

**YORK 2032**



**Economic Strategy**  
2022-32

# Technical Annex

A city fit for the future



# Introduction

In developing the Economic Strategy 2022 – 2032 extensive analysis of statistics, data releases, trends, policies and key strategies has been undertaken to ensure the Strategy is grounded in verifiable evidence and fact.

Whilst the main Strategy document provides the headline drivers to steer our goals and ambitions, this annex

provides commentary on the data that has informed and guided its development. Engagement and consultation with businesses, residents and key stakeholders has further informed the development of the Economic Strategy, alongside the Climate Change and Health & Wellbeing Strategies that have been prepared as a suite. This Annex is purely focussed on economic data and evidence.

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Each heading provides an introductory narrative to the topic and data being measured, followed by a series of graphs and charts exploring the statistics.

*N.B.- Economic data is frequently revised and updated. The content of this document was accurate at the time of writing.*

# Productivity and Economic Growth

## Overview

Productivity, in its purely economic sense, relates to how efficiently people, companies and sectors convert inputs, such as labour and capital, into outputs, such as goods or services.

Traditional economy theory considers productivity to be a key requirement for economic progress - more productive workers and businesses generate economic growth. Economic growth is important as it ultimately improves living standards, as more productive businesses increase the wages they pay to their staff, the taxes they pay to government, and the returns they provide to business owners and shareholders.

Productivity can be measured in a variety of ways, but the focus in this document is on Gross Value Added (GVA). GVA is an estimate of the volume of goods and services produced after the volume of goods and services used in the production process have been subtracted. GVA estimates at a variety of economic and sectoral levels are published by the Office for National Statistics (ONS). Each month, national estimates are published, while local level GVA estimates are produced annually. At the time of writing – September 2022 – the most recent local figures are for 2020, and thus do not

reflect the more recent impacts of the COVID 19 pandemic and cost of living crisis on local economies.

## Productivity and GVA

Productivity data at local authority level is only available for labour productivity, measured by GVA per hour worked and GVA per job filled. ONS recommends that the hourly measure is used, stating that “GVA per hour worked is considered a more comprehensive indicator of labour productivity and the preferred measure at subnational level”<sup>1</sup>.

ONS figures show that York is the most productive city economy in the Yorkshire & Humber region. For one hour worked in York in 2020, £35.73 GVA is generated. The UK-wide productivity level of £37.73 GVA per hour is skewed by a small number of highly productive local economies. For example, the car manufacturing centres of Coventry, Sunderland and Swindon and financial centres such as Tower Hamlets, City of London and Edinburgh. So whilst York is a highly productive economy in regional terms, the city is currently ranked 63rd of 168 higher-tier local authorities. For York to be in the top 25% of local economies in the UK, GVA per hour worked would need to increase by 3.8%.

Figure 1 shows York’s GVA per hour worked estimate over the period since 2004, with regional and national comparators.

<sup>1</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/regionalandsubregionalproductivityintheuk/february2020>

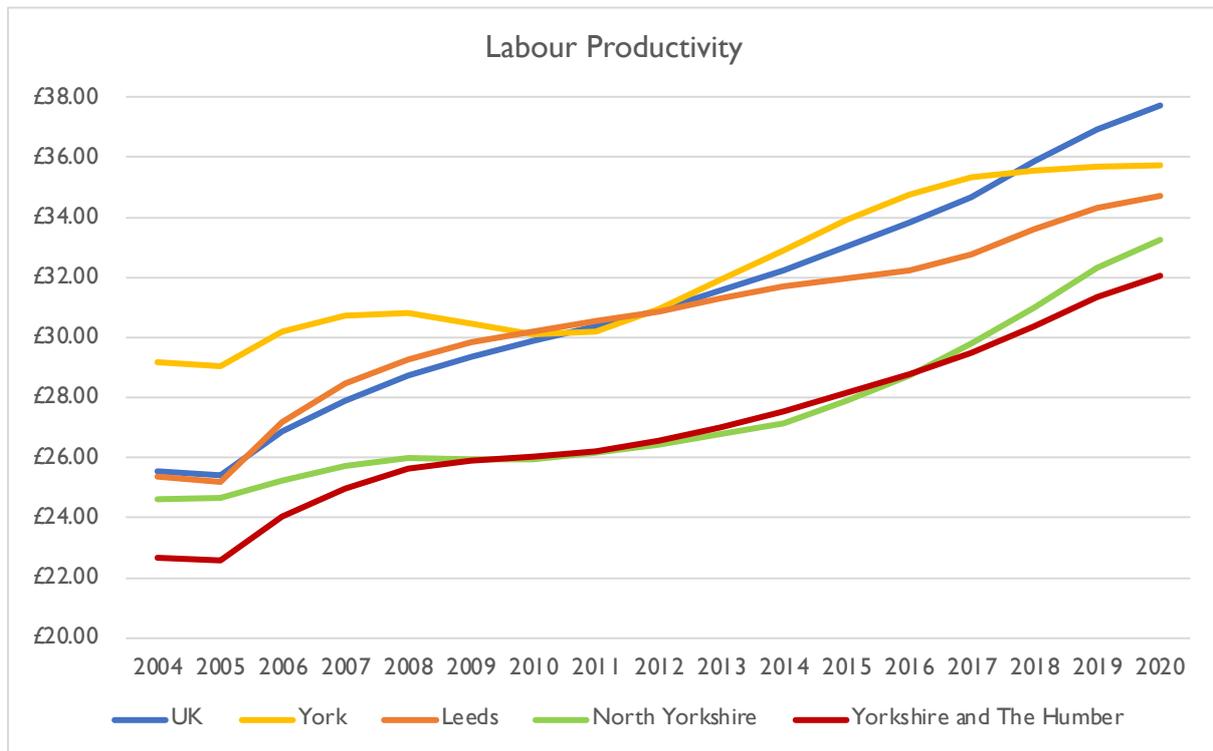


Figure 1: Labour Productivity in York<sup>2</sup>

### Sector contributions to GVA

Alongside GVA per hour worked estimates, ONS produces estimates of total GVA per sector of the economy, including a total GVA figure for the city.

Between 1998 and 2018, York’s economy doubled in size, standing at £6.1bn in 2020 after a slight fall due to the early impacts of the pandemic. The sectoral make-up of the economy has changed markedly over time, with all of the growth in GVA since 1998 being in the services sector. Whilst Nestlé continue to be an important employer in York, the value of food manufacturing in the city has declined over the past 20 years. In 1998, this subsector alone represented 11.5% of

York’s GVA while today it is only 4.8% of the local economy by value. Construction has also declined significantly in terms of its GVA contribution.

In contrast, the value of York’s insurance businesses has tripled in size, as has the professional and scientific sector. The service sector as a whole has increased by around £3bn at current prices over this period, and the growth in the retail and wholesale sector as a whole is entirely represented by retail. Health, education and public administration have all seen significant growth since the millennium, demonstrating how a long term focus on growing high value employment in York has changed the city.

<sup>2</sup> ONS: Subregional productivity: labour productivity indices by UK ITL2 and ITL3 subregions – Current Price (smoothed) GVA (B) per hour worked (£); ITL2 and ITL3 subregions, 2004 - 2020

As Figure 2 shows, in 2020 York's largest sector in terms of GVA was real estate – the letting of residential and commercial buildings across the city.

<b>SIC07 description</b>	<b>1998</b>	<b>2003</b>	<b>2008</b>	<b>2013</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Agriculture, mining/ quarrying	19	20	25	19	18	20	16
Manufacturing	450	563	498	474	421	410	437
Power and water	78	60	58	51	92	86	77
Construction	219	293	367	372	333	318	243
Wholesale and retail	359	504	497	601	789	692	626
Transportation and storage	244	411	511	460	225	252	261
Accom. and food service	118	162	190	213	280	297	157
Information and communication	114	212	173	155	201	204	180
Financial and insurance activities	247	263	408	561	699	673	685
Real estate activities	412	580	594	599	848	821	840
Professional, scientific and technical activities	149	278	355	373	463	457	475
Administrative and support service activities	67	119	173	169	275	298	232
Public administration and defence	179	234	315	407	398	452	463
Education	182	255	417	398	512	526	528
Human health and social work activities	224	308	377	526	643	741	776
Arts, entertainment and recreation	38	58	64	66	74	70	43
Other service activities	47	55	69	64	77	89	63
Activities of households	5	4	7	9	11	11	8
<b>All industries</b>	<b>3,150</b>	<b>4,380</b>	<b>5,099</b>	<b>5,517</b>	<b>6,361</b>	<b>6,417</b>	<b>6,112</b>

*Table 1: York GVA by sector, current price estimates, pounds million (from ONS)*



**Figure 2: York's GVA by sector, 2020 (figures from ONS)**

## Forecasts

The overall economic impact of the Covid-19 pandemic has been widespread and enduring, and has played a part in the significant rise in the cost of living being experienced across the UK in 2022. These events feed through into the forecasts of York's economy, which change with each major development in the global and national economy.

The latest forecast from Oxford Economics indicates that the overall value of the York economy will increase continually from £5.7bn in 2020 to £7.3bn in 2032 (Figure 3). Strong growth is forecast across the 10 years, slowing

between 2022 and 2023 which reflects the impact that the rising cost of living will have on economic growth.

The Real Estate (£1.05bn), Health and Social Care (£892m) and Retail (£817m) sectors are forecast to contribute most to the overall value of the York economy by 2032. (Figure 4) However, it is the Accommodation and Food Services and Arts, Entertainment and Recreation sectors GVA that are forecast to grow the most over this 10-year period. In particular, GVA in the Accommodation and Food sector is expected to more than double from the £150.7m in 2022 to £334m in 2032 (Figure 5).

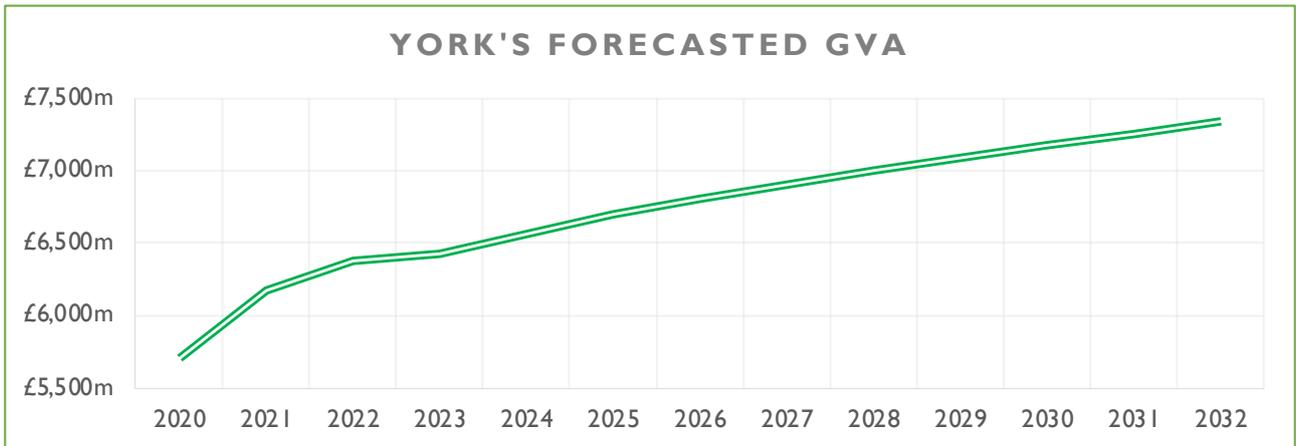


Figure 3: York’s GVA Forecast<sup>3</sup>

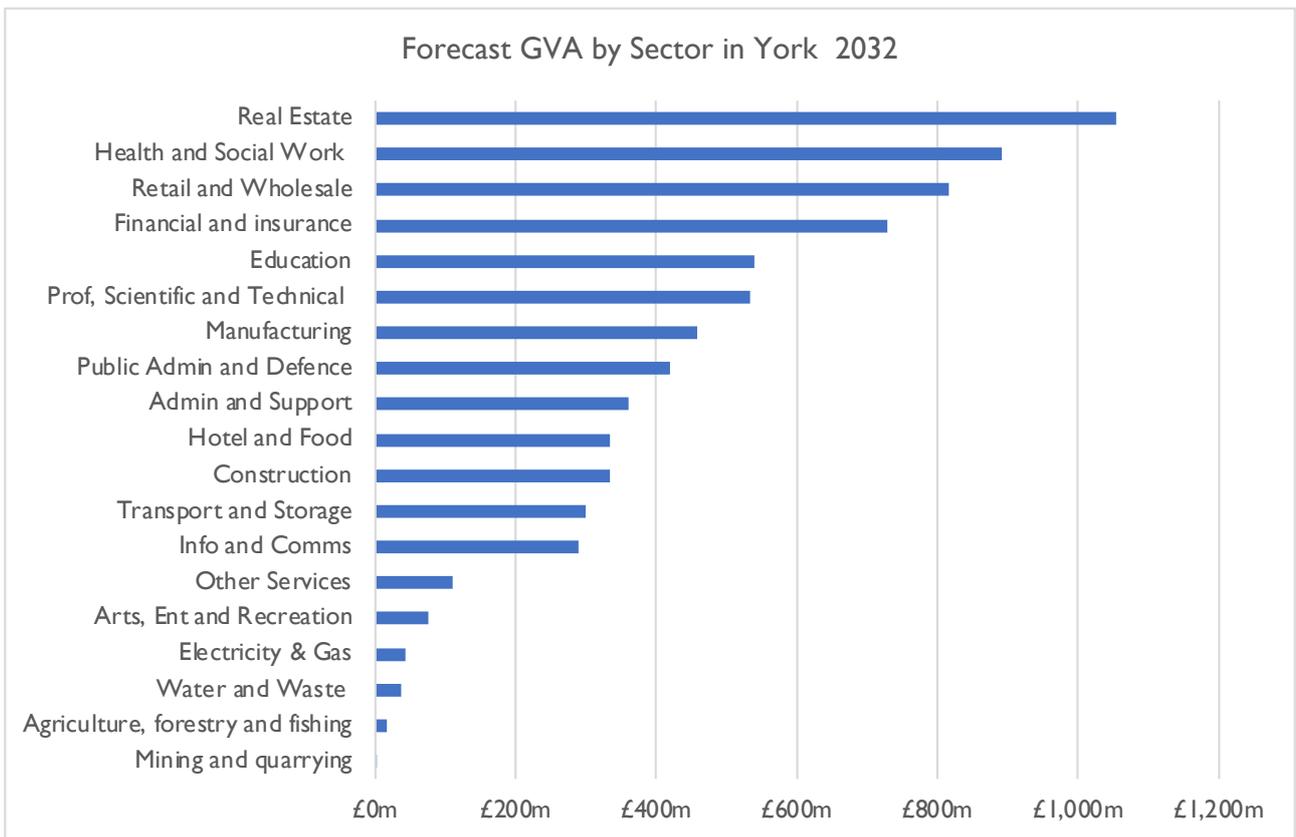
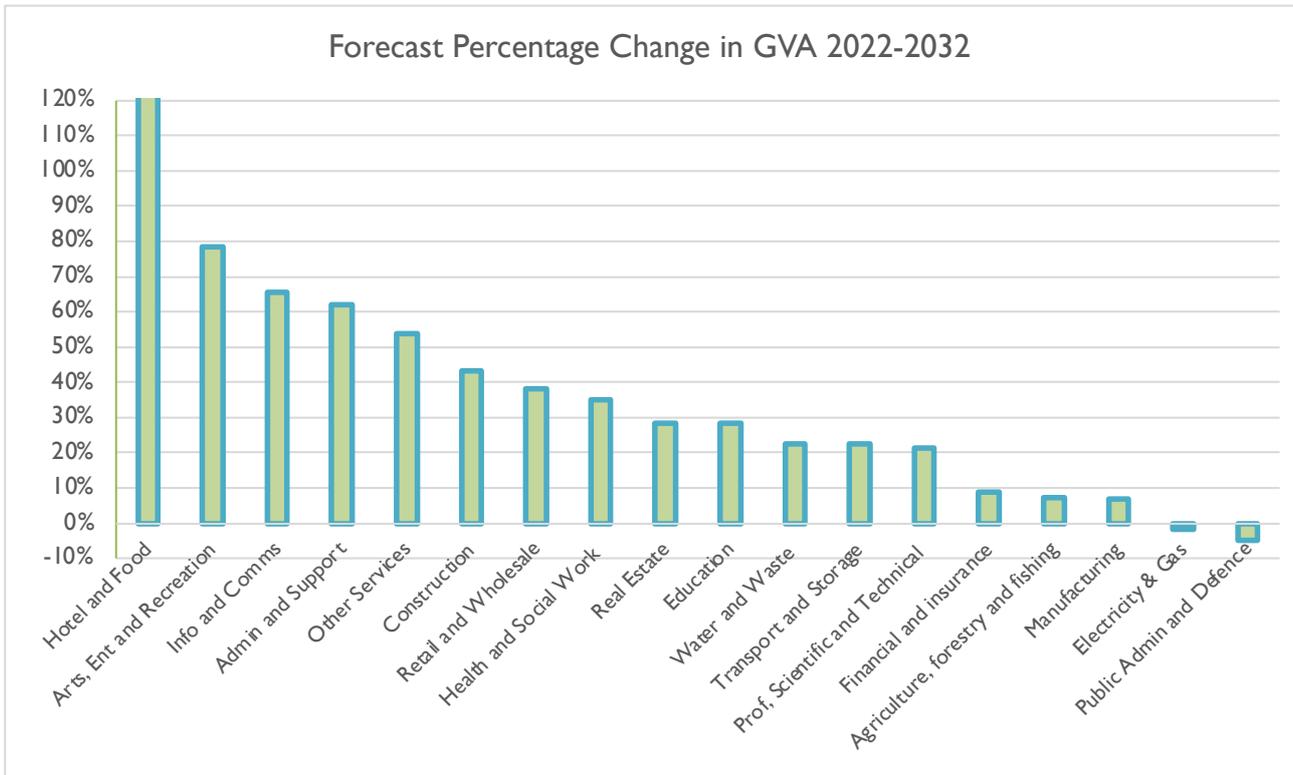


Figure 4: Forecasted Sectoral Contribution to GVA<sup>4</sup>

<sup>3</sup> Oxford Economics - GVA Forecast – Level Values – 2020-2030 – Forecast made on 26/07/2022 nb. The Oxford Economics econometric model produces slightly different GVA measures to those produced by the Office for National Statistics

<sup>4</sup> Ibid



**Figure 5: OE forecast of GVA growth by sector<sup>5</sup>**

Based on current figures, York is forecast to continue growing in the next ten years, faster than most of our peers in Yorkshire but just shy of UK levels. Average year-on-year GVA growth between 2022 and 2032 is forecast to be 1.58% for York, but 1.78% for the UK. As with the productivity levels, York is leading across the Yorkshire region but is falling just short of national levels.

<sup>5</sup> Oxford Economics – GVA Forecast – Percentage change of industry level values between 2022-2032 – Forecast based on data from 26/07/22

# Earnings and Income

## Overview

Earnings and income largely determine the prosperity of York's residents and so it is vital to track how these fare across different types of employment over time and in comparison, to local, regional, and national levels.

Earnings is the amount of money someone earns from employment, whilst income is the total of all monies received including earnings, benefits, and pensions.

## Earnings

The earnings of York's residents compare well with the earnings of those in other northern cities in England. The median weekly pay for full-time working residents in York is £597.90, which is just lower than Newcastle but higher than that of Leeds, Sheffield, Liverpool, and Manchester. It is also very close to the UK median of £610.70 per week. As such, York is performing well at a regional level and is close to the national average. These figures are demonstrated in Figure 7.

