



Regional Scorecards
for
ICAEW UK Economic Outlook Report
by Oxford Economics
September 2020

East Midlands

KEY POINTS

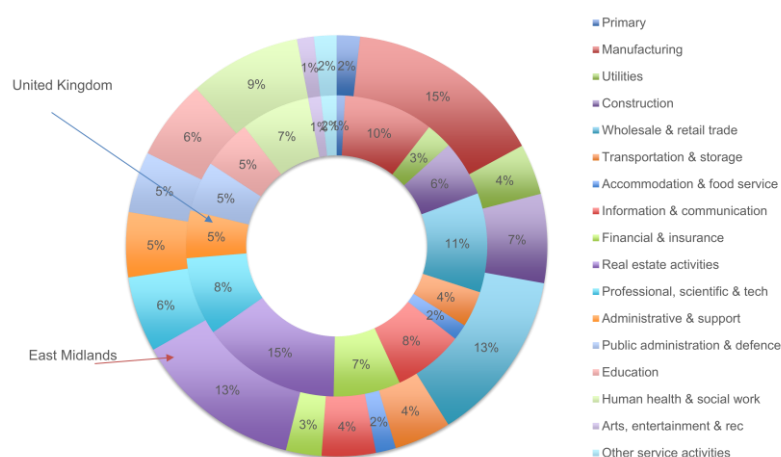
- GVA and employment may fall marginally less than the UK average this year and perform slightly better in recovery. However, the region will probably lag the national average until 2025.
- Employment is clearly falling sharply in 2020. In 2021, the region will likely see most jobs replaced, but still leaving the level marginally lower than it was in 2019, at 2.40m compared with 2.43m.
- The region is one of the most manufacturing intensive in the UK and is heavily reliant on exports, but it has less exposure than most to the hospitality sector, and fewer self-employed people.

Oxford Economics Structural Vulnerability Scorecard	
East Midlands	(UK=0)
Trade	1.7
Pop 65+	0.4
Hospitality	-0.9
Retail	1.4
Manufacturing	1.3
Self-employed	-1.0
Work from home	0.4
Small firms	-0.5
Internet	1.3
Hospital beds	-0.2
Pop density	0.0

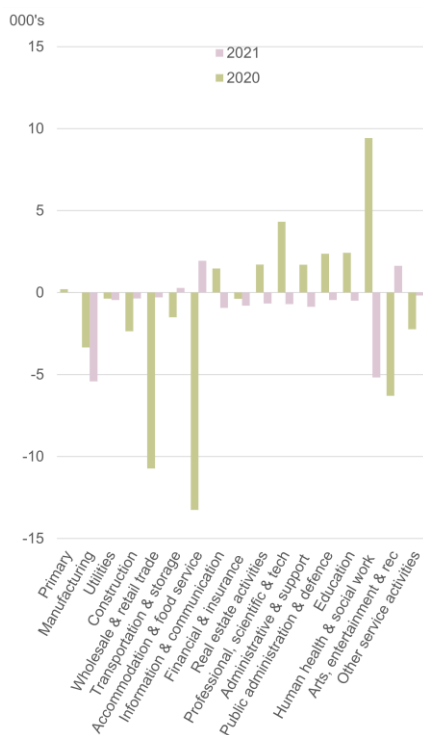
Greater than 0 is more exposed than UK average

Source: Oxford Economics

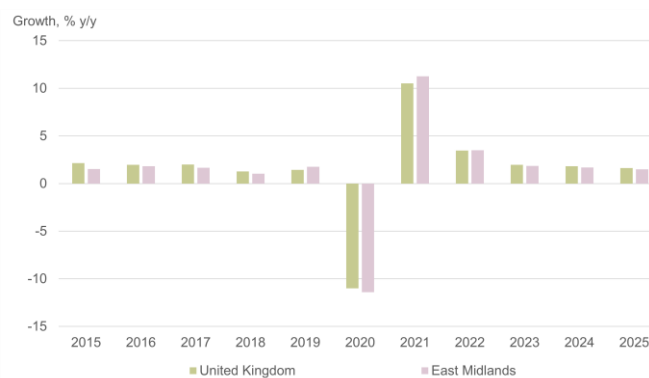
GVA structure, 2020



Employment, change, 2020-21



GVA, % change, 2015-25



Population, % change, 2015-25



Eastern

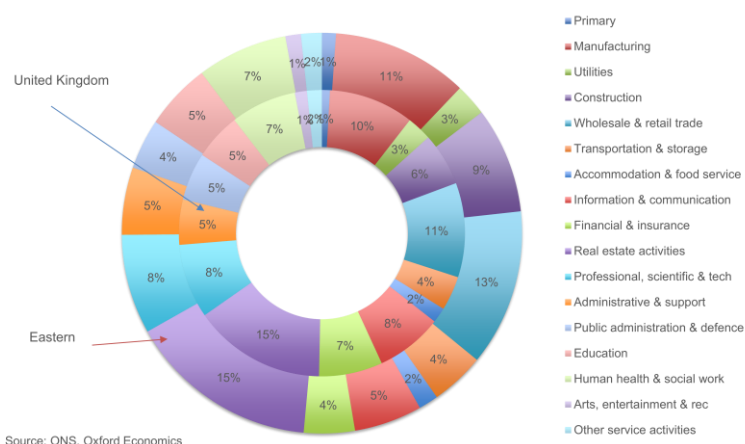
KEY POINTS

- GVA and employment are set to fall at a slightly weaker rate than the UK average this year and recover at a marginally faster pace than the UK in 2021. Following this, growth should broadly follow the national figure over the period to 2025.
- Employment in 2021 will nevertheless be slightly lower than it was in 2019, at 3.21m compared with 3.27m.
- A wide variety of metrics suggest that the region is more vulnerable than most to the economic effects of the pandemic. However, some of its manufacturing is food-related, and much of it is office-based, and taking that into account improves the assessment significantly.

