

Quarterly Economic Update

Summary

1. As we move through the Government’s Roadmap to Recovery, the York economy has seen significant growth and change through the past quarter. Key challenges are being reported in recruiting staff at a range of levels, with the most significant short term shortages being seen in skilled and semi-skilled roles, particularly in customer-facing sectors such as hospitality, retail and social care.
2. There are currently over 180 Apprenticeship vacancies within 15 miles of York, with continued growth in opportunities. However, companies are reporting that there is not a sufficient supply of applicants to fill these Apprenticeship vacancies.
3. The city centre has recovered strongly, with footfall back up at pre-pandemic levels and spend also high. This is also reflected in out of town retail settings, and the hotel sector and visitor economy are also reporting strong performance and forward bookings.
4. Interest in York as place to do business remains high with several indigenous businesses looking to expand in the city and a number of enquiries received from businesses keen to establish a presence locally. There is also strong demand for industrial space outside the city centre, with speculative builds coming onto the market quickly snapped up.
5. Public and business engagement for the new Economic Strategy is now underway, with the Skills Plan also nearing completion. There is some uncertainty over the future of regional economic arrangements, with a national LEP review due to report soon, alongside announcements expected on local government arrangements and devolution.

Recommendations

6. The Executive Member is asked to:

- 1) Note the contents of the report

Reason: To support York's economic response to the COVID -19 pandemic

State of the Economy

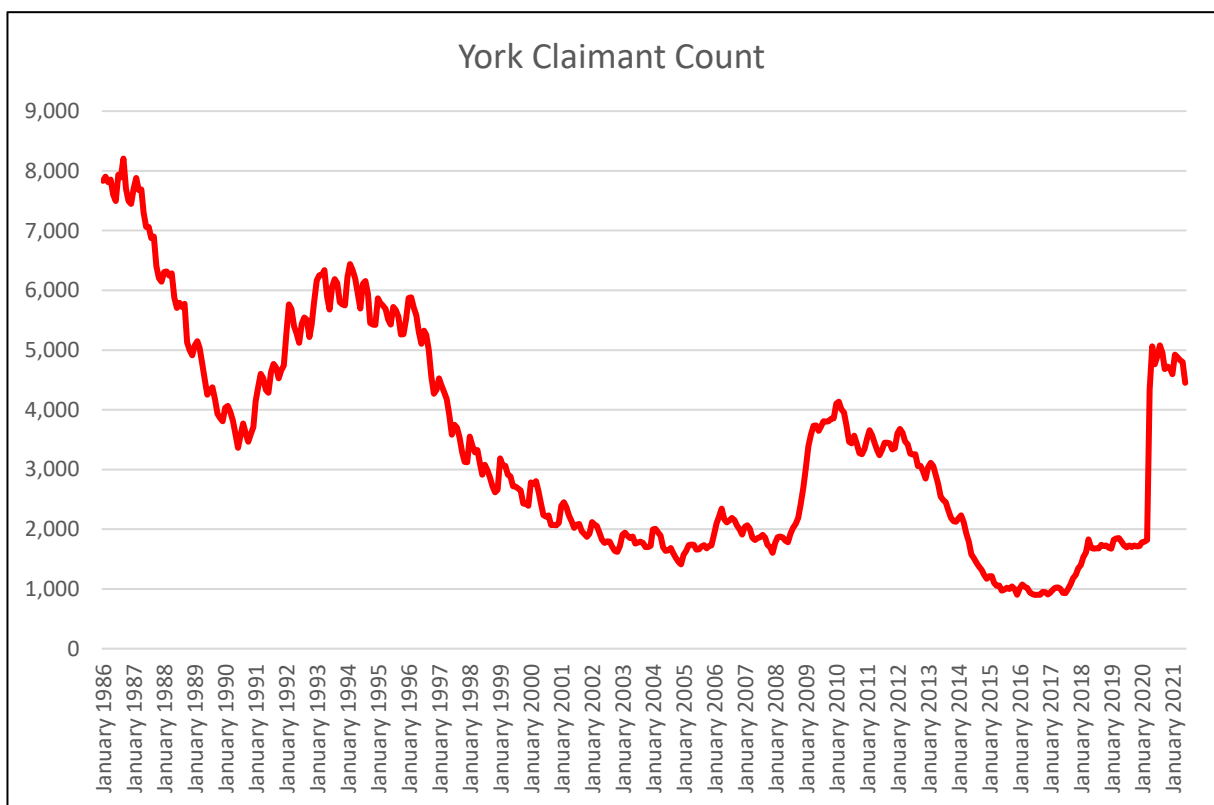
7. This report covers the period April 2021 to June 2021, as lockdown was eased through the Government's Roadmap to Recovery. The city centre consumer-driven economy has reopened strongly, with footfall returning to levels close to, and on occasions above, pre-pandemic levels last seen in 2019. Hotels and visitor attractions report strong forward bookings through July and into August, and York is attracting strong demand from the staycation market.
8. More generally, businesses are reporting good performance but are seeing challenges in recruitment as they seek to scale up delivery. This is seen most starkly in skilled and semi-skilled jobs, with very high levels of vacancies seen in areas such as HGV and LGV drivers, chefs, experienced customer service staff and carers across the national economy. These challenges are also seen locally, where businesses are also reporting shortages in middle management, project management, and other roles where there is a requirement for formal qualifications such as health and social care.
9. In response to the specific challenges being faced by the city's hospitality sector, a Hospitality Summit is being planned for late July by the Council's Economic Growth team to bring together industry leaders, relevant education and training providers, Council officials and key city partners to discuss the skills and recruitment challenges being faced by the sector and to collectively identify and develop appropriate solutions.
10. The issue of staff shortages in hospitality is not unique to York, with businesses across the UK reporting similar challenges. Trade body UKHospitality has indicated that nearly 190,000 workers are required across the UK to support the sector post-lockdown, whilst online jobs board Adzuna reported that there were 73,000 vacancies across UK pubs, bars, restaurants, cafes during the beginning of June. Similar

