

Notice of a public Decision Session - Executive Member for Economic Development and Community Engagement

To: Councillor Aspden (Executive Member)

Date: Monday, 23 July 2018

Time: 5.00 pm

Venue: The Craven Room - Ground Floor, West Offices (G048)

AGENDA

Notice to Members – Post Decision Calling In:

Members are reminded that, should they wish to call in any item* on this agenda, notice must be given to Democracy Support Group by:

4:00pm on Wednesday 25 July 2018 if an item is called in *after* a decision has been taken.

*With the exception of matters that have been subject of a previous call in, require Full Council approval or are urgent which are not subject to the call-in provisions. Any called in items will be considered by the Customer and Corporate Services Scrutiny Management Committee.

Written representations in respect of item on this agenda should be submitted to Democratic Services by **5.00pm on Thursday 19 July 2018**.

1. Declarations of Interest

At this point in the meeting, Members are asked to declare:

- any personal interests not included on the Register of Interests
- any prejudicial interests or
- any disclosable pecuniary interests

which they may have in respect of business on this agenda.

2. Minutes (Pages 1 - 2)

To approve and sign the minutes of the meeting held on 3 July 2018.

3. Public Participation

At this point in the meeting, members of the public who have registered to speak can do so. The deadline for registering is **5.00pm on Friday 20 July 2018**. Members of the public can speak on agenda items or matters within the Executive Member's remit.

To register to speak please contact the Democracy Officer for the meeting, on the details at the foot of the agenda.

Filming, Recording or Webcasting Meetings

Please note that, subject to available resources, this meeting will be filmed and webcast, or recorded, including any registered public speakers who have given their permission. The broadcast can be viewed at <http://www.york.gov.uk/webcasts> or, if recorded, this will be uploaded onto the Council's website following the meeting.

Residents are welcome to photograph, film or record Councillors and Officers at all meetings open to the press and public. This includes the use of social media reporting, i.e. tweeting. Anyone wishing to film, record or take photos at any public meeting should contact the Democracy Officer (contact details are at the foot of this agenda) in advance of the meeting.

The Council's protocol on Webcasting, Filming & Recording of Meetings ensures that these practices are carried out in a manner both respectful to the conduct of the meeting and all those present. It can be viewed at

https://www.york.gov.uk/downloads/file/11406/protocol_for_webcasting_filming_and_recording_of_council_meetings_20160809

4. Economic Strategy Review (Pages 3 - 14)

This paper sets out a proposed timeline and outline process to review the economic climate, consider the challenges we face as a city, and enable the development of a refreshed Economic Strategy as an early priority in the 2019/20 work programme.

5. Urgent Business

Any other business which the Chair considers urgent under the Local Government Act 1972.

Democracy Officer

Angela Bielby

Contact details:

- Telephone: 01904 551088
- Email: democratic.services@york.gov.uk

For more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting:

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports and
- For receiving reports in other formats

Contact details are set out above.

This information can be provided in your own language.

我們也用您們的語言提供這個信息 (Cantonese)

এই তথ্য আপনার নিজের ভাষায় দেয়া যেতে পারে। (Bengali)

Ta informacja może być dostarczona w twoim własnym języku. (Polish)

Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)

یہ معلومات آپ کی اپنی زبان (بولی) میں بھی مہیا کی جاسکتی ہیں۔ (Urdu)

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City of York Council

Committee Minutes

Meeting	Decision Session - Executive Member for Economic Development and Community Engagement
Date	3 July 2018
Present	Councillor Runciman
Apologies	Councillor Aspden

1. Declarations of Interest

The Executive Member was asked to declare any personal interests, not included on the Register of Interests, or any prejudicial or disclosable pecuniary interests, that they may have in the business on the agenda. No interests were declared.

2. Minutes

Resolved: That the minutes of the Decision Session held on 6 March 2018 be approved and signed by the Executive Member as a correct record.

3. Public Participation

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

Cllr Cuthbertson, Member for Haxby & Wigginton ward, had submitted written comments in respect of Agenda Item 4 (Enhancing Economic Growth for Secondary Shopping Areas), asking that the proposed traders' association feasibility study be extended to cover businesses across the ward and that the consultants' study include access routes to Haxby retail centre.

