

# Research Bulletin 20/9 | Analysis of the impact of Coronavirus and the latest indicators for the UK economy and society

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## Summary

This bulletin sets out to reflect the current economic impact of Covid-19 on the Northern Ireland Economy in comparison to the other regions of the UK. The Office for National Statistics (ONS) produce regular statistics across several economic indicators broken down at a regional level.

This data has been recorded before and during the outbreak of the pandemic, thereby the impact of COVID-19 on particular areas of the economy can be more fully measured and analysed. The effect on each individual region will not only be determined by the policies adopted by local administrations but also the long term structural position, both social and economic, that each region was in prior to the outbreak of coronavirus.

This article will compare Northern Ireland to the other regions of the UK and analyse the extent to which the coronavirus has impacted the economy, how Northern Ireland businesses have engaged with government support and their views on the current trading conditions.

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## Introduction

In March 2020, the Office for National Statistics (ONS) announced that due to the significant challenge the UK faced in relation to coronavirus, it would ensure that the UK had the information needed to respond to the impact of the pandemic on the economy and society. In order to meet this challenge, ONS needed to ensure that more timely information was provided and new data sources were developed while also having to change how the surveys were operated to ensure that appropriate information was provided as the situation unfolded. Prior to the pandemic, ONS were already producing a number of Faster UK indicators in response to the need for policy makers to have the most up to date information in order to set appropriate policy more quickly in response to economic changes. Therefore, the Faster indicators of UK economic activity project, led by the Data Science Campus within ONS, was set up with three aims: to identify close-to-real-time big data or administrative data sources which represent useful economic concepts; to create a set of indicators which allow early identification of large economic changes; and to provide insight into economic activity, at a level of timeliness and granularity not possible for official economic statistics. Adding to these existing indicators with a selection of new data sources, ONS tried to give as complete as is possible, data and analysis of the health, social, labour market and economic impact resulting from the pandemic.

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## Business Impact of COVID-19 Survey

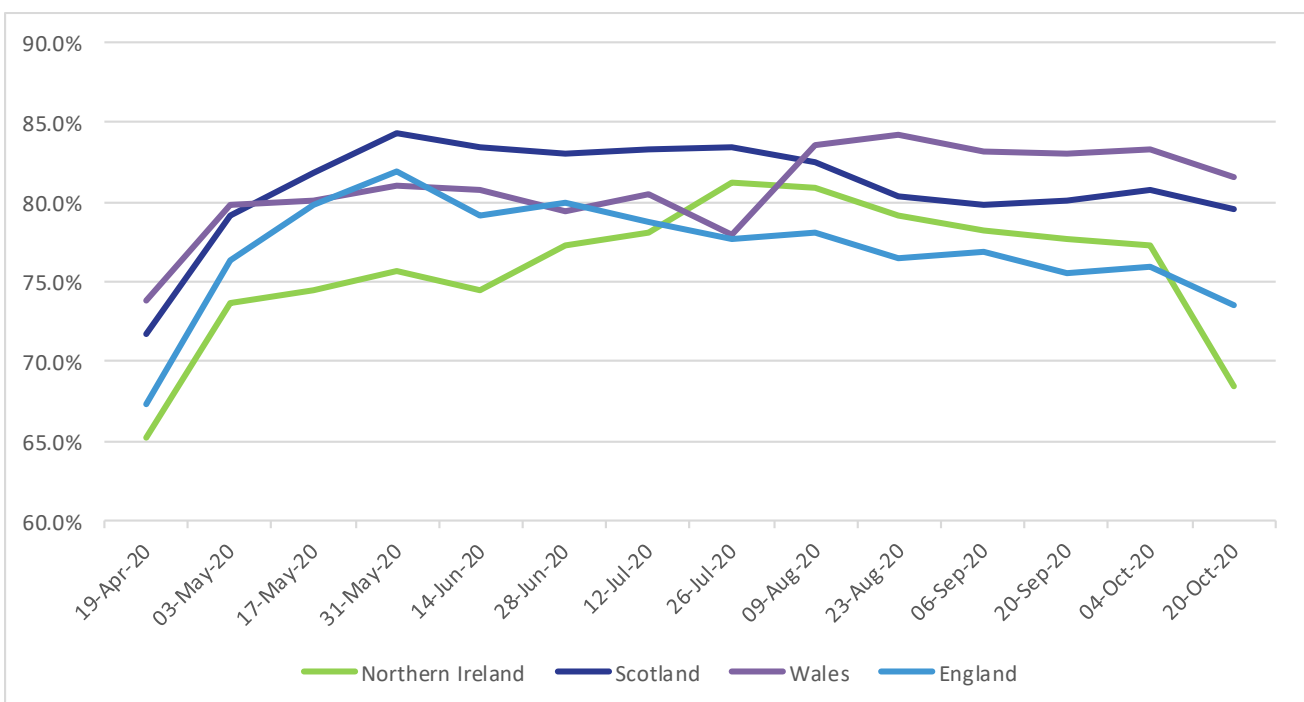
### Uptake of Government Support Schemes

On the 20<sup>th</sup> March 2020, as sectors of the economy were being shut down, the UK Government announced a series of support schemes to be made available across the UK, to assist businesses and people in the midst of the pandemic. Over the subsequent months, through the Business Impact of COVID-19 Survey (BICS)<sup>i</sup>, ONS have monitored the uptake of these schemes across the regions of the UK, allowing for analysis of the demand for such support and informing various amendments and extensions to the schemes as the path of the virus has changed.

