



SmartRegion
Powered by Business Intelligence

Coventry & Warwickshire Business Intelligence

November 2024

Executive
Summary

Latest Economic
& Labour Market
Trends

Latest CW
Growth Hub
Insights

Spotlight -
Autumn
Budget 2024

Recommendations



Contents

1. Executive Summary	2
2. Latest Economic & Labour Market Trends	3
2.1 Labour Market Trends	3
2.2 Economic Trends	5
3. Latest CW Growth Hub Insights	8
3.1 CW Growth Hub – Support & Enquiries	8
3.2 CW Growth Hub – Current Themes	9
4. Spotlight: Autumn Budget 2024	11
5. Recommendations	17

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 November 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 details of the historic budget, the first in political history to be delivered by a woman, has brought mixed news for businesses despite being focussed on the twin pillars of restoring economic stability and increasing investment. For this to be achieved, the Chancellor has announced that taxes will be rising significantly, and whilst there will not be an increase in national insurance, income tax or VAT, employers will see their NI contributions increased to 15%.

There was a raft of measures announced, designed to drive innovation and make the UK a more attractive target for investment and there is no doubt, on the evidence of survey responses received by the Growth Hub, that employers are concerned about the knock-on effect the higher costs of doing business could have as they seek to recoup costs by reducing salaries and cut back on hiring. Businesses will also have to absorb the increases in the national minimum wage, which will close the gap between the age bands and gradually move towards a single minimum wage for all adults. With the increased NI designed to protect small businesses, changes to the Business Asset Disposal Relief, formerly called entrepreneurs relief, has caused concern with Start Ups who believe the changes will make Britain a less profitable location in which to set up.

The redefinition of debt in the fiscal rules has paved the way for a large increase in capital investment, which it is hoped will crowd in private sector investment, but there is little room for error should the economy underperform, or new spending pressures arise, and the immediate rise in market rates will have caused some concern in the Treasury.

The budget signalled a clear shift away from hiring incentives toward public investment in the hope that better funded public services can outweigh the negative effects of higher taxes. So, after the budget, the question that we will need to wait to be answered is what this budget means for GROWTH rather than business.”

Craig Humphrey, Chief Executive, CW Growth Hub Group

2. Latest Economic & Labour Market Trends

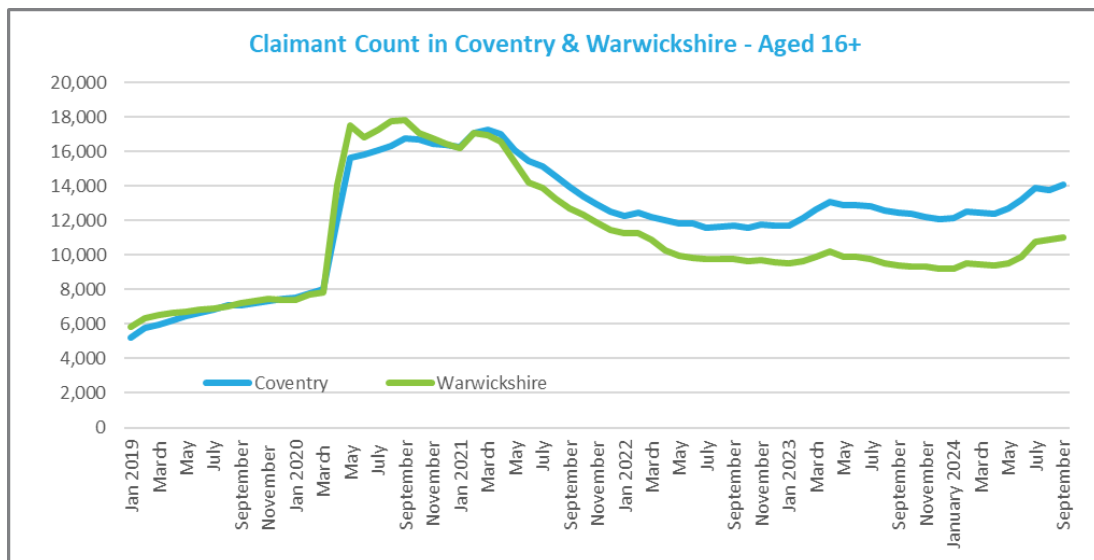
2.1 Labour Market Trends

- **In September 2024, the claimant count in Coventry & Warwickshire rose to 25,050 people.** At the start of the pandemic, over four years ago in March 2020, the claimant count stood at 15,830.

