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Combined Authority

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

28 May 2021

# Responding to the economic impact of coronavirus

WEST OF ENGLAND Combined Authority

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 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

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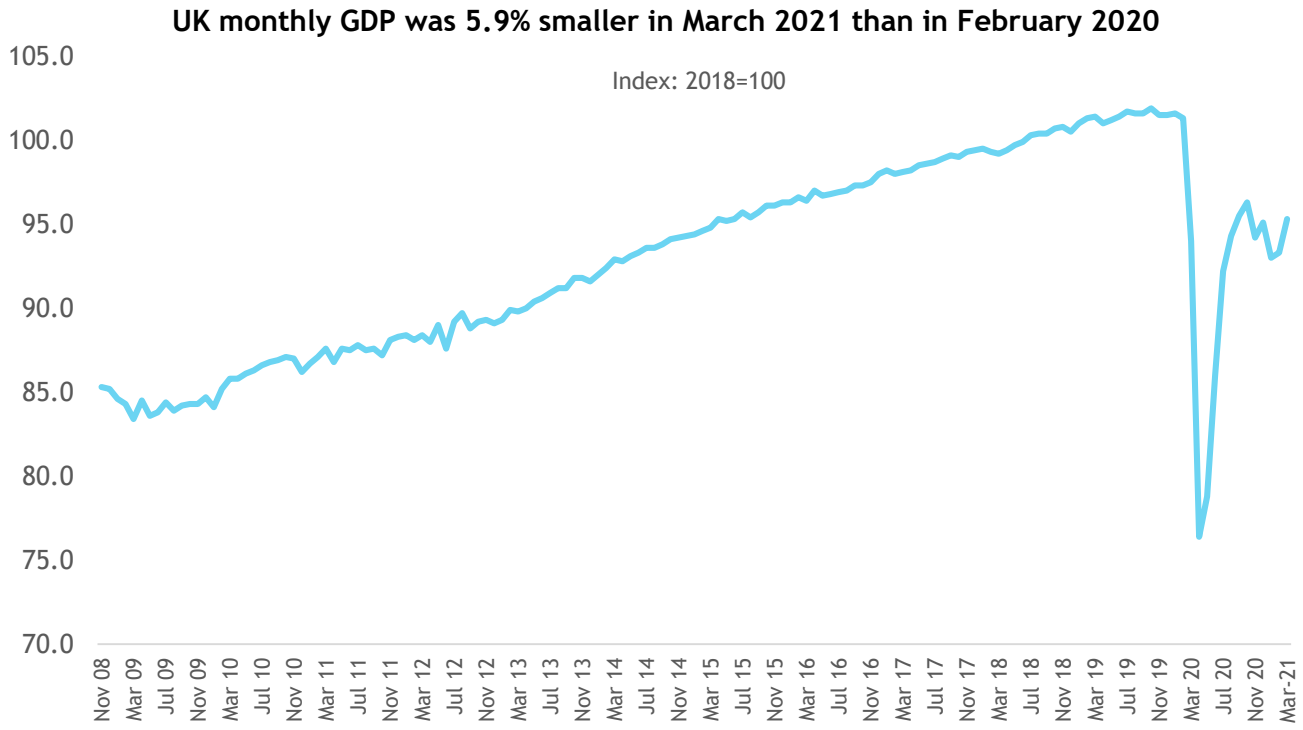
For ease of reference, this brief collates material from over the past few months. The key updates in this briefing are:

| Section | Updates | Pages |
|---|---|---|
| A | **Overview:**<br>▪ UK GDP grew by 2.1% in March 2021.<br>▪ Bank of England and OBR projections are for a fall in GDP in Q1 2021 but a pick up later on during this year. | 4-6 |
| A | **Business activity:**<br>▪ UK seated diners in the week to Monday 17 May 2021 were at 73% of the level of the equivalent week in 2019.<br>▪ Retail sales volume has increased in Great Britain by 9.2% in April 2021. | 7 |
| A | **Labour market:**<br>▪ 13.1% of the region's workforce were estimated to be on furlough in March 2021.<br>▪ 4.9% of the region's workforce claimed out of work benefits in April 2021. | 8-10 |
| A | **Mobility:**<br>▪ Google Mobility data indicates that time spent at retail and recreation locations, on public transport and at workplaces has increased, since the easing of restrictions in April 2021. | 11-13 |
| B | **Lockdown Roadmap**<br>▪ On 17 May, England moved onto step three of the roadmap. | 14-15 |
| C | **Impact of pandemic on different groups:**<br>▪ Data at a regional and national level showing the differences (pre and post pandemic) in labour market metrics for different groups. | 16-21 |

# A. Overview: The economic impacts have been significant

- UK monthly GDP was estimated to have grown by 2.1% in March 2021 compared to the previous month.
- An increase of monthly UK GDP levels had been recorded for six consecutive months from May 2020, with growth of over 23% from then to October 2020. This was after a 20% fall in April 2020 and a 7% fall in March 2020. Real UK GDP is currently at a level last seen in June 2015 and 1% below the level in October 2020, which was the initial recovery peak.




**Source:** ONS GDP estimates, March 2021

# A. Overview: The recovery is uncertain - Bank of England

- The below charts are projections of future GDP and unemployment from the Bank of England. GDP is expected to fall in the first quarter of 2021 and then rise subsequently. Unemployment is also projected to rise in the near term before falling towards the end of the year as spare capacity in the economy is reduced. The May 2021 forecasts are more optimistic than those made in February 2021, reflecting the extension of the furlough scheme and stronger than expected GDP in Q1 2021.
- These are fan charts, which show the projections based on the probability that the Bank of England think they will occur. This reflects the uncertainty around the projection.

