Hertfordshire Local Resilience Forum Stakeholder Update – 20 July 2020

A message from Cllr Linda Haysey, Leader of East Herts Council, and Chair of the community reassurance cell of the Local Resilience Forum

Cllr Linda Haysey

Dear stakeholder,

Here's the latest update from Hertfordshire's Local Resilience Forum, a multi-agency partnership of public services working to coordinate our approach to COVID-19.

Getting non-emergency hospital services back on track

Hertfordshire's hospitals are working hard to get through their appointment backlogs, although it will take some time to see people who are waiting to be treated. We are asking people to be patient. However, if anyone becomes concerned because their symptoms have got worse, or if they have new symptoms, they should not hesitate to speak to their GP.

Whilst there are no longer any COVID-19 patients in intensive care at East and North Hertfordshire NHS Trust (ENHT), all services remain acutely aware of the possibility of local outbreaks and remain vigilant and ready to respond to any subsequent surge in cases. ENHT's respiratory team is working closely with Hertfordshire Community Trust to support patients who need additional care after recovering from COVID-19, and video consultations are being used where this is appropriate for the patient.

West Herts Hospital Trust is continuing work on its 'restart' plans for routine outpatient appointments. The Trust will prioritise patients who have the most urgent clinical needs, so some patients may have a longer wait than usual. The trust is working with Herts Valleys Clinical Commissioning Group to see whether appointments that were deferred during COVID-19 are still required. An information leaflet has been produced to answer queries that patients may have about their referrals and what to do when they attend hospital.

Hertfordshire Community NHS Trust is restarting services, with the necessary changes made to ensure they can be provided as effectively and safely as possible. All services will be operational again by the end of July, prioritisation patients with the most pressing clinical needs and incorporating the positive changes learned throughout COVID-19. Updates are regularly posted on the community trust's public website.

Support to residential and nursing homes

Hertfordshire County Council's Adult Care Services team is working closely with Public Health to support the introduction of new COVID-19 testing guidance for care home staff and residents, recently issued by the Department for Health and Social Care. They are also considering how they can respond to expected guidance on allowing visitors into care homes, while prioritising the safety of residents and staff.

The rate of new infections remains low, however the care home 'cell' (led by Hertfordshire County Council with partners from across health and care organisations) is closely monitoring a number of outbreaks in the

St Albans area. Testing and infection prevention and control support is being offered to the homes involved and Public Health advice will help to understand why this has occurred, so that we can help prevent and mitigate the impact of outbreaks.

Media release issued (17 July) - Hertfordshire residents asked to 'play their part' as face coverings made mandatory in all shops in England from Friday 24 July.

Supporting our communities

Policing update
We await full details following the government announcement that face coverings should be worn in shops from Friday 24 July. The National Police Chiefs' Council is working closely with the Home Office, retailers and trade bodies ahead of implementation, and has indicated that retailers will manage entry to their stores and compliance with the law while customers are inside, with police involvement as a last resort.

As with other coronavirus regulations, Hertfordshire Constabulary will follow an approach of engaging, explaining, encouraging and only enforcing where encouragement has been unsuccessful. The vast majority of people are complying with the regulations to manage the spread of COVID-19 and hopefully this will continue as a joint effort between the retail sector, customers, government and police.

It is likely that, as with public transport, some exemptions will apply, and the official advice will be available at gov.uk/coronavirus

Supporting our most vulnerable residents

Operation Shield
As of 9 July, 106,507 parcels have been delivered to individuals with a further 10,603 supplied to boroughs, districts and local charities. Prescription deliveries have now been handed over to Communities 1st, who will be managing the service over the coming months. The number of people in receipt of a food parcel from the Mundells operation currently stands at 220 and work continues to reduce this number as people are supported to make self-sustaining arrangements.

Following updated guidance from Government, deliveries of food packages and medication will continue until 31 July for those who have not or cannot make alternative arrangements. All those in receipt of a government parcel, around 3,400 from an original 10,000, have been written to by the county council to ensure they know how to access preferential supermarket slots. The letter includes contact details for Herts Help, in case any further support with food deliveries or other essential services is required.

