

Economy and Place Policy and Scrutiny Committee:

11 September 2019

Executive Member for Economy & Strategic Planning

There are a number of major projects to enhance the local economy and improve employment prospects for York residents, to which I will be dedicating a large amount of my time, and I have been working over the summer to establish the basis for the schemes as Executive Member. Each of these involve public consultation and I would therefore be very hopeful that there can be joint working between this committee and myself to enable a more thorough outcome, which will be of wider benefit to the city.

I have started with a number of reports to review how the Council, with its resources, can support local businesses to establish and flourish, and these reports will be building up during the rest of the year with ongoing consultation.

1. My City Centre

In response to a number of different challenges to the vibrancy and strength of the city centre, the “My City Centre” project will look to respond to the current challenges facing the high street, providing a basis to attract greater investment in the city and creating an environment where local businesses can thrive. My City Centre will also look to promote and facilitate resident involvement in the city centre, particularly as York looks to develop over future years.

The My City Centre project; a strategy which will engage residents, businesses and visitors to determine the social, environmental and economic vision for the city centre, was signed-off following the meeting of the Executive on the 29th August 2019.

The Council will now work to secure public engagement support to deliver the My City Centre consultation with local residents, businesses and communities with myself as the lead Executive Member on this project. I have already started to discuss with businesses, residents and organisations in the area, and those who come into the area, what lines



of approach the Council should be taking to help those organisations such as the Business Improvement District (BID), Make it York (MiY), Indie York, and Retail Forum who already work in this area. I have attended a number of their meetings over the summer in order to explore subjects that they want to see included in the work that the Council is doing.

I have also discussed with the Chief Inspector for York issues relating to anti-social behaviour in the city centre, which are having an impact on the perception by residents, especially those who have children.

2. York Central

A new report has been published to set out how the York Central development can work to raise average wages, create and retain jobs for all skill levels and provide space for local businesses to grow. I have held meetings with the new York Central Project Manager, Ian Gray, to discuss how to progress the scheme in a way which delivers for the whole city, and works with the existing city.

The report will be taken to my upcoming Decision Session on the 9th September, and will outline how York Central can build on York's strong economy. If agreed, the proposals will form a brief to the Council partners and major landowners, Network Rail and Homes England, as they seek occupiers for the site.

It is suggested that York Central's 90,000m² office space should aim to provide:

- high quality commercial space to attract the higher paid jobs in sectors which can't currently find a home in York;
- spaces for a mix of different business sizes, including 6-8 well-established large companies, space for 20 companies of around 100 people as well as space for smaller companies and start-ups;
- space for key growth sectors in York which include companies in the technology, financial services, insurance, rail engineering and biotech sectors;
- co-working and serviced office accommodation to meet growing demand across the region;



- a visible presence for the city's universities, especially supporting research connections with the National Railway Museum.

The 44 hectare brownfield site has exceptional transport links, access to one of the most skilled workforces in the country and has been designated an 'Enterprise Zone', offering even greater incentives for businesses to locate there. The partnership has secured planning approval for its outline planning application and assembled a potential £155m funding package for infrastructure works. This includes £23.5m of a total of £37.2m from the West Yorkshire-plus Transport Fund and Leeds City Region Growth Deal, which will also fund the ambitious plans to transform the front of the railway station. The West Yorkshire-plus Transport Fund has been part-funded through the Leeds City Region Enterprise Partnership (LEP) Growth Deal, a £1 billion package of Government funding to drive growth and job creation across the Leeds City Region. The aim is to create around 20,000 new jobs and add £2.4 billion a year to the economy by the mid-2030s.

City of York Council has also received a Local Growth Fund contribution of £6m, and agreed to borrow £35m from York, North Yorkshire and East Riding LEP to be repaid using retained business rates from the York Central Enterprise Zone.

The Council's £77.1m bid for the government's Housing Infrastructure Fund is at an advanced stage, and I hope that there will be sign off by Government as quickly as possible, as the Executive has worked hard to instil confidence in this scheme, which many around the city would like to see started as quickly as possible.

