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A snapshot of the local economy in Causeway Coast & Glens: COVID-19 and after

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COVID-19 and its Impacts

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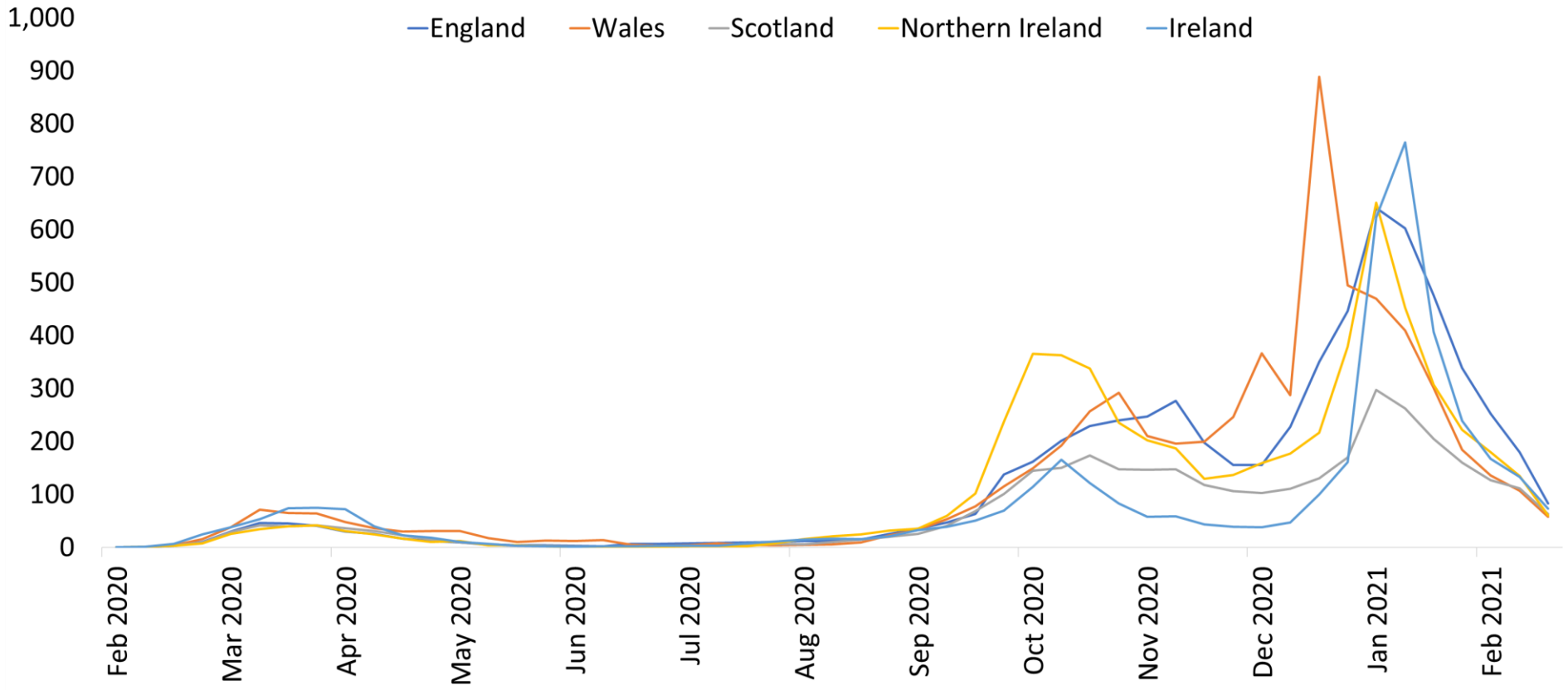
Passing the peak of the third wave

Managing COVID = ability for the economy to function. Societal case for 'Zero COVID'?

Weekly positive lab-confirmed cases per 100,000 population, March 2020 – February 2021

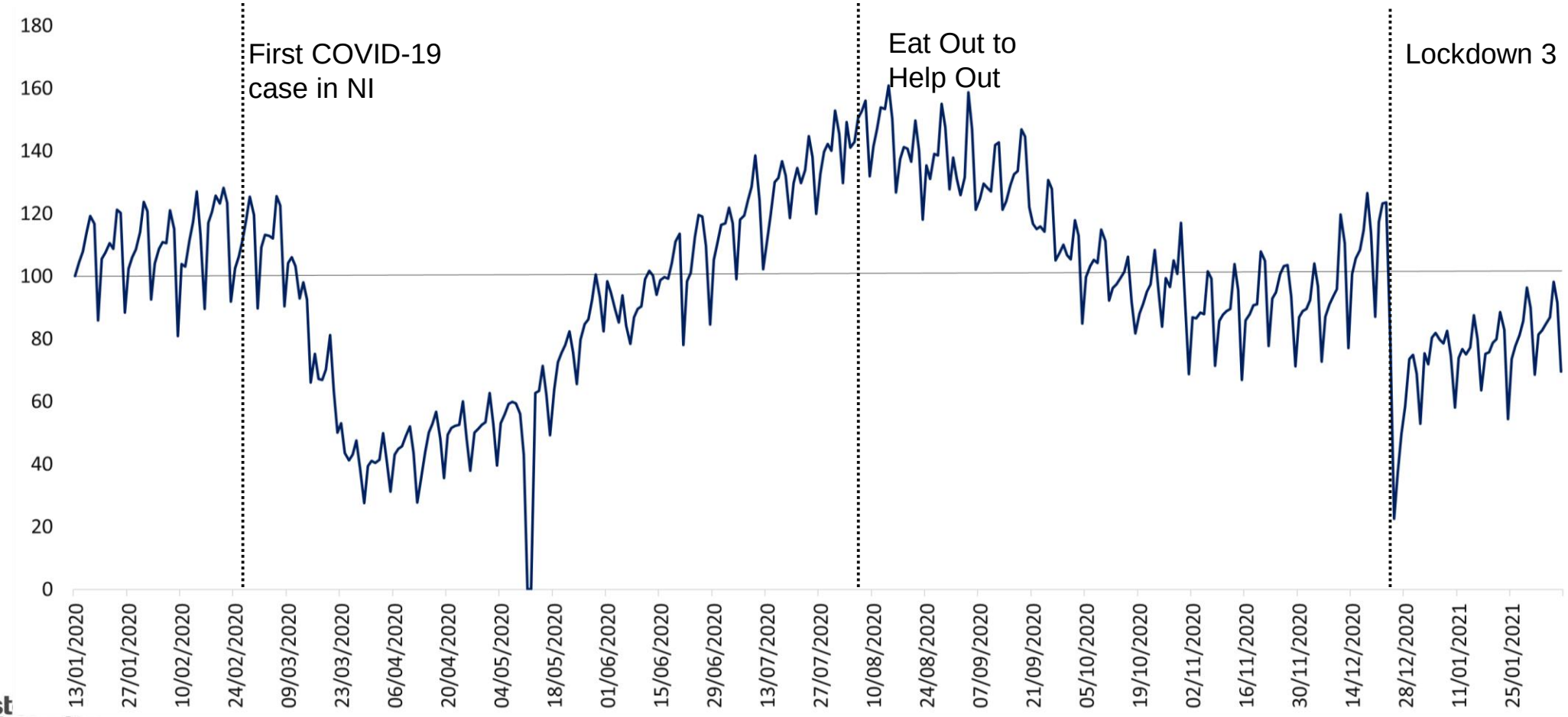


Source Department for Health

Compliance as movements remain below normal

Less than in Wave 1 – reflection on more of the economy/society open now

Driving in NI, Baseline =100, January 2020- February 2021



Source Apple Mobility Data

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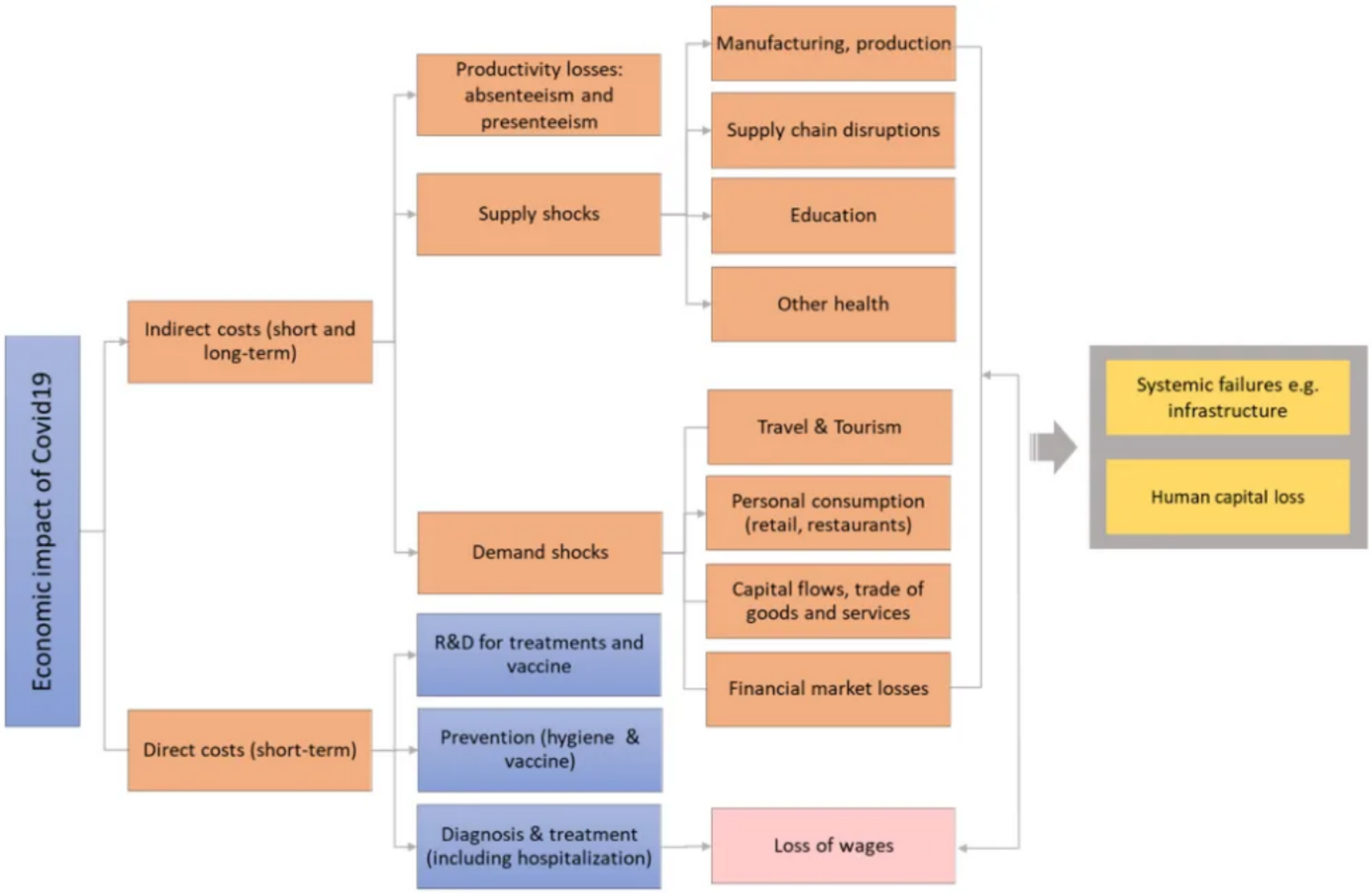
Uncertainty remains the key to impact

Do supply shocks now hold the key to short- to medium-term impacts?



