

Impact of COVID-19 on the West Sussex Economy

'Snapshot' Monthly Report
21st August 2020



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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 report is divided into 3 sections as follows:

- Summary of current Covid-19 lockdown measures and key headlines from the data (slides 3 – 6)
- West Sussex specific data and insight (slides 7 – 21)
- National data providing overall economic context (slides 22 – 28)

The previous reports are available at the following links:

- [June](#)
- [July](#)

Any questions – please contact Sue Cooper, WSCC sue.cooper@westsussex.gov.uk

Summary of COVID-19 lockdown measures

Context - August 2020

- The distancing guidance in England is still “one metre plus” with precautions, where 2m is not possible.
- Indoor gyms, fitness studios, swimming pools and indoor parks can now reopen. From the 15 August, bowling alleys, indoor skating rinks, performance venues and soft play were able to reopen.
- From 3 August, the ‘Eat Out to Help Out’ scheme launched, encouraging diners to eat in food establishments to receive a discount on their meal of up to £10, Monday-Wednesday, which is then claimed back from the Treasury.
- Local restrictions have been re-introduced where infection rates have increased, including in Greater Manchester, east Lancashire, parts of West Yorkshire and Preston.

National headlines

- The UK is officially in recession for the first time in 11 years. The economy shrank 20.4% between April and June as a result of coronavirus lockdown, compared with the first three months of the year.
- Nationally, firms are working at on average 53% capacity, with consumer demand a major obstacle to restarting operations according to the Business Chamber of Commerce. 33% of firms expect to make staff redundancies in the next 3 months, with 13% having already done so.
- Arts and hospitality businesses remain the most likely sectors to have not reopened.
- More than three quarters of job advert categories increased at the end of July compared with the previous week. In particular job adverts in transport, logistics and warehousing increased 5% to 71% of its 2019 average.

West Sussex headlines

- In West Sussex, there appears to be some evidence that the number of incorporations has increased markedly in the month of June 2020 compared with the previous month, as well as June 2019. As a result of this sharp increase, this data is being confirmed. The increases have been seen in construction, transport, freight and storage, travel, personal and leisure, business services and wholesale.
- Universal claimant count data, for those claiming for the principle reason for being out of work, shows a slight reduction in July compared to May. There is a lack of clarity on the reasons for this, given the wider trends within the economy, but this is most likely due to claimants leaving the benefit and receiving other government support. However, overall UC claims have increased, including for those who are in work, as expected.
- The number of people furloughed has increased +2% since July in West Sussex, in line with England but greater than the South East average of +1% . The greatest increases were seen in Crawley, Horsham and Mid Sussex.
- West Sussex has seen a 16% increase in enquiries for commercial properties in June compared to January 2020, the normal high point of the year, following a trend seen elsewhere in areas outside of major city centres .

Data changes this month

- The local vacancy data, which was released by the Institute of Employment Studies, has now stopped being provided regularly.
- August claimant count data will be released on the 15th September.
- The next release of the Annual Population Survey will be in mid-October and will cover the year up to June 2020. It is expected that some impact trends from COVID-19 on economic activity, employment participation and workplace based jobs will begin to be more apparent.

West Sussex specific data and insight

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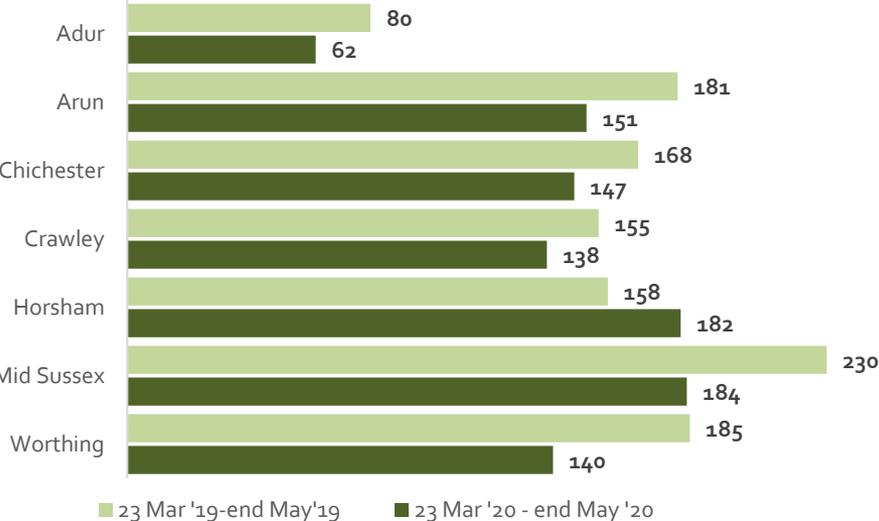
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Business start-ups

