

**Appendix 3: Update Report to Audit Committee on the Impact of Covid-19 on the Spelthorne Economy**

**Increased Levels of Unemployment**

This document is intended to provide a high-level view in respect of the impact that Covid-19 has had on the Spelthorne economy. To give some degree of context, there is some comparable data with Surrey, the south-east region, and Great Britain. The document then proceeds to examine the impact on jobs at a more granular level by examining the impact on each of the wards in the borough as well as the overall impact on the borough of Spelthorne.

Date	Spelthorne	Surrey	Great Britain	South East
February 2020	1.7	1.2	3.0	2.1
March 2020	1.7	1.2	3.1	2.2
April 2020	3.2	2.4	5.1	3.9
May 2020	5.3	4.0	6.4	5.3
June 2020	5.1	3.8	6.2	5.1
July 2020	5.2	3.9	6.4	5.2
August 2020	5.5	4.1	6.5	5.4
September 2020	5.6	4.1	6.4	5.3
October 2020	5.5	3.9	6.2	5.1
November 2020	5.7	4.0	6.3	5.2
December 2020	5.7	4.0	6.2	5.1
January 2021	5.6	4.0	6.2	5.1

This chart shows the total unemployment rates from February 2020, just before covid-19 affected the country to January 2021.

- Spelthorne from 1.7% to 5.6%
- Surrey moved from 1.2% to 4.0%
- South East from 2.1% to 5.1%
- GB from 3.0% to 6.2%

This highlights the fact that Spelthorne has had a far greater percentage increase of job losses compared to the other 3 areas and that the S.E has suffered significantly more job losses compared to the GB average. This situation is compounded when seeking jobs in other nearby locations as vacancies have also diminished in neighbouring boroughs and districts. Over the same period Hillingdon has seen the claimant count rise from 2.4% to 7.2% and Hounslow fared worse with an increase from 3.7% to 9.2% unemployed. A key factor influencing this has been the demise of Heathrow airport and the supply chain that relies heavily and sometimes exclusively on this business.

Due to the high level of influence that Heathrow Airport has on the local and sub-regional economy, this update includes a summary of the challenges facing the most significant employer of our residents.

### **HEATHROW AIRPORT**

Prior to CV-19 Heathrow Airport was directly responsible for providing jobs for around 3,700 of our residents which equates to around 8% of our workforce, a further significant number of the Spelthorne population have businesses or are employed by the supply chain that serves Heathrow

BBC news reported on 1.3.21 details regarding job losses and their association with airports in general around the country. 'According to **parliamentary data**, the number of people claiming unemployment benefits went up 112% across the UK between January 2020 and January 2021. But analysis by a group of MPs with interest in aviation found that in constituencies around the UK's top 20 airports, it rose 145% on average. Some airports in London and the South East saw particularly high rises. In Hayes and Harlington, which contains Heathrow, the number of people claiming unemployment benefits has increased 221%. In Crawley, around Gatwick, it has increased 224% and in Saffron Walden, the home of Stansted, it has increased 228%. The Unite union has said that over 30,000 airport workers could lose their job by the time the pandemic ends.' <https://www.bbc.co.uk/news/business-56231312>

Four days before the above report, another article highlighted the threat to the aviation sector and Heathrow in particular. '**Heathrow Airport has reported a £2bn annual loss after passenger numbers during the coronavirus pandemic dropped to levels last seen in the 1970s.**

It said 2020 was the toughest year in its 75-year history and the loss "underlines the devastating impact of Covid-19 on aviation".

Heathrow's results contained a warning it may not be able to carry on if passenger numbers remain low. However, its boss said the airport had enough money to cope until 2023.'

<https://www.bbc.co.uk/news/business-56176403>

## Breakdown by Ward

The following two charts provide a breakdown at ward and borough level by volume the increase in job losses across the borough. The first chart illustrates the impact by the number of people in each ward that are claiming unemployment benefit from before the start of the response to the pandemic in February 2020 to January 2021. The second chart details the same information, but is presented in percentage format of those claiming unemployment benefit which provides a more accurate picture as each ward will have different levels of working population.