Area	March 2020	September 2023	July 2024	August 2024	September 2024
Coventry	8,000	12,455	13,925	13,785	14,055
North Warwickshire	845	955	1,095	1,120	1,100
Nuneaton & Bedworth	2,830	3,075	3,495	3,575	3,610
Rugby	1,535	1,945	2,175	2,170	2,195
Stratford-on-Avon	1,050	1,495	1,720	1,785	1,775
Warwick	1,570	1,925	2,260	2,255	2,320
Warwickshire	7,830	9,390	10,750	10,900	10,995
Coventry & Warwickshire	15,830	21,845	24,675	24,685	25,050

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 21,845 this time last year.



Source: Office for National Statistics

- Coventry's claimant count is currently the highest since September 2021, whilst in Warwickshire it is the highest since March 2022. We will monitor the current upticks over the coming months.
- **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 September 2024 increased on the month and on the year, to 1.797 million.

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

<p>Payrolled Employees </p> <p>The estimate of payrolled employees in the UK for September 2024 decreased by 15,000(0.0%) on the month and increased by 113,000(0.4%) on the year, to 30.3 million.</p>	<p>Employment Rate </p> <p>The UK employment rate for June to August 2024 was estimated at 75%, above the estimate of a year ago, and an increase over the latest quarter.</p>
<p>Unemployment Rate </p> <p>The UK unemployment rate for June to August 2024 was estimated at 4%. The unemployment rate is below estimates of a year ago and decreased in the latest quarter.</p>	<p>Economic Inactivity </p> <p>Economic inactivity amongst working-aged people decreased in the latest quarter, to 21.8%, and remains below the estimate of a year ago.</p>
<p>Earnings Growth </p> <ul style="list-style-type: none"> • Annual total earnings growth (including bonuses) in Great Britain was 3.8% in June to August 2024. • Annual employee's average regular earnings growth (excluding bonuses) was 4.9% in June to August 2024. 	

- **In July to September 2024, the estimated number of vacancies in the UK economy fell by 34,000 on the quarter to 841,000.** Vacancies fell on the quarter for the 27th consecutive period.

Job vacancies

Number of job vacancies

Quarterly change: ▼ -34,000
 Since Jan-Mar 2020: ▲ 45,000

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 total pay was 0.9% in June to August 2024, and for regular pay was 1.9%.**
- **There were 31,000 working days lost due to labour disputes in the UK in August 2024.**

2.2 Economic Trends

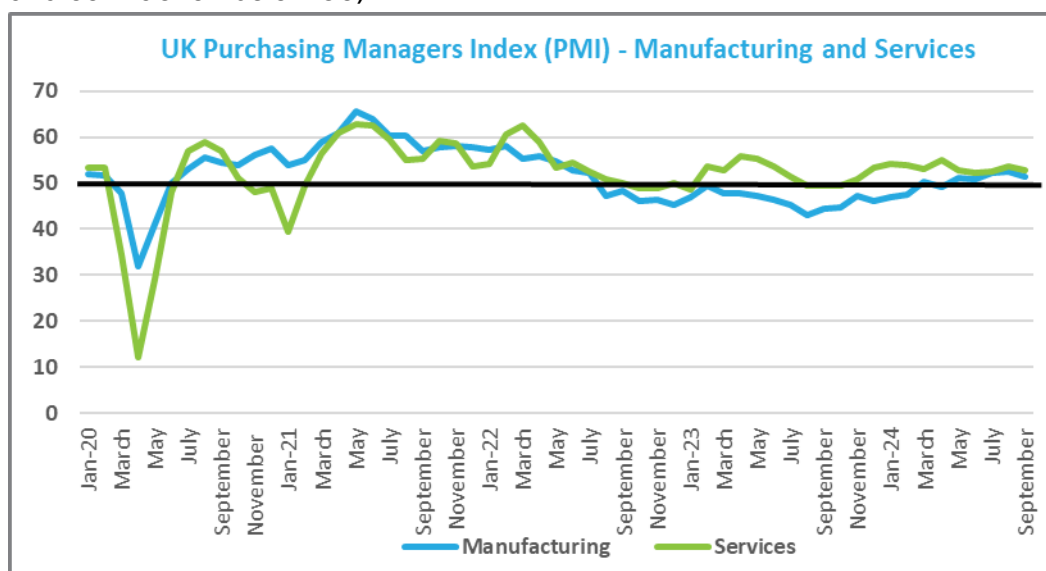
The Economic Development Service at Coventry City Council have compiled the 'Business and Economy Briefing' highlights this month:

Economic Growth

- [According to the Office for National Statistics \(ONS\)](#), UK GDP grew by 0.2% in August following the previous two months of zero growth.
- [UK inflation dipped to 1.7% in September](#), the first time it has dropped below the Bank of England's target of 2% since 2021.
- The government hosted business leaders from around the world on 14th October for an International Investment Summit, in a bid to sell UK plc globally and to launch the [Green Paper](#) for its new Industrial Strategy.
- The [FSB said it was a refreshingly thoughtful approach](#) to UK industrial policy but for the strategy to be successful, the FSB argues that it needs to be responsive to the whole supplier base, and also provide a positive platform for small and medium sized firms.
- The [SMMT says that with the right conditions](#), the Automotive sector has the potential to deliver an economic boost worth more than £50bn over the next decade.
- The [British Chambers of Commerce said that the strategy was a key plank](#) of the UK's future growth agenda, and is vital in securing the long-term stability that businesses need to plan ahead and invest.

