CWLEP SmartRegion
Powered By Business Intelligence

Coventry & Warwickshire Business Intelligence

January 2023

Contents

All previous editions of the Coventry & Warwickshire Smart Region report can be accessed from our Publications page: https://www.cwgrowthhub.co.uk/publications

More economic data and indicators about the Coventry & Warwickshire economy can be found on our Smart Region Economic Recovery Dashboard: CWLEP Economic Recovery Dashboard

1. Executive Summary

Welcome to the January 2023 edition of the Coventry & Warwickshire Smart Region report. This month our spotlight theme focusses on the **'Tourism and Hospitality Sectors',** highlighting how these have, and will, impact on the economy of both Coventry & Warwickshire and the wider West Midlands region. **We welcome guest insights from Helen Peters, CEO at Shakespeare's England reflecting on the end of 2022 and sector prospects for 2023.**

Wider recommendations and findings in this month's report are based on intelligence gathered 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 include the Official National Statistics (ONS), Office for Budget Responsibility (OBR), WM-REDI, VisitBritain, Bank of England (BoE), Destination Coventry, West Midlands Combined Authority, and other research bodies specialising in labour market research and analysis.

Key Headlines

- **"2022 was an extremely challenging year for businesses across Coventry & Warwickshire, with high inflation, crippling energy costs, and a really tight labour market.**

- **Businesses crave stability to plan investment, which is difficult when the only certainty is uncertainty.**

- **Many of the several thousands of companies that we deal with at CW Growth Hub have raised their critical concerns about the macroeconomic factors impacting their business, and we have been able to routinely relay those concerns back into government.**

- **One of the most concerning views is a decline in the belief that the UK is a good place to do business. Thankfully the economy of Coventry & Warwickshire is diverse and resilient, and a majority still expect to see growth in 2023.**

- **Throughout 2023, at CW Growth Hub we will continue to support businesses build on this resilience, and focus efforts on helping deliver growth ambitions to ensure that Coventry & Warwickshire is the very best place to do business in."**

Craig Humphrey, Manager Director, Coventry & Warwickshire Growth Hub

2. Latest Economic & Labour Market Trends

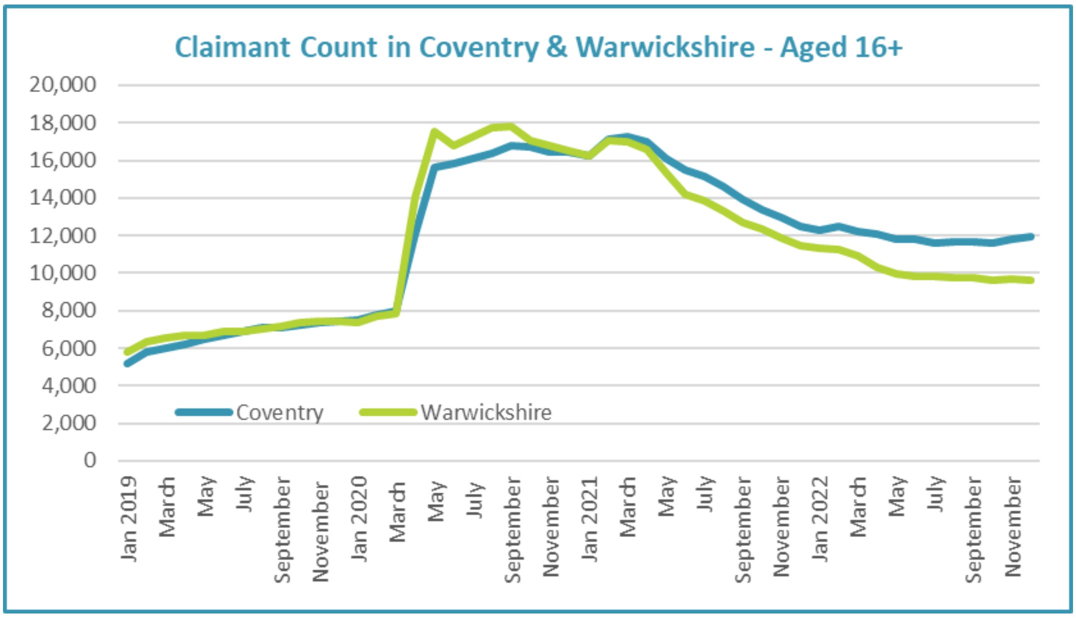
2.1 Labour Market Trends

- In December 2022, **the claimant count in Coventry & Warwickshire totalled 21,590 people.** At the start of the pandemic, in March 2020, the claimant count stood at 15,830.

Area	March 2020	December 2021		October 2022	November 2022	December 2022
Coventry	8,000	12,495		11,615	11,775	11,945
North Warwickshire	845	1,210		985	1,040	1,025
Nuneaton & Bedworth	2,830	3,650		3,055	3,050	3,095
Rugby	1,535	2,145		1,910	1,900	1,905
Stratford-on-Avon	1,050	2,035		1,630	1,630	1,605
Warwick	1,570	2,430		2,070	2,070	2,015
Warwickshire	7,830	11,470		9,650	9,690	9,645
CWLEP	**15,830**	**23,965**		**21,265**	**21,465**	**21,590**

Source: *Office for National Statistics*

- **Over the past twelve months there has been a fall in the claimant count across Coventry & Warwickshire**, falling from a total of 23,965 this time last year.



Source: *Office for National Statistics*

- **There is a widening gap emerging between the counts in Coventry and in Warwickshire.**

- **Also, the falls in both Coventry and Warwickshire's claimant counts have slowed, levelled, and started to increase since the start of 2022.** We will continue to monitor this over the coming months.

The Office for National Statistics (ONS) also reported in December 2022 that nationally:

- **The UK employment rate for September to November 2022 was 75.6%, largely unchanged compared the previous quarter, but still 1.0 percentage point below pre-pandemic levels**. The number of employees and part-time self-employed workers increased on the quarter, while full-time self-employed workers decreased.

