



Evidence of Need

Impact of Covid-19 on Pendle

Report – January 2021

HATCH

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Executive Summary

The Coronavirus (Covid-19) pandemic has presented the UK with the most significant health and economic challenge for several decades. Across the country, the scale of impacts in the short, medium and longer term, varies from region to region and from town to town. This is due to differing socio-economic circumstances of different parts of the country including their sectoral business and employment composition, demographic composition, and prevalence of deprivation and health related issues.

The full scale of the economic impacts of Covid-19 are still emerging, with the picture changing constantly. The borough of Pendle has, like all areas, felt some significant immediate impacts, with unemployment rising rapidly and local consumer spending falling. This report considers the scale of the impact of Covid-19 on Pendle based on its level of exposure to some of the more apparent impacts.

A Covid-19 induced economic downturn, as with most other recessions, has – and will continue to – highlight an area’s pre-existing strengths and weaknesses. The broad sectoral composition of the borough has given a level of protection from some of the worst business and employment impacts of Covid-19. However the sub-sector strengths which exist in Pendle such as aerospace presents a significant future threat given the turmoil that the aviation industry is facing as a result of an extreme fall demand for air travel.

Furthermore, infrastructure weaknesses exist in the borough that have contributed to social and economic exclusion. For example, digital connectivity, particularly at the ultra-fast and full fibre broadband coverage levels are poor in Pendle compared to the national average. This may have limited opportunities, particularly at the height of the lockdown, as many activities from employment and education to shopping and socialising shifted out of physical spaces and moved online.

The impacts of Covid-19 and the prevailing socio-economic conditions that exist in the borough will likely contribute to and guide policy strategies to overcome the evolving socio-economic challenges. Countering immediate impacts will be crucial as will activity to pre-empt and avoid the worst of future medium and longer term Covid-19 impacts that are likely to occur due to Pendle’s socio-economic circumstances.

Introducing Pendle & Coronavirus

Pendle

Pendle is located within the county of Lancashire in the North West of England. The town of Nelson is the borough's primary service centre along with other key settlements of Colne and Barnoldswick. The economy of Pendle is oriented around manufacturing with a focus on with particular focus on manufacturing of metals, electricals and machinery. Larger employers include Rolls Royce, Protec Fire Detection and Daisy Communications Ltd.

The borough has age demographics in line with the national rate, with roughly 20% of the population of Pendle being under 15 and 20% being over 65, with the remaining being of working age.

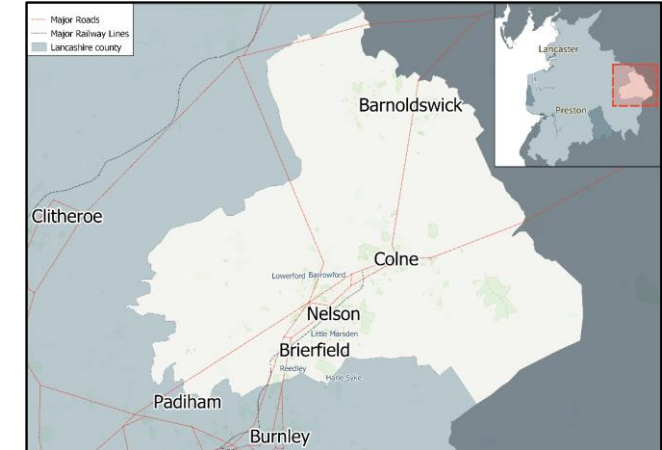
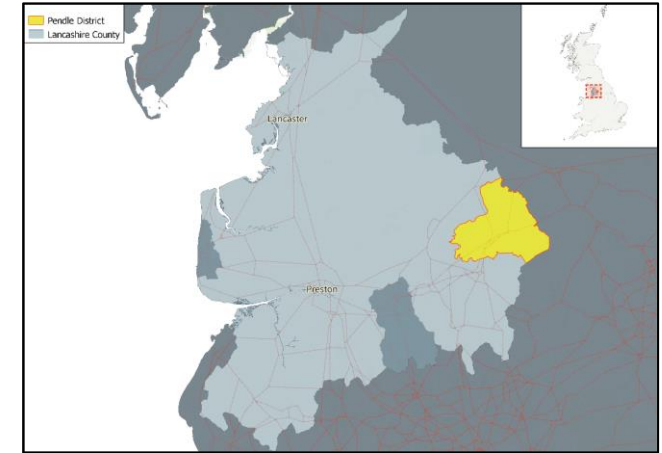
Covid-19

Covid-19 has had an impact on many aspects of life and the economic wellbeing of Pendle and its residents. It is clear that employment has become more precarious, job opportunities have reduced and methods of working have been transformed as a result of physical distancing measures. There was a rapid rise in new business incorporations, perhaps giving an indication of entrepreneurial resilience and early signs of recovery amongst Pendle's business base. Many businesses in Pendle have been hit by direct impacts of Covid-19 and resulting restrictions, movements of people to retail and commercial spaces have fallen, as has spending in larger towns across Lancashire.

Nelson Town Deal

The economic impacts of Pendle have already been so extensive that a long term recovery plan is crucial. Further impacts will continue to emerge. This study provides insights into Pendle's exposure to Covid-19 and has informed the development of the Nelson Town Deal submission. It is for this reason that we have, where possible, provided detailed data insights below the borough level for the town of Nelson.

Geographic Context



Spotlight on Covid-19

Pendle exhibits a degree of exposure and vulnerability to Covid-19. Areas of vulnerability include health and economic exposure and impact. For example, while Pendle has been less exposed in various health and wellbeing indicators (a low number of over 85s and a proportion of overweight or obese adults on par with the national average), there is a 'very high' proportion of LSOAs in the most deprived nationally which presents an increased risk of health exposure, many of these deprived LSOA around key urban areas such as the town of Nelson.

At the outset of the Covid-19 pandemic, it was assumed that Pendle would have a very high degree of economic exposure, particularly in terms of at-risk employment as defined by the Office for Budgetary Regulation (OBR), which includes Pendle's main employment sector: manufacturing. The vulnerabilities of all sectors of the economy are likely to be significant, however indications from the national picture as shown by the ONS Business Impact of Coronavirus suggest a slightly quicker recovery in the manufacturing sector, although it is clear that individual manufacturing sub-sectors, such as aerospace – a crucial sector to Pendle's economy, are facing specific difficulties as a result of falling demand in the travel industry.

<i>Indicator</i>	National Average	Pendle	Benchmark
Aged 85+ (%)	2.43	2.26	Low
BAME (%)	14.58	20.14	Very high
Claimants as a proportion of residents aged 16-64	3.00	3.70	High
Mean total income (£)	33844	29,200	Average
% of premises below the USO	0.43	0.10	Low
Travel time in minutes to nearest food store by PT/walk	9.04	7.06	Very low
Employment at risk (%)	48.80	69.29	Very high
COVID GVA impact (%)	14.26	16.85	Very high
Self employed (%)	15.50	18.60	Very high
Percentage of adults (aged 18+) classified as overweight or obese	62.34	62.12	Very low
Estimated diabetes diagnosis rate	77.95	83.83	Average
Smoking Prevalence in adults (18+) - current smokers (APS)	13.88	17.42	High
IMD - Proportion of LSOAs in most deprived 10% nationally	10.00	31.58	Very high
Furloughed employment take up rate (%)	29.72	37.00	Very high
NEETs %	5.15	4.23	Low

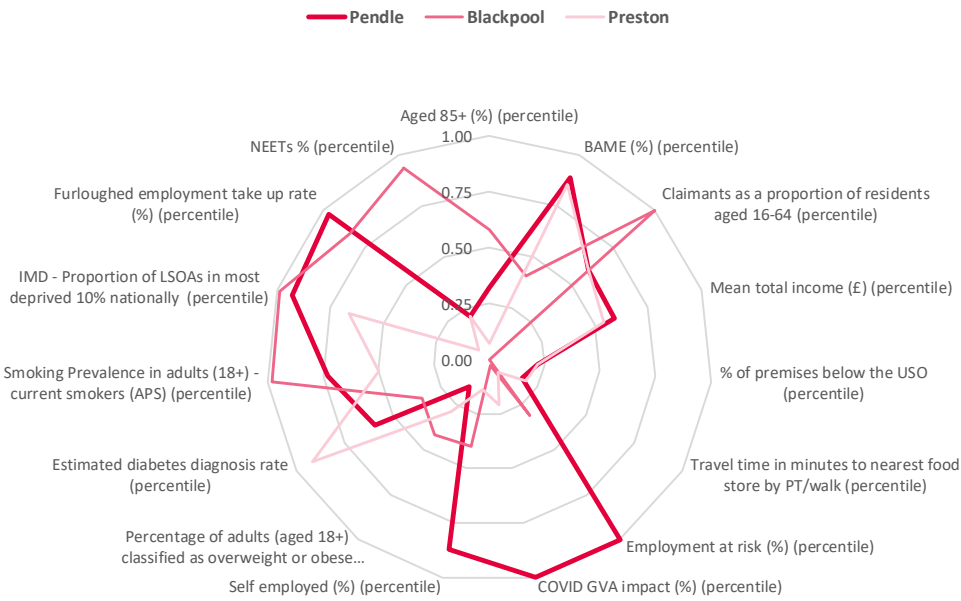
Spotlight on Covid-19

Looking closer at the metrics identified on the previous page, we can see that Pendle’s exposure and experience of Covid-19 impacts differ to some degree against other Lancashire local authorities who are applying for Town Deal funding (Blackpool and Preston).

Again it is crucial to note, that Pendle has a high degree of at risk employment by this metric, due to the initial predictions by the OBR in April 2020 that the manufacturing sector would be one of the hardest hit sectors from Covid-19. Results from the ONS’ business impact of coronavirus show that by July 2020, this sector had actually recovered at somewhat greater rate than other sectors at the national level so may reduce employment exposure.

However, early indications are less positive at the local level. Due to the composition and sub-sectors of Pendle’s manufacturing industries there is considerable exposure with manufacturing employment contracting in the local aerospace production sector through restructuring proposals at the Rolls Royce site in Barnoldswick, announced in December 2020.

Relative Exposure and Scale of Covid-19 Impacts in Pendle, Blackpool and Preston



+ Impact on **The Economy**





Impact on **The Economy**

Key Points:

- + The scale of Covid-19 impacts on the economy will be significant for all areas around the UK. Many areas have an economy that, due to sectoral composition and other factors, leaves them more exposed to economic shocks, such as the one induced by Covid-19.
- + At this current stage of analysis the full impacts of Covid-19 on the Pendle economy are still materialising and are likely to depend on a multitude of factors including the likelihood of a prolonged lockdown, the pace of the vaccine roll-out, or simply the willingness of consumers and businesses to resume pre-Covid-19 levels of consumption.
- + Some indications from the UK Office for Budget Responsibility and analysis by Hatch show that:
 - + Prior to Covid-19 Pendle's economy grew at an average rate of 3% a year since 2010, faster than the UK growth rate of 2%
 - + The total scale of the economic impact of Covid-19 on the Pendle economy is estimated to be between 12% - 19%; there is a significant chance that the economy will not get back to its pre-Covid-19 growth trajectory before 2030 and interventions will be required to stimulate recovery and growth
 - + The sectoral distribution of GVA losses in 2020 point to a significant fall in manufacturing output for the borough valued at -£124.6m of GVA
- + The Pendle economy's exposure lies in its dependence on the manufacturing sector. Particularly its orientation around aerospace manufacturing. Indications from the OBR suggest this sector will contribute most significantly to the borough's loss in GVA. Other sectors will also be hit, either as a direct result of Covid-19 or as a knock-on from other sectors – for example sectors operating within the supply chain of the borough's aerospace sector.
- + To ensure a speedy and sustainable recovery, there must be a concerted effort to support enterprise and innovation within Pendle. Efforts to diversify the local economy beyond the manufacturing sector, alongside intensive support to assist in this sector's recovery will need to be made. Moreover, if the economy is to get back on track before the end of the decade, a considerable economic growth rate will be needed, something that is unlikely to occur without proactive business and innovation support.



Impact on **The Economy**

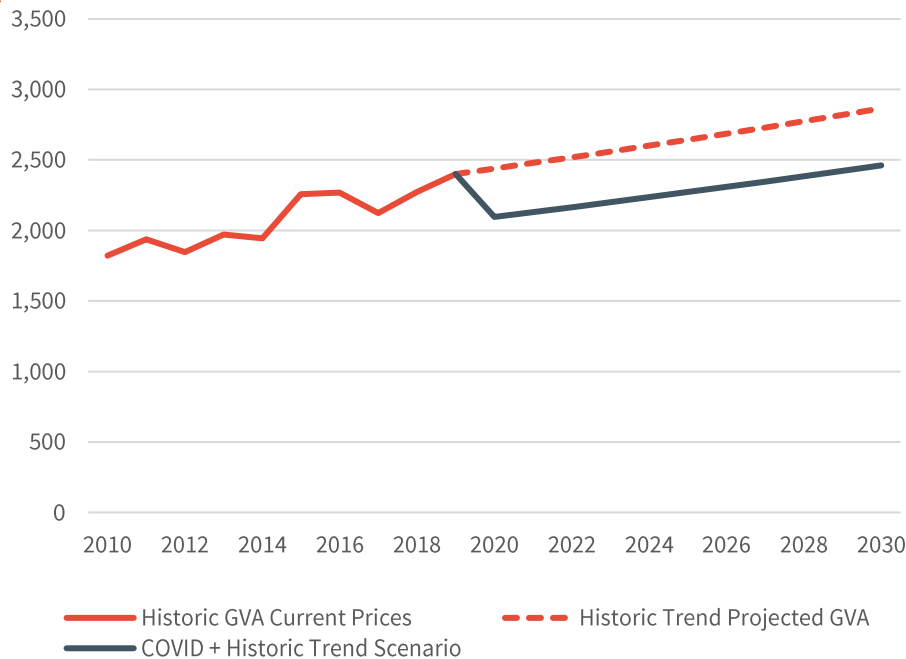
The OBR Central Scenario estimates that the borough will experience a 13% loss of output in 2020, meaning the area will be impacted at broadly the same rate as the wider UK economy...

