



West Yorkshire Economic & Transport Insights Report

West Yorkshire Research & Intelligence Team

12th August 2022

Executive Summary – Economic Insights

- The increase in employment levels, and decrease in the out of work benefit claimants, has started to slow. Vacancy levels remain high, suggesting that labour shortages are a problem for businesses.
- Whilst the labour market tightening has been good for getting people back into work after the Covid-19 pandemic, wages are not keeping pace with inflation. Strike action has already started to increase due to real term pay cut offers by employers, with more set to happen over the rest of 2022. The latest Bank of England forecast has real wages lagging in 2022 and 2023, as inflation looks set to remain high for longer than first envisaged.
- Deprivation levels in West Yorkshire are greater than national figures. Just under a third of West Yorkshire residents, compared with around 20% nationally, live in the poorest neighbourhoods. West Yorkshire also has a higher share of fuel poverty, compared with national figures, suggesting that the increased cost of living will be felt more acutely in West Yorkshire than elsewhere.
- Bank of England analysis shows that the poorest 10% of the population are spending 90% of their income on essential goods and services. This analysis was from July, and already the figures look set to worsen. Estimates for the energy price cap are now placing it above £4,000 per annum, which will wipe out any headroom for the lowest 10% of earners, and more of the headroom for the lowest 20% of earners.

Executive Summary – Transport Insights

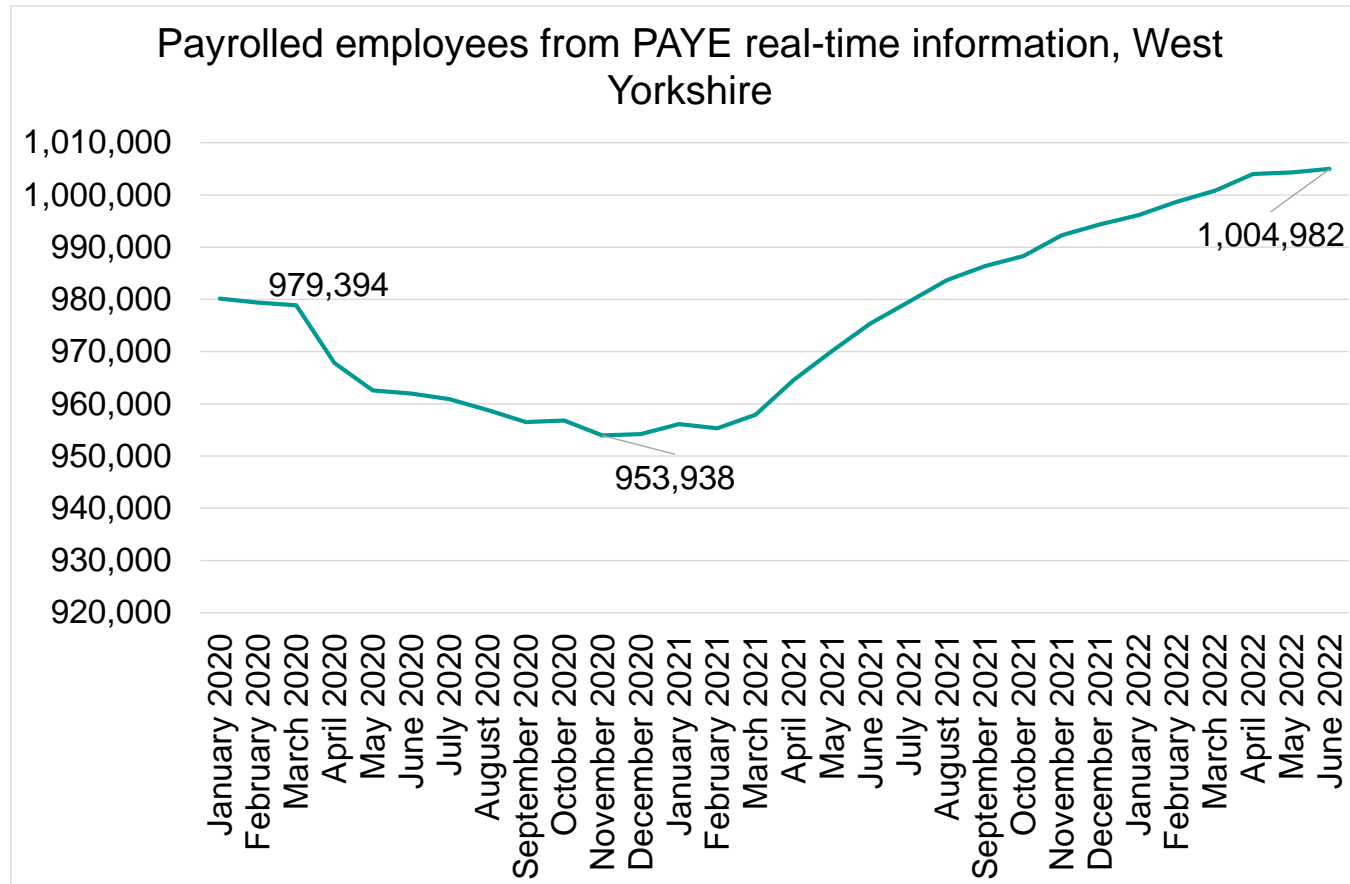
- Travel to workplaces (derived from mobile data) for June & July 2022 (outside of the influence of school holidays) were at 76% of pre-pandemic baseline levels, with a slow, but gradual increase since the start of the year.
- Nationally, motor vehicle use remains around pre-pandemic levels with weekend usage exceeding baseline conditions.
- Average weekday footfall at Leeds rail station reached 66% of baseline levels in the first week of August and in the previous weeks footfall declined to 32% of baseline levels during the period of record breaking heat. The weekday strike saw footfall decline to 20%, whilst the weekend strike resulted in a decline to 71%.
- Bus passenger volumes peaked at just under 80% of pre-pandemic levels in mid-June, before the effects of summer holidays began.
- AM peak traffic on Leeds radial roads continues to be suppressed, relative to pre-pandemic, suggesting continued behaviour change during traditional commuting hours.
- Leeds city centre total night time footfall reached pre-pandemic levels in April 2022 and has continued to exceed these levels in each month since.
- Leeds Bradford Airport passenger numbers recovered to 90% of pre-pandemic levels in June 2022, up 2% from the previous month.

