



SmartRegion
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Coventry & Warwickshire Business Intelligence

January 2025

Executive Summary	Latest Economic & Labour Market Trends	Latest CW Growth Hub Insights	Spotlight - Driving Future Local Growth	Recommendations
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All previous editions of the Coventry & Warwickshire Smart Region report can be accessed from our Publications page:

<https://www.cwgrowthhub.co.uk/publications>

For more details about CW Growth Hub, see our latest YouTube update:

<https://www.youtube.com/watch?v=YtKd6Xib5SQ>

1. Executive Summary

Welcome to the January 2025 edition of the Coventry & Warwickshire Smart Region report. Analysis in this month's report is based on intelligence from CW Growth Hub's contacts with local businesses, alongside survey data, information, and other intelligence provided by Coventry City Council and Warwickshire County Council.

Other sources of data in this month's report include the Official National Statistics (ONS), Department for Education, CW Chamber of Commerce, FSB (Federation of Small Businesses), Gov.uk, City-REDI, and other labour market research and analysis bodies.

CW Growth Hub Update

“The final quarter of our financial year will bring both challenges and opportunities as colleagues across local government finalise their own budgets for 2025/26. The change for them this year is that they will be set against the backdrop of a new government and devolution, with the latter determining the way services are administered and delivered in the biggest shake up of local government since 1972.

At the time of writing, we know that Warwickshire County Council have applied to the Government to have elections in May to be suspended to facilitate the transition into creating a Principal Authority, responsible for a change in the way services are delivered across Warwickshire. If this is the desired pathway and a Unitary is created across Warwickshire, then they will need to become part of a Strategic Authority and act strategically across a wider geography, of approximately 1.5 million population, which in some areas can be smaller to drive growth. They must be sensible economic geographies, with a particular focus on functional economic areas, reflective of current travel-to-work patterns and labour markets.

Transferring power away from Whitehall into local areas can act as a stimulus for growth, and whilst businesses often blur the lines of administrative boundaries, they need to be assured that their voice is considered by the decision makers. So wherever your business is located across Coventry and Warwickshire, the team here at CW Growth Hub is available to not only assist you with your business enquiries, but also feed into the democratic machinery thus ensuring that your concerns and hopes are considered by those making impactful long-term decisions, because there is a clear role for both the public and private sector in stimulating sustainable growth that is so desperately needed across our economy.”

Craig Humphrey, Chief Executive, CW Growth Hub Group

2. Latest Economic & Labour Market Trends

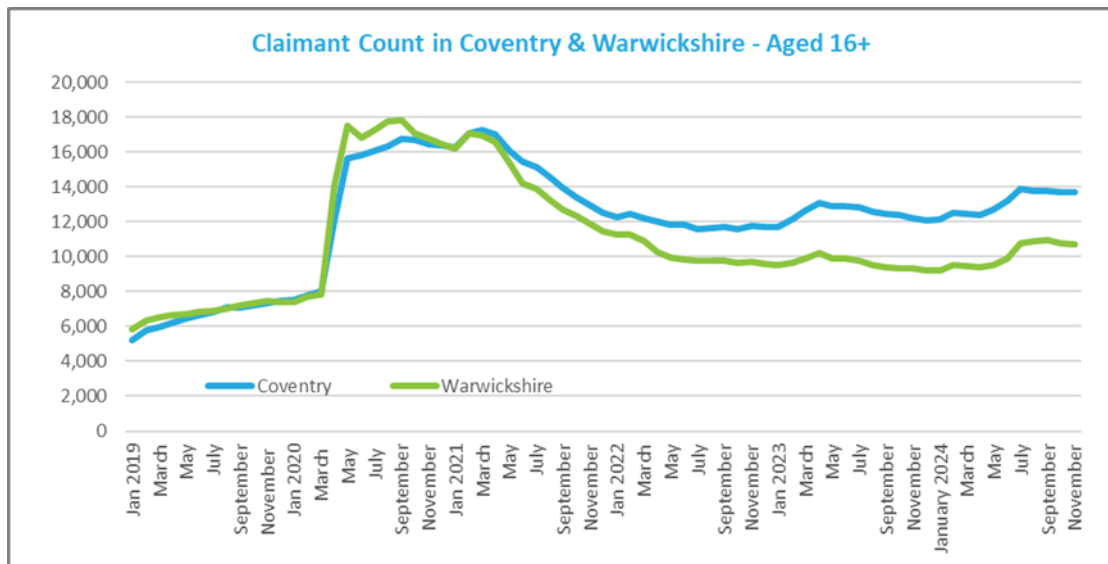
2.1 Labour Market Trends

- **In November 2024, the claimant count in Coventry & Warwickshire fell slightly to 24,470 people.** At the start of the pandemic, almost five years ago in March 2020, the claimant count stood at 15,830.

