

Transport, Economy and Environment Overview and Scrutiny Committee

13 April 2022

Report of the Corporate Director Business and Environmental Services

North Yorkshire County Council – A Plan for Economic Growth

1.0 Purpose of Report

1.1 To outline the delivery of the Council's Plan for Economic Growth in 2021/22

2.0 Executive Summary

2.1 This paper reports the performance of the national and local economy over the past 12 months and outlines the work undertaken by the Council during that time to monitor and support the economy of North Yorkshire.

2.2 The 2022/23 financial year will be the final year of the Council's Plan for Economic Growth and therefore this report outlines some of the broader economic impacts and points to future considerations for the economy and well-being of North Yorkshire.

2.3 Key issues which have emerged and could be considered are:

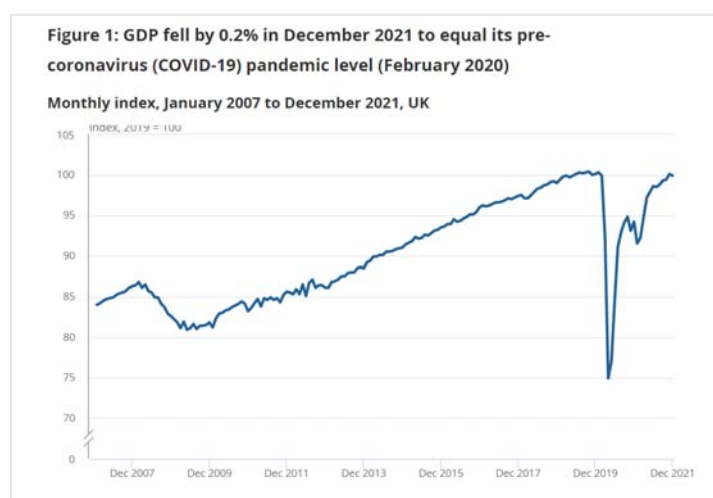
- The economy overall is returning to pre-lockdown levels of productivity and service industries in North Yorkshire, particularly hospitality have proven to be resilient and have recovered strongly from the effects of the Covid pandemic.
- The rates of unemployment and claimant count in North Yorkshire remain significantly below regional and national averages where there is a high proportion of jobs relative to resident workforce.
- At the height of the pandemic, the number of furloughed workers in the County was 88,200 (32%) among the highest in the North of England, however towards the end of the furlough scheme this had reduced to below national averages.
- Constrained labour supply will be a limiting factor on future growth opportunities nationally but particularly in North Yorkshire. Work is currently being undertaken in partnership with the University of York to understand the implications of this.
- There remain long-standing wage discrepancies between different parts of the County and between the wages of residents and of workers.
- The Government's business support programmes have proven successful in protecting jobs and businesses although it will be some months before the final impact is known.
- An emerging effect of the pandemic and now the Ukraine / Russia conflict coupled with the rise of the cost of living has resulted in inflation sharply rising. Inflation currently stands at 5.5% but is forecast to reach 8%. This will have direct implications for production and labour costs as well as interest rates and borrowing.
- Increasing energy prices and a developing cost of living crisis will have direct impacts on the county's lowest paid residents and workers in the coming months.

2.4 Since the outbreak of Covid 19, approximately 24 months, the economy of North Yorkshire has shown resilience and a strong recovery appears to have begun however, it will some time before the full economic impact will be fully understood.

3.0 The economy in the UK and in North Yorkshire

3.1 Productivity

The Office for National Statistics (ONS) reports that the level of quarterly GDP in Quarter 4 2021 is now 0.4% below its pre-coronavirus level (Quarter 4 2019) and Monthly estimates published in February 2022 show that GDP fell by 0.2% in December 2021 but is at its pre-coronavirus level (February 2020). GDP increased by an estimated 7.5% in 2021, following a 9.4% fall in 2020. This data reflects a significant recovery from a low in April 2020, when economic output fell by roughly 25%, the largest reduction in domestic output in more than 300 years. Following that moment the economy recovered strongly until the advent of the second period of lockdown between October 2020 and January 2021 when monthly output fell back to 91.7% of pre pandemic levels and then subsequently recovered further to the most recent level, 99.4% of pre-pandemic output which is illustrated by the graph.



