

19th June 2020

Introduction

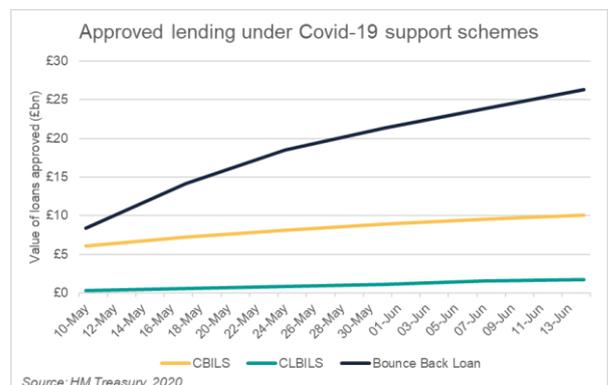
- This report presents the latest developments with regard to Covid-19 for Leeds City Region. It draws on a number of official and unofficial data sources to present the latest intelligence and is primarily focused on the economic impacts.
- It includes analysis of anecdotal evidence from interactions 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

- There was a **20% increase in people claiming out of work benefits in Leeds City Region in May, and a 22% increase in West Yorkshire**, according to data from the Department for Work & Pensions. The number of claimants has increased by 63,100 (94%) in Leeds City Region and by 49,600 (87%) across West Yorkshire. Between March and May 2020. In both cases, the increases were below those recorded nationally but still increased at a faster rate than at any time recorded prior to the onset of the Covid-19 lockdown.
- Between **March and May, the claimant rate (expressed as a proportion of adult residents) rose from 3.5% to 6.7% in the City Region and from 3.9% to 7.3% in West Yorkshire**. Both areas' rates remain above the national average claimant rate of 6.5%.
- Nationally, the official unemployment rate is little changed in the three months to April, increasing from 3.8% to 3.9%. However, this period still includes data collected pre-lockdown and is expected to rise in future analyses and as the furlough scheme unwinds from August.
- **In Leeds City Region the total number of employments supported through furlough was 344,000 and in West Yorkshire 256,000** at the end of May. In both cases this was equivalent to around 28% of employees, a similar proportion to the national average.
- The number of furloughed employments as a proportion of employees was broadly consistent across the districts within Leeds City Region, ranging from 25% in York, to 30% in Kirklees, to 32% in Selby.
- Nationally, **GDP fell by 20.4% in April, the biggest monthly fall on record**, more than three times the fall of 5.8% in March, and almost ten times larger than the largest ever pre-Covid-19 monthly fall. The economy was around 25% smaller than in February as a result. April is expected to represent the sharpest monthly contraction in activity, as the lockdown began to ease in May.
- Early results from the Quarterly Economic Survey with the Chambers of Commerce in Leeds City Region show that around **three quarters of businesses expect the measures they have put in place in response to the crisis to remain in place for between 3 and 12 months**. However, around **a third expect remote working to last more than a year, with 22% expecting this shift to be permanent**.

