



# **West Yorkshire Economic & Transport Insights Report**

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**West Yorkshire Research & Intelligence Team**

**March 2023**

# Executive Summary – Economic Insights

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- Inflation unexpectedly increased to 10.4% in the 12 months to February 2023. Inflation was driven up by increased food and drink costs, particularly within the fruit and vegetables market. In response to this, and in-line with the Federal Reserve, the Bank of England raised interest rates by 25 basis points to 4.25%.
- The OBR forecasts published at the Budget show the UK economy in a slightly better position than previously thought, albeit living standards are still expected to have their sharpest decline since records began in the 1950s. The Chancellor has also left himself with very little fiscal headroom with a large amount of volatility still within the system. This could mean a future increase in taxes or cut in spending.
- Employee growth continued to rise in West Yorkshire. There were a further 1,700 employees across West Yorkshire between January and February, meaning levels are 5% above pre-Pandemic. Bradford, Kirklees and Leeds have been the strongest performers on employee counts. Unfortunately, this tight labour market has not translated to real term pay rises. Pay in West Yorkshire increased by 5% in the 12 months to February, compared to 7% nationally.
- The out-of-work claimant count also continued to rise in West Yorkshire. A further 2,100 people are now claiming out-of-work benefits. The count is now 13,000 (23%) higher than pre-Pandemic. West Yorkshire's claimant rate of 4.7% is above the national average of 3.7%.
- The monthly count of online job postings is volatile but remains at very high levels in historic terms. There were 36,600 unique, new postings recorded in February 2023, a 4% reduction on January 2023 but 12% higher than the level for February 2022. New postings are over double pre-Pandemic levels.

# Executive Summary – Transport Insights

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- Public transport recovery at a national level has begun to close the gap with motor vehicle recovery; nationally, over the past month rail use averaged close to 100% of pre-pandemic levels, whilst bus use outside London remains around 80 to 90% on weekdays with weekend usage spikes.
- Average weekday footfall at Leeds rail station fell from its February peak, to 63% of baseline levels in the recent week (which doesn't cover the recent rail strikes).
- Before the snow in early March, overall weekday bus patronage (which includes all passenger cohorts) in West Yorkshire was 84% of the pre pandemic baseline (March 2020).
- Traffic on Leeds radial roads continues to be suppressed relative to pre-pandemic, particularly in the weekday morning peak and analysis of 2023 daily trends indicates commuting activity is clustered around the central weekdays.
- Leeds city centre day time footfall remains suppressed in February 2023 having not reached 2019 levels since the pandemic began. Whilst night time footfall remains also suppressed relative to pre-pandemic levels, February 2023 night time footfall was higher than the previous February.
- Bus Real Time Information (RTI) data, reveals share of tracked bus journeys in West Yorkshire running on time remained at 80% in February 2023, but this is 4% points lower than February 2022.
- Leeds Bradford Airport passenger numbers recovered to pre-pandemic (2019) levels in December 2022.

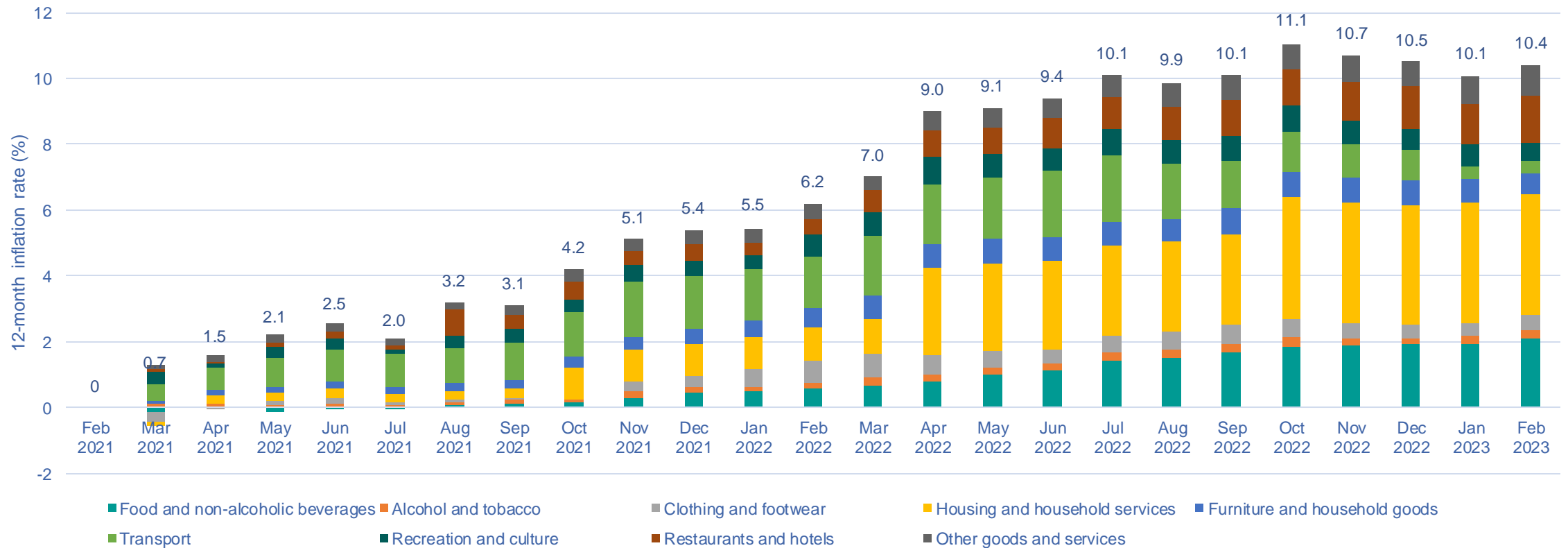
# Economic Insights

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# Inflation unexpectedly rose in the 12 months to February, with alcohol price increases causing a notable shift in restaurant and hotel prices.

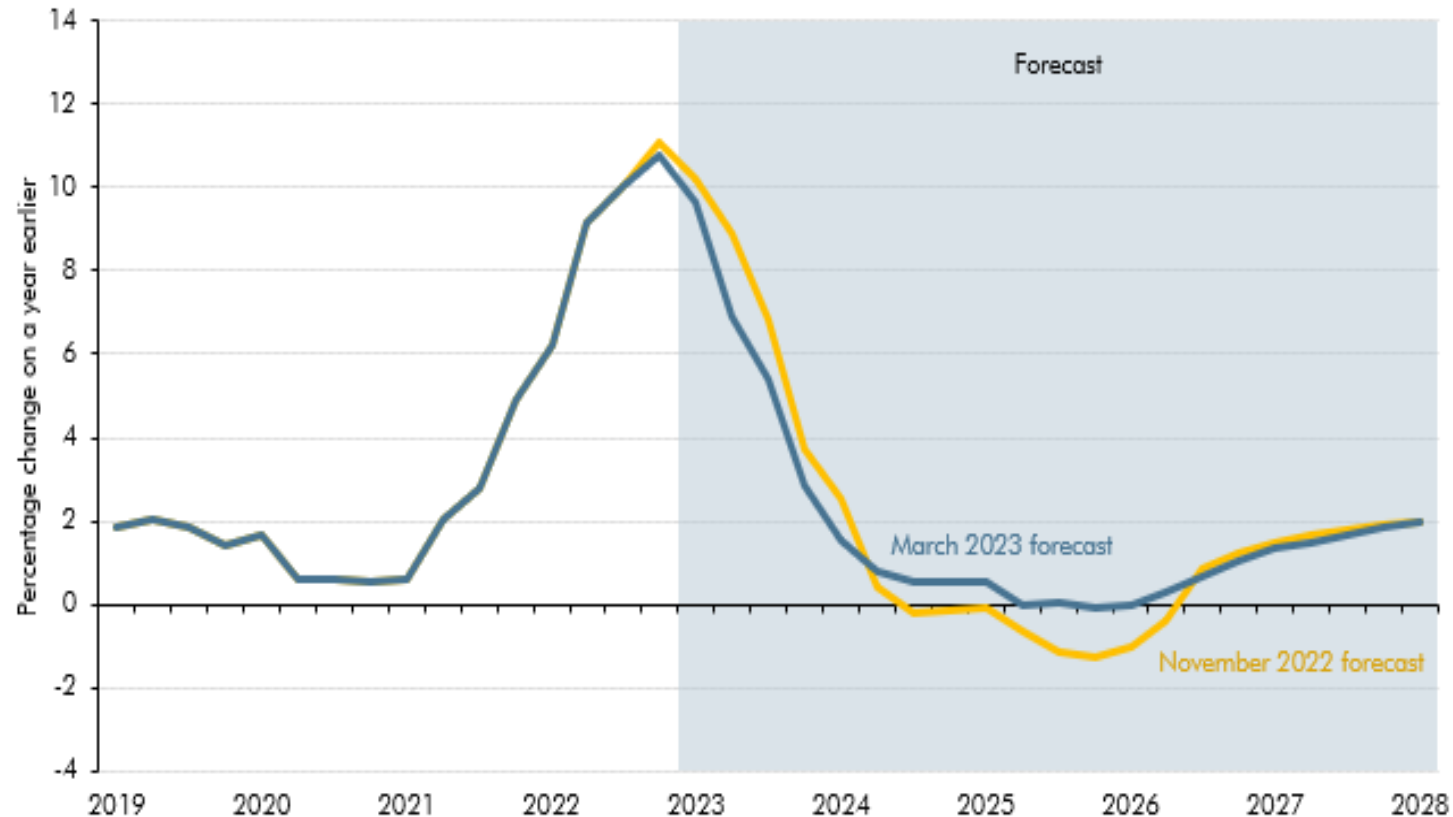
The largest rises in the year to February 2023 came once again in housing and household costs, and food and non-alcoholic beverages – both of which see higher levels of spending as a share of income from lower income families. Vegetables and salad products saw the largest increase in the food sector, meaning that it is becoming more difficult for people on low incomes to eat well. The night time and culture sector has seen a mixed bag, with increases to prices in the restaurants and hotels sector, whilst inflation in the recreation and culture sector has fallen slightly. In response to this, the Bank of England increased interest rates by 25 basis points to 4.25%.



Source: ONS

# CPI inflation is now forecast to reach 2.9% by the end of this year from a peak of 10.7% last year – a faster fall than previously estimated.

