

Impact of COVID-19 on the West Sussex Economy

'Snapshot' Monthly Report
17th July 2020



THE WEST SUSSEX WAY

www.westsussex.gov.uk

Overview

- This is a monthly 'snapshot' on the impact of Covid-19 on the West Sussex economy, produced by the County Council's Insight and Economy teams with contributions from partners.
- The links to the sources of data and reports are included at the end.
- The report is divided into 3 sections as follows:
 - Headline summary (slide 4)
 - West Sussex specific data and insight which this month includes reports on local business surveys (slides 5-21)
 - National data providing overall economic context (slides 22 – 31)

Summary of COVID-19 lockdown measures

Context - July 2020

- The distancing guidance has changed in England to “one metre plus” with precautions, where 2m is not possible. ‘Work from home if you can’ continues. Where not possible, work places must have precautionary measures.
- Hairdressers, nail salons, tourist attractions, libraries and community centres can now reopen if they can do so safely. Close proximity venues such as indoor gyms, swimming pools and spas remain closed. Hotels, pubs and restaurants in England that serve food and have table service can now reopen. They must follow safety guidelines and contact details will need to be collected from customers.
- Holiday accommodation – including hotels, B&Bs, cottages, campsites and caravan parks – have reopened so long as shared facilities can be kept clean, with households in England allowed to stay away from home overnight.
- Travellers from more than 50 countries including France, Spain, Germany and Italy will no longer have to quarantine for two weeks when they enter England, but may have restrictive rules for people arriving from the UK.

Key headlines

- The UK's GDP fell by 19.1% in the three months to May as the economy was hit by coronavirus lockdown measures.
- As reported last month, there were 17.2% fewer business start ups in West Sussex over the period 23rd March – 31st May 2020 compared with the same period last year.
- There were 25,870 claimants aged 16+ in West Sussex for June, over 2.5 times the number in March.
- 35,100 claimed Self Employment Income Support in West Sussex, which is 71% of those who are potentially eligible.
- 125,200 employees have been furloughed – 31% of resident workforce aged 16+ in work.

West Sussex specific data and insight

WEST SUSSEX PICTURE



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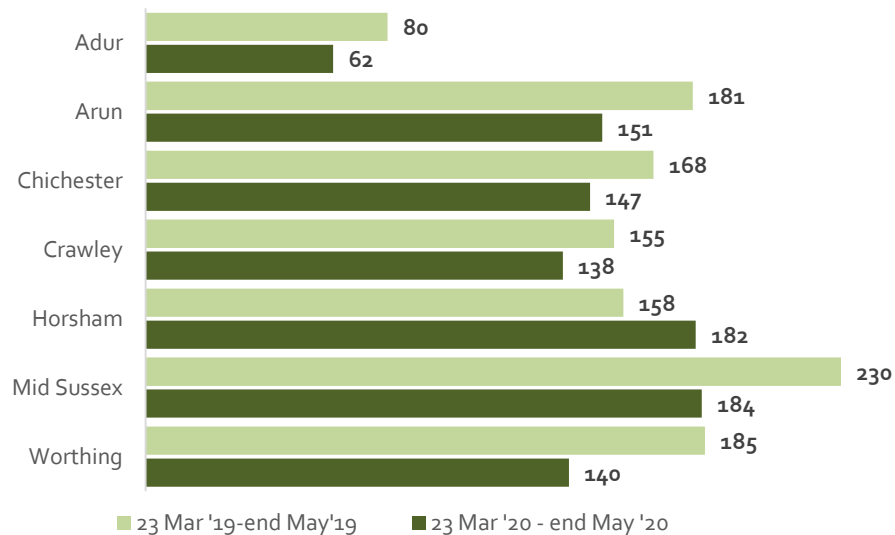
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Business start-ups 23rd March – 31st May 2019 & 2020

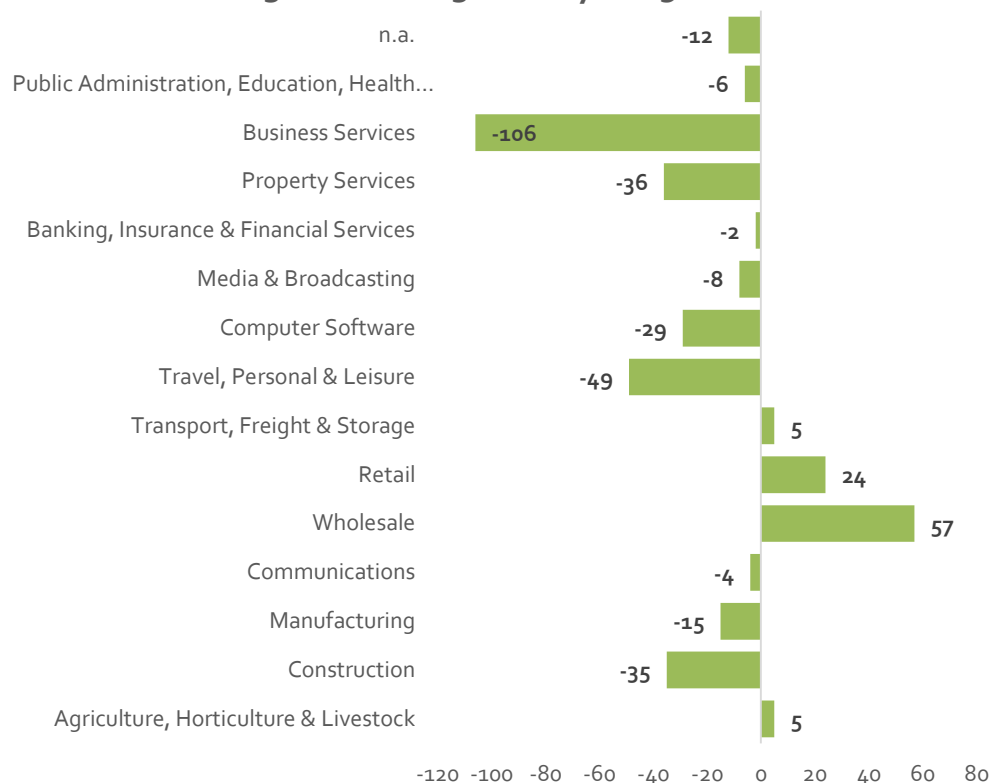
Source: FAME - note no new data available for this month's report

There were 153 fewer new businesses in West Sussex 23/3/20-end of May 2020 than the same period last year. Horsham has gone against the general trend and seen some new business growth.

