



**SmartRegion**  
Powered by Business Intelligence

# Coventry & Warwickshire Business Intelligence

July 2024

## Contents

<b>1. Executive Summary</b> .....	2
<b>2. Latest Economic &amp; Labour Market Trends</b> .....	3
<b>2.1 Labour Market Trends</b> .....	3
<b>2.2 Economic Trends</b> .....	5
<b>3. Latest CW Growth Hub Insights</b> .....	8
<b>3.1 CW Growth Hub – Support &amp; Enquiries</b> .....	8
<b>3.2 CW Growth Hub – Current Themes</b> .....	9
<b>4. Spotlight: Made Smarter Adoption Programme</b> .....	10
<b>5. Recommendations</b> .....	15
<b>a. Short Term</b> .....	15
<b>b. Medium Term</b> .....	15
<b>c. Long Term</b> .....	16

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 July 2024 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, WM-REDI, and other labour market research and analysis bodies.

## CW Growth Hub Update

**“The inevitable long road to a General Election has concluded with an overwhelming majority for Labour and changes across Coventry and Warwickshire with a whole host of newly elected MPs, all of whom we look forward to working with over the coming years.**

**A central pillar to our new government’s plans is to unlock the UKs growth potential by loosening the planning red tape to convince investors that Britain is open for business, and thus unleash tens of billions of pounds into green industries and housebuilding. In her first speech since becoming Chancellor, Rachel Reeves reiterated that “Growth is now our national mission”, to which the markets responded positively, signalling what a positive impact the end of political instability can bring.**

**Stability will be critical as Labour act to deliver upon its manifesto for change, and evidence shows that consistency and continuity is especially important within the support ecosystem as businesses plan for growth and seek the investment, they need to realise their objectives.**

**With limited fiscal headroom available, it is going to be crucial to organise Government effectively, aligning policies and resources in an efficient way to support growing businesses in partnership with the private sector. Crowding in not crowding out.**

**It will be critical to achieve success and deliver public sector investment for the new Government to mobilise, stabilise and visualise the future ahead expediently, whilst keeping a relentless focus on effective delivery, all of which the Growth Hub network is capable and ready to assist with given the depth and breadth of the businesses we engage with each and every day.”**

**Craig Humphrey, Chief Executive, CW Growth Hub**

## 2. Latest Economic & Labour Market Trends

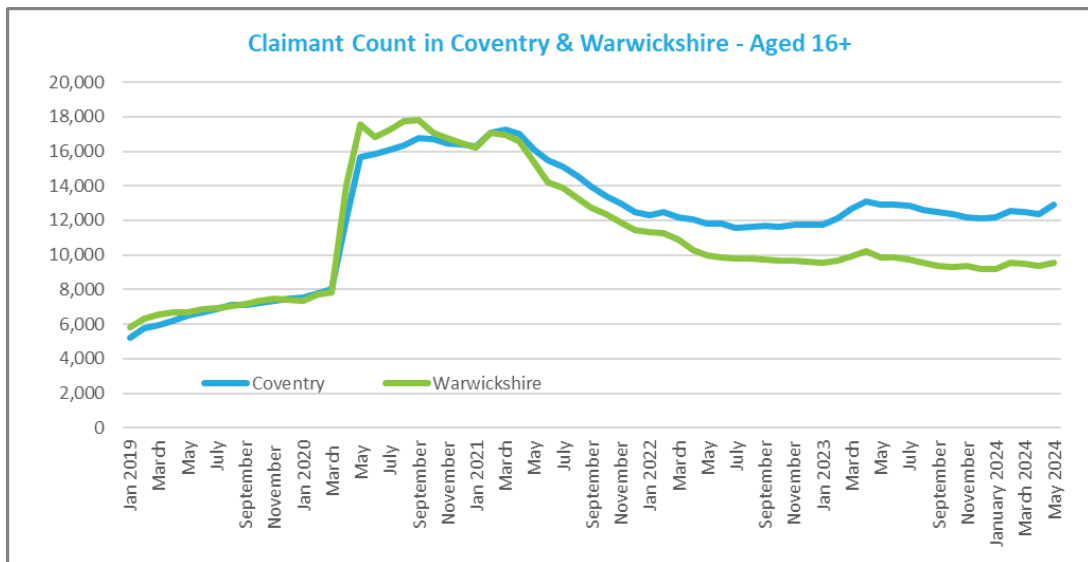
### 2.1 Labour Market Trends

- In May 2024, the claimant count in Coventry & Warwickshire rose to 22,495 people. At the start of the pandemic, over four years ago in March 2020, the claimant count stood at 15,830.

