

## The Executive

12 May 2009

Report of the Director of City Strategy

### One City – update on economic position

#### Summary

1. This report follows up reports presented last year under the One City banner on York's economic position. These recognised that the Council and its partners can take action to assist the city during this period of downturn to help business as well as those individuals and communities hardest hit. This report sets out options on further action and areas of investment which the Executive is now asked to consider in the light of the Budget Council decision to allocate £186,000 of LABGI money (Local Authority Business Growth Initiative) for follow-on initiatives.
2. The One City project has a good strategic fit with the long term aspirations of the city under the Inclusive City, Learning City, Sustainable City and Thriving City themes in the Sustainable Community Strategy and the Council's Corporate Strategy.

#### Background

3. Members will recall that an initial report on the changing economic situation was first considered by the Executive in July of last year. This paper seeks to update this position. York is initially better placed than some other cities to respond to the changing economic picture. It has enjoyed relatively high levels of employment and encouraging economic growth over recent years especially in the technical, creative and scientific sectors. The City has strong partnership working and a good support infrastructure which is responsive to changing economic circumstances and which will be key to ensuring that York remains vibrant and successful at attracting investment and visitors. Whilst apparently affluent, there are, however, significant pockets in York where deprivation is relatively high and where action is required if the circumstances of those least well off are not to be exacerbated by the prevailing economic climate.
4. Previous actions approved by the Executive in response to the changing economic situation under the One City project concentrated on 3 strands
  - Supporting business
  - Boosting confidence
  - Supporting those most vulnerable

Updates on the progress of each of the projects supported are detailed from paragraph 11.

5. Since the last report to the Executive, the economy of the United Kingdom has officially gone into recession. In York, the number of people claiming Job Seekers Allowance has continued to increase and now stands at 3,587, 2.9% of the working age population (March 2009 NOMIS), representing a 93% increase on the figure for March 2008. The regional and national figures respectively are 4.6% and 4.0% of the working age population (March 2009).

More recently, 540 job losses have been announced affecting both permanent and contract staff at Norwich Union/Aviva.

6. Local agencies such as the Citizens Advice Bureau and Future Prospects report a steep increase in the number of people seeking debt advice. It is sought by approximately 50% of people visiting the CAB, who have also seen significant rises in the number of people wanting advice on benefits, housing, employment and other problems precipitated by tough economic times such as relationship breakdown. The council's benefits service reports an increase in the total number of claimants for 2008/9 of 6.7%, with half of these applying in the quarter January to March (the rise in 2007/8 was 0.2%).
7. Two significant reports have been produced in relation to York's economy. In March, the Centre for Cities policy institute published its report "York: Prioritising Prosperity" as part of its research programme for unlocking city potential and sustaining city growth. The report has been published on the websites of both the Council and the Without Walls Local Strategic Partnership. It is to be considered further at the next meeting of the York Economic Partnership. Yorkshire Cities have also commissioned work examining cities within the region which highlighted that York performs well against the indicators that assess economic resilience. The work especially noted the diverse economy and flexibility of the high quality work force in adapting to changing economic circumstances – leading to lower levels of, and less time spent as, claimants than the average .
8. At the start of April, it was announced that Higher York – which is a partnership of the Council with the 4 higher education institutions in the City – had been successful with its bid to the Higher Education Funding Council for England (HEFCE) for £600,000, to be used to support businesses and those seeking work or re-training.
9. In response to the current economic situation, the budget meeting of the Council agreed to allocate £186,000 from the LABGI grant for additional one-off projects.

### **Consultation**

10. Previous consultation has taken place with the York Economic Partnership, York Business Forum, Science City York, york-england.com, Visit York, York Professionals, Retailers Forum and chamber of Commerce. The actions recommended in this paper have been derived from close co-operation with partners who work with the council in planning for the city's prosperity.

### **One City – Project update**

11. The projects which the Executive supported in the initial One City paper were
12. Matching funds with partners including Aviva/Norwich Union and York Professionals to establish an enterprise fund. The scheme is designed to assist existing businesses under three years old or people who are out of employment and are considering setting up a new business within the city. York traditionally has a comparatively low rate of new business start-ups and though take-up of the fund has initially been slow, its provision is an important resource in supporting new business growth.
13. Funding enterprise work in schools, delivered by NYBEP. They have been in touch with each of the city's secondary schools and are at various stages of organising and delivering the programme of half-day enterprise challenges with 10 of them. The training is aimed at Year 9 learners who will be challenged to take part in activities that develop their business acumen and skills and will include the development of marketing materials to promote their ideas and a formal presentation in the hope of securing investment.

