

# West of England Economic Briefing on Covid-19 Business Impacts

9 July 2020

# Monitoring the economic impact of coronavirus

The West of England Combined Authority is working with partners and bringing the region together to tackle some of the urgent issues caused by coronavirus. We are taking our businesses' concerns back to government and influencing national decisions. While in this difficult time, we are already planning for the future and adapting our work and looking for new ways to help the West of England recover - to benefit all our residents and businesses.

We have set up a new West of England Economic Recovery Board, a partnership between the West of England Combined Authority, the Local Enterprise Partnership, business, universities and the region's councils ([westofengland-ca.gov.uk/support-for-business-through-coronavirus-covid-19](https://westofengland-ca.gov.uk/support-for-business-through-coronavirus-covid-19))

We are building a regional picture of the specific industrial and labour market challenges we're facing:

- We're talking to businesses of all sizes, answering their queries and helping them to find the support they need;
- We have set up a Covid-19 Business Insight Panel, chaired by West of England Mayor Tim Bowles and including regional leads from across the business support and banking sector;
- The Local Enterprise Partnership Board is providing further intelligence and strategic support.

This briefing summarises this business intelligence, and WECA's economic analysis so far of the pandemic. The intention is to update it as intelligence and analysis develops. Comments are sought on what should be expanded.

- A. State of the economy (emerging data)
- B. Impact on the region's sectors
- C. Government Support
- D. Details of the government's lockdown exit strategy

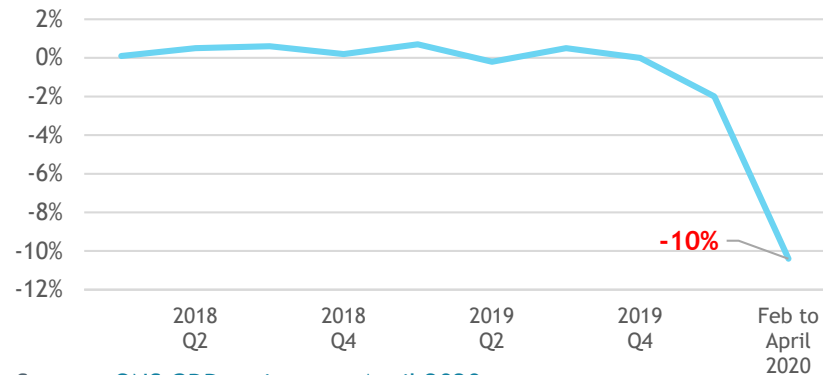
# Updates this week

Intelligence from businesses and available data are developing each week. For ease of reference, this brief collates material from over the past few months (while it remains current). The key updates this week are:

Section	Updates	Pages
A	<ul style="list-style-type: none"> <li>• <b>Business Impacts:</b> Businesses are beginning to reopen, with 14% of businesses closed nationally compared to 24% when lockdown restrictions were first imposed in late March. Bankruptcies have not yet spiked - 160 businesses in the region have appointed liquidators since lockdown began - this is a similar amount to the same time period in 2019</li> <li>• <b>Labour Market:</b> There were 9,011 jobs advertised in the West of England in June 2020, up 21% from May 2020. This is however 13% lower than the level of jobs advertised in June 2019.</li> <li>• <b>Mobility:</b> Footfall remains well below pre-pandemic levels but is gradually rising in retail outlets and workplaces</li> <li>• Local authorities in the region are distributing grants to support businesses. As of 5 July, 16,225 grants have been distributed, amounting to £203.4 million in the West of England.</li> </ul>	4-14
B	We are developing our understanding of the impact on key sectors of the region's economy. We have included baseline data early indicators of the impact on activity, revenue and staffing, from national and local surveys.	18-19
C	<ul style="list-style-type: none"> <li>• On 1 July, the "Flexible Furlough Scheme" was launched. Staff can now return to work part-time with the government continuing to pay 80% of salaries for the hours they do not work</li> <li>• The Government has announced a £1.57bn support package for the culture, arts and heritage sector.</li> <li>• The Government has launched the Sustainable Innovation Fund, a £200m package which will help provide funding to companies to keep their cutting-edge projects and ideas alive.</li> <li>• MHCLG has announced a major new support package of £500m to help councils respond to coronavirus</li> </ul>	20
D	<ul style="list-style-type: none"> <li>• As of Saturday 4 July, England has entered Stage 3 of the lockdown, meaning the majority of businesses and institutions will be open to the public, provided they are able to comply with "COVID-secure" guidelines. Details of sectors still in lockdown on page 21</li> <li>• On 6 July, the Government announced a list of 60 countries that are part of "travel corridors", meaning that people entering the UK from those countries will no longer need to self-quarantine upon arrival</li> <li>• WECA's constituent Unitary Authorities have published Local Lockdown Management Plans</li> <li>• The Chancellor's Summer Statement (8 July) launched a package of support measures for employment and skills; infrastructure; and businesses - details on page 21</li> </ul>	21

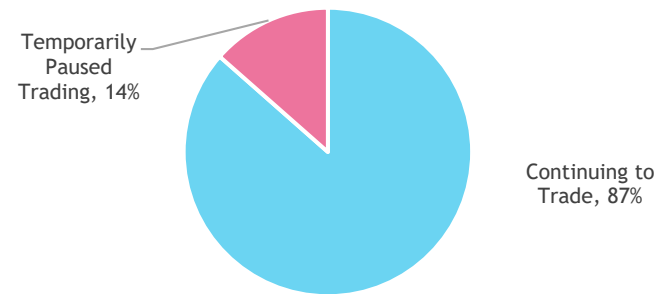
# Business impacts are significant: GDP has fallen dramatically, and many businesses are closed and facing financial pressures

**UK GDP fell by 10.4% in the three months to April 2020**



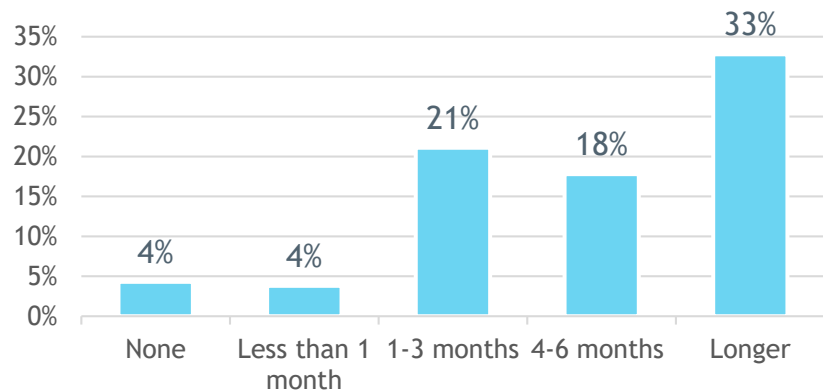
Source: [ONS GDP estimates, April 2020](#)

**14% of UK businesses have temporarily paused trading**



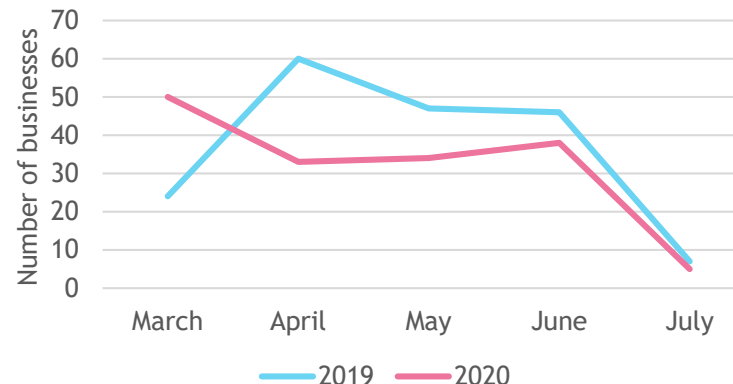
Source: [ONS Business Impact Survey, 1-14 June 2020](#)