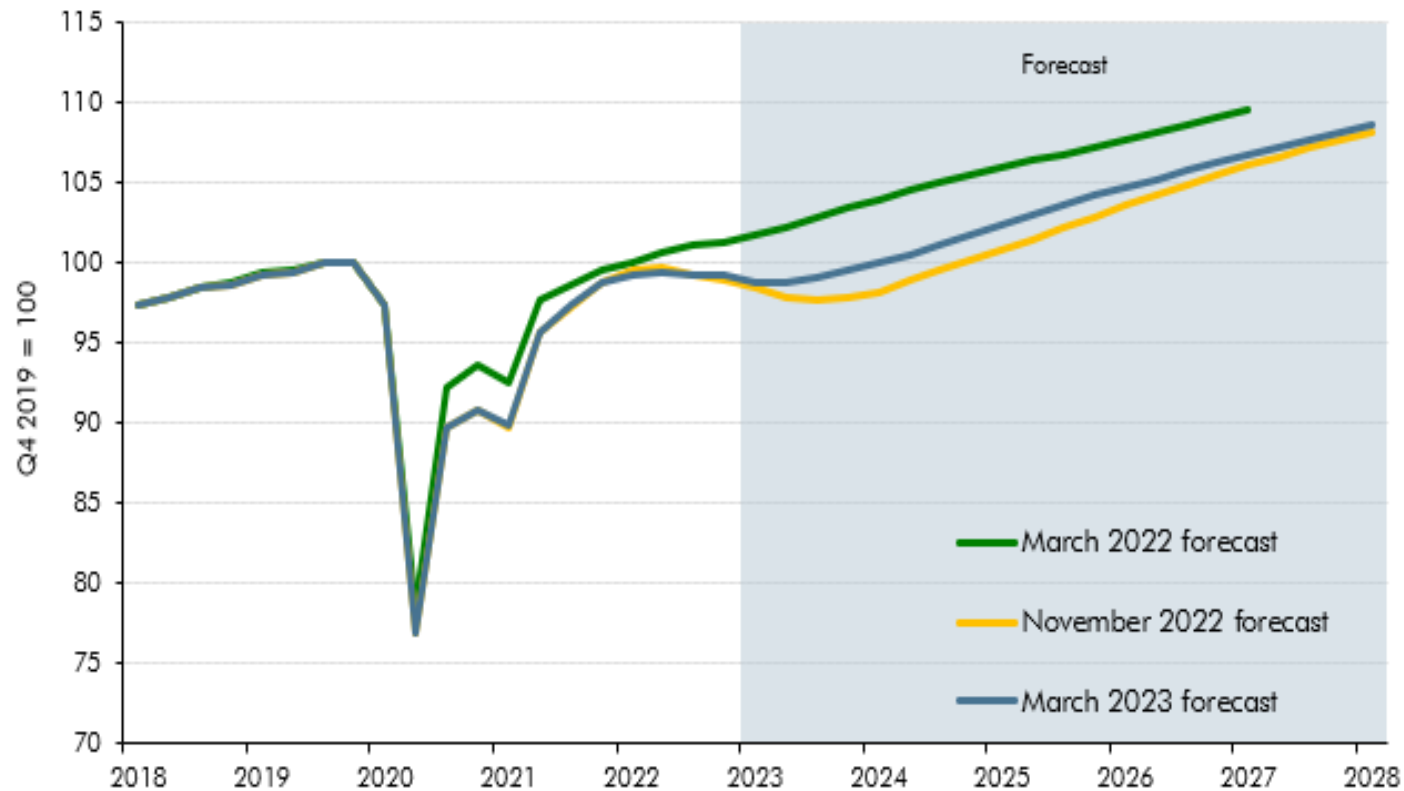
This is largely due to continued falls in wholesale energy prices. CPI inflation is also no longer projected to turn negative throughout the forecast period. The Bank Rate is now forecast to peak at 4.25% later this year, compared with the 5% estimated in November. The interest rate is currently 4%, so the UK is approaching the peak.



Source: ONS, OBR

# The UK is projected to avoid a technical recession in 2023 – albeit only just. Output will fall in Q1 2023 and stagnate in Q2.

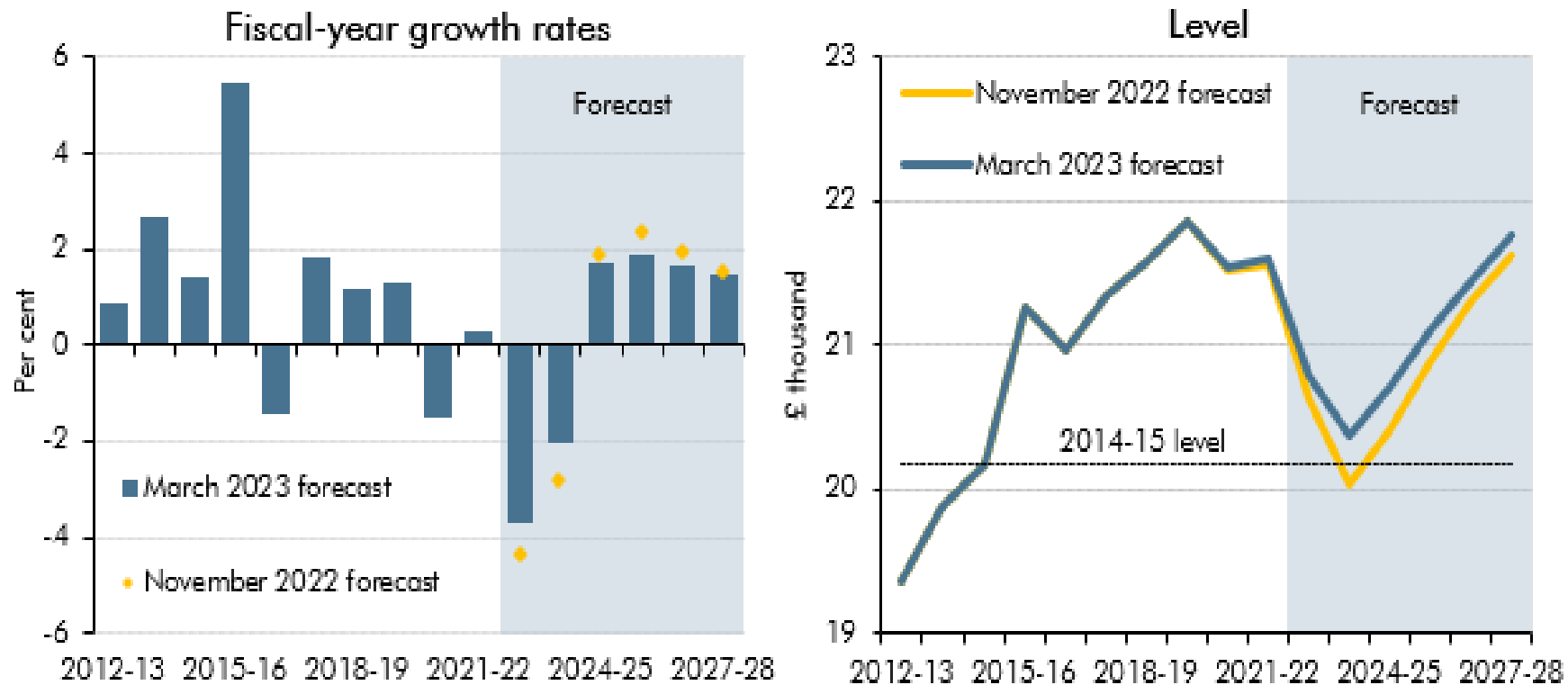
The economic slump we are currently in is now forecast to be shorter and shallower than previously estimated, but the current period will still have a scarring effect throughout the forecasting period. Despite strong growth of 2.5% by the middle of this decade, the economy is still around two years behind where it was forecast to be before the energy crisis.



Source: ONS, OBR

# Living standards will fall by less than previously expected, but we will still experience the worst two-year fall since records began.

Real household disposable income – a measure of real living standards – will fall by 5.7% between April 2022 and March 2024. This is an improvement on the 7.1% drop forecast in November, but is still the worst performance ever recorded in the UK. Living standards in March 2028 will still be below pre-pandemic levels eight years on.



Source: ONS, OBR



# How is it being paid for?

- Tax receipts in January 2023 were approximately £45bn higher than January 2022, 48% of which has now been used towards spending and tax changes for the next FY.
- Expectation is that future tax receipts continue to increase (extra £25bn+ of tax receipts per year from 2025 onwards, compared to Nov 22 forecast).
- Borrowing is expected to be £69bn lower over the forecast period. Approximately £42bn of extra spending commitments have been made over the same period (61% of the borrowing savings).

|                        | £ billion |         |          |         |         |         |         |
|------------------------|-----------|---------|----------|---------|---------|---------|---------|
|                        | Outturn   |         | Forecast |         |         |         |         |
|                        | 2021-22   | 2022-23 | 2023-24  | 2024-25 | 2025-26 | 2026-27 | 2027-28 |
| November 2022 forecast | 133.3     | 177.0   | 140.0    | 84.3    | 76.9    | 80.3    | 69.2    |
| March 2023 forecast    | 122.4     | 152.4   | 131.6    | 85.4    | 76.7    | 63.5    | 49.3    |

|                       | Outturn |      | Forecast |      |      |      |      |
|-----------------------|---------|------|----------|------|------|------|------|
|                       | 2021    | 2022 | 2023     | 2024 | 2025 | 2026 | 2027 |
| GDP growth            | 7.6     | 4.0  | -0.2     | 1.8  | 2.5  | 2.1  | 1.9  |
| GDP growth per capita | 7.2     | 3.4  | -0.8     | 1.3  | 2.0  | 1.7  | 1.5  |

|  |  |        |         |         |         |         |         |
|--|--|--------|---------|---------|---------|---------|---------|
| Total policy decisions <sup>6,7</sup>            |  | -1,335 | -21,850 | -21,405 | -21,385 | -14,910 | -10,420 |
| Total spending policy decisions <sup>6,7,8</sup> |  | +10    | -8,545  | -7,555  | -8,035  | -8,590  | -8,550  |
| Total tax policy decisions <sup>6,7</sup>        |  | -1,340 | -13,305 | -13,845 | -13,350 | -6,315  | -1,870  |

# There are still a number of significant risks and uncertainties around the UK economy, affecting the central forecast figures.

There are still a lot of uncertainties around the UK economy:

1. Labour supply - 500k lower participation than forecast = +£11bn borrowing.
2. Energy prices - A return to the 12-month average = +£5.5bn borrowing.
3. Interest rates – 1% increase in rates = +£20bn borrowing.
4. Limited fiscal headroom due to extra spending commitments.
5. Financial sector shakiness (SVB & Credit Suisse)

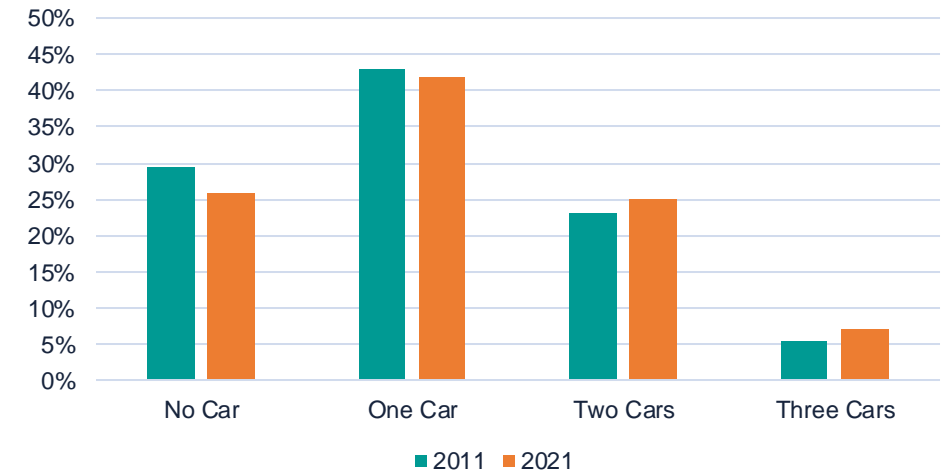


Gas price per therm, *BBC*

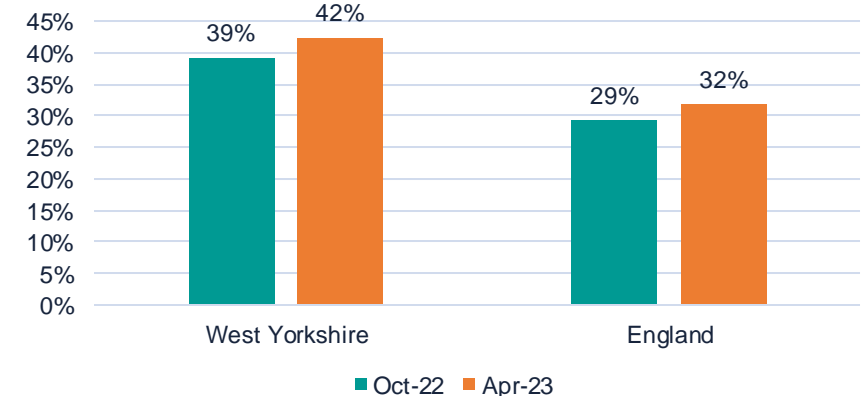
# Energy Price Guarantee remains frozen, but £400 additional support withdrawn.

- 5p Fuel Duty cut remains for an additional year.
- Energy Price Guarantee remains at £2,500 for the average use household for an additional 3 months.
- Those on prepayment meters will begin to pay lower unit costs from 1 July 2023. It should save the average prepayment bill payer £45 a year. In Q4 2021, there were 236,000 prepayment meters across West Yorkshire, which we anticipate will be higher now.
- The Energy Rebate Scheme (£400 subsidy) is withdrawn from April 2023. This £400 withdrawal will push up to a further 32,000 West Yorkshire households into fuel poverty.

