

## York: Prioritising Prosperity

A report prepared by Centre for Cities for City of York Council

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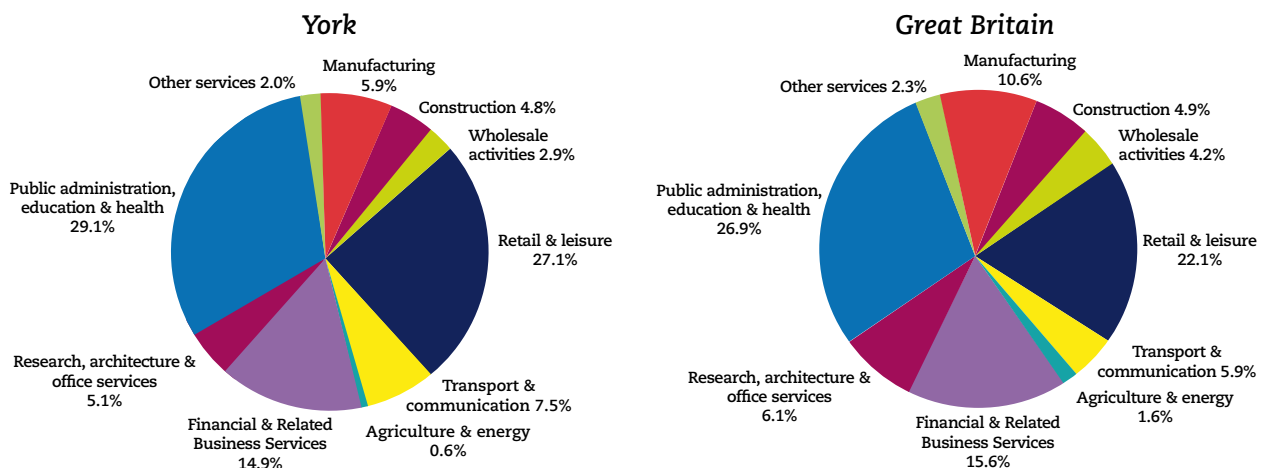
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### Introduction

York is a Partner City in the Centre for Cities research programme **'Unlocking City Potential and Sustaining City Growth'**. The programme works closely with a small group of cities to inform economic development strategies and improve economic performance. York wants to develop as a 'Thriving City', taking advantage of the policy opportunities that exist in the Sub-National Review. This report sets out policy analysis and recommendations in response to four principal questions:

- How can York deliver the infrastructure needed to achieve its vision of growth?
- What can York do to improve the performance of its core future economic drivers, particularly its science and technology cluster?
- How can York tackle small remaining pockets of worklessness?
- How can the Council ensure the wider Leeds city-region benefits the York economy?

Figure 1: York's Sectoral profile (2007)



Source: Nomis (2009) Annual Business Inquiry

### Key recommendations

- **Sustainable growth:** The Council must embrace the need for managed change in the city and deliver the infrastructure needed to support sustainable economic growth. In particular, this will mean redoubling efforts to deliver the York Northwest development opportunity.
- **Science & technology:** Partners including the Council, the University of York, Science City York and Yorkshire Forward need to increase their focus on building up the city's science and technology cluster. This sector represents York's best chance of carving out a niche for itself in the modern economy. City partners should work together to define York's areas of leading expertise, attract investment and build its international brand.

## Macroeconomic context

The credit crisis in the financial markets has now become a crisis in the broader UK and global economy. The UK is now officially in recession and the fall in GDP in the last two quarters (2.2 percent decline) is now nearly as deep as the whole of the 1990s recession (2.5 percent). The problems within the financial system which have constrained the supply of available credit are far from solved and the forward looking indicators in the latest business surveys suggest that output has continued to deteriorate during the first quarter of 2009.

Given the momentum of the decline and the global nature of this downturn, we now expect GDP during 2009 to contract by more than three percent, and the eventual peak to trough decline may now exceed the falls during the early 1980s (4.5 percent peak to trough). In that recession the unemployment rate rose from four percent to 10.6 percent (measured by the claimant count rate). In this recession we start from a lower level (2.5 percent as of Q3 2008), but we expect a rise of more than one million over the next two years.

## Vision for York

The expected severity of the recession means that the economic growth aspirations set out in York's Sustainable Community Strategy<sup>1</sup> and the influential Future York Group (FYG) report (see Box 1) will have to be lowered. In the longer term, the city's set of assets - its highly skilled workforce, quality of life and well respected university - provide York with the potential to achieve sustained economic success. However, the underlying fragility of some of these assets, the economic weaknesses of the wider Yorkshire region and the severity of the recession, mean that the city has no room for complacency.

The report has two key messages about how partners in York can achieve their social and economic goals:

Firstly, the **Council must embrace the need for managed change in the city** and deliver the infrastructure needed to support economic growth. In particular, this will mean redoubling efforts to deliver the York Northwest (YNW) development opportunity. As partners in York know, this investment will be critical to the city's future.

Secondly, partners including the Council, the University of York, Science City York (SCY) and Yorkshire Forward need to increase their focus on building up the city's science and technology cluster. This sector represents York's best chance of carving out a niche for itself in the modern economy and partners should use the recent expansion of the University of York to spark further investment in infrastructure and growth in the local business base.

## A snapshot of the York economy

York is a reasonably strong city economically. It has recovered following the decline in its traditional manufacturing base, such as confectionery, restructuring towards higher value service sectors with the growth of tourism, financial services and the city's science cluster.

- York has seen strong population growth over the past decade. Between 1997 and 2007, the population grew at an annual rate of 1.0 percent, in advance of the national average of 0.4 percent.

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1. York Without Walls (2008) York City Vision and Sustainable Community Strategy 2008-25. York: City of York Council

- The city has a high employment rate with 79.3 percent of the working age population in employment in June 2008 (the latest data available), above the regional, Yorkshire & Humber (73.3 percent), and national (74.5 percent) average.
- Between 1996 and 2006 employment grew at an average annual rate of 1.5 percent, adding 13,800 jobs to the economy. This rate is slightly in advance of the regional (1.4 percent) and national (1.3 percent) average.
- In June 2008 unemployment was lower, at 3.6 percent, than the regional (5.7 percent) and national average (5.3 percent).
- In 2008, average resident earnings per week were £438. This is lower than the national (£475) but higher than the regional (£425) average. Average resident earnings are lower than in Leeds (£462).
- The city has a highly skilled population with 54.7 percent of the population with NVQ level 3 and above (Yorkshire & Humber: 42.3; Great Britain: 46.4) and 34.7 percent with NVQ level 4 and above (Yorkshire & Humber: 23.8; Great Britain: 28.6), in 2007.

#### **Box 1: Future York Group report**

In the summer of 2007, a business led group published a report on securing the future growth of the York economy. The FYG report made a series of recommendations, including:

- Adopting a 3.7 percent annual growth rate target, that would result in the economy doubling by 2026.
- The establishment of new channels of communication between the Council and the city's businesses.
- The dualling of the northern ring road.

This report builds on the FYG study by making detailed recommendations in specific areas and taking into consideration the impact that the recession will have on the city.

## **Impact of the recession on the York economy**

Forecasts, prepared in November 2008 for the Centre for Cities by Oxford Economics, suggest that under a scenario in which the UK economy contracts by two percent in 2009, York should expect output in its economy to contract by 1.3 percent. Under this scenario the city is forecast to see 2,800 jobs lost over the 2008-09 period – approximately 2.6 percent of the 2008 workforce. In reality, the UK economy is likely to contract by around three percent, so job losses could be significantly worse than this.

York has high employment in a number of sectors that are vulnerable during the recession. High profile job losses in York's financial services and construction industry have already occurred. Between January 2008 and January 2009, the Jobseeker's Allowance claimant count rate in York rose from 1.4 percent to 2.4 percent, a slightly smaller rise than the national average.

A recent report by the consultants EKOS, rated York as above average in economic resilience<sup>2</sup>. While York looks vulnerable in the short term, its strong initial employment rate means that the city is unlikely to see very high levels of unemployment. In the medium term the city's skilled workforce should prove flexible, providing that it is retained, and this will ensure that the city is well-placed for a future recovery.

