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

Date: 15 September 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 In recent weeks activity in West Yorkshire's town and city centres continues at levels comparable to summer 2020, according to data from Geolytix's Retail Recovery Index, which covers the period to the end of August. Activity in the main urban centres peaked in late May / early June as restrictions eased and although 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 53% above its pre-pandemic baseline, whilst Hebden Bridge, Ilkley and Wetherby continued to exceed their baselines during August.
- 2.2 Data from the Office for National Statistics' (ONS) Business Insights & Conditions Survey (BICS) suggests levels of economic activity nationally continued to improve at a modest rate, with 90% of businesses actively trading in mid-August (broadly stable since late-June) and 69% of workers in their usual workplace (again, stable since late-June). 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, with around 90% of single-site businesses in the region actively trading in early July and 69% of their workforce back in their usual place of work at this point.
- 2.3 The employment situation in the region continues to improve. The number of payrolled employees in West Yorkshire recorded on PAYE Real Time Information, increased by around 7,000 or 1% between June and July 2021 to 984,000. This measure of employment is now slightly higher than its pre-crisis level in February 2020 and 31,000 (3%) higher than at its lowest point during the crisis in February 2021. All NUTS3 areas in West Yorkshire have returned

to their pre-crisis levels of employment (NUTS3 areas are coterminous with districts except for the combined area of Calderdale and Kirklees).

- 2.4 As economic activity has increased, the number of jobs furloughed on the Job Retention Scheme continues to fall. 57,000 jobs were furloughed in West Yorkshire at the end of June, according to data from HMRC. This is the lowest level in the Job Retention Scheme's existence and is 81% lower than its peak of 304,000 in June 2020. It is down from 73,000 the previous month. However, 6% of eligible jobs were still on furlough at the end of June in West Yorkshire.
- 2.5 The number of job vacancies posted online has seen strong growth in recent weeks, according to data from Labour Insight. The weekly count of vacancies (using a four-week moving average) has now been above the pre-crisis level (March 14, 2020) for 18 consecutive weeks and the latest figure, for the end of August, is 39% higher than week ending 17 April, when much of the economy re-opened and 20% higher than week ending 24 July when final restrictions were lifted.
- 2.6 The number of people claiming out-of-work benefits in West Yorkshire remained effectively unchanged between June and July 2021, falling by around 200 to 96,600. All West Yorkshire local authorities saw similarly small monthly declines, whilst nationally the count fell by 1%. This follows a 12% reduction in the count between its peak in March 2021 (at which point it was almost double its pre-crisis level in the region) and June 2021. The region's claimant count remains 71% higher than its pre-crisis level (February 2020). Leeds' count has fallen less quickly and remains 81% higher than in February 2020. West Yorkshire's claimant rate (claimants as % of working age population) at 6.6% remains higher than the national average (5.5%) but has fallen from its March 2021 peak of 7.5%. Bradford's rate remains particularly high at 8.9% (down from a peak of 9.7%) whilst Wakefield's rate remains below the national average (5.2%).
- 2.7 The latest data on business liquidations and dissolutions suggests a largely stable picture in West Yorkshire, with around 283 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 down on previous years. There have been 14,645 new businesses registered so far this year, compared with 15,229 new businesses registered for the same period last year, according to data from Beauhurst.
- 2.8 As noted in the last LEP Board Report, the latest Quarterly Economic Survey (QES) with the Chambers of Commerce shows a strong rebound in activity in Q2 2021, for both consumer-facing firms and firms operating to business-to-business markets; although export activity remains subdued. Overall, higher business confidence is leading to strong recruitment and investment activity.
- 2.9 The Bank of England's Agents' quarter 2 summary of business conditions supports this picture of strong growth in consumer spending and positive employment intentions but also points to recruitment difficulties (some of it

linked to a shortage of non-UK workers) and rising input cost inflation (although not feeding through to consumer prices at this stage).

- 2.10 Overall then, there are substantial challenges in the recovery as the economy adapts to the lifting of restrictions and firms address issues linked to the UK's exit from the EU. In addition, there may be disruption as support measures in place unwind. Around 57,000 people were on the Job Retention Scheme at the end of June, immediately prior to the reduction in grant which took place on 1 July, with the scheme ending completely on 30 September.

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, including the number of young people claiming these benefits. National data indicates that long-term unemployment is growing. Although furlough use is falling the number on furlough remains significant, with the closure of the Job Retention Scheme now imminent.

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