

CITY OF YORK

ECONOMIC DEVELOPMENT STRATEGY AND ACTION PROGRAMME

Contents	Page
SECTION A ASSESSMENT	
Executive Summary	
Section 1: Economic Context and Drivers Shaping York's Growth	
1.1 The Global Economic Climate	
1.2 The Macro Economic Climate in the UK	
1.3: Forecasting York's Growth in the Next Ten Years	
1.4: York's Output and Employment Growth in its European Context	
1.5: Foreign Investment in York	
1.6: York's Key Markets – Domestic and Foreign	
1.7: The Role of Skills in Driving Long-Term Growth in York	
1.8: York's Contribution to the Northern Way Growth Target	
1.9: The Effect of Interest Rates on York's Future Growth	
1.10: Summary	
Section 2: Competition	
2.1: Characteristics of a Competitive Market	
2.2: Exposure to Foreign Markets	
2.3: Barriers to Competition	
2.4: Costs and Competitiveness	
2.5: Summary	
Section 3: Innovation	
3.1: Research and Development Spend	
3.2: Research Links	
3.3: Summary	
Section 4: Workforce and Skills	
4.1: The Future Workforce	
4.2: The Existing Workforce	
4.3: Skills and Training in the Workplace	
4.4: Future Skills	
4.5: Summary	
Section 5: Investment	
5.1: Business Investment	
5.2: Infrastructure Investment	
5.3: Summary	
Section 6: Enterprise	
6.1: Business Stock	
6.2: Current Entrepreneurs	
6.3: Future Entrepreneurs	
6.4: Business Growth and Survival	
6.5: Summary	
Section 7: Communities and Regeneration	
7.1: Economic Activity and Inactivity	
7.2: The Local Jobs Market	
7.3: The Economic Impact of Regeneration Activities in York	
7.4: Deprivation and Economic Opportunity	
7.5: Summary	
Section B: STRATEGIC CONTEXT	
1. What is a Sustainable Community Strategy What has changed since that last strategy	

2. About York
 - Setting the Scene: York's Story of Place
 - Strengths and Challenges
 - York's 'Story of Place': The evidence base
 - Public Consultation – Festival of Ideas 2
3. Vision and Strategic Ambitions
 - Our Vision
 - Our Strategic Ambitions
 - Major Issues and Cross-Cutting Challenges
4. Local Development Framework
5. Delivering the vision
 - York – The Thriving City
6. Making it Happen

Section C: ECONOMIC DEVELOPMENT ACTION PLAN

- KA1 Knowledge economy
- KA2 Visitor economy
- KA3 Balanced economy
- KA4 Key development opportunities
- KA5 Inward investment
- KA6 Higher York/Heslington East
- KA7 Collaborative regional, City regional and sub-regional working
- KA8 Skills
- KA9 Economic Inclusion
- KA10 Transport
- KA11 Housing
- KA12 Performance management
- KA13 Corporate and City-wide working

Section A : Economic Assessment

Executive Summary

Section 1: Economic Context and Drivers Shaping York's Growth

- The long term trend of GDP and employment growth in UK will be well below levels seen recently (2000-2005), with average GDP growth in the next five years of 2.5% and employment growth of 0.5%. York's economy will grow above the UK trend with GVA (GDP) growth of 2.7% in the next ten years.
- Global growth in 2006 was estimated at 5%+, largely as a result of the above trend growth in the BRICS economies (Brazil, Russia, India, China, Singapore). Continuing global growth will deliver a stimulus to York's economy with estimates suggesting that for the next ten years a sustained increase of 10% in world trade volumes could add over £200 million to York's economy with the city's economy growing by an additional 1.7% in the next ten years above current trend estimates.
- Recent survey data points to a very active German market for UK exporters, so it is particularly important for York companies to focus on the German market, and also reflects the fact that the long-term underlying rate of growth in the Euro-Zone is on the up. The view from the Bank of England and the European Central Bank is that Euro-Zone economies are entering a period of cyclical growth (and hence recovery in growth) and York's companies need to exploit the opportunities that will be presented.
- York's population growth is not forecast to match its economic growth needs. Working age population growth in the city will be outpaced by the jobs the economy will create, meaning York will act as magnet to commuters into the city (see Section 4 for further details). This situation will become more pronounced if the city's regeneration ambitions deliver higher economic growth through stimulating the jobs market (see Section 7). This means:
 - Housing provision within the city needs to be higher than current draft Regional Spatial Strategy provisions; and/or
 - Transport infrastructure needs to accommodate the resulting demands on the economy (and its growth potential) as the jobs market acts to pull in labour from surrounding areas. This situation will be stimulated even further as regeneration projects are phased in.
- Whilst output growth forecasts for York compare extremely well with other European cities, York's employment growth potential is likely to be much more constrained than many benchmark city regions. The relationship between York's employment and output growth suggests that discrete employment gains will deliver significant output improvements. The role which skills play in driving up output per capita is crucial. York's current occupational and skill base is essential to the city's future growth and any significant changes could negatively impact the forward view of growth in the city.
- In reality, and in the context of headline coverage of business restructuring in the City, York has performed comparatively well in a regional context (benchmarked to Leeds) for major foreign direct investment (FDI) projects. The City has been particularly successful in attracting FDI from the software, scientific research/instruments and business services sectors; although the dynamics of the business base may act as a brake on growth potential (York has comparatively few large indigenous businesses and few large foreign companies). Some of the key issues that need to be explored or developed (in policy response) are:
 - Link inward investment marketing clearly into the city's offering and play on York's core sectoral strengths.
 - Ensure that UK Trade and Investment's (UKTI's) policy imperative to attract R&D projects clearly positions York at the heart of its national offering and the shift to representation in emerging markets.
 - Flowing from the above, exploit and develop York's brand awareness in emerging markets as part of UKTI ramping up emerging markets representation. Science City is a clear opportunity here and could act as a bridge in brokering and developing trade opportunities in these key markets.

- Exploit secondary inward investment opportunities, especially from London and exploit comparative cost advantage.
- Link inward investment activity into new and emerging regional responses and clearly link FDI and trade promotion into proactive lead generation (for instance trade chain mapping and marketing).
- Link the sites and regeneration potential in York consciously to the needs of core FDI markets.
- Global growth in 2007 and 2008 is likely to be around 5%, with the World Bank estimating growth in the emerging markets of 7%+ (in the BRICS economies – Brazil, Russia, India, China and Singapore). Given the falling proportion of export sales in York (relative to other parts of Yorkshire) in these key markets this is currently a risk, but a significant opportunity going forwards.
- Yorkshire Forward's research has clearly indicated that overseas sales have declined as the importance of domestic sales to York firms has increased. Whilst the UK economy has been growing, this structural feature has been less prominent, but as the UK forecast growth is likely to be below trend (with the Euro-Zone and BRICS economies set grow more quickly), this over-reliance on domestic markets becomes one of the key growth risks going forward.
- Long-term fiscal and monetary stability is clearly important to York's economy in the next five years (as it nationally and across the North's key cities), but analysis supporting the Future York Group suggests that York's economy is more sensitive to sustained interest rate rises than other cities in Yorkshire.

Section 2: Competition

2.1: Characteristics of a Competitive Market

- The level of competition in the market in York is below the England average, but several indicators suggest a competitive market in the City.
- Growth among firms in York is consistent with a competitive market in that indicators show rates above all comparator areas except Bristol. Evidence from the Yorkshire Forward/CBI *Survey of Regional Economic Trends* (September 2006) also demonstrated that firms in York were slightly more interested in growing their business in the next two years than those in the region as a whole (65.7% of respondents compared to 64.6%).
- York firms are profitable in comparison to a list of comparator UK cities. Profitable businesses are likely to increase competition by making the area more attractive to new entrants.
- York ranks 5th out of 8 comparator areas for VAT de-registrations, suggesting a slower rate of unproductive firms leaving the market. While de-registrations are often regarded as a bad thing, in the context of analysing competition, they are used as an indicator of competition. This is supported by the latest figures from the Small Business Service in which more productive regions have a high de-registration rate and a high level of registrations. This is typical of the entry and exit characteristics of a competitive market.
- The results for York suggest that although productive firms are expanding, there is a lower rate of unproductive firms leaving the market. This will distort the potential benefits of a competitive market.
- York has a lower proportion of foreign owned companies than most comparator regions. As a result, the city is losing out on access to potentially better products and process technologies and access to knowledge from parent companies. For example, in the Leeds City Region, 2.7% of companies have profit growth above 25% but 11.5% of foreign owned companies in the same area have profit above 25%.
- Increasing the number of foreign owned firms would likely improve competition in the market in York. Research has shown that increasing foreign firm entry by 1% can increase productivity by 0.5% - 1%.

2.2: Exposure to Foreign Markets

- Export performance in York over the last twelve months has not been as strong as other parts of the region. 5% of firms in the district reported an increase in export orders

compared to an average of 12% across the region. 23% of firms reported a decrease in York compared to 8% in the region.

- Over the next twelve months firms in York are not expecting the same level of decline in export trade as they experienced in 2005/06. However, less than 5% expect an increase compared to an average of 15% across the region.
- This data is supported by other evidence in the Survey of Regional Economic Trends that showed the proportion of York companies exporting over 50% of their goods overseas is below the regional average.
- The data suggests that overseas trade in York is below the regional average and the city is losing out on potential benefits of foreign exposure.

2.3: Barriers to Competition

- Research shows that the top five inhibiting growth factors are common to firms throughout the country. Of these, regulation/red tape is by far the most popularly cited factor inhibiting growth. Other common issues revolve around costs, shortages of finance and support from government.
- Within these top five factors, the main difference between York and other areas is that transport costs appear more of an issue. 27.8% of firms see this as an issue in York compared with 22.3% in the UK and 16.7% in the region.
- Beyond the main issues, other inhibiting factors that appear more common to York include a lack of appropriate workspace and low capital investment. Conversely, attracting staff to York and skills problems are seen as less of a barrier to growth or entry of new firms.

2.4: Costs and Competitiveness

- Limited access to office space is one of the key issues for York, and new and existing development sites will have a lot of expectation on them.
- Higher labour costs are possibly more of a perceived barrier to growth in York than an actual one. Salaries are broadly around the regional average, but lower than the national and industry averages.
- High levels of workforce skills are seen as key to competitiveness in York but this is a sentiment shared throughout the country. However, it is seen as more of a contributing factor in the UK compared to York. This pattern is also true for other factors including: flexible working patterns, management skills, premises, transport, and labour costs.
- The importance of creativity and innovation to competitiveness in York is demonstrated by the higher percentage of firms that regard this as a contributing factor (39.7% of firms in York compared to 31.6% in the UK). Along similar lines, the use of IT is more important to firms in York (18.1%) than the rest of Yorkshire and Humber and particularly so when compared to the UK (6.2%).

Section 3: Innovation

3.1: Research and Development Spend

- Regional R&D spend by business, as expressed as a percentage of regional GVA is very low across Yorkshire and Humber at only 0.5%. However, expenditure on R&D by Higher Education Institutions is more in-line with what would be expected from the region at 7.8% of the UK total Higher Education R&D expenditure.
- The *Regional Economic Strategy* Innovation target challenges the region to more than double business R&D expenditure by 2015. Without significant intervention, such as that expressed in the Regional Innovation Strategy, this target is not likely to be met.
- If the regional Innovation target is applied to York, business R&D expenditure from York firms would be targeted to be £40 million per year by 2015.
- Recent evidence suggests that York's businesses actually spend three times as much on R&D activity per head than the regional average (£229.35 per head compared to £76.26).
- A quarter of York firms plan to spend more on product and process innovation in the next year – slightly more than the regional average of 22.3%.

3.2: Research Links

- The two Higher Education Institutions in York form part of the White Rose Universities, that together account for 86% of regional research spend in higher education.
- Science City York figures suggest that since its inception, 2,772 new jobs have been created and over 9,000 people are now employed in technology occupations in over 250 businesses in York.
- Key to the expansion of Science City York is the proposed University expansion onto the Heslington East site.
- Just over 14% of firms in York suggest that they have R&D links to the universities – significantly higher than the regional average of 8.5%, whilst nearly 40% are members of Specialist Industrial Networks.

Section 4: Workforce and Skills

4.1: The Future Workforce

- GCSE attainment in York is good compared to average, but there are still around 50% leaving each year that don't attain the required level of 5+ A* - C including Maths and English. Employer views are not favourable of the skills of recent school leaver recruits and this affects productivity.
- Poor attainment in four schools in particular needs addressing, as they account for 25% of all Year 11 leavers in the city.
- The 5.2% of 16-18 year olds not in any kind of education, training or employment equates to over 300 people currently having a negative impact on the district's economy and public expenditure.
- The region has an excellent Higher Education base, over 50,000 graduates a year and a good retention rate of graduates who subsequently work in the region. This can be capitalized on with appropriate recruitment campaigning and marketing.

4.2: The Existing Workforce

- The higher qualification rate of the city's workforce means that, although skills always remain an area to improve upon, less has to be done to increase workforce qualifications in York, than in other areas.
- York's working age residents are less likely to travel outside of York for employment than residents of other areas in the region. This means that the city has a larger proportion of its workforce that is potentially a captive audience for additional/new jobs. However, York needs to be mindful of the growth of the Leeds economy and how this may impact on commuting rates, both in and out of the city.
- The industrial structure of York has changed quite significantly over the past ten years. These structural changes look set to settle down over the next ten years, and forecasts suggest that growth in employment will continue, but at a lesser pace than in the past.
- The Transport, Retailing, Health, Business Services, Education and Hotel & Catering and Public Administration sectors are currently, and will remain the key employing industries in the district for the next ten years.
- Industrial sector changes have had, and will continue to have, an impact on the occupational breakdown of York, and also of self-employment, especially with the decline of the Construction industry.
- Forecast population growth to 2030 for York may not match its potential jobs growth. However, recent research suggests that York is potentially a magnet for workers from other areas in the region. Activity to convert those who are of working age but currently economically inactive could help to fill this gap (and reduce benefit costs).
- Although York has a pool of Eastern European migrant workers, they are mainly taking the lower paid, lower skilled jobs. This is supporting the forecast occupational growth of elementary clerical/service occupations and the caring occupations. However, few migrant workers are taking the higher skilled, higher paid employment, so may not fill some of the higher skilled occupations that are forecast to increase in the future. The city will need to focus on raising the qualifications of its young people, continuing to attract graduates and ensuring accessibility for commuters from areas outside of York.

- York has 7.4% of the Full-Time Equivalent employment of the Leeds City Region, and more than average in terms of employment in the Transport, Hotels & Catering, Retailing, Education and Public Admin sectors. Therefore, the success of these sectors is not only important to York, but also to the wider city-region's economy.
- Of the 113,900 people of working age that are living in York, 89,700 are in employment and 24,200 are not. Of those 24,200 people, 2,600 are unemployed and 21,600 are classed as economically inactive. Of those 21,600 people who are economically inactive, 4,000 say they want a job and 17,600 say they do not want a job. Converting some of these economically inactive people into employed people will help to fill the potential employment gap in the future.

4.3: Skills and Training in the Workplace

- The key message from employers is that management skills are one of the most important skills that affect a company's competitiveness, and also an area that they most wish to see improved in their business in the next year. This message is not just true for York based businesses, but also true for businesses across the region and the UK. *Productivity in the UK: 6* identifies research that has linked good management practices with higher levels of firm productivity.
- As a result of York's business mix, a much larger proportion of firms than average see creativity and innovation being key to their organisation's competitiveness.
- Also of greater importance to businesses in York than the regional average is the improvement required in the next twelve months in Customer Care, Technical, Professional and Foreign Language skills. Marketing, IT – Technical Support, Selling and Team Working are more in-line with the regional and Leeds City Region averages, but are still important skills where businesses want to see improvement in their workforces.
- The skill demands of employers also vary by industry sector, although management skills are seen as key to success in all sectors.
- York firms are more likely than average to be trying to address their skills needs by investing in training and re-training, providing a warm audience should public sector agency funding be offered in this area.

4.4: Future Skills

- York already has a better than average skills mix, and forecasts to 2016 suggest that this will continue. In the context of the *Regional Economic Strategy* Skills target, the district will over-achieve against the Level 2+ and Level 4+ elements of the target; however, an improved skills mix would increase these proportions even more.
- If no additional intervention is made, by 2016, York should expect to have approximately 38% of its working age population qualified to at least Level 4+. An improved skills scenario could increase this to 42.5%. The impact this will have on those with less than Level 2 qualifications is to decrease that proportion from 25.5% in 2005 down to only 15% by 2016.
- The impact of an improved skills scenario by 2016 will have a significant impact on GVA and productivity in the district. It will also potentially increase employment by 1,300 Full-Time Equivalent jobs – although this may result in additional in-commuting to the city to fill these positions.

Section 5: Investment

5.1: Business Investment

- Businesses across York are far more likely than average to have strong investment intentions for the next year, especially in buildings, training and machinery – a positive message for productivity improvements.
- New capital investments and IT investments are also seen as good drivers of a firm's competitiveness by York businesses, more so than across the UK as a whole.
- An interesting, but slightly strange message is the lower level of importance placed on R&D investment and access to universities/knowledge base as drivers of competitiveness. This does not quite sit with York's Science City focus.

- York firms are optimistic that York is a good place for businesses to invest in; however, they are less optimistic about the future (in-line with the regional average).

5.2: Infrastructure Investment

- Public transport links between Leeds and York and North Yorkshire are particularly important for employment purposes.
- York has a net inflow of 5,000 commuters a day, and 25% of all its travel to work trips originate from outside the city. The East Riding and Selby are particular contributors to the York workforce.
- The Park and Ride services are successful, and have increased bus patronage by 80% since 2000.
- There are key capacity issues with the current public and road transport systems for York. This will have an impact on how much the city can feasibly grow in terms of employment in the future.
- 69% of firms in York believe road pricing would increase costs compared to an average of 75% across Yorkshire and Humber. However, more firms in York also felt it would also increase sales (11.5% compared to the regional average of 8%).
- Firms in York are more willing to use public transport in response to road pricing than those in the region as a whole. 55% would increase their use of rail compared to 28% in the region and 37% of firms in York would use other forms of public transport compared to 18% in Yorkshire and Humber.
- Firms in York would also be more willing to invest in new technologies in response to road pricing. 54% of York's businesses say they would invest in new technologies compared to a regional average of 31%.

Section 6: Enterprise

6.1: Business Stock

- Business density (measured as VAT registered businesses per 10,000 adult population) in York is lower than the national and regional averages, but indicative of an urban employment centre. Growth since 1999 in business stock in the district has been above average.
- VAT statistics suggest a business stock of 4,940 in York, the *Annual Business Inquiry* suggests 7,061 business units, but estimates taken from the Small Business Service SME statistics give a possible 12,500 businesses operating in the York district.
- VAT registrations per 10,000 resident adults in York year-on-year are broadly in line with the regional average, and have remained fairly stable over the past seven years, with a current rate of 32 registrations per 10,000.
- Based on these figures, there appears to be no major requirement to significantly increase the business stock of York. However, if the *Regional Economic Strategy* Enterprise target of increasing the VAT business stock of the region is applied to York, it would require an additional 1,235 businesses in the city to be registered for VAT.

6.2: Current Entrepreneurs

- York is a major employment centre in its own right within the region and also benefits from its close proximity to other major employment centres including Leeds, Harrogate, Middlesbrough and Hull. This has an obvious impact on the necessity for self-employment and business ownership amongst the city's resident population and is reflected in its performance against a number of key entrepreneurial measures. Additionally York has a more closely defined geographic boundary than many other districts in the region, which may have an effect on some measures.
- Levels of self-employment in York (8.9%) are below the UK (12.7%) and regional averages (11.2%). Given York's status as a major employment centre lower rates of self-employment and business ownership for the district are not necessarily a bad thing, though for forward planning purposes this does need to be put into the wider context of population ageing, migration and likely growth in Full-Time Equivalent employment, which suggests self-employment may become quite important for the district.

- The largest proportion of self-employed people in York are operating in the Business Services sector (21.3%), with significant proportions in Construction (14%), Transport (13.7%) and Retailing (10.4%).

6.3: Future Entrepreneurs

- Around 3.7% of households in York are thinking about starting their own business, less than both the regional and England averages, and a reduction on previous years. It also compares less well to other cities in the region such as Leeds (4.9%), Sheffield (4.5%) and Bradford (4.8%). Given its already relatively modest start-up levels, this may pose some issues going forward as self-employment potentially becomes more important to meet future workforce versus pensions demands.
- In terms of encouraging entrepreneurial activity, target-marketing the 35-44 age group in York is likely to be most successful, whereas across the region as a whole, the age group with the greatest propensity to set-up a business is the 25-34 age group.
- Ethnicity plays a key role in entrepreneurship, with over three times as many Black and Minority Ethnic households in the region thinking about starting their own business as White households. York has the potential here to target its small, but growing Chinese and Eastern European communities to help meet possible employment gaps in the future.

6.4: Business Growth and Survival

- Nearly two-thirds of businesses in York say they plan to grow their business in the next two years, slightly more than the regional average. Similarly, over the past year, evidence from self-employed/business owners suggests that micro-businesses in the city have been taking on staff at a far greater rate than the national average.
- York performs well on business survival, with slightly more companies still in business after three years than both regional and national rates. However, coupled with a modest start-up rate this may well reduce levels of 'churn' and therefore competition within the business base, with the potential to restrict long-term productivity growth in the district. Stimulating existing households and businesses to start-up or move up the value chain and increasing Inward Investment may help to address this.

Section 7: Communities and Regeneration

- 89,700 people of working age are in employment in York and 24,200 are not. Of those that are not, 4,000 say they do want a job, but 17,600 don't. Significant opportunities exist locally to get more of the economically inactive population into work, especially linked to some of the local regeneration schemes planned employment figures.
- Vacancy levels amongst York's employers are currently above the historical average for the city, with employer demand having risen steadily in the last eighteen months. Some key challenges in this respect remain in attaching the local economically active population to these vacancies (although it is fair to say that York does do better at attracting workers into the city from other parts of the region).
- Seven of the city's proposed regeneration sites could potentially create an additional 18,000 jobs in York by 2016, and a further 25,000 indirect jobs. They could also potentially increase York's economy from a forecast £4.2 billion by 2016 to £5.5 billion. The key issues here are in addressing the barriers that currently face the development of some of these schemes such as transport links to York Central and planning for Heslington East.
- Although York does not have major problems with overall deprivation levels in its neighbourhoods, both skills deprivation and crime are two of the key issues affecting significant areas of the city. Those areas of low skills particularly need addressing if the city is to avoid a two-tier society. It is also important to ensure that there are enough skilled people within the local workforce to meet the potential job increases of the next ten years.

Section 1: Economic Context and Drivers Shaping York's Growth

1.1: The Global Economic Climate

Pre-occupation with the health of the US economy will continue throughout 2007 with the headlines likely to be dominated or driven by the parlous state of US consumer financing. Of more concern going forward across Yorkshire and Humber and in York is the activity level and order book status from US corporates, especially for capital goods, although corporate profits remain very healthy. With recent indicators mixed, (but ultimately linked to US consumer spend) there is no discernable pattern to demand and consumption patterns in Yorkshire's largest trading partner (non-manufacturing activity fell in quarter one but manufacturing activity picked up, capital goods orders fell but personal consumption and disposable income increased).

Certainly the rate of growth in the US economy will continue its Q4 pattern, with quarterly growth unlikely to rise above 1% in 2007. On a positive note, the malaise in the US housing market has not translated into a discernable slowdown in US consumer spending. Add to this an underlying strength in non-farm pay roles and the outlook for UK companies selling into the US consumer goods sector looks good. Some key issues for York economy are likely to be:

- The sterling-dollar relationship – perhaps the most obvious effect of the relationship at the moment on York's economy is impact of US visitor numbers into the city.
- US Corporate profits remain very high – whilst the current dollar-sterling level is causing a split amongst US big business about the timing of outbound Foreign Direct Investment, many US companies seem content to "Bite the Bullet" in respect of sterling costs and are looking to actively invest in Europe. This presents opportunities for companies in the region and York.

In contrast, Euro-Zone growth potential looks healthier in 2007 than in the US. Taking January and February Euro-Zone purchasing managers data together suggests that above trend GDP growth will continue in the short-term.

As was expected, (and highlighted in *Progress in the Region 2006*) the hike in German VAT rates has affected retail sales volumes (early data had indicated a 10% fall in automotive sales), although the short-term effect may not be that significant to firms in the region and York (a range of recent survey and activity data has indicated that exports expectations have remained strong, including the March 2007 *Purchasing Managers Index* which pointed to a strong pick up in new manufacturing orders from Germany). Most of the survey data of late points to a very active German market for UK exporters so it is particularly important for companies in York to focus on the German market, and also reflects the fact that the long-term underlying rate of growth in the Euro-Zone is on the up. The view from the Bank of England and the European Central Bank is that Euro-Zone economies are entering a period of cyclical growth (and hence recovery in growth) and York's companies need to exploit the opportunities that will be presented.

In Asia, (excluding Japan) the pace of growth is likely to remain strong in 2007 and into 2008, backed up by the gradual recovery in Japanese growth. Although official estimates of Japanese GDP show subdued growth in 2006 Q2 and Q3, these data are typically subject to significant revisions. Surveys of business conditions, such as the Tankan survey, suggest a stronger performance over 2006.

Key Issues for York

Global growth in 2006 was estimated at 5%+ (up from 4.8% in 2005), fuelled by Chinese and Indian growth and the consistent above trend growth in the BRICS economies (Brazil, Russia, India, China, Singapore). Continuing global growth will deliver a stimulus to York's economy. Yorkshire Forward estimates for the next ten years suggest that a sustained increase of 10%

in world trade volumes could add over £200 million to York's economy with the city's economy growing by an additional 1.7% in the next ten years above our current trend estimate.

The significance of emerging markets such as the BRICS economies have accounted for over half of total world growth in the last five years, and the World Bank estimates that emerging markets will grow by 7% in 2007. The nature and pattern of exports to existing and newly emerging markets is highly relevant here, Yorkshire Forward's work has suggested a clear pattern of domestic order substitution relative to export orders. In short, York companies are relying more heavily on domestic markets than has traditionally been the case (with this pattern increasing over time). Across Yorkshire and Humber, the concentration on domestic markets is less significant with regional businesses exploiting these markets much more effectively.

The main risk going forward is that York's businesses will be much more reliant on UK drivers of demand; especially UK consumer's expenditure, and will quite likely feel the gradual slow down in government consumption over the next five years (more than other parts of Yorkshire's economy that are more exports oriented).

Risks to this growth going forward include the slowing Chinese demand and the Chinese move up the "Value Added Chain". Chinese growth in the short-term is unlikely to decelerate much, and long-term risks are broadly balanced within the basket of the BRICS economies with the likely growth trajectories suggesting a long-term trend rate in BRICS growth of around 7%.

US growth is forecast to slow appreciably in 2007 and trend below its historical average.

Impact assessment and modelling work clearly indicates that York's economy will benefit from a sustained long-term reduction or stability in base rates over the next ten years. Indeed York's economy stands to benefit more from a sustained long-term reduction in base rates than is the case regionally (see section 1.9 for further details). In support of the Future York Group economic analysis, Yorkshire Forward examined the impact of a range of macro economic variables (trade weighted sterling index, world growth, interest rates, government consumption and investment), York's economy proved to be most sensitive to interest rate variations, more so than is the case at the Yorkshire and Humber regional level.

1.2: The Macro Economic Climate in the UK

Short-term market pricing and expectations of a further 0.25 point increase in base rates by the summer suggests a strong consensus that the Bank of England will act (such as the Reuters poll in March 2007). Whilst the Bank of England may be more concerned with 2nd round price effects feeding through, especially for manufacturers the markets seem more pre-occupied (beyond the global volatility affecting markets in March 2007) with the high Consumer Price Index rate and the anemic nature of retail volumes.

The short-term prospects for GDP growth in 2007 look strong, despite the revisions downwards in the Q4 2006 rate of GDP growth (to 0.7% from 0.8%). Recent survey data (such as the Chartered Institute of Purchasing and Supply/Royal Bank of Scotland *Purchasing Managers Activity Index*) suggest UK order books have remained healthy into March. The survey's regional variants also point to strong private services growth in Yorkshire and Humber, with manufacturing companies in the region reporting that activity and orders have picked up in the German market (but on the downside, the rate of growth has declined relative to UK since its high in October).

Prospects for business investment appear buoyant; growth had been revised up to 4.5% in Q4, and there had been upward revisions to earlier data. The sectoral pattern of growth points towards broad based strength. Moreover, outside the energy sector, the rate of profitability had risen to 14.7% in Q4, the highest since the series began in 1989. That should help to sustain investment. The Bank of England's Regional Agents' service sector score for investment has been at its highest level since it started in 1997. Anecdotal and qualitative

analysis by Yorkshire Forward's Chief Economists Unit finds that UK companies are more likely to commit to short-term investment with quick returns with foreign parented companies taking a longer term view. Certainly our FDI successes to date (and announcements) suggest a pick up in expansion investment from the US market, which tends to back this anecdotal insight up.

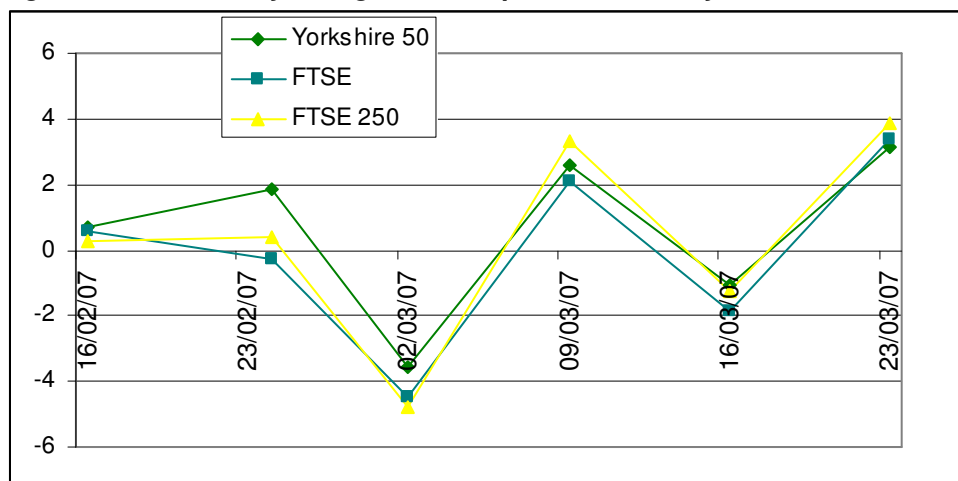
Consumer Price Index inflation picked up to 2.8% in February. Inflation is now more in-line with the February Inflation Report projection. The near-term outlook will be affected by the rise in oil prices over the past month. The YouGov/Citigroup measure of expected inflation over the next 12 months rose to 2.5% in March, and has continued to show signs of being correlated with actual out-turns for inflation in recent months.

Whilst the data and the view on rising producer input costs is somewhat mixed, much of the concern going forward will revolve around a firm view (one way or the other) that 2nd round price increases are feeding through (the Bank of England are currently less concerned about house prices, wage settlements and general consumer price increases and more concerned about companies passing on cost increases).

There are mixed signals at present about the underlying strength of the UK labour market and the same is true for Yorkshire and Humber. The flat UK employment rate (74.4%) hides considerable jobs growth (+306,000), comparing the three months to January 2007 with the same period a year previous. The unemployment rate is also flat at 5.5% (ILO claimant count), although the number of jobless grew by 151,000 over the same period. In Yorkshire and Humber, the employment rate is 73.7% and the unemployment rate is 6.0%, although less positive than a year ago, these rates are not statistically different.

Yorkshire Forward regularly monitors the performance of the region's largest capitalized and publicly quoted companies through the Yorkshire 50 Index. Their performance to the FTSE and FTSE 250 companies between February and March is shown in Figure 1.1.

Figure 1.1: Weekly change in share price in February/March 2007



Source: Bureau van Dijk, Mint Database and Yorkshire Forward.
(Yorkshire 50 are top 50 Yorkshire listed companies. FTSE and FTSE 250 figures are for the UK)

Over the six week period up to 23 March shown in Figure 1.1, the stock market has witnessed a series of peaks and troughs amid global fears of a slowdown in the economy. The Yorkshire 50 has followed a similar pattern but has once again shown itself less susceptible to changes compared to the main indices. Over this period, the Yorkshire 50 grew by 3.5% compared to a 0.7% decline in the FTSE 100 and 1.6% rise in the FTSE 250. The market capitalization of these firms was £37.6bn as of 23 March 2007.

1.3: Forecasting York's Growth in the Next Ten Years

The most recent forecasts available of York's growth suggest that the city's economy will grow by 14% in the five years to 2011, and by 31% in the next ten years (see Table 1.1).

Yorkshire Forward's estimates suggest strong short-term and consistent long-term growth above the Leeds City Region average, higher than that across Yorkshire and Humber and consistent with growth nationally.