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2. EKOS GEN/EDAW (2009 - forthcoming) *Index of Urban Resilience*. Sheffield: EKOS GEN/EDAW

## Delivering the infrastructure needed for growth

To recover from the impact of the recession York will need to concentrate its policy interventions on tackling its key economic weaknesses and supporting its competitive strengths. Like any local authority, York has found itself pulled in a variety of competing directions. To achieve its goal of sustainable economic growth, as set out in the Sustainable Community Strategy, York needs to prioritise the city's most important aims and reduce its total number of targets.

For example, the Future York Group report (2007) made 48 recommendations, not all have been completed and many have taken longer than expected to deliver – the Business Forum took over a year to implement. Equally, the city's draft economic development strategy has 13 key actions. Firms, developers and other agencies seem confused by the council's priorities and businesses in the city do not feel the city presents itself in a clear and understandable manner.

### Generating a commitment to growth

Following the recession cities will need to adjust to more challenging economic conditions. Reduced levels of public spending is likely to lead to a contraction in public sector employment and require more of the capital for economic regeneration to come from the private sector.

Economic growth is important. It provides new sources of employment, offers opportunities for those that are workless, raises residents' incomes, and increases prosperity and standards of living. York has perhaps overplayed the strength of its economy. The city considers itself to have a 'leading edge, modern, knowledge and science-based economy', however, Cities Outlook ranked York 21st in terms of economic prosperity (see Table 1). In the regional context York is a strong performer, but its performance compares less well to the successful cities located in the South.

Table 1: Selected comparator Partner Cities' rankings from Cities Outlook 2009\*

	York	Cambridge	Brighton
Economic Prosperity Index (/64)	21	5	12
Social Deprivation Index (/64)	5	4	23
Built Environment Index (/64)	13	2	8

\*First place in the ranking is an indicator of strength i.e. the strongest economy, the least socially deprived and the most prosperous built environment  
Source: Centre for Cities (2009) Cities Outlook 2009

Standing still is not an option, particularly for cities like York seeking to carve out a niche in the knowledge economy. York needs to continue to match the opportunities offered in other competitive locations, or businesses and highly skilled individuals will start to re-evaluate the extent to which York meets their needs. For cities, economic growth often means expanding and improving transport infrastructure, housing and business space. The difficulties that have been encountered in progressing the Terry's development<sup>3</sup>, which would have added 2,800 jobs to York's economy, highlights the need to foster an appreciation of the benefits of growth for York.

Some of York's residents are understandably uneasy about growth in the city. York is valued for its quality of life and historic setting, and many residents have a deep concern for their impact on the environment. Local politicians can potentially play an important role, setting out the benefits of economic growth to the city's residents. Politically, this can be challenging when the benefits of growth are delivered in the medium term, while the pressures that exist require short term results.

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3. The Press (2008) 'Fresh hope for Terry's revamp', published October 2008

The importance of enabling the managed change of the physical environment requires the Council, Councillors and the city's business sector to work together to facilitate sustainable economic growth and secure the future prosperity of York. The development underway at the University's Heslington East campus should now be used as a catalyst to attract new investment and market the city as an important centre for science and technology.

## ***Planning and the built environment***

Complications with the planning process in York have prolonged development times and seen certain projects delayed. In part, this has been due to the lack of a statutorily adopted city development plan. There have been some recent improvements, such as the attraction of the HSBC data centre, but like many cities performance remains mixed. Added to this, the recession has now made regeneration across the country far more difficult<sup>4</sup>. York has already seen a number of major housing projects put on hold with delays announced to the construction of almost 700 homes<sup>5</sup>.

York has many development opportunities, but the sheer number of sites may have detracted from the Council's overall direction. There are five large brownfield opportunities in York and 36 potential sites of employment<sup>6</sup>. The York Northwest (YNW) development opportunity, in particular, is critical to the city's economic future. YNW is comprised of two distinct locations in close proximity and covers an area of 100 hectares, with 75 hectares of developable brownfield land. YNW has scope for one million square ft of office space and 4,000 new homes<sup>7</sup>. The site has been identified as a regionally significant investment priority<sup>8</sup>. A considerable portion of the development, York Central, is a prime city centre location.

The importance of the YNW development to the city means that it **should be the key priority** in the Council's efforts to improve the economy. However, the development has a number of inherent difficulties including multiple site owners, accessibility difficulties, the need for significant infrastructure investment and the level of site contamination.

- Insufficient focus on the site could delay the agreement of the Area Action Plan or postpone site development. The Council should prioritise the staff time dedicated to bringing forward YNW and increase the capacity and core skills of the staff involved. A training programme for city planners and other relevant Council officers should be developed, working with Yorkshire Forward, the two universities and the Commission for Architecture and the Built Environment (CABE), to improve competencies and 'placemaking' skills across a range of core urban planning practices. Training could be extended to staff working on all of the city's development sites. More senior officer time should also be allocated to the development of the York Northwest site. There could be scope for the Council to expedite the development of the site's planning documents.
- On the issue of financing the necessary infrastructure improvements, York has already pursued a number of options. If the current options were not to progress York could approach the Core Cities Group, as part of the Leeds city-region, to assess whether an Accelerated Development Zone (ADZ) could be an appropriate financial tool for the YNW site.

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4. Parkinson M et al (2009) *The Credit Crunch and Regeneration: Impact and Implications*. London: CLG

5. The Press (2008) 'Major housing schemes in York are put on hold', published December 2008

6. The total number of sites is less than 36. Some of these are smaller parcels of larger sites.

7. Leeds City Region (2008) *Urban Eco Settlements: Completing the Leeds City Region New Growth Points Package 2008-17*. Leeds: Leeds City Region; York Council (2007) *York Northwest Area Action Plan: Issues and Options Report*. York: York Council

8. Government Office for Yorkshire and Humber (2008) *The Regional Spatial Strategy for Yorkshire and The Humber to 2026*. Norwich: The Stationery Office

## Box 2: Policy case study - Accelerated Development Zones

ADZs are based on Tax Increment Financing, a widely used policy tool for funding regeneration in the US. While the tool has not yet been created in the UK, PricewaterhouseCoopers (PWC) has prepared a report for the Core Cities Group on its potential application.

ADZs would ‘allow local authorities to capture incremental value in the form of tax revenue generated from new development’<sup>9</sup>. The basic function is that a local authority takes on a loan to pay for the upfront costs of infrastructure and land remediation. The loan is then securitised and funded by the increased business rates received from the site, which HM Treasury would allow the local authority to retain.

PWC evaluated the potential application of an ADZ to the Leeds Aire Valley development, a site which although substantially bigger than YNW, suffers from similar problems. As such, YNW could be put forward as an equivalent opportunity. It may also be possible to make the case for a city-region wide ADZ as being developed in the Greater Birmingham city-region.

- The failure to deliver the Terry’s site, which was rejected by city councillors after a divergence in the developers’ and Councillors’ vision of the potential impact on the city, has highlighted the need for closer collaboration in the pre-planning phase. This should involve Councillors, the Council planning team and developers. The Council has already agreed an improved process chain and should now review how the lessons from the Terry’s development can be specifically applied to the YNW planning policy process to ensure that it avoids the same pitfalls.

The recent Killian Pretty review<sup>10</sup> highlighted areas in which councils can improve their planning decision making structures. A number of these would be relevant to York, such as encouraging the Council Leader to play a role in leading the process and giving senior councillors planning policy and economics training, so they have a better understanding of the implications that planning decisions have for the economy.

## Recommendations:

- York should prioritise policy support on the areas that will make the biggest difference to its economy - progressing York Northwest and developing the science and technology cluster.
- Councillors should make a policy statement setting out the arguments in favour of continued sustainable economic growth in York – including managed change of the built environment.
- The Economic Development Partnership should revisit and set a new realistic annual growth rate target. This will be smaller than the 3.7 percent target suggested by the Future York Group report.
- Planning department resources should be prioritised to keep progress on the York Northwest on track. The Council should investigate whether an Accelerated Development Zone could meet the York Northwest site’s infrastructure funding needs.

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9. PWC & Core Cities (2008) *Unlocking City Growth: Interim Findings on New Funding Mechanisms*. Manchester: Core Cities Group

10. Killian J & Pretty D (2008) *The Killian Pretty Review – Planning Applications: A faster and more responsive system Final Report*. London: Killian Pretty Review

## Supporting the growth of higher value jobs

Supporting the growth of higher value jobs is essential to the success of all cities. In the medium term, supporting the creation of employment opportunities will be especially important as cities seek to recover from the recession. To facilitate employment growth cities need to play to their strengths, identify key assets and be realistic about the sources from which growth is likely to come.

