

Quarterly Economic Update

Summary

1. The period between March and September 2020 has seen sudden change in society and the economy, with the start of an unprecedented global recession as a result of the global Covid-19 pandemic. This report outlines our initial economic response as a city and begins to look at the potential longer term impacts and opportunities for York.
2. Our economy has fared better than many other cities, with York proving a continued draw to visitors and the city centre adapting rapidly to support new ways of trading. Our pro-active response as a city has enabled our businesses to reopen and get money coming through the tills.
3. The end of furlough and self-employment support will be challenging for all UK businesses, and we are having to prepare for possible job-losses and business failures at a scale not seen for a generation. Unemployment has already nearly tripled in York.

Recommendations

4. The Executive Member is asked to:
 - 1) Note the contents of the report

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

Introduction

5. This report covers the period March 2020 to September 2020, when the UK and world economies experienced the initial shock of the covid-19

pandemic. Many businesses were entirely shut down with little notice, with the Government providing significant investment to support the economy and protect employment during closure. It has been an unprecedented period of change for the global economy, with significant increases in unemployment, rapid moves to homeworking for office staff, and ongoing restrictions in movement and behaviour still in place to ensure social distancing and promote health and wellbeing. The months ahead are looking uncertain – new lockdowns are being introduced in metropolitan areas, and the prospect of a no-deal Brexit is looming large again.

- The Council’s economic response to lockdown has been pro-active and evidence-based, developed in partnership with the business community, with the health and well-being of York residents as its starting point. The diagram at Fig 1 illustrates the approach to Recovery agreed by Executive in June 2020. We are moving into Phase 3 of the overall approach, leading to the completion of the Economic Strategy which had begun development at the start of the year. Current partnership arrangements, initiated during the covid lockdown, will be formalised and extended to create the Economic Partnership which will oversee this strategy. Detailed arrangements for both the partnership and the development of the strategy will be brought to a future Decision Session for consideration by the Executive Member.

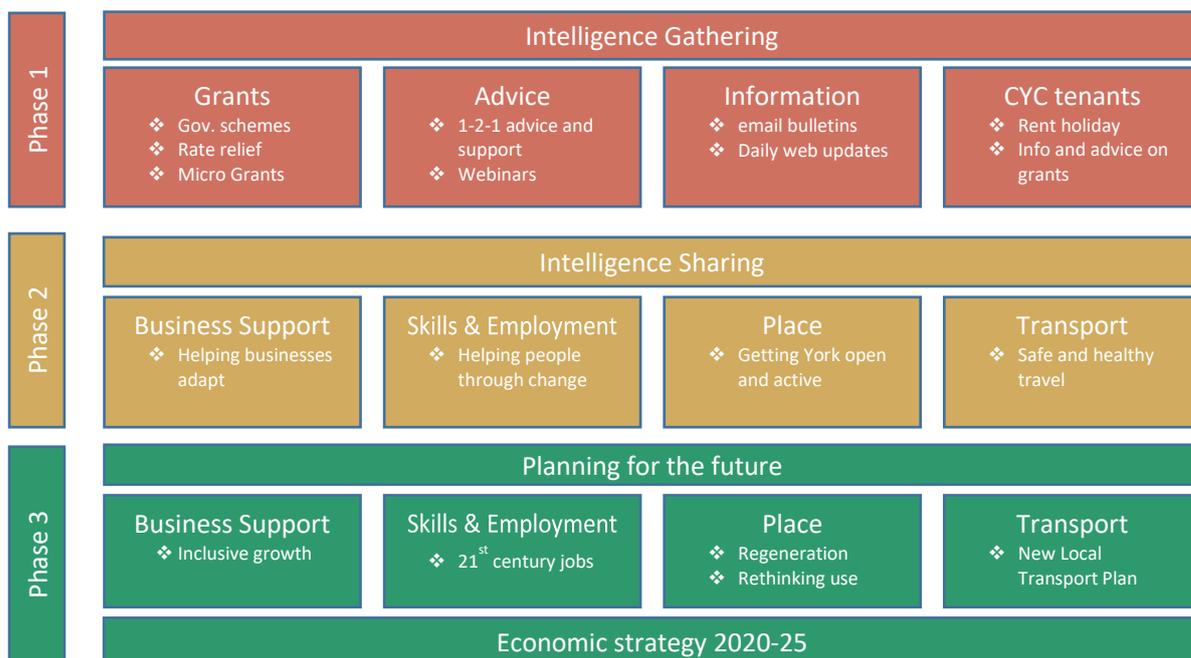


Figure 1: Approach to Economic Recovery

- Delivery of Phases 1 and 2 of this work has involved distributing over £100m of grants and funding to over 4,000 businesses, providing accurate updates to well over 1,000 businesses each week, extending footstreets in the city centre, repurposing public space to support the economy, and introducing free parking incentives. Entire teams across the Economy and

Place Directorate and beyond have moved swiftly into new areas of work to deliver the rapid and proactive response that was required. In parallel we have also increased the level of engagement with businesses and stakeholders to inform and support delivery.

8. Phase 3 will see a return to the themes which were driving our work at the start of the year, albeit with very changed circumstances. The Economic Strategy will need an even stronger focus on inclusive growth, while the global switch to working from home has highlighted the need to rethink work for the 21st century. The My City Centre programme will have even greater urgency as we work together to adapt to a transformed world for retail, leisure and public realm. The experiences of lock down, with first a traffic-free environment, and then the challenges of socially-distanced public transport, will bring new perspectives to the development of a new Local Transport Plan.

