

Leeds City Region COVID-19 Monitor 30th April 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. If you have any data to contribute for analysis or any comments on this report please contact Research@westyorks-ca.gov.uk.

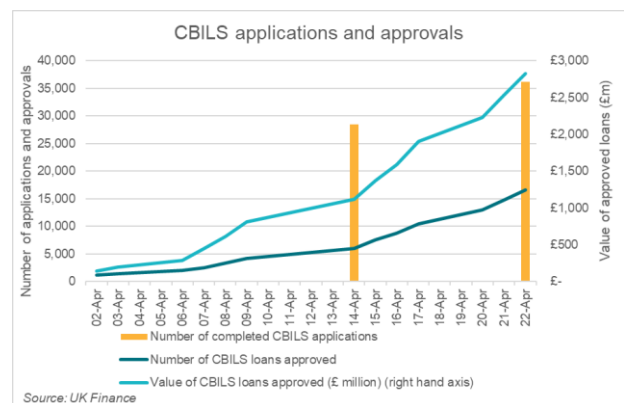
Key local insights

- The main issues facing businesses remain the same as in previous weeks with **cash flow and access to finance the top priority**. Whilst there is clearly an acceleration of funds reaching businesses (two thirds of local authority payments to businesses have been made, and UK Finance say almost half of CBILS have been approved), there remain concerns about whether cash is reaching the right businesses fast enough.
- This has been the consistent message in recent weeks, leading to the announcement this week that smaller businesses will be able to access **100% guaranteed “bounce back” loans of up to £50k**. Along with the Coronavirus Large Business Loan Scheme (CLBILS) there are now more new finance options available to businesses. However, given part of the challenge facing the original CBILS scheme was reportedly the capacity in banks to cope with demand, the pace at which the new schemes progress will need to be watched closely.
- The National Institute for Economic & Social Research (NIESR) are the latest major institution to publish their forecasts for economic impact at UK level. Whilst their headline forecast of **a 7% drop in GDP over the course of 2020** is around half of that forecast by the Office for Budget Responsibility (13%), NIESR expect the recovery to be more gradual and the loss of output to be more longer lasting. Despite this, their current view is that **the increase in borrowing can be sustained without tax rises** after the crisis, in part because in many cases incomes have remained relatively unchanged and opportunities for households to spend have been removed, leading to a higher ratio of savings with which to fund borrowing.
- Both NIESR and OBR agree that **the unemployment rate could exceed 10% in the coming months**, with numbers out of work exceeding the financial crash of 2008. The extent to which this outcome is realised nationally and locally remains uncertain, but initial analysis suggests that this could lead to unemployment exceeding 150,000 in Leeds City Region, compared to around 60,000 at the start of the year and a peak of 139,000 in the period following 2008 crash.
- Estimates of take up of the Coronavirus Job Retention Scheme (CJRS) are similarly uncertain, but analysis of Office for National Statistics data suggests in excess of **300,000 people locally could be furloughed as part of the scheme**. Whilst these numbers emphasise the scale of the crisis, there is some consensus among analysts that the scheme will help to minimise redundancies in the near term at least.
- Indeed, analysis by ONS and the national Chambers of Commerce suggests fewer than 1% of staff have been made redundant so far. However, with signs that some businesses are beginning to turn attention to the post-lockdown period, there remain concerns that a spike in unemployment could occur if the CJRS and other support schemes are unwound too soon.

