

Local Industrial Strategy – York Response to Consultation

Summary

1. This report provides the Executive Member with an update of progress towards the development of Local Industrial Strategies (LISs) by the York, North Yorkshire and East Riding and Leeds City Region LEPs. It sets out how the emerging LIS priorities align to and support local priorities in York as defined by the Council Plan, and proposes a basis for City of York Council's response to the two documents which are subject to LEP Board Approval.
2. LISs act as local companions to the Government's Industrial Strategy, a strategy which seeks to boost national productivity by supporting businesses to create good jobs and increase the earning power of people throughout the UK with investment in skills, industries and infrastructure.
3. Separate LISs are being prepared for York and North Yorkshire and Leeds City Region - the City of York is part of both sub-regional geographies. At this stage, each LEP has produced a series of draft LIS priorities for consultation, before producing a draft LIS that will be submitted to Government by the end of the year with publication in spring 2020.

Recommendations

4. The Executive Member is asked to:
 - 1) Consider the content of the two LISs and what City of York Council's response might be, as set out in this paper; and,

2) Delegate the formal response to the Corporate Director of Economy and Place

Reason: To ensure that City of York Council formally feeds into the LIS development process, and that the LISs align with, and support, local priorities.

Background

5. Local Industrial Strategies (LISs) act as local companions to the Government's Industrial Strategy, a strategy which seeks to boost national productivity by supporting businesses to create good jobs and increase the earning power of people throughout the UK with investment in skills, industries and infrastructure.
6. Initially, work was undertaken by York, North Yorkshire and East Riding and Leeds City Region LEPs to develop a joint LIS that covers West Yorkshire, York and North Yorkshire. This work had been ongoing since early 2019, with an economic evidence base produced for this broader geography, as well as a series of commissions undertaken to provide further analysis in strategically important areas. These include:
 - Productivity Commission;
 - Innovation Commission;
 - Clean Growth Commission;
 - Health-tech Commission; and,
 - Inclusive Growth Commission.
7. A decision was made in June 2019 that York, North Yorkshire and East Riding and Leeds City Region LEPs would work on separate LISs to maximise local distinctiveness. In the event of a merging of the LEPs, which has been discussed following the recommendations of the Government's 2018 LEP review, the two LISs will be combined. Should the merger not proceed, both parties recognise that strong connections need to be made between both LEP areas. This is a clear priority for York given our functional economic geography and strategic connections with neighbouring towns and cities in North and West Yorkshire and further afield.

What does City of York Council expect to see in a LIS?

8. City of York Council's emerging Council Plan outlines eight outcomes which will frame the way in which the Council will work over the next four years. These are:
 - Good health and wellbeing;
 - Well-paid jobs and an inclusive economy;
 - Getting around sustainably;
 - A better start for children and young people;
 - A greener and cleaner city;
 - Creating homes and world-class infrastructure;
 - Safe communities and culture for all; and,
 - An open and effective Council.
9. For the LISs to align with and support local priorities in York, it is important that they address the abovementioned themes. The following section sets out the Council Plan outcomes in greater detail, outlining why they are important in the discussion on boosting productivity, creating good jobs and increasing people's earning power. For the purposes of this discussion on productivity, the outcome 'an open and effective Council' is less relevant, however the approach we are taking in determining the Council's response to the draft LISs follows the principles set out in that priority.

Well-paid jobs and an inclusive economy

10. In order to raise wage levels, increase spending power and ultimately improve living standards, people need to be paid more. While there is a correlation between skills levels and pay levels, the availability of well-paid jobs is also an important factor when considering pay levels and levels of disposable income, as well as the profitability of businesses.
11. While York has witnessed jobs growth in high-paid sectors (professional, scientific and technical activities, information and communication, financial and insurance activities, education and public administration and defence), much of the recent growth in jobs has been in retail, hospitality and tourism, leading to a reduction in average pay in York. Low paid industries (including health and social care) make up close to half (46.8%) of all employment in York. These sectors are not only important to York's economy, they are also a major reason why York is a great place to live, work and visit.