4. Enhancing Economic Growth for Secondary Shopping areas

The Executive Member considered a report which set out proposals to enhance economic growth in two secondary shopping areas in York; namely, Acomb Front Street and The Village, Haxby. These proposals included improvements to the public realm, measures to sustain and build footfall and the

potential creation of a trader's association in Haxby. As detailed in the report, it was proposed to:

- Carry out a feasibility study for the creation of a local traders' association in Haxby
- Fund projects to drive footfall to Acomb Front Street and improve the streetscene, through targeted grants to community organisations
- Provide a capital investment fund (£23k) open to traders in Acomb Front Street and Haxby village to support the objectives of the scheme.
- Procure consultants (£50k) to carry out a study exploring how long term trends in retail might impact on growth in these areas, to inform potential future investments.

In response to questions from the Executive Member, officers acknowledged that Haxby, given its important role as a secondary shopping area, should be looked at within its broader economic context, including businesses other than retail, and looking beyond the Local Plan definition of the area. It was confirmed that consultation would be carried out with existing and potential customers in the area, as well as with traders. Having noted the written comments submitted, the Executive Member

Resolved:

- (i) That the proposed projects, aimed at enhancing secondary shopping areas in Acomb and Haxby, be approved.
- (ii) That the remaining budget be used to fund a study which will guide future investment into our secondary shopping areas, with the objectives of enhancing economic growth and strengthening the local retail environment.

Reason: To enhance economic growth in these targeted secondary shopping areas.

Cllr C Runciman, Executive Member

[The meeting started at 2.00pm and finished at 2.15pm].



Decision Session: Executive Member for Economic Development and Community Engagement 23 July 2018

Report of the Corporate Director of Economy and Place

Economic Strategy Review

Summary

1. The current York Economic Strategy was developed in 2015 and launched just after the Brexit referendum in summer 2016. It reflected economic growth forecasts made prior to that decision and recognised the importance of bringing forward a Local Plan and proposals for York Central.
2. National economic strategy is set out in the Government's Industrial Strategy, with local enterprise partnerships (LEPs) being encouraged to develop their own regional approaches through Local Industrial Strategies. Both Leeds City Region (LCR) LEP and York North Yorkshire and East Riding (YNYER) LEP have begun the process of developing such a document. York needs to clearly articulate its economic priorities and challenges to both LEPs and seek local industrial strategies which support our development priorities.
3. As the York Central project progresses rapidly towards delivery, our Local Plan comes closer to formal adoption and other key sites including Castle Gateway start to really shape growth in York. The need to adapt our Economic Strategy to make it fit for the next 5 years becomes a pressing concern.
4. This paper sets out a proposed timeline and outline process to review the economic climate, consider the challenges we face as a city, and enable the development of a refreshed Economic Strategy as an early priority in the 2019/20 work programme.

Recommendations

5. That the proposed process for reviewing and refreshing our Economic Strategy is agreed.

Reason: To ensure that the City's economic strategy reflects the current policy environment and that we can fully contribute to the development of Local Industrial Strategies by our LEPs.

Background

Current Strategic Economic Context

6. Officially launched on 19 July 2016, just 26 days after the EU referendum, the current York Economic Strategy was developed following a year-long consultation with over 100 business groups, voluntary organisations, educational establishments and entrepreneurs. It is a partnership plan rather than simply a Council strategy, and is underpinned by an extensive evidence base of forecasts, scenarios and consultations, all prepared prior to the Brexit vote and subsequent General Election.
7. The strategy, sub-titled "Choosing a better story", considers two scenarios. In the first, the growth that had been experienced following the 2008 recession was allowed to continue without intervention, leading to strong growth in retail, tourism and heritage, but a decline in office accommodation and further hikes in house prices. Without intervention, the strategy argues, York becomes a University and dormitory town, over-run by tourists and too expensive for 'Yorkies' to live in.
8. In the second scenario – the "better story" of the title – York becomes the intellectual hub of the Northern Powerhouse, developing key sites such as York Central and growing high-value employment sectors, building affordable homes for the local population, and reinventing itself as a modern city with a strong and distinct heritage.
9. The second scenario, the one we have signed up to deliver, is set out in four headline targets:
 - Growing wages to above the national average by 2025
 - Meeting in full the requirements for business space and housing

