

28th May 2020

Introduction

- This report presents the latest developments with regard to Covid-19 for Leeds City Region. It draws on a number of official and unofficial data sources to present the latest intelligence and is primarily focused on the economic impacts.
- It includes analysis of anecdotal evidence from interactions with businesses, and it is recognised that this analysis is based upon subjective views from those businesses which may or may not reflect the views of the wider business community.
- Where available, data is presented for Leeds City Region (covering Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York). Other geographies are used where data is not available at that level. In some cases, data is presented for a single authority or area. In those instances, further data is being sought to enable more comprehensive analysis of other areas. Please send any data to contribute for analysis or any comments on this report to Research@westyorks-ca.gov.uk.

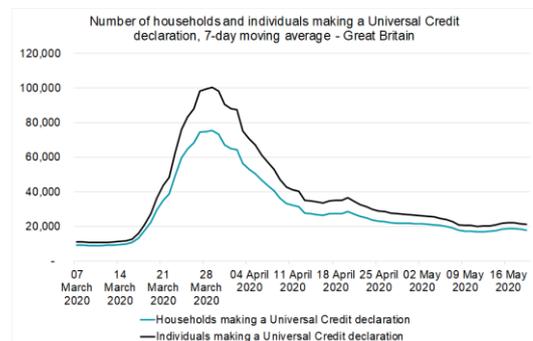
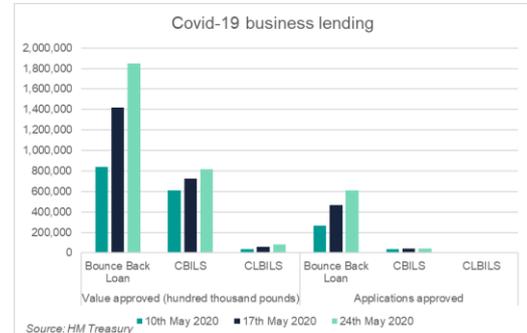
Key local insights

- Analysis of ONS data at regional level shows, as with nationally, **four out of five people in Yorkshire & Humber say they were worried or very worried** about the impact of Covid-19 on their life.
- More than in other regions, **people in Yorkshire & Humber were more likely to say their biggest concern was access to work, school or university**, even more so than said health impacts were their biggest concern.
- People in Yorkshire & Humber were also **slightly more likely to say that their work had been affected, though the number saying their finances had worsened was slightly lower** than the national average (16% vs. 18%).
- The local picture continues to show a **marked reduction in economic activity compared** to pre-lockdown. The number of online vacancies fell a further 7% in Leeds City Region and 4% in West Yorkshire this week, and is down 66% from pre-lockdown. As measured by the number of new business bank accounts, new business activity has fallen by 66% in Leeds City Region and 68% in West Yorkshire.
- However, there are signs of an **increase in people movements** as reported last week, with MCard and concessionary fare use up 7% over the past week (though still down 86% on pre-lockdown) and Leeds station footfall up 28% (but still 92% below early March).
- There was also more reported business interactions from the LEP's Growth Managers and the Growth Service gateway, though after an initial increase in queries related to changes in government guidance for businesses, these appear to have returned to being more focused on core issues around cash flow.
- The take up of **national support products continues to increase**, with 1 million businesses furloughing staff and 650,000 receiving loans.
- As a result of these measures and falling tax income, the **UK government borrowed almost as much in April as it did in the whole financial year 2019/20**. £62bn was borrowed last month, which although a record was lower than the £66.6bn the Office for Budget Responsibility (OBR) anticipated would be borrowed.
- Ahead of plans to allow more non-essential retailers to open from mid-June, a range of data has shown the **significant impact the crisis has had on the retail sector**, with ONS saying the volume of sales was down 18% in April compared to March, and the British Retail Consortium reporting non-food retailers have lost £1.8bn a week in lost revenues during lockdown.