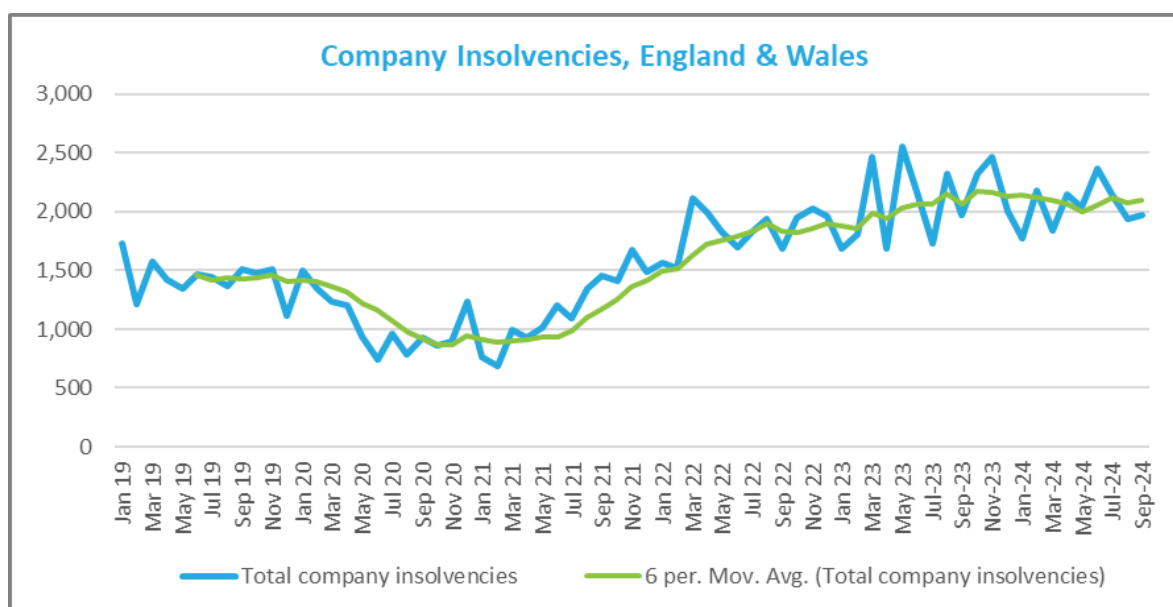
Business Confidence

- **The UK Purchasing Managers Index (PMI) for manufacturing decreased to 50.3 in October, from 51.5 points in September** (a figure above 50 represents growth, and contraction below 50).



Source: Trading Economics

- **Growth in manufacturing slowed for the second consecutive month, reaching its lowest level in six months. New orders fell back into contraction, hit by a sharp decline in goods orders from abroad.**
- **Meanwhile, the services PMI also decreased, to 51.8 in October, from 52.4 in September.** Excess capacity, cost-cutting pressures, and broad concerns over the economic outlook drove service providers to shed jobs at the fastest pace in thirteen months.
- According to the [latest NatWest Regional Growth Tracker report](#), **the rate of growth of business activity in the West Midlands fell back to 51.2 in September – the same value it was in July before rising to 52.2 in August.**
- Monitored businesses suggest that new client wins and repeat orders from existing customers have supported output growth. However, WM business activity is growing at a slower rate than nationally.
- [According to C&W Chamber of Commerce](#) there have been big swings in goods exports figures over the past month. The volume of UK goods exported rose by 10.8% in August to complete a three-month period of two double-digit increases either side of a double-digit dip.
- A [new report from the Faraday Institution](#), suggests that while the UK remains an attractive location for battery manufacturing, it is currently trailing behind its European counterparts.
- **Across the economy, there were 1,973 company insolvencies in September 2024 in England & Wales**, a 7% decrease on the September 2023 number. The overall trend in company insolvencies has been relatively level over the past fifteen months



