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

**26<sup>th</sup> April 2022**

## **Inclusive Growth Update**

### **Summary**

1. This report summarises our developing narrative for York in the context of the Government’s Levelling Up white paper.
2. The report also provides an update on the actions set out in the Inclusive Growth Fund, as agreed by the Executive Leader at his Decision Session on 18<sup>th</sup> September 2019, and more broadly on recent data on the York economy as set out in Appendix A.

### **Recommendations**

3. The Executive Member is asked to:
  - 1) Note the developing narrative on Levelling Up in York
  - 2) Note the progress that has been made on the agreed Inclusive Growth Fund projects

Reason: So that the Council nurtures a pipeline of projects that positively address inclusive growth and Levelling Up in the City of York.

### **Background**

4. Government issued its Levelling Up white paper – “Levelling Up the United Kingdom” – in February 2022. This sets out the national approach to rebalancing the economy, and will guide local approaches as it is the framework against which funds such the Levelling Up Fund and UK Shared Prosperity Fund will be allocated. It is also a key document for other Government competitions such as that currently underway to decide the location of the new Great British Railways HQ.

5. The Levelling Up white paper sets out Government policy across a range of areas including infrastructure, skills, health, welfare and industrial development. Its purpose is to transform places and boost local growth, and it aims to foster innovation and private sector investment alongside local pride and resilience. Its scope is much broader than our focussed approach to inclusive growth, and the relevance of the White Paper extends beyond economic development and into key Council service areas such as transport, regeneration, skills, culture and communities.
6. As we have already set out, the York approach to Inclusive Growth recognises that 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. 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.
7. A budget of £300k was provided by the Council through its supplementary budget in 2019 which was allocated to eight projects by the Executive Leader at his Decision Session on 18th September 2019, as discussed below.
8. The current status of the Inclusive Growth Fund projects is as follows:

<b>Project title</b>	<b>Funding allocated</b>	<b>Current status</b>
Establishing a York Poverty Commission	£20k	In progress via York CVS
Community hubs as drivers of economic growth	£40k	Complete
Greening our retail estate	£70k	On hold during Covid pandemic
Community jobs fairs	£30k	In progress via York Learning
14+ vocational training and work	£50k	In progress via York College
Independent retail growth fund	£40k	Partially allocated, on hold during Covid pandemic

Mental health, wellbeing and employment	£25k	In progress via York St John University
York Economic Strategy consultation	£25k	Ongoing

## Levelling Up and the York economy

9. As the strongest economy in Yorkshire, York should also be one of the best performing cities in the country, yet we are only at or below the national average on both GVA and wage measures. Levelling Up for us means driving York up into the top 25% UK economies, providing a beacon for the rest of the North and opportunities for the millions who live within 60 minutes of our city.
10. For the Government, York provides significant Levelling Up opportunities, both in our local economy and across Yorkshire and the North East. Our economy exemplifies the challenges that the UK faces in spreading economic success beyond London and the South East.
11. Our most recent and important opportunity to capitalise on our heritage, location and highly skilled workforce is the bid for Great British Railway's National Headquarters (GBR HQ) to be located in York. This set out a strong case to invest in York and make the city a global hub for rail, while providing opportunities at all levels for the people of York, Yorkshire and the north. Seven hundred of the UK's most deprived communities are within 1 hour of York by rail, and this connectivity is key to making the most of York's opportunities in Levelling Up.
12. The nucleus of a world-class rail hub is already in place with the existing eco-system. It would be a catalyst across the region for people's aspiration, creating jobs at all skill levels across one of the most deprived regions in the country. It would also drive forward the regeneration of York Central, which will add £1bn GVA to the region's economy, meaning a double return on Government investment and maximising the impact on Levelling Up.
13. Our York Skills Plan 2020-2030 focusses on developing just this range of opportunity and shows the strength of commitment across the education and skills providers in our city to do just that. We are working closely with employers and the private sector to build the right pathways which will help the people of York and North Yorkshire to be ready for the jobs of the future.