Area	March 2020	November 2023	September 2024	October 2024	November 2024
Coventry	8,000	12,195	13,775	13,730	13,740
North Warwickshire	845	985	1,110	1,075	1,105
Nuneaton & Bedworth	2,830	3,050	3,580	3,580	3,510
Rugby	1,535	1,870	2,165	2,085	2,065
Stratford-on-Avon	1,050	1,485	1,765	1,720	1,725
Warwick	1,570	1,960	2,320	2,305	2,330
Warwickshire	7,830	9,350	10,940	10,760	10,730
Coventry & Warwickshire	15,830	21,545	24,715	24,490	24,470

Source: Office for National Statistics

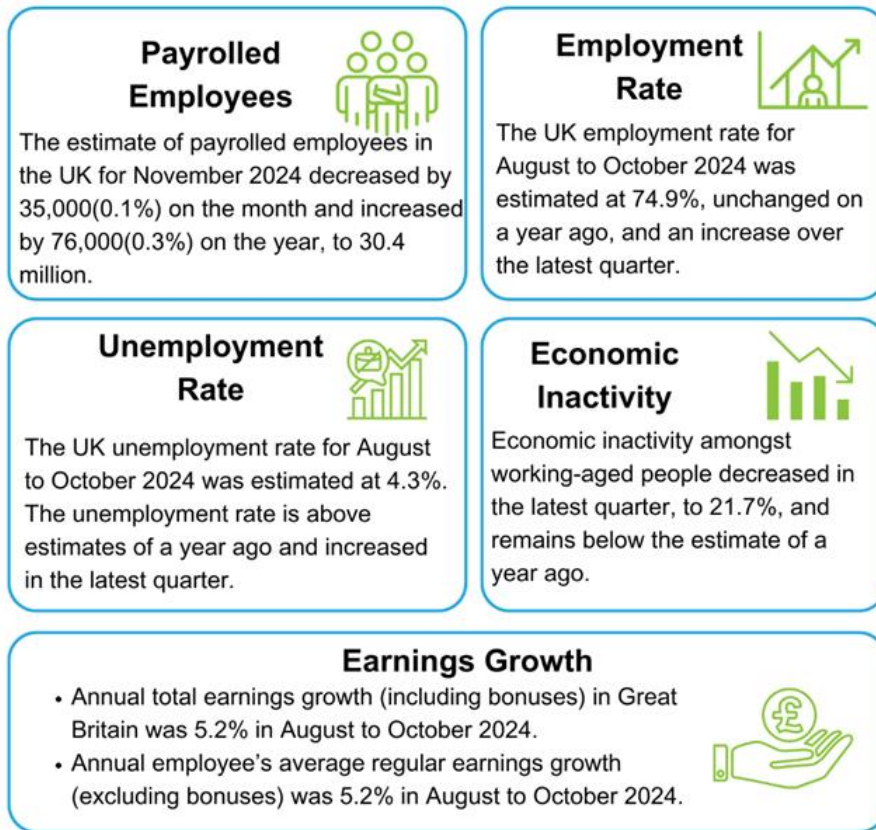
- **Over the past twelve months there has been an increase in the claimant count across Coventry & Warwickshire,** rising from a total of 21,545 this time last year.



Source: Office for National Statistics

- **The slowly widening gap between the claimant counts in Coventry and in Warwickshire, which had been occurring since the start of 2022, appears to have slowed.**
- The UK claimant count for November 2024 increased on the month and on the year, to 1.769 million.

The Office for National Statistics (ONS) also reported in November 2024 that nationally:



- **In September to November 2024, the estimated number of vacancies in the UK economy fell by 31,000 on the quarter to 818,000.** Vacancies fell on the quarter for the 29th consecutive period.

Job vacancies

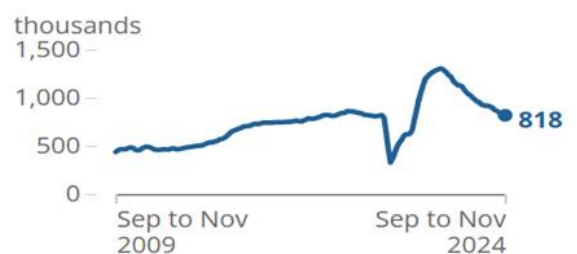
Number of job vacancies

Quarterly change: ▼ -31,000
Since Jan-Mar 2020: ▲ 22,000

Vacancies decreased on the quarter but remain above pre-pandemic levels.

Source: Vacancy Survey from ONS

[Read more](#)



Source: Office for National Statistics

- **The annual growth in real terms** (adjusted for inflation using Consumer Prices Index, including owner occupier's housing costs (CPIH)), **for both regular and total pay was 2.2% in August to October 2024.**
- **There were 42,000 working days lost due to labour disputes in the UK in October 2024.** This compares with 132,000 working days lost in October 2023.