Area	March 2020	May 2023	March 2024	April 2024	May 2024
Coventry	8,000	12,895	12,485	12,385	12,930
North Warwickshire	845	1,015	1,040	1,015	1,025
Nuneaton & Bedworth	2,830	3,200	2,970	3,010	3,130
Rugby	1,535	2,045	1,905	1,900	1,960
Stratford-on-Avon	1,050	1,570	1,600	1,545	1,505
Warwick	1,570	2,050	1,950	1,920	1,945
Warwickshire	7,830	9,880	9,470	9,385	9,565
<b>Coventry &amp; Warwickshire</b>	<b>15,830</b>	<b>22,775</b>	<b>21,955</b>	<b>21,770</b>	<b>22,495</b>

Source: Office for National Statistics

- Over the past twelve months there has been a slight decrease in the claimant count across Coventry & Warwickshire, falling from a total of 22,775 this time last year.



Source: Office for National Statistics

- There continues to be a slowly widening gap between the claimant counts in Coventry and in Warwickshire.
- However, generally, the claimant counts have been relatively flat since the start of 2022.
- The UK claimant count for May 2024 increased on the month and on the year, to 1.629 million.

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

- **The estimate of payrolled employees in the UK for May 2024 decreased by 3,000 (0.0%) on the month** but increased by 167,000 (0.6%) on the year, to 30.3 million.
- **The UK employment rate for February to April 2024 was estimated at 74.3%**, below the estimate of a year ago, and a decrease over the latest quarter.
- **The UK unemployment rate for February to April 2024 was estimated at 4.4%**. The unemployment rate is above estimates of a year ago and up in the latest quarter.
- **Economic inactivity amongst working-aged people increased in the latest quarter, to 22.3%**, and is above the estimate of a year ago.
- **In March to May 2024, the estimated number of vacancies in the UK economy fell by 12,000 on the quarter to 904,000**. Vacancies fell on the quarter for the 23rd consecutive period.

### Job vacancies

Number of job vacancies

Quarterly change: ▼ -12,000

Since Jan-Mar 2020: ▲ 108,000

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

**Source: Vacancy Survey from ONS**

[Read more](#)



*Source: Office for National Statistics*

- **Annual total earnings growth (including bonuses) in Great Britain was 5.9%** in February to April 2024.
- **Annual employee's average regular earnings growth (excluding bonuses) was 6.0%** in February to April 2024.
- **The annual growth in real terms** (adjusted for inflation using Consumer Prices Index, including owner occupier's housing costs (CPIH)), **for total pay was 2.2%** in February to April 2024, **and for regular pay was 2.3%**.
- **There were 17,000 working days lost due to labour disputes in the UK in April 2024.**

## 2.2 Economic Trends

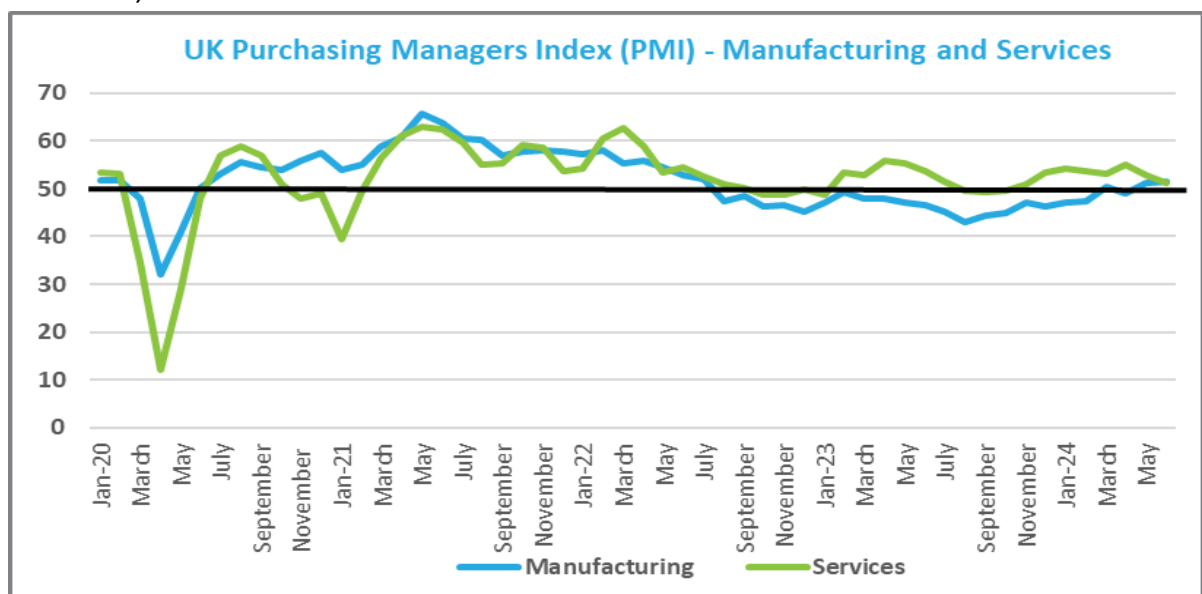
The Economic Development Service at Coventry City Council have compiled the 'Business and Economy Briefing' highlights this month:

### Economic Growth

- **The UK economy stagnated in April with 0.0% growth in GDP.** The wet weather was a factor, with Construction output falling by 1.4% for the month, and Production falling by 0.9%. However, Services saw modest growth of 0.2%, their fourth consecutive monthly growth.
- **The OECD downgraded its forecast for UK growth this year from 0.7% to 0.4%.** It pointed to long-term challenges, such as major **skills shortages, high prices, and high interest rates** for the less optimistic outlook.
- **The British Chambers of Commerce [upgraded its forecast](#) for the UK economy by 0.3% percentage points,** with growth in 2024 and 2025 being revised upwards for the second quarter running from 0.5% and 0.7% respectively to 0.8% and 1.0%.
- **The CBI [posted an even more optimistic revision](#) to its forecast,** saying they expect the UK economy to grow by 1.0% this year, and 1.9% in 2025, compared with their December predictions of 0.8% growth this year and 1.6% in 2025.
- **Whilst inflation fell to the Bank of England's target rate of 2% in June, the Bank of England (BoE) voted to hold the base rate of interest at 5.25%.**

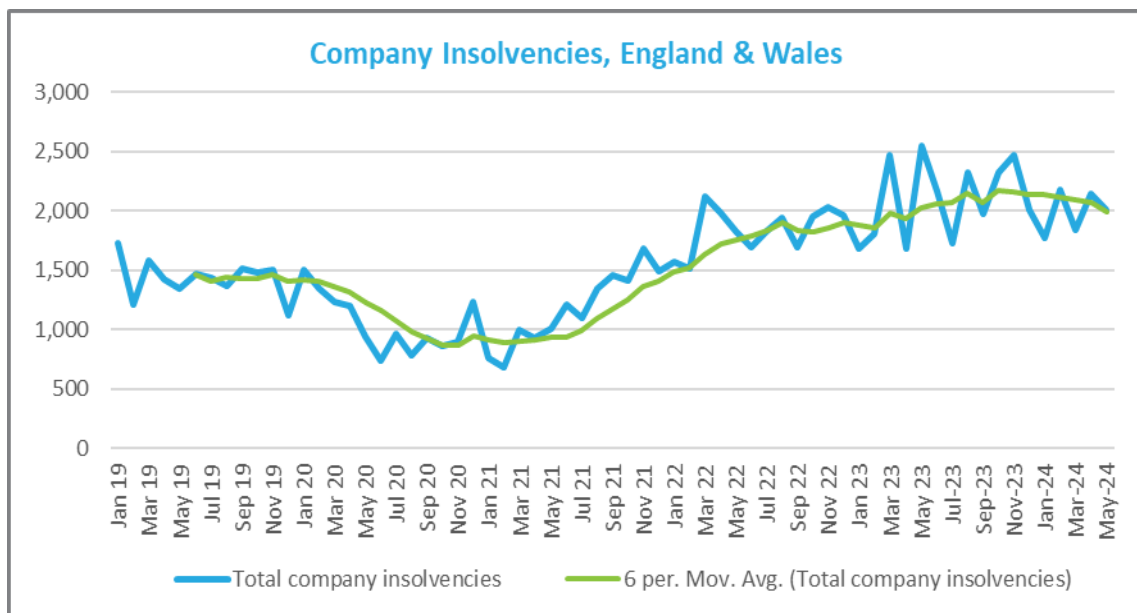
### Business Confidence

- **The UK Purchasing Managers Index (PMI) for manufacturing rose to 51.4 in June from a revised 51.2 in May** (a figure above 50 represents growth, and contraction below 50).



