

# Briefing note

## Assessing the Impact of Covid-19

July 2020

### Economic Downturn

The global health impacts of Covid-19 have been severe, with more than **14 million** confirmed cases and over **600,000** deaths as of 20 July 2020. The figures for the UK are **295,000** cases and more than **45,000** deaths. As a result of social distancing and lockdown measures, Covid-19 is also having a significant impact on the economy and UK GDP fell by **19.1%** in the three months to May 2020 (see Figure 1).

The pandemic has also led to substantial pressure on the jobs market and analysis by the Office for National Statistics (ONS) shows that:

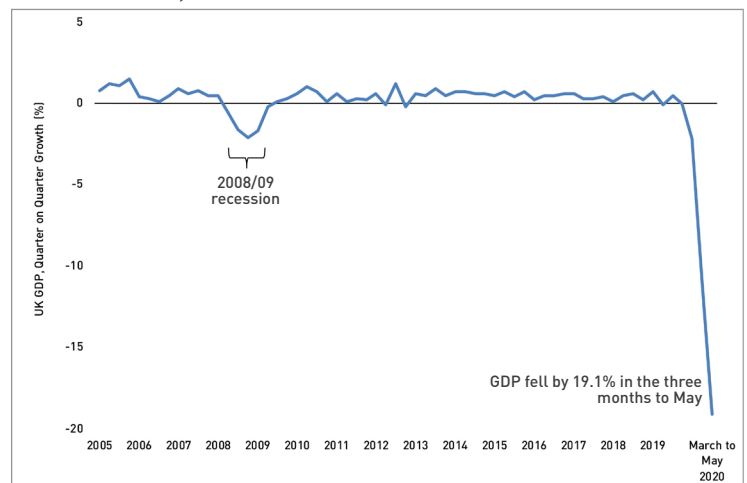
- **74,000** fewer people were in paid employment in June 2020 compared with May 2020 and **649,000** fewer people were in paid employment when compared with March 2020<sup>1</sup>.
- The number of people in the UK claiming Jobseeker's Allowance plus those who claim Universal Credit and are required to seek work and be available for work was **2.6 million** in June 2020. This equates to an increase of more than **500,000** compared with April 2020.

### Impact on Sectors and Housing Delivery

The government's Job Retention and Self-Employment Income Support Schemes have supported more people to stay in work during the pandemic, however it is likely that jobless figures will continue to rise over the next few months. Certain sectors will be more vulnerable in this respect, notably **accommodation & food services, arts, entertainment & recreation and wholesale/retail**. More than **40%** of jobs are at risk in these sectors according to research published by Mckinsey<sup>2</sup> (see Figure 2).

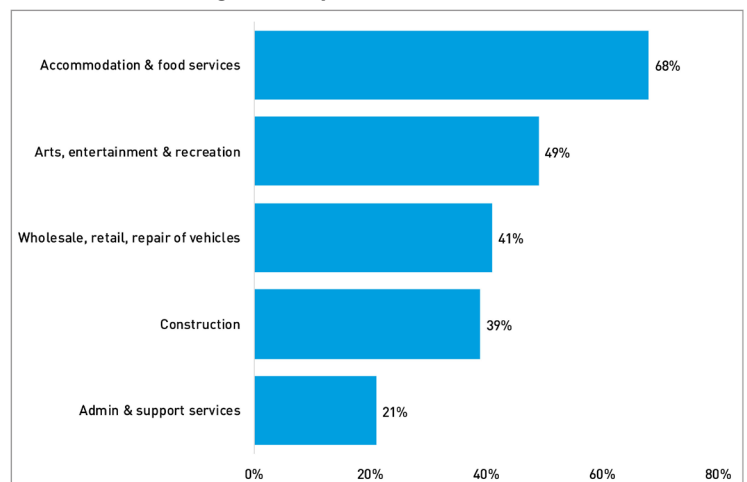
Covid-19 has also had a significant impact on housing delivery. The impacts have been wide-ranging and include the closure of sites, disruption of supply chains, amended working practices, delays in decision making and economic uncertainty for buyers. This disruption has implications for the ability of some local authorities to demonstrate a five-year supply of deliverable housing land.

