



Sub-Regional Covid-19 Business Intelligence

February 2021

Contents

1. Executive Summary	2
2. Latest Economic Trends.....	4
3. Latest CWLEP Growth Hub Insights.....	7
3.1 CWLEP Growth Hub – Trends.....	7
3.2 Emerging Themes.....	9
4. Spotlight: CWLEP Reset Strategy.....	10
4.1 Background to the Strategy.....	10
4.2 CWLEP Strategic Principles and Pillars	10
5. Recommendations	12
5.1 Short Term	12
5.2 Medium Term.....	14
5.3 Long Term.....	15

1. Executive Summary

Welcome to the February edition of the Coventry & Warwickshire 'Smart Region' report. This month we highlight Coventry & Warwickshire LEP's Reset Strategy as our spotlight feature, summarise the next steps for re-opening the economy, and present a range of the latest economic data, statistics, and business intelligence.

The recommendations and findings in this month's report are based on intelligence gathered from CWLEP Growth Hub's contacts with local businesses, alongside survey data and information provided by Coventry City Council, Warwickshire County Council, and CWLEP.

Other sources include Coventry & Warwickshire Chamber of Commerce, Department for Work & Pensions, trade bodies and organisations such as Make UK, and other research bodies with expertise in labour market analysis.

Key Headlines

- In January 2021, **the claimant count in Coventry & Warwickshire totalled 32,485 people**. At the start of last year in January 2020, the claimant count stood at 14,900.
- Whilst there has been another fall on the previous month, **the overall claimant count total has been around the current level in Coventry & Warwickshire since May 2020**.

Area	January 2020	November 2020	December 2020	January 2021
Coventry	7,525	16,430	16,425	16,270
North Warwickshire	765	1,970	1,975	1,910
Nuneaton & Bedworth	2,670	5,190	5,060	4,930
Rugby	1,495	3,060	2,965	3,000
Stratford-on-Avon	995	2,930	2,915	2,855
Warwick	1,455	3,620	3,565	3,515
Warwickshire	7,375	16,770	16,480	16,215
CWLEP	14,900	33,200	32,905	32,485

Source: Office for National Statistics

- Nationally, the claimant count stood at **2,572,015 in January 2021, up from 1,215,555 twelve months ago**.
- The Office for National Statistics also reported that: There were 726,000 fewer workers on UK company payrolls in January 2021 than at the start of the pandemic. **Almost three-fifths of this fall, 425,000 people, has come from those aged under 25.**

- **ONS suggest some "tentative early signs" of the labour market stabilising.** There was a small increase in the numbers of employees paid through payroll over the past couple of months - **in January, 83,000 more people were in pay rolled employment compared with the previous month.**
- However, the overall picture with the labour market remains unclear – and the **continuation of the furlough scheme is continuing to provide important support for many workers.**
- The number of workers **on furlough peaked in June/July in CW with 31.6% of workers on the support scheme.** Numbers had been falling quickly but rose again with the introduction of the Tiers restrictions in Autumn 2020 followed by the second lockdown, and the extension to the support.
- With the current lockdown, nationally the furloughed workforce has risen again, from 7% to 12% of the total by the end of December. **In Coventry & Warwickshire 11% of workers were furloughed at the end of 2020.**

	June - Total number of workers furloughed (as reported to HMRC by end of July)	Take-Up	December - Total number of workers furloughed (end of December)	Take-Up
Coventry	49,200	31.3%	16,500	10.5%
<i>North Warwickshire</i>	10,600	34.5%	3,600	11.7%
<i>Nuneaton & Bedworth</i>	19,900	31.5%	6,500	10.3%
<i>Rugby</i>	15,900	28.6%	5,100	9.2%
<i>Stratford-on-Avon</i>	21,200	35.0%	8,400	13.9%
<i>Warwick</i>	21,300	30.5%	8,000	11.5%
Warwickshire	88,900	31.8%	31,600	11.3%
CWLEP	138,100	31.6%	48,100	11.0%

Source: Coronavirus Job Retention Scheme statistics, HMRC

- At the **Budget statement on 3rd March, the Chancellor is expected to outline further details of ongoing employment support arrangements**, as we move into the next phase of the pandemic and recovery.
- Finally, business confidence has increased over the past month. The **Purchasing Managers Index (PMI) for both manufacturing and services rose to 49.8 in February, from 41.2 in January** (a figure above 50 represents growth). This is encouraging given the low level the PMI composite measure dropped to during the first UK lockdown, at 13.8.
- On **22nd February the Prime Minister announced details of the 'Roadmap' towards easing the restrictions**, as we move into the next phase of the pandemic. **A summary of the headline milestones is on page 12.**

