

## **Sector Roundtable Update – Output and Next Steps**

### **Summary**

1. This report provides an update on the Council’s sector roundtable initiative, an initiative established in partnership with York’s key business support agencies. The aim of the initiative has been to understand the changing needs of businesses in response to Covid-19, to develop appropriate provision, and lobby Government for resources. Together with the work carried out by the Council’s Public Protection team in supporting businesses to reopen safely over the summer following the first national lockdown and our regular business e-bulletin which reaches over 1,000 businesses in the city with key information and available business support, the sector roundtables initiative has been a key part of our approach to business engagement during the pandemic.
2. Three rounds of sector roundtable meetings have taken place between May and September 2020, with over 200 businesses taking part in the initiative across a broad range of sectors. Common themes raised through the roundtables include access to finance; the reduction of operational capacity following the implementation of social distancing measures; restoring consumer/business confidence; concerns around the health and wellbeing of staff working remotely; and the repurposing of city centre space. Businesses also voiced their concerns over the lack of certainty regarding the UK’s future trading relationship with the EU.
3. Businesses found the sector roundtable meetings to be beneficial. They welcomed the ability to have a two-way discussion with the Council and its partners, as well as keeping up to date with how other businesses and sectors were faring, sharing ideas and general business-to-business networking. Intelligence from the sector roundtables has helped shape the city’s response to Covid-19 and underpinned central government lobbying efforts, helping York to speak with authority on the basis of

broad engagement . Moving forwards, businesses have expressed a desire for these roundtable meetings to continue, although sector roundtable groups have varied in terms of their levels of business representation and the quality of intelligence provided. As a result, we propose that certain sector roundtable groups no longer continue in their current format, with alternative methods of business engagement for these sectors proposed (utilising existing business networks, key account management etc.).

4. Finally, it is important to highlight that the sector roundtables initiative is very resource intensive and requires significant staff capacity to deliver. Current staffing levels within City of York Council's Economic Growth team and Make it York present a challenge in seeking to continue business engagement through the sector roundtable approach, despite its clear benefits. We therefore propose to be creative in continuing sector roundtable activity in the short-term, especially given the economic challenges that York continues to face in response to the pandemic and further economic uncertainty as Britain leaves the EU. This could mean engaging with businesses taking part in the sector roundtables via email communication, ensuring that business intelligence on the sector impacts being felt locally continues to be received by the Council and its partners as the city navigates the pandemic and EU exit.

## **Recommendations**

5. The Executive Member is asked to:
  - 1) Note the contents of the report on the Council's sector roundtable initiative;
  - 2) To continue business engagement through the sector roundtable approach, recognising that levels of engagement will vary in accordance with available staff resource.

Reason: To support York's economic recovery from Covid-19.

## **Introduction**

6. City of York Council's economic response to Covid-19 has sought to be pro-active and evidence-based, developed in partnership with the city's business community.

7. Underpinning this work, the key business support agencies in York – Make it York, York Business Improvement District, York and North Yorkshire Chamber of Commerce, the Federation of Small Businesses, University of York and the Council – have been meeting informally each week to share intelligence and support collaboration.
8. To aid the intelligence gathering process, 12 sector roundtables have been established to understand the changing needs of businesses across York's economy and to develop provision and lobby for resources. These sectors are as follows:
  - Bio-economy & Life Sciences;
  - Food & Drink/Hospitality;
  - Financial Services;
  - Foundation Services;
  - Further and Higher Education;
  - IT/Digital & Creative;
  - Manufacturing;
  - Professional Services;
  - Property & Construction;
  - Rail & Transport;
  - Retail; and,
  - Tourism.
9. An additional roundtable was added after the first round of meetings to engage with the city's cultural sector. The first round of meetings took place between May and June 2020, with a second round of the sector roundtables taking place between late June and July. A third round of meetings took place in September. More than 200 businesses took part in the sector roundtables initiative.

### Common Themes

10. Business feedback as part of the sector roundtables initiative has been far ranging, but a number of common themes have been highlighted

across the three rounds of meetings. **Access to finance** was a key issue for businesses taking part in the sector roundtables. Business were keen to how about the range of financial help available in supporting them from pandemic. Many sectors raised fears over cash flow following the first national lockdown and even for sectors that were currently trading well such IT/Digital & Creative, the future pipeline of work was uncertain as clients pause on investment decisions due to Covid-19. The lack of available finance was raised as a barrier to business recovery when businesses spoke of investing in new technology and equipment, as well as aiding business development. For businesses operating in retail, leisure, hospitality and the foundation services, ongoing rent commitments at a time when trade was either reduced or non-existent was a concern. The rent deferment implemented by the Council for its commercial tenants during the first national lockdown was well received and appreciated, although other businesses in the city had a less-positive experience in engaging with their landlord.

