

Cambridge City and South Cambridgeshire

MONITORING THE ECONOMIC AND BUSINESS IMPACTS OF COVID-19

Week beginning 15 June 2020

Edition 11

SUMMARY

This briefing is intended to provide up-to-date information on the economic impacts and consequences of the Covid-19 virus and lockdown. It uses information and intelligence from a range of national and local sources of news, data, and analysis. We welcome the input of additional local insights and data for inclusion in this report. If you have anything you would like to share please email:

glenn@mylocaleconomy.org with details.

Covid-19, or the Coronavirus is a highly infectious respiratory virus which, since the first incident in China in December 2019, has infected the populations of many countries around the world. To date (17 June 2020), Cambridge has registered 236 cases of Covid-19, and South Cambridgeshire 218 cases. Cambridgeshire has registered 1,241 cases of Covid-19, against the 299,241 cases nationally. If we were to calculate this on a per capita basis (using total estimated resident population in 2018), on 17 June 2020, Cambridge has had 18.8 cases per 10,000 residents, South Cambridgeshire 13.8, and Cambridgeshire 19.0 compared to 45.0 for the UK.

Some signs of economic recovery as retail spending rebounds in April. Retail sales showed a rebound in May with sales rising 12.0% month-on-month. That is a significant improvement compared to the -18% contraction in April. But the annual reading is sobering: retail sales were still -13.1% lower compared to May 2019.

Businesses restart trading, but many workers remain on furlough. Of all responding UK businesses to Wave 6 of the Business Impact of Coronavirus (COVID-19) Survey (BICS), 79% had been trading for more than the last two weeks, 5% had started trading again within the last two weeks after a pause in trading. 8.7 million employees had been furloughed up to 31 May 2020, with over one-million British firms participating in the Coronavirus Jobs Retention Scheme.

To date, there have been 12,300 claims on the Coronavirus Job Retention Scheme (CJRS) to furlough workers in Cambridge City, and 15,500 claims in South Cambridgeshire to 31 May 2020 – representing 10.1% of workforce jobs in Cambridge, and 16.5% in South Cambridgeshire - both lower than the UK average (24.3%).

3,200 self-employed individuals have claimed the Self Employment Income Support Scheme (SEISS) in Cambridge, and 5,400 in South Cambridgeshire to 31 May 2020 out of a total of 5,000 and 8,000 eligible individuals respectively. There has been a take up rate of 65% in Cambridge and 68% in South Cambridgeshire – both below the UK average of 70%.

The prognosis for the UK jobs market and unemployment has also worsened. UK payrolls fell by 600,000 (indicating large-scale jobs losses), economic participation fell slightly, and claimant unemployment has increased by 126% since lockdown. There has been a significant drop in vacancies, as reported by recruitment websites and services, as well as official (ONS) data – which has estimated that

there were 476,000 vacancies in the UK in March to May 2020, 342,000 fewer than the previous quarter and 365,000 fewer than a year earlier.

Claimant unemployment jumps by 126% due to the coronavirus. Highlighting the impact of the pandemic on the workforce, the latest benefit figures for May found that the number of jobcentre claimants increased from 1.24 million to 2.8 million, representing a 126% increase since the beginning of the lockdown. Over the month from March to April, the number of people out of work and claiming work-related benefits in the UK increased by 23%.

Claimant unemployment in Cambridge has increased by 143% since March, and has increased by 216% in South Cambridgeshire. There were 3,465 unemployment benefit claimants in Cambridge in May 2020 – a claimant rate of 3.9%. South Cambridgeshire had 3,265 claimants in May – a rate of 2.4% (UK=6.4%). Claimants have increased from 1,425 in Cambridge and 1,035 in South Cambridgeshire in March 2020. Year on year (May 2019 to May 2020), claimant unemployment has increased by 225% in Cambridge and 341% in South Cambridgeshire (UK=140%).

ECONOMIC CONDITIONS

Bank of England expands quantitative easing by another £100 billion. The Bank of England's Monetary Policy Committee has voted to increase its asset purchase scheme by another £100bn. This comes on top of the £200bn is committed to purchasing earlier in the year. That is roughly equivalent to the projected deficit of the UK government in the current financial year to pay for all its emergency coronavirus-related spending, including the jobs furlough scheme.

