

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO ECONOMIC DEVELOPMENT COMMITTEE

INFORMATION

meeting date: THURSDAY, 25 MARCH 2021
title: COVID-19 ECONOMIC IMPACTS
submitted by: NICOLA HOPKINS – DIRECTOR OF ECONOMIC DEVELOPMENT & PLANNING
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1 PURPOSE

- 1.1 To assess the ongoing impact of the Coronavirus (COVID-19) pandemic on the economy of the Ribble Valley.
- 1.2 Relevance to the Council's ambitions and priorities:
- Council Ambitions – To secure and maintain a sustainable economic base for the borough.
 - Community Objectives – To promote a thriving, diverse and balanced local economy.
 - Corporate Priorities – Delivery of services to all.
 - Other considerations – None.

2 BACKGROUND

- 2.1 The Ribble Valley Core Strategy outlines a commitment to promoting sustainable development of the local economy and recognises the importance of this aim in contributing to a strong and prosperous borough. Given the major consequences of COVID-19 documented worldwide, an understanding of the implications of this for the borough is crucial in identifying impacts relative to the council's objectives.

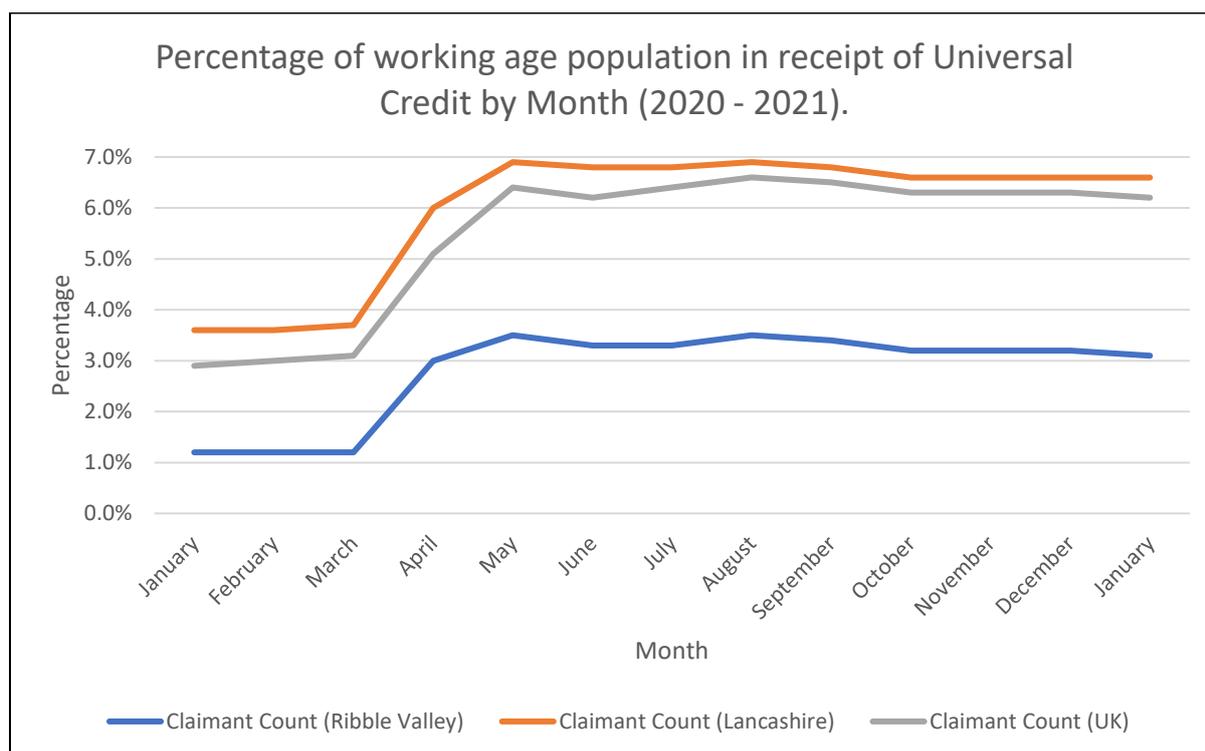
3 INFORMATION

- 3.1 Appendix A sets out a broad timeline of events that are seen to have had consequences for the local economy of the Ribble Valley. Restrictions on consumers, businesses and manufacturers have severely impacted economic activity across the country, and attempts to mitigate the effects of this have been made through the provision of extensive financial support at local and national levels of Government.

