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

Date: 21 July 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 Activity in West Yorkshire's town and city centres has reached levels comparable to summer 2020 in recent weeks, according to data from Geolytix's Retail Recovery Index. Activity in the main urban centres peaked in late May / early June as restrictions eased and all though it has dipped slightly from there it remains higher than at almost any point since the start of the pandemic. Huddersfield has seen activity at 50% above its pre-pandemic baseline, whilst Hebden Bridge, Ilkley and Wetherby also exceeded their baselines during June.
- 2.2 Data from the Office for National Statistics' (ONS) Business Insights & Conditions Survey (BICS) suggests levels of economic activity nationally were higher in June than at any point in the pandemic, with 88% of businesses actively trading in late June and 64% of people in their usual workplace. Whilst comparable data for West Yorkshire isn't available for the same time period, the available data does suggest West Yorkshire has closely followed the national trajectory on these indicators.
- 2.3 As economic activity has increased, the number of jobs furloughed on the Job Retention Scheme has fallen. 72,000 jobs were furloughed in West Yorkshire at the end of May, according to data from HMRC. This is the lowest level in the Job Retention Scheme's existence, and is 76% lower than its peak of 304,000 in June 2020. It is down from 103,000 the previous month. However, 8% of eligible jobs were still on furlough at the end of May in West Yorkshire, although more recent survey data from ONS suggests it may have fallen to 6% nationally during June.

- 2.4 The number of job vacancies being posted online has fallen slightly in recent weeks, and was down 4% in the week ending June 26th, according to data from Labour Insight. It remains above pre-pandemic levels however, and has done so for nine consecutive weeks.
- 2.5 Alongside this, the count of out of work claimants for May 2021 show a decline of 4% or 4,220 for West Yorkshire. The current West Yorkshire claimant count of 103,845 is still 84% higher (+47,370) than its pre-crisis level (in February 2020). All local authorities in West Yorkshire saw declines of 3-5% in their counts. West Yorkshire's claimant rate (claimants as % of working age population) fell from 7.4% to 7.1% between April and May compared with the national average of 6.1% for May. At local authority level current rates range from 5.8% in Wakefield to 9.3% in Bradford.
- 2.6 The latest data on business liquidations and dissolutions suggests a largely stable picture in West Yorkshire, with around 200 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. Meanwhile, business formations are slightly up on previous years, at just over 11,000 in the first half of 2021 compared to between 9,500 and 10,500 in recent years, according to data from Beauhurst.
- 2.7 The latest Quarterly Economic Survey (QES) with the Chambers of Commerce shows a strong rebound in activity in Q2 2021, particularly for domestic activity. Both consumer facing businesses and their business-to-business counterparts reported strong growth, which was also evident across manufacturing and construction. This is feeding through into higher businesses confidence as the economy reopens, with businesses recruiting and investing in greater proportions.
- 2.8 Export activity remains subdued however, though there were tentative signs of stronger order books for future quarters. As activity strengthens, a number of factors are leading to cost pressures for businesses according to QES. Some of these are related to the pandemic, though the UK's exit from the EU also appears to be a factor with higher shipping costs, rising material and component prices and escalating premises costs all contributing.
- 2.9 The QES also asked questions about businesses' plans for returning to the workplace. As might be expected, a majority of manufacturers expect all or most of their staff to be on site in future. But among service sector companies, only a quarter expect a return to 100% of staff in the office full time. Half expect to adopt a hybrid model, and three quarters of these expect staff in only two or three days a week.
- 2.10 The above reflects the fact that economic conditions have improved as restrictions have eased, but there remain substantial challenges in the recovery. This is particularly true as some of the support measures in place begin to unwind, such as the Job Retention Scheme, which eases from July, with 72,000 still on the scheme in West Yorkshire.

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 substantially higher than prior to the pandemic and the number of young people claiming out of work benefits is double the level seen at the start of 2020. Although furlough use is falling 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 remain lower among many minority groups, as was the case prior to the pandemic.

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