2.2 Economic Trends

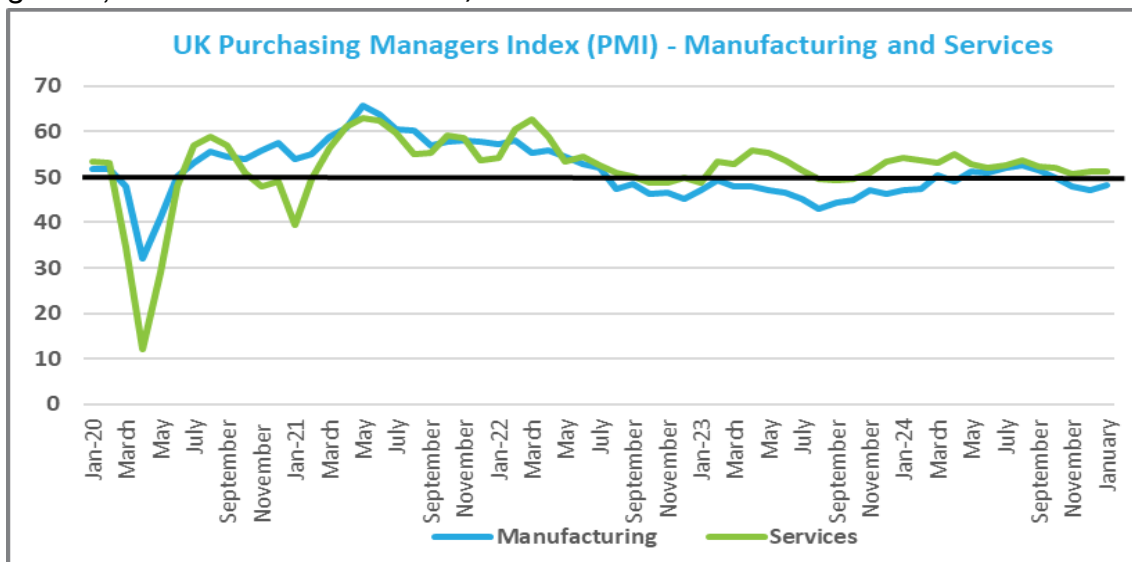
The Economic Development Service at Coventry City Council have compiled the 'Business and Economy Briefing' highlights this month:

Economic Growth

- [According to the Office for National Statistics \(ONS\)](#), GDP in the UK increased by 0.1% in November, helped by a modest growth in Services and Construction.
- The Bank of England voted to hold the base rate of interest at 4.75% [when it met in December](#). Inflation rose by 0.3 percentage points to 2.6% in November and then unexpectedly fell back to 2.5% in December.
- British Chamber of Commerce's [Quarterly Survey for Q4](#) reflects continued concerns across the business community following the Autumn Budget.
- The [IMF](#) upgraded the UK's economic growth forecast for 2025 to 1.6%. The Government has made key policy announcements to accelerate growth:
 1. Making the UK a global leader in Artificial Intelligence (AI) through the [AI Opportunities Action Plan](#).
 2. The development of strategic partnerships with leaders in West Midlands, Greater Manchester, West Yorkshire, and Glasgow City Region on building pipelines for investment through the [National Wealth Fund](#).
 3. The [launch of the new Nature Restoration Fund](#) will also speed up major infrastructure projects.

