

5th June 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.

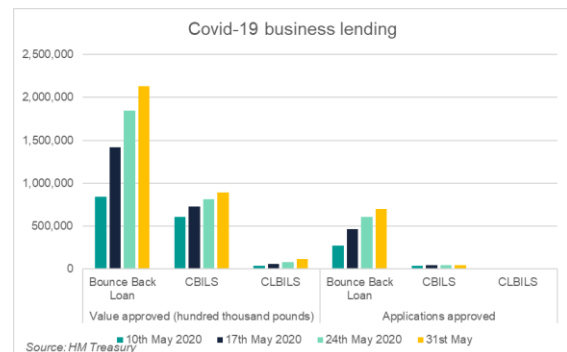
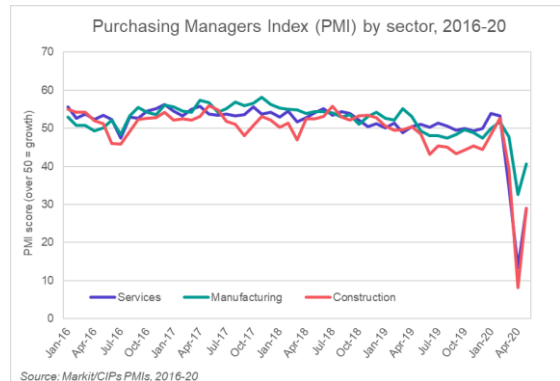
Key local insights

- **Disparities in the health impacts** of Covid-19 have been highlighted by a review by Public Health England this week, which found high risks for people from BAME backgrounds, people living in urban and deprived areas, and those working in certain occupations. This highlights the increased risk for some groups particularly as the lockdown eases.
- However, even with restrictions easing, the **pace of the restart may be gradual** with the ONS Business Impacts of Coronavirus Survey showing almost half of firms who have closed temporarily are unsure when they will restart operations. A further 31% don't expect to open for at least another month.
- As local businesses restart operations, some, particularly larger employers, are actively considering the **implications of reduced transport capacity on their workforce** and are exploring how they can ensure staff get to work safely.
- Local business engagement identified some businesses reporting **an improvement in trading conditions, with some reporting higher than usual demand** – perhaps as a result of competitors not yet resuming operations.
- This is borne out by the PMI surveys, which **whilst still showing a sharp decline in activity did report signs of increasing demand** as lockdown begins to ease. The falls in activity were still at historic levels however, with the services survey also showing the second fastest fall in employment in the survey's history.
- The number of **businesses being liquidated in Leeds City Region has dropped to a very low level**, reflecting temporary measures instigated to prevent liquidations as a result of Covid-19. Whilst positive, this likely does not fully reflect the underlying health of many businesses and will continue to be monitored closely, particularly as the temporary safeguards are removed.
- There was also a **slight upturn in the number of job vacancies** being posted in Leeds City Region, with York and Craven seeing the fastest increases in the week to 24th May. Nonetheless, the level of vacancies in all districts remains well below the level seen when the lockdown was introduced.

