CW GrowthHub

SmartRegion
Powered By Business Intelligence

Coventry & Warwickshire Business Intelligence

June 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

1. Executive Summary

Welcome to the June 2023 edition of the Coventry & Warwickshire Smart Region report. This month our spotlight theme is **'Automotive & Future Mobility',** highlighting latest trends, issues, challenges, and future opportunities**.**

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), West Midlands Combined Authority (WMCA), WM-REDI, Bank of England (BoE), and other specialist labour market research and analysis bodies.

Key Headlines

"It has been insightful to have recently worked with the Scale-Up Institute to better understand how we need to facilitate local economic growth. Research shows that it is easier to start a business than it is to scale and grow one. It is clear what is needed to facilitate the economic growth we all strive for:

- **Leverage and build on what works to create, at scale, long-term sustainable interventions, deployed at a local level.**
- **Champion the case of our scale-ups and growth sectors, aligning the right people and making available the best funding resources.**
- **Build clusters and hubs, at a local level, connecting our scale-up communities to the talent, finance, and markets that they need to propel growth.**
- **Segment the business population, identifying scale-ups at local level and ensuring that programmes are tailored to their needs, building upon the distinction of 'start-ups', 'scale-up', and 'stay-ahead'.**
- **Develop a single point of contact to develop the relationship through Account Management and High Growth teams to support scale-up growth.**

This agenda is important because scaling companies are key drivers of our economy. Despite representing less than 1% of UK companies they generate £1.2trn, which is 50% of the total UK SME economy. Last week I was delighted to host delegates from all English regions in Coventry for a three-day course in conjunction with the Scale Up Institute and Innovate UK, facilitated by a world-leader on scale-ups, Professor Dan Isenberg of Harvard Business School.

If we are to see ambitious companies growing across sectors, improving their productivity and international competitiveness, we must collectively act and champion the cause of our scale-ups, and enhance Coventry & Warwickshire's reputation as the place to do and grow a business."

Craig Humphrey, Chief Executive, CW Growth Hub

2. Latest Economic & Labour Market Trends

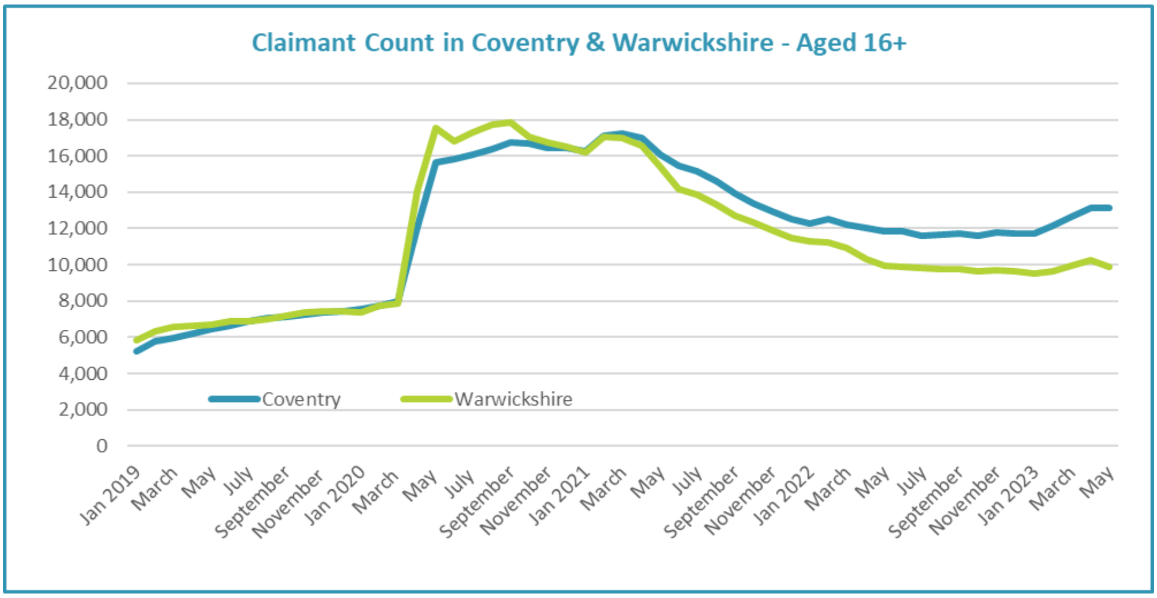
2.1 Labour Market Trends

- In May 2023, **the claimant count in Coventry & Warwickshire totalled 23,025 people.** At the start of the pandemic, just over three years ago in March 2020, the claimant count stood at 15,830.