As the medium and longer term impacts of Covid-19, and to some extent some of the immediate effects, are still emerging it is not possible to fully understand the impact on GVA with any precision; there are simply too many unknowable factors. External estimates of the year on year impact of Covid-19 on UK GDP have ranged from a drop of 2.1% (KPMG) to a drop of 30% (Morgan Stanley). The Government's revised central scenario (as of November 2020) is that the UK economy will contract by 11% in 2020.

For the purposes of providing a central estimate of the impacts of Covid-19 on Pendle, we have used the latest OBR figures to produce a coronavirus reference scenario. Using this methodology, we have built a model that uses the OBR's revised sectoral impact estimates for Q2 2020 and rolled the loss rates out for four quarters on a decreasing basis to reflect the likely path of recovery. We have taken this approach to reflect the U-shaped recovery that most economists are now predicting. We have also added a second scenario that reflects the likely impacts of a third full lockdown event in Q1 2021.

The chart shows that the nine-year average growth rate for Pendle borough was 3%, which is higher than the national growth rate (2%). The model indicates that when Covid-19 impacts are accounted for, the contraction of GVA in 2020 is estimated at 13%. The distribution of losses across sectors varies and is outlined on the next page.

Pendle GVA Impact of COVID (£m in 2020 prices)





Impact on **The Economy**

Pendle's manufacturing sector will be hardest hit by Covid-19, losing an estimated £151m of output in 2020...

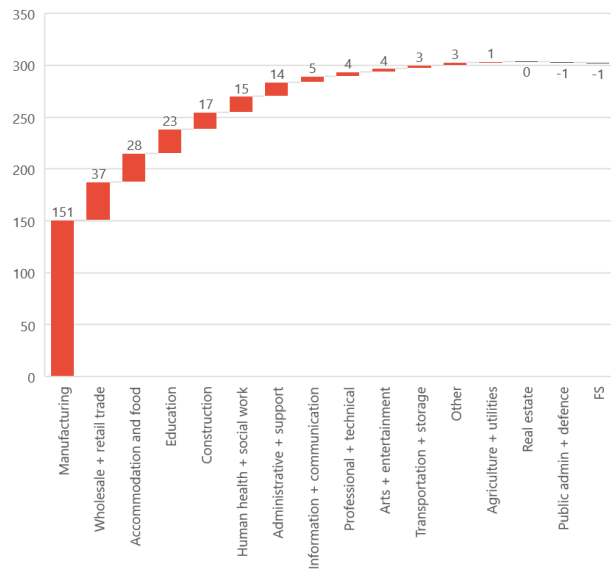
It is estimated that Pendle's GVA in 2019 was £2bn. Of that it is estimated that 13%, or £300m will be lost during 2020.

About half (50%) of the loss in 2020 GVA is manufacturing. During Q1 2020 this was mainly driven by the global lockdown which curtailed the demand for UK exports, particularly those related to manufactured goods, and more specifically for Pendle a sharp fall in demand for aerospace goods as global air travel was severely curtailed. When the UK lockdown was imposed at the end of Q1 2020, assembly lines were closed and most manufacturing ceased operations, so there is expected to be a greater impact in Q2 2020.

Latest ONS GVA estimates for Pendle show the scale of the importance of the manufacturing sector for the borough. Manufacturing accounts for 56% of the borough's GVA, this goes some way to explaining why contraction in this sector will have such a significant impact on the wider Pendle economy.

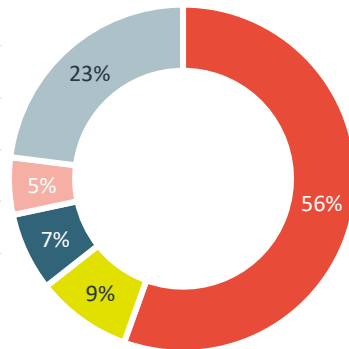
Wholesale and retail trade contracted as social distancing protocols were put in place, this is similarly the case for the accommodation and food sector. Interestingly, the model does suggest very minor growth in Pendle's financial service (FS) sector, this may be a result of activity being displaced from larger cities – however given the how small this increase is predicted to be there is no way it will counter other decreases.

Pendle GVA Impact of COVID (£m in 2020 prices)



GVA of Pendle, 2018*

- Manufacturing
- Motor Trade
- Property
- Education
- Other





Impact on **The Economy**

A bounce back in Pendle's manufacturing sector will be crucial to the borough's economic recovery...

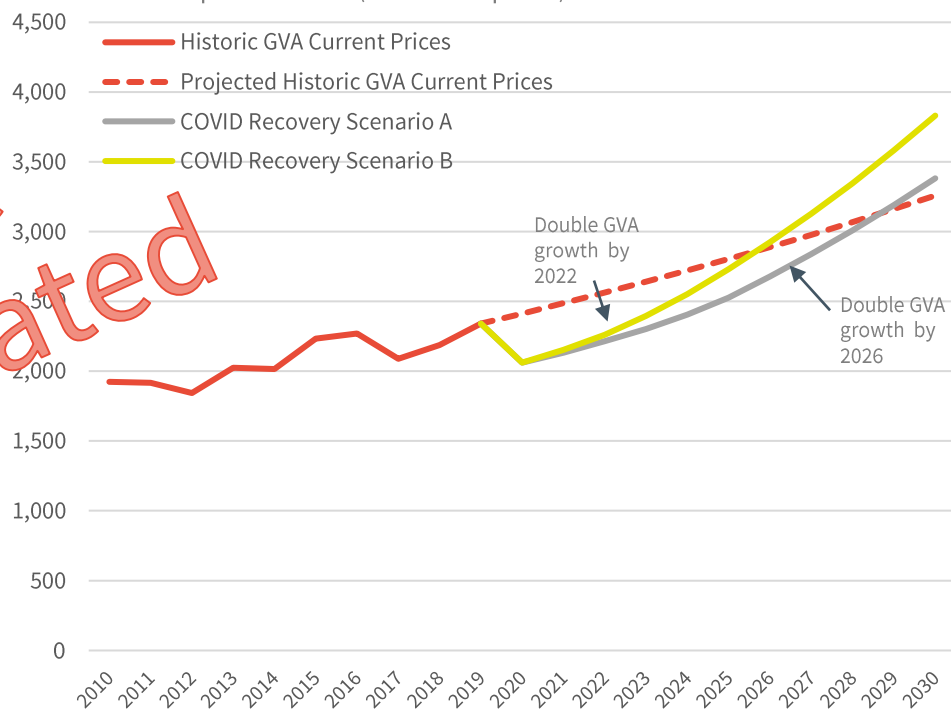
To provide an estimate of the GVA growth rate required across the region to recover, we have modelled the trajectory of the historic growth rate (2% over the last 9 years in 2020 prices) to show the trend in a pre-Covid-19 world.

In order to rejoin the same growth trajectory, Pendle would need to double its historic growth rate to 6% by 2022 to rejoin its pre-Covid-19 growth rate by 2025, this is shown as Scenario A on the chart to the left.

A less ambitious, but still bold, scenario would be a doubling of GVA growth rates by 2026, allowing a bounce-back before the end of the decade (Scenario B). Pendle therefore needs a significant recovery within the next five to six years to get back to its pre-Covid-19 trajectory before 2030.

These are not forecasts, but give an indication of the growth rates required to both make-up for the 2020 GVA loss and return to similar growth rates. This means that sectors and businesses will need to be supported not just to recover, but to find new and innovative ways of producing output and increasing productivity beyond the rates before Covid-19 hit.

Pendle GVA Impact of COVID (£m in 2020 prices)





Impact on Business

HATCH



Impacts on Business

Key Points:

- + Covid-19 and the restrictions that have been implemented as a result created a massive economic shock for many UK businesses. So far impacts have been short term, with supply chains disrupted and pause in trading due to lockdown restrictions. As time progresses the impacts on businesses will likely still be felt but through more medium- and long-term effects – for example additional health and safety regulation, low consumer spending and changing consumer behaviour. While in the longer term some businesses may simply never recover or reopen thereby changing the business landscape within sectors of the economy and fundamentally the overall sectoral composition of the economy.
- + Impacts are unlikely to be felt evenly across the UK, considering the impact of Covid-19 on various places in the UK requires an understanding of areas of exposure and underlying economic strengths and weaknesses. Factors determining an area's business exposure include the amount of businesses in an area from the most heavily impacted sectors (within both national and local metrics), and the importance of these sectors for an area in terms of GVA contribution.
- + While pre-existing business circumstances will likely have contributed to the scale of Covid-19 impacts, some impacts may be less predictable, we are already able to consider how Covid-19 has directly impacted Pendle in terms of corporate insolvencies and incorporations.
- + How Pendle recovers from this crisis depends on its level of exposure, but also on activities taking place now and, in the future, to assist businesses and help them navigate the challenges of Covid-19.



Impacts on Business

Business Exposure

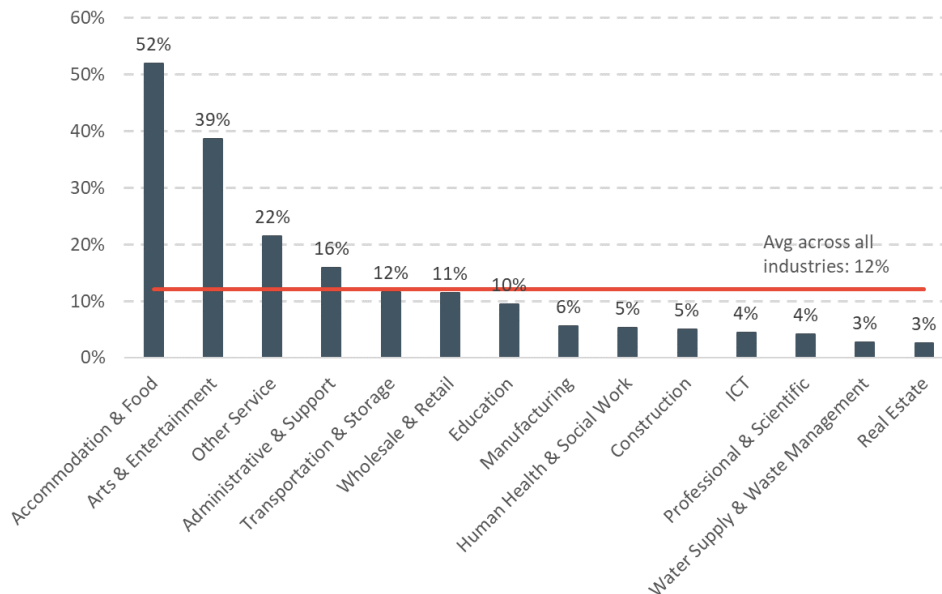
The national picture shows that Covid-19 has not impacted all businesses equally. The path to recovery is much slower for several key sectors...

Understanding the sectoral impacts of Covid-19 can be done by considering the sectors that have been most severely impacted at the national level and then undertaking local analysis of the business base to see if an area has a high prevalence of vulnerable sectors. Many sectors have seen revenues of businesses fall, according to the latest ONS Business Impact of Coronavirus Survey (BICS), five sectors have seen higher than average counts of businesses reporting revenue falling by over 50% (compared to the same time in 2020). These sectors are:

- + Accommodation and food service activities
- + Arts, entertainment and recreation
- + Other service activities
- + Administrative and support service activities
- + Transportation and storage.

Many of these sectors had been impacted so heavily, to the extent that many were still reporting a complete pause in trading as of January 2021 and did not expect to resume trading in the next two weeks following the survey. 76% of other service activities, 59% of accommodation and food services and 47% of arts and entertainment businesses were still pausing trading compared with 23% for all sectors. This further emphasises the sector-specific dimension of the economic impacts of Covid-19.

UK BICS Respondents Citing a 50%+ Fall in Revenue in January 2021 Compared to January 2020





Impacts on **Business**

Business Exposure

At the local level we are able to infer the level of exposure of Pendle's business base...

Looking at the proportion of businesses in Pendle, and in Nelson, that are from the five most impacted sectors shows that although none of these sectors individually account for a large proportion of the borough's business base, combined, these highly exposed sectors account for about a quarter (26%) of Pendle's entire business base. This may imply a level of vulnerability for many of Pendle's businesses in these sectors and in other sectors who may operate with these directly exposed businesses in their supply chains.

However, it is also clear that these sectors make-up broadly the same share of Pendle's business base as they do for the wider county, region and country. This may imply that Pendle has a business base that will not be disproportionately impacted by Covid-19, when compared with national impacts and exposure.

