



**Annex 2: City of York Sector Roundtables, Summary Notes for
Rounds 1 & 2**

City of York Sector Roundtables – Round One Analysis

Background

Covid-19 has created a unique set of challenges, unlike anything that has been seen in recent times. The lockdown requirements and subsequent social distancing measures mean that many businesses are not operating as normal, and the long-term outlook for many sectors is uncertain.

As part of York's response to Covid-19, a Business Intelligence Group has been created to share information relating to city's business community and to identify practical support measures. Made up of representatives from City of York Council and key partner organisations – Make it York, York BID, the University of York, the York and North Yorkshire Chamber of Commerce and the Federation of Small Businesses, the group has been meeting weekly since late April 2020 and has been sharing intelligence with the Council's decision-making structure and central government, the latter via York and North Yorkshire Enterprise Partnership.

In support of the intelligence gathering process, 12 sector roundtables have been established to understand the changing needs of businesses and to develop provision and lobby for resources. Businesses were asked to highlight their current issues and challenges as a result of the pandemic, as well as what further support they need to aid recovery. Each roundtable ended with a discussion on what a "new normal" looks like for businesses and their sector.

The first round of sector roundtables has recently been completed and this report outlines the common themes that have emerged from the discussions, as well as introducing the topics that will be discussed in the second and third round of meetings, suggested communications activity and a brief discussion on how these roundtables can be maintained beyond their current lifecycle.

Wave one - sector roundtable analysis

In total, 112 businesses attended the first wave of sector roundtable meetings, with a broad geographic spread of businesses from across York (as shown by figure 1 below).

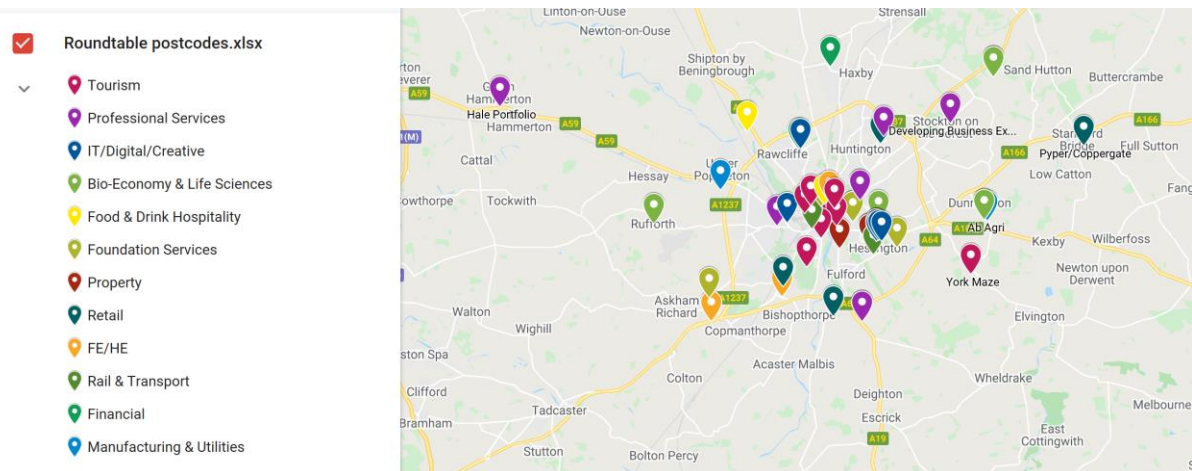


Figure 1: Location of businesses taking part in York's sector roundtables

Current Issues and challenges being faced by businesses in relation to Covid-19 were:

- Transport – in terms of getting workers to work, but also for the transport industry and B2C businesses how customers travelled to York;
- Staff and customer safety;
- Sourcing PPE;
- Ongoing financial liabilities (such as Premises);
- Access to finance;
- Issues with goods/materials that are normally sourced overseas;
- Staff wellbeing – especially those on furlough; and,
- Internet connectivity issues.