14. Sustaining the activities of the City Centre Partnership. Funding has gone to provide project support to a number of on-going initiatives which required sustaining after the withdrawal of funding from Yorkshire Forward for the Chief Executive's post. These include maintaining an active dialogue through the Retailers Forum, encouraging private sector involvement with initiatives such as Christmas lights and other promotional activities, developing new initiatives such as the Minster Quarter and taking a longer term view of the development of the city centre through the Area Action Plan. Further actions to support the vitality of the city centre are also proposed in this paper.
15. Joint funding for the production of a York on a Budget Booklet which provides useful information on money management. The booklet has been recently produced and is available from public receptions around the city, in libraries and on the council's website.
16. Provision of 3 York Credit Union Community Saving Points. In addition to the 3 saving points identified, a number of ward committees have also considered the establishment of CSPs following joint bids submitted by the credit union and CAB. Nine Ward Committees have provisionally agreed to fund the establishment of CSPs, but are awaiting confirmation of their budget carry-forwards in June before being able to fully commit. This means a delay to the establishment of the savings points funded via One City, the establishment of which will need to ensure that they compliment and not duplicate ward provision. The ward bids submitted by the CAB and Credit Union also show the potential capacity of the CSPs to form a community base from which additional financial and support services can be delivered.
17. In addition, the Council's website has been updated to signpost residents and businesses to relevant support. Two major events providing support and advice for individuals and businesses were held at York racecourse on 11th and 12th March, called Thrive and Survive and Support for You, these were funded by Yorkshire Forward and co-ordinated by the Council with partners. The Council is also supporting the York Means Business campaign, initiated by The Press.
18. Of course a range of other work has also progressed city wide since the publications of the first One City report. Some of this work includes-
19. A credit crunch fair which was organised by Housing Services at the Guildhall in early December and featured a range of stalls from a variety of organisations providing information on ways of cost cutting, managing debt and living on a budget.
20. Procurement hosted an event on how to do business with the council in February and provided similar support at the Thrive and Survive event at the racecourse.
21. The Energy Efficiency Partnership has been working actively to promote the availability of the York Energy Efficiency Grant which provides support for those over 60 to buy cavity wall insulation and people over 70 to fit central heating. The grant does to relate to benefit entitlement and effectively fills a gap in provision when compared with national grants.
22. In January a Mortgage Rescue Scheme was launched by the Golden Triangle Partnership (a partnership of York, Harrogate and Leeds councils). Almost £500k of funding is available to assist eligible homeowners at risk of repossession to either remain in their homes or where this isn't feasible to enable a planned rather than forced sale of their home.
23. To maximise the use of existing social housing stock, a brand new development of 6 two bedroom apartments in York were let to council tenants downsizing from 3 bedroom houses. Interest in the scheme was such that further opportunities to promote downsizing are being sought.

24. A review of case studies from other local authorities which show their responses to the recession indicate that measures such as those above have also been widely implemented elsewhere. York has signed-up to a regional economic pledge which includes a commitment to pay suppliers promptly, where able use procurement to the benefit of local businesses, support agencies providing advice and guidance services and co-ordinate partnership action across issues including health, education and community safety. Other councils have also supported the growth of credit unions in their area and recognised the importance of delivering services according to the needs of specific communities or groups. Like York, there has also been a significant focus on ensuring that businesses and residents are served with better access to information and support. Other authorities have also seen the importance of enhancing and promoting retail and visitor centres, especially those which encourage people into town and city centres.
25. Comparing our approach with that of other areas again goes to support the notion that York is well-placed and that the council is effectively responding to the recession and meeting the changing needs of customers. York is well served by an economic strategy supported by strong partnership working, and this has enhanced the city's ability to respond. The establishment of the Business Forum too was timely for ensuring that the voice of business is influential in managing economic policy.
26. York's response to the recession might be improved, however, by greater co-ordination of actions and initiatives to support individuals and promote social and financial inclusion. Given the spread of council services involved in this work it is harder to locate lead responsibility and it is also an area in which a great many other agencies, especially in the third sector, are actively at work in the city. CMT are asked therefore to consider how the activities of the council and its partners might be better co-ordinated in planning services to support individuals through the recession.