### Coronavirus Job Retention Scheme (CJRS)

The most significant of the support measures introduced in terms of cost was the Coronavirus Job Retention Scheme<sup>ii</sup> - commonly referred to as the "Furlough Scheme". The Scheme's aim was to provide grants to employers so that they could retain and continue to pay staff, with the UK Government paying 80% of their wages, up to a maximum of £2,500 per month, which gradually decreased each month. On the 5<sup>th</sup> November the Chancellor of Exchequer announced an extension of the furlough scheme until the end of March 2021, with the level of grant mirroring those available under the CJRS in August. Northern Ireland businesses initially were the slowest of the UK regions to take-up the Furlough Scheme, however by mid-July, the rate in Northern Ireland had surpassed that of Wales and England. Since then, Northern Ireland firms have slightly reduced their use of the scheme, from the high of 81.2% in the week to 26<sup>th</sup> July to 68.4% in the most recent week to 20<sup>th</sup> October; which is the lowest of four UK nations.

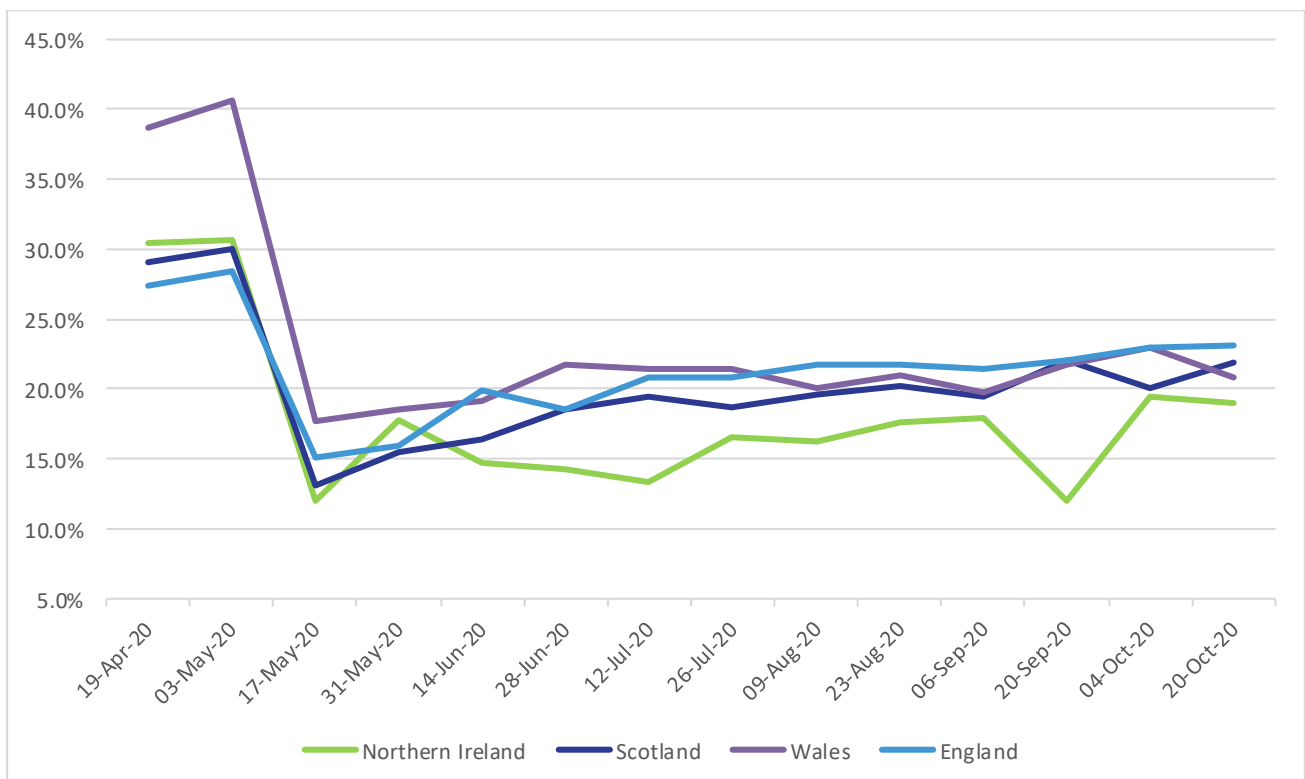
**Figure 1: Uptake Rate of the Coronavirus Job Retention Scheme**



## Government backed accredited loans or finance agreements

The UK Government also announced that it would guarantee all or a significant percentage of loans as part of several loan and finance schemes, each aimed at providing support for small, medium and large businesses. These schemes included the Coronavirus Business Interruption Loan Scheme<sup>iii</sup>, the Coronavirus Large Business Interruption Loan Scheme<sup>iv</sup>, the Bounce Back Loan Scheme<sup>v</sup> and the COVID-19 Corporate Financing Facility<sup>vi</sup>. All these schemes were intended to give businesses favourable lending terms over an extended period of time, with the lenders assured that the government was guaranteeing these loans. At the beginning of March, just over 30% of Northern Ireland businesses had applied for some kind of government loan or finance agreement, similar to Scotland and England, with Welsh firms initially making significantly more use of the schemes than the other nations. Over the following months Northern Ireland had the lowest take-up rate of the 4 nations, falling to around 12% by the end of September, however since then more Northern Ireland firms have applied for this support around the same time that local administrations were re-introducing measures to suppress the virus.