This section of the report argues that financial services may offer York limited growth potential. If the financial and related business services sector is to shrink, other sectors will need to grow. The city should focus policy support on the science and technology cluster, taking a number of steps to achieve this. While the growth higher value jobs in York will not be limited to this sector, it is the area in which the Council can productively add value. Finally, it suggests that entrepreneurship education needs to form a larger part of the city's skills offer.

### ***Financial and related business services***

Financial services organisations are an important employer in York. In 2007, financial services contributed 6.6 percent of York's employment compared with 4.0 percent nationally. However, the wider financial and related business services sector contributes 14.9 percent of employment, below the national average of 15.6 percent. The Future York Group report highlighted the importance of financial and professional services and identified the sector as an important growth area for the city. However:

- York's financial services sector, while considerable, is concentrated in two large employers in fairly low value added activities – Norwich Union and the Gard Protection Plan Group. The presence of these two larger employers may overstate York's specialisation in this sector.
- The global recession has cast significant doubt over future levels of employment in the financial services sector in all UK cities. It is clear that significant job losses will occur over the next two years; in York cuts have already been made at Norwich Union, affecting between 500 and 700 people. Even when the recovery comes, the financial and related business services sector is unlikely to grow at the rate observed during the past decade. The satellite nature of many of the functions based in York may provide the city with a level of stability. Individual firm job losses are likely to be in the hundreds rather than the thousands.
- The growth of financial services has been supported by York's proximity to Leeds, one of the leading financial services centres outside of London. Firms have been attracted to York by the competitive cost of office space. However, given the availability of lower cost locations in the Leeds city-region, such as Bradford and Huddersfield, York may find it harder to attract further financial services firms to relocate to the city. In the medium term, further growth seems unlikely, particularly given the impact the recession will have on the sector in Leeds<sup>11</sup>.

### **York should reduce its expectations for employment growth in the financial services sector.**

While the Council should continue to take advantage of opportunities that exist, such as the attraction of the HSBC data centre, the sector should not be seen as a priority area for growth. Even though the city is unlikely to become a significant financial services centre, the need for additional office space will remain. This would be met by the York Northwest (YNW) development.

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11. Larkin K & Cooper M (2009) *Into Recession*. London: Centre for Cities.

## York's science cluster

The City of York Council has supported the University of York for the past decade and should continue to do so as the University is one of the city's key economic assets, both in its role of providing the city with a skilled workforce and its potential to create and attract high value businesses. The science cluster is important to York because, like the tourism industry, the sector attracts additional income to the city.

The complexity of supporting the growth of science clusters means that the Council has an incomplete set of mechanisms to improve York as a centre for science and technology. Growth of the cluster will also continue to be constrained by the size of the University. The Council will have to continue to work with the University and Science City York (SCY), using its leverage, to target measures that improve the performance of the science cluster.

The council can also have a significant impact on the growth of the science cluster by targeting the wider economic barriers that currently exist, such as planning, delivering on brownfield development, transport and housing. In many cases these policy areas can have a greater impact on improving rates of innovation than bespoke innovation policies<sup>12</sup>.

### Strengths

- **Nationally leading University:** It is only realistic for cities with very strong universities to develop a successful knowledge-intensive sector. The University of York's 2008 Research Assessment Exercise (RAE) score placed it eighth nationally<sup>13</sup>. Measured by the size of the city, York receives the fourth largest allocation of research funding - £119 per capita<sup>14</sup>. However, internationally York is less competitive and is only ranked in the top 200 to 300 universities in the world<sup>15</sup>.
- **Specialist areas:** The University of York has a number of academic areas in which it undertakes cutting edge research that have the potential to generate growth industries. These include health services research, biology (particularly plant biology), chemistry and computer science (Table 2).

Table 2: York's top ranked departments with commercial potential (2008)

Department	RAE score 2008 (0-4)	UK Rank
Health Services Research	3.05	1
Computer Science & Informatics	2.95	19
Chemistry	2.9	10
Biology	2.75	9
Earth Systems & Environmental Sciences	2.65	22

Source: Times Higher Education Table of Excellence (2009)

- **Established cluster support:** York has supported the growth of its science cluster through the initiative SCY, which was set up by the Council in 1998. SCY has a network of over 500 companies. According to SCY calculations, in 2006 there were 400 bioscience businesses in York and North Yorkshire, employing 9,200 people. There were also 1,800 digital businesses employing 15,800 people.

12. Webber C (2008) *Innovation, science and the city*. London: Centre for Cities

13. Guardian (2009) 'RAE 2008: results for UK universities', website accessed February 2009; Ranked 10th in The Times Higher Education based on 2008 RAE scores.

14. Webber C (2008) *Innovation, science and the city*. London: Centre for Cities

15. Institute of Higher Education at Shanghai Jiao Tong University; Internationally, this is the most widely used university ranking system. In the Times Higher Education Supplement 2008 the University York is ranked 81st in the world.



## Weaknesses

- **Size of University:** The University of York is a small university, with around 10,000 students. While the University's expansion, with the development of the Heslington East site, will increase the student population by around half by international standards it will remain fairly small.
- **Jobs creation at SCY:** SCY has assisted the creation of 99 new technology based businesses and 2,800 new jobs. While this feat is to be commended it represents only a small part of the York economy. The organisation intends to create 15,000 new science jobs by 2021. This ambitious target would represent a five fold increase in the jobs created to date. This is an unrealistic assumption, even more so in view of the recent economic downturn.
- **Limited number of spinouts:** The number and value of spinouts from York has been small considering its research expertise. A study undertaken by Library House revealed that York span out nine companies between 2001 and 2006, of which five were backed by venture capital<sup>16</sup>. The average number of spinouts across all of the institutions in the study was 12, with seven backed by venture capital. The study also showed that given the University's RAE score, and compared to other cities, it may have been anticipated to have recorded greater number of knowledge based companies within the 'city's cluster'. It is acknowledged that data for spin outs is problematic and can fail to capture the full value of activities.
- **Alignment of businesses in the cluster and research expertise:** It would appear that SCY and the University of York have had greater success in spinning out and growing companies linked to computer sciences. To illustrate this, in 2007, SCY's Bioscience network had 139 companies, whereas the IT and Digital network had 236 companies. Computer science is a key strength of the University, but other departments are arguably more prominent nationally<sup>17</sup>. This indicates that the research strength of a department alone is not a direct indicator of the likely economic impact, in terms of jobs creation.

## Scope for the growth of the science and technology cluster

The bioscience sector certainly has great growth potential internationally, driven by increasing demand for pharmaceutical and medical technologies. The sector is being targeted by Government as an area in which the UK can develop a comparative advantage. The question is whether it is realistic to expect York to be a key location for activity within the UK.

A report produced for York in 2007 used the assumption that the number of businesses related to SCY is expected to expand by approximately five percent per annum<sup>18</sup>. However, the recession is likely to require all employment projections to be re-evaluated. While the science and technology cluster has the potential to be an important economic driver for the city, the employment contribution is always likely to be fairly moderate. The Council and University also need to be realistic; due to a range of factors, such as the University's size, York may not become a nationally prominent bioscience cluster.

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16. Library House (2007) *An Analysis of UK University Technology and Knowledge Transfer Activities*. Cambridge: Library House

17. Based on 2008 RAE scores. In the 2001 RAE assessment the Computer Science Department received a 5\* rating.

18. SQW (2007) *City of York Employment Land Review*. Cambridge: SQW

## ***Continuing support for SCY***

SCY has achieved significant success in raising the national profile of York as a location for science activity, providing private sector leadership, and coordinating partners and related activities in the city. The organisation's success to date highlights that, within the Business Support Simplification Programme, there remains a rationale for continued investment from Yorkshire Forward. The City of York Council and Yorkshire Forward should aim to complete its funding exercise with SCY by the middle of 2009.

To improve performance and understand the value SCY adds, the Council and the University should work with SCY and Yorkshire Forward to agree a more comprehensive set of performance metrics. SCY has suggested the current measures fail to capture the full value of its work. While this observation is correct, it is important that this does not prevent evaluative methods from being put in place. Future funding settlements could also be linked to outcomes against these performance metrics to incentivise efforts in support of growth.

