

7<sup>th</sup> 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](mailto:Research@westyorks-ca.gov.uk).

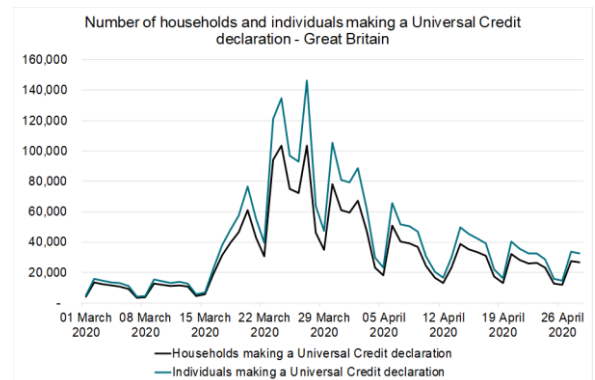
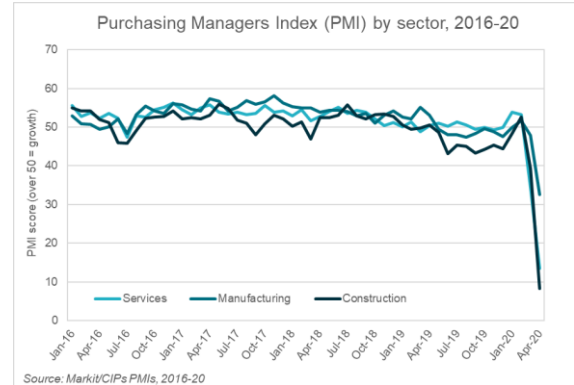
## Key local insights

- The latest Markit/CIPS PMI surveys for the UK show **record falls in activity across construction, manufacturing, and the dominant services sector**, where 80% of firms reported falls in activity.
- To that extent, it is unsurprising that take up of the government has been so widespread, with **6.3m workers furloughed so far and over 100,000 small businesses using the “bounce back” loan scheme** on its first day. This suggests that the scheme has been effective in plugging a gap in support for small businesses struggling to meet CBILS requirements, though there remain concerns about access given most lenders on the scheme are only supporting their own clients for now.
- Referencing this data, the Bank of England’s Monetary Policy Committee forecast **GDP could fall by 25% in Q2, and by 14% in 2020, with unemployment reaching 9%**.
- Oxford Economics have provided economic forecasts for the UK and local economies, estimating the impact of the coronavirus. Whilst acknowledging the high degree of uncertainty in the forecasts, their core scenario includes a **5.1% fall in UK GDP in 2020, and a 5.8% fall in West Yorkshire** before recovering in 2021. The unemployment rate is forecast to reach 5.8% locally this year.
- These forecast impacts are substantially lower than forecasts from the BOE and others, emphasising the scale of uncertainty. OE’s assessment of local economic impacts therefore needs to be seen in this context.
- The latest data on company liquidations from Bureau van Dijk’s FAME business database suggests a sharp **fall in business liquidations locally in April compared to March**. This may reflect that the support measures in place are helping companies continue trading for now, but this dataset will continue to be watched closely as more data becomes available as there may be some lag in activity being registered.
- Businesses both locally and nationally appear to be increasingly turning some of their focus to **preparing for the easing of lockdown restrictions**. The latest national Chambers of Commerce survey suggests 60% of firms could be operational again within a week, but this will likely be contingent on the approach to and sequencing of the release of lockdown measures.
- Some **local manufacturers have, for example, highlighted the importance restarting construction activity** to kickstart operations throughout the supply chain, and companies supplying retailers have faced a substantial fall in demand. Other companies continue to highlight difficulties in maintaining operations as their suppliers are currently closed.
- There is a risk that these trends could be exacerbated if lockdown measures are released at different times for different areas of the supply chain. This will be particularly critical as the government begins to unwind some of the support measures.
- Businesses may face challenges if they are theoretically able to operate and therefore ineligible for support, but are in reality unable to work at close to full capacity as the lockdown continues to affect their business. With these concerns in mind, **some businesses locally have expressed a desire to see the CJRS extended** for up to four months to support the restart.
- Businesses are also starting to **plan for the slightly longer term**, as they adjust to a “new normal”. At this stage, it appears that a wide range of options remain possible. Businesses locally reported considering how they could adjust working practices and hours to enable workers to do their jobs safely, as well as more fundamental issues such as redundancies and salaries.

