CW Growth Hub

SmartRegion
Powered by Business Intelligence

Coventry & Warwickshire Business Intelligence

February 2024

Contents

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 February 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

"With lighter evenings on the horizon and Spring around the corner, we can look forward to leaving the darkness of winter behind but can the same be said of the UK economy?

The UK fell into recession in the second half of 2023 with weaker than expected growth and a contraction of 0.5% in the latter part of the year. Many commentators have referred to the contraction as a "technical recession" and others have labelled the UK as a "stagnation nation" with the output of every main sector in the economy falling, with manufacturing, construction and wholesale being the biggest drags on growth. Excluding the pandemic year of 2020, last year marked the weakest year for economic growth since the aftermath of the financial crisis.

Whilst some believe there to be precious few signs of the recovery needed to get the economy firing again, that is not the view of the Bank of England who have hinted that Britain's "very small recession" may already be over. Bank of England Governor, Andrew Bailey, told the Treasury Select Committee in parliament that the economy is showing distinct signs of an upturn.

So as Spring signals optimism, so does the confidence of the Governor coupled with the Chancellor apparently having some latitude in the forthcoming budget with the latest set of figures for government borrowing showing the UK running its largest monthly surplus since modern records began, with receipts being £16.7bn higher than spending.

Coventry & Warwickshire has a resilient economy, and we remain confident given stability that we will return to sustained growth in the foreseeable future. Let's hope that recent signals breathe some much-needed confidence into our economy, thus putting the spring back in our step."

Craig Humphrey, Chief Executive, CW Growth Hub

2. Latest Economic & Labour Market Trends

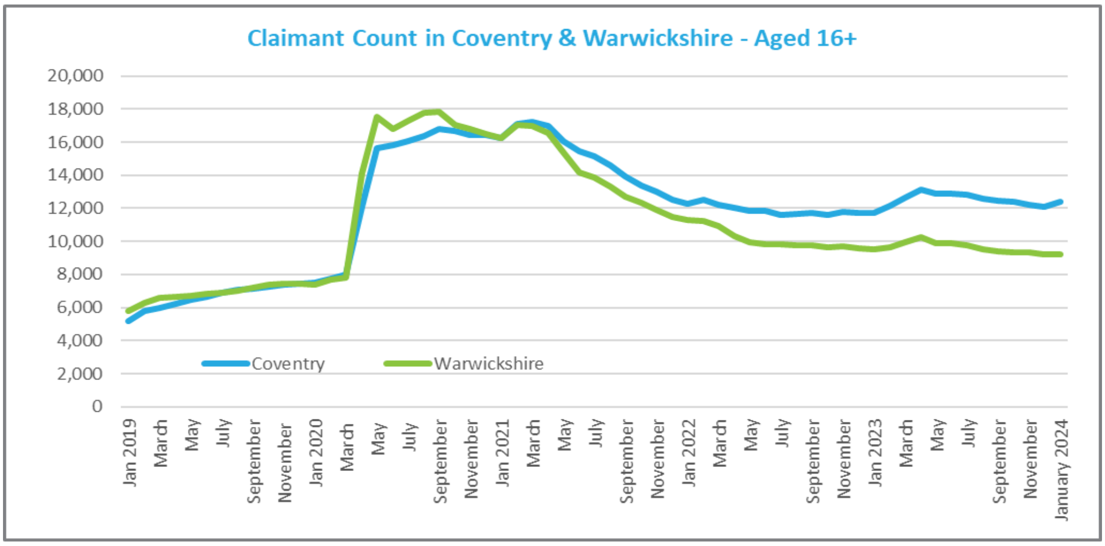
2.1 Labour Market Trends

- **In January 2024, the claimant count in Coventry & Warwickshire rose to 21,600 people.** At the start of the pandemic, almost four years ago in March 2020, the claimant count stood at 15,830.

Area	March 2020	January 2023		November 2023	December 2023	January 2024
Coventry	8,000	11,725		12,195	12,115	12,385
North Warwickshire	845	985		985	980	985
Nuneaton & Bedworth	2,830	3,080		3,050	2,980	2,965
Rugby	1,535	1,910		1,870	1,805	1,800
Stratford-on-Avon	1,050	1,560		1,485	1,510	1,540
Warwick	1,570	1,995		1,960	1,940	1,925
Warwickshire	7,830	9,530		9,350	9,210	9,215
Coventry & Warwickshire	**15,830**	**21,255**		**21,545**	**21,325**	**21,600**

***Source**: Office for National Statistics*

- **Over the past twelve months there has been a slight increase in the claimant count across Coventry & Warwickshire**, rising from a total of 21,255 this time last year, although over the past couple of months have seen some falls in the total.



