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## Executive

19<sup>th</sup> January 2010

Report of the Director of City Strategy

## The Future Delivery of Business Engagement and Inward Investment in York

### Summary

1. This report presents recommendations for the future delivery of Business Engagement with major employers, often referred to as Key Account Management (KAM), and Inward Investment in York by the Council working closely with the York Economic Partnership to ensure a continued private sector focus is given to this extremely important work. The result of this change will impact on the future of york-england.com, but with the aim to provide additional resources to support major employers in a more streamlined and effective way.
2. The report has a good strategic fit with the long-term aspirations of the city, particularly in relation to the Thriving City themes within the Sustainable Community strategy. It also builds upon the recommendations set out in the Future York Group report, which highlighted the need for the City of York Council to have a close dialogue with major employers in the City.

### Background

3. York-england.com is established as a limited company with 3 founding members – the City of York Council, North Yorkshire County Council and Yorkshire Forward. Its initial primary purpose has been to attract inward investment to York and North Yorkshire. In recent times, Yorkshire Forward have contributed the bulk of funding to york-england.com and the focus of its activities have shifted significantly towards undertaking a programme of KAM among major employers in the sub-region. The KAM programme is intended to establish a close dialogue with these major employers in order to provide advance warning and support for significant investment decisions, which may impact on employment within the region. There are 94 major employers with their main registered offices in York and North Yorkshire which are covered by the Yorkshire Forward KAM programme, of which 32 are based in the City of York. York-england.com undertakes a significant part of the delivery of this programme and has delivered this successfully. The current funding arrangement between Yorkshire Forward and york-england.com is due to end in March 2010, and it is therefore an opportune time to review the future delivery of activities undertaken by york-england.com, regarding both KAM and inward investment to see if these can be delivered in a more effective way.
4. Officers of both local authorities have therefore held informal discussions with Yorkshire Forward about the ongoing function of the york-england.com organisation and potential opportunities for rationalisation and efficiencies. These discussions have focussed on a proposal that in essence would see KAM and inward investment activity being delivered directly by the two local authorities as part of their mainstream economic development operations, with staff employed by the Councils. The objective behind this would be to continue to deliver the outputs and activities required by Yorkshire Forward while bringing a closer alignment with council mainstream economic development activity, particularly bearing in mind in York the strong private sector focus now in place through the York Economic

Partnership and the York Business Forum. The delivery of the service in this way would remove the need for york-england.com to continue as a separate organisation, along with its Board arrangements and overheads.

5. Discussions between the local authorities have indicated that the funding from Yorkshire Forward would enable a team of 5 officers to be employed to deliver the KAM programme in York and North Yorkshire, with 2 of these posts directly employed by the City of York Council. Within York, this proposal would be in line with the recommendations set out in the Future York group which highlighted the need for the City of York Council to have a much closer and direct dialogue with businesses generally and major employers in particular. Great efforts have already been made in this regard through the establishment of the York Economic Partnership and the York Business Forum. The York Economic Partnership is now well established as the strategic partnership for overseeing the development of the local economy, with strong private sector involvement, supported by the City of York Council. Similarly, the York Business Forum provides an ideal forum to engage with a wide range of businesses representative of those in the City. The removal of york-england.com would help to simplify current arrangements for business liaison through the reformed York Economic Partnership, supported and facilitated by the City of York Council. The York Economic Partnership acts as the catalyst for taking forward York as a thriving city, achieving strategic objectives set in the Sustainable Community Strategy. The addition of KAM activity within the mainstream economic development work of the Council will provide a single point of entry to the York economy for existing and incoming businesses. Elements to this single, unified approach will include:
- maintaining and where possible extending business engagement through KAM;
  - marketing the city as a business location and a science city (led by the York Economic Partnership but working in conjunction with Visit York and Science City York in particular, where appropriate);
  - business intelligence and trends;
  - building upon the excellent practice to date of effective partnership working;
  - focussed work on inward investment - within the Council, linked to bringing forward developments on major sites (for example, the potential for government relocations) and targeting key sectors (working in partnership with Science City York);
  - maintaining a website and a commercial land and property database, and handling enquiries in relation to these – scope for joint working and protocols with North Yorkshire to be considered;
  - promoting the skills agenda.

Further work is currently being undertaken by a sub-group of the York Economic Partnership to consider the effective marketing and branding of the City. This will need to involve key stakeholders, and the outcome of this work will impact on future approaches for attracting inward investment to York.

## **Consultation**

6. At previous meetings of the reformed York Economic Partnership, private sector partners have indicated that they believe the after care programme to support businesses moving to the City to be not as strong as the initial support for potential inward investors. The proposal has been considered by the Chair of the York Economic Partnership who is supportive of Option 3 set out below as addressing concerns expressed, providing this has a reporting line to the York Economic Partnership. He believes that the Council should have a strong KAM role but there should be stronger and more developed referral and liaison between the Council and other networks in the City, which can support aftercare. This will be taken forward at the next meeting of the Partnership, to be held on 21<sup>st</sup> January. It has also been

considered by the York and North Yorkshire Partnership Executive at its meeting held on 12<sup>th</sup> November. It was supported, subject to further detail being discussed by the local authorities on how this would work in practice across districts in North Yorkshire. This proposal and the future role of york-england.com were discussed at a meeting of its board held on 25<sup>th</sup> November. The board recognised the intentions of the founding members of the company, the non-stakeholders on the board have written to the Chief Executive following this meeting. This is attached as Annex A to this report. In essence, they are concerned that KAM and inward investment activity should crucially have a private sector outward face to the economy. They propose a different model through the reconstitution of york-england.com including representation from the York Economic Partnership with the Council being the single stakeholder in the company.