State of the Economy

9. The global economy has seen the largest recession ever recorded, with stock markets crashing around the world, significant disruption to trade, and ongoing restrictions in movement which continue to affect business at all levels. UK GDP is currently predicted to fall by around 10% in the current year – the largest decline for over 300 years – and in the absence of a cure or vaccine for Covid-19, the jury is still out on when and how recovery will be seen.
10. The York economy is worth £6.5bn, and our initial analysis identified over £1bn of that as being in high-risk industries relying on face-to-face contact. This drove our initial response, detailed in reports to Executive, to focus on reopening the city centre as quickly as was safe, and to distribute the grant money provided both by Government and from Council resources. In York alone, over £250m has so far been spent on furloughing, supporting the self-employed, and providing grants to businesses.
11. There have been many businesses that have not been eligible for this support, and we have lobbied directly and through the LEPs for support to be extended where possible. York has distributed its funds quicker than most, with our distribution processes complete in early July, while many neighbouring Councils are still assessing applications in September. We enhanced the national funds with £1m of Council money, used to support over 1,100 small and micro businesses who were outside the rules for larger grants.
12. To reopen the city, we concentrated on adapting the transport system and city centre public realm to cope with social distancing, using York's open spaces to support local traders, and working with individual streets such

as Fossgate to get the businesses trading as well as possible. We have provided temporary public toilets, launched the Let's Be York campaign to provide information and support for all residents, visitors and businesses, and introduced bespoke city wide signage to ensure a consistent, friendly and high quality experience for all.

13. Over this period, the Council has worked hard to strengthen partnership working in Economic Development. As has been set out in reports to Executive, we have established:

- a Business Leaders Group, bringing together key businesses and the Council's Leader and Executive Members
- 12 sector roundtables, enabling over 100 businesses to share their experiences and help shape the city's response

A report summarising the key issues emerging from the first two rounds of meetings is provided at Annex 2, and a more detailed report, summarising the process and governance for these groups, together with the key findings from the first 3 rounds of meetings, will be brought to a future decision session.

14. Underpinning this work, the key business support agencies in York – Make it York MiY, York Business Improvement District (BID), York and North Yorkshire Chamber (YNYCC), the Federation of Small Businesses (FSB), University of York (UoY) and City of York Council (CYC) – have been meeting informally each week to share intelligence and support collaboration. Through the combined resources of these agencies, we have issued weekly updates to the business community, significantly expanding our collective reach to local SMEs and allowing their perspectives to be heard.

15. In support of this approach, the Service Level Agreement between Make It York and York City Council was temporarily adapted until the end of 2020-21. In terms of Business Support activity, this has focussed work on:

- Supporting CYC efforts to process and make national loan and grant payments
- Responding to business support enquiries received through CYC and MIY channels
- Seeking and collating business' experiences to help support CYC lobbying and decision making

- Developing the city’s business support approach to recovery to ensure the economy hits the ground running

Work on a new contract and SLA to commence April 2021 continues.

City centre economy (Annex 1 pp.3-15)

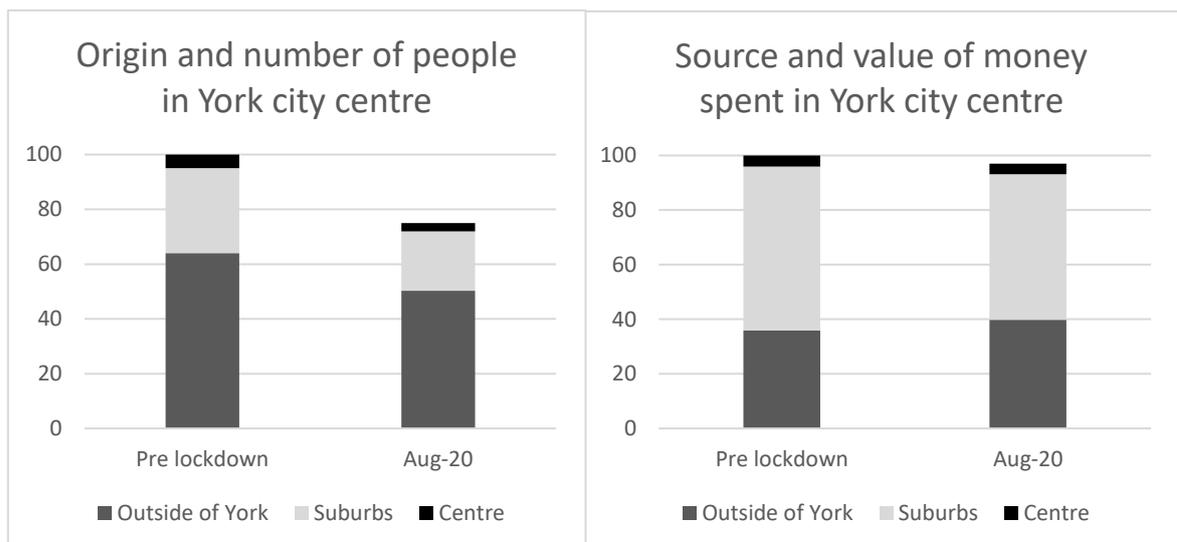
- The importance of our city centre’s economy has been recognised in a series of Council reports over the last 2 years, and we had just begun the My City Centre engagement project when lockdown commenced. Many of the issues that York and other city centre economies were facing prior to lockdown have been magnified significantly, with national concerns about the future of retail and the high street accelerating. The balance between retail and leisure, independents and multiples, visitors and locals have been central to our thinking, and all are thrown into even sharper contrast by the current situation.
- Looking at Annex 1, the available data shows a gradual return of footfall to the city centre. Springboard camera counts show that footfall has returned to around 70% of expected levels. Measures from other sources – most notably the High Street Recovery tracker published by Centre for Cities¹ - show that footfall is at around 75% of normal, and that the amount of money being spent in our city centre is very close to 100%. Anecdotally, trade is variable from business to business with some doing very well and others struggling to trade at sustainable levels.
- In terms of vacant premises, the Council’s indicator shows an increase over the summer in retail vacancies. Local Data Company have also surveyed York recently and show an increase in vacant units across both retail and leisure. Their vacancy rate for the city as a whole stands at 8.9%, still below the national average, but rising nonetheless. This reflects what we have been hearing from businesses and landlords, and what is clearly visible both in the city centre and beyond. The proportion of independent businesses is rising at present, with a number of high profile closures of restaurant and retail chains across the UK.