- Growing priority high-value sectors at least 20% faster than baseline forecasts
 - Maintaining comparative advantages in employment, skills and connectivity
10. The programmes and actions anticipated to deliver these headlines are then set out in “Eight essential to-dos”:
- Deliver the York Central enterprise zone & high speed hub
 - Deliver a Local Plan that supports a high value economy
 - Take practical steps to develop and retain talent in the city
 - Drive real University- and research-led business growth in key sectors
 - Lobby for investment in key transport networks
 - Use local business rate freedoms to drive high value growth
 - Make a fresh loud statement of cultural and visual identity
 - Bring people and businesses together in creative low-cost ways
11. York Skills Plan 2017-2020 was approved on 1st August 2017 and looks in depth at how we develop, retain and attract talent, adding a further important objective of making sure no one is left behind.
12. National economic strategy is guided by the HM Government Industrial Strategy: Building a Britain fit for the future, published in November 2017. Built on 5 foundations of Ideas, People, Infrastructure, Business Environment and Places, the strategy seeks to address the grand challenges that can put our economy at the forefront of global development. The Industrial Strategy then sets out sector deals to support growth in Life Sciences, Construction, Artificial Intelligence, and Automotive. A second wave of sectors with sector deals in advanced stages of development covers Creative Industries, Manufacturing, and Nuclear, and a roadmap for further sectors to gain deals is also set out. LEPs are identified as the key economic geography, and those with Metro Mayors are gifted funding and additional powers. LEPs without mayors will develop their own local Industrial Strategies and be able to bid for funding from central government.
13. York, North Yorkshire and East Riding Enterprise Partnership’s Strategic Economic Plan 2014-2020 sets out a series of ambitious priorities to make the area “the place in England to grow a small business, combining a vibrant business location with an enviable

quality of life". YNYER are now working on a Local Industrial Strategy which will define their investment priorities over the coming years.

14. Leeds City Region Strategic Economic Plan 2016-2036 presents a vision to deliver transformational change across the UK's biggest economy outside of London, driving prosperity, jobs and quality of life through good growth. Inclusive growth is becoming a key theme in LCR policy development, with a focus on growing employment and incentivising employers to pay the real living wage. For York, key priorities include becoming recognised as a global digital centre, boosting exports, a focus on high level skills, and securing investment in rail infrastructure. LCR too are developing their Local Inclusive Industrial Strategy.

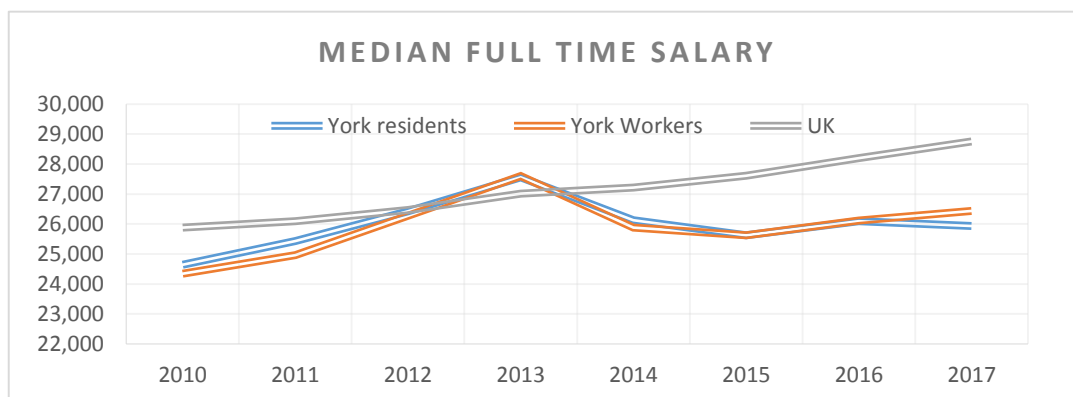
Progress against York Economic Strategy priorities

15. Looking first at the 8 essential to-dos of our economic strategy, our assessment is that four of the priorities are progressing well and assessed GREEN, with the remaining four underway, but progressing more slowly and assessed AMBER.
16. Deliver York Central & High Speed Hub: progress on York Central is accelerating, with an outline planning application to be submitted in August 2018, a detailed planning application for access to follow in September, and plans for development of the Station frontage recently the subject of public consultation. Work to finalise the funding package, enabling the signing of a formal partnership agreement, will be complete by the close of the year, and work is expected to commence on site in 2019 for access works and 2020 for construction. High speed rail plans through HS2 reflect the importance of York as a rail hub, while our work with other authorities along the East Coast main line continues to place development of existing routes at the centre of rail strategy for the North. Assessment: GREEN
17. Deliver a Local Plan that supports a high value economy: the draft Local Plan was submitted in May 2018, and Inspectors have now been appointed by Government and we are awaiting feedback to inform the next stage in the process. Assessment: GREEN
18. Take practical steps to develop and retain talent: work with Higher York and the Skills Team is still at an early stage. As York Central, which will provide a rapid expansion of workspace for graduate level employment, comes closer to fruition, this priority will become increasingly urgent. Assessment: AMBER