There is, however, room for improvement because York's earning levels trail comparable cities and towns in Southern England. Inevitably London pays much larger wages, but Cambridge, a city of similar size to York, has a median weekly pay that is £130 higher, whilst Oxford and Reading respectively are £67 and £61 higher (see Figure 8). This divergence in pay between York and southern cities and towns risks York graduates, education leavers and workforce moving away from the city in order to earn more.

The full-time weekly pay of residents across different income percentiles show again that York is performing well regionally and in line with national levels. Across all income percentiles York is above the Yorkshire & Humber median and either above, or level with, UK weekly pay levels (Figure 9). Full-time weekly pay in York for those on the lowest 10th percentile of incomes is £373.30 a week in comparison to those in the 80th percentile where it is £946.60 a week.

When we look at part-time hourly pay of residents across different income percentiles, York is above both Yorkshire & Humber and UK pay levels at every level available. Part-time hourly pay in York for those on the lowest 10 percentile of incomes is £8.80 an hour in comparison to those on the 70th income percentile where it is £14.26 an hour as seen in Figure 10.

Since 2008, it is the lowest incomes that have grown the most in annual percentage change terms in York. Looking at the total weekly pay (full-time and part-time pay) of residents across different income percentiles from 2008 to 2021, the 10th percentile grew 50%, 20th percentile by 46% and the 30th percentile by 51%. This compares to the income of the 80th percentile growing 31% and the 60th and 70th percentile growing 33% as illustrated in Figure 11. This demonstrates inclusive growth, with those at the bottom of the income percentile seeing their incomes grow the most.

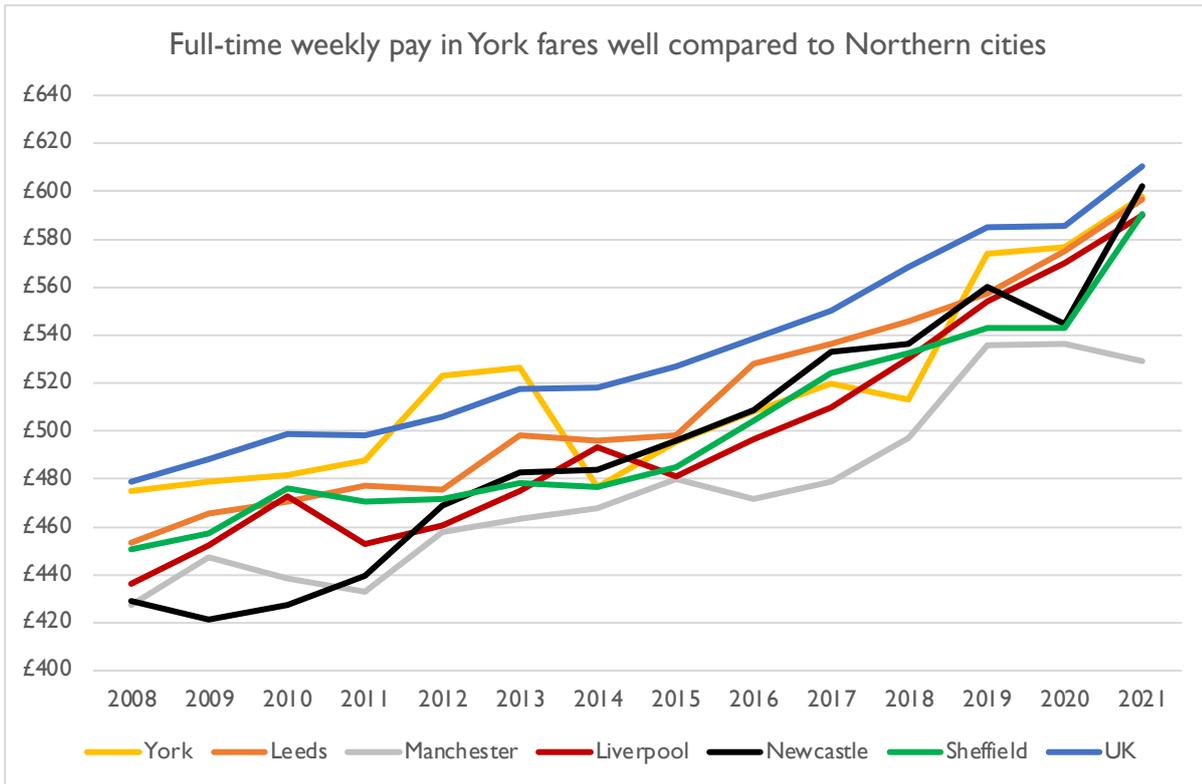


Figure 6: Full-time weekly pay across Northern cities<sup>6</sup>

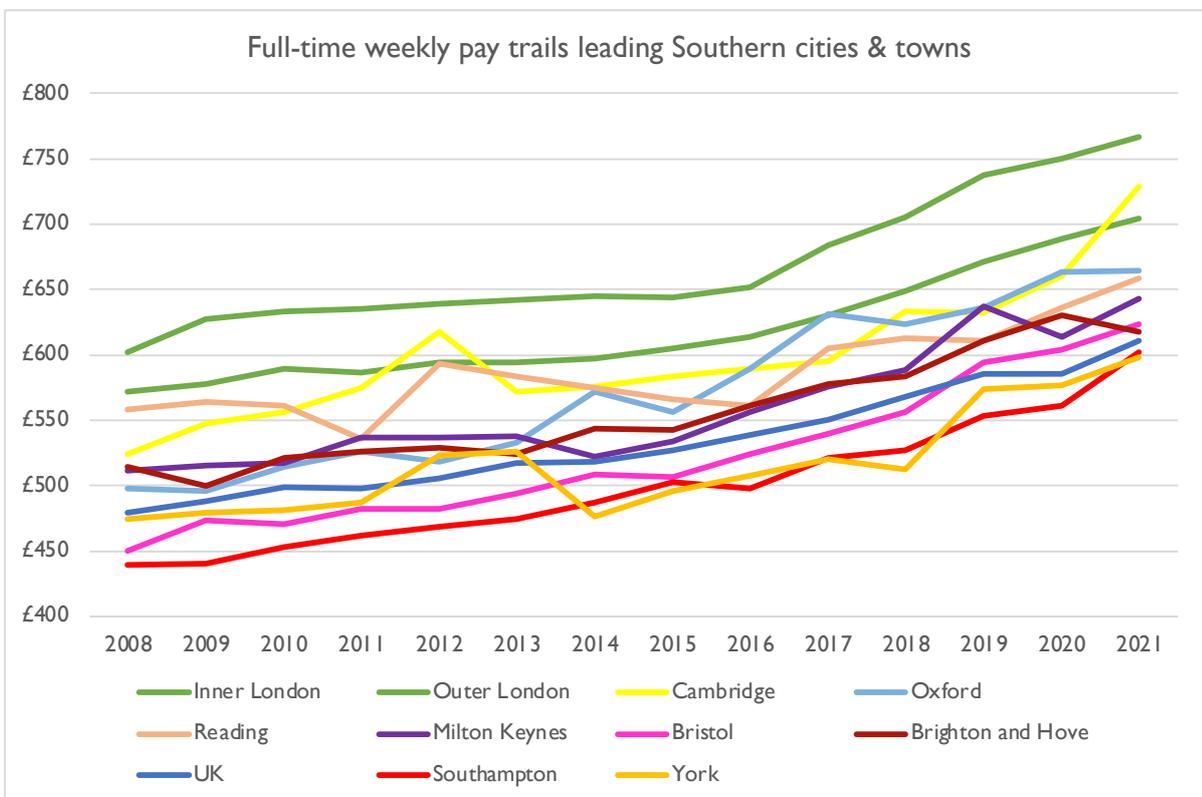


Figure 7: Full-time weekly pay across Southern England<sup>7</sup>

<sup>6</sup> ONS: Annual Survey of Hours and Earnings – 2021 Figures – Median Full-Time Weekly Pay (Gross) – Residents

<sup>7</sup> Ibid

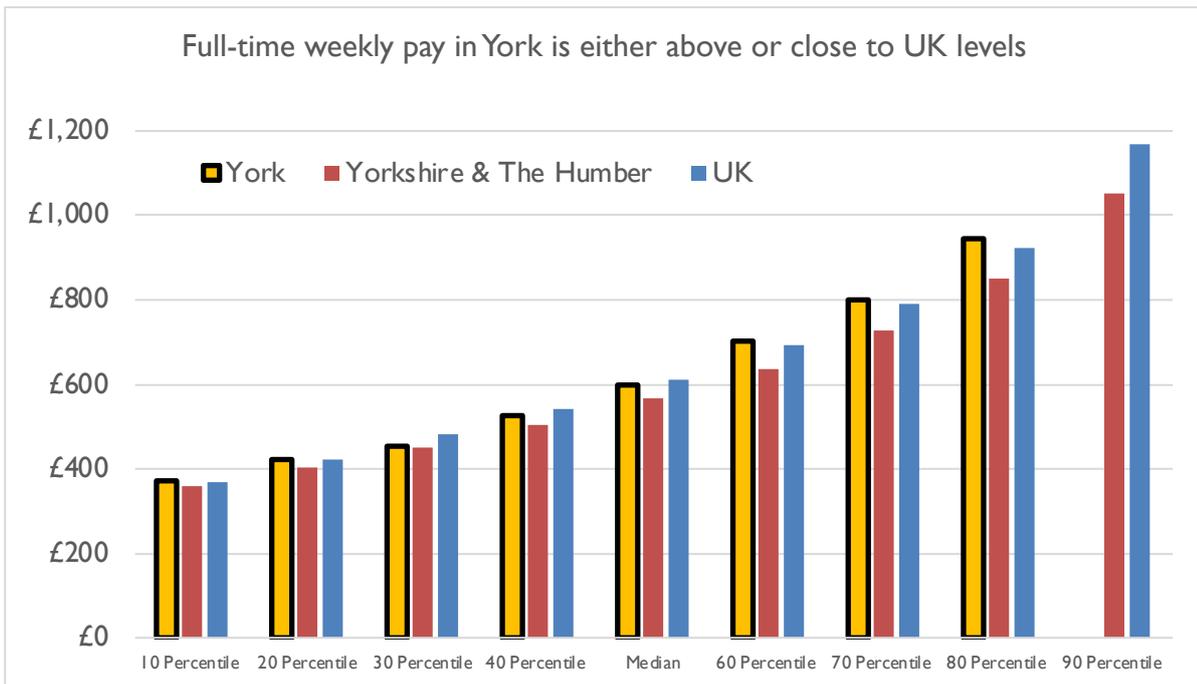


Figure 8: Full-time weekly pay in York<sup>8</sup>

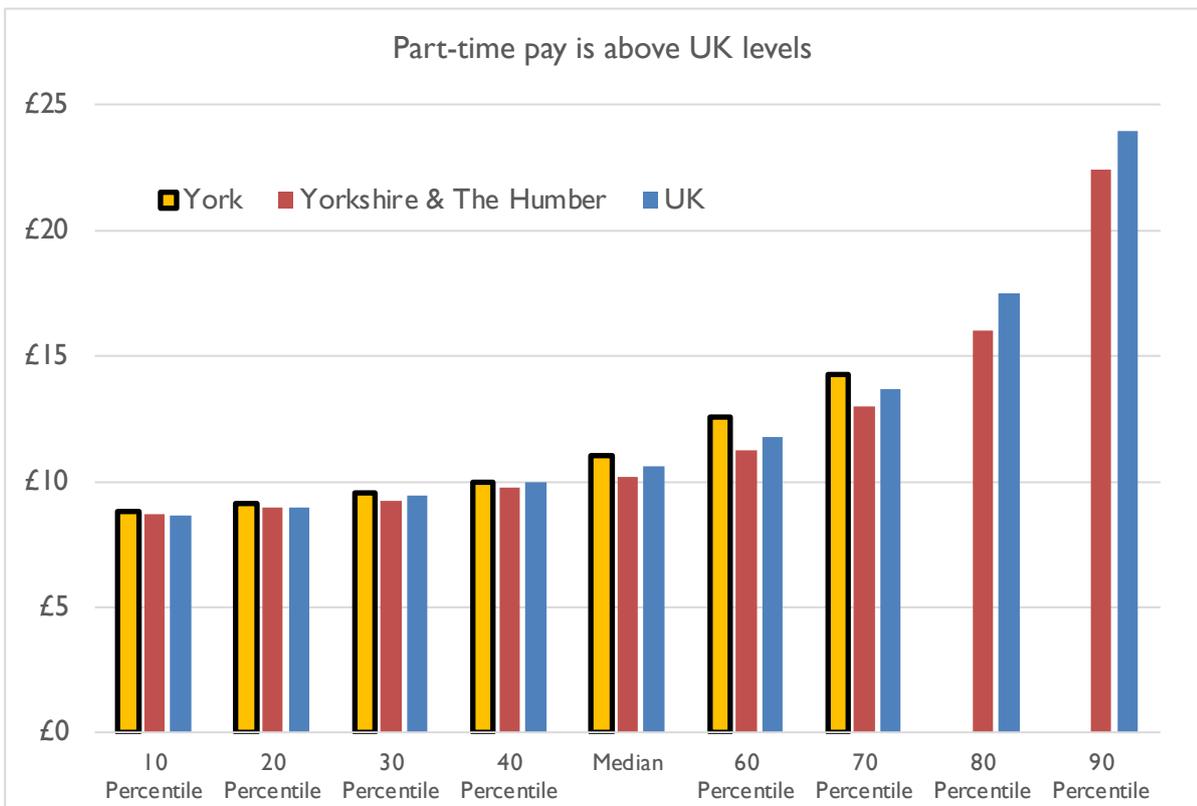


Figure 9: Part-time pay in York<sup>9</sup>

<sup>8</sup> ONS: Annual Survey of Hours and Earnings – 2021 Figures – Full-Time Weekly Pay (Gross) – York Residents

<sup>9</sup> ONS: Annual Survey of Hours and Earnings – 2021 Figures – Part-Time Hourly Pay (Gross) – York Residents

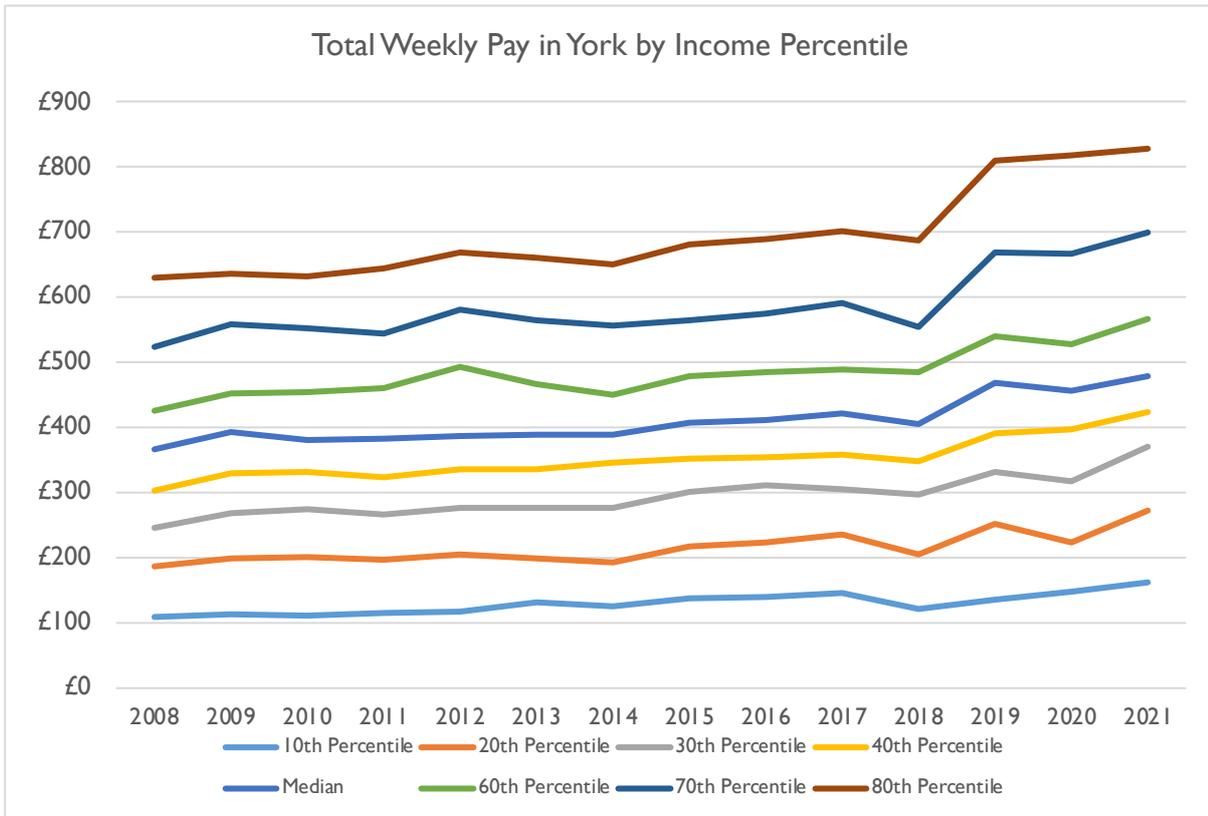


Figure 10: Total Weekly Pay in York<sup>10</sup>

## Income

Despite the progress in growing the incomes of the lowest earners, York’s gross disposable household income (GDHI) trails comparable cities and towns in southern England. GDHI is the amount of money that all individuals in the household sector have available to spend or save after they have paid direct or indirect taxes and received any direct benefits.

As seen in Figure 12, it is estimated that in 2019 GDHI for a household in York was £20,216. Bath & NE Somerset - which has roughly 15,000 less people than York - had a GDHI of £22,848 in 2019 whilst GDHI in Cambridge was £25,105 in 2019. Again then, there is room for improvement to ensure that York’s residents can access the same level of goods and services that people of southern England can enjoy.

