

Quarterly Economic Update

Summary

1. York has come through the early economic challenges of the COVID pandemic in a comparatively strong position. Unemployment has risen, but by less than any other UK city, and some businesses have closed, particularly in highly-leveraged retail and hospitality chains. The city's efforts to distribute grant funding and support businesses have helped thousands of local employers.
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. But national lockdowns and the current Tier system are difficult for the city centre economy, and many businesses will find the reduced Christmas trade very difficult, with restrictions expected to continue through the coming winter.
3. The longer term economic impacts of COVID are not yet clear and though the news of the delivery of vaccines in the coming months will buoy up some businesses and provide hope for improvements during the coming months this may be hampered if the vaccination programme takes time to roll out. 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. The partnership approaches developed in York over the past nine months, with the Council working closely with BID, Chamber, FSB, IoD, our Universities and colleges and Make It York, provide a strong platform for our city.

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

State of the Economy

5. This report covers the period October 2020 to December 2020. Following a strong August and September in York City centre, the autumn saw the introduction of new social distancing rules through October, followed by Tier 2 local restrictions, and a national lockdown in November. The city emerged back into Tier 2 at the start of December, with the prospect of continued restrictions through to next March at the earliest.
6. In the wider economy, many companies have continued to trade well, with national surveys suggesting that around half of all businesses have seen decreased turnover, a third are unaffected by lockdown, and more than 10% have seen turnover increase.
7. The same survey¹ suggests that 30% of all businesses, and 44% of those in the hospitality sector, are carrying less than 3 months cash reserves, putting them at significant risk of failure in the months ahead. Much of the effort, both locally and nationally, to shore up the economy has focussed on providing grants to help business cashflow. York has continued to distribute such funds widely and quickly and has retained future funds for further lock down support should it be needed. This funding is clearly helping, however we must begin to consider the longer term impacts of the pandemic for employers in the local economy.
8. The Chancellor was clear in his November 2020 Autumn Statement speech that we are only beginning to see the economic impacts of the COVID-19 pandemic. Forecasts from the Office for Budget Responsibility, launched to support the Chancellor's statement, make sobering reading. At national level, unemployment is forecast to double in the first half of next year, while the 11% hit to GDP will not be regained for 5 years. Projecting these forecasts onto the York economy, we still

¹<https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/bulletins/coronavirusandtheeconomicimpactsontheuk/19november2020>

might see our claimant count hit 10,000 by next summer, while the impact of COVID can be estimated at £300m in the current year.

9. The Government's Business Register and Employment Survey (BRES) for 2019 was published in October. This data provides an annual snapshot of the number of jobs by industry, with a breakdown by full time (>30hrs per week) and part time (<30hrs). With the data being from October 2019, there is no insight into the impacts of COVID on the economy. Rather, it is an indicator of how the York economy was progressing prior to the pandemic.
10. The headline from BRES is that employment in York had grown to over 111,500 jobs, with increases in construction, education and administration and support services. While full time work remained stable, part time working had seen a further increase, as had self-employment. The medium term trend has seen 1,000 jobs per annum added to the York economy, and the proportion of part time roles has increased to 40% of all employment. This contrasts with the GB average of 32%. This reflects the relatively high living costs of York, leading many households to rely on multiple incomes from a mix of full time and part time employment, together with self-employment in micro-

