
Executive

21st October 2008

Report of the Director of City Strategy

Thriving City – report back

Summary

1. This report is in follow up to a recent paper on York's economic position which recognised that the council and its partners can take action to assist the city during this period of downturn to help business as well as those individuals and communities hardest hit. This report presents the findings of consultation with stakeholders and options on further action and areas of investment which the Executive are asked to consider.
2. The One City project has a good strategic fit with the long term aspirations of the city under the Inclusive City, Learning City, Sustainable City and Thriving City themes in the Sustainable Community Strategy.

Background

3. York is initially better placed than some other cities to respond to the changing economic picture. It has enjoyed relatively high levels of employment and encouraging economic growth over recent years especially in the technical, creative and scientific sectors.
4. The Future York report has helped ensure strong partnership working and a good support infrastructure which is responsive to changing economic circumstances and which will be key to ensuring that York remains vibrant and successful at attracting investment and visitors.
5. Whilst apparently affluent, there are significant pockets in York where deprivation is relatively high and where action is required if the circumstances of those least well off are not to be exacerbated by the prevailing economic climate.
6. Accordingly, this report looks at these issues with reference to the credit crunch and reports on consultation with those in the city who best understand its economic landscape, are working to ensure its continuing prosperity or work with those communities and individuals whose economic position is most precarious. In summary the One City project has 3 strands
 - Supporting business
 - Boosting confidence
 - Supporting those most vulnerable
7. This report and the initial One City paper represent just the starting point for the council's action to tackle the credit crunch. Subsequent papers will keep members informed of the changing economic circumstances and will suggest further ideas in response as well as more detailed shaping of thematic priorities. It will also consider issues such as governance support arrangements for the project and how best to locate it within the context of the city's of strategic partnerships.

Consultation

8. In the course of this work, the groups and people named below were consulted. At its inaugural meeting, the York Business Forum considered the impact of the global financial crisis on the York economy and their discussions are reflected here also.
 - Citizens Advice Bureau/Anti-Poverty Steering Group
 - York Credit Union
 - Future Prospects
 - CYC Neighbourhood Co-ordinator
 - CYC Revenues and Benefits managers
 - CYC Housing Strategy Manager
 - CYC Homelessness manager
 - CYC Housing Standards and Adaptations Manager
 - CYC Skills and Labour Market Manager
 - CYC Head of Economic Development
 - CYC Assistant Director for Economic Development and Partnerships
 - Project Director of Science City York
 - Chair of york-england.com, Visit York and York Professionals
 - Federation of Small Businesses
 - Chamber of Commerce
 - Owner of Japanese Shops chain (former Chairman of York City Centre Partnership Ltd)
 - York Business Forum

Business and confidence

9. Whilst consultation showed that some businesses are suffering downturn, including some in the council's own commercial property portfolio, the York economy continues on the whole to perform well. There has been a slight, but not significant, rise in the number of people claiming Job Seekers Allowance in recent months whilst other figures suggest that hotel occupancy rates are also slightly up.
10. Sectors which have suffered clearly include the construction industry and those associated with it. There is also evidence of rising unemployment in service industries, especially affecting casual and part time workers. Anecdotal evidence suggests that retail businesses outside of the city centre, such as in Acomb, are less likely to be faring as well as elsewhere in York and that a number of small retailers are concerned enough by recent trends to sell leases or seek shorter and more flexible agreements.
11. In general, the Chamber of Commerce report that amongst its members confidence is still good and that the effects of the global financial crisis are, in many local sectors, yet to be properly felt in the real economy. Accordingly, further reports will keep members informed of the changing economic circumstances anticipated in the city.
12. For those businesses consulted it is clear that the issues of most significance to them are the same ones as before the global financial crisis hit; transport and skills (themes which were considered in depth at the recent inaugural meeting of the York Business Forum) and rules & regulations.
13. The newly published annual competitiveness index named York as the 11th most competitive city in country, a rise of 32 places from 2006. The study highlights the factors which attract investment and where the council's strategic focus, with that of its partners, has been aligned – by improving the qualifications of school-leavers, raising skill levels, helping unemployed people

back into the workforce, attracting knowledge based industries and encouraging entrepreneurship.

