
Economic Development Partnership Board

26 September 2006

Report of the Director of City Strategy

Progress on Key Issues

Summary

1. The report picks up on any matters arising from the last meeting of the Board and briefs Board members on issues/progress in other areas of economic development activity.

Background

2. This is the progress on key issues report which is given at every Economic Development Partnership Board to update members on projects and to answer any matters arising from the previous meeting. The following 5 paragraphs relate to requirements from the new protocol for Council reports and the detail on progress starts from paragraph 8.

Consultation

3. The report is being provided for information and there are no recommendations with financial consequences. There is no consultation necessary for this report.

Options

4. This report is for information only and therefore does not present options for decisions by Board members. Where decisions are necessary specific reports on those issues and options will be presented. However, Board members are invited to comment on aspects of the information provided.

Analysis

5. As stated in the paragraph above, options have not been presented therefore there is no appraisal of options available.

Corporate Objectives

6. All the projects reported on in this report are firmly embedded within the Council's corporate objectives and the Without Walls initiatives.

* The "Thriving City" theme of the WOW Community Plan has the following strategic objective:

"To support the progress and success of York's existing businesses and to encourage new enterprises in order to maintain a prosperous and flourishing economy that will sustain high employment rates."

- * The Council's corporate objective 3 – “strengthening York’s economy”, sets out the following strategic objectives:
 - Generate business growth and start-ups in science, creative tourism and other key business sectors to protect existing jobs and provide higher quality, sustainable and higher paid jobs.
 - Attract investment to strengthen the city’s high growth sectors and generate quality jobs.
 - Ensure that the University and other higher education providers contribute to business growth and generate quality jobs and underpin skills-training opportunities for local people.
 - Support residents into learning and work, and improve skill levels in key areas of the economy.

Implications

7. As this is a general report on the progress of key issues there are no implications. Any significant implications to the economic programme will be brought to the Board through a separate issue-specific report, such as the Science City York report elsewhere on this agenda.

Matters Arising

8. York Christmas Lights. Following the Economic Development Board meeting on 14 March a proposal is being put to the Executive on 12 September for a Children’s Magic Christmas Tree. This is to be sited over the fountain in Parliament Street from Friday 17 November for the duration of the festive period. The costs are to be covered by public donations through an Evening Press appeal, and there is a collection box in the Finance Centre.

Tourism

- 9 Work is advancing on the tourism delivery structures in the Yorkshire region, with the development of Area Tourism Partnerships (ATPs) including one based on the First Stop York tourism partnership. A draft business plan for the ATP has been produced and £666K of resources has been secured from Yorkshire Forward for York as one of the three ATPs in North Yorkshire. The York component includes a combination of organisational enhancements to help work more closely with the tourism industry and allow the partnership to work more closely, and developments designed to improve and market the York offer.

- * The York ATP is required to develop an Area Tourism Plan, looking long term, strategically, at where York is headed and to identify key issues and priorities for investment from a full range of sources – not just from Yorkshire Forward but the private/commercial sector as well. In assembling the Area Tourism Plan there will be a market segmentation workshop, looking at the markets which York should be targeting, and there will be an examination of long-term future investment priorities, building on York’s great heritage strengths and reflecting them in a creative and innovative way. The Area

Tourism Plan needs to be finalised in the next few weeks, and the Plan will be brought to the Board in December.