**Chart 1.1:** Near-term GDP projection based on market interest rate expectations, other policy measures as announced

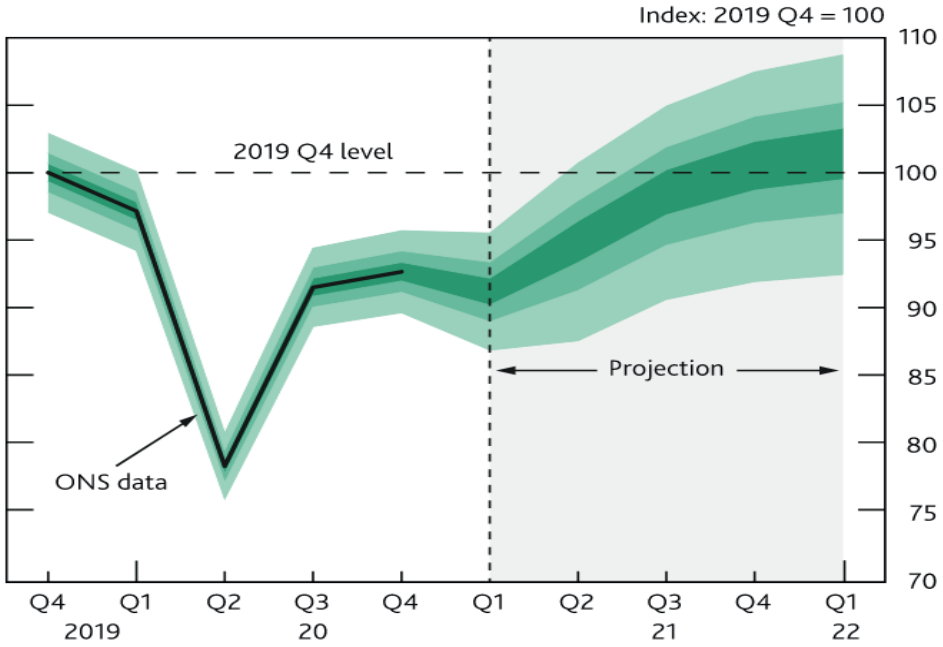
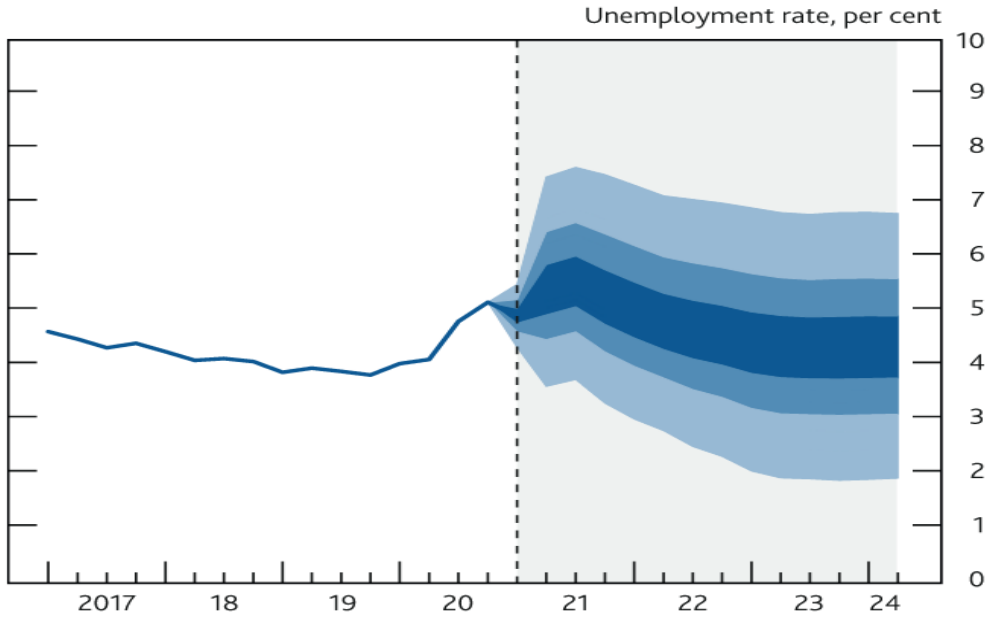


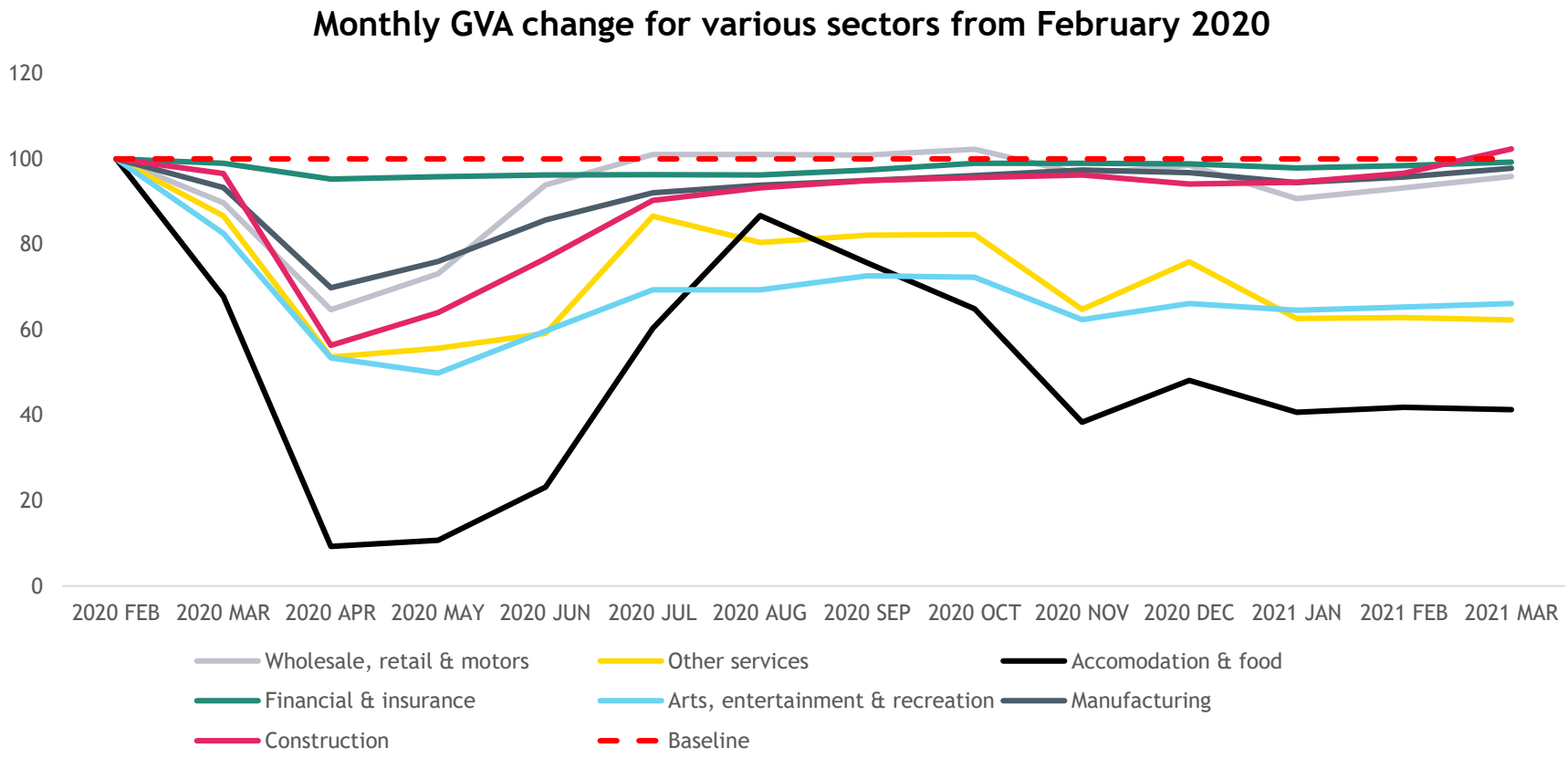

**Chart 1.3:** Unemployment projection based on market interest rate expectations, other policy measures as announced




**Source:** Bank of England Monetary Policy Report, May 2021

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

The chart below shows the impact on Gross Value Added (GVA) in certain sectors of the economy at a UK level. Many sectors have experienced a drop in economic output since February 2020, but some have been more adversely impacted than others. There was not any noticeable change in three of the hardest hit sectors below in March 2021.




**Source:** ONS GDP estimates, March 2021

# A. Business and consumer activity: Exporting appears to have been affected and consumer spending is rising

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- Bank Search Consultancy data for March 2021 shows that new business start-ups in the West of England were 534 for March 2021 which compares to 538 for the previous month, and also 538 for March 2020.

- The ONS Business Insights and Conditions Survey (BICS) found the proportion of businesses currently trading has remained stable, at 83% from mid-April to mid-May 2021, and a further 5% of businesses intend to restart trading in the second half of May. The same survey also found that more businesses (that are currently trading) are experiencing a challenge in importing rather than in exporting. One of the main challenges reported by for both exporting and importing was additional paperwork.

