



Notice of a public

Decision Session - Executive Member for Economy and Strategic Planning

To: Councillor Waller (Executive Member)

Date: Wednesday, 21 October 2020

Time: 2.00 pm

Venue: Remote Meeting

AGENDA

Notice to Members – Post Decision Calling In:

Members are reminded that, should they wish to call in any item* on this agenda, notice must be given to Democratic Services:

5:00pm Friday 23rd October 2020 if an item is called in *after* a decision has been taken.

*With the exception of matters that have been subject of a previous call in, require Full Council approval or are urgent which are not subject to the call-in provisions. Any called in items will be considered by the Customer and Corporate Services Scrutiny Management Committee.

Written representations in respect of item on this agenda should be submitted to Democratic Services by **5.00pm** on **Monday 19th October 2020**.

1. **Declarations of Interest**

At this point in the meeting, the Executive Member are asked to declare:

- any personal interests not included on the Register of Interests
- any prejudicial interests or
- any disclosable pecuniary interests

which they may have in respect of business on this agenda.

- 2. Minutes** (Pages 1 - 6)
To approve and sign the minutes of the meeting held on 22 September 2020.

- 3. Public Participation**
At this point in the meeting members of the public who have registered to speak can do so. Members of the public may speak on agenda items or on matters within the remit of the committee.

Please note that our registration deadlines have changed to 2 working days before the meeting, in order to facilitate the management of public participation at remote meetings. The deadline for registering at this meeting is **Monday 19th October 2020**.

To register to speak please visit www.york.gov.uk/AttendCouncilMeetings to fill out an online registration form. If you have any questions about the registration form or the meeting please contact the Democracy Officer for the meeting whose details can be found at the foot of the agenda.

Webcasting of Remote Public Meetings

Please note that, subject to available resources, this remote public meeting will be webcast including any registered public speakers who have given their permission. The remote public meeting can be viewed live and on demand at www.york.gov.uk/webcasts.

During coronavirus, we've made some changes to how we're running council meetings. See our coronavirus updates (www.york.gov.uk/COVIDDemocracy) for more information on meetings and decisions.

- 4. Inclusive Growth Fund update** (Pages 7 - 26)
This report provides an update on the actions set out in the Inclusive Growth Initiatives Fund.

5. Economic Strategy & Partnership update (Pages 27 - 58)

This report outlines the progress towards the new economic strategy and partnership for the city.

6. Urgent Business

Any other business which the Chair considers urgent under the Local Government Act 1972.

Democracy Officer

Robert Flintoft

Contact details:

- Telephone – (01904) 555704
- Email robert.flintoft@york.gov.uk

This information can be provided in your own language.

我們也用您們的語言提供這個信息 (Cantonese)

এই তথ্য আপনার নিজের ভাষায় দেয়া যেতে পারে। (Bengali)

Ta informacja może być dostarczona w twoim własnym języku. (Polish)

Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)

یہ معلومات آپ کی اپنی زبان (بولی) میں بھی مہیا کی جاسکتی ہیں۔ (Urdu)

 **(01904) 551550**

For more information about any of the following please contact the Democracy Officer responsible for servicing this meeting

- Registering to speak
- Written Representations
- Business of the meeting
- Any special arrangements
- Copies of reports

Contact details are set out above

This page is intentionally left blank

City Of York Council

Committee Minutes

Meeting	Decision Session - Executive Member for Economy and Strategic Planning
Date	22 September 2020
Present	Councillor, Waller and Craghill
Apologies	

1. **Declarations of Interest**

The Executive Member were asked to declare any personal interests not included on the Register of Interests, or any prejudicial or disclosable pecuniary interests that they might have in respect of the business on the agenda. None were declared.

2. **Public Participation**

It was reported that there had been one registration to speak under the Council's Public Participation Scheme.

Councillor Claire Douglas discussed items 5 and 6, she highlighted the risk of unemployment due to COVID-19 in sectors that see a high amount of employment in York, noting also that the impact would likely be felt very strongly by women due to the jobs at that were likely to be most at risk. She noted the need to ensure residents had access to quality training and suggested that the City Skills and Employment Board add both a significant city employer to add a first-hand view of employment and herself as the Shadow Spokesperson for Economic Development to promote cross party working to ensure the best outcomes for the city.

3. **Review of Enforcement Activity**

The Executive Member was joined in consultation by the Executive Member for Housing and Safer Neighbourhoods to consider the item, he also noted that while he had received apologies form the Executive Member for Environment and Climate Change he had consulted her views prior to the meeting.

The Executive Members considered the review planning enforcement action and activity undertaken between April 2019 and April 2020 by the planning enforcement service and enquired about the impact of COVID-19 on the service. Officers noted how work had been undertaken differently due to COVID-19 and highlighted that work had returned to business as usual but with practice practices in place. Changes to government guidance was also discussed due to changes which would see practices that were not previously being permitted and it was requested that these changes be reflected in the next report.

The review of enforcement activity by Public Protection and the National Trading Standards teams were also discussed, it was requested that the next review includes the context of how COVID-19 and the closure of the courts affected the two teams work.

The Executive Members also considered the review of enforcement action by the Housing Services and Community Safety teams. The breakdown of data was discussed and it was noted that a new case management system would allow further detail to be provided to future reviews and it was also discussed if data could be also broke down ward by ward. The impact of COVID-19 was also discussed including the impact of the closure of the courts.

Resolved:

- i. Noted and approved the update on Formal Planning Enforcement Action.

Reason: To ensure Members are aware of the work currently being undertaken in Planning Enforcement and to provide oversight to the activity undertaken in the period.

- ii. Noted and approved the Review of Enforcement Activity by Public Protection and the National Trading Standards teams.

Reason: To provide ensure enforcement activity undertaken in 2019-20 has been reviewed in accordance with the council's enforcement policy, and meet the requirement of the surveillance commissioner for Member oversight of surveillance activity.

- iii. Noted and approved the Review of Enforcement Action in Housing Services and Community Safety.

Reason: To provide ensure enforcement activity undertaken in 2019-20 has been reviewed in accordance with the council's enforcement policy.

4. Food Service Plan 2020-21

The Food Services plan was discussed and it was requested that due to the impact of COVID-19 on the capacity and the ability to be able to undertake assessments, that future reports note the impact that COVID-19 had of the service. The positive support businesses were being provided by Public Protection were highlighted and it was requested that any future national policy changes be shared with the Executive Member.

Resolved:

- i. The Food Service Plan was approved.
- ii. The Executive Member to be updated on any national policy changes in relation to COVID-19.

Reason: This will ensure that the council has a plan to fulfil its obligations under the Food Law Code of Practice and remain compliant with national COVID-19 policy.

5. COVID Recovery Skills Strategy and Communication Plan

The Executive Member considered the terms of reference and remit of a City Skills and Employment Board and task and finish group. It was noted that partnership board would develop the strategy within the framework set by York's 10 year and 1 year recovery strategies and the York Economic Strategy. The importance of ensuring that partners were working together to develop sustainable businesses in York was highlighted and the need to ensure government announcements for investments are channelled into where it is needed, as well as, highlighting what further funding could be required especially in relation to the impact of COVID-19. The importance of retaining the apprenticeship levy was highlighted alongside the council's levy strategy.

The membership of the board was discussed and it was noted that this would be confirmed by Director for Economy and Place in consultation with the Executive Member for Economy and Strategic Planning.

Resolved:

- i. Confirm the Terms of Reference and remit of the City Skills and Employment Board.
- ii. The final composition of the City Skills and Employment Board to be delegated to the Director for Economy and Place in consultation with the Executive Member for Economy and Strategic Planning.
- iii. Agree the framework within which a new Adult Learning and Skills Strategy will be developed, for endorsement at the City Skills and Employment Board and with final formal consideration and adoption by the council's Executive including a communication plan to support widespread community engagement.

Reason: In order to agree a Terms of Reference and remit of the City Skills and Employment Board and framework and agree the framework within which a new Adult Learning and Skills Strategy will be developed.

6. Quarterly Economic Update

Officers gave a presentation on York's Economic Strategy, as well as, the impact of COVID-19 on York's economy and the council's response. The Executive Member considered the report in light of York's 1 year and 10 year strategy and discussed the challenges presented by COVID-19. He highlighted the need for national policy to support local economies, citing his letter to the Chancellor of the Exchequer outlining the need for government to support the hospitality and transport sectors, both of which are important to York. The work of the CBI was also noted in establishing a narrative highlighting the support certain sectors needed due to COVID-19.

Community Hubs that we set up to support people that were affected by COVID-19, were identified as being able to offer the first steps of support and advice to local residents who may lose

their jobs. It was also noted that businesses struggling to get support could contact the council via economicgrowth@york.gov.uk.

Resolved:

- i. Noted the contents of the report and agreed that further updates on Community Hubs, Consideration of the Council as a landlord, Restarting of My City Centre, Inclusive Growth, Economic Strategy, Economic Partnership, and Responding to Government Advice be brought to future Decision Sessions.
- ii. To publicise that businesses in York that identify unintended consequences of new Government guidelines or restrictions can contact the Council via economicgrowth@york.gov.uk

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

Cllr A Waller, Executive Member
[The meeting started at 10.00 am and finished at 11.37 am].

This page is intentionally left blank



**Decision Session –
Executive Member (Economy and
Planning)**

12th October 2020

Inclusive Growth Initiatives Fund – Progress update

Summary

1. This report provides an update on the actions set out in the Inclusive Growth Initiatives Fund, as agreed by the Executive Leader at his Decision Session on 18th September 2019.