**Figure 2: Uptake rate of Government-backed accredited loans or finance agreements**

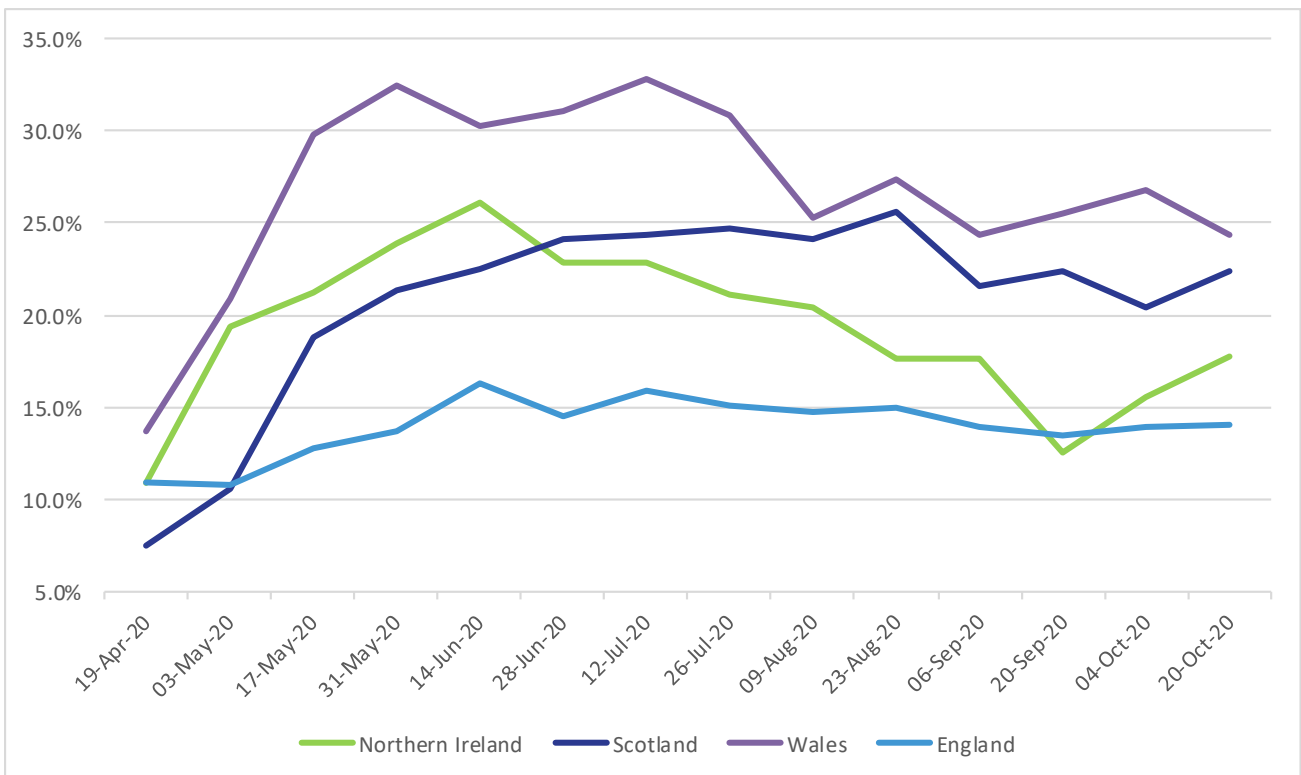


## Business grants funded by the UK and devolved governments

The UK and devolved governments also provided businesses with support in the form of grants. In Northern Ireland these schemes included: the £10k small business support grant which was open to all eligible businesses; the £25k Business grant provided to companies in the retail, tourism and hospitality sectors with a rateable value between £15,000 and £51,000. Also available was the Micro-business (1-9 employees) Hardship fund and Localised Restrictions

Support Scheme for businesses which had been required to close or severely limit operations at their premises as a result of a local lockdown being enforced. Applications for grant funding steadily increased between April and June, with a number of schemes approaching deadline for applications over these months. Between July and September there was a steady decline in those applying, however over the month of October the take up rate for grants increased from 12% to around 19% as new support schemes to help during localised lockdowns were announced. Since then a further scheme, the Covid Restrictions Business Support Scheme has also opened as 'circuit breaker' restrictions were introduced leading to a significant number of businesses having their ability to trade severely curbed.