***Source**: Office for National Statistics*

- **There continues to be a slowly widening gap between the claimant counts in Coventry and in Warwickshire.**
- The falls in both claimant counts slowed in early 2022, and have been flat since then, except for the uptick in Coventry's count that occurred at the start of 2023, and the more recent falls in Warwickshire's total.
- The UK claimant count for January 2024 increased by 61,200 on the year to 1,579,000.

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

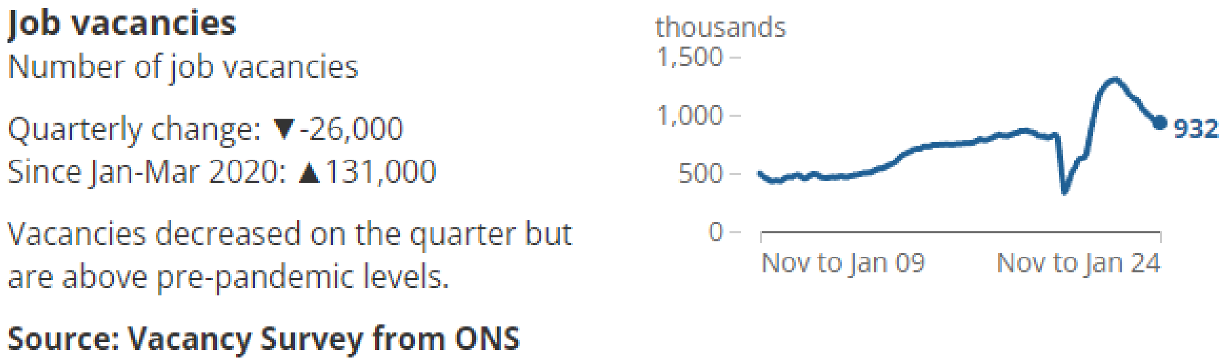
- **The early estimate of payrolled employees in the UK for January 2024 increased by 48,000 (0.2%) on the month** and increased by 413,000 (1.4%) on the year to 30.4 million.

- **The UK employment rate, at 75%, increased over the latest quarter** but remains below estimates a year ago (October-December 2022).

- **The UK unemployment rate decreased to 3.8% in the latest quarter**, returning to the rate that it was a year ago (October-December 2022).

- **Economic inactivity amongst working-aged people was unchanged in the latest quarter, with a rate of 21.9%,** but is above the estimate of a year ago. The annual increase was driven by inactivity due to long-term sickness.

- **In November 2023 to January 2024, the estimated number of vacancies in the UK economy fell by 26,000 on the quarter to 932,000.** Vacancies fell on the quarter for the 19th consecutive period.



***Source**: Office for National Statistics*

- **Annual total earnings growth (including bonuses) in Great Britain was 5.8%** in October to December 2023.

- **Annual employee's average regular earnings growth (excluding bonuses) was 6.2%** in October to December 2023.

- **The annual growth in real terms** (adjusted for inflation using Consumer Prices Index including owner occupier's housing costs (CPIH)), **for total pay rose on the year by 1.4% in October to December 2023, and regular pay rose by 1.8%.**

- **There were 108,000 working days lost due to labour disputes in the UK in December 2023**. Most of these labour disputes were in the health & social work sector, including strikes in the NHS amongst junior doctors, and further strikes in the transport sector amongst rail workers.

2.2 Economic Trends

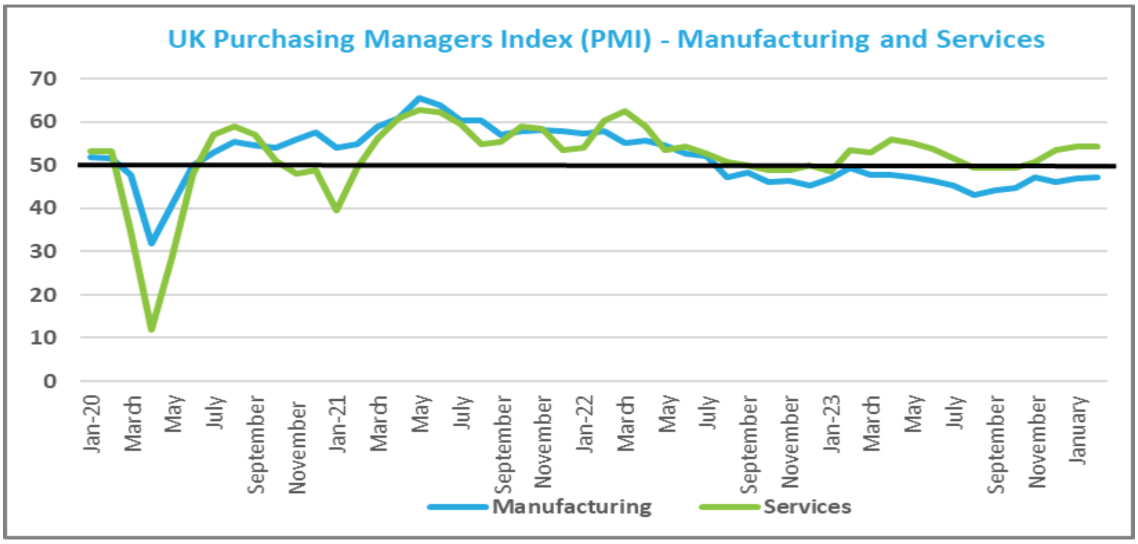
The Economic Development Service at Coventry City Council have compiled the 'Business and Economy Briefing' highlights this month:

