

Impact of COVID-19 on the West Sussex Economy

'Snapshot' Monthly Report
29th October 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 data presented here is publicly available and any analysis provided is for information purposes only.

The report is divided into 3 sections as follows:

- Summary of current Covid-19 lockdown measures and key headlines from the data (slides 3 –5)
- West Sussex specific data and insight (slides 6 – 23)
- National data providing overall economic context (slides 24 – 29)

Previous reports can be found by following [this link](#).

Any questions – please email business.support@westsussex.gov.uk

Summary of COVID-19 lockdown measures

Context - October 2020

A new three-tier system of Covid-19 restrictions has been introduced in England. West Sussex remains in the lowest tier - medium.

- Medium
 - Follow the rule of six if meeting indoors or outdoors, apart from some settings such as funerals and weddings
 - Pubs and restaurants to shut at 10pm, and restricted to table service only
- High
 - No household mixing indoors
 - Rule of six will apply outdoors including private gardens
 - Pubs and restaurants to shut at 10pm, no mixing of households and restricted to table service only
- Very high
 - No household mixing indoors or outdoors in hospitality venues or private gardens
 - Rule of six applies in outdoor public spaces like parks
 - Pubs and bars not serving meals will be closed
 - No wedding receptions
 - Non-essential shops, schools and universities to remain open
 - Local politicians will decide if gyms, betting shops, casinos, hairdressers and beauty salons should close
 - Guidance against travelling in and out of the area

National headlines

- The economy grew by 2.1% in August 2020, the fourth consecutive monthly increase. However, it remains 9.2% below the February 2020 pre-pandemic level ([ONS](#)).
- The UK unemployment rate has surged to its highest level in over three years. The rate grew to 4.5% in the three months to August, compared with 4.1% previously, while redundancies rose to their highest level since 2009 ([ONS](#)).
- Overall, employment is down by nearly half a million since the crisis began. This decline has been largely driven by a fall in part-time work. Furthermore there are likely to be a further half a million people who were still being counted as employed but were away from their jobs and not being paid ([IES](#)).
- In September, 20,000 more people (+0.1%) were in payrolled employment when compared with August. 673,000 fewer people were in payrolled employment when compared with March 2020.
- There has been a decrease in the number of businesses reported as currently trading in the ONS Business Impact Coronavirus Survey. 25% of the information and communication industry is temporarily closed, a greater proportion than reported by the arts sector, which remains at similar levels to last month (20%).

West Sussex headlines

- In West Sussex there were 27,890 claimants aged 16+, for the principle reason of being out of work, in September. This is a slight increase on last month. Crawley and Arun each have over 5,000 claimants, and Crawley the highest claimant count rate at 7.9% (+0.4% from last month).
- There has been a reduction of 85,800 people furloughed since July, around a 64% drop. Arun saw the highest % fall at 69% and Crawley the lowest with a fall of 60%. Crawley continues to have one of the highest take up rates in the country.
- There are signs that new online vacancies are continuing to recover slowly, but they remain -44% lower than in the equivalent week last year. All areas in West Sussex show signs of a slow increase in vacancies compared to last month, other than Chichester and Mid Sussex.
- From June – September 2020, there were more business incorporations each month than in the previous year. Horsham had the highest number of new business incorporations during this time.

West Sussex specific data and insight

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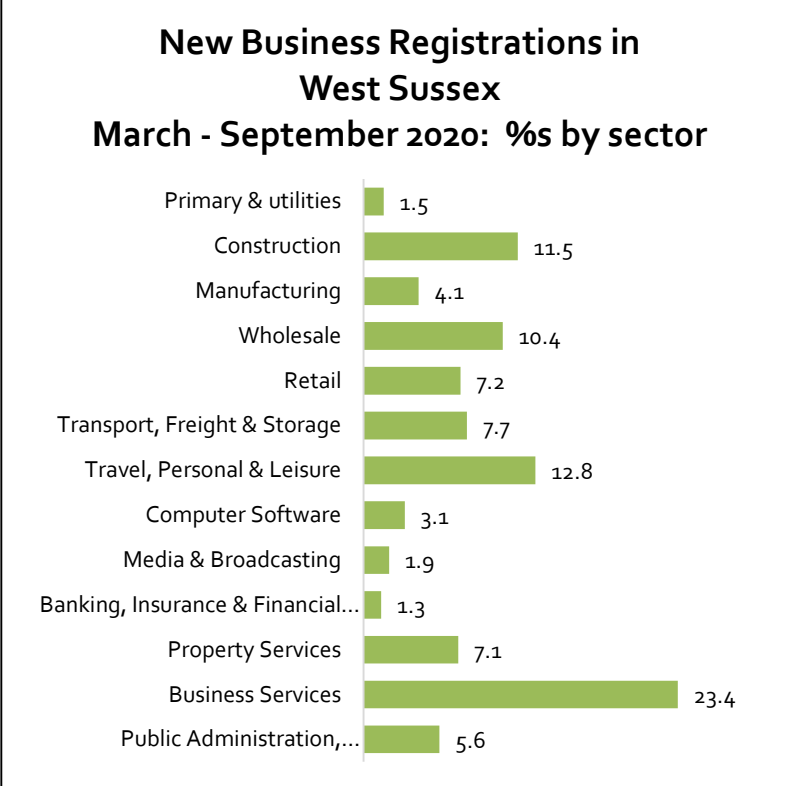
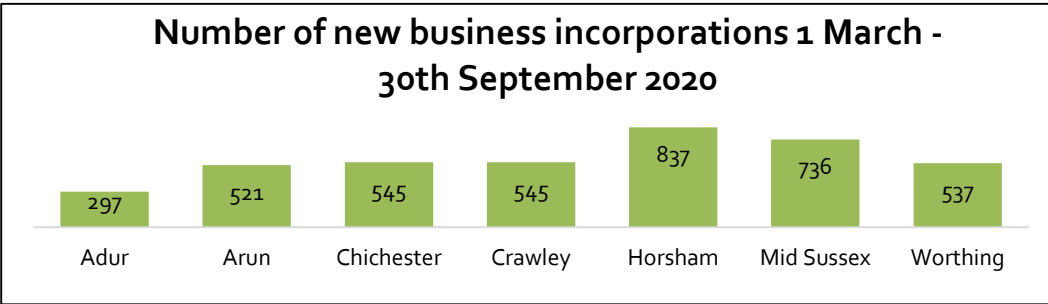
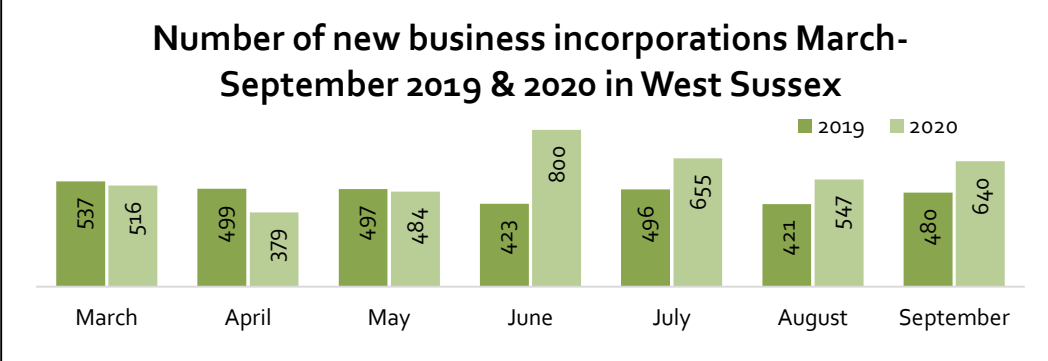
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Business start-ups

Source: FAME

From June – September 2020 there were more business incorporations each month than in the previous year. There has been some speculation that new businesses are starting up during the pandemic in order to make use of the various Government’s COVID financial support schemes to businesses, the extent of this potentially fraudulent practice is difficult to ascertain or quantify in anyway.

Horsham had the highest number of new business incorporations during this time.