## ***Actions to improve the performance of the science cluster***

- **Aligning branding, attracting investment, and building profile:** York-England, the city's inward investment agency, has assisted in the relocation of 79 companies in the past three years creating over 1,000 jobs<sup>19</sup>. York-England's branding should now be further aligned with the promotion and support of York's science and technology cluster. This activity overlaps with SCY's role so close coordination is vital.

Over the next decade the Council, SCY and York-England should target attracting a sizable commercial research institution to the city, potentially in the area of computer science. This will require the targeting of appropriate companies, making the case for investment and providing the space and premises that the organisation would need. Currently, Smith and Nephew and the Defra Central Science Lab only partially fill this role.

Establishing a series of international research and technology conferences would help to build the profile of the University and promote the city as a location for investment. There may be opportunities to fund these events on a city-regional basis.

- **Concentrating and articulating areas of expertise:** York's efforts to attract investment would be supported by displaying greater clarity over the University's areas of international expertise and competitiveness. The University and SCY should identify three or four areas of research expertise and articulate these in a public document<sup>20</sup>. SCY should seek to focus its efforts - expanding the remit of SCY from three to five networks would not support this goal.

York needs to carefully analyse the employment potential of the bioscience and computer science research areas. Judged by performance to date, research in the computer science department seems to have been more successful in attracting existing and generating new businesses, and encouraging employment growth. Ultimately SCY support should be targeted to maximise economic impact. The University also needs to identify if institutional barriers have impeded the employment growth generated from areas of bioscience research. Finally, SCY needs to form a better understanding of the economic impact that supporting a low carbon bio-renewable cluster is likely to have in terms of job creation.

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19. York-England (2009) 'About Us', website accessed February 2009

20. Areas of expertise could include, plant biology, cancer treatment, liquid crystals and complex embedded computer systems.

- **Greater regional collaboration on knowledge transfer activities:** The University of York's size means that as it looks to compete internationally it needs to form a more cohesive partnership across the LCR and Yorkshire and Humber region. Increasingly, successful science clusters are required to be of a much greater size and scale.

The White Rose Partnership is already undertaking collaborative arrangements between the Leeds, Sheffield and York universities, thus far working on a project basis. City of York Council should encourage the University of York to work with this partnership to consolidate the commercial facing side of its knowledge transfer activities.

While the individual universities would still identify and facilitate knowledge transfer, the White Rose Partnership could offer a single communication point with industry, particularly to attract larger international companies. This approach would offer operational efficiencies and a greater total base of research and provide the potential to present companies with valuable technology combinations, unachievable in York alone. Such an approach has been advocated in the US, for universities operating in less well connected locations<sup>21</sup>.

### Box 3: Policy case study - further knowledge transfer initiatives

#### Professors of Practice at the University of Newcastle

Newcastle's Science City initiative has used staff to improve its knowledge transfer capabilities. They have implemented a policy of 'Professors of Practice', hiring academics with business experience. While these individuals undertake research activities, part of their time is also dedicated to looking at the research across the department and picking out ideas that could produce a spinout.

#### Derby's knowledge transfer consultants

The University of Derby has introduced consultants to its knowledge transfer team. These individual's remuneration is based on their success in going out to the city and generating business.

York should look at how its incentive structures could increase the success of its knowledge transfer activities. City of York Council and SCY should consider part-funding both of these initiatives.

- **Attracting research talent to the city:** Ultimately the growth of York's science cluster will be driven by the quality of research output from the University and the talent available to local firms. York's ability to attract talent will partly depend on its quality of place offer, including the affordability of its housing and quality of its transport infrastructure (Table 3). To an extent, York's ability to deliver on these factors is constrained by its size and historic structure.

Table 3: York's high cost of housing (2007)

	York	Leeds	Cambridge	Great Britain
Housing affordability ratio (2007)*	9.6	7.6	11.7	9.4

\*Average house price: Average wage

Source: ONS Annual Survey of Hours and Earnings (ASHE) 2008; Communities and Local Government - Mean House Data (2008)

21. Warren et al (2008) 'Models for university technology transfer: resolving conflicts between mission and methods and the dependency on geographic location' *Cambridge Journal of Regions, Economy and Society* 2008 Vol 1: 219-232

The University of York can also take steps to improve its commercially relevant research performance by establishing a recruitment policy which targets a small number of up-and-coming star researchers for influential positions (Box 4). This is already taking place to a certain extent - the Centre for Novel Agricultural Products looks to recruit world-class bio scientists. A targeted expansion of this initiative is recommended, linked with the areas of identified expertise (recommendation outlined on page 10) and with a focus on 'linking academics' with a track record, or considered likely to, commercialise research or work with existing businesses to apply their knowledge.

#### **Box 4: Policy case study - University of Dundee**

Sir Philip Cohen's role in developing the research capacity of the University of Dundee has been central to the growth of its life sciences cluster<sup>22</sup>. Cohen, as the Head of Life Sciences at Dundee, deliberately set out to nurture and attract scientific talent, targeting individuals and implementing more professional relationship management practices. The strategy not only sought out world leading academics but also those considered to be the next world leading academics. The success of his strategy has seen Dundee increase its share of the world's most cited scientists in their field to more than one percent, a significant achievement for a university of its size<sup>23</sup>.

#### **Recommendations:**

- The City of York Council, Science City York and Yorkshire Forward should agree a set of 10 year performance metrics, to evaluate the science cluster and the value of the support it provides.
- Future funding settlements could be linked to performance against the agreed metrics to incentivise growth of the cluster.
- York-England's brand should be refreshed and aligned with York's ambition to promote the city as a science and technology cluster. Partners should work together to attract a further large research company to the city.
- The Council should encourage the White Rose Partnership to expand its collaboration on the commercial facing functions of its knowledge transfer activities.

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22. Athey G et al (2007) *Innovation and the city: how innovation has developed in five city-regions*. London: Nesta.

23. University of Dundee (2008) *Professor Sir Philip Cohen - Biography*, website accessed January 2009

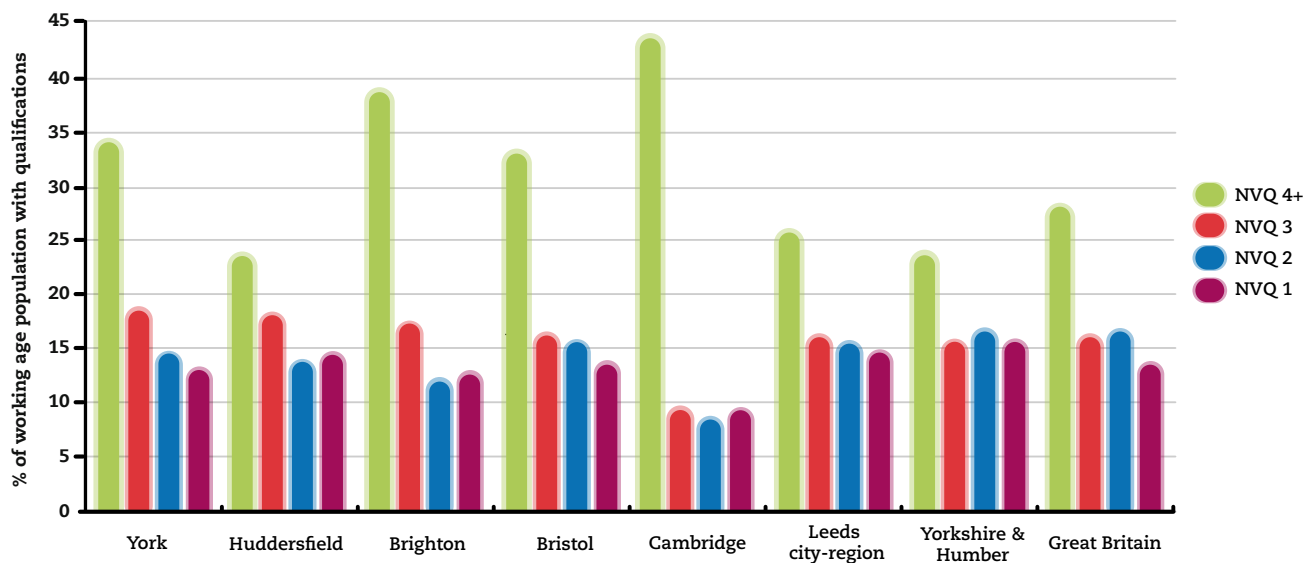
## Skills & entrepreneurship

As well as targeting support at sectors to encourage the growth of high value jobs, York needs to understand and deal with the wider economic barriers to growth. The Centre for Cities has looked at how York's approach to skills could be improved to help create the right conditions for business. Improving a city's skills profile is not just about increasing the level of skills provision. Successful cities also need to consider how they can attract and retain a talented workforce. Beyond the supply side, to improve its skills profile York will need to generate greater demand for skilled employment.