Latest headlines and trends

Main national economic developments

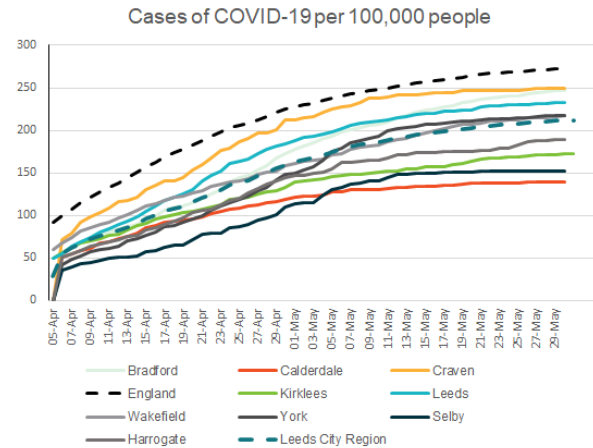
- The Markit/CIPS PMI surveys **showed a further sharp fall in activity in May**, though the pace of decline did slow from April. The manufacturing index rose to 40.7 in May, up from 32.6 in April (a reading of less than 50 indicates contraction). This is still the seventh lowest reading in the survey's history, with output, employment and new orders all contracting. Some firms did however report that there were signs of demand increasing as lockdown restrictions began to ease in the UK and abroad.
- The picture was similar in the services sector. 54% of companies reported a further deterioration from April, with 13% reporting improvement. As with manufacturing, companies reported signs of increasing demand, driven in part by the return of activity in the construction sector later in the month. However, employment fell at the second fastest pace in the survey's 24 year history.
- Construction companies also reported a slowing pace of decline in May, but the index was still at its second lowest level since 2009. The sector reported significant supply chain disruptions and lengthening lead times, with some sourcing alternative suppliers and increased costs.
- **25% of manufacturing firms are considering redundancies** in the next 6 -months with almost 30% of firms indicating that they will make between 26% and 50% of staff redundant, according to a survey by manufacturing body MakeUK. The highest rates of companies confirming they intend to make redundancies are the metal products (41%) and motor vehicle (31%) sectors.
- In terms of short-term confidence measured by firms expecting to reach 75-100% of pre-covid operating levels by 2021 Yorkshire & Humber manufacturers have the lowest confidence levels at 50% compared to the highest in the south-east & London at 71%. 40% of manufacturers think it will take longer than 12 months to return to normal trading conditions.
- The number of **workers furloughed increased by 300,000 to 8.7m** in the week to May 31st, according to HMRC, with 1.1 million employers using the scheme. Claims totalling £17.5bn have been made so far, though the rate of uptake of the scheme is slowing. 2.5 million self-employed people have used the income support scheme, claiming a total of £7.2bn as of May 31st.
- The number of **applications for Bounce Back loans also appears to be slowing**, with 104,000 new applications in the week to May 31st, compared to 187,600 the week before. 699,400 businesses with loans totalling £21.1bn have now been approved through the scheme, with 80% of applications approved. 51% of CBILS applications worth £8.92bn have been approved.
- **Households have repaid £7.4bn of consumer credit** in April, double the record repayments made in March, according to the Bank of England, with those who are able seeking to reduce debts and increase saving whilst consumer spending is low.
- **Average house prices dropped by 1.7% in the UK in May**, according to data from Nationwide building society. Prices were still 1.8% higher than a year ago. The Office for National Statistics have suspended their official house price index since March due to a lack of transaction volumes. The number of approved mortgages fell by 80% compared to February, to just 15,800 in April according to the Bank of England.
- In the period from 16 March to 26 May 2020, the **DWP received almost 2.9m individual declarations to Universal Credit**. The number of daily individual declarations peaked in late-March / early-April at around 100,000, following the Chancellor's announcement on additional support for the self-employed. Since then, they have steadily declined to an average level of around 15,000 per day in the latest week for which we have data, still above pre-crisis levels.
- The latest Business Impacts of Coronavirus Survey from ONS (18-26 May) found that **almost half (46%) of businesses who had temporarily closed were still not sure when they would reopen**. 31% expect it to be more than 4 weeks until they restart operations, with 10% starting in 2 – 4 weeks and 14% within the next two weeks.



Developments in Leeds City Region

Number of Covid-19 cases per 100,000 people in the wider Leeds City Region area

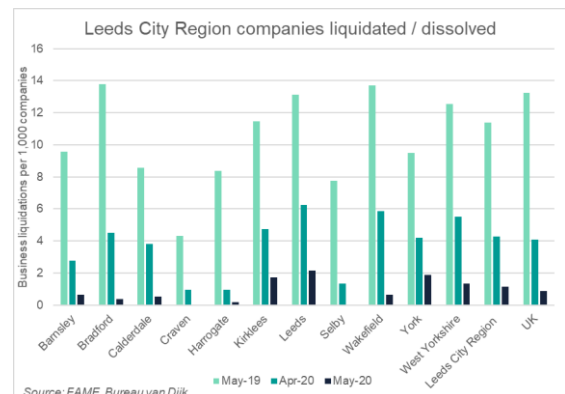
The NHS releases daily information on the number of Covid-19 cases by Lower Tier Local Authority. Over April and into May the Covid-19 growth rate has continued to slow down. Currently the last seven-day average growth stands at 0.1% nationally. The growth rate in West Yorkshire and the wider Leeds City Region is currently 0.3%, with Bradford having the highest growth figures at 0.5% and Calderdale having the lowest growth figures of 0.1%.



Across England there have been 272.4 cases per 100,000 people. Across the Leeds City Region there is 211.7 cases per 100,000 with all local authorities having a lower rate than the England Figure. Craven has had the highest rate to date with 249.9 cases per 100,000 followed closely by Bradford and Leeds with 248 and 232.5 cases per 100,000 respectively.

