

Adur and  
Worthing  
Covid 19  
Economic  
Impact  
Update  
December 2020



## 1. Introduction

1.1 The Adur and Worthing Covid 19 Economic Impact Report July 2020 was commissioned to provide an early assessment of the likely impact of the Covid 19 Pandemic on the local economies of Adur and Worthing. The study was structured in four parts:

- The context of the crisis, forecasts of the likely impact from official sources and early emerging evidence of the effects of reduced demand due to lockdown
- A baseline of the Adur and Worthing economy and labour market and of five subgeographies, Worthing Central, the Worthing Arc (Goring, Durrington, Findon and Salvington), Lancing and Sompting, Shoreham and Southwick were data were available
- Emerging evidence of the impact of the Covid 19 crisis at local level
- Outlook and implications for the Adur and Worthing economies including the key sectors of manufacturing, creative industries and the visitor economy

### Key findings

1.2 The key findings in July 2020 were:

- The sectoral make up of Adur and Worthing economies indicated some resilience to the economic fallout due to the presence of knowledge-based sectors such as *Information & Communication* and *Business Administration* as well as a relatively large *Health* sector which was predicted to show growth as a result of the pandemic. However, Adur and Worthing's dependence on *Construction*, *Wholesale* and *Transport* was expected to make the local economy and labour market more vulnerable.

- Nearly a quarter of Adur and Worthing's jobs were in shut down sectors which were then emerging from the first lockdown including 3,000 jobs in *Non-food Retail* and 4,000 in *Accommodation & Food Services*. Although these are sectors where the Government's Job Retention Scheme (JRS) or "furlough" scheme provides support, it was not known how many of these businesses would be viable, post lockdown, given social distancing and other requirements.
- At the time of the July 2020 report, a rapid rise in unemployment was already in evidence in Adur and Worthing and was disproportionately affecting young people.

1.3 This update report has been produced to provide an assessment of the impact of the Covid 19 crisis using a number of key metrics where recent data is available.

## 2. Methodology

2.1 This update focuses on a small number of key metrics and compares them to the results in the July 2020 report to provide an indication of how the effects of the Covid 19 crisis are developing in Adur and Worthing. The four key metrics are:

- Take up of the Corona Virus Job Retention Scheme (CJRS)
- Unemployment
- Vacancies
- National economic performance and estimate of the local impact on Adur and Worthing

2.2 The metrics have been designed to focus on the areas where the short term impact will be most visible and also where data are regularly updated. Some, but not all, datasets are available for the sub geographies and this level of analysis has been included where possible.

### 3. Take up of the Corona Virus Job Retention Scheme (CJRS)

3.1 Nationally, the CJRS scheme reached its peak in May 2020 when nearly 9 million people were on the scheme. By the end of September 2020, it had fallen to just over 2.4 million as lockdown eased at the end of June and financial support was tapered off<sup>1</sup>.

3.2 Between June and September, the number of employees in West Sussex who were furloughed declined markedly, falling from 107,800 employees on the Corona Virus Job Retention Scheme (CJRS) in June to 37,100 at the end of September a fall of nearly 66%. In Adur and Worthing the rate of decline was even higher with approximately 70% fewer employees on the CJRS in September 2020 than in the previous June. Table 1

	CJRS June 2020	CJRS Sept 2020	Change no.s	Change %age
West Sussex County	107,800	37,100	-70,700	-65.58
Adur	7,400	2,200	-5,200	-70.27
Arun	19,000	5,600	-13,400	-70.53
Chichester	13,800	4,400	-9,400	-68.12
Crawley	20,000	9,000	-11,000	-55.00
Horsham	17,400	6,000	-11,400	-65.52
Mid Sussex	18,000	6,200	-11,800	-65.56
Worthing	12,200	3,700	-8,500	-69.67

Table 1: Change in employees on the Corona Virus Job Retention Scheme (CJRS) i.e. furloughed between June and September 2020 in West Sussex local authorities. Source: HMRC CJRS statistics November 2020

3.3 Adur experienced a decrease of 5,200 employees furloughed while in Worthing it was 8,500. The percentage of the working age population on furlough, has declined from 19.9% to 5.9% in Adur while in Worthing it has changed from 18.5% in June to 5.6% in September. Figure 1

