

West of England Economic Briefing on Covid-19 Business Impacts

28 January 2021

Responding to the economic impact of coronavirus

The West of England Combined Authority and Local Enterprise Partnership are working with partners across the region to support residents and businesses through Covid-19.

Our focus is on rebuilding a strong and inclusive economy and enabling regional businesses to deliver sustainable clean and green measures to improve quality of life for all in the West of England.

We have introduced a range of support measures to help businesses adapt to the new economic landscape and improve resilience, as well as support for residents to develop new skills, training and employment opportunities. More information on these support measures is available [here](#).

Our Regional Recovery Taskforce, led by West of England Mayor, Tim Bowles, has put together a [Regional Recovery Plan](#) to drive economic recovery. It outlines how we will harness our region's creativity and diversity to protect and secure jobs, while building back greener and creating opportunities for all residents to share in the recovery.

This briefing summarises WECA's analysis of the economic effects so far of the pandemic. It contains a mix of regional and national data, and uses fast indicators of current conditions where possible.

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

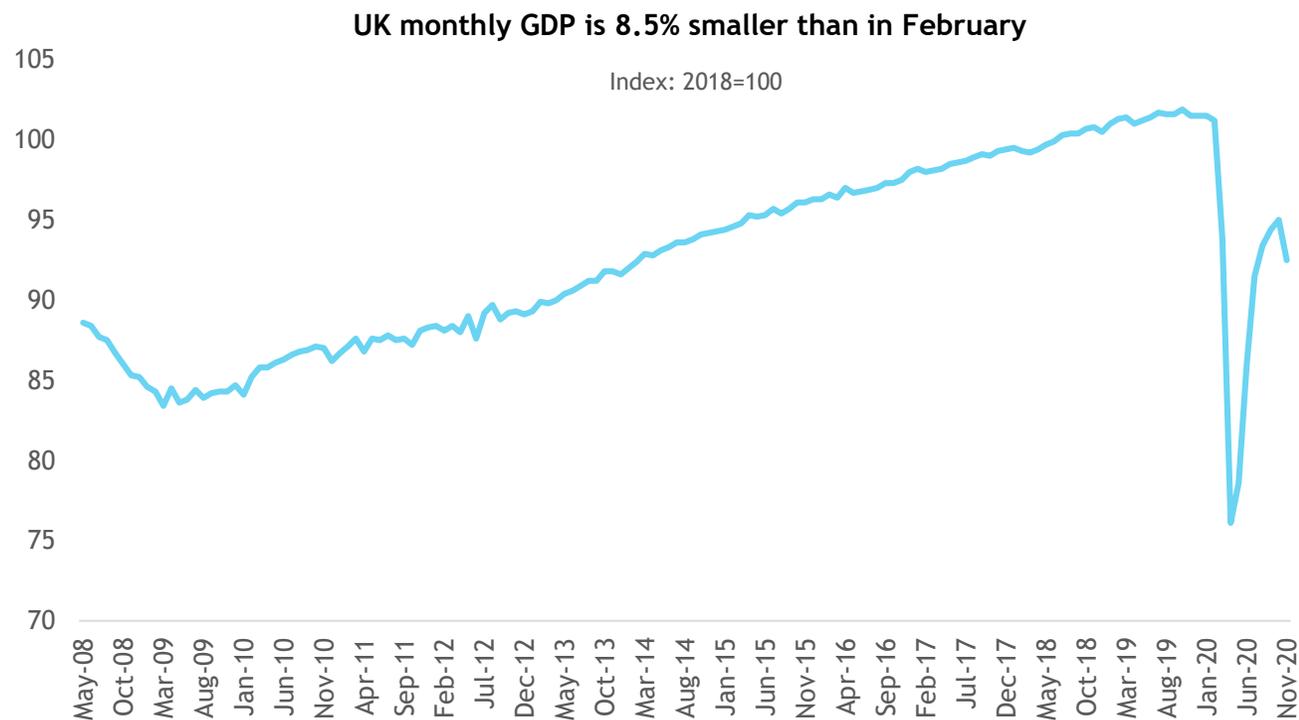
Updates this briefing

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	<p>Overview:</p> <ul style="list-style-type: none"> UK GDP fell by 2.6% in November 2020 and is 8.5% smaller than in February. There is a marked difference in certain sectors and how they have recovered over the course of the pandemic. 	4-5