	York (units) - Latest	York (%) - Latest	12 Months ago	36 Months ago	GB
Stock					
Total Units	3174		3101	3141	N/A
Retail (Shops)	2164	68.2%	68.1%	70.3%	78.9%
Leisure	1010	31.8%	31.9%	29.7%	21.1%
Vacancy Rates					
Retail & Leisure	283	8.9%	7.4%	7.2%	10.0%

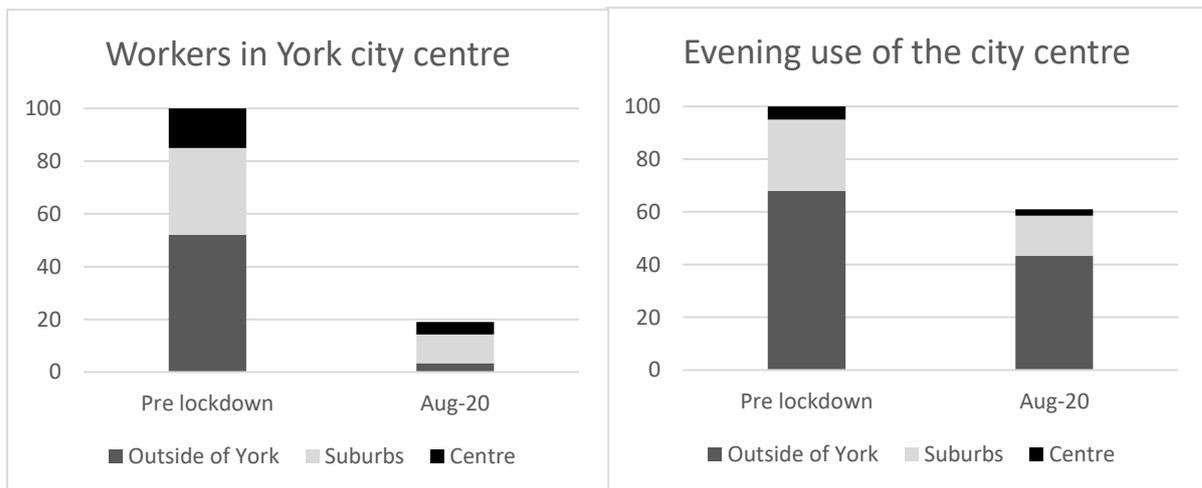
¹ <https://www.centreforcities.org/data/high-streets-recovery-tracker/>

Retail (Shops)	209	9.7%	8.3%	9.0%	11.4%
Leisure	74	7.3%	5.4%	3.2%	4.8%

19. Parking, traffic flow and public transport use for the Park and Ride sites are also shown in Annex 1. While car use is above 80% of pre-covid levels (p10 and 15), public transport use is at around 30% of normal for the park and ride (page 14), and bus services in general. Google’s community mobility data shows an overall reduction in public transport use of around 30% (page 6), reflecting a stronger performance for the railways than for buses.
20. The picture we are seeing is one of strong use of the city centre by visitors, typically driving into York. This contrasts with a significant reduction in commuting, with Centre for Cities’ statistics showing that only 7% of commuters to the city centre are making their normal journeys. It is this intelligence which is driving our work on marketing York to visitors and residents. The primary concern is in keeping a good level of spending customers in York, with a secondary focus on continuing our work to re-engage the people of York with their city centre.
21. Centre for Cities data provides some insight into the origins of people in the city centre. They have identified people as city centre dwellers, those from the suburbs and those from outside of York. Looking at the overall figures, while the proportions have remained much the same in terms of visitors with two thirds coming from outside of York, the spending power of visitors has been key in keeping money coming in through the tills.



22. In terms of those who come in to the city centre to work every day, there has been a very large decline in commuting, with over 90% of those who were previously coming into York from outside now not doing so. Current national campaigns to get office workers back to the daily commute demonstrate that this is not an issue unique to York. For both weekend and evening use, the proportion of visitors from outside of the city has slightly increased. The evening figures below show that our night time economy is still active, but the number of locals choosing to come into town after 7pm has halved.



23. Our initial assumption had been that lockdown would mean far fewer visitors from outside of York, and a re-engagement of suburban dwellers with the city centre. This is not supported by the data which shows instead that it is visitors who have been flocking to York. We must be mindful of this trend in the coming months.

Tourism

24. The latest Tourism statistics from Visit York cover July 2020², the first month in which hotels and attractions were allowed to reopen. Numbers were significantly down for all indicators, with room occupancy at 26% and the average rate charged per room showing significant discounting at £78.28. While hotels are now open again, the requirements of social distancing and enhanced hygiene mean that room occupancy will inevitably be lower than previous years. STR³, who report on occupancy in the larger chains (see Fig 2), suggest that York's occupancy rate has been at 75% since the end of July, with the city benefitting from the staycation market alongside Blackpool, Bath, and other smaller leisure destinations.

² <https://www.visitork.org/members/about-us/research-and-statistics/latest-tourism-intelligence>

³ <https://str.com/data-insights-blog/video-united-kingdom-performance-results-july-27-august-2>

25. Anecdotally, Guesthouses and B&Bs are faring less well, while the performance of York's 1,750 Airbnb properties is unknown at this stage. It is not clear whether customer perceptions of independent B&B's and guest houses differs from the large hotel chains. There are many small accommodation providers in York who have done great work in making their premises covid-safe, and we are exploring options to focus some marketing on reassuring visitors that these are also good options for overnight stays.

