



SmartRegion
Powered by Business Intelligence

Coventry & Warwickshire Business Intelligence

June 2024

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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 June 2024 edition of the Coventry & Warwickshire Smart Region report. **With the pre-election period underway, this month's report is shorter than our regular publication, which we will return to next month.**

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

“UK general elections are pivotal events that can reshape the business landscape. Now that the date has been set for the country to go to the polls businesses will be looking at each manifesto to see what it means for them because it is the wealth created by UK PLC, businesses large and small, that will lead to growth and prosperity in the future.

The last election in 2019 was focussed on Brexit which was intended to remove the uncertainty around the UK's departure from the EU, providing businesses with a clear path forward. However, the outcome came with its own challenges around new trade rules, customs procedures, and changes in the labour markets.

Businesses are adaptable and will react to whatever the outcome is, but political stability plays a big role in business confidence assisting them to make informed decisions around long term strategies and investment. The very same sentiment applies to the business support landscape if we are to unlock the ambition, innovation, and capability of our nations SMEs - the backbone of our economy. It is crucial that the ecosystem put in place by government at national level to promote growth and productivity is well funded, long-term, and evidence based. All the parties contesting the election and looking to form the next government acknowledge that they will need to stimulate growth to deliver against their ambitions of investment in public services.

Business leaders have had to cope with multiple challenges over recent years from rapid advances in technology and much needed action on Net Zero alongside the need to be evermore innovative and develop their management and leadership skills. We are fortunate to have a resilient economy across C&W but what they will expect from an incoming government is stability and certainty, so that they can navigate any challenges with greater confidence.”

Craig Humphrey, Chief Executive, CW Growth Hub

2. Latest Economic & Labour Market Trends

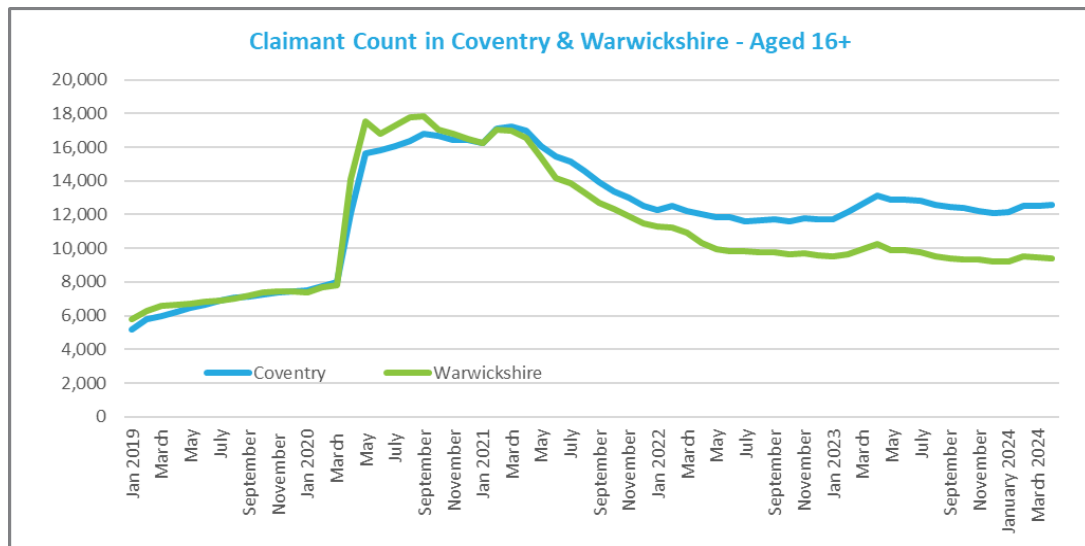
2.1 Labour Market Trends

- In April 2024, the claimant count in Coventry & Warwickshire rose to **22,020 people**. At the start of the pandemic, four years ago in March 2020, the claimant count stood at 15,830.