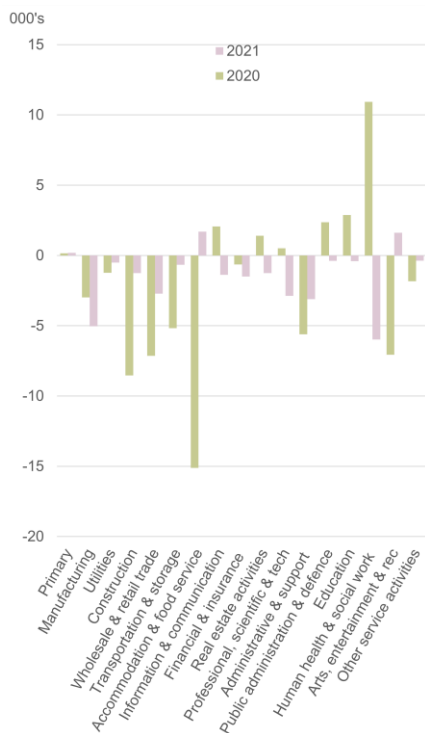
Oxford Economics Structural Vulnerability Scorecard	
Eastern	(UK=0)
Trade	0.9
Pop 65+	0.6
Hospitality	-1.0
Retail	1.0
Manufacturing	0.3
Self-employed	0.3
Work from home	0.1
Small firms	0.5
Internet	-0.4
Hospital beds	0.8
Pop density	0.0

Greater than 0 is more exposed than UK average
Source: Oxford Economics

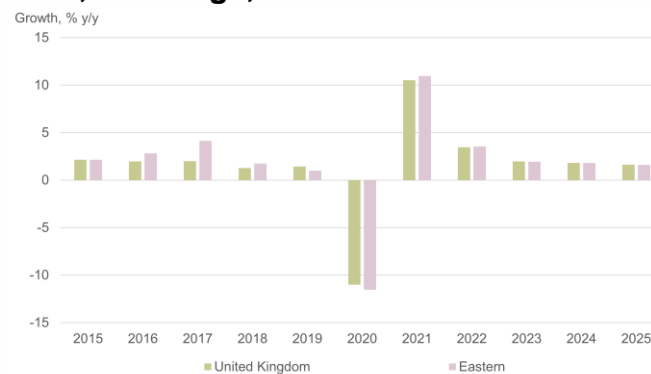
GVA structure, 2020



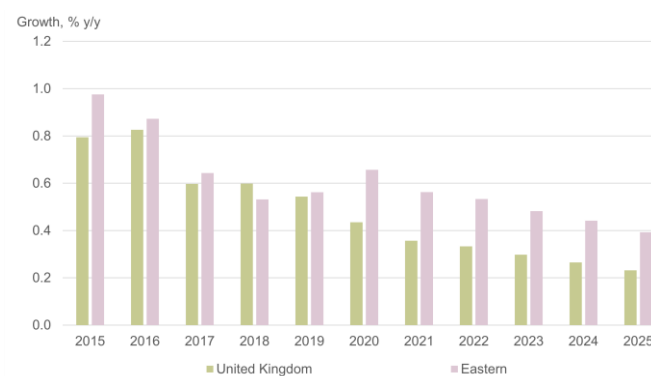
Employment, change, 2020-21



GVA, % change, 2015-25



Population, % change, 2015-25



London

KEY POINTS

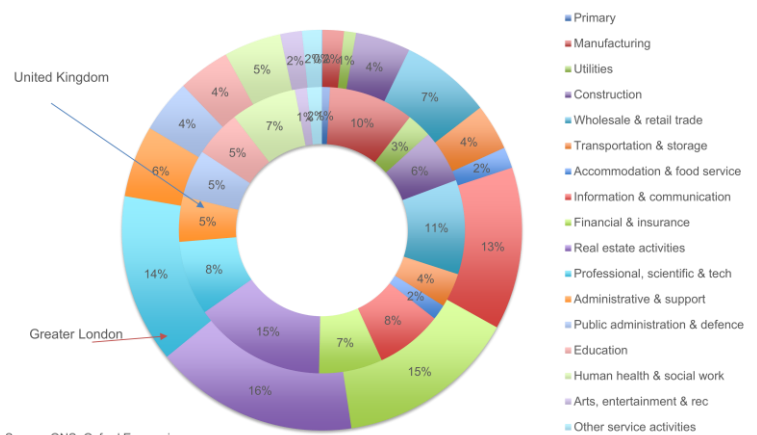
- London is forecast to see GVA and employment fall by slightly less than the UK average in 2020. Over the period 2022-25 the capital will outperform the UK average but not by a huge margin.
- The job market is expected to recover relatively quickly although employment in 2021 is still likely to be lower at 6.0m compared with 6.05m in 2019, pre-virus.
- London is more service-based than the UK average, and has a far lower proportion of residents aged 65 and over. These contribute to a lower than average vulnerability to the coronavirus pandemic. It does, however, have a much higher population density and number of small firms.

Oxford Economics Structural Vulnerability Scorecard	
Greater London	(UK=0)
Trade	-1.7
Pop 65+	-2.7
Hospitality	1.1
Retail	-1.8
Manufacturing	-2.0
Self-employed	1.8
Work from home	-0.9
Small firms	1.5
Internet	-0.9
Hospital beds	0.3
Pop density	3.6