3.1.1 The ONS data shows that consumer facing services were the most severely affected by the impacts of lockdown with production output less severely affected and subsequently has recovered more quickly and immediately, once restrictions were better understood. Sectors which saw the greatest reduction in output through the course of the last year and a half have been accommodation and food, and arts and entertainment. The impact on manufacturing was less acute however, it should be noted that the manufacturing sector remains 2.3% behind pre-pandemic levels of productivity and consumer facing services are 5% behind despite a strong rally in accommodation and food through the summer of 2021.

3.1.2 The available data suggests that although in productivity terms North Yorkshire has experienced a greater % reduction than the UK as a whole, the recovery has been stronger and the resilience of the County's hospitality sector particularly has been a key factor.

3.1.3 In recent months, national Manufacturing output for Quarter 4 (Oct to Dec) 2021 remained unchanged compared with Quarter 3 (July to Sept) 2021; the most notable increase was a rise of 12.5% in manufacturing of basic pharmaceutical products and pharmaceutical preparations, which was partially offset by a fall of 8.0% in manufacturing of machinery and equipment N.E.C.

3.1.4 Transport and agriculture have been more affected by global problems linked to exporting goods and supply chain interruption and labour shortages, particularly among HGV drivers and more recently, the rise in fuel costs have had an impact on

transport with the average cost of a litre of diesel reaching 167.4p and 159.6p for petrol.

3.2 Employment

Employment levels in North Yorkshire are generally strong when compared to the Country as a whole. In the year to September 2021 unemployment in North Yorkshire stood at 3.5% as a proportion of economically active, compared with 4.9% in Yorkshire and Humber and 4.8% nationally. In North Yorkshire Scarborough has the highest rate of unemployment at 4.4%. Scarborough is also the most deprived area in North Yorkshire in relation to the Indices of Multiple Deprivation (IMD) with 71 total Lower Layer Super Output Areas (LSOA) and 30% of them being in the lower 5th decile.

3.2.1 Jobs density is also high in North Yorkshire. Measured as a ratio of jobs to population aged 16-64, North Yorkshire has 0.89 jobs per person compared with a national average of 0.84 and a regional average of 0.79 where only Leeds has a higher ratio 0.97 and the lowest level is Barnsley at 0.60.

3.2.2 At the beginning of the pandemic the Chancellor introduced the Coronavirus Job Retention Scheme (Furlough) which paid up to 80% of the wages of employees who were unable to work due to the Government imposed Covid-19 restrictions. At the height of lockdown in North Yorkshire, up to 40% of the workforce in Scarborough were furloughed – among the highest rate of any part of the North of England.

3.2.3 Across North Yorkshire a cumulative total of 106,900 jobs were furloughed under the Job Retention Scheme. Once the restrictions on the hospitality industry were lifted the County largely returned to levels of furloughed staff roughly consistent with the UK as a whole. Figures to the end of July show North Yorkshire in line with Yorkshire and the Humber and England as a whole at 5% with only Scarborough Borough above this level at 6%.

3.3 Wages and prosperity

In 2021 average gross weekly earnings of full time workers by residence in North Yorkshire stand at £584.60 ahead of a regional figure of £568.50 and below a national figure of £613.10.

3.3.1 Average weekly earnings by workplace in the County are £555.70 – below the regional average of £564 and the national (GB) average of £612.80.

3.3.2 Average gross weekly wages by district:

District	Residence £	Workplace £
Craven	525.30	557.00
Hambleton	572.60	567.00
Harrogate	650.90	560.40
Richmondshire	515.80	562.30
Ryedale	504.30	502.30
Scarborough	547.00	503.40
Selby	610.00	596.00

3.3.3 By residence Harrogate has the highest wage levels in the region; by workplace Ryedale has the lowest. In Harrogate district the difference in wage levels between residents and employees is £90 a week or £4,784 a year. The difference between the highest wages by residence in the County, Harrogate, and the lowest, Ryedale, is £146 per week or £7,500 per year. It should be noted that Ryedale has high numbers of self-employed people who often pay themselves via dividends rather than wages.