**29% of UK businesses have cash reserves to last three months or less**



Source: [ONS Business Impact Survey, 1-14 June 2020](#)

**160 West of England businesses have appointed liquidators since lockdown - this appears fairly stable**



Source: [London Gazette, Insolvency Notices](#)

## As of 5 July:

16,225 grants, totalling £203.4 million distributed by West of England local authorities

£30.1 billion lent across the UK in Bounce-Back loans

£11.5 bn lent to UK SMEs in Business Interruption Loans

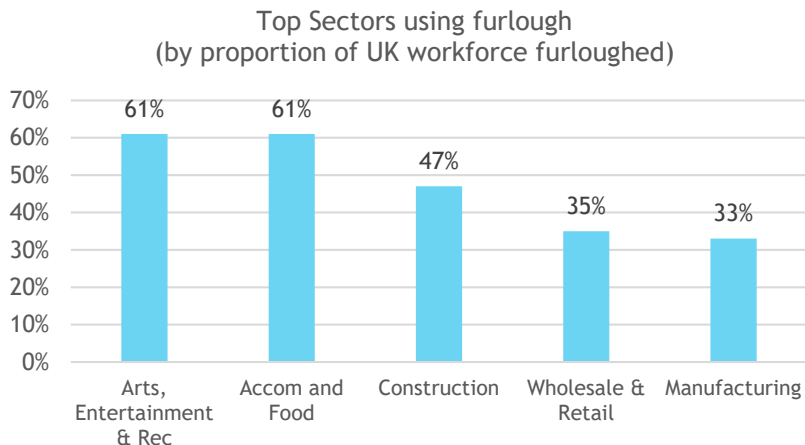
9.4 million UK workers furloughed by 1.1 million employers - costing £27.4 bn

2.7 million UK claims for Self-Employment Income Support, totalling £7.7 bn

Source: [HMRC Coronavirus Support Statistics](#)

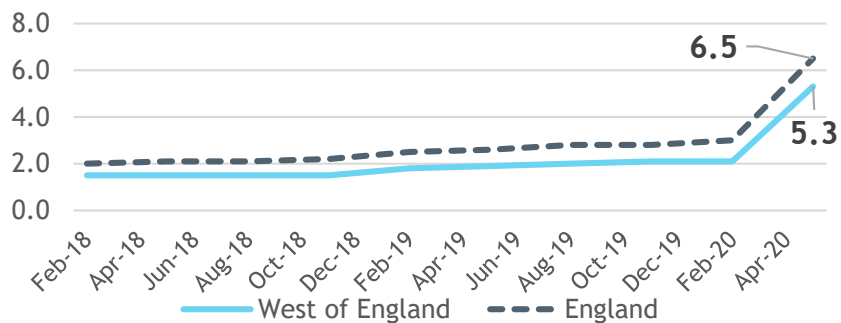
# The labour market is severely affected: 22% of the region's workforce are furloughed; unemployment benefit claims are rising; and vacancies fell sharply but are gradually rising

132,600 West of England employees have been furloughed (22% of the workforce)



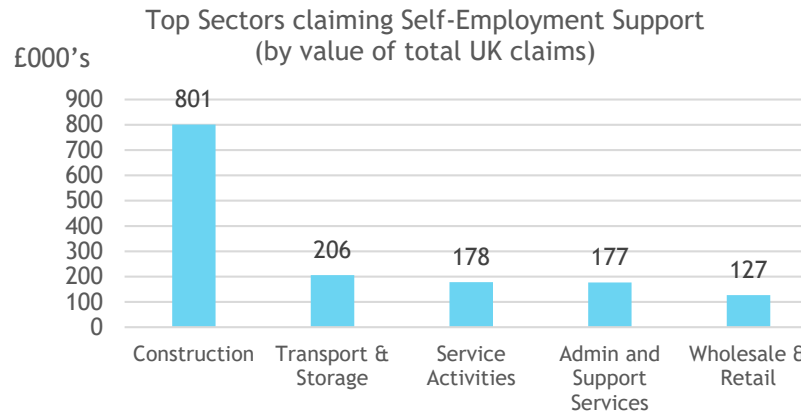
Source: [HMRC Coronavirus Job Retention Scheme Statistics](#)

5% of the West of England's working age population claimed unemployment benefits in May 2020



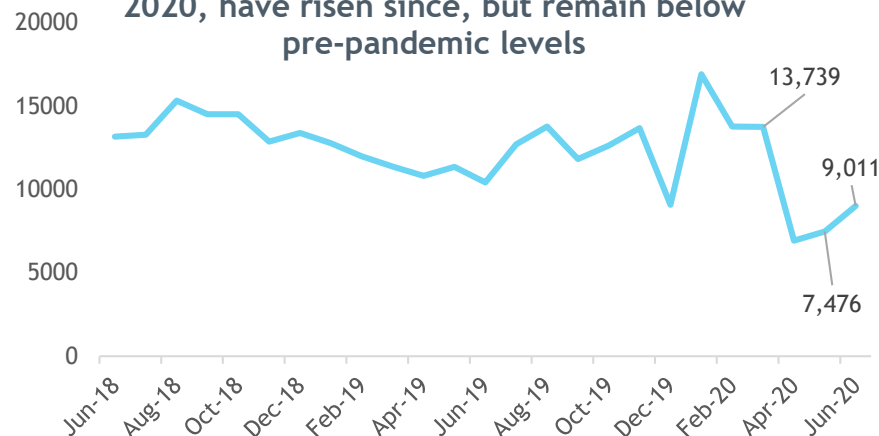
Source: [Nomis Labour Market Profile](#)

41,500 West of England residents have claimed Self-Employment Income Support, and claims amount to £126m



Source: [HMRC Coronavirus Job Retention Scheme Statistics](#)

Vacancies in the WoE fell sharply in April 2020, have risen since, but remain below pre-pandemic levels



Source: Labour Insight

As of 2 July, at a UK level:

45% of people said their well-being was being affected by the pandemic - through stress, anxiety, boredom and loneliness

29% of people expect their financial position to get worse in the next 12 months

35% of people say their work is affected by the pandemic with furlough; changes in working hours; and remote working

32% of people who were asked to send their child back to school chose not to. The majority say they are worried about their child catching Covid-19

Source: [ONS Opinions and Lifestyle Survey \(25-28 June\)](#) 5

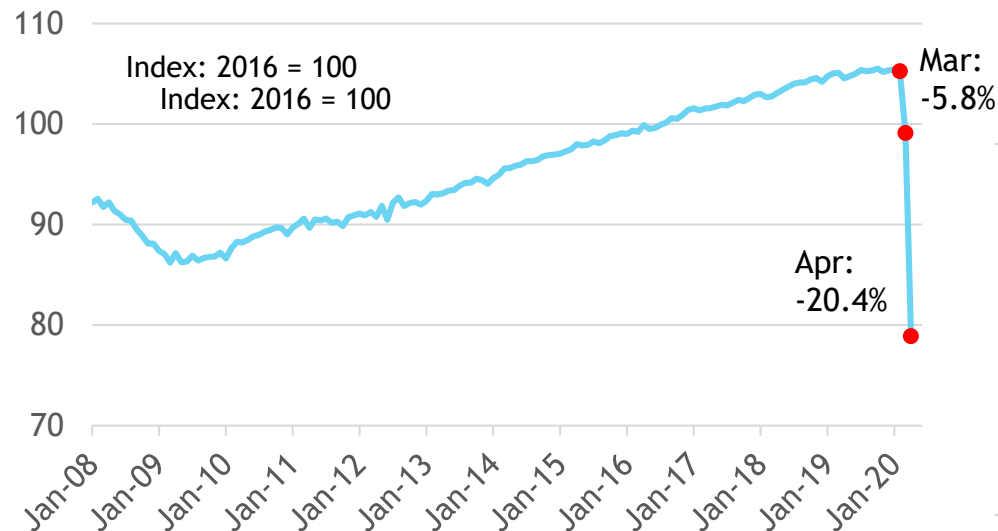
# A. Overview: a severe recession with varied effects on different sectors

