

York Economic Strategy – Progress Update Report

Summary

1. This report provides an update on the development of a new, inclusive Economic Strategy for York. Widespread engagement with York's residents, workers and businesses took place over the summer through the Council's Our Big Conversation, with a coherent approach to engagement undertaken to address the overlapping themes of York's economy, carbon reduction and transport.
2. 1,934 residents participated in the residents' survey and 93 businesses participated in business survey – with 53 firms fully completing the survey. Further engagement with businesses is planned to ensure that York's new Economic Strategy reflects their needs and aspirations. A survey was also undertaken through Citizens Advice York to better understand their clients' experience of Covid-19 and employment in York.
3. Work has also taken place to update the Economic Evidence Base that will underpin the Council's new Economic Strategy. Economic data shows that York's economy has been performing strongly, with the Council's strategic focus on growing high-paid jobs bearing fruit. However, the hardship and lessons from the past 18 months must not be forgotten and an emphasis on inclusive growth in our new Economic Strategy is paramount. Focus will be placed on improving employment conditions and wage levels in York's high-volume sectors (retail, hospitality and health and social care) whilst also growing the amount of part-time work available in high-paid sectors and encouraging continuous learning to improve individual mobility.
4. Engagement findings from Our Big Conversation and the Economic Evidence Base has helped inform the development of four headline commitments which set out how the Council will work with businesses,

residents and partners to ensure that economic growth in York is both inclusive and sustainable. These are:

- An economy powered by 'good' business;
 - Creating the right conditions for sustainable growth;
 - A thriving local workforce; and,
 - A globally-connected city.
5. These four commitments will form the basis of the Council's new, inclusive Economic Strategy. Engagement will take place with businesses, key business support agencies and city partners to ensure that our emerging priorities meet the needs of York's economy and secure agreement for the activities that will underpin each commitment. A new Economic Strategy will be brought to the Council's Executive for sign-off in January 2021.

Recommendations

6. The Executive Member is asked to:
- 1) Note the contents of the report;
 - 2) Provide comments on engagement findings, the draft economic evidence base and headline commitments for a new, inclusive Economic Strategy.

Reason: To support the development of a new, inclusive Economic Strategy for York.

Report

7. City of York Council's current Economic Strategy was launched in 2016 and covers the period 2016-20. The Executive has committed to renewing and adapting the strategy, with a new focus on inclusive growth, and to launch a new York Economic Partnership, which will include a diverse range of voices and perspectives.

Engagement Activity and Findings

8. July 2021 saw widespread engagement with York's residents, workers and businesses placing these groups at the heart of plans to build an inclusive and greener economy. Through the Council's Our Big Conversation, a coherent approach to engagement was undertaken to address the overlapping themes of York's economy, carbon reduction and transport.
9. In total, 1,934 residents participated in the residents' survey and 93 businesses participated in business survey – with 53 firms fully completing the survey. Given the limited number of responses to the business survey, it must be recognised that survey results here cannot be taken to be wholly representative of York's business community. Further engagement with businesses is planned to ensure that York's new Economic Strategy reflects their needs and aspirations.
10. An overview of headline findings from the Council's Our Big Conversation engagement exercise with residents and businesses can be found at Annex 1. Key findings include the following:
 - The vast majority of residents and businesses support York's ambition to become a net-zero carbon city by 2030;
 - More than two-thirds of workers are expecting to work from home more in future when compared with before the pandemic;
 - 73% of residents reported that their broadband speeds meets their needs;
 - 2 in 3 workers are interested in learning new skills, with advanced/specialist IT skills and management/leadership skills being most in demand;
 - 1 in 5 residents in employment feel worse off financially than they were 12 months ago, with half of those falling within the 25 to 39 age category;
 - 40% of residents working part-time do so to have a better work/life balance;
 - Businesses cite the availability and/or cost of land/premises as the biggest challenge for operating in York;

- 2 in 5 businesses are rethinking their workspace requirements, with the majority looking to either revise their current layout or relocate to larger premises.

11. In addition to the Council's Our Big Conversation engagement activity, a survey was undertaken through Citizens Advice York to better understand their clients' experience of Covid-19 and employment in York. 222 clients were interviewed between July and August 2021. A summary of headline findings can be found under Annex 2. In short, the survey found that clients already in employment and those without a disability/health problem were most confident about their employment prospects. Those with long-term health conditions faced difficulty in finding employment, and clients were more likely to report that the pandemic had resulted in a negative impact on their health, particularly their mental health, than on their employment situation.

