

14th May 2020

Introduction

- This report presents the latest developments with regard to Covid-19 for Leeds City Region. It draws on a number of official and unofficial data sources to present the latest intelligence and is primarily focused on the economic impacts.
- It includes analysis of anecdotal evidence from interactions with businesses, and it is recognised that this analysis is based upon subjective views from those businesses which may or may not reflect the views of the wider business community.
- Where available, data is presented for Leeds City Region (covering Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York). Other geographies are used where data is not available at that level. In some cases, data is presented for a single authority or area. In those instances, further data is being sought to enable more comprehensive analysis of other areas. Please send any data to contribute for analysis or any comments on this report to Research@westyorks-ca.gov.uk.

Key local insights

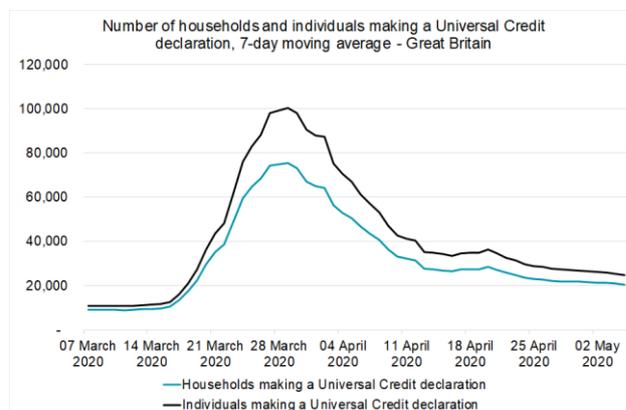
- The first hard economic data covering the beginning of the crisis shows the impact of the early stages of the lockdown. **GDP fell by 2% in Q1 2020, and by 5.8% in March.** Given the lockdown only began in mid-March, that gives a sense of the scale of impact that may be seen in Q2.
- This is also evident when looking at the scale of impact on UK GDP figures in terms of international comparison. France saw a fall of 5.8%, and Italy by 4.7% in Q1. However, the timing and severity of the respective lockdowns imposed has a significant impact on this. Research undertaken by the University of Oxford ¹has demonstrated (unsurprisingly) the relationship between a higher stringency of lockdown and the resulting scale of negative impact on GDP growth.
- Take up of the government support schemes continues at pace, with **over 300,000 businesses accessing loans** through either the Coronavirus Business Interruption Loan Scheme (CBILS) or the bounce back loans, the latter of which has proved extremely popular. This is in addition to the 743,000 businesses supported through the small business rates relief and retail support schemes nationally.
- The popularity of bounce back loans is also evident in local interactions with businesses, many of whom have expressed an interest in them. Some remain concerned about taking on additional debt at a time of huge uncertainty, however. Finance industry body The CityUK has raised concerns about businesses taking on unsustainable debt, which may create higher rates of default as well as acting as a drag on investment and productivity in the longer term as businesses prioritise repayments. The challenges facing businesses is further evidenced by EY analysis showing **301 firms issued profit warnings in Q1** – more than double the previous quarterly record and around the usual number seen in a whole year.
- The Coronavirus Job Retention Scheme for furloughed staff also continues to expand, with **7.5 million workers furloughed** so far. This is close to the numbers suggested by ONS surveys which found in the region of 28% of workers had been furloughed, which would equate to around 8 million jobs nationally. Analysis of this data in April suggested that around 293,000 and 387,000 workers could be furloughed in West Yorkshire and Leeds City Region respectively if this situation were replicated locally.
- The **extension of the CJRS to the end of October** will be welcomed by many businesses based on previous intelligence received, and will give them more leeway to avoid permanent reductions in staffing numbers as the economy reopens.
- The recent announcement around the easing of the lockdown will lead to increased economic activity in certain sectors in the coming weeks, with those where activity takes place outside likely to move more quickly. However, a recent survey by the Chambers of Commerce found **40% of firms would need more than a week to prepare to reopen**, so the process is likely to be gradual even for those who are able.
- Recent analysis by the Office for National Statistics has also highlighted the **occupations which require people to be in close proximity to others**, particularly those in health care professions, personal service industries and elementary occupations. These industries will likely have to pay particularly close attention to ensuring that their functions can be carried out safely before activity restarts.

