

Leeds City Region COVID-19 Monitor 16th 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

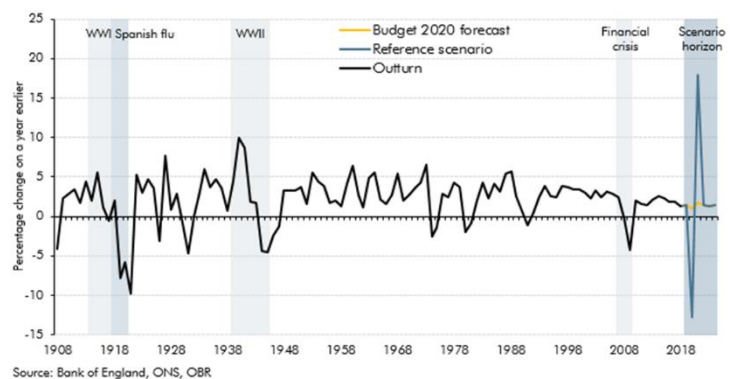
- Cashflow / access to finance remains the biggest issue arising from the LEP's interactions with businesses, backing up the findings from surveys elsewhere. It was mentioned in over 50% of queries this week.
- With that in mind, it is concerning that, albeit in small numbers, those businesses who are exploring using the Coronavirus Business Interruption Loan scheme (CBILs) continue to report difficulties engaging with banks over the scheme, with some anecdotal reports suggesting they are still being asked for personal guarantees.
- There has been some concern expressed nationally over the implementation of CBILs, with suggestions that support is not getting to businesses rapidly enough. Figures from UK Finance show that only a fifth of applications have been approved so far, though this is increasing and the expect the rate to improve in the coming days.
- The job retention scheme to furlough staff appears to be being used extensively by businesses, and manufacturers in particular. This appears to be effective in helping to minimise redundancies at this stage, which is reflected in the Office for Budget Responsibility's (OBR's) assessment that the package of support measures announced will help to mitigate the impacts that would have been seen without this intervention.
- Despite this, the OBR's reference scenario suggests economic output could fall by 13% in the UK in 2020 before rebounding in 2021, which would be in excess of any economic downturn in the last century and only comparable to the Great Depression. Other forecasts are less severe, however, with the IMF predicting an impact of only half this, which emphasises the high degree of uncertainty in the future outlook whilst the length and route out of the lock down remains undefined.
- Whilst the OBR's assessment that GDP will quickly return to pre-crisis levels also remains highly uncertain, it seems clear that the increase in debt as a ratio to GDP will persist for a number of years, though will remain below where it would have been without intervention.

Latest headlines and trends

Main national economic developments

- 6,000 businesses nationally have had loans approved via the Coronavirus Business Interruption Loan scheme (CBILs) as of April 14th, according to figures from industry body UK Finance. The total value of loans approved stands at £1.1bn.
- Although funds from government support schemes are reaching businesses, there are concerns about the pace of delivery. Media reports suggest there have been 300,000 enquiries about the scheme, but UK Finance figures show there have been 28,500 formal applications to CBILs, with 22,000 of these in the system by April 8th, suggesting that only around 1 in 5 formal applications have been approved to date. The value of loans did increase from £453m on April 7th to £1.1bn by April 14th, suggesting the scheme is ramping up and UK Finance say they expect this to continue.

- The independent Office for Budget Responsibility (OBR) have published their first reference scenario for the economic impact of COVID-19. This is not a forecast, given they do not attempt to predict how long the economic lockdown will last. However, for the purposes of illustrative impacts, they assume a three-month lockdown due to public health restrictions followed by another three-month period when they are partially lifted.