<sup>10</sup> ONS: Annual Survey of Hours and Earnings – 2021 Figures – Total Weekly Pay (Gross) – York Residents

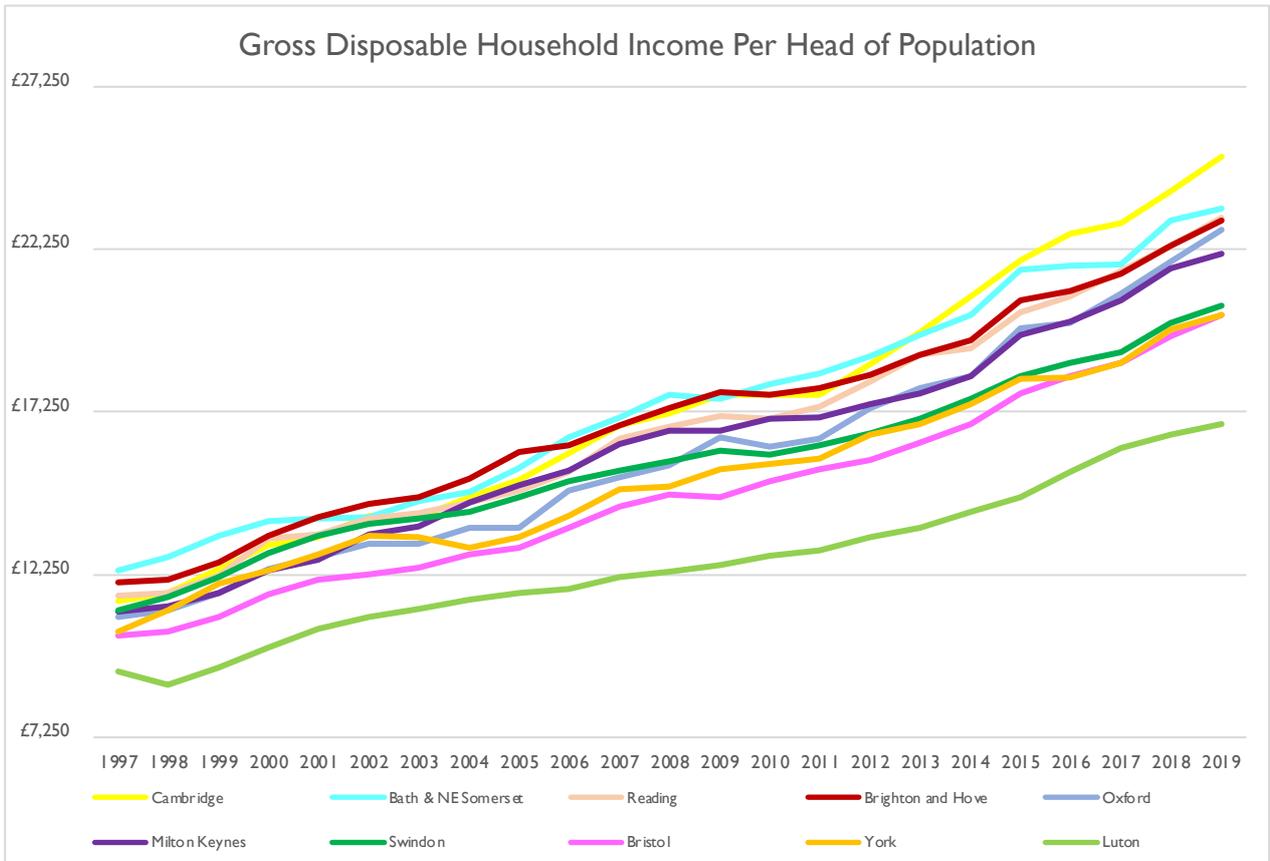


Figure 11: Gross Disposable Household Income<sup>11</sup>

<sup>11</sup> ONS: Regional Gross Disposable Household Income – Per Head of Population (current prices)

## Skills

### Overview

One of York's main strategic assets is its highly skilled workforce. The city is consistently rated as the most highly skilled city in Yorkshire and the Humber, as well as across Northern England.

Skills are the ability to do an activity or job well, and are generally represented by the qualifications held by an individual. Skills dictate the type of job a person can access, which in turn, determines earnings and income. At the same time, the skill level of the workforce influences the type of production that takes place, and the type of businesses that make-up the economy.

### A skilled local population

The latest statistics from December 2021 once again highlight York's highly skilled status with an estimated 59% of the working age population (16-64) holding an NVQ4 or higher. This is 15.5 percentage points higher than the UK figure. 88% of York's working age population were estimated to have a NVQ2 or higher, with just 3.7% estimated to hold no qualifications at all as seen in Figure 14.

Although York has undoubted strengths in this area, other northern cities were also catching up with York's skill level up until 2021. Figure 15 looks at the highest skill level of the working age population (16-64) across the major cities in the north of England, and it is estimated that in December 2021 59% of York's working age population had a NVQ4 or higher, 14 percentage points higher than second-placed Leeds. When looking at the average annual percentage change between 2004 and 2020, however, Liverpool ranks highest with 6% annual growth and York is the lowest with 2% average.

Caution must be taken with these statistics. Data comes from the Annual Population Survey, which is based on interviews with the members of randomly selected households in the UK. It is a positive sign that York highly ranks each year through this data collection, but it is important to take note of the potential variance for error in the data. Figures 16 and 17 includes the actual figure with the confidence level included. There is larger confidence level in the 2021 reading than in other years. Bearing this and the findings from Figure 15 in mind, it can be argued that York should work to maintain its competitive advantage in skills.

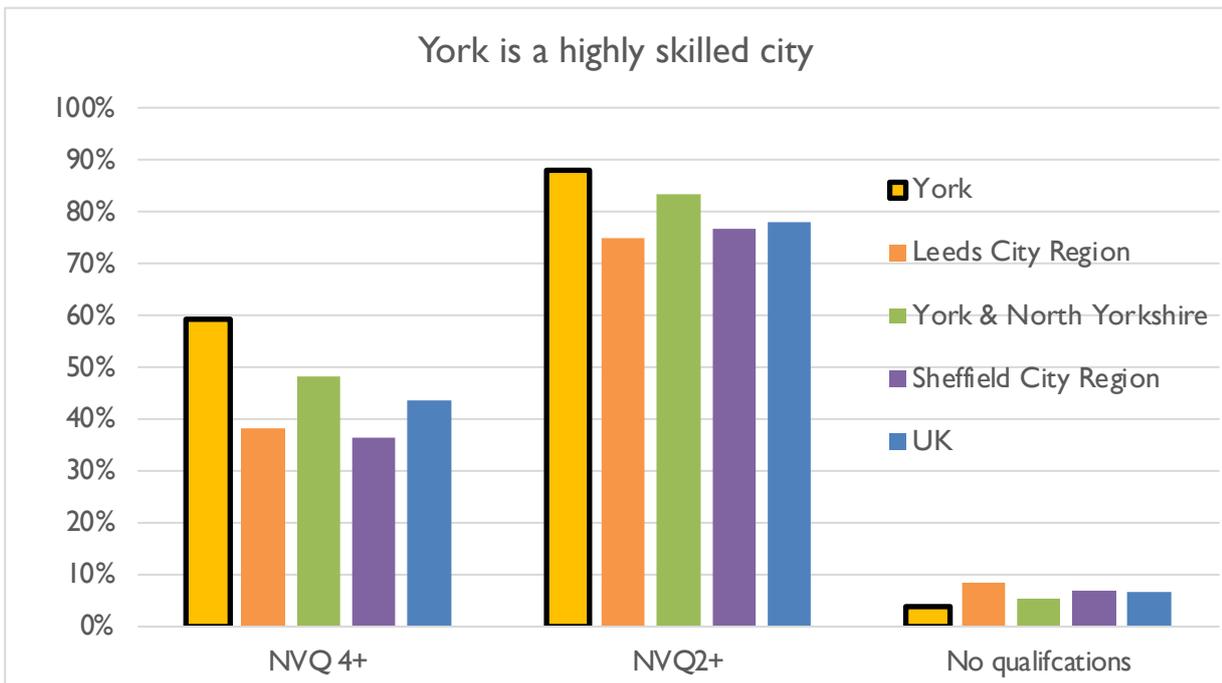


Figure 12: York is a highly skilled City<sup>12</sup>

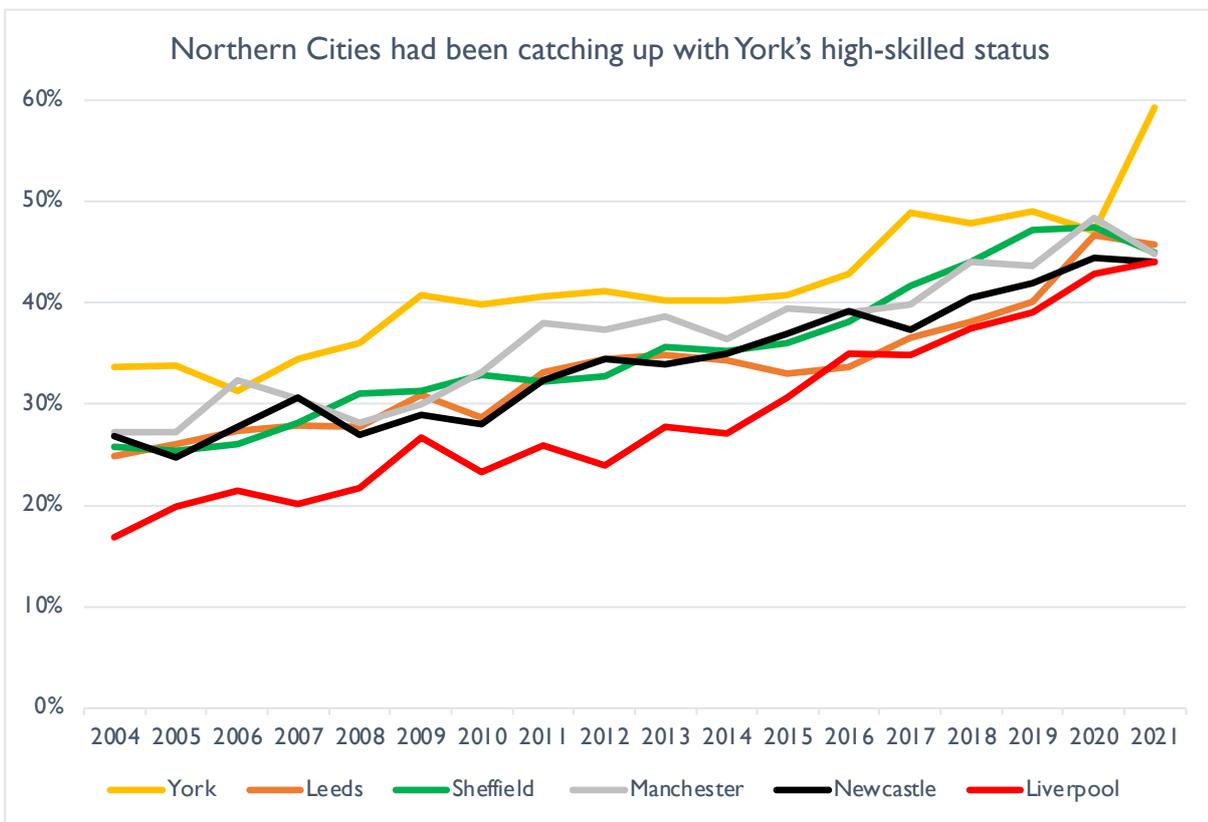
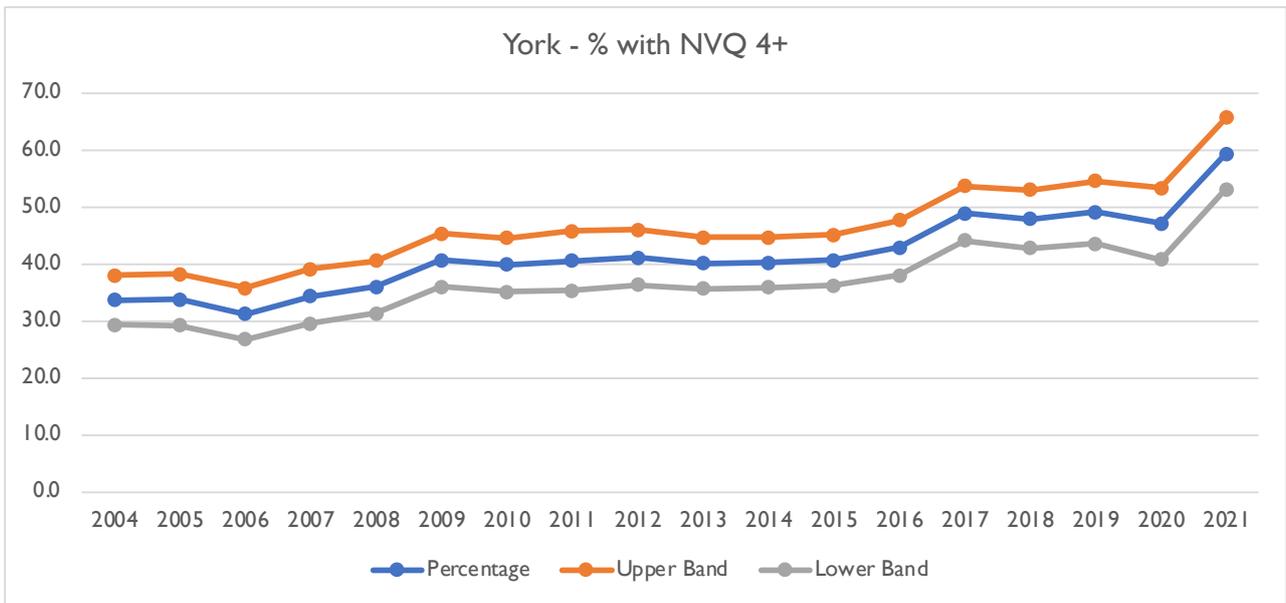


Figure 13: Northern cities skill base<sup>13</sup>

<sup>12</sup> ONS: Annual Population Survey – Jan 2021 – Dec 2021 – % of working age population (16-64)

<sup>13</sup> ONS: Annual Population Survey – Jan 2004 – Dec 2021 – % of working age population (16-64) with NVQ4+



**Figure 14: Confidence Level for % of working age population with NVQ4+ in York – Part 1<sup>14</sup>**

	<b>Confidence Level</b>
2004	4.3
2005	4.5
2006	4.5
2007	4.8
2008	4.6
2009	4.7
2010	4.7
2011	5.2
2012	4.8
2013	4.5
2014	4.4
2015	4.4
2016	4.8
2017	4.8
2018	5.1
2019	5.5
2020	6.3
2021	6.3

**Figure 15: Confidence Level for % of working age population with NVQ4+ in York – Pt 2<sup>15</sup>**

<sup>14</sup> Ibid

<sup>15</sup> Ibid

## The Labour Market

### Overview

The labour market is made up of a variety of different people, from varying educational backgrounds and with a broad spectrum of different qualifications, who are willing and able to work.

Understanding the employment status, type of employment, number of occupations and the long-term trends in a labour market provides a picture as to how residents are employed and how the local economy is functioning.

### The local labour market

York's labour market data suggests that the city has a strong working culture with a large percentage of people working in full-time (52.4%) and part-time (17.7%) employment.

1.6% of the working-age population are unemployed in comparison to regional enterprise zones and the UK average. Even for the economically inactive, York is performing well with a lower percentage of economically inactive – those actively choosing not to have a job - in comparison to the regional enterprise zones and the UK average. This can be seen in Figure 18 which shows the economic status of the working age population (16-64) in York for the period October 2020-September 2021.

### Employment sectors and labour market fluctuations

Overall, there are 65,000 full-time employees and 40,000 part-time employees in York, with employment highest in the Retail and Wholesale (16,000), Health and Social Care (15,500) and Education (14,000) sectors<sup>16</sup>. Figure 19 provides the split of full-time and part-time employment across all the industries in York as of 2020, using data from the Business Register and Employment Survey (BRES).

The sectors in which part-time employment is highest are the Retail and Wholesale (8,000), Health and Social Work (7,000) and Accommodation and Food (6,000), typically industries which pay lower wages. The Accommodation and Food industry is the only industry in York where part-time work (6,000) is greater than full-time work (4,000).

Long term trends indicate that York has become more of a service-based economy. Between 1998 and 2020 the industries which saw the most employment growth over the 22-year period were the Administrative and Support (+ 5,500 employees), Health and Social Care (+ 5,000 employees) and the Education (+ 3,000 employees) industry. By contrast, the industries which saw the greatest reduction in employment numbers are the Construction (- 5,000

<sup>16</sup> There are a number of economic datasets which provide local employment figures, with figures slightly varying but all are of similar marks.

employees) Transportation and Storage (- 4,000 employees) and Manufacturing (- 3,500 employees). Combining the figures for all employment losses with the Water & Waste, Electricity & Gas and Mining & Quarrying industries, a total of 14,450 middle-skilled jobs have been lost since 1998 as seen in Figure 20.

York now has 21,300 more high skilled jobs than it did 22 years ago. Using levels of employment registered in high skilled, middle skilled, service-intensive and manual jobs from December 2004 shows that the number of jobs have varied up until September 2021 as seen in Figure 21. Those classified in high skilled jobs are those who come under the SOC Code 1 (managers, directors and senior officials), 2 (professional occupations), 3 (associate professional & technical occupations). It

is across those occupations in which York has seen a 21,300 increase since 1998.

Those classified in middle skilled jobs come under the SOC Code 4 (administrative and secretarial occupations) and 5 (skilled trades occupations), those in service-intensive jobs come under the SOC Code 6 (caring, leisure and other service occupations) and 7 (sales and customer service occupations), and those in manual jobs come under the SOC Code 8 (process, plant and machine operatives) and 9 (elementary occupations).

From 1998, York has lost 3,600 middle skilled jobs, 3,200 service-intensive jobs and 1,400 manual jobs, again indicating that York has transitioned towards a higher-skilled services-based economy.

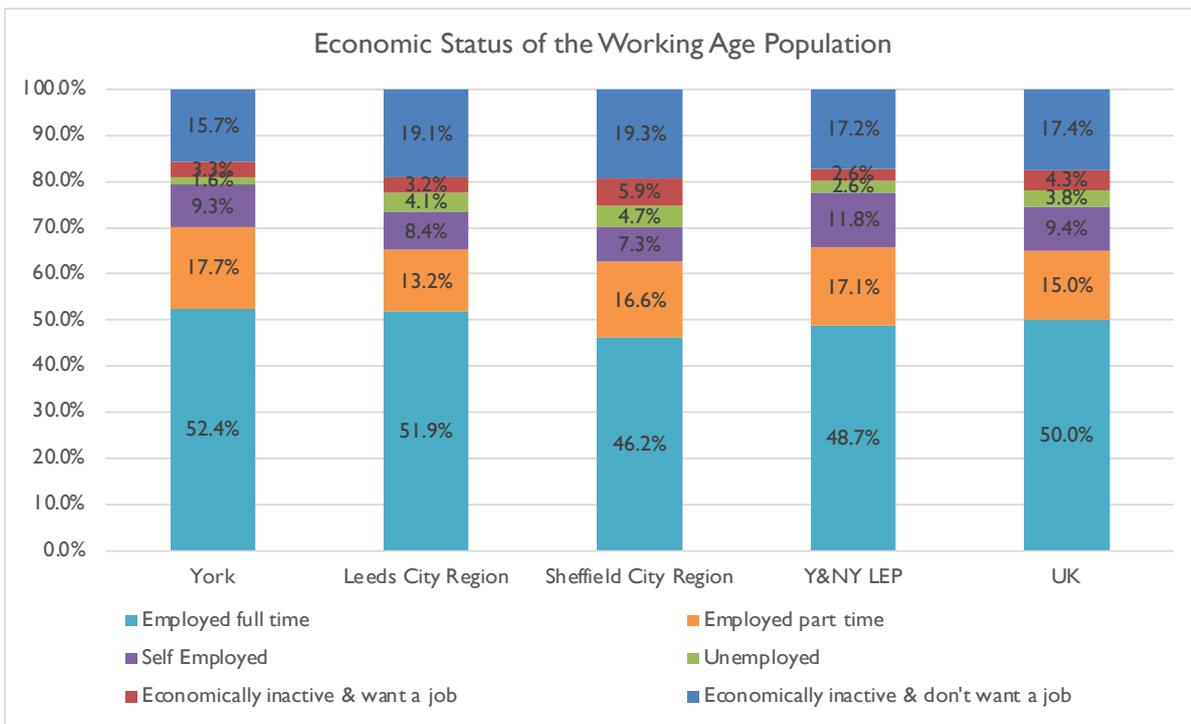


Figure 16: Economic Status of the working-age population<sup>17</sup>

<sup>17</sup> ONS: Annual Population Survey – Oct 2020 – Sep 2021 – % of working age population (16-64).

