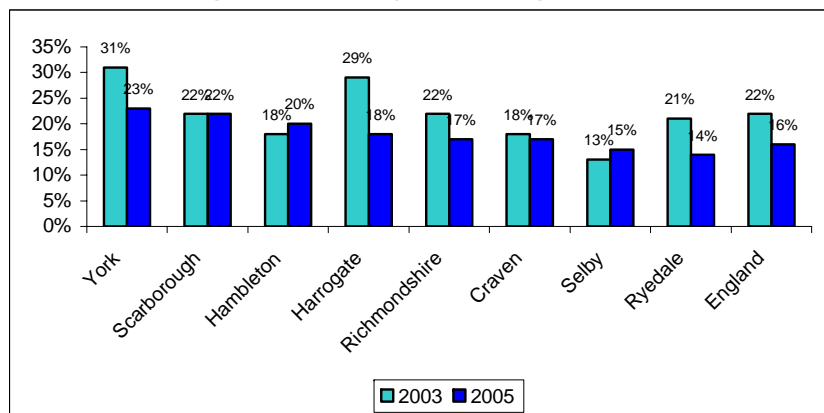
The National Employer Skills Survey (NESS) also asks employers about skills gaps in the workforce. The incidence of skills gaps is much lower than in the Regional Trends survey, probably a result of a very different wording of the question. In the Regional Economic Trends survey, the question is framed in terms of skills that need improving to meet business needs, whereas the NESS frames the question in terms of a lack of proficiency amongst staff.

Skills gaps within each local authority area in the sub region from the NESS are shown below. In 2005, 19% of employers in the sub region reported having skills gaps, above the England average of 16%. It is interesting to note that the proportion of employers reporting skills gaps in the NESS is identical to the Regional Economic Trends figure of 19% of employers mentioning skills gaps as a factor inhibiting growth.

In 2005, in six out of eight local authorities the incidence of skills gaps is above the England average of 16%. The incidence of skills gaps in York and Scarborough is particularly high, at 23% and 22% respectively.

The proportion of York and North Yorkshire employers reporting skills gaps is down on the 2003 figure, in line with the national trend.

Establishments reporting one or more employees with skills gaps, 2003 and 2005



Source: NESS 2003, 2005

A break down of skills gaps reported by local authority is shown in the table below:

Skills Gaps by Local Authority, York and North Yorkshire

Local Authority	% of establishments with any skills gaps	No. of employees not fully proficient (i.e. no. of skills gaps)	% of staff reported as having skills gaps
Y & NY	19	20,935	6
York	23	7,247	7
Craven	17	1,576	6
Hambleton	20	3,026	8
Harrogate	18	3,426	5
Richmondshire	17	967	6
Ryedale	14	1,354	6
Scarborough	22	2,232	6
Selby	15	1,109	4

Source: NESS 2005

York and Scarborough have the largest proportions of establishments reporting any skills gaps – almost a quarter of all establishments in each area. York and Hambleton have the highest proportion of staff reported as having skills gaps.

The NESS asks employers facing skills gaps about the type of skills that staff are lacking. The ten skills most frequently mentioned by employer in the sub region are shown in the table below:

Ten Skills that Most Need Improving Amongst Current Staff, York and North Yorkshire, 2005

Skill	% of Employers
Technical, Practical or Job-Specific	53.6
Customer Handling	45.7
Team Working	42.9
Problem Solving	42.8
Oral Communication	42.0
Management	24.8
Written Communication	24.6
Office / Administrative	24.2
General IT User Skills	22.8
Numeracy	18.5

Source: NESS, 2005

Points to note for employers in York and North Yorkshire are that:

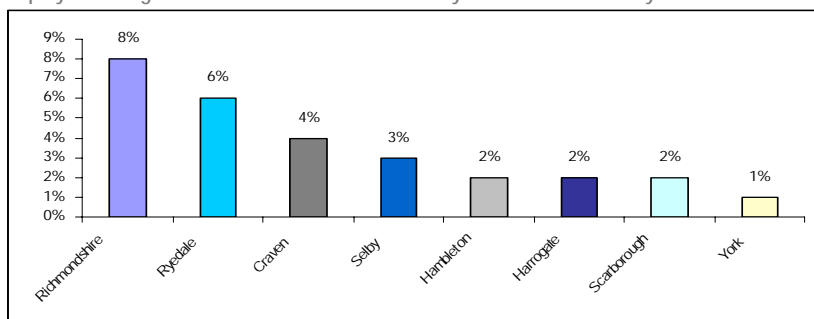
- In York, a high proportion of employers say that staff require better soft skills – oral communication, team working and customer handling;
- Employers in Hambleton report a much greater need for better IT skills amongst general users than employers elsewhere in the sub region;
- In Harrogate, the need for customer handling skills is considerably higher than in the sub region as a whole;
- Employers in Craven are twice as likely to say they have no particular skills difficulties as employers in the sub region as a whole, and the proportion in Ryedale is only a slightly smaller.

It is estimated that just under 21,000 employees in the sub region do not have the skills required to be fully proficient in their current job. This is acting as a constraint on business growth in a number of the key clusters, including creative and digital industries, bioscience and food and drink, all of which are important to the sub regional economy.

The most commonly cited skill in which employees in York and North Yorkshire have skills gaps is technical, practical and job specific skills. Over half of employers also mentioned customer handling skills, which are particularly important to the sub region's tourism sector.

The survey also asks employers about the barriers they face to developing the skills of their staff. It is interesting to see the variation by area in the proportion of employers citing a lack of suitable courses as a barrier.

Employers Citing a Lack of Suitable Courses Locally as a Barrier to a Fully Skilled Workforce



Source: NESS 2005

The highest figures relating to employers reporting a lack of suitable courses in the locality are for Richmondshire, Ryedale and Craven. Districts such as Richmondshire and Hambleton do not have a dedicated FE college within its boundaries – although there are numerous training providers active in the districts.

The Regional Trends Survey indicates that Yorkshire & Humber employers that train are more likely to use private training providers (32% used in last 12 months) than FE colleges (19%). Interestingly, 38% of employers said that they knew how to access FE colleges – double the proportion that used them.

In all local authority areas, the proportion of employers citing a lack of suitable courses in the area as a barrier to workforce development is above the England average. The highest figures are for Richmondshire, Selby and Hambleton. Richmondshire does not have a dedicated FE college within its boundaries.

