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

**26 July 2022**

## **Quarterly Economic Update**

### **Summary**

1. This report presents updates on the local financial climate, core business support work and Council-led initiatives, and includes an update on the state of the national and local economy, key account management work, progress against major milestones, and inward investment.

### **Recommendations**

2. The Executive Member is asked to:
  - a) Note the contents of the report

Reason: To support York's ongoing economic work and understand how York is performing from an economic perspective.

### **State of the Economy**

3. The UK economy is currently experiencing significant challenges which are creating negative impacts for York's residents and businesses.
4. As we moved into the second quarter of 2022, households and businesses will have felt the impact of rising costs with utility bills and National Insurance tax contributions increasing from the beginning of April.
5. The pressures of the cost of living and the cost of doing business have not eased throughout the quarter with transport and food costs both rising during this period. In June 2022, the average cost of fuelling a family car passed the £100 mark and grocery prices rose by 8.3%, a 13 year high, meaning that annual grocery bills, on average, will increase by £380 this year.
6. The price rises led to national inflation hitting 9.1% in May, resulting in the Bank of England (BoE) raising base interest rates to 1.25%, another

13 year high. The BoE estimates that inflation will peak at 11% in October this year, and that the UK economy will shrink by 0.3% over Q2 this year, posing the risk of so-called 'stagflation' – a combination of stagnant economic growth and high inflation.

7. Due to the economic climate, and with recruitment challenges in specific sectors, employers across York are increasing pay levels both to support existing staff with the cost of living and to attract new staff. This is a trend now seen across the whole of the country, alongside growth in employment to record levels as discussed below.

### Employment and Skills

8. The demand for labour in York remains strong. The number of job vacancies within a five mile radius of the centre of York steadily picked up from the previous quarter, with continued increases throughout May.
9. There was an increase of 600 vacancies between the beginning and end of May, reaching a peak of 3,871 vacancies, the highest recorded level of vacancies since data tracking began in August 2021. Whilst it is likely that some of these vacancies were generated for seasonal summer employment purposes, numbers are still unprecedented.

