

Annex 1



Topic: Update on the city's response to Covid-19

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Summary

1. The following report sets out the impact of Covid-19 on York, and how the city has responded to the pandemic to date. It also outlines how the council will continue to work with partners and stakeholders as social distancing continues through to the full roll out of the vaccine.

Recommendations

2. To deliver the next phase of Covid-19 response it is recommended that:
 - a. Executive note the next steps taken to date to respond to the pandemic that are set out in this report
 - b. Executive endorse the recommendation of the Executive Member for Finance and Performance in November 2020 to :-
 - i. Implement a discretionary grants scheme providing support to the businesses outlined and at the levels indicated in the paper to run until March 2022.
 - ii. Instruct the Head of Economic Growth to develop more detailed proposals for a business support voucher scheme for consideration at a subsequent Executive Member Decision Session
 - iii. Allocate a preliminary budget of £200k from the Additional Relief Grant (ARG) funding to fund future activity aimed to accelerate economic activity during the next reopening
 - iv. That officers bring back a further report to the relevant Executive Member Decision meeting to consider amendments to the Additional Relief Grant ARG eligibility criteria.

The impact of Covid-19 in York

3. 2020 was defined by the Covid-19 global pandemic which has resulted in an unprecedented modern day disruption to our daily lives. In the

battle to restrict the spread of the infection, protect the NHS, and save lives, significant restrictions and measures, unprecedented in peacetime Britain, have been required of the general public. This has had wide-ranging impacts on society and the economy, and the disruption and economic impact is likely to continue well into 2021. Although huge breakthroughs have been made in the development of vaccines that will allow a return to normal, it is unlikely that the level of immunity required to relax all restrictions will be in place for some time. What a return to normal will look like is also uncertain, as many of the fundamental societal and structural economic changes may have long term impacts.

4. The initial international response to Covid-19 escalated rapidly, with a change in UK government policy based on revised modelling resulting in a national lockdown being imposed in March 2020. Schools, hospitality, non-essential retail were all closed from the 26 March. The country entered a new world of home schooling and home working for those that could, whilst vast swathes of the economy were paid by the government to stay at home as the term furlough entered the public lexicon. From March until the 17 June, when non-essential retail began to reopen, our city and retail centres were deserted, parks closed, and people only able to leave the house for one hour of exercise each day. An army of frontline and key workers kept the country running, from NHS staff treating the seriously ill to delivery drivers keeping the public supplied with food and essential items.
5. A cautious return to normality began with the re-opening of non-essential retail in June, but the world was a very different place, defined by social distancing that necessitated limited capacities, outdoor queues and the reshaping of our public spaces and high streets. This was followed by the re-opening of hospitality in early July, but with again severely reduced capacities and ever-increasing restrictions over the coming months, from table service only, requirements to buy a substantial meal with alcohol, and being unable to meet others from outside of your household. Over the summer guidance to work from home wherever possible changed, and then was quickly reinstated. Furlough was extended through to next March. Regional tiers were introduced, and a second national lockdown then followed in November as the government sought to respond to the ever-changing trends in infection rates, hospitalisations, and those sadly dying from Covid-19.
6. The country emerged from the second lockdown into regional tiers with York in the second of 3 tiers. However, national infection rates increased once again with much of the south of England progressing into Tier 3 and then into a new Tier 4 as a new variant of COVID was discovered in Kent. This new variant quickly took hold throughout the south and eventually travelled north and abroad giving rise to the pre-

Christmas closure of ports and airports to travellers and freight from the UK. York went into Tier 3 on 31st December but infection rates in the city continued to rise with the hospital coming under significant strain responding to winter pressures and an increase in Covid related admissions. On the 4th January 2021 a third national lock down was announced.