Business and economic impacts

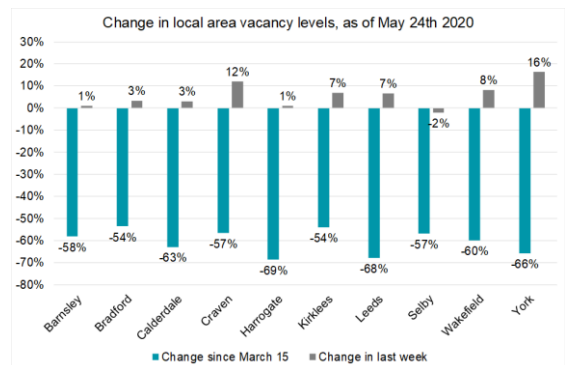
The number of business liquidations in Leeds City Region fell to 148 in May (124 in West Yorkshire), according to Bureau van Dijk's FAME business database. This is down 73% on April in Leeds City Region (76% in West Yorkshire) and down by almost 90% in both areas compared to May 2019. The fall in company liquidations to unusually low levels reflects changes in company insolvency processes enacted temporarily to mitigate the impacts of Covid-19.



Liquidations have fallen across all districts, in some cases to zero in May. Nationally, 0.9 companies per 1,000 were liquidated, compared to 1.2 in Leeds City Region and 1.3 in West Yorkshire, though it was highest in Leeds (2.1) and York (1.9)

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 most districts of Leeds City Region saw a slight recovery in the week to 24th May. York and Craven saw the biggest weekly increases of 16% and 12% respectively. Nonetheless, the level of vacancies in all districts remains well below the level seen when the lockdown was introduced, the extent of the decline ranging from 54% to 69%.



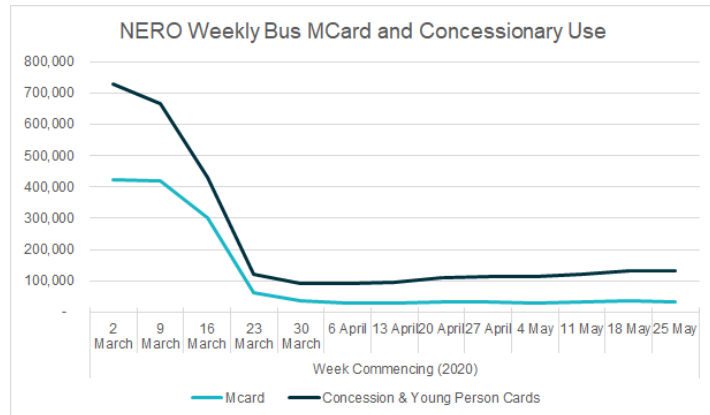
Nationally, the level of postings has fallen by 60% since week ending 15th March but it saw a small increase of 5% in the week to 24th May, suggesting a very modest recovery in hiring activity.

Leeds City Region COVID-19 Monitor

Bus MCard and Concessionary Use

For the week beginning Monday 25th May 2020, the combined level of MCard and concessionary fare use shows a **reduction of 86%** against the week beginning 2nd March 2020, and no significant change against the previous week.

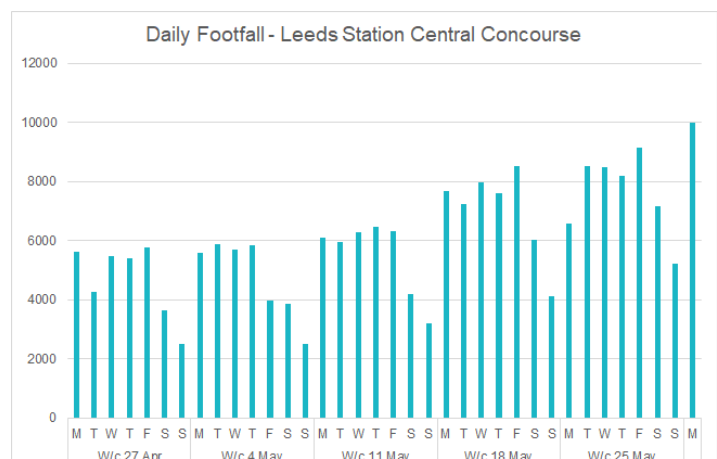
Source: WYCA NERO Reports



Leeds Station Footfall

Data from Network Rail shows total daily footfall levels on Leeds Station Central Concourse. For the week beginning Monday 25^h May 2020, this shows a **reduction of 92%** against the week beginning 2nd March 2020, **an increase of 8%** against the previous week.