## Progress on Inclusive Growth – recent evidence

14. Since our last report on Inclusive Growth in February 2021, the UK economy has encountered a number of distinct economic challenges and adjustments that continue to impact our businesses and residents way of life. At present, the main challenge is dealing with the significant rise in the cost of living. National inflation is now running at 6.2% with wholesale energy costs and fuel prices driving this rise. Price rises will impact consumer and business confidence, and a slowing of economic growth can be expected according to the Bank of England. York's economy is not immune these economic difficulties and will do well to escape the negative impacts.
15. At the same time, there has been a number of statistical releases which provide an updated, and generally positive, picture of the state of the York economy. In terms of productivity (the quantity of goods and services produced per unit of labour), York is in line with the UK's levels as measured by Gross Value Added (GVA) per hour worked.
16. In 2019, for one hour worked in York, £34.60 GVA is produced which is 80p less than the UK as a whole. Granted, the UK has been having productivity issues since the 2007-08 financial crisis, and we are still above neighbouring Leeds and the Yorkshire & Humber levels for productivity, but as the strongest economy in the region, we should be doing better. As stated above, our aspiration is for York to be in the top 25% cities in the UK for productivity and wages.
17. With regard to pay in York, the latest statistics from the Annual Survey of Hours and Earnings highlights the strength of the York economy in the North of the UK but also underline a need for 'levelling up'. Full-time median weekly (gross) pay in York for 2021 was £597.90 which is lower than the UK median of £610.70, but higher than all the Northern regions and most leading Northern cities. However, York's pay levels trail comparable cities in Southern England. For example, Cambridge's and Oxford's median weekly pay is £130 and £67 higher than York's.
18. There are some positive signs that York's economy has benefited those lower down the income scale. Looking at the total weekly (gross) pay of residents across different income percentiles from 2008 to 2021, it is the lowest incomes that have grown the most in annual percentage change terms. The bottom 10<sup>th</sup> percentile grew 50%, 20<sup>th</sup> percentile by 46% and the 30<sup>th</sup> percentile by 51%, whilst the 80<sup>th</sup> percentile grew 31% and the 60<sup>th</sup> and 70<sup>th</sup> percentile grew 33%.

19. At the same time, looking at the regional gross disposable household income (GDHI) per head of population between 1997 and 2019, York appears to be trailing comparable Southern cities. GDHI is the amount of money that all of the individuals in the household sector have available for spending or saving after they have paid direct or indirect taxes and received any direct benefits. It is estimated that a York household's GDHI was £20,216 in 2019. Bath & NE Somerset, which has roughly 15,000 less people than York, had a GDHI of £22,848 in 2019. Cambridge's GDHI was £25,105 in 2019.
20. York continues to remain a highly skilled city. Using data from the Annual Population Survey, which is based on interviews with the members of randomly selected households in the UK, it is estimated that in December 2020 that 47% of York's working age population had a NVQ4 or higher, which is 4 percentage points higher than the UK. 83% of York's working age population was estimated to have NVQ2 or higher and just 5% were estimated to have no qualifications.
21. The highly skilled status of our working age population is reflected in the type of jobs that exist in York. Using data from the Annual Population Survey, we can compare the levels of employment registered in high skilled, middle skilled, service-intensive and manual jobs from December 2004 up until September 2021. As of September 2021, York now has 21,300 more high skilled jobs which is a massive success. At the same time, it has lost 3,600 middle skilled jobs, 3,200 service-intensive jobs and 1,400 manual jobs. In total York has 61,700 registered in high skilled jobs, 18,800 registered in middle skilled jobs, 13,000 registered in service-intensive jobs and 16,400 in manual jobs.
22. Delving deeper into these jobs statistics, it appears that many of the part-time opportunities in York exist in sectors where pay is typically lower in comparison to other sectors. From the latest cut of Business Register and Employment Survey, the sectors in which part-time employment is highest are Retail and Wholesale (8,000), Health and Social Work (7,000) and Accommodation and Food (6,000). The Accommodation and Food sector is the only sector in York in which part-time work (6,000) is greater than full time work (4,000).
23. York's claimant count has continued to decrease. In fact, since February 2021, the number of people claiming out of work benefits decreased for 11 consecutive months. The provisional figure for February 2022 is that there is 2,870 people claiming out of work benefits, which is still roughly 1,000 more people than pre-Covid and the highest number since April 2013, suggesting that the pandemic has left some scarring on the labour

market. It is worth noting, however, that back in February 2021 there were 4,925 claiming out of work benefits and a further 15,900 furloughed, highlighting the progress made in this area. York also continues to remain the best performing city on the Centre for Cities unemployment tracker with just 2.6% of its working-age population claiming unemployment-related benefits.<sup>1</sup>