Latest headlines and trends

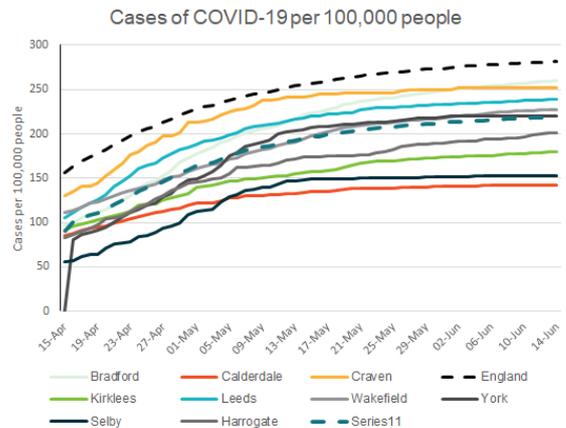
- UK GDP fell by 20.4% in April, the biggest monthly fall on record.** The fall was more than three times the fall of 5.8% in March, and almost ten times larger than the largest ever pre-Covid-19 monthly fall. The economy was around 25% smaller than in February as a result.
- Monthly data can be less reliable and prone to fluctuation, but it is useful for understanding significant, sudden changes in the economy. All components of the economy (services, production, manufacturing, and construction) saw falls in activity larger than any previously on record.
- There are now **2.8 million people who are out of work and claiming work-related benefits**, according to data from the Department for Work and Pensions for May. This is a 23% increase on April, and a 126% increase on March. However, ONS data showed only a 0.1pp increase in the unemployment rate, from 3.8% to 3.9% in the three months to April, in part reflecting the period for which data was collected which incorporates a pre-lockdown period.
- The number of **employees on the payroll nationally fell by 612,000 (2.1%)** between March and May, according to early estimates from the PAYE system from ONS. This would equate to the biggest fall on record. The number of hours worked dropped by 94 million (-9%) in the three months to April, compared to the same period a year earlier.
- 83% of businesses continue to trade** according to the latest ONS Business Impacts of Coronavirus Survey (18-31st May). This is largely unchanged from the 82% in the previous survey in early May, and 83% in the previous wave, with little difference across regions in the earlier waves. Whilst a small number of the remaining 17% have ceased trading permanently, the vast majority of these are temporarily closed.
- 42% of businesses still trading have less than six months cash reserves in place.** Among businesses who are temporarily closed, this increases to 58%.
- The Coronavirus Job Retention Scheme to furlough staff closed for new entrants on 10th June. Data published by HMRC show as of 10th June, **9.1 million jobs had been furloughed by 1.1 million employers** – an increase of 200,000 jobs on the previous week, with £20.8bn claimed.
- £38.2bn has now been lent to businesses** under the Coronavirus Business Interruption Loan Scheme (CBILS), its large business equivalent (CLBILS) and the Bounce Back Loan scheme as of June 14th, according to HM Treasury.
- The Bounce Back Loan accounts for over two thirds of that lending, with £26.3bn lent. It accounts for 95% of approved facilities, with 863,500 businesses accessing the scheme, and 49,500 accessing business interruption loans. The take up of the scheme remains high, with 81,000 new Bounce Back Loans approved between June 7th and June 14th, similar to the previous two weeks.
- Inflation has fallen to 0.5% in the UK in May, down from 0.8% in April to its lowest level since June 2016.** Inflation is now well below the government's official 2% target. Most categories have seen prices fall of late, with transport costs seeing the sharpest decline driven by lower fuel prices. Prices for leisure and recreation have also fallen though this has been somewhat offset by high food prices.



Developments in Leeds City Region

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

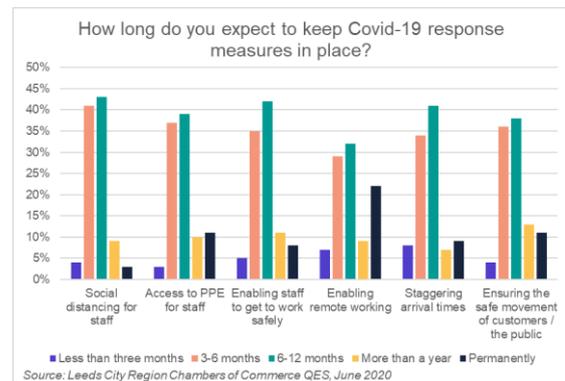
The NHS releases daily information on the number of Covid-19 cases by Lower Tier Local Authority. Over May and into June the Covid-19 growth rate has continued to slow down. As of 14th June, the last seven-day average growth stands just above 0.1% nationally. The growth rate in West Yorkshire and the wider Leeds City Region is currently 0.2%, with Bradford having the highest growth figures at 0.3% and Craven, York and Selby have all had cases stagnate over the last week.



Across England there have been 281 cases per 100,000 people. Across the Leeds City Region there is 219 (WY: 226) cases per 100,000 with all local authorities having a lower rate than the England figure. Bradford has had the highest rate to date with 260.3 cases per 100,000 followed closely by Craven and Leeds with 251.6 and 238.5 cases per 100,000 respectively.