York has identified the overall level of skills as an important focus for the city to improve its economic performance. The number of residents with NVQ level 4 has been selected as a key performance indicator in the city's Local Area Agreement (LAA)<sup>24</sup>.

The reality, as acknowledged by the Council, is that York already has a skilled population. In 2007, 34.7 percent of York's working age residents were educated to NVQ level 4 or above, exceeding the national average and significantly outperforming the region and city-region (Figure 2). In a ranking of the UK's 64 cities this places York ninth behind cities such as Aberdeen, Cambridge, Brighton, Edinburgh and Reading. York's deviation from the regional picture hints at the fragility of the city's strong skills profile. Skilled labour could easily be drawn away from the city as a result of small changes in regional employment patterns.

Figure 2: York's strong skills profile (2007)



Source: Nomis (2009) Annual Population Survey

Continual improvement of the city's skills profile will be important if York is to maintain its position among the UK's more successful cities. York's Adult Skills strategy has begun to coordinate the city's skills providers, understand employers' needs, identify skills gaps and ensure that skills provision in the city is targeted to meet this demand.

24. York Without Walls (2008) York City Vision and Sustainable Community Strategy 2008-25. York: City of York Council

Given its already strong skills profile, York's programmes need to be targeted at where they add maximum value. The availability and need for skills is a dynamic relationship. Just as it is important to fill gaps in skills provision, the city may also need to reduce areas of overlap, particularly in vocational and short courses. If courses in certain areas replicate each other it could result in an inefficient allocation of York's limited resources. Higher York, the partnership which coordinates the higher and further education sector, should identify areas of overlap in skills provision and work with the Learning and Skills Council (LSC) and its successor bodies to consider how to respond. For guidance, York should look at Greater Manchester's Multi Area Agreement (MAA) and skills analysis<sup>25</sup>.

### Linking entrepreneurship to the skills agenda

While there is scope for further targeted intervention across the skills spectrum, York would benefit from improving the coherence of its entrepreneurship education and support, and linking it to the skills agenda.

York faces a number of issues that mean improving the quality of entrepreneurship support is likely to be important to the city:

- York's fairly strong skills profile means it has to concentrate on areas in which it can productively add value.
- One of the skills gaps frequently identified by city employers, and cited in the Future York Group report, is a lack of management and leadership skills.
- On a number of proxy indicators York displays poor levels of enterprise activity. The city also has a low proportion of employment in senior and management roles (Table 4).
- To improve York's skills profile it will be necessary to increase the demand for skilled workers.

**Table 4: York's low levels of entrepreneurship and leadership (2007-08)**

City	VAT Stock per 10,000 working age Population (2007)	% in employment who are self employed - working age (June 2008)	% of residents employed in top three Standard Occupational Classifications (June 2008)
York	434	11.0	41
Leeds	420	8.9	40
Huddersfield	467	11.4	38
Brighton	567	15.3	51
Bristol	475	12.6	45
Cambridge	476	15.3	61
Yorkshire & Humber	454	8.1	38
Great Britain	538	12.6	43

Source: Nomis (2009) VAT Registrations & Stocks; Annual Population Survey (2009)

25. Manchester Enterprises (2008) Greater Manchester Skills Analysis and Priorities, Manchester: Manchester Enterprises

Thus far entrepreneurship policy has fallen between the portfolios of the economic and skills teams. While there is currently a lot of valuable activity that takes place to support entrepreneurship, as a programme it suffers from fragmentation and coordination issues. The lack of a strategy in this area may have also reduced the uptake of entrepreneurship programmes. The entrepreneurship agenda has significant political support, with ministers, such as the Prime Minister Gordon Brown and Ed Balls, the Secretary of State for Children, Schools and Families, encouraging its uptake<sup>26</sup>. To make the next step forward in this policy area the Economic Development Partnership (EDP) should take the lead.

In the development of a coherent entrepreneurship strategy, it is important that the EDP:

- Sets out clear and explicit policy goals; often entrepreneurship policies have been misdirected and have supported competing priorities.
- Takes a sufficiently long term view of the time that these interventions are likely to take to succeed.
- Looks to adapt mainstream support rather than duplicating what is already available and seeks to build on existing structures rather than create new initiatives.
- Avoids addressing areas in which it is doubtful whether a real market failure exists, such as access to finance and replicating private sector support.
- Targets resources at supporting entrepreneurs likely to generate employment and economic opportunity, rather than encouraging marginal entrepreneurs.
- Provides potential entrepreneurs with an evidenced based understanding of the factors that are likely to contribute to business success<sup>27</sup>.

#### **Box 5: Policy ideas for an entrepreneurship strategy**

In developing an entrepreneurship strategy York could draw on the ideas below, some of which have been implemented in other cities.

- Increasing **business involvement in primary and secondary school education**, integrating entrepreneurship across the educational spectrum, through programmes such as Young Enterprise.
- Piloting a **young entrepreneur award scheme in Further Education colleges**, with a cash prize for the most innovative business proposal. A similar initiative seems to have been lost with the regionalisation of Business Link.
- **Further development of the mentoring brokerage system**, to provide entrepreneurs in the city with access to advice from successful business leaders.
- Using '**entrepreneurship champions**', individuals that advocate entrepreneurship within organisations, as run by the Welsh Assembly.
- Improving resident engagement and uptake of entrepreneurship training by continuing to develop a set of **more flexible learning programmes**.
- Targeting **entrepreneurship modules at PhD students**. This is linked to the aim of creating a knowledge-intense business environment in York.

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26. HM Treasury (2008) *Enterprise: unlocking the UK's talent*. London: HM Treasury

27. Adapted policy framework from OECD (2003) *Entrepreneurship and Economic development*. OECD; Shane S (2008) *The Illusions of Entrepreneurship*. Yale: Yale University Press

The recession makes this a challenging environment in which to pursue an entrepreneurship policy – the conditions for starting a business are difficult. However, economic downturns are also times of opportunity when resources are reallocated towards more efficient uses and entrepreneurial individuals take advantage of changing competitive conditions to carve out and create new businesses. A school of economists identified these periods of heightened ‘creative destruction’, as being a key source of innovation and as a result future economic growth, as opportunities are seized upon by entrepreneurs<sup>28</sup>.

An important step towards improving the entrepreneurial culture of York has been taken with the creation of the York St John Business School. The school is only at an early stage but scope exists to develop and expand the courses that are run, embed and deepen networks of employer engagement, and link up with other relevant activities in the city. City of York Council needs to support this process.

### **Recommendations:**

- York’s Economic Development Partnership should lead in developing a greater level of coherence in the activities which support entrepreneurship. Entrepreneurship education and support is an area in which the Council can add value to its current skills offer. The planned (Skills) Employer Engagement Strategy and the Enterprise Strategy should be combined.
- Higher York should look at how it can prioritise training resources to meet skills gaps in the city. To maximise added value the organisation could look at where overlaps in provision occur.

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28. Leadbeater C et al (2008) *Attacking the Recession: How Innovation Can Fight the Downturn*. London: Nesta; Creative destruction is a term associated with the economist Joseph Schumpeter



## Worklessness & accessible jobs

Worklessness is a problem that confronts many UK cities. The causes of worklessness and barriers to work are complex, but can include a lack of demand, a skills or spatial mismatch, the presence of neighbourhood effects, geographical access to work, a poverty of aspiration, intergenerational worklessness and the possibility of a benefits trap. Addressing the concentrated pockets of worklessness in York has been highlighted as a key policy and inclusive growth is a core aim of the city's economic strategy.

York has faced the challenge of job losses in the recent past with the closure of major employers in the confectionery industry leading to redundancies in demographic groups that would traditionally find it difficult to re-enter the workforce.

