
Executive Leader Decision Session

1 March 2011

Report of the Director of City Strategy

One City – Update

Summary

1. This report follows up reports presented in 2008 and 2009 under the One City banner on York's economic position. These recognised that the Council and its partners can take action to assist the city during this period of downturn to help business as well as those individuals and communities hardest hit. This report sets out progress with actions taken and seeks the approval of the Executive member to re-allocate a small element of unspent monies from the projects previously approved.
2. The One City project has a good strategic fit with the long term aspirations of the city under the Inclusive City, Learning City, Sustainable City and Thriving City themes in the Sustainable Community Strategy.

Background

3. Reports to the Council's Executive in 2008 and 2009 outlined the implications of the global recession on the local economy of York and identified a number of actions for the Council to take in response to this. It was recognised that York was initially better placed than some other cities to respond to the changing economic picture. It has experienced relatively high levels of employment and encouraging economic growth over recent years especially in the technical, creative and scientific sectors. The City has strong partnership working and a good support infrastructure which has been responsive to changing economic circumstances. This has been key to ensuring that York remains vibrant and successful at attracting investment and visitors. Whilst apparently affluent, there are, however, significant pockets in York where deprivation is relatively high and where action is required if the circumstances of those least well off are not to be exacerbated by the prevailing economic climate.
4. A number of indicators of the current performance of the local economy are identified in Annex 1 to this report. This highlights that generally the local economy of York is still performing well, especially when compared to national and regional averages. The strong performance of York's economy is also well established in the recently published Cities Outlook from the Centre for Cities think-tank. The Cities Outlook 2011 report, states that York is the city likely to be least impacted by welfare cuts, continues to have strong population growth, a low claimant count and a skilled workforce. In detail, the review confirms York as the North's most buoyant city and states that "York appears relatively well placed to emerge with a strong economy and to contribute to national economic recovery". This endorsement of York's relatively strong economy is reaffirmed by the following statistics extracted from the Outlook, although the generally healthy picture reflects our current understanding of York's economy:

Welfare spending

- Of 63 UK cities reviewed only four in 2009 had a lower per capita welfare spend than York. York had an estimated per capita spend of £2186 on benefits compared to £3398 in Birkenhead as the worst performer and £1770 in Cambridge as the best performer. Economically buoyant cities such as York have the smallest welfare bills.

Impact on the economy of public sector spending cuts

- The size of the welfare bill will be reduced in every city over the coming years although York is estimated to be nationally the least affected with its projected cut amounting to an average of only £85 per person.

Population Growth

- A growing city is seen as a symptom of a healthy city, as mobile workers follow job opportunities. York is the only city in the North in the top ten cities with an estimated population growth of 21 700 between 1999 and 2009 (a 12% increase). Only Milton Keynes grew at a faster rate.

Unemployment

- York, Had an unemployment Claimant count of 2.4% of residents claiming Job Seekers Allowance in November 2010. Only 6 Cities had a marginally better claimant count than York.

Skills

- Small and medium sized university cities across the country tend to have the highest skill levels. York scored fifth best in 2009 of all UK cities with 40.9% of working age residents having skills at NVQ Level 4 or higher, and only 7.9% of all residents (seventh best) with no formal qualifications.
5. Despite this performance, there can be no grounds for complacency in the Council's efforts to support the local economy, enhancing the prosperity of York and enabling as many local people as possible to benefit from economic opportunities in the City. Of particular concern is the increasing numbers of young people becoming unemployed.
 6. Progress on actions approved by the Executive in response to the economic downturn can be identified under the headings of business and confidence; procurement; helping the least well-off; skills and enterprise.

Consultation

7. Previous consultation has taken place with the York Economic Partnership, York Business Forum, Science City York, york-england.com, Visit York, York Professionals, Retailers Forum and Chamber of Commerce.

Business and confidence

8. The most recent results for the York Business Survey cover the quarter to June 2010, with the next survey to complete the data to the end of 2010 going out around the end of February. This will bring the normal timetable for business surveys back into line, the delays being caused by the necessity to re-negotiate the data-gathering contract with an external provider. The service with the new firm has been secured at lower cost with the added inclusion of an online survey available through the council website. The survey data revealed an overall positive picture (although there will be some positive seasonal effects mid-year) of more firms taking on staff than losing them compared to the quarter before with a similar picture for sales. Over a third of firms undertook investment of some kind while in terms of confidence over 40% thought sales in the quarter ahead would be higher and, on balance, firms expected to take on staff. Thinking about their experience of being located in York