Figure 1:  
UK GDP Growth, Quarter on Quarter



Source: ONS

Figure 2:  
Sectors with the Highest Proportion of Jobs at Risk due to Covid-19



Source: Mckinsey

Source:

<sup>1</sup>ONS: Earnings and employment from Pay As You Earn Real Time Information, UK: July 2020

<sup>2</sup><https://www.mckinsey.com/industries/public-sector/our-insights/COVID-19-in-the-united-kingdom-assessing-jobs-at-risk-and-the-impact-on-people-and-places>

## Social Impacts

From a planning and economic development perspective, measuring the economic impact of schemes is going to remain important when looking at how to recover from the inevitable recession we are now faced with, especially with unemployment likely to rise over the coming months. However, when you look at much of the data being reported by the likes of ONS since the Covid-19 pandemic started it is clear that the social impacts of the crisis are getting a lot of attention. This includes the significant increase in homeworking, analysis of how peoples' well-being has been affected and access to open space provision.

## What are the Implications of Covid-19 for Housebuilders and Developers?

For housebuilders and developers, emphasising the economic and social impact of their schemes is likely to become more prominent as part of the planning process. There has traditionally been a focus on how many jobs a scheme will create, how much economic output will be generated etc. and while this will remain important, the role that new development can play in helping to improve peoples' well-being, their health & fitness etc. is likely to become more significant. In addition to this, housing land supply issues relating to the pandemic could become more prominent.



## How Can Pegasus Group Help?

At Pegasus Group, our team of economic and planning specialists means we are well placed to assist clients with looking at the impact of Covid-19.

## Covid-19 Impact on Local Authorities

All local authorities will be affected by Covid-19, in both the short and long-term. Pegasus Group has undertaken analysis for housebuilders to assess the extent to which certain areas are more vulnerable to the impact of the pandemic than others. This has included assessing labour market characteristics such as key employment sectors and the extent to which jobs may be at risk, unemployment levels and population structure. The impact on consumer spending at a local authority level can also be considered.

## Economic & Social Benefits

Pegasus Group advises clients across the country on the economic and social benefits their schemes will generate. Economic benefits, such as job creation and contribution to economic output, are widely recognised as being important. However, so too are social impacts. Pegasus Group has worked with clients over the last 12-18 months to highlight the social value that their scheme will generate, which includes undertaking Health Impact Assessments and writing strategies that aim to capture as many local benefits as possible generated by schemes. Such strategies are often referred to as Community Employment Plans and can include targets around engaging with schools and colleges to alert them to a new development and potential work experience opportunities; providing apprenticeship opportunities; and targeting the long-term unemployed for new roles.

## Housing Land Supply

Pegasus Group, through our in-house specialists, are well placed to advise and analyse the impact of Covid-19 on housing land supply. This topic has been grappled with by Inspectors and the Secretary of State. In an appeal at Nine Mile Ride, Wokingham (APP/X0360/W/19/3238048) the Inspector agreed with Pegasus Group that 168 dwellings should be removed from the supply because of the Covid-19 pandemic, for example. The Secretary of State has also indicated that if evidence specific to the local authority is provided the impact of Covid-19 is a material consideration (APP/R3650/W/18/3211033). This will provide new opportunities to promote sites. While Covid-19 may well lead to a slowdown in housing delivery in the short-term, the government's long-term objective is still to increase housing delivery. Pegasus Group is also well placed to advice on what this means in terms of the direction of growth for local authorities.

For further details on how Pegasus Group can help in assessing the impact of Covid-19, please contact:

### Director - Economics Richard Cook

T 0161 393 4535  
E richard.cook@pegasusgroup.co.uk

### Principal - Economic Analyst Andrew Poulton

T 0203 897 1121  
E andrew.poulton@pegasusgroup.co.uk

### Director - Planning Matt Good

T 0113 287 8200  
E matthew.good@pegasusgroup.co.uk

### Senior Economic Analyst Emily Hall

T 0161 507 0410  
E emily.hall@pegasusgroup.co.uk

### Director - Planning Neil Tiley

T 01285 641 717  
E neil.tiley@pegasusgroup.co.uk

PEGASUSGROUP.CO.UK

