



SmartRegion
Powered by Business Intelligence

Coventry & Warwickshire Business Intelligence

March 2024

Contents

1. Executive Summary	2
2. Latest Economic & Labour Market Trends	3
2.1 Labour Market Trends	3
2.2 Economic Trends	5
3. Latest CW Growth Hub Insights	8
3.1 CW Growth Hub – Support & Enquiries	8
3.2 CW Growth Hub – Current Themes	9
4. Spotlight: Spring Budget 2024	10
5. Recommendations	15
a. Short Term	15
b. Medium Term	15
c. Long Term	16

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 March 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

“Whether the Spring Budget Statement will bring much-needed confidence to the UK economy, only time will tell.

The 2p reduction in National Insurance will put more money in employees' pockets which is a positive since it will make work more attractive and have the knock-on effect of bringing more people back into the labour market - particularly those who decided not to return to work following the pandemic.

The predictions from the Office for Budget Responsibility that inflation is due to fall further and below the 2% target from a high of 11% is good news for the economy, showing business confidence is slowly returning.

At a time when Coventry & Warwickshire – like most of other areas of the country – is struggling to attract and recruit workers with the right skills in some sectors, this could encourage people back into the workplace.

Productivity is key to the long-term success of UK plc and full expensing has seen an increase in business investment, which is predicted to rise further to 10.6% of GDP to boost productivity and wages, extended to lease assets.

Small businesses are the backbone of our economy and for business owners there was a welcome increase in the VAT threshold from £85,000 to £90,000 making a difference when every penny counts as energy bills and business rates hit many firms hard.

Coventry & Warwickshire is renowned for its expertise in the digital creative sector - particularly in Leamington and surrounding areas - dubbed Silicon Spa - and unlocking more pension fund capital for the tech sector will help with investment.

I'm a big believer in shifting decisions to a more local level, so it was encouraging to hear that a Level 2 Devolution Deal has been agreed with Warwickshire. Once it has been ratified by Warwickshire County Council, it will give the local authority more control and influence over local growth by the transfer of new powers and funding.

The Deal also emphasises the importance of stakeholders continuing to work together to ensure the independence of the local business voice is maintained within Warwickshire.

Coventry & Warwickshire has a resilient economy, and we hope that given stability we will return to sustained growth in the foreseeable future.”

Craig Humphrey, Chief Executive, CW Growth Hub

2. Latest Economic & Labour Market Trends

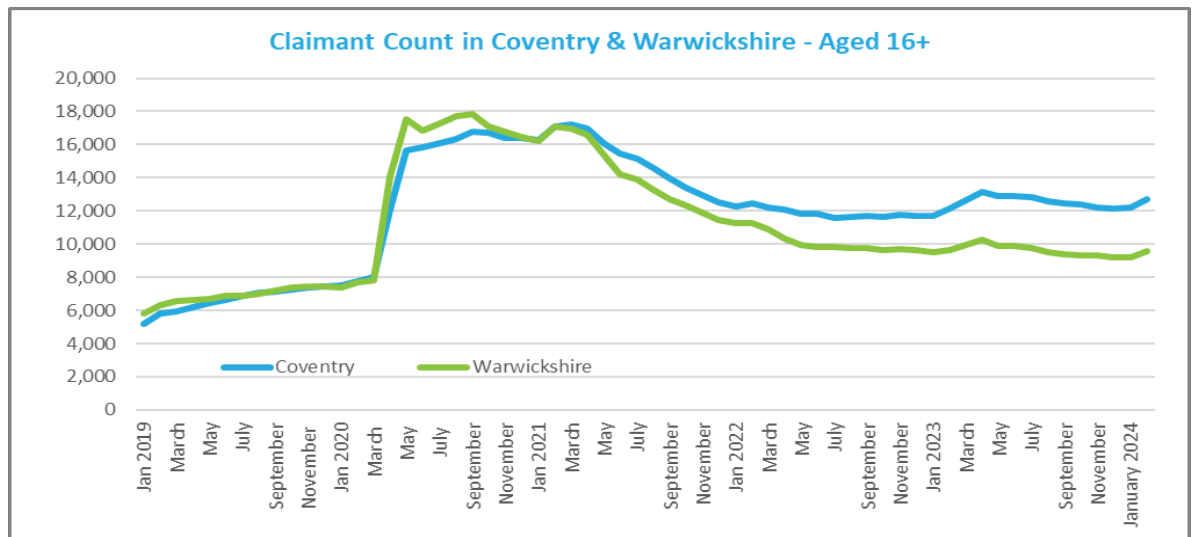
2.1 Labour Market Trends

- **In February 2024, the claimant count in Coventry & Warwickshire rose to 22,230 people.** At the start of the pandemic, almost four years ago in March 2020, the claimant count stood at 15,830.