14. The development of city-wide strategies for the future build on this success and ensure a continuing focus under the Thriving City, Learning City and Inclusive City objectives. Members will also be aware of the intention to refresh the council's Corporate Strategy to better align it to the SCS and ensure that the council's commitment to these themes is clear. Performance against strategic objectives are also managed in the medium term through the Local Area Agreement.
15. The council has a strong track record of working in partnership to ensure the city's continuing economic progress with for instance Science City, the Tourism Partnership, Business Link and City Centre Partnership. This has ensured that the council is a key player in helping to shape and support the city's economic future and has good channels of communication through which the needs of the business community are understood.
16. Since the Future York report and partly in response to the joint party protocol which identified jobs and business support as a key issue, the council has worked with Yorkshire Forward and york-england.com to strengthen and co-ordinate its approach to key account management (i.e. understanding the needs of key businesses in the City in a formalised and managed approach). The Economic Development Partnership Board has reviewed its membership to make it more business orientated and also agreed that there should be established a wider business forum to engage with a greater number of businesses on an informal basis and gather views on how the economic well-being of the city can be improved.
17. The first meeting of the Business Forum took place on the 8th October and considered –
 - Transport & infrastructure
 - Skills & training
 - Development of the city
 - The national economy and its impact on York business
18. The forum provides a vital conduit for city communication and support for business confidence. Its initial meeting highlighted significant consensus around the priorities for York's development and demonstrated the group's potential to help shape the city's future.
19. Ideas which were discussed to help York through the credit crunch included aggressively promoting the city offer and refreshing the York brand as a great place to work, invest and visit, emphasising its success and the quality of life and opportunities for work/life balance that it offers.
20. This is the kind of activity which the forum, working with the council, is well placed to drive forward; creating an aspirational and externally focussed city culture, which is confident and self-determined. The benefits for York's reputation as an investment destination are clear, but the forum also highlighted a role for attracting talent and retaining graduates, especially in science and technology disciplines. Members of the forum with marketing expertise have already indicated their willingness to be involved and the support of the Executive is sought also to pursue this idea and investigate funding implications as well as the role of york-england.com and Yorkshire Forward.
21. In short-term response, members are asked to support promotion of the city centre and specifically the work of the York City Centre Partnership. Members will be aware that following the ending of funding from Yorkshire Forward, the York City Centre Partnership was unable to extend the contract of its Chief Executive. Previous reports to the Executive have highlighted the importance of sustaining some of the activities of the partnership, particularly regarding maintaining an active dialogue with retailers and traders through the Retailers Forum, encouraging private sector involvement with initiatives such as Christmas lights and other promotional activities, developing new initiatives such as the Minster Quarter and taking a longer term view of the development of the city centre through the Area Action Plan.

22. The City Centre Markets and Operations team have been restructured to enable for some support to be given to these initiatives following the departure of the partnerships Chief Executive. However, some additional resource is still required to provide administrative and project management support to sustain activities previously undertaken. The likely cost of these is estimated at £20,000 per annum.
23. More support for business start-ups was also identified by the forum as an area of need, and is an important way of strengthening the local economy to respond to the present challenges. York has a generally low rate of new business formation compared to regional and national rates and improving this has already been identified as an objective in the city's LAA. This is a significant issue especially when conditions are a disincentive to new start-ups.
24. In response, the council has already taken the step of establishing the Eco Business Centre at Clifton Moor which is approximately a third occupied despite being open since only September. The council has also been seeking ways with Norwich Union/Aviva in which a £50k investment from Norwich Union can be matched to establish a fund to support new business start up in York.
25. A further £100,000 could be drawn down from York Business Development Ltd, and York Professionals are in the process of seeking £50,000 of matched investment from its members which will be delivered through business advice and guidance. The Executive are asked whether the council will also provide £50,000 to support this enterprise fund.
26. The council, together with North Yorkshire County Council and the Chamber of Commerce, were the founding members of the York and North Yorkshire Business Link. Following the development of Business Link on a regional basis, the 3 founding members are considering how best to use the remaining reserves of the York and North Yorkshire Business Link company to fund additional business support activity in the sub-region.
27. The council is also seeking to develop a culture of enterprise in the city through the provision of enterprise training within schools, likely costing about £10,000. The attached annex to this report sets out the current provision of recent and planned enterprise education in York. It is recommended that the council works with North Yorkshire Business Education Partnership and Young Enterprise to develop a plan to extend the coverage of enterprise activities to all schools within the city.
28. The Business Forum also suggested greater awareness and availability of information on the services, funding and support available from the council, Science City and the other groups and partnerships which support local economic growth. Further consideration is required about how best to publicise this support, using the Business Forum to channel communications and drawing on the marketing expertise of forum members.
29. The forum also expressed the need for more people with 'softer' service skills. One initiative which may help is the provision of generic service and hospitality training provided by a number of the city's hotels, which have agreed to act together to deliver this provision in partnership with York Professionals. This point also suggests perhaps that more awareness is needed in the city about the range of jobs associated with the technical and scientific sectors, challenging the perception that Science City is exclusively about highly skilled and technical work.
30. Another message which came from the forum and is worth considering in the overall context of this paper was the desire of businesses to help the most financially vulnerable people in the city, to tackle worklessness and provide employment opportunities, and perhaps this could be explored further at future meetings. In all their discussions, the forum demonstrated a clear desire to drive forward improvement and work for the collective good of the city.

