



## **Covid-19**

**Review of the economic impacts in the  
Heart of the South West and Cornwall &  
the Isles of Scilly LEP areas**

## EXECUTIVE SUMMARY

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The South West Peninsular is in the midst of a profound economic shock, potentially the deepest in 100 years. Much of the region's economy has been shut down and high levels of dependence on shutdown sectors (accommodation, food & drink, leisure, travel and non-essential retail) suggests that our region will be particularly hard hit.

While much is uncertain, both about the progression of the pandemic and the lifting of the lockdown, coastal towns and other areas that depend on tourism face the prospect of having to survive 'three winters' if visitors are required to stay away this summer. If that proves the case, many businesses may not survive and secondary economic effects - rising unemployment, lower business and consumer confidence - may eliminate the prospects of a rapid recovery.

Of course, the impacts of the crisis go far beyond the visitor economy. Towns and cities with high streets that have responded to online shopping by reshaping themselves as 'destinations' will also struggle until the public is confident that social distancing is no longer required. Exeter has lost over 15% of its population this spring, due to students returning home.

The real estate and construction sectors, important contributors to regional growth in the recent years, are also badly affected. In the short-term, the difficulty of continuing to work safely has closed many projects. The longer-term prospects are also uncertain as the sector, which is always vulnerable during downturns, may have to adapt to more enduring consequences of the crisis arising, for example, from the near total collapse in the residential property market during lockdown.

Manufacturing too has been hard hit, the fortunes of individual enterprises being determined by the resilience of demand in their marketplace and their ability to carry on production with staff safely distanced. Manufacturers supplying the mass transit and air passenger sectors face a particularly uncertain future.

Whether there will be any positive economic consequences of the crisis, it is too early to tell. Cities that are home to hospitals, local authority offices, colleges and other public services are likely to fare better in the short term than areas with low levels of public sector employment. It is conceivable that increased home working or a move to a greater spatial distribution of smaller workplaces could benefit rural areas. But that is conjecture.

This report brings together data and expert analyses to consider how the Covid-19 crisis is affecting our region. It starts broadly, reviewing the projections and scenarios for total economic output modelled by organisations such as the IMF and OBR, at global and national level. It then drills down to examine impacts on different industries, occupations and geographies in the South West Peninsular. Much of the data is secondary, pulled together and contextualised in a single place. The report also provides original analysis of the Covid-

19 crisis' impact on output by sector in different local geographies (Section 4.1) and on advertised job vacancies (Section 4.4) in the HotSW and Cornwall & IoS LEP areas.

It is clear that a coordinated effort, informed by local knowledge, will be key to minimising the economic damage and shaping the recovery for different sectors and areas. The purpose of this report is to bring together the best available evidence in support of working towards that recovery.

We hope that it is of some help.

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4<sup>th</sup> May 2020

## 1. INTRODUCTION

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This report was written at the end of April 2020, at a time of huge uncertainty about the progression and duration of the Covid-19 pandemic, let alone its economic consequences. According to a Resolution Foundation's survey of evidence from previous pandemics<sup>1</sup>, most (perhaps 80 to 90 per cent) of the short-term economic impact comes not from people falling ill, but from the disruption to economic activity associated with public health restrictions and social distancing required to control the spread of the disease. We remain in the first period of lockdown and do not know how or when it will end. We do not know how many further periods of lockdown there may or may not be; their duration or nature. And, we do not know whether we are headed towards a new 'normal', i.e. whether post pandemic economic and social behaviours will change permanently or not.

While data on the economic impact of Covid-19 is scarce, we are now starting to have some early information to put alongside expert opinions and analyses. Working from our understanding of the pre Covid-19 economy, we can use this early information to consider the potential impacts of the crisis on different industries, occupations and areas within the Heart of the South West and Cornwall & IoS LEP areas. That is the focus of this report. The report does not consider the adequacy or otherwise of Government's response to the crises or the potential impacts of that response in our area. Nor does it make recommendations as to ways in which LEPs, local authorities or others should act to minimise the negative impacts of Covid-19 or hasten the recovery, either to the pre Covid-19 economic behaviours or, perhaps, to some new, more desirable, status quo.

## 2. COVID-19 – MACRO ECONOMIC IMPACTS

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The long-term economic impacts of Covid-19 crisis remain unknown, simply because the progression of the disease remains unknown. We may discover a new vaccine relatively quickly, that a combination of existing drugs is effective in treating the disease or that a much larger proportion of the population than anticipated has been exposed to the disease and developed an immunity. If that is the case, we may experience a sharp economic contraction and rapid recovery, a V shaped recession. Alternatively, if there is no silver bullet, policy-makers may be left managing the crisis by turning on and off sections of the economy for a long time. In that eventuality, as we learn more, the duration of each lockdown should shorten, the gap between lockdowns should lengthen and the proportion of the economy that needs to be turned off should fall on each occasion.

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<sup>1</sup> Hughes, R., Safeguarding governments' financial health during coronavirus: What can policymakers learn from past viral outbreaks? Resolution Foundation, March 2020.

Given these circumstances, any model of the economic impact of Covid-19 has to be based on assumptions about the progression of the disease. In addition, modellers must take a view on:

- the secondary economic impacts of lockdowns on disrupted supply chains, firm bankruptcies, job losses, and system-wide financial strains;
- the effectiveness of government policies to mitigate the economic damage and the sustainability of these interventions if the pandemic continues long-term.

Little wonder that many prefer to work with scenarios rather than present single outcome projections.

## 2.1 Impact on GDP

### 2.1.1 IMF model

The IMF's baseline model is based on the assumption that the pandemic and the requirement to contain it peaks in the second quarter for 2020 and recedes from July 2020 onwards. On that basis, the projection is that global growth (GDP) will fall by 3 percent across 2020 as a whole<sup>2</sup>. This compares to a growth expectation of 2.8% just three months earlier. It is also a baseline makes the 'Great Lockdown' the worst recession since the Great Depression, far worse than the Global Financial Crisis, when global growth fell to -0.1% in 2009.

The expectation is that advanced economies will contract fastest, with UK growth falling from +1.4% in 2019 to -6.5% in 2020, a rate of decline that is commensurate with that for the Euro zone (+1.2% in 2019 and -7.5% in 2020) and the USA (+2.3% in 2019 and -5.9% in 2020).

On the basis that the pandemic fades in the second half of 2020 and that policy actions taken around the world are effective in preventing widespread bankruptcies, extended job losses, and system-wide financial stress, the IMF expects growth to rebound strongly in 2021, by 5.8% globally and 4.5% in the advanced economies. This scenario would leave GDP in advanced economies one percentage point below pre-pandemic levels by the end of 2021.

That is the baseline scenario. If the pandemic does not recede in the second half of this year, leading to longer lockdowns, worsening financial conditions, supply chains disruption and a vicious cycle involving falling confidence, falling consumption and rising unemployment, then GDP can be expected to fall further.

To illustrate this, the IMF modelled the GDP impact of three scenarios. In the first, the fight against the virus in 2020 takes 50% longer than assumed in the baseline. The second considers the impact of a second, milder outbreak (2/3 of the severity of the first) occurring in

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<sup>2</sup> World Economic Outlook, April 2020

2021. The third estimates the impact of both the outbreak taking longer to contain in 2020 plus a second outbreak in 2021.

- In Scenario 1, global output in 2020 is 2.8 percent lower than in the baseline. Output subsequently recovers but remains roughly 1 percent below the baseline through to 2024 (see Table 1 below). The initial decline in economic activity is broadly similar for advanced and emerging market economies.
- In Scenario 2, a second outbreak in 2021, global output is 4.7 percent below the baseline in 2021, recovering to a point 2.2 percent below the baseline by 2024. Again, advanced and emerging market economies suffer roughly equally initially.
- In Scenario 3, involving it taking longer than expected to contain the first outbreak plus a second outbreak in 2021, global output is 7.3 percent below the baseline in 2021 and remains 4.1 percent below the baseline in 2024.

**Table 1: Alternative Scenarios (deviation from baseline)**

<b>World Real GDP (Percent)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Longer outbreak in 2020	0	-2.8	-1.9	-1.4	-1.2	-1.0
New outbreak in 2021	0	0.0	-4.7	-3.3	-2.5	-2.2
Longer outbreak in 2020 plus new outbreak in 2021	0	-2.8	-7.3	-5.6	-4.5	-4.1

Source: World Economic Outlook Projections, IMF, April 2020

The Baseline Scenario for the UK predicts that GDP will grow by 4 percent in 2021, a lower rate than for all advanced economies (+4.5%). If the Scenario 3 adjustments were applicable at national level, under Scenario 3, UK economic growth would be -9.5 percent in 2020 (-6.5% baseline plus -3% under Scenario 3), before falling by a further 3.3% in 2021 (+4% baseline plus -7.3% in scenario 3)<sup>3</sup>.

### 2.1.2 Independent modellers' projections

Banks and think tanks have also produced projections of the GDP impacts of Covid-19.

- On 23<sup>rd</sup> March
  - KPMG projected a downside scenario of a fall in UK GDP of 5.4% in 2020
  - Morgan Stanley projected a fall of 5.1%
- On 9<sup>th</sup> April, Oxford Economics projected that world GDP to shrink by about 7% in the first half of 2020. However, on the basis that lockdown restrictions start to be lifted during Q2 of 2020, a sharp resurgence of activity in the second half of the year

<sup>3</sup> The IMF modellers warn that even these scenario may underestimate the negative impact on growth if the prospect of increased public debt spooks the markets, or if a fear of an increase in sovereign borrowing costs prevents countries from providing the level of income support assumed in the model. This may be more likely to impact on developing economies than more advanced ones.

would result in world GDP shrinking by 2.8% in 2020 overall (roughly in line with the IMF projection of 3% fall in world GDP).

