



Sub-Regional Covid-19 Business Intelligence

2nd October 2020 – 2nd November 2020

Contents

1. Executive Summary	2
2. Latest Support for Business	4
3. Business Insights	6
3.1 CWLEP Growth Hub – Trends.....	6
3.1.1 Overview	6
3.1.3 Emerging Themes	8
4. Spotlight – Age Variations in Joblessness.....	10
5. Recommendations	12
5.1 Short Term	12
5.2 Medium Term.....	13
5.3 Long Term.....	13

1. Executive Summary

In this edition of the Coventry & Warwickshire 'Smart Region' report we highlight unemployment affecting both young and older workers – two groups where the impact of the pandemic have been particularly harshly felt in our local labour market.

Key Headlines

- In October 2020 **the claimant count in Coventry & Warwickshire totalled 33,760 people**. In January 2020, the claimant count stood at 14,900. **Whilst there has been a small fall on the previous month, the overall claimant count total has been at around the current level since May.**

Area	January 2020	September 2020	October 2020
Coventry	7,525	16,765	16,695
North Warwickshire	765	2,125	1,980
Nuneaton & Bedworth	2,670	5,440	5,385
Rugby	1,495	3,280	3,105
Stratford-on-Avon	995	3,155	2,940
Warwick	1,455	3,835	3,650
Warwickshire	7,375	17,830	17,065
CWLEP	14,900	34,595	33,760

- Latest Office for National Statistics (ONS) estimates indicate that for the whole of the third quarter (Jul-Sep) **the national economy grew by 15% compared to the previous quarter**. The rate of growth has, however, **slowed in recent months and in September the economy grew by 1.1%, the 5th month of consecutive growth**. However, this is before the latest set of Tier based and lockdown restrictions came into effect.
- Official figures from the ONS showed the highest levels of redundancy on record nationally between July and September. **Around 314,000 redundancies were registered nationally during the three-month period.**
- DWP West Midlands Group October report **claimant count for 18-24-year-olds rose by 2.2% to 47,210 in September** – highest figure since 2010.
- DWP West Midlands Group October report **claimant count for people aged 50+ rose by 1.6% to 52,815 in September** – this is the highest figure since comparable records began in 1985.
- A major new online employment resource has been launched to help people in Coventry & Warwickshire find work. CW Employment Solutions connects employers to job seekers** <https://www.cwemploymentsolutions.co.uk/>

- **CW Growth Hub** has supported 3,192 businesses **since 1st March** and **has had substantive discussions with 1,147 businesses related to Covid-19 impact.**
- According to new analysis from the Resolution Foundation and Coventry City Council, the number of local posts furloughed will need to be monitored closely, especially because recent reports suggest that **9% of previously furloughed adults were no longer working by September, rising to 19% of those aged 18 to 24 and 22% of BAME.**
- **Access to Finance remains the key support requirement for businesses** who reach out to the CW Growth Hub.

The recommendations and findings of this month's report are based on intelligence gathered across the CWLEP Growth Hub's business engagements and survey data, and information provided by Coventry City Council, Warwickshire County Council and CWLEP.

Sources include Warwickshire County Council's Weekly Business and Economic Update and other reports by WCC's Warwickshire Economics team, Coventry City Council's Business and Economy briefing, Coventry & Warwickshire Chamber of Commerce, Department for Work and Pensions, and other key research bodies with expertise in Labour Market research and analysis.

2. Latest Support for Business

Following the announcement of the latest lockdown restrictions coming into effect in England, **Coventry City Council's Economic Development Team** have summarised the new and emerging arrangements for Business Support coming into effect.

Grants Available to Businesses

Businesses required to close in England due to local or national restrictions will be eligible for the following Grant Support which will be administered by Local Authorities:

- For properties with a rateable value of £15k or under, grants to be £1,334 per month, or £667 per two weeks
- For properties with a rateable value of between £15k-£51k grants to be £2,000 per month, or £1,000 per two weeks
- For properties with a rateable value of £51k or over grants to be £3,000 per month, or £1,500 per two weeks.