Table 1.1: Gross Value Added growth forecasts to 2016 (£'000s)

	2006	2007	2011	2016	5 year growth	10 year growth
York	£3,127	£3,200	£3,568	£4,095	14.1%	30.9%
Leeds City Region	£45,568	£46,514	£51,727	£58,844	13.5%	29.1%
Yorkshire and Humber	£79,357	£80,927	£89,492	£101,123	12.8%	27.4%
UK	£1,065,487	£1,092,344	£1,220,153	£1,385,393	14.5%	30.0%

Source: Yorkshire Forward/Experian Business Strategies Ltd, Regional Econometric Model, Spring 2007.

Table 1.2 shows the comparative and relative growth posted by York as seen in its historical context over recent economic cycles (1988 to 2004 and over the next ten years). If growth in Gross Value Added and employment is averaged out across these cycles, it shows the strong performance of the local economy, with only Leeds employment growth in latter part of the 1990's standing out materially.

Table 1.2: Historical GVA and employment growth

	Gross Value Added		Full-Time Equivalents	
	1998-2004	2005-2016	1998-2004	2005-2016
Leeds	3%	2.6%	1.6%	0.4%
Manchester	2.5%	2.6%	0.5%	0.4%
Newcastle	1.4%	1.9%	0.1%	0.1%
York	2.5%	2.7%	1%	0.3%
Sheffield	1.9%	2.1%	0.5%	0.1%
Bradford	2.1%	2.5%	0.3%	0.3%
Kingston-upon-Hull	2.2%	2%	0.5%	-0.3%

Source: Experian Business Strategies Ltd, Regional Planning Service, Autumn 2006.

York's long-term employment growth rate is forecast to be lower than in the past, but the relationship between employment growth and output growth (in this comparative spatial analysis) is perhaps more relevant. York's growth in the short and long-term is much more capital intensive and less labour intensive than seen elsewhere in the Leeds City Region and compares well with other city regions in Yorkshire and Humber, where growth trajectories are much more "labour intensive" in nature.

However, York's population growth will not match its economic growth needs. Working age population growth in the city will be outpaced by the jobs the economy will create, meaning York will act as magnet to commuters into the city (see Section 4 for further details). This situation will become more pronounced if the city's regeneration ambitions deliver higher economic growth through stimulating the jobs market (see Section 7). This means:

- Housing provision within the city needs to be higher than current draft *Regional Spatial Strategy* provisions; and/or
- Transport infrastructure needs to accommodate the resulting demands on the economy (and its growth potential) as the jobs market acts to pull in labour from surrounding areas. This situation will be stimulated even further as regeneration projects are phased in.

1.4: York's Output and Employment Growth in its European Context

If we articulate York's forecast economic growth over short and long-term time frames in the next ten years and put this growth in a broader city region context across England and Europe, (based on the Department of Communities and Local Government *Core Cities* report definitions of key city regions) York's growth compares well – notably:

- Output growth of 28% (in the next ten years) compares well, and indeed out-performs cities such as Lyon, Barcelona and Hamburg (although it is forecast to slightly under-perform key English city regions).
- York's employment growth potential over the next ten years is forecast to significantly lag key English city regions such as Leeds, Manchester, Sheffield and Bristol whilst the European powerhouses of Barcelona, Milan, Dublin and Frankfurt will see much more rapid employment growth.
- Whilst York's employment growth potential is likely to be much more constrained than many benchmark city regions, the relationship between York's employment and output growth suggests that discrete (in absolute and percentage terms) employment gains will deliver significant output improvements (in absolute and percentage terms). The role which skills play in driving up output per capita is crucial. York's current occupational and skill base is essential to the city's future growth and any significant changes could negatively impact the forward view of growth in the city.

Table 1.3: York's output growth in its European context

Output (£m)	2006	2011	2016	5 year growth (%)	10 year growth (%)
Milan	130,487.21	142,713.45	155,552.42	9.4	19.2
Barcelona	113,070.28	128,056.78	143,155.99	13.3	26.6
Dublin	96,683.18	118,407.78	141,675.53	22.5	46.5
Rotterdam	85,398.83	94,336.49	104,093.99	10.5	21.9
Hamburg	63,454.24	69,217.48	75,061.80	9.1	18.3
Lyon	48,758.59	54,153.53	59,382.01	11.1	21.8
Frankfurt	38,017.85	41,520.16	45,169.65	9.2	18.8
York	3,517.34	3,994.78	4,506.99	13.5	28.1
Leeds	45,023.99	52,096.04	60,050.68	15.7	33.4
Sheffield	22,816.64	25,939.89	29,489.62	13.7	29.2
Hull and Humber Ports	12,282.80	13,634.19	15,097.78	11.0	22.9
Manchester City Region	51,346.14	59,579.83	69,132.40	16.0	34.6
Birmingham	40,239.88	45,882.75	52,233.12	14.0	29.8
Liverpool Merseyside City Region	23,727.00	26,784.32	30,576.74	12.9	28.9
Bristol	20,080.67	23,336.82	27,095.95	16.2	34.9
Central Lancashire	16,429.55	18,784.12	21,627.26	14.3	31.6
Tyne and Wear	22,335.10	25,118.38	28,027.96	12.5	25.5
Tees Valley	9,433.10	10,585.40	11,725.93	12.2	24.3

Source: Experian Business Strategies Ltd, European and Regional Planning Service, Autumn 2006.

Table 1.4: York's employment growth in its European context

Full-time equivalents ('000s)	2006	2011	2016	5 year growth (%)	10 year growth (%)
Milan	2,052.0	2,111.1	2,153.9	2.9	5.0
Barcelona	2,169.9	2,302.5	2,341.5	6.1	7.9
Dublin	1,317.3	1,385.2	1,428.4	5.2	8.4
Rotterdam	1,334.9	1,330.9	1,323.5	-0.3	-0.9
Hamburg	900.7	905.9	907.6	0.6	0.8
Lyon	679.6	684.5	684.3	0.7	0.7
Frankfurt	505.1	519.5	532.6	2.9	5.5
York	93.19	93.77	94.35	0.6	1.2
Leeds	1,177.7	1,208.4	1,238.6	2.6	5.2
Sheffield	635.4	644.4	654.1	1.4	2.9
Hull and Humber Ports	337.5	336.1	333.4	-0.4	-1.2
Manchester City Region	1,385.7	1,399.2	1,422.3	1.0	2.6
Birmingham	1,086.5	1,086.7	1,092.1	0.0	0.5
Liverpool Merseyside City Region	666.9	659.9	663.0	-1.1	-0.6
Bristol	478.6	488.4	508.2	2.0	6.2
Central Lancashire	489.9	492.9	499.9	0.6	2.0
Tyne and Wear	610.8	611.5	614.0	0.1	0.5
Tees Valley	265.8	262.2	259.5	-1.3	-2.4

Source: Experian Business Strategies Ltd, European and Regional Planning Service, Autumn 2006.

1.5: Foreign Investment in York

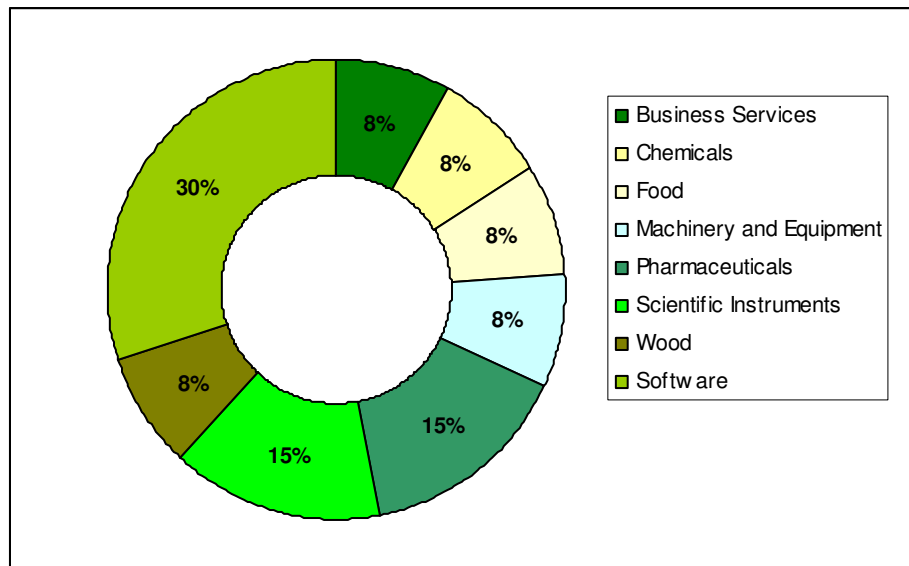
In reality, and in the context of headline coverage of business restructuring in the city, York has performed comparatively well in a regional context (benchmarked to Leeds) for major foreign direct investment (FDI) projects. The city has been particularly successful in attracting FDI from the software, scientific research/instruments and business services sectors. The key challenge to both York and indeed the Leeds City Region (using Leeds as a benchmark) can be seen in Table 1.5 - project volumes compare poorly to Manchester, are declining and are ultimately dwarfed by London. Some of the key issues that need to be explored or developed (in policy response) are:

- Link inward investment marketing clearly into the city's offering and play on York's core sectoral strengths.
- Ensure that UK Trade and Investment's (UKTI's) policy imperative to attract R&D projects clearly positions York at the heart of its national offering and the shift to representation in emerging markets.
- Flowing from the above, exploit and develop York's brand awareness in emerging markets as part of UKTI ramping up emerging markets representation. Science City is a clear opportunity here and could act as a bridge in brokering and developing trade opportunities in these key markets.
- Exploit secondary inward investment opportunities, especially from London and exploit comparative cost advantage.
- Link inward investment activity into new and emerging regional responses and clearly link FDI and trade promotion into proactive lead generation (for instance trade chain mapping and marketing).
- Link the sites and regeneration potential in York consciously to the needs of core FDI markets.

Table 1.5: Global foreign direct investment projects – York in context

	Leeds	London	Manchester	York	Total
2002	1	120	2	5	128
2003	5	112	10	3	130
2004	1	152	8	1	162
2005	9	175	10	2	196
2006	1	249	16	2	268
Total	17	808	46	13	884

Source: Ernst and Young, European Investment Monitor.

Figure 1.2: Sectoral distribution of foreign direct investment in York, 2002-2005

Source: Ernst and Young, European Investment Monitor.

1.6: York's Key Markets – Domestic and Foreign

The risks to global and national macro economic changes in growth can be mitigated at the local level by a focus on both local national and export markets. It is typically difficult to measure what this actually means in practice, but by layering intelligence in respect of local and regional sales patterns with data on domestic and foreign order book trends it is possible to discern a distinct pattern into the markets which firms in York operate in.

Table 1.6 shows that over time, an increasing proportion of the sales turnover of York's businesses has concentrated on local or regional markets. The comparative performance of York companies in overseas markets (shown in Table 1.7) highlights a key risk to city's businesses going forward. As the UK economy slows down, reliance on domestic markets will constrain growth in York, especially in other key export markets (EU 25 growth is picking up and there is no sign that BRICS growth will slow materially).

Table 1.6: Proportion of sales within the region, 2001, 2004 and 2006

	1-10%	11-25%	26-50%	51-75%	76+%	100%
2001						
York	27%	18%	42%	3%	10%	
Y&H	18%	14%	11%	9%	46%	
2004						
York	17%	10%	8%	13%	23%	27%
Y&H	17%	10%	11%	13%	19%	28%
2006						
York	6%	25%	18%	10%	28%	12%
Y&H	17%	13%	10%	11%	19%	26%

Source: Yorkshire Forward/English RDA's and CBI Survey of Regional Economic Trends – 2001 to 2006.

Table 1.7: Output, employment and orders, 2001, 2004 and 2006

	2001	2004	2006
York output	42%	32%	11%
Yorkshire and Humber output	19%	23%	23%
National output	N/A	23%	16%
2001			
York employment	32%	14%	11%
Yorkshire and Humber employment	9%	10%	10%
National employment	N/A	11%	4%
2001			
York exports	15%	8%	-18%
Yorkshire and Humber exports	-2%	3%	4%
National exports	N/A	22%	4%
2001			
York domestic orders	54%	34%	20%
Yorkshire and Humber domestic orders	13%	20%	14%
National domestic orders	N/A	19%	10%

Source: Yorkshire Forward/CBI, six monthly Survey of Regional Economic Trends.

1.7: The Role of Skills in Driving Long-Term Growth in York

York's skills mix is currently amongst the best in Yorkshire and Humber, this represents a current strength but crystallises the policy challenge. Currently, 74.5% of the working age population in York have at least an NVQ Level 2 qualification (compared to 64.3% regionally), and 33.5% (22.2% regionally) have a graduate level qualification.

Our current economic forecasts suggest that by 2016, York will easily deliver the rate of growth across the skills spectrum called for in the Regional Economic Strategy (RES) skills target (with York effectively delivering a higher rate of growth in NVQ level 4 employment consistent with ambition and aspiration of the RES skills target).

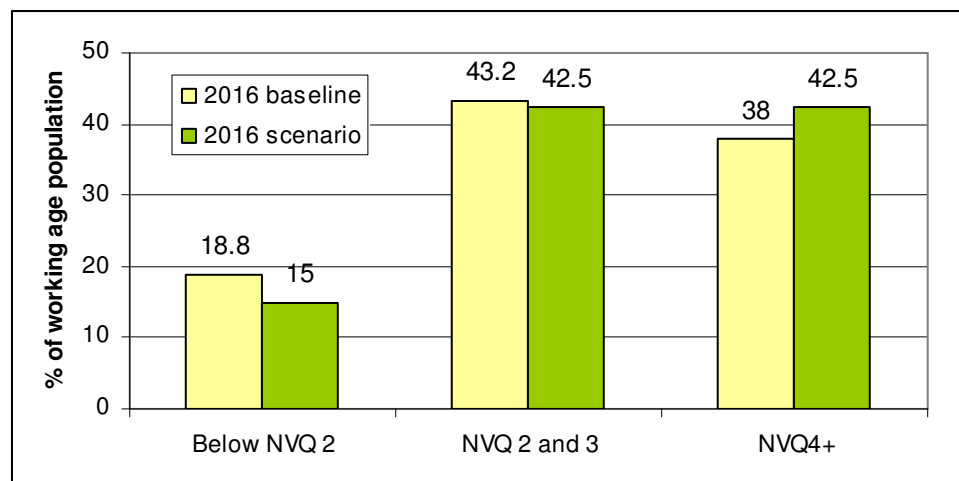
Fundamentally though, York's future economic growth is reliant on ensuring the current distribution of skills in the economy is maintained and built upon, based on a clear understanding of the nature, scale and type of skills growth required.

In December 2006, Yorkshire Forward published a policy research paper exploring what this might plausibly mean for York in the next ten years. This work also highlighted the economic contribution to York's economy of a more robust rate of growth in higher level skills than currently assumed is the case from forward economic forecasts (assuming that the proportion of those with lower level skill sets falls as a consequence).

Figure 1.3 shows what this improved skills mix might mean for York with the share of NVQ Level 2+ (or equivalent) qualifications increasing from 81.2% in the baseline forecasts to 85%

in the scenario, and the share of those people with a Level 4+ qualification increasing from 38% of working age people, up to 42.5%.

Figure 1.3: Modelling the economic contribution of higher level skills in York to 2016



Source: Yorkshire Forward/Experian Business Strategies Ltd, *Impact of Changing Skills Profiles in York*, December 2006.

Given the high number of people in work in York with higher level skills, the quantum effect in employment terms of articulating a higher trend rate of skills growth in York is discrete relative to the economic benefits that would flow. Namely, an improved skills mix would result in an additional 1,300 full-time equivalent jobs in the next ten years (over and above existing forecasts). It will see York's productivity increase by 2.8%; with annual average GVA growth of 3% per annum, compared to 2.6% in our "policy neutral" economic forecasts (see also Section 4).

Table 1.8: Productivity and GVA changes resulting from above trend higher level skills growth in York

	2005	2016 (baseline)	2016 (scenario)
Full-time equivalent employment ('000s)	87.7	91.3	92.6
Productivity (£000s, 2002 prices)	34.3	43.8	45.1

	1995-2005	2005-2016 (baseline)	2005-2016 (scenario)
GVA growth (average annual per annum)	1.7%	2.6%	3.0%

Source: Yorkshire Forward/Experian Business Strategies Ltd, *Regional Econometric Model*, Spring 2007.

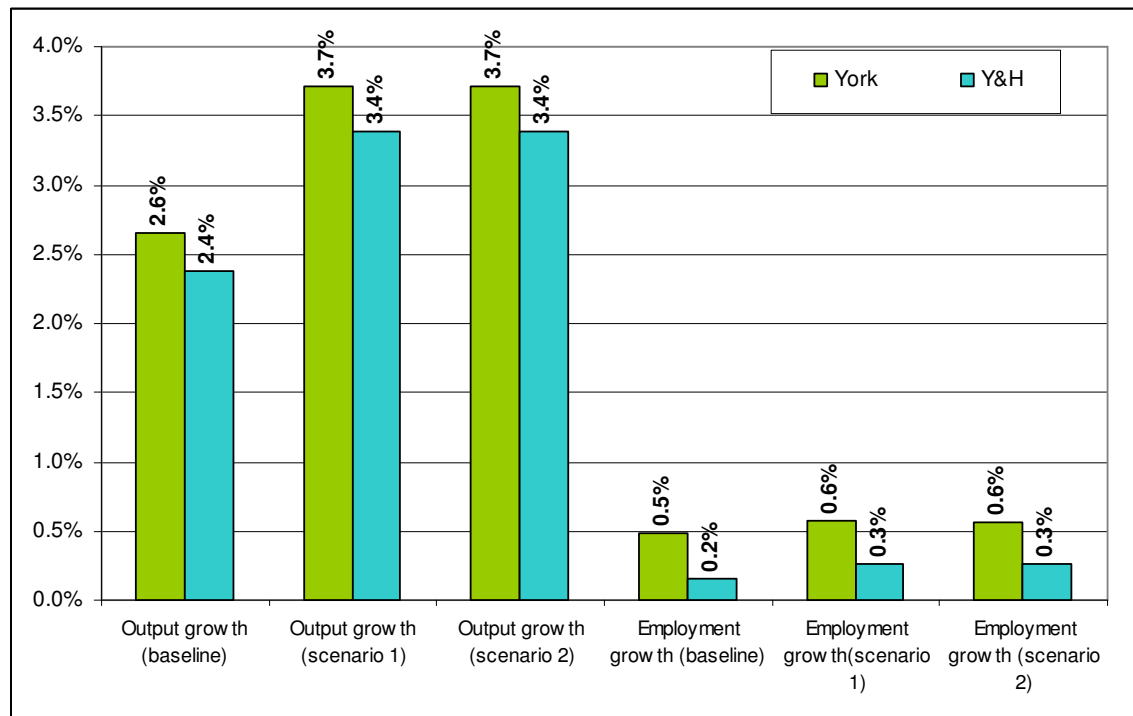
1.8: York's Contribution to the Northern Way Growth Target

In March 2007, Yorkshire Forward published a report which explored the spatial and sectoral challenges of Yorkshire and Humber making its full contribution (of £10 billion) to closing the £30 billion productivity gap by 2020.

In this work, Yorkshire Forward applied spatial and sectoral scenarios to crystallize the local contribution which York will need to make to the Northern Way Growth target.

- **Scenario 1** focused on "closing the output gap under the assumption that future growth follows historic spatial patterns".
- **Scenario 2** focused on "closing the output gap under the assumption that future growth is distributed more evenly amongst local authority districts than has generally been the case in recent years".

Figure 1.4: Average annual growth in output and employment (2006-2020) baselines and scenarios for York and Yorkshire and Humber



Source: Yorkshire Forward/Experian Business Strategies Ltd, Regional Econometric Model, Spring 2007. Figures show average annual growth between 2006 and 2020.

The results for Yorkshire and Humber of closing the productivity gap would be an additional £15.8 billion of economic output in 2020 on top of the baseline forecasts for 2020, and an extra 28,800 people in employment (a 1.3% increase on the baseline forecasts), York's share under the two scenarios are similar (although for other districts across the region, there are differences). Output growth under the two scenarios for York would increase from 2.6% on average per annum, up to 3.7% and employment would increase from 0.5% average annual growth to 0.6%.

Yorkshire and Humber's contribution to closing the gap (under both scenarios) would be driven by growth in the Business Services, Banking & Insurance and Other Financial and Business Services sectors. The region would account for 39% of growth in the North's Banking & Insurance sector as well as 48% of growth in Construction output. York stands to benefit more significantly from this up to 2020, but key risks going forward (in terms of the North Yorkshire sub-regional contribution to the Northern Way growth target) centre on North Yorkshire's dependence on York in driving sectoral growth in these key sectors.

Under the scenario of 'closing the output gap', many sectors in Yorkshire and Humber would record modest employment contractions as a result of the modeled shift of labour into Financial and Business Services; for example, Business Services would expand employment by 41,300 compared with the baseline forecasts.

1.9: The Effect of Interest Rates on York's Future Growth

Is York more exposed to increasing interest rates and does York benefit from declining interest rates in the way that other local economies in Yorkshire do? The answer to that is yes, as shown in Table 1.9.

Table 1.9: The effect of interest rate changes on the York economy

Scenario:	Total growth % relative to current forecast	GVA effect in £millions	FTE's growth relative to current forecast	FTE effect in '000s
Base Rate + 1%	Falls by 2.1% (somewhat higher than 0.9% regionally)	£62 millions less per annum typically	Falls by 1% 2006-2016	1,200 less per annum by 2016
Base Rate + 2%	Falls by 5.1% (higher than regional 3.6%)	Lower by £125 millions per annum by 2016 typically	Falls 2.7% over the period 2006-2016	2,300 less per annum by 2016
Base Rate: - 2%	Grows 4.8% higher than current forecast 2006-2016 (similar to the rate growth seen regionally)	Higher by £150 millions per annum typically by 2016	Rises by 3.5% over the period 2006 to 2016	3,000 higher per annum by 2016

Source: Yorkshire Forward/Experian Business Strategies Ltd, Interest Rate and World Growth Modelling, December 2006.

1.10: Summary

- The long term trend of GDP and employment growth in the UK will be well below levels seen recently (2000-2005), with average GDP growth in the next five years of 2.5% and employment growth of 0.5%. **York's economy will grow above the UK trend** with GVA (GDP) growth of 2.7% in the next ten years.
- Global growth in 2006 was estimated at 5%+, largely as a result of the above trend growth in the BRICS economies (Brazil, Russia, India, China, Singapore). **Continuing global growth will deliver a stimulus to York's economy** with estimates suggesting that for the next ten years a sustained increase of 10% in world trade volumes could add over £200 million to York's economy with the city's economy growing by an additional 1.7% in the next ten years above current trend estimates.
- Recent survey data points to a very active German market for UK exporters, so it is particularly important for York companies to **focus on the German market**, and also reflects the fact that the long-term underlying rate of growth in the Euro-Zone is on the up. The view from the Bank of England and the European Central Bank is that Euro-Zone economies are entering a period of cyclical growth (and hence recovery in growth) and York's companies need to exploit the opportunities that will be presented.
- **York's population growth is not forecast to match its economic growth needs.** Working age population growth in the city will be outpaced by the jobs the economy will create, meaning York will act as magnet to commuters into the city (see Section 4 for further details). This situation will become more pronounced if the city's regeneration ambitions deliver higher economic growth through stimulating the jobs market (see Section 7). This means:
 - **Housing provision** within the city needs to be higher than current draft Regional Spatial Strategy provisions; and/or
 - **Transport infrastructure** needs to accommodate the resulting demands on the economy (and its growth potential) as the jobs market acts to pull in labour from surrounding areas. This situation will be stimulated even further as regeneration projects are phased in.

- Whilst output growth forecasts for York compare extremely well with other European cities, York's employment growth potential is likely to be much more constrained than many benchmark city regions. The relationship between York's employment and output growth suggests that **discrete employment gains will deliver significant output improvements**. The role which skills play in driving up output per capita is crucial. York's current occupational and skill base is essential to the city's future growth and any significant changes could negatively impact the forward view of growth in the city.
- In reality, and in the context of headline coverage of business restructuring in the city, York has performed comparatively well in a regional context (benchmarked to Leeds) for major foreign direct investment (FDI) projects. The city has been particularly successful in **attracting FDI** from the software, scientific research/instruments and business services sectors; although the dynamics of the business base may act as a break on growth potential (York has comparatively few large indigenous businesses and few large foreign companies). The key challenge to both York and indeed the Leeds City Region (using Leeds as a benchmark) can be seen in Table 1.5 - project volumes compare poorly to Manchester, are declining and are ultimately dwarfed by London. Some of the key issues that need to be explored or developed (in policy response) are:
 - Link inward investment marketing clearly into the city's offering and play on York's core sectoral strengths.
 - Ensure that UK Trade and Investment's (UKTI's) policy imperative to attract R&D projects clearly positions York at the heart of its national offering and the shift to representation in emerging markets.
 - Flowing from the above, exploit and develop York's brand awareness in emerging markets as part of UKTI ramping up emerging markets representation. Science City is a clear opportunity here and could act as a bridge in brokering and developing trade opportunities in these key markets.
 - Exploit secondary inward investment opportunities, especially from London and exploit comparative cost advantage.
 - Link inward investment activity into new and emerging regional responses and clearly link FDI and trade promotion into proactive lead generation (for instance trade chain mapping and marketing).
 - Link the sites and regeneration potential in York consciously to the needs of core FDI markets.
- Global growth in 2007 and 2008 is likely to be around 5%, with the World Bank estimating growth in the emerging markets of 7%+ (in the BRICS economies). Given the falling proportion of **export sales** in York (relative to other parts of Yorkshire) in these key markets this is currently a risk, but a significant opportunity going forwards.
- Yorkshire Forward's research has clearly indicated that overseas sales have declined as the importance of domestic sales to York firms has increased. Whilst the UK economy has been growing, this structural feature has been less prominent, but as the UK forecast growth is likely to be below trend (with the Euro-Zone and BRICS economies set grow more quickly), this **over-reliance on domestic markets** becomes one of the key growth risks going forward.
- Long-term fiscal and monetary stability is clearly important to York's economy in the next five years (as it nationally and across the North's key cities), but analysis supporting the Future York Group suggests that York's economy is **more sensitive to sustained interest rate** rises than other cities in Yorkshire.

Section 2: Competition

Competition refers to the number of firms in a market and the behaviour of those firms. Competition acts on productivity through two channels. Firstly, actual entry and exit, in which more productive firms enter the market and replace less productive ones. Secondly, efficiency and innovation of existing firms is increased by the threat of new entries. Research has also shown that foreign firms are on average 25% more productive than UK firms and exposure to foreign markets can increase competition. A sound competitive regime will lead to more efficient reallocation of resources and allow York to realise its potential.

2.1: Characteristics of a Competitive Market

The characteristics of a competitive market include above average levels of firm expansion and firms leaving the market. High levels of foreign firm involvement also indicate a more competitive market which will positively impact on productivity.

Table 2.1 provides an analysis of firms and their performance in York compared with other cities and the Leeds City Region. Comparisons at the city level represent the most appropriate level at which to analyse firm performance.

Table 2.1: The behaviour of firms in York and comparator areas

	Foreign exposure	Growth - percentage of firms with:			Firm exit
	Foreign owned firms per 1,000	Employee growth >10%	Operating revenue growth >25%	Profit growth >25%	VAT de-registrations per 10,000 working age population
York	7.2	0.9	2.7	3.9	27.2
Leeds City Region	11.2	0.8	1.7	2.7	28.5
Sheffield	20.6	0.9	1.7	3.2	24.3
Birmingham	11.9	0.5	1.3	2.1	29.0
Bristol	13.4	0.8	3.2	4.7	28.0
Liverpool	6.6	0.7	2.0	3.1	21.0
Manchester	17.2	0.9	2.0	3.2	35.0
Nottingham	10.7	1.0	2.0	3.5	25.0
England	11.3	0.8	3.2	4.6	31.5

Sources: Bureau Van Dijk, Mint Database 2007, Small Business Service, VAT Registrations and De-registrations, 2006.

Key Points

- The level of competition in the market in York is below the England average, but several indicators suggest a competitive market in York.
- Growth among firms in York is consistent with a competitive market in that indicators show rates above all comparator areas except Bristol. Evidence from the Yorkshire Forward/CBI *Survey of Regional Economic Trends* (September 2006) also demonstrated that firms in York were slightly more interested in growing their business in the next two years than those in the region as a whole (65.7% of respondents compared to 64.6%).
- York had the third highest proportion of companies making profits over 25% in the last year (see Table 2.1). Profitable businesses are likely to increase competition by making the area more attractive to new entrants.
- York ranks 5th out of the 8 comparator areas for VAT de-registrations, suggesting a slower rate of unproductive firms leaving the market. While de-registrations are often regarded as a bad thing, in the context of analysing competition, they are used as an indicator of competition. This is supported by the latest figures from the Small Business Service in which more productive regions have a high de-registration rate and a high level of registrations. This is typical of the entry and exit characteristics of a competitive market.

- The results for York suggest that although productive firms are expanding, there is a lower rate of unproductive firms leaving the market. This will distort the potential benefits of a competitive market.
- York has a lower proportion of foreign owned companies than most comparator regions. As a result, the city is losing out on access to potentially better products and process technologies and access to knowledge from parent companies. For example, in the Leeds City Region, 2.7% of companies have profit growth above 25% but 11.5% of foreign owned companies in the same area have profit above 25%.
- Increasing the number of foreign owned firms would likely improve competition in the market in York. Research has shown that increasing foreign firm entry by 1% can increase productivity by 0.5% - 1%.¹

2.2: Exposure to Foreign Markets

An openness to trade can increase the benefits from competition. It allows firms to adopt foreign advances in technology and innovation, providing incentives and rewards for firms to invest. Information on international trade at a local authority level is not available, but evidence from the Yorkshire Forward/CBI *Survey of Regional Economic Trends* can be used to show export trends from York (see Table 2.2). Although this is not an indicator of the level of trade, it does provide an idea about trends in overseas trade.

Table 2.2: Percentage of firms reporting an increase or decrease in export orders

	Last 12 months			next 12 months		
	Increase	Decrease	No change	Increase	Decrease	No change
York	4.6	23.3	4.7	4.7	1.2	27.1
Yorkshire and Humber	12	7.8	13.7	15	5.3	16.4

Source: Yorkshire Forward/CBI, *Survey of Regional Economic Trends*, September 2006.

Key Points

- Export performance in York over the last twelve months has not been as strong as other parts of the region. 5% of firms in the district reported an increase in export orders compared to an average of 12% across the region. 23% of firms reported a decrease in York compared to 8% in the region.
- Over the next twelve months firms in York are not expecting the same level of decline in export trade as they experienced in 2005/06. However, less than 5% expect an increase compared to an average of 15% across the region.
- This data is supported by other evidence in the *Survey of Regional Economic Trends* that showed the proportion of York companies exporting over 50% of their goods overseas is below the regional average.
- The data suggests that overseas trade in York is below the regional average and the city is losing out on potential benefits of foreign exposure.

2.3: Barriers to Competition

Barriers to competition distort the effectiveness of the market and restrict the accompanying productivity benefits of a competitive market. Using data from the *Survey of Regional Economic Trends* it is possible to identify areas that firms believe are distorting their effectiveness. Although the factors listed in Table 2.3 relate to inhibiting growth, they can also

¹ Aghion, P., Blundell, R., Griffith, R., Howitt, P. & Prantl, S. (2004a) *Entry and Productivity Growth: Evidence from Microlevel Panel Data*, Journal of the European Economic Association, 2 (2-3), 265-276, and Aghion, P., Blundell, R., Griffith, R., Howitt, P. & Prantl, S. (2004b) *Firm Entry, Innovation and Growth: Theory and Micro Evidence*, mimeo, Harvard University.

be directly related to starting a business (for example, red tape and lack of finance). As such, these can also be seen as barriers to entry that have a direct effect on competition.

Table 2.3: Top ten key factors inhibiting growth (% of respondents)

	York	North Yorkshire	Y&H	UK
Regulation/Red tape	43.8	43.7	41.3	42.9
Transport cost	27.8	22.5	16.7	22.3
Inadequate business support from government	19.4	20	21.6	21.2
Finance shortage	18	19.1	22.4	21
High unit labour costs	16.7	16.3	14.7	20.3
Lack of appropriate workspace	13.7	9.5	10.4	8.5
Low capital investment	12.3	8.6	8	6.5
Planning restrictions	12.3	17.2	12	12.1
Hard to attract staff to region	11.1	15.7	13	13.2
Skills problems	11.1	13.5	16.6	16.2

Source: Yorkshire Forward/CBI, Survey of Regional Economic Trends, September 2006.

Key Points

- Research shows that the top five inhibiting factors are common to firms throughout the country. Of these, regulation/red tape is by far the most popularly cited factor inhibiting growth. Other common issues revolve around costs, shortages of finance and support from government.
- Within these top five factors, the main difference between York and other areas is that transport costs appear more of an issue. 27.8% of firms see this as an issue in York compared with 22.3% in the UK and 16.7% in the region.
- Beyond the main issues, other inhibiting factors that appear more common to York include a lack of appropriate workspace and low capital investment. Conversely, attracting staff to York and skills problems are seen as less of a barrier to growth or entry of new firms.

