

Economic Development and Transport Policy & Scrutiny Committee

29 June 2016

Report from Cllr Keith Aspden

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

Annual priorities and challenges for Economic Development portfolio

As set out in the report for scrutiny last year, York has a strong foundation as an excellent city for businesses to set up and operate in with many economic advantages which we have the opportunity to build upon. There are also some particular challenges we must seek to address if we are to ensure the city achieves its potential as a great place for business providing quality jobs for our residents. Notably, this includes slightly below national average productivity and wages because of the sectoral makeup of the city's economy, and availability of good quality business accommodation in the right locations. The December flooding also provided a stark reminder of the vulnerability of some York's business premises, and the effect this has on the City's economy.

Our Council Plan includes the objective of delivering a prosperous city for all. All of the opportunities and challenges above are long term issues requiring focussed and persistent action over a number of years, but I am pleased to reflect on a number indicators and outcomes demonstrating a positive direction of travel:

- Job Seekers allowance claimant count for York continues to be around 0.5% of the working age population: in April 2016 it fell by a further 10 month by month to 643. By comparison, the Great Britain average is 1.5%.
- The Total number of working age Benefit Claimants continues to fall (6.7% reduction to 9,500 from 10,180 in 2013/14)
- Average gross weekly pay increased between 2014 and 2015 by 3.23% to £584.30 in comparison with a 1.01% increase nationally and a 2.18% increase regionally.
- A recent Natwest economic monitor for 2015/16 identified Yorkshire & the Humber as the region with the fastest high skilled employment growth over the last 12 months, growing by over 5%.

It specifically referenced York as “a city powering this...with more high skilled employment than the UK average”

Nevertheless, latest figures on economic output (GVA) per head for 2014, showing a decrease of 0.6% from 2013, demonstrate that while the city has been very successful in creating jobs, work is still required to see the shift towards higher wage employment we aspire towards for our residents.

In the report for scrutiny in November, I highlighted my 5 key priorities for the economic development portfolio for the coming period:

- Economic Strategy
- Availability of land for business
- Make it York
- Business Improvement District
- Business Friendly Council

In each of these areas, the Council has delivered tangible results over the last 6 months which are outlined below. Looking forward, a consistent long term approach is needed if we are to make significant shifts in York’s economy, therefore the majority of priorities for the year ahead remain the same. Some additional key areas of focus arising from the Economic Strategy and Council Plan are also noted below, specifically around ensuring York gets the best deal from all regional partners, and taking practical steps to retain talent in the city.

The following sections highlight the progress made and key actions for the year ahead under each of these priorities.

1. Economic Strategy

The refreshed Economic Strategy for 2016-20 has now been approved by Executive, and underpins much of the content of our Council Plan. This is a citywide document, developed with businesses in the city, and with the cross-party involvement of this scrutiny committee. We now have a strong agreement and a clear prioritised view on what is needed to be done over the next 4 years to achieve the economic prosperity for our city and residents which we all aspire for. There will be an official launch in July, but the focus now is, together as a city, to deliver what we have planned. The key actions arising from the strategy for the Council are therefore outlined in the sections below. Vital to the city’s economic success will be the actions of other sectors, organisations and

businesses too, so I am pleased by the collaborative and partnership approach we have facilitated, and which will remain central in the delivery of the strategy.

2. Availability of land for businesses

In November, the Council was successful in its joint bid with York, North Yorkshire and East Riding Local Enterprise Partnership to have York Central, the city's largest brownfield site, successfully designated as an Enterprise Zone. This will unlock over £100million to help develop and deliver this key site for employment.

Enterprise Zone status means that 50 per cent of business rates for the York Central site, which would normally go back to Government, will be retained in the area. This will provide the funding to allow us to invest in the infrastructure required to unlock the site and encourage business investment. Estimates in the bid suggest this could help to create up to 6,600 jobs in the city, and over £1.1 billion value for the region's economy. The jobs created would be high-value office based jobs, helping to grow York's economy by an estimated 20 per cent and increase average wages in the City.

In working towards the publication of Local Plan for the city, the Council has completed a draft Employment Land Review which undertakes a comprehensive and strategic analysis of York's employment land requirements, and key sites, for the next 15 years. Once adopted, this will enable clarity for landowners, developers and businesses, to encourage the right sort of development for the city and its economy. The proposed policy and sites allow flexibility for a sectoral shift towards higher value sectors to support initiatives aimed at increasing wages in the city.

The focus for the next 12 months is to:

- Progress towards a published Local Plan which supports making a shift towards a higher value economy.
- Confirm partnership agreements, for York Central, with funding fully in place, including a mechanism for borrowing against future business rates. There should also be agreement on business and housing allocations through the Local Plan, a demand study for the site, and progress towards taking the site to market.
- Progress other employment sites with direct Council involvement, such as enabling York Guildhall complex to be used as a high value serviced office environment.

3. Make it York: dedicated support for high value sectors and small local businesses

In its first year, as well as achieving a small surplus against budget, Make it York has delivered key support for businesses in the city:

- Responding to the Boxing Day flooding, Make It York helped businesses across York and North Yorkshire to access flood recovery funding, facilitating awards worth £487,000 for 162 businesses.
- Helped businesses access over £398,000 of Investment Finance to help them start, grow and deliver skills or training.
- York's inward investment 'story' has been brought up to date, including launching a new web portal and 'soft landing' package, as well as a new brochure
- Working as a partner to Hiscox, the team helped launch the Hiscox Business Club, providing 29 small businesses, employing over 70 people, with the opportunity to work in a dynamic, collaborative environment.
- The property enquiry service was developed, improving access to property information and handling 131 property enquiries, helping businesses find the right location for their needs.
- VisitYork4Meetings generated £500,000 worth of direct conference and events business.
- Make it York has worked with the YNYER Local Enterprise Partnership to create an online platform enabling the Agri-Food Network to share knowledge and ideas. It will also be partnering with FERA to support the agri food sector with a £1.7million European funded business support programme.