US weekly jobless claims remained high last week, as the coronavirus crisis sparked a second wave of layoffs. The number of people claiming unemployment benefits in the US totalled 1.508 million in the week to 13 June, compared with 1.566 million in the previous week, according to the US Labor Department. Weekly jobless claims have fallen from the record 6.867m recorded in late March, but remain high, even after the Covid-19 lockdown was eased. This contrasts with the 2.5m extra workers employers hired in May, which triggered hopes of a swift economic recovery.

IMPACT ON BUSINESSES

Of all responding UK businesses to Wave 6 of the Business Impact of Coronavirus (COVID-19) Survey (BICS), 79% had been trading for more than the last two weeks, 5% had started trading again within the last two weeks after a pause in trading, 5% reported intending to restart within the next two weeks, with the remainder temporarily closed, paused or ceased trading. Across all sectors, the wholesale and retail trade (17%) and transportation and storage (10%) sectors reported the largest percentage of businesses indicating their turnover had increased compared with what is normally expected for this time of year. Of those businesses with a proportion of their workforce furloughed, 42% of businesses reported providing top-ups to furloughed workers' pay on top of the Coronavirus Job Retention Scheme. Of the 7,245 UK businesses surveyed, a small number of businesses (less than 1%) responded that they had permanently ceased trading in the period 18 May to 31 May 2020. 65% reported their turnover had been lower than normal in the last two weeks. The main sectors to have reported that their turnover decreased by more than 50% were the accommodation and food service activities sector (66%), the arts, entertainment and recreation sector (64%), and the construction sector (38%).

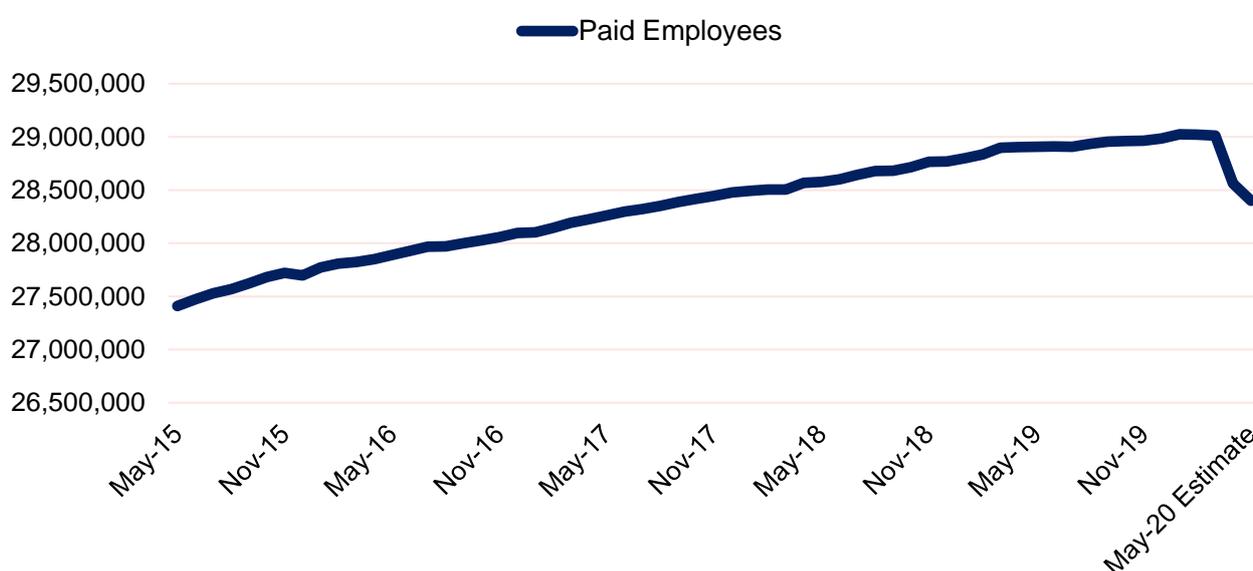
UK Retail Sales either smashed a record in May (+12.0% since April) or are down a huge 13.1% on the year since May 2019. Retail sales showed a rebound in May with sales rising 12.0% month-on-month. That is a significant improvement compared to the -18% contraction in April. But the annual reading is sobering: retail sales were still -13.1% lower compared to May 2019. That is an improvement on the -22.7% annual decline logged in April. The proportion of retail spending being made online hit a record 33.4% in May - that is higher than the first full month of lockdown in April, when online sales accounted for 30.8% of spending.

