

Joint Strategic Needs Assessment 2021

COVID-19 Impact on the **Economy**

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Emerging Issues

The COVID-19 pandemic has had a profound impact across populations globally, nationally and locally. The effects have reflected and in some areas exacerbated our social and health inequalities. The interdependence between health and the economy has never been closer and the need for a fairer and more inclusive economic system has never been clearer.



Unemployment in NEL has increased since the start of the pandemic in March 2020. Youth have seen the largest increase in unemployment. As the number of individuals are taken off furlough support increases over the coming months, there is likely to be an increase in unemployment locally and subsequent impacts on mental health and wider impacts on physical health and relationships.



Citizens Advice NEL has reported increased mental health issues locally linked to uncertainty from issues such as being furloughed and redundancy. Furloughed workers that do return to work, are likely to experience slower pay growth as a result and will have missed out on the growth in skills. This will be especially acute for young people and another way in which this generation will continue to feel the pandemic's effects long after the immediate crisis ends.



Our financial resilience models suggests that the pandemic has not hit equally. There are low levels of financial resilience across NEL and the pandemic has negatively impacted, particularly since the second wave. Financial resilience scores were on the whole below the national average. Poor financial resilience can lead to more universal credit claimants, homelessness and large debt. There is strong evidence to suggest that the pandemic will continue to exacerbate the disparity in income inequalities.



NEL is considered to be part of Britain's older industrial local authorities. Research has suggested that as a consequence of the pandemic in terms of potential business failure and associated job losses, North East Lincolnshire is ranked in the top ten locations where there is the highest business risk. This suggests that, at the business level, comparatively more firms in poorer and peripheral areas will disappear during the Covid-19 epidemic and that this inequality of impact on the business population will further disadvantage these areas in the post-Covid-19 era.

Ongoing Solutions

COVID-19 has generated a series of economic effects that will have long-term impacts: we are in a COVID decade and, many of these effects will be felt far beyond that. The pandemic has exposed, exacerbated and solidified existing inequalities in society. However, the pandemic has also exposed areas of strength, resilience, creativity and innovation within the economy.



Within NEL, mobility to grocery and pharmacy and retail and recreation have continued to recover since February 2021. Although they are still lower than pre-pandemic levels, the mobility has recovered above the baseline which is encouraging. Furthermore, workplace and transit stations have also seen an increase in mobility since January 2021.



Despite the impact of COVID-19, there are good reasons to be optimistic and look forward to the sector's recovery, through staycations for example. As well as currently supporting local businesses through grants, business advice and accredited schemes, NEL's tourism plans for 2021-22 focus on those positive opportunities. By providing a safe and welcoming place to live and visit, whilst continuing to work with tourism businesses to help achieve economic recovery.



When comparing NEL commercial land and property enquiries in 2020 to previous year's data, enquiries slowed between March and May 2020 however as in line with national business investment, enquiries increased in the latter months of 2020. There was an increase in confidence and/or demand within the market based on the number of enquires received by the Economy & Growth Team.



For the future, in NEL, our key growth sectors in green energy and sustainable technologies have seen significant commitments from national government which underpinned by the investment in the SHIP programme and town centre developments by NELC should place the area in a good position to attract future investment, creating more good quality jobs and prosperity.



Employment

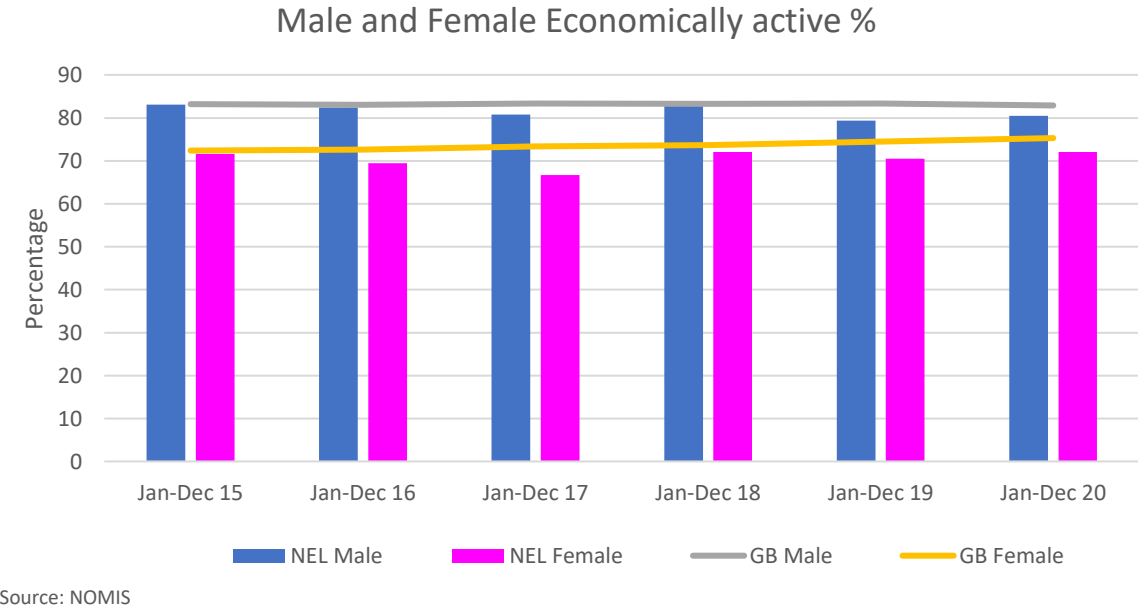
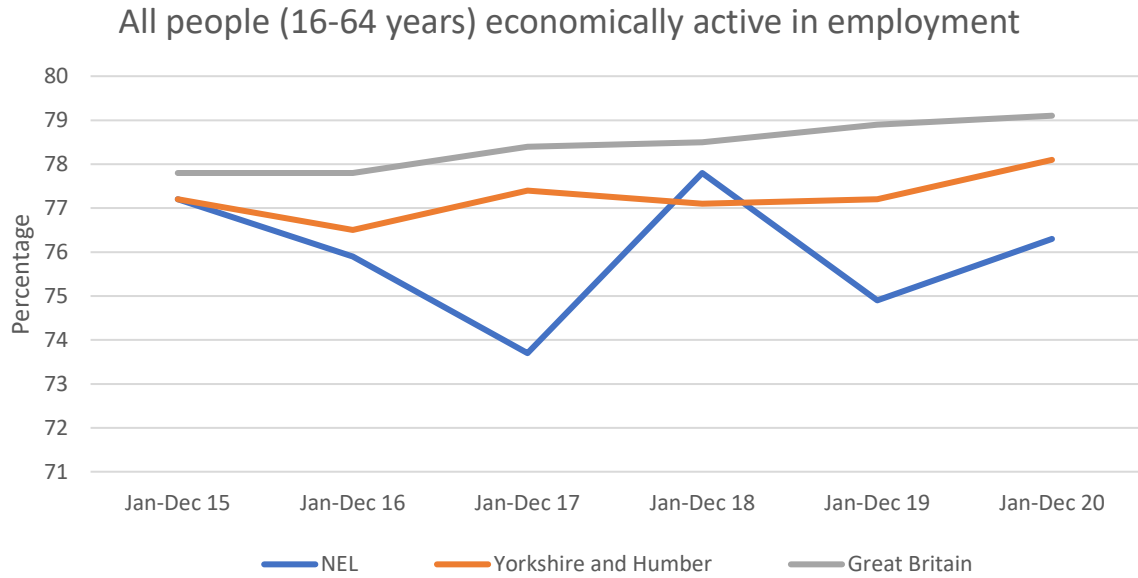
Employment trend

Nationally, employment rates have slightly increased over time and have continued to increase between January and December 2019 and January and December 2020. However North East Lincolnshire's employment rate has consistently remained below the national average. NEL's employment rate for January to December 2020 was 76.3%, lower than the regional Yorkshire and Humber rate (78.1%) and the national rate (79.1%).

Gendered employment

Both NEL's economically active male and female rates fall slightly below their respective national averages, however there is a larger inequality in rate for females when compared to males both locally and nationally. Both male and female rates have remained consistently similar over time. The average female rate between January 2015 and December 2020 was 70.4% and the male rate was 81.6%, a difference of 11.2%.

The ability of women to pursue education or employment is disproportionately affected by lacking the means to organise or pay for childcare, reducing women's opportunities. This existing inequality between male and female employment will only be exacerbated by the pandemic¹. However, if the increased possibilities for people to work from home become a long-term trend, this may help more women with caring responsibilities to work, or to work full time, potentially improving some career opportunities and progression².



1. The British Academy Covid-19 and Society (2021) [COVID-decade-understanding-long-term-societal-impacts-COVID-19.pdf \(thebritishacademy.ac.uk\)](#)
2. House of Commons (2021) Unequal impact? Coronavirus and the gendered economic impact [Unequal impact? Coronavirus and the gendered economic impact - Women and Equalities Committee - House of Commons \(parliament.uk\)](#)

Unemployment

Unemployment trend

In April 2020 and May 2020 there were significant increases in the number of people claiming unemployment related benefits in North East Lincolnshire (and nationally) as a result of the COVID-19 lockdown. Unemployment claimants decreased slightly in October 2020 and November 2020, however the claimant count is still significantly higher when compared to the figures from the previous year.

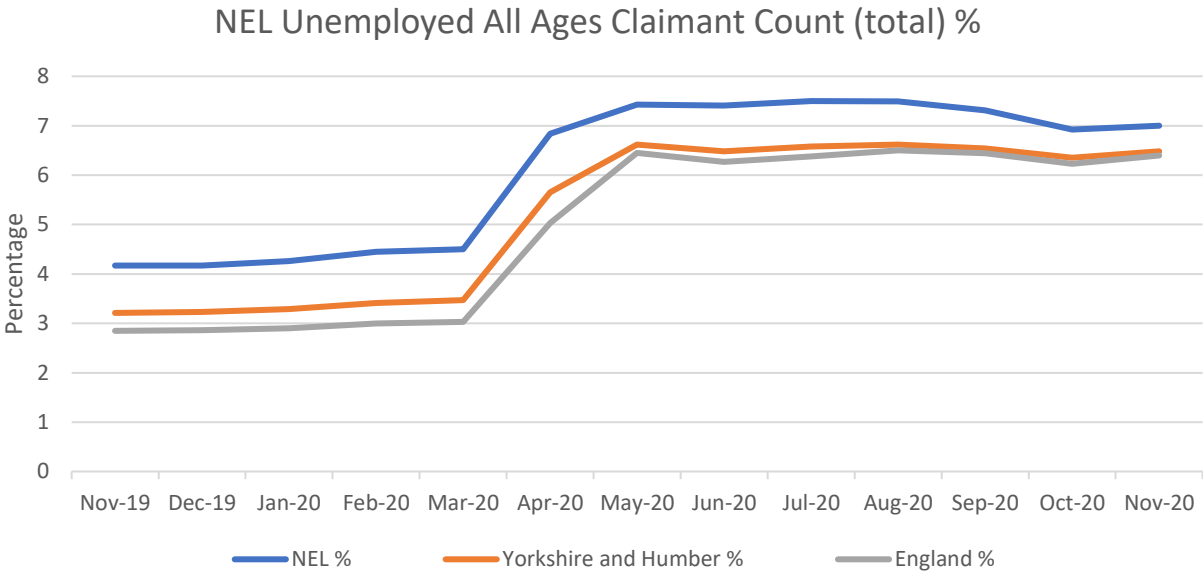
Note this does not include people in the Coronavirus Job Retention Scheme.