Economic Growth

- **The UK entered recession after the economy contracted by 0.3% in the final quarter of 2023.** This followed a 0.1% contraction in Q3 (revised figure), meaning the economy has contracted for two consecutive quarters.
- **Whilst the local and regional economies showed signs of resilience** during late 2023 and into 2024, **at a national level Q4 saw contraction across the economy** with Services down 0.2%, Production down 1.0% and Construction down 1.3%.
- **The British Chambers of Commerce have called on the Chancellor to provide a long-term economic plan in the forthcoming Budget** that reduces cost pressures on business and unlocks the investment needed for growth in the future**.**
- **The CBI have highlighted firms still under pressure from high prices, borrowing costs, and weak demand, whilst pointing to growth opportunities that exist.**
- **The Bank of England voted to** keep the base rate of interest at 5.25%**,** whilst CPI inflation fell to 4.0% in December 2023, and remained at 4.0% in January.
- **The IMF's** latest World Economic Outlook report downgraded its forecast for the performance of UK economy and warned the Government against introducing tax cuts in the spring Budget.

Business Confidence

- **The UK Purchasing Managers Index (PMI) for manufacturing increased slightly in February to 47.1 from a revised 47.0 in January** (a figure above 50 represents growth, and contraction below 50).



***Source**: Trading Economics*

- **Some goods producers suggest that fewer customers destocking has helped to stabilise demand.** Those reporting a drop in production had been citing unfavourable market conditions and depleted order books.

- **Manufacturers recorded only a modest rise in their input prices last month, despite higher shipping costs and worsening supply chain disruption in the wake of the Red Sea crisis.**

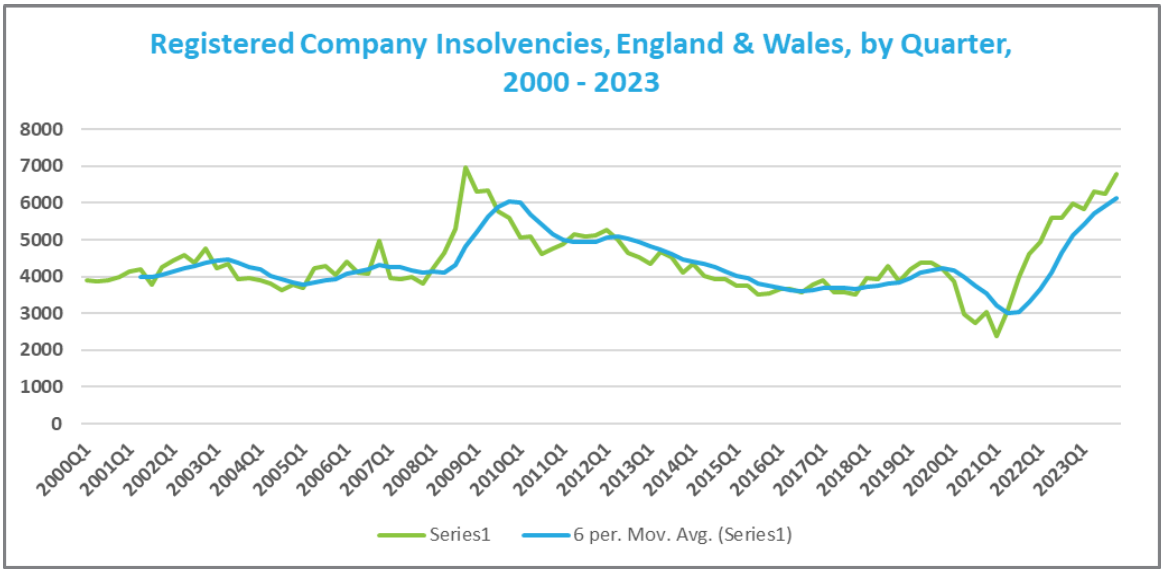
- **Meanwhile, the services PMI held steady at 54.3 in February, matching January's eight-month high,** surpassing the expected 54.1 of preliminary estimates.