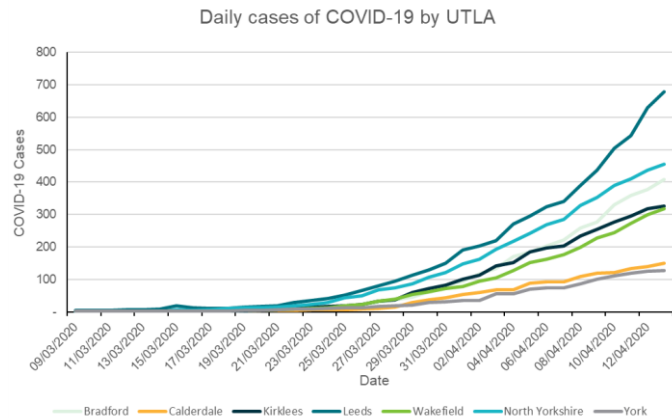
- On this basis, they suggest real GDP falls 35 per cent in the second quarter, but bounces back quickly. This would result in a fall in GDP of 13% across 2020 as a whole.
- This is substantially higher than some private forecasts from the likes of KPMG, Experian and Deloitte, and is also twice as high as the 6.5% drop in UK GDP forecast by the International Monetary Fund published at a similar time to the OBR forecasts.
- The IMF also assumed that “the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound” with a strong economic bounce back in 2021. This range of forecasts emphasises the fact that the outlook remains highly uncertain particularly whilst the length, and route out of, the lockdown remains unclear.
- In the OBR scenario, unemployment rises by more than 2 million to 10 per cent in the second quarter, but then declines more slowly than GDP recovers in the OBR scenario. They acknowledge that the support measures announced will significantly dampen the impact which would have been seen otherwise. Whilst they do not expect a lasting impact on the economy, public sector net debt is forecast to increase sharply and remain 10% of GDP above the Budget forecast in 2024-25.
- The International Energy Agency has said that demand for oil will fall by 29m barrels per day in April and by 9m barrels per day across 2020. April’s consumption is expected to be the lowest level since 1995.
- Markets remain highly volatile, with the FTSE falling to its lowest level in a week on Wednesday having earlier risen.

Developments in Leeds City Region

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

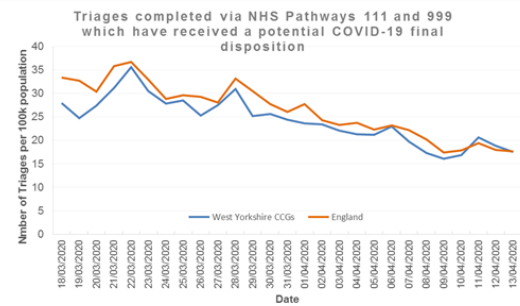
The NHS releases daily information on the number of COVID-19 Cases by Upper Tier Local Authority. Across the Leeds City Region there has been 2,464 (WY: 1,881) cases of COVID-19 as of 13/04/2020. With Leeds having the most case with 677, followed by North Yorkshire with 456 cases.

Since the last update the average growth figure for England has slowed down to 7.1% from 13%. Only Calderdale has had a lower average growth rate with 7%. While Leeds has had the highest growth rate at 11.1%. However, all Local authorities have seen their weekly average growth rate reduce.



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

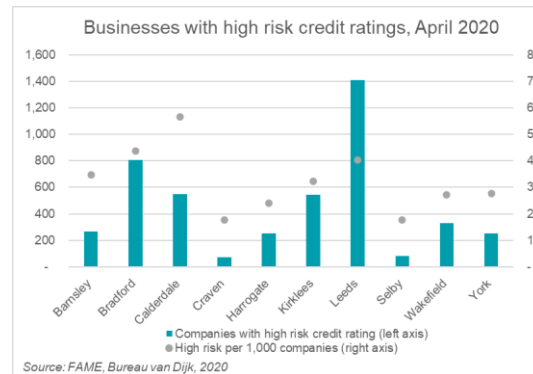
In Clinical Commissioning Groups (CCGs) covering West Yorkshire, 18th March and 13th April 2020, NHS digital recorded a total of **15,515 calls to NHS pathways (111 or 999), and 84,502 online assessments where the final disposition was a potential COVID-19 case**. The chart reveals a continued gradual decline (locally and nationally) in the number of telephone and online triages. This could be considered an early indication (before hospital admissions and deaths) that isolation is slowing the spread of the virus with fewer people reporting symptoms. However, this data should be treated *extremely cautiously* as it's 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 distress levels

The number of businesses with high risk credit ratings has remained relatively unchanged over the past week according to data from Bureau van Dijk's FAME business database, at 4,559 in Leeds City Region and 3,639 in West Yorkshire.

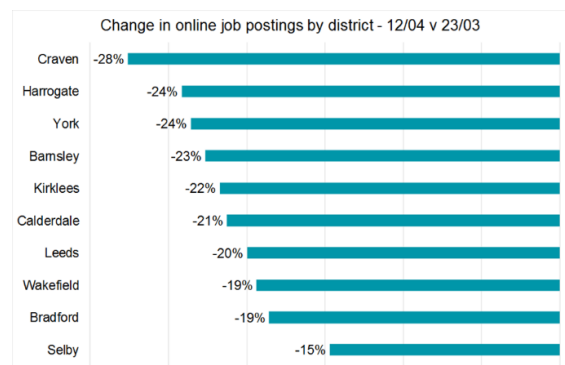
In absolute terms, 1,400 of these businesses are in Leeds. As a ratio of high risk credit ratings to total businesses, companies in Calderdale are more likely to be considered high risk (57 businesses per 1,000), followed by Bradford (44) and Leeds (40). This falls to 18 businesses per 1,000 in Craven and Selby.



