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## **Economic Development Partnership Board**

**25 September 2007**

Report of the Director of City Strategy

### **PROGRESS ON KEY ISSUES**

#### **Summary**

1. The report briefs Board members on issues/progress on key areas of economic development activity in the past six months, since the previous update in March.

#### **Background**

2. This is the progress on key issues report which is given at the Economic Development Partnership Board to update members on projects.

#### **Consultation**

3. The report is being provided for information and there are no recommendations with financial consequences. There is no consultation necessary for this report.

#### **Options**

4. This report is for information only and therefore does not present options for decisions by Board members. Where decisions are necessary specific reports on those issues and options will be presented. However, Board members are invited to comment on the information provided.

#### **Analysis**

5. As stated in the paragraph above, options have not been presented therefore there is no need for appraisals.

#### **Corporate Priorities**

6. All the projects reported on in this report are firmly embedded within the Council's corporate objectives, The Economic Development Service Plan and the Without Walls initiatives.
  - The Corporate Strategy 2006-2009 has several relevant priorities, including:
    - Increase people's skills and knowledge to improve future employment prospects
    - Improve the contribution that Science City York makes to economic prosperity

Improve our organisational effectiveness

- The “Thriving City” theme of the WOW Community Plan has the following strategic objective:

“To support the progress and success of York’s existing businesses and to encourage new enterprises in order to maintain a prosperous and flourishing economy that will sustain high employment rates.”

- The Economic Development Service Plan sets identifies a number of corporate priorities:
  - DIP 5 Increase people’s skills and knowledge to improve future employment prospects.
  - DIP 6 Improve the contribution that Science City York makes to economic prosperity.
  - DIP 8 Improve the life chances of the most disadvantaged and disaffected children, young people and families in the city.
  - DIP12 Improve the way the Council and its partners work together to deliver better services for the people who live in York.

## **Implications**

7. As this is a general report on the progress of key issues there are no financial, legal, HR, crime and disorder, IT, equalities, or property implications. Any significant implications to the economic programme will be brought to the Board through a separate issue-specific report.

## **Matters Arising**

8. There are no matters arising.

## **Tourism**

9. The most highly publicised news in the past few months has been the award of “European Tourism City of the Year” at an Awards ceremony in Athens in June. The Award was presented by European Cities Marketing (ECM), a membership network representing 130 cities from 30 countries across Europe. Members include Berlin, Dublin, Lisbon, Madrid, Paris, York and Vienna, and York was accepted as a member in 2005. The city was judged on the quality of its product, the visitor experience, its social, environmental and cultural performance as well as its marketing activities.
10. Plans are now well advanced for the creation of a Single Tourism Organisation in York by April 2008. Discussions have been taking place between the Council and York Tourism Bureau regarding the Memorandum and Articles of Association for the new company. Once agreed an EGM of York Tourism Bureau will be arranged to wind up the present company and to adopt the new Mem and Arts. Interviews will be held to appoint a Chair and new Directors of the Company. This new body will seek to build on the achievements of the First Stop York tourism partnership in

such areas as marketing and promotion, development of the quality of the product, improved market intelligence, better visitor information service provision etc – whilst at the same time safeguarding and ultimately growing the scale of private and public sector investment in tourism activity. Establishing a new and improved organisation has included discussion of issues concerning governance, staffing and structures, funding and outputs, operational relationships and the communications of activities to the tourism sector in York, and progress has been made on these issues.

11. In the meantime the current partnership continues to develop new and improved activities, with additional support from Yorkshire Forward, which has pledged £666,700 of support to the Partnership for a combination of organisational and structural change, and enhanced investment in marketing, market research and product development activity. This investment (of which £155K has been available in 2006-07) has supported such activity as:

- Some of the legal and other costs incurred so far in establishing the new tourism company.
- Forward planning for the 2007 Illuminating York project, which will be taking place from 26 October – 3 November. The event will showcase cutting edge outdoor artwork, exhibitions and tours, including performances in the Museum Gardens, York Art Gallery, Theatre Royal, York Minster and in shops, restaurants and cafes in Gillygate and is a great opportunity to further grow the city's evening economy.
- Market Research – completion of research from 2006-07 has included conference research, which identified that over 25,000 business related events took place in York – over 22,000 of them were conferences and meetings, and they generated an estimated £98.4mn of direct value to venues in York in 2006. Two thirds of this value from residential events, about a third from non-residential. There were an estimated 917,000 delegates attending events in York – generating an estimated 1.6mn delegate days. Peak months for conferences in 2006 were the autumn (especially October), and Spring (especially June).
- Enhanced marketing activity. This has included more conference marketing activity, including an enhanced presence at UK and European business shows, and a new PR campaign which is showcasing Cultural York – highlighting cultural events (music, lighting, film and art), visitor attractions and galleries which reflect York's vibrancy and high-quality appeal.