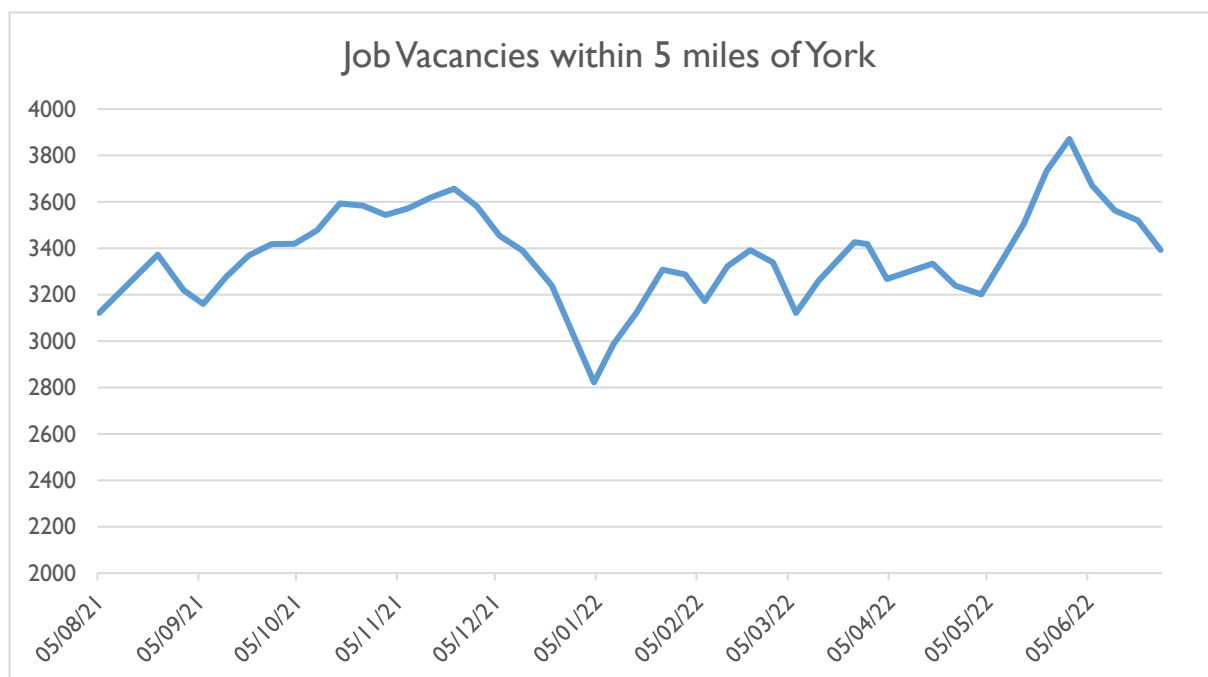


Figure 1: Total vacancies within 5 miles of York August 2021 to present

10. The supply of York-based labour continues to decrease. The number of those claiming out-of-work benefits, as measured by the claimant count, fell for March, April and May. This means that the claimant count has decreased for 14 consecutive months, which is a remarkable success. The provisional reading for May shows the claimant count at 2,585

people, 765 more people than March 2020 when the Covid-19 pandemic hit the UK.

11. In parallel with a high number of vacancies, newly available statistics from ONS record monthly totals of those employed in York, including a seasonal adjustment for short term work. The data shows that employment in York has reached an all time high with 92,500 employed in York-based companies. Figure 2 shows the historical trend.