Procurement

31. The council spends approximately £100 million per year in the discretionary purchasing of external goods and services. EU procurement legislation prevents the council from positively discriminating in favour of local suppliers, but it does work to promote the availability of contracts with them and ensures that there is full visibility of tendering opportunities via the SCMS IT system. The procurement team has been in contact with the Chamber of Commerce to ensure that local businesses are aware of this facility and are equipped to take advantage of tendering opportunities.
32. They have also intend to work with CVS to ensure that third sector organisations are fully supported through the application for tenders and again has ensured improved transparency about the contracts available. Local suppliers are also advantaged by the council's commitment to building sustainability into the awarding of its contracts, where transportation of goods or travel expenses are concerned for instance and such considerations are likely to be of increasing importance as the council becomes subject to carbon tax. The authority also has scope to influence contractors in the selection of local subcontractors.
33. As the imperative to derive further efficiencies from contracting drives the need to bring as much purchasing as possible within the corporate contract, it is possible that local companies will be disadvantaged as it is assumed that procurement which presently falls outside of it is likely to be local. This issue will become clearer as the SCMS system is fully rolled out and detailed spend analysis becomes available as part of the FMS replacement project. Whilst data on contracts by geographic area is presently unavailable, it is hoped we will have this analysis by the end of the year.

Helping the least well off

34. It is suggested that a cross directorate anti-poverty and financial inclusion group be formed to co-ordinate the range of council projects presently underway with a view to ensuring that proper links are made between work and that resources are efficiently targeted. The group should also consider specifically how council departments could work more effectively together and co-ordinate services to tackle poverty as well as better promote the range of credit crunch support services available from the council and its partners.
35. Further analysis of the changing economy will be important to ensure that York's citizens are properly supported. This work should provide awareness of the changing circumstances for all in the city, not just those people who are least well off and identified here as initially most at risk.
36. It is anticipated that shortly LCCS will report separately on child poverty.
37. The next edition of the Talkabout survey will feature a section on the credit crunch which will seek the views of citizens and will hopefully provide a useful tool for economic planning in neighbourhoods.

Kingsway pilot

38. The project is designed to improve life chances for citizens in this specific area of the city, which according to the Indices of Multiple Deprivation (IMD) is the most deprived in the city and the only one of York's Super Output Area in the most 10% deprived nationally. Since the initiation of the project, the partnership team have met 3 times and reported their proposals for further action to members; these and the overall approach being taken provide a template for tackling poverty and deprivation elsewhere in the city. The project has been typified by
 - Being informed by data – the project is informed directly by the IMD and actions are designed to tackle the key characteristics of this deprivation

- Working in partnership to identify and address need – ensuring that joint working budgets are most effectively deployed
- Working in the heart of the community – understanding existing provision, linking with it, complimenting it and successfully using outreach services
- Central involvement of members – local councillors have worked to consult with residents via doorstep survey to compliment the overall understanding of the community's needs

39. Actions in the Kingsway pilot which were recently supported by members include the formation of an active residents group and provision of appropriate community development training. In addition, actions have been developed to target specific types of deprivation as identified by data and supported through close partnership working, these include.

- Employment deprivation – Future Prospects have increased their presence in the area with the creation of a part time post for a community learning and work advisor to offer a range of support in areas including confidence building and employment training
- Income deprivation – Citizen Advice Bureau housing debt outreach work has been progressed and a CAB money management outreach officer appointed with implementation of a benefits awareness campaign to follow
- Health deprivation – Running of Future Prospects 'cooking on a budget' course

40. The pilot project will assess how its work may be replicated elsewhere in the city and it is hoped that residents from the pilot area trained in community development can act as mentors for others.

41. The example of the Kingsway project suggests the benefit of developing economic plans for all localities throughout the city. It is suggested that this is progressed through the existing Ward Committee infrastructure, facilitating direct engagement with residents and members to understand the economic issues in specific communities.

42. Already some Neighbourhood Action Plans (NAPs) have prioritised support for their local economies as ward priorities, but in the majority of cases this concern was not identified. Now it would seem appropriate to reintroduce this issue onto ward agendas and seek residents' views on its importance.