12. It is also important that economic growth is inclusive, i.e. that its benefits are felt by all in society, regardless of where they live, how they make their living, and who they are. In York, part-time roles are predominantly in low paid industries and opportunities for those without high levels of skills are decreasing. Therefore, it is clear that any approach in the LIS that aims to raise productivity in York whilst also being inclusive needs to focus on three things:
- The creation of high-value jobs, including part time roles;
 - Supporting low paid sectors to be more successful; and,
 - Work with communities, local employers and anchor institutions to open up opportunities for residents.

Creating homes and world-class infrastructure

13. Access to modern infrastructure – housing, energy, transport, business accommodation, and digital access - is essential to ensuring that York is able to grow and prosper. Providing the right mix of housing, including affordable housing, is key to ensuring that the city has strong communities and local businesses are supported with a ready pool of skilled workers. The right housing offer also helps to retain the city's young population and attract the next generation of workers and wealth-creators to York.
14. The availability of suitable, well-connected business accommodation is key to ensuring that local businesses continue to grow and prosper, start-ups are encouraged and York attracts high-quality inward investment that provides the well-paid jobs that the city needs. York's compact size, competing demand for site/land uses and the historic nature of the city's traditional core means that green- and brownfield opportunities for commercial development are limited. Nevertheless, major regeneration opportunities such as York Central and The Guildhall, as well as the Hudson Quarter development, offer sizeable growth opportunities for York's economy.
15. Digitisation is a key enabler of business growth, creating efficiencies, driving innovation, and opening up access to opportunities. York is a flagship example of a Gigabit City, placing the city at the cutting edge of digital connectivity. However, there are areas of the city centre and rural communities where residents and businesses cannot access this infrastructure meaning that its benefits remain out of reach. Improving access to world class digital infrastructure will allow residents and

businesses to interact more effectively, and enable more people to work from home, thus reducing congestion on key transport corridors.

16. The transport network allows people to access jobs, services and opportunities, and provides businesses with access to labour markets, goods and trading routes. Key economic centres need to be well-served by sustainable transport links, reducing congestion and carbon-emissions, improving air quality and promoting health lifestyles.
17. As a key component of the UK's rail network, the importance of York Station as a key gateway to the North – including Scotland - and driver of regional growth should not be underestimated. Ensuring that enhancements to the rail network such as High Speed 2, Northern Powerhouse Rail, the Transpennine Route Upgrade and upgrades to the East Coast Main Line take place and benefit York are key to encouraging sustainable travel and reducing the reliance on the car as the primary mode of transport. York also benefits from a substantial Park and Ride network, allowing residents, workers and visitors to complete their journey into the city centre by bus.
18. Finally, investment in transport must also include the major road network to ease congestion and improve reliability. Focus in the LIS should be placed on accelerating the shift to electric vehicles through the provision of fast and reliable charging infrastructure and incentives for motorists to go green.

A greener and cleaner city

19. York has history of taking the lead on improving environmental sustainability, with a series of past measures implemented to reduce both Council and city-wide emissions. In March 2019, City of York Council declared a Climate Emergency and set a target to become Net Carbon Neutral by 2030 following evidence that globally we need to be well on the way to net zero emissions by 2030 in order to avoid the disastrous consequences of exceeding 1.5°C of warming.
20. The Council is developing a series of immediate actions to address this emergency and plans to measure annual city-wide progress towards meeting the 2030 target. The challenge of becoming a net-zero carbon city should not be underestimated – contributory changes will be required across all aspects of the Council's work and will have impacts on the ways that we live, work and travel within the city. Indeed, data from York, North Yorkshire and East Riding LEP's energy strategy shows that CO₂

emissions in York are forecasted to increase by 35% between 2017 and 2036 if no action is taken.

21. In light of the above, it is important that the LIS not only seeks to minimise the impact of climate change through adaptation and mitigation, but also drives clean growth, creating new jobs. York's enviable position at the heart of a unique bio-economy ecosystem needs to be both acknowledged and maximised if the LEPs are to lead the transformation to a carbon-neutral economy.