Many small companies are reluctant to increase their borrowing, often because they already have high levels of debt, are concerned they will struggle to repay loans or are reluctant to encumber their assets. This is reflected locally with several companies indicating that they were reluctant to borrow for fear of the business not being able to repay the loans in 12 months' time. This was largely due to the uncertainty of the lockdown, how long it was likely to go on for (with social distancing in place), and how it would affect trading capacity.

In terms of dealing with banks and other financial brokers, companies felt the banks were holding back on lending and focusing solely on delivering government lending schemes (CBILS & BBLs). The bankers spoken to were sympathetic but gave assurances citing the sheer volumes of applications they were processing was significantly higher than usual due to the government loan schemes and it is impacting their ability to deal with new business. Evidence also suggests companies are still reluctant to take up loans and prefer to explore all grant options first.

The Coronavirus Job Retention Scheme (Furlough Scheme) without doubt is the most widely used government support initiative. York is no exception and companies from across the business community from retail, hospitality, manufacturing/engineering, financial and professional services, and others took advantage of the scheme. There is concern that once the scheme finishes in October 2020, the city will see a raft of redundancies. However, the government is seeking to mitigate such job losses with the Chancellor's recent announcement in his Summer Economic Statement of a £1,000 new job retention bonus for every returning furloughed staff member.

Hospitality and retail sectors remain particularly vulnerable as their operating capacity is closely linked to social distancing rules and as it stands that is around 40 to 50% capacity. Businesses have brought some staff back as non-essential retail re-opened on the June 15th, and pubs, restaurants and bars reopened on July 4th. Other businesses within the sector are taking a more cautious approach and waiting to see how reopening progresses before making a decision on opening their premises.

The reopening of beauty salons, spas, tattoo parlours and nail bars has been met with welcomed relief by businesses in these areas, although certain treatments/services are not permitted. The construction sector has brought back most of its workers now and we have seen some return of furloughed staff from professional services which is a good indication of business activity returning. Indeed, one of the main areas of concern for this sector is the growing backlog of work.

Common areas of support needed by businesses to aid recovery were:

- Financial assistance - rent and staffing costs are the two biggest costs for the majority of businesses;
- Infrastructure support from the Government – transport and digital connectivity;
- Networking / business development / developing alternative customer base / developing more localised supply chains;
- Marketing and promotion of York as a place to visit and do business;
- Clear communication from government re: reopening and official guidance;
- City centre reopening – increasing consumer / visitor confidence; and,
- Skills.

Businesses wanted to know about the financial help available and general clarification on what support and assistance they were and were not eligible for. The government grants and micro grants administered and awarded by City of York Council were well received and appreciated, as well as the rent deferment implemented for the Council's commercial tenants. Unfortunately other businesses in the city had a less than positive experience in engaging with their landlord – many of these were in the retail, hospitality and foundation services sector, and had closed during lockdown with no income beyond grant support.

One of the overriding themes from all businesses has been around ensuring staff and public safety, especially for those businesses in the retail and hospitality sector.

Businesses wanted to know what measures were being put in place by the Council and its partners to aid social distancing and enable businesses to reopen safely. They also called for timely guidance from government in terms of reopening. Given the importance of public/visitor confidence to city centre footfall levels and trade, businesses wanted to know what transport measures were in place to encourage footfall back into the city centre and how the city was being promoted to residents and visitors.

With regards to the discussion of what a “new normal” looks like for businesses taking part in the sector roundtables, common areas raised were:

- Reassessment of businesses’ premises needs - working from home is now a longer-term model for many businesses.
- Greater use of technology to aid business development;
- Greater number of customers transiting to online;
- Digital services taking a significant upturn in business.

There have been many different approaches to dealing with the lockdown including some creative and inventive ones. Some companies have pivoted to take advantage of the lockdown developing new products relevant to Covid-19 and reopening the city, while others used the time to develop existing projects or work on internal projects. Anecdotally, companies were talking about not returning to offices and would continue to work remotely but that conversation has shifted slightly to working remotely some of the time but also having smaller premises. There is evidence to suggest this might be the case going forward but so far, none of the companies have made any definite plans to do so.