The City's response to the pandemic to date

7. York's response to the pandemic has been a concerted city-wide effort, drawing together public health, volunteers, businesses, education establishments and all city partners and stakeholders in a focused and coordinated response.
8. At the start of the pandemic the councils' gold and silver command structure led the emergency response with the Local Resilience Forum, steering the public sector response to the pandemic to ensure the NHS were not overwhelmed and that front line staff could be accommodated in safe environments.
9. Community hubs were established to ensure food and medicine was provided and delivered to those shielding and vulnerable by an army of volunteers who offered their time and skills. Effective communication has provided clear public health messaging, business support and guidance, and information on social distancing and restrictions. The "Let's Be York" campaign created a city-wide approach that was adopted by all stakeholders, and ensured clear guidance but in a balanced and measured way.
10. The council's Executive approved a Covid-19 Economic Recovery Plan in June 2020, which was developed in conjunction with key stakeholders through sector round tables and direct engagement. The strategy had three key strands; Business Support Plan, Transport and Place Strategy, and Skills and Employment Plan
11. The Covid-19 Business Support Plan has seen a huge expansion of business engagement, with the Councils Revenue Service providing over £117m of grant and rates relief totalling 6,783 payments to over 5,000 businesses across the city. In addition to this a further 670 business were supported through the enhanced micro grant scheme with £2.2m of support. This followed an initial council funded micro grant scheme providing £1m of support to approx. 1,000 small and self-employed businesses.
12. Working through three meetings each of 12 themed roundtables and a coordinating Business Leaders' Group, we have listened hard to

businesses of all sizes across the diversity of sectors to get what help has been available to as many businesses as possible. For our own business tenants, we have been able to help cash flow by deferring rent payments. Our approach has been underpinned by a new collaborative approach, with the FSB, Make It York, York & North Yorkshire Chamber, Institute of Directors and the Universities pooling our resources and sharing information and briefings for the benefit of businesses across the city.

13. The One Year Transport and Place Strategy was developed and delivered in weeks in response to the government's Safer Public Place guidance to prepare the city and our regional centres for the reopening of non-essential retail and hospitality in the summer. This allowed safe social distancing, but also created the environment for businesses to be able to reopen, protecting jobs and safe-guarding the city's economic future.
14. On Skills and Employment, we have brought together information on the help available to individuals seeking new work, and on apprenticeships and employment support for businesses, and established an Employment Hub on the Make It York website. We have established a new Skills Board for the city, bringing together business representatives, training providers and civic partners to jointly plan and deliver skills and employment support.
15. The council has also worked with the BiD and Make It York to ensure that businesses have been supported to reopen, visitors and residents have been encouraged to return to the city when safe to do so, and that public spaces have been safely managed and provided opportunities for outdoor seating. A weekly operational group chaired by the council has led to a number of initiatives and changes to policy and guidance to facilitate these interventions. This included a joint venture between the BiD and council at College Green during the summer to provide a managed outdoor seating for businesses in the area and the extension of the footstreets which has allowed over 70 new pavement café licences.

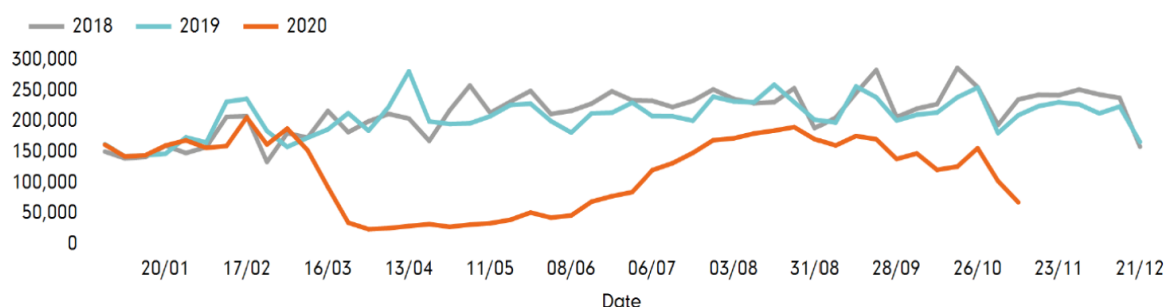
The impact of the response

16. To date our economy has fared better than many other cities and is well placed to recover once the vaccines are rolled out but the early months of 2021 are expected to be extremely challenging.
17. York continues to be an attractive place for visitors and the city centre has adapted rapidly to support new ways of trading. Where other major cities have struggled to encourage people to return given their

reliance on office working and retail alone to draw footfall, York is a place people want to visit and spend time. The pro-active response as a city to encourage the safe return of these visitors and to adapt the city centre for social distancing enabled our businesses to reopen and generate revenue. But the challenging picture for businesses should not be underestimated. Three national lockdowns and the expansion of the regional Tier system will continue to have a huge impact on our local economy and many businesses will find the reduction in Christmas trade very difficult, with strict restrictions now in place and expected to continue through the coming winter and in to next spring .

