



Economic Development & Transport Policy & Scrutiny Committee

16 March 2016

Final Report of the Economic Development Task Groups
(Updated after EDAT meeting on 16 March)

Development of York's Economic Strategy

Summary

1. This report is to inform Members of the Economic Development & Transport Policy and Scrutiny Committee of the work of the two Task Groups established to help develop York's Economic Strategy.

Background

2. At a meeting of the Economic Development & Transport Policy and Scrutiny Committee (EDAT) in July 2015 Members were provided with a report on the development of the new Economic Strategy for York along with proposals on how the Committee could contribute in a cross-party policy development role.
3. The report noted that an economic strategy for York should help York businesses, Higher & Further Education and skills providers, City of York Council, Make it York, and any other relevant parties, identify (a) the key challenges and opportunities for the future and (b) a prioritised action-based approach for the city to address this.
4. It was also noted that the strategy is owned by the city as a whole, rather than it being a Council strategy. Many of the ambitions for the city can only be delivered with all sectors fully on board, so it is important that the assessment of challenges, opportunities and priorities is led by the business community, working in partnership with the Council and other bodies.
5. In March 2015, more than 50 key organisations and people in the city came together to consider which were the most important elements of any new economic strategy for the city and seven priorities were identified:

- A tangible shift to higher value sectors and jobs
- Unlocking brownfield sites for jobs and housing
- Enterprising skills at every age
- Tackling congestion to employment sites
- A world leader in bio-renewables and agri-tech
- A creative city uniquely utilising its distinctive heritage
- A leading rail hub in every way.

6. The Committee agreed to select two of these priorities for review; unlocking brownfield sites and a creative city and appointed four Members to serve on each of the two Task Groups:

Creative city

Councillor Cullwick
Councillor Cuthbertson
Councillor Myers
Councillor Rawlings

Unlocking brownfield sites

Councillor D'Agorne
Councillor Barnes
Councillor Gates
Councillor Warters

7. The Committee agreed the remit for both Task Groups should be:

Aim:

To actively engage with and contribute to the Economic Strategy development process.

Objectives:

- i. To enable the Committee to fulfil its policy development role in a tangible way, contributing to the key decisions and actions to be taken around York's economy for the next five years.
- ii. To attend and contribute to cross-sector workshops arranged to develop proposals for the seven priorities listed above and to understand the views of experts and partners.

- iii. To meet relevant officers to consider further evidence of what works and best practice and become involved in broader consultation with other interested parties.

Background to Creative City Review

8. York has a rich history and is one of the premier heritage cities in the UK representing impressive architecture and attractions drawing from a number of historic periods.
9. The challenge, however, is to use its past and present in unique and dynamic ways for the benefit of York's economy and those who live in and visit the city.
10. There are many strong examples of creative use of marrying the old and the new, from Aesthetica Short Film Festival and Blood and Chocolate to the design of the city council's West Offices headquarters and tourism apps.
11. York's creativity is internationally recognised through designation as a UNESCO Media Arts City and there are many world-class creative organisations based in York and operating globally, particularly in distinctive sub-sections of museum and stage interpretation; live streaming; digital archiving and arts media.
12. York is one of the few cities to have all these ingredients together (many of them unable to be replicated by others as they have been hundreds of years in the making) presenting an opportunity for the city to truly shine out among the competition on a global scale if these strengths are harnessed effectively in shaping a prosperous and productive city.

Information gathered

13. On 16th November 2015 Members attended a Creative City workshop chaired by Jane Lady Gibson and including representatives from businesses and academic organisations in the city. It was stressed that York Economic Strategy was not simply a City of York Council initiative but a strategy for everyone and that effective partnership working was a key to success.
14. The workshop included roundtable and group discussions after which priorities were suggested in three categories: those which could be achieved at no cost; projects costing £1 million and projects costing £50 million.

15. The guiding concepts behind the suggestions were:
- Foster civic and community pride, and empower residents
 - Connect both commercial and creative decisions where there are synergies and can complement (e.g. new developments)
 - Innovative management of capacity and communication
 - A business, community and cultural call to action
 - Education of residents
 - Stop the 'own goals'
 - Lower our tolerance to issues such as goods vehicles parking on double yellow lines.
16. The key priorities proposed at the Creative City workshop are detailed in Annex 1.