2.4: Costs and Competitiveness

Looking at the price of office space compared to other cities in the UK (Table 2.4) shows that rental costs are lower in York. As such, the barrier appears not to be the cost of office space but the availability. Unlocking major development sites would have a positive impact on competition in York by addressing the lack of appropriate workspace barrier to entry/growth. A number of sites were identified in the North Yorkshire Strategic Economic Assessment including: Castle Piccadilly; Huntgate; Heslington East Campus; York Central; Terry's York; and Vangarde.

Table 2.4: Office rental estimates (per metre squared)

Location	Mid 2006
Leeds	£258
Sheffield	£194
York	£178
Liverpool	£194
Manchester	£296
Edinburgh	£291
Southampton	£226
Cardiff	£199

Source: King Sturge, 2006.

Results in Table 2.3 also show that firms in York see high labour costs as less of an inhibiting factor when compared to the national average, but more of a factor compared to the regional average. A selection of average salaries (Table 2.5) shows that salaries in York are between six and eight percent below the national average. At a regional level, salaries in financial services and ICT are just above the regional average while more elementary occupations are below the regional average.

In terms of competition, higher salaries in some sectors in York may make it harder to attract staff. This supports the argument that higher labour costs are an inhibiting factor when compared to competitor regions in Yorkshire and Humber. Although some of this may be down to the perceptions of employers.

Table 2.5: Median salaries for selected jobs compared to the national, industry, regional and North Yorkshire averages, 2006

Median Salary	York/Harrogate	% of national average	% of regional average	% of North Yorkshire average	% of industry average
Administrator – Financial Services	£24,049	94	102.3	100.5	89.1
Customer Service Administrator – Financial Services	£14,020	92	101.3	99.5	96
Fork-Lift Truck Driver - Transport	£13,835	94	98.5	100.1	83.2
Shop Manager – Retail	£23,956	94	99.5	100.5	95.5
Process Line Worker – Food & Drink	£13,430	94	98.5	100.1	98.8
Web-Designer – Public Admin	£25,803	94	102.3	100.5	93.2

Source: Croner, Reward Group, Salary Search.

Competitiveness is widely regarded as a result of a competitive market structure. However, there may also be other factors contributing to competitiveness of firms in York. Table 2.6 shows the factors firms believe are helping contribute to their competitiveness.

Table 2.6: Top ten factors contributing to competitiveness of firms (% of respondents)

	York	NY	Y&H	UK
High levels of workforce skills	48.6	44	50.5	55.1
Creativity and innovation	39.7	27.8	27.2	31.6
Current location	34.7	31.4	35.1	n/a
Flexible working patterns	34.2	32.4	37.4	40.3
High levels of management skills	34.2	32.6	33.4	37.3
Availability of good premises	27.8	28.6	29.2	30.3
Good transport infrastructure	20.5	14.2	17.8	22.9
IT investment, use of ICT	18.1	16.7	16	6.2
New capital investments	16.7	11.7	12.8	15.4
Low labour costs	9.6	15.4	16.8	18

Source: Yorkshire Forward/CBI, Survey of Regional Economic Trends, September 2006.

Key Points

- Limited access to office space is one of the key issues for York, and new and existing development sites will have a lot of expectation placed on them.

- Higher labour costs are possibly more of a perceived barrier to growth in York than an actual one. Salaries are broadly around the regional average, but lower than the national and industry averages.
- High levels of workforce skills are seen as key to competitiveness in York but this is a sentiment shared throughout the country. However, it is seen as more of a contributing factor in the UK compared to York. This pattern is also true for other factors including: flexible working patterns, management skills, premises, transport, and labour costs.
- The importance of creativity and innovation to competitiveness in York is demonstrated by the higher percentage of firms that regard this as a contributing factor (39.7% of firms in York compared to 31.6% in the UK). Along similar lines, the use of IT is more important to firms in York (18.1%) than the rest of Yorkshire and Humber and particularly so when compared to the UK (6.2%).

2.5: Summary

- Two-thirds of York firms are interested in growing their business over the next two years and overall, York firms are profitable in comparison to other comparator cities. However, data suggests that although productive firms in the city are expanding, there is a **lower rate of unproductive firms leaving the market**. This will distort the potential benefits of a competitive market.
- York has a lower proportion of foreign owned companies than most comparator regions. As a result, the city is losing out on access to potentially better products and process technologies and access to knowledge from parent companies. **Increasing the number of foreign owned firms** would likely improve competition in the market in York, and recent data also suggests that overseas trade in York is below average. Research has shown that increasing foreign firm entry by 1% can increase productivity by 0.5% - 1%.
- Businesses in York see their key barriers to competition as being regulation/red tape, costs, shortages of finance and support from government – no different to most other areas. However, **transport costs** are much more of an issue for York firms than average, as is a **limited access to office space** and **low capital investment**. These are three issues in particular that could be addressed locally. Conversely, attracting staff to York and skills problems are seen as less of a barrier to growth or entry of new firms.
- **Creativity and innovation and the use of IT** are seen as key factors in competitiveness by York firms. This is a strong selling point for York, building on the Science City York agenda to help attract additional investment and foreign firms to the city.
- The **perception of high unit labour costs** in York compared to other areas needs to be challenged. Average salary levels in York are no higher than the regional average, considerably lower than nationally and typically lower in key sectors than is the case nationally.

Section 3: Innovation

Innovation, the successful exploitation of new ideas, is one of the main engines of long-term economic growth and structural change. Innovation can occur through investment in R&D, or through adopting new technologies from other firms or countries, or through trying different ways of working. These investments in innovation can result in new technologies, products and processes, as well as novel services and means of delivery and can lead to significant effects on growth and productivity.

HM Treasury's *'Productivity in the UK: 6'* states that innovation can raise productivity through a number of channels including:

- direct productivity gains to the firm that has invested in innovation or Research and Development (R&D) in terms of efficiencies in production or product improvements;
- spillover productivity gains when a new innovation assists firms to also take advantage of other innovations; and
- spillover productivity gains for other firms or other countries involved in trade who are able to emulate the innovation.

3.1: Research and Development Spend

Innovation tends to be measured by R&D expenditure. Whilst expenditure on R&D activity cannot be taken as a proxy for total innovation activity, it is an important area of focus that can indicate an improvement in innovation performance.

The Region's Innovation Target

The 2006 – 2015 *Regional Economic Strategy's* headline innovation target challenges the region to more than double business R&D expenditure from 0.5% of regional Gross Value Added (GVA) in 2002 to greater than 1% of regional GVA by 2015. Forecasts for 2015 suggest that the region's GVA will be around £100.3 billion by this time. Therefore, in order to increase expenditure to just 1% of GVA, businesses across the region will need to be spending £1.003 billion on R&D – double what we have been achieving over the past few years.

GVA provides a picture of the overall economic wealth of the region and in 2002, the region's GVA stood at around £70.5 billion. This meant that businesses spent about £352.5 million (0.5%) on R&D activity. In comparison, the England average was a business R&D expenditure of 1.5% of GVA.

York's GVA is currently approximately £3.1 billion. By 2015 it is forecast to be approximately £4 billion. If the regional Innovation target is applied to York, then business expenditure on R&D by 2015 would be targeted to be £40 million.

Regional R&D Spend

In 2003, total Research and Development spend in the region was £863m, an increase of 14% on 2002, in-line with the increase of the previous year. This accounts for 4% of total UK research and development spend of £20bn. The low level of business R&D spend in the region has been a regular issue affecting competitiveness. (Office for National Statistics, *Research and Experimental Development Statistics*, 2003).

The figures for 2003 show that business R&D in Yorkshire and Humber is 2.8% of the UK total, well below what it should be given that Yorkshire's businesses account for around 8% of all UK businesses. In comparison, higher education spend in the region was 7.8% of the UK total and government research spending was 6.7%.

Figure 3.1 shows the importance of higher education to R&D in the region as it accounts for 40% of total research expenditure in the region, compared to an average of 22% in the UK.

However, evidence from the Yorkshire Forward/CBI *Survey of Regional Economic Trends* suggests that businesses are not taking advantage of this resource. In September 2006, only 8% of firms reported having any R&D link to universities. Primary and manufacturing industries are the most likely to have links with universities with 15% having an R&D link.

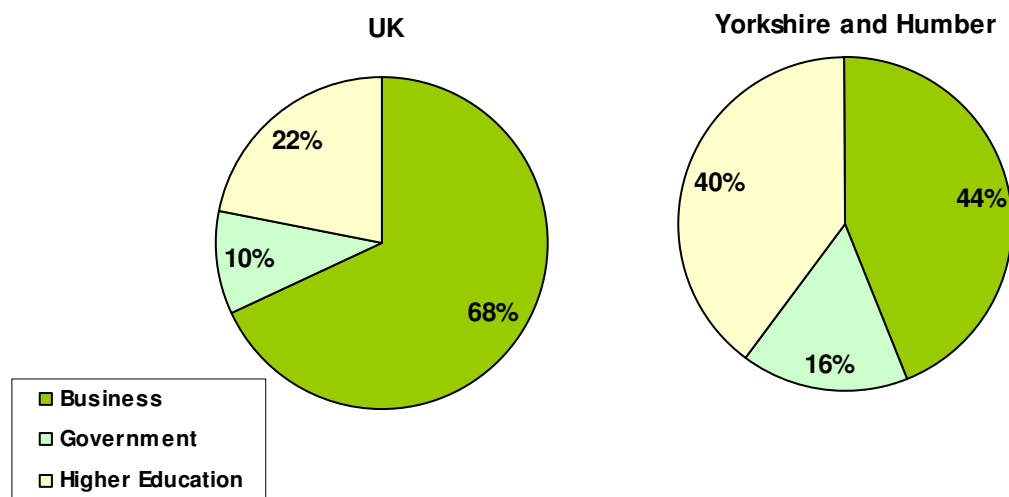
Expressed as a percentage of GVA, Yorkshire and Humber spends less on R&D than any other region. When broken down by source of funding, higher education and government research this is similar to other regions, but with business R&D that Yorkshire and Humber falls behind. This lower level of funding is not only seen when the region is compared to the more successful southern regions, but across the board. For example, business research spending as a percentage of GVA is three times higher in the North West and East Midlands than Yorkshire and Humber. Meanwhile, relatively high levels of Higher Education R&D offer an opportunity that businesses are failing to take advantage of and there is scope to continue building on existing university/industry collaboration.

Table 3.1: R&D spending as a percentage of GVA by region, 2003

	Business	Government	Higher Education	Total
United Kingdom	1.4	0.2	0.5	2.1
North East	0.9	0.01	0.5	1.4
North West	1.6	0.1	0.4	2.0
Yorkshire and Humber	0.5	0.2	0.5	1.2
East Midlands	1.5	0.04	0.4	1.9
West Midlands	0.8	0.05	0.3	1.1
East of England	3.6	0.4	0.4	4.4
London	0.5	0.2	0.7	1.3
South East	2.3	0.4	0.4	3.1
South West	1.8	0.3	0.3	2.4

Source: Office for National Statistics, Business Enterprise R&D Survey and Regional Accounts.

Figure 3.1: R&D spend by type (UK and Yorkshire and Humber), 2003



Source: Office for National Statistics, R&D Statistics, 2004.

York R&D Spend

According to the report from the Government Office for Yorkshire and the Humber, *A Rural Evidence Base for Yorkshire and Humber 2005*, businesses in York, on average, spend the most on Research and Development (£229.35 per head), which is substantially above the sub-regional (£107.63) and regional (£76.26) averages. This is also significantly more than

that seen in other key cities in the region and reflects York's strong science base built around its recognition as one of only a handful of Science Cities nationally.

The Yorkshire Forward/CBI, *Survey of Regional Economic Trends*, September 2006 asked firms whether they were planning on spending more, the same or less on product and process innovation over the next 12 months than in the last year. Firms in York are broadly in-line with the regional and Leeds City Region averages, with 24.7% planning to spend more, 42.2% spending the same and 14.6% spending less.

Table 3.2: Planned business expenditure on product and process innovation in the next 12 months, September 2006

	More	Same	Less	N/A
Yorkshire and Humber	22.3	42.2	14.5	21
Leeds City Region	23	43.3	15	18.8
York	24.7	42.2	14.6	20.9

Source: Yorkshire Forward/CBI, *Survey of Regional Economic Trends*, September 2006.

Key Points

- Regional R&D spend by business, as expressed as a percentage of regional GVA is very low across Yorkshire and Humber at only 0.5%. However, expenditure on R&D by Higher Education Institutions is more in-line with what would be expected from the region at 7.8% of the UK total Higher Education R&D expenditure.
- The *Regional Economic Strategy* Innovation target challenges the region to more than double business R&D expenditure by 2015. Without significant intervention, such as that expressed in the Regional Innovation Strategy, this target is not likely to be met.
- If the regional Innovation target is applied to York, business R&D expenditure from York firms would be targeted to be £40 million per year by 2015.
- Recent evidence suggests that York businesses actually spend three times as much on R&D activity per head than the regional average (£229.35 per head compared to £76.26).
- A quarter of York firms plan to spend more on product and process innovation in the next year – slightly more than the regional average of 22.3%.

3.2: Research Links

In 2004/05, The University of York accounted for 40% of the total income from research grants and contracts across the Leeds City Region. York's Higher Education Institutions also form part of the White Rose Universities (together with the University of Sheffield and the University of Leeds) and together, they account for 86% of regional research spend in higher education (*Mapping Innovation Capabilities: Final Report to Y&H Key Cities Group*, SQW, January 2007).

Science City York

It is thought that York has the most advanced mechanism for stimulating Innovation, particularly with reference to the Science City York and the future growth of innovation-based activity is expected to continue to be linked with SCY activity and in particular with the expansion planned at the University of York, a major element of which is expected to be 'embedded research and development' (*Mapping Innovation Capabilities: Final Report to Y&H Key Cities Group*, SQW, January 2007).

Science City York was founded in 1998 by the city of York Council, the University of York, and the private sector to harness the world class potential of business clusters in Bioscience and Healthcare, IT, and Digital and Creative Industries. Since its inception, 2,772 new jobs have been created, a 60% increase in employment in the eight years since launch. Over 9,000 people are now employed in technology occupations with over 250 businesses, which have significantly transformed the York area economy to an increasing science and technology base. Investment in the science and technology infrastructure has exceeded £800 million in

the last 10 years, positioning York as one of the UK's leading National Science Cities (Yorkshire Science, *Regional Innovation Strategy*, 2006).

Other significant research strengths in or near York include DEFRA's Central Science Laboratory and the Smith and Nephew Research Centre.

Business Links to R&D

In the September 2006 *Survey of Regional Economic Trends*, 14.1% of businesses in York said that they had R&D links to the Universities. This compares very favourably to the Leeds City Region, regional and North Yorkshire averages.

Similarly, a higher proportion of firms than average in York also said that there were members of specialist industrial networks (39.7%, compared to the regional average of 33.7%).

Table 3.3: Business links to universities and specialist industrial networks

	York	LCR	NY	Y&H
Have R&D links to Universities	14.1	9.5	8.4	8.5
Are members of Specialist Industrial Networks	39.7	36.4	35.2	33.7

Source: Yorkshire Forward/CBI, *Survey of Regional Economic Trends*, September 2006.

The same survey also identifies that creativity and innovation is the second most quoted factor that firms in York identify as contributing towards their competitiveness – stated by 39.7% of firms in York, compared to the regional average of 27.2% (see section 2 for further details).

Key Points

- The two York Higher Education Institutions from a part of the White Rose Universities, that together account for 86% of regional research spend in higher education.
- Science City York figures suggest that since its inception, 2,772 new jobs have been created and over 9,000 people are now employed in technology occupations in over 250 businesses in York.
- Key to the expansion of Science City York is the proposed University expansion onto the Heslington East site.
- Just over 14% of firms in York suggest that they have R&D links to the universities – significantly higher than the regional average of 8.5%, whilst nearly 40% are members of Specialist Industrial Networks.

3.3: Summary

- *The Regional Economic Strategy* Innovation target challenges the region to more than double business R&D expenditure by 2015. Without significant intervention, such as that expressed in the *Regional Innovation Strategy*, this target is not likely to be met. If the regional Innovation target is applied to York, based purely on the proportion of the region's businesses operating in York (4%), **business R&D expenditure from York firms would be targeted to be at least £40 million** per year by 2015.
- Although recent evidence suggests that York businesses actually spend three times as much on R&D activity per head than the regional average, and over one and a half times as many firms as the regional average have R&D links to the universities, crucial to the continued increase in R&D activity in York is the expansion of Science City York as part of the proposed **University expansion** onto the Heslington East site.

Section 4: Workforce and Skills

HM Treasury's latest *Productivity in the UK 6* (March 2006) states that:

The quantity and quality of skilled labour available in an economy is an important determinant of economic performance and productivity growth. Skills raise productivity through:

- enabling workers to carry out more complex work, work more effectively, and produce higher value products;
- investments in innovation and technology are more profitable when combined with skilled labour. A lack of skilled labour can constrain new investment and therefore productivity;
- skilled workers can adapt faster and more effectively to change, and better implement new investments and innovation. A highly skilled workforce enables firms to update working practices and products at the rate demanded by rapidly changing global markets, making the economy more flexible and productive; and
- there are also indirect effects of education and training as skills can spill over to wider society as workers learn from each other.

Research suggests that improvements in the skills of UK workers have contributed around one fifth of annual growth in the UK economy over the past 25 years.

Looking ahead, globalisation further raises the need for higher skills, as firms need to compete internationally and make use of new technology and ways of working. Higher skills also help labour to be flexible to move between sectors in response to changes in the UK's competitive advantage as a result of changes in the global economy.

4.1: The Future Workforce

School Leavers

On average, York has approximately 2,000 pupils each year that reach the end of Key Stage 4 (GCSEs) of which 12.5% -15% have Special Educational Needs. In 2005/06, the city's fifteen secondary schools and one special school had a total of 2,133 pupils reaching the end of Key Stage 4; of these, 266 had Special Educational Needs (12.5%).

York Local Education Authority has always performed better than the England average for attainment at GCSE and currently ranks 31st out of 149 LEAs in the country in terms of five or more GCSEs A* - C attained.

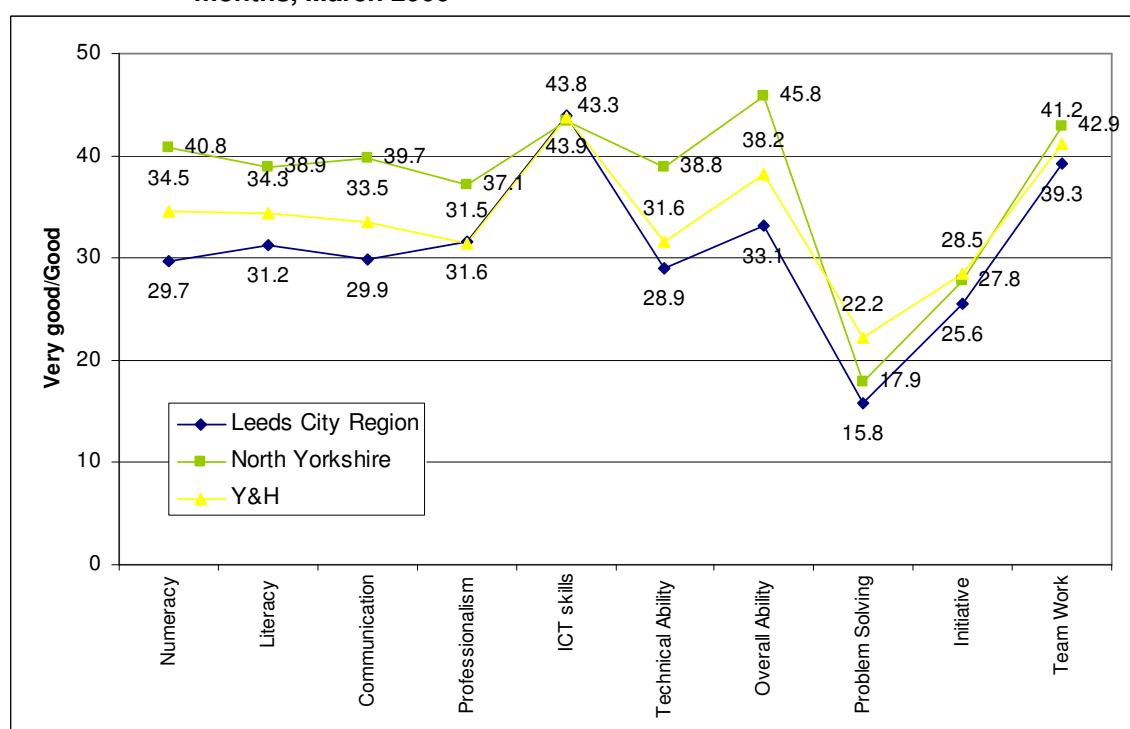
Since 1998/99 the district has increased attainment of 5+ GCSEs (A*-C) from 51.5% to 61.9%. In comparison, the England average currently stands at 57% for LEA maintained schools and 59% for all schools. York, North Yorkshire and the East Riding LEAs are all at the top of the regional rankings in terms of GCSE attainment, but the gap is now closing with other LEAs in the region (especially in West Yorkshire), and year-on-year improvement is starting to plateau. Similarly, the district performs better than the England average for 5 or more good GCSEs including English and Maths – but still, less than half of pupils leaving Key Stage 4 manage to attain this required level.

Most schools in York perform pretty well at GCSE, however, attention needs to be paid to low attainment levels in: Acomb, Clifton and Heworth. Between them they have about 25% of the Key Stage 4 pupils in the district.

At the end of Key Stage 4, around 69% of pupils in York go onto continued education/learning, 9% go into work-based learning/training and 4% go into part-time education. This gives a total of 82% of 16 and 17 year olds in York that are in further education or work-based learning. In comparison, the England average is 79% and the Yorkshire and Humber average is 78%. In June 2006, 5.2% of York's 16-18 year olds were not in any kind of education, employment or training (NEET) in York, compared to the regional and North Yorkshire averages of 9.8% and 4.7% respectively.

Higher performing pupils at GCSE tend to continue their education, whilst lower performing students are less likely to. Indeed, when employers were asked on a recent joint Yorkshire Forward/CBI business survey what they felt about the skills of school leavers they had recently employed, they were not overwhelmingly positive. 30-31% of employers in Leeds City Region suggested that literacy and numeracy skills were good/very good; only 16% felt problem solving abilities were good/very good, but 44% did feel ICT skills were adequate. Employers across the Leeds City Region were less positive about their young recruits than average, and far less positive than across North Yorkshire as a whole. Incidentally, a recent Yorkshire Futures commissioned piece of research into the attitudes, attributes and aspirations of young people in the region found that 70-80% of young people surveyed felt that their education had helped them with initiative and problem solving. So, there exists a difference between perceptions and reality here.

Figure 4.1: Employer views of school leavers they have employed in the last 12 months, March 2006



Source: Yorkshire Forward/CBI Survey of Regional Economic Trends, March 2006.
(Note: there are too few responses to show the York results separately.)

Higher Education

Approximately 5,400 students achieve a higher education qualification from either the University of York or York St John's College each year and the Yorkshire and Humber region as a whole has 50,000+ HE graduates each year – around 8.4% of the UK's total.

Key subject strengths for the region are:

- Pre-clinical Dentistry (University of Leeds) with 25% of the UK's HE graduates
- Software Engineering (Sheffield Hallam) with 17.8% of the UK's HE graduates
- Other Computer Science (University of Hull) - 35.7%
- Minerals Technology (University of Leeds) – 25%
- Ceramics & Glasses (University of Sheffield) – 20%
- Planning (Sheffield Hallam) – 9.2%
- Publicity Studies (University of Leeds and Leeds Metropolitan) – 21.4%
- Languages (across the region)
- Crafts (University of Huddersfield) – 11.3%

The key focus of York's two York Higher Education Institutions lies in the following subject areas

- Subjects allied to Medicine – 920 graduates in 2004/05
- Biological Sciences – 520 graduates in 2004/05
- Social Studies – 945
- Languages – 440
- History & Philosophy – 690
- Education – 640

The report, *Three Years On...A Survey of the Early Career Paths of the Graduates of 2001 from the Yorkshire Universities* found that in 2004, 46% of all the survey respondents who left university in the region in 2001, and that were working, were still working in the Yorkshire and Humber region, with 15% of these in North Yorkshire.

By 6 months after graduation, 64% of students were still living in the Yorkshire and Humber region. Of the respondents who stayed in the region for more than 6 months after graduation, 81% of them stayed in the sub-region in which they had studied, with 44% of these citing the reason for staying as being to be close to friends or family, followed by 31% who stayed because of a job or course. In comparison, of the 19% who moved to a different sub-region within Yorkshire, 46% cited their job or course as the reason. The key message here is that there appears to be no problem with retaining graduates within Yorkshire and Humber, once they have finished their studies and access to suitable employment opportunities is a key driver for movement.

Key Points

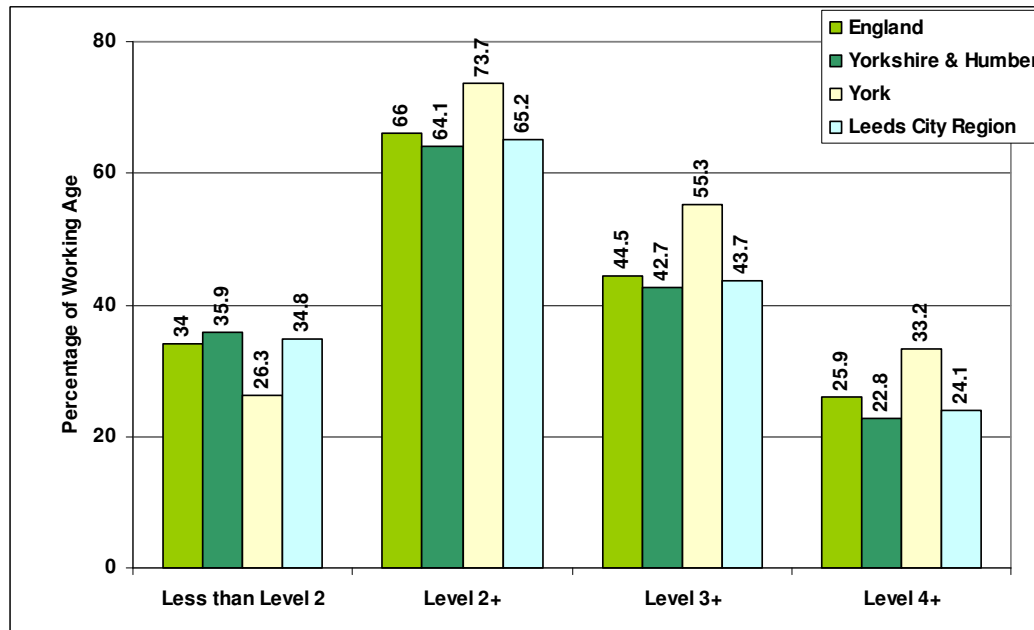
- GCSE attainment in York is good compared to average, but there are still around 50% leaving each year that don't attain the required level of 5+ A* - C (including Maths and English). Employer views are not favourable of the skills of recent school leaver recruits and this affects productivity.
- Poor attainment in four schools in particular needs addressing, as they account for 25% of all Year 11 leavers in the city. These are located in the Acomb, Clifton and Heworth Wards.
- 5.2% of 16-18 year olds not in any kind of education, training or employment (NEET) equates to over 300 people currently having a negative impact on the district's economy and public expenditure.
- The region has an excellent Higher Education base, over 50,000 graduates a year and a good retention rate of graduates who subsequently work in the region. This can be capitalized on with appropriate recruitment campaigning and marketing.

4.2: The Existing Workforce

Qualifications of the Workforce

York currently has far fewer of its working age residents that are qualified below Level 2, and far more that are qualified at Level 2+, 3+ and 4+. In the context of the Leeds City Region, York is a net contributor towards improving the qualifications mix.

Figure 4.2: Qualifications Mix of Working Age People, 2004-05



Source: Department for Education and Skills Analysis of the Office for National Statistics, Labour Force Survey, 2004/05.

The Regional Economic Strategy (RES) challenges the region to: “Raise the percentage of people with NVQ Level 2 or equivalent or higher to 80% (from 70% in 2004/05) and the proportion within this total with Level 4+ from 37% in 2004/05 to 45%.”

(NOTE that the target's baselines and challenges use 'economically active people', not 'working age'.)

York currently has 78.1% of its economically active population with at least a Level 2, therefore for the district to achieve the RES Level 2+ target; only an additional 1,720 people would be required to achieve this level of qualification (based on current population figures). At Level 4+ the district has already over-achieved against the RES target. As part of the Leeds City Region however, York is an attractive prospect with regards to its skilled workforce base.

Table 4.1: The Skills RES Target Challenge

	Economically active adults in each area (2004/05)	Number with qualification	Percentage with qualification	Target position	Additional numbers required to achieve target position
Level 2+					
Yorkshire & Humber	2,285,212	1,600,826	70.1	1,828,170	227,344
North Yorkshire	356,454	273,814	76.8	285,163	11,349
York	88,305	68,924	78.1	70,644	1,720
Leeds City Region	1,298,265	920,166	70.9	1,038,612	118,446
Level 4+ as a proportion of Level 2+					
Yorkshire & Humber	2,285,212	623,262	27.3	822,676	199,414
North Yorkshire	356,454	131,746	37.0	128,323	-3,423
York	88,305	34,646	39.2	31,790	-2,856
Leeds City Region	1,298,265	370,339	28.5	467,375	97,036

Source: Department for Education and Skills Analysis of the Office for National Statistics, Labour Force Survey, 2004/05.

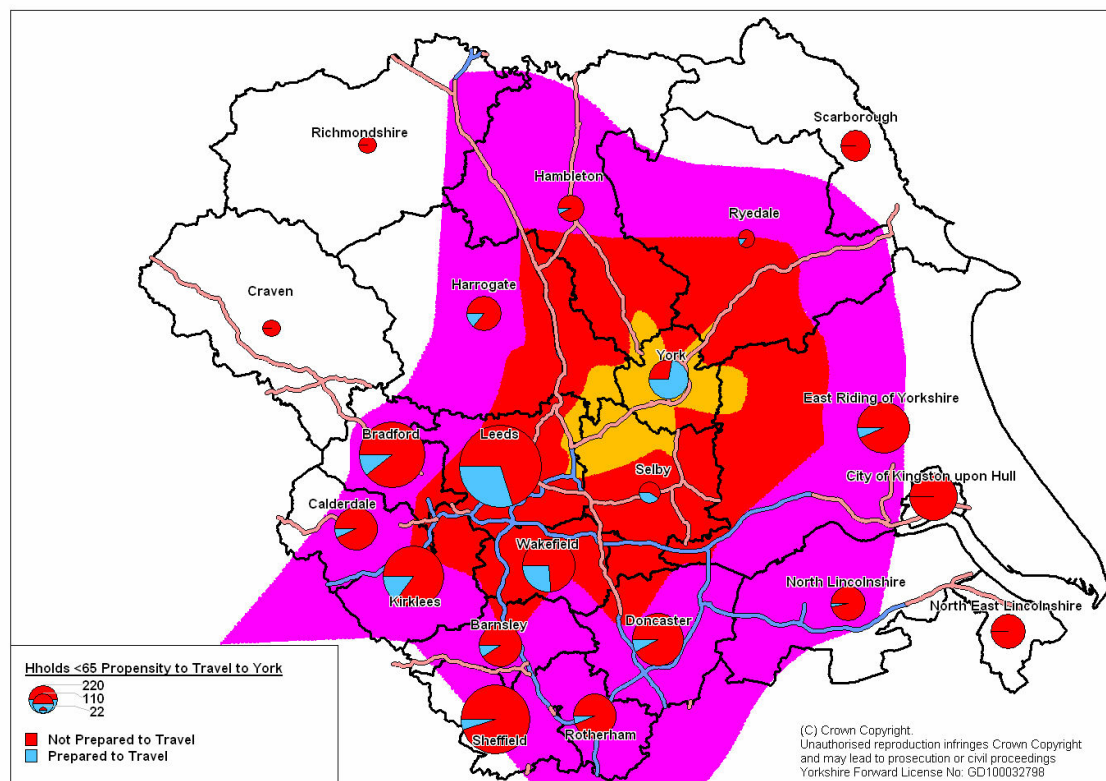
Attracting Workers to York

York currently has 78,500 households, of which 76% or 60,000 are under the age of 65. Of those under 65, 70% would be prepared to travel the required distance to the centre of York, should they get a new job. This therefore implies that the majority of York's residents would prefer to work in York. As York has a higher proportion of residents with degrees and skilled/managerial posts, and fewer unemployed, this is a positive message for the city.

On average, across the Yorkshire and Humber region, 59% of householders would not travel more than 30 minutes if they got a new job, 31% would be prepared to travel between 31 and 59 minutes, whilst 9% would be prepared to travel over 60 minutes.

Based on 30, 60 and 90 minute drive times from York centre, Figure 4.3 highlights that there is big potential for York to attract a considerable proportion of its workforce (in terms of numbers) from Leeds, Wakefield, Bradford and Kirklees, and even as far away as South Yorkshire. York is also a good magnet for Selby residents. So, if the employment opportunity is right, York could potentially attract workers from further afield to meet its recruitment needs.

