

West of England Economic Briefing on Covid-19 Business Impacts

12 November 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. The West of England Regional Recovery Taskforce, a partnership between the West of England Combined Authority, the Local Enterprise Partnership, businesses, universities and the region's councils, recently published our [Recovery Plan](#).

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.

There are two broad sections of the briefing:

- A. State of the national and regional economy
- B. Government Support and details of areas under local lockdowns across England

Updates this briefing

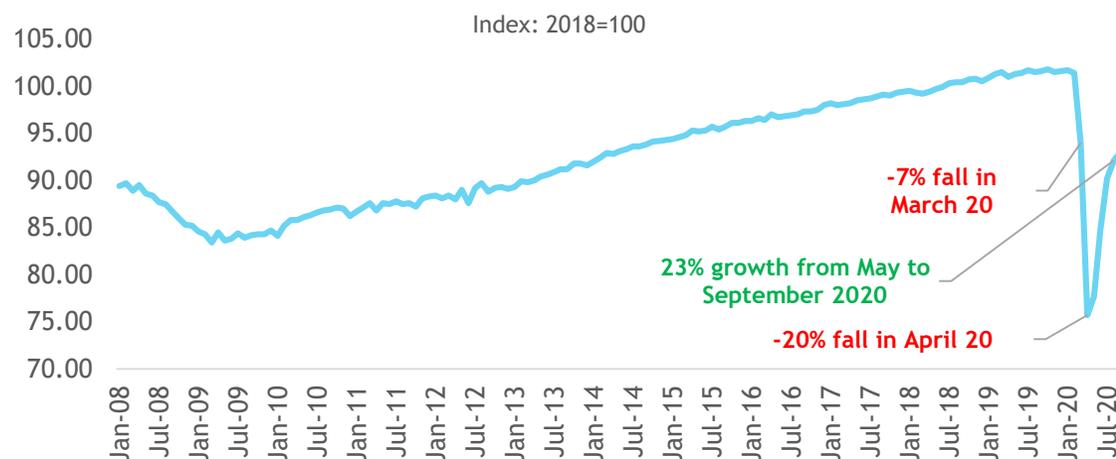
For ease of reference, this brief collates material from over the past few months. The key updates in this briefing are:

Section	Updates	Pages
A	Overview: <ul style="list-style-type: none">UK GDP has grown 23% from May to September 2020 but is 8% smaller than in February.There is a marked difference in certain sectors and how they have recovered over the pandemic, compared to February to September.	4-5
A	Business activity: <ul style="list-style-type: none">57% of active UK businesses which have seen increased home working reported productivity has stayed the same, with 19% reporting a decrease and 14% reporting an increase.The number of start-ups in the region has fallen but liquidations reported since 16 March 2020 does not differ markedly from last year.	6-8
A	Labour market: <ul style="list-style-type: none">5.0% of the region's workforce claimed out of work benefits in October 2020 (37,405 residents).Job vacancy data is continuing to rise but is 15.3% lower than in January 2020.	9-11
A	Mobility: <ul style="list-style-type: none">Mobility data on retail and leisure activity and the use of public transport is appearing to fall in the region.	12-14
B	National Lockdown <ul style="list-style-type: none">On 5 November, enhanced lockdown measures were imposed across England.Government support packages have been announced or extended to support people and businesses during this second lockdown.	15-17

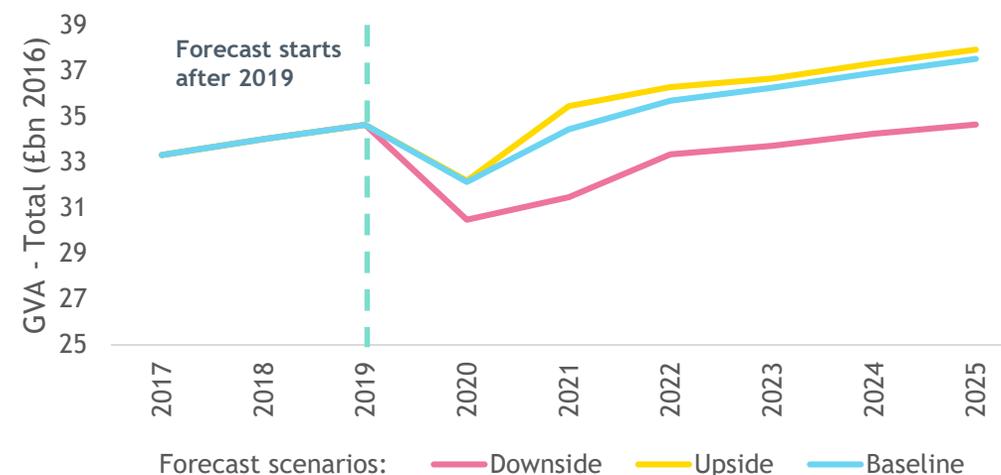
A. Overview: The economic impacts have been significant and the recovery is uncertain