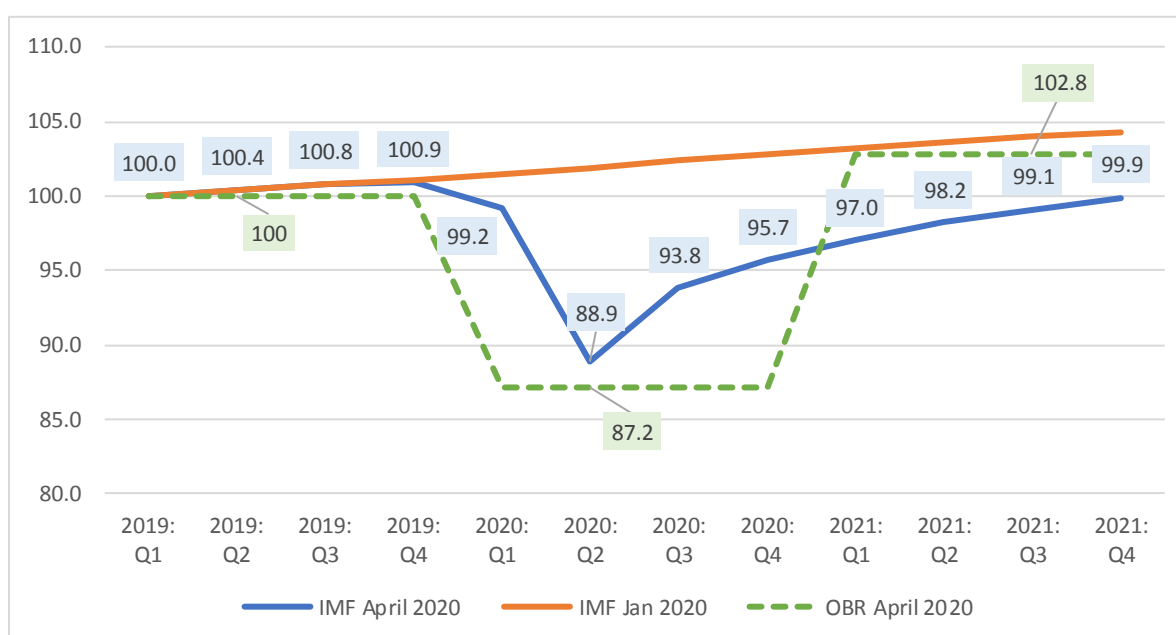
- On 27<sup>th</sup> April, The EY Item club, which brings economists together to reflect on an Independent Treasury Economic Model (ITEM), projected that UK GDP would fall by 6.8% in 2020, before returning to positive growth of 4.5% in 2021, as consumers ramp up their spending, having delayed it during lockdown.

### 2.1.3 Office for Budgetary Responsibility (OBR)

On 14<sup>th</sup> April, the OBR produced its Coronavirus Reference Scenario, primarily used as a basis for considering the impact of the pandemic on UK public finances<sup>4</sup>.

The OBR Reference Scenario is based on estimating loss of output for each industry in Q2 of 2020 as a result of the lockdown; assuming that this negative impact is halved in Q3; and that economic activity returns to pre-outbreak levels in Q4 of 2021. OBR also assume that restrictions to deal with a new outbreak in the autumn will not be necessary. Using this methodology, the OBR Reference Scenario (green line in Figure 1) projects a greater loss in output in 2020 than the IMF Baseline Scenario<sup>5</sup>, with output falling by 13% across 2020 as a whole, followed by a more rapid recovery. This annual data for 2020 masks a projected 35% fall in GDP in Q2 2020<sup>6</sup>.

**Figure 1: GDP, IMF Baseline & OBR Reference Scenarios, Jan 2021 = 100**



Source: OBR / IMF

<sup>4</sup> [https://cdn.obr.uk/Coronavirus\\_reference\\_scenario\\_commentary.pdf](https://cdn.obr.uk/Coronavirus_reference_scenario_commentary.pdf)

<sup>5</sup> The IMF scenario data is for all advanced economies as

<sup>6</sup> The IMF and OBR approaches are radically different, particularly in respect of their treatment of public sector output. The OBR assumes that output of the education sector falls by 90%, more than any other sector, due to schools being shut and teachers sent home. This does not equate directly to the loss of incomes and livelihoods.

Paul Johnson, Director of the IFS, writes *"We must not underestimate just how staggering these figures are, and by how much the economic outlook has shifted compared to just a few months ago. Government borrowing is set to rocket to levels well above those seen during the financial crisis, and debt is set to approach 100% of GDP. These figures are predicated on a short-term economic hit and a swift recovery. Should the lockdown last for longer than 3 months or the economy fail to bounce back, the picture would worsen further."*<sup>7</sup>

### 2.1.4. Eurostat GDP Data

On 30<sup>th</sup> April, Eurostat produced its first 'Preliminary flash estimate' of Eurozone GDP for Q1 2020. This is the first 'real' data we have on output for 2020.

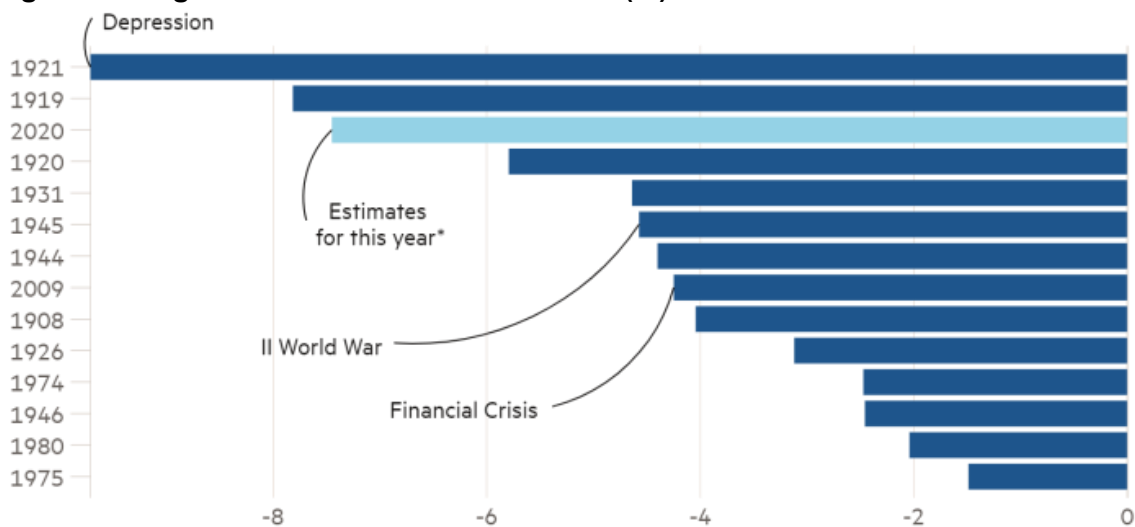
According to this estimate, Eurozone GDP fell by 3.8% in Q1 2020. Spanish GDP fell 5.2% and French GDP fell 5.8%; falls that were greater than expected in both of these countries (-4.4% in Spain and -4.0% in France). The fall in GDP in Italy was lower than in France or Spain (-4.8%) which is surprising given that Italy went into lockdown on 9<sup>th</sup> March, earlier than France (14<sup>th</sup> March) and Spain (16<sup>th</sup> March). Given that the UK did not enter lockdown until 23<sup>rd</sup> March, the economic contraction in Q1 2020 here should be smaller than in these three continental economies.

However, the suggestion that the negative economic impact of Covid-19 may be larger than expected is significant and is likely to feed into updates of economic models and scenarios.

## 2.2 How deep is the crisis?

The easiest way to consider the scale of this crisis is to compare it to previous recessions. Figure 2, sets a 7.4% fall in GDP for 2020 (based on an average from four leading forecasters) alongside the years that have seen the largest falls in output since 1900<sup>8</sup>.

**Figure 2: Largest Annual falls in annual GDP (%)**



Source: Bank of England / ONS data analysed by Financial Times

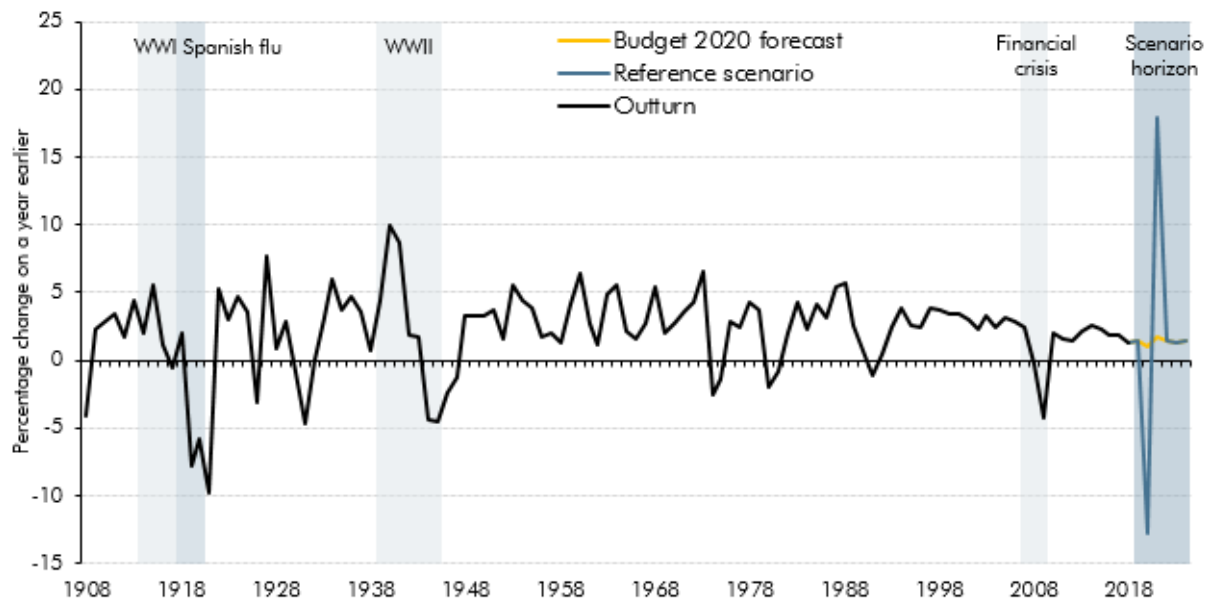
<sup>7</sup> See <https://www.ifs.org.uk/publications/14810>

<sup>8</sup> From Financial Times 'The UK Economic Fallout from Coronavirus', Valentina Romei, 8<sup>th</sup> April 2020



Figure 3 locates the OBR projection of a 13% fall in GDP in 2020 within the year on year trend since 1908. It suggests that this year's collapse in GDP will be biggest for 100 years. Figure 4 suggests that will be the biggest since reasonably accurate record keeping began.