recruitment challenges in hospitality are being reported across Europe and in the United States.

11. In some sectors, we are told that staff shortages are leading to increases in wages as employers seek to incentivise both retention and recruitment of drivers, chefs and other staff. It will take some time for such changes to be shown in public statistics, with local pay reported annually through the Annual Survey of Hours and Earnings (ASHE) which is conducted in April each year and published in October. The 2020 figures for York, based on pay in April 2020, showed that almost half of all part time staff in our economy were paid below the Real Living Wage of £9.50 per hour. This is in contrast to full time roles where only the lowest 10% of earners are paid below that level.
12. There are thus around 15,000 part time employees and 6,000 full time employees in York businesses who are paid below the Real Living Wage, representing approximately 1 in 5 workers. These figures are for York workplaces – residents' figures are also published which show a very similar picture, but with slightly lower numbers of residents paid below the Real Living Wage.

Unemployment and Furlough (Annex 1 pp.12-13)

13. The impact of the COVID pandemic is shown very clearly in the claimant count¹ shown in Fig 1 below. This saw the largest increase in at least 35



¹ Data from <https://www.nomisweb.co.uk/query/select/getdatasetbytheme.asp?collapse=yes>

years in the months since lockdown when the count rose from 1,800 to 5,000 in April 2020, however the total has been falling since then, and now stands at 4,450.

14. Centre for Cities have been monitoring increases in unemployment across their cohort of 68 UK centres². York continues to be the city with the lowest percentage increase in unemployment, despite the influence of our retail, tourism and hospitality businesses. Cities such as Bradford, Hull and Birmingham have seen unemployment rise at nearly 3 times the rate that York has experienced.
15. Updated figures for the Job Retention Scheme (JRS) and Self Employment Income Support Scheme (SEISS) have been published by Government³. These show a total of 7,400 people furloughed by York employers at the end of May 2021 and a further 4,800 claiming self-employed support at the same date. The total number of people reliant on these grants is thus 12,200, more than 8,000 fewer than were in this position in January 2021.

Apprenticeships and Kickstart

16. The apprenticeship market in and around York (+15 miles) has continued to grow month on month since March, and now stands at a historically unprecedented level of just over 180 adverts, with some advertising multiple opportunities. This suggests there are around 250 potential jobs. Whilst the hospitality sector shows some recovery, it is still below the previous experience of a consistent 25/30% of the market at 10%. The rest is fairly evenly spread across general job roles such as Customer Service, Administration, Sales, then small numbers in engineering/manufacturing, construction trades, pharmacy, early years, health care and dentistry.
17. Interestingly the hospitality sector has chosen an unprecedented number of Level 2 Intermediate apprenticeships, more suitable to 16 to 18 year old progressing school students. This significantly reverses a 4 year progressive reduction in Level 2s in preference for Level 3 apprenticeships. In the total market, this places Level 2s as just over half of the total market, which has not been the case since around 2014.
18. The Business Engagement Officer, in communication with the apprentice Training Providers and some direct discussions with employers, has

² <https://www.centreforcities.org/data/uk-unemployment-tracker/>

³ <https://www.gov.uk/government/statistics/self-employment-income-support-scheme-statistics-july-2021> and <https://www.gov.uk/government/statistics/self-employment-income-support-scheme-statistics-june-2021/self-employment-income-support-scheme-statistics-june-2021>

identified a growing concern over a much lower, or sometimes complete lack, of applicants for advertised apprenticeship vacancies. One reason could be that the educational disruption during the Covid-19 pandemic had resulted in more young people remaining in post-16 education.