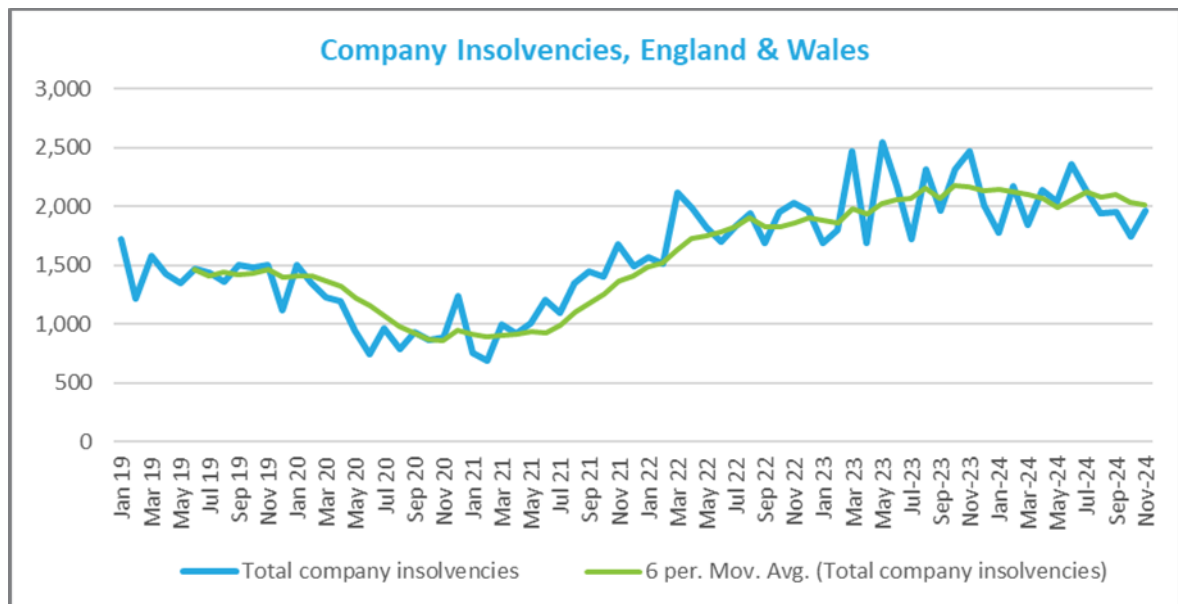
Business Confidence

- The UK Purchasing Managers Index (PMI) for manufacturing increased to 48.2 in January 2025, from 47.0 points in December (a figure above 50 represents growth, and contraction below 50).



Source: Trading Economics

- **The manufacturing PMI continued to point to a contraction in the sector albeit the slowest in three months, as output declined more slowly but order books shrank for the fourth month, staffing numbers continued to fall, and prices accelerated.**
- **Meanwhile, the services PMI ticked up to 51.2 in January 2025, from December’s 51.1.** Employment continued to decline, amid growing concerns over higher staff costs related to measures and policies announced in the Autumn Budget.
- According to the [latest NatWest Regional Growth Tracker report](#), **the rate of growth of business activity in the West Midlands fell to 48.9 in December** – down from a score of 49.9 the previous month.
- **On a sector-specific front, Coventry city centre businesses enjoyed a prosperous festive period, [according to the Coventry Business Improvement District \(BID\)](#).**
- **Across the economy, there were 1,966 company insolvencies in November 2024 in England & Wales**, a 12% decrease on the November 2023 number. The overall trend in company insolvencies has been relatively flat over the past fifteen months.



Source: UK Insolvency Service

Business Challenges

- According to the [latest ONS Business Insights and Conditions Survey \(BICS\)](#) **falling demand for goods and services will be the number one concern for businesses in the West Midlands in February**, with 21.7% pointing to this.
- Some 27.2 % of regional respondents said that **domestic demand decreased compared with the previous month**, with just 11.2% saying that domestic demand increased.

- According to the survey, **almost twice as many firms experienced a decrease in turnover in December** as experienced an increase, and almost a third of West Midlands businesses (30.2%) continue to experience supply chain disruption.
- Following the launch of the Government’s AI Action Plan, the survey showed that **23.2% of West Midlands businesses are using AI in their day-to-day operations.**

International Trade

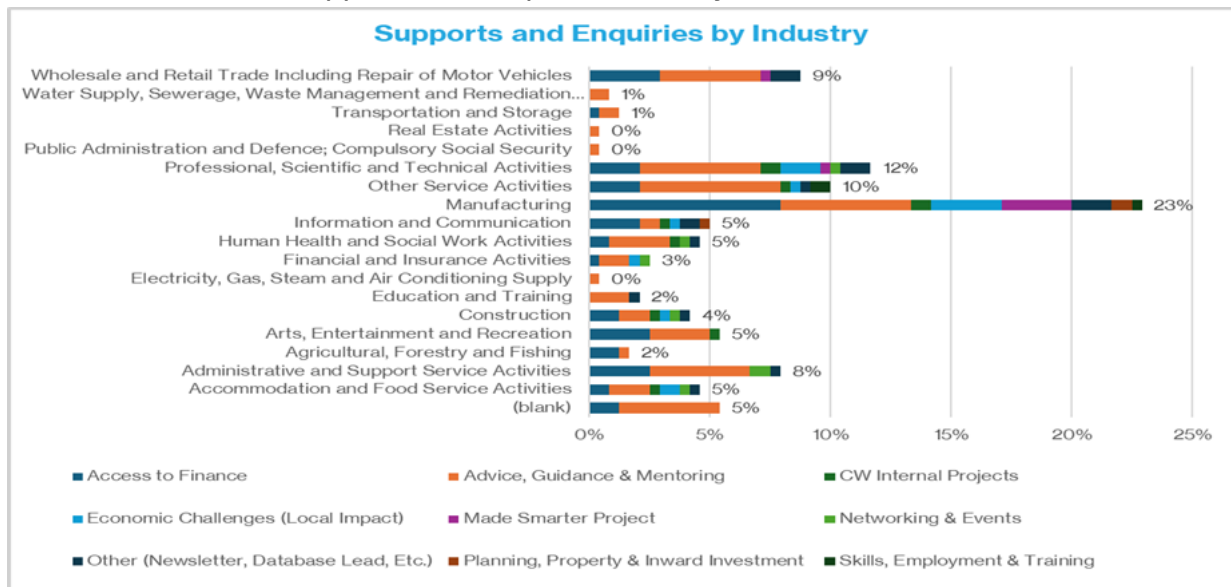
- HMRC released updated [goods trade figures](#) this month, showing the **West Midlands performing better than the UK overall.** Exports from the region were worth £35.4bn in the year to September 2024, which is up 3.5% on the previous year, and the imports were worth £42.5bn, which is down 0.5% on last year.
- **West Midlands exports to other parts of the world grew by 5.9%**, compared to a 3.7% drop nationally, whilst imports from other parts of the world dropped less rapidly (6.4%) than nationally.
- According to a [new report from the Centre for Economic Performance \(CEP\)](#) **leaving the EU cost the UK £27bn in lost trade in 2022.**
- Larger firms did not appear to be affected by the Trade and Cooperation Agreement (TCA), but medium-size firms saw the average value of EU exports fall by 15% and small businesses saw them fall by 30%.
- The British Chambers of Commerce [report looking at the impact of the Trade and Cooperation Agreement](#) four years on from its inception, calls for a reset of our economic relationship with the EU.