Greater than 0 is more exposed than UK average

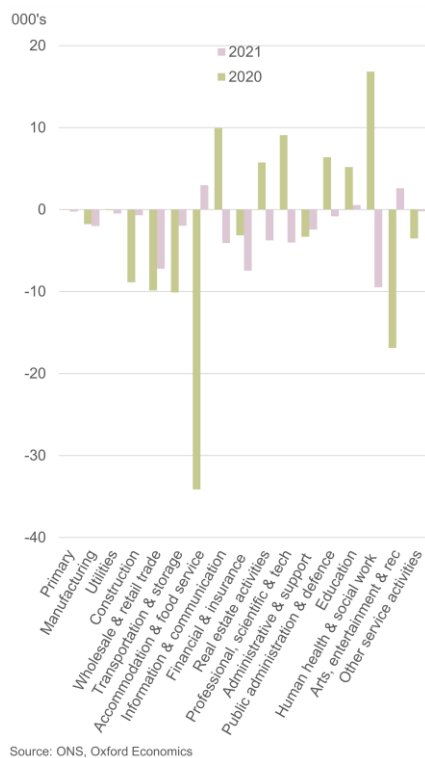
Source: Oxford Economics

GVA structure, 2020



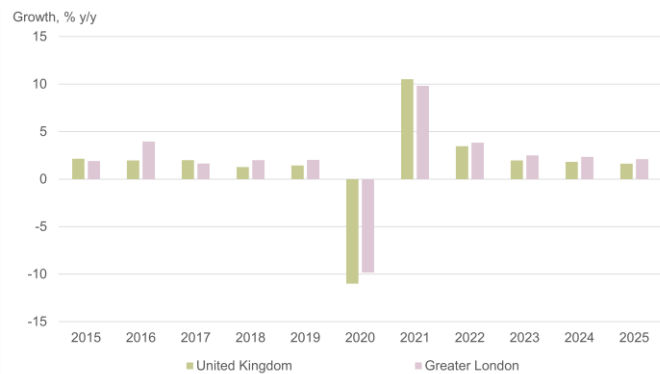
Source: ONS, Oxford Economics

Employment, change, 2020-21



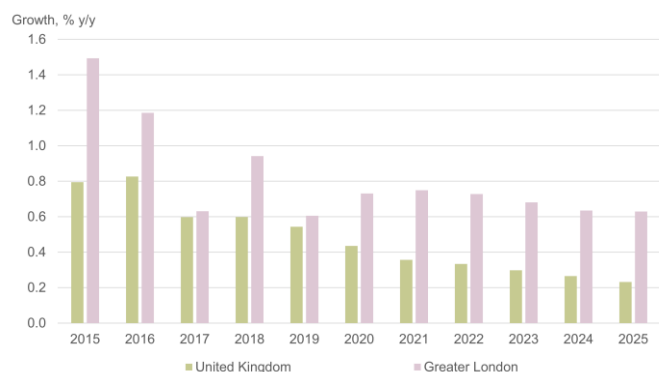
Source: ONS, Oxford Economics

GVA, % change, 2015-25



Source: ONS, Oxford Economics

Population, % change, 2015-25



Source: ONS, Oxford Economics

North East

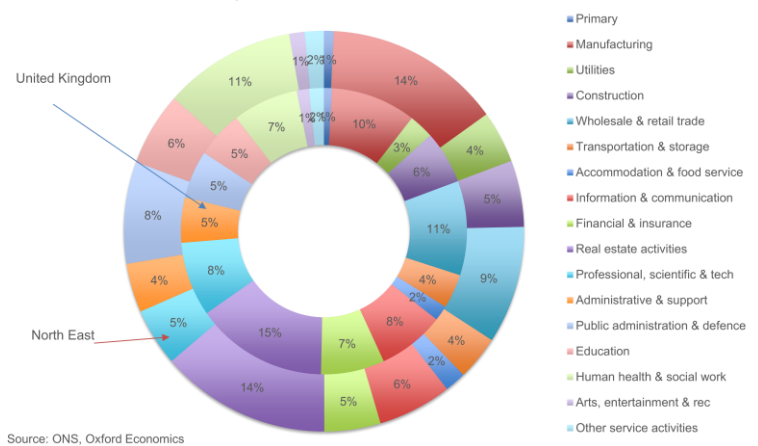
KEY POINTS

- In terms of both output and employment, the region is likely to be worse hit than the UK average in 2020. And recovery in 2021 may be slower than elsewhere.
- Indeed, employment in 2021 is still likely to be slightly lower than it was in 2019, pre-virus, at 1.16m compared with 1.19m.
- The North East has a low share of small firms and a low percentage of workers who are self-employed. But internet connectivity and sectoral structure mean that relatively few people are able to work at home. It is manufacturing-intensive and very reliant on international trade.

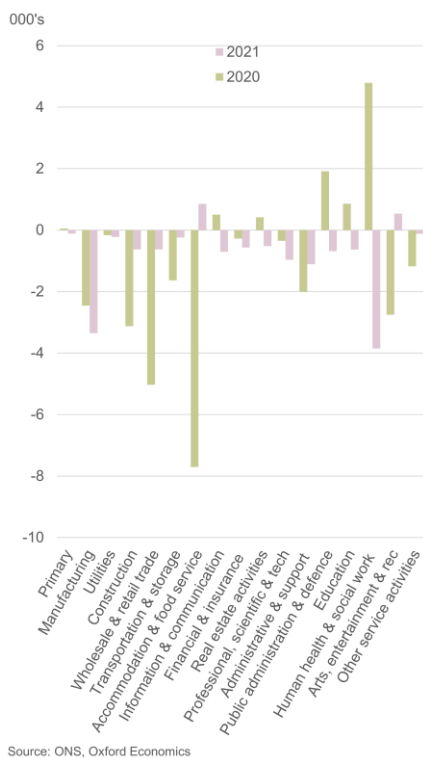
Oxford Economics Structural Vulnerability Scorecard	
North East	(UK=0)
Trade	1.1
Pop 65+	0.5
Hospitality	-0.2
Retail	-0.6
Manufacturing	1.2
Self-employed	-1.3
Work from home	1.6
Small firms	-2.3
Internet	2.2
Hospital beds	-1.8
Pop density	0.0