Latest headlines and trends

Main national economic developments

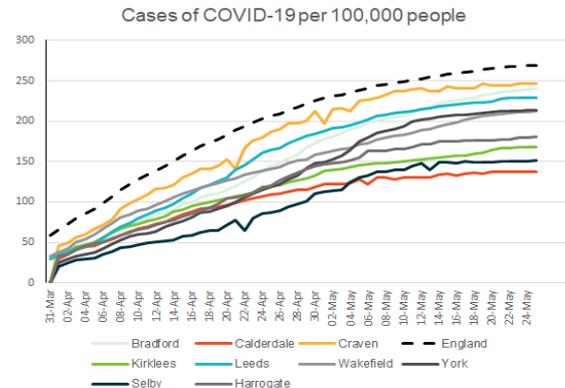
- The take up of government business support schemes continues at pace. 650,000 businesses have taken some form of loan support related to the crisis. 608,000 of these have used the Bounce Back Loans, with £18.5bn lent through the scheme as of 24th May. 769,000 businesses have applied for support these loans, up 32% on the previous week.
- The pace of applications for the Coronavirus Business Interruption Loan Scheme (CBILS) and its equivalent for larger businesses (CLBILS) is much lower. 43,000 have successfully applied for CBILS and 500 for CLBILS. 51% have been successful in the former, and 31% in the latter. There was a 4% increase in applications for CBILS in the past week.
- Meanwhile, the number of employers using the furlough scheme has reached 1 million, with 8.4m jobs furloughed at a cost of £15bn by 24th May. A further 2.3m people have made use of the Self-Employment Income Support Scheme, at a cost of £6.8bn.
- Data from the Office for National Statistics (ONS) has highlighted the scale of the financial impact of the crisis and associated response measures to date. UK government borrowing reached £62bn in April, around six times the level seen in April 2019 (£51.1bn). Borrowing in April was close to the total borrowed across the whole of the 2019/20 financial year (£62.7bn). Public sector net debt reached £1,888bn – 97.7% of GDP, up from 80.7% in March 2019.
- The level of borrowing in April is higher than any month for which comparable data is available going back to 1993. However, it is actually lower than the amount the Office for Budget Responsibility (OBR) estimated would need to be borrowed in their reference scenario – they anticipated borrowing of £66.6bn last month.
- As well as increased costs (the furlough scheme cost £14bn alone in April), central government receipts fell by 26% to £45.6bn.
- Between March 16th and May 17th 2020, the DWP received over 2.8 million declarations to Universal Credit. (Declarations are when an individual/household provides information on their personal circumstances to begin a UC claim. Not all declarations will go on to receive a payment.)
- The number of daily declarations peaked in late-March / early-April, when the maximum weekly rate was 100,000 individual declarations a day (75,000 households), eight to nine times the pre-crisis volume. According to the latest data the number has now plateaued at around 20,000 per day, still around twice pre-crisis levels.
- A range of recent analysis has provided detail on the retail sector following the announcements that more non-essential retailers will be able to reopen from June. ONS retail sales figures for April 2020 – the first full month of lockdown – showed the volume of retail sales in April fell by a record 18.1%, following a fall of 5.2% in March 2020. Sales of clothing & footwear plummeted by over 50% over the same period, though the proportion spent online rose to 30.7% in April (the highest on record) compared to 19.1% in April 2019.
- Online food sales increased by over 55% month-on-month in April according to ONS, though the British Retail Consortium separately said non-food retailers have lost £1.8bn a week in revenues during lockdown.
- 65% of retailers said coronavirus has had a significantly negative impact on their sales in May, according to a CBI survey. The survey showed a continued sharp decline in sales in May, though the pace of decline was slightly slower than April with the volume of sales down 50% compared to 55% in March.
- 80% of retailers reported cash flow difficulties, down from 96% in April. Half of companies (53%) had furloughed staff.
- Retailers also reported supply chain disruption to the CBI, with 44% reporting shipping delays and 58% experiencing shortages of some goods.
- In recent days however there have been some positive movements in the stock market, amid suggestions in some quarters that the economic impact may be a little less severe than some estimates. A regular survey of new forecasts by independent forecasters by HM Treasury found on average they expected GDP to fall by 8.6% this year, which is some way below estimates from OBR and others.