The pandemic and subsequent lockdown has been instrumental in forcing companies to review their IT, broadband connections, e-commerce platforms and remote working capabilities. This is bound to have some impact going forward once the lockdown eases completely. Of course, for some sectors such as hospitality, retail and some of the city’s foundation services, the future remains uncertain. So far, there have been relatively few reports of insolvencies, which can be attributed to government support measures and recent legal changes i.e. rent arrears. We continue to work with these sectors, have meaningful conversations and support businesses wherever possible

Next steps

Communications activity

The engagement of York’s business community through 12 sector roundtables is a unique response to the pandemic which hasn’t been replicated in other local authority areas across the region. For this reason, and the very public call for local businesses to talk part in this engagement exercise, it is recommended that the conclusion of the first wave of sector roundtables is followed by timely press activity communicating the number of businesses taking part, common challenges and the areas of further

support required by businesses, and how the Council and its partners have put in place further support measures in response to this intelligence. Following concerns from city centre businesses around how to re-open safely, and the prospect of low footfall and low levels of trade, the Council have issued business guidance packs, extended footstreets and installed visible signage to aid with social distancing and increase public confidence. It has also implemented car parking incentives and is in the process of developing a bold marketing campaign that promotes York's visitor economy and encourages residents and visitors back to the city.

The recent business support measures announced by the Chancellor in his Summer Economic Statement should also be highlighted in the context of this initiative, given that intelligence from these sector roundtables has been shared with central government via York and North Yorkshire LEP. The Chancellor announced a £1.57bn package of financial support for the arts and heritage sector, a £1,000 new job retention bonus for every returning furloughed staff member, and a discount on eating out during August in an effort to support the UK's hospitality industry, amongst other support measures.

Waves two and three

The next wave of roundtables will see businesses asked to comment on their biggest concerns at this moment in time, before touching upon the areas of skills, and what skills gaps they are experiencing, during, pre- or post-pandemic. The second wave of sector roundtables will finish with businesses prompted to outline what barriers were preventing them recovering and/or developing their businesses further. City of York Council will also be providing businesses with an update on its Economic Recovery Plans and further support measures.

Looking ahead to the third wave of roundtables, topics for discussion will include investment and innovation, and Brexit (in light of the current trajectory being pushed by central government).

Future sector roundtable activity

To date, three meetings have been planned for each sector roundtable but consideration needs to be given to their longevity beyond the current lifecycle. So far, the roundtables have proven useful for both the Council and its partners, and the business taking part in them. Moving forwards, a smaller number of roundtables can be taken forward on a less frequent basis, and the structure could be altered to focus on key themes/issues as opposed to a sectoral discussion. Intelligence gathered from

these meetings can continued to be shared with the Council and its partners, and feed into the city's Strategic Business Leaders Roundtable.

Authors

Alex Green
Head of Business, Network Innovation and Inward Investment
Make it York

Alex Dochery
Economic Growth Manager
City of York Council

City of York Sector Roundtables – analysis report on the second round of meetings

Background

As part of York's response to Covid-19, a Business Intelligence Group has been created to share information relating to the city's business community and to identify practical support measures. Made up of representatives from City of York Council and key partner organisations – Make it York, York BID, the University of York, the York and North Yorkshire Chamber of Commerce and the Federation of Small Businesses, the group has been meeting weekly since late April 2020 and has been sharing intelligence with the Council's decision-making structure and central government, the latter via York and North Yorkshire Enterprise Partnership.

In support of the intelligence gathering process, 12 sector roundtables have been established to understand the changing needs of businesses and to develop provision and lobby for resources. The first round of meetings took place between late May and late June. 120 businesses from across York came together in sector groups to share their current issues and challenges as a result of the pandemic, as well as what further support they needed to aid recovery. A discussion also took place on what a "new normal" looks like for businesses and their sector.