¹<https://www.bsg.ox.ac.uk/research/research-projects/coronavirus-government-response-tracker>

Latest headlines and trends

Main national economic developments

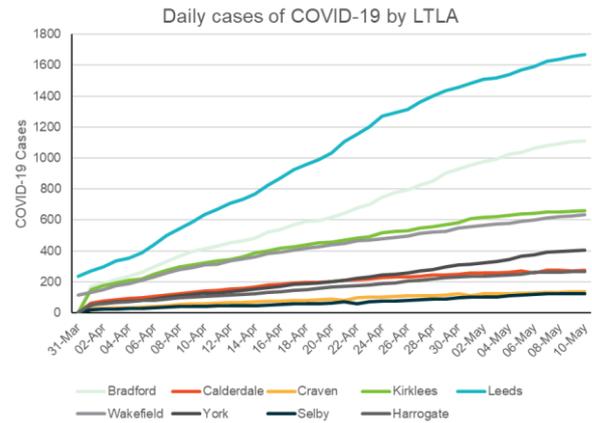
- The Prime Minister's speech on May 10th signalled a transition to a new phase of response to Covid-19, for both households and businesses. With more businesses and workers encouraged to recommence activity in the near term, it is anticipated that activity in some areas of the economy will begin to increase, though this will be asymmetric for different sectors. Further business engagement and survey work in the coming weeks will seek to understand local businesses' responses to these changes, and what plans and changes they need to put in place to achieve a safe return to work.
- UK gross domestic product (GDP) is estimated to have fallen by 2.0% in Q1 (Jan to Mar) 2020 - the largest quarterly contraction in the UK economy since the 2008 global financial crisis. More strikingly GDP fell in March by 5.8% and with Covid-19 restrictions not coming into force until mid-March this provides an insight into the scale of impact that could be expected in future GDP estimates.
- The service sector saw the largest reduction in March with output falling 6.2%, followed by construction (-5.9%) and manufacturing (-4.6%). It is worth noting that the service sector accounts for over 80% of UK GDP.
- Government consumption decreased by 2.6% in Quarter 1 2020, reflecting declines in health and education expenditure. In volume terms, healthcare consumption fell by 2.5% this change incorporated increased activity in some areas (calls to NHS 111) and reduced activity in others (elective operations and A&E)
- According to the latest EY UK profit warnings report, **UK companies issued 301 profit warnings** in Q1 2020; this is a 238% increase from Q1 2019 and more than double the previous high in Q4 2001.
- Meanwhile, real estate company Land Securities said only 10% of its office sites are being used as most office-based staff work from home.
- The Chancellor has confirmed that the Coronavirus Job Retention Scheme would be extended until the end of October, with no changes to the scheme until July. Almost 1 million companies have used the scheme to furlough around 7.5 million workers so far.
- The latest Office for National Statistics (ONS) Business Impacts of Coronavirus Survey (6-19 April) found **almost a quarter of businesses had ceased trading temporarily but this increased to 80% in the hospitality and entertainment sectors.**
- As with the last round of the survey, **two thirds of businesses said they had used the CJRS, with around 28% of staff furloughed**, though in hospitality almost three quarters (73%) of workers had been furloughed. 44% of workers said they had worked from home at least once in the past week.
- In the 8 weeks to 5th May, the DWP received over **2.6 million declarations to Universal Credit**. The maximum weekly rate was 100,000 individual declarations a day (75,000 households), eight to nine times the pre-crisis volume.
- According to the latest data the number has now fallen to around a quarter of this level, still around twice the pre-crisis level. Based on national trends, the number of people on the benefit is expected to increase by tens of thousands in West Yorkshire, from its early March level of 123,000.
- Access to the 100% guaranteed bounce back loans has surpassed the Coronavirus Business Interruption Loan Scheme (CBILS) within a week with **268,000 loans issued in the first week, totalling £8.4bn**. Although access to CBILS has continued to increase steadily, with 33,800 applications totalling £5.5bn approved, only just over half (54%) of applications have been successful so far. The rate of new applications also appears to be slowing, with 10,000 in the week to May 6th, compared to 16,600 the previous week.