43. A proposed first step would be to develop a template similar to that used to assess health issues in wards and use the results, supplemented by available data, to help inform planning and shape services according to need. The views of other council departments, partners and local businesses could also supplement this picture which would raise awareness of ward specific issues and help identify practical measures of support and the appropriate agencies to provide them. With this planning in place it may also usefully act as an evidence base sufficient for drawing down funding from external sources.

44. This evidence will become increasingly sophisticated with use of the ESD toolkit which the council has recently invested in. This IT resource of extensive locality data is provided by government as an aid to accurate ward profiling, in keeping with the requirements of the Comprehensive Area Assessment framework. It is anticipated that this system will initially be in use by the end of the year. Supplementing this, the next edition of the Talkabout survey will feature a section on the credit crunch, the results of which will be analysed on a ward basis.

45. The ward planning system could also help provide support and sources of further information by, for instance, the organising of advice surgeries, which have been previously used in advance of

ward meetings to support residents on a range of issues. Further awareness and support could come from coverage of the credit crunch in Your Ward publications and the budget consultation issue of Your City.

46. As part of the Kingsway pilot project the Executive agreed to support production of an updated version of the 'York on a Budget' booklet and also review the council's debt recovery policy and consider, in light of the credit crunch, improvements to supporting those in debt whilst maximising income collection. This work will consider linkages between departments concerned with benefits overpayments and rent arrears and the protocols which govern their work.
47. £2000 is now available for the production of the booklet. Additional funding would allow for its distribution across the city not just in those wards who have funded so far. It would also allow for greater promotion of the Credit Union which is also recommended in this paper. Costs for production of the booklet range depending on quality and quantity. It is recommended that the council fund production of 20,000 colour copies, which will require approximately another £3,500.

Credit Union

48. The Credit Union works to mobilise savings and improve financial inclusion and plays a significant role in supporting those least well off in York.
49. The Credit Union would appreciate the council's assistance in improving visibility and access to its services in our most deprived communities and with those people who are presently least able to get credit. These are the same communities in which The Press recently reported that unscrupulous and violent loan sharks are operating in the hope of taking advantage of the adverse economic conditions.
50. It is suggested therefore that in particular areas of the city the council helps ensure the establishment of outreach facilities to both assist those who have already taken unsustainable credit and provide a safe and affordable alternative for others seeking secure savings or loans.
51. It is recommended that the council support the funding of community savings points in those areas of most need. Tang Hall, Westfield and New Earswick have been suggested by the Credit Union, though data analysis and member views are also sought. The saving points would be set up in community facilities at set times to offer Credit Union facilities which could normally only be accessed via a visit to their offices in Priory Street or at the community saving point which operates from the City Finance Centre in Library Square.
52. The staffing cost of establishing these 3 community savings points for one year, subject to the identification of suitable venues in which to operate, is £9,000 for 2 part-time posts, plus set-up capital costs of £800 for the purchase of additional equipment.
53. Though this paper seeks to recommend where one-off investments should be made, it is recommended that sustained funding is required to properly support the Credit Union in its work and bring these additional services to communities in most need.
54. Reputationally, it is important for the Credit Union to be recognised as a reliable quality service and for the benefit of customers too, it is not thought advisable to make the above funds available for one year only. Members are therefore asked to consider providing funds to the Credit Union as part of the council's mainstream allocation in order to ensure the sustainability of these posts. It is also recommended to seek support from Ward Committee budgets in the areas identified.
55. Investment in the Credit Union is particularly beneficial to the city as all its assets remain in the local economy. Money used for savings can be lent out as loans on which interest accrues, meaning that in a very real sense the Credit Union represents a value added service.

56. It also has the potential to be of benefit to local businesses, for instance by assisting a purchase on credit from an independent local retailer unable to offer their own credit function, but who unlike a major chain would keep the money in the local economy.
57. The council can play a role in improving the links between the Credit Union and businesses. The Credit Union would like to make these links in order to attract workers in the city who wish to establish savings in the union through payroll deductions. This is of course beneficial to savers as well as the city's economy and the Credit Union. The Credit Union would also cite the benefit to employers, for instance helping to address a potential rise in sickness absence associated with money worries.
58. A pending review of legislation may also allow the Credit Union to make loans to businesses in the future and therefore to explore the above issues it is suggested that the council facilitate contact via York Professionals.