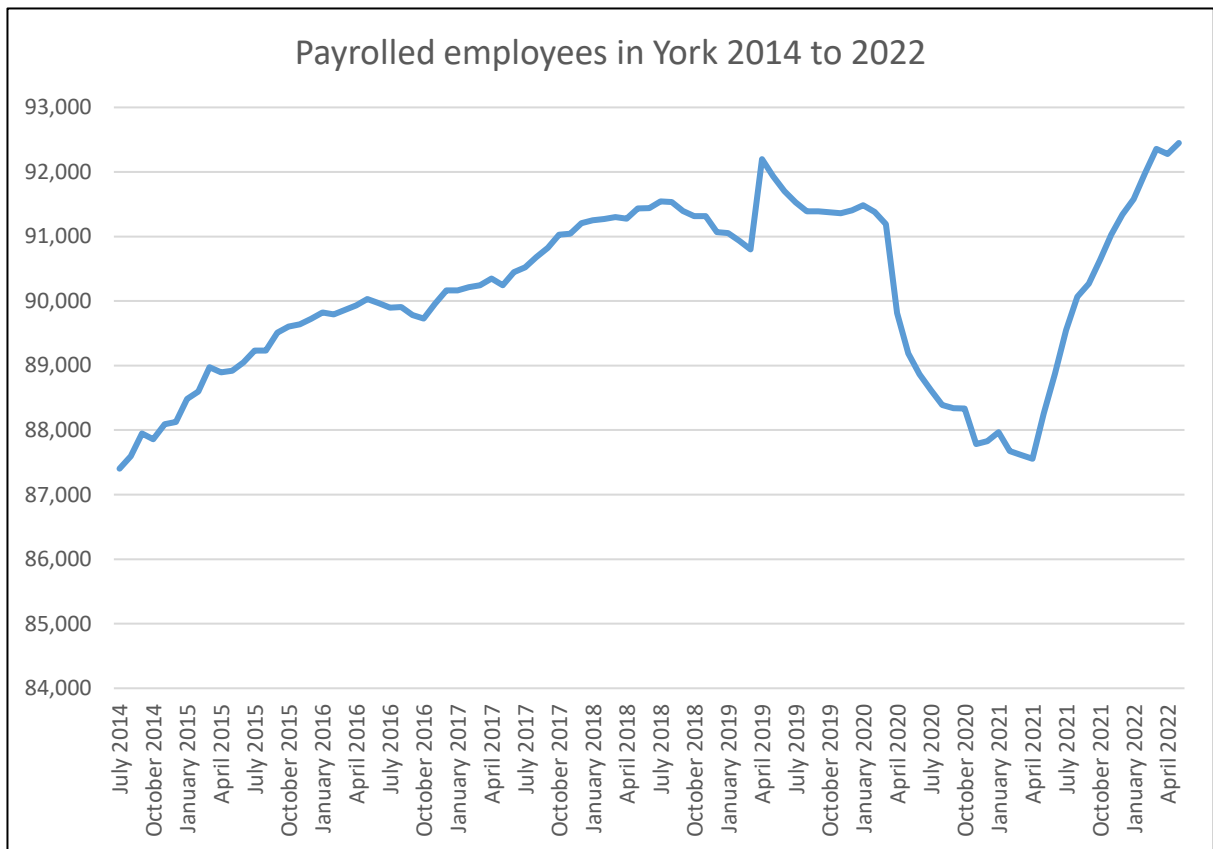
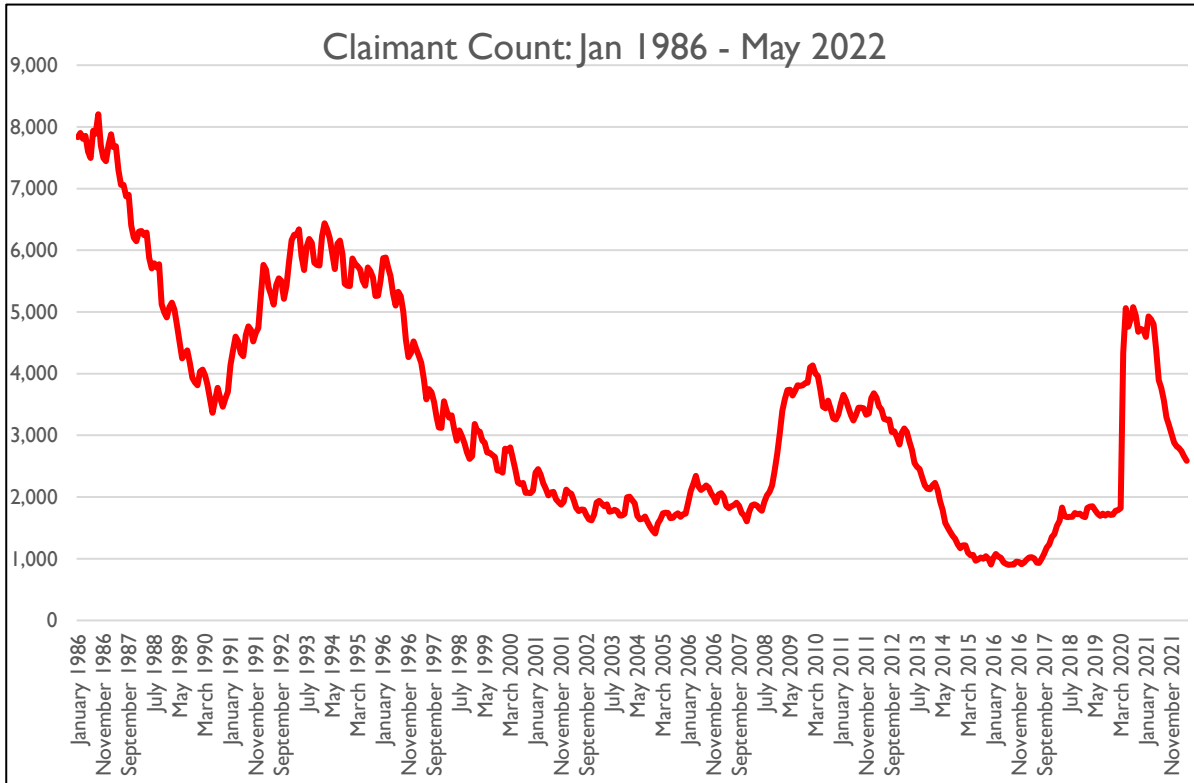