Recommendations

2. The Executive Member is asked to:
 - 1) Note the progress that has been made on the agreed projects
 - 2) Based on the information in this report, advise how the Programme should proceed given the impact of COVID 19.

Reason: So that the Council nurtures a pipeline of projects that positively address inclusive growth in the City of York, and focusses funding where it is most needed.

Background

3. For economic growth to be inclusive, its benefits must be felt by all those in society, regardless of where they live, how they make a living, and who they are.
4. Inclusive growth cannot have neighbourhoods that are left behind, opportunities that are only selectively available, or a two-tier economy where some people do well at the expense of others who are not. There are multiple, hidden impacts for those excluded, including mental health issues, families falling into poverty and social stigma.

5. The £300k budget provided by the Council through its supplementary budget was allocated to the following eight projects by the Executive Leader at his Decision Session on 18th September 2019:
6. In summary, the current allocation of the Inclusive Growth Fund is as follows:
 - Establishing a York Poverty Commission: £20k
 - Community hubs as drivers of economic growth: £40k
 - Greening our retail estate: £70k
 - Community jobs fairs: £30k
 - 14+ vocational training and work: £50k
 - Independent retail growth fund: £40k
 - Mental health, wellbeing and employment: £25k
 - York Economic Strategy consultation: £25k
7. Into the beginning of the year, and as reported in January, the York economy was performing strongly, with many positives on which to build:
 - There are more people than ever in work, with higher levels of productivity than the rest of the region (see Annex A, Fig 1), and consistent growth in GVA per hour worked over the past five years. On this measure of productivity, York has been consistently above the national average for the last 20 years.
 - Our knowledge economy is strong and growing (Fig 2), with more than 15,000 high skilled jobs created in York since 2008.
 - We have the highest level of skills of any northern city (Fig 3), and pay in York is close to the national average (Fig 6), higher than much of the Yorkshire region.
8. However, the COVID 19 global pandemic has presented unprecedented economic and humanitarian challenges, and will have a long-term and far-reaching effect on our economy and communities, potentially for years to come. Financial and social impacts of have been instant and severe, and felt acutely at the heart of our local communities.
9. Figures for the Job Retention Scheme (JRS) and Self Employment Income Support Scheme (SEISS) published by Government show a total

of 30,300 people furloughed by York employers and a further 6,500 claiming self-employed support. Approximately £150m has been paid from these sources to businesses and the self-employed in York to date, with as much as £80m yet to be claimed if current rates continue. Most commentators agree that it is these furloughed and income-supported workers who are most at risk of redundancy.

10. If the same proportions reported nationally apply, 14,000 of those furloughed staff are in our retail and hospitality sector, with many part time roles at risk. The arts, entertainment and recreation sector is also particularly vulnerable, with 1,400 staff currently furloughed.
11. 70% of the jobs which are viewed as most at risk are filled by women, and we recognise the inclusive growth challenges that the scale of predicted job losses would bring. The impact on household incomes will mean that many families will find it increasingly hard to make ends meet.
12. The pandemic has also meant the Council's inclusive growth priorities have needed to be reassessed to support the most economically vulnerable: those who are out of work, or at risk of being so, young people entering the labour market, and our small, independent businesses.
13. This shift in priorities has led us to review the original Inclusive Growth Programme against our current situation, and report back on how the Council has responded to the extraordinary circumstances.

Project updates

Establishing a York Poverty Truth Commission

14. The funding for establishing York Poverty Truth Commission remains in place and is not for reallocation. This sum, to be match funded, was initially agreed by the Council, but this project was put on hold due to COVID 19, and no match actively sought.
15. This remains an important theme, and we are continuing to explore what might be possible, with the intention of trying to ensure that the Economic Strategy is developed in response to lived experience. Ensuring that the voices of those who have benefited least from York's recent economic growth are heard will be key to the success of the Strategy. We will update the Executive Member on the development of approaches to include a diverse range of voices in this work.

Community Hubs as drivers of economic growth

16. The £40k for this priority contributed to the Area Based Financial Inclusion Manager post to lead on the Community Hub approach. Prior to the COVID 19 outbreak, the post holder supported the existing Community Hubs to maintain and develop their offers and subsequently established support networks amongst peers.
17. Since the beginning of the COVID 19 outbreak, and particularly during lockdown, the focus changed from the provision of Community Hubs to one of emergency response and support, helping to coordinate food distribution, prescription collection and deliveries, and other support as needed.
18. A refreshed signposting and support mechanism was developed to ensure that local people facing hardship as a result of the pandemic got the support that they needed including benefits advice, emergency financial support, wellbeing support, training and skills, and referrals to voluntary and community organisations with the expertise to support individual needs and circumstances.
19. Five emergency response hubs - Acomb, Tang Hall, Haxby, Clifton and Micklegate - are locally managed by a member of CYC staff acting as hub manager, and supported by volunteers who have received essential training, including safeguarding.
20. Each of the five hubs has developed close working relationships with local groups and organisations in order to offer comprehensive support to local residents and to facilitate local resilience. The project has directly supported some local community groups in reshaping their own Community Hub offers in order to restart or continue their operations to support the local community in a COVID-safe way.
21. The Foxwood Community Centre and Community Hub closed at the beginning of lockdown. The Community Centre has been an emergency response hub since June and the project manager has worked with the community to begin a new food waste project which sees over 70 people a week (supporting families and neighbours, so actual people supported through each session will be much higher) coming to access free food. This also allows an opportunity to meet face to face, socially distanced way which offers the opportunity for the project manager and the Local Area Coordinator to offer support, signposting and reassurance.

22. Chapelfields Community Association has opened a similar weekly session, in addition to the food deliveries they are already offering. Advice has been given to other groups, offering similar projects and support in the form of staff time and sharing of donations as appropriate. There are discussions ongoing to get more food projects going in different areas of the city, and to link these in with the hub support and learn from existing projects.
23. Over the coming months all of the Community Hubs will continue to play an important role in employment outreach work – supporting those whose jobs have been lost or at risk – and the Information, Advice and Guidance training that has already taken place for managers and volunteers will ensure that best use is made of resources to find new work and opportunities for those in need.
24. The next goals are to:
 - increase opportunities to access outreach support services – e.g. benefits, debt, employability and skills, wellbeing and personal development
 - maintain and build contacts and connections with partners and residents on an area basis, with a view to being able to transition from emergency response to the public facing Community Hub model once conditions allow

Greening our commercial estate

25. Reducing both the costs and the carbon footprint of our commercial estate remains a priority. However, in current circumstances, we recognise that the ability of small businesses to co-invest in such work is limited. We propose therefore to continue with the work to survey premises and tenants to establish what might be feasible, to extend that survey work to small businesses that have received other grants from the Council, and then to use that intelligence to support future funding proposals to the Council's capital programme and to external funders. Underspend from this theme would then be reallocated elsewhere in the Inclusive Growth Fund.
26. In particular we wish to run two survey strands:
 - a) To survey the Council's commercial tenants and the buildings they occupy to establish some workable options to reduce both energy

and occupancy costs. This will look at piloting renewable energy, better understanding the tenant experience and how these factors might impact upon the sustainability of the buildings they occupy.

- b) £10k to engage more broadly with the business community, including recipients of the £1,000 Council-funded Micro Business Grant at the start of the COVID pandemic. The aim is to seek their feedback on how the funding was put to use and the challenges they have faced, and how they engage with the net-zero carbon objectives of the city. This business-friendly engagement will tease out additional themes for us to explore and allow us to develop an ongoing dialogue with key stakeholders which can be used to further develop the refreshed Economic Strategy.

- 27. Our experience of communicating with grant applicants, the resulting FSB membership scheme and the foundation economy round table, is already producing key findings, not least that many of these participant businesses are providing a valuable source of income for households in deprived areas of York, thereby establishing localised and inclusive circular economies.

Community employment initiatives

- 28. £30,000 was set aside in the original inclusive growth allocation to run community jobs fairs and large events as have been run through York Learning in previous years and are designed to bring together employers and residents to build links between the two cohorts, matching opportunities available with a potential skills pipeline.
- 29. Under the current circumstances, Job fairs are not possible, but the funding will be held until viable alternatives for helping residents back into work emerge. £10,000 of the agreed funding has been used for targeted learning to support employment such as careers advice, Information Advice and Guidance (IAG), training others in IAG within Community hubs and other workshops aimed at those looking for employment which are not funded by Community Learning.
- 30. This is a possible category to receive funding reallocated from elsewhere in the programme, especially given the anticipated rise in worklessness liable to occur in line with the end of the Government's furlough scheme at the end of October and the consequent need to reach more people requiring support to find work.

14+ vocational training and work

31. £50k is available to enable a pilot project to explore the feasibility of non-academic alternative pathways for all schools in York and to challenge to traditional workforce gender imbalances in those sectors.
32. A steering group of John Thompson, Head of Secondary and Skills), David Hewitt (Headteacher, Joseph Rowntree School) and Sharon Smith (Vice Principal, York College) was set up to progress this and a three year plan to provide initial subsidised access to courses delivered at York College, along with capacity for coordination and facilitation, has been drawn up.
33. This would have the first Construction Skills course starting September 2020 with additional provision to be added in each of the next two years. This proposal was fully supported by the Headteachers of all the York Secondary Schools and plans were put in place for the first cohort.
34. Due to the COVID 19 pandemic, it has not been possible to undertake the necessary preparation and transition work with students likely to start in the first cohort. There are also constraints on capacity at York College this term with the need to complete courses and assessments from the previous academic year.
35. It is now intended to start a shortened first programme at York College in January 2021 and preparatory transition work for students is due to start in November.