Despite structural change in the recent past, the rate of people not in employment, and those receiving Incapacity Benefit and Jobseeker's Allowance in York remains low. Using the median score of the Government's Indices of Multiple Deprivation (IMD), York is ranked the fourth least deprived city in England. In comparison to the national average, other cities in the Leeds city-region and Cambridge, York has a low level of worklessness and social deprivation, although some pockets remain (Table 5).

**Table 5: Worklessness statistics for York (1999–2008)**

City	Employment rate (June 2008)	Benefit claimants - % of working age population (IB + IS +JSA) (2007)	% point change in benefit claimants (1999-2007)	IMD 2007 City rank (/56)
York	79.3	5.2	-2.2	4
Leeds	73.0	7.8	-2.5	22
Bradford	69.4	9.4	-3.1	43
Huddersfield	74.5	8.5	-1.7	27
Cambridge	72.5	4.7	-0.9	7
<b>Great Britain</b>	<b>74.5</b>	<b>8.2</b>	<b>-2.3</b>	<b>-</b>

*Source: Nomis (2009) Annual Employment Survey; DWP Benefits Survey (2008); CLG (2009) - Centre for Cities calculations*

While worklessness is a difficult social problem for City of York Council, it is not a major barrier to improving the economic performance of the city. Addressing the barriers to growth, however, will help the city tackle worklessness through the generation of further employment demand, the leading domain of deprivation in the city's most deprived area.

In building an image of York, attracting new businesses and generating economic opportunity, the city should focus on emphasising growth rather than the pursuit of being an 'inclusive city'. Further attempts to reduce worklessness at a city-wide level need to be considered in terms of where resources could be best employed. Rather than a city-wide programme, it would be logical to continue with a highly targeted approach.

## York's current approach to tackling worklessness

Like other successful cities worklessness in York is concentrated in a number of small pockets. Eight (seven percent) of York's Lower Super Output Areas (LSOA) fall into the 20 percent of the most deprived LSOAs in the country and one falls into the 10 percent most deprived.

### Box 6: Westfield pilot

The most deprived area in York is in the city's Westfield ward. Currently a multi-agency pilot is being undertaken to address the issues facing this area and reduce the level of deprivation.

Analysis of the breakdown of the domains of the pilot area's IMD score, suggest the most important issues are employment (ranked first in the city), health deprivation (ranked second in the city) and income (ranked sixth in the city). To tackle the issue of employment Future Prospects are undertaking a door knocking scheme within the pilot area.

#### Future Prospects

Future Prospects is a third sector organisation that has been working in York since 1992. The service, part funded by the Council, is a one-stop-shop that provides information and advice on training and education opportunities, and provides a range of tailored services linked to helping individuals to secure a job.

Future Prospects' approach is highly innovative. For example, its 'better calculations' system addresses the problem of the benefits trap by demonstrating to the client the financial incentive that work would provide.

There are three areas in which further progress could be made on worklessness in the Westfield pilot area and that also offer lessons for tackling worklessness across the city.

- While public transport connections to the ward are good, accessibility barriers may still exist. Levels of car ownership appear to be low<sup>29</sup> and some residents rarely come into the city centre. The Council should look at whether the cost of the bus services to the Westfield ward present a barrier to entering employment.
- The presence of a significant number of people suffering from mental health related barriers, as identified by the pilot study, suggests the need for a greater level of in-work and other forms of support to be provided.
- Tackling worklessness in the pilot area needs to be linked with available sources of employment in York. This requires greater employer engagement. Future Prospects could expand its links with the business community through York's newly established Business Forum. The Business Forum should host a meeting with Future Prospects to facilitate deeper engagement.

### Box 7: Policy case study - Level 2/3 Career Changers Programme

The increased flexibility that has been introduced by the LSC under the Train to Gain scheme now allows employees to undertake subsidised training, even when they are not working a contracted 16 hours a week. The Council should look at how it can target potential redundancies, to aid training take up while employees are working reduced hours. The Council should also seek to raise awareness of how the provision available can be targeted at those areas in which some employment capacity in the local economy remains.

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29. According to 2001 Census data, household car ownership in the Westfield ward was 73 percent, compared to 83 percent for the whole of York.

## Tourism as a source of lower skilled jobs

Tourism provides 12 percent of total employment in York and is a sector with significant growth potential. Although parts of the sector could suffer as a result of the recession, it has the potential to benefit. The falling value of the pound makes the UK a more attractive location for foreign visitors and declining levels of discretionary spending, combined with the increase in the cost of spending abroad, could mean that UK residents may be more inclined to holiday in domestic locations. In the longer term growth of the sector looks strong. A recent study suggested that by 2017, at a national level, the hotel and restaurant sector alone will add over 200,000 jobs to the number recorded in 2007<sup>30</sup>.

Tourism certainly has the potential to provide a greater source of employment for lower skilled residents but the opportunities need to be targeted at the individuals in question and training needs to sit alongside the opportunity to work. In addition to Future Prospects' door knocking programme, **'job days' could be held in facilities in the Westfield Ward** and other areas of deprivation. Working with Visit York, the city's tourism partnership, job days could help target selected suitable positions at candidates from disadvantaged areas.

Employment in the tourism sector requires a set of basic interpersonal skills. The 2005 National Employer Skills Survey (NESS) for York and North Yorkshire highlighted hotels and restaurants as the sector in York currently facing the biggest skills shortage, with over 7,000 identified gaps across the area<sup>31</sup>. The job days will need to incorporate the development of an individual's soft skills identified as vital for employment in this area. Provision often already exists to meet this need, what is necessary is to ensure that it is fully integrated into Future Prospects' approach.

Providing a recognisable path of career progression will be necessary to increase the attractiveness of employment in the hospitality industry. Some residents may not see the tourism sector as fully reflecting their career aspirations. Visit York should look at the possibility of replicating the Aspiring Managers programme run by the South West's Tourism Skills Network<sup>32</sup>, which is endorsed by the Institute of Hospitality. Parallel to this, Future Prospects could look at producing career progression plans for disadvantaged individuals.

### Recommendations:

- Worklessness is a relatively small economic barrier for York. York should limit expanded provision to the seven further Lower Super Output Areas the bottom 20 percent of the country's most deprived areas.
- The Business Forum should host an engagement meeting with Future Prospects to extend the relationship between local employers and delivery agencies.
- Stronger links should be made between Visit York and Future Prospects. Suitable employment opportunities in the tourism sector could be targeted at disadvantaged groups, through job days. This should be linked to the development of an individual's soft skills.

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30. UK Commission for Employment and Skills (UKCES) (2008) *Working Futures 2007-2017: Evidence Report 2. Wath-upon-Deerne: UKCES*

31. Future York Group (2007) *Future York Group Report – Appendix 2 background papers. York: City of York Council*

32. Tourism Skills Network South West (2009) *'The Tourism and Hospitality Executive Programme', website accessed January 2009*

## York & the Leeds city-region

York is part of the Leeds city-region (LCR), a collaboration of 10 local authorities formed to boost the economic performance of the poly-centric Leeds economy<sup>33</sup>.

York is an important, but relatively small, member of the LCR. York contributes eight percent of the city-region's total employment and output. York local authority has the second highest Gross Value Added (GVA) per capita in the city-region following Leeds, with a GVA per capita, in 2005, of £19,500 compared with £16,000 for the city-region as a whole.

There are understandable tensions between York and Leeds. York is a prosperous, distinct city in its own right but has to play an ancillary role to Leeds within the LCR. This section of the report argues that York needs to be selective in its approach to working with the LCR, with deeper engagement in the skills policy area.

### **Why are city-regions important?**

City-regions are important because they help fit policies to an urban area's real 'economic footprint', and overcome co-ordination difficulties<sup>34</sup>. It makes sense for decisions on housing, transport, regeneration and skills to be taken at the spatial level at which the impact of these policies play out.

Greater policy co-ordination and the alignment and pooling of funding also allow for the most economically efficient decisions to be taken, supporting growth and increasing prosperity across the whole of the city-region. In order to be effective, it is vital that city-regions accurately reflect the reality of economic interactions.

### **The Leeds city-region Multi Area Agreement**

The LCR's Multi Area Agreement (MAA) identifies two priority policy areas:

- **Transport:** The creation of an integrated transport strategy, with alignment of transport outcomes, funding and delivery.
- **Higher skills:** A focus on improving higher level skills accreditation for SMEs. Initially concentrating on the financial services sector.

