

City of York Outbreak Management Board

November 2021

Economic Response Plan

Report of the YNY LEP and CoYC Economic Development Team

1.0 Purpose of the Report

1.1 The report provides an update on the state of the economy in City of York, the threats and opportunities looking forward and activities to create stimulus going forward.

2.0 State of the Economy

2.1 Whilst the full impact of covid remains unknown, underlying indicators provide a positive picture for the future. The headlines are:

- The size of the economy will return to pre-covid levels this year (2021)
- Whilst unemployment is slightly up, many sectors are reporting vacancies
- Weekday footfall remains below pre-covid level due to more people working from home, however weekend footfall is exceeding pre-covid levels confirming the anecdotal tourism boost reported. Importantly, spend is also exceeding pre-covid levels.
- The failure of the Arcadia Group led to an increase in vacancy levels, however we are now seeing an increase in interest, particularly from independent retailers and for a change of use from retail to leisure uses.

2.2 Oxford Economics predict a 8.5% drop in GVA for 2020, however GVA is expected to exceed pre-covid levels in 2021.

2.3 Furlough ended on 1 October, and whilst the true impact of this may yet to be fully felt, unemployment levels are only slightly above pre-covid levels and businesses are reporting vacancies across a wide range of sectors.

Unemployment Rate

	Unemployment rate
Pre covid (Jan 2019 to Dec 2019)	2.6
During covid (Jan 2020 to Dec 2020)	2.1
Now	2.8

- 2.4 Vacancy rates vary across York. The significant increases are primarily linked to the failure of national groups e.g Arcadia Group (Burtens, Top Shop etc) and the dis-investment by John Lewis.
- 2.5 On a positive note, there is significant interest in town centre opportunities from;
- 2.5.1 Independent retailers who see the attractiveness of York as a location
 - 2.5.2 Leisure providers who are seeking change of use, to create more city centre experiences; and
 - 2.5.3 Developers looking to convert to residential.
- 2.6 These trends, support the research finding done in partnership with the LEP pre-covid and are an acceleration of an existing trend.
- 2.7 Indeed, this increase in demand is unsurprising, when considering the footfall and city centre spend figures. Using the pre-covid level as baseline of 100 (Any score over 100 is higher than pre-covid levels, any score below 100 is under pre-covid levels) , weekday footfall has recovered to 86, the shortfall representing more people working from home, coupled with no overseas visitors.
- 2.8 Weekend footfall, has exceeded pre-covid levels reaching a score of 115, and importantly spend has recovered to a score of 132. This reflects the staycation boom during the last year and reaffirms York’s attractiveness as a location across UK.

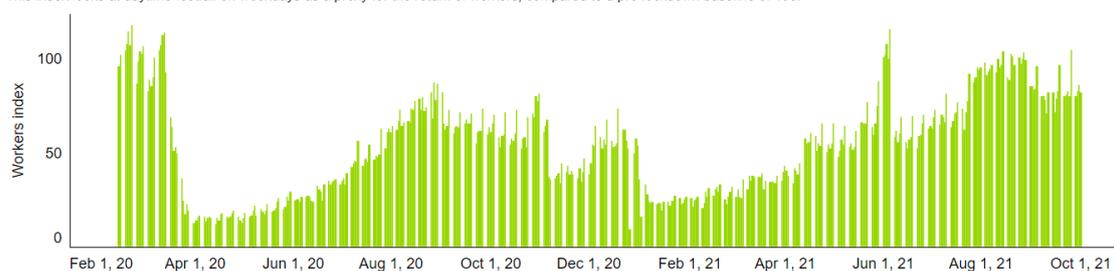
Vacancy Levels

	Vacancy levels		
	Current (November)	12 months ago	36 months ago
Town Centre	12.60%	11.50%	6.70%
Coppergate shopping centre	30.40%	13%	9.10%
Fulford Retail Park	0%	0%	0%
Foss Islands Retail	9.10%	9.10%	20%
McArthur Glen	7%	8.60%	5.20%
Monks Cross	36.40%	24%	9.10%
Clifton Moor	8%	8%	7.80%
Vangarde shopping centre	20%	20%	10%
Source: Local Data Company			

Footfall

Weekday index

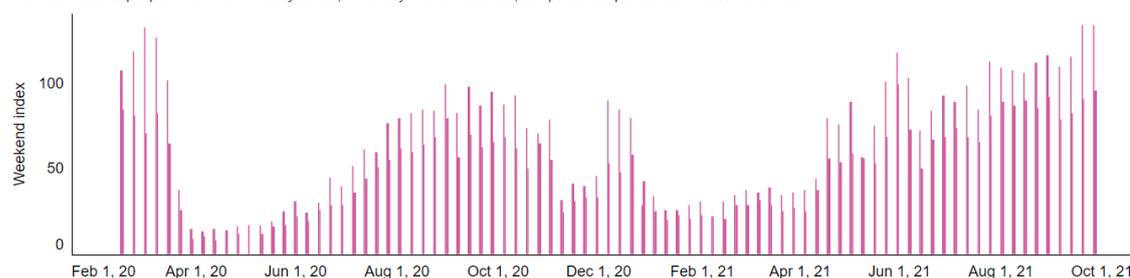
This index looks at daytime footfall on weekdays as a proxy for the return of workers, compared to a pre-lockdown baseline of 100.