- 10 The Station VIC has reopened following support from Yorkshire Forward and showed instant results with a 38% increase in merchandising sales, a 27% increase in ticket sales and a 39% increase in York Pass sales in the first seven months of reopening (Feb-August 2006) compared with the same seven months in 2005. In the five months of April-August 2006, visitor numbers totalled 184,000 people.
 - * Consultants are still working with the partners on a report on the future of city centre Visitor Information Centre services. A number of critical issues remain, particularly regarding the financial appraisal, and discussions are continuing within the Council and with key external partners. An Action Plan is being developed.
11. The main findings from the 2005 Economic Impact Model for tourism have been published. Although visitor numbers in 2005 were down by 2.7% to 3.84mn but expenditure rose by 10% (7.5% taking account of inflation) to £311.8mn and the length of stay of staying visitors rose by 7.5% to 3.28 days. Employment in tourism reached 9,561 jobs – up 700 on 2004.
12. The growth in expenditure is very striking when York is currently attracting relatively older and less affluent visitors. As long as they are able and willing to spend money in York then this visitor group is clearly valued, but York has ample potential to perform even more strongly if more higher income, younger visitors can be encouraged to come to York as well.
13. Though York has seen better hotel occupancy performance in the first four months of 2006 compared with the same period last year, occupancy levels have fallen back in the summer, though visits to attractions rose again in July.
14. The Mystery Plays brought a boost to York in July and was very well received. There was support through the First Stop York tourism partnership, including the latest in the established series of trails guides which featured the history of the Mystery Plays as performed in York.
15. The York Festival of Food and Drink takes place in York from 22 September to 1 October, celebrating regional food, with the Guildhall acting as centrepiece for cookery demonstrations, wine tasting, evening events etc. There are also a series of Festival markets in Parliament Street.
- 16 The First Stop York tourism partnership has been supporting the York Open Air Cinema events in St William's College Green, with two film shows (Singin' in the Rain on 7 September and Chocolat on 21 September) being held in the evenings to large audiences.
16. Brochures promoting the 2006 Christmas experience in York have already gone out to tour operators, local accommodation providers and visitor information centres. Last year over half a million visitors came to York over the six week period pre-Christmas. The detailed Yuletide York guide is already out – the earliest it has ever been published – following interest from travel operators and accommodation providers in having this information available as early as possible.

Future Prospects

17. The last report provided the end of year statistics and outcome trends. These are up-dated on a six monthly basis and will be provided at the next EDB.
18. Future Prospects has just been the subject of an organisational Review completed by Azure Consulting Ltd. The findings were presented to the Future Prospects Management Group on 26th August and discussed in detail at a meeting on 4th September.
19. Overall the findings were extremely positive, identifying that the organisation is achieving its key objectives, is client focused and that it has a unique and enviable culture and ethos in the world of learning and work advisory services.
20. A number of organisational issues were identified for potential improvement and these are the focus of discussion within the Management Group and the Future Prospects Management Team.

Rail-related issues

North-south high speed link.

21. Discussion on this topic took place at a previous Board meeting and an update was requested should there be any new developments.
22. To recap – investment in high speed rail has been an issue for many years now being given new impetus by the growing role of rail in the UK economy. Benefits are considered to be the relief of congestion and associated costs, the ability to shrink distances and travel times and the contribution made by rail to economic regeneration. Coupled with these, the West Coast route will be at capacity by 2016 and the East Coast soon after if present trends continue. Lately, the debate has been refueled by increased professional, industrial and political contribution.
23. At this stage, no decision has been taken as to whether the route of a link would take in the east or west sides of the country (or be some sort of hybrid). The Department for Transport has examined the feasibility of the principle and has stated that the concept is worthy of further consideration. Last March, the then Secretary of State for Transport, Alistair Darling, suggested that with the successes associated with the new Channel Tunnel Rail Link, came the responsibility to consider at least, its northern extension. Accordingly, the government has asked that Sir Rod Eddington (former British Airways chief executive) include the matter in his report on the country's entire Transport infrastructure (roads, airports and railways) which is due for submission to the government in November. Any proposal will need to be considered as a partnership between the public and private sectors. Preliminary costings based on the Channel Tunnel Rail Link experience suggest an amount between £12 and £19 billion. A Strategic Rail Authority study in 2001 actually estimated the cost at £33 billion.
24. Initially thought to be sympathetic to the idea of a high speed line, an article in The Times on August 29th, suggested that Sir Rod has concluded that such a scheme would, in fact, be too expensive and deliver too few benefits, believing that there are more cost effective ways of regenerating northern cities. These include using

limited budgets to improve existing line capacities and road tolls. In response to The Times article, a Department for Transport spokesperson has stated that Sir Rod's recommendations will be considered very carefully when his report has been finalised.