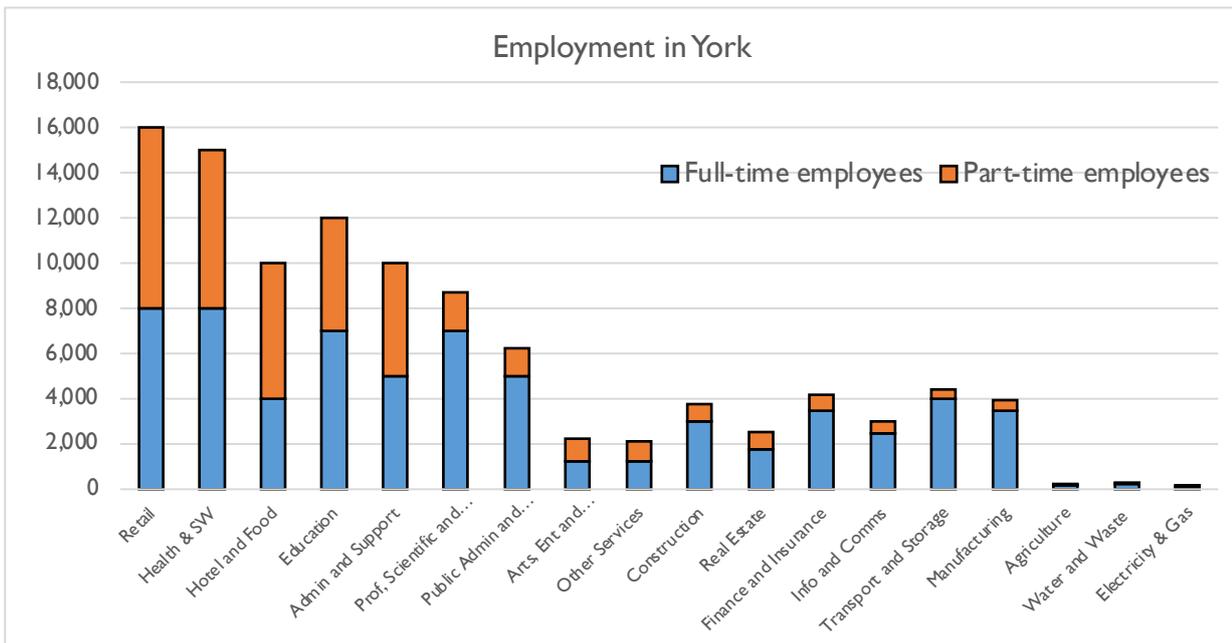


Figure 17: Employment in York<sup>18</sup>

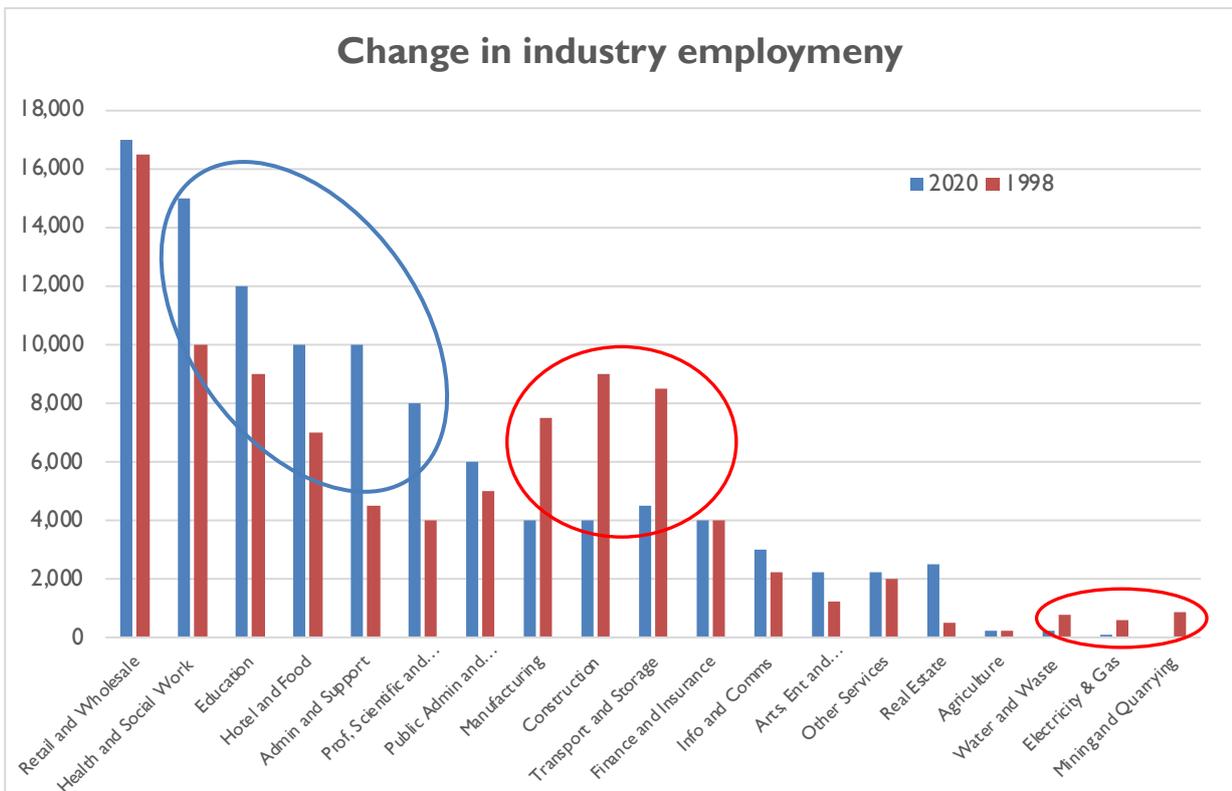


Figure 18: Changes in industry employment<sup>19</sup>

<sup>18</sup> ONS: Business Register and Employment Survey – Open Access – 2020 – Total Employee Count in York

<sup>19</sup> ONS: Business Register and Employment Survey – Open Access – 2020 – Full-time & part-time Employee Count in York

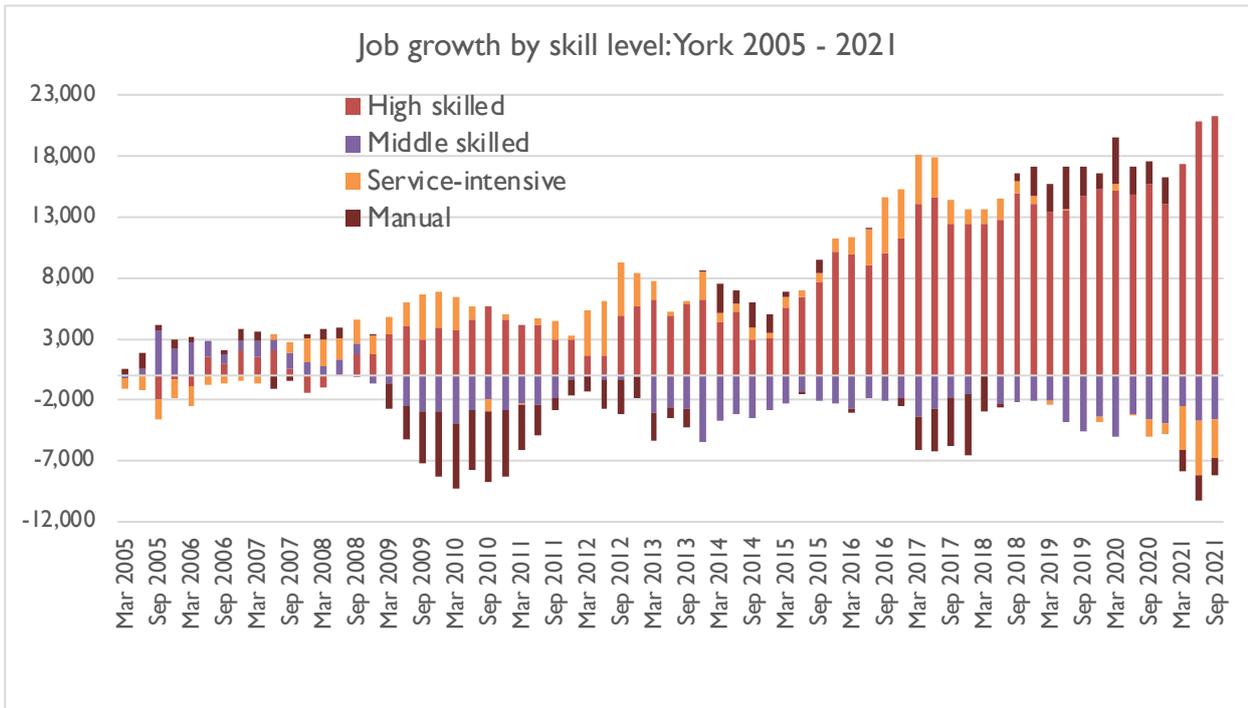


Figure 19: Jobs Growth by Skill Level in York from 2005-2021<sup>20</sup>

### Labour market characteristics

Work and hours are not distributed evenly across York’s population. In particular, the balance between full time and part time work is very different for men and women. Gender balance varies greatly across York’s sectors, and it is clear from the statistics that there are a significant number of women who leave the workforce after the age of 50.

Figures 20 to 26 provide a range of views on this data, which is largely sourced from the Annual Population Survey.

The majority of those in full-time employment in York fall into the 25-49 age bracket. The 16-19 and 65+ age groups have the same quantum

of employment (3,800) and a preponderance of part-time work, as shown in Figure 20. Taken as a whole, 88% of male workers and 61% of women are in full-time jobs.

Part-time work is much more prevalent among women. Across all of York’s workforce, 25% are in part time work. There are 7,700 men and 22,000 women working part time in York (Figure 26) with 6,000 of those under the age of 24. It is fair to assume that most of those are students working their way through college. In the 25-49 age group, of 14,500 part-time workers, 12,600 are female and 1,900 male. Among older workers, there are 9,200 part-time roles, and 40% of female over 50 workers are part-time.

<sup>20</sup> ONS: Annual Population Survey employment by SOC Code (2010)

Looking at self-employment, Figure 21 shows that more men in York are self-employed than work part-time, and that they outnumber female entrepreneurs by two to one.

The sector in which females and males are employed in the most as a percentage of the overall workforce is the Public Admin, Education and Health Sectors. 54% of female workforce and 27% of male workforce work in the sectors. For females, the next most popular sector is the banking, finance and insurance sector where 17% are employed, whilst for males, it is the retail, hotel and restaurant sectors where 17% of the workforce are employed as seen in Figure 24.

The occupations in which both females and males are most employed in York are the same: most occupy in professional occupations, followed by the caring, leisure and other service occupations (see Figure 25). The biggest difference in job occupation by gender is in the skilled trades occupations where 5,900 males and 1,200 females are employed. Females outrank males the most in the administrative and secretariat occupations with 5,900 females and 3,100 males employed in this type of occupation. A sign that progress is being made in gender diversity across businesses is that more females are employed as managers, directors and senior officials than males (5,500).