The pandemic will have a significant impact on economic output, particularly in the short term:

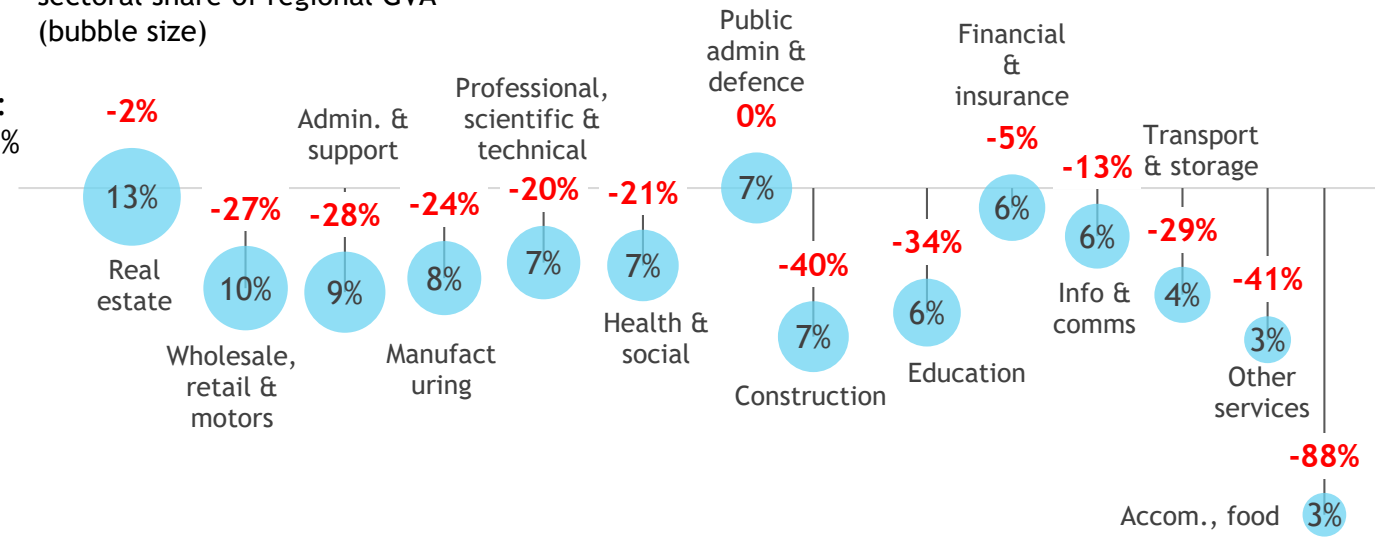
- **UK GDP fell by 10% in the three months to April 2020**, as government restrictions on movement dramatically reduced economic activity. The services sector fell by 9.9%, production by 9.5% and construction by 18.2%. **Monthly GDP fell by 20% in April 2020**, the biggest monthly fall since the series began in 1997.
- The Office for Budget Responsibility has published a [reference scenario](#) (not a forecast) based on a three-month lockdown: “real GDP falls 35 per cent in the second quarter, but bounces back quickly. Unemployment rises by more than 2 million to 10 per cent in the second quarter, but then declines more slowly than GDP recovers.”
- The OBR scenario might see a 36% fall in GDP in the West of England in Q2, on the basis of the regional sectoral mix.

Different sectors are experiencing different impacts, based on ability to work from home, key workers, sickness, and changes in demand:

## UK monthly GDP fell sharply in April:



National growth in April 2020 and sectoral share of regional GVA (bubble size)



# A. Business activity and finance impacts are significant, but some businesses are starting to trade again

Businesses are beginning to reopen, with 14% of businesses closed nationally compared to 24% when lockdown restrictions were first imposed in late March.

## Trading Status:

- The latest [ONS Business Impact Survey](#) (data from 1 to 14 June) reports that **14% of businesses across the UK were temporarily closed or had paused trading in the period 1 to 14 June, compared to 16% in the period 18 to 31 May.** The sectors reporting the largest percentages of closures were arts, entertainment and recreation; and accommodation and food, reporting 59% and 53% respectively.
  - **6% of businesses have started trading within the last two weeks, after having a pause in trading.** This was most common in accommodation and food services, where 19% of respondents from that sector reported reopening within the last two weeks.
  - **10% of businesses did not intend to restart trading in the next two weeks.** The vast majority of these businesses belong to the arts, entertainment and recreation, or accommodation and food services, industries.

## Financial performance:

- Of businesses continuing to trade between 1 and 14 June, **64% reported their turnover had decreased outside of normal range in this period; 21% said financial performance had not been affected; and 9% reported an increase in turnover.**
  - Sectors appearing to be worst hit are arts, entertainment and recreation (86% of businesses report decreased turnover); accommodation and food services (84%); and construction (73%).
  - The main sectors reporting increased turnover were wholesale and retail (19% of businesses); and manufacturing (11%).

## Business Resilience and Confidence:

- All businesses were asked about their cash reserves. **4% reported their cash reserves will last less than 1 month; 21% will last between 1 and 3 months; 18% between 4 and 6 months; and 33% more than 6 months.**
- **4% of businesses have no cash reserves; and 20% are unsure of their financial position.** The accommodation and food service sector reported the largest proportion of businesses with no cash reserves, with 10% of businesses in the sector reporting this.
- [Lloyds Bank Business Barometer](#) revealed that as of 29 May, **business confidence in the South West fell by 16 points to minus 51%, down from positive 16% two months earlier, making the South West the UK's least confident region.**

## A. Business activity: bankruptcies have not risen to date

Some businesses have entered administration or liquidation but so far this appears no higher than the same time period in 2019. The small numbers of businesses in these categories makes it difficult to draw conclusions, but it is possible that the combination of government support schemes and bans on evictions and winding-up petitions are temporarily protecting firms.

### Administration

- As of 7 July, 16 businesses based in the West of England have appointed administrators since 16 March<sup>1</sup>. 25 businesses appointed administrators in the same time period last year.

### Liquidations

- As of 7 July, 160 businesses based in the West of England have appointed liquidators since 16 March<sup>1</sup>, including 5 in July. 184 businesses appointed liquidators in the same time period last year.