- **Business activity in the West Midlands expanded again, registering the highest score of any region outside London in** January's NatWest PMI index**.** The West Midlands scored 53.1 for Business Activity, 78.1 for Future Activity (highest score) and 51.5 for New Business – all positive news for the region.

- Although more West Midlands firms are seeing **increases in domestic and international demand for their goods and services**, **risks of falling demand remains the most common concern amongst the region's businesses**, followed by inflation of goods and services and competition.

- **The** Business Commission WM **released its Interim Report to tackle barriers to growth in the region's economy.** It considered international trade, net zero, innovation, digital transformation, inward investment, and key sector dynamics as critical factors influencing future growth.

- **Across the economy, there were 6,788 company insolvencies between October and December 2023 in England & Wales,** a 14.1 increase on the October to December 2022 number. The trend in insolvencies nationally remains high.



***Source**: UK Insolvency Service*

International Trade

- According to the latest ONS Business Insights and Conditions Survey (BICS) **the exporting picture in the West Midlands continues to worsen, with 26% of businesses saying they exported less than they did at the same time last year**.
- After five consecutive delays over the past three years, **Government has now introduced the Border Target Operating Model,** which imposes checks on medium and high-risk good entering the UK from the EU.
- **Global supply chain disruption has also increased from 4.8% of West Midlands firms experiencing it last month, to 8.9% experiencing difficulties this month.**

Business Challenges

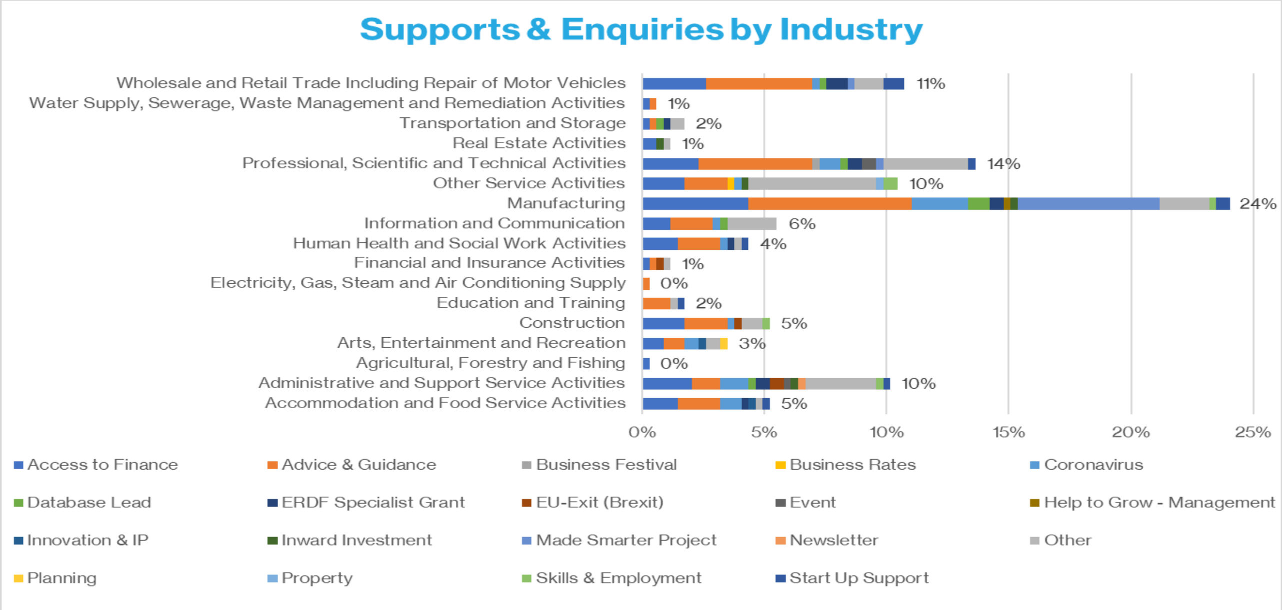
- According to the latest ONS Business Insights and Conditions Survey the proportion of **West Midlands businesses reporting recruitment difficulties fell from 18.6% last month to 16.7% this month**, lower than the UK figure of 17%.
- The main consequences for the difficulties in local recruitment are **employees working increased hours (56.1%), recruitment of temporary workers (43.9%) and the inability to meet customer demands (31.6%).**
- **The British Chamber of Commerce published** the first in a series of five reports **as part of its 'Future of the Economy series**. 'Green Innovation: Building Sustainable Features for UK Businesses' proposes recommendations for how to meet the Net Zero challenge and grow the Green Economy.
- The second of the five reports 'Boosting Skills: Journey through Education and Work' suggests that **'the UK's labour market is at a crossroads' with vacancies well above pre-pandemic levels and skills shortages continuing to hamper growth.**
- Finally, the third of the five reports explores **how businesses can better be supported to contribute towards the well-being and growth of the communities within which they operate.**