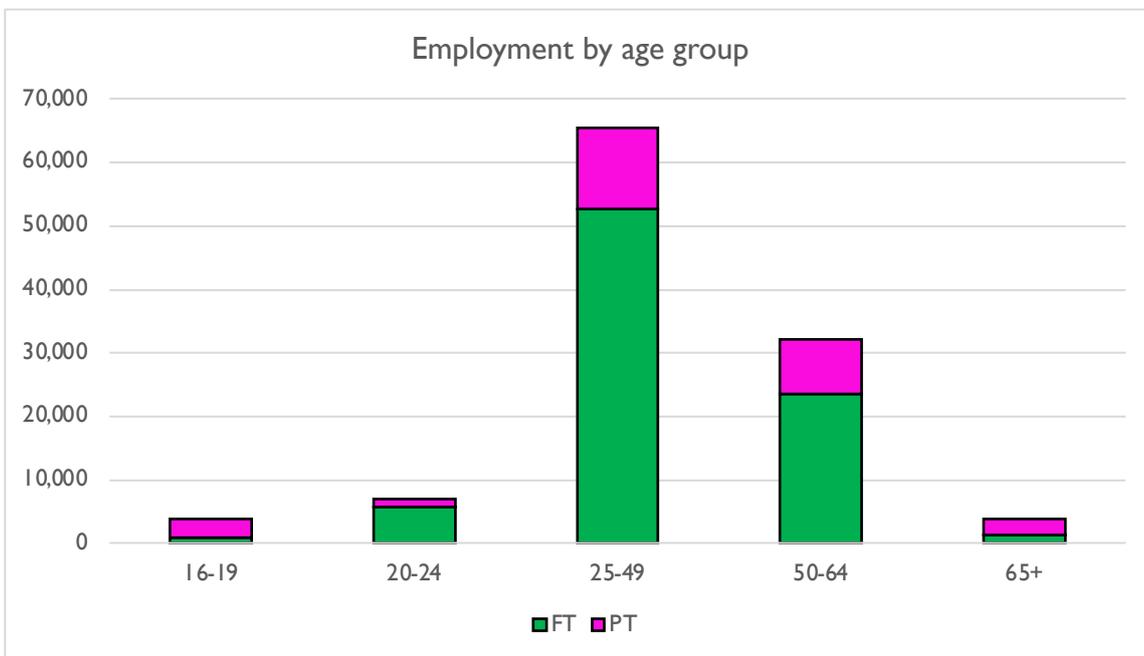


Figure 20: Employment by Age Group<sup>21</sup>

<sup>21</sup> ONS: Annual Population Survey – Jan 2021 – Dec 2021

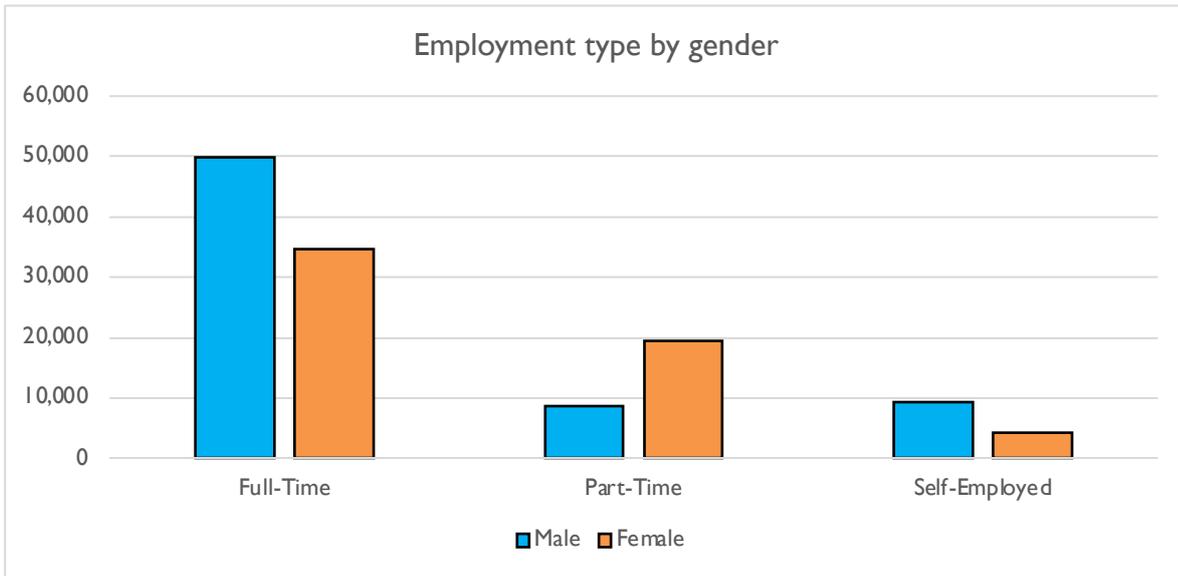


Figure 21: Employment type by gender<sup>22</sup>

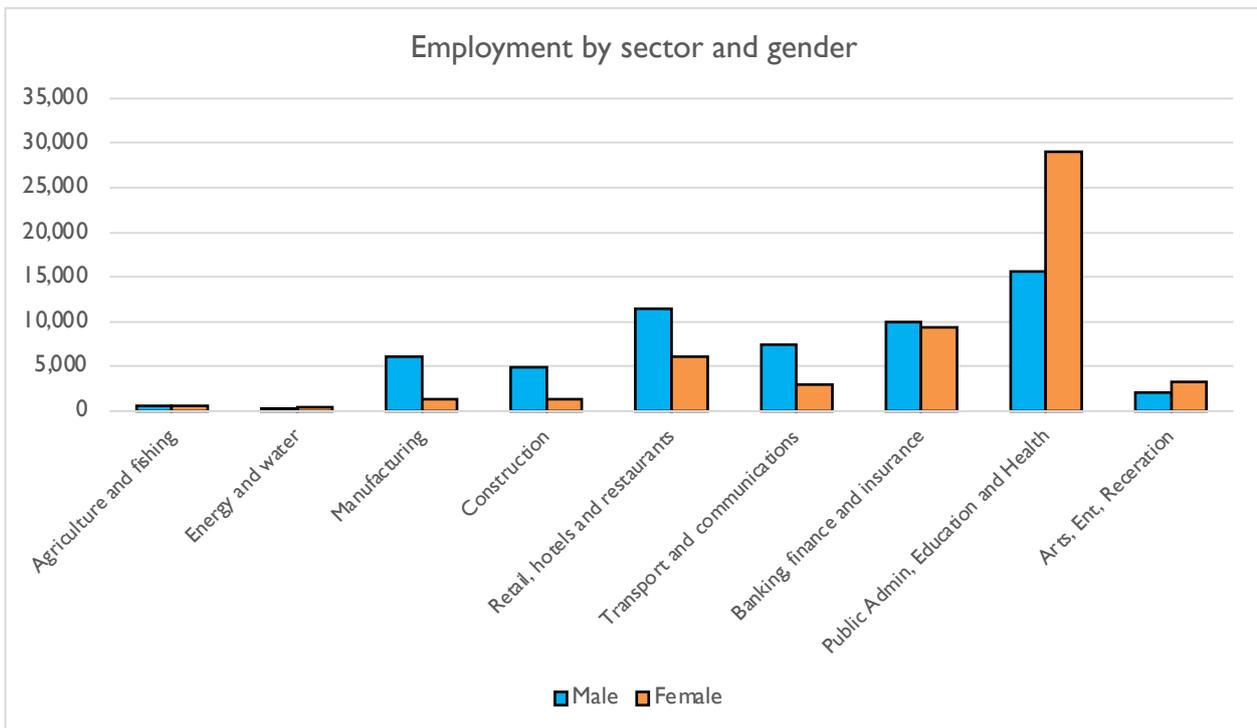


Figure 22: Employment by sector and gender<sup>23</sup>

<sup>22</sup> Ibid

<sup>23</sup> Ibid

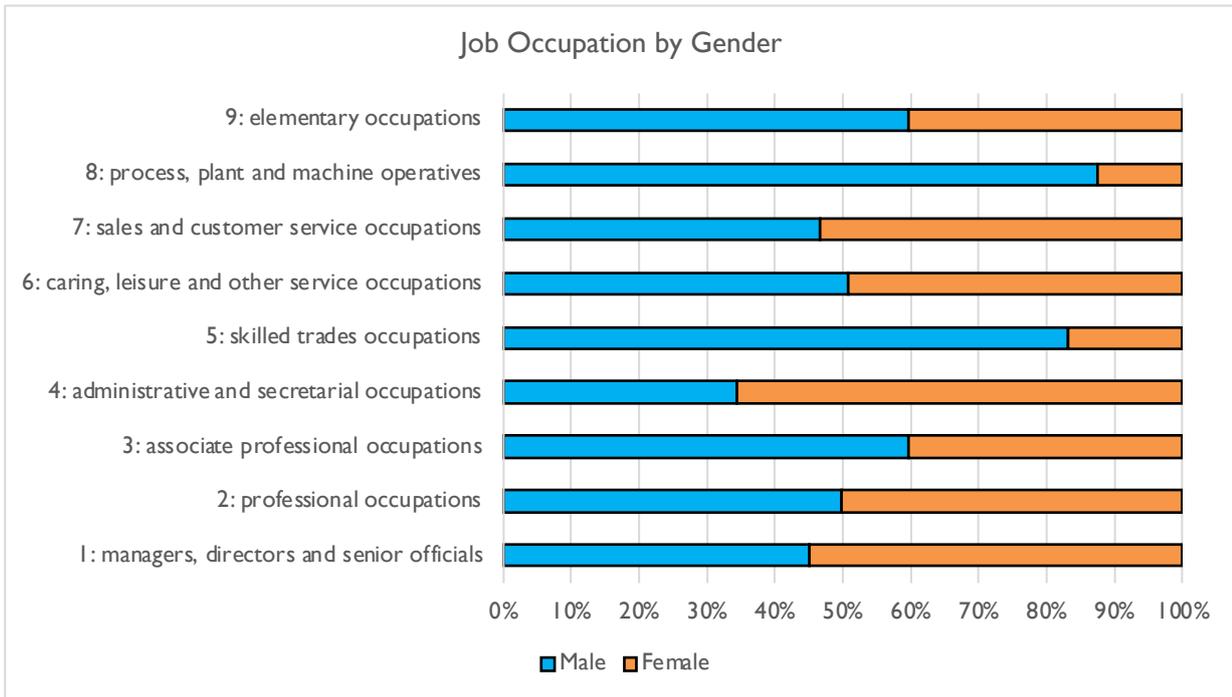


Figure 23: Job Occupation by Gender<sup>24</sup>

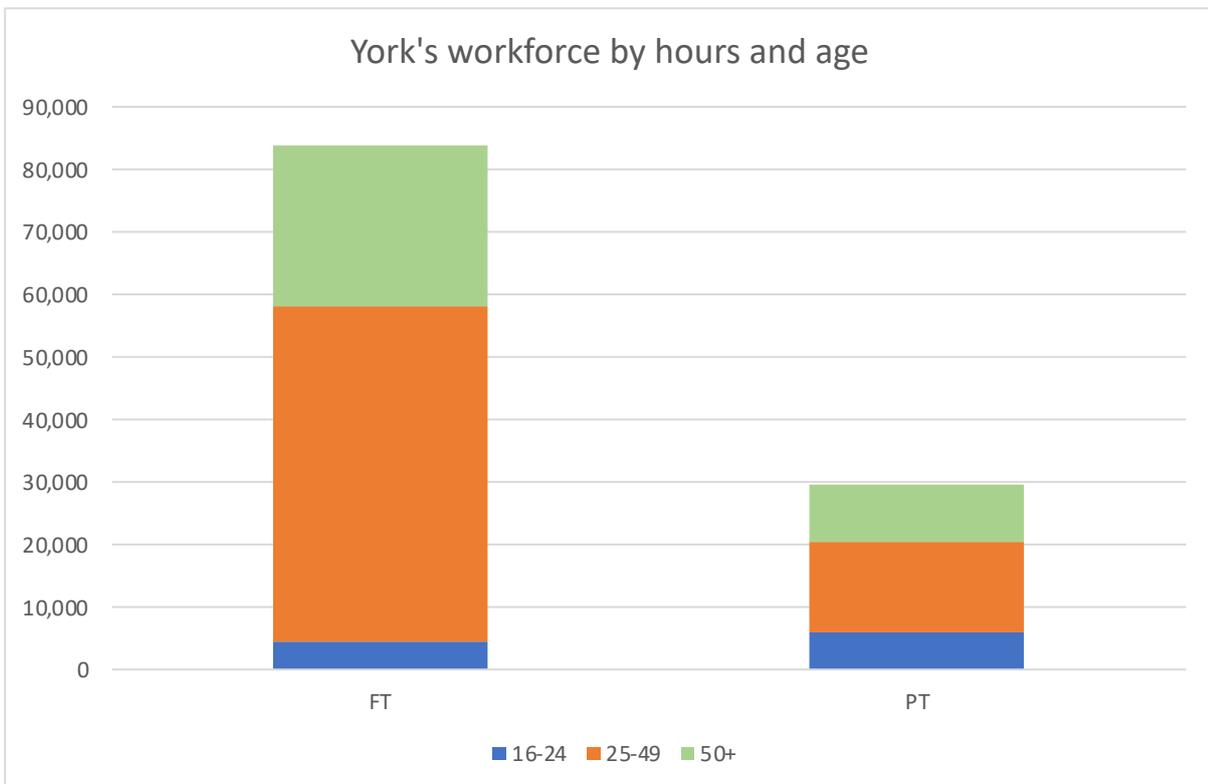


Figure 24: Workforce by hours and age<sup>25</sup>

<sup>24</sup> Ibid

<sup>25</sup> Ibid

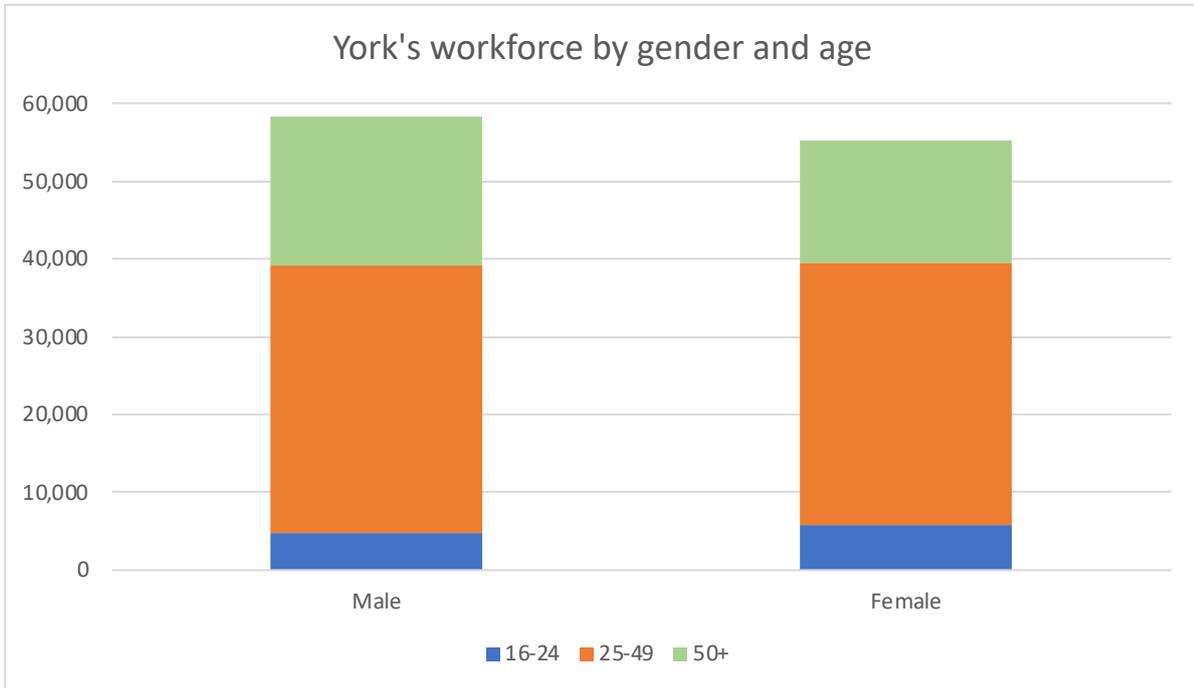


Figure 25: Workforce by gender and age<sup>26</sup>

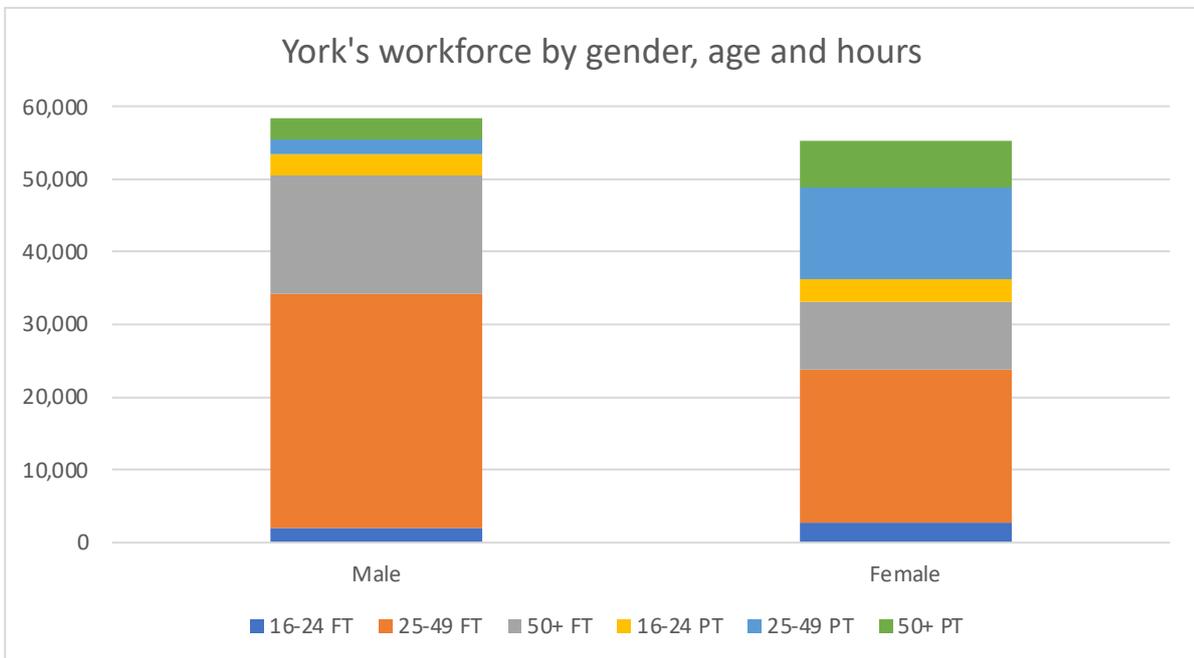


Figure 26: Workforce by gender and age<sup>27</sup>

<sup>26</sup> Ibid

<sup>27</sup> Ibid

## Claimant count

The Claimant Count measures the number of people claiming benefits, principally as a result of being unemployed. From April 2015 this includes all Universal Credit claimants who are required to seek work and be available for work, as well as all Job Seeker Allowance claimants.

Looking at the claimant count for York from 1986 to May 2022, the count remains relatively high on recent levels but is consistently falling. In June 2022, 2,480 people were claiming unemployment-related benefits, 660 more than March 2020 when the Covid-19 pandemic hit. The last time it was this high pre-Covid was in July 2013, signalling that the claimant count is still high on recent levels (see Figure 27).

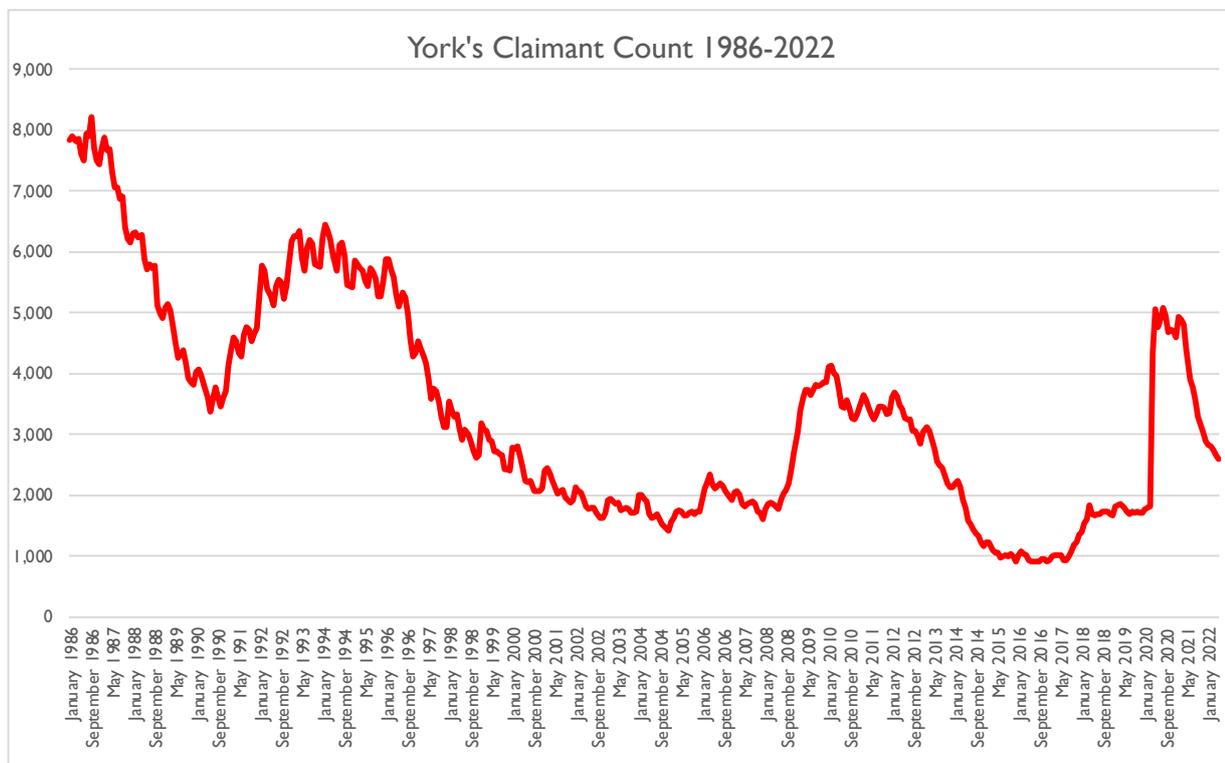


Figure 27: York’s Claimant Count<sup>28</sup>

## Total employment

Forecasts from Oxford Economics, indicate that total employment in York will continue to grow. Total Employment is slightly different to total employee data, as total employment includes all the self-employed, HM Forces and government supported trainees as well as employees and working proprietors.

<sup>28</sup> ONS: Claimant Count – Total – York

In 2020, the total employment figure for York was 118,270. By 2032 this is forecast to have grown by 6,800, reaching a total of 125,070. The graph in Figure 28 shows actual figures between 1991 and 2020, and forecasted figures between 2021 and 2032.

Total employment is also forecast to grow in line with, or just below, UK levels across the next decade. Figure 29, which looks at the forecasted percentage change in total employment year-on-year, shows that, despite a 0.39% contraction in 2023 for York, there is a strong growth in 2024 (1.41%), 2025 and (1.23%), which is greater than all of Yorkshire’s Local Enterprise Partnership areas and just short of UK levels.

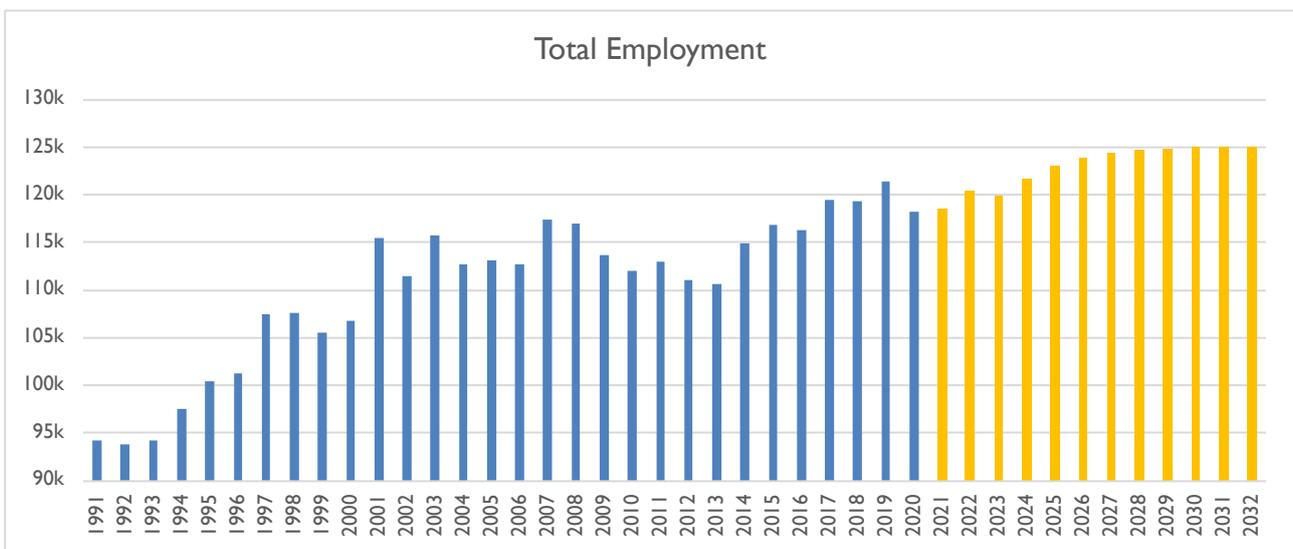


Figure 28: Total Employment in York<sup>29</sup>

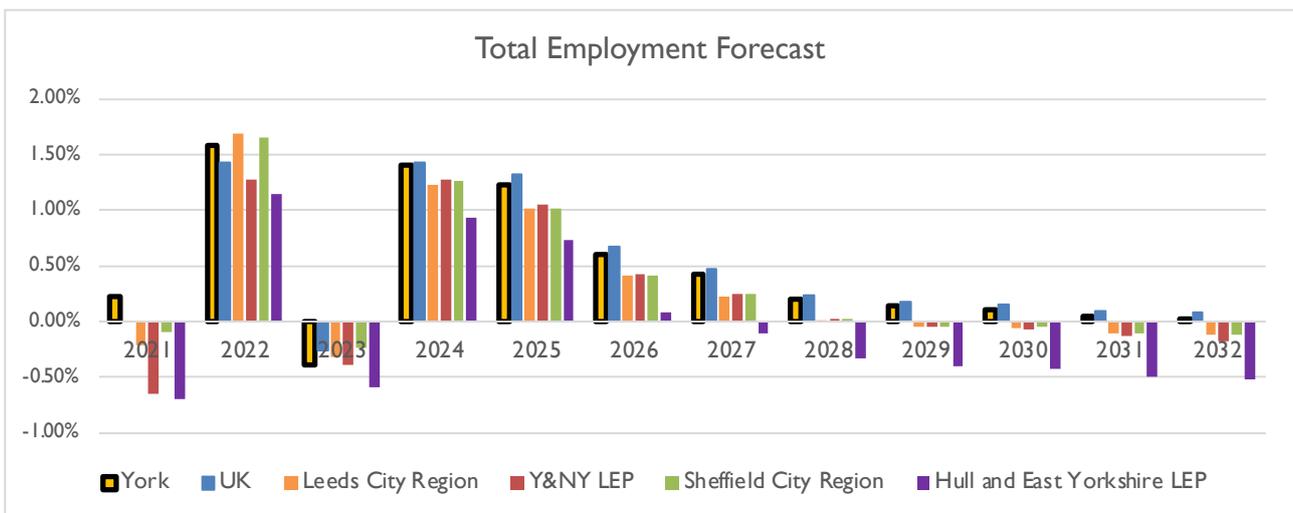


Figure 29: Total Employment Forecast<sup>30</sup>

<sup>29</sup> Oxford Economics – Total Employment Forecast – Level values – 1991-2032 – Forecast made on 27/07/22

<sup>30</sup> Oxford Economics – Total Employment Forecast – % change Y-o-Y – 2021-2032 – Forecast made on 27/07/22

## Businesses in York

### Overview

York has long been associated with globally recognised insurance and confectionary businesses, but it is a broad mix of businesses, both in size, age and sector, that are integral to any healthy economy, from micro businesses employing less than nine people to large multinational corporations.