Getting around sustainably

22. Given the Council's declaration of a Climate Emergency and its ambition to be Net Carbon Neutral by 2030, it is crucial that people are able to travel via sustainable means. York has the fifth highest proportion of commuting by bicycle in the country and the Council is prioritising the city's roads, footpaths and cycle network for improvement in an effort to increase the proportion of local journeys made by public transport/cycling/walking.
23. As previously mentioned, York benefits from a substantial Park and Ride network, enabling allowing residents, workers and visitors to complete their journey into the city centre by bus. As of January 2020, 81% of the Park and Ride fleet will be fully electric, and the Council will impose a Clean Air Zone in 2020 that proposes that individual buses entering the zone five or more times per day must meet ultra-low emission bus standards.
24. Encouraging sub-regional travel by sustainable means must be a priority for the LIS – despite almost 1 in 4 residents across West Yorkshire, York and North Yorkshire living within one kilometre of a rail station, the rail network is used by just 2% of commuters in the region. Addressing the affordability of rail travel and ensuring that rail stations in the region have the right level of facilities to encourage commuters to use public transport is key to increasing rail usage.

A better start for children and young people

25. It is crucial that every child and young person in York has the opportunity to develop, learn and achieve their aspirations. While York benefits from high educational attainment, data from the Department of Education shows that there is a 26% attainment gap between children on free school meals (FSM) and non-FSM pupils at foundation stage. Pleasingly,

there is only a 4% gap between the proportion of Key Stage 4 pupils on FSM and non-FSM pupils who go onto a sustained education or employment destination in York – the lowest gap in West Yorkshire, York and North Yorkshire.

26. Ensuring that young people have high quality careers guidance to shape learning and employment choices is key to ensuring that York and the wider region have a skilled future workforce, meeting the needs of businesses and able to adapt to future mega-trends like automation and digitisation.

Good health and wellbeing

27. Ensuring that people are healthy and are able sustain work and overcome ill-health is key to boosting business productivity. Recent research by VitalityHealth found that the combined economic impact of ill-health related absence and presenteeism currently sits a £77.5 billion a year for the UK economy – a 6% increase on the previous year's figures.
28. Residents need to be supported to enjoy the best possible health and wellbeing throughout their life, and this includes educating employers on the economic benefits of workplace health and providing greater access to green spaces and active travel infrastructure to promote physical activity.
29. National statistics suggest that over 30,000 working-age adults in York experience mental health problems each year. Ensuring that employees get the best possible support from their employers is a key priority for the economy, and a significant opportunity to boost productivity.
30. The Health and Social Care sector is the second biggest employer in York after Retail, and the current low levels of pay for social care staff is a particular challenge. With an ageing population – York is expecting a 10% increase in people aged over 80 in the next five years – there will be growth in the care sector and a need for more care workers. Supporting productivity and wage growth in care organisations is thus a key priority.

Safe communities and culture for all

31. Creating strong, resilient and supported communities is key to building thriving communities which residents are proud to call their home.

Technological and societal change is changing the way in which people work, ensuring that residents have access to retraining services is key to encouraging a strong and resilient workforce that is able to better adapt to future labour market trends. Community hubs can be the home for these services.

Sector strengths

32. York's economy is diverse and rapidly growing with the city witnessing the fastest productivity growth of any area in the region since 2012. The Council has identified five key growth sectors based on existing strengths and assets. These are:
- Rail engineering and technology;
 - Digital and ICT;
 - Financial and professional services;
 - University-led innovation and training; and,
 - Bio-tech (particularly at start-up phase).
33. York also has notable sector strengths in Life Sciences, including both med-tech and biopharmaceuticals. If the LIS is to adequately align to and support local priorities, it is important that these sector strengths are supported to prosper, as well as the city's lower-paid, high volume industries (retail, hospitality, tourism and health and social care).
34. For these sectors to continue their growth, ensuring the supply of high-quality appropriate workspace is a key concern. York Central is key to this, and that development is rightly at the heart of our economic strategy. Support for the development was included in both LEPs strategic economic plans, and must also be a priority in the LISs.

