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Focus on: Covid-19 Impacts

Quarterly publication prepared by
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We welcome your comments and feedback.

FOREWORD

Karen Reid
Chief Executive
Perth & Kinross Council



Welcome to the quarterly Economic Journal. The current issue focusses on the early signs of how the Covid-19 virus has impacted our local economy. I recognise this is a worrying time for businesses as the impact of the restrictions start to unfold, and the economic impact becomes clearer. Together with members of the local Covid 19 Business Taskforce, the Council is working to offer support, advice, and collective action to get our local economy back on its feet as quickly as possible.

I have also seen some remarkable stories of resilience and entrepreneurial thinking over the past few months, with some of our local businesses providing new products or services, or quickly managing to find innovative ways to serve customers. This can-do spirit is reassuring, and lies at the heart of our assertion in these challenging time that 'Everybody has something to offer'. Businesses in Perth and

Kinross have an important role to play in helping our communities to come together, now more than ever. So, while there is sobering reading in this Journal, and there may still be a difficult road ahead, collectively we can build back a better Perth and Kinross.

Perth, 3 July 2020

INTRODUCTION

The initial impacts of the very sudden and severe economic downturn as a result of the Lockdown on many businesses are starting to emerge. This edition of our Journal will highlight a number of areas where the early signs of an economic downturn and recession are being felt. We have seen a sharp rise in unemployment and significant numbers of the workforce across Perth and Kinross furloughed. Unfortunately a number of businesses have started to make redundancies or very sadly close. Many development projects are on hold or have been cancelled, and there has been a significant slow down in both Building Warrant and Planning applications.

A report published on 2 July 2020 by the Scottish Chambers of Commerce reports business confidence at a record low, and our own recent Business Barometer mirrored this, with over 80% of local businesses reporting

significant reductions in income. Early in March, we established a Covid 19 Business Taskforce comprising the Council, Perthshire Chamber of Commerce, Federation of Small Businesses, Business Gateway, Growbiz, Perth Traders Association and the Perthshire Tourism Partnership. The taskforce has coordinated and highlighted the support available locally for businesses and communicated through our regular business bulletin, which has been well received.

Our focus now is very much on planning for economic recovery and supporting our communities through these uncharted waters. We will continue to monitor and report on the local impacts as we emerge from lockdown and move forward.

HIGHLIGHTS

- 4,340 people were claiming Universal Credit in May. **Claimant Count rate more than doubled** in the 2 months since lockdown began.
- The impact of the Pandemic on the numbers of people claiming Universal Credit in **Perth City was slightly higher than the Scottish average.**
- However, the Pandemic-related restrictions are having a **proportionately higher impact on the working age population in the rural areas** of Perth & Kinross, than in Perth City.
- **30.8% of Perth & Kinross workforce were furloughed**, above the Scottish level at 25%.
- The value of building works covered by a Building Warrant **contracted by 80.1%.**
- In the Business Barometer survey of over 1,000 local businesses, **80% of respondents reported a loss of income, and 20% indicated they will cut jobs.**

UNIVERSAL CREDIT CLAIMANT COUNT RATE, MAY 2020

The impact of the COVID-19 Pandemic on the local working age population was clearly reflected in the strain on the benefit system. **Universal Credit Claimant rate more than doubled** in the 2 months since lockdown began.

Of all Scottish local authority areas, Perth & Kinross had **6th lowest Claimant Count rate** in May. The lowest rate, in Orkney Islands, was 3.1%. The highest rate was in North Ayrshire at 8.6%.

Of neighbouring local authority areas, Stirling had a rate of 5.1%, Angus 5.4% and Dundee City 7.2%.

There were 4,340 people claiming Universal Credit in May in Perth & Kinross area, and 215,240 in Scotland.