Area	March 2020	February 2023	December 2023	January 2024	February 2024
Coventry	8,000	12,140	12,115	12,175	12,675
North Warwickshire	845	1,005	980	980	1,030
Nuneaton & Bedworth	2,830	3,130	2,980	2,940	3,055
Rugby	1,535	1,905	1,805	1,770	1,905
Stratford-on-Avon	1,050	1,600	1,510	1,550	1,605
Warwick	1,570	2,005	1,940	1,945	1,960
Warwickshire	7,830	9,650	9,210	9,185	9,555
Coventry & Warwickshire	15,830	21,790	21,325	21,360	22,230

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 21,790 this time last year. There have been consecutive increases over the past three months.



Source: Office for National Statistics

- **There continues to be a slowly widening gap between the claimant counts in Coventry and in Warwickshire.**
- However, overall the claimant counts have been relatively flat since the start of 2022.
- The UK claimant count for February 2024 increased by 16,800 on the month, and by 85,800 on the year, to 1.585 million.

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

- **The estimate of payrolled employees in the UK for February 2024 increased by 20,000 (0.1%) on the month** and increased by 368,000 (1.2%) on the year to 30.4 million.
- **The UK employment rate for November 2023 to January 2024 was down on the quarter to 75%.**
- **The UK unemployment rate for November 2023 to January 2024 was largely unchanged on the quarter, at 3.9%.**
- **Economic inactivity amongst working-aged people increased in the latest quarter, to 21.8%,** and is above the estimate of a year ago.
- **In December 2023 to February 2024, the estimated number of vacancies in the UK economy fell by 43,000 on the quarter to 908,000.** Vacancies fell on the quarter for the 20th consecutive period.

Job vacancies

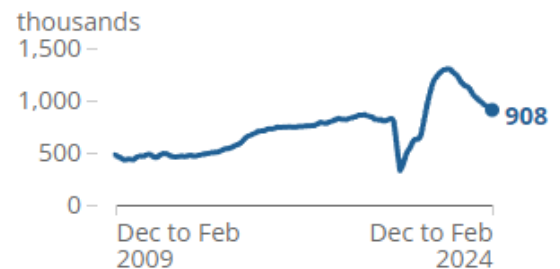
Number of job vacancies

Quarterly change: ▼ -43,000

Since Jan-Mar 2020: ▲ 107,000

Vacancies decreased on the quarter but are above pre-pandemic levels.

Source: Vacancy Survey from ONS



Source: Office for National Statistics

- **Annual total earnings growth (including bonuses) in Great Britain was 5.6%** in November 2023 to January 2024.
- **Annual employee's average regular earnings growth (excluding bonuses) was 6.1%** in November 2023 to January 2024.
- **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 November 2023 to January 2024, **and regular pay rose by 1.8%.**
- **There were 203,000 working days lost due to labour disputes in the UK in January 2024.** Most of these labour disputes were in the health & social work sector.