Citizens Advice Bureau

59. Consultation with York CAB has suggested that the council can help the bureau to accelerate its planned changes to the way in which it manages customer enquiries to improve efficiency and effectiveness.
60. The Gateway model provides self-help resources and appropriate support or referral following a short diagnostic interview by phone or in person. By better managing demand, it enables bureaux to focus face-to-face resources on those who are in greatest need and increase the number of clients they are able to see.
61. This model presently operates in 25% of all CABs and shows that it can lead to an increase in client throughput of up to 50% and can reduce waiting times by up to 70%. They also show that early diagnosis, the use of self-help information and appropriate referrals lead to a faster service for more clients and encourages greater integration with other providers.
62. York CAB intend to employ the Gateway system and predict a 30-50% growth in clients seen as a result. They have identified that the recruitment of an additional full time advice worker for a year would accelerate the system's implementation from April/May next year to within 12 weeks of commencement. This person's work would include training and business process redesign with a view to mainstreaming the new system. One of the options presented then is to provide one year funding for the payment of this post (contingent on the current review of management at York CAB). Total cost for one year will be £26,500.
63. Another idea recommended by York CAB and the anti-poverty steering group is to fund the production of a smart card which would provide discounts in shops for those in receipt of benefits or on low incomes.
64. The next intention if supported would be to consult with local retailers and seek those willing to enter into the scheme, especially in those areas that are relatively deprived. The advantage of the smartcard is that it supports both the people less able to cope with inflation and businesses who may be suffering reduced custom. Securing the co-operation of independent retailers will ensure that money is retained in the York economy and that local produce and good healthy food can be promoted.
65. CAB have identified that the creation of a new post is required to co-ordinate the project, including recruiting businesses, promoting the scheme and keeping holders of the smartcard informed when additional businesses join up. The cost of the post for one year will be £24,500 of which £4,500 has already been secured. This appointment it is also advised should be contingent on the current review of management at York CAB.

66. The eventual intention of the card would be to make it a self-sustaining social enterprise in which participating businesses would pay a small charge to fund the project year on year. This model suggests however that not all of the scheme's costs could be accounted for by this means in year 2 and may require further support, approximately 50% of year one costs.

Housing

67. The credit crunch has had a significant effect on the housing market. Conditions have been typified by falling prices and sales, rising repossessions, a reduction in the availability of mortgages and a slow down in construction.

68. These factors in turn place increased pressure on York's existing social housing stock and housing waiting lists. Demand for rented homes is likely to increase as sales fall and homelessness rates grow as more people get into arrears with mortgage payments. Moves within the social housing stock are likely to reduce too, leading to more cases of families living in unsuitable accommodation and longer waiting times for those on housing lists.

69. The present downturn in the housing market also means that fewer new-build homes – both open market and affordable – are being built.. The true effects of this will not be felt in the current year however, but over the next 2-5 years or longer, given the inevitable lag in the completion of new homes even when the market picks up.

70. In York the majority of new affordable housing comes through planning gain agreements on private developments but there is still a significant programme of Housing Corporation funded schemes too which will generate activity.

71. On grant funded developments a net reduction of 37 homes is predicted in 08/09 against previous targets. Delays on two developments, the new Peasholme Centre and first phase of the Discus bungalows scheme, account for most of this reduction and both can be attributed at least in part to the credit crunch. On planning gain schemes the picture is more complicated and directly affected by the private housing market. Affordable housing completions are currently holding up well for the current year but with an anticipated dip in 2009/10.

72. Over the next two years, anticipated delivery of affordable homes is now 370 against an LAA target of 445 – a net reduction of 65 homes. It is premature to draw firm conclusions from these figures given that the housing market is so changeable and likely to remain so over the next two years. At the time of writing this report, for example, negotiations were close to agreeing the purchase of an additional 32 homes by a housing association on one development. Nevertheless, it is possible that the housing market downturn could precipitate the mothballing of further private developments (which include affordable allocations) as has already happened on a number of sites across the city.

73. Housing associations across the country have had to reconsider the feasibility of building or purchasing homes for shared ownership. In York, however, our model of low cost home ownership is 'discounted sale' rather than shared ownership and carries much less risk to the associations, although it does of course still depend on purchasers being able to access mortgages.

74. The government has made a number of announcements focussed on stimulating the housing market. The initiatives include raising the stamp duty threshold, supporting mortgage interest payments, launching a national mortgage rescue scheme and the introduction of the Homebuy Direct scheme which provides a discount equity loan on new build homes. The details of all of these schemes are being considered in order to assess their full implications for York.

75. There has also been a range of regional and sub-regional activity, which includes a £450,000 mortgage rescue package which the Golden Triangle Partnership intend to launch by the end of the year. It is also working on supporting a pilot under-occupation scheme in York and continues

with a low cost home ownership scheme which is on target to enable 10 households in York to buy a home on the open market this year.