4.7%

PERTH AND KINROSS RATE

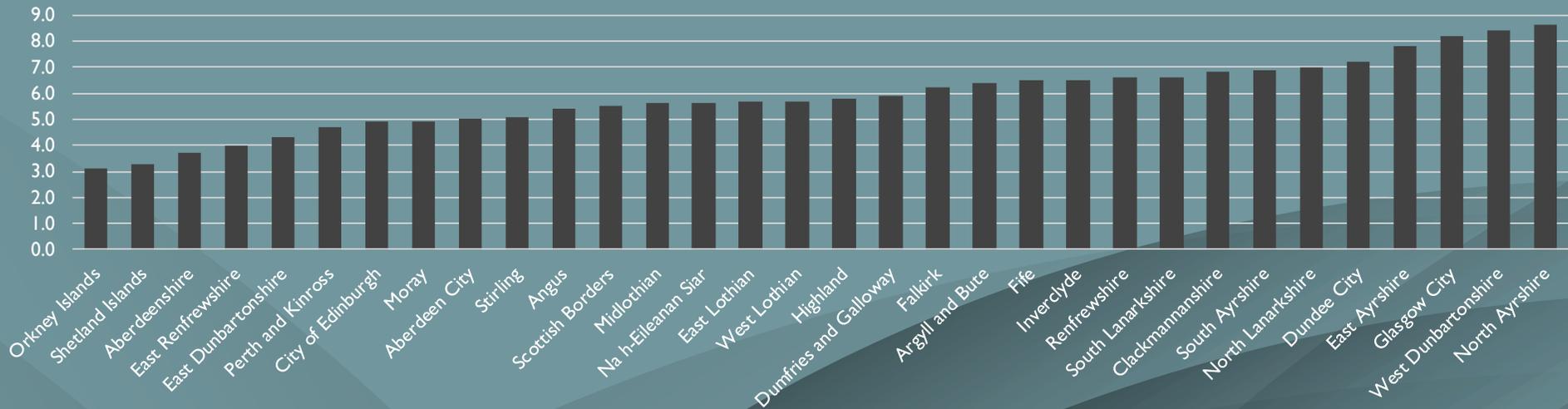
6.2%

SCOTLAND RATE

4,340

PEOPLE CLAIMING UNIVERSAL CREDIT IN PERTH AND KINROSS

Source: NOMIS



UNIVERSAL CREDIT CLAIMANT COUNT RATE, JANUARY - MAY 2020

The brunt of the increase in numbers was seen in the month of April. Perth & Kinross rate **increased by 1.9 percentage points in April**, and by a further 0.8 percentage point in May.

The Universal Credit rate in Perth City increased by 1.8 percentage points in April and by a further 0.9 percentage point in May.

The impact of the Pandemic on the numbers of people claiming Universal Credit in **Perth City was slightly higher than the Scottish average**. Before lockdown, Perth City had a rate of 3.1% which was below Scotland. In May, Perth City rate of 6.4% exceeded the Scottish rate of 6.2%.

Source: NOMIS

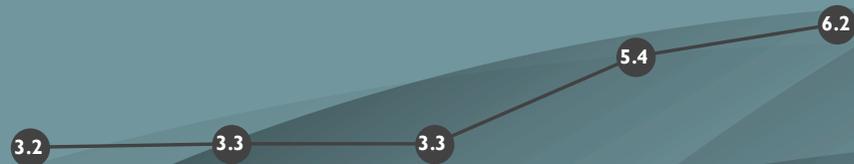
PERTH & KINROSS



PERTH CITY



SCOTLAND



LOCAL WARDS:
UNIVERSAL CREDIT CLAIMANT
COUNT RATE, MAY 2020

44%

OF ALL CLAIMANTS LIVED IN
THE CITY OF PERTH

The geographical distribution of claims to Universal Credit changed noticeably in the last 2 months. Before lockdown, approximately 50% of claimants were in Perth City, and 50% in rural wards. By May, only 44% of Claimants were in Perth City, and 66% were in rural wards.

This means the Pandemic-related restrictions are having a **proportionately higher impact on the working age population in the rural areas** of Perth & Kinross.