Figure 2: Employees in York (experimental ONS statistics)

12. Although York has been one best performing cities in the UK for reducing unemployment thorough Covid-19 pandemic, the claimant count is still high on recent historic levels. Pre-Covid, the claimant count is at its highest since May 2013 and latest readings show 5,272 people claiming Universal Credit whilst in employment in York. As such, there is still progress to be made in getting residents into well-paid employment.
13. York's workforce remains one of the most highly-skilled in the UK. The latest reading from the Annual Population Survey, estimates that 59% of its working age population (16-64) have a NVQ4 or higher, which is 15.5% higher than the UK.

Figure 3: Claimant Count Jan 86 to present

14. 88% of York’s working age population are estimated to have a NVQ2 or higher, with just 3.7% estimated to have no qualifications at all. This pool of talent in the city is a major asset, making York an attractive prospect for to any prospective business wishing to locate in the city.



**City Centre footfall (see Annex A)**

15. York’s city centre continues to perform well. According to the Centre for Cities High-Street Recovery tracker, York remains in the top 10 cities in recovering pre-Covid footfall levels.<sup>1</sup>
16. According to our own data from the Movements Insights platform, there has been a 36% increase in footfall across the first half of the 2022 in comparison to previous year. The average weekly footfall for first 6 months of 2022 is 122,107 in comparison to 89,496. As can be seen from Figure 3, footfall tends to peak in school holiday periods.

<sup>1</sup> Centre for Cities – High Streets Recovery Tracker – <https://www.centreforcities.org/data/high-streets-recovery-tracker/>