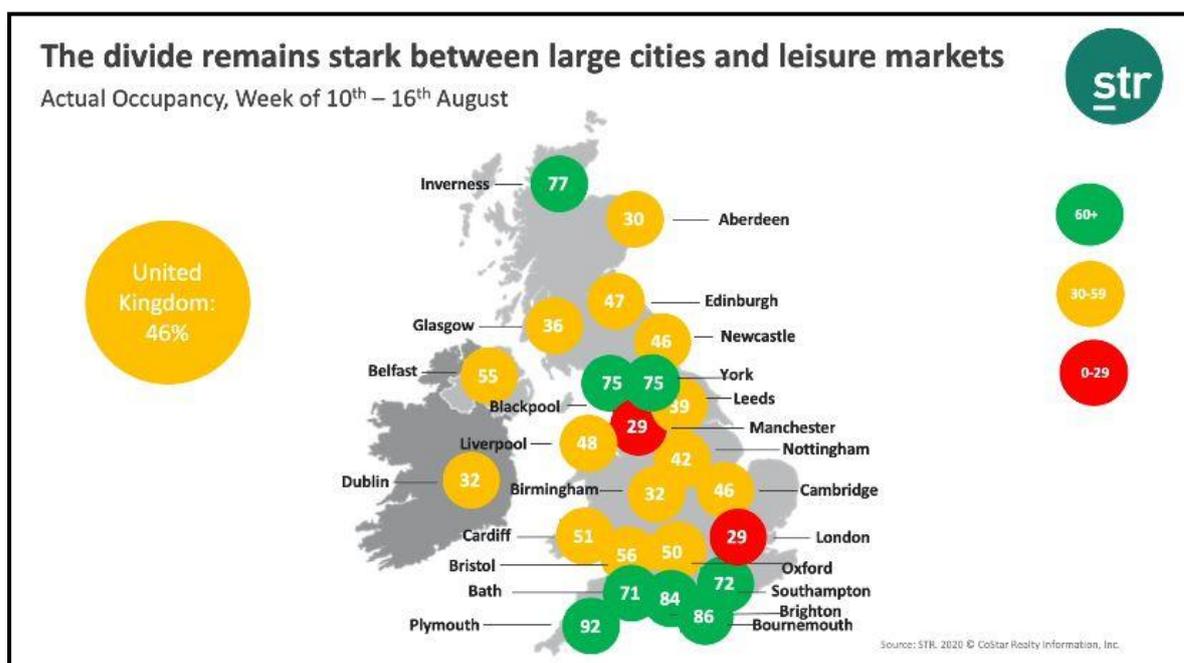


Figure 2: Hotel bookings

26. As discussed above, the Centre for Cities high street recovery tracker shows that two-thirds of people in our city centre over the summer have been from outside of York. September has been a strong month for the tourism sector in recent years, but we will do well to maintain the current 75% occupancy levels. Our tourism marketing work with Make it York aims to attract regional visitors and increase the number of locals returning to the city centre. Both will be important over coming months.

Business start-ups and closures (Annex 1, pp.16-18)

27. Data on business start-ups is provided monthly by Banksearch. In recent years, we have seen around 1,000 businesses a year starting in York, spread pretty evenly across all parts of the city. As the data on page 16 of Annex 1 shows, our start-up rate was down 25% over the first 6 months of the year, in line with the national rate. We have seen this pick up recently, with a particular emphasis on construction sector starts in the less affluent areas of the city. Make it York have begun to offer a start-up service and are already seeing growth in interest. We are currently

lobbying for more start-up support from the LEP and beyond, and increasing the level of help is a key part of our Business Support strategy.

28. While no local statistics are available on business closures over the summer, the Office for National Statistics has been running a weekly tracker survey and is currently reporting that 10% of businesses are at moderate risk and 1% at severe risk of ceasing to trade permanently. There are approximately 7,000 businesses in York, which suggests that as many as 770 could be at risk in York. Business help lines run by the Leeds City Region LEP are reporting a significant increase in calls.
29. The 1 year business support plan agreed by Executive in July sets out our work as a city to increase the level of support available to business. Make it York are adapting their business support pages to reflect the collaborative approach that we are using, and lobbying continues with the LEPs. We have already called for an additional £15m investment in business support for York over the next 5 years, and this level of investment is vital if we are to fulfil YNY LEPs commitment to supporting all businesses that need help.

Unemployment (pp.19-29)

30. The impact of the covid pandemic is shown very clearly in the claimant count⁴ (see Fig 3 below). This has seen the largest increase in at least 35 years in the months since lockdown. If forecasts prove accurate, we will see a further additional rise when the Government's Job Retention Scheme ends on 31st October. York and North Yorkshire LEP predicts unemployment to rise to 10% in York in the months ahead, which would take the count above 10,000.
31. Figures for the Job Retention Scheme (JRS) and Self Employment Income Support Scheme (SEISS) have been published by Government⁵. These show a total of 30,300 people furloughed by York employers and a further 6,500 claiming self-employed support. Approximately £150m JRS and SEISS has been paid to date in York, with as much as £80m yet to be claimed, if current rates continue. Most commentators agree that it is these furloughed and income-supported workers who are most at risk of redundancy. If the same proportions reported nationally apply, 14,000 of those furloughed staff are in our retail and hospitality sector, with many part time roles at risk. The arts, entertainment and recreation sector is also particularly vulnerable, with 1,400 staff currently furloughed.

