

Meeting	Economy & Place Policy & Scrutiny Committee
Date	16 October 2019
Present	Councillors S Barnes (Chair), Daubeney (Vice-Chair), Baker, Douglas, Hook, Pearson and K Taylor

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## **22. Declarations of Interest**

Members were asked to declare, at this point in the meeting, any personal interests not included on the Register of Interests or any prejudicial or discloseable pecuniary interest that they might have in respect of the business on the agenda. There were no further declarations of interest.

## **23. Minutes**

Resolved: That;

- i. The minutes of the Economy and Place Scrutiny Committee meeting held on 10 July 2019 be approved as a correct record and signed by the Chair.
- ii. The minutes of the Economy and Place Scrutiny Committee meeting held on 11 September 2019 be amended to include the following changes and be brought back for approval at the next meeting on 13 November 2019:
  - Cllr Baker, not Barker to be listed under Apologies
  - Under Agenda Item 4 [Attendance of the Executive Member for Economy and Strategic Planning] the addition of a point stating that it had been confirmed that there was no 'plan B' should the HIF funding not be received
  - Under Agenda Item 5 [Attendance of the Executive Member for Environment and Climate Change], the Executive Member felt unable to commit at that stage to carbon budgeting from the Council and undertook to give an update at a future meeting in six months.

## **24. Public Participation**

It was reported that there had no registrations to speak under the Council's Public Participation Scheme.

## **25. Local Industrial Strategy Cover Report**

Members considered a report which informed them of the developing Local Industrial Strategies (LIS) covering West Yorkshire, York and North Yorkshire. The reports also outlined where each Local Enterprise Partnership (LEP) was with their LIS and the opportunities for the council to engage with the development process.

The Chair advised that the representative from the West Yorkshire Combined Authority (WYCA) had been invited but was unable to attend the meeting. The Chief Operating Officer for York, North Yorkshire and East Riding (YNYER) LEP, City of York Council (CYC) Corporate Director Economy and Place and CYC Head of Economic Growth were in attendance at the meeting to participate in discussions.

The Chief Operating Officer for YNYER LEP explained the background to LIS in the national context, noting the cross cutting themes regionally which included a focus on the natural assets in terms of two national parks, the heritage assets in York and the North Yorkshire coast.

The Head of Economic Growth noted the different foci of the two LEPs and advised that consultation would inform the draft LIS to be submitted to the government at Christmas. The Corporate Director for Economy and Place reported that officers had made sure that York was represented in both LEPs. He was asked whether there had been an assessment of the risk of being forced to choose one LIS and stated that officers were not in a position to respond but in terms of the approach to central government would be led by Member decision making. As part of this, Members would be fully advised as part of their decision making process.

The Chief Operating Officer for YNYER LEP advised that the future success of the York and North Yorkshire geography was dependent on relationships between Leeds and the Humber. Whatever the outcome of Member decisions, the strength of the relationship with Leeds and Humber was the best it could be in terms of collaboration on a number of projects. He added that businesses would operate where there were opportunities for business and that people would go where the jobs were irrelevant of drawn boundaries.

The Head of Economic Growth was asked if there were any local authorities in a similar position to York and he confirmed that there were other local authorities both LEPS or in two LEPs having to make difficult decisions.

In response to a question concerning the merger talks, the Chief Operating Officer for YNYER LEP stated that the merger talks continued positively and as devolution talks continued, the LEP merger talks would continue at a similar pace. It was important that the LIS recognised the distinctive characteristics of places. Regarding the timeline for the merger, both LEPS were to hold board meetings by end of November. The challenge for both LEPs was the need to make sure their governance arrangements were compliant.

The Head of Economic Growth was asked whether there was scope to widen participation in economic development, for example through the establishment of an economic development partnership board. He explained the structure of the CYC Economic Growth Team and added that at the Executive Member for Economy and Strategic Planning's Decision Session the following day there was a decision to be made concerning engagement with partners across the city regarding inclusive growth.

The Corporate Director for Economy and Place was asked about the breadth of input of York into Leeds LEP compared to YNYER LEP. He explained the scale of the two LEPs in terms of capacity adding that there was a light touch approach to the cultural side of both LEPS. He then explained the differences between the two LEPs noting that both had different styles.

A Member gave feedback on the opportunity for participation with Leeds LEP and the Chief Operating Officer for YNYER LEP offered to feed this back.

In response to a question on the health economy, the Chief Operating Officer for YNYER LEP responded that the sectoral opportunities for the health economy in the industrial strategy was related to the question of scale because in North Yorkshire, York was the big concentration of population whereas in West Yorkshire, York was a city on the edge of large urban conurbations. He added that York had been involved with Leeds LEP on discussions around health technology.