Car ownership rates in WY



Share of households in fuel poverty

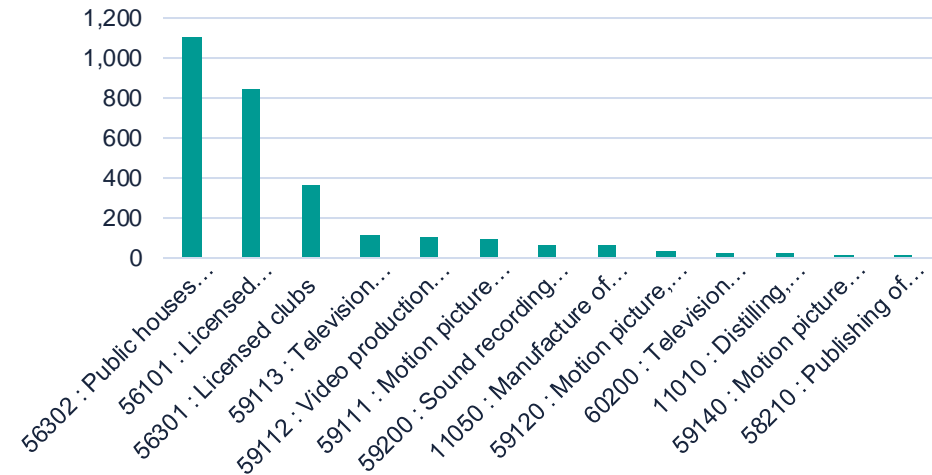


Source: Census 2011, 2021, and End Fuel Poverty Coalition with WYCA Calculations

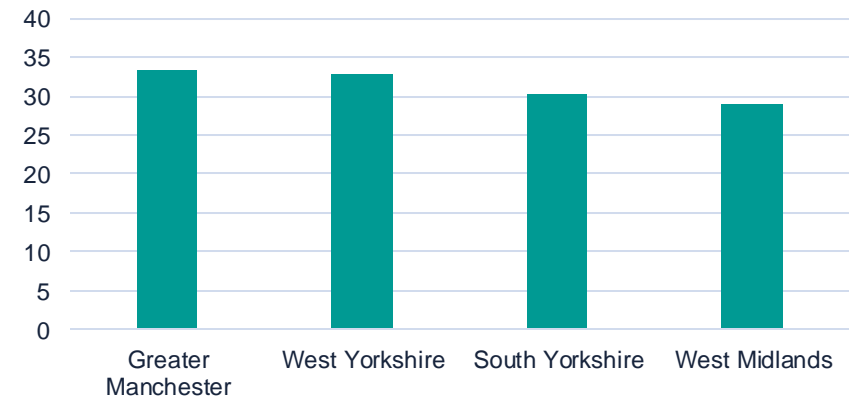
# More changes in the business taxation landscape

- Draught relief will increase on beer, cider, wine and spirits served in clubs, pubs and restaurants.
- New tax credits for creative industries:
  - Film (34%)
  - High-end TV (34%)
  - Video games (34%)
  - Animation (39%)
  - Children's TV (39%)
- Increased R&D Tax Credit for larger businesses, reduced rate for SMEs
- No announcement of extra support on energy bills for businesses, which puts WY at a particular disadvantage

Number of businesses in WY



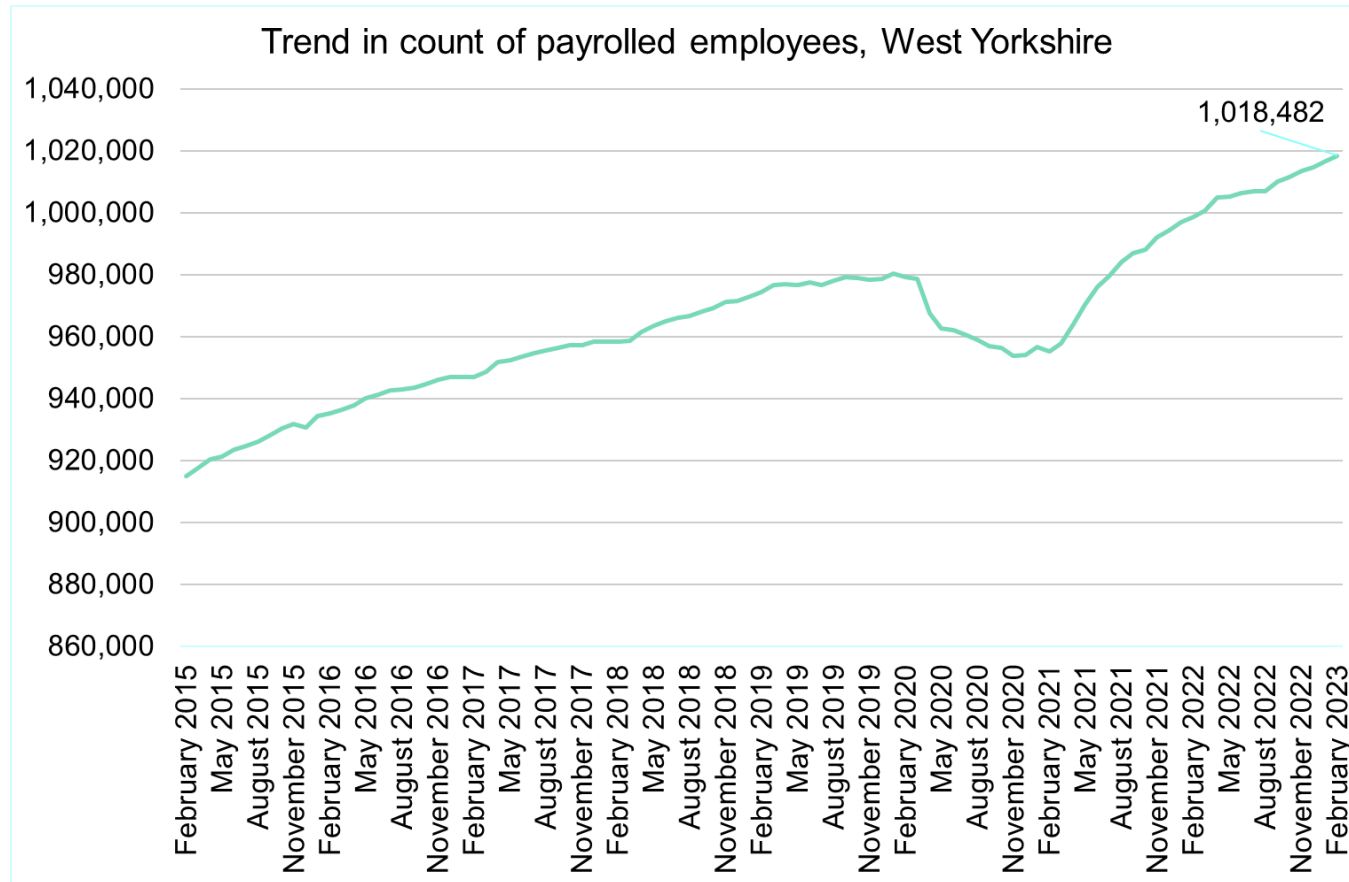
R&D Claims/1,000 businesses



Source: HMRC and IDBR

# Steady growth in West Yorkshire's employee count continued in February

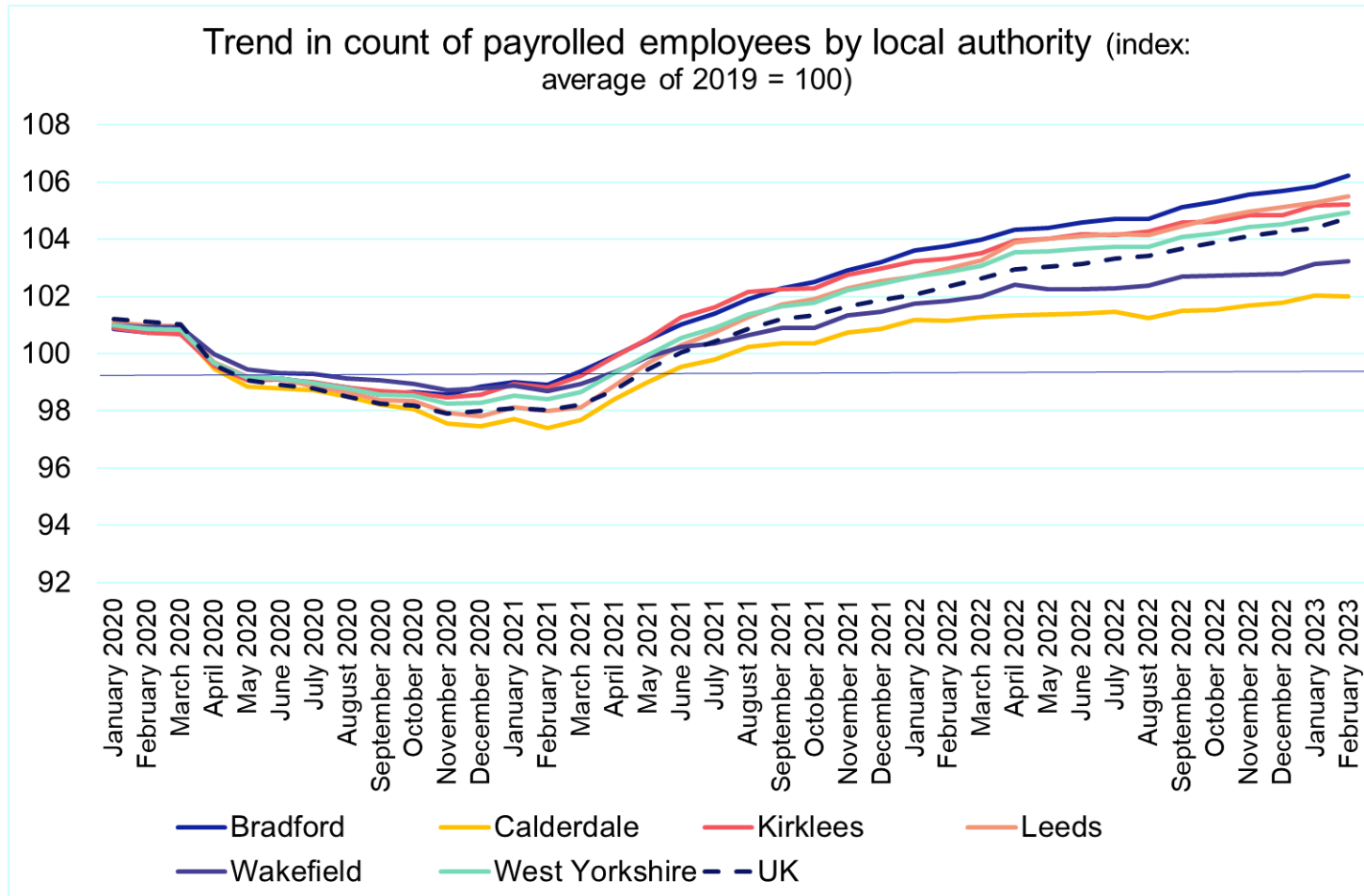
The seasonally adjusted number of payrolled employees in West Yorkshire increased by around 1,700 (0.2%) between January and February; this is similar to the UK growth rate. The employee count is now 5% above pre-pandemic levels (based on average of 2019 employment figures), which is also in line with the UK position