Labour market trends

The number of online job postings for opportunities in the City Region continues to decline according to data from EMSI. The number of active postings was 10,800 or 21% lower on April 12th than on 23rd March when the lockdown measures were introduced. (West Yorkshire saw a decline of 8,100 or 20% over the same period). The number of postings fell by 10% in the City Region and by 9% in West Yorkshire in the latest week for which we have data (5th to 12th April).

The rate of decline varies by district, with Craven worst-affected, followed by Harrogate and York. Selby has seen the smallest impact so far. In spite of the overall decline in postings there is evidence of an increase in demand for health professionals (nurses, doctors), care roles and cleaning occupations.



Transport and people movement trends
Transport Focus/London TravelWatch Coronavirus Survey

A survey was run 2nd-7th April 2020 with 5,791 respondents answering questions about their travel in the previous seven days and experience seeking season ticket refunds. A summary of the findings follows.

Travel Behaviour

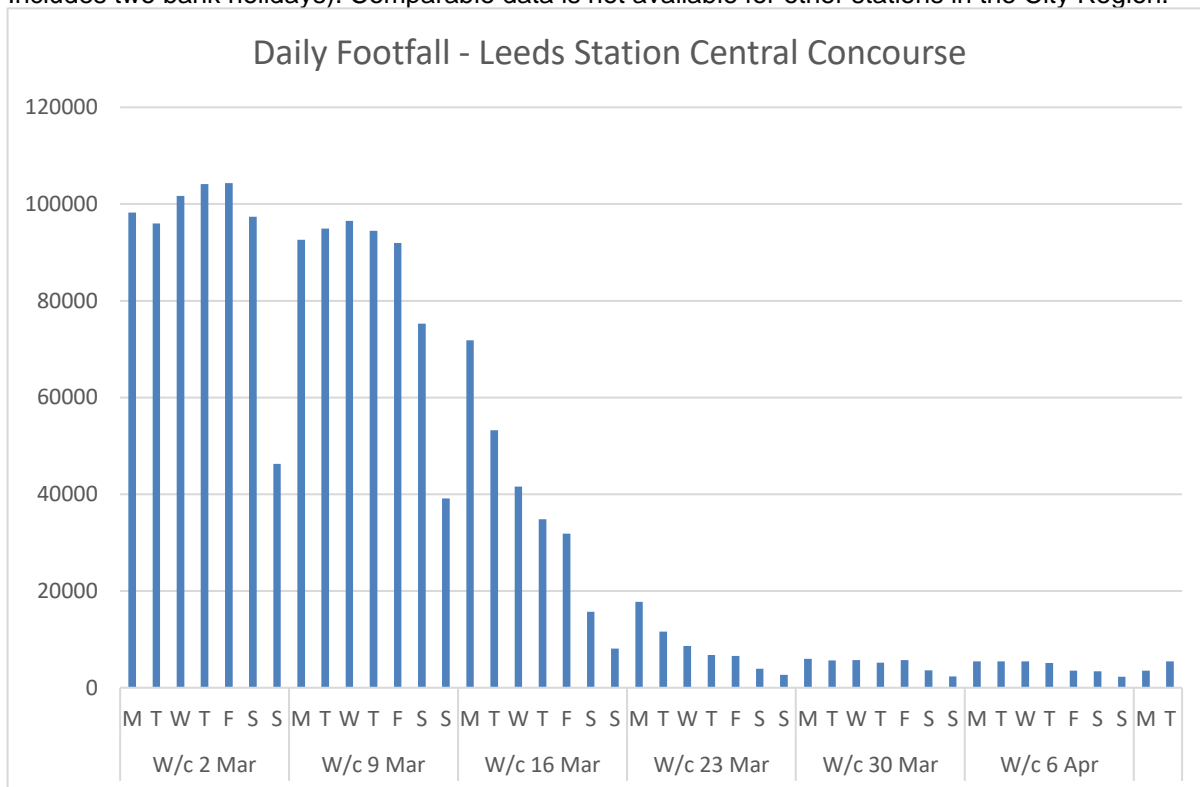
- **46% had not made a journey** in the seven days prior. Of this, 88% said this was because they were following government instructions.
- Of the journeys made, **80% were taken by road**, and of this **77% were for essential shopping**.
- **80%** of train users found it **easy to find information** on what was running. Bus users found it similarly easy.