| Area | March 2020 | April 2023 | February 2024 | March 2024 | April 2024 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Coventry | 8,000 | 13,115 | 12,520 | 12,485 | 12,595 |
| North Warwickshire | 845 | 1,060 | 1,040 | 1,040 | 1,010 |
| Nuneaton & Bedworth | 2,830 | 3,280 | 3,015 | 2,970 | 3,040 |
| Rugby | 1,535 | 2,120 | 1,905 | 1,905 | 1,920 |
| Stratford-on-Avon | 1,050 | 1,675 | 1,595 | 1,600 | 1,530 |
| Warwick | 1,570 | 2,105 | 1,975 | 1,950 | 1,925 |
| Warwickshire | 7,830 | 10,245 | 9,525 | 9,470 | 9,425 |
| Coventry & Warwickshire | 15,830 | 23,360 | 22,045 | 21,955 | 22,020 |

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 23,360 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, overall, the claimant counts have been relatively flat since the start of 2022.
- The UK claimant count for April 2024 increased by 8,900 on the month, and by 29,300 on the year, to 1.579 million.

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

- **The estimate of payrolled employees in the UK for April 2024 decreased by 85,000 (0.3%) on the month** but increased by 129,000 (0.4%) on the year, to 30.2 million.
- **The UK employment rate for January to March 2024 was estimated at 74.5%**, below the estimate of a year ago, and a decrease over the latest quarter.
- **The UK unemployment rate for January to March 2024 was estimated at 4.3%**. 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 22.1%**, and is above the estimate of a year ago.
- **In February to April 2024, the estimated number of vacancies in the UK economy fell by 26,000 on the quarter to 898,000**. Vacancies fell on the quarter for the 22nd consecutive period.

Job vacancies

Number of job vacancies

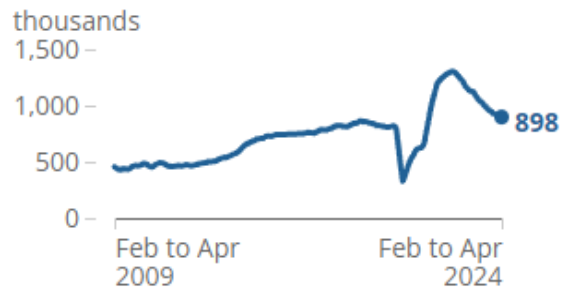
Quarterly change: ▼ -26,000

Since Jan-Mar 2020: ▲ 102,000

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 5.7%** in January to March 2024.
- **Annual employee's average regular earnings growth (excluding bonuses) was 6.0%** in January to March 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 1.7%** in January to March 2024, **and for regular pay was 2.0%**.
- **There were 22,000 working days lost due to labour disputes in the UK in March 2024.**

2.2 Economic Trends

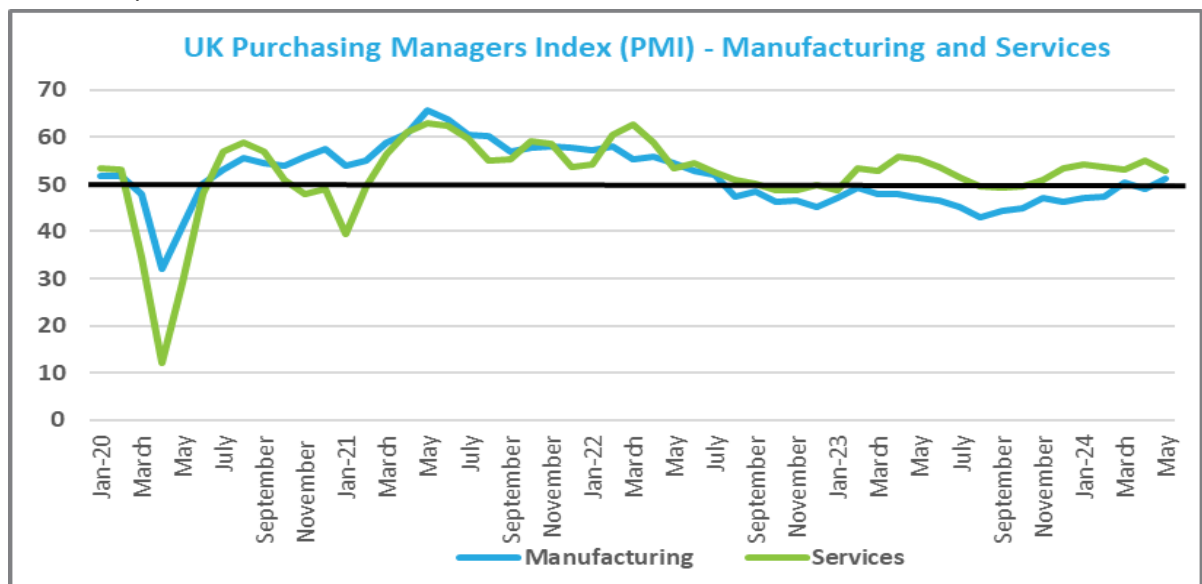
The Economic Development Service at Coventry City Council have compiled the 'Business and Economy Briefing' highlights this month:

Economic Growth

- **The UK economy officially moved out of recession this month, with a 0.6% rise in GDP over the first quarter of 2024.**
- **The IMF has [upgraded its forecast](#) for the UK economy this year, predicting 0.7% growth, a slight upgrade from its 0.5% prediction in April.**
- **The British Chambers of Commerce welcomed the GDP figures, saying that businesses across the UK had been the 'driving force' behind the recovery.** They warned that significant barriers to growth remain, such as inflation, skills shortages, and trade barriers with the EU.
- **The Bank of England which kept interest rates at 5.25% this month, have predicted modest growth for the year, with the economy growing by just 0.6%, [according to its latest forecast](#).**
- **[The OECD](#) has produced a more cautious forecast, projecting 0.4% growth in 2024. They also predict just 1.0% growth in 2025, which would be the lowest growth in the G7.**
- **The rate of inflation dropped to 2.3% in [the latest figures released by the ONS](#), increasing the likelihood of a cut in interest rates before the end of summer.**

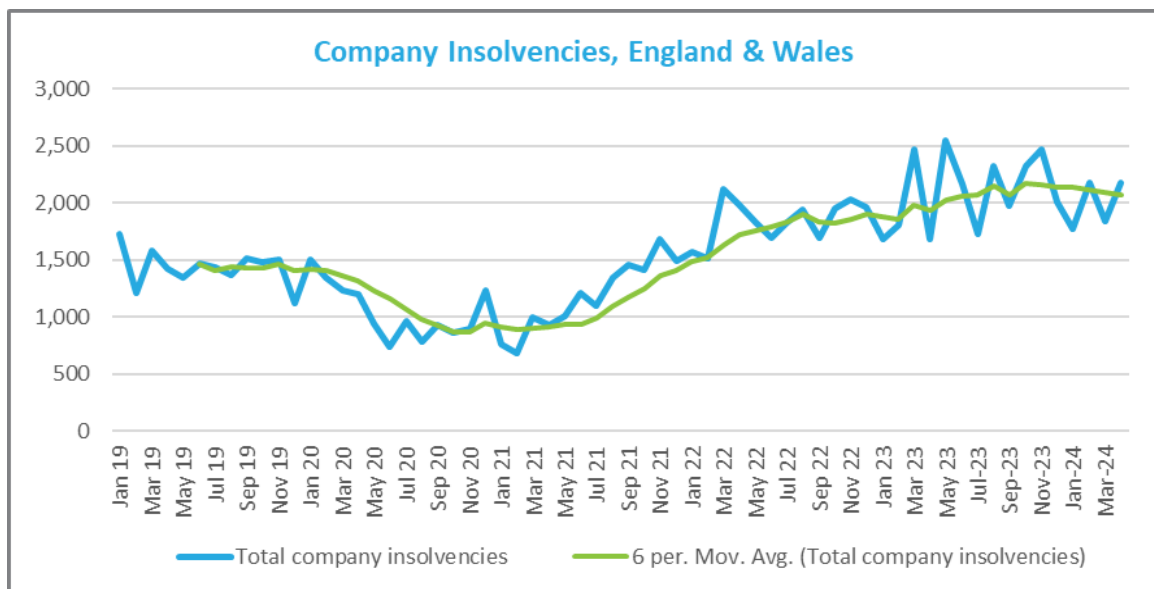
Business Confidence

- **The UK Purchasing Managers Index (PMI) for manufacturing rose to 51.3 in May from a revised 49.1 in April (a figure above 50 represents growth, and contraction below 50).**