Source: FAME

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



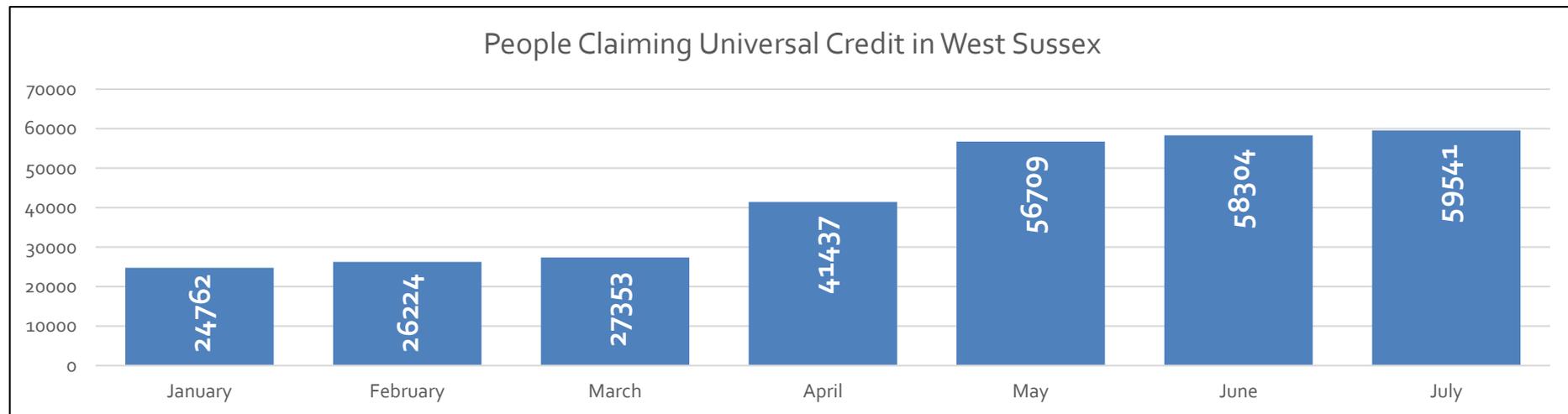
- The largest falls in the number of business incorporations over the period 23rd March – end of May 2020 compared with the same period last year were in the business services and travel, personal and leisure sectors, with gains in retail and wholesale.
- However, there appears to be some evidence that the number of incorporations has increased markedly in the month of June 2020 compared with the previous month as well as June 2019. This data is being checked with FAME.
- The increases have been seen in construction, transport, freight and storage, travel, personal and leisure, business services and wholesale.

Universal Credit Claimants

Source: Stat-Xplore/DWP

Figures indicate that the number of people claiming universal credit in West Sussex is increasing slightly each month.

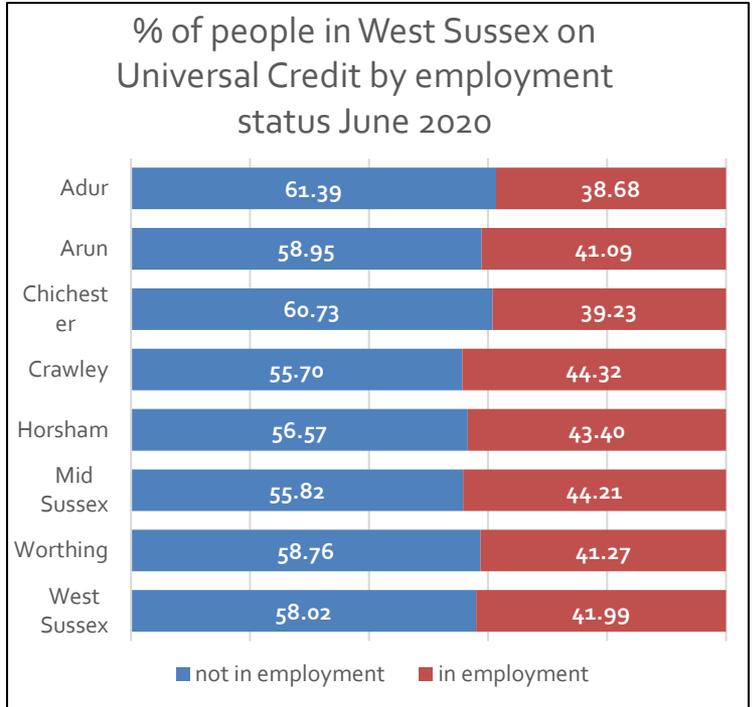
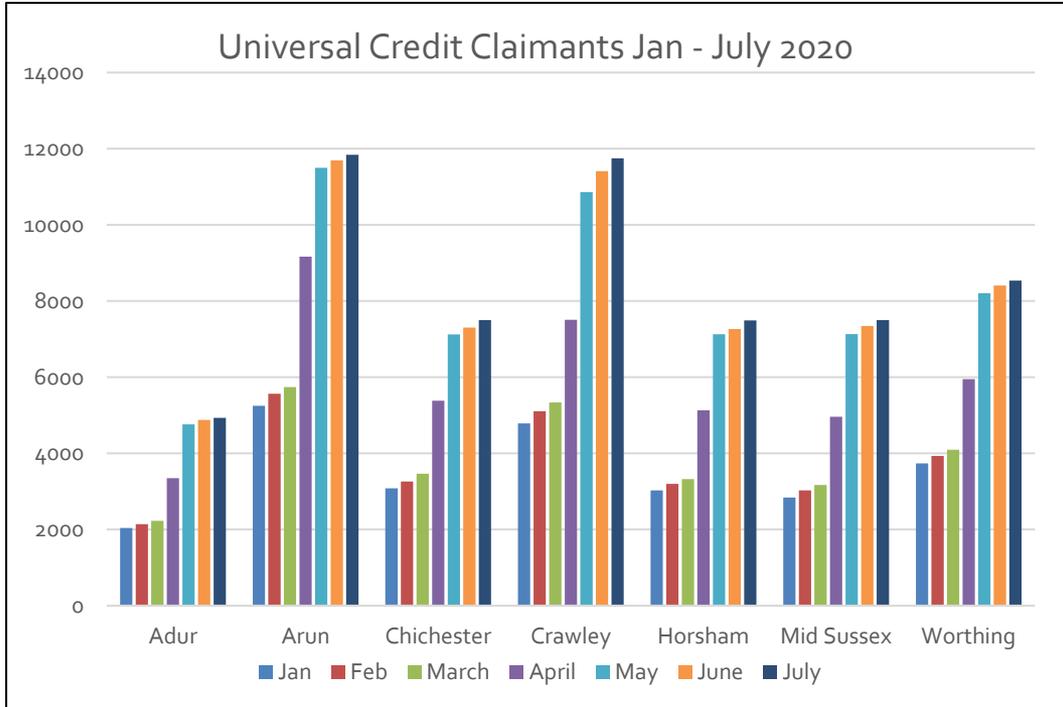
This data relates to Universal Credit claims as a whole, and not specifically for those receiving benefits for the reason of being out of work. Universal Credit roll out was completed in December 2018 for all new claimants. It is a payment to help with living costs for those on a low income or out of work and replaces a number of benefits.