**Figure 3: Annual GDP decline in historical perspective**



Source: Bank of England, ONS, OBR

## 2.2 Impact on Employment

The Covid-19 pandemic's impact on employment will be complex and will depend on the effectiveness of Government mitigation measures, such as the Coronavirus Job Retention (furlough) Scheme, the Self Employment Income Support Scheme and Coronavirus Business Interruption Loan Scheme.

### 2.2.1 Working Hours

The International Labour Organisation (ILO) estimates that lockdown measures are now affecting almost 2.7 billion workers globally, around 81 per cent of the world's workforce, and that the labour market impact of these lockdowns is best considered in terms of changes in lost working hours, reflecting layoffs and other temporary reductions in working time. As of 1<sup>st</sup> April 2020, the ILO were estimating that globally working hours would decline by 6.7% in the second quarter of 2020, equivalent to 195 million full-time workers. The impact in Europe was likely to be greater: a 7.8% fall in working hours, equivalent to the loss of 12 million full-time workers.

### 2.2.2 Employees at risk

According to Wave 2 of the ONS Business Impact of Coronavirus Survey (BICS), conducted between 23<sup>rd</sup> March 23 and 5<sup>th</sup> April 2020:

- 21.6% of UK employees had been placed on furlough leave
- 0.3% had been made redundant<sup>9</sup>
- 4.5% were sick or self-isolating
- 69.9% were working 'normally' either at home or their usual place of work.

It is reasonable to suggest that, apart from those already redundant, people who have been furloughed are at greatest risk of losing their jobs or suffering other adverse employment consequences of the pandemic.

### 2.2.3 Unemployment

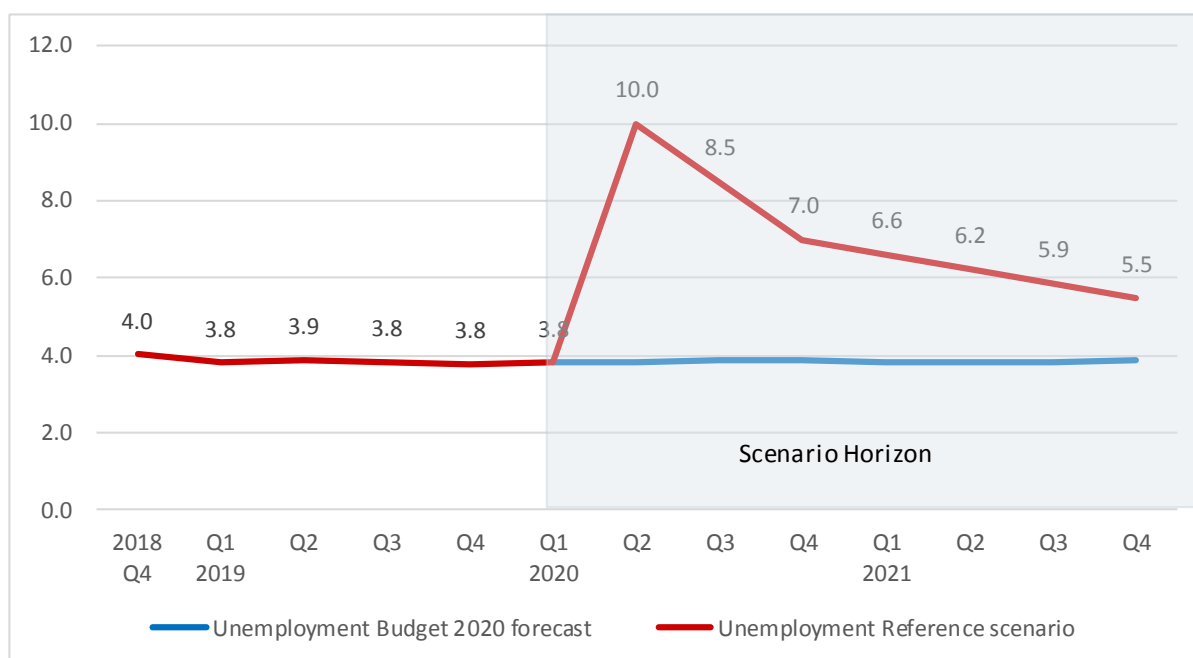
The OBR Reference Scenario includes an anticipated 35% fall in GDP in Q2 2020 resulting in a rise in the unemployment rate, to 10 per cent of the economically active population. This equates to an additional 2.1 million people becoming unemployed and total unemployment rising from 1.3 million to 3.4 million (or 160%) within the initial months of the crisis.

OBR warns that the precise level of unemployment consistent with a 35% fall in GDP is hugely uncertain; and that this uncertainty is compounded by further uncertainty around the extent to which mitigation measures taken by government will cushion the blow. Their model assumes that these schemes are reasonably successful, resulting in more of the fall in output translating into declining hours worked than in fewer heads employed. Following from this, it is assumed that the recovery in unemployment will lag the rebound in GDP, as shown in Figure 4, due to the initial recovery being concentrated in the recall of furloughed workers. As a result, while output may recover relatively quickly, the suggestion is that we are unlikely to return to the low unemployment levels seen before the pandemic until 2022 or 2023.

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<sup>9</sup> BICS is conducted with businesses that are trading or have only just ceased trading. The survey does not therefore reflect the total proportion of employees who made redundant by businesses both trading and which have ceased trading as a result of the coronavirus pandemic.

**Figure 4: OBR Unemployment Reference Scenario**



Source: OBR April 2020 Coronavirus reference scenario

### 2.2.4 Universal Credit Claims

Data from the Department for Work and Pensions (DWP)<sup>10</sup> shows that there were 1.4 million new Universal Credit Declarations (applications) in the four weeks from 16 March to the 12<sup>th</sup> April. In stark contrast to the average of c 55,000 claims per week over the course of 2019, there were:

- 271,000 in the week commencing 16 March
- 529,000 in the w/c 23 March
- 355,000 in the w/c 30<sup>th</sup> March
- 221,000 in the w/c 6 April.

Not all Universal Credit applications are successful and applications may be made as a result of falling incomes, rather than unemployment. However, with claims nearly ten times the 2019 average during the peak week (w/c 23<sup>rd</sup> March) and remaining far above average the pandemic period, it is clear that the impact on unemployment and incomes has been enormous<sup>11</sup>.

<sup>10</sup> <https://www.gov.uk/government/collections/universal-credit-statistics>

<sup>11</sup> You don't have to be unemployed to receive Universal Credit. Claims can be made by those who need to supplement low incomes.