Unemployment by age

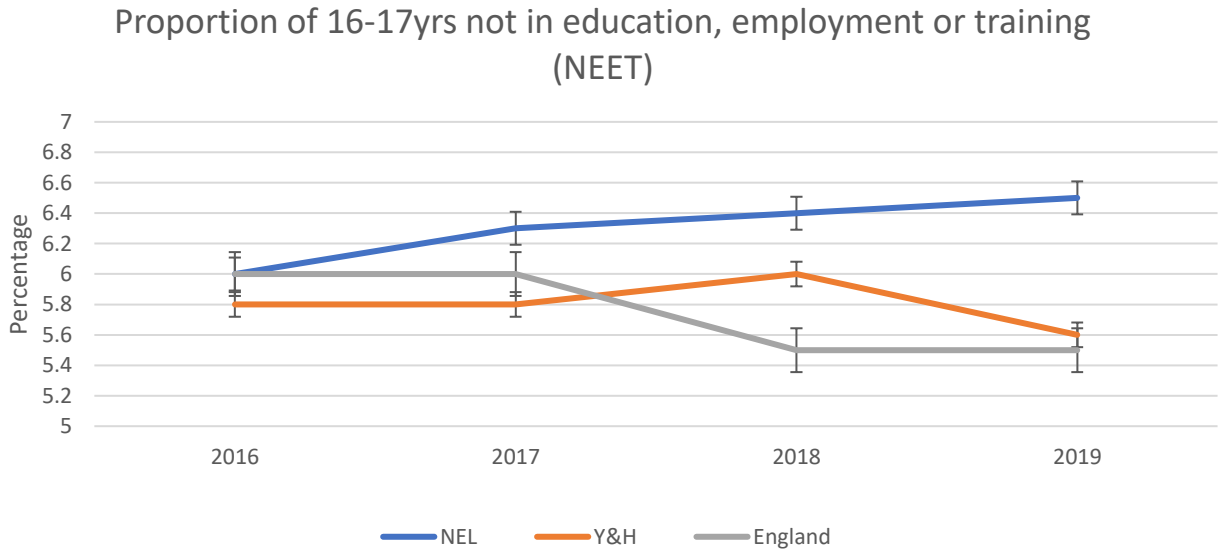
The greatest impact of the pandemic on unemployment figures has been in the younger age groups and youth. Younger age groups saw a larger increase in claimants in December 2020 when compared to December 2019; in North East Lincolnshire, the age group 18-24 years saw a 63% increase and the 25 to 49 age group saw a 61% increase.

There were an estimated 797,000 young people in the UK who were NEET in October to December 2020; this increased by 39,000 compared with July to September 2020 and was up by 34,000 compared with October to December 2019¹

The proportion of 16-17 year olds in NEL not in education, employment or training has increased year on year since 2016. The proportion in NEL is consistently higher than that of the wider region of Yorkshire and Humber as well as in England.



Source: NOMIS



Source: Department for Education (PHE Fingertips)

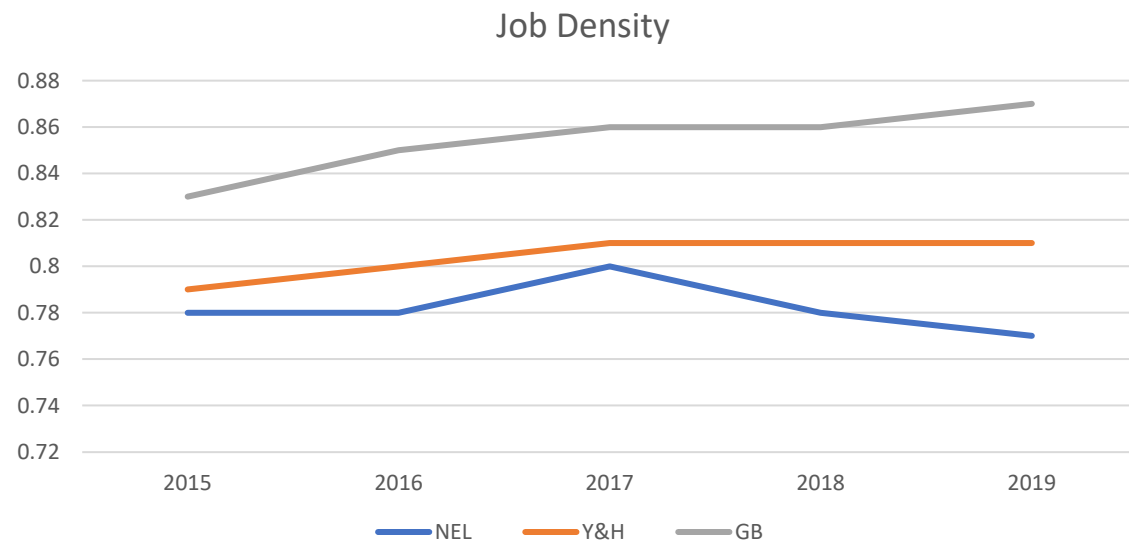
NB: If interested in more information on NEETS please refer to the NEETS section within Education and Skills

1. ONS (2021) Young people not in education, employment or training (NEET), UK: March 2021 [Young people not in education, employment or training \(NEET\), UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/peopleandpopulation/youngpeople/articles/youngpeoplenotineducationemploymentortrainingneet/uk/march2021)

Long term impacts of Unemployment

The original Marmot Review in 2010 shone a light on the importance of good employment for health and wellbeing, and the strong connection between unemployment and mortality.¹ The impact of mass unemployment events has also been studied. Job loss can lead to increases in alcohol use, smoking, overweight and drug misuse, as well as mental health. There are wider impacts on the families of people who become unemployed including poor mental health and relationship stress. A systematic review focusing on mental health outcomes concluded that during periods of economic recession, an increase in unemployment can subsequently lead to a higher prevalence of mental health problems, including common mental disorders, substance disorders, and ultimately suicidal behaviour.²

The Institute for Fiscal Studies has concluded that there are particular inequalities that will likely rise because of the crisis including income inequalities between richer and poorer households, socio-economic and intergenerational inequalities; with the 'key driver' of these inequalities being unemployment resulting from the pandemic.³



Source: ONS jobs density

Unemployment in NEL has increased since the start of the pandemic in March 2020. Youth have seen the largest increase in unemployment. As the number of individuals are taken off furlough, support increases over the coming months, there is likely to be an increase in unemployment locally and subsequent impacts on mental health⁴ and wider impacts on physical health and relationships.

The Office for Budget Responsibility projects that unemployment will continue to rise through 2021, meaning that vacancies and unemployment are rising concurrently. This suggests that the unemployed are not accessing these new openings, lending weight to concerns over economic 'mismatch'. As the job density chart depicts, the number of jobs declined pre-pandemic in NEL; this is predicted to fall further, exacerbating existing employment trends.⁵

1. Marmot, M. and Bell, R., (2012) Fair society, healthy lives: the Marmot review, *Public health* vol. 126Suppl. S4-S10
2. Bamba, C., Gibson, M., Sowden, A., Wright, K., Whitehead, M. and Petticrew, M., (2010) Tackling the wider social determinants of health and health inequalities: evidence from systematic reviews. *Journal of Epidemiology & Community Health*, 64(4), pp.284-291.
3. Blundell R., Cribb J., McNally S., Warwick R. and Xu X. (2021) Inequalities in education, skills and incomes in the UK: The implications of the COVID-19 pandemic. Institute for Fiscal Studies. [Inequalities in education, skills, and incomes in the UK: The implications of the COVID-19 pandemic - Institute For Fiscal Studies – IFS](#)
4. Carr, M.J., Steeg, S., Webb, R.T., et. al. (2021) Effects of the COVID-19 pandemic on primary care-recorded mental illness and self-harm episodes in the UK: a population-based cohort study. *The Lancet Public Health*, 6.2, 124-135
5. The British Academy Covid-19 and Society (2021) [COVID-decade-understanding-long-term-societal-impacts-COVID-19.pdf \(thebritishacademy.ac.uk\)](#)

Benefit Claimants

Trend in benefits claimed

Nationally, figures and rates from April 2020 onwards show higher levels of claimant unemployment given the impact of coronavirus and the UK Government’s response. All regions have seen a rise of claimant unemployment compared to the same time last year¹.

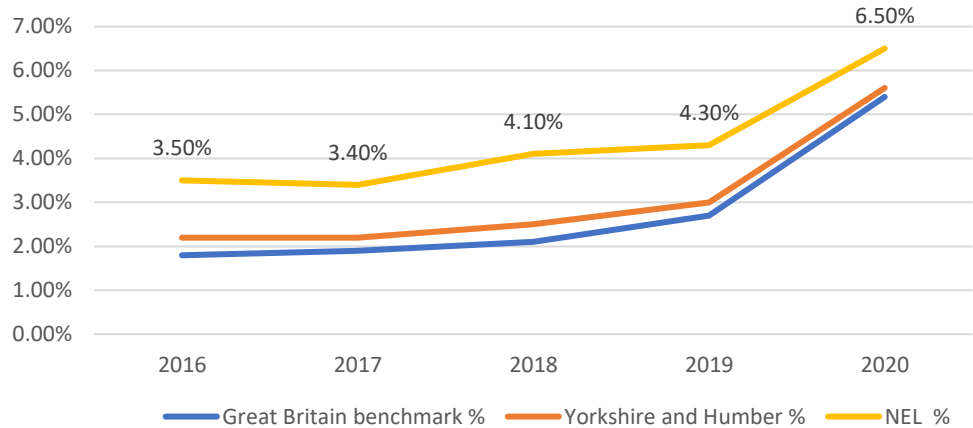
The claimant count is the proportion of the resident population of an area aged 16-64 which includes the stock of Universal Credit and Job Seekers Allowance claimants. It is important to note that the Government furlough scheme is to some extent masking the extent of the impact of COVID-19 on employment benefits as people currently on furlough are not included in these figures. As such, the impact of COVID-19 may be greater than these figures suggest.

Prior to April 2020, NEL claimant figures were consistently higher than that of the regional and national figures. As a result of the COVID-19 lockdown in early 2020, the number of people claiming unemployment-related benefits in North East Lincolnshire increased significantly. The 2019 average for NEL stood at 4.3%, however it increased to 6.5% average in 2020. The NEL 2020 average was higher than both the Yorkshire and Humber region (5.6%) and Great Britain benchmark (5.4%).

Gender

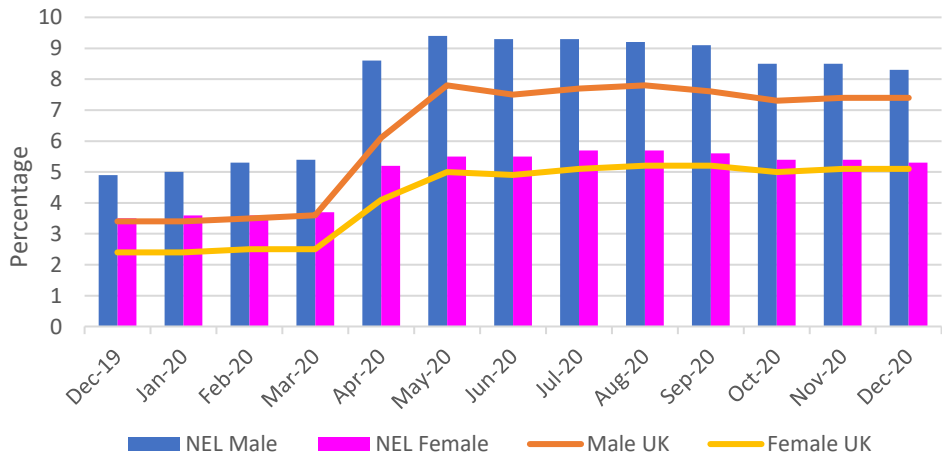
In NEL more men than women claimed out of work benefits. Claims increased for both genders and peaked in May 2020. Both NEL Male and Female claimant counts are higher than that of their respective UK averages.