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 6,823 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 **January 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, Specialist Grants, and Start Up Support.**

The main sectors supported by CW Growth Hub were Manufacturing (24%), followed by **Professional, Scientific & Technical Activities (14%), Wholesale & Retail Trade Including Repair of Motor Vehicles (11%),** and **Administrative & Support Service Activities (10%).**

The size profile of businesses supported over the past month consisted of **37.1% Micro businesses (2-9 employees), 29.8% Small businesses (10-49 employees), 20.7% Sole Traders, 10.7% Medium sized businesses (50-249 employees), and 1.7% Large businesses (250+ employees)**, with 299 out of 346 businesses stating their size.

There was an **increase in Micro, Small and Large businesses** and a **decrease in Sole Traders and Medium sized businesses** approaching CW Growth Hub compared to the previous month. Around 25% of respondents came from businesses that have started trading since 2020, with 307 out of 346 businesses stating their incorporation date.

3.2 CW Growth Hub – Current Themes

CW Growth Hub Account Managers reported this month:

Local Business Intelligence

- **Cashflow Issues** – Local businesses increasingly concerned about cashflow management and the stress this involves. This is compounded by extended payment terms by larger businesses, in some cases growing from 30 to 90 days.
- **Net Zero –** There is increased interest in the available programmes to reduce energy costs and help in the shift towards net zero.
- **Sustainability** – Construction companies exploring new ways to deliver supplies, such as via an "Amazon Locker" style network, provided they can find secure locations that are big enough.
- Inflation and other costs remain high for **Freight, Materials and Courier Costs,** causing unpredictability in the sector and increasing unreliability.
- Increase in businesses approaching Account Managers looking for support in **raising greater levels of finance.**
- **Examples of wage inflation and its impacts continue.**

Business Needs and Concerns

- **Workforce Diversity –** Businesses continue reporting difficulties recruiting female staff into traditionally male dominated roles. Engineering and Technical IT roles were highlighted again this month where this has been an issue.
- **Demand for General Support** – Coventry & Warwickshire Account Managers are frequently asked for general support in the following areas:
  - **HR, Legal, Marketing and Administration.**
  - **Capital Grants –** for example towards investment in purchases of CNC machinery, office fit-outs, expansion projects, and refurbishments.
  - **Property Searches –** Businesses looking to expand and/or relocate are requesting support in the search for suitable spaces.
  - **Mentoring** – Business leaders looking for mentoring programmes.
  - **Leadership and Management** – training requirements increased.
  - **Funding for International Trade Missions –** to explore new international trading opportunities.

Economic Shocks or Opportunities

- **Weather and Floods –** Some local businesses reported damage from floods and storms, with several also citing footfall decreased during the on-going spells of bad weather in December, January, and February.
- **Construction Sales –** Demand for new-build properties falling due to high mortgage interest rates.

4. Spotlight: Levelling Up

This month's spotlight focuses on progress made since the Levelling Up White Paper was published in February 2022, the Levelling Up funds in Coventry & Warwickshire, and looking ahead to the future focus for reducing inequalities.

Levelling Up

Not everywhere or everyone in the UK shares in the nation's successes. Regional inequalities have long existed, but inequalities within regions, and more local areas and communities, have also grown and widened over the longer term. All of this has occurred against a backdrop of successive national, regional, and local policy interventions to reduce inequalities over many decades. Inequalities can be due to a complex range of factors, including funding, investment, infrastructure, talent, and opportunity related factors. To tackle these, in 2019 the Government renewed its focus on reducing inequalities in the UK under the guise of Levelling Up.