IMPACT ON THE WORKFORCE AND LABOUR MARKET

To date (17 June 2020), Cambridge has registered 236 cases of Covid-19, and South Cambridgeshire 218 cases. Cambridgeshire has registered 1,241 cases of Covid-19, against the 299,241 cases nationally. If we were to calculate this on a per capita basis (using total estimated resident population in 2018), on 17 June 2020, Cambridge has had 18.8 cases per 10,000 residents, South Cambridgeshire 13.8, and Cambridgeshire 19.0 compared to 45.0 for the UK.

More than 600,000 workers dropped off UK payrolls between March and May 2020. The number of people on UK payrolls dropped by 612,000 between March and May, according to early data from the Office for National Statistics and HM Revenue and Customs that is starting to show the depth of the hit to the economy from the pandemic. This is also reflected in the ONS’s experimental weekly estimates, which suggest that the UK’s employment rate fell 1.0 percentage points from the week before lockdown (77.0% 2020 Q1 week12) to the last week in April (76.0% 2020 Q2 week4). The number of employed people is estimated to have fallen by 466,000 during this five-week period. The government’s furlough scheme (paying 80% of workers’ wages) has sustained employment in the UK, but the signs of the coming crisis are building - despite the lack of a rise in the official unemployment data. The UK unemployment rate for the three months to April 2020 was estimated at 3.9%, 0.1 percentage points higher than a year earlier but largely unchanged on the previous quarter.

FIGURE 1: NUMBER OF PAID EMPLOYEES IN THE UK



Source: ONS experimental statistics.

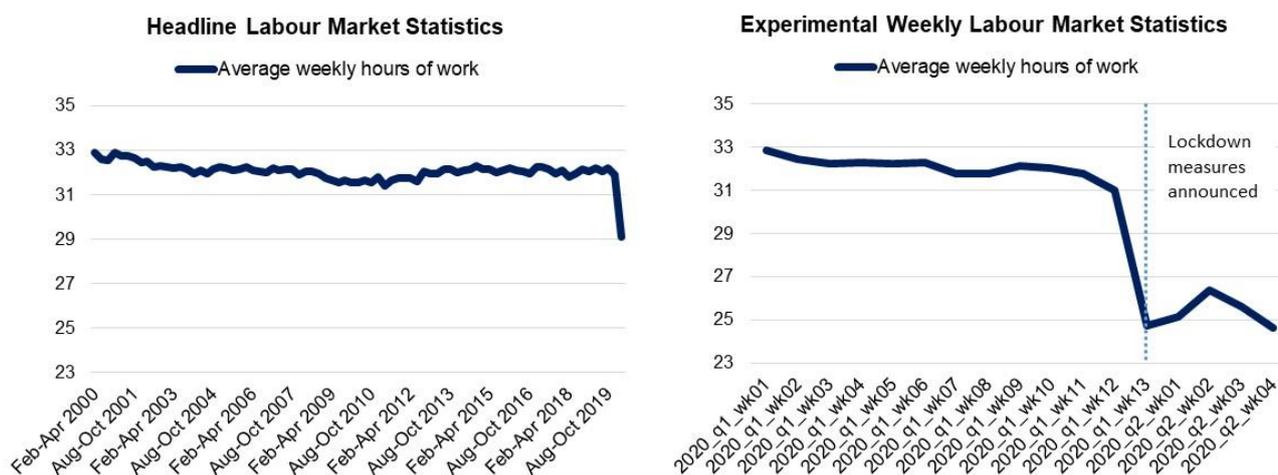
Hours worked fall by record 9% and real-terms pay falls. The total number of weekly hours worked in the UK for the three months to April 2020 was 959.9m, down a record 94.2m hours on the previous year - an 8.9% decrease. The drop in the number of hours worked shows the drop in activity that is masked by the furlough scheme. Pay also fell in real terms for the three months to April 2020 for the first time since January 2018.