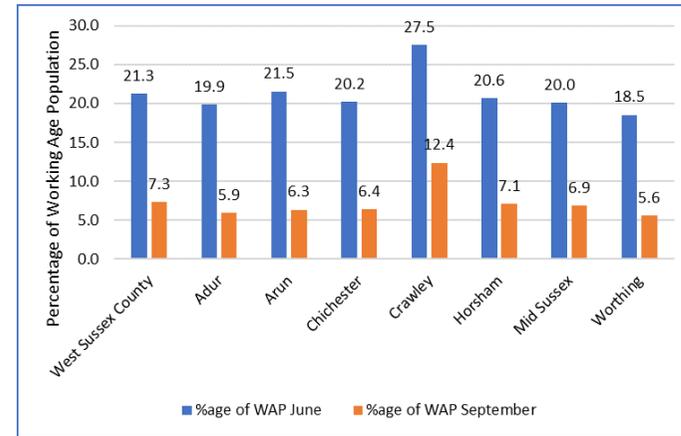


Figure 1: Change in percentage of working age population on CJRS between June and September 2020 in West Sussex local authorities. Source: HMRC CJRS statistics November 2020

<sup>1</sup> 1.1 Figures from October onwards are not yet available as the data has not yet been processed. The next release is expected on December 17th 2020.

3.4 CJRS statistics are not released by sector and by local authority. National trends can provide some indication of what is likely to be happening at local level. Nationally, in September, the sector with the highest proportion of its workforce furloughed was *Arts, Entertainment & Recreation* with 23%, followed by the *Accommodation & Food Services* sector with 22% of the workforce on the CJRS scheme.

3.5 Nationally, 45% of employers in the *Arts, Entertainment & Recreation* sector were using the furlough scheme at the end of September as were 41% of employers in *Accommodation & Food Services*. Manufacturing was in third place This changed from the order at the end of June when, nationally, the highest percentage of employers furloughing was in *Accommodation & Food Services* followed by *Manufacturing*. Figure 2 and Table 2

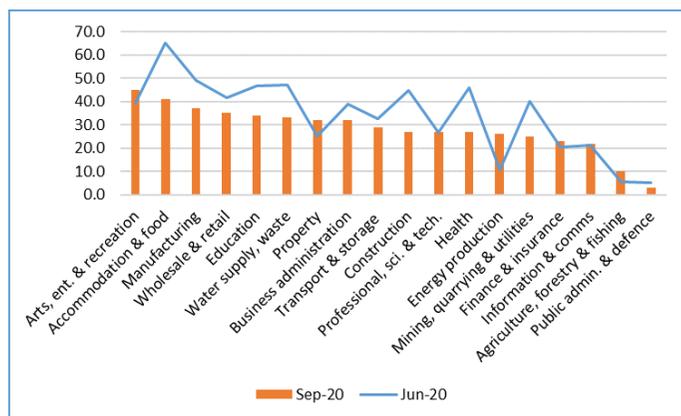


Figure 2: Percentages of employers furloughing by sector in the UK June 2020 and September 2020  
Source: HMRC CJRS Statistics November 2020

3.6 If the local trends are similar to the national trends, the Worthing Arc’s relatively high level of *Arts, Entertainment & Recreation* may mean a higher level of furloughing in this sector as will Shoreham’s dependence on *Accommodation & Food* employment. Lancing & Sompting’s and Southwick’s concentration of *Manufacturing* jobs are also likely to see higher levels of workers furloughed<sup>2</sup>.