2.2 Economic Trends

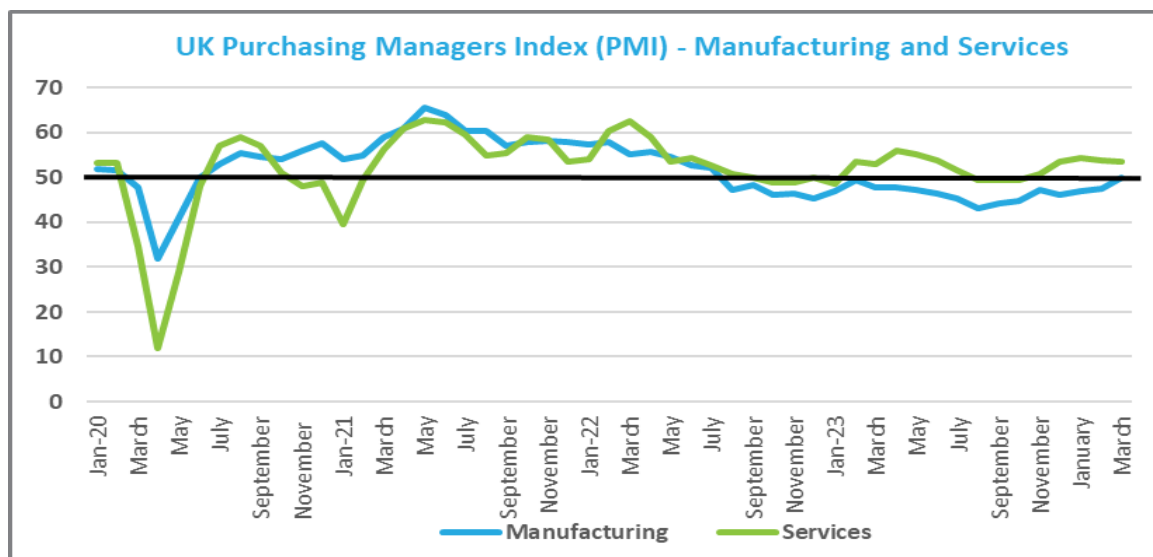
The Economic Development Service at Coventry City Council have compiled the 'Business and Economy Briefing' highlights this month:

Economic Growth

- **The UK economy returned to growth in January, with GDP rising by 0.2%**, following contractions in both Q3 and Q4 2023, raising hopes that the current recession will be shallow and short-lived.
- **The British Chambers of Commerce reacted by warning that the economy is still in a 'perilous state'** and that businesses growth is being held back by **high inflation, high interest rates, skills shortages, a lack of infrastructure investment, and trade barriers with the EU.**
- The [Economic and Fiscal Outlook](#) by the **Office for Budget (OBR)** had **economic growth projections largely unchanged from their previous Autumn Budget forecasts**, but for 2025 where the economy is expected to increase by 1.9%, up 0.5 percentage points on the previous estimate.

Business Confidence

- **The UK Purchasing Managers Index (PMI) for manufacturing rose to 49.9 in March from a revised 47.5 in February** (a figure above 50 represents growth, and contraction below 50).

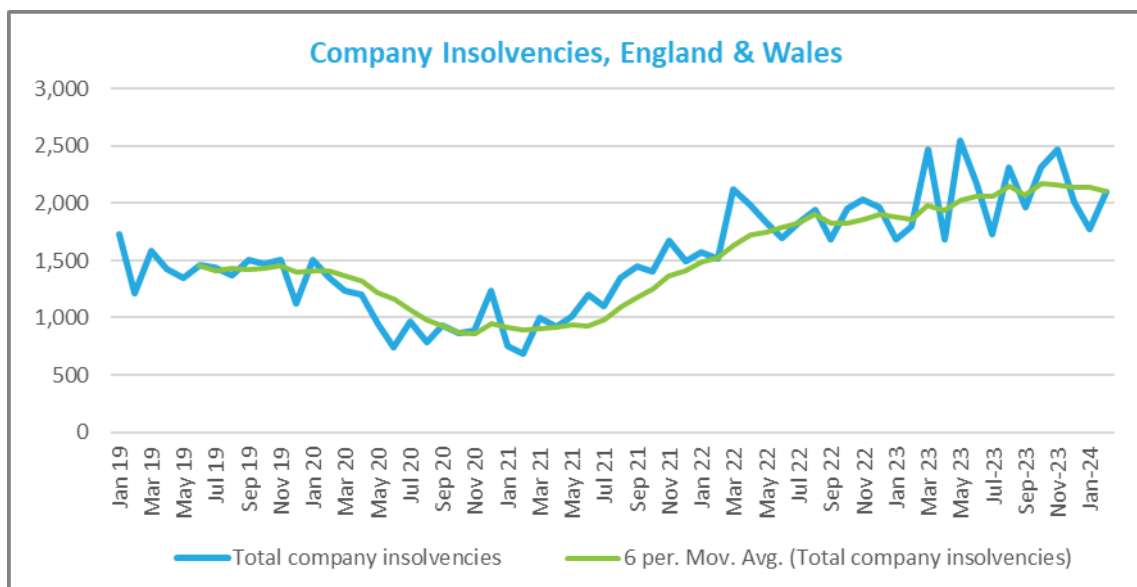


Source: Trading Economics

- **Factory activity in the UK almost stabilised from the previous month, nearly breaking a streak of 20 consecutive contractions.**
- New orders for manufacturers prompt factories to increase production levels for the first time in a year. Goods producers noted that input costs accelerated due to

supply chain setbacks as shippers avoided the Red Sea, which in turn, also lengthened suppliers' delivery times.