24. New statistical releases also show that York's house and rent prices have further increased. Unlike the 2007-08 financial crisis, house prices in York have continued to rise since the first Covid-19 lockdown. In fact, house prices have continually risen since 2011 with the average price paid for a dwelling in the year ending September 2021 being £315,260<sup>2</sup>, which is an increase of £27,627 from a year earlier. This is higher than the Yorkshire and Humber region average of £227,615 but lower than the English and Welsh average of £350,984. In terms of rents, the overall average for rent payments in York was £853<sup>3</sup> in the year ending September 2021, which is an increase of £59 from a year earlier. Median rents increased by £25 for studios, 1 bedroom, 2 bedroom and 3 bedroom properties from a year earlier. These increases have resulted in York being ranked as an area that has housing affordability similar to the average for England and Wales but poorly in comparison to much of the north of the UK<sup>4</sup>.

## **Inclusive Growth Fund Project updates**

### ***Establishing a York Poverty Truth Commission***

25. Funding for the Poverty Truth Commission (PTC) has now been released to York Centre for Voluntary Services (CVS) who are now working to establish a commission. Across October 2021 two preliminary sessions were held to get an understanding of what a PTC might look like in York and to talk to those who might like to get involved. Since then York CVS have been looking at other PTCs and the type of organisations that could help them find Community Commissioners. York CVS are now about to

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<sup>1</sup> Centre for Cities Unemployment Tracker – <https://www.centreforcities.org/data/uk-unemployment-tracker/> - last updated on the 15/03/22

<sup>2</sup> ONS: Mean house prices for administrative geographies: HPSA dataset 12 – <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/meanhousepriceforationalandsubnationalgeographiesquarterlyrollingyearhpsadataset12>

<sup>3</sup> ONS: Private rental market summary statistics in England – <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/privaterentalmarketsummarystatisticsinengland>

<sup>4</sup> ONS: Housing Affordability in England and Wales: 2021 – <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/2021>

start talking to organisations about recruiting commissioners and this will be the basis of their work for the next few months.

### ***Greening our commercial estate***

26. This project remains under review, with investment on hold during the Covid pandemic

### ***Community Hubs***

27. As outlined in the previous report, this project is complete.

### ***Community Job Fairs***

28. The Community Job Fairs, run by York Learning have also been subject to postponements due to COVID. These events usually take place twice a year at the York Railway Institute, however there was no Fair at all in 2020 due to the restrictions in place.
29. The team was able to run a Fair in October 2021, but it had to be limited by COVID restrictions in terms of exhibitor numbers and attendee capacity.
30. By contrast, the Job Fair in March 2022 had much more of the 'buzz' usually associated with previous events. Although the number of exhibitor numbers had to be limited to allow for social distancing, as well as guest numbers being capped at 60 at any one time, this was an increase of 20% on the number of attendees from October 2021. All exhibitor slots were filled and a waiting list had to be established to cope with interest. It was positive to note that the numbers of attendees increased to just over 130, with a total of 402 prospective job seekers attending.
31. Based on this experience, plus the obvious interest from companies coming to exhibit, the next event planned for later in 2022 will increase delegate numbers back to pre-COVID levels of 80 exhibitors.
32. From a York Learning perspective, the team has benefited hugely the Job Fairs initiative, and they have been able to recruit learners for various programmes including ever-popular English and Maths, ESOL provision, their vibrant Information, Advice and Guidance programme and the thriving Digital Skills courses.
33. The Work Based Learning team was also able to give out information on apprenticeship courses with local and regional employers in the area and offered 23 jobs with local employers. The IAG, Functional Skills, ESOL and Family Learning teams have reported 17 referrals onto their courses

from the Job Fair, and the Digital Skills offer had 16 referrals, with a number of those already starting their course, or signing up for a course.