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Business closures

Source: FAME

Between 1st March 2020 – 30th September 2020 there were 1,409 companies dissolved/in liquidation in West Sussex, this compares with 2,790 during the same period last year.

- This goes against what might be anticipated because of COVID and the impact on trading. However, there are currently 6,887 companies that are in dormant status, in receivership or administration. Business Services make up around 17% of these, with travel, personal and leisure companies another 8% and construction 5%.
- National data on company insolvencies suggests there have been fewer insolvencies during the months March – September 2020 than the same period 2019, potentially as a direct result of government interventions and initiatives to support business. This pattern might change when Government support reduces.

Number of Company Insolvencies in England & Wales							
	March	April	May	June	July	August	September
2019	1,586	1,435	1,355	1,469	1,450	1,369	1,513
2020	1231	1,201	980	762	961	778	926

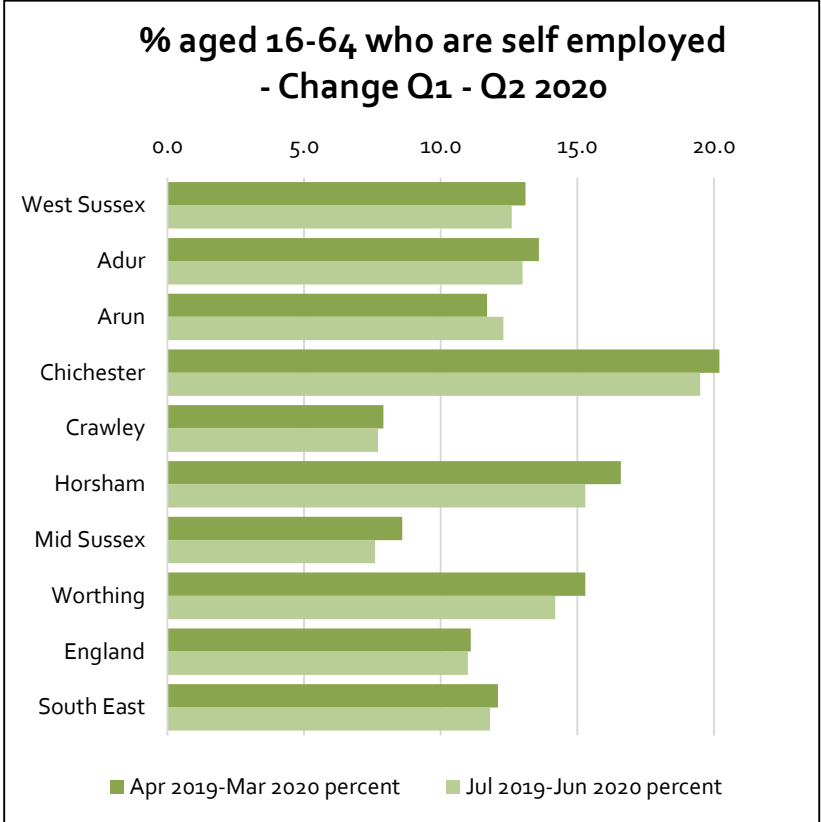
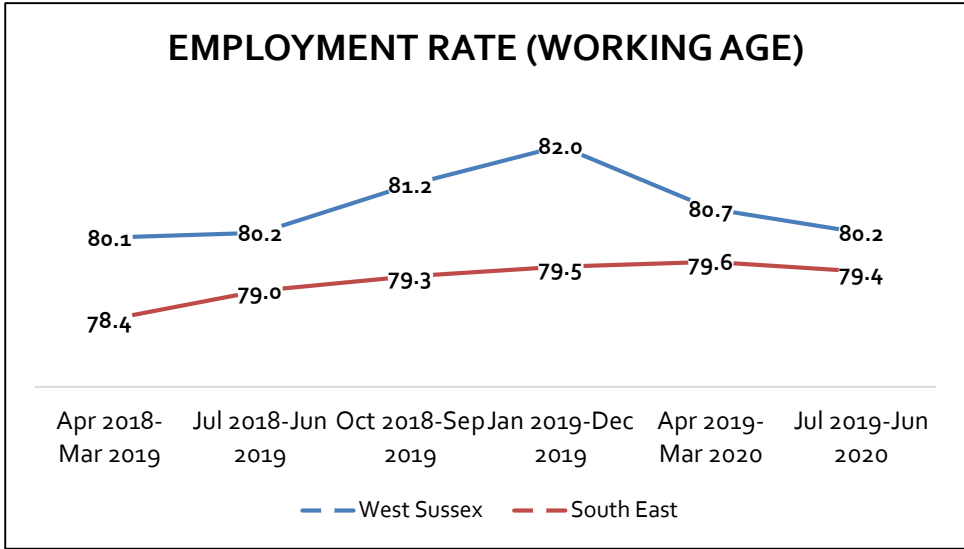
Source: [The Insolvency Service](#)

Economic Activity

The Annual Population Survey is a residence based labour market survey encompassing population, economic activity, economic inactivity and qualifications. Some of the data sets are released annually, others updated quarterly.

The latest release for the year up to June 2020 suggests that employment rates have fallen, as have the % who are self employed over the last quarter.

The APS is a sample survey, and subject to sampling issues but can provide some indicative trends.



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Claimant Count data

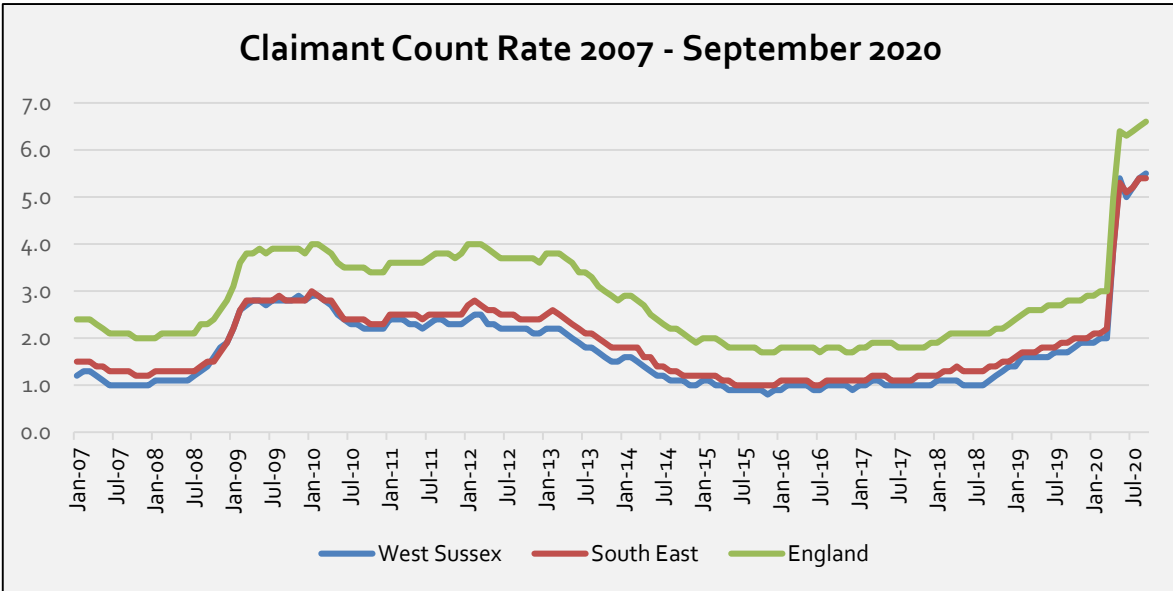
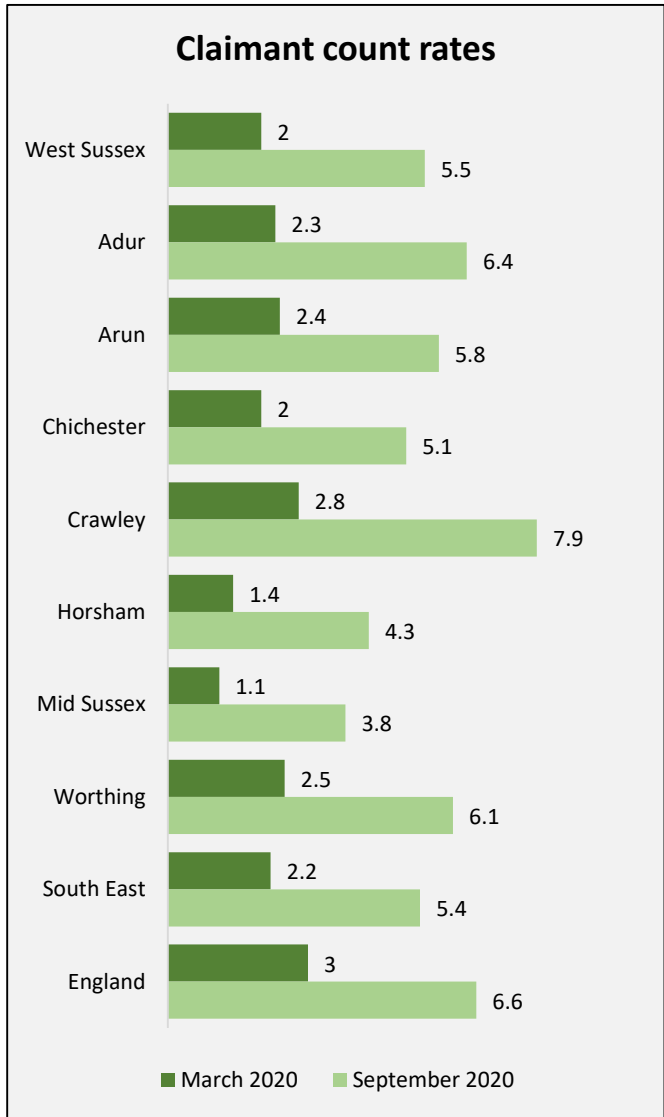
Claimants of JSA or Universal Credit for the principal reason of being out of work