Independent Retail Growth Fund

36. Independent business and SMEs make up a larger percentage of the high street in York than in most Cities across the country, so we are keen to create and maintain strong networks to enable them to trade sustainably for both their benefit, and that of the health of the high street.
37. Of the £40k allotted, £10k has gone to support the work of Indie York in recognition of the work they do with small businesses, and other local Traders' Groups have been approached to see what other projects, if any, might come forward.

38. We are especially keen to make the link between projects and initiatives in out of town shopping areas and the City Centre. For example, an enhanced Christmas lights display or Ice Trail in secondary shopping areas could run in parallel with similar schemes in the City Centre. These are designed to boost footfall and to energise local communities, and have probably never been more important than they are now. Further decisions to allocate this element of the Fund will be made using delegated authority, following a public call for proposals.

Mental health, wellbeing and employment

39. The 'Good Help' programme, jointly supported by the Government, NESTA and the National Lottery Fund came forward in 2019, and Council funding of £25k was originally set aside for this initiative.
40. Good Help is based on a number of fundamental purposes, driving forward services within public organisations and authorities which may:
- significantly improve people's lives through supporting good help
 - establish a long-lasting local movement of people
 - support one another to deliver good help• work on a specific projects in a statutory service (e.g. a school, rehabilitation support service, JobCentre or advice service)
 - evaluate the project to generate data so we can clearly see the difference we have made and compare ourselves to similar activities
 - support a sustainable permanent, transition to offering good help
 - generate learning that people in other places can benefit from and be inspired by.
41. The Council were working with supporting partners to gain Good Help accreditation, to the extent of embedding its principles in the Children and Young People's Plan. However, the formal external funding bid made to the National Lottery and the Government failed at the final hurdle.
42. Financial priorities needed to be focused elsewhere with the onset of the Coronavirus pandemic, and as a result, even though the Good Help organisation recognised City of York Council as a strong candidate for obtaining funding, work has been paused for the moment, with no timescale for when this might begin again.

43. Several similar projects within the Public Health Team have been delayed whilst they contend with a fast-paced, ever changing environment. Resources have been diverted to support efforts to deal with the pandemic, largely through working closely with businesses and employees in the City.
44. We recognise that a community response is important for those coming forward at Community Hubs facing job losses. Some may need support around mental health issues and we are exploring opportunities to develop appropriate provision, including wellbeing sessions as part of the Community Hub offer, cultural activities and social prescribing alternatives.

York Economic Strategy and Partnership

45. It was agreed, following the previous update report, that £25k of the Inclusive Growth Fund be used to undertake community based consultation to ensure that the voices of residents and businesses drive the development of the refreshed Economic Strategy.
46. An exercise to procure consultants to carry out this work was nearing completion at the beginning of 2020, but had to be halted due to the constraints of Coronavirus when it became clear that the face to face consultation work planned was neither safe nor feasible.
47. Work on the current Economic Strategy is about to recommence, with the existing evidence base refreshed and updated to take account of newly available data and the impact of COVID 19. Rather than procuring consultants to carry out a consultation, we are now advocating utilising this budget to undertake additional pieces of research to support the strategy development process. This may include undertaking stakeholder surveys and further detailed engagement through the use of focus groups.
48. Over the Summer, the Economic Growth Team worked to connect with the business community on the key issues that affect them, and held a series of sector round table events to encourage high levels of engagement. These outreach sessions have provided valuable data and information for gap analysis work to inform the Economic Strategy.
49. Other emerging themes to explore include assessing how COVID has impacted on the demand for physical office space, the property market, women in the workforce, and what a 21st Century workplace may look like in a post-COVID world.

Consultation

50. Consultation on potential projects for the Inclusive Growth Initiatives Fund has taken place with the Executive Leader and the Executive Member for Economy and Strategic Planning.
51. Consultation proposals for each initiative under the sub-themes will be set out in individual Project Initiation Documents.

Options

52. Options for the Executive Member to consider are as follows:
 - a) Retain the original Inclusive Growth Programme without amendments and proceed as agreed;
 - b) Cease the Programme in its current form and explore how best to use all of the funding allocated for Inclusive Growth purposes;
 - c) Continue the Programme, diverting some of the funding to support the most vulnerable – those out of work, and at risk of being so, young people entering the labour market, and small independent businesses. Detailed decisions could be delegated in consultation to the Corporate Director for Economy and Place.

Recommendation: Based on the detail laid out in the main body of this report, the recommended option to pursue is c).

Council Plan

53. The projects proposed under the Inclusive Growth Initiatives Fund will address 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 new financial commitments. Previous commitments within the body of the report;
- **Human Resources (HR)** – no implications;

- **One Planet Council / Equalities** – the proposed project to green the Council’s retail estate will address the Council’s climate change challenge. A number of the proposed projects will positively support the Council’s equalities objectives;
- **Legal** – no implications;
- **Crime and Disorder** – no implications;
- **Information Technology (IT)** – no implications;
- **Property** – depending on the findings of the survey, the proposed project to green the Council’s commercial estate will have property implications. Any measures taken to improve the energy efficiency of the Council’s commercial stock will need to balance commercial viability with environmental benefits.

Risk Management

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

Contact Details

Author:

Simon Brereton
Head of Economic Growth
Economy & Place
01904552814

Chief Officer Responsible for the report:

Neil Ferris
Corporate Director - Economy & Place

Report Date 12 October 2020
Approved

Wards Affected: List wards or tick box to indicate all

All

For further information please contact the author of the report

Background Papers:

Annexes

Annex A – Inclusive Growth Evidence Base

List of Abbreviations Used in this Report

CYC – City of York Council

FSB – The Federation of Small Businesses

SME – Small or medium enterprise (referring to a business size)

ANNEX A: Inclusive growth evidence base

York has consistently high GVA per hour worked - we are a productive city!

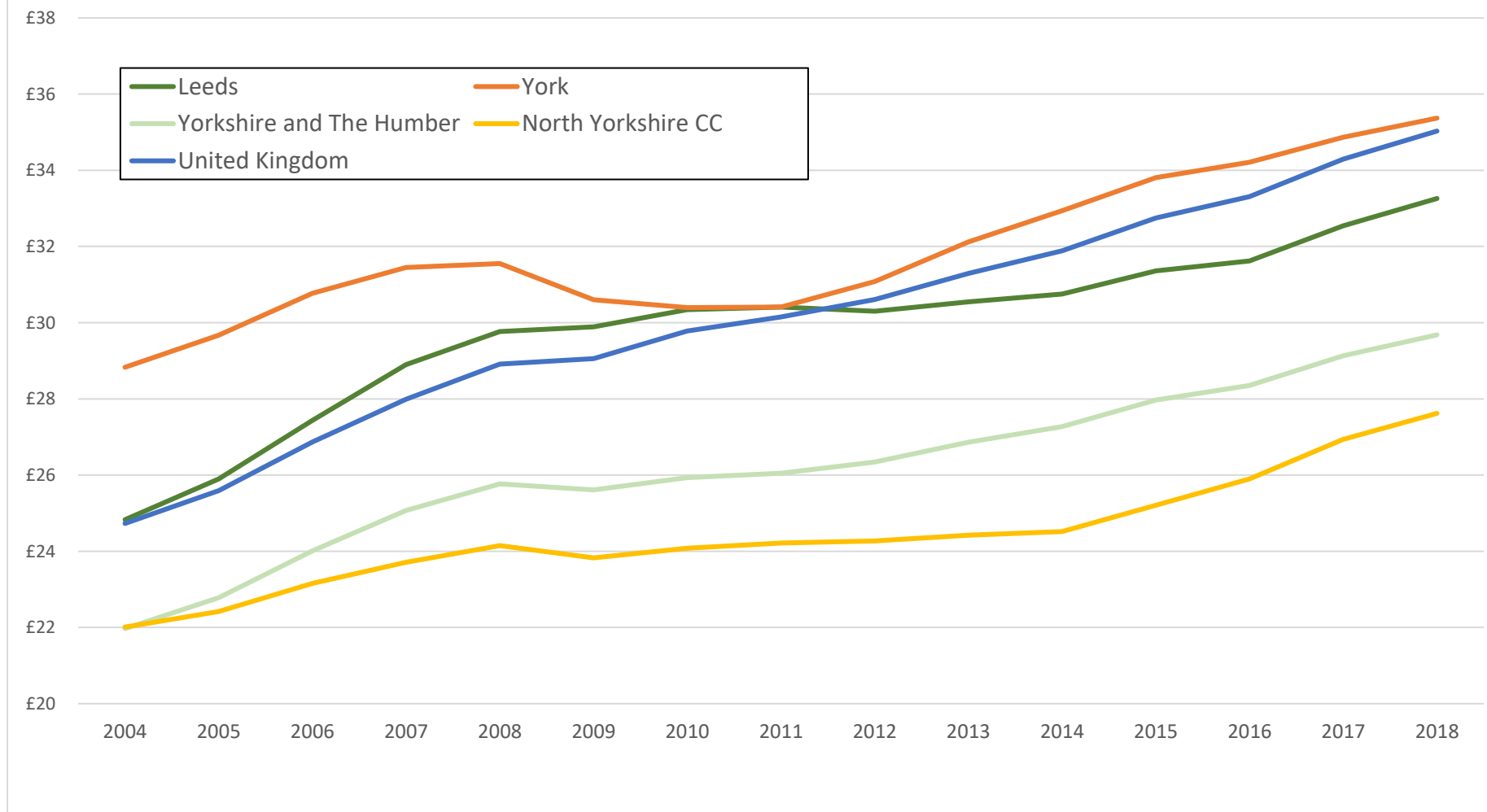


Figure 1: GVA per hour worked

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/regionalandsubregionalproductivityintheuk/february2020/relateddata>

