

Cabinet

4 December 2012

Report of the Cabinet Leader

Economic Infrastructure Fund – Proposals

Purpose

1. This report sets out three proposals for Economic Infrastructure Fund (EIF) allocations: (1) MIPIM 2013; (2) City Centre Holiday Footfall Measures and (3) Arts Barge; as well as an update on EIF spend to date.

(1) Le Marché International des Professionnels de l'immobilier (MIPIM) 2013

Background

2. The City of York Council (CYC) has in the past year worked with the private sector through the York Economic Partnership to produce an ambitious new Economic Strategy for the city, which sets the sights of the city on the target of becoming a top 5 UK city and a top 10 European mid-sized city.
3. A key aim of this strategy is for the city to become more international, and an internationalisation strategy is being moved forward by members and officers alike. The Council is working with partners including businesses and the universities in the city to tap into new international markets, including recent city delegations to the city of Dijon, Chicago and Shanghai. Further efforts are being made to step up the profile of the York offer as a business destination through UK Trade and Investment to ensure that the city has a robust opportunity to pitch for interest overseas from business looking to invest in the UK.
4. However, relying on UKTI alone to “sell” effectively what York as a city has to offer business investors and developers is not enough to compete on the national and global stage. Indeed, there is a real need in the city to proactively target potential investors in

markets abroad with the potential opportunities afforded by some of our key sites in the city, like York Central.

5. The Council has already identified a priority list of available sites and indeed a call for new sites is out through the local plan development process. As such, there is a need and potential to raise the game of the city in identifying potential investors and matching these investors to potential sites. A key route to market for this drive is through the Leeds City Region Local Enterprise Partnership, and a key opportunity is coming up in the form of MIPIM, the international property fair.
6. MIPIM is an international event that brings together the most influential players from all international property sectors, offering significant access to the greatest number of development projects and sources of capital worldwide.
7. MIPIM was held in Cannes, France from 6 to 9th March 2012. It was attended by 19,402 registered attendees from 83 countries across the World, with many major European and UK cities present, including Manchester, Birmingham, Bristol and Bath, Coventry and the Leeds City Region.
8. For four years, the Leeds City Region has been present at MIPIM as part of its emerging strategy to attract inward investment. Each year, a number of local authorities have gone to represent the city region and their local authority in the process – including all of the West Yorkshire authorities at one point or another. The city of York has never been involved directly in the event.
9. Although the overall branding used for the event is Leeds City Region, the individual local authorities attending the event have the opportunity to position themselves and their offer prominently amongst the investors and developers attending the event.

Proposal

10. The proposal is for City of York Council and partners from the private sector to lead a delegation at MIPIM 2013, with investment from the EIF of £25K. This investment is part of a much larger investment of £150K for the LCR overall presence.

11. The investment will fund the core contribution required for local authorities to participate in the LCR delegation (£20K); travel and accommodation costs, and production of materials (£5K).
12. The investment by the local authority will then enable the city to leverage sponsorship and involvement of the private sector additionally, creating an overall impact which is greater than this initial investment. The Economic Development Team are currently in discussions with agents and partners in the city with responsibility for key sites – including York Central, Heslington East, Terry's and Nestle South as well as a number of smaller sites, which together combine as York's property prospectus.
13. The intention is to send two delegates from CYC, to be joined by representatives of the wider business community either directly in these sites or more generally for the property industry in York.
14. The event will allow the city to showcase its sites and property portfolio, set in the context of York's emerging profile as a real destination for business in key growth sectors. By attending the event as part of the Leeds City Region delegation, CYC and York partners will benefit from pooling of resource and get greater value for money for the investment.
15. The city will have the opportunity to be represented and promoted at a number of LCR events/and opportunities, whilst also promoting the York portfolio through York-specific activity, including briefings on York for an open audience, and more targeted meetings with specific investors, developers and potential partners which will be arranged through the MIPIM delegate list to be made available in early 2013.
16. The LCR delegation in 2013 is to include Leeds and Wakefield, although other authorities are considering the opportunity.
17. As a guide to the kind of activity being planned for the LCR delegation in 2013, the Leeds City Region activities in 2012 included:
 - A stand in the main exhibition hall
 - 4 events held on the stand which included:-
 - A Welcome Reception (104 registered to attend)
 - Bradford: Gathering Momentum Event (45 registered to attend)

- Leeds: Investment Capital Event (57 registered to attend)
 - Leeds: Large Casino Licence Event (37 registered to attend)
 - 2 dinners attended by 54 people, with a focus on investment.
 - A breakfast briefing attended by 54 people, with a focus on the Leeds and Bradford Enterprise Zones.
- Meetings on the stand with a wide variety of MIPIM delegates
18. For authorities attending the event, the opportunity generates significant profile-raising amongst key investors and developers, and has generated leads for cities that have attended.
 19. As a guide to value for money provided by attending the event, Leeds City Council have generated two significant leads looking seriously at investing in the city of Leeds. In addition, Leeds has reported significant positive engagement from private sector partners that have sponsored and/or attended the event with Council colleagues.
 20. Additionally, further meetings have been generated several months on from the event, and Leeds reports additional investor contact since the event generated as a result of the briefings, information and networking at MIPIM 2013.