19. To both celebrate the apprenticeship vacancy situation, and promote the current market to stimulate applications, the Skills Team are working with The Press to publish a double page article in early August to coincide with the GCSE and A level exams results period, containing York employer and apprentice case studies. Additional social media activity is also planned to help amplify apprenticeship vacancies locally.
20. Applications for the first round of CYC Apprenticeship Levy Transfer closed on 30 June and applications are currently being appraised and applicants notified of outcomes. A fuller update detailing the number, types and values of successful applications will be provided at the August meeting.
21. The KickStart scheme in York is sustaining levels achieved in April/May. The approved local Gateway organisations are progressing the opportunity as much as possible, but many employers are opting to go directly to apprenticeships. The Council's Business Engagement Officer has seen KickStart enquires from employers drop off, but apprenticeship enquires grow substantially to about 6 a week. York-based employer feedback on the KickStart scheme has been submitted to the Department for Work and Pensions, with the department looking at ways to speed up the process from employer contact to the placement of a vacancy advert.

City centre economy (Annexes 1, 2 and 3)

22. Our partnership with the Business Improvement District (BID) to provide new sources of data on city centre usage, including spend, is beginning to mature. The Movement Insights platform, which the Executive Member committed to supporting in March 2020, shows both where users of the city centre originate from, and how much money is spent through Visa transactions in city centre businesses. Annexes 2 and 3 show origin and footfall data for April, May and June 2021, with a quarterly summary of Visa spend for the first three months of 2021 (same data in both reports).
23. The contrast with 2020 is strong – in autumn and Christmas periods, the visitor spend data shows people coming from across a broad area of northern and central England to York. In the first three months of this year, however, spend was almost entirely from York, North Yorkshire

and Leeds, showing that customers have largely followed the restrictions and have been “shopping local”.

24. As the city centre moved through the Government’s Roadmap to Recovery and different sectors were able to reopen, Annexes 2 and 3, together with the chart on Annex 1 p3, show the volume of footfall increasing significantly in April, May and June. For Movement Insights, the number of recorded visits to Parliament Street increased from 430,000 in April to 740,000 in June. The Springboard data shown in Annex 1 demonstrates that footfall has returned almost to 2019 levels. Indeed, finer grained data from Springboard shows that footfall was significantly above 2019 levels on some days, with Sundays proving particularly popular at the moment.
25. Increasing footfall is, in part, due to the return of York residents to the city centre, however the “Where do Visitors Come From?” section of Annex 3, shows the strong return of visitors from further afield, with 48% of those recorded being from more than 50km away. This will also be reflected in spend data once the Q2 2021 figures are available. In the first quarter of the year, just 4% of visitors were from more than 50km distance, but they represented 20% of all the money spent in the city.
26. Shop vacancies in the city centre have stabilised (Annex 1 p4), and remain above pre-pandemic levels but below the national average. Make it York report that they are witnessing demand for small retail units, and York Retail Forum is actively working to attract new shops to the city. Interestingly, data from CoStar shows that over 43 commercial properties in York changed ownership in the last 12 months – over a third of these are in the city centre. The resumption of the MyCityCentre initiative in recent months will focus efforts to make a positive impact and ensure that York retains a vibrant city centre culture. Outside the city centre (Annex 1 p5) vacancies have decreased in all of our secondary retail areas and retail parks, as measured by business rates. The recent announcement by John Lewis that its Vangarde store will not be reopening (despite efforts by the Council to keep the store open) shows that, despite the data, there is some fragility to traditional bricks and mortar retail and we must keep a close eye on the developing situation.

Broader Economy

27. There continues to be strong demand for industrial space outside of the city centre, with widespread interest for commercial units ranging from 1,500 sq. ft. to 30,000 sq. ft. A number of speculative industrial units

have been built in recent years, with those coming onto the market in the last quarter fully leased.