12 Core activity through the partnership continues, including marketing activity (attendance at trade shows, PR stories, the maintenance and further development of the website), as well as support for key events. The Festival of Food and Drink (21-30 September) will showcase local and regional food and drink, and highlights include the Ghurkha Curry Night (24 September) and demonstrations by Raymond Blanc. The Christmas promotion is Yuletide York (80,000 marketing materials have already been circulated to national and regional contacts) and highlights will include the ever-popular St Nicholas Fayre (29 Nov to 2 Dec) and the German Christkindlesmarkt (6-22 December)

13 After extensive research and deliberation a proposal for the relocation of the city centre Visitor Information Centre has been presented to the Council. A council-owned building on the corner of Blake Street and Museum Street has been identified as suitable for a building that can meet the ambitious service requirement of providing “state of the art information services that are able to offer customers the right information in the right format at the right times in their entire decision-making and visiting cycle”. The building is capable of conversion into a ground floor VIC facility, including accommodation booking, event ticketing service, call centre and managers’ office, a retail unit and display area to showcase regional produce with space on the first floor for offices for the newly established Single Tourism Organisation, or a public facility.

14 Tourism Trends 2006-07

In Annex 3 is an update of Tourism Trends. The full results from the Visitor Survey and Economic Impact Model for York for 2006-07 have been published. These showed progress on all fronts:

- Visitor spending up by £21mn to £333mn
- Employment associated with tourism up by 400 to 9,970 jobs
- Visitor numbers up by 339,000 people (especially day visitor numbers) to 4.18mn.
- Average length of stay of staying visitors up to 3.31 days

The Visitor Survey showed continuing strong support for tourism – 79% of visitors had been to the city before, and the great majority have no dislikes of York, and enjoy York more than other destinations that they visit. History and heritage continue to be the key draw – but there was a significant increase (from 20% to 30%) in respondents who like York’s shopping facilities. This in turn was matched by spending on shopping (within the £333mn total) which rose from £93mn to a record £105mn. Another area where spending increased was on food and drink – this rose from £44mn to £53mn, and this may link to an increase (from 50% to 60%) in the proportion of evening visitors who had a meal or generally ate out. York very much appeals to the older visitor – 42% of York’s visitors are over 55 compared to just 15% who are under 35.

There are some features reflected in the visitor survey where York could do better: only 15% of visitors are from overseas (down from 19% in 2005-06 – they were a third of visitors in the mid 1990s), and only 26% of overseas visitors were from North America (this was over half of overseas visitors in the mid 1990s). York is more popular with European visitors though – 47% of overseas visitors were from Europe in 2006 compared with 34% in 2005. York is not getting the ratio of highest spending visitors that it did some years ago. Today 53% of visitors are in the highest income groups compared with 74% in 2000.

The overall message is that tourism in York continues to perform strongly, and at a time of job losses elsewhere in the York economy this is extremely encouraging. It is great to see the continuing, very positive response of people who come to York.

The exciting thing is that the results also show that York tourism has the potential to grow even more. If we can persuade a younger group of visitors, more overseas visitors and a more high-income group of visitors to come to the city then there is

the potential to grow the value of tourism in York even more. The city's marketing strategy is designed to do just that.

## 15 Latest tourism trends

Hotel occupancy trends in 2006 calendar year were down 2-3% for bed and room occupancy, but the 2007 figures (to July) have so far been better than for 2006, taking into account the different period of Easter each year. As ever individual monthly figures need to be treated with caution because of sample size variations.

## 16 Rail-related issues

### 17 Rail Strategy White Paper

The Department for Transport's recent White Paper identified £15 billion worth of investment over the next seven years. In the shorter term (from 2009) extra carriages have been promised to increase capacity on the trans-Pennine route, with bottlenecks at Leeds and Manchester being tackled in the longer term cutting journey times. Investments in new East Coast Main Line (ECML) rolling stock and line upgrades are also included as longer term aspirations (2014). The possibility of developing a high-speed network is to be the subject of further analysis and will be included in the next White Paper, which isn't expected before 2012. Currently, it is estimated that rail passenger usage is growing at some 6.3% annually and accelerating.

### 18 High Speed 1

The 186mph route from St Pancras through the Channel Tunnel (High Speed1) is to begin operation on November 14<sup>th</sup>. St Pancras immediately adjoins Kings Cross station and the transfer between ECML trains and Eurostar services will be made much easier. Through trains from continental Europe to the North will not feature. The new services open up new marketing possibilities for York (both for leisure and business travel) with through ticketing to a host of destinations on the growing European high-speed rail network also coming on stream. The new London - Paris journey time will be 2 hrs 15 minutes.

### 19 Cross-Country Services

At present operated by Virgin, the franchise for running these services has now been awarded to Arriva who will begin running them on November 11<sup>th</sup>. The franchise bid identified substantial capacity increase (35%) in rolling stock, which would allow for a corresponding decrease in annual Treasury subsidy. This franchise has particular importance in bringing leisure travellers to York and future marketing opportunities will be discussed with the new operator.

### 20 TransPennine Express

Discussions over progress made during the term of the present franchise have been taking place with a view to identifying and agreeing priorities for future improvement and investment. Capacity improvement, especially at peak commuter times is considered to be key as are airport services. New marketing opportunities are also on the agenda.