Source: UK Insolvency Service

Business Challenges

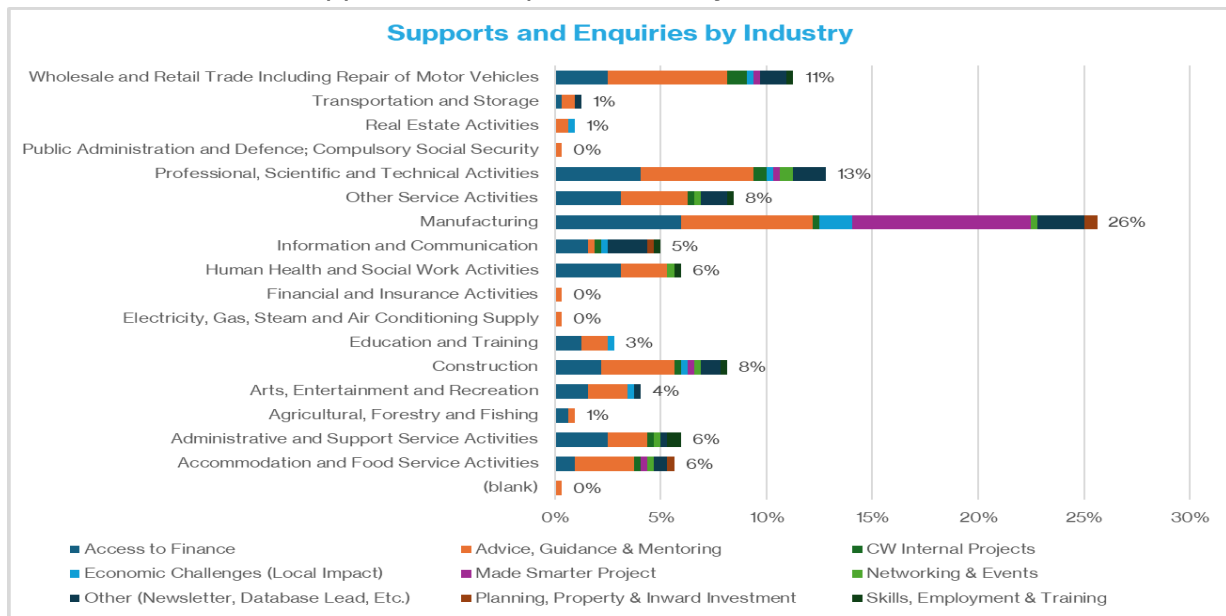
- According to the [latest Business Insights and Conditions Survey \(BICS\) from the ONS](#), **around one in five businesses in the West Midlands have been impacted by severe weather in the last 12 months**, but only a quarter of firms have taken action to adapt to climate change.
- However, **fewer West Midlands businesses are saying they are concerned about the impact of climate change on their business. In the latest survey, half of firms (51.2%) said they are either very concerned or somewhat concerned about the impacts that climate change may have.**
- Finally, in relation to innovation, dozens of leading research and industry groups have written to the Chancellor **to warn against cuts to research funding, highlighting the significant deleterious effects these would have on UK R&D and its subsequent knock-on effect on future long-term economic growth.**

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 9,306 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 **September 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 (26%), followed by Professional, Scientific & Technical Activities (13%), Wholesale & Retail Trade including Repair of Motor Vehicles (11%), Construction (8%), and Other Service Activities (8%).

The size profile of businesses supported over the past month consisted of **33% Small businesses (10-49 employees), 32% Micro businesses (2-9 employees), 25% Sole Traders, 9% Medium sized businesses (50-249 employees), and 1% Large businesses (250+ employees)**, with 264 out of 320 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 22% of respondents came from businesses that have started trading since 2020, with 258 of 320 businesses stating their incorporation date.

3.2 CW Growth Hub – Current Themes

CW Growth Hub Account Managers reported this month:

Local Business Intelligence

- **Energy Costs** – Businesses are continuing to look at ways to avoid passing increased costs to customers, reducing their energy consumption, and taking up locally available free energy audits and grant schemes.
- **Exports** – There is a mixed performance amongst regional exporters. Retailers, who see seasonal peaks such as Christmas time, also reporting a decline in sales of their products to Europe.
- **Public Sector Procurement** – Reports from some businesses of a slowing or halt in procurement activities amongst public sector bodies in the period before the general election, causing disruption and impacting on businesses ability to plan.
- **Leaning on suppliers** – Businesses involved in the import & distribution of goods leaning in on more favourable and extended payment terms to navigate the challenging economic climate.
- **Supply Chain Engagement** – Strong appetite amongst local manufacturers for collaboration with the region’s materials supply chain to understand local sourcing.
- **Stockpiling Materials** – Engagement with businesses that are stockpiling materials continue, particularly aluminium and other metals to ensure they can keep up with demand and maintain healthy order books.
- **CBAM** – One feedback on the Carbon Border Adjustment Mechanism (CBAM) impact was, “It is a very onerous subject, and it will affect all exporters eventually. It could be an extra tax of up to 20-30% of the product value.
- **Demand for General support** – C&W Growth Hub Account Managers are frequently asked for general help with **Grant Funding; Start Up Support; Skills; Mentoring; Business Planning; and Premises searches.**