Universal Credit Claimants

Source: Stat-Xplore/DWP

Universal credit data records - whether or not claimants are in employment. The latest available data for June indicates that generally the percentage of people on UC, who are in work, is increasing slightly.



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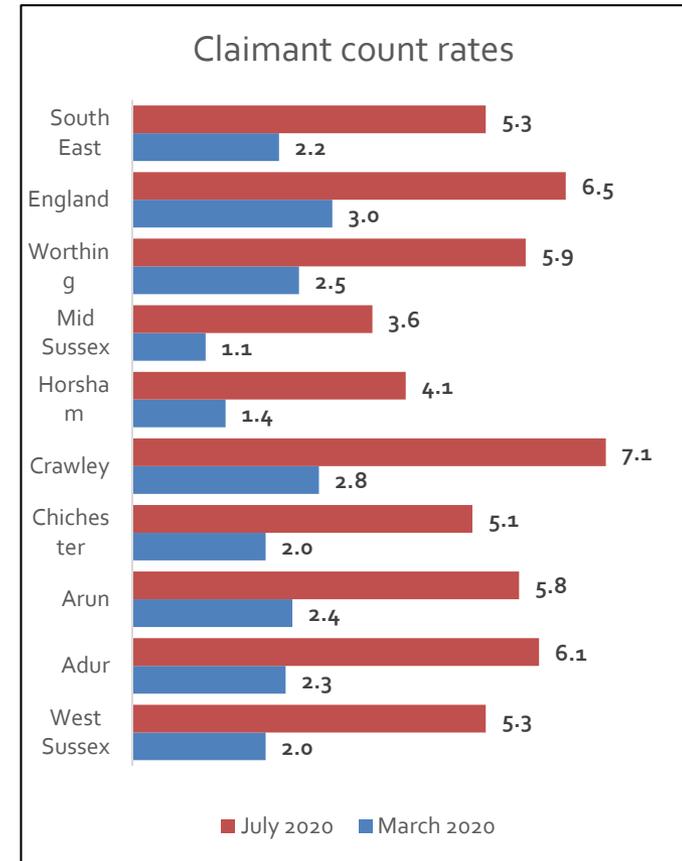
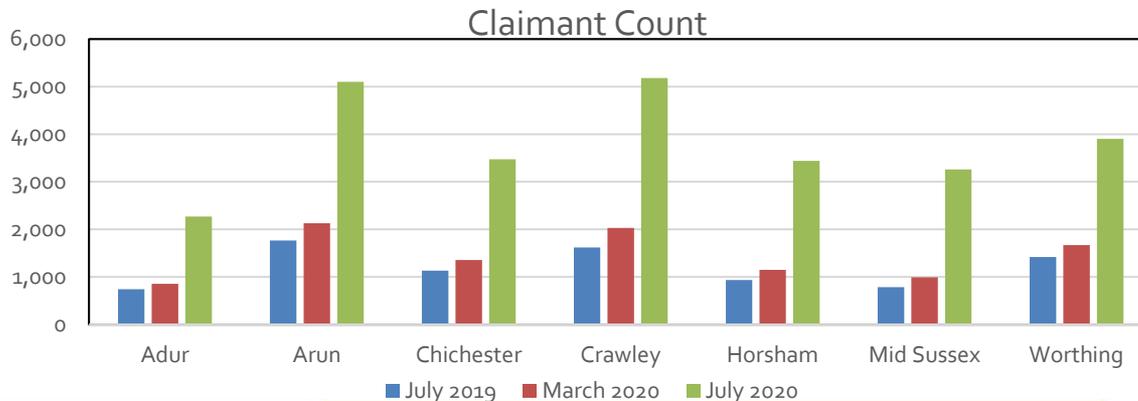
Claimant count data (claiming JSA or Universal Credit)

Source: ONS/nomis

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

There were 26,625 claimants aged 16+ in West Sussex in July over 2.5 times the number in March, though hasn't reached the peak of 27,5050 seen in May 2020. This is most likely due to claimants leaving benefit due to receiving other government income.

Crawley has seen the highest increase in the number of claimants March – July 2020 and Mid Sussex the highest % increase over March-July.



Furloughing in West Sussex

Source: HMRC 21 August

The number of people furloughed has increased by 7,800 (+2%) since July in West Sussex, in line with England but greater than the South East average of 1%. The greatest increases were in Crawley (+2,200), Horsham (+1,400) and Mid Sussex (+1,000).