Footfall

Graph: Footfall in York Jan 2020 to 1st Nov 2020



18. The impact of lockdown can be clearly seen on the above graph produced from Springboard camera counts as city centre footfall disappeared. The summer saw a gradual but strong return of footfall to the city centre as non-essential retail and hospitality reopened, reaching 75% of expected levels over the summer, although dropping markedly as regional tiers were introduced. However, it is important to note that York has outperformed many over cities where the monthly footfall numbers have been typically at less than 50% of pre-pandemic levels, reflecting York’s attraction as a destination where people want to visit and walk around rather than a specific work or retail only destination.

Spend

19. Prior to the March 2020 lockdown, CYC and York BID agreed to trial new ways to measure footfall and spend in the city centre. Annex 1a provides the first report from the new Movement Insights system, which will continue to develop over the year ahead. This analysis provides key information on customer spending, and shows strong sales in city centre restaurants, retail, supermarkets and clothing in the period July to September 2020. Customer origin is also identified, with 68% of customers in the last week of October being from within 6 miles of the city centre, in contrast to the pre-COVID balance of one third locals to two thirds visitors. The balance of locals to visitors has

therefore changed significantly, while total numbers are well-down on pre-COVID levels. Spend in the crucial pre-Christmas period of November and December is not yet known, but hoteliers, the restaurant sector and hospitality are all concerned about the impact of both the November lockdown and the emergence into Tier 2 and then Tier 3 and now into lock down which will exacerbate the usual dip in spend post-Christmas.

Property vacancies

20. Shop and restaurant vacancies have inevitably risen in York over the year. Figures, derived from the Business Rates system in December 2020, show city centre vacancies at 8.57%, up from 7.4% earlier in the year. It has been noticeable in recent months that there has been an acceleration in the rate of closure among national and international retail and hospitality chains. This is worrying given it was in the busy key spend period, and many more may be under threat now we are into the New Year. However, it should be noted that York is still well below the national average for vacancy rates, and the strong independent sector and nature of York as a destination leaves the city better placed than many to recover in a post-vaccine environment.

Unemployment

21. The impact of the COVID pandemic is shown very clearly in the claimant count¹ which saw the largest increase in at least 35 years in the months since lockdown when the count rose from 1,800 to 5,000 in April, however the total has remained stable since then. However, Centre for Cities have been monitoring increases in unemployment across their cohort of 68 UK centres² and York is the city with the lowest percentage increase in unemployment, despite the influence of our retail, tourism and hospitality businesses.
22. Two factors are influencing our claimant count statistics.
- We know that many of the city's students undertake part time work to support their studies, typically in the retail, tourism and hospitality sectors. As students were sent home at the start of lockdown, they do not show in the York claimant count.
 - As the claimant count measures those receiving out-of-work benefits, and its availability is influenced by other sources of household income, this is perhaps a consequence of the high level

¹ Data from <https://www.nomisweb.co.uk/query/select/getdatasetbytheme.asp?collapse=yes>

² <https://www.centreforcities.org/data/uk-unemployment-tracker/>

of part time work in the city, with many of those now out of work unable to claim benefits.

23. Updates figures for the Job Retention Scheme (JRS) and Self Employment Income Support Scheme (SEISS) have been published by Government³. These show a total of 6,800 people furloughed by York employers and a further 5,700 claiming self-employed support at the end of September 2020. The furlough figures have dropped substantially from the 30,300 reported for July, unlike the self-employed figures which have fallen only slightly from 6,500.

Future outlook

24. Overall these measures are positive in the context of the scale of the pandemic and how the city has performed comparative to other areas. York remains a popular destination for visitors and is well equipped to succeed in an increased home-working world. Clearly the longer term economic impacts of COVID are not yet clear. National forecasts suggest that recovery will take several years at least, and York will need to work hard to attract investment and find replacement employment if the retail, leisure and hospitality sectors take longer to bounce back. However, the partnership approaches developed in York over the past nine months have created a strong new platform on which to drive that economic recovery, with the Council working closely with BID, Chamber, FSB, IoD, our Universities and colleges and Make It York. However, in the short term attention needs to focus on providing leadership and support to proactively to support our individual businesses as social distancing continues in to next year.