Business and economic impacts

Early analysis of the Quarterly Economic Survey with the Chambers of Commerce in Leeds City Region shows that more than 4 in 5 firms have or are planning to implement social distancing for staff (85%) and/or enable remote working (83%). Around two thirds are sourcing PPE for staff, and around 2 in 5 are planning steps to enable staff to get to work safely (42%) and/or staggering arrival times.

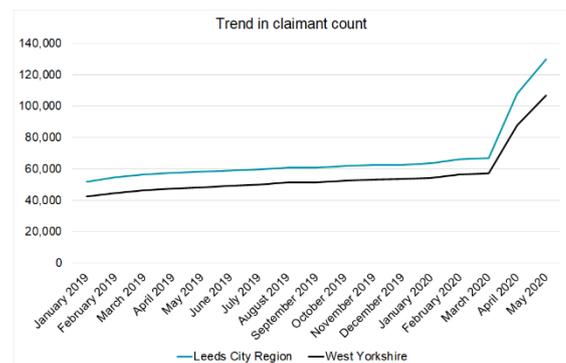


In most cases, around three quarters of businesses expect these measures to be in place for between three and twelve months. However, this falls to 61% when considering remote working, with more than a fifth (22%) of businesses expecting this change to be permanent, and a further 9% expecting it to last more than a year. Further analysis of the QES will be available for future reports.

Labour market trends

The latest available claimant count data, which are for May (published on 16 June), show further substantial growth in the number of claimants following the unprecedented increase seen in April.

Leeds City Region saw a 22,000 (20%) monthly increase in claimants in May, compared with April, while West Yorkshire's claimant count increased by 18,900 (22%). Nationally, there was growth of 512,500 (29%)¹.



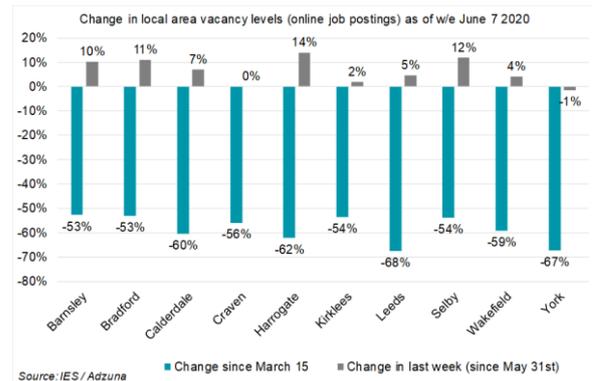
Comparing May 2020 with the pre-lockdown period in March 2020 the number of claimants has increased by 63,100 (94%) in Leeds City Region and by 49,600 (87%) across West Yorkshire. The national average increase was 114%.

This means there are now 129,900 claimants in Leeds City Region and 106,700 claimants in West Yorkshire, compared with March figures of 66,800 and 57,100 respectively.

Between March and May, the claimant rate (expressed as a proportion of adult residents) rose from 3.5% to 6.7% in the City Region and from 3.9% to 7.3% in West Yorkshire. Both area's rates remain above the national average claimant rate of 6.5%.

Job vacancies

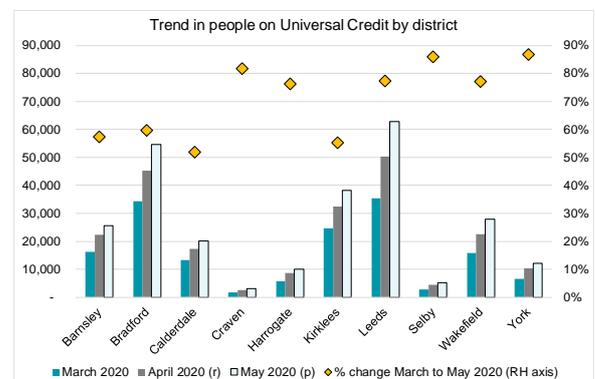
The number of live vacancy postings remains around 64% lower than pre-crisis levels, for both Leeds City Region and West Yorkshire. However, in the most recent week for which data are available, most districts in the City Region saw some recovery in the number of postings, with the exceptions of York and Craven. This small increase may be partly due to seasonal factors.