Unemployment

- 3.2 The severe restrictions at the beginning of the COVID-19 outbreak contributed to an immediate rise in unemployment as seen in graph 1 below. This shows a rise of 2.8% in the proportion of the working population claiming Universal Credit between March and April 2020 within the Ribble Valley, reaching a peak in May and August of 3.5%. Before the outbreak of COVID-19 this figure was stable at an average of 1.1% in 2019 and 0.8% in 2018, with little fluctuation.

Graph 1: Graph showing Universal Credit receipts in the Ribble Valley, Lancashire and UK. Data taken from ONS - Claimant Count by unitary and local authority dataset.



3.3 Whilst this rise is significant, similar trends are reflected across Lancashire and the UK. There is no indication based on this metric that the Ribble Valley has been affected beyond the effects which have been suffered on a national scale. The borough's economic position before the outbreak has meant that the proportion of people claiming universal credit remains lower than in Lancashire and the UK, standing at 3.1% in the Ribble Valley at the end of January 2021.

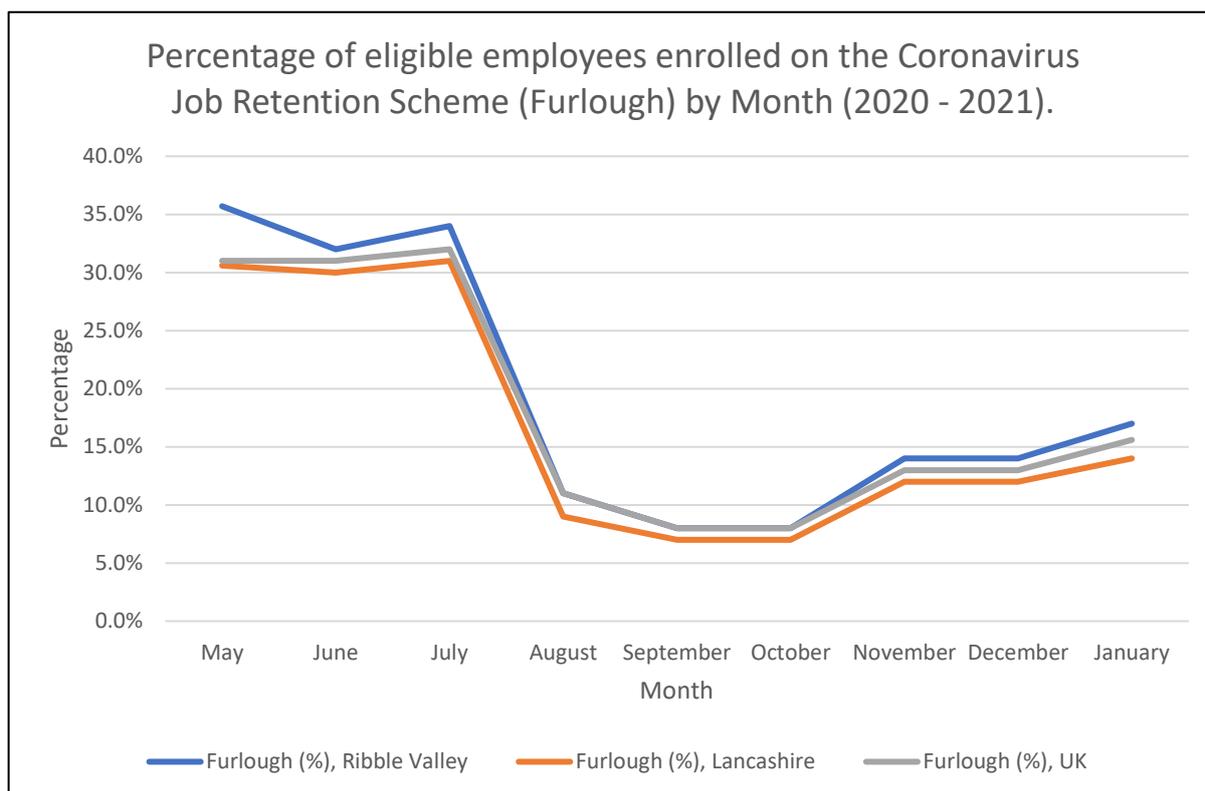
Financial Support

3.4 In industries where economic activity has been significantly impacted, the Coronavirus Job Retention Scheme (furlough scheme) has been introduced to help businesses continue to keep their workforce in employment by contributing 80% of monthly wages per employee. Graph 2 on the following page displays the level of uptake in furlough within the Ribble Valley, shown as a percentage of eligible employees. At the height of the pandemic in May just over 35% of all employees eligible were enrolled on the scheme within the borough.

3.5 A comparison with Lancashire and the UK again shows little difference in the level of uptake across the year. Despite this, the proportion of furloughed employees in the Ribble Valley has been above or at best level with regional and national averages every month since introduction. This figure was at its lowest in September at 7%, helped by relatively few COVID restrictions as well as the Eat Out to Help Out Scheme. A total of 93 businesses claimed more than £902,000 in discounts back from the Government as part of this scheme within the Ribble Valley throughout August, potentially encouraging businesses within the hospitality industry to return their workers from furlough.