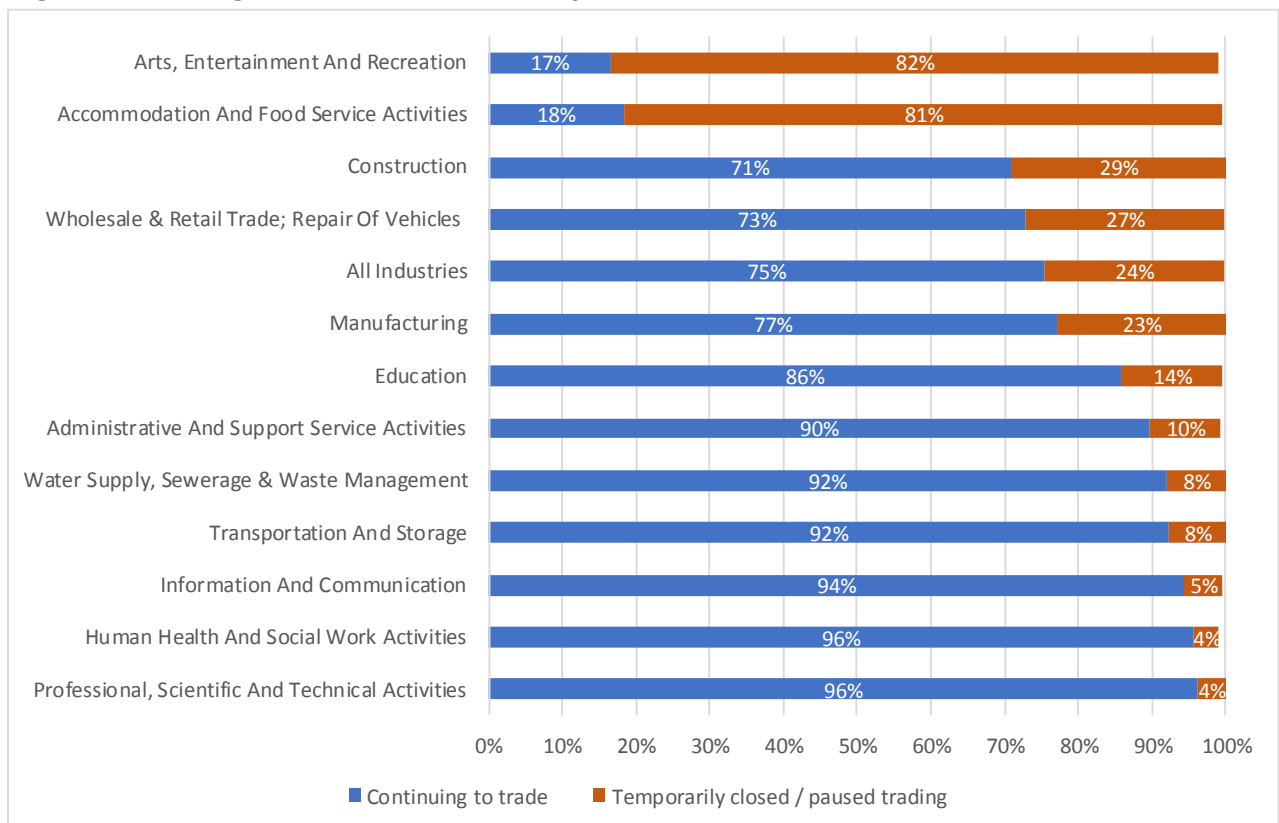
### 3. IMPACT ON INDUSTRIES

#### 3.1 Trading Status

Data from BICS, collected between 23<sup>rd</sup> March and 5<sup>th</sup> April 2020, shows that 24% of businesses had temporarily closed or paused trading and around 0.3% permanently ceased trading. 75% were “continuing to trade”.

The two sectors that reported the largest percentages of businesses as temporarily closing or pausing trading were in Arts, entertainment and recreation (82% closed or paused) and Accommodation and food services (81% closed or paused). In short, these sectors have pretty much shut down in response to the pandemic. At the other end of the spectrum the majority (>90%) of businesses in the health, transport, information, and professional, scientific and technical sectors remained open.

**Figure 5: Trading status of businesses by sector**



Source: ONS / Business Impact of Coronavirus (COVID-19) Survey (BICS)

#### 3.2 Turnover & Business Survival

Businesses that remained open were asked whether:

- a) their turnover was outside it's normal range and, if not, whether it was substantially or slightly higher or lower

- b) they were confident that they had the resources required to continue trading through the Covid-19 pandemic (the duration of the pandemic being unspecified).

Again, Accommodation and Food Service Activities has been particularly hard hit, with 87% of the 17% of businesses that remained trading reporting substantially lower turnover and only 50% confident that they had the financial resources to survive. Of the 18% of Arts, Entertainment and Recreation businesses that remained trading, 69% reported substantially lower turnover and just over half (53%) were confident of survival. While a much higher proportion of Construction businesses remained trading (71%), a very high proportion (71%) reported substantially reduced turnover.

Table 2 presents more detailed information, including information (in the RAG shaded column) on the proportion of businesses in each sector that have either ceased trading or whose turnover is substantially lower than normal. It shows that:

- in every single sector more than 50% of businesses have been severely affected by the Covid-19 crisis
- that 98% of businesses in Accommodation and Food Service and 95% in Arts, Entertainment and Recreation have been severely affected
- that the sectors least affected are Education, Information & Communication and Professional, Scientific and Technical activities, but that even here more than 50% of businesses had either ceased trading or had substantially lower turnover than normal.

**Table 2: Financial Performance & Business Confidence, 23<sup>rd</sup> March to 5<sup>th</sup> April 2020**

Industry	Continuing to trade	Turnover outside normal range	Turnover substantially lower than normal	Ceased trading or turnover substantially lower than normal	Confident have resources to continue through Covid-19
Accommodation And Food Service Activities	18%	95%	87%	98%	50%
Arts, Entertainment And Recreation	17%	97%	69%	95%	53%
Construction	71%	94%	71%	79%	53%
Wholesale & Retail Trade; Repair Of Vehicles	73%	95%	68%	77%	62%
Human Health And Social Work Activities	96%	84%	74%	75%	73%
Transportation And Storage	92%	96%	71%	73%	57%
Administrative And Support Service Activities	90%	97%	67%	71%	47%
Manufacturing	77%	94%	57%	67%	64%
Water Supply, Sewerage, Waste	92%	93%	63%	66%	71%
Education	86%	93%	52%	58%	70%
Information And Communication	94%	88%	54%	57%	72%
Professional, Scientific And Technical Activities	96%	85%	51%	53%	60%
All Industries	75%	93%	63%	28%	60%

Source: Business Impact of COVID-19, Wave 2

### 3.3 Loss of staff

The BICS also asked businesses that were continuing to trade about the proportion of the workforce that had been furloughed, were off sick or in self-isolation due to coronavirus; or had been made redundant.

Table 3 shows that nearly half of the workforce of in Accommodation & Food Services (47%) and around one third of the workforce in construction (36%), Arts, Entertainment & Recreation (34%), Admin & Support Service Activities (30%) and Wholesale & Retail / Repair of vehicles (29%) had been placed on furlough. The number of redundancies remained low at the time of the survey. In sectors such as Human Health & Social and Manufacturing a significant proportion of the workforce, 10% and 7% respectively, was off sick or in self-isolation.

**Table 3: Status of workers**

Industry	On furlough leave	Off sick or in self-isolation	Made redundant	Working as normal	Other
Accommodation And Food Service Activities	47%	4%	1%	43%	6%
Construction	36%	4%	0%	57%	3%
Arts, Entertainment And Recreation	34%	2%	0%	55%	10%
Administrative And Support Service Activities	30%	4%	1%	61%	4%
Wholesale & Retail Trade; Repair Of Motor Vehicles	29%	4%	0%	64%	3%
Transportation And Storage	25%	5%	0%	67%	3%
Water Supply, Sewerage, Waste Management	21%	5%	1%	71%	3%
Manufacturing	17%	7%	0%	73%	4%
Professional, Scientific And Technical Activities	15%	3%	0%	79%	4%
Education	11%	5%	0%	79%	5%
Human Health And Social Work Activities	10%	10%	0%	76%	4%
Information And Communication	9%	2%	1%	84%	4%
<b>All Industries</b>	<b>22%</b>	<b>5%</b>	<b>0%</b>	<b>70%</b>	<b>4%</b>

Source: ONS Business Impact of Coronavirus Survey (BICS)

While BICs provides a clear indication of employers' immediate responses to the Coronavirus, this is by no means the full story. The Institute for Social and Economic Research (ISER) at the University of Essex have undertaken modelling to provide an idea of the likely longer-term impacts on employment by sector.

Using ONS Input-Output tables, they have quantified the overall effects on the UK economy of different lockdown scenarios, including a baseline scenario that predicts an overall contraction in GDP and employment in 2020 of around 20%, including direct and indirect effects<sup>12</sup>.

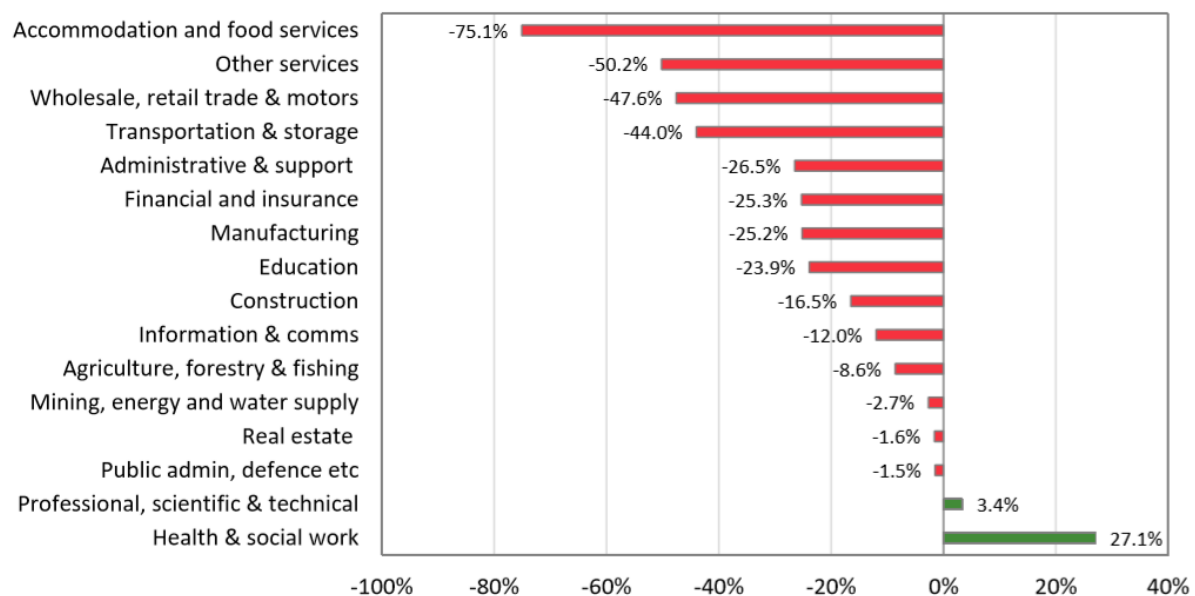
<sup>12</sup> In more detail, following a similar reasoning to Keogh-Brown et al. (2010) and Dorn et al. (2020), ISER have assumed the lockdown implies some reduction in the final demand of goods and services (this includes demand from households and government, as well as investments and exports), plus constraints on the supply side, for instance due to reduced productivity of working from home. They then worked out how this reduction is passed on to the intermediate demand – the productive engine of the country.

According to this model, the most badly affected sector are likely to be:

- Accommodation & Food Services, which experiences a 75% fall in employment
- Other services (including Arts, entertainment and recreation) and Retail, in which employment is roughly halved and
- Transport, where employment falls by 44%.

