

21st 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.

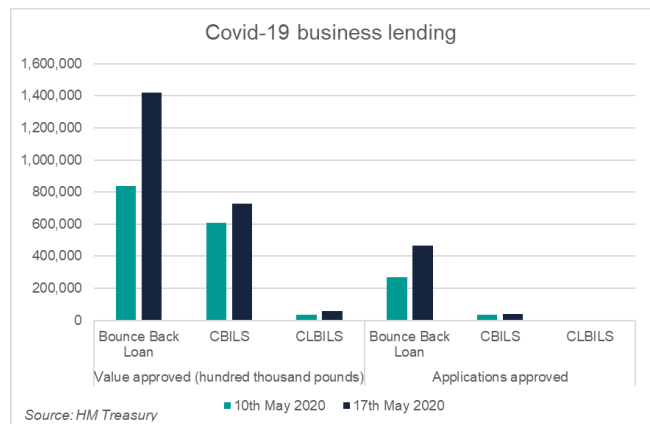
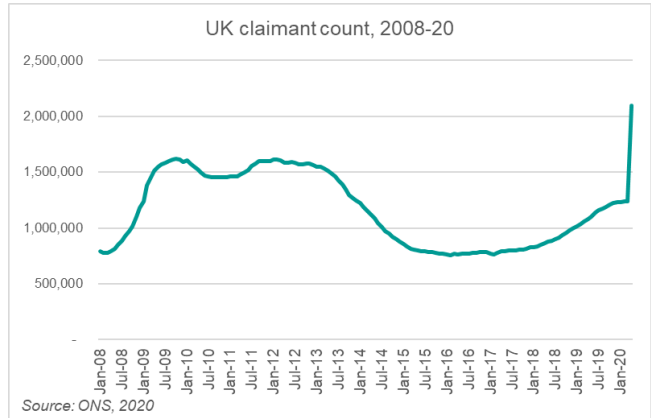
Key local insights

- The first official data covering the crisis period shows a **62% increase in jobless claimants with 108,000 claimants in Leeds City Region**, and 87,900 claimants in West Yorkshire.
- Whilst the **claimant count increase is unprecedented, it is anticipated to increase further** in the coming months. The early increase in claims has taken the local claimant count rate close to 6% in West Yorkshire, though forecasts suggests the rate could exceed 10% later in 2020.
- Most analysts are also in agreement that the initial employment impact would have been significantly higher without the ability to furlough workers. The extension of the Job Retention Scheme to October may help to limit the unemployment spike but both the LEP's own interactions with businesses and surveys from the Chambers of Commerce and others emphasise the importance in ensuring the scheme can operate flexibly to remain effect as the lockdown eases.
- ONS data also **shows a fall in earnings of almost 1% in April**, with fewer people working overall. At the same time, **inflation fell to 0.8%**. Lower price increases may to some extent ease pressure on households as they adjust to a period with lower incomes.
- The fall inflation also potentially provides more scope for the Bank of England to provide more stimulus to support the economy, though with demand significantly limited by the ongoing restrictions on consumer activity, the approach to this will need to be carefully considered.
- Following the change in advice from the government, **businesses have begun to consider how they can safely return to work**. Although there was an increase in contact locally from businesses uncertain how the guidelines may apply to them, **84% of respondents to the Chambers survey thought the guidelines were clear** or very clear and a similar number felt they would enable them to fully or partially restart activity though this figure was lower in consumer facing industries.
- The Chambers survey found **three quarters of businesses were in a position to implement rules for social distancing at their premises**, and 70% felt they had or could implement provisions for remote working.
- **29% of respondents said they didn't feel staggered arrival times for staff was applicable for their business**, though there will clearly be a need to consider travel options as more activity restarts. There are signs that this may be starting to happen, with smart card usage increasing by 8% and Leeds station footfall up 11% in the w/c 11th May. In both cases however, activity is close to or over 90% down on pre-crisis levels.