Figure 4.3: Potential York workforce at 30, 60 and 90-minute drive-times



Source: "© Acxiom UK Ltd, 2005. All rights in the data contained in this data belong to Acxiom UK Ltd and may not be used or reproduced without the express permission of Acxiom UK Ltd."

(Size of circle relates to the number of working age households in the area.)

(Yellow = 30 minute drive time, Red = 60 minute drive time, Pink = 90 minute drive time.)

Migrant Workers

Recent statistics from the Home Office Migrant Worker Registration Scheme suggests that of all the recent migrant workers from Eastern Europe, there were 745 that were registered living in York between May 2004 and September 2006, of which 533 were of Polish origin. These 745 people were split by the following occupations:

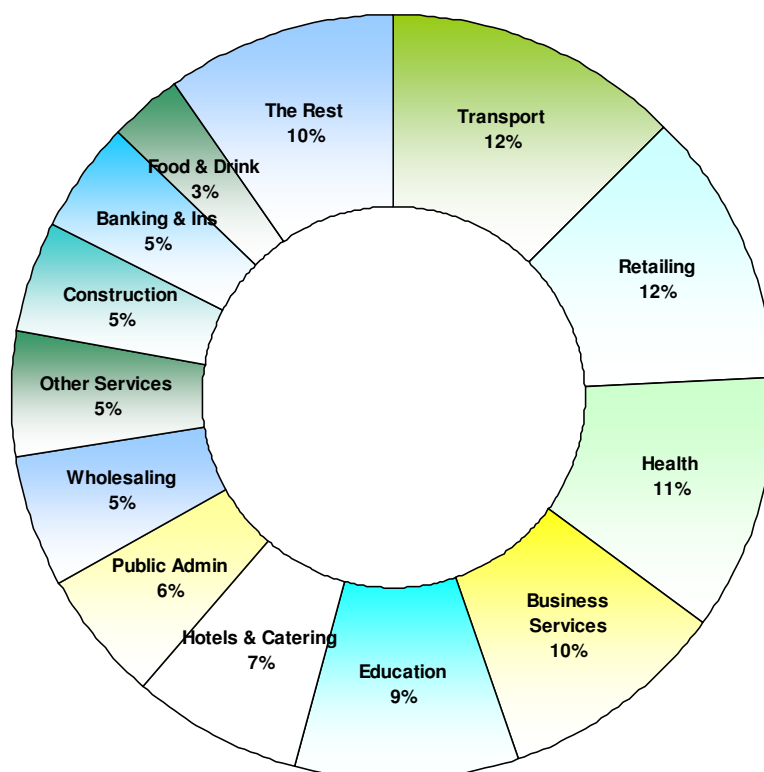
- Process operative (other Factory worker) 126
- Maid / Room attendant (hotel) 90
- Kitchen and catering assistants 89
- Cleaner, domestic staff 75

• Warehouse operative	54
• Waiter, waitress	54
• Packer	30
• Care assistants and home carers	25
• Sales and retail assistants	20
• Labourer, building	12
• Others	170

This suggests that, to-date, Eastern European migrants into the district are not taking highly skilled or highly qualified jobs.

York's Industrial and Occupational Structure

Figure 4.4: York's Current Industrial Structure, 2005



Source: Yorkshire Forward/ Experian Business Strategies Ltd, Regional Econometric Model, Autumn 2006.

Over the last ten years (1995-2005), the City of York has seen Full-Time Equivalent (FTE) jobs growth of over 9,000. Between 2005 and 2015, a further 3,400 FTEs are forecast to be added to the city's jobs market, bringing the total number of FTE jobs in the district up to an estimated 90,600 from 87,200 in 2005.

In the last ten years, there has been a significant decline in the numbers of jobs in the Food & Drink, and Construction sectors. This has had a knock-on impact particularly on occupations in Skilled Construction Trades and Process, Plant and Machine Operatives.

On the plus side, there has been considerable growth in the Transport and Business Services sectors. Good growth has also taken place in the Retailing, Health, Education and Hotels & Catering sectors, whilst reasonable growth has been shown in the Banking & Insurance, Other Services, Metals, Communications and Wholesale sectors. This has had a positive effect on increasing the number of Corporate Administrators, Elementary Clerical/Service,

Transport Drivers and Operatives, Business/Public Service Associate Professionals, Caring Personal Services Occupations and Sales Occupations.

Table 4.2: York's industrial structure by full-time equivalent (FTE) employment

	FTE Employment Numbers			Growth/Decline (actual)		Growth/Decline (%)
	1995	2005	2015	1995-2005	2005-2015	2005-2015
Industry Total	78,120	87,221	90,610	9,101	3,389	3.9
Transport	5,030	10,815	12,050	5,785	1,235	11.4
Business Services	4,481	8,508	9,524	4,027	1,016	11.9
Retailing	7,509	10,167	10,930	2,658	763	7.5
Health	7,199	9,584	10,890	2,385	1,306	13.6
Construction	12,300	4,205	3,364	-8,095	-841	-20.0
Education	6,369	8,192	8,438	1,823	246	3.0
Hotels & Catering	4,330	6,222	6,928	1,892	706	11.3
Wholesaling	3,965	4,701	4,478	736	-223	-4.7
Banking & Insurance	3,386	4,160	4,583	774	423	10.2
Other Services	3,979	4,686	5,312	707	626	13.4
Public Administration & Defence	4,725	4,950	4,428	225	-522	-10.5
Food, Drink & Tobacco	6,648	2,667	1,730	-3,981	-937	-35.1
Other Financial & Business Services	1,052	1,734	1,843	682	109	6.3
Communications	1,372	2,076	2,314	704	238	11.5
Metals	631	1,430	1,579	799	149	10.4
Paper, Printing & Publishing	1,287	947	838	-340	-109	-11.5
Other Mining	162	0	0	-162	0	0.0
Transport Equipment	730	124	23	-606	-101	-81.5
Agriculture, Forestry & Fishing	728	582	440	-146	-142	-24.4
Gas, Electricity & Water	657	172	116	-485	-56	-32.6
Electrical & Optical Equipment	606	512	538	-94	26	5.1
Machinery & Equipment	289	247	201	-42	-46	-18.6
Wood & Wood Products	112	170	141	58	-29	-17.1
Textiles & Clothing	134	49	31	-85	-18	-36.7
Rubber & Plastics	176	79	57	-97	-22	-27.8
Other Manufacturing NEC*	74	178	172	104	-6	-3.4
Minerals	139	11	4	-128	-7	-63.6
Chemicals	46	53	17	7	-36	-67.9

Source: Yorkshire Forward/Experian Business Strategies Ltd, Regional Econometric Model, Autumn 2006.

*NEC = Not Elsewhere Classified. Industries ranked on Full-Time Equivalent employment in 2005.

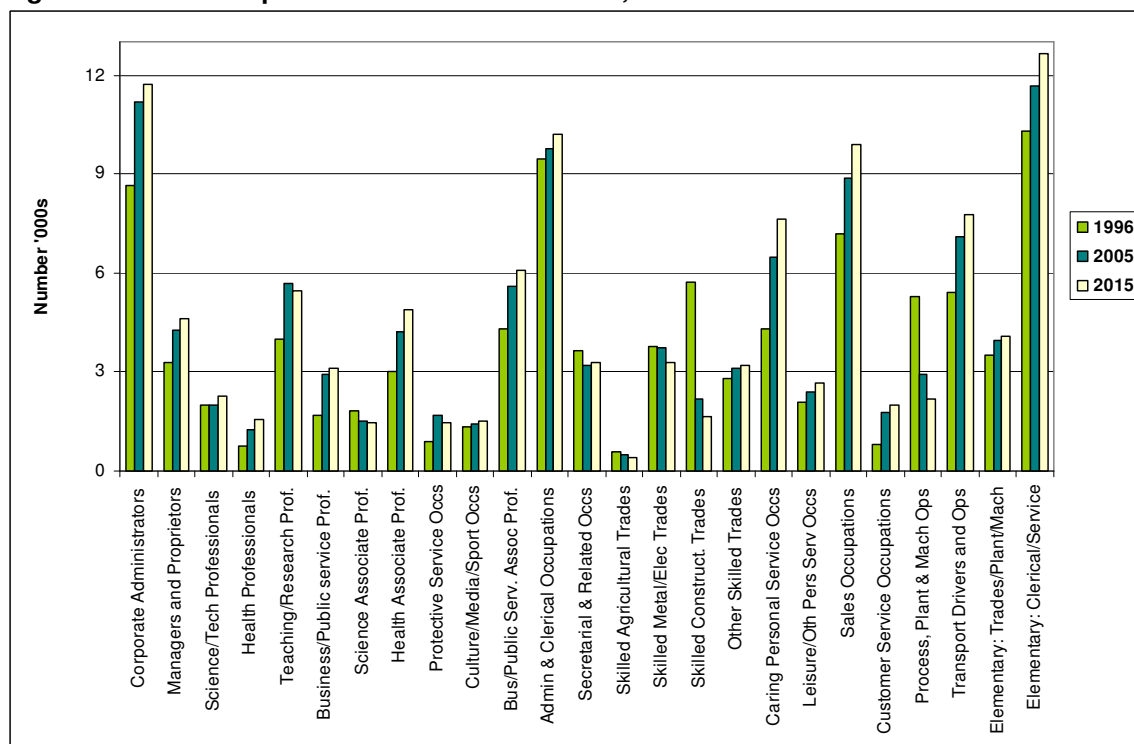
Over the next ten years to 2015 continued significant decline in the Construction and Food & Drink industries is forecast. The Public Admin & Defence industries are also forecast to suffer moderate losses. Lesser declines may be felt in the Wholesaling and Paper, Printing & Publishing. The Transport Equipment and Textiles & Clothing industries will all but disappear (although they're not currently large employers in the city).

Significant growth is expected between 2005 and 2015 in the Health sector (+1,300 FTEs), Transport (+1,200 FTEs) and Business Services (+1,000 FTEs). Good growth is forecast in Retailing (+760 FTEs), Hotels & Catering (+700 FTEs) and Other Services (+630 FTEs). Science City York is forecasting a total of 15,000 new jobs by 2021 (these are split across a number of the industries shown in Table 4.2). All of this has an impact on the occupational structure of the city, but the changes are likely to be less drastic than those experienced in the past ten years (as shown by Figure 4.5).

Recent work commissioned by Yorkshire Futures, the Yorkshire and Humber Regional Intelligence Network into population projections across the region to 2030 finds that there are currently 113,900 people aged between 20 and 64 resident in the York district. By 2030, this is expected to increase to 121,000 – an increase of 7,100 people of working age.

Based on the changes in the industrial structure over the past ten years, and those forecast for the next ten years, the proportion of Corporate Administrators, Sales, Admin & Clerical, Elementary Clerical/Service, Caring, Transport, Teaching, Business/Public Service and Health occupations are forecast to increase and will be the largest occupations in terms of employment over the next ten years. It is important that the skill requirements of the district's growth industries and related growth occupations are met over the next ten years.

Figure 4.5: Occupational breakdown for York, 1995 - 2015



Source: Yorkshire Forward/Experian Business Strategies Ltd, Regional Econometric Model, Autumn 2006.

York in the Context of the Region and Leeds City Region

York has around 4.1% of the Yorkshire and Humber region's FTE workforce. However, there are two industries in particular, where the city plays a key role in regional employment: Transport and Hotels & Catering. The city also has more than its expected share of FTEs in the Retail, Banking & Insurance, Education and Communications sectors.

With regards to the Leeds City Region, York has 7.4% of the FTE employment, and more than average in terms of employment in the following sectors: Transport, Hotels & Catering, Retailing, Education and Public Administration & Defence. There are forecast increases in Banking & Insurance and Metals, whilst Food & Drink will decline by 2015.

This is significant in terms of how and from where the city attracts its workforce, and the required skills, both now and in the future.

Table 4.3: York's key employment sectors in the context of the region and the Leeds City Region

Industry	Proportion of the Yorkshire and Humber region's FTEs in York			Proportion of the Leeds City region's FTEs in York		
	1995	2005	2015	1995	2005	2015
Industry Total	4.1	4.1	4.1	7.1	7.4	7.4
Retailing	5.4	5.5	5.6	7.4	9.8	10.5
Hotels & Catering	6.1	6.3	6.4	9.3	12.1	12.6
Transport	10.0	10.5	10.9	10.6	17.2	18.5
Communications	4.9	4.7	4.5	9.6	8.3	7.5
Banking & Insurance	5.3	5.4	5.4	6.7	8.9	9.0
Education	5.2	5.3	5.3	8.8	9.4	9.6
Public Admin & Defence				9.7	8.0	8.0
Food & Drink				23.1	11.3	6.7
Metals				2.9	7.5	8.1

Source: Yorkshire Forward/Experian Business Strategies Ltd, Regional Econometric Model Autumn 2006.

Employment Levels

78.7% of York's working age population are in employment, compared to 74.4% across England. This means that of the 113,900 people of working age that are living in York, 89,700 are in employment and 24,200 are not. A similarly high proportion of York's males are in employment (81.1%) and 76.2% of females; again these rates compare very favourably to the England and regional averages.

Table 4.4: Employment rates in York, England and Yorkshire and Humber, April 2005 – March 2006

	England	Y&H	York		
	Percent	Percent	Number	Denominator	Percent
Employment rate - working age	74.4	73.8	89,700	113,900	78.7
Employment rate males - working age	78.8	78.0	47,700	58,800	81.1
Employment rate females - working age	69.7	69.3	42,000	55,100	76.2

Source: Office for National Statistics, Annual Population Survey, April 2005 – March 2006.

Of the 24,200 people of working age not in employment, 2,600 are unemployed and 21,600 are classed as economically inactive. Of those 21,600 people who are economically inactive, 4,000 say they want a job and 17,600 say they do not want a job. Converting some of these economically inactive people into employed people will help to fill the potential employment gap in the future.

Key Points

- The higher qualification rate of York's workforce means that, although skills always remain an area to improve upon, less has to be done to increase workforce qualifications in the city, than in other localities.
- York's working age residents are less likely to travel outside of the city for employment than residents of other areas in the region. This means that York has a larger proportion of its workforce that is potentially a captive audience for additional/new jobs. However, York needs to be mindful of the growth of the Leeds economy and how this may impact on commuting rates, both in and out of the city.
- The industrial structure of York has changed quite significantly over the past ten years. These structural changes look set to settle down over the next ten years, and forecasts suggest that growth in employment will continue, but at a lesser pace than in the past.

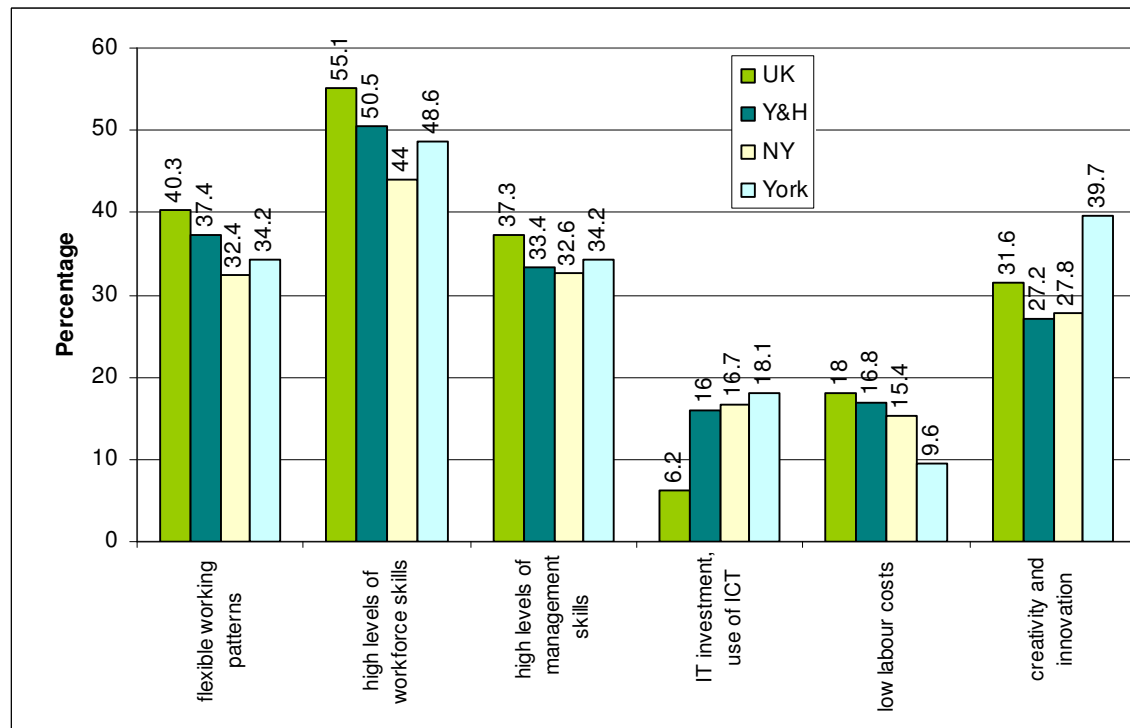
- The Transport, Retailing, Health, Business Services, Education and Hotel & Catering are currently, and will remain the key employing industries in the district for the next ten years.
- Industrial sector changes have had, and will continue to have, an impact on the occupational breakdown of York and also of self-employment (see Section 6), especially with the decline of the Construction industry.
- Forecast population growth to 2030 for York may not match its potential jobs growth. However, recent research suggests that York is potentially a magnet for workers from other areas in the region. Activity to convert those who are of working age but currently economically inactive could help to fill this gap (and reduce benefit costs).
- Although York has a pool of Eastern European migrant workers, they are mainly taking the lower paid, lower skilled jobs. This is supporting the forecast occupational growth of elementary clerical/service occupations and the caring occupations. However, few migrant workers are taking the higher skilled, higher paid employment, so may not fill some of the higher skilled occupations that are forecast to increase in the future. The city will need to focus on raising the qualifications of its young people, continuing to attract graduates and ensuring accessibility for commuters from areas outside of York.
- York has 7.4% of the FTE employment of the Leeds City Region, and more than average in terms of employment in the Transport, Hotels & Catering, Retailing, Education and Public Administration sectors. Therefore, the success of these sectors is not only important to York, but also to the wider city-region's economy.
- Of the 113,900 people of working age that are living in York, 89,700 are in employment and 24,200 are not. Of those 24,200 people, 2,600 are unemployed and 21,600 are classed as economically inactive. Of those 21,600 people who are economically inactive, 4,000 say they want a job and 17,600 say they do not want a job. Converting some of these economically inactive people into employed people will help to fill the potential employment gap in the future.

4.3: Skills and Training in the Workplace

Productivity in the UK: 6 (March 2006) supports the argument that soft skills such as interpersonal, teamwork, problem solving, management and adaptability are also important in explaining the UK's productivity gap. It states that recent research has linked good management practices with stronger firm level productivity and high quality investment, and evidence is beginning to build that the UK has poorer management practices than its competitor countries.

Skills and Competitiveness

The latest Yorkshire Forward/CBI *Survey of Regional Economic Trends* finds that almost 50% of companies in York say that a "high level of workforce skills" is a factor that contributes towards their organisation's competitiveness. The next most important issue is a high level of management skills. Peculiar to York is the much greater demand for creativity and innovation.

Figure 4.6: Skills factors of most importance to competitiveness, September 2006

Source: Yorkshire Forward/CBI Survey of Regional Economic Trends, September 2006.

Across York, the Leeds City Region and the Yorkshire and Humber region, three areas for skills development have been quoted time after time as the most important for employers: a high level of workforce skills, flexible working patterns and a high level of management skills. Until recently, a high level of management skill has been seen as more important in York than it was in September 2006 (although it still ranked joint third).

Table 4.5: The three key factors contributing towards competitiveness

	High level of workforce skills			Flexible working patterns			High level of management skills		
	York	LCR	Y&H	York	LCR	Y&H	York	LCR	Y&H
March 2006	61.7	62.4	59.7	38.3	47.6	47.6	55.0	47.3	46.5
March 2004	74.1	54.1	55.3	57.4	40.2	40.3	42.6	40.0	40.0
March 2002	74.4	55.4	58.0	43.6	36.2	36.3	44.9	37.4	35.2

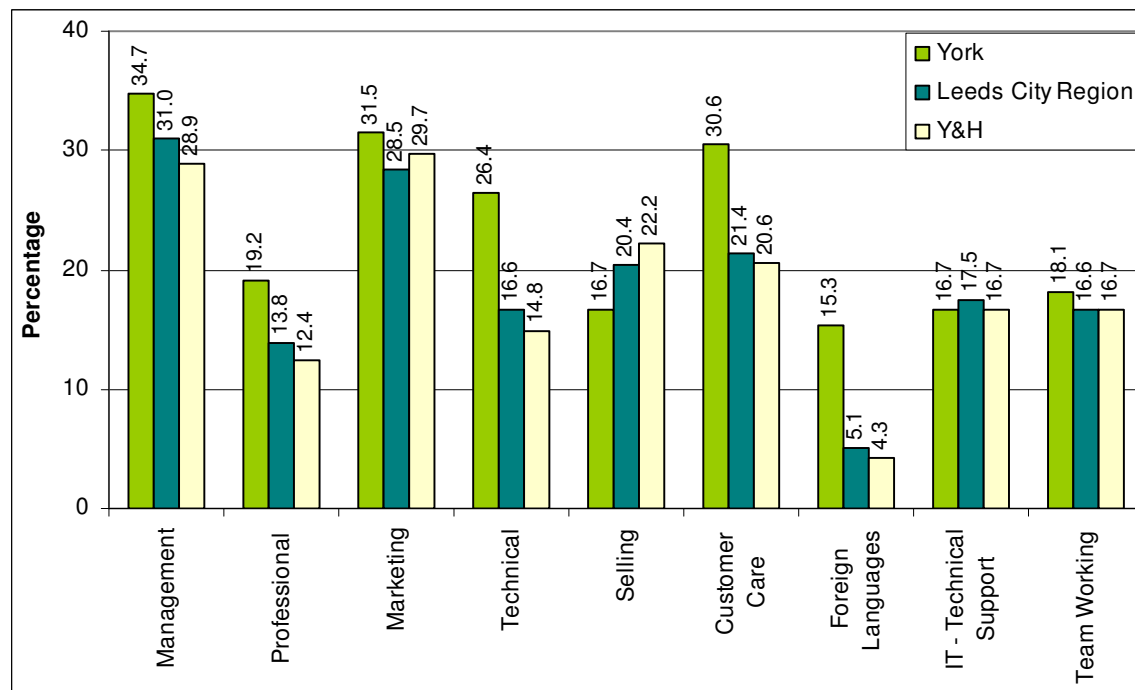
Source: Yorkshire Forward/CBI Survey of Regional Economic Trends, March 2006, 2004 and 2002.

On the other hand, skills problems are not seen as a particular problem affecting the growth of companies in York, with only 11.1% of firms quoting this as a limiting factor in September 2006, compared to the UK and regional averages of 16.2% and 16.6% respectively. A similar 11.1% said that it was hard to attract staff to the region and this might inhibit growth, but again, a greater proportion of firms felt this across the UK and the region as a whole (13.2% and 13% respectively).

Skills to Improve

When businesses are asked which skills they need to improve over the next twelve months to meet their business needs, York businesses overwhelmingly quote 'management skills' as being the most important, closely followed by marketing and customer care. Interestingly, a far greater proportion of York firms are also focused on customer care, technical, professional and foreign language skills needs.

Figure 4.7: Main skills requiring improvement in the next twelve months, September 2006



Source: Yorkshire Forward/CBI Survey of Regional Economic Trends, September 2006.

Table 4.6 shows that improving management skills is of most importance to the Financial and Business Services industries, with 35% of these firms across the region quoting this as an important area for improvement over the next twelve months. Also key to this sector is improving professional, marketing, selling and IT technical support skills. This sector is important to the York economy as are the Distribution, Hotels, Transport & Communications sectors, where over a quarter of companies say management, marketing and selling are important skills to develop in the next year.

Table 4.6: Key skills requiring improvement in the next twelve months by broad industry sector in Yorkshire and Humber, September 2006

	Primary & Manufacturing	Construction	Distribution, Hotels & Catering, Transport & Communications	Financial & Business Services	Other Services
Management	24.4%	23.5%	26.1%	35.0%	30.5%
Professional	6.7%	3.7%	5.6%	20.7%	20.3%
Marketing	28.4%	14.7%	28.8%	32.5%	36.9%
Technical	19.3%	16.9%	11.3%	19.8%	12.0%
Selling	27.6%	13.1%	25.9%	22.6%	18.5%
Customer Care	13.3%	14.0%	24.6%	18.6%	23.4%
Foreign Languages	4.4%	1.5%	5.6%	3.4%	2.8%
IT – Technical Support	11.9%	16.2%	16.5%	18.9%	17.2%
Team Working	14.9%	7.4%	16.7%	9.3%	25.9%

Source: Yorkshire Forward/CBI Survey of Regional Economic Trends, September 2006 (regional figures only).

A good proportion of York firms do appear to be trying to address these skills needs, with 39.3% of firms surveyed in September 2006 saying that they plan to spend more on training and retraining their staff in the next year, compared to only 29.5% in the Leeds City Region and 28.5% in Yorkshire and Humber. Only 2.4% of firms said they would spend less compared to Leeds City Region and Y&H averages of 10.8% and 9.5% respectively.

Key Points

- The key message from employers is that management skills are one of the most important skills that both affect a company's competitiveness, and also an area that they most wish to see improved in their business in the next year. This message is not just true for York businesses, but true for businesses across the region and the UK as well. *Productivity in the UK: 6* identifies research that has linked good management practices with higher levels of firm productivity.
- As a result of York's business mix, a much larger proportion of firms than average see creativity and innovation being key to their organisation's competitiveness.
- Also of greater importance to businesses in York than the regional average is the improvement required in the next twelve months in Customer Care, Technical, Professional and Foreign Language skills. Marketing, IT – Technical Support, Selling and Team Working are more in-line with the regional and Leeds City Region averages, but are still important skills where businesses want to see improvement in their workforces.
- The skills demands of employers also vary by industry sector, although management skills are seen as key to success in all sectors.
- York firms are more likely than average to be trying to address their skills needs by investing in training and re-training, providing a warm audience should public sector agency funding be offered in this area.

4.4: Future Skills

Yorkshire Forward worked with Experian Business Strategies Ltd to forecast the qualifications profile of York to 2016, and then to examine the impact of an improved skills mix on employment, Gross Value Added (GVA) and productivity.

At the UK level, the qualifications forecasts are driven by projections in the *Leitch Review of Skills, Interim Report* (2004). Experian's long-term modelling process forecasts how the qualifications profile of each county changes relative to the UK to 2020. This is driven by past trends and the industrial structure of each county. In this analysis, the York district qualifications forecasts assume the same relationship with the UK as the county which they are part of. The baselines used are taken from the Office for National Statistics, *Annual Population Survey* for 2005.

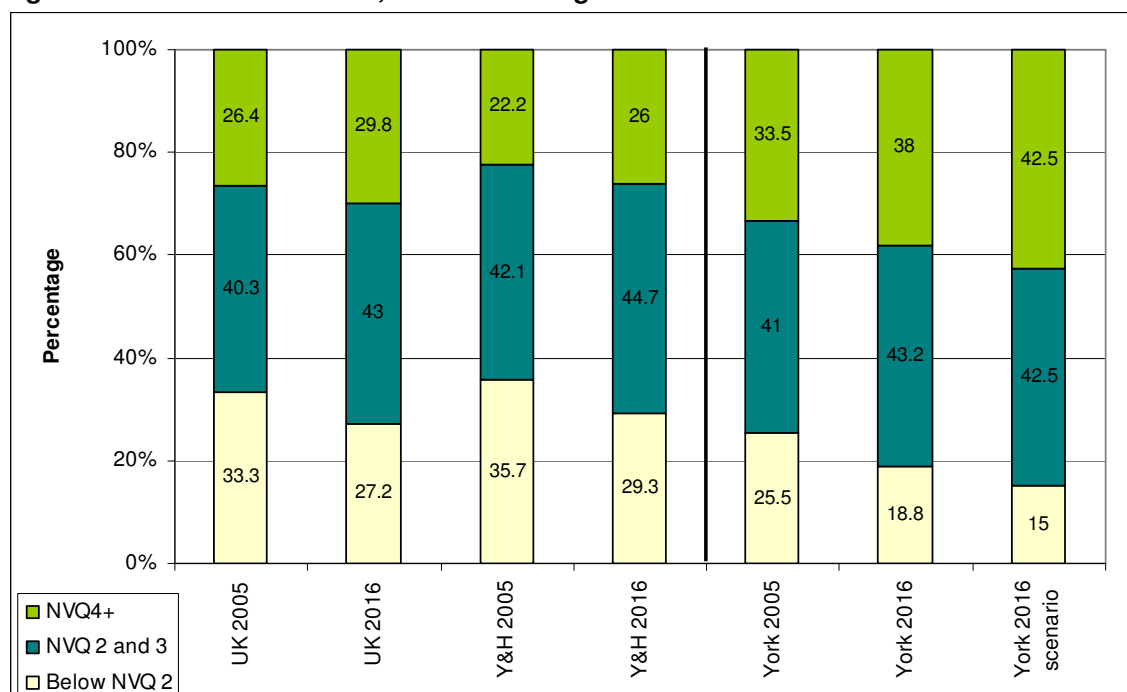
Baselines and Growth to 2016

In York, in 2005, 33.5% of the working age population was qualified to NVQ 4+. This is far better than the UK and regional averages of 26.4% and 22.2% respectively. At the other end of the scale, fewer are qualified to less than Level 2 (25.5% compared to the UK and regional averages of 33.3% and 35.7%).

By 2016, it is forecast that 38% of York's workforce will be qualified to Level 4+, compared to 29.8% across the UK as a whole and 26% across the region. At the lower end of the scale, only 18.8% of working age people will be qualified to less than Level 2. The proportion of the working age population with a Level 2+ qualification would increase to 81.2% (98,600 people) by 2016, while 38% (46,100 people) will have a Level 4+ qualification. This is a marginally better improvement in the skills mix than for the UK or the region a whole. The proportion of Level 4+ within Level 2+ (as per the RES Skills target) would increase to 46.7% by 2016.

Growth Scenario

York already has a more highly skilled working age population than the UK and Yorkshire and Humber in 2016 under the baseline. The improved growth scenario for York is based around improving the skills profile within reasonable bounds. Under this scenario, the share with Level 2+ qualifications increases to 85% from 81.2% in the 2016 baseline forecasts. 42.5% have a Level 4+ qualification in the scenario, increasing the proportion of Level 4+ within Level 2+ to 50%, up from 46.7% under the 2016 baseline.

Figure 4.8: Skills baseline, forecasts and growth scenario for York to 2016

Source: Yorkshire Forward/Experian Business Strategies Ltd, based on the Office for National Statistics, Annual Population Survey, 2005.

Should an improved skills mix for York be achieved by 2016, this would mean that there would be an additional 1,300 FTE jobs on top of the 2016 forecasts; productivity per worker would increase by £1,300 and GVA would grow by an average of 3% per annum between 2005 and 2016, compared to a forecast 2.6% in the baseline figures.

Table 4.7: The impact of an improved skills mix in York by 2016

	2005	2016 (baseline)	2016 (scenario)
FTEs	87,700	91,300	92,600
Productivity per worker, 2002 prices	£34,300	£43,800	£45,100
GVA growth (average per annum)	1.7% (1995 - 2005)	2.6% (2005 - 2016)	3.0% (2005 - 2016)

Source: Yorkshire Forward/Experian Business Strategies Ltd, Impact of Changing Skills Profiles in Bradford and York, Autumn 2006.

York's employment structure has an impact on its productivity levels, specifically as it has a higher proportion of employment in the Retailing, Hotels & Catering and Transport industries which are lower productivity industries. Also, York has low manufacturing employment, and industry sector which has relatively high productivity. This means that productivity in York is lower than the UK averages, but more in-line with the regional averages.

Average growth rates in GVA to 2016 (baseline) in York are in line with the regional average forecasts of 2.6% per annum, and just below the UK average forecasts of 2.7% per annum.

Key Points

- York already has a better than average skills mix, and forecasts to 2016 suggest that this will continue. In the context of the RES Skills target, the district will over-achieve against

the Level 2+ and Level 4+ elements of the target; however, an improved skills mix would increase these proportions even more.

- If no additional intervention is made, by 2016, York should expect to have approximately 38% of its working age population qualified to at least Level 4+. An improved skills scenario could increase this to 42.5%. The impact this will have on those with less than Level 2 qualifications is to decrease that proportion from 25.5% in 2005 down to only 15% by 2016.
- The impact of an improved skills scenario by 2016 will have a significant impact on GVA and productivity in the district. It will also potentially increase employment by 1,300 FTE jobs – although this may result in additional in-commuting to the city to fill these positions.