## 21 East Coast Main Line

It was announced in mid- August that the winning bidder for the ECML franchise was the National Express Group which is an experienced operator of rail franchises (alongside coach and bus services). In the build-up to the submission of its bid to the Department of Transport, Richard Bowker National Express chief executive gave a pledge that the head-quarters of the franchise would remain in York. This has since been re-affirmed by the company.

National Express has made a commitment to more frequent and faster services alongside investment in infrastructure including York Station (new first-class lounge, better lighting and improved access between platforms). The fastest York - Kings Cross trains will take 1 hour 45 minutes. Significant investment is planned for on-line bookings, seat reservations and ticketing which are to be made much simpler to use. The ECML has a reputation for high quality services established by GNER and which now needs to be built upon. To run from December 9<sup>th</sup>, National Express has stated that it will make £1.4 billion worth of payments to the Treasury over the life of the franchise to March 2015 (the final 17 months of which will be dependent on the achievement of performance targets). Services will be delivered through a new company to be dubbed National Express East Coast.

Meetings are being organised with senior management at National Express in order to understand more clearly how their winning bid will impact on York and their intentions for the headquarter function. In parallel, discussions are taking place with GNER to make sure that the interests of their staff, especially those whose jobs may now be uncertain and could benefit from the services provided by Future Prospects, are being fully taken into account.

At the time of writing this report, it had been announced that National Express's winning bid had been referred to the Office of Fair Trading, a move National Express described as routine.

## 22 Grand Central

It was reported at the end of August that York-based open access operator Grand Central will commence its non-stop London rail service in September (this will need to be confirmed at the Board meeting) providing some competition to the ECML franchisee. Using refurbished high-speed trains, 3 services are scheduled from Sunderland to Kings Cross with stops at Northallerton, Thirsk and York.

## **Science City York**

23. Since the last report in March Science City York (SCY) activity has remained focussed on the development of both its strategic and operational priorities in line with the Sub Regional Investment Plan (SRIP) from which SCY has received significant funding support from Yorkshire Forward. SCY was funded to create the new operational team structure which was in place from September 2007. The Interim Project Director Paul Taylor joined in October. The objective has been to optimise the delivery potential of SCY and to meet targets, outputs and outcomes agreed with Yorkshire Forward.

24. The Cluster team members have concentrated on developing the relationships with their clusters in managing cluster-based business interactions, identifying the needs of businesses and organisations which constitute the cluster and managing business to business focussed events. Committees have been refreshed to support and advise staff. The existing Business Promoter team, which has been reduced through retirement, has focussed on delivering outputs in terms of business creation and funding support to new businesses through the Proof of Concept Fund (designed to assist test marketing ideas for products, services and new processes) and the Technology Growth Fund which takes business ideas on to the next stage of development. The pipeline of projects is in line with expectations and the expansion into North Yorkshire has been successful in identifying new leads and partners to develop with but needs further development.
25. Science City brought publicity and promotional literature design in-house during the restructure and this tied to events management is beginning to show results and cost savings. The concentration has been to make the website a really effective introduction to the SCY organisation with business case studies identifying successful interventions

## **26. SCY Organisational Structure going forward**

27. Following extensive debate between the key stakeholders of Science City York, the University of York and York City Council, a Stakeholder Board was established in mid-2006. This included representatives of the two main stakeholders, an independent Chair, the present Chair of SCY and key partners Yorkshire Forward. The formation of this Board recognised SCY's increasingly important regional as well as national role. In March a new vehicle was created, a Company Limited by Guarantee (CLG) to formalise the partnership. After an extensive and thorough interview process Richard Hutchins, Director of Business and Enterprise at Advantage West Midlands, was recruited as the Chief Executive. He starts his new role with Science City in late August.

## **Northern Way Bid**

28. The Northern Way Bid was aimed at utilising funds set aside to create innovation assets in the Yorkshire Forward area. A bid valued at £2.6 million was submitted for a 'Hub and Spoke' model consisting of 3 innovation centre 'spokes' in key locations in York:-
- A Digital and Creative Technologies Centre c40,000 sq ft located on the Terry's chocolate works redevelopment
  - Park Central c5000sq ft in-fill building between the Innovation Centre and the Bio Centre on the York Science Park creating additional offices, exhibition and networking space
  - The creation of a Biological Business Centre(BBC) located on the University campus

The project was approved in March by YF and each 'spoke' received funding to develop their individual projects. Whilst Park Central and the BBC have progressed well, crucial planning decisions are awaited in September to allow the development of a Digital and Creative Technologies Centre on the mixed use Terry's Chocolate

Works development to progress. This will take a substantial amount of the Northern way funding to fit out the building.

### **BA Festival of Science 2007**

29. Plans are well advanced for the BA Festival taking place over 4 days in York during September. This is the first time in 25 years that the Festival has visited York where the British association of Science was founded in York 131 years ago. Over 700 events, demonstrations and talks have been organised across the University of York campus and in the City itself. Over 50000 visitors are expected. This builds on the successful York Science Festival in March which attracted 15000 attendees. This event is now in its tenth year. Adam Hart Davis and other celebrities played an important role in involving the citizens of York in understanding more how science, technology and innovation can change our lives and create career opportunities. This is a prime example of the public engagement and community involvement in understanding science and technology, a major role for SCY.

