

## **Developing the York Economic Partnership and Strategy**

### **Summary**

1. York currently focusses its economic strategy on growing high wage sectors, building on our existing sectoral strengths and developing research and innovation-led growth through our universities.
2. The York Economic Strategy 2016-20 adopted this approach, as did the 2011-16 and 2007-2011 strategies. These documents were developed through partnership-working with key stakeholders and businesses, most recently with the York Economic Partnership Board which moved to a networking format in 2016.
3. This focus has led to significant job growth in high wage sectors, with 15,000 jobs created in our knowledge economy over the past 15 years. However, many of the challenges identified in those strategies remain:
  - York’s economy has a strong focus on low-paid sectors, including retail, tourism and social care, which keep average wages below the national average
  - The historic character and setting of York means that development land in the city is limited, making business expansion and inward investment whilst attractive difficult to deliver
  - Despite having the highest skills levels of any northern city, too many of our residents lack the knowledge and qualifications to benefit from our growing sectors
4. Developing a more inclusive approach to supporting economic growth, tackling climate change, and ensuring that York’s residents have the best possible access to economic opportunities are therefore a key element of the plans of the new Council administration.

5. Our new Economic Strategy will seek to continue the growth we have seen in recent years, but with a renewed effort to enable all of our communities to benefit from that growth and to work with our low-paid sectors to improve productivity and help them provide better jobs. The role of our economy in tackling climate change is also important, and our strategy will also touch on this key policy area.
6. To support the development of our new strategy we will develop two partnerships. York Economic Partnership will draw together key decision makers in businesses, universities, the public sector and the third sector. It will lead on our work to continue high wage sector growth. York Peoples' Panel consultation will guide our work on inclusive growth, drawing together people from all walks of life to ensure that our work responds to their real needs. Both engagement routes will also consider the climate change implications of the economic growth of the city.

## **Recommendations**

7. The Executive Member is asked to:
  - 1) Agree the broad outline of the new Economic Strategy as set out in this paper
  - 2) Agree to the establishment of a York Economic Partnership and a York Peoples' Panel consultation the scope of which is set out in this paper.

Reason: To support inclusive economic growth in York.

## **Background**

8. The York economy is, in general, doing well. There are more people than ever in work, with higher levels of productivity than the rest of the region (see Annex A Fig 1). Our knowledge economy is strong and growing (Fig 2), and we have the highest level of skills of any northern city (Fig 3). A key element of our next Economic Strategy will be seeking to continue this strong performance, supported by a new York Economic Partnership.
9. For economic growth to be inclusive, its benefits must be felt by all those in society, regardless of where they live, how they make a living, and who they are. Inclusive growth cannot have neighbourhoods that are left behind, opportunities that are only selectively available, or a two-tier

economy where some people are doing well at the expense of others who are not.

10. However, there are areas of concern:

- Much of the recent growth in jobs has been in retail and tourism (Fig 4), leading to a reduction in average pay in York
- Part time roles are predominantly in low paid industries (Fig 5) – retail, hospitality and social care – which drives down many household incomes.
- Opportunities for those without high levels of skills are decreasing, leaving older workers without qualifications shut out from many of the emerging better paid roles

11. The biggest impact of the above has been a reduction on median wages in York, seen most starkly in the weekly pay figures (Fig 6). Weekly pay is particularly impacted because the average number of hours worked in York is lower than elsewhere due to the prevalence of part time work. However with over 20,000 students in the city it should be noted that part time work in itself is not a bad economic outcome.

12. While high wage sectors are growing, so too are low wage sectors (Fig 7). While high wage sectors pay an average of around £32,000 per annum, low wage sectors provide incomes closer to £19,000 per annum. Looking at the £2.5bn which is earned in York each year, high wage sectors account for almost one third of that income from less than a quarter of the total jobs (Fig 8).

13. Many of these issues have been at the heart of economic strategy for York for more than 10 years, but have been largely unaffected by policies which have focussed on growing the number of higher paid jobs and delivering significant regeneration schemes such as York Central and the expansion of the University of York. These approaches have benefitted the economy, but have not increased inclusion.

14. A new emphasis on inclusive growth is proposed which will continue to support this growth but work much more closely with communities, existing local employers and our anchor institutions with the aim of opening up opportunities for York residents. This will be more fully developed by the consultative work as part of the York Peoples' Panel initiative as outlined below.