Economic Insights



The rate of growth in the number of payrolled employees is slowing

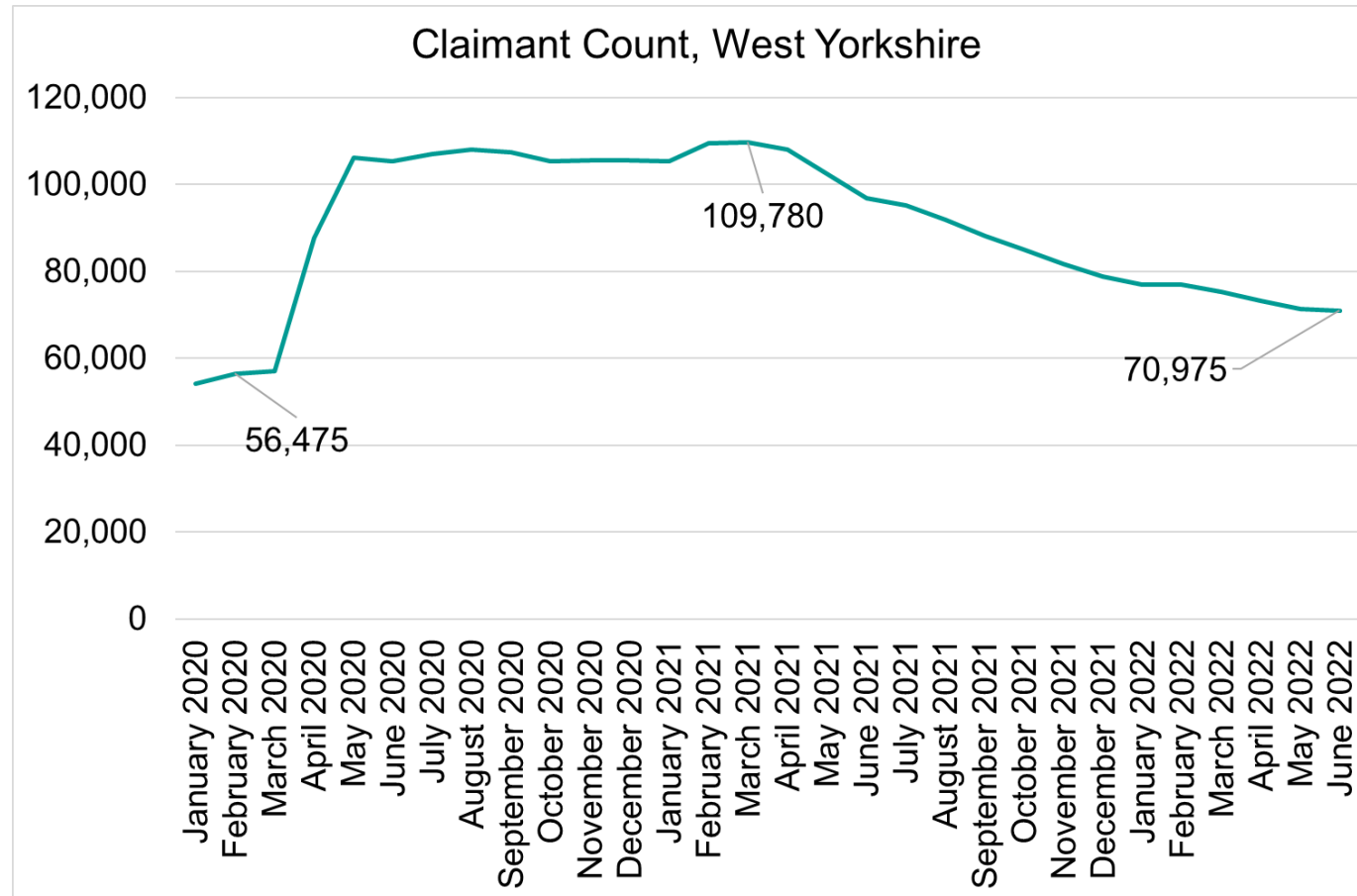
The number of payrolled employees in West Yorkshire increased by only around 700 between May and June 2022, showing continued signs of a levelling off in growth. Nonetheless, this constitutes the highest level of payrolled employment in West Yorkshire since 2014, the earliest period for which figures are available.



Source: HMRC

Unemployed Claimant Count fell marginally between May and June

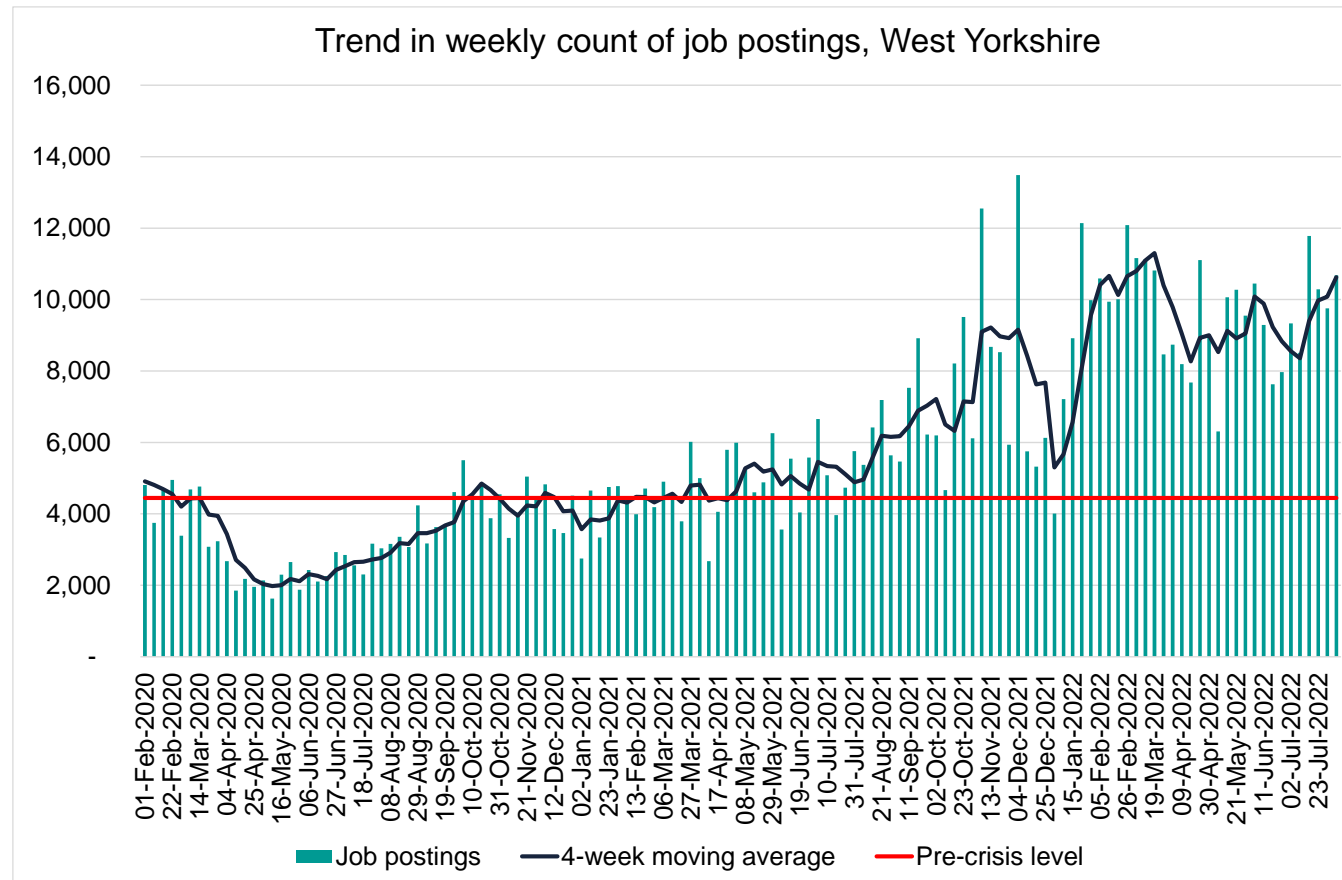
The latest claimant count figures for West Yorkshire, which relate to the number of people on out-of-work benefits, show a decline of 400 (-1%) between May and June 2022. The count remains 26% (14,500) higher than pre-pandemic (February 2020). West Yorkshire's claimant rate of 4.8% (7.0% in Bradford) is above the national average of 3.6%



Source: NOMIS

The weekly vacancy count has fallen from its Feb / March peak but remains at high levels

