

14th August 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.
- 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 developments and insights

The prevalence of COVID-19 is higher in many areas of the north, including West Yorkshire

- **National:** The COVID-19 infection rate nationally has increased in the week to August 7th, and local restrictions have been implemented in some areas.
- **Local:** Rates remain higher than the national average in all West Yorkshire council areas, though trends vary since the implementation of local restrictions. There is as yet little evidence of any impact on economic or transport activity following the introduction of local measures but this will continue to be monitored.

Unemployment continues to rise

- **National:** Whilst the official unemployment rate remains close to a record low, the number of people claiming out of work benefits has more than doubled (up 114%) between March and July. The number of claimants increased by 3% in July compared to June, following a relatively stable position the previous month.
- **Local:** The number of people claiming out of work benefits increased by 3% in West Yorkshire and the wider City Region between June and July following a stable position the previous month. There are now 108,500 claimants in West Yorkshire and 131,100 claimants in Leeds City Region, up 90% and 96% respectively on March.

The economy is officially in recession. Signs of recovery in June, but it is slow and patchy

- **National:** UK GDP fell by 20.4% in Q2 2020, the biggest quarterly fall since records began in 1955. Construction was hardest hit, down 35%, with the service sector declining by 20% and production down 17%. This confirms the UK is officially in recession, though output grew by 8.7% - faster than many analysts expected – as activity recovered.
- **Local:** Although a majority of businesses spoken to in the past two weeks say they are now open as normal, 40% continue to report operating at significantly reduced capacity. The number of businesses with high risk credit ratings has fallen back close to March levels, but some sectors still see elevated levels of risk, most notably hospitality.

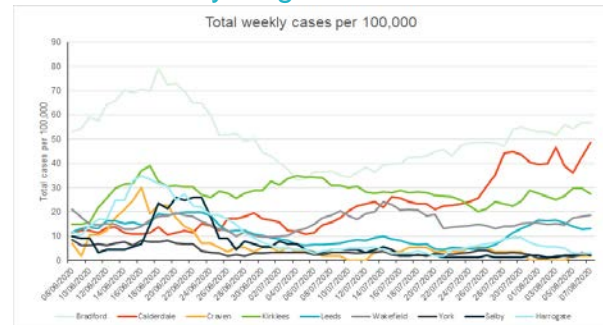
Take up of financial support may indicate prevalence of at risk sectors, and wider demand for support

- **National:** Take up of COVID-19 related grants has been highest in areas with significant tourism / consumer facing sectors, businesses in urban areas are more likely to have used loan schemes.
- **Local:** Constituencies in Bradford have seen the highest take up of grants and loans as a proportion of total businesses, though a range of factors may explain why this is the case (see page 4-5).

Developments in Leeds City Region

Total weekly cases of Covid-19 per 100,000 people in Leeds City Region

The graph on the right shows the weekly cases of Covid-19 per 100,000 from 8th June to 7th Aug. Across the Leeds City Region the growth in cases per 100,000 people has slowed slightly with the Leeds City Region figure being 24.9 (WY: 30.5) per 100,000 up from 24.2 (WY: 29.6) a week earlier – an increase of 3%. Trends are mixed across the areas where local restrictions are in place though infection rates in Kirklees have stabilised in the past week.

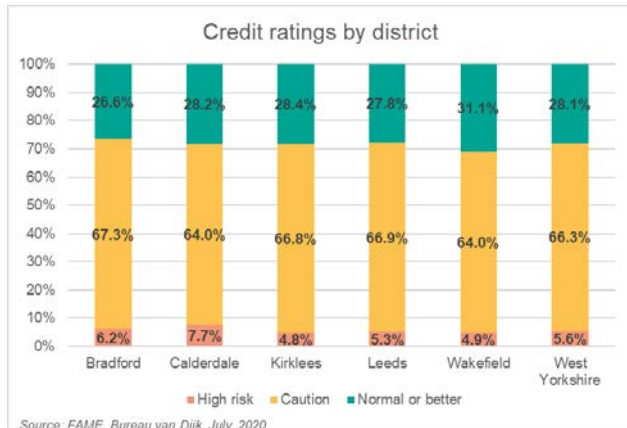
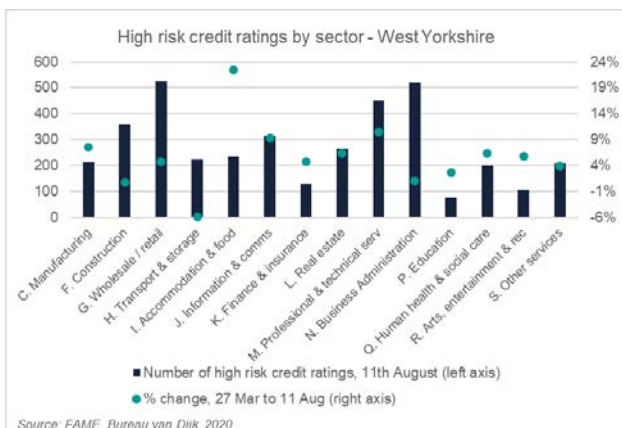