- ONS estimates of retail sales show that retail sales volumes grew sharply in April 2021 with a monthly increase of 9.2%, reflecting the effect of the easing of coronavirus restrictions. All retail sectors reported a fall in their proportions of online sales as physical stores re-opened April. The total proportion of sales online decreased to 30.0% in April 2021, down from 34.7% in March 2021.

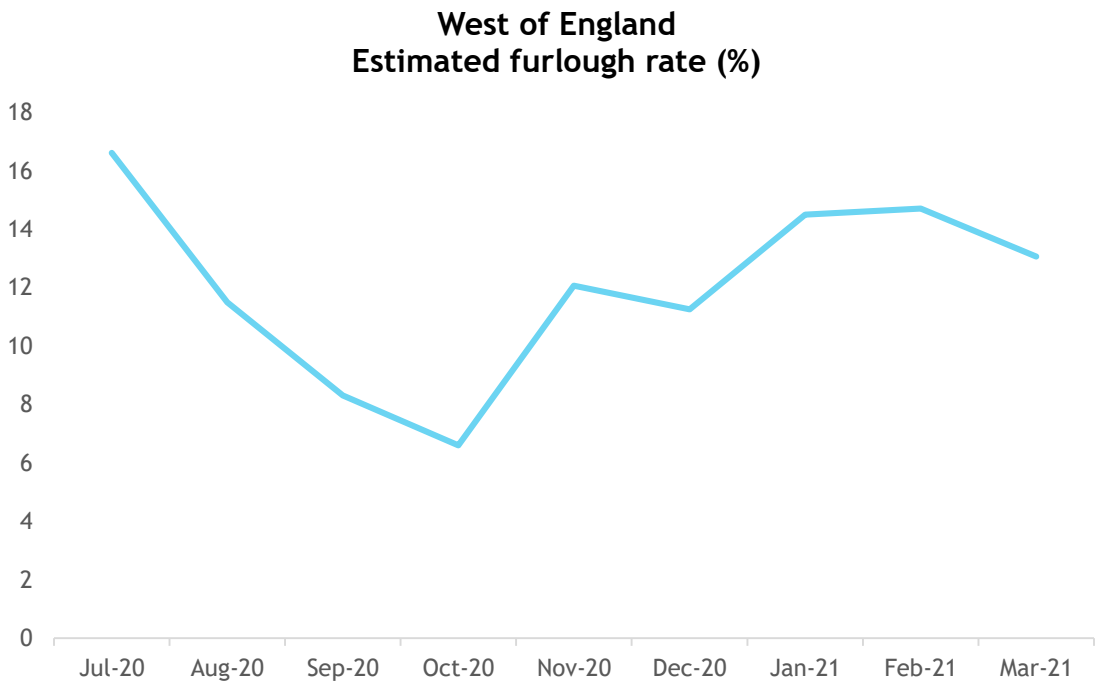
- The ONS Economic Activity and Social Change in the UK bulletin states that in the week to Monday 17 May 2021, the seven-day average estimate of UK seated diners was at 73% of its level in the equivalent week of 2019. This is a 13 percentage point increase from the previous week. This was in part driven by a notable rise to UK seated diners on Monday 17 May 2021, the day on which indoor dining started to reopen across the UK.

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

- As of 31 March 2021, 69,700 West of England employees were estimated to be on furlough, representing around 13.1% of those eligible. This is down on the 14.7% rate for February 2021 for the region and compares to an estimated take-up rate of 14.3% for the UK.

- An estimated 200,500 employments have been cumulatively supported by the Coronavirus Job Retention Scheme (furlough) in the region.

- As of 31 January 2021, 120,000 claims have been made on the Self-Employment Income Support Scheme (SEISS) by West of England residents, amounting to £341.8m. This includes the first, second, and third tranches of the scheme.
    - First tranche: 44,100 claims (£132.7m)
    - Second tranche: 39,600 claims (£103.2m)
    - Third tranche: 36,300 claims (£105.9m)




**Source:** HMRC Coronavirus statistics

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

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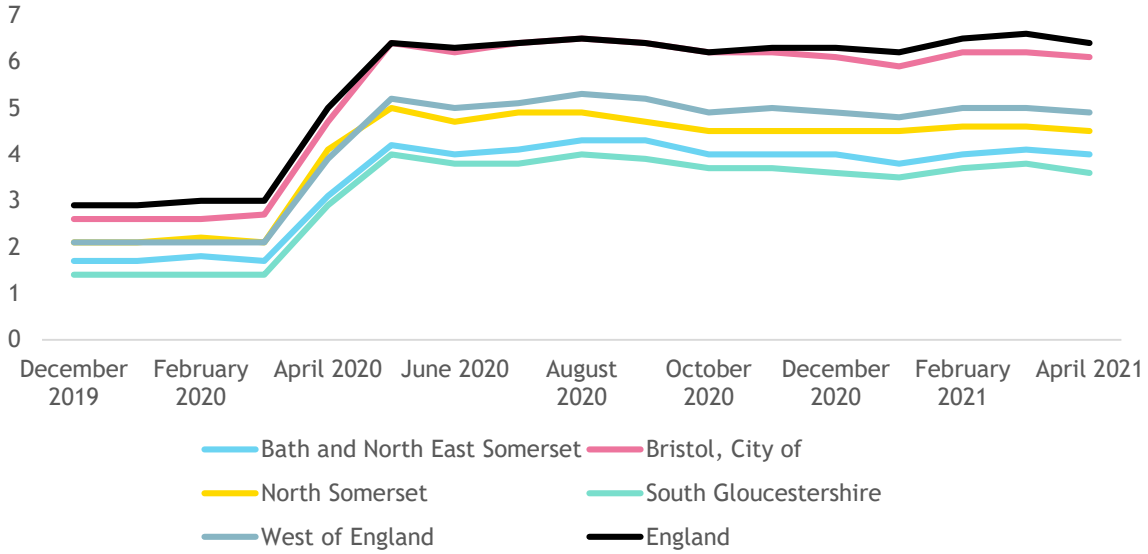
- The below table shows the number of people claiming out of work benefits. Approximately 4.9% of the region's workforce claimed out of work benefits in April 2021 (36,565). This is lower than the figure for England (6.5%).
- An estimated 4.6% of the region's population of 16-24 year olds claimed out of work benefits in April 2021, which is below the figure for England (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 20,790 more claimants in the West of England than there were in February 2020.

| | March 2021 | March 2021 | April 2021 | April 2021 |
|---|---|---|---|---|
| | Number | % workforce | Number | % workforce |
| Bath and North East Somerset | 5,065 | 4.1 | 4,970 | 4.0 |
| Bristol City | 19,765 | 6.2 | 19,480 | 6.1 |
| North Somerset | 5,775 | 4.6 | 5,630 | 4.5 |
| South Gloucestershire | 6,705 | 3.8 | 6,485 | 3.6 |
| **West of England Total** | **37,315** | **5.0** | **36,565** | **4.9** |

**Other measures of unemployment data help give a wider picture:**

- The UK unemployment rate was estimated at 4.8% for January to March 2021, 0.8 percentage points higher than December 2019 to February 2020 but 0.3 percentage points lower than the previous quarter.
- PAYE data shows that the number of employees on a payroll (seasonally adjusted) in April 2021 in the UK is estimated to have fallen by 2.7% (771,585 employees) since February 2020. When compared to March 2021 the figure has increased by 0.3% (97,210 employees).