Area	February 2020	March 2020	April 2020	May 2020	June 2020	July 2020	August 2020	September 2020	October 2020	November 2020	December 2020	January 2021
Spelthorne	1,050	1,040	1,985	3,240	3,125	3,230	3,360	3,450	3,370	3,485	3,490	3,450
Ashford Common	70	65	135	220	200	225	230	250	240	260	265	270
Ashford East	70	70	140	230	220	230	225	220	210	200	200	205
Ashford North and Stanwell South	125	115	205	315	310	315	350	355	350	375	365	370
Ashford Town	70	85	130	220	215	230	235	255	260	275	280	270
Halliford and Sunbury West	55	55	120	195	170	170	190	190	175	195	185	190
Laleham and Shepperton Green	80	80	165	265	270	275	265	275	270	280	285	270
Riverside and Laleham	55	55	95	150	135	145	160	165	160	155	155	150
Shepperton Town	30	30	80	155	150	150	160	155	140	160	155	150
Staines	95	95	170	275	285	275	300	315	320	325	335	350
Staines South	80	70	135	250	245	240	245	245	240	240	250	245
Stanwell North	155	150	275	400	390	410	420	415	420	435	440	430
Sunbury Common	130	125	230	380	350	375	385	405	380	395	390	370
Sunbury East	35	40	110	190	185	190	190	205	200	195	180	185

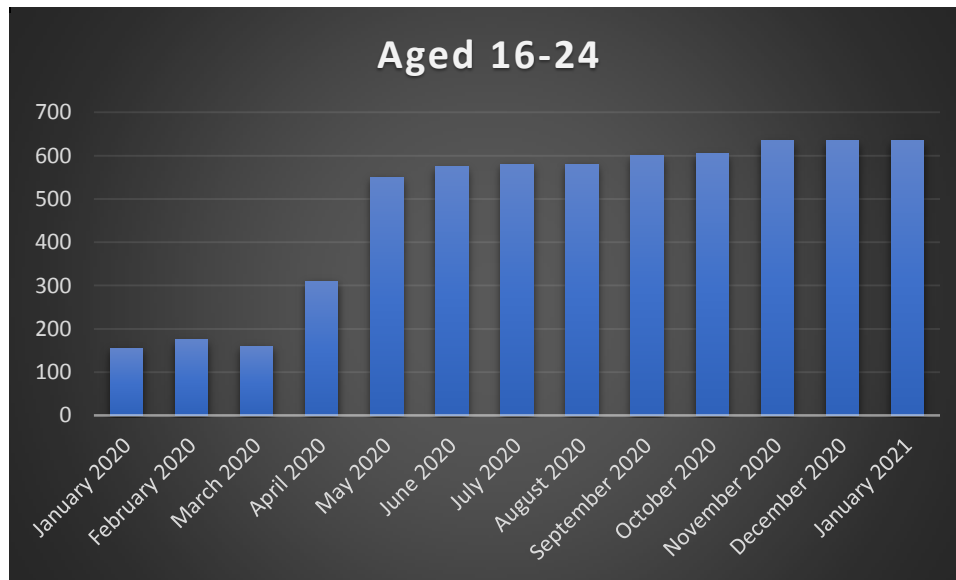
Area	February 2020	March 2020	April 2020	May 2020	June 2020	July 2020	August 2020	September 2020	October 2020	November 2020	December 2020	January 2021
Spelthorne	1.7	1.7	3.2	5.3	5.1	5.2	5.5	5.6	5.5	5.7	5.7	5.6
Ashford Common	1.4	1.3	2.8	4.5	4.1	4.6	4.8	5.1	5.0	5.3	5.5	5.5
Ashford East	1.6	1.6	3.1	5.1	4.9	5.2	5.1	5.0	4.7	4.5	4.5	4.6
Ashford North & Stanwell South	2.1	1.9	3.4	5.3	5.2	5.3	5.9	6.0	5.9	6.2	6.1	6.2
Ashford Town	1.5	1.8	2.7	4.7	4.6	4.9	5.0	5.5	5.6	5.9	6.0	5.8
Halliford and Sunbury West	1.6	1.5	3.4	5.6	4.9	4.9	5.4	5.4	5.1	5.6	5.3	5.4
Laleham & Shepperton Green	1.6	1.6	3.3	5.2	5.3	5.4	5.2	5.4	5.3	5.5	5.6	5.4
Riverside and Laleham	1.4	1.3	2.4	3.7	3.3	3.6	3.9	4.0	3.9	3.8	3.8	3.7
Shepperton Town	0.8	0.8	2.2	4.2	4.0	4.1	4.4	4.3	3.9	4.3	4.3	4.1
Staines	1.6	1.6	2.8	4.6	4.8	4.6	5.0	5.3	5.4	5.4	5.6	5.9
Staines South	1.8	1.6	3.1	5.6	5.5	5.4	5.6	5.5	5.5	5.4	5.6	5.5
Stanwell North	2.9	2.8	5.1	7.4	7.3	7.6	7.8	7.7	7.7	8.1	8.1	7.9
Sunbury Common	2.4	2.4	4.3	7.2	6.6	7.1	7.3	7.6	7.2	7.5	7.4	7.0
Sunbury East	0.9	1.0	2.6	4.5	4.3	4.4	4.5	4.9	4.6	4.6	4.2	4.3