Source: Trading Economics

- Factories noted that **input prices rose the most in 17 months** amid higher prices for metals and paper, which were passed onto consumers through higher output charges.
- **Meanwhile, the services PMI fell to 51.2 in June, from 52.9 in May.** Despite higher customer demand boosting activity levels, respondents noted that this was partly countered by spending decisions being delayed due to the general election.
- **Business activity in the West Midlands continued to steadily expand, according to the [latest NatWest PMI report](#).** The **Future Activity Index** hit a three-year high of 80.5 which makes the **West Midlands the most optimistic region in the UK.**
- In terms of overall performance, **more West Midlands businesses reported a positive position in May, compared with the same month last year, with 26.9% saying that performance had increased, while 18.8% said that it had decreased.**
- **Across the economy, there were 2,006 company insolvencies in May 2024 in England & Wales,** a 21% decrease on the May 2023 number. The overall trend in company insolvencies have levelled in recent months.



Source: UK Insolvency Service

### International Trade

- According to the [latest ONS Business Insights and Conditions Survey \(BICS\)](#) challenges persist for West Midlands firms seeking to trade internationally.
- The [UK's trade statistics for the first quarter of 2024](#) released by the government this month show that the West Midlands outperformed the UK in several metrics.

- **New [government figures for Foreign Direct Investment \(FDI\)](#) in 2023/24 show that the West Midlands was the strongest region outside of London for FDI, with 133 projects in the region. More than a third of these projects (53) took place in Coventry and Warwickshire and created 2,161 new jobs.**

### Business Challenges

- According to the [latest ONS Business Insights and Conditions Survey \(BICS\)](#), **falling demand for goods and services remains the biggest concern** with 22.2% of firms. **Competition** (13.5%) and **price inflation** (7.1%) are also **notable concerns**.
- **Recruitment difficulties and skills shortages continue to prove a challenge for businesses in the West Midlands.**
- The British Chambers of Commerce have [launched the fifth and final report](#) in their 'Future of the Economy' series, entitled, 'Digital Revolution – Connected, Secure, and Dynamic: Navigating Our Digital Future', which looks at the state of the UK's digital connectivity and its preparedness for the risks and opportunities of AI.