The data is based on the 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	133,000 (+7,800)	9,000 (+500)	23,000 (+900)	16,800 (+700)	25,800 (+2,200)	21,400 (+1,400)	21,900 (+1,000)	14,900 (+800)	1,294,600	8,067,700
% of West Sussex	100%	7%	17%	13%	19%	16%	16%	11%		
Take-up rate	33% (+2%)	32% (+1%)	33% (+1%)	33% (+1%)	41% (+4%)	32% (+2%)	31% (+2%)	30% (+2%)	30% (+1%)	32% (+2%)

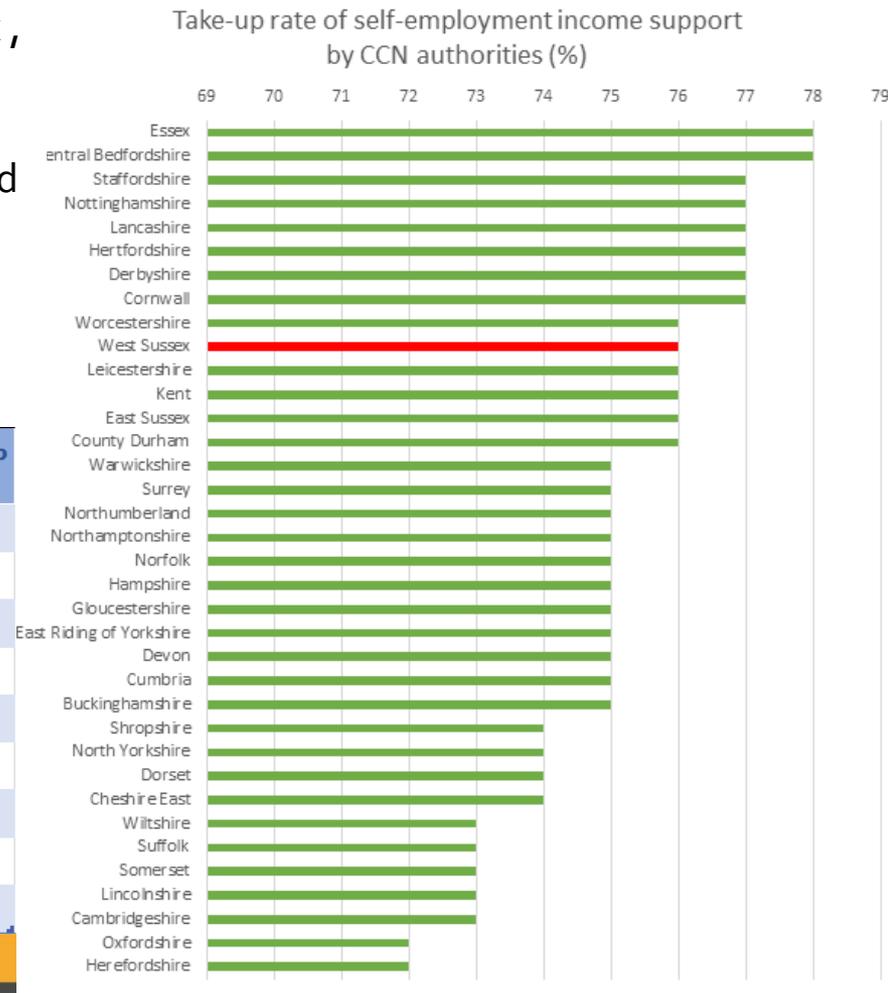
Self Employment Income Support Scheme

Source: HRMC 21 August

Take-up rate has increased 5% since July for West Sussex, in line with the average increase for the South East. The biggest increases were seen in Crawley (+6%) - notably greater than the South East average - as well as Arun and Chichester (+5% each).

The other authorities all saw a 4% increase compared with July.

Local Authority	Total potentially eligible population	Total claims made to 31/07/2020	Total value of claims made (£)	Average value of claims made (£)	Take-up Rate
West Sussex	49,600	37,500	117,400,000	3,100	76%
Adur	4,200	3,300	10,400,000	3,200	79%
Arun	9,400	7,100	22,000,000	3,100	76%
Chichester	7,800	5,700	18,000,000	3,100	73%
Crawley	5,700	4,500	13,000,000	2,900	79%
Horsham	8,100	6,000	19,300,000	3,200	73%
Mid Sussex	8,300	6,100	20,000,000	3,300	73%
Worthing	6,100	4,800	14,600,000	3,000	78%
South East	502,000	379,000	1,194,000,000	3,200	75%



Impact on property market

Source: Estates Gazette

"Office demand surges in satellite locations"

Enquiries for commercial properties outside of major city centres doubled in June compared to January, traditionally the high point of the year, with offices making up the majority of those searches, according to commercial property marketplace [EG Propertylink](#).

The highest increase is seen in South Yorkshire where enquiries increased by 130%, not far behind was East Sussex at 85%.

County	% change in property enquiries Jan 2020 versus June 2020
East Sussex	85%
Hampshire	44%
Surrey	16%
West Sussex	16%
Oxfordshire	13%
Kent	13%
Essex	31%

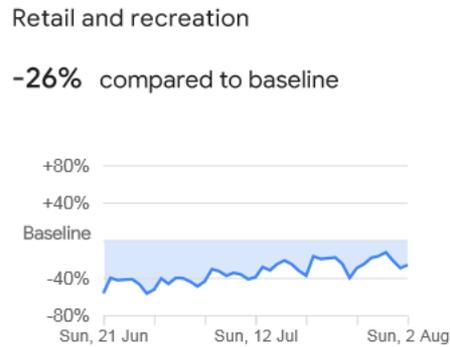
West Sussex Google mobility data

Source: Google

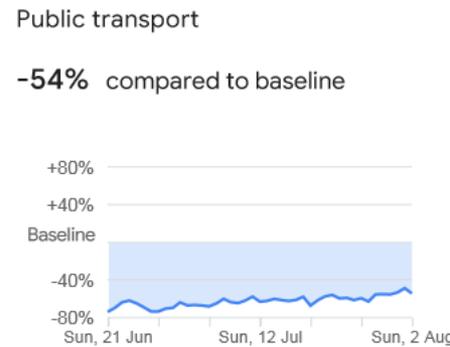
Parks continue to see increased visits above the pre-Covid baseline, based on mobile phone location data, month on month.