- **Meanwhile, the services PMI fell slightly to 53.4 in March, from 53.8 in February.** The decrease reflects the slowest growth in business activity in the service sector for three months, with many firms attributing this to constraints on households' disposable income.
- **Business activity in the West Midlands grew steadily at 53.1 this month, according to the [latest Natwest PMI report](#).** Other regions have improved their performance, with the West Midlands going from having the second highest activity score last month to having the joint fourth highest this month.
- The latest [ONS Business Insights and Conditions Survey \(BICS\)](#) indicates that **more West Midlands businesses are implementing redundancies than those in other regions** – 6.2% expect to make redundancies over the next three months, compared to 4.6% nationally.
- A [new report from EY](#) has found that the **regional economic growth gap in the UK is widening** and the **West Midlands was the joint fastest growing region** (along with London) over the last 12 months, albeit it with GVA growth of just 0.6%.
- The [Business Commission West Midlands](#) published [its final report](#) this month on creating a stronger platform for economic and business growth in the West Midlands. Coventry City Council has worked closely with the regional Chambers of Commerce on shaping priority recommendations.
- **Across the economy, there were 2,102 company insolvencies February 2024 in England & Wales**, a 17% increase on the February 2023 number. The overall trend in insolvencies appears to have levelled off over recent months.



Source: UK Insolvency Service

International Trade

- At the end of 2023, **trade in goods was 10% lower than 2019 levels, whereas for many other G7 nations, it is 5% higher.** More positively, UK services trade continues to grow strongly, including that with the EU.
- There is a need for **intensifying the level of targeted support** to increase the number of local businesses who export services, whilst **better linking innovation support** to help stimulate stronger international trade of goods from local businesses.

Business Challenges

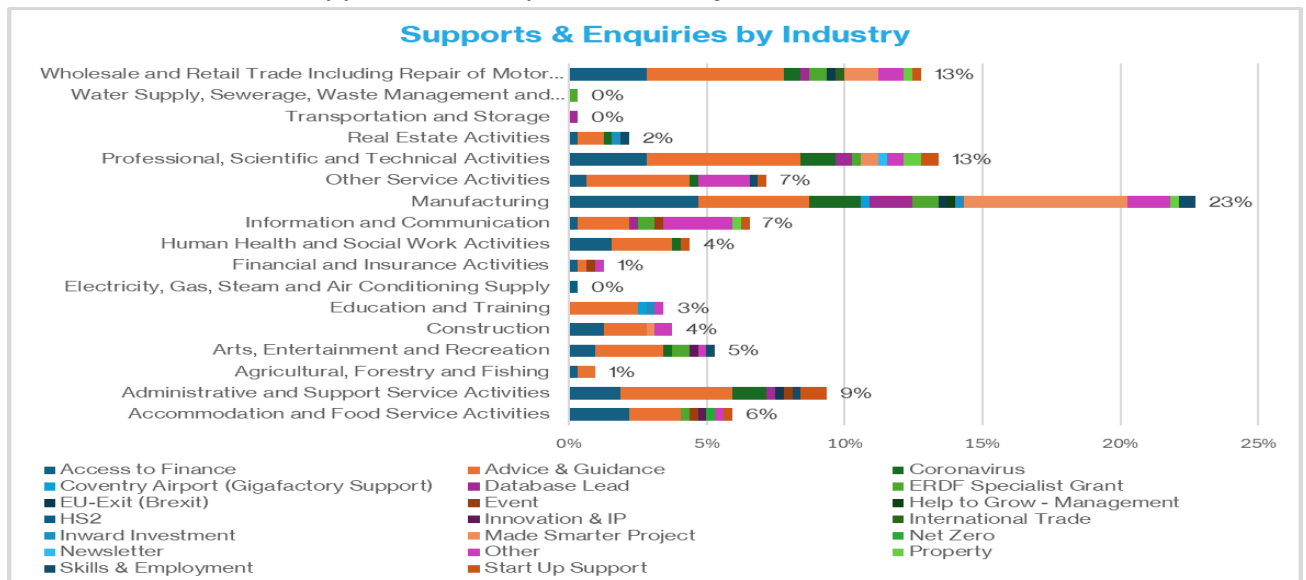
- The **UK's recession showed further signs of affecting the labour market** this month with unemployment rising slightly to 3.9% in the three months to January.
- According to the [ONS BICS](#) **two thirds of West Midlands businesses (65.8%) are experiencing greater demand for higher skill levels amongst workers.**
- The **BICS** also found that **nearly half of the West Midlands businesses (44.3%) were experiencing worker shortages in February.** The most common consequences for firms were **employees working increased hours (21.2%), the need to recruit temporary workers (15.0%), and the inability to meet customer demands (8.0%).**
- A [new report by](#) the Energy and Climate Intelligence Unit (ECIU) and the CBI has found that the **UK's net zero economy grew 9% in 2023, in stark contrast to the 0.1% growth of the economy overall.**
- The [Youth Skills Manifesto](#) published by the British Chambers of Commerce identifies the **crucial role of employers in supporting young people in the transition from education to employment.**