### **Business and confidence**

27. The Council's latest Business Survey for the last quarter of 2008, revealed that businesses were losing more staff than taking them on, with more businesses also reporting decline in sales and investment. Confidence in future sales had also fallen leading to decreased confidence in future employment expectations. Whilst over 90% of businesses still acknowledged that York remains a "good" or "satisfactory" place to do business, there obviously remains room to improve the business environment and encourage confidence. Since the survey was undertaken, outside commentators have suggested that there may be a few signs of increased confidence within the national economy. The next business survey will cover the first quarter of 2009 and will be able to provide evidence as to whether this confidence has permeated through to the local level. A full analysis of the York Business Survey is available at:-  
[http://www.york.gov.uk/business/Business support and advice/Economic intelligence/](http://www.york.gov.uk/business/Business%20support%20and%20advice/Economic%20intelligence/)
28. The Yorkshire Cities research and the previously published annual competitiveness index highlight York as a competitive and resilient city, able to recover quickly and effectively from the economic downturn. In addition, the Cities Outlook for 2009 produced by Centre for Cities shows York to be the only northern city shown in the best ten of 64 comparator areas in measurements of social deprivation and skills levels. These studies point to the factors which attract investment and where the council's strategic focus, with that of its partners, has been aligned – by improving the qualifications of school-leavers, raising skill levels, helping unemployed people back into the workforce, attracting knowledge based industries and encouraging entrepreneurship. Clearly, however, it is important not to be complacent of recovery at this critical time.

29. The development of city-wide strategies for the future build on this success and ensure a continuing focus under the Thriving City, Learning City and Inclusive City objectives. The Council's Corporate Strategy has been refreshed to better align it to the SCS and ensure that the Council's commitment to these themes is clear. Performance against strategic objectives is also managed in the medium term through the Local Area Agreement.
30. The Council has a strong track record of working in partnership to ensure the city's continuing economic progress with for instance Science City, Visit York, Business Link and City Centre activities. This has ensured that the Council is a key player in helping to shape and support the city's economic future and has good channels of communication through which the needs of the business community are understood. Since the Future York report and partly in response to the joint party protocol which identified jobs and business support as a key issue, the Council has worked with Yorkshire Forward and york-england.com to strengthen and co-ordinate its approach to key account management (i.e. understanding the needs of key businesses in the City in a formalised and managed approach). The York Economic Partnership has now met twice and will consider the Centre for Cities report at its next meeting. At their previous meeting, a specific focus was given to the changing economic situation with issues covered including addressing the perception of the City being "open for business" with respect to new development, marketing and branding the City, creating green jobs, improving links between Higher Education and Business as well as improving the skills profile and competitive advantage of York's workforce.
31. Two meetings of the York Business Forum have now taken place and this provides a vital conduit for city communication and support for business confidence. Its initial meetings have highlighted significant consensus around the priorities for York's development and demonstrated the group's potential to help shape the city's future. Similarly, the last meeting of the York Business Forum considered the current economic situation and further responses that could be made to this. The general feeling from that meeting was that the City is well placed to respond and whilst being realistic about the impact, businesses were keen to be positive and proactive in dealing with this. The initial responses approved by the Council were supported and the Forum were keen to be kept informed on any review and subsequent actions taken.
32. A key initiative for the Council is to sustain the economic vitality and viability of York City Centre, both in respect to the direct employment generated here and also due to the impact a thriving city centre has on business confidence. Previous reports to the Executive have highlighted the importance of maintaining an active dialogue with retailers and traders through the Retailers Forum, encouraging private sector involvement with initiatives such as Christmas lights and other promotional activities, developing new initiatives such as the Minster Quarter and taking a longer term view of the development of the city centre through the City Centre Area Action Plan. Additional initiatives that are recommended for short term support through the LABGI monies are:
- Research and marketing campaign aimed at York's hinterland shopping catchment to encourage shoppers to come to the City instead of other potential locations
  - Additional funding to enhance the attractions offered by York in Bloom, Christmas Lights and Illuminate York in order to provide City Centre showpieces
  - A specific initiative to improve shop fronts to long term vacant shops in prominent locations (further details set out in Annex A).

Support for these initiatives will support the Council's aim to maintain the economic vitality and viability of the City Centre through increasing footfall.