- UK quarterly Gross Domestic Product (GDP) was estimated to have grown by over 15% in the third quarter (July to September) of 2020. This means the UK is no longer in a recession, as per the definition of two consecutive quarters of negative growth.
- An increase of monthly UK GDP levels has been recorded from May, with growth of over 23% from then to September. This was after a 20% fall in April and a 7% fall in March. Real UK GDP is currently at a level last seen in 2014.
- The chart on the right below shows three scenarios produced by Oxford Economics to 2025 for the West of England’s economic output:
 - In the baseline scenario, the local economy returns to its peak before the pandemic by the end of 2021, with an estimated contraction of 7% in 2020. This scenario is based on lockdown measures being fully lifted by early 2021, with no second wave of infections and a vaccine widely available in Q1 2021.
 - In the upside scenario, with an assumption of faster medical advances, the local economy recovers to its peak by 2021.
 - In the downside scenario, lockdown is extended through the third quarter of 2020 and there is a larger, longer lasting negative effect from the pandemic (from a second wave of infections, financial crisis or government implementing austerity measures). The local economy takes until 2025 to recover. A decline of 11% is estimated under this scenario for 2020.

UK monthly GDP has returned to growth since May but is 8% smaller than in February



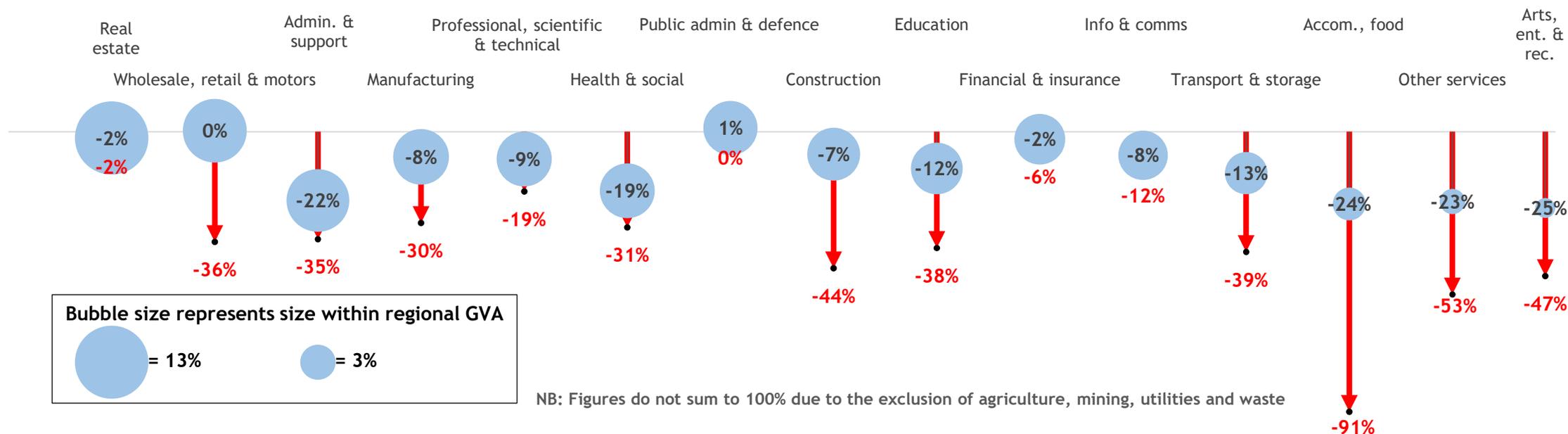
Oxford Economics: There is uncertainty in the recovery of the West of England’s economic output



A. Overview: Key sectors of the economy have been impacted differently

- The chart below shows the impact on Gross Value Added (GVA) of key sectors of the economy at a UK level. The size of the bubble represents the percentage of regional GVA the sector accounted for in 2018, whilst the distance from the horizontal line indicates the change in GVA from February to September 2020. This distance is given by the number within the bubble. The red arrow represents the change in GVA between February to April 2020.
- Almost all sectors have experienced a drop in economic output, but some have been clearly more adversely impacted than others. GVA data for the accommodation and food service sector has shown recovery after being the most severely hit in April.

GVA change (%) in UK for various sectors from February to April 2020 and to September 2020



A. Business activity: Different industries are reporting different impacts on their trading status, financial performance and productivity

Trading status:

75% of accommodation and food services companies reported they were trading in the UK between 5 to 18 October, which is the lowest of all industries and compares to an average of 85%. Arts, entertainment and recreation and administrative and support activities also reported under 80%. Human health and social work activities, real estate activities and water and waste activities were reported to be the least affected.

Financial performance:

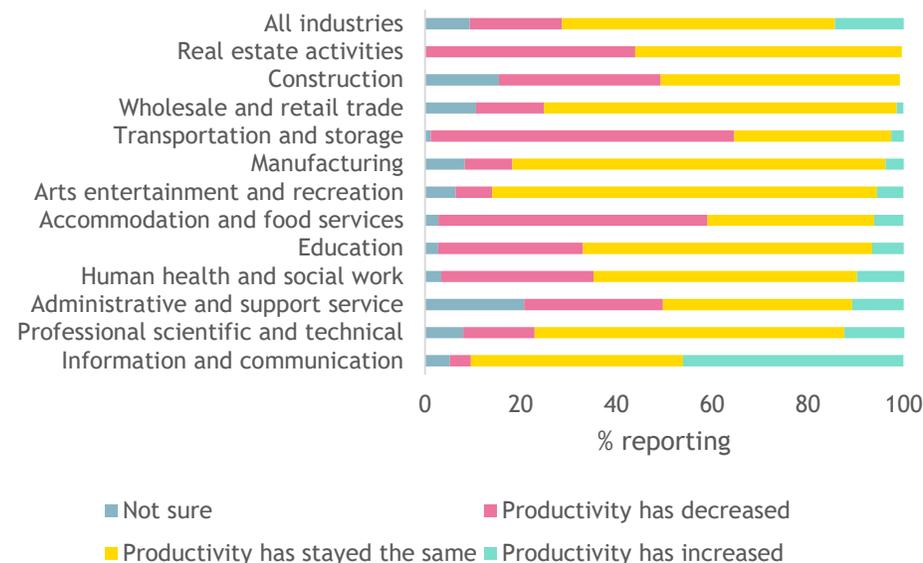
There were three industries where more than half of the respondents reported a decrease in revenue, with 72% of accommodation and food services companies reporting a fall. Arts, entertainment and recreation and education were the other two, at 69% and 57%.