The second round of sector roundtables took place between late June and late July, with a total of 105 businesses taking part. In addition to the original 12 sector roundtables, an additional roundtable was held to receive intelligence from York's cultural sector. Businesses were asked to provide an update on current issues following the first round of meetings, highlight any skills needs either now, or in the immediate future, and identify what barriers they see to recovery for both their business and their sector.

This report outlines the common themes that have emerged from these discussions, as well as feedback from businesses on the measures that the Council and its partners have implemented to help to re-open the city centre safely, aid social distancing, and increase footfall.

Sector roundtable analysis

In total, 105 businesses attended the second round of sector roundtable meetings, with a broad geographic spread of businesses from across York (as shown by figure 1 below).

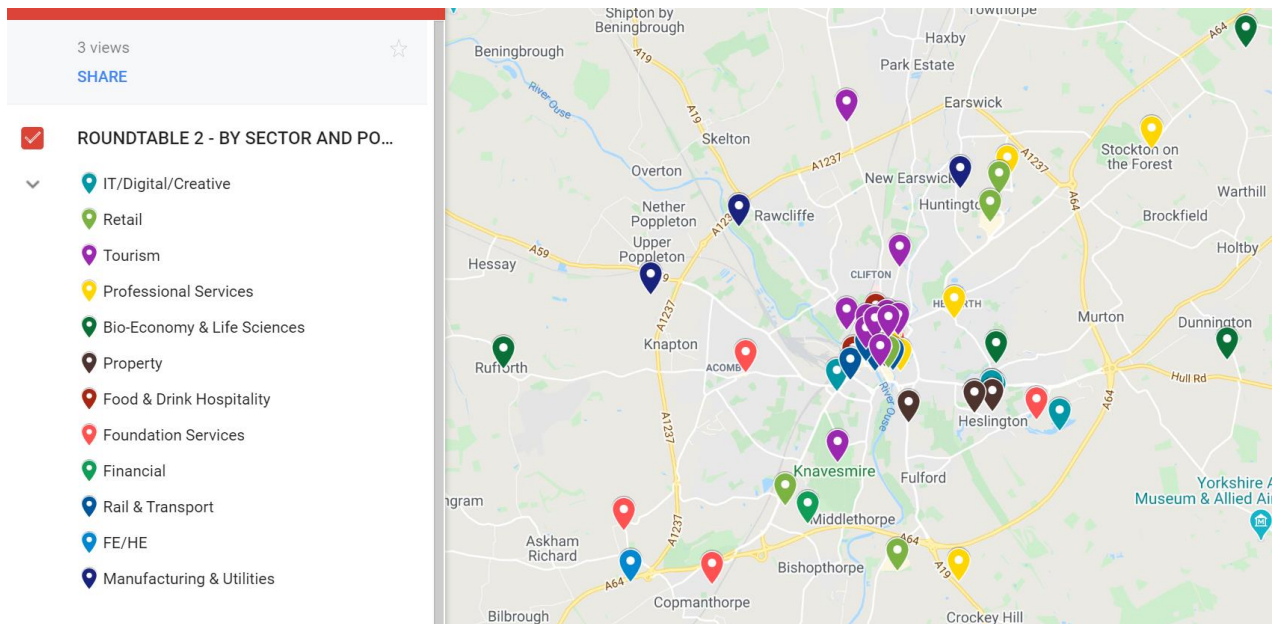


Figure 2: Location of businesses taking part in the second round of sector roundtable meetings

Positive response to city-centre reopening measures:

One of the overriding themes from businesses taking part in the first round of sector roundtable meetings was ensuring staff and public safety, especially for those operating in retail and the hospitality sector. Businesses wanted to know what measures were being put in place by the Council and its partners to aid social distancing and enable businesses to reopen safely. Businesses also wanted to know what transport measures were in place to encourage footfall back into the city centre and how the city was being promoted to residents and visitors.