3. Latest CW Growth Hub Insights

3.1 CW Growth Hub – Support & Enquiries

Since the start of the Covid-19 pandemic in March 2020, CW Growth Hub has held 7,145 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 **February 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, Database Lead and Start-Up Support**.

The main sectors supported by CW Growth Hub were **Manufacturing (23%)**, followed by **Professional, Scientific & Technical Activities (13%)**, **Wholesale & Retail Trade Including Repair of Motor Vehicles (13%)**, and **Administrative & Support Service Activities (9%)**.

The size profile of businesses supported over the past month consisted of **36.1% Micro businesses (2-9 employees)**, **28.4% Small businesses (10-49 employees)**, **24% Sole Traders**, **9.8% Medium sized businesses (50-249 employees)**, and **1.7% Large businesses (250+ employees)**, with 296 out of 322 businesses stating their size.

There was an **increase in Sole Traders**, a **decrease in Micro, Small, and Medium sized businesses and a constant number of large businesses** approaching CW Growth Hub compared to the previous month. Around 28% of respondents came from businesses that have started trading since 2020, with 292 out of 322 businesses stating their incorporation date.

3.2 CW Growth Hub – Current Themes

CW Growth Hub Account Managers reported this month:

Local Business Intelligence

- **Innovation** – Some of the new innovations in Coventry & Warwickshire include:
 - A business producing high-end, low-volume, **fully electric and hybrid Beach Buggy vehicles** is eyeing high-growth with ambitious expansion plans.
 - A pre-revenue business is looking for investment to develop prototypes and bring them to market through **energy efficient cooking solutions**.
 - **Growth in the use of Artificial Intelligence (AI)** for the development of traffic management apps, data analytics, and theft prevention technologies.
- **Energy Efficiency** – Businesses are still **experiencing increased energy bills of 40% or more**. Decarbonisation programmes are proving to be very popular.
- **Cashflow Issues** – Some businesses are **borrowing to manage** the situation, whereas others are **pivoting** to create new income streams and/or creating partnerships with associated trades to mitigate the impact.
- **Chinese Imports** – Businesses highlighted the effect of **cheap solar panels** on profit margins. High levels of stock manufactured by Chinese manufacturers during the pandemic are now flooding UK markets and driving down resale prices.
- **Adverse Weather** – Continued heavy rainfall has led to additional costs in the construction industry as builders have had to pay for staff who cannot access working sites.

Business Needs and Concerns

- **Exporting** – Challenges continue to exist for a range of businesses, with reports of some considering relocating outside of the UK, or at least creating satellite operations.
- **Demand for General Support** – Coventry & Warwickshire Account Managers are frequently asked for general support in **HR, Legal, Marketing and Administration, Capital Grants** (for example towards investment in purchases of CNC machinery, office fit-outs, expansion projects, and refurbishments), **Strategic Planning and Mentoring, Raising Finance** (debt and equity loans), **Energy Audits, Skills Support** (including in **Hydrogen Technologies**), **Recruitment, and Inward Investment**.

Economic Shocks or Opportunities

- **Awards and Accreditations** – strong appetite for **ISO and Net Zero accreditation** as businesses look to tender for opportunities where climate policies and meeting of industry standards are key to winning new contracts.
- **Apprenticeship Schemes** – Some **concerns about the quality of candidates and the suitability of associated training programmes**. Despite these, businesses want to grow their engagement with schools and colleges to inspire the next generation and include those from disadvantaged backgrounds and the SEND community, so there are opportunities for the future.

