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

Date: 24 February 2021

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 and EU Exit.

2. Information

- 2.1 UK GDP fell by 9.9% across 2020, according to the first estimate of annual output from the Office of National Statistics (ONS). The economy grew by 1% in Q4 2020 despite lockdown in November and further restrictions in December in some parts of the country. This follows growth of 16.1% in Q3. Across 2020 as a whole, the accommodation & food sector saw the greatest decline in output, down 44%. The sector accounts for 2.2% of West Yorkshire's economic output. The next largest fall was arts, entertainment & other services (-25.2%) which accounts for 3% of local output.
- 2.2 The latest data on business liquidations suggests this was rising again at the start of 2021, with 2,000 failures in January 2021 - 45% higher than in January 2020. However, Companies House announced a hold on processing liquidations for a month from 21 January, so no updated date will be available until late February at the earliest.
- 2.3 Meanwhile separate data from the ONS on business births and deaths, which is more limited in that it focuses narrowly on businesses registered for VAT or PAYE and has different conditions for removing businesses from the register (such as for reasons of inactivity), suggests business deaths were around 10% higher in Yorkshire & Humber and 13% higher nationally in 2020 when compared to 2019.
- 2.4 35% of businesses in West Yorkshire had less than three months cash reserves in the fortnight to 10 January according to the BICS. This is similar to England as a whole, and although there has been some fluctuation this number has been relatively consistent since mid-November. It is however an increase from 28% in early October.

- 2.5 In Q4 2020 there were 4,396 new business bank accounts being opened which is a growth rate of 6% when compared to 2019 Q4. Bradford in Q4 2020 has grown the most out of the districts in LCR at 23%, from 785 to 969.
- 2.6 Data from HMRC shows that 112,800 people in West Yorkshire were on furlough at the end of December – 11% of eligible jobs. This is down slightly from 12% in November and is slightly below the 12% for England in December. ONS survey data suggests furlough use is increasing in January's lockdown, with the latest national estimate suggesting 17% of jobs on furlough.
- 2.7 The claimant count in West Yorkshire has remained relatively stable, with a 0.7% increase between November and December. There were 106,300 claimants in December, up 86% on pre-pandemic levels. All local authorities in West Yorkshire saw small increases in December but all below 1%.
- 2.8 The number of vacancies for jobs in West Yorkshire posted online during week ending 30 January grew by 13% compared with the previous week (based on a 4-week moving average). Nationally, the number of vacancies also grew by 13%. All local authorities and occupational categories saw increases, with activity still slightly below pre-pandemic levels but more positive than in the first lockdown. The weekly vacancy count for West Yorkshire is around 10% below its recent peak in mid-October
- 2.9 Activity in West Yorkshire's main urban centres fell sharply in late December and has remained low throughout January. Although there has been a slight increase in activity in late January in some areas, most notably Huddersfield and Halifax, activity in these centres remains similar to levels seen in the spring 2020 lockdown.
- 2.10 Data on transport activity suggests that more people are using the transport network than in the first lockdown, but not to the extent seen during November's restrictions.
- 2.11 Both the LEP's interactions with businesses and national survey data highlight issues facing exporters at the outset of the post-transition trading arrangements with the EU. Almost half of exporters nationally experienced some difficulties in the first two weeks of the new arrangements, with a slight increase since then. Anecdotal evidence in Leeds City Region supports this. Businesses report delays at ports and increased costs, with some customers unwilling to consider increased prices and some businesses are seeking new suppliers as a result.
- 2.12 The 2021 Leeds City Region Business Survey is currently underway, with the focus of this on understanding businesses' views and experiences in relation to the pandemic and the end of EU transitions. The findings of the survey will be reported to a future meeting of the Board.

3. Tackling the Climate Emergency Implications

3.1 There are no tackling the climate emergency implications directly arising from this report.

4. Inclusive Growth Implications

4.1 There are no inclusive growth implications directly arising from this report.

5. Financial Implications

5.1 There are no financial implications directly arising from this report.

6. Legal Implications

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

7. Staffing Implications

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

8. External Consultees

8.1 No external consultations have been undertaken.

9. Recommendations

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

10. Background Documents

10.1 None.

11. Appendices

11.1 Appendix 1: Leeds City Region COVID-19 Insights Report – 5 February 2021