## Latest headlines and trends

### Main national economic developments

- Business activity continued to fall at record rates** in April following on from record falls in March, according to the latest Markit/CIPS PMI surveys of business activity. The composite PMI index fell to a record low of 13.8, as the service sector fell to 13.4 in April having never fallen below 40 before March in the survey's 24 year history (a reading of under 50 indicates contraction in activity).
- 79% of service sector companies and 86% of construction firms surveyed reported a drop in business activity during April. 49% reported declining payroll numbers.
- The construction PMI also fell to a record low of 8.2 (previous low 27.9 in 2009). The survey reports that "construction firms widely noted concerns beyond simply reopening sites, including cash flow difficulties across the supply chain, rising costs and severely reduced productivity".
- Manufacturers reported survey-record contractions in output, new orders, employment and new export business as the PMI reading fell to 37.5.
- The decline in manufacturing activity is also reflected in the National Manufacturing Barometer operated by the Manufacturing Growth Programme / South West Manufacturing Advisory Service. This survey (25<sup>th</sup> March – 17<sup>th</sup> April) found that **85% of manufacturers expected turnover to drop** in the next six months, and a similar number said that support around finance was most critical. Supply chain support was the next biggest priority, mentioned by 25% of firms. Despite the support on offer, 55% said they expected to have to cut jobs in the next six months.
- The Bank of England's Monetary Policy Committee has published its first assessment of potential economic impacts, suggesting **GDP could fall by 25% in Q2, and by 14% in 2020. Unemployment could reach 9%**. Activity is expected to recover to sharply in 2021 however, in the BoE's "illustrative scenario". The BoE left interest rates and quantitative easing measures unchanged but said it was ready to do more as needed.
- 800,000 employers had claimed wages worth £8bn for furloughed staff** through the Coronavirus Job Retention Scheme as of May 3<sup>rd</sup>, according to data from HMRC. The claims covered a total of 6.3m jobs.
- In the 8 weeks to 28 April 2020, the **DWP received over 2.5 million declarations to Universal Credit**. The number of daily declarations peaked in late-March / early-April, following the Chancellor's announcement on additional support for the self-employed but remains elevated compared with early March.
- The first local data relating to the number of people on Universal Credit that will capture the impact of the crisis is due to be released in mid-May. Based on national trends, the number of people on the benefit is expected to increase by tens of thousands in West Yorkshire, from its early March level of 123,000.
- Over **half (52%) of CBILS loan applications remained unapproved** as of April 29<sup>th</sup>, according to figures from industry body UK Finance. 25,300 loans with a value of £4.16bn had been approved by that date, though 27,500 remained outstanding or had been rejected.
- More than **110,000 businesses applied for "bounce back loans"** on the first day of the scheme's operation, according to reports in the Financial Times. The average loan size is around £30,000, substantially smaller than the £165,000 CBILS average, suggesting the 100% guaranteed scheme may be more effective for smaller businesses. However, there are concerns about ease of access, with only 10 approved lenders so far and only one of those offering loans to businesses who aren't existing customers.
- The latest weekly Chambers of Commerce COVID-19 survey (29 April – 1 May) shows the number of firms furloughing staff consistent with the previous week at 74%.
- With some attention turning to the easing of lockdown restrictions, the survey also asked how quickly firms felt they could restart activity. **A quarter of firms said they could restart immediately**, with a further 35% needing less than a week to prepare. However, **10% of firms said they would need more than three weeks** to get ready.

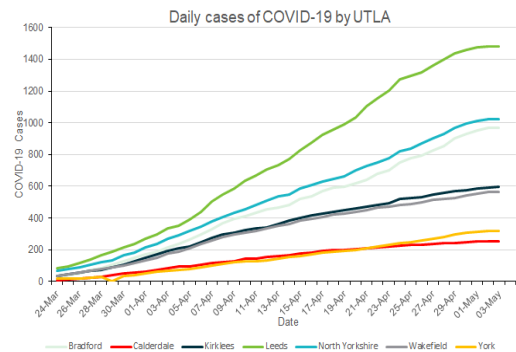


## Developments in Leeds City Region

### 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 5,207 (WY: 3864) cases of COVID-19 as of 4/05/2020. Leeds has the most cases with 1,479 followed by North Yorkshire with 1,024 cases. Calderdale has the lowest count with 255.

