



COVID-19 impact on Hertfordshire

NOVEMBER 2020



Economy

The image features a teal background with several geometric elements. A large, thin purple line forms a path that starts at the top left, goes right, then down, then right again, and finally down to a white triangle. Another white triangle is at the top center. A purple triangle is at the top right. On the left side, there are two purple triangles and one white triangle. At the bottom, there are two purple triangles and one large white triangle. The word 'Economy' is written in white serif font in the center-right area.

UK GDP grew by 1.1% in September 2020

UK monthly index, January 2007 – September 2020



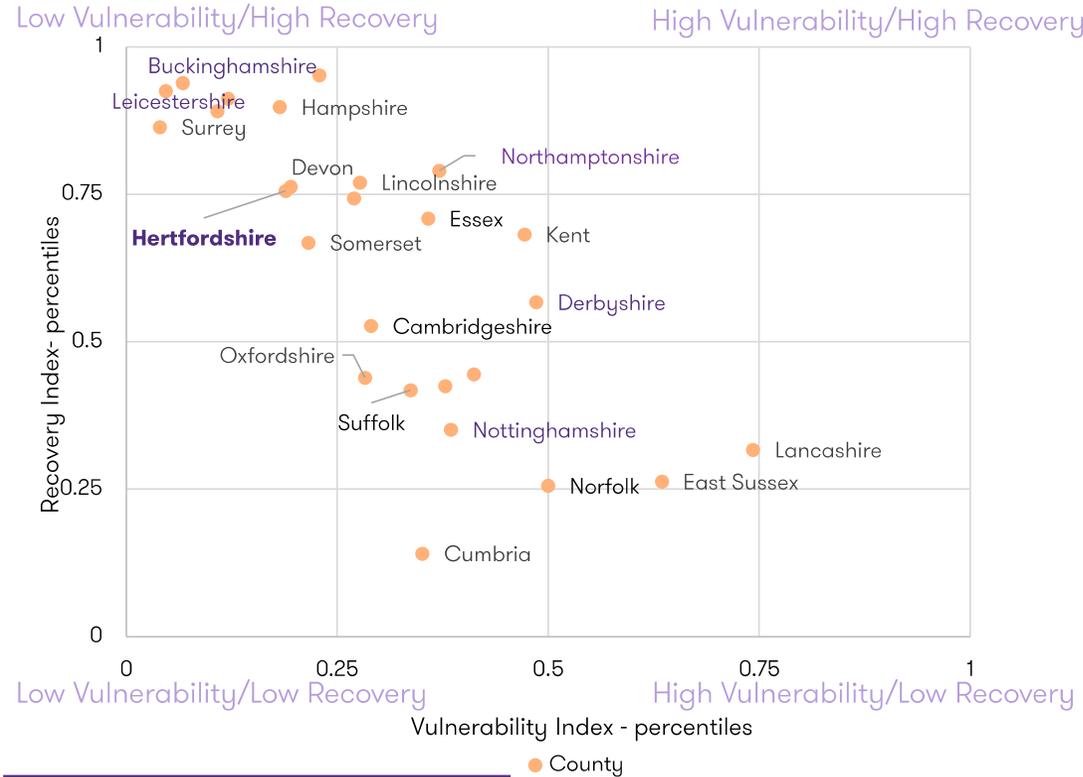
- GDP grew for the fifth consecutive month prior to the tightening of restrictions in October.
- This followed a record fall of 19.5% in April 2020 and remains below February's level by 8.1%.
- Ahead of the new restrictions, there was a slight loss in momentum through Quarter 3 (July to September) 2020.
- The services sector grew by 1%, production by 0.5% and construction by 2.9% in September 2020. Since the peak in June, monthly growth in GDP and its main sectors has slowed.