Since March 2005, over 15,000 high skilled jobs have been created in York

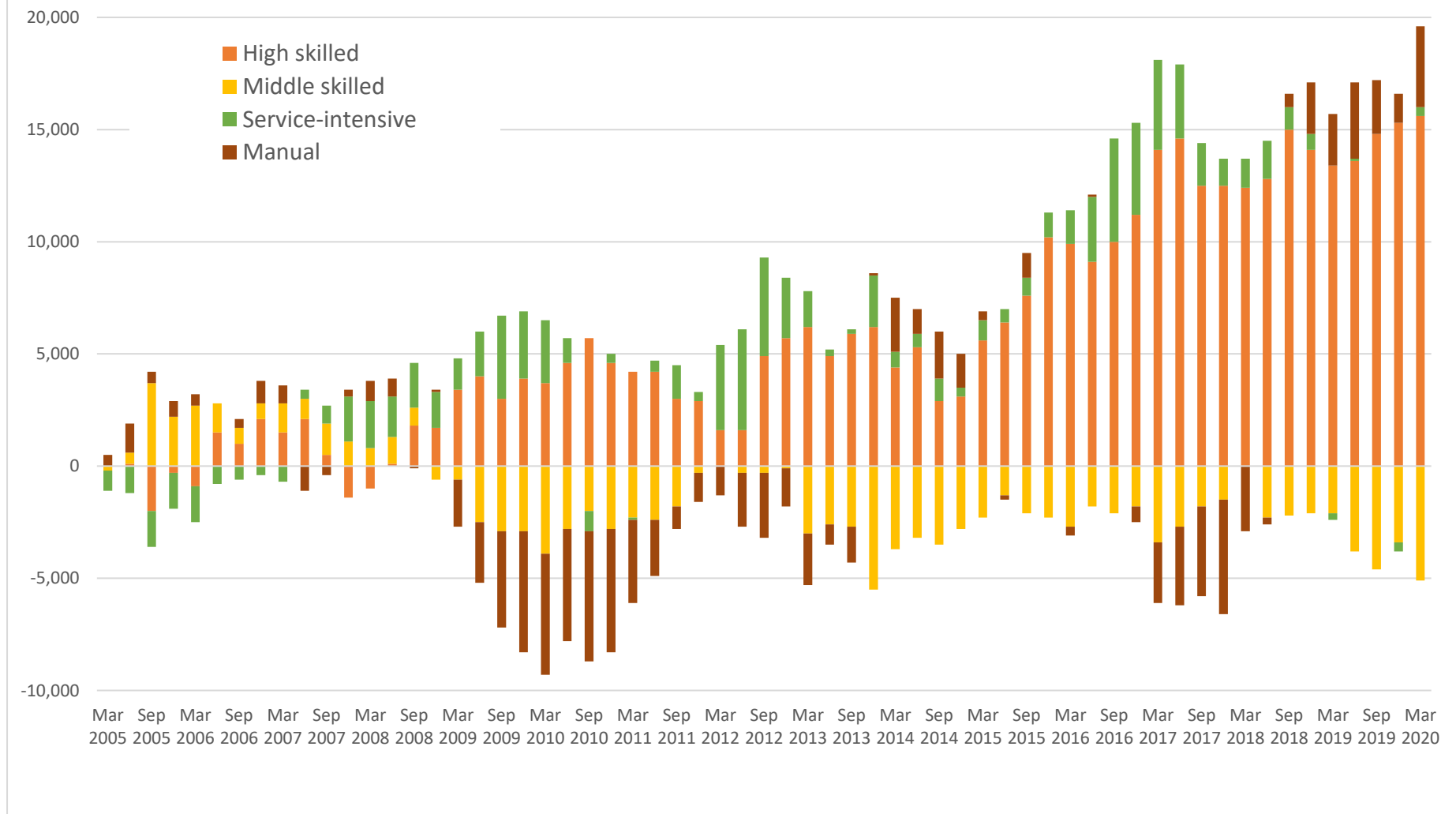


Figure 2: Job growth by skill level: York 2005 – 2020 (from ONS annual population survey)

York has the highest level of skills of all northern cities

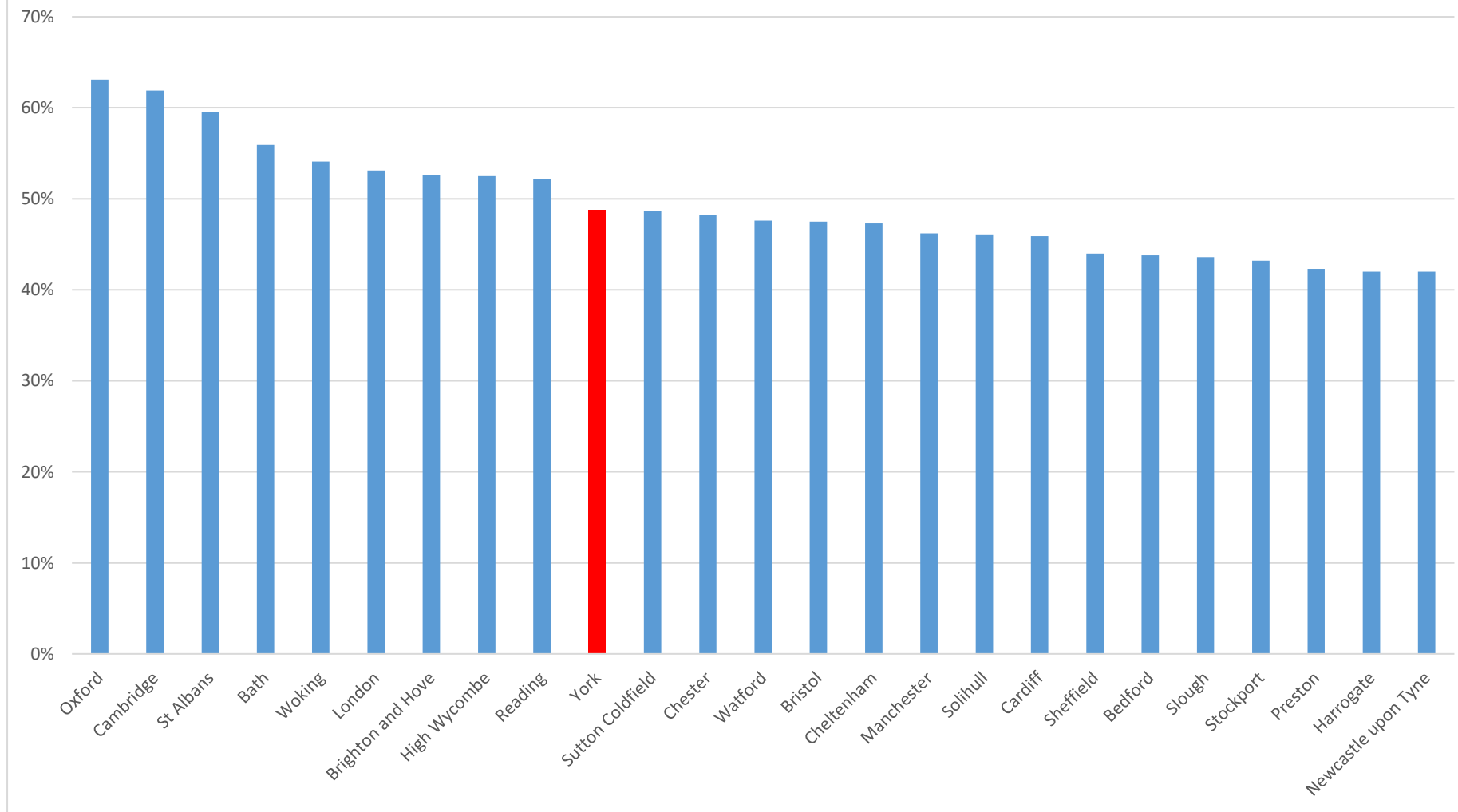


Figure 3: %age of working age population with NVQ4 or above (ONS Annual Population Survey)