Likely next phases of public health pandemic response and restrictions

25. It is envisaged that despite the vaccine rollout starting, social distancing and other forms of restrictions will be required through to the summer of 2021. This is due to volume of vaccinations that will need to be administered to achieve the level of immunity which will allow the restrictions to be relaxed. This means that there is some way to go before the social and economic consequences of social distancing begin to dissipate, and the economic fallout of Covid-19 is likely to be felt for a long period of time and lead to a readjustment of the city's economy.

³ <https://www.gov.uk/government/statistics/self-employment-income-support-scheme-statistics-october-2020> and <https://www.gov.uk/government/statistics/coronavirus-job-retention-scheme-statistics-november-2020>

Available money and resources for the next stage

26. As set out in a paper to the 12th November 2020 decision session of the Executive Member for Finance and Performance, CYC have distributed £5m of Local Restrictions Support Grant (LRSG) to York businesses in rateable properties as at 6th January. York was also allocated £4.2m of Additional Restrictions Grant (ARG) funding to support business who do not qualify for LRSG through the remainder of the pandemic. This funding is provided with some scope for discretion in allocation, but must be used to provide support to businesses which have either been forced to close or who have lost a significant volume of trade as a result of the pandemic.
27. An extension to the Covid business grant scheme was announced on the 5th January 2021 to cover the second lock down with a further £4.6b of Covid Support Grant funding nationally. Confirmation of York's share of this funding is still awaited and a report will be brought to the January 18th decision session of the Executive Member for Finance and Performance.

Proposed next stage responses

28. The following section sets out the key next stages in the continued response to Covid-19.

Business support & grants

29. The Executive Member made recommendations to the Chief Operating Officer to allocate York's ARG funding , and Executive are asked to note and confirm those decisions which were to:
 - a. Implement a discretionary grants scheme providing support to the businesses outlined and at the levels indicated in the paper to run until March 2022.
 - b. Instruct the Head of Economic Growth to develop more detailed proposals for a business support voucher scheme for consideration at a subsequent Executive Member Decision Session
 - c. Allocate a preliminary budget of £200k to fund activity aimed to accelerate economic activity during the next reopening
 - d. Keep the allocations under review as the pandemic progresses, and bring update reports back to Executive Member Decision Sessions should the budget need to be adapted
30. The discretionary grant scheme ran for a first round through the national lockdown which was in operation 5 Nov – 2 Dec 2020, receiving

945 applications against an indicative budget of £1m with payments made to date of c£515k. Remaining funding will be available to provide business grants during lockdowns and business interruptions into 2021.

31. A small number of businesses have been identified who have not qualified for any grant schemes and are not captured by the criteria of the ARG set out in November. It is therefore recommended that Officers bring back a further report to the relevant Executive Member Decision meeting to consider amendments to the ARG eligibility.
32. The business support voucher scheme is currently in development and will be established, as agreed, through a further Executive Member Decision Session. We aim to provide support to small and micro-businesses as they look towards recovery and consider how best to develop new products and services and find new markets.

City centre and local centres

33. The city and local centres remain the area of the city's economy that is impacted the most by social distancing given the in person and face to face nature of the offer. The long term outlook for high street retail has been challenging for some time due to the impact of the internet on shopping habits. This trend has escalated rapidly under the global pandemic as the non-contact nature of online shopping, the physical restrictions on movement, and the ease of home deliveries when home working has expanded the attractiveness of the digital retail offer. Non-essential retail shops meanwhile were closed completely during the three lockdowns and on reopening saw their capacity restricted and expensive investment required in creating Covid-safe environments. The already challenging future for high street retail remains precarious and is likely to see further failures of established and local businesses, and a fundamental restructuring of the sector.
34. Hospitality, whilst expected to bounce back quickly post-pandemic, has been hit even harder by social distancing and Covid restrictions. The reduced capacity of venues has had a significant impact on viability; the Tier 2 requirement to serve a substantial meal has meant some businesses have been unable to operate; and the restrictions on meeting other households has severely hit customer numbers. The extension of the footstreets to allow outdoor pavement café licences and the creation of outdoor managed spaces over the summer had a positive impact and allowed many places to open and function, and the government's Eat Out to Help Out scheme was successful in encouraging people to visit restaurants and pubs.