Despite relative recovery rates, Pendle is heavily reliant on the manufacturing sector. It is yet to be seen if longer term impacts, such as global growth reductions will negatively impact this sector in the longer term. It is already apparent that manufacturing sub-sectors that play a significant role in the supply-chains of other heavily impacted sectors will have a greater degree of exposure and risk.

Proportion of Business Base Made up of the UK's most impacted sectors

Sector	Nelson	Pendle	Lancashire	North West	England
Accommodation & food	8%	7%	7%	7%	6%
Arts & entertainment	1%	2%	2%	2%	3%
Other service	6%	5%	4%	4%	4%
Administrative & support	9%	8%	8%	9%	9%
Transportation & storage	9%	5%	5%	5%	5%
Total	33%	26%	26%	27%	25%

Data source: UK Business Counts, ONS, 2020

Spotlight on Aerospace

Pendle's economy is heavily oriented towards manufacturing with key specialisms including the aerospace sector...

Aerospace manufacturing is of significant importance to the borough's business and employment base. 4.4% (1,500 jobs) of employment in Pendle is in the aerospace sector*, this is ten times larger than the national proportion of employment in this sector (0.3%).

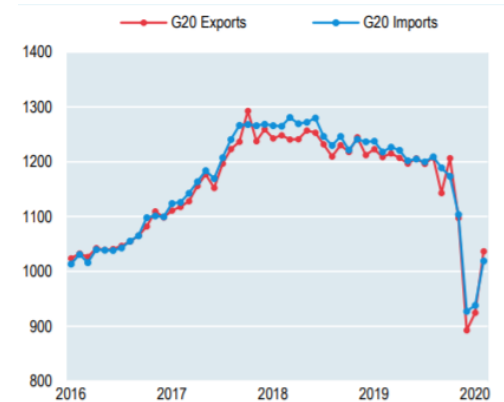
At the county level, Lancashire's aerospace sector cluster is recognised as the fourth largest in the world and one of three key regions within the UK. The cluster was estimated to be worth £7bn to the UK economy, accounting for 25% of UK aerospace production¹.

This sector, as with others, has been heavily impacted by Covid-19 as a result of the significant reduction in air travel. OBR estimates in April 2020 saw manufacturing, in which aerospace is a sub-sector, as particularly vulnerable to Covid-19's economic impacts. Looking at insights from the ONS business impact of coronavirus survey, we can infer that, particularly in the immediate term (spring to summer 2020), the manufacturing sector – at the national level – has somewhat recovered at a quicker rate than other sectors. In part this is likely down to person-to-person interaction in the manufacturing sector compared to service, and particularly hospitality, sectors.

However, at the local level, due to the Pendle manufacturing sector being heavily reliant on aerospace we can already see some significant negative impacts taking place now and likely to take place in the near-future. According to UK Civil Aviation Authority data, there was a 77% reduction in flights in and out of major UK airports in July 2020, compared to the same month in the previous year and a 90% fall in passenger numbers across the same period. The negative implications of this, and the inevitable drop in demand for aerospace components, that make up such a significant part of the Pendle manufacturing and wider economic base, indicate a challenging period for the borough.

Despite national indicators presenting a positive picture for the entire manufacturing sector (in the short term) there are some causes for concern for Pendle and Lancashire's aerospace sector. The Lancashire Local Industrial Strategy states that the total turnover of the county's aerospace sector was £35bn, with a significant proportion of these being sourced from export goods to international markets. Any disturbance to international trade will undoubtedly have a serious impact on Lancashire and Pendle's aerospace cluster. The OECD reports that total G20 exports fell by 18% and imports fell by 17% in the second quarter of 2020 compared with the first quarter. This indicates some immediate impacts of Covid-19 on trade, however by June there were some indications of recovery, although this recovery should not be overstated there are indications that exporting businesses, such as aerospace businesses in Pendle may have already been through some of the worst impacts of Covid-19.

G20 International Trade (in current USD prices)



Source: Business Register and Employment Survey, ONS, 2019; ¹Lancashire SEP, Lancashire LEP, 2014; Lancashire UAV Innovation Cluster, UCLAN, Lancashire LEP & partners, 2019; Draft Lancashire Local Industrial Strategy: Evidence Base, Lancashire LEP, 2019; G20 International Merchandise trade statistics, OECD, 2020; CAA Airport Statistics, CAA, July 2020

* Aerospace is defined as sic code: 30.3 Manufacturing of air and spacecraft and related machinery – this definition is used by the UK House of Commons Library

Spotlight on Rolls-Royce

Within Pendle's aerospace sector, Rolls-Royce at Barnoldswick is one of the most significant businesses. The importance of the business to employment and economic wellbeing of the borough is clear and as such Covid-19 impacts on Rolls-Royce will have a knock-on effect for Pendle as a whole...

At a national level, Rolls-Royce is responsible for approximately 135,000 jobs and accounts for 2% of all UK goods exported, contributing a total of £12.2 bn to the UK economy.

At the borough level, Rolls Royce operate two sites in the town of Barnoldswick employing around 740 people. Following several years of investment at the Barnoldswick site, including a £50m investment in the production of aviation fan blades in 2016, there have been suggestions that Rolls Royce will initiate redundancies of at Barnoldswick, as part of a company wide reduction of 3,000 jobs across the UK.

A recent press release* confirmed that Rolls-Royce are reducing manufacturing capacity and cost base across the globe to protect the business, and this includes restructuring proposals that affect the Barnoldswick operations including a proposal to close the structures facility on the site.





Impacts on Business

Business Impact

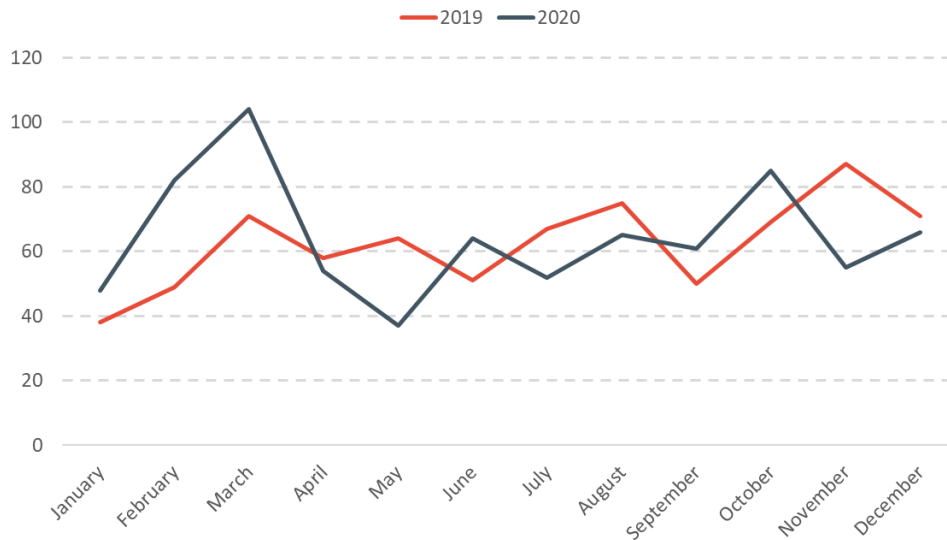
The short- and medium-term business impacts of Covid-19 are still materializing at this stage. We are able to see how individual businesses in the wider area have coped during and immediately after the ease of lockdown.

Gazette insolvency data provides data for businesses insolvencies by postcode area. According to this data, there have been no registered insolvencies in Pendle, however some insolvencies may have occurred but not been picked up by analysis undertaken by Gazette due to size or company HQ location.

Insolvencies appear to have been broadly the same in Lancashire in 2019 and 2020. However, a significant increase in insolvencies in March 2020, against the previous year, may be a better indication of the business impacts from Covid-19. As the pandemic progressed, the UK government initiated various business support schemes that may have meant some businesses who would have otherwise become insolvent April 2020 instead kept operating (although possibly not actively trading).

The question of whether we will see an uptake in insolvencies as business support schemes are wound down cannot, at this stage, be answered with any confidence. It may also be the case that without business support schemes in place registered insolvencies in Pendle may begin to occur in earnest.

Monthly Businesses Insolvencies in Lancashire, 2019 & 2020





Impacts on Business

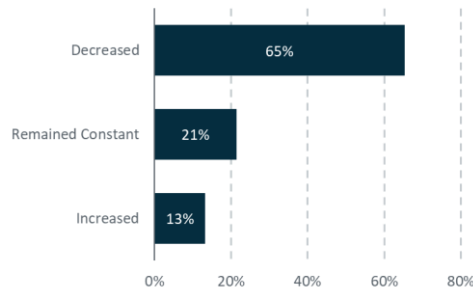
Business Impact

The position amongst local businesses in East Lancashire in June showed that there was a high degree of concern about the short and medium term impacts of Covid-19...

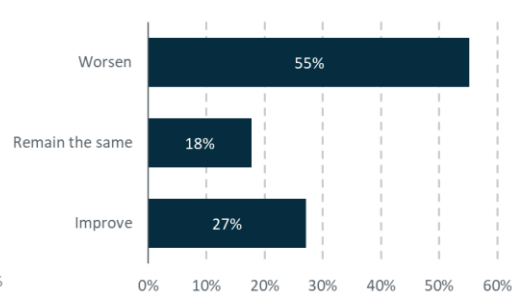
Insights from existing local firms were expressed in the June East Lancashire Chamber of Commerce Business Insights Survey at the time of the first lockdown. Where 65% of respondents stated that cash flow had decreased in the past 3 months. This may be an expression of the scale of the challenges facing businesses at the local level. At the time of the survey over 80% of firms responding to survey stated that they were operating below their normal level of capacity - the implications for employment and economic growth are therefore likely to be negatively impacted.

This survey was undertaken in June with many businesses still tackling some of the most significant challenges around lockdown restrictions and overall business interruption. It is unclear how many of these firms have since been able to operate at full capacity or recoup lost turnover, however it is likely many firms will struggle to make-up the loss in trading, particularly in the immediate or medium term. This sentiment is expressed in the degree of short to medium term local business confidence. The majority of respondents in the survey stated that they believed their profitability will worsen over the next year.

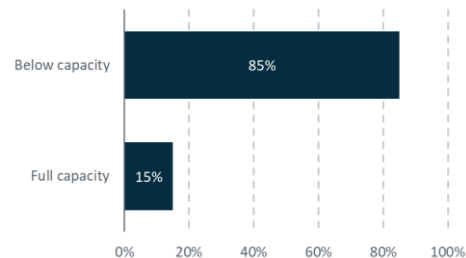
East Lancashire Business Insight Survey: Over the past three months cashflow has..



East Lancashire Business Insight Survey: Over the next 12 months do you believe your business's profitability will...



East Lancashire Business Insight Survey: Are you currently operating at...





Impacts on Business

Business Impact

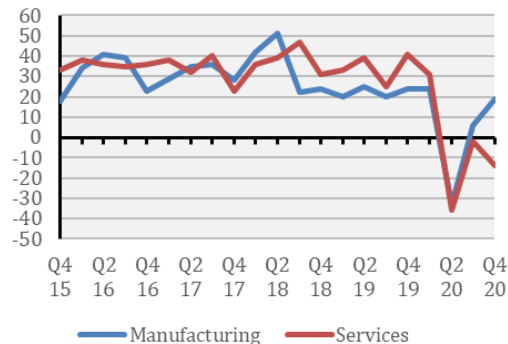
The most recent East Lancashire Quarterly Survey reveals sectoral disparities with respect to recovery, with manufacturing firms feeling more optimistic compared to their services industry counterparts.

After months of contraction, businesses in the manufacturing sector perform positively across a number of metrics related to business confidence and report a positive outlook. The balance of manufacturing firms experiencing a cashflow improvement over the last three months increased by 26 percentage points compared to Q3 (+9% vs -17%). Firms increasingly believe that their turnover (+37% vs +13%) and profitability (+19% vs +6%) will improve over the next year. The balance of firms operating at full capacity in Q4 dropped, but only slightly (42% vs 44%).

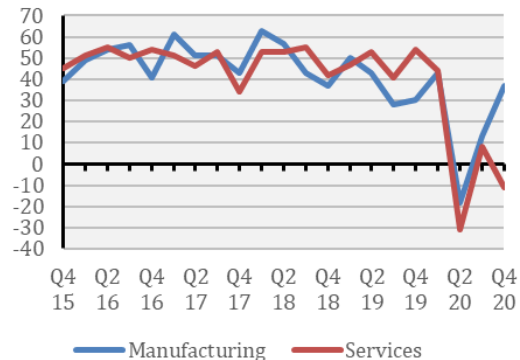
On the other, more firms in the service sector experienced a cashflow deterioration over the last three months, with the services cashflow balance decreasing by 17 percentage points in Q4 (-49% vs -32%). As such, the percentage of services reporting a cashflow improvement has not surpassed those reporting a deterioration throughout 2020. Expectantly, less service firms expect to see turnover or profitability improvements over the next year, with their balance decreasing by 19 points (-11% vs +8%) and 12 points (-14% vs -2%) respectively. The level of firms operating at full capacity remains below its 2011/12 levels, with the net balance of firms dropping to 21% in Q4 (as opposed to 26% in Q3).

Data source: Quarterly Economic Survey – 4th Quarter, East Lancashire Chamber, November 2020
*Note: The net balance is the difference between the % of firms reporting an increase and the % of firms reporting a decrease. A net balance greater (smaller) than 0 reflects an expansion (contraction).