Greater than 0 is more exposed than UK average
Source: Oxford Economics

GVA structure, 2020



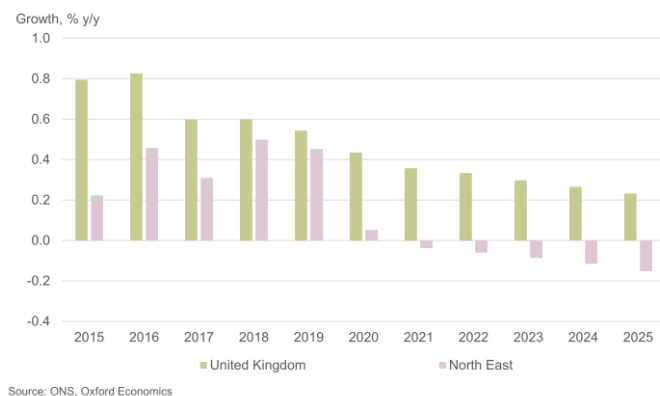
Employment, change, 2020-21



GVA, % change, 2015-25



Population, % change, 2015-25



North West

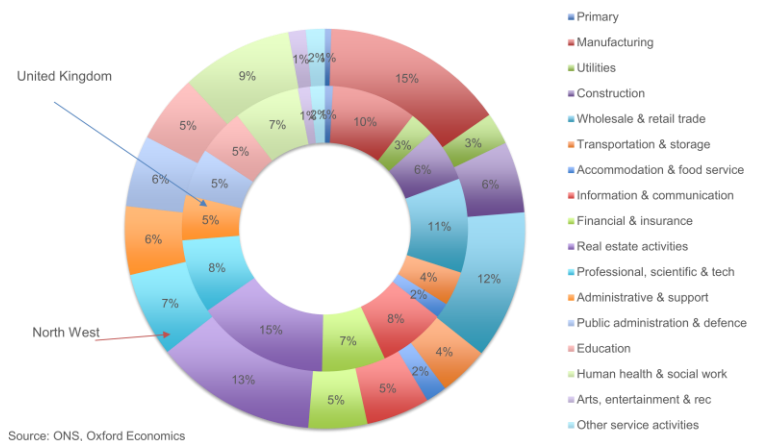
KEY POINTS

- The pattern of a large GVA decline in 2020, a strong recovery in 2021, and modest medium-term growth thereafter, is likely to be broadly similar to the UK average.
- Like GVA, employment is set to contract hugely this year. Not all the jobs lost during this downturn will be recovered or replaced in 2021, so that the number of jobs in the North West is forecast to total 3.78m in 2021 compared with 3.84m, pre-virus, in 2019.
- The region is reasonably well balanced in economic terms, but it has a slightly larger than average manufacturing sector which is one of the factors that puts it at risk during the current downturn.

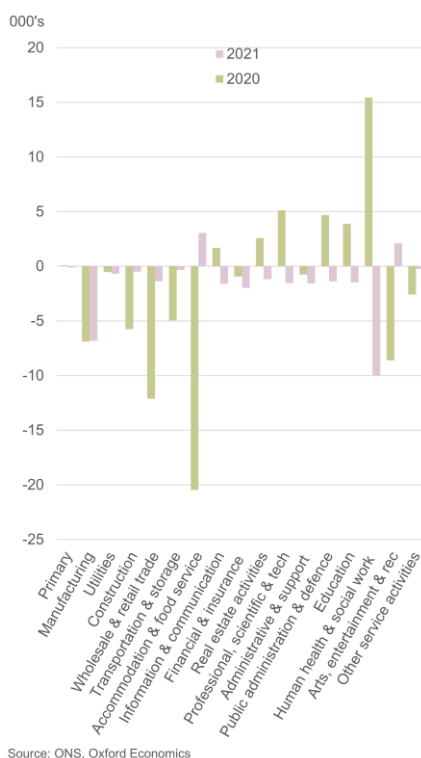
GVA structure, 2020

Oxford Economics Structural Vulnerability Scorecard		
North West		(UK=0)
Trade		0.5
Pop 65+		0.1
Hospitality		0.0
Retail		0.7
Manufacturing		1.3
Self-employed		-0.9
Work from home		0.9
Small firms		-0.4
Internet		0.4
Hospital beds		-0.5
Pop density		0.2

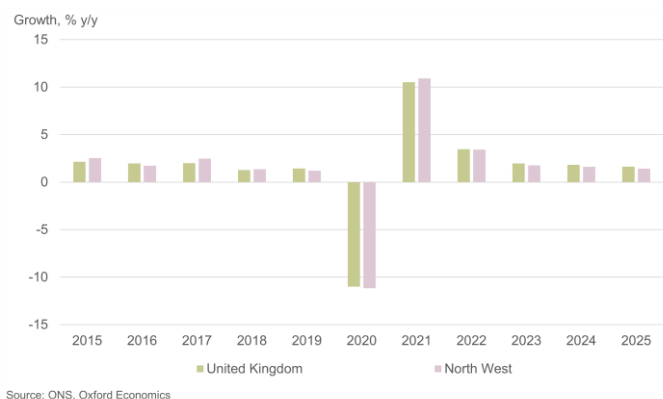
Greater than 0 is more exposed than UK average
Source: Oxford Economics



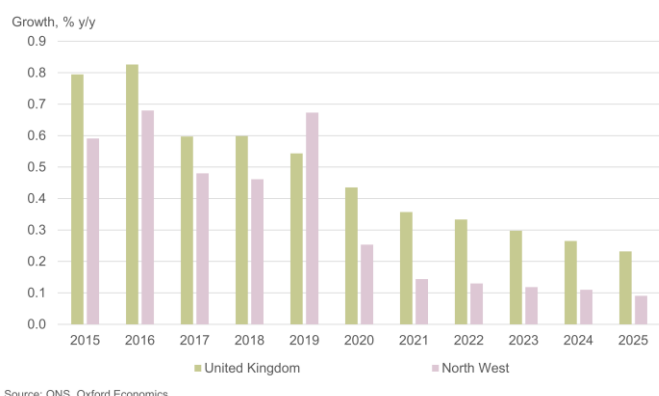
Employment, change, 2020-21



GVA, % change, 2015-25



Population, % change, 2015-25



Scotland

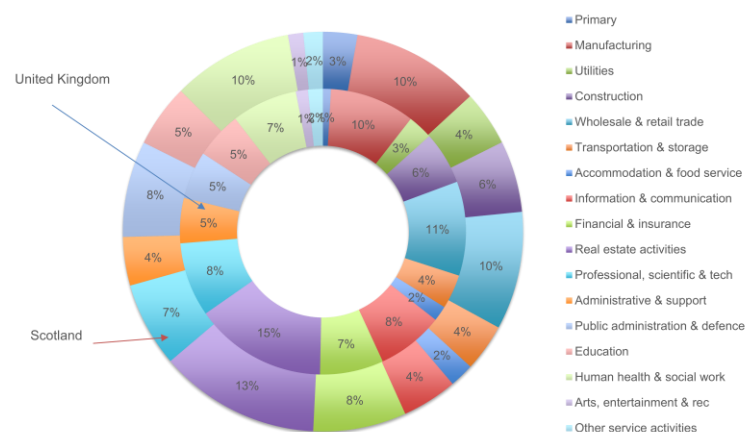
KEY POINTS

- Although Scottish GVA is set to contract by a slightly smaller percentage than the UK in 2020, the Scottish economy may underperform the UK from 2021 onwards.
- And despite a strong 2021 rebound, the number of jobs in the Scottish economy is still likely to be slightly lower in that year than it was in 2019, at 2.78m compared with 2.82m.
- Scotland has a similar industrial structure to the UK but does rely more heavily on the hospitality sector, which has suffered badly this year. It does score better on many other metrics, however.