### **National Science Cities Development Group**

30. York has been lead member of this group since its inception 3 years ago. A third Science City conference was held in Newcastle in early February and was attended by the new Minister for Science and Technology Malcolm Wicks (ex University of York)
31. This was a good platform for York to present a business case representing its work supporting a start up business in web-based training which exemplified SCY's joined-up approach.
32. There is much still to do in joining up the work of the individual cities into a unified approach mainly because each has a different model and speed of development. An area of activity that may well emerge as agreeable is in promoting the six Science Cities internationally, together with UKTI, as an investment and trade opportunity utilising a joint cluster approach.
33. In March a paper was presented to the Treasury by the National Group and separately by Science City York promoting the role that the Science Cities could play in enterprise and innovation development. This as focussed on informing the CSR. Further discussions are in being organised for October.

### **Skills Development and STEM**

34. SCY will play a partner role in the delivery of the STEM programme with NYBEP but restructuring in SCY will see a greater emphasis on skills development with a dedicated fulltime coordinator working within the clusters and partnering with delivery organisations to identify programmes in the 14-19 age group and in the areas of adult lifelong learning promotion. This will ensure that jobs being created in the clusters can be filled from within the sub region.

### **York Training Centre**

35. York Training Centre delivers a wide range of learning opportunities including Apprenticeships and National Vocational Qualifications (NVQs) in a range of



occupational areas. Working with local companies, and supported by York Training Centre's experienced staff, people of all ages are given the opportunity to gain valuable work experience, achieve a nationally recognised qualification, and progress into sustainable employment or further learning.

The main programmes include:

- Apprenticeships for 16-24 year olds at level 2 and 3.
- E2E (level 1 apprenticeships – either NVQ qualifications at level 1 in certain occupational areas or a generic Preparation for Employment qualification) for 16-18 year olds.
- Work Related Learning for 14-16 year olds in partnership with the majority of York Schools.
- Delivery of first NVQ level 2 qualifications to 40 learners in conjunction with Adult Community Education.
- Delivery of NVQ level 2 and 3 qualifications in Early Years Care and Health and Social Care to learners aged 25+ via an ESF contract with Providers in Partnership (PIP).
- Private training (mainly NVQs) to individuals and employers.

The financial position remains tight but new contracts are continually sought to improve viability and efficiency. YTC has a small number of apprentices within the council and is working to increase this significantly in the current and future financial years. A contract worth around £60k has recently been secured to work with young people (predominantly 16-18 years old) currently 'not in employment, education or training' (NEET). This will enhance the E2E work mentioned above.

## **City Centre Partnership Ltd**

- 36 The number of returns from the first BIDs (Business Improvement District) questionnaire with subsequent follow-up with businesses were a disappointingly low 10%. Those who expressed an interest either through the survey or in face-to-face meetings cited increasing footfall, Christmas lights/lighting schemes and parking as priority issues for them.

Work on the two-year Action Plan continues. The York in Bloom initiative gained a very creditable Silver Gilt award in the Yorkshire Regional "In Bloom" competition, with YCCP sponsoring 13 new tubs and planting in the City Centre. The Garden Market and the creation of a temporary garden which included a turfed lawn on St Sampson's Square for a weekend in June proved very popular with residents and visitors. The first new footfall-counting camera is being installed in Coney Street to add accurate footfall information on a year-round basis to the City's Key Performance Indicators.

New directors on the YCCP Board from the private sector include representatives from Norwich Union, M&S, Land Securities and the Chamber of Commerce.

## **Future Prospects**

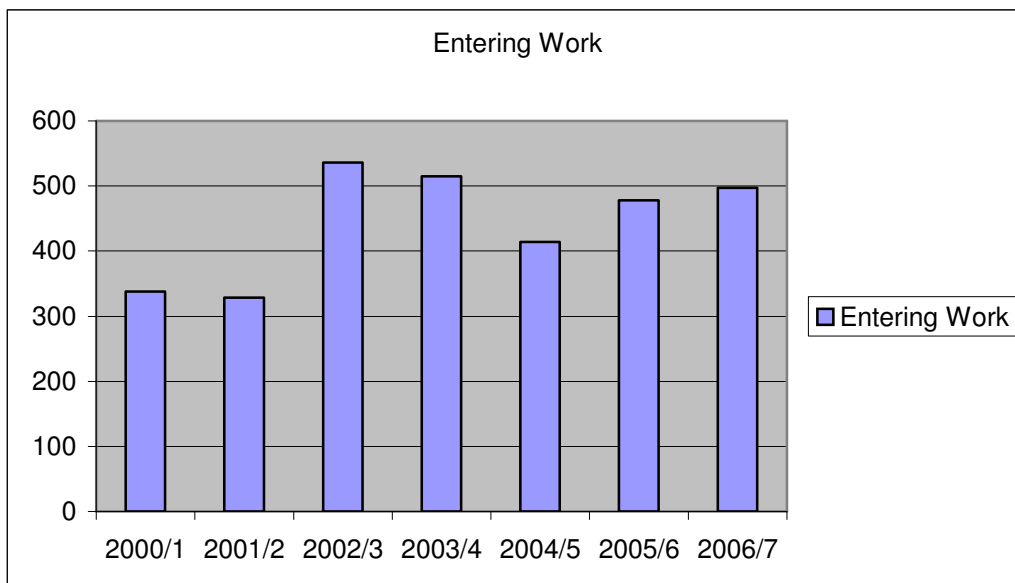
- 37 Future Prospects has achieved continued success in all areas of their service, becoming the only organisation nationally to win the prestigious matrix Excellence award for a second time.