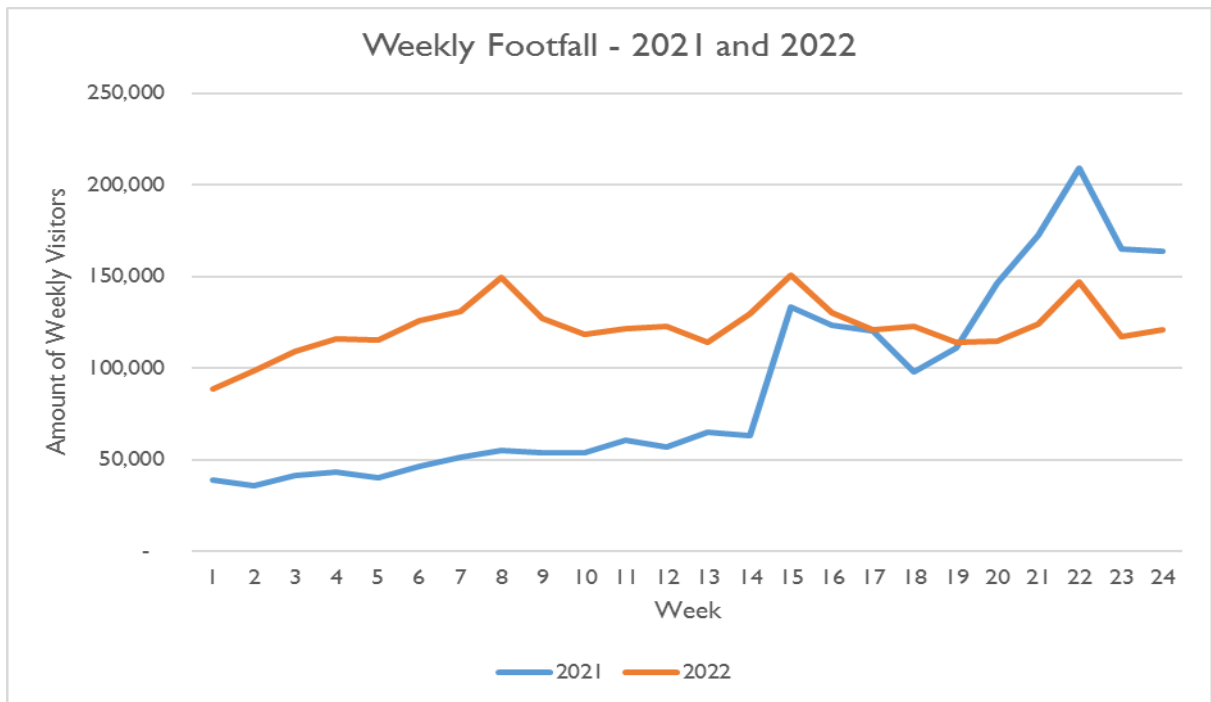


Figure 4: York weekly footfall

- The total number of visitors coming to York has remained consistent across 2022, with 1.5 million visitors across both quarters. This is a lower number of visitors in comparison to the end of 2021, as illustrated in Figure 4 below.

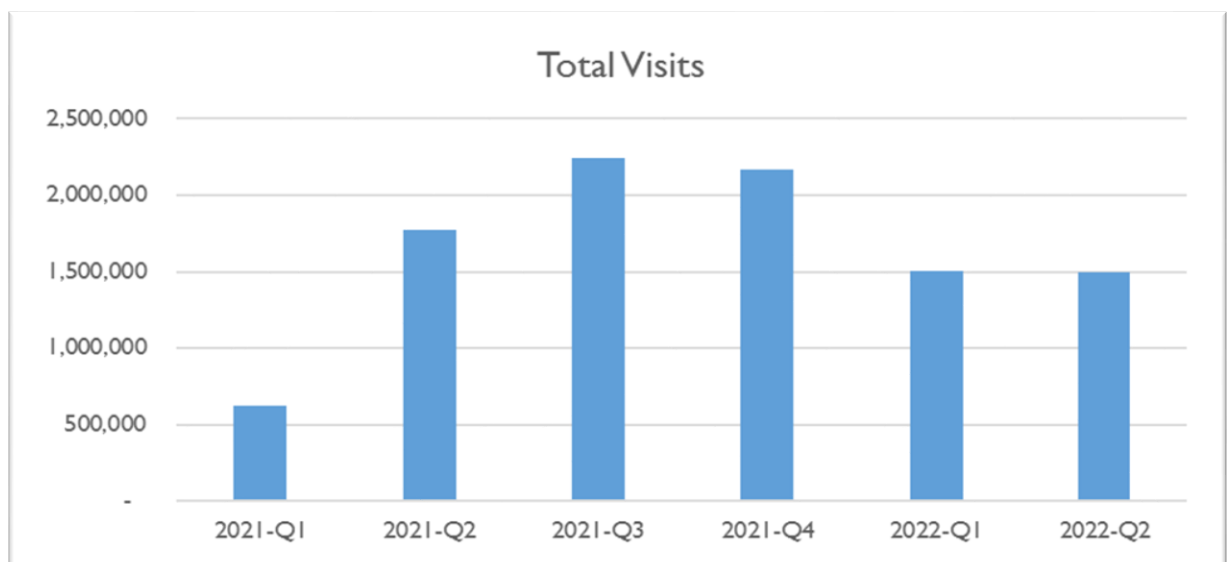


Figure 5: Total Footfall

### Rail strike impact

- At the end of June, rail workers went on strike across the UK causing significant disruption to rail travel. There were concerns that this would

impact city centre footfall, with UK Hospitality, the trade body for hospitality businesses, estimating that it could lead to drop of 20% in spending in cities and towns. Whilst spending data is currently not available for this period, footfall data suggest these strikes had a muted impact on York's city centre.

19. The total footfall for the week commencing the 20<sup>th</sup> June was 173,160 which was a 5.5% increase from the week prior, bucking the trend for North Yorkshire and the UK which saw a 2.3% and 2.6% decrease in footfall. On two of the strike days, Tuesday 21<sup>st</sup> and Thursday 23<sup>rd</sup>, footfall was down from the previous week but Saturday 25<sup>th</sup>, the final strike day, was the busiest day of the week in the city centre with 32,965 visitors.
20. Future strikes across various industries have been mooted for the remainder of the year, so the combined impact of industrial action remains to be seen.