It is estimated that the ratio of vacancy postings per unemployed claimant (reflecting the number of jobless people competing for each vacancy) is 10 for the City Region and 11 for West Yorkshire, compared with a UK average of around 8.

People on Universal Credit

The latest figures show that on 14 May 2020 there were 5.3 million people on Universal Credit across Great Britain, an increase of 2.3m or 75% compared with March 2020. The monthly increase between April and May was 1.1m or 25%. Prior to Covid-19, 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.

There were 260,000 people on Universal Credit in Leeds City Region in May 2020 and 146,000 in West Yorkshire. **Between March and May the number of claimants in Leeds City Region increased by 103,500 (66%) and by 61,200 (72%) across West Yorkshire.**

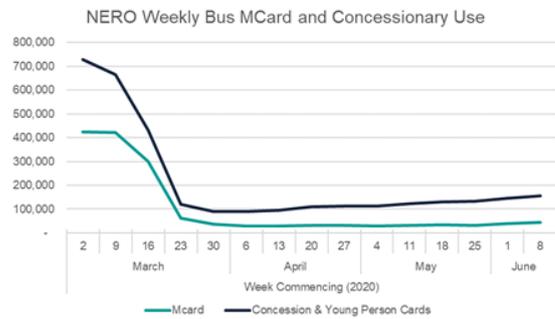
The largest increases in Universal Credit claimants were seen in West Yorkshire in absolute terms but in York and North Yorkshire in percentage terms; the latter reflecting the relatively small base of claimants in York and North Yorkshire in March 2020.

¹ National figures not seasonally adjusted.

Bus MCard and Concessionary Use

For the week beginning Monday 8th June 2020, the combined level of MCard and concessionary fare use shows a **reduction of 83%** against the week beginning 2nd March 2020, an **increase of 7%** against the previous week.

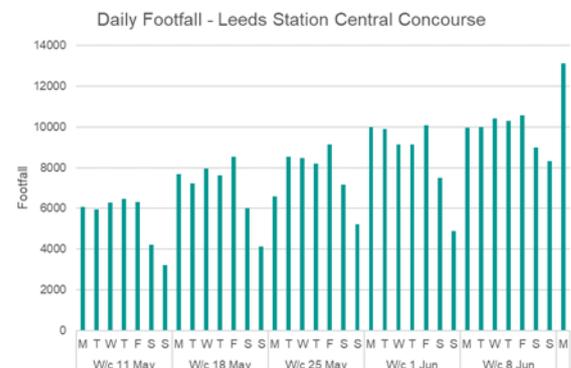
Source: WYCA NERO Reports



Leeds Station Footfall

Data from Network Rail shows total daily footfall levels on Leeds Station Central Concourse. For the week beginning Monday 1st June 2020, this shows a **reduction of 89%** against the week beginning 2nd March 2020, an **increase of 13%** against the previous week.

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



Business and stakeholder intelligence

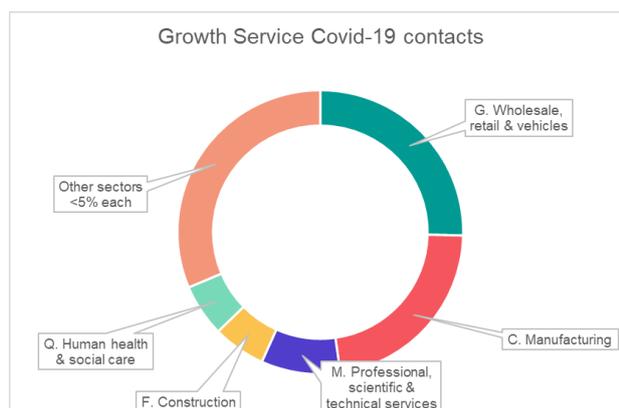
This section summarises key issues emerging from interactions with businesses and other stakeholders in Leeds City Region. Whilst much of this is anecdotal, the below draws out key themes and issues from those conversations. However, it is recognised that this analysis is based upon subjective views 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 134 businesses this week on Covid-19 related issues.