In addition, £1.1bn is being given to Local Authorities, distributed on the basis of £20 per head, for one-off payments to enable them to support businesses more broadly.

Coronavirus Job Retention Scheme (CJRS)

The CJRS that was due to end 31/10/2020 has now been extended until 2/12/2020.

- Employees furloughed will receive 80% of their usual salary for hours not worked up to a maximum of £2,500 per month, with the employer only paying National Insurance and Employer Pension contributions which, on average, is 5% of total employment costs.
- The Job Support Scheme, which was scheduled to start on 1/11/2020, has been postponed until the now extended CJRS ends. The number of local posts furloughed will need to be monitored closely - **recent estimates suggest that 9% of previously furloughed adults were no longer working by September, rising to 19% of those aged 18 to 24 and 22% of BAME workers.**

Support for Self-employed people

The support for self-employment and those on reduced hours was updated on 2/11/2020:

- Government is now providing two taxable Self Employment Income Support (SEISS) grants to support reduction in demand but are continuing to trade, or temporarily cannot trade.
- The first grant will cover a three-month period from 1/11/2020 until 31/1/2021. The Government will now provide a taxable grant now covering 80% of average monthly trading profits, for November and 40% for December and January, paid out

in a single instalment covering 3 months' worth of profits, and capped at £5,160, increased from £3,750.

- The second grant will cover a three-month period from 1/2/2021 until 30/4/2021. The Government will review the level of the second grant and set this in due course.

A key consideration will be to explore the extent to which freelancers (particularly those who supply arts, culture and conferencing) previously not able to access SEISS will be able to access this support, either through this scheme or one of the grant funds.

Loan Finance

The Chancellor has announced that the Bounce Back Loans, Coronavirus Business Interruption Loans and Future Fund will now be extended for applications up to 31/1/2021.

Other Financial Support

Further support has been announced for individuals who could be affected by loss of income:

- People aged over 18 with low income or out of work are able to access Universal Credit
- People who cannot work whilst self-isolating can access Employment & Support Allowance
- Eligible mortgage holders will be able to apply for a further six-month mortgage payment holiday.