#### **COVID impacts**

21. Validated cases of COVID have slowly begun to rise over the last six weeks, having reduced considerably in recent months.
22. The June figures<sup>2</sup> show 230.3 cases per 100,000 in York, a rise from 119.9 cases in April, and 90.5 in May. This latest figure is higher than both the national figure of 199.3 cases and the regional number of 167.2. The trajectory and impact on the economy of this figure remain to be seen, but it is of note given the challenges already being faced by businesses.

#### **Great British Rail Headquarters bid**

23. On 5<sup>th</sup> July 2022, the Department for Transport announced that York as one of six locations, shortlisted from 42 other candidates, as potential host of the UK's prestigious Great British Rail (GBR) Headquarters.
24. GBR will be the single, accountable public body responsible for the strategic running of Britain's railways, for both passengers and freight – essentially the new home of British rail. As part of the Levelling Up agenda, a successful outcome would be a key factor in strengthening the thriving specialist rail sector that already exists within the City, as well as creating 1,600 high value employment opportunities and boosting the economy by a predicted £110m.

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<sup>2</sup> Figures taken from KPIs 47, 48 and 49 on the Council's KPI database maintained by the Business Intelligence Team.

25. York already has a long history in the rail industry, with a relationship established in the 1830s and as home to the world-renowned National Railway Museum, but must now compete against Birmingham, Crewe, Derby, Doncaster and Newcastle Upon Tyne to win public votes via an [online poll](#). The final decision will be made by Transport Secretary, Grant Shapps, later in the year.

### **York Festival of Business (YFB)**

26. York Festival of Business is the new moniker for York Business Week, an event that has run very successfully in the City for the last eleven years.

27. The event has now been reformatted for the twelfth year, and will run for the whole of November 2022. This recognises that, whilst the Council plays a key role in organising the event, responsibility for the economic welfare of the city is something to which all stakeholders should contribute. It also means that the event can be more inclusive by offering broader options to attend and take part.

28. The key objectives of the event are:

- Engage the business community with content specific to business needs right now including inflation pressures and challenges
- Enable businesses to benefit from a range of prominent speakers, and business leaders.
- Facilitate the platform to include businesses of all sizes to promote peer to peer support and develop local supply chains
- Reflect the aims of City's Economic Strategy and promote good business practices for all businesses including sustainability, carbon reduction, internationalisation and human resources
- Bring the business support community together to strengthen links, networks and foster business community collaboration

29. This year YFB will launch the new Economic Strategy for the City. Each of the themes guiding the Strategy will be led by a key partner who will stage a series of around five related events over three days. These will be:

1. An economy driven by good business
2. Creating the right conditions for sustainable growth

3. A greener economy
4. A thriving workforce
5. York as a global City of York Council

30. Strategic partners have been proactive in expressing the desire to participate in the event, and both Universities, York, North Yorkshire LEP, York Science Park and the Institute of Directors, along with the Council, will lead the themes, with responsibility for developing a series of complementary events, seminars and networking.
31. The detail of the format and content is in development, and discussions are continuing on a bespoke website for the event.

### **Traders' Association roundtable event**

32. As a continued response to needs of local business organisations and a commitment to business engagement, a Traders' Association roundtable session was held in June.
33. This allowed business and association representatives to meet virtually and listen to the latest updates, as well as to ask questions of Council officers and the Executive Portfolio holder about ongoing projects and initiatives.
34. The Chief Executive of the Good Business Charter attended to share the achievements of the organisation in York so far, and to celebrate the first anniversary of this ethical capitalism initiative. An update on My City Centre was also provided by the Regeneration Team.
35. Traders are also invited to apply for a share of the remaining Independent Retail Growth Fund monies totalling £25,000. Applications must suggest an event or initiative, along with expected outcomes and benefits, and in particular, Winter and Christmas events are encouraged to ensure that the impact of the funding benefits as many businesses, residents and visitors as possible.