Source: ONS/nomis

There were 27,890 claimants aged 16+ in West Sussex in September (+180 claimants from August). Crawley and Arun each have over 5,000 claimants, and Crawley the highest claimant count rate at 7.9% (+0.4% from last month).

% change in number of claimants from September - October 2020	
Adur	0.63
Arun	-1.24
Chichester	0.29
Crawley	6.65
Horsham	3.68
Mid Sussex	1.76
Worthing	1.51

Claimant Count Rate September 2020 claimants aged 16+ as a proportion of residents aged 16-64			
	Males	Females	Total persons
West Sussex	6.5	4.5	5.5
Adur	7.8	5.1	6.4
Arun	7.2	4.5	5.8
Chichester	5.9	4.5	5.1
Crawley	9.1	6.6	7.9
Horsham	5.0	3.7	4.3
Mid Sussex	4.5	3.1	3.8
Worthing	7.5	4.8	6.1
England	7.8	5.4	6.6
South East	6.4	4.5	5.4



Claimant Count data

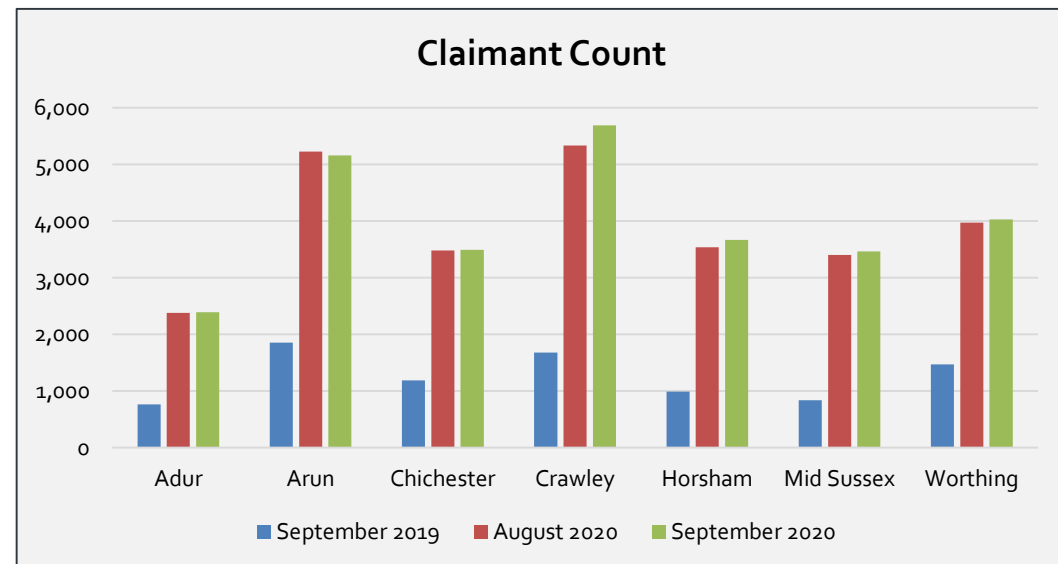
Claimants of JSA or Universal Credit for the principal reason of being out of work

Source: ONS/nomis

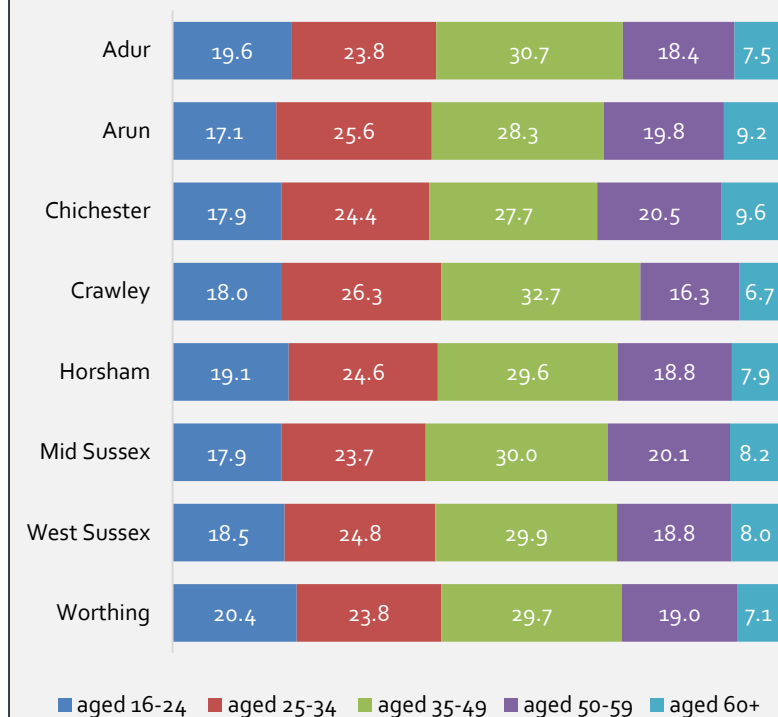
The age profile of claimants is broadly similar across the county, though Crawley has the highest proportion of 25-49 year olds and Chichester the highest over 50+.

The younger age groups – 16-24 years – have seen the highest percentage growth in numbers of claimants since April across the county.