Productivity:

Of the active businesses in the UK that had more staff working from home, 19% reported a decrease in productivity, 14% reported an increase and 57% believe it has stayed the same. The information and communication sector reported the greatest increase in productivity, where 46% responded positively and only 4% negatively. Accommodation and food services and transportation and storage were the two industries that reported more strongly that they have seen productivity decline.

The data on this page is from survey responses for the period 5 to 18 October and covers a period of different restrictions and tier systems across the UK.

UK reported productivity changes for businesses with increased home working



A. Support received by businesses in the region and the UK

Businesses have received:

£40.2bn lent across the **UK** in Bounce-Back loans
(as of 18 October)

£770.8m lent to **UK businesses** in convertible loans as part of the Future Fund scheme
(as of 18 October)

16,816 grants totalling £210.9m (under the Small Business Grants Fund scheme and Retail, Hospitality and Leisure Grants Fund scheme) have been distributed by **West of England local authorities**
(as of 31 August)

£17.2bn lent to **UK Small and Medium Enterprises (SMEs)** and £4.6bn to **larger UK businesses** in Business Interruption Loans
(as of 18 October)

82,300 claims for £232.2m have been made on the Self-Employment Income Support Scheme (SEISS) by **West of England residents**
(as of 31 August 2020)

A. Business activity: Liquidations appear not to have risen to date but business start-ups have fallen in the region

Some businesses have entered liquidation but so far this appears no higher than in the same time period in 2019. It is possible that the combination of government support schemes and bans on evictions and winding-up petitions have helped protect firms.

We have taken data since 16 March, as this was the date that the Government first advised people to work from home and avoid pubs, clubs, theatres and other social venues.

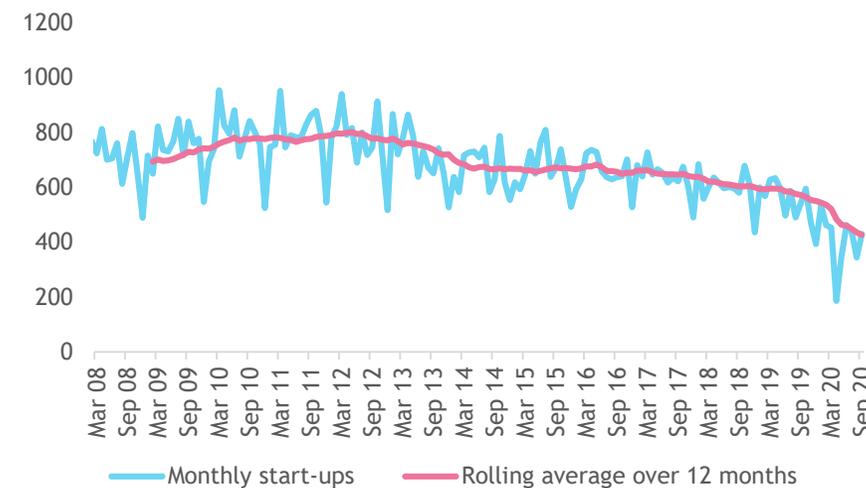
	16 March -31 October 2020	16 March -31 October 2019
West of England Reported Liquidations	294	351

The number of start-ups has fallen since the pandemic started, according to data from BankSearch.

There has been a year-on-year drop of 24% of estimated new start-ups in the region. This is equivalent to 1,700 less businesses, when comparing the year to September 2020 against the same period the year before. This is an acceleration of a downward trend that has already been occurring before the pandemic.

Current data from The Gazette on company incorporations with registered addresses that include either the words “Bristol”, “Bath”, or “Weston-Super-Mare” also shows a similar trend of a fall in new company incorporations over the last year.

Estimated new business start-ups in the West of England



A. Labour market: Residents have accessed furlough and self-employment income support schemes

- 7.7% of the UK workforce were estimated to remain on furlough leave through the Coronavirus Job Retention Scheme (CJRS), based on the most recent ONS Business Impact of Coronavirus Survey between 5 to 18 October 2020. This was estimated at 30% in early June and 27% of the arts, entertainment and recreation sector and 18% of the accommodation and food services sector were estimated to still be on furlough.
- As of 31 August 2020, 53,800 West of England employees were on furlough, representing around 10% of those eligible. Please note this data is the most recent available but is at an earlier date than the estimation above for the UK.
- As of 18 October 2020, a total of 9.6m people in the UK have been furloughed at some point, by 1.2m employers, with claims amounting to £41.4bn.
- As of 31 August 2020, 82,300 claims have been made on the Self-Employment Income Support Scheme (SEISS) by West of England residents, amounting to £232.2m. This includes the first and second tranches of the scheme.
- As of 18 October 2020, in the UK there were a total of 2.7m claims for the first tranche of SEISS, at a total value of £7.8bn and 2.3m claims for the second tranche, at a total value of £5.9bn.