## Procurement

33. The Council spends approximately £100 million per year in the discretionary purchasing of external goods and services. EU procurement legislation prevents the Council from positively discriminating in favour of local suppliers, but it does work to promote the availability of contracts with them and ensures that there is full visibility of tendering opportunities. The procurement team has been active in recent events aimed at supporting local businesses and has also been in contact with the Chamber of Commerce to ensure that local businesses are aware of this facility and are equipped to take advantage of tendering opportunities.
34. Further work is also underway to ensure that third sector organisations are fully supported through the application for tenders and again has ensured improved transparency about the contracts available. Local suppliers are also advantaged by the council's commitment to building sustainability into the awarding of its contracts, where transportation of goods or travel expenses are concerned for instance and such considerations are likely to be of increasing importance as the council becomes subject to carbon tax. The authority also has scope to influence contractors in the selection of local subcontractors.

## Supporting individuals

35. The Council has already approved support for the Credit Union and the York on a Budget booklet co-ordinated by the CAB. Members will also be aware of the Kingsway West initiative aimed at addressing levels of deprivation in the only neighbourhood in the City falling within the 10% most deprived nationally. Initiatives within this project include :-
- Training and work – with Future Prospects advising
  - Benefits take-up and financial advice for individuals and through targeted events
  - A health campaign using local GP surgeries
  - Growing your own food initiative
  - Credit Union – a new pay-in point alongside awareness raising
  - Heating costs – good practice awareness/advice
36. As with Kingsway West, the initial One City report noted the importance of ensuring support services are community based and co-ordinated according to specific need. The establishment of the 3 Credit Union Community Saving Points approved last time has been slightly delayed whilst the outcome of applications to ward funding for further saving points is resolved. 9 wards have agreed to fund a CSP in their area which will also provide access to CAB services. Ward Committees are due to receive confirmation in June of budget carry overs into 2009/10, after which the location of the 3 remaining areas in which the CSPs funded by One City can be decided.
37. There is further opportunity to coalesce support services around the establishment of CSPs in keeping with the model used in Kingsway West. This potential will be enhanced through the Ward Stories project which will provide improved understanding of the specific needs of neighbourhoods. To this should be linked the work in LCCS to tackle inequalities for children and families by involving agencies with schools to develop solutions to local issues. Again, one of the first actions of the project will be to generate locality data in the design of services.
38. This range of work here again suggests some of the difficulties of co-ordinating social and financial inclusion projects which span the work of a range of council services and partners.

39. The Homelessness Forum have suggested greater co-ordination across council departments also and have in addition recommended the establishment of a dedicated helpline to provide support and signpost to other agencies and sources of help. Such a scheme provides access to information for people without access to the web and is an effective way of reaching a wide audience with the help they need. The cost from the line, staffing and advertising for one year is estimated to be £50,000.
40. The forum also suggested the use of targeted advice and guidance roadshows working out in communities where they could be easily accessed. Their recommendation is that these could be run at supermarkets, and the Executive are also asked to consider this suggestion, though further work is required to establish potential costs.
41. Future Prospects have recently helped increasing numbers of local people seeking specific debt and benefits advice. Whilst certain aspects of this service are not advertised by Future Prospects, an increasing number of people are seeking this support as part of the search for new employment. It is recommended that the Council provides funding through the LABGI monies to enable Future Prospects to directly employ a post for 12 months to respond to this need.
42. A range of projects have recently been supported through allocation of the LAA fund, many of which either directly relate to work and training issues or seek to make improvements to general well-being. Those which have a clear alignment to this agenda include
- Utilising employee and student volunteers from the University of York to provide disadvantaged children with alternative and positive activities which promote learning.
  - Supported work placements and employability programme for care leavers and young people who are not in education, training or employment.
  - Facilitating a multi-agency Volunteering Strategy for the city that will increase the amount of voluntary activity taking place.
  - Employment of a JobCentre Plus Advisor to operate on an outreach basis associated with children's centres to boost jobless parents' employability skills.
  - A City Wide Campaign to Tackle Fuel Poverty
43. A number of other projects which did not meet the criteria for funding as fully as others are unsupported but remain viable and potentially useful schemes. Again, a number have clear relevance to the One City agenda. Support will be offered to unsuccessful applicants to see how proposals may be taken forward.