Since these original meetings, a great deal of work has been taken by the Council and its partners to support business to reopen safely and ensure a safe and welcome visitor experience for those using the city centre. This includes issuing business guidance packs, extending footstreets and installing visible signage to aid with social distancing and increase public confidence. The Council has also implemented car parking incentives and, in conjunction with Make it York, developed a bold tourism marketing campaign that promotes York's visitor economy and encourages residents and visitors back to the city.

The work of the Council and its partners drew positive feedback from retailers, hospitality and tourism businesses through the roundtables. Businesses reported that:

- First few days of opening were very good for trade;
- High conversion rate and average spend;
- Customers generally feel safe;

- A boost in footfall from hospitality reopening;
- Tourism bookings are beginning to come in for July and August;
- City of York Council praised for reopening support and rent deferment;
- Limited public transport use and scheduling is an issue;
- Neighbouring market towns are benefiting from local shopping to the detriment of York city centre;
- There needs to be a consistent message to increase consumer confidence and encourage more residents into the city.

Such aforementioned positivity from local businesses in terms of city centre footfall and visitor spend is supported by data released by the economic think tank Centre for Cities. Centre for Cities have been tracking city and large town economic performance across the UK since the lockdown. Their high streets recovery tracker¹ shows that footfall in York city centre in the first full week of August was at 75% of pre-pandemic levels, far higher than that of major UK cities. For comparison purposes, footfall in Leeds, Cardiff, Oxford, Birmingham, Manchester and London was tracked as being below 50% of pre-pandemic levels. In terms of visitor spend, the data is even more promising – spend in York city centre during the same period in August is at 97% of pre-pandemic levels, indicating that city centre visitors are spending more now than they were before lockdown.

While York city centre's fast return to pre-pandemic levels of activity is a strong cause for optimism, it masks further work required to encourage residents into the city centre – a long-standing challenge for the city. Centre for Cities' data shows that before lockdown two-thirds of city centre visitors came from outside of York – this has not changed post-lockdown. City of York Council's Tourism Marketing Strategy, developed in conjunction with Make it York, seeks to attract local residents and visitors to the city centre through a carefully curated programme of activity from August to December 2020. The Council and its partners will closely monitor city centre footfall and spend data over the coming months and beyond to assess the effectiveness of such activities and respond accordingly.

Current issues faced by businesses in response to Covid-19:

- Access to finance;
- Consumer confidence;
- Valid insurance cover a concern;
- Interpretation of government guidance;
- High rent costs;

¹ <https://www.centreforcities.org/data/high-streets-recovery-tracker/>

- PPE – costs and availability;
- Mental health issues for staff working remotely;
- Business development - harder to find new clients virtually as opposed to face-to-face;
- Financial support for freelancers.

It is clear from the discussions held that traditionally office-based businesses are thinking about a return to the workplace but face challenges when staff have been accustomed to working from home during lockdown. Although some attendees raised concerns around employee mental health, overall, staff have adapted well to the demands of working from home and are finding new ways to work with colleagues and customers. There is potentially a growing issue within the Professional Services sector over the amount of unused holiday allowance and how businesses are approaching that; balancing enforcing leave with being mindful of the impact that may have whilst needing to maintain sufficient resources to meet business needs. There was widespread support for staff being involved in key business decisions regarding holiday allowances and returning to the workplace, with examples of employers asking staff for their suggestions drawn upon.

York's IT & digital sectors are generally trading well as clients seek to expand their online presence and embrace digital technology, although there are some concerns over how long this upturn will continue. Cultural organisations and those involved in performance were pleased with the government's recently announced support measures, but were still very concerned about their medium to long-term future. Staff coming off furlough was identified as being financially problematic for businesses in this sector, with possible redundancies mentioned. Successful examples of business diversification were raised, such as the National Centre for Early Music's online streaming festival, but businesses highlighted the costs required for such activity at a time when income is either limited or non-existent. The plight of freelancers was also referred to as a notable gap in terms of current Government support, as well as small music venues.