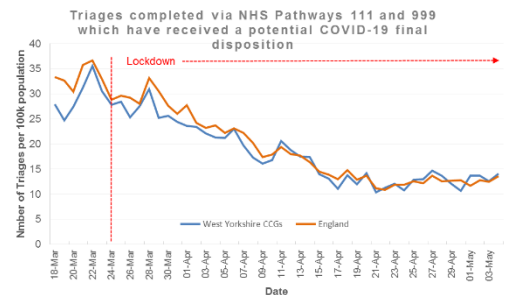
Since the last update, the weekly average growth figure for England has slowed further to 1%, compared to 2% and 4% in the previous weeks. No local authority has a growth rate below the national figure. York had the highest growth rate at 3.2%. Calderdale had the lowest growth figure at 1.3%. Across the Leeds City Region there has been an extended period of plateauing.



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

In Clinical Commissioning Groups (CCGs) covering West Yorkshire, 2,143 111/999 calls were made in the past week where the final disposition was a potential COVID-19 case, (similar to the previous week) compared with 3,772 a month ago.

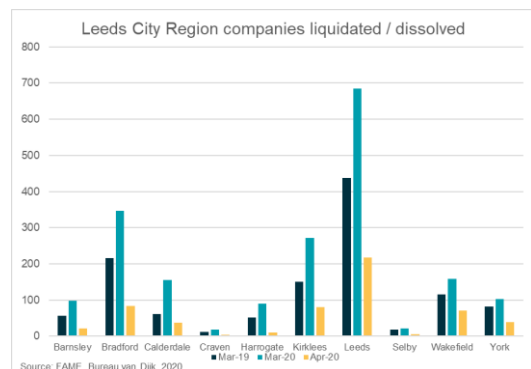
This data should be treated *extremely cautiously* as it is based on self-reported symptoms by members of the public to NHS, and is not based on outcomes of tests for coronavirus. Importantly, this is not a count of people.



### Business impacts

550 companies were liquidated/dissolved in Leeds City Region in April 2020, down 72% from 1,950 in March. The picture was similar in West Yorkshire, with 489 companies dissolved (down 65%). There was a 76% decline nationally, with the picture repeated across districts.

This sharp fall may reflect temporary changes to company insolvency practices introduced in response to COVID-19, which temporarily paused the strike off process, gave companies a three month extension to file accounts, and suspended some wrongful trading provisions under the Insolvency Act. The data will continue to be tracked over coming months.

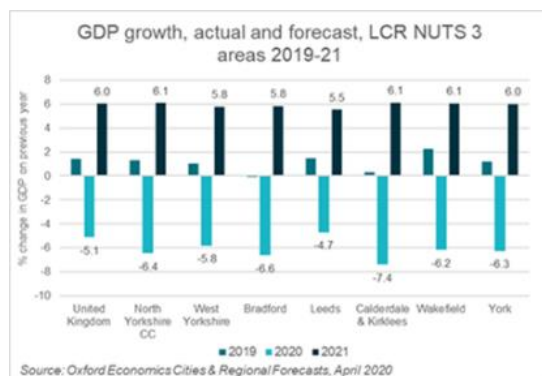


### Economic impacts

Oxford Economics' European Cities and Regional Forecasts have provided forecast impacts on employment and economic output (GDP/GVA) for all European nations, regions and sub-regions down to NUTS3 level.

OE now expect UK GDP to fall by around 10% in H1 2020, and by 5.1% in 2020 overall.

OE forecast West Yorkshire's economic output to fall by 5.8% in 2020, slightly sharper than the 5.1% decline forecast nationally, with the unemployment increasing from around 4% to 5.8% this year. See the *Local Insights and Analysis* section of this document for more detail.

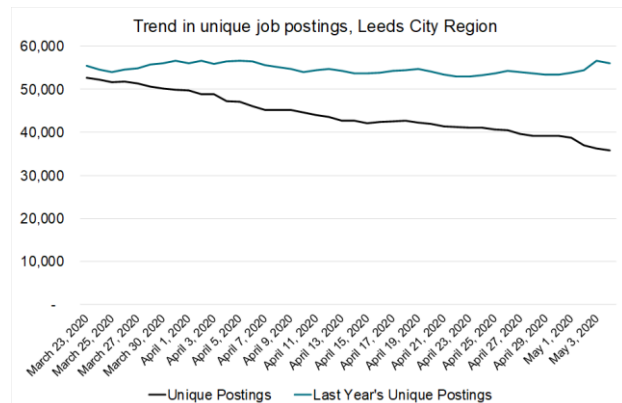


# Leeds City Region COVID-19 Monitor

## Labour market trends

According to data supplied by EMSI the number of active job postings in Leeds City Region fell by 32% (or 16,900) between 23rd March, when the lockdown was introduced, and 4th May. West Yorkshire also saw a fall of 32% (-13,300). The number of postings recorded on 4th May 2020 was 36% lower than on the same day in 2019 for the City Region and 37% lower for West Yorkshire. The City Region and West Yorkshire both experienced a fall of 10% for the latest week for which we have data (April 27th to May 4th), which shows the continued downward trend in the number of active postings.