Overall resilience is viewed as strong

Commercial in confidence

Vulnerability vs. Recovery



Covid-19 Recovery Index

- Year at risk
- Level of reserves as % of total expenditure
- House price recovery
- % of businesses in 'at risk' sectors*
- % of employment in 'at risk' sectors*
- GVA - Covid-19 impact on growth
- Business size (mixture/variance)
- Reduction in business rates - scenario: all shops and restaurants closed for a year
- Housing Delivery Test: 2019 measurement



Grant Thornton Recovery Index

Commercial in confidence

COVID-19 Vulnerability - Basket performance

■ Very high
 ■ High
 ■ Average
 ■ Low
 ■ Very low

Local authority	Covid-19 Vulnerability Index	Financial vulnerability Index	People Index	Place Index	Economy Index	Health Index	Social care Index
Luton	Very high	Very high	Very high	High	High	High	Low
Bedford	Average	High	Low	Very high	Average	Average	Very low
Essex	Low	Low	Average	High	High	Low	Very low
Cambridgeshire	Low	Average	Low	High	Low	Low	Very low
Hertfordshire	Very low	Low	Average	High	Average	Low	Very low
Central Bedfordshire	Low	Low	Very low	Average	High	Low	Very low
Enfield	Very high	Very high	Very high	Very high	Very high	Low	Very low