Average yearly % of all claimants
Out-Of-Work benefits



Source: NOMIS

Claimant count by gender



Source: NOMIS

1. Department for Work & Pensions (2021) Alternative Claimant Count Statistics January 2013 to November 2020 [Alternative Claimant Count statistics January 2013 to November 2020 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/alternative-claimant-count-statistics-january-2013-to-november-2020)

Benefit Claimants continued

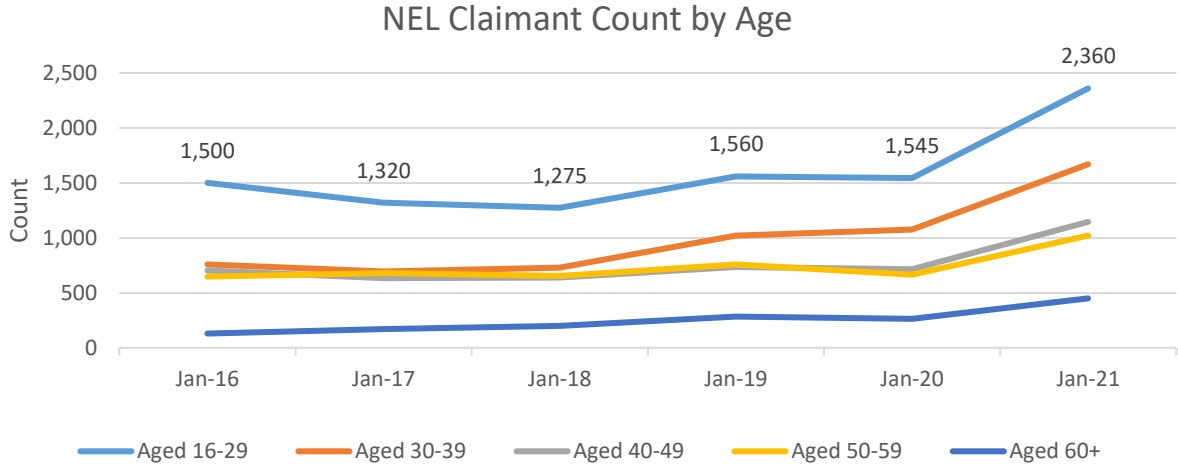
Gender continued

Nationally, there has been a large increase in the number of women and men claiming unemployment benefits since the start of the pandemic. Between January 2020 and January 2021, the number of women claiming unemployment benefits increased by around 107%, from a rate of 3.0% to 6.3%. The number of men claiming unemployment benefits increased by around 115%, from a rate of 3.8% to 8.1% ¹.

Age

Nationally, the younger age groups have seen the largest impact on employment and subsequently benefit claims, as they are 2.5 times more likely to have been working in sectors most affected by the pandemic ².

The number of people aged 18-24 claiming unemployment related benefits has increased by 290,500 from February 2020 to February 2021, an increase of 124%. This was driven by increases from March to May when the number of claimants more than doubled. Since May the youth claimant count has fallen slightly. Some of the increase since March will be due to employed people who have become eligible for Universal Credit as part of the government response ³.



Source: NOMIS

There is a sharp increase in the NEL claimant count between January 2020 and January 2021. The breakdown of benefits claimed by age shows the greatest numbers of claimants are in the younger age groups, for example those aged between 16-29 and 30-39 and the lowest numbers of claimants are in the older age groups, for example 50-59 and 60 plus. Though all age groups have seen an increase in the claimant count.

1. House of Commons (2021) Briefing Paper. Women and the economy [Women and the economy - House of Commons Library \(parliament.uk\)](#)
2. Lancaster University (2021) UK labour market sees steep increase in unemployment [UK labour market sees steep increase in unemployment | Lancaster University](#)
3. House of Commons (2021) Briefing Paper. Young Unemployment Statistics [Youth unemployment statistics - House of Commons Library \(parliament.uk\)](#)

Benefit claimants ward level

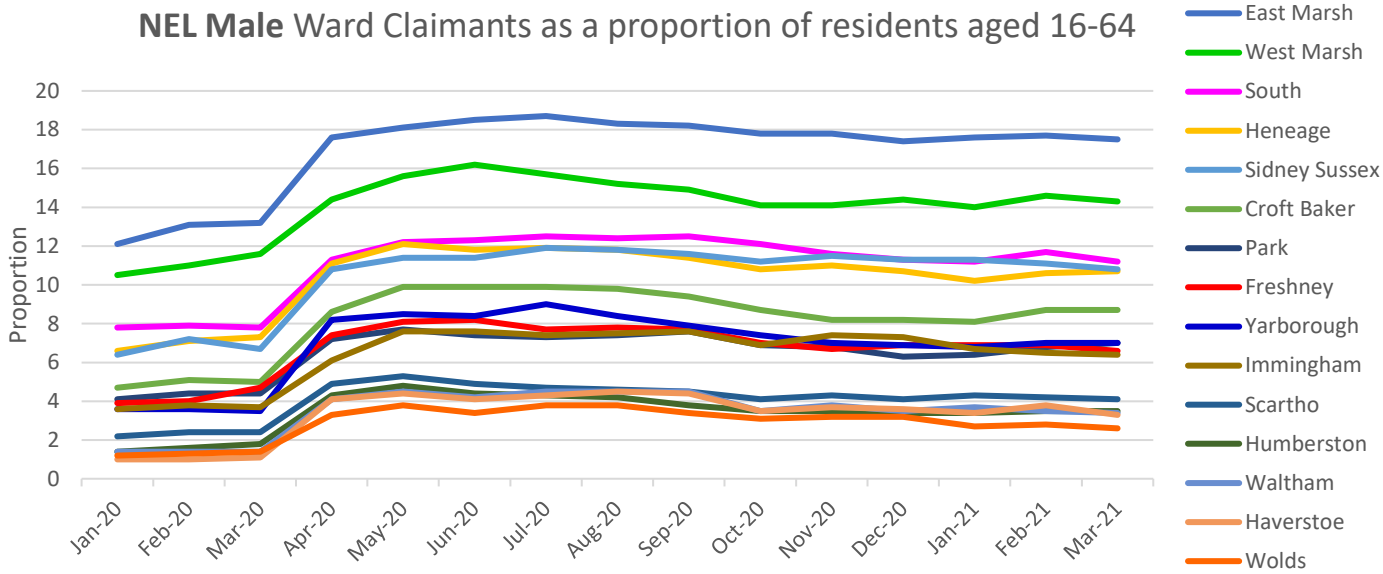
The claimant count is calculated as the number of people claiming Jobseeker’s Allowance plus those who claim Universal Credit who are out of work. Rates for electoral wards from 2019 onwards are calculated using the mid-2019 resident population aged 16-64.

There is a sharp increase in claimant benefits from March 2020 onwards, due to the pandemic. Across all NEL wards more males than females claimed benefits. Claimants for both males and females decrease into the latter months of 2020 and into 2021. However there are certain wards, particularly for female claimants who have seen a further increase in claimants towards the end of 2020 and into 2021, these wards are East Marsh, West Marsh and Croft Baker.

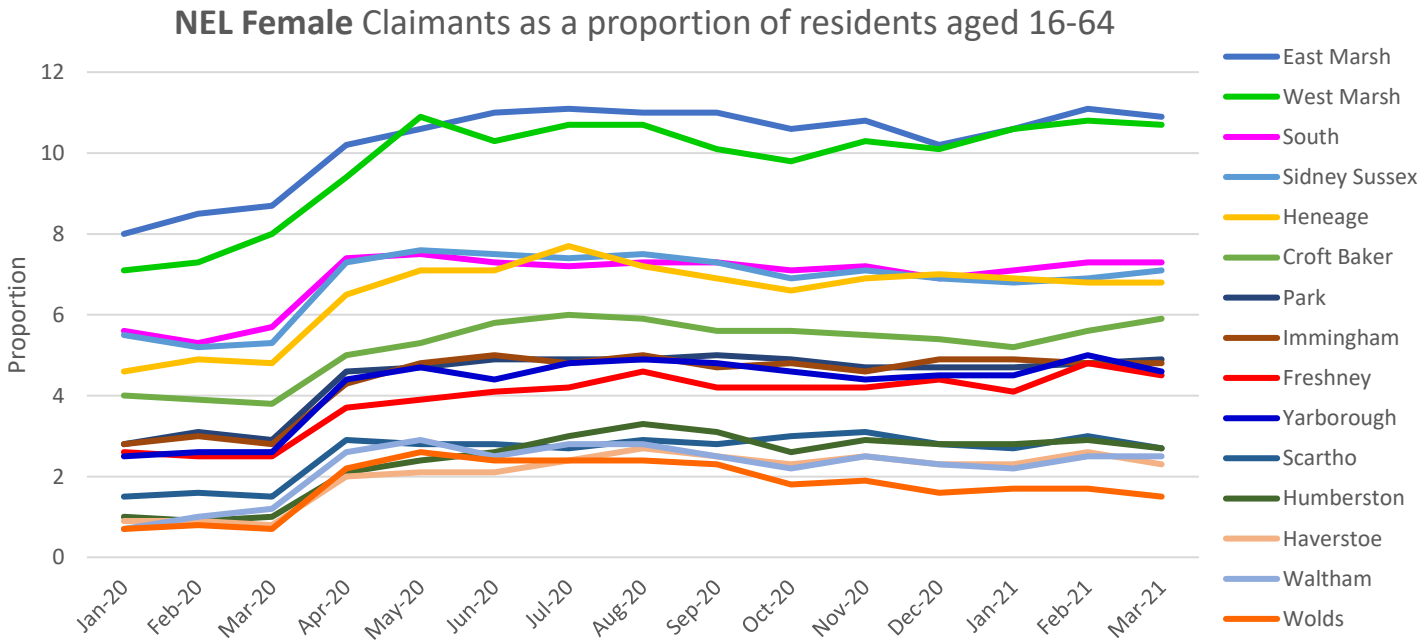
The wards who have the highest number of claimants for both males and females are East Marsh, West Marsh, South, Sidney Sussex and Heneage. However deprivation is particularly concentrated in these wards, according to the overall Indices of Deprivation (IoD) 2019 in NEL.

The wards who have the lowest number of claimants for both males and females are Haverstoe, Waltham and Wolds. Subsequently, according to the IoD these wards rank the most affluent in NEL.

Source: NOMIS



Source: NOMIS



Long term impacts of Benefit Claimants

The coronavirus crisis has had a significant economic impact which, in turn, has affected household finances – and will continue to do so. Since the early stages of the public health response in mid-to-late March, there has been an increased reliance on the UK social security system, and Universal Credit in particular. In March 2020, 3 million people were on Universal Credit, but the numbers have risen substantially during the coronavirus crisis, reaching 5.8 million people by November 2020; though application volumes have gradually subsided there are certain factors that may increase future demand. Therefore, it is important to try to anticipate what the longer term impacts of the pandemic may mean on benefit claimant figures.

The national economic inactivity rate for 2018/19 was 21%, North East Lincolnshire's rate was slightly higher at 23%. The pandemic has exacerbated these figures as there is overall reduced financial uncertainty. Cumulative impacts of responses to the pandemic and the wider socioeconomic effects may reduce the ability of people to work. Therefore more people may need to claim benefits. The Department for Work and Pensions have found more than half a million individuals were eligible for Universal Credit but did not claim it. There is a potential disruption of resources to process and support new claimants or those seeking welfare advice services and a fear of accessing these services¹.