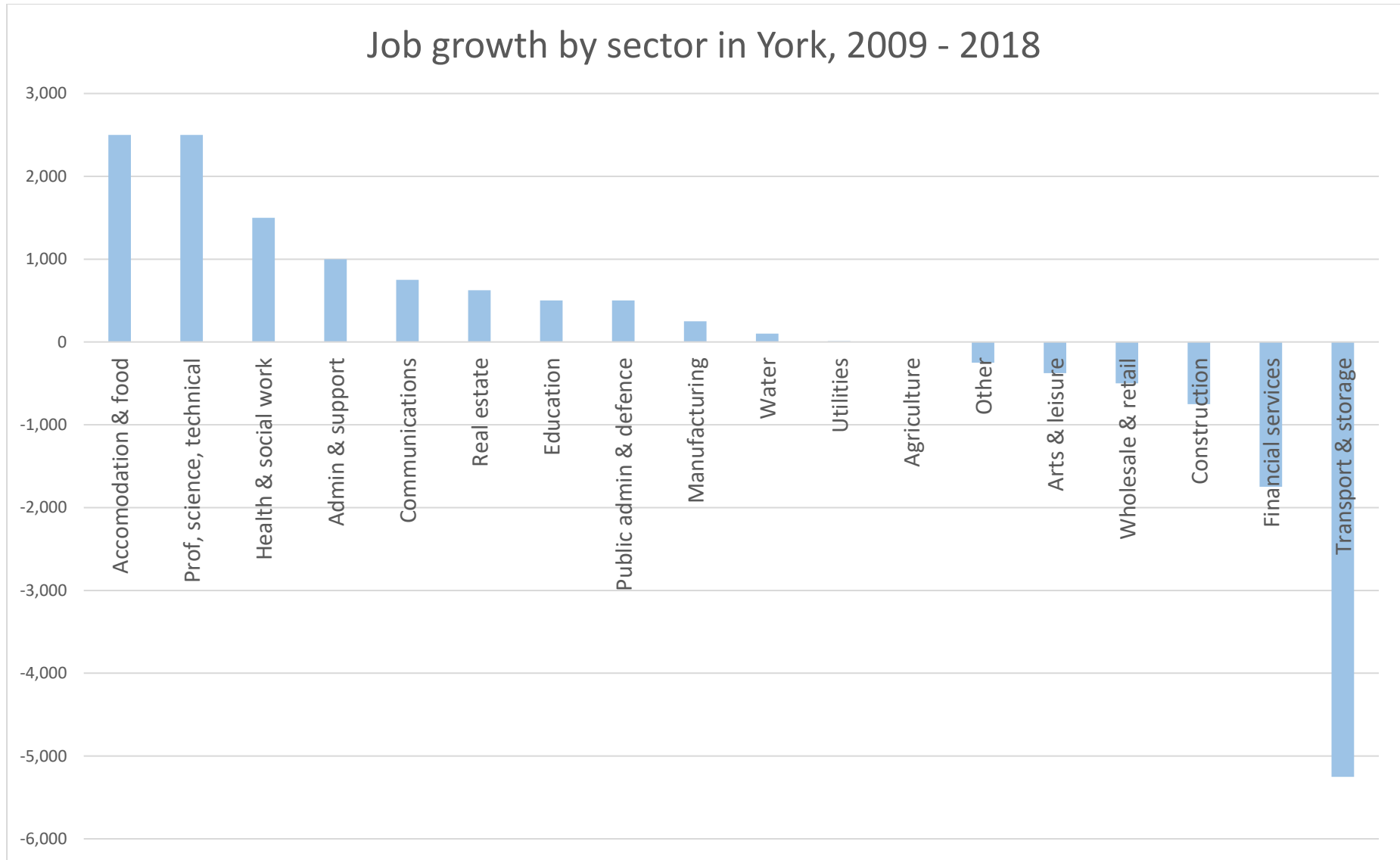


Figure 4: Since 2009, there has been job growth in both lower and higher paid industries