Retail, recreation and public transport use are increasing slowly.

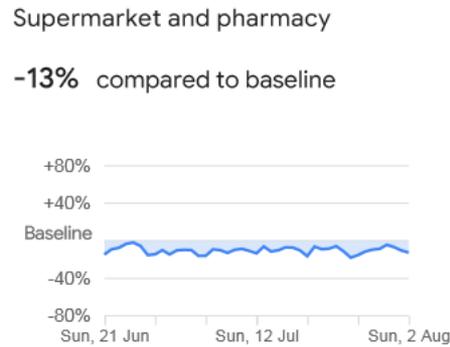
Source: [Google Covid-19 Community Mobility Report](#)
– 2 August 2020



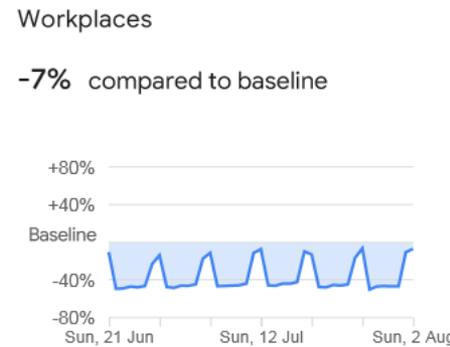
+6% compared with July



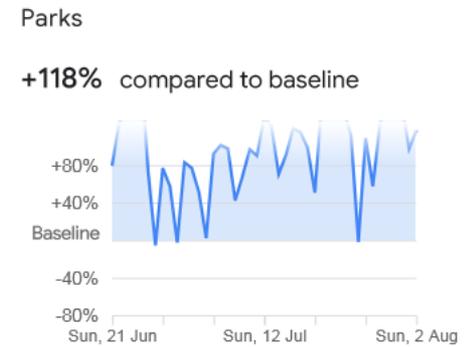
+6% compared with July



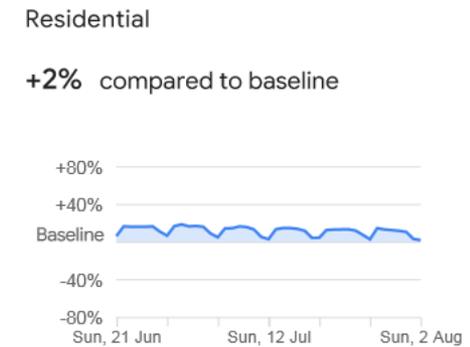
-3% compared with July



+39% compared with July



+20% compared with July



+13% compared with July

Coast to Capital Growth Economic Intelligence Gathering Headlines updated 27 July

- There has been an estimated GVA net loss of £9.8 billion (17%) between 2019/20. This is higher than the national average (13%).
- Doubling GVA growth by 2022 (~6%), GVA would reach pre COVID trajectory by 2026.
- An estimated 11,000 (13%) businesses in Coast to Capital had temporarily closed.
- Corporate insolvencies are increasing in volume - 74 companies were declared insolvent or liquidated in June compared to 39 in May.
- 34% of Coast to Capital's economically active population has been furloughed, is in receipt of self-employed income support or in receipt of Jobseekers Allowance / work related Universal Credit.
- Crawley has had the greatest impact with 44.2% of the population affected.
1 in 3 businesses have 1 to 3 months' worth of cash reserves and 1 in 5 have less than a month.

**Coast to
Capital
Growth Hub**

Spatial area updates

Coastal West Sussex Partnership

- The tourism and hospitality sector is particularly important for the coastal economy with a number of the Government's support programmes targeted at businesses in this sector. Businesses, although busy at the moment, remain concerned about the Autumn/Winter season when neither the current Government support nor the visitors will be around.
- Delighted to report that Shoreham Port has just announced a donation of £20,000 for Shoreham Academy for the next 5 years to support their [Gateway Centre](#) which is a school provision that aims to support the most vulnerable young people aged 10-16 within the local areas of Shoreham, Southwick and Fishersgate. The facility provides a supportive environment for students who, due to experiencing deprivation or mental health issues, find mainstream school challenging, and enables access to closer staff teaching, support and guidance.
- Many coastal businesses have taken advantage of the Eat Out to Help Out initiative and there is growing evidence that there has been a surge of diners taking advantage of the scheme as it enters its second week.



Spatial area updates

Gatwick Diamond

- The Gatwick Hotels Association has reported a mixed picture – hotels at holiday destinations, particularly those in prime locations in larger seaside towns, appear to be doing well and better than the more aviation-reliant hotels around Gatwick which are struggling, particularly now the government-supported schemes for accommodating key-workers have ended or are coming to an end.
- Gatwick has resumed its normal 24-hour operations, with fourteen airlines flying to 98 destinations in 39 countries, including many popular short haul summer holiday destinations. The removal of Spain from the Government travel corridor list has been a huge blow for Gatwick as a business. Although there are the starting signs of recovery demand it is still down considerably compared to this time last year.



Spatial area updates

Rural West Sussex Partnership

- The rise in demand for 'staycations' has improved visits to the area, with accommodation providers reporting high demand for bed space, specifically self-catering options. There is hope for continued demand into the shoulder season.
- Country pubs and food establishments are reporting strong demand, but social distancing measures are limiting numbers. The Eat Out scheme has been generally popular but there are some concerns that it could be displacing demand from core Friday and weekend trade. Issues around lack of awareness of the Countryside Code have also been raised.
- There has been some anecdotal intel that there may be significant redundancies from some rural based businesses once the Furlough scheme ends. The £1k retention incentive does not appear to be helping with these decisions.