Rationale

21. The rationale for the investment is that the city of York is operating in a highly competitive market amongst other UK and international cities – competing for inward investment.
22. Further, at a time of significant challenge to the UK domestic market, growth is likely to be found outside the UK's borders and MIPIM offers a range of markets and investors in a single place over the week of the event.

Analysis

23. Not attending the event would mean the city missing out on a significant opportunity to promote the offer and property portfolio as suggested above.
24. Attendance and proactive involvement in MIPIM 2013 offers significant value for money. For £25K, the city will have access to all of the following in one event and one place:

- 4100 investors
 - 1200 developers
 - Markets from 83 countries globally
25. Given that a typical stand at the MIPIM event costs £50K alone, the contribution of half this to get a full opportunity to present York's offer at the event is value for money in light of the specific opportunity.
26. More importantly, however, the event would enable the city to generate far greater interest in the York Central and other key sites at a time when domestic investment is significantly dampened by low UK economic growth.
27. Whilst the overall economic benefits are difficult to quantify in exact terms, the potential long term impact is to unlock key sites that in themselves could create over 3,000 jobs based on the latest figures for the York Central site in the short term, and potentially over the longer term a total of over 6,000 additional jobs.¹

Consultation

28. The proposal is being discussed and considered by the York Economic Partnership Board on the 22nd November, and the potential opportunities are being raised with partners in the private sector by the Economic Development Team.

(2) City Centre Holiday Footfall Measures

Background

29. The City of York Council (CYC) has been working with local business in the form of the newly formed City Team York – a partnership that is designed to boost the city centre's competitiveness and economic performance.
30. The CTY has been exploring a range of measures which ultimately will boost footfall to the city centre, and with Christmas approaching, the group has agreed there is an opportune moment

¹ Source: Regional Economic Intelligence Unit, 2012

to invest in the Christmas season offer to visitors and residents alike in a bid to reinvigorate footfall over the holiday period.

31. The summer of 2012 has been a particularly difficult time for retail and city centre business, with footfall down from last year's as a result largely of Olympics and wet weather. Although the trend has been reported nationally, there is a need to boost city centre footfall to ensure the continued competitiveness of the city centre offer to residents and visitors at a very competitive time in the calendar for centres across the region.
32. The footfall figures for 2012 in York were down 2.9% on average from last year. British Retail Consortium/KPMG reported the worst sales figures over the summer for 11 months nationally.

Proposal

33. **(Amended) The proposal is a package of measures designed to boost footfall be supported through EIF funding. The package will include a boost in investment to the Christmas lights in the city centre, free evening car parking on Thursdays combined with free Park & Ride services, as well as one day's free parking at CYC city centre car parks on Boxing Day. These combined stimuli (totalling £34.5K), will be promoted to attract a greater footfall to the city centre than otherwise would be possible.**
34. The addition to the Christmas lights will total £18.5K, leading to a provision of additional lights in several key city centre areas. The lighting enhancements will be used (cross-street) in Coney Street, Davygate, Parliament Street and Micklegate plus on a number of lampposts (c.17 in total) between the station and Lendal Bridge (£8K). There is an additional sum of money for the erection of lights for use in the trees in Parliament Street and/or St Sampson's Square secured from a negotiation with Blackpool Borough Council (£2.3K).
35. An issue has arisen with regard to the lighting of Stonegate which has for historic reasons functioned outside the council system. Businesses are no longer able to fund these and through negotiation and agreement with the traders, CYC will seek to add Stonegate to the council lighting system which will require

investment. For this year a one-off additional lighting solution will be found.

36. Some of the funding (just over £4k) will be used for erection / installation / removal, plus eye-bolt testing and catenary wire replacement by their qualified installation team.
37. **(Amended) The provision of free parking (or rather the funding foregone as a result of not charging for city centre parking) on the four Thursday evenings before Christmas has been estimated at £4k while free parking on Boxing Day has been estimated at £10K. Free evening Park & Ride services after 6pm, again on the four Thursdays leading up to Christmas, has an estimated cost of £2k.**
38. The package of measures should support a boost to activity which will counter the negative effects of a summer in which footfall was down on average year on year, for a variety of reasons – including the Olympics, which has been seen to be a dampener on individuals and families coming out to centres across the UK.