**Working age residents claiming unemployment related benefits (%)**



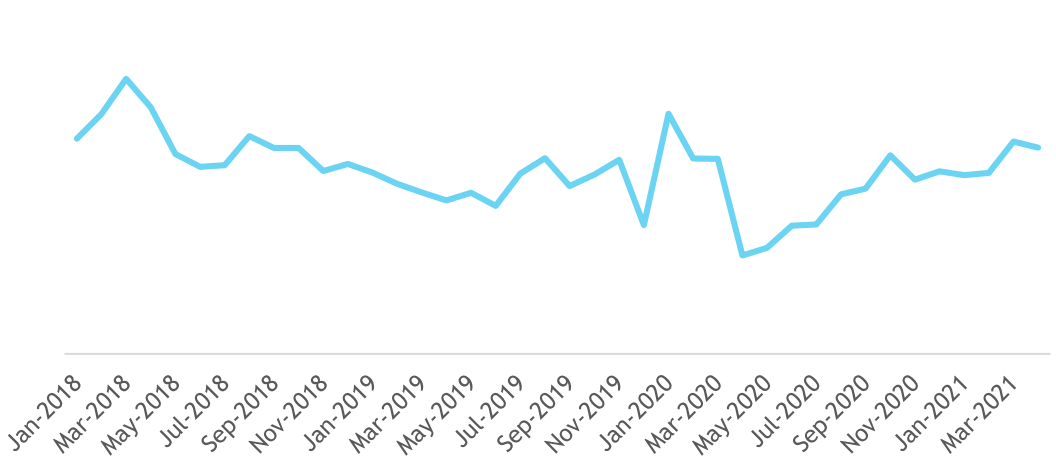

**Source:** Nomis Labour Market Profile, PAYE Real Time Information, Labour market overview, UK (May 21)

# Labour market: Vacancies and job adverts declined sharply in April 2020 but have risen since

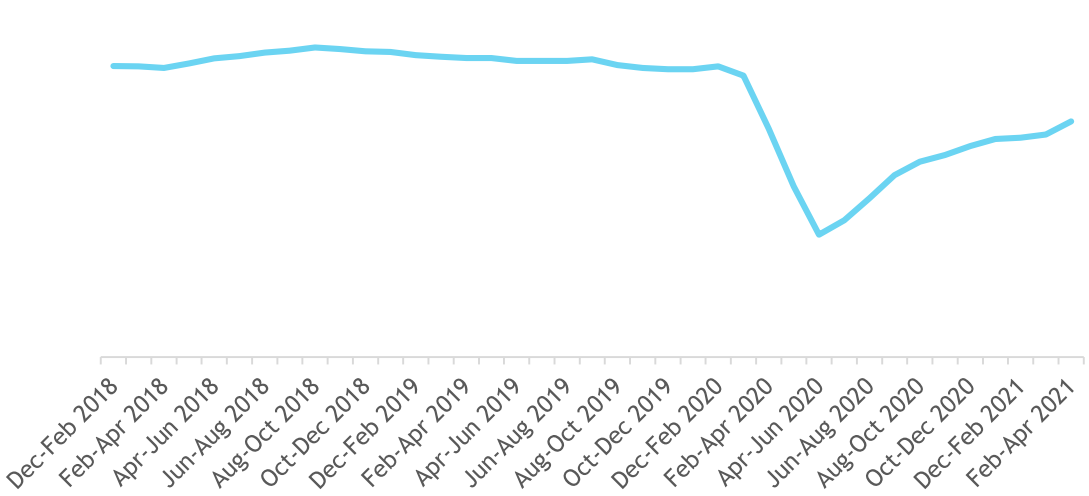
- According to the Labour Insight job postings analysis tool, there was a slight decline in the level of postings advertised in the West of England in April 2021 compared to March 2021. Job postings now exceed some of the levels seen before the pandemic. *Job postings levels and associated analytics are highly sensitive to the web-scraping tool used. Analysing trends rather than totals is therefore advised.*

- Data from the ONS suggests that the number of job vacancies in the UK between February 2021 to April 2021 was 3.1% higher than it was a year ago. However, unlike the above Labour Insight data, job vacancies have still not returned to a level seen before the pandemic. The difference here is likely in part due to different data collection methods and the type of data (total job postings is a "flow" of new job postings, whilst the survey data is a "stocktake" of open vacancies).

**Total job postings**
**West of England**




**Seasonally adjusted vacancies (ONS Vacancy Survey)**
**UK**

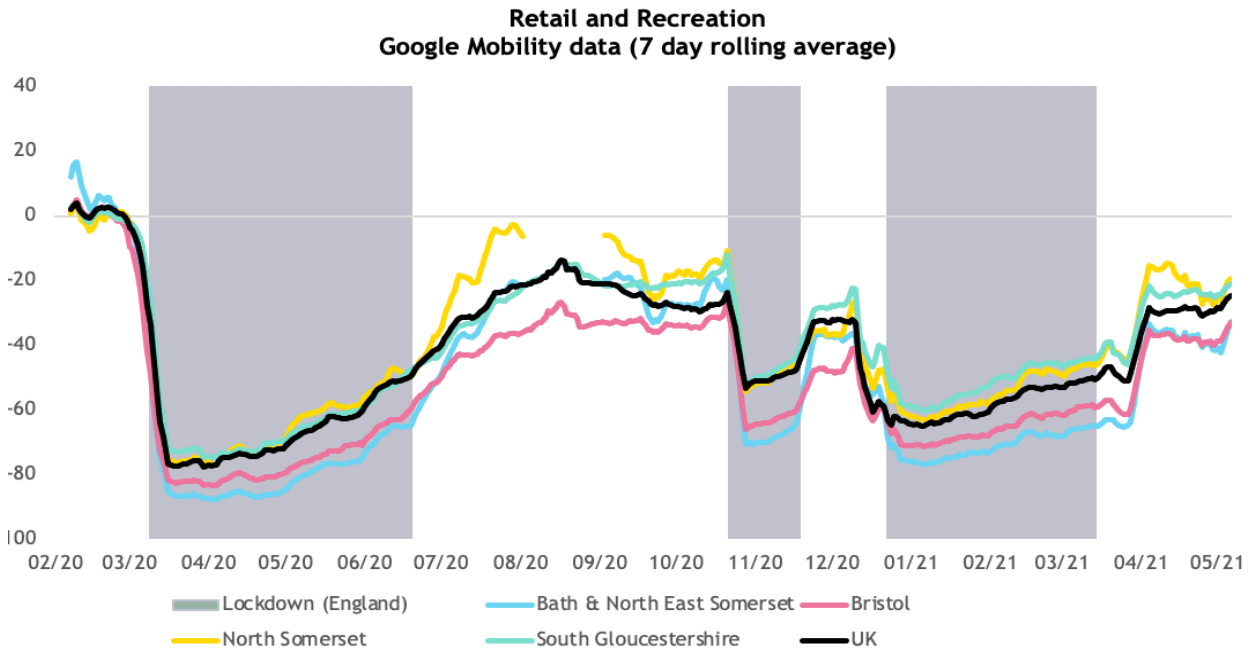



**Source:** Labour Insight, Labour market overview, UK (May 21)

# A. Mobility: Retail and leisure activity has been impacted by restrictions

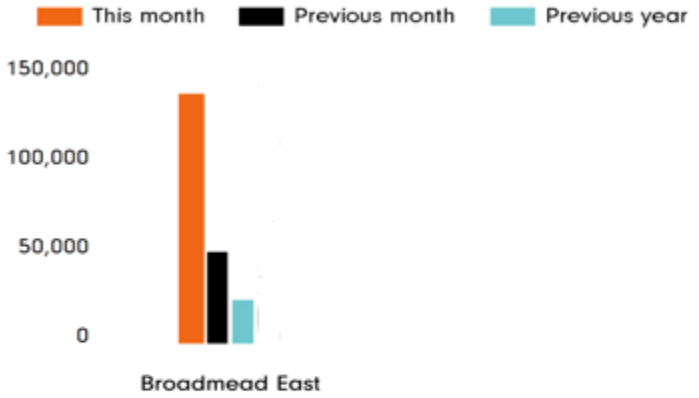
- Step three of the roadmap occurred on 17 May 2021, which included opening up indoor hospitality. This can be seen in the recent slight spike in the Google Mobility data below.