### **The Council's Business Bulletin**

36. The Council is unequivocal about the importance of small and micro-businesses to the foundation economy. They are fundamental as employers, generators of growth, innovation and resilience.



37. To offer timely support to this network of businesses, the Council produces a weekly business bulletin, which has become a valuable means of communicating key business support information.
38. As a result, the Economic Growth team are receiving multiple requests for support, advice and signposting to finance from businesses who would otherwise have not known that this was available to them.
39. One of the most recent releases of the bulletin shares information on business networking events, Business Rate reduction support, signposting to the Business Growth Managers, how to support Ukrainian refugees, sector engagement opportunities as well as national events and funding.
40. 2,000 business have now signed up to the bulletin, with new registrations every week, proving the value of clear communication with our business networks.

### **York Growth Hub**

41. In the last two months, the Economic Growth Team has provided business support and advice via the Growth Managers to multiple businesses across a broad range of city sectors, most of which are SMEs.
42. Challenges to trading remain, with some proving too much for some business owners who have had to cease trading, whilst others have had to put plans on hold. Pressures and instability are not expected to ease any time soon, and, anecdotally, major problems include:
  - The cost of doing business has increased on all levels
  - Spiralling energy costs and fuel
  - Staffing and recruitment issues – one member of the finance sector has reported needing to outsource work to India/Sri Lanka, and believes this is common practise
  - The business support landscape is becoming more and more confusing, and many businesses are looking for support, whether it is website development, SEO, training or connectivity.
43. In addition, the Growth Managers have maintained a dialogue with key organisations crucial to business support, development and growth including the Chamber, the University of York and York St. John, the Institute of Directors and the Department for International Trade. Each of these bodies, and their peers, are fundamental in looking for opportunities for York business and keeping York open for business.

44. The *Connect over Coffee* business networking sessions remain both popular and well attended, and the final in a series of *Women in Business* events produced in partnership with NatWest took place in early July, also proving popular amongst the business community.

### **Inward Investment**

45. In June, four new enquiries were received from businesses either looking to relocate to York, or to change their current premises in the city. The spaces requested range from complementary space for an existing business to potential supermarket sites, and all options are currently being considered.
46. A final draft of Living in York has now been produced and, content is also in development for two further promotional pieces – ‘York facts and figures’ and ‘York’s centre of excellence’ to attract new investors and inspire existing occupiers who may be thinking about a change in premises.
47. Several new partners offering business support and advice have emerged over the last few weeks, not least the *Enterprise Centre* at York St. John University, the University of York’s *Enterprise Works* and Barclays’ *Eagle Labs*, based at Guildhall. Ways to gain the optimum benefit and tailor the offer from an ever broadening range of business support organisations is being developed.

### **UK Shared Prosperity Fund (UKSPF)**

48. The first meeting of the UKSPF Partnership Board has now taken place, bringing together representatives from education, community and voluntary groups, the Police and Crime Commissioner, business, the public sector and local MPs to steer and advise upon the content of the Investment Plan, the content of which is required by Government for submission and subsequent appraisal by the end of this month.
49. Supporting the wider Levelling Up agenda, objectives of UKSPF comprise:
- Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging
  - Spread opportunities and improve public services, especially in those places where they are weakest
  - Restore a sense of community, local pride and belonging, especially in those places where they have been lost