Latest headlines and trends

Main national economic developments

- The number of people claiming benefits principally due to **unemployment increased by 69% nationally to 2.1 million** in April, according to the Office for National Statistics. This is the sharpest increase on record.
- Local areas saw similar, but slightly lower increases. See the “Developments in Leeds City Region” section for more local detail.
- The latest DWP figures show that on 9th April 2020 there were **4.2 million people on Universal Credit** across Great Britain, an increase of 40% compared with March 2020. This reflects a huge increase in Universal Credit claims as people seek support to deal with the restrictions that were introduced as a result of COVID-19. Prior to this, the average month-on-month increase between April 2019 and March 2020 was only 4%.
- Included in this large increase will be people who are self-employed and whose income has been affected by the ‘stay at home’ restrictions, people with COVID-19 or in a household that is isolating and are not eligible for Statutory Sick Pay, or people who have been furloughed and are on a low income.
- Experimental data from ONS suggests there were **348,000 fewer people in paid employment in April 2020** than in April 2019 – a fall of 1.2%. There was a 1.6% fall in paid employees between March 2020 and April 2020. Early estimates for April also indicate that median monthly pay fell to £1,789, a fall of 0.9% when compared with the same period of the previous year.
- Over **half a million businesses have now been supported through the coronavirus related loan schemes**, according to HM Treasury. The vast majority of these (465,000) have been supported through the Bounce Back Loan scheme, which has lent £14.2bn to businesses, 100% backed by the government. The CBILS schemes have supported over 40,000 businesses with £7.5bn.
- As may be expected given its light touch application process, the Bounce Back Loan is proving more efficient than other schemes, with 80% of applications approved. The approval rate for the CBILS scheme fell from 56% on May 10th to 50% on May 17th.
- The Treasury also confirmed that **8 million staff had been furloughed and £11.1 billion claimed** so far through the Coronavirus Job Retention Scheme (CJRS), and 2 million Self-employment Income Support (SEISS) claims have been submitted worth £6.1 billion.
- The latest Chambers of Commerce Covid-19 Business Impacts Tracker (13-15th May) reported slightly **fewer businesses reporting less than three months of cash reserves** than the previous week (50% compared to 53%).
- The Chambers survey also assessed businesses’ response to the new government guidelines on working arrangements. 84% thought these were clear or very clear. **37% of businesses felt they would be able to implement the guidance and fully restart operations, and a further 45% said they would be able to partially restart.** However, some sectors, particularly hospitality and leisure industries, still require greater clarity from the government on when and how they will be allowed to reopen.
- **UK inflation fell to 0.8% in April**, according to ONS, down from 1.5% in March. Cheaper oil and fuel prices contributed to this, as did discounting in some areas of retail. The fall means inflation is at its lowest level for four years.

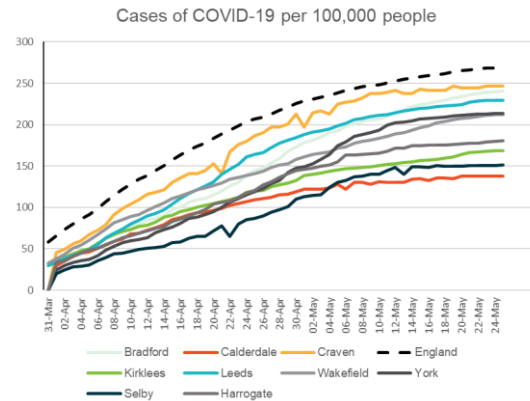


Developments in Leeds City Region

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

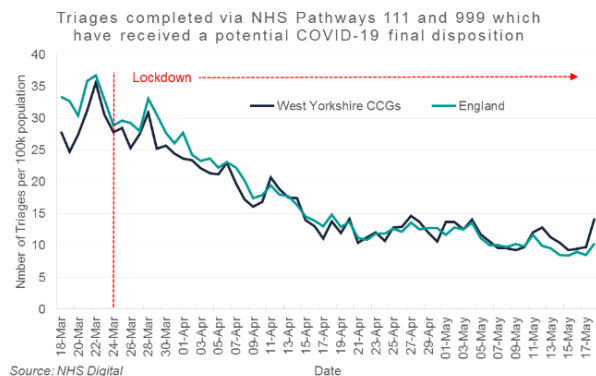
The NHS releases daily information on the number of Covid-19 cases by Lower Tier Local Authority. Across the Leeds City Region there have been 5,360 (WY: 4,650) cases of Covid-19 as of 17th May. Leeds has the most cases with 1,753 followed by Bradford with 1,224 cases. Craven has the lowest count with 139. 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 0.5% nationally.

The wider Leeds City Region growth rate is 0.9% (WY: 0.9%). With Wakefield having the highest growth figures at 1.3% and Calderdale and Craven having the lowest at 0.4%. Throughout the Leeds City Region there has been a significant and extended slowdown in new cases



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

In Clinical Commissioning Groups (CCGs) covering West Yorkshire, 1,837 111/999 calls were made in the past week where the final disposition was a potential COVID-19 case. This is an increase from the previous week (1,725) but still considerably lower than levels six weeks ago (3,772). It is notable that in the last week there has also been a slight increase in the number of 111 online assessments where the final disposition was a potential COVID-19 case. Further data will reveal if this is a sustained trend following some easing of lockdown measures.