Sector employment in York, 2018

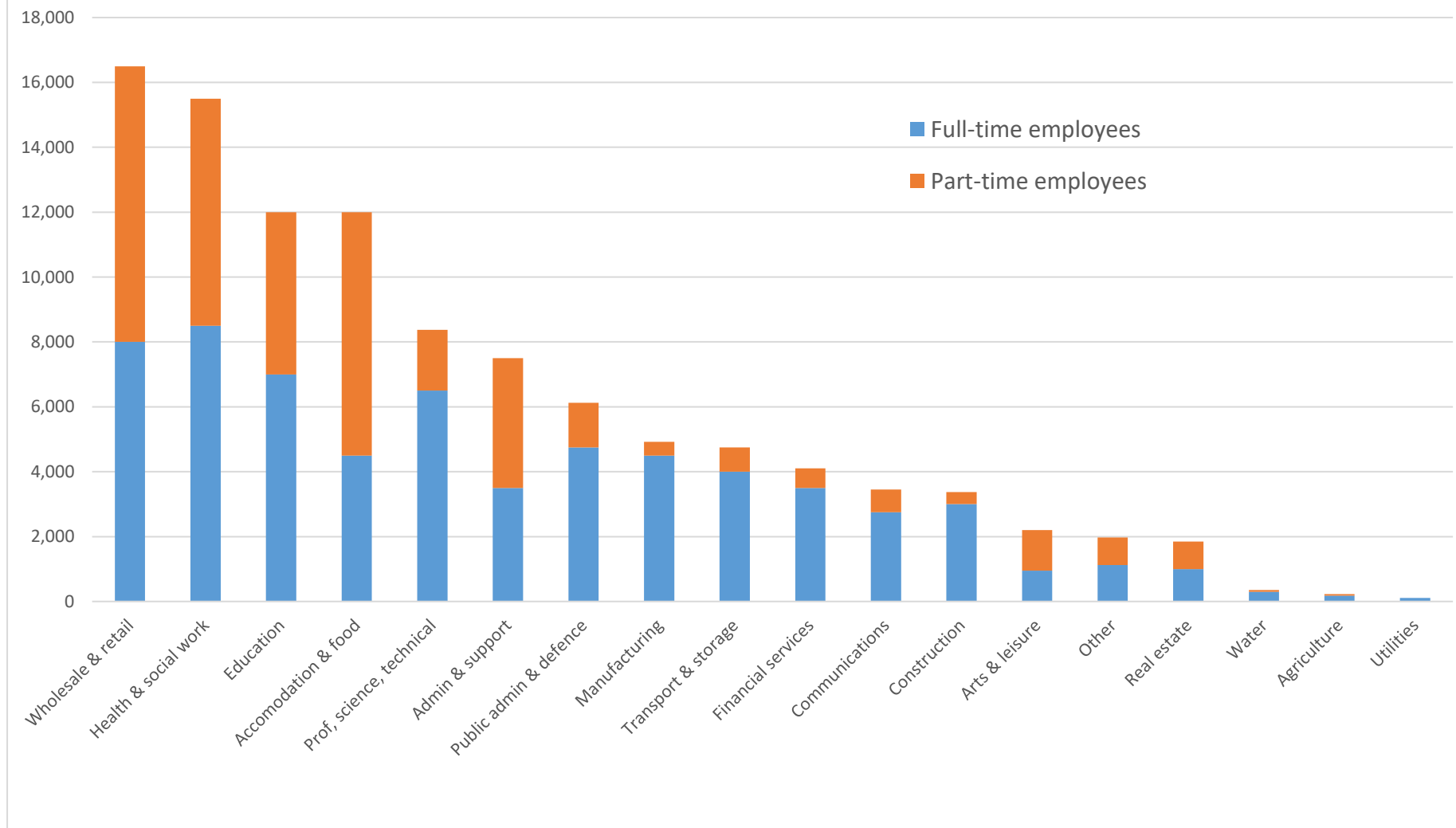


Figure 5: Part time work in York is predominantly in lower paid industries

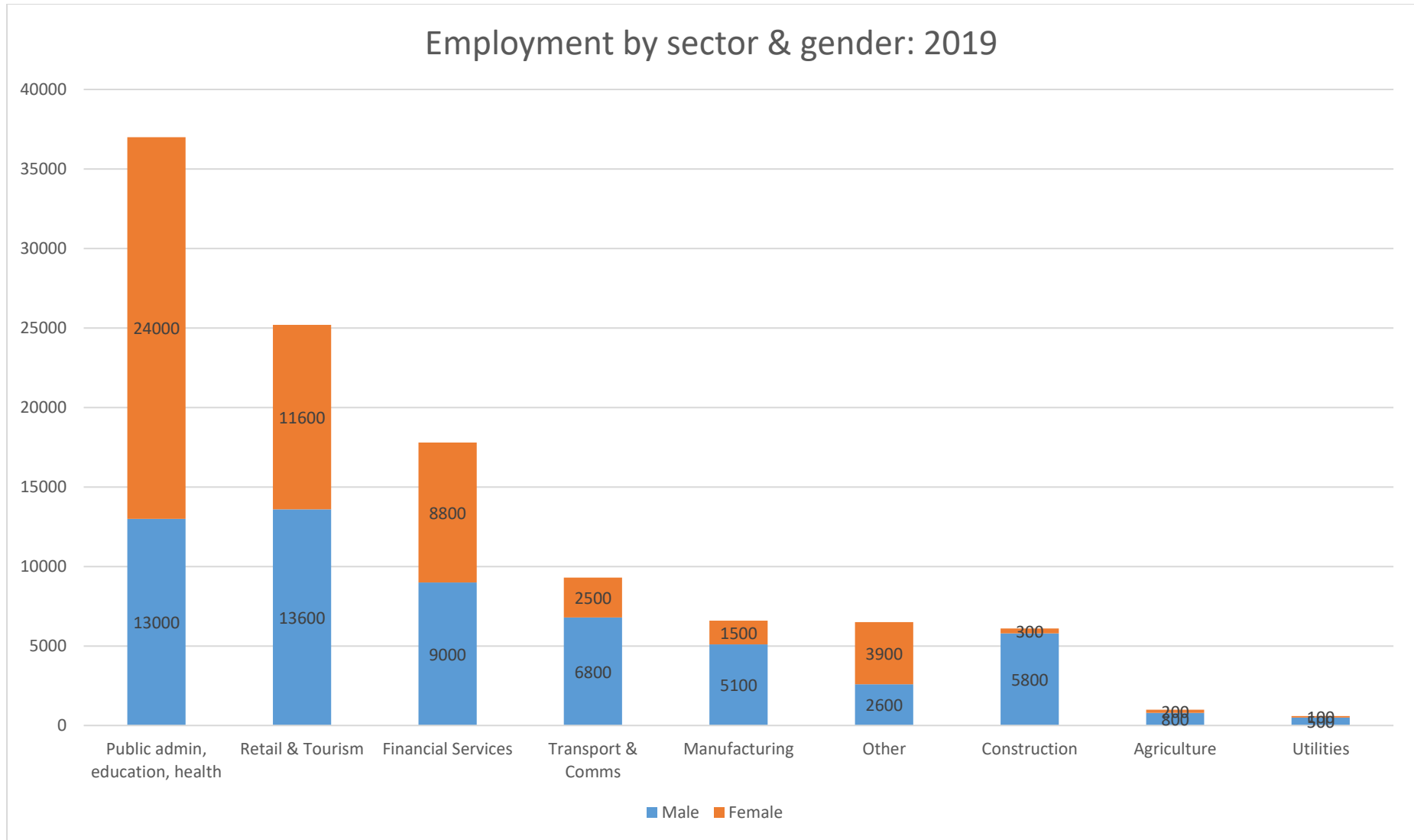


Figure 6: Many women in sectors with higher proportions of part-time work

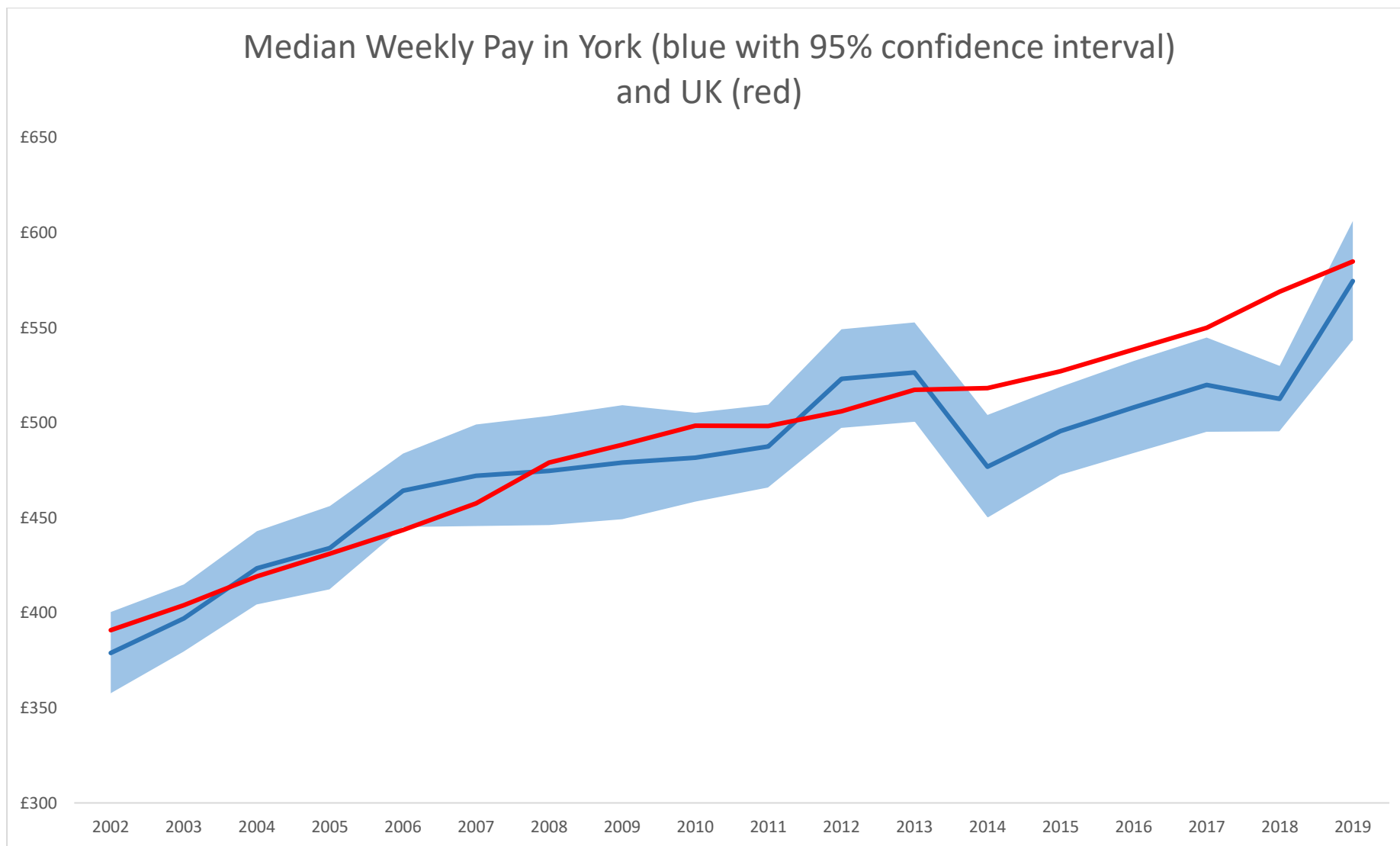


Figure 7: Average pay in York tracks, but is below, UK figures



**Decision Session – Executive
Member for Economy and Strategic
Planning**

21st October 2020

Economic Strategy and Partnership Update

Summary

1. This report outlines progress on our work towards a new economic strategy and partnership for the city, as set out most recently in a report to the Executive Member for Economy and Strategic Planning's March 2020 decision session.
2. Work had paused over the summer when the focus of the Economic Growth Team switched to supporting the immediate Covid-19 response as discussed in the Quarterly Economic Update presented to the Executive Member's Sept 2020 session.
3. We are seeking to build on many of the initiatives established as part of that response, which have provided a step-change in business engagement, bringing the voices of our key sectors to the fore. The Business Leader's Group, established as part of the response, is proposed to be the basis for the partnership, while the sector approach we have begun, in collaboration with other business networking organisations, will become an enduring part of our engagement.

Recommendations

4. The Executive Member is asked to:
 - 1) Note the revised approach to developing the Council's Economic Strategy following Covid-19;
 - 2) Agree to expand the membership of the Business Leaders Group so that it reflects the Council's inclusive growth ambitions, and represents the city as a whole;

- 3) Refer this report to the Council's Economy & Place Policy Scrutiny Committee for review.

Reason: To support York's economic recovery from Covid-19.

Introduction

5. City of York Council's current Economic Strategy was launched in 2016 and covers the period 2016-20. The Executive has committed to renewing and adapting the strategy, with a new focus on inclusive growth, and to launching a new York economic partnership, which will include a diverse range of voices and perspectives.

Previous Approach

6. An update report was taken to the Executive Member for Economy and Strategic Planning on 16th March 2020. This updated the Executive Member on:
 - Progress on developing the Economic Strategy and Partnership;
 - Preparations for consultation as part of the strategy development process;
 - The Council's propose approach to higher paid sectors, including work on entrepreneurship and business acceleration; and,
 - The emerging Leeds City Region inclusive growth framework and its synergies with our York approach.
7. The approach for City of York Council's new Economic Strategy is twin track – to continue the long established focus on developing higher paid jobs in key sectors across the economy while developing a clearer approach to inclusive growth across our economy. This will include responding to the low-carbon commitments of the city, along the principles of a “just transition”, as expressed in the Council Plan, and shaping a new skills plan for York, built around the future needs of businesses and residents.
8. Engagement to support the development of a new Economic Strategy was due to commence in March 2020, but was placed on hold at the start of the Covid-19 pandemic. Over the period since the onset of Covid, the Council has worked hard to strengthen partnership working in

Economic Development. As has been set out in reports to Executive and the Executive Member, we have established:

- A Business Leaders Group, bringing together key businesses and the Council's Leader and Executive Members;
 - A City Skills and Employment Board and task and finish group that will be responsible for developing and implementing the city's Adult Learning and Skills Strategy; and,
 - 12 sector roundtables, enabling over 200 businesses to share their experiences and help shape the city's response.
9. Underpinning this work, the key business support agencies in York – Make it York, York Business Improvement District, York and North Yorkshire Chamber of Commerce, the Federation of Small Businesses, University of York and City of York Council – have been meeting informally each week to share intelligence and support collaboration. Through the combined resources of the agencies, we have issued weekly updates to York's business community, significantly expanding our collective reach to local SMEs and allowing their perspectives to be heard and to shape strategy and activity.
10. City of York Council's 1-year [Recovery and Renewal Strategy](#), approved by the Executive on 25th June 2020, is guiding the Council's response to the pandemic, whilst capitalising on opportunities around working differently to put in place the activities which are needed to support the city. At city level, a longer-term 10-year recovery plan is being developed with city partners to confirm the broader ambitions and direction for York, and identifying the necessary priorities to achieve them. To support the creation of this 10-year plan, an economic strategy is required for the city to guide the direction of travel.

Recommencing work on the Strategy

11. As we plan for the future, notwithstanding the impact of further lockdowns and the ensuing economic upheaval, work needs to recommence on the Council's Economic Strategy for York. The existing economic evidence base that was produced before the pandemic needs to be refreshed and updated to take account of newly available data and the impact of Covid-19. Gap analysis is also required to ensure that our evidence base is both robust and responds to the acceleration of socio-economic trends we have seen following the pandemic. A revised economic evidence base will be brought to a future decision session for

Executive Member review as part of an Economic Strategy update early in 2021.