15. The Council has declared a climate emergency and is committed to become a carbon net-zero city by 2030. Our economic strategy will build on these commitments and our two economic engagement approaches will be tasked with considering climate change as an impact of economic growth.

### **Supporting High-wage Growth**

16. The key elements of York's 2016-20 economic strategy – delivering high quality workspace in York Central and the Guildhall, getting approval for our Local Plan and bringing forward the opportunities it includes, working with our Universities to build on their research and teaching strengths, ensuring York remains a well-connected city – remain important.

17. The emphasis of the strategy was building more employment in high wage sectors. However, the strategy did not identify these sectors. For the avoidance of doubt, our high wage sectors (defined by average earnings, and expressed as SIC sections) are:

- Professional, scientific and technical activities
- Public administration and defence
- Financial and insurance activities
- Information and communication
- Construction
- Electricity, gas, steam and air conditioning supply

18. We have also identified key growth sectors in our work on a York Central occupier strategy. In this context we have highlighted business sectors which do not map easily onto government statistics but which are well-understood. These sectors are

- Rail engineering and technology
- Digital and ICT
- Financial and professional services
- University-led innovation and training
- Bio-tech (particularly at start-up phase)

19. These two approaches to identifying sectors enable us to both target our work and to review progress through nationally-published statistics.

20. There is also scope for our work as a city in response to climate change to be drive further jobs growth across all sectors.

21. For our high wage sectors, Make It York will be the focus for support and development work, including inward investment and our work with international markets. This will be clarified in a revised Service Level Agreement which is currently under discussion.
22. The work will be overseen by a new York Economic Partnership. Members of the Partnership will be virtual and vary over time, drawn from businesses of all sizes, key stakeholders such as our Universities and Colleges, and public sector bodies including the Council. The Partnership framework will be launched in November and will be jointly developed with Make It York using multiple formats for engagement to ensure the widest possible contribution to the development of the economic strategy.

### **A new focus on Inclusive Growth**

23. As discussed above, we will also develop a new and refreshed focus on inclusive growth, supported by a York Peoples' Panel. The consultation will draw from a range of people with real lived experience of economic inclusion challenges, with the following as an initial scope for inclusion:
  - Independently owned shops - There are over 130 independent businesses in York and these are a vital component to the City's economy and brand. 'Indie York' has acted as a driving force behind the success of these businesses and as an association offers a collective representation of owners' opinions.
  - Micro-businesses from York – almost 90% of businesses in York are micro-businesses with a number of them employing just one person who operates the company from their home. It is important that we not only listen to the collective businesses voice, but to the individuals who operate them.
  - Hospitality workers - Hospitality is the city's third largest employment sector with 11,500 employees (11% of York's total workforce). With an ever-growing tourism sector, those working in hospitality experience, first-hand, the effects of tourism, both positive and negative. As a traditionally low-paid sector, interacting with those who work in hospitality will provide details on how the sector can be supported which, can then be represented in the Strategy.
  - BME Groups - York's BME population has grown by 9% since 2001 and was at 9.8% during the 2011 census. This group which includes all none 'White British' groups represents residents who may present

unique experiences. The highest non-white group within the BME community is Chinese which counts for 1.2% of the population. Many from this group attend York's universities. Having representatives from the BME community will allow for the Economic Strategy to work in unison with members of a growing community who are disproportionately disadvantaged.

- Jobcentre Plus and Citizens Advice - Some of York's most vulnerable people are advised by Jobcentre Plus and/or Citizens Advice. Having workers from these agencies present on the Panel would bring a useful perspective of the real problems affecting York's most vulnerable people whether that be from unemployment or money worries. In particular, the Jobcentre Plus supports those who have recently been made unemployed or redundant and works with the Council to provide an action plan for when local companies go into administration. These agencies can highlight the immediate responses that need to be in place in the Economic Strategy not just long-term goals.
- Health and social care workers - Health and social workers make up one of the largest employment sectors in York. It is also a sector characterised by low wage levels and often unclear career pathways. Workers in the health and social care sector are also in regular contact with the city's resident base and as such have a unique viewpoint. Their views will be valuable when developing the city's Economic Strategy.
- Formal and informal emergency services - They enable the safe operation of the city and are aware of the main obstacles that both residents and businesses face in the city. Their opinion of how the Council's Economic Strategy can benefit the city's residents and workers will be valuable. An example of this group is the Street Rangers who experience first-hand socio-economic problems in the City.
- Female networking groups – The economic contribution made by women both in terms of the labour market but also through caring responsibilities should be recognised. It is important that female workers and residents in York are given a voice. Female networking groups provide a place where women can come together to discuss business affairs. By enabling representatives from these groups to be part of a panel, we can ensure that the voice of the female professional/business owner is heard.
- Working parents and parenting groups - This group includes a wide range of people from single parents to stay at home mothers to working parents. Their opinion will be unrivalled as it is likely to include multi-