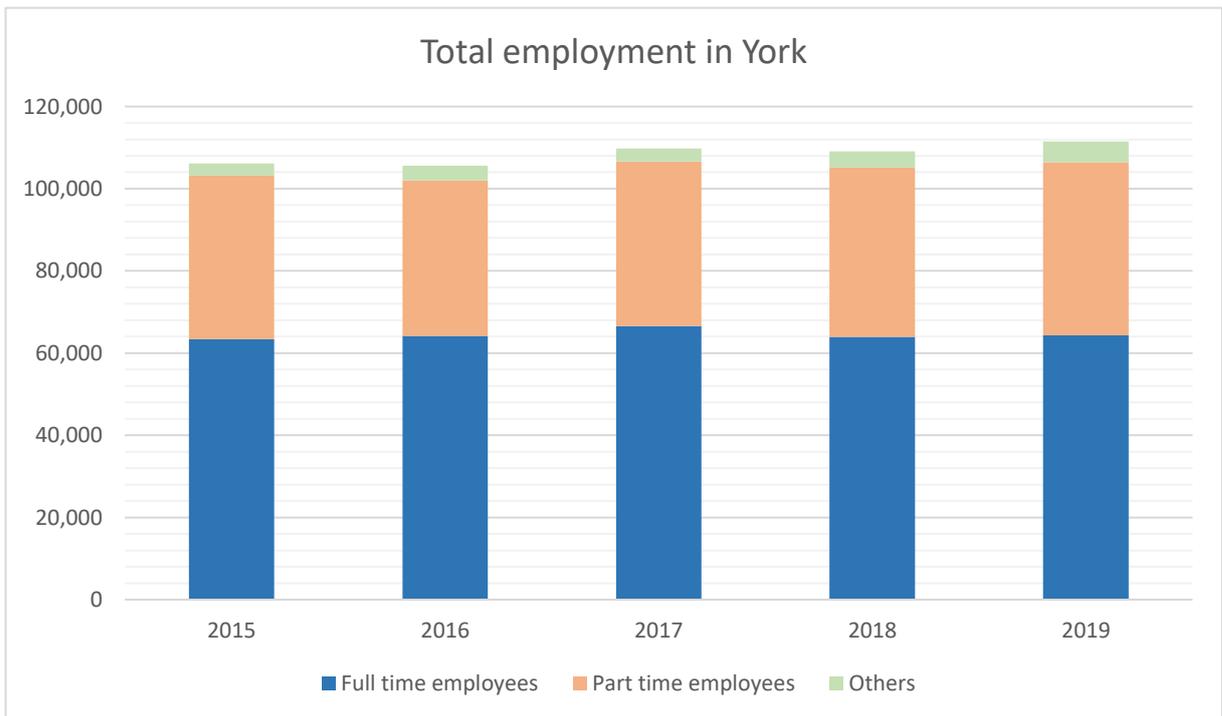


Figure 1 Employment in York, 2015 to 2019

businesses.

11. Further insight is provided by the Government's Annual Survey of Hours and Earnings (ASHE), with the 2020 update being published in October. These statistics provide details of hourly, weekly and annual pay and hours worked. In normal times, we would focus on median pay as a measure of progress in the economy. However, the survey was undertaken in April 2020, a month into the first national lockdown and prior to the development of grant mechanisms. It was this period which saw the York claimant count rise from 1,800 to 5,000 as employers sought to shed staff in the face of severely restricted trade.
12. The ASHE pay figures² show a 0.2% decrease in median full time pay for York residents, but with an underlying 12.4% increase in female full time pay. Looking beyond the average pay figures, ASHE reveals a clearer picture of job losses, with full time male works and part time female workers seeing significant reductions in the York economy. While ASHE figures should be treated with some caution as they are survey based, the figures show a reduction of 14,000 in the number of workers in York.