3.6 Since October, the level of furlough in the Ribble Valley has increased from 8% to 17% as at the end of January 2021. This figure is now higher than regional and national levels, primarily due to increased restrictions on non-essential retail and hospitality. It is hoped this figure will decrease as restrictions are lifted again, however, further monitoring will need to assess whether this occurs.

Graph 2: Graph showing furlough uptake in the Ribble Valley, Lancashire and UK. Data taken from Gov.uk 'HMRC (COVID-19) Statistics', 2021. No data is available for months prior to May 2020.



3.7 Local businesses have also been supported by a range of grants administered by local councils designed to help those who have been impacted by national lockdowns and local tier restrictions. These grants help to mitigate the costs of temporary business closure and also help businesses adjust to new circumstances of operation. A total of £27 Million has been paid to businesses throughout the pandemic through the local authority – a full breakdown of grants paid is shown in appendix B.

3.8 The Self-Employed Income Support Scheme (SEISS) has also provided financial support to individual traders who have suffered a significant reduction in trading profits due to reduced business activity throughout the pandemic. A total of £17.9 Million has been paid out across the period at an average take-up rate of 66% of eligible sole traders within the Ribble Valley.

High Street

3.9 Appendix C shows the results of vacant shop surveys undertaken throughout the COVID-19 pandemic for the main shopping centres of Whalley, Longridge and Clitheroe.

3.10 From May 2020 to March 2021 there has been no increase in the number of vacant premises recorded at any one time within Clitheroe and Longridge centres. In Whalley an increase of one vacant unit has been recorded over the period with no other change. In Clitheroe, 25 different premises have been recorded as becoming vacant within the period, with 15 of these since becoming occupied. In the most recent survey on 3rd March 2021, 10 vacant units were recorded in Clitheroe with 2 of these being long term vacancies.