Developments in Leeds City Region

Number of Covid-19 cases in the wider Leeds City Region area

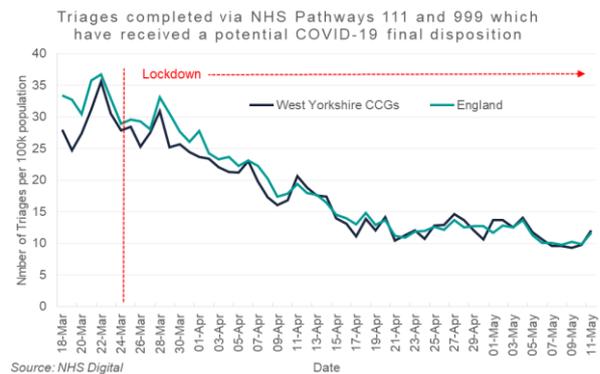
The NHS releases daily information on the number of Covid-19 cases by Lower Tier Local Authority. Across the Leeds City Region there have been 5,014 (WY: 4,348) cases of Covid-19 as of 10th May. Leeds has the most cases with 1,667 followed by Bradford with 1,112 cases. Craven has the lowest count with 135. Over April and into May the Covid-19 growth rate has continued to slow down. Currently the last seven-day average growth rate fell below 1%, at 0.7% nationally. The wider Leeds City Region growth rate is 1.4% (WY: 1.2%). With York having the highest growth figures at 2.8% and Kirklees having the lowest at 0.9%. Throughout the Leeds City Region there has been a significant slowdown in new cases.



NHS calls/online with a potential Covid-19 final disposition

In Clinical Commissioning Groups (CCGs) covering West Yorkshire, 1,725 111/999 calls were made in the past week where the final disposition was a potential COVID-19 case, (down from 2,143 the previous week) compared with 3,772 five weeks ago.

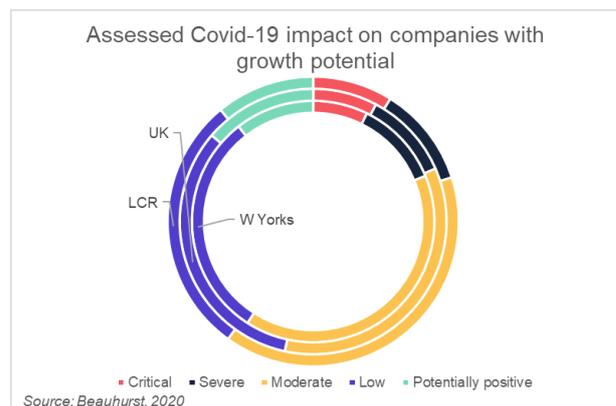
This data should be treated *extremely cautiously* as it is based on self-reported symptoms by members of the public to NHS, and is not based on outcomes of tests for coronavirus. Importantly, this is not a count of people.



Business economic impacts

Analysis by Beauhurst has sought to identify how their “tracked” companies are responding to Covid-19. Beauhurst track companies with high growth potential, with 28,000 companies tracked nationally and just over 1,100 in Leeds City Region (830 in West Yorkshire). These companies are more likely to be have sought or be seeking investment to grow than the wider business community, so are likely to display different characteristics – being more tech-driven and innovation active for example.

This analysis shows that around 1 in 5 businesses could be seeing a “critical” or “severe” impact from Covid-19 (19% in West Yorkshire and the UK; 20% in Leeds City Region. 11% of tracked companies locally and 14% nationally could be seeing a positive impact.