More people will experience ill health during and after the pandemic. Those who experience ill health are less likely to be in employment and there is potential for reduced capacity and resources to support the return to work². A set of potential mitigation actions have been developed by Public Health England in order to minimise this potential disruption, these include to encourage employers to continue to offer support to employees and support staffs health and wellbeing to reduce COVID-19 risk factors and to increase capacity of return to work schemes, training and education to increase employability¹.

With Health Foundation analysis predicting that 800,000 people in the UK will be unemployed and living with poor mental health by the winter, it's vital that the benefits system is available to those who need it. A financial safety net can have a considerable impact on people's health – both in reducing mental health concerns such as stress and anxiety, but also in improving physical health by ensuring people can engage in social activities and afford necessities.³

1. Public Health England (2020) Wider Impacts of COVID-19 Intelligence Pack. Living, working and educational condition- financial support [Wider Impacts of COVID-19 on Health – PHE](#)
2. House of Commons Library (2021) Coronavirus: Universal Credit during the crisis [Coronavirus: Universal Credit during the crisis - House of Commons Library \(parliament.uk\)](#)
3. The Health Foundation (2021) Unemployment and mental health [Unemployment and mental health | The Health Foundation](#)

Furloughing

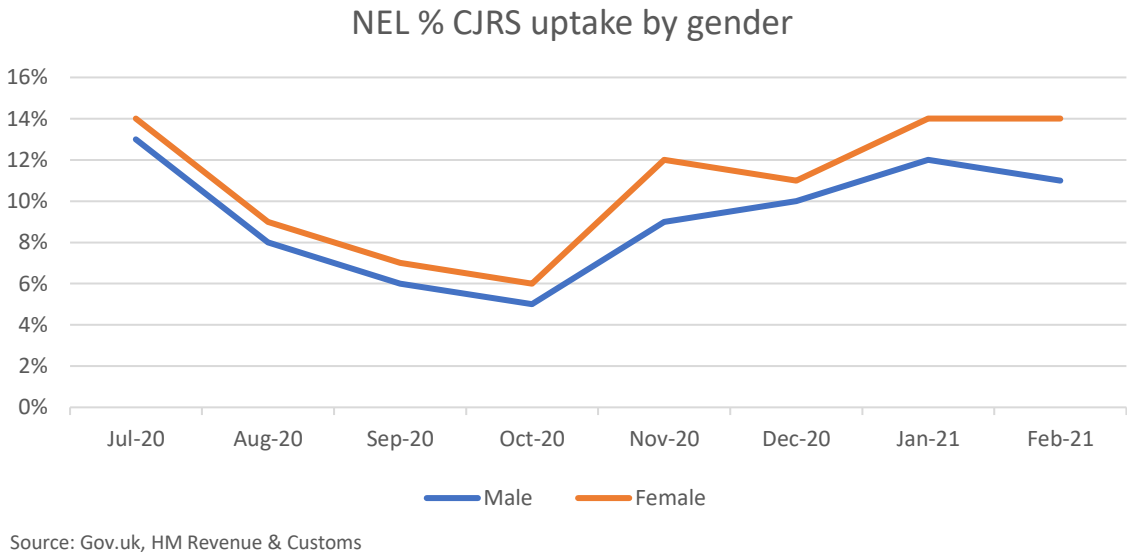
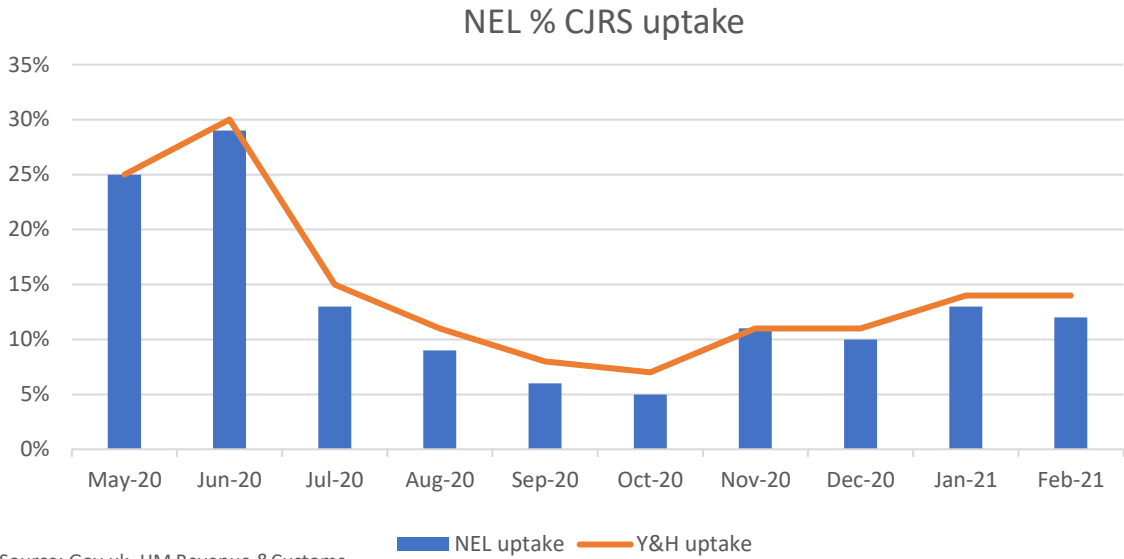
Furlough uptake

Following the introduction of the Coronavirus Job Retention Scheme (CJRS), a total of **69,900 jobs** were eligible for furlough in North East Lincolnshire. Uptake was at its largest after the first ‘lock-down’ period and peaked in June at **29%**, a total of 19,900 jobs. Subsequently uptake declined throughout the summer months, only to slightly increase after the second national ‘lock-down’ period and into the winter months. Uptake is comparable to the regional uptake in Yorkshire and the Humber.

Gendered furlough

The pandemic has exacerbated pre-existing inequalities which have disproportionately impacted women. Women constituted the majority of furloughed workers in every part of the U.K other than the West Midlands¹. Subsequently there is concern over the unequal impact and the widening of the gender pay gap; as women are more likely than men to have seen a reduction of 20% on their wages by being placed on furlough.

Higher uptake in NEL has been observed amongst more women than men under the CJRS scheme, partially because women were more likely to be working in a sector that has been shut down by the pandemic². Women are disproportionately employed in less secure, low quality work arrangements³. The NEL average uptake between July 2020 and February 2021 for women was 10.8% and for men uptake was lower at 9.2%.



1. Women’s Budget Group (20221) Women and employment during Covid-19 [Women-and-employment-during-Covid-19-1.pdf \(wbg.org.uk\)](#)
2. House of Commons (2021) Briefing Paper. Women and the economy [Women and the economy - House of Commons Library \(parliament.uk\)](#)
3. House of Commons (2021) Unequal impact? Coronavirus and the gendered economic impact [Unequal impact? Coronavirus and the gendered economic impact - Women and Equalities Committee - House of Commons \(parliament.uk\)](#)

Furloughing continued

HM Revenue & Customs have published local authority level data on various economic sectors and the number of furloughed jobs as at 28th February 2021. The sectors in NEL who had the largest furloughed figures were accommodation and food services, wholesale and retail and arts, entertainment and recreation, however these sectors have consistently seen a large and negative impact to date as a result of the pandemic.

Citizens Advice NEL has reported increased mental health issues locally (stress, anxiety, and depression) linked to uncertainty from issues such as being furloughed and subsequently facing threat of redundancy. However in the long term, even those furloughed workers that do return to work are likely to experience slower pay growth as a result and will have missed out on the growth in skills. This will be especially acute for young people whose development and pay progression is fastest (in 2019, for example, the median annual pay growth among 18-29-year-olds was more than double that of older groups) this is another way in which this generation will continue to feel the pandemic’s effects long after the immediate crisis ends¹.

If, rates of furlough predict redundancies as the CJRS is scaled back, we may see far higher unemployment rates for women and young people in the most severely affected sectors of the economy, such as retail and accommodation and food services².

1. The Health Foundation (2021) Long Covid in the labour market. [Long-covid-in-the-labour-market.pdf \(resolutionfoundation.org\)](#)
2. The British Academy COVID-19 and Society (2020) The COVID Decade [COVID-decade-understanding-long-term-societal-impacts-COVID-19.pdf \(thebritishacademy.ac.uk\)](#)

NEL Sector	NEL number of furloughed jobs supported by CJRS as at 28 th February 2021
Public administration and defence; social security, Households, Unknown and other	60
Agriculture, Mining, Energy, Water and waste	80
Education	180
Information and communication, Finance and insurance, Real estate	270
Health and social work	360
Professional and scientific and technical	380
Other service activities	440
Administrative and support services	480
Transportation and storage	490
Construction	500
Manufacturing	690
Arts, entertainment and recreation	800
Wholesale and retail; repair of motor vehicles	1,810
Accommodation and food services	2,040

Income Levels

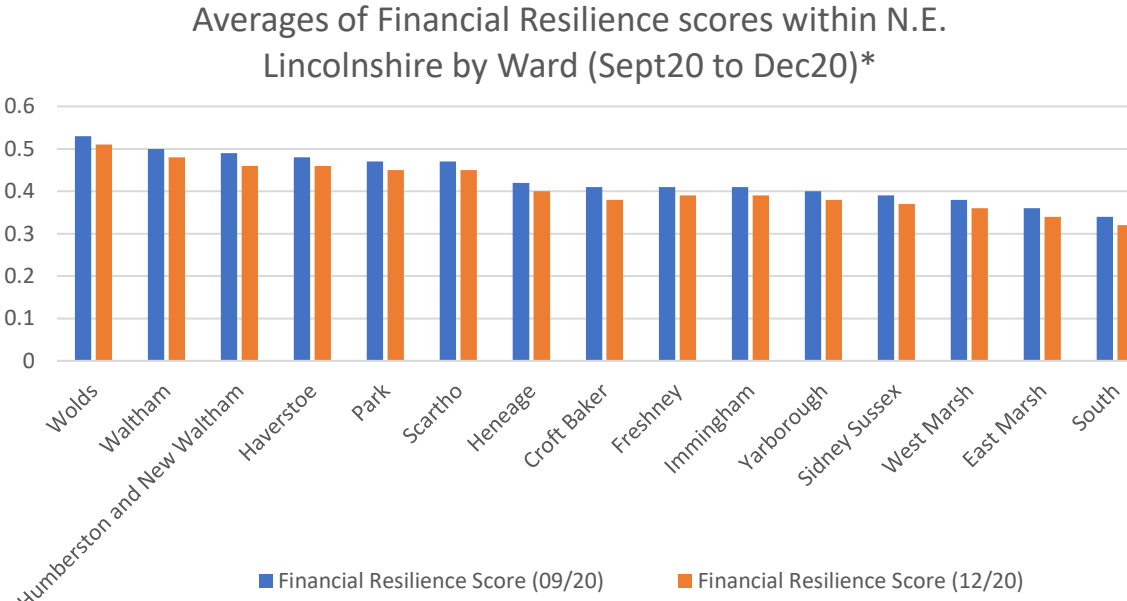
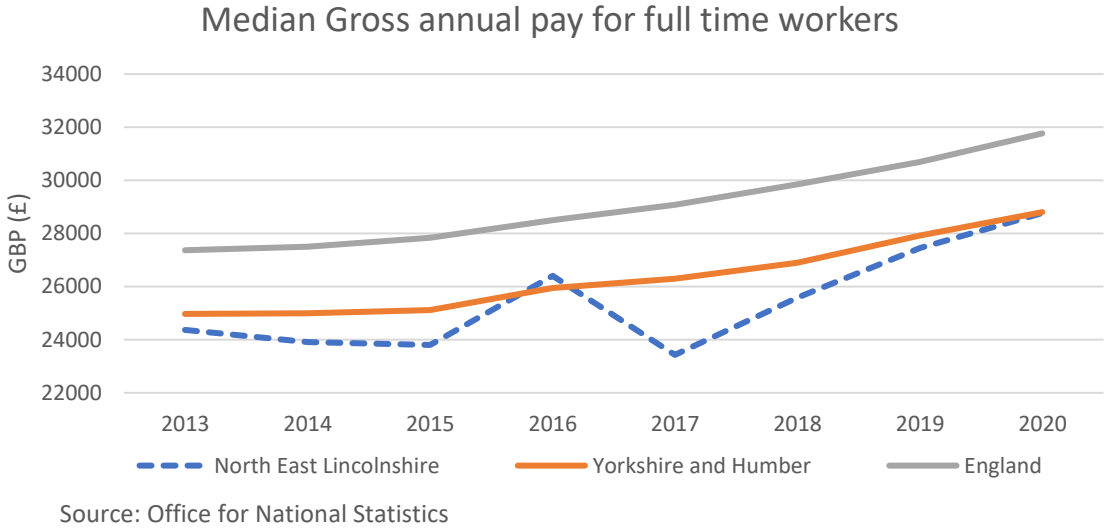
Income level trend