Number of business incorporations



Change in number of business incorporations
23rd March - 31st May 2019 & 2020



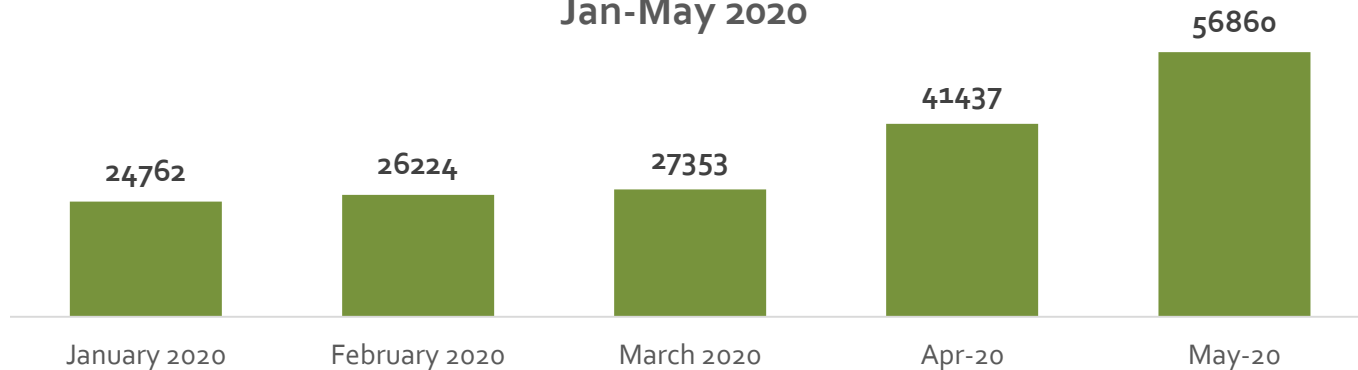
Number of people claiming Universal Credit

Source: HMRC 15 July

- Universal Credit roll out was completed in December 2018 for all new claimants.
- It is a payment to help with living costs for those on a low income or out of work.
- Previous benefits replaced by Universal Credit include: income based Job Seekers Allowance; Income related Employment and Support Allowance; Income Support; working Tax Credit; Child Tax Credit ; Housing Benefit.
- Some of those claiming the old-style benefits will be moved across to Universal Credit.

Number of people in West Sussex claiming Universal Credit

Jan-May 2020



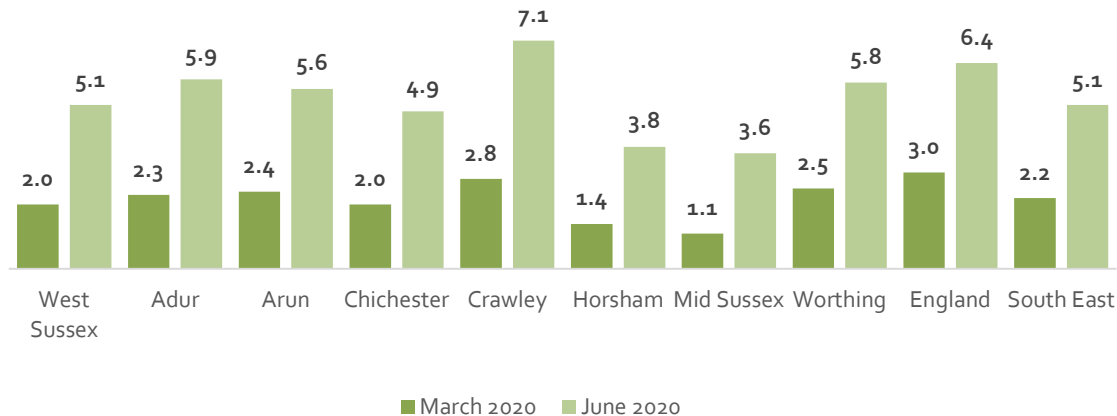
Claimant data – claiming JSA or Universal Credit

Source: HMRC 15 July

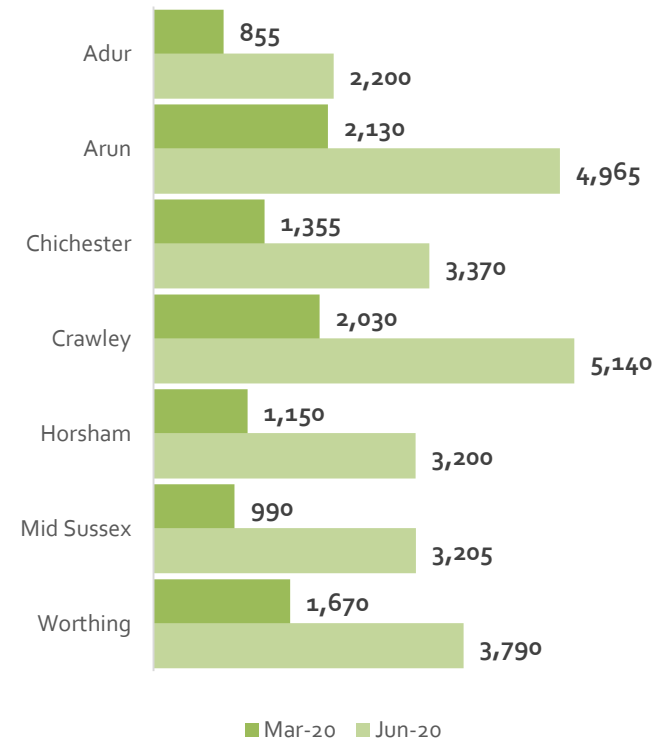
Claimants of JSA or Universal Credit for the principal reason of being out of work

- There were 25,870 claimants aged 16+ in West Sussex for June, over 2.5 times the number in March, though there has been some reduction in the last month.
- Crawley has seen the highest increase in the number of claimants March – June 2020 (3,220) and Mid Sussex the highest % increase over March-June.

Claimant Count Rate March and June 2020



Number of claimants March & June 2020

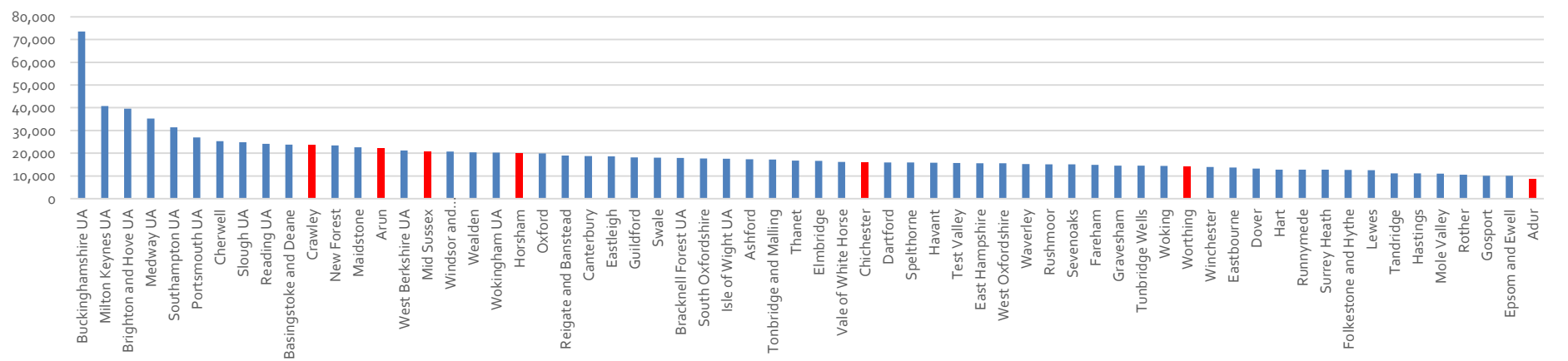


Furloughing in West Sussex

Source: HMRC 15 July

CJRS claims - Data based on residential address HMRC holds for each employee and doesn't necessarily reflect the employee's place of work.