Phase 2 Engagement

12. Work is underway with Communications to undertake a second phase of engagement with residents and businesses over October 2021. Again undertaken through the medium of Our Big Conversation, engagement activity will demonstrate how existing feedback has shaped the Council's thinking and approach to strategy development, whilst also addressing gaps in our insight and/or sense checking findings.

Revised Economic Evidence Base

13. In addition to the aforementioned engagement activity, work has also taken place to update the Economic Evidence Base that will underpin the Council's new Economic Strategy (see Annex 3). The previous iteration of our Economic Evidence Base was presented to the Executive Member at his January 2021 Decision Session.

14. Our economic evidence base explores York's levels of productivity and wage levels, employment mix (sectors, skills, and types of roles), numbers of business start-ups, skill levels, housing affordability, the economic impacts of Covid-19, and the forecast for growth and employment (including 'green' jobs).

15. Economic data shows that York's economy has been performing strongly with higher levels of productivity than the rest of the region, and growth in GVA per hour worked over the last five years. It also shows that our prevailing economic strategy since the 2007 financial crash – to focus on growing high-paid jobs, has borne fruit:

- We have a strong knowledge economy which has grown, with more than 17,000 high skilled jobs created in York since 2005;
 - Pay in York is close to the national median (across full-time and part-time roles), and higher than much of Yorkshire and the Humber;
 - We also have the highest level of skills of any northern city.
16. With significant new developments coming forward in the city such as York Central and the Guildhall redevelopment, we can expect further growth in well-paid jobs. We have also seen strong growth in hospitality, retail and social care employment. These lower-paid sectors provide much of York's part-time work, contributing to household incomes, but also providing some challenges.
 17. Data on York property price to earnings ratio shows that York's housing affordability is at England's average level, but compares poorly with much of the North. In terms of property rents, rental prices in York are equivalent to those in the East and South East of England, outstripping the national average when looking at homes with two bedrooms or more.
 18. The economic impact of Covid-19 has been disproportionately felt by industries relying on visitors and consumers. Whilst York's economy has fared better than many other cities, national lockdowns over the past 18 months have disrupted trade in retail, hospitality and leisure sectors. Forecast modelling undertaken by Oxford Economics predict that the 8.5% year-on-year (y-o-y) contraction to York's GVA in 2020 will be replaced by a 9.8% y-o-y expansion in 2021. Further to this, York's GVA is predicted to be close to the UK average for the next 7 years, outstripping the growth predicted across York & North Yorkshire and Leeds City Region. The same is true for employment forecasts, with York predicted to be one of the few places to see employment increase during 2021, and either be above or close to average UK employment levels to 2028.¹
 19. As of October 2021, the Coronavirus Job Retention Scheme (CJRS) and the Self-Employment Income Support Scheme (SEISS) have come to a close. Since the launch of the government support schemes in March 2020, we have seen the total number of people furloughed on the CJRS in York reach 16,000 in July 2020 and during January and February of 2021. This number had fallen to 3,100 people at the end of August 2021, with it also being the first time more men were on furlough than women,

¹ Forecasts by Oxford Economics undertaken in July 2021

with women outnumbering men on furlough for the previous 12 months.² A further 2,500 people were claiming self-employed income support in September 2021.³

20. This downward trend in the number of people relying on Government support has been accompanied by a significant drop in unemployment. Claimant count data has shown unemployment in York to be decreasing consecutively since February 2021, with the figure standing at 3,645 in August 2021. Whilst on a historical scale this is a high figure, York is ranked as the city in the UK with the lowest levels of unemployment according to the Centre for Cities Unemployment Tracker.⁴
21. The hardship and lessons from the past 18 months must not, however, be forgotten and an emphasis on inclusive growth in our new Economic Strategy is paramount. York is undoubtedly a working city, with stronger self-employment, lower unemployment, and lower economic inactivity levels for those who don't want a job compared to UK levels. But, whilst part-time employment has increased overall, these jobs are concentrated in typically low-paid sectors, and we estimate that York has lost 13,000 jobs in medium-skilled well-paid jobs since 1998. Focus therefore needs to be placed on growing the amount of part-time work available in high-paid sectors and encouraging continuous learning to improve individual mobility.
22. Self-employment, making up 10.6% of York's working age population in March 2021, is greater than Leeds and Sheffield City Regions by roughly 2.5% and UK levels by 1%. History tells us that self-employment tends to grow after economic recessions, and supporting residents in setting up and growing their own business will be an important component of our new economic strategy. Rawcliffe and Clifton without, Guildhall and Micklegate have seen the most start-ups by ward in 2021 as of July.
23. Attracting 'green' jobs and growing the low carbon and renewable energy economy (LCREE) will also be a key focus of our new economic strategy. Not only will it help us achieve York's net-zero ambitions but also help forge an economy ready for the future. Research from the Local Government Association forecasts Yorkshire and the Humber as being the second highest region, after the North West, to receive direct