Source: HMRC

# Bradford, Kirklees and Leeds performing strongest on employee count

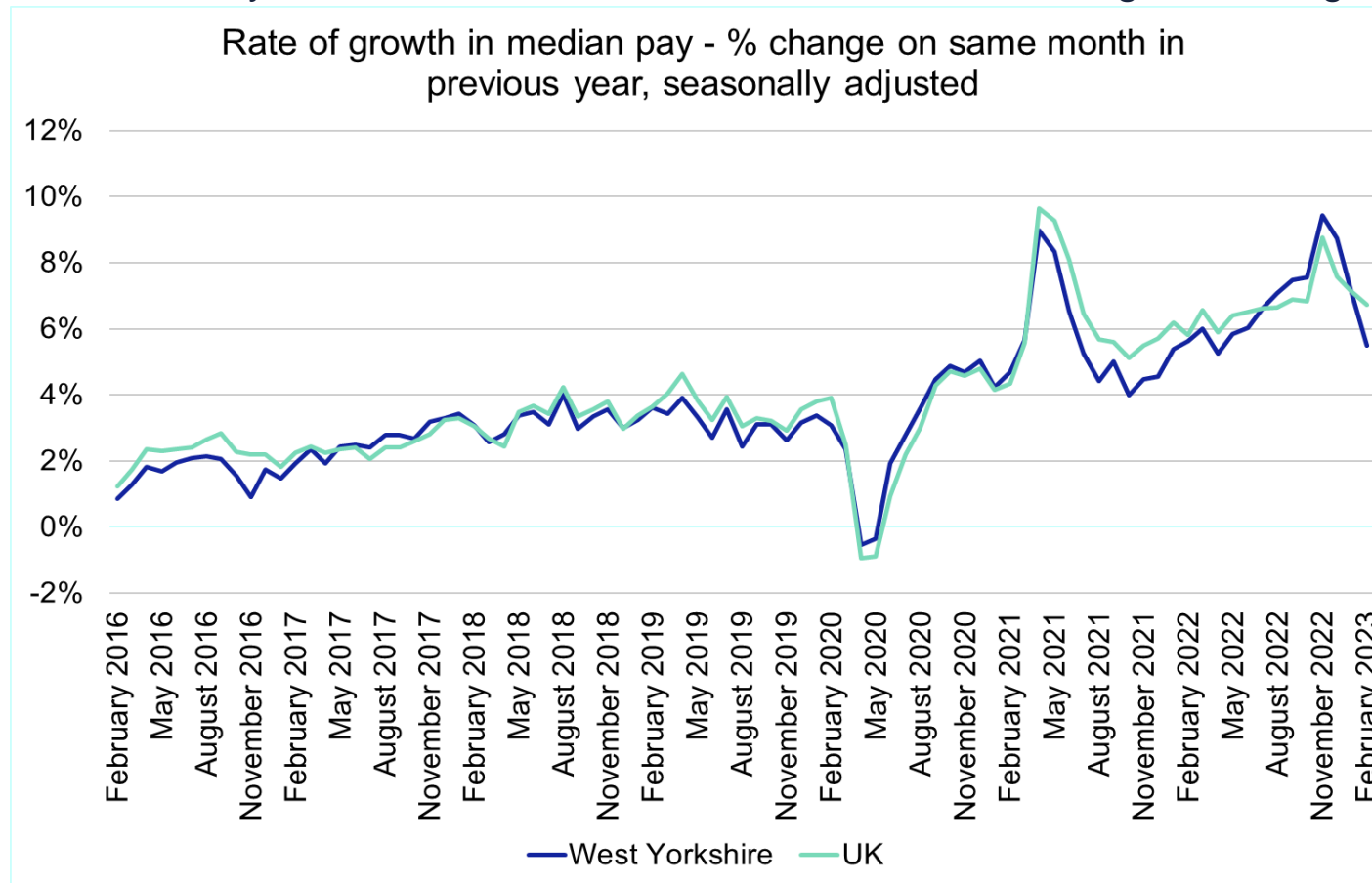
Bradford, Leeds and Kirklees continue to outperform the UK average with regard to employee count since the pandemic, whereas Wakefield and Calderdale have recovered slightly less strongly



Source: HMRC

# Median monthly pay in West Yorkshire grew by 5% year-on-year in February 2023

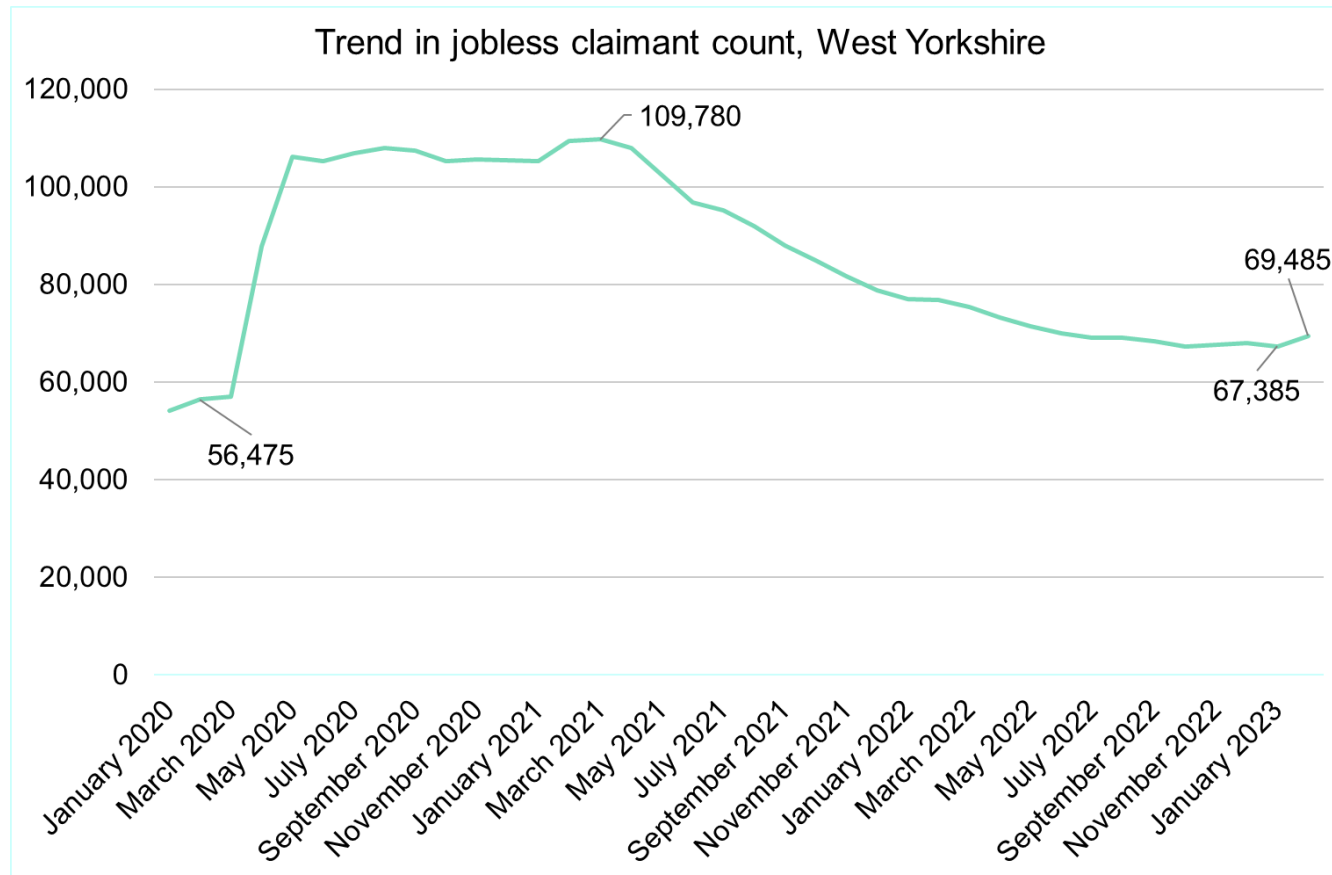
At £2,036, median monthly employee pay in West Yorkshire is 93% of the UK average. Median monthly pay grew by 5% year-on-year in West Yorkshire in February 2023, which is a strong rate in historic terms but lower than the figures seen in recent months. Meanwhile UK pay grew by 7%. Annual change figures conceal the fact that the median **level** of pay has remained flat nationally since November 2022 and shown tentative signs of falling in West Yorkshire.



Source: HMRC

# West Yorkshire's unemployed Claimant Count increased in February

The latest claimant count figures for West Yorkshire, which relate to the number of people on out-of-work benefits, show a significant increase of 2,100 or 3% between January and February. A similar increase was seen at national level and across West Yorkshire local authorities. The count is now 23% (13,000) higher than pre-pandemic (February 2020). West Yorkshire's claimant rate of 4.7% (6.5% in Bradford) is above the national average of 3.7%

