

Economic Development and Transport Policy & Scrutiny Committee

18 November 2015

Report from Cllr Keith Aspden

Deputy Leader of the Council (as Executive Member for Economic Development)

Opportunities and Challenges for York's Economy

York is an excellent city for businesses to set up and operate in and we have many advantages. Our local population has the highest level of skills in the north of England (as measured by the proportion of degree educated population). We also have excellent connectivity, we are within 2 hours of most of the large cities in England by rail including London. We also have natural advantages in the insurance, rail, tourism and education sectors. We know that these many of these sectors (particularly the rail and insurance sectors) are forecast to grow strongly at the national level in the coming years.

We also have very low levels of unemployment when compared with others in the region and nationally, which is great for our residents.

But we also have barriers to growth. From a council perspective, our principal challenge is falling wages in the city. The most recent statistics from the ONS show that average wages in York fell in the last year. This is a concern for us and particularly striking given the connectivity of York and our residents skills.

We are awaiting an update of the ONS statistics on wages, which are due to be released next month. However, the current baseline forecast for the local plan will continue to fall. This is not necessarily an issue around living wage, and we know that York performs well in this regard but more an issue of forecast growth in sectors in lower-paid sectors such as tourism and care, which are still very important to us and our economy will outstrip growth in high value sectors.

Economic Strategy

We need to ensure that the conditions are right for high value jobs in the city and address the barriers to creation of these jobs. This includes needing to address the availability of high quality office space (particularly in the city centre) that employers in high value sectors need or the nature of our own contracts with suppliers who will be based in the city.

We are currently working with the York Economic Partnership and businesses to refresh our economic strategy, with a real focus on high value jobs. I'm pleased that this scrutiny group are involved in this.

Availability of land for businesses

On the availability of land, we are developing the case for York Central, the area of brownfield land around the station. We are also looking at other potential sites in the city and I am pleased that both the Guildhall and Southern Gateway sites progressed at last month's Executive committee meeting. This is something that York has been talking about for a long time and this administration is keen to do what it can to ensure that this site is delivered. Especially as it is such an important component of addressing the availability of good quality office space and housing in the city. We estimate that successful delivery of York Central could lead to a boost in our local output by just over £1bn for York and the wider region and an additional 6,000 high quality jobs in the city.

Make it York

Make it York began trading in April 2015 and is responsible for York's destination and cultural marketing and the city's economic development. Since the creation of Make it York, there have been a number of board and shareholder meetings and these are monitoring the progress of Make it York against its service level agreement. Given the need to bring new high value businesses to the city and to ensure sites like York Central, Guildhall and Southern Gateway are a success, I am particularly interested in their work on inward investment. I am aware that they are due to complete work in this area in January and I am looking forward to seeing progress in this area.

Business Improvement District

I am also highly supportive of a strong city centre. In many ways, this is the shop window for the city and we are keen that it continues to thrive in a challenging environment where there is increasing competition from the internet and out of town shopping. If the vote is successful, the Business Improvement District will be a catalyst to ensure a vibrant and profitable future for our city centre. The ballot is currently underway, and we will know the result later in the month.

Business friendly council

Although we recognise that we need to make progress on the big strategic issues, it is also important that we get the basics right.

Earlier in the year, the Joint Administration set out a twelve point plan of what we wish to achieve together. Included in this twelve point plan was our desire to be a business friendly council, making it easier to bid for council procurement contracts and promoting green jobs.

I am currently consulting businesses in the city on their perceptions on the council. Officers will be reporting to me on next steps at my Executive member decision session in December.

Work is also ongoing to simplify the procurement process where it is possible to do so. Opportunities continue to be advertised and, wherever possible, are being offered in “lots” to enable smaller businesses to bid for these opportunities. The challenge is to encourage local SME’s whilst still obtaining value for money. Guidance on the tendering process is being made available to local businesses and the procurement team are regularly attending both the FSB and the Chamber to identify potential barriers and work towards removing them.