⁴ Data from <https://www.nomisweb.co.uk/query/select/getdatasetbytheme.asp?collapse=yes>

⁵ <https://www.gov.uk/government/statistics/self-employment-income-support-scheme-statistics-august-2020> and <https://www.gov.uk/government/statistics/coronavirus-job-retention-scheme-statistics-august-2020>

32. Despite the relatively strong performance of York, the impact of covid lockdown on the retail and hospitality sectors is severe. While retail is returning to some level of trade, our hotel and restaurant businesses, dependent as they are on indoor spaces and social interaction, are finding the environment more difficult. “Eat out to help out” has made a big difference for the restaurant trade, but has now finished. We are working closely with the Hospitality Association, the Retail Forum, Indie York and York BID, and their needs are at the heart of many of the measures already introduced in the city centre.

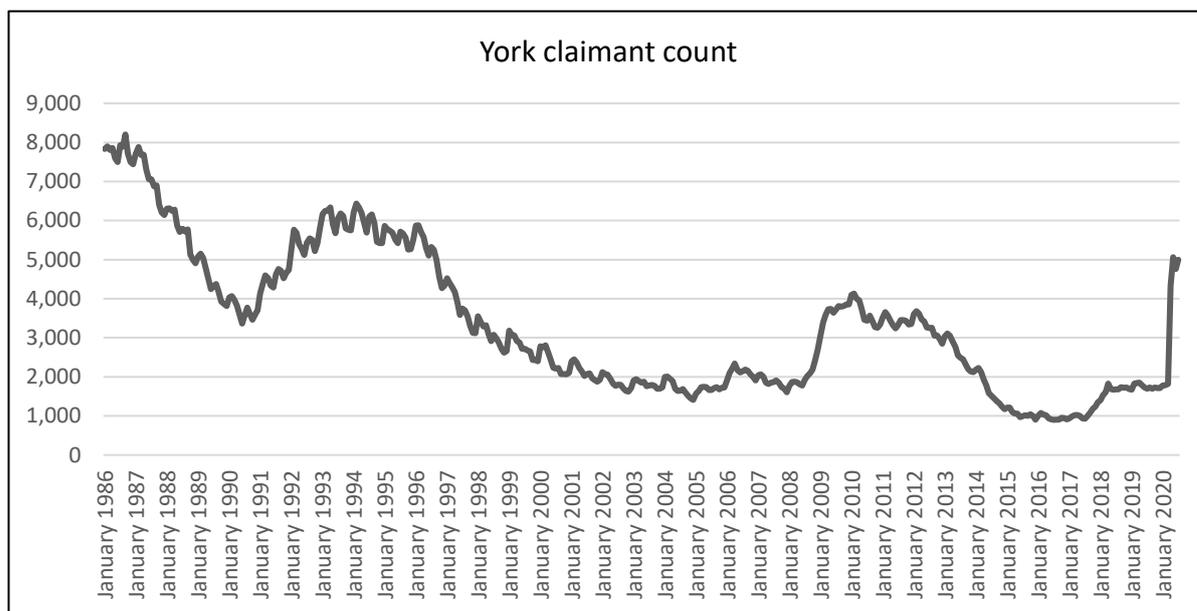


Figure 3: York claimant count

33. Despite the sobering nature of these figures, York’s economy has fared comparatively well over the summer. Notwithstanding the individual impacts of job losses on those households who have been affected, Centre for Cities have shown that York is the city with the smallest increase in claimants over the Covid period, and continues to have the lowest rate of benefit claimants of all the places that they monitor. We still have a vacancy rate below average, and we have also seen that the overall spend is holding up well. Clearly this is no time for complacency, but we should also recognise that the early measures discussed above have already helped many businesses to trade strongly over the summer, and that we have innate strength in our economy which will help York to be more resilient than most.