Table 1: Businesses entering administration in recent months compared to 2019

Unitary Authority	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Mar - Jul 20	Mar-Jul 2019
Bath and North East Somerset	1	0	0	0	0	1	1
Bristol City	3	3	3	5	0	14	19
North Somerset	0	0	0	1	0	1	3
South Gloucestershire	0	0	0	0	0	0	2
<b>West of England Total</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>0</b>	<b>16</b>	<b>25</b>

Table 2: Businesses entering liquidation in recent months compared to 2019

Unitary Authority	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Mar - Jul 20	Mar-Jul 2019
Bath and North East Somerset	9	4	6	6	0	25	32
Bristol City	25	17	19	20	4	85	109
North Somerset	9	7	6	6	1	29	28
South Gloucestershire	7	5	3	6	0	21	15
<b>West of England Total</b>	<b>50</b>	<b>33</b>	<b>34</b>	<b>38</b>	<b>5</b>	<b>160</b>	<b>184</b>

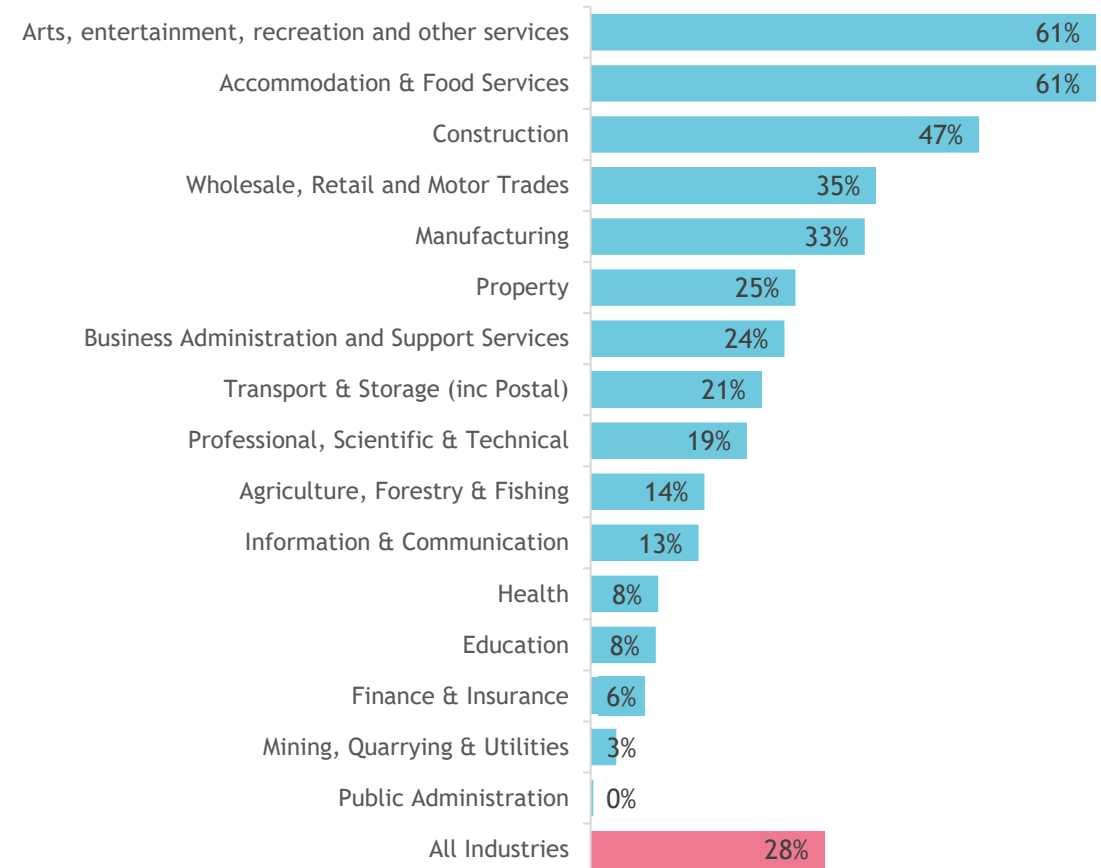
1) 16 March being the date the Government first advised people to work from home and avoid pubs, clubs, theatres and other social venues.



# A. Labour market: 22% of the West of England workforce has been furloughed, and 28% of the UK workforce

- [HMRC Official Statistics](#) reveal as of 5 July 2020, 9.4 million people in the UK have been furloughed, by 1.1 million employers, with claims amounting to £27.4 billion.
- As of 31 May 132,600 West of England employees have been furloughed, representing around 22% of the workforce.
- Nationally furlough levels are highest among the accommodation and food sector (61% of the workforce); arts, entertainment and recreation (also 61%); and construction (47%).
- **Return from furlough:**
  - [The ONS Business Impact Survey](#) (1 to 14 June 2020) found that among the 86% of UK businesses which continue to trade, 8% of their workforce has returned from furlough in the last two weeks.
  - Among the 4% of UK businesses intending to restart trading in the next two weeks, 36% of their workforce are expected to return from furlough.
- **Home working:**
  - Of the 84% of businesses of UK businesses continuing to trade from 1 to 14 June, 41% of the workforce are working remotely.
  - Homeworking is most common in the information and communication sector (79% of the workforce); and education (79%).
  - It is least common in accommodation and food services (7%); and transportation and storage (19%).

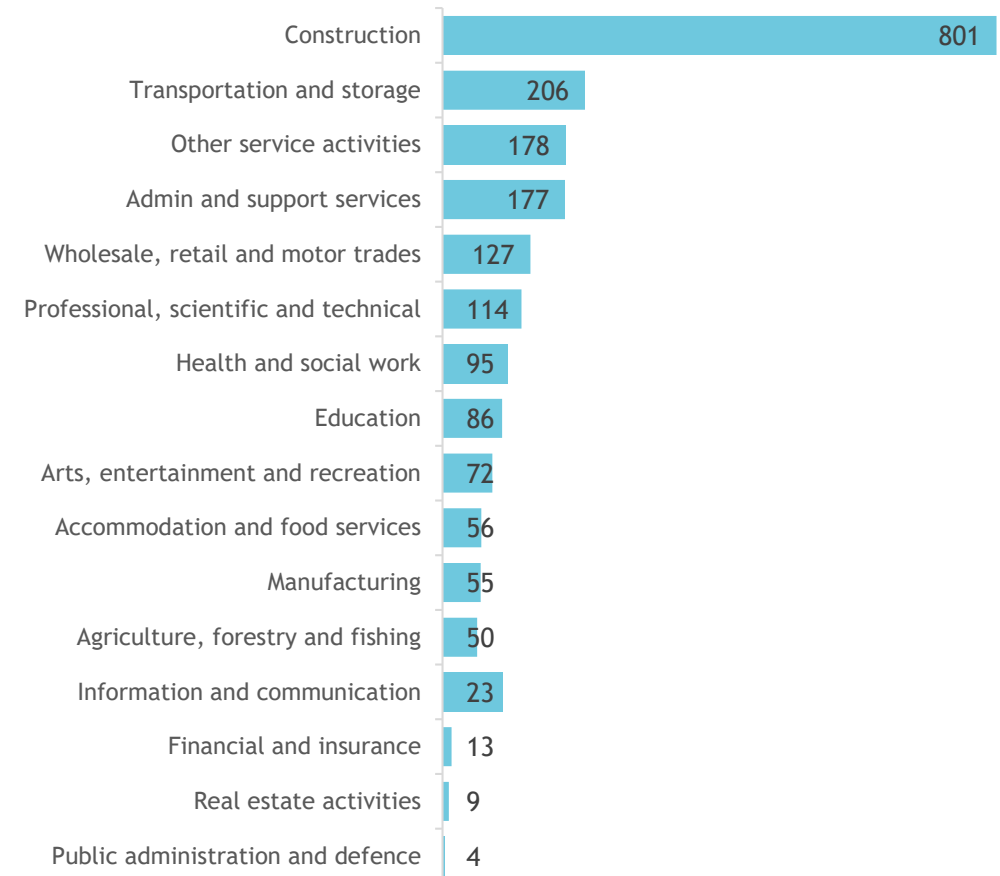
% national workforce furloughed by industry (31 May)



# Labour Market Overview: 70% of West of England residents eligible for the Self-Employment Income Support Scheme have accessed support