Developments in Leeds City Region

Number of Covid-19 cases per 100,000 people in the wider Leeds City Region area

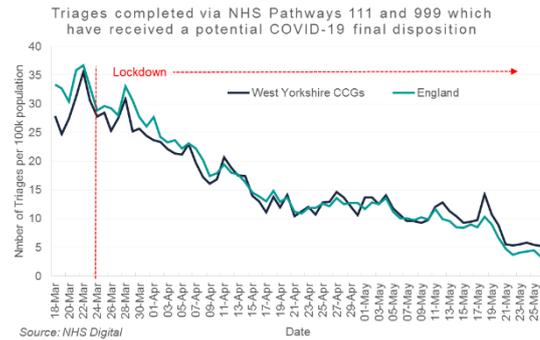
The NHS releases daily information on the number of Covid-19 cases by Lower Tier Local Authority. Over April and into May the Covid-19 growth rate has continued to slow down. Currently the last seven-day average growth rate fell below 1%, at 0.3% nationally. The growth rate in West Yorkshire and the wider Leeds City Region is currently 0.5%, with Kirklees having the highest growth figures at 0.74% and Craven having no growth in cases over the last week.



Across England there have been 268.5 cases per 100,000 people. All Local authorities in Leeds City Region have a lower rate than the England figure. Craven has had the highest rate to date with 246.3 cases per 100,000 followed closely by Bradford and Leeds with 240.3 and 229.2 cases per 100,000 respectively.

NHS calls/online with a potential Covid-19 final disposition

In Clinical Commissioning Groups (CCGs) covering West Yorkshire, 1,124 111/999 calls were made in the past week where the final disposition was a potential COVID-19 case. This is a decrease from the previous week (1,835) and is considerably lower than levels seven weeks ago (3,772). Overall, data from 111/999 calls and online assessments reveals a continued downward trend and triage volumes of potential COVID-19 cases via these pathways are at the lowest level since recording started on 18th March.

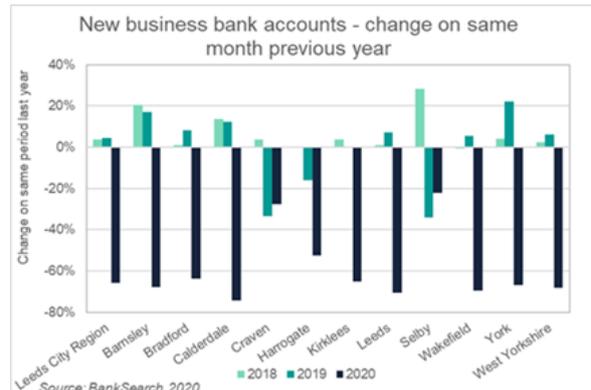
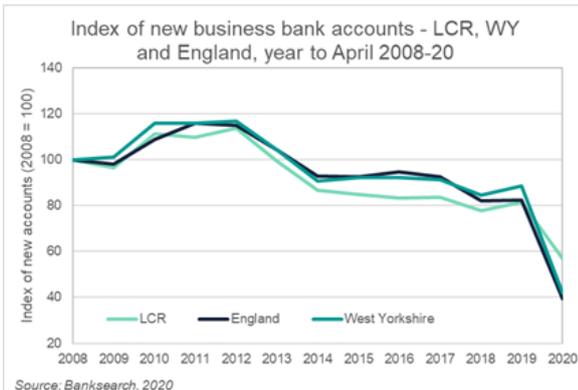


This data should be treated *extremely cautiously* as it is based on self-reported symptoms by members of the public to NHS, and is not based on outcomes of tests for coronavirus. Importantly, this is not a count of people.

Business and economic impacts

The number of new business bank accounts opened can be used as a proxy for new business and start up activity. 478 new business accounts were opened in April 2020 in Leeds City Region, down 66% similar to the 67% nationally, according to data from BankSearch. This is more than 50% lower than the previous lowest monthly total, 953 new accounts in December 2020.

There were 343 accounts opened in West Yorkshire, down 68% on April 2019. This pattern is consistent across most of the City Region. Falls were lower in Craven, Selby and Harrogate, but these areas all have relatively low levels of start-up activity in more normal times and also saw start up rates fall last year.