Economic participation falls during March and April. Experimental estimates based on returns for individual weeks suggest that the UK’s economic activity rate fell by 1.0 percentage points from the week before lockdown was announced (80.1% 2020Q1wk12) to the last week in April (79.1% 2020Q2wk4). The number of economically active people is estimated to have fallen by 485,000 during this five-week period.

The working-age **unemployment rate**, at 4.0%, was unchanged on November 2019-January 2020’s level and up by just 0.1 pp on a year ago. The experimental weekly estimates suggest that the UK’s unemployment rate rose by 0.3 pp from the week before lockdown (3.8% 2020 Q1 week12) to the last week in April (4.1% 2020 Q2 week4). The number of unemployed people is estimated to have risen by 85,000 during this five-week period.

Average weekly hours worked have fallen to the lowest level on record. During February-April 2020, weekly hours worked averaged 29.1 per worker. This was down 8.9% on the previous three months, down 9.6% on a year ago, and the lowest level since records began in early-1992. Experimental weekly estimates show that, during the first five weeks of lockdown, weekly hours worked averaged just 25.3 per worker.

FIGURE 2: AVERAGE WEEKLY HOURS WORKED IN THE UK



Source: Office for National Statistics

Claimant unemployment jumps by 126% due to the coronavirus. Highlighting the impact of the pandemic on the workforce, the latest benefit figures for May found that the number of jobcentre claimants increased from 1.24 million to 2.8 million, representing a 126% increase since the beginning of the lockdown. Over the month from March to April, the number of people out of work and claiming work-related benefits in the UK increased by 23%.

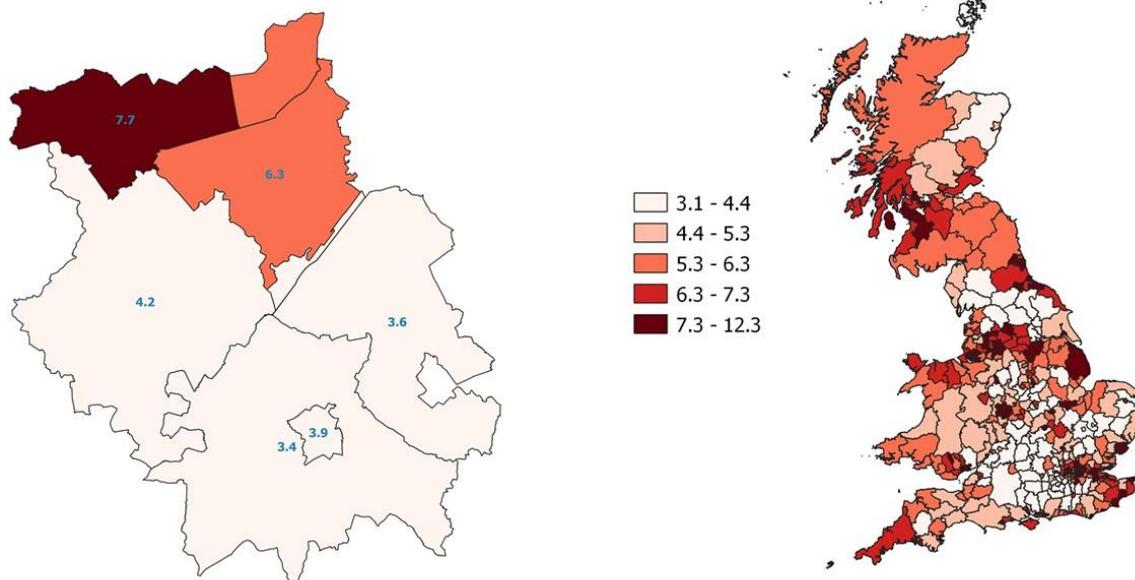
Claimant unemployment in Cambridge has increased by 143% since March and has increased by 216% in South Cambridgeshire. There were 3,465 unemployment benefit claimants in Cambridge in May 2020 – a claimant rate of 3.9%. South Cambridgeshire had 3,265 claimants in May – a rate of 2.4% (UK=6.4%). Claimants have increased from 1,425 in Cambridge and 1,035 in South Cambridgeshire in March 2020. Year on year (May 2019 to May 2020), claimant unemployment has increased by 225% in Cambridge and 341% in South Cambridgeshire (UK=140%). More details are presented in **Figure 3**.