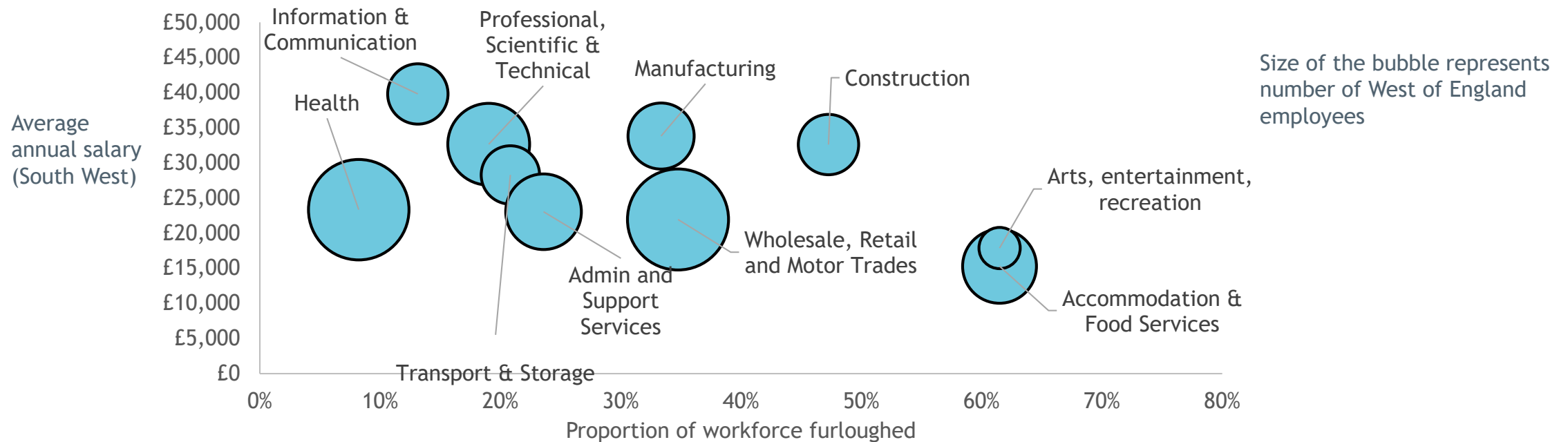
- As of 31 May 2020, 41,500 claims have been made on the Self-employment Income Support scheme by West of England residents, amounting to £126 million.
- This represents 70% of people in the region eligible for the support and is in line with the national average.
- Nationally the industries with most claims are construction (801,000); transportation and storage (206,000); service activities (178,000); and administrative and support services (177,000). This data is not yet available at a regional level.
- Note that not all self-employed people were eligible for this support. Notable exceptions include new businesses, freelancers, and those set up as 1-person limited companies. These figures may therefore underestimate the true impact of the pandemic on the self-employed, and sectors with a high concentration of freelancers.

Total number of claims made by industry as of 31 May  
UK figures (£ thousands)



## A. Labour Market: Distribution of impacts is critical. Many on furlough are likely to be lower-earners

- Those with lower average annual earnings may be most impacted - nationally 61% of the accommodation and food services workforce, and 61% of the arts, entertainment and recreation workforce have been furloughed. In the South West, average annual earnings for these workers in these workers is £15,300 and £17,900 respectively, compared to an average salary of £26,700 across all industries.
- Conversely the information and communication sector, and professional, scientific and technical sectors have each furloughed 13% and 19% of their workforces respectively. Average annual South West earnings for these sectors are £39,800 and £32,600 respectively.
- Some industries may be disproportionately affected by the ongoing limited capacity of nurseries and schools. There are 675,000 households in the South West where all parents in the household are working, of which 620,000 are couple households and 55,000 are lone-parent households.
- The top 5 industries in which working parents with dependent children aged under 16 are employed are: education; health and social work; wholesale and retail; manufacturing; and professional, scientific and technical activities.



# A. Labour market: unemployment rose sharply in May 2020

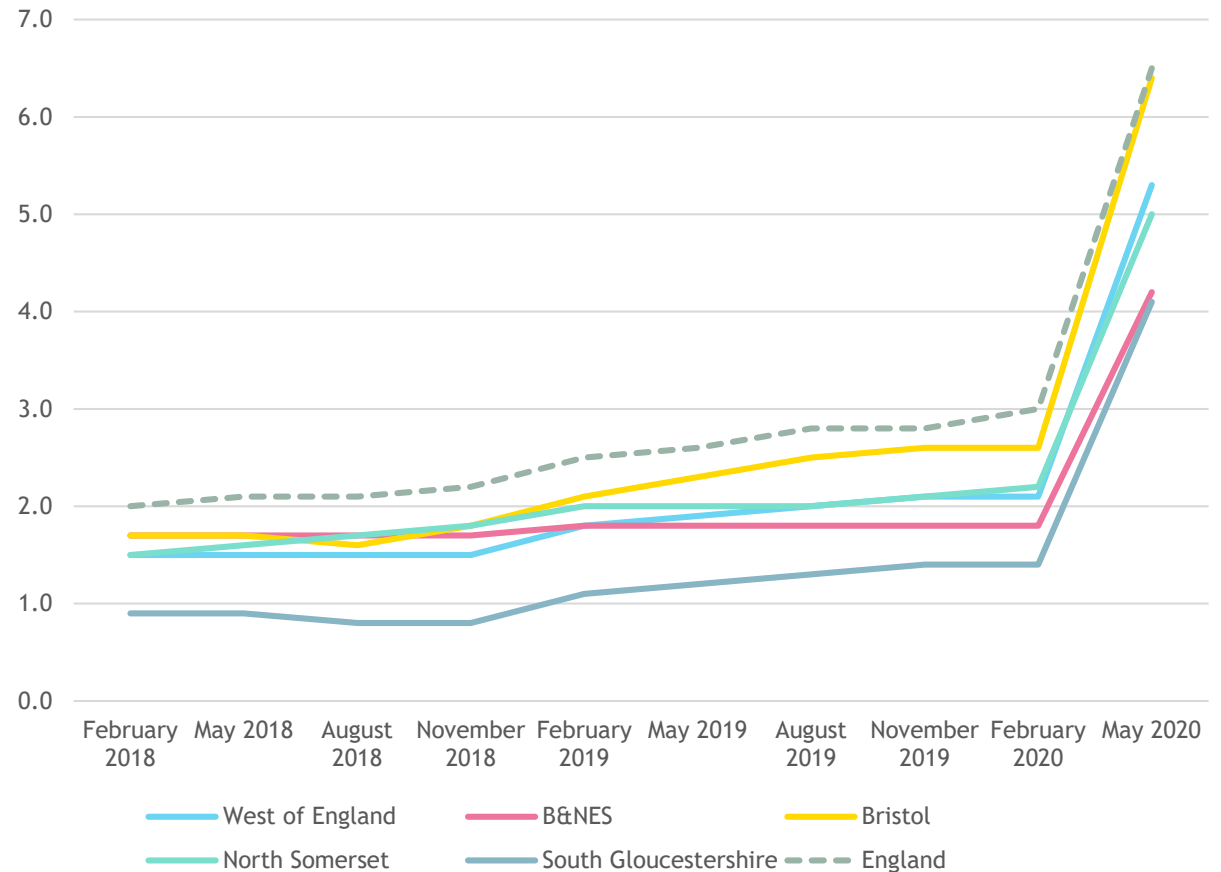
- Table 3 shows the number of people claiming out of work benefits. Around 5% of the region's workforce claimed out of work benefits in May 2020, compared to 4% a month earlier and 2% in Feb 2020 before the pandemic hit.