2. Latest Economic Trends

Economic & Business Challenges

GDP grew by 1.0% in Q4 2020, meaning the UK avoided a double-dip recession. Despite a 2.6% contraction in November, the economy grew by 1.2% in December, thanks in part to a relaxation in Covid-19 restrictions, strong retail sales in the run-up to Christmas, and some evidence of stockpiling before the end of the EU transition period. The Services sector, one of the worst hit during the pandemic, was boosted by a 0.6% rise in Q4 overall, although retail and accommodation continued to shrink.

This does, however, mean that the UK economy contracted by 9.9% in 2020 as a whole, the largest fall in over 300 years, and the largest fall of [all G7 nations](#). The UK economy remains 7.8% below its pre-pandemic peak.

Regionally, it is estimated that the West Midlands economy contracted by 9.9% in 2020. However, it is clear now that the immediate shock of the pandemic hit the region particularly hard. In Q2 2020 the region's economy shrank by 21.0% according to estimates from ONS – the largest contraction of any of the UK's regions.

The economic forecasts for Q1 2021 remain pessimistic, due to the current lockdown restrictions. The Bank of England have predicted a 4% drop in GDP for Q1 2021, and similar to previous lockdowns, the retail and hospitality sectors likely to be particularly hard hit.

There is, however, some optimism from the Bank of England who have forecast a strong recovery for the economy in Autumn 2021. With the successful ongoing rollout of the Covid-19 vaccination programme, along with the easing of restrictions as part of the Government's recovery roadmap and the increase in business and consumer confidence, the UK economy is expected to grow overall by 5% in 2021.

Jobs and Unemployment

The TUC and the British Chambers of Commerce have both called for an extension of the Coronavirus Job Retention Scheme, due to end in April, to avoid mass job losses. There are concerns about further job losses in sectors that are furloughing high proportions of staff, particularly arts, recreation, accommodation & food - all of which employ large numbers of young people.

While the numbers of redundancies are currently looking like they are beginning to plateau, the Office for Budget Responsibility expects the jobless rate nationally to more than double from pre-pandemic levels to 7.5% in Summer 2021, representing more than 2.6m people out of work.

Support for local jobseekers, such as the Coventry Job Shop and the [CW Employment Solutions](#) Hub, are playing a vital role in supporting local businesses to minimise numbers of redundancies and residents to access new employment opportunities.

CW Employment Solutions – the story so far:

In the first six weeks there have been over **13,000 visits to the site, with 4,000 users** searching on the 'Finding a Job' page. There are currently nearly **3,000 vacancies** across the region featured.

Employment Solutions is now working with the following organisations with vacancies linked to Covid-19:

- **Megalab** – recruiting for **all roles** across the business, including entry level roles, and looking at recruiting **850 people in next 3 months**. Exploring opportunities around skills development and apprenticeships at the Megalab.
- **Covid-19 Vaccination Centre** – working with the new centre at Stoneleigh, all vacant roles are on CW Employment Solutions
- **UHCW Trust** – Working with the Trust for many roles at all levels across all hospital sites at the Trust.

CW Employment Solutions is also currently working with a wide range of other organisations, including:

Coventry City of Culture Trust; UK Flooring Direct; HS2; Socotec; Eddie Stobart; Local Authorities in CW; CW Chamber of Commerce; Inward Investment enquirers; and CWLEP.

UK EU Trade & Cooperation Agreement - Sector Challenges and Opportunities

UK businesses are facing ongoing issues adapting to the new trading relationship with the EU, following the signing of the UK-EU Trade and Cooperation Agreement in late December. While some elements of the disruption at UK ports appears to be less than feared, we may not have seen the true extent of the impact yet due to stockpiling of goods in warehouses before Christmas. According to the [Cold Chain Federation](#), warehouses were 85% full, down from 100% before Christmas, but still above the 60% usually seen in January.