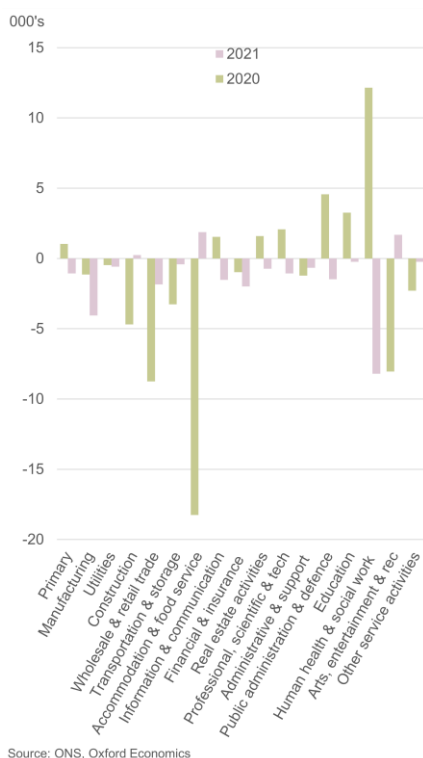
Oxford Economics Structural Vulnerability Scorecard	
Scotland	(UK=0)
Trade	0.7
Pop 65+	0.2
Hospitality	1.2
Retail	-0.6
Manufacturing	0.1
Self-employed	-1.9
Work from home	1.6
Small firms	-1.7
Internet	0.9
Hospital beds	-0.1
Pop density	-0.1

Greater than 0 is more exposed than UK average
Source: Oxford Economics

GVA structure, 2020



Employment, change, 2020-21



GVA, % change, 2015-25



Population, % change, 2015-25



South East

KEY POINTS

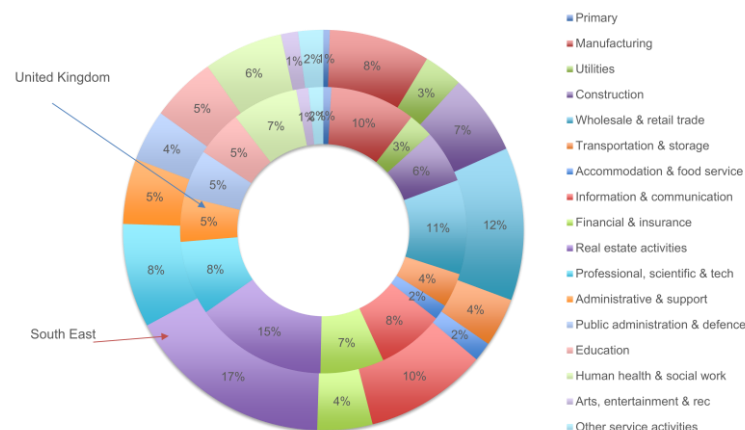
- GVA and employment are falling massively in 2020, although by slightly less than the UK as a whole. 2021 should see a strong rebound, and over the period 2020-25 the region will follow the national average.
- During 2021 the job market will probably recover, but not fully. Employment in 2021 is forecast to be 4.90m, compared with 4.97m in 2019.
- The region has a very similar sectoral structure to the UK, but has some advantages including better than average internet connectivity and more people who are able to work from home.

GVA structure, 2020

Oxford Economics Structural Vulnerability Scorecard	
South East	(UK=0)
Trade	-0.4
Pop 65+	0.4
Hospitality	-0.8
Retail	0.9
Manufacturing	-0.4
Self-employed	0.5
Work from home	-1.5
Small firms	0.7
Internet	-1.3
Hospital beds	0.8
Pop density	0.1

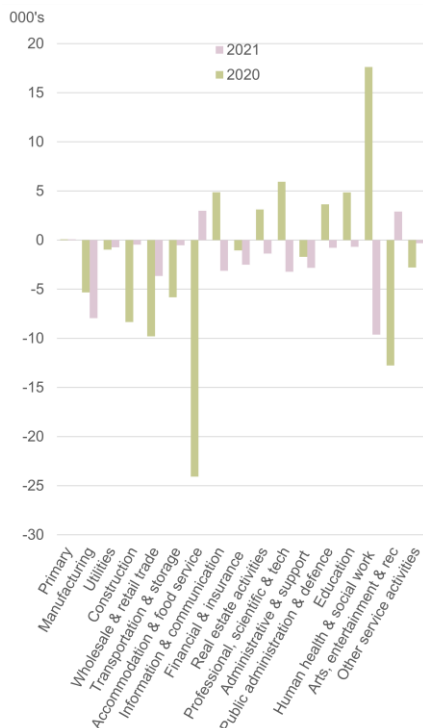
Greater than 0 is more exposed than UK average

Source: Oxford Economics



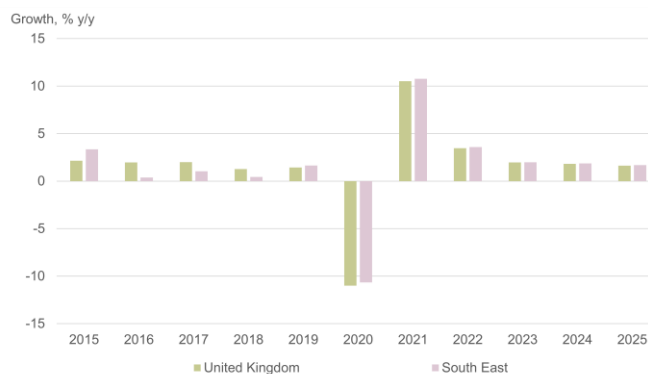
Source: ONS, Oxford Economics

Employment, change, 2020-21



Source: ONS, Oxford Economics

GVA, % change, 2015-25



Source: ONS, Oxford Economics

Population, % change, 2015-25



Source: ONS, Oxford Economics

South West

KEY POINTS

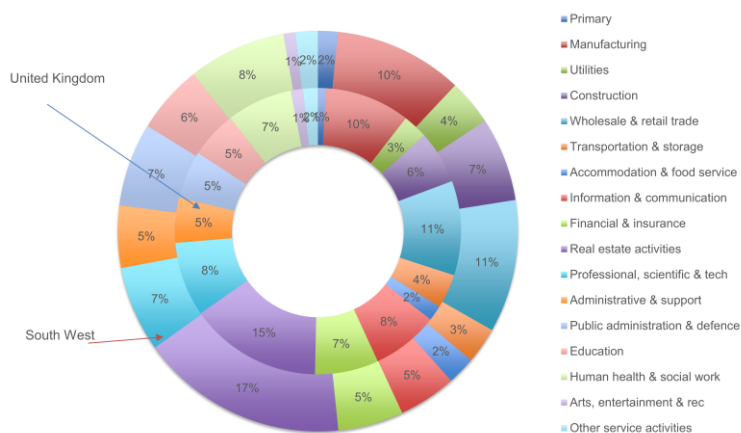
- Output and employment are likely to fall by slightly more than the UK average in 2020 and the 2021 recovery may be a little weaker. Over the full period 2020-25 the South West will probably slightly underperform the UK.
- Despite a strong rebound, employment in 2021 is still forecast to be slightly lower than it was in 2019, at 2.96m compared with 3.04m.
- The region has the lowest population density in the UK which may help during the crisis. However, it also has an older population and high reliance on both tourism and self-employment.