Construction is interesting, in that while BICs suggests that construction employers have been quick to furlough workers, the ISER model suggests that the employment impacts across 2020 as a whole may not be as severe as in many other sectors.

**Figure 6: Estimated Effects of Lockdown on Employment in the UK by Industry, 2020**



Source: ISER

### 3.3 Loss of Output

The ISER model's prediction that GDP will decline of 20% in 2020, is slightly more pessimistic than the OBR scenario, which is based on a fall of 17.5%. As stated in Section 2, the OBR estimate is calculated by:

- assessing the share of output that may be lost in each industry based on an estimate of the share of key workers in each industry and those able to work from home<sup>13</sup>
- weighting the loss of output in each sector by the contribution of that sector towards total economic output.

By this reckoning, the sectors in which output is projected to fall the most are Education (which loses 90% of its output), Accommodation & food services, Construction and

<sup>13</sup> Further adjustments are also made for childcare responsibilities and absences due to illness

Manufacturing. Output in Human health and social (i.e. caring) activities is projected to increase by 50%.

**Table 4: Output loss by sector, Q2 2020**

Sector	UK	
	Weight in whole economy value added	Effect on output relative to baseline
Agriculture	0.7	0
Mining, energy and water supply	3.4	-20
Manufacturing	10.2	-55
Construction	6.1	-70
Wholesale, retail and motor trades	10.5	-50
Transport and storage	4.2	-35
Accommodation and food services	2.8	-85
Information and communication	6.6	-45
Financial and insurance services	7.2	-5
Real estate	14.0	-20
Professional, scientific and technical activities	7.6	-40
Administrative and support activities	5.1	-40
Public administration and defence	4.9	-20
Education	5.8	-90
Human health and social activities	7.5	50
Other services	3.5	-60
<b>Whole economy</b>	<b>100.0</b>	<b>-35</b>

Source: Office for Budgetary Responsibility

It is important to note that this measure of lost 'output' does not directly translate into loss of jobs, livelihoods or incomes. The incomes (or a significant part of the incomes) of furloughed workers and public sector employees may remain protected despite them being unable to work or contribute to the 'output' of their sector<sup>14</sup>. The approach is, however, interesting as it can be mapped onto local data to consider the extent declining output in different industrial sectors is contributing to overall economic contraction in different geographies.

## 4. IMPACT BY GEOGRAPHY

### 4.1 Impact on output by sector

Tables 5 to 9 use the approach adopted by ISER (based on the OBR estimates of lost output by sector) to explore the extent to which different sectors may contribute to the expected fall in output in different parts of HotSW in Q2 2020. Note that it is the reduction in output as a

<sup>14</sup> It is interesting that the model assumes that 90% of the output of the education sector is lost, presumably because it is assumed that education professionals are unable to work from home.



percentage of the whole economy that is being examined, not how badly individual sectors are affected by the crisis. A moderate decline in output in a large sector may contribute more than large decline in a small sector.

In Devon, the total loss in output (35%) in Q2 of 2020 is in line with the UK average. The loss in output in four sectors - Education, Wholesale/Retail, Manufacturing and Construction – is each equivalent to the loss of 6.5% and 5.25% of Devon's entire economy (23% when taken together). Lost output in Accommodation and Food service and Real Estate each results in the further loss of 3.5% and 3.35% of the economy, respectively. Human Health and Social (care) activities is the only sector in which output is expected to grow.

**Table 5 : Output loss by sector due to Coronavirus – Devon, Q2 2020**

Sector	Devon				
	Total Output (GVA)	Sector Output (GVA) as % of economy	Location Quotient	CV-19 Effect on output relative to baseline	Output loss (% of whole economy)
Agriculture	433	1.7%	2.5	0	0.00
Mining, energy and water supply	1,025	4.1%	1.2	-20	-0.82
Manufacturing	2,495	10.0%	1.0	-55	-5.48
Construction	1,879	7.5%	1.2	-70	-5.25
Wholesale, retail and motor trades	2,851	11.4%	1.1	-50	-5.69
Transport and storage	714	2.8%	0.7	-35	-1.00
Accommodation and food services	1,036	4.1%	1.5	-85	-3.51
Information and communication	1,070	4.3%	0.6	-45	-1.92
Financial and insurance services	445	1.8%	0.2	-5	-0.09
Real estate	4,202	16.8%	1.2	-20	-3.35
Professional, scientific & technical	1,220	4.9%	0.6	-40	-1.95
Administrative and support activities	786	3.1%	0.6	-40	-1.25
Public administration and defence	1,991	7.9%	1.6	-20	-1.59
Education	1,810	7.2%	1.3	-90	-6.50
Human health and social activities	2,381	9.5%	1.3	50	4.75
Other services	718	2.9%	0.8	-60	-1.72
<b>Whole economy</b>	<b>25,056</b>	<b>100%</b>			<b>-35.37</b>

The picture in other local authority areas is not dissimilar, though there is some variation.

Somerset's economic output is projected to fall by 37% across all sectors, slightly more than the national average (35%), due to the scale of output loss in the Manufacturing sector and a smaller increase in the economic contribution of Health and Social Activities than is seen elsewhere.

**Table 6 : Output loss by sector due to Coronavirus - Somerset**

Sector	Somerset				
	Total Output (GVA)	Sector Output (GVA) as % of economy	Location Quotient	CV-19 Effect on output relative to baseline	Output loss (% of whole economy)
Agriculture	150	1.3%	2.0	0	0.00
Mining, energy and water supply	569	5.0%	1.5	-20	-1.01
Manufacturing	1,659	14.7%	1.4	-55	-8.07
Construction	837	7.4%	1.2	-70	-5.19
Wholesale, retail and motor trades	1,515	13.4%	1.3	-50	-6.71
Transport and storage	332	2.9%	0.7	-35	-1.03
Accommodation and food services	445	3.9%	1.4	-85	-3.35
Information and communication	258	2.3%	0.3	-45	-1.03
Financial and insurance services	232	2.1%	0.3	-5	-0.10
Real estate	1,490	13.2%	0.9	-20	-2.64
Professional, scientific & technical activities	627	5.6%	0.7	-40	-2.22
Administrative and support activities	381	3.4%	0.7	-40	-1.35
Public administration and defence	663	5.9%	1.2	-20	-1.17
Education	633	5.6%	1.0	-90	-5.05
Human health and social activities	1,053	9.3%	1.2	50	4.66
Other services	455	4.0%	1.1	-60	-2.41
<b>Whole economy</b>	<b>11,300</b>	<b>100%</b>			<b>-36.66</b>

In Plymouth, as in Somerset, the decline in manufacturing is the single greatest single contributor to an overall fall in output (34.5%) that is roughly in line with the national average. The decline in activity in the education sector is larger than for other areas in the peninsular (apart from Torbay).

**Table 7 : Output loss by sector due to Coronavirus - Plymouth**

Sector	Plymouth				
	Total Output (GVA)	Sector Output (GVA) as % of economy	Location Quotient	CV-19 Effect on output relative to baseline	Output loss (% of whole economy)
Agriculture	2	0.0%	0.0	0	0.00
Mining, energy and water supply	148	2.9%	0.8	-20	-0.57
Manufacturing	836	16.2%	1.6	-55	-8.92
Construction	320	6.2%	1.0	-70	-4.34
Wholesale, retail and motor trades	437	8.5%	0.8	-50	-4.25
Transport and storage	220	4.3%	1.0	-35	-1.49
Accommodation and food services	143	2.8%	1.0	-85	-2.36
Information and communication	122	2.4%	0.4	-45	-1.07
Financial and insurance services	141	2.7%	0.4	-5	-0.14
Real estate	614	11.9%	0.9	-20	-2.39
Professional, scientific & technical activities	193	3.7%	0.5	-40	-1.50
Administrative and support activities	134	2.6%	0.5	-40	-1.04
Public administration and defence	679	13.2%	2.7	-20	-2.64
Education	430	8.4%	1.5	-90	-7.52
Human health and social activities	576	11.2%	1.5	50	5.59
Other services	157	3.0%	0.9	-60	-1.83
<b>Whole economy</b>	<b>5,150</b>	<b>100%</b>			<b>-34.45</b>

In Torbay, falls in output in the Education, Accommodation & Food and the Retail & wholesale sectors contribute most to the total decline in output. The proportion of the total economy lost as a result to collapse in the Accommodation & Food sector in Torbay (-6.6%) is much larger than in other parts of HotSW (-2.5 to -3.5%).

A smaller than average decline in output in manufacturing output and the large scale Human health & social activities sector on which output is shown to rise, offsets these losses, resulting in the total loss in output (-33%) being slightly smaller than the national average.

**Table 8 : Output loss by sector due to Coronavirus - Torbay**

Sector	Torbay				
	Total Output (GVA)	Sector Output (GVA) as % of economy	Location Quotient	CV-19 Effect on output relative to baseline	Output loss (% of whole economy)
Agriculture	4	0.2%	0.3	0	0.00
Mining, energy and water supply	48	2.3%	0.7	-20	-0.47
Manufacturing	94	4.6%	0.5	-55	-2.54
Construction	151	7.4%	1.2	-70	-5.15
Wholesale, retail and motor trades	273	13.3%	1.3	-50	-6.67
Transport and storage	47	2.3%	0.6	-35	-0.81
Accommodation and food services	160	7.8%	2.8	-85	-6.64
Information and communication	29	1.4%	0.2	-45	-0.64
Financial and insurance services	60	2.9%	0.4	-5	-0.15
Real estate	338	16.5%	1.2	-20	-3.30
Professional, scientific & technical activities	82	4.0%	0.5	-40	-1.61
Administrative and support activities	54	2.7%	0.5	-40	-1.06
Public administration and defence	109	5.3%	1.1	-20	-1.06
Education	187	9.1%	1.6	-90	-8.23
Human health and social activities	318	15.5%	2.1	50	7.76
Other services	93	4.6%	1.3	-60	-2.73
<b>Whole economy</b>	<b>2,047</b>	<b>100%</b>			<b>-33.29</b>

In Cornwall, Construction, Wholesale & Retail and Accommodation & food services contribute most to the reduction in overall economic output, which is in line with the national average.