Claimant Count



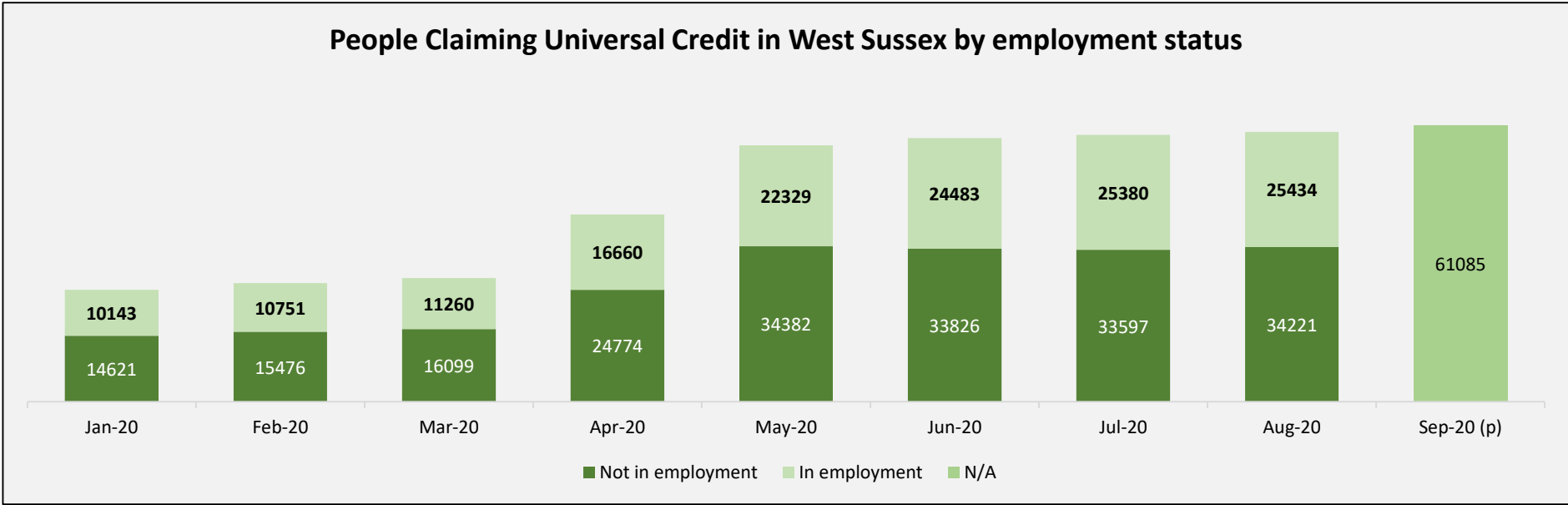
% Distribution of Claimants by age band-September



Universal Credit Claimants

Source: Stat-Xplore/DWP

Universal Credit is a benefit payment for people in or out of work. Universal Credit claimants continue to rise, albeit in recent months, at a slow rate. Provisional figures for September show a continuation of this trend.



NB: 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.



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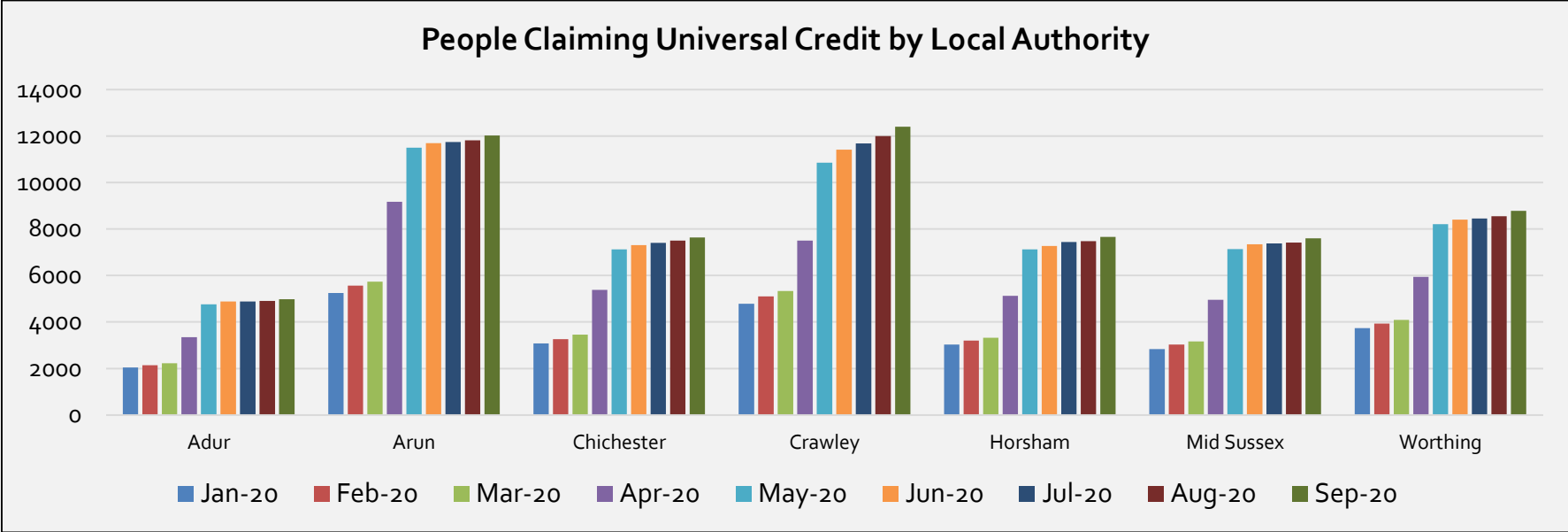
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Universal Credit Claimants

Source: Stat-Xplore/DWP

The numbers of people claiming Universal Credit in West Sussex has increased 147% since January 2020: from 24,762 to 61,085 in September 2020.

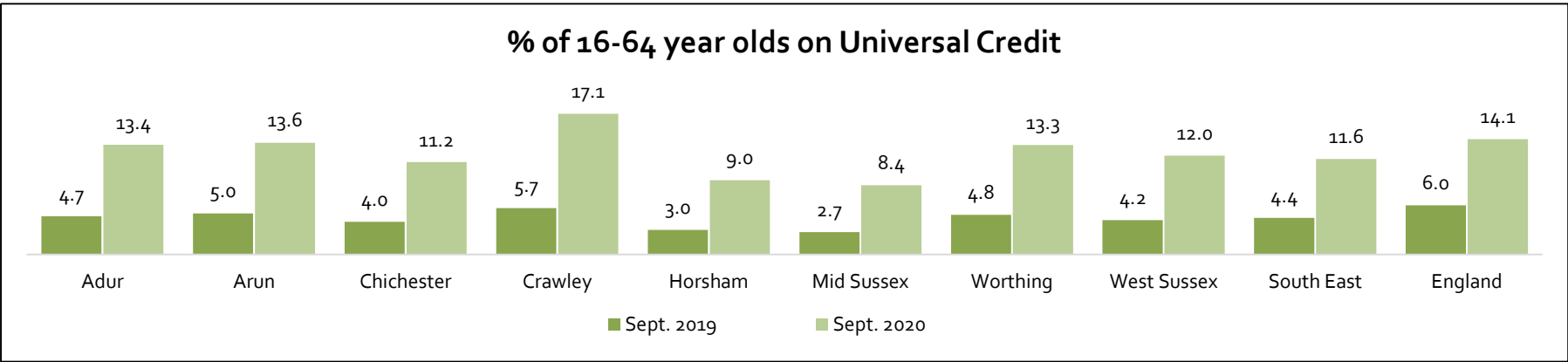
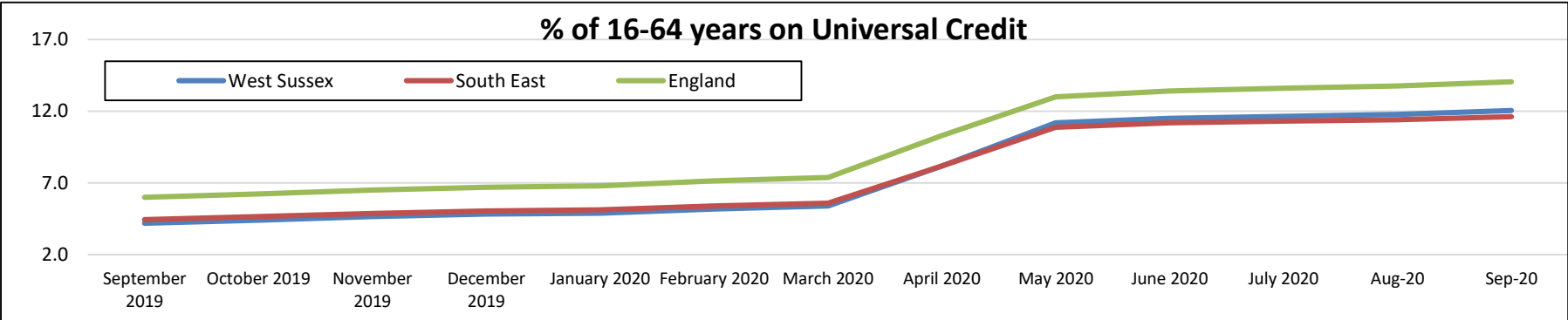
- Mid Sussex has seen the highest % increase (167.8%)
- Crawley has seen the highest increase at 7,616, followed by Arun at 6,777.