19. Drive real University and research-driven growth in key business areas: closer collaboration between the Universities and the Council has been a priority for some time and still remains a challenge. However, growth in the bio-economy – exemplified in the Biorenewables Development Centre at Dunnington, the Biovale initiative and the NAFIC campus at Sand Hutton – is strong. The fastest growing sector in our economy is creative industries, with both Universities strong in this area, and emerging work exploring artificial intelligence applications in the insurance industry presents further opportunity. Assessment: AMBER
20. Lobby for investment in key transport networks: we are making steady progress on securing investment in key local rail links; the York perspective is being reflected in plans for HS2, the trans-Pennine route and East Coast main line; work is now underway on further improvements to the A1237 (York outer ring road northern section). Transport infrastructure continues to be a high priority for the city, and underpins much of work with both LEPs and more broadly with Transport for the North and the Northern Powerhouse. Assessment: GREEN
21. Use local business rate freedoms to drive high value growth: the adoption of York Central as an enterprise zone in April 2017, incentivising inward investment through rates relief, is a key recent success. The LCR business rates pool, piloting potential national approaches to implementing business rate freedoms, has already provided significant investment into our creative and cultural industries sector, and three bids to the current round will, if successful, bring a further £1.4m to support priority sites, industries and city-wide projects. Assessment: GREEN
22. Make a fresh loud statement of visual and cultural identity: early work to establish a shared city brand is underway, informed by the Cultural Leaders group's emerging York Cultural Strategy and an industry-led creative industries sector plan. We hope to secure funding through the Business Rates Pool to support a city-wide process to engage with residents, businesses and key institutions and enable the development of a shared vision. Assessment: AMBER
23. Bring people and businesses together in creative low-cost ways: public engagement through My York Central and My Castle Gateway is demonstrating the value in bringing people together, and we are now seeking to extend the approach into working with the business community. Our partners in Make It York, York BID, the

Chamber of Commerce and the Federation of Small Businesses all need to be involved as we seek to develop ways to bring the business community together. Assessment: AMBER

24. For our headline targets (see para 9 above), progress is less positive, with two assessed at RED and two at GREEN.
25. Growing wages to above national average by 2025: as the chart below shows, wages in York as rising but lagging behind the national average. This is a consequence of the industrial structure of our economy, with retail, tourism, hospitality, health and social care and education making up 60% of all jobs in the city. While high wage sectors, including the creative industries, science and technical and financial services, are all growing faster than lower paid sectors, they still represent a minority of employment in the city. Assessment: RED
26. A more nuanced view is presented by recent data on household disposable income, which shows the overall impact on household finances of pay, income from investments, and both income from and the costs of housing. These figures are more positive for York and hint at the broader approach needed if we are to find ways to increase the prosperity of our residents. It is not simply take home pay which is important – the cost of living in York, with relatively high house prices and factors such as transport and childcare costs, also needs to be taken into account.



27. Meeting in full the requirements for business space and housing: The adoption of our draft Local Plan will be a crucial step in enabling the right quantum of housing and employment land to be brought forward and support growth. Putting aside targets for housing numbers, figures on actual delivery of units show that an average of 302 units per year have been built in York over the past 5 years. As current estimates suggest that around 3 times this number is actually needed, it is clear that demand is not being met. There is a

similar picture to be painted for both industrial and office space in York, with supply not meeting demand and businesses having to choose between constraining their own growth or leaving York.

Assessment: RED

28. Growing priority high-value sectors at least 20% faster than baseline forecasts: The fastest growing sectors in terms of percentage growth in employment are creative industries and science and technology, which created a combined 1,400 jobs in 2017, well ahead of the published target. To emphasise the point made above on pay, businesses in the retail and logistics sectors, which are low paid industries, added 1,250 jobs in the same period. Financial services did less well last year, losing 500 jobs which was an 11% reduction.
Assessment: GREEN
29. Maintaining comparative advantages in employment, skills and connectivity: These measures are provided by Centre for Cities, with data in the most recent year showing continued improvement in employment and skills data, where York is among the highest scoring cities in the UK, and a level position for connectivity.
Assessment: GREEN

Gaps in the current strategy

30. The current York Economic Strategy was developed prior to the vote to leave the EU and the subsequent General Election. The national Industrial Strategy has been released in the meantime, and much progress has been made with key sites such as York Central and with our Local Plan.
31. Each of these is a good reason in its own right to review our Economic Strategy. Together, they make a compelling argument for an update of our current published plan.
32. The York Skills Plan recognises the need to ensure no one is left behind. The Inclusive Growth agenda has developed considerably over the past year, and this is emerging as a gap in our own strategy. Understanding what Inclusive Growth means for York, rather than simply adopting policies developed in a West Riding context, is a vital step if we are to be fully involved in this area of policy.
33. Recent high profile closures and business failures of well-known high street chains and the continued growth in online retailing demonstrate the global changes that are happening in retail. Our

current strategy sees retail in York purely from the perspective of the many low wage jobs that the sector is built on. We need to embrace this key element of our economy, understand the global changes that are impacting the sector, and build a positive view of retailing into our strategy.