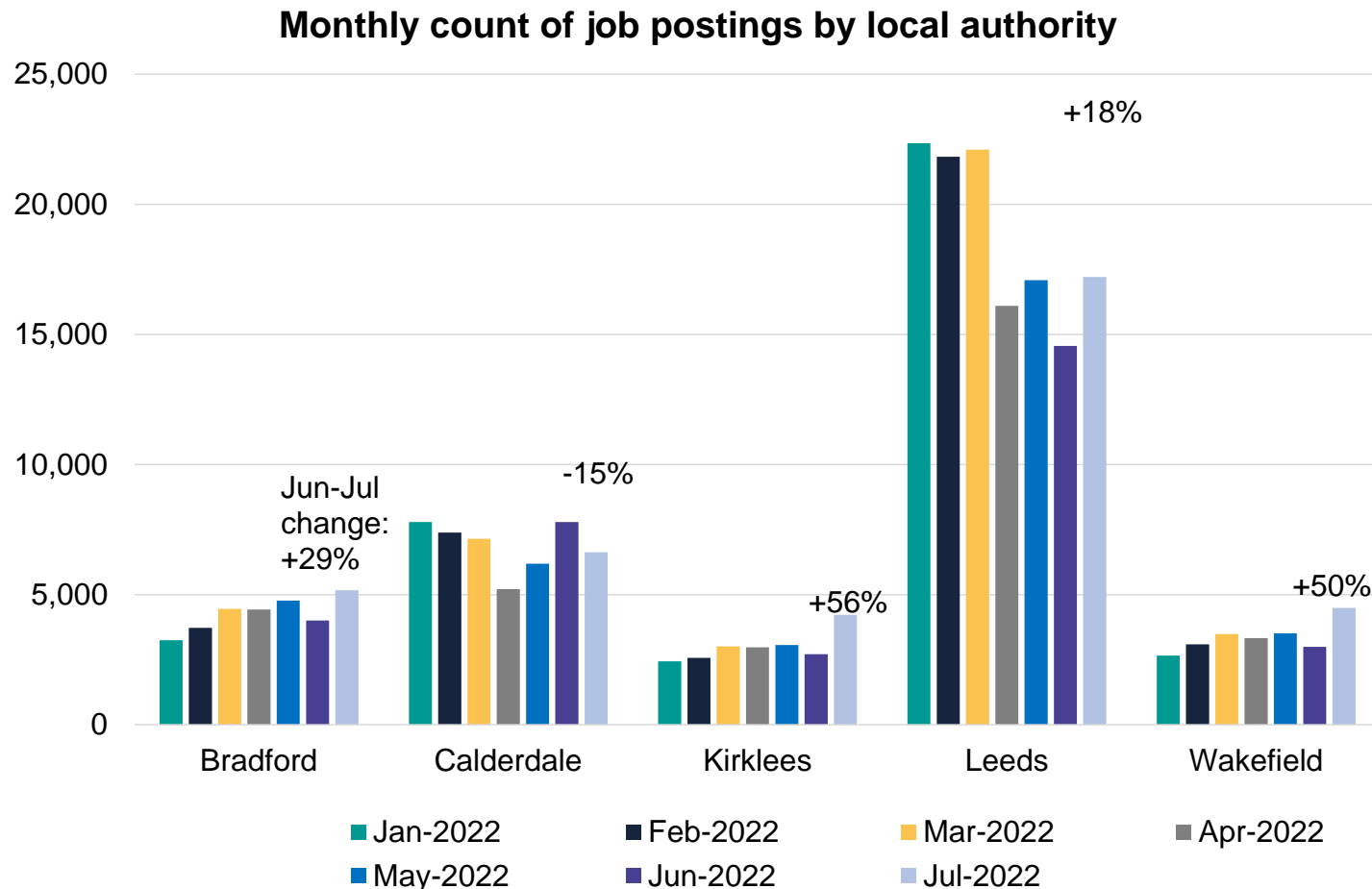
During mid-March 2022 the 4-week moving average of West Yorkshire job postings peaked at 11,300. Since then the level of postings has been lower but remains high in historic terms, with 10,700 online postings recorded week ending 6th August. Recruitment continues to be strong in spite of growing evidence of weakness in the economy.



Source: Labour Insight

Four out of five LAs saw strong vacancy growth between June and July

All five local authorities in West Yorkshire except Calderdale experienced growth in online job postings between June and July 2022. Leeds, the largest source of vacancies, remains well below levels seen earlier in 2022.

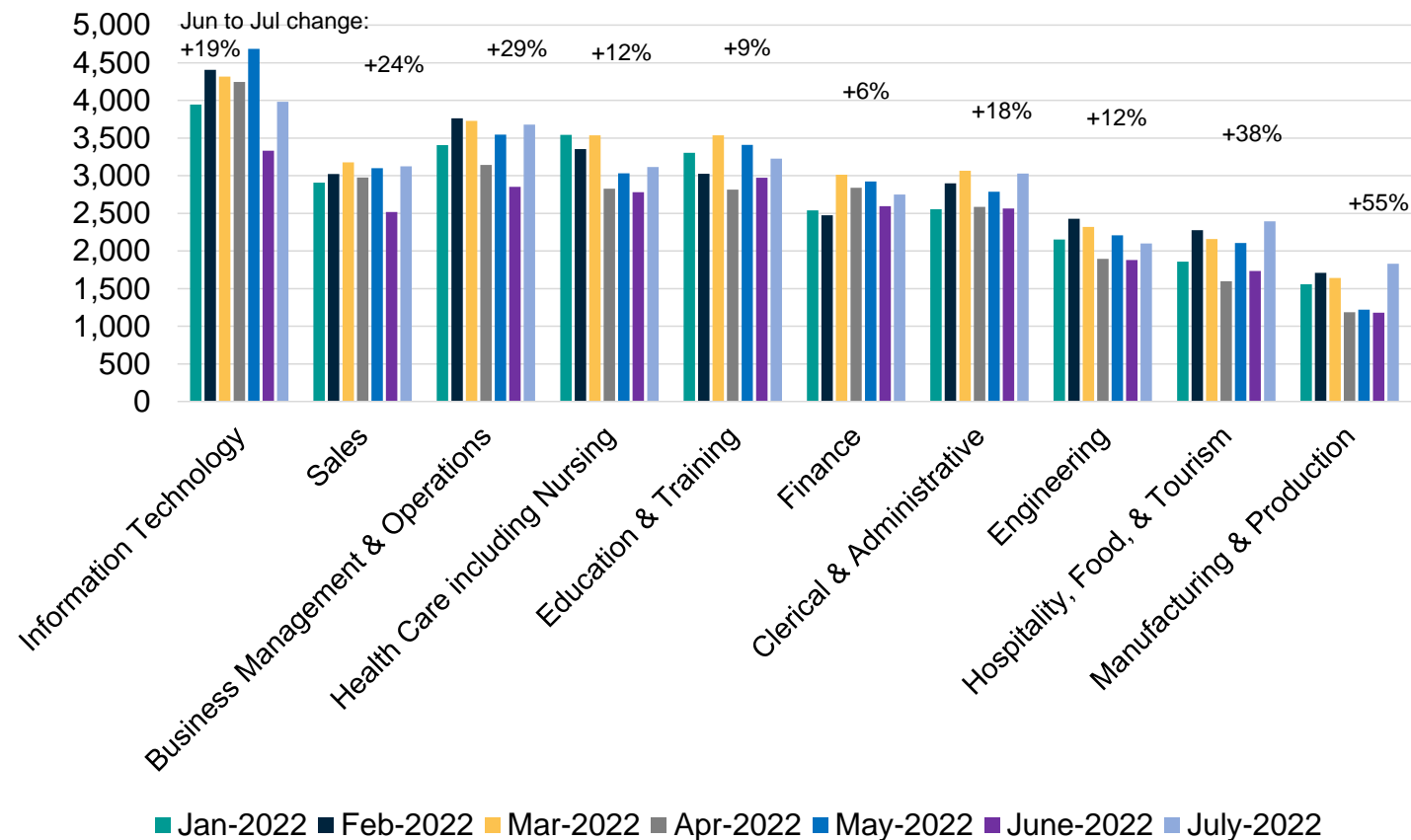


Source: Labour Insight

All occupational groups saw vacancy growth in July, with some categories reaching new highs

There was an increase in the count of online vacancies for all occupational categories during July, with Hospitality, food and tourism and Manufacturing and production seeing the biggest percentage growth.