Universal Credit Claimants

Source: Stat-Xplore/DWP

Over the year from September 2019 – September 2020, there has been a significant rise in the numbers of residents claiming Universal Credit. The graph below shows the percentage of the population aged 16-64 on Universal Credit.



Reductions in job postings

Source: Institute for Employment Studies

The IES has published a [review of online vacancies](#) over the month to 13th September.

There are signs that new online vacancies are continuing to recover slowly, but they remain 44% lower than in the equivalent week last year, and 38% lower than in the week before lockdown. This is greater than the national figures of 25% and 20% respectively.

All areas show signs of increasing vacancies compared to last month, other than Chichester and Mid Sussex.

Overall the Coast to Capital LEP region has experienced a 40% reduction in vacancies, similar to other economically dynamic areas in the South of England.

Local Authority	w/e 13 Sept 2020	Change since 15 March	Change in last month	Year on year change
Adur	334	-33.6%	2.1%	-28.5%
Arun	644	-13.7%	7.0%	-27.9%
Chichester	1573	-43.2%	-1.4%	-50.2%
Crawley	1117	-52.6%	11.9%	-58.7%
Horsham	1114	-35.2%	14.3%	-38.4%
Mid Sussex	937	-50.4%	-2.7%	-54.3%
Worthing	547	-36.8%	17.9%	-49.5%
West Sussex	6266	-37.93%	7.01%	-43.93%

Vacancy postings per local authority

Source: Institute for Employment Studies analysis of Adzuna vacancy data – w/e 13th August 2020

Furloughing in West Sussex

Source : HMRC 21 October includes claims received as at 31 Aug

The latest data includes claims as at 31st August and includes claims up to end of July. In West Sussex there has been a reduction of 85,800 people furloughed since July, around a 64% drop. Arun saw the highest % fall at 69% and Crawley the lowest with a fall of 60%. Crawley continues to have one of the highest take up rates in the country.

In West Sussex 54% of those furloughed were women, but in Chichester this was higher at 57%. In all West Sussex local authorities the take up rate amongst women was higher than for men.

Nb. The data is based on the residential address HMRC holds for each employee and doesn't necessarily reflect the employee's place of work.

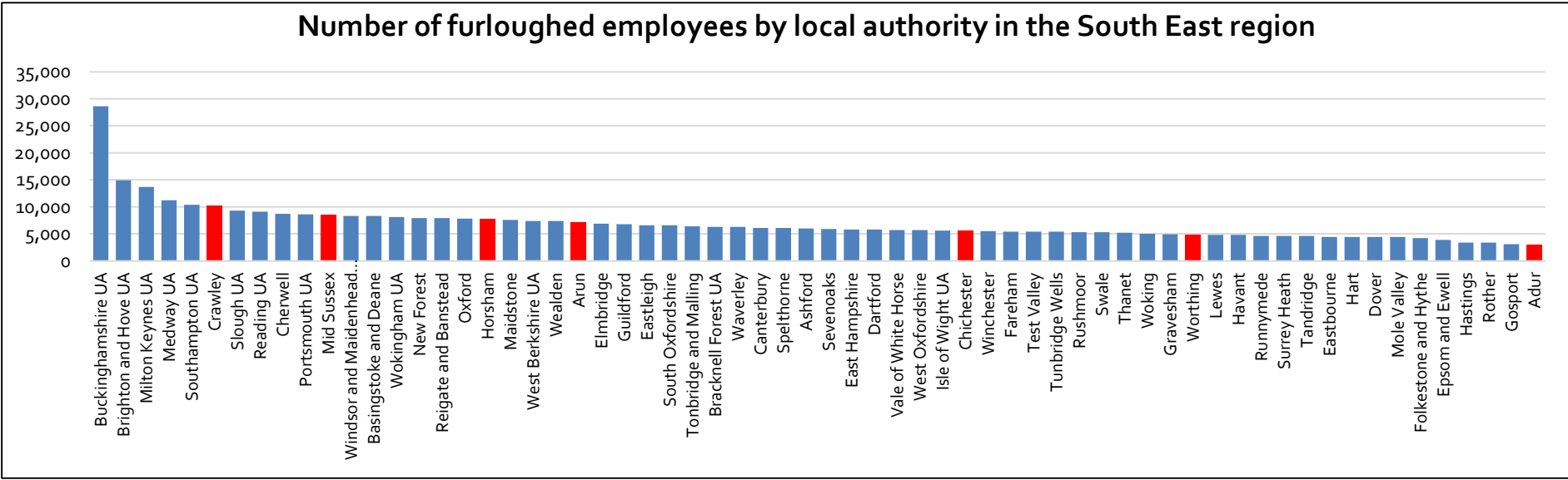
	West Sussex	Adur	Arun	Chichester	Crawley	Horsham	Mid Sussex	Worthing	South East	England
Nos. furloughed	47,200	3,000	7,200	5,600	10,300	7,700	8,500	4,900	239,000	2,710,600
No. Furloughs Change from July	-85,800	-600	-15,800	-11,200	-15,500	-13,700	-13,400	-10,000	-1,055,600	-5,357,100
% of West Sussex	100%	6.4%	15.3%	11.9%	21.8%	16.3%	18.0%	10.4%		
Take-up rate	12%	11%	10%	11%	16%	12%	12%	10%	10%	10%
Take-up rate – Percentage change from previous month.	-21%	-21%	-23%	-22%	-25%	-20%	-19%	-20%	-20%	-22%

Furloughing in West Sussex

Source: : HMRC 21 October includes claims received as at 31 Aug

The Coronavirus Job Retention Scheme was launched in April 2020. From 1st July employers could start to bring furloughed employees back to work part time but still access the CJRS, and there have been other changes on the percentage of wages that the government will pay. The scheme will end on 31 October 2020.

The number of furloughed have decreased over time. Crawley has the 6th highest number within the South East region – compared with being the 11th highest in July. Adur continues to have one of the lowest numbers of furloughed workers.



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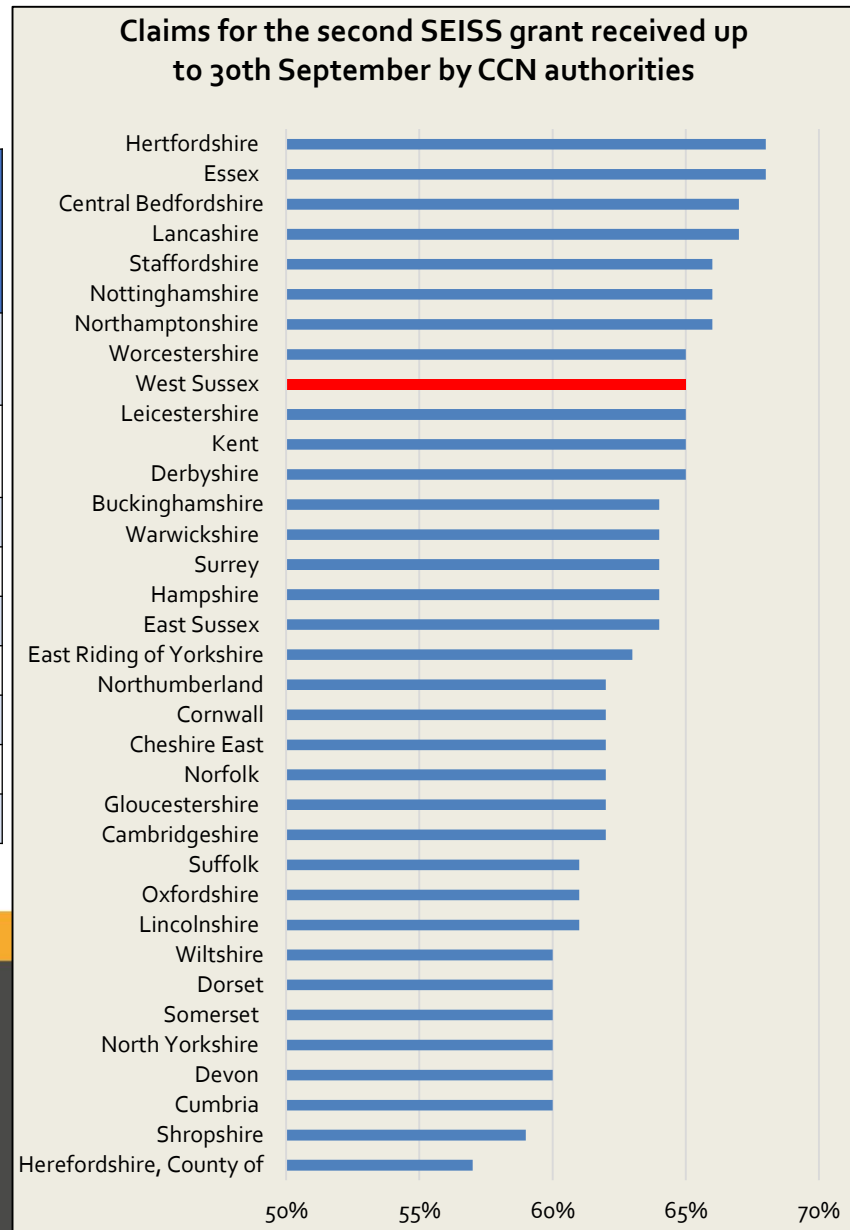
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Self Employment Income Support Scheme