28. Interest in York as a business location remains high with the Make it York team fielding a number of enquiries from prospective investors. The team is also supporting a number of indigenous businesses across the city to expand, and providing soft landing support to those who have recently taken up premises.
29. In terms of business support, Growth Managers are reporting that skills, training and recruitment are featuring heavily in discussions with businesses as they seek to recruit staff. Digital support remains an area of high demand, whilst concerns have been raised over the lack of capital grants from LEPs to help support premises/unit fit-out – such grants have provided much needed assistance in recent years to businesses looking to expand/move to York, aiding job creation.

Make it York

30. In September 2021, the Make it York Business Team will be amalgamating with City of York Council's Economic Growth team in a move to strengthen the delivery of business support, economic development and inward investment activity across York.
31. The move will expand and bolster the Council's existing economic development resource and ensure a stronger and more efficient delivery of crucial business-facing functions to help guide and support York's economic prosperity, both now and into the future. The move will enable Make it York to focus its efforts on tourism, culture, events and operating the city's much loved Shambles Market.
32. Both organisations continue to work closely with partners to further develop the partnership approach that has underpinned the city's

response to Covid-19. Key deliverables achieved by the Make it York Business Team between May and June 2021 include:

- General business support provided to 77 businesses via their Growth Managers;
- Over 40 businesses attended a Funders Roadshow led by Growth Managers;
- Virtual conversations had with 15 businesses on the Make it York key accounts list;
- 11 indigenous investment enquiries handled;
- 9 inward investment enquiries handled;
- 2 Foreign Direct Investment enquiries handled.

Local Enterprise Partnership

33. Alongside the March 2021 Budget, the government announced that they will be working with local businesses on the future role of Local Enterprise Partnerships to ensure that local businesses have clear representation and support in their area to drive economic recovery.
34. The National LEP Network have been working with government departments to agree the terms of reference for the review and to start the process. Discussions with government departments commenced in April and are based around the following key themes:
 - Objectives and functions;
 - Geographies and accountability;
 - Representation and interaction with Local Government;
 - Implementation and funding.
35. It is important to note in the context of the above discussion that Levelling Up Funding, a post-Covid capital infrastructure fund, is being routed through local authorities. The Government has also indicated that that they see future Local Growth Funding being routed in this way too, although this does not preclude LEPs from having a role in shaping and influencing these funds. For City of York Council, how York and North Yorkshire LEP can best support the delivery of funding at a local level will be an important consideration.

36. A decision on the future role of LEPs is expected before the summer recess, although an announcement could possibly be aligned with the Autumn Budget Statement.

A York and North Yorkshire Plan for Growth

37. As part of the March 2021 Budget the government released their Plan for Growth, a plan for how the government will support the UK to Build Back Better following the pandemic. The publication sets out how the government will support economic growth through significant investment in infrastructure, skills and innovation, and pursue growth that levels every part of the UK, enables the transition to net zero and supports their vision of a global post-Brexit Britain.
38. The Government's Plan for Growth signifies a shift away from the national Industrial Strategy of Teresa May's Government, with Local Industrial Strategies to also be replaced by sub-regional plans for growth. York and North Yorkshire LEP will be producing a Plan for Growth for the sub-region, and will approach this task from a position of strength given the strong place-based nature of their Local Industrial Strategy and Covid-19 Reshaping Plan for York and North Yorkshire.

Devolution

39. Work is also underway to review the Devolution Deal asks for York and North Yorkshire in light of the pandemic and shifts in government policy. The government has informally informed York and North Yorkshire leaders that negotiations around devolution will not commence before the Local Government Reorganisation announcement, the latter expected before the summer recess.
40. A City of York Council officer working group has been created to ensure that the Devolution Deal recognises the role that York plays as a key economic centre within a largely rural geography, and that the asks unlock the full economic potential of our city.

Economic Strategy

41. Engagement is currently underway with York's residents, workers and businesses to help inform the development of a new, inclusive Economic Strategy for York.
42. Through the Council's One Big Conversation, a coherent approach to engagement has been developed to address the overlapping themes of York's economy, carbon reduction and transport, as agreed at the Executive Member's April Decision Session. Online surveys will close at the end of July, whilst households in the city have received a paper

survey through the Council's Our City publication – residents can choose to either fill in the survey online or return their completed paper survey to the Council.