- Data from the Broadmead Business Improvement District in Bristol suggests total footfall for April 2021 was 162.1% up when compared to the previous month and 426.8% up when compared to the previous April.




**Footfall by location**

The figures shown below are calculated using weekly averages.




| | |
|---|---|
| This Month | 132,890 |
| Previous Month | 50,709 |
| Previous Year | 25,225 |
| 2 Years Ago | 191,579 |
| Year on Year % | 426.8 % |

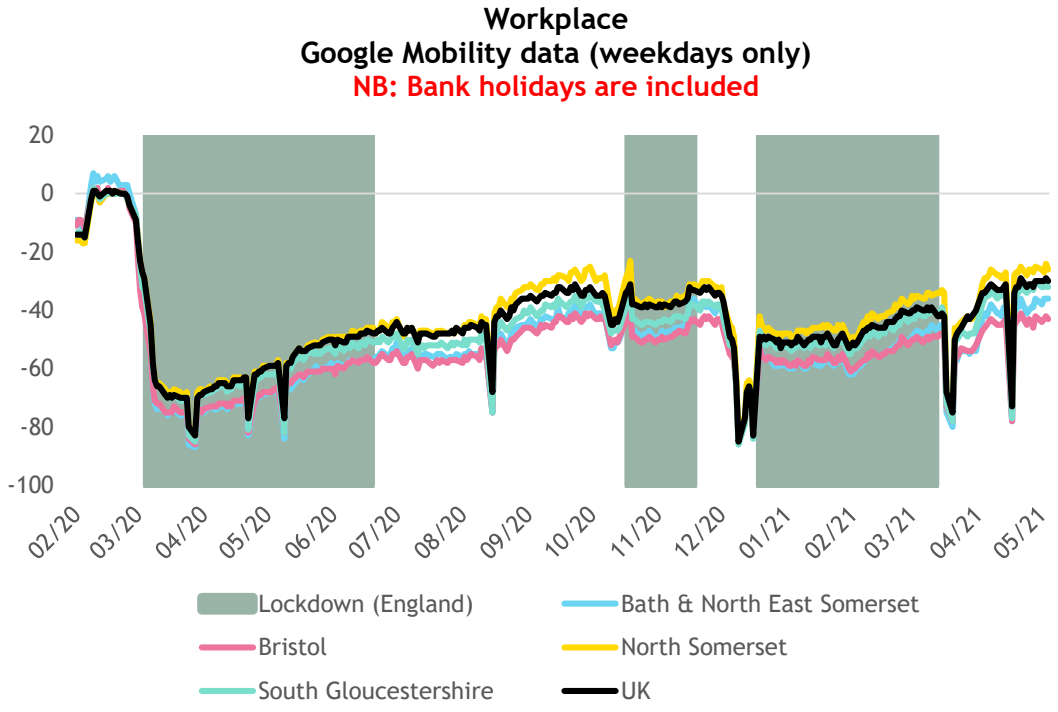
**NB: Google Mobility data is missing for Bath & North East Somerset and North Somerset at dates between August and September**

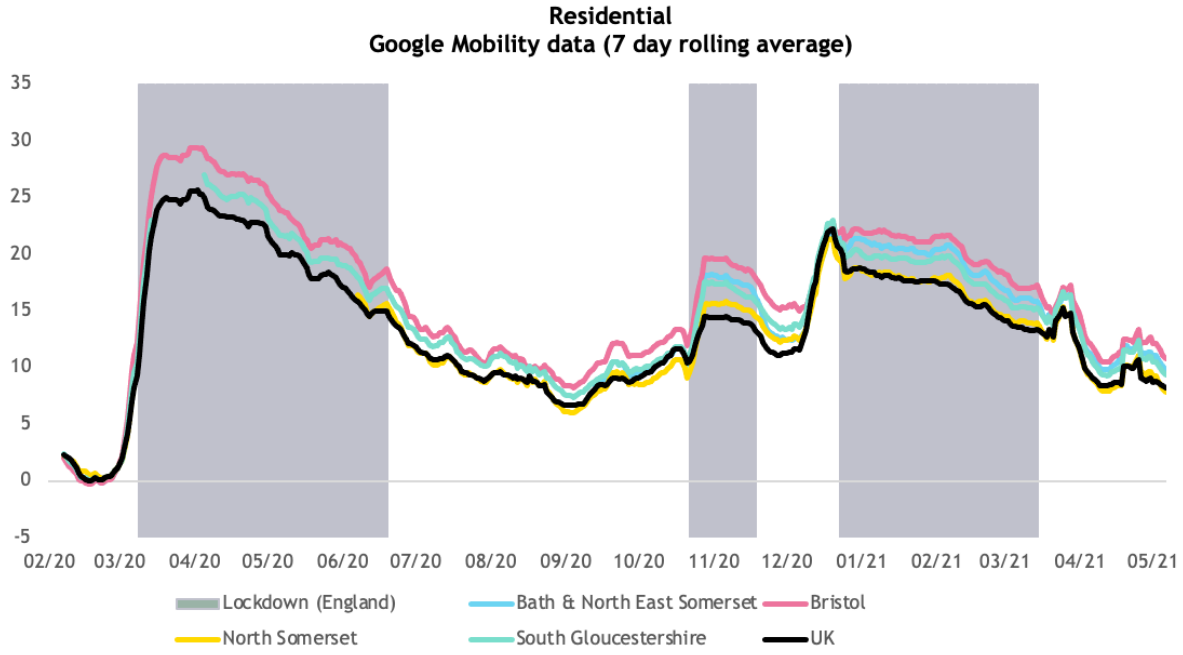
**Source:** Google Community Mobility Reports (20 May), Footfall Report for Broadmead BID (April 2021).

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

- The most recent Google Mobility data below shows that for all four unitary authorities, time spent at a workplace has increased since the step two of the roadmap for easing restrictions occurred on 12 April 2021. Current levels now look similar to those in September and October 2020, prior to the introduction of the second lockdown.

- Residential data from Google shows time spent within homes has been falling. The stay-at-home order ended on 29 March, but the more dramatic decline appears to have happened since 12 April. There has also be a slight fall in the time spent at home since step three of the roadmap occurred on 17 May.