Source: HMRC 22 October

These figures are based on claims up to 30th Sept. for the second grant of SEISS. Compared with the previous month the total take-up rate of West Sussex has increased by 7%.

Local Authority	Total potentially eligible population	Total no. of claims made to 30/9/20	Total value of claims made to 30/9/20 (£)	Average value of claims made to 30/9/20 (£)	Total Take-Up Rate	%change from Sept
West Sussex	49600	32100	87100000	2700	65%	+7%
South East	501000	326000	889000000	2700	65%	+7%
Adur	4200	2900	7900000	2700	70%	+7%
Arun	9400	6100	16400000	2700	65%	+6%
Chichester	7800	4800	13000000	2700	61%	+7%
Crawley	5700	4100	10200000	2500	71%	+7%
Horsham	8100	5000	14000000	2800	61%	+6%
Mid Sussex	8300	5200	14800000	2900	62%	+7%
Worthing	6100	4100	10800000	2600	67%	+6%



West Sussex Google mobility data

Source: Google

Both visits to retail and recreation and use of public transport has reduced since last month. The data is based on mobile phone location information, month on month.

Retail and recreation

-21%
-12% compared with September

compared to baseline



Public transport

-55%

compared to baseline



-8% compared with September

Supermarket and pharmacy

-8%
-3% compared with September

compared to baseline



Workplaces

-28%

compared to baseline



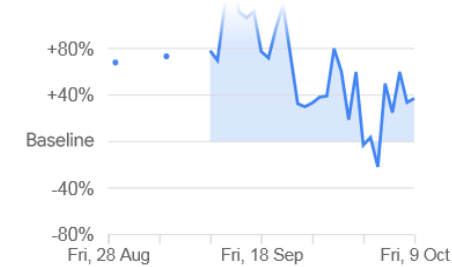
+10% compared with September

Parks*

+37%

compared to baseline

-81% compared with Sept *data doesn't meet normal quality standards



Residential

+9%

compared to baseline



+1% compared with September

Source: [Google Covid-19 Community Mobility Report](https://www.google.com/covid19/mobility/) – 9 October 2020



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Coast to Capital Growth Economic Intelligence Gathering Headlines 14 September

Some of the region's key issues include:

- Regional economic output could drop between 12% and 17% in 2020 according to estimates;
- In the next year GVA output in the Gatwick Diamond area could drop by 13%;
- Crawley has the highest employment vulnerability of any town or city in the UK; 80% of the town's jobs are impacted or vulnerable;
- Local authorities of Tandridge and Chichester are vulnerable due to their high percentages of self-employment; self-employed people were more likely to see their income fall during lockdown compared to employees;
- Brighton & Hove is in the top 25 towns and cities in the UK for insolvencies since the start of the lockdown;
- Two thirds of businesses in the UK have made use of the government's job retention scheme;
- Half of all of coastal towns in the UK are classified as being in the 'highest risk' group for exposure to COVID-19, with Littlehampton, Bognor Regis and Selsey among these;
- One in ten of the region's population still do not have regular access to the internet and are more isolated from information and new working practices.

Coast to
Capital
Growth Hub

Coastal West Sussex partnership update



- Through the [All on Board](#) project and the [Experience West Sussex](#) web platform, the team continue to support our tourism and hospitality sector. A number of business focused webinars have been held and can be revisited [here](#). The topics include perfecting your own webinar and digital marketing. Complementing these local webinars, a new series of pan Sussex webinars are being hosted, the first is on Wednesday 21 October, 12:00 – 1:30pm and titled ***Building Resilience: Seasonal solutions for tourism businesses*** and you can [register here](#).
- Highways England have just announced their preferred option for the [A27 at Arundel](#). Following this long awaited announcement, Highways England will now begin to carry out extensive surveys and investigations to help design the scheme in more detail.
- Initial proposals for a potential expansion of the Rampion Offshore Wind Farm, to be known as 'Rampion 2' are about to start. Consultation is about to start with partners. Rampion is about to engage with stakeholders and communities across Sussex, to seek feedback and help shape the draft proposals before being taken through a rigorous, formal consultation process in 2021.

Gatwick Diamond Initiative update



As reported last month

- At the end of July, Gatwick Airport Ltd (GAL) published its half year results, including the headline of £321m loss over the previous six months. In March, there were 3,300 GAL employees working at the airport; there are currently 2,400 and this is expected to fall to around 1,800 with the additional 600 redundancies recently announced (subject to consultation).
- The situation remains extremely challenging and GAL is actively seeking further support from the government, including a specific jobs protection package for the aviation sector.
- Better news from the Manor Royal with 'The Base' (Virgin's former training facility) being bought by Marchmont for re-development as subject to a short-term leaseback. This prime Manor Royal site on Fleming Way will be redeveloped to provide up to 225,000 sq ft of logistics space. This and other property deals on the Manor Royal suggest that property sector is continuing to invest for the future with early signs of likely growth areas. There is a challenge in balancing a narrative that fully reflects the particular issues faced around the airport and the wider Gatwick Diamond area while still presenting as positive a picture as possible to potential investors.

Rural West Sussex partnership update



- **Broadband & Connectivity** - With a structural move to online, the digital divide between rural and urban connectivity has become more marked. The limitations of connectivity is causing issues such as inability to dial-into virtual meetings and lack of down and upload speed. Businesses report the process of trying to find out how to get faster connections and availability of fibre challenging, with many claims being made, that suppliers are unable to fulfil. Interest in the Rural Gigabit vouchers but finding suppliers able to utilise them seems to be a major blockage.
- **Visitor Economy** - The uplift from 'Eat out to help out' has been dissipated by the 'rule of 6': reducing family get-togethers e.g. Sunday lunches and larger self-catering properties receiving cancellations for half-term and Christmas. Wedding venues have been impacted by the restriction in numbers. Serviced accommodation are still reporting soft-demand. Rural attractions that normally benefit from school trips are reporting a virtual cessation of school trips, although some report that private fee paying schools are still visiting. Redundancies are expected post Furlough: early feedback is that the replacement Job Support Scheme won't fill the gap as businesses can't guarantee the 33% hours and current business income won't cover the 55% of wages needed. A positive was the uplift in demand for camping, glamping and motorhome sites during the summer, although needs a review of planning restrictions to be relaxed even temporarily.
- **Other rural businesses** - Land-based overall not badly impacted, although some issues with availability of pickers, packers and general labour. Horticulture has had a good summer but has not made up for the double losses from lockdown hitting their peak season (both retail outlets and growers). Local shops seem to have remained popular post lockdown, helped by more people working from home and those selling local food & drink with genuine provenance continue to report buoyant sales. Rural based businesses within the Gatwick Airport supply chain still reporting impact from air travel downturn, some with staff still furloughed and impending redundancies. Trades reporting high demand for their services as residents seem to be investing in their properties, some shortages in materials such as timber and plaster being reported.
- **Strategic** - Importance that rural economy is appropriately reflected within C2C's Local Industrial Recovery Strategy. National feedback from Rural Working Group is that rural is generally not getting enough traction within LEP recovery plans. Group is ramping up pressure regarding hiatus between end of EU funding and commencement of UKSPF. Gov't/EU investment in rural via RDPE/LEADER will have put over £7m into local economy in last round, at present no equivalent funding replacement in the pipeline. Rural businesses need this as part of Covid-19 recovery measures.