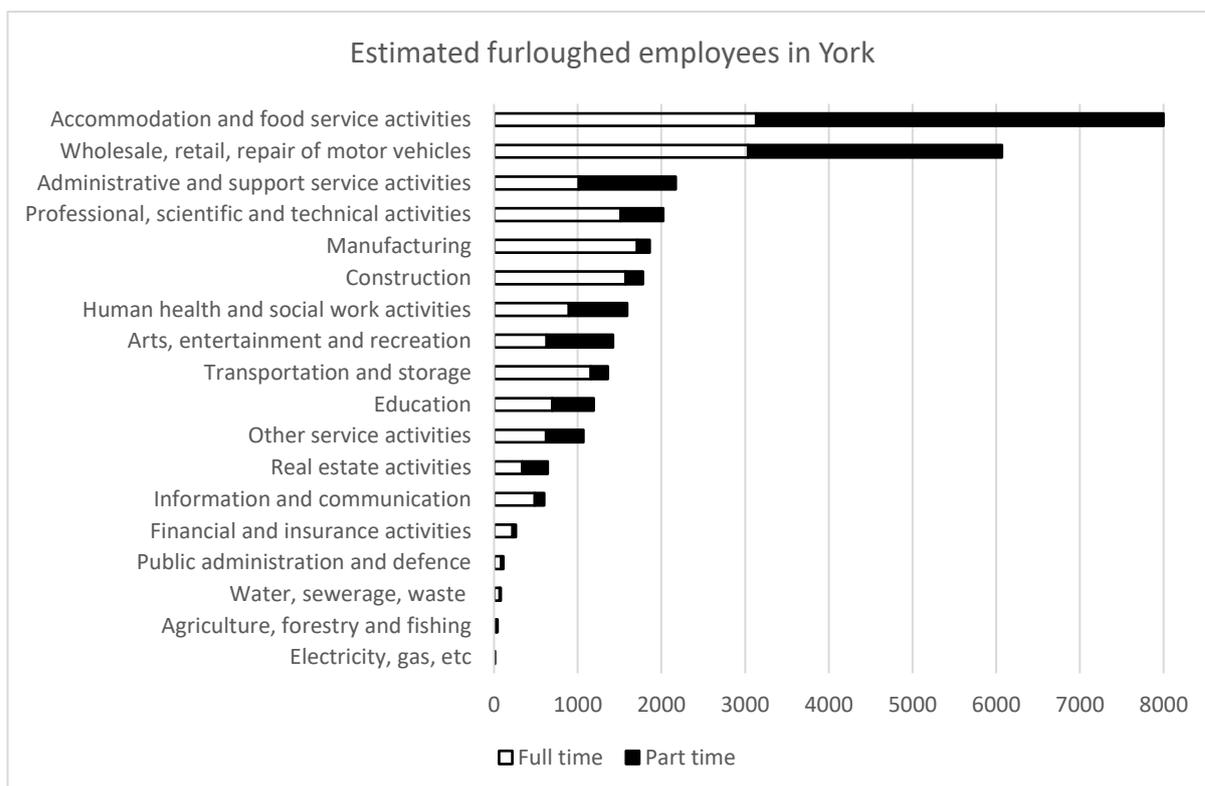


Figure 4: Furloughing by sector - estimated from national figures

34. We have described elsewhere the work that has begun to support people into new work, and the plans for our Adult Skills and Employment work are covered in a separate decision paper. We note that 70% of the jobs which are seen as most at risk are filled by women, and recognise the inclusive growth challenges that the scale of predicted job losses would bring. The impact on household incomes will mean that many families will find it increasingly hard to make ends meet.
35. The Council's role in responding to job losses will be one of coordination and facilitation, and we will work closely with Government Agencies to bring support to those in need. A joint response from the Council's Skills, Adult Education and Economic Development teams is focussing on providing access to that support at neighbourhood level. We are seeking to ensure that front line Council and partner staff are trained in giving information, advice and guidance, and that health and wellbeing support is adapted for those facing job loss and financial hardship.
36. Working with Make it York, we are seeking to develop an employment hub on their website and to work with the business community to support downsizing and growth, enabling York residents get new jobs as quickly as possible.
37. We have already outlined our £10m ask for Government to support retraining and career switching. This funding would support 5,000 people

to refresh and redevelop their skills, ready for employment in York's growth sectors – IT, creative sector, rail, bio-tech, and financial services.

Regional response

38. York and North Yorkshire LEP is building on local approaches to develop a sub-regional Economic Recovery Plan, which is being co-ordinated across local authorities and partners. This Recovery Plan is closely aligned with the Council's own One Year Recovery and Renewal Strategy and complements the Council's broader ambitions and longer-term direction for York. This work is one of a number of stands of sub-regional recovery activity, feeding into the overall Covid-19 recovery work which encompasses other impacts, particular to public health, co-ordinated through the Local Resilience Forum.
39. Through the Plan, the LEP seeks to address the challenges that Covid-19 presents (economic decline, increased unemployment, reduced footfall in town and city centres and significant new demands on Higher and Further Education) and accelerate progress with overcoming digital disadvantage and creating green jobs.
40. To grow the sub-region's economy and emerge from Covid-19 greener, fairer and strong, the LEP has established the following 10 pledges:

York and North Yorkshire COVID-19 Economic Recovery Plan

Our Ten Pledges to a Greener, Fairer, Stronger Recovery.

**Y&NY
LEP**

We will ensure that...

- ✓ **All our businesses get the support they need** to adapt to the challenges of COVID-19 and come back greener, fairer and stronger.
- ✓ **People at risk of redundancy or newly unemployed can access the advice and support they need to get them back into employment.**
- ✓ **Training and Learning provision has the capacity to meet demand** for a Greener, Fairer and Stronger recovery.
- ✓ **All our High Streets, City and Town Centres are Greener, Fairer and Stronger** in a post COVID-19 world.
- ✓ **Active travel and public transport usage increases** beyond pre COVID 19 levels contributing to greener, fairer and stronger places.
- ✓ **Digital connectivity becomes the catalyst for change** in a greener, fairer, stronger recovery.
- ✓ **New job opportunities are created** that are greener and fairer.
- ✓ **Young People and those furthest from the labour market are not left behind** in terms of access to support, learning, training and employment
- ✓ **New housing adapts to changing needs** in terms of design, affordability, energy efficiency, digital connectivity and space.
- ✓ **We maintain our landscapes and provide more and accessible green spaces.**

41. The LEP's Recovery Plan is focused on short term activity (activities taking place over the next 18 months), longer term recovery actions will be part of the Local Industrial Strategy Implementation Plan and it is crucial that LEP partners continue to be engaged in these discussions. Work on the

LEP's Recovery Plan is set to be completed by the end of September 2020 with the Plan launching in October.

Update on work initiated at previous decision sessions

Economic Strategy

42. Engagement to support the development of a new Economic Strategy was due to commence in March 2020, but was put on hold at the start of the covid emergency. The enhanced partnership working described above has contributed to the development of an Economic Partnership, and we aim to have work on the strategy restarted shortly. This will be the subject of a future Decision session report.

Inclusive Growth Fund

43. In the light of the covid pandemic, some allocations in the Inclusive Growth fund may no longer be deliverable or may be considered a lower priority in current circumstances. A paper will be brought to a future decision session covering any significant changes and seeking approval for any reallocated funds.

Tech Accelerator Project

44. In March 2020, an update was provided to the Executive Member for Economy and Strategic Planning on a joint initiative between York Science Park, the University of York and Whitecap Consulting to undertake a feasibility study into the establishment of a York-based technology accelerator. Such a facility would bring together emerging and growing technology businesses and aim to accelerate growth through an intensive programme of specialist advice and insight. Accelerators are a tried and tested approach to growth in the tech sector, and are taking place in many cities across the world that have both an appetite for such growth and an ecosystem of innovative businesses. The feasibility study would test whether the right conditions are in place for such an initiative in York.