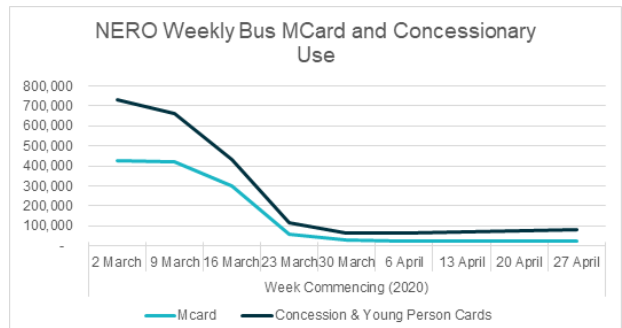
Source: EMSI



## Bus MCard and Concessionary Use

For the week beginning Monday 27th April 2020, the combined level of MCard and concessionary fare use shows a continued **reduction of 91%** against the week beginning 2nd March 2020, and a 5% increase against the previous week.

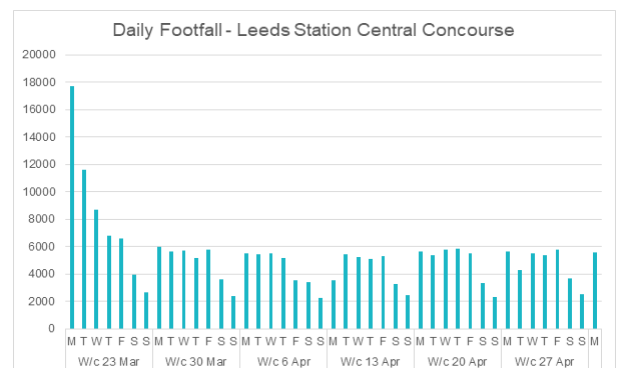
Source: WYCA NERO Reports



## Leeds Station Footfall

Data from Network Rail shows total daily footfall levels on Leeds Station Central Concourse. For the week beginning Monday 27th April 2020, this shows a continued **reduction of 95%** against the week beginning 2nd March 2020, and a 3% decrease against the previous week.

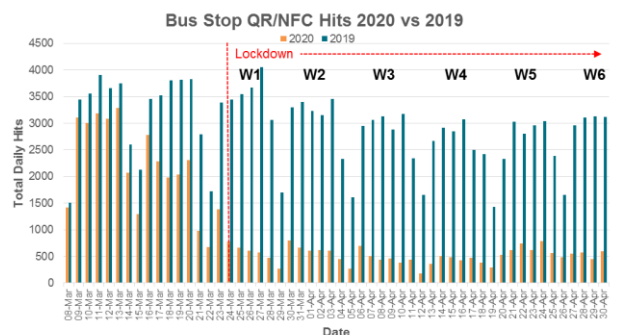
Source: Network Rail / Station Capacity Team  
[stationcapacity@networkrail.co.uk](mailto:stationcapacity@networkrail.co.uk)



## 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.

For weekdays post-lockdown (24th March-30th April) the average number of daily scans was just 576, down 82% compared to the same period last year (3,115 daily scans). Note the slight increase in week five (659 daily scans), but this has not continued in week six (543 daily scans).



Additional QR/NFC scan time-series data further confirms a shift in travel times, with a considerable suppression of the morning weekday peak (post-lockdown) indicating passengers are intending to travel slightly earlier in the morning compared to 'normal' circumstances pre-lockdown. The data also continues to support a more noticeable lunchtime peak at 1pm (compared to 'normal' circumstances pre-lockdown).

## 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's Growth Managers and business support gateway spoke to 253 businesses over the past week, down 23% on the previous week. There was a similar fall (21%) in hits to the LEP's website. The intelligence from these conversations, supplemented by contact with the LEP's trade & investment team, provide the majority of the insight below.
- Although retail businesses are still the main sector contacting the LEP (46% of the 186 companies for which data is available), the remaining contacts are dispersed across all sectors, with manufacturing (10%) the next highest.
- The proportion of queries relating to cash flow / finance (57%) and business closure (including temporary, 22%) was largely unchanged compared to last week.