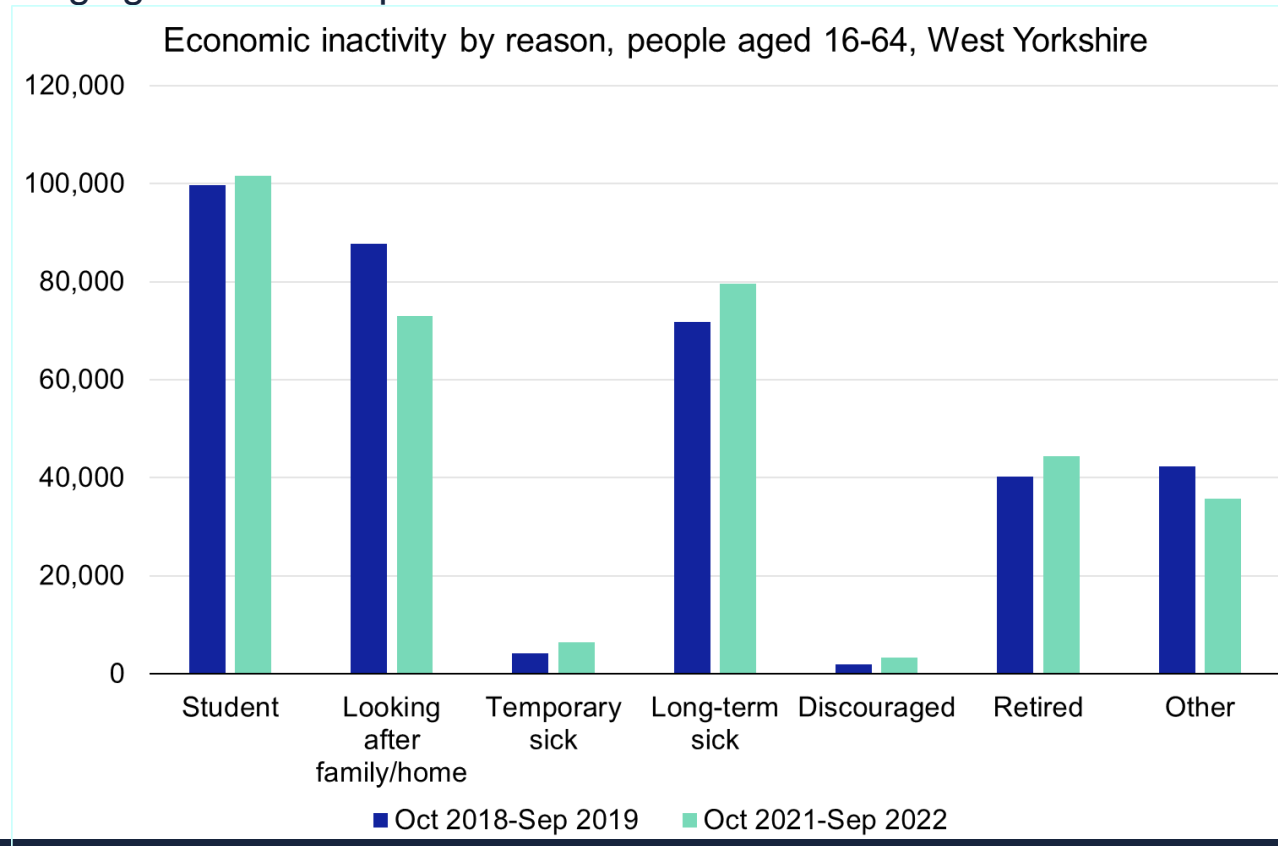


Source: NOMIS



# Many of West Yorkshire's economically inactive are long-term sick and their number has grown since pandemic

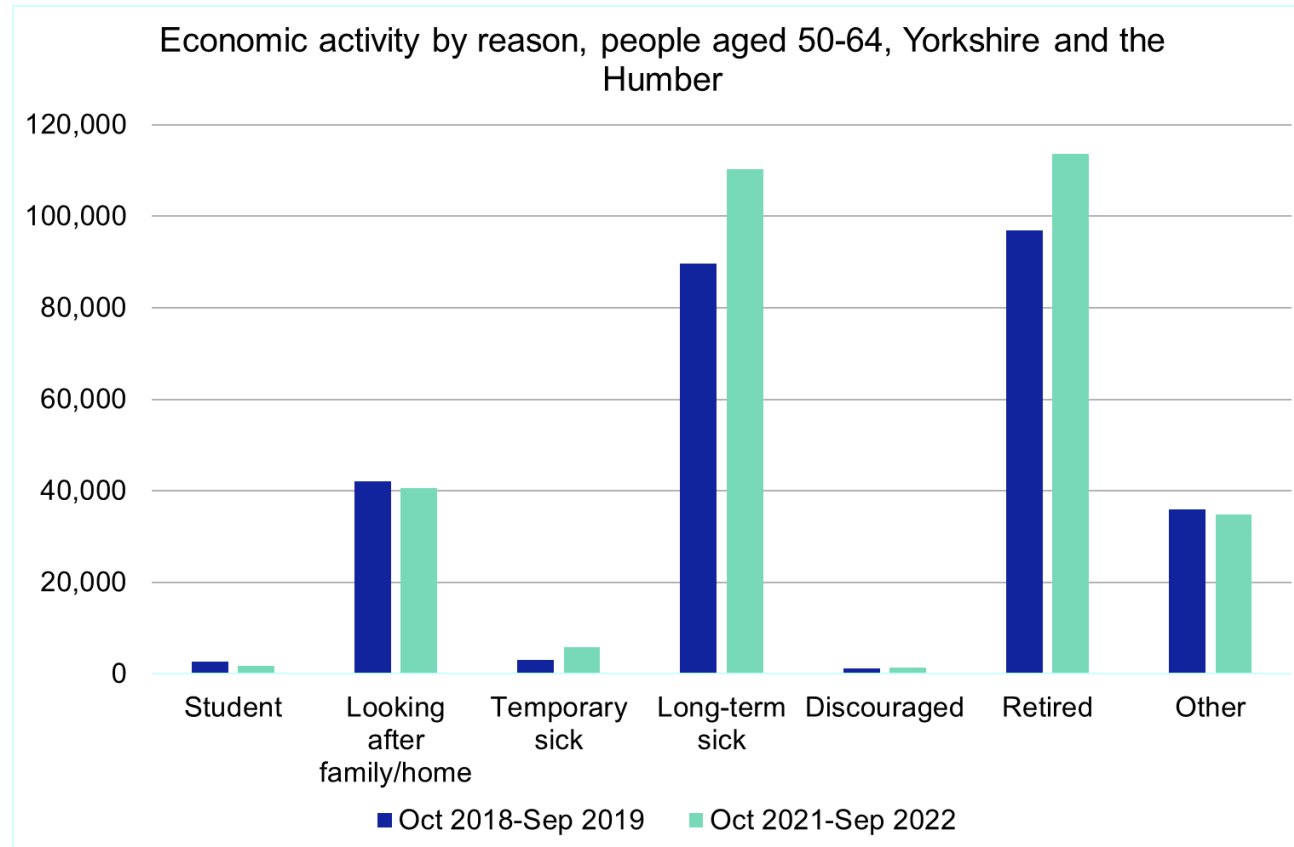
Around 344,000 people of working age in West Yorkshire are economically inactive. 80,000 of this group are inactive due to long-term sickness and this number has grown compared with pre-pandemic. Large numbers of the inactive are also students or people looking after family / home but there has been a reduction in the size of the latter group. Interventions were rolled out in the Budget to try to reduce inactivity rates. These include: extending childcare provision, removing the Lifetime Allowance, increasing the Annual Allowance, removing Work Capability Assessments, introducing Universal Support and encouraging Returnerships.



Source: Annual Population Survey

# Data for Y&H show that number of inactive who are long-term sick has grown particularly strongly among people aged 50-64

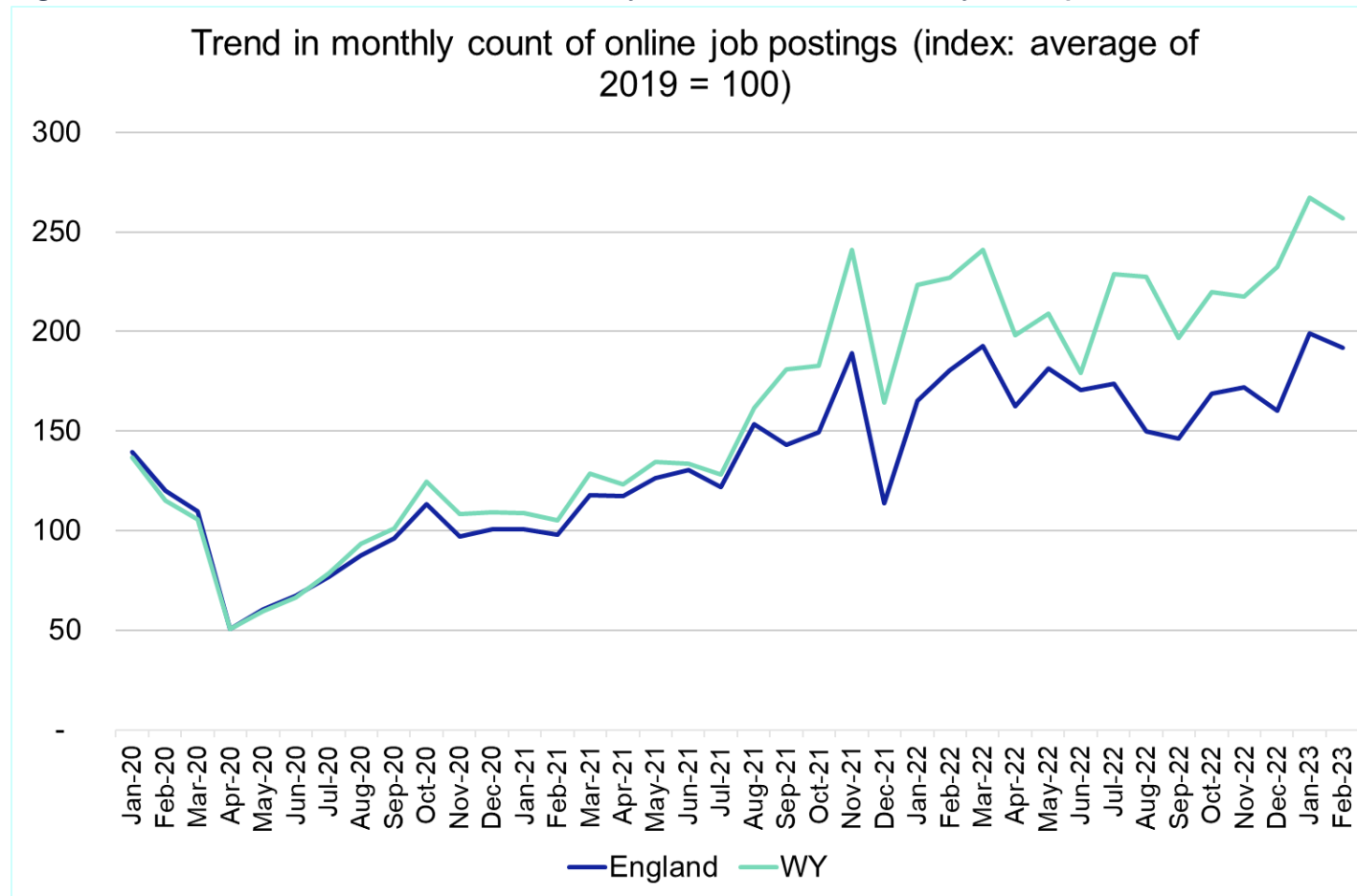
Data for Yorkshire and the Humber show that the number of inactive people aged 50-64 has grown by 14% since the pandemic. The number of retired people grew by 17% but the number inactive due to long-term sickness increased by more than a quarter (27%).



Source: Annual Population Survey

# Recruitment activity continued at a high level in February 2023

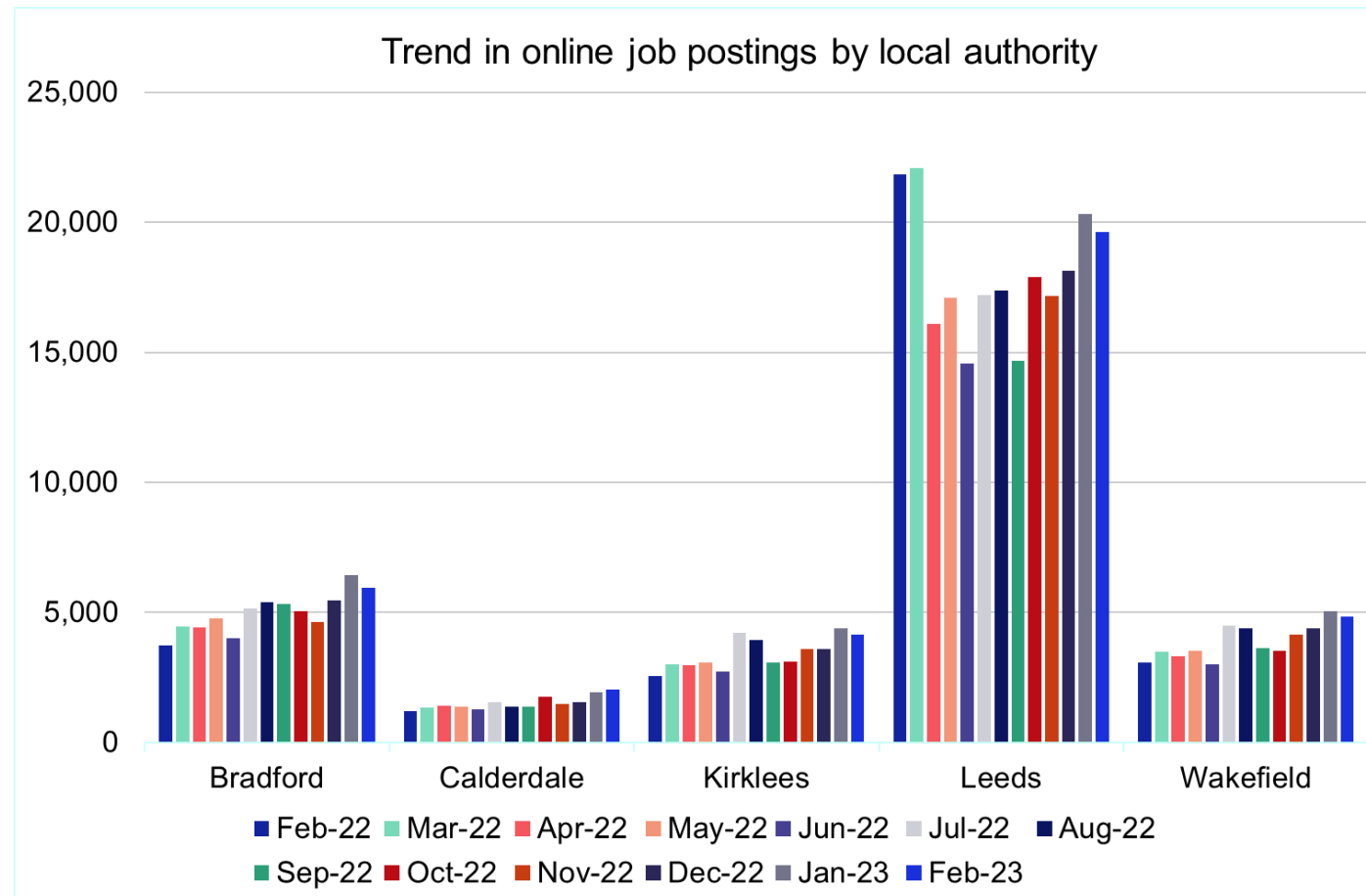
The monthly count of online job postings is volatile but remains at very high levels in historic terms. There were 36,600 unique, new postings recorded in February 2023, a 4% reduction on January 2023 but 12% higher than the level for February 2022. Recruitment activity has been stronger in West Yorkshire than nationally since the economy re-opened.