North East Lincolnshire consistently underperforms against national and regional average earnings. However, we have seen a significant and encouraging improvements year on year since 2017. The median gross annual pay for full time workers chart displays the average earnings from 2013 to 2020 in North East Lincolnshire against the regional and national averages. The highest annual average earning point reached was in 2020 at £28,767. This 2020 average falls just £33 short of the Yorkshire and Humber regional average of £28,800.

Financial Resilience Data

Financial Resilience Scores within North East Lincolnshire, as a whole, were below the national average. 2,250 (64%) of postcodes within the area achieved Financial Resilience scores within the bottom two deciles, equivalent to the UK’s lowest levels of financial resilience. Our financial resilience model suggests that the pandemic has not hit equally. There are low levels of financial resilience across NEL and the pandemic has negatively impacted, particularly since the second wave/ national lockdown was introduced in November 2020. Additionally, the Financial Resilience scores across all wards decreased from September to December. Poor financial resilience can lead to more universal credit claimants, homelessness and large debt.

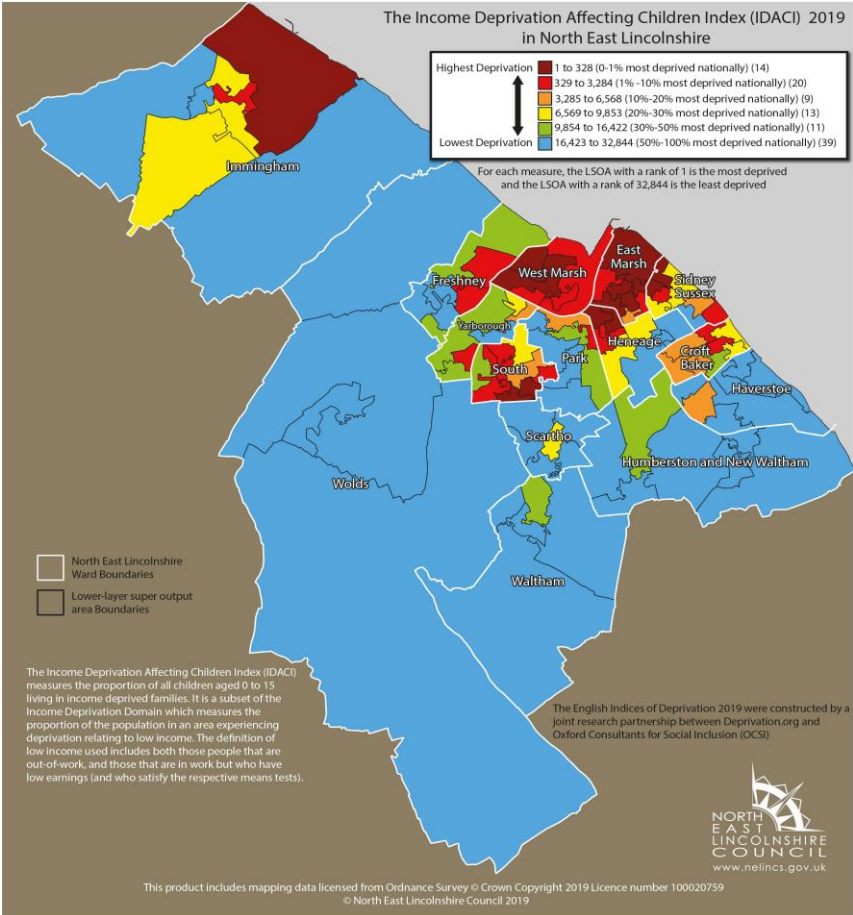
Furthermore, the East Marsh, Sidney Sussex, South and West Marsh wards had no postcodes achieving Financial Resilience Scores above the national average. Haverstoe, Humberston and New Waltham, Park and Scartho had the highest Financial Resilience within North East Lincolnshire. These wards saw a drop in Financial Resilience scores between the September and December quarters, however the reduction was not as extreme as what was seen in other wards.



* The Financial Resilience data only provides a snapshot of economic changes within North East Lincolnshire between September and December of 2020. Updates of the Financial Resilience data will be required for each quarter in 2021 to provide a fuller picture

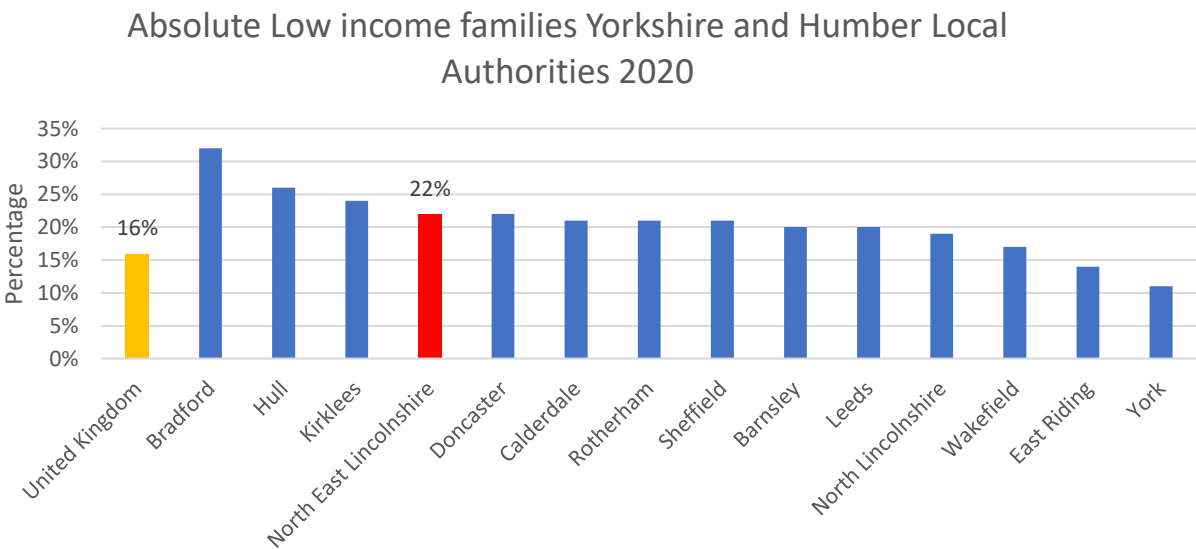
Income levels- Childhood poverty

The Income Deprivation Affecting Children Index (IDACI) measures the proportion of all children aged 0 to 15 living in income deprived families. 14 NEL LSOAs (out of 106) are within the most deprived 1% in England. 23 NEL LSOAs (out of 106) are within the most deprived 5% in England. 34 NEL LSOAs (out of 106) are within the most deprived 10% in England. The most deprived LSOA is in South ward and is the 40th most deprived (out of 32,844) in England.



Housing Costs (BHC) in the reference year in comparison with incomes in financial year ending 2011. A family must have claimed Child Benefit and at least one other household benefit (Universal Credit, tax credits or Housing Benefit) at any point in the year to be classed as low income in these statistics.

Absolute poverty or low income is estimated based on Before There are estimated to be around **7,000 children (aged under 16)** living in NEL in absolute poverty in 2020. The NEL absolute poverty rate of 22% is the fourth highest when compared to all other local authorities in the Yorkshire and Humber. Furthermore, it is significantly higher than that of the United Kingdom's absolute poverty rate which is 16%.



Source: Department for Work & Pensions

Long term impact Income Levels

Overall, Financial Resilience scores within NEL are low. Even worse, these scores saw further reductions between the September and December quarters of 2020. Low Financial Resilience scores are an indicator that some residents of NEL have no further financial protection against any sudden change to their income. Therefore, work will need to be carried out to support those with low Financial Resilience, as it is likely that these residents will continue to be negatively affected by the impact of COVID-19 on the local economy.

Average household spending has fallen during the pandemic, driven by a reduction or loss of income. Subsequently this loss of income corresponds with the largest 'low pay' sectors including hospitality, retail and administration support, where many individuals working in these sectors found themselves unemployed, on reduced hours or placed on furlough¹.

There is strong evidence to suggest that in the long term, the pandemic will continue to exacerbate the disparity in income inequalities. Prior to covid, extremely disturbing trends in health and wealth were emerging in England, including child poverty and stalling life expectancy². Covid-19 has disproportionately affected poorer families and the economic effect is unevenly distributed across the population. It is expected the economic fallout in poorer communities is likely to be felt for years to come³.

Furthermore, the impact of the pandemic, both economically and emotionally is a major concern for mental health and suicide prevention. Financial worries have been added to the general stress and anxiety of the pandemic for many families with children. Men and people who live in less affluent areas are at higher risk of suicide⁴. We will not know whether the pandemic has affected suicide rates nationally until the UK-wide statistics are released in 2021.

This economic disparity is likely to widen. Predicted long term economic effects include loss of future earnings and unemployment, pushing more adults, particularly parents, into poverty. Therefore, in the medium term, the large numbers of people out of work and those whose ability to work is reduced because of the long term effects of covid-19 will need effective support and training to return to work. The COVID-19 Marmot Review's mantra is to 'Build Back Fairer' and acknowledges that the economy and health are intrinsically linked. Managing the pandemic well allows the economy to flourish in the longer term, which is supportive of health⁵.

1. Institute for Employment Studies (2020) The impact of COVID-19 on low-income households. Interim findings. [The impact of COVID-19 on low-income households.pdf \(employment-studies.co.uk\)](#)
2. Taylor-Robinson, D., Barr, B. and Whitehead, M., 2019. Stalling life expectancy and rising inequalities in England. *The Lancet*, 394(10216), 2238-2239.
3. Whitehead, M., Taylor-Robinson, D. and Barr, B., (2021). Poverty, health, and covid-19. *British Medical Journal*. 8281, 372-376
4. Carr, M.J., Steeg, S., Webb, R.T., et. al. (2021) Effects of the COVID-19 pandemic on primary care-recorded mental illness and self-harm episodes in the UK: a population-based cohort study. *The Lancet Public Health*, 6.2, 124-135
5. The Health Foundation (2020) Build Back Fairer: The COVID-19 Marmot Review [Build Back Fairer: The COVID-19 Marmot Review | The Health Foundation](#)

Impact on Businesses

The table displays national changes in (Gross Domestic Product) GDP¹ for different service industries, monthly growth and seasonally adjusted January 2021 compared with February 2020. It shows that most sectors of the economy have suffered a decline, however some sectors were more effected than others and some have observed a growth in GDP. The Accommodation and Food Services, Arts, Entertainment and Recreation Services and Education have all experienced a **20% decline or more**, whilst the Human Health activities sector is **up by 8%** when compared to the same time period last year.