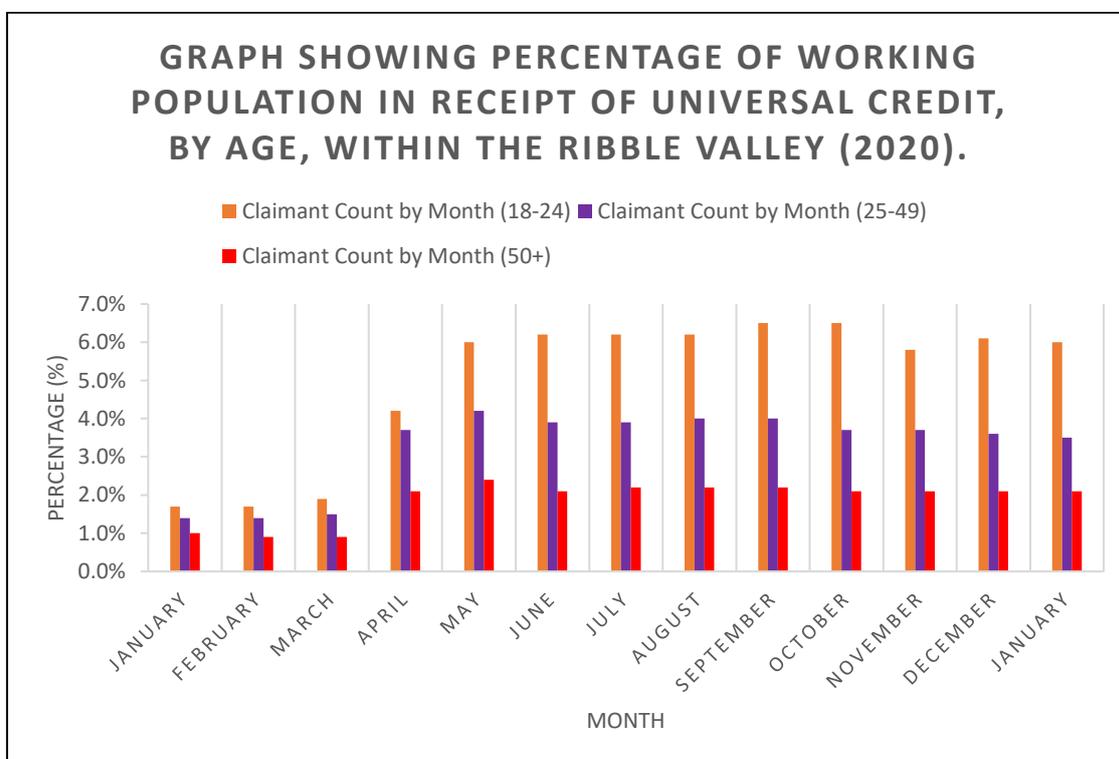
3.11 Although sites have become vacant at a steady rate, they are quickly becoming occupied and still appear to be business premises which there is significant demand

for. As such, this report has not found COVID-19 to have had a significant impact on the demand for high street premises in the Ribble Valley in the short term.

Considerations for 2021

- 3.12 Even when the lowest level of COVID restrictions have been imposed within the Ribble Valley throughout August to October, around 8% of eligible employees within the Ribble Valley remained on furlough. This may present issues in the future as the furlough scheme eventually comes to an end, and businesses are faced with taking on these wage costs once again. Future monitoring should consider this alongside claimant count data to observe how businesses respond to the end of the furlough scheme in September 2021.
- 3.13 Furthermore, despite relaxations in Coronavirus restrictions and the support provided to help economic recovery, levels of unemployment within the Ribble Valley as seen in Graph 1 have failed to significantly respond. Although decreasing, unemployment levels remain only 0.4% lower than the peak recorded in May and August. This suggests it may take significantly longer for this figure to recover to pre-covid levels and will require further monitoring as the extensive financial support provided to businesses is removed.
- 3.14 Graph 3 below shows that the increase in universal credit claims highlighted above also varies with age. In particular, the proportion of those aged 18-24 who are in receipt of Universal Credit has seen an increase of 4.1% percent between the outbreak of the virus in March and the most recent figures available for January 2021. This increase is far higher than that which is seen in other age brackets and is likely to have been most impacted by the restrictions on hospitality and retail throughout the last 12 months.

Graph 3: Graph showing a breakdown of those claiming universal credit by age and month within the Ribble Valley. Data taken from ONS - Claimant Count by unitary and local authority.



- 3.15 Although local high streets within the Ribble Valley appear to be unaffected from a vacancy perspective, this may be attributed to the extensive financial support businesses are currently being provided. As such, the conditions for some businesses appear to remain suitable for them to continue trading in the short term.

3.16 The upcoming Economic and Employment Land Review to be undertaken as part of the key evidence for the local plan review will help monitor any change in these circumstances as they arise in the coming months. Critically it will provide a baseline to understand business impacts going forward and will include a wide-ranging business survey to identify needs.