Levelling Up White Paper

After a long lead-in time, the Levelling Up White Paper was finally published in February 2022. The White Paper provided took a slightly non-traditional approach to the analysis of inequalities, with academic contributions providing a very historic perspective, before a wider review of the more recent causes of economic and social disparities across the UK. Plans to address and narrow these differences were then set out, including numerous areas of reform to national, regional, and local Government policy, structures, and funding opportunities. The overarching model for Levelling Up is set out as four core objectives:

1. Boosting productivity, pay jobs, and living standards by growing the private sector, especially in those places where they are lagging.
2. Spreading opportunities and improve public services, especially in those places where they are the weakest.
3. Restoring a sense of community, local pride and belonging, especially in those places where they have been lost.
4. Empowering local leaders and communities.

The full version of the Levelling Up White Paper can be found here - https://assets.publishing.service.gov.uk/media/62e7a429d3bf7f75af0923f3/Executive_Summary.pdf

Key Features of the Levelling Up Approach

The new policy focus is based on five mutually reinforcing pillars:

1. **The creation of twelve national missions** – covering the different aspects of Levelling Up.

2. **A new framework for devolution** – and the opportunity for local areas across the country to negotiate "Devolution Deals" with Government, securing new long-term powers and access to more locally devolved funding streams.
3. **A new reporting framework and greater accountability** – with the development of a suite of metrics and KPI's to measure the success of the missions and the creation of a statutory responsibility to report on progress annually.
4. **Future policy changes** – future legislation to be introduced to create an obligation on the Government to publish an annual report on progress towards Levelling Up, and to strengthen devolution legislation in England.

Factors driving Levelling Up

Levelling Up was to be focused on long-term plans of action and a clearer framework to identify and act on drivers of spatial disparity. **The Levelling Up White Paper set these as six capitals:**

1. **Physical Capital** – infrastructure, machines, and housing.
2. **Human Capital** – the skills, health, and experience of the workforce.
3. **Intangible Capital** – innovation, ideas, and patents.
4. **Financial Capital** – resources supporting the financing of companies.
5. **Social Capital** – the strength of communities, relationships, and trust.
6. **Institutional Capital** – local leadership, capacity, and capability.

The Levelling Up aspiration is for every place in the UK to have a rich mix of all these capitals so that inequalities can be reduced over the longer term.

Delivery - Devolution

As part of the White Paper's reform to local governance, by 2030 every part of England wanting devolution would have the opportunity for a "Devolution Deal", with powers and more control over local spending with a simplified, long-term funding settlement from Government, though:

- **Extended, deepened, and simplified** devolution across England.
- **Trailblazer deeper devolution deals with the West Midlands (including Coventry) and Greater Manchester Combined Authorities**.
- **Recast the geography of MCAs** (Mayoral Combined Authorities), where necessary to ensure there is greater economic coherence.
- **Nine further areas invited to agree new County Deals,** and seek to agree further MCA deals, extending devolution to more of England.
- **A new independent body will be set up** to empower citizens, strengthen local leaders' knowledge of their services and increase central government's understanding of the sector.
- Simplification of the disparate funding landscape so that **local leaders can better support economic growth,** as well as bringing local leaders into the heart of government decision-making.

Delivery - Levelling Up Fund

The Levelling Up Fund was announced in November 2020, with a **£4.8bn fund** to invest in local infrastructure that has a **visible impact on people and their communities and will support economic recovery**. The funding focused on three investment themes over two initial funding rounds:

- **Transport Projects**
- **Town Centre and High Street Regeneration**
- **Cultural Investment**

First Round of Levelling Up Fund

- The Government published a prospectus highlighting how funding would focus on areas most in need of levelling up. These were determined by an index, ranking local authorities by on a scale of 1 to 3, with those ranked 1 considered most in need.
- The ranking system (which did not apply to Northern Ireland) was based on three criteria:
    - Need for economic recovery and growth.
    - Need for improved transport connectivity.
    - Need for regeneration.
- Every local authority was eligible to submit at least one bid, up to a value of £20m.
- County councils with transport powers, combined authorities, mayoral combined authorities, and the Greater London Authority were eligible to submit one transport bid with a value of between £20m and £50m.
- Out of the 305 bids received, 105 were successful with a total value of £1.7bn.
- The largest successful bid was worth just under £50m.

Second Round of Levelling Up Fund

- The opening of the second round of the Levelling Up Fund was announced by the Department for Levelling Up, Housing and Communities (DLUHC) in the 2022 Spring Statement.
- An updated prospectus and new priority index were published.
- Places were able to move up to a higher priority category and the number of priority category 1 places was expanded, with the intention of capturing areas whose levels of need had increased since the Fund's launch.
- Out of the 529 bids submitted for this round, 111 were successful with a total value of £2.1bn.
- The two largest successful bids were worth £50m each, while further two bids worth just under £50m were also successful.