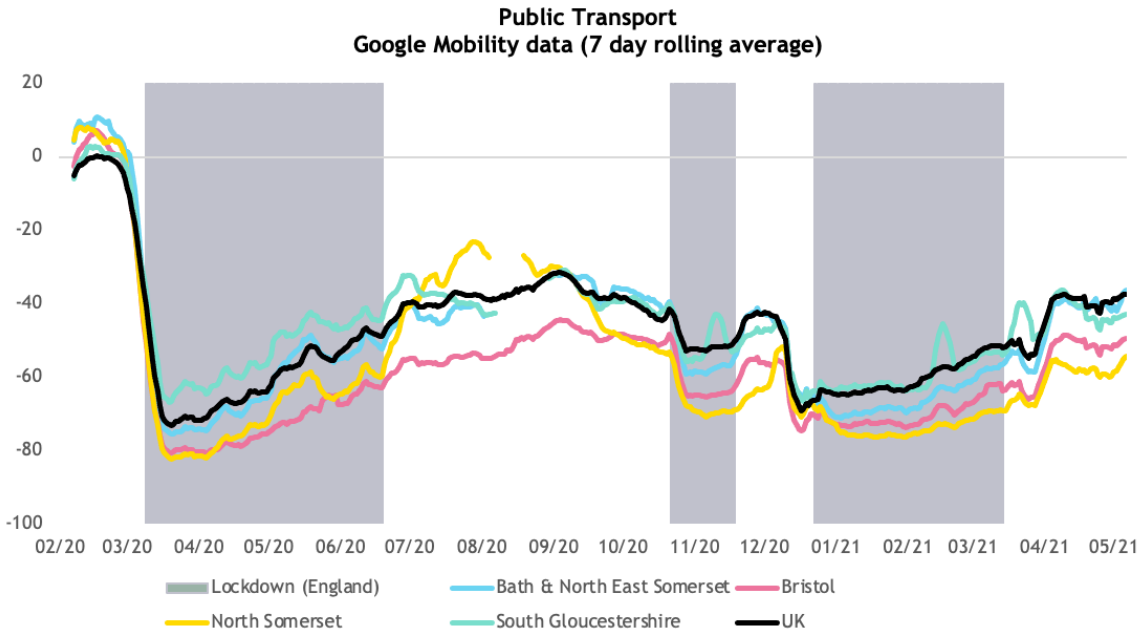

**NB: Google Mobility data is missing for Bath & North East Somerset, North Somerset and South Gloucestershire for certain dates**

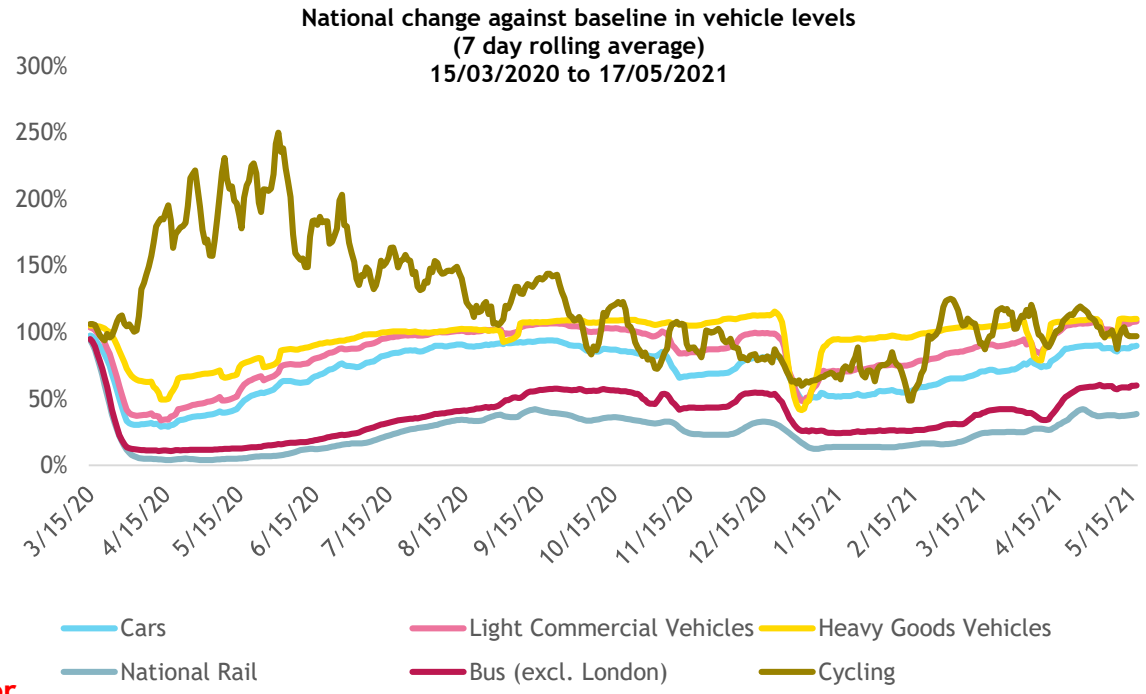
**Source:** Google Community Mobility Reports (20 May)

# A. Mobility: Public transport usage in the region appears to be increasing

- Google Mobility data has shown an increasing trend in the second half of April for the unitary authorities and the use of public transport. This follows step two of the roadmap for easing restrictions on 12 April. This also coincides with the data indicating less time spent in residential places and more visits to workplaces and retail and recreation places.

- Department for Transport (DfT) data shows that nationally, rail usage is around 39% of pre-pandemic levels and bus use (excluding London) is around 60%. Average car usage in a week is currently around 90% of pre-pandemic levels. Please note that the different modes of transportation use different baselines (more information can be found here).




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

**Source:** Google Community Mobility Reports (20 May), DfT (Transport use during the COVID-19 pandemic)

# B. New lockdown easing roadmap for England

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- On **Monday 22 February**, the government published its roadmap for the easing of coronavirus lockdown restrictions.
- The phased unlocking will occur at intervals of at least five weeks, and may be subject to change depending on infection rates, vaccine uptake levels, or the emergence of new variants of concern.
- On **17 May**, England moved onto **Step 3** of the roadmap.

| | *Step 1(a)*<br>*8 March* | *Step 1(b)*<br>*29 March* | *Step 2*<br>*No earlier than 12 April* | Step 3<br>No earlier than 17 May | Step 4<br>No earlier than 21 June |
|---|---|---|---|---|---|
| **Education** | *All schools reopen*<br>*Practical Higher Education courses* | - | - | - | - |
| **Social Contact** | *Exercise and recreation outdoors with one other person or household*<br>*No indoor mixing* | *Rule of 6 or two households outdoors*<br>*No indoor mixing* | - | Maximum 30 people outdoors<br>Rule of 6 or two households indoors (subject to review) | No Legal Limit |
| **Business & Activities** | *Wraparound care, including sport, for all children* | *Organised outdoor sport*<br>*Outdoor sport and leisure facilities*<br>*Outdoor children's activities*<br>*Outdoor parent & child groups (up to 15 parents)* | *All retail*<br>*Personal care*<br>*Libraries & Community Centres*<br>*Most outdoor attractions*<br>*Indoor leisure & Gyms*<br>*Self-contained accommodation*<br>*All children's activities*<br>*Outdoor hospitality*<br>*Indoor parent & child groups (up to 15 parents)* | Indoor hospitality<br>Indoor entertainment & attractions<br>Organised indoor sport<br>Remaining accommodation<br>Remaining outdoor entertainments (including performances) | Remaining businesses, including nightclubs |
| **Travel** | *Stay At Home*<br>*No Holidays* | *Minimise travel*<br>*No holidays* | *Domestic overnight stays (household only)*<br>*No international holidays* | Domestic overnight stays<br>International travel (subject to review) | Domestic overnight stays<br>International travel |
| **Events** | *Funerals (30)*<br>*Weddings and Wakes (6)* | - | *Funerals (30)*<br>*Weddings, Wakes, Receptions (15)*<br>*Event pilots* | Significant life events (30)<br>Indoor events (1,000 or 50%)<br>Outdoor seated events (10,000 or 25%)<br>Outdoor other events (4,000 or 50%) | No legal limit on life events<br>Larger events |

# B. New lockdown easing roadmap for England

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Listed below are the restrictions currently still in place under **Step 3** of the roadmap out of lockdown.