Business Confidence – Profitability (Net Balance %*)



Business Confidence – Turnover (Net Balance %*)





Impacts on Business

Business Resilience and Path to Recovery

Despite clear challenges, there has been some good news, there has been a surge of entrepreneurial activity in Nelson and Pendle over the past few months...

Using Companies House data we can determine the volume of business incorporations each month.

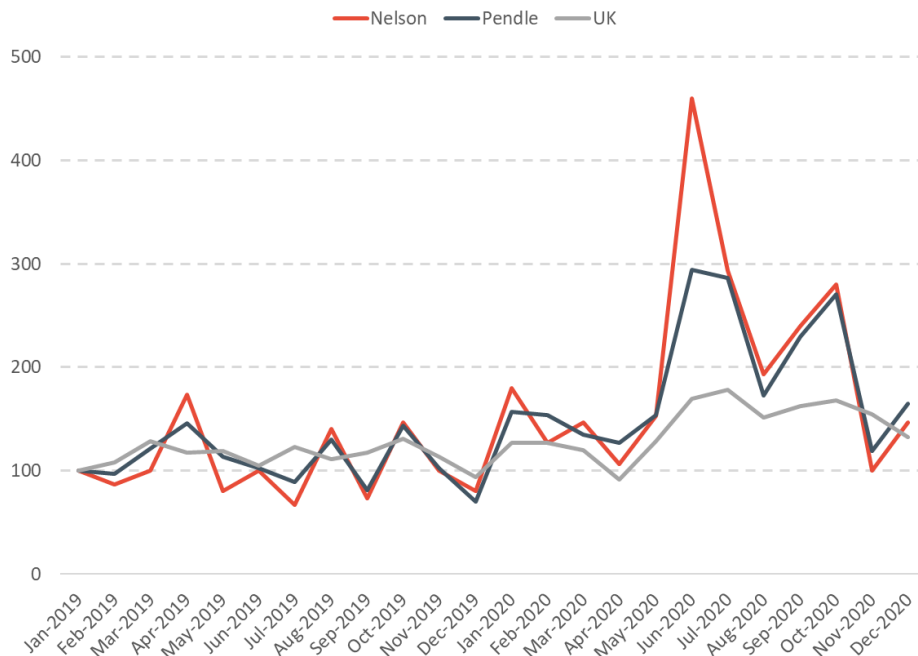
Across all areas, there have been broadly static levels of growth in business incorporations. However, there appears to have been a surge of incorporations in June 2020. This may be the result of some business not forming in the preceding months due to Covid-19 restrictions, or it may be a result of increased unemployment and employment precarity prompting individuals to start their own businesses.

June 2020 monthly incorporations increased dramatically in Pendle and in Nelson compared to the same time in 2019. Pendle saw business incorporations increase by 50% in the first half of 2020 compared to the first half of 2019.

Incorporation activity eases at both locations in the following months, reaching levels of growth that are more comparable to the national picture. However, it should be noted that incorporation activity appears persistently higher as of December 2020 at the national level as well.

Data source: Companies House, HMRC, January 2019 – December 2020

Business Incorporations per Month, January 2019 – December 2020





Impacts on Business

Business Resilience and Path to Recovery

Across Pendle business incorporations in 2020 were greater than the same period of 2019 by 75% (an additional 358 incorporations) we can see the sectoral breakdown of these new businesses...

Some sectors, such as the wholesale & retail and construction saw impressive growth in the number of incorporations between 2019 and 2020 (an increase of incorporations by 74% and 58% respectively.)

Alternatively, some sectors in Pendle have seen a reduction in incorporations, such as Arts & entertainment, where the number of incorporations fell by 31% (4 less incorporations in real terms). Given the scale of negative impact this sector has experienced due to Covid-19 this is perhaps unsurprising. However, other highly impacted sectors – accommodation & food and transport & storage – have not seen the count of incorporations fall. In fact, a respective increase of 97% and 157% in incorporation between 2019 and 2020 is observed.

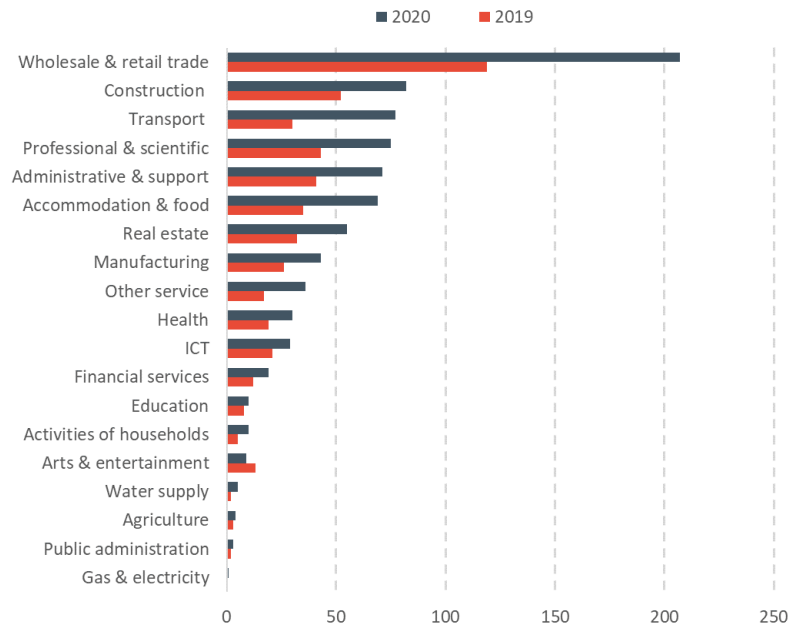
There are multiple reasons for changes in business incorporations, it is possible that despite some sectors being heavily impacted by Covid-19 at the national level, they may be insulated by a multitude of factors at the local level which explain continuing growth in these sectors. Alternatively these business formations may be due to a change in employment composition as occurred during the 2008 financial crisis where self-employment (and therefore business incorporations) rose as PAYE employment fell due to redundancies.

Insights on self-employment (page 24) may support this hypothesis, with more self-employed workers dealing with immediate unemployment and underemployment starting new businesses.

Identifying these factors is not yet feasible in the short term but will emerge in the coming months and years.

Data source: Companies House, HMRC, 2019 – 2020

Business Incorporations in Pendle, 2019 versus 2020





Impacts on Business

Business Resilience and Path to Recovery

Business incorporations in 2020 in Pendle were spatially distributed, but there were a large number in Nelson.

Pendle experienced a large increase in business incorporations at a greater rate than the national trend in 2020 compared to the previous year.

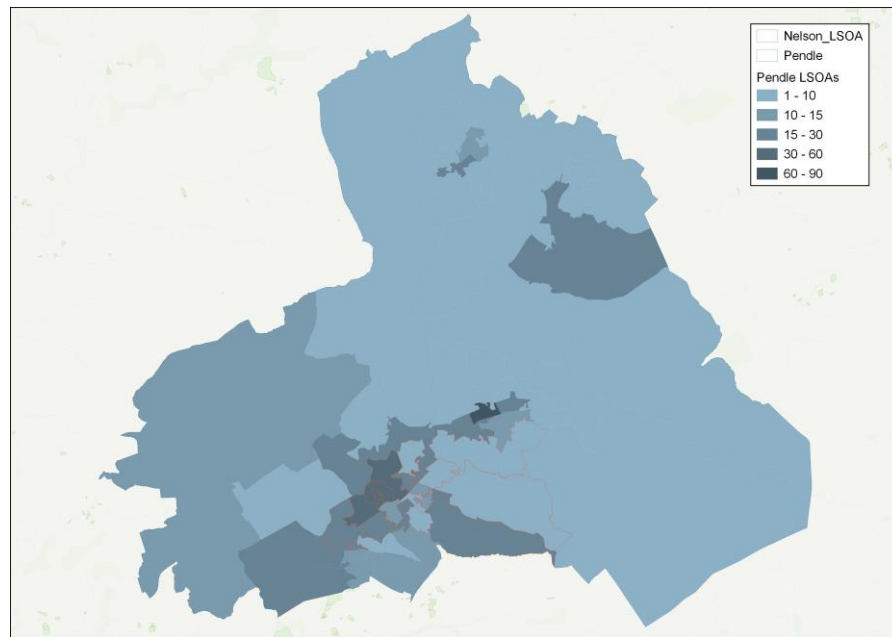
Within the borough of Pendle the town of Nelson has been a hotspot of business incorporation activity. Business incorporations in the town of Nelson increased by 95% over 2020 compared to the same period in 2019.

Business Incorporations in Nelson, Pendle & England, 2019 - 2020

	Nelson	Pendle	England
2019	187	480	551,717
2020	364	838	696,316
% Change	95%	75%	26%

Data source: Companies House, HMRC, 2019 – 2020

Business Incorporations in Pendle, 2020



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Impacts on Business

Business Resilience and Path to Recovery

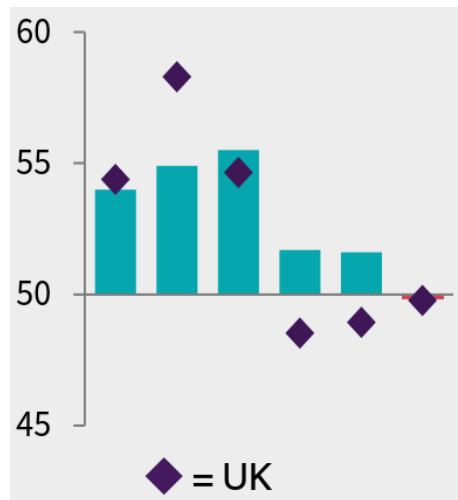
Although businesses in the North West remained optimistic in December 2020, the impact of a third lockdown on confidence in recovery remains to be seen.

The Purchasing Managers Index (PMI) is a widely used real-time metric considered to be a leading indicator of GDP. Based on a wide survey of UK businesses, it measures the volume of new orders placed. Responses below 50 indicate a decrease in new orders and responses above 50 indicate expansion.

Inflow of new orders in the North West region declined for the first time in six months, albeit marginally and in line with the national average. Demand in the manufacturing sector has proven more resilient relative to the services sector, partly due to Brexit transition induced forward-purchasing.

In December, North West businesses' expectations about activity prospects in 12 months time remained high, but below the national average. At the time, confidence was primarily impacted by Brexit related concerns, while firms often cited hopes that the pandemic will end. The extent to which developments in early 2021 affected business confidence remains to be seen.

New Business Index PMI – North West
(July 2020 to December 2020)



Private Sector Future Activity PMI – North West
(July 2020 to December 2020)





Impact on People



HATCH



Impacts on People

Key Points:

- + The economic impacts of Covid-19 on the people of Nelson and Pendle has been considerable in the immediate term and is likely to continue to present further challenges.
- + As with national impacts the pandemic has exposed systemic weaknesses in the local economy which in turn has exasperated and revealed employment and wellbeing challenges in the town. For example, a dramatically increasing number of self-employed people and a population that, relative to the national rate, have persistent skills gaps that may prevent economic opportunity for the people of Nelson.
- + The immediate economic impacts of Covid-19 on people show increasing rates of unemployment with more individuals claiming unemployment income support. In addition to this Nelson has seen a stark decrease in online vacancy adverts underlining that those finding themselves unemployed will experience considerable difficulty in re-joining the job market.
- + Placing people and employment opportunities at the centre of a recovery will be crucial for the town, there are emerging opportunities to restructure the Nelson economy around higher skilled employment, to do this a concerted effort needs to be made to re-skill and upskill the people of Nelson.



Impacts on People

People Vulnerability & Exposure

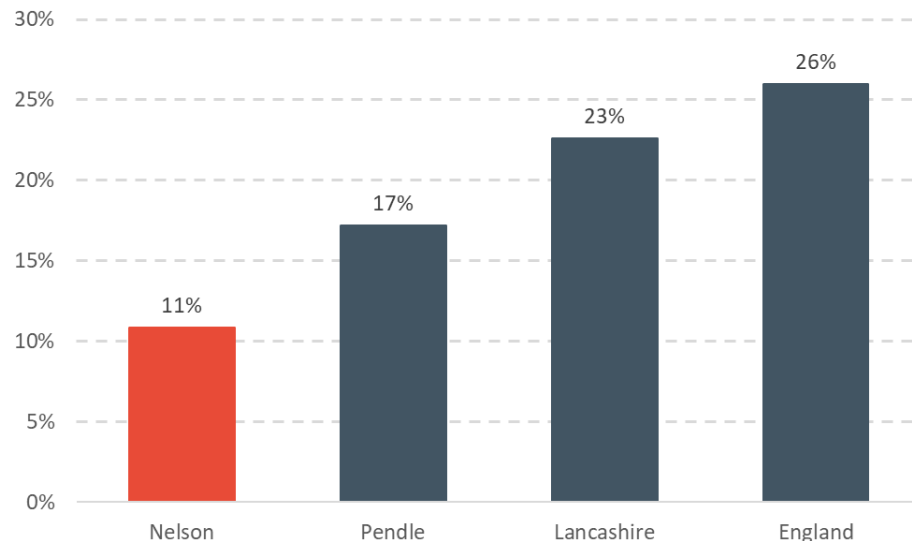
As with the business base, using the ONS Business Impact of Coronavirus survey we can measure how much employment in an area is dependent on the most impacted sectors and therefore its vulnerability to employment impacts.

Similarly to GVA measures, although the top five most exposed sectors (accommodation & food, arts & entertainment, other services, administration & support and transport & storage) account for about a quarter (26%) of the Pendle's business base, they account for lower amount of **employment** in the borough (17%).