A	<p>Business activity:</p> <ul style="list-style-type: none"> Less than half of UK companies in the accommodation and food services, other services activities, and arts, entertainment and recreation industries reported they were trading between 14 to 27 December. These same industries were the most likely to report they had seen a fall in revenue in this time period, compared with normal expectations. 	6-8
A	<p>Labour market:</p> <ul style="list-style-type: none"> 5.0% of the region’s workforce claimed out of work benefits in December 2020 (36,840 residents). The ONS estimates that there were 395,000 redundancies between September to November 2020 in the UK. 	9-11
A	<p>Mobility:</p> <ul style="list-style-type: none"> Mobility data on retail and leisure activity and the use of public transport fell over the Christmas holiday period and with the introduction of the third national lockdown. Data from the Broadmead Business Improvement District in Bristol suggests total footfall for December 2020 was more than 45% down when compared to the previous year. 	12-14
B	<p>Reintroduction of Lockdown Restrictions</p> <ul style="list-style-type: none"> On 6 January, England entered a third national lockdown. Nearly 90,000 employees and over 6,500 businesses in the West of England are estimated to be among those most severely impacted by the restrictions. 	15-17

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

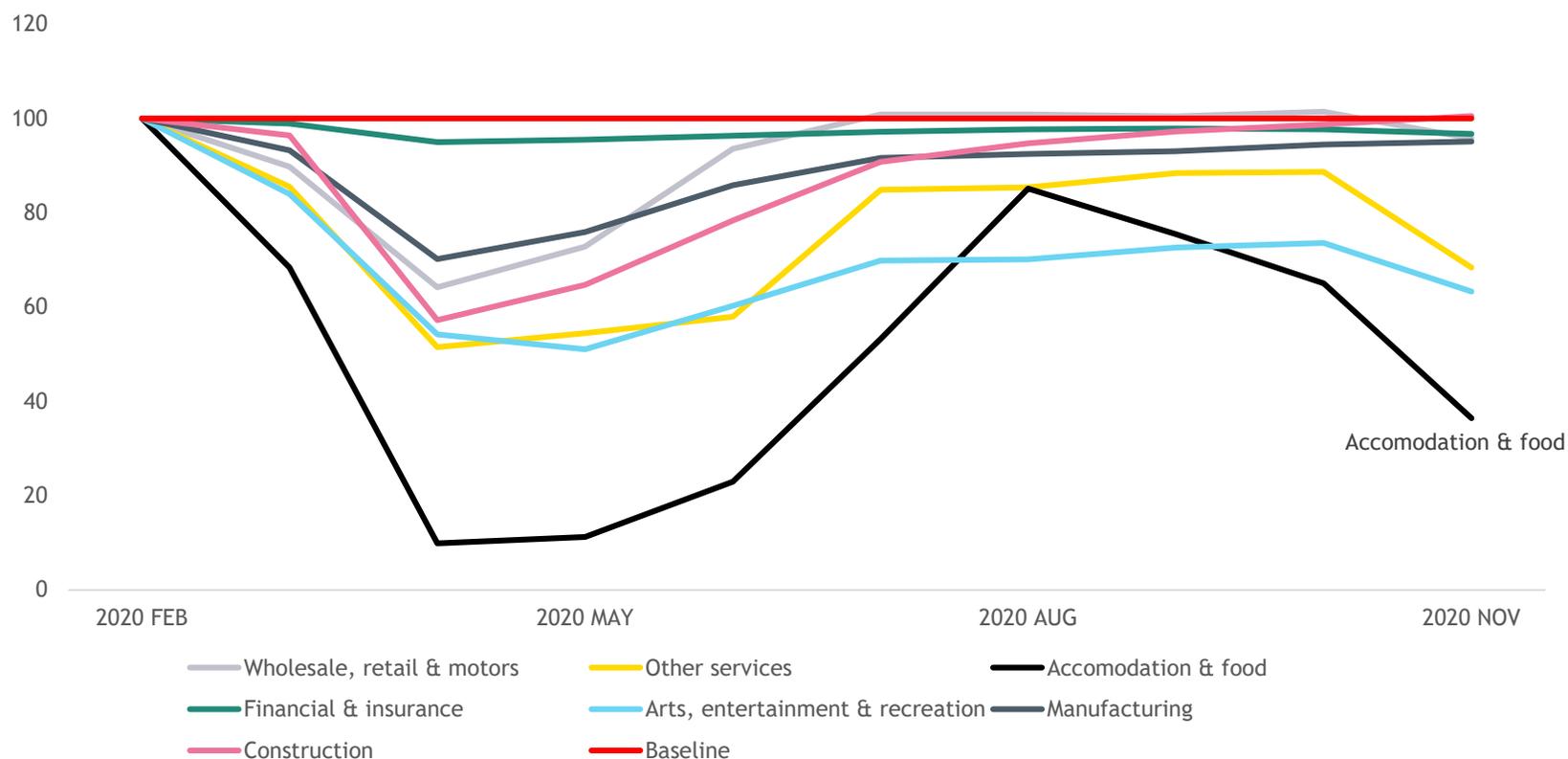
- UK monthly GDP fell by 2.6% in November, a month where lockdown restrictions applied.
- An increase of monthly UK GDP levels had been recorded for six consecutive months from May, with growth of over 23% from then to October. This was after a 20% fall in April and a 7% fall in March. Real UK GDP is currently at a level last seen in 2014.