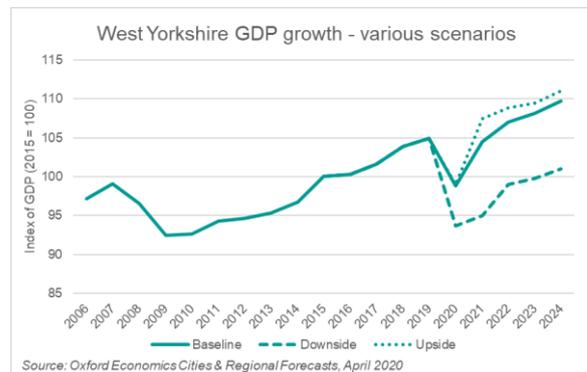
Economic impacts

Further to the forecasts included in last week’s update, Oxford Economics have provided further insight on a range of possible economic impact scenarios at the national and local level. As reported last week, their baseline scenario assumed that the current lockdown measures remain in place until mid-May before being gradually lifted and would lead to a 5.8% reduction in economic output in West Yorkshire in 2020, driven by a fall in the first half of the year and subsequent recovery. This has been augmented with two further scenarios, one downside and one upside.

Leeds City Region COVID-19 Monitor

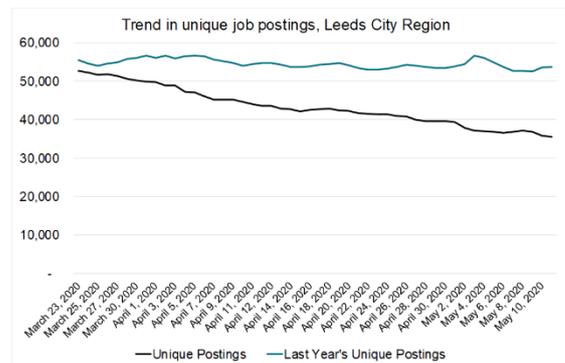
The downside scenario assumes “a much weaker recovery in H2 2020, perhaps because of an extension of lockdowns through Q3”, perhaps as a second wave a second wave of the virus re-emerges necessitating further lockdowns. In addition, governments undertake austerity measures in order to reduce overall debt. This could lead to a GDP fall of 10.1% nationally and 10.7% locally this year.

The upside scenario assumes “the global economy recovers more quickly than in the baseline as households and business are able to more effectively return to normal, perhaps due to medical advances in testing capacity and vaccines”, along with more prolonged government support. This would see GDP reduce by 4.9% nationally and 5.7% locally this year. The fact that the upside scenario quite closely mirrors the core scenario reflects the assessment that much of the risk is weighted toward the downside scenario at present.



Labour market trends

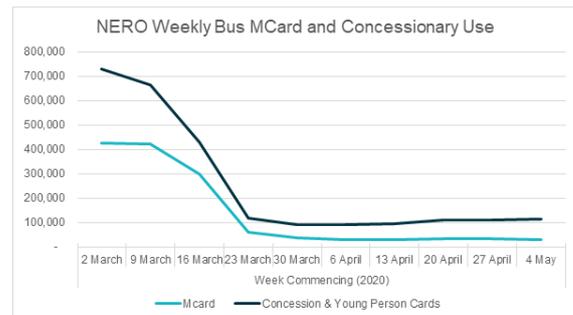
According to data supplied by EMSI the number of active job postings in Leeds City Region fell by 33% (or 17,200) between 23rd March, when the lockdown was introduced, and 11th May. West Yorkshire also saw a fall of 33% (-13,500). The number of postings recorded on 11th May 2020 was 34% lower than on the same day in 2019 for the City Region and 35% lower for West Yorkshire. The City Region and West Yorkshire both experienced a fall of 4% for the latest week for which we have data (May 4th to May 11th), which shows the continued downward trend in the number of active postings.