A quarter of reports this week came from the wholesale/retail sector, with 22% from manufacturers and the rest dispersed across sectors.

The number of hits on the LEP Covid-19 web pages was down 4%, but there was a fall in access to the specific business support web pages, and proportional increase in those looking at news and webinar links.



Finance and investment

Two thirds of the queries continue to relate to finance issues, with businesses continuing to report varying degrees of success accessing support schemes, and ongoing queries about the discretionary grants.

Business and workforce activity

As more businesses appear to be returning to a greater degree of activity, there are increased instances of businesses taking active steps to adapt. For some, this has resulted in redundancies though these are at a relatively small scale so far. Others are looking to reduce overheads by reducing their office footprint.

Businesses in the hospitality and events industries, and those supplying them are yet to see an upturn in activity. With many events planned for the coming months already postponed to 2021, some in the sector don't expect a pickup in activity before the autumn.

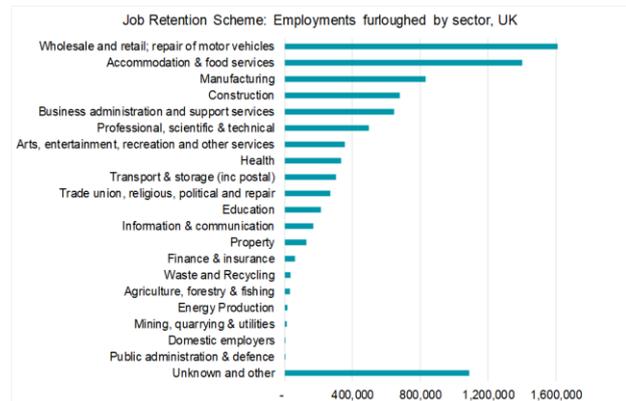
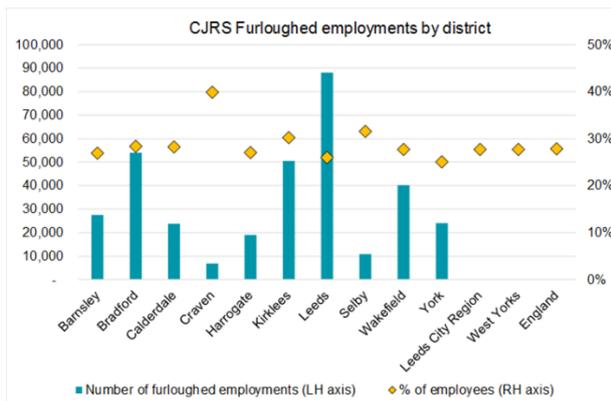
Local insight and analysis

Local use of the Coronavirus Job Retention Scheme

The following analysis is based on the first [release](#) of official statistics on the scheme, published by HM Revenue and Customs (HMRC). The data looks at employments furloughed based on the residential address HMRC holds for each employee. Where individuals have been furloughed from more than one job, they will be counted for each employment that has been furloughed. Any ratios and percentages in this document are therefore estimates based on the best available data.

In Leeds City Region the total number of employments supported through furlough was 344,000 and in West Yorkshire 256,000. In both cases this was equivalent to around 28% of employees, a similar proportion to the national average.

The number of furloughed employments as a proportion of employees was broadly consistent across the districts within Leeds City Region, ranging from 25% in York, to 30% in Kirklees, to 32% in Selby. The number of furloughed employments appears particularly high as a proportion of total employees in Craven, at 40%, but this may reflect the quality of the estimate of employee numbers in this district.