### **14+ Vocational Training and Work**

34. There are ten Year 11 students training in Construction at York College at present. This has been a one year course due to COVID disruption. The intention is to run a new 10 place cohort studying for two years from September 2021, as was the initial intention.
35. *Kickstart* placements had to commence by 31<sup>st</sup> March 2022, which means the most recent six month placements will end on 30<sup>th</sup> September 2022. There is no expectation within the scheme for employer to employ (and take over paying salary, pension and NI) beyond that date but participants should be in a stronger position to apply for other roles / progress after having been on the programme.
36. The impartial [Apprenticeship Hub](#) is here to support employers interested in taking on apprentice, including those who wish to progress their *Kickstart* employee via the apprenticeship route.

### **Independent Retail Growth Fund**

37. Whilst this work on this has not progressed as resources have been diverted to COVID support work, measures have been taken to ensure independent local businesses have received as much targeted support as possible. Now that Government support has ended, the remaining element of this fund is available to continue our activity over the coming year. A Traders' forum will be held shortly to discuss the best use of what funding remains.
38. The resources provided by Government during the pandemic have been used to support and expand our work with independents. Some examples of work delivered are as follows:

#### *Strong business and partner engagement*

39. The Council recognised that additional difficulties caused by the pandemic compounded existing challenges faced by the evolution of the High Street, the changing needs of customer experience and pressures brought about by online shopping and out of town centres.
40. The Economic Growth Team has continued to increase engagement with York businesses, supporting Traders' Associations across the city, holding



roundtable sessions and business breakfasts to better understand how the authority can support local business, and has strengthened the working relationship with Indie York by maintaining a regular dialogue with them.

41. Numerous local projects have been enabled through this partnership work, including the Goodramgate Heritage Trail map, the 2021 Micklegate Mingle and Snow in the Shambles, all of which were designed to increase footfall and boost the economy across York, as well as encourage greater consumer confidence.

#### *Financial support and grant funding*

42. The Council has been able to alleviate some of the pressure on businesses through a series of grants to traders' associations and partner organisations, either directly from the Council, or from Government.
43. Several of these awards have been granted specifically to provide training programmes and skills support to aid post-pandemic recovery and secure employment after a difficult two years. Delivery of these schemes by partners including the Chamber and the Federation of Small Businesses will continue over the coming year.
44. The Council's Micro Business Grant was touched upon in the last report, and since then the Council has been able to award millions of pounds in support to businesses through various Government –funded schemes. The independent evaluation of the Micro Business Grant scheme showed that our intervention 300 businesses running through the early days of the pandemic, safeguarding nearly 500 jobs.
45. Most recently, the Omicron variant prompted the Government to allocate local authorities a further £102 million of funding for ARG payments, in parallel with additional rates-related grants through the Omicron Hospitality and Leisure Grant (OHLG).
46. York's share of the fund was £300,786, and this was used to support businesses experiencing at least a 30% drop in income as a result of the rise of the Omicron variant, but who were not eligible for any other form of COVID-19 grant.
47. To administer the funding, the Council was required to establish a robust and auditable application process, bearing in mind that previous award schemes had been open to abuse across the country, and it was essential that funding went to eligible recipients.

48. In total, 195 applications were received, with 117 of those agreed based in the criteria set out on the Council's website. Funding remaining in contingency meant that the Council was able to award an additional £492.40.
49. In November 2020, Portfolio Holders approved a recommendation for £500k from the Council's Additional Restrictions Grant allocation to be allocated to a voucher-based scheme to support local businesses affected by pandemic
50. The rationale for delivering a voucher scheme was that it enabled businesses to think through the key issues they face before accessing local specialist resource to begin implementing these changes and the Council has been able to support 355 businesses to embark upon, and deliver, 434 projects locally.