Areas that received Awards

- From both the rounds, 834 bids were submitted, out of which 216 were successful.
- 156 awards were made to local authorities in England, with a value of £3.0bn, 78% of all funding awarded.

- Awards made to Scotland, Wales, and Northern Ireland across both rounds have a combined value of £798m.
- The North West region of England had the highest number of successful bids across both rounds. It received 27 awards with a combined value of £586m, some 16% of all funding awarded.

Levelling Up – Coventry

- Coventry has made some significant strides towards tackling local inequalities, especially through its designation as a Marmot City. Partnership working across the city seeks to address issues including the promotion of inclusive economic growth and improving health and social care outcomes. City based examples include:
  1. The Coventry Job Shop and partners across the city successfully connects residents and communities to local businesses and job opportunities.
  2. Coventry's Education Partnership is transforming outcomes for children and young people.
  3. The city has also been selected as an Education Investment Area.
  4. Developments at Friargate and City Centre South have been agreed and will create new job opportunities, new homes, new hotel, retail, and leisure space.
  5. Coventry's Children's Service received recognition for the transformation following an Ofsted inspection, achieving a rating of 'good'.
  6. The introduction of joint health and social care provision is leading to improved operating practices for staff; these include the introduction of the Integrated Care Record and the development of Population Health Management (PHM).

Coventry City Council had **three unsuccessful bids** for Levelling Up funds over the three rounds:

- **First Round (2021)** - £20m bid under the title **'Cultural Arc Programme'**. This programme bid sought to continue the regeneration of Coventry City Centre to capitalise on the legacy of the UK City of Culture year. It consisted of a package of three complementary projects centred around Junction 7 of the Coventry Ring Road, to continue its regeneration to support Creative Industries with improved infrastructure and accessibility.
- **Second Round (2022/2023)** – A package of three bids for a total of just under £60m was submitted for the second round of the Levelling Up Fund. These included:
  1. **Levelling Up Hillfields -** £18.25m bid of works including the creation of safe walking and cycling routes into the city centre and upgrading some of the poor-standard properties in the area. The project also included the creation of a 'Very Light Rail & Mobility Innovation Centre' at Pool Meadow.

2. **Levelling Up Foleshill** - £19.7m bid of works including creating better accessibility to the Coventry Canal towpath, better provision for cycling and walking activities, and significantly enhance the look and feel of the area. The project also included tackling anti-social behaviour and sought to improve security and local green spaces.
3. **City Centre Cultural Gateway** - £20m bid to redevelop the former Ikea building into a new and vibrant cultural destination facility. Expanding on the existing plans to house the National Collection centre in the building, the project proposed the creation of accessible places for cultural programming, co-creation, and community activities, as well as fully immersive and experiential 'Future Technologies, Transport and Innovation' attractions.

- **Third Round –** The unsuccessful bids from the previous rounds were reconsidered, but Coventry was again not selected for funding. Coventry had been designated as a 'priority area' for Round Two, but not for either of the other rounds.
- **In 2021, despite not being a priority area, a successful bid was made for money through the Community Renewal Fund (CRF).** Coventry City Council delivered a £680k pilot project that supported the growth of the local Creative and Tourism sectors.
- Throughout 2022, the pilot supported almost 300 local businesses in the Creative and Tourism sectors to access support and grants to encourage growth and become more resilient, and to further contribute to the economic legacy of the UK City of Culture 2021 and the 2022 Birmingham Commonwealth Games.
- **It also supported almost 250 residents to access training and acquire new skills to help them access job opportunities in these sectors. The project created 75 new jobs and safeguarded a further 149.**

Levelling Up – Warwickshire

- Although Warwickshire was not initially among the 100 priority places identified by the Government when it first invited submissions to the CRF, the county had three successful projects and received **£2.7m of funding**.
- The three **Community Renewal Fund projects** included:

1. Supporting economically inactive and unemployed people into employment through cognitive and mindset training through mentoring with a strong focus on mental health and wellbeing.
2. Assisting people into employment by providing training and support focused on self-employment skills.
3. Funding activity targeting hard to reach unemployed disadvantaged groups through break away camps, youth clubs, rural career workshops, employer

focused SEND (Special Educational Needs and Disabilities) employment and e-sports for young gaming enthusiasts.