Hillingdon	Very high	Very high	High	Very high	Low	Average	Low
Barnet	Low	Very high	High	Very low	High	Low	Very low
Harrow	Low	Low	Very high	Average	High	Low	Very low
Oxfordshire	Low	Average	Low	High	Low	Low	Very low
Milton Keynes	Very low	Low	Average	High	Low	Average	Very low
Buckinghamshire	Very low	Low	Low	High	Low	Low	Very low



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Labour market impact

Hertfordshire jobs

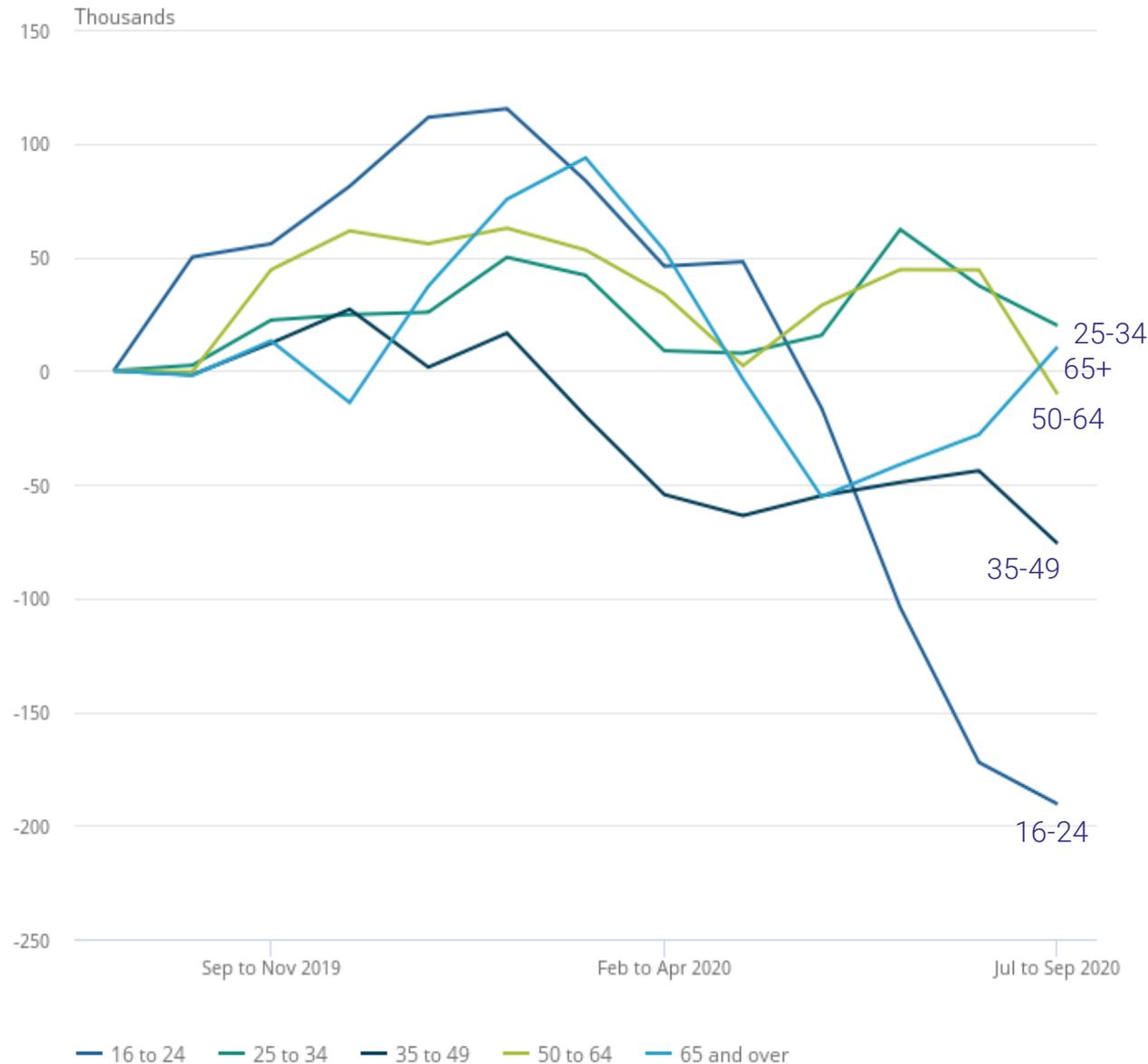
- Hertfordshire's workforce grew by 20,800 from July 2019 to June 2020. The number of people employed in managerial and professional occupations increased by 52,800 (6.8%).
- Sales, customer services, leisure and the caring professions saw a reduction of 22,700 (4.2%) jobs on the previous year. In the 12 month period ending June 2020, there were 11,000 fewer retail jobs and 11,000 fewer caring jobs.
- Lockdown is likely to have damaged the financial health of many childcare providers, even after accounting for major government support programmes. A longer-lasting fall in demand for childcare or an increase in costs related to social distancing could seriously hamper future financial sustainability in the sector.