45. It was resolved at the abovementioned decision session that a contribution of £8,000 is made by the Council towards the identified costs of the study. The feasibility study will seek to achieve the following objectives:

- Validate the York Accelerator proposition and obtain insights and feedback as to the need for, and value of, such an accelerator for key employers in the city;
- Conceptualise, shape and support the York Accelerator initiative;

- Develop requirements, proposition, key themes, relevant growth opportunities and areas of interest for the accelerator;
- Understand the key innovation and growth trends the York Accelerator could be aligned to both regionally and nationally;
- Articulate, qualify and quantify the joint capabilities of the ecosystem.

46. As part of the study, Whitecap Consulting have interviewed 50 stakeholders from 40 different York stakeholder organisations and contacted/researched around 20 successful accelerators and innovation hubs in the UK and internationally. The final report will be brought to a future decision session, with suggested next steps outlined.

Secondary shopping areas

47. As set out in previous Decision Sessions, there are two secondary shopping areas designated in the current City of York Local Plan. Both of these, Acomb and Haxby have Traders' Associations who work locally to increase footfall, promote their high street and boost their local economies, but to gain a deeper understanding of the role our high streets play in the community, more in depth knowledge is required.

48. As a part of a requirement to look at wider long-term impacts and economic growth in Acomb Front Street and the surrounding shopping area, the Executive Member agreed to engage consultants in February 2020 to undertake an extensive exercise in line with the Council's new 'My' engagement model.

49. Although work began as scheduled, this exercise was put on hold during lockdown, largely because the core of the work calls for extensive face to face consultation with businesses and residents. Recent discussions with the consultant have resulted in a slightly different approach to the consultation element of the project, and work will begin again in September.

50. A similar draft 'My' brief is now in development to procure consultants to undertake a parallel exercise in Haxby, with the full support of Ward Councillors. Specifically, this is to explore what type of improvements could be made as short term initiatives, plus a longer term strategic vision, incorporating inclusive and sustainable growth.

51. A request of £1 million to support York's secondary shopping areas has been made as part of the £64m York Place Ask for Devolution funding "make physical improvements to the public realm and streetscene, and

better integrate transport links with a focus on sustainable travel.” A decision on this funding request is pending.

52. Further rounds of Future Highstreets fund from Government also offer an excellent opportunity to secure additional funding for secondary shopping area initiatives, and will be monitored for any new releases.

Measuring the performance of the city centre

53. The Executive Member’s decision session in March 2020 included a paper on City Centre footfall cameras and place data, with a decision to investigate and the Executive Member took a decision to work with the BID to explore future options. The paper set out some of the challenges in keeping existing data flowing, with vacant shops in Coney Street and Stonegate both interrupting provision. These counters have now been removed from the contract with Springboard, with the Parliament Street and Micklegate now the two remaining data points.
54. The BID, with part funding from CYC, have commissioned a more sophisticated solution from Movement Strategies. This will provide in-depth data, valuable in developing strategies and supporting our decision makers, and includes spending patterns, how people move around the high street, the origin of their journey and their dwell time. The new software will give us a better opportunity to understand how the City Centre is used, and by whom, and the data will become available over the coming months.

Regional Economic Development

LEP Review

55. The Government’s review of LEPs across England (July 2018) outlined a series of reforms designed to LEPs to strengthen leadership and capability, improve accountability and manage risk, and provide clarity on geography. One of these reforms was the removal of overlapping boundaries – directly impacting City of York as a constituent member of Leeds City Region LEP (along with Craven, Selby District and Harrogate Borough).
56. In January 2020, the York, North Yorkshire and East Riding LEP Board approved a move to a York and North Yorkshire geography to align with devolution. East Riding of Yorkshire who are better aligned with the Humber geography have, therefore, resigned from this LEP with effect 31st March 2020.
57. The removal of overlapping boundaries in York and North Yorkshire has a direct impact for those local authorities impacted such as City of York, who

have historically benefitted from the business support provided through Leeds City Region's Growth Hub and the LEP's inward investment activity. Discussions are continuing with both LEPs to ensure that robust transitional arrangements are in place so that York continues to benefit from high-quality business support provision and the pre-requisite inward investment support.

Devolution

58. Local authorities within York and North Yorkshire are engaged in preliminary discussions with Government around a Devolution deal for the sub-region. Devolution is the transfer of power and funding from national Government to local Government and includes the potential creation of a directly elected Mayor. The Government's desire is for every area within England to be part of a devolution deal in an effort to unlock the economic potential of the nation's regions.
59. A paper on agreeing the 'asks' to submit to Government for consideration of a Devolution Deal for York and North Yorkshire was taken to the Council's Executive (23rd July, 2020), with Members approving the submission to Government, subject to the inclusion in the 'asks' of specific references to workforce skills in relation to adult social care and children's services, and to rail tech and associated employment in York.
60. Based on discussion to date, the York and North Yorkshire 'asks' seek £2.4bn investment in the region over the next 30 years. Under these proposals York would receive a proportion of this investment across a range of programmes, with specific funding for:
 - Infrastructure and Place: A £64m York Place Fund to lead regeneration and cultural activity projects across the city;
 - Innovation: £175m to develop an innovation ecosystem connecting academia, industry and policy makers around the bio-economy in York, with £15m for a bio-tech innovation accelerator and match-funding incentives to stimulate activity;
 - Tourism – Co-development of a tourism plan between York and North Yorkshire and Visit Britain with future joint investment;
 - Housing – Unlocking and delivering a proportion of 20,000 homes, working with the MOD, and a share of a £96m Strategic Housing Investment Package including affordable homes on council sites and,

- Skills and Adult Learning - A £10m low carbon skills programme to up-skill the existing workforce in low carbon industries together with a devolved Adult Education budget.