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

The chart below shows the impact on Gross Value Added (GVA) of certain sectors of the economy at a UK level. Almost all sectors have experienced a drop in economic output since February 2020, but some have been clearly more adversely impacted than others. After recovery over the summer, output in the accommodation and food service sector has fallen again more recently.

Monthly GVA change for various sectors from February 2020



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

Trading status:

Three industries had less than half of their businesses currently trading - 37% in the accommodation and food service activities industry, 43% of the other service activities industry (which includes hairdressing and other beauty treatment activities) and 49% of the arts, entertainment and recreation industry.

The table shows that under 70% of smaller businesses (those with 0-9 employees) reported they are currently trading, which is lower than larger businesses. Please note that the figures do not sum to 100% because of rounding and the “Permanently ceased trading” option is not included.

Financial performance:

There were three UK industries where more than half of the respondents stated that they had seen a decrease in revenues, with 76% of accommodation and food services companies reporting a fall. Arts, entertainment and recreation and other service activities were the other two industries, at 76% and 69%.

Size Band (number of employees)	Currently trading	Temporarily closed or paused trading
0 to 9	69.5%	28.0%
10 to 49	78.4%	20.9%
50 to 99	87.3%	11.9%
100 to 249	89.5%	9.9%
250 and over	88.0%	11.3%

The data on this page is from survey responses for the period 14 to 27 December 2020.

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

Businesses have received:

£44.7bn lent across the **UK** in Bounce-Back loans
(as of 24 January)

£1.1bn lent to **UK businesses** in convertible loans as part of the Future Fund scheme
(as of 24 January)

21,161 grants totalling £224.3m (under the Small Business Grants Fund scheme, Retail, Hospitality and Leisure Grants Fund scheme and Local Authority Discretionary Grant Fund scheme) have been distributed by **West of England local authorities**
(as of 11 November)

£20.8bn lent to **UK Small and Medium Enterprises (SMEs)** and £5.1bn to **larger UK businesses** in Business Interruption Loans
(as of 24 January)

115,200 claims for £327.2m have been made on the Self-Employment Income Support Scheme (SEISS) by **West of England residents**
(as of 31 December 2020)

A. Business activity: Liquidations appear not to have risen to date whilst the number of business start-ups is similar to pre-pandemic levels

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.

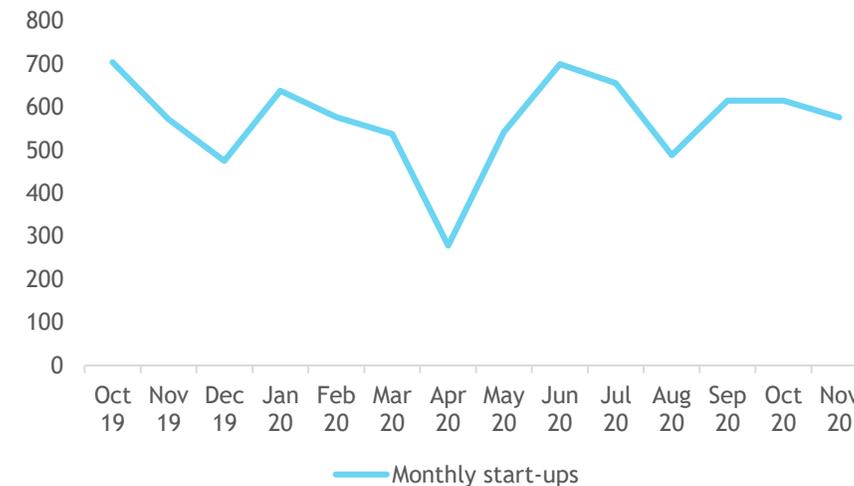
We have taken data since 16 March, as this was the date that the Government first advised people to work from home and avoid pubs, clubs, theatres and other social venues.

	16 March -31 December 2020	16 March -31 December 2019
West of England Reported Liquidations	394	432

The number of start-ups noticeably fell in April 2020, when the restrictions started in the UK. This data is from BankSearch and records the opening of new business current accounts. Since then however, the number has appeared to return to pre-pandemic levels.

Please note that previous versions of this briefing used data which included only new business current accounts being opened with more traditional High Street banks. The introduction of the Bounce-Back loan scheme in May and the resources this took up saw many High Street banks temporarily suspend accepting new business current account at this time. Neobank/Challenger banks picked up this demand and the data now includes these types of banks.