The three national lockdowns have caused deep damage to public finances and the wider economy. Analysis undertaken by the Centre for Progressive Policy (CPP) provided a rank listing of all local district and unitary authorities in the UK in terms of most to least negatively affected by the pandemic. **Gross Value Added (GVA)** is a measure of the value of goods and services produced in an area. Out of **383 local authority areas NEL ranked 277**, and it is expected that GVA will decline by **37% in NEL**, just slightly higher than the UK average at 35%².

Sector	National change in GDP	NEL Businesses (count)	NEL Employment (employee job count* and NEL %**)
Accommodation and Food Services	-79.3%	450	4,000 (6.1%)
Arts, Entertainment, Recreation Services	-68.7%	390	1,250 (1.9%)
Education	-22.3%	155	6,000 (9.1%)
Other Professional, Scientific, and Technical	-12.6%	575	3,500 (5.3%)
Financial Services	-10.3%	75	700 (1.1%)
Business Administration and Support Services	-7.1%	435	4,000 (6.1%)
Retail trade	-5.7%	730	11,000 (16.7%)
Manufacturing	-5.7%	395	11,000 (16.7%)
Information and Communications	-4.8%	125	500 (0.8%)
Construction	-2.6%	760	3,000 (4.5%)
Public Administration and Defence	+1.9%	45	4,000 (6.1%)
Human Health activities	+8.6%	360	10,000 (15.2%)

*Employee Jobs by Industry 2019 ONS Business Register and Employment Survey

** % is a proportion of total employee jobs excluding farm-based agriculture. Employee jobs excludes self-employed, government-supported trainees and HM Forces. Data excludes farm-based agriculture.

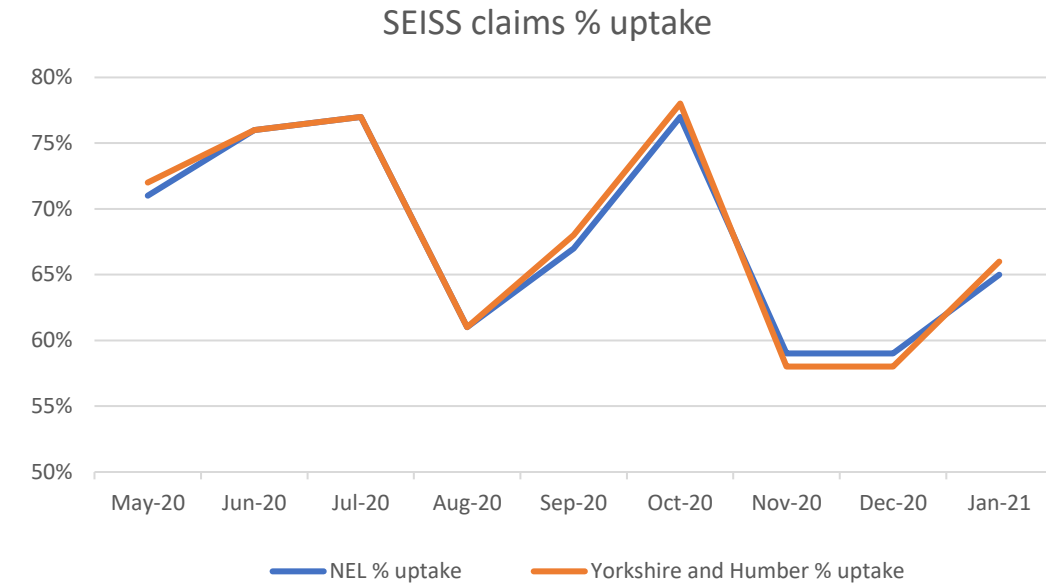
1. Office for National Statistics (2021) Coronavirus and the impact on output in the UK Economy: January 2021 [Coronavirus and the impact on output in the UK economy - Office for National Statistics \(ons.gov.uk\)](#)

2. Centre for Progressive Policy (CPP) (2021) Which local authorities face the biggest immediate economic hit? [CPP | Which local authorities face the biggest immediate economic hit? \(progressive-policy.net\)](#)

Impact on businesses continued

Following the introduction of the Self-Employment Income Support Scheme (SEISS), a total of **5,100** individuals were eligible for the scheme in North East Lincolnshire. The grants support self-employed workers in partnerships whose business is suffering as a result of coronavirus.

Total percentage uptake corresponds with that of the three national 'lock-downs'. The uptake closely corresponds with that of the wider Yorkshire and Humber region and average uptake between May 2020 and January 2021 was **69%**. Up to and including 31/01/21, the total value of claims made in NEL equated to **£8.2 million**, an **average claim of £2,500**. This average claim is lower than the England average of £2,857. As part of the 2021 Budget announced by the Chancellor, SEISS will continue until the end of September 2021.



Source: HM Revenue & Customs

Long term impact

Whilst many businesses in all parts of the country have been badly affected by the crisis, there is every reason to suppose that the duration and stringency of the restrictions in older industrial Britain will have caused especially severe damage. There is a clear geographical imbalance, poorer and peripheral areas and regions have the highest incidence of business risk, and richer and London centric areas and regions have the lowest amount of firms at risk.

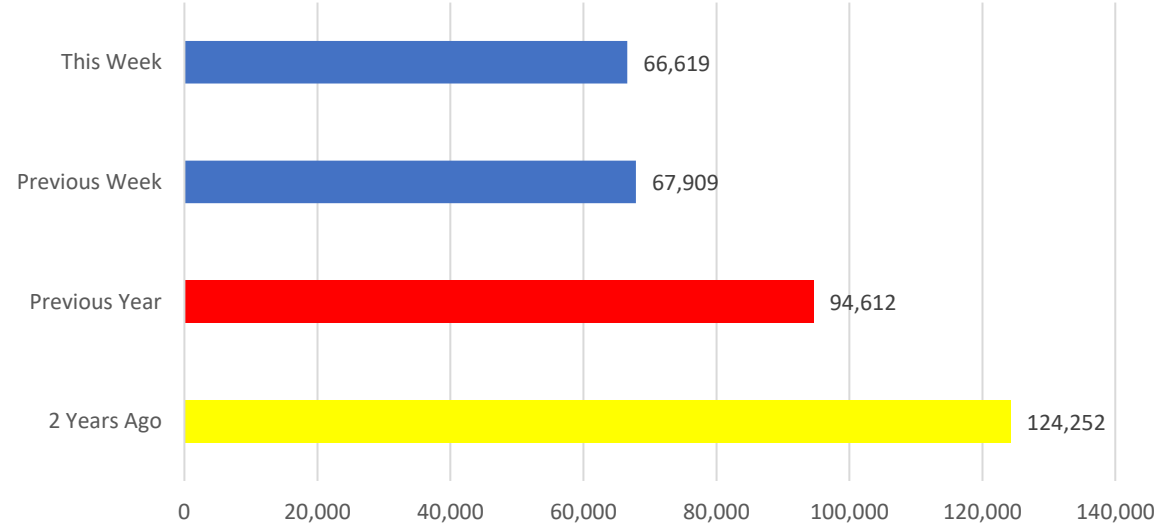
NEL is considered to be part of Britain's older industrial local authorities¹. Academic research has suggested that as a consequence of the pandemic in terms of potential business failure and associated job losses, North East Lincolnshire is ranked in the top ten locations where there is the highest business risk². This suggests that, at the business level, comparatively more firms in poorer and peripheral areas will disappear during the Covid-19 epidemic and that this inequality of impact on the business population will further disadvantage these areas in the post-Covid-19 era.

1. Beatty, C. and Fothergill, S., (2020) The Long Shadow of Job Loss: Britain's Older Industrial Towns in the 21st Century. *Frontiers in Sociology-Work, Employment and Organizations*, 5, p.54.
2. Brown, R.C. and Cowling, M., (2021) The geographical impact of the Covid-19 crisis for pre-cautionary savings, firm survival and jobs: evidence from the UK's 100 largest towns and cities. *International Small Business Journal*. 1-11

Reduction in Footfall- Town Centre

Location	Year to Date 2020 %
U.K	-45.1%
North & Yorkshire	-41.9%
Grimsby	-35.4%
Cleethorpes	-28.5%

Grimsby Footfall- 24th- 30th August 2020



Source: NELC

National picture

Prior to the pandemic, high streets and town centres have evolved as a result of changing consumer trends, technology and what communities want. However, COVID-19 has had a profound impact on town centres and appears to have accelerated some of these changes already underway in town centres¹. Footfall figures year to date 2020 has decreased nationally by 45.1%.

Local picture

Footfall figures into Grimsby year to date 2020 has fallen 35.4%, where as Cleethorpes saw a decrease of 28.5%.

Grimsby town footfall figures obtained for the week commencing 24th to 30th August 2020 show that a count of 66,619 was observed, a slight decrease from the previous week. However, there has been a clear reduction of footfall into Grimsby when comparing the figures to the previous year, a 29.5% decrease. When the footfall figure of 66,619 is compared to two years previous figure of 124,252, there is a 46.3% decrease in footfall.

Though there is an obvious decline in footfall when comparing the same week to the previous year's footfall, the pandemic has exaggerated what was already a decline in footfall when comparing footfall from two years ago (2019) to a year ago (2020). These figures correspond with what is happening nationally in terms of changing consumer trends, moving more retail online and subsequently reducing use of local shops.

1. Local Government Association (2020) The future of the high street, House of Commons, 10 December 2020 [The future of the high street, House of Commons, 10 December 2020 | Local Government Association](#)

NEL Mobility

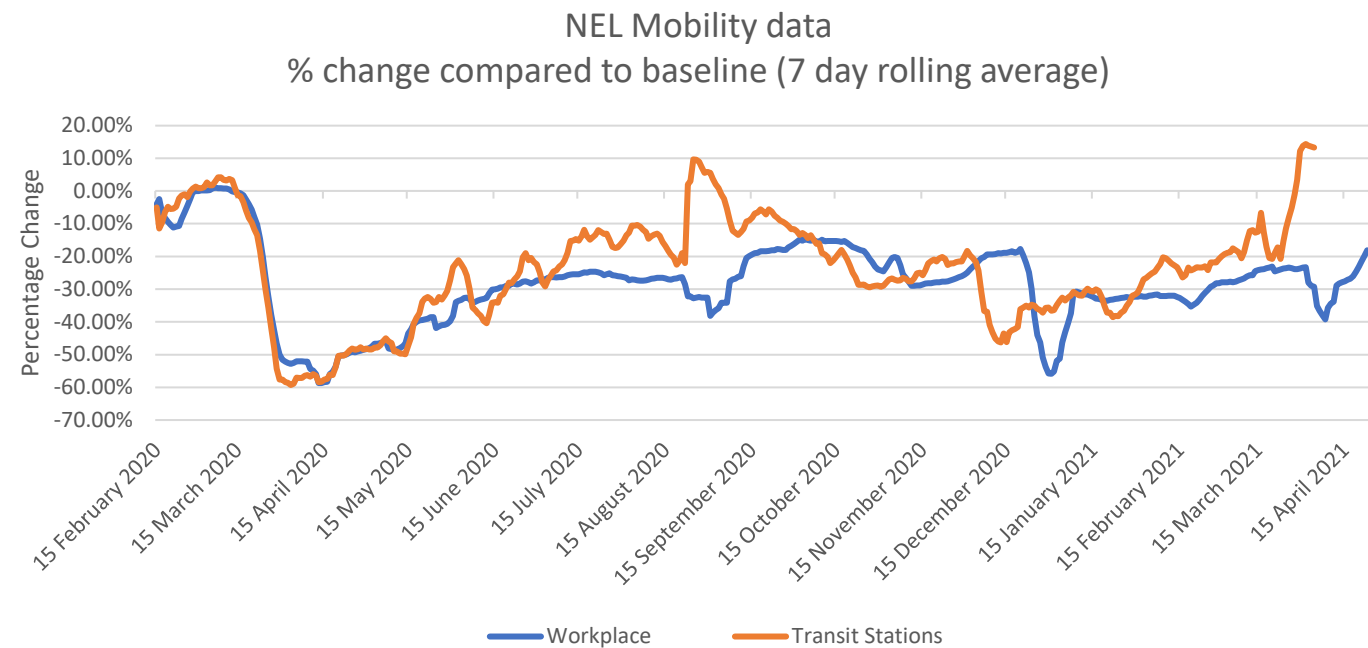
Workplace and Transit Station

During the first lockdown period, both workplace and transit station mobility in NEL decreased by 50% and 60% respectively.