3.8.2 Training behaviour

Information on employers' training behaviour is available from two sources – the Regional Economic Trends survey and the National Employer Skills Survey. As they use different methodologies, there are some differences between the findings from these two sources. The Regional Economic Trends Survey (November 05) reveals that although 80% of businesses in the region identified some skills gaps in their workforce, only 57% provided training over the previous 12 months – a reduction on the March survey (63%) and the lowest rate of training in all the England regions (average for England is 67%). Of businesses that did train, one quarter train less than 10% of their staff.

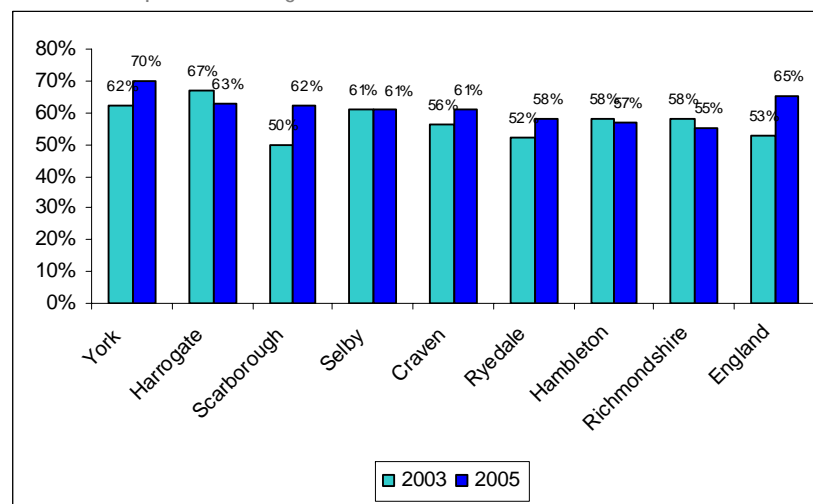
For employers that did not train, the principal reasons cited were 'did not need to' and staff 'already trained' – 38% and 33% of respondents listed these reasons. One fifth of employers cited 'a lack of funds' as a reason for not delivering training.

According to the Regional Economic Trends survey, York and North Yorkshire has the highest incidence of training in the Yorkshire & Humber sub regions, at 60%, although as the NESS data

cited below indicates, this does not necessarily translate into strong performance relative to the English average. The Regional Economic Trends survey indicates that businesses in the Financial & Business Services industry are the most likely of all the industries to provide training for their staff (68 per cent). It is worth noting that overall, businesses in York and North Yorkshire have the highest propensity to train despite a relatively low presence of finance sector businesses.

This relatively low propensity to train by companies in Yorkshire and Humber is consistent with findings from the National Employer Skills Survey (NESS). The chart below shows the percentage of employers by local authority area in the sub region providing training to one or more staff members in the previous twelve months, based on the NESS findings. In 2005, 62% of employers in York and North Yorkshire provided training, below the England average of 65%.

Establishments provided training to staff in the last 12 months, 2003 and 2005



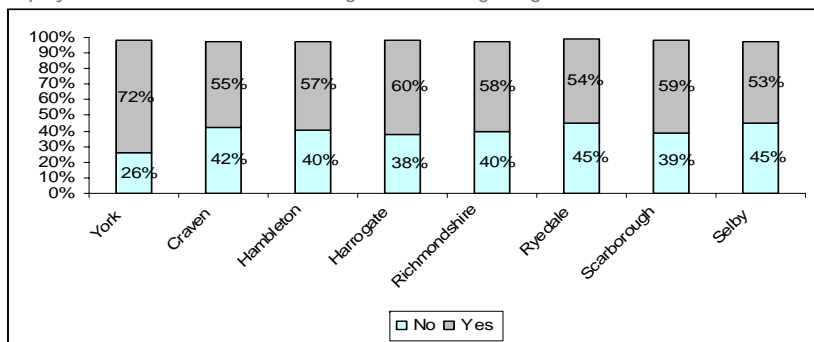
Source: NESS 2003, 2005

The propensity to train varies significantly by local authority:

- In 2005, York was the only local authority area in which employers were more likely to train their staff than in England as a whole.
- Relative to England, the businesses in the sub region have become less likely to train. In 2003, only Scarborough and Ryedale had a lower level of training than the England average. In 2005, seven out of eight areas had a lower level.
- Propensity to train has increased in four local authority areas, but fallen in Harrrogate, Hambleton and Richmondshire since 2003.
- The proportion of employers providing training in Scarborough increased from 50% in 2004 to 62% in 2005.

Not surprisingly, there is a clear link between propensity to train and existence of training and business plans. The figure below, based on the NESS, shows that employers in York and Harrogate are more likely to have one or more of a business plan, training plan and training budget. In Selby, the highest proportion of employers do not have any of these elements in place (45%), compared to just 26% in York. York also has the highest proportion of employers having one or all three of these elements (72%), compared to 53% in Selby.

Employers with Business Plan / Training Plan / Training Budget, 2005



Source: NESS 2005

A high proportion of employers in York and Harrogate provide training to their staff. Training is less prevalent in employers in Hambleton and Richmondshire. Nationally, people who are highly skilled are more likely to receive training. York and Harrogate have relatively high proportions of skilled workers, whereas Scarborough and Ryedale have lower proportions.

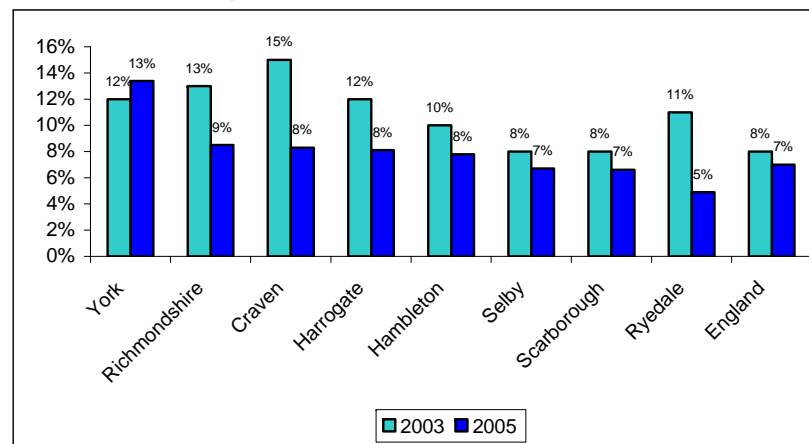
In York and Harrogate, around three quarters of employers have one or more of a business plan, training plan and training budget. In Craven, only 54% of employers have one of these three in place, indicating a lack of focus on training by many employers in the district.

