



# Coventry & Warwickshire Business Intelligence

May 2023

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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 May 2023 edition of the Coventry & Warwickshire Smart Region report.** This month our spotlight theme is the **'Hospitality Sector'**, 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, Hospitality Market Monitor, AlixPartners, CGA, Night-Time Industries Association, Bank of England (BoE), PublicFirst, KPMG, and other specialist labour market research and analysis bodies.

## Key Headlines

- **“Economic indicators released over the past couple of months highlight current mixed picture for the economy:**
  - **The claimant count in Coventry & Warwickshire has shown an uptick after levelling off throughout 2022.**
  - **The inflation rate is falling, but not as quickly as the Government expected, with ongoing cost pressures for both businesses and consumers alike.**
  - **The number of company insolvencies has shown a big increase both nationally and regionally over the past few months.**
  - **Positively, latest forecasts suggest the economy will grow throughout 2023, and business confidence remains buoyant locally across many sectors.**
- **In previous Smart Region reports I have outlined the changes to the Growth Hub structure due to the change in Government policy. As a result, we are now also responsible for the delivery of Coventry & Warwickshire Champions.**
- **CW Champions objective is to raise the profile of our sub-region through our programme of top-quality events and linked activities. It is our intention to further build upon its success over the last decade, grow its appeal, and broaden its base.**
- **As competition for investment grows, there has never been a more crucial time to focus on Coventry & Warwickshire, the place, as an economic entity, and CW Champions is the perfect vehicle to promote the great assets that we have here.**
- **If you would like to know more about joining the most influential local network available, then please do contact [cwchampions@cwgrowthhub.co.uk](mailto:cwchampions@cwgrowthhub.co.uk) .“**

**Craig Humphrey, Chief Executive, CW Growth Hub**

## 2. Latest Economic & Labour Market Trends

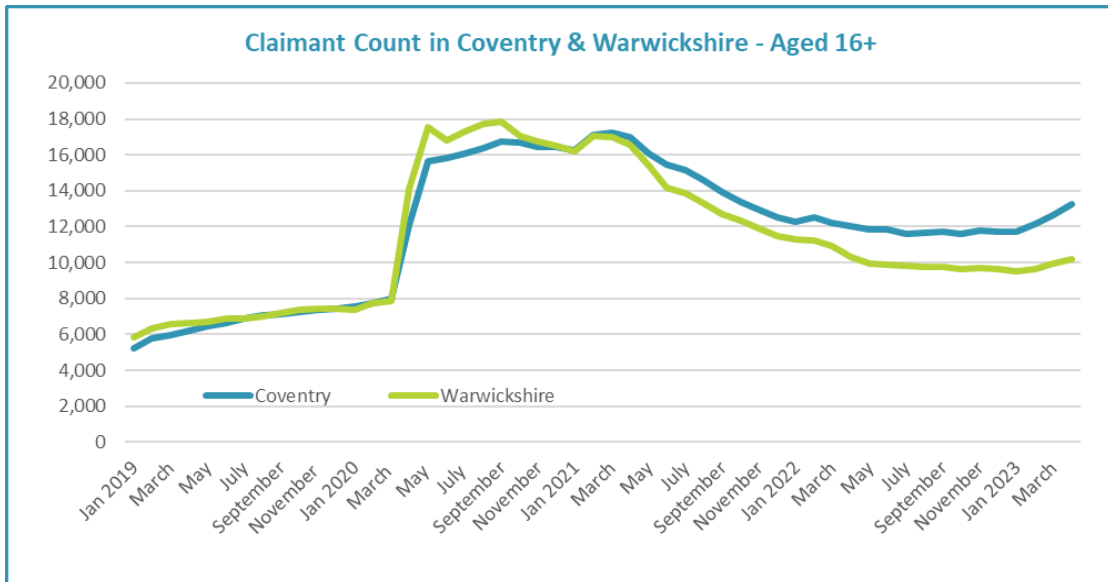
### 2.1 Labour Market Trends

- In April 2023, **the claimant count in Coventry & Warwickshire totalled 23,475 people**. At the start of the pandemic, three years ago in March 2020, the claimant count stood at 15,830.

Area	March 2020	April 2022	February 2023	March 2023	April 2023
Coventry	8,000	12,050	12,140	12,640	13,265
North Warwickshire	845	1,065	1,005	1,040	1,055
Nuneaton & Bedworth	2,830	3,350	3,130	3,220	3,345
Rugby	1,535	1,940	1,905	1,995	2,110
Stratford-on-Avon	1,050	1,745	1,600	1,635	1,645
Warwick	1,570	2,200	2,005	2,030	2,055
Warwickshire	7,830	10,300	9,645	9,920	10,210
<b>CWLEP</b>	<b>15,830</b>	<b>22,350</b>	<b>21,785</b>	<b>22,560</b>	<b>23,475</b>

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 22,350 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 have accelerated **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, or whether it points to a more concerning trend.