	Jun-20	Sep-20
Arts, ent. & recreation	39.4	45.0
Accommodation & food	65.0	41.0
Manufacturing	49.1	37.0
Wholesale & retail	41.6	35.0
Education	46.8	34.0
Water supply, waste	47.2	33.0
Property	25.1	32.0
Business administration	38.8	32.0
Transport & storage	32.8	29.0
Construction	44.9	27.0
Professional, sci. & tech.	26.8	27.0
Health	46.1	27.0
Energy production	10.8	26.0
Mining, quarrying & utilities	39.8	25.0
Finance & insurance	20.6	23.0
Information & comms	21.0	22.0
Agriculture, forestry & fishing	5.6	10.0
Public admin. & defence	5.3	3.0

Table 2 Table 2 Percentages of employers furloughing by sector in the UK June 2020 and September 2020  
Source: HMRC CJRS Statistics November 2020

<sup>2</sup> See July 2020 Impact Report for breakdown of employment in the sub geographies

## 4. Unemployment

4.1 Unemployment is measured through the Annual Population Survey (APS) on a quarterly basis. The latest available data is for June 2020 which does not provide sufficiently up to date data, confidence levels at local level are not high as survey samples are small and the data are not, in any case, available for Adur.

4.2 Claimant count data are, however, available at local authority district level and are updated monthly. The Claimant Count includes people claiming Job Seekers' Allowance as well as those who are claiming Universal Credit who are unemployed. The Adur and Worthing Covid 19 Impact Report in July commented on the very rapid increase in Claimant Count between February and mid May, particularly in Adur with an increase of 75% although Worthing also saw a significant increase of over 50% in the February to May period.

4.3 The latest figures show that the Claimant Count figures continued to rise rapidly until the end of May when they stood 2,400 in Adur and 2,930 in Worthing a rise of 180.7% in Adur and 143.1% in Worthing between February and the end of May 2020. Table 3

Date	West Sussex	Adur	Worthing
February 2020	10,030	855	1,660
March 2020	10,175	855	1,670
April 2020	19,830	1,635	2,930
May 2020	27,505	2,400	4,040
June 2020	25,440	2,185	3,745
July 2020	26,270	2,240	3,860
August 2020	27,325	2,375	3,970
September 2020	27,305	2,335	3,945
October 2020	26,540	2,250	3,720
<b>Total change</b>	<b>16,510</b>	<b>1,395</b>	<b>2,060</b>
<b>Total %age change</b>	<b>164.61%</b>	<b>163.16%</b>	<b>124.10%</b>

Table 3: Change in Claimant Count numbers in West Sussex, Adur and Worthing between February and October 2020

Source ONS Claimant Count data

4.4 In June 2020, Claimant Count numbers declined for the first time and then more or less stabilise so that the total increase between February and October was 1,395 or 163.1% in Adur and 2,060 or 124.1% in Worthing. This trend can be seen clearly in Figure 3 which plots the month by month percentage change in the claimant count. West Sussex, Adur and Worthing all follow a similar trajectory. Figure 3

Adur and Worthing Covid-19 Economic Impact: Update December 2020

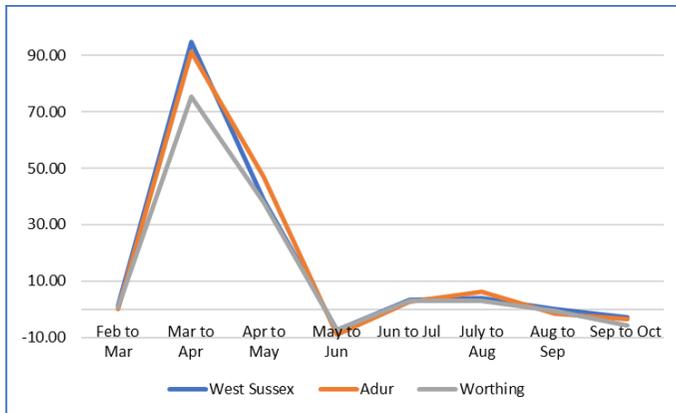


Figure 3: Percentage change in Claimant Count in West Sussex, Adur and Worthing between February and October 2020  
Source ONS Claimant Count data