York's public transport operators were pleased with the relaxation of social distancing rules to 1m plus, which enables a significant increase in capacity. Public transport operators spoke of the importance of safety messaging in raising public confidence to use buses and trains. It was suggested that a softer message around using public transport was needed if the city was to see an increase in usage – Government guidance at the time of the roundtable called for people to avoid public transport unless travel was essential.

Larger organisations across York were looking at ways to reduce procurement times and accelerate the delivery of key projects, whilst SMEs called for prompt payments to avoid cash flow difficulties. Ongoing concerns were raised by the Financial Services

sector over the default rate of Bounce Back Loans (BBLs) once repayment periods commence, and high street banks in particular have seen an impact on their ability to deal with new businesses as a result of the time taken to deliver the CBILS & BBLs schemes. Undoubtedly, businesses are taking on a lot of debt to steer their way through Covid-19 and attendees hoped that this debt would not prevent them from accessing additional finance when looking to make future investments in their business.

With regards to current business investment, there appears to be more of an appetite for tech projects. Businesses are looking to improve processes and implement new solutions – a trend accelerated by the pandemic. Cash flow remains an issue however, prompting the need for more flexible payment terms to be set up. In terms of improving processes and implementing innovative solutions, one suggestion that emerged from the Finances Services sector was to consider the overlap between sectors to highlight where each might be able to benefit the other – the need for more cross-sector collaboration in York has been a consistent theme throughout these sector roundtable meetings.

The skills needs of businesses:

- Upskilling of existing workers;
- Utilisation of technology;
- Communication and marketing skills;
- Leadership and management skills;
- Ability of staff to adapt and change;
- Significant rail industry demand for skills.

In comparison to the other areas discussed, businesses did not have too much to say on their skills needs. This can be put down to the fact that many businesses were emerging from what could be described as ‘survival mode’, whilst other sectors such as retail and hospitality had not long re-opened, with staff still on furlough and consumer demand largely unknown.

From the discussion held, it was clear that many businesses had adapted to online learning. The Manufacturing sector spoke of focussing on upskilling existing workers rather than taking on new recruits, with training taking places across numerous business areas. The pandemic has provided the opportunity for staff to work in different areas of the business, developing new skills and providing them with a better understanding of how the business operates. Manufacturers also spoke of a renewed focus on apprenticeships, and welcomed the Government’s recently announced support measures which incentivised the employment of apprentices.

In terms of skills demand, the Further and Higher Education sector reported that leadership and management, business resilience, and digital skills (including social media) were key areas of need identified by businesses. The gap around leadership and management skills was also highlighted in the Professional Services roundtable, with attendees noting the negative workforce impact caused by poor communication and a lack of empathy from staff in leadership positions. Attendees also raised concerns over there being potentially fewer jobs available in the Professional Services sector due to Covid-19, limiting the number of new entrants to the sector and stifling succession planning. Another issue raised in light of Covid-19 was the difficulty in onboarding new recruits remotely, an issue also raised in the Bio-economy/Life Sciences sector roundtable.

The pandemic has shown the need for employees to be more adaptable and technologically adept. The increasing digitisation of products and services across industry has increased the demand for web developers, copywriters and other enabling skills and services. Moving beyond specific skills gaps, the Rail/Transport roundtable saw attendees identify an industry-wide need for skills (both new entrants and industry returners) to respond to major infrastructure projects such as High Speed 2 and Northern Powerhouse Rail, and tackle global industrial challenges such as decarbonisation. Attendees at the Bio-economy/Life Sciences roundtable highlighted a limited local talent pool as a key skills issue for the sector.

Barriers to Recovery

- Finance;
- Use of technology;
- Limited availability of commercial premises;
- Promoting York as a place to do business;
- York's road infrastructure and broader connectivity;
- Skills;
- Support to change sectors/adapt business models.