A letter from local partners including health, county council, district councils and the fire service has been sent to a further 40,000 potentially 'vulnerable' households to ensure they have all the support they need. The letter reminds this targeted group of residents where help and assistance is available and the methods of contacting these services, should this be required. The number of people seeking support because of financial hardship or mental health/wellbeing issues due to the impact of Covid-19 will be monitored to ensure that sufficient support is available.

Economic Resilience

Getting Building Fund: Local infrastructure projects to drive economic growth - As part of the Government's 'New Deal', making £900m available to deliver jobs, skills and infrastructure for Britain, **Hertfordshire LEP will receive up to £16.8m.** The allocations are based on population and Covid-19 exposure and resilience. Subject to LEP Board approval, the final list of projects for Hertfordshire will be put forward for Ministerial approval for the Getting Building Fund.

The LEP's ERDF funded **BEGS scheme**, since becoming operational in May, has approved six applications for grant. This will provide grant aid of £460,000 in support of £1m of capital investment by SMEs at St Albans, Stevenage, Welwyn/Hatfield and Broxbourne. The projects assisted by BEGS are expected to create 24 jobs at an average cost per job of £19,000.

BEIS Ministerial Roundtable: A Southern LEPs roundtable took place last Tuesday with BEIS Minister Paul Scully on the thematic areas of Innovation, Start & Grow and Net Zero. The aims were to improve understanding of the needs of business and what actions are needed to stimulate economic recovery and renewal, and to hear how Government is boosting business through schemes and other financial stimuli.

The rate of change in the **unemployed claimant count** is faster in London and the South East than many other parts of the UK. Dacorum, East Herts and Hertsmere are most seriously affected in Hertfordshire.

Small Business Grants – £191million has been allocated to circa 40,000 SMEs across the county, 96% of the allocation.

Also attached is the latest **Economic Monitor Report** from Hertfordshire LEP **(appendix 1)** and the final **COVID-19 Stakeholder Bulletin**. From 9 April to 1 July, 13 issues were published, with nearly 18,000 opens to date. The LEP is now concentrating on running a series of countywide Economic Recovery Plan briefings/webinars with key stakeholders before its AGM on 25 September 2020.

Appendix 1

MONITORING THE ECONOMIC AND BUSINESS IMPACTS OF COVID-19

Week beginning 13 July 2020

Economic conditions

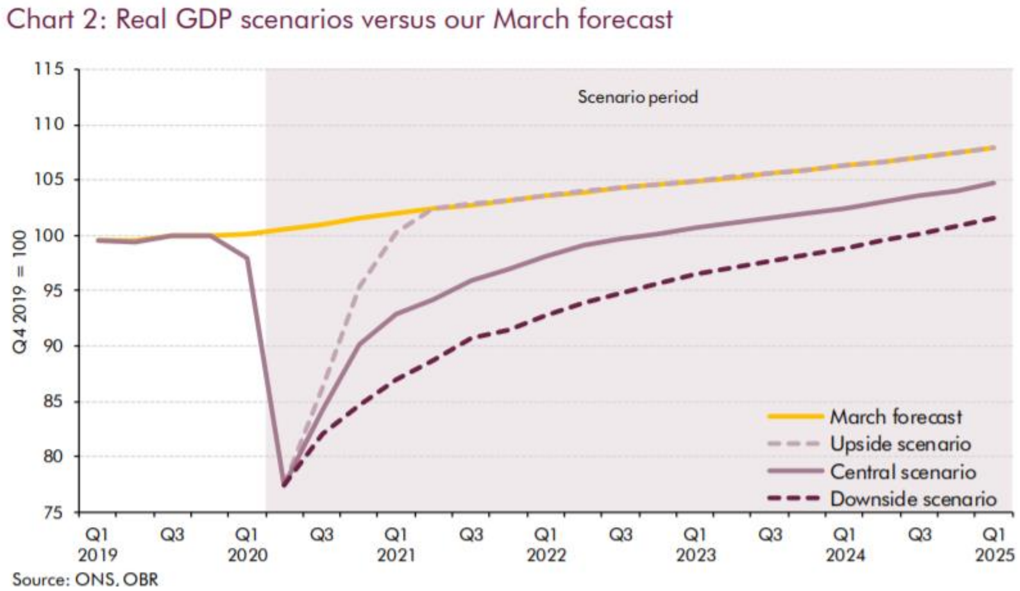
V-shaped recovery now unlikely as latest estimates reveal that UK economy experienced 1.8% growth in May. Many analysts and commentators were hoping for a more rapid bounce back from the 20.3% contraction in GDP in April. For example, Reuters had forecast 5.5% UK growth for May. The chances of a quick return to normal economic activities and rates of growth are now very slim. The largest positive contributor to May's GDP increase was the wholesale, retail and repair of motor vehicles sub-sector, in particular the retail industry which grew 12.0% as a result of strong growth in non-food stores and a record proportion of online sales. Manufacturing grew by 8.4%, and Construction grew by 8.2 per cent. Despite the monthly increases, construction output was still 39 per cent below February's level, while manufacturing production was 22 per cent smaller. The services sector grew by 0.9% in May.