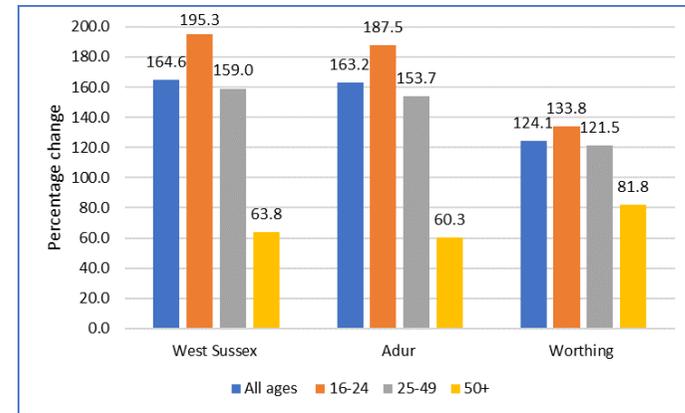


Figure 4: Percentage change in the Claimant Count between February and October 2020 in West Sussex, Adur and Worthing by age group  
Source: ONS Claimant Count data

- 4.5 The evidence suggests that there were initially quite high numbers of people losing their jobs as lockdown started and that this was then followed by a slowing down from June onwards in the rate of increase, once the initial shock was over.
- 4.6 Nevertheless, the Claimant Count still stands significantly above its pre-lockdown levels at 5,970 in Adur and Worthing compared to its pre-pandemic level of 2,515.
- 4.7 The 16-24 age group has seen the greatest percentage increase in the Claimant Count numbers in West Sussex and in both Adur and Worthing. The greatest numerical change has been in the 25-49 age group in Worthing Figure 4 and Table 4

	West Sussex	Adur	Worthing
All ages February	10,030	855	1,660
All ages October	26,540	2,250	3,720
<b>Change no.s</b>	<b>16,510</b>	<b>1,395</b>	<b>2,060</b>
Age 16-24 Feb	1,705	160	325
Age 16-24 Oct	5,035	460	760
<b>Change no.s</b>	<b>3,330</b>	<b>300</b>	<b>435</b>
Age 25-49 Feb	5,535	475	885
Age 25-49 Oct	14,335	1,205	1,960
<b>Change no.s</b>	<b>8,800</b>	<b>730</b>	<b>1,075</b>
Age 50+ Feb	2,790	220	450
Age 50+ Oct	7,165	585	1,000
<b>Change no.s</b>	<b>4,375</b>	<b>365</b>	<b>550</b>

Table 4: Numerical change in the Claimant Count between February and October 2020 in West Sussex, Adur and Worthing by age group  
Source: ONS Claimant Count data

4.8 At the local level, Worthing Central has seen the highest numerical increase overall among the five sub-geographies while the biggest percentage increase has been in Shoreham 16-24 year olds, although the number in this age group is small. Table 5 and Figure 5

	All ages	Age 16-24	Age 25-49	Age 50+
Lancing and Sompting	620	140	305	175
Shoreham	330	50	190	90
Southwick	445	115	235	95
Worthing Arc	950	220	485	250
Worthing Central	1,110	215	595	295
Column Total	3,455	735	1,805	910

Table 5: Numerical change in the Claimant Count between February and October 2020 in the five sub geographies by age group  
Source: ONS Claimant Count data

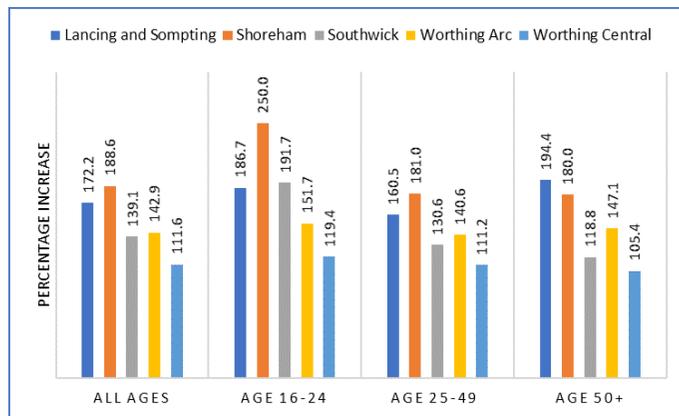


Figure 4: Percentage change in the Claimant Count between February and October 2020 in the five sub geographies by age group  
Source: ONS Claimant Count data

## 5. Vacancies

5.1 In addition to unemployment, vacancy data provides another reasonably up-to-date indication of the performance of the labour market at local level. Adur has seen a drop of 31.9% in the year to October and Worthing has experienced an even greater fall of 42.7%, possibly due in part to its high dependence on non-food retail. Table 6