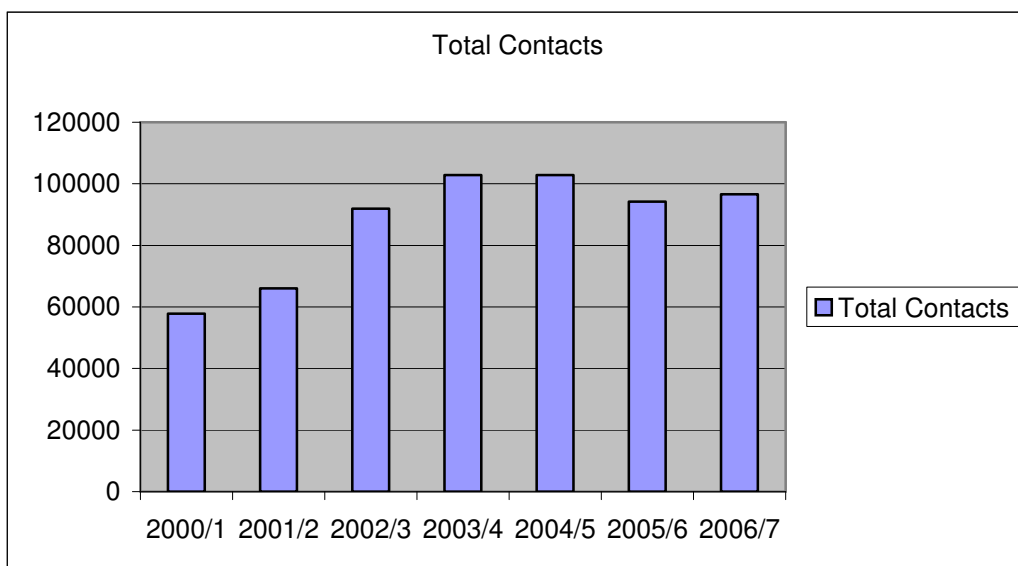
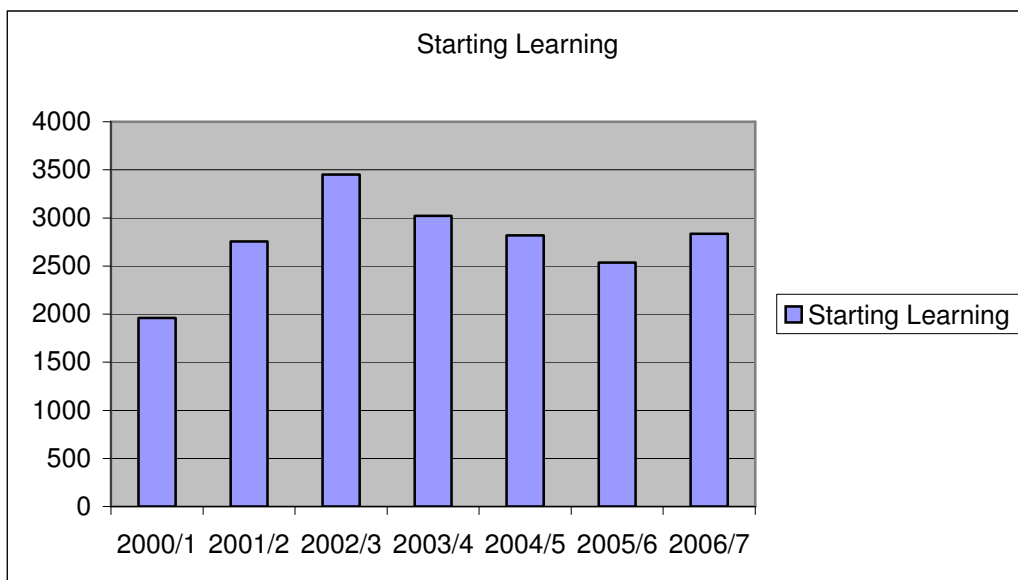
This year has seen the further extension of ESF/LSC provision, including an innovative project focused on developing the employability skills of young people who have achieved level 2, 3 or 4 qualifications which has involved the entire Future Prospects team. The core service of advice and guidance has seen the addition of several new skills development initiatives which have now evolved as integral parts of the service. The programmes neatly complement the enrolment services and act as a powerful driver for widening access to learning and supporting new people to enter a changing labour market. Full details can be found in the Annual Report for the financial year 2006/07 at [www.futureprospects.org.uk](http://www.futureprospects.org.uk) in the "About Us" section.