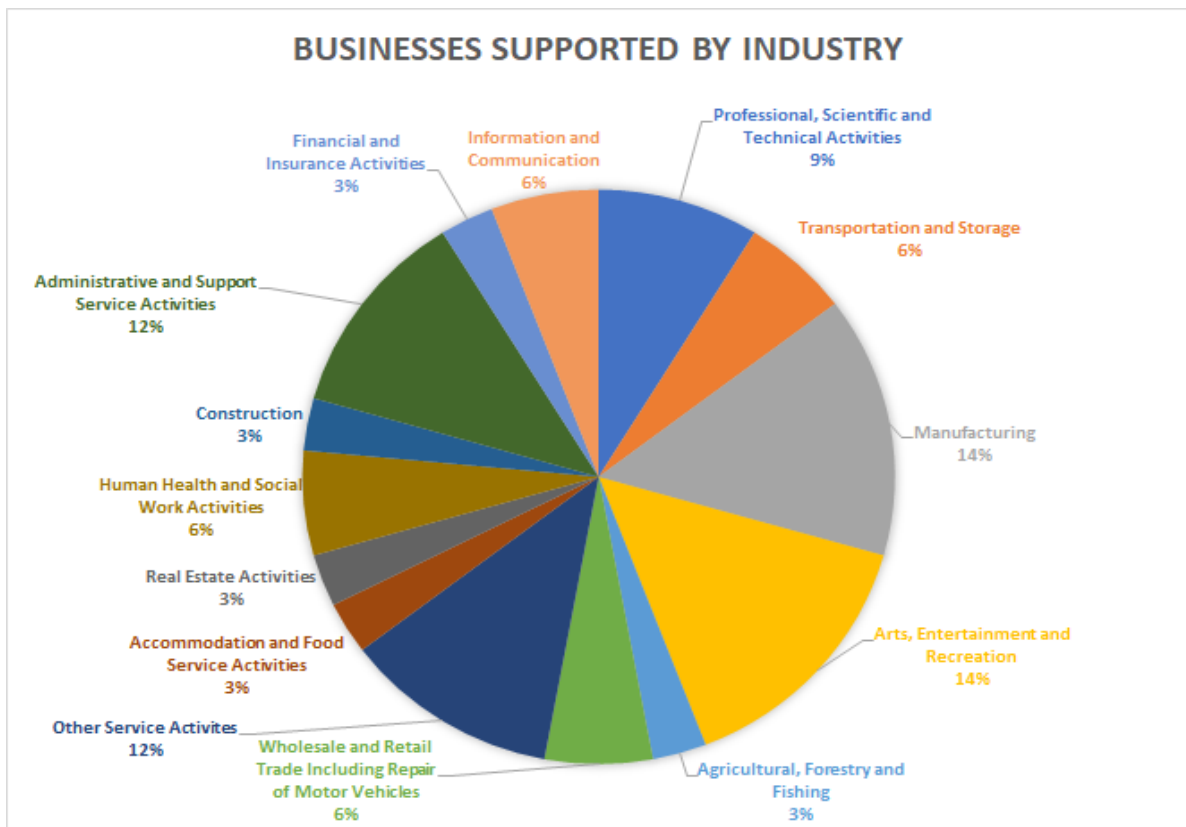
3. Business Insights

3.1 CWLEP Growth Hub – Trends

Over the longer term, since the start of the pandemic, **CW Growth Hub has supported 3,192 businesses since 1st March, and has had substantive discussions with 1,147 businesses specifically related to Covid-19 impact.**

This month's business insights are taken from intelligence gathered from supported businesses since 2nd of October 2020.

3.1.1 Overview



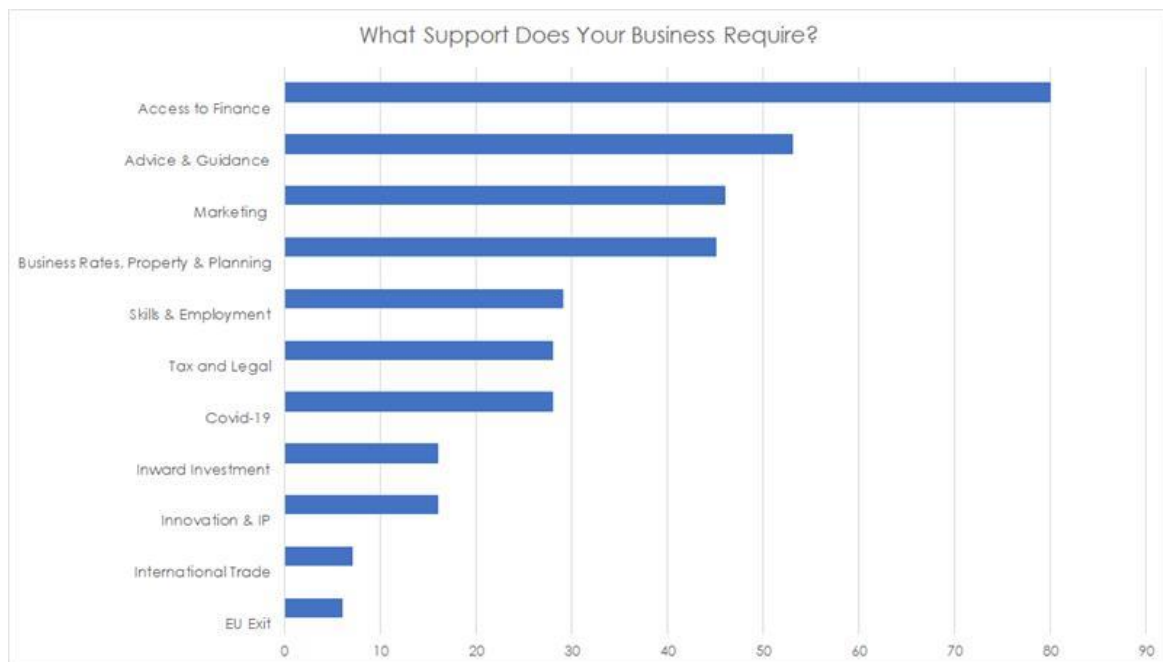
The top sectors supported by CW Growth Hub since the beginning of October were evenly distributed between **Manufacturing (14%); Arts, Entertainment and Recreation (14%); Other Service Activities (12%) and Administrative and Support Service Activities (12%).**