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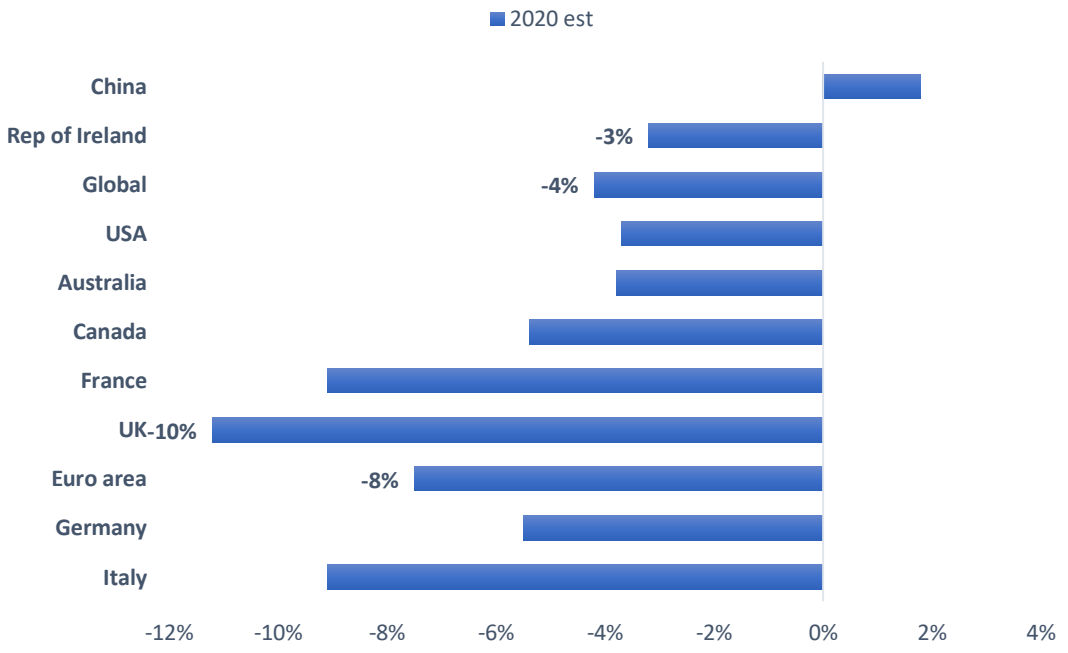
Estimates of the economic impact in 2020

How does the Impact of COVID-19 compare to previous recessions?

Estimates of GDP growth in major economies, 2020



Scale of previous UK and NI recessions (% decline in GDP), UK & NI, 1920-2009

	1920-21	1930-32	1943-47	1973-75	1979-81	2008-09
UK	-23.0%	-7.6%	-13.7%	-5.0%	-5.3%	-6.0%
NI						-7.2%

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Sources: OECD

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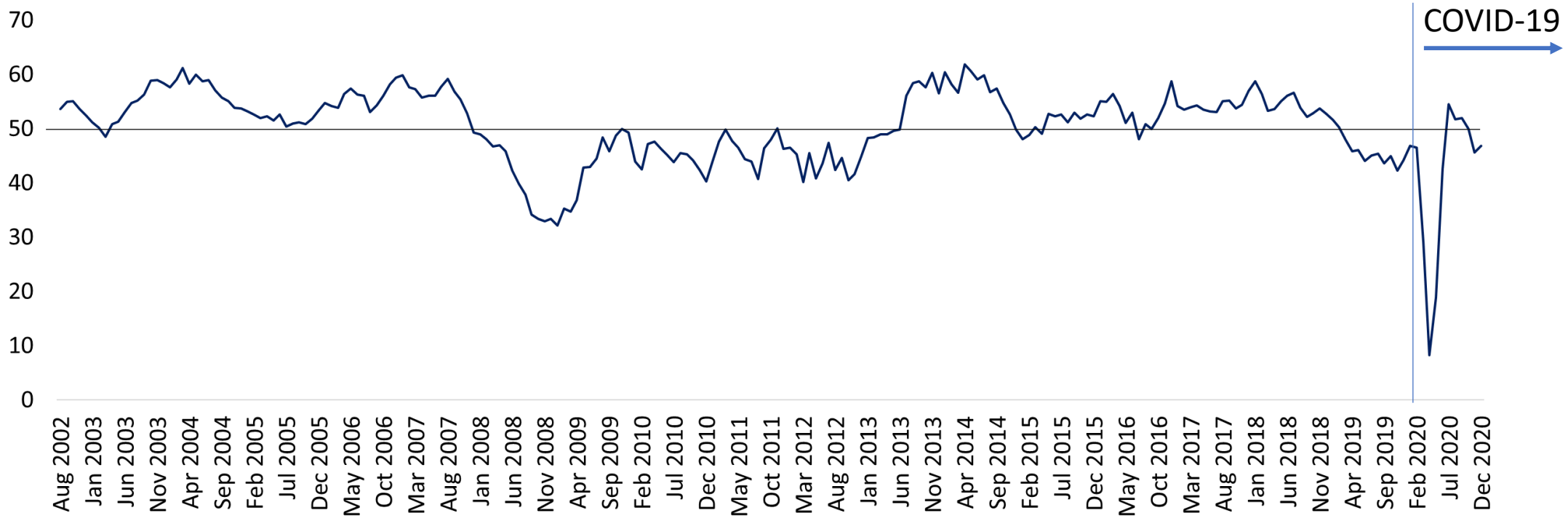
Business activity falling again

PMI of 46.8 in December marks second consecutive month of contraction

PMI, NI, August 2002 – December 2020



Source Ulster Bank

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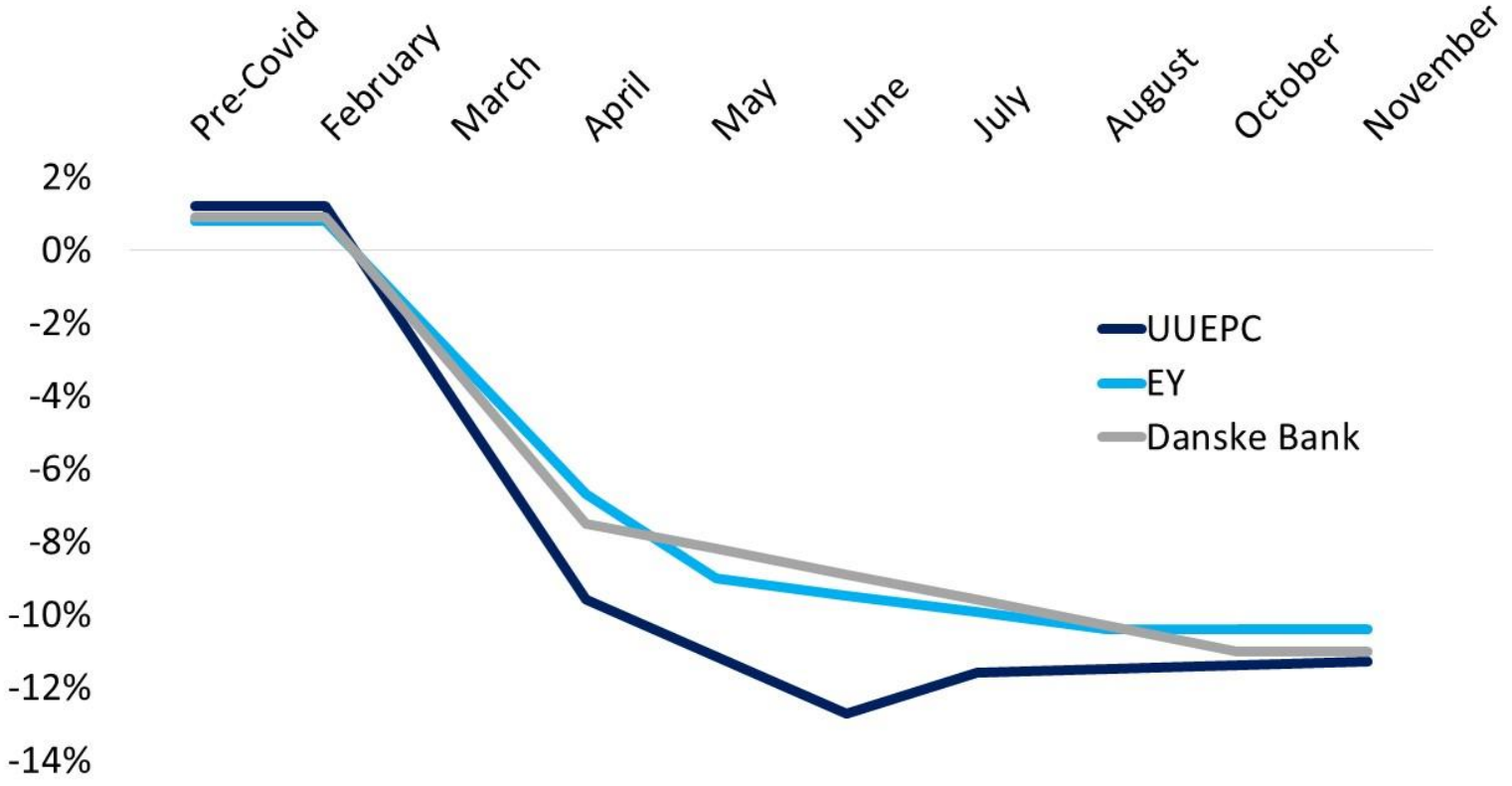
…and into a trough in economic terms