43. Following analysis of the survey results, targeted engagement sessions on the economy will be planned through sector roundtables and workshops to pick up key themes emerging from the Council's One Big Conversation that warrant further engagement. Engagement activity will run until October 2021, with a new Economic Strategy brought back to the Council's Executive for sign-off in December 2021. The Council's Economy and Place Policy and Scrutiny Committee will continue to play a key role in reviewing the development of a new inclusive, Economic Strategy for York.

Skills Strategy

44. The City Skills and Employment Board has continued to meet monthly and drive the development of the 10 year Skills Strategy. This has included:
 - continuing to explore the evidence base
 - drafting the overarching principles of the strategy
 - agreeing the priority sectors (now and for the future)
 - establishing priorities for the next 2-5 years under the established themes of York Works, Empowered Employers, Pioneering Provision and York's Talent Pipeline
 - considering appropriate measures and reporting of partnership activities / impact.
45. The full draft of the 10-year strategy will be considered by the Board at its next meeting on 21 July along with the key areas for targeted stakeholder or sector consultation, which will include Hospitality, Rail, IT & Digital, Creative and Communication, and the Green Jobs agenda. Through our Economic Strategy engagement as part of Our Big Conversation, residents and businesses are being consulted about skills, employment and perspectives on what is currently available in terms of provision.
46. The priority projects under the one-year skills plan have also progressed well with a strong partnership framework having been established – which is benefitting collaboration outside of these projects too.
47. Outputs delivered through the projects so far:

- Pilot - 10 volunteers at Foxwood Community Hub are attending 2 training courses this term to be able to provide signposting, Information, Advice and Guidance (IAG) on skills and employment to residents. More sessions already being planned in other hubs
- Mapped IAG providers and resources
- Developed redundancy support and digital skills flyers
- Single message - Promoting IAG and skills for employment support to residents via the Learning for Everyone brochure and Adult Learning in York Week planned to start week of 6th September 2021. Adult learning providers across the city are promoting a wide range of skills and personal interest activities to start re-engagement back into education in any forms.
- Produced a scoping document for the development of a Skills Hub
- Digital Skills - mapped provision, demands and barriers for residents looking to upskill
- Mapped apprenticeship and T-Level provision and routes in the City
- Mapping public funded skills provision for businesses
- Developing and share employer engagement resources.

48. At its June meeting, the Board received an update on project progress and proposed next steps which includes the need to determine resource requirements to deliver key projects and sustaining ways of working.

York becomes the UK's first Good Business Charter City

49. Following City of York Council becoming a signatory of the Good Business Charter (decision agreed at June's Executive meeting), York has become the UK's first Good Business Charter City.
50. Developed by the Good Business Foundation, the Good Business Charter promotes responsible business behaviour through ten key components, including employee well-being, diversity and inclusion, environmental responsibility and ethical sourcing. Launched in February 2020, the Charter represents a private-sector led approach to business charters and has assembled an impressive group of Trustees including nominees from CBI, TUC, and leaders from the Living Wage Foundation and New Economics Foundation. Membership of the Good Business Charter has grown to over 500 accredited members during its first year, with University of York and Aviva notable members in York.

51. The Good Business Charter can act as a framework for Building Back Better, placing inclusivity, sustainability and fairness at the heart of local economic growth. The Charter will be part of our emerging Economic Strategy for York, with work underway to expand local membership to include other education institutions, charities and businesses of all sizes. Further promotion of York's Good Business Charter City status is planned for York Business Week 2021.

York Business Week 2021

52. Planning is underway for York Business Week 2021, with the week commencing 8th November acting as the focal point for this year's programme of events.
53. An online business survey has been developed in an effort to hear from local businesses of all sizes and sectors across the city on what they would like to see included in this year's programme of events. In keeping with recent iterations of York Business Week, a collaborative approach will be taken to the programme with business membership organisations, networks and city partners all invited to put on events during the course of the week.
54. As planning continues for York Business Week, further updates will be provided to the Executive Member through future decision sessions.

York Micro Grants Webinar

55. On 6th July, the Executive Member for Economy and Strategic Planning and members of the Council's Economic Growth team took part in a webinar hosted by Blueberry Marketing. Titled "Supporting the Foundation Economy: the York Way" the webinar saw representatives from City of York Council discuss the motivations behind the Council's pioneering Micro Grants Scheme, the impact of the scheme on the York economy and implications for future economic policy both locally and nationally. The event drew attendance from over 25 different local authorities across the country, each eager to hear how City of York Council has supported small, micro and one-person businesses through the pandemic.
56. The webinar followed an independent evaluation of the Council's Micro Grant Scheme carried out by Blueberry Marketing. The evaluation found that **the scheme helped to prevent 294 local businesses from permanently ceasing to trade during the pandemic**, while also supporting many other hundreds to diversify and adapt their businesses in response to Covid-19 through digitisation, investment in equipment, technology or materials, developing new products and/or accessing new

markets. The findings of the Council's Micro Grant Scheme were presented to the Council's Executive at their June meeting, and will inform plans to spend the Council's remaining allocation of Additional Restrictions Grant funding.