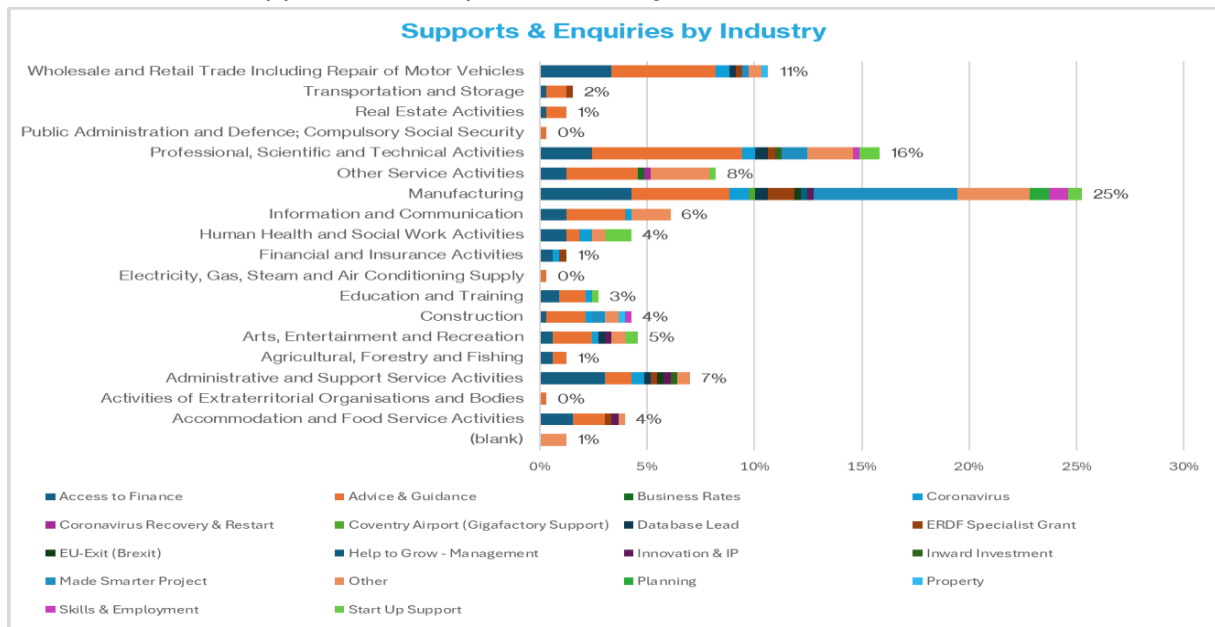


### 3. Latest CW Growth Hub Insights

#### 3.1 CW Growth Hub – Support & Enquiries

Since the start of the Covid-19 pandemic in March 2020, CW Growth Hub has held 7,995 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 **May 2024**. The chart shows the supports and enquiries made by sector.



NB: Figures have been rounded.

**Access to Finance, Advice & Guidance 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 programme, Start-up signposting, and Database Lead Support.**

**The main sectors supported by CW Growth Hub were Manufacturing (25%), followed by Professional, Scientific & Technical Activities (16%), Wholesale & Retail Trade Including Repair of Motor Vehicles (11%), Other Service Activities (8%), and Administrative & Support Service Activities (7%).**

The size profile of businesses supported over the past month consisted of **32.9% Micro businesses (2-9 employees), 27.2% Small businesses (10-49 employees), 26.5% Sole Traders, 13.1% Medium sized businesses (50-249 employees), and 0.3% Large businesses (250+ employees),** with 298 out of 337 businesses stating their size.

There was an **increase in Small and Medium businesses** and a **decrease in Sole Traders, Micro, and Large businesses** approaching CW Growth Hub compared to the previous month. Around 26% of respondents came from businesses that have started trading since 2020, with 295 of 337 businesses stating their incorporation date.

## 3.2 CW Growth Hub – Current Themes

### CW Growth Hub Account Managers reported this month:

#### Local Business Intelligence

- **AI** – Continued growing interest in AI and how it may help with marketing strategies as businesses start to embrace emerging technology to support growth. Businesses highlight the **time savings using AI**, particularly with data analysis. This is creating demand for qualified and suitably experienced AI specialists.
- **Cashflow** – Businesses with longer delivery lead times, dictated by the nature of the business, reporting issues with cashflow management due to only being able to invoice for jobs on completion and then having to **wait 30 or 60 days for payment**, depending on terms.
- **Cost of Living** – Cost of living still proving **challenging for both employees and employers**, particularly highlighted this month by the hospitality sector with continued upward pressure on wage levels in finding and retaining staff.
- **Poor Weather** – Poor weather conditions in Spring and into early Summer **continue to affect businesses in the construction and events sectors** as workers could not access sites or events that were cancelled.

#### Business Needs and Concerns

- **Recruitment** – Varying success in the recruitment of staff felt across the sub-region. Construction businesses stating the biggest issue is the **lack of applicants** for roles with volumes at 10% of pre-Covid levels. The **lack of hybrid opportunities** highlighted as one of the reasons. **Ageing workforces** concerning employers as they look to plan for the future whilst struggling to attract younger talent.
- **Energy Supplies** – A few examples emerging where the costs associated with the installation of gas services and increased electrical power supplies are impacting the growth aspirations of businesses. Some are aware that they will need to bear significant installation costs if they are to upgrade their operations.
- **Apprenticeships** – Support for apprenticeship schemes currently waning as employers feel the courses on offer do not meet their business needs. Examples include those where physical training, such as for electricians, is required and employers are suggesting too much online learning is delivered instead of hands-on experience.
- **Demand for general support** – Coventry & Warwickshire Account Managers are frequently asked for general help with **Capital Grants; Sales & Marketing; Planning Support; and Mentoring.**

#### Economic Shocks or Opportunities

- **Ageing Workforces** – Businesses reporting that older staff members are staying longer in roles due to a lack of younger people applying for certain roles, particularly in traditional engineering occupations.

## 4. Spotlight: Made Smarter Adoption Programme

**This month's spotlight focuses on the Made Smarter Adoption Programme**, giving an overview of the programme nationally and in the West Midlands region, and highlighting some of the results from its first three years.