² Note that the August 2021 figure for the CJRS is provisional

³ Note that the September 2021 figure for SEISS is provisional

⁴ Centre for Cities Unemployment Tracker – last updated on 01/09/2021 – <https://www.centreforcities.org/data/uk-unemployment-tracker/>

jobs in the LCREE, with a potential for 99,000 direct jobs by 2030 and 168,000 direct jobs by 2050.⁵

Towards a new Economic Strategy for York

24. Our new Economic Strategy will adopt a twin track approach – to continue the long established focus on developing higher paid jobs in key sectors across the economy, while developing a clearer approach to inclusive growth across our economy. These two priorities will be underpinned by two cross cutting themes: the notion of 21st century jobs, built flexibly around the needs of employees, and supported by continuous learning to improve individual mobility, and a focus on a green economic recovery, addressing the Council’s low-carbon commitments and the city’s nationally-significant bio-economy and agri-tech innovation assets.
25. In developing the above approach, four headline commitments have been identified setting out how the Council will work with businesses, residents and partners to ensure that economic growth in York is both inclusive and sustainable. These are as follows:
- **An economy powered by ‘good’ business** – embedding responsible business practises in line with York’s Good Business Charter City accreditation; supporting businesses to decarbonise; and creating more work experience, internship and apprenticeship opportunities locally;
 - **Creating the right conditions for sustainable growth** – providing high quality support to entrepreneurs and businesses to enable resilience and growth; improving access to affordable, good quality workspace; and FE and HE skills provision shaped by the needs of business;
 - **A thriving local workforce** – access to training and upskilling support for all our residents and workers; broadening part time job opportunities across York’s economy, thus improving career prospects; and providing more apprenticeships at higher levels and in STEM; and,
 - **A globally-connected city** – supporting businesses to expand into new global markets; maximising existing linkages between York and cities/countries across the rest of the world; promoting the

⁵ Local Government Association (2020) – Local green jobs - accelerating a sustainable economic recovery – <https://www.local.gov.uk/local-green-jobs-accelerating-sustainable-economic-recovery>

city's academic R&D strengths to attract private sector investment and support job creation; and act as a focal point for inward investment across the region by capitalising on the York's existing assets and internationally-recognised brand.

26. Annex 4 sets out in greater detail the priorities that fall underneath each headline commitment. The commitments incorporate the work of the city's Skills and Employment Board in developing a 10-Year Skill Strategy for York, the later endorsed by the Executive Member at his September 2021 Decision Session. They also support the Council's low carbon commitments, and emerging Climate Change Strategy.
27. In addition to work taking place on Phase 2 engagement, the Council will engage with key business support agencies and city partners in York – Make it York, York Business Improvement District, Indie York, York and North Yorkshire Chamber of Commerce, the Federation of Small Businesses, the Institute of Directors, University of York, York St John University and York and North Yorkshire LEP amongst others, and local businesses to ensure that our emerging priorities meet the needs of York's economy and secure agreement for the activities that will underpin each commitment.
28. A new Economic Strategy will be brought to the Council's Executive for sign-off in January 2022.

Consultation

29. Engagement with businesses, residents and partners on the development of the Council's new Economic Strategy has taken place through existing communications mechanisms such as the Council's Our Big Conversation. A coherent engagement approach has been taken to the overlapping themes of York's economy, carbon reduction and the city's local transport plan, with insight supplemented by information from other Council engagement activity such as My City Centre, Skills Strategy, and Micro Grants Evaluation.
30. Our approach to engagement on Economic Strategy aligns with the Council-wide Resident Engagement Strategy, and places York's residents and businesses at the heart of plans to build an inclusive and greener economy.

Council Plan

31. 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;
- Safe communities and culture for all; and,
- An open and effective council.

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.

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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: Our Big Conversation – Key Findings Summary Report

Annex 2: Citizens Advice York Client Survey – Summary Report

Annex 3: York Economic Evidence Base (Draft)

Annex 4: Towards a new Economic Strategy – Headline Commitments

List of Abbreviations Used in this Report:

IT – Information Technology

LEP – Local Enterprise Partnership

R&D – Research and Development