Business Needs and Concerns

- **Recruitment** – Frequent requests for support filling roles such as business transformation specialists, forklift drivers and management positions. However, issues with candidates not turning up on planned start dates or for interviews.
- **Losing out to multi-nationals** – Businesses are seeking support with bid writing for contract tenders as inexperience or a lack of understanding of what is required is leading to smaller sub-regional SME’s losing out to larger national or foreign businesses. Construction businesses also highlighted this issue this month.

- **Growth Challenges** – Support offered to a large regional provider of recyclable food packaging that thrived during the Covid-19 pandemic. Looking for larger premises and the recruitment of key management roles to support.
- **Delivery Lead Times** – Businesses reliant on manufacturers supplying products promptly being impacted by materials shortages or production delays, in turn affecting installation lead times with their own customers.
- **General Concerns** – Coventry & Warwickshire Growth Hub Advisors and Account Managers are frequently hearing ongoing concerns about:
 - **Retention of staff** and seeking advice around motivating good employees.
 - **Cashflow issues** and the best ways to manage and mitigate risks.
 - **Lack of reasonably priced and suitable commercial premises.**
 - **Securing high quality apprentices.**

Economic Shocks or Opportunities

- **October Budget** – Concerns from businesses regarding the new government's Autumn Budget and measures in it. Smaller businesses concerned that any further increase in minimum wages may affect viability, especially if they are not able to pass costs directly on to customers (see Section 4 for further details).
- **Postage Costs** – Businesses relying on Royal Mail services are highlighting dissatisfaction with the planned increase of postage to £1.65 for First Class mail, a cost that has almost doubled since 2021. Many forced to offset costs or seek alternatives to mitigate the impacts.

4. Spotlight: Autumn Budget 2024

This month's spotlight focuses on the recent Autumn Budget 2024. The Chancellor delivered Labour's first Budget since 2010, after the party's return to power in July's general election.

In this section we focus on the key impacts from the Autumn Budget and reaction from business representatives, including those in Coventry & Warwickshire.

The full text of the Autumn Budget Statement can be found here - [Autumn Budget 2024](#)

UK Growth, Inflation and Debt

- The Office for Budget Responsibility (OBR) **predicts the UK economy will grow by 1.1% this year, 2.0% next year, and 1.8% in 2026.**
- **Inflation** is predicted to average **2.5% this year, 2.6% next year**, before falling to **2.3% in 2026.**
- The official definition of UK government debt loosened by including a wider range of financial assets, such as future student loan repayments.
- According to the OBR, **budget policies will increase UK borrowing by £1.96bn this year**, and by an average of **£32.3bn over the next five years.**

Taxation

- **Rates of income tax and National Insurance (NI) rates** paid by employees, and of VAT, **remain unchanged.**
- **Income tax band thresholds to rise in line with inflation after 2028**, preventing more people moving into higher bands as wages rise.
- Basic rate **capital gains tax will increase from 10% to 18%** - the higher rate will increase from 20% to 24%.
- **Inheritance tax threshold freeze extended by further two years to 2030**, with unspent pension pots also subject to the tax from 2027.
- Exemptions when inheriting farmland to be made less generous from 2026.
- **Companies to pay NI at 15%** on salaries above £5,000 from April, up from 13.8% on salaries above £9,100, raising an additional £25bn a year.
- **Employment allowance to increase from £5,000 to £10,500** – will allow smaller companies to reduce their NI liability.
- **Tax paid by private equity managers** on share of profits from successful deals to rise from up to **28% to up to 32% from April.**
- **Main rate of corporation tax**, paid by businesses on taxable profits over £250,000, to **stay at 25% until next election.**
- The **Non-domiciled Tax Regime to be abolished from April 2025.**

Wages, Benefits and Pensions

- Legal minimum wage for over 21's to rise from **£11.44 to £12.21** per hour from April.
- Rate for **18 to 20-year-olds** to go up from **£8.60 to £10**, as part of a long-term plan to move towards a “single adult rate”.
- **Basic and new state pension payments to go up by 4.1%** next year due to the “triple lock”, more than working age benefits.
- The maximum earning threshold for full-time carers increased from £151 to £195 a week.
- The government will provide £1bn from next year to extend the Household Support Fund and Discretionary Housing Payments.