Evidence is emerging of businesses across a range of sectors encountering delays and rising costs to supply chains as a result of new trading terms with the EU. A British Chambers of Commerce business [survey](#) has found that 30% of respondents (rising to 49% of exporters) reported difficulties adapting to changes to moving or trading goods in January 2021, whilst 14% of firms (rising to 21% of exporters) faced difficulties in adapting to changes in trading services.

Manufacturing - Make UK has highlighted significant challenges for importers and exporters as UK manufacturing companies try to get to grips with the new trading regulations. A Make UK [survey](#) shows that 60% of companies responding that they were ready for [Brexit](#) “now experience disruption” and are “also finding supply chains significantly impacted”.

Retailers, of all sizes, are being hit by these emerging challenges. Retailers are highlighting red tape and delays in shipping goods to mainland Europe as an issue. There are concerns that over time more retail companies could look to moving operations into the EU at the cost of UK jobs to ease their trading operations.

The **Tourism** sector continues to experience challenges, which could potentially impact on UK City of Culture, especially given the likely ongoing domestic and international travel restrictions well into the year. [Visit Britain](#) expect that domestic tourism spending will have decreased by 62% in 2020, compared to 2019, with inbound international tourism falling by 80%. In 2021, domestic tourism spending levels are only expected to recover to 67% of 2019 levels, whilst inbound international tourism levels are only expected to recover to 29% of 2019 levels.

Jaguar Land Rover (JLR) has announced its new global [strategy](#), which includes plans to fully electrify the Jaguar brand by 2025, and Land Rover by around 2036. JLR also confirmed that all three UK manufacturing plants will remain open for the foreseeable future. However, they also announced plans to cut 2,000 of its non-manufacturing staff over the next year globally, which will likely mean job losses in the West Midlands.

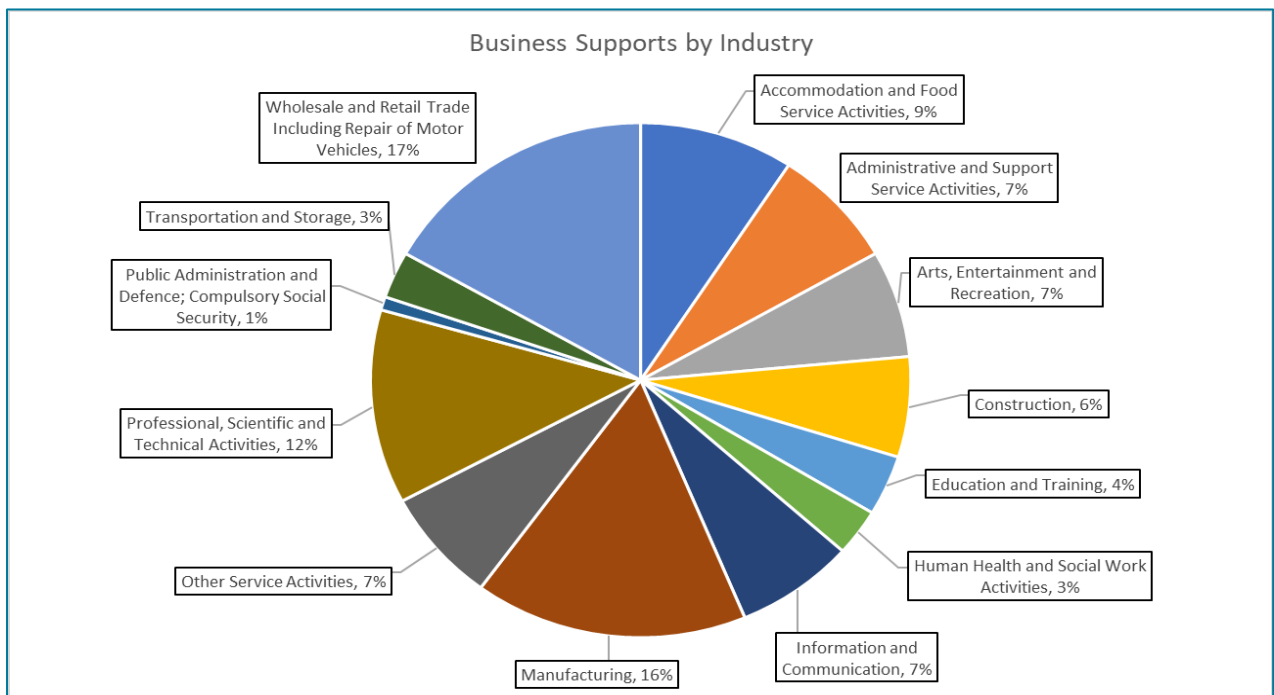
Producing batteries on home soil will be critical for the UK automotive industry if it is to avoid more stringent EU tariffs on battery exports over the coming years. Last week Coventry Airport was announced as the preferred location for the development of a proposed **Gigafactory** in the region. This will have the potential to create over 4,000 jobs and a massive level of investment in Coventry & Warwickshire.