Latest headlines and trends

Main national economic developments

- Over half a million companies have used the Job Retention Scheme to furlough 4 million staff as of April 27th, according to Chancellor Rishi Sunak. Estimates on the proportion of businesses who are taking up the scheme vary, with the latest Chambers of Commerce weekly survey (22-24 April) suggesting 76% of firms are using the scheme, up from 71% a week ago. The Chartered Institute for Personal Development said a survey of its members found 46% had furloughed staff and 10% more intended to do so.
- The Office for National Statistics has conducted further analysis of its Business Impact of Coronavirus Survey (23rd March to April 5th). It found that **24% of businesses that responded had temporarily closed or paused** trading while 0.3% permanently ceased trading. Whilst fewer than 1% of staff had been made redundant in businesses that were still trading or had temporarily paused, **27% of workers had been furloughed** in these businesses. In businesses closed temporarily, 78% of workers had been furloughed. The highest incidences of furloughing in still trading businesses were in the accommodation and food sector (40%) and construction (32%).
- Applying these figures to the West Yorkshire and Leeds City Region economies would suggest that around **293,000 and 387,000 workers could be furloughed** in the respective geographies. See *Local insights and analysis section* below for a more detailed analysis of this.
- The latest Chambers of Commerce weekly survey also found that the cash reserves position remained similar to previous weeks, with 5% of firms having no cash in reserve and 51% saying they had cash for up to three months.
- **20% said they had applied to the Coronavirus Business Interruption Loan Scheme (CBILS)** in the latest Chambers survey, and another 15% intended to. **Only 13% said they had been successful** to date, and 40% said they had been unsuccessful with the rest awaiting the outcome.
- The number of CBILS applications approved by banks has risen to 16,600 loans with a total value of £2.8bn as of April 22nd, according to data from industry body UK Finance.
- The proportion of applications approved has risen from 21% on April 14th to 46% on April 22nd, though it is not clear how many of the unapproved application have remain in the system or how many been rejected.
- The average loan value is £170,000 lending some weight to concerns that smaller businesses may be struggling to access CBILS prior to the recent announcement of 100% government backed “bounce back” loans of up to £50,000 for smaller businesses.
- **71% of retailers reported a drop in sales** according to the CBI’s distributive sales survey (27th March – 15th April). Two-thirds said that coronavirus is having a significantly negative impact on their domestic sales, with 39% saying they had shut down completely. 44% have furloughed staff, with 8% making permanent redundancies. **96% reported cash flow difficulties**, with a third saying they were struggling to access external finance.
- The independent National Institute for Economic & Social Research have published their assessment of the potential economic impact of COVID-19. Based on the lockdown beginning to ease in the middle of May, UK GDP falls by around 5% Q1 and 15% in Q2 in their forecasts. **GDP falls by just over 7 per cent in 2020 as a whole**, but then recovers some of the lost ground and almost re-attains its Q4 2019 level by the end of 2021. **The unemployment rate is forecast to exceed 10%**, up from around 4% pre-crisis.
- Over the next ten years the loss of output cumulates to around £800 billion. Although NIESR consider the extra debt burden to be “easily affordable with no obvious need to raise taxes immediately to pay for it” they acknowledge there is significant risk and uncertainty, particularly if the lockdown persists or returns in waves.

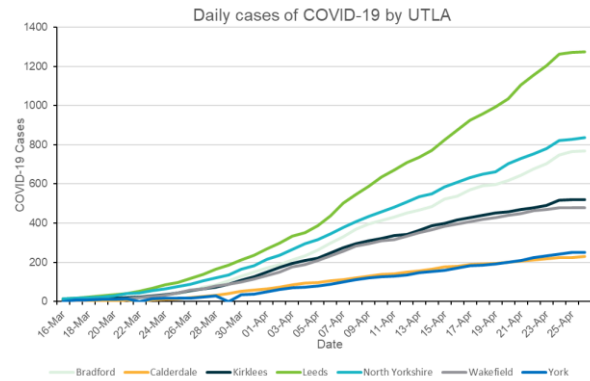


Developments in Leeds City Region

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 Upper Tier Local Authority. Across the Leeds City Region there have been 4,356 (WY: 3,269) cases of COVID-19 as of 26/04/2020. With Leeds having the most case with 1,273, followed by North Yorkshire with 836 cases. With the LA with the fewest being Calderdale with 229.

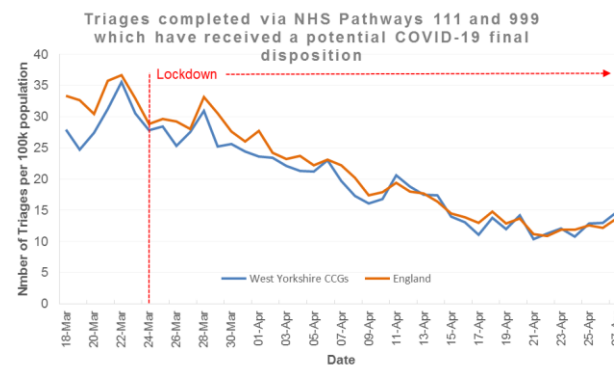
Since the last update, the average growth figure for England has slowed down further to 0.08%, it was 2.8% last week, and 7.1% the week before. Both Leeds and Wakefield have a lower weekly growth rate than the National figure, with 0.79% and 0.00% growth rate respectively. The rest of the local authorities in the Leeds City Region have seen a significant plateauing in weekly growth rates.