- **Latest estimate of payrolled employees for December 2022 showed another increase, up 28,000 on the November 2022 figures**, to a record 29.9 million.

- **The unemployment rate for September to November 2022 increased by 0.2 percentage points on the quarter to 3.7%.** In the last quarter, the number of people unemployed for up to six months increased, and this increase was driven largely by those aged 16-24 years.

- **The economic inactivity rate decreased by 0.1 percentage points to 21.5% in September to November 2022**. This decrease was driven by **those aged 16 to 24 years and 50 to 64 years**. Looking at economic inactivity by reason, the decrease was driven largely by those inactive that are either students, long-term sick, or retired.

- **In October to December 2022, the estimated number of vacancies fell by 75,000 on the quarter to 1,161,000.** Despite six consecutive quarterly falls, the number of vacancies remain at historically high levels. A decreasing number of vacancies reflects uncertainty across industries, as businesses reported holding back on recruitment due to economic pressures.

- **The growth in average total pay (including bonuses) and regular pay (excluding bonuses) was 6.4% among employees in September to November 2022.** This is the strongest growth in pay since the start of the pandemic.

- **Average regular pay growth was 7.2% for the private sector and 3.3% for the public sector, in September to November 2022**.

- **In real terms (adjusted for inflation) over the year, total and regular pay both fell by 2.6%.** This is slightly smaller than the record fall in real regular pay in April to June 2022 (3.0%).

- **The redundancy rate increased to 3.4 per thousand employees** in the last quarter, from September to November 2022.

- **In November 2022, there were 467,000 working days lost to labour disputes, which is the highest since November 2011**.

Vacancies in Key Sectors

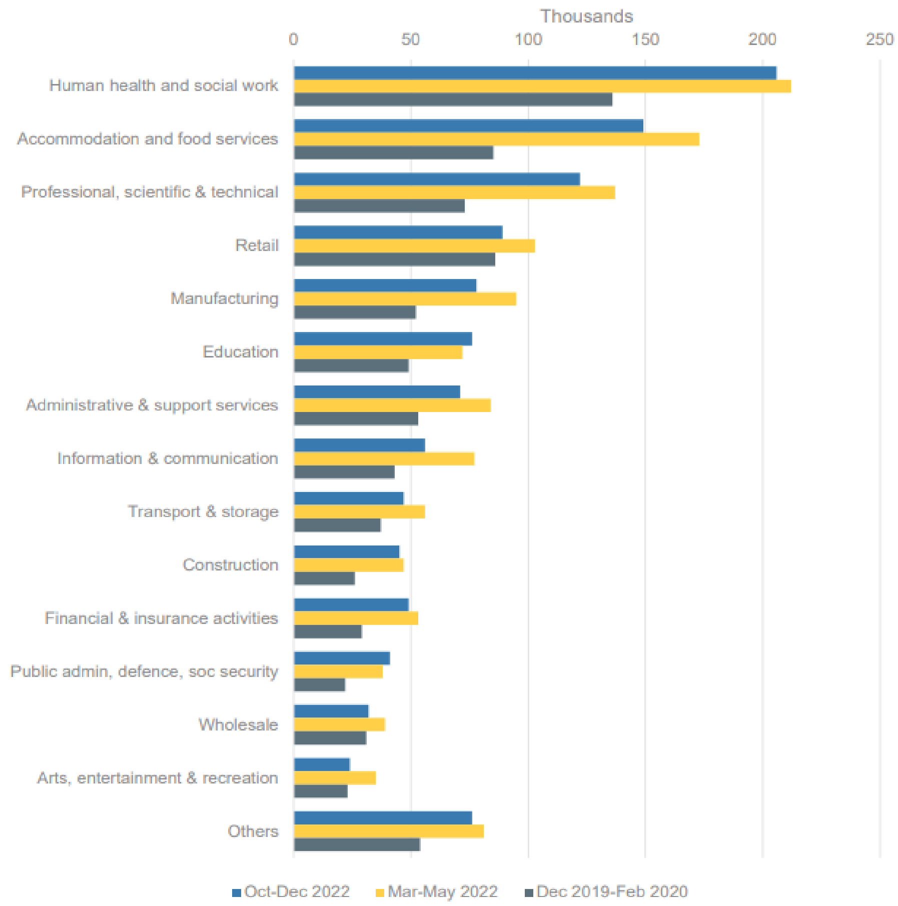
The recent fall in numbers of vacancies, albeit that they remain at an historical high level overall, have highlighted a possible easing in the tightness of the labour market over the past year.

The chart shows that number of vacancies for hospitality workers has decreased significantly, following a massive increase after the lifting of Covid-19 closures and restrictions.

Information/communication vacancies have also fallen reflecting slowdown in this sector over the past year. A number of high-profile global tech companies have announced significant job losses over the past month, including Meta, Amazon, Spotify, and Microsoft.

Low-skilled sectors especially in retail and hospitality industry have been hit hardest by Brexit and there are still estimated to be a shortfall of 330,000 workers in the UK, contributing to the tightness of the labour market according to Centre for European Reform.

Vacancies by industry, pre-pandemic, post-pandemic peak (Mar-May 2022) and most recent quarter (Oct-Dec 2022)



Source: Vacancy Survey, ONS

2.2 Economic Trends

Economic Growth

- **GDP in the UK contracted by 0.3% in the quarter up to November 2022. However,** GDP increased by 0.1% in November alone, suggesting any 'official' recession, if it occurs, might be pushed back into 2023.