Refunds

- Most panellists who usually hold a season ticket and who usually work full or part time, or who are students (i.e. most likely to commute) have **not** attempted to make a claim for a refund.
- Reasons for not attempting to claim a refund include:
 - o Around 20% not sure that they could
 - o Around 10% not sure how to
- 40% who have attempted to claim on their rail season ticket have been awarded some level of refund. 10% were unsuccessful, while 50% are awaiting a decision.

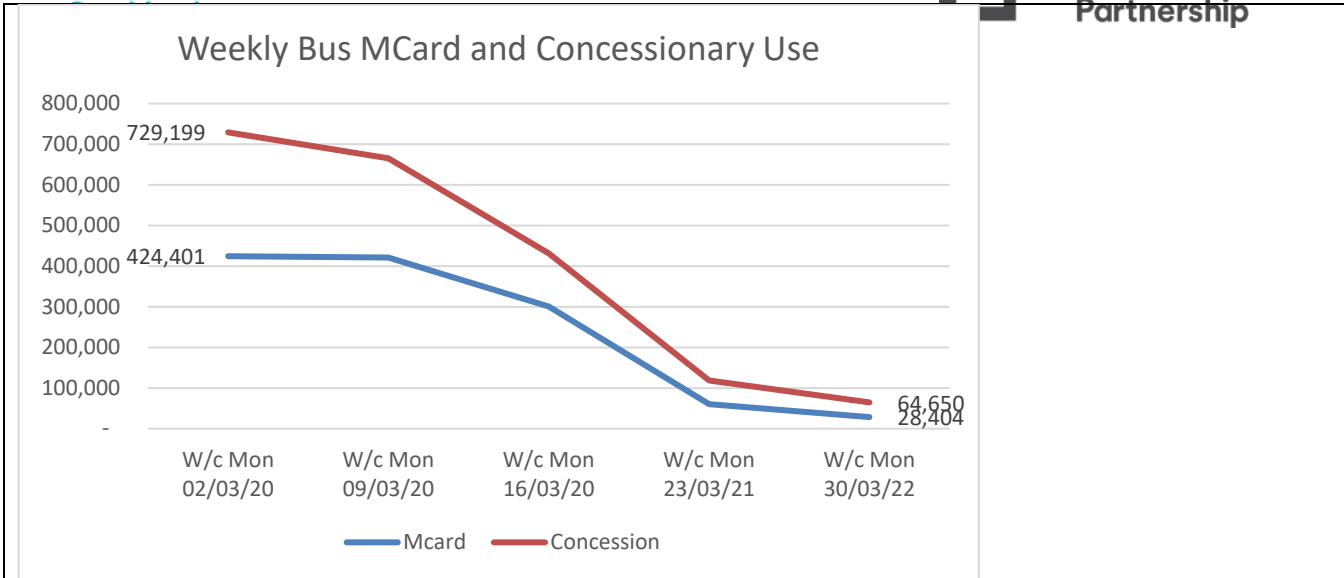
Leeds Station Footfall

Data from Network Rail shows total daily footfall levels on Leeds Station Central Concourse. This represents a continued 95% decrease in footfall comparing the week commencing 2nd March 2020 to the 6th April (N.B. Includes two bank holidays). Comparable data is not available for other stations in the City Region.



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

Bus MCard and Concessionary Use



Source: WYCA NERO Reports

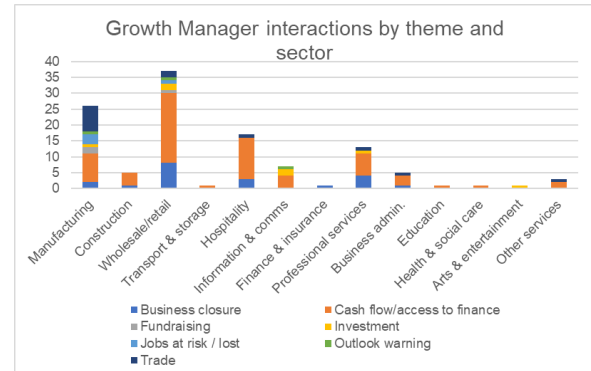
For the week beginning Monday 30th March 2020, the combined level of MCard and concessionary fare use shows a reduction of 92% against the week beginning 2nd March 2020, and a 48% reduction against the previous week.

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's Growth Managers spoke to around 270 businesses about issues related to COVID-19. Where we have sector info (123 cases) for these it shows they were predominantly in wholesale/retail (30%), manufacturing (24%) and hospitality (14%).
- Concerns about cashflow / access to finance were recorded as the issue in over half (57%) of these interactions where detail is available, with business closure discussed in 17%. Fundraising or investment was discussed in 9% of interactions.
- Through these discussions, 7 job losses and 233 jobs at risk were identified. Although this data is not comprehensive, over half (54%) of job losses discussed were in manufacturing with 21% in wholesale/retail.
- The LEP website received 1,097 hits on pages related to COVID-19 over the past week.