The size profile of the businesses supported over the past month consisted of **29% sole traders, 34% of micro businesses (2-9 employees), 34% small businesses (10-49 employees) and 3% medium sized businesses (50-249 employees).**

There has been a **slight increase in manufacturers seeking business support** over the past month, and this could be attributed to the Tier based local restrictions influencing an already strained cash flow/supply chain situation.

The higher proportion from the **Arts, Entertainment and Recreational** sector may be influenced by the delayed and uneven reopening of many businesses, the need for ERDF Specialist Grants, and the announcement of the second national lockdown in England that came into effect from early November.

Information and Communication businesses continue to approach CW Growth Hub generally **around support with upscaling, investments in equipment, and pivoting their business offer to meet new and emerging demands**. However, the overall spread of this months' data indicates that business enquiries are returning to the normal widespread sector variations we have seen earlier during the pandemic.



Whilst **Access to finance remains the key support requirement for businesses** – there were a high number of businesses that ticked Covid-19 as the area they require support with, although in many cases these conversations have led **into advice around Marketing support, Business rates, and Tax & legal** issues.

Tax & legal, Skills & employment and the need for more general professional advice has clearly been growing, with businesses recognising that **they need to prepare either for redundancies or additional administrative work required with the introduction of newly announced government support schemes**.

Skills and employment support required does not only point to the increasing need for HR advice and guidance around redundancy and recruitment, but also to **re-training and upskilling staff**.

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 small upward spike following the recent announcements from government. Our qualitative intelligence collected during our direct interaction with businesses is outlined in the Emerging Themes section.

3.1.3 Emerging Themes

Employees Testing Positive – those testing positive for Covid-19 have been declaring details of the people they have been in contact with, following government guidance to do so. Some are providing names of those they have been in close contact with, along with others that they may not have been so closely exposed to, most likely in good faith, to protect their colleagues. As a result, some businesses are having to close workplaces, and in some cases their businesses, to comply with legal obligations around self-isolation. Some businesses are reporting insufficient staff numbers to remain open, whilst others are concerned about loss of income during this isolation period with staff away from work.

Growth Plans, Investment & Referrals – positively, many companies are continuing to press ahead with growth plans and are investing in capital purchases and expanding their investment in digital projects. The latter includes the development of new and existing CRM systems, online education platforms, and customer facing online tools.

Kickstart Application Process – some companies and partners involved with the government's Kickstart programme are highlighting concerns around the four stage, three-month application process. There are concerns that this may deter eligible businesses from applying, as they may not have the capacity to deal with additional administration linked to making a claim. In addition, facilitators may struggle with the demand and volume of applicants as a result of the process.

End of EU Transition – Covid-19 and the recent announcement of the second month-long lockdown in England have, for many businesses, overshadowed the preparations for the ending of the EU Transition period, not helped by the ongoing uncertainty around the shape of any future trading deal with the EU. However, some businesses have been able to take up opportunities to attend workshops, such as those run by DIT, to prepare for and address future export issues. Overall, businesses are seeking certainty and stability so they can continue to prepare and plan.

Supplier Penalties – some companies have reported reduced turnover, a result of the inability to meet contractual deadlines due to the impact of Covid-19 and interruption to their supply chains. There is a concern that this may lead to the failure of some businesses, especially amongst SMEs, with supply chain cash flow problems becoming too big a problem to tackle.

Grant Support – C&W Growth Hub Advisers continue to handle large numbers of grant support enquiries, outside of the usual growth and investment programmes. These businesses are often seeking additional government support to survive further lockdowns or local Tier based restrictions on business activity. Prompt and clear information about government schemes is required urgently so that Advisors are better able to effectively handle these enquiries.