Deepest and most rapid recession in NI's history – perhaps an 11% drop in output

NI economic output estimates, January - November 2020



Source UEPC, Danske Bank, EY

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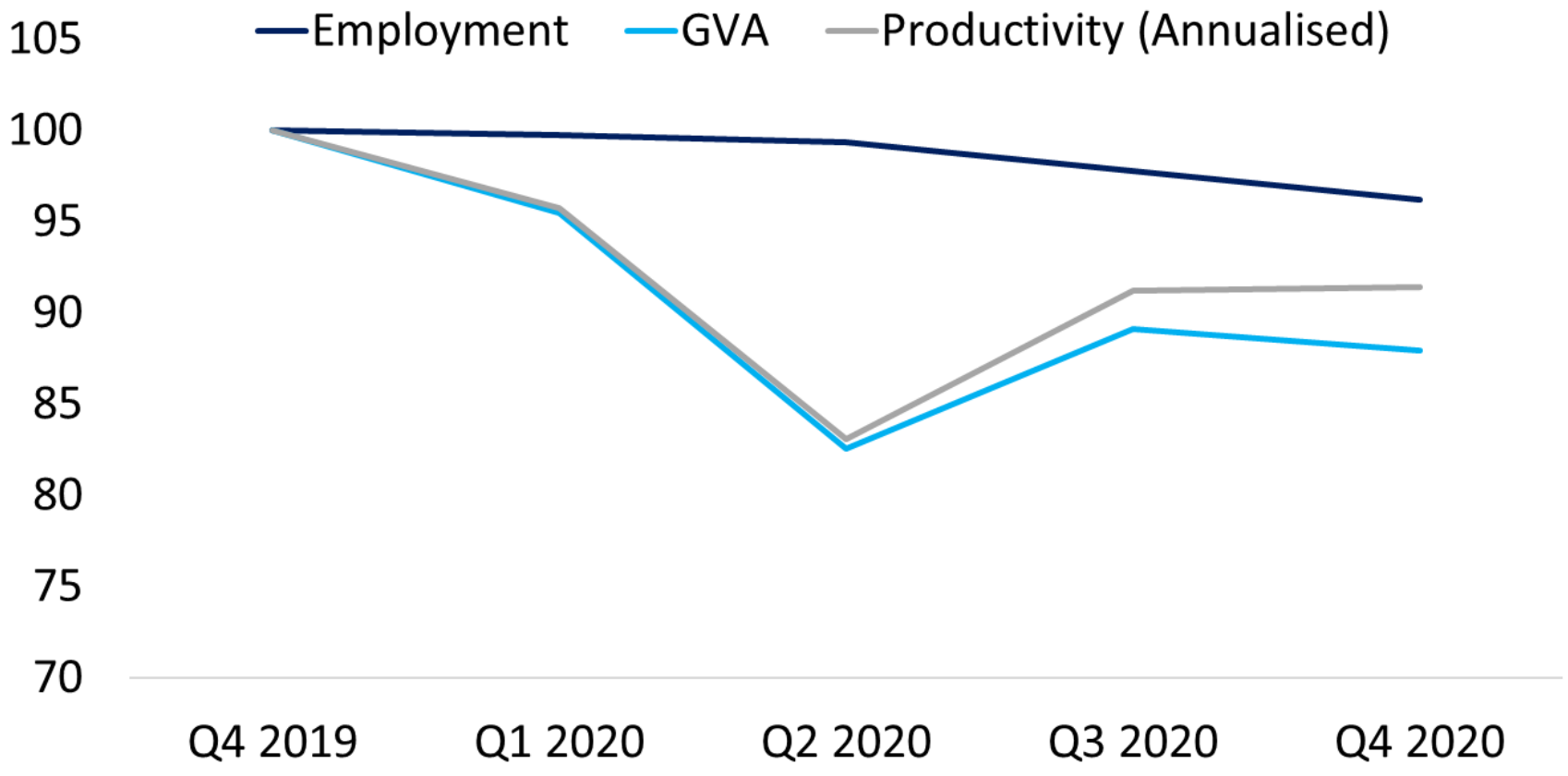
A productivity shock?

Has safeguarding of jobs led to an 'activity' slump?

Index estimate of Employment, GVA and Productivity, Q4 2019 – Q4 2020 (Q4 2019 = 100)



Source ONS Workforce Jobs, NICEI, UUEPC Analysis

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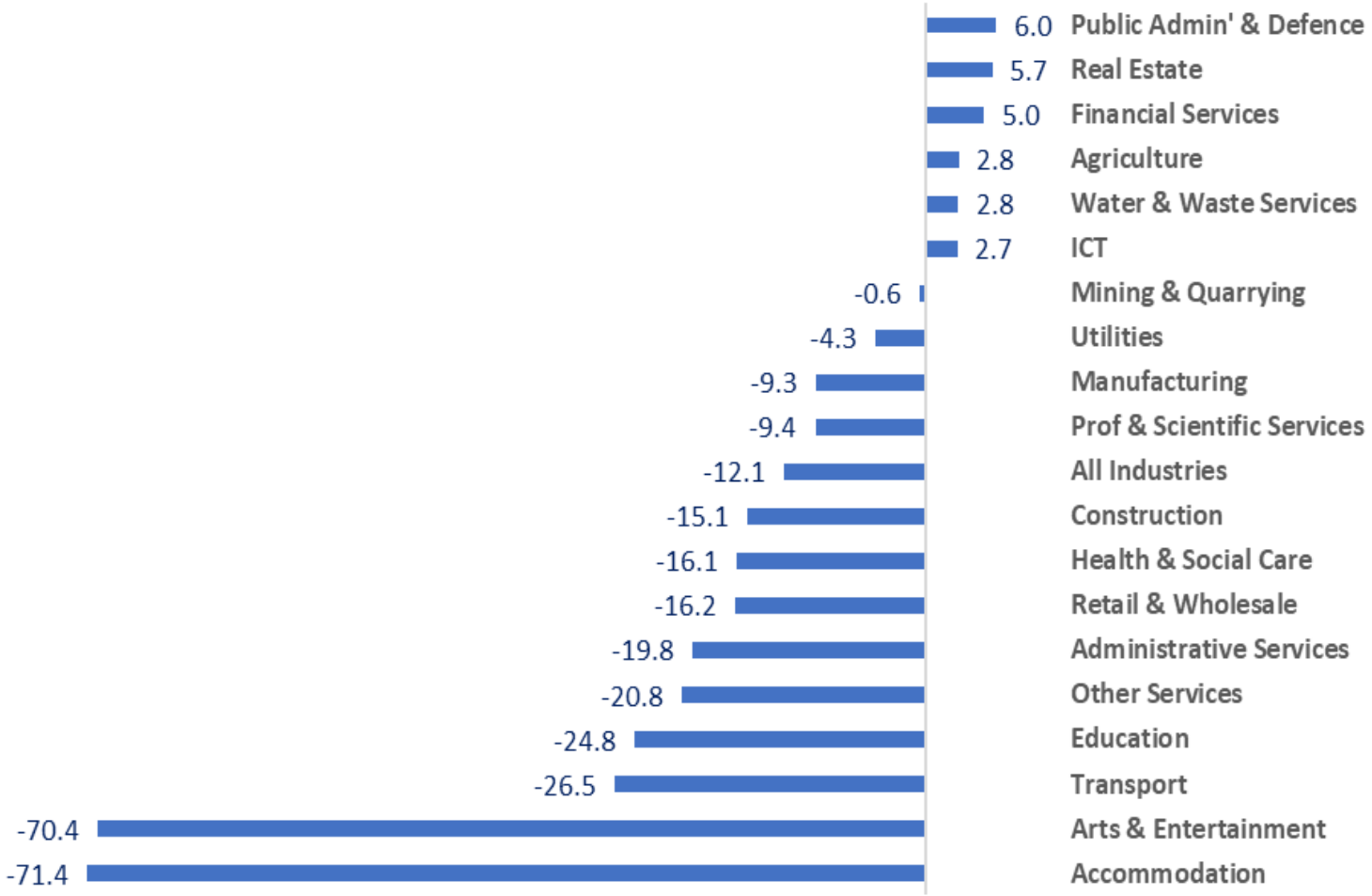
Differentiated impacts across sectors

Accommodation & Hospitality and Arts & Entertainment sectors to be the hardest hit

Estimates of economic output losses by sector, NI, 2020



Source: UUEPC analysis

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Resilient Sectors

There are successes…

- Professional services showed their agility to maintain normality;
- Public services benefitted from new waves of funding, especially Health;
- Food retailers were able to accommodate surge in demand;
- Manufacturing most varied – transport equipment in doldrums but others booming
- DIY and home improvement sectors – a boom for some self-employed;
- Logistics firms benefitted from online sales boom;
- Construction rebounding from Q2 fall, with government spending likely to boost recovery.