4. Spotlight: Spring Budget 2024

This month's spotlight focuses on the Spring Budget Statement. The Chancellor framed the Budget as helping to create more investment, more jobs, improvements to public services and longer-term economic growth.

In this section we focus on the key impacts from the Spring Budget and some of the reaction from leading business representatives.

The full version of the Spring Budget can be found here – [Spring Budget 2024](#)

Taxation and Wages

- **National Insurance, cut by 2p** in the pound for employees and the self-employed.
- **The salary thresholds** at which people start paying income tax and national insurance **remain frozen** – meaning people will pay more tax as their incomes rise.
- **Non-dom tax regime**, for UK residents whose permanent home is overseas, to be **replaced with new rules from April 2025**.
- **£5,000 UK ISA tax allowance** for savers investing in “UK-focused” shares – to be set up following a consultation.
- **Alcohol duty will be frozen until February 2025.**
- **From October 2026, a new tax will be introduced on vaping products.**
- **Tobacco duty to go up by £2** per 100 cigarettes to ensure vaping remains cheaper.
- **Fuel Duty will be frozen until March 2025.**
- **The Energy Profits Levy (EPL) will be extended until March 2029.**
- **Air passenger duty**, the tax paid on flights, **to go up for non-economy tickets.**
- **The Furnished Holiday Lettings (FHL) regime will be abolished** from 6 April 2025.
- **Stamp Duty Relief for the purchase of multiple properties** in one transaction (known as Multiple Dwellings Relief) **will be abolished.**
- The higher rate of property **Capital Gains tax will be reduced from 28% to 24%.**

Transport and Energy

- **“Windfall” tax on the profits of energy firms extended until 2029.**
- **£160m deal for the UK government** to purchase site of planned Wylfa nuclear site in north Wales.
- **£120m for the Green Industries Growth Accelerator (GIGA)**, to support expansion of low carbon manufacturing supply chains across the UK.
- **£270m to advanced manufacturing industries**, to fund car and space innovation and to grow “zero emission vehicle and clean aviation technology”.
- **Great British Nuclear will begin the next phase** of the Small Modular Reactor selection process.
- **A new stringent grid connections process will be implemented from January 2025** and work with the Electricity System Operator to outline further interim reforms to the grid queue process by summer 2024.

Benefits and Income Support

- **Full child benefits to be paid to households where highest-earning parent earns up to £60,000** – the current limit is £50,000.
- **Partial child benefit** to be paid where highest earner earns up to £80,000.
- **Longer repayment period** for people on benefits taking out emergency budgeting loans from the government.
- **Additional funds for childcare providers**, with the hourly rate childcare providers paid to deliver the free hours offers for children aged nine months to four years.
- **Government fund for people struggling with cost-of-living pressures** to continue for another six months.
- **£90 admin fee to obtain a debt relief order will be abolished.**

Public, Debt, Inflation, and the Economy

- Office for Budget Responsibility predicts the **UK economy to grow by 0.8% this year and 1.9% next year.**
- **Growth of 2% predicted for 2026, with 1.8% in 2027 and 1.7% in 2028.**
- **UK's inflation rate forecast to fall below 2% target by the end of June, falling to 1.5% next year.**
- **Public debt**, excluding Bank of England debt, **forecast to be 91.7% of GDP** this year, rising to **92.8% next year.**
- **Day-to-day government spending to grow by 1%** in real terms over next five years.
- **NHS budget to go up £2.5bn next year**, the service will also get £3.4bn up to 2030 to improve productivity.
- Other key forecasts in the OBR report include:
 - **Tax as a share of GDP** is forecast to rise to 37.1% of GDP in 2028-29, some 4.0% of GDP higher than the pre-pandemic level.
 - **Public sector net debt** (excluding the Bank of England) in the central forecast rises from 88.8% of GDP this year to a peak of 93.2% of GDP in 2027-28, before falling slightly to 92.9% of GDP in 2028-29.
 - **Borrowing as a share of GDP** is expected to fall steadily from 4.2% this year to 1.2% in 2028-29.
 - **Living standards** are expected to recover more quickly and grow by around 1% a year on average over the forecast. The OBR now forecasts real household disposable income per person to recover its pre-pandemic peak by 2025-26.