Source: Lightcast

# Decreases in job postings for all local authorities during February, except Calderdale

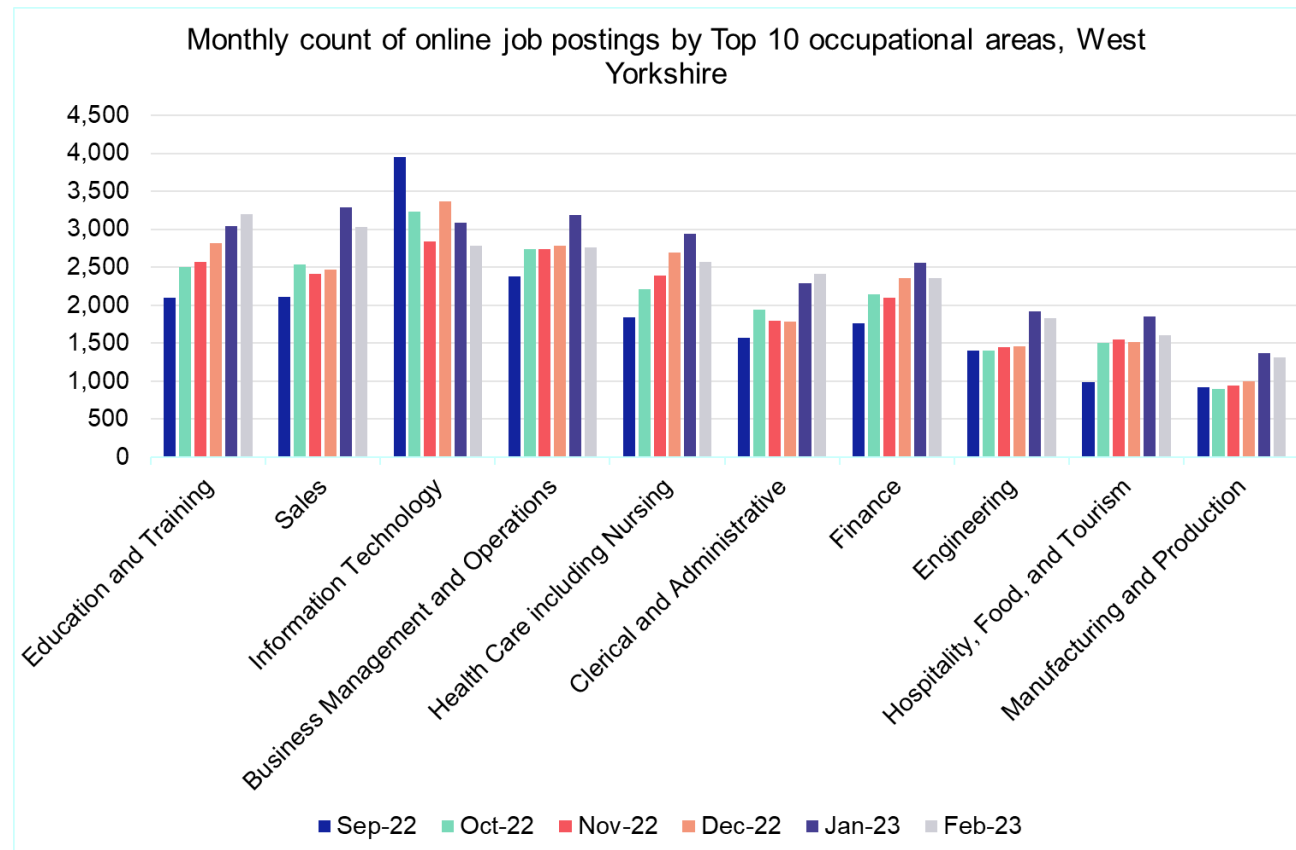
Following growth across all local authorities in January there was a decrease in February for all authorities except Calderdale. The underlying trend seems to be upwards for all local authorities, with Leeds strengthening following a period of weakness during mid-2022.



Source: Lightcast

# Most occupations saw a small fall in online job postings from January's high levels

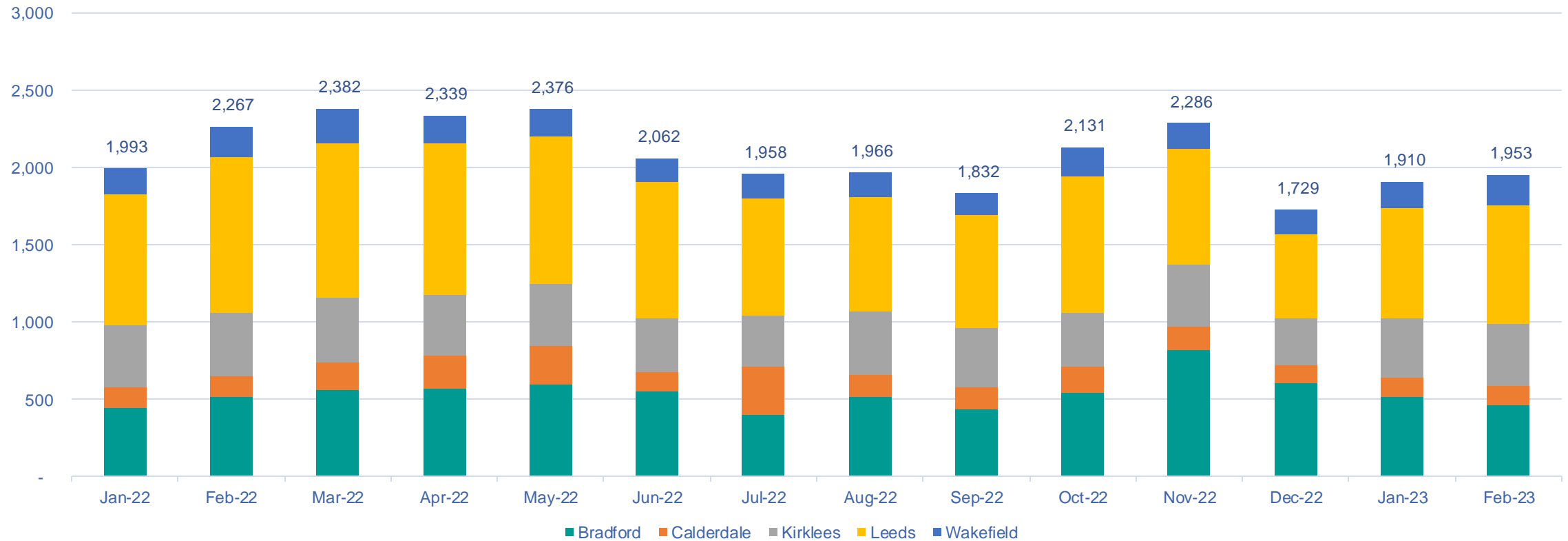
There was a decline in job postings for all the top occupational groups except Education and Training and Clerical and Administrative during February. This follows across the board increases in postings during January and a general upward trend for most occupations since September 2022. There are signs, however, that demand for Information Technology roles may be slackening from previous high levels.



Source: Lightcast

# Business registrations in February 2023 were low compared to 2022

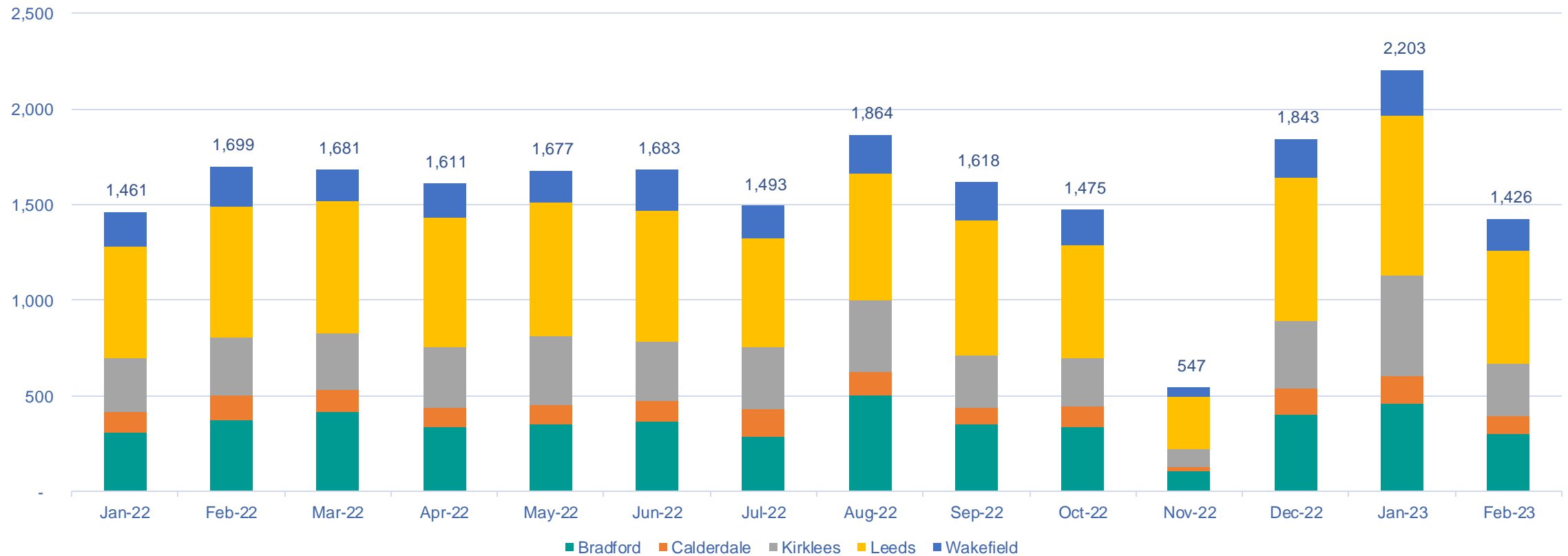
Seasonality explains lull in business registrations in recent months, but the anticipated rise in February did not materialise. This is largely due to a significantly lower level of business registrations in the construction and transport and storage sectors compared with last year. Elsewhere, retail and wholesale trade saw an uptick in registrations this February compared with 2022.



Source: Bureau van Dijk

# Business liquidations in February 2023 falls below the previous three-month average, and is low compared to 2022.

Following an unexplained drop in liquidations in November 2022, the November to January average worked out to be slightly lower than the trend for the whole of 2022, at 1,531 businesses per month. The data for February shows that business liquidations in the region have fallen again, with around 100 fewer West Yorkshire businesses being liquidation than the average for the last three months. This is largely due to strong reductions in liquidations in the professional, scientific and technical sector, as well as the administration and support services sectors.