From the above charts, it becomes abundantly clear that Stanwell North has by far the highest level of unemployment in the borough, and given that it has an estimated 25% of its working population employed at Heathrow, this comes as no surprise. Sunbury Common also stands out as the clear second highest level of unemployment and this area also has a very high reliance on the airport for employment.

It can also be seen that prior to CV19 the same 2 areas were also the highest in terms of the percentage of residents claiming unemployment benefit, so can be argued that they are only retaining that unenviable position. Further examination of the data reveals that the 2 wards that have seen the highest percentage rise with a five-fold increase in unemployment, are the two wards that have the lowest levels of unemployment, Sunbury East and Shepperton Town where number unemployed have jumped from 35 to 185 and 30 to 150 respectively.

## Age as a factor in unemployment

The two charts below illustrate the number of people unemployed in the borough who are aged 16 – 24 and those who are over 50 years old



### 16 – 24-year-old

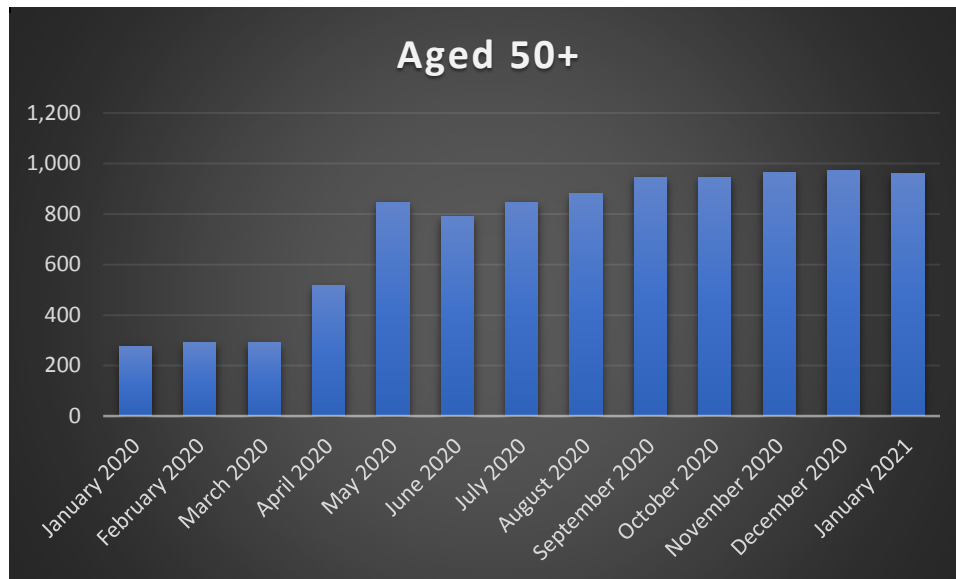
In the above slide in January 2020 there were 155 (2.34%) young people unemployed and as the year progressed to January 2021 this number had increased to 635 (9.59%); as can be seen from the chart, unemployment has not dropped below 550 since May 2020, so not only has the rise been steep, but it has also been consistent.

Apprentices were a key vehicle to obtain employment for the young people, but CV19 has brought an end to many of those opportunities as businesses furlough staff or making redundancies.