Workforce

- 23 companies spoken to this week report having furloughed at least some of their staff, ranging from one or two individuals to 100% of the workforce. Over half of these companies are manufacturers, though some continue to express concern over the minimum three week furlough period, which will have implications for their ability to maintain and restart activity.

Investment and funding

- Seven businesses spoken to in the past week said they had spoken with banks about CBILs. None had yet secured a loan. Despite changes in the criteria, some of these businesses continue to report challenges accessing CBILs, with a lack of information from banks, some of whom are unwilling to engage and/or are asking for personal guarantees.
- Whilst small business relief is now reaching businesses, there remain areas where accessing support is a challenge, particularly on business parks or other premises where rates payments may form part of the package, or similar arrangements are in place which mean businesses are not registered for business rates.

Trade

- Supply chain issues continue to cause disruption. For some logistics businesses this is a fundamental issue as it affects their business model. Domestically, supply chain disruption is causing some companies who would otherwise be very busy (e.g. a food manufacturer) to close down and furlough staff.
- Where possible, many manufacturers report diversifying to support the response to the crisis, particularly in providing PPE or other equipment to the NHS. Seven of those spoken to this week are already doing this or are exploring the potential.

Business activity

- Those companies who have now established systems for staff to work from home now seem to be working effectively, particularly for financial and professional services sectors. Clearly this is more challenging for manufacturers, who have been more likely to report furloughing staff.
- Although these systems are working effectively, the critical issue in the short/medium term for the service sector is demand – whilst some continue to report reasonable performance, others report a significant slowdown or anticipate this to come soon.

Local insight and analysis

This section presents a summary of analysis undertaken locally to inform our understanding of and response to the pandemic. Further detail can be provided on request. Unless otherwise stated, data is sourced from the Office for National Statistics, with analysis undertaken by West Yorkshire Combined Authority.

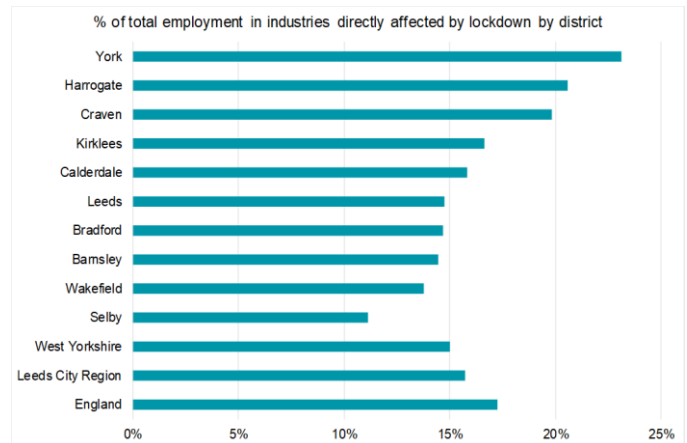
Employment in locked down industries

The lockdown in response to the Covid-19 crisis has led to the effective shutdown of a number of industries. Using a definition of these industries developed by the Institute for Fiscal Studies the following briefing assesses the scale of local employment potentially affected by the shutdown.

Around 220,000 employees in the City Region work in industries directly affected by the lockdown according to ONS data. This equates to 16% of total employees in employment locally. For West Yorkshire the figure is 159,000, 15% of total employees.

Among the affected industries, accommodation and food and non-food / non-pharmaceutical retail are by far the largest sectoral groups, with employment of 98,000 and 67,000 respectively in the City Region.

The prevalence of employment in the lockdown industries varies by district. York, Harrogate and Craven have the greatest exposure to employment in these industries, all above the national average. The West Yorkshire districts have lower levels of employment in the affected industries whilst Selby has the lowest of all.



Alternative measures of public transport use

QR codes and NFC tags are located on timetable displays at bus stops across West Yorkshire. Members of the public scan these to access stop-specific real-time information. Scans are recorded, and in the absence of detailed patronage data, could be considered as a proxy for stop-level bus demand.

Analysis of this data in the context of COVID-19 reveals a decline in use following the UK lockdown on the 24th March 2020 (chart below), however the number of daily QR/NFC scans began falling gradually from the 15th March 2020 when compared the previous weeks, and previous years (in blue) data. For weekdays post-shutdown (24th March-8th April) the average number of daily scans was just 630, down 81% compared to the same period last year (3,367 daily scans). The use of this data for ongoing monitoring is being explored.