Employment by Standard Occupational Classification: Hertfordshire

General nature of qualifications, training and experience for occupations in the major group	2020 (July 19 – June 20)		2019 (July 18 – June 19)		Variance	
	Count	%	Count	%	Count	%
SOC 1-3 Managerial, professional and associate professional	355,400	57.2%	302,600	50.4%	52,800	6.8
SOC 4-5 Administrative, secretarial and skilled trades	116,000	18.7%	119,900	20%	-3,900	-1.3
SOC 6-7 Sales and customer service and caring. Leisure and other services.	70,900	11.4%	93,600	15.6%	-22,700	-4.2
SOC 8-9 Process plant and machinery operatives and elementary occupations.	79,400	12.8%	84,800	14.1%	-5,400	-1.3
Total	621,700		600,900		20,800	



UK employment level by age (16 years and over), seasonally adjusted, cumulative growth from July to September 2019, for each period up to July to September 2020



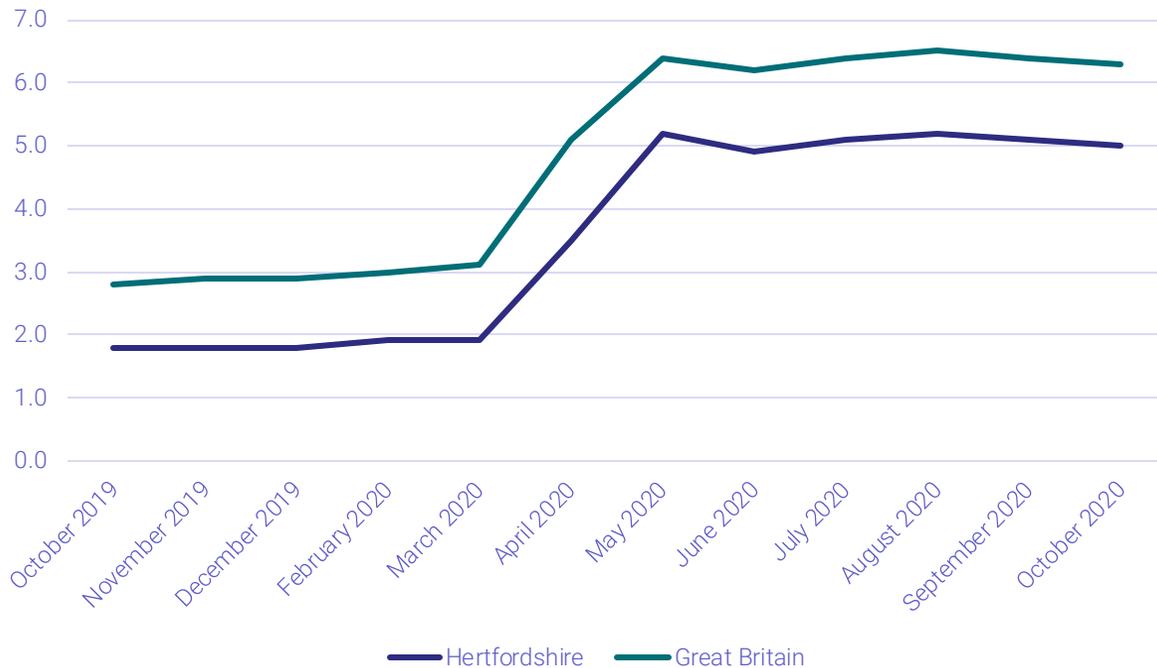
Employment growth: young people and people with young families

- In the last year, young people aged 16 to 24 experienced the biggest rise and sharpest fall in employment of any age group.
- Employment prospects of people with growing families (aged 35-49) saw low rates of employment growth, followed by the second largest fall in employment.
- Only the 65+ and 25-34 age ranges saw positive employment growth from Sep-Nov 2019 to Jul-Sep 2020.



Unemployment benefits

Claimant Count Rate: Oct 2019 to Oct 2020



- Hertfordshire's benefits claimant count rate remains at its highest level for eighteen years.
- The rate fell from 5.1% in September to 5% in October.
- It remains 1.3% below the national rate following the largest rise in unemployment in recent times.
- The extension of the Jobs Retention Scheme and a mini summer bounce-back has flattened the slope of the upwards curve.



Universal credit

- The number of people registered for Universal Credit in the county is three time higher than this time last year: 37,060 claimants in October 2020; 13,300 claimants in October 2019.
- Hertfordshire is below the national average for the proportion of working age residents claiming benefit: 5% in Hertfordshire; 6.3% in the UK.
- Both Watford and Broxbourne have claimant rates that are worse than the national average.
- Stevenage, Hertsmere and Dacorum are above the average for the county as a whole.

Area	Total Claimants				Claimants as a proportion of residents aged 16-64			
	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020
Watford	4,120	4,250	4,225	4,160	6.6	6.8	6.8	6.7
Broxbourne	3,925	4,050	3,930	3,935	6.5	6.7	6.6	6.6
England	2,241,155	2,282,005	2,262,510	2,228,150	6.4	6.5	6.4	6.3
United Kingdom	2,642,815	2,688,110	2,656,115	2,612,550	6.3	6.4	6.4	6.3
Stevenage	3,365	3,410	3,400	3,280	6.0	6.1	6.1	5.9
Hertsmere	3,585	3,680	3,685	3,585	5.7	5.8	5.8	5.7
Dacorum	4,990	5,045	5,005	4,900	5.2	5.2	5.2	5.1
Hertfordshire	37,370	38,390	38,045	37,060	5.1	5.2	5.1	5.0
Three Rivers	2,675	2,785	2,745	2,640	4.7	4.9	4.8	4.6
Welwyn Hatfield	3,635	3,715	3,735	3,675	4.5	4.6	4.6	4.5
North Hertfordshire	3,710	3,790	3,765	3,610	4.5	4.6	4.6	4.4
St Albans	3,675	3,765	3,710	3,635	4.1	4.2	4.1	4.0
East Hertfordshire	3,690	3,900	3,845	3,645	4.0	4.2	4.1	3.9