3. Business Rates / National Non-Domestic Rates (NNDR)

Over the summer, I requested two information reports to come forward to set out the existing systems for business rates, valuation, and business rates relief for small businesses, charities and sporting / social organisations. This was to set out where we are today, those policies which are set nationally, which would involve working with other local authorities to lobby for change, and those for which there is some local scope for policy change.



The reports also looked at the Council's own commercial property portfolio, in order to begin the process of reviewing what steps could be taken to support new start-up businesses. This will link to the 'My City Centre' project and there have been a number of proposals from other landlords to work together to improve areas such as Coney Street.

Over recent years, national Government funding for local authorities has changed significantly, with local business rates retention being introduced while the Revenue Support Grant has been withdrawn. Rates have become a significant element of City of York Council's income. For the 2019/20 revenue budget, £33m of retained business rates represents 26% of Council income.

York's businesses pay a total of £108m in business rates on 7,482 identified sites in the city. Over 30% of these sites have a zero bill through rates relief, and a further 30% have an annual bill of less than £5,000. In contrast, the 192 premises with a bill of over £100,000 per annum contribute 46% of the city's total NNDR.

While review of the rates system is often mooted, and the impact on city centre businesses is highlighted as a key challenge for sustainability, the reality is that rates fall predominantly on large businesses.

Looking at the total net charge paid, the largest contributors of NNDR in York are the supermarkets. The Tesco superstore at Clifton Moor has the highest net charge at £1.49m, and 7 of the top 10 charges are for superstores, including those at Vangarde. The top 3 non-retail rates bills are for Nestle (£1.43m), York District Hospital (£1.1m), and Defra (£900k). Hotels are also significant rates payers, with The Grand having a net charge of £695k, The Principal paying £559k and the Hilton Hotel on Tower Street contributing £341k. Within the city centre, the highest charges are paid by Marks and Spencer for their Parliament Street store (£539k), Primark (£362k) and Boots (£342k). While the top 100 payers contribute a total of £37m – over a third of the total rates paid in York – the bottom 50% of rates bills contribute less than £3m in total.

There are several ways in which companies and organisations occupying properties with a NNDR liability can receive relief on those rates. Some derive from national regulations – for example Charitable rates relief, and Small Business Rates Relief. Others are available at



local discretion. Overall, approximately 60% of rateable properties in York attract some form of rates relief.

For the financial years 2019/20 and 2020/21, the Government has introduced a new relief scheme for retail properties that have a rateable value of less than £51,000. Under the scheme, eligible ratepayers receive a discount of one third of their daily chargeable amount. As the data from the Open Data platform shows, there are 684 retailers in York benefiting from this scheme in the current financial year.

It is inevitable that there will be central Government organised revaluation of properties in the future, and new schemes for business rate relief and I will be working with officers to collect as much evidence as possible to present from the city, to Government, to drive change in this area. Information that the committee is able to provide would be gratefully received.

4. Jobs Fairs coming up

- Railway Institute September 25th
- Acomb November 6th Acomb

5. Doing Business with the Council

I attended the 19th August session for local Construction Companies to learn more about how they can do business with the Council through procurement processes. Some companies had contacted me about issues that they had and I am glad to say that they were able to attend. I had encouraged officers to promote this event, and there will be ones in the future which will be shaped by the outcome of surveys of companies who attended. This is an important way in which local businesses can be supported. There will be future specific events to cover the Guildhall project, and York Central, where smaller businesses will be able to access greater support.

6. Brexit

Officers are working on Brexit contingency issues with Emergency Planning Officers and partners. However, the significant amount of work

is being done by Government is not always passed through to the local level, meaning that many questions about impacts cannot be answered. The only verdict on this will come with the actuality of what does transpire in terms of Brexit and whether this is achieved, with a deal, in the time between now and 31st October.

The report for “Yellowhammer” was a leak, but how comprehensive this was remains to be seen, nevertheless the information is being utilised to help the city prepare.

