

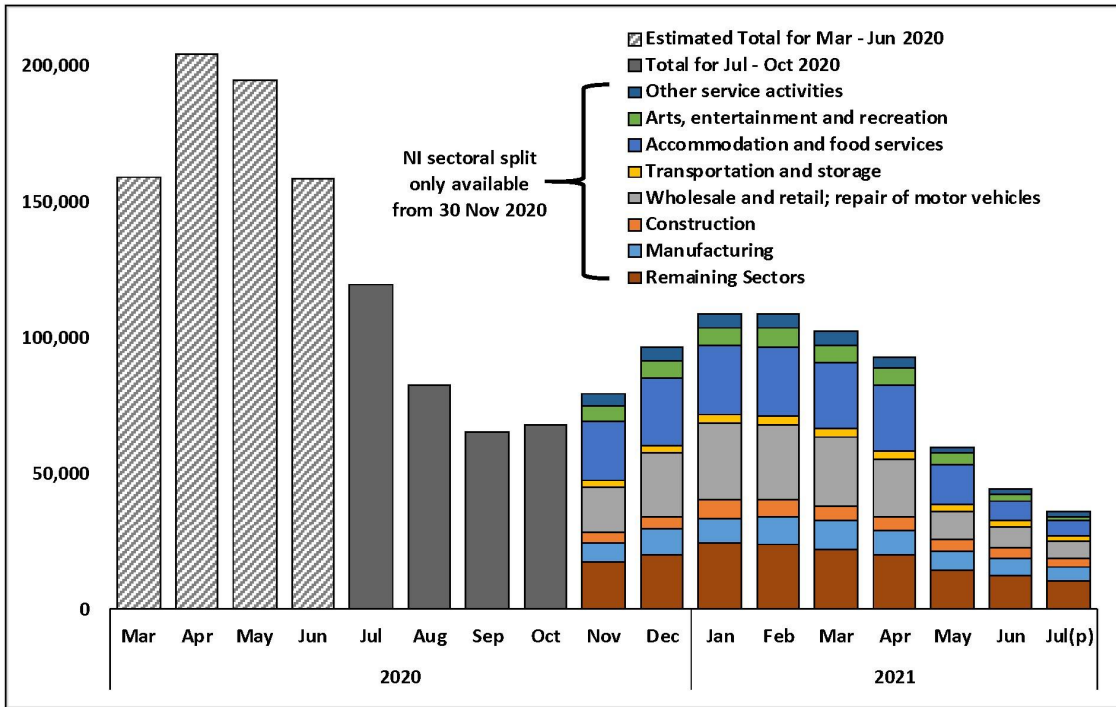
WIDER HEALTH, SOCIETAL AND ECONOMIC IMPACTS OF THE REGULATIONS

Economic impacts (provided by DfE for the purposes of this review)

1. While economic activity was severely dampened by Covid-19 and the restrictions, there are clear signs that the steps to re-open the Northern economy have had a positive impact. The Index of Services and Index of Production both show that a recovery is underway. Indicative data relating to PMI surveys, mobility and high street footfall, etc. are also showing a marked improvement, while job vacancy and furlough numbers are better now than at the start of 2021. However, there is still a long way to go and there are numerous risks to a full recovery and sustained growth.
2. The labour market has been severely affected by Covid-19 and the restrictions. The Claimant Count in Northern Ireland is now around 48,500 people (August 2021). Although still substantially above March 2020 levels, this represents a decrease of 1,000 over the month and a further fall from the spike in the Claimant Count in 2020 (where it went from 30,451 in March 2020, to 63,753 in May 2020).
3. According to HMRC data, some 36,100 workers in Northern Ireland were furloughed (including partial / flexible furlough) using the Coronavirus Job Retention Scheme (CJRS) at 31 July 2021 (provisional figures). Northern Ireland had 18,100 jobs on flexible furlough, slightly more than those on full furlough (18,000 at 31 July 2021).
4. Just over 55,000 employments were taken off furlough between 30 April 2021 and 31 July 2021 (from 92,900 to 36,100 respectively). This shows the positive impact of the reopening of the Northern Ireland economy, with many of those 'un-furloughed' within sectors such as retail and hospitality. However, the latest data shows that the numbers taken off furlough has slowed somewhat - this poses an unemployment risk for those still on the scheme when it is due to close on 30 September 2021.¹

¹ As of time of writing, no replacement job support scheme has been announced by the UK Chancellor.