**Figure 3: Uptake rate of Business grants funded by the UK and devolved governments**

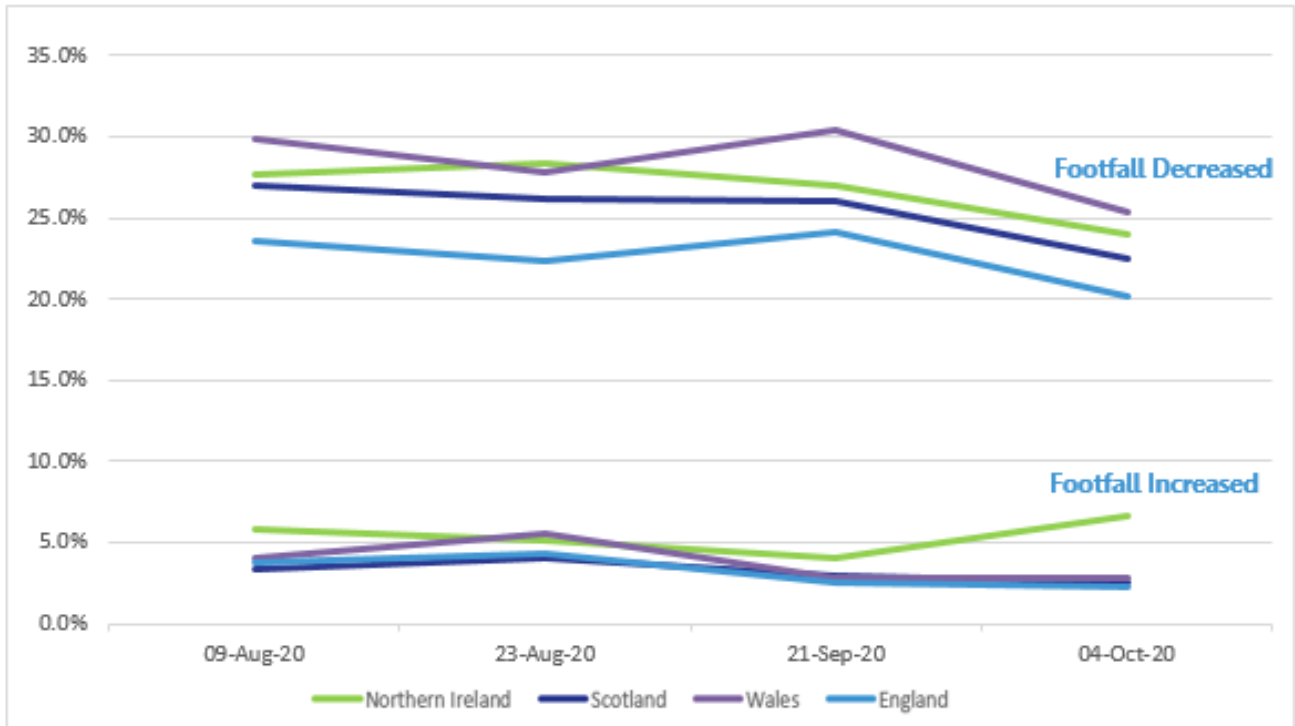


### Footfall

The BICS also asked businesses questions about their current performance and activity. This included the question, "How has the coronavirus (COVID-19) pandemic affected your business's footfall, compared with normal expectations for this time?" While between two-fifths and a half of respondents stated the question was not applicable (where, due to the nature and structure of the business, customers would not usually be measured by footfall) the majority of those that did respond have seen footfall decrease by between 25% to 30%. Over the last number of months, Northern Ireland has continually reported an increase in footfall above the other nations, with the most recent figures showing that almost 7% of Northern Ireland firms have reported an increase which is over double that on the next country, Wales which is reporting just under 3%. Of the rest of the firms surveyed between 12% and 19% have seen

no change in the footfall that they would normally expect at this time of year, however it should be noted that this data was collected before the introduction of new lockdowns and circuit-breakers announced across the UK.

