
Report to: Business, Innovation and Growth Panel

Date: 8 September 2020

Subject: **Economic Reporting**

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Purpose of this report

1.1 To provide an update on the latest economic and business intelligence for the Panel, and to update the Panel on the latest activity and intelligence around understanding the impact of COVID-19.

2. Information

Recent local developments

2.1 National and locally, out of work benefit claims increased by 3% in July after a brief plateau in June. All West Yorkshire councils except Wakefield have claimant rates above the national average. Bradford has seen the biggest increase in claimant rate since March. There are now 108,500 claimants in West Yorkshire, an increase of 51,400 (90%) since March, lower than the 114% national increase.

2.2 There were 320,000 jobs furloughed by the end of June in West Yorkshire according to data from HMRC, which includes returns made in July. This is a 16,000 increase numbers reported last month. This is 31% of all jobs, compared to 32% nationally.

2.3 A separate Office for National Statistics (ONS) survey presents different data on furlough take up and shows the proportion of jobs furloughed nationally is falling, down from 30% in late May to 13% in mid-August. However, the pace of fall has plateaued and home working has remained consistently around 39%, suggesting half of all workers are still away from their usual workplace. Furlough rates also remain much higher in sectors such as arts & leisure, accommodation & food and business administration. Collectively these sectors employ 195,000 workers in West Yorkshire.

- 2.4 The UK economy is officially in recession, with UK GDP falling by a record 20.4% in Q2 2020, with falls of around 20% in the service sector and manufacturing, and by 35% in construction. More positively, June monthly GDP figures showed stronger growth than many expected with output up 8.7%.
- 2.5 Locally, the proportion of businesses with high risk credit ratings is back close to March levels, according to data from Bureau van Dijk's FAME business database, potentially indicating improved conditions though this is far from a definitive indicator. Despite this, risk levels remain particularly elevated compared to March in accommodation & food and to a lesser extent professional services, information & comms and manufacturing.
- 2.6 Data on the take up of COVID-19 related grants and loans shows take up of support has been proportionally highest in Bradford constituencies, most notably Bradford East and West. This may indicate higher levels of need in these places, though other factors will influence take up.
- 2.7 Data on new business bank accounts shows a sharp recovery in activity in June. This is a proxy measure of start up activity and suggests that some people may be looking to set up businesses as wider employment prospects are limited – this trend was evident in 2008-12, though it can't be certain that this is what is driving this increase which could also reflect delayed activity from March / April.
- 2.8 Following increases in the rate of COVID-19 infections in some areas, local restrictions were imposed in areas in the north of England from 31 July, including Bradford, Calderdale and Kirklees. As yet, there is little evidence of the economic impact of local restrictions in the data, though the pace of recovery in West Yorkshire wide bus patronage has slowed a little since measures were introduced.
- 2.8 The Research & Intelligence Team have launched an online business survey to gain more structured intelligence around how businesses have felt the impact of COVID-19, how they have responded, and their future plans for returning to work and adapting to changing circumstances. This will be used to support the LEP's recovery response work.

3. Clean Growth Implications

- 3.1 There are no clean growth implications directly arising from this report.

4. Financial Implications

- 4.1 There are no financial implications directly arising from this report.

5. Legal Implications

- 5.1 There are no legal implications directly arising from this report.

6. Staffing Implications

6.1 There are no staffing implications directly arising from this report.

7. External Consultees

7.1 No external consultations have been undertaken.

8. Recommendations

8.1 The Panel are asked to note the latest intelligence around the economic impacts of COVID-19 and consider how this relates to their work and future work plans.

9. Background Documents

None.

10. Appendices

None.