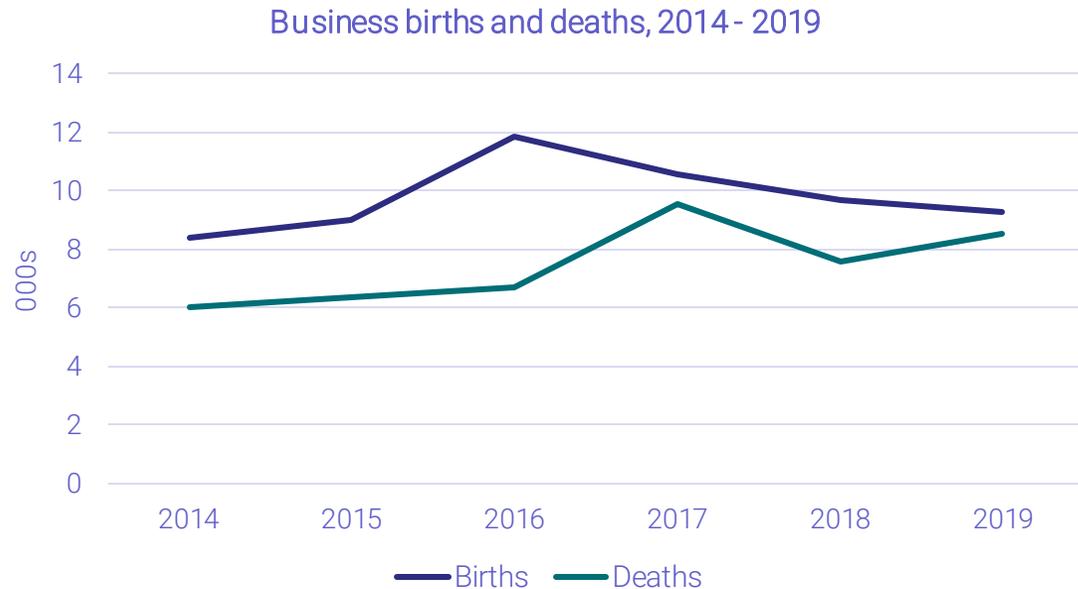
The image features a teal background with several geometric elements. A large white triangle is positioned in the upper left, with a smaller white triangle above it. A purple line starts from the top left, goes right, then down, then right again, and finally down to a white triangle in the center. To the right of this central triangle is the text 'Business environment'. In the bottom left, there is a large purple triangle with a white triangle inside it. In the bottom right, there is a large white triangle. There are also several smaller purple triangles scattered throughout the composition.

Business environment

Business birth and death rates
Hertfordshire, 2014 to 2019

Year	Counts to the nearest thousand				
	Active	Births		Deaths	
	Count	Count	Rate (%)	Count	Rate (%)
2014	61	8	13.7%	6	9.8%
2015	64	9	14.1%	6	9.9%
2016	71	12	16.8%	7	9.5%
2017	74	11	14.3%	10	13.0%
2018	74	10	13.1%	8	10.2%
2019	74	9	12.6%	9	11.6%

Source: Office for National Statistics - Inter-Departmental Business Register



Business births and deaths

- Since 2016, the gap between business birth and death rates has narrowed.
- In 2019, Hertfordshire's business birth rate of 12.6% fell below the UK birth rate of 13%.
- Hertfordshire's business death rate of 11.6% was marginally worse than the UK rate of 11.2%.
- At 45.1%, Hertfordshire's five year business survivability rate is significantly better than the national rate (42.5%).
- Dacorum has the best five year survivability rate at 47.8%, and Welwyn Hatfield has the lowest at 42.4%. The remaining districts hover between 44% and 45%.