Table 3: Claimant Count

	Apr 2020		May 2020	
	Number	% workforce	Number	% workforce
Bath and North East Somerset	3,840	3.1	5,260	4.2
Bristol City	14,990	4.7	20,285	6.4
North Somerset	5,100	4.1	6,240	5
South Gloucestershire	5,210	2.9	7,260	4.1
<b>West of England Total</b>	<b>29,140</b>	<b>3.9</b>	<b>39,045</b>	<b>5.3</b>

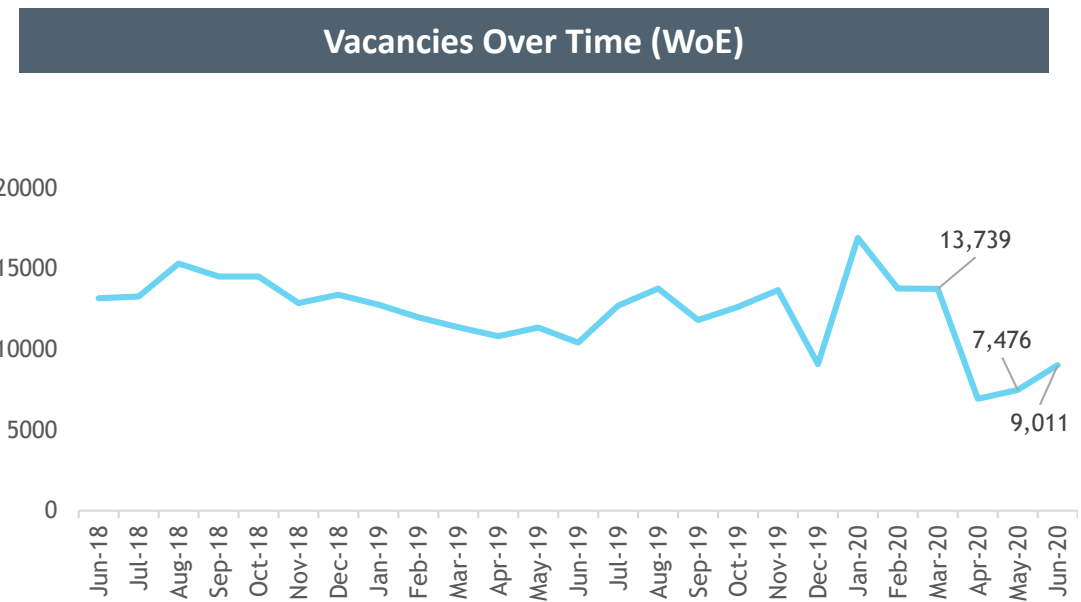
- The [UK unemployment rate](#) for February to April 2020 was estimated at 3.9%, 0.1 percentage points higher than a year earlier but unchanged from the previous quarter. For February to April 2020 an estimated 1.35 million people in the UK were unemployed - 50,000 more than a year earlier.
- The number of people claiming benefits in the UK [rose to 2.8 million in May](#) - an increase of 23% from April 2020, and 126%, or 1.6 million people, since March 2020.


Percentage of Working Age Residents Claiming Unemployment Related Benefits



# A. Labour market: the number of jobs advertised has declined

- There were 9,011 jobs advertised in the West of England in June 2020, up 21% from May 2020. This is however 13% lower than the level of jobs advertised in June 2019.
- The impact of changes in demand as a result of lockdown measures and social distancing became visible in April, with significantly fewer jobs advertised. Throughout May and June this has gradually risen.
- Comparing the type of jobs advertised by industry:
  - Although the total number of jobs advertised remains relatively lower than it was pre-pandemic, several industries saw a rise in demand in June 2020. **Advertisements significantly increased in manufacturing; construction; transportation and storage; professional, scientific and technical industries; and education.**
- Comparing the occupations in demand:
  - Demand for most occupations fell from March to April and has remained low, although there has been an **increase in demand in the last month for IT professionals; Science, Engineering and Technology professionals; and Sales Occupations.**



- 
- ### Top Occupations in June 2020 (WoE)
- Software developer/engineer (527)
  - Nurse (362)
  - Caregiver/personal care aide (277)
  - Teaching Assistant (203)
  - Office/Administrative Assistant (172)

# A. Mobility: Regional mobility fell dramatically but activity is gradually beginning to rise in retail and leisure outlets, and workplaces

- People’s mobility has reduced dramatically and remained low in recent weeks (see chart for Bristol - trends in other West of England LAs are similar).
- As lockdown restrictions ease, workplace activity has gradually risen but remains well below the baseline. Retail and leisure facilities have been hit the hardest but there is some evidence of a rise in activity following the reopening of non-essential retail from 15 June and some leisure from 4 July.
- There are concerns about how willing the public will be to return to businesses. A [Redfield & Wilton Strategies poll for The Daily Mail](#) (19 June) found 80% of respondents said they had not visited a non-essential store in the first week of them reopening, and 2/3 said they had no intention of doing so within the next month.
- The Centre for Cities has launched a [High Street Recovery Tracker](#) which measures how quickly cities are returning to their usual levels of activity. For the period 15-22 June 2020, average footfall in Bristol city centre was around 30% of the pre-lockdown baseline. The chart below shows an index of city centre activity in the last few months.

Visits and length of stay at retail and leisure facilities and workplaces remain low but are rising gradually; charts below for Bristol (in line with other regional UAs)  
Source: [Google Community Mobility Reports](#), 3 July

Retail and recreation

-60% compared to baseline



Workplaces

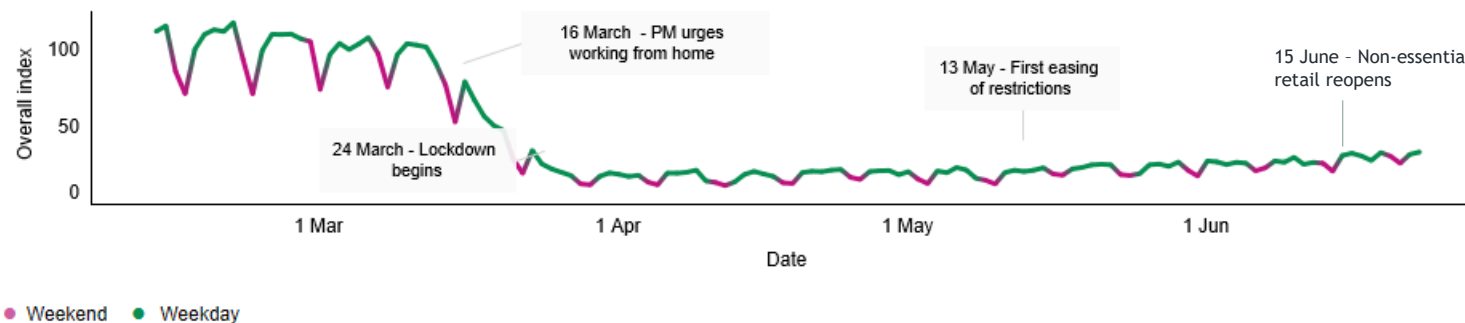
-56% compared to baseline



## Bristol

### Overall recovery index

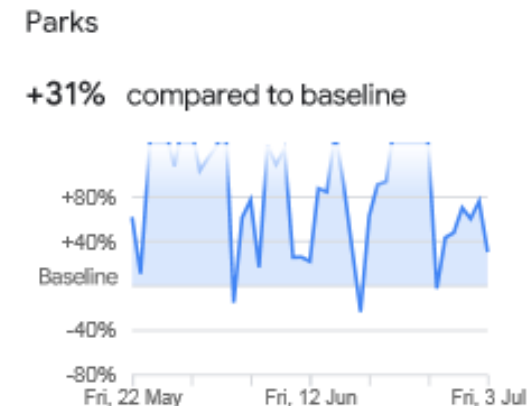
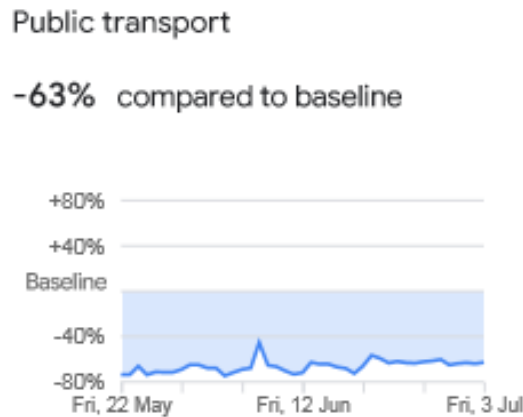
This index looks at everyone who was in the city centre at any time of the day, compared to a pre-lockdown baseline of 100.