- Empower local leaders and communities, especially in those places lacking local agency
50. Discussions have centred on outputs and interventions that can be set against the challenges and needs of the three investment priorities– Community and Place, Supporting Local Business and People and Skills.
51. In addition, there is a plethora of ongoing local initiatives, strategies and plans to which the Investment Plan should align, making this a complex and detailed piece of work to be delivered within very short timescales:
- Community Hubs
  - Health & Wellbeing Strategy (emerging)
  - Financial Inclusion Steering Group
  - Digital Inclusion Strategy
  - My City Centre Action Plan and Steering group
  - Acomb Front Street Plan
  - York Skills Plan 2020-2030
  - York Skills Board
  - York & North Yorkshire LEP and strategies
  - Economic Strategy (in draft)
  - Covid Recovery Plan
  - Economic Partnership (emerging)
  - Business Leaders Group
  - York & North Yorkshire LEP and plans
52. The Council will also seek to optimise investment potential by leveraging existing funding alongside the £5.1 million UKSPF allocation, much of which is revenue funding and will be drawdown in three tranches over a three year period.
53. Once the agreed Investment Plan has been submitted to Government, it will be considered for approval by October, with funding allocation and contracts with providers scheduled to begin in November 2022.

### **Covid-19 Additional Relief Fund (CARF)**

54. On 25 March 2021 the Government announced a new COVID-19 Additional Relief Fund (CARF) of £1.5bn.
55. The fund is available to support those businesses adversely affected by the pandemic but are ineligible for existing support linked to business rates, such as the Extended Retail Discount and Nursery Discount. The fund compensates through business rate relief, not grant, in respect of the 2021/22 financial year.

56. The Economic Growth Team continues to assess these applications by checking eligibility and the adverse impact of the pandemic on applicants. Council officers in the Business Rates team are then applying the relief to the account of the successful applicants.
57. Applications for CARF will close on 16 September 2022 with the last date of any possible award being made on the 30 September 2022.

### **Economic Strategy**

58. A draft report of the Council's new Economic Strategy was brought to the Executive Member for Economy and Strategic Planning on the 28<sup>th</sup> June 2022.
59. Both the draft Strategy and terms of reference for the Economic Partnership, who will hold responsibility for implementing and monitoring the strategy, were approved with the caveat that the existing references to low pay and poor health and wellbeing outcomes were further drawn out for clearer impact.
60. The Customer and Corporate Services Scrutiny Management Committee and the Health and Adult Social Care Policy and Scrutiny Committee both supported refining stronger health inequalities links within the Strategy at its joint meeting on 13 July 2022, and health and social care interests are also represented on the membership of the Economic Partnership Board.
61. The Executive Member also approved the initiation of the next phase of strategy consultation, which is now underway. This consultation involves the following:
  - May – Our Big Conversation - targeted focus groups
  - June to August – Our Big Conversation - 6 week resident, business and partner consultation
  - July – Joint economic/transport and climate change Scrutiny
  - July to August - Open call for comments on draft Economic Strategy
62. As this consultation progresses, we will study the results carefully and refine the draft strategy accordingly. These refinements will be articulated to the Executive Member before the final strategy is brought before the Executive.

## Consultation

63. Consultation and engagement on the economy, and related issues, through Members and officers, partners and residents are a pivotal elements of our approach, and central to informing our work using evidence-based information and research.
64. All ongoing consultation work has been outlined in the body of the report.

## Council Plan

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

## Implications

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

## Risk Management

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

## Contact Details

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**Chief Officer Responsible for the report:**

Tracey Carter  
Director for Housing, Economy and  
Regeneration

Report  Date: 18 July 2022  
Approved

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

**For further information please contact the author of the report**

### Glossary:

ARG – Additional Restrictions Grant  
BID – York Business Improvement District  
BoE – Bank of England  
BGVS – Business Growth Voucher Scheme  
DfE – Department for Education  
DIT – Department for International Trade  
GBR – Great British Rail  
GVA – Gross Value Added  
ITU – Intensive Therapy Unit  
LEP – Local Enterprise Partnership  
LGC – Local Government Chronicle  
OHLG – Omicron Hospitality and Leisure Grant  
ONS – Office for National Statistics  
SME – Small and medium (business) enterprises

### Background Papers:

**Annex A: Movement Insights report, June 2022**