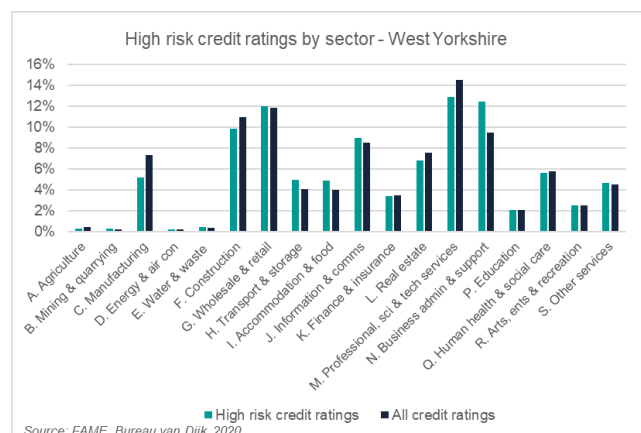


This data should be treated *extremely cautiously* as it is based on self-reported symptoms by members of the public to NHS, and is not based on outcomes of tests for coronavirus. Importantly, this is not a count of people.

Business economic impacts

The number of West Yorkshire companies with high risk credit ratings continued to increase in early May, rising by 17% from 4,700 on April 28th to 5,500 on May 19th, according to data from Bureau van Dijk's FAME business database.

The sectoral breakdown of companies with high risk credit ratings closely matches the breakdown of all companies for which ratings are available. However, companies in business administration are over represented – 12.5% of high risk companies vs. 9.5% overall. The same is true of accommodation & food (4.9% vs. 3.9%).



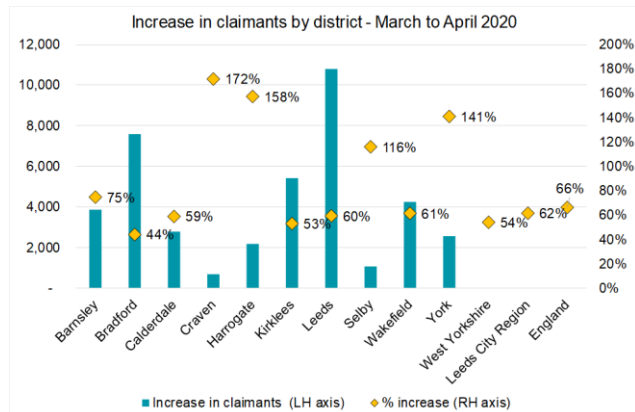
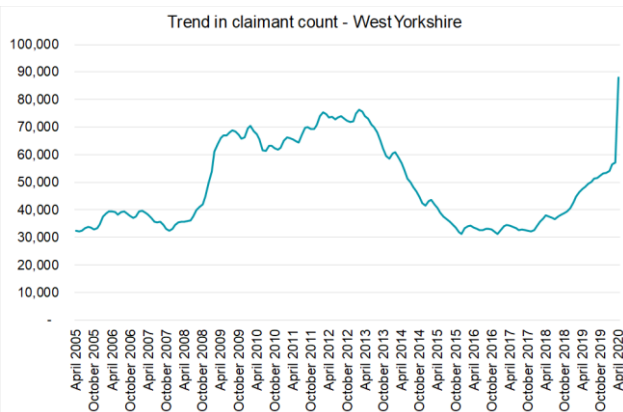
This supports an assessment that businesses are facing increasingly challenging trading conditions. However, the number of companies entering liquidation remains low following a big spike in March – 59 companies have been liquidated so far in May, compared to 563 in the same period of May 2019 suggesting that measures in place to avoid company liquidations during the crisis are helping.

Claimant count data

The Claimant Count dataset measures the number of people claiming Jobseeker's Allowance plus those who claim Universal Credit who are out of work. The benefit claimant count does not include everyone who is out of work, since not everyone is entitled to claim assistance, but it does indicate the trend in the employment market. The latest available claimant count data relate to a count undertaken on the 2nd Thursday of the month (14th April) and reflect the immediate impact of the crisis on the number of claimants.

In April 2020 there were 108,000 jobless claimants in Leeds City Region, with 87,900 claimants in West Yorkshire. Between March and April 2020 the count increased by 41,200 (+62%) across the City Region and by 30,800 (+54%) across West Yorkshire, lower than the increase seen nationally of 66%. The claimant rate (expressed as a proportion of adult residents) rose from 3.5% to 5.6% in the City Region and from 3.9% to 6.0% for West Yorkshire.