Area	March 2020	May 2022	March 2023	April 2023	May 2023
Coventry	8,000	11,830	12,640	13,115	13,115
North Warwickshire	845	1,050	1,040	1,060	1,020
Nuneaton & Bedworth	2,830	3,260	3,220	3,280	3,235
Rugby	1,535	1,870	1,995	2,120	2,065
Stratford-on-Avon	1,050	1,655	1,635	1,675	1,565
Warwick	1,570	2,120	2,030	2,105	2,025
Warwickshire	7,830	9,955	9,920	10,240	9,910
CWLEP	**15,830**	**21,785**	**22,560**	**23,355**	**23,025**

***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 21,785 this time last year.



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

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

- The increase in both Coventry and Warwickshire's claimant counts had been accelerating **since the start of 2023, most notably in Coventry.** We will continue monitoring this over the coming months to determine whether this is a short-term or seasonal effect, as last month's total for the city levelled off, or whether it points to a more concerning trend.

The Office for National Statistics (ONS) also reported in June 2023 that nationally:

- **The UK employment rate for February to April 2023 was 76.0%, 0.2 percentage points higher than the previous quarter.** Employment increased on the quarter, driven by increasing numbers of employees and self-employed workers.

- **Latest estimates of payrolled employees for May 2023 showed an increase, up 23,000 on the revised April 2023 figures, to 30.0 million.**

- **The unemployment rate for February to April 2023 increased by 0.1 percentage points on the quarter to 3.8%.** The increase in unemployment was driven mainly by people unemployed for up to 12 months.

- **The economic inactivity rate decreased by 0.4 percentage points to 21.0% in February to April 2023.** Looking at economic inactivity by reason, the fall was driven largely by those inactive for 'other reasons' and those 'looking after family or home'. **Meanwhile, those inactive because of long-term sickness increased to a record high**.

- **In March to May 2023, the estimated number of vacancies fell by 79,000 on the quarter to 1,051,000** - the eleventh consecutive fall. A decreasing number of vacancies reflects continued uncertainty across a wide range of sectors, as businesses report holding back on recruitment due to economic pressures, challenges, and other concerns.

- **The growth in average total pay (including bonuses) was 6.5%, and regular pay (excluding bonuses) was 7.2% among employees in February to April 2023.** For regular pay, this is the largest growth rate seen outside of the Covid-19 pandemic.

- **In real terms (adjusted for inflation) growth for total pay fell by 2.0% and regular pay by 1.3% on the year in February to April 2023.**

- **In April 2023, there were 257,000 working days lost to labour disputes,** a significant reduction from the total of 556,000 the previous month.

- **In March 2023, workforce jobs rose by a record 395,000 on the quarter to a new record high of 36.8 million, with 8 of the 20 industry sectors at record high levels.**

2.2 Economic Trends

Economic Growth

- **The UK economy returned to growth in April with a 0.2% increase in GDP, following the 0.3% contraction in March. The rise was put down to a strong month for the Service sector, with rising car sales and gains in hospitality.** However, the Construction sector fell by 0.6% following two consecutive monthly rises, with the ONS warning of a potential slowdown in house building activity, likely triggered by high interest rates.

- **Overall, the economy appears to be stabilising but showing evidence of 'stagflation' (low growth, high inflation) which is limiting its growth potential.** However, despite the ongoing cost-of-living crisis, consumer spending continues to increase, which could mean that credit is delaying the fiscal pain for many households. Retail sales rose by 0.3% in May, following a 0.5% rise the previous month.

- **The Bank of England raised the base rate by 0.5 percentage points to 5.0% towards the end of June, sparking concerns about the knock-on effect to people's mortgages - and resulting reductions in spending power - and the ability of businesses to borrow money**. CPI inflation remained high in May, sticking at 8.7% for the second consecutive month.

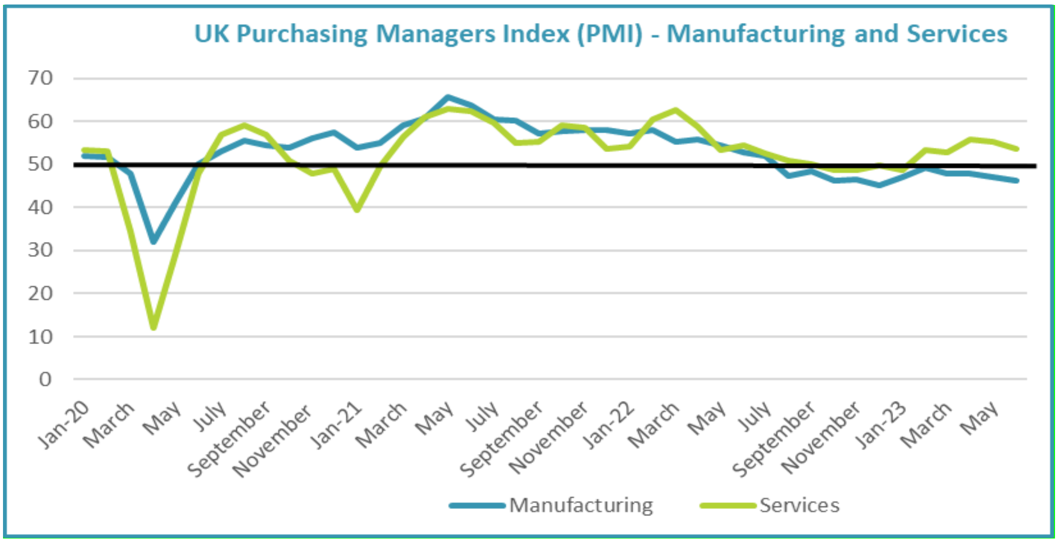
- **The British Chambers of Commerce (BCC) called on the Government to make the necessary policy interventions to get inflation under control.** These are to address the tightness in the labour market that is driving up wages, and to tackle the EU trade barriers that are driving up costs for businesses. The BCC also warned against maintaining high interest rates, arguing that doing so runs the risk of pushing more companies out of business.

