

APPENDIX A: EIF Objectives and Detail of Priorities for Funding

(1) Sustainable Economy

Objective: To develop a more sustainable local economy

Background

The city of York economy is ostensibly one of the strongest economies in the North of England – it is the third-fastest growing city in the UK (Cities Outlook 2012), the most resilient economy in the North of England (Ekosgen, 2011) and has strong rates of employment and low rates of JSA claimants (Cities Outlook 2012).

The city is home to internationally leading research and industry strengths in the biosciences and creative/digital arts, and strong financial and professional services and specialist engineering. Further, the visitor economy is one of the strongest in the UK, attracting over 7 million visitors a year.

The city is a smart city – with two universities, two FE colleges, and the UK's first science city, as well as the 7th highest proportion of high level skills of any city in the UK.

In fact, the city's biosciences and green credentials are significant – with leading research in biorenewables and biosciences and a thriving natural environment, the city has the potential to not only create a sustainable future within its boundaries, but indeed to play a key role in the wider national and international agenda for tackling climate change and CO2 emissions.

However, the city faces significant challenges economically. Forecasts however predict slow growth in the city between 2011 and 2015, averaging just 0.75%¹. If the city is to exceed this there are a number of key issues it must address. Overall productivity is only 85% of the national average².

The city is home to a public sector employment base that is higher than the national average (at 33%), lower than average business starts and productivity and the city's record of attracting new investment remains lower than what would be expected from its asset base. Persistent issues of a lack of space – either the right type or price – for businesses to start and grow, and a lower than expected proportion of knowledge

¹ Statistic from Yorkshire Forward Chief Economist Unit, August 2011, based on Regional Econometric Model data

² Huggins Competitiveness Index (2010)

intensive employment – meaning the high level skills in the city may not be sufficiently utilised. Further, firms in York export less than the national average at a time when demand is highest from outside UK borders.

Further, although the city’s green industries are a clear strength in the city’s industrial and research base, the value of this asset is not fully realised.

Projects to be funded through EIF

The EIF will be used to kickstart projects that will enable the development of a more sustainable economic future for the city and work to strengthen local supply chains. Specifically, the Fund will be used to

- support business start up through finance and mentoring support programme(s) (revenue)
- provide the space for business to start and grow – through investment or partial investment in commercial premises as appropriate (capital)
- attract inward investment through targeted marketing activity and improvements to the business environment (revenue and capital)
- support the development of the city’s business base and industry expertise in green industries (as defined by the Yorkshire Cities report of August 2011 – defined “as those concerned with activities that help to decarbonise the energy system, improve resource efficiency and preserve and enhance the natural environment”³) – through capital and revenue spend as identified as appropriate

Investment made in these objectives will need to demonstrate how they support and work with wider city partners in the delivery of their ambitions.

Strategic Fit

Projects to be funded through this objective will align with York Economic Strategy ambitions 1, 2 and/or 5, and will likely have some impact on both LCR and YNYER LEP-level priorities for economic growth.

³ Yorkshire Cities (2011). [*The Prospects for Green Jobs to 2020: Definition of Green Jobs Paper.*](#)

(2)Digital York

Objective: To facilitate a digital infrastructure and business capacity that would place York as the most digitally connected economies in the UK.

Background

York's transformed economy has a focus on the knowledge economy and key sectors which are dependent on digital technology: Biosciences, creative industries, financial and professional services and tourism. Businesses require the speed and security of information transfer and the opportunity to innovate. Maintaining York's position as a World Class City and a great place to expand businesses and attract new investment in these targets sectors will require high speed broadband coverage for all businesses. Our objective, as set out in the 2011 council Plan, is ensure that 95% of all businesses have a minimum speed connection of 25 megabits per second by the end of 2014. This objective is in the process of being revised upwards. The speed of technological change suggests that 25 megabits may be insufficient if the city wishes to be at the forefront of digital connectivity.