York could gain from both of these policies. The LCR Transport Vision has highlighted a number of transport improvements that would benefit York, including electrifying rail links, improving York's outer ring road (A1237), and the introduction of a tram train<sup>35</sup>.

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33. *The Leeds City Region comprises the local authority districts of Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York; with the participation of North Yorkshire County Council.*

34. *Larkin K & Marshall A (2008) City-regions: emerging lessons from England. New York: World Bank*

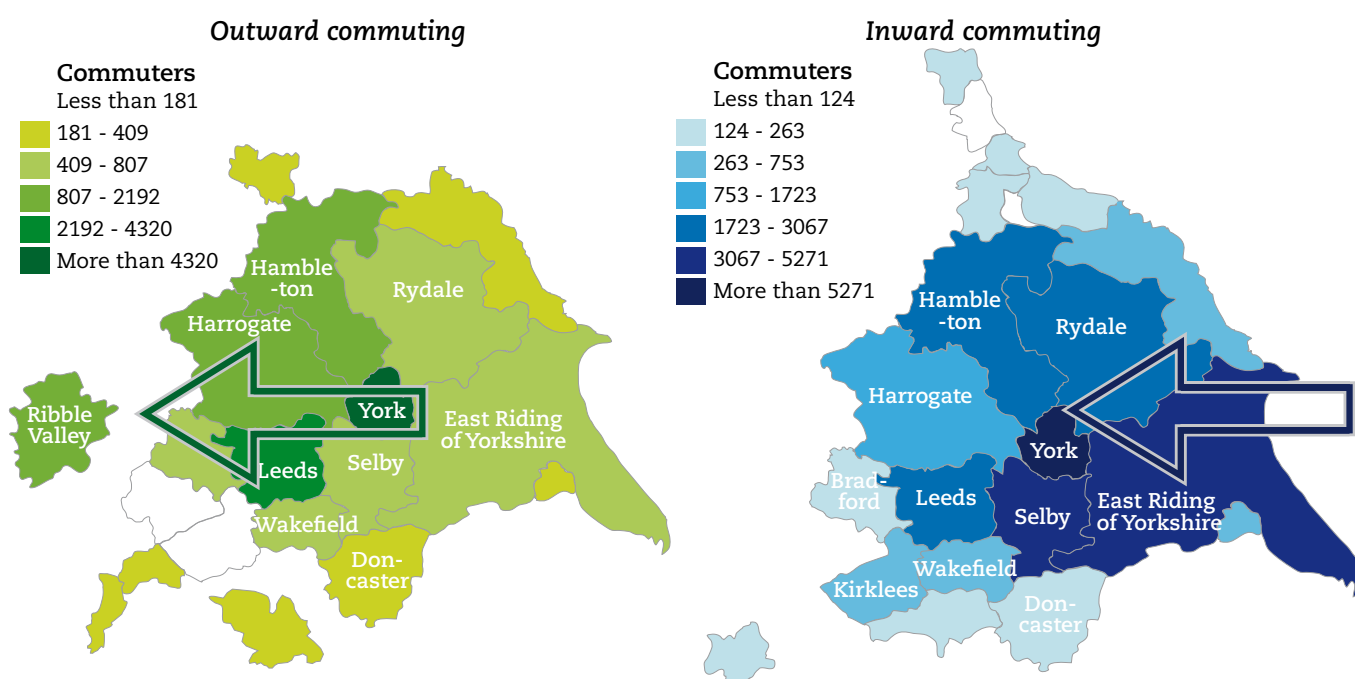
35. *Leeds City Region (2006) A Long Term Vision for Transport in Leeds City Region. Leeds: Leeds City Region*

## York's commuting links

York has a net inflow of commuters. Data for 2007 shows that 26,300 people commute in to the city (27 percent of the city's workforce), while 13,700 commute out (14 percent of the resident working age population in employment). Leeds is the primary destination for York's out-commuters. Approximately 5,000 people in York commute to work in Leeds (4.8 percent of York's working age population in employment)<sup>36</sup>.

For Leeds local authority, York is the eighth most important source of inward commuters. Compared with the other major nodes York is significantly less important in terms of contributing to the number of workers in the Leeds central agglomeration. For example, Bradford (30,000 inward commuters), Kirklees, which covers the city of Huddersfield (22,000 commuters), and Wakefield (19,000 commuters) all outweigh York's contribution.

Figure 3: York's labour market and commuting links (2004)<sup>37</sup>



Source: Annual Population Survey (2008)

While 4.8 percent of York's working age population in employment travel to work in Leeds, as would be expected few of Leeds' residents make the same trip in the opposite direction – in 2007, 1,000 people who lived in Leeds travelled to work in York. Considering the whole of the LCR, almost 8,700 commuters travel from York to work in the city-region, while over 9,300 commuters travel the other way to work in York.

York's commuting links with the LCR do not capture all of the city's labour market interactions and York draws heavily on other areas to boost its employment base. As Figure 3 shows, while the spatial distribution of York's outward commuting is mainly towards the west, it primarily draws its workforce needs from the east of the city. In 2007, the 'Eastern arc' of Hambleton, Ryedale and East Riding of Yorkshire, contributed 16 percent of York's workforce.

36. Our 2007 commuting data is based on figures commissioned from the Annual Population Survey; data is suppressed for some small areas.  
37. A full set of commuting data is unavailable for 2007, therefore maps are based on figures for 2004.

## York's economic links

The LCR is clearly important to the York economy and many businesses in the city will undertake transactions and have relationships with companies located in Leeds. In some sectors, increased productivity can be derived from the benefits of knowledge spillovers generated by the close location of firms to suppliers, customers and competitors.

Our analysis compares sectors of specialisation within cities that are of a significant size to understand where cities have strong economic relationships<sup>38</sup>. Four of York's specialist sectors are identified to have a close complementary relationship with activities that take places in Leeds (Table 6). Employment in these sectors makes up seven percent of York's total employment. A similar result is produced when comparing York with the rest of the LCR.

**Table 6: York's specialist sectors (2007)**

Sector	Employment (2007)	Location Quotient
1584 : Manufacture of cocoa, chocolate & sugar confectionery	1,600	20.9
6321 : Other supporting land transport activities	3,500	13.0
<b>6601 : Life insurance</b>	<b>3,300</b>	<b>12.5</b>
<b>2811 : Manufacture of metal structures &amp; parts of structures</b>	<b>1,000</b>	<b>4.5</b>
9131 : Activities of religious organisations	700	3.5
7522 : Defence activities	700	2.8
4523 : Construction of highways, roads, airfields & sports facilities	600	2.8
6720 : Activities auxiliary to insurance & pension funding	1,300	2.6
8030 : Higher education	5,000	2.5
7415 : Management activities of holding companies	900	2.3
9271 : Gambling & betting activities	700	2.0
Percentage of employment in specialist sectors in York	20%	
Percentage of employment in sectors complementary to Leeds*	7%	

\*Sectors complementary to Leeds are in italics.  
Source: Nomis, Annual Business Inquiry, 2009

In comparison to the other major urban nodes of employment in the LCR, York's economic links appear to be fairly strong. Four percent of employment in Bradford and Keighley, six percent of employment in Huddersfield and two percent of employment in Wakefield are in sectors complementary to the Leeds economy. This indicates that York potentially has some of the strongest business to business links of the LCR.

While it is difficult to quantify, based on the two cities' GVA and the type of sectors in which complementary specialist activities exist, it seems likely that the business links between Leeds and York are of a high value to the city.

Further indication of York's strong economic connections to the LCR, can be evidenced by the recent decision of the York and North Yorkshire Chamber of Commerce to merge with the Leeds Chamber, forming an organisation that has aspirations to represent the whole of the city-region<sup>39</sup>. York's businesses seem confident that there is value to be had in working at this spatial scale.

38. A city's specialist industries have been identified as those with a location quotient of greater than 2.0 using 4 digit SIC codes. For cities with less 500,000 employees, sector employing more than 500 individuals have been included. For sectors with more than 500,000 employees, only sectors with more than 1,000 employees have been included. This analysis has used Travel to Work Areas (TTWA).

39. Yorkshire Evening Post (2008) 'Leeds and York Chamber merger will widen business support for Yorkshire firms', published 2 October 2008

## *Implications for the City of York Council*

The strength and magnitude of York's links to the LCR vary with the type of relationship being considered. While there are significant complementary sectors of employment between York and the LCR, the actual exchange of workers through commuting puts forward a less compelling case.