4.5: Summary

- GCSE attainment in York is good compared to average, but there are still around 50% of 16 year olds leaving each year that don't attain the required level of 5+ (A* - C) including Maths and English. Employer views are not favourable of the skills of recent school leaver recruits and this affects productivity. **Poor attainment in four schools** in particular needs addressing, as they account for 25% of all Year 11 leavers in the City.
- York's **higher qualification rate of its workforce** means that, although skills always remain an area to improve upon, less has to be done to increase workforce qualifications in the city, than in other areas.
- Over the last ten years (1995-2005), York has seen **full-time equivalent (FTE) jobs growth** of over 9,000. Between 2005 and 2015, a further 3,400 FTEs are forecast to be added to the city's jobs market, bringing the total number of FTE jobs in the district up to an estimated 90,600 from 87,200 in 2005.
- The Transport, Retailing, Health, Business Services, Education, Hotel & Catering and Public Administration sectors are currently, and will remain the **key employing industries** in the district for the next ten years. York is an important contributor for employment in these sectors in the context of the Leeds City Region. Over the past decade, industrial sector changes have had, and will continue to have an impact on the occupational breakdown of York, and also of self-employment, especially with the decline of the Construction industry.
- **Forecast population growth** to 2030 for York may not match its **potential jobs growth**. However, recent research suggests that York is potentially a magnet for workers from other areas in the region. Activity to convert those who are of working age but currently **economically inactive** could help to fill this gap (and reduce benefit costs). The region also has an excellent Higher Education base, over 50,000 graduates a year and a **good retention rate of graduates** who subsequently work in the region. This can be capitalized on with appropriate recruitment campaigning and marketing.
- York firms are more likely than average to be trying to address their skills needs by investing in **training and re-training** of their workforce. Particular areas for attention include management skills (this has a strong link to improved productivity overall), marketing and customer care. A much stronger proportion of York firms than average also identify technical, professional and foreign language skills as requiring improvement. The interest York businesses express in training their workforce suggests a warm audience should additional public sector support be offered in these areas.
- York already has a better than average skills mix, and forecasts to 2016 suggest that this will continue. In the context of the *Regional Economic Strategy* Skills target, the district will over-achieve against the Level 2+ and Level 4+ elements of the target if no additional intervention is made. However, a focus on **improving the skills mix above projected trends** could have the impact of increasing Level 4+ qualifications from a projected 38% of working age to 42.5% and reducing those with less than a level 2 qualification down to only 15%. Should an improved skills mix for York be achieved by 2016, this could also result in an additional 1,300 full-time equivalent jobs on top of the 2016 forecasts and GVA growth at an average of 3% per annum between 2005 and 2016, compared to a forecast 2.6% in the baseline figures.

Section 5: Investment

Investment increases labour productivity by increasing capital stocks that each worker can utilise. Lower levels of capital investment have been a contributory factor in explaining the productivity gap between the UK and France, Germany and the US.

Investment can have both a direct and indirect effect. The direct effect is that labour is more productive because it has more capital to work with. The indirect effect is that when using new investments, labour is able to gain new skills. For example, investment in new machinery might require workers to be retrained thus increasing their skills.

A contribution to productivity can also be made through non-capital investments. For example, investing in staff training or developing innovative practices may increase skill levels without adding to company assets.

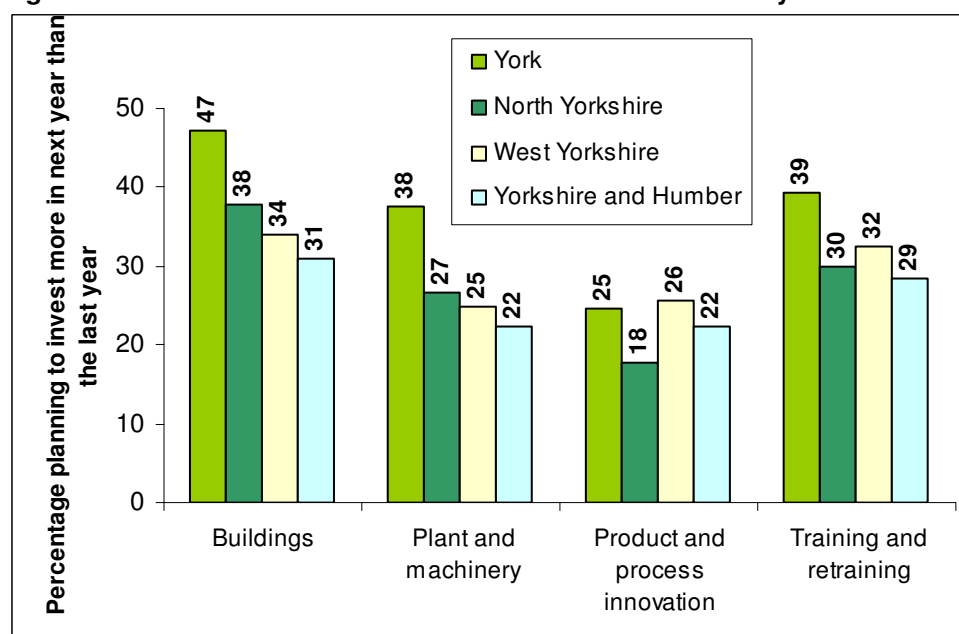
ICT investment is a specific component of physical capital and is the most recent example of technological change with a pervasive influence on production processes across a wide range of sectors in the economy.

5.1: Business Investment

Business Investment Intentions

In York, business investment can be measured through the intentions of companies to invest in both capital and non-capital assets. These include: buildings; plant and machinery; product and process innovation; and training/retraining of staff.

Figure 5.1: Business investment intentions over the next year



Source: Yorkshire Forward/CBI, Survey of Regional Economic Trends, September 2006.

Firms in York appear more interested in investment than those in other parts of the region.

With most investment intentions, there is a significant difference between the percentage intending to invest in York and other areas. Compared to the regional average, this includes a 16percentage point difference on capital investments (buildings and plant and machinery) and a 10percentage point difference on training.

The one area where York business investment intentions are similar to the other comparator areas is product and process innovation.

All areas follow a similar trend with investment in buildings as the most popular intention, followed by training and investment. Of the other two areas, York and North Yorkshire are more interested in plant and machinery with West Yorkshire and the region more interested in product and process innovation.

Investment and Competitiveness

Other factors that businesses see as contributing towards their organisation's competitiveness include investment in R&D, IT investment and new capital investments. Of these, IT and new capital investments are seen as most important by businesses, and York firms are more likely to express this than businesses across the region in general (see Table 5.1). Although York is a Science City, only a very small percentage of firms in the district believe that investment in R&D will enhance their competitiveness.

Table 5.1: Percentage of firms that feel investment in specific factors would enhance their competitiveness

	UK	Yorkshire and Humber	North Yorkshire	York
Interest in investment in R&D	6.2	4	4.3	1.4
IT investment, use of ICT	6.2	16	16.7	18.1
New capital investments	15.4	12.8	11.7	16.7

Source: Yorkshire Forward/CBI, Survey of Regional Economic Trends, September 2006.

Similarly, York firms are far more likely than the regional and UK average to see low capital investment as an inhibitor of growth.

It is interesting to note that although more firms in York than average say that IT investment would improve their competitiveness, far fewer feel that a lack of IT investment would inhibit growth.

Table 5.2: Percentage of firms that feel that lack of investment in specific factors would inhibit growth

	UK	Yorkshire and Humber	North Yorkshire	York
Links to universities/knowledge base	1.4	1.1	1.2	2.8
Lack of IT investment/use of ICT	3.2	4.5	4.7	4.1
Lack of inward investment	4.1	5.8	7.4	5.5
Low capital investment	6.5	8	8.6	12.3

Source: Yorkshire Forward/CBI, Survey of Regional Economic Trends, September 2006.

Location

Firms in York are more likely than average to agree that their current location is a good place for businesses to invest in, with nearly 72% of firms saying so in the September 2006 Survey of Regional Economic Trends – far higher than the regional average of 58.6%.

However, when asked: "For the future do you expect the area in which your business is located to become more attractive to investors?" 43% of firms in York said yes, whilst the same proportion neither agreed nor disagreed. This higher level of pessimism for the future is replicated across the region (43.1%).

Key Points

- Businesses across York are far more likely than average to have strong investment intentions for the next year, especially in buildings, training and plant and machinery – a positive message for productivity improvements.
- New capital investments and IT investments are also seen as good drivers of a firm's competitiveness by York businesses, more so than across the UK as a whole.
- An interesting, but slightly strange message is the lower level of importance placed on R&D investment and access to universities/knowledge base as drivers of competitiveness. This does not quite sit with York's Science City focus.
- York firms are optimistic that York is a good place for businesses to invest in; however, they are less optimistic about the future (in-line with the regional average).

5.2: Infrastructure Investment

Infrastructure facilitates the movement of goods and people, encourages business investment, influences individuals' location decisions, supports social objectives, and benefits consumers through lowering the cost of goods and services and increasing the variety available to them. As such, an investment in infrastructure provides the opportunity for economic growth and has been seen to contribute to further private sector investment.

There are a number of transport infrastructure issues in York and the surrounding areas and a lack of investment could have a detrimental impact on productivity. Fast reliable transport connections are essential to connect people to employment and facilitate trade.

Around 25% of all travel to work trips in York originate from outside the city. Between 1991 and 2001, total commuting trips increased by 65%.

York has a net inflow of nearly 5,000 people. The majority of cross boundary commuting in York comprises movements to or from neighbouring areas, particularly the East Riding, Leeds and Selby.

Leeds is the most important employment centre outside of the North Yorkshire sub-region, with over 22,000 commuting from York and North Yorkshire each day, while 8,000 people travel from Leeds into North Yorkshire. Within the sub-region, over 11,000 people travel from York and North Yorkshire into York each day.

Table 5.3: Daily commuting flows in York

	Out-flow from York	In-flow to York	Net flows from York
Leeds	4,571	1,838	2,733
Harrogate	1,595	1,615	-20
Ryedale	1,541	2,271	-730
Hambleton	1,465	2,327	-862
Selby	1,667	4,317	-2,650
East Riding	1,693	5,123	-3,430
Total	12,532	17,491	-4,959

Source: York Local Transport Plan 2006–2011 Part 1: Changing Face of York.

Transport issues that have been highlighted in previous studies are shown below covering roads, rail and buses.

Road Issues

There is peak hour congestion on radial routes leading onto the York Ring Road, particularly the A19 from Thirsk, A59 from Harrogate, A19 from Selby, and the A64 from Malton.

High peak hour traffic flows on the roads into Leeds and Bradford from Harrogate, Selby and Craven districts leads to congestion in Harrogate and parts of West Yorkshire.

The difficult position the region faces is that it is unable to just build its way out of the issue through extra road capacity. Studies show this can simply unlock suppressed demand for car travel which will over a period of years swamp the improvements made.

The car dominates the means of transport to work in York, as it does throughout the country. However, car travel is 6 percentage points below the national average and 10 percentage points below the regional average. More people in York are likely to walk to work than either the regional or national average.

Table 5.4: Main method of travel to work (2001)

Travel to work methods	York	North Yorkshire	Y&H	England
Train	1.6	1.5	1.8	7.4
Bus	7.2	4.4	10.5	7.5
Car	54.2	60.9	64	61.5
Motorbike	1.8	1	1	1.1
Bicycle	12	5.1	2.9	2.8
Foot	14.9	14.4	10.9	10
Other	0.4	0.7	0.4	0.5
Work at home	7.9	12.2	8.4	9.2

Source: Office for National Statistics, Census 2001.

Rail Issues

There is limited frequency and capacity on rail routes from Thirsk/Northallerton, Malton/Scarborough, Harrogate and Selby.

There is limited capacity on peak hour rail services into Leeds from York, Harrogate and Selby and traffic and parking problems at Metro stations.

York is a pivotal railway hub located on the key north/south, east/west and cross-country rail routes. It is served by the East Coast Mainline, providing access to London and Scotland, as well as west to Leeds and Manchester. It is estimated that approximately 5.5 million passengers start or finish their journey at York station each year and a further 2 million interchange services are undertaken.

Bus Issues

The popularity of Park and Ride and its continued growth is leading to capacity pressures on some sites during the busiest days.

Since 2000, York has seen an increase of almost 80% in bus patronage. This is mainly due to the Park and Ride services that accommodate almost 2.3 million passengers per year.

Road Pricing

In the Yorkshire Forward/CBI *Survey of Regional Economic Trends* (September 2005), firms were asked what the likely impact of national road pricing would have on their business. Table 5.5 shows the percentage of firms who believed national road pricing would increase both costs and working styles.

Table 5.5: Percentage of firms who believe national road pricing will increase particular costs

	York	Y&H
Overall costs will increase	69.6	75.1
Sales will increase	11.5	8.0
Use rail more	55.1	27.8
Use other public transport more	36.6	18.3
More homeworking	57.6	28.7
Investment in technology e.g. teleconferencing	53.8	30.8

Source: Yorkshire Forward/CBI, Survey of Regional Economic Trends, September 2005.

Key Points

- Public transport links between Leeds and York and North Yorkshire are particularly important for employment purposes.
- York has a net inflow of 5,000 commuters a day, and 25% of all its travel to work trips originate from outside the city. The East Riding and Selby are particular contributors to the York workforce.
- The Park and Ride services are successful, and have increased bus patronage by 80% since 2000.
- There are key capacity issues with the current public and road transport systems for York. This will have an impact on how much the city can feasibly grow in terms of employment in the future.
- 69% of firms in York believe road pricing would increase costs compared to an average of 75% across Yorkshire and Humber. However, more firms in York also felt it would also increase sales (11.5% compared to the regional average of 8%).
- Firms in York are more willing to use public transport in response to road pricing than those in the region as a whole. 55% would increase their use of rail compared to 28% in the region and 37% of firms in York would use other forms of public transport compared to 18% in Yorkshire and Humber.
- Firms in York would also be more willing to invest in new technologies in response to road pricing. 54% of York's businesses say they would invest in new technologies compared to a regional average of 31%.

5.3: Summary

- Businesses across York are far more likely than average to **have strong investment intentions** for the next year, especially in buildings, training and plant and machinery – a positive message for productivity improvements. New capital investments and IT investments are also seen as good drivers of a firm's competitiveness by York businesses, more so than across the UK as a whole. York firms are optimistic that currently **York is a good place for businesses to invest in**. This positive message could be capitalised on.
- Public transport links between Leeds and York and North Yorkshire are particularly important for employment purposes as York currently has a net inflow of 5,000 commuters a day, with 25% of all its travel to work trips originating from outside the city. The Park and Ride schemes are successful, but there are **key capacity issues on the current public and road transport systems** for York. This **may constrain employment growth** in the future, and reduce the attractiveness of the city as a potential location for inward investment.

Section 6: Enterprise

Enterprise – the drive of individuals to create and grow new businesses – has a critical role to play in a dynamic and flexible economy. New enterprises drive productivity growth by applying competitive pressure in the market place, bringing forward new products, and raising the incentives for established firms to invest, innovate and seek efficiency and quality improvements. New entrants help market share to be transferred through market forces from lower productivity firms to more productive firms, thus raising productivity at an aggregate level. Enterprise can also play an important role in generating employment and contributing to economic regeneration and social cohesion (HM Treasury, *Productivity in the UK: 5*).

HM Treasury's *Productivity in the UK: 6* highlights that at a national level, enterprise indicators show some improvement in the UK, with entrepreneurial activity (as measured by the *Global Entrepreneurship Monitor's Total Entrepreneurial Activity Index*) stronger than in France and Germany and UK total early stage entrepreneurial activity showing the third highest rate of the G7 economies behind the US and Canada.

The UK also performs well in terms of the cost of starting up a business, but is less strong on start-up times. In addition to low start-up costs, the UK has relatively well-developed capital markets and the Organisation for Economic Co-operation and Development (OECD) has rated the UK as having the lowest barriers to entrepreneurship of any major economy. Overall, the UK has performed well under the enterprise driver but still lags behind the USA.

So what is the picture for Enterprise in the York economy?

6.1: Business Stock

VAT Stock

The VAT registered business stock in York currently stands at 4,940, accounting for 3.7% of the region's total VAT stock. This is 317 VAT registered businesses per 10,000 of the adult population; a figure that compares similarly with the region's other major employment centres.

Since 1999, VAT stock in York (per 10,000 resident adults) has increased by 7.1%, faster than the UK average of 3.8% and the regional average of 4.1%.

Table 6.1: VAT Business Stock per 10,000 resident adults

	1999	2000	2001	2002	2003	2004	2005	2006	% increase (1999 – 2006)
United Kingdom	367	371	374	374	375	378	379	381	3.8
England	372	377	380	380	381	385	386	388	4.3
Yorkshire and Humber	314	317	319	318	318	323	325	327	4.1
North Yorkshire	471	474	475	473	475	481	482	484	2.8
York	296	299	302	303	308	314	315	317	7.1
Bradford	289	292	293	289	285	286	287	291	0.7
Leeds	312	312	314	312	311	315	314	316	1.3
Sheffield	259	262	264	268	267	272	273	273	5.4
Hull	200	205	207	210	213	218	222	228	14.0
Manchester	360	358	345	338	326	318	316	314	-12.8
Newcastle	230	232	235	233	235	235	235	234	1.7

Source: Small Business Service, VAT stock data, February 2007.
(VAT threshold is currently a turnover of £61,000).

Rural areas, such as North Yorkshire generally have a much higher business stock per head of population than urban employment centres.

VAT statistics however, do not capture those businesses that fall below the VAT threshold, and as such, do not reflect the true number of businesses within a location. Regional level data released by the Small Business Service suggests that the total number of businesses operating in York is likely to be substantially higher. If we assume that the proportion of businesses not included in the VAT statistics is the same at local level as it is at regional level we can estimate there to be approximately 12,500 businesses in York, some 7,500 of which fall below the VAT threshold.

The Office for National Statistics' *Annual Business Inquiry* gives the middle ground of 7,061 business units in York in 2006 (4% of the regional total).

New VAT Registrations

York has a markedly lower VAT start-up rate when compared to both the England and North Yorkshire rates, but is performing broadly in line with the regional start-up rate.

Over the past seven years, the VAT registration rate in York has been fairly static at around 32 VAT registrations per 10,000 resident adults. This suggests a degree of stability in the York economy. In comparison, although VAT registration rates in Manchester are much higher, they have shown a declining pattern over the past seven years.

Table 6.2: VAT registrations per 10,000 resident adults, 1999-2005

	1999	2000	2001	2002	2003	2004	2005
United Kingdom	38	38	36	37	40	38	37
England	40	40	38	39	42	40	38
Yorkshire and Humber	30	31	29	31	34	32	31
North Yorkshire	40	40	39	41	46	42	41
York	30	31	30	33	34	30	32
Bradford	29	31	30	30	32	31	32
Leeds	33	34	32	34	36	35	33
Sheffield	29	29	28	27	30	30	27
Hull	20	21	22	23	24	25	22
Manchester	48	43	42	40	41	41	37
Newcastle	24	25	24	25	27	25	26

Source: Small Business Service, VAT registrations data, February 2007.
(VAT registration threshold is currently a turnover of £61,000).

The Region's Enterprise Target

The Enterprise target set out in the 2006-2015 *Regional Economic Strategy* is to increase total business stock across the region by 25%, from 32 businesses per 1,000 adults in 2004 to 40 business per 1,000 adults (based on VAT registered firms). Essentially, this equates to over 30,000 extra net VAT registered businesses, and means that we need to increase the current 133,335 VAT registered businesses in the Yorkshire and Humber region (start of 2006) up to 163,688 by 2015. Achieving this target would increase the regional share of VAT registrations in England to 9.4% (assuming same trend of growth across England as a whole) from a forecast trend of 8.1% by 2015; add approximately £1.7 billion to the regional economy, and increase GVA per head from 88.8% of UK average to 91.6%. However, based on projecting recent VAT stock growth trends forwards, the region is likely to fall short of this target position by about 18,750. Therefore, if the region is to attain its target it will need to significantly improve its performance. Improving VAT start-up rates in York will help towards achieving this regional target (although no sub-regional or local targets have been set). If York is to achieve a VAT stock rate of 40 per 10,000 resident adults (the RES target), it would need a VAT stock of 6,175 by 2015 – an additional 1,235 VAT registered businesses on top of the 4,940 that currently exist.

Key Points

- Business density (measured as VAT registered businesses per 10,000 adult population) in York is lower than the national and regional averages, but indicative of an urban employment centre. Growth since 1999 in business stock in the district has been above average.
- VAT statistics suggest a business stock of 4,940 in York, the *Annual Business Inquiry* suggests 7,061 business units, but estimates taken from the Small Business Service SME statistics give a possible 12,500 businesses operating in the York district.
- VAT registrations per 10,000 resident adults in York year-on-year are broadly in line with the regional average, and have remained fairly stable over the past seven years, with a current rate of 32 registrations per 10,000.
- Based on these figures, there appears to be no major requirement to significantly increase the business stock of York. However, if the regional RES Enterprise target of increasing the VAT business stock of the region is applied to York, it would require an additional 1,235 businesses in the city to be registered for VAT.

6.2: Current Entrepreneurs

In 1995, there were 9,785 self-employed people in York (10.3% of the total number of people in employment in the district). In 2005 this figure was broadly the same at 9,702 and in 2015, it is forecast to be a similar 9,817. Self-employment represents 16% of employment in the North Yorkshire sub-region, and 11.2% of the region's total number of people in employment (2005 figures).

Table 6.3: Self-employment as a proportion of total employment, 1995 – 2015

	1995	2005	2015
UK	14.0	12.7	12.7
Yorkshire and Humber	13.2	11.2	11.3
North Yorkshire	19.2	16.0	15.6
York	10.3	8.9	8.5

Source: Yorkshire Forward/Experian Business Strategies Ltd, Regional Econometric Model, Autumn 2006.

In 1995, the largest proportion of self-employed people in York (36.2%) were working in the Construction industry. Since then, it has declined down to 14% of total self-employment in the district, and is expected to continue to decline to around 11.4% by 2015. In comparison, across the region as a whole, self-employment in the Construction industry is currently at 26.5%, and across the UK as a whole it is at 22.7% of all self-employment.

Although employment and output is set to rise in the Retailing sector, self-employment is forecast to decline from 13.9% in 1995 down to 7.9% by 2015, mainly due to the closure of small independents, and the increased predominance of larger chain stores.

In comparison to the UK picture, York is peculiar in its dramatic increase in self-employment in the Transport and Business Services sectors. Business Services self-employment has grown across the UK as a whole, but to a much lesser extent than in York. Currently the UK figure for self-employment in this sector is 15.9% of all self-employment while in York it accounts for 21.3% of all self-employment. Meanwhile, UK self-employment in the Transport sector is currently at 5.5%, compared to the York figure of 13.7%. Increases in self-employment in these sectors have offset the losses in the Construction sector.

Table 6.4: Self-employment by industry sector in York, 1995 – 2015

	1995		2005		2015	
	Number	%	Number	%	Number	%
Industry Total	9,785	100.0	9,702	100.0	9,817	100.0
Agriculture, Forestry & Fishing	313	3.2	192	2.0	147	1.5
Metals	35	0.4	158	1.6	156	1.6
Construction	3,546	36.2	1,360	14.0	1,121	11.4
Retailing	1,356	13.9	1,009	10.4	779	7.9
Wholesaling	419	4.3	274	2.8	222	2.3
Hotels & Catering	534	5.5	255	2.6	207	2.1
Transport	411	4.2	1,326	13.7	1,679	17.1
Communications	16	0.2	205	2.1	298	3.0
Banking & Insurance	123	1.3	368	3.8	351	3.6
Business Services	531	5.4	2,064	21.3	2,313	23.6
Other Financial & Business Services	155	1.6	215	2.2	251	2.6
Education	288	2.9	263	2.7	180	1.8
Health	686	7.0	630	6.5	508	5.2
Other Services	1,064	10.9	1,073	11.1	1,334	13.6

Source: Yorkshire Forward/Experian Business Strategies Ltd, Regional Econometric Model, Autumn 2006.

(Note: Very small levels of self-employment in some industry sectors are not shown e.g. Machinery & Equipment where levels are currently only at around 26 people).

In view of York's population projections for the future and the old age dependency ratio (currently 4 workers for every retired person but forecast to drop to only 2.8 by 2030); self-employment may become quite important for the district. This also needs to be considered in light of the number of Eastern European migrants coming into the region. These people are currently predominantly operating in the lower paid, lower skilled jobs e.g. warehousing and packing.

Key Points

- York is a major employment centre in its own right within the region and also benefits from its close proximity to other major employment centres including Leeds, Harrogate, Middlesbrough and Hull. This has an obvious impact on the necessity for self-employment and business ownership amongst the city's resident population and is reflected in its performance against a number of key entrepreneurial measures. Additionally York has a more closely defined geographic boundary than many other districts in the region, which may have an effect on some measures.
- Levels of self-employment in York (8.9%) are below the UK (12.7%) and regional averages (11.2%). Given York's status as a major employment centre lower rates of self-employment and business ownership for the district are not necessarily a bad thing, though for forward planning purposes, this does need to be put into the wider context of population ageing, migration and likely growth in FTE employment, which suggests self-employment may become quite important for the district.
- The largest proportion of self-employed people in York are operating in the Business Services sector (21.3%), with significant proportions in Construction (14%), Transport (13.7%) and Retailing (10.4%).

6.3: Future Entrepreneurs

Self-employment is a key factor in the success of an economy as a whole, and the figures presented above highlight where it is forecast that self-employment will be most predominant in the future. Another useful measure is the number of people thinking about going into business in the future.

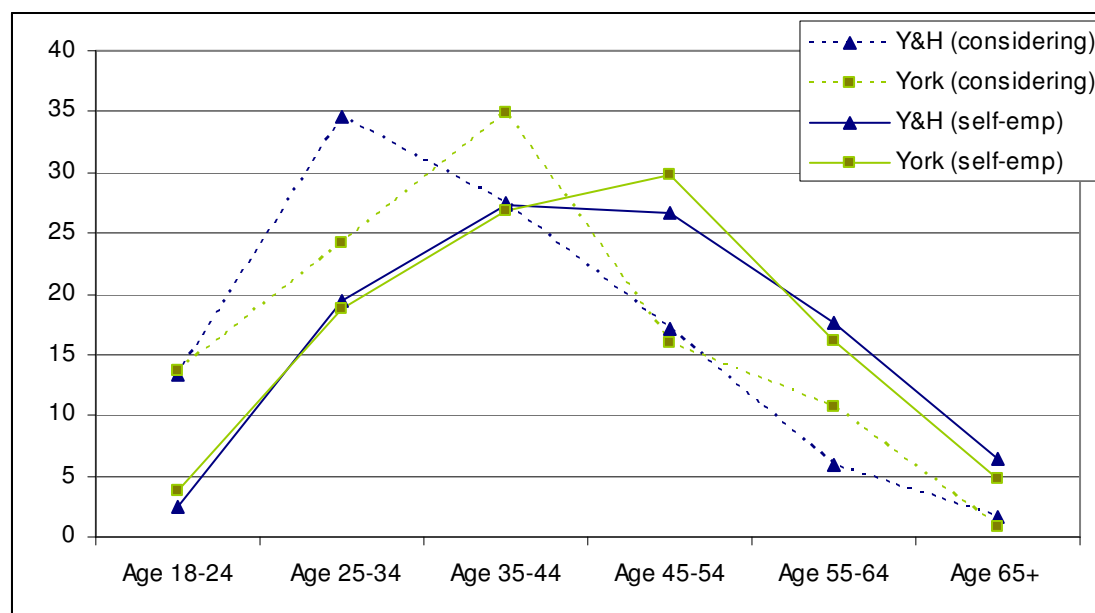
In 2006, 3.7% of households in York were thinking about starting up their own business, this equates to nearly 3,000 households. However, the rates are less than for England (4.9%), and Yorkshire and Humber (4.2%) and represent a reduction on previous years.

Age

In terms of target-marketing potential business owners, across the York district there is likely to be most success with the 35-44 age group, unlike the regional and national average, where the most interest lies with the 25-34 age group. Around 35% of all householders thinking about starting their own business in the York district are in the 35-44 age bracket.

In comparison however, the age profile of actual business owners in York is very similar to the regional and national averages, with most business owners being in the 35-54 age group. Raising the levels of business ownership in older age groups may become a policy area worthy of more attention in the future as retirement ages begin to rise to compensate for population ageing.

Figure 6.1: Age profile of people thinking about starting a business in the future, 2005



Source: Acxiom National Lifestyle Survey. © Acxiom UK Ltd. All rights contained in this data belong to Acxiom UK Ltd and may not be used or reproduced without the express permission of Acxiom UK Ltd.

Ethnicity

Across the Yorkshire and Humber region, 3.8% of White households are thinking about starting up in business in the future. In comparison, the rate for Black and Minority Ethnic (BME) households is 14.4%. This trend is replicated across England, with 4.2% of White households thinking of starting a business compared to 17% of BME households.

Forecasts from a Yorkshire Futures/University of Leeds, School of Geography report in 2006 suggest that the York population will increase from 186,600 in 2005 to 211,330 by 2030 – a rise of 13.3%, compared to a forecast rise of 8.9% across Yorkshire and Humber as a whole. York's very small minority ethnic population is forecast to rise by 71% from 6,757 to 11,548. Most of this will be in the Chinese/Other (mainly Eastern European) groups.

The impact this may have on self-employment rates is yet to become apparent. However, if you assume that of those additional 4,791 people, about 59% will be of working age (2,827 people) and then assume that 13.9% of those people may be self-employed (based on

current BME household self-employment rates for the region), then at least an additional 393 people from York's small BME community may be self-employed (based on the forecast population growth).

Key Points

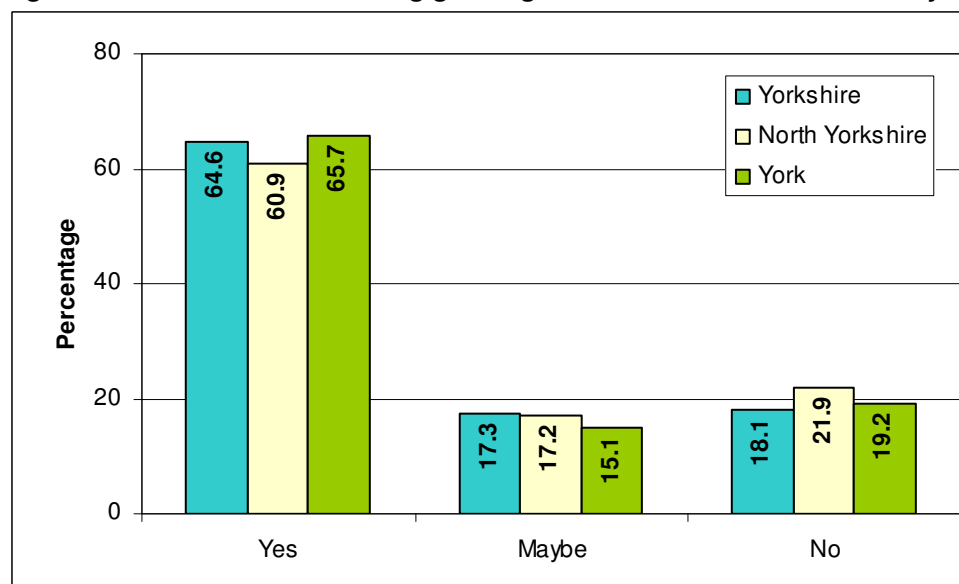
- Around 3.7% of households in York are thinking about starting their own business, less than both the regional and England averages, and a reduction on previous years. It also compares less well to other cities in the region such as Leeds (4.9%), Sheffield (4.5%) and Bradford (4.8%). Given its already relatively modest start-up levels, this may pose some issues going forward as self-employment potentially becomes more important to meet future workforce versus pensions demands.
- In terms of encouraging entrepreneurial activity, target-marketing the 35-44 age group in York is likely to be most successful, whereas across the region as a whole, the age group with the greatest propensity to set-up a business is the 25-34 age group.
- Ethnicity plays a key role in entrepreneurship, with over three times as many BME households in the region thinking about starting their own business as White households. York has the potential here to target its small, but growing Chinese and Eastern European communities to help meet possible employment gaps in the future.

6.4: Business Growth and Survival

Business Growth

The September 2006 *Survey of Regional Economic Trends* asked firms whether or not they were considering growing their business in the next two years, nearly two-thirds of firms operating in York said "yes", whilst only 19.2% said 'no'. This is slightly more than the regional average.