This activity to support high value sectors and small local businesses remains key to the Council's economic development activity. The focus of the next 12 months for Make it York, as specified in the draft Services Agreement for 2016/17, includes to:

- Hold key accounts with 100 high value companies to support them to thrive and grow in the city
- Take a proactive and targeted approach to attracting inward investment to York, utilising senior advocates and intermediaries

- Deliver improved web and digital marketing of the city to a business audience
- Line up expanding York businesses to be anchor tenants of key sites
- Continue to make York businesses, start-ups and student entrepreneurs aware of and to broker business support and funding opportunities, with a focus on high value sectors.
- Support businesses within particular high streets, both in the city centre and on the suburbs of York, to take collaborative action in improving and promoting their high street, rolling out Bishopthorpe Road model focussed on private-sector leadership.
- Facilitate regular private sector-led forums to bring together key sectors in York for mutual support, promotion of the sector and to harness the key opportunities which arise from working together; with a focus on sectors where there are not existing networks in the city e.g. rail sector.

4. Business Improvement District

The Council has supported the development of York Business Improvement District for York, which is an exciting opportunity for local businesses to make their mark on the City Centre by coming together as a partnership to decide on their priorities.

The BID was voted in by a decisive margin in November, meaning £850,000 annually re-invested back into the City, with the potential to generate further financial support through voluntary contributions. An Executive Director for the York BID has now been in post since April, and has been gauging the mood of what local businesses expect from the BID and where the levy money might be best spent.

Key projects for the BID include tackling anti-social behaviour, street cleansing and City Centre cleanliness and looking at providing small grants for local. Over 80% of the levy money has now been collected, which means that projects will begin imminently.

My focus for the next 12 months is to:

- Be a supportive partner to ensure the Business Improvement District is effective and is able to deliver the key projects identified
- To support the roll-out from the BID of an Ambassador scheme to support the city's welcome

5. Business Friendly Council

Our ambition to become a Business Friendly Council, remains a key one, and work has been going to consult upon what “business-friendly” really means.

We have been working closely with a number of partners, to seek opinions, ideas and suggestions from those who deal with business and the local authority on a daily basis. The list includes our staff, as well as business groups in the City:

- Chambers of Commerce,
- Visit York,
- The Federation of Small Businesses and;
- York Professionals
- Our survey went out to over 1,000 local businesses

In April, at my Executive Member Decision Session, I considered a long list of possible options to pursue to develop this concept.

The focus for the next 12 months is to:

- Carry out an audit of what our existing business friendly ‘offer’ looks like, including looking at how we engage with business as an authority and the accessibility and usefulness of our internet presence
- Deliver an expanded programme of networking events and opportunities
- Produce a Procurement Toolkit
- Explore the viability of potential ‘Business Friendly Charter’
- Meet as Executive Member regularly with major businesses, employers and business networks in the city to ensure the Council understand business perspectives and any concerns.

6. Supporting local high streets

Whilst the Business Improvement District remains a significant opportunity for the city centre, I am keen that this administration does not forget our local high streets. The success of Bishopthorpe Road is well known, especially following the area being awarded Great British High Street of the year in December 2015.

We are keen to ensure that we help other high streets in the city thrive. Earlier this year, the administration transferred responsibility of the Acomb Front Street fund to Acomb Alive. Following this, local businesses have been working to enhance the offer on Acomb Front Street. This includes the launch of a monthly market, the first of which will take place on the 24th June. This will include a wide range of stalls that will encourage people to visit this part of the city and enhance the existing retail offer of the area.

7. Taking practical steps to retain talent in the city

This was identified as an important priority in both the Economic Strategy and the Council Plan aim to achieve “a prosperous city for all”. Over the next year, we will be working with education and skills providers, businesses and other partners to:

- Continue the apprenticeship brokerage service matching young people to businesses, and adapt to changes in national policy around apprenticeships.
- Make progress towards a York-wide graduate scheme for SMEs
- Ensure York SMEs are better represented and promoted with York’s universities and colleges, including helping them to be represented at University careers fairs through collaborative agreements.

8. Ensuring York gets the best deal from all regional partners

Finally, working with other Executive Members, we are focussed in getting the best deal from our work with regional partners, as highlighted by the Council Plan. As the successful Enterprise Zone designation, the Community Led Local Development preparatory stage bid and in supporting the bidding consortia for £50m new agri-food innovation centres at Sand Hutton have demonstrated, when we are clear about what we want and what it will deliver as a city, we are able to attract significant investment to help us make a difference for businesses and residents.

We will seek to build on this by:

- Putting forward bids and seeking to attract further funding to support the city's economic priorities including York Central and for improvements to the Outer Ring Road
- Undertaking the preparatory work and submitting a full bid for £2.54m Community Led Local Development European funding for 4Community Growth York
- Developing a project pipeline to be ready for future opportunities and rounds of regional, national and European funding
- Playing an active role in devolution discussions with neighbouring authorities and Central Government to ensure York gets the best outcome for its residents