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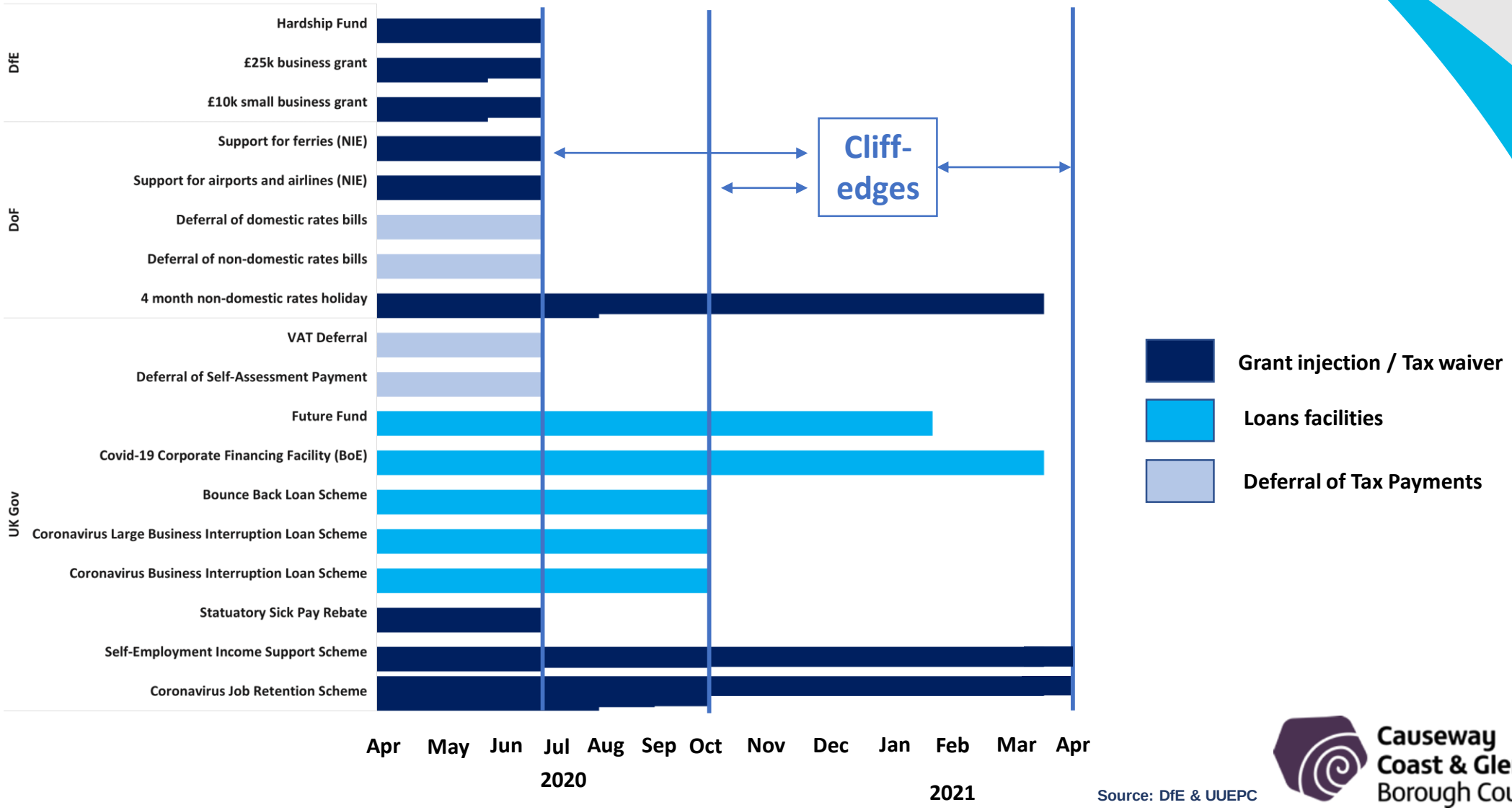
Delayed impacts due to unparalleled policy actions

Recent extensions are welcome as restrictions announced



Source: DfE & UUEPC

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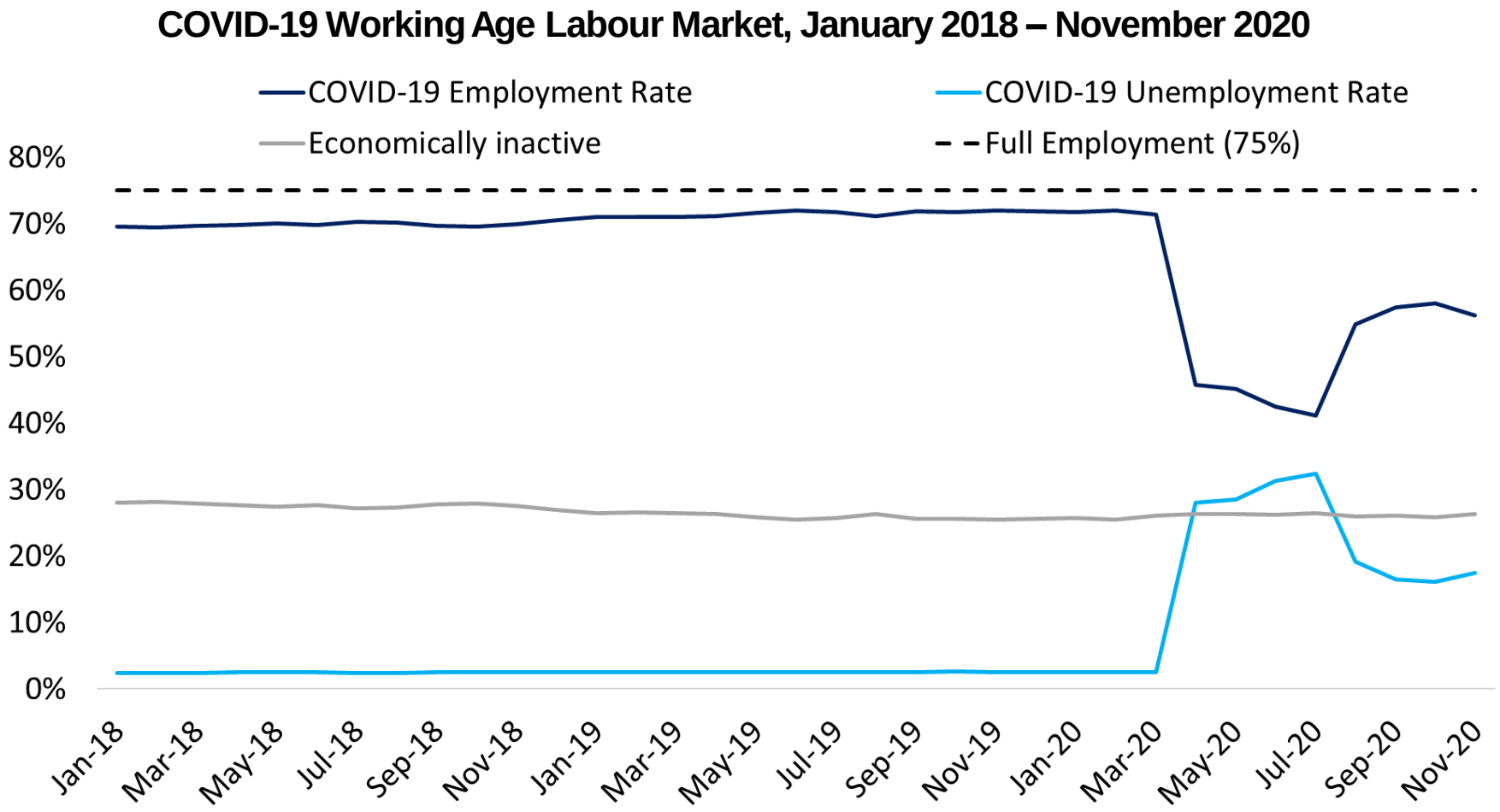
Challenges are masked by policy support

Risks of those on support schemes not returning to work – 95k still on furlough – alongside 20+k no longer in employment



Source NISRA LFS, HMRC CJRS & SEISS data, NISRA Claimant Count

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…and vacancies are levelling out

Vacancies currently 77% of the average 2019 rate

Job vacancies index, March 2018 – February 2021, 2019 average = 100

Source Adzuna

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Economic Performance in Causeway Coast and Glens

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How was the borough performing on the eve of COVID?

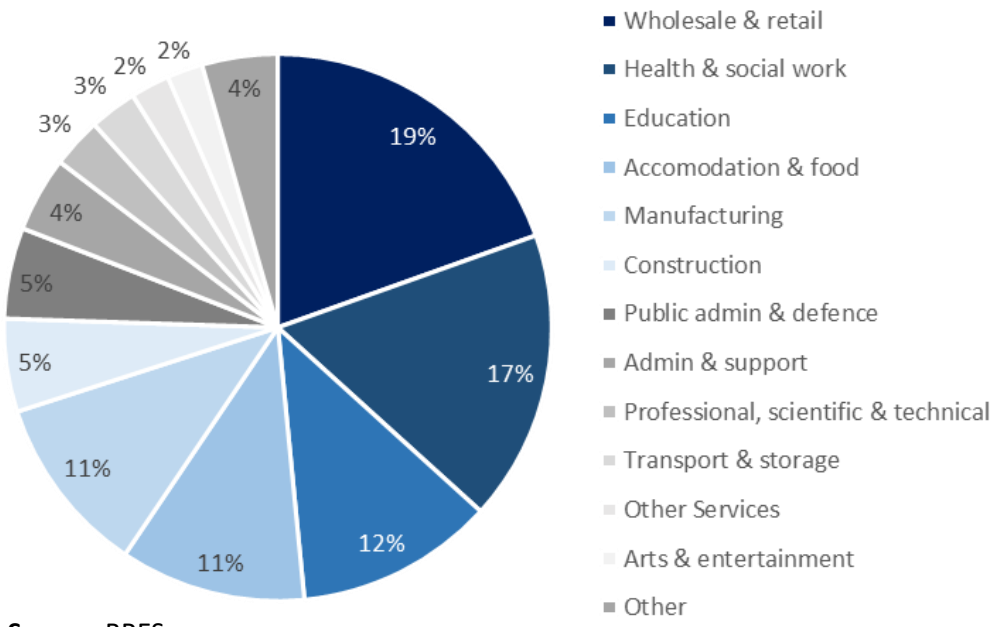
Recovery that was almost complete

- Economic output has passed the previous peak of £1.9 billion by last official data for 2018
- Employment numbers in terms of workplace jobs was still well behind the previous peak in 2007 but coming up on 60,000 jobs
- Resident employment rates had passed the previous peak suggesting strong growth in commuting flows
- Unemployment rates and economic inactivity rates both falling but persistent problems with the latter
- Tourism was the big game in town but persistent challenge of turning visitors into income