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

In Clinical Commissioning Groups (CCGs) covering West Yorkshire, between 18th March and 27th April 2020, NHS Digital recorded a total of **19,791 calls to NHS pathways (111 or 999), and 95,130 online assessments where the final disposition was a potential COVID-19 case.**

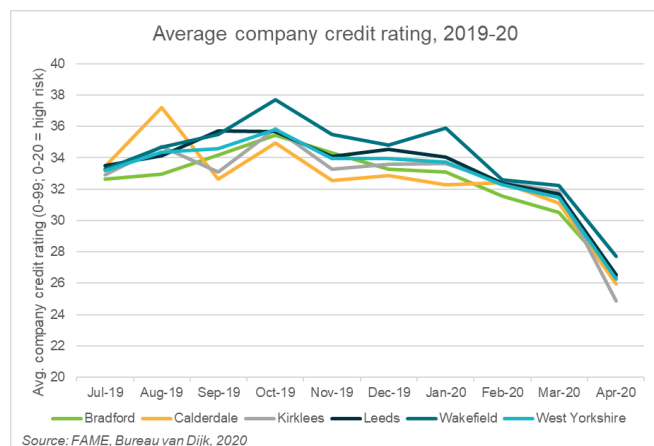
There has been a gradual decline in the number of telephone and online triages in the last few weeks; a total of 2,016 111/999 West Yorkshire calls in the last week where the final disposition was a potential COVID-19, compared with 3,772 three weeks ago. Although there was a very slight increase in such calls over the last weekend (26-27th April), this overall declining trend could be considered an early indication (before hospital admissions and deaths) that isolation is continuing to slow the spread of the virus with fewer people reporting symptoms. However, 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 impacts

4,700 companies in West Yorkshire had high risk credit ratings as of April 28th, according to data from Bureau van Dijk's FAME business database. The number of companies whose credit rating has changed this month to date is relatively low (likely at least in part because the month's data is not yet complete), but of those companies whose ratings changed this month, **53% were downgraded** (compared to 30% on average since July last year).

Trends were similar across all West Yorkshire districts, with Calderdale seeing the highest proportion of negative changes (57% of changes in April) and Wakefield seeing the lowest (46%).



Ratings fell on average by 13 points, compared to an average change of +0.6 points since July last year, taking the overall **average credit rating from 34 at the end of 2019 to 26 in late April**. Ratings are on a scale of 0-99, with 0-20 considered high risk.

It should be noted that these ratings include companies with a zero rating, which can be for reasons other than the overall health of the business such as late filing of accounts.

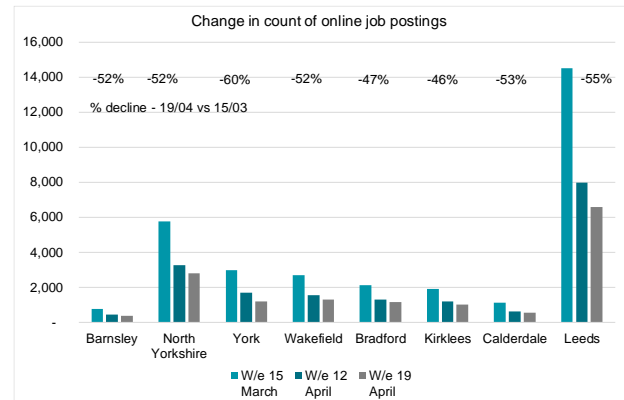
Labour market trends

Online job posting data provides an insight into the impact of the crisis on employers' recruitment activity.