Figure 6.2: Firms considering growing their business in the next two years



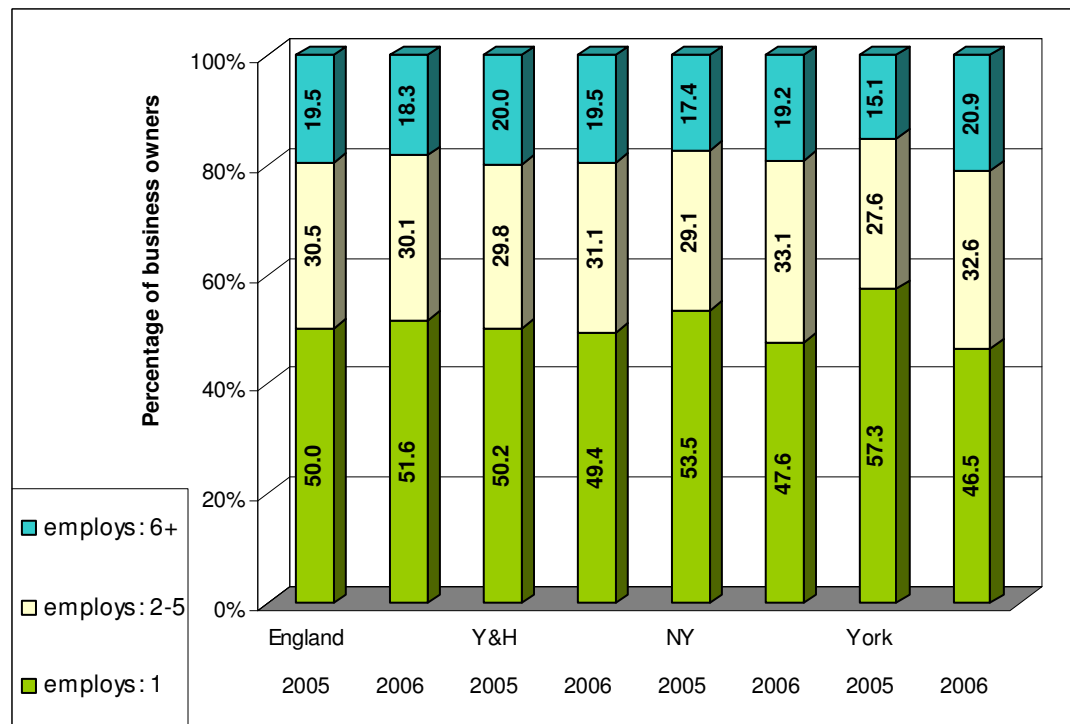
Source: Yorkshire Forward/CBI, *Survey of Regional Economic Trends*, September 2006.

(Note: this question was only asked on the Yorkshire and Humber survey, so UK comparisons are not available).

Business investment intentions for the next twelve months are also much stronger in York than across the region or the UK, with 47% of York firms planning to invest more in buildings and 38% planning to invest more in plant and machinery over the next twelve months (see Section 5 for further details).

This intention to grow is also supported by information on the number of people that business owners have been employing over the past two years. Between 2005 and 2006, the proportion of business owners in York that stated they only employed themselves has decreased from 57.3% down by over 10 percentage points to 46.5%. Similarly, the proportions employing 2-5 and 6+ have increased. This trend has been mirrored to a lesser extent across North Yorkshire as a whole, but not across England or the region. These are positive messages against the recent backdrop of 'job loss announcements' in York.

Figure 6.3: Numbers employed by business owners, 2005 and 2006



Source: Acxiom National Lifestyle Survey. © Acxiom UK Ltd. All rights contained in this data belong to Acxiom UK Ltd and may not be used or reproduced without the express permission of Acxiom UK Ltd

Business Survival

The latest data from the Small Business Service shows that for those businesses registering for VAT in 2002, three years later (2005), 74% were still trading above the VAT threshold. This compares favourably to the national (71%) and regional averages (72%) and is above rates seen in other cities including Leeds, Sheffield, Bradford, Hull, Manchester and Newcastle. Within the region, the highest rates of survival are in North Yorkshire at 76%.

Obviously the VAT survival rates only relate to those businesses that are operating above the VAT threshold. However, this positive message is borne out by household data on all business owners/self-employed irrespective of their VAT status. In 2006, across England 61% of business owners/self-employed said they had been running their business for over three years with the regional average a similar 60%. Within the region, North Yorkshire has the highest level of business owners/self-employed that have been operating for over three years at nearly 70%. In York, this figure is a similarly positive 67% (*Acxiom National Lifestyle Survey, 2006*).

Table 6.5: Three-year survival rates of VAT registered businesses

Businesses registering in:	1996	1997	1998	1999	2000	2001	2002
United Kingdom	67	69	68	68	68	70	71
England	67	68	68	68	68	69	71
Yorkshire and Humber	66	68	67	69	67	70	72
North Yorkshire	71	73	73	74	73	74	76
York	68	69	76	73	72	75	74
Leeds	63	66	66	66	64	65	68
Bradford	63	66	62	66	62	65	69
Sheffield	67	65	62	67	67	69	70
Hull	65	63	64	69	66	71	72
Manchester	59	55	60	59	58	59	64
Newcastle	66	66	66	64	66	68	72

Source: Small Business Service, three-year business survival rates for businesses registering in 1996 to 2002, February 2007.

Key Points

- Nearly two-thirds of businesses in York say they plan to grow their business in the next two years, slightly more than the regional average. Similarly, over the past year, evidence from self-employed/business owners suggests that micro-businesses in the city have been recruiting staff at a far higher rate than the national average.
- York performs well on business survival, with slightly more companies still in business after three years than both regional and national rates. However, coupled with a modest start-up rate this may well reduce levels of 'churn' and therefore competition within the business base, with the potential to restrict long-term productivity growth in the district. Stimulating existing households and businesses to start-up or move up the value chain and increasing Inward Investment may help to address this.

6.5: Summary

- Business density in York is lower than the national and regional averages, but indicative of an urban employment centre. There appears to be **no major requirement to significantly increase the business stock** of York, however; if the *Regional Economic Strategy* Enterprise target of increasing the VAT business stock of the region is applied locally to York, it would require an additional 1,235 businesses in the city to be registered for VAT. Based on a recent survey where two-thirds of firms in York suggested they wished to growth their business in the next two years, this could be achieved by **increasing business growth** rather than focusing too heavily on business starts.
- Levels of self-employment in York are below the UK and regional averages. Given York's status as a major employment centre, **lower rates of self-employment and business ownership** for the district are not necessarily a bad thing, though for forward planning purposes, this does need to be put into the wider context of population ageing, migration and likely growth in full-time equivalent employment, which suggests self-employment may become quite important for the district.
- The largest proportion of York's self-employed are currently operating in the Business Services sector (21.3%), with significant proportions in Construction (14%), Transport (13.7%) and Retailing (10.4%). **Industrial changes over time have a significant impact on self-employment**, although self-employment rates for York have remained stable at around 9% for the last decade.
- York has fewer than average of its population that are thinking about starting up in business. However, of those that are, **target marketing** the 35-44 age group is likely to have the most success. Ethnicity also plays a key role in entrepreneurship, with over three times as many Black and Minority Ethnic households in the region thinking about starting their own business as White households. York has the potential here to target its small, but growing Chinese and Eastern European communities to help meet possible employment gaps in the future.

- York performs well on business survival, with slightly more companies still in business after three years than both regional and national rates. However, coupled with a modest start-up rate this may well reduce levels of 'churn' and therefore competition within the business base, with the **potential to restrict long-term productivity growth** in the district. Stimulating existing households and businesses to start-up or move up the value chain and increasing inward investment may help to address this.

Section 7: Communities and Regeneration

The nature, scale and relative intensity of social exclusion (and by definition economic inclusion) in York shares many of the same characteristics, and hence challenges as other parts of Yorkshire and Humber.

As York's economy grows, opportunities to connect the indigenous population to the economic opportunities that result will increase as the employment rises.

7.1: Economic Activity and Inactivity

Economic Activity

Comparatively speaking, York's rate of economic activity, and within this, the rate of those in employment relative to the rate of economic inactivity is very good, amongst the best in Yorkshire and Humber (and the economic inactivity rate is amongst the lowest in the region).

Significant opportunities exist locally to get more of the economically inactive population into work as some 4,000 people (or 3.5%) who are currently inactive in York say they want a job, this is much higher than nationally (see also Table 4.4 in Section 4).

Table 7.1: Comparative local estimates of economic activity and inactivity

	Economic Activity Rate (age 16-59/64)	Unemployment rate % (age 16+)	Employment rate % (age 16-59/64)	Economic inactivity rate (age 16-59/64)
Yorkshire and Humber	78.7	5.3	73.9	26.3
Barnsley	73.5	5.9	69.0	26.3
Bradford	74.7	5.8	69.3	26.6
Calderdale	78.3	4.6	73.9	23.1
Craven	93.5	2.4	82.3	17.7
Doncaster	76.1	6.5	70.9	23.6
East Riding	82.1	4.3	77.5	18.6
Hambleton	88.0	3.0	80.4	17.5
Harrogate	87.2	2.6	83.2	15.7
Kingston-upon-Hull	70.3	7.3	66.6	28.8
Kirklees	82.0	4.2	77.4	19.6
Leeds	82.7	6.0	76.1	18.6
North East Lincolnshire	75.5	6.6	75.9	23.2
North Lincolnshire	78.7	4.9	75.5	20.6
Richmondshire	75.0	2.6	79.7	20.3
Rotherham	77.4	5.8	72.1	23.1
Ryedale	83.3	3.5	77.3	16.2
Scarborough	86.9	4.9	75.9	19.2
Selby	81.3	3.7	76.6	20.8
Sheffield	73.9	6.8	68.9	25.5
Wakefield	78.9	4.7	75.6	20.8
York	80.8	3.5	79.0	18.2

Source: Office for National Statistics, Labour Force Survey/Annual Population Survey, mid 2006.

Income Support and Other Benefit Claimants

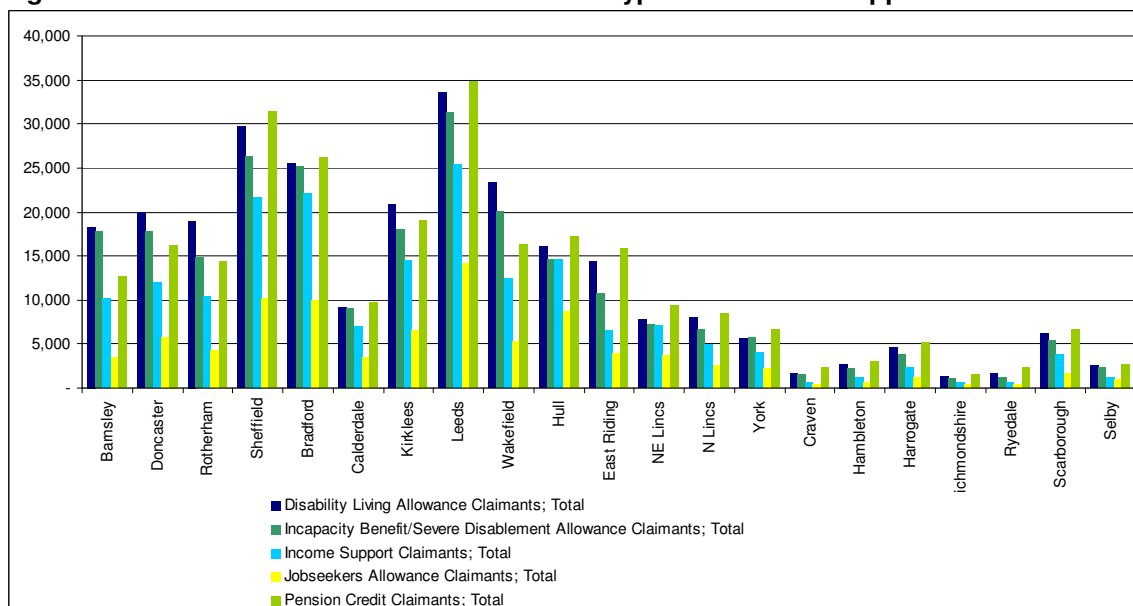
In absolute terms, the number of people claiming different types of benefit in York is not large (a total of 24,330 in 2006) compared to other cities in Yorkshire and Humber, but it should be remembered that over 12.5% of York's resident population actually claim some sort of support.

This breaks down into:

- 5,605 disability living allowance claimants
- 5,675 incapacity benefit/severe disablement allowance claimants
- 4,130 income support claimants

- 2,165 jobseekers allowance claimants
- 6,755 pension credit claimants

Figure 7.1: Number of claimants of different types of financial support in 2006

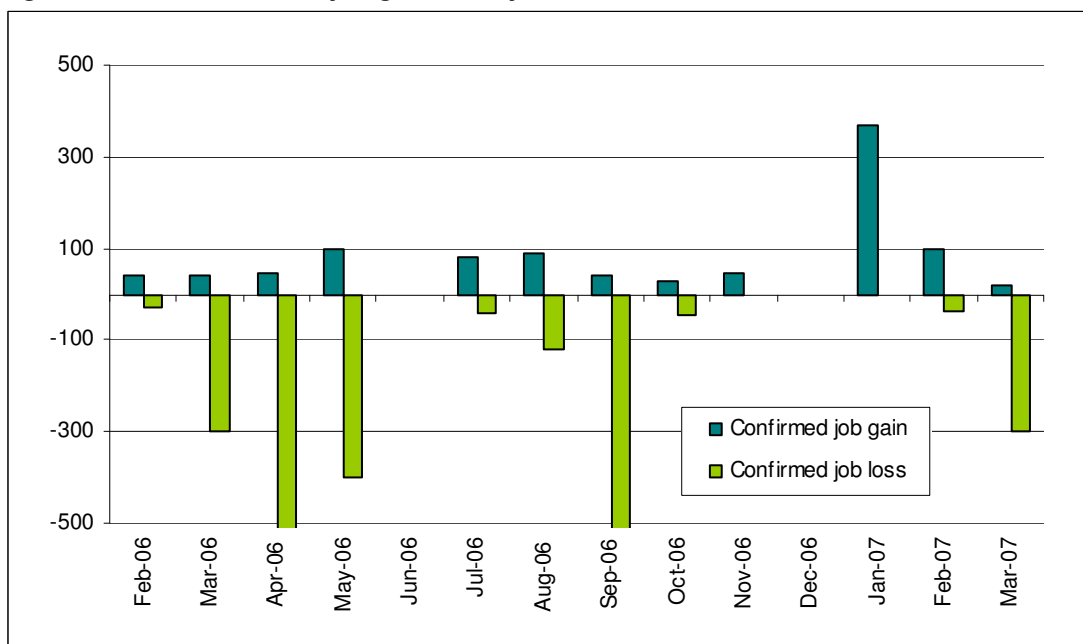


Source: Neighbourhood Statistics Service, 2006.

7.2: The Local Jobs Market

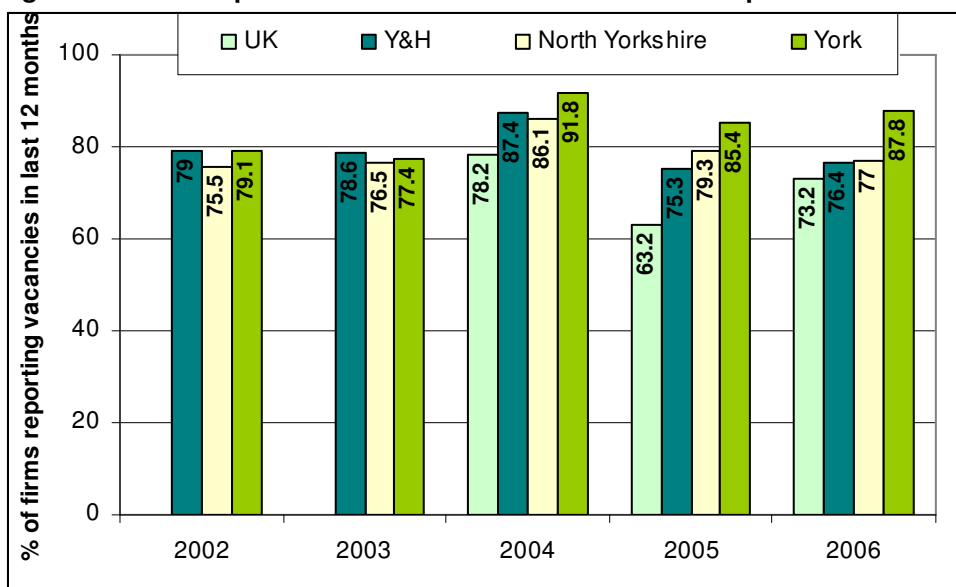
Yorkshire Forward's regional jobs database has been monitoring press announcements about the local distribution of actual and planned jobs since the start of 2005.

A broad based measure of counting actual and planned job creation (and losses) from 2005 to February 2007 suggests that the nature of job creation in the York economy is more active than might be first assumed with a balance of +1,460 accruing potentially to the local jobs market (although it is true that not all planned job announcements actually materialize). Figure 7.2 shows how York is a growth market within the overall context of job announcements recently in North Yorkshire.

Figure 7.2: Confirmed job gains and job losses in North Yorkshire, 2006-2007

Source: Yorkshire Forward/Experian Business Strategies, Regional Jobs Database, 2005 – 2007. Note: Database based on press monitoring in that period, data set is not exhaustive or definitive.

The relative underlying strength in the local jobs market is highlighted if we examine the local vacancy rate for jobs amongst York's employers as highlighted by Figure 7.3. This shows that companies locally still have a comparatively high demand for labour and they are continuing to generate employment opportunities.

Figure 7.3: Proportion of firms with vacancies over the past 12 months

Source: Yorkshire Forward/CBI, Survey of Regional Economic Trends, 2002 - 2006

Over the past 5 years, firms in York have been more likely than average to have had vacancies, with 87.8% of firms reporting vacancies in 2006, compared to the UK average of 73.2%.

7.3: The Economic Impact of Regeneration Activities in York

Regeneration activities identified in city region modelling feeding into the *Regional Spatial Strategy* found that:

- York's output (2009-2016) increases by 42% (higher than our policy neutral baseline increase of 17% - based on the 2005/06 release of the Regional Econometric Model).
- Employment over the period (2009-2016) rises by 20% (from 1% in our baseline).

The direct and indirect employment and output effect of the following regeneration sites were considered:

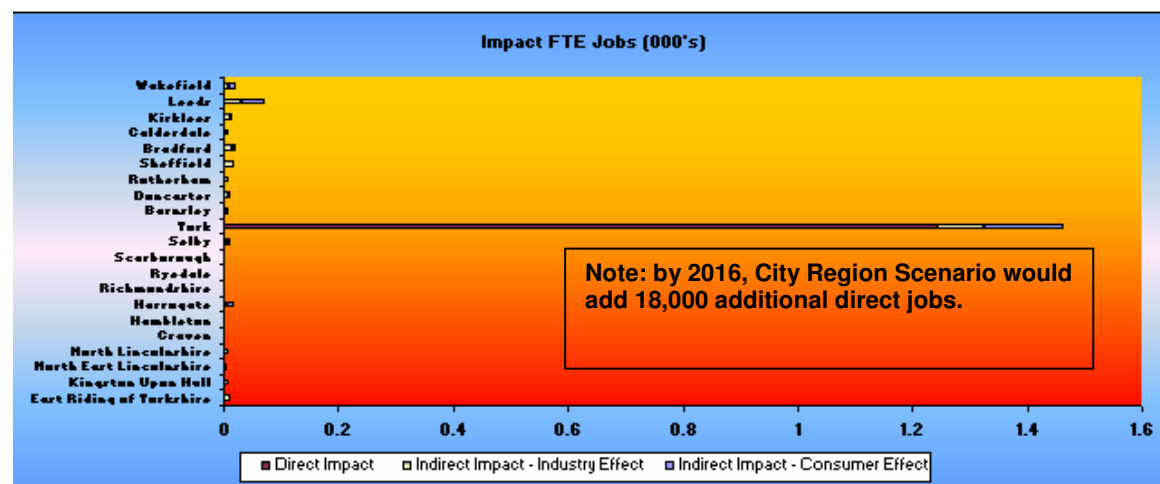
- Heslington East
- York Central
- Vanguard Site
- Terry's
- Hungate
- Foss Islands Road
- Castle Piccadilly

Between 2009-2016 the possible impact of the regeneration activities in these areas include:

- 18,000 additional direct jobs by 2016.
- Up to additional 25,000 indirect jobs by 2016 (in York and across the region).
- In the scenario, York's employment increases from 96,000 to 116,000 (by 2016).
- In the scenario, the size of York's economy grows from £4.2 billion to £5.5 billion (by 2016).

The impact this has on areas outside of the York district, especially Leeds, can be seen in Figure 7.4.

Figure 7.4: The spatial implications of regeneration job creation in York

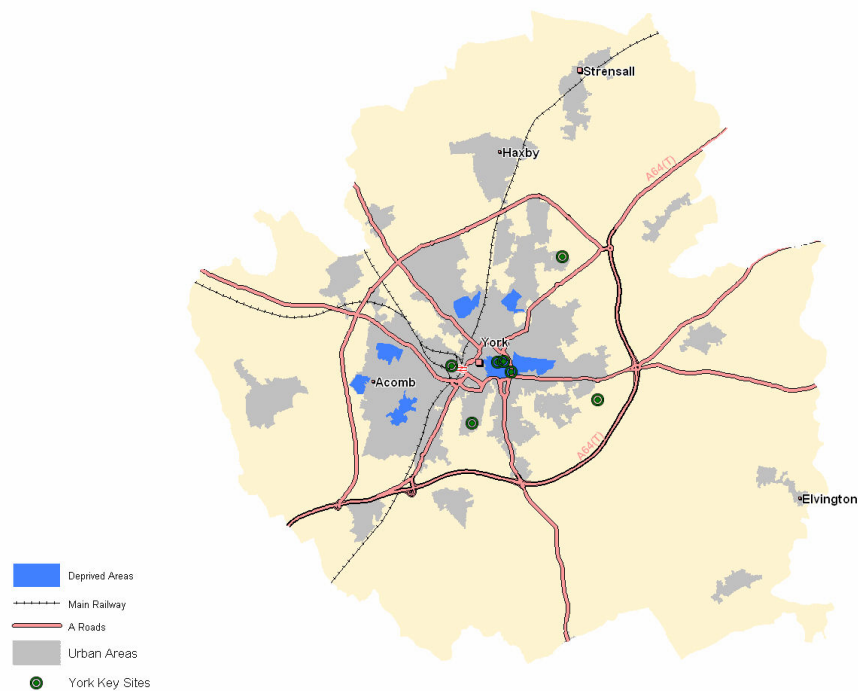


Source: Yorkshire Forward/Experian Business Strategies Ltd, *Regional Econometric Model*, 2006.

7.4: Deprivation and Economic Opportunity

York compares favourably with many parts of the Yorkshire and Humber region when examining the concentration, nature and scope of overall deprivation and has fewer local areas within the city that feature in the national list of 10% and 20% most deprived areas (the accepted benchmarks).

Figure 7.5: Location of the most deprived areas in the City of York



Source: Office for the Deputy Prime Minister, *Index of Multiple Deprivation, 2004*.

The government's approach to identifying deprivation and mapping this at the local level relies on capturing different dimensions of deprivation and establishing one overall score for each local area (Super Output Area) as part of a national ranking or sliding scale. Those areas in York that feature in the 20% most deprived areas in England are shown in Figure 7.5.

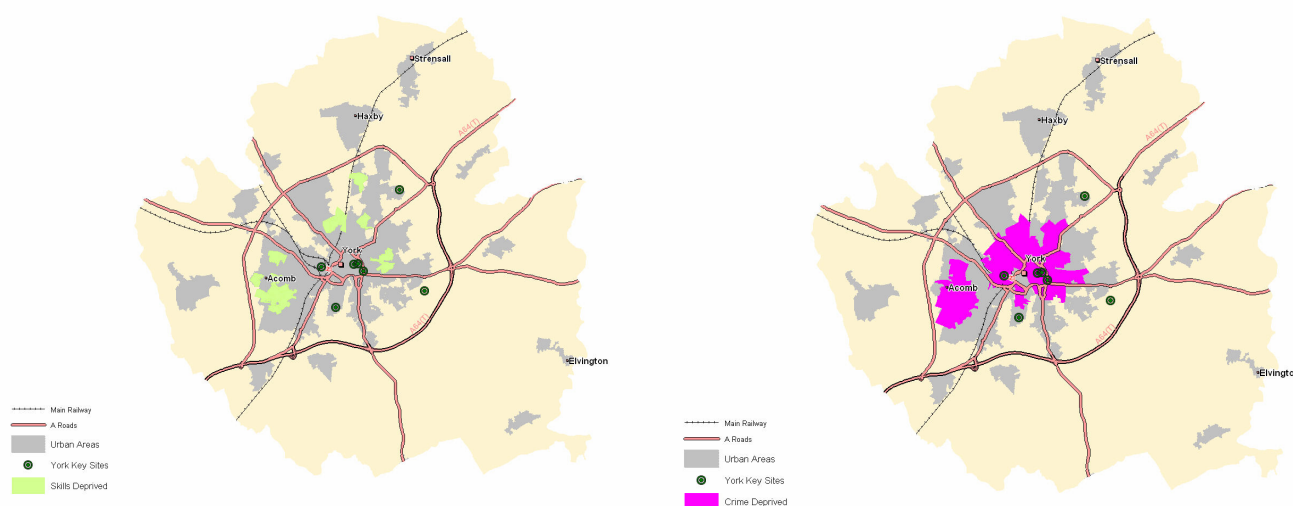
In total, the *Index of Multiple Deprivation 2004* uses 37 indicators which are grouped into seven domains, these are:

- Income deprivation
- Employment deprivation
- Health deprivation and disability
- Education, skills and training (sub-domains include: qualifications of adults and qualifications of children/young people)
- Barriers to housing and services (sub-domains include: wider barriers – household overcrowding, difficulty of access to owner occupation, homelessness provision decisions and geographical barriers – distance to a GP, supermarket, Post Office and primary school)
- Crime
- The living environment (sub-domains include: the “indoors” living environment (poor social and private housing and unheated housing) and the “outdoors” living environment (air quality and road traffic accidents).

The fundamental spatial challenge within York in connecting the local population to economic growth and the job opportunities that result flows from the different dimensions of social exclusion and recognising, how these vary across the city and what this means in terms of some of the key bottom up regeneration schemes.

As Figure 7.6 shows, the footprint of York, if mapped on specific parts of the overall Index of Multiple Deprivation such as skills and crime, looks very different to the overall deprivation map for York. For instance, the skills deprivation map suggests that skills deprivation is very specifically concentrated and clustered, and therefore, barriers to entry to the labour market are very spatially concentrated in York – a key issue to be taken into account when development of the York regeneration schemes starts to impact.

Figure 7.6: Skills and crime deprived areas within York, based on the IMD 2004



Source: Office for the Deputy Prime Minister, Index of Multiple Deprivation, 2004.

7.5: Summary

- 89,700 people of working age are in employment in York and 24,200 are not. Of those that are not, 4,000 say they do want a job, but 17,600 don't. Significant opportunities exist locally to get more of the **economically inactive population into work**, especially linked to some of the planned employment figures for local regeneration schemes.
- **Vacancy levels** amongst York's employers are currently above the historical average for the city, with employer demand haven raised steadily in the last 18 months. Some key challenges in this respect remain in attaching the local economically active population to these vacancies (although it is fair to say that York does do better at attracting workers into the city from other parts of the region).
- Seven of the city's proposed **regeneration sites** could potentially create an additional 18,000 jobs in York by 2016, and a further 25,000 indirect jobs. They could also potentially increase York's economy from a forecast £4.2 billion by 2016 to £5.5 billion. The key issues here are in **addressing the barriers that currently face the development of some of these** schemes such as transport links to York Central and planning for Heslington East.
- Although York does not have major problems with overall deprivation levels in its neighbourhoods, both **skills deprivation and crime** are two of the key issues affecting significant areas of the city. Those areas of low skills particularly need addressing if the city is to avoid a two-tier society. It is also important to ensure that there are enough skilled people within the local workforce to meet the potential job increases of the next 10 years.

Section B : Strategic Context

1 York`s Sustainable Community Strategy?

The aim of a Sustainable Community Strategy is to set out a long-term vision for the local area based on what matters most to people. The main purpose of the document is to bring a wide range of individuals and organisations together who will work to improve quality of life and ensure that impact on the environment is minimised.

York`s first Community Strategy was launched in July 2004, following widespread consultation, in what was called the `Festival of Ideas`. Hundreds of people gave their views about the kind of York they wanted to see in 20 years time. Comments gathered were used to produce the first strategy, which included a promise to completely review it after three years.

This is the second Community Strategy prepared by `Without Walls` (York`s Local Strategic Partnership). Without Walls is the name of the group of people who have agreed to work together and jointly develop the shared vision for the city. The Partnership is made up of representatives of public, voluntary and business organisations in York.

The original Community Strategy was used as the starting point for the review, as many of the views represented within it remain valid and important to York, such as relating to education and skills, good health prospects and safe communities. However, it was important to agree a way forward regarding some of the more difficult challenges and opportunities facing York, such as how to minimise our impact on the environment whilst remaining economically competitive.

During Autumn 2007 residents and local organisations were asked to join in the discussion about the opportunities and challenges facing York through the `Festival of Ideas 2`. The Festival enabled people to register ideas, raise concerns and ask questions about what York will be like in the future.

What has changed since the last strategy?

Circumstances have changed in the short time since the first Community Strategy was produced. Key changes for the city include:

- The achievement of high employment levels and continued change to the employment base of the city
- The growing impact of globalisation
- Environmental change and challenge
- The availability of more development land in the city, including York Northwest.
- The outcomes of the three public planning inquiries determining that significant developments will take place in the city at the University, Derwenthorpe and Germany Beck
- The continuing growth of numbers in Further or Higher Education within the city
- The continued rise of house prices and shortage of affordable housing
- A growing and ageing population
- Immigration and the changing ethnic mix of the population
- The growing significance of the region in local development issues
- The changing agenda of Government in respect of the role of cities, place shaping and focus on development of communities

- Significant changes in fuel prices and (slowly) growing public awareness of the need to use greener energy for transport and domestically

The cumulative effect of these changes is a need to refresh the Community Strategy in light of the prevailing circumstances. The following 'story' provides an overall context for the new Sustainable Community Strategy. It seeks to outline the challenges that the city is presently facing, and gives some indication of those that may lie in the future.

Since 2004 work has commenced on the physical planning strategy for York for the next 20-25 years. This is the Local Development Framework Core Strategy and will set out the overall planning vision for the city. This LDF Strategy will take full account of this strategy's objectives.

2 About York

Setting the Scene: York's Story of Place

York has been a seat of political, commercial and religious importance for over 2000 years. The city has played a significant role in the history of the country, from the conversion to Christianity to the Wars of the Roses, and from the Reformation to the Industrial Revolution. York has constantly and successfully reinvented itself and it continues to do so today.

The River Ouse has been a prominent feature of York throughout its history, from the establishment of the Roman 'Eboracum' (at the convergence of the Rivers Ouse and Foss) in AD71 by the governor Petilius Cerialis and his army, to the 9th and 10th centuries when the Vikings occupied Eboracum - which was re-named 'Jorvik' - and the city became a major river port. For many years the river was a major route for trading ships, but the arrival of the railways made it easier to transport goods here by train. Nevertheless, the river is still a major amenity resource.

From the Victorian era onwards York's economic wealth was built on rail travel, the growth of the confectionary industry and the manufacture of scientific instruments.

Over the centuries York has changed significantly, yet it has retained the physical fabric of its history like no other place in the country. York is now internationally renowned for its rich built heritage that is evidenced through Roman, Viking, Medieval, Georgian, Regency and Victorian buildings, monuments and archaeological remains. It is these qualities of history and distinctiveness that define York and attract approximately 4 million visitors every year.

Today we still endeavour to maintain the balance between the conservation of York's heritage and the city's growth. We value the fact that York is unlike other cities and believe that its development should not be to the detriment of its cultural, historical and natural heritage. However, we also believe that this distinctiveness provides the city with a major resource that can be used to its competitive advantage.

This means that we need to plan for York's future, protecting and enhancing what was here before for future generations to enjoy, whilst developing a vibrant, contemporary city in an economically, environmentally and socially sustainable manner.

Whilst York still attracts visitors because of its heritage, it is also increasingly attractive as a nightlife, shopping and conference destination. But the national and international competition in tourism is growing, and York needs to respond to this. At the same time York has seen the growth of major service sector employers in financial services and related professions. There remains significant employment in chocolate and railways and York is the base for two of the largest building companies in the UK. These sectors are vital in their own right and in bringing diversity and balance to the overall economy of York.

Science City York, a partnership between City of York Council and the University of York, was established to develop and support thriving science, technology and creative industries. This initiative has already helped to create over 60 new technology companies and 2600 new jobs in the bioscience, cultural, IT and digital sectors. The University of York has embarked on an ambitious expansion plan, promising a new campus and a growth in student numbers and employment opportunities. Employment within Science City is now comparable to that in tourism.

Within the city there are a range of significant brownfield development sites. This has been made possible by the shrinkage in traditional industries, such as the railway carriage works. The 'York North West' site alone is equivalent in size to two-thirds of the walled centre, making it the largest and most significant development opportunity there is likely to be in York in the foreseeable future.

York, therefore, is an important and significant city that everyone agrees is an attractive place to live, do business and to visit and a city that has enormous future potential. York has

successfully and transformed itself from its original economic base. Without Walls' aim is to sustain that success for the benefit of all York's residents.

Without Walls will plan York's future in an economically, environmentally and socially sustainable manner to ensure the city continues to make history through its success in the 21st century. Without Walls recognises that current challenges are multi-faceted, as York is a city very much in transition.