Estimated new business start-ups in the West of England



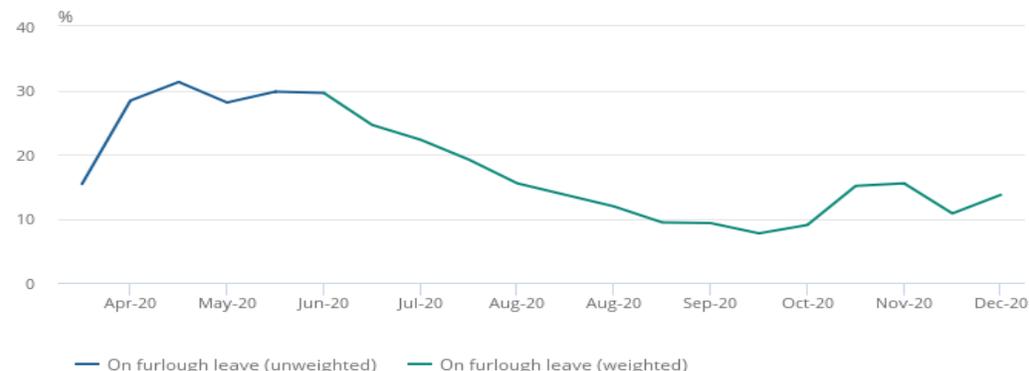
A. Labour market: Residents have accessed furlough and self-employment income support schemes

- 13.7% 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, reflecting the dates between 14 to 27 December 2020. This period coincided with the introduction of tier 4 restrictions for certain areas.
- As of 31 December 2020, 60,800 West of England employees were estimated to be on furlough, representing around 11% of those eligible.
- As of 31 December 2020, 115,200 claims have been made on the Self-Employment Income Support Scheme (SEISS) by West of England residents, amounting to £327.2m. This includes the first, second, and third tranches of the scheme.

- 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.

Figure 9: The proportion of businesses' workforce on furlough leave has increased from 11% in Wave 20 (30 November to 13 December 2020) to 14% in Wave 21 (14 to 27 December 2020)

Furlough estimates, businesses not permanently stopped trading, broken down by wave, UK, 23 March to 27 December 2020



Source: Office for National Statistics – Business Impact of Coronavirus (COVID-19) Survey

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

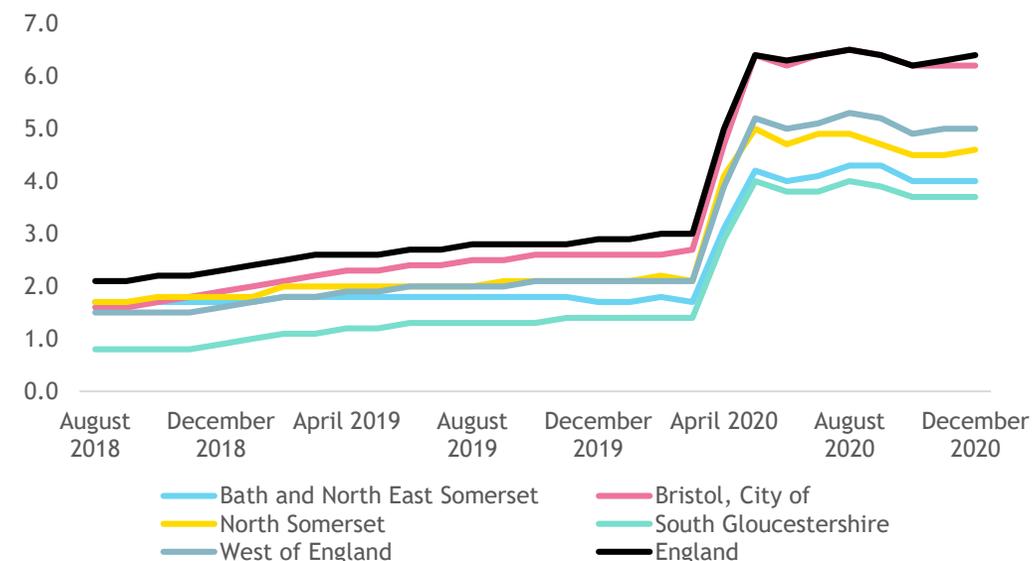
- The below table shows the number of people claiming out of work benefits. 5.0% of the region’s workforce claimed out of work benefits in December 2020 (36,840). This is similar to the reported figure for November 2020 and lower than the average figure for England (6.4%).
- 4.8% of the region’s population of 16-24 year olds claimed out of work benefits, which is below the national average of 7.2%.
- 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 21,065 more claimants in the West of England than there were in February 2020.
- The ONS estimates that there were 395,000 redundancies between September to November 2020 in the UK. This number does not consider any redundancies planned in the future.

Other measures of unemployment data help give a fuller picture:

- The estimated unemployment rate for the UK was 5.0% for September to December 2020, which is 1.2% higher than the year before.
- PAYE data shows that the number of employees on a payroll in December 2020 in the UK is estimated to have fallen by 2.2% (630,000 employees) since February 2020.