### Trade and supply chain

- There remains significant interest in supplies of PPE with the issue accounting for 22% of website hits and two thirds of click throughs to gov.uk. The LEP's contact with businesses continues to identify businesses who are eager to support efforts to increase the supply of PPE, whilst others continue to report issues securing an adequate supply.
- Local manufacturers report activity in their existing order books being pushed back into Q3/Q4 2020. Given depleted order books, there are concerns that large-scale redundancies could be implemented if the Job Retention Scheme were to end in June.
- Some manufacturers said their domestic supply chains are operating effectively though others report some disruption particularly in the distribution sector which is hampering their ability to get products to clients. Some view the construction sector as critically important to reopening and enabling those in the supply chain to increase activity.

### Investment and funding

- There were fewer queries this week to the Growth Service gateway relating to payment of small business rates relief, perhaps reflecting the fact that the majority of this money has now been paid to businesses. 77% of eligible businesses have now received funding from the small business rates relief scheme and the retail support scheme in Leeds City Region (74% in West Yorkshire).
- Despite this, there are still substantial numbers of enquiries relating to companies concerned they fall through the gaps of support. Two particular issues raised this week were:
  - Businesses who are almost wholly reliant on the retail / hospitality sectors for trade, but fall outside of those sectors for support purposes (e.g. logistics and support services)
  - Businesses in shared spaces, such as virtual offices who are often very small, who don't have any evidence that they don't pay rates so are struggling to access support

### Business and workforce activity

- 18 businesses specifically mentioned furloughing staff. In nine where specific information was available, these companies employed a total of 494 people and had furloughed over half (285) of them.
- There appears to be an increase in businesses focusing some of the time when demand is lower to prepare and plan for the future – both as the lockdown is lifted, and for the longer term.
- Workforce planning is well under way in some larger businesses in particular, reacting to changes in demand, future forecasts and economic uncertainty. These businesses are considering a full range of options including redundancies, changes in work patterns, hours worked and salaries of employees, as well as measures they may need to put in place to manage social distancing requirements.
- Some manufacturers are concerned about the impact of COVID-19 on skills supply, particularly as some older workers may choose to retire or reduce workers and prove difficult to replace. Elsewhere, there are concerns that apprentices may be lost as businesses look to reduce costs, which would further impact the skills pipeline.

## Local insight and analysis

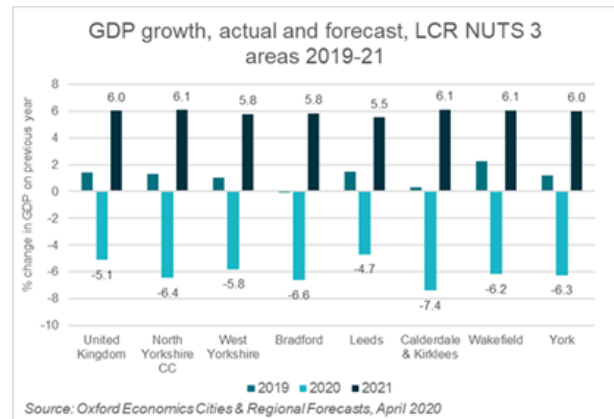
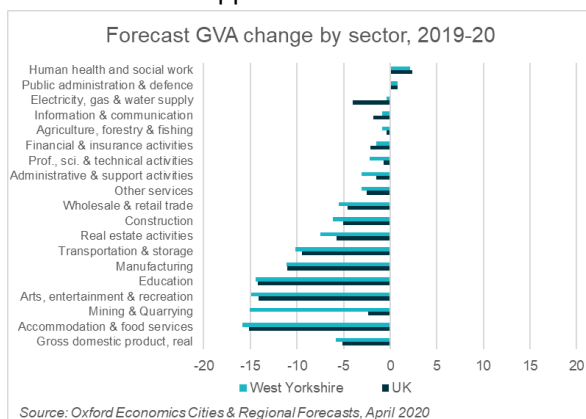
*This section presents a summary of analysis undertaken locally to inform our understanding of and response to the pandemic. Further insight or more detailed briefings can be provided on request.*

### Modelled estimates of local economic impacts

Oxford Economics' European Cities and Regional Forecasts have provided forecast impacts on employment and economic output (GDP/GVA) for all European nations, regions and sub-regions down to NUTS3 level. For the UK forecasts, OE acknowledge that "there is a huge degree of uncertainty surrounding these projections as, with no historical precedents, it is very difficult to forecast what happens next".