- Recent Government analysis estimates that 90% of employees who left the CJRS in the UK between April and July this year were still on their original payroll in August. The below table shows the percentage of employees remaining on their original payroll for different sectors in the UK.

Sector	Percentage (%)
Agriculture, forestry and fishing	90
Mining and quarrying	90
Manufacturing	93
Energy production and supply	93
Water supply, sewerage and waste	91
Construction	93
Wholesale and retail; repair of motor vehicles	92
Transportation and storage	92
Accommodation and food services	85
Information and communication	87
Finance and insurance	88
Real estate	92
Professional, scientific and technical	89
Administrative and support services	85
Public administration and defence; social security	97
Education	90
Health and social work	90
Arts, entertainment and recreation	88
Other service activities	84

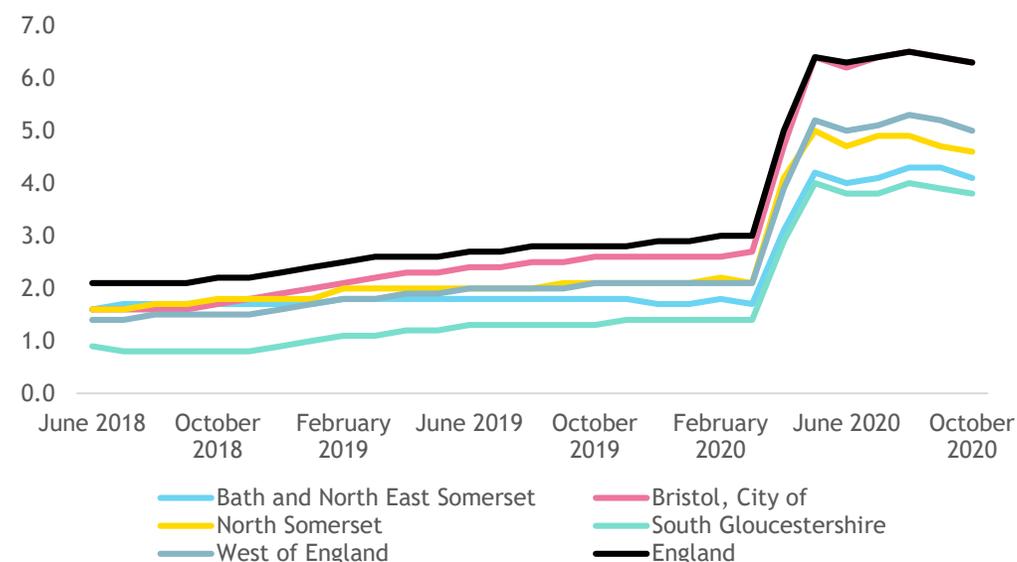
A. Labour market: Data on unemployment benefit claims rose sharply in April and May but now appears more stable

- The below table shows the number of people claiming out of work benefits. 5.0% of the region’s workforce claimed out of work benefits in October 2020 (37,405). This is similar to the reported figure for September 2020 and lower than the average figure for England.
- 5.1% of the region’s population of 16-24 year olds claimed out of work benefits, which is below the national average of 7.4%.
- All four unitary authorities in the West of England saw a spike in the number of claimants in April and May 2020. This has appeared relatively stable since but there are now 21,630 more claimants in the West of England than there were in February 2020.
- The ONS estimates that there were 314,000 redundancies between July to September 2020 in the UK. This number does not consider any planned redundancies.

Other measures of unemployment data help give a fuller picture:

- The estimated unemployment rate for the UK was 4.8% for July to September 2020, which is 0.9% higher than the year before.
- The total level of hours worked in the economy fell by 18% on a quarterly basis in Q2 in the UK.
- PAYE data shows that the number of employees on a payroll at October 2020 in the UK is estimated to have fallen by 2.1% since February this year.

Working age residents claiming unemployment related benefits (%)