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Lobbying for tourism and the visitor economy

The Experience West Sussex (EWS) Partnership has supported two Government visits to the county, and has taken the opportunity to highlight sector challenges and innovation in response to COVID-19

As part of the visits, EWS supported round table discussions involving businesses, attractions and partner organisations with both Nigel Huddleston, Minister for Sport, Heritage and Tourism; and Oliver Dowden, the Secretary of State for Department of Digital, Culture, Media and Sport

Key issues highlighted included:

- The viability risk to many attractions and businesses operating at lower capacity (and many not able to operate)
- Major concerns for Autumn/winter and supporting businesses to survive until Spring
- Calls for sector support packages for diversification, innovation and marketing.



Local Authority Grant Payments as of 16 August as part of Government Support for Businesses

Change from last month in grey

Local Authority	Initial Allocation	Number of eligible hereditaments	Number of grant payments made to hereditaments	Value of payments (£)	Number of eligible hereditaments left
Adur District Council	£17,640,000	997	908	£10,955,000	89
	-	0	2	£35,000	
Arun District Council	£39,380,000	2698	2658	£31,455,000	40
	-	0	12	£135,000	
Chichester District Council	£37,086,000	2988	2969	£35,900,000	19
	-	0	0	£0	
Crawley Borough Council	£12,102,000	932	850	£12,385,000	82
	-	10	15	£225,000	
Horsham District Council	£29,522,000	2493	2254	£27,910,000	239
	-	6	8	£110,000	
Mid Sussex District Council	£26,882,000	2132	2009	£25,670,000	123
	-	0	12	£180,000	
Worthing Borough Council	£26,130,000	1667	1532	£19,130,000	135
	-	0	2	£20,000	
Total	£188,742,000	13,907	13,180	£163,405,000	727
	-	16	51	£705,000	

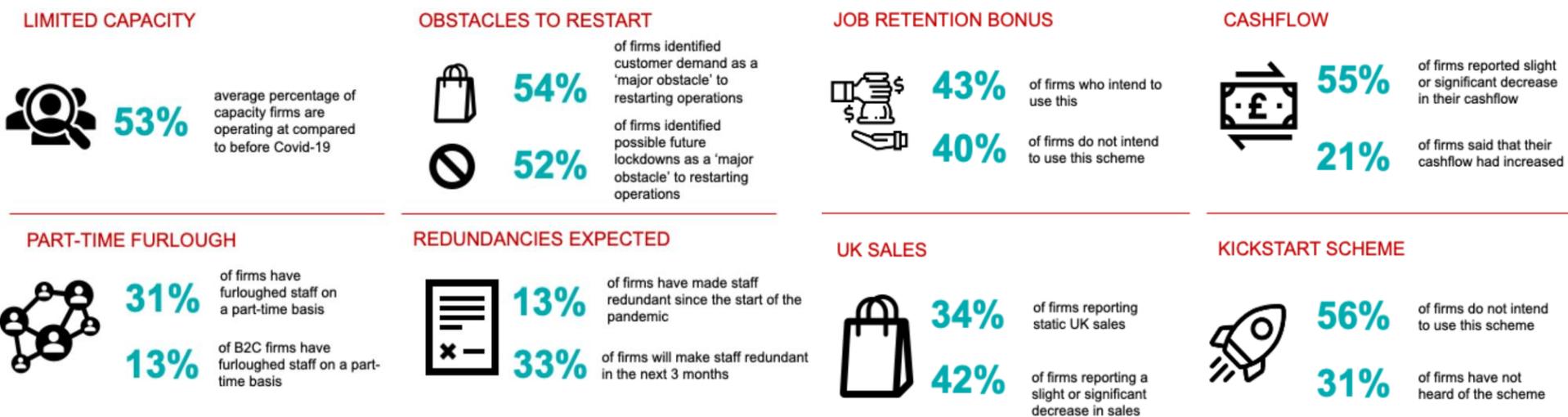
National data providing overall economic context

NATIONAL PICTURE

British Chambers of Commerce Coronavirus Business Impact Tracker

Results from the latest BCC [Coronavirus Business Tracker](#) reveal that businesses are still facing significant challenges

- More than half of firms report cashflow decrease since June 2020 and more than a third of correspondents with improved cashflow cite furlough scheme cash.
- 43% of firms intend to use Furlough Bonus, but other Summer Statement support schemes reported low take up.