Oxford Economics Structural Vulnerability Scorecard		
South West		(UK=0)
Trade		0.0
Pop 65+		1.5
Hospitality		1.2
Retail		0.1
Manufacturing		0.2
Self-employed		1.3
Work from home		-0.6
Small firms		-0.3
Internet		0.0
Hospital beds		0.5
Pop density		0.0

Greater than 0 is more exposed than UK average

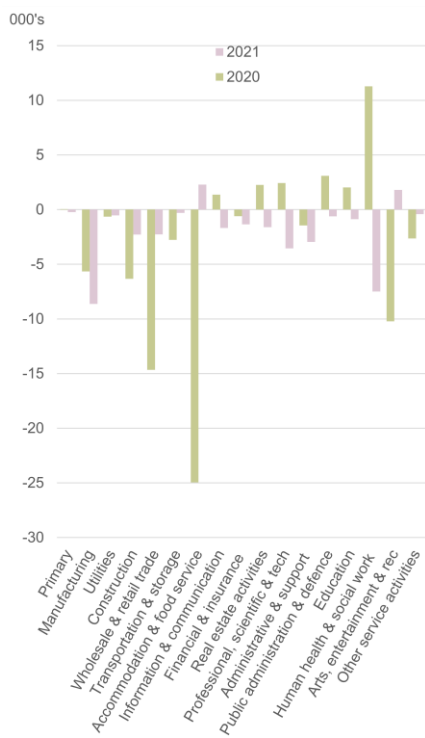
Source: Oxford Economics

GVA structure, 2020



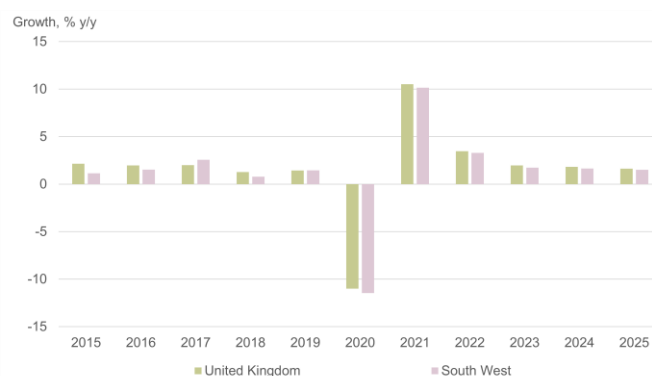
Source: ONS, Oxford Economics

Employment, change, 2020-21



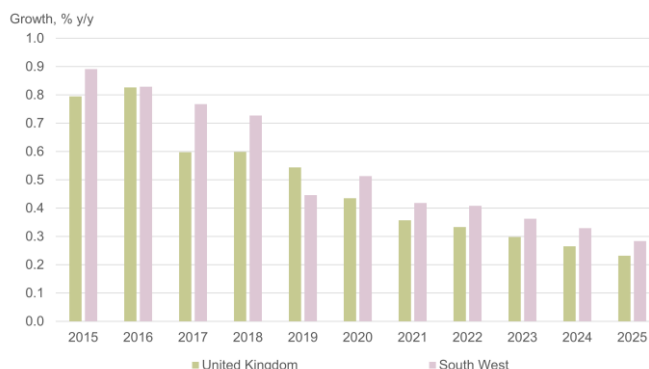
Source: ONS, Oxford Economics

GVA, % change, 2015-25



Source: ONS, Oxford Economics

Population, % change, 2015-25



Source: ONS, Oxford Economics

Wales

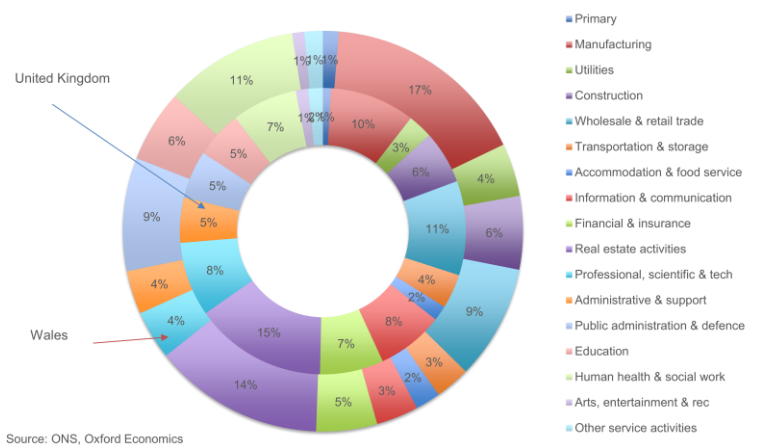
KEY POINTS

- In terms of both GVA and employment, Wales is probably contracting by more than the UK average in 2020. It is also likely to recover more slowly in 2021.
- Although employment is forecast to recover strongly in 2021, the number of jobs in Wales is still likely to be lower in 2021 than in 2019, at 1.45m compared with 1.49m.
- Wales is one of the most manufacturing dependent parts of the UK and also has a sizeable trade dependence. These features will put Wales under stress this year during the worldwide pandemic. However, Wales does score better on other measures, with respect to hospital beds in particular.