### Businesses and their employees

Nationally, at the start of 2021, there were 5.6 million private sector companies in the UK, employing 27 million people, 61% of whom were working for SMEs<sup>31</sup>. The City of York has around 7,095 businesses, and a thriving independent - or 'indie' - scene across the whole city geography, from out of town retail areas such as Acomb, Fulford and Haxby, and the award winning 'Bishy Road', to famous city centre streets such as Shambles, Walmgate and Micklegate. It is often referred to as one of the best independent hotspots in the country alongside places such as Cambridge, Glasgow and Brighton.

The small business community is the backbone of the York economy, providing employment for thousands of people across a broad range of sectors from rail to retail, care to construction. 97.5%

of all businesses are micro or small businesses. Figures show that 5,305 of these companies have four employees or less. At the other end of the spectrum, large businesses (employing 250 people or more) such as those in the rail sector, national supermarkets, the NHS and our universities make up just over 0.5% of York's business landscape (see Figure 30 and 31).

Whilst the largest business sector (by quantity of businesses) nationally is construction, and in the York and North Yorkshire LEP area wholesale and retail<sup>32</sup>, York's top sector is professional, scientific and technical activities with 1,335 businesses, reflecting our thriving science and technology cluster (see Figure 32). In second place is retail and wholesale, as might be expected in a key tourist City

In 2021, 87.5% of businesses in York were micro-businesses, meaning they have 0-9 employees. Small businesses account for 10.1% of the overall numbers, medium-sized businesses account for 1.8% and large businesses account for 0.6% of all businesses in York.

A further break down of business size data shows that 85% of micro-businesses in York (5,305) have 0-4 employees. Small businesses in York, 63% have 10-19 employees.

<sup>31</sup> BEIS – Business Population Estimates 2021

<sup>32</sup> York and North Yorkshire LEP, Labour Market Analysis 2021

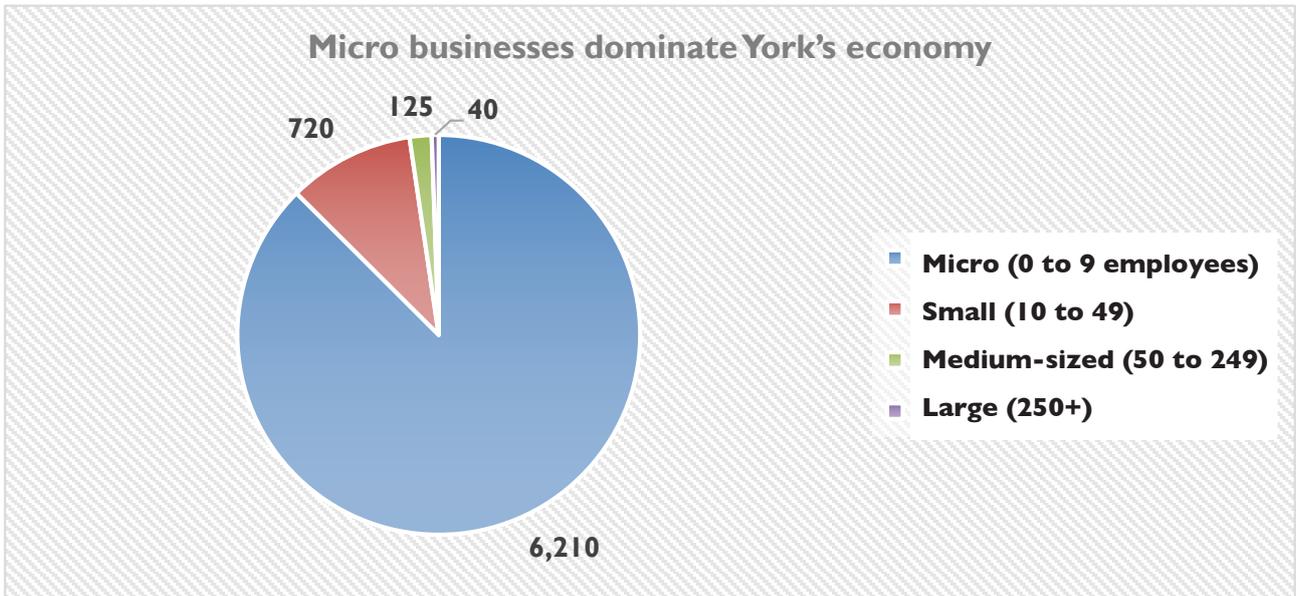


Figure 30: Businesses by size in York<sup>33</sup>

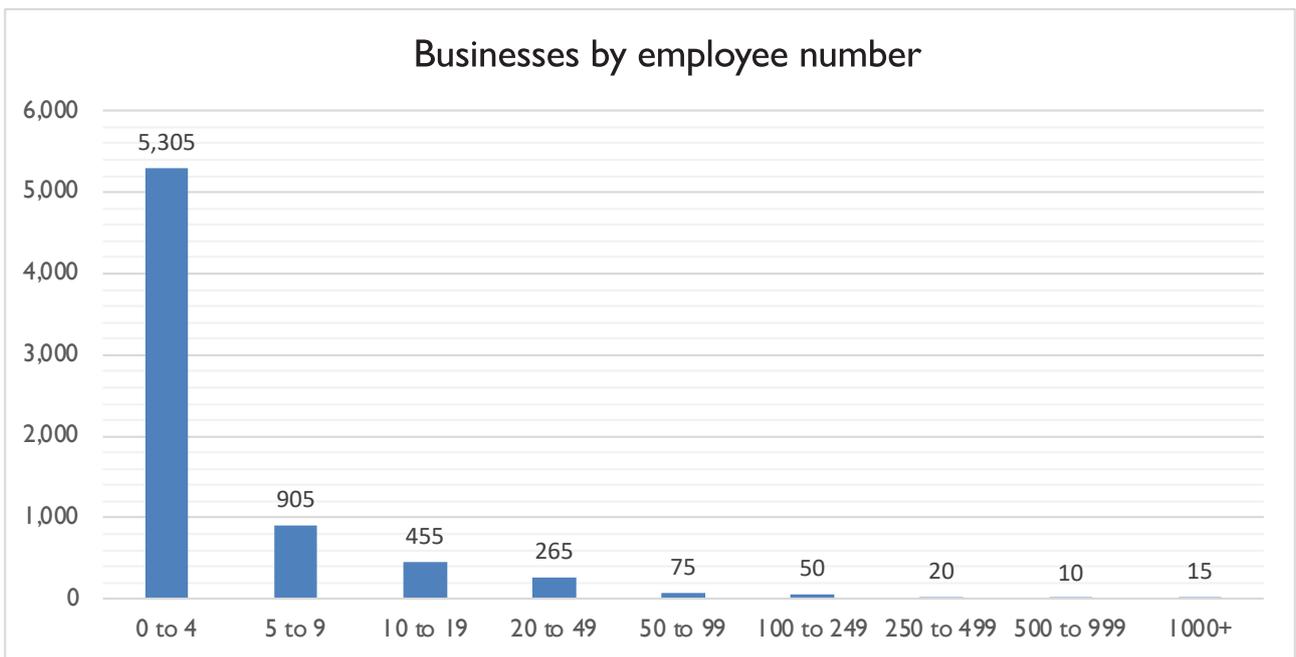


Figure 31: Businesses by size in York Part 2<sup>34</sup>

<sup>33</sup> ONS: Business Count — 2021

<sup>34</sup> Ibid

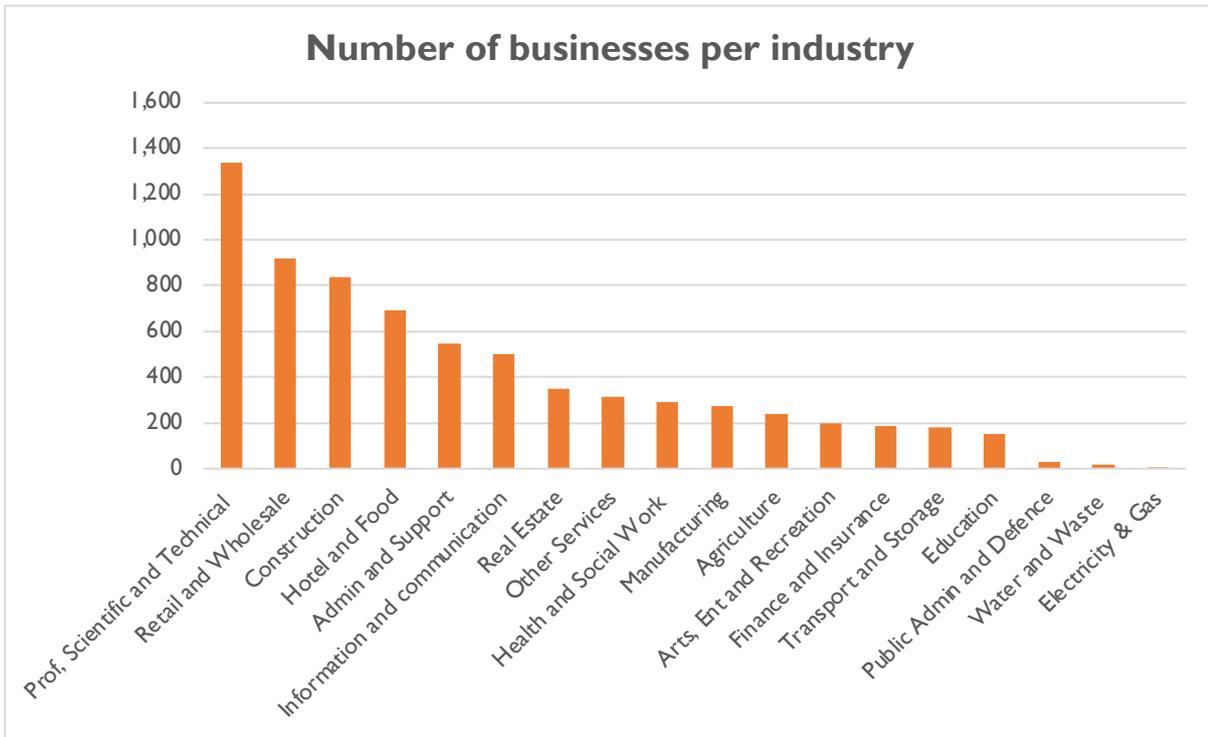


Figure 32: Quantity of businesses per industry<sup>35</sup>

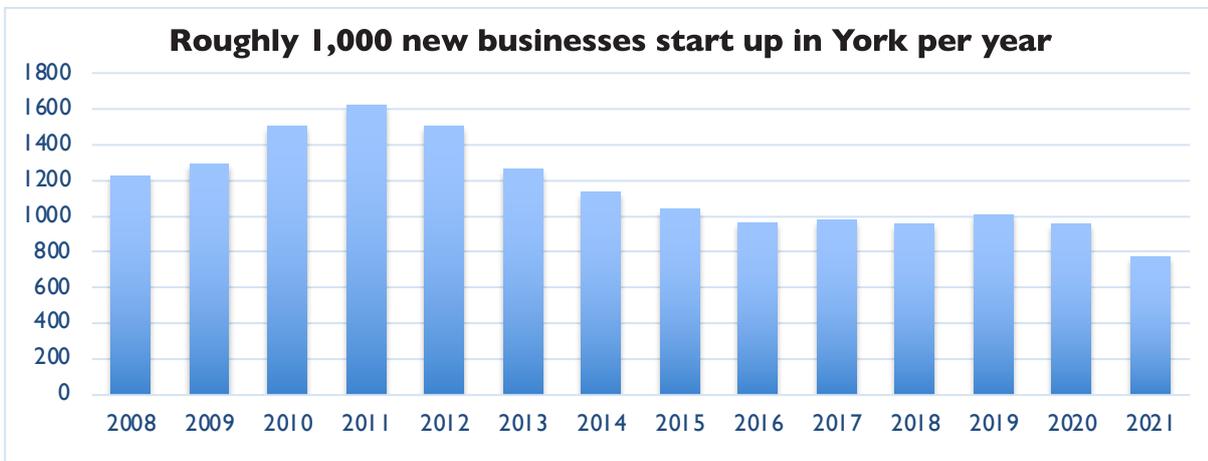


Figure 33: New Businesses in York<sup>36</sup>

<sup>35</sup> ONS: Business Count — 2021

<sup>36</sup> Bank Search Consultancy Data

## Business start-ups

The Covid-19 pandemic had a devastating impact on business confidence for enterprises both large and small. So, whilst 2011 was a record year for business start-ups in York, with 1,092 new ventures, 2021 was the lowest with 775 (Figure 33). There are broad variations at ward level, too, with Rawcliffe & Clifton and the Guildhall – areas in the City Centre –outstripping more rural geographies such as Copmanthorpe and Wheldrake by 20% or more (Figure 34).

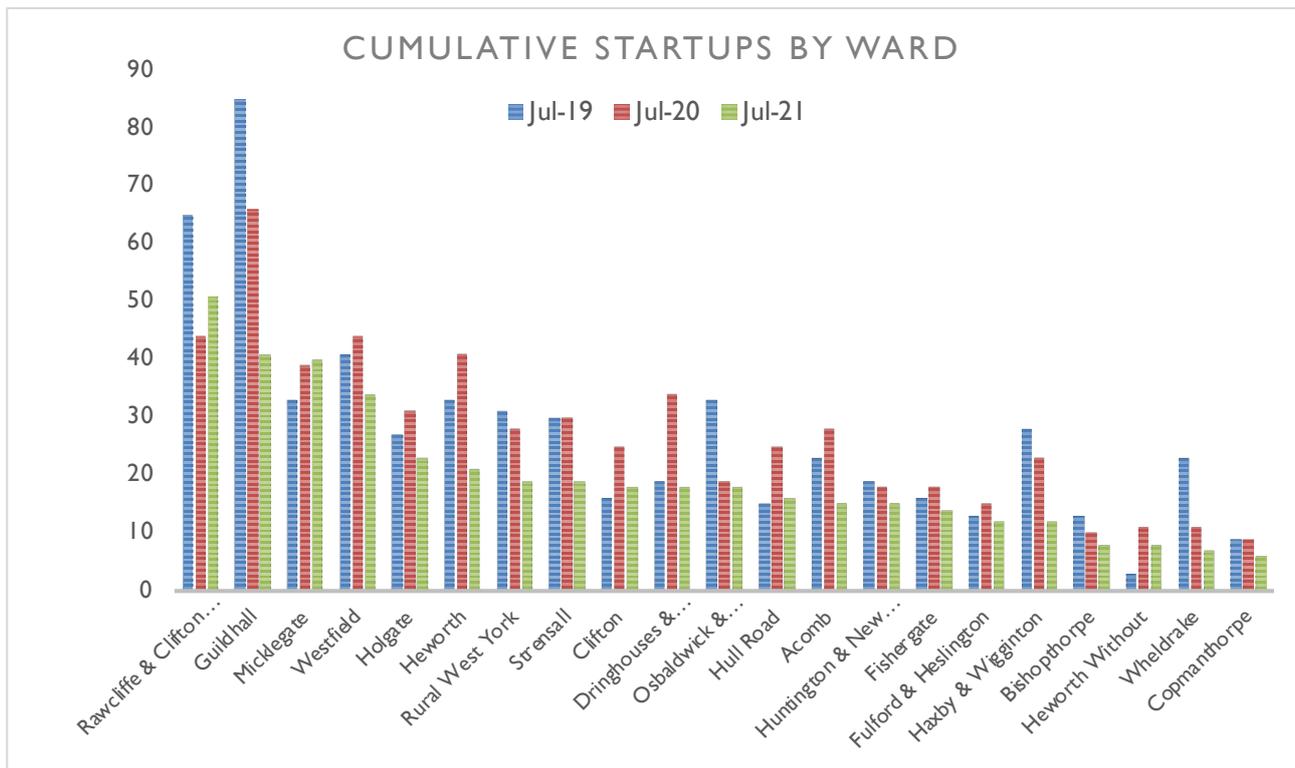


Figure 34: Cumulative Start-ups by Ward<sup>37</sup>

<sup>37</sup> Ibid

# Housing

## Overview

York is undoubtedly a beautiful and desirable place to live, but housing provision and affordability can be challenging. The City is not immune to pockets of deprivation that affect health and life opportunity outcomes, with at least one LSOA in falling into the most deprived 10% in the country<sup>38</sup>, and providing sufficient quality, affordable homes to attract people to live in the area is difficult.

## Household numbers and property prices

There are currently around 88,000 households in York, and it is projected that there will be almost 225,000 people living in the local authority area<sup>39</sup> by the time this Economic Strategy has run its course.

Around 28,351 households (34%) own property outright, 26,876 (32%) have a mortgage on a property, 14,980 (18%) renting privately, and the remainder are Council tenants.<sup>40</sup>

It's clear that the Covid-19 pandemic has not stifled demand, nor movement in the housing market. Across the country, house prices increased by 12.8% over the year to May 2022, up from 11.9% in April 2022, with the average UK house price of £283,000 for the same time period. This

is an increase of £32,000, higher than this time last year.<sup>41</sup>

In York property prices have continually risen since 2011, with the average price paid for a dwelling in the year ending September 2021 £315,260. This is an increase of £27,627 from a year earlier, higher than the Yorkshire and Humber region average of £227,615 but lower than the English and Welsh average of £350,984.

## Affordability

The affordability ratio, or price paid for residential property to the median workplace-based gross annual earnings for full-time workers, is a good indicator to show how much it costs to live in a place (See Figure 37). In 2021, the average house price nationally was between 12 and 24 times the average workplace earnings, and affordability across all local authority areas worsened by 91%.

In York, the property price to earnings ratio is 8.4, the third highest in the region after Harrogate (10.9) and Ryedale (9.5). These ratios vary greatly across the country, from 2.71 in the Copeland local authority area in Cumbria, right up to 36.5 in Kensington and Chelsea. York's ratio of 8.41 is close to the English and Welsh average but compares poorly to much of the rest of Yorkshire & Humber, the North East and the North West.