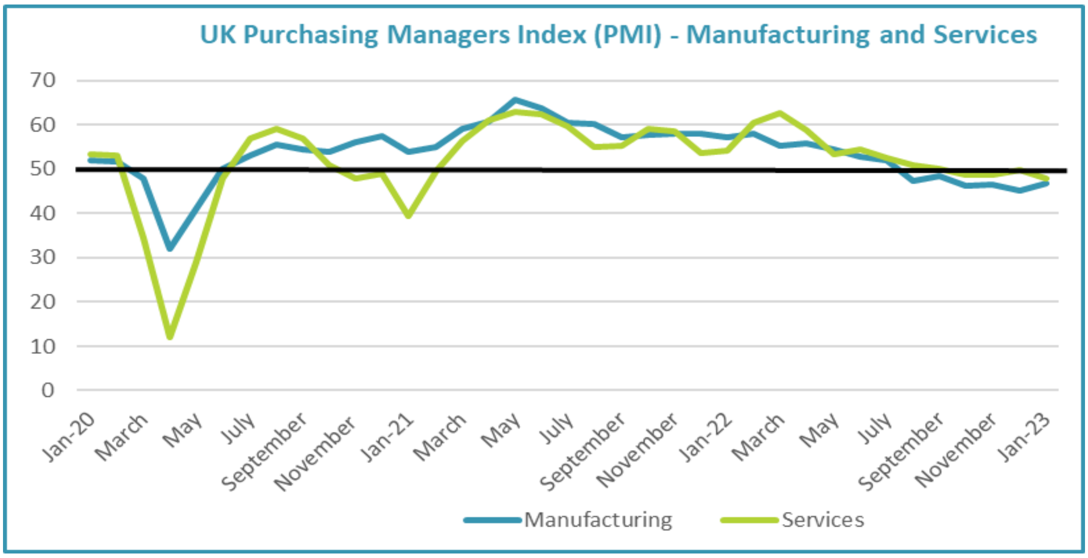
- **UK inflation fell slightly to 10.5%**, a fall of 0.2 percentage points on the previous month. Although inflation remains historically high, the Bank of England is forecasting a sharp fall in inflation from Q1 this year.

- **Business consultancy EY has downgraded its growth forecast for the UK this year** and projected the economy will contract by 0.7%, followed by growth of 1.9% and 2.2% over the next two years.

- The Centre for European Reform also released some analysis projecting that **Brexit had reduced UK GDP by 5.5% up to June 2022, as well as reducing investment by 11% and both goods and services trade by 7%.**

Business Confidence

- **The national Purchasing Managers Index (PMI) for manufacturing increased in January to 46.7 from 45.3 in December** (a figure above 50 represents growth, and contraction below 50). Reduced consumer demand, the delayed delivery of inputs, labour shortages, and increasing labour costs are all continuing to contribute to this ongoing slump in confidence.



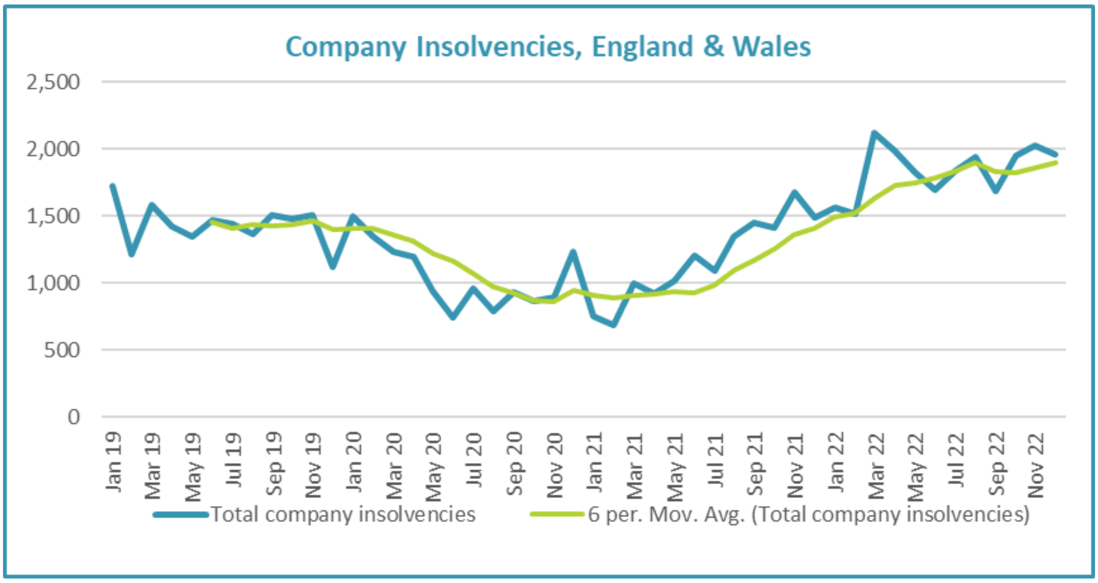
Source: *Trading Economics*

- For services, confidence has been hit harshly over the past twelve months, with the cost-of-living crisis likely to be impacting on service businesses. **The services PMI fell further to 48.0 in January from 49.9 in December, showing decreasing service sector activity, and following months of steady decline throughout 2022.**

- [UK production of new cars](#) fell 9.8% in 2022, despite record levels of electrified vehicle production which was worth £10bn in exports, re-enforcing the need to accelerate Government investment in ramping up EV manufacturing.

- Out of the 12 UK regions, **the West Midlands was third highest for Future Business Activity in December 2022**, increasing from 65.7 in November to 65.3, pointing to stronger levels of West Midlands regional business confidence.

- **In December 2022, there were 1,964 company insolvencies in England & Wales, with the overall trend in insolvencies continuing to point upwards**.



***Source**: Insolvency Service*

- **The Government has pledged to extend support with energy bills for businesses to April 2024, but the amount of support on offer will be reduced from April this year.** The new scheme will be worth an estimated £5.5bn, where businesses with energy costs above £107 a MWh for gas and £302 a MWh for electricity will receive support.