While Leeds and the wider LCR are important to the York economy, in terms of York's labour market it is vital that the city does not limit its policy approach to improving links with the LCR. York needs to take a wider view, fostering a collaborative relationship with authorities to the east of the city. Improving access to the 'Eastern Arc' offers an equally important economic benefit by increasing the size of York's labour market.

Transport is one of the key policy interventions of the LCR MAA. One question currently facing York is how the city interacts with the LCR's Transport Panel. York must also consider whether it should invest political capital in supporting the future extension of the West Yorkshire Integrated Transport Authority (WYITA) so that it matches the boundaries of the LCR.

Currently the establishment of the LCR Integrated Transport Authority (ITA) faces a number of governance barriers. The district authorities of Harrogate and Selby come under the North Yorkshire County Council's (NYCC's) transport arrangements and in the short term are unlikely to be able to link up with the WYITA. ITAs are required to be conterminous. Without the integration of these two authorities York would be unable to join a city-regional ITA. However, there does appear to be continuing momentum within parts of the LCR for progress to be made and an indicative road map has been laid out with implementation suggested for 2014<sup>40</sup>.

Analysis undertaken by the Centre for Cities suggests that improving links from city nodes in to Leeds city centre provides the greatest economic return to transport investments for the LCR. This is because of the agglomeration benefit these links create - the economic return of increased density<sup>41</sup>. Links between Leeds and Bradford, and Leeds and Huddersfield are likely to be the priorities for LCR investment - these routes have already been identified as being beyond capacity by 2021<sup>42</sup>. The number of commuters between Leeds and York is fairly small in comparison with the links from Leeds to the other city nodes. In the short term, York may see limited transport investment from the LCR.

Equally, a LCR ITA would not capture York's labour market patterns to the east of the city, and thus membership of the institution would not fully represent York's interests. York should continue to work through the LCR Transport Panel to ensure the policy area reflects the city's needs. At the same time York should increase its collaboration with NYCC, to recognise the importance of the 'Eastern Arc' to the city's labour market, by working to extend public transport links and increase integration. Councillors' commitment to York's 'Eastern Arc' links would help frame the context of this collaboration. York should also continue to take steps to further integrate transport within its own local authority boundaries.

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40. Aitkins (2008) *Leeds City Region Transport Governance Review*. Leeds: Leeds City Region

41. Marshall A & Webber C (2007) *The case for better transport investment: Agglomeration and growth in the Leeds City Region*. London: Centre for Cities

42. Leeds City Region (2006) *A Long Term Vision for Transport in Leeds City Region*. Leeds: Leeds City Region

## ***Strengthening York's skills offer through the Leeds city-region***

The LCR still presents York with significant opportunities. This report has already highlighted attracting investment and linking up university networks as areas in which the city-region could play a role. The second strand of the Leeds MAA deals with higher skills and York should seek to maximise the value it gains from this policy area. To achieve this York will need to recommend a shift in the LCR's approach to skills.

York should support the creation of a city-regional Employment and Skills board. While York does not currently have an Employment and Skills board it has many of the structures in place that facilitate a similar function - although scope exists to improve the links between these functions. Over time York should investigate the possibility of incorporating its own provision into a city-regional approach.

York should also seek to ensure that as the LCR's skills offer develops and further priority sectors are added, that they in turn reflect York's priorities. Adding a stream that supports skills for science and technology sectors would benefit York and the LCR.

To develop a business friendly skills programme it is important to be able to provide short, unitised courses and to allow for increased provision through FE colleges. To achieve this, greater flexibility over the funding received from the Higher Education Funding Council for England (HEFCE) is required. The Tyne and Wear city-region has made this an explicit ask of its MAA. Through the LCR, York should look to secure comparable flexibilities over HEFCE funding, from central government.

### **Recommendations:**

- York has a challenging relationship with Leeds. York needs to take a selective approach to working with the Leeds city-region with deeper engagement on skills than on transport.
- York should support the creation of a city-regional Employment and Skills Board and ask for greater flexibility over HEFCE funding. However, York should not join an emerging Leeds city-region Integrated Transport Authority.
- York needs to build on its economic links to the east of the city which makes up the largest proportion of inward commuters. The City of York Council should work with the other relevant councils to develop an eastern links action plan to inform transport strategies.



## Key policy imperatives

This report has outlined the key challenges York faces to achieve its vision of sustainable economic growth. The core message is that York needs to focus its attention and prioritise its policy interventions on the two elements that will have the biggest impact on its future economic growth.

- 1. York needs to ensure that progress on the York Northwest site remains on track.** This means fostering political support for managed change, prioritising staff resources and capacity in support of the development, and investigating new infrastructure funding mechanisms.
- 2. York also needs to support the growth of the city's science and technology cluster.** The expansion of the University should be used as the catalyst for attracting investment and improving the performance of the University's knowledge transfer activities.

If York is able to implement these key recommendations the city will place itself advantageously for recovery following the recession, and strengthen its economic standing relative to other UK cities.

## Acknowledgements

The Centre is grateful to the City of York Council for the financial support which made this report possible. The Centre would also like to acknowledge the considerable time Councillors, Council officers, and a wide range of external public and private sector stakeholders were prepared to devote to discussions with the research team. Stakeholder engagement was invaluable in helping us to shape relevant, timely and achievable policy recommendations.

## York City Profile

Total population (2007)	193,300	
Population growth (1997-2007)		+10.5%
Working age population (2007)	126,100	
Total jobs (2007)	97,800	
Jobs growth (1996-2006)		+16.3%
Economically active (July 07 - June 08)	103,800	(82.3%)
Inactive seeking a job	4,200	(3.4%)
Inactive not seeking a job	18,100	(14.4%)
JSA claimants (January 2009)	3,000	(2.4%)
Total key benefit claimants (May 2008)	10,610	(8.5%)
Gross average weekly wage (2008)	£438	

### Skills Profile (2007) - % of Working Age Population

	York	Great Britain
NVQ4 & above	34.7%	28.6%
NVQ3 & above	54.7%	46.4%
NVQ2 & above	71.0%	64.5%
NVQ1 & above	84.3%	78.1%
Other qualifications	6.6%	8.8%
No qualifications	9.1%	13.1%

Sources: Data for York Local Authority Area – ONS Annual Population Survey 2008; Annual Business Inquiry 2008; Annual Survey of Hours & Earnings 2008; JSA Claimant Count November 2008; DWP Benefit Claimants May 2008



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## Appendix

### Benefit claimants at a ward level

	Proportion of working age population (%)*			
	Incapacity Benefit	Severe Disability Allowance	Income Support Allowance	Jobseeker's Allowance
Acomb	4%	0.7%	4%	1%
Bishopthorpe	3%	0.7%	1%	1%
Clifton	5%	0.5%	5%	3%
Derwent	2%	0.5%	1%	1%
Dringhouses & Woodthorpe	3%	0.3%	2%	1%
Fishergate	3%	0.6%	2%	1%
Fulford	2%	0.3%	1%	1%
Guildhall**	7%	0.7%	5%	3%
Haxby & Wigginton	3%	0.4%	1%	1%
Heslington	0%	0.0%	0%	0%
Heworth	5%	0.6%	5%	2%
Heworth Without	3%	0.2%	1%	1%
Holgate	4%	0.5%	4%	2%
Hull Road	4%	0.4%	4%	2%
Huntington & New Earswick	5%	1.5%	4%	1%
Micklegate	4%	0.5%	3%	2%
Osbaldwick	3%	0.5%	2%	1%
Rural West York	2%	0.2%	1%	1%
Skelton, Rawcliffe & Clifton Without	3%	0.4%	2%	1%
Strensall	3%	1.0%	2%	1%
Westfield***	7%	0.8%	7%	3%
Wheldrake	2%	0.6%	1%	0%
York	4%	0.5%	3%	2%
Yorkshire & Humber	7%	0.7%	6%	3%
Great Britain	6%	0.7%	6%	2%

\*Sum of percentages exceeds total proportion of claimants as residents may be in receipt of multiple benefits.

\*\*Guildhall exceeds the national average in IB, SDA and JSA.

\*\*\*The Westfield ward exceeds the national average in all four benefit claimant areas.