	November 2020		December 2020	
	Number	% workforce	Number	% workforce
Bath and North East Somerset	5,025	4.0	5,000	4.0
Bristol City	19,645	6.2	19,615	6.2
North Somerset	5,630	4.5	5,680	4.6
South Gloucestershire	6,550	3.7	6,540	3.7
West of England Total	36,850	5.0	36,840	5.0

Working age residents claiming unemployment related benefits (%)



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

- According to the Labour Insight job postings analysis tool, there were nearly 5% more postings advertised in the West of England in December 2020 compared to November 2020.
- The impact of changes in the number of jobs available as a result of lockdown measures and social distancing became visible in April and May, with fewer jobs advertised.
- However, using this particular tool, vacancy postings are not at the lowest levels they have been since 2012.

Job postings levels and associated analytics are highly sensitive to the web-scraping tool used. Analysing trends rather than totals is therefore advised.

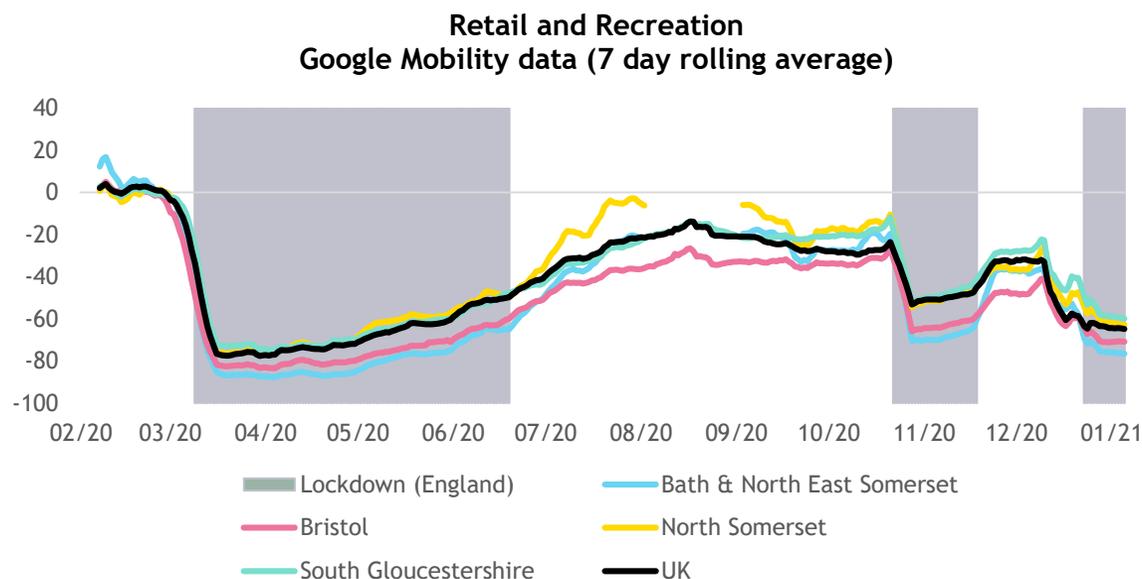


Top occupations in December 2020 (West of England)

- Programmers and software development professionals
- Nurse
- Care workers and home carers
- Managers and proprietors in other services n.e.c.
- Sales related occupations n.e.c.

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

- National lockdown restrictions were introduced on 6 January that closed many non-essential retail and recreation locations.
- There has been a sharp fall recently from Christmas Day onwards. The Google Mobility data suggests that Bristol and Bath & North East Somerset have seen greater falls in activity from the baseline of early 2020 than the UK on average.
- Data from the Broadmead Business Improvement District in Bristol suggests total footfall for December was 45% down when compared to the previous year. There was a rise in footfall from November, likely reflecting the removal of lockdown restrictions for that month and the proximity to Christmas.

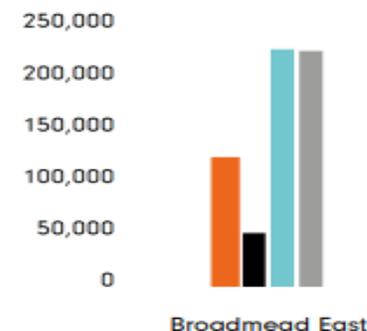


NB: Google Trends data is missing for Bath & North East Somerset and North Somerset at dates between August and September

Footfall by location

The figures shown below are calculated using weekly averages.