- As UK supermarket bosses were called before a Parliamentary Select Committee to explain the scale of their post-pandemic profits, **a new report from the IMF has concluded that corporate profits are now the biggest driver of inflation in the Euro Area.** European Central Bank President Christine Lagarde warned that companies must absorb higher wage costs at the expense of excess profit margins. **This comes after the Bank of England boss Andrew Bailey made a similar warning to companies not to increase prices to help keep inflation down.**

- **A new report from the Institute for Public Policy Research has found that the UK ranks 27th out of 30 OECD countries for business investment, and the thinktank has warned that the UK will continue to underperform compared to other countries unless a new approach is adopted**. The report recommends public investment in green industries in particular, to catalyse private sector investment. This underlines the need to accelerate investment in Gigafactories, to accelerate UK capacity in EV battery production.

Business Confidence

- **The national Purchasing Managers Index (PMI) for manufacturing decreased further in June to 46.2 from a revised 47.1 in May** (a figure above 50 represents growth, and contraction below 50). The manufacturing PMI hasn't been above 50 since July 2022. Reduced consumer demand, the delayed delivery of inputs, energy costs, labour shortages, and increasing labour costs are all continuing to contribute to this subdued confidence.



***Source**: Trading Economics*

- However, for services, whilst confidence was subdued throughout 2022 there are signs of optimism, for at least some parts of the service sector. **The services PMI fell slightly in June, to 53.7 from a revised 55.2 in April, but has been above 50 since the beginning of the year.**

- **The latest Natwest PMI report shows the strongest growth in the level of business activity in the West Midlands since April 2022, as the index rose from 52.8 in April to 54.2 in May.** The West Midlands was the third strongest region in the UK this month in terms of output, which was put down to better sales, capacity growth, and favourable weather.

- **The latest ONS Business Insights survey also displayed positive trends in West Midlands' firms increasing their turnover. In May, 29.1% of firms reported an increase in turnover on the previous month** – a marked improvement on the previous month when 18.3% of businesses reported a monthly increase. In May, 18.3% of firms saw a decrease in turnover, and 43.4% saw turnover stay constant, a further indicator of steady growth in activity.

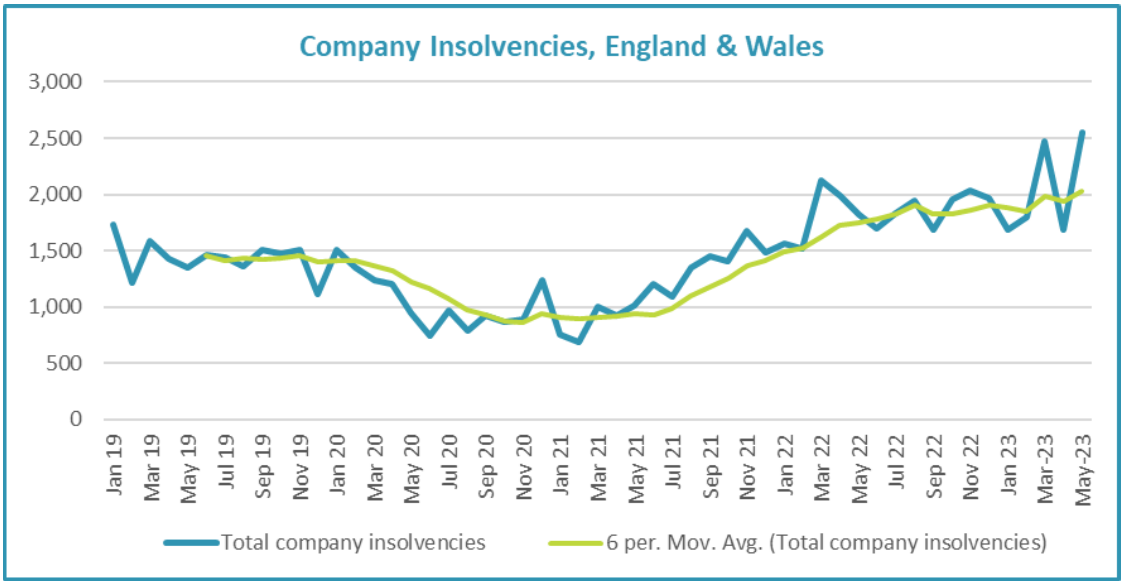
- There was good news for the Coventry tourism industry as it announced a record year for visitors to the city. **On the back of the City of Culture year, Coventry received 11.1m visitors in 2022 (up from 10m in 2019) and the value of the visitor economy increased to £751m,** some 26% greater than in 2019.