3. Latest CW Growth Hub Insights

3.1 CW Growth Hub – Support & Enquiries

Since the start of the Covid-19 pandemic in March 2020, CW Growth Hub has held 9,902 engagements with local businesses, including substantive discussions covering a wide range of issues impacting on potential current and future growth.

This month’s business insights are taken from intelligence gathered in **November 2024**. The chart shows the supports and enquiries made by sector.



NB: Figures have been rounded.

Advice & Guidance, Access to Finance, and Other support were the most popular reasons for support/enquiries over the past month, although there was also a spread across other enquiry types. These include guidance provided around the **Made Smarter Project and Economic Challenges**.

The main sectors supported by CW Growth Hub were Manufacturing (23%), followed by Professional, Scientific & Technical Activities (12%), Other Service Activities (10%), Wholesale & Retail Trade including Repair of Motor Vehicles (9%), and Administrative & Support Service Activities (8%).

The size profile of businesses supported over the past month consisted of **31% Micro businesses (2-9 employees), 30% Small businesses (10-49 employees), 28% Sole Traders, and 12% Medium sized businesses (50-249 employees)**, with 199 out of 241 businesses stating their size.

There was an **increase in Sole Traders and Micro businesses and a decrease in Small, Medium and Large businesses** approaching CW Growth Hub compared to the previous month. Around 31% of respondents came from businesses that have started trading since 2020, with 205 of 241 businesses stating their incorporation date.

3.2 CW Growth Hub – Current Themes

CW Growth Hub Account Managers reported this month:

Local Business Intelligence

- **Cost of Living/Cost of Doing Business Crisis** – The Cost of Living/Cost of Doing Business remains an issue, particularly with regards to **Energy Costs**. Further increases in prices, albeit slowing, continue to affect both businesses and their workforces.
- **Ongoing Autumn Budget 2024 reaction** – The increases in minimum wage and employer NI contributions are causing difficulties for some businesses, as they are struggling to afford recruiting and restricting future growth plans.

Business Needs and Concerns

- **Growth and Strategic development** – Feedback from creative businesses, including those that combine AR and VR with traditional techniques, are keen to grow but are cautious and are taking a slower approach to achieving goals. Businesses worried that growing too quickly would risk being able to fulfil commitments, lead to a shortage of talent, or mean they outgrow premises too quickly.
- **Business Sales/Acquisitions** – Support requested to fully understand the responsibilities and legal requirements of undertaking Management Buyouts. In particular, advice and guidance requested about employment law, property issues, business valuations, and raising finance.
- **Property** – High demand for reasonably priced and suitable commercial premises remain, with frequent requests for property searches from businesses seeking to relocate or expand their operations.
- **Mentoring** – Business owners looking for support with Leadership and Management training, and guidance around legal responsibilities and organisational skills. The latter identified as a particular concern and a critical point of weakness.
- **Demand for General Support** – Coventry & Warwickshire Growth Hub Advisors and Account Managers are frequently hearing ongoing concerns about:
 - **Grant Funding** often for new machinery and premises fit outs/refurbishments.
 - **Net Zero** – Continued requests for energy audits and grants to accelerate carbon saving projects although many are advanced with energy saving measures.
 - **Networking and Events**
 - **Raising Finance** for product development and bringing products to market.
 - **Sales and Marketing** – Training sought for the development of sales and marketing/branding strategies.