3.8.3 Skills Shortages

The NESS asks employers with vacancies if they have vacancies that are hard-to-fill, and if they do, whether some of these vacancies are skills-shortage vacancies. Hard-to-fill vacancies are vacancies that employers say are difficult to fill – this can be for a number of reasons, such as lack of skills, low pay etc. Skills-shortage vacancies are hard-to-fill vacancies which results from either: a low number of applicants with the required skills; a lack of candidates with the required work experience; or a lack of candidates with the required qualifications. The incidence of skills shortage vacancies gives some insight into skills shortages in the economy.

The chart below shows the incidence of hard-to-fill vacancies in each local authority area.

Establishments Reporting one or more Hard-to-Fill Vacancies

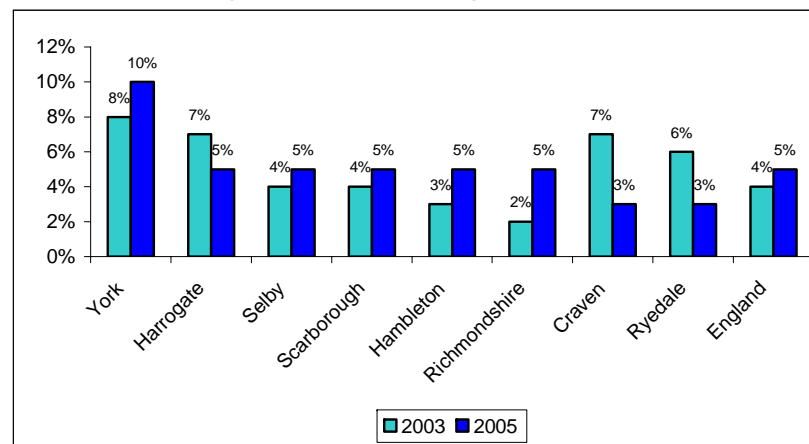


Source: NESS 2003, 2005

The incidence of hard-to-fill vacancies is above the England average in five out of the eight areas.

For skill-shortage vacancies, establishments in York face the greatest recruitment challenges, with 10% of employers reporting that some vacancies cannot be filled because applicants lack the required skills – double the England average.

Establishments Reporting one or more Skills-Shortage Vacancies

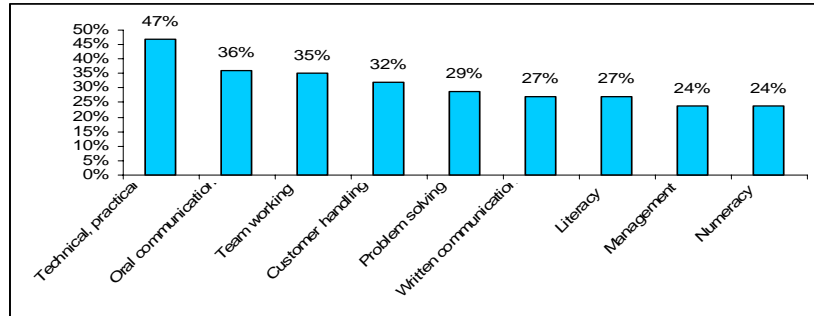


Source: NESS 2003, 2005

The chart below shows the skills which are most lacking in skills shortage vacancies. The most commonly cited skills needs are technical and practical skills – mentioned by 73% of employers with skills shortage vacancies – followed by customer handling (64%), communication (59%), and team working (59%).

Skills deficiencies in applicants are categorised and reported as follows:

Skills deficiencies



Source: NESS 2005

Technical, practical or job specific skills deficiencies are reported with the most frequency. Other skills deficiencies that are reported with a relatively high frequency are oral communication skills, team working and customer handling skills. Numeracy and management skills deficiencies are reported the least.

In York, relative to the England average, a high proportion of employers report skill-shortage vacancies - vacancies which cannot be filled because applicants lack the required skills. All other areas are below the England figure.

3.9 Future Skills Needs

3.9.1 Changes in occupational structure

The table below shows the historical and projected occupational structure of the York and North Yorkshire labour force to 2016. In terms of the occupational make-up of the sub region's labour market, the main change since 1996 is the increase in the proportion of Professionals (7.9% in 1996 to 9.4% in 2005) in the workforce and the reduction in the proportion of Skilled Trades (14.7% in 1996 to 12.5% in 2005). Forecasts of occupational structure to 2016 from the Regional Econometric Model show relatively little change in percentage terms, which is perhaps surprising given the identified need to move to more value-added employment in order to compete globally¹⁸. The number of professionals and associate professionals in the sub region is expected to increase by over 5,000, with significant increases in the number of people working in medium skill occupations.

However, within occupations there may be a need to upskill the workforce¹⁹. There is some limited research available that suggests areas of future skills needs and potential gaps, although this is not extensive. Studies that are available are consistent with the types of skills gaps identified by employers as currently being important.

Occupational structure of the York and North Yorkshire workforce

	1996	2000	2005	2010	2016	Change 05-16	% Change 05-16
High Skill							
Managers	4.2%	4.5%	4.2%	4.1%	4.0%	74	-0.2%
Professionals	7.9%	9.1%	9.4%	9.3%	9.4%	2,193	0%
Associate Professionals	8.7%	9.8%	8.4%	8.5%	8.7%	3,104	0.3%
Skilled Trades	14.7%	12.0%	12.5%	12.0%	11.7%	-922	-0.8%
Medium Skill							
Administrative	21.1%	21.8%	22.1%	22.2%	22.2%	5,255	0.1%
Personal Services	9.2%	9.7%	8.9%	9.3%	9.9%	6,558	1.0%
Sales	8.1%	7.3%	8.5%	8.6%	8.6%	2,441	0.1%
Low Skill							
Operatives	10.2%	10.0%	10.6%	10.4%	9.8%	-772	-0.8%
Elementary	15.9%	15.8%	15.4%	15.5%	15.7%	4,895	0.3%
Total Occupations	10%	100%	100%	100%	100%	22,825	

Source: Econometric Model

¹⁸ This may be a result of the relatively broad occupational categories used in the model. As with all projections, the model only provides an indication of what may happen and may be affected by policy changes and unforeseen events.