FIGURE 3: CLAIMANT UNEMPLOYMENT

	Total claimants			Claimant rate (as % of population aged 16-64)			% Increase since March 2020	% year-on-year increase (May 2019 to May 2020)
	March 2020	April 2020	May 2020	March 2020	April 2020	May 2020		
Cambridge	1,425	2,145	3,465	1.6	2.4	3.9	143.2	225.4
South Cambridgeshire	1,035	1,915	3,265	1.1	2.0	3.4	215.5	341.2
Cambridgeshire	6,505	11,035	17,100	1.6	2.7	4.2	209.2	281.1
United Kingdom	1,268,620	2,113,560	2,675,250	3.0	5.1	6.4	110.9	140.4

FIGURE 4: CLAIMANT UNEMPLOYMENT RATES

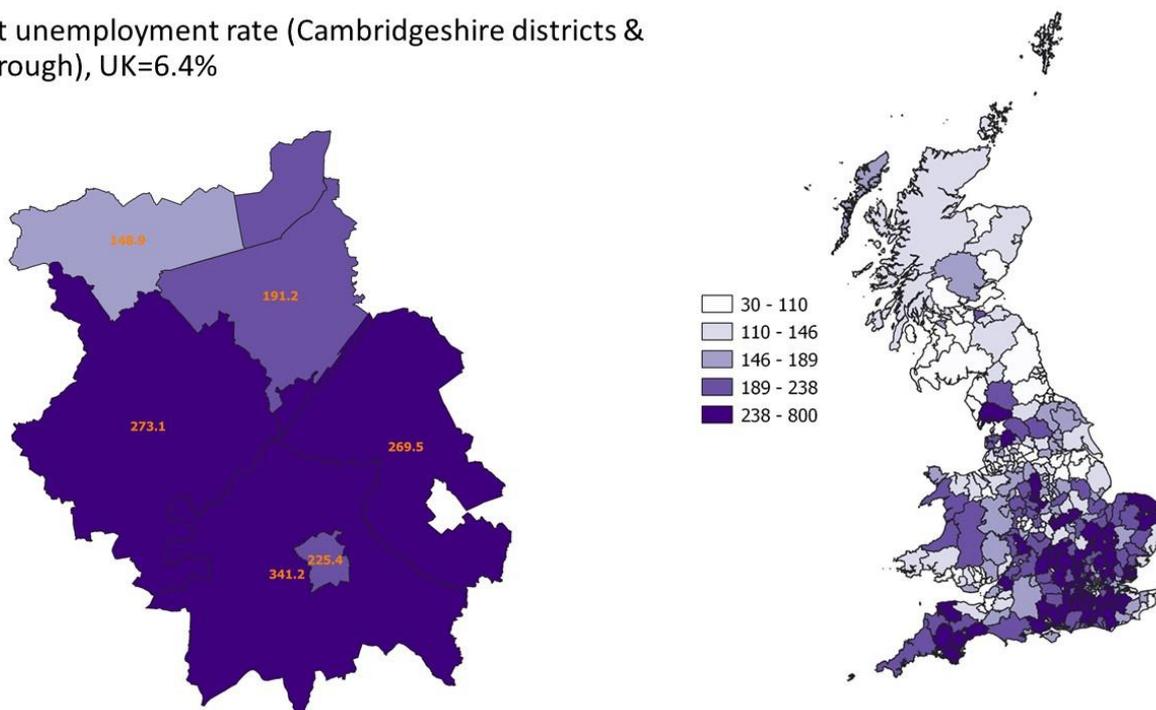
Claimant unemployment rate (Cambridgeshire districts & Peterborough), UK=6.4%



Source: Office for National Statistics; Map Boundaries subject to Crown Copyright, 2019.

FIGURE 5: YEAR-ON-YEAR % INCREASE IN UNEMPLOYMENT CLAIMANTS FROM MAY 2019 TO MAY 2020

Claimant unemployment rate (Cambridgeshire districts & Peterborough), UK=6.4%



Source: Office for National Statistics; Map Boundaries subject to Crown Copyright, 2019.