Business Support

- The **UK Shared Prosperity Fund** will continue at a reduced level for a further year, with **£900 million of funding**.
- Extension of the **Innovation Accelerators into 2025-26** to continue to bolster high-potential innovation clusters in the **West Midlands, Glasgow City Region, and Greater Manchester**.
- The government will also commit **over £200m of funding in 2025-26 for Growth Hubs in England and Help to Grow: Management** to help businesses and entrepreneurs unlock their potential through bespoke support and resources.
- Funding for the **Made Smarter** Adoption programme will double **to £16m in 2025-26**.
- Over **£1bn across 2024-25 and 2025-26 for the British Business Bank** to enhance **access to finance for small businesses**, including over £250 million each year for small business loans programmes, including Start Up Loans and the Growth Guarantee Scheme.

Other Budget Headlines:

i) Schools and Education

- £6.7bn of capital investment which includes, **£1.4bn to rebuild more than 500 schools** in the greatest need.
- The **school budget will increase by £2.3bn** to support the hiring of teachers.
- There will be **£2.1bn for school maintenance**, a £300m increase.
- **£1bn increase in funding for special education needs** along with **£300m for higher education**.
- **£1.8bn to support the expansion of government-funded childcare**, with a further **£15m of capital funding to expand school-based nurseries**.
- **£40m** to help transform the **Apprenticeship Levy into a Growth and Skills Levy**.
- **VAT will be applied to private school fees** from January 2025.

ii) Transport

- **5p cut in fuel duty** on petrol and diesel brought in by the Conservatives **extended** for another year.
- **£2 cap on single bus fares in England to rise to £3 from January**, outside London and Greater Manchester.
- Commitment to **fund tunnelling work to take HS2 high-speed rail** line to Euston station in Central London.
- Extra **£500m next year for road maintenance**.
- Vehicle Excise Duty paid by owners of all but the most efficient new petrol cars to double in their first year, to encourage shift to electric vehicles.
- **Over £650m of funding for local transport** beyond City Region Sustainable Transport Settlements in 2025-26.

iii) Drinking and Smoking

- **New tax of £2.20 per 10ml of vaping liquid** to be introduced from October 2026.
- Tax on tobacco to increase by 2% above inflation, and 10% above inflation for hand-rolling tobacco.
- **Tax on non-draught alcoholic drinks to increase** by the higher RPI measure of inflation, but **tax on draught drinks cut by 1.7%**.

iv) Government Spending and public services

- Day-to-day spending on **NHS and education in England to rise by 4.7%** in real terms this year, before smaller rises next year.
- **Defence spending to rise by £2.9bn** next year.
- **£1.3bn extra funding next year for local councils**, which will also keep all cash from Right to Buy sales from next month.

v) Housing

- **Stamp duty on second homes will increase from 3% to 5%**, from 31st October.
- Point at which house buyers start paying **stamp duty on a main home to drop from £250,000 to £125,000 in April**, reversing a previous tax cut.
- Threshold at which **first-time buyers pay the tax** will also drop back, **from £425,000 to £300,000**.
- **£1bn to remove dangerous cladding**.

vi) Innovation and Key Sectors

- Over **£2bn** spread over 5 years to support the **automotive sector** including the **zero-emissions vehicle manufacturing sector and supply chain**.
- **£975m** for the **aerospace sector** over 5 years to fund vital research and development for the latest aerospace technology.

- Up to **£520m** for a new **Life Sciences Innovative Manufacturing Fund** to drive growth and build resilience for future health emergencies.
- **£3m** to expand the **Creative Careers Programme**.
- **£3.9bn** in 2025-26 for **Carbon Capture, Usage and Storage Track-1** projects.
- Government is also investing over **£500m** in 2025-26 to deliver **Project Gigabit** and **Shared Rural Network** to drive the further rollout of digital infrastructure.