As I write this report, it is difficult to predict how arrangements will go, but the city and in particular, businesses, need support to maintain employment and trading and I will continue working with the LEPs and businesses to make sure that York’s voice is heard.

7. Local Industrial Strategy (LIS)

The LIS is focused on five key areas, termed the ‘Five Foundations’ and it is important that York’s specific needs are addressed.

The LEPS are consulting on the following basis:

- **Ideas:** how our region’s businesses and universities innovate and invest in new products and processes
- **People:** the skills and education of our region’s workforce and the state of the jobs market
- **Place:** the split between rural and urban space across our region; where there are disadvantaged areas; and the demographic make-up of our people
- **Infrastructure:** the state of our road and rail system; efforts to encourage more cycling, walking and public transport; the region’s housing market; and digital infrastructure, like access to broadband
- **Business environment:** the areas where our region’s businesses stand out; how productive they are; and what they contribute to the local economy

There will be an opportunity to give feedback on the draft Local Industrial Strategy in the autumn. They expect to submit the final strategy to Government by the end of the year and for it to be published in Spring 2020.



The work on the strategy is being carried out jointly with York North Yorkshire and East Riding LEP, as York is in the overlap area, and I hope that I can work with the committee to develop the case for York. There will be an Executive Member Decision Session in early October (the date will be set to fit in with the period of consultation) for comments on the Draft from the two LEPS.

8. Planning

I have been engaging with officers to review processes within the Planning Department and the first of these reports is coming to my decision session on 9th September, covering enforcement. There will be future reports on renewable power which will feed into the Local Plan policies.

Ensuring that open space across the city is preserved, as a balance to development, especially in the urban core of York is important to me. The report on Green Spaces will be coming forward soon, which will address this and I am working with officers to develop a robust policy. I hope that members of this committee will support this as it will help to resolve ongoing issues with the loss of open space.

9. Inclusive Economy Work within York

As the current Economic Strategy for York (2016-2020) runs towards its close, the next iteration needs to be developed.

I have met with the new Principal for York College to discuss a range of issues, including construction skills trainings (for which I have encouraged links with the Chamber of Commerce Property Forum) and vocational courses for 14-16 year olds, which were a very effective option for many local secondary schools. These discussions are progressing and form part of the Inclusive and Green growth that I have been working to support.

The Council's Economic Growth team is currently drawing together an economic evidence base, in order to provide the foundation for a strong economic strategy that maximises York's wide range of assets. As a way of engaging the city in discussions around York's economic future, we

intend to create an Economic Partnership to inform the development of the strategy. This Partnership will be reflective of York's key stakeholders, sectoral mix and business demographic. We also intend for this group to be supported by a number of sub-groups, including a Skills Panel, to guide the development of a new Skills Plan for York.

The panel will include people from all walks of life, but will also include representatives from Jobcentre Plus York and health and social care workers, in order to represent the needs and views of harder to reach groups.

Overview

The current York Economic Strategy sets out a clear and achievable economic vision for York and sits alongside the Council's Council Plan as well as supporting sub-regional growth priorities as identified by the Leeds City Region and York, North Yorkshire and East Riding Enterprise Partnerships.

The current Economic Strategy was developed following a year-long consultation with over 100 business groups, voluntary organisations, educational establishments and entrepreneurs.

The creation of a Real People's Panel enables a range of views and ideas to be collated that would not potentially emerge through meetings with the usual city stakeholders group.

There is a range of benefits to engaging with local residents including:

- Honest and real life accounts
- Highlighting what is important to local residents, and not what CYC thinks is important to them
- Gathers a range of views
- Enables local residents and CYC to work together
- Encourages more people to read and get involved with the Economic Strategy
- Allows local residents to take ownership of the Economic Strategy
- Upholds CYC's commitment to being an open, transparent and accountable organisation

Stakeholders

Independently owned shops - There are over 130 independent businesses in York and these are a vital component to the City's economy and brand. 'Indie York' has acted as a driving force behind the success of these businesses and as an association offers a collective representation of owners' opinions.