National data providing overall economic context

NATIONAL PICTURE

Business trading

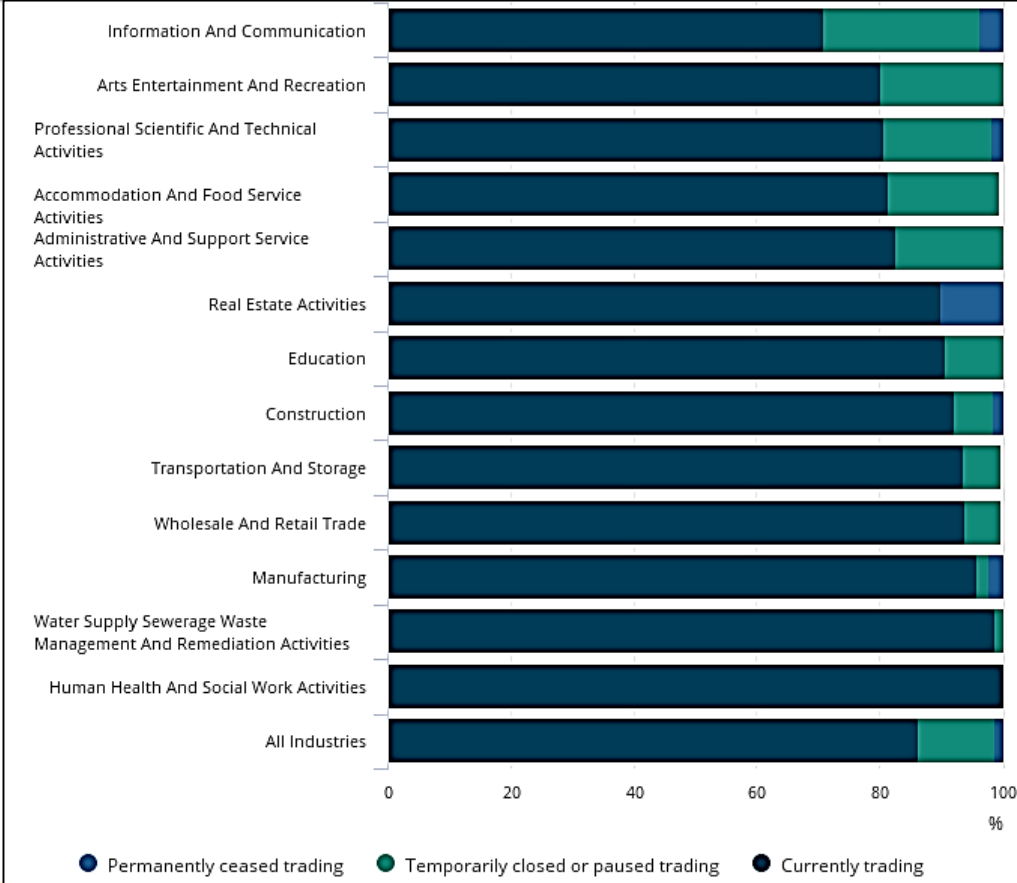
Source: ONS Business Impact of Coronavirus Survey

Nationally, 86% of responding businesses reported that they were currently trading, a decrease of 10% on last month.

The information and communication industry has seen an increase of +20% in the number of businesses temporarily closed or paused trading on last month (25% in total for October). It has overtaken the arts sector which remains at similar levels to last month (20%, -1% on last month).

1% of businesses reported that they had permanently stopped trading (same as last month), and 12% had paused trading temporarily (+12% on last month).

When split per business size, smaller businesses, with 0-9 employees, had a higher rate of temporary closure or pause in trading (13.5%) than the average.



Source: ONS [Business Impact of Coronavirus Survey Wave 14](#) – 8 October 2020



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Business turnover

Source: ONS Business Impact of Coronavirus Survey

Of businesses currently trading:

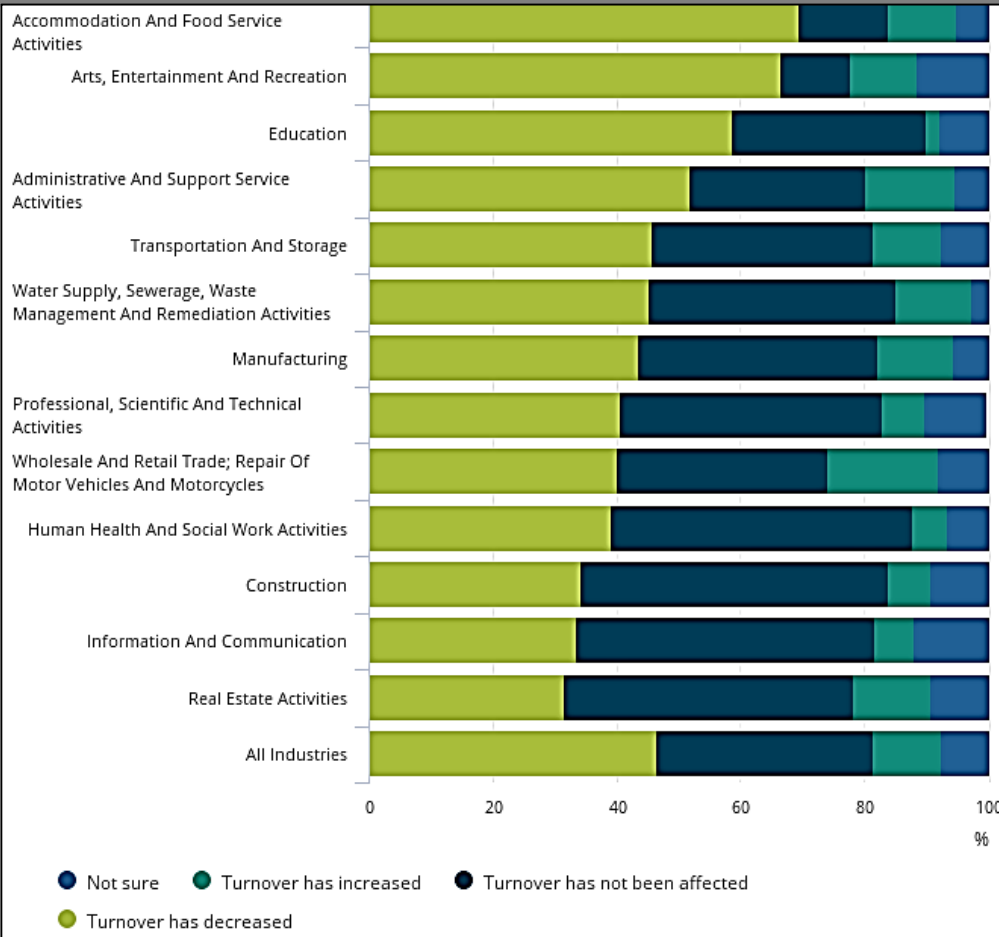
- 47% businesses reported a decrease in turnover compared with normal (no change from last month);
- 11% reported an increase (-2%);
- 35% reported no impact on their turnover (+1%).