Business and stakeholder intelligence

This section summarises key issues emerging from interactions with businesses and other stakeholders in Leeds City Region. Whilst much of this is anecdotal, the below draws out key themes and issues from those conversations. However, it is recognised that this analysis is based upon subjective views from relatively small numbers of businesses which may or may not reflect the views of the wider business community.

Metrics on enquiries

The LEP and its Growth Managers spoke to 185 businesses this week. Although last week there were a number of queries relating to the change in guidance, this is less apparent this week with most reports focusing again on issues around trade and cash flow.

The number of hits to the LEP's Covid-19 related web pages has increase in recent days, though there is no single driver of this as this is spread across a number of pages.

Business and workforce activity

A number of businesses report looking to diversify into new products or trade online as a result of Covid, and SME coaching is an option for some of these. Some businesses who are already trading online however say that it only accounts for 10% of usual volumes, leaving a significant gap in terms of trade and cash flow.

Investment and funding

Over half of this week's queries (57%) related to cash flow / finance issues, with 11 queries to the Growth Service helpline record with regards to the discretionary grants. Whilst some businesses are reluctant to take on debt via the Bounce Back loans, those engaging with the scheme tend to report success and an easy process. Only two reports specifically mention CBILs, but both report difficulties engaging with banks, with one citing issues with guarantees.

Local authorities in Leeds City Region have paid out £726m to 61,500 businesses under the Small Business Grants Fund (SBGF) scheme and the Retail, Hospitality and Leisure Business Grants Fund (RHLGF), according to data from BEIS. In West Yorkshire, £430m has been allocated to 37,000 businesses. In both areas, almost 80% of the funding has been allocated, in line with national activity.

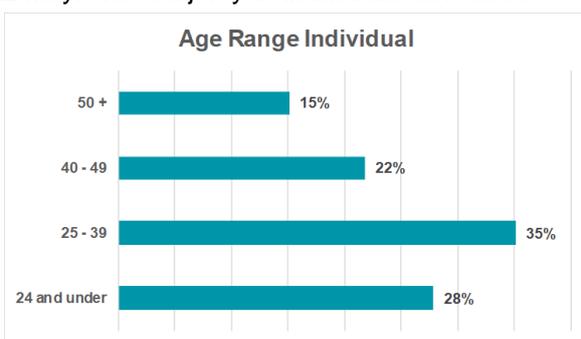
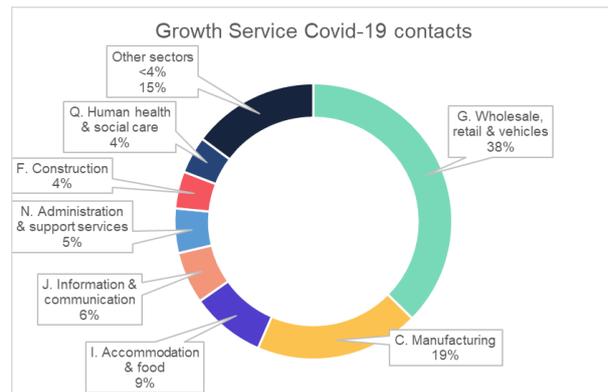
Employment Hub

Since the LEP began its Covid-19 campaign to promote the Employment Hub in mid-April, there have been 168 enquiries received from individuals and 15 from businesses. The Hub provides support for individuals who are seeking a new job and businesses who are seeking to recruit or need to make redundancies.

There were 24 enquiries from individuals in the week to 22 May. The majority of individuals who have sought help have been unemployed or recently made redundant, although around one in 10 have been on furlough.

Enquiries have been received from people from across the age ranges. 28% have come from young people aged 24 and under but the largest group in terms of enquiries is people aged 25-39.

Enquiries from business have so far been slow, as companies deal with pressing issues like cash flow and access to finance. Among those who have made an enquiry the most common reason is to access recruitment support with a much smaller proportion seeking assistance with making redundancies.