- June also saw the **launch of a new cultural partnership between Coventry City Council, the University of Warwick, and Coventry University, that will see a new 10-year strategic vision for local culture and creative industries**. Known as Coventry Culture Works, the partnership will deliver the city's cultural strategy and attract future investment into the cultural and creative economy for the wider benefit of Coventry & Warwickshire.

- **Despite this positive news, a new report from CW Chamber of Commerce has concluded that a lack of employment land is holding back business growth in our area.** The report highlights that local companies are struggling to find adequate and affordable space, holding them back from expansion. The Chamber report highlights the urgent need for the right types of employment spaces to create good jobs, and lead to more sustainable development of the local economy.

- **In addition, West Midlands businesses continue to highlight energy prices and inflation of goods and services as their main areas of concern, alongside recruitment and retention of staff.** This further demonstrates the need to accelerate the implementation of new business support activities to help businesses find ways to improve energy efficiency and deliver new product and process innovations to help reduce costs and keep prices to a minimum.

- **Across the economy, there was a steep increase in company insolvencies in May 2023, with 2,552 in England & Wales during the month, and the overall trend in these is continuing to rise**.



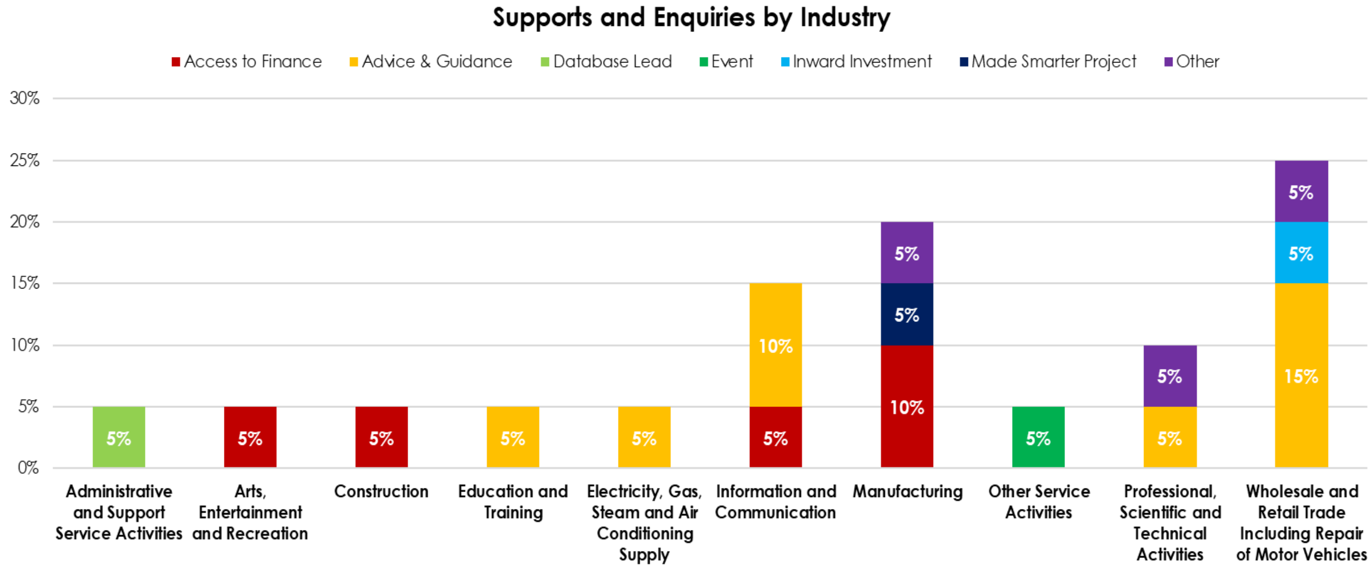
Source: *Insolvency Service*

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 5,222 businesses** including substantive discussions covering a wide range of issues impacting on potential future growth.

This month's business insights are taken from intelligence gathered in **May 2023.** The chart shows the supports and enquiries that businesses made by sector.



NB: Figures have been rounded.

Advice & Guidance was the most popular reason for support/enquiries over the past month, although there was also a spread across other enquiry types. In addition, businesses highlighted the **Access to Finance** as a key requirement for support. There was also guidance provided around **Events, Inward Investment, Made Smarter Project, and Other Support.**

The main sectors supported by CW Growth Hub were Wholesale & Retail Trade, including Repair of Motor Vehicles (25%), followed **by Manufacturing (20%),** and **Information & Communication (15%).**

The size profile of businesses supported over the past month consisted of **40% Sole Traders, 20% Micro businesses (2-9 employees), 27% Small businesses (10-49 employees), and 13% Medium businesses (50-249 employees).**

There was an **increase in Sole Traders, Small and Medium Enterprises** and a **decrease in Micro Enterprises** approaching CW Growth Hub compared to the previous month. Around 28% of respondents that stated their date of incorporation came from businesses that have begun trading since 2020.