- British Chambers of Commerce has also been [critical of the new support package](#). They are pushing for an energy support strategy to get businesses on the right track to longer term efficiency, and for Government to prioritise three strategic goals:
  - Ensure effective competition in the business energy market for non-domestic contracts by extending OFGEM's regulatory powers to guarantee businesses access competitive fixed rate contracts, and energy providers move swiftly to pass on wholesale price reductions.
  - Government to bring forward ambitious plans to enable more renewable and sustainable energy production across the UK.

- Government should launch a national campaign with support initiatives for businesses to drive down current consumption through energy efficiency measures, such as green grants and tax incentives.

International Trade

- **There are ongoing concerning trends for international trade in the West Midlands, with continued barriers to businesses trading internationally**. Without the provision of further support, both through better use of the capacity of existing business support services and introducing new support activities, these concerning trends are likely to continue, which could further restrict business competitiveness and put jobs and economic growth at risk.

- **In December 2022, 19.2% of West Midlands businesses reported to have exported less compared with the same month last year**. On top of this, 14.6% of West Midlands businesses are experiencing global supply chain shortages, mainly due to shortages of materials and rising costs.

- **The national picture also appears unstable, with data from the British Chambers of Commerce showing that 27% of firms were reporting reductions in export sales in Q4 2022 and just 26% reporting an increase.** For future orders, 28% of firms are reporting a decrease and just 24% an increase, with the WTO's forecast of global trade growth being just 1% in 2023.

- **New FSB research shows one in eight small businesses have stopped sales to the EU,** with a further one in ten considering doing so.

- **There is further evidence that the UK EU Trade & Co-operation Agreement is having a limited impact in helping businesses to export, given that more than half (56%) of British Chambers of Commerce members who trade with the EU said they had experienced problems complying with new rules for exporting goods, while 45% reported issues trading in services.** Overall, as many as 77% of firms trading under the deal said it had not helped them to increase sales or expand, with greater customs and regulatory checks the most notable challenges, as well as limits on business travel.

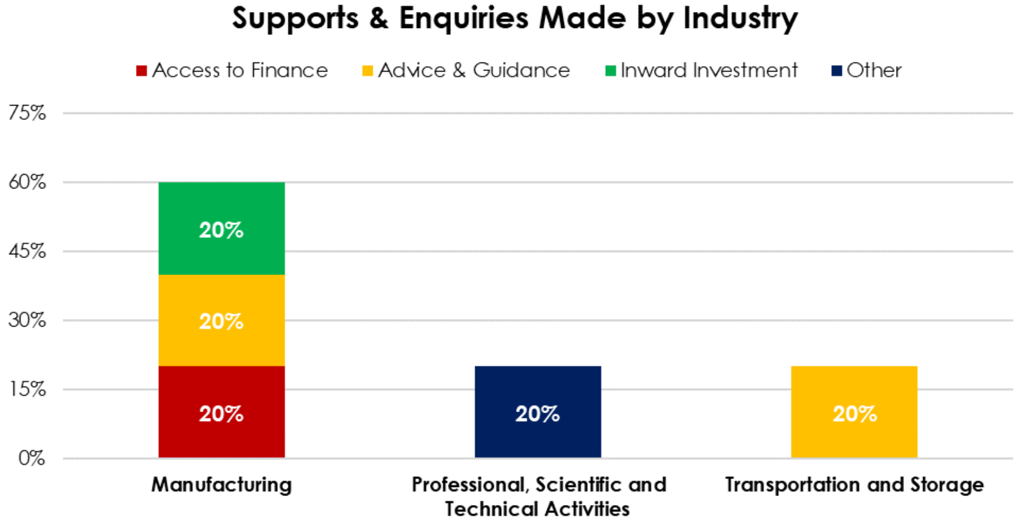
- **It is estimated that the UK's exports will fall from £739bn last year to £707bn next year according to forecasts from the independent Office of Budget Responsibility**. Annual exports of £1tn is now not expected to happen until 2035, having previously been targeted for 2020 back in 2012.

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 supported 5,072 businesses** including substantive discussions relating to a wide range of current issues impacting on their future growth.

This month's business insights are taken from intelligence gathered in **December 2022.** The chart shows the supports and enquiries businesses made by sector.



NB: Figures have been rounded.
Please noted that many businesses were inactive during month of December due to holiday season.

Advice & Guidance was the most popular for support/enquiries over the past month, although there was also a spread across other enquiry types too. Businesses highlighted the **Access to Finance** as their main requirement for support. There was also additional guidance provided around **Inward Investment and Other Support.**

The main sectors supported by CW Growth Hub was Manufacturing (60%), followed by **Professional, Scientific & Technical Activities and Transportation & Storage** at 20% in each sector**.**

The size profile of businesses supported over the past month consisted of **20% Sole traders; 20% Micro businesses (2-9 employees); 40% Small businesses (10-49 employees); and 20% Medium businesses (50-249 employees).**

There was an **increase in Sole Employees and Medium Enterprise** and a **decrease in Micro and Small Enterprises** approaching CW Growth Hub compared to the previous month. Around 20% of respondents came from businesses started trading since 2020.

3.2 CW Growth Hub – Themes

Hot Topics, Business & Economic Intelligence Headlines

- **Energy Prices** – **Soaring energy costs remain amongst the biggest concerns for SMEs locally.** Instances of businesses facing fourfold increases in bills will add to the pressures felt once the Government energy support scheme ends in its current form in March. Some businesses on fixed rates have been preparing to mitigate increases by making cuts or looking to invest in energy saving measures. Manufacturers frustrated as they "use energy not just for heating, but to make things", a message that is hoped to reach Government.

- **Labour Market** – **Although the number of job vacancies remains high, there are concerns around economic inactivity levels amongst people of working age.** Evidence suggests that up to 80% of working age economically inactive people do not want a job, leaving the remaining 20% available for work if they could find it, and bringing the challenge around how this group of workers can be brought back into the labour market.