GNER

25. The company's problems have received much publicity over the summer months.
26. At the strategic level, its parent company Sea Containers is having difficulty in dealing with massive debt. Crucially Sea Containers provides GNER with financial guarantee and on the positive side, it has been reported recently that arrangements to safeguard GNER's interests in this respect have been made with its bankers should the worst case scenario be played out. The possibility of GNER's sale though, cannot be ruled out at this stage.
27. At the operational level, traffic receipts have not been meeting expectations and a number of cost saving/revenue increasing proposals are being considered to meet the onerous franchise repayments to government GNER is committed to.
28. In discussions, company representatives have been keen to emphasise that GNER remains committed to York and the staff they employ at headquarters. There have been changes to staff at the highest level however. Jonathan Metcalfe has been promoted from Chief Operating Officer to succeed Christopher Garnett as Chief Executive, reporting to Bob Mackenzie Chief Executive of Sea Containers who now becomes Executive Chairman of GNER.
29. As a backdrop to all of this GNER has still not ruled out continued legal challenge to the Office of the Rail Regulation's decision to grant open-access service provision facilities to Grand Central. GNER's concern is that Grand Central as an open access operator does not have the equivalent fixed costs but can abstract revenue from GNER at stations which provide significant revenue such as York. Discussions are also thought to be on-going with the Department for Transport on the nature of the franchise repayments.
30. It is apparent that GNER's destiny does not lie entirely in its own hands. The Company may make contact in the future with those whom it feels may be able to add weight to any lobbying it may wish to undertake.
31. Grand Central, meanwhile, is looking to recruit the 40 staff it will need to launch its services from the north-east to Kings Cross on December 10th.

British Sugar

32. Correspondence has been exchanged between the Leader of the Council and British Sugar's Chief Executive concerning the closure announcement. A high level meeting has also occurred. The Leader has urged that the company provide further information relating to the closure and put in place a comprehensive package to support those whose jobs are being lost.
33. At the local level the Factory Manager has stated that the closure decision had been based solely on a 40% drop in the UK sugar beet price and as East Anglian

sugar beet productivity outstrips that of North Yorkshire, the decision had been made to consolidate there.

34. Management is now in a 90 day consultation period with staff and suppliers. Further information on the nature of the local element of the latter has been promised. This winter's campaign is to go ahead with the majority of staff being retained until the end of "juice production" next summer.
35. Discussions are ongoing nationally in relation to growers and future pricing structures. Locally business advice to them is being co-ordinated through Business Link York and North Yorkshire.
36. The Factory Manager has confirmed a commitment to finding alternative employment for the staff involved. Redeployment with the company is also a possibility. The services offered through Future Prospects have been made known and these will be considered at the appropriate time.

Science City York

37. Science City York (SCY) activity has focused on the development of both strategic and operational priorities in line with the Sub Regional Investment Plan (SRIP) action plan and emerging new drivers at a regional and national level:

New Staffing Structure

38. SCY has completed the implementation of the new staffing structure, with additional funding secured from SRIP to support new resources in cluster development, communications and operations management. This follows approval at the City of York Council's Urgency Committee in March 2006.
39. Five staff members from the existing SCY team, following the City of York Council's 'at risk' process implementation, have been offered contracts until March 2009 in line with partner funding. The remaining five vacancies were advertised in June, and three new members have now joined the team including Fay Treloar as the new Head of Development & Delivery. Fay brings significant contract and operational experience to the team. The remaining two staff members will be on board by the end of September.
40. In addition following the relocation of Anna Rooke to Australia over the summer, the position of Project Director was subsequently advertised but on a one year Interim contract basis until the outcome of additional feasibility work on SCY has been concluded. The scope and recommendations of this work is detailed later in this report. The successful candidate, Paul Taylor will begin in October 06 and has extensive experience of managing multi-agency partnerships both nationally and internationally.

SCY Future Organisational Status

41. Science City York has been operating as a partnership body over the last 8 years – with high levels of engagement and appropriate consultation mechanisms. This has ensured involvement and ownership from the business community in the development and formation of policy priorities. Given the increased status of York as a National Science City, the University of York has taken the initiative to convene

a high-level stakeholder group comprising senior leaders within each main stakeholder, to review the development of the future of the initiative.