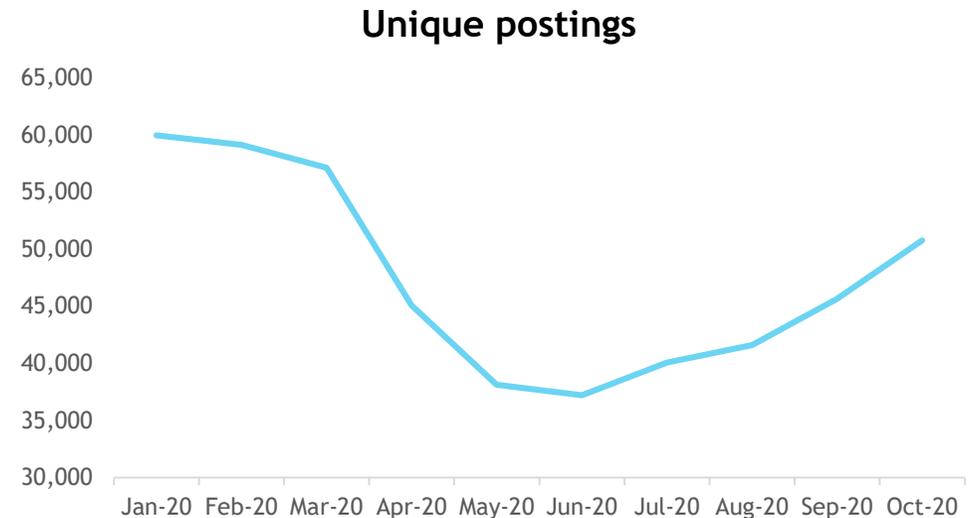
	September 2020		October 2020	
	Number	% workforce	Number	% workforce
Bath and North East Somerset	5,295	4.3	5,065	4.1
Bristol City	20,435	6.4	19,975	6.3
North Somerset	5,855	4.7	5,655	4.6
South Gloucestershire	6,955	3.9	6,705	3.8
West of England Total	38,540	5.2	37,405	5.0

Labour market: Job adverts declined sharply in April but have risen since

- According to the EMSI job-postings analysis tool, there were 50,784 unique job postings advertised in the West of England in October 2020, up over 11.2% from September 2020. This suggests some level of recovery in terms of available jobs last month. However this is 15.3% lower than the jobs advertised in January 2020.
- The impact of changes in number of jobs available as a result of lockdown measures and social distancing became visible in April, with significantly fewer jobs advertised.
- Comparing the type of jobs advertised by industry, nearly all industries saw a rise in job postings in October 2020.

Job postings levels and associated analytics are highly sensitive to the web-scraping tool used. Sensitivity analysis has been undertaken and, although levels differ between tools, trends over time are similar - analysing trends rather than totals is therefore advised.

Vacancies over time (West of England)



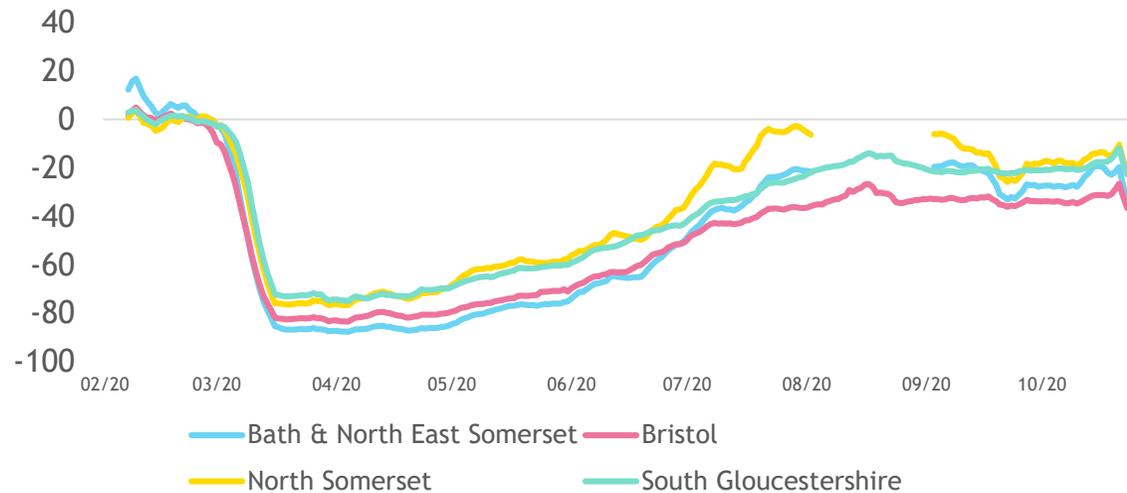
Top occupations in October 2020 (West of England)

- Nurse (2,849)
- Programmers and software development professionals (1,928)
- Sales account and business development managers (1,349)
- Care workers and home carers (1,349)
- Van drivers (1,321)

A. Mobility: Retail and leisure activity has been struggling to return to pre-lockdown levels

- Lockdown restrictions were introduced on 5 November that closed many non-essential retail and recreation locations.
- People’s mobility initially reduced dramatically compared to a pre-pandemic baseline of early 2020 but has risen since then. There has been a fall recently coincides with the start of the most recent lockdown.
- Data from the Broadmead Business Improvement District suggests total footfall for October was nearly 30% down when compared to the previous year for Broadmead East, Bristol. There was a year-on-year reduction of 34% in car park sales in Bristol in September 2020, based on data from Destination Bristol Business Barometer.

Retail and Recreation
Google Trends data (7 days rolling average)

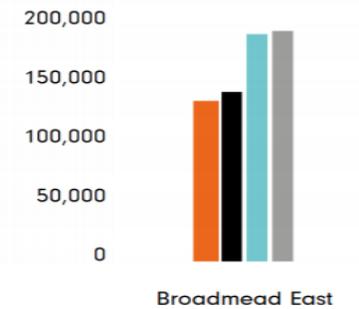


NB: Google Trends data is missing for Bath & North East Somerset and North Somerset at dates between August and September

Footfall by location

The figures shown below are calculated using weekly averages.