### **Skills and Worklessness**

44. The Centre for Cities report highlights the importance of skills and enterprise for the future prosperity of York. It recognises that York has a relatively strong skills profile, with good levels of attainment and a high percentage of high level skills. It also notes that high-quality educational provision and a ready workforce are key incentives to attract inward investment and allow York to "punch above its weight" in the knowledge economy. Equally, training and skill development are essential to enable support economic inclusion from all sections of the population of the City. Additional initiatives that are recommended for support through the LABGI monies are:

- Funding to sustain in the next year the prioritised activities of the Learning City Partnership (see attached Annex B), particularly those related to employer engagement in skills and enterprise development
- Funding to extend the work of Higher York, particularly focussed on achieving higher level skills in the workforce
- Funding to support the Skills Fest, planned for June involving a wide range of partners (further details set out in Annex C)
- Seedcorn funding to examine the scope for developing and extending a construction skills academy on the basis of encouraging the development of local labour as part of major development projects in the City such as the University expansion at Heslington East and the HSBC data centre at Monks Cross (further details are set out in Annex D).

Support for this initiatives will be focussed on delivering measurable outcomes in support of LAA targets in relation to NVQ performance as well as increasing the number of local businesses accessing Train2Gain funding. This will also support the achievement of objectives set out in the Council's refreshed corporate strategy.

## Options

45. The following initiatives are recommended for consideration by the Executive as part of the Council's further response to the current economic situation, utilising available LABGI monies agreed at the Council budget meeting. In essence, the focus of further short term investment from the Council is centred on: sustaining the economic vitality and viability of the City Centre; further support for those most in need; and pump-priming of skills initiatives to support those seeking new employment opportunities and to ensure that there is a skilled workforce in place to aid a speedy recovery of the local economy from the global recession. If Members decide to commit investment to these recommended options set out below, then it will be necessary to develop firm delivery arrangements to ensure that there are measurable benefits and outcomes from the Council's investment.
- Agree to commit £25,000 to Visit York to enable a research and marketing campaign to attract shoppers from York's hinterland shopping catchment area into the city centre;
  - Agree to commit £20,000 as a one-off contribution to enhance the York in Bloom campaign;
  - Agree to commit an additional £30,000 as a one-off contribution to enhance Christmas lights and Illuminate York;
  - Agree to commit £15,000 to the York shop-front scheme;
  - Agree to commit £30,000 to enable Future Prospects to employ an additional worker for 12 months focussed on providing and co-ordinating debt advice;
  - Agree to commit £20,000 to supporting the action plans of the Learning City partnership to support skills and enterprise;
  - Agree to commit £20,000 to supporting the action plans of Higher York in achieving Higher Level skills in the City's workforce;
  - Agree to commit £ 5,000 to the Skills Fest initiative; and



- Agree to commit £ 5,000 to the development and extension of a construction skills academy in York.
- Agree to commit £50,000 for the establishment of a support and guidance helpline
- Agree to commit to the idea of providing information and support services at supermarket locations pending further work to resolve costs and logistics
- CMT are asked to consider how the activities of the council and its partners might be better co-ordinated in planning services to support individuals through the recession.

### **Corporate Priorities**

46. The actions in this report support the Inclusive City, Learning City and Thriving City elements of the Sustainable Community Strategy and the Council's Corporate Strategy.

### **Implications**

#### **Financial**

47. In summary, the options set out above would require the commitment of £170,000 out of the allocation of £186,000 for financial resources to be committed by the Council from the LABGI monies.

#### **Human Resources (HR)**

48. The HR implications of this paper relate to the proposed funding for posts as detailed above

#### **Equalities**

49. This paper proposes action to support the least well of in York and promotes financial inclusion and economic participation for all.

#### **Legal**

50. There are no immediate legal implications.

#### **Crime and Disorder**

51. This paper supports the consideration of crime and disorder in the context of deprivation in ward planning as demonstrated by the Kingsway Pilot.

#### **Information Technology (IT)**

52. There are no strategic IT implications.

#### **Property**

53. The Head of Property Services reports that some businesses within the Council's portfolio are suffering down turn as a result of the prevailing financial climate. Actions to support these businesses are presently being considered.

## **Risk management**

54. A recent paper to the Executive presented a list of corporate risks associated with the recession which have been identified by council officers from across the organisation. These effectively act as the risk assessment associated with this report.

## **Recommendations**

55. Members are asked to consider the options set out from paragraph 45 of this report as the basis of the Council's further response to the impact of the changing economic situation.
56. Members are asked to agree to receive further updates on York's economic climate and assessment of the effectiveness of actions initiated as a result of this report.

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**Report Approved**

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**Wards affected – ALL**

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