
Report to: Leeds City Region Enterprise Partnership Board (LEP Board)

Date: 17 November 2020

Subject: **Economic Reporting**

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1. Purpose of this report

- 1.1 To provide an update on the latest economic and business intelligence for the Board, and to update the Board on the latest activity and intelligence around understanding the impact of COVID-19 since the Board's September meeting.

2. Information

Recent local developments

- 2.1 There has been a third consecutive small monthly increase in people claiming out of work benefits both locally and nationally through to September, according to data from the Department for Work and Pensions. West Yorkshire's count increased by 1,435 (+1.3%) whilst nationally there was growth of 24,600 (1.1%). For districts the increase ranged from 1.9% for Bradford (+585 claimants); 1.4% for Leeds (+490); and 1.2% for both Kirklees (+230) and Wakefield (+165).
- 2.2 Comparing September 2020 with the pre-lockdown period in March 2020 the number of claimants has increased by 52,400 (92%) across West Yorkshire. The England average increase is 117%. This means there are now 109,500 claimants in West Yorkshire, compared with 57,100 in March.
- 2.3 UK GDP growth slowed to 2.1% in August, down from 6.4% in July. The national economy remains 9.6% smaller than in February. The accommodation & food sector was the main driver of growth, increasing by 36%, propelled by the Eat Out to Help Out Scheme. The sector was responsible for over half of all growth in the UK in August, despite being a relatively small share of overall economic output. The sector accounts for 2.2% of West Yorkshire GVA, though it is a significant employer with 70,000 jobs. Most other areas of the service sector saw little change month on month.
- 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 There have been 2,800 business dissolutions / liquidations so far in October. This is up from almost 2,100 in September. The number of business dissolutions / liquidations in West Yorkshire appears to have been tailing off in late October though data may still be subject to revision. As of November 4th, 576 businesses had been liquidated in the week ending October 20th, compared to 908 a week earlier. However this is still higher than the weekly average of 330 liquidations in the first quarter of 2020. In sector terms, transport & storage, and information & communications have higher levels of business failures than their share of the business base would suggest. The wholesale & retail and professional services sectors also account for significant numbers though this largely reflects their significant scale.
- 2.6 Data on transport activity suggests that the introduction of further local restrictions, as well as national measures such as the rule of six, prior to the national lockdown introduced on November 5th, have halted the increases in activity seen whilst restrictions were easing. Although activity on the bus network increased with the return of schools in early September, this has since levelled off. Use of the bus network is still about half of 2019 levels, with footfall in Leeds rail station around two thirds down on last year.
- 2.7 Early anecdotal evidence from businesses suggests the return to national lockdown measures in November will lead many to return staff to furlough, with some suggesting that this will help them to avoid redundancies. However, some have expressed concerns that the financial support currently available may not be sufficient to support them through the disruption.
- 2.8 Survey data from the Office for National Statistics also suggest recent trends in returning to normal working patterns had stalled prior to the return to lockdown. Although in recent months the proportion of people working in their normal place has increased from 50% to 60%, this has tailed off and is closely aligned with the return of people from furlough. Around 28% of people continue to work from home, and whilst furlough use decreased throughout August and early September, the proportion of people on furlough was unchanged at just over 9% in the fortnight to 4 October, compared with the preceding fortnight, according to the ONS Business Impacts of Coronavirus Survey.
- 2.9 1,125 new business bank accounts were opened in West Yorkshire in September, up 0.9% on August. This is lower than the 13.8% increase seen nationally, and the 2.2% across the wider City Region. This is a proxy measure for business start up activity. Compared to September 2019, the number of new accounts opened was 6% lower in West Yorkshire, but 6% higher in England.
- 2.10 Looking at the year to date, the number of new accounts is down 1,240 (13%) compared to 2019. However, declines are around 20% in accommodation & food, professional services & real estate, transport & communications and

recreational & other services. Construction and wholesale & retail have seen small increases compared to 2019.

- 2.11 Scaled Insights, a Behavioural AI start-up based in Nexus, Leeds, has been conducting a longitudinal survey on Adults' Thoughts and Behaviours Relating to COVID-19. The first survey ran in April and May. Over 1000 people in UK responded. The 3-month follow-up online survey was conducted in August and September. Most respondents said that their employment status was largely unchanged, and a majority reported no significant impact on their income. Most respondents reported having slightly more spare cash than usual though around 1 in 10 reported having less spare cash. Despite having more spare cash than usual, most people said they were cutting back spending due to COVID-19. This could reflect fewer opportunities to spend on consumer and leisure activities, or it could reflect a desire to increase saving in an uncertain economic environment.

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 Board 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

- 9.1 None.

10. Appendices

- 10.1 Appendix 1: Leeds City Region COVID-19 monitor – 14 August 2020