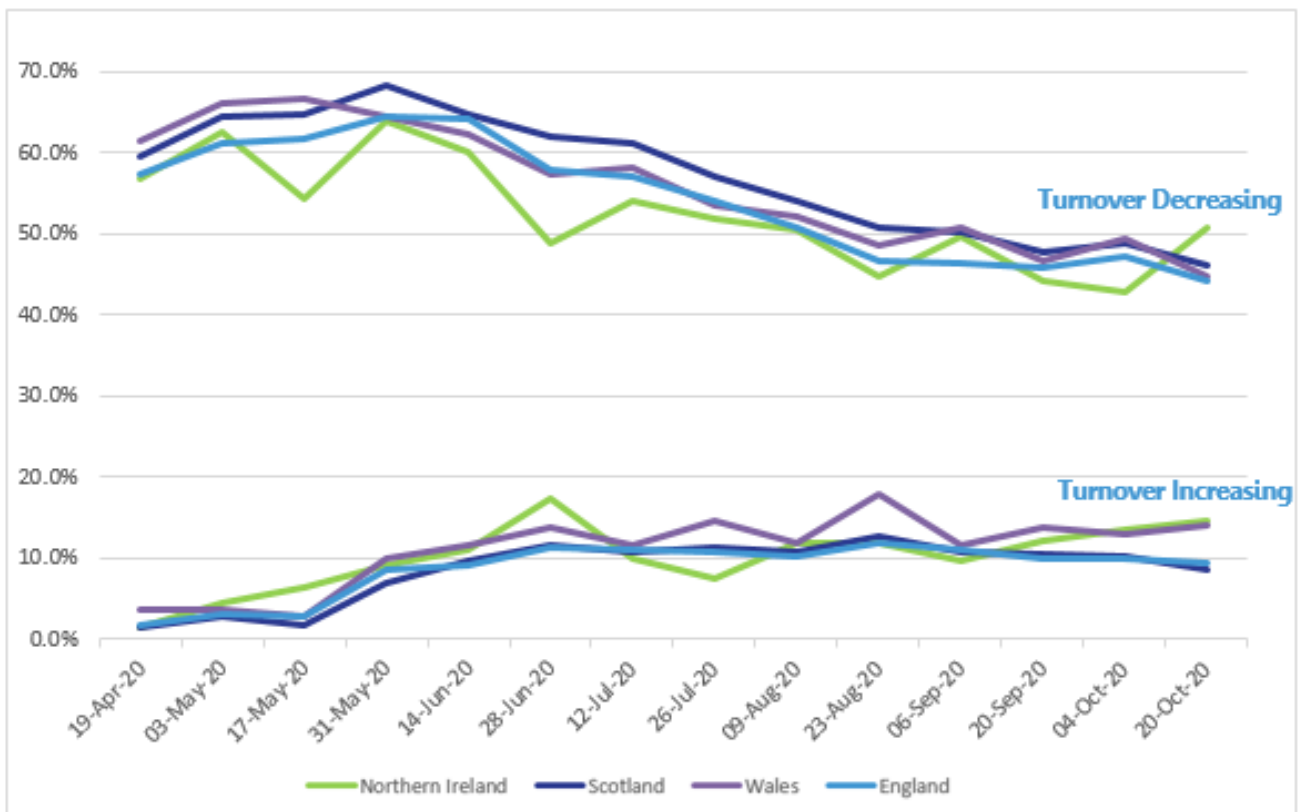
**Figure 4: Effect of COVID-19 on Footfall**



**Financial Performance (Turnover)**

As part of the BICS, firms across the UK were also asked about the way their turnover may have differed when compared to the previous fortnight. At the beginning of lockdown at the end of March, the majority of businesses surveyed had reported turnover decreasing with this peaking at over 64% in all four countries of the UK at the end of May. Since that time, the share of businesses reporting a decline in turnover has continued to fall, however the overall proportion that are experiencing a reduction in turnover remains over 40% in all regions. Northern Ireland has recorded the lowest number of firms stating a decrease in turnover (42.9%) out of the four nations since the start of the pandemic. Since the end of May, despite some variation week on week, the trend across all the nations of the UK have seen a fall in those businesses reporting poor financial performance. In contrast, a small number of firms reported an increase in turnover since the beginning of April, with this rising to over 10% by mid-June across the UK. Since then, while there has been a degree of fluctuation, the percentage of businesses reporting an increase has somewhat plateaued over the following months and remains at or just above 10%.

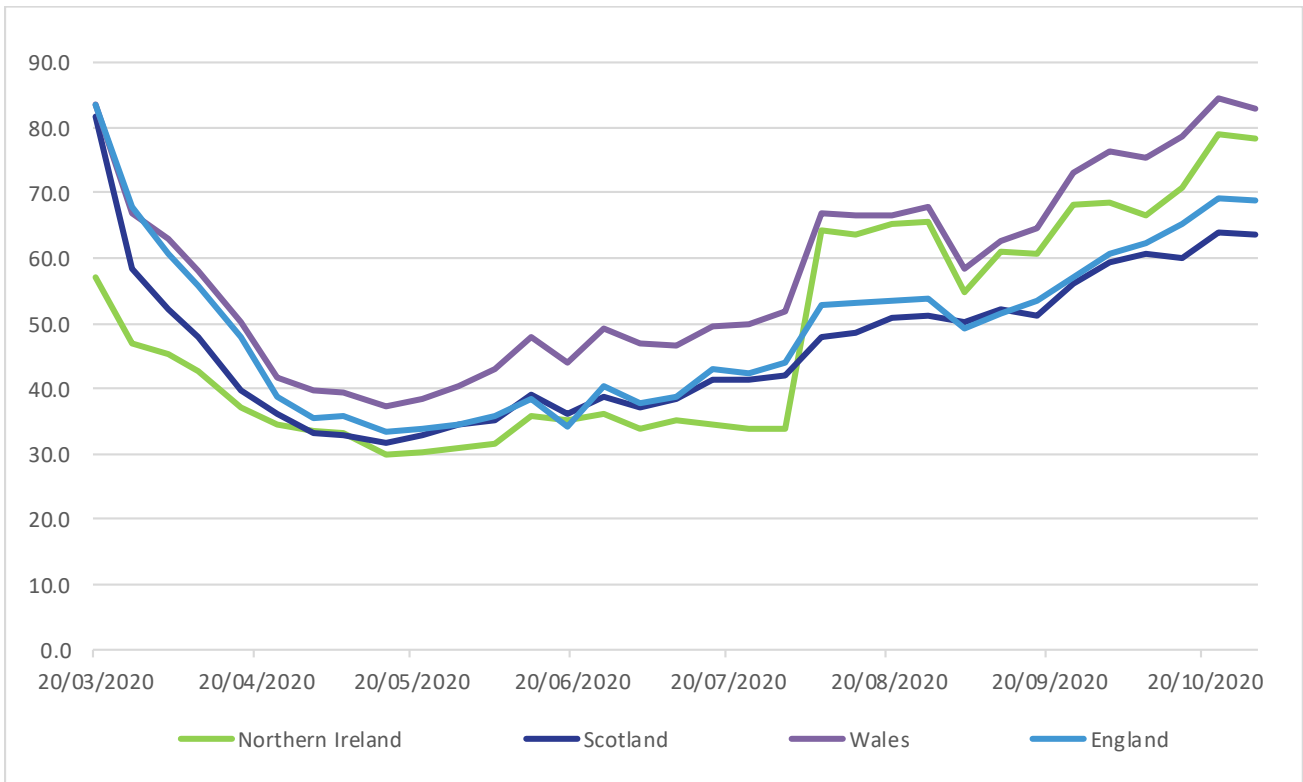
**Figure 5 Reported financial performance (Turnover) by Region**