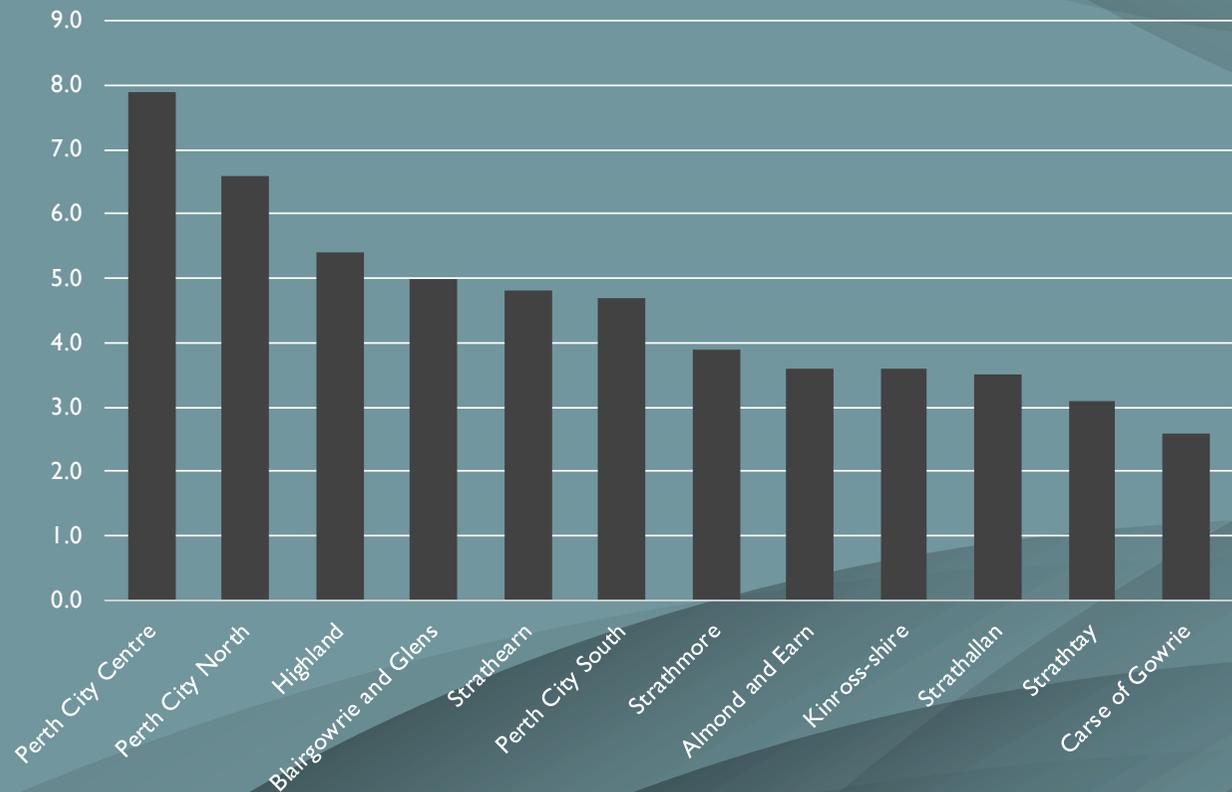
Source: NOMIS

At 7.9%, **Perth City Centre** had the **highest Universal Credit Claimant rate** of all Perth & Kinross wards in May.

The highest Universal Credit Claimant rate in rural wards was in Highland at 5.4%, followed by Blairgowrie and Glens at 5%.

The number of people claiming Universal Credit in Highland Perthshire increased from 85 in March to 305 in May.

There were **2,420 people claiming Universal Credit in rural parts** of Perth & Kinross.



FURLOUGHED EMPLOYMENTS, MAY 2020

Coronavirus Job Retention Scheme claims made up to 31 May 2020 in Scotland amounted to 628,200 employments furloughed. Out of that number, **19,700 claims were made in Perth & Kinross.**

The highest proportion of the actual workforce who were furloughed was in East Renfrewshire at 45.9%. The lowest proportion was in Aberdeen at 16%.

30.8% of Perth & Kinross workforce were furloughed.