	West Sussex	Adur	Arun	Chichester	Crawley	Horsham	Mid Sussex	Worthing	South East	England
Nos. furloughed	125,200	8,500	22,100	16,100	23,600	20,000	20,900	14,100		
% of West Sussex	100	6.8	17.7	12.9	18.8	16.0	16.7	11.3		
Take-up rate	31%	31%	32%	32%	37%	30%	29%	28%	29%	30%



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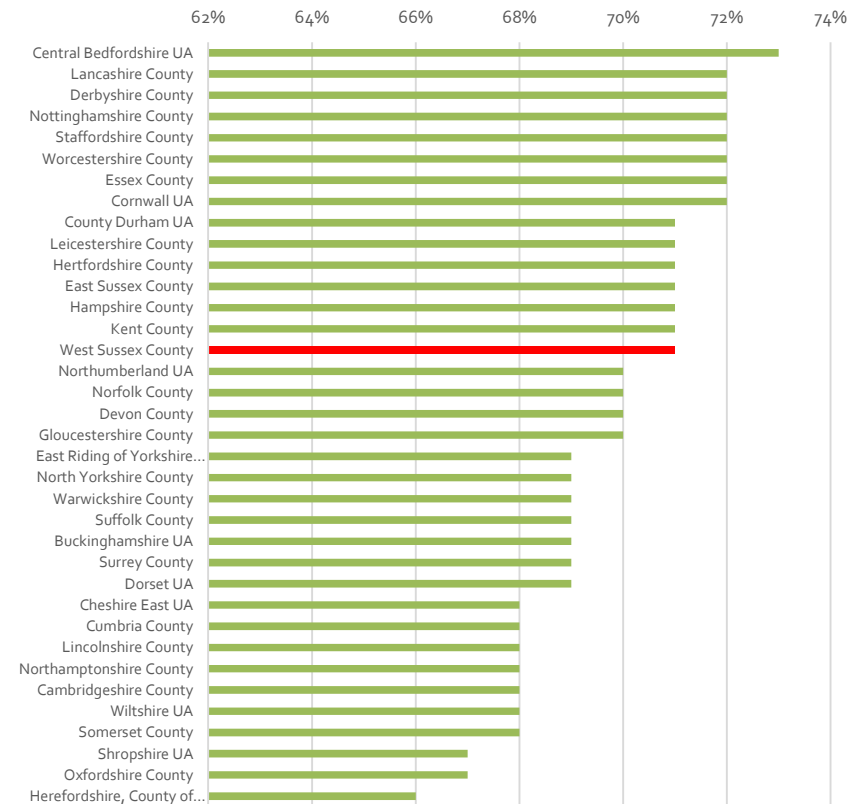
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Self Employment Income Support Scheme

Source: HRMC 15 July

County and district / unitary authority	Total potentially eligible population	Total no. of claims made to 31/5/20	Total value of claims made to 31/5/20 (£)	Average value of claims made to 31/5/20 (£)	Take-Up Rate
West Sussex County	49,500	35,100	110,500,000	3,100	71%
Adur	4,200	3,100	9,900,000	3,100	75%
Arun	9,300	6,700	20,700,000	3,100	71%
Chichester	7,800	5,300	16,700,000	3,100	68%
Crawley	5,700	4,100	12,100,000	2,900	73%
Horsham	8,100	5,600	18,300,000	3,300	69%
Mid Sussex	8,300	5,700	19,000,000	3,300	69%
Worthing	6,100	4,500	13,900,000	3,100	74%
South East	501,000	352,000	1,117,000,000	3,200	70%

Take up rate of self-employment income support by CCN authorities



Reductions in job postings

Source: Institute of Employment Studies

The week ending 5th July shows nationally the current stock of vacancies is **70%** lower than the equivalent week last year, and 50% lower than in the week before the crisis began.

The general picture is that jobs in Healthcare and Social work have held up fairly well; whilst job vacancies in hospitality and construction are well below the levels seen in March 2020, however they are up in July from the average levels in June.

Local Authority	w/e 5 July 2020	Change since 15 March	Change in last week	Year on year change
Adur	297	-41.0%	-7.8%	-50.0%
Arun	439	-41.2%	-6.2%	-57.4%
Chichester	1166	-57.9%	2.6%	-65.7%
Crawley	762	-67.6%	-3.1%	-76.3%
Horsham	864	-49.8%	-8.9%	-58.3%
Mid Sussex	804	-57.4%	-8.4%	-65.6%
Worthing	408	-52.8%	-4.9%	-70.5%

Vacancy postings per local authority

Source: Institute for Employment Studies analysis of Adzuna vacancy data – w/e 5 July 2020

West Sussex Google mobility data

Source: Google

Mobility trends for different types of places in West Sussex using phone location data.

Source: Google
Covid-19
Community
Mobility Report – 7
July 2020

Retail and recreation

-32% compared to baseline



+26% from June

Supermarket and pharmacy

-10% compared to baseline



+4% from June

Parks

+98% compared to baseline



+56% from June

Public transport

-60% compared to baseline



+13% from June

Workplaces

-46% compared to baseline



+4% from June

Residential

+15% compared to baseline



+5% from June

Crawley Borough Council Business Survey

May/June 2020

- 74% of Crawley businesses surveyed are significantly less busy since the crisis began and nearly a quarter have had to cease trading completely.
- 80% of Crawley businesses have seen a significant drop in turnover and nearly a quarter businesses have seen turnover reduce to zero.
- Professional services firms in Crawley are typically experiencing a turnover fall of between 10 and 30% (with the exception of accountants).
- Over 40% of businesses have had orders cancelled and are struggling to get customers to pay bills.
- Over two thirds have benefited from the government's Job Retention Scheme and 70% have furloughed staff. Most are deeply nervous about a major recession in the autumn and about the ending of the furlough scheme.
- Just over a quarter have benefited from government funded loan schemes set up during the crisis.
- 61% are confident their business will survive post COVID-19 crisis but:
- Almost three quarters believe they need additional government support to survive.



Adur and Worthing Covid-19 Economic Impact Report

July 2020

Applying the OBR 3 three-month lockdown impact forecast to Adur and Worthing shows a net loss in output of £325.64m or 26.99% of total output when weighted for the sectoral make up of the Adur and Worthing economy.

	Adur	Worthing
Agriculture, mining & utilities	-19.64	-15.68
Manufacturing	-56.46	-29.28
Construction	-68.15	-73.90
Wholesale, Retail & Motor	-48.61	-55.02
Transport & Storage	-36.4	-37.95
Accommodation & Food	-85.03	-86.44
Information & Communication	-46.01	-49.97
Financial & Insurance	-9.84	-11.06
Real Estate	-13.63	-21.59
Professional, Scientific & Technical	-37.81	-46.05
Administration & Support	-42.91	-43.47
Public Administration. & Defence	-22.63	-20.31
Education	-87.41	-91.43
Health & Social	48.09	57.87
Other Services	-58.26	-60.81

Table 9: Forecast impact on output %age change by sector per quarter as a result of 3 month lockdown for Adur & Worthing (weighted)

- The area has key strengths in high skilled, more knowledge intensive sectors that appear to be more resilient; e.g. *Health* and *Information & Communication* and *Business Administration*.
- Adur's dependence on the *Construction*, *Wholesale* and *Transport* sectors may make it vulnerable in an economic downturn.
- Nearly ¼ of Adur and Worthing jobs are in the shut down sectors, which may struggle to operate now with additional precautionary measures.
- There has been a very rapid increase in unemployment with an increase of over 1,500 people or 75.44% in the Claimant Count in Adur and 52.7% increase in Worthing between February and May 2020.
- Sector wise, the visitor economy has been hit hard, as have the creative and cultural industries. Manufacturing continues to struggle with supply chain issues.

Sector highlight: Retail and high streets

Research from the Centre for Cities suggests towns and city centres across the UK are seeing different impacts in terms of footfall, depending on their 'success' prior to lockdown. Places that attracted more visitors or workers from further afield appear to have been more heavily impacted as people tend to stay local. Some smaller town centres appear to have had fewer reductions in overall footfall.

