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

Date: 28 April 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 Some areas of the economy have seen increasing activity in recent weeks, as the latest lockdown restrictions have begun to ease. Although the latest data pre-dates the reopening of non-essential retail and outdoor hospitality, West Yorkshire's major town and city centres saw increasing levels of movement in late March and early April, following the reintroduction of the "rule of six". The level of increase varied but was highest in Huddersfield and lowest in Leeds, though with the exception of Huddersfield (57%) activity in the five main urban centres remained less than 50% of each place's pre-pandemic baseline in the week to April 8th.
- 2.2 The number of vacancies being advertised online in West Yorkshire increased in late March, and as of the week ending April 3rd was 8% above the level seen in the week of 14th March 2020. It subsequently fell back 9% in the following week, with the Easter break likely subduing activity to some degree.
- 2.3 This follows data from HMRC's Pay As You Earn Real Time Information showing a recovery in the number of employees in West Yorkshire during the three consecutive months between December 2020 and February 2021. The employee count in February was almost 6,000 above its lowest point in November 2020. However, the number of employees in February 2021 is around 20,000 below its March 2020 level.
- 2.4 Meanwhile, levels of furlough use have also shown signs of falling, with 2.2% fewer jobs furloughed in February in West Yorkshire compared to January. The latest official data from HMRC still showed almost 140,000 jobs furloughed in West Yorkshire in February, 14% of eligible jobs. Survey data from the Office for National Statistics (ONS) suggests further falls in early to

mid-March. However, later in March, the decline in furlough use appeared to plateau along with other measures of the return to work, suggesting a relatively stable picture prior to the wider reopening of the economy.

- 2.5 Despite falling furlough use, the number of people claiming out of work benefits in West Yorkshire increased by 4,800 or 5% in February, in line with a national increase. This is the first substantial increase since spring 2020, although it remains a relatively modest increase. The current West Yorkshire claimant count of 110,150 is 93% higher (+53,070) than in March 2020.
- 2.6 ONS survey data also shows businesses' cash position has remained relatively stable of late, both locally and nationally, with around 34% of businesses having less than three months cash in reserve. This appears unaffected by recent lockdowns. There has been some improvement in businesses reporting increasing turnover – particularly in West Yorkshire, where the net balance has increased from -40% on 7th February to -32.8% on 21st March. Net balances are calculated by subtracting those reporting decreases from those reporting increases, so clearly this indicates that many more businesses still report falling turnover than increases.
- 2.7 The ONS Business Insights and Conditions Survey continues to show around 55% of exporters reporting challenges trading internationally in mid-March. This is similar to mid-January. Some issues have eased slightly in this time, such as disruption at borders and the availability and cost of transport & logistics. However, the demands of increased paperwork are the most frequently mentioned issue and this was not covered specifically in the January surveys.
- 2.8 EU exit issues remain the focus of much of the feedback from businesses' conversations with Growth Managers. Specifically, around paperwork changes, VAT returns and delays that these issues and others have caused to deliveries. Issues with CE certification also persist, with reports of the UK and EU authorities not recognising each other's certifications. These issues are having a financial impact on businesses affected, with some using significant portions of their reserves to mitigate this. Some businesses report seeking finance to manage through the challenges, though some report being unable to access this, or the process taking longer than they need to make use of the funding. Others are seeking to enact other measures to mitigate the impacts, including investing in digitising services or expanding marketing presence to increase activity in overseas markets.
- 2.9 The latest Quarterly Economic Survey with the Chambers of Commerce in Leeds City Region for Q1 2021 emphasises these challenges, with 60% of manufacturers and 40% of service sector exporters report challenges exporting in recent weeks. Many manufacturers anticipate price rises on the back of this. The vast majority of businesses who trade with the EU anticipate that they will continue to do so. Expansion plans are more likely to be focused elsewhere – either domestically or beyond Europe.

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 As reported at paragraph 2.4, the number of people claiming out of work benefits continues to increase and is nearly double the March 2020 figure. Getting people reskilled and back into work are key objectives set out in the West Yorkshire Economic Recovery plan.

5. Equality and Diversity Implications

5.1 The pandemic continues to have a disproportionately negative effect on people on low incomes and from Black, Asian and Minority Ethnic backgrounds.

6. Financial Implications

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

7. Legal Implications

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

8. Staffing Implications

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

9. External Consultees

9.1 No external consultations have been undertaken.

10. Recommendations

10.1 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.

11. Background Documents

11.1 None.

12. Appendices

12.1 Appendix 1: Leeds City Region COVID-19 Insights Report – 16th April 2021