In 2019, 5,900 people were employed in these sectors in Pendle, although this is proportionally lower than the national level, it is still a significant proportion of employment in the borough. Employment in these sectors is proportionally lower still in Nelson where these sectors account for just 11% of employment.

Manufacturing is the largest employment sector in Pendle and in Nelson, employing around 26% and 33% of the population at the borough and at the town level. Initially this sector was deemed to be highly exposed to Covid-19 impacts, however indications in the ONS BIC survey suggest that manufacturing has somewhat recovered with a lower than average rate of manufacturing businesses reporting a 50%+ Fall in Revenue in July 2020 Compared to July 2019.

% Employment in Sectors Significantly Impacted by Covid-19





Impacts on People

People Vulnerability & Exposure

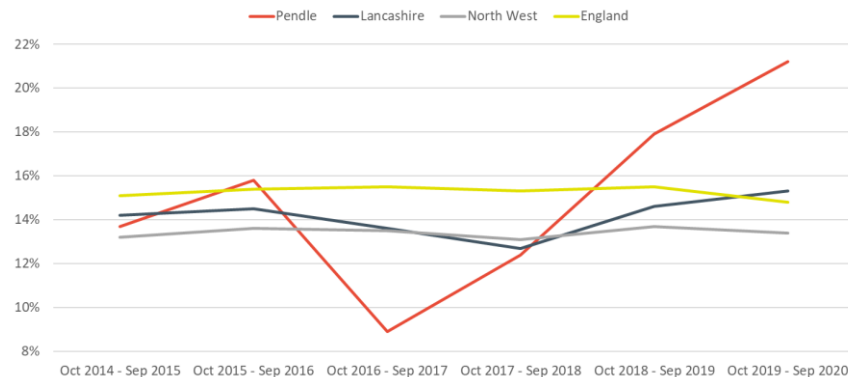
Self employment provides some indication of exposure as it tends to represent businesses with lower cash reserves and less access to crisis mitigation options. It may also provide insights into hidden “under-employment” where self-employment is being undertaken in lieu of PAYE work that has become sparse.

Over the past five years self-employment rates have been broadly static at the national, regional and county level. However, there has been a significant amount of change in Pendle. The borough historically had relatively low levels of self-employment, but began to see this trend reverse from 2016 and latest data indicates that it has now surpassed the national trend.

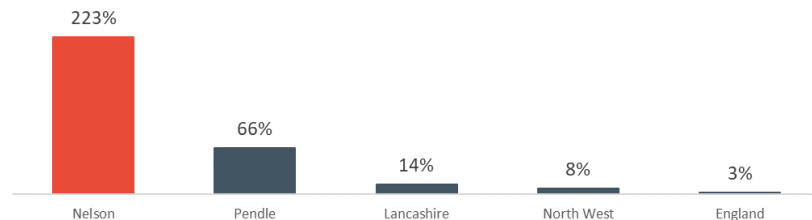
The latest data on self-employment covers the March to September 2020 when the economic impact of Covid-19 was evident in the UK economy, hence it is plausible that increases in the latest series of data for Pendle are a result of this impact. We will be able to determine this as time progresses and we will see if the pattern holds.

Time series data is not available for Nelson, however we can see a comparison between Oct14-Sep15 and Oct19-Sep20. The town has seen a dramatic increase in self-employment, well outstripping the borough, county, regional and national level. Again this increase in the latest data period may be an effect of Covid-19 and the reduction in PAYE employment. Determining whether people have freely opted self-employment over PAYE employment is hard to determine particularly in the short term.

% of Self-Employment 2015 – 2020*



% Change of Self-Employment 2015 – 2020*





Impacts on People

People Vulnerability & Exposure

Modest employment growth (14%) is forecasted for Pendle between 2020 and 2049, with residential and social and IT services arising as emerging sectors.

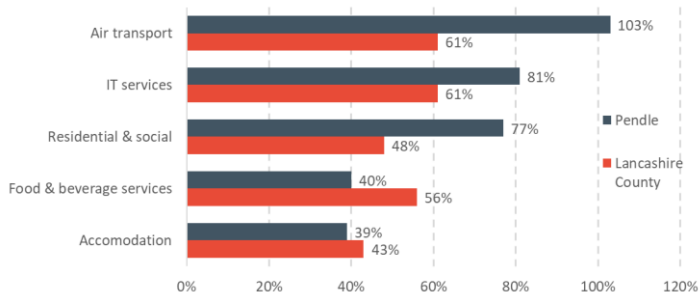
The 2020 post Covid-19 interim economic forecasts by Cambridge Econometrics take into the potential impacts of Covid-19 as well as its effect on the associated economic recovery. The employment forecast estimates that total employment in Pendle will reach c. 44,400 workers in 2049, a 14% increase relative to 2020.

The sectoral composition of employment in Pendle is expected to remain largely the same, with the retail sector continuing to be dominant in 2049 (12%). Notably, the residential and social sector is expected to constitute almost one tenth (9%) of all workers by 2049, driven by a 77% growth over the period. At the same time, the share of employment in other manufacturing and repairs is reduced to 4%, driven by a 24% decline in employment.

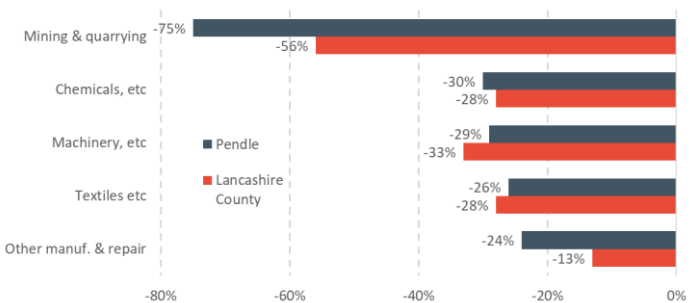
The profile of sectors expected to experience notable employment growth or contraction in Pendle largely corresponds to that observed for the broader Lancashire county. However, employment in IT services and residential and social activities is predicted to grow faster locally, while sharper contractions are noted for mining and quarrying, chemicals and other manufacturing and repairs employment in Pendle.

Higher growth in Gross Value Added (GVA) generated in the IT services and residential and social sectors is expected locally (+126% and +108% respectively) than at the county level (100% and 75%) as well, reaffirming their importance to Pendle. Mining and quarrying is the only sector for which a decline in GVA is forecasted, both locally (-83%) and at the county level (-70%). Moreover, GVA in the arts sector is expected to grow at slower rate in Pendle (11%) compared to Lancashire county (16%).

Five Sectors experiencing the Highest % Employment Change, 2020-49



Five Sectors experiencing the Lowest % Employment Change, 2020-49





Impacts on People

People Vulnerability & Exposure

A further indication of the exposure of an area's people and workforce is the proportion of employment in the public and in the private sector...

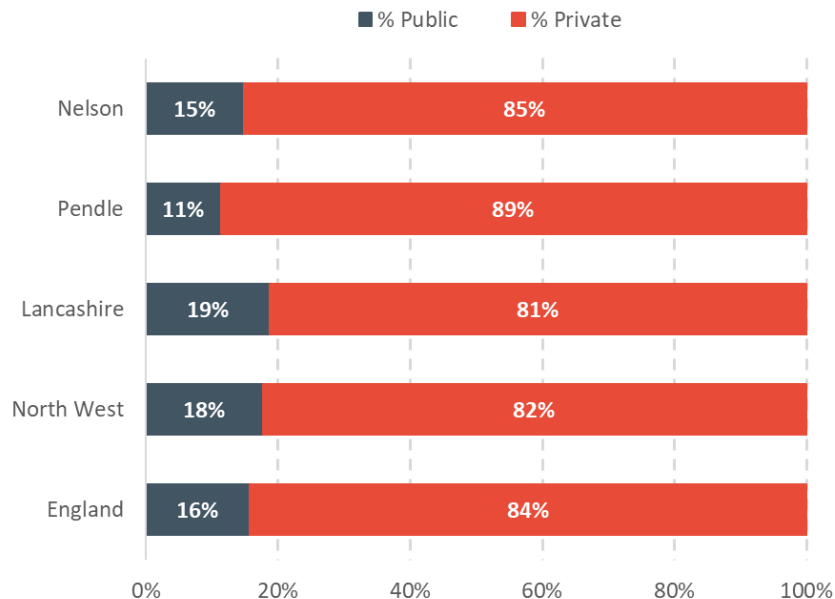
The immediate impacts of an economic downturn will tend to impact the private sector more than the public sector due to the former having greater reliance on market demand to sustain the business.

However, it is plausible, as was the case post-2008, that the government may seek to “balance the budget” in a response to the immediate fiscal stimulus used to mitigate the harshest short-term impacts of a recession. If this course of action is taken, areas with a higher dependency on the public sector may find their economies greater exposed in the longer term.

Pendle has a lower rate of public sector employment than the wider county, regional and national level. It may therefore be more immediately exposed to market downturns that are likely to be negatively effect the private sector more than the public sector due to the former's greater exposure to market forces.

Nelson itself has a public/private employment split in line with the national rate, therefore indicating that - with all other things being equal - any resulting positive or negative impacts due to this public/private sector split will be in line with the national impacts.

Public/Private Sector Employment Composition, 2019





Impacts on People

People Vulnerability & Exposure

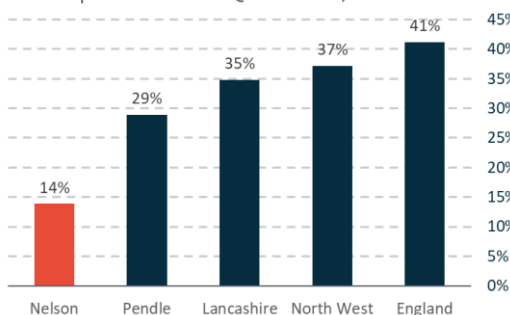
The skills of an area's population may also help to provide indications of resilience and eventually may be a test of an area's ability to bounce back from economic changes and crises.

Pendle has over double the national rate of people with no qualifications, as well as a much lower rate of people with level 4+ qualifications. This may indicate a greater challenge in ensuring a quick and sustained economic recovery that is based in high skilled and high paid employment.

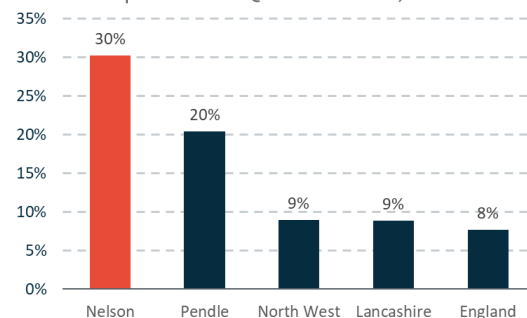
Nelson has an even lower level of individuals with a NVQ4+ education level, and a much higher proportion of individuals with no qualifications compared with the wider borough, county, region and country.

There has been an increased policy focus around the take-up of apprenticeships in recent years. In the last full year of data (2018/19), there 10,410 apprenticeship starts across Lancashire. However, despite an increase, apprenticeships starts fell rapidly in 2017/18 meaning over the last decade in Lancashire and at the national level there has been a decline in apprenticeship starts since 2010/11.

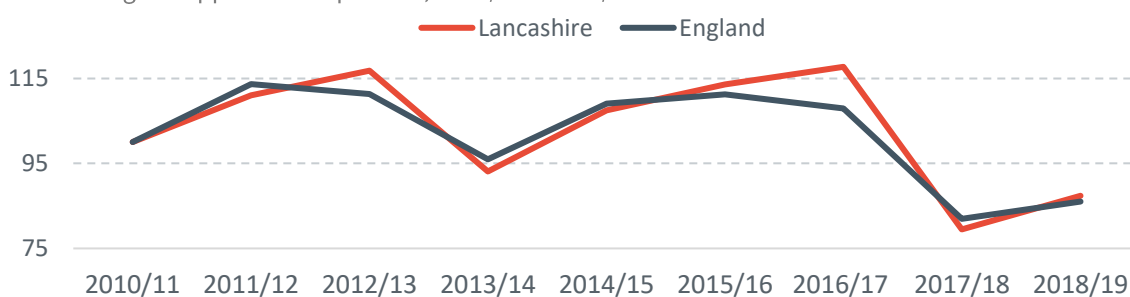
% of Pop. With an NVQ Level 4+, 2019



% of Pop. With No Qualifications, 2019



Index Change in Apprenticeship Starts, 2010/11 – 2018/19





Impacts on People

People Vulnerability & Exposure

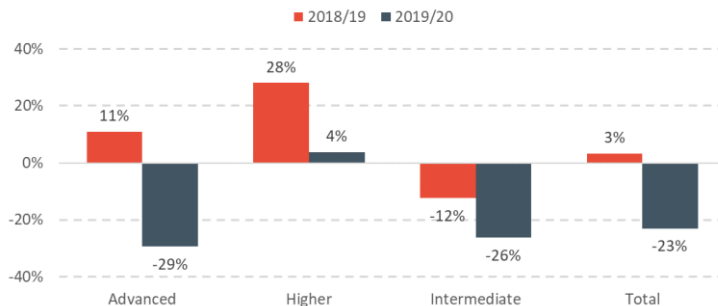
Overall, apprenticeship take-up has been slightly weaker at the borough level. Whilst higher apprenticeship starts continued to grow, take-up was subdued in Pendle compared to Lancashire.