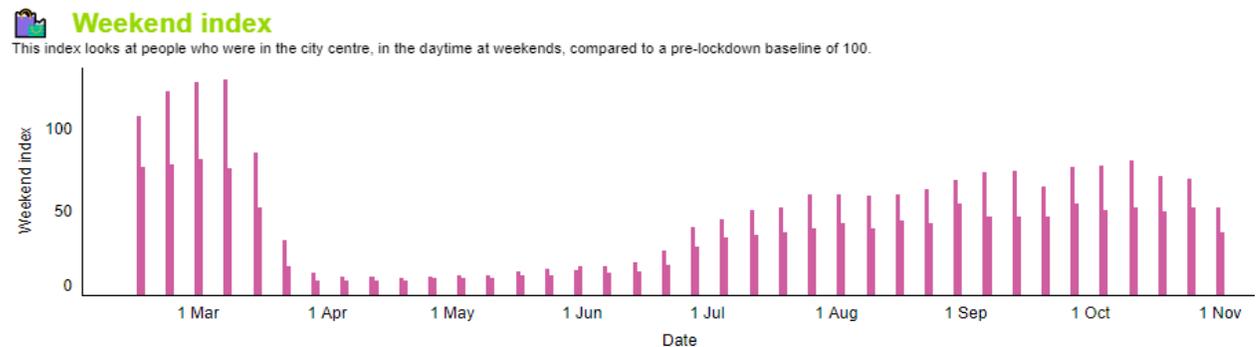
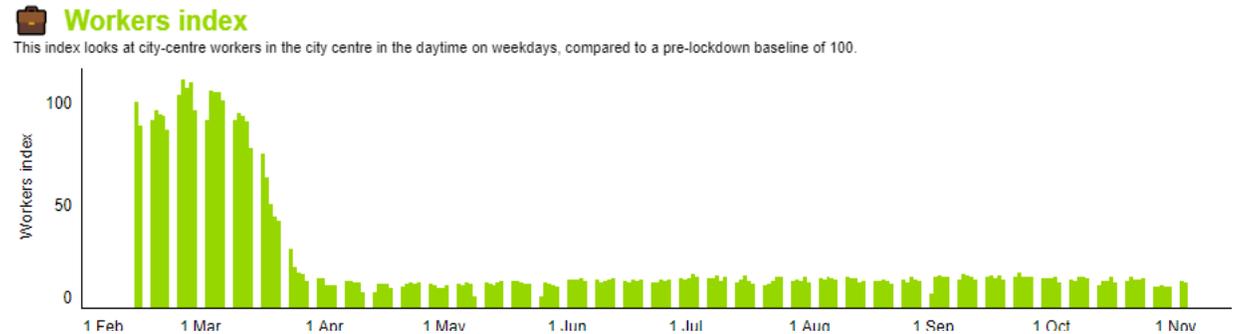
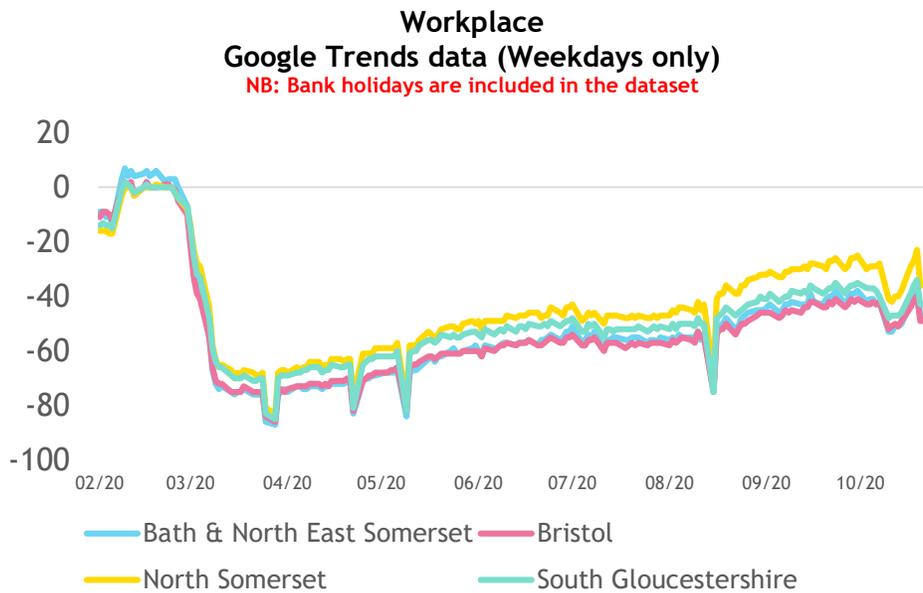
Legend: This month (orange), Previous month (black), Previous year (teal)



This Month	129,647
Previous Month	138,450
Previous Year	184,172
2 Years Ago	186,914
Year on Year %	-29.6 %