3.2 CW Growth Hub – Current Themes

CW Growth Hub Account Managers reported this month:

Hot Topics, Business & Economic Intelligence Headlines

- **Increased Costs:**
  - **Materials, including Aero Grade Aluminium** – CW Growth Hub Advisors have been supporting owners of businesses suffering with the cost of doing business, including very high energy prices and material costs. For example, a lack of aerospace grade aluminum has caused some suppliers to offer 2-year lead times, resulting in some international clients looking elsewhere rather than waiting.
  - **Staff Costs** – Remains an on-going issue, and some employers have had to increase salaries sooner than, and/or by more than, planned to retain existing staff and attract new people. As a result, cashflow is being affected with some businesses seeking extensions to payment terms, setting back their growth plans.
  - **Energy –** Businesses reporting continuing exceptionally high energy costs, although some have invested in solar PV and LED fixtures, hoping to see these contribute to significant reductions in bills soon.
- **Recycling -** Businesses involved in the sale of scrap materials are reporting a volatile market with the sale price of some of these reusable materials dropping by up to half. There appears to be growing competition for the collection of these materials, also thought to be contributing to the price fall.
- **Imports** – Delays continue to be reported around some European imports since our exit from the EU, with lead times quoted as being around 6-8 weeks, compared with a one-week average prior to leaving.

New job losses, warnings, or potential economic shocks

- **Lack of Suitable Courses** – Examples coming through of businesses looking to recruit apprentices, even though they have found suitable candidates, not being able to match candidates to suitable courses to cover what they do. Automotive, including EV technologies, suffering as a result.
- **Planning Delays –** Reported delays with the planning process are slowing down several expansion plans. Some businesses are calling for a review of planning processes that are considered not flexible and responsive enough to cope with the fast growth and buoyancy in some parts of the economy.
- **Skills Shortages:**
  - **Production staff –** Manufacturers continuing to report struggles with the recruitment and retention of skilled staff, alongside challenges in meeting

wage demands. Employers continuing to explore expanding non-pay and flexible benefits to help attract and retain staff.

- **Care sector** – Some care businesses reporting that they face recruitment difficulties due to contract limitations on salary increases, resulting in staff leaving, with no immediate replacements being found. Some staff have left the profession without new jobs, confident in finding work elsewhere.

New Opportunities, Investments, and Job Gains

- **Recruitment -** Exhibition and events businesses showing more signs of post-pandemic expansion, with reported opportunities for graduates, not just in casual jobs but also in long-term opportunities inc. media and graphic design.

- **Construction Training** – A Nuneaton based training provider has set up a new training facility that will see them grow their full-time staff from 700 to 1,000 following a £4m investment.

Other

- **Business Awards –** The top start-up firms in the Midlands have been revealed at the Midlands Start-Up Awards. This recognised thirty different new businesses across various categories, including Innovative Start-Up, MedTech & HealthTech Start-Up, and Social Enterprise Start-Up of the Year. Winners from Coventry & Warwickshire included:
    - **Flux Aviation** – won Innovative Start-up of the Year
    - **Verify365** – won Technology Services Start-up of the Year
    - **Salinity Solutions** – won Manufacturing Start-up of the Year
    - **Allerpack** – won Online Retail Start-up of the Year.

3.3 CW Growth Hub – Other Business Insights

We asked CW Growth Hub business contacts to highlight some of the wider issues and challenges they currently face. Here is one example of recent experiences:

Financial challenges – *One local business shared details of financial difficulties, primarily driven by increased energy costs, tight profit margins, and significant price hikes in raw materials. Additionally, the owner's concerns about the future workforce and the apparent lack of interest in seeking jobs in the industry, suggest potential long-term challenges for the company.*

Energy Costs - The company's energy costs have significantly increased from £2.5k/month to £7.5k/month.

Profit Margins - Profit margins are tight with only 6% of their £7m turnover being net profit (they are aiming to be at 10%). Tight profit margins are mainly due to increases in raw material costs and not being able to pass on those increases to some clients.

Workforce Age – The average workforce age is 20-30 (believes this gives owner 10-25 year continuity) but worried about lack of interest from the 'next generation' in pursuing careers in the industry, especially for engineers and other skilled production occupations. Their plan is to reassess all of this in 5-10 years.

Challenges with raw materials prices – Particularly due to the war in Ukraine. The cost of steel is most affected, with 40%-50% increases. This is exacerbated by suppliers providing quotes only valid for two hours.
[Aerospace manufacturing and consultancy firm, Nuneaton]

4. Spotlight: Automotive & Future Mobility

This month we spotlight Automotive & Future Mobility, highlighting some of the current issues and challenges faced by local businesses, such as rising costs of energy, supply chain delays, spiralling inflation, ongoing impacts of the Covid-19 pandemic, and impacts of Brexit. We also explore the opportunities ahead in a rapidly changing environment, where Coventry & Warwickshire is right at the heart of the innovations taking place that will radically change the face of Future Mobility.

