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| **Report to:** | Leeds City Region Enterprise Partnership Board (LEP Board) |
| **Date:** | 9 June 2021 |
| **Subject:** | **Economic Reporting** |
| **Director:** | Alan Reiss, Director of Strategy, Communications and Policing |
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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 There has been an upturn in activity in West Yorkshire town and city centres following the recent easing of restrictions around retail and hospitality, according to the Geolytix retail recovery index. This has been most marked in Huddersfield and Leeds, both of which have seen levels of activity around pre-pandemic levels in early- to mid-May. Other centres are currently seeing activity between 35% (Wakefield) and 66% (Bradford) of their respective baselines.

2.2 This supports data from Office for National Statistics' Business Insights & Conditions Survey (BICS), which says nationally around 83% of businesses are currently trading – the highest level since November 2020. The proportion of staff in their usual workplace has also risen to levels last seen in November 2020, at around 57%.

2.3 The posting of online vacancies has also increased in recent weeks, and although this fell slightly in the week to May 22nd, it remains 16% above pre-pandemic levels. This has been coupled with a steady decline in jobs on furlough, which fell to 10.3% nationally in mid-May according to the BICS. Furlough use nationally declined most markedly compared to a fortnight earlier in the accommodation & food sector (down from 38% to 31%), followed by arts, entertainment & recreation (40% to 34%) and other services (21.5% to 16.5%). However, the former two sectors still have furlough rates three times higher than in the economy as a whole.

2.4 Alongside this, the count of out of work claimants for April 2021 shows a small decline of 1% or 965 for West Yorkshire. Nationally, the count also fell by 1%. The current West Yorkshire claimant count of 108,815 is 93% higher

(+53,420) than its pre-crisis level in February 2020. All local authorities in West Yorkshire saw modest declines in their counts. West Yorkshire's claimant rate (claimants as % of working age population) fell from 7.5% to 7.4% in April compared with the national average of 6.5%. At local authority level current rates range from 6.1% in Wakefield to 9.7% in Bradford.

2.5 The latest data on business liquidations and dissolutions suggests a largely stable picture in West Yorkshire, with an average of 210 liquidations/dissolutions per week in the most recent four week period, below the 328 averaged in the first quarter of 2020 prior to the pandemic.

2.6 On EU Exit, many local businesses continue to anecdotally report challenges trading internationally, with differences in interpretation of rules between the UK and EU one source of delays. Such issues are resulting in higher costs and longer lead times for businesses.

2.7 The results from the latest Leeds City Region Business Survey also emphasise the challenges businesses have faced following EU Exit. Although half of businesses said they had experienced no issues so far, of those who have customs, tariffs and regulation are the most frequently mentioned issues. These also remain the biggest concerns in the longer term, though businesses also anticipate issues around product standards and labour supply, particularly skilled labour may become more prominent in the future. Overall, 40% of businesses thought EU Exit would have negative short term impacts, with only 10% expecting a positive impact. In the longer term however, views were much more balanced with 23% expecting a positive impact and 25% a negative impact.

2.8 On COVID-19, whilst the survey makes clear the scale of the impact the pandemic has had on businesses, with 75% reporting a negative financial impact, it also offers some optimism for the recovery. 45% of businesses expect their performance to improve this year, the highest level since 2015, and recruitment intentions are similar to previous years.

2.9 When asked which issues they think are more or less important to them post-pandemic, businesses were most likely to say productivity was more important, mentioned by 50% of respondents. This is followed by digital infrastructure, training and retraining, and innovation and research & development.

2.10 Looking ahead, whilst 1 in 5 businesses think homeworking may be in place to 2022 or permanently, the majority expect their workforce will be back on site by late summer. As such, three quarters of businesses do not think their space requirements will change and less than 1 in 10 are considering moving premises in response to the pandemic. This increases to 19% among businesses with 50 or more employees, however.

## 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 The number of people claiming out of work benefits in West Yorkshire remains close to double levels seen pre-pandemic, whilst the number on furlough remains significant. 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. Employment rates also tend to be lower among many minority groups.

## 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 – 28th May 2021