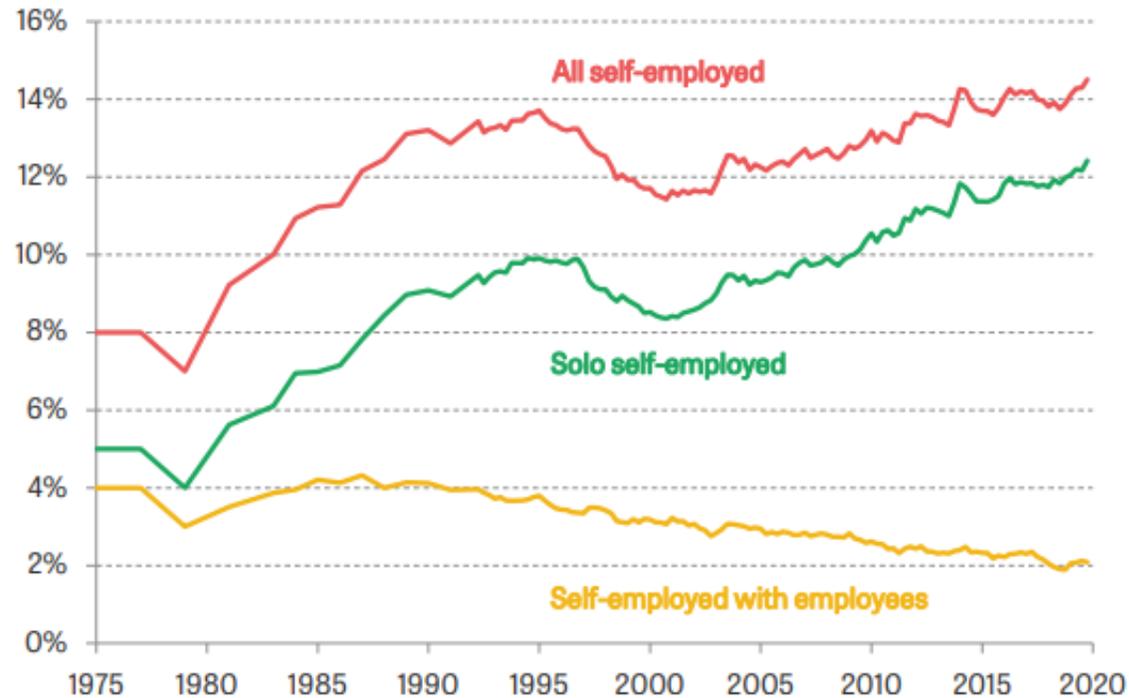
The changing nature of business

- The highest employer birth rate was in the transport and storage (including postal) industry at 20%. This industry continues to see an increase in drivers setting up their own limited companies.
- Single employee limited companies make up 61% of the overall business birth figures.
- Single person limited companies in the retail industry are increasing and this coincides with the growth in online sellers.
- The accommodation and food services industry has the third highest employer business birth rate at 16.1%.



Solo self-employment has risen over the last 20 years

Self employment as a share of all workers 1975 – Q4 2019



Note: Workers aged 16–64 only. Self-employed includes sole traders and company owner-managers. Excludes Q1 1994 which is missing information on solo self-employment.

Source: Labour Force Survey, 1975 to Q4 2019.

Source: IFS & Nuffield Trust

- Solo self-employment (i.e. sole traders or owner-managers with no employees) is on the rise.
- The solo self-employed earn less than average and the gap with those that are employed is widening.
- Many enter solo self-employment from unemployment or inactivity and are underemployed.
- Solo self-employment is associated with downward pressure on employee wages – a symptom of a lack of opportunity in the traditional employee/employer labour market.
- Well-being is higher among the solo self-employed.



