

Cabinet

1 October 2013

Report of the Cabinet Leader net

Economic Infrastructure Fund: Progress and New Project

Executive Summary

1. This report and its appendices provide Cabinet with an update on the impact of the **Economic Infrastructure Fund (EIF)** to date, setting out the high level impacts, spend and progress to date, and where possible, an illustration of the projects and programmes funded.
2. The report also includes one new bid for EIF funding for Acomb Community Economic Development project.

Background

3. The Economic Infrastructure Fund (EIF) was created in April 2012 by Cabinet in order to make a real step change in the pursuit of its number one priority of creating jobs and growing the economy. It is comprised of £28.5m, £8.5m of which is New Homes Bonus and the remainder of which is made up of prudential borrowing.
4. Since its creation, the Fund has unlocked a number of major projects across the city, and made possible projects where otherwise progress would have been too slow or not possible to make an impact on the jobs and growth prospects of the city.
5. The EIF has provided the Council a tool with which to contribute directly to facilitating progress toward the city's economic ambitions as set out in the *York Economic Strategy 2011-15* - a

strategy which sets the ambitious targets of becoming a top 5 UK and top 10 mid-sized European city economy by 2015.

6. The projects funded by the EIF to date, although only a proportion of the many advances the city has made in achieving these targets, has facilitated a number of major advances in the key themes identified for the Fund when it was originally established:
 - **Sustainable Economy:** to develop a sustainable local economy
 - **Get York Moving:** to ensure the infrastructure is in place to provide an environment for economic growth and job creation
 - **Reinvigorate York:** to facilitate a viable city centre as an asset for attracting high value investment
 - **Economic Inclusion:** to unlock the potential of our communities by connecting them to jobs, skills and enterprise opportunities
 - **Digital York:** to facilitate a digital infrastructure and business capacity that would place York as the most digitally connected economies in the UK.
7. The total EIF funding allocated to date is **£17.662m**. The total remaining EIF is **£10.8075m**. The recommended project in this report totals £30K, bringing the total allocation, if this project is approved to **£17.692m**.

Progress on specific themes

8. **Annex A** contains an overview of spend to date against projects committed; **Annex B** contains a detailed spreadsheet showing the projected profile of spend for the Fund over the five-year period of the fund.
9. The following updates are provided on a theme-by-theme basis to demonstrate the impacts by project on the EIF spend committed to date.

Sustainable Economy York

10. The **Sustainable Economy** theme has been aimed at projects to stimulate economic growth in a more sustainable way by providing

the environment – both hard and soft infrastructure required to promote business growth locally.

11. Recently voted one of the top five places in the UK for business investment, the City of York has ranked number one for human resources by Local Futures Inward Investment Guide to England, and number 2 for talent according to Santander's Towns and Cities Index 2013.
12. The recent high profile move to the city by Hiscox Ltd has signalled the city's resurgence in the nation's and Europe's consciousness as a city for business and living. The city's openness and eagerness to welcome new business and investment has seen *The Economist* heralding the city as a "Northern light" – suggesting that the city has "found a recipe for post-industrial success."¹
13. Within this theme, the **High Growth Business Programme** awarded to Science City York (SCY) in 2012 has provided critical co-investment required to bringing forward targeted support activities to potential high growth businesses across the local economy.
14. Between April 2012 to March 2013, SCY's business support activities in total generated 24 businesses supported, 83 days of mentoring in total, and 31 jobs created – adding up to an economic impact of £0.3m.
15. The activities provided include mentoring and coaching, and three case studies are included in **Annex C** to demonstrate the value of this activity behind these numbers.
16. The **Promoting York** project has contributed significantly to the city's ability to engage positively with new markets, aligned to its internationalisation strategy, providing seed funding to enabling the city to engage with Nanjing in the development of a city collaboration which is now progressing with new contacts made in

¹ The Economist. "York's booming economy: Northern light." (13 July 2013).

the city of Nanjing. In addition, links with key business support agencies in Chicago and New York are in place following a delegation to the States in 2012, and there have been sectoral links made with the city's civic twin of Dijon.

17. The contribution of £25K to the city's representation at **MIPIM 2013** enabled engagement of potential investors, developers and potential partners at the largest international property fair in the annual calendar – an audience of 80,000 exhibitors from global markets. The event produced 35 warm leads with which the city has been engaging and is following up to promote investment in the city's key and strategic development sites.
18. The project to create a **Digital and Media Arts Centre (DMAC)** for the city was initially received by Cabinet in July 2012, and at the time, the intention was to explore the use of the Bonding Warehouse for the project.
19. Although the Warehouse building proved financially unviable as a site, work done to date has identified the demand and an outline business plan for the operation of the Centre. The new preferred site for the Centre is the Guildhall Complex, which, following a decision by Cabinet in May 2013 will be taken into dedicated project management with the intention that options for the complex and the DMAC as part of that complex will be brought back to Cabinet in due course.