¹⁹ Projections of Occupations and Qualifications, Institute for Employment Research, University of Warwick, 2000

In 2005 data from the Econometric Model suggests that the largest proportion of employment is in the medium skilled sectors (39%). A slightly lower proportion (34.5%) are employed in high skilled sectors, compared to just 26% employed in the low skilled sectors.

The table above demonstrates that over the next 10 years the most significant increase in employment will be in personal services. A marginal increase is forecast for associate professionals and elementary, low skilled occupations. The most significant decline in employment is forecast in the operatives (low skilled) and skilled traders (high skilled) sectors.

3.9.2 Science and Technology in York

A September 2003 study²⁰ of three of the fast-growing science and technology clusters in York (Bioscience and Healthcare, E-science York - Information and Communication Technology, and Heritage and Arts) provides an in-depth audit of Science City York cluster skills and workforce development needs. In 2003, an estimated 8,406 people worked within the three clusters, with 43% being graduates or postgraduates. Given the existing size of the clusters and a high growth forecast, this represents a high ongoing demand for well qualified people.

Over half the companies in the sample (51%) could identify an occupation that would be difficult to recruit. The most difficult occupations to recruit are senior managers, professionals and technicians. E-science and bioscience companies are most likely to identify an occupation they find difficult to recruit.

Employers identified major skills gap across the three clusters, including:

- Advanced ICT (mentioned by 47% of respondents);
- People management (44%); and
- Business and commercial development (41%).

Project management, communication and team-working are also important skills that some companies perceive to be lacking in their workforce.

Interviews with cluster champions provided greater insight into skills gaps, and revealed a number of issues including:

- In bioscience, difficulties recruiting senior managers, "quality" marketing staff, and scientific/laboratory technicians;
- In ICT, lack of proficient sales and marketing staff; and
- In Heritage and Arts Technology, difficulties securing senior management and the potential demise of highly specialist conservation skills.

²⁰ Skills and Workforce Development Mapping Study in Knowledge Based Industries in York, Impact Research Limited, 2003

3.9.3 Skills needs by cluster and key sectors

In 2003, the LSCs in Yorkshire and Humber issued their Cluster and Sector Skills Development Prospectuses, which identified the skills needs of the Yorkshire Forward clusters²¹. The LSC North Yorkshire Prospectus covered four of the clusters: Advanced Engineering and Manufacturing (AEM); Bioscience; Digital Industries (DI) and Food and Drink (including agriculture). It also considered a number of other sectors, where employment levels are high: childcare; construction; health and social care; the rail industry; retail, distribution and transport; tourism and hospitality; and the voluntary sector. Skills needs identified for each of these sectors are summarised below.

- Advanced Engineering and Manufacturing (AEM). There is a need to develop technical skills in the workforce at Level 3 and above to support adoption of leading edge manufacturing technologies. Improvements in organisational and business management skills are also required. Ten per cent of the region's employment in this sector is in York and North Yorkshire.
- Bioscience. There is a need for higher level skills in the cluster, which requires clearer pathways from intermediate through to advanced skills. There is a requirement for a higher incidence of NVQ3 attainment in lab technicians. Greater knowledge of regulatory processes is required, especially amongst new graduates. In more general terms, a number of business skills require development – for example, venture and supply chain management, marketing, partnership development, and business development. There is also a need for development of soft skills, such as communication and team work.
- Digital Industries. The sub region has seen employment growth in this sector recently, with some sub sectors, such as motion picture and video activities, growing rapidly. There are significant skills gaps and shortages towards the top end of the skills spectrum, for example, at technical engineer level. There is likely to be an under-supply of post-graduates and graduates. More people in the industry need to progress up to Level 3.
- Food and Drink (including Agriculture). This is a particularly important sector in the sub region, which accounts for one quarter of all regional employment, but is affected by low margins which inhibit levels of investment, and the drive for new products and processes²². Many of the skills and qualifications needs in this sector are at the lower end of the qualification structure (NVQs 1 and 2). Basic literacy and numeracy skills are an issue for this sector, along with food hygiene knowledge and food preparation skills. Other skills requirements include health and safety knowledge and increased levels of IT competence. In the agriculture sector, there is a need to provide support for diversification.
- Childcare. This is a growing sector and a number of skills gaps were identified, including Level 2 qualifications and specialist knowledge for qualified early years teachers. In

²¹ A Prospectus for Cluster and Sector Skills Development in North Yorkshire, LSC North Yorkshire, March 2003

²² Food Cluster Development Plan, Yorkshire Forward, 2002

addition to specific skills around health and safety, child protection and working with older children, more generic skills such as business and management skills are required.

- **Construction.** The construction industry, both nationally and regionally, is defined by its large number of micro businesses. This presents challenges for workforce development in the sector. There are a number of specific skills shortages in the region: carpenters and joiners, bricklayers and professionals.
- **Health Services and Social Care.** This is a major employment sector nationally and in the region. A number of skills shortages are identified, including: occupational therapists; child care and mental health staff qualified to NVQ level 3; and approved social workers.
- **The Rail Industry.** A wide range of skills are needed across the industry, reflecting the diverse range of occupations. Skills shortages are reported in track maintenance, operational staff (e.g. drivers), engineers and technical skills. Customer care skills are also in demand.
- **Retail, Distribution and Transport.** Nationally and regionally, there is a shortage of HGV drivers. Customer services and sales skills are required, as well as multi-skilling in supervisory roles. Other than drivers, the forecast is for growth in the low paid and low skilled occupations. Management skills in the industry need to be developed.
- **Tourism and Hospitality.** A national consultation survey of employers identified two areas of particularly importance, given the level of customer contact in this sector: customer service skills; and personal skills. In addition, food hygiene and food preparation skills are required, along with more generic business and IT skills.
- **Voluntary Sector.** Specific skills needs are in management, partnership working, bid writing, and quality standards.

There is evidence of skills gaps amongst the current workforce in the Science City York clusters, with advanced ICT, people management and business and commercial skills lacking in four out of ten employers. Senior management, professional and technical occupations are most affected by difficulties in recruitment.

