



**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.

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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