Source: Trading Economics

- **The manufacturing sector saw its strongest expansion since July 2022.** Higher output was linked to stronger customer demand and emerging signs of a recovery in both export sales and inventory purchases.
- **Meanwhile, the services PMI fell to 52.9 in May, from 55 in April. Despite the slowdown, the result reflected the seventh consecutive expansion in the UK services sector (a score above 50).**
- **Business activity in the West Midlands continued its steady growth at 55.5 last month, according to the [latest NatWest PMI figures](#), up slightly on the previous month’s score of 52.8.**
- The [latest ONS Business Insights and Conditions Survey \(BICS\)](#) also showed that **more West Midlands firms (28.3%) experienced an increase in turnover over the past month than a decrease (25.0%).**
- **Across the national economy, there were 2,177 company insolvencies in April 2024 in England & Wales, a 18% increase on the April 2023 number. The overall trend in company insolvencies has 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.**
- **Almost a quarter, 24.7%, said they exported less this month than they did a year ago, whilst only 13.0% said they exported more.**

- The latest ONS Business Insights and conditions Survey (BICS) also indicates that around **one in ten internationally trading businesses are still reporting increased paperwork and increasing transport costs as challenges.**
- **Some 7.3% of West Midlands firms are reporting global supply chain disruption,** above the national average of 5.4%. Although half of these firms are attributing this to conflicts in the Middle East, one in ten are still citing post-Brexit processes as a key cause.
- **The deal for the UK to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) [has been fully ratified](#) this month.**
- Joining the Indo-Pacific trade bloc will mean **that 99% of UK goods exports to CPTPP members will be eligible for tariff-free trade.** Other benefits of the deal include **less red tape for services exports, increased flexibility over ‘rules of origin’ for British goods, and cheaper import prices due to reduced tariffs.**
- The [British Chambers of Commerce welcomed the deal](#), saying that it would open up **new opportunities for both inward and outward investment.**

Business Challenges

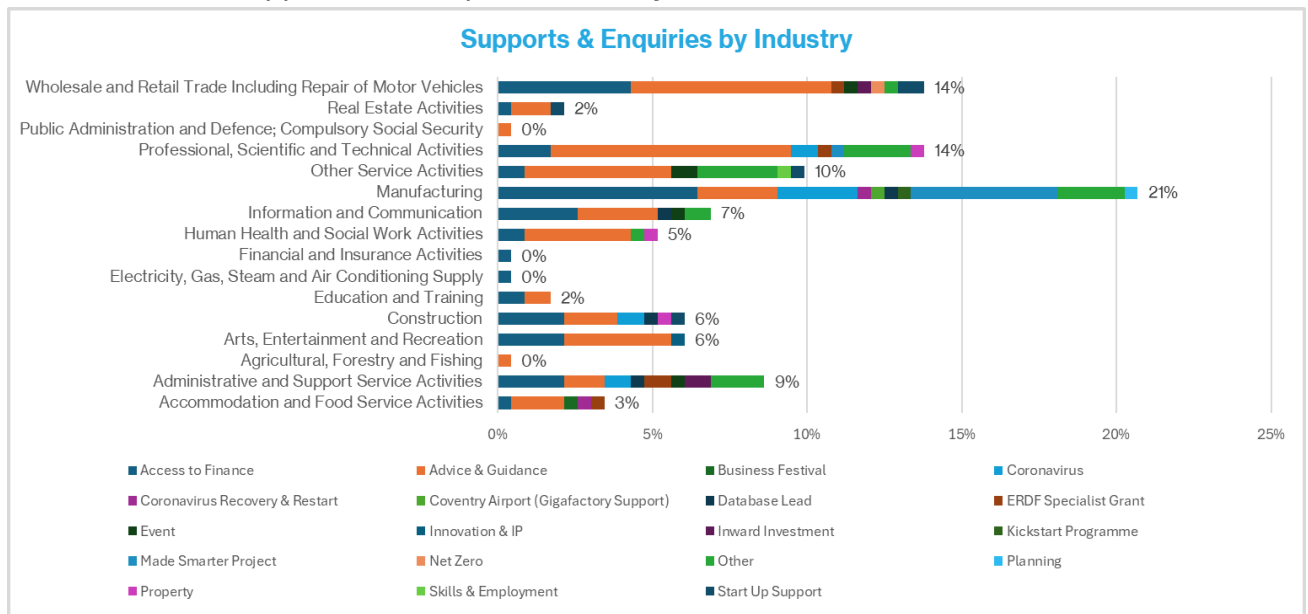
- According to the [latest ONS Business Insights and Conditions Survey \(BICS\)](#), **falling demand for goods and services remains the biggest concern for businesses in the West Midlands**, shared by 22% of firms, up from 21.1% the previous month.
- The survey also shows that **competition (13.4%) remains the second biggest concern, with inflation (7.6%) the third. Interest rates (5.3%) has passed energy prices (4.3%) as the fourth most common concern after the Bank of England decided to keep the Base Rate at 5.25%.**
- **There are growing concerns both locally and nationally about pressures impacting the Higher Education sector** – a key sector for the strength and success of Coventry & Warwickshire’s economy.