Since June, there has been a steady decrease in the number of businesses experiencing a decrease in turnover compared with what is normally expected (-18%).

Of businesses currently trading,

- 43% reported a decrease in profits compared with what is normally expected for this time of year,
- 7% reported an increase
- 34% reported no impact on profits.

Source: ONS [Business Impact of Coronavirus Survey Wave 14](#) – 8 October 2020



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Furlough, pay top-ups and homeworking

Source: ONS Business Impact of Coronavirus Survey

Staff continue to return to work, having been furloughed.

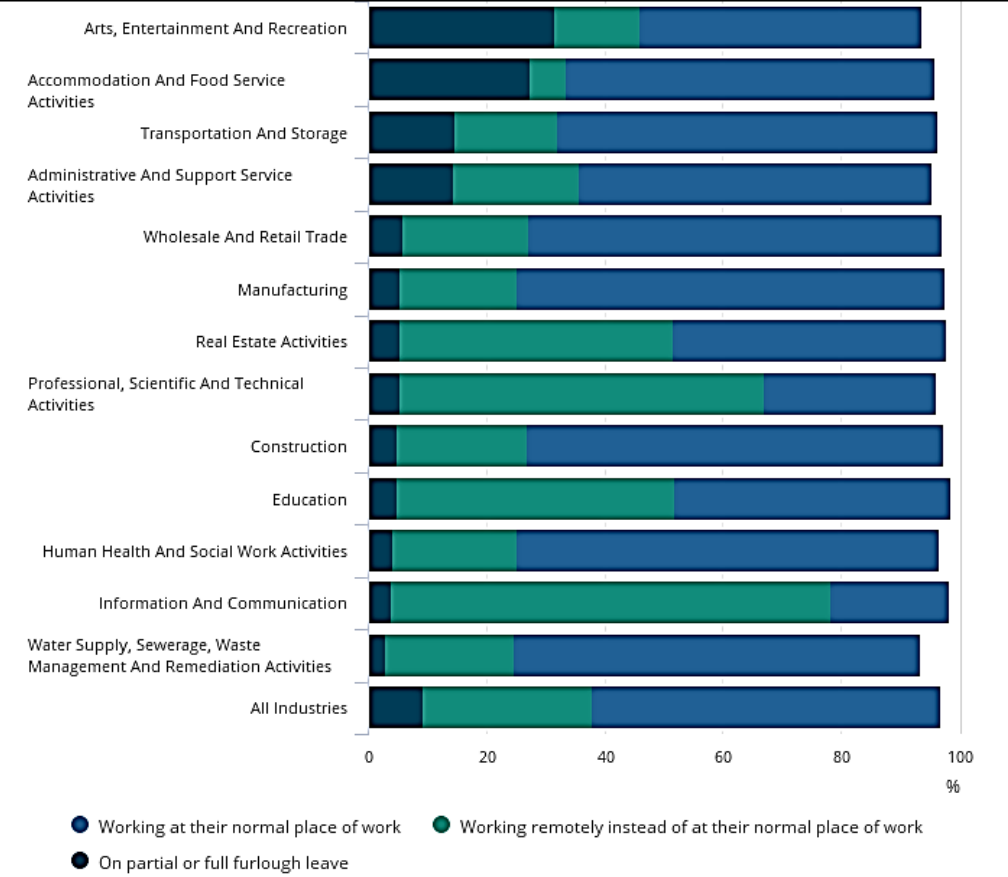
- 87% of the workforce in businesses continuing to trade had been working at their normal workplace or remotely (+7% from September);
- 9% remained furloughed (-2% from September, compared with 30% in June).

From 1 September employers must contribute 10% on top of the government's 70%. Estimates indicate around 56% of businesses are providing top-ups to furloughed workers' pay.

Of businesses still trading, 26% had more staff working from home as a result of the pandemic, 70% did not.

Across all industries, of businesses still trading:

- 12% experienced an increase in productivity
- 52% experienced no impact on productivity
- 24% experienced a decrease in productivity



Source: ONS [Business Impact of Coronavirus Survey Wave 14](#) – 8 October 2020



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Change in payrolled employees

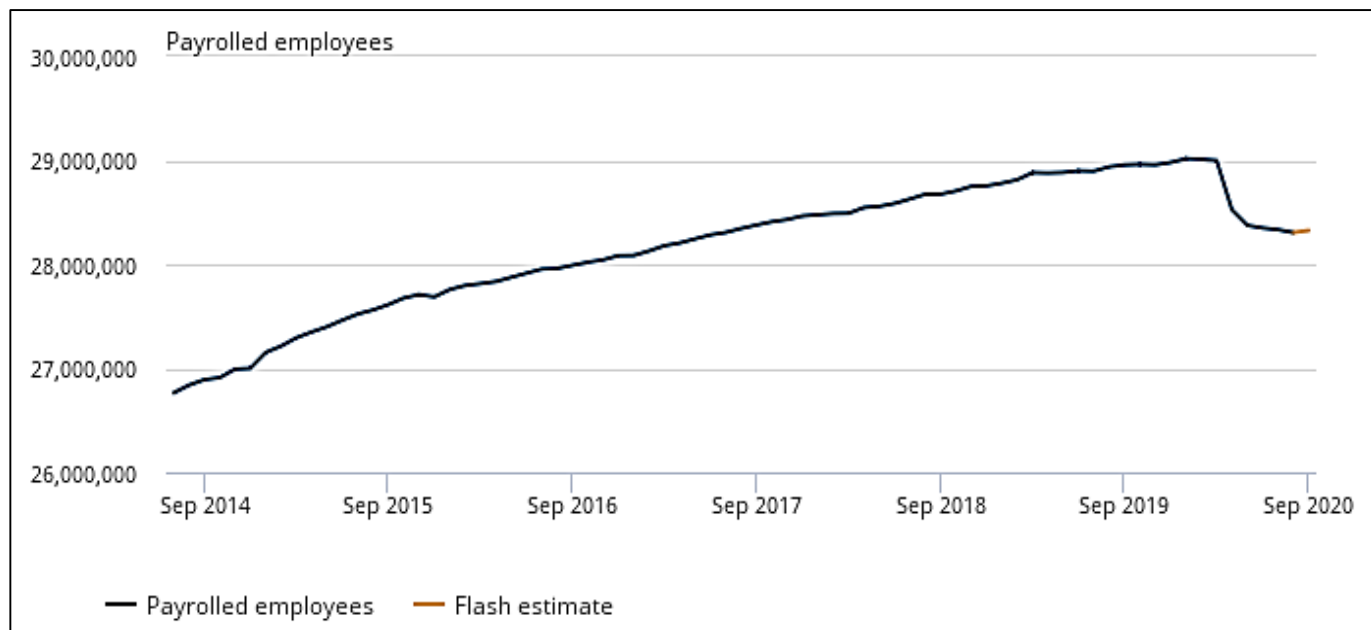
Source: ONS / HM Revenue and Customs PAYE RTI

The [number of pay rolled employees](#) in the UK in August fell by 2.2%, compared with the same period of the previous year.

In September, 20,000 more people were in payrolled employment when compared with August, an increase of 0.1%.

673,000 fewer people were in payrolled employment when compared with March 2020.

It is important to note that un-enrolling may be voluntary and involuntary, and similarly enrolling may include replacing positions or creating new employment.



Economic Research

- Jobless total predicted to increase to nearly 3 million by Christmas, with a 1.5million more people unemployed, according to the thinktank the [Centre for Economics and Business Research](#).
- A new report by the [Resolution Foundation](#) has found that young and ethnic minority workers are more likely to be made unemployed post-furlough. A survey of around 6,000 adults found 19 per cent of 18-24 year olds who were furloughed during lockdown were unemployed in September.
- Youth unemployment in the UK will not return to its pre-pandemic level for at least another four years, and is set to triple to 1980 levels, according to a report by the [Resolution Foundation](#).
- A report by the [EY Item Club](#) indicates that the UK economy may have grown by as much as 17% in the three months to the end of September, but slower growth may follow. It said shoppers splurged during the period as coronavirus restrictions were eased, which helped growth.