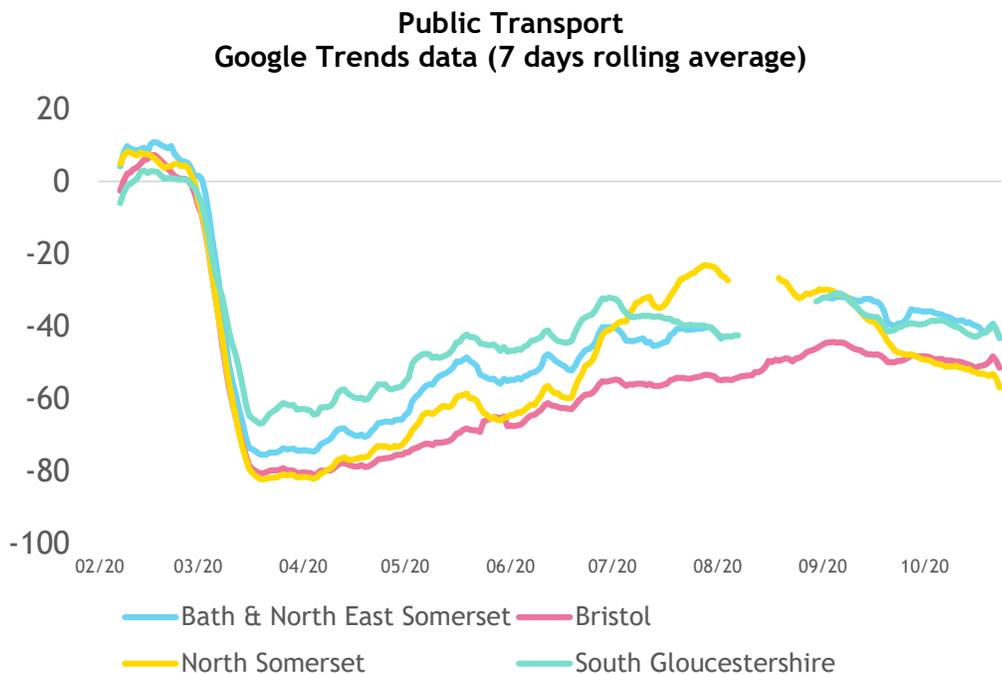
A. Mobility: The speed and extent of a return to workplaces is uncertain

- The recent national restrictions do not stop people from travelling to workplaces. However those who can work effectively from home have been asked to do so.
- The most recent Google Trends data below shows that for all four unitary authorities, time spent at a workplace has fallen over the first two days of the current lockdown. The recent dip and rise in data appears to capture the half-term week.
- Data from Centre for Cities High Streets Recovery Tracker, for Bristol (below right), shows that their Workers index has not shown the same level of recovery as their Weekend index, highlighting both that there has not been the same type of recovery for workplaces as leisure activity in Bristol city centre and without the apparent rise in the Google Trends data. This data only considers city centre workers whilst Google Trends is for all workplaces.

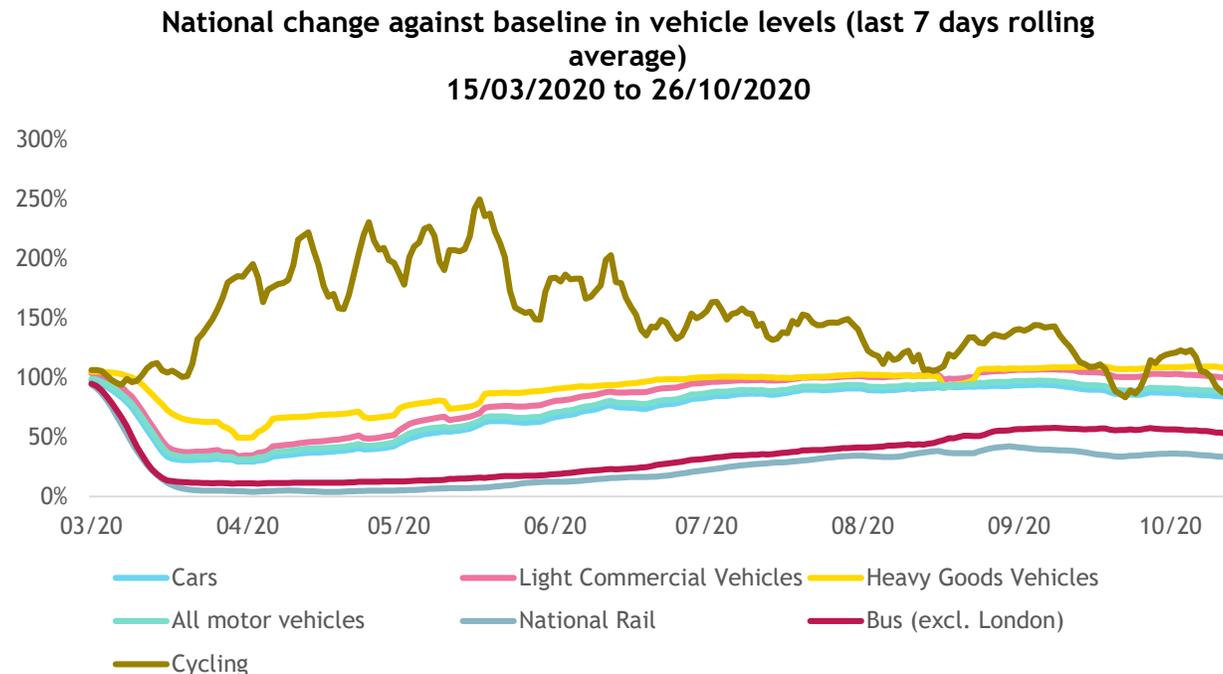


A. Mobility: Public transport usage in the region appears to have fallen recently

- Google Trends data has shown a fall in recent times for the unitary authorities and use of public transport.
- Department for Transport (DfT) data shows that nationally, rail usage is around 34% of pre-pandemic levels and bus use (excluding London) is around 52%. Average car usage in a week is currently around 84% of pre-pandemic levels.