3.3.4 Claimant count figures by district:
Claimant count as a proportion of population aged 16-64 January 2022

District	Claimant count as a %
North Yorkshire	2.5
Craven	2.0
Hambleton	2.1
Harrogate	2.3
Richmondshire	1.8
Ryedale	2.2
Scarborough	3.9
Selby	2.6
Great Britain	4.4
Yorkshire and Humber	4.7

3.3.5 North Yorkshire has a claimant count of 2.5% compared with 4.7% in the region and 4.4% in the Country as a whole. Richmondshire has the lowest percentage claimant count on the UK mainland. Only the Orkney Islands and the Isle of Scilly have a lower rate.

3.3.6 To ensure that everyone has access to employment, efforts to support good mental and physical health are increasingly important. Equally supporting those people who might otherwise be excluded from employment opportunities, to access work, can help to address issues of inequality and broaden the supply of available labour for local businesses. A drive to ensure everyone has equal access to services has also influenced the county council's plans for equal opportunities.

3.4 Businesses

Officers continue to monitor the impacts of the coronavirus pandemic on the economy of North Yorkshire and the UK as a whole. During this time business registration statistics show that there were over 9000 new business registrations in North Yorkshire in the last twelve months. At the same time business failure rates have reached a historic low however this may be in part due to Government support measures which may have kept some zombie businesses on life support.

3.4.1 The most significant issue for businesses in North Yorkshire during this period is a labour shortage and work is being undertaken in partnership with the York and North Yorkshire Local Enterprise Partnership (YNY LEP) and District Councils to promote recruitment and employment opportunities in the County.

4.0 A Plan for Economic Growth

4.1 The Council's Plan for Economic Growth is managed through a Growth Plan Steering Group comprising Assistant Directors responsible for each of the Plan's seven enablers and monitoring the associated action plan. The Growth Plan Steering Group oversees the work of a number of sub-groups including liaison meetings with each of the District Councils to ensure appropriate support is given to key projects such as Scarborough and Whitby Towns Fund projects, Selby District Local Plan and Harrogate Transforming Cities Fund. An Infrastructure Working Group focuses on the implications for Council services of larger planning applications. The Steering Group meets quarterly.

4.1.1 The announcement of the Levelling Up Fund has also been welcomed as a contribution to economic growth within the county. The Future High Streets Fund

(FHSF) has announced over £830m funding to 72 locations across the UK. £96m has been allocated to Yorkshire and the Humber with Northallerton being one of the successful high streets which will benefit from the FHSF investment.

4.2 EN1 - Create high quality places, increased housing and delivering infrastructure.

4.2.1 The Council is participating in and delivering a number of programmes across North Yorkshire aimed at regenerating town centres and improving local access to transport.

4.2.2 Transforming Cities Fund

A total of £31.2m is being invested in railway stations and their localities in Selby, Skipton and Harrogate. This work includes improving the travellers experience and the public realm in key town centre locations. All three Outline Business Cases are now completed and with the West Yorkshire Combined Authority (WYCA) for review. All projects have been approved by WYCA for commencement to full business case with development costs approved in principle.

4.2.3 Towns Fund

Towns Fund programmes in Scarborough and Whitby are continuing to the next stage of approval. Final business cases are being submitted to central Government for final approval. Projects include the development of a new Maritime Training Hub in Whitby and Scarborough Harbour and West Pier regeneration. Scarborough was allocated £20m and Whitby £17m.

4.2.4 Transport improvements

Contained within EN2 and outlined below the County Council continues to deliver transport infrastructure to unlock growth including delivering improvements at junction 47 on the M1 at Flaxby which will support significant new levels of new development. In March 2022 Planning permission was granted for Harrogate 7, a new commercial development which will create 2000 jobs and 60,000 m2 of employment space.