A York and North Yorkshire Local Industrial Strategy

35. A series of local engagement workshops took place in July and August 2019 with an ambition of understanding what makes York and North Yorkshire distinct, but also how places within the LEP area differ. The output of these local events have resulted in a series of Place Stories which outline assets, opportunities and priorities for each area. A Place Story for York and its Hinterlands is included under Annex A.
36. During the workshops, participants were asked to share their vision of their local area. These visions were aggregated across York and North Yorkshire and categorised into a series of themes which were then

triangulated to form sub-regional priorities. YNYER LEP's emerging priorities can be found under Annex B. To summarise, the LEP has identified three emerging priorities for its LIS. These are:

- Invest in places, communities and culture to drive productivity;
- Unlock constrained growth in productive sectors and realise productivity potential in low pay sectors; and,
- Drive new productive growth by leading the transformation to a carbon neutral circular economy.

Each priority is underpinned by a series of objectives.

37. These abovementioned priorities are supported by three guiding principles which explain how the public purse will be used to support 'Good Growth', i.e. growth that is beneficial to business, people and the environment. These are:

- Realise inclusive growth where prosperity is shared and social mobility is unlocked;
- Transform to a 'Smart region' where digital technology enables productive, clean and inclusive growth; and,
- Minimise the impact of climate change through adaptation and mitigation.

A City of York Council Response

38. YNYER LEP's three guiding principles of inclusive growth, the use of digital technology to transform York and North Yorkshire into a 'Smart region', and clean growth align with the Council's local priorities, as set out in its Council Plan. Given the declaration of a Climate Emergency in York and the Council's ambition to be Net Carbon Neutral by 2030, the LEP's third principle around 'minimising the impact of climate change through adaptation and mitigation' is not ambitious enough to make the required step change needed across the sub-region.

39. The LEP's three emerging draft LIS priorities also align well with the outcomes identified in York's Council Plan. 'Priority 1: Invest in places, communities and culture to drive productivity' recognises York's role as a key economic hub for the region and digital assets, as well as the city's global brand recognition and strong visitor and cultural offer.

40. The importance of an inclusive economy and strong, healthy communities is recognised in a few of the LEP's objectives, aligning with York's Council Plan outcomes of 'well-paid jobs and an inclusive economy', 'good health and wellbeing' and 'safe communities and culture for all'. Emphasis is also placed on enhancing the built environment and infrastructure to drive growth, as well as investing in infrastructure that is resilient to the effects of climate change. However, the importance of investing in infrastructure that drives sustainability needs to be explicitly made here, especially given York's Council Plan outcomes of 'a greener and cleaner city', and 'getting around sustainably'. The other comment to make under Priority 1 is that the objective around enabling 'anchor institutions to collaborate and lead the Good Growth agenda' lacks specificity and needs greater focus.
41. 'Priority 2: Unlock constrained growth in productive sectors and realise productivity potential in low pay sectors' recognises the need to invest in the sub-region's infrastructure to support productivity growth as well as supporting businesses to improve their productivity by utilising advancements in technology (automation, digitisation and data). The emphasis on promoting good working practices, inclusive workplaces and improved health outcomes align with Council's ambitions around a well-paid, inclusive economy and 'good health and wellbeing' in York.
42. The objective in Priority 2 around promoting enterprise and ambition needs greater focus – people, as a key group for interventions through the LIS, are silent across the LEP's LIS objectives. A focus here around promoting enterprise and ambition amongst young people would align well both locally and sub-regionally.
43. Finally, the Council's approach to 'well-paid jobs and an inclusive economy focuses both on high-sectors and support for lower paid industries, with a series of key sectors defined for each grouping. Beyond a focus on manufacturing, construction and utilities in terms of sectors experiencing vacancies, and encouraging innovation in agriculture and food manufacturing, the objectives under Priority 2 do not outline any further sector-based objectives. Given YNYER LEP's emphasis in the LIS on transforming York and North Yorkshire into a 'Smart region', and the focus on automation, digitisation and data driven businesses, a greater focus on digital and ICT skills is needed. This is a key sector in York, with significant growth opportunities due to the city's world-class digital infrastructure and academic assets.

44. 'Priority 3: Drive new productive growth by leading the transformation to a carbon neutral circular economy' aligns well with the Council Plan outcomes of 'a greener and cleaner city', and 'well-paid jobs and an inclusive economy'. However, there is no mention of building upon York's innovation strengths here, despite the city being home to a nationally significant bioeconomy cluster (the Biorenewables Development Centre, BioVale, the University of York, FERA Science) which offers inward investment, circular/clean growth and job creation opportunities while tackling global challenges, including carbon-zero and finding value from waste.