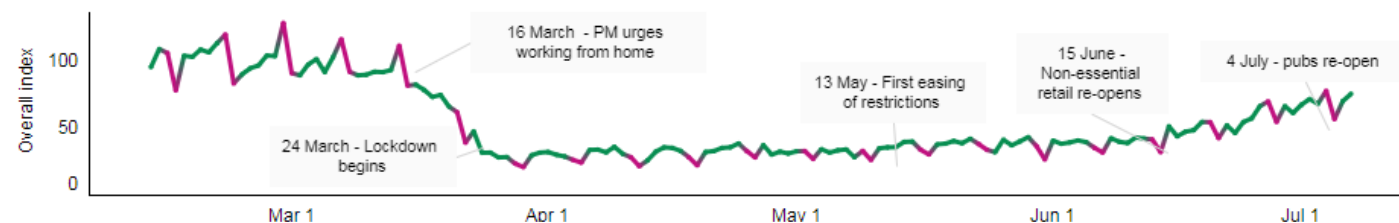
Data from Springboard indicated that there was a moderate increase in footfall on the high street between 28 June and 5 July, from under 40% to around 50% of its level on the same time last year.

This growth was mostly led by an increase in footfall on high streets in the last two days of the week; on 4 July, when pubs, hairdressers and other hospitality businesses were allowed to open for the first time since March.

Crawley

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.

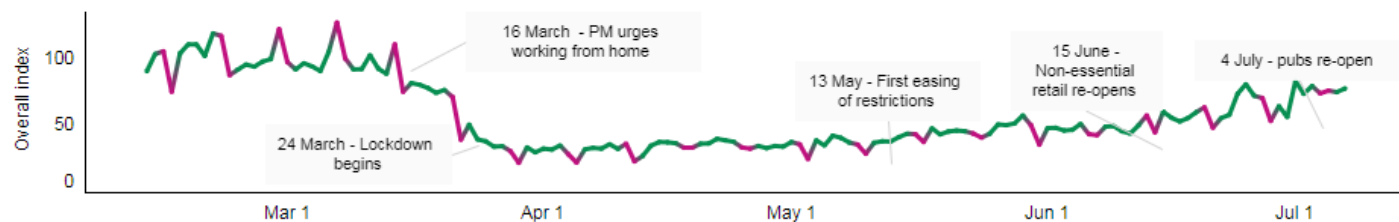


Source: Centre for Cities Recovery Tracker

Worthing

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.



South Downs National Park Authority Covid-19 Business Recovery Strategy Survey

Out of 120 responses, all were SMEs, with over 64% having 0-9 employees, 34% 10-49 and only 2% 50-249.

Of these, none had ceased trading permanently, and over 76% had part, or all, of the business ceasing trading temporarily. Only 18% were still fully trading.

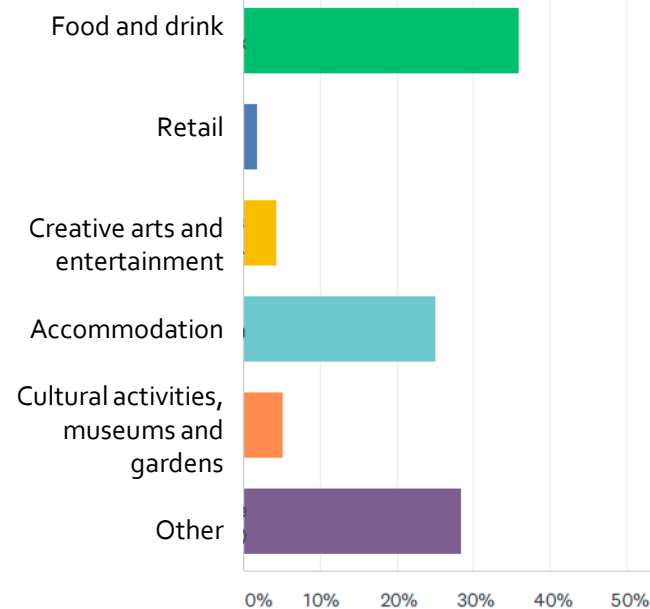
Over 72% of businesses reported a turnover reduction of 51-100%, and of those, 48% had a reduction of 100%.

59% of businesses had furloughed staff, and 10% had made redundancies. All but 15% had accessed financial support from the government or other sources.

85% of businesses reported a loss of orders, custom and contracts as the key issue, followed by finance/cash flow issues (48%). Other problems cited included having to cease trade temporarily and supply chain issues.

To enable their business to recover, 91% cited the end of lockdown, 53% economic confidence/certainty and 36% marketing and promotion. Ongoing distancing/partial lockdown restrictions (83%), loss of seasonal income (65%), and market shrinkage/confidence (57%) were seen as the key barriers for recovery.

Sector response breakdown



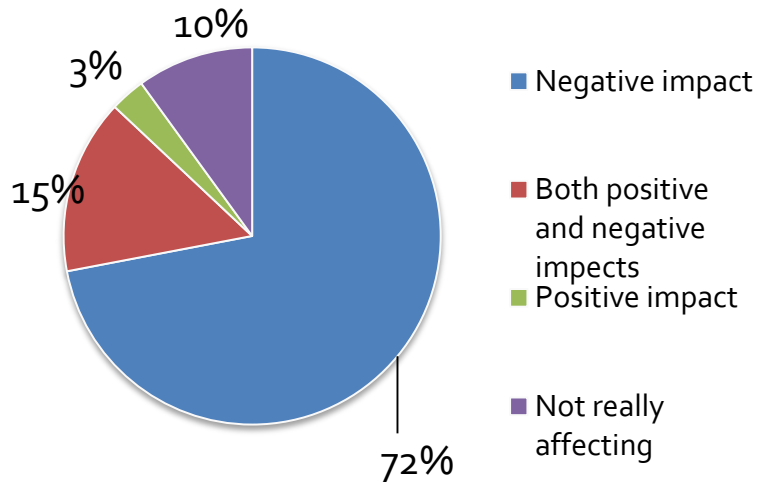
SOUTH DOWNS
NATIONAL PARK



Coast to Capital Growth Hub Business Survey

Updated 29 June Undertaken by Growth Hub Relationship Managers and External Partners

Impact of COVID-19 on businesses



Key issues or impacts on businesses:

- 82% said postponement or cancellation of orders/sales
- 77% said staffing
- 73% said finances
- 36% said suppliers being unable to provide materials or services
- 33% said 'Other' Issues
- 23% said logistics or warehousing Issues / contractual issues.

The top 5 actions businesses are undertaking to address the challenges caused by COVID-19:

- 74% said increased use of video conferencing technology
- 73% of all businesses have, or will be furloughing employees and/or making redundancies
- 65% are identifying new markets, customers, partners or channels
- 62% are looking to access Government support
- 60% are seeing professional advice.

Coast to
Capital
Growth Hub

Spatial area updates

Coastal West Sussex Partnership

- **Better Together - Kickstarting the Coastal Economy** webinar was hosted on Wed, 15th July and led a valuable discussion with leaders from across a range of organisations. The key themes that came from the discussion was the impact of youth unemployment on our economy and skills, a need for ongoing collaboration and actions to help foster growth now. It was noted that demand for flexible/co-working space had increased in the last month by about 25%. The transcript will be available on the website soon.
- The coastal economy is **heavily reliant on tourism** and those businesses generate their income in April - September. It is estimated that 65% of tourism businesses only have enough cash to last for 6 months. From a watersports perspective, the seasonality is more acute with the market for winter watersports smaller than the beginner or 'fairweather' enthusiasts who partake in the summer months. Rent reviewed and rent reductions should be considered, as a rent 'holiday' may not be enough for these businesses to survive the winter.