This section also highlights the programme benefits for businesses, national rollout, and an overview of the proposed next steps for Made Smarter.

### Overview

**Made Smarter was launched to drive “innovation, rapid adoption and stronger leadership”** in industrial digitalisation to support the UK's ambition of becoming a world leader in manufacturing by 2030.

There are two main strands of work in the Made Smarter initiative:

- **The first is the Made Smarter Adoption (MSA)** programme in the North-West, North-East, West Midlands, and Yorkshire and the Humber, which focuses on the adoption of industrial digital technologies (IDTs).
  - **The second strand is the Made Smarter Innovation Challenge**, which focuses on the further development of IDTs.
- Made Smarter is a national business support programme backed by world renowned **businesses and the UK government**.
  - The programme **connects UK manufacturing businesses to the digital tools, leadership, and skills they need to drive sustainable growth for the future**.
  - The programme was launched in the North-West region in 2019 and since then has engaged with **2,500 manufacturers and funded some 340 technology projects**, forecast to have **created 1,550 jobs, upskilled 2,800 existing roles, and increased GVA for the North-West region by £242m**.

### Benefits from the programme

The Department for Business & Trade published an evaluation review report of the Made Smarter programme in 2023, conducted by the Institute for Manufacturing (IfM). The analysis/theory is based on the survey of the beneficiary firms of the Made Smarter Adoption Programme across the regions.

The full report can be accessed here - [Made Smarter Adoption research project](#)

The report details the headline benefits from the programme, which are already starting to deliver positive impacts for those businesses taking part:

- **Skills** – Significant impacts were identified in skills development, with 71% of the firms reporting either moderate or significant positive impacts.
- **Technology Adoption** – 97% of the firms that adopted digital technologies reported benefits. The most frequent benefits obtained were improved production planning efficiency (76%), better use of data (74%), and cost reductions (69%).
- **Additionality** – The firms participating identified that without the financial assistance provided they would have worked on a smaller scale, at a slower pace, or to a lower quality in their digitalisation projects.
- **Business Growth** – Less than half of all the respondents reported increased productivity, maintained profits, and maintained headcount because of their participation in Made Smarter Adoption' although these benefits are expected to take place over a longer time period. Firms awarded a grant were more likely to report turnover and productivity increases.
- **Carbon emissions** – One third of the firms surveyed reported positive impacts on reducing carbon emissions. Fewer product defects, more efficient use of logistics, and lower energy use were the main changes that made the positive impact.
- **Diversity** – Firms with equal or greater levels of female to male representation in leadership roles were more likely to report positive business growth impacts than those without or with lower levels, particularly in safeguarding and growing turnover and increasing benefits.

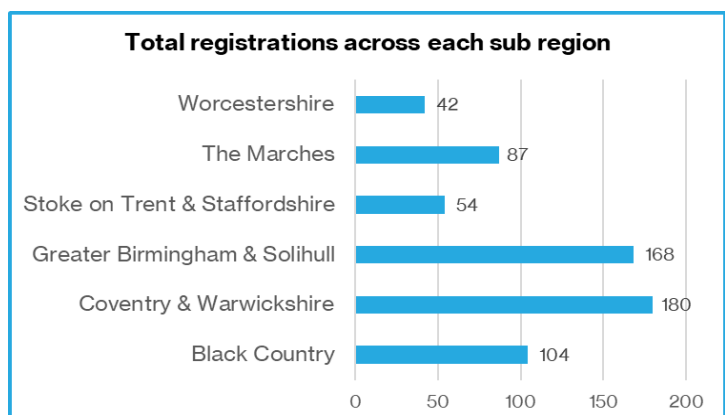
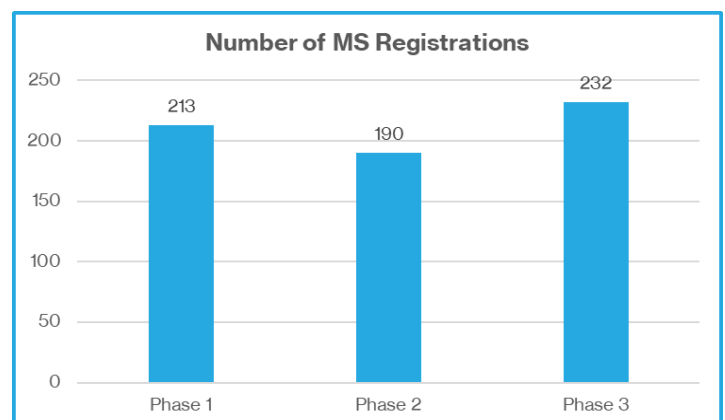
### Made Smarter in the West Midlands