### MEETING OTHERS

You can meet outdoors in groups of up to 30 people. You can meet indoors in groups of up to six people or two households.

You don't have to stay 2m apart from friends and family, but consider the risks to you and those you are with.

### OVERNIGHT STAYS

Domestic overnight stays are allowed, in groups of up to six people or 2 households.

### EDUCATION

Schools, colleges and universities fully open.

Regular testing provided.

### WORK AND BUSINESS

You should continue to work from home if you can.

### RETAIL AND PERSONAL CARE

Open.

### BARS, PUBS AND RESTAURANTS

Open.

Groups of up to six people or two households allowed indoors.

Groups of up to 30 allowed outdoors.

### ACCOMMODATION

All holiday accommodation open, including hotels, hostels and B&Bs.

### LEISURE AND SPORTS FACILITIES

Open indoors and outdoors, including gyms, indoor sports facilities, swimming pools, saunas and steam rooms.

Organised sport and group exercises allowed.

### ENTERTAINMENT

Open indoors and outdoors, including cinemas, bowling alleys, zoos and theme parks.

### LARGE EVENTS

Events, including live performances, business events and sporting events can proceed with capacity limits, indoors and outdoors.

### DOMESTIC TRAVEL

Travel safely. Plan ahead and avoid the busiest times and routes if you can.

### OVERSEAS TRAVEL

Check whether your destination is on the red, amber or green list. You should not travel to red and amber countries. If you are travelling to a green country, check the rules in your destination as testing or quarantine requirements may be in place.

### PLACES OF WORSHIP

Open. You can attend in groups of 6 people or 2 households.

### WEDDINGS AND FUNERALS

Weddings, receptions, life events and wakes can take place with up to 30 attendees, indoors in a COVID-Secure venue, or outdoors.

No limit on funeral attendees, subject to how many the venue can safely accommodate with social distancing.

### RESIDENTIAL CARE

People who live in a care home can have 'low risk' visits out of the home without the need to isolate when they get back. Residents can also name up to five visitors.

### SHIELDING

If you are clinically extremely vulnerable (CEV) you do not need to shield, but should continue to take extra precautions such as shopping at quieter times of the day. You can follow the same advice on meeting friends and family as everyone else.


Source: [Government "Covid-19 Step 3 Restrictions" promotional materials]

# C. Furlough take up varies depending on sector, age and sex

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As at the end of March 2021, more females (13.7%) were estimated to be on furlough than males (12.4%) in the West of England. The split at a national level for age groups and sectors is below. The young and the sectors of accommodation & food, arts, entertainment and recreation and other service activities are estimated to have a greater take up of furlough currently.

| Age | Proportion of jobs furloughed 31 March (UK, provisional) |
|---|---|
| Under 18 | 33.3% |
| 18 to 24 | 20.0% |
| 25 to 29 | 13.7% |
| 30 to 34 | 13.0% |
| 35 to 39 | 12.9% |
| 40 to 44 | 12.5% |
| 45 to 49 | 12.0% |
| 50 to 54 | 11.9% |
| 55 to 59 | 12.3% |
| 60 to 64 | 14.0% |
| 65 and over | 16.6% |
| Total | 14.3% |

| Sector | Proportion of jobs furloughed 31 March (UK, provisional) |
|---|---|
| Accommodation and food services | 55.1% |
| Arts, entertainment and recreation | 54.1% |
| Other service activities | 39.4% |
| Wholesale and retail; repair of motor vehicles | 18.7% |
| Construction | 15.4% |
| Real estate | 13.4% |
| Administrative and support services | 13.3% |
| Transportation and storage | 13.2% |
| Manufacturing | 11.8% |
| Professional, scientific and technical | 11.1% |
| Agriculture, forestry and fishing | 9.0% |
| Information and communication | 8.3% |
| Water supply, sewerage and waste | 6.4% |
| Education | 4.6% |
| Health and social work | 3.8% |
| Mining and quarrying | 3.4% |
| Finance and insurance | 2.7% |
| Energy production and supply | 1.8% |
| Public administration and defence; social security | 0.6% |
| Total | 14.3% |

Source: HMRC Coronavirus statistics

# C. The change in payrolled employees has hit the younger age groups more dramatically at a national level

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The data here is only available at a national level. The biggest recorded fall in employees on the payroll is for the younger age groups and in accommodation & food and arts, entertainment and recreation.

| Age group | Change in payroll numbers Feb 20 - Apr 21 (UK) |
|---|---|
| Under 18 | -36.0% |
| 18-24 | -8.6% |
| 25-34 | -2.6% |
| 35-49 | -1.3% |
| 50-64 | 1.0% |
| 65+ | 1.8% |
| Total | -2.2% |

| Sector | Change in payroll numbers Feb 20 - Apr 21 (UK) |
|---|---|
| Arts, entertainment and recreation | -18.0% |
| Accommodation and food services | -17.4% |
| Households | -12.2% |
| Other service activities | -6.8% |
| Mining and quarrying | -4.6% |
| Manufacturing | -4.4% |
| Wholesale and retail; repair of motor vehicles | -3.3% |
| Energy production and supply | -2.8% |
| Information and communication | -2.1% |
| Transportation and storage | -2.1% |
| Real estate | -1.6% |
| Administrative and support services | -1.3% |
| Professional, scientific and technical | -1.0% |
| Education | -0.5% |
| Construction | 0.0% |
| Water supply, sewerage and waste | 1.2% |
| Agriculture, forestry and fishing | 2.8% |
| Finance and insurance | 3.0% |
| Public administration and defence; social security | 4.0% |
| Health and social work | 4.0% |
| Total | -2.2% |

**Source:** ONS Earnings and employment from PAYE RTI, UK

# C. Different ethnic groups have seen different changes in their unemployment rate over the pandemic at a national level