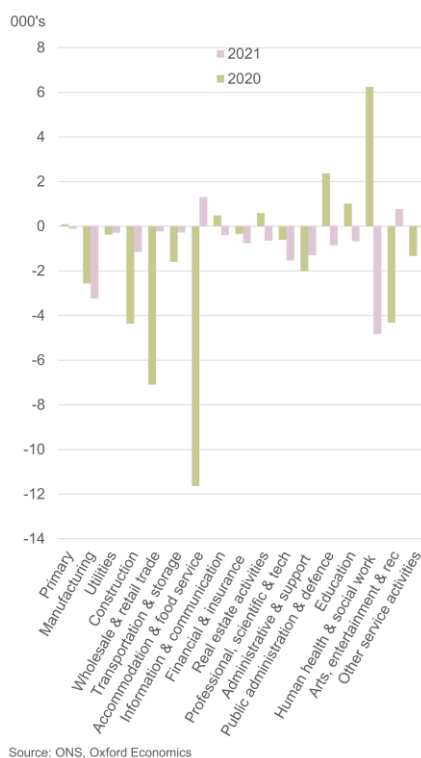
Oxford Economics Structural Vulnerability Scorecard	
Wales	(UK=0)
Trade	1.2
Pop 65+	1.0
Hospitality	0.1
Retail	-0.7
Manufacturing	1.7
Self-employed	-0.3
Work from home	0.2
Small firms	-0.3
Internet	1.3
Hospital beds	-2.3
Pop density	-0.1

Greater than 0 is more exposed than UK average
Source: Oxford Economics

GVA structure, 2020



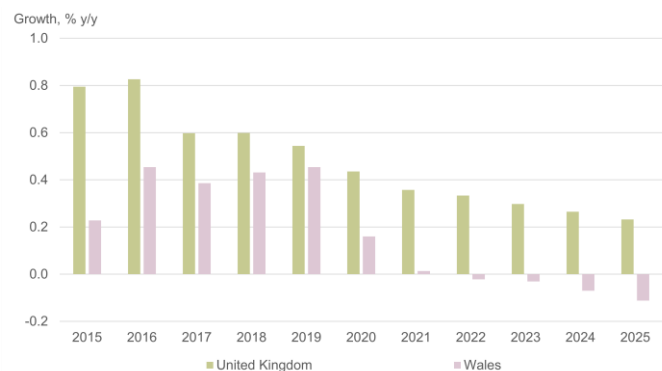
Employment, change, 2020-21



GVA, % change, 2015-25



Population, % change, 2015-25



West Midlands

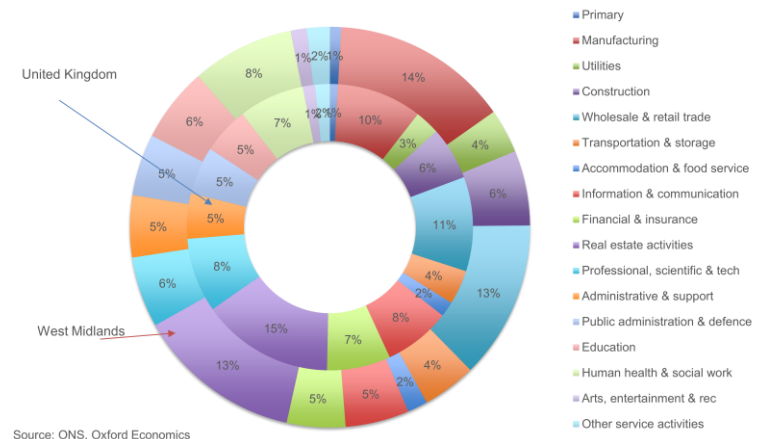
KEY POINTS

- GVA and employment may fall by more than the UK average in 2020. That may be followed by a slightly faster than average recovery in 2021, but after that the region will probably underperform the UK slightly.
- Employment in 2021 is likely to be lower than it was pre-virus, at 2.87m compared with 2.95m in 2019.
- The region is more manufacturing intensive than the UK average but has a smaller than average hospitality sector. Digital connectivity is, however, slightly better than average.

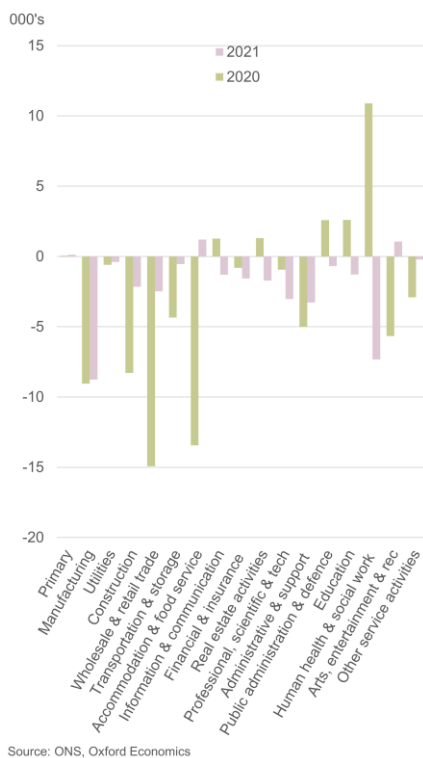
GVA structure, 2020

Oxford Economics Structural Vulnerability Scorecard		
West Midlands		(UK=0)
Trade		0.3
Pop 65+		0.1
Hospitality		-0.7
Retail		1.0
Manufacturing		1.4
Self-employed		-0.4
Work from home		0.5
Small firms		-0.5
Internet		-0.9
Hospital beds		0.0
Pop density		0.1

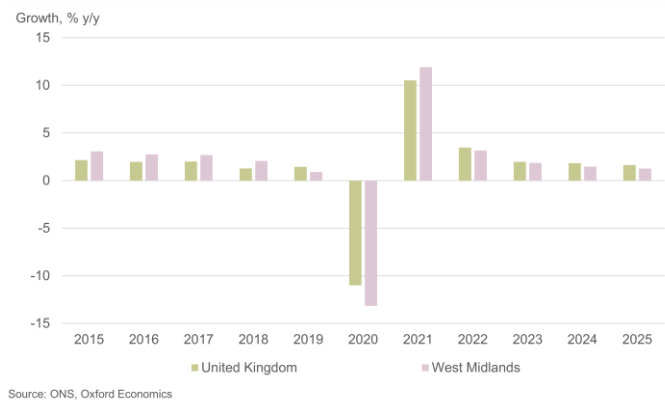
Greater than 0 is more exposed than UK average
Source: Oxford Economics