4.2.5 A Cultural Framework for North Yorkshire

A partnership between Districts, National Parks and NYCC with support from Arts Council England has produced a Cultural Framework for North Yorkshire which focuses on the role of culture in regeneration, public health, skills and community cohesion. During the coronavirus pandemic Arts Council England gave 52 grants totalling just under £6m to cultural organisations in North Yorkshire through its Cultural Recovery Fund.

4.3 EN2 - Deliver a modern integrated transport network

4.3.1 Highways Services continue to deliver high levels of improvement and maintenance throughout the network. An update of major work packages delivered by the Council is listed here:

- Repair work to Middleham Bridge, a grade II listed structure in Richmondshire was completed ahead of schedule.
- Consultation showed good public support for the £7.8m Skipton Gateway project.
- The tendering process for the realignment of the A59 at Kex Gill is under way. Work could start in autumn, with construction taking up to 18 months.
- Annual maintenance to Sutton Bank on the A170 between Helmsley and Thirsk
- Invested almost £2.2m in new road gritters to replace 18 of the 80 strong fleet.
- Highways improvement schemes in Sherburn in Elmet and Scarborough
- Local Cycling and Walking infrastructure improvements in Scarborough and Harrogate
- The 4th component of £38m Scarborough junctions improvements programme.

- £7.7m of junction improvements at J47 of the A1 at Flaxby
- 4.4 EN3 - Increase skills levels and ensure the workforce meets the needs of the County
- 4.4.1 The YNY LEP has been able to secure £38m of European Social Fund investment over the past seven years.
- Workforce skills £19.3m
 - Social inclusion programmes £17.2m
 - Connecting young people with education, employment and training £1.5m
 - York and North Yorkshire Careers Hub £1m
 - Skills capital £13.5m
- 4.4.2 This has resulted in more than 17,000 individuals supported by existing projects with a target of 20,880 by Dec 2023 and almost 2000 businesses supported to review their training needs.
- 4.4.3 The YNY LEP has identified a focus on the skills needed for the transition to zero carbon including those needed within the electric vehicle market and retro fitting of homes and buildings.
- 4.4.4 North Yorkshire County Council continues to develop and improve its Adult Learning and Skills service, is supporting apprenticeships within the Council and is expanding its graduate trainee programme. A new skills strategy has been drafted which seeks to support individuals to access better quality and more fulfilling employment and to support the needs of businesses and key growth sectors.
- 4.4.5 Work with York University is being developed to focus on future skills needs in the county to reflect social, economic and technological changes which have been accelerated by the covid-19 pandemic.
- 4.5 EN4 - Live Well
- 4.5.1 Work is ongoing to embed the principles of good health in town centre development and regeneration programmes. This includes development of design guide for new development, town centre master planning and design activity.
- 4.5.2 As covid-19 pressures begin to ease, the Workplace Wellbeing Charter is being revitalised and work is commencing to sign up additional businesses and other employers to participate in the scheme. This programme is delivered through public health.
- 4.5.3 Trading Standards have seconded seven members of staff to Public Health to support the locality hubs and Head of Outbreak.
- 4.6 EN5 - Creating the right conditions for business growth and investment
- 4.6.1 The County Council has been engaged in monitoring business sentiment and the impacts of covid-19 continue through direct contacts with businesses and through agencies such as the Federation of Small Businesses and Chamber of Commerce. Work to deliver a 'Protect and Resect' campaign aimed at promoting responsible behaviour in commercial premises and public spaces has been well received by local businesses with some 20 businesses signing up to participate in promotional activity.
- 4.6.2 The Council has also delivered its 'Buy Local' campaign aimed at encouraging residents to use local retail and service providers and better enabling both business to businesses interaction and business to consumer. The Buy Local scheme has

engaged with almost 1000 local traders and businesses in the course of the last 20 months.