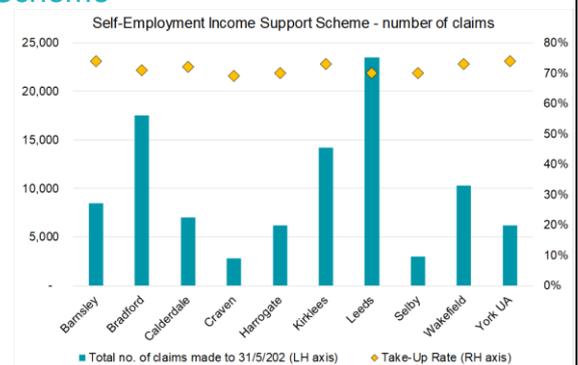


Nationally, *Wholesale & retail* and *Accommodation & food services* had by far the highest number of positions furloughed, at 1.6m and 1.4m respectively, followed by *Manufacturing*, *Construction* and *Business administration and support services*.

Local take up of the Self-Employment Income Support Scheme

The Self-Employment Income Support Scheme (SEISS) provides support for self-employed individuals whose business has been adversely affected by Covid-19. From 13 May eligible self-employed individuals could claim a grant worth 80% of their average monthly trading profits, capped at £7,500.

3.4 million self-employed individuals across the UK were identified by HMRC as potentially eligible for the SEISS scheme, meaning that they met the income and trading activity criteria. By 31st May, 2.4 million of the potentially eligible population (70%) had claimed a SEISS grant.



In Leeds City Region there were around 99,000 claims, equivalent to 72% of those eligible for the grant. In West Yorkshire 72,500 had claimed a SEISS grant, 71% of the eligible population. The rate of take-up was therefore slightly higher locally than nationally.

The take-up rate was fairly consistent at district level within the City Region, ranging from 69% in Craven to 74% in York and Barnsley.

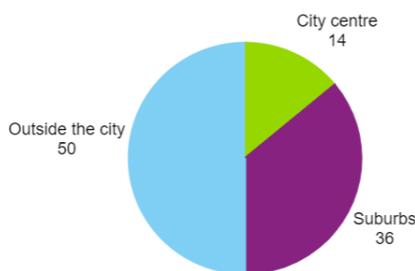
The total national value of SEISS claims totalled £7 billion and the average value per claim was £2,900. In Leeds City Region the total value of claims was around £268m, with an average value of £2,700. For West Yorkshire, the respective figures were £190m and £2,600. Therefore, the average value of claims locally was slightly below the national average.

Centre for Cities High Street recovery tracker

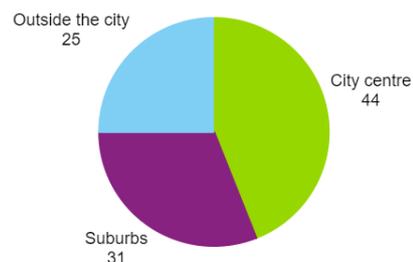
Centre for Cities is a research organisation focusing on producing rigorous research and policy ideas to help cities, large towns, and Government to address the challenges they face. Recently they have produced an analysis on the footfall of visitors in the cities and towns across the UK. Below are some headline figures, which uses anonymised mobile phone data from Locomizer.

Since the Lockdown there has been a large drop in visitors from outside the city across all five areas locally. Across all areas 40-60% of the workers came from outside the city prior to lockdown. This has now been reduced to around 20-30% with a higher proportion of workers coming from inside the city in Bradford, Leeds and York. While in Huddersfield and Wakefield most workers come from Suburbs. The below shows a typical example of workers locations pre- and post-lockdown.

Where were workers coming from before lockdown?



Where are workers coming from now? (Last week of May)



Across the country some of the biggest cities outside London - Leeds, Manchester, Birmingham, and Liverpool - have been slow to see footfall recover. All are in the bottom 10 for the recovery of footfall in the last week. While the smaller urban areas such as Wakefield and Huddersfield have seen much greater recovery in footfall in recent weeks, and/or have not seen as sharp a fall from the from the pre-lockdown period. This suggests that individuals are staying in their local areas rather than traveling to visit the cities for either work or leisure purposes.