There were about 520 apprenticeship starts in Pendle in 2019/20. This represents 23% decrease compared to the previous year, which is slightly lower compared to Lancashire LEP (-21%). Notably, Pendle had experienced weaker apprenticeship starts growth (3%) relative to the LEP area (9%) before the pandemic hit.

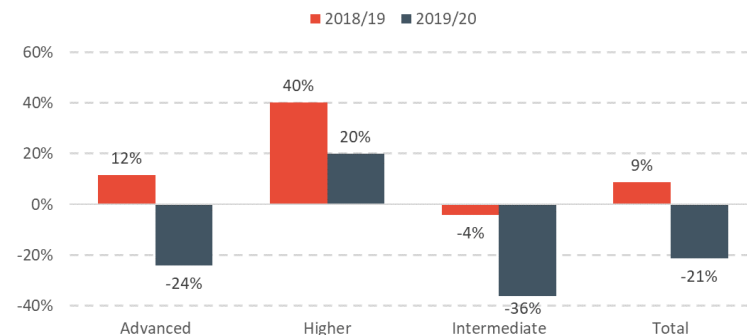
Although advanced apprenticeship starts declined at a faster pace in Pendle (-29% vs -24%), they represented 45% of apprenticeship take-up in 2019/20, which is broadly in line with the proportion seen across Lancashire LEP (46%).

The pre-existing trend towards increasing take-up of higher-level and lower take-up of intermediate apprenticeships in Pendle and Lancashire persisted in 2019/20. However, higher apprenticeship starts growth in Lancashire only halved (20% vs 40%), whereas it significantly dampened at the borough level (4% vs 28%). Hence, by the end of 2019/20, higher level apprenticeships constituted 21% of the total in Pendle, compared to 25% at the LEP level.

Year-on-Year % Change in Apprenticeship Starts in Pendle



Year-on-Year % Change in Apprenticeship Starts in Lancashire LEP





Impacts on People

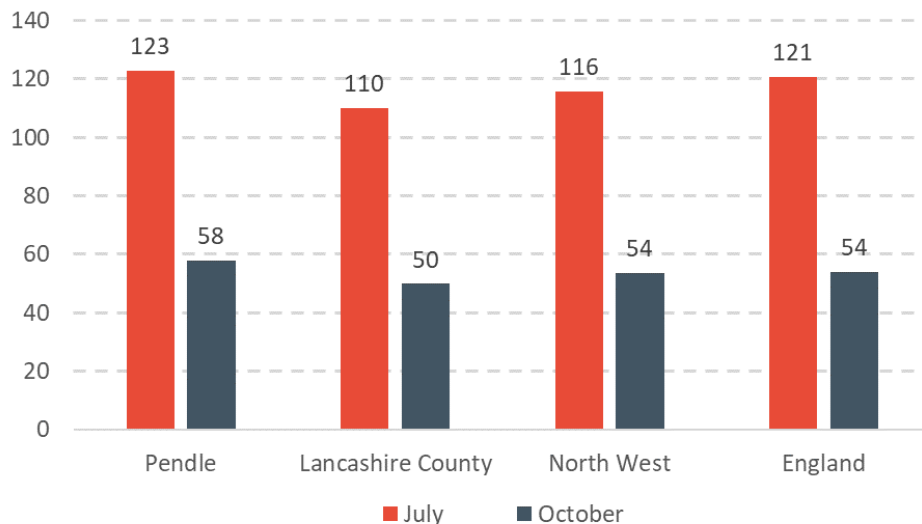
People Impact

As a means of reducing immediate and dramatic rates of unemployment due to Covid-19 and the subsequent economic restrictions the UK government initiated the Coronavirus Job Retention Scheme...

This scheme allowed employers to furlough workers often in lieu of making redundancies. The scheme can therefore be seen as a proxy Covid-19 employment impacts that may have occurred if the support had not been offered. The Job Retention scheme is being wound down gradually, ending in October. Latest data for October 2020 shows that across the country take-up of the scheme has decreased with less furloughed employments since July.

As of October 2020 (latest data), 3,200 employments were furloughed in Pendle. This equates to 58 furloughed employments per 1,000 working age residents. This is a higher rate than Lancashire (50), the North West (54) and England (54). It is also a decrease of 53% from July when Pendle had 6,800 furloughed employments.

Number of Furloughed Employments per 1,000 Working Age Residents, July & October 2020





Impacts on People

People Impact

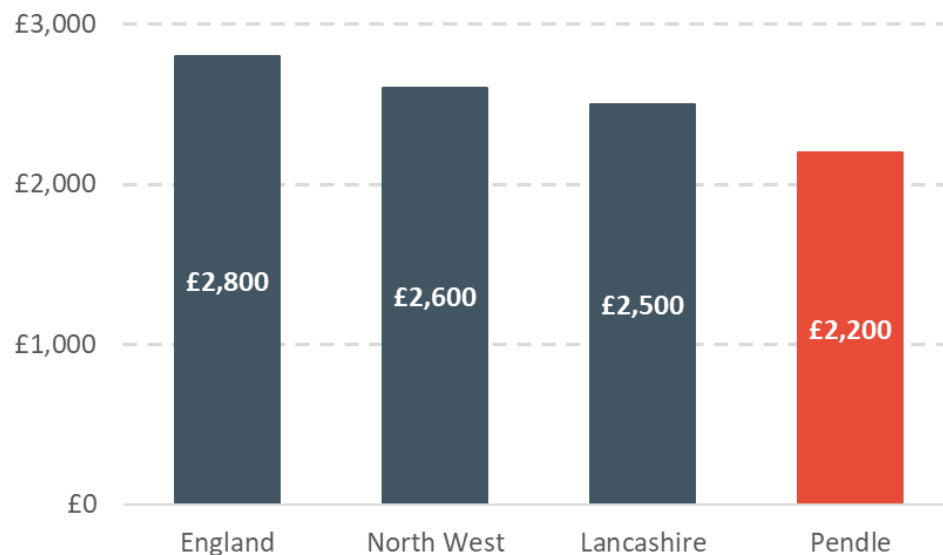
In addition to the job retention scheme, support was also offered to self-employed workers via the Self Employment Income Support Scheme (SEISS). This scheme offered grants to self-employed workers in the form of two separate grants.

The eligibility for the SEISS scheme, given prevailing complications for non-PAYE workers, was more complicated than the job retention scheme in its roll out. However, insights into the eligibility of self-employed workers are available as well as the average value of claims made via the SEISS.

In Pendle (61%) and the North West (60%) about three fifths of eligible self-employed workers made claims from this support scheme, slightly higher than the Lancashire (57%) and national (58%) take-up rate.

In terms of the size of claims, Pendle's average claim via the SEISS was lower than the county, region and national average. The grants were based on the size of a company's average monthly profits over the past 3 years. This indicates self-employment in the borough is more likely to involve lower value activity relative to benchmarks.

Average Claim from the Self Employment Support Scheme, third grant wave, December 2020





Impacts on People

People Impact

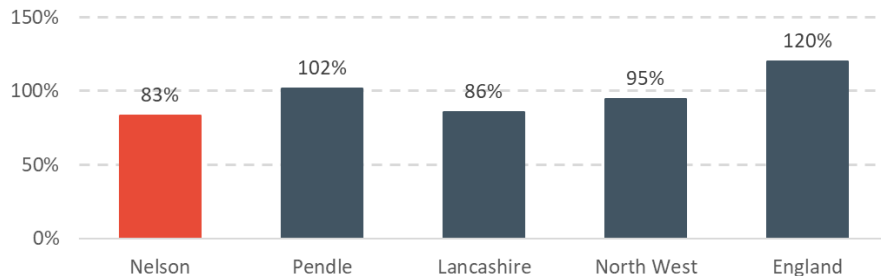
In addition to the two Covid-19 specific support schemes mentioned, we are also able to consider the changing employment landscape of Pendle by observing the claimant count. This is the number of individuals claiming out of work income support including Universal Credit (UC) and Job Seekers Allowance (JSA).

Between January and December 2020, there have been considerable increases in the claimant count across the country. The graph shows that this rise has been considerable in Pendle albeit at a higher rate than benchmark areas, but lower than nationally.

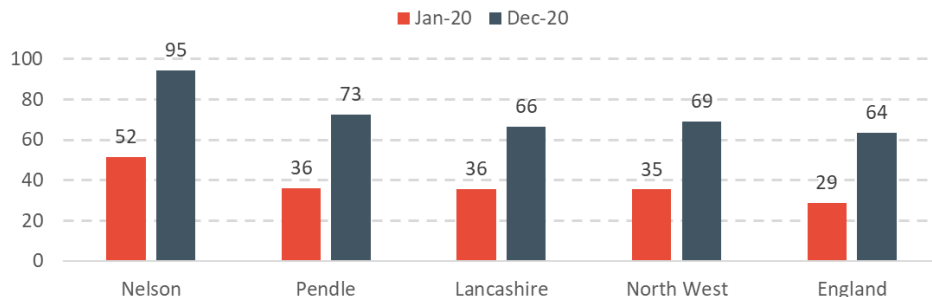
At the start of 2020, Pendle saw 36 out of 1,000 working age residents claiming out of work income support, this was more than the national level (29 people per 1,000). Both Pendle and England's position has deteriorated as the employment impacts of Covid-19 have materialised, with Pendle still having a greater number of claimants per 1,000 working age residents than the national rate.

Nelson experienced a lower rate of increase in overall claimant count, although this increase was still over 80% and therefore not unsubstantial. Moreover, as of December 2020 the town had a much higher rate of claimants per 1,000 working age residents, with 95 claimants per 1,000 – considerably more than the borough, county, regional and national rate.

% Change in Claimant Count January – December 2020



Claimant Count per 1,000 Working Age Residents, January 2020 & December 2020





Impacts on People

People Impact

Using Adzuna vacancy data, which measures the volume of online job vacancies, it is clear that vacancies have fallen considerably across the country since March 2020.

Using and index change rate to control for differing sizes of geographies we can see that the fall in vacancies have been more substantial in the main towns in Pendle than the change at the county and national level (data not available for the borough as a whole). In all there were 73% fewer vacancies in the key Pendle towns in May 2020 than in January 2020. More positively, vacancies began to trend upwards since May 2020 and have recovered faster compared to the county and national level.

It is also worth noting that, although vacancies fell rapidly in March 2020, job vacancy numbers have been consistently falling in Pendle's key towns since September 2019, well before Covid-19. This may be an indication of underlying problems that have only been exaggerated and brought to the surface by the economic shock of Covid-19. A jobs focused recovery will therefore need to not only consider how to resolve short term Covid-19 induced effects, but also be conscious of prevailing challenges that were present in the Pendle employment market before Covid-19.

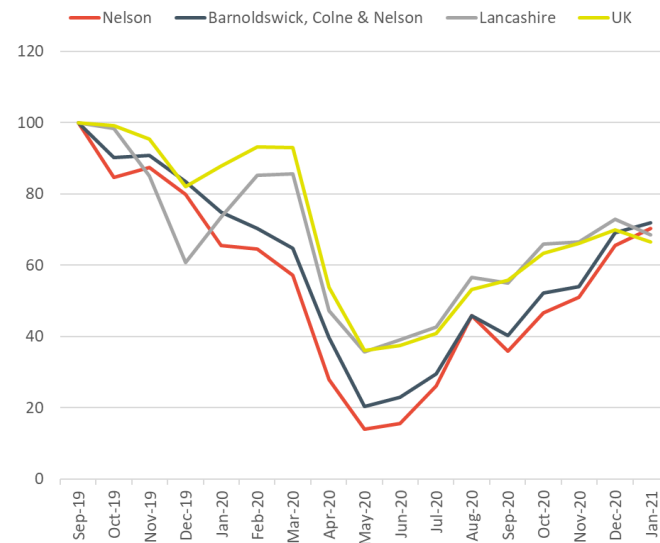
Change in Online Job Vacancy Postings, Jan 2020 – Jan 2021

	Jan-20	Jan-21	Change	% Change
Nelson, Colne & Barnoldswick	283	272	-11	-4%
Nelson	150	161	11	7%
Lancashire	10,195	9,515	-680	-7%
UK	876,983	664,588	-212,395	-24%

Data Source: UK Labour Market Statistics, Adzuna, 2019-2021

Note: Data only available at national, region, county and town level, no data available for Pendle LA as a whole

Index Change in Online Vacancies, September 2019 – January 2021





Impacts on People

People Impact

Although online job vacancies in November 2020 were below their 2019 levels, the impact of Covid-19 has been disproportionate in different occupations and sectors.

Job vacancies in Pendle can be tracked using Burning Glass data, which includes vacancies posted on various online job boards and on the websites of some large employers. The pandemic was fully felt by April 2020, which saw a sharp decline in vacancy postings (69%) compared to the beginning of the year. Job vacancies recovered at pace, approaching their pre-pandemic levels by October 2020, before declining again as the second lock-down was imposed. As of 31st November 2020, there were 176 vacancy postings in Pendle, a 27% decrease compared to the same time last year.