- Made Smarter West Midlands is also focussed on **connecting manufacturing and engineering business with digital technology** to transform the way they work and **improve their productivity**.
- **Coventry & Warwickshire Growth Hub, on behalf of the West Midlands Combined Authority and the Department for Business and Trade**, leads the programme in the region, alongside **Business Growth West Midlands and the Growth Hubs in Worcestershire, Stoke & Staffordshire, and The Marches**.
- Made Smarter West Midlands benefits from the support of a range of **strategic partners, including the Warwick Manufacturing Group (WMG) at the University of Warwick, and the Manufacturing Technology Centre (MTC) in Coventry**, who help programme participants really benefit from the expertise of their Digital Manufacturing Specialists (DTS).
- Programme eligibility criteria for Made Smarter in the West Midlands includes:
  - **Sector: Manufacturing and Engineering**
  - **Location: West Midlands Region**
  - **Number of Staff: Fewer than 250**
  - **Turnover: £36 million (or assets of under or equal to £18 million)**

- Each applicant for the Made Smarter programme is **assessed individually by a regional DTS** who schedules a **face-to-face visit** to learn more about the company’s challenges and their aspirations, and to **create a snapshot** of their current processes. **A ‘Digital Roadmap’ is then developed by specialists from WMG or the MTC for the business to implement.**
- **In terms of funding, 50% match funded grants worth up to £20k** are available to introduce new digital technology into firms, and the DTS’s provide support to facilitate grant applications, ensuring a smooth process and successful outcomes.
- Made Smarter West Midlands recognises that **introducing new digital technology into an established firm** can prove complex and a unique set of leadership skills can be needed to manage the process more effectively.
- To address this, **Made Smarter West Midlands offers Leading Change for Digital Transformation training as part of the programme**, to equip leaders with the skills to help them champion and steer the digital transformation of their business.

### Impact of Made Smarter on the West Midlands Economy

- Made Smarter West Midlands has positively impacted hundreds of businesses across the region, **generating more than £158m in GVA since its launch in 2021.**
- In total, **635 businesses in the region** registered with the programme across its first three phases, with **over £2.2 million worth of grant funding awarded.**
- These results have **effectively established Made Smarter West Midlands as a vital part of the region’s business support ecosystem.**
- The first chart shows the number of Made Smarter registrations across the across West Midlands from the start of the programme.
- The second chart shows the total Made Smarter registrations across West Midlands from the start of the programme, across each sub region.



### The Made Smarter national rollout

- Looking ahead, the previous Government committed to a national roll-out of **Made Smarter given its success in the existing regions.**
- The Government commitment covers **expanding the Made Smarter Adoption Programme to all nine English regions in 2025-26 before launching in Scotland, Wales, and Northern Ireland from 2026-27.**
- **Thousands more SME manufacturers will get access to technology advice, leadership, and skills training, as well as grant funding for digital internships and technology projects.**
- The commitment, alongside plans for **£4.5 billion in funding for British manufacturing, will boost productivity, growth, and decarbonisation** for SME manufacturers across the country.
- The successful blueprint launching in the North-West has inspired **Made Smarter adoption programmes in the West Midlands, North-East, Yorkshire & Humber, East Midlands, and West of England, and should see the whole of the UK able to benefit from the business transformation support programme.**

### Summary

Made Smarter was created following an industry-led review of how UK manufacturing industries could and should transform and prosper through digital tools and innovation. The review made four key recommendations:

- **Leadership** – More ambitious, informed and focused for digitalisation.
- **Adoption** – More widespread adoption of technology across supply chains especially amongst SME makers.
- **Innovation** – Faster innovation and creation of new tech, new companies and value-streams thereby building a digital innovation ecosystem that funds and supports UK innovators and manufacturers.
- **Skills** – Upskilling workforces and identifying future skills.

These recommendations led to the Made Smarter programme which following successful trials can continue to deliver the UK's ambitious plans to grow manufacturing through digital technologies, innovation, and skills.