NB: Google Trends data is missing for Bath & North East Somerset, North Somerset, and South Gloucestershire at dates between August and September



B. New lockdown restrictions in England

- New lockdown measures came into effect across England on 5 November.
- These measures will remain in place until 2 December, when regions will be reallocated to Local Covid Alert tier levels of “Medium”, “High” or “Very High”, depending on local infection rates.

Meeting Indoors 	Meeting Outdoors 	Weddings and Funerals 	Working from home 	Exercise 	Entertainment and tourism 	Healthcare Services 
You cannot meet anybody socially indoors unless they are in your household or support bubble.	You can meet with 1 person from another household in outdoor public spaces, following social distancing. Children under 5 and anyone dependent on continuous care do not count towards the 2 person limit.	Weddings and civil partnership ceremonies can only take place where one of those getting married is seriously ill and not expected to recover. Funerals can take place with up to 30 people in attendance.	You must work from home if you can. If you cannot work from home you should continue to go to work (unless you are clinically extremely vulnerable).	You can exercise outside on your own or with your household; your support bubble; or one person from another household.	Entertainment venues are closed. Public gardens at visitor attractions are open.	You can leave home for any medical reason.
Essential Shops 	Non-essential Retail 	Leisure and Gyms 	Education 	Hospitality 	Overnight Stays 	Youth Clubs and Activities 
Open. Essential shops should follow COVID-secure guidelines.	Closed. Can only open for click-and-collect and delivery services.	Closed. Except for allotments and outdoor playgrounds.	Early years, schools and FE colleges open. Universities must reflect wider restrictions.	Closed except for takeaway, click-and-collect, drive through and delivery services. Takeaway not permitted after 22:00.	Overnight stays and holidays away from primary residences are not allowed, except for work and other exempt purposes.	Some youth services are able to continue, such as 1-1 youth work and support groups, but most youth clubs and groups will need to cease for this period.
Travel 	Public Transport 	Residential Care 	Worship 	Childcare 	Vulnerable People 	
You must not travel in the UK or overseas other than for permitted reasons, including work, education, medical reasons, caring responsibilities or for essential retail.	You may still use public transport, but should only travel for permitted reasons and should look to reduce the number of journeys you make, avoid travelling at peak times, and walk or cycle where you can.	Care homes are encouraged to provide safe, COVID-secure visiting opportunities. See the guidance for details on how to keep visits safe.	Closed. Except for: funerals, broadcasting acts of worship, and individual prayer.	Registered childcare and childcare activities open to enable parents to work, or for respite care. Parents can form a childcare bubble with another household for informal childcare, where the child is 13 or under.	If you are 60+ or clinically vulnerable, be especially careful to follow the rules and minimise contacts with others. If you are clinically extremely vulnerable you are advised to stay at home as much as possible, except to go outdoors for exercise or to attend essential health appointments.	

B. Potential impact on businesses in West of England

Impact category	Type of business	Impact	West of England	
			Businesses	Employment
Closed by law	Non-essential retail	Closed except for click & collect	1,675	24,845
	Hospitality (restaurants, pubs, bars, cafes etc.)	Closed except for takeaway before 10pm	2,490	38,250
	Accommodation	Closed	285	6,850
	Entertainment venues & visitor attractions	Closed	800	5,900
	Leisure & sports facilities	Closed	445	8,650
	Personal care (hairdressing etc.)	Closed	650	3,000
	TOTAL			6,345
Heavily affected by restrictions	Taxis (partial data)	Minimal travel	115	700
	Market traders (partial data)	Closed	40	55
	Event organisers	Unable to operate	40	225
	Wholesale to non-essential retail	Unable to operate	385	6,825
	TOTAL			580

B. Additional government support will be made available

- The [Coronavirus Job Retention Scheme](#) will now run until the end of March 2021, with employees receiving 80% of their current salary for hours not worked.
- The next tranche of funding through the [Self-Employment Income Support Scheme](#) will be available from November to January and will be increased from 55% to 80% of average trading profits - up to a maximum of £7,500.
- Businesses that received Bounce Back Loans but did not claim the maximum permitted amount (£50,000) may now be eligible to get [“top up” loans](#) from authorised lenders.
- Funding will also be made available through the [Local Restrictions Support Grant \(LRSB\)](#) and [Additional Restrictions Grant \(ARG\)](#) to support businesses that are legally required to close during lockdown, or experience significant financial hardship during lockdown.
- Local authorities have also been allocated £30 million of funding under the [local authority compliance and enforcement grant](#) to help fund related coronavirus enforcement and compliance activities. Under the scheme, the West of England's unitary authorities received the following amounts:
 - Bath & North-East Somerset: £74,362
 - Bristol: £282,752
 - North Somerset: £93,485
 - South Gloucestershire: £111,680
- 45 cultural organisations across the region will receive a £9.7 million share of the Government's [Culture Recovery Fund](#).

Contact us

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For further information on support available to businesses, visit the West of England Growth Hub: wearegrowth.co.uk