# A. Mobility: Regional mobility has remained low in recent weeks, but has risen significantly in parks

- Public transport usage declined sharply and has remained low.
  - Data on pre-pandemic travel patterns provides context to travel planning issues facing the country. **The 2011 Census found that 62% of the West of England workforce travelled to work by car or van; 13% on foot; 6% by bus; 5% cycled; and 3% by train.** 10% mainly worked from home.
  - Car was the most common method of travel across all industries.
  - Some industries are more dependent on public transport than others - those most likely to use the bus work in retail (12% of the workforce); accommodation and food services (11%); and finance and insurance (11%).**
  - Those most likely to use the train work in information and communication, finance and insurance; professional services; and public administration.**

- Visits to parks have risen significantly** in recent weeks - see chart below for Bristol (in line with other regional UAs)
- This is likely due to unusually warm weather; bank holidays and school holidays; and parks being one of the few places the public have been able to access in recent weeks. It should also be noted that the baseline data is taken from January 2020, when people are less likely to visit parks.
- ONS analysis has found **one in eight British households has no garden**, which highlights the importance of parks as a space for exercise and meeting others. **23% of people in the South West are estimated to live within a five-minute walk of a public park; rising to 48% when including playing fields**



## A. Infrastructure: The reduction in mobility is contributing to a decrease in air pollution and shift in energy use

- The effect of this reduction in mobility is reflected in air quality data for the period immediately after lockdown:
  - [Air pollution in Bristol](#) initially fell by more than half compared with last year and [effects were seen globally](#), with global carbon emissions per day in April 17 percent lower than the average daily emissions in 2019.
  - One analysis suggested the [UK's total daily carbon emissions have decreased 36% since lockdown began](#), with a 60% drop in emissions from road transport. Emissions from residential addresses have however risen by 20%.
- However, as lockdown restrictions ease around the world this effect is being diminished. [Daily carbon emissions are still down on 2019, but only by 5% on average globally](#).
- Energy use is shifting as workplace activity reduces:
  - National Grid forecasted a 20% drop in electricity demand, as use shifts from commercial property to homes.
  - [Data from the International Energy Agency](#) (IEA) shows global electricity demand decreased by 2.5% in Q1 2020. Full lockdown measures introduced in March 2020 reduced electricity demand by at least 15% in the UK, France, Italy and Spain.
  - The IEA predicts global electricity demand will fall by 5% in 2020
- Internet usage has risen during lockdown [according to Ofcom](#):
  - Adults spent an average of four hours a day online, up from three and a half in September 2019, as people seek new ways to keep connected, informed and entertained. Younger adults (18 to 24 years) spend an average of 5 hours online each day.
  - 70% of adults made video calls at least once a week in April 2020, compared to 35% in February. Consumption of news sites; communications tools such as WhatsApp; video platforms; and online games have all risen.
  - This highlights the importance of digital access for all



# A. Businesses are taking up available Government support, but some gaps remain

Local authorities in the region are distributing grants to support businesses. As of 5 July, 16,225 grants have been distributed, amounting to £203.4 million in the West of England. Local authorities estimate that 17,499 businesses in the region are eligible for these grants.

- As of 5 July: nationally £30.9bn has been lent in Bounce Back loans of up to £50,000 each; £11.5bn to SMEs under the Coronavirus Business Interruption Loan Scheme; and £2.6bn in loans to larger companies.
- As of 5 July, nationally 2.7 million people have claimed Self-Employment Income Support, with claims amounting to £7.7 billion; and 9.4 million people have been furloughed by 1.1 million employers, at a cost of £27.4 billion.
- The ONS Business Impact Survey found that **nationally, 20% of businesses have applied for a Government backed loan or finance agreement; and 20% applied for a Government grant.**
  - Sectors most commonly accessing loans are accommodation & food services (34% of businesses); and construction (27%)
  - Sectors most commonly accessing grants are accommodation & food services (39%); arts and entertainment (31%); and retail (31%)

**Growth Hub and Unitary Authorities are taking a low number of calls for business support from businesses who remain concerned about these key issues:**

- Ongoing financial support: The majority of calls continue to be from businesses who are struggling financially and have been ineligible for government support schemes, including the Top-Up Grant Scheme. These are predominantly home workers, freelancers and consultants. Numerous businesses in the tourism and festival industry are in desperate need of assistance.
- Workforce: With guidance and timelines for the alternation and closure of the Job Retention Scheme now published, there is growing uncertainty around redundancies in the coming months. This is particularly acute for the tourism and travel sectors, which are likely to be the last sectors able to operate again.

## B. We will assess the impacts on key sectors of the region's economy, including creative and digital; professional services; and aerospace and engineering

We are seeking real-time indicators of economic conditions to assess the actual impacts on key sectors of our economy, but these are currently limited. We will develop our understanding of how sectors of our economy are affected by gathering business intelligence and identifying support needs through our Economic Recovery Taskforce. Key sectors we are exploring include, but are not limited to:

- **Creative and Digital:** This sector is facing cashflow issues. A large number of businesses had been ineligible for grant support due to working out of co-working spaces and incubators, but should now be eligible under new government grants which went live on Wednesday 13th May
  - National [GDP figures](#) for February to April 2020 reveal that the information and communication sector activity fell by 6.1% in that period
  - [A national survey by the Creative Industries Federation](#) reports that around 40% of creative organisations estimate their income has decreased by 100% since the outbreak
  - [A national survey of scaling tech companies](#) revealed that 77% expected cashflow to be impacted by recent events; 50% planned to furlough staff; and 35% planned to access the loan scheme.
  - [The national Tech Tracker Survey](#) found only 32% of tech start-ups are “confident” or “very confident” that their turnover will grow in the year ahead, marking a 44% drop since the last quarter and an annual drop of 47% from when the first *Tech Tracker* survey was conducted in March 2019; 54% said they were “very worried” about the impact of coronavirus on their business
- **The manufacturing sector**, which includes the region's aerospace and advanced engineering firms, has been seriously impacted, with less demand for orders and supply chain issues.
  - National [GDP figures](#) for February to April 2020 reveal the manufacturing sector provided a negative contribution to the economy in this period, falling by 10.5%. The most notable contributor was the manufacture of transport equipment, which fell by 28%
  - [Airbus has announced](#) it plans to cut 1,700 jobs in the UK, as part of 15,000 global job losses. 300 of these job losses are expected to impact the Filton, Bristol site, and the remaining 1,400 will affect the North Wales site.
  - [Rolls Royce has announced its intention](#) to cut 9,000 jobs globally part of a “major reorganisation” of the business to adapt to a fall in demand. It has confirmed 50 of these cuts will be from the Filton site.
  - Results from the [manufacturing barometer survey](#), organised by the South West Manufacturing Advisory Service reveal that 80% of businesses had seen a fall in production volumes since the lockdown began and 54% of firms believe they will need to cut job in the next six months.
- The **professional service industries** are more likely to be able to operate, with staff more likely to be working from home, but will face challenges with staff sickness and lower demand.
  - GDP figures for Feb to April 2020 show financial and insurance activity fell by 1.5%; administrative and support activities fell by 15.7%; and professional, scientific and technical activity fell by 6.8%.