Within West Yorkshire, Calderdale and Wakefield have seen the steepest increases between 1st August to 7th August. Leeds has shown a decreasing number of cases now at 13 per 100,000, but all West Yorkshire areas continue to have rates above the national average.

Business and economic impacts

The number of companies in West Yorkshire with high risk credit ratings fell from 5,050 in mid-July to 4,030 according to data from FAME business database. The proportion of companies with high risk ratings is 5.6%, practically back in line with the 5.5% seen in late-March. The number of high risk ratings has fallen in all West Yorkshire council areas in the past month, but ranges from 3.8% above March levels in Bradford to 8.1% in Wakefield.

There is variation by sector, with accommodation & food seeing a 22% increase in high risk ratings since March. Professional services (10.5%), information & comms, 9% and manufacturing (7.5%) all have higher levels of risk than in March though in absolute terms wholesale and retail (524) and business administration (520) have the highest numbers of companies with high risk credit ratings.



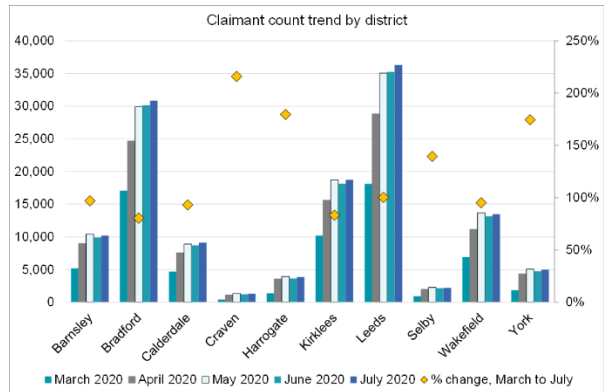
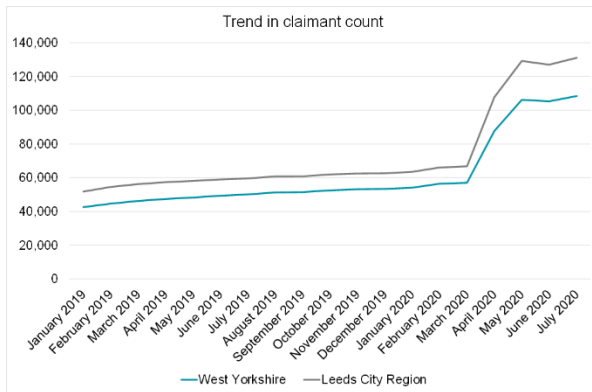
Local labour market

The number of people claiming out of work benefits increased by 3% in July across all of Leeds City Region (up 4,000), West Yorkshire (up 3,100) and nationally (up 73,000).

Comparing July 2020 with the pre-lockdown period in March 2020 the number of claimants has increased by 64,300 (96%) in Leeds City Region and by 51,400 (90%) across West Yorkshire. The national average increase is 114%. This means there are now 131,100 claimants in Leeds City Region and 108,500 claimants in West Yorkshire, compared with March figures of 66,800 and 57,100 respectively.

Leeds City Region COVID-19 Monitor

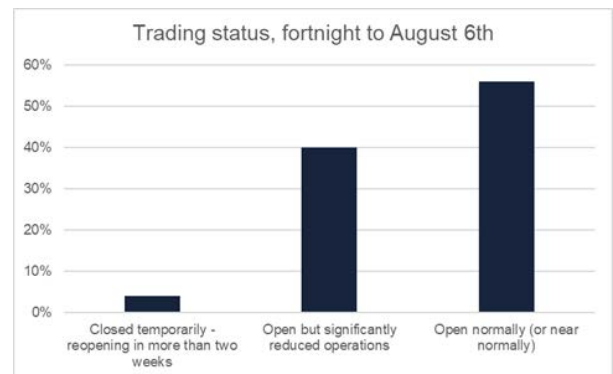
Between March and July the claimant rate (expressed as a proportion of adult residents) rose from 3.5% to 6.8% in the City Region and from 3.9% to 7.4% in West Yorkshire. Both areas' rates remain above the national average claimant rate of 6.5%.