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 West Yorkshire fell by 10,500 or 53% between week ending 15th March and week ending 19 April** – roughly corresponding to the lockdown period. There was a continued decline between w/e 12th April and w/e 19th April in the count of West Yorkshire postings of 17%.

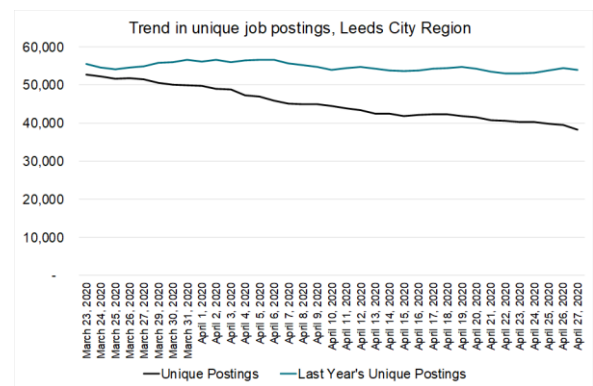
All districts were hit by a considerable decline in recruitment activity. Leeds saw the greatest fall in postings in absolute terms but York experienced the largest decline in proportionate terms.

Source: IES / Adzuna



According to data supplied by EMSI the number of active job postings in Leeds City Region fell **by 27% (or 14,400) between 23rd March, when the lockdown was introduced, and 27th April**. West Yorkshire saw a similar fall of 27% (-11,200). The number of postings recorded on 27th April 2020 was 29% lower than on the same day in 2019 for both the City Region and West Yorkshire. The City Region saw a fall of 8% and West Yorkshire 9% for the latest week for which we have data (April 20th to April 27th), which shows the continued downward trend in the number of active postings.

Source: EMSI

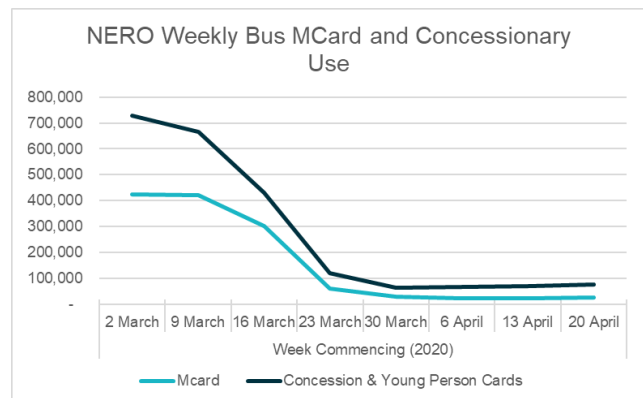


Transport and people movement trends

Bus MCard and Concessionary Use

For the week beginning Monday 20th April 2020, the combined level of MCard and concessionary fare use shows a **reduction of 91%** against the week beginning 2nd March 2020, and an 8% increase against the previous week.

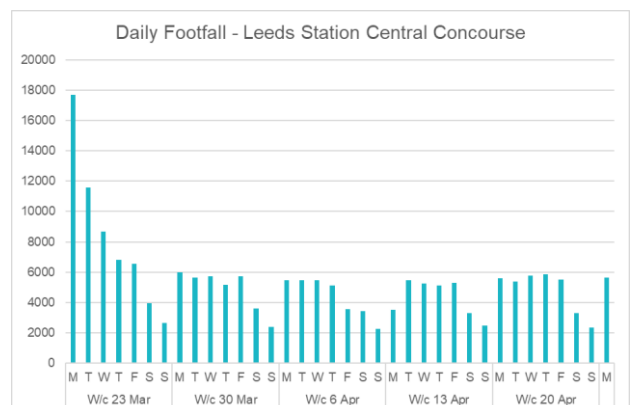
Source: WYCA NERO Reports



Leeds Station Footfall

Data from Network Rail shows total daily footfall levels on Leeds Station Central Concourse. For the week beginning Monday 20th April 2020, this shows a **reduction of 95%** against the week beginning 2nd March 2020, and an 11% increase against the previous week.