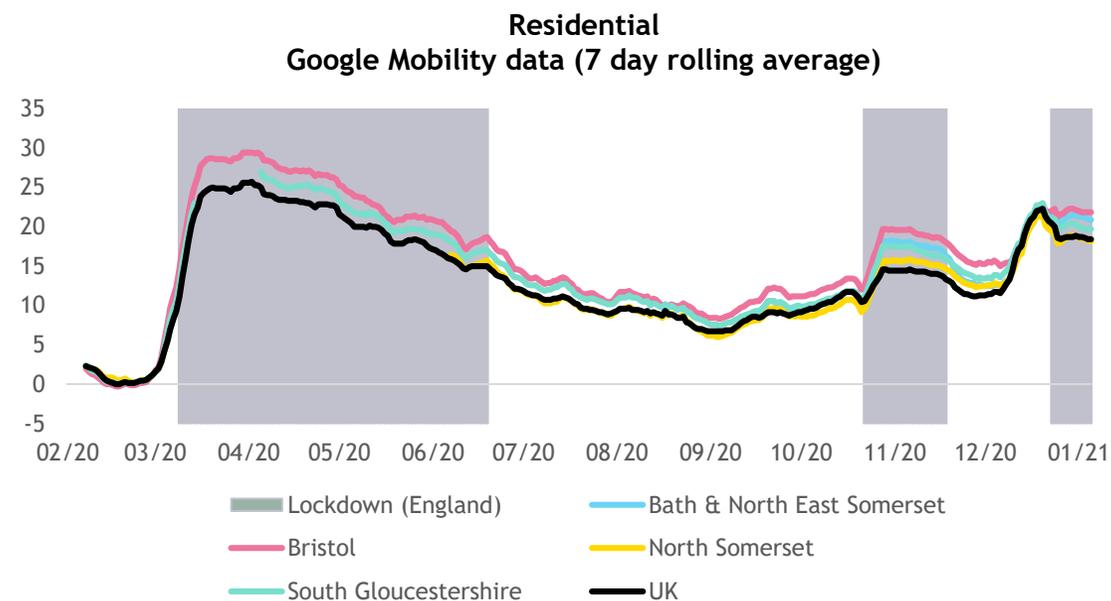
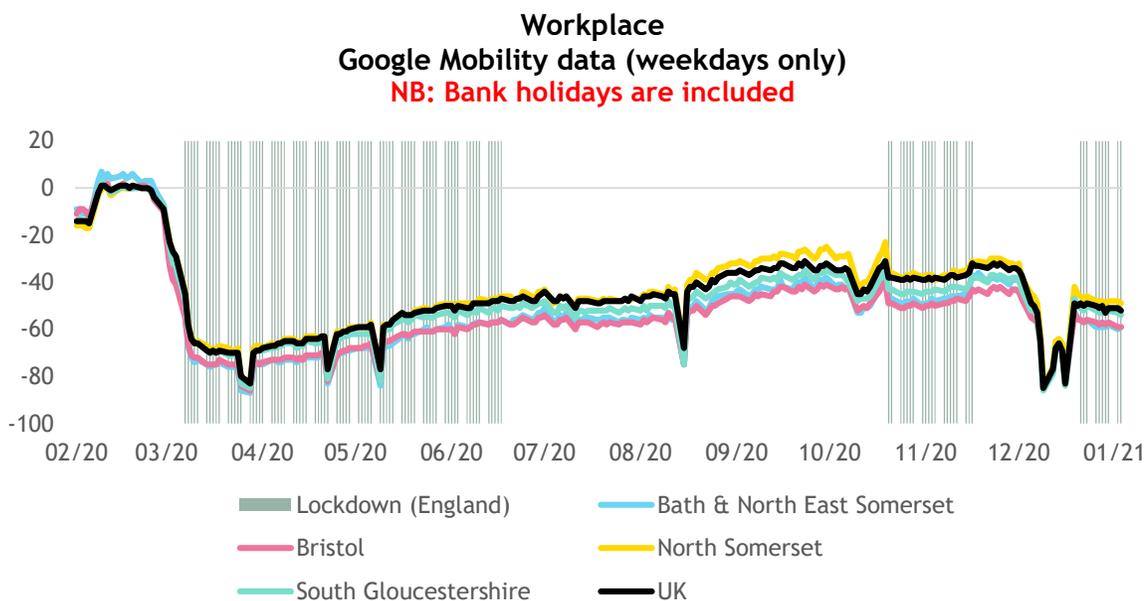
Legend: This month (orange), Previous month (black), Previous year (teal)



This Month	120,145
Previous Month	53,295
Previous Year	220,065
2 Years Ago	218,549
Year on Year %	-45.4 %