Reinvigorate York Theme

20. York's city centre faces many of the same challenges that cities across the UK are facing in the transformation of the traditional high street and the need for diversification in the city centre economy.
21. Despite lower than average vacancy rates, the Council has identified a need to work to boost the competitiveness of the city centre economy. The Reinvigorate York theme of the EIF is

intended to provide the city with a step change in the city centre's public realm and economic landscape – creating a world class centre.

22. To this end, the **Reinvigorate York programme** is a comprehensive approach to the reinvigoration of York's city centre public realm. There are six project areas covered by the programme, which EIF is going a significant way to financing:

- Parliament Street (including Piccadilly/ Coppergate junction)
- King's Square
- Exhibition Square/St. Leonard's Place/ Bootham Bar
- Fossgate/Pavement
- Duncombe Place/Blake Street
- Micklegate

23. To date, this is underway and demonstrating impact across the city. Specifically, progress is now underway in Kings Square, where Phase 1 will be complete before 28th November and the start of St. Nicholas' Fayre, and a second phase on highway improvements will be started in Spring 2014.



Image: Artist's impression of King's Square improvements

24. The refresh of **Newgate Market** has also been committed funding through EIF, and consultation undertaken with residents and businesses locally as to the shape of the designs for the Market.

Get York Moving

25. Significant progress has been made with EIF Funding in unlocking the infrastructure of the city via step change improvements that have leveraged DfT funding to provide two new Park and Ride sites via the **Access York** project. The development of these sites is now underway.
26. Further the city has made a major investment in the **West Yorkshire plus York Transport Fund** which has signalled the city's ambitions of being a full partner of the Leeds City Region Deal, which will enable the city to benefit from the Deal's offer on transport of 10 year major scheme funding and delegation of major scheme appraisal – bringing major transport decisions to a more local level and giving the city a better chance of getting infrastructure projects that are important to the local economy funded.

Economic Inclusion Theme

27. Although the city historically performs above average on indicators of employment and inclusion, being as it is ranked in the top 10% of English cities on measures of employment and JSA Claimant Count according to the latest Centre for Cities Cities Outlook 2013, there remain pockets of where communities face challenges of poverty and deprivation. To contribute to tackling these challenges, programmes have been provided funding through the **Economic Inclusion** theme, where progress is being made in connecting local residents to jobs and opportunities.
28. The first of these programmes is the **financial inclusion programme**, which is providing £300K to ensuring that the city's most vulnerable residents are able to access the necessary support. Specifically, the following progress has been made with draw down of £90K to date:

- £80k was as match funding for a Big Lottery funded project that brought in an additional £250k to the city to transform Advice Services in partnership with CAB and other Advice Providers in the city.
 - £10k has been set aside for a targeted fuel poverty campaign, linked to the appointment of a Home Energy Support Coordinator.
29. The **economic inclusion programme** is designed to target more fundamentally the causes of financial exclusion – ensuring that residents have the best opportunity possible to access jobs and opportunities. This includes:
- The introduction of twice-yearly Jobs Fairs to end March 2016, the third of which will be delivered on 1st October
 - Tablets provided for Deprived Primary Schools to raise aspirations + literacy / numeracy achievements with pupils + parents
 - Support for over 50s - Experience Works to be provided by York College to support 245 unemployed over 50s, of which delivery is already underway
 - Support for unemployed 18-24s into Apprenticeships 'step up to Apprenticeships' (York Learning)

New EIF Project Bid: Acomb Community Economic Development

30. The project proposes investment from EIF in core infrastructure for the Acomb Front Street which will act as a catalyst for community-led economic development in the area.
31. The full project proposal is set out at **Annex D** to this report.

Implications

Financial

32. The EIF has already been approved by Cabinet in April 2012, and any proposed new project funding will come out of this established Fund.

Human Resources

33. There are no human resources implications arising from this report.

Equalities

34. There are no equalities implications arising from this report.

Legal

35. There are no legal implications arising from this report

Crime and disorder

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

Information Technology

37. There are no information technology implications arising from this report.

Property

38. There are no property implications arising from this report.

Other

39. There are no other implications arising from this report.

Risk Management

40. There are no known risks arising from the report.

Recommendations

41. Members are asked to:

- note progress made with EIF spending to date; and
- approve proposed spend of £30K in Acomb for the proposed Community Economic Development project.

Reason: To support the Council Plan priorities of creating jobs, growing the economy and investing in the city's economic future.

Contact Details

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	Report Approved	√	Date 20 September 2013
Wards Affected: All			√
<i>For further information please contact the authors of the report</i>			

Background Papers - None

Annexes

Annex A - Economic Infrastructure Fund – Spend and Benefits

Annex B – Economic Infrastructure Summary

Annex C - Case studies of business supported through the EIF-supported High Growth Business Programme

Annex D - Acomb Community Economic Development Project