4 **CONCLUSION**

4.1 It is clear that national schemes to support employees and businesses throughout the pandemic still remain a crucial part of the local economy. As a result, future monitoring should assess how local businesses respond as the prevalence of the virus decreases and financial support is reduced.

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BACKGROUND PAPERS

None.

For further information please ask for Mark Waleczek, extension 4581.

APPENDIX A

Table outlining events throughout 2020 and 2021 seen to have an impact on the economy of the Ribble Valley.

Timeline of Events and Policies relating to Coronavirus (COVID-19) outbreak		
2020	March	<ul style="list-style-type: none"> - COVID-19 first appears in the UK - Lockdown imposed on 23rd March with schools, shops and workplaces closed - Furlough scheme announced, backdated from 1st March
	April	Lockdown and furlough circumstances continue
	May	<ul style="list-style-type: none"> - Encouragement for those unable to work from home to return to work - First SEISS grant announced - Furlough scheme continues
	June	<ul style="list-style-type: none"> - Schools re-open to some years - Non-essential shops re-open under social distancing legislation - Furlough scheme continues
	July	<ul style="list-style-type: none"> - Hospitality and Leisure facilities allowed to re-open - Furlough scheme continues
	August	<ul style="list-style-type: none"> - Eat Out to Help Out scheme takes place, providing discounts for consumers at hospitality venues - Furlough scheme continues, but employers must now make National Insurance and Pension contributions - Second SEISS grant announced
	September	<ul style="list-style-type: none"> - Curfew on hospitality sector imposed - Furlough scheme continues with revisions
	October	<ul style="list-style-type: none"> - Tier system introduced - Ribble Valley placed in tier 3 with restrictions on hospitality - Furlough scheme continues
	November	<ul style="list-style-type: none"> - National lockdown re-imposed, closing all hospitality and non-essential retail - Furlough scheme continues - Third SEISS grant announced
	December	<ul style="list-style-type: none"> - Non-essential retail re-opens; hospitality remains closed - Furlough scheme continues
	January	<ul style="list-style-type: none"> - Lockdown re-imposed, with non-essential retail and hospitality closing - Furlough continues

APPENDIX B

Table showing range of grants paid to businesses throughout COVID-19 pandemic. Totals correct as at 28/02/2021.

Current Local Restrictions Support Grants/ Additional Restrictions Support Grants	Total Businesses	Total £ Grants Paid
Additional Restrictions Support Grant (ARG)	189	691,033
Local Restrictions Grant - Sectors	2	3,930
Local Restrictions Grant (Open)	295	568,460
Local Restrictions Grant (Closed) pre 5 November	44	44,599
Local Restrictions Grant (Closed) Addendum 5 November - 2 December	635	972,672
Local Restrictions Grant (Closed) 2 December - 30 December	262	461,390
Local Restrictions Grant (Closed) Tier 4 31 December - 4 January	639	174,832
Christmas Support Payment for wet-led pubs	36	36,000
Local Restrictions Grant (Closed) Addendum 5 January – 31 March	639	2,995,230
Closed Business Lockdown Payment	639	2,938,000
Total	2102	8,886,146

Grant Schemes in Operation April-August 2020

Small Business Grants	1544	12,960,000
Retail, Hospitality & Leisure Grants		4,300,000
LA Discretionary Grants	135	867,000
Total	1679	18,127,000
Grand Total		27,013,146

APPENDIX C

Table showing number of vacant premises within centres of Clitheroe, Longridge and Whalley from May 2020 to March 2021.

Clitheroe				
Date	Total vacancies	New Additions	Continued vacancies from last survey	Vacancies in last survey now occupied
May-20	10	N/A	N/A	N/A
Oct-20	10	7	3	7
Mar-21	10	8	2	8
Longridge				
Date	Total vacancies	New Additions	Continued vacancies from last survey	Vacancies in last survey now occupied
Jun-20	4	N/A	N/A	N/A
Mar-21	1	1	0	3
Whalley				
Date	Total vacancies	New Additions	Continued vacancies	Vacancies in last survey now occupied
Jun-20	1	N/A	N/A	N/A
Mar-21	2	1	1	0