Local business insight

The number of business interactions reported on this week is lower than in recent weeks, perhaps reflecting the onset of summer holidays. However, over the past fortnight 56% of businesses spoken to have said they are open normally, and 40% are open with significantly reduced operations.

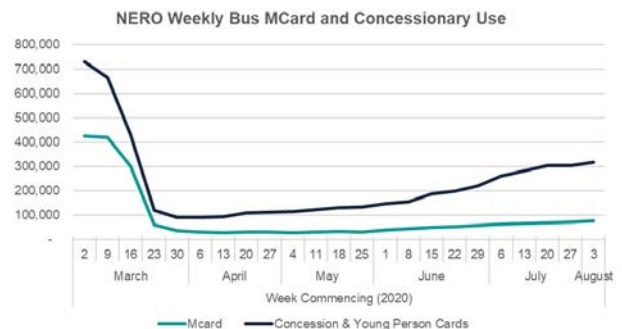
Whilst other evidence is anecdotal, the majority of other companies spoken to are manufacturers, who consistently report that demand remains significantly below pre-COVID levels though some aspects of business remain busy.



Local Bus Patronage

For the week beginning Monday 3rd August 2020, the combined level of MCard and concessionary fare use shows a **reduction of 66%** against the week beginning 2nd March 2020, **an increase of 5%** against the previous week.

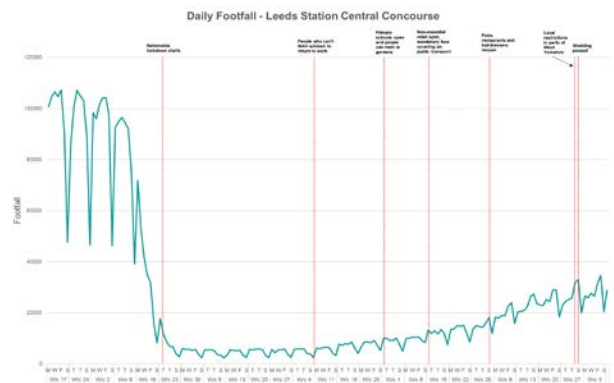
Source: WYCA NERO Reports



Leeds Station Footfall

Data from Network Rail shows total daily footfall levels on Leeds Station Central Concourse. For the week beginning Monday 3rd August 2020, this shows a **reduction of 70%** against the week beginning 2nd March 2020, **an increase of 5%** against the previous week.

Source: Network Rail / Station Capacity Team
stationcapacity@networkrail.co.uk

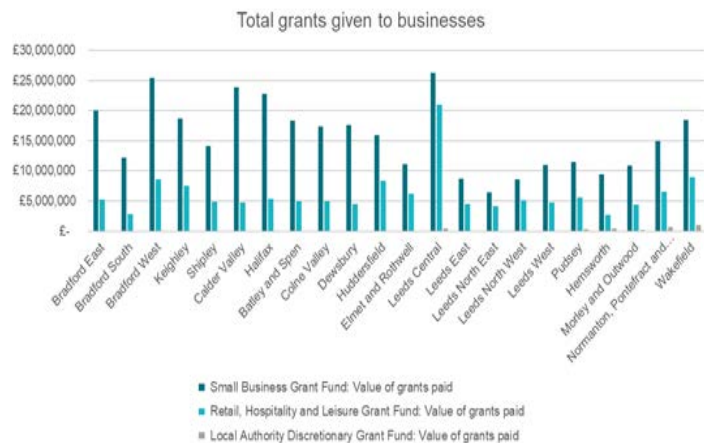


Local insight and analysis

COVID-19 Grants and Loans given to businesses

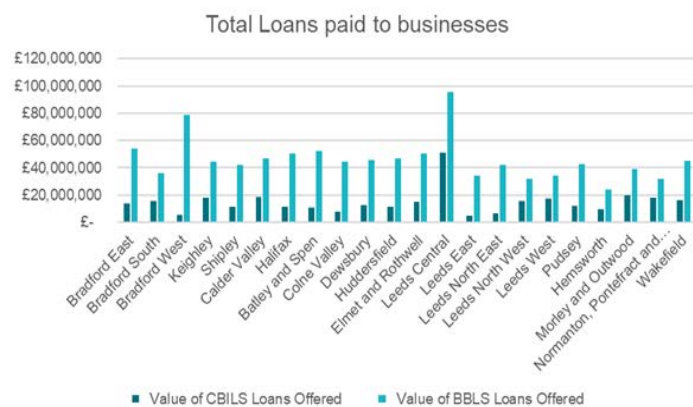
- In response to COVID-19 a range of grants and loans have been made available to support businesses through this period. These grants include the Small Business Grant Fund (SBGF), Retail, Hospitality and Leisure Grant (RHLGF) and Local Authority Discretionary Grants (LADGF). These grants have been funded by government but administered by local authorities.
- Government have recently published data on the take up of these grants by parliamentary constituency. The British Business Bank have published similar analysis of take up of the two most frequently used loan products – the Coronavirus Business Interruption Loan Scheme (CBILS), which provides loans of up to £5m to SMEs, and the Bounce Back Loan which provides facilities up to £50k.
- This analysis looks at the data for the 22 constituencies in the West Yorkshire area.