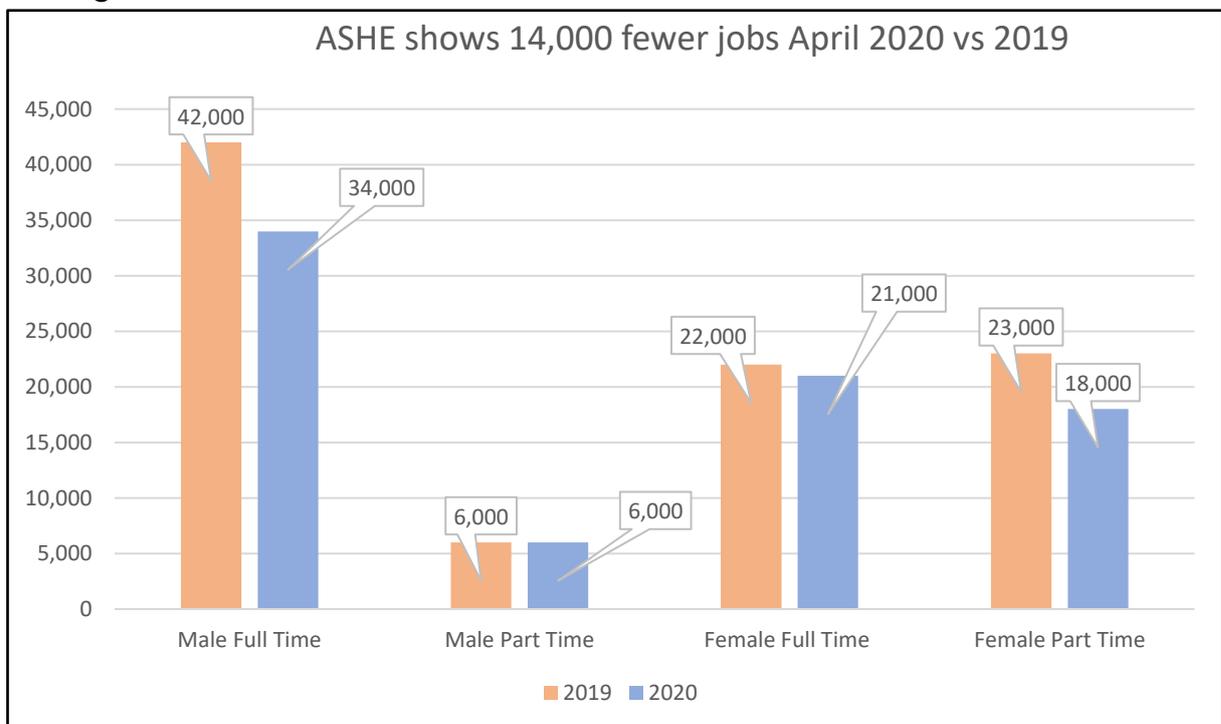


Figure 2 Changes in employment, April 2019 to April 2020

Unemployment (Annex 1 pp.12-13)

13. The impact of the COVID pandemic is shown very clearly in the claimant count³ (Annex 1 p12). This 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. This is despite

² <https://www.nomisweb.co.uk/query/construct/summary.asp?menuopt=200&subcomp=>

³ Data from <https://www.nomisweb.co.uk/query/select/getdatasetbytheme.asp?collapse=yes>

the apparent decrease of 14,000 in those working in York, shown by the ASHE figures discussed above.

14. Centre for Cities have been monitoring increases in unemployment across their cohort of 68 UK centres⁴. York is the city with the lowest percentage increase in unemployment, despite the influence of our retail, tourism and hospitality businesses.
15. 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 of part time work in the city, with many of those now out of work unable to claim benefits.
16. Updates figures for the Job Retention Scheme (JRS) and Self Employment Income Support Scheme (SEISS) have been published by Government⁵. 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.
17. The Job Retention Scheme is set to continue until March 2021, and those furloughed on the scheme remain at high risk of losing their jobs in the coming months. Our unemployment support, set out in the Skills paper also reporting to this Decision Session, will need to support such workers, alongside those who have already lost work, whether they are able to claim benefits or not.

City centre economy (Annex 1 pp.3-9 + Annex 2)

18. Our Springboard footfall counter data, (Annex 1 p3), shows the overall pattern of the year to date. The initial lockdown in March, April and May saw city centre customer numbers consistently below 30% of normal levels. With the easing of restrictions in July and August, people

⁴ <https://www.centreforcities.org/data/uk-unemployment-tracker/>

⁵ <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>

returned, with the peak at August Bank Holiday seeing levels above 80%.

19. A slow but steady decrease across September saw levels in October down to around 60% prior to the second national lockdown in November, which brought numbers down to less than 40% of typical levels.
20. Just 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 2 provides the first report from the new Movement Insights system, which will continue to develop over the year ahead.
21. Footfall provides a good indication of how busy the city centre was, but for businesses in the city centre, the key question is how much were customers spending? This is where Movement Insights can begin to shed some light. In the last quarterly report, we looked at Centre for Cities data which suggested that spend was strong in York over the summer. Movement Insights presents a similar picture, showing strong sales in city centre restaurants, retail, supermarkets and clothing in the period July to September 2020.
22. Customer origin is also shown in Annex 2, 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/two thirds visitors. The balance of locals to visitors has thus 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.
23. Shop and restaurant vacancies have inevitably risen in York over the year. Our own figures, derived from the Business Rates system, show vacancies at 8.1%, up from 7.4% earlier in the year (Annex 1 p.4). As reported last quarter, Local Data Company's surveys show a larger increase, but with York still below the national average. What has been noticeable in recent month is the accelerating rate of closure among national and international retail and hospitality chains. This trend leads to sites in York being closed because of pressures elsewhere on owners.

Tourism (Annex 1 p4 + Annex 3)

24. Make It York's Tourism dashboard for October shows the scale of impact on that sector. While overall footfall remained at 60% or so through October, visits to our smaller attraction were down 80% on the year, and our hotels saw much reduced occupancy.

25. We have refreshed our relationship with Welcome to Yorkshire, agreeing a new Service Level Agreement with the organisation, and are working closely with Make It York to make the most of what scope there is to attract visitors to York. Marketing is beginning to focus on spring and summer 2021, when we hope to be able to welcome tourists back to York, supplementing campaigns to promote the use of local independent shops for Christmas spending.

Business start-ups (Annex 1, pp.10, 11)

26. In a typical year, around 1,000 businesses are started in York. The total for the current year, with 5 months remaining, is just below 400, 75% of what would be expected.
27. Looking at individual wards (Annex 1 p11), those with the highest clamant counts (Westfield, Clifton, Heworth and Holgate) are also showing higher levels of business startups.