4.1 Context – Automotive Market Overview

In May, the UK's new-car market saw continued recovery, marking the longest uninterrupted period of expansion in eight years. According to data from the Society of Motor Manufacturers and Traders (SMMT), registrations experienced growth of 16.7% last month, resulting in a total of 145,204 units. This consistent growth spans ten consecutive months, indicating a positive trajectory amidst recent market challenges. This boost to confidence for the future in sector that contributes £14bn in valued added to the UK economy on an annual basis and supports 800,000 jobs across wider supply chain.

However, despite that positive news, the market remains 21% below the level reached in May 2019, highlighting the ongoing struggle to reach pre Covid-19 trading. There is also the possibility that the pace of progress may slow and fall over the coming months as the cost-of-living crisis and further rises in interest rates continue to impact overall consumer demand, behaviour, and household spending.

Fuel Types in the new-car market in the UK

According to data from SMMT, **petrol vehicles remained the dominant fuel type in the UK's new-car market in May 2023, with 82,800 units registered, a 12.5% increase year on year. Battery Electric Vehicles (BEVs) continued to grow rapidly, with 24,513 registrations, marking a 58.7% increase.** Plug-in Hybrids (PHEVs) also had a strong month, with registrations up 23%, while diesel registrations declined by 17.6%.

However, to encourage wider adoption, more affordable charging options are needed. There is also a disparity across the UK in terms of ratio of plug-in cars to slow and fast chargers. For example, London has nine electric vehicles per charger compared to 40 electric vehicles per charger in the West Midlands, and 66 vehicles in the South-West.

The sector in Coventry & Warwickshire

Estimates by Warwickshire County Council have identified over 200 businesses belonging to 170 parent groups in the Automotive sector in Coventry & Warwickshire in 2020 and providing some 50,000 jobs.

There are positive prospects for future growth in the local automotive and future mobility sector. Jaguar Land Rover recorded revenues of £7.1bn in the last quarter of the 2022/23 financial year, marking a 28% increase compared to the previous three months and up 49% on the same period in 2022. The reopening of the Chinese economy and the successful launch of its new Defender model have contributed to Jaguar Land Rover's positive performance. Additionally, Chinese automotive company Geely has invested £234m, to double its stake in Aston Martin to 17%, which resulted in a 25% surge in the value of Aston Martin's shares.

4.2 Impact of Brexit on Automotive Sector

International Trade & Supply Chains

Three big carmakers, based across the UK and operating in global markets, Jaguar Land Rover, Ford, and Stellantis, have jointly urged UK government to renegotiate the Brexit deal, the UK EU Trade & Co-operation Agreement, which threatens how the market will operate in the future. According to the Agreement, for an electric vehicle to be sold in the EU without a 10% trade tariff, at least 40% of its parts by value must be sourced from the UK or EU. This requirement is set to increase to 45% in 2024 and 55% in 2027.

Underpinning this, the UK, along with other EU countries, faces a lack of battery production facilities, meaning car manufacturers are typically relying on sourcing batteries from Asia. Given the high relative value of batteries in electric vehicles, there is growing concern among manufacturers that they will exceed the Rules of Origin limits. The VDA, a lobby group representing the German automotive industry, has also expressed similar concerns regarding these rules, which also impact vehicle sales from the EU to the UK. They have called for a three-year extension to the implementation of the new rules, allowing the UK and EU more time to enhance their own battery production capabilities.

In a broader context, Make UK has also urged the government to develop a new Industrial Strategy and reconsider its subsidy framework for manufacturers to enhance the UK's appeal for overseas investment, drawing inspiration from the United States' Inflation Reduction Act.

Future Investment

While the full effects of Brexit are still unfolding, it is evident that changes in trade policies and market dynamics remain a threat to future investment in the UK automotive market. One of the primary reasons for this is while the Trade and Cooperation Agreement (TCA) provides tariff-free and quota-free trade for most goods between the United Kingdom and the EU, it still introduces new non-tariff barriers and additional administrative burdens, particularly in the automotive sector.

Furthermore, there is a concern that the UK may lag in the pursuit of green industrialisation, considering the scale of investment in United States with its Inflation Reduction Act, as well as significant investments by the European Union in this field. Although the UK Government plans to establish Investment Zones to attract and deliver future investment, the locations of these zones are currently being decided, including one in the West Midlands, and will not be running until 2024 onwards. It is crucial for the UK to secure investment promptly to maintain and build future competitiveness.

Gigafactories

Securing both private sector and Government-funded investment for the West Midlands Gigafactory at Coventry Airport, and development of the Electric Vehicle & Battery Manufacturing supply chains, remains crucial. Looking ahead, for the UK to actively contribute to the green future mobility revolution, it will require multiple gigafactories to deliver on the growing demand for batteries. Additionally, a supply chain that can provide the necessary components and other inputs will be essential, particularly considering the Rules of Origin changes which are still to take effect.

4.3 Growing Challenges in Consumer Behaviours

Changing consumer behaviour from using internal combustion engine (ICE) cars to electric vehicles (EVs) requires long-term change. Most voters currently prioritise healthcare, the cost-of-living, education, and immigration over environmental and climate change concerns, adding to the time taken for many consumers to make changes to how they move around.