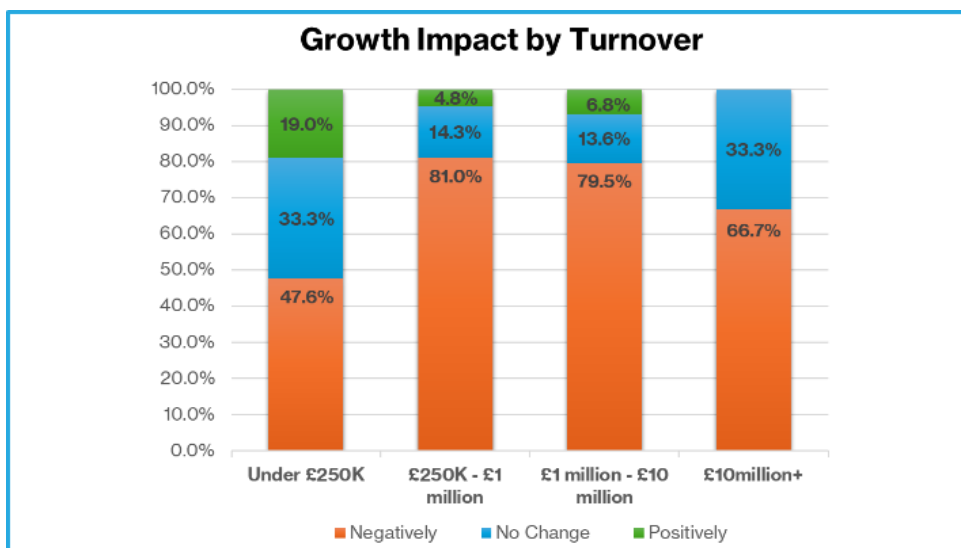
vii) Other Measures

Other funding commitments to improve public sector productivity included:

- **£11.8bn** allocated to compensate **victims of the infected blood scandal**, with **£1.8bn** set aside for wrongly prosecuted **Post Office sub-postmasters**.
- Extra spending in England will lead to **£3.4bn more for Scotland, £1.7bn more for Wales, and £1.5bn more for Northern Ireland** in devolution payments.
- The incentives for **Electric Vehicles in Company Car Tax will be retained**.
- The rate of the **Energy and Profits Levy** on oil and gas companies will increase from **35% to 38%**.
- Capital Gains Tax for Business Asset Disposal Relief and Investors’ Relief will rise gradually to 14% from 6 April 2025.

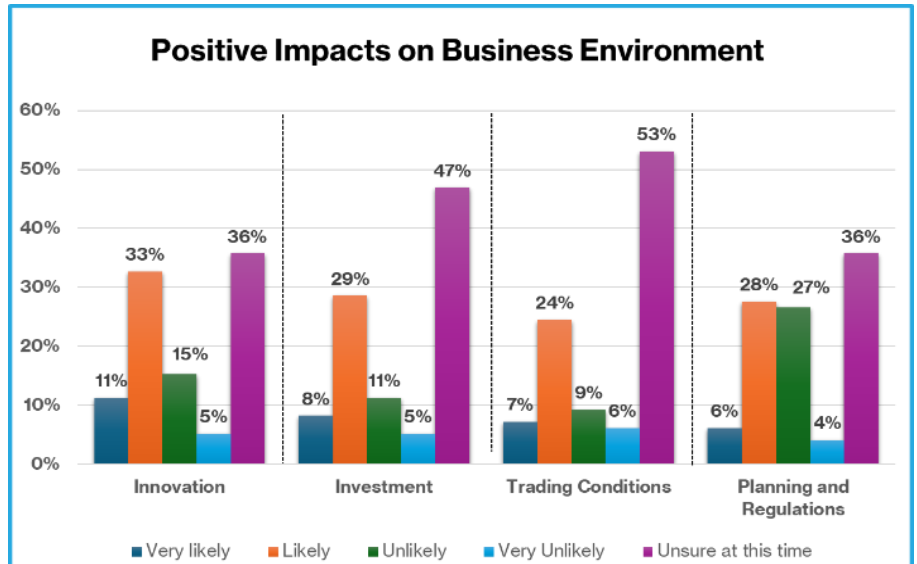
Coventry & Warwickshire SME Business responses to the Autumn Budget

CW Growth Hub engaged with a range of local SMEs following the Budget statement to gauge opinion on the announcements and give the businesses an opportunity to share their early indications of how they will be impacted. Ninety-eight Coventry & Warwickshire businesses responded to the online survey between 3rd and 11th November.



From the responses received, around 80% of SMEs with a turnover between £250k-£10m, think that the Autumn Budget will negatively affect their future growth plans.

- Most SMEs remain unsure about the positive impacts of the Autumn Budget on their business, especially around future trading conditions.
- However, 44% see very likely, or likely, positive impacts around innovation, whilst 37% thought the same around future investment.



- Below is a snapshot of some of the verbatim positive comments shared by CW SMEs.

“The change to APR will drive more agricultural businesses to take professional advice. As an experienced advisor and a sole trader my cost base is lower than many others in the market and so I have a competitive edge.”

“Change in BPR may force more parties to sell their companies.”

“NI changes could see more businesses open minded to using our outsourced services to reduce costs..”

“The changes to entrepreneur tax relief will hopefully mean that business are more willing to accept acquisitions, which will again help with our growth plans.”

“Businesses may need to borrow more.”