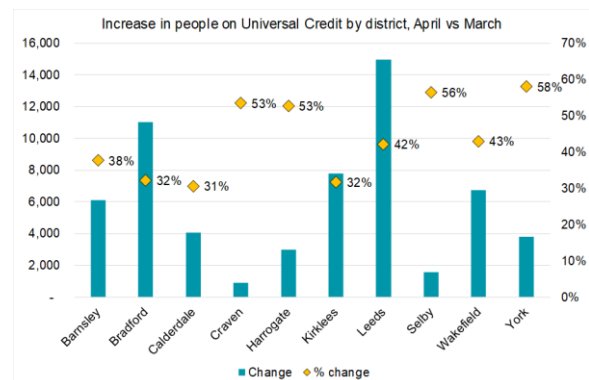
The monthly increase in the claimant count seen in April is largely unprecedented. The 54% increase in West Yorkshire is far in excess of any monthly increase since 1986 when consistent local data first became available. The next largest increase was in February 2009, when the claimant count grew by 13%. The current claimant level in West Yorkshire also surpasses that seen at the peak of the last recession (75,500).



Districts with the lowest unemployment before the crisis saw the biggest percentage increases – Craven (+172%), Harrogate (+158%), York (+141%), Selby (+116%). These are all in York / North Yorkshire and rely more strongly on shutdown sectors like retail and hospitality.

West Yorkshire districts fared better in percentage growth terms, ranging from 44% in Bradford and 61% in Wakefield. But these districts already had relatively high levels of unemployment and so their increases were the largest in absolute terms, ranging from 2,800 in Calderdale to 10,800 in Leeds.

There were 216,100 people on Universal Credit in Leeds City Region in April 2020 and 167,800 in West Yorkshire. Leeds City Region saw a monthly increase of 60,000 (38%) between March and April 2020 and West Yorkshire an increase of 44,600 (36%), both slightly below the national average increase of 40%.

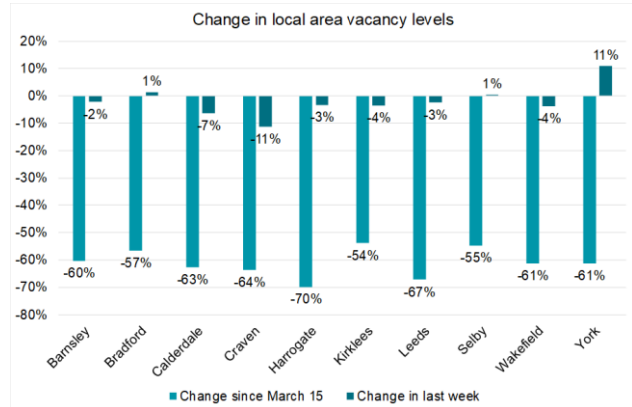


These figures include most of the people captured by the unemployed claimant count, but exclude a small number of people who claim Jobseeker's Allowance.

Labour market trends

According to an analysis of postings to the Adzuna job site undertaken by the Institute of Employment Studies, **the number of online job postings in Leeds City Region fell by 18,600 or 64% between week ending 15th March and week ending 10th May (West Yorkshire postings also fell by 64%)** – roughly corresponding to the lockdown period to date. Harrogate and Leeds saw the largest percentage falls in vacancy levels, whilst Kirklees and Selby saw the smallest falls.

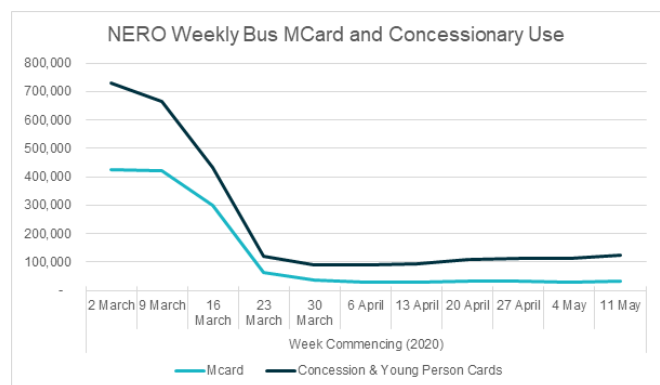
There was a continued decline in postings for most districts between w/e 3rd May and w/e 10th May. Nationally, the level of postings fell by 60% since week ending 15th March and 2% in the last week, suggesting that the decline in hiring activity may be bottoming-out. The number of new vacancies advertised remains 70% lower than the week before the crisis began.