3. Latest CWLEP Growth Hub Insights

3.1 CWLEP Growth Hub – Trends

Since the start of the pandemic in March 2020 **CW Growth Hub has supported 3,711 businesses and has had substantive discussions with 1,386 businesses specifically related to Covid-19 impact and EU Exit.**

This month's business insights are taken from intelligence gathered from supported businesses in January 2021.

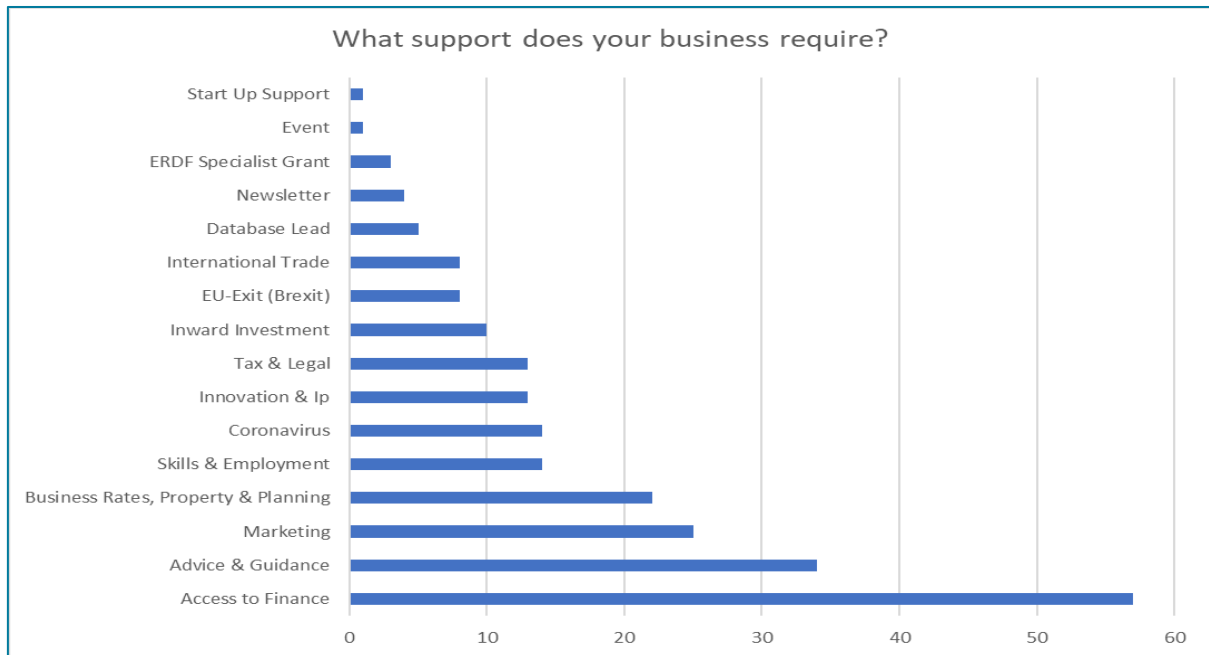


The top sectors supported by CW Growth Hub in January were **Wholesale & Retail Trade Including Repair of Motor Vehicles (17%); Manufacturing (16%); Professional, Scientific & Technical Activities (12%); and Accommodation & Food Service Activities (9%).**

The volume of businesses from the **Wholesale & Retail Trade and Manufacturing sectors** seeking help reflects the levels from these sectors that local business support systems has traditionally aided in high numbers. Meanwhile other sectors, such as **Human Health and Social Work Activities**, have been somewhat less represented this month.

The size profile of the businesses supported over the past month consisted of **44% sole traders; 33% micro businesses (2-9 employees); 20% small businesses (10-49 employees); and 4% medium sized businesses (50-249 employees).**

There have been increases in **Sole traders** and **Small sized enterprises** and decreases in **Micro and Medium sized enterprises** approaching CWLEP Growth Hub compared to last month's Smart Region Report. A quarter of these enquiries (25%) came from businesses that started trading in either 2020 or 2021.