Specific skills needs have been identified for the key clusters and sectors in the sub region, although the scale of these needs has not been quantified. Needs range from specific high level skills e.g. in the bio-science cluster to basic literacy, numeracy and health and safety skills in the food and drink cluster.

3.10 Adult Education Providers and Access to Provision

In 2004/05, nearly 80,000 residents aged over 16 were engaged in learning in York and North Yorkshire. The majority of these were enrolled in Further Education, with over 10,000 in adult and community learning, over 6,500 in school sixth forms and nearly 3,500 on work based learning schemes. The 80,000 adult learners in York and North Yorkshire accounted for nearly 16% of the regional total supported through the LSC.

York and North Yorkshire Participation in post-compulsory education, 2004/05

Type	16-18 year olds	19+	Total
Work Based Learning	2,379	1,048	3,427
Further Education	9,674	49,554	59,228
School Sixth Forms	6,676	-	6,676
Adult and Community Learning	10,111 (all ages)		10,111
Total	-	-	79,802

Source: Key Learning and Skills Facts Yorkshire and the Humber 2006/07, 2006, LSC

3.10.1 Further Education

There are five FE colleges in North Yorkshire and two in York:

FE Colleges in York and North Yorkshire.

Name	Town	Area
Craven College	Skipton	Craven
Harrogate College, Leeds Metropolitan University (Harrogate Campus)	Harrogate	Harrogate
Yorkshire Coast College	Scarborough	Scarborough
Selby College	Selby	Selby
Askham Bryan College	York	York
York College	York	York
Scarborough Sixth Form College	Scarborough	Scarborough

Source: LSC Overview Factsheet for York and North Yorkshire

There are no FE Colleges based in Hambleton, Richmondshire or Ryedale, but FE outreach centres are based in a number of areas: the Darlington College centre in Catterick (Richmondshire); and Askham Bryan centres based in Pickering (Ryedale), Bedale (Hambleton), Harrogate, and Guisborough²³. Given that Guisborough is part of Redcar and Cleveland Borough Council which is part of the broader Tees Valley sub region, cross boundary travel is evidently a characteristic of

²³ Guisborough is however part of Redcar and Cleveland Borough Council and falls within the Tees Valley sub-regional boundary.

participation in learning within the York and North Yorkshire sub region. The University of Hull also provides some FE provision at its Scarborough campus, including the Centre for Community Economic Development.

Centres of Vocational Excellence (CoVEs) are based in colleges or WBL providers and are recognised centres of excellence for specialist areas of vocational provision. There are eight CoVEs in the sub region and Craven College is also part of the Aviation CoVE based at Leeds Bradford Airport.

CoVE Providers in York and North Yorkshire

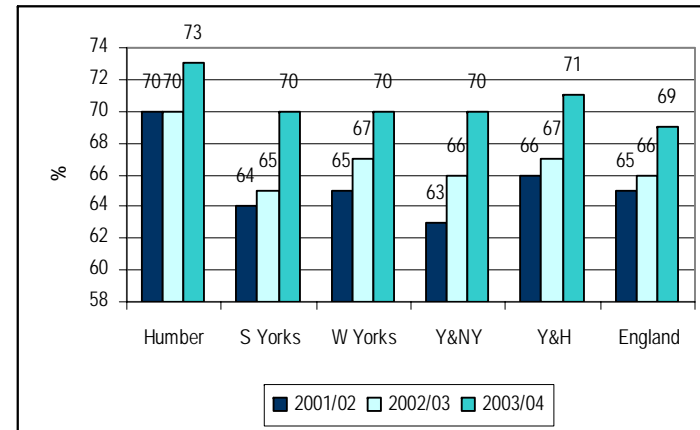
CoVE Providers in North Yorkshire	CoVE	Location
Selby College	ICT for Business and the Rural Economy	Selby
York College	Rail Engineering and Signal Engineering	York
York College / City of Bath College / Weymouth College	Construction - Stonemasonry	York
Craven College	Business leadership and management	Craven
Derwent Training Association / Yorkshire Coast College	Advanced Engineering and Manufacturing Technology Training Partnership	Scarborough
Darlington College of Technology / Yorkshire Coast College / York College HCTC Ltd	Hospitality and Catering	Richmondshire
Askham Bryan College	Food Chain Technology	Pickering, Bedale, Harrogate
Craven College / York College / Yorkshire Coast College / Askham Bryan College	Tourism	Various sites
Craven College	Aviation – Leeds Bradford Airport	Craven

Source: Progress in the Sub Region

The LSC gathers data on the success rates of those participating in Further Education (FE) and Work Based Learning (WBL); that is, those who achieve the WBL Framework and those who achieve their learning aim in FE. The latest available data is presented below.

There has been a significant improvement in FE success rates in the sub region over the past three years. York and North Yorkshire now has a success rate in line with West and South Yorkshire and above the national average, although the proportion of FE learners who achieve their learning aim is still slightly below the regional average, which is inflated by strong performance in the Humber.

Success Rates in Further Education – Yorkshire and Humber Sub Regions



Source: Key Learning and Skills Facts Yorkshire and the Humber 2006/07, 2006, LSC

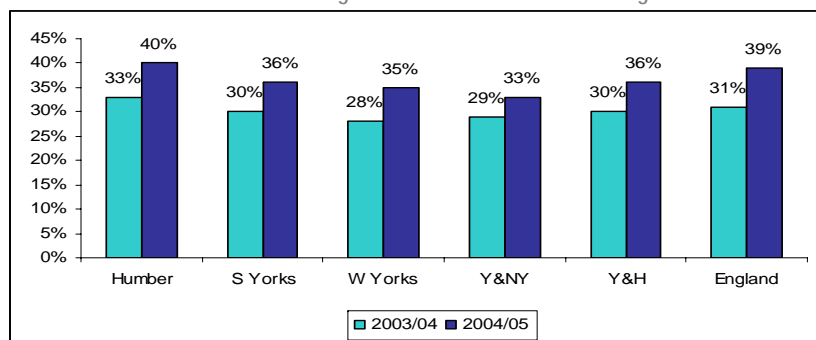
3.10.2 Work Based Learning

There are twenty-five providers of work based learning in the sub region, distributed across the main settlements (including the FE colleges and Leeds Metropolitan University). The recent Area Wide Inspection of provision in North Yorkshire²⁴ found that overall work based learning provision is satisfactory, although unsurprisingly given the rural nature of the County, in some areas opportunities are very limited. To overcome this, partners are working in collaboration to analyse the configuration of provision.