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



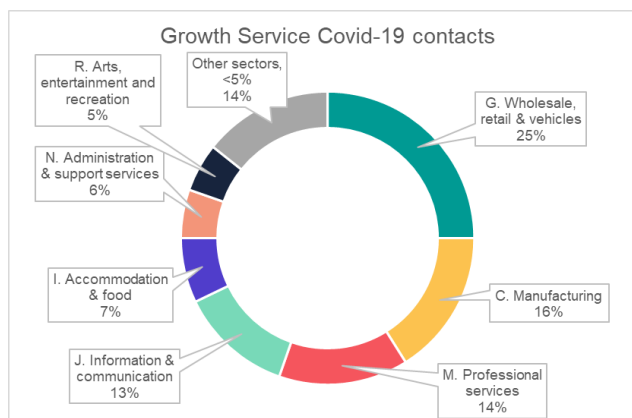
Business and stakeholder intelligence

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 77 businesses this week, with fewer interactions reported than at any point since lockdown began. Website hits were also down significantly. Both may be related to half term holidays.

Given relatively small numbers, the scope for analysis is relatively limited. However, a quarter of the companies for which sector information was available are in wholesale, retail and motor trades. 16% were in manufacturing and 14% were in professional services.



Business and workforce activity

About a quarter of this week's interactions focused on trading conditions. Some of these reported an upturn in activity over the past week as more of the economy reopens – this is particularly true for manufacturers and their suppliers. Some report unusually high levels of demand, potentially as other suppliers are not yet trading, though others report a more subdued picture. Those in, or supplying, the hospitality sector are more uncertain about the short- and medium-term outlook.

Wider engagement work suggests large office occupiers across the country may be reviewing their footprint requirements post-Covid and future ways of working. The impact on Leeds City Region businesses and any potential North shoring opportunities are still to be understood.

Resuming operations

As part of their future planning some large employers are looking to explore options to ensure they can get their staff to work safely without overwhelming the public transport system.

Some businesses have also expressed concern about the impact the new track and trace measures could have on operations if a significant proportion of the workforce are required to self-isolate, even if the workplace has stringent measures in place.

Investment and funding

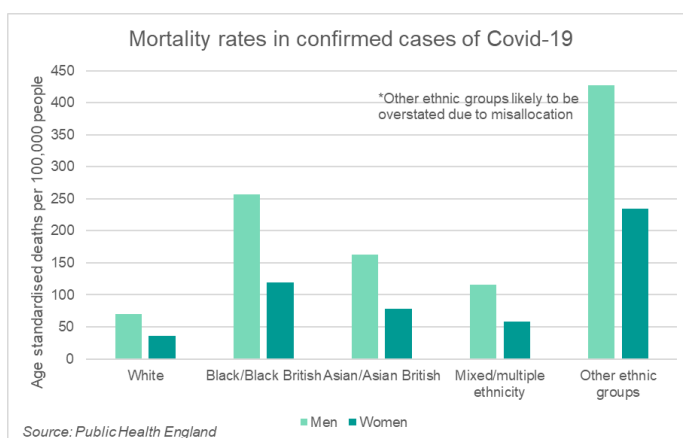
About half of queries this week related to finance issues, with a number of queries about support via the discretionary grants. Cash flow remains a key concern for many businesses with two reporting being unsuccessful accessing CBILS (one on two occasions), and one successfully accessing a bounce back loan.

Local insight and analysis

Disparities in the risk and outcomes of COVID-19 (Public Health England)

[Analysis by Public Health England \(PHE\)](#) has identified disparities in the groups most at risk of Covid-19. PHE has reviewed available data and developed a model to estimate all cause excess mortality in the population. They find that Covid-19 has “replicated existing health inequalities and, in some cases, has increased them”. Age is the factor with the largest disparity, with people diagnosed with Covid-19 who were 80 or older were seventy times more likely to die than those under 40. Males are more likely to be at risk than females, as are people living in the most deprived areas compared to the least deprived, reflecting ONS analysis reported in previous weeks’ briefings.