CJRS/Furlough Figures for Northern Ireland, at end of each Month, by Sector



Source: HMRC.

Notes: Regional figures for Mar to Jun 2020 are not provided by HMRC, therefore for Mar to Jun 2020 DfE apportioned by estimate of Northern Ireland's share of the UK figure. Disaggregated / sectoral data for NI only available from 30 Nov 2020 onwards. 31 July 2021 figures are provisional.

5. HMRC data on the Self-Employment Income Support Scheme (SEISS) shows around 17,000 self-employed individuals in Northern Ireland had claimed the fifth SEISS grant up to 15 August 2021 (18% of eligible self-employed workers).

6. The CJRS (furlough) scheme and the SEISS scheme are due to end on 30 September 2021. This, in tandem with the continued operation of restrictions / mitigations in many sectors and the possibility of further restrictions in the future represents the greatest risk to unemployment in the fourth quarter of 2021 and into 2022.

7. While many businesses were able to reopen, a sizeable number continue to be impacted by the current Regulations, mitigation measures and guidance.

8. For example, a recent survey of its members by Belfast Chamber has revealed that just 12% of office-based businesses in the city are working full time from the

office with more than a quarter still entirely working from home. Belfast Chamber – which represents over 700 businesses – have called on the NI Executive to amend its guidance on working from home after members cited it as the biggest impediment to a return to the office.

9. The continued safe lifting of restrictions and mitigations will make an important contribution to cementing recovery. Northern Ireland is currently seen as having the most severe restrictions in the UK, with England, Wales and Scotland having made significant relaxations in recent months.
10. A wide range of support has been provided to businesses in Northern Ireland, including employment support, rates holidays and carefully targeted grant schemes. However, the best way for these firms to thrive going forward as schemes are unwound is to continue the forward momentum in the economy, encouraging customers through the doors to ensure sustainable cash flows and to build up reserves.
11. The High Street Scheme (HSS) is being rolled out, with applications now allowed online. This scheme will inject £140m into 'bricks and mortar' businesses across the high street, at a time when it will be needed.
12. Many businesses have taken on new debt in the last 18 months, with over £2bn in loans offered in Northern Ireland via the Bounce Back Loan Scheme (BBLs) and Coronavirus Business Interruption Loan Scheme (CBILs). Firms now face these debt repayments (along with any other debt taken out and perhaps payment of outstanding debt having been deferred, etc).
13. Currently, VAT to certain supplies relating to hospitality, hotel and holiday accommodation and admission to certain attractions, has a rate of 5%. However this is due to end on 30 September 2021; a new reduced rate of 12.5% will then be introduced, which will end on 31 March 2022.
14. As mentioned above, furlough is due to end on 30 September 2021. The business rates holiday for those sectors hardest hit by Covid-19 lasts up until 31 March 2022.

15. In addition, the special provision which protects businesses unable to pay rent due to Covid-19 lasts until 25 March 2022. Commercial tenants are protected from eviction if they are unable to pay rent, however, this is not a rental holiday and all commercial tenants are still be liable for the rent.

16. Businesses require certainty and optimism for the future, especially for those that wish to invest. Any further restrictions will likely (again) sap consumer and business confidence and would come at a particularly risky time - as furlough is due to end, debts have accumulated and as many other support measures have ended or are due to end.

17. Without a strong and sustained recovery, the risk is that the impacts of Covid-19 and restrictions will live with us for the longer term – resulting in economic scars. These scars will reduce our capacity for growth and limit the life chances for the young, less educated and the less well-off members of society in particular.

18. The successful reopening of the Northern Ireland economy means that a sustainable economic recovery is now possible. It is important that we continue to build on the good progress made and are not complacent to think rapid and sustained growth in output and employment is guaranteed.