Spatial area updates

Gatwick Diamond

- The anticipated increasing demand for **flexible workspace** is now happening on the ground. One of the main suppliers of flexible work space in the Gatwick Diamond is reporting that interest has escalated in the past few weeks. If actual take-up is in line with the level of enquiries (business generated so far suggests that this will be the case) demand for quality, well-located space could begin to outstrip supply in the autumn. This is despite the move to more home-working.
- The main factor is businesses looking to get out of 5-10 year leases and move into smaller accommodation on more **flexible terms**. So far this trend applies mostly to businesses already in the area rather than operations being attracted in from outside but there are early signs that this could follow (particularly from London).
- It is too soon to generalize from this limited sample, but the signs are that the provision of flexible workspace, including through supporting well-located conversions, will be important in to the recovery.



Spatial area updates

Rural West Sussex Partnership

- 4th July **reopening of pubs** was welcomed by many, especially those with beer gardens. Some smaller establishments without external space have delayed opening until demand is better understood. The Eat Out to Help Out scheme is welcomed but some businesses are sceptical about whether it will have any lasting impact on driving customers back.
- Holiday cottage owners and operators are reporting **high demand for self-catering holidays**. Combination of staycation, travel uncertainties abroad and desire to remain in a family bubble seems to have fuelled demand for accommodation, but this is not necessarily additional business being generated for this time of year. Some have extended peak rates to shoulder season but cautious of criticism for price gouging.
- **Rural tourism hotspots** are reporting significant visitor numbers at weekends, although there are concerns that visitors either don't know or have forgotten the Countryside Code, and whether they are making much of a contribution to the local economy by bringing food and drink with them.
- **Rural High Streets** reported a minor uplift of foot-flow but has generally subsided to a lower baseline than pre-covid. Shop local messaging seems to have had a positive impact on some outlets such as butchers, bakers, food shops and hardware but clothing and gift shops are reporting lower than average customer flow and resultant sales. Clothing shops that had committed to summer stock orders are worried that they be unable to sell it within the reduced season length. Conversely, estate agents report significant pent-up activity to both sell and buy properties.



Local Authority Grant Payments as of 12th July 2020 as part of Government Support for Businesses

Previous month's figures in brackets

Local Authority	Initial Allocation	Number of eligible hereditaments	Number of grant payments made to hereditaments	Value of payments (£)	Number of hereditaments left	Value of payments left (£)
Adur District Council	£17,640,000	997 (970)	898 (869)	£10,825,000 (£10,490,000)	99 (101)	£6,815,000 (£7,150,000)
Arun District Council	£39,380,000	2,687 (2,603)	2,637 (2,529)	£31,215,000 (£29,865,000)	50 (74)	£8,165,000 (£9,515,000)
Chichester District Council	£37,086,000	2,987 (3,046)	2,952 (3,003)	£35,715,000 (£36,510,000)	35 (43)	£1,371,000 (£576,000)
Crawley Borough Council	£12,102,000	917 (870)	835 (825)	£12,160,000 (£12,045,000)	82 (45)	-£58,000 (£57,000)
Horsham District Council	£29,522,000	2,478 (2,350)	2,232 (2,157)	£27,660,000 (£26,610,000)	246 (193)	£1,862,000 (£2,912,000)
Mid Sussex District Council	£26,882,000	2,132 (2,168)	1,977 (1,912)	£25,230,000 (£24,400,000)	155 (256)	£1,652,000 (£2,482,000)
Worthing Borough Council	£26,130,000	1,667 (1,625)	1,519 (1,466)	£18,970,000 (£18,350,000)	148 (159)	£7,160,000 (£7,780,000)
Total	£188,742,000	13,865 (13,632)	13,050 (12,761)	£161,775,000 (£158,270,000)	815 (871)	£26,967,000 (£30,472,000)

National data providing overall economic context

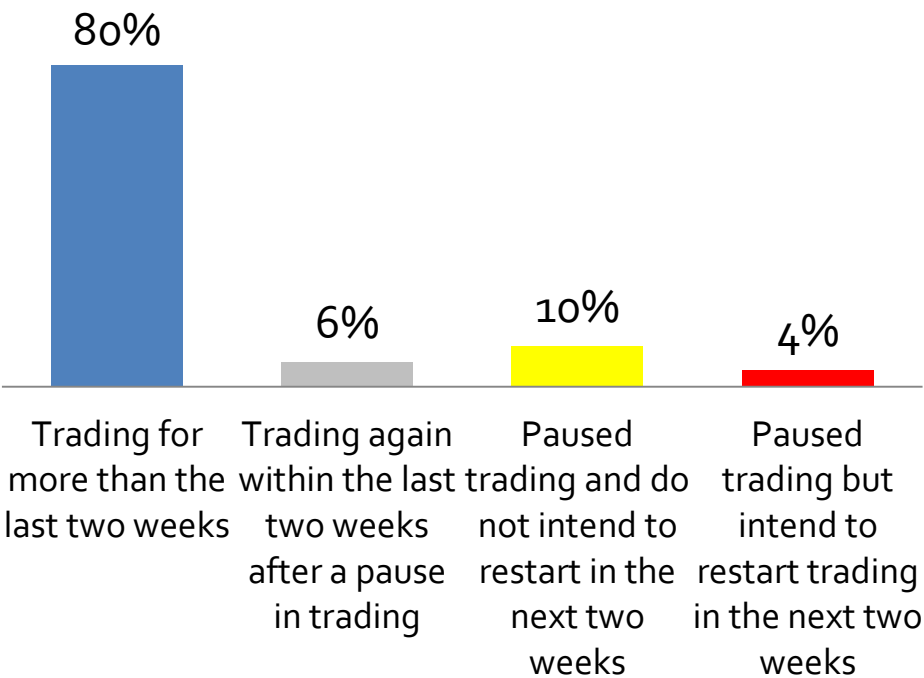
NATIONAL PICTURE

Business trading

Source: ONS

Of the 5,927 businesses that responded to the ONS Business Impact Survey:

- The largest sector changes for having restarted in the last two weeks were seen by 19% of accommodation and food services activities sector and 15% of the construction sector.
- 50% of the arts, entertainment and recreation sector, and the 43% of the accommodation and food services activities sectors reported they were not intending to open in the next two weeks.
- Caution should be taken with these estimates based on the easing of lockdown restrictions on 22 June.



