
Report to: Business, Innovation and Growth Panel

Date: 19 May 2021

Subject: **Economic Reporting**

Director: Alan Reiss, Director of Policy, Strategy and Communications

Author: James Hopton, Economic & Transport Analysis Manager

1. 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 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. 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" and reopening of non-essential retail and outdoor hospitality. The pace of the increase eased in late April, but remained on an upwards trajectory. The level of increase varied but as of the week to 29 April, Huddersfield is currently closest to its pre-pandemic baseline at 73% of that level, similar to the national picture. Leeds is at 27% of its baseline, up from 15% at the start of April.
- 2.2 More businesses nationally reported reopening as retail and hospitality activity restarted on 12 April, according to the ONS Business Insights and Conditions Survey (BICS). 77.5% said they were trading as of April 18th, up from 75% a fortnight earlier.
- 2.3 The proportion in their usual workplace is also rising again and is now close to 50%, whilst furlough use has decreased from 18.5% to 17% over the past fortnight, according to the BICS
- 2.4 The number of vacancies being advertised online in West Yorkshire had returned above its pre-pandemic peak in the week ending 1 May, with vacancies currently 4% above the week ending 14 March 2020. Job postings data has been more volatile of late, but there are signs of increasing activity.

- 2.5 This follows a small increase in people claiming out of work benefits in March, up 0.9% following a 4% increase in February. The current West Yorkshire claimant count of 110,505 is 94% higher (+53,420) than its pre-crisis level (in March 2020). Alongside this, data from HMRC's Pay As You Earn Real Time Information showing a small fall in payrolled employees in March, with overall employee numbers 23,000 (2%) below their March 2020 level.
- 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, but remains low overall with 12.5% of businesses reporting improvement on this measure in mid-April.
- 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 2.5 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 Panel 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 – 30 April 2021