<sup>38</sup> MHCLG: *English indices of deprivation 2019*

<sup>39</sup> York Open Data: *York's Long Term Population*

<sup>40</sup> City of York Council *York at a Glance*

<sup>41</sup> ONS: *House Price Index – May 2022*

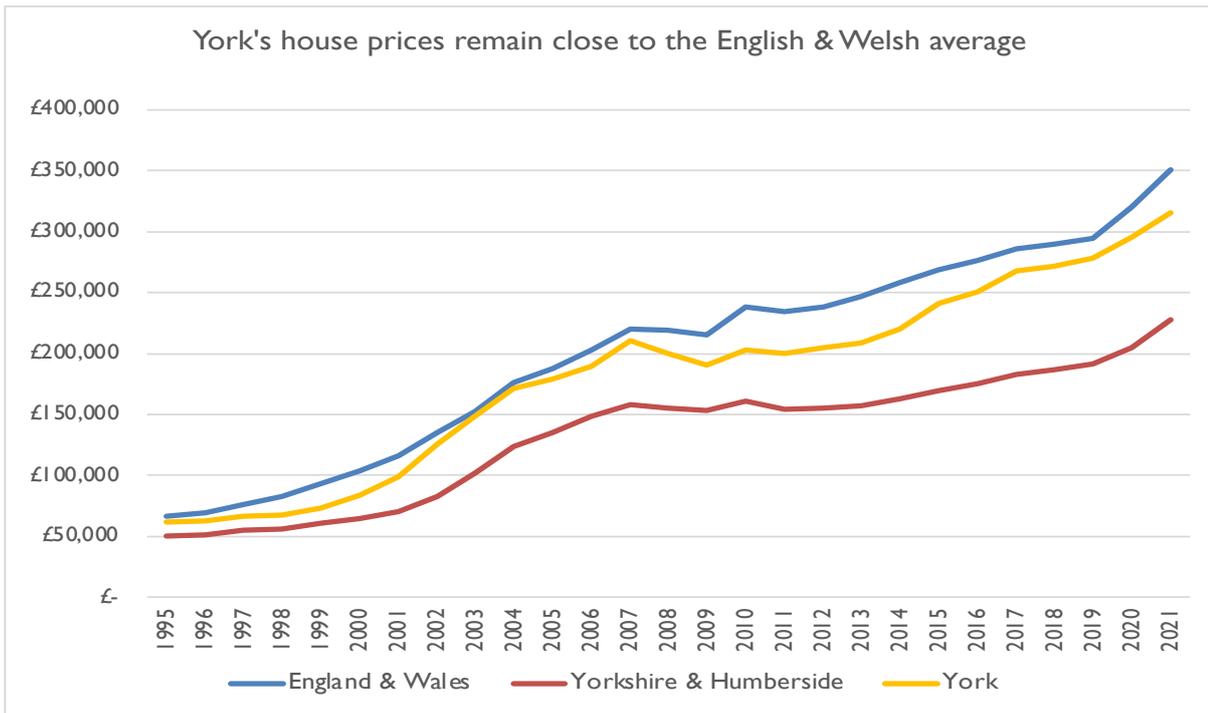


Figure 35: House Prices in York<sup>42</sup>

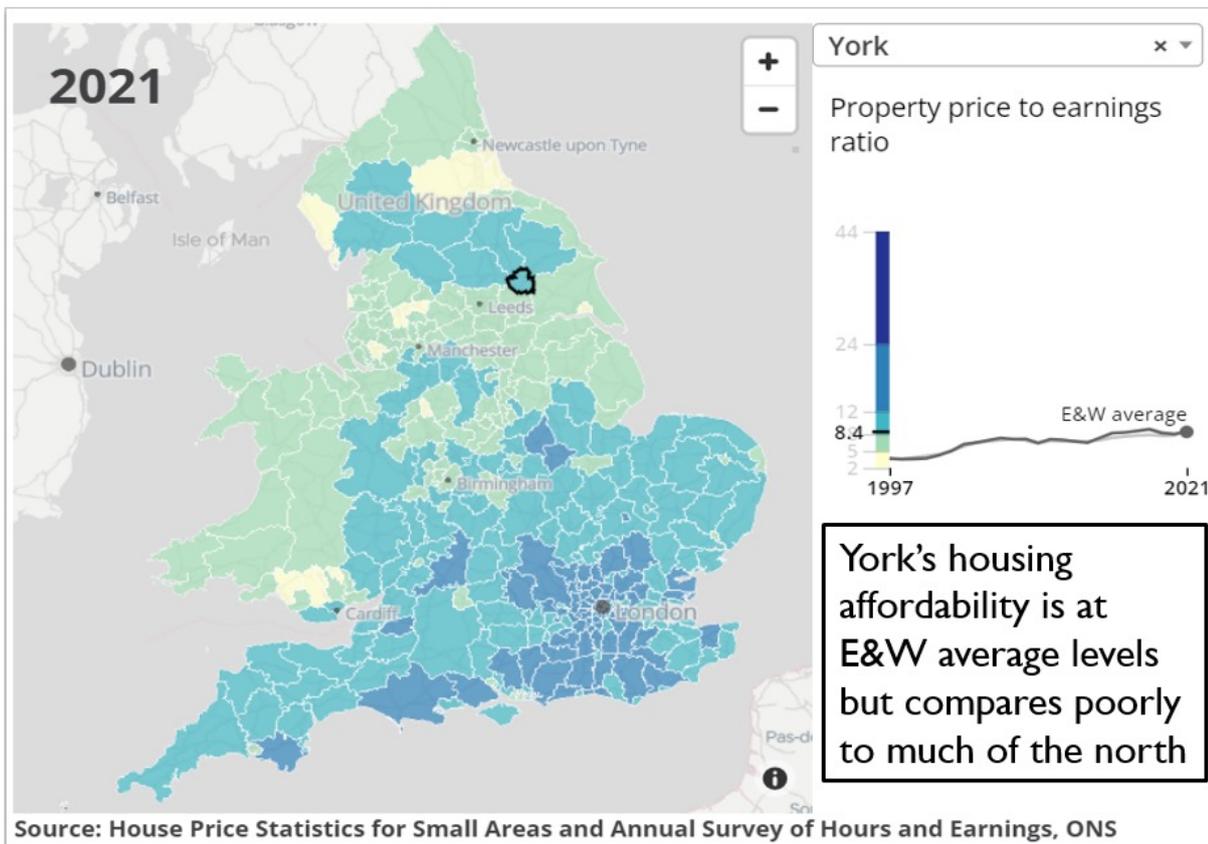


Figure 36: Housing Affordability in York<sup>43</sup>

<sup>42</sup> ONS: Mean house prices for administrative geographies (existing dwellings): Figures are for the year ending Dec, except for 2021 which is for the year ending Sept 21

<sup>43</sup> ONS: House Price Statistics for Small Areas and Annual Survey of Hours and Earnings

## Renting a property

The rental market in York is very active, and therefore competitive. For all types of rental options, only London, the East and the South East attract higher prices than York (See Figure 38). In fact, York’s rental market picture is closer to that of southern England’s than our northern peers.

The overall average rent payment in York is £853, an increase of £59 from 2020. Median rents increased by £25 for studios, 1 bedroom, 2 bedroom and 3-bedroom properties from 2020. This competitive market means challenging rental affordability for tenants, taking on average 28% of their income (Figure 39). This is the same as the England average, but 5% higher than the regional average for Yorkshire and the Humber. London tops the table at 41%.

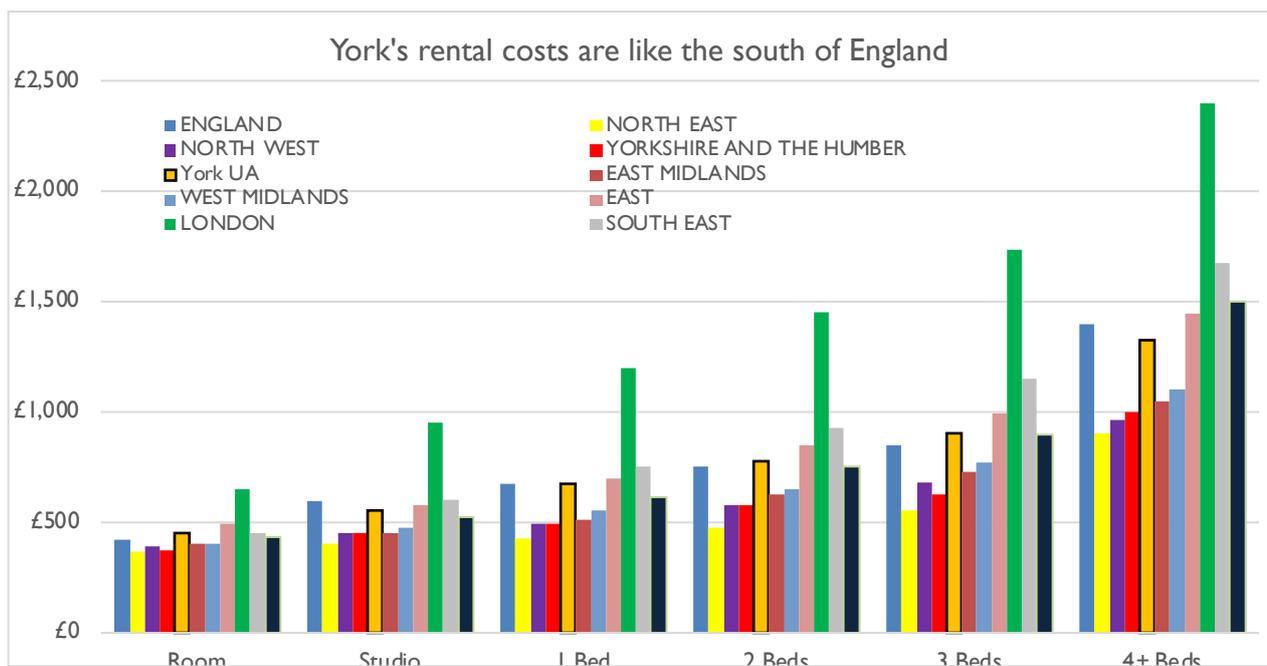


Figure 37: Rental costs in York<sup>44</sup>

<sup>44</sup> ONS - Private rental market summary statistics in England – October 2020 to September 2021

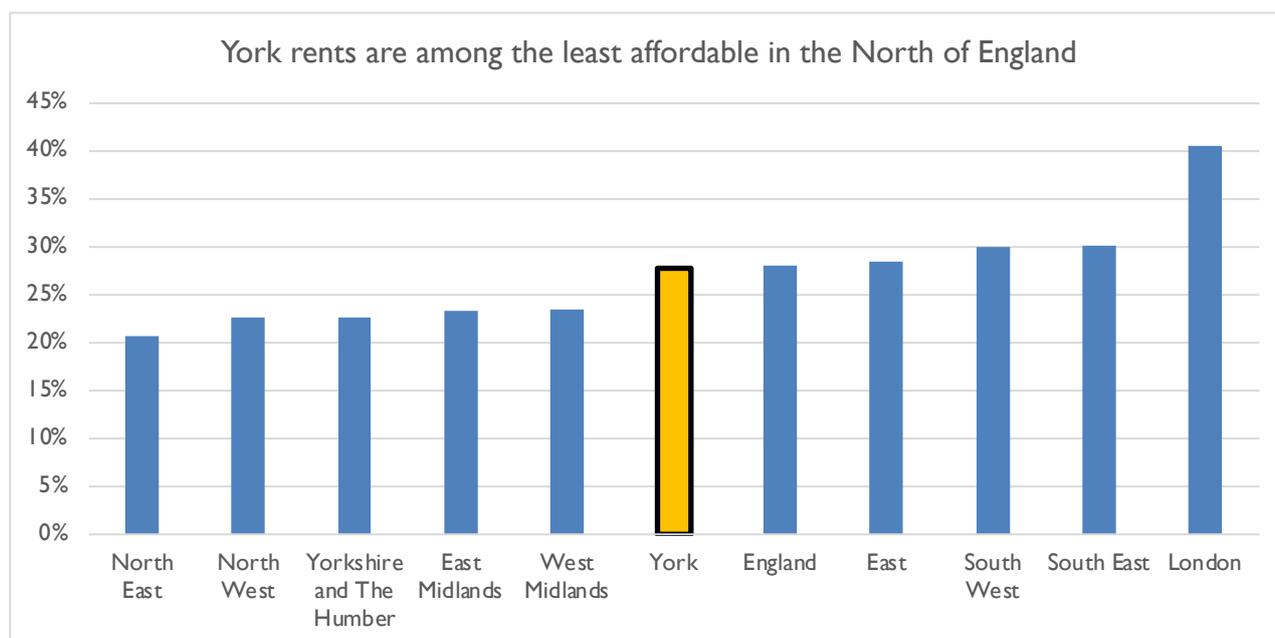


Figure 38: Rent as a proportion of pay<sup>45</sup>

## Fuel poverty

It's also important to consider fuel poverty when looking at housing. This is measured by the Low Income Low Energy Efficiency (LILEE) metric, which considers a household to be fuel poor if it is living in a property with an energy efficiency rating of band D, E, F or G and its disposable income (income after housing costs and energy needs) would be below the poverty line (defined as a disposable income of less than 60% of the national median).

According to this metric, 13,172 households – or 14.7% of York households – are living in fuel poverty which is 1.5 percentage points higher than England, but lower than in North Yorkshire and Yorkshire and Humber.

Figure 39: Fuel Poverty in York<sup>46</sup>

Area	Number of households	Number of households in fuel poverty	Proportion of households fuel poor (%)
England	23,868,877	3,158,206	13.2
York	89,857	13,172	14.7
North Yorkshire	276,915	41,794	15.1
Yorkshire and the Humber	2,395,086	418,084	17.5

<sup>45</sup> ONS: Annual Survey of Hours and Earnings (2021) – FT Mean Gross Weekly Pay

ONS: Private rental market summary statistics in England – Sept 2020 to Oct 2021 Data – Overall mean of rent

<sup>46</sup> BEIS: Sub-regional Fuel Poverty – 2020 data

# The Green Economy

## Overview

York declared a Climate Emergency in 2019 and set an ambition to be a net-zero carbon city by 2030. Our Climate Change Strategy is one of the key complementary documents for the Economic Strategy and seeks to improve health outcomes for residents, create new green jobs and make economic savings.

A green economy should conserve resources, reduce carbon and environmental risk. In order to drive this, 'green jobs', with skilled people ready to fill the roles, are needed, and this is reflected in the 10 Year Skills Plan.

A 'green job' is broadly defined as a role with a direct, positive impact on the planet, for example with a focus on reducing carbon emissions, restoring nature or making environmental improvements. With organisations globally committing to a more sustainable way of doing business, demand for green jobs across every sector is expected to rocket.

## Green jobs forecasts

York has been focusing on carbon negativity and sustainability for some years, as evidenced by the work of BioYorkshire, supported by the University of York, Askham Bryan College, Fera Science and various partners from the private sector. This sector cluster has been a catalyst for 4,000 highly skilled

jobs and aims to boost the local economy by £1.4 billion. Regionally, too, York and North Yorkshire LEP have adopted a 'greener, fairer, stronger' approach, including their Circular Yorkshire and Grow Yorkshire initiatives.

Forecasts from the Local Government Association (LGA) on the future jobs in the Low Carbon and Renewable Energy Economy (LCREE) indicate there could be 1.18 million green jobs in the UK by 2050. Of these, just under 100,000 jobs are forecast to be based in the LCREE in Yorkshire & Humberside by 2030.<sup>47</sup>

Exactly where jobs will be locally is difficult to define, although we can, in part, attribute the spike in green jobs in Selby to Drax Power Station and associated industries. It is anticipated that York clusters will chiefly be in and around the university, along with the development of 'alternative fuels', bioenergy (anaerobic digestion) and hydrogen production. Employment in these sectors tends to be highly-skilled, requiring NVQ4+ type qualifications, which offers graduate retention and high skilled employment opportunities. 3,090 jobs are forecast for York by 2030 and 4,902 in 2050.

Almost half of the green jobs forecast are expected to be in low carbon and the renewable energy economy, and Yorkshire and Humberside are set to be amongst the highest beneficiaries in this sector.

<sup>47</sup> Local Government Association: 'Accelerating a Sustainable Economic Recovery'