Regional update

28. As discussed in September's Quarterly Economic Update, York and North Yorkshire LEP (Y&NY LEP) has developed a sub-regional Economic Recovery Plan titled "COVID-19 – A Plan to Reshape Our Economy" in response to the pandemic. Launched on 19th October 2020, this was followed by a ten day campaign based on each of the ten pledges. This showcased what response activity was being done, and what the LEP had pledged.
29. The LEP's Local Industrial Strategy and Reshaping the Economy COVID-19 Plan form the basis of its future work and priorities. Work is underway to turn the LEP's strategies and plans into clear delivery/implementation plans, setting out clearly the outcomes to be achieved and the actions needed. All of the LEP's strategies will be aligned under a single Economic Plan aimed at achieving their overall vision of a Greener, Fairer and Stronger Economy and becoming a carbon negative region.
30. Resources have also been secured by the LEP to provide additional support to businesses as the UK leaves the EU at the end of the year. This support will work closely with the Make It York team, and will include a mix of online workshops and 1-2-1 advice.

Update on work initiated at previous decision sessions

Economic Strategy

31. Work continues to take place on developing a new Economic Strategy for York, with the approach outlined at the Executive Member's October 2020 Decision Session. The approach to developing a new strategy was reviewed by the Council's Economy and Place Policy and Scrutiny Committee in October
32. Current activity is centred on reviewing and refreshing the existing economic evidence base which will underpin the development of the strategy. Gap analysis work is also being undertaken to ensure that the impacts of the pandemic are incorporated into this economic evidence base, as well as identifying additional themes requiring further research and analysis work and/or engagement. Activity is also underway to reflect on the data and trends emerging from the Council's resident engagement channel Our Big Conversation, as well as the intelligence from the Sector Roundtable initiative.
33. A more detailed progress update on the development of the Council's Economic Strategy is scheduled to be tabled at the Executive Member's January Decision Session. This will include a draft evidence base slide pack, draft plans around engagement activity and a summary of key strategic themes with accompanying text. Consultation on the Council's new Economic Strategy is planned for February to March 2021, with Executive sign off scheduled for May 2021. The strategy will also be considered again by Economy and Place Scrutiny Committee prior to completion.

BID update

34. The York BID presented a draft Business Plan to their Board on 25th November for their proposed 2021-2026 term. It was agreed that the threshold for the levy be raised from £12,500 to £17,500. This means a reduction of 192 hereditaments, and £28,500 less levy funding to be collected than now.
35. The broad themes for the BID have been set out in a draft Business Plan to act as a manifesto for their proposed term. This shows that the existing work that businesses have valued such as additional street cleansing, the Street Rangers and business support will continue, but there will be an additional element to include green, sustainable and environmental issues.
36. The processes required to bring the BID 2020 renewal ballot paper to the Executive for approval is almost complete, with Members set to consider

the report on January 14th 2020, with the ballot beginning the following month.

37. The BID has announced their Winter campaign of events for the City Centre to bring as many visitors as is safely possible back into York. These include the Make a World of Difference business support project which encourages people to shop locally, the Gift Card Advent Calendar and the Fantastic Fiction project at the vacant Debenhams store where all five shop windows be dressed to recreate popular children's stories.

Secondary shopping areas

38. The My Front Street project - looking at wider long-term impacts and economic growth in Acomb Front Street and the surrounding shopping area - was impacted by the second national lockdown in November, and work to engage with the public and other stakeholder had to be temporarily suspended shortly before the pilot was launched for health and safety reasons. The consultants will begin work again as soon as is possible, with the intention of completing the initiative by May 2021.
39. Both Acomb and Haxby now have Christmas lights in situ, designed to encourage footfall and engagement with the local areas. For the first time, Haxby and Wigginton Traders' Association has been able to make a capital investment in Christmas lights for the length of The Village due to the funding set aside by the Council for secondary shopping areas. This has been extremely well received by the local community, with several hundred positive interactions on social media about the project..

Business Support

EU Exit

40. Y&NY LEP have developed six-specific EU transition webinars taking place over November and December 2020, in partnership with professionals Garbutt & Elliot and Thrive Law. Subject areas include preparing for the end of EU transition; key legal changes; financial planning and managing cash flow; importing and exporting in 2021; and tariffs & taxation in 2021.
41. The LEP has also received additional funding from BEIS to deliver advisory support around EU transition up to 31st March 2021. Emphasis is being placed on impactful business support with speedy delivery and collaboration. The Council's Economic Growth team is working closely with York's key business support agencies and the LEP's Growth Hub to ensure that local businesses have the necessary support and advice to effectively prepare for the UK leaving the EU. A range of information is

available from the Make it York website to help businesses during the transition period and beyond.