In the past 12 months Future Prospects has completed the following key outcomes:

- 96,584 contacts were made with Future Prospects
- 6,158 enrolments to York College and CoYC Adult Education courses were processed, with an additional 900 enrolments onto other partner provision.
- 23,815 contacts (individual users each day) were made through our website
- 13,057 in-depth advice sessions with 2,834 people entering learning programmes and 497 entered work
- 1,843 doors were knocked
- 7,453 clients attended drop-ins through 1300 sessions both at Future Prospects and in the community
- 109 clients aged under 25 entered work
- 101 disabled clients entered work through the DAWN project
- 681 people accessed the ICT in the Community project
- Clients expressed a 98% satisfaction rate with the service

Trends for the last seven years are provided for three key statistics:





## Additional Performance Information

- 38 All three key statistical outputs increased in 2006/7 and a further breakdown within these statistical measures can provide insight into the mechanics of the service and change in landscape for learners and people seeking employment.

The number of people entering training increased although the number of enrolments processed by the service has decreased by 6%, to some extent reflecting the further reduction in the number of adult learning opportunities. However, this still shows that despite a narrowing learning offer, there is a strong commitment from people to attend learning in the city and people are also keen to develop skills outside of the traditional adult learning routes, such as attending the workshops held at Future Prospects.

The number of contacts through the website has continued to increase, with this method of engagement and service delivery providing a key focus for the coming year. This will see the introduction of additional e-learning opportunities and an on-

line service evaluation system. The service has also embraced 'open source' software, supporting staff and service users to use free IT tools, developing an honest and affordable way of transferring learning to the home or work environment.

The numbers of door knocked in the community has dropped slightly, reflecting the change in the methodology of community outreach. This has been replaced with more focussed community working practice including training community staff in other organisations and utilising already established community networks.

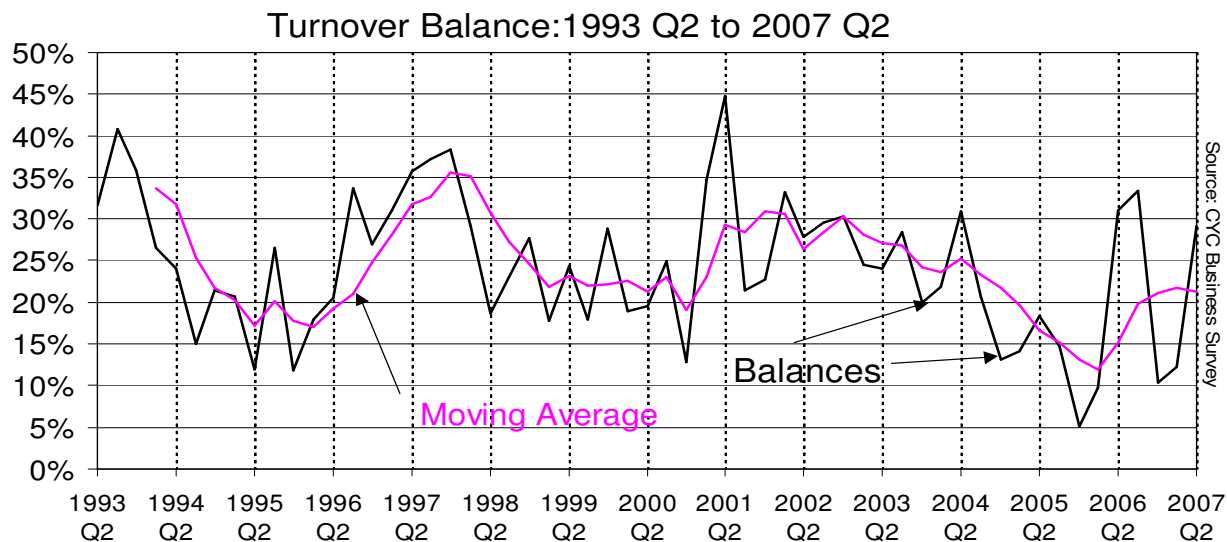
There has been a further increase in the number of people from ethnic minority groups, with a notable increase in work with people from EU accession countries who are looking for work in the city. This is representative of the increase in the migrant workforce, though we are also aware that our specialist IAG service for people from EU countries self generates referrals to the service.

The mode of working across the service has moved more towards workshop and programme delivery models. This change in methodology has impacted on the advice service statistics. The total number of individuals receiving level 3 advice has increased, though individual contacts has decreased as a result of in depth guidance being delivered in a classroom session. These sessions are recorded as clients entering a training course and are reflected in the increase in training outcomes. The use of 'workshop' delivery to develop employability skills is expected to continue to be a growth area of the Future Prospects service.

## Business Survey

- 39 The York Business Survey for the second quarter of 2007 (April to June) includes the views of 123 businesses from across the local economy. 279 were canvassed providing a response rate of 44%. The survey presents an overall positive picture, with improvements in turnover, employment, and the number of firms operating at full capacity. However, looking into the third quarter business confidence fell back; possibly due to fears of further increases in interest rates to come and a very poor summer which will have had an adverse affect on many businesses.