- Looking at grants, the SBGF has been the most used with £344m given out to 34,431 businesses in West Yorkshire – eligible businesses consistently claimed the available £10k. The other grants had narrower focus. For the RHLGF £136m has been given out to 6,921 businesses. LADGF is the lowest amount with £4m given to 739 businesses. On average the businesses have been given between £17,000 to £25,000 on the SBGF and £5,000 to £8,000 on the LADGF.



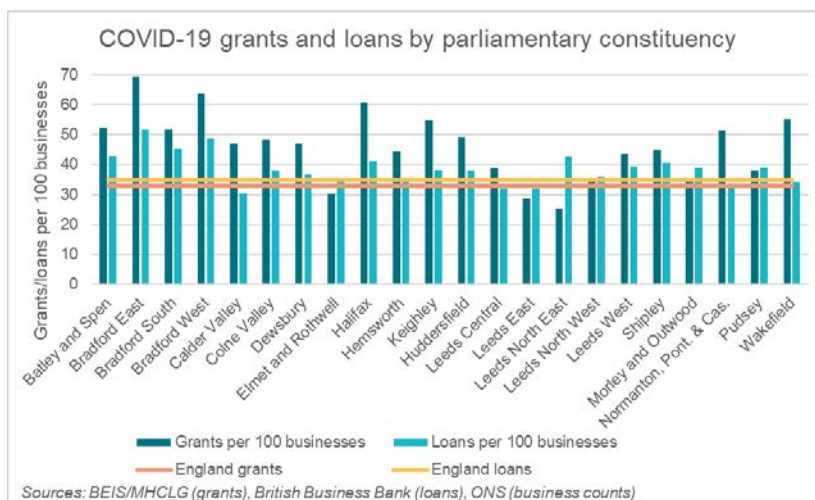
- Leeds Central constituency has seen the highest value of grants paid to the highest number of businesses at £47.6 Million to 3,677 businesses, followed by Bradford West. Leeds North East has seen the lowest amount at £10.7 million to 868 businesses.

- The two loans for which data is available – CBILS and Bounce Back Loans - represent the bulk of the support given to businesses in response to COVID-19. Between the two schemes, facilities worth £1.34 billion were offered to 34,803 businesses in West Yorkshire.



- Most of these loans was given out on the Bounce Back Loan scheme which represents £1.03 billion to 33,317 businesses while the CBILS scheme accounts for £325 million to 1,486 businesses.

- On average between £29,000 to £33,000 was given to businesses on the BLS. CBILS has given much more per businesses on average between £100,000 to £400,000 per businesses in the region.
- Again, Leeds Central saw the highest value of loans offered on both schemes. However, this in part reflects the scale of activity taking place in that constituency.
- The below chart looks at the number of businesses securing grants and loans secured as a proportion of all businesses in the constituency. This is a crude analysis, as some facilities are not available to all businesses, and some businesses will have used more than one scheme so will be double counted.
- However, it potentially indicates areas where the need for support has been greater, whether as a result of higher prevalence of sectors for which specific support is in place (such as retail and hospitality – most of the places receiving where businesses were more likely to receive grants on this measure were tourist hot spots such as St Ives, North Norfolk and Scarborough & Whitby), or where businesses have been more likely to seek additional bank finance (eight of the top ten places where loans were most prevalent were in London, with the other two in Manchester and Birmingham).



- However, it is also potentially influenced by other factors such as businesses' awareness of the support on offer, the systems and contacts in place for them to access that support, and businesses' assessment of the attractiveness or appropriateness of the support.
- This analysis shows that businesses in Bradford constituencies have been the most likely to take up support, with Bradford East having 69 grants offered for every 100 businesses, more than double the 33 per 100 national figure. Bradford East also had the highest take up of loans, at 52 per 100 businesses, compared to 35 nationally.
- Bradford West is second on both measures, with Bradford South third for loan take up. Halifax, Wakefield and Keighley have the third, fourth and fifth highest take up of grants per 100,000 businesses. Leeds North East had the lowest take up of grants on this measure, but the fifth highest take up of loans.