

Report to: Business, Economy and Innovation Committee

Date: 5 January 2022

Subject: **Economic Reporting**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

1. Purpose of this report

- 1.1 To provide an update on the latest economic and business intelligence for the Committee, and to update the Committee on the latest activity and intelligence around understanding the impact of COVID-19 and EU Exit. The data used in this report primarily relates to time periods before Plan B was introduced.

2. Information

- 2.1 The **employment** situation in the region continues to improve. The number of payrolled employees in West Yorkshire recorded on PAYE Real Time Information systems, increased by around 1% between October and November 2021 to 1,003,500. Employment in the region is now 3% above the pre-pandemic level seen in February 2020 and 5% higher than its lowest point in the pandemic in November 2020. This means that the number of payrolled employees has increased by 50,000 between November 2020 and November 2021. All local authorities in West Yorkshire have returned to their pre-crisis levels of employment. Bradford, Leeds and Kirklees have seen the strongest growth in their payrolled employee counts. The re-imposition of restrictions will have an impact on the economic and labour market recovery.

- 2.2 The **claimant count** has continued to fall but there is still a very large number of people on out-of-work benefits. The latest figures show a 2% fall in the count between October and November 2021 to 83,000 in West Yorkshire. The claimant count is now 24% lower than its peak in March 2021, but it is still 47% higher than pre-pandemic figures in February 2020. There are variations at local authority level. For example, the claimant count remains 54% higher than its pre-pandemic level in Bradford, compared to 35% in Calderdale. The claimant count unemployment rate for West Yorkshire is 5.6%, higher than the national average of 4.7%.
- 2.3 The **Job Retention Scheme** ended on 30 September 2021. At the end of September, 35,000 jobs were still furloughed in West Yorkshire. Local data is not available on what has happened to those 35,000 jobs but the national data suggests that most have returned to work. Of those furloughed across the UK at the end of the scheme, 65% returned to work on the same number of hours, 16% returned to work on reduced hours and 6% returned to work on increased hours.
- 2.4 **Recruitment** activity remains above pre-pandemic levels with all local authorities within West Yorkshire experiencing strong growth in job postings throughout November 2021. Leeds registered the strongest growth rate with job postings climbing by 34% between October and November. There was also a substantial increase in job postings across all occupational categories. Health Care, Clerical and Administrative and Hospitality, Food and Tourism recorded the largest growth in job postings across West Yorkshire. These sectors were significantly damaged as a result of the pandemic. Job postings in the week ending 11 December fell by 8% across West Yorkshire and nationwide. This may reflect the introduction of Plan B and it will be monitored closely.
- 2.5 **Leading indicator** data from the Q4 West and North Yorkshire Chamber of Commerce Quarterly Economic Survey will be available to discuss at the Business, Economy and Innovation Committee.
- 2.6 The latest data shows that **business liquidations** have climbed in recent weeks. There was an average of 407 business liquidations per week in the most recent four-week period up to the 7 December, an increase of 10% from the previous four-week period. All local authorities in West Yorkshire have seen an increase in business liquidations from the previous four-week period. In the first quarter of 2020, business liquidations averaged 328 per week.
- 2.7 However, there has been growth in the number of **business bank accounts** opened across West Yorkshire. There was a 3% increase in the opening of business bank accounts across West Yorkshire to 831, from August to September 2021. Leeds had the greatest number of new accounts, 279, but Wakefield experienced the strongest month-on-month growth of 25% to 100 new accounts.

- 2.8 **Growth projections** for the UK economy have been revised upwards. The Office for Budget Responsibility now expect long-term economic scarring from the pandemic to be 2% of GDP, rather than 3%. Forecasts now also project faster short-term growth: 6.5% in 2021, 6% in 2022 and 2.1% in 2023.
- 2.9 Projections for **inflation** have been significantly increased by the Office for Budget Responsibility. Inflation is now expected to hit 4.4% in 2022 with the potential that it could increase to 5%, significantly above the 2% Bank of England target. Energy prices have played a key role in the upward revision of inflation. The latest figures show that inflation in the 12 months to November 2021 was 5.1%.
- 2.10 In October, the Government published the **2021 Spending Review** to set out spending plans for the next three financial years. There were a series of announcements designed to help businesses innovate and grow, including:
- £1.4 billion Global Investment Fund to invest across the UK in life sciences, offshore wind and the automotive sector.
 - £1.6 billion to support a series of regional investment funds, including £660 million for the second Northern Powerhouse Investment Fund.
 - An increase in funding for Innovate UK's core programmes to around £1 billion.

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 very high relative to the pre-pandemic position. There is a risk that labour market inequality within West Yorkshire could grow, although there have been reductions in claimant counts across all districts. There is a further risk that long-term unemployment could grow due to scarring, although national data suggests that this risk is receding.
- 4.2 National data shows that economic inactivity has increased during the pandemic. The main causes for this are health-related (temporary sickness or long-term sickness) and early retirement amongst older people. This creates a risk of greater economic exclusion for this group.
- 4.3 Energy prices have increased dramatically throughout the pandemic, particularly natural gas. There is a risk that this could further exacerbate fuel poverty in West Yorkshire, which already sits at a higher rate than the national average (17% versus 13%).

5. Equality and Diversity Implications

- 5.1 Nationally, the share of people in temporary or part-time jobs because they cannot find a permanent or full-time job has increased throughout the pandemic. Both are trending downwards since restrictions were lifted but there is a risk that a significant number of workers may find themselves in insecure work or 'second choice jobs'. Overall, part-time working remains below its pre-pandemic level which disproportionately impacts women, who account for over 70% of the part-time workers population. From June 2020 onwards, the number of women workers with second jobs has increased significantly, which could be due to the ongoing pressures on employment or the cost of living.

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 None

10. Recommendations

- 10.1 The Committee 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

None.

12. Appendices

Appendix 1: COVID-19 Insights Report