## **Options**

7. The options for the future delivery of KAM and associated activities in York are:
  1. to maintain the current arrangements through york-england.com;
  2. to develop a proposal in line with the suggestion from the non-stakeholder members of the york-england.com board;
  3. to position KAM and associated activity within the mainstream economic development function of the Council, with a line of accountability to the York Economic Partnership.
8. Option 1 involves the maintenance of the status quo regarding york-england.com, and as such is dependent upon the three founding members agreeing that this is the most appropriate, effective and efficient means of delivering KAM and inward investment activity in York and North Yorkshire. Discussions between the three founding members have indicated that maintenance of the status quo is not the most effective way of delivering this service.
9. Option 2 involves reconstituting the york-england.com board so that it is focussed on the City of York with a private sector lead to KAM and inward investment. This would retain the overhead of the company and would not simplify arrangements for business support for both indigenous and incoming companies. If the Council were to be the main stakeholder of a reconstituted board then this is likely to require additional financial commitment from the Council.
10. Option 3 would rationalise business support arrangements through the inclusion of KAM and inward investment activities within the mainstream economic development of the Council. It is recognised that it is important to have as strong private sector involvement in this activity, but it is believed that this can be achieved through the York Economic Partnership. This would help to simplify arrangements to support and work with businesses in the City and provide a stronger focus for the role of the York Economic Partnership to lead the strategic direction of the local economy with key private sector involvement, supported by the City of York Council. It would actually increase the direct resource available to support major employers in the sub-region, as well as providing a streamlined and more effective service. For these reasons, Option 3 is recommended for approval by the Executive.

## **Corporate Priorities**

11. The actions in this report support the Thriving City elements of the Sustainable Community Strategy and the Council's Corporate Strategy.

## **Implications**

### **Financial**

12. The City of York Council currently contributes £30,000 per annum to the running of york-england.com and its activities with respect to KAM and inward investment; in addition, more recently a further £15,000 has been allocated to york-england.com for the handling of indigenous enquiries, including retailing. Yorkshire Forward have indicated that they wish to continue with their current KAM programme but not other aspects relating to property enquiries and inward investment; they are open for the KAM programme to be delivered in a different way. Under Option 2, it is likely that the Council would need to make a greater contribution to maintaining the operations of a reconstituted company, as North Yorkshire would wish to undertake their own activities. Under Option 3, discussions between the local authorities have indicated that the funding from Yorkshire Forward will enable a team of 5 members of staff to be employed to deliver the KAM programme, of which 2 would be directly employed by the City of York Council. This would enable the Council's current contribution to york-england.com to be used to support those activities (property enquiries and inward investment) that are not likely to be supported by Yorkshire Forward. Any future arrangement will be subject to completing a funding agreement with Yorkshire Forward.

### **Human Resources (HR)**

13. The Chief Executive of york-england.com is employed by the City of York Council and is seconded to work for the company. This post is at risk of redundancy if Option 3 is approved. The Council's policies and procedures regarding redundancy and redeployment would need to be followed in this case. Under Option 3, it is proposed that 2 posts would be created within the City of York Council with specific responsibilities for KAM activity, which would be funded By Yorkshire Forward. Job descriptions for these posts will need to be prepared and evaluated, with recruitment following the Council's HR procedures.

### **Equalities**

14. There are no direct equalities implications arising from this report.

### **Legal**

15. There are no direct legal implications arising from this report, although there are detailed legal requirements for winding up companies which will need to be addressed if Option 3 is adopted.

### **Crime and Disorder**

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

### **Information Technology (IT)**

17. There are no strategic IT implications.

### **Property**

18. There are no direct property implications.

## **Risk management**

19. There is a risk with any major change in service provision that the focus on the needs of customers, in this case, both indigenous and incoming companies is lost. To counteract this, effective management of the change process is essential, using agreed HR procedures where appropriate. Close attention will need to be paid to the effective delivery of the KAM programme to ensure early action on any issues that arise. The importance of involving the private sector in the delivery of KAM and inward investment activity has been highlighted through the consultation undertaken to date. It is believed that this can be still achieved despite the loss of york-england.com through the involvement of the York Economic Partnership. Discussions have taken place with Yorkshire Forward with a view to extending the current arrangements with york-england.com for a further maximum period of 3 months to enable a seamless transfer of service.

## **Recommendations**

20. That the Executive approves Option 3 as the most appropriate means of delivering Key Account Management and Inward investment activity in York.
21. That the Executive instructs the Director of City Strategy to make the necessary arrangements regarding staffing with respect to this Option 3.

### **Contact Details**

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Bill Woolley  
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**Report Approved 6<sup>th</sup> January 2010**

**For further information please contact the author of the report**

**Wards affected – ALL**

**Specialist implications officer**

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Annex A – Letter to Chief Executive of the City of York Council from the Chief Executive of york-england.com, dated 26<sup>th</sup> November 2009