In line with previous months, **Access to Finance** was the most popular reason for support. As many clients have many different and complex business needs, there was quite a spread of enquiries. Whilst **Access to Finance remains the key support requirement for businesses** – there were a high number of businesses that ticked **Advice & Guidance** as their main support need, which has led to **advice being given around Marketing support, Business rates, and Tax & legal** issues.

Interestingly, there was a resurgence in demand for **Business Rates, Property & Planning** advice over the past month, emphasising the range and depth of support that businesses need and the breadth of expertise that the Growth Hub has in the team.

Help with **Marketing** has been a persistent ask from enquirers since the start of the pandemic, as businesses recognise the need to drive increased turnover through showcasing what they do, reaching new customers and markets, and winning new business.

Finally, it is worth noting that whilst advice and guidance is always a key requirement from businesses seeking support from the CWLEP Growth Hub, **there has been a noticeable upward spike in the demand for this following the recent announcements from government**. A summary of our qualitative intelligence collected during our direct interaction with businesses is outlined in the Emerging Themes section.

3.2 Emerging Themes

Ending of EU Transition –

- Some businesses continue reporting delays in deliveries of supplies to and from the EU, although this situation appears to have improved since last month. Others continuing to experience border delays caused by additional paperwork.
- Concern from some businesses wanting to understand employment rights issues for EU nationals, for both staff and Directors.
- Some businesses now feeling the impact of a lack of time to prepare for the Trade Deal implementation after it was agreed.
- DIT playing a big part in dealing with repeat queries, particularly with commodity codes.

Grants – multiple new enquiries over the past month about traditional grant support programmes, possibly reflecting a resurrection of earlier investment projects put on hold last year. Machine and tooling purchases and carbon reduction projects feature, as does the requirement for financial support for innovation.

Covid-19 Grants – enquiries received around how to apply for Covid-19 related grants via local authorities. Some businesses expressing concerns about waiting times for application outcomes.

Commercial Mortgages – businesses looking to purchase property feeding back on difficulties finding competitive mortgage rates amongst the current deals being offered from lenders, and the need for high deposits and down-payments.

Empty Premises – due to Covid-19 restrictions on working arrangements and social distancing amongst staff and customers, premises are being left either under-occupied or unoccupied, with staff either working in new ways or working from home. Businesses report they are continuing to evaluate their commercial property needs, with some highlighting they are now looking for new or additional premises to absorb new ways of working and future growth.

BAU – encouragingly, a steady flow of enquiries relating to changing skills & training requirements, along with requests for support for new Start Up ventures. Many of these enquiries are being referred to relevant support partners.

B2B Referrals – a positive increase in businesses looking locally to source supplies and services that would have been sourced elsewhere nationally or from the EU, resulting in a number of successful local B2B introductions.

Diversification – further contact from businesses that traditionally relied on face-to-face activity who are now, where possible, transferring all or part of their business models online, and seeing this as a permanent change to the way they operate.

4. Spotlight: CWLEP Reset Strategy

4.1 Background to the Strategy

The current pandemic has impacted massively across health, wellbeing, economic, and social/civic aspects of our lives. CWLEP and local partners in Coventry & Warwickshire will lead and drive the activities that will be needed to minimise the negative economic impacts of Covid-19, and champion the opportunities that it presents around the way our local economy can work, creating the environment for innovation and enterprise to flourish in the future.

To do this CWLEP has developed its Strategic Reset Strategy. This is the Framework setting out how the LEP, working with partners locally, can influence and champion our local economic recovery, and shape the type of economy we will have for the longer term. The Framework is complemented by a Reset Implementation Plan, setting out the detailed priorities, actions, and projects that will take place over the short, medium, and longer terms. More details can be found at:

<https://www.cwlep.com/strategic-reset-framework>

4.2 CWLEP Strategic Principles and Pillars

Our approach will be founded on a series of clear reset principles:

- this will be a **fundamental reshaping of our whole economy - a reset, not a return to pre Covid-19 norms**
- every business needs to see themselves as a new business
- we will **take bold approaches to interpret emerging global mega-trends that build on our existing sector strengths** and lead the drive for digitisation, automation, robotics and AI, electrification, active, intelligent, and autonomous mobility
- **priorities will be recalibrated to deliver on these strengths and business need -**



for capital infrastructure (e.g. to secure our energy supply), employment land (e.g. new development sites), and revenue/ enabling support (e.g. a new advisory service for innovation and commercialisation) as a coherent programme of robustly evidenced transformational proposals for any new future funding source;

- **it will require a wholesale re-imagination of productivity and embedded approaches to supporting the mental health** of the workforce

- **delivery will be to the wider climate change and sustainability agenda**, encouraging a green recovery across all of our local economy, and embracing new and innovative low carbon technologies
- **coherent priorities and a medium-term pipeline of projects and programmes for future funding will be defined**
- we will use all our levers and networks to **influence policy and future funding**.

The Strategic Reset Framework consists of six Pillars, which provide the umbrella for the detailed projects and activities that will be delivered. These Pillars frame our strategy and our priorities, building on our strengths but also identifying vulnerabilities and barriers will need to address to successful delivery of our ambition for all in Coventry & Warwickshire.

They will shape our funding asks of government, through the wider regional lens of the WMCA and the Midlands Engine for not only capital but increasingly critical, revenue resources.

We will promote ways to assist businesses get back on their feet through help and support which has already been established by

the CWLEP Growth Hub, the Coventry and Warwickshire Chamber of Commerce, the local Federation of Small Businesses, our local authorities, and initiatives such as the CW Employment Solutions website.

The strong and focused partnership working between all parts of our local economy that has led to the resilience, creativity, and agility shown in Coventry & Warwickshire since March 2020, compared to many other areas, will be vital as we head towards the recovery phase and beyond as we build a successful and sustainable future local economy.



5. Recommendations

The following recommendations have been derived from analysis of macro-economic and business-level data and intelligence collated from Coventry & Warwickshire stakeholders.

5.1 Short Term

5.1.a

STEP 1 8 March 29 March	STEP 2 No earlier than 12 April At least 5 weeks after Step 1	STEP 3 No earlier than 17 May At least 5 weeks after Step 2	STEP 4 No earlier than 21 June At least 5 weeks after Step 3 All subject to review
EDUCATION 8 MARCH • Schools and colleges open for all students • Practical Higher Education courses	EDUCATION • As previous step	EDUCATION • As previous step	EDUCATION • As previous step
SOCIAL CONTACT 8 MARCH • Exercise and recreation outdoors with household or one other person • Household only indoors 29 MARCH • Rule of 6 or two households outdoors • Household only indoors	SOCIAL CONTACT • Rule of 6 or two households outdoors • Household only indoors	SOCIAL CONTACT • Maximum 30 people outdoors • Rule of 6 or two households indoors (subject to review)	SOCIAL CONTACT • No legal limit
BUSINESS & ACTIVITIES 8 MARCH • Wraparound care, including sport, for all children 29 MARCH • Organised outdoor sport (children and adults) • Outdoor sport and leisure facilities • All outdoor children's activities • Outdoor parent & child group (up to 15 parents)	BUSINESS & ACTIVITIES • All retail • Personal care • Libraries & community centres • Most outdoor attractions • Indoor leisure inc. gyms (individual use only) • Self-contained accommodation • All children's activities • Outdoor hospitality • Indoor parent & child groups (up to 15 parents)	BUSINESS & ACTIVITIES • Indoor hospitality • Indoor entertainment and attractions • Organised indoor sport (adult) • Remaining accommodation • Remaining outdoor entertainment (including performances)	BUSINESS & ACTIVITIES • Remaining businesses, including nightclubs
TRAVEL 8 MARCH • Stay at home • No holidays 29 MARCH • Minimise travel • No holidays	TRAVEL • Domestic overnight stays (household only) • No international holidays	TRAVEL • Domestic overnight stays • International travel (subject to review)	TRAVEL • Domestic overnight stays • International travel
EVENTS • Funerals (30) • Weddings and wakes (6)	EVENTS • Funerals (30) • Weddings, wakes, receptions (15) • Event pilots	EVENTS • Most significant life events (30) • Indoor events: 1,000 or 50% • Outdoor seated events: 10,000 or 25% • Outdoor other events: 4,000 or 50%	EVENTS • No legal limit on life events • Larger events