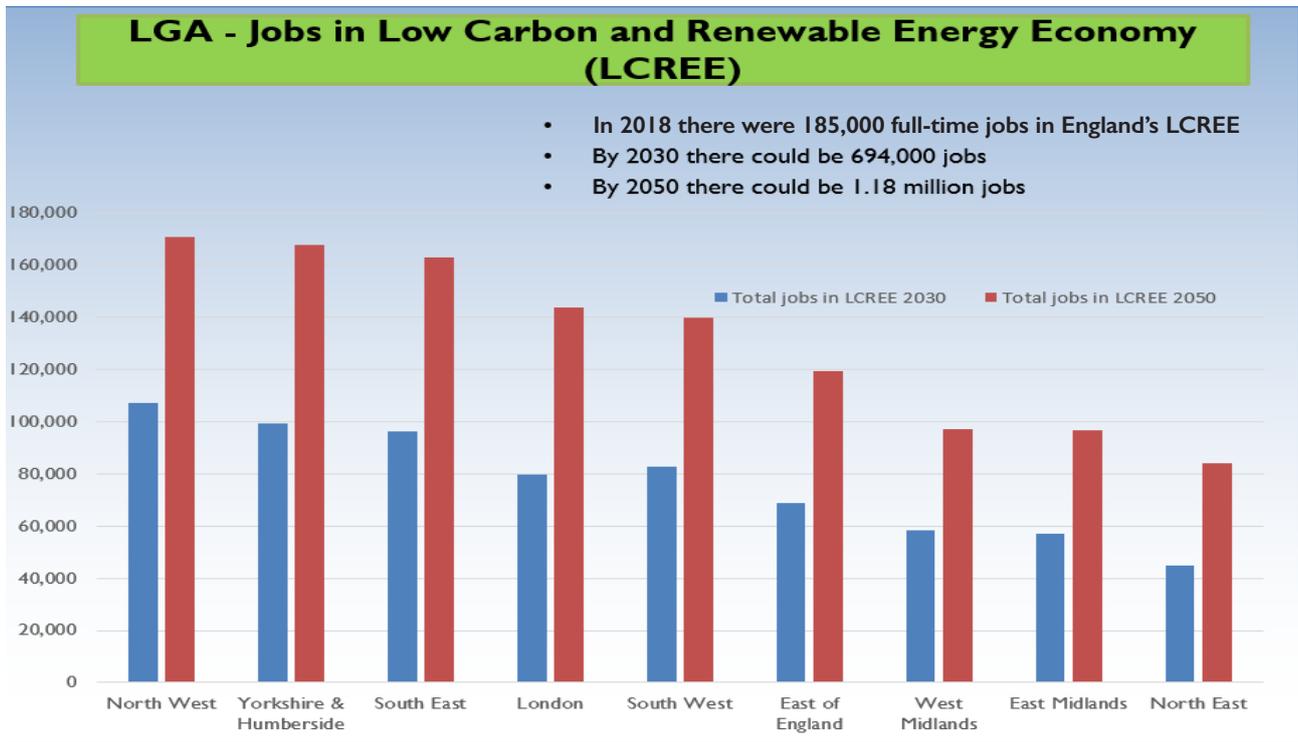


Figure 40: Jobs in the low carbon and renewable energy economy

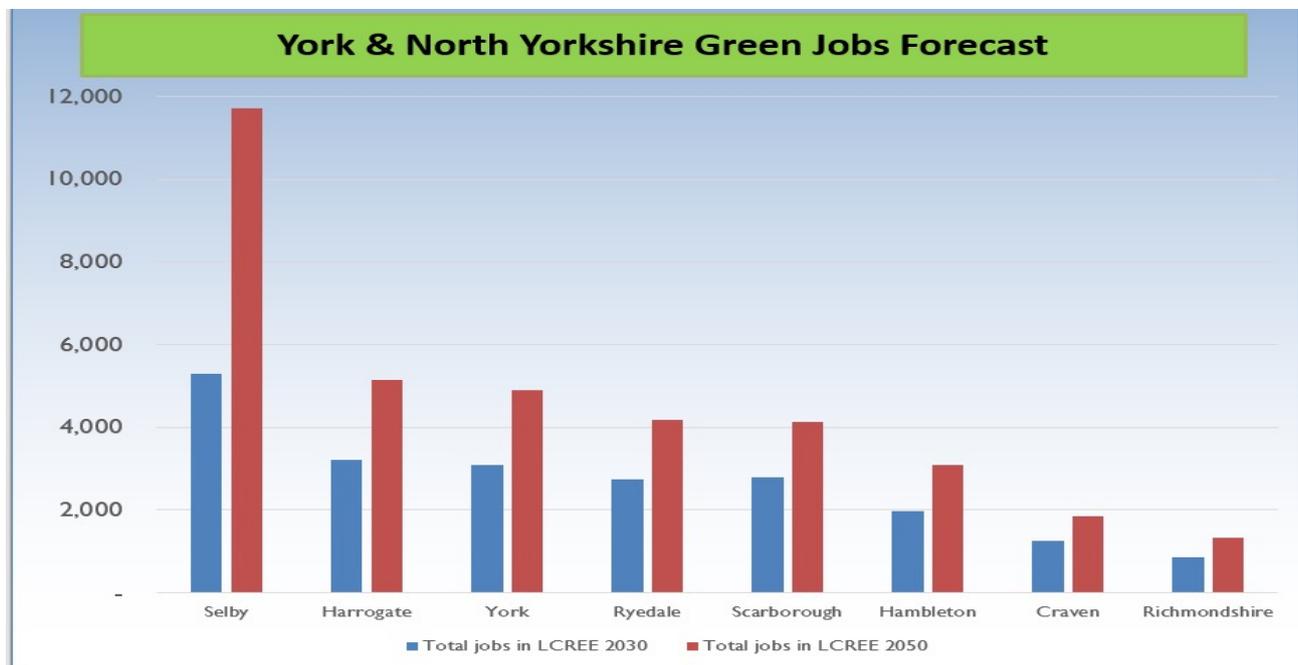


Figure 41: York and North Yorkshire Green Jobs Forecast<sup>48</sup>

<sup>48</sup> Ibid

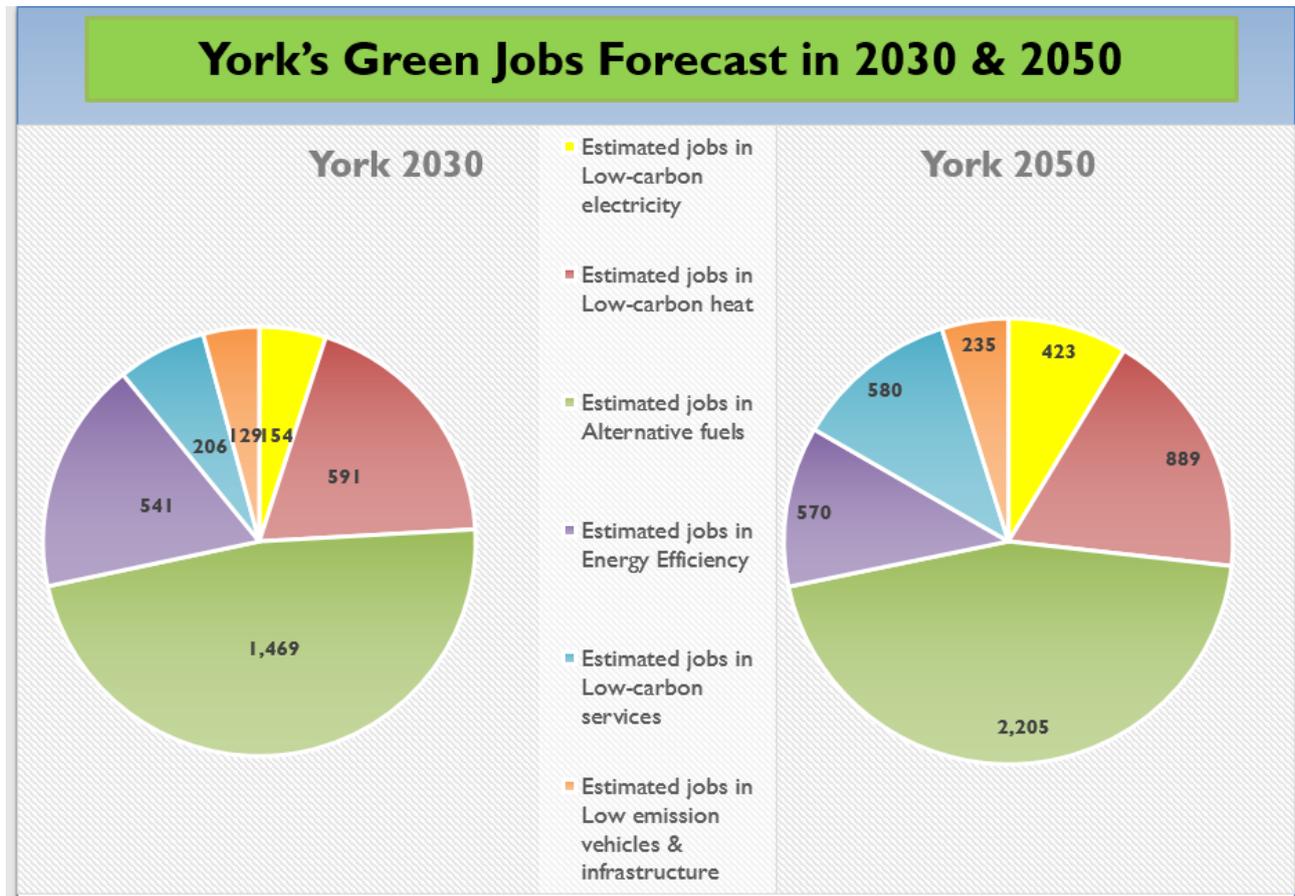


Figure 42: York's Green Jobs Forecast<sup>49</sup>

## Covid-19 Support Schemes

### Overview

The Covid-19 pandemic was one of the greatest global challenges for generations. Not excluding the terrible cost to human life, the world of business paid one of the highest prices, with the UK suffering its biggest drop in economic output since 1709. The impact continues to reverberate across every sector, and will do so for years to come.

### Support payments to the business community

Since the onset of the pandemic, City of York Council has been responsible for the payment of over £113 million in business support. 29,000 transactions have been made to our business community through multiple schemes, administered both on behalf of central Government and through unique supplementary programmes designed by the Council. In addition, a further £112 million has been given in various Business Reliefs to 5,700 businesses.

<sup>49</sup> Ibid

The Council's ethos – known as “the York Way” – has been to provide support for all businesses where at all possible. This is reflected in Government statistics on the administration of national grants that show City of York Council was the only local authority to share 100% of its substantial funding allocation, and that the money was dispersed between a much higher number of businesses than our peers. There are 333 local authorities in the UK- see Figure 43 below for the league table of the top 10 highest performers for disseminating funding.

Local Authority	Allocation	Number of payments	Value of payments	Percent spent	Average grant
South Yorkshire Mayoral Combined Authority	£31,721,837	24,025	£47,939,507	151%	£1,995
Maidstone Borough Council	£64,595,814	9,650	£71,592,928	111%	£7,419
West Berkshire Council	£63,860,844	9,347	£69,392,366	109%	£7,424
City of York Council	£113,425,329	27,655	£113,429,729	100%	£4,102
Basingstoke & Deane Borough Council	£49,141,983	7,489	£48,678,616	99%	£6,500
Warwick District Council	£73,471,157	17,315	£71,854,422	98%	£4,150
Broadland District Council	£52,347,775	12,174	£51,103,732	98%	£4,198
Borough of Broxbourne Council	£33,236,357	5,364	£32,353,436	97%	£6,032
Warrington Borough Council	£78,952,572	15,005	£75,937,935	96%	£5,061
Chelmsford City Council	£69,927,555	14,711	£67,081,520	96%	£4,560

Figure 43: Local Government Support during Covid-19<sup>50</sup>

<sup>50</sup> BEIS – Coronavirus grant funding: local authority payments to small and medium businesses

# Micro Grant Impact



1,114 small & micro businesses received the City of York Micro Grant.



As part of the evaluation, we did follow up interviews with 29% of the grant recipients.



35.2% of respondents referenced the grant contributing to investment in equipment, technology or materials.

25.5% referenced the grant contributing to digitalisation of the business



17.6% referenced the grant contributing to marketing investment.



57% of the businesses provide the main household income



294 of businesses had been at risk of permanently ceasing to trade over the last year and avoided this outcome.



10.4% of respondents referenced the positive wellbeing impact of the grant support.

57% of respondents had diversified or adapted due to the COVID-19 pandemic



42.3% of these respondents having digitalised some or all of their products or services.



A selection of Covid-19 business support and grant funding available to companies in York was:

### **City of York Council's Microbusiness Grant Scheme**

At the very beginning of the pandemic, Members recognised the need for immediate financial business support before any national Government schemes became available.

In early 2020, using its own resources, the Council launched a Micro Business Grant Scheme (MBG) which would go on to help 1,114 local businesses with £1,000,000. At a fundamental level, feedback from recipients reported that the funding helped to alleviate pressure on families, employees and on mental health, and independent evaluation of the project estimated that this grant prevented at least 312 businesses deaths in York, with many more able to adapt their business model to continue trading.

The infographic on page 40 shows the key impacts of the scheme.

### **Business Growth Voucher Scheme**

The Business Growth Voucher Scheme (BGVS), another project unique to the Council, using Covid-19 Additional Restriction Grant monies, to support the post-pandemic recovery of local businesses by injecting funding back into the local economy. This provided cyclical benefits for business peer support through supply and take up, enabling

small and micro businesses (including sole traders) to receive fully funded services from local service providers, up to a maximum of £1,000 per business. £500,000 was allocated to this work.

### **'Furlough' funding**

After the MBG scheme several national programmes emerged, not least the Coronavirus Job Retention Scheme (CJRS) – or furlough. This was to help businesses retain employees during the pandemic, and provided grants to allow employers to pay 80% of a staff wage and employment costs each month, up to a total of £2,500 per person per month.

The number of furloughed employees in York peaked in July 2020 and the first two months of 2021, with approximately 16,000 people affected. Furlough employment decreased each subsequent month following the easing of Covid-19 restrictions in 2021, with 2,480 people left on the scheme when it ceased at the end of September 2021. Apart from the final two months of the scheme, more females than men were furloughed (See Figure 45).

### **Sector impacts**

Sectors most affected by Covid-19 restrictions were most likely to benefit from the furlough scheme. Accommodation & Food, Wholesale & Retail, and Administrative & Support Service Activities were consistently the industries with the most employees furloughed in York as illustrated in Figure 46.

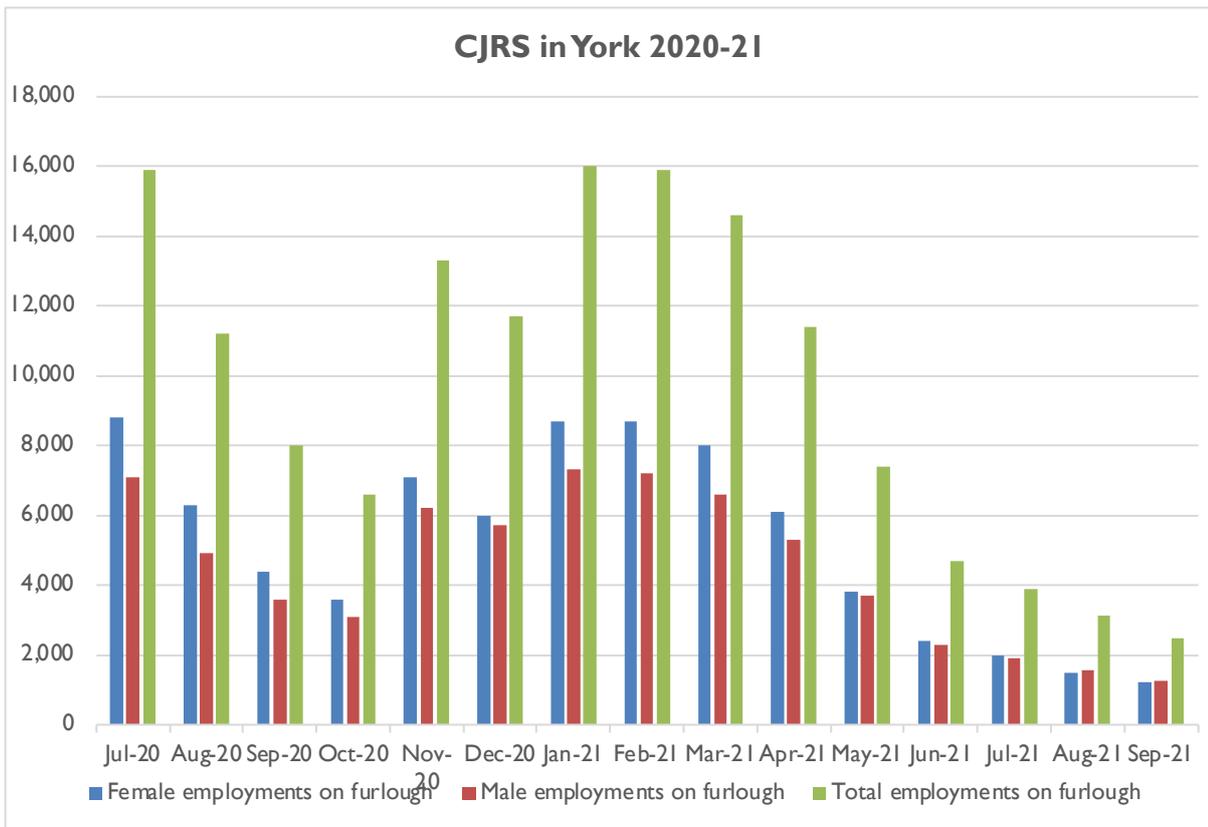


Figure 44: CJRS in York 2020-21<sup>51</sup>

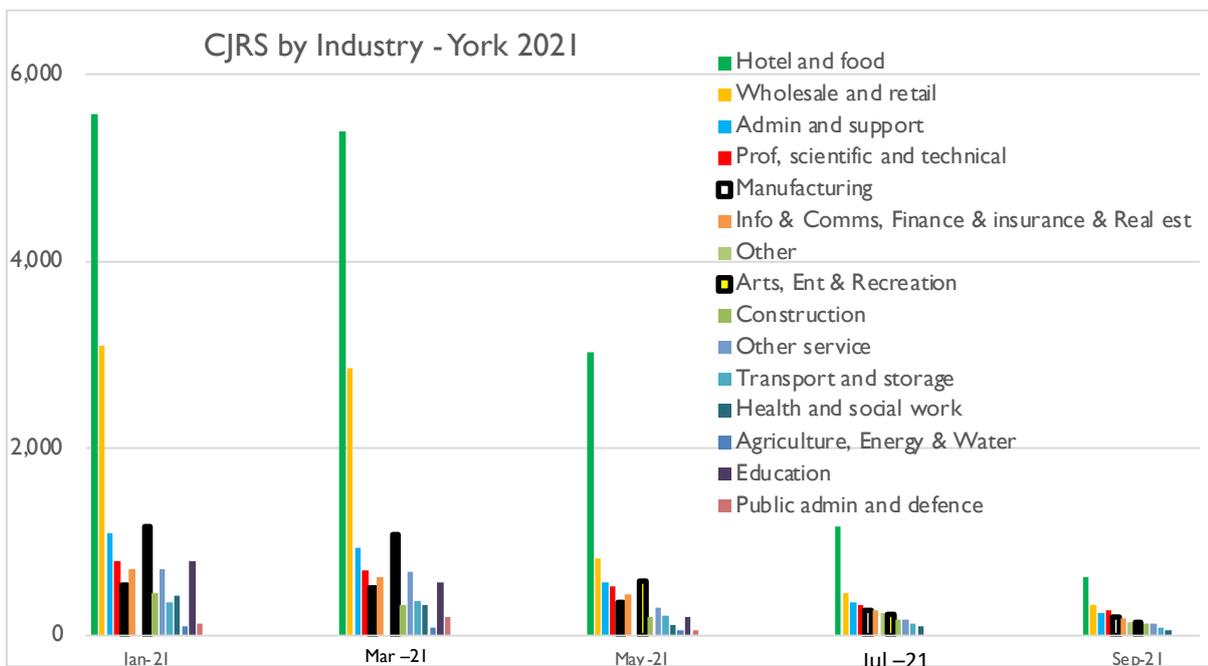


Figure 45: CJRS by Industry in York<sup>52</sup>

<sup>51</sup> HMRC: Coronavirus Job Retention Scheme Official Statistics

<sup>52</sup> Ibid

## Support for self-employed people

Funded by Government, the Self-Employment Income Support Scheme (SEISS) paid a grant to the value of 80% of profits up to £2,500 each month to self-employed people provided they met set criteria. Following its introduction in May 2020, SEISS was able to support 7,100 individuals in York, with a total of 25,500 claims made worth £71 million in total. The average value of each grant was £2,800. More claims were made by men than women in each iteration of the scheme as seen in Figure 47.

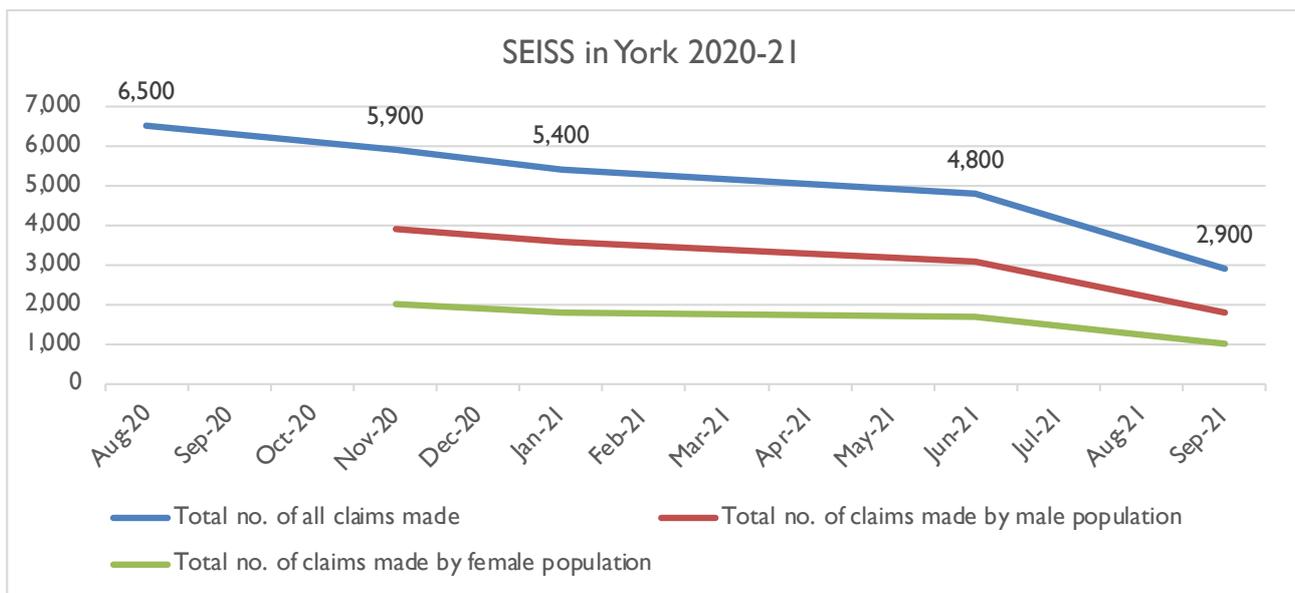


Figure 46: SEISS in York<sup>53</sup>

<sup>53</sup> HMRC: Self-Employment Income Support Scheme Official Statistics

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