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



Business and stakeholder intelligence

This section presents a summary of 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 329 businesses over the past week. For those for which detailed data is available (159), 57% related to cash flow / access to finance and 21% related to business closure (including temporarily).
- B2C companies continue to be a key source of contacts with 31% in wholesale/retail and 11% in accommodation and food. However there remains significant contact from manufacturers (20%).
- Both business interactions and web hits were up substantially on the previous week. In the case of the latter, the increase in activity was driven by companies searching for information about two key issues, both of which saw a 22% increase in activity:
 - The Employment Hub which can both help companies find new employees through a talent matching service, and access support for staff at risk of redundancy.
 - The LEP's page on how companies can support efforts to increase the supply of PPE.

Trade and supply chain

- As well as the increase in information sought around PPE, companies anecdotally report albeit in quite small numbers, challenges in engaging government in their offers of support around PPE manufacture and supply. At the other end of the supply chain, some manufacturers in particular report difficulties sourcing PPE to enable their staff to continue working safely.
- A limited number of companies mentioned issues with their supply chain this week, suggesting that there remain some challenges in sourcing supplies and moving goods between suppliers and customers domestically, though businesses trading with China report an improvement in receiving supplies and some opportunities to increase trade as these overseas markets reopen.

Investment and funding

- The main issues raised through the LEP's interactions have remained consistent with previous weeks – concerns about cash flow and finance particularly the longer the close down continues. The number of businesses mentioning CBILs specifically remains low, but their views remain mixed – one business has reported successfully receiving a loan, whilst one has rejected the offer as they felt the terms were unmanageable for them. This supports the views of some intermediaries who are concerned about the abilities of their clients to service debts once the crisis alleviates. Two other businesses have spoken with their banks about CBILs and are awaiting the outcome of those discussions.
- Many questions continue to relate to the payment of and eligibility for grants, with some retail businesses flagging issues accessing grants as their premises are not classed as retail, for example as warehouses.
- The number of grants paid out to businesses locally by local authorities under the Small Business Rate Relief Scheme and the Retail, Hospitality and Leisure Business Grants Fund continues to rise. 41,900 businesses (69% of those eligible) have received payments worth a total of £492.1m (67% of available funding) in Leeds City Region. In West Yorkshire, £346.6m (63%) has been paid to 29,800 businesses (65%). In both instances payment activity is slightly ahead of national trends.

Business and workforce activity

- Whilst business activity varies by sector, with companies in digital sectors or areas with specific opportunities (e.g. online education) more likely to report activity at or above normal levels, many of those in manufacturing and production sectors report falls in turnover and/or activity often in the range of 20-30%. In these instances, companies are often using the Job Retention Scheme to furlough staff.
- Where companies have enabled staff to work from home, whilst this still appears to be operating effectively, engagement with larger companies in particular is increasingly highlighting these employers' concern about the welfare of staff who have been isolating at home for many weeks.

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.

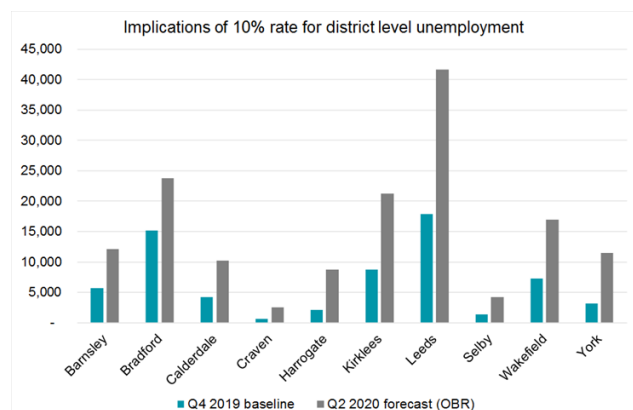
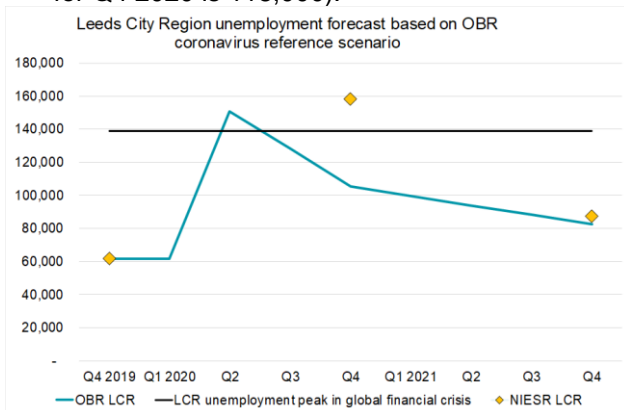
Unemployment implications of the crisis

The Office for Budget Responsibility and the National Institute for Economic and Social Research have both published initial forecasts of the potential impact of the current crisis on UK unemployment. Both predict a pronounced spike in jobless levels, exceeding the peak seen in the last recession.