The image features a teal background with several geometric elements. A large purple triangle is positioned on the left side, with a white triangle inside it. Above this triangle is a small white triangle. To the right of the large purple triangle is a purple-outlined triangle. Below the large purple triangle is a small purple triangle. At the bottom center is a white triangle. In the bottom right corner is a large white triangle. The text "Looking forward" is centered on the right side of the image.

Looking forward

Context

In Hertfordshire:

- Recovery Plan is 'out there' – but focused on short-term interventions. Hertfordshire LEP is committed to reviewing it in early 2021.
- Growth Deal is advancing – with a strong focus on housing.

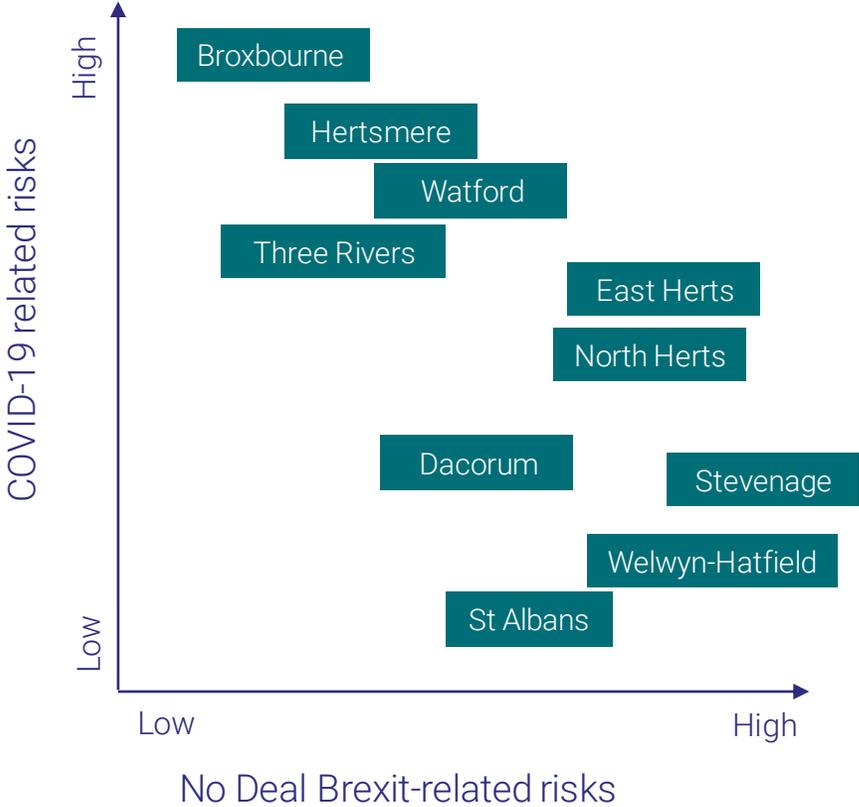
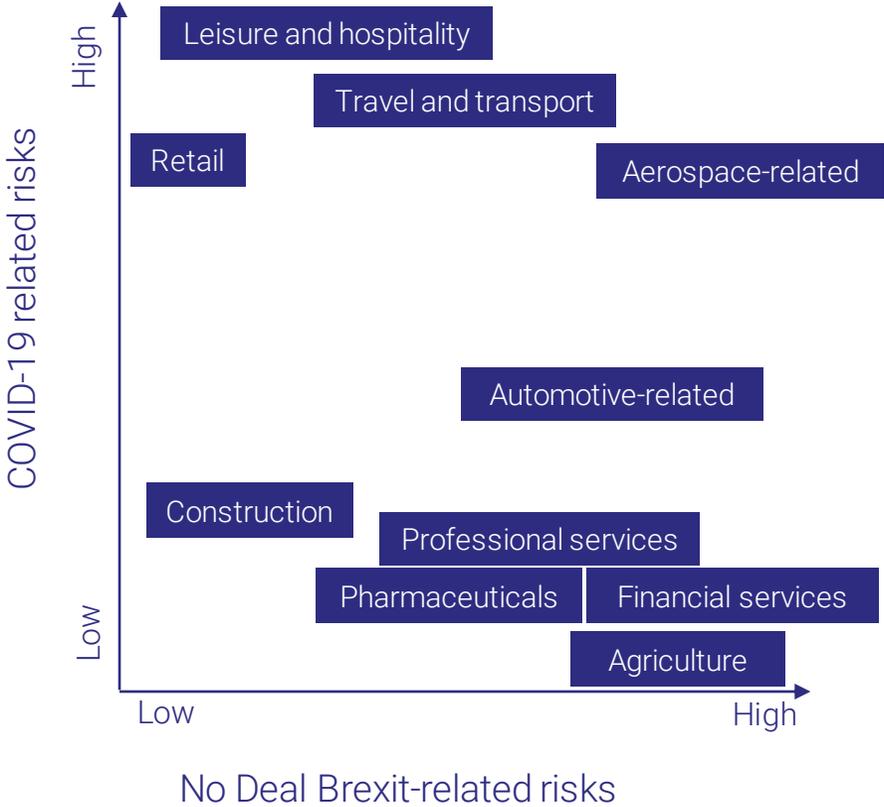
More generally:

- Recovery and Devolution White Paper is delayed – not now expected for several months.
- Chancellor's Spending Review was delivered end of Nov – but only for one year (Autumn Budget is postponed until March).
- 'No trade deal' Brexit is increasingly possible, with implications for some major sectors.
- Significant COVID-19 restrictions for another 4-5 months which will affect some major employment sectors, but we won't know by how much until spring 2021.



Threats facing Hertfordshire

- Different sectors are facing a different mix of risks.
- This translates into a risk profile for different places within Hertfordshire (particularly when consideration is given to both residence-based and workplace-based dimensions).



Implications

Building on the Local Industrial Strategy (and Strategic Economic Plan), we need some clear 'middle level' responses/propositions, which are:

- Bigger than individual local interventions (although possibly bundling some together).
- More specific than overarching strategies and statements of intent (but still aspirational).
- Capable of translating into effective and compelling business cases and investment propositions.
- As 'literate' as possible in relation to the long term implications of both COVID-19 and Brexit.

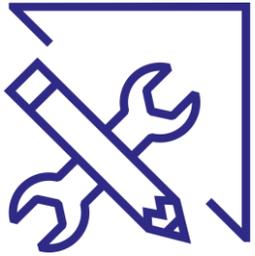
Long term consequences of Brexit and COVID-19

The situation is evolving, but we can likely assume:

- Different relationships between 'home' and 'work' across many (but not all) sectors.
- Major changes in patterns of city-centre office use.
- On-going evolution of retail provision with implications for town and city centres.
- A changing narrative in relation to 'densification' and agglomeration, with implications for new development and the urban hierarchy.
- Digital revolutions in service delivery, etc.
- Changing patterns of international trade and labour market flows with implications for some sectors.
- Greater commitment to low carbon growth and addressing the climate emergency.
- Greater emphasis on diversity and inclusion.

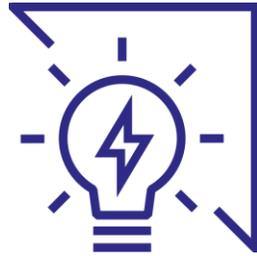


Recovery Plan: workstreams



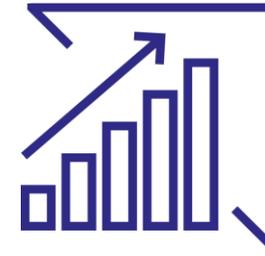
A: Economic Fundamentals

- Skills, education and employment
- Enterprise and business support



B: Cluster-Building Differentiators

- Film, TV and the wider creative economy
- Cell and gene therapy
- Advanced engineering and manufacturing
- Sustainable construction
- Others...



C: Foundations for Good Growth

- Digital
- Low carbon and clean growth
- Inclusive growth





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