Economic Shocks or Opportunities

- **Cost of Recruitment** – The cost of employing additional staff is creating reluctance amongst employers, restricting future growth plans.

4. Spotlight: Driving Future Local Growth

This month's spotlight focuses on the Government's plans for driving future local growth. In this section we highlight the UK's Industrial Strategy, English Devolution White Paper, and the Business Growth Service/Small Business Strategy.

4.1 Invest 2035: The UK's Modern Industrial Strategy

Introduction

In October 2024, the Government published 'Invest 2035: the UK's Modern Industrial Strategy'. This new strategy is the UK Government's 10-year plan to deliver the conditions for growth and stability that businesses will need to invest in the high growth sectors that will drive future economic growth. The Green Paper addresses the biggest problems facing the UK economy and sets priorities for future high growth sectors. The strategy focuses on:

- Tackling barriers to growth within growth driving sectors and places
- Creating the right conditions for increased investment
- Generating and sustaining high quality jobs
- Ensuring tangible impacts in communities right across the UK.

The previous Government launched its Industrial Strategy in November 2017, which was subsequently phased out after March 2020.

Approach

The primary objective of the Industrial Strategy will be to drive future economic growth, by taking advantage of the UK's unique strengths and untapped potential, enabling the UK's world-leading sectors to adapt and grow, and seizing opportunities to lead in new sectors, with high-quality, well-paid jobs.

The Government will seek to support regional and local growth, economic security and resilience, and net zero. It will focus on providing the conditions for long-term stability, and a commitment to a pro-business approach focussed on reducing barriers to investment in the UK.

Growth-driving Sectors

The Industrial Strategy focusses on eight growth-driving sectors which offer the biggest long-term opportunities for the economy:

- Advanced Manufacturing
- Clean Energy industries
- Creative Industries
- Defence
- Digital and Technologies
- Financial Services
- Professional and Business Services
- Life Sciences

Pro-business environment

The Industrial Strategy will bring forward coordinated sector-specific and cross cutting policies that support businesses to overcome barriers and encourage investment over the coming decade. The policy areas include:

- People and skills
- Innovation
- Energy and infrastructure
- The regulatory environment
- Crowding in investment
- International partnerships and trade.

Place

A core objective of the Industrial Strategy is to help deliver the full potential of cities and regions across the UK. The Industrial Strategy will concentrate focus on the places with greatest scope for growth sectors, whether these be:

- City regions
- High-potential clusters
- Strategic industrial sites.

In addition, the Strategy contains a commitment to devolving significant powers to Mayoral Combined Authorities across England, giving them additional powers to grow their local economies, clusters, and improve the local business environment through the development of Local Growth Plans.

Partnership

The Government is engaging widely as part of the development of the Industrial Strategy, with businesses, trade unions, local and devolved leaders, experts, and international partners. This process is currently underway.

The Strategy will be underpinned by the establishment of a statutory, permanent, and independent Industrial Strategy Council, to ensure that it is informed by a broad and high-quality evidence base, and to monitor the progress against delivery over time.

Conclusion

The Industrial Strategy Green Paper sets out the Government's approach and asks for views and evidence to help develop a long-term Industrial Strategy, which is due to be launched later in Spring 2025.

The full version of the Industrial Strategy Green Paper can be found here - [Invest 2035: The UK's Modern Industrial Strategy](#)

4.2 English Devolution White Paper

Introduction

The Government launched the Devolution White Paper in December 2024. Devolution across England is key to delivering the changes to public services in the drive to push economic growth across the country, ensure more joined-up public services, and better engagement with communities, businesses, and residents.

Plans include the most radical change to local government structures in fifty years, through the merging of local authorities in certain areas, as well as new powers for Mayors across a wide range of services and sectors including planning, transport, economic development, and the environment.

Strategic Authorities

The White Paper proposes the introduction of “Strategic Authorities” - regional bodies created to streamline decision-making across local councils within a larger region. These will be either “Foundation” (not led by a Mayor) or “Mayoral” and will comprise several councils working together covering a population base of at least 1.5mn people.

The Government’s preference is for combining multiple authorities over a large geography, considering factors such as scale, economies, and identities.

Government also intends to step in to create Strategic Authorities in any places where local leaders have not agreed on how devolved powers should be accessed.

Increased powers and budgets for Mayors

The White Paper proposes putting existing Mayors “front and centre” of local decision making and resource allocation, and by introducing more directly elected Mayors in those areas not currently covered by one, to increase accountability.

The proposed increases to mayoral powers will be categorised in four ways:

- The power to make important decisions locally
- The power to control budgets and funding
- The power to set long-term plans and strategies
- The power to implement policies directly.