	W/e 11 Oct-20	Change since March	Change in last 15 month	Year on year change
Adur	310	-38.40%	-7.20%	-31.90%
Arun	732	-1.90%	13.70%	-21.70%
Chichester	1,735	-37.30%	10.30%	-46.70%
Crawley	1,268	-46.20%	13.50%	-53.10%
Horsham	1,034	-39.90%	-7.20%	-46.80%
Mid Sussex	950	-49.70%	1.40%	-53.80%
Worthing	661	-23.60%	20.80%	-42.70%

Table 6: Current vacancies and percentage change in the local authorities in West Sussex  
Source: Monthly vacancy analysis: Vacancy trends to week-ending 11 October 2020 Institute for Employment Studies.

5.2 There are early signs of a possible recovery in vacancies in Worthing where there has been a positive increase of 20.8% in the month, although Adur has experienced a monthly fall, one of only two local authorities in West Sussex to do so. Figure 6

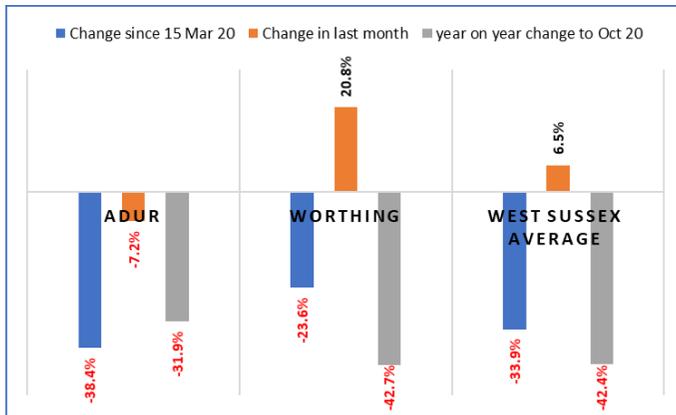


Figure 6: Percentage change in Adur, Worthing and West Sussex vacancies in month and year to October 11th 2020  
 Source: Monthly vacancy analysis: Vacancy trends to week-ending 11 October 2020  
 Institute for Employment Studies

## 6. Economic impact

6.1 A key question is have businesses in shut down sectors reopened successfully following the easing of lockdown or have many found it difficult to resume given the restrictions? Statistics seem to suggest that company insolvency figures are lower than the same period last year. Figure 7

6.2 The Insolvency Service assumes that this is driven by the range of government support put in place to support to companies in response to the coronavirus (COVID 19) pandemic. The government also announced in late April that it would temporarily prohibit the use of statutory demands and certain winding-up petitions from which has since been extended to 31 December 2020. A similar fall has been seen in individual insolvencies which is also attributed to government support during the pandemic, reduced HMRC enforcement activity and slowing down of the court system.

6.3 This leads to the possibility that companies on the margins of viability and individuals who are technically insolvent have been kept afloat during the pandemic and that there will be a delayed impact until support ceases.



Figure 5: Monthly Insolvency Statistics October 2019 to October 2020  
 Source: The Insolvency Service

### Output

6.4 The Office for Budget Responsibility (OBR) has recently revised its forecast for the economy between January 2020 and March 2021, taking into account the improvements in output over the summer since lockdown eased and the prospect of a relaxation of the Covid-19 restrictions following the development of a vaccine.

6.5 They caution, however, that the lack of a trade deal and reversion to trading on WTO rules will have a negative effect on output next year. Nevertheless, the OBR's forecast for January 2020 to March 2021 shows a lower negative impact on output than was originally predicted in April 2020.

6.6 The OBR’s revised sectoral forecast weighted for Adur and Worthing sectoral makeup and the implications for output are in Figure 8 below.