## B. There are significant challenges for many sectors, including businesses in retail and tourism

- **Retail:** Nationally, retailers are facing issues due to store closures and social distancing. Several well-known chains with outlets in the West of England have appointed administrators, including Debenhams; Cath Kidston; Oasis and Warehouse; Brighthouse; and Go Outdoors. Primark, which has no online provision reported sales of zero in the month following lockdown, down from an average of £650 million per month.
  - National [GDP figures](#) for February to April 2020 reveal that the wholesale, retail and motor trade sector contributed negatively to the economy, falling by 14.5%.
  - National [Retail sales in March fell by 5%](#). Clothing stores saw a sharp fall compared to the previous month, at negative 35%. Food stores however saw a record growth of 10%. GDP figures for Jan to March 2020 reveal that the sector contributed negatively in this period, with a fall of 3%.
- **Tourism:** The tourism sector, including hospitality and cultural destinations, has seen similar issues with enforced closures.
  - Accommodation and food services have been hit hard, with GDP figures for February to April 2020 revealing a 41% drop in sector growth
  - **Events and Festivals:** The Bristol Culture Survey also reported that 42% of cultural organisations had cancelled events, and a further 26% had postponed, at a combined cost of £3m. 65% of respondents will not be covered by insurance. Staff in this sector are at risk - there are over 3,500 freelancers reported, in addition to core staff of 300. Many organisations will have to end all freelance contracts.
  - **Tour Operators:** Several airlines and holiday providers have reported serious issues, with [Tui reporting](#) 8,000 jobs are at risk; [Ryanair cutting 3,000 jobs](#); [British Airways anticipating](#) 12,000 redundancies; and [Virgin Atlantic](#) proposing 3,000 redundancies.
  - **Hotels:** Specialist Leisure Group, which operated several businesses providing coach holidays across the UK, including Shearing's and National Holidays, [has entered administration](#), resulting in 2,500 job losses. The group owned hotels in Weston-Super-Mare (The Grand Atlantic) and Bath (Country Living Lansdowne Grove), which will not reopen, and enabled significant tourism in the region through its low-budget holidays.

## C. This week, the Government has announced further support for businesses and workers





- On 1 July, the "Flexible Furlough Scheme" was launched. Firms will now be given the flexibility to decide the hours and shift patterns of their employees, allowing them to return part-time, with the Government continuing to pay 80% of salaries for the hours they do not work
- The government has launched the Sustainable Innovation Fund, a £200m package which will provide funding to keep cutting-edge projects and ideas alive. Projects should have a focus on encouraging climate-positive behaviours.
- MHCLG has announced a major new support package of £500m to help councils respond to coronavirus announced as part of comprehensive plan to ensure councils' financial sustainability for the future
- The Government has announced a £1.57bn support package for the culture, arts and heritage sector. Funding will help museums, theatres and other cultural venues to stay afloat, while they are still unable to open up from lockdown.
- On July 8, [the Chancellor's Summer Statement](#) announced a package of new measures to support employment and skills; infrastructure; and businesses, including:
  - A Jobs retention bonus of £1,000 for firms retaining furloughed staff
  - Package of support for young people, including a 'kickstart scheme' funding work placements, and support to businesses recruiting trainees and apprentices
  - VAT cut from 20% to 5% for hospitality sector, and discount on restaurant meals in August
  - Green homes grant to subsidise energy efficiency improvements, and grants to public sector to improve energy efficiency
  - Temporary cut to stamp duty until 31 March 2021

# D. The Government is continuing with its lockdown exit strategy

On Sunday 10<sup>th</sup> May, the Prime Minister announced the Government’s official lockdown exit strategy in a command paper [Our Plan To Rebuild: The UK Government’s COVID-19 recovery strategy](#) and set out the staggered relaxation of lockdown measures over three stages. As of Saturday 4 July, England has entered Stage 3 of the lockdown, meaning the majority of businesses and institutions will be open to the public, provided they are able to comply with “COVID-secure” guidelines. Below is information about sectors still in lockdown, and any updates from the government

Sector	Businesses still in lockdown	Updates from Government
Retail & Hospitality	<p>The following retail operations remain closed:</p> <ul style="list-style-type: none"> <li>Nightclubs</li> <li>Casinos</li> <li>Bowling alleys</li> <li>Nail Salons</li> <li>Beauty Parlours</li> <li>Massage Parlours</li> <li>Tattoo studios</li> </ul>	-
Culture & Tourism	<ul style="list-style-type: none"> <li>Theatres may open, but are not allowed live performers on stage</li> <li>Music Venues are open, but are not allowed live performers on stage</li> <li>Conference Centres are only open to people who already work there</li> <li>Youth Hostels remain closed</li> </ul>	<ul style="list-style-type: none"> <li>A £1.57bn support package for the Arts, Culture and Heritage sectors was announced on 6 July</li> <li>On 5 July, it was announced that a series of agreements have been reached that that will allow selected international sporting events and production on some of the biggest film and television productions to get underway safely this summer</li> </ul>
Sport & Leisure	<ul style="list-style-type: none"> <li>Indoor gyms, indoor fitness centres and indoor dance centres remain closed</li> <li>Indoor play areas, including soft play, remain closed</li> <li>Swimming baths and water parks remain closed</li> <li>Spas remain closed</li> <li>Outdoor team sports remain prohibited</li> <li>Skating rinks remain closed</li> </ul>	<ul style="list-style-type: none"> <li>On 3 July, it was confirmed that recreational cricket games will be permitted from 11 July</li> <li>On 5 July, it was announced that a series of agreements have been reached that that will allow selected international sporting events and production on some of the biggest film and television productions to get underway safely this summer</li> </ul>
Transport	<ul style="list-style-type: none"> <li>Face coverings are compulsory on all public transport settings</li> <li>Government still advise against all but “non-essential travel”</li> <li>Travellers may be required to self-quarantine for 14 days upon arrival to the United Kingdom</li> </ul>	<ul style="list-style-type: none"> <li>On 6 July, the Government announced a list of 60 countries that are part of “travel corridors”, meaning that people who have visited those countries and are returning to the UK, or people who are visiting from these countries will no longer need to self-quarantine upon arrival in the UK</li> </ul>
Second Wave & Local Lockdowns	<ul style="list-style-type: none"> <li>The government has advised that the relaxing of lockdown has always been “led by the science”, and that lockdown measures could be tightened, as well as relaxed, depending on infection rates</li> </ul>	<ul style="list-style-type: none"> <li>On 28 June, Leicester entered <a href="#">into a local lockdown</a>, following a rise in infection rates in the area. Relaxation measures due 4 July did not come into effect in Leicester, non-essential retail and schools were required to close</li> <li>On 2 July, it <a href="#">was announced</a> that WECA’s constituent Unitary Authorities had published their own Local Lockdown Management Plans</li> </ul>

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For further information on support available to businesses, visit the West of England Growth Hub: [wearegrowth.co.uk](http://wearegrowth.co.uk)