University of York Transform Student Challenge

57. June saw representatives from City of York Council participate in the University of York's Transform Student Challenge. The Transform Challenge is designed to support students to develop key employability skills, including problem solving, self-awareness, resilience, and community focus. Transform is an alliance between five of the biggest public sector graduate recruiters.
58. Over 30 university students took part in this year's Transform Challenge which saw students engage with the Council's My City Centre project, exploring how the Council can improve resident engagement with the project. In addition to the challenge, students received presentations from Council officers on how policy is made and measured, and how to present policy ideas in person and in writing.
59. The winning group of students proposed a "My City Centre Podcast" as a way to share different perspectives and start conversations. The team pitched a series of 10 episodes, each focusing on a different topic related to engaging with the city centre, such as transport, changes to retail, heritage and security.
60. Work is underway to consider how student ideas from the challenge can be incorporated within Council plans and initiatives, as well as how students from across the city can be more involved in Council projects and initiatives.

Secondary shopping areas

61. The Future of Acomb Front Street project is now complete and, following a hugely successful consultation and engagement exercise with residents and businesses, the consultants have provided the Council with potential projects in response to the original brief. Each of these proposals will now be examined for feasibility, impact on the local area, cost and capacity to deliver before a paper is brought back to Members to decide on the appropriate options with which to proceed.
62. Procurement for consultants to progress the Haxby and Wigginton Area Study has begun, and a decision on the successful bidder is expected shortly. The successful company will be required to work to a brief that better understands the needs of the local community, plans for a

healthier, sustainable life for residents, and provides a 21st century place to live, work and visit. The aim is to create a thriving future for Haxby and Wigginton as a robust micro economy, and the outcomes of this study will be used to identify both quick wins and longer term initiatives tailored to the area, built upon the aspirations of local residents, businesses and visitors.

Traders' Associations

63. Following successful take up for the inaugural event in March, the Executive Member chaired a second Traders' Association roundtable session on July 8th. Delegates and key partners, including the Federation of Small Businesses, York and North Yorkshire LEP, Make it York and York BID, along with officers from the Council, gathered to share experiences of trading in the current economic climate. Businesses raised various concerns, including the impact of the delayed date for full reopening and the how the requirement for staff to self-isolate following close contact pings from the NHS Track and Trace app has affected their ability to trade, with instances highlighted of businesses forced to temporarily close as a result of staff shortages.
64. Other topics on the agenda were environmental sustainability, a progress update on the Council's My City Centre project and information sharing on plans for allocating the remaining Additional Restrictions Grant funding set aside for Trader-led initiatives. It is expected that these sessions will continue on a quarterly basis.

Consultation

65. Consultation on the economy and our COVID response has been through weekly intelligence calls with key partners, the civic partnership structures, and regular meetings of the Executive Economic Recovery Group.

Council Plan

66. Our work addresses the following outcomes from the Council Plan:
 - Good health and wellbeing;
 - Well-paid and an inclusive economy;
 - A better start for children and young people;
 - A greener and cleaner city; and,
 - Safe communities and culture for all.

Implications

- **Financial** – no financial implications;

- **Human Resources (HR)** – no implications;
- **One Planet Council / Equalities** – our work positively supports the Council’s equalities objectives;
- **Legal** – no implications;
- **Crime and Disorder** – no implications;
- **Information Technology (IT)** – no implications;
- **Property** – no direct implications

Risk Management

There are no specific risks identified in respect of the recommendations.

Contact Details

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Report Date 16/07/2021
Approved

Wards Affected: List wards or tick box to indicate all

All

For further information please contact the author of the report

Glossary:

BID – York Business Improvement District
CBI – Confederation of British Industry
HGV – Heavy Goods Vehicle
IAG – Information, Advice and Guidance
LEP – York and North Yorkshire Local Enterprise Partnership
LGV – Lights Goods Vehicle
TUC – Trades Union Congress

Background Papers:

Annexes

Annex 1: Economic Recovery Data Pack – July 2021

Annex 2: York BID Movement Insights April May 2021

Annex 3: York BID Movement Insights June 2021