Digital connectivity brings with it the opportunity for private sector investment. CYC is in discussion with private providers to invest in new digital network within the City (broadly the city within the outer ring road). Rural York i.e. the area outside of the outer ring road, is unlikely to support new investment unaided and we are seeking to maximise use of the BDUL allocation for York and North Yorkshire. BDUK resources will require match funding.

The provision of wi fi, in support of York's tourism sector and businesses is a key element of the infrastructure provision. The following are the target locations for wi fi: city centre, business parks, significant parks and recreational areas, park and ride buses and the railway station together with the proposed York Central development. Private sector investment will provide opportunities for some wi fi investment.

Exploitation of enhanced digital infrastructure, together with the provision of space for digital and creative industries, will be critical. Work is underway to look at large screen opportunities within the city centre as a means of disseminating digital news and information generally. The private sector and third sector partners will be instrumental in the provision of workspace where there is a gap in the York portfolio, and city centre start up and incubation space is the immediate priority. The York and North Yorkshire and East Riding LEP is leading on the design of a digital engagement programme.

Projects to be funded through EIF

A range of options are being explored to identify investment opportunities. Some projects may be able to proceed without public sector, or CYC, financial support. However, the possible projects which are being developed, some of which might make demands on the EIF, are:

- Supporting next generation broadband provision in outer York;
- Wi-fi provision within and adjacent to the City Centre, business parks, green spaces and park and ride routes.
- Investment in city centre creative and digital workspace
- Provision of Sinema; The Super Intelligence Network (Big screens)
- Delivery of digital connectivity business development programme
- Development of a rolling programme of York specific smart applications (targeted at the visitor economy, transport provision, community intelligence, etc)

Strategic Fit

Projects funded through this objective will align with York Economic Strategy Ambition 4, and will impact particularly on the YNYER LEP plans for digital connectivity and the roll out of BDUK.

(3)Reinvigorate York

Objective: To facilitate a viable city centre as an asset for attracting high value investment

Background

The city centre of York is a vital asset and contributor to the overall York economy.

Although high streets across the UK are facing significant challenges, York's city centre is proving relatively resilient, although challenges are clearly on the horizon.

York's high street is relatively resilient with a footfall increase of 13.5% between 2010 to 2011. Nonetheless, York's vacancy rate is rising – it is currently around 10% and the council's data indicated a rise of 2% in 2010, from 7.1% in 2009 for shop units in the A classes. However, vacancy rates are far better than the average 14% across the rest of the UK. 2010 saw the biggest increases in vacant units being on gateway streets: Micklegate, Walmgate, Fossgate and Goodramgate.

The market and the 'gates' to the city suffer from lower footfall and in need of reinvigoration.

Although there has been a decline in rents for York between 2006 and 2011 has been 10%, this drop has been far less than the 35% decline for Leeds, 23% decline in Harrogate and 43% decline in Hull.

Despite office space being in high demand, vacant office space remains – there is a need to invest for these empty premises to 'move on'.

The city centre is currently home to 1230 businesses employing 31,000 employees. A majority of these businesses are small, with just over 800 in the 1-10 employee bracket.⁴ Although incredibly diverse in its sectoral make-up, the physical space within the city is predominantly retail (GOAD Class A1).

With retail trends proving increasingly challenging to the high street offer in York – trends like the increasing trend to online transactions and the rise in popularity of product aggregators like Amazon and Ebay – the city centre is facing a clear need to diversify its offer. If the city centre is to continue to demonstrate the resilience it has to date, the city will need to step up its efforts to support the evolution of the city centre to respond to demand for new uses and supporting the existing businesses invested in the city centre.

It is for this reason that the Council is working with partners to pull together a city centre action and investment plan which will set out the vision and activity to support achieving the future city centre to which we aspire.

Projects to be funded through EIF

Activity set out in the city's emerging city centre action and investment plan sets out a vision of a diversified city centre offer that meets market demand and provides a focal point for economic, social and public activities in the city.