**Table 9 : Output loss by sector due to Coronavirus - Cornwall**

Sector	Cornwall and Isles of Scilly				
	Total Output (GVA)	Sector Output (GVA) as % of economy	Location Quotient	CV-19 Effect on output relative to baseline	Output loss (% of whole economy)
Agriculture	698	6.4%	9.4	0	0.00
Mining, energy and water supply	342	3.1%	0.9	-20	-0.63
Manufacturing	880	8.1%	0.8	-55	-4.44
Construction	1,009	9.3%	1.5	-70	-6.48
Wholesale, retail and motor trades	1,294	11.9%	1.1	-50	-5.94
Transport and storage	287	2.6%	0.6	-35	-0.92
Accommodation and food services	747	6.9%	2.4	-85	-5.83
Information and communication	203	1.9%	0.3	-45	-0.84
Financial and insurance services	166	1.5%	0.2	-5	-0.08
Real estate	2,045	18.8%	1.3	-20	-3.75
Professional, scientific & technical activities	412	3.8%	0.5	-40	-1.51
Administrative and support activities	325	3.0%	0.6	-40	-1.19
Public administration and defence	632	5.8%	1.2	-20	-1.16
Education	562	5.2%	0.9	-90	-4.64
Human health and social activities	957	8.8%	1.2	50	4.39
Other services	335	3.1%	0.9	-60	-1.85
<b>Whole economy</b>	<b>10,894</b>	<b>100%</b>			<b>-34.87</b>

Source: OBR / ONS / UoP Amore model

The Centre for Progressive Policy has applied a similar approach to derive estimates of output lost at more localised geographies. The contribution of different sectors to the total loss in output is not provided as the data is unreliable at District authority level.

According to this analysis, seven of the fifteen local authority areas in the peninsular should expect to experience a loss in output greater than the national average (35%).

**Table 10: Output loss by District Authority**

	<b>Output Loss</b>	<b>Rank</b>
Sedgemoor	41%	76
Mid Devon	41%	78
West Devon	41%	86
Mendip	39%	127
South Hams	38%	158
South Somerset	38%	170
North Devon	38%	173
Plymouth	36%	233
Cornwall	34%	276
Torbay	34%	292
East Devon	33%	321
Exeter	32%	323
Isles of Scilly	32%	335
Somerset West and Taunton	30%	357

Source: Centre for Progressive policy

As previously stated, it is important to bear in mind that output loss does not immediately translate into hardship caused by loss of incomes and livelihoods as public sector jobs are largely protected (despite the assumed collapse in the output in Education) and the uptake of mitigation measures, like the Coronavirus Job Retention Scheme, varies across sectors. Output based assessments need to be considered alongside alternative approaches.

## **4.2 Jobs at Risk – Local Authorities**

The Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA) has adopted one such alternative. This involves multiplying the number of people employed in each sector in each local authority area<sup>15</sup> by the estimated percentage who have been furloughed in that sector (using data from BICS); and then dividing the outcome by the total number of jobs in each local area, to calculate the total proportion of jobs in that area that are at risk.

This approach produces some stark results for our area. Nine of the fifteen local authorities in the peninsular rank among the 10% of areas in England and Wales with the greatest proportion of jobs at risk. Six out of the 20 hardest hit areas in England and Wales (out of

<sup>15</sup> Available from the Business Register and Employment Survey (BRES) 2018 via NOMIS

370 local authorities in total) are in the HotSW and Cornwall & IoS LEP areas. Only the two major cities, Exeter and Plymouth, have a lower than average proportion of at risk.

**Table 11: Jobs at risk by Local Authority**

Local Authority	Percent at risk	Rank out of 370 (most at risk)	Area	Decile
West Devon	32%	7	Devon	1
Cornwall	31%	10	Cornwall	1
South Hams	31%	13	Devon	1
East Devon	31%	15	Devon	1
Torbay	30%	19	Torbay	1
Torridge	30%	20	Devon	1
Teignbridge	30%	21	Devon	1
North Devon	30%	25	Devon	1
Mid Devon	28%	56	Devon	1
Sedgemoor	28%	61	Somerset	2
Mendip	27%	72	Somerset	3
Somerset West and Taunton	26%	144	Somerset	4
South Somerset	26%	145	Somerset	4
Plymouth	26%	187	Plymouth	6
Exeter	23%	352	Devon	10

Source: RSA analysis of BRES & BICS data

Exeter's appearance at the bottom of this list reflects the fact that it has a larger than average proportion of (workplace based<sup>16</sup>) employment in Information & Communication, Human Health & Social Work, Education & Professional, Scientific & Technical Activities – the sectors with the lowest proportions of staff on furlough leave.

### 4.3 Jobs at Risk – Town & Cities

The Centre for Towns, in collaboration with researchers at the University of Southampton, has modelled the effect of the lockdown on towns and cities<sup>17</sup>. Their approach looks at the proportion of people in these small geographies who are employed in four narrowly defined industrial sectors that have been largely shut down in response to the crisis:

- Accommodation –hotels, B & B's, guest houses, campsites and caravan parks
- Arts & leisure - sports clubs, and arts & cultural institutions
- Non-food retail
- Pubs & restaurants

<sup>16</sup> This data considers impact on those employed in different locations, rather than those who live different locations. This may be different depending on the extent to which commuters and residents do different jobs.

<sup>17</sup> Ian Warren et al, Centre for Towns, April 23<sup>rd</sup> 2020. See <https://www.centrefortowns.org/reports/covid-19-and-our-towns>

Their analysis shows that a large number of coastal towns in our region have a very high proportion of people employed in these largely shutdown sectors. Indeed, eight of the twenty towns with the highest proportions of employees in these sectors in England and Wales are located in HotSW or Cornwall & IoS.

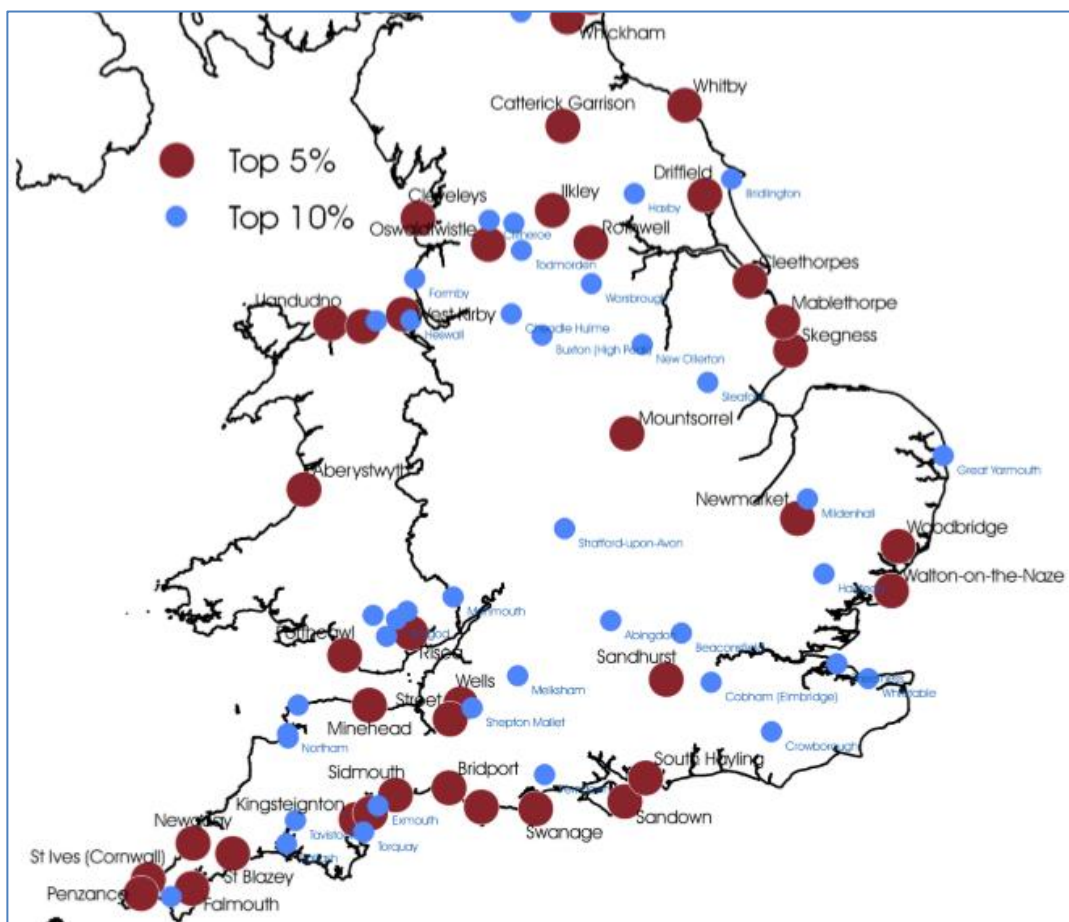
**Table 12: Local towns in top 20 for employees in shutdown sectors**

	Rank	%	Location
Newquay	1	56.2	Cornwall
St Ives	5	48.0	Cornwall
Minehead	6	48.0	Somerset
Kingsteignton	10	44.5	Devon
Sidmouth	13	43.4	Devon
Penzance	15	42.2	Cornwall
Falmouth	17	40.6	Cornwall
St Blazey	20	39.3	Cornwall

Source: Centre for Towns

The map below, taken from the Centre for Towns’ report, provides more detail. The prevalence of places in the top 5% to 10% of hardest hit areas in the peninsular is striking.