The Chief Operating Officer for YNYER LEP was asked where transport and HS2 fit in to the LIS. He explained that physical and digital connectivity was important to both and that the transfer to a Smart region was particularly important to physical connectivity, and needed to support

environmental and climatic challenges that are around. He added that HS2 was part of discussions on connectivity around the wider region as part of the Northern Powerhouse, Transport for the North and other initiatives. He was then asked for an update on devolution and explained that there had been a change in government focus. He was asked and gave an update on clean growth as an area of commonality in the two draft LIS.

Resolved: That the information on the development of the Local Industrial Strategies for West Yorkshire, York, North Yorkshire and East Riding be noted.

Reason: To inform members about the development of the Local Industrial Strategies.

## **26. High Value Employment and Skills Update Report**

Members considered a report that informed them of the work being done in York to support the growth of the city's economy by promoting High Value Employment and Skills, Apprenticeships and Graduate Retention. The University of York Director of Employability and Skills (also a member of the LEP Skills Board), the Head of Apprenticeships, York St John University, the CYC Assistant Director Education and Skills (also the Chair of Apprenticeship Strategy Council Board) and Vice Principal for Higher, Vocational and Professional Education at York College were all in attendance to take part in discussions. The Head of Economic Growth and Economic Growth Assistant were in attendance to present the report. The Economic Growth Assistant gave a presentation on High Value Employment and Skills.

It was noted that some employers found it difficult to utilise their apprentice levy and the Chair asked what the extent of this challenge was in York, what percentage of the levy was not spent on education and skills training in York and how the levy could be used to address middle skills. The Head of Apprenticeships, York St John University (YSJU) explained that at YSJU, small and medium sized enterprises (SMEs) had found it difficult to access higher and degree level apprenticeships because the Education and Skills Finding Agency gave non levy contracts to certain training providers which made it difficult for the SME community to engage with higher degree level apprenticeships. This would be changing over the next 12 months where any size employer would be able to access any training provider and any apprenticeship training provision they wish to. There would be a piece of work on this over the next 12 months from an education perspective to support SMEs to help SMEs engage, retain and recruit high level and high skill talent into their business.

The Head of Apprenticeships, York St John University was asked if the system was changing significantly so that if the barriers to access were taken away, whether businesses had opted out. She explained that there were pilot projects going through the system at the moment to test this with SMEs. It was not known whether these were real or perceived barriers for SMEs. The CYC Assistant Director Education and Skills explained that the council had been working through its business engagement officer to look at some of the barriers that SMEs faced in terms of taking on apprentices. She noted that apprentice take up internally at CYC was high. She explained the bureaucratic issues faced by SMEs with the apprenticeship levy transfer.

The Vice Principal for Higher, Vocational and Professional Education at York College reported that from Sept 2020 any employer that has an apprentice on the new standards rather than the previous frameworks was going to be responsible for organising and funding Assessors for the end point assessment, which may create a further barrier for SMEs. The CYC Assistant Director Education and Skills added that it was important to understand the pattern of apprenticeships across the city as the majority were at level 2 and not at the highest value as apprenticeship.

Members asked whether there had been any research into local apprenticeship demands. The CYC Assistant Director Education and Skills advised that there was a business engagement officer within the council skills team who is surveying opportunities. She advised that there was a need to understand nature of SMEs in York and whether there were appropriate apprenticeships for them to access. The University of York Director of Employability and Skills added that the larger employers were not utilising all of their levy so there was levy left over. He added that there was not enough agility at university level as universities designed their programmes in very different ways to what employers wanted and expected. There were also new roles around the assessment of learning that have recently come into effect and large companies could not access apprenticeships because they already had the skills in their workforce which was causing issues and challenges in larger employers utilising their levy.

With regard to middle skills the Head of Economic Growth explained that Standard Occupational Classes (SOC) codes were used to categorise jobs. The Vice Principal for Higher, Vocational and Professional Education at York College advised that this year York College had seen a shift in higher level apprenticeships which showed a small lift in the number of employers using their levy especially in engineering. She added that York College construction apprenticeships for 16-18 year olds had increased, especially

the numbers progressing from Level 2 to Level 3. The CYC Assistant Director Education and Skills advised that the CYC apprenticeship hub had been seeing a fall in the numbers of younger apprenticeships 16-19 and seeing an increase in over 24s. The Head of Apprenticeships, York St John University added that YSJU the biggest programme by far was data science degree apprenticeship.