61. The next stage of the process, once all local authorities have agreed the asks, is for government to consider the proposals and respond with their formal offer of what a Devolution Deal would entail for the region. It is only when the Government responds detailing what their proposed deal would be, do local authorities then formally decide whether they wish to proceed with the creation of a Combined Authority with a Mayor, triggering the commencement of a statutory Governance Review and consideration of the appropriate governance structure for Devolution.

Local Industrial Strategy

62. An update on the development of a Local Industrial Strategy (LIS) for York and North Yorkshire was last provided to the Executive Member for Economy and Strategic Planning in November 2019. It was resolved at that decision session that the Council formally feeds into the LIS development process for both Leeds City Region and York, North Yorkshire and East Riding LEP.

63. In response to the LIS for York and North Yorkshire, the Council's consultation response communicated our approval of the LEP's "Good Growth" approach to transforming productivity and the strong alignment of the LIS priorities to that of the Council Plan 2019-2023 which seeks to ensure that all residents in York enjoy the best quality of life. It also communicated our support for the LEP's place-based approach, with the strategy clearly articulating York's global brand appeal, innovation and knowledge strengths, growth potential (the York Central development) and digital infrastructure assets. The Council's formal LIS consultation responses can be found here.

64. The LIS for York and North Yorkshire presents an ambitious vision for the region, highlighting the opportunity to become a carbon negative region, not just a carbon neutral region:

"Our vision is for York and North Yorkshire to become England's first carbon negative region. The Local Industrial Strategy contributes to this by transforming the way our economy works to deliver a carbon negative circular economy that increases productivity and provides higher paid jobs."

65. In supporting this vision, the LIS is structured around four priorities, each underpinned by a series of actions and specific outputs:

Priority 1 – Connected and resilient places;

Priority 2 – People reaching their full potential;

Priority 3 – An economy powered by Good Businesses; and,

Priority 4 – World leading land management.

66. The LEP Board approved the LIS submission to Government for the end of March 2020 (the final document can be found [here](#)), although Covid-19 has delayed discussions taking place with Government. Work will begin shortly on the creation of an implementation plan for the LIS, supporting the sub-region's longer-term economic recovery from the pandemic. It is important that local authorities in York and North Yorkshire are involved in this process, and officers will continue to work with the LEP to ensure such plans deliver the step change in productivity that the LIS seeks to achieve.

Low Carbon and Circular Economy

67. Y&NY LEP adopted its Local Energy Strategy in February 2019, and in November 2019 became the first LEP to develop and start implementing a Circular Economy Strategy. Through this work, the LEP has developed a network of over 200 partners and wider stakeholders to support the implementation of these strategies and have developed a pipeline of low carbon energy projects and collaborative circular economy initiatives.
68. The LEP's current focus is to develop a long-term roadmap to become carbon neutral by 2034 and carbon negative by 2040, as well as funding for the rollout of short-to-medium term low carbon energy interventions to begin delivering on the LEP's ambition. The LEP's Carbon Abatement Pathways study sets out pathways to carbon neutral and beyond across an integrated model of the five most carbon-intensive sectors – buildings, transport, industry, power, and land use, land use change, forestry and agricultural. These pathways will be used to then identify key milestones, decision points, policies and interventions that can drive the transition towards these outcomes, including timeframes of actions and roles of stakeholders in their delivery. Officers and Members from City of York Council have participated in the LEP's policy co-design process through the completion of sector-specific surveys and participation at online workshops (July - August 2020).
69. A draft report will be completed by the LEP in November, and input will be sought from partners on developing individual projects to take the recommendations and put them into an action-orientated roadmap. A final report will be completed early 2021, alongside a Roadmap Towards Carbon Negative for York and North Yorkshire.

Funding and projects

70. Feasibility Studies – In December 2019, the LEP announced the availability of a fund to undertake feasibility studies for new projects in the LEP area, alongside the intention to establish a pipeline of further capital projects and schemes in readiness for future funding opportunities. Following a competitive bidding process, City of York Council has been awarded £65,000 of LEP funding to complete feasibility studies for two projects:

- Riverside Walkway – establishing the deliverability of a riverside walkway scheme along the north-east bank of the River Ouse within York city centre and a bridge to North Street Gardens, supporting the renewal of Coney St and the support for long term economic prosperity of city centre, exploring mixed use, exploiting riverside and responding to early feedback from My City Centre and Castle Gateway;
- York Central Environmental Uplift – exploring the feasibility of going beyond the existing commitment to BREEAM excellent in commercial space at York Central to BREEAM outstanding (the highest level achievable). The feasibility study will explore technical solutions to achieving this standard, including cost implications and scalability of solutions.

71. Covid-19 has accelerated the changes that high streets, towns and city centres were facing in terms of changing shopping habits and behaviours, whilst also giving rise to growing societal support for a green recovery. Both feasibility studies are in tune with this new reality and are important for the city's economic recovery from the pandemic.

Consultation

72. Consultation on the economy and our covid response has been through weekly intelligence calls with key partners, the civic partnership structures, 12 sector roundtables and regular meetings of the Executive Economic Recovery Group.

Council Plan

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

Risk Management

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

Contact Details

Author:

Simon Brereton
Head of Economic Growth
Economy & Place

Chief Officer Responsible for the report:

Neil Ferris
Corporate Director - Economy & Place

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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: Economic Recovery Data Pack – Sep 2020

Annex 2: Sector roundtable reports - rounds 1 and 2