overall, nearly 95% expressed the sentiment that York was either a 'good' or 'satisfactory' location in which to run their business. More detailed analyses of the York Business Survey may be found on the council website within the quarterly newsletters at:

http://www.york.gov.uk/business/support/Economic_intelligence/

9. The Yorkshire Cities research and the previously published annual competitiveness index highlight York as a competitive and resilient city, able to recover quickly and effectively from the economic downturn. These studies point to the factors which attract investment and where the council's strategic focus, with that of its partners, has been aligned – by improving the qualifications of school-leavers, raising skill levels, helping unemployed people back into the workforce, attracting knowledge based industries and encouraging entrepreneurship. Clearly, however, it is important not to be complacent of recovery at this critical time.
10. The development of city-wide strategies for the future, build on this success and ensure a continuing focus under the Thriving City, Learning City and Inclusive City objectives. The Council has a strong track record of working in partnership to ensure the city's continuing economic progress with for instance Science City, Visit York, Chamber of Commerce, and City Centre activities. This has ensured that the Council is a key player in helping to shape and support the city's economic future and has good channels of communication through which the needs of the business community are understood. Since the Future York Report and partly in response to the joint party protocol which identified jobs and business support as a key issue, the Council has strengthened its approach to Key Account Management (i.e. understanding the needs of key businesses in the City in a formalised and managed approach.
11. A key initiative for the Council is to sustain the economic vitality and viability of York City Centre, both in respect to the direct employment generated here and also due to the impact a thriving city centre has on business confidence. Previous reports to the Executive have highlighted the importance of maintaining an active dialogue with retailers and traders through the Retailers Forum, encouraging private sector involvement with initiatives such as Christmas lights and other promotional activities, developing new initiatives such as the Minster Quarter and taking a longer term view of the development of the city centre through the City Centre Area Action Plan. Additional funding through the LABGI monies has supported enhancements to the attractions offered by York in Bloom, Christmas lights and Illuminate York in order to provide City Centre showpieces. A specific initiative to improve shop fronts of long term vacant shops in prominent locations has also been undertaken with support from York Museums Trust and Visit York. A number of city centre performance measures regarding footfall and shop vacancy rates indicate that York City Centre is performing well in comparison to other locations. A further initiative undertaken has been a research and marketing campaign by Visit York aimed at York's hinterland shopping catchment to encourage shoppers to come to the City instead of other potential locations. The evaluation of this is set out in Annex 2 to this report.

Procurement

12. The Council spends approximately £100 million per year in the discretionary purchasing of external goods and services. EU procurement legislation prevents the Council from positively discriminating in favour of local suppliers, but it does work to promote the availability of contracts with them and ensures that there is full visibility of tendering opportunities. The procurement team has been active in recent events aimed at supporting local businesses and has also been in contact with the Chamber of Commerce to ensure that local businesses are aware of this facility and are equipped to take advantage of tendering opportunities.

13. One particular event that has taken place recently, with the strong involvement of Higher York, has been to promote the business and employment opportunities presented by the development of the new Council Headquarters at West offices. A verbal update on this event will be given at the meeting.

Helping the least well off

14. The Council has supported the Credit Union and the York on a Budget booklet co-ordinated by the CAB. Members will also be aware of the Kingsway West initiative aimed at addressing levels of deprivation in the only neighbourhood in the City falling within the 10% most deprived nationally. Initiatives within this project include :-
- Training and work – with Future Prospects advising
 - Benefits take-up and financial advice for individuals and through targeted events
 - A health campaign using local GP surgeries
 - Growing your own food initiative
 - Credit Union – a new pay-in point alongside awareness raising
 - Heating costs – good practice awareness/advice

This work is now being extended into Clifton in a targeted and focussed way.

One aspect of the current economic situation is the increasing number of local people seeking specific debt and benefits advice. Annex 3 sets out the increasing pressures on this service at the CAB which has been coupled by uncertainties over Government funding. There was a previous allocation of resources through the LABGI funding to support the extension of community savings points for the Credit Union. For a number of reasons, this funding is no longer required and therefore it is proposed to re-allocate this remaining funding of £25,000 to either extend activities within the CAB in line with those set out in Annex 3 or to take forward a proposal from Future Prospects for benefits maximisation as outlined in Annex 4.

The proposal from the CAB would help clients with total debts in the region of £2million by either rearranging payments or writing off debts through formal legal insolvency (£80 of debts rearranged/written off for every £1 from the Council). This would mean detailed casework assisting at least 100 residents with some referrals from the Council and Council funded projects.