76. The council's Housing teams have identified a range of actions which are planned or in progress in response to the difficult circumstances. These include a proposal for Supporting People to fund a second housing support worker through CAB in response to the increase in people needing support and a workshop on affordable housing responses to the credit crunch to be held in November as part of the Affordable Housing Review.
77. Also, the Housing Development Team with colleagues in City Strategy have held a series of meetings with individual developers and agents in York to discuss the impact of the credit crunch on the affordable housing policy. This is being followed up with a workshop in November with a wide range of stakeholders that will explore ways of maximising the supply of affordable housing both through new developments and through the optimum use of the existing council and housing association stock.
78. Housing Services are also organising a credit crunch fair to be held at the Guildhall in December with a range of stalls from voluntary organisations that will focus on ways of cost cutting as well as having information on debt advice, mortgage rescue and living on a budget. This would seem to present a useful opportunity to ensure the availability of promotional literature, raising awareness about the range of services offered by the council and its partners, the production of which it is suggested should be the responsibility of a CYC anti-poverty and financial inclusion group.
79. Longer term action which the council may consider includes reducing fuel and heating costs in council and housing association homes, increasing homelessness prevention work through the Housing Options model and ensuring a high priority on maximising use of the council's current stock. Tackling fuel poverty by more efficient use of energy and reducing the number of households in temporary accommodation are two of the key LAA indicators that are being considered for further action as part of the Corporate Strategy refresh.
80. The council as landlord can also help actions to prevent poverty by providing enhanced benefits and financial support to council tenants and initiating targeted advice to vulnerable households on ways to reduce the cost of living- this is discussed in further detail in the following section.

Benefits

81. There has been significant improvement in the performance of the benefits service over the last few years both in terms of maximising take-up and speeding up processing. It presently takes an average of 16 days to process new claims and changes of circumstances and new services via telephone and with integration into the Easy@York project seeks to improve this further. Further structural changes, still being implemented, seek to improve the total customer experience by ensuring that all benefits staff are skilled to all positions within the team.
82. Work to improve the take up of benefits has included the canvassing of specific client groups and the formation of focus groups to understand what are the barriers to their claiming. Consultation with young people and families has already progressed but the service may require assistance in reaching out effectively to some BME groups, with advice from the council's Equalities team and the Inclusive York Forum. The benefits team also intends to increase its capacity to work to provide personal attention and case work for those specific clients or groups whose claims are complicated or whose circumstances often change. The team also seeks to continue to work for greater integration with other agencies.
83. Problems of keeping track of clients through referrals is an issue in the council where links between different benefit teams could be improved. The long term suggestion is that more generic awareness of a range of benefit and support services is developed across all relevant departments and better sharing of data on clients across these departments be investigated.

84. There may also be merit in the adaptation of a single form for the application of all benefits to ensure that full entitlement against all criteria can be assessed and potentially initiated by any of the relevant services. Further investigation of the merits of this idea is required as is its potential disadvantages and difficulties by the CYC anti poverty and financial inclusion group.
85. A specific example which emerged in consultation with the benefits service suggested that closer working relations with the Housing department could prevent rent arrears if the latter were better informed about the benefits process. The idea suggests that a pilot scheme may be a useful way to investigate how such a service may be provided, working with the initial suggestion that all new tenants should receive an income health check to ensure they are claiming all they may be entitled to, this may also be a trigger for referral to other services available via the CAB or Future Prospects such as money management courses.

Energy

86. Inflation of energy costs have been a significant feature of the credit crunch with the associated risk that an increasing number of people may slip into fuel poverty (often defined as energy costs which represent 10% or more of income). Ofgem report that the annual average gas and electricity bill for a 3 bedroom house presently stands at approximately £1,000 per year, a rise of 51% over the last 5 years. In response the council is drafting a fuel poverty strategy.
87. The council works in partnership to provide energy advice as well as a range of assistance to improve the SAP rating of customers homes.
88. Recent data suggests that there has been considerable progress in this regard, in 2002 the average SAP rating of the York's private sector stock was 44 (on a scale of 1-100), initial results for 2008 suggest that this has risen to 65. York's council stock is also high performing relative to other councils. Further work is underway to identify those pockets of the city where fuel poverty is most acute with a view to this informing the strategy in development.
89. Further work is still required in this area to improve take-up rates of benefits and other services such as the home appreciation loan. Further publicity about the services offered by the council, the Energy Advice Centre and the Rydale Energy Conservation Group may be required.