Charging Infrastructure

The apparent slow delivery of charging infrastructure remains an issue, especially in remote areas where many EV drivers struggle to recharge their vehicles. Access to charging points is short-term problem worsened by the limited ranges available for many EV models from vehicle manufacturers.

Currently, most EVs offer a range of 150 to 250 miles, but newer technologies promise a near doubling of range in the next generation of products. Considering the size of the UK, this range should represent an adequate capacity for most journeys. However, drivers without off-street parking still face challenges which could be addressed by increasing charging capacity at workplaces and car parks.

In Coventry & Warwickshire there was a mixed picture in respect to public charge points per 100,000 population in April 2023. Coventry has the highest number, at 318 devices per 100,000 population, the highest of any local authority outside London. Meanwhile North Warwickshire has 71.9, Nuneaton & Bedworth 22.3, Rugby 68.8, Stratford on Avon 83.1, and Warwick 61.9. The UK average is 59.9.

Electricity Costs

The ongoing conflict in Ukraine has caused spiralling cost of energy, resulting in quadrupled electricity prices in the wholesale market over last Autumn and Winter. For instance, in December 2021, a megawatt of electricity cost £126, but by August 2022 it increased to £511. **Whilst this has meant consumers have had to pay more to charge their electric vehicles, the cost of petrol and diesel has also increased significantly, so everyone is paying more regardless of type of fuel**.

Inflation

Rising costs and higher debt servicing payments, driven by inflation and increased interest, are putting pressure on consumers. Consequently, those renewing their mortgages in 2023 are expected to face a fourfold increase in interest rates, which will significantly impact on disposable incomes. **This financial strain extends to car loan and lease as well, which is expected to have knock-on effect on future new vehicle demand.**

4.4 Future Mobility in Coventry & Warwickshire

Coventry & Warwickshire is home to businesses driving forward global technologies and ground-breaking innovations, including EV battery and energy storage, deployment of hydrogen in transport, and connected and autonomous technologies.

Invest CW, the inward investment partnership for Coventry & Warwickshire, highlight how our area is at the forefront of the future mobility and green industrial revolution. **Coventry & Warwickshire currently has the highest concentration of transport technology design, engineering, and manufacturing centres in the UK,** with major OEMs including Aston Martin Lagonda, BMW, Geely London EV Company, Jaguar Land Rover, and Rolls Royce Aerospace, and a growing supply chain for net-zero carbon vehicle technology.

Our region benefits from national centres of R&D including High Value Manufacturing Catapult Centres at the Manufacturing Technology Centre (MTC) and WMG University of Warwick, vehicle test and development at MIRA Technology Park, the National Transport Design Centre at Coventry University, Long Marston Rail Innovation Centre, and the UK Battery Industrialisation Centre (UKBIC).

Future Mobility is also driving forward local commercial property development and demand for office and industrial premises, with a pipeline in excess of £2.5bn. Current highlights include:

- Lotus Engineering has established the Advanced Technology Centre (LATC) at University of Warwick Wellesbourne Campus, to develop EV platforms.

- Polestar is one of a growing number of OEMs developing new product at MIRA Technology Park.
- REE Auto, the Israeli technology company, has created a commercial EV plant in Coventry.
- Porterbrook, the rail leasing company, recently took a 15-year lease on the 135-acre Long Marston Rail Innovation Centre.
- The £130m 200,000sqm UK Battery Industrialisation Centre (UKBIC), was officially opened in 2021.
- West Midlands Gigafactory, Coventry, has outline planning granted for a facility which could accommodate up to 60 GWh of production capability, enough to power 600,000 electric vehicles per year.
- A new £4m Winding Centre at WMG at the University of Warwick, to help UK supply chain companies to manufacture discrete hairpin machines.

Other Coventry & Warwickshire innovations

All Electric Bus City - **A £150 million project to create the UK's first all-electric bus city by 2025 is well underway.** Transport for West Midlands (TfWM) is working with Coventry City Council on the scheme and has secured £50m Department for Transport funding to develop charging infrastructure and to top up the investment being made by bus operators in upgrading the fleet with EVs. This includes upgrades such as charge points at bus depots across Coventry & Warwickshire. The brand new National Express Coventry all electric double-decker buses are now in service, the first of up to 300 new vehicles arriving over the next three years.

Coventry Very Light Rail (VLR) – **Currently in research and development phase and using the best local expertise to develop an innovative track design and vehicle, and deliver an affordable light rail system, for Coventry and beyond**. Coventry VLR will provide an alternative to the car, help to improve air quality, and reduce congestion.

The project has developed a new kind of vehicle and track that aims to provide a reliable, frequent, environmentally friendly, hop-on hop-off transport system in Coventry and other cities and towns at a lower cost than conventional light rail and still provide the same benefits.