4. Spotlight – Age Variations in Joblessness

The Resolution Foundation, the independent think-tank on labour market, incomes, and living standards, recently published their analysis of the effects of the pandemic on the UK labour market ('Jobs, Jobs, Jobs'; Resolution Foundation; October 2020). The report addresses gaps and identifies emerging trends in the current labour market data due to the rapidly evolving situation as Covid-19 continues to impact on all aspects of the economy.

One key observation is that – at the time of the report publication - the Job Retention Scheme had seen most furloughed workers return to work, but **1 in 10 had not returned to work**. Furthermore, the report highlights that **of previously furloughed workers between the ages of 18-24, 19% were not in work as of the end of September**, and as the initial furlough scheme was coming to an end. The report suggests that not only are 'young' workers more likely to have been furloughed, but that they were also more likely to have lost their job post-furlough.

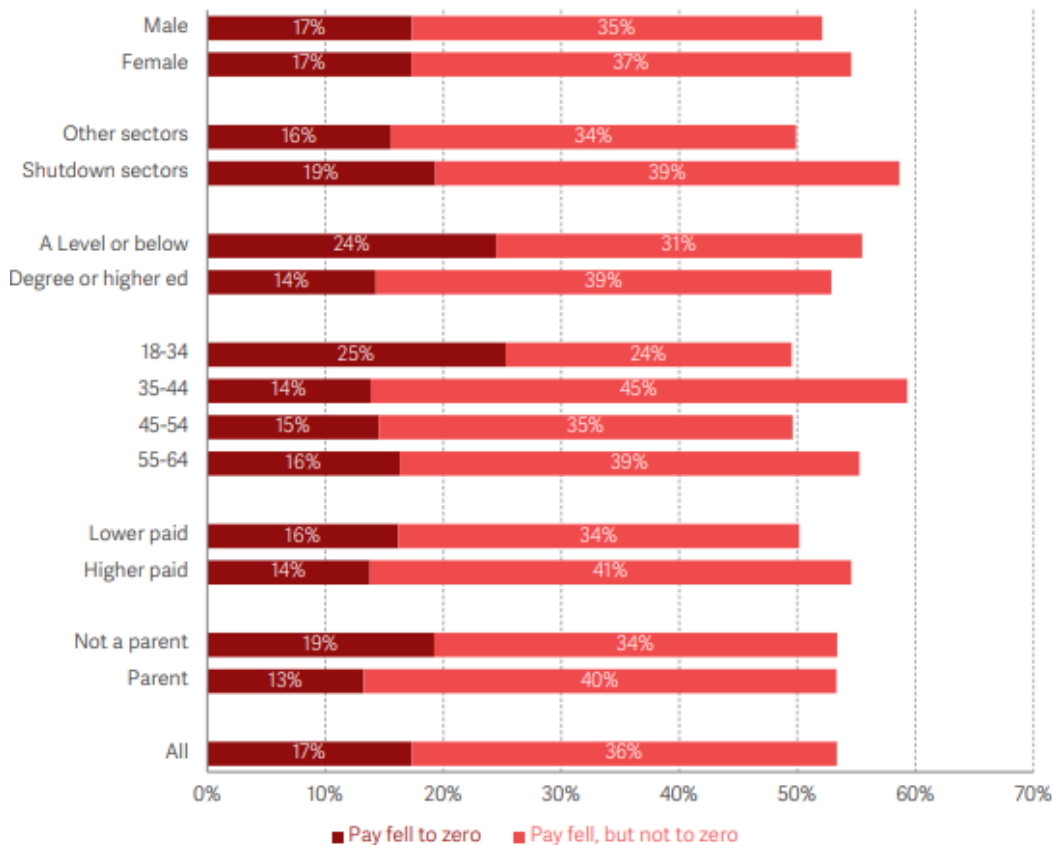
Their analysis also suggests that workers who have previously worked in the hardest hit sectors, such as Hospitality or Retail, are **continuing to search for new work opportunities in those same sectors. There are also high concentrations of younger workers in these sectors**. This could perhaps be attributed to a lack of other wider relevant skills/qualifications, or it could simply be down to a saturated market with low demand in those sectors whilst restrictions on the operations of businesses in those sectors continues.