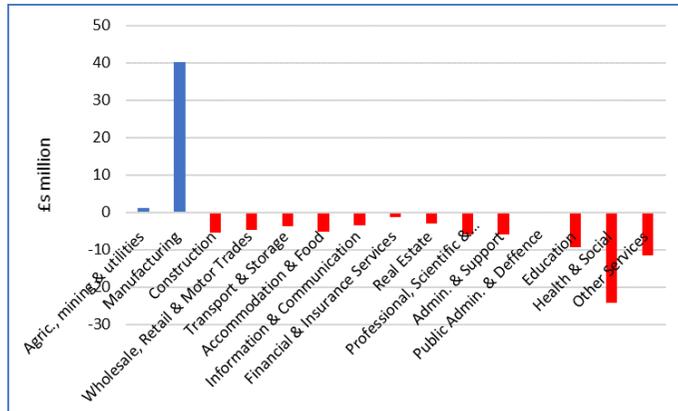


Figure 7: Forecast impact on output £m per quarter in Adur and Worthing  
 Source: Economic and Fiscal Outlook November 2020 OBR

6.7 Although this forecast at local level is indicative only, should be treated with great caution and will need to be revised as soon as actual data are available, this shows the positive benefit of having a strong and productive manufacturing sector. However, *Health & Social Work* which was predicted to show positive growth in the OBR’s original forecast, is now expected to shrink over the period.

6.8 The indicative forecast for Adur and Worthing separately is given in Table 7 below. Again, this should be treated with great caution as local level figures on output are not highly reliable. The positive outlook for *Manufacturing* and, to a lesser extent, *Agriculture, Mining & Utilities* are accounted for by the presence of major productive companies in Worthing. Table 7

	Adur	Worthing
Agric., mining & utilities	-0.21	1.80
Manufacturing	-2.37	58.61
Construction	-1.85	-2.81
Wholesale, Retail & Motor Trades	-0.21	-3.54
Transport & Storage	-1.47	-2.29
Accommodation & Food	-1.69	-3.43
Information & Communication	-1.28	-1.80
Financial & Insurance Services	-0.46	-0.85
Real Estate	2.55	-4.10
Professional, Scientific & Technical	-2.19	-2.29
Admin. & Support	-1.74	-4.27
Public Admin. & Defence	-0.11	0.29
Education	-2.74	-6.21
Health & Social	-3.67	-18.58
Other Services	-4.09	-7.38
<b>Total</b>	<b>-21.53</b>	<b>3.15</b>

Table 7 Forecast impact on output £m per quarter in Adur and Worthing  
 Source: Economic and Fiscal Outlook November 2020 OBR

## 7. Emerging conclusions

- As the country emerged from the first lockdown, the numbers of workers on the CJRS scheme declined by 70% in Adur and Worthing between June and September 2020.
- 5,900 workers were furloughed in September 2020 in Adur and Worthing compared to 19,600 in June 2020.
- The July impact report commented on the very rapid rise in Claimant Count unemployment with a 75% increase in Adur and a 50% increase in Worthing between February and mid May 2020. The rapid increase continued until end of May,
- In June 2020, the numbers of unemployed declined for the first time since the beginning of lockdown and then more or less stabilise. However, numbers remained high overall with an increase of 1,395 or 163% in Adur and 2,060 or 124% in Worthing since the beginning of the crisis.
- The 16-24 age group has seen the greatest percentage increase (particularly in Shoreham) but the greatest numerical increase was in the 25-49 age group.
- Vacancies have fallen dramatically in the year to October 2020. Adur has seen a drop of 31.9% in the year to October and Worthing has experienced an even greater fall of 42.7%, possibly due in part to its high dependence on non-food retail.
- There are early signs of a possible recovery in vacancies in Worthing where there has been a positive increase of 20.8% in the month, although Adur has experienced a monthly fall, one of only two local authorities in West Sussex to do so.
- Insolvencies have fallen but it is possible that companies and individuals on the brink of insolvency have been kept afloat by the government support available and that the true scale of the economic impact will not be felt until the support ends.
- National forecasts of the economic impact have been revised upwards as the effects of the improvement in the economy once the first lockdown ended were taken into account. The revised forecasts indicate that Adur and Worthing will see

some growth in manufacturing. However, this primarily due to the presence of major productive companies in Worthing.

- In any case, the local forecasts must be treated with great caution as the economic situation is highly volatile, particularly in the light of a as a second national lockdown is now increasingly likely.
-