Current trading status of UK businesses , 1 June to 14 June 2020

Source: ONS Business Impact of Coronavirus Survey Wave 7 – 28 June 2020



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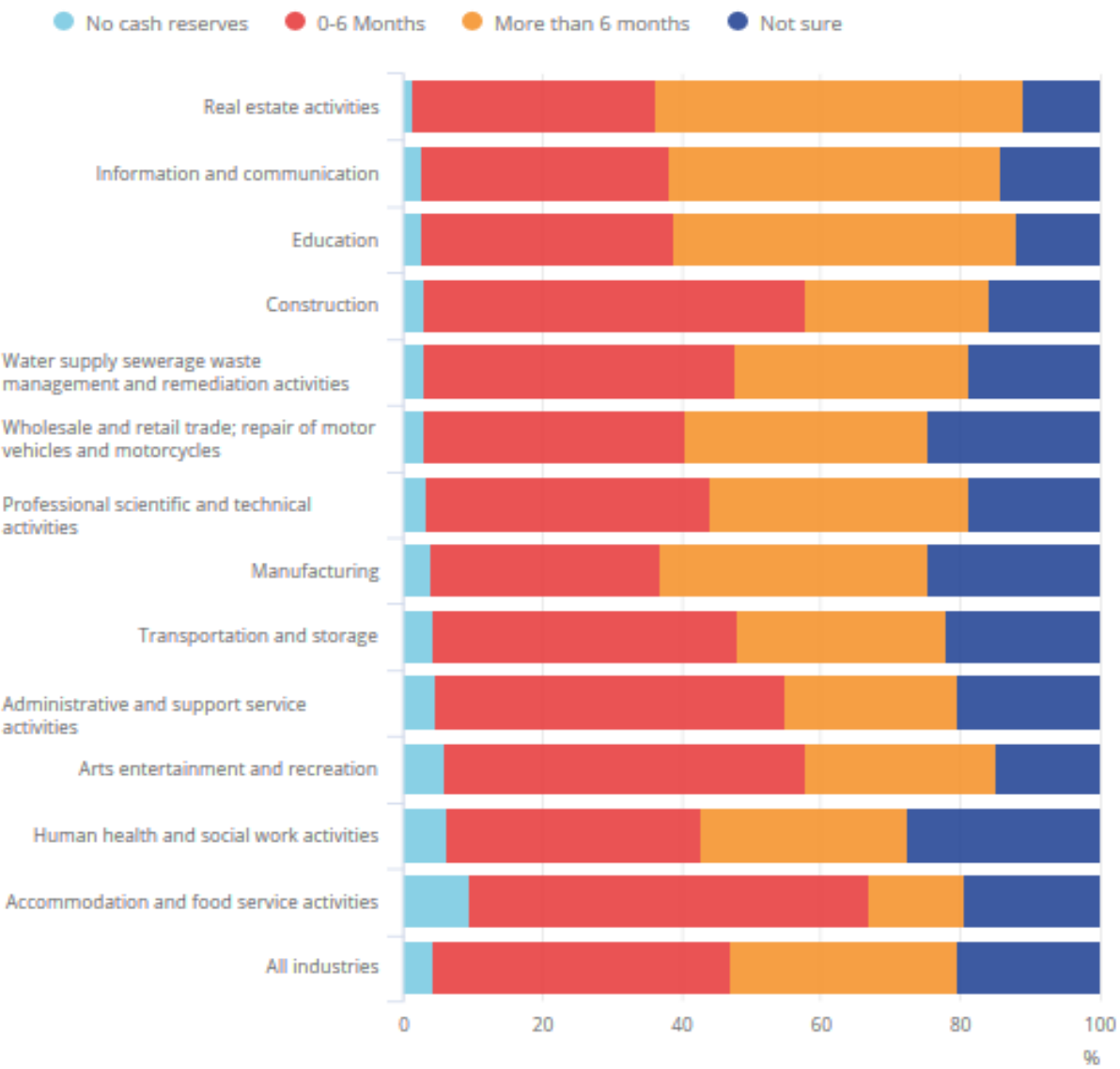
Cash reserves

Source: ONS

40% of business who had 250 employees or more have cash reserves to last more than six months compared with 29% of businesses with fewer than 250 employees.

67% of the accommodation and food services activities sector reported that they had zero or less than 6 months' cash reserves.

Source: ONS Business Impact of Coronavirus Survey Wave 7 – 28 June 2020



Business turnover

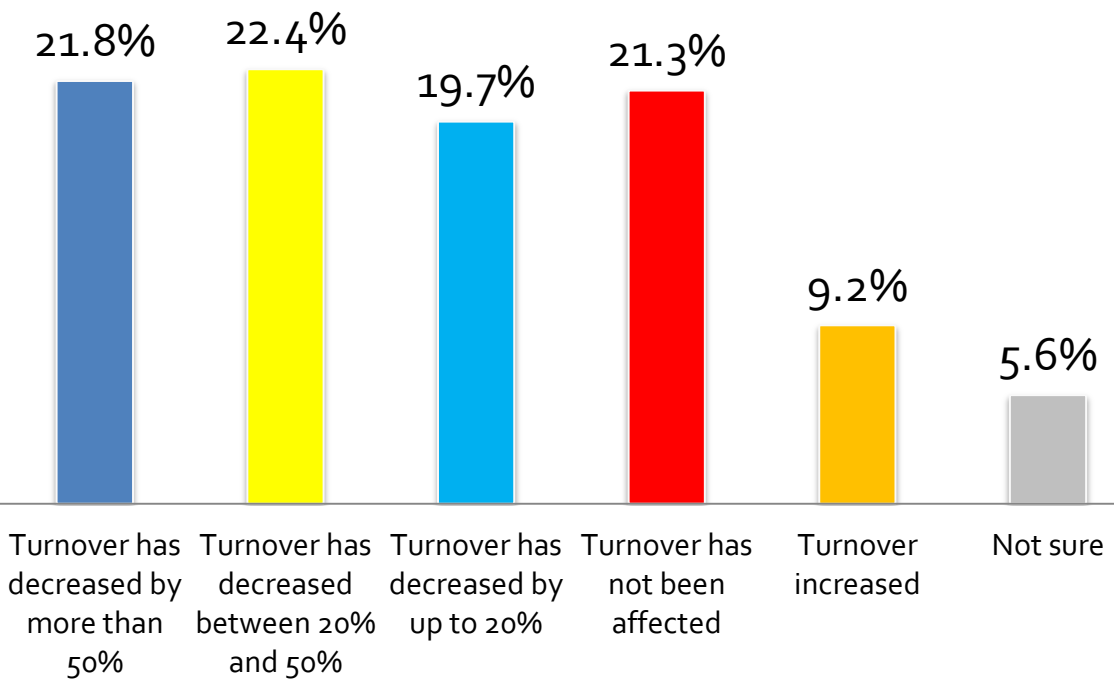
Source: ONS

From the BICS survey, turnover decreased by:

- 58% in arts, entertainment and recreation
- 52% in accommodation and food
- 32% in construction.

Human health and social work activities (private sector only) as well as the ICT sector reported the largest percentages of unaffected turnover, at 44% and 41% respectively.

Both wholesale and retail (19%) and manufacturing (11%) reported the highest percentage of turnover increasing.



Effect on turnover, UK businesses continuing to trade 1 June to 14 June 2020

Source: ONS – Business Impact of Coronavirus Survey Wave 7 (Response rate 24%)

Furloughing of workers

Source: HMRC 15 July

Nationally – over three quarters of employers furloughing employ less than 9.
In monetary terms over a quarter of the claims went to larger employers (250+).