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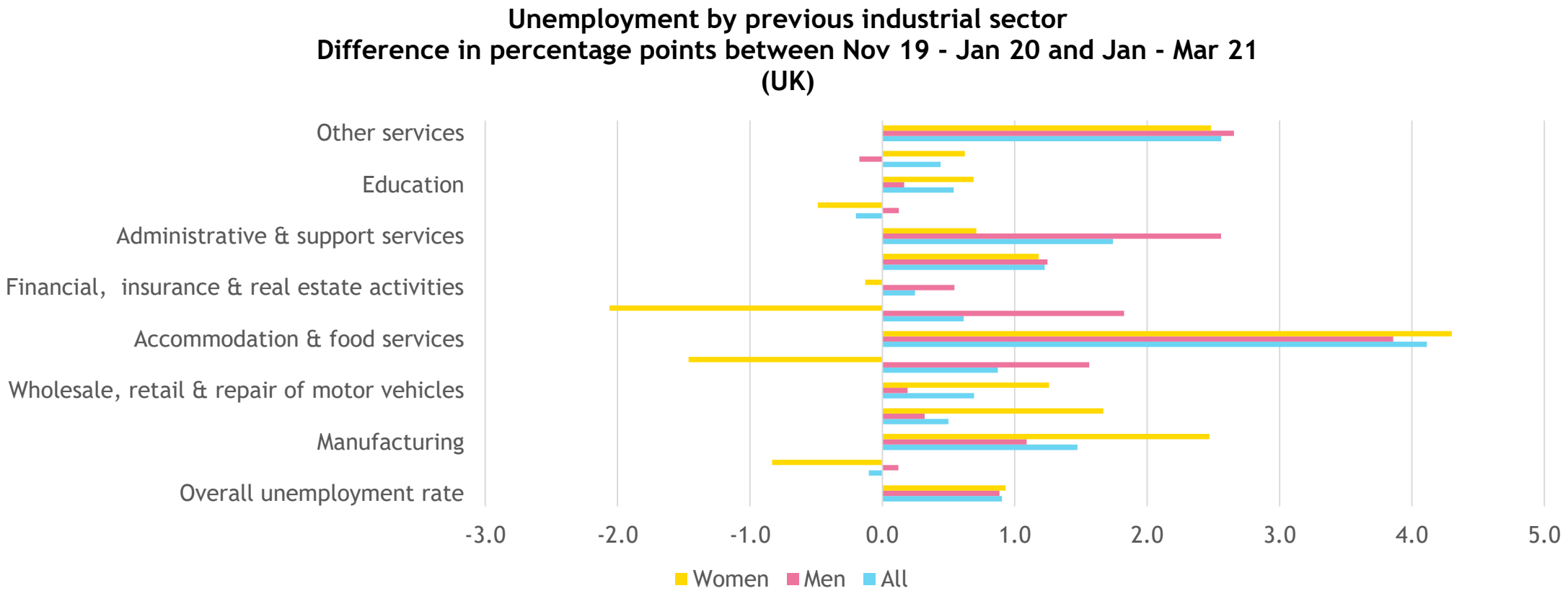
This data shows the difference in unemployment rates between January – March 2020 and January - March 2021 at a national level. This data shows that the unemployment rate increased by a larger amount for most groups of ethnic minority workers when compared to white workers.

| Ethnicity | Percentage point change in unemployment rate Jan-Mar 2020 to Jan-Mar 2021 (UK) |
|---|---|
| Total | +0.8 |
| White | +0.5 |
| Other Ethnic Minority Groups Combined | +2.6 |
| Mixed | +6.2 |
| Indian | +2.7 |
| Pakistani | +2.5 |
| Bangladeshi | -1.9 |
| Chinese | +2.9 |
| Black/African | +1.2 |
| Other | +3.6 |

**Source:** ONS, Labour market status by ethnicity

# C. Change in unemployment by previous sector of employment indicates that certain sectors have been harder hit

This data shows that when you look at the difference in unemployment rates before and after the pandemic, there is no difference in overall rates for men and women, but there are variations in change of unemployment rates for those in different previous sectors of employment.




**Source:** ONS, Unemployment by previous industrial sector

# C. There has been a greater increase in claimants under the age of 45 and those who are male in the West of England

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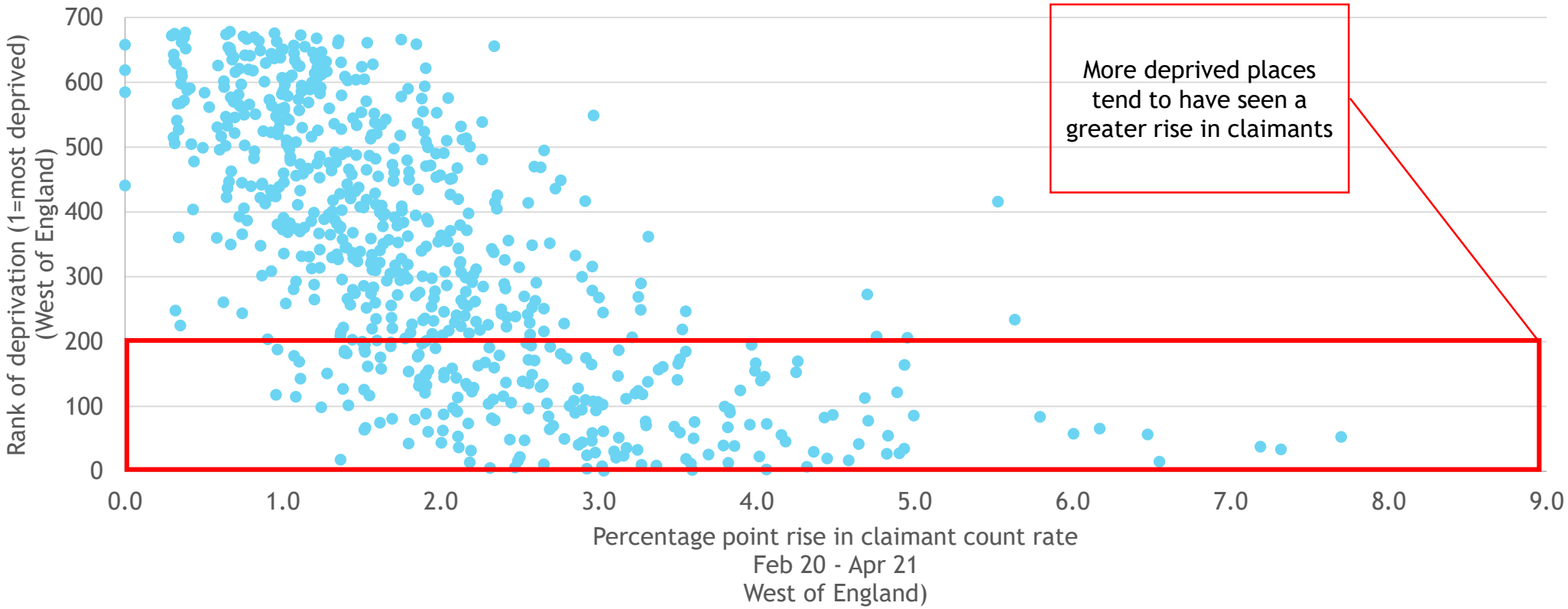
At the end of April 2021, the claimant count rate change (in percentage points) between February 2020 and April 2021 looks like the below for the West of England. There has been a greater increase of male claimants than female and for those under the age of 45.

| | Change in claimant count rate Feb 20 - Apr 21 (West of England) | | |
|---|---|---|---|
| Age | Total | Male | Female |
| Age 16+ | 2.8 | 3.5 | 2.1 |
| Aged 18-24 | 3.3 | 4.1 | 2.5 |
| Aged 25-29 | 3.5 | 4.3 | 2.6 |
| Aged 30-34 | 3.7 | 4.6 | 2.8 |
| Aged 35-39 | 3.3 | 4.1 | 2.4 |
| Aged 40-44 | 2.9 | 3.8 | 2.1 |
| Aged 45-49 | 2.2 | 2.7 | 1.7 |
| Aged 50-54 | 2.0 | 2.5 | 1.6 |
| Aged 55-59 | 2.0 | 2.2 | 1.8 |
| Aged 60-64 | 1.7 | 2.1 | 1.3 |
| Aged 65+ | 0.1 | 0.2 | 0.1 |

**Source:** Nomis (Claimant Count)

# C. Claimants appear to have risen more sharply in more deprived areas of the region over the pandemic

This data compares the level of deprivation and the change in claimant count over the course of the pandemic for each neighbourhood in the West of England. It looks at each neighbourhood (Lower Super Output Area) and their IMD (Indices of Multiple Deprivation) ranking in the region in 2019, relative to the change in the claimant count between February 2020 and February 2021.




**Source:** Nomis (Claimant Count), English indices of multiple deprivation 2019

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