OBR expect unemployment to increase from a baseline rate of 3.8% in Q4 2019 to 10% in Q2 of 2020, before levels immediately start to fall. NIESR forecast that the rate of unemployment will remain above 10% throughout 2020. Both OBR and NIESR expect unemployment to remain above pre-crisis level at the end of 2021.

Using these national forecasts as a basis for extrapolation gives the following estimates for local unemployment.

- The level of unemployment in Leeds City Region increases by 145% or c.90,000 between Q4 2019 and Q2 2020, from 62,000 to 151,000, using OBR forecasts as a basis. The equivalent increase for West Yorkshire is from 51,000 to 112,000.
- The level of unemployment in Leeds City Region reaches 158,000 in Q4 2020 based on NIESR forecasts. This is well in excess of the peak unemployment level in the last recession, of 139,000. (West Yorkshire figure for Q4 2020 is 118,000).

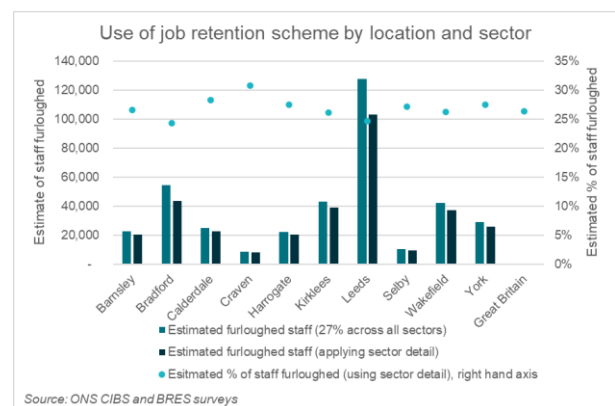


These extrapolations may under-estimate the potential growth in unemployment locally since they assume that the rate of jobless growth will mirror the national forecasts. Structural factors in the local economy could lead to a divergence in the jobless trend, as was seen in the last recession. They also do not account for the region's higher unemployment rate at the start of the crisis.

Estimate use of Job Retention Scheme locally

The ONS have estimated that 26.7% of workers have been furloughed nationally according to responses to their Coronavirus Business Impacts Survey (see *Latest Headlines and Trends*, above). Applying this ratio locally would mean that around **293,000 and 387,000 workers could be furloughed** in West Yorkshire and Leeds City Region respectively.

However, this doesn't account for the area's sectoral mix. ONS have also published sector level estimates of staff furloughing. These don't cover all sectors (estimates were not available for agriculture and other production industries, financial services, property and the public sector) so Jobs in sectors for which sector-specific estimates are not available will also likely see furloughing, so these numbers are may represent an undercount and are more useful as a comparison across areas in the prevalence of the most affected sectors.

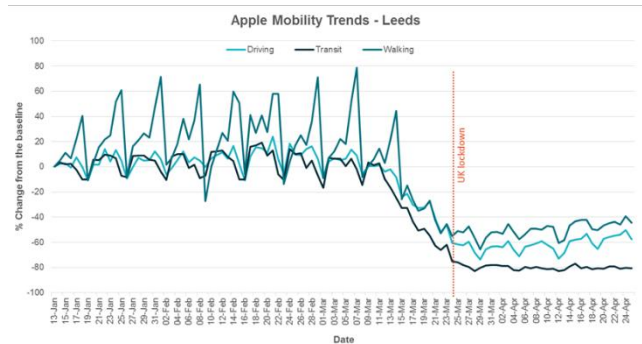


Applying these sectoral breakdowns to the local economic structure suggests that 25.3% of workers in these sectors (246,000 jobs) could be furloughed in West Yorkshire and 25.9% in Leeds City Region (332,000 jobs), both slightly under the level for Great Britain of 26.4% on a like for like basis.