The proposed list of areas of competence for Strategic Authorities

Government have been inviting views from Mayors, the public, and the local government sector on the areas of competence for Strategic Authorities – in essence the areas where powers will be devolved and where Mayors and Strategic Authorities will gain powers transferred from central government.

The proposed list includes:

- Transport and local infrastructure
- Skills and employment support

- Housing and strategic planning
- Economic development and regeneration
- Environment and climate change
- Health, wellbeing and public service reform; and
- Public safety.

Reorganisation of local authorities

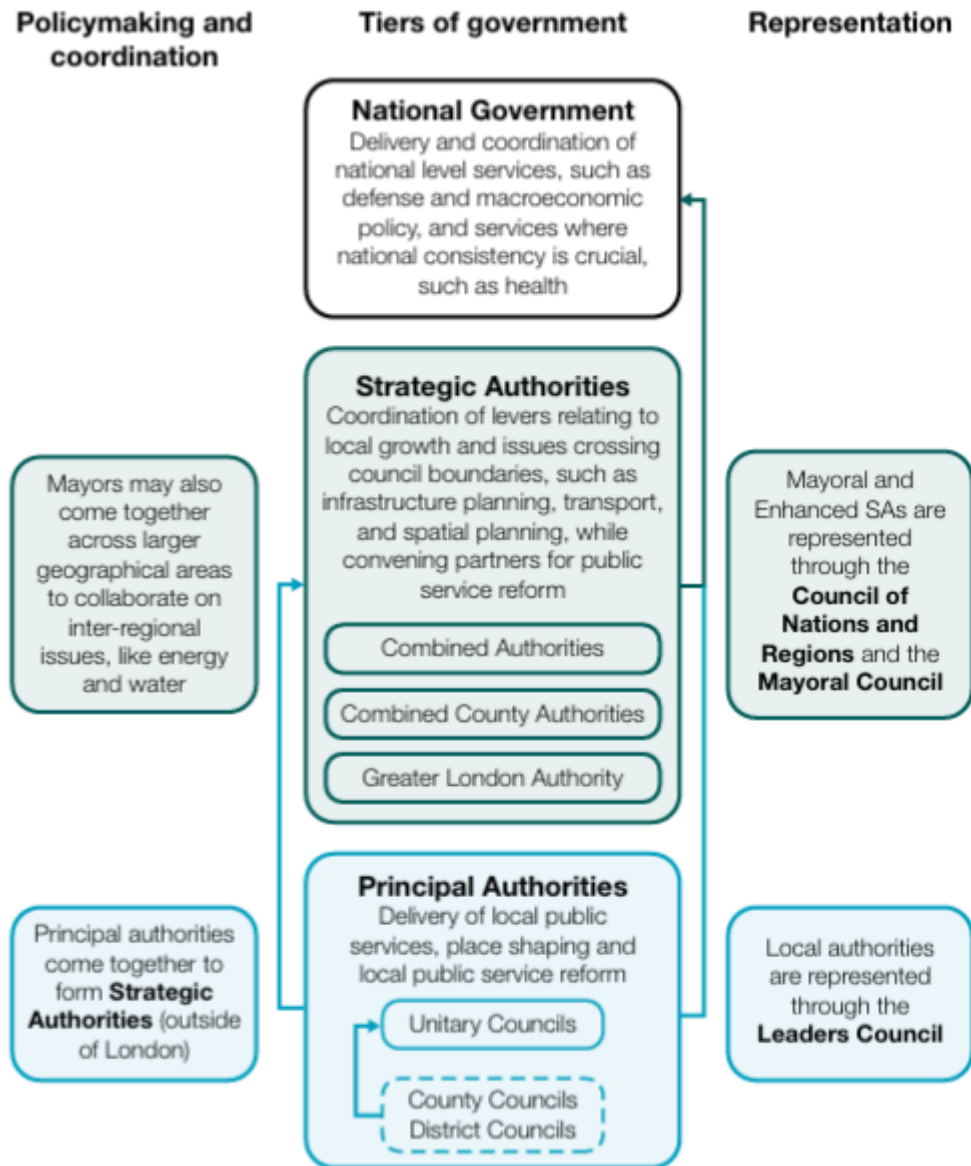
The Devolution White Paper proposes a radical programme of local government reorganisation, inviting proposals from all remaining two-tier areas across the country on forming new unitary councils and structures.

The Government has indicated its ambition to reorganise as quickly as possible into new unitary councils through a first tranche of proposals, with a further tranche to follow later. The proposed size for new unitary councils is at least 500,000 population.

The White Paper suggests that legislation will be introduced “where it becomes necessary” to ensure effective reorganisation can take place.

Reorganisation of other local public services

Other local public services, including those linked to public safety such as police, fire & rescue, probation, offender rehabilitation, and local resilience, are also included in the scope of the Devolution White Paper. The focus for these services is around the changing powers for Mayors and to widen these so that they have include reformed public safety services.