35. However, the move to tier 2, then tier 3, with associated restrictions on meeting others inside and the colder weather of the winter months, have made this more challenging and the post-Christmas period was already due to be difficult before the third lockdown was announced. It should be noted that the sector has however been hugely creative in adapting to the circumstances, with takeaway services, cook at home offers, and covered seating areas being quickly provided. The council have supported these measures throughout, relaxing restrictions on outdoor seating and heating, and working proactively with businesses to bring their plans to fruition.

36. A key point to note is how the pandemic has reiterated the linkages between different economic sectors. They do not operate in isolation, and a visit to the city centre for both residents and visitors from further afield often does not have a single purpose. A trip to the market to buy fresh food may be inspired or coupled with a family meal; a haircut may be allied with meeting a friend for a coffee; shopping for new shoes may be rewarded with a mid-afternoon drink; a day in the office often translates to a lunchtime sandwich and a post work pint. And, without other factors, all of these in isolation may not be enough in themselves to draw someone in to the city centre.

37. Although spend does not automatically follow footfall, it does follow that footfall is needed for spend. The focus to this point has been to create a Covid-safe city centre where people would feel safe to return, and the careful curation of events, spaces and marketing that would draw people back to the city centre whenever public health advice would allow. This has allowed York to perform well in comparison with other places, and it will remain the focus of work over the coming months. In addition to the measures set out in the tourism strategy section below the council will continue to work with the BiD and Make It York to find appropriate ways to animate and attract people in to the city, and support businesses to operate under social distancing when restrictions begin to ease. This will be a dynamic and flexible offer which will respond to insights data and changing national and local guidance.

Transport

38. The Economic Recovery – Transport and Place Strategy was designed to cover a one year period from its implementation in June 2020. The strategy contained a raft of measures that would be stepped up and down dependent on the restrictions that were in place at any given time, including:

- The temporary extension of the footstreets in line with the government’s Safer Public Place Guidance
- The creation of space and signage to allow social distancing

- Free parking for key workers during the first lockdown
- Parking incentives to encourage people back to the city centre when public health guidance allowed
- New cycling routes and infrastructure
- Protection of public transport in York
- The reopening and one way walking routes on the bar walls

39. When the strategy was introduced it was linked to the national alert levels which were in place at that time. As those alert levels began to change and were then replaced with the regional tier system a decision was taken to decouple the interventions from those alert levels to allow localised decision making based on York's circumstances. However, having reviewed the strategy has allowed timely and decisive interventions to respond to the ever-changing circumstances of the pandemic, and it remains relevant for the next stages through to the full roll out of the vaccine.

40. An update on the Transport impact of the pandemic was provided to the Executive Member for Transport in October. This identified the schemes which were being delivered using tranche 1 of the Emergency Active Travel Fund Grant and the proposed schemes to be delivered using tranche 2 if the application was successful. Following the granting of £658k of additional funding a further report on the delivery of the Active Travel Fund (formerly EAT Tranche 2) Schemes will be presented to the Executive Member for Transport on 18 January.

41. One of the biggest interventions that has had the greatest impact on the operation of the city centre has been the changes to the footstreets. Times of operation have been changed and the extent of the core area has been increased on a temporary basis. These changes have provided more space for social distancing and enabled businesses to take advantage of the additional space with pavement cafés – over 80 café licences in place. The changes were due to initially run until December 2020, but the ongoing need for social distancing and space for external dining has meant that the Executive have approved for the majority to be retained until September 2021. Due to the overall positive impacts they have created for the city it is also proposed for a number of the key footfall areas to potentially become permanent, with the statutory process and consultation to take place in early 2021. Whilst the majority of people have supported these measures it has displaced some blue badge parking in the city centre and the decision to retain them has been accompanied with a new range of mitigations to offset that impact, as well as a strategic review of access to the city centre working with disabled groups.