The proportion of WBL learners achieving their Framework in York and North Yorkshire was one of the lowest in 2003/04 and lower than in any other sub region in Yorkshire and Humber in 2004/05. Success rates are therefore low within the sub region in comparison to both sub regional, regional and national rates, although showing signs of improvement.

²⁴ North Yorkshire Area Wide Inspection, Adult Learning Inspectorate, 2005

Success Rates in Work Based Learning – Yorkshire and Humber Sub Regions²⁵



Source: Key Learning and Skills Facts Yorkshire and the Humber 2006/07, LSC

Nearly 80,000 people aged 16+ participated in post-compulsory education in York and North Yorkshire in 2004/05, the vast majority in Further Education. Success rates in FE and the proportion achieving the learning framework in WBL have both improved in recent years. However, in FE performance remains no better than elsewhere in the region, and in WBL, performance is not as good as elsewhere.

3.10.3 Higher Education

The University of York is the principal university in the sub region. The University of Hull also has a Scarborough campus and Leeds Metropolitan University has a campus in Harrogate and is developing local opportunities to study in other parts of the sub region. Further, York St John University College is a significant higher education institution in the sub region and attracts a number of overseas students to the city.

In terms of accessibility, this varies across the sub region. Proximity to a university or higher education institution is for example much greater in York as opposed to parts of Ryedale or Hambleton, which may impact on opportunities for part time study.

Contribution

The University of York is an important contributor to the sub regional economy. It currently employs some 2,638 people including 1,028 non-academic staff. A further 850 people are employed on the University Science Park, a total of 3,488.

The University's direct employment and activity generates an estimated £87m per annum for the local economy, with a further £26m being generated by the Science Park. Once indirect effects are accounted for (e.g. income multipliers), the overall benefit of the University and Science Park to the

²⁵ Figures exclude Army Foundation College for Y&NY and Y&H due to recent changes in the way learners from this institution are categorised.

York economy is estimated to be £164m²⁶. It is estimated that if the development at Heslington East goes ahead, an additional £121m will be generated within ten years, with up to 2,900 jobs being created.

The University of Hull's Scarborough campus attracts £10.3m per annum to the town through students tuition fees and payment for teaching training, and the Community Economic Development Centre provided continuing professional development to over 850 people during the 2005-06 academic year. There are around 1,500 students on the Scarborough campus and 150 staff, of whom 50 are academic staff²⁷.

York St John University College has recently been awarded the University title by the UK Privy Council. It currently has over 5,700 students, over whom 700 are post-graduates and 315 are from overseas. The University employs 564 staff, including 227 academic staff²⁸.

Centres of Industrial Collaboration

The Centres of Industrial Collaboration programme (CIC) is an £11 million initiative established by Yorkshire Forward to help businesses access the innovation and expertise within Yorkshire and Humber universities. There are 13 CICs in Y&H, based within single universities or across two or more. Each CIC is charged with developing links with companies and has a dedicated Commercial Manager, who has hands on experience of their industry sector. There is one Centre of Industrial Collaboration at York University (Green Chemistry) and the university also collaborates in the BITE CIC.

²⁶ Economic Contribution Of The University Of York, Submission to the Planning Inquiry for Heslington East, University of York, 2006.

²⁷ www.hull.ac.uk/scarborough/campus/snapshot.html

²⁸ http://www2.yorks.ac.uk/default.asp?Page_ID=369&Parent_ID=353

CIC	Location	Project description
Biomaterials & Tissue Engineering (BITE)	Thorpe Park, Leeds	Combines the expertise of over 100 researchers at Leeds, Sheffield and York Universities, as well as the active involvement of clinical collaborators at the University hospitals. The BITE CIC offers a range of services to companies including the "Future Vision" programme, which helps companies to understand the impact of emerging medical device technologies.
Green Chemistry Centre of Excellence (Affiliated Centre)	University of York	Aims to assist companies to develop products and processes that minimise waste and environmental impact. Key industry sectors include paints, dyes, textiles, adhesives, agrochemicals, personal care, paper, pharmaceutical intermediates, plastics and specialty chemicals. The range of services offered are based in a modern laboratory with a clean technology multi-reactor facility and en-suite chromatography, spectroscopy, thermal analysis and computing rooms.

3.10.4 Graduate Retention

The University of York produces approximately 2,000 first degree graduates and 1,000 post-graduates every year²⁹. Its contribution to the regional supply of healthcare, education and social work professionals is particularly important, as well as providing graduates for local businesses.

The career paths of graduates from the region's universities are tracked through a regular survey which follows the first three years of their career³⁰. In 2002, there were 21,233 UK domiciled graduates from the ten Higher Education Institutions in the region. The table below shows the employment status of these Yorkshire graduates one year and three years after completing their studies.

Employment Status of 2002 Graduates from Yorkshire HEIs

	2003	2006
Employed	73%	91%
Further Study	15%	6%

Source: Three Years On, Yorkshire Universities, May 2006

One year after leaving university, three quarters of graduates were in employment. Three years later, over 90% of graduates were in employment, whilst the number still engaged in further study

²⁹ Economic Contribution Of The University Of York, Submission to the Planning Inquiry for Heslington East, University of York, 2006.

³⁰ Three Years On, Yorkshire Universities, May 2006

had fallen to 6%. This is largely due to the fact that the majority of those who went into further study on graduation had completed their studies three years later.

The table below shows the location of employment for those in work. One year after graduating, 70% of employed graduates were working in the region. Three years later, this had fallen to 56%. The share of regional graduates working in York and North Yorkshire one year after graduation is low – just 8%. However, over time, more graduates were attracted to work in the sub region and the proportion of 2002 graduates working in York and North Yorkshire rose to 10% in 2006. All the other Yorkshire sub regions saw their share of 2002 graduate employment fall over this period, as many of those who had graduated in the region moved to London and the rest of southern England.