The vehicle is battery-powered, eliminating the need for overhead wires. It has an innovative turning system allowing it to handle 15m radius curves, meaning it can be installed in tight corners in the existing highway, and it can operate at a high frequency to provide a turn-up and go service. The vehicle has a capacity of around 56 passengers, is comfortable and has low floors to enable passengers to embark and disembark easily. The vehicle has been developed to allow

autonomous operation in future. The Council is working with the **Very Light Rail National Innovation Centre** in Dudley for testing the integrated system.
The Very Light Rail National Innovation Centre will allow for testing and development of Coventry VLR vehicles in the West Midlands. This will include a test track and workshop space to support further research and development.

Urban Airport for drone technologies - **Urban-Air Port, the UK-based developer of ground infrastructure for air taxis and autonomous delivery drones, opened 'Air-One' in Coventry in 2022, a world-first demonstration of a fully-operational hub for electric vertical take-off and landing (eVTOL) vehicles, such as air taxis, and autonomous cargo drones.**

Air-One helped provide a blueprint for more than 200 vertiports planned worldwide by Urban-Air Port over the next five years to meet growing demand. The advanced air mobility (AAM) market is set for huge growth, with forecast growth of 9% annually to reach $1trn within the next two decades. Despite a booming market and a strong pipeline of eVTOLs entering commercial operations this decade, the lack of ground infrastructure remains one of the single biggest barriers to growth. The Air-One facility in Coventry helped demonstrate how purpose-built ground infrastructure could help realise the potential of AAM to decarbonise transport and cut air pollution and congestion, whilst providing excellent facilities for urban deliveries.

Electrification Skills – Coventry & Warwickshire's two universities are both at the forefront of helping skill the workforce of the future on electrification skills.

The Electric Revolution Skills Hub, through Coventry University, provides an integrated digital platform that gives inclusive access to training, development, and jobs across the country. The Hub will support and empower the automotive and future mobility sector and supply chains to help it meet the skills challenges of the future.
https://www.electricrevolutionskillshub.co.uk/

The National Electrification Skills Framework is the result of a partnership between the WMG at University of Warwick and the Faraday Institution, to help define the training and investment in people, education, and skills that will secure greener jobs in a flourishing UK electrification sector. https://hvm.catapult.org.uk/wp-content/uploads/2021/11/National-Electrification-Skills-Forum-Brochure-FINAL.pdf

5. Recommendations

June's Golden Recommendation:

With interest rates having risen even further this month, we must ensure that local businesses are able to access the necessary support to tackle barriers to growth and improve efficiency and productivity. It is crucial that prompt sign-off of the UK Shared Prosperity Fund (UKSPF) unspent funds for 2022/23 in 2023/24 happens. This will minimise the risk of major gaps in vital support provision between ERDF ending and UKSPF starting.

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 – Despite the encouraging level of business confidence in the region, local firms across a wide range of sectors continue to face significant challenges in terms of costs and barriers to international trade. Government is recommended to invest in greater capacity, flexibilities, and resources to tackle these barriers.

5.1.b – Government is recommended to continue pushing for investment in the Gigafactory in Coventry & Warwickshire to happen as soon as possible. That investment will contribute to help prevent the UK Automotive and Future Mobility sector falling behind the rest of the world when it comes to the transition to electrified vehicles. The West Midlands is best placed to play a key role in that opportunity, but investment is needed to deliver it.

5.1.c – Local business support programmes must continue to raise awareness of the merits of international market opportunities to businesses with the potential to export, and ensure they are signposting effectively to specialist support services available through DBT, CW Growth Hub, Local Authorities, CW Chamber, and elsewhere.

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 - There is a need to explore how business support activities can be flexed to help business get through the ongoing cost-of-doing-business crisis, especially for struggling sectors such as Hospitality. The local and regional support ecosystem will need to continue working closely together over the short and medium term, and with funders, to explore how both existing and emerging support activities and opportunities are best offered so that they have maximum positive impacts.

5.2.b – We need to see targeted investment to unlock the growth potential of key sectors of Coventry & Warwickshire's economy, notably Net Zero, Future Mobility and Electrification. Whilst the CW Gigafactory Levelling-up Zone promises to be a helpful step, work is underway to secure the location for the Investment Zone within the West Midlands, to not only provide financial and tax incentives to accelerate investment, but also provide funding for business, innovation, and skills support, and to help realise regional supply chain growth potential in these sectors.

5.2.c – Local partners should continue to build on the engagement and collaborations with our local universities. This will ensure that we maximise the benefits to Coventry & Warwickshire's economy of current and future local place-based Partnership Bids for research funding.

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 - We need to build on announcements in the WMCA Trailblazer Deeper Devolution Deal, and to work with local and regional partners to lobby Innovate UK to devolve funds to the region to deliver programmes that will support more small firms to innovate and be targeted at growing priority sectors and clusters, including Advanced Manufacturing, Electrification, Future Mobility, and Creative Sectors.

5.3.b - Future employment and skills support should become more locally designed, produced, and delivered. This approach should build on the findings and recommendations from the forthcoming Local Skills Improvement Plans and the National Electrification Skills framework, to respond to future local economic/sectoral needs, including the long-term skills needs for the Electrification, Automotive and Future Mobility sectors.