According to official (ONS) data, there were an estimated 476,000 vacancies in the UK in March to May 2020. That was 342,000 fewer than the previous quarter and 365,000 fewer than a year earlier. Experimental single-month estimates indicate a decrease of approximately 60% of vacancies for May 2020 compared with March 2020. Online vacancies down 40% compared to 2019. JobisJob.com, which handles 85% of jobs posted online across 250 online jobs boards has reported that UK job vacancies have fallen to their lowest level in 3 years. The number of jobs posted between Jan-May 2020 is 40% lower than same period in 2019. The retail sector has been hit the worst, with jobs down 53% during Jan-May compared to 2019. Where recruitment has increased – has been in jobs for healthcare, cleaning staff, and warehouse operatives.

More than one million British businesses have furloughed at least one employee, according to data from HM Revenue and Customs that covers up to 31 May. Claims up to that point totalled £17.4bn, HMRC said. The government pays 80% of wages up to £2,500 a month under the scheme. The largest claims from sectors came from retail, followed by accommodation and food services. There was also a very large number of manufacturing claims, given its relatively small share of the total economy. The total number of employers that made at least one CJRS claim to 31 May 2020 is 1.07 million. 8.7 million employees in jobs have been supported through the scheme under claims made until 31 May, with these claims totalling £17.5 billion. 6,300 large employers (those with 250 or more employees) have furloughed around 2.5 million employments.

To date, there have been 12,300 claims on the Coronavirus Job Retention Scheme (CJRS) to furlough workers in Cambridge City, and 15,500 claims in South Cambridgeshire to 31 May 2020 – representing 10.1% of workforce jobs in Cambridge, and 16.5% in South Cambridgeshire - both lower than the UK average (24.3%). More details are provided in **Figures 6 and 7.**

3,200 self-employed individuals have claimed the Self Employment Income Support Scheme (SEISS) in Cambridge, and 5,400 in South Cambridgeshire to 31 May 2020 out of a total of 5,000 and 8,000 eligible individuals, respectively. There has been a take up rate of 65% in Cambridge and 68% in South Cambridgeshire – both below the UK average of 70%. More details are provided in **Figures 6 and 8.**