Employment Location of 2002 Graduates from Yorkshire HEIs, % of employed graduates

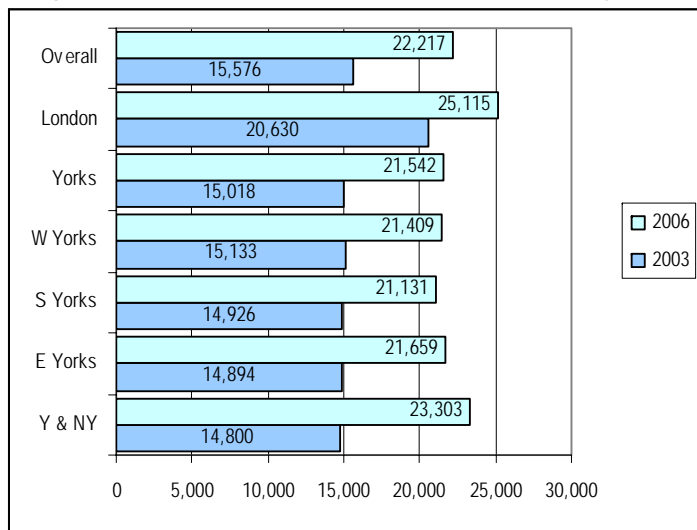
	2003	2006
Yorkshire	70	56
<i>W Yorks</i>	36	28
<i>S Yorks</i>	18	12
<i>E Yorks</i>	8	6
<i>Y & NY</i>	8	10
Northern England	8	6
Southern England	9	16
London	3	10
Elsewhere	3	4

Source: Three Years On, Yorkshire Universities, May 2006

One possible explanation for this is salary levels in the sub region. Salaries of the 2002 graduates working in the sub region in 2003 were £14,800, the lowest in the region. By 2006, 2002 graduates working in York and North Yorkshire had average earnings of £23,303, the highest in the region³¹.

³¹ This is a relatively recent development. Evidence from earlier surveys shows that in 2003, the salaries of year 2000 graduates working in York and North Yorkshire were lower than the regional average.

Average Annual Salaries of 2002 Graduates from Y&H Universities, by place of employment



Source: Three Years On, Yorkshire Universities, May 2006

Graduates from the region's universities are most likely to be employed in the health and education sectors, with employment in local, regional and national government and social and community work also increasing over time. Other major employment sectors are wholesale and retail, manufacturing and banking and insurance, although these each only account for around 5% of 2002 graduates three years after graduation.

Sectoral Employment of 2002 Graduates from Yorkshire HEIs, % of employed graduates

	2003	2006
Health	16	15
Education	15	21
Wholesale and Retail	9	5
Local, regional and national govt	7	9
Manufacturing	6	5
Banking and finance	6	4
Social and Community Work	4	7

Source: Three Years On, Yorkshire Universities, May 2006

Graduates generally felt that the region offered too few graduate jobs (40%, compared to 24% who felt there were plenty of graduate jobs) and one third felt there were fewer graduate jobs in the region than in other regions. Getting a job elsewhere was the second most common reason for moving away from the region (moving back home to live with parents was the most common). A lack of graduate employment opportunities in sector such as science was noted in the 2004 survey.

Respondents who had lived in York and North Yorkshire for at least six months after graduating were asked for their views on the sub region, which are summarised in the table below:

Perceptions of York and North Yorkshire, 2002 Graduates from Yorkshire HEIs

Liked Best	Pleasant and friendly place to live Inexpensive Attractive countryside Proximity of family and friends
Perceived Advantages	Availability of good housing Excellent transport links Inexpensive cost of living
Perceived Disadvantages	Limited employment opportunities High cost of housing and rented accommodation

Source: Three Years On, Yorkshire Universities, May 2006

It is interesting to note that there is an apparent contradiction between perceptions relating to cost. In the 'liked best' and 'perceived advantages' categories graduates stated inexpensive (cost of living) as a key factor, however in the 'perceived disadvantages' graduates cited high cost of housing and rented accommodation. This may reflect the views of different respondents and their use of different comparators. For example, compared to other parts of the region, housing costs are higher in York and North Yorkshire. However, compared to many other parts of the country, the cost of living in the sub region is relatively inexpensive.

The 2003 Science City York study cited above highlights a major issue with the migration of York graduates away from the city once qualified, and a potential mismatch between the academic excellence being developed and the jobs on offer in York.

Yorkshire is relatively successful in retaining graduates within the region. Whilst York and North Yorkshire does not attract as many recent graduates as other parts of the region, evidence suggests that it becomes a more attractive location over time.

3.11 Investment mapping

Under RES 3 the mapping exercise has identified a number of current and anticipated investments:

- Over £230m of mainstream expenditure in further and higher education:
 - LSC North Yorkshire plans to invest £110m between in 2006/7 (the focus is mainly on further education for 14-19's agenda but also adult learning). Of this total £86m is apportioned directly to LSC North Yorkshire, the remainder is LSC North Yorkshire's share of the regional ESF budget for activities such as workforce development.
 - The University of Hull is investing £10.3m between August 2006 and July 2007.
 - The University of York generate income of some £87m per annum and the Science Park some £26m.
- A number of discretionary investments:

- The sub regional investment plan invested £1.78m (2003-6) in establishing York as a driver for growth as well as investing in the rural, coastal and Selby areas.
- An LSC/YF project investing £1.7m in subsidised Level 2 and other training for people in employment (The Employer Training Programme, April-December 2006).
- Some £1.8m (2005-2009) in STEM opportunities and curriculum development.
- £552,000 into 17 Market Place Bedale, a Learning and Business Training Centre.
- £2.4m into Leeming Bar food incubator.
- Several major skills related investments/projects:
 - The LSC has a capital investment strategy to improve buildings and facilities in FE institutions across the sub region (£80m total cost 2005-2008).
 - The University of York development in Heslington (2005-2009, £14m).
 - The Yorkshire Coast College redevelopment in Scarborough (£15m, 2007-2010).
 - The development of a community learning facility (Catterick Village Community Office - £0.27m indicative cost for completion October 2007).
 - Several new schools / learning facilities are planned / underway in York to the value of some £38m, including a £10m new school in for the West of York (Oaklands), a £13m 900 place school (Manor), improvements to Huntingdon School (£5m), the construction of an Integrated Children's Centre (ICC) in Clifton Green (£3.5m) and at 5 other locations (£2m), improvements to Cannon Lee School (£1m) and a new vocation training centre for 14-16 years olds (£3m).