Source: Bureau van Dijk

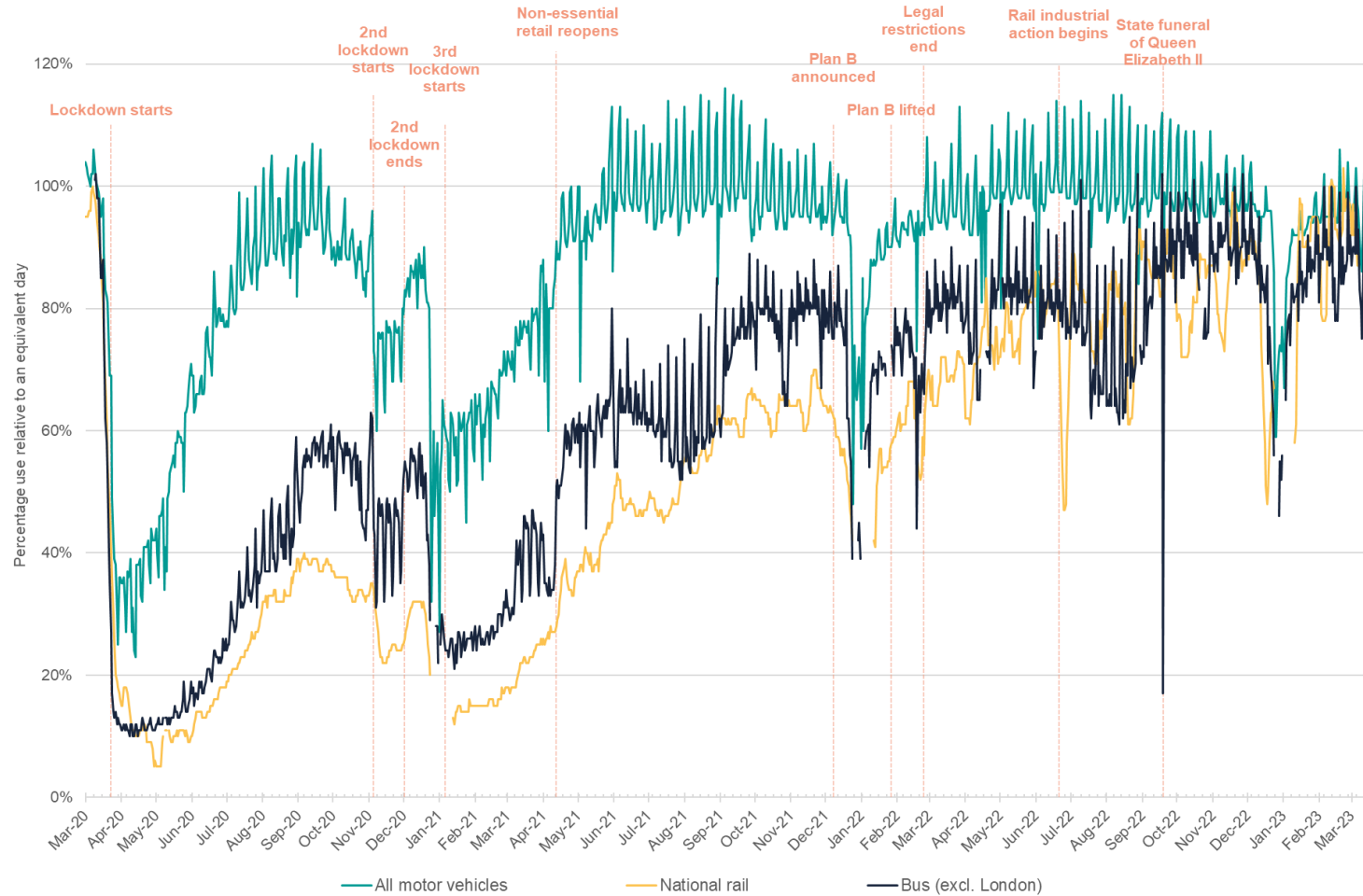
# Transport Insights

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# National rail use recovers to near motor vehicle levels



Over the past month at a national level, rail use has averaged near 100% of pre-pandemic usage, with one weekday exceeding 100% for the first time.

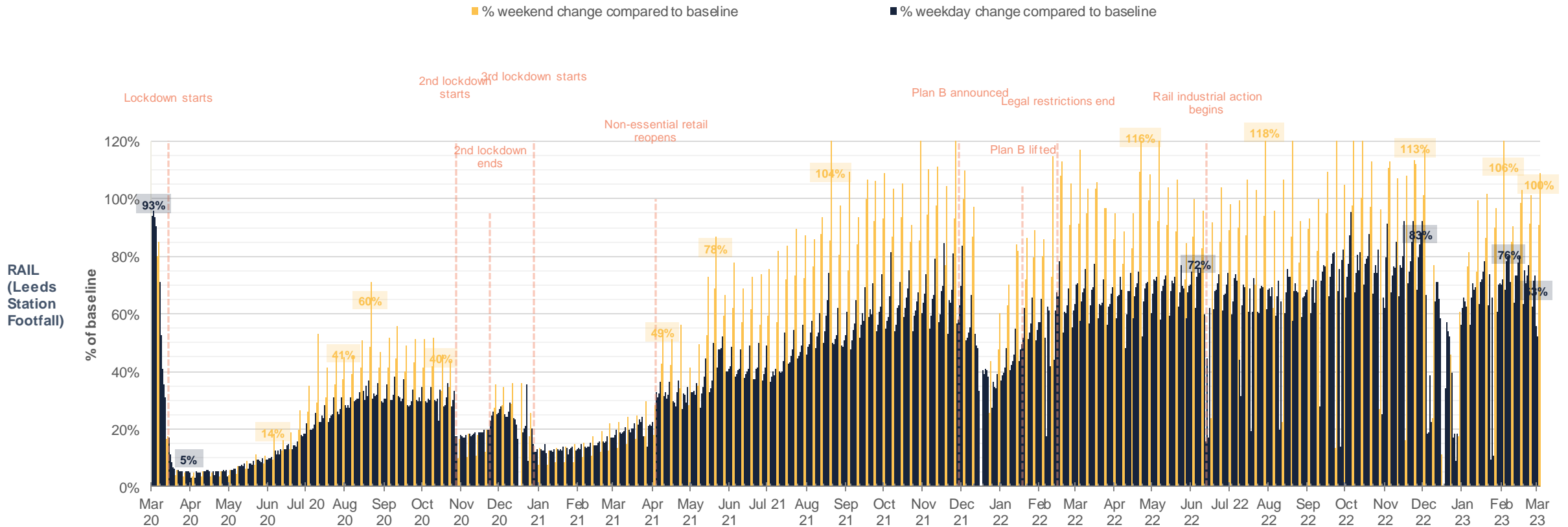
Bus use outside London remains around 80 to 90% on weekdays with weekend usage spikes, one of which exceeded 100%.

This suggests that public transport recovery at a national level has begun to close the gap with motor vehicle recovery, with rail recovery outperforming bus.

Source: <https://www.gov.uk/government/statistics/transport-use-during-the-coronavirus-covid-19-pandemic>

# Leeds rail weekday footfall falls below February peak

Average weekday footfall at Leeds rail station has fallen from its February peak to 63% of pre-pandemic levels in the most recent week, whilst weekend footfall also fell (before the rail strikes in March).

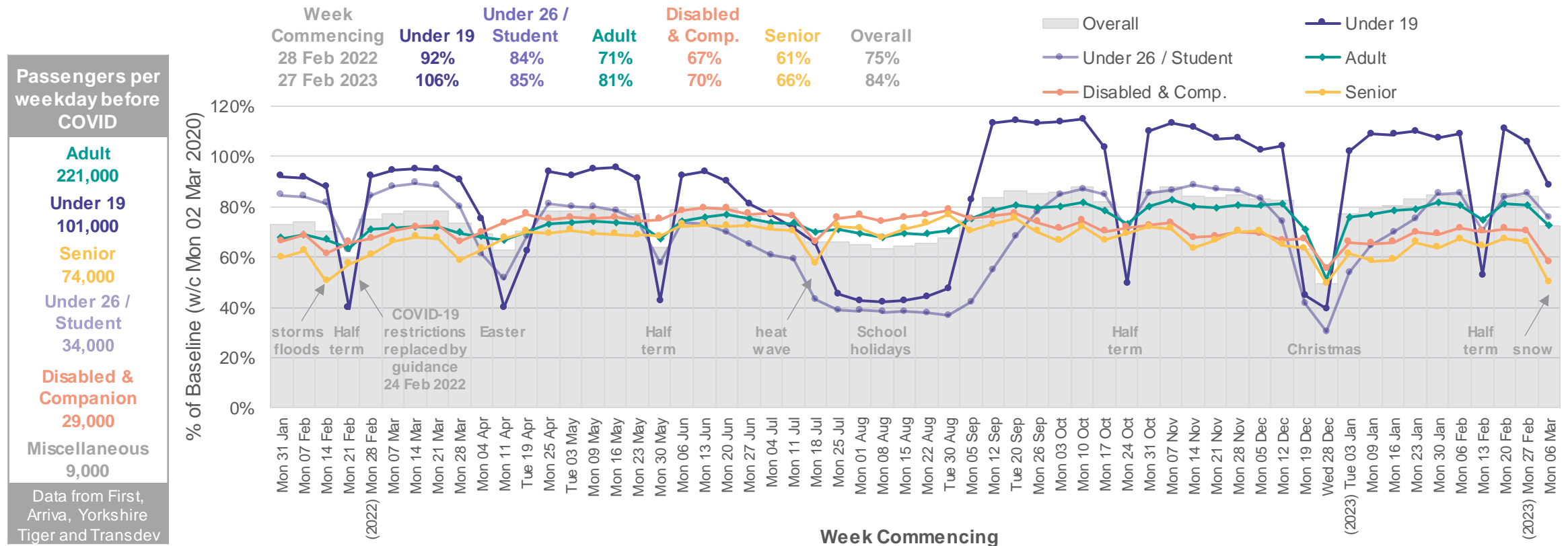


Baseline period is Monday 2nd - Friday 6th March 2020 (weekdays) and 29th Feb - 1st March and 6th-7th March (weekends)

Source: Leeds Rail Station Footfall - Network Rail

# Bus patronage by all cohorts improved since February 2022 but hit by snow in March

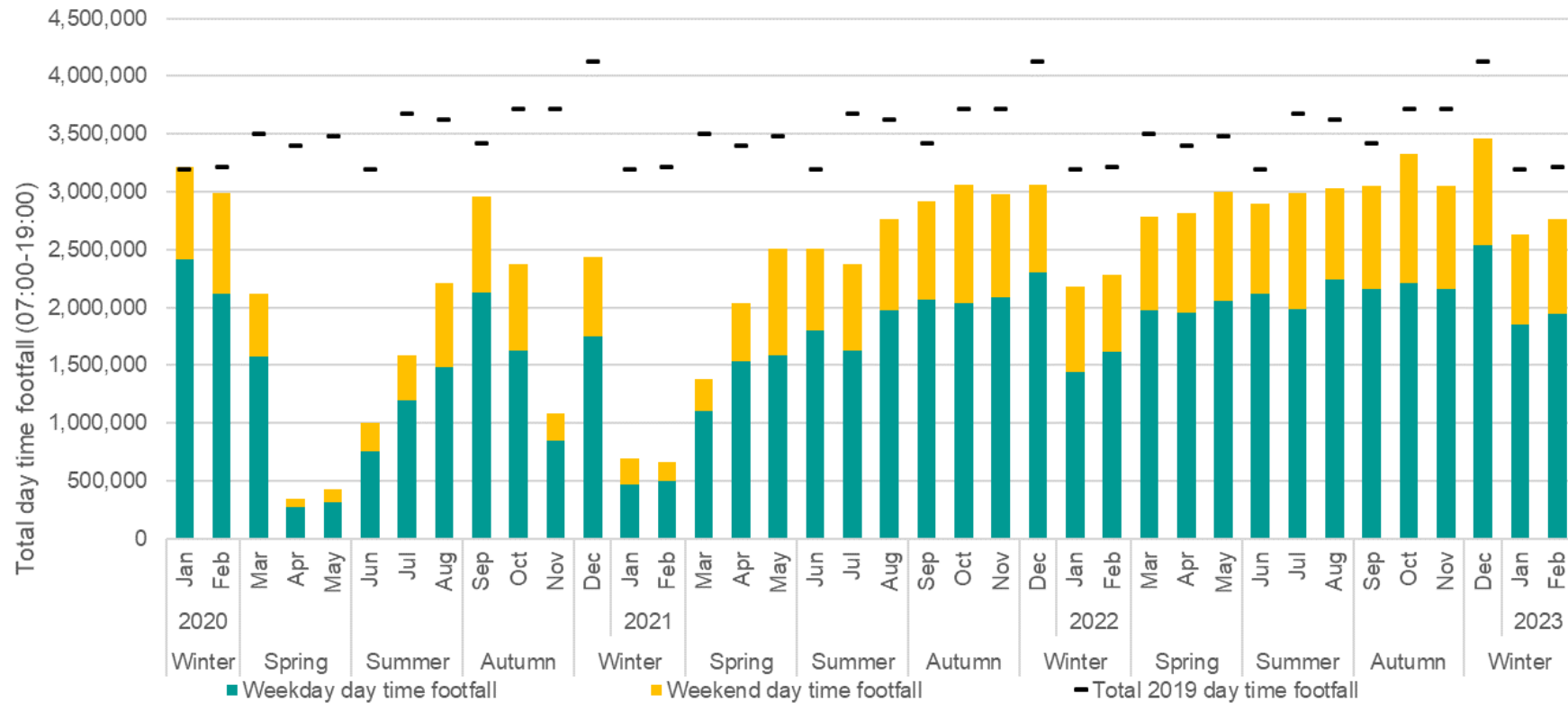
The chart below shows weekday bus use relative to pre-pandemic conditions. February bus use was settled each side of half term. All cohorts had a higher percent of baseline patronage in week commencing 28 February 2023 than same week in 2022. Snow at the end of week commencing 06 March had a substantial impact.