CJRS claims by employer size

Employer Size (by no. of employments)	Take-up rate by employers	Take-up rate of employments (jobs)	Total value of claims made (£million)
1	41%	41%	721
2 to 4	64%	55%	2,316
5 to 9	77%	57%	2,457
10 to 19	80%	53%	2,846
20 to 49	78%	44%	3,675
50 to 99	76%	37%	2,379
100 to 249	74%	31%	2,656
250+	69%	19%	9,314
Unknown	*	*	87
Total number	1,142,400	9,373,900	26,450

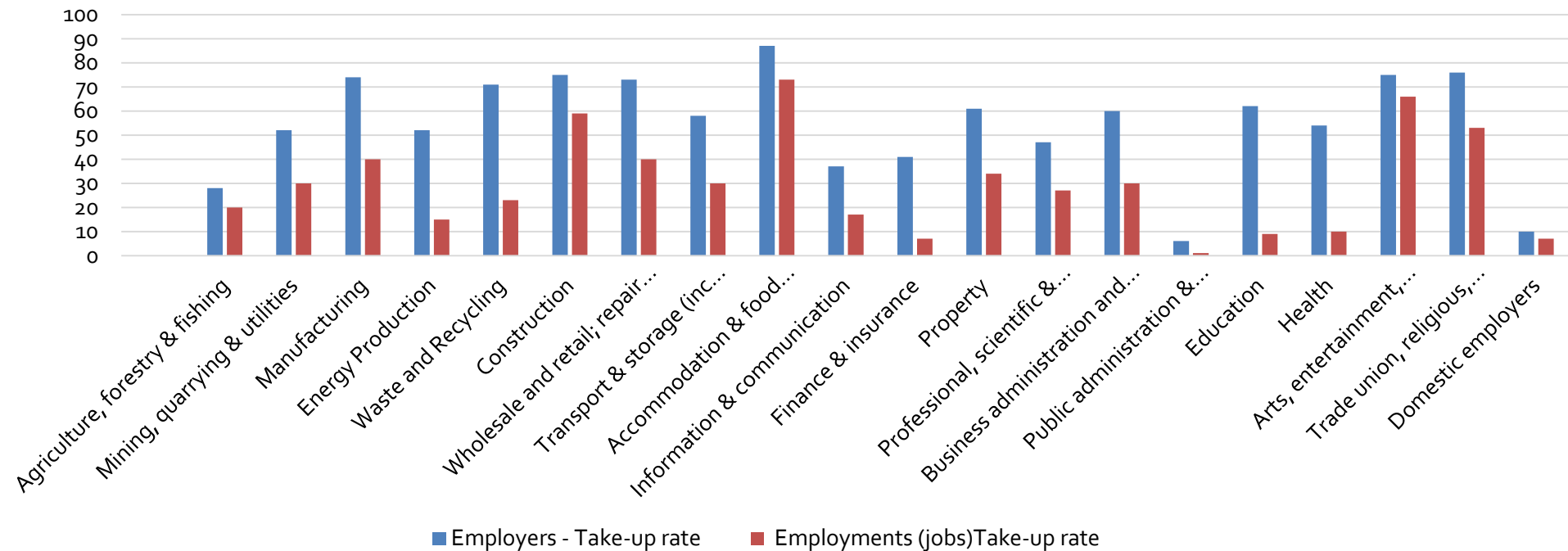
CJRS claims Source: HMRC 15 July 2020

Furloughing of workers in Great Britain

Source: HMRC 15 July

As of 28 June, more than a 1/4 of UK workers (9.3 million jobs) have been furloughed.

Percentage of employers furloughing and jobs furloughed



CJRS claims Source: HMRC 15 July 2020

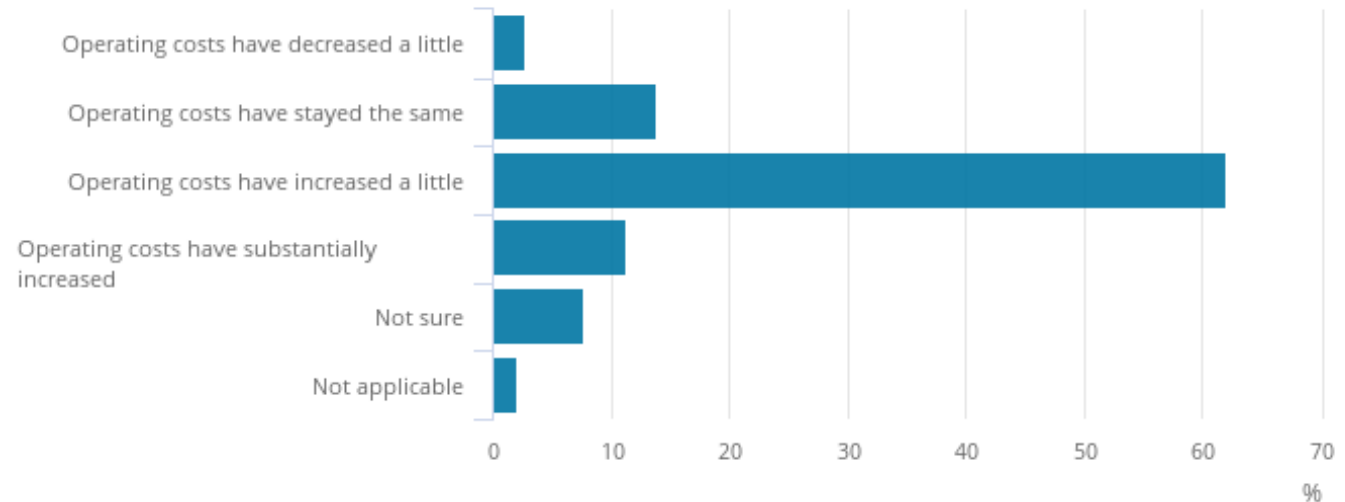
Safety measures increase businesses' operating costs

Source: ONS

Of UK businesses continuing to trade with safety measures in place, 73% reported that the implementation of such measures increased their operating costs.

Most businesses said implementing safety measures had increased their costs, either substantially (11%) or a little (62%).

Percentage of businesses continuing to trade and who are using one or more safety measures, UK, 15 June to 28 June 2020



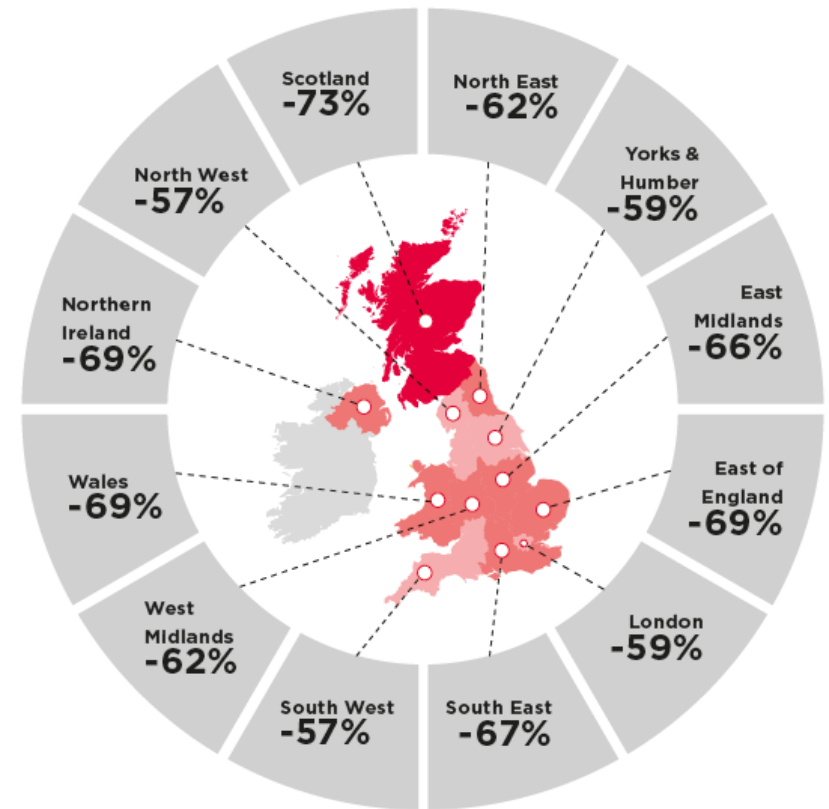
Source: ONS – Business Impact of Coronavirus Survey Wave 8 – 15 June to 28 June 2020

British Chambers of Commerce Quarterly Economy Survey Q2 2020

The BCC's Quarterly Economic Survey is the UK's largest independent survey of business sentiment and a leading indicator of UK GDP Growth.