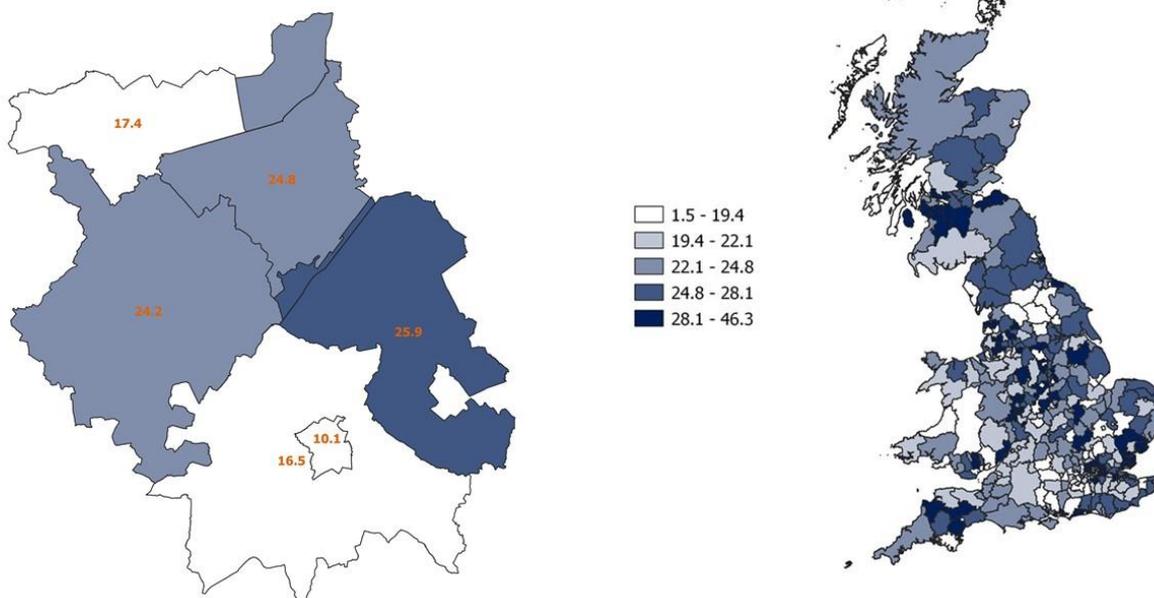
FIGURE 6: LOCAL DATA ON THE JOB RETENTION AND SELF-EMPLOYMENT SCHEMES

	Coronavirus Jobs Retention Scheme to 31 May 2020		Self-Employment Income Support Scheme to 31 May 2020				
	Total	As % of workforce jobs	Eligible individuals	Claims	Value of claims	Average value of claim per individual	% take up of total eligible
Cambridge	12,300	10.1	5,000	3,200	9,800,000	3,100	65%
South Cambridgeshire	15,500	16.5	8,000	5,400	18,000,000	3,300	68%
Cambridgeshire	68,400	18.0	31,500	21,500	69,000,000	3,200	68%
UK	8,696,000	24.3	3,397,000	2,380,000	6,974,000,000	2,900	70%

Source: HMRC.

FIGURE 7: MAPPED DATA FOR CORONAVIRUS JOB RETENTION SCHEME

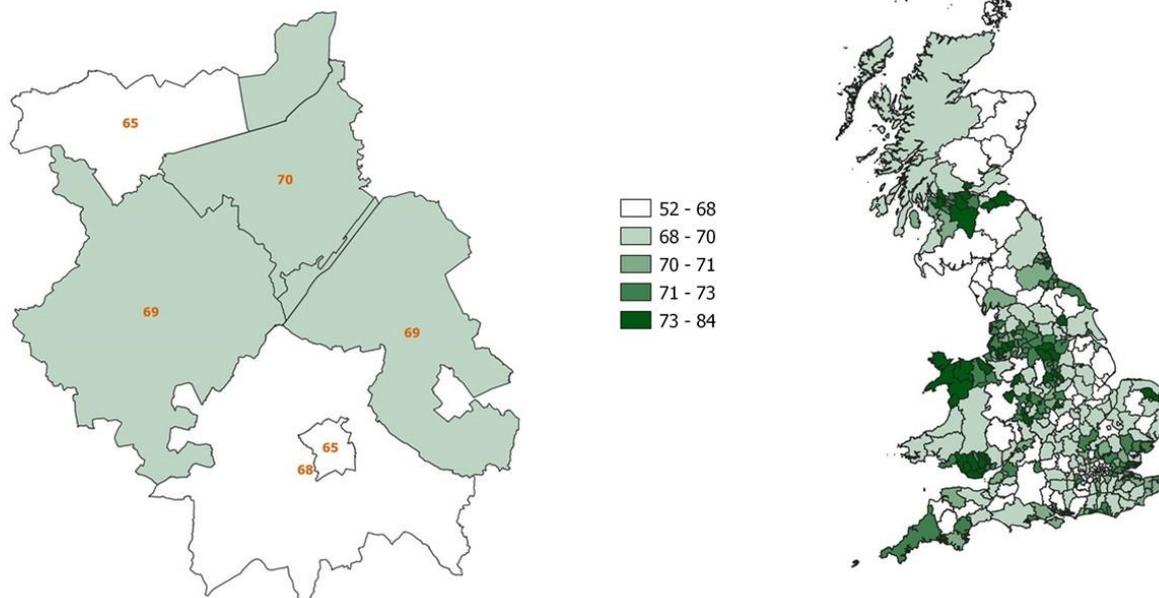
Total number of employments furloughed as % share of workforce jobs up to 31 May 2020 (Cambridgeshire & Peterborough area), UK=24.3%



Source: HMRC; Map boundary images are subject to Crown Copyright, 2019

FIGURE 8: MAPPED DATA FOR SELF EMPLOYMENT INCOME SUPPORT SCHEME

Total number of recipients of Self-Employment Income Support Scheme (SEISS) as a % of eligible individuals up to 31 May 2020 (Cambridgeshire & Peterborough area), UK=70.0%



Source: HMRC; Map boundary images are subject to Crown Copyright, 2019

COMPANY NEWS

Cambridge Index falls 5.5%. The Cambridge Index dropped 1313.3 points or 5.5% to close at 22374.4, as nine of the top ten Index heavy weights posted weekly losses to their share prices. Share prices were down in AVEVA Group (down 3.5%), DS Smith (down 7.4%), Gaming Realms (down 2.4%). Amino Technologies (down 3.1%), and Bango (down 7.3%), Johnson Matthey (down 7.1%), and Frontier Developments (down 5.3%). Share prices increased in 1Spatial (up 26.2%),