42. A series of discussions have taken place over the last 12 months, and a consultancy report commissioned by the University of York was produced. This report advocated that Science City York should review and potentially formalise its partnership status and 'step-up' activity in the face of increased competition from other areas now pursuing a Science City agenda. This work has prompted the senior stakeholders (Vice Chancellor, University of York; Chief Executive, City of York Council; Director, Business Directorate, Yorkshire Forward; Chair, Science City York and an independent Chair of the group) to review the appropriate partnership structure to move forward this work.
43. The stakeholders have formed a Stakeholder Board in the last few months, to review this issue and determine the priorities and future management capability required. The relationship with the current SCY Strategy Board has yet to be formalised but close integration obviously will be put in place.
44. Additional consultancy work commissioned by the Stakeholder Board has examined the appropriate model for Science City York in potentially setting up the partnership as a Company Limited by Guarantee and has recommended that a Chief Executive position is required to influence activity on a national stage. A report to City Strategy EMAP is to consider the recommendations in more detail at September's meeting.

Northern Way bid

45. As reported to members in June, plans to develop the Science City York (SCY) Business 'Hub & Spoke' are under development with Stage 2 proposals to be submitted to Yorkshire Forward over the next week. The SCY 'Hub & Spoke' will provide specialist mentoring, incubation and grow-on facilities at four key strategic business sites in order to support the realisation of SCY's vision of generating 15,000 new jobs by 2021. The allocation of £2.63m from Northern Way will ensure that capital requirements of this model can be allocated to support high specification infrastructure within and across each strategic location as well as wider links nationally.
46. The key components of the SCY Business 'Hub & Spoke' concept includes:
 - i) SCY 'Business Hub' –providing specialist business mentoring and support services to nurture early stage businesses - supported through this project that is underway.
 - ii) 'Spoke Centres' which include four strategic site locations:
 - Digital & Creative Technologies Centre c. 40,000 sq ft, at Terry's, the Chocolate Works
 - Knowledge Venture Centre (again, around 40,000 sq ft), at Vangarde
 - Innovation & BioCentre Central, (10,000 sq.ft.) at York Science Park
 - Technology Facility 'listening post', Department of Biology, University of York

47. Each SCY business 'spoke' will incorporate high quality specification facilities, linked virtually across the city, with scope for shared management infrastructure and also having the potential to link with other Northern Way Science City proposals

British Association Festival 2007

48. The British Association for the Advancement of Science (the BA) is national foundation that promotes the public engagement and understanding in a broad spectrum of science disciplines. It is the national coordinating body for National Science Week and was originally founded in York (linked to the Yorkshire Philosophical Society) in the 1830's.
49. Every year it organises an Annual Festival of Science, which is a 4 day event to draw together world experts in science to assist in the communication of science through a series of events aimed at schools, public and media. It has a scientific programme aimed at researchers. The BA Festival is regarded as a major international platform for the promotion of science and all of the key national and scientific media attend. The BA is planning their 2007 event to take place in York between 10-14 September, with the academic and schools programme content taking place at the University of York campus. The City programme will run 8-15 September and will consist of activities taking place across the City. A substantial amount of sponsorship will need to be generated nationally and locally.
50. It is a major opportunity to help promote York globally as a Science City, the research excellence of the University of York and as a City of Festivals. A local Advisory Committee has been set up to represent local stakeholders involved in the coordination and organisation of the York activities. This is being chaired by Sir Ron Cooke and involves representation from across the Council, SCY, University, the BA and Yorkshire Forward.
51. Amy Parkinson, Skills Coordinator for Science City York and SETPOINT North Yorkshire is supporting the local coordination of activities in the city and within schools. This will feature as a key skills development activity by SCY to deliver the 'City based' programme. The terms of the contract with the BA are being presently reviewed and further updates can be provided in due course.