Background to Brownfield Sites Review

17. York's growth is constrained by its historic geography and nature. The city does not have a confirmed Local Plan in place to indicate sites where development will be supported and areas to be protected from development.
18. This can mean desirable planned development can be harder and has led to pent up demand for high grade commercial and residential development.
19. Completions of new houses have also been below projected requirements for a number of years, with high affordability ratios in comparison with wages for large parts of the local population, Similarly, there is a lack of available quality business accommodation to support inward investment and high value indigenous growth.
20. The goal is for key housing and employment sites to be delivered to support the city's economic growth and York has a clear planning framework in place which strategically directs where developments should and should not take place.

Information gathered

21. On 27 November 2015 Members attended an Unlocking Brownfield Sites workshop including representatives from businesses, developers, property agents and academic organisations in the city. The workshop included roundtable and group discussions after which priorities were suggested.

22. These discussions centred around six key sites in the city: York Central; British Sugar; Nestle Cocoa Works; Hungate; Southern Gateway and Terry's Chocolate Works, a total of 135 hectares of brownfield land with the potential for more than 5,500 new homes; space to accommodate more than 10,000 jobs with Gross Value Added (GVA) in excess of £900 million in sustainable development locations with high levels of public transport accessibility.
23. The challenges are:
- Lack of quality office space in the right locations for businesses to grow and new higher value businesses to locate
 - Constrained historic nature of land/sites/buildings in York
 - Upfront infrastructure challenges around York Central as a key site
 - Constrained evidence of demand for commercial accommodation because of historic undersupply
 - High demand for housing, and affordability challenges
 - Lack of a local plan
24. Key priorities from the Developing Brownfield sites workshop are detailed in Annex 1:

Evolution of Economic Strategy

25. Members also attended and contributed to other workshops outside their specific focus to gain a rounded view of the overall strategy. A priority action list from all the workshops is included in Annex 1.
26. While Task Group members agreed that the workshops were valuable, they felt that the key actions in the Economic Strategy are interlinked and cannot be considered in isolation.
27. And since the formation of the Task Groups and the subsequent workshops, the draft Economic Strategy (Annex 2), into which the Task Groups have had input, has evolved into eight essential programmes and actions:
- Deliver York Central Enterprise Zone and high-speed rail hub;
 - Deliver a Local Plan that supports a high value economy;
 - Take practical steps to retain graduate talent in the city;
 - Drive real business growth at Heslington East and Sand Hutton;

- Lobby for investment in key transport networks;
 - Use local business rate freedoms to drive high-value growth;
 - Make a fresh and loud statement of cultural and visual identity;
 - Bring businesses together in creative low-cost ways.
28. At a joint meeting of the two Task Groups in late January 2016 it was agreed that rather than focus on two individual elements of the strategy it would be better if EDAT took a holistic approach and focused on the priorities and actions where the Council can play a role.
29. Key priorities proposed by members of the Task Groups to develop the Economic Strategy were:
- Develop an integrated transport strategy which looks at the bigger picture to try and facilitate a more sustainable form of transport;
 - Build on the successes of the past, such as park and ride, when developing sustainable transport solutions;
 - Attract key employers to the city to enable higher paid jobs;
 - Attract higher value jobs to the city so people will stay here rather than moving away;
 - Examine how the actions measure against the Local Plan. What will be the figures for housing? There is also a need for more urgency with the Local Plan;
 - Develop opportunities to retrain as part of a high wage economy so as to make more use of existing skills and enable people to upskill;
 - To understand the demand for Grade A office space and if that means a feasibility study then the sooner the better;
 - Need to turn the growing Agri-tech business into a major selling point;
 - Develop the riverside as a leisure and tourism attraction;
 - Redevelop existing sites in addition to large scale developments such as York Central.