New job losses, warnings, or potential economic shocks

- **Care Home Staff Shortages** – There are ongoing staff shortages in the Care sector, **reflecting both the NHS currently under immense pressure, along with private care homes also struggling to find sufficiently qualified staff**. With several of the latter agreeing energy contracts before cost-of-living rises were being felt, they simply cannot meet the increased costs of staffing as well as heating, food, and other essential business expenditure.

- **HS2** – Ongoing impact of HS2 construction as **the project is swallowing up vast amounts of talent in local skilled labourers and engineers.** This is leaving fixed and permanently located regional businesses at a disadvantage, as they struggle to compete on salaries and remuneration packages.

New Opportunities, investments, and Job Gains

- **Training – Many employers looking to develop existing staff members to help with staff retention, as well as to bridge skills gaps that cannot be filled due to the lack of suitable qualified resource**. Apprenticeships in Aerospace and EV Automotive among those being reported in December. Digital Marketing and Sales training were key areas where businesses were looking for support.

Other Issues

- **Interest Rates – Coventry & Warwickshire businesses that rely on consumers financing purchases have seen a slowdown in sales as interest rates rises and the cost of borrowing increases**. One local example is a regional trader of high-performance cars adjusting their client portfolio in favour of B2B sales, the opposite of their traditional direct retail sales.

4. Spotlight: Visitor Economy – Tourism & Hospitality Sectors

The cost-of-living crisis continues to be [most severe global risk for the next 2 years,] highlighted at the recent World Economic Forum meeting in Davos. The ongoing war in Ukraine, and further economic repercussions from Covid-19 have contributed to high inflation, low-growth, falling consumer demand, and low-investment.

The impacts of all of these on the local economy in 2023 are uncertain, especially for our key sectors in Coventry & Warwickshire, including Tourism & Hospitality. However, looking ahead there are also some real positives for the sector to build on, including the legacies of both the City of Culture and the Commonwealth Games.

4.1 Context – Impacts on the Tourism Sector

a. Coventry City Culture 2021/22

Destination Coventry reported that in 2021 Coventry's visitor economy was worth £495m, an increase of £265m on the previous year. Visitor numbers were up 103% in Coventry from 2020 to 2021, to some 8.2 million visitors, compared to a 72% growth for the West Midlands Combined Authority (WMCA) area. Visitor numbers peaked in July and August, driven by the hugely successful year-long UK City of Culture, and helped as the country emerged from Covid-19 pandemic restrictions.

Additionally, the sector also supported almost 5,400 jobs, an increase of 2,700 on the previous year. Overall, Coventry's tourism economy recovered more quickly than elsewhere in the region.

b. Birmingham Commonwealth Games 2022

KPMG, the University of Birmingham, and 4Global released their interim evaluation of the economic impacts the Birmingham Commonwealth Games 2022[1] had on the local and wider regional economy. The report does not include the impacts and outcomes of wider legacy activities that have subsequently been delivered alongside and after the Games period.

The Government has recently announced that the West Midlands will be allowed to retain over £68m of unspent contingency funding to further enhance the legacy of the Games. Local authorities and WMCA are currently exploring where this funding could be focused, particularly to ensure that it is invested in increasing access to sport and culture, boosting the region's expertise in hosting major events, and driving future inward investment and tourism.

[1] https://assets.publishing.service.gov.uk/government/Birmingham Commonwealth Games 2022 Evaluation

Interim Evaluation Results

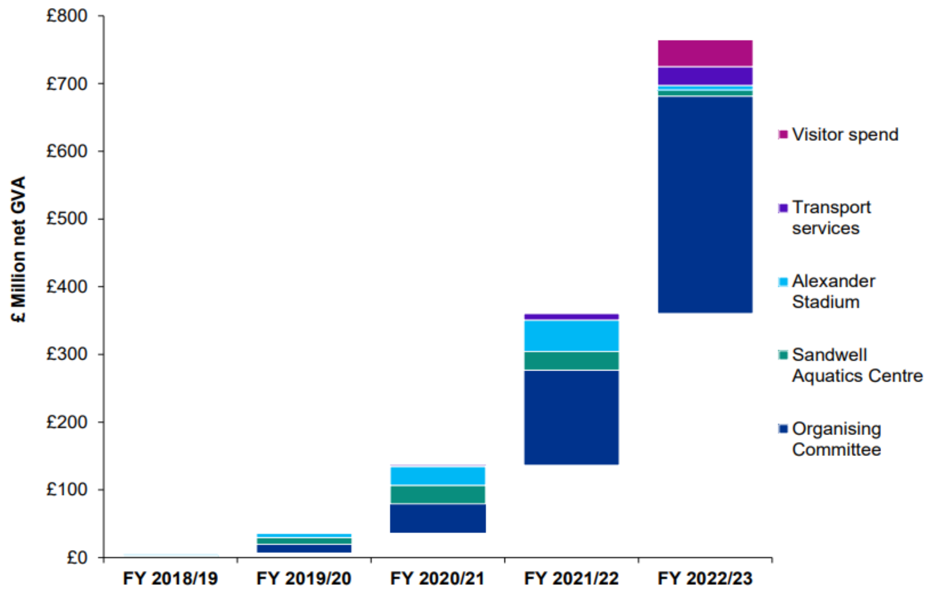
The key findings of the interim evaluation highlights that in terms of GVA net impacts:

- **at least £200.9m of net GVA benefit to Birmingham.**
- **approximately £396.9m net GVA to the West Midlands, and £764.7m to the UK economy.**

From the total UK net GVA impact of £764.7m, around £725.2m was generated through the spending and activities of the event organisers nationally and locally, comprising:

- £519.2m supported through the Organising Committee's planning and delivery activities.
- £75.8m through the construction of the new Aquatics Centre in Sandwell, and £89.4m for the redevelopment of Alexander Stadium.
- £40.8m through the provision of Games-time transport services.