In its central scenario, the Office for Budget Responsibility estimates that by 2025 GDP will still be 3 per cent lower than its March forecast, made before Covid-19 lockdown. In the OBR's 1) upside scenario, economic output rebounds relatively quickly to reach its pre-virus peak by the first quarter of 2021, and there is no enduring economic scarring. This scenario was estimated before the May GDP updated, also published on 14 July which suggests that the 'upside scenario' is unlikely. In its 2) central scenario, output recovers more slowly, to reach the same levels as its pre-virus peak by the end of 2022 – but with real GDP continuing to lag 3% behind the pre-Covid forecast made in March into 2025. Cumulative business investment is 6 per cent lower than in the March forecast over five years, with high rates of unemployment and business failures. In the OBR's 3) downside scenario, output recovers even more slowly, returning to its pre-virus peak only in the third quarter of 2024. This results in a more significant loss of business investment, more firm failures and persistently high unemployment as the economy undergoes significant restructuring. Real GDP is 6 per cent lower in the first quarter of 2025 than in our March forecast. What the OBR analysis demonstrates is that the economic outcomes and consequences of Covid-19 remain very uncertain, but that they are likely to be serious.

The pace of decline in Britain's service sector has levelled off as shops reopen - but the economy still remains very subdued. The UK Service sector PMI has risen to 47.1 in June, better than May's low of 29.0. However, this continues to signal a contraction (as the PMI is below 50), with many firms reporting that that conditions are very tough. One-third of companies reported that activity contracted in June, an improvement on the 54% in May and 79% in April. However, barely one-quarter reported that business activity had picked up. Services companies reported that new orders kept falling, although at a slower rate, leading to more job cuts – suggesting that unemployment is going to keep rising.

Investment uncertainties facing UK laid bare as Ineos considers shelving UK manufacturing plans. In a possible blow to UK manufacturing, chemicals firm Ineos is now considering building its new off-road vehicle in France. Ineos had previously indicated it was planning to make the Grenadier 4x4 in Bridgend, Wales, creating 500 jobs. Now, though, it is considering shifting manufacturing to France, where Daimler is selling a factory.

FIGURE 1: UPDATED OBR SCENARIO FORECASTS, 14 JULY 2020



As a sign of weakened demand and commercial activity, sales of new light commercial vehicles in the UK in June 2020 were 24.8% below June 2019 sales. This is an improvement on May, when registrations fell by 74.1% year-on-year. Total van sales in 2020 are down 44% compared to 2019, with just 108,876 new vans being bought. That's 87,500 less than a year ago, broadly matching the slump in car sales. New car sales fell by 34.9% in June 2020 compared with 2019, as car dealers began to reopen showrooms following the coronavirus shut-down. With 145,000 new car sales in June 2020, the demand for electric vehicles and hybrids is growing.