12. The approach for City of York Council's new Economic Strategy is to continue the long established focus on developing higher paid jobs in key sectors across the economy, while developing a clearer approach to inclusive growth across our economy. The economic impact of Covid-19 has been disproportionately felt in industries relying on face-to-face contact. While York's retail, hospitality and tourism sectors have traded relatively well over the summer months, the immediate future remains uncertain as local lockdowns, the end of the Furlough scheme and earlier closing times for hospitality across the country are causes for concern. In addition, the wet and cold weather over winter months will inevitably have an impact on city centre footfall and outside trading. How these aforementioned sectors are supported to do business and maintain profitability is critical to their long-term viability, and therefore sustained employment.
13. In supporting York's visitor economy to recover from Covid-19, a new Tourism Strategy is planned for the city. This strategy will go beyond the traditional focus on place promotion and marketing, to address skills needs, product development, and the city's tourism infrastructure. This strategic approach to tourism will complement a similar focus being developed at sub-regional level by York and North Yorkshire LEP. Further details on the development of York's Tourism Strategy will be brought to a decision session of the Executive Member for Culture, Leisure and Communities in early 2021.
14. It is important to note however, that in other sectors such as ICT/digital, professional and financial services and life sciences, the economic impact of the pandemic has been less severe. Interest in York as a business location remains high, with businesses in London looking to relocate out of the city (known as "north-shoring"), taking advantage of the rise in remote working, lower values and/or rents for commercial space and better quality of life for staff.
15. York is well positioned to capitalise on this trend; the city offers businesses and residents fast and direct rail connections to London and other major cities across the UK, superb digital connectivity, an excellent quality of life and access to a vast rural hinterland and the coast. In addition to above, York benefits from having the highest skills levels of any city across the North. A renewed focus on inward investment is required if York is to capitalise on current macroeconomic trends being witnessed in light of Covid-19. This will necessitate developing both

generic and sector-specific propositions to attract high quality inward investment to the city, as well as updating the occupier brief for York Central, one of the largest brownfield sites in England which will provide up to 90,000m² of commercial space. A report on the Council's approach to inward investment will be brought to the Executive Member's November Decision Session.

16. Within York, anecdotal evidence from Make it York suggests that there is considerable movement taking place within the city's commercial office market with a number of businesses looking to downsize following the rise in remote working. How the office market adapts longer term to widespread growth in remote working is of critical importance to the city's economic strategy. Further analysis is required to better understand the workspace needs of York's business community, and this gap will be addressed through the process of revising the Council's economic evidence base.
17. Covid-19 has seen emerging national and international trends emerge towards increased homeworking, and York's reputation as a great place to live, supported by our Gigabit domestic infrastructure is a strong combination. To develop a 21st century economy, we need to be mindful of these trends and what they might mean in terms of workspace. For example, purpose designed new format offices concentrating on creative spaces for collaboration and meeting in an inspiring environment, but with much reduced desk capacity, would support current and future working patterns much better than more traditional spaces.
18. The impact of Covid-19 can be readily seen in York's unemployment figures, with claimant count data for August from the Office of National Statistics (ONS) showing a significant rise in residents claiming Universal Credit. We are anticipating a further rise when the Government's Job Retention Scheme ends on 31st October, despite the scheme being replaced by the new Job Support Scheme. How we respond to job losses and support people into new work is critical, and this will be guided by the work of our newly created City Skills and Employment Board.
19. Key to addressing such challenges is suitable and responsive adult learning provision, as well as high quality careers guidance and information. The notion of 21st century jobs, built flexibly around the needs of employees, and supported by continuous learning to improve individual mobility, will be a crosscutting theme through our Economic Strategy. In today's age, skills sets can become obsolete in a short period of time; workers will need to be supported through additional

learning if their skills are to remain current, and/or to progress their career. Skills development is important for people of all ages.

20. In York, the proportion of residents working part-time is considerably higher than the national average, however part-time employment in the city is largely concentrated in lower paid sectors. Part of the notion of 21st century jobs will be how we work with employers in York's higher paid sectors to help them think differently about the nature of their jobs and how they are constructed, so that they can benefit from recruiting from a wider and more diverse workforce. These part time jobs are crucial to many households in York, with many parents and informal carers currently left with too few options to make best use of their skills and experience in their work.
21. Covid-19 has also seen widespread societal support for a green economic recovery. York has a history of taking the lead on improving environmental sustainability, with a long series of past measures implemented to reduce both Council and city-wide emissions. Our Council Plan places emphasis on a "greener and cleaner city", with a range of actions and projects underway to address the climate emergency and work towards the ambition of being Net Carbon Neutral by 2030.
22. York is also the hub for the region's bio-economy cluster with key assets such as the University of York, FERA Science, York Biotech Campus, the Biorenewables Development Centre and BioVale innovation cluster all located in the local authority area. These innovation strengths offer inward investment, circular/clean growth and job creation opportunities for the city and wider sub-region whilst tackling global challenges such as carbon-zero and finding value from waste. Given our low-carbon commitments and the presence of world-leading bio-economy and agri-tech innovation assets in the city, it is imperative that we drive forward a green economic recovery. This will be another crosscutting theme that will underpin our Economic Strategy.
23. In short, the Council's approach to Economic Strategy can be summarised as follows:
 - To continue the long established focus on developing higher paid jobs in key sectors across the economy; and,
 - Develop a renewed focus on inclusive growth across York's economy.

These two priorities will be underpinned by:

- A focus on 21st century jobs; and,
- Driving forward a green economic recovery.

Engagement

24. Prior to Covid-19, a wide-scale consultation with businesses and residents was planned to ensure that the Council's Economic Strategy effectively responds to York's opportunities and challenges. However, our sector roundtable initiative, in collaboration with key business support agencies, has given us a level of sector intelligence which was not previously at our disposal. Furthermore, new communication channels created in response to the pandemic such as the Council's Big Conversation has given us a new mechanism by which to undertake wide-scale engagement with businesses and residents. It is key that we utilise these communication and engagement channels to consult on our economic strategy work, as well as think about how we address specific issues through focus groups, further surveys and additional pieces of research.
25. A budget to enable effective engagement on the Economic Strategy is included within the Inclusive Growth Fund, as set out in decisions made by the Executive Leader on 18th September 2019 and 15th January 2020. We propose that this budget is retained for the purposes of supporting the development of the Council's new Economic Strategy. This budget will be used to undertake additional pieces of research, undertake stakeholder surveys and further detail engagement through the use of focus groups. Consultation on the Council's new Economic Strategy is planned for February to March 2021, with Executive sign off scheduled for May 2021.
26. The early involvement of Economy and Place Scrutiny Committee is sought to enable Councillors to influence the development of the strategy. It is recommended that the Executive Member refer this report to that scrutiny so that they can consider the themes and approaches outlined at this early stage.
27. A timeline for the development of the Council's new Economic Strategy can be found at Annex 1.

Partnerships

28. At the Executive Member for Economy and Strategic Planning's Decision Session on 16th March 2020, it was outlined that the development of the new Economic Strategy will go hand in hand with the development of a

new Economic Partnership which will oversee the process and ensure that there is a city-wide focus and response. It was outlined that the partnership itself will be inclusive, seeking to represent the city as a whole, and will, for example, be balanced in gender terms. Membership will be kept under review to ensure that it continues to take account of our changing economy.

29. Since the onset of Covid-19, the Council has worked hard to strengthen partnership working in Economic Development. We have established:
 - A Business Leaders Group, bringing together key businesses and the Council's Leader and Executive Members;
 - A City Skills and Employment Board and task and finish group that will be responsible for developing and implementing the city's Adult Learning and Skills Strategy; and.
 - 12 sector roundtables, enabling over 200 businesses to share their experiences and help shape the city's response.
30. We also plan to establish:
 - A Tourism Board, to guide the Council's work on a new Tourism Strategy for York;
 - An Inward Investment working group made up of relevant officers from the Council, Make it York, Y&NY LEP, the University of York, and the private sector to help guide the development of York's inward investment proposition.
31. Further details on the development of these groups, and their work, will be brought to future decision sessions of the relevant Executive Members. Given the existence of a Business Leaders Group which seeks to bring key businesses in the city together with the Council's Executive Member, it makes sense that this group takes on the role that was initially envisaged for the Economic Partnership. Work will take place in conjunction with the Executive Member for Economy and Strategic Planning to ensure that this group is inclusive, and reflective of our ambitions on Economic Strategy.

Sector Roundtable Update

32. As part of York's response to Covid-19, the key business support agencies in York have been meeting informally each week to share intelligence and support collaboration. To aid 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 May and June, with a second round of the sector roundtables taking place between late June and July. The third round of meetings took place in September. A report summarising the key issues emerging from the first two rounds of meetings can be found at Annex 2. A more detailed report, summarising future sector roundtable activity and governance arrangements for these groups, together with a complete set of reports for the three meetings, will be brought to the Executive Member's November Decision Session.

33. The sector roundtable initiative has proven to be invaluable in understanding businesses' issues and challenges as a result of Covid-19, and identifying how the Council and its partners can better support businesses to aid recovery. One of the overriding themes from the first round of sector roundtable meetings was ensuring staff and public safety, especially for those operating in the retail and hospitality sectors. Businesses wanted to know what measures were in place to encourage footfall back into the city centre and how the city centre was being promoted to residents and visitors. The Council and its partners responded to this feedback by putting in place a range of measures to support businesses to reopen safely and ensure a safe and welcoming visitor experience for those using the city centre. This work has been well received by businesses, with data showing that York's city centre economy has fared better than many other cities during the summer (see September's [Quarterly Economic Update](#) report).
34. Other issues raised by businesses include:
 - Access to finance;
 - High rent costs;
 - The availability and cost of PPE; and,
 - Staff wellbeing – those on furlough or working from home.
35. Finance was frequently cited as being a major barrier to recovery for businesses, so too the adoption and use of technology to aid business development. Businesses called for additional support to help them adapt business models and trade in new sectors, whilst York's road and variable digital infrastructure, particularly in non-residential areas, was cited as another barrier to growth. Finally, businesses called for more

work to be done to promote York as a place to do business, with attendees from a wide range of sectors calling for more workspace in the city, both office and light industrial/warehousing space.