Total UK net GVA impact, FY 2018/2019 to FY 2022/2023



Source: KPMG analysis, OC data, BCC data, SMBC data, TfWM data

- £39.5m was generated through the additional spending in the UK economy of visitors and attendees to the Games events in July and August.

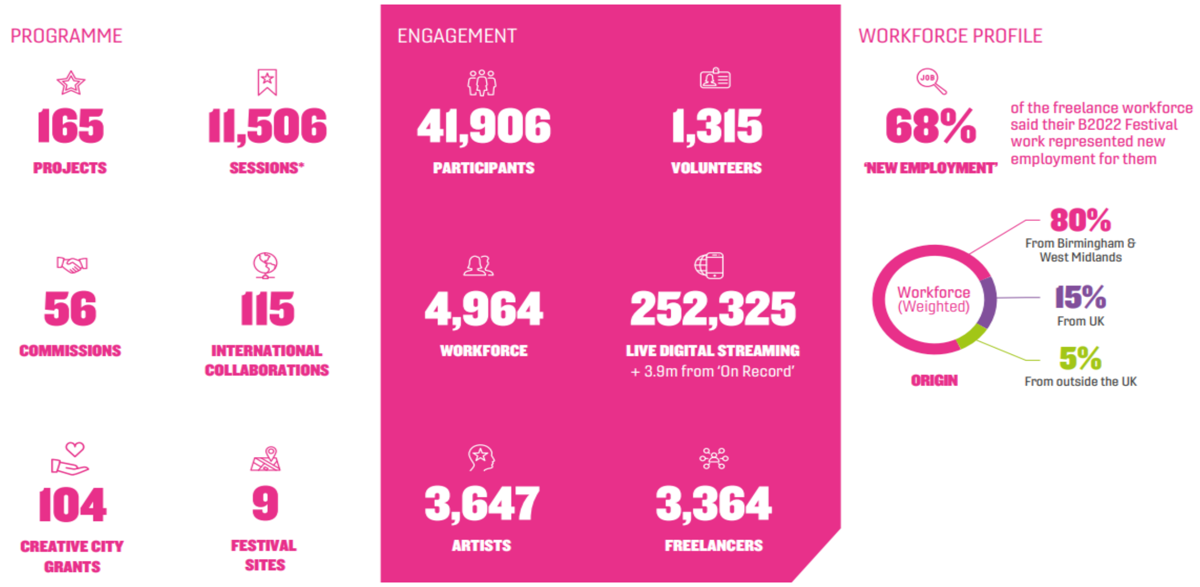
In terms of employment impact of the planning and delivery of the Games, it is estimated that 15,410 gross FTE years of employment were created for the UK economy over the 4.5 years from 2018/19 to 2022/23. And in net terms this equates to estimated 13,490 net FTE years of employment in the UK economy. Of these total net employment impacts, it is estimated that:

- **At least a quarter of total net employment was supported in Birmingham**.
- **Over half of total net employment was supported in the West Midlands as a whole, equating to approximately 7,040 net FTE years of employment.**
- **Spend by Games-related visitors in 2022/23, is estimated to have supported 1,380 net FTEs across the West Midlands, and approximately 760 net FTEs nationally.**

c. Birmingham Festival 2022

The evaluation report highlights the success of Birmingham 2022 Festival[2] as also having a hugely positive impact on the local economy. Festival sites were available during eleven days of the Commonwealth Games, where people could watch sports, eat and drink, socialise, and participate in the art and culture programme. The report highlights that:

- **£100m was generated in direct economic and £87m in GVA, including £47m directly from tourists.**
- **Total attendance for the Festival programme was around 2.4 million visitors**, with 96% of attendees rating their experience as good or excellent. It also reached more than 41,000 participants, showcasing how arts and culture can successfully be brought together with major sporting events.
- Finally, **993 organisations were involved and almost 5,000 staff and freelancers.**



Source: Birmingham Festival 2022, Birmingham Commonwealth Games 2022

It was not only Birmingham that experienced a boost in tourism due to the success of Commonwealth Games and Festival but also Coventry & Warwickshire, successfully hosting Games events and associated cultural activities.

d. Accommodation occupancy rates over the last three years

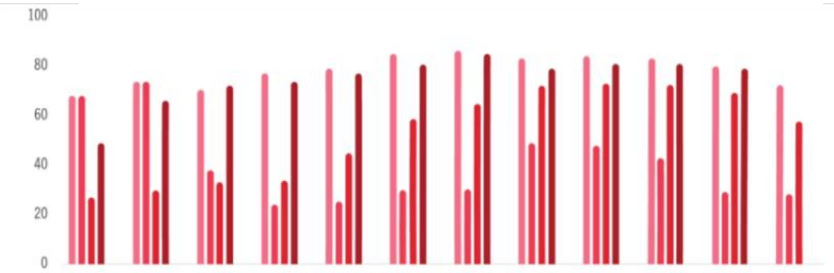
The England Occupancy Survey (EOS) measures the occupancy of bedroom and bed spaces across the serviced accommodation sector, including a small proportion of serviced apartments and B&B/guesthouses.

[2] https://resources.cwg-Commonwealth Games 2022 Festival Evaluation

The chart shows that accommodation occupancy rates in the last six months were almost back to pre-pandemic levels, showing strong signs of tourism recovery across England.

In Birmingham, hotel occupancy for Spring 2022 was 72% higher than the position for the same time in 2021. Revenue per room had been growing healthily, however there has been a slowdown in bookings more recently, most likely due to cost-of-living pressures.