The report also found significant differences in impacts by ethnicity. Whilst all cause mortality is higher for all groups so far this year, it is almost twice as high as usual for white males, almost three times higher for Asian males and almost four times higher for black males. All-cause mortality is 1.6 times higher for white females, 2.4 times higher for those of Asian ethnicity and three times higher for black females.



After accounting for the effect of sex, age, deprivation and region, people of

Bangladeshi ethnicity had around twice the risk of death than people of White British ethnicity. People of Chinese, Indian, Pakistani, Other Asian, Caribbean and Other Black ethnicity had between 10 and 50% higher risk of death when compared to people of White British ethnicity. The report notes that “the relationship between ethnicity and health is complex and likely to be the result of a combination of factors” with people from Black, Asian and Minority Ethnic (BAME) groups more likely to also have other elevated risk factors, such as living in urban and/or deprived areas, residing in overcrowded households and working in occupations that expose them to higher risk.

This analysis did not control for comorbidities, obesity or occupation. Other evidence has shown that when comorbidities are included, the difference in risk of death among hospitalised patients is greatly reduced.

As well as ethnicity, the report found that there had been an increase in deaths in 2020 in certain occupations over and above the increase seen in the general population. For three occupations the relative increase in deaths in 2020 was significantly higher than in previous years: Caring Personal Services (1.8 times usual deaths), Elementary Security Occupations (2.3), and Road Transport Drivers (2.5). Within these groups, nursing auxiliaries and assistants (2.5), security guards (2.6) and taxi drivers and chauffeurs (2.5) were most affected.

Apprenticeship starts

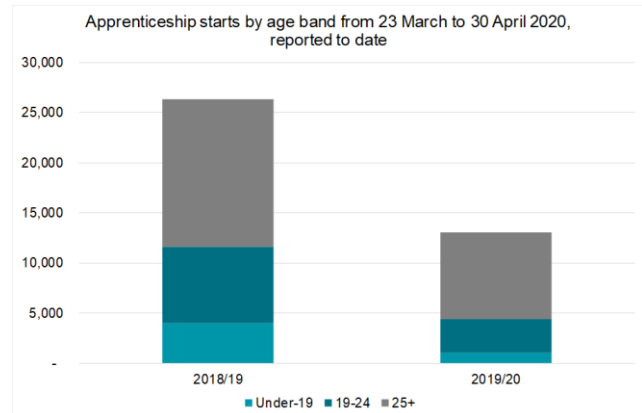
Recently released data show that the number of apprenticeship starts at national level halved (51% fall) in the initial period of lockdown (23 March to the end of April) as compared with the same period of 2019.

Starts for under-19s were particularly hard hit, falling by three quarters (74%) on the previous year, whereas starts for people aged 25+ fell 42%.

The fall reflects the fact that Covid-19 has resulted in the closure of colleges and some employers are unable to start or continue apprenticeships as planned. The Department for Education also highlight that the figures may be subject to underreporting by training providers and employers.

Intermediate apprenticeships saw the steepest decline in starts of 70%, compared with 53% for Advanced apprenticeships but a fall of only 2% for higher apprenticeships.

In absolute terms, Health, Public Services and Care saw the biggest contraction in starts, of 3,700 (-46%) but the biggest proportionate falls were for Engineering and Manufacturing Technologies (-74%), followed by Construction (-72%) and Retail and Commercial Enterprise (-72%).



Digital Enterprise Survey

Digital Enterprise launched a business survey in March 2020 to determine how businesses in Leeds City Region had been affected by the pandemic, which ran for 8 weeks. Includes 12 questions and received 350 responses.

The need for businesses to embrace digital transformation has become a priority for many firms as a result of the pandemic – requiring a need to fundamentally revise business models and modes of operation (using cloud based technologies and platforms) in order to operate flexibly and to build business resilience.

Just over 67% of respondents indicated that they had the necessary IT/digital equipment to work from home. Fewer firms reported their staff had the necessary equipment to work from home (just under 45%). A quarter of respondents indicated that employees were reliant on their own personal equipment or slower/older hardware.

Over half of businesses intend to spend up to £5,00 in digital equipment, with a higher proportion of larger firms planning on spending more. Most of the expenditure will go towards laptops/monitors/peripheral equipment, as well as greater web presence.

Businesses are very keen to access knowledge and information which will help develop their business, particularly around business resilience, engaging customers, managing cashflow and running a business from home. The Covid-19 emergency has made the delivery of traditional business support and engagement very difficult. As such learning through webinars and other engaging media will likely continue to grow in importance to engage businesses.