Skills and Worklessness

90. The Future York report recognises that York has a relatively strong skills profile, with good levels of attainment and a high percentage of high level skills. It also notes that high-quality educational provision and a ready workforce are key incentives to attract inward investment and allow York to 'punch above its weight in the knowledge economy.
91. The report also relates that there are significant numbers of adult residents in the city with low levels of literacy and numeracy and approximately 12% of the working population without any formal qualifications.
92. Work progresses under the Learning City theme of the Sustainable Community Strategy steered by York's Lifelong Learning Partnership which encompasses a range of aims to improve the overall skill profile of the city including widening participation, improving attainment, improving the quality and choice of provision and developing workforce skills to reflect the diversity of York's economic base. Complementing this work is an ongoing dialogue with business to understand their employment needs.
93. In their recently published annual report, Future Prospects detail that in the year to March 2008 more than 87,000 contacts were made with the service and more than 2,500 doors were knocked on. 10,000 in-depth advice sessions took place and , as a result, nearly 3,000 people entered learning programmes and 409 started work. As well as well developed outreach services it is also a key provider of redundancy support, transitions and outplacement services providing direct

support to employers such as Nestle and British Sugar and brokerage services to over 20 other employers.

94. Their work provides a clear understanding of the issues facing people who are workless and the active barriers to employment and training. Their data shows that the most significant in York include having English as a second language, disability, lack of qualifications, mental health issues and lack of confidence due to periods away from learning or work.
95. The success of Future Prospects work means that increasingly its client group is hard to reach or suffer from the most significant barriers to employment. This, together with the exacerbatory effects of the credit crunch suggests the need for targeted work within specific communities and key client groups as demonstrated in the Kingsway pilot. Increasing the capacity to door knock and working with partners to identify areas to target, e.g. streets with high levels of rent and/or council tax arrears, has the potential to engage with and significantly reduce the number of workless people in the poorest communities.
96. In partnership with Future Prospects the council has submitted a proposal to the Department of Work and Pensions to step up the intensity of its approach to worklessness in York, specifically with hard to reach groups through door knocking, community drop-in sessions, work with support groups, supporting health initiatives and linking with education welfare work.
97. The project aims to engage with and build the confidence of employees and employers and support the progress and success of local businesses in a sustainable way to ensure that all sections of the community benefit from economic opportunities.
98. The proposal to the DWP identifies that benefits rules can be a disincentive to entering work when for instance leaving benefits may cause a significant gap in income before receiving a first wage. The council has requested trialing flexibilities around such rules as part of this project. It has asked for funding of £500,000 for a five year period with a projected outcome of moving 250 people into work, making considerable savings compared with the costs to the state of paying benefits (£10,000 a year is a conservative estimate used for submission of the bid.)
99. The council has submitted this proposal to the minister and hopes to be given an opportunity to trial these flexibilities with the hope of informing national policy whilst improving outcomes for local people.

Options

Investment

- Agree to match fund the £50,000 provided by Norwich Union to establish an enterprise fund to support new business start ups
- Agree in principle to support enterprise training within schools – plan to be developed with NYBEP and Young Enterprise, likely cost £10,000
- Support to sustain the activities of the City Centre Partnership - £20,000
- Invest an additional £3,500 for production of an updated 'York on a Budget' booklet
- Invest £9,800 to provide 3 Credit Union community saving points in those communities in most need. Members are asked to consider sustaining this investment through mainstream allocation and investigation of support available from Ward Committees
- Invest £26,500 for the recruitment of an additional CAB advice worker to accelerate the implementation of the Gateway client handling and referral system

- Invest £20,000 (£4,500 already identified) for the recruitment of a person to initiate and co-ordinate the York smartcard scheme and consider the implications for sustainability of funding after year one

100. If Members decide to commit investment to any of these options set out above, then it will be necessary to develop firm delivery arrangements to ensure that there are measurable benefits and outcomes from the council's investment.

Strategic Policy

- Formation of a cross-directorate anti-poverty and financial inclusion working group with specific responsibility for
 - Ensuring appropriate links are made between 'credit crunch' projects to join up work and ensure the efficient application of resources
 - Exploring ways in which council departments could work together more effectively to tackle poverty (with overview recommended of project to review CYC's approach to indebtedness and consider the merits of developing one benefit form and more generic benefits support and advice and further consider how the council's benefits claims processes can be better co-ordinated across the range of providing services, including educational grants and support for energy efficiency improvements)
 - Production of literature for residents showing the range of credit crunch services available from the council and its partners
- Enhanced economic planning through ward committee function and shaping of services according to the needs of localities
- Consider initiating pilot work to investigate better links between housing estate management services and benefits/financial inclusion work including income health check

Further work

- Engage with York Economic Partnership, Inclusive York Forum and other partnerships to discuss the issues discussed in this paper
- Senior Managers Group/CLG sessions to explore how the council could better link with citizens and businesses through the course of existing council activity to understand their economic circumstances and influence delivery of the service.
- Support the proposal of the Business Forum to promote the York brand and the city's offer.