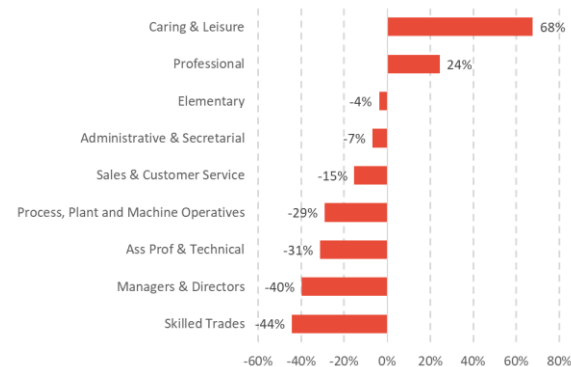
Reviewing vacancy posting by occupation reveals some variations. Unsurprisingly, the caring and leisure saw vacancy postings rise dramatically (+68%) in Pendle, followed by substantial increases in professional occupation vacancy postings (24%). Notable declines have been noted across a number of occupations, most notably skilled trades (-44%) and managerial positions (-40%). Although less sales and customer service roles had been advertised, the decline has been more modest (-15%).

In terms of the sectoral composition, job opportunities in Pendle have become more concentrated. Five sectors accounted for 420 job vacancies (54%) in Pendle between January and November 2020, compared to 336 (45%) over the same period of the previous year. Retail sector vacancies continue to lead the way and noted a 38% increase relative to 2019, whilst social work activities (57%) increased substantially relative to 2019. The NHS continues to post the highest number of vacancies (83), followed by Nelson and Colne College (77) and Morrison Supermarkets (53).

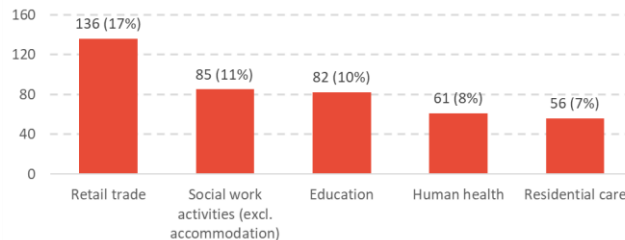
Data Source: Burning Glass, Lancashire Skills & Employment Hub
*The period considered is January to November in 2019 and 2020.

**Vacancy postings by sector is available, but it is incomplete in some areas and vacancies posted in sectors associated with employers such as government bodies, local authorities or public services tend to be more accurate.

% Change in Online Vacancies by Occupation in Pendle, 2019 – 2020*



Number of Vacancies by Top 5 Sectors in Pendle, Jan 2020 – Nov 2020**





Impact on Place



Impacts on Place

Key Points:

- + Physical distancing as a result of Covid-19 has meant that many places, such as Nelson, have been heavily impacted by a reduction in high-street spending and utilisation of the town centre.
- + As with many towns, this impact has occurred at a time when high-streets are already going through challenging times and as such have been left incredibly vulnerable to dramatic shocks. 18% of UK retail businesses were deemed to be “Zombie businesses” with significant balance sheet deficits totaling £2.2bn. The vulnerability of towns like Nelson *prior* to Covid-19 were significant.
- + Beyond the high-street, infrastructure, particularly access to digital infrastructure, is likely to play crucial role in any recovery. Pendle has acceptable access to broadband speeds over 30mb/s, yet there is very poor coverage of fibre broadband, this may stifle future growth that is dependent on high speed and reliable coverage.
- + Opportunities for recovery are clear in Nelson. Pendle is leading the way on Co2 reductions and will therefore be in a good position to lead the way in any form of green recovery.



Impacts on Place

Place Impact

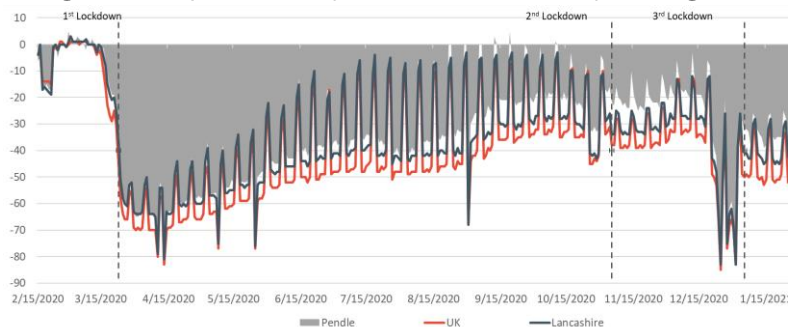
Transit, as well as workplace, mobility had declined substantially in Pendle, but persists above the Lancashire and UK levels.

The extent to which Covid-19 has impacted the movement within and between areas will also provide a lens into the scale of the economic downturn in an area. Google Mobility data provides insights into the change in movement habits each month compared to a baseline in January 2020.

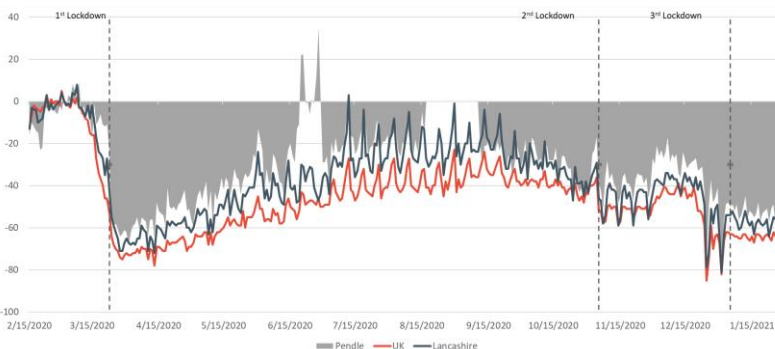
Since the first lockdown workplace mobility has dropped substantially across all locations. As of January 2021, it was 26% and 23% below the baseline in Lancashire and Pendle. Although workplace mobility in Lancashire tends to be higher than nationally, it follows a pattern similar to the rest of the UK. Pendle saw workplace mobility increase incrementally throughout the year. Although relatively high mobility levels persisted during the second lockdown, it dropped substantially in the new year.

Similarly, transit mobility (railway and stations) remains below its pre-pandemic levels. Transit mobility patterns in Pendle have broadly followed the Lancashire average. Recent data shows that it remains 51% and 56% below the baseline in Pendle and Lancashire respectively. Railway and stations use appear to be higher than nationally across both locations.

Changes in Workplace Mobility Patterns, as of January 2021 Against January 2020 Baseline



Changes in Transit Mobility Patterns, as of January 2021 Against January 2020 Baseline





Impacts on Place

Place Impact

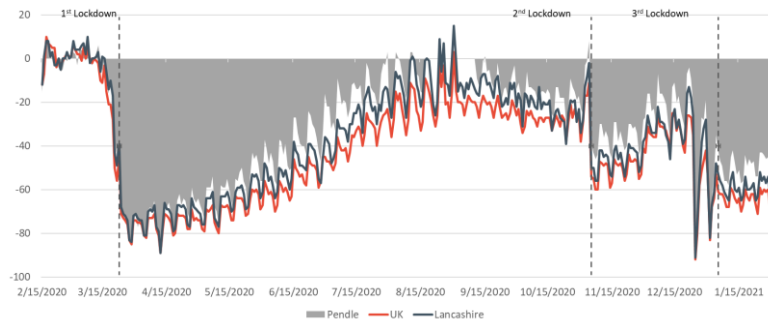
Retail and recreation mobility remains low, with activity concentrated in residential areas and parks.

Retail and recreation mobility in Lancashire appears to generally move in line with the UK average. It has generally remained below its pre-pandemic levels, except for August. As of January 31, it was 59% below its baseline level. Although retail and recreation mobility in Pendle declined in line with the national average following the imposition of the first national lock-down, it has recovered faster, and remained higher during the second and third lockdown. It now stands at 53% below its baseline level.

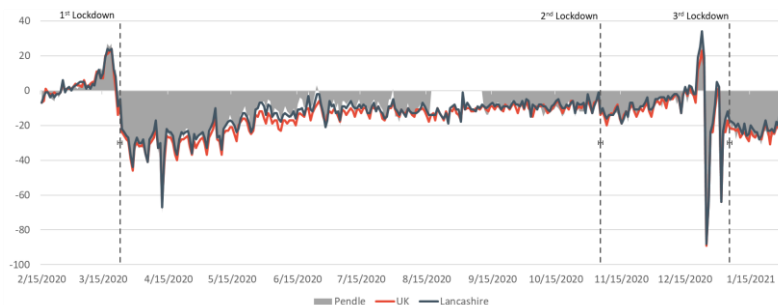
Grocery and pharmacies mobility patterns are similar across locations. Trips to shop necessities have declined relative to their pre-pandemic levels, albeit by less. Residential mobility follows the same pattern across all locations and has increased starkly relative to its pre-pandemic levels. Google mobility data also shows that park mobility during the spring and summer months peaked.

The implications of this may still mean that town centres are still yet to see a much-needed increase in footfall as residents choose to stay in residential areas and venture out only to open spaces such as parks.

Changes in Retail & Recreation Mobility Patterns, as of January 2021 Against January 2020 Baseline



Changes in Groceries & Pharmacies Mobility Patterns, as of January 2021 Against January 2020 Baseline





Impacts on Place

Place Impact

Measuring the changes in consumer spending that have resulted from Covid-19 also give an indication of how severely particular high-streets have been hit by the pandemic.

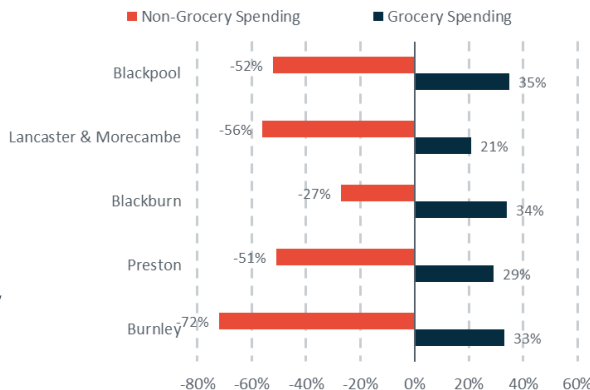
Data shown here shows how consumer spending has changed in April and October 2020 compared to the same time in 2019 across major towns and cities in Lancashire.

Data isn't available for Nelson; however Burnley is the major town closest to Nelson and may therefore give some indications of how well the Nelson high street has dealt with the pandemic.

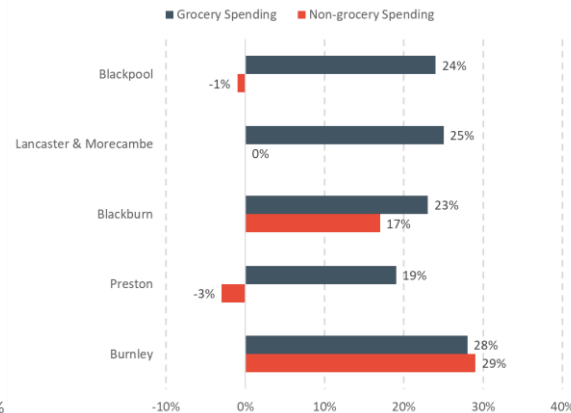
In April 2020, Burnley had the most dramatic fall in non-grocery spending of all Lancashire towns and cities listed and saw the greatest overall fall in consumer spending by 59%.

However, as of October 2020, Burnley exhibited strong signs of recovery, with non-grocery spending increasing by 29% and all consumer spending rising by 29%, the greatest growth among North West towns.

Changes in Spending Patterns, April 2020
Against April 2019 Baseline



Changes in Spending Patterns, October
2020 Against October 2019 Baseline





Impacts on Place

Place Recovery & Resilience

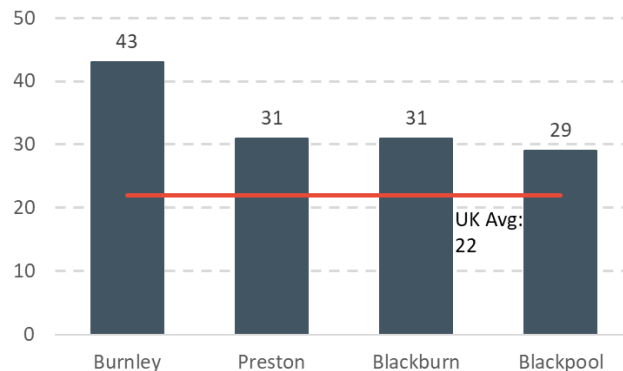
The recovery of towns can also be determined by footfall at key times compared with a pre-lockdown baseline.

The Centre for Cities, looks at the number of people in a town/city centre in January 2021 compared to a pre-lockdown baseline of 100. If the score in January is close to 100, there are indications (by this metric) that the town is beginning to recover back to its pre-lockdown level of people in the town/city. Using a baseline of February 2020 (pre-lockdown) of 100 the recovery scores include

- + An overall recovery score - looking at the number of people in the town centre at any time of day compared to the baseline.
- + A workers score to recovery – looking at the number of city-centre workers in the centre in the daytime on weekdays.
- + A weekend score to recovery – looking at the number of people in the centre in the daytime on weekends.
- + A night-time score to recovery – looking at the number of people in the centre in the evening.

Of the key towns and cities in Lancashire, Nelson's closest larger town of Burnley scores above average in all scores to recovery. Perhaps implying some level of resilience.