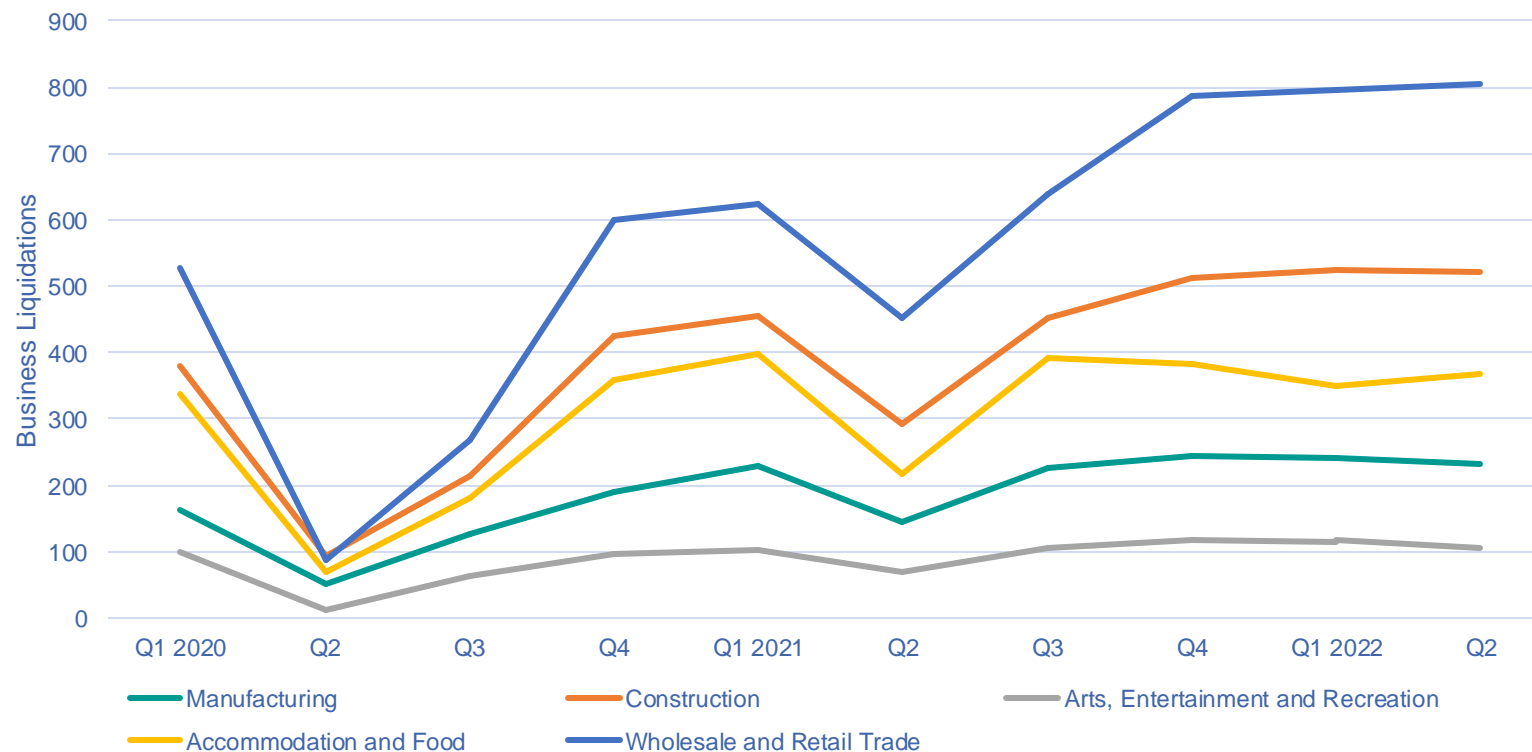
Monthly count of online job postings by occupation, West Yorkshire



Source: Labour Insight

Since the end of 2021, business liquidations in West Yorkshire's key sectors have settled above pre-pandemic levels

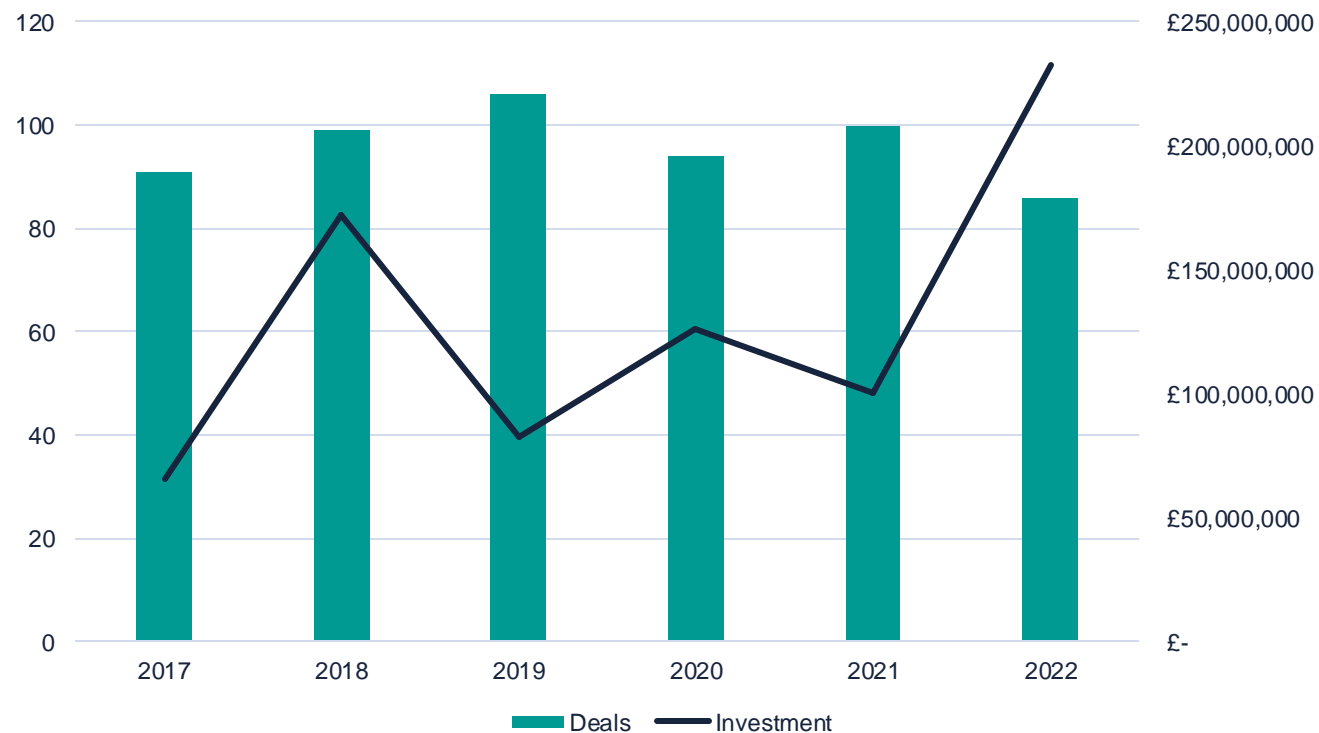
Business liquidations in the Wholesale and Retail Trade sector in West Yorkshire were 53% higher in Q2 2022 than before the pandemic, whilst liquidations in the Arts, Entertainment and Recreation sector have remained static.



Source: FAME, Bureau van Dijk, 2022

Equity deals look set to be down compared to previous years, but investment continues to increase

Since 2017, there have been 540 equity deals in West Yorkshire worth £681m. Whilst early and late-stage deals have remained relatively flat, scale-up deal numbers have increased from 16 in 2017 to 29 in 2021. The average deal size in 2017 was around £800,000. In every year since, the average deal size has been higher than that (£2.7m so far in 2022, although this is driven a lot by a small amount of very large deals).



Source: Beauhurst, 2022 deals have been rounded up using existing data

Construction, Manufacturing and Wholesale and Retail Trade sectors saw sharp rises in business start-ups during the pandemic

Historically, self-employment increases as the UK economy heads into a recession. We saw this during the pandemic, and the recent uptick in construction and manufacturing start-ups appear to confirm the Bank of England's recent forecasts of a 15-month recession throughout 2023 and into 2024.