“It perhaps could have been worse”

“Focus on research.”

“Will need to get creative”

“No real positive changes”

“Encourage global investment.”

“Shift Focus to North America.”

“If the planning system can be improved then that is likely to help.”

“R&D relief.”

“Business rate relief. Green energy employment allowance.”

“NI Employers Allowance and generally neutral nature of the budget will benefit economic confidence.”

“Additional staff in Planning departments, but this will take a couple of years to be felt.”

“NHS investment, Great British energy set up, Govt R&D spending.”

“Our business is recession and economic crisis proof to an extent because crime tends to increase in low economic times.”

“Investment in growth, investment in NHS will grow the biotechnology market.”

“The increased cost of people may prompt us to prioritise efficiencies and developing (or buying in) software to improve automation. In the mid-long term this may work out positively for the business although it doesn’t feel like it at the moment.”

Below is a selection of the comments from CW SMEs on potential negative impacts from the Budget statement:

“The CGT rate has increased (20%) for the sale of businesses from 20% to 24%, with a reduction in the BADR relief. The Employers NIC will reduce the growth prospects of our clients and valuations will be lower.”

“Employer NI - specifically the drop from £9100 to £5000.”

“Pensions, Inheritance & Long-Term Business Succession Tax changes.”

“Cost of hire, cost of having to retain bad hires, reduction on productivity, impacts on our clients businesses will also reduce desire to invest in their people which could crash our business.”

“Reduced Hiring and growth opportunities.”

“Employers NIC under 21 wages costs will cease apprenticeships for us”

“Capital gains tax on business assets.”

“Corporation tax.” **“Employee rights.”**

“NI and minimum wage increase.”

“Costs.” **“IHT business relief.”**



“The changes to the National Living Wage and NIC will constrict spending in many agricultural businesses if they plan at all. This has also been coupled with funding changes at DEFRA and a steepening of the withdrawal of the previous subsidy regime which will be hard to adjust for..”

“Inc tax for creating jobs forces less job creation just as mass redundancies hit the UK.”

“Smaller SMEs may struggle to survive.”

“Impacts the hospitality sector without doubt, impacts growth and development of premises.”

“Putting an extra tax on employing people will not help, we will just not employ anyone and that is likely to be we don't grow in a way we might have.”

“Build capacity outside the UK.”

“Everyone I speak to looks to retire and get out of manufacturing as not strategy or control of cheap imports. 90% of heat pumps come from China, 80% of batteries, Most of JLR is outsourced. What chance do we have?”

“No help for first time homebuyers, so the market will take time to recover. Interest rates are likely to remain at current levels for longer.”

“Nothing helpful for a private company in my sector despite working in Health & social care which is desperate for reform and funding and staff.”

“Lack of incentives for individuals looking to start or expand a business.”

“Introduce automation and AI and upskill existing staff to do more rather than employing new staff.”

Business Support Responses to the Budget Statement

Rain Newton-Smith, CBI Chief Executive said:

“A tough Budget for business”, as “increases to the employer cost base” such as higher National Insurance contributions “will increase the burden on business and hit the ability to invest and ultimately make it more expensive to hire people or give pay rises.”

Tina McKenzie, Policy Chair at the Federation of Small Businesses, said:

“It showed “a clear direction in business policy now for the whole of this Parliament to target support at small businesses, rather than big corporates.” The response welcomed increasing the employment allowance for small businesses, a freeze in the small business multiplier for business rates, plans for a small business strategy command paper, and a freeze in fuel duty as all beneficial to small business. However, the FSB also warned that larger small and medium-sized businesses will struggle with increased employer National Insurance contributions on top of the large costs from the Government’s employment law plans.”

5. Recommendations

November's Golden Recommendation:

The recent Budget statement sets 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 partnerships so that these can co-develop the detailed options and plans around organisation, structures, enablers, and governance.

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-term uncertainty facing business support funding needs addressing.

UKSPF has been extended for twelve months beyond March 2025, albeit at a much-reduced level, and plans for successor funds need to start swiftly. Moreover, these need to include clarity on longer-term future funding for Growth Hubs, currently being sought from Government through the Growth Hub Network.

5.b – 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 ambitions around business support, skills, and infrastructure.

5.c – The Budget announced some reductions to funding allocations for cultural and inward investment activities in the West Midlands area. There is a need for clarity around how we get the right amount of funding in place to regenerate regional and local cultural assets for the future.

5.d – There were positive announcements in the Budget on the automotive, aerospace, and life sciences sectors. Clarity is now needed on how future funding will be allocated and given 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. 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 – The new Government is urged to continue at pace with the fullest 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.h – 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.i – 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 that will emerge through the Industrial Strategy. 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.