Centre for Cities High Street Overall Recovery Index, Lancashire Towns/Cities



Centre for Cities High Street Recovery Index, Lancashire Towns/Cities

	Night-time score to recovery	Overall score to recovery	Weekend score to recovery	Workers score to recovery
Burnley	23	43	39	12
Preston	20	31	22	12
Blackburn	23	31	27	23
Blackpool	18	29	18	11
UK Average	14	22	20	7



Impacts on Place

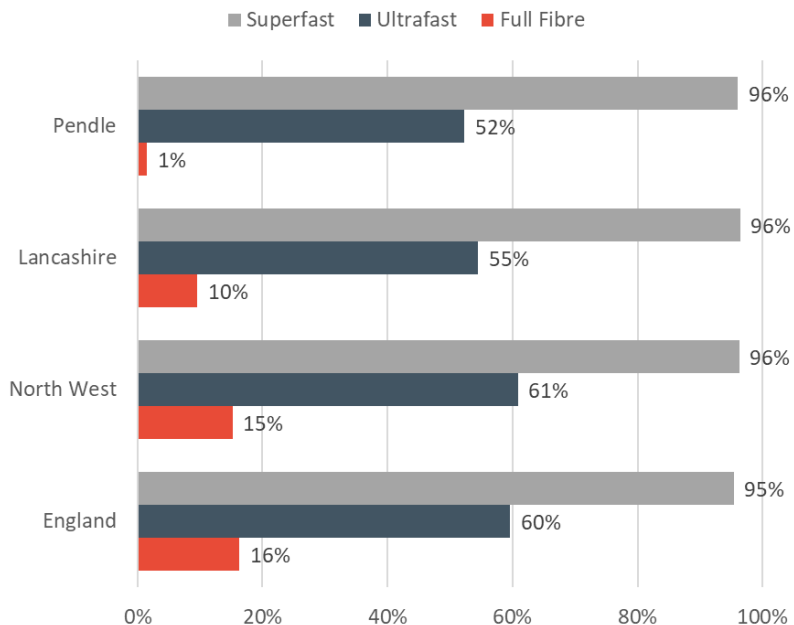
Place Recovery & Resilience

Differing levels of connectivity across the UK have meant some areas have been more resilient to restrictions. In areas with greater high speed broadband coverage the transition to home working, shopping and socialising has been less burdensome. As restrictions remain, these areas are also more likely to see quicker recoveries.

The adjacent chart shows that Pendle's digital connectivity could be improved, particularly in terms of access to full fibre broadband, where the borough only has 1% of coverage compared with 16% nationally. Pendle does have almost full coverage of superfast broadband (speeds of up to 30mb/s) which is in line with the national rate. Although coverage of ultrafast broadband (speeds of over 300mb/s) is lower than the national rate at 52% compared to 60%.

It appears that the borough had good basic coverage but significant parts of Pendle do not have the same coverage of faster internet speeds which is key to digital inclusion and business competitiveness. This may present significant challenges and be a barrier to future investment and jobs growth in the area, as well as a possible negative factor in present and future quality of life measures.

Broadband Coverage by Speed, 2020





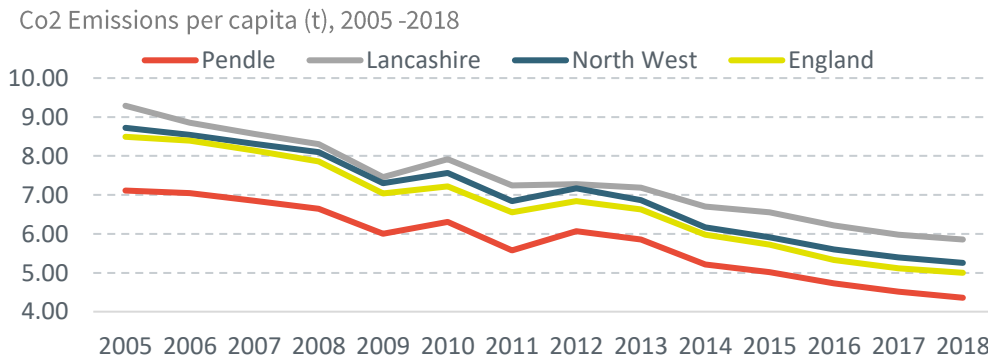
Impacts on Place

Place Recovery & Resilience

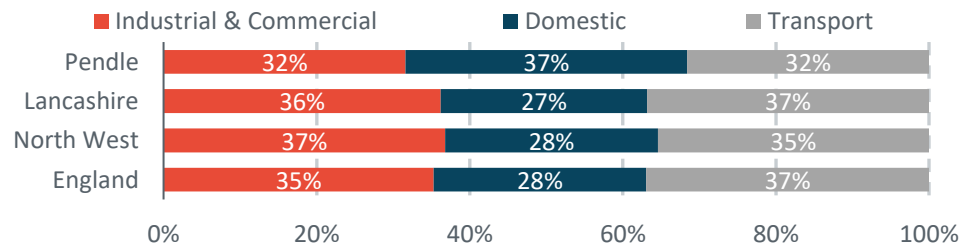
Pendle has performed well in terms of reducing carbon emissions, this may give the borough unique opportunities to lead the way in any potential green recovery...

A “Green Recovery” is potentially a key source of post-Covid-19 investment and a large aspect of the UK government’s “Build Back Better” recovery plan.

Co2 emissions in Pendle are well below county, regional and even national levels and have also seen similar reductions since 2005. A key aspect of further reducing this and harnessing Pendle’s lead in carbon reductions will be around reductions in emissions from domestic sources. This is Pendle’s main source of emissions and is well above the national rate. Improving domestic heating, isolation and efficiency therefore presents a key green opportunity for the area.



Proportion of emissions by type, 2018



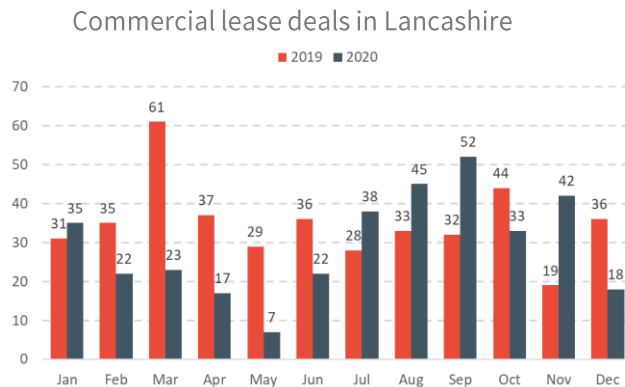
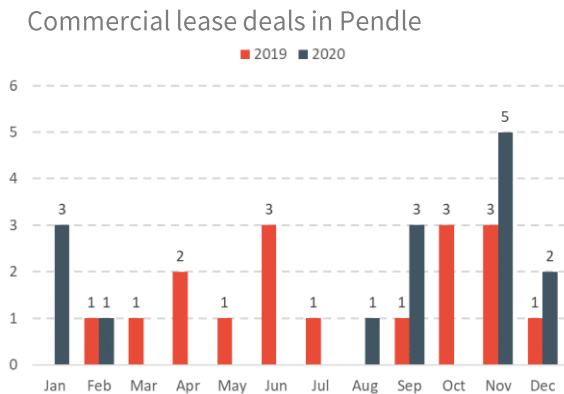


Impacts on Place

Place Recovery & Resilience

The impact of Covid-19 on commercial property is predicted to be extensive, and measurable through commercial property lease deals..

- + All commercial lease deals, including industrial, office or retail premises, since January 2019 have taken place in three towns in Pendle – Colne, Barnoldswick and Nelson. Fifteen lease deals were taken in 2020, whereas in 2019 there had been seventeen, demonstrating a slight drop in demand for commercial property in the borough. The impact of Covid-19 is clear here with no deals taking place between March and July when economic restrictions resulting from Covid-19 were most severe. However, there has been a spur of activity in the later months of 2020, with five lease deals noted in November 2020.
- + This picture is true of the wider county of Lancashire with deals for commercial property particularly dropping off between March and June, but slowly increasing in the latter half of the year. However, lease deals drop substantially in December 2020, following the implementation of the second lock-down.



A black and white photograph of a person's hands holding a glowing lightbulb. The lightbulb is the central focus, with its filament visible and emitting a bright light. The person's hands are cupped around the base of the bulb. The background is dark and out of focus.

+ Strategic Implications



Strategic Implications - Business

The economic impacts of Covid-19 on Nelson and the wider borough of Pendle area yet to fully materialise. However, it is clear that the impacts will be difficult to overstate.

Business Support

- + Insights around business incorporations indicate a level of entrepreneurialism in Pendle to be harnessed. Regardless of the source of these business formations, be it a loss of PAYE opportunities or genuine business start-ups, there is clearly scope to build on this and provide a nurturing business environment for new SMEs. This support could be in the form of business advice or perhaps the provision of commercial space for incubation or expansion.
- + In addition to support for newly formed businesses, as can be seen by the number of businesses in Pendle and Nelson from the UK's most vulnerable sectors, there is a need to ensure businesses are supported at the local level to re-open and able to better react to changes in the supply chain and any further shocks that may occur, either as a result of Covid-19 or any other economic shocks. This plan is stated in the *Redefining Lancashire : Our Approach to Recovery* report published by the county council in June 2020.

Diversification of the business base

- + One of the unique aspects of the Pendle economy is its focus around manufacturing. This sector provides over half of the borough's total GVA and is therefore of the utmost importance. The manufacturing sector nationally has been relatively insulated from the worst commercial impacts of Covid-19 (as shown in the ONS' BIC survey) an indication therefore that the borough may have some level of protection. However, as the short-term impacts of the pandemic have shown, an over reliance on specific sub-sectors can put areas in jeopardy if these sectors end up over-exposed to an economic crisis. The aerospace sector is a key example of this.
- + The short-term impacts of Covid-19 have so far disproportionately impacted the service and leisure sectors – however, more medium- and long-term impacts may in turn impact the manufacturing sector as the repercussions of global trade and supply chains interruptions continue into 2021.
- + To ensure the borough's economy is suitably diversified and insulated from shocks to its high value sectors, where it sources the majority of its GVA, there needs to be a focus on supporting these important sectors to be resilient and diversify.



Strategic Implications - People

The economic impacts of Covid-19 on Nelson and the wider borough of Pendle area are yet to fully materialise. However, it is clear that the impacts will be difficult to overstate.

Upskilling the workforce

- + A considerable amount of Pendle's population are severely under-skilled, 20% of the borough lack any qualifications, compared with just 8% nationally. This is a clear challenge that has and will continue to exasperate unemployment challenges resulting from Covid-19 and make the finding of new employment much harder for those lacking skills. Support should be given to upskill and reskill the workforce, particularly among the population facing immediate job losses.
- + These figures are even more dramatic below the borough level when looking at Nelson almost a third of the town's population lack any sort of qualification, putting significant restrictions on possible future growth and recovery options and reducing the chances of high paid high skilled employment opportunities.
- + Upskilling a workforce is a challenge but also a significant opportunity, it is not possible to determine the length of the Covid-19 induced economic downturn and its impact on unemployment rates, however an immediate return to pre-Covid levels of employment is unlikely in the short-term. Ensuring unemployed people have support will be crucial, but in addition to this the scope for reskilling these people will be significantly greater than before as many find themselves with capacity to build up qualifications to create further opportunities in higher paid employment.

Self-employment support

- + Although discussed in Impacts on Business, employment has fallen but business incorporations have risen sharply. Trends since 2014 also indicate that Pendle was seeing increases in self-employment (from a previously very low level) prior to Covid-19. This presents a significant opportunity to create a dynamic and diverse SME based economy. Engagement with new businesses and ensuring they are able to access support they need will ensure that those moving from PAYE employment to self-employment are supported in a challenging economic climate to start and grow a new business.



Strategic Implications - Place

Covid-19 has deeply impacted towns and will continue to do so whilst physical restrictions remain in place. It has also highlighted the need for high quality digital infrastructure that is accessible to all...

The Changing role of the high-street

- + Many aspects of the town will not recover the landscape prior to Covid-19 for many times, was poor, with many retail and hospitality businesses only continuing to trade on the back of large deficits. It is clear that many towns such as Nelson will see the look of the high-street change dramatically if many of these businesses cease operating. This is a significant challenge: certain businesses may never reopen. Work must be done to support firms where possible, but also to ensure that when town centres recover they do so on the basis of strong sustainable growth.
- + Supporting Nelson and its high-street is embedded in the emerging recovery strategy for the wider county council. In *Redefining Lancashire: Our Approach to Recovery* a key element of the recovery proposition is a plan to support town centres, summarised with the mantra “Visit Soon, Visit Safely”. This will include working with Lancaster University to expand and develop the role of local towns like Nelson. Footfall in towns across Lancashire has fallen presenting a challenge for many retailers, but there are also opportunities to change towns like Nelson for the better – such as improving cycle access and creating town centres that act to meet the needs of a community at a commercial and also community level.

An Environmental Recovery

- + As can be seen, Pendle is in a leading position when it comes to Co2 per capita reduction. There is a massive opportunity to harness this potential and establish towns within the borough, such as Nelson, as centres of a green recovery. The UK’s *Build Back Better* initiative, sees a green recovery as fundamental. To further decrease Co2 Pendle could consider its main source of emissions, which are from the domestic market, and initiate a programme that would not only reduce emissions, but also improve the homes and quality of lives of many residence as well.

Digital Connectivity

- + In addition to the environment and high-streets, Pendle is currently underperforming when it comes to full fibre broadband coverage. Due to Covid-19 restrictions, and likely long-lasting impacts, the importance of digital infrastructure will only increase in the coming years. To ensure the town is able to capitalise on this, there needs to be a concerted effort to ensure all homes are connected to fast and reliable internet.