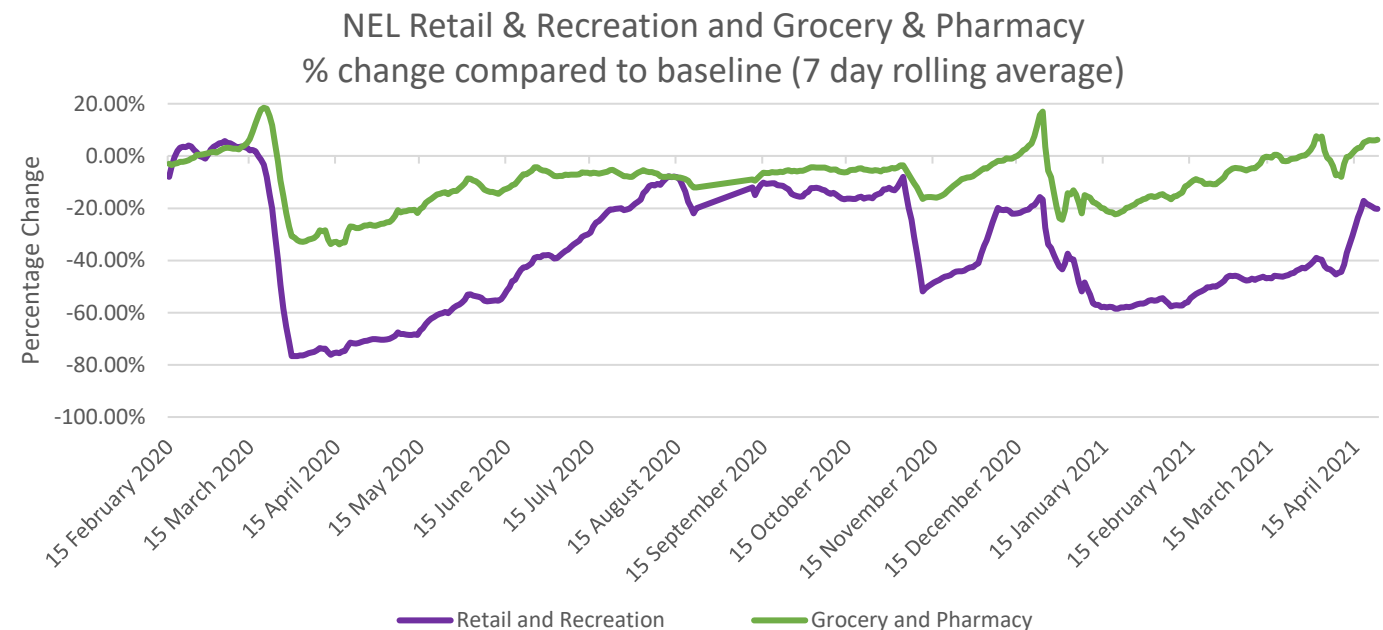
The workplace saw a brief recovery in the summer months however it saw a similar reduction in mobility in January 2021 which corresponded with the third national lockdown. Though workplace mobility has somewhat increased, levels are still significantly below the baseline. Transit stations have followed a similar mobility curve, improving in the summer months, however a decrease was observed over winter 2020 and into 2021. Levels have started to increase and as of April 2021 are 10% above the baseline, which is encouraging.

Retail and Grocery

During the first lockdown period, both retail and grocery mobility decreased by 80% and 30% respectively. The retail and recreation sector has seen the largest reduction in mobility. Both sectors somewhat recovered throughout the summer months and into the autumn. Mobility decreased again, corresponding with the second and third lockdown periods, however both sectors have seen an increase from February 2021 onwards. Though retail and recreation mobility is still lower than pre-pandemic levels, grocery and pharmacy mobility has recovered to its pre-pandemic levels and is above the baseline.



Source: <https://www.google.com/covid19/mobility> Accessed 28th April 2021



Source: <https://www.google.com/covid19/mobility> Accessed 28th April 2021

Long term impact Town Centre

According to the NEL Local Economic Assessment the five-year forecast is that there will be a reduction in our high street. The impacts have been severe as food and supermarkets have observed a boom and online transactions has seen an increase which has aided the diversification of trading.

It will be some time before a clearer picture emerges of the cost of social distancing to the high street and the public's willingness to shop in Grimsby town in the longer-term. Furthermore, the full impact on survival rates is not yet clear, particularly in terms of vacant retail units. Data for 2020 has not yet been collated partly because of national lockdowns but also because the economy has not fully re-opened so there is a challenge in identifying closed units.

The retail sector in NEL, employs around 6% of the total NEL workforce. Changes in shopping preferences may lead to higher demand for high-skilled tech and online retail workers, reducing demand for low-skilled hospitality and in-person retail¹. Accountancy firm KPMG, looked into the covid impact on commuter footfall in 109 cities and towns across England. They ranked the towns and cities from the most affected to the least affected in terms of the impact of accelerated online adoption on local high streets and ranked Grimsby 85th out of 109, estimating 1,291 local retail sector jobs could be lost².

Research has found that as more of us continue to work from home, the flow of people from urban areas like town centres, out into the low-density residential suburbs, could have dramatic longer term effects on the provision of goods and services. Commuting from the suburbs to work means most people also access locally consumed services that are based around the same area, such as buying lunches and coffees from a local cafe, going to the gym during a lunch break, the post office^{3,4}. Shopping locally further decreases the need to enter town centres as needs can be met closer to home for example.

1. Blundell R., Cribb J., McNally S., Warwick R. and Xu X. (2021) Inequalities in education, skills and incomes in the UK: The implications of the COVID-19 pandemic. Institute for Fiscal Studies. [Inequalities in education, skills, and incomes in the UK: The implications of the COVID-19 pandemic - Institute For Fiscal Studies – IFS](#)
2. KPMG (2021) The Future of towns and cities post COVID-19 [The future of towns and cities post COVID-19 - KPMG United Kingdom \(home.kpmg\)](#)
3. The University of Sheffield (2021) Will Covid-19 kill the high street once and for all? [Will Covid-19 kill the high street once and for all? | News | The University of Sheffield](#)
4. Centre for Economic Policy Research (CEPR) (2021) Covid Economics Vetted and Real-time papers. Issue 64, 13 January 2021 <https://cepr.org/file/10211/download?token=ZZzuKAeJ>

Tourism

Nationally

Since 2010, tourism has been the fastest growing sector in the UK in employment terms and Britain was forecast to have a tourism industry worth over £257 billion by 2025, just under 10% of UK GDP¹. In 2017, tourism supported around 1.6 million jobs which is almost 5% of total UK jobs. However, the coronavirus pandemic has impacted the sector heavily in 2020 and going into 2021, with government restrictions both in the UK and worldwide preventing tourism for large periods of time.

Nationwide tourism has decreased and demand has fallen. HMRC published data on the number of people furloughed as of 15 February 2021 and it shows that tourism-related businesses have been impacted more than any other sector. There were **4.7m people on furlough** at the end of January 2021 and **1.15m** of these were in the **accommodation and food services sectors**. Even as restrictions eased over the summer of 2020, the percentage of the workforce on furlough leave in most travel and tourism industries was higher than in other industries, before increasing again in November in response to further lockdown measures.²

It is expected that this sector will invoke substantial business closures, the supply of tourism related sectors such as hotels and recreation will be drastically reduced. When taking a computable model into account, it has suggested that this supply-side shock could reduce 90% of the labour force and capital factor employment in hotels and recreation sectors.³

Locally

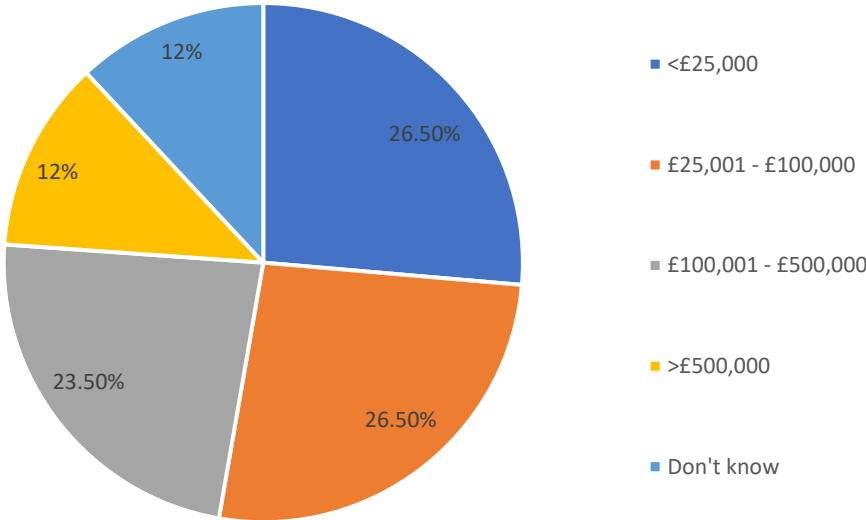
In order to help understand the impact of COVID on tourism businesses in NEL, a local tourism survey was carried out. The Tourism Business Survey was conducted in February 2021, with 58% of responses having tourism businesses located in Cleethorpes. Cleethorpes saw a decrease in footfall of 28.5% in 2020. The survey was sent out to approximately 230 tourism businesses located in NEL, we received 71 responses and 36 completed surveys.

During the pandemic, NEL tourism and hospitality businesses have endured the most challenging economic crisis of recent times, **84% of respondents** said that **they were totally reliant on their business's income**, 14% did not have another income and 3% had said they were retired or semi-retired.