42. During the summer additional space was also provided for pedestrians and cyclists in the city on Bishopthorpe Rd, Castle Mills bridge and Coppergate. These measures were kept under review in response to changing guidance and traffic movements. The measures on Coppergate remain in place subject to a more detailed study and statutory process to determine whether they should be made permanent. Further measures to improve routes for cyclists are being developed with schemes proposed on Bootham/Shipton Rd and Navigation Road.
43. Throughout the period the Council has been working with bus operators to maintain a good level of service for people who need to travel by bus. Government grants have enabled the majority of services to continue during this period but demand has reduced significantly due to changes in work patterns and falling visitor numbers. Social distancing has reduced route capacity, and additional buses have been provided on some busy routes, including some home to school services. All of the Park & Ride services except Poppleton Bar (Covid 19 Test Centre) are currently operating, and First have been able to introduce their new electric bus fleet on park and ride and most operators have upgraded their buses to meet the standards of York's Clean Air Zone. Passenger levels across the bus network had recovered to approx. 60% of pre-Covid levels, before the second lockdown in November, but have fallen since. In common with many historic cities, greater reductions in passenger numbers have been seen on longer distance and park and ride services than on the local "city" bus network. Rail use remains significantly lower than pre-Covid.
44. General traffic levels have varied throughout the period depending on the lockdown restrictions in place but are generally approx. 10-15% below pre-covid levels. AM peaks are less busy, inter peak levels are very similar to previous levels and pm peaks are busier than the am peak but still lower than previous levels. Cycling levels at peak times are generally lower (up to approx. 45% reduction on Millennium Bridge) as there are significantly fewer commuter cyclist on the network although off peak levels are closer to pre-Covid levels and it is contended that there is significantly more leisure cycling with home workers cycling for exercise, often during the day – assuming patterns in York are similar to those seen in other places in the UK.
45. The key next step in the Transport and Place Strategy is to ensure that congestion levels are minimised during the change back to previous work patterns – through encouraging both active travel and a return to public transport use over time – and with traffic levels already similar to pre-Covid levels the Council this is becoming critical.

Improvements to the cycle network are already planned using the Active Travel Fund and strategic Council investment.

46. A key element of this strategy will be encouraging passengers back to public transport as the requirements to social distance are reduced. Pre-covid there were approximately 50,000 bus journeys in York, and 25,000 rail journeys, every day. Most days there would be around 2,000 cars parked at the city's park and rides – enough to make a traffic queue 10km long. On busy days, such as during school holidays and in the run up to Christmas, all 5,000 spaces on the system would be filled – enough to make a traffic queue 25km long. There were also significant numbers of coach trips to and from York, and locally the coach industry provided an important support function for many York attractions – either through providing excursions or special shuttle services for events and attractions. Coach services, of course, allow large numbers of visitors to York to access the city and attractions with only minimal impact on congestion.
47. In the initial pandemic response public health messaging was to avoid using public transport wherever possible, and social distancing in any case reduces the capacity of trains and buses. The initial period when facemask use was only necessary on public transport, there were significant service reductions alongside a perception that public transport use carried an increased risk of covid infection led to a reduction of about 75% passenger numbers during the first lockdown, with many bus and rail users transferring to using their cars. Excursion coach services effectively ceased entirely.
48. CYC is assuming that vaccine deployment will overcome the issues which have suppressed trip making on buses, trains and coaches, and given the importance rail, coach and bus (particularly park and ride) have played in bringing commuters, shoppers and visitors to York looks to support the public transport network in the city's recovery from covid.
49. As such, it is vital that, as part of an integrated and sustainable transport system, bus, coach and rail return as heavily used modes of access to York. Reduced customer numbers on park and ride services, particularly, and across the network more generally has resulted in a real risk that services reduce their frequency and/ or increase fares as grants and subsidies put in place to deal with the short term impact of covid are withdrawn. It should also be remembered that public transport is a significant source of employment in York, with several hundred people in the city working for bus, coach and rail operators.

50. In particular, we will look to encourage bus use for commute, shopping and visitor trips to York, in the hope that passenger numbers will increase to pre-covid levels, reducing the car trips, congestion and emissions in line with York's Local Transport Plan and decarbonisation objectives. It is assumed that rail use will be encouraged by the rail operators. CYC will work with Make it York and coach operators to continue to market the city to coach visitors.
51. The priority over the coming months will be to address these concerns with public transport providers and use the levers in the Transport and Place Strategy, and the wider policy framework more generally, to ensure that passenger numbers return to pre-pandemic levels. CYC are already working with the bus operators in the York Quality Bus Partnership on a number of recovery initiatives with bus operators.

Annex

Annex 1a – Movement Insights analysis