### Online Job Advertisements

ONS have partnered with Adzuna to produce indices of online job postings across the UK. At the start of the pandemic and the introduction of lockdown the UK jobs market became an uncertain place. The effect of the pandemic on different sectors of the economy varied greatly, with personal service roles (e.g. Hairdressing, Gyms, Beauty), aviation and the Arts trying hard to just retain staff, while those that were considered essential (e.g. Grocery, Delivery Services) or could easily be transferred to a work from home environment (e.g. IT, Financial Services) have continued to recruit or in certain circumstances expanded recruitment operations to meet a growing demand during these times. Figure 6 shows that from the end of March, all areas experienced a rapid decline, although the decline in Northern Ireland was less steep than the other regions as job postings were already significantly below the other nations. This decline continued and then bottomed out over the next three months, while the other nations showed small signs of recovery through July. Northern Ireland remained stagnant until the beginning of August when the index figure shot up 30 points, however this level shift is as a result of a new source being included in the data<sup>vii</sup>. While there was some variation over subsequent weeks, Northern Ireland continued to increase the number of job postings above that of both Scotland and England, while remaining just 2 to 5 points behind Wales.

**Figure 6: Online Job Adverts by Region**

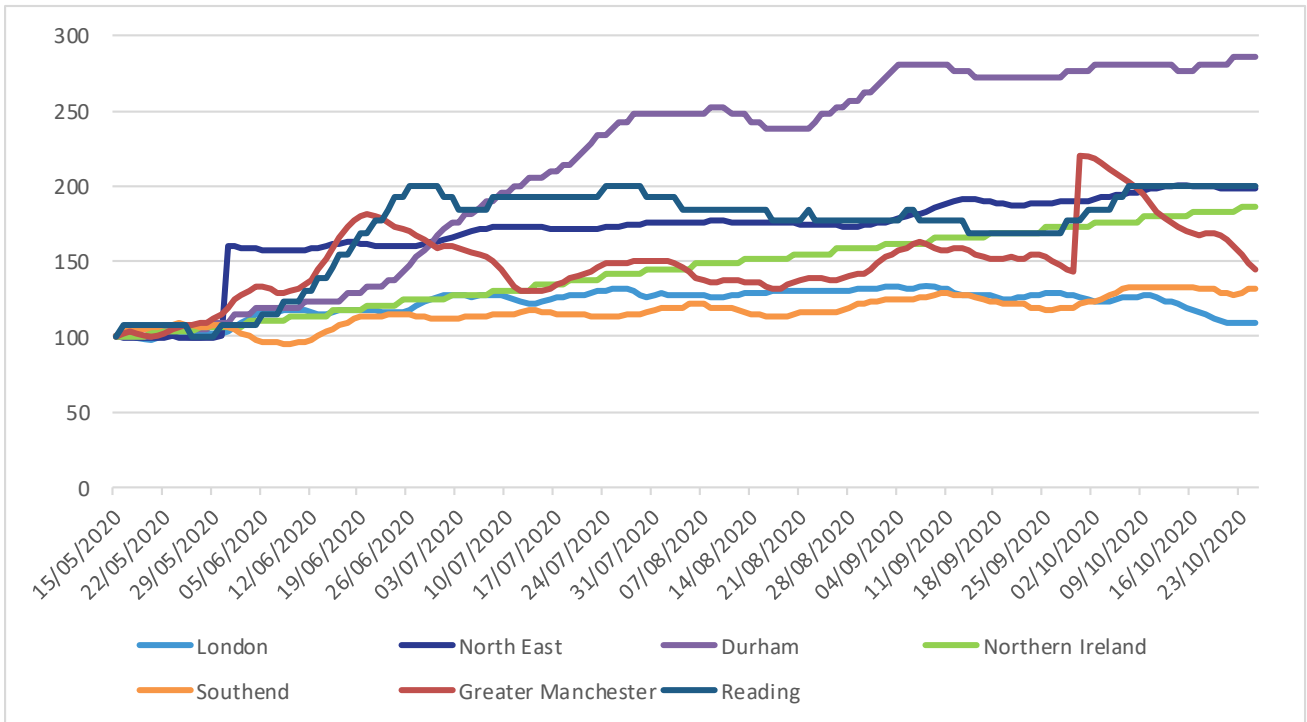


### Traffic camera activity

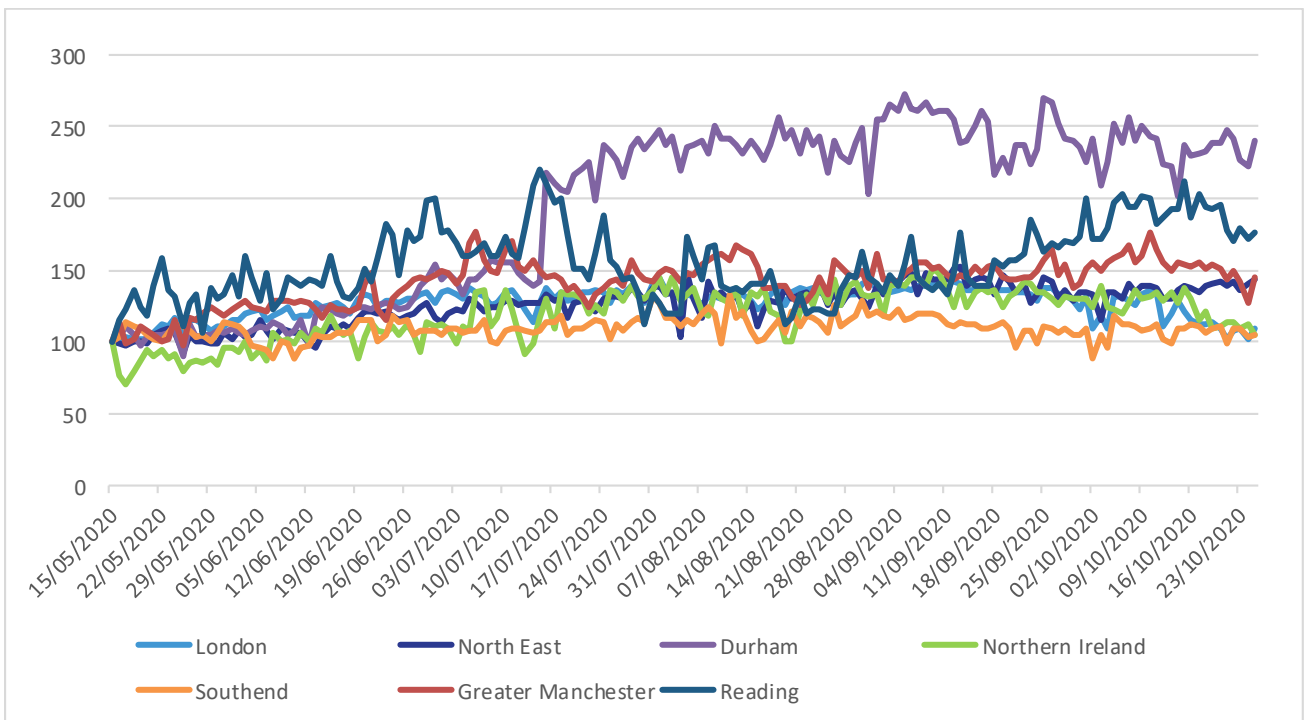