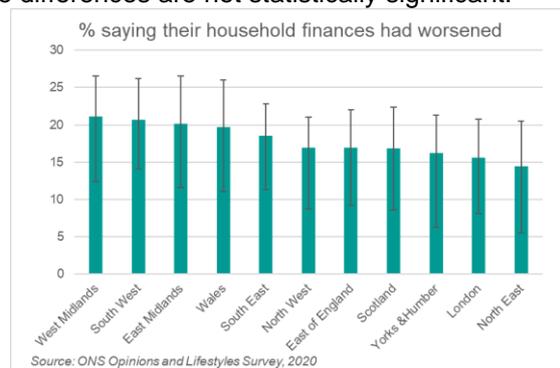
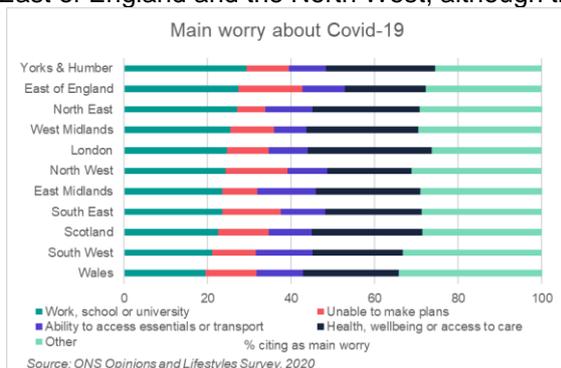


Local insight and analysis

Household impacts of Covid-19 by region

ONS have published a regional breakdown of responses to their Opinions and Lifestyles Survey relating to Covid-19 between 3rd April and 3rd May. The survey spoke to 5,300 people over this period (440 in Yorkshire & Humber). In line with the survey overall, four in five people in Yorkshire & Humber (82%) said they were worried or very worried about the impact of Covid-19 on their life.

29.5% of respondents in Yorkshire & Humber said their main worry was access to work, school or university, this is higher than in any other region. It is also higher than the proportion whose biggest concern was health, wellbeing or access to care. The only other regions where health and wellbeing was not the biggest concern were East of England and the North West, although these differences are not statistically significant.



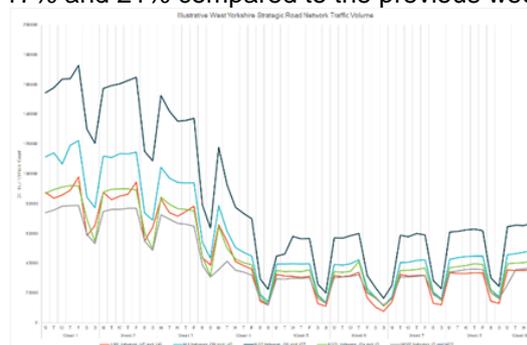
Two thirds of respondents in Yorkshire & Humber (66.7%) who said they were somewhat worried or very worried about the effect that the coronavirus pandemic was having on their life reported that their work had been affected in April. This is the second highest of any region and slightly higher than across Great Britain (62%) though not to a statistically significant extent.

Just under half of respondents in the region had worked from home in the past seven days, lower than in London (60%) but similar to the South East and West Midlands. Across most regions, 20% of workers said they were unable to work from home. Of the people who were working from home, about 84% nationally exclusively worked from home without also travelling to work, while 16% worked from home and also travelled to work.

16% of respondents in Yorkshire & Humber said their household finances had experienced a reduction in income in April. This is lower than in most regions and compares to 18% nationally, but there are no statistically significant variations across regions.

West Yorkshire Strategic Road Network Flows

Data from Highways England shows daily 24-hour traffic flows in both directions at multiple points on the strategic road network. A site showing typical levels of flow for March and April 2020 has been selected on each strategic road in West Yorkshire to illustrate the level of change throughout April. For the week commencing 20th April (Week 8), overall flow **decreased between 57% and 66%** compared to the week commencing 2nd March (Week 1) and increased between 17% and 21% compared to the previous week.



For the week commencing 20th April (Week 8), flow decreased of 63% compared to the same week in 2019. Note that the 2019 data contains estimations to bridge errors present in the counts.

Source: Highways England WebTRIS webtris.highwaysengland.co.uk