**Figure 1. Turnover**

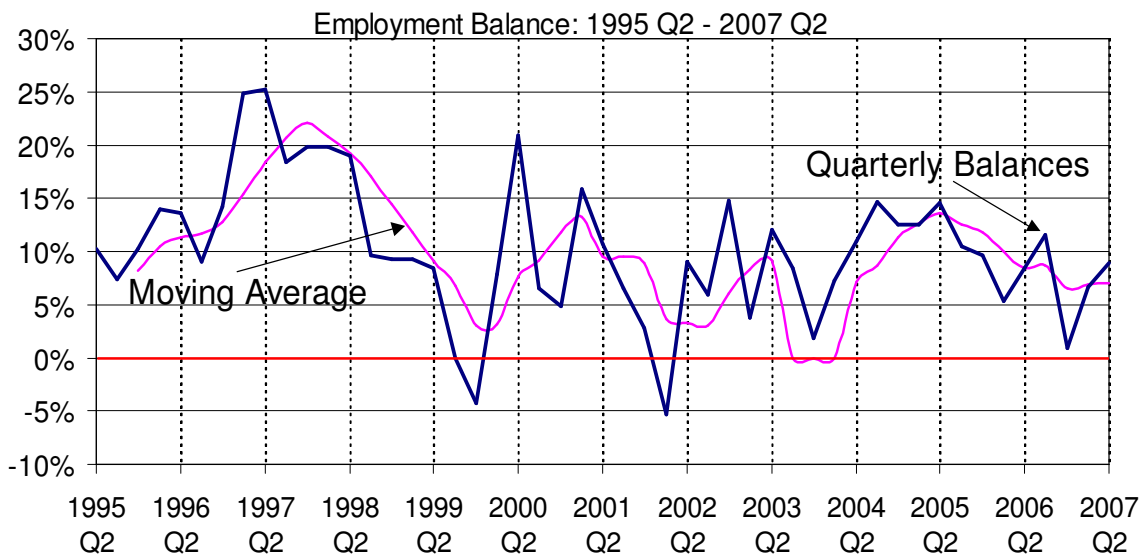


## Turnover

	2006 Q2	2007 Q1	<b>2007 Q2</b>
Risen	45.4%	37.8%	<b>45.5%</b>
Fallen	14.3%	25.6%	<b>16.3%</b>
Balance	31.1%	12.2%	<b>29.2%</b>

40 The Turnover chart shown as Figure 1 is intended to show the broad trend in turnover balance over a number of years – with the smooth trend line being the more important than the quarterly observations which rise and fall at least partly with seasons – although some industries are more seasonal than others. It charts turnover balance – the net proportion of businesses reporting changing sales levels – those reporting a rise less the proportion reporting a fall. In addition around 40% of businesses typically report no change in activity since the previous quarter. The raw quarterly rate reached a peak around mid-2001 after which it declined until it began to recover in 2006 and 2007. The raw result for the latest quarter is a little down over the same period last year, but the trend appears to be more stable .

**Figure 2. Employment**



## Employment

	2006 Q2	2007 Q1	<b>2007 Q2</b>
Risen	16.8%	15.6%	<b>18.7%</b>
Fallen	8.4%	8.9%	<b>9.8%</b>
Balance	8.4%	6.7%	<b>8.9%</b>

41 **Figure 2** provides a broad view of the net balance of firms reporting a change in employment levels. The balance figure is achieved each quarter by subtracting those businesses reporting a rise in employment from those expecting a fall – it is not raw staff numbers but rather indicates whether firms are deciding to alter their employment levels in response to business conditions. Typically however around 65-70% of businesses report no change in their staffing levels each quarter. While there has been a decline in recent months of the proportion of businesses taking on staff there are signs that levels may be at least stabilising.

42 The table **Figure 3** shows **operating capacity** across firms – those operating at full capacity has grown by just half a point since the last quarter but is down 2.5 points compared to the same period a year ago. Firms operating between 70% and 100% also fell back markedly over the year - by 16.6%. However, the 86.7% for 2006 Q2 was in fact the highest proportion of firms operating at this level over the past 13 years. The mean figure over that time for the second quarter however was 77.4% so the latest quarter's result is still disappointing. The lower operating capacity levels may well be related to the Bank of England's firmer monetary policy regime and resultant higher cost of borrowing for both industry and households reducing economic activity for some firms.

**Figure 3. Operating Capacity**

	2006 Q2	2007 Q1	<b>2007 Q2</b>
Full Capacity	18.6%	15.6%	16.1%
Above 70%	86.7%	72.2%	70.1%

43 Confidence in business activity for the coming quarter is expressed in terms of both future turnover and employment. The first is the level of sales the business expects

to achieve in the three months ahead, while the second is whether in matching that level of sales activity there is likely to be a need for the size of the workforce employed in the business to change.

44. Expectations of sales levels to be achieved in the third quarter of 2007 (July, August and September) is down on both the previous quarter by nearly 11 points and by 2.5 points compared to a year ago. This balance figure is again disappointing; the lowest confidence since the same period in 2005 and the second lowest since 2000. Given York's tourism profile we might expect many businesses to feel fairly positive about sales growing between the second and third quarters. Possibly the exceptionally poor summer has depressed expectations together with the decision to raise interest rates announced by the Bank of England in early July – around the time the survey was going on.