11. More recently financial services businesses reported that they were witnessing a tightening of credit in the tourism and hospitality sector - a concern given the initial impact on trade following Tier 2 restrictions, with these sectors now forced to close following the Government's second national lockdown. The extension of the Government's Job Retention Scheme (JRS) until March 2021 is therefore welcome, in addition to the extension of government-backed loan schemes.
12. A number of cultural venues in the city had applied to the government's Cultural Recovery Fund, with £1.86m awarded to theatres, museums and cultural organisations in York. November 2020 will see the Heritage Fund resume accepting applications for financial assistance grants for heritage sector organisations who have, so far been unable to access Covid-19 emergency funds.
13. **The reduction of operational capacity following the implementation of social distancing measures** designed to aid customers and staff safety were a regular topic of discussion for businesses taking part in the sector roundtable. As to be expected, businesses operating in hospitality, retail, tourism and foundation services were concerned by the loss of trading capacity following the implementation of social distancing measures, and questioned whether their business would be commercially viable moving forwards. The passenger capacity of public transport has also been severely impacted by social distancing measures put in place to aid customer safety, although the rise in remote working coupled with the government's consistent message to avoid

travel on public transport unless deemed essential has had a significant impact in keeping patronage levels low.

14. The cultural sector was another sector severely impacted by social distancing measures. Businesses reflected on there being little appetite for socially distanced events, with those that did explore this remark that they were not commercially viable.
15. The issue of **consumer/business confidence** was one that was frequently raised over the course of the sector roundtables. The construction sector noted that whilst construction sites were open across the city, their biggest concern was building confidence back into the market to stimulate investment. Businesses taking part in the roundtable reported that the pipeline of new work is subdued as a result of investment delays. Similar concerns over the future pipeline of work were raised by IT/Digital & Creative businesses who were trading well.
16. Businesses that traditionally worked from office environments across York were now working remotely following the pandemic. In general, remote working was working well for employers and staff. However, as home-working became the norm through the pandemic, businesses voiced their concerns over the **health and wellbeing of staff working remotely**. Employers often assume that staff have suitable home working conditions, but this was not universal. Businesses working in the professional services sector noted that the working day often became longer when working from home. Looking towards the future, employers expect a blended model of home and office working to become the norm following Covid-19.
17. Businesses also discussed York's city centre commercial accommodation offer, with the financial and professional services sector emphasising the need for more flexible office space in the city. It was stated that the cost and length of leases in the city centre was a barrier to potential occupiers, especially for small businesses looking to locate in the city centre. The issue of **empty retail units** was also raised, and the need to repurpose these for alternative uses, as well as better utilisation of vacant space across the city centre such as upper floors above shops.

## EU Exit

18. Businesses taking part in the third round of sector roundtable meetings were asked to share any Brexit preparations they were making, raise their concerns, and highlight if there is anything that the Council and its partners could do to support them with EU exit.

19. Businesses stated that were preparing for EU exit as best as they could in light of Covid-19, but raised concerns over the lack of certainty regarding the UK's future trading relationship with the EU.
20. With regards to more specific sectoral impacts, EU exit was highlighted as a major challenge for the construction industry which relies on the movement of goods, people and materials. Mitigations put in place included companies expanding their storage facilities to provide greater storage capacity and importing goods a lot earlier to minimise operational disruption.
21. EU exit was also highlighted as a major concern for York's cultural sector, from potential issues obtaining materials to build sets, to visas and work permit issues for European artists travelling to the UK for cultural projects. One of the city's leading music centres spoke of the reputational damage arising from Britain leaving the EU given their participation in European-led projects. Bio-economy and life sciences businesses also raised specific concerns over the future of current projects with European consortia/markets, as well as questioning what happens to intellectual property post-EU exit.
22. City of York Council's Economic Growth team is working closely with York's key business support agencies and York and North Yorkshire LEP Growth Hub to ensure that local businesses have the necessary support and advice to effectively prepare for the UK leaving the EU.
23. A report summarising the key issues emerging from the three rounds of sector roundtable meetings can be found at Annex 1.

#### Shaping City Recovery Efforts and Government Lobbying

24. City of York Council's sector roundtable initiative has played a key role in shaping the city's response to Covid-19. Following concerns from city centre businesses during the first national lockdown on how to re-open safely and the prospect of low footfall and low levels of trade, the Council issued business guidance packs, extended footstreets and installed visible signage to aid with social distancing and increase public confidence. Car parking incentives were also implemented and a Tourism Marketing Strategy was developed, in conjunction with Make it York, to attract local residents and visitors to the city centre through a carefully curated programme of activity from August through to winter.
25. The work of the Council and its partners in response to the pandemic drew positive feedback from retailers, hospitality and tourism businesses through the sector roundtables. The Council's Economic Growth

Manager was also invited by BEIS to speak at their North West Regional Better Business for All Week to provide an insight on business perception of regulators (building upon the Council's [York Business Perceptions Survey](#)) and to share the work that the Council and partners are doing in supporting businesses through Covid-19.