Business Investment and Innovation

Many of the announcements relating to business and innovation related to key growth sectors of the economy:

- **Artificial Intelligence and Digital – £7.4m** upskilling fund pilot that will help **SMEs develop AI skills of the future.** This will complement the SME Digital Adoption Taskforce, which the government will shortly be launching.

- **Creative Industries** – Many of the announcements focused heavily on the film and theatre sectors:
 - **Audio Visual expenditure Credit:** A UK Independent Film Tax Credit will be introduced at a **rate of 53%** on qualifying film production expenditure.
 - **Business rates:** Eligible film studios in England will receive a **40% reduction on gross business rates bills until 2034.**
 - **Audio-Visual Expenditure Credit:** The **credit rate** for visual effects costs in film and high-end TV will be **increased to 39%** from April 2025, and the **80% cap will be removed** for qualifying expenditure for visual effects costs.
 - **£26m funding for the National Theatre,** to upgrade its stages.
- **Life Sciences - £45m additional funding to bolster medical charities'** life-saving research agendas, of which £3m will go to Cancer Research UK. Astra Zeneca also announced plans to invest £650m in the UK.
- The **VAT** registration threshold will increase from **£85,000 to £90,000** from 1st April.
- The **Recovery Loan Scheme to support SMEs** to access finance will be continued and will be renamed the **“Growth Guarantee Scheme”**.
- **Tax reliefs for touring and orchestral productions,** which had to been due to end in March 2025, **made permanent.**
- A new **British Savings Bond with National Savings and Investments (NSI)** offering savers a guaranteed rate, **fixed for 3 years.**
- The Government continues to progress its commitment to fully exit the NatWest shareholding by 2025-26 utilising a range of disposal methods. The sell-off to-date has generated £5.2bn of proceeds since launch and reduced the government’s shareholding to below 33% on 23 February 2024.

Regional Development and Levelling Up

- **Coventry** is one of nine English Local Authorities to have been provisionally awarded **£5m** in capital funding as part of the Levelling Up Culture Projects.
- Six additional cultural investments were awarded funding, ranging from **£15m for the York National Railway Museum, £10m for the National Museums Liverpool** and **Leeds British Library North, to £2.6m for the Dundee Victoria and Albert Museum.**
- **Devolution powers will be extended through new Level 2 devolution agreements** with **Warwickshire County Council, Buckinghamshire Council, and Surrey County Council.** These Authorities would gain control over the **Adult Education Budget, LEP functions, and the UK Shared Prosperity Fund.**
- A new **Level 4 Devolution Deal** for the **Northeast Mayoral Combined Authority** was announced, which comes with a funding package including a new **‘Growth Zone’** which could potentially be worth over £100m for the region’s growth ambitions. The Government has also published further details on how the Single Settlements for the Trailblazer Devolution Deals in Greater Manchester and West Midlands will operate.
- **£400m in new investments** were announced to **extend the 10-year Long-Term Plan** for Towns to 20 more places, including Sutton Coldfield and Bedworth for

capital and regeneration projects. The funding provides places with ten years of endowment-style funding and support, worth up to £20m.

- **£15m funding for the West Midlands Combined Authority** to support culture, heritage, and investment projects in the region. This will provide £10m to support culture and heritage projects, and £5m to drive inward investment in the region.
- **£6m funding for work with the King’s Foundation** to pilot how community led regeneration projects anchored around heritage assets and sustainability considerations can complement government’s wider place-based initiatives for levelling up, subject to business case approval.
- Other key regional development announcements include:
 - **£242m to barking, Riverside and Canary Wharf**, which together will build nearly 8,000 houses as well as transforming Canary Wharf into a new hub for life science companies.
 - **A long-term funding settlement for the future Development Corporation** in Cambridge at the next spending Review, with over £10m invested in the coming year to unlock delivery of crucial local transport and health infrastructure.
 - **Investment of £20m in a social finance fund** to support the development of community-led housing schemes over ten years, subject to a business case.