Rationale

39. The rationale for the investment is that the attraction of footfall to the city centre depends fundamentally on an evolving offer. For the city to “stand still” in terms of the Christmas street scene and parking offer would be to potentially lose footfall to other surrounding centres like Harrogate and Leeds.

Analysis

40. Not investing in the offer would send a message to the market and our target audience for the city centre that the city’s offer is no different from previous years and thus there may be a decline in footfall from the previous year. Given the significant competition between cities and centres over the holiday period to attract visitors and consumers to spend money in their respective retail and leisure offers, the city stands to lose out on footfall if it does not demonstrate a commitment to competing effectively.
41. By investing, the Council and CTY partners will be sending a clear message to the market that the city is indeed ‘open for business’. Even a 1% increase in footfall could make a significant difference to the bottom line for city centre business.

42. More importantly, the proposed investment would make a statement to the city centre stakeholders that the centre is a priority and the Council is working alongside traders to do what it can to create a truly level playing field with the out of town retail offer and indeed with competing centres in the region.
43. On average, 135,000 people per week pass through the central shopping area. If the measures increase footfall by 1%, based on the average day visitor spend of £33, the boost to GVA could be in the region of £152K to the local economy. The more indirect, longer term impact of bringing in new visitors that may return increases this GVA impact into the longer term, but is more difficult to measure.

Consultation

44. The proposal to invest in the city centre Christmas lights and an option for providing a day's free parking over the holiday period has been discussed with CTY on 28th September, and was met with a strong interest from the members in seeing the Council investing to match the efforts of traders this holiday season to boost footfall.

(3) Arts Barge

45. The Arts Barge Project (ABP) was established in 2009 as an Unincorporated Community Group. It was formed with a view towards reviving York's community arts scene (in the absence of a dedicated Arts Centre) by creating a unique, floating community arts venue in the city centre.
46. To date, the project has been very successful in facilitating community inclusion in high quality arts. In doing this, the project has created a number of different ways in which to showcase the work of communities and young people; some geared to residents and others specifically aimed at tourists/visitors. What has been a particular strength is the way in which the project has established a lot of collaborative opportunities across age-groups and in mentoring young and emerging artists. This is core to the Arts Barge offer and on its scale, is a unique provision in York.
47. Between 2009 and 2012, ABP delivered a large number of creative events within the city and the locality, including the Galtres Festival. These have now firmly established ABP as an essential creative 'hub' within York and the region. A range of products and

services, designed to meet the project's community objectives have been established including:

- Young band mentorship (by professional performers)
- A community band (age range 12 – 70+)
- An ensemble band – a bespoke ensemble available for private and corporate hire
- Music tuition.

48. In addition the project has a large, and growing, network of artists, performers, arts professionals and enthusiasts who work together across communities and artistic genres to design and deliver collaborative arts events both within York and the region. The project's success has led to an increase in demand for Arts Barge services which cannot be maintained by the current voluntary working arrangements.
49. In addition, the project is in urgent need of a dedicated venue/base from which the project can run its activities, generate revenue and consolidate its status as a creative community hub. It is proposed that the venue will be created from a reclaimed river barge which will integrate a café bar with performance and exhibition space as well as retail and workshop activities. A scaled down model was trialled for 4 weeks on a hired vessel during York's 2011 Festival of the Rivers. During that period, over 3000 visitors took part in Arts Barge events.

Proposal

50. In summary, the proposal is for City of York Council to invest up to £100k capital into the purchase and renovation of a river barge to create a floating arts venue. The overall cost of this work is expected to be approximately £275k and the balance of funding will come from sponsorship and fund raising from the Arts Barge Project. An appeal in 2012 has already raised funds and the ability to buy a boat will allow the project to focus their efforts around a tangible asset and objective. A suitable boat, for full renovation, is expected to initially cost around £50k. The Council is being asked to fund half this cost immediately - £25k. Further payments will then be made at future intervals based upon the final business/project plan for the Arts Barge. The Council will hold a direct share in the boat until the project is complete to ensure that its investment is protected.
51. In detail the project has 4 key components.

Barge Purchase, Refit and Launch

52. The ABP propose to purchase a reclaimed barge with a working history. This will have the dual benefit of transforming an otherwise defunct vessel and also providing an aesthetic which is in keeping with its proposed city-centre, historic location.
53. ABP propose to commission York-based firms for all aspects of the work from initial design to the refit and moorings. Links will also be established with York College in order to arrange the recruitment of apprentices to the project. The project considers that young apprentices would benefit greatly from their involvement, both in terms of gaining practical building skills and by engaging with a high-profile community project.