Next Steps

45. A period of focused engagement took place in October 2019, with a series of workshops organised in York by YNYER LEP for each guiding principle and priority to discuss interventions. Relevant Officers from across City of York Council took part in these workshops.
46. YNYER LEP have also consulted during October on their draft LIS priorities via their website. A full list of LIS engagement activity by the LEP can be found under Annex C. A draft LIS will be released for formal consultation in November and will be submitted to Government by the end of the year with publication in spring 2020.

A Leeds City Region Local Industrial Strategy

47. Following the completion of a joint LIS evidence base for West and North Yorkshire in July 2019, a second call for evidence was launched by LCR LEP, as well as a request for local authorities to contribute intelligence on local activities taking place that addresses the Government's four Grand Challenges (AI & Data, the Future of Mobility, Clean Growth, and an Aging Society). The Council contributed to both requests through the Economic Growth team.
48. A stakeholder event was also held in July which saw representatives from a wide range of organisations attend to discuss the strengths of the City Region and the challenges that need to be addressed through the LIS. The Council's Economic Growth Manager attended the event to put forward York's interests.
49. Following significant public engagement with stakeholders and partners, during which over 70 consultation meetings were held with over 1,000 people involved, priorities have been identified against the five

foundations of productivity (people, place, infrastructure, ideas and business environment). These are set out in the public consultation currently live and are included under Annex D:

- Supporting businesses to meet the challenges of the future economy and create good quality jobs, to support progression and promote inclusivity;
- Accelerating economic growth across the City Region through technology and innovation;
- Building on the successes of our globally important healthcare sector as a source of good jobs and growth;
- Making sure our environment promotes healthy, active lifestyles and is fit for future generations to enjoy; and,
- Skilled people, in good jobs, with access to training to help build and sustain their careers.

50. These priorities are underpinned by an overarching big idea (“healthy lives that improve wellbeing and productivity...”), and draw out three golden threads as cross cutting themes: zero carbon economy, boosting inclusive growth, and lives transformed by digital tech.
51. The big idea seeks to harness the region’s significant health assets to find innovative ways to tackle some of the region’s biggest economic and social challenges, as well as promoting inclusive opportunity.
52. The big idea, cross cutting themes, priorities and focus on two of the four grand challenges (Ageing Society, and AI and Data, on the basis that the region is able to lead on these challenges, rather than simply contributing to them) were supported by LEP Board members at their away day on 25 September.

A City of York Council Response

53. LCR LEP’s draft LIS priorities align strongly with York’s Council Plan. The priorities and ambitions are comprehensive, although a little generic. For instance, the priority on supporting businesses is right to identify the need to improve the quality, affordability and availability of business premises in the region for example, however, of greater value is how the LEP intends to do this in a way that will make a significant impact to the region’s business environment. A similar question can be raised in response to the LEP’s ambition to ensure that businesses looking to scale-up and/or transition to low-carbon methods have access to finance to enable them to achieve this.