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 7,658 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 **April 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, ERDF Specialist Grant, Start-Up, and Event Support**.

The main sectors supported by CW Growth Hub were Manufacturing (21%), followed by Professional, Scientific & Technical Activities (14%), Wholesale & Retail Trade Including Repair of Motor Vehicles (14%), Other Service Activities (10%), and Administrative & Support Service Activities (9%).

The size profile of businesses supported over the past month consisted of **39.1% Micro businesses (2-9 employees), 21.7% Small businesses (10-49 employees), 27.5% Sole Traders, 8.7% Medium sized businesses (50-249 employees), and 2.9% Large businesses (250+ employees)**, with 207 out of 233 businesses stating their size.

There was an **increase in Sole Traders, Micro, and Large businesses** and a **decrease in Medium and Small businesses** approaching CW Growth Hub compared to the previous month. Around 35% of respondents came from businesses that have started trading since 2020, with 194 of 233 businesses stating their incorporation date.

3.2 CW Growth Hub – Current Themes

CW Growth Hub Account Managers reported this month:

Local Business Intelligence

- **Upskilling & Training** – Increased efforts to reduce the need to outsource work to third parties and mitigate the effects of ageing and retiring workforces, have resulted in frequent requests for upskilling and training staff. Interests in training support for the development/maintenance of **Electric Vehicles, AI, and software development**.
- **Cautious Investment** – Businesses are looking to reduce capital expenditure and new equipment investment by **maintaining older machines instead of replacement**.
- **Energy and Net Zero** – High levels of interest for energy audits to identify potential energy savings, and in many cases to **meet strict energy Performance Certificate (EPC)** ratings. Solar, heating system upgrades, replacement windows, energy efficient lighting and roof repairs are the most popular.
- **Tech Industry Collaboration** – Examples of Games developers looking to work with local businesses to develop new ideas, games, and technology leading businesses in the Event Management industry to develop software for large public events.
- **Imposed Costs** – Challenges felt by several suppliers to OEMs, where there is a need to purchase Electronic Data Interchange (EDI) software if they wish to start, or continue, to be approved suppliers. Whilst clear returns on investments, there are obvious cashflow issues that need to be overcome.

Business Needs and Concerns

- **Recruitment** – Challenges in finding sufficient candidates for some Professional Services roles. Meanwhile, the Warehousing sector appears to have more candidates currently than roles available. Examples of recruitment for some Marketing roles put on hold due to cost constraints.
- **Minimum Wage Increases** – Following recent increases in the National Living Wage in April 2024 businesses have felt a knock-on effect as other higher paid employees are expecting the same wage increases. Reports of 20% increases in wage bills.
- **Cashflow** – Businesses with longer delivery lead times, dictated by the nature of the businesses, 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. This presents a dilemma. Change payment terms and risk losing clients or change nothing and risk the business.
- **Demand for general support** – Coventry & Warwickshire Account Managers are also frequently asked for general help with **Capital Grants, Strategy Mentoring, IP Support, and HR Support**.