York still has some significant pockets of low skills and deprivation, which need to be addressed if we are to minimise the risk of a 'twin-track society' with a polarisation in skills, opportunity, prosperity and general life chances. In addressing this, we must recognise the role that communities play, and acknowledge that deprivation tends to cluster in specific locations.

York's ethnic population is also changing. Traditionally there has been little ethnic diversity in the city, though recently this has significantly increased, especially as a result of economic migration from Eastern Europe. The *State of the English Cities* report (ODPM, March 2006) noted that York experienced the second highest percentage growth rate in ethnic minorities of any city in the country in the period 1991-2001, with the number of non-whites more than doubling (ODPM [2006] *State of the English Cities: Volume 1*). In addition York was one of only six cities in which segregation of ethnic minorities was increasing (ODPM [2006] *State of the English Cities: Volume 2*).

York also has a history of philanthropy and support of social research. The city is home to the Joseph Rowntree Foundation, a social policy research and development charity which continues today to work in areas such as housing, poverty, drugs, immigration and independent living. The 19th century work of Seebohm Rowntree provides a basis on which subsequent work has given us a better knowledge of the extent and changes in poverty than in any other city.

In essence, York's Sustainable Community Strategy needs to address the 21st century challenge – how economic success and social progress that recognises the needs of all people may be achieved, alongside protection of the existing built and natural environment.

As the custodians of the city we strive to be far-sighted, ambitious and innovative in developing and delivering our plans for the future.

Strengths and Challenges

We know that the majority of York's residents are relatively affluent and healthy. Compared to the national average our level of unemployment is low, educational attainment is high, and York is a relatively safe city. However, we cannot afford to be complacent, as York is also a city that is:

- Proud of its distinctive qualities and status as a 'special' historic place and attractive environment, but needs to ensure all residents and neighbourhoods share in the city's economic, environmental and social well-being
- Still shifting its economic base from mainly manufacturing to the service sector and knowledge economy, bringing the need for new skills and learning opportunities, alongside concerns about the availability of affordable housing
- Environmentally aware, though keen to do much more to protect the environment and engage in the climate change agenda
- Has significant pockets of deprivation with associated poorer health and higher crime
- Conscious of its changing ethnic population and keen to embrace this as an opportunity

York's 'Story of Place': The evidence base

A range of facts and figures that objectively set out York's 'Story of Place' supports the development of our refreshed Sustainable Community Strategy². This story has been used to identify critical facts and issues, and also to collate the results of many consultations to inform the strategy.

The evidence draws out both our strengths and challenges. It is, therefore, important that the Sustainable Community Strategy recognises that:

- The population of York is 191, 800 (2006 Mid Year Estimate, ONS) and has risen by 11% since the 1991 Census
- The number of residents is projected to increase by 9.2% between 2003 and 2021 which equates to approximately 17,000 additional people (Department for Communities and Local Government 2006)
- 1,870 National Insurance Number Registrations in respect of non-UK Nationals in 2006/07. The largest numbers of new arrivals in York registering for National Insurance are Polish 33%, Chinese 10% and Indian 5.5%. (Source: Department for Work and Pensions).
- The 2004 Index of Multiple Deprivation ranks York as 219 out of 354 local authorities (where 1 is the most deprived and 354 is the least deprived). In 2007 York is ranked at 242 (ONS)
- The total crime per 100,000 population has consistently fallen in the period 2003/04 – 2007/08 and is below the regional and national levels (British Crime Survey)
- York's unemployment rate is significantly better than the national and regional levels (ONS Annual Population Survey)
- Gross weekly pay is above the national and regional averages (ONS Annual Survey of Hours and Earnings)
- York attracts 4 million visitors each year. In 2006-07 income from tourism grew to £333 million. Visitor numbers were up by 339,000 people (especially day visitor numbers) to 4.18 million (York Visitor Survey 2006/07)
- York's LEA is ranked as joint 18th out of 149 authorities based on the performance of pupils at the end of Key Stage 4 achieving 5 or more GCSEs including English and Maths (2006/07), 1st place being the highest (Department for Children, Schools and Families, 2007)
- The majority of York's primary and secondary schools, over 60 %, perform above the national average for England (state and private schools) (Department for Children, Schools and Families, 2007)
- In November 2007 the QS-Times Higher Educational Supplement ranked the University of York 74th out of the world's top 200 universities - a rise of 50 places from 2006
- The University of York's economic impact is approximately £180m per year and expected to grow by approaching 100% over the next ten years (Bernard Stafford, Economist – University of York).
- Average life expectancy at birth is higher than the regional and national averages for the period 2001-2005 (ONS Vital Statistics)

² The complete York's 'Story of Place' evidence base is available as Appendix X

- York is ranked 18th out of 324 towns and cities in terms of number of recycling centres, conservation groups and eco-friendly businesses per capita (www.locallife.co.uk)

Public Consultation – Festival of Ideas 2

Through questionnaires to every household and on the Internet, at public meetings, exhibition days and through Primary and Secondary School Conferences, we attempted to make sure as many people as possible had a chance to give their views on their vision for York in the future.

- 88,000 questionnaires were sent out to every household within the city
- 3,000 people took part in the consultation by attending events or responding to the questionnaire
- 420 children and young people gave their views using interactive voting technology

Responses showed that the most important issues identified as priorities to focus on for the future of York were:

- | | |
|--|-----|
| • Reducing our impact on the environment | 63% |
| • Developing the economy, jobs and skills | 59% |
| • Improving travel within, to and from York | 55% |
| • Building strong, safe and healthy communities | 54% |
| • Ensuring the city's housing and social needs are met | 39% |
| • Improving the city's physical, cultural and leisure facilities | 22% |

The following issues were important to specific groups.

Neighbourhoods:

Each of the 18 Ward Committees in York produced a Neighbourhood Action Plan (NAP). A Neighbourhood Action Plan looks at the needs of a neighbourhood, highlights specific issues and goes on to develop a planned approach to tackling these issues in partnership with the community and service providers. The plans include three or four ambitions and there is a strong degree of commonality across all Wards:

- Key themes feature strongly in all of the NAPs, such as safety, culture, inclusivity and sustainability.
- A total of 17 out of the 18 NAPs contain ambitions around the theme of community safety.
- A total of 7 out of the 18 contain a specific reference to road and pedestrian safety, with 2 of these also indicating a desire to increase sustainable and public transport in the wards.
- All NAPs include an environmental theme in their ambitions, with 3 Ward Committees indicating that they would like to make improvements to local recycling.
- A total of 17 out of 18 NAP's contain an ambition to increase community facilities or opportunities for Ward residents.
- Of these 8 specifically mention young people's opportunities and 5 inclusivity and neighbourliness.

- Two NAP's contain an ambition or vision around economic development and wellbeing.

Primary School Conference – 5 Oct 2007 – key messages:

- Not enough activities in their local area or places to meet and play with friends.
- More could be done to reduce our impact on the environment, including development of renewable energy sources.
- Develop facilities for cyclists and alternative options for sustainable travel.

Secondary School Conference - 27 Feb 2008– key messages:

- More leisure facilities were needed in the city centre.
- Transport networks for cyclists should be improved.
- Over a third thought that the environment was the most important issue for York.
- More than two thirds of young people think there is not enough to do in their local area.
- Over half thought that there were not enough places for them to meet their friends.
- Over one third of young people would prefer to use sustainable transport to travel to school, such as cycling.

Changing Population of York Conference - 22 Oct 2007 - key messages:

- All sectors in York need to address the rapidly increasing numbers of ethnic-minority groups and migrants coming to live and work in the city.
- More accurate information regarding the BME population is required in order to better plan services.

Resident responses to the household questionnaire:

- When planning for future housing and employment, 62% of respondents said some housing should be provided in surrounding areas outside of York's boundary and 38% said that enough housing should be provided in York to meet the needs of any additional employees.
- 45% supported concentrating development in York itself and 36% supported concentrating development in York and surrounding villages.
- In the household questionnaire 41% favoured building 880 homes or more per year (past 5 years rate), 49% favoured building 630 homes or less (similar rate to York Local Plan and Draft RSS).
- Over half of questionnaire respondents supported the affordable housing policy of making 50% of new builds affordable, of the 32% who disagreed, half wanted the threshold to be higher.
- In terms of specific sectors of the economy:
 - 75% said it was very / fairly important to support Science City (hi-tech)
 - 68% said hospitality and tourism
 - 57% said professional and financial services
 - 52% said traditional manufacturing (the lowest score but still a majority)
- Respondents were asked to rank from 1 – 3 the best ways of reducing congestion in York, the results (in priority order) were:
 1. Promoting alternative forms of travel to the car.
 2. Locating new development near to public transport and key services.

3. Increasing the capacity of the road network by dualling the outer ring road or improving junctions on it.
- Over half thought no further shops should be built in the city centre, but two thirds wanted more leisure facilities.
 - 70% preferred building in low flood risk areas only and 80% favoured a more ambitious renewable energy target

Future York Group:

The Future York Group is an independent group of leading public and private sector business leaders from across the city and region. The Future York Group was established in partnership with City of York Council and Yorkshire Forward, in Summer 2006. It was asked to check the robustness of York's economy and make recommendations to help guide York's future success. This came about following the announcement of over 1200 job losses in the city.

The Group considered; the history of York's economy over the past 20 years; a detailed examination of its economy today; skills requirements and York's ability to meet these; the challenges York faces in order to maintain a robust and successful economy.

The key conclusions of the Future York Group were that:

- In the recent past the York economy has been successful and competitive compared with other towns and cities
- The employment base has grown by approximately 1,000 jobs each year
- The underlying economy in York is strong and this growth trend is likely to continue
- There are a number of significant restraints on growth that will slow down the economy unless positive action is taken

3 Vision and Strategic Ambitions

Our Vision

The Vision for York was developed following extensive consultation through the first Festival of Ideas in 2003. Hundreds of residents and visitors took part in producing a vision for the future that is still important and aspirational four years on.

York: a city making history

Making our mark by:

- **Building confident, creative and inclusive communities**
- **Being a leading environmentally-friendly city**
- **Being at the forefront of innovation and change with a prosperous and thriving economy**
- **Being a world class centre for education and learning for all**
- **Celebrating our historic past whilst creating a successful and thriving future**

The Without Walls Partnership has decided not to change the overall vision. This is because it believes that it collectively represents the aspirations of all residents, partners and stakeholders. When considered as a whole, the vision remains valid for York.

We recognise that York has strong assets and resources, attractive physical heritage and a special mixture of social and cultural involvement. Together these create a distinctive sense of time, place and civic pride that make York a special city to live in, an ambitious city to work in and a spectacular city to visit. We need to build on this, recognising that York has, as recognised by the work of the Future York Group, an incredible history and very bright future.

The vision of the Partnership is based on the assumption that York, the place, offers a superb quality of life and distinct combination of scale, physical heritage, unbroken historical lineage, green space, social and cultural activities and academic excellence. It is proposed that these need to be preserved and enhanced to ensure York is always an attractive place to live, work and visit. This is our responsibility for future generations now growing up in the city. Put simply the overall quality of life and sense of place that the city offers defines its distinctiveness and provides it with a competitive advantage.

As a result we have identified seven challenging, strategic ambitions. These ambitions recognise that in considering York's future a range of 'givens' exist. These include:

- York is going to grow.
- The special characteristics of York - built and natural environment - must be enhanced.
- Our total population will grow and its composition will change.
- The level of inward commuting will continue to increase.
- We will need to plan beyond our boundaries in order to address our housing needs.

Our Strategic Ambitions

We will use York's distinctiveness as a way to improve the city further by enhancing its physical and cultural qualities as a basis for community and economic development

York's visual landscape sets the scene for the city's individuality. This is not just confined to the prime conservation area in the main city centre, it also includes the strays and 'green wedges' that surround York as well as the conservation areas beyond the city walls.

Without Walls believes that the Sustainable Community Strategy and Local Development Framework (LDF) are the 'Master Plan' for York. The Master Plan will be based on the assumption that York's distinctiveness is its strength. These plans will enhance the unique nature of York by ensuring that the city's physical appearance, its overall layout, balance of built and green space, design of developments and conservation of heritage sites, complement each other.

Without Walls believes that urban design standards should be high and applied rigorously. As a result York will remain an attractive place to live, work and visit. The city's tradition of being a walking and cycling city will continue into all new developments and public transport will be an attractive and viable alternative to the car. York will be a hub for transport links that ease congestion, support connections and enable the free and easy movement of people.

York's distinctiveness needs to be used to attract further inward investment, economic development and physical growth without compromising that which makes the city attractive. York's unique physical characteristics are based on hundreds of years of continuity of landscape and building design that gives the city a special sense of place. Without Walls regards the Sustainable Community Strategy as defining how this will continue into the future. Our vision signifies that we are seeking to be progressive and take forward the next stages of the city's continuous change and development not to standstill and 'preserve the city in aspic'.

We will keep York's employment levels high and economy buoyant by supporting local employers, developing a diverse economy and balanced employment structure.

The Sustainable Community Strategy takes forward the key proposals of the Future York Report, modified by environmental and social considerations.

York has a successful and diverse employment structure that is important in ensuring the future prosperity of the city. We want our economy to remain competitive and be high performing when compared and measured regionally, nationally and internationally. A hallmark of our prosperity will be that it is available for all of York's communities and neighbourhoods. In order to achieve this, the Partnership believes the economy needs to be mixed in terms of specialties, scale and sectors.

Without Walls wants York's economy to be an exemplar of good practice that provides sustainable prosperity. This means our wealth generators are ambitious and at the same time sensitive to the needs of the city and its communities. The Partnership believes that the special characteristics that York has not only enables the city to attract investors, employers and employees but also enables our economy to be innovative and progressive. We expect all organisations from all sectors of the economy to be environmentally and socially responsible.

Without Walls wants York to be prosperous, not only in financial terms, but also in terms of overall levels of health and happiness and personal achievement. We will plan for our economy to continue to grow and diversify. Our economic success will be based on the knowledge economy, tourism, retail, building, education, manufacturing, financial/professional services, and public services.

In order to maintain the city's prosperity we will be responsive to existing employers needs, especially when they need to grow to succeed. Much potential growth will arise from the development of existing employers and these need to be supported and encouraged. We will need to ensure that the current workforce has ample opportunity to acquire the new skills that are needed in a fast-changing world, and that local schools and colleges are offering a wide range of opportunities for young people that are properly attuned to employers' needs.

We will maintain community cohesion and develop strong, supportive and durable communities.

Without Walls wants York's sense of distinctiveness to be more than its physical appearance. Already the city has an unusually high sense of community and sense of belonging, with very many public and voluntary agencies, and a range of cultural activities that mark it out from many other places. It will be important to maintain this as the population and ethnic mix alters due to migration, including more students, and immigration.

York is changing rapidly and our strategic ambitions will result in further change to the resident, working and visiting populations. We do not want anybody to be left behind or excluded as a result of this change. York is as much defined by its people and communities as its built environment and economy.

We want all of our neighbourhoods and communities to be sustainable. This means having a thriving mix of uses and being well connected by providing ease of movement between key destinations, adjacent areas, and to the rest of the city. A sustainable neighbourhood means a balanced one, with a well-integrated mix of decent homes of different types and tenures to support a range of household sizes, ages and incomes.

The viability of public transport is a key to achieving sustainable neighbourhoods as it can generate a 'community feel' and allows a diversity of people to live in a neighbourhood, including those who cannot or do not wish to drive.

We want residents and visitors alike to find York welcoming and safe. A place where all people feel able to have their voice and point of view heard and respected. We want to be a city of neighbourhoods and communities that are tolerant and respectful so that York is regarded as a fair, just and inclusive place. Without Walls believes that an important part of this community cohesion will be to reduce social differentials, promote equalities and in particular minimise income differentials. The city's schools, and its new network of children's centres, will have a particularly important role to play in this.

Overall, we want sustainable neighbourhoods that are attractive and safe places to live, respectful of the natural environment and use resources efficiently. There should be strong links between local people and local service providers to ensure that services best meet people's needs. This includes encouraging communities to work in partnership to improve services at a neighbourhood level, including better management of the local environment, increasing community safety, improving housing stock, working with young people and encouraging employment opportunities. In particular, the links between local people and service providers need to meet the needs of marginalised and excluded groups.

We will endeavour to balance physical growth and environmental sustainability with responsible choices in respect of climatic and environmental challenges

Without Walls believes that at the start of the 21st century York has the potential to be a model of living in an environmentally sustainable way and a place that can respond locally to the global environmental challenges and changes.

As a medieval city, York presents distinctive challenges with regards to energy conservation and related issues such as transport planning. To succeed requires combining economic/employment growth with reduced environmental impact as well as placing expectations on individuals to adjust their behaviour. Our climate change strategy will encourage employers and individuals to meet their responsibilities. This will create challenges that involve everyone.

To achieve this we will exemplify and promote concepts such as a low carbon economy, responsible consumption and the compact city, as well as enhancing the physical

environment. Throughout York we want to demonstrate to others how new measures, such as carbon counting, ecofootprint and ‘triple bottom line’³ reporting can be used to monitor progress and drive change.

We will assert our role as an important regional city.

Without Walls recognises that the city’s influence and responsibilities extend beyond the administrative boundaries of the York area. It believes there is scope for mutually advantageous partnerships between York and the North Yorkshire sub-region, Leeds City Region and the wider Yorkshire and Humber region.

The Partnership will work with the key representatives and stakeholders of each of these areas so that York’s strategic ambitions are understood and recognised. As part of this process York will expect to have its own area of influence and status fully recognised. Our partners will acknowledge our regional, national and international role and consequently York will receive support for its role as a distinctive and important city.

We will use York’s brand and position to promote the city within the global network

In recent years all of York’s major employers, except local public services, have become dependent on global networks. This is especially true of all major businesses, further and higher education and tourism. As a consequence of this change our strategic ambition is to promote and support the city’s international influence.

In a global economy and networked world, Without Walls believes that York has the potential to enhance its reputation as an international city for business, research, training and culture and should promote international networking. This will need to be supported by future planning decisions especially in respect of travel and communication.

York’s major businesses all rely on global connections for their continued success. We aim to help ensure this by encouraging electronic and travel networks that enable firms and individuals to work internationally but act locally. This will allow the scale of the city to remain relatively small but to have a worldwide reach and impact.

Our schools, colleges and universities will need to give all learners the skills necessary to live full, prosperous and healthy lives within a world economy. In a global context it will be increasingly essential for training and skills to be of the highest international standards at all levels. This high quality learning must be available to all our citizens.

We will encourage partnerships within the city and beyond that benefit everyone and achieve mutual advantage

All organisations and partnerships within the city, public, private and voluntary, should play a part in the delivery of the Sustainable Community Strategy and it should inform their planning and delivery of services.

Without Walls wants York to be at the leading edge of modernisation and community leadership. It wants all organisations to collaborate in the course of their business. This will enable the city to use resources more efficiently and support community cohesion.

Planning for the future will be based on partnership, collaboration and open consultation. Resources will, where appropriate, be shared and deployed in ways that are joined up and complementary. Service delivery will take place at the right level, in the most appropriate way and by the most suitable provider with the needs of the customer/user put first.

³ Accounting for sustainability performance requires reporting across economic, environmental and social elements (also known as the ‘Triple Bottom Line’), which reflects their interdependence.

Major Issues and Cross-Cutting Challenges

We have considered a range of evidence, analysis and findings available from a number of different sources such as 'Our Story of Place' and public consultations, the Future York Group, the Local Development Framework, partners and stakeholders views.

In response, Without Walls has identified a number of major issues that are critical to the future success of the city and will need to be addressed if we are to achieve our strategic ambitions and realise the vision.

- **How to broaden York's economic base and make a step change in the performance of Science City York and improve the tourism offer (including retail and business tourism)**

The challenge is to support York's future prosperity by growing and changing the economy so it remains buoyant and competitive. York cannot stand still and it will ensure that the twin drivers of its economy remain relevant and up to date while enhancing other key sectors of the economy – especially retail and professional services.

- **How skills gaps, income disparities and low aspiration are addressed to minimise economic differences**

York must be a cohesive and 'fair' city where equality of opportunity, social mobility and economic inclusion are implicit in every policy, strategy, plan, and action. Measures of success will include focus on the differences between social groups and geographical areas based, for instance, Index of Multiple Deprivation measures.

Some neighbourhoods and groups of people in York are at risk of being denied the benefits of York's economic success. To improve the social cohesion of York's communities, all citizens should enjoy the opportunities for employment and the potential for increased incomes that this success brings.

Learning Partners must ensure all citizens are able to learn and acquire new skills. For some this may require special provision in order to ensure that they are not disadvantaged by their circumstances. Support, encouragement and opportunity needs to be provided at all ages, from schools, colleges and other learning providers.

- **Determine appropriate levels of housing, especially low cost / affordable and family housing, that are required within the city and beyond to meet expected economic and population growth**

York's housing requirements need to be met in terms of housing numbers, type, location and price. Ongoing population and household growth is placing increasing demands on the city's housing stock. A recent assessment of housing found York has one of the highest levels of housing need in the North of England⁴. The supply of affordable housing needs to be increased and consideration given to maximising the use of the existing housing stock, including under occupation.

All new houses will be required to meet high standards of design and environmental sustainability. The city's housing stock, regardless of ownership, will need to meet decency standards and be as environmentally sustainable as possible. Addressing fuel poverty is key, alongside work to increase the energy efficiency rating of homes.

The effects of homelessness are felt, not only by individuals and their families, but also impact on the wider community. It is important that efforts to tackle homelessness in York are seen as part of this bigger picture. Ongoing focus will be placed on preventing homelessness

⁴ York Strategic Housing Market Assessment 2007

occurring in the first place by identifying and supporting those at risk at an earlier stage, particularly younger people and families.

Older people increasingly wish to remain in their own home for longer and the city's housing stock will need to change and adapt to enable this. In order for older people to exercise choice and control to live independently, more new homes will need to be built to 'lifetime standards'⁵ within neighbourhoods that are fully accessible and close to local services. Existing stock will need to be adapted or remodelled and homeowners will need access to good equity release schemes.

- **Decide on the most appropriate way to improve travel and transport to address blockages and increase connectivity and accessibility.**

Connectivity, circulation and access of York need to be improved recognising that this is key to economic prosperity and quality of life. The public transport offer will be improved - acknowledging that increased car usage is not sustainable. This includes major 'out of town centre' infrastructure improvements that are crucial to the development of the city.

- **How best to develop the 'brown field' sites to provide for the long-term future of the city.**

These need to be emblematic of York and the aspirations set out in the Sustainable Community Strategy. The standards of design, provision of economic, residential and public space and consideration of their environmental impact – particularly in terms of transport - will be crucial. Residents, businesses and visitors alike will use all of the sites to judge how well York has managed to remain relevant to modern times without compromising its special historical position. The opportunities are exceptional in the next few years and the successful realisation will determine the future appearance of the city.

- **How York positions itself within the Leeds City Region and North Yorkshire Sub-Region**

Our relationships with other regional players will be mature and unambiguous. The city will offer its prosperity, distinctiveness and 'brand' to be used by others. In exchange it will expect to benefit from the unique selling points of its regional partners. In particular, York will want to exploit our status and role as a gateway to the region and transport hub to enhance its tourism offer for the advantage of itself and regional partners.

- **Improve levels of democratic activity and civic engagement**

To help maintain and improve the city's openness, cohesiveness and fairness there needs to be strong levels of both representative and participatory democracy. Election turnouts should be higher, community groups and activities should be supported. All organisations need to be encouraged to have high standards of corporate social responsibility. The Third sector will be recognised and further developed as an important and powerful part of the city that help build and protect social capital.

Strong and active communities are characterised by the extent to which people are taking an active part in their local neighbourhood and make a positive contribution. This vision will be realised in York by ensuring that people feel involved in the developments that take place around them and that they have a say in the way local services are planned and delivered. This includes the young people who will play such a crucial role in the future development of their local communities.

⁵ From 2013 all new homes will need to be built to Lifetime Homes Standard

- **The need to build resources to drive ambitions when York has a low resource base**

York needs to receive the recognition and support it requires to exploit its distinctive position. It should secure recognition as an innovation zone and seek to attract investment in to the city's economy, infrastructure and public services. Equally, every effort will be made to increase capital investment in major activities where needed, including major visitor attractions.

4 Local Development Framework

The Local Development Framework is the physical planning strategy for York for the next 20-25 years. It both informs the development of the Sustainable Community Strategy and delivers its spatial elements. The LDF is the strategy that is used to manage the development of the city by determining key issues including how much growth will take place, where and in what ways. As for the SCS, the role of the LDF is:

- Balancing /reconciling different objectives
- Accommodating the growth of the city in a way that protects the special qualities of York
- Placing sustainability at the heart of the strategy

The LDF process is far more prescribed than the SCS process. In order to be adopted and used as the basis of planning decisions in the city it is designed to pass a 'test of soundness' with external inspectors. A key test is the extent to which the LDF has been informed by the SCS and is a true reflection of the community's wants and needs.

The policies and proposals in the LDF have a significant influence on outcomes that are important to the SCS, for example:

- Economic Development – the availability of and accessibility to employment land; housing location, levels, type of tenure and accessibility, access to goods and services
- Sustainable Neighbourhoods – housing, strong economies, access to employment, social and community infrastructure, walking and cycling, safe and green environments, service co-location, school provision and design
- Social Inclusion – Equal access to goods and services, strong economies, housing provision, affordable energy, involving communities in plan making
- Combating Climate Change – transport, provision of walking and cycling routes, energy supply, recycling, housing design, bio-diversity, access to goods and services, flood risk, minerals and waste
- Health and Well Being – parks, recreation and sports provision, transport, walking and cycling, air quality, strong economies, access to employment
- Safer Communities – decisions on location of licensed premises, design, landscaping, recreational and sports provision, transport

There are a number of critical planning parameters within the LDF that are 'givens' and need to inform the SCS. These include:

- The number of housing units to be built per annum
- The level of affordable housing required
- The expected level of growth in jobs

A key component of the LDF is the Core Strategy that sets the spatial vision, strategy and priorities for the city. The Core Strategy considers a wide range of strategic planning issues including levels of future housing growth, distribution of future housing growth, housing density, employment growth and location of employment land. It also focuses on the strategic themes of design and construction, housing mix and type, role of tourism, leisure and retail, open space and sports facilities, education facilities, health facilities, historic environment, natural environment and countryside, transport and accessibility, waste and minerals and energy.

Therefore, within the 'givens' identified above, there are a number of crucial choices that will impact on the quality of life and prosperity of the communities and people of York. For

example the number of housing units may be a given but their density, location and design specification need to be decided by the city.

The Core Strategy 'Issues and Options' document identified 18 spatial planning objectives for the city. Feedback from consultation revealed all to be important but six of these to be key:

- York to fulfil its role as a key driver in the regional economy and Leeds City Region through sustainable economic development
- Support York's role as a regional and sub-regional retail centre
- Ensure that York's historical and archaeological wealth and setting is recognised, preserved and enhanced
- Create a permanent Green Belt for York that preserves its special character and setting, whilst ensuring sustainable development
- Protect and enhance the bio-diversity, landscape character and environmental quality for the York area
- Deliver the appropriate type and mix of housing to meet York's needs, including affordable housing

Further work is now being undertaken to refine the LDF planning vision in light of consultation responses.

The physical characteristics of York will continue to change and evolve in the future as it has in the past. A number of planned and proposed key developments will have particularly significant impact on the future of the city and its neighbourhoods and communities:

- Heslington East – The expansion of the University
- Developments at Derwenthorpe and Germany Beck that will create new communities
- Developments to the sites at Terry's and Nestle
- The role of the city centre in enhancing retail, business and cultural and civic amenities
- York North West

The York LDF will comprise of:

- A Core Strategy
- An Allocations Document
- A City Centre Area Action Plan
- A York Northwest Area Action Plan.

Policies, proposals and allocations within the LDF will help to deliver the spatial elements of the Sustainable Community Strategy. The LDF should be adopted by 2010.

5 Delivering the Vision

There are many plans and partnerships within the city that have been created to address the challenges and take advantage of opportunities we face. Without Walls' role is to bring the issues that have been identified as being most important to the attention of the partnerships and encourage them to work together to improve quality of life.

To help achieve the vision, organisations, groups and service providers work together, under the umbrella of the Without Walls Partnership, to make improvements. Partners include the Council, Police, Health, Voluntary Agencies and the Chamber of Commerce.

Without Walls Partners have agreed a three-year delivery plan, the Local Area Agreement, to deliver the Vision and shape the future of the city. The plan outlines how Partners will work together more effectively to influence key issues affecting people's lives.

Delivery Partnership priorities are set out under the themes of:

1. The Sustainable City
2. The Thriving City
3. The Learning City
4. The City of Culture
5. The Safer City
6. The Healthy City
7. The Inclusive City

The specific results hoped for within each of these themes, over the period 2008-2011, are set out on the following pages. Targets against each have been set and Partners regularly monitor progress towards these goals.

The Without Walls Partnership will take on a small number of crosscutting challenges. Initial priorities for action are:

- The development of a Climate Change Strategy for the city, incorporating a statement of intent and short and long-term targets for improvement;
- Monitor delivery of the Anti-Poverty Strategy to ensure that poverty in the city is minimised and the gap between rich and poor narrowed;
- Evaluate the case for York to become a World Heritage site.

This Economic Development Strategy and Action Programme has been prepared to lead the delivery of the thriving city strategic objectives set with the sustainable community strategy.

6 York – A Thriving City

Top Level Objective

To continue to enhance the economic well-being of the city by:

- Being at the forefront of innovation and change with a prosperous and thriving economy
- Supporting the progress and success of existing businesses and encouraging new enterprises that will sustain high employment rates
- Ensuring that all sections of the community are able to benefit from economic opportunities.

Issues facing the City

- Maintenance of York's position as a market-leader in the development of its knowledge and science base in an increasingly competitive global economy;
- Increasing competition in the leisure and business tourism markets, particularly demonstrated by a fall in visitor numbers;
- The on-going reduction of employment in York's manufacturing base;
- Lack of investment in the city's heritage and tourist industry;
- Lack of quality employment sites and accommodation particularly within the city centre, whilst recognising the availability of significant brownfield land;
- Skills gaps and barriers to work facing York residents in an increasingly specialised workplace environment, and the need for quality jobs offering higher pay together with ensuring that as many residents and employees as possible can benefit from new economic opportunities;
- Need for a modern, uncongested transport infrastructure and improved international travel connections to meet the needs of a modern, knowledge-based economy;
- Balancing and using the successful economy to achieve high environmental standards and quality of life, taking account of the commitment to limit any impact on the carbon footprint of the city.

Strategic Aims and Actions

1. To have a leading edge, modern, knowledge and science-based economy.
 - To further develop York as a centre for leading edge, modern, knowledge and science-based businesses. We will achieve this by increasing the levels of start-ups, spin-outs and growing businesses through Science City York business development and skills development programmes.
2. To be ranked as an international quality leisure and business visitor destination.
 - The leisure and business visitor market will be developed further through focused marketing activities. This will include investment in the heritage, cultural and conference infrastructure, improved visitor information services and skills development activity through the new Visit York single tourism organisation
3. To have a broad based economic structure, characterised by good working practices, and with a highly skilled and motivated workforce;
 - The city's broad-based economic structure, including the tourism and cultural sectors and city centre economy, will be maintained and developed. Business support services will be provided, there will be direct intervention with key sectors and businesses and important development sites will be advanced. Additional work will be undertaken to enhance the engagement of local businesses

4. To be a focus for high quality external investment and supportive of local business and small business development;
 - Joint working through york-england.com with regional and sub-regional partners will continue to promote York in order to attract high value external investment to support and add value to local business development.
5. That the University of York maintains its top global position acting as a key local and regional economic generator. In addition to increasing the scale and impact of all Further and Higher Education institutions in the city.
 - York University will be supported in its role as a key economic generator for the city through joint action between Science City York and the Higher York Partnership.
 - Ensuring that the expansion and diversification of learning opportunities are central to increasing economic activity and broadening cultural life.
6. To play a full regional and City regional economic role.
 - Economic benefits will be maximised at a local and regional level through collaborative work in the region's Yorkshire Cities project, with Yorkshire Forward and the Regional Assembly.
7. To have a modern, sustainable and uncongested transport network.
 - To contribute to the development of a modern, sustainable, uncongested transport infrastructure that meets the needs of the York economy. This will be achieved by strategic planning and investment through the Local Transport Plan and direct intervention with key rail, bus, coach, air and freight transport operators.
8. To enable local people, including those with disabilities, to benefit from the new job opportunities and increased income levels from increased economic prosperity, with a focus on minimising income differentials in the City.
 - Skill levels within the York workforce will be enhanced through partnership working with the Learning & Skills Council, Lifelong Learning Partnership, education and training providers and Future Prospects.
 - To address the issue of economic inclusion and worklessness so that as many residents and employees as possible can benefit from new economic opportunities.