The most recent results find that the UK economic conditions deteriorated at an unprecedented rate in the 2nd quarter of 2020

- The percentage balance of firms reporting increased domestic and export sales is now substantially lower than the worst quarter of the 2009-09 recession.
- Overall, 10% of respondents reported an increase in domestic sales, 17% reported no change, and 73% reported a decrease.
- Indicators for longer-term business performance have dropped to record lows.



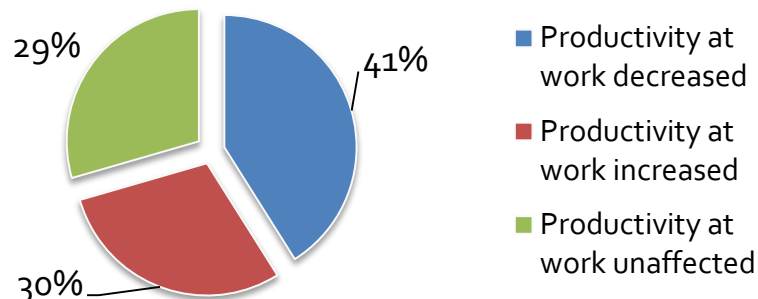
Change in domestic sales Source: BCC QES Q2 2020

Business productivity

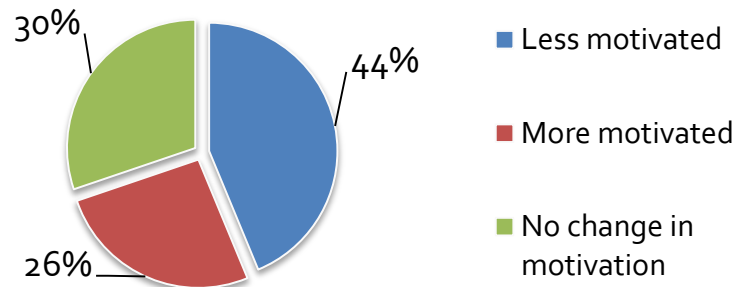
Hampshire based Onecom surveyed 1000 workers at UK small and medium-sized businesses who have worked from home since the lockdown was announced.

- 86% of workers in the study needed to overcome significant technology and communications challenges to maintain 'business as normal'.
- 56% of the workers in the study said that the way their work team operates has 'changed forever' as a result of the coronavirus.
- The study also found that 83% of the sample are using technology (such as business mobiles and laptops) more often than they were before. Use of emails, telephone, video conferencing, social media and web-based research tasks have all increased since the lockdown.

Worker productivity from home Onecom survey
June 2020



Working from home motivation Onecom survey
June 2020



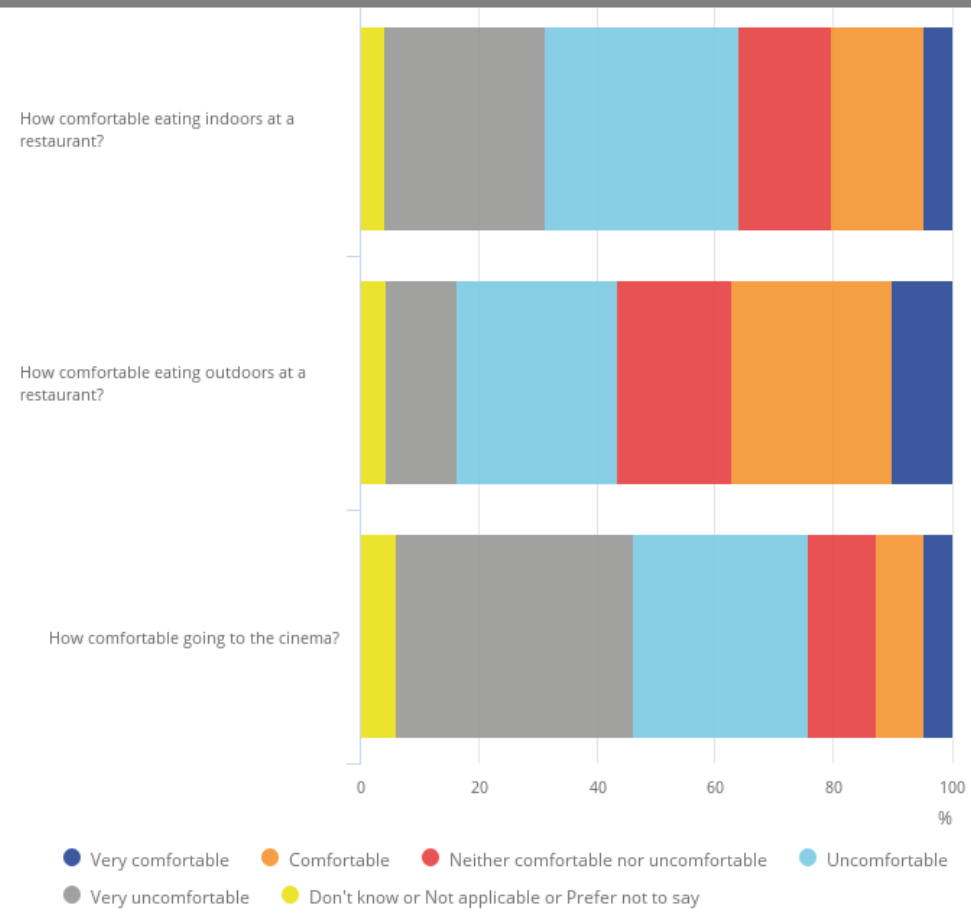
Coronavirus social impacts

With the easing of restrictions on eating out:

- 21% of those asked said they would be comfortable or very comfortable to eat indoors at a restaurant
- 60% who said they would be uncomfortable or very uncomfortable

Just 9% of adults were likely or very likely to go on holiday abroad this summer, with 25% likely or very likely to go on a domestic holiday.

Source: ONS Opinions and Lifestyle Survey 2 to 5 July



Links

ONS Business Impact Survey Wave 7

<https://www.ons.gov.uk/economy/economicoutputandproductivity/output/datasets/businessimpactofcovid19surveybicsresults>

Institute of Employment Studies (vacancies) <https://www.employment-studies.co.uk/resource/weekly-vacancy-analysis-vacancy-trends-week-ending-5-july-2020>

Google mobility report <https://www.google.com/covid19/mobility/>

Self-employment income support scheme statistics June 2020 - <https://www.gov.uk/government/statistics/self-employment-income-support-scheme-statistics-june-2020>

Coronavirus Job Retention Scheme Statistics June 2020 - <https://www.gov.uk/government/statistics/coronavirus-job-retention-scheme-statistics-july-2020>

British Chamber of Commerce Quarterly Economic Survey <https://www.britishchambers.org.uk/news/2020/07/bcc-quarterly-economic-survey-q2-2020-chancellor-must-set-out-roadmap-to-recovery-as-uk-economy-endures-historic-setback>

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