Analysis

30. Task Group members were aware of the need to attract high-value employers to the city. Without these employers it is unlikely the evolving Economic Strategy will take off. The Enterprise Zone is the key and the city needs to play to its strengths to attract the right sort of employers.
31. The city has a highly educated workforce (over 40% with a degree or equivalent) with continual new talent from the city's universities and colleges. However, a skew towards low productivity sectors means there are more people on lower wages with poorer chances of progressing to better paid jobs, and there is less money flowing in York's economy
32. A mismatch between skills and jobs means many residents are doing lower-skilled jobs than they potentially could; talented people leave the city for jobs elsewhere and businesses cannot find staff to fill certain vacancies. However, York consistently has one of the lowest unemployment rates in the UK, which is good for residents and also for businesses recruiting people with a good record of work
33. York is seen as an attractive and desirable place to live and established businesses want to move to somewhere nice to live with good transport links. The city is a key hub on the UK's rail network, less than 2 hours from London and with connections to every major city economy in England and Scotland.
34. The Task Groups realised a weakness in the strategy is strengthening the value of jobs. This should be a headline point. In addition to York Central there needs to be a secondary strategy for relocating existing jobs and retaining existing employees. These jobs need to be relocated to the most logical places to keep them in the city.
35. A lack of available land and good quality city-centre office space means it is harder to attract new companies or retain growing businesses, especially ones providing the best jobs.
36. One of the main objectives of the strategy should be that people do not have to leave York. It is a beautiful city but there is a need to provide employment that increases wages so it retains employees. Students want to stay in the city but there are not the employment opportunities or housing they can afford in relation to those employment opportunities.
37. The Task Groups noted that York should be an exemplar of a sustainable culture and in developing brownfield sites there should be measures, including high-quality public transport, to prevent the need for

car usage. Indeed, congestion, especially around Northern outer ring road, is a problem for businesses located or travelling in this part of the city; and there is a lack of demand for business premises in these locations.

38. The draft Economic Strategy shows more focus on key areas and has fewer targets than previous strategies for the city and is considered by the Task Groups to be more achievable.
39. The city also needs to demonstrate its resilience in the face of climate change and how it has learned lessons from the Christmas 2015 floods.
40. Finally the full Committee agreed that in formulating an Economic Strategy, it was recognised that residents want to protect the special character and setting of the city, including protecting – for the most part – the surrounding countryside or informal Green Belt.

Further Information gathered

41. To complete the review in the most efficient and effective manner the Task Groups agreed a working party comprising Cllrs Cuthbertson, Rawlings and Barnes to progress the work.
42. The working party met for the first time on 3 March 2015 to consider the draft Economic Strategy and officers gave an update on the progress of the strategy and the consultation that had taken place with the business community.
43. The working party agreed that a collaborative approach was vital to the delivery of the strategy and that the Local Plan would have a key impact on its delivery. They also emphasised the key role the development of York Central would have on the successful delivery of the strategy.
44. They accepted that the tourism sector did not require direct intervention although tourism could impact on some elements of the strategy.
45. They noted that the previous strategy had too many priorities and the point of the refresh is to concentrate on what can be achieved and delivered along with partners.
46. Members had further input into the presentation of the draft Economic Strategy and suggested amendments to ensure clarity in its layout, with a greater focus on the positive choice that was being recommended, ahead of the final report being presented to the York Economic Partnership.

47. When considering the mechanism by which the strategy would be formally approved it was agreed that it would be useful for the Executive to recommend the strategy to the city.
48. At an EDAT meeting on 16 March 2016, Member considered an interim report on the scrutiny review of the Economic Strategy and Members agreed it would be good to develop from the strategy a set of key performance Indicators (KPI) which the committee could measure against to ensure the strategy is being developed successfully.
49. It was also agreed that an environmental capacity study should be considered to indicate how much additional development the city can take without losing its special character, and this could be added as a recommended action within the strategy as it develops over time.
50. The Committee agreed to conclude the review and make recommendations to the Executive.