- **Overall, the programme supported 681 Warwickshire residents towards employment, to enter education/training gain a qualification, start a business start job-searching, or get a job. Some 204 people were supported to enter education/training and 31 new businesses were created.**
- In addition, the following bids were submitted to the Levelling Up Fund for resources:
  1. **Nuneaton & Bedworth** – Was successful in securing £14m of funding in Round 1 to replace the current Bedworth Leisure Centre, which dated from the 1970s. However, a request for further funding of £20 million in relation to town centre regeneration of theatre was unsuccessful.
  2. **Warwick** - A £13m transport bid with Warwickshire County Council was unsuccessful for Leamington.
  3. **Stratford (Bridge Street)** – a transport led bid for £13.6m to support pedestrianisation of two streets in Stratford was unsuccessful.

Warwickshire has subsequently evolved its approach to Levelling Up including shaping a countywide focus to it, working across local partners. This includes a new umbrella brand 'Creating Opportunities' and the creation of a microsite to showcase projects underway across the county and to share news and information. The site will link to 'news' updates on projects being led by other local authorities and partners.

Alongside these developments, looking ahead the Warwickshire definition to Levelling Up includes four underlying priorities:

- Tackling inequalities
- Increasing social mobility
- Ensuring sustainable futures, and
- Empowering communities.

Concluding Points

- **Levelling Up was launched by former Prime Minister Boris Johnson in 2019 with the aim of investing Government money into local infrastructure projects to support economic recovery in local areas** to improve economic performance an reduce long-term inequalities.
- **Levelling Up is not about making every part of the UK the same** or pitting one part of the country against the another. Nor does it mean dampening down the success of more prosperous areas.
- However, the competitive nature of the bidding process has been criticised, with some likening it to a **'begging bowl culture', and with a lack of transparency around how funding will tackle and reduce inequalities, deprivation, and need.**

- **Spiralling costs coupled with short-term deadlines have resulted in a relatively low delivery rate to date** amongst projects awarded funding through various funding streams, such as the Towns Fund.
- **There has also been concern that the unequal distribution of Levelling Up funds not only risked locking in economic disparities, but also health inequalities across the UK** – creating a vicious cycle for those in the most deprived communities.
- New analysis by Ernst & Young is forecasting that **economic growth over the coming years in London and the South-East of England is still likely to outpace growth rates in other regions, including the Midlands and the North**.
- **The first formal Levelling Up Progress Report is still due to be published by Government,** to outline the success of the overall programme so far.
- **It has been recognised that the Levelling Up programme needs to be broad, deep, and long-term if it is to be successful in really tackling and reducing inequalities across the UK**. As one of the contributors to the Levelling Up White Paper, Andy Haldane, comments, “Scale, longevity, interdependence of policy appear to be core ingredients of both success and failure. UK plc’s done, in relative terms, a poor job of all three.”
- **Greater devolution of funding and powers to local communities and more flexible local approaches to delivery may ultimately prove the best way of reducing inequalities.**

5. Recommendations

February's Golden Recommendation:

It has been recognised that the Levelling Up programme needs to be broad, deep, and long-term if it is to be successful in really tackling and reducing inequalities across the UK.

Greater devolution of funding and powers to local communities and more flexible local approaches to delivery may ultimately prove the best way of reducing inequalities.

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 – Announcements in the Spring Budget 2024 need to continue to rapidly deliver significant and impactful outcomes related to:

- Kick-starting growth in the currently stagnating economy
- The tax incentives announced helping to stimulate green skills growth and green innovation
- The announcements on investment through the Advanced Manufacturing Plan and UK Battery Strategy, related to the automotive and future mobility sector, need to start being delivered against – these are particularly important for the delivery of the West Midlands Investment Zone
- Delivery of more intensive support for exporters via additional Department for Business & Trade capacity and interventions needs to happen.

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 – Funding for the next round of Local Skills Improvement Plans is used effectively so that it can continue to build on the momentum generated through the work to date and enable a more joined-up approach with other local and regional business support activities related to skills improvement. This should continue with a focus on growing the number of Apprentices, and green skills.

5.2.b - It will be critical that Government provides the necessary investment in the skills required to provide the workforce needed to support the Coventry & Warwickshire and wider West Midlands ambitions that could be realised through both the Advanced Manufacturing Plan and UK Battery Strategy, and through delivery of the West Midlands Investment Zone. There needs to be a coordinated approach between Government, local authorities, schools, universities, and colleges, to ensure skills gaps are identified and adequately planned for.

c. Long Term

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

5.3.a – The long-term uncertainty facing business support funding needs addressing. UKSPF (UK Shared Prosperity Fund) 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

5.3.b - 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, simplifying it for those we engage, the business community. **Taking a longer-term view on support will give businesses the stability they need.**

5.3.c – More sub-national investment is needed to build long-term sustainable growth opportunities for Coventry & Warwickshire and to reduce inequalities. 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.