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

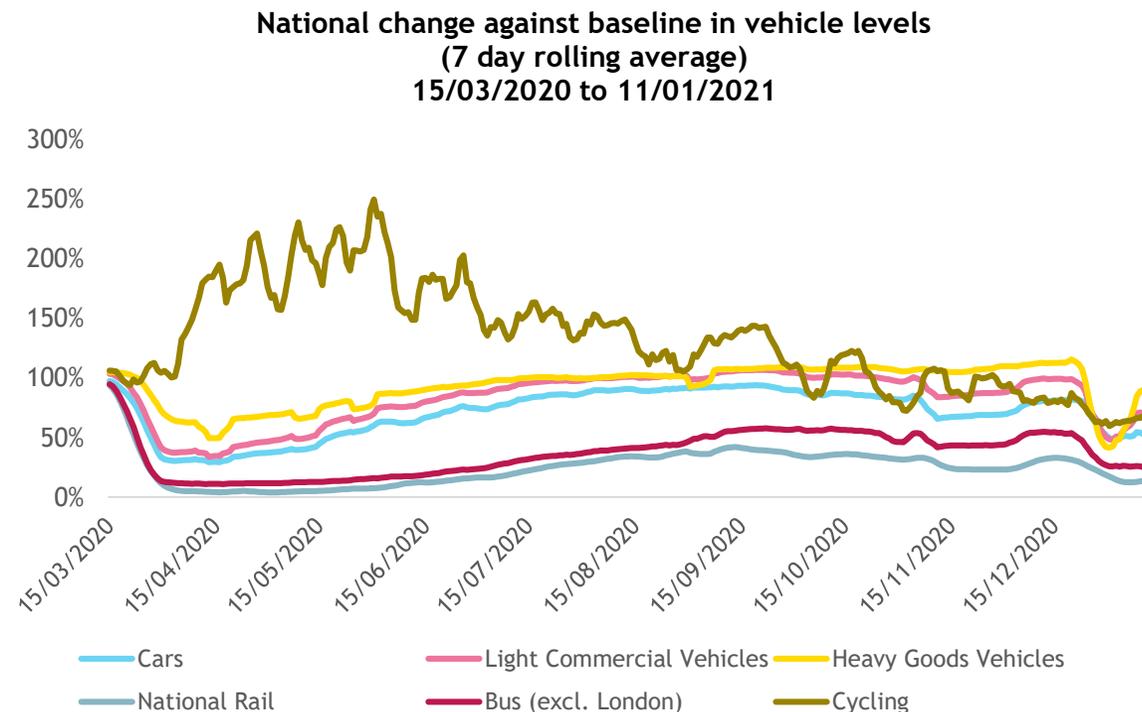
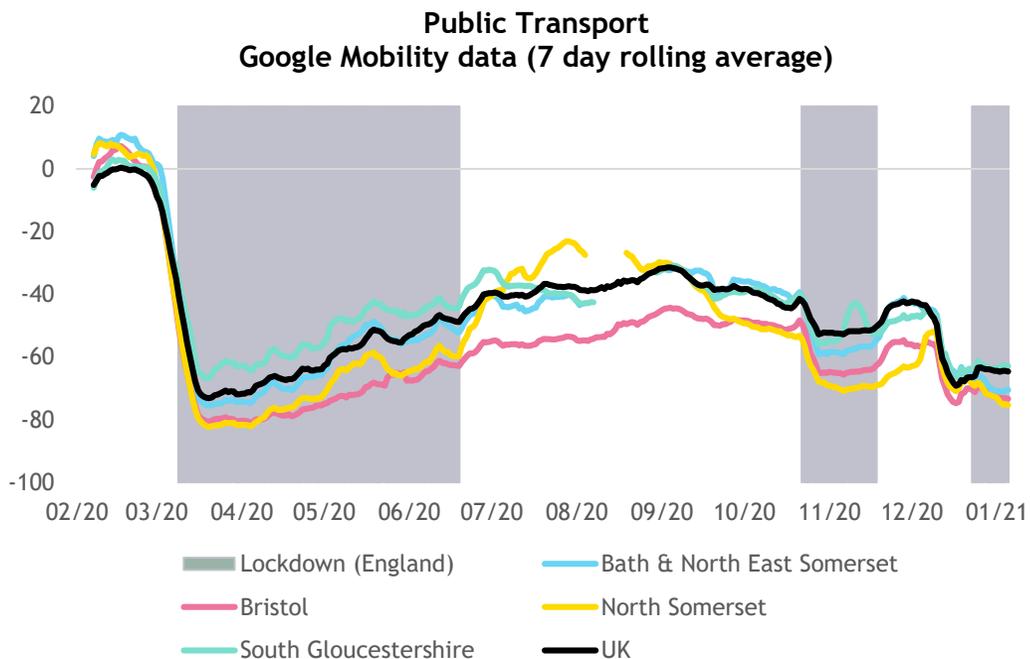
- The current national restrictions do not stop people from travelling to workplaces. However, those who can work effectively from home have been asked to do so.
- The most recent Google Mobility data below shows that for all four unitary authorities, time spent at a workplace has fallen compared to mid-December. There is a large drop that reflects the Christmas holiday period.
- Residential data from Google shows time spent within homes had been in a state of decline since late April but has risen since September. This likely reflects a combination of seasonal effects and greater restrictions.



