



Agenda Item No: 3.1

Covid-19 Impact Assessment Report

To: Business Board

Meeting Date: 19 July 2021

Public report: Yes

Lead Member: Chair of the Business Board, Austen Adams

From: Director for Business & Skills, John T Hill

Key decision: No

Recommendations: The Business Board is recommended to:
Note the Covid-19 Impact Assessment Report.

1. Purpose

- 1.1 To present the latest Covid-19 Impact Assessment Report to the Business Board for comment and discussion.

2. Background

- 2.1 In August 2020, an Integrated Business & Skills Insight & Evaluation Programme and its commissioning was approved by the Combined Authority Board. This programme included the detailed econometric assessment of COVID-19 impacts on the economy in the short to medium term. This work was undertaken by Metro Dynamics.
- 2.2 The first Covid-19 Impact Assessment was presented to the Business Board in September 2020. A further assessment has been undertaken for June 2021 and is attached as Appendix 1. The Business Board are receiving this latest Covid-19 Impact Assessment in advance of a full refresh of the Local Economic Recovery Strategy (LERS) to keep a regular, 6 monthly interval and visibility on the impacts. The previous assessment and impact analysis was undertaken for the LERS refresh back in March 2021.
- 2.3 The next revision of the LERS will be produced in November 2021 with refreshed strategy and interventions following the next impact assessment when we know more about:
 - The trajectory of the pandemic, including the ongoing efficacy of vaccines and the emergence of potential new variants;
 - How Government support will taper off and be unwound over the remainder of 2021, and plans / strategies to support ongoing economic recovery;
 - The extent to which the crisis has caused a structural rise in unemployment following the conclusion of the Furlough scheme and other labour market support;
 - Rates of return to work and emerging paths to recovery in key sectors, including a better understanding of the pandemic's impacts on Cambridgeshire and Peterborough's priority sectors.

3. Summary of Report Findings

- 3.1 It is nearly eighteen months into the Covid-19 pandemic and resulting economic crisis. The long term impacts of the crisis are still uncertain and projections of the future trajectory of our economic response vary enormously, based on the potential for new variant strains, the effectiveness of vaccines at containing them, uncertain Government policy and changing public behaviour among other factors. We can, however, assess the impact on the Cambridgeshire and Peterborough economy over the last 18 months. That is what this report seeks to set out, focusing on the evolving public health context and resulting impacts on businesses and labour markets.
- 3.2 Across Cambridgeshire & Peterborough to 5th July 2021 there have been 47,000 cases and 1,661 deaths. Cases reached a new peak in mid-January and steadily declined until May when case numbers began to rise again, following the national pattern. Cases are

concentrated in relatively deprived urban areas, particularly in Peterborough, which has seen the highest absolute number of cases at 16,000 and also the highest concentration of confirmed cases, at 8,200 per 100,000 people.

- 3.3 The vaccine rollout is helping to contain the pandemic. In England, by 5th July 76% of adults had received their first dose and 57% their second; within Cambridgeshire & Peterborough 74% of adults had received their first dose and 54% their second. Rates of vaccination vary across the region, with the cities of Peterborough and Cambridge reporting significantly lower coverage, largely as a result of their younger populations.
- 3.4 Partly as a consequence of the successful vaccine rollout, projections for the UK's economic growth are being revised upwards. The Office of Budget Responsibility (OBR) now expects the UK economy to return to pre-pandemic levels sometime in 2022, with unemployment to peak in late 2021. That said, this faster bounce back in economic activity is not expected to translate into a fuller economic recovery. The national economy is still expected to be 3% smaller in 2025 than it would have been without the pandemic.
- 3.5 A recovery also appears to be underway in Cambridgeshire & Peterborough, aided by recovery in construction, manufacturing and retail sectors, though at the end of 2020 the economy remained 7.6% smaller than it was before the onset of the pandemic – a near £500m fall in output. The scale of the fall in output varies across local economies, ranging from a 5% reduction in Fenland to 10% in Cambridge, based on the concentration of more-affected sectors in each place.
- 3.6 The most significant effects of the pandemic have been on retail, hospitality and entertainment businesses. Particularly impacted by lockdown restrictions and having to adapt fast to lockdown restrictions and changing consumer preferences, we are nevertheless seeing signs of recovery in these businesses. Prior to the pandemic 104,000 people in Cambridgeshire and Peterborough were employed in entertainment, hospitality and retail sectors – around one in four workers. Although job losses at the start of the pandemic were concentrated in these sectors, many businesses are now reporting difficulties hiring staff. A particular challenge is to fill jobs previously commonly held by workers from the EU and elsewhere who have left the UK over the course of the pandemic.
- 3.7 As consumer confidence has grown the business environment has gradually improved, with more than 90% of businesses now trading an increasing number reporting improved profits. The crisis has required businesses across all sectors to adapt and invest, which in the medium term should result in raised productivity, though the scale of the impact remains to be seen.
- 3.8 Employment support schemes (particularly the Coronavirus Job Retention Scheme, 'furlough') have continued to act as an effective break on increasing unemployment. Across Cambridgeshire and Peterborough nearly 40,000 workers were still furloughed at the beginning of May 2021 and at least 30,000 more people are on Universal Credit now than before the pandemic.
- 3.9 Despite this support flowing to lower-income households, the overall impact of the crisis is a deeply unequal one. There is a clear correlation between areas of pre-existing deprivation and the incidence of Covid-19 cases and deaths, as well as correlated increases in new Universal Credit claims. The pattern is most pronounced in the city of Peterborough and the market town of Wisbech in Fenland, but also in Soham, St Neots and parts of Cambridge, where relatively high levels of deprivation are matched by relatively high levels of Covid-19

cases and deaths and increases in Universal Credit claims. The unequal impacts of the crisis seem likely to spill over into an unequal recovery, with deprived people and places again disproportionately the most affected.

- 3.10 The Cambridgeshire and Peterborough Local Economic Recovery Strategy sets out the partners' current response to the crisis, and the issues which this Impact Assessment sets out. This report provides insight and analysis to support the ongoing iteration and development of the approach laid out in the LERS.

Significant Implications

4. Financial Implications

- 4.1 None.

5. Legal Implications

- 5.1 None.

6. Other Significant Implications

- 6.1 The Cambridgeshire and Peterborough Local Economic Recovery Strategy sets out the region's planned response to the crisis. This report provides information and analysis in support of the strategy laid out in the LERS. This report does not seek to evaluate the effectiveness of the LERS in aiding local recovery and renewal.

7. Appendices

- 7.1 Appendix 1 – Covid-19 Impact Assessment Report (July 2021)

8. Background Papers

- 8.1 [Combined Authority Board report, 5 August 2020. Agenda Item No: 5.2 - Integrated Economic, Business and Skills Insight](#)
- 8.2 [Business Board report, 15 September 2020. Agenda Item No: 3.1 - Covid-19 Evidence & Insight Report](#)