Weekday index: **86**

Weekend index

This index looks at people who were in the city centre, in the daytime at weekends, compared to a pre-lockdown baseline of 100.



Weekend index: **115**

3.0 Threats and Opportunities

3.1 Building on the local economic data alongside more macro national and international trends there are a number of both threats and opportunities which may impact on York's recovery and growth.

3.2 Many sectors are reporting challenges in recruiting labour, this in turn can lead to increasing wage levels and challenges in retaining staff, especially in lower paid sectors. For examples

- Manufacturing: 80% reported recruitment difficulties in the last quarter in a Y&NY Chamber of Commerce survey. For some, this is not just about having access to cheap labour, it is simply the people are not out there. This could see manufacturers consider setting up production/processing facilities elsewhere in Europe;
- Apprenticeships: York has seen a surge in the number of apprenticeship vacancies advertised each week with figures now about double pre-pandemic levels;
- Social/Health Care: some employees in this sector are seeking roles in alternative sectors (i.e. retail) due to stress, risk of respiratory infection, but also an increased wage;

3.3 Global oil and gas price rises have been significant and are creating significant concerns amongst business who are either energy intensive or whose raw materials are energy intensive causing price rises.

- 3.4 Ongoing global supply chain issues persist and can either result in projects being delayed or businesses being unable to meet customer deadlines.
- 3.5 Collectively, these issues are all inflationary. We have seen inflation rise from 0.7% in January to 3% in September. Usually the Bank of England will raise interest rates to control inflation, however because the primary cause is the spike in oil and gas prices globally, rather than being driven by demand locally, interest rates remain low.
- 3.6 All the above provide uncertainty at a time when we need businesses to have the confidence to invest and grow and consequently could lead to decisions being delayed and a drag on recovery.
- 3.7 Against that, a positive coming out of covid is the increasing flexibility in working arrangements. If people can live anywhere and connect digitally to work anywhere, quality of place becomes a much bigger driver in where people and businesses want to locate.
- 3.8 York has long been one of the most desired places in UK to live, and coupled with it having the best rail connections in the North and ongoing investment in digital connectivity, York is increasingly in demand. Estate agents are reporting increased enquiries from outside the region (e.g London).
- 3.9 This connectivity to London and across UK also makes York an attractive location as UK government looks to relocate civil service jobs out of London.
- 3.10 Additionally, COP26 has also once again raised the importance of the environment in the business agenda. The bioeconomy Innovation assets in and around York provide a real economic opportunity to deliver good quality jobs, whilst delivering on this key global ambition. BioYorkshire, an initiative led by University of York, FERA Science and Askham Bryan College has been launched to make the case for investment by both industry and government.

4.0 Activities to create stimulus

- 4.1 Partners across York have been working together to attract investment and create a stimulus to support the economic recovery. For example:
 - City of York Council worked with partners and have successfully secured two Community Renewal Fund investments totalling over £600k into town centre stimulus projects. There are:
 - Archeology on Prescription £122,123
 - Street Life – Using York’s historic high streets as heritage catalysts for community renewal £469,765
 - Make it York continue to develop events, and, working with CoYC and partners, have developed plans to deliver an ambitious yet safe Christmas market in the City
 - City of York continue to work closely with government to attract a Civil Service Hub onto York Central; and
 - Following the government announcement, the city has formally expressed an interest in the Great British Rail headquarters being located in York. The formal competition is due to be launched imminently.

- BioYorkshire, detailed above, continues to build the case for investment in Bioeconomy delivering on the global net zero ambition.
- All Local Authorities in York and North Yorkshire have written to government expressing a desire to progress devolution at a York and North Yorkshire level as a matter of urgency.

4.2 Throughout Covid-19 City of York and the LEP Growth Hub have worked closely to support small businesses with over 3500 receiving support through the pandemic. This has been critical in both helping these businesses survive, but also in providing grass roots intelligence to inform actions.

4.3 Looking forward strategically, both City of York Council and the York and North Yorkshire LEP are working to develop ambitious economic plans. The York Economic Strategy and York and North Yorkshire Plan for Growth will set out the strategic ambitions for the region and seek to target and attract new investment into the City.

5.0 Recommendations

The Board is asked to note and comment on progress.

6.0 Officer Contact

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