England Room Occupancy by Month



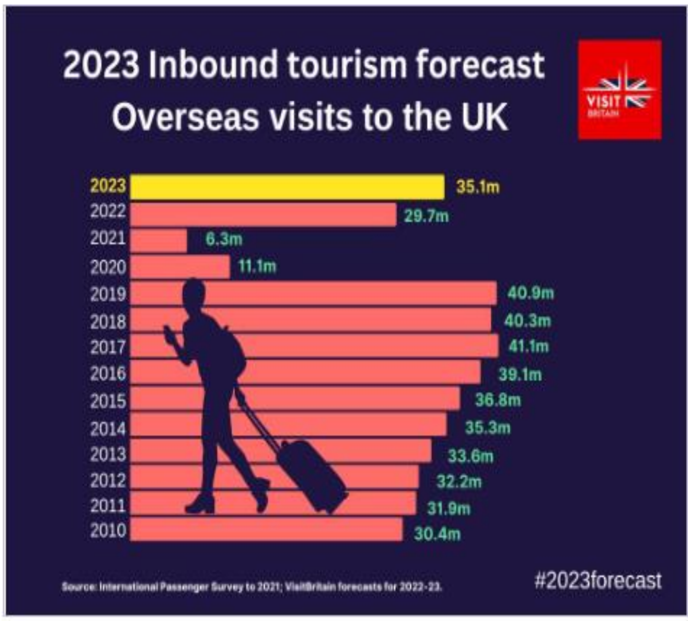
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	65%	73%	75%	76%	78%	83%	85%	82%	83%	82%	79%	71%
2020	65%	73%	37%	22%	23%	24%	29%	47%	45%	42%	28%	27%
2021	24%	29%	33%	34%	42%	56%	65%	71%	72%	70%	67%	56%
2022	47%	65%	71%	73%	76%	80%	83%	78%	80%	80%	78%	

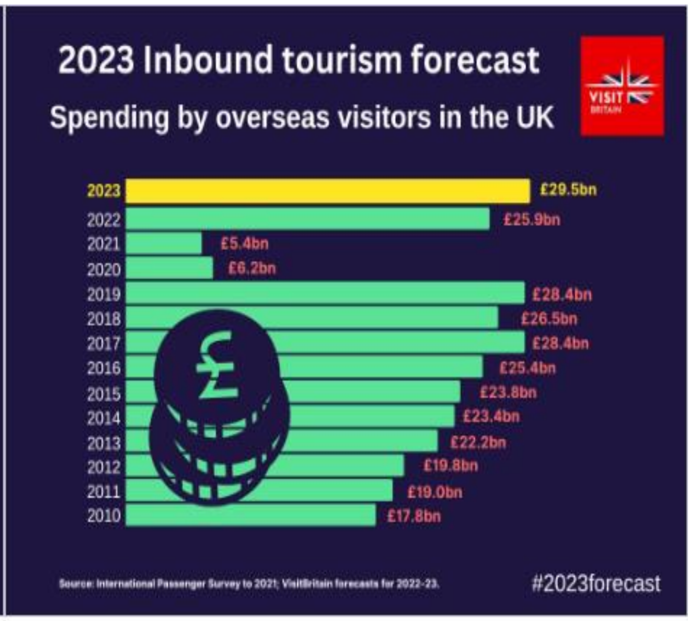
Source: England Occupancy Survey, VisitBritain

e. Inbound Tourism

VisitBritain predicts a strong recovery in inbound visitor spending in 2023. Spending by inbound visitors is forecast to grow faster than visitor volumes, with higher spending per visitor trip.

The chart shows that in 2023 the number of inbound overseas visits to the UK is forecast to be around 35m, representing 86% of the 41m in 2019. In terms of spending by inbound international visitors in the UK, it is forecast that £29.5bn will be spent in 2023, increase of 4% on the £28.4bn recorded in 2019.





Source: VisitBritain (data published December 2022)

4.2 Context – Impacts on the Hospitality Sector

a. Increased costs of business expenditure

For many hospitality businesses one of the best trading periods in the calendar year comes during October to December, also known as the Golden Quarter, with an increase in festive social events and gatherings, parties, and meetings of family and friends. This comes ahead of a more traditionally quiet period during January to March, and the start of the calendar year can also be when rental payments are due for many businesses.

However, in December 2022, the industry's turnover, profitability, staff retention and business viability were severe hit by a combination of factors. The sector has seen businesses reporting increases in costs of up to 40%, adding further pressures from surging energy costs, staff shortages, cancellation of bookings, and increases in the costs of raw materials.

Additional pressures for the sector are arising through door licensing/security issues, with some businesses reporting difficulties finding and appointing skilled staff into these critical roles.

b. Other factors affecting consumer behaviour

A further factor impacting on the Golden Quarter in 2022 for many hospitality businesses were the knock-on effects caused by industrial action by rail workers. Businesses in Birmingham city centre reported cancellations of planned events, and a downturn in trade due to the disruption and uncertainty to people's travel arrangements to get into the city during certain days throughout November and December. **Nationally, UKHospitality estimate that the rail disputes cost the sector £1.5bn in lost revenue during December alone, with cancellation rates for hospitality businesses estimated around 20%-30%.**

However, for some locations, such as suburbs and outlying towns, this drop in trade was less of an issue, especially where there is a lower reliance on public transport to bring customers to venues and attractions.

c. Insolvency of hospitality businesses

UKHospitality also suggest that around 2,500 hospitality premises were forced to close in the last quarter of 2022 and point to that trend likely to continue in the early part of 2023 as a result of the ongoing high costs of doing business.

A recent study by Mazars found that closures amongst restaurants are now happening at a faster rate than during the Covid-19 pandemic, increasing by 60% nationally during 2021/22 compared with 2020/21, whilst UKHospitality and the British Beer & Pub Association suggesting that a third of hospitality businesses could cease trading by early 2023.

4.3 Q&A with Helen Peters, Chief Executive at Shakespeare's England

How did the sector locally fare through the Autumn and the Christmas/New Year season?