Areas with higher concentrations of employment in arts, hospitality and construction are likely to see higher levels of furloughing, with Craven (30.8%) and Calderdale (28.3%) having the highest proportions of workers in these sectors estimated to be furloughed. It should be noted that the ONS figure suggest up to 8 million staff could be furloughed nationally, which is double the take up of the scheme reported so far by the Chancellor.

Apple and Google Mobility Trends

Both Apple and Google have released data which reveals local mobility trends based on numbers of requests for directions in Apple Maps and mobile phone locations. In summary, Apple Maps data (chart to the right) reveals that in Leeds there has been a 62% decrease in requests for driving directions and an 80% reduction in public transport directions compared to mid-January.



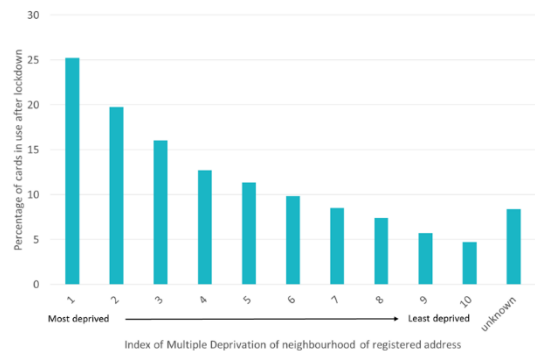
The data Google have released (at West Yorkshire level) looks at movement patterns based on phone locations and reveals a 71% reduction in visits to transit stations, as well as a 65% decrease in visits to workplaces and a 25% increase in visits to residential locations (compared to a baseline period 03/01/2020-06/02/2020).

MCard and SmartCard Use

MCard usage data from Nero has been matched to customer MCard data from Chase, allowing comparisons of use to be made by age and deprivation before and after the lockdown. Overall, there has been an 87% reduction in the number of cards being used between April 2019 and April 2020, and an 86% reduction from before and after lockdown.

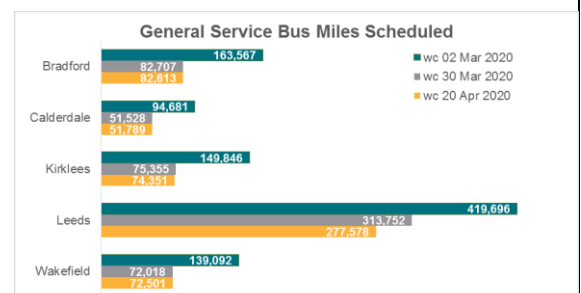
Looking specifically at the age profile of MCard usage pre and post lockdown, MCard customers aged over 60 have reduced their usage more than those aged between 21 and 60, with the highest rate of continued usage being amongst those aged 51 to 60. The rate of continued usage falls with age from age 60 showing older people following government advice for those over 70 to stay at home.

This analysis also explores how MCard usage varies by deprivation (based on registered card address). In the most deprived areas of West Yorkshire (those in the 10% most deprived areas in England), over 25% of the MCards are still being used (post-lockdown) compared to less than 5% in the least deprived areas. This suggests that MCard users living in the most deprived areas are much more reliant on public transport during the lockdown, compared to those living in less deprived areas. This may be because more deprived areas generally have lower levels of car ownership and higher levels of people working in routine occupations (some classed as key workers), with limited ability to work from home.



West Yorkshire Bus Service Mileage

Mileage has been extracted from the Combined Authority's COSA system which contains details of bus services operating in West Yorkshire. Using the term time week commencing Monday 2nd March 2020 as the pre-COVID-19 baseline, there were 966,882 miles scheduled in general services. With a rapid reduction of services to form Key Worker timetables this had reduced to 558,832 miles (58% of the pre-Covid19 level) for the week commencing 20th April.



Some small operators have suspended their entire operation and put staff on furlough whilst some have ceased trading and others appear to be continuing to operate as normal.

The largest proportionate decrease is in Kirklees district where mileage has reduced by 50%. The reduction in Leeds in absolute terms is the largest of any district, however Leeds is the biggest district and the reduction is only 34% compared to early March.