Source: Bank Search Information Consultancy

The poorest people in society are spending over 90% of their gross income on essential goods and services

Further increases to the prices of fuel and food could push the poorest into society into debt in order to afford essential items, and will erode what little savings those above them in the distribution are able to make. More than half of the UK are unable to save 15% of their disposable income.



Source: Financial Stability Report, Bank of England, July 2022

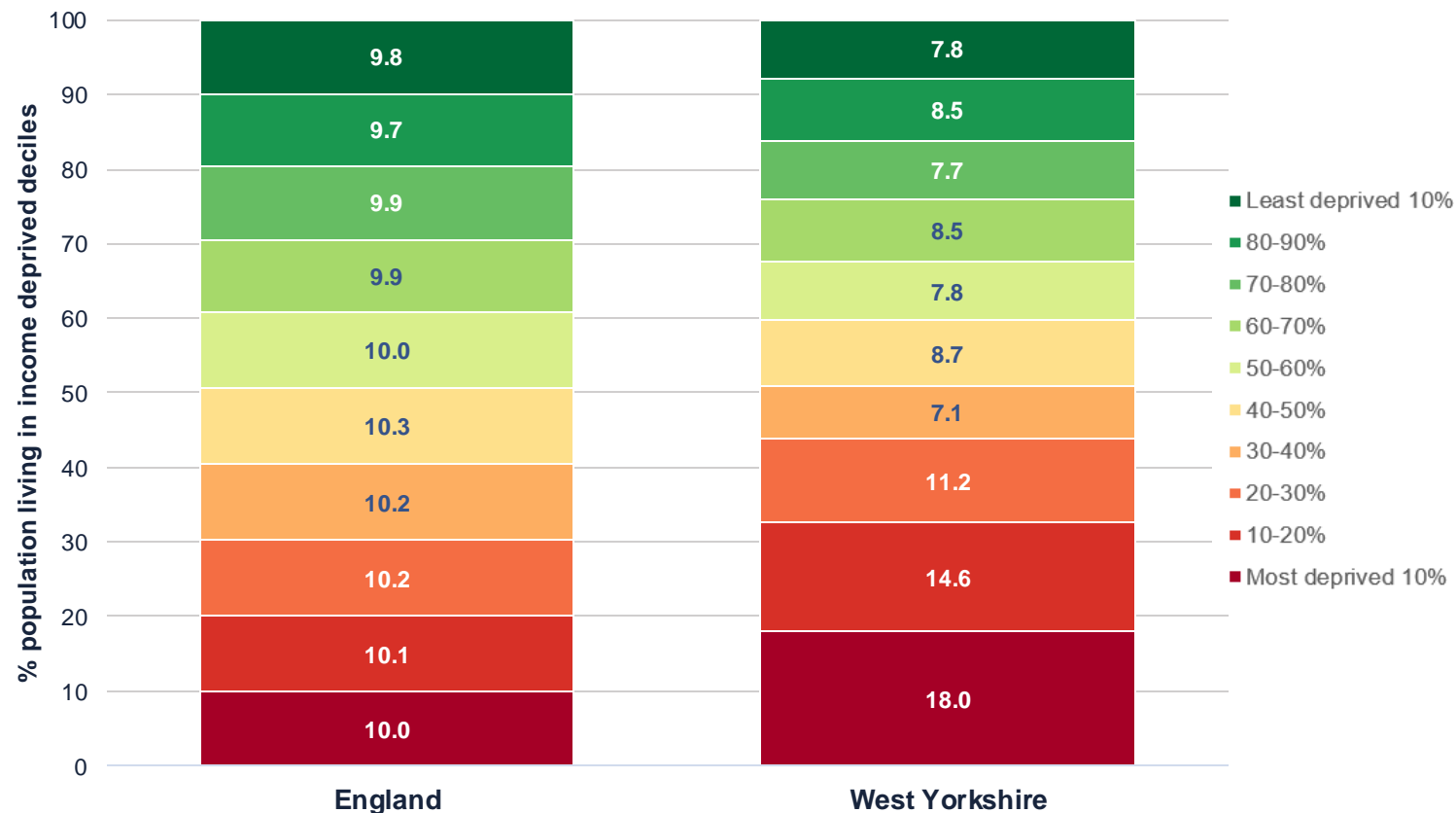
West Yorkshire has a much greater share of people living in the most income-deprived neighbourhoods

The dramatic increase in energy prices and growing inflation will mean the cost of living rises for everyone, therefore leaving less disposable income with greatest impact on people on the lowest incomes.

Just under a third of the population of West Yorkshire (equivalent to 765k people) live in neighbourhoods that fall into the most income-deprived 20% in England*, and 18% of the West Yorkshire population (421k people) live in neighbourhoods in the most income-deprived 10% in England.

As West Yorkshire has a greater share of people living in the most income-deprived neighbourhoods, the costs of living crisis is likely to a greater impact locally.

Share of the population living in each income-deprived decile



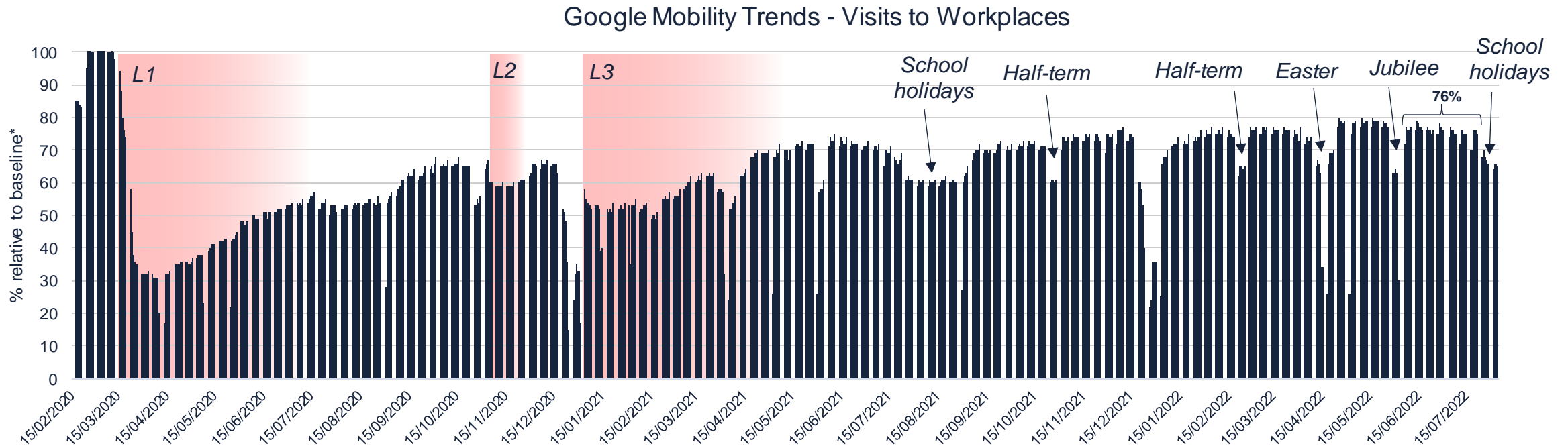
Source: Index of Multiple Deprivation 2019 published by the Ministry of Housing, Communities & Local Government. 2020 mid-year population estimates from the Office of National Statistics. * Income deprivation domain accounts for 22.5% of the overall Index of Multiple Deprivation score.