Coronavirus safety measures in place for Cambridge city centre. As businesses start to emerge from the national lockdown caused by the Coronavirus outbreak, Cambridge City Council, Cambridge BID, Cambridgeshire County Council, Cambridgeshire Constabulary, Greater Cambridge Partnership and Stagecoach have been working together to put in place a programme of practical measures to help shoppers, workers and visitors return to the city centre. The measures are geared to helping people get around the city centre safely and conveniently, while maintaining social distancing. They will also support shops and other businesses as they resume trading and seek to attract much needed custom. Measures include city centre stewards offering advice and help with the new management measures, widened footways along sections of Regent Street, Bene't Street and Bridge Street using temporary barriers, advisory vehicle restrictions on Market Hill to allow safe operation of the city centre market, fully pedestrianised areas and one-way systems, and signage to encourage people to walk on the left hand footway to help with safe pedestrian flows on narrow pavements.

Feedback plc, the specialist medical imaging technology company, announces that it has conditionally raised £5.05 million through a placing and intends to provide qualifying shareholders with the opportunity to subscribe to raise a further £540,000. The funds will be used to develop the Company's flagship product, Bleepa®, an innovative app based on Feedback's Cadran technology, which allows medical staff to securely view and discuss high quality medical grade images on mobile devices. Feedback Medical brings together technology and expertise originating from TexRAD Ltd and Cambridge Computed Imaging Ltd. The company has over 15 years' experience in the medical imaging sector.

AstraZeneca to supply Europe with up to 400 million doses of Oxford University's vaccine at no profit. AstraZeneca has reached an agreement with Europe's Inclusive Vaccines Alliance (IVA), spearheaded by Germany, France, Italy and the Netherlands, to supply up to 400 million doses of the University of Oxford's COVID-19 vaccine, with deliveries starting by the end of 2020.

New report confirms Babraham Research Campus at the forefront in supporting the UK's early-stage bioscience enterprises. Commissioned by the Campus partners, Babraham Bioscience Technologies (BBT), the organisation which develops and manages the Babraham Research Campus, UKRI-BBSRC and the Babraham Institute, the report, conducted by a team led by Professor Pete Tyler from the University of Cambridge, quantifies the strong contribution the Campus makes to both the commercialisation of life science research and the life science knowledge base; enabling entrepreneur driven businesses - including academic spin-outs - to form and facilitating collaboration. The report's key findings* include: Company fundraising for those based on Campus is accelerated by an average of 5.1 months. The market value of the top 14 companies on Campus is over £4 billion: an average 7.2 x return for investors. 47% of funds raised in the Cambridge region were to those ventures located at the Babraham Research Campus. The number of people employed on-site increased by over 90% from approximately 900 employees in 2011/12 to 1,700 employees in 2017/18. Campus based companies are 20% larger by headcount than they otherwise would be if the Campus did not exist.

Paragraf partners with CERN to demonstrate unique properties of new graphene Hall effect sensor. Paragraf has embarked on a working partnership with the Magnetic Measurement section at CERN, the European Organisation for Nuclear Research, with both parties set to demonstrate how new opportunities for magnetic measurements are opened up through the unique properties of its graphene sensor, particularly its negligible planar Hall effect. CERN operates the largest particle accelerators in the world, for example its 27-km long, Large Hadron Collider (LHC) which straddles the border between Switzerland and France near Geneva. Physicists look at how our world is built at the fundamental level by colliding sub-atomic particles in particle accelerators that rely on large numbers of normal and superconducting magnets to steer and focus the particle beam to their collision points. Paragraf is based near Cambridge and was a spin-out from the Department of Materials Science at Cambridge University.

Cambridge GaN Devices (CGD) leads €10.3M project with 13 European partners. Cambridge GaN Devices (CGD) was spun out of the High Voltage Microelectronics and Sensors group in the Department of Engineering at Cambridge University in 2016 to develop Gallium-Nitride on Silicon substrate power semiconductors. CGD leads the European funded €10.3m GaNext project under the PENTA Programme, targeting the design and development on highly efficient, highly compact prototypes of next generation Gallium Nitride power modules, for low and high power applications.