54. Elsewhere, given the onset of automation, the emphasis on supporting workers to adapt to technological change with better and creative skills is welcomed and will support workers to transition into well-paid jobs, and develop an inclusive economy. Similarly, the focus on high quality careers and retraining services to raise young people's aspirations and support adults to develop their careers has a strong alignment with the Council Plan's outcomes around 'a better start for children and young people' in York, and an inclusive economy where workers in lower paid industries have opportunities to further develop their skills and aid career progression.
55. The environment plays a key role in LCR LEP's draft LIS priorities, with a focus on promoting healthy, active lifestyles and ensuring that the region's environment is fit for future generations to enjoy. Emphasis is placed on tackling climate change and becoming a net carbon zero city by 2038, and providing infrastructure that not only supports clean and inclusive growth, but also minimises the impact of climate change. This ambition strongly aligns with the Council's aim for York around 'a greener and cleaner city', but considering the emphasis around active lifestyles, little is made of investing in, and encouraging, sustainable and active travel.
56. Creating the right infrastructure to help people benefit from growth and access opportunity is also mentioned in LCR LEP's LIS priorities as an ambition, with a focus on delivering full fibre broadband and 5G mobile connectivity across the region. The need to ensure affordable and reliable transport is also referenced, although given the large number of rail stations that exist in the region and the density of the predominantly urban City Region geography, it is surprising that securing the economic benefits of a fast rail network across the City Region is not highlighted as a key ambition. Given York's enviable position at the heart of the UK's rail network and the economic importance of the city's connections to West and North Yorkshire, we would suggest that ensuring that Leeds City Region has a world-class transport system to enable people to access jobs, services and opportunities and businesses to prosper should be at the heart of the LIS. Especially given LCR's ambition to champion and unlock the potential of the region's diverse places to tackle inequality.
57. Finally, significant focus is placed in LCR LEP's LIS priorities on healthy people and building on the successes of the Region's healthcare sector, the latter a source of jobs and growth. Given the emphasis on the sector, it would be useful for the priorities to also address the challenge of skills

shortages in the health and social care sector – a major issue locally, regionally and nationally. It is also important to emphasise that York has notable sector strengths in life sciences, including both med-tech and biopharmaceuticals – the latter unique to York in comparison with the City Region. The Council hopes that York’s significant assets here have been recognised.

Next Steps

58. LCR LEP is currently consulting on its Draft LIS Priorities, with the consultation to close on 18th November. A LIS will then be produced that will be submitted to Government by the end of the year with publication in spring 2020.

Consultation

59. On 16th October 2019, Members of City of York Council’s Economy and Place Policy and Scrutiny Committee received an update from both LEPs on work to develop LISs that cover West Yorkshire, York and North Yorkshire. A senior representative from YNYER LEP outlined the stage where each LEP was with their LIS and the opportunities for the Council to engage with the development process.
60. At an Officer level, the Council’s Economic Growth Manager has been heavily involved in work to develop a LIS for Leeds City Region and York and North Yorkshire. Crucially, the LIS requires input from a broad range of Council agendas including Economic Growth, Regeneration, Transport, Housing, Skills, Communities and Corporate Policy. A range of Officers from those service areas have attended meetings and/or workshops on the LIS to date. The Council’s Economic Growth team will continue to engage with relevant internal service areas on the LIS to ensure that York’s interest are put forward.

Council Plan

61. The emerging Council Plan has outcomes which reflect a good quality of life and York as a successful business location. The Local Industrial Strategy aims to boost productivity, creating good jobs and increasing people’s earning power and therefore addresses the following outcomes:
 - Good health and wellbeing;
 - Well-paid jobs and an inclusive economy;
 - Getting around sustainably;

- A better start for children and young people;
- A greener and cleaner city;
- Creating homes and world-class infrastructure; and,
- Safe communities and culture for all.

Implications

- **Financial** – no financial commitments. LISs will promote the coordination of local economic policy and national funding streams;
- **Human Resources (HR)** – no implications;
- **One Planet Council / Equalities** – minimising the impact of climate change is central to both LISs and therefore supports the Council’s climate change challenge. Both LISs also focus on inclusive growth which will positively support the Council’s equalities objectives;
- **Legal** – no implications;
- **Crime and Disorder** – no implications;
- **Information Technology (IT)** – no implications;
- **Property** – no implications.

Risk Management

There are no specific risks identified in respect of the recommendations.

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Approved

Wards Affected: List wards or tick box to indicate all

All

For further information please contact the author of the report

Background Papers:

None

Annexes

Annex A – YNYER LEP York & Its Hinterlands Place Story

Annex B – York and North Yorkshire Draft LIS Priorities

Annex C – YNYER LEP LIS Engagement Log

Annex D – Leeds City Region LEP Draft LIS Priorities

List of Abbreviations Used in this Report

ICT – Information and Communications Technology

LIS – Local Industrial Strategy

LEP – Local Enterprise Partnership

FSM – Free School Meals

YNYER – York, North Yorkshire, East Riding

FERA – Food, Environment, Rural Affairs

AI – Artificial Intelligence

LCR – Leeds City Region

HR – Human Resources

IT – Information Technology