The report also highlights one further particular impact for the younger age group – that it experiences high flows onto the claimant count not just from those people who are joining due to losing work, **but also from those joining the labour market for the first time**, such as direct from either school, FE, or HE but unable to find a job immediately.

Nationally, the strain on self-employed workers is also apparent within the 18-34 age range. According to data collected towards the end of September, **more than a quarter of the self-employed who fall in this age category have stopped working all together**.

The Resolution Foundation suggest that whilst the initial impact on self-employed workers was felt broadly across all age ranges, **the long-term effects have been felt more drastically by the young (18-34), older workers (55-64) and those with fewer formal qualifications**.

Reported Change in pay for UK self-employed workers, September 2020



Recent research by the Centre for Ageing Better (A mid-life employment crisis: How COVID-19 will affect the job prospects of older workers; 2020) found that **the number of older workers seeking unemployment related benefits doubled during the lockdown, rising from 300,000 in February to over 580,000 in June.**

The Centre estimate the over 50s who are unemployed are twice as likely to be out of work for 12 months or more as younger workers and almost 50% more likely as workers aged 25 to 49, **so there is a real concern around a long term unemployment crisis for this group in the labour market as we move into 2021.**

DWP West Midlands Group October report that the **claimant count for people aged 50+ rose by 1.6% to 52,815 in September** – this is the highest figure since comparable records began in 1985.

5. Recommendations

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

5.1 Short Term

5.1.a

It will be crucial that government introduce further interventions during the recovery and restart phase to support the UK labour market recovery:

- Continue to **promote skills related support** for both 'age-group' related ends of the labour market, including high profile promotion of apprenticeships
- Consider **Covid-safe consumer demand stimulus initiatives throughout winter and post-lockdown to promote jobs**, considering the high concentration of 'young' workers in the hospitality sector
- **Clear guidance to businesses on financial support available post-lockdown and transition back into the localised Tier system** will be critical to promote jobs growth in local labour markets
- **Move forward and enhance job-search support and youth employment programmes**, such as **Kickstart**, announced over the summer.

5.1.b

With the recent local Tier and subsequent further lockdown restrictions, the period October-December and into the Spring months of 2021 is likely to see increasing unemployment levels – with further rounds of redundancy figures expected as the new phase of furlough works through.

Partners in the **region can support the promotion of the newly launched Employment Solutions portal, launched the w/c 9th November with full support from CWLEP and local stakeholders to promote job opportunities to both local jobseekers and employers.**

For more information: <https://www.cwgrowthhub.co.uk/news/new-online-employment-website-launched-cw>

To see the portal: <https://www.cwemploymentsolutions.co.uk/>

5.1.c

A potential concern as workers are furloughed under the current restrictions is businesses' capacity to prepare for future trading relationships with the EU,

particularly given ongoing uncertainties around the detail of any potential trading deal. As recommended by FSB and other Coventry and Warwickshire Stakeholders, **further financial and wraparound support may be required to enable businesses to make the necessary preparations over the next 2-3 months.**

5.2 Medium Term

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

5.2.a

Rollout of broadband – inconsistencies remain across Warwickshire and **investment in skills** to improve computing and digital skills within the labour market will be critical to help businesses, employees, as well as also consumers to adapt to new technologies.

5.2.b

Local, regional, national and international marketing campaigns to boost consumer confidence in our regions' especially in our hospitality, tourism, leisure and retail sectors to promote short term growth, promote stability, and in turn, safeguard jobs.

5.2.c

Work alongside Banks/Lenders to discuss ways to relieve the volume of debt in all sectors, to ensure diversification, investment, and growth are not stagnated for longer than is necessary.

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 research into the best ways to address the strain on the labour market at both ends of the age spectrum, identifying new ways for both young and older workers to access job vacancies, support with job application and recruitment processes, and share awareness around where (sector, occupation, and location) future opportunities are likely to be.

5.3.b

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