However, they have assumed that the current lockdown measures remain in place until mid-May before being gradually lifted and have built the forecasts bottom-up by estimating the impacts on different sectors.

OE expect **UK GDP to fall by around 10% in H1 2020, and by 5.1% in 2020** overall, as the economy endures a large supply shock. This is largely driven by lower discretionary spending, lower working hours (due to site closures, sickness levels and working parents undertaking caring duties) and tightening financial conditions. A **strong rebound to growth of 6.0% is forecast for 2021** supported by low inflation, loose monetary policy and government income support schemes



The forecast impacts from OE are lower than those from other notable forecasters such as the Office for Budget Responsibility (who forecast a 13% fall in GDP nationally) and NIESR (7%). The recently released Bank of England MPC report suggested a 14% drop in GDP was possible this year. These forecasters also expected unemployment to rise higher, with the rate reaching around 9% to 10% this year. Their assessment of local economic forecasts also therefore needs to be seen in this context.

Overall, **OE forecast West Yorkshire's economic output to fall by 5.8% in 2020**, slightly sharper than the 5.1% decline forecast nationally with accommodation and food (-15.8%), mining & quarrying (already a very small sector locally, -15.1%) and arts & entertainment (-14.9%) the hardest hit. As with the UK economy, growth is forecast to rebound in 2021, increasing by the same amount (5.8%) as it is forecast to fall in 2020.

At a sub-regional level, Calderdale and Kirklees is forecast to see the largest fall in economic output in 2020, down 7.4% on 2019. Leeds is expected to see the shallowest decline (-4.7%) and is also the only area locally where 2021 growth is forecast to more than offset the level of decline seen in 2020.

Unemployment is also forecast to increase, rising by 15,000 (30%) to 66,300 in 2020 before beginning to fall in 2021. This would take the unemployment rate to 5.8%, which is substantially below the 9.8% peak seen following the crash of 2008.

This analysis emphasises the range of forecasts available at the moment given the uncertainty and lack of hard data, and the importance of taking a range of views into account when considering potential impacts and options for recovery. Further insight from other forecasters is being sought to enhance our understanding of this in the coming weeks.

## COVID-19 – Age Standardised Mortality Rates

Office of National Statistics (ONS) have released analysis of age-standardised mortality rates from COVID-19 between 1st March and 17th April down to local authority and Middle Super Output Area (MSOA) level age. This data includes all registered deaths (Covid-19 as underlying cause or was mentioned on the death certificate as a contributory factor) in all settings.

Although 1,378 COVID-19 related deaths were recorded in Yorkshire and Humber in this period, the region has a significantly lower COVID-19 mortality rate compared to the England average. In contrast, the North West, West Midlands and London have significantly higher COVID-19 mortality rate than the England average.

Within Leeds City Region, Harrogate, Selby and York have significantly lower COVID-19 mortality rates compared to the England average (Table 2). The remaining districts have mortality rates that are not statistically different to the England average, however rates are highest and above the England average in Wakefield (42.1 COVID-19 deaths per 100,000 people).

Nationally, COVID-19 is having a proportionally higher impact on the most deprived areas. The COVID-19 mortality rate is 117% higher in the most deprived 10% compared to the least deprived 10%. Insufficient data is available to confirm whether this applies locally, though mortality rates are district level locally are below national average in most instances despite generally higher levels of deprivation. It's also worth noting that acute morbidity is already considered in the health and disability domain of deprivation so a higher COVID-19 impact on deprived areas is expected to some degree.

## COVID-19 vulnerability estimates

18% of Yorkshire and The Humber neighbourhoods are in the most vulnerable quintile (bottom 20% of areas most vulnerable to COVID-19), slightly below the England average of 20%, according to [The British Red Cross Covid-19 Vulnerability Index](#).

This index uses a basket of indicators around clinical, health & wellbeing, economic and social vulnerability to form an overall assessment of vulnerability.

Whilst the region as a whole has slightly lower proportion of neighbourhoods, looking at local authority level shows the social domain contains the most districts in the most vulnerable quintile, Bradford, Wakefield, Barnsley and Craven.

This indicates access to facilities including health service and supermarkets, and housing conditions and quality, will play a significant role in identifying areas where residents are most vulnerable to COVID-19.

Craven is the only district in the fourth quartile in the Clinical Domain. This is due to 20% of residents being over 70, 7% higher than the regional average.