Transport Insights



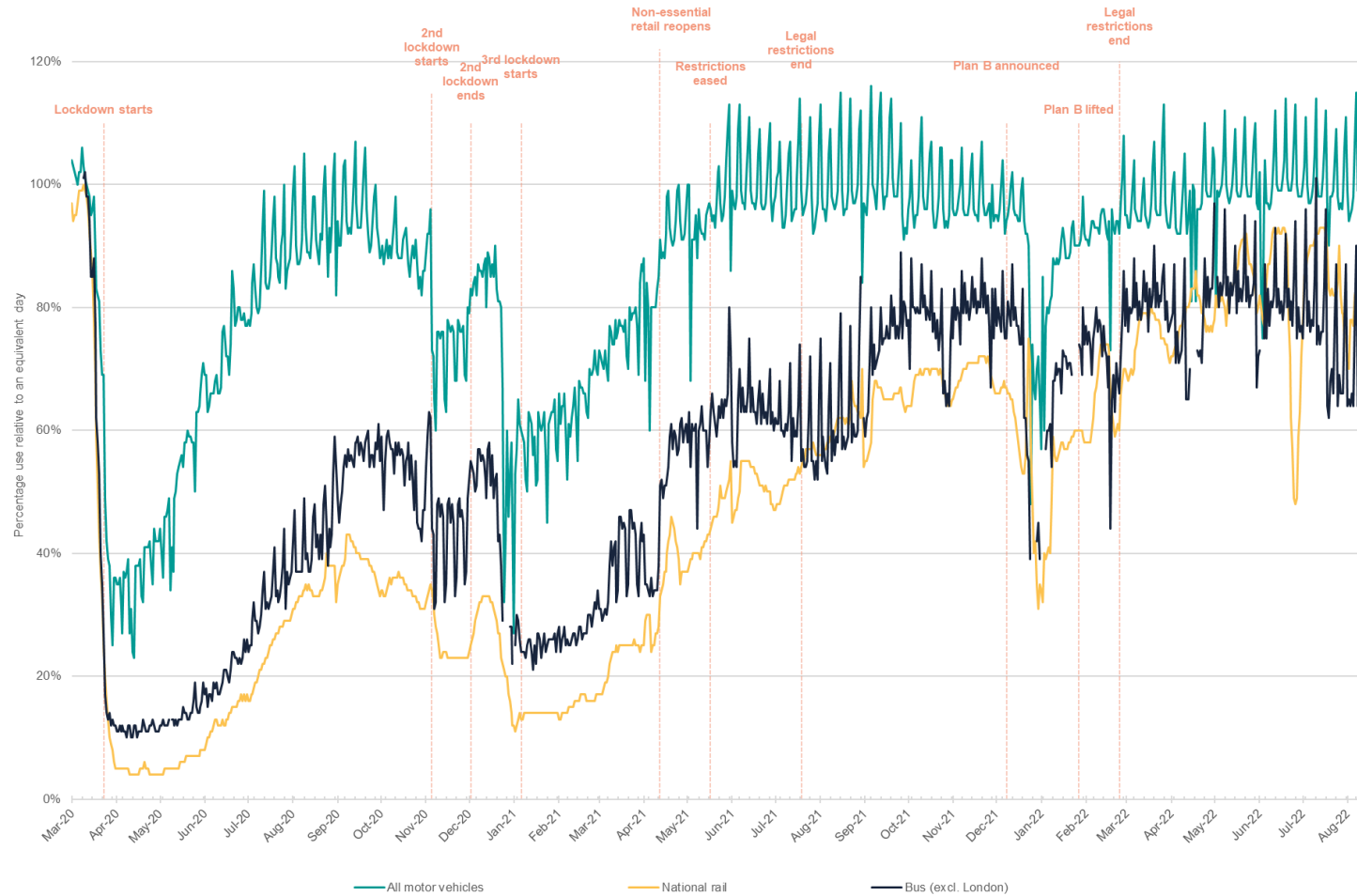
Weekday work travel around 76% of pre-pandemic levels

The chart below reveals the trend in weekday visits to West Yorkshire workplaces (relative to pre-pandemic) derived from location history data on mobile devices published as part of the Google mobility trends series. The chart illustrates the degree of recovery in travel for work through the different stages of the pandemic. The most recent data for June & July 2022 (outside of the influence of school holidays) shows visits to workplaces were around 76% of baseline levels. Overall there has been only been a subtle increase in workplace visits since the start of the new year.



Source: Google mobility reports [COVID-19 Community Mobility Reports \(google.com\)](https://www.google.com/covid19/mobility/). Each black vertical bar represents a single day of weekday visits to a workplace expressed as a percentage of the baseline, where the baseline is the 5-week period Jan 3 – Feb 6, 2020 (pre-pandemic).

National road usage has recovered, bus and rail use falls



Nationally, motor vehicle use remains around pre-pandemic levels with weekend usage exceeding baseline conditions.

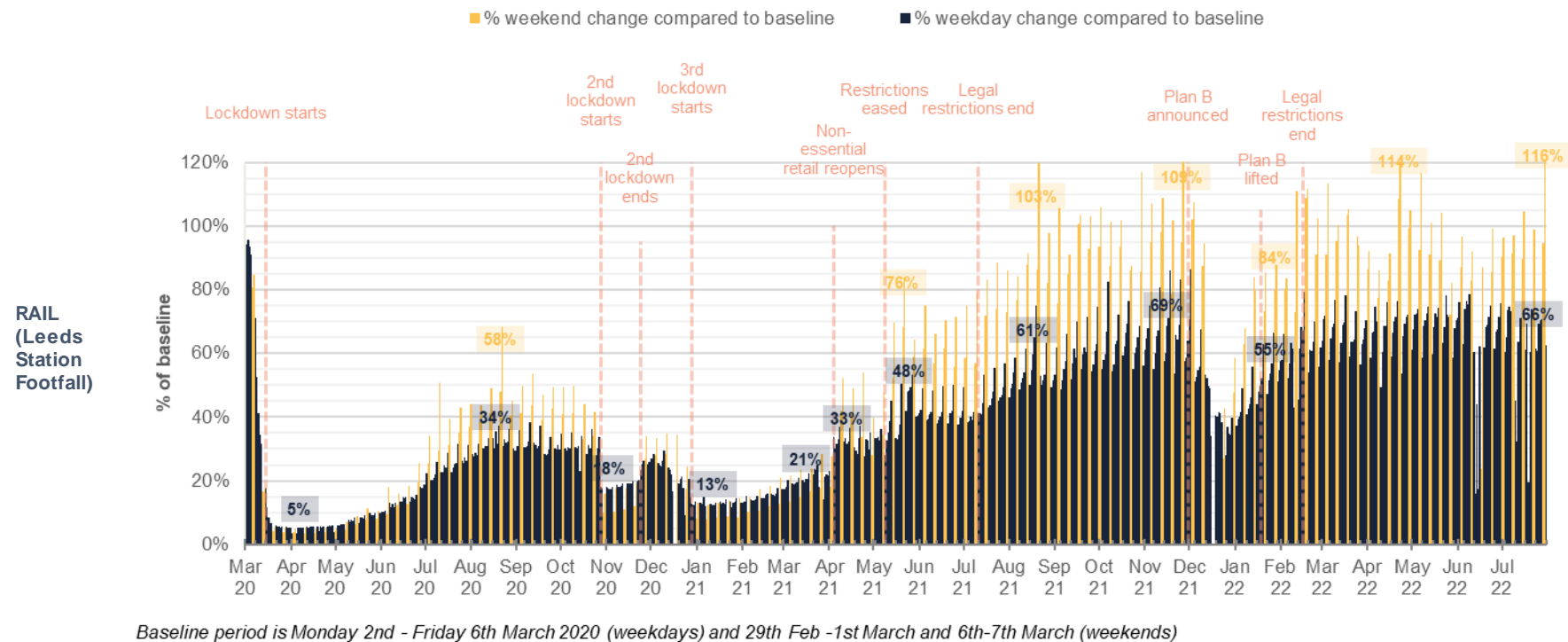
Bus use outside London has fallen to around 65% over recent weekdays, with substantial weekend usage spikes.

Rail use has fallen to around 75% in the most recent weekdays with available data, following rail strikes, although the most recent weeks are subject to revision as is normal for this source.