**Figure 4a**

Expected Turnover			
	2007 Q2	2007 Q1	<b>2007 Q2</b>
Rise	42.9%	48.9%	<b>35.8%</b>
Fall	13.5%	11.1%	<b>8.9%</b>
Balance	29.4%	37.8%	<b>26.9%</b>

45. Expected employment levels in the second quarter for the third quarter of the year were down on those expressed in the first – which is normal as key parts of the economy face higher levels of activity in April to June. Those higher levels were however maintained as nearly 85% of businesses expected their staffing levels to remain unchanged as moving from the second quarter into the third. For those firms whose staffing levels were changing however, expectations were rather firmer for the third quarter of 2007 than for 2006 with 2.3% higher net balance of firms expecting to take on staff. The figures for Expected Employment for the quarter ahead are shown in Figure 4b below;

**Figure 4b**

Expected Employment			
	2006 Q2	2007 Q1	<b>2007 Q2</b>
Risen	12.6%	25.6%	<b>11.4%</b>
Fallen	7.6%	4.4%	<b>4.1%</b>
Balance	5.0%	21.2%	<b>7.3%</b>

- 46 In the last report to Economic Development Partnership Board, the area of the Business Survey which deals with Internet use was covered. In this report the opportunity to advise Members of the concerns expressed in the survey by local businesses is taken. Each business is able to list up to five factors which most affect their business in either a positive or negative way.
- 47 In terms of positive factors affecting their business, managers responded with a wide variety of factors but there are some common themes. Many people thought York's reputation as a vibrant, busy economy was good for their business attracting both staff and customers. The city centre events such as markets and other specialist attractions – particularly historic ones such as Jorvik - offered a particularly strong and important attraction to the visitor. Other factors such as the reputation of the University and its forthcoming expansion were highlighted. Strong transport links via the road and rail network were mentioned by businesses as being important as well as the services provided by local buses - with the Park and Ride service being seen as important by many.
- 48 Other, newer, developments were the opportunities to grow customer numbers presented by the ban on smoking in enclosed public spaces which had led to some respondents seeing more customers with continuing broad investment across a range of retail brands was indicated by some as being key to York. The evening economy, whether by theatre productions or restaurants and pubs, was seen as a strength too – adding to the diversity offered by retailing during the day. Tourism generally was seen as offering particular advantages for the city and the resources put into promoting York as a visitor destination was recognised too with further investment seen as important.
- 49 There were around a similar number of negative factors to being located in the city given also, at approximately 150. The level of parking costs particularly, congestion and lack of parking in certain parts of the city still worry businesses. Other transport issues were seen of concern too – the lengthy repairs to Holgate Bridge, resurfacing of some of the city's roads and congestion on the outer ring road.
- 50 Issues that centred on the changing nature of the local economy were also highlighted such as factory closures and companies who have reduced their workforce size. In addition some businesses expressed concern about finding suitable skilled and qualified staff in the city. The point was made that York has to compete with many other cities and that sufficient investment to ensure the city retains its position has to be made, that the city should not rely on its historic attractions alone to bring visitors to York.
- 51 The disappointing summer weather this year was also mentioned by many as adversely affecting trade while vandalism, damage to vehicles and theft was mentioned by several businesses together with rowdy parties in the city centre at night putting off other potential customers enjoying the benefits the evening economy has to offer.
- 52 The steady increase in the level of interest rates over the last 12-18 months and the consequent reduction in cash available to spend by consumers and firms alike was highlighted by businesses as an unwelcome business pressure.
- 53 However despite these concerns business managers remain fairly satisfied with being in York although improvements can, of course, always be made. Overall satisfaction with location in York at 'good' or 'satisfactory' level increased over last



quarter by 3.4% to 96.7%. The detail for 2007 Q2 together with last quarter and the corresponding quarter a year ago can be seen in **Figure 5** below;

**Figure 5.**

<b>Satisfaction with York</b>			
	<b>2006 Q2</b>	<b>2007 Q1</b>	<b>2007 Q2</b>
Good	64.7%	51.1%	52.8%
Satisfactory	32.8%	42.2%	43.9%
Poor	0.8%	2.2%	0.8%
Don't know/no answer	1.6%	4.4%	2.4%

- 54 Appendix 1 provides Board members with the opportunity to examine unemployment data for the city and compare the position with that regionally and nationally. It is presented here in the context of the Council's performance indicators VJ15a and VJ15b.
- 55 Appendix 2 provides Board members with the opportunity to examine the business survey data once again in the Performance Indicator format – VJ15C-E.

### **Risk Management**

- 56 In compliance with the council's risk management strategy. There are no risks associated with the recommendations of this report.

### **Recommendation**

- 57 The Board's input and endorsement is requested.

Reason: To help shape the effectiveness of future action.

### **Contact Details**

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Bill Woolley  
Director of City Strategy

Report Approved

Date 11/09/2007

Specialist Implications Officers: None

Wards Affected:

All

For further information please contact the author of the report

**Background Papers:** Progress on key issues report 13 March 2007

- Annexes -** Annex 1 – Performance Indicator – Business Performance VJ15c - e  
Annex 2 – Performance Indicator – Unemployment in York VJ15a and VJ15b  
Annex 3 – Tourism Trends