Employment, change, 2020-21



GVA, % change, 2015-25



Population, % change, 2015-25



Yorkshire & the Humber

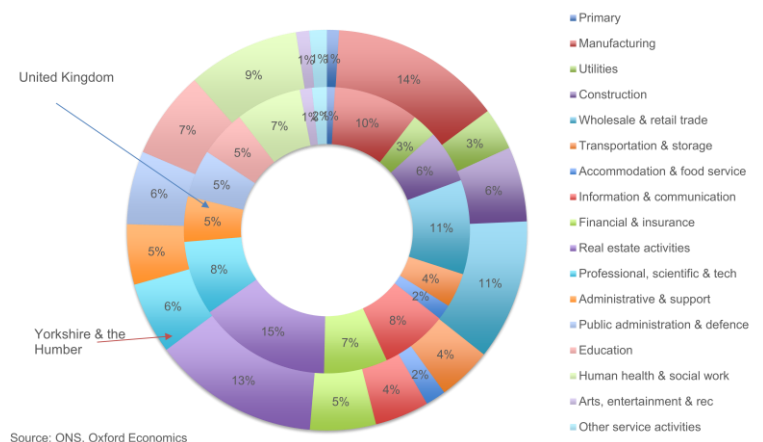
KEY POINTS

- Output and employment are both likely to fall by slightly more than the UK average in 2020. The region is also forecast to lag the UK during the recovery in 2021, and beyond.
- Despite a rebound in employment in 2021, the region's number of jobs is likely to be lower in 2021 than it was in 2019, at 2.67m compared with 2.75m.
- The region is particularly exposed to the effects of the 2020 downturn through its large manufacturing sector and high reliance on exports, although it has fewer small firms than the UK average, which helps to reduce its vulnerability.

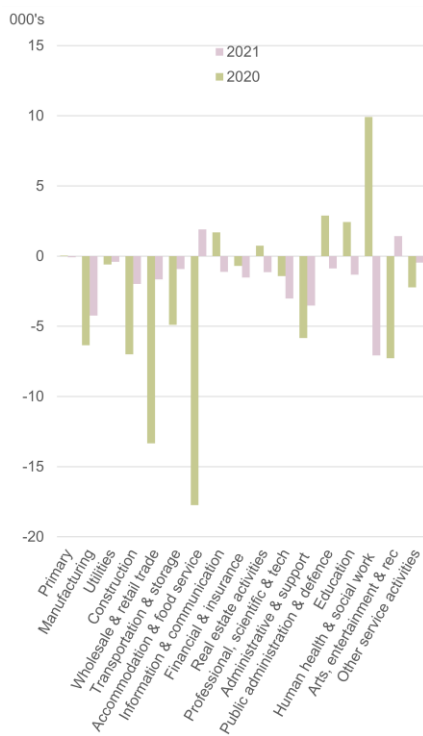
GVA structure, 2020

Oxford Economics Structural Vulnerability Scorecard	
Yorkshire & the Humber	(UK=0)
Trade	1.7
Pop 65+	0.1
Hospitality	-1.3
Retail	0.4
Manufacturing	1.0
Self-employed	-0.6
Work from home	-0.1
Small firms	-1.4
Internet	0.4
Hospital beds	0.2
Pop density	0.1

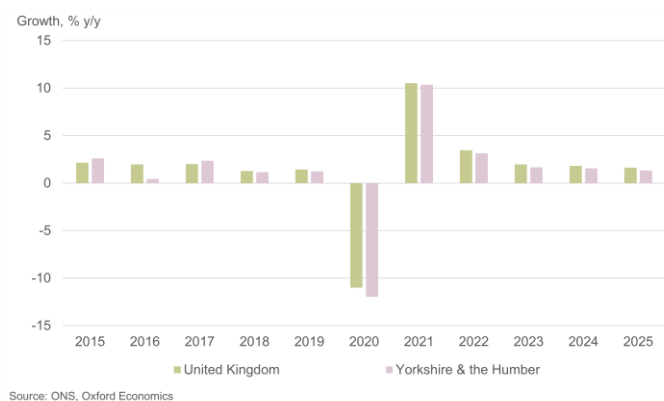
Greater than 0 is more exposed than UK average
Source: Oxford Economics



Employment, change, 2020-21



GVA, % change, 2015-25



Population, % change, 2015-25



APPENDIX: OXFORD ECONOMICS' CORONAVIRUS VULNERABILITY INDEX

For this index, regions' likely vulnerability is assessed, based on the following characteristics:

- **Exposure to hospitality & tourism:** share of gross value added (GVA) in accommodation & food and arts, entertainment & recreation on total GVA
 - Rationale: hospitality and tourism services will take a large hit as people suspend their travel plans and social activities
- **Exposure to retail:** share of GVA in wholesale & retail trade on total GVA
 - Rationale: non-essential shops have closed across Europe, with consumers also delaying long-term purchases, such as of cars
- **Exposure to manufacturing:** share of GVA in manufacturing on total GVA
 - Rationale: manufacturing to be the most hit by supply-chain disruptions
- **Trade intensity:** sum of freight (un)loaded by road, air and sea relative to GDP
 - Rationale: regions with high exposure to supply chains will take larger hit from their disruptions due to the outbreak
- **Share of self-employed:** share of employment accounted for by self-employed people
 - Rationale: self-employed workers don't earn wages when they self-isolate or contract the virus, leading to an immediate consumption hit
- **Share of small firms:** share of firms with 0-9 persons employed on the total number of firms
 - Rationale: small firms are at a higher risk of bankruptcy due to lower cash buffers and more restricted access to credit
- **Working from home capabilities:** share of workers who never work from home
 - Rationale: the speed at which firms can adapt to remote working will depend on previous experience and whether tasks can realistically be performed remotely
- **Internet access:** share of households with internet access at home
 - Rationale: as containment measures such as lockdowns are imposed, many people (especially in services) will have to work from home
- **Share of population 65+:** persons aged over 65 years on total population
 - Rationale: mortality rates of COVID-19 are significantly higher for older people
- **Hospital beds:** number of hospital beds per 100,000 people
 - Rationale: proxy for the capacity of the healthcare system to deal with a large-scale outbreak
- **Population density:** number of people per square kilometre
 - Rationale: regions with higher density may have increased transmission rates, increasing the likelihood of longer/more extensive lockdowns

Technical note: different variables have different ranges. To adjust for this, the data are normalised, to make the ranges the same, and converted into 'z-scores'. These are calculated as $z\text{-score} = (x - \bar{x})/\sigma$, where x is the value of each region in the respective category, \bar{x} is the average value in each category and σ denotes the standard deviation of the values in each category.