Across the 13 sector roundtables that took place as part of the second round of meetings, businesses raised a wide range of barriers to recovery. One of the most frequent barriers that businesses identified was finance; finance to enable businesses to invest in new technology and equipment, as well as finance to aid business diversification. The Hospitality sector also highlighted the difficulty in bringing staff back from furlough and the financial impact of the extra salary contributions now required from employers, whilst high commercial rents was raised as a financial barrier by the Foundation Services sector. Although attendees welcomed the government's

Covid-19 business support grants, distributed by City of York Council, they noted that they do little to cover their ongoing rent commitments in the city centre.

Skills and talent was another barrier to recovery raised by businesses taking part in the sector roundtables. The Further and Higher Education sector noted that additional IT skills were needed to support training provision, as well as the provision of green skills to deliver on the Government's low carbon agenda. The IT, Digital and Creative roundtable highlighted potential skills challenges as a result of Brexit, namely reducing businesses' access to talent. The lack of digital skills amongst B2C businesses was highlighted as a barrier to recovery in the Foundation Services sector roundtable with attendees recognising the importance of e-commerce to business survival and growth.

York's transport infrastructure and connectivity was also highlighted as a barrier to recovery, with attendees at the Manufacturing sector roundtable citing the city's road network as a barrier to growth. The Professional Services sector called for better cycling infrastructure, whilst the Foundation Services sector emphasised that cycle routes needed to be safe. The latter also called for more affordable car parking and greater flexibility in terms of parking incentives, in an effort to encourage residents to return to the city centre.

On commercial space needs

Several roundtables raised the limited availability of commercial space in York as a significant barrier to economic recovery. The Manufacturing sector bemoaned the lack of light industrial and warehousing space and the high cost of such space in comparison to neighbouring areas, whilst the Professional Services sector emphasised the need for more flexible office space in the city - a view shared by the Financial Services sector. The common view is that the cost and length of leases in the city centre is a barrier, especially for smaller businesses. Several roundtables remarked on empty retail units in the city centre and the need to repurpose them for alternate uses, as well as better utilisation of vacant space such as upper floors above shops.

The challenge here is that pension funds are not willing to adjust rents on empty properties as it leads to adjustments in their property valuations and large adjustments to their funding ratios and hence, increased costs at a corporate level. As highlighted in the Retail sector roundtable, this is a national problem that needs to be raised at that level as pension black holes are growing bigger. It is very difficult to persuade landlords who are likely to be pension funds and may have 100 – 150 different properties in their portfolios; they tend to look at the big picture across their portfolio rather than individual properties and therefore convincing them that they need to act in York is a challenge. Attendees at the Property sector roundtable called on the

Council to lead on this issue, suggesting the creation of a local taskforce to tackle the issue of empty commercial premises. They also called for change of use applications to be dealt with quicker, given the current turbulence in the commercial property market caused by Covid-19.

Next steps

Communications activity

The first round of sector roundtables was followed by timely press activity which communicated the common challenges and the areas of further support required by businesses, and the support measures put in place by the Council and its partners in response to this intelligence. One of the overriding themes from businesses taking part in the first round of sector roundtable meetings was how the city centre would re-open safely and footfall encouraged back into the city. It is clear from the second round of meetings that the measures introduced by the Council and its partners to support businesses to re-open, increase public confidence and aid social distancing have been well received by businesses, and have had a positive impact in terms of city centre footfall and visitor spend. This positivity in city centre trading and vibrancy should be communicated, alongside the data that shows that York is outperforming several comparator cities.

Future sector roundtable activity

Alongside an update on their current Covid-19 concerns, the third round of sector roundtable meetings will see businesses asked to comment on their premises and workforce needs, highlight any Brexit preparations they are making, and identify what they see as being barriers to innovation and investment. A discussion will also take place on whether businesses would like to see their virtual roundtable continue, and in what format (sector based/themed/networking etc.) and how often (monthly/quarterly/biannually). This feedback will be brought together in a third report and discussed with the city's Business Intelligence Group before deciding how further sector roundtable activity continues.

Authors

Alex Green
Head of Business, Network Innovation and Inward Investment
Make it York

Alex Dochery
Economic Growth Manager
City of York Council