26. In response to concerns raised by businesses through the sector roundtables initiative, the Council's Executive Members has repeatedly lobbied Government for additional funding to support businesses. Particular emphasis has been placed on those businesses with rateable values above £51k and therefore not eligible for the government's Covid-19 business support grants (as administered by the local authority), further targeted support for the city's hospitality sector following the complexities of evolving government restrictions, and a localised version of the Job Retention Scheme in response to insufficient financial support in place for businesses in areas facing public health restrictions.
27. Following York entering a second national lockdown, the Council's Economic Growth team has called for any local business who have been severely impacted by Covid-19 restrictions and will not benefit from the additional grant support announced by government to get in touch with us. We will continue to raise these issues with key business support partners and central government.

#### Future Activity and Staff Resources

28. Businesses taking part in the Council's sector roundtables initiative welcomed the ability to have a two-way discussion with the Council and its partners, and found it helpful to keep up to date with how other businesses and sectors were faring, share ideas and take part in business-to-business networking.
29. Looking towards the future, there was a widespread desire across sector groups for these roundtable meetings to continue moving forwards, although businesses were keen to see wider businesses representation at the sector roundtables, including more start-ups and SMEs, a greater number of the national retail and hospitality chains in York and the city's high street banks. Businesses also keen to undertake more themed-based discussions moving forwards.
30. In terms of business representation and the quality of intelligence provided through the sector roundtable initiative, this has varied across sectors. For instance, businesses attendance at the property & construction and manufacturing roundtables has been varied, whilst

there are other networks operating locally that bring businesses together in these sectors. Similarly, businesses and organisations taking part in the further and higher education roundtable already come together as part of other meeting groups and therefore continuing this roundtable is a duplication of efforts. Finally, the bio-economy & life sciences sector roundtable group has struggled to feature representation from York's life sciences sector – a highly productive and growing cohort of businesses, these businesses need to be engaged if this sector roundtable group is to continue meeting.

31. Moving forwards, we propose that certain sector roundtable groups no longer continue in their current format, with alternative methods of business engagement for these sectors proposed including utilising existing business networks and/or ensuring that relevant businesses are part of our key account management work.
32. Despite being highly beneficial in terms of business engagement, it is important to highlight that the Council's sector roundtables initiative is very resource intensive and requires significant staff capacity to deliver. The three rounds of sector roundtable meetings were delivered with officers from Make it York performing both the administrative and secretariat functions. Existing business support resource was supplemented by the support of Visit York colleagues as activity during the first national lockdown pivoted to support businesses in dealing with the impacts of Covid-19.
33. This staff capacity at Make it York is no longer in existence following the return of officers to Visit York. Similarly, the Council's Economic Growth team has also experienced a decrease in staff capacity with current recruitment plans placed on hold following an internal freeze on recruitment in light of Council's budgetary pressures following Covid-19.
34. In light of such aforementioned capacity constraints, levels of engagement will need to vary in accordance with available staff resource. We also need to think creatively about how sector roundtable activity can continue in the short-term, especially given the economic challenges that York continues to face in response to the pandemic and further economic uncertainty as Britain leaves the EU. This could mean engaging with businesses taking part in the sector roundtables via email communication, ensuring that business intelligence on the sector impacts being felt locally continues to be received by the Council and its partners as the city navigates the pandemic.

35. The sector roundtables initiative has provided the Council with a new and highly beneficial communication channel through which to undertake business engagement and we propose to continue engagement through this approach, in accordance with available staff resource. This communication mechanism, as well as the Council's Big Conversation tool, will also be used to engage with businesses on the Council's new Economic Strategy and the city's Adult Learning and Skills Strategy, as well as other strategic plans for the city.

## Consultation

36. Consultation on York's economy and the Council's Covid-19 response has taken place through weekly intelligence calls with key partners, the civic partnership structures, 13 sector roundtables and the Executive Member for Economy and Strategic Planning's Decision Sessions.

## Council Plan

37. Our work addresses the following outcomes from the Council Plan:

- Well-paid jobs and an inclusive economy; and,
- An open and effective council.

## Implications

- **Financial** – no new financial commitments.
- **Human Resources (HR)** – no implications;
- **One Planet Council / Equalities** – no implications;
- **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:**

Alex Dochery  
Economic Growth Manager  
Economy & Place  
x2080

**Chief Officer Responsible for the report:**

**Tracey Carter**  
**Interim Director of Place**

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**Approved**

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

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

## Background Papers:

### Annexes

Annex 1: Summary report on Sector Roundtables, Meeting Rounds 1, 2 & 3

## List of Abbreviations Used in this Report

BEIS – Department for Business, Energy and Industrial Strategy

EU – European Union

IT – Information Technology

LEP – Local Enterprise Partnership