Business trading

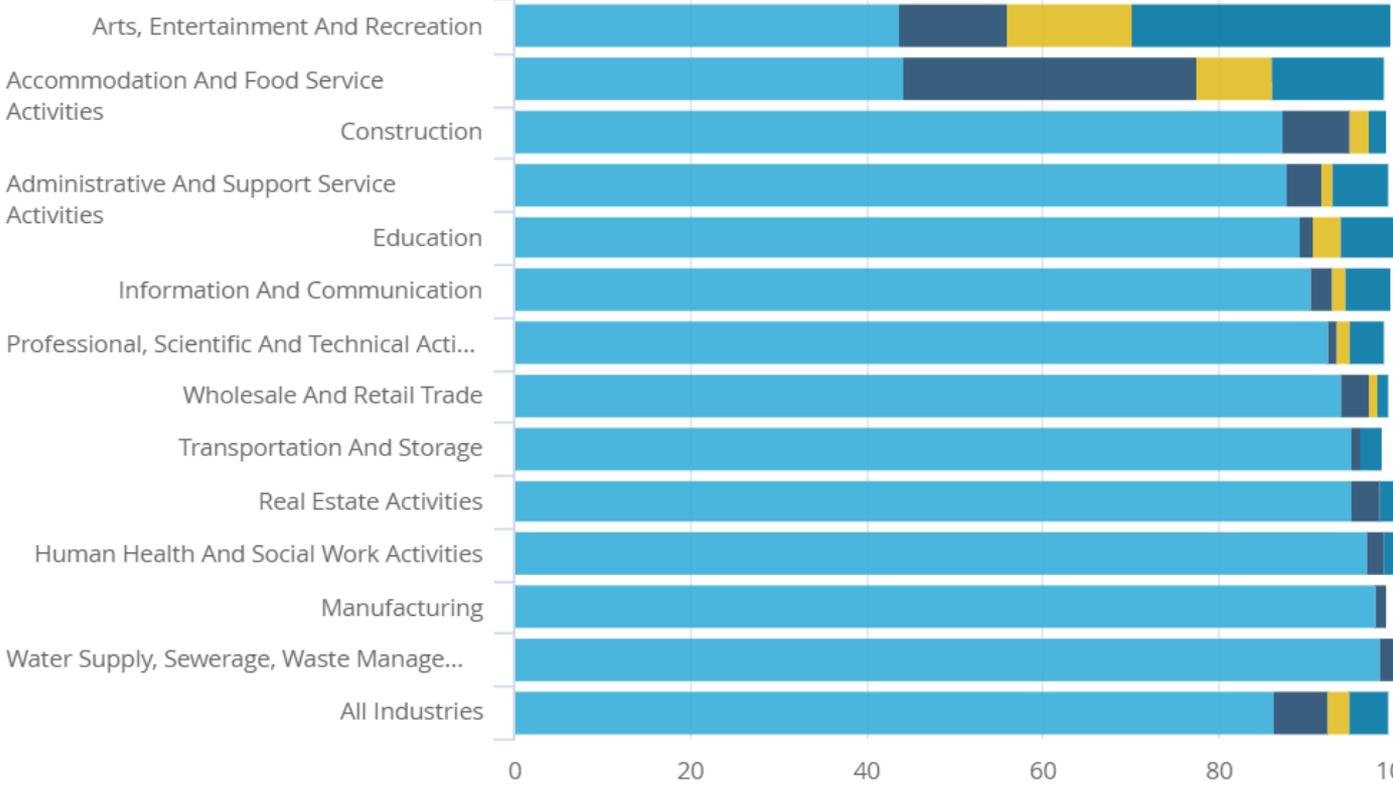
Source: ONS

In most industries, 87% or more of businesses were currently trading and had been for more than the last two weeks.

33% of the accommodation and food sector reported starting to trade during June after a pause in trading, the largest increase.

Only 44% of accommodation and food sector and the arts, entertainment and recreation sector reported currently trading.

- Paused trading and does not intend to restart in the next two weeks
- Paused trading but intends to restart in the next two weeks
- Started trading within the last two weeks after a pause in trading
- Currently trading and has been for more than the last two weeks



Source: ONS [Business Impact of Coronavirus Survey Wave 9](#) – 26 July 2020



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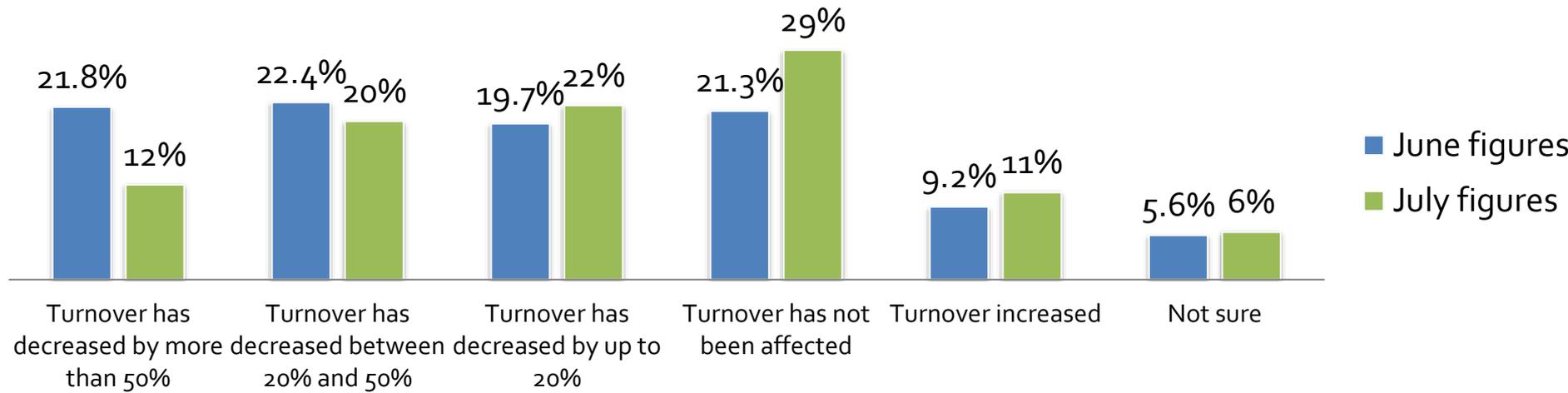
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Business turnover

Source: ONS

From the BICS survey, of businesses currently trading, 16% reported their operating costs exceeded their turnover.

Over half (54%) of businesses currently trading reported a decrease in turnover compared with what is expected for this time of year.