NB: Google Trends data is missing for Bath & North East Somerset, North Somerset and South Gloucestershire for certain dates

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

- Google Mobility data has shown a fall in recent times for the unitary authorities and the use of public transport. Three of the four unitary authorities appear to be trending below the UK average for current public transport usage, compared to early 2020.
- Department for Transport (DfT) data shows that nationally, rail usage is around 14% of pre-pandemic levels and bus use (excluding London) is around 25%. Average car usage in a week is currently around 52% of pre-pandemic levels. Please note that the different modes of transportation use different baselines (more information can be found [here](#)).



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

As of Wednesday 6 January, England has entered into a third national lockdown.

STAY HOME ▶ PROTECT THE NHS ▶ SAVE LIVES

▶ LEAVING HOME

You must not leave, or be outside of your home or garden, except for a very limited set of exemptions e.g. to shop for basic necessities, exercise, go to work if you cannot do so from home, or to escape risk of harm.

▶ MEETING OTHERS

You cannot leave your home to meet socially with anyone, except with your household or support bubble (if eligible to form one). Stay 2 metres apart from anyone not in your household or support bubble.

▶ OVERNIGHT STAYS

You must not stay overnight away from home. Limited exceptions apply e.g. to stay with your support bubble.

▶ WORK AND BUSINESS

Everyone must work from home unless they are unable to do so.

▶ EDUCATION

Early years settings open. Primary and secondary schools and colleges move to remote provision except for vulnerable children and children of critical workers. Most university students to move to remote learning.

▶ TRAVELLING

You must stay at home. If you do leave home for a very limited set of exemptions, you should stay local in the village, town, or part of the city where you live where possible. Do not travel abroad unless an exemption applies.

▶ WEDDINGS AND FUNERALS

Funerals of up to 30 people permitted. Weddings up to 6 people permitted in exceptional circumstances. Wakes and other linked ceremonial events of up to 6 permitted.

▶ PLACES OF WORSHIP

Places of worship can remain open and communal worship is permitted, but you must not mix with those outside your household or support bubble.

▶ CLINICALLY EXTREMELY VULNERABLE

Shielding reintroduced across England. You should not travel to work, school, college or university and should limit the time you spend outside the home. You should only go out for medical appointments, exercise or if it is essential.

▶ EXERCISE

You may exercise on your own, with your household or support bubble, or with one person from another household (when on your own). Stay 2 metres apart from anyone not in your household or support bubble.

▶ BARS, PUBS AND RESTAURANTS

Hospitality closed aside from sales by takeaway (until 11pm), click-and-collect, drive-through or delivery. Alcohol cannot be purchased through takeaway or click-and-collect from hospitality venues.

▶ CARE HOME VISITS

Visits can take place with arrangements such as substantial screens, visiting pods, or behind windows. Close-contact indoor visits are not allowed. No visits will be permitted in the event of an outbreak but end of life visits are permitted in all circumstances.

▶ RETAIL

Essential shops can open. Non-essential retail must close and can only run click-and-collect and delivery.

▶ LEISURE AND SPORTING FACILITIES

Closed, with limited exceptions.

▶ ACCOMMODATION

Closed, with limited exceptions.

▶ PERSONAL CARE

Closed.

▶ ENTERTAINMENT

Closed.

B. Lockdown restrictions in England: Businesses

The below estimates the number of businesses and employment in the West of England for some of the industries that have been most severely impacted in operating by the lockdown restriction.

West of England		
Type of business	Businesses	Employment
Non-essential retail	1,675	24,845
Pubs & bars	680	10,000
Accommodation & food	1,830	31,100
Entertainment venues	1,065	9,900
Leisure centres, gyms	445	8,650
Personal care	650	3,000
Taxis	115	700
Market traders	40	55
Event organisers	130	825
TOTAL	6,630	89,075

B. Additional government support will be made available

- The [Coronavirus Job Retention Scheme](#) will now run until the end of April 2021, with employees receiving 80% of their current salary for hours not worked.
- Businesses in the retail, hospitality and leisure sectors [can apply for a one-off top up grant](#) of up to £9,000 per property.
- Changes have been made to funds allocated via the [Local Restrictions Support Grant \(LRSB\)](#) to support businesses that are legally required to close during lockdown, or experience significant financial hardship during lockdown. The main change is that the payment period is initially extended to **42 days from 5 January 2021** rather than the 14-day payment cycle in tiers.
- The government has also [pledged a further £594m](#) for local authorities and devolved administrations to support those not eligible for the grants.
- The Social Care sector [has received £269m of extra funding](#). £120m will be allocated to local authorities to help boost staffing levels and £149m will be made available in grants to support increased Covid-19 testing in care homes.

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