Consolidation & Extending the core work of the ABP

54. The ABP already has a proven track record of facilitating community inclusion in creative events. Additionally funding will support a specific focus in 2013/14 on involving individuals and groups from:
 - Harder to reach communities within York (areas of relative social and economic deprivation)
 - York's elderly community
55. The ABP will also extend its volunteer bank to operate across the entire project including the planning and production of events, the barge refit and the operation of the venue itself.

Developing established revenue streams and creating new income

56. ABP will need to take full advantage of its current income streams as well as developing new products and services in order to secure the financial success of the project for the future. Investment will be made into strengthening the projects ability to generate income.
57. Aside from the income that can be achieved through arts based activities, the uniqueness of venue will allow the ABP to create new hospitality income streams. Market research has shown that a

river based barge would attract corporate bookings and weddings. This will increase the potential to bring visitors into the city.

Ensuring ABP marketing and promotion is fit for purpose

58. Funding would ensure that the ABP is fully equipped to meet future demand as the project gains profile and customers.

Rationale

59. The Arts Barge Project complements many of the objectives of the Council. It will make a unique and valuable contribution to the current work to reinvigorate the city centre and particularly the river. The proposed arts venue would be a key attraction in the city for both residents and visitors. It has much to contribute to the early evening economy. The project already has a really strong track record in bringing people from all backgrounds together to enjoy music and arts. It has done much to improve social inclusion in the city and promises to offer much more.
60. The Arts Barge Project will create jobs in York from the point that this application is agreed. At least 6 temporary roles will be established in the trades initially as the barge is refit. Some aspects of the work will be highly skilled and will allow traditional crafts to return to Yorkshire. As the project develops, at least ten direct jobs will be created to manage music and arts programmes and to run the boat's core service functions such as cafe and bar. Further direct and indirect roles will be created as the Arts barge begins to run and host more events and courses. GVA will be created through the charged products and services and through the opportunities for increased use of hotels and restaurants in the area and also for increased trade for York suppliers.

EIF Spend to Date

61. **(Revised) The EIF total spend to date and under consideration is £12.122m, £2.152m of which is revenue and £9.970m of which is capital. This leaves £16.378m left of the total EIF budget.**
62. The Annexes to this report provide a breakdown of this spend in detail and summary tables showing commitments against funds available. Members should note also the inclusion in the Annexes of a commitment of £338k in relation to the Living Wage initiative

due to commence in the 2013/14 financial year and shown under the Economic Inclusion header.

Council Plan

63. The proposals will support the delivery of Council Plan Priority 1: Create Jobs Grow the Economy directly through the following mechanisms:

- MIPIM 2013 – will generate potential investment leads which will raise the profile of the city generally and specifically could contribute to investment in key sites, which would create significant numbers of jobs and GVA
- City Centre Holiday Footfall Measures – by adding to the footfall in the city centre, these measures will safeguard and potentially boost city centre jobs and GVA
- Arts Barge – will directly create jobs and indirectly contribute to additional footfall in the city centre

Implications

Financial

64. The EIF has already been approved by Cabinet in April 2012, and the funding will come out of this established Fund.

Human Resources

65. There are no human resources implications arising from this report.

Equalities

66. There are no equalities implications arising from this report.

Legal

67. There are no legal implications arising from this report

Crime and disorder

68. There are no crime and disorder implications arising from this report.

Information Technology

69. There are no information technology implications arising from this report.

Property

70. There are no property implications arising from this report.

Other

71. There are no other implications arising from this report.

Risk Management

72. There are no known risks arising from the report.

Recommendations

73. Cabinet is recommended to:

- Approve the EIF allocation of £25k for CYC to be represented at MIPIM 2013, along with private sector partners
- Approve the EIF allocation of £25k required by the Arts Barge project to secure a boat and to delegate responsibility to the Director of CBSS to make 3 further stage payments of £25k pending a due diligence review of Arts Barge Project Business Plan ;
- **Approve the EIF allocation of £34.5k required to fund the City Centre Holiday Footfall Measures**

Reason: To support the Council Plan priorities of creating jobs, growing the economy and investing in the city's economic future.

Contact:

Author:	Cabinet Member & Chief Officer Responsible for the report:		
Katie Stewart Head of Economic Development (01904) 554418 katie.stewart@york.gov.uk	Councillor James Alexander, Cabinet Leader		
Ian Floyd Director of CBSS ian.floyd@york.gov.uk	Kersten England Chief Executive (01904) 552000 kersten.england@york.gov.uk		
	Report Approved	√	Date 23.11.12
Wards Affected: <i>All</i>			

For further information please contact the author of the report

Annexes

Annex A - GVA impact etc of recommended proposals

Annex B - Breakdown of EIF spending to date