34. For our large regeneration projects and for York Central in particular, it is vital that we set out a plan for the sectors that we want to see expanding into the new work space that will be provided. Left to its own devices, the market will bring a broad mix of occupiers. A targeted campaign, underpinned by a clear strategy to drive growth, could bring a step change to our economy.

Developing a refreshed Economic Strategy for York

35. Our current Economic Strategy is for the period 2016-2020, and its sister document, the York Skills Plan, covers 2017-2020. A new strategy will thus be needed for 2020 onwards, with drafting taking place in 2019, and there is an opportunity to bring both economic development and skills together into a single framework.
36. While we have identified weaknesses and gaps in the current Economic Strategy, it has enabled a targeting of resources on key issues, and is delivering results. This suggests that we should develop a refreshed Strategy rather than starting again from scratch.
37. To enable the completion of such a refreshed Strategy in 2019, work would need to begin in Autumn 2018 to develop a common appreciation of the challenges that York faces and the scope that we have as a city to influence economic change. Establishing this prior to the 2019 Election period would allow a diversity of potential policy responses to be brought forward by politicians. Drafting work on the refreshed Strategy could then begin soon after the elections, enabling formal adoption before the end of the year.
38. In September 2017, we held a review event looking at progress on the Economic Strategy. This brought around 100 stakeholders together, looking at four key themes. These were:
 - 18-35s,
 - a shared investment plan,
 - City centre,
 - City brand.
39. The event was well attended, and the conversations around those themes helped to shape subsequent work. There is a desire for a

similar event this year, potentially as part of a rejuvenated York Business Week which takes place from 12th-19th November 2018.

40. A conference, bringing together partners, stakeholders and businesses to reflect on progress in the economy and consider some of the challenges we face, would form a good starting point for the work needed for a refresh.
41. An outline process for the work is proposed as follows:
 - Now to Autumn 2018 – review, refresh and extend evidence base
 - Autumn 2018 – Economic Strategy conference (either after the Party conference season in early October or as part of York Business Week in November)
 - Between conference and January 2019 – a series of papers looking at key aspects of the Strategy, challenges for the York economy, and potential policy responses to inform policy development
 - Spring 2019 – process on hold during Election period
 - June 2019 to Autumn 2019 – develop refreshed Strategy with the new administration
 - Autumn 2019 – launch York Economic Strategy 2020-?? at a further iteration of the conference

Consultation

42. Economy and Place Scrutiny Development Committee have discussed updating the Economic Strategy and are supportive of the proposed way forward.
43. Other stakeholders will be consulted as part of the refresh process.

Council Plan

44. Developing a clear and relevant Economic strategy is key to delivering a prosperous city for all.

Implications

45. **Financial** - there are no financial implications.
46. **Human Resources (HR)** - There are no human resource implications

47. **Equalities** – There are no equalities implications
48. **Legal** - There are no legal implications
49. **Crime and Disorder** - There are no crime and disorder implications
50. **Information Technology (IT)** - There are no information technology implications
51. **Property** - There are no property implications
52. **Other** -There are no other implications
53. **Risk Management** – the risk of not updating our strategy is that it becomes increasingly irrelevant and our work on economic development retrenches to a responsive approach. Equally, if we refresh the strategy before the full Council elections in May 2018, there is a significant risk that the new administration will not adopt the strategy. By developing thinking over the coming months to set a shared understanding of the challenges and strengths of our economy, we plan to enable that new administration to bring forward their responses to those challenges in a new strategy which can be launched in the early months of a 4 year term.

Contact Details

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Chief Officer Responsible for the report:

Neil Ferris
Corporate Director of Economy and Place

Report
Approved



Date 10/07/2018

Wards Affected

All

For further information please contact the author of this report

Background papers:

York Economic Strategy 202015-20

https://www.york.gov.uk/downloads/file/10991/york_economic_strategy_2016_to_2020

Annexes:

None

Abbreviations:

BID – Business Improvement District

LCR – Leeds City Region

LEP – Local Enterprise partnership

NAFIC – National Agri-Food Innovation Campus

YNYER – York, North Yorkshire and East Riding

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