Source: <https://www.gov.uk/government/statistics/transport-use-during-the-coronavirus-covid-19-pandemic>

Rail footfall stabilises following extreme heat and strike action

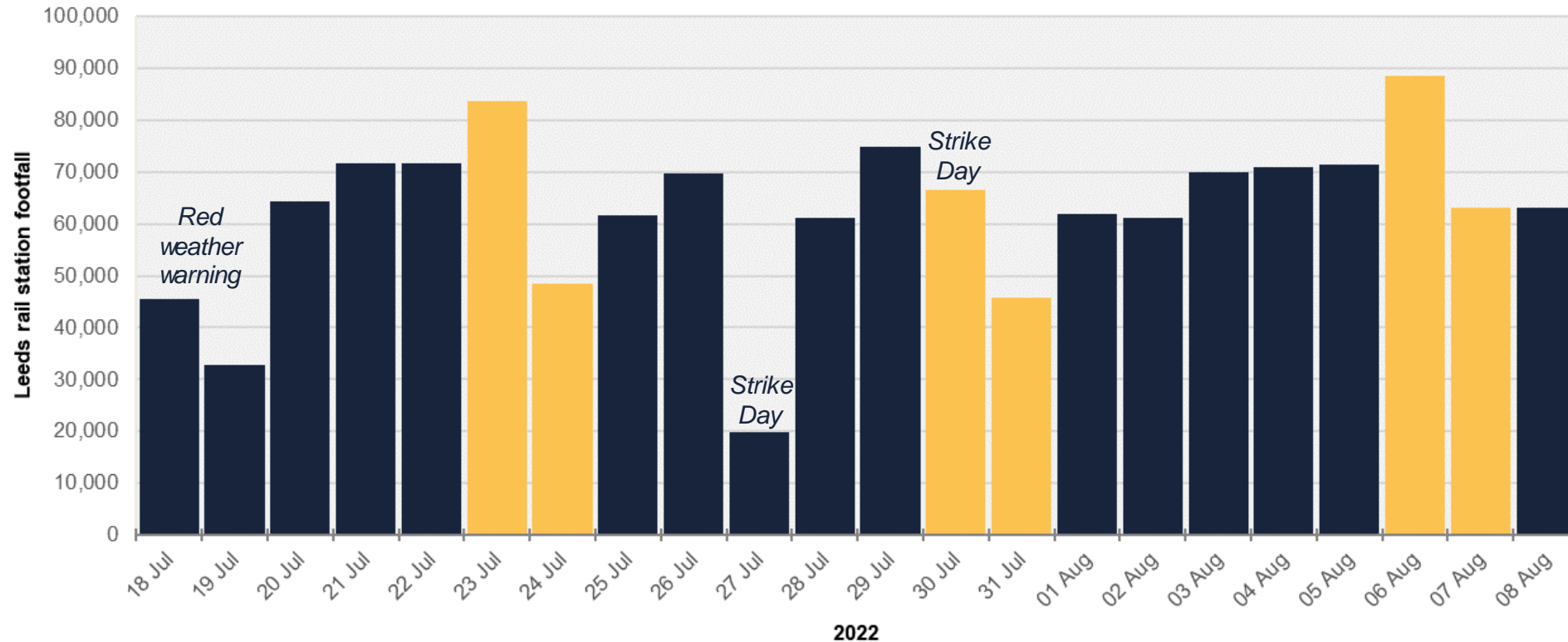
Average weekday footfall at Leeds rail station reached 66% of baseline levels in the week commencing 1st August, following strike action and extreme weather in the preceding weeks. Weekend average levels reached a new record of 116%.



Source: Leeds Rail Station Footfall - Network Rail

Rail footfall impacted by extreme weather and strikes in July

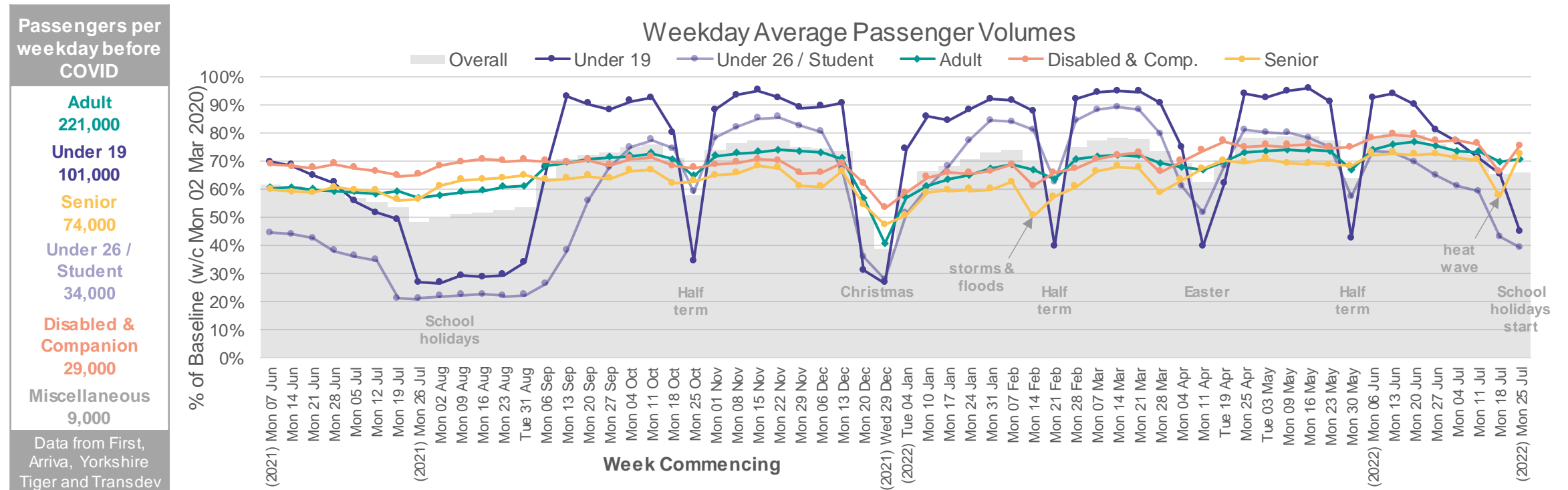
A red weather warning for record breaking heat saw footfall decline to 32% of baseline levels. The weekday strike day saw declines to 20%, while the weekend strike resulted in a decline to 71%. Footfall appears to stabilise in the week commencing 1st August.



Source: Leeds Rail Station Footfall - Network Rail

Bus passenger volumes were impacted by the heatwave in mid-July and are showing a seasonal downward trend