Micro-businesses from York – almost 90% of businesses in York are micro-businesses with a number of them employing just one person who operates the company from their home. It is important that we not only listen to the collective businesses voice, but to the individuals who operate them.

Hospitality workers - Hospitality is the city's third largest employment sector with 11,500 employees (11% of York's total workforce). With an ever-growing tourism sector, those working in hospitality experience, first-hand, the effects of tourism, both positive and negative. As a traditionally low-paid sector, interacting with those who work in hospitality will provide details on how the sector can be supported which, can then be represented in the Strategy.

BME Groups - York's BME population has grown by 9% since 2001 and was at 9.8% during the 2011 census. This group which includes all non 'White British' groups represents residents who may present unique experiences. The highest non-white group within the BME community is Chinese which counts for 1.2% of the population. Many from this group attend York's universities. Having representatives from the BME community will allow for the Economic Strategy to work in unison with members of a growing community who are disproportionately disadvantaged.

Jobcentre Plus and Citizens Advice - Some of York's most vulnerable people are advised by Jobcentre Plus and/or Citizens Advice. Having workers from these agencies present on the Panel would bring a useful perspective of the real problems affecting York's most vulnerable people whether that be from unemployment or money worries. In particular, the Jobcentre Plus supports those who have recently been made



unemployed or redundant and works with the Council to provide an action plan for when local companies go into administration. These agencies can highlight the immediate responses that need to be in place in the Economic Strategy not just long-term goals.

Health and social care workers - Health and social workers make up one of the largest employment sectors in York. It is also a sector characterised by low wage levels and often unclear career pathways. Workers in the health and social care sector are also in regular contact with the city's resident base and as such have a unique viewpoint. Their views will be valuable when developing the city's Economic Strategy.

Formal and informal emergency services - They enable the safe operation of the city and are aware of the main obstacles that both residents and businesses face in the city. Their opinion of how the Council's Economic Strategy can benefit the city's residents and workers will be valuable. An example of this group is the Street Rangers who experience first hand socio-economic problems in the City.

Female networking groups – The economic contribution made by women both in terms of the labour market but also through caring responsibilities should be recognised. It is important that female workers and residents in York are given a voice. Female networking groups provide a place where women can come together to discuss business affairs. By enabling representatives from these groups to be part of a panel, we can ensure that the voice of the female professional/business owner is heard.

Working parents and parenting groups - This group includes a wide range of people from single parents to stay at home mothers to working parents. Their opinion will be unrivalled as it is likely to include multi-dimensional opinions which cover a range of topics from children, housing to everyday life. The emphasis on this group will be around how parents support their families and balance caring responsibilities and working especially those in traditionally low-paid jobs.

Teachers and educational staff - A key focus of any Economic Strategy should be on skills and young people – the future workforce of



an area. Teachers and educational staff play a pivotal role in developing the skills that future workers will need and that our industry demands. By interacting with this group of people, informed suggestions for future skills for young people can be shared.

Students and young people - Similarly to teachers and educational staff, students and young people will be able to give an unprecedented insight into what is important to them from a career, share their aspirations and outline what they want from York. There are over 20,000 higher educational students in the city and the retention of this skilled population is essential for the economy to thrive.

Community groups and charities - They represent marginalised groups in the city. They help people with tasks such as paying bills and filling in job applications as well as providing an informal food bank service for those most vulnerable in the community. Groups such as these provide a valuable voice for those who do not have one in society. York has a large third sector made up of groups such as Age UK and the Salvation Army who provide support to some of the most vulnerable members of the community. With such a vast charitable sector, the wide range of opinions from these groups will represent a large number of local residents.

York's socio-economic ambitions can only be delivered when everyone, from a wide range of organisations and backgrounds, works together. This is what the Real People's Panel will represent and achieve.

Cllr Andrew Waller

Executive Member for Economy and Strategic Planning