### *Sector specific challenges*

51. Although many businesses were able to flex in response to the challenges placed upon them by COVID restrictions, it became very clear from the direct pleas for assistance received that specific sectors were being more seriously impacted by restrictions than others.
52. In particular, the independent travel industry, music venues and events spaces were unable to trade in any capacity, leading to a devastating effect on their industries.
53. With Member agreement, the Council has been able to award ARG funding to these sector members to help lead them through the various Government phases out of lockdown, and thereby ensuring the survival of many SMEs who would otherwise have failed.
54. Without exception, the feedback from the recipients of all grant funding has been overwhelmingly positive.

### ***Mental health, wellbeing and employment***

55. A series of programmes initiatives and funding schemes have taken place since the last report, all of which were designed to support mental health, wellbeing and employment in the city.

## *Mental Health at York Business Week*

56. Although we have now emerged from the tightest of the constraints brought about by the COVID 19 pandemic, the last two years have been extremely challenging in terms of mental health, wellbeing and stress, and small and micro businesses have been hit especially hard. The theme for York Business Week (YBW) in November 2021 was “Rebuilding for Growth”, aiming to engage the business community by delivering a week largely virtual content specific to business needs.
57. Hosted by City of York Council, and with key speakers from the University of York St. John with expertise in mental health, one of the events at YBW was Healthy Minds at Work. This brought people together to hear a series of topics, from academic research to practical support, and to listen to those from those who have had to overcome their own challenges.
58. Other organisations present included York CVS who spoke shared their Time to Change York project alongside a volunteer ‘champion’ who shared their experiences of mental ill-health to help end mental health stigma and discrimination in York, and a representative from Better Connect, who talked about the Thriving at Work project to help employees and SMEs thrive in the workplace.

## ***York Economic Strategy and Partnership***

59. Over the coming months we are continuing to develop the Economic and Climate Change strategies, as well as the Local Transport Plan and we want resident engagement (through the Our Big Conversation programme) to be more inclusive than ever to help shape and inform these key strategies.
60. To do this, we are using analysis, networks and inclusive approaches to make sure that Phase 2 of Our Big Conversation reaches all of York's communities, including the disabled community, children and young people, older people, students, black and minority ethnic people, and the LGBTQ+ community.
61. We reached over 2,000 residents in Phase One of Our Big Conversation but we know that certain communities were under-represented. This is why, during Phase Two of the programme, we want to focus on the views of these communities as well as collecting further insight to develop and implement these important strategies shaping York’s future.

62. This second phase of the engagement will inform the final stages of development and implementation of the Economic and Climate Change strategies, as well as the Local Transport Plan.
63. Phase two engagement will be more targeted than the earlier attitudinal survey, allowing us to test the acceptability of priorities defined within the draft strategies; deepen insight into the approach needed to implement these successfully (motivations, barriers and interventions); and understand the aspirations and attitudes of 'missing audiences' in phase one engagement (audiences identified below).
64. Resident engagement will follow the principles of the council's resident engagement strategy. The engagement approach will make sure key audiences understand other perspectives and explore responses together in the setting of focus groups and in how we discuss and describe the engagement activity. For this stage, we also want to test particularly whether audiences are motivated by inspirational case studies and as a result, might report differing acceptability of strategic proposals to those who do not hear about the case studies.
65. Specifically, this includes:
  - Testing the acceptance of the current four key strategy headlines and subsequent priorities – gaining understanding on the required actions/policies/interventions needed to support residents and businesses.
  - Understanding the barriers to businesses adopting carbon reduction policies.
    - Cost/funding
    - support/training/workshops
    - networks/collaboration
  - Ideal business space – location, size, neighbours, cost, flexibility.
  - Further understanding the financial impact of the pandemic amongst those who identify as "worse off".
  - Understanding barriers to employment and prosperity (aspirations) for under 30s in York (interventions).
  - Understanding how York's transport connections impact businesses.
66. Following completion of this extensive and detailed consultation phase, a draft of the Economic Strategy will be taken to Executive in May, with the

completed Strategy scheduled to be signed off by Full Council in October.

## Consultation

67. 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.
68. Consultation proposals for each initiative under the sub-themes will be set out in individual Project Initiation Documents.

## Council Plan

69. The projects in the Inclusive Growth Initiatives Fund 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

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Director – Housing, Economy &  
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Report  Date  
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)