## Testimonials

**Juergen Maier CBE, Co-Chair of Made Smarter UK said:**

*“At its core Made Smarter helps local manufacturing businesses to innovate, creating new opportunities and technologies in the process. It’s a hugely exciting time and I believe this is truly a once in a generational opportunity to boost productivity and create the high-value, highly paid jobs of the future.”*

**Chris Courtney, Challenge Director of Made Smarter Innovation said:**

*“Our ambition is to support the UK to become a leader in the manufacturing industry and the development of the next generation of technology solutions that will shape how the world works.”*

**Onur Eren, Principal Engineer for Digital Manufacturing at WMG, University of Warwick said:**

*“The Made Smarter West Midlands programme has been an integral part of WMG's digital transformation work with SME manufacturers.*

*In partnership with CW Growth Hub and MTC, our team of exceptionally skilled digital manufacturing professionals have brought significant expertise to the region's manufacturing sector, creating digital strategy roadmaps, and implementing advanced technologies tailored to SMEs' complex requirements.*

*The team’s leadership and dedication has helped around 200 SMEs kick start and implement their digital transformation journeys.*

*The impact of the Made Smarter West Midlands programme cannot be underestimated. We have helped create hundreds of jobs and upskilled many existing roles, empowering the workforce with advanced digital competencies. Additionally, we have witnessed substantial improvements in operational efficiency and successfully solved critical business problems with the help of innovative digital tools.*

*Made Smarter support has ensured that manufacturing businesses can leverage the full potential of digital technologies, setting a new benchmark for digital excellence to continue in our region.”*

## Case Studies

Gathered from across the Made Smarter Programme, and highlighting how industrial digitalisation has transformed manufacturing businesses to date, can be accessed here - [Made Smarter Case Studies](#)

## 5. Recommendations

### July's Golden Recommendation:

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**There is a need for sustained and improved investment in the local and regional business support ecosystem beyond March 2025. A simplified and innovative business support framework, with a commitment to building and evolving it over at least the next decade, will help underpin the new Government's growth agenda.**

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The following recommendations have been derived from analysis of macro-economic and business-level data and intelligence collated from Coventry & Warwickshire stakeholders. We begin with short-term recommendations:

#### a. Short Term

**5.1.a – The long-term uncertainty facing business support funding needs addressing.** UKSPF is due to end in March 2025, and plans for the successor fund need to start swiftly. Moreover, these need to include clarity on future funding for Growth Hubs.

**Successor funding needs to improve on the experience of UKSPF, and have flexibility to cover wider geographical areas, such as being Coventry & Warwickshire-wide.** The funds need to better finance both account management type business support, as well as a sufficient range of targeted support programmes that will enable business growth, innovation, and deliver the sustainable growth of priority economic sectors/clusters in our local economy from next March.

**5.1.b – To further facilitate investment in training, the new Government should make longer term funding available for Local Skills Improvement Plans (LSIPs) and the skills improvement agenda.** Measures should include strengthening the role of FE colleges in the local innovation ecosystem, reviewing the regulation of training providers, and revisiting the flexibility around the Apprenticeship Levy. **The skills agenda should be taken more seriously in underpinning the Government's longer-term growth ambitions.**

#### b. Medium Term

Further initiatives that would help the local economy and the labour market in the medium term include the following recommendations:

**5.2.a – The new Government should provide the necessary investment in the skills required to provide the workforce needed to support the Coventry & Warwickshire and wider West Midlands ambitions to be realised through the West Midlands**



**Investment Zone.** A more coordinated approach is needed between Government, local authorities, schools, colleges, and universities, to ensure skills gaps are identified and adequately planned for.

**5.2.b – The new Government is also urged to continue at pace with the devolution of powers to local areas across the country, 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.

**5.3.c – The Made Smarter programme in the West Midlands has proved a success in driving digital transformation amongst SMEs across the region in recent years. The new Government is urged to deliver on the commitment to continue with the roll-out of Made Smarter nationally, to ensure it builds on manufacturing competitiveness, innovation, and longer-term growth.**

## c. Long Term

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

**5.3.a - Providing high quality support to businesses should be seen as a strategic intervention in both short and long-term economic recovery and success.** It is essential we keep pace with our competitors but in a landscape that is crowded, confusing, and often supplier led, we need to reduce the fragmentation in the business support system. **Taking a longer-term view on support will help give businesses the stability they need and underpin the new Government’s focus on growth.**

**5.3.b – 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.** This needs 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.