dimensional opinions which cover a range of topics from children, housing to everyday life. The emphasis on this group will be around how parents support their families and balance caring responsibilities and working especially those in traditionally low-paid jobs.

- Teachers and educational staff - A key focus of any Economic Strategy should be on skills and young people – the future workforce of an area. Teachers and educational staff play a pivotal role in developing the skills that future workers will need and that our industry demands. By interacting with this group of people, informed suggestions for future skills for young people can be shared.
- Students and young people - Similarly to teachers and educational staff, students and young people will be able to give an unprecedented insight into what is important to them from a career, share their aspirations and outline what they want from York. There are over 20,000 higher educational students in the city and the retention of this skilled population is essential for the economy to thrive.
- Community groups and charities - They represent marginalised groups in the city. They help people with tasks such as paying bills and filling in job applications as well as providing an informal food bank service for those most vulnerable in the community. Groups such as these provide a valuable voice for those who do not have one in society. York has a large third sector made up of groups such as Age UK and the Salvation Army who provide support to some of the most vulnerable members of the community. With such a vast charitable sector, the wide range of opinions from these groups will represent a large number of local residents.

24. The consultation will also consider existing work on inclusive growth and their impact at community level in York. This will include the new Inclusive Growth projects which were set out in September 2019 by the Executive Leader as follows:

- Establishing a York Poverty Commission – bringing together individuals who have direct experience of living in poverty with key decision makers to build a shared understanding of how we might take practical steps in York;
- Community hubs as drivers of growth – building on the community hubs model to give a sharper focus on local economic development and financial inclusion;

- Community jobs fairs – funding to continue the community-based jobs fairs delivered in Acomb and Burnholme alongside the central jobs fair at the Railway Institute;
- Independent retail growth fund – establishing a fund for trader-led projects through local traders associations;
- Mental health, wellbeing and employment – supporting the Good Help Programme in York which focuses on mental health and wellbeing and community engagement;
- York Economic Partnership – develop an inclusive, strategic economic partnership and work with that partnership to draft a new economic strategy for York.

## Consultation

25. The principal objective of the Economic Partnership and the York Peoples' Panel is to create a process and forum for business, communities and specific sector and individual experiences to engage in the development of the Council's economic strategy.

## Council Plan

26. The new Council plan under consultation will have outcomes which reflect a good quality of life in York. The projects proposed under the Inclusive Growth Initiatives Fund will address the following outcomes:
- Good health and wellbeing;
  - Well-paid and an inclusive economy;
  - A better start for children and young people;
  - A greener and cleaner city; and,
  - Safe communities and culture for all.

## Implications

- **Financial** – no new financial commitments. Previous commitments within the body of the report;
- **Human Resources (HR)** – no implications;
- **One Planet Council / Equalities** – the proposed project to green the Council's retail estate will address the Council's climate change challenge. A number of the proposed projects will positively support the Council's equalities objectives;
- **Legal** – no implications;
- **Crime and Disorder** – no implications;
- **Information Technology (IT)** – no implications;



- **Property** – depending on the findings of the survey, the proposed project to green the Council’s retail estate will have property implications. Any measures taken to improve the energy efficiency of the Council’s commercial stock will need to balance commercial viability with environmental benefits.

## Risk Management

There are no specific risks identified in respect of the recommendations.

## Contact Details

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Approved

**Wards Affected:** List wards or tick box to indicate all

All

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

## Background Papers

None

## Annexes

**Annex A – York economy evidence base**

## List of Abbreviations Used in this Report

SIC – Standard Industrial Classification

BME – Black and Minority Ethnic

ICT – Information and Communication Technology