Corporate Priorities

101. The actions in this report support the Inclusive City, Learning City and Thriving City elements of the Sustainable Community Strategy, under which future corporate priorities will be formed

Implications

Financial

102. In summary, the options set out above would require the following financial resources to be committed by the Council:

Matched funding for enterprise development fund	£50,000 (one-off)
Plan to support enterprise training in schools	£10,000 (ongoing, per annum)
Sustaining the activities of the City Centre Partnership	£20,000 (ongoing, per annum)
Updated "York on a Budget" booklet	£3,500 (one-off)
Provision of 3 Credit Union saving points	£9,800 (£800 one-off, mainstreaming £9,000 per annum recommended)
Recruitment of additional CAB advice worker	£26,500 (one-off)
Development of York Smartcard	£20,000 (one-off, with potential recurrent cost approximate to 50% in year 2)

103. The total expenditure on these options is therefore £139,800 in the first year with a minimum of £39,000 recurring expenditure in future years (enterprise training, City Centre Partnership and Credit Union). There is no budget approved to fund these options at present and therefore any options which the Executive would wish support would require Council approval to commit reserves for one off investment, recurring investment would be paid from contingency. Members will be aware of the windfall LABGI grant of £690,000 made to the Council in the current year which has been used to supplement the council's reserves. Of this, £200,000 has already been committed to the community stadium project.
104. The General Contingency for 2008/09 was set at £800,000. Potential areas that might require funding during the year were identified as part of the budget process, and totaled over £2m, which included £750,000 for costs connected with the Highways PFI bid. To date £388,100 has been released leaving £411,900 available.
105. It is too early to know yet how many of the identified areas of financial pressure will be brought before Members for funding. The key pressures identified where there may be a need for additional funding included within the £2m, are: downturn in parking pcn income, concessionary fares and children's social care costs. This request was included in the £1.989m identified as possible recurring pressures in the budget. Any release from the contingency will obviously reduce sums available for distribution during the remainder of the year. The balance available, if this application is approved, will be £372,900.
106. It should be noted that this request is for a part year in 2008/09 only. There will be consequential costs in 2009/10 and future years of £39,000, which will need to be funded. In addition, further funds may be required in year 2 to support the production of the smart card scheme of approximately £12,000, not accounted for in the above calculation
107. The Council also has reserves that can be used to fund non-recurring expenditure, but use of this money can only be authorised by full Council. It is important that the council maintain a minimum level of revenue reserves to deal with any unforeseen events. The value of the minimum level of these reserves is determined by a risk assessment undertaken by the Director of Resources and included in the annual Revenue Budget report. For 2008/09 the minimum recommended level is £5.361m. Current projections are that the level of reserves at 31 March 2009 will be £10.4m, although the forecast also shows that the level of 'headroom' in the level of reserves held compared with the risk assessed value will fall to £2.5m by the end of 2010/11.

The one-off costs total £100,800 and if utilising the remaining LABGI grant money would need to be funded from reserves. The 'headroom' remaining at 31 March 2009, if this application is approved will be £4.947m

Human Resources (HR)

The HR implications of this paper relate to the proposed funding for posts as detailed above

Equalities

This paper proposes action to support the least well of in York and promotes financial inclusion and economic participation for all

Legal

There are no immediate legal implications

Crime and Disorder

This paper supports the consideration of crime and disorder in the context of deprivation in ward planning as demonstrated by the Kingsway Pilot

Information Technology (IT)

There are no strategic IT implications

Property

The Head of Property Services reports that some businesses within the council's portfolio are suffering down turn as a result of the prevailing financial climate. Actions to support these businesses are presently being considered.

Risk management

Means of assessing the success of options supported need to be developed in order to ascertain their effectiveness for reporting back to members in due course

Recommendations

108. Members are asked to consider the options set out from paragraph 99 of this report as the basis of the council's response to the impact of the changing economic situation and refer to the next Council meeting any items of expenditure on these options requiring the commitment of the council's reserves.
109. Members are asked to agree to receive further updates on York's economic climate and assessment of the effectiveness of actions initiated as a result of this report.

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Report Approved 8th October 2008

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Wards affected – ALL

Specialist implications officer

Financial
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Annexes – A – Present or planned enterprise training in York schools