The European Commission has slashed its economic forecasts, warning that eurozone will suffer an even deeper recession than previously thought. In a new set of forecasts, the EC warned that GDP will decline by 8.7% in 2020, down from a previous forecast of -7.7%. It has also reduced its forecast for 2021, from 6.3% growth in output to just 6.1%. The Commission also warns of 'exceptionally high' downside risks, due to the dangers that some companies collapse, driving unemployment higher.

US Economy shows signs of stabilisation as PMI readings improve. The US Institute of Supply Management's monthly healthcheck shows that US services companies returned to growth in June. Purchasing managers across the country reported that new business improved, helping to boost activity – which lifted the ISM's service sector PMI index up to 57.1 for June, up from May's 45.4. This is the best reading since the crisis began in February, and back over the 50-point mark showing expansion. Another PMI survey company, IHS Market reported less optimistic news – that the US Services PMI for June was 47.9. The latest report on unemployment claims (09 July) shows that 1,314,000 Americans filed new claims for unemployment support last week – the latest in 16 straight weeks in which initial claims are above one-million. Continuing claims of those remaining in unemployment are at 18.750 million.

IMPACT ON BUSINESSES

More job cuts announced by UK employers, particularly amongst retailers. The day after the Chancellor of the Exchequer launched a £30 billion jobs package, job cuts have been announced by Boots (4,000), John Lewis (1,300), and Burger King (1,600). Also recently announced, 2,000 Rolls-Royce staff are expected to take voluntary redundancy or early retirement by August, following the slump in air travel. Up to 5,000 job cuts were disclosed on the morning of 8th July by SSP Group, the travel food retailer behind outlets such as Upper Crust and Caffè Ritazza. Thousands more were put in danger on Tuesday at retailers including Harrods (700 job), TM Lewin (going into administration), Arcadia Group (500), Bensons for Beds and Harveys.

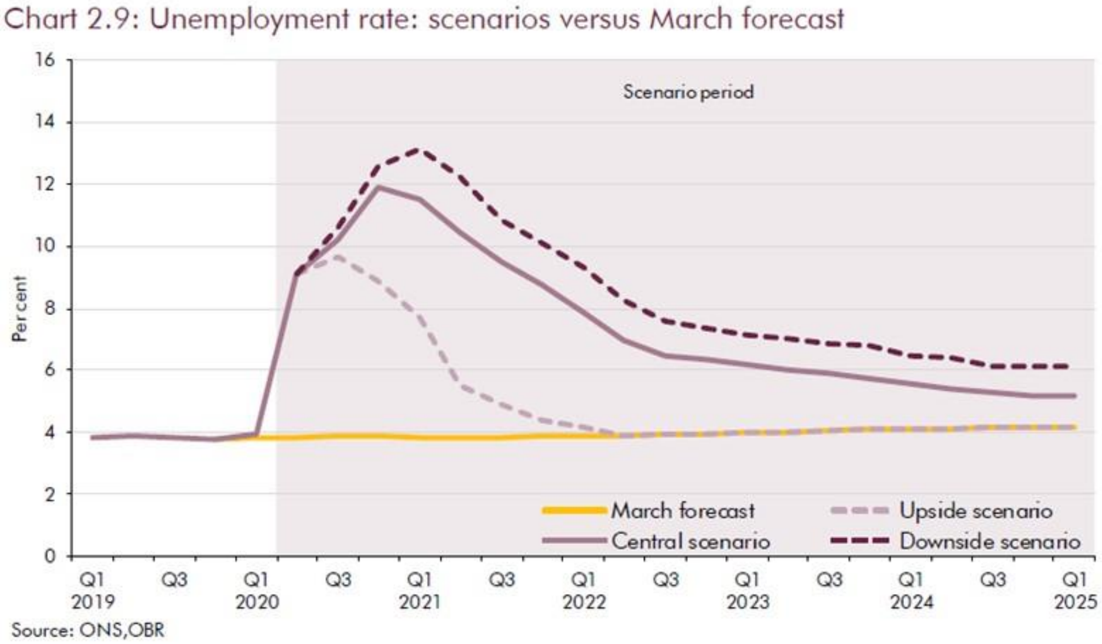
Weakening demand and changing software needs impacts one of UK's biggest tech firms. UK technology firm Micro Focus were the top faller in share prices earlier this week after posting a $1bn loss for the last half-year, and warning that conditions are unlikely to improve. Micro Focus blamed the Covid-19 pandemic as it took a $922m impairment charge due to heightened economic uncertainty. The firm bought Hewlett-Packard's software business in 2017 for nearly £9bn, but has suffered disruption to new sales activity and timing pressure on renewals since the lockdown started. Customers have been putting off renewing their software licences while they work out their future needs, now that many staff are working from home.