In addition, ESF funding in the sub region is significant and has funded a range of activities relevant to RES 3 and RES 4, (mainly via LSC and JCP co-financing).

3.12 Policy Implications

York and North Yorkshire benefits from above average performance by school students, a relatively well qualified workforce and employers with a relatively high level of engagement in training. This positive picture does not apply across the sub region. There are issues with regard to young people, adults and with some employers. A number of the issues with regard to skills overlap with the priority groups detailed under RES 4, aimed at helping people to access employment opportunities.

The Regional Economic Strategy has set a target to raise the proportion of economically active adults with a level 2 qualification from 70% in 2004/05 to 80% by 2015. It is intended that of these, 45% will also hold level 4 qualifications by 2015 (up from 37% in 2004/05). York and North Yorkshire is already closer to achieving the level 2 target than any other sub region, with 76.8% of economically active adults holding a level 2 qualification, 273,800 people. To reach the target position in all local authority areas, the number holding a level 2 qualification will need to increase by approximately 11,350, with Scarborough and Harrogate needing the greatest increase in numbers. The sub region already exceeds the target for the proportion of adults with a level 2 qualification also holding qualifications at level 4.

The implications for policy have been set out with regard to young people, adults and employers, although there is often an overlap between these categories.

Young People

Although school students perform well at the key stage tests there are three issues which policy needs to address. These are:

- The deterioration in the relative performance of school students in Scarborough;
- The poor performance of students in receipt of Free School Meals (also likely to include students on Educational Maintenance Allowance);
- Over one third of pupils do not achieve five good GCSEs, and 13% of young people do not achieve a level 2 qualification, the minimum considered necessary to be productive in the labour market by the age of 19.

There are two other smaller groups of young people for which action and support needs to be considered. These are:

- Although reducing in number, and only a very small numbers, young people not in employment, education or training need additional support, with particular attention for groups in York and Scarborough.
- A significant number of young people in Richmondshire, Ryedale and York go into employment without training. Although possibly difficult to reach, providing some form of support to these young people, or persuading employers to provide training, should be a priority.

A very high number of young people go on to further and higher education from schools in the sub region. A continuing issue is the extent to which graduate level jobs are available across the sub region if graduates are to be retained and local young people who have been to University elsewhere are to be attracted back.

Adults

The adult population and workforce are relatively well qualified in York and North Yorkshire. There are two specific issues which need to be addressed to tackle underlying and fundamental weaknesses which will ultimately impact on economic growth. These are:

- Significant numbers of adults have literacy and numeracy difficulties. This will reduce the employment opportunities available to them as individuals, and may in part account for the low levels of earnings in parts of the sub region. There is a need to provide support to adults in employment and those seeking to return to the labour market to ensure that the basic skills needs of employers are met.
- Although numbers of adults with no qualifications are lower than the national average, they still account for one in four of the workforce. There is a need to reduce this number even further and to focus on those areas where the proportion of the workforce with no qualification is highest – Scarborough and Ryedale.

Employers

On many indicators, such as skills gaps, the severity of issues has reduced over the past two years. Nevertheless, there remain some specific issues and the more general need to raise employer engagement. The policy priorities are:

- Work with companies in Advanced Engineering and Metals, Creative and Digital Industries and Food and Drink (with a combined employment total of 37,000) to reduce skills gaps which act as a constraint on growth.
- Investigate why the level of skills gap is so high in York and develop appropriate policy response.
- Work with employers across the entire sub region to raise the proportion of employers engaged in training.
- Work with employers to tackle skills shortage vacancies by providing training tailored to specific needs, e.g. through Train to Gain.
- Identify in more detail specific future skills needs in key York and North Yorkshire sectors, including quantifying potential demand, in order to ensure appropriate provision is in place.
- Support employers to ensure that more highly skilled employment opportunities are created, which will help to attract and retain graduates, at all stages of their working lives. This will help to achieve the region's RES target on level 4 skills and should lead to higher wage levels in the sub region.

The work with employers is closely linked to actions likely to be prioritised under RES 2, Competitive Businesses. These linkages are outlined briefly in the final section of this Chapter.

There are a number of areas where data gaps make it difficult to formulate policy conclusions and additional data would be useful. These include:

- A lack of information on the career and location choices of graduates who grow up in York and North Yorkshire but enter Higher Education elsewhere;
- Limited data on the skills of migrant workers (and on migrant workers in general – see RES 4) and their needs with regard to ESOL provision;
- More robust and detailed future projections of the occupational structure of the sub region, and the implications of this in terms of skills and qualifications needed; and
- More up to date and robust information on the qualifications and occupations of the workforce, and the skills needs they perceive for themselves – there are limitations on both the Census (timeliness) and LFS data (reliability at local authority level) in the sub region.

3.13 Links To Other RES Objectives

The main linkages for RES 3, focussed on skills, are with RES 2 competitive businesses and RES 4, connecting people to quality employment. The linkages can be summarised as:

- RES 2 will support actions in support of increased competitiveness, of which skills is a key component. Opportunities will exist to promote the importance of employer engagement in skills as part of broader business development activities. This will be important in reaching those groups of the workforce with low skills levels.
- RES 2 will also be involved with many businesses which might consider graduate recruitment. Again, there is an opportunity to link this priority to other business support.
- The closest link with RES 2 and RES 3 will be the cluster agenda. There are three priority clusters which are major employers in the sub region and which have some serious skills related issues. These are - Advanced Engineering and Metals, Creative and Digital Industries and Food and Drink. It will be important that companies in these sectors are given holistic and integrated support to accelerate their growth.
- With regard to RES 4, a substantial number of those with literacy and numeracy difficulties and with low levels of qualifications and skills are likely to be in the priority groups identified for RES 4. These include those on Job Seekers Allowance, Incapacity Benefit and Income Support. In these cases, actions under RES 4 may be able to provide the additional support needed to reach and help these groups.
- With regard to RES 6, the ambitious plans being developed by York envisage a knowledge based economy, with a highly qualified workforce. There is a need to increase the numbers qualified to Levels 3, 4 and 5 to support this agenda.
- Also in regard to RES 6, the economic regeneration of Scarborough is a major priority. This includes increasing the enterprise base and addressing issues of low levels of participation and low incomes. Skills and learning is a key part of an integrated response to these challenges.