Employment by sector

Greater reliance on Tourism and Education than in NI as a whole

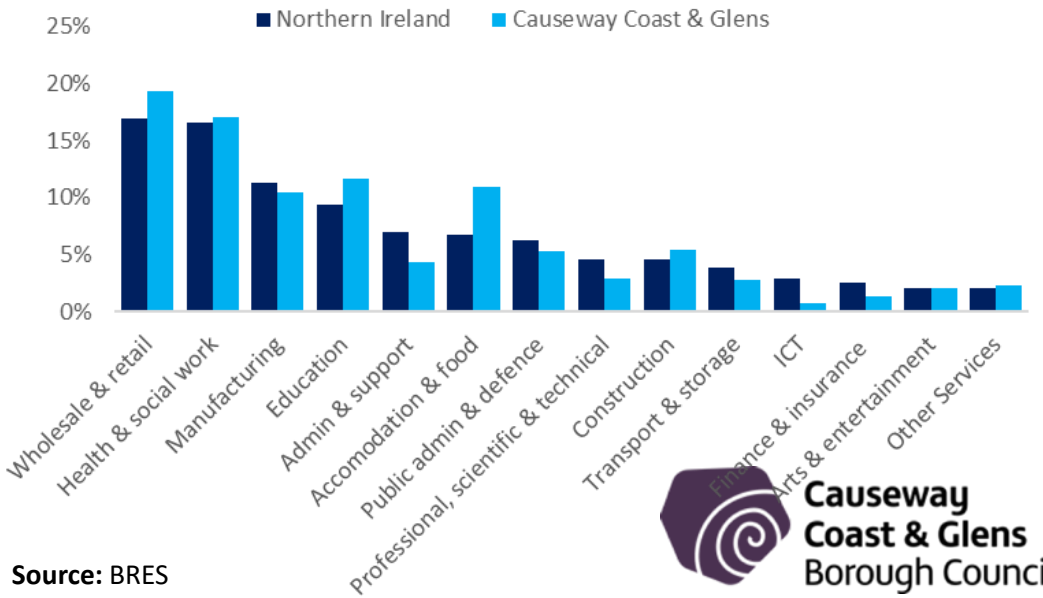
Employment by Sector, Causeway Coast & Glens, 2019



Source: BRES

- Almost 60% of employment in Causeway Coast and Glens in concentrated in 4 main sectors: Wholesale & retail, Health & social work, Education and Accommodation & food.
- When compared to NI, Causeway Coast and Glens has a greater share of employment in the four sectors outlined above as well as construction and other services.

Employment by Sector, NI vs. Causeway Coast & Glens, 2019



Source: BRES

- However, Causeway Coast and Glens is lagging in employment in more productive sectors such as manufacturing, professional, scientific & technical and ICT.
- Great potential for replacement demand and churn

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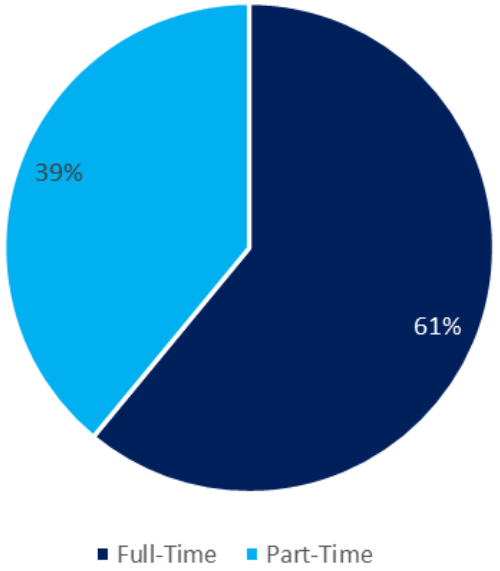
Full-time, part-time

Stronger than average female participation

Employment type, Causeway Coast & Glens, 2019



Source: BRES

- In 2019 Causeway Coast and Glens had 25,695 full-time employees equating to 61% of total employees. The remaining 39% were part time employees which translates to 16,438 people.
- Looking at Northern Ireland as a whole full-time employment was more prevalent at 66% with 34% classified as part time employees.
- Causeway Coast and Glens has a higher proportion of female employees than Northern Ireland with 54% and 51% respectively.

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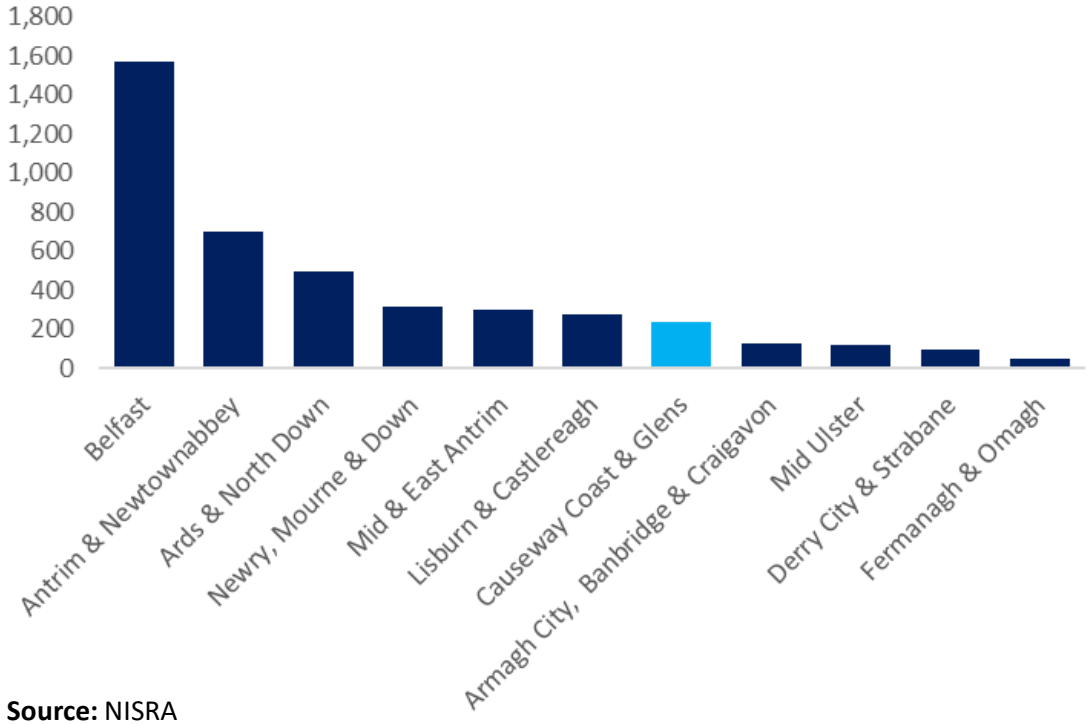
Redundancies & Vacancies

Few large redundancies and increase in vacancies from low base

Redundancies by LGD, January – December 2020



Source: NISRA

- 240 redundancies were recorded in Causeway Coast and Glens during 2020 which accounted for 6% of total redundancies in Northern Ireland.
- Redundancies in Belfast and Antrim & Newtownabbey accounted for just over half (53%) of redundancies over the same period of time.

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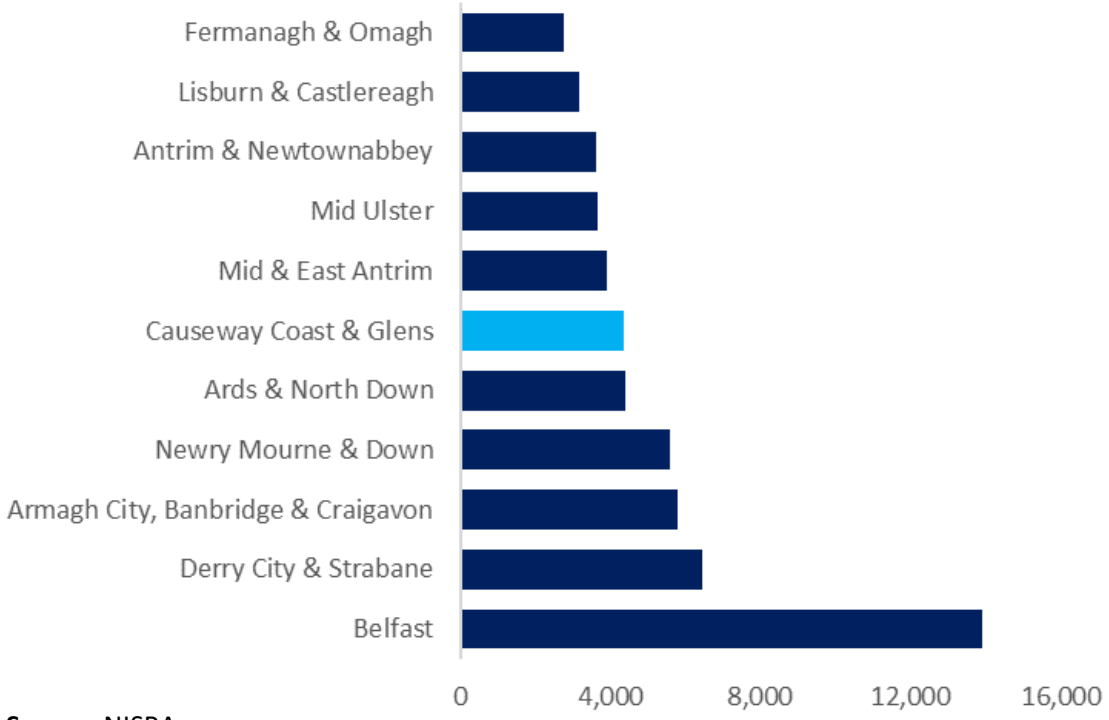
Claimant Count

No surge in UC numbers in 2020 – reflects the highest uptake of furlough

Claimant Count by LGD, December 2020



Source: NISRA

- During December 4,355 people were included on the Claimant Count from Causeway Coast and Glens. This equates to 8% of the Northern Ireland total.

- Causeway Coast and Glens has experienced a 63% increase in Claimant Count from December 2019. However, when compared to other NI Council areas, this is the ***third smallest increase*** in Claimant Count. 5 other LGD's have experienced year on year increases of over 100% and three (ABC, A&ND and N&MD) have overtaken the Council area.