Bus MCard and Concessionary Use

For the week beginning Monday 4th May 2020 (including a bank holiday), the combined level of MCard and concessionary fare use shows a **reduction of 88%** against the week beginning 2nd March 2020, and no significant change against the previous week. It should be noted that these results have been updated to correct an error which was present in previous issues.

Source: WYCA NERO Reports



Leeds Station Footfall

Data from Network Rail shows total daily footfall levels on Leeds Station Central Concourse. For the week beginning Monday 4th May 2020, this shows a continued **reduction of 95%** against the week beginning 2nd March 2020, and a 2% increase against the previous week.

Source: Network Rail / Station Capacity Team
stationcapacity@networkrail.co.uk

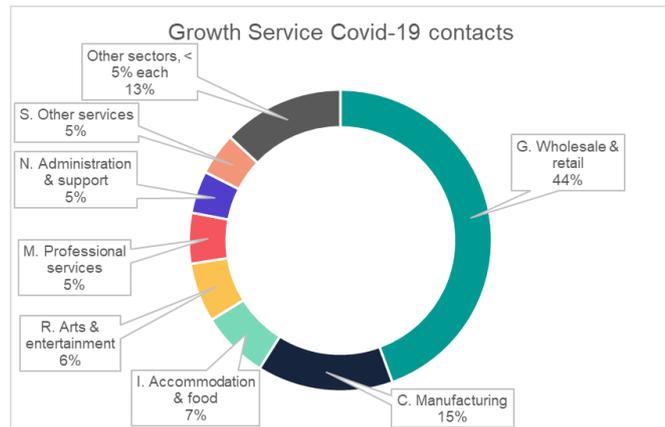


Business and stakeholder intelligence

This section summarises key issues emerging from interactions with businesses and other stakeholders in Leeds City Region. Whilst much of this is anecdotal, the below draws out key themes and issues from those conversations. However, it is recognised that this analysis is based upon subjective views from relatively small numbers of businesses which may or may not reflect the views of the wider business community.

Metrics on enquiries

- There were fewer interactions to report on overall this week (132 compared to 250 the previous week), and the number of web hits on Covid-19 related pages was also down by 25%.
- As with previous weeks, contacts continue to come most frequently from B2C sectors wholesale & retail (44% of all contacts) and hospitality (7%) as well as manufacturing (15%).



- Two thirds of contacts discussed issues around cash flow or access to grants/finance. However, as might be expected there was increased interest this week in the bounce back loan and new discretionary relief available for local authorities.
- Local authorities in Leeds City Region have paid out almost £575m in grants to 49,000 businesses via the small business rates relief and retail and hospitality support schemes. 78% of funding has been paid out so far. In West Yorkshire, £415m has been paid out to 36,000 businesses – 75% of total funding. 74% of funding has been paid out nationally.

Investment and funding

- Whilst some businesses remain reluctant to take on additional debt, many expressed a willingness to explore the 100% guaranteed bounce back loans. Only one company reported issues engaging with their bank over a CBIL this week, with the bank reportedly encouraging them to use an overdraft instead. Two others have successfully secured CBILs.
- Issues around businesses being ineligible for support because of rates paid through leases or occupying shared space continue to be reported.

Business and workforce activity

- Furloughing was discussed with 10 businesses this week, most of whom had furloughed between 70% and 85% of workers. As businesses begin to prepare for the easing of lockdown, a small number have begun to quantify potential redundancies over the next six months if orders don't improve. To that extent, the extension of the Job Retention Scheme through to the end of October will be welcomed by many employers.
- Further engagement in the coming weeks will provide more insight on businesses' response to the easing of lockdown measures.