The Fund will be used to unlock/bring forward investment in the city centre, and specifically:

- Projects to develop/enhance the necessary infrastructure (i.e. premises, public spaces, and streets) in order to attract new

⁴ BRES (2010).

businesses to locate in the city centre and to encourage growth of existing businesses as appropriate

- Projects that support innovative use of city centre vacant and otherwise underused spaces

Strategic Fit

Projects funded through this objective will align with York Economic Strategy Ambition 4, for a world class place, and will support activity identified by the emerging city centre action and investment plan..

(4)Get York Moving

Objective: To ensure the infrastructure is in place to provide an environment for economic growth and job creation (***Get York Moving***)

Background

An effective transport system is critical to the success of our city. Through consultation on our Local Transport Plan residents and businesses pinpointed congestion as the most important transport challenge for York.

York's transport network faces considerable pressures from a growing population and economy. Key issues include high traffic flows on the outer ring road, congestion on the inner ring road, increasing levels of emissions and pollution and a situation where traffic is intruding on people's shopping, leisure or visitor experience in York, particularly in our city centre.

York is a compact historic city. Its rich heritage of historic buildings, open strays, city walls, railways and historic street layout all affect movement. In simple terms York doesn't have the space to fit more and more cars in.

Supporting and developing public transport services and enabling and encouraging more walking and cycling provide a means to tackle congestion.

Projects to be funded through EIF

There is clearly a wide range of projects that fit this theme; the EIF will specifically be used to fund those projects that will connect people to jobs and opportunity – thereby adding to the flexibility of the labour market in York.

Specific projects to be funded through the EIF under this theme include:

- Public transport access to employment, including Park and Ride services in particular
- Other transport solutions that would unlock access for residents to employment opportunities

A number of projects have already secured EIF funding:

Access York Phase 1 - £2.5m has been allocated to the Access York project to increase the capacity of the city's Park & Ride service. It is anticipated that the new sites at Askham Bar and Poppleton Bar will open by Easter 2014 subject to final approval of the DfT's £15.3m contribution to the £21.9m scheme.

Better Bus Area Fund Bid - £2.0m has been allocated to support the BBAF bid to improve public transport in the city. The bid includes the following main elements:

1. A bus priority spine to enhance bus reliability through the city centre
2. A city centre network of bus interchange hubs
3. A comprehensive ticketing and marketing strategy for the wholesale enhancement of the bus network.

The scope of the BBAF project will be reviewed if the bid is unsuccessful. It is anticipated that the funding identified from the EIF will continue to be allocated to the key proposed public transport infrastructure measures identified in the bid.

Further funding will be sought for progressing a number of the larger transport schemes, initially for feasibility studies to enable robust future bids for internal and external funding to be prepared. For example:

1. Station Interchange Feasibility Study (£50k) – to tie in with rail franchise programme.
2. Access York Phase 2 (City Centre and Outer Ring Road Upgrade) Business Case development (£150k) – to tie in with devolved major scheme funding programme.
3. British Sugar/York Business Park Rail Halt study (£20k) - to tie in with British Sugar Planning Application and planning conditions on adjacent land

Early commitment to funding the development of business cases for these schemes will ensure that the city will be able to take advantage of any external funding opportunities which may arise e.g. devolved major transport scheme funding.

Subject to satisfactory scheme development it is anticipated that funding may also be sought from the EIF for:

1. Public Transport Improvements to support the Quality Bus Contract.
2. Freight Transshipment
3. Further expansion and improvement to the Park & Ride service

There are also a number of transport schemes which will complement the Reinvigorate York project.

Strategic fit

Projects funded through this theme will align with the city's Council Plan Priority for Get York Moving, as well as with the ambitions in the York Economic Strategy to create a world class infrastructure.

(5) Economic inclusion

Objective: To unlock the potential of our communities by connecting people to skills, jobs and enterprise opportunities (***Economic Inclusion***)

Background

York benefits from a highly skilled and educated workforce, with young people that consistently attain above regional and national averages and the city placed seventh out of the UK's 64 cities for working age adults qualified at NVQ levels 4⁵. This backdrop has allowed the city to show a degree of resilience through the recession, keeping more people in employment (71.7%) when compared to regional (68.4%) and national (70.4%) rates. York has less unemployment too at 2.6% below the regional and 1.6% below national averages; and a lower percentage of its working age population claiming Job Seekers Allowance - 2.5% compared to 4.4% regionally and 3.7% nationally⁶.