**Source:** Baseline period is w/c Mon 02 Mar. Source: Bus operators electronic ticket machine data, passenger boarding locations in West Yorkshire. First, Arriva, and Transdev groups account for over 90% of bus services in West Yorkshire. Graph shows First and Transdev data. Data is for weekdays excluding bank holidays, with ticket types assigned to broad cohorts.

# Leeds city centre day time footfall in February 2023 remains below 2019 levels

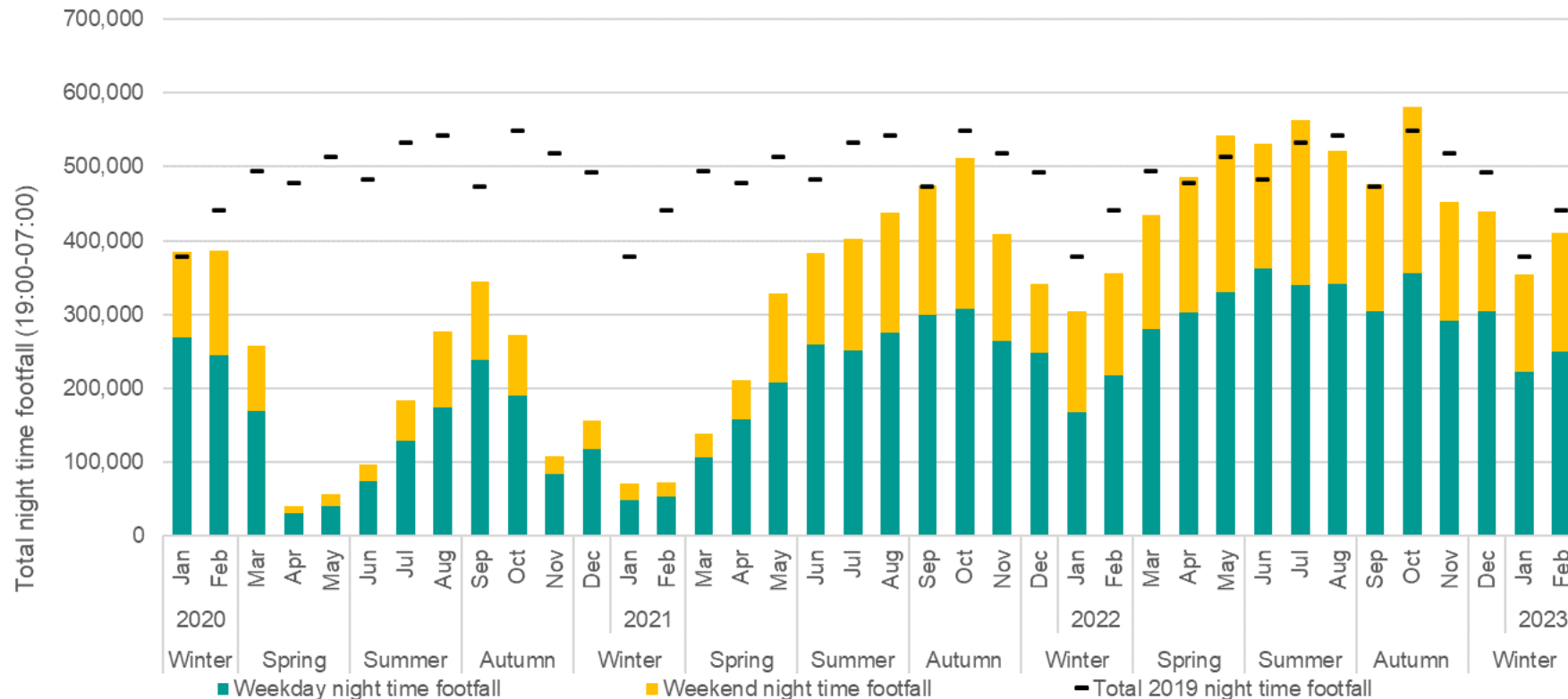
Leeds city centre day time footfall remains suppressed in February 2023 at 17% below February 2019, having not reached 2019 levels since the pandemic began. There is a slight increase between January and February 2023 and the situation is improved compared to 2022.



Source: Leeds City Council

# Leeds city centre night time footfall in February 2023 remains below 2019 levels

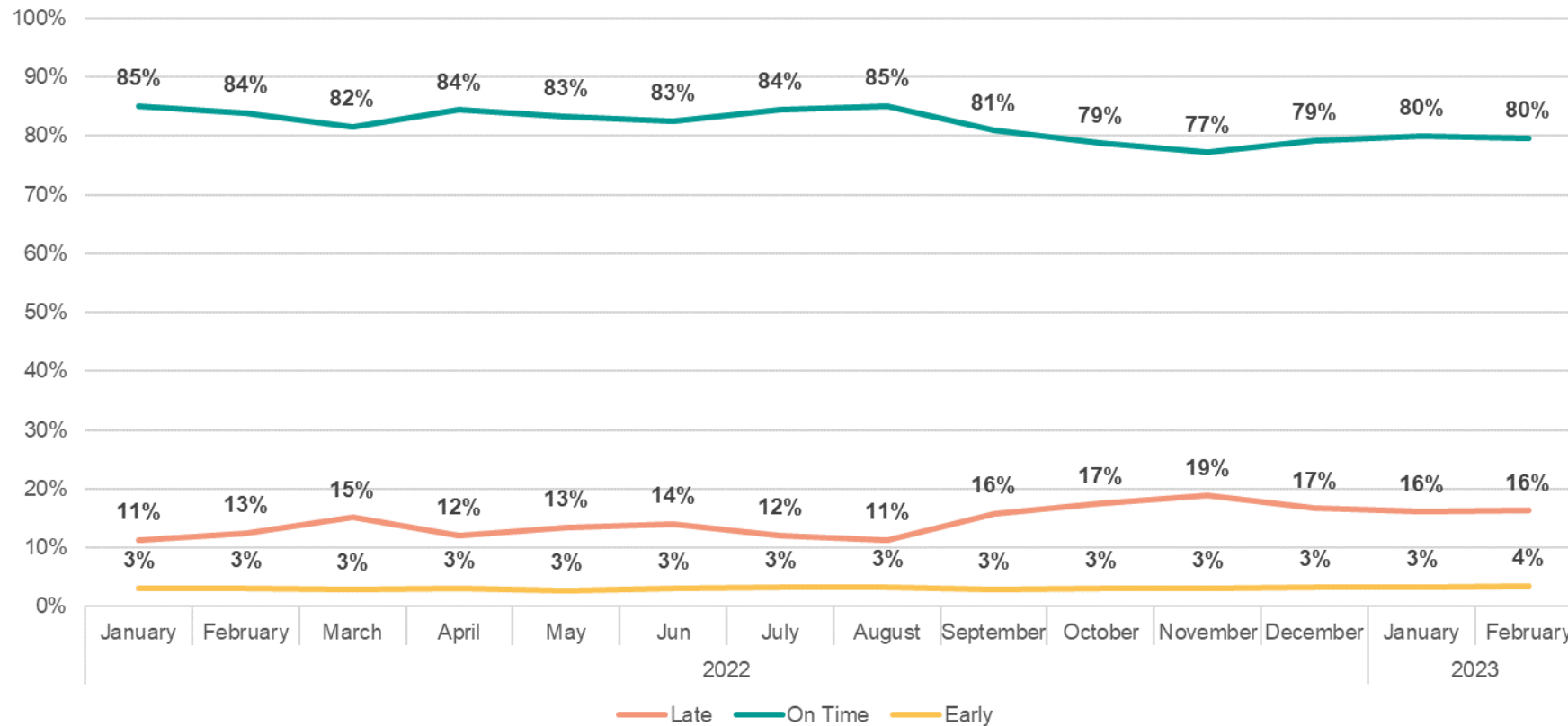
Leeds city centre night time footfall in February 2023 remains 8% below the equivalent pre-pandemic month (February 2019), but was higher than in February 2022. Weekend night time footfall increased between January and February 2023. Weekday night time footfall also increased slightly between January and February.



Source: Leeds City Council

# 80% of tracked buses in West Yorkshire ran on time in February, 4% points lower than the equivalent month in 2022

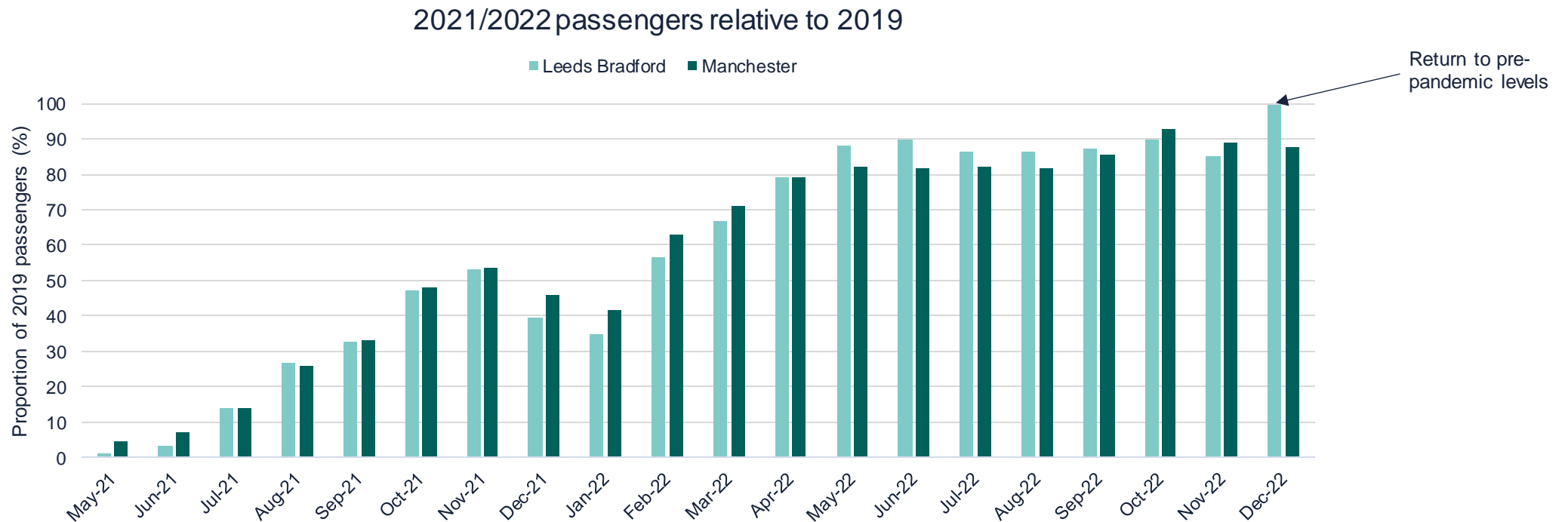
Bus Real Time Information (RTI) data reveals the proportion of tracked bus journeys in West Yorkshire running on time remained at 80% in February, 4% points lower than February 2022, although this is above the recent low of 77% in November 2022.



Source: West Yorkshire Combined Authority Real Time Information system. 'On time' is defined as between 1:00 minutes early and 5:59 minutes late against the scheduled time.

# Leeds Bradford Airport passenger numbers recovered to pre-pandemic levels in December 2022

The UK Civil Aviation Authority release monthly passenger figures for all UK airports. In December 2022 Leeds Bradford Airport (LBA) counted almost 189k terminal passengers\*, which is 99.5% of pre-pandemic levels (2019). Notably, LBA passenger recovery was relatively higher than at Manchester Airport (compared to 2019 levels) in December (12% lower than December 2019).



Source: UK Civil Aviation Authority (Table 9 – Terminal & Transit Passengers)

\*A terminal passenger is a passenger joining or leaving an aircraft at the reporting airport