At the time of writing the Government has just published its roadmap towards easing restrictions as the country moves towards the next phase of the pandemic. There is an immediate need to **assess what this means across sectors and each of the four steps, including establishing contingencies should steps be delayed due to insufficient progress with criteria around cases, hospitalisations, and vaccinations.**

5.1.b

Extend targeted marketing to **signpost businesses towards the newly launched West Midlands Growth Hubs EU Support Website** wmgrowthhubs-eusupport.co.uk

To help guide businesses through the changes that affect them, the West Midlands Growth Hubs are working more closely together to ensure businesses across the region can access free, impartial, and expert advice. This includes targeting Logistics and Transport businesses, given the extent to which they are impacted by the EU-UK trade deal, and which filters through to all other sectors.

5.1.c

Local and National campaigns to spread more timely messaging around the costs and practicalities associated with trading with the EU. This should include up-to-date waiting times at ports/crossings, as well as the required taxes/tariffs that have been levied to businesses and customers. The following topics need immediate attention:

- IP
- Data Regulations
- Upskilling the workforce in customs declarations/processes

5.1.d

With the current lockdown restrictions, 2021 is likely to see increasing unemployment in the spring and summer – with further rounds of redundancies expected as the employment support scheme comes to an end.

Partners in the region can support enhanced promotion of the recently launched Employment Solutions portal, supported by CWLEP and other local partners, to promote current and future job opportunities to both local jobseekers and employers.

Visit cwemploymentsolutions.co.uk/

5.1.e

We have a clear opportunity during the spring and summer 2021 to restart the visitor economy, especially with the commencement of the City of Culture programme. **A clear strategy on how to navigate the potential barriers, such as the current domestic and international travel restrictions, will ensure that the move towards regional recovery is not unnecessarily stifled.**

A consumer confidence campaign could help to boost tourism in the local economy, during the next stage of the pandemic.

5.1.f

Monitoring the take-up of the £20 million EU Exit Support Fund, alongside the continued business feedback gathered through the **diagnostics and surveys**

collated by local stakeholders will help **inform on the type of support needed by businesses in Coventry & Warwickshire**. Having an awareness of the updated needs of businesses will help to shape the local support structure and identify areas for further support from the government.

5.2 Medium Term

Additional initiatives that would benefit the local economy and the labour market in the medium term could be led by government and include:

5.2.a

Rollout of broadband – inconsistencies remain across Coventry & Warwickshire and **investment in skills** to improve computing and digital skills within the CW labour market will be critical to help employees and consumers, as well as businesses, to adapt to new technologies to expand trading relationships and establish new ones.

5.2.b

Continue to level-up on **vaccine rollout and facilities for increased regular workplace and community based testing**, in order to sustain a safe working environment for businesses in the region.

5.2.c

Better promotion of local, regional, national, and international initiatives and opportunities to expand trading relationships within the UK and helping to better utilise UK suppliers, in addition to showcasing the benefits of expanding markets globally. Services such as Coventry & Warwickshire's [FinditinCW](#) can help businesses to find new suppliers locally and build relationships.

5.2.d

Work alongside banks/lenders and other financial and business support institutions to explore ways to relieve the volume of debt in all sectors. This will ensure diversification, investment, and growth are not held back for longer than necessary.

5.2.e

Greater clarity is needed on the future funding for business support infrastructure following the end of the transition period with the EU. A greater understanding of funding available from the proposed UK Shared Prosperity Fund and the Levelling-Up Agenda is required to plan for the remainder of 2021 and beyond, to ensure these programmes can work for the businesses in this region.

5.3 Long Term

Businesses and the economy would benefit if both central government and local stakeholders consider and support these long-term recommendations:

5.3.a

Conduct market research to explore the best ways to further address the issues businesses are facing following Covid-19 and post EU Transition period.

5.3.b

Drive and support initiatives to upskill the workforce, to promote diversification and boost the labour market in many sectors as the reset of the local economy occurs, including the **promotion of 'good work' opportunities and sustainable growth which reduces economic inequalities.**

The initiative to **upskill the workforce in relation to EU Transition documentation (5.1.c)** continues to be of utmost importance for the longer term.

5.3.c

Create and implement a clear and compelling presence for 'Coventry & Warwickshire' to showcase the offer from our local area, to be used to attract future inward investment to the sub-region and deliver against our Reset Strategy.