With the introduction of lockdown and the public recommended to stay at home, the monitoring of traffic activity became a useful indicator of activity in the economy. The statistics produced by ONS vary significantly across regions, cities and urban areas and the timing of data collection also varied with the data for London available since the beginning of March, while Northern Ireland's data began around mid-May. Therefore the data displayed in Figures 7, 8 & 9 begins on 15<sup>th</sup> May, well after the introduction of lockdown and shows the process of recovery and the re-opening of the economy rather than the effect of lockdown on traffic activity. In order to compare all areas, each with markedly different population numbers and vehicle policies (e.g. congestion charges, bike schemes) the data has been indexed across all areas with the common starting point the 15<sup>th</sup> May. Across the three methods of transport captured by traffic cameras, the trends vary considerably for each in Northern Ireland; as such Figure 7 shows that between May and the end of October cars moving through traffic cameras have increased steadily month on month with little variation. This compared to bus activity (Figure 8) which has remained relatively constant across the months, with significant weekly variation however this may have to do more with timetables (e.g. weekend service) than the effects on demand, as this is similar to most of the other areas surveyed. Pedestrian and cyclist activity in Northern Ireland at Figure 9 has seen a significant rise since mid-May which continued to the end of September when the numbers began to fall back to those recorded at the end of May. While there were discussions of further restrictions at this point, the change in this type of transport can also be affected by environmental factors (e.g. weather, darker nights) and by the end of October conditions were beginning to change; as with other areas activity had also shown

small signs of contraction, however Durham was an outlier in this and the other transport measures, with activity generally above all other areas surveyed.