IMPACTS ON WORKERS AND UNEMPLOYED

The number of unemployed people in Britain could soar to almost 15% of the working population if the country experiences a second wave of the coronavirus pandemic according to the Organisation for Economic Cooperation and Development (OECD). A rise in the unemployment rate to 14.8% would take the UK to a higher level than France, Germany and Italy, but lower than Spain. If a second wave of Covid-19 can be avoided, the UK's unemployment rate is likely to rise to 11.7% by the end of the year, the highest level since 1984 when it peaked at 11.9%. The current UK unemployment rate is 3.9%. This prediction follows the OECD's prediction in its June economic forecast, that the UK economy will suffer the worst damage from the Covid-19 crisis of any country in the developed world. At the time, the OECD said UK unemployment would peak at 9% because the country was more exposed than most to the global slowdown in trade that followed the lockdowns imposed by most governments. In the UK, new online job postings for middle-skill occupations contracted twice as much between February and April 2020 as for low-skill occupations, and 40% more than for high-skill occupations. The OECD also predict further labour market polarisation – as new online job postings for middle-skill occupations contracted twice as much between February and April 2020 as for low-skill occupations, and 40% more than for high-skill occupations. There are significant risks that a generation of young people are denied employment or retraining, restricting their ability to gain a sustainable, skilled job.

In the OBR's latest scenarios for the UK economy, there is the risk of a serious unemployment crisis if the economy doesn't recover fast from the Covid-19 shock. Under the Office for Budget Responsibility's recent central scenario (14 July), the jobless rate peaks at nearly 12% at the end of this year - up from below 4% at the start of 2020. Unemployment rates this high have not been witnessed since the 1980s recession. Although the OBR sees unemployment falling in 2021, it is still above pre-crisis levels in 2025, showing a slow recovery. The OBR's downside scenario is much worse - with unemployment peaking at 13.2% in early 2021.

FIGURE 2: LATEST (14 JULY) OBR SCENARIOS FOR UNEMPLOYMENT OUTCOMES



Over the week to 5th July 2020, vacancies there were 110,000 new vacancies notified according to the latest analysis of Adzuna job vacancies, from the Institute for Employment Studies. This is a modest increase compared to the previous week, when fewer than 90 thousand new vacancies were advertised. This low figure suggests that the easing of lockdown has not yet led to any significant rebound in hiring. New vacancy notifications are 70 per cent lower than for the equivalent week last year, and 50 per cent lower than in the week before the crisis began. Vacancy levels remain lower by more than 450 thousand posts than before the crisis began, and there are 650 thousand fewer vacancies than at the same time last year. Public service jobs in Healthcare, Social Work and Teaching have significantly increased as a share of all vacancies, while IT has held up its share of vacancies, despite falling vacancy numbers overall. The most recent week's vacancy data show that the fragile recovery seen in vacancy data a few weeks ago seems to have fizzled out, even as lockdown measures have been eased. This likely reflects both the continuing high uncertainty among employers and the significant spare capacity that many employers will have with employees starting to return to work from the Job Retention Scheme.

FIGURE 3: TOTAL NUMBER OF VACANCIES (ADZUNA) BY WEEK

Source: Institute for Employment Studies analysis of Adzuna Vacancy Data.