Source: English Devolution White Paper, MHCLG, p92

Conclusion

The English Devolution White Paper sets out the Government’s plans to widen and deepen devolution across England, providing Mayors with additional powers and local decision making over funding, and introducing Mayoral control in areas that currently don’t have them. These will be delivered over the coming years alongside radical changes to local government powers and structures in remaining two-tier areas.

The full version of the Devolution White Paper can be found here - [English Devolution White Paper](#)

4.3 Business Growth Service

Introduction

In late Autumn 2024 the Department for Business and Trade announced its intention to launch a new 'Business Growth Service' (BGS) to give a new national profile for and aims for this service to become operational during the first half of 2025. The new service will be a key part of a new Small Business Strategy, also being launched during 2025.

Business Growth Service Aims

Industry and business feedback shows that the UK's business support landscape is complex and difficult to navigate, and this can prevent good businesses identifying and accessing the support they need to grow, expand, and scale-up.

To support businesses with the right tools to succeed, DBT is establishing a national, UK-level Business Growth Service, to provide a clearer, more coherent approach to business support that compliments local and devolved delivery.

In England, Growth Hubs will be a fundamental part of the national Business Growth Service, providing a critical link between national and local business advice and support.

DBT's aim is that the BGS will boost awareness and uptake of local and national business support services and programmes from both the public and private sector, improving information and knowledge-sharing across the UK's business support ecosystem, and enabling a more joined-up approach to business support policy.

DBT is consulting widely on proposals for the new service, including with local and mayoral authorities, on the design and development of the BGS, ready for its launch and implementation later in Spring 2025.

Conclusion

The Government is committed to further devolution of business support in England with more details will be set out and shared in the forthcoming Small Business Strategy later this year. A key plank of this strategy will be the launch of the Business Growth Service.

5. Recommendations

January's Golden Recommendation:

The Autumn 2024 Budget statement and subsequent announcements from the Chancellor have set out a future direction for growing the economy. To deliver this, the next twelve months provides the opportunity to work with local, regional, and national partners so that the detailed options and plans around organisation, structures, enablers, and governance can be co-developed and co-produced through the Industrial Strategy, Small Business Strategy, Trade Strategy, and Devolution White Paper.

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

5.a – The long-running uncertainty facing business support funding needs addressing. UKSPF is extended for twelve months beyond March 2025, albeit at a much-reduced level, and plans for successor funding for business support needs clarifying swiftly. Moreover, the ambitions in the forthcoming Small Business Strategy need to set out how the longer-term future for Growth Hubs will dovetail, complement, and be integral to the newly announced Business Growth Service.

5.b – Government is urged to continue at pace with the fullest devolution of powers to local areas across the country through the newly published Devolution White Paper, including its deals to transfer greater powers to the West Midlands and to Warwickshire, which will encourage longer-term local and regional sustainable and inclusive growth.

5.c – Twelve-month extensions to other business support funding, including Made Smarter and Help to Grow Management, are welcomed. Government is recommended to now outline the necessary changes to be in place to deliver these as part of its wider longer-term ambitions around business support, skills, and infrastructure beyond 2025/6.

5.d – There were positive announcements in the Budget on the automotive, aerospace, and life sciences sectors, and more recent positive announcements on the priorities for strengthening growth, such as through the Oxford-Cambridge Innovation Arc and Airport capacity expansion. Clarity is now needed on how future funding and investment will be allocated to local economies and how these can be bid for.

5.e – Growth forecasts for the economy, as presented in the Budget, suggest steady but unspectacular growth over the coming years, which is being reflected in the most recent economic indicators. The challenge for Government remains how to improve public finances by introducing the measures needed to remove the blockers to growth.

5.f – To further facilitate investment in training, Government should make longer-term funding available for the skills improvement agenda and wider labour market measures. Measures should include strengthening the role of FE colleges in the local innovation ecosystem and reviewing the regulation of training providers. **The new Skills & Growth Levy should be flexible enough to ensure businesses across all sectors can get access to the skilled workforces they need as the economy evolves.**

5.g – Clarity is needed on the scale of gigafactories the National Wealth Fund will invest in, including investment in the West Midlands Gigafactory. Also, clarity is called for on **how the Government will provide sufficient investment to deliver the necessary supply chain, innovation, and skills programmes** to service the sector.

5.h – More sub-national investment is needed to build long-term sustainable growth opportunities for Coventry & Warwickshire through the new Government’s strategic economic priorities and plans emerging through the emerging Industrial Strategy, Small Business Strategy, Trade Strategy, and Devolution White Paper. These need to include resource and capacity linked to:

- Building sustainable local supply chains
- Developing green skills and green innovation opportunities
- Internationalisation and intensive support for exporters.