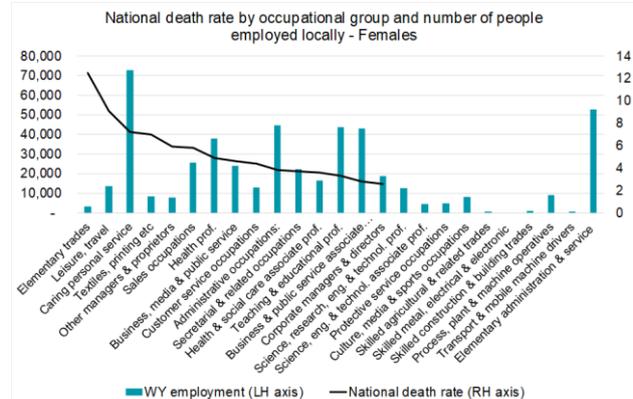
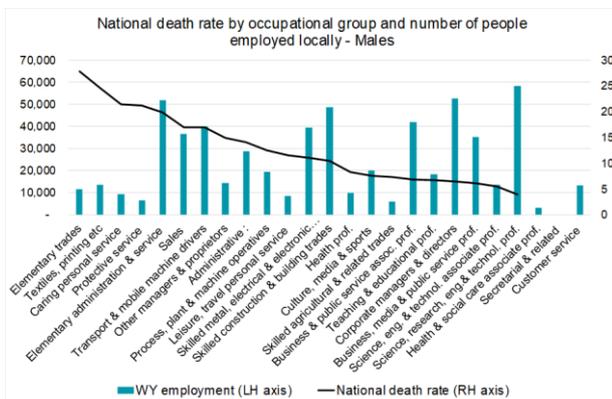
Local insight and analysis

This section presents a summary of analysis undertaken locally to inform our understanding of and response to the pandemic. Further insight or more detailed briefings can be provided on request.

Impact of Covid-19 on the workforce

In the last week ONS has released analysis of the occupations that potentially face the biggest impact from Covid-19. One element of this is an analysis of how deaths in England and Wales related to Covid-19 vary by occupation. To provide local context we have charted [ONS' age-standardised death rates per 1,000](#) population by gender against the profile of occupational employment for West Yorkshire.

Nearly two-thirds of deaths among the working age population were among men with the rate of death involving COVID-19 being statistically higher in males - 9.9 deaths per 100,000 compared with 5.2 deaths per 100,000 for females.

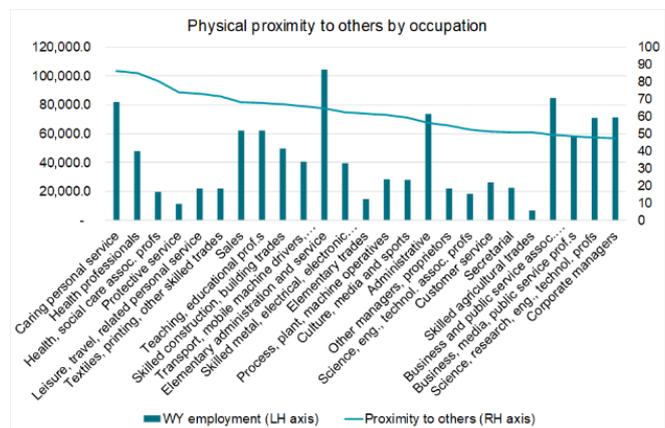


Compared with the rate among people of the same sex and age in England and Wales, men working in the lowest skilled occupations had the highest rate of death involving Covid-19. Elementary trades had the highest rate for men and women and includes workers performing routine tasks in construction and process plants.

People working in social care, a group including care workers and home carers, had significantly raised rates of death (included within Caring Personal Services in the charts). However, healthcare workers, including those with jobs such as doctors and nurses, were not found to have higher rates of death involving Covid-19.

Among men, other specific occupations with raised rates of death involving Covid-19, included: taxi, bus and coach drivers (both included within Transport and mobile machine drivers) and chefs (part of Textiles, printing and other skilled trades).

In their commentary on the death rates data ONS make a link between high rates of Covid-19 deaths and a requirement for close contact with people within particular occupations. They explore this using an [estimate](#) of exposure to generic disease, and physical proximity to others, for UK occupations based on US analysis of these factors.