Bus MCard and Concessionary Use

For the week beginning Monday 11th May 2020, the combined level of MCard and concessionary fare use shows a **reduction of 87%** against the week beginning 2nd March 2020, an **increase of 8%** against the previous week.

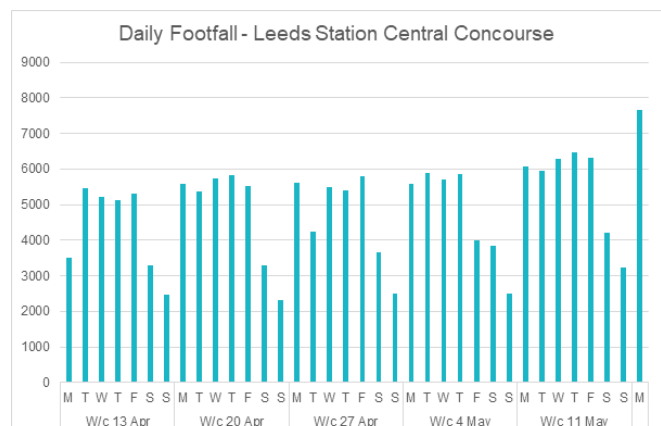
Source: WYCA NERO Reports



Leeds Station Footfall

Data from Network Rail shows total daily footfall levels on Leeds Station Central Concourse. For the week beginning Monday 11th May 2020, this shows a **reduction of 94%** against the week beginning 2nd March 2020, an **increase of 15%** against the previous week.

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

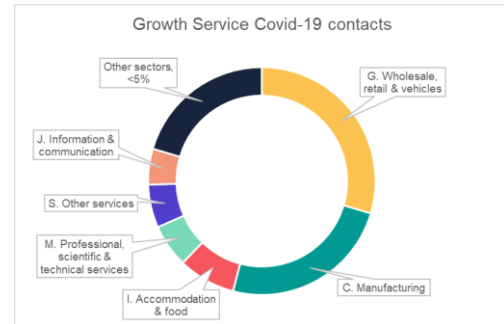


Business and stakeholder intelligence

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

- The LEP and its Growth Managers spoke to 173 businesses this week on Covid-19 related issues. Although cash flow and finance remains the biggest source of contact (47% of calls), this is lower than in previous weeks and there was an increase in queries from businesses about their trading status and whether they could reopen.
- This is reflected in the sector breakdown of contacts, with 24% coming from manufacturers – higher than in previous weeks. Wholesale/retail remains the sector with most queries (29%) though this again is lower than average in the crisis to date.



Investment and funding

- Three businesses said they had applied for bounce back loans and had found the process easy, a similar number are in the process of applying. The number of queries relating to the business rates and retail schemes has fallen, though there are still queries about the discretionary funds.
- The number of enquiries to the Growth Service referencing PPE (both supply and demand) has fallen considerably, along with related click throughs to the gov.uk PPE. However, the LEP's Trade & Investment team's engagements with larger businesses in the region continues to identify companies who are diversifying into providing PPE, and working on Covid-19 testing solutions.

Business and workforce activity

- There was an increase in businesses contacting the LEP about reopening, and there was some confusion for some as to whether, and when, businesses may be able to begin operating again following the change in guidance over the past week.
- A number of manufacturers who have been closed completely or operating on a skeleton staff are preparing to reopen or increase activity, some from the beginning of June and some more immediately, in some cases bringing staff back from furlough to increase production or cope with demand.
- A small number of businesses said they have already made redundancies or are planning to do so in the coming months. For others, furloughing continues and the announcement from the Chancellor that the scheme will continue until October has given employers clarity from a staffing perspective.
- Following announcements providing more detail on how lockdown will be lifted, companies have begun planning for measures to be put in place for staff to return. However, companies and manufacturers in particular have reported implementing measures including temperature checks, PPE and dividing screens.

Employment Hub

- Since the LEP began its Covid-19 campaign to promote the Employment Hub in mid-April, there have been 141 enquiries received from individuals and 14 from businesses. The Hub provides support for individuals who are seeking a new job and businesses who are seeking to recruit or need to make redundancies.
- The majority of individuals who have sought help have been unemployed or recently made redundant, although around one in 10 have been on furlough
- Enquiries from business have so far been slow, as companies deal with pressing issues like cashflow and access to finance. Among those who have made an enquiry the most common reason is to access recruitment support (64%) rather than assistance with making redundancies (14%).