STEM Commissioning Framework 2006-2009

52. The Science, Technology, Engineering and Maths (STEM) Board in Yorkshire, which is part of Yorkshire Forward, has issued a call for projects/programmes of work in 2006-2009 to contribute to one or more of the STEM objectives in the region. Science City York has contributed to partnership application bid which is being led by SETPOINT North Yorkshire.
53. STEM Board has indicated that it will welcome consortia bids to develop innovative programmes that meet 1 or more of their 5 objectives. Bids need to be a minimum of £500k but no more than £1m. The SETPOINT North Yorkshire led bid covers activity across all the strands, with one of the five objectives being to encourage a:

Complementary programme of family and adult lifelong learning to encourage a wider circle of mentors and promote public enthusiasm for STEM.

54. This is the aspect of bid is where SCY will directly develop and deliver programmes through the jointly funded Skills Coordinator for SCY and SETPOINT North Yorkshire. The bid represents a significant opportunity for SCY to deliver and support enhanced school community and further education initiatives to accelerate understanding and progression routes in STEM based subjects. Income revenues will be allocated following feedback from the STEM Board on successful bids.
55. The bid has successfully passed through panel interview at stage 2, and the Consortia have been invited to two further meetings at Yorkshire Forward, prior to contract negotiations. Progression to contract negotiations is currently not guaranteed and the emphasis Yorkshire Forward will require to be placed on each of the 5 strands to be confirmed at the negotiation stage.

York Training Centre

60. York Training Centre (YTC) has now consolidated its activities into two main areas – Apprenticeship training for 16 – 24 year olds and Work Related Programmes for 14 – 16 year olds. In addition we continue to offer some programmes to improve adult qualifications as private candidates, Council employees or under Train to Gain funding.
61. Jobseeking programmes for adults, run under Jobcentre Plus (JCP) funding, finally came to an end in June 2006 due to re-structuring and re-tendering by JCP to a regional model.
62. As a result of JCP programmes ending and a management decision to end non-viable occupational areas, there were eight compulsory redundancies and seven unfilled posts up to June 2006.
63. Selby Training Centre, operated by YTC for many years, had to be closed in May 2006 as a result of the JCP programmes ending and because of financial restraints at YTC. Space occupied in 20 George Hudson Street was also reduced as part of a cost-cutting exercise. Hot-desking has been formally introduced and working from home encouraged.
64. The financial position for the new academic year is still unclear in some cases relating to uncertainties in recruitment of new learners from September 2006. A more detailed report will follow later in the term when referrals start.
65. YTC is being inspected by the Adult Learning Inspectorate in November 2006. This will be a one week joint inspection with Adult and Community Learning. YTC and ACL are funded under one contract by the Learning and Skills Council, who are looking for evidence of a quality service to learners, value for money, sharing of good practice and a CYC

City Centre Partnership Ltd

66. Groundwork for the BIDS project is now underway with research into the definition of a BIDS area, development of the business database, the potential value of a levy at varying levels, and the possibility of matched funding from non-levy sources.

Initiative groups, such as the Retailers Forum, York in Bloom and RACY, are meeting regularly to progress work within the Action Plan. The summer edition of "Outlook" has been published, the website is being amended to include a special section on "Shop of the Month" and currently hosts a poll to research preferred nights for late night shopping. YCCP has supported a new initiative to encourage late-night trading through monthly "Petergate Party Nights".

67. Jez Willard from the Japanese Shop has joined the Board as a private sector representative to replace Brian Littlejohn from Marks and Spencer who has moved on.

Risk Management

68. In compliance with the council's risk management strategy. There are no risks associated with the recommendations of this report.

Recommendations

69. The Board's input and endorsement is requested.

Reason: To help shape the effectiveness of future action.

Contact Details

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Report Approved



Date

14/09/06

Wards Affected: *List wards or tick box to indicate all*

All



For further information please contact the author of the report

Background Papers: Progress on key issues report 20 June 2006

Annexes - Annex 1 – York/National Tourism Trends: Results to July 2006
Annex 2 – Performance Indicator – Unemployment in York
Annex 3 - Future Jobs for York – Notes on the Future of the York Economy
(Annex 3 report to follow)