36. The third round of sector roundtable meetings has seen businesses asked to highlight any Brexit preparations they are making, raise their concerns, and come forward if there is anything that the Council and its partners can do to support them with EU exit. EU exit was highlighted as a major challenge for the construction industry, which relies on the movement of goods, people and materials. While the construction companies that took part in the Property & Construction sector roundtable had staff on site that were mainly UK based, they did reveal that their supply chain is heavily reliant on materials from the EU. Bio-economy and Lifesciences businesses also raised specific concerns over the future of current projects with European consortia/markets, as well as what happens to intellectual property post-EU exit.
37. While the majority of businesses highlighted the current uncertainty over the future trading relationship with the EU as a major concern, the general feedback was that they are preparing for EU exit as best they can.

York Business Week 2020

38. York Business Week is an annual event celebrating and supporting businesses in the city. Running from Monday 9th until Friday 13th November, this year marks the 10th iteration of the event. The week-long programme of free virtual events is centred around the theme of “Build Back Better”, and focuses on economic recovery following Covid-19. In addition to the opening Business Week Conference, there will be business support seminars and workshops addressing the topics of skills, adapting business models, and a range of business advice. There will also be targeted business support sessions for start-ups and tourism businesses. A series of wellbeing events are also being planned for the week which will tackle a host of relevant issues facing businesses of all sizes, in all sectors with topics focused on wellbeing and mental health in the workplace.
39. A collaborative approach has been taken to York Business Week this year, mirroring the work undertaken to strengthen partnership working through Covid-19. The Council will be involved in a number of events during the week, concluding with a session on Friday morning on the York Narrative and how businesses can use it to tell their own story, and an “Ask the Leaders” session in the afternoon which will bring together

Executive Members and city leaders in a Q&A panel format to take questions from businesses on York's economic recovery, partnerships and city-wide vision.

Consultation

40. Consultation on the Council's new Economic Strategy with businesses and residents will be carried out through existing communication mechanisms such as the Council's Big Conversation and sector roundtables. This activity is planned for February to March 2021.
41. A review and refresh of the current economic evidence base may highlight particular gaps that need to be addressed in developing our Economic Strategy. We propose to address these gaps through the undertaking of additional pieces of research, stakeholder surveys and further detailed engagement through focus groups.

Council Plan

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

Implications

- **Financial** – no new financial commitments.
- **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

Author:

Alex Dochery
Economic Growth Manager
Economy & Place
x2080

Chief Officer Responsible for the report:

Neil Ferris
Corporate Director - Economy & Place

Report Date: 09.10.2020
Approved

Wards Affected: List wards or tick box to indicate all **All**

For further information please contact the author of the report

Background Papers:

Annexes

Annex 1: Timeline for development of Economic Strategy

Annex 2: Summary report on Sector Roundtables, Rounds 1 & 2

List of Abbreviations Used in this Report

ICT – Information and Communications Technology
LEP – Local Enterprise Partnership

Annex A: Indicative Timeline for the Development of City of York’s new Economic Strategy

The below table sets out an indicative timeline for the development of the Council’s new Economic Strategy. Consultation on the Council’s new Economic Strategy is planned for February to March 2021, with Executive sign off scheduled for May 2021.

	Action	Dates
Local Democracy	Refer Economic Strategy approach to Economy & Place Policy Scrutiny for review and comment	October 2020
Activity	Review and refresh existing economic evidence base	October – November 2020
Local Democracy	Scrutiny to review approach and provide comments	24 th November 2020
Activity	Undertake gap analysis on evidence base and carry out further work, including focused engagement (if required)	November 2020 – January 2021

Local Democracy	Economic Strategy Progress Update to Exec Member through Quarterly Economic Update	22 nd December 2020
Related Activity	Adult Skills & Employment update – Sign off of One Year Adult Learning & Skills Strategy	22 nd December 2020
Local Democracy	Economic Strategy Progress Update to Executive Member, presentation of refreshed evidence base, strategy work, and outline plan for consultation	26 th January 2021
Activity	Undertake consultation on the Economic Strategy through existing channels (website, Big Conversation, sector roundtables)	February – March 2021
Local Democracy	Progress Update to Executive Member through Quarterly Economic Update	March 2021

Related Activity	Adult Skills & Employment update – Sign off of 10-Year Adult Learning & Skills Strategy	March 2021
Activity	Take feedback from consultation and build into Economic Strategy	March 2021
Local Democracy	Executive sign off on Economic Strategy	May 2021

This page is intentionally left blank



**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).

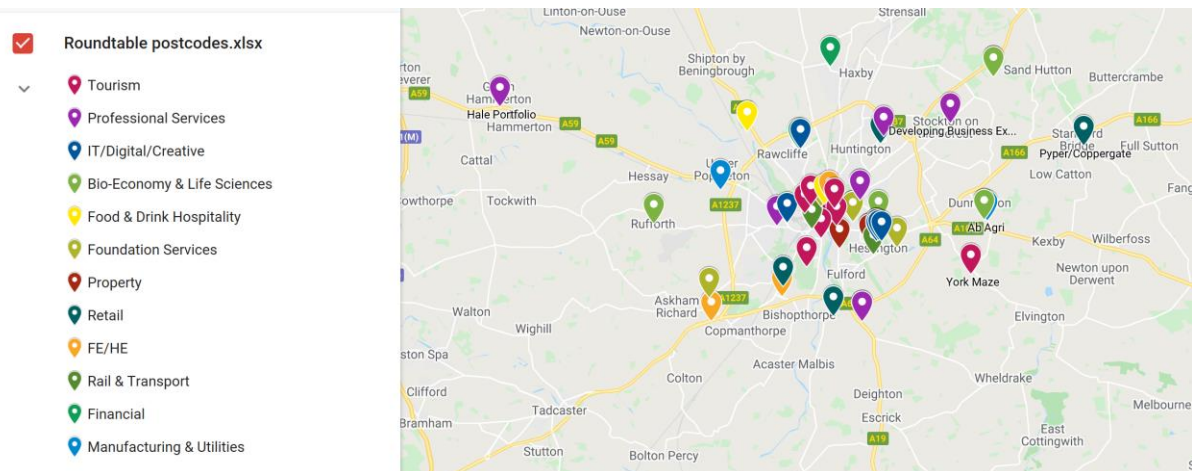


Figure 1: Location of businesses taking part in York's sector roundtables

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).

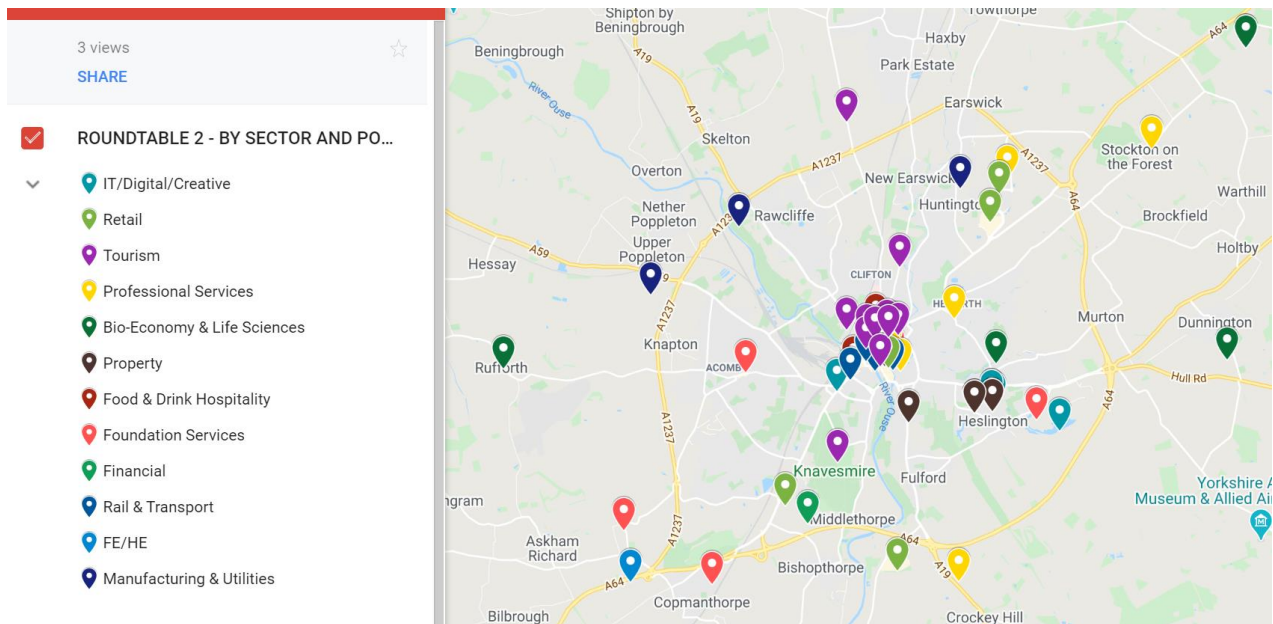


Figure 2: Location of businesses taking part in the second round of sector roundtable meetings

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

This page is intentionally left blank