The proposal from Future Prospects would seek to extend a successful programme of income maximisation in targeted communities in York, using an evidence based model of offering a service from a primary healthcare setting. The £25,000 would allow a continuation of activity within the Clifton Health centre and to roll this service to another lower level super output area within Heworth ward. The aim would be to increase income in these areas by £300,000.

Skills and Enterprise

15. The Centre for Cities report highlights the importance of skills and enterprise for the future prosperity of York. It recognises that York has a relatively strong skills profile, with good levels of attainment and a high percentage of high level skills. It also notes that high-quality educational provision and a ready workforce are key incentives to attract inward investment and allow York to ‘punch above its weight’ in the knowledge economy. Equally, training and skill development are essential to support economic inclusion from all sections of the

population of the City. Additional initiatives supported through the LABGI monies have included:

- funding to sustain the prioritised activities of the Learning City Partnership, particularly those related to employer engagement in skills and enterprise development;
- funding to extend the work of Higher York, particularly focussed on achieving higher level skills in the workforce;
- funding to support the Skills Fest involving a wide range of partners;
- seedcorn funding to examine the scope for developing and extending a construction skills academy on the basis of encouraging the development of local labour as part of major development projects in the City such as the University expansion at Heslington East, led by Higher York.

16. An update on the Service Level Agreement established with Higher York to support the above is set out in Annex 5 to this report. The Enterprise Fund established with support from Aviva, York Business Development Fund and York Professionals with management by York Business Advice Centre based at the Eco Business Centre, has now awarded loans to 14 local newly established businesses. Work is still ongoing to encourage take-up of this funding. Support is continuing for enterprise education within schools. This year the focus is on a Green Energy Challenge with Science City York also involved. Students from two of the schools have been registered for Bronze Crest Awards – these are national awards given to students who complete a Science Challenge/Project. This allows them to showcase their ideas at the Big Bang Yorkshire and Humber which will take place at The Minster on the 14th July where students from across the region will come together (through the CREST Scheme and Young Engineer for Britain) all winners from this event go forward to be nominated for the National Science Competition which takes place in London during March 2012. In addition, Fulford School has worked with one of their feeder primaries on the challenge and they will be attending the final in March. Work is underway through the York Economic Partnership on establishing an Enterprise Strategy for the City.

Options

17. The purpose of this report is to note progress with the initiatives report and the current state of the local economy. Reference is made to the unspent resources previously allocated to the Credit Union community saving points, with a recommendation that this is re-allocated to either activities to be undertaken by the CAB in line with Annex 3 or to the proposal from Future Prospects as outlined in Annex 4. The option for the decision by the Executive Leader is therefore to accept these recommendations or not to do so. If it is decided not to do so, then the unspent resources may be returned to the Council's reserves, carried forward into next year to support as unspecified project or re-allocated to an additional project.

Corporate Priorities

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

Implications

Financial

19. The recommendations can be supported through existing budgets.

Human Resources (HR)

24. There are no specific HR implications arising from this report.

Equalities

25. This paper proposes action to support the least well of in York and promotes financial inclusion and economic participation for all.

Legal

26. There are no immediate legal implications.

Crime and Disorder

27. This paper supports the consideration of crime and disorder in the context of deprivation in ward planning as demonstrated by the Kingsway Pilot.

Information Technology (IT)

28. There are no strategic IT implications.

Property

29. Previous actions have supported some businesses within the Council's portfolio that have suffered down-turn as a result of the prevailing financial climate.

Risk management

30. The projects previously approved have been assessed to ascertain their effectiveness

Recommendations

30. That the Executive Leader notes the progress made with measures undertaken by the Council in response to the economic downturn.

31. That the Executive Leader agrees to re-allocate £25,000 from the previously approved project to extend community savings points to either support actions undertaken by the Citizens Advice Bureau in line with Annex 3 or to support the proposal from Future Prospects as set out in Annex 4.

32. That the Executive Leader agrees to receive further updates on York's economic climate and assessment of the effectiveness of actions initiated as a result of this report.

Reason:

To support businesses and residents in response to the current economic situation.

Annex 1 – Economic Performance Indicators

Annex 2 – Shop and the City Report

Annex 3 – Citizen Advice Bureau (CAB) Activities

Annex 4 – Future Prospects proposal

Annex 5 – Higher York Monitoring Report 2011

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Report Approved on 17/2/2011 by B Woolley

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Wards affected – ALL

Specialist implications officer

Financial – Patrick Looker