- 4.6.3 As well as encouraging others to buy local, the authority is leading by example:
- i. North Yorkshire has joined forces with other authorities in the region to support and guide local small businesses in securing work in the public sector. The County Council, alongside City of Bradford Metropolitan District Council, Calderdale Metropolitan Borough Council and Barnsley Council, is working with local organisation Go4Growth to develop the business marketplace and support for the voluntary sector. The authorities are committed to helping smaller organisations to enter or grow their market share in the public sector. They recognise the need to provide more support and guidance for these organisations that can find securing work in the public sector disproportionately harder than their larger competitors
 - ii. North Yorkshire County Council spent £215m with local businesses last year, highlighting its contribution to the county's economy during the coronavirus pandemic. It supports nearly 2,100 companies based in North Yorkshire and the City of York through its procurement activities and has increased its spend with local SMEs each year since 2015." (Yorkshire Reporter 05/07/21) This approach has included providing instant payment for micro / small businesses during the pandemic.
 - iii. In summer 2021, following an extensive engagement and development process the Council submitted a shortlist of projects to the Government's Community Renewal Fund. One project was successful in being awarded £760,000 of funding towards feasibility work to, "Deliver a Zero Carbon Energy System in North Yorkshire."
 - iv. Through the Covid pandemic the Council's Trading Standards services have continued to provide businesses with free advice and have been closely engaged with primary authority businesses to support their ongoing operation in a safe and secure way. The Better business for all programme has been halted although aspirations remain to better join up regulatory and development services and provides a 'one stop shop' or no wrong door approach for business engagement.

4.7 EN6 - Enhancing the environment, developing tourism and the green economy

- 4.7.1 The Government has awarded £3.7m for the White Rose Forest in North and West Yorkshire. The Council supported the launch of the White Rose Forest Action Plan on 2021- 2025 which highlights the opportunity to increase tree canopy from 11% - 19% and sequester 50% of residual carbon by 2050, The Great Northern Bog is a programme of peatland restoration which includes large areas of the North York Moors and Yorkshire Dales National Parks.
- 4.7.2 The Council administered the UK Government's Community Renewal Fund programme which awarded £769,000 to the YNY LEP towards the 'Delivering a Carbon Negative Energy System in North Yorkshire' project. The project will explore opportunities to decarbonise buildings and transport in rural communities in the County.
- 4.7.3 Work is being developed in partnership with the University of York to better understand the future of the low carbon economy and the opportunities and challenges being faced by businesses.

- 4.7.4 Work to address the Council's property and transport use is ongoing and measures to ensure that carbon reduction is not simply being displaced, are being addressed linked to the Council's Beyond Carbon programme. Consideration is also being given to green energy generation using existing Council assets.
- 4.7.5 The Council has committed to the development of a new electric vehicle charging strategy. Infrastructure for electric vehicle charging continues in development to identify the opportunities and challenges this presents in North Yorkshire and is a key element of the Council's aspirations to deliver sustainable Growth.
- 4.7.6 NYCC is also engaged with key National Significant Infrastructure Planning projects aiming to deliver large scale carbon capture and storage alongside renewable energy generation.
- 4.7.7 Changes to Land Management and the future of farm subsidies will create new challenges for farmers and landowners in North Yorkshire. The Council is exploring the farming sectors awareness and preparedness for these changes including the introduction of the Environmental Land Management Scheme (ELMS) and the impact they may have with a view to supporting this transition where possible.
- 4.7.8 A bid for £1.5 million was submitted to the third round of the active travel projects. Including activity such as the feasibility work for building a cycleway between Kirkbymoorside and Helmsley, the development of sustainable travel corridors in the west of Ripon, and feasibility work for a footpath and cycleway between Knaresborough and Flaxby Green Park.
- 4.8 EN7 - Deliver a modern communications network
- 4.8.1 A number of high profile projects are delivering improved connectivity for residents, visitors and businesses:
- 4.8.2 Mobile Access North Yorkshire
The Mobile Access North Yorkshire (MANY) project is part funded by the Department for Digital, Culture, Media and Sport (DCMS) via its 5G Testbed and Trial programme and has been successfully working on delivering 5 G connectivity in hard to reach rural areas. Issues linked to the availability of microchips have led to technological challenges and the programme continues to seek to overcome the constraints of providing significant uplift in mobile bandwidth over an increased area up to 20 kilometres. The latest trial has provided 5G coverage in Coverdale with further work ongoing to provide coverage in Arkengarthdale.
- 4.8.3 Public Wi-Fi
This programme has and will provide seventeen towns in the County with free Wi-Fi working in partnership with NYNET and is predominantly LEP funded with an added funding contribution from Harrogate Borough Council for Harrogate, Knaresborough and Ripon. The Wi-Fi project is aimed to draw people back into towns following the Covid19 pandemic. The Wi-Fi also gives access to a secure connection to access Council drives whilst on the go via Govroam”
- 4.8.4 Public Wi-Fi has now been delivered in Northallerton, Scarborough, Leyburn, Ripon, Skipton, Richmond, Malton, Easingwold, Whitby, Knaresborough, Stokesley, Selby and Pickering.
- 4.8.5 Four further towns will be complete in 2022 (Harrogate, Tadcaster, Thirsk, and Settle) bringing the total number of towns to 17 at the end of the project which:
- Up to 4,954 unique devices have connected, per week, across the network
 - On average 33% of users are students on the Eduroam platform, supporting educational needs around the county