**Figure 7: Traffic Camera Activity – Cars**

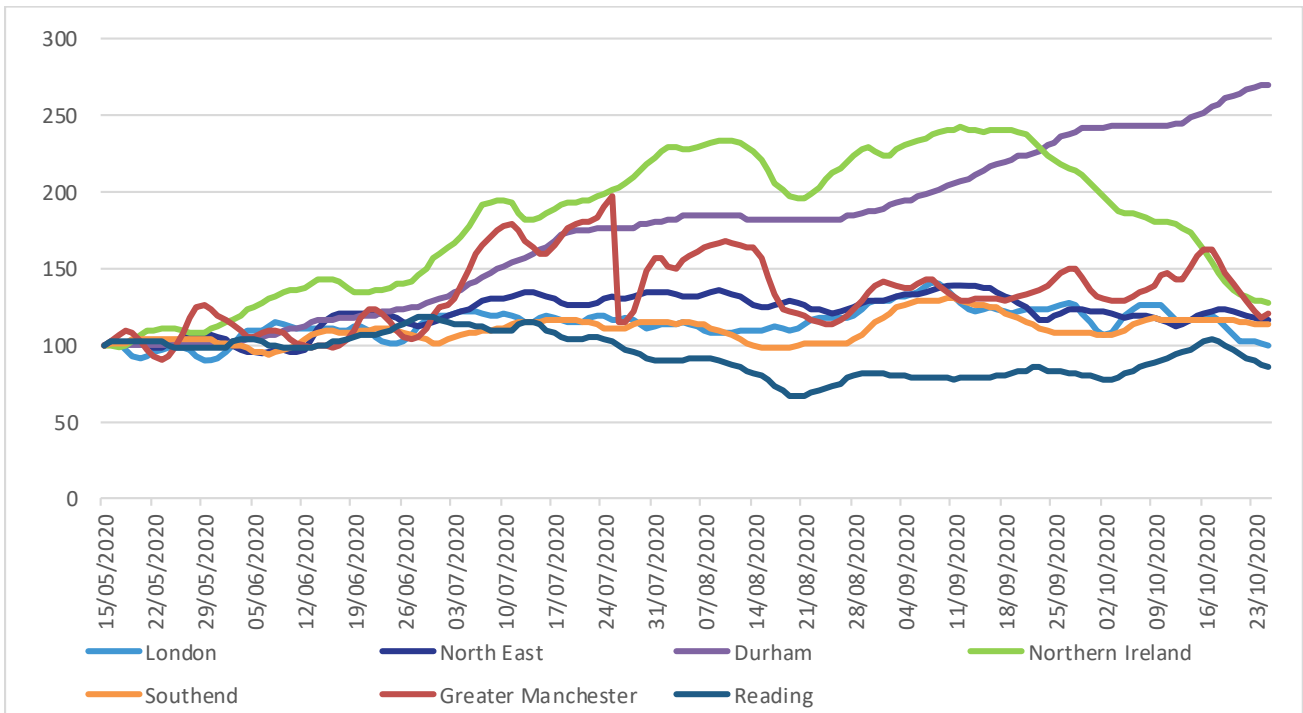


**Figure 8: Traffic Camera Activity – Buses**





**Figure 9 Traffic Camera Activity - Pedestrians and Cyclists**



## Conclusions

Across the indicators, we can see that the economic effects of the pandemic were sharp in the early weeks and months, with policy decisions and advice to the public leading to sharp contractions across many of the indicators. However over the months that followed recovery began but at a much slower rate. By the end of summer however several of the indicators saw a plateauing of the figures with some even falling back slightly. This was in the context of localised outbreaks across the UK, and the beginning of a policy of local lockdowns being introduced targeting cities and regions.

It is likely that as we move into a new phase of lockdown, coupled with the fact that these indicators have become established and refined over the last number of months, they will provide more accurate and timely data for policy makers to inform the decisions that will be required to respond effectively to the virus's second wave.

## Nathan Mulholland

For further information or queries please contact [analyticalservices@economy-ni.gov.uk](mailto:analyticalservices@economy-ni.gov.uk).

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- i [Business Impact of Coronavirus \(COVID-19\) Survey - Office for National Statistics \(ons.gov.uk\)](#)
  - ii [HMRC coronavirus \(COVID-19\) statistics - GOV.UK \(www.gov.uk\)](#)
  - iii [Apply for the Coronavirus Business Interruption Loan Scheme - GOV.UK \(www.gov.uk\)](#)
  - iv [Apply for the Coronavirus Large Business Interruption Loan Scheme - GOV.UK \(www.gov.uk\)](#)
  - v [Apply for a coronavirus Bounce Back Loan - GOV.UK \(www.gov.uk\)](#)
  - vi [Apply for the COVID-19 Corporate Financing Facility - GOV.UK \(www.gov.uk\)](#)
  - vii [Coronavirus and the latest indicators for the UK economy and society - Office for National Statistics \(ons.gov.uk\)](#)