**Figure 7: Places with the highest exposure to COVID-19 shutdown**



Source: Centre for Towns

## 4.4 Impact on Vacancies

Looking at the number and nature of vacancies posted online provides a further, fairly up-to-date, picture of how the labour market is responding to the crisis. Using 'Labour Insights', we can look at how the volume and character of vacancies changed in the two months from February to April 2020.

During this period, vacancy numbers more than halved in both the HotSW and Cornwall & IoS areas, as they did across England as a whole

**Table 13: Change in vacancies, Feb 2020 v April 2020, HotSW**

	<b>Feb-20</b>	<b>Apr-20</b>	<b>% change</b>
England	511,764	236,550	-54%
HotSW	11,778	5,689	-52%
Cornwall & IoS	2,289	1,082	-53%

Source: Labour Insight Jobs (Burning Glass Technologies)

### 4.4.1 Vacancies in HotSW

Table 13 shows the volume and percentage change in vacancies within HotSW across a range of Burning Glass 'occupation families'<sup>18</sup>. A message that emerges from this analysis is that if it were not for the small fall in vacancies (10%) in the largest recruitment sector, Health Care & Nursing, the fall in vacancies across the rest of the economy would be 60%, rather than the 52% decline shown in the table above.

The largest falls in vacancies by volume (over 400 in each sector) were in Business Management Operations, Sales, IT (mainly Computer Support Specialists / helpdesk functions), Hospitality Food & Tourism, Education & Training, Engineering and Clerical & Administrative occupations. The occupation families with the greatest percentage decline in vacancies were Customer and Client Support (-81%) and Sales (-75%)<sup>19</sup>.

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<sup>18</sup> Burning Glass is the company behind the data tool. Occupation families group narrower occupations.

<sup>19</sup> Falls of more than 75% are also seen in Marketing & PR and in Agriculture Horticulture & the Outdoors, small sectors in which vacancy numbers can be volatile.



**Table 14: Vacancies, Burning Glass occupation family, Feb to April 2020, HotSW**

	Vacancies in February 2020	Vacancies in April 2020	Volume change	% Change
BGTOCC Family				
Business Management and Operations	1,004	319	-685	-68%
Sales	850	215	-635	-75%
Information Technology	800	333	-467	-58%
Hospitality, Food, and Tourism	755	291	-464	-61%
Education and Training	909	447	-462	-51%
Engineering	750	294	-456	-61%
Clerical and Administrative	614	166	-448	-73%
Finance	665	279	-386	-58%
Construction, Extraction, and Architecture	393	136	-257	-65%
Maintenance, Repair, and Installation	409	158	-251	-61%
Customer and Client Support	311	60	-251	-81%
Manufacturing and Production	364	150	-214	-59%
Transportation	312	112	-200	-64%
Law, Compliance, and Public Safety	419	234	-185	-44%
Health Care including Nursing	1,598	1,437	-161	-10%
Human Resources	245	87	-158	-64%
Marketing and Public Relations	116	29	-87	-75%
Design, Media, and Writing	116	37	-79	-68%
Planning and Analysis	170	96	-74	-44%
Science and Research	73	28	-45	-62%
Agriculture, Horticulture, & the Outdoors	36	8	-28	-78%
Personal Services	67	52	-15	-22%
Performing Arts	11	3	-8	-73%
Community and Social Services	466	501	35	8%

Source: Labour Insight Jobs (Burning Glass Technologies)

Table 15 drills down further, to examine the rate at which employment opportunities are disappearing in more narrowly defined occupations. The table selects the occupations (with more than 30 vacancies in Feb 2020) that saw the largest percentage fall in advertised vacancy numbers. It shows that vacancies across a range of roles in the hospitality sector, such as those for Bar Staff (-100%), Restaurant & Catering Managers (-91%), Chefs (-90%), have all but vanished. A range of front-of-house and customer facing occupations (Sports coaches and Instructors, Receptionists, Customer Service Occupations) have also largely disappeared, as have some construction, building and estates related occupations (Property & estate managers, Quantity surveyors and Elementary Construction Occupations).

**Table 15: Occupations (Standard Occupational Code) losing greatest number of Vacancies, Feb 2020 to April 2020, HotSW**

Occupation	Vacancies in February 2020	Vacancies in April 2020	Volume Change	% Change
Quality control and planning engineers	59	0	-59	-100%
Bar staff	36	0	-36	-100%
Restaurant and catering managers	35	0	-35	-100%
Receptionists	90	8	-82	-91%
Chefs	184	18	-166	-90%
Legal secretaries	60	8	-52	-87%
Draughtspersons	62	9	-53	-85%
Property, housing and estate managers	59	9	-50	-85%
IT user support technicians	154	24	-130	-84%
Senior profils of educational establishments	70	11	-59	-84%
Managers and directors in retail and wholesale	50	8	-42	-84%
Quantity surveyors	60	10	-50	-83%
Sports coaches, instructors and officials	36	6	-30	-83%
Elementary construction occupations	85	16	-69	-81%
Customer service occupations n.e.c.	278	53	-225	-81%

Source: Labour Insight Jobs (Burning Glass Technologies)

Care workers and home carers was the only occupation in which there was a significant rise in the number of advertised vacancies within HotSW over this period

Unsurprisingly, these changes are accompanied a significant change in the skills and qualifications that employers seek in job vacancies. Between February and April 2020:

- Working with a Patient or Condition became the most frequently sought skill
- Sales skills disappeared from the list of the top ten skill requirements
- The proportion of job vacancies looking for people with Cleaning skills doubled
- Four Health related skills appear in the 'top ten' in February compared to one in April.

**Table 16: Top ten skills sought in vacancies, HotSW, Feb 2020 v April 2020**

	Feb-20		Apr-20
Customer Service	12%	Working With Patient And/Or Condition	11%
Teamwork / Collaboration	11%	Teaching	10%
Teaching	8%	Teamwork / Collaboration	10%
Budgeting	7%	Customer Service	7%
Sales	6%	Cleaning	6%
Working With Patient And/Or Condition	5%	Budgeting	5%
Project Management	5%	Care Planning	5%
Accounting	4%	Nursing Home	4%
Key Performance Indicators (KPIs)	4%	Accounting	4%
Cleaning	3%	Midwifery	3%

Source: Labour Insight Jobs (Burning Glass Technologies)

#### 4.4.1 Vacancies in Cornwall & Isles of Scilly

The picture for Cornwall & IoS is not dissimilar. If we discount Health Care and Nursing, vacancies in other occupations fell by 63% in the two months between February and April 2020. If we further discount the fact that vacancies in Community and Social Services also held steady (an occupational family in which 'Personal care giver / aid' made up 70% of vacancies), the fall in vacancies across the rest of the economy rises to 66%.

The biggest falls in vacancies by volume were in Hospitality Food & Tourism, Sales and Business Management and operations. All three of these occupations also witnessed a fall in advertised vacancies of 80% or more. A large decline in recruitment activity was also seen in Customer & client support (-80%), Engineering (-75%), Clerical and Administrative (-73%) and HR (-76%) occupations.

**Table 17: Vacancies, Burning Glass occupation family, Feb to April 2020, Cornwall & IoS LEP**

	Vacancies in February 2020	Vacancies in April 2020	Volume change	% Change
BGTOCC Family				
Hospitality, Food, and Tourism	243	47	-196	-81%
Sales	182	35	-147	-81%
Business Management & Operations	176	35	-141	-80%
Clerical and Administrative	128	34	-94	-73%
Engineering	121	30	-91	-75%
Education and Training	234	147	-87	-37%
Finance	124	46	-78	-63%
Information Technology	90	33	-57	-63%
Customer and Client Support	70	14	-56	-80%
Maintenance, Repair, and Installation	69	25	-44	-64%
Human Resources	49	12	-37	-76%
Construction, Extraction & Architecture	62	27	-35	-56%
Health Care including Nursing	345	319	-26	-8%
Manufacturing and Production	46	26	-20	-43%
Transportation	38	24	-14	-37%
Personal Services	16	5	-11	-69%
Marketing and Public Relations	14	3	-11	-79%
Agriculture, Horticulture, & Outdoors	12	1	-11	-92%
Design, Media, and Writing	18	8	-10	-56%
Planning and Analysis	17	7	-10	-59%
Performing Arts	9	0	-9	-100%
Law, Compliance, and Public Safety	40	33	-7	-18%
Science and Research	7	1	-6	-86%
Community and Social Services	110	110	0	0%

Source: Labour Insight Jobs (Burning Glass Technologies)

The lower volume of vacancies in Cornwall & IoS means that we have to take a slightly different approach to looking recruitment activity by the narrower occupational bands.

Table 18 compares the SOC based occupational groups for which there was the largest number of advertised vacancies in February 2020 and April 2020.

Nurses and Care workers & home carers occupy the top two positions on both occasions. Recruitment activity for Nurses held steady while the advertised vacancies for Care workers and home carers grew significantly<sup>20</sup>.

Having been the third most advertised occupation in February, vacancies for Chefs has dried up to the point that they are missing from this list altogether in April. Other occupations (also shaded red) that disappear from the list by April are Other Administrative Occupations, Customer Service Occupations, Sales related Occupations, Managers and proprietors in other service, Kitchen and catering assistants and Chartered and certified accountants.

The occupations joining the list of those with the greatest number of vacancies in April are shaded in green. Although the volume of vacancies in all these occupations fell between February and April, apart from those for Security guards & related, demand held up (relative to other occupations) to the extent that they joined the list. Apart from Engineering technicians, they are all either health related (we can include Cleaners in this category), van drivers delivering goods or concern security, perhaps guarding shut down facilities. Also striking is that in April 2020, the seven occupations with the greatest number of vacancies were all public sector oriented. In February 2020, only two of the seven occupations at the top of the list could be considered to be public sector.