Whilst one of the most equal cities in the country i.e. one of the lowest gaps between those on the highest and lowest incomes⁷, it has pronounced pockets of deprivation, with eight LSOAs falling within the 20% most deprived in England⁸. Despite the diversity of its economy and the high level skills of the labour pool that it draws on, average wages in York as a whole are lower than the Great Britain average.

⁵ York Economic Strategy Draft 2011-15

⁶ York Fairness Commission Interim Report (Nov 2011)

⁷ Cities Outlook 2012. Centre for Cities (2012).

⁸ Index of Multiple Deprivation 2010

Evidence shows that York's high averages on a range of indicators are masking areas of significantly weaker performance. This drop off is concentrated (although not exclusively) amongst specific groups and in specific parts of the city, namely the eight areas of the city that fall in the poorest 20% and one (Kingsway West) in the 10% most deprived areas nationally.

Although less people in York claim benefits (7.4%) than regionally (13%) and nationally (12.3%), some areas of the city have higher numbers of claimants - Westfield (16%), Guildhall (14%), Heworth (12%) and Clifton (11%). Along with Hull Road, these five wards make up 52% of York's long term unemployment. The number of workless households is increasing, and of greater concern, the number of workless households *with children* increased by 50% from 2,000 in 2008 to 3,000 in 2009. As of 2010/11, it accounted for 10% of all households with children.

In terms of specific groups of people, York's females have been hard hit by the recession with claimants at the highest level for 13 years. Although rates of youth unemployment remain lower than regional and national averages, young people in York have been affected, particularly those that live in the city's most deprived wards. NEET rates remain a challenge, yet there has been good progress on increases in apprenticeship starts but with some way still to go to meet regional and national 16-18 participation rates.

Whilst there are issues around low skill and low pay jobs and in-work poverty, sustained employment is by and large regarded as the key route out of poverty, disadvantage and inequality for most people. The same can be said for helping people to progress out of low quality work, although it is hard to access good data around people's perceptions of the quality of work that they undertake, for example around fulfilment, satisfaction with pay and conditions, skills needs etc. Efforts to move people away from welfare dependency and into long term quality employment where there are for example routes for progression and opportunities for training and development; as well as understanding peoples' motivations, aspirations and breaking generational benefit dependency is key here.

Projects to be funded through EIF

Learning from previous experience by the UK Government and local authorities in administering the Neighbourhood Renewal Fund (NRF) is instrumental in defining where funded interventions are likely to be the

most effective.⁹ Evaluations from this and the subsequent Working Neighbourhoods Fund identified fundamental barriers to the effectiveness of economic inclusion initiatives where there was insufficient connectivity to job opportunities – in other words, although seemingly self-evident, the effectiveness of interventions to support inclusion is reduced where there is insufficient business investment. Thus, such interventions are best focused as part of wider strategy for connecting individuals to job opportunities and skills development and utilisation of the resident base.

The EIF will be used to fund:

- projects that enable those communities most disadvantaged and/or excluded in York to realise their full potential through connections to jobs, skills and enterprise opportunities

Whilst some of these projects may be undertaken by the Council working with partners, the Council is scoping the potential for ringfencing between £500K and £1m for projects developed and led externally. This process of calling for externally led projects will be coordinated with a similar call for external projects from the Delivery and Innovation Fund (DIF) to ensure a seamless process for those that may be interested in putting forward a project for funding. The details of this external call will need to be confirmed following a brief scoping exercise.

Strategic Fit

Projects funded through this priority will support particularly York Economic Strategy Ambition 1, and will impact on York's contribution to LCR and YNYER LEP activity to improve skills and employability. These projects will be a key to the Council's strategic response to the Fairness Commission, particularly with regard to the Jobs, Income and Economy theme.

⁹ Department for Communities and Local Government (2010). Evaluation of the National Strategy for Neighbourhood Renewal: Local research project.