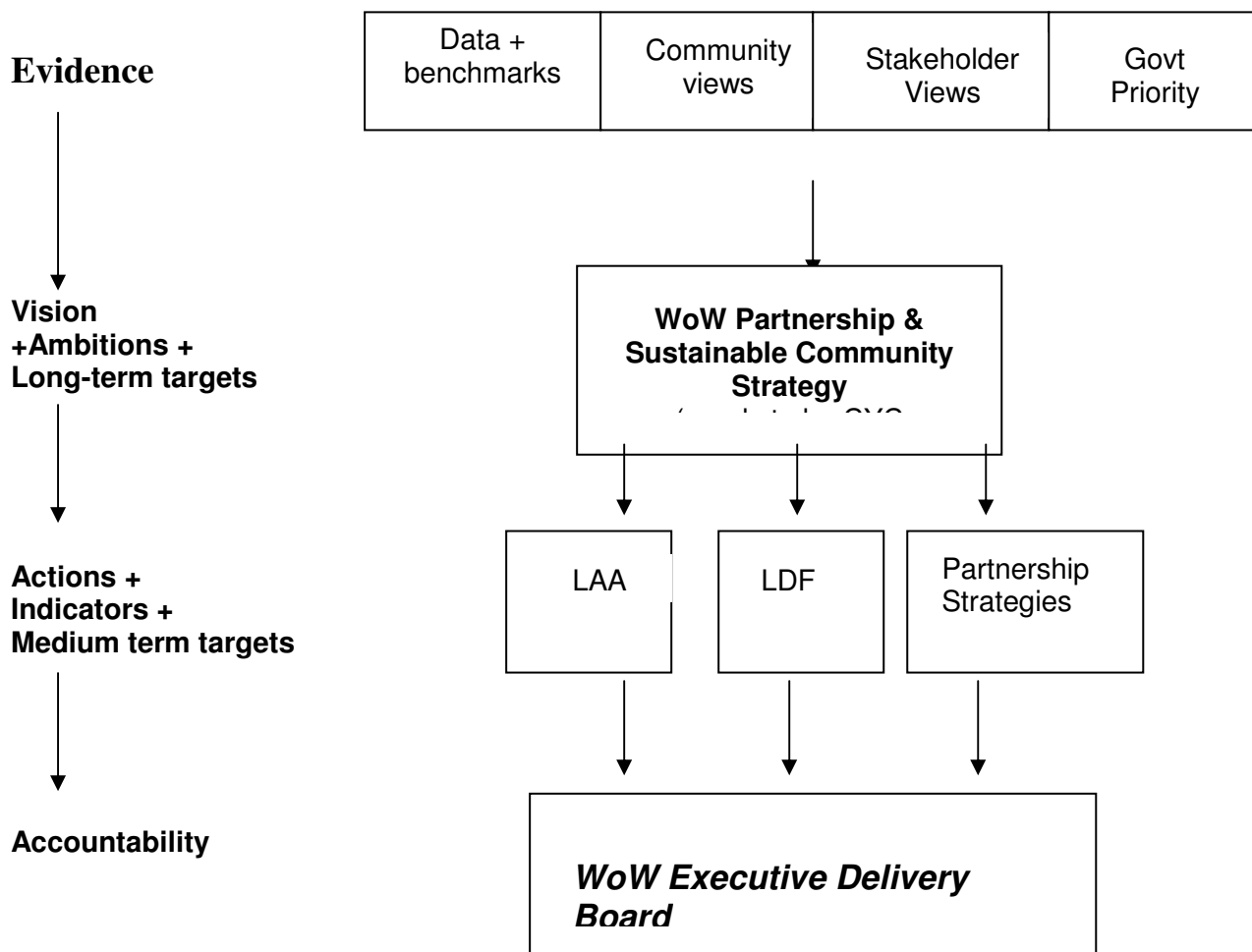
Success Measures

- Overall employment rate and rate of unemployment compared to regional and national rates.
- % of businesses surveyed who are satisfied with York as a premier business location.
- Working age people on out of work benefits. (LAA)
- Working age population qualified to at least NVQ level 4. (LAA)
- Average earnings of employees in the area. (LAA)
- Maintain percentage difference between York and regional median and 25% percentile figures for residents pay in York (av. gross weekly earnings). (LAA)
- VAT registration rate. (LAA)

7 Making it Happen

Without Walls' three-year action plan will be reviewed every year, and local residents and organisations will be invited to contribute to the review process. The Partnership will also report on progress against targets and agree future priorities at an annual Community Conference.

The following diagram illustrates the continuing process that is used to review, update and deliver the SCS.



Governance Arrangements

The Without Walls Partnership structure gradually emerged following the first meeting of the LSP in March 2002, and has subsequently been amended to reflect changing circumstances and demands made of it.

At the Without Walls meeting of 23 May 2006, it was agreed that the structure of the LSP should again be revised to meet the requirements that were being placed on it by national policy such as Local Area Agreements. The LSP's role in shaping the long-term agenda for York was recognised, as well as a need for a greater focus on delivery. Without Walls partners agreed that the LSP's longer-term strategic and policy-setting role should be

separated from the shorter term role of ensuring delivery of actions and achievement of targets specified in the Local Area Agreement.

Two separate groups were formed, each with a different focus, though both remaining within the overall umbrella of Without Walls. The long-term vision for the city is developed by the 'Without Walls Partnership' and delivery responsibilities rest with the 'Executive Delivery Board'.

Purpose and Membership of the Without Walls Partnership

The Without Walls Partnership provides a forum for debate and decision-making at a strategic level and acts to support and develop the key aims of the Community Strategy. In so doing, it provides the framework of operation for the Executive Delivery Board, guiding its work programme and setting strategic direction.

Detailed responsibilities include:

- Assessing priorities and identifying areas of overlap or tension across thematic partnerships
- Scrutinising performance data and challenging/championing information provided by the Executive Delivery Board
- Reporting progress against priorities to residents on an annual basis
- Coordinating a partnership response to new or crosscutting challenges facing the city
- Continuing to develop the Without Walls Partnership and ensure it is strategic, inclusive, action-focused, performance-managed, efficient, learning and developmental

Core membership of the Partnership comprises the named representatives of the following:

City of York Council – Three Members (nominated at Full Council) and the Chief Executive

Chairs of the eight thematic delivery partnerships

North Yorkshire Police – Chief Superintendent

North Yorkshire and York PCT – Associate Director of Public Health

York CVS – Chief Executive

York University – Vice Chancellor

Higher York – Chair

Jobcentre Plus – District Manager

Chamber of Commerce – Chief Executive

The membership of Without Walls is periodically reviewed and updated. This body meets three times per year and hosts an annual 'Community Conference' in order to report on progress and help inform priority setting for the following twelve months.

Purpose and membership of the Executive Delivery Board

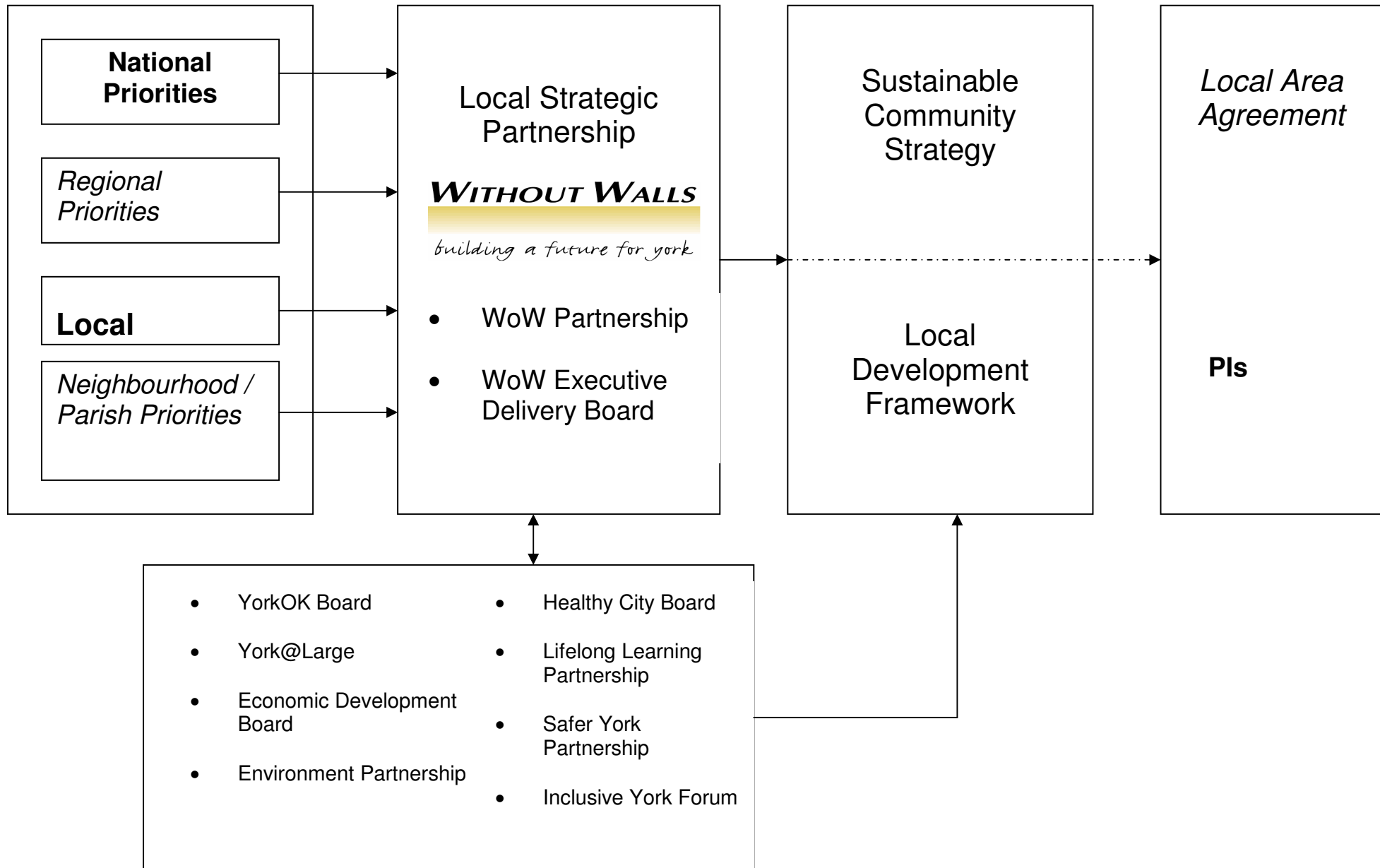
The Executive Delivery Board has a commissioning and delivery role and implements the work programme set by the Partnership. The Executive Delivery Board (ExDB) will performance manage the SCS and LAA on behalf of the Partnership. The ExDB meets four times per year. The ExDB will:

- Recommend priorities and achievable outcomes
- Improve coordination across providers and direct resources towards achieving Sustainable Community Strategy priorities

- Monitor progress against targets
- Report progress to the Without Walls Partnership

The following diagram sets out the relationship between the Without Walls network of partnerships with the Sustainable Community Strategy, Local Development Framework and Local Area Agreement.

Local Strategic Partnership Framework: the relationship between the Sustainable Community Strategy, Local Development Framework and the Local Area Agreement.



Partnership Planning

It is expected that key partners and partnerships within York, such as city of York Council, will align their own strategies and plans to the Sustainable Community Strategy. This is an expectation of public, private and voluntary and community sector. This will ensure key strategies and plans will, over time, meet the strategic expectations and direction set by the SCS for York. Similarly we anticipate that partners will align their planning and delivery systems to the SCS.

The LDF has a key role to play in helping to deliver the spatial elements of the SCS. The role the LDF will play in delivering SCS outcomes is set out in Section 4 of this strategy. In developing the various LDF documents the vision and strategic ambitions set out in the SCS will need to be taken into account. Similarly, many of the Strategic Aims and Actions identified under each of the seven top-level objectives in the SCS have a spatial element, which the LDF can help deliver. For example, the LDF can help to deliver the 'actions' identified under the Sustainable City on issues such as transport, sustainable location and design, heritage, Green Belt, and green infrastructure. Under the City of Culture theme the LDF can help deliver the aims and actions on issues such as cultural offer, heritage attractions, high quality public spaces and creating a vibrant city. Work on the two Area Action Plans for the City Centre and York Northwest offer real opportunities in this respect.

Neighbourhood Action Plans

A critical part of delivery of the SCS will be the continuing development and strengthening of Neighbourhood Actions Plans (NAPS). A Neighbourhood Action Plan looks at the needs of a neighbourhood, highlights specific issues and goes on to develop a planned approach to tackling these issues in partnership with the community and service providers. NAPS incorporate information such as profiles of a Ward and standards and targets, which are to be met to ensure that other service providers and partners contribute to their content, thus providing a greater breadth of information about the neighbourhood.

At present there are a total of 59 ambitions contained within the NAP's across the 18 ward committee areas of the city. Each Ward Committee area has three or four ambitions within their NAP.

Elected Ward members are at the forefront of making sure that this delivery happens. This process has continued to strengthen partnership service delivery at a local level. It is essential that the NAP's are also enhanced to enable them to play a more central role in providing a direct link (golden thread) between the LAA and Sustainable Community Strategy. Furthermore, NAP's need to be developed and delivered in conjunction with the public and partners. This will help increase participation and engagement within the community. NAP's can achieve this as all residents of York have the opportunity to help shape their local neighbourhood on a regular basis.

LAA Action Planning and Delivery

Once the three year LAA has been agreed with central government the Executive Delivery Board will prepare a work programme identifying key tasks and actions required to deliver the improvements and targets for the performance indicators. This approach will:

- Enable knowledge of current programmes and activities to be collectively owned and understood
- Identify any gaps where additional activity is required to meet the targets
- Stimulate innovation and collaboration between partner(ship)s where outcomes and targets can only be achieved by collective effort
- Inform the allocation of any available monies to pump prime action to enable LAA targets to be achieved

Performance Management

The Executive Delivery Board is underpinned by a strong performance focus, which facilitates a clear agreement between partners regarding responsibility for delivering against LAA outcomes. The ExDB also ensures that reporting chains and data flows, necessary to assess performance at regular intervals, are in place. A key to successful performance management is a desire to improve data sharing and bring together performance information across the city to monitor progress on the LAA.

Over time the intention is to simplify, streamline and integrate existing performance management arrangements into one area-based framework, and bring focus to the SCS. The LSP will manage progress against the targets specified within the LAA. Key agencies and partnerships will measure their contributions to its achievement and embed delivery of relevant LAA outcomes into their existing planning cycles and monitoring arrangements.

The ExDB is responsible for performance monitoring and management of the SCS and LAA. This is done by use of two types of measures:

- **Health of the city indicators** - key high level longitudinal measures (e.g. unemployment rate)
- **LAA Indicators** - LAA2 indicators

These two different types of measures are specified in the individual thematic sections of the SCS.

Funding

Partners and partnerships already invest considerable resources in York. Much of this will be used, over time, to achieve the ambitions of the SCS. In the short-term the only immediately available funds that are available to support the delivery of LAA outcomes and indicators is the reward grant from LPSA2.

LAA Operational Guidance states that 'in agreeing targets for inclusion in LAAs, partnerships will want to consider how they will resource delivery of these priorities. Individual partners may wish to pool their mainstream resources, where this is possible'. It also acknowledges that the Local Government and Public Involvement in Health Act, 2007 emphasises the need for cooperation, including the possibility of shared commissioning across the different public service providers to better meet the expectation of citizens.

Local Area Agreements are intended to be used as a mechanism by partners within a local area to foster a new relationship between local and central government and find new ways of working. Implicit within this assumption is that new ways of working will emerge as outcomes are agreed and plans to achieve them are implemented.

While pooling funding may have its advantages, the movement of funds could have impacts on other service areas, therefore, it is recognised that care needs to be taken in both determining the extent of pooling and how future distribution will be agreed. The expectation is that as the LAA is implemented and partners review performance jointly and consider new ways of working then existing funds will be aligned more closely, the use of Area Based Grants will be reviewed and the potential for pooling considered.

C: Economic Development Programme

2008/09 – 2010/11

ECONOMIC DEVELOPMENT PROGRAMME 2008/09 – 2010/11

Key Action	Key Areas of Work	Lead/Partners	Related PI's
<p>KA1 Further develop York as a centre for leading edge, modern, knowledge and science-based businesses – one of 6 National Science Cities. This will be achieved by increasing the levels of start-ups, spin-outs and growing businesses through Science City York business development and skills development programmes.</p>	<p>* Implement Science City York (SCY) SRIP endorsed action plan to deliver support to key clusters in:</p> <ul style="list-style-type: none"> • Bioscience & Healthcare • IT & Digital • Creative Technology Industries <p>* Support the roll-out of key specialist services to support new business ventures and growth of existing companies in York and key parts of North Yorkshire:</p> <ul style="list-style-type: none"> • 'Cluster Development' to create the right environment and support for key knowledge-based sectors to embed them locally and regionally by organising Business to Business activities • Business Promoter mentoring to aid early stage ventures and growth of sector related businesses • Provision of Proof of Concept and grow on funds to support commercialisation and creation of new start-ups and their growth • Facilitating workforce development programmes to create and develop progression routes and address training needs with partners • Public Engagement in science and innovation, eg Yorkshire Festival of Science, Café Scientifique • Review appropriate infrastructure requirements for knowledge-based businesses (broadband, property etc) • Promoting York as a Science City regionally, nationally and internationally <p>* Work with the University of York, York St. John and Higher York partners to support enterprise and knowledge transfer activities, which also includes the development of new departments.</p> <p>* Review SCY Strategy Board on an ongoing basis to ensure it meets the</p>	<p>Science City York lead. Key stakeholders: industry University of York, Yorkshire Forward and the City of York Council. (which is the contractual lead partner.)</p> <p>Learning City York</p>	<p>VJ7a: no of jobs created through Science City York</p> <p>VJ7c: no of science based start-ups</p>

	<p>satisfaction of stakeholder/partner and customers as well as the CLG business plan needs. Consider findings of Yorkshire Forward sponsored review of activities. Develop strategy for post 2009 and commit financial sources for associated work programme.</p> <p>* Review additional customer accreditation programmes to support professional development, standards and funding opportunities.</p>		
--	---	--	--

<p>KA2 Strengthen the competitive position of York in the leisure and business visitor market through focused marketing activities alongside investment in the tourism, heritage, cultural and conference infrastructure, and skills development activity through Visit York (the Single Tourism Organisation for York)</p>	<p>Establish the new Visit York company from 1 April 2008</p> <p>* Implement the Service Level Agreement between the Council and Visit York which was agreed in December 2007, with particular reference to the Council priorities:</p> <ul style="list-style-type: none"> Production and/or revision of a Tourism Strategy and Action Plan for the City through consultation and involvement of the Council and other stakeholders; Enhance York's tourism offer to attract higher added value in the tourism sector and to strengthen the City's function as a tourism gateway to a wider region; Developing the quality of the York visitor product; Ensuring that Visit York has sufficient resources to be able to run its services effectively and maintain financial viability; Assisting the Council to consult with the tourism industry; Helping the Council to achieve its environmental sustainability objectives by promoting a sustainable, green tourism agenda for the City and tourism businesses; Encourage and facilitate transformational enhancements to York's visitor economy subject to the development of a business plan for Visit York and the availability of resources; Complement the work of York@Large, particularly regarding the promotion of major events in the City that will attract visitors; Take account of the interests of residents in the development of tourism Provide tourism advice to the Council and other stakeholders on issues such as business skills and training needs; Deliver information services to York's visitors and make best use of destination management systems; Provide input, comment and intelligence so that the Council can respond to regional and national tourism policy <p>* Ensure that Visit York meets the monitoring conditions outlined in the SLA regarding performance indicators and the production of a monitoring report by December 2008</p> <p>* Ensure that Visit York contributes fully to the Yorkshire Tourism Network, through its role as one of six tourism partnerships in the Yorkshire region.</p> <p>* The Council will carry out an Annual review of the company's</p>	<p>Visit York</p>	<p>VJ8a: increase the average length of stay by 1% per annum</p> <p>VJ8b: set a target of a 5% increase per annum in tourism earnings</p> <p>VJ8c: number of annual jobs created by tourism – increase by 1% per annum</p> <p>Other PIs tbc – could include targets for:</p> <ul style="list-style-type: none"> Usage of the VIC Private sector membership levels No. of tourism businesses involved in training No of training days being facilitated by VY Return on investment of publicity A “product development” target? Etc?
---	--	-------------------	--

	performance in January 2009		
KA3 Enhance the city's broad-based economic structure, including the retail sector, the cultural sector and city centre economy. Business support services will be provided; there will be direct intervention with key sectors and businesses Duplicates KA4	<p>*Review the City Centre Partnership business plan. Consider alternative managerial arrangements for 2008 and beyond which can deliver the actions the partnership has addressed.</p> <p>* Improve standards in the city centre through role of new City Centre Operations Manager (Service Level Agreement and standards to be negotiated with CSO).</p> <p>* Implement a single new managerial arrangement which can deliver the markets and city centre functions. Review use of central area open spaces and consider future opportunity. Develop the role of speciality markets in contributing to the city centre retail offer.</p> <p>* Implement the Evening Economy Action Plan, in conjunction with tourism, retail, attractions, licensed premises and other interests</p> <p>* city centre visioning and master planning with YF</p> <p>* footstreets review being led by TPU</p> <p>* the quarters' work- Minster, Castle, Cultural, Business</p> <p>*lighting initiatives</p> <p>* Joint action plan for Newgate Market, working with traders</p> <p>* Develop the role of Newgate and speciality markets in contributing to the city centre retail offer.</p>	<p>City Centre Partnership and CYC</p> <p>City Centre function</p> <p>Visit York, City Centre function and other stakeholders</p> <p>Visit York, CYC Market function</p>	<p>City Centre Partnership PI's defined in the Business Plan</p> <p>Operational PI's to be defined through revised SLAs for city centre services.</p> <p>Impact will be measured through economic impact work (VJ8b above)CCP3: Percentage of stall take-ups in Newgate market.</p>

	<ul style="list-style-type: none"> * Enhance support for the retail sector. * Consider enhancement to the 'offer' in peripheral city centre shopping streets * Review the city centre events programme. * Promote City of Festivals agenda in conjunction with York @ Large * Ensure that the Eco-Centre is completed and YSMBAC is installed to provide the necessary management and business advice/support. Agree SLA with YSMBAC. Consider Yorkshire Forward's revised arrangements for the delivery of Business Link Services. Ensure that York benefits from good quality, customer orientated services. 	<p>The City Centre Partnership and follow-on managerial arrangements and joint initiatives between the Council and retail sector</p> <p>CYC/CCP joint work</p> <p>With York @ Large and Visit York</p> <p>Working with Yorkshire Forward Business Link and YSMBAC</p>	<p>Ongoing</p> <p>VJ9a: Number of new customers using the Business Advice Centre, 4 Fishergate.</p>
--	---	---	---

	<p>*</p>		<p>VJ9c New businesses created by the Business Advice Centre, 4 Fishergate. Occupancy levels and start-ups</p>
<p>KA4 Facilitate bringing forward major development opportunities at York Northwest, Terry's, Hungate, Castle Piccadilly, Nestle South and Monks Cross.</p>	<p>* Coordinate economic and employment inputs into the Local Development Framework and Regional Spatial Strategy processes (including consultancy research). *Promote York Northwest as a New growth point with the Leeds City Region context. * Work with City Strategy team to produce a master plan for the City as envisaged in the Future York Group report.</p> <ul style="list-style-type: none"> • York Northwest Area Action Plan being produced through the Council's City Strategy function. The aim is to achieve mixed use schemes on both the former British Sugar and York Central sites with residential, employment and leisure uses. This will include a new urban quarter at York Central including residential, office development, enhanced cultural facilities focused on the NRM and complementary retail development. • Terry's – achieve an employment led mixed use development scheme with a focus on SCY uses in accordance with the adopted planning brief • Nestle South – achieve a mixed use development scheme that at least replaces jobs lost on the site and provides opportunities for the creative industries, SCY and small businesses in Accordance with the adopted planning brief • Castle-Piccadilly – achieve a major new addition to York's retail offer including a department store in accordance with the adopted planning brief for the site • Monks Cross – achieve a high quality new employment use on the Vangarde (Monks Cross South) site 	<p>CYC: City Development Group lead with Cross-Council Regional Group support.</p> <p>CYC/York Central Steering Board (?)</p>	

	<ul style="list-style-type: none"> Coordinate economic and employment inputs being fed into the York Northwest planning brief process, focusing on potential end users and skills development opportunities. * Coordinate economic and employment inputs fed into the City Centre Area Action Plan process, focusing on place-making, potential end users and skills development opportunities. * Secure development of key sites in line with economic and corporate objectives through the planning process. * Likely to move away from restricting premier employment sites to SCY as a result of SQW and Entec study recommendations!! 	<p>CYC Learning & Skills Council, Lifelong Learning Partnership, education and training providers and Future Prospects.</p> <p>CYC/Visit York/City Centre Partnership etc</p> <p>CYC</p> <p>CYC/Science City York</p>	
KA5 Work jointly with regional and sub-regional partners to promote York in order to attract high value external investment to support and add value to local business development.	* Operate revised working arrangements (focusing on a smaller number of agreed priorities) between the Economic Development/Science City York and york-england.com – focusing on priorities identified within other areas of the economic development programme (eg. Science City York, key sites, tourism, city centre).	CYC/york-england.com/SCY	VJ10a: Number of jobs created through york-england.com activities VJ10b: Number of companies created through york-england.com activities.
KA6 Support the University of York in its role as a key economic generator for the city through joint action involving Science City York and the Higher York	<ul style="list-style-type: none"> Work with the University/Science City York to ensure that the new development at Heslington East can maximise its contribution to the City's future employment base. Increase access and participation levels to higher education 	<p>See KA1 in relation to Science City York involvement</p> <p>Higher York</p>	

Partnership, and developing Heslington East.	<p>courses via the Higher York Partnership.</p> <ul style="list-style-type: none"> • Increase number of graduate start-ups through Enterprise groups in University of York and York St.John 	Partnership University of York/York St.John	
KA7 Maximise economic benefits for York through collaborative work at regional and sub-regional levels, including work with Yorkshire Forward and Leeds City Region.	<ul style="list-style-type: none"> * Joint action with Yorkshire Forward to enhance CYC/YF collaboration and maximise the economic impact of council activities Within the new strategic context being implemented by Yorkshire Forward. Ensure that discussions with Yorkshire Forward over the implementation of the findings of the Sub-National Review fully articulate York's expectations. * Define and build York's "Science City " role within the region. Further Define York's role and contribution to the Leeds City Region Development Programme And the emerging Business plan. * Develop further York's leading role as a visitor destination into the Yorkshire region, contributing fully to the Yorkshire Tourism Network (Yorkshire Forward, Yorkshire Tourist Board and the TPs) <p>Lead and implement the Innovation Theme activity within the Key Cities/Major Urban Centres and Leeds City Region and link to Northern Way strategy.</p> <ul style="list-style-type: none"> * Review Yorkshire Cities/ in the context of Yorkshire Forward and the government Sub-National review. * Collaborate over Sub-Regional Strategic Economic Assessment and the revised Sub-Regional Investment Programme * Respond to Yorkshire Forward's city region/sub-regional review of investment planning, with a view to ensuring that the arrangements which best address York;s economic potential are adopted. * Further develop cross-council integration on regional issues through the new City Strategy Directorate. 	<p>CYC/YF</p> <p>CYC/YF/Univ + SCY</p> <p>CYC/Leeds City Region</p> <p>Visit York</p> <p>Science City York</p> <p>CYC/YF and cities</p> <p>York and N. Yorkshire Partnership Unit</p> <p>CYC</p> <p>CYC</p>	

<p>KA8 Enhance skills levels within the York workforce through partnership working with the Learning & Skills Council, Lifelong Learning Partnership, education and training providers and Future Prospects.</p>	<ul style="list-style-type: none"> *Further develop a Skills Strategy for the Future York economy. * Explore options to review /refocus(with LSC and Lifelong Learning Partnership) mainstream funding – maximising the use of external funding. * Maximise the use of Future Prospects in engaging with local people and increasing participation levels economic inclusion – working within the Lifelong Learning Partnership context and other agencies/projects. Remove barriers to work and learning (i.e. freedom and flexibility with Job Centre plus. * IMD – support economic inclusion through responding to the needs of the most deprived areas in York. * Deliver, through the Council's York Training Centre, training and support initiatives targeted at those marginalised from mainstream services – working in collaboration with other providers, LSC, Job Centre Plus and the LEA. <p>Use York Training Centre and collaboration with external training providers and other public sector employees to enhance staff development levels within the Council.</p> <ul style="list-style-type: none"> * Ensure skills development issues are addressed by Visit York, in collaboration with other delivery partners 	<p>Lifelong Learning Partnership(with LSC and CYC)</p> <p>Future Prospects/Lifelong Learning Partnership.</p> <p>York Training Centre</p> <p>CYC, York Training Centre and partners</p> <p>Visit York</p>	<p>VJ3: Percentage of people obtaining work and entering learning after attending Future Prospects.</p> <p>VJ16a: No of face to face interviews at Future Prospects.</p> <p>Training/skills PIs (in KA2)</p>
<p>KA9 Translate economic prosperity into benefits for local people in terms of income levels, quality of life, a safer city, and access/inclusion to the life of the city.</p>	<ul style="list-style-type: none"> * Increased integration of the Safer York, anti-social behaviour, housing, social inclusion, anti poverty equalities and other “quality of life” agendas with the Economic Development Programme, and increase economic development inputs into these programmes. * Anti poverty strategy * IMD – as KA8 above *Employer engagement strategy including council as an employer, including corporate parent roles. Work more with voluntary sector, council working with SMES on inclusion and showing by good example * Advise the Credit Union of socio-economic issues to help it develop its services. 	<p>CYC and partners</p> <p>Credit Union lead</p>	<p>PI's within other areas of work.</p> <p>New PI's:</p> <ul style="list-style-type: none"> *Income support as a % of working age population. *Household income levels and annual pay <p>Credit Union projected membership level (in</p>

their business plan).

	<ul style="list-style-type: none"> * Provide a free and impartial benefits advice service through Future Prospects linked to their wider services. * Create “quality jobs” through work with all employers and other partnerships, encouraging widening participation routes and graduate retention programmes are put in place with Higher York partners. 	<p>Future Prospects</p> <p>Science City York, Visit York</p>	<p>Develop new FP PI re number of benefits advice sessions.</p> <p>See KA1</p>
<p>KA10 Contribute to the development of a modern, sustainable, uncongested transport infrastructure that meets the needs of the York economy. This will be achieved by strategic planning and investment through the Local Transport Plan and direct intervention with key rail and air operators.</p>	<ul style="list-style-type: none"> * Local Transport Plan 2. <ul style="list-style-type: none"> - implementation through the Transport Planning Unit. - economic development inputs to shape outcomes (for example on funding bids) and assist implementation. * Car Parking, Park & Ride, and FTR awareness-raising and promotion in conjunction with retailers, Visit York partners etc. * Coordinate when appropriate transport inputs and collaboration in relation to the economy led agendas relating to the Leeds City Region (including the Transport/Stalls MAA due June 2008), Yorkshire Cities, Northern Way. * Ensure that York and the regions interests are assimilated within development/investment proposals for the ECML and Trans-Pennine rail franchises. * Progress action on public transport links to the region’s airports – involving Visit York * Major scheme bid “access York”, Cycling City, also new rail station at Haxby and investigating Tram-train from Leeds-Harrogate 	<p>City Council Transport Planning Unit</p> <p>CYC</p> <p>CYC</p> <p>CYC – with private sector</p> <p>CYC – with private sector</p> <p>Visit York with CYC</p>	<p>Set within LTP2</p>
<p>KA11 Work with neighbouring councils to develop new approaches to affordable housing.</p>	<ul style="list-style-type: none"> * Collaboration with CYC Housing and City Development functions through work on the Regional Spatial Strategy, Local Development Framework “Golden Triangle” and “sustainable communities” initiatives. Consider the potential of EcoTown proposals within the City Region to address this issue 	<p>CYC: facilitated by the internal, Cross-Council Regional Group.</p>	<p>Set within these policies</p>
<p>KA12 Monitor and review strategies as they relate to the economic development of the city and integrate the</p>	<ul style="list-style-type: none"> * Develop the Thriving City theme of the Local Strategic Partnership, linking into the required Local Area Agreement Economy & Enterprise block. <p>Review and monitor high level Local Strategic Partnership Thriving City Theme PI’s and associated local PI’s.</p>	<p>City Strategy Directorate</p>	<p>LAA in place by April 2007</p>

<p>new City Strategy with other council strategies.</p>	<ul style="list-style-type: none"> * Contributing where appropriate to the Cultural City themes within York@Large * Exploit all possible external funding services. * Fully articulate York's case in the ongoing debate over implementation of the findings of the government's Sub-National review * Provide a business intelligence service across all sectors – responding to issues and monitoring performance (tourism trends through Visit York) * Monitor and review the city's Economic Strategy in the context of the Community Plan. 	<p>Visit York</p>	
<p>KA13 Help deliver and influence council/departmental/group operational and management priorities.</p>	<ul style="list-style-type: none"> * Inputs required in relation to CPA, Council Plan, corporate policies and processes. * Audit Commission review/inspection of Council/LSP partnership working through the Thriving City Theme (and Visit York/Science City York activity specifically) * Consider the findings of the CPA and modify service formulation and delivery as appropriate. * Implement the findings of the Job Evaluation process 	<p>Economic Development Group</p>	