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

- **The UK employment rate for January to March 2023 was 75.9%, 0.2 percentage points higher than the previous quarter.** Employment increased on the quarter, driven by increasing numbers of part-time employees and self-employed workers.
- **Latest estimates of payrolled employees for April 2023 shows a decrease, down 136,000 on the revised March 2023 figures,** to 29.8 million. This is the first fall in total payrolled employees since February 2021.
- **The unemployment rate for January to March 2023 increased by 0.1 percentage points on the quarter to 3.9%.** The increase in unemployment was driven mainly by people unemployed for over 12 months.
- **The economic inactivity rate decreased by 0.4 percentage points to 21.0% in January to March 2023.** During that quarter, the fall was driven primarily amongst **those aged 16 to 24.** Looking at economic inactivity by reason, the fall was driven largely by people who were economically inactive because they were students or inactive for other reasons. **Meanwhile, those inactive because of long-term sickness increased to a record high.**
- **In February to April 2023, the estimated number of vacancies fell by 55,000 on the quarter to 1,083,000** - the tenth consecutive quarterly 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 concerns.
- **The growth in average total pay (including bonuses) was 5.8%, and regular pay (excluding bonuses) was 6.7% among employees in January to March 2023.**
- **Average regular pay growth was 7.0% for the private sector and 5.6% for the public sector, in January to March 2023.** A larger growth for the public sector was last seen in August to October 2003 (5.7%).
- **In real terms (adjusted for inflation) growth for total pay fell by 3.0% and regular pay by 2.0% in January to March 2023.**
- **In March 2023, there were 556,000 working days lost to labour disputes, up from 332,000 in February 2023.**

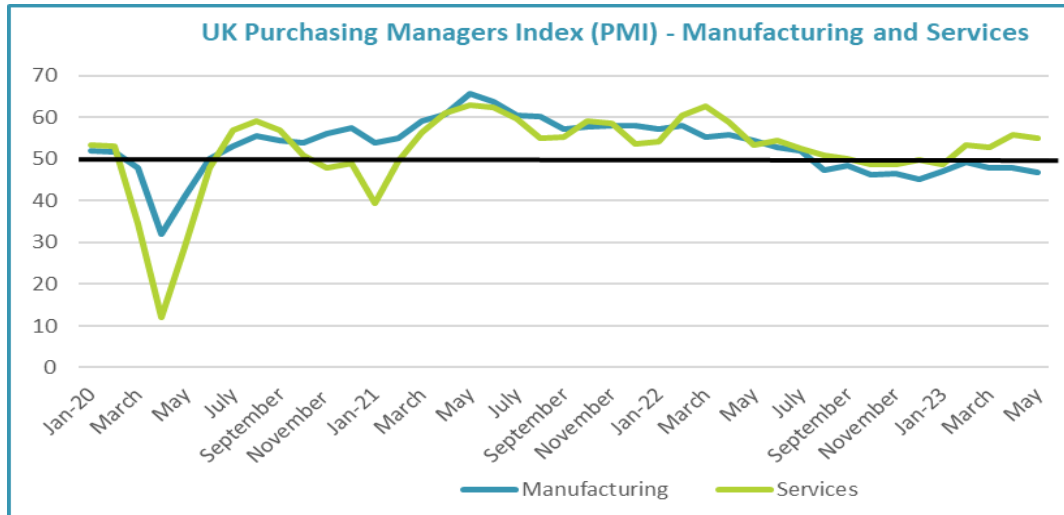
## 2.2 Economic Trends

### Economic Growth

- **UK [GDP fell 0.3% in March](#) but overall, it rose 0.1% in the first quarter of the year thanks to strong performance in January. The UK economy remains 0.5% smaller than it was before the Covid-19 pandemic.** While the production and construction sectors experienced growth in March, the service sector contracted by 0.5%, due in part to weak sales in the automotive sector and a fall in output in the ICT sector.
- **On 11<sup>th</sup> May, the Bank of England [increased the base interest rate by 0.25% to 4.5%](#), marking the 12<sup>th</sup> consecutive increase since December 2021.** The BoE revised their inflation forecast, expecting it to fall to 5% by year-end, compared with the previous projection, made in February, of 4%. The Bank predicts modest growth for the UK economy in the long-term, with forecast growth rates of 0.9% in the 12 months to Q2 2024, 0.7% in the year to Q2 2025, and 1.1% in the year to Q2 2026. This more positive outlook is attributed to declining energy prices in the UK and higher growth in the Euro area.
- **The UK's post-pandemic economic recovery continues to lag other G7 nations. Locally, the West Midlands economy is recovering slower than other UK regions and remains smaller than pre-pandemic levels.** Targeted public investment in business support and green innovation is necessary to accelerate regional economic recovery.
- **The [British Chambers of Commerce](#) have expressed concern about economic growth forecasts, due to inflation, energy price shocks, and labour market tightness affecting businesses.** They call for support to manage energy costs and reduce the burden of international trade, especially with the EU. They are urging Government to boost growth through infrastructure investment, skills training, and global trade, to break out of this cycle.
- **The Base Rate increase is adding more pressure on mortgage and rent payers, who are likely to see increases in payments.** Figures from "Which?" report that [700,000 UK households](#) missed or defaulted on a rent or mortgage payment last month, prior to the latest rate hike. In April 2023, an estimated 2m households missed or defaulted on at least one mortgage, rent, loan, credit card or bill payment, showing improvement from the 2.5m figure in March.
- **All of this highlights the importance of securing new, sustainable, investment to create good, high quality, jobs locally, and to support our local residents to successfully fill them.**

## Business Confidence

- The national Purchasing Managers Index (PMI) for manufacturing decreased further in May to 46