The Chair asked non CYC attendees whether the Committee should take the apprenticeship topic forward. This was supported by those present. It was noted that Higher York had recently been refreshed and that the DfE was currently consulting on higher technical skills qualifications that will be introduced in 2022. The Corporate Director for Economy and Place drew attention to the CYC £300million capital programme moving forward and the house building that would progress following approval of the Local Plan meant the city would be in need of higher skilled people moving back into their industry.

Members asked if the construction needs of the Local Plan and the retrofitting of council homes to the passive house standard would see the need to upskill workers in low carbon building. The Vice Principal for Higher, Vocational and Professional Education at York College explained that sustainable construction is a gap at the college and they are looking into developing this.

Members asked what the city could do to improve graduate retention rates. The University of York Director of Employability and Skills explained that of the two universities in York in 2017, 32.4% of graduates that stayed in the region, 35.4% stayed in surrounding institutions and 32.2% went to areas in London and the south east. Of the graduates that originally came from York and the north Yorkshire region, 40.3% of them stayed, 32% stayed in the surrounding regions and 27.7% went to areas in London and the south east. From a York perspective the universities retained 24.4% of their students, 20% of which stayed for further study not employment.

The Head of Economic Growth highlighted that a graduate destinations study was available and he highlighted the need for there to be more graduate jobs in the city to enable graduates to stay in the city. The CYC Assistant Director Education and Skills added that this was also linked to the curriculum at the two universities and how far they were enabling graduates to access what was available within the local area because if there is a mismatch between those, students would go elsewhere to study.

The Head of Apprenticeships, York St John University advised the need to be mindful that as an institution and as an education provider, YSJU was

there to meet the needs of students, not to fill a skills gap. She noted that transferable skills were available from a range of different degrees.

Members asked if there was a problem with underemployment in York. The Head of Economic Growth advised that half of the jobs in York were in retail and social care so in effect there were many people in York underemployed. The University of York Director of Employability and Skills added that graduates that stay in York are no more or less underemployed than graduates in other cities. The challenge for graduates staying in the region was that there was not that many large employers that offer the development that graduates expected and wanted and SMEs did not have the time or resource to develop graduates. The Vice Principal for Higher, Vocational and Professional Education at York College highlighted there is an Institute of Technology for Yorkshire and Humberside in York to develop progression routes from Level 3 upwards in construction, surveying and moving onto sustainable construction.

Discussion took place about innovation and the relationships with industry. The University of York Director of Employability and Skills explained that the university had an ERDF funded product and process innovation projects (PAPI) about enhancing productivity through innovation. This involved grants for SMEs to buy equipment and the sectors that that funding had gone into included advanced manufacturing, food and drink, and creativity. He noted that the funding came to an end in 2023. The Head of Apprenticeships, York St John University explained that through development of relationships with employers, YSJU were finding that this had an impact on curriculum in terms of future skills needs. They also had a successful programme at the university to support recent graduates and alumni to set up their own businesses.

Concerning a question about Intellectual Property (IP), the University of York Director of Employability and Skills explained that for student start-ups and enterprises the student would own 100% of the IP. The problem for graduate new business start-ups was the lack of infrastructure in York. He stated that the university would be happy to engage with CYC and other education-provider partners to look at opportunities for this, with York Central serving as a good opportunity for this.

Members asked whether there was innovation amongst staff members and where IP sat within those partnerships. The Head of Economic Growth explained that there was a challenge for providing work space for start-ups and spin outs when they become too big and there was a need to provide space for those businesses to scale up and grow.

All were thanked for attending at it was:

Resolved: Having considered the information provided in this report and at the meeting Members are asked to agree which issues they want to take forward to their work plan either through further update reports or by a scrutiny review into a specific topic.

Reason: So the committee has a balanced and effective work plan.

## **27. Work Plan**

Members considered the Work Plan and after discussion agreed that it be updated to include the following items for consideration at future meetings:

### Wednesday 13 November 2019

1. Round table discussions around in-work poverty, gender pay gap and low-pay industries.
2. Update of implementation of recommendations from Economic Health of York City Centre Scrutiny Review
3. Work Plan 2019-20

### Tuesday 10 December 2019

1. Overview report from Highways Team
2. 2<sup>nd</sup> Quarter Finance and Performance Monitoring Report.
3. Apprenticeship and Skills Scoping Report
4. Update of implementation of recommendations from York Residents' Priority parking Scheme Scrutiny Review (slipped from November).
5. Work Plan 2019-20

Resolved: That the above items for the Committee's work plan for the 2019/20 municipal year be considered at the next meeting.

Reason: To keep the Committee's work plan updated.

Cllr S Barnes, Chair

[The meeting started at 5.30 pm and finished at 8.05 pm].