Conclusions

51. Whilst the Economic Strategy is a shared strategy for all partners in the city, there is a need to ensure cross-party political buy-in at all levels, as well as a clear line of accountability and measurement of outcomes. There is also a need for politicians in the city to stand by the strategy and undertake positive decisions that aid progress against the strategy.
52. York has the highest skills level of any city in the North but the city's wages fall below the national average in comparison due to a disproportionate skew towards low value sectors such as tourism and retail and there is a need to create the right environment to address this imbalance.
53. Enterprise Zone status for York Central presents the city with a unique opportunity to promote economic growth and the delivery of the new Central Business District element of York Central and the potential to provide around 7,000 higher-value jobs. At present the lack of available land and good quality central office space means it is harder to attract new companies or retain growing businesses.
54. There is an appetite within the business community for a collaborative approach for an economic strategy for the city, focusing on developments that can be achieved and delivered.

55. Officers and the wider business community have welcomed the involvement of the scrutiny committee and it had been involved in policy formation and priority setting from the outset.
56. The cross-sector workshops arranged to develop proposals, which EDAT Members attended and made contributions, helped form the basis for the delivery of the draft Economic Strategy.
57. Key priorities identified by EDAT members, such as the focus on high-value jobs, a need to understand the demand for high-quality office space in the city, to turn the growing Agri-tech business into a major selling point, steps to retain talent within the city and making sure transport policies include sustainability as well as major roads and improvements, have all been incorporated into the draft strategy. EDAT Member revisions to the draft Economic Strategy presentation papers were also accepted.
58. There has been real business buy-in to the strategy which indicates a clear path forward and this joint working arrangement with the business community is one which needs to be maintained to allow the development of an economic strategy everyone is happy with.
59. The strategy's more focused approach means it is more achievable and its delivery against specific actions and KPIs will be monitored on a regular basis.
60. An environmental capacity study could be considered to help ensure the long-term economic sustainability of York as a further action in the strategy document, but this should only be recommended on the proviso that it does not affect the adoption of the economic strategy and its overall approach.
61. A cross-party Council scrutiny committee working in cooperation with business partners in the city has helped formulate an effective and achievable Economic Strategy for York for the next five years.

Council Plan

62. The proposals for a new Economic Strategy relate closely to the Prosperous City for All and a Council That Listens to Residents elements of the Council Plan.

Implications

63. The following implications arising from the recommendations in this report have been identified. Implications arising from the draft economic strategy itself will be identified and addressed in a separate report.
- **Financial** – The scope of the environmental study will need to be understood along with its likely costs. This will almost certainly have financial implications as it is unlikely that there is budget for such work.
 - **Human Resources (HR)** – There are no implications for HR contained in the report as it is a general report to develop the Economic Strategy across the City. Once the strategy is further developed and the Council has identified what specific actions it needs to take to contribute to it, any Human Resource implications will need to be considered at that time.
 - **Equalities** – There are no equalities implications
 - **Legal** – There are no legal implications
 - **Crime and Disorder** – There are no crime and disorder implications.
 - **Information Technology (IT)** – There are no IT implications.
 - **Property** – There are no property implications.
 - **Other** – There are no other known implications associated with the recommendations arising from this review.

Risk Management

64. Whilst it is not essential for any city to have an economic strategy, there are many risks associated with not having such a document. Without an economic strategy, there is a risk that there is inadequate co-ordination with partners across the city to deliver robust economic development. For example, as outlined in the document above, the shortage of available high quality business space runs the risk of leading to a continuation in the long run decline in local wage levels. Without a coherent economic strategy, there is also a risk that key policy decisions such as commercial requirements in the local plan will not reflect the economic needs of the city.

Recommendations

65. The Committee are asked to agree the following recommendations:

- i. That the Executive endorse the draft Economic Strategy included at Annex 2;
- ii. That consideration is given to including an additional action in the Economic Strategy document to undertake an environmental capacity study for York to support the economic sustainability of the city in the long-term;
- iii. That if the Executive makes significant changes to the draft Economic Strategy it should return to scrutiny for further consideration.

Reason: To enable the development of an Economic Strategy for the city.

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Wards Affected:

All

For further information please contact the author of the report

Annexes

Annex 1 – Key priorities from Creative City and Brownfield Sites economic strategy workshops and priorities action list.

Annex 2 – Draft York Economic Strategy 2015-20 (see Annex 2 of 19 May Executive - Development of York's Economic Strategy Report)