"**Generally, the Autumn and Seasonal period was okay. It remained a very late booking environment for hotels and all aspects of hospitality**. It was less price sensitive than might have been expected with some hotels reporting that even if prices were lowered this did not particularly drive additional bookings so they were able to retain the price levels they would want to operate at, and the business would come in. What was noticeable, however, was the reduction in incremental spend. Guests were spending less on extras whilst staying and some even bringing food and drink in from outside to enjoy in their rooms.

Attractions and Seasonal events were well attended - the Victorian Christmas Fair in Stratford being a good example. It was therefore all the more unfortunate that this had to be cancelled on the final day due to adverse weather conditions.

Businesses have individually had to make decisions to control costs especially around energy usage. That has resulted in reduced hours of operation. Some areas of hospitality businesses being closed, and that part of the operation consolidated within the rest of the business. The ongoing staff recruitment issue feeds into this as well."

What do you think are the challenges and opportunities facing the sector locally, looking ahead through 2023?

"**There has been some easing around the demand for staffing especially customer facing and experienced staff. Only time will tell whether this was a temporary situation with people wanting to earn more money over the Festive period, or that a corner has been turned**. There is certainly a lot of pressure being put on the Government to relax some of the restrictions brought in post-Brexit which have impacted greatly on the availability of the European workforce, historically employed across the hospitality sector.

VisitBritain has published its initial sector forecasts, which are optimistic for 2023. Although still way off 2019 visitor numbers and spend, they are still not expected to be reached let alone exceeded until 2024 at the earliest, but encouraging none the less and the Shakespeare's England recovery highlighted in the TEIA-Tourism Economic Impact Assessment 2021 (the most recent; 2022 date available Autumn 2023) has us in line with the national position.

Nearly all International markets have now opened up and we saw a really strong bounce back from US visitors in 2022, helped by global events like the Queen's Platinum Jubilee, the Commonwealth Games, and of course, her late Majesty's Funeral. The coronation of Charles III at Westminster Abbey and the Eurovision Song Contest coming from Liverpool this year will keep 'brand Britain' very much on the front pages of the travel publications across the world, be they print or online.

Chinese tourists are once more able to travel, and the impact of this could start having a demonstrable positive effect on the UK later in the year.

There are concerns around the domestic market and how big an impact the cost-of-living crisis is going to have throughout this year. In the Shakespeare's England area we would need to see 10x the number of day visitors across the year to make up for any major reduction in staying international guests.

Inflation is stabilising slightly, and forecasts are currently a little less gloomy, but as we all know world events are notoriously difficult to predict and invariably have an impact on the Travel & Tourism Industry be it to a greater or lesser degree. However, we are incredibly resilient and swift to change or flex our focus, allowing us to survive and bounce back whatever comes our way."

5. Recommendations

January Golden Recommendation:

2022 was an extremely challenging year for businesses across Coventry & Warwickshire, with high inflation, crippling energy costs, and a tight labour market. Looking ahead through 2023, businesses crave stability to plan investment and growth, which is difficult when the current only certainty is uncertainty. Any measures to build clarity and stability must be welcomed.

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 three short-term recommendations:

a. Short Term

5.1.a
Reductions to Business Support funding remains a significant risk for our local economy – we need to ensure that appropriate funds are directed towards supporting as many businesses as possible to tackle the big challenges they currently face, notably by prioritising innovation (products, processes, and services) and diversification (including into new markets).

5.1.b
With our relatively poor regional performance on International Trade, measures that support increasing the level of exporting should be implemented. Capacity on International Trade business support should be increased to help raise awareness around opportunities, both for companies that currently aren't engaged in trading internationally and also those who currently are and would like to do more**.**

b. Medium Term

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

5.2.a
The next twelve months will be critical in seeing how the 'De Bois Review' recommendations are further scoped and refined by Government, and then move to become implemented across the Visitor economy. Arrangements for the various levels of Destination Management that are being shaped as part of the Review will have impacts at national, regional, and local level - and future targeted support for the sector will need to be aligned with these emerging structures.

5.2.b
A number of pilots stemming from the 'De Bois Review', are being taken forward and we should monitor how these work, to learn lessons that could be used in future delivery arrangements across Coventry & Warwickshire.

5.2.c
To support the Tourism Sector and attract visitors back to Coventry & Warwickshire the local authorities have been producing Destination Management Plans and Sector Growth Plans. **These strategies need to inform and identify how, collectively, the Visitor Economy sector can be best supported in Coventry & Warwickshire.**

5.2.d
Forecasts from Visit England suggest that 2023 should be a year for recovery. However, some overseas travel is still very subdued, and although spend is better it is not yet back to 2019 levels. The wider economic outlook, including high inflation and high costs of services, could hamper recovery and 2023 could be another year of steadying. However, there are opportunities to better package day visits and short breaks within the UK, and the interest for travel from Europe/Americas is starting to pick up. It may be 2024 before there is more sustained recovery for the sector.

C. Long Term

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

5.3.a
Government needs to offer greater incentives for businesses to invest in training and upskilling the local and regional workforce. This includes offering a more nuanced approach to deal with the high numbers of those working age economically inactive by recognising the broad spectrum of issues around the subject e.g., childcare costs, and mental and physical health challenges. We encourage Government to listen to industry groups and business bodies and consider their recommendations.

5.3.b
Incentivising businesses to invest in training and development will also help in attracting workers and encouraging greater longer term staff retention with employers, which would be particularly beneficial for the Tourism & Hospitality sectors. This will need to include upskilling and longer term personal and career development through longer term and lifelong learning opportunities.

5.3.c
UKSPF gives us the opportunity to provide support for sectors such as Retailing and Tourism in Coventry & Warwickshire, where they operate on a business to customer model. Although the budget is less than under ERDF arrangements, there could still be opportunities to support locally.