Turnover of businesses currently trading, UK, 13 to 26 July 2020

Source: ONS – [Business Impact of Coronavirus Survey Wave 9](#)



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Current working status

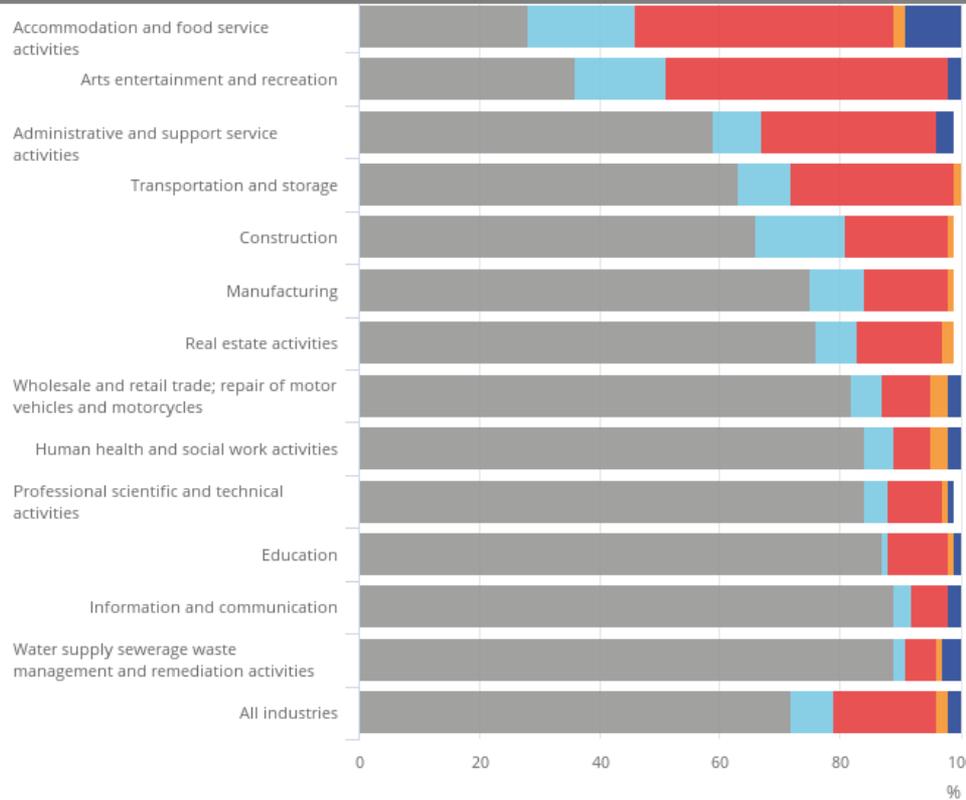
Source: ONS

From the BICS Survey 29 June – 12 July:

- 72% of the workforce in businesses continuing to trade had been working at their normal workplace or remotely for more than 2 weeks
- 7% of the workforce had returned from furlough in the last two weeks
- 17% remained furloughed
- Accommodation and food service sector had the highest proportion returning from furlough at 18%.

Working arrangements, businesses still trading apportioned by workforce, UK, 29 June to 12 July

Source: ONS - [Business Impact of Coronavirus Survey Wave 9](#)



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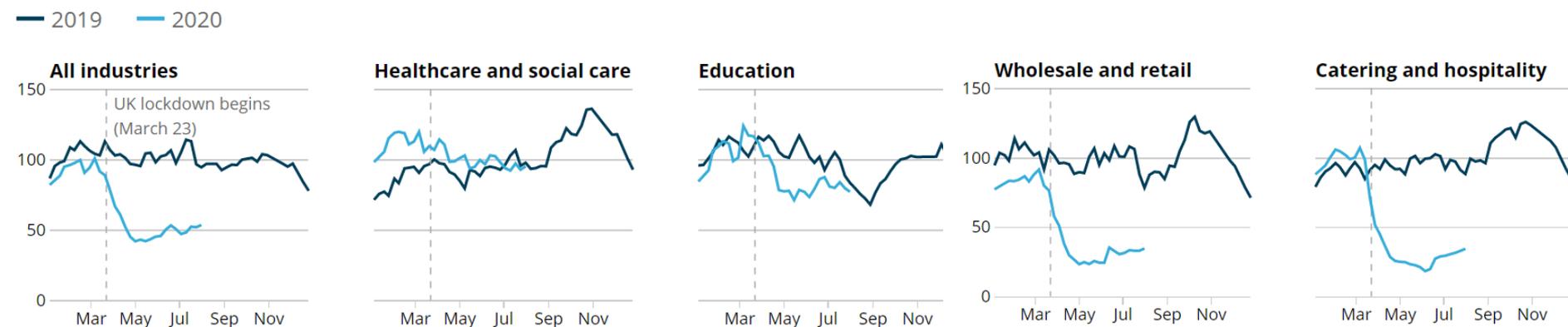
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Job postings

Source: ONS/Adzuna

Job adverts provided by Adzuna, an online job search engine, shows that between 24 – 31 July, the total volume of online job adverts held steady at just above 50% of its 2019 average and indicates a slow recovery.

More than three quarters of job advert categories increased compared with the previous week. In particular job adverts in transport, logistics and warehousing increased 5% to 71% of its 2019 average.



Source: ONS/Adzuna – [Online Job Advert estimates](#)

Economic Research

- Around one in three organisations expect to cut jobs over the next three months, an increase this quarter – [Labour Market Outlook, CIPD / Adecco](#)
- The magnitude of the recession caused by the coronavirus outbreak is unprecedented in modern times, with UK GDP 26% lower during the depth of the crisis in April than it was only two months earlier in February. Although initial recovery is underway, the consensus forecasts for GDP growth amongst economists is of -9% in 2020 and +6% in 2021 – [Coronavirus Economic Impact briefing, House of Commons Library](#)
- A collection of pieces by the economic research community to answer questions about the impact of Covid-19 and the recovery, including around business innovation, the changes expected at the end of the furlough scheme and the impact on the creative industries – [Coronavirus and the Economy, Economic and Social Research Council](#)