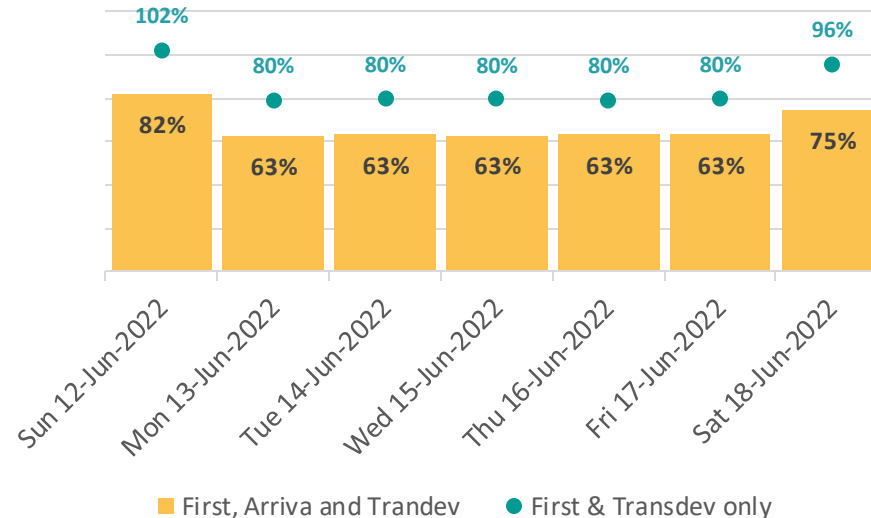
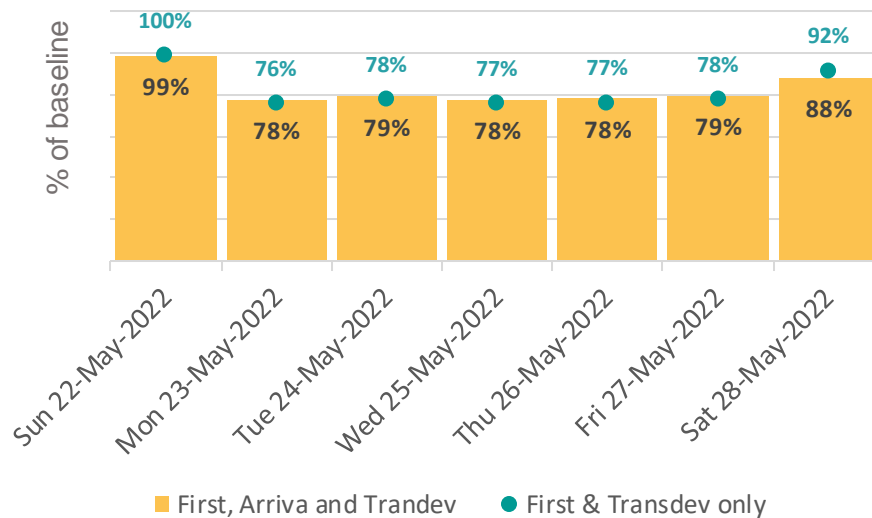
The temporal trend in bus use (via ticket machines) relative to pre-pandemic is shown in the chart below. Ticket machine data from First and Transdev only (Arriva excluded) reveals a general reduction in use since a peak in mid-June. Data for cohorts shows that senior and disabled passengers were most affected by the heatwave which was at its worst on 19th July. Although Under 19s, Under 26 / Students, and to a lesser extent Adults, have all shown a recent downward trend there was also a downward trend in the similar period of 2021.



Source: Baseline period is w/c Mon 02 Mar. Source: Bus operators electronic ticket machine data, passenger boarding locations in West Yorkshire. First, Arriva, Yorkshire Tiger and Transdev account for over 90% of bus services in West Yorkshire. Graph shows First, Transdev and Yorkshire Tiger data.. Data is for weekdays excluding bank holidays, with ticket types assigned to broad cohorts.

Bus passenger volumes fell by a fifth during the Arriva bus strikes

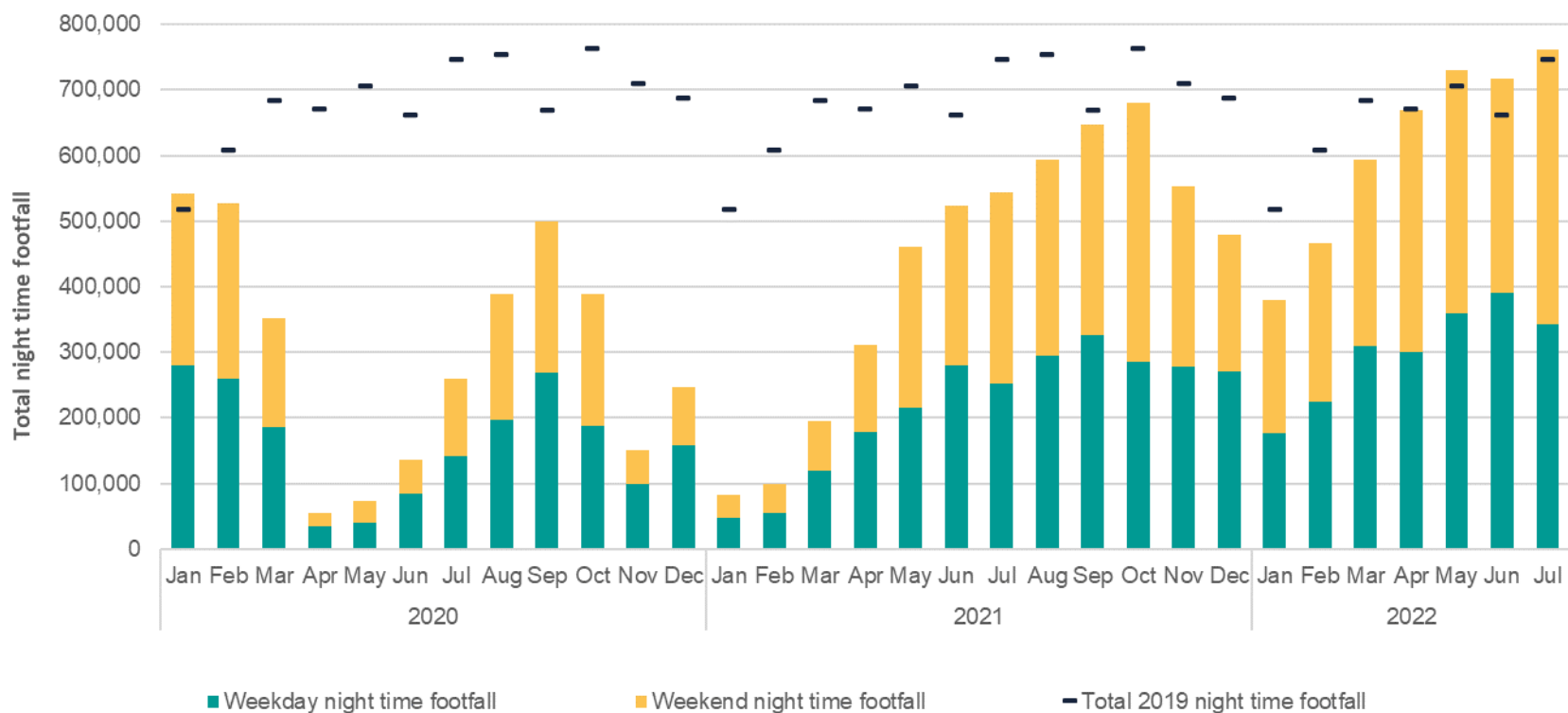
The charts below show bus passenger boarding volumes derived from electronic ticket machines in the week prior to the May half term (left) and in mid June during the Arriva strikes (right). Electronic bus ticket machine data from Arriva is normally received after other First and Transdev data, so it is not normally included in the trend slides. The left chart reveals that the inclusion or exclusion of all Arriva data makes little difference to the insight of general trends compared to the pre-pandemic baseline (shown on the previous slide). The right chart (during the Arriva strikes) reveals that total passenger volumes fell by one fifth (relative to the baseline), owing to the Arriva strikes. The charts also illustrate that weekend patronage, with a lower reliance on commuting, has recovered better than weekday patronage.



Source: Bus operators electronic ticket machine data, passenger boarding locations in West Yorkshire. First, Arriva, Yorkshire Tiger and Transdev account for over 90% of bus services in West Yorkshire. Graphs show First, Transdev and Arriva Yorkshire data.

Leeds centre night time footfall exceeds pre-pandemic levels in recent months

Leeds city centre total night time footfall reached pre-pandemic levels in April 2022 and has continued to exceed these levels in each month since.



Source: Leeds City Council

Leeds Bradford Airport passenger numbers recover to 90% of pre-pandemic levels in June 2022

The UK Civil Aviation Authority release monthly passenger figures for all UK airports. The latest data (June 2022) reveals that terminal passengers at Leeds Bradford Airport reached 90% of pre-pandemic levels (2019), up 2% percentage points from the previous month. The current trend shows recovery in demand for air travel despite the cost of living crisis and rising COVID-19 rates in many of the European destinations served by LBA.



Source: UK Civil Aviation Authority (Table 9 – Terminal & Transit Passengers)