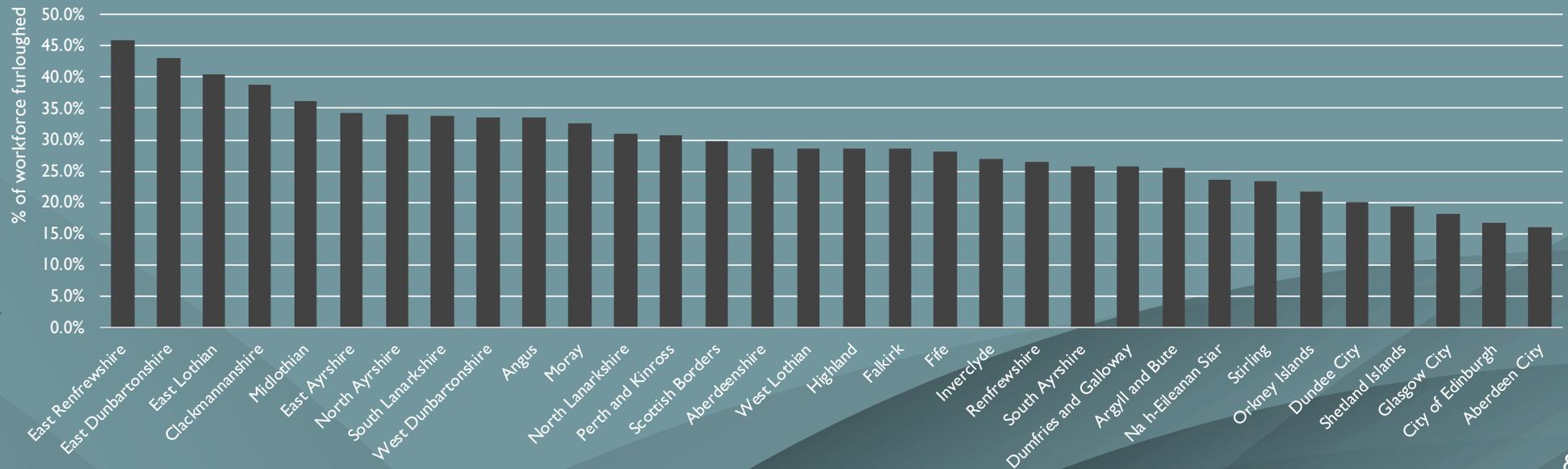
18.5% of UK claims were in Wholesale and Retail sector and 16.1% were in Accommodation and Food Services sector. This breakdown was not available below UK level.

30.8%

PERTH & KINROSS WORKFORCE FURLOUGHED

25%

SCOTTISH WORKFORCE FURLOUGHED



Source: HMRC, BRES 2018

BUILDING WARRANT APPLICATIONS, APRIL - JUNE 2020

As a result, the number of applications for a building warrant dropped to 219 (to date), which was a reduction of 29.8% compared to the same quarter a year before.

*Figures up to 23 June 2020
The impact of the COVID-19 Pandemic on the construction industry has been significant, as **all constructions sites closed and most architects furloughed their staff** during lockdown.

-29.8%

NUMBER OF BUILDING WARRANT APPLICATIONS

-80.1%

VALUE OF WORKS

The value of building works contracted by a much larger proportion, from £73.96Million to £14.73Million.



BUSINESS BAROMETER SURVEY,
MAY 2020

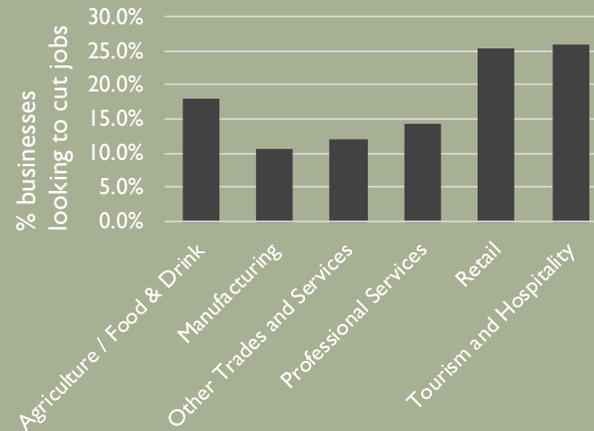
80%
OF BUSINESSES LOST INCOME

Over 1,000 local businesses responded to the Business Barometer survey in May. The impact of the pandemic was felt in all major sectors and localities in Perth & Kinross, with **80% of businesses reporting a loss of income** due to the crisis.

As a result, business owners reached for support available across a number of different agencies and support schemes. **63% of the businesses accessed the Small Business Support Grant** administered by Perth & Kinross Council.

20%
LOOKING TO CUT JOBS

20% of respondents say they will cut staff once restrictions are eased. **This proportion is higher in the Tourism and Hospitality sector and in Retail.**



Despite the significant impact felt within the business community, **62% of respondents were positive** about their trading position looking ahead one year. Businesses operating in Tourism, Hospitality or Retail sectors were least optimistic about the future.

In order to mitigate the adverse effects of the pandemic on their business, **over 25% of the respondents want to develop more on-line sales** and/or direct delivery to customers. A similar proportion want to diversify to provide a new product or service or work closely with other local businesses

27% would like to develop markets in the wider UK and **10% are looking to start exporting for the first time or expand their overseas market.**