**Table 18: Most advertised occupations (SOC), Feb 2020 v April 2020, Cornwall & IoS**

	Feb 2020		April 2020
Nurses	138	Nurses	140
Care workers and home carers	102	Care workers and home carers	138
Chefs	73	Teaching assistants	40
Other administrative occupations n.e.c.	66	Teaching / educational professionals n.e.c.	29
Customer service occupations n.e.c.	58	Secondary education teaching professionals	28
Sales related occupations n.e.c.	58	Social workers	25
Managers & proprietors in other services n.e.c.	57	Nursing auxiliaries and assistants	24
Teaching assistants	48	Security guards and related occupations	19
Kitchen and catering assistants	47	Engineering technicians	18
Teaching / educational professionals n.e.c.	46	Medical practitioners	17
Secondary education teaching professionals	44	Van drivers	17
Chartered and certified accountants	42	Cleaners and domestics	16

Source: Labour Insight Jobs (Burning Glass Technologies)

As in HotSW, these changes in vacancies are accompanied a change in the most commonly advertised skill and qualification requirements.

<sup>20</sup> Potentially due to people leaving care homes, due to fears around the spread of Coronavirus in these settings.

- In April 2020, six of the top twelve skills/qualifications sought were health related, compared to just one in February
- The proportion of job advertisements advertising a requirement for Customer service skills halved (from 14% to 7%) between February and April while the requirement for Teamwork / Collaboration, (which may be particularly stressed in retail / business settings) also fell significantly
- The skills / qualifications that fell off the list, due the new emphasis on health-related skills, mainly related business operations and management (Accounting, Business development, Project Management & Administrative support).

**Table 19: Top ten skills sought in vacancies, Cornwall & IoS, Feb 2020 v April 2020**

	<b>Feb-20</b>		<b>Apr-20</b>
Customer Service	14%	Teaching	13%
Teamwork / Collaboration	11%	Customer Service	7%
Teaching	9%	Working With Patient And/Or Condition	6%
Sales	6%	Teamwork / Collaboration	6%
Working With Patient And/Or Condition	5%	Staff Management	6%
Budgeting	5%	Cleaning	5%
Accounting	4%	Faculty Training	5%
Staff Management	4%	Employee Training	4%
Cooking	4%	Autism Diagnosis / Treatment / Care	4%
Cleaning	3%	Midwifery	4%
Business Development	3%	Care Planning	4%
Project Management	3%	Nursing Home	3%
Administrative Support	3%	Patient Care	3%

Source: Labour Insight Jobs (Burning Glass Technologies)

## 4.5 Other Impacts

### 4.5.1 Unemployment

Unfortunately, local data on the extent to which the Covid-19 crisis has resulted in rising unemployment in different areas is not yet available.

Section 2.2.4 (above) described the dramatic week-on-week rises in Universal Credit Declarations seen at national level between the 16<sup>th</sup> March and 12<sup>th</sup> April. At local level, we only have data on Universal Credit Full Service Caseloads in Devon during March. The UK lockdown only began on 23<sup>rd</sup> March and it takes time for Universal Credit Declarations (applications) to feed into Caseload statistics. As a result, the rise in Caseloads between February and March 2020 is much more muted, ranging from 17% in Plymouth to 37% in Brixham, compared to the tenfold national rise in Declarations seen in the w/c 23<sup>rd</sup> March. That said, the rapid rise in Caseloads in Brixham, a centre for a fishing industry which is known to have been hard hit by the crisis, is a concern.

**Table 20: Devon Jobcentre Universal Credit Full Service Caseloads**

	Caseload		Change on Month	
	Feb-20	Mar-20	No	%
Barnstaple	3,861	4,758	897	23.2%
Bideford	2,181	2,732	551	25.3%
Brixham	1,100	1,505	405	36.8%
Devonport	7,163	8,356	1,193	16.7%
Exeter	7,412	9,494	2,082	28.1%
Honiton	1,926	2,359	433	22.5%
Newton Abbot	3,855	5,018	1,163	30.2%
Plymouth OTC	11,875	13,916	2,041	17.2%
Tiverton	1,824	2,336	512	28.1%
Torquay	5,837	7,091	1,254	21.5%
Totnes	1,344	1,679	335	24.9%
<b>Devon Totals</b>	<b>48,378</b>	<b>59,244</b>	<b>10,866</b>	<b>22.5%</b>

Source: DWP / Jobcentre

#### 4.5.2 Vulnerable groups

According to analysis from the Institute for Fiscal Studies<sup>21</sup>:

- **young people** are at greatest risk, with employees aged under 25 two and a half times as likely to work in a sector that has been shutdown<sup>22</sup>.
- **low income workers** are seven times as likely to work in a shutdown sector than high earners. At the extremes, one third of workers in the bottom ten percent of earners work in shutdown sectors compared to only 5% of the top 10%.
- **women** are approximately one third more likely to work in a sector that has now shut down than men. Overall, the analysis estimates approximately 15% of workers were in an affected sector on the eve of the crisis.
- **The self-employed** who on average earn less than employees and are who are more likely to work in jobs which will be negatively affected by the Covid-19 outbreak. Nationally nearly a million people are self-employed in retail, transport, leisure or 'personal services' such as cleaning and hairdressing, all of which are expected to slump over the coming weeks. Cornwall & IoS (21.5%) and HotSW (17.8%) both have a higher proportion of self-employed workers than the UK as a whole (15.3%). Prior to the introduction of the Self-employment Income Support Scheme, the Resolution Foundation was estimating that the self-employed stood to lose two-thirds of their earnings.

<sup>21</sup> <https://www.ifs.org.uk/publications/14791>

<sup>22</sup> This is supported by further analysis from the RSA which shows that younger workers, aged 16 to 24, are also nearly twice as likely to have been furloughed as middle aged workers.

### 4.5.3 Other local economic impacts

The impacts of the Covid-19 outbreak will be nuanced, varying from place to place due to local factors which are not reflected in the data presented above.

- Towns and cities with a high dependence on **fishing** are being hit by a collapse in demand for wet fish and demand from supermarkets that have closed wet fish counters<sup>23</sup>. Marine Management Organisation data shows that Newlyn, Plymouth and Brixham are the three largest fishing ports in England by catch value.
- Towns and cities, such as Crawley, with a high dependence on the **aviation** sector will be hard hit. The collapse of Flybe has already created close to 1,000 job losses and placed a further 800 direct jobs at Exeter airport at risk. Similarly, passenger **ferry ports**, such as Plymouth, will suffer as will those that have a dependence on the cruise industry.
- **University towns** and cities, particularly those with large numbers of international students, will be badly affected. Applicants from overseas students for courses starting in October 2020 have collapsed and some existing students may not return. Research by the University of Exeter suggests that in 2015/16, through fees and personal spending overseas students contributed £116m to the regional economy<sup>24</sup>. This impact will also be felt, to a lesser extent, in Plymouth.

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<sup>23</sup> See <https://www.theguardian.com/business/2020/mar/18/coronavirus-severe-shock-to-uk-fishing-as-markets-dry-up>

<sup>24</sup>

[https://www.exeter.ac.uk/media/universityofexeter/aboutusresponsive/documents/UoE Economic Impact 2017.pdf](https://www.exeter.ac.uk/media/universityofexeter/aboutusresponsive/documents/UoE_Economic_Impact_2017.pdf)

## 5. CONCLUSIONS

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HotSW and Cornwall & IoS LEP areas are in the midst of a profound economic shock, potentially the deepest in 100 years. A large part of the region's economy has been shut down and areas with a high level of dependence on shutdown sectors - accommodation, food & drink, leisure, travel and non-essential retail - are particularly hard hit.

While much is uncertain about the progression of the pandemic and the lifting of the lockdown, coastal towns and other areas that depend on tourism may face the prospect of having to survive 'three winters' if visitors are required to stay away this summer. If that proves the case, many businesses may not survive and the secondary economic effects - rising unemployment, lower business and consumer confidence - may eliminate the prospects of a rapid recovery.

Of course, the impacts of the crisis go far beyond the external visitor economy. Towns and cities with high streets that have responded to the online shopping revolution by reshaping themselves as 'destinations' will also struggle until the public is fully confident that social distancing is no longer required. Exeter has lost over 15% of its population, due to students returning home.

The real estate and construction sectors, which have been important contributors to regional growth in the recent years, are also badly affected. In the short-term, the difficulty of continuing to work with safe social distancing has closed many projects. The longer-term prospects are also uncertain as the sector, which is always vulnerable during downturns, may have to adapt lasting consequences of crisis caused, for example, by the near total collapse in the residential property market during lockdown.

Manufacturing too has been hard hit, with the fortunes of individual enterprises determined both by the resilience of demand in their marketplace and each enterprise's ability to supply that market with production staff safely distanced. Manufacturers supplying the mass transit and air passenger sector face a particularly uncertain future.

Whether there will be any positive economic consequences of the crisis, it is too early to tell. Cities that are home to hospitals, local authority offices, colleges and other public services are likely to fare better, in the short term at least, than areas with very low levels of public sector employment. It is conceivable that a growth in home working or a move towards a greater spatial distribution of smaller work-places, could benefit the region or rural areas within it, if that proves a long-term consequence of this crisis. However, that is conjecture.

What we do know is that the short-term impacts the Covid-19 crisis are severe and will be felt in different ways across geographies, sectors and demographic groups. We also know that a massive and coordinated effort, informed by local knowledge, will be key to minimising the economic damage and shaping the recovery in different sectors and areas. The purpose of this report is to shed light on impact of the crisis our region in order to assist those working towards that recovery.