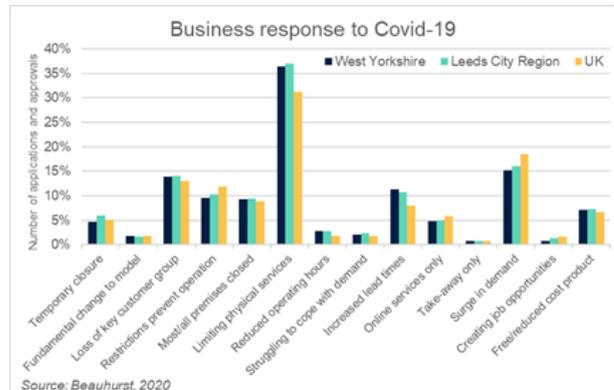


They acknowledge the relationship is not a simple one and other factors such as ethnicity and place of residence play a part. However, the analysis shows that health and care occupations require the greatest physical proximity but that lower skilled occupations, particularly those linked to personal services also feature among those requiring close contact. Several higher skilled management and professional occupations need the least physical contact. The above chart shows the estimated proximity to others and the prevalence of employment in these occupations in West Yorkshire.

Company responses to Covid-19

In addition to providing an assessment of the Covid-19 impact on their tracked businesses (see *Developments in Leeds City Region, above*), Beauhurst have analysed available information on these companies to assess the actions they have taken in response to the crisis.

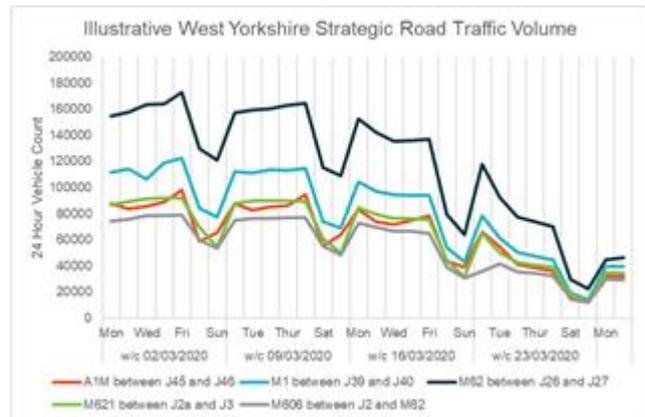
The analysis found only 5% of tracked companies in Leeds City Region had closed temporarily, though 37% of businesses locally are limiting physical services compared to 31% nationally, and 10% had closed all or most of their premises. These numbers are lower than some surveys of the wider economy suggest, likely reflecting the make up of companies tracked by Beauhurst who are more likely to be more tech-focused.



Around 15% of tracked companies in West Yorkshire (16% in LCR, 19% nationally) had seen a surge in demand post-lockdown. Of these, just over half (52%) were in business and professional services, and 38% were in tech or IP-based businesses.

West Yorkshire Strategic Road Network Flows

Data from Highways England shows daily 24-hour traffic flows in both directions at multiple points on the strategic road network. A site showing typical levels of flow for March has been selected on each strategic road in West Yorkshire. While not intended to provide a comprehensive analysis, this illustrates the level of change throughout March including the week when movement restrictions were announced by the UK Government (w/c 23rd March 2020). For the week commencing 23rd March, this shows overall flow **decreases between 54% and 59%** compared to the week commencing 2nd March. This comparison will be undertaken for April once data is available.



Source: Highways England WebTRIS webtris.highwaysengland.co.uk

Air quality

Air quality monitoring data published for eight sites across West Yorkshire shows decreasing Nitrogen Dioxide (NO₂) emissions in the post lockdown period. Areas previously noted for their congestion, such as the A660 at Headingley, Leeds have seen emissions drop over 50% compared to the same time last year.

The Mayo Avenue site in Bradford continues to record the highest level of NO₂ emissions. This site is located at the entrance of a retail park with 540 parking spaces and a large supermarket. This would continue to be a significant trip attractor following the lockdown and explain the continued high emission levels.