- Since May 2021 over 30,000 unique devices have connected to the public wi-fi network

4.8.6 Alongside the delivery of Public Wi-Fi, installation of a Long Range Wide Area Network (LoRaWAN) is ongoing. Thirteen 'Gateways' have been installed around the County to date to support the collection of data for a number of case studies by the Council. The data generated by these systems can be a powerful tool in policy development and service delivery going forward.

4.8.7 These case studies include: Identifying when public bins are full, capturing live data on air quality, looking at how the Internet of Things (IoT) can support Social Care in rural areas, and monitoring traffic flow across the County.

5.0 Conclusion

5.1 The Council's Plan for Economic Growth has sought to identify where the work of North Yorkshire County Council contributes to the prosperity of the people of North Yorkshire. It applies a strategic rationale to developing infrastructure and supporting health and well-being, supporting and engaging businesses, recognising the importance of skills and seeking to engage with place shaping activity and environmental improvement.

5.2 Through the next 12 months and the establishment of the new unitary authority in North Yorkshire there will be an opportunity to consider how to bring together the role of the District Councils as local agencies of development and planning authorities alongside the upper tier role of the County Council to support greater wellbeing and prosperity. A North Yorkshire Council workstream sub-group has been tasked with developing a new Economic Growth Plan for North Yorkshire and this work is ongoing.

5.3 A key outcome of the Covid 19 pandemic has been the change in workplace practices to more flexibility and the development of a working from home economy. This has the ability to transform our rural economy, as there is less need to commute to a physical place of work for many people. The council's support of digital connectivity has been invaluable in supporting North Yorkshire as a future place to live an excellent quality of life while being able to access a range of different work possibilities.

6.0 Equalities

6.1 There are no equalities implications arising from this report

7.0 Finance

7.1 There are no financial implications arising from this report

8.0 Legal

8.1 There are no legal implications arising from this report

9.0 Climate Change

9.1 The Plan for Economic Growth includes the enabler; 'Enhancing the environment, improving tourism and the green economy' and seeks to support the Councils aspirations to reduce carbon emissions and the LEPs aspiration to become the UKs first carbon neutral region

10. Recommendation

10.1 That the report is noted

11.0 Reasons for Recommendations

11.1 To inform members of Overview and Scrutiny of progress in respect of the County Council's contribution to economic growth.

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Background papers relied upon in the preparation of this report:-

North Yorkshire County Council – A Plan for Economic Growth 2021-2023

For further information contact the author of the report

12.0 Key Implications

Local Member (mandatory) none

All

Financial none

Human Resources none

Legal none

Equalities none

Performance

This report reflects the performance minoring process of the Council Plan and will for part of the Quarterly Reporting Procedure for Council and the Executive.

Environmental Impacts/Benefits including Climate Change Impact Assessment: no impact 'A Climate Change Impact Assessment has been completed. It is anticipated that there will not be a negative or positive impact upon any key environmental indicators, such green-house gas emissions and carbon dioxide emissions.' For the Climate Change Assessment Impact please go to: <http://nyccintranet/content/climate-change>)