Other Measures

Other funding commitments to improve public sector productivity included:

- **Nearly £570m for the devolved Governments** in Scotland, Wales, and Northern Ireland, to reflect increases in spending in England.
- **£1m for a memorial to honour Muslims** who fought for Britain during World War One and Two.
- **A new tax credit for independent UK films** with a budget of less than £15m.
- **£75m for Violence Reduction Unit and hot spot policing** across England and Wales.
- **£230m for time and money saving technology** to speed up police response time.
- **£170m for non-court resolution, reduce reoffending, and digitise court process.**
- **£165m to increase the capacity of the Children’s Homes Estate.**
- **£105m** for the next four years to **build 15 new special free schools** to create additional high quality special needs places and **£45m** match funding to Local Authorities to build an additional **200 open children’s home placements.**
- **£3m to match industry-led funding for skills and education programme** to attract more people to take up roles as local planners in planning authorities.
- **£34m** to expand the **Public Sector Fraud Authority** by developing AI to help combat fraud across the public sector, making it easier to spot, stop and catch fraudsters.
- **£17m** to accelerate **DWP’s digital transformation**, replacing paper-based processes with simplified online services.
- **£14m** for public sector research and innovation infrastructure.

Business Responses to the Spring Budget:

Rain Newton-Smith, CBI Chief Executive, said:

“Businesses recognise that the Chancellor had to perform a tricky ‘high-wire balancing act’ of giving momentum to the economy without sacrificing hard-earned progress on bringing down inflation.

Doing that successfully meant focusing on the horizon ahead – and the Chancellor is right to keep his gaze fixed on the structural challenges facing the UK economy.

Giving providers greater long-term certainty will help ensure a successful rollout of crucial childcare reforms and delivers on a key priority for businesses across the country.

The reduction in high marginal tax rates for working parents, alongside cutting National Insurance Contributions, offers a broad set of measures that will incentivise work at a time when access to labour represents a major obstacle to business growth.

Draft legislation that extends full capital expensing to leased and rented assets can offer greater momentum to efforts to increase business investment.

The UK’s ability to boast a range of innovative high-growth sectors is rightly the envy of the world and targeted support for them will help the UK to compete on the world stage. However, the extension of the energy profits levy weakens the competitiveness of the sector. Business will be looking for more emphasis on delivery by developing a Net Zero Investment Plan to crowd-in private finance needed to deliver the clean energy transition.”

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

“We welcome today’s increase in the VAT threshold as well as the cut to self-employed National Insurance Contributions (NICs). Elsewhere, we were pleased to see a package of small business support in the Budget documents, including commitments to make progress on the HMRC administrative burden and on the national roll-out of the Business Energy Advice Service, as well as extending the Recovery Loan Scheme under a new name - the Growth Guarantee Scheme. Small firms are crucial for economic growth, and we were glad the Chancellor has said that clearly from the despatch box.

That said, many of those running businesses face serious challenges – not least through rapid hikes in labour and input costs – and many will have understandably hoped that there would be more measures announced that would help ease the tough decisions small employers are having to make day-in day-out to keep their businesses going.

There’s still a real gap when it comes to the crunch small firms are facing – and the growth, jobs and economic security small businesses provide is not something the country can afford to risk.

As always, the devil is in the detail, and we will be examining the full range of measures. It’s not enough to just make ends meet, though that is vital – we need to make great leaps forward for the sake of the economy, and all the small business owners that operate within it.”

5. Recommendations

March's Golden Recommendation:

We need to see more commitment on investment in the local and regional business support ecosystem beyond March 2025, when current UK Shared Prosperity Funding (UKSPF) ends.

There remains scope for strengthening general innovation support, export support, supply chains/support to key sectors, and support to high growth SMEs. All this needs to be prioritised and then sustained beyond March 2025.

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 earlier 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.

5.1.b - Procurement processes are made as simple as possible for businesses of all sizes, both for the public and private sector, and to maximise awareness of supply opportunities. Alongside this, there is a need to devote funds and resource into delivering more focused and intensive business support activities that will help more SMEs to access procurement and supply chain opportunities.

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 – To further facilitate investment in training, Government should make longer term funding available for Local Skills Improvement Plans (LSIPs), which are currently due to end in 2025, including strengthening the role of FE colleges in the local innovation ecosystem.

5.2.b - Government should provide the necessary investment in the skills required to provide the workforce needed to support the Coventry & Warwickshire and wider West Midlands ambitions to be realised through both the Advanced Manufacturing Plan and UK Battery Strategy, and through the West Midlands Investment Zone. A more coordinated approach is needed between Government, local authorities, schools, colleges, and universities, to ensure skills gaps are identified and adequately planned for.

5.2.c - Government is urged to introduce greater flexibility on how businesses can use the Apprenticeship Levy to also cover wider range of training opportunities. This could help address financial barriers faced by SMEs in investing in longer term skills improvement of our local economy.

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 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. **Taking a longer-term view on support will help 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.