1. Deloitte (2013) Tourism: jobs and growth. The economic contribution of the tourism economy in the UK [Tourism Jobs and Growth 2013.pdf \(visitbritain.org\)](#)
2. Office for National Statistics (2021) Coronavirus and the impact on the UK travel and tourism industry [Coronavirus and the impact on the UK travel and tourism industry - Office for National Statistics \(ons.gov.uk\)](#)
3. Keogh-Brown, M.R., Jensen, H.T., Edmunds, W.J. and Smith, R.D., (2020) The impact of Covid-19, associated behaviours and policies on the UK economy: A computable general equilibrium model. *SSM-population health*, 12, 100651

Tourism continued- NEL Tourism Business Survey

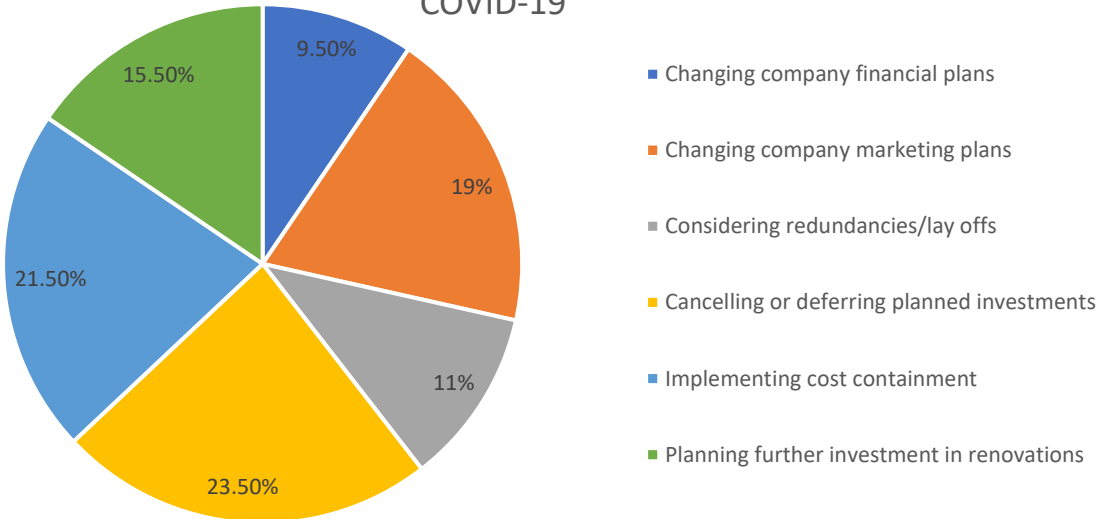
How much revenue has your business lost so far due to COVID-19?



Of the 34 responses to the question “How much revenue has your business lost so far due to COVID-19”, a large proportion of NEL tourism businesses suffered a loss in revenue due to the pandemic, of which 12% said that they had lost over £500,000.

The NEL tourism landscape is set to change in an attempt to try and adapt to COVID-19. NEL tourism businesses are considering changing their company financial plans and marketing plans, with 11% considering redundancies or lay offs. This will put further pressure on the sector. Furthermore, 23.5% of respondents said that they were planning on cancelling or deferring planned investments and 21.5% implementing cost containment to their tourism business. However, encouragingly 15.5% are planning further investment in renovations and developments.

Actions being considered by tourism businesses as a result of COVID-19



In terms of employment, the survey concluded that 9 businesses have laid staff off permanently, 9 businesses implemented flexible working for staff, 19 businesses took advantage of the job retention scheme and furloughed its staff, 1 business has permanently closed, however 1 business said it hired more staff to meet new market demand on the online or home delivery aspect.

Throughout the reopening of tourism in the Summer and early Autumn of 2020, prior to the subsequent national lockdowns, out of 36 responses, 36% said they did worse than expected, 28% said they did better than expected, 17% said their turnover was around the level they expected, 14% said their business did not re-open and 5% were not sure. NEL tourism businesses felt that they were ‘massively restricted by social distancing’ and that they did ‘better, but still lost thousands with only being open for 5 months all year’.

Long term impact on tourism

Results from the local Tourism Business Survey suggested that **83% of respondents said that they are ready for a potential influx of visitors** looking for a staycation this year but 17% said that they were not, and various concerns were expressed:

- 17 businesses said they had concerns about visitor confidence to return to the area
- 6 businesses were concerned about having staff available, due to furlough, as they prepare to re-open
- 21 businesses were concerned about sustaining the business through closed season to pay for fixed costs and annual maintenance

Despite the impact of COVID-19, there are good reasons to be optimistic and look forward to the sector's recovery, through staycations for example. So, as well as currently supporting local businesses through grants, business advice and accredited schemes, NEL's tourism plans for 2021-22 focus on those positive opportunities. By providing a safe and welcoming place to live and visit, whilst continuing to work with tourism businesses to help achieve economic recovery.

Furthermore, trade bodies¹ agree that there is forecast growth in domestic tourism and the country stands at a pivotal moment. Visit England has reinforced its position to, "drive immediate tourism recovery through building back visitor spend as quickly as possible and supporting the Industry."² It aims to do this through domestic marketing campaigns such as 'Escape the Every Day' and these opportunities are just one way that NEL can get involved to help boost local tourism. 'English Tourism Week' was another opportunity which took place in May 2021.

However, subsequent developments could change the long term outlook. This includes the economic situation in each market, with demand hit by unemployment and possible fiscal tightening; new behavioural habits affecting leisure and business travel, both short and long term; potential loss of supply. Our NEL Local Economic Assessment has indicated that due to the COVID-19 impact, the sector may see a reduction of 20% or more and recovery could be slow.

Nevertheless, forecasting at this time is difficult, given the fast-moving situation and the unique circumstances. Events are moving fast during the COVID-19 pandemic and the situation can change daily.

1. OECD (2021) Strengthening the recovery: The need for Speed. OECD Economic Outlook, Interim Report March 2021 [OECD Economic Outlook](#)
2. Visit Britain (2021) Tourism Forecast [2021 tourism forecast](#) | [VisitBritain](#)

Investment Levels

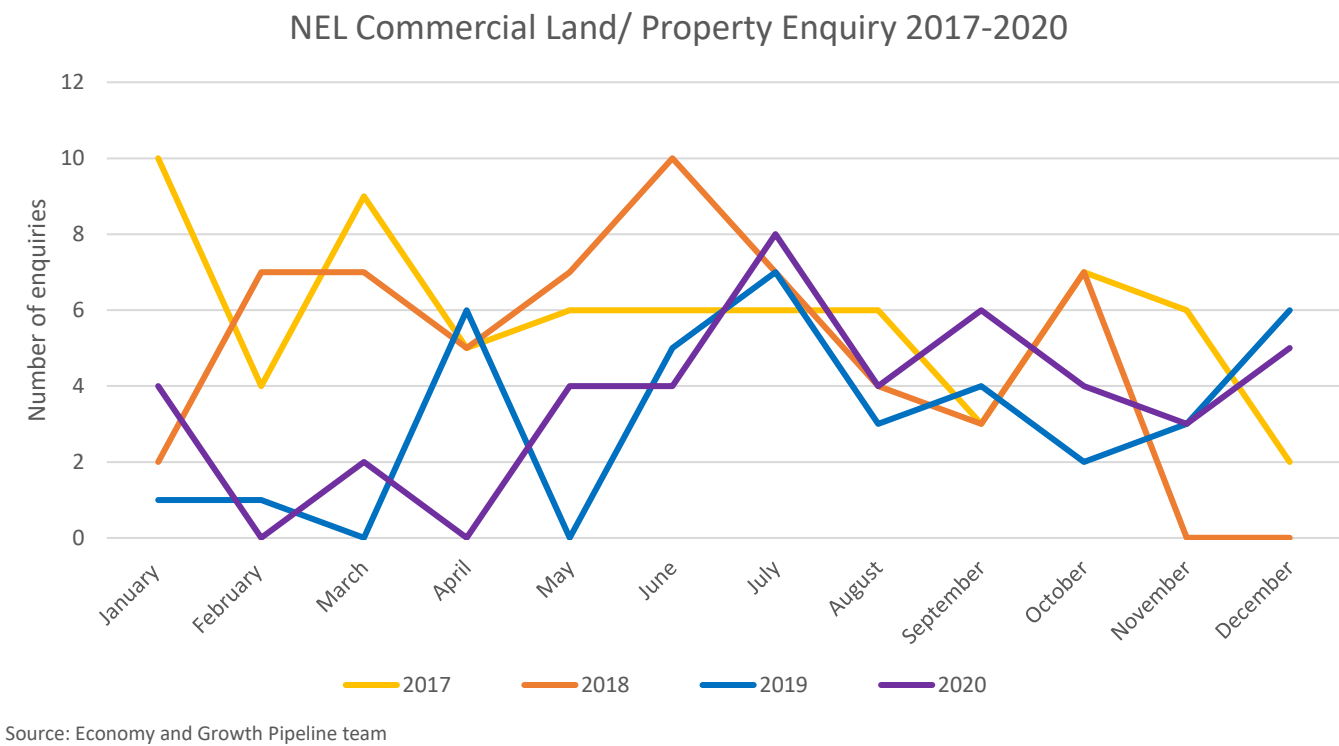
Nationally

The UK economy contracted in 2020, stagnating investment. Between 2019 and 2020 business investment fell by 10.2%; by comparison, during the 2008 global economic downturn, business investment fell by 15.3% between 2008 and 2009. The volume of business investment increased by a revised 5.9% between Quarter 3 (July to Sept) 2020 and Quarter 4 (Oct to Dec) 2020; however, business investment is still 7.4% below 2019 Quarter 4 levels, showing the continuing impact of the coronavirus pandemic¹.

Locally

NEL enquiry levels have decreased in number over the last 5 years, and this could be due to several contributing factors such as low or poor quality of industrial stock, businesses turning to online property search engines and contacting agents direct and more recently due to Brexit and COVID-19.

When comparing NEL commercial land and property enquiries in 2020 to previous year's data, enquiries slowed between March and May 2020 however as in line with national business investment, enquiries increased in the latter months of 2020. There was an increase in confidence and/or demand within the market based on the number of enquiries received by the Economy & Growth Team.



1. Office for National Statistics (2021) Business investment in the UK: October to December 2020 Revised Results [Business investment in the UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/businessandindustry/investmentsandcapital/bis/articles/bisinvestmentintheukoctoberandnovember2020revisedresults)

Investment continued

Investment secured

Whilst NEL’s economic performance has followed the national trend during and before the pandemic, with some activity effectively shut for the duration, some sectors and some individual companies have seen significant growth during the lockdown. Investment secured has fluctuated over the last few years, however, investment secured for the financial year 2019-20 was over £45 million, creating around 461 new jobs in NEL. The financial year 2020-21 is yet to be calculated.

Period (financial year)	NEL Investment Secured	New jobs created in NEL	New floorspace (sq m)
2016-17	£31,552,000	408	9565
2017-18	£47,806,000	456	7146
2018-19	£25,031,000	270	4180
2019-20	£45,620,000	461	5128

Long term impact on investment levels

For the future, in NEL, our key growth sectors in green energy and sustainable technologies have seen significant commitments from national government which underpinned by the investment in the SHIP programme and town centre developments by NELC should place the area in a good position to attract future investment, creating more good quality jobs and prosperity.

Start-ups are key drivers of economic growth and job creation and are often a catalyst for radical innovation. Groups of industry experts have argued that a more stable, investment-led approach will be needed if start-ups and small businesses are to play a key role in economic recovery¹.

The path of the pandemic cannot be precisely known and there is longer term uncertainty specifically surrounding the impact of new variants. There is hope that growth through 2021 and 2022 will be driven, in particular, by a rebound in consumption and investment. However, the risk of further outbreaks and repeated lockdown measures may dent investors confidence and stagnate growth².

1. The British Academy COVID-19 and Society (2020) The COVID Decade [COVID-decade-understanding-long-term-societal-impacts-COVID-19.pdf \(thebritishacademy.ac.uk\)](#)

2. OECD (2021) Strengthening the recovery: The need for Speed. OECD Economic Outlook, Interim Report March 2021 [OECD Economic Outlook](#)