Below highlights the increased level of unemployment for this age group in Spelthorne compared to other areas

- Spelthorne from 2.3% to 9.6%
- Surrey moved from 1.5% to 6.1%
- South East from 2.9% to 7.8%
- GB from 4.1% to 9.2%

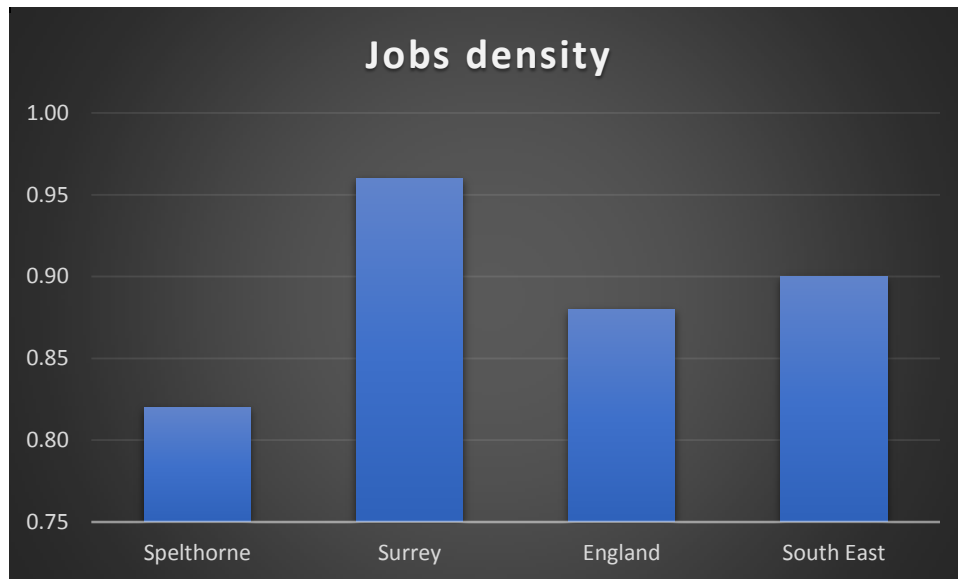
### 50+ Age Group



This chart shows that in January 2020 there were 275 (1.5%) people in this age group who were unemployed rising to 960 (4.8%) by January 2021. The over 50 population are often a cohort that attracts greater difficulties in obtaining employment once a job has been lost, this is despite the Equalities Act 2010 which expressly prohibits bias based upon age. Research has suggested that most people who may lose their jobs at Heathrow are likely to be from this age group and be low skilled. Low skill sets decrease the opportunity of future employment as there will be a smaller job pool to apply for, additionally these will nearly always be at the lower end of the pay scale in terms of financial remuneration. To put these figures into context with other areas Spelthorne has seen a higher percentage increase than Surrey, the south east or Great Britain.

- Spelthorne from 1.5% to 4.8%
- Surrey from 1.1% to 3.2%
- South East from 1.7% to 4.0%
- GB from 2.4% to 4.8%

### Job Density



This refers to the number of jobs that are available in a borough compared to the numbers that make up the working population. So, a figure of 1 would show that there is 1 job for every person 16 - 64 living in the borough. From the below chart Spelthorne has a job density of 0.82 which means we have 18% more people of working age than jobs available in the borough. This is not necessarily a bad thing, as Spelthorne has had significant employment opportunities on its boundaries (Heathrow Airport). However, this means that the borough is unable to adequately address the lack of jobs itself, but is reliant upon outside influences to help create a new pool of opportunities.

This does not mean that the council is impotent in this area but will need to use funding and resources wisely to achieve the greatest benefits for our residents. One such decision is to introduction of a business incubator to attract and support entrepreneurs to create the new businesses of tomorrow.

A new 2021 Economic Assessment is in the process of being written which will provide the details and the guidance to ensure that the new Economic Strategy commencing in 2022 will be fit for purpose and enable Spelthorne Council to respond in a targeted way to vigorously meet the challenges ahead.

Another key factor that may affect the economy is the impact of Brexit. This influence is not covered within this document as it is too early to establish how it has affected Spelthorne businesses. To address this, there will be survey carried out across businesses situated within the borough; this survey will also contain broader questions in respect of the challenges and needs of businesses so we can better understand requirements which in turn will allow us to develop a targeted response.

An Economic Recovery Plan was developed and adopted in October 2020 which included an action plan. A number of these actions have already been achieved and delivered, this includes the appointment of a Town Centre Manager for Ashford, Shepperton and Sunbury, collaborative projects with other organisations such as Federation of Small Businesses (webinar on Brexit in February with around 400 attendees), the opening of a Business Incubator for budding entrepreneurs (draft date of 30.4.21 with Kwasi booked to open), the 3<sup>rd</sup> annual Spelthorne Business Awards has opened for entrants and due to take place at the re-vamped Holliday Inn in Shepperton etcetera.