York Business Week

42. November 2020 saw the return of York Business Week, marking the 10th iteration of the annual event. Taking place between 9th and 13th November, the week-long programme of free virtual events centred around the theme of “Build Back Better”, and focused on York’s economic recovery from COVID-19.
43. In keeping with the work undertaken to strengthen partnership working throughout the pandemic, a collaborative approach was taken to York Business Week with the Federation of Small Businesses, Institute of Directors, York Professionals, Make It York and the Council all putting on events during the course of the week. The programme also saw participation from York and North Yorkshire Chamber of Commerce, York BID, Welcome to Yorkshire, BioVale, York’s two universities and Y&NY LEP.
44. The programme covered many of the common issues raised by businesses through the Council’s Sector Roundtable initiative, with events and business support seminars and workshops addressing the topics of EU exit, skills, adapting business models, and leadership development. There were also a series of health and wellbeing events taking place during the week for businesses of all sizes, as well as targeted support sessions for start-ups and tourism businesses.
45. Promotion of York Business Week took place through a number of regional and local media outlets, as well through social media channels. Social media activity around the event reached 123k people, with 2,040 registrations in total throughout the week. Make it York statistics show that website traffic during business week itself increased 19% on the previous year, reflecting the great work of Make it York and its partners in putting on engaging content for a wide range of business audiences.

Partnerships

Circular Yorkshire Month

46. November 2020 also saw the return of Y&NY LEP’s Circular Yorkshire Month, which brought together partners and stakeholders from across Yorkshire to accelerate region’s transformation towards a circular economy. This year’s campaign featured 27 partners (up from 16 last year) and an extensive social media and press campaign, the latter reaching over 200,000 people.

47. Throughout Circular Yorkshire Month, the LEP, its Growth Hub and partners raised awareness of how Circular practices – focusing on the reuse of materials and sustainable business practices - can help businesses prosper by providing a variety of information and guidance. The campaign included a series of webinars, the launch of a package of resources for businesses (including e-guides, animations and case studies), and a range of high profile communication activities. Along with BioVale and the University of York, City of York Council were active participants in Circular Yorkshire Month with the Council's Assistant Director of Housing and Community Safety taking part in a webinar exploring how practically towns and communities can adopt circular economy practices within the built environment. The Council's Housing Delivery Programme and the creation of zero carbon homes and inclusive communities drew widespread interest from attendees.

York Business Accelerator Project

48. September's Quarterly Economic Update report updated the Executive Member for Economy and Strategic Planning on a joint initiative between the University of York and City of York Council 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. The feasibility study would test whether the right conditions are in place for such an initiative in York.
49. Completed by Whitecap Consulting, the study assessed the appetite and opportunity for a business accelerator to deliver job growth, attract new inward investment and to support the expansion of York's innovation and technology ecosystem.
50. Following a consultative process involving approximately 100 stakeholders, the report concluded that an accelerator could enable and support tech start-ups to succeed in York and attract high value inward investment, with strong passion and commitment shown by all stakeholders to drive innovation in the city.
51. Key findings from the report include the need for more suitable physical spaces in the city for innovation and collaboration, a stronger relationship between start-ups and established businesses, a focus on retaining graduates and ensuring they have attractive local career opportunities in exciting growth sectors, and greater interaction between York's universities and start-ups and established businesses. It was also highlighted that York has multiple sector strengths that would benefit from alignment with key regional and pan-northern innovation activities.

52. A launch event took place on 30th November 2020 to promote the findings of the report and raise awareness amongst the wider York business community and key stakeholders. Further stakeholder engagement is planned through 1-2-1 meetings to gauge the level of support from key stakeholders for the York Accelerator in regards to funding, resourcing and developing a suitable accelerator business model. Additional work is required to assess the validity of the potential operating models such as neutral and independently run; in partnership with an existing accelerator; as a corporate accelerator.
53. In addition to co-funding the original report, Council support includes ongoing officer resource to support the development of the project and well as utilising our relationships across the city and beyond to move the initiative forward. The project has demonstrated citywide commitment to supporting both local employment and entrepreneurs who want to establish and grow businesses in York.

Consultation

54. 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

55. 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:

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Chief Officer Responsible for the report:

Tracey Carter
Interim Director of Place

Report **Date**
Approved

Wards Affected: List wards or tick box to indicate all

All

For further information please contact the author of the report

Background Papers:

Annexes

Annex 1: Economic Recovery Data Pack – Dec 2020

Annex 2: York BID and CYC Movement Insights report

Annex 3: Tourism dashboard