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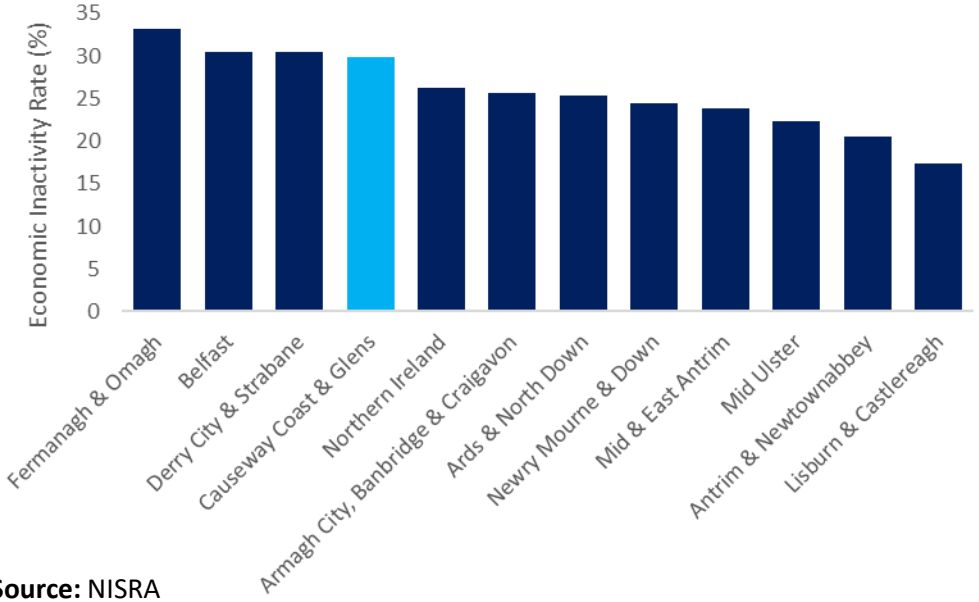
Economic Inactivity

Persistent issue in the borough especially for long-term sick and disabled

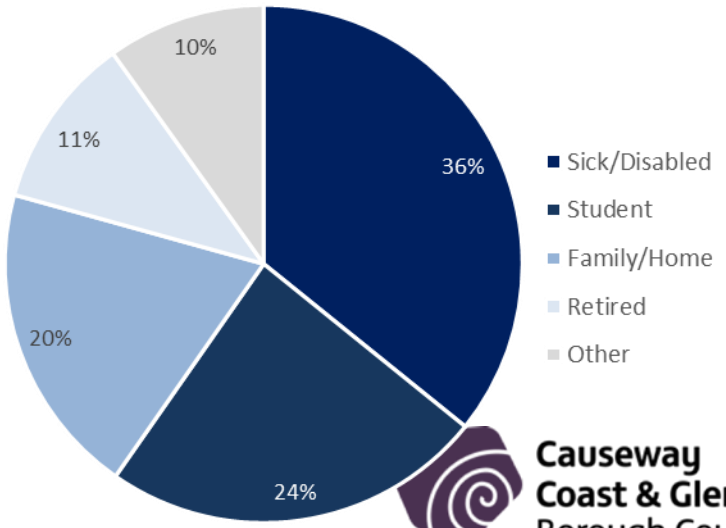
Economic Inactivity Rate (%), NI LGD's, January - December 2019



Source: NISRA

- Causeway Coast and Glens has the fourth highest rate of economic inactivity in Northern Ireland at 30% of the working age population. This is also 3% higher than the Northern Ireland average.
- Causeway Coast and Glens has the joint second lowest unemployment rate of 68% compared to the NI average of 72% in 2019.

Economic Inactivity Breakdown, NI, January - December 2019



Source: NISRA

- Using the NI breakdown of economic inactivity, it is estimated that in Causeway Coast and Glens: 8,950 people are sick/disabled, 5,975 are students, 4,900 are looking after family/home, 2,700 are retired and 2,475 are classified as other.

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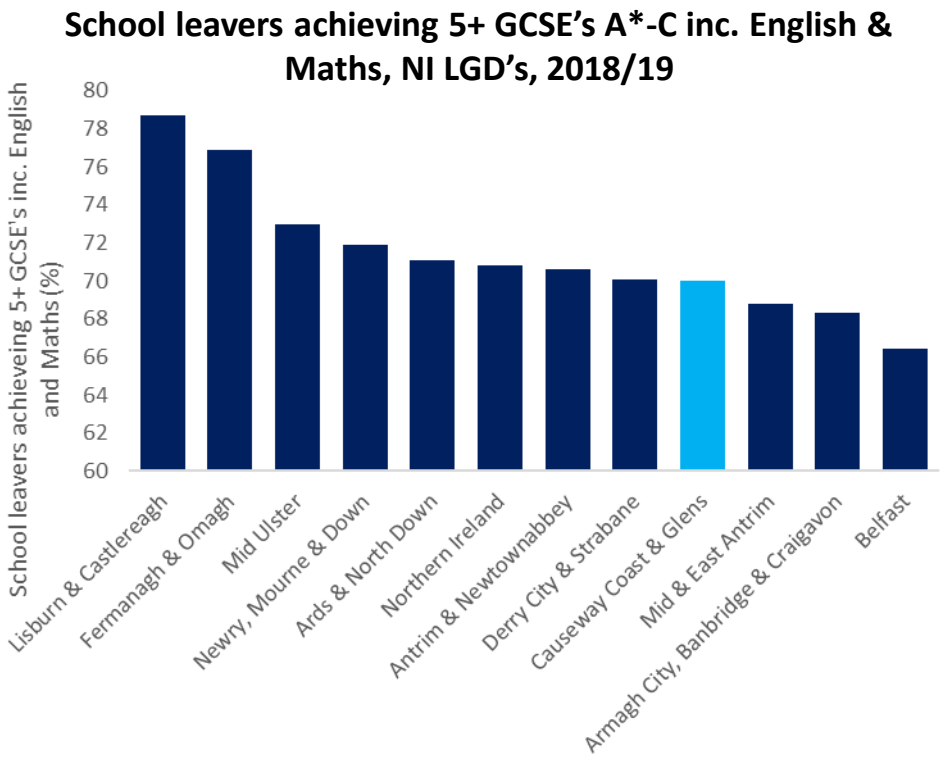
Educational attainment

Persistent challenge also



Source: NINIS

- Causeway Coast and Glens had 70% of school leavers achieving 5+ GCSE's A*-C including English and Maths in the 2018/19 academic year. This is less than 1% lower than the Northern Ireland average but 9% lower than highest achieving council area Lisburn and Castlereagh.

- Causeway Coast and Glens had 4,655 Higher Education (HE) enrolments and 9,137 Further Education (FE) enrolments in 2018/19. This ranked 9th and 7th respectively out of the 11 council areas.

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Economic Outlooks: Global and local

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What might be factors for the economic outlook

Has COVID replaced Brexit as the key to understanding the ‘new normal’?

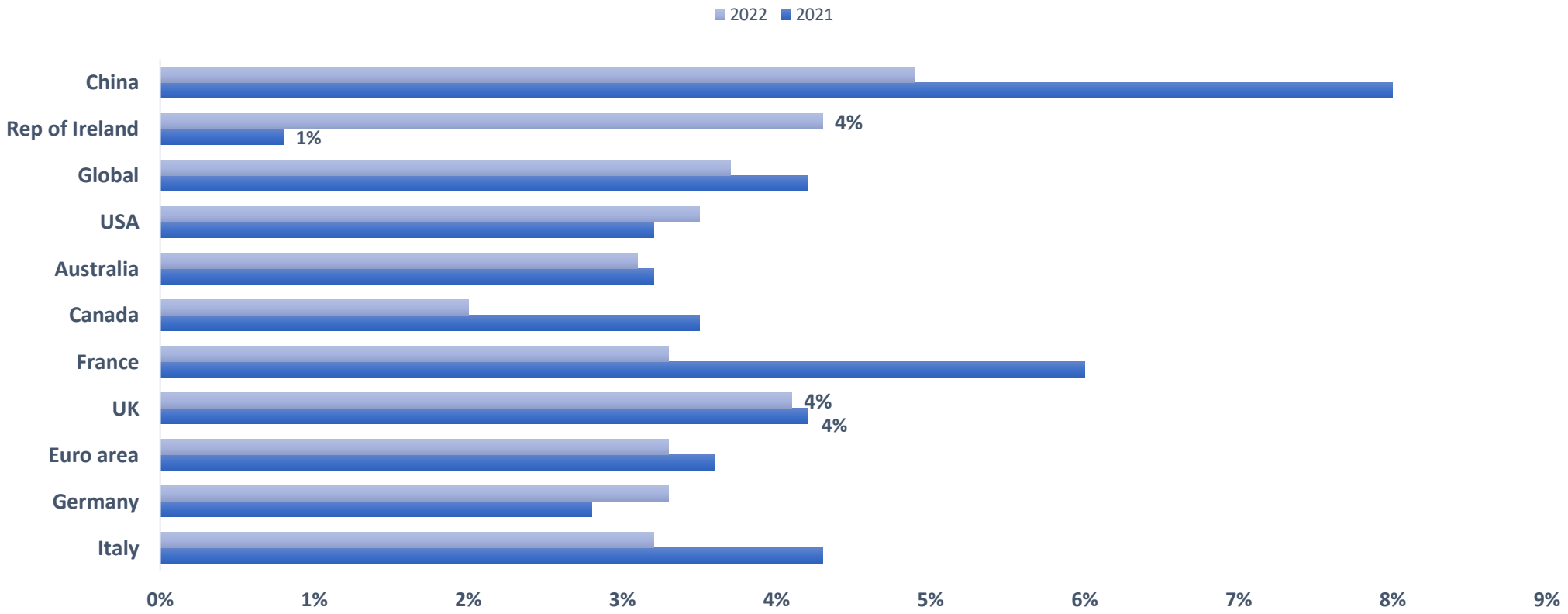
- Vaccination programmes and the light at the end of the tunnel – although this relies on more than ‘vaccines in one country’ or region policy
- To what extent will the pandemic change the world of work – shift to new modes of remote working, blended working and hybrid – overplayed perhaps but something here that will last
- Recovery will start in 2021 – this time will really be different in terms of the sharpness of the shock and the reaction to this
- Note the ‘shift left’ at least in rhetoric – levelling up, broadening the base, protecting the vulnerable
- Sustainability to come further to the fore – call for Net Zero’ 2050 and the idea of ‘natural capital’

Source Department for Health

Recovery takes hold in 2021-2022

Most countries will take until 2023 to make up 2020 losses

Estimates of GDP impact and outlooks for major economies, 2020-2022



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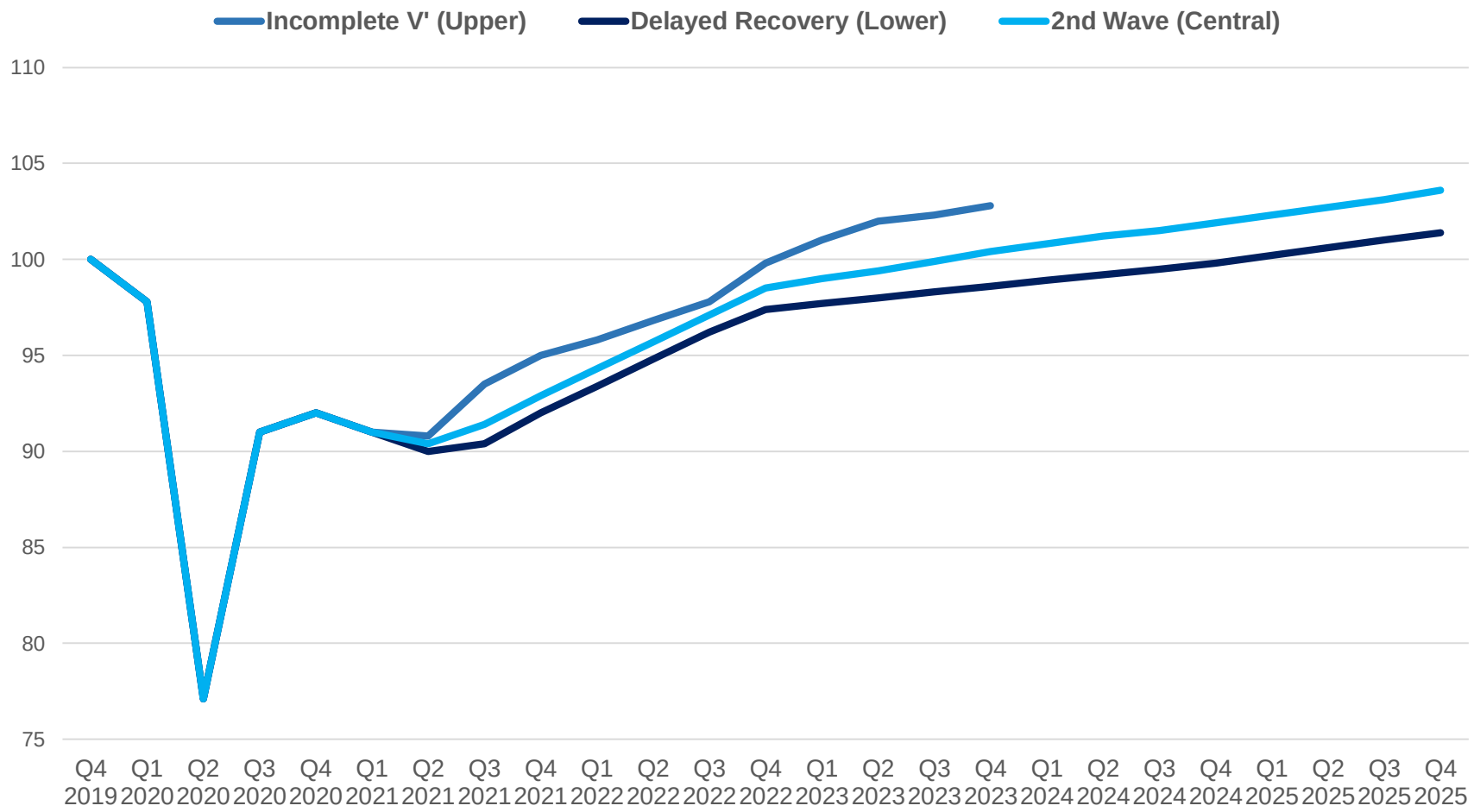
Recovery too in NI

Pathways vary from 2023 return to peak to 2025 in lower scenario



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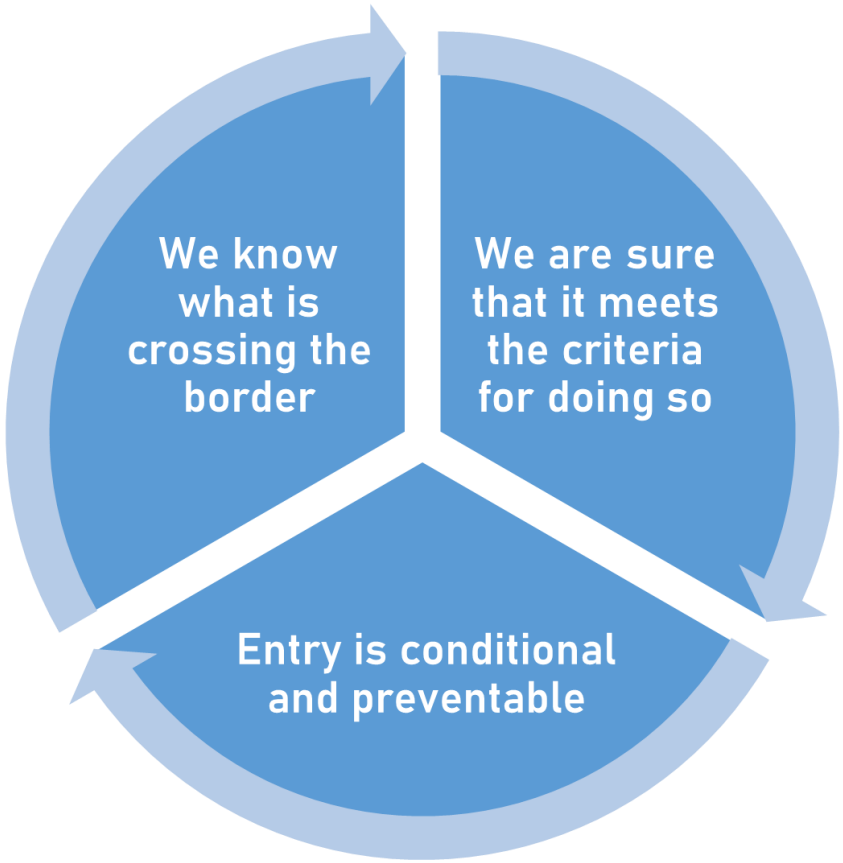
Brexit and the NI Protocol

Designed to allow GB to leave the Custom Union/SEM while NI did not

Three principles of border management



Source Prof Katy Hayward

- Crux of the issue was always going to be how 'unfettered' GB/NI trade would be as UK internal market disrupted, particularly for parcels, pets, potatoes and potted plants.
- Prior to Brexit, NI received about 175 roll-on/roll-off lorries every day from GB- now 20-25% of these will need to be physically inspected
- Short supply of some produce in supermarkets - has led to sourcing local suppliers, but less choice for consumers.
- Border 'grace period' ends in April 2021, 6-months grace period for certain products (meat). Continued uncertainty?

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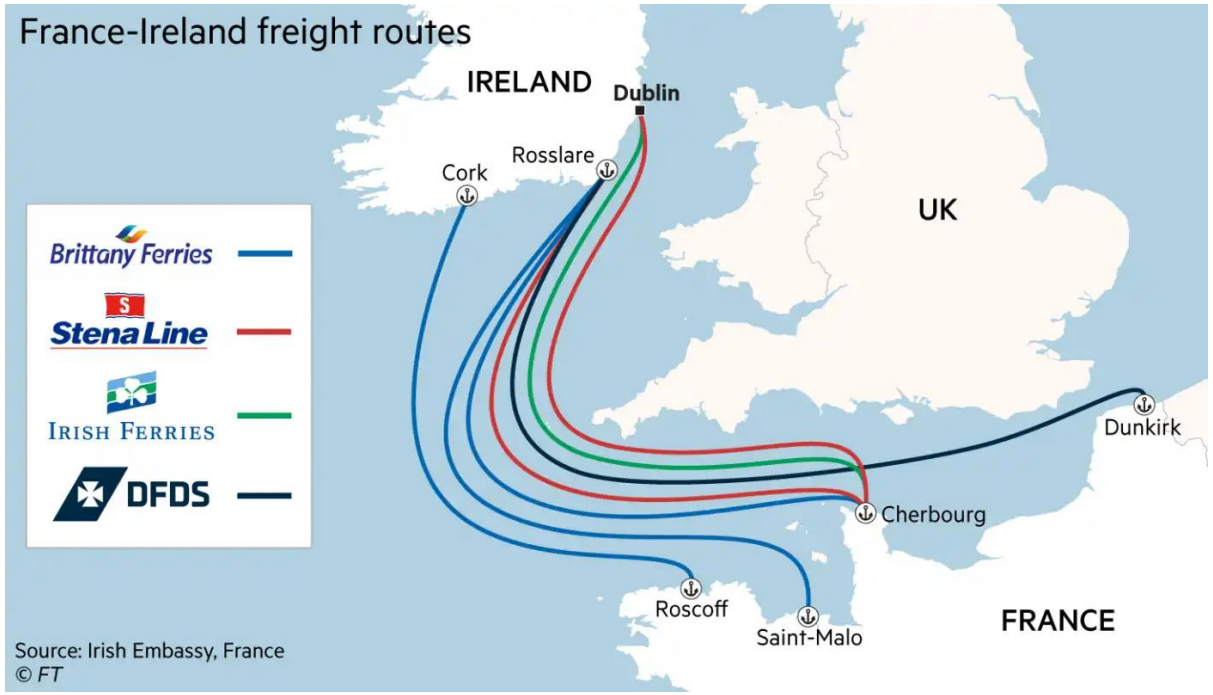
Where are the opportunities of ‘best of both worlds’?

Opportunities will knock but will we answer the door?

Immediate responses - new models of operating in the Irish Sea



- NI fishing gained a larger share of the quota, won’t be fully realised for 5 years.
- Mutual recognition of qualifications- how will the service sector respond?
- NI’s unique position realised- ‘Brand NI’ & Protocol used to retain business that want access to the EU & UK markets. But need to be genuine NI businesses?
- NI could benefit from future UK trade agreement with global players- exports to Japan for example tariff free.
- Substitution of GB products by NI &/ Irish suppliers – strengthening the all-island economy.

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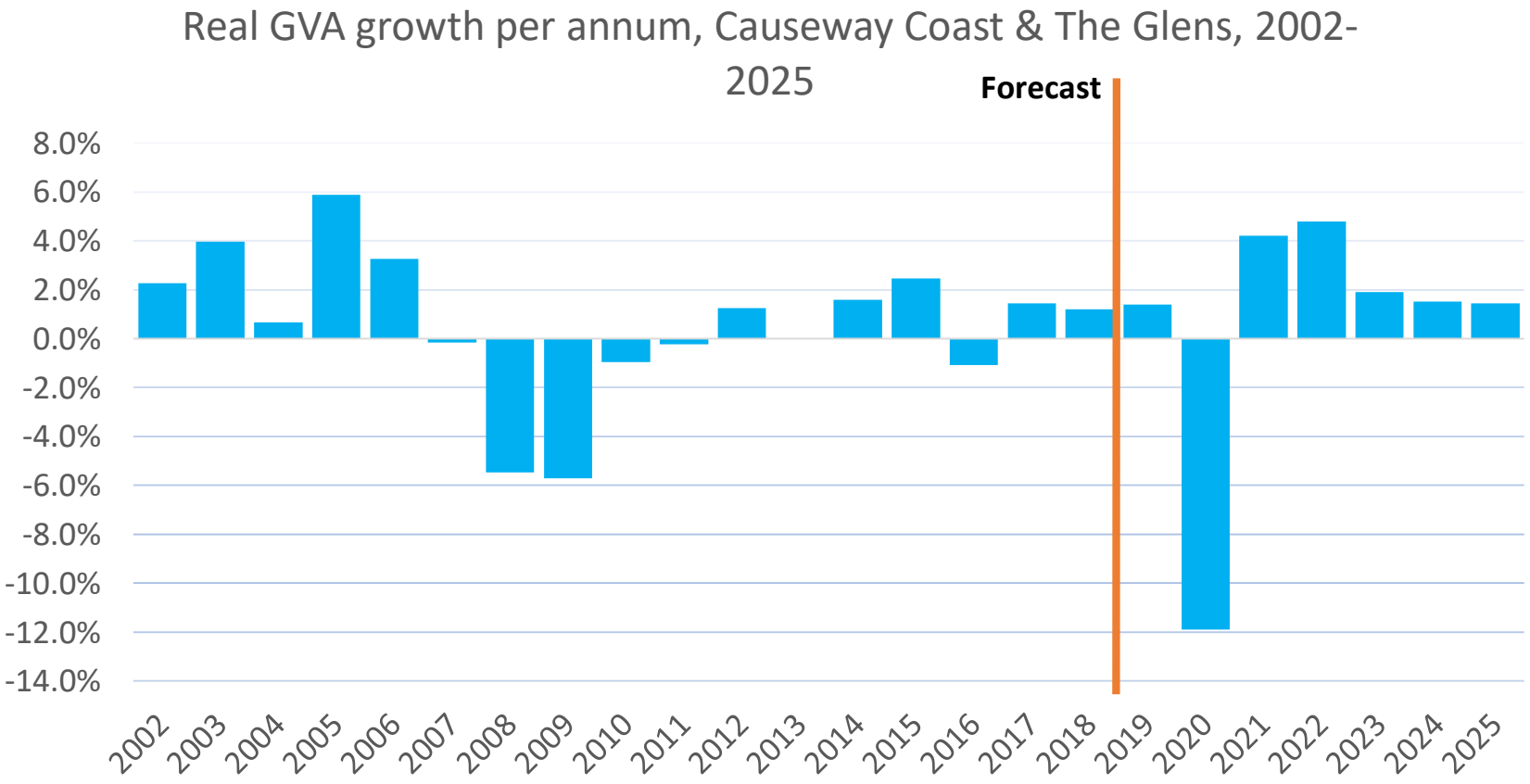
Estimates of Annual 2020 Economic Impacts

Causeway Coast & Glen's GVA is expected to fall by as much as 12% in 2020 – a huge shock to the local economy – followed by 4 year recovery

Real GVA growth rates, Causeway Coast & Glens, 2002-2025



Source: UUEPC Analysis

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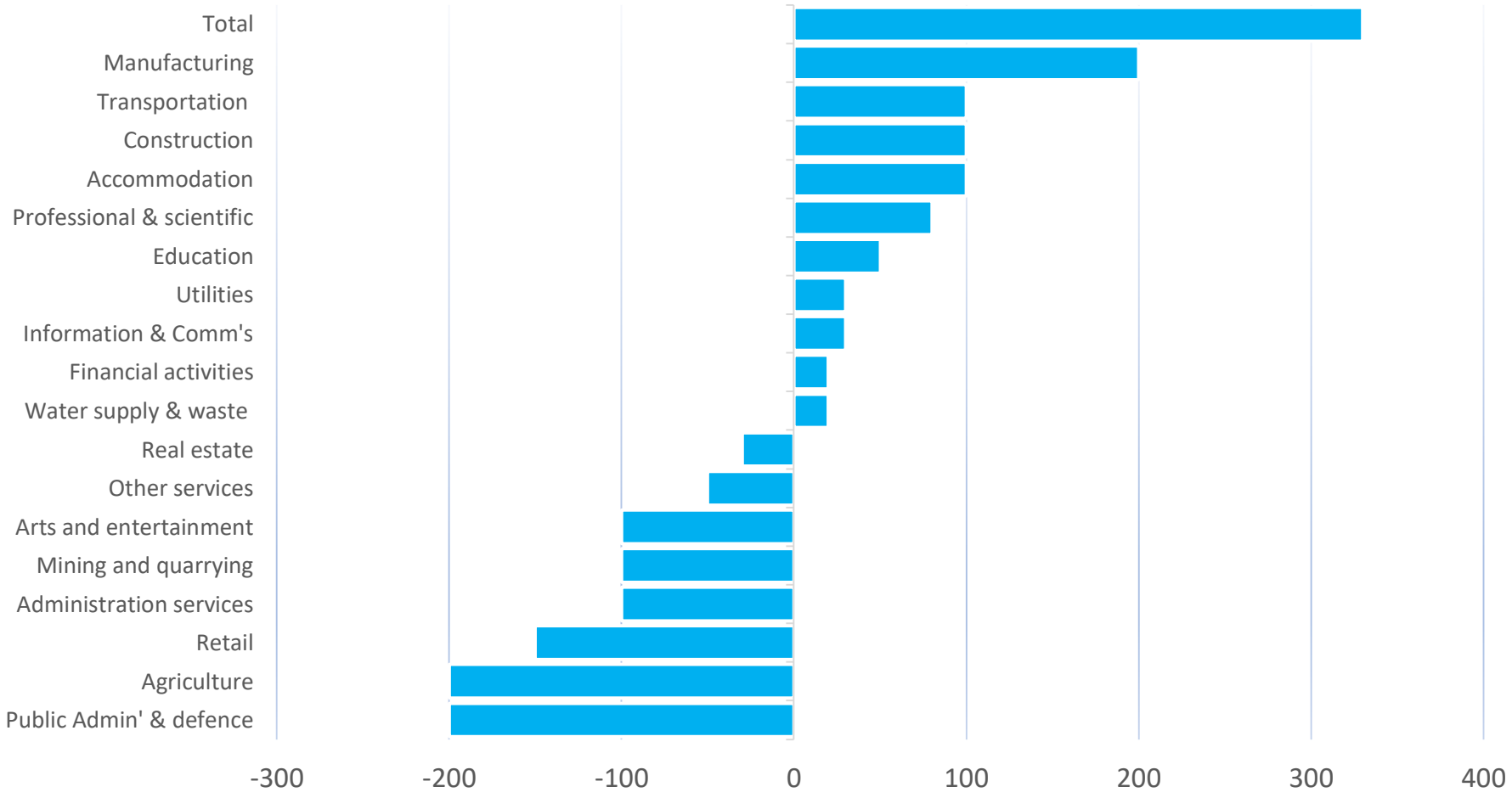
Estimates of employment change

Recovery period by 2024/25 could also see redistribution of jobs across sectors

Employment change by sector, Causeway Coast & The Glens, 2020-2025



Source: UUEPC Analysis

Policies to consider – in general

Helping the most vulnerable // Doubling on existing trends // Exploring new opportunities

1. Helping most vulnerable – consider…

- Grants for hiring under-25s as young people most likely to lose their jobs to Coronavirus and have the least experience, harming attractiveness to employers
- Grants for those hiring from unemployment / long-term unemployed / inactive to prevent temporary unemployment becoming long-term paramount to avoid scarring effects
- A matching service to distribute labour supply across the workforce will share the burden and place demand where it is needed as job retention scheme winds up

2. Doubling down – consider …

- Launch a specific automation programme focussing on productivity and efficiency, crosscutting all sectors
- Encourage sites to mover to carbon neutral upon resumption of activities by subsidise and invest in industrial energy shifts
- Incentives will be needed to encourage enterprises to innovate out of crisis sp loans/equity, rather than grants, to recycle income from those with successful R&D

3. New opportunities – consider …

- Reinventing supply chains through localisation
- How the NI Protocol could become the basis for new business

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Conversations on recovery in the Council area

Will this time see a change in emphasis?

- **Making the most of new ways of working and living:** Need to quickly roll-out and fund a skills strategy to ensure education and training places for school leavers and those facing a jobs cliff edge but also to support/retain the new 'home/flexible workers'

- **Communicating confidence in 'places':** Crisis has revealed the need for local, devolved leadership, not least in supporting the life of communities and businesses in local towns and cities

- **Lobby for a focus on transforming the economy:** Need to accelerate delivery of some plans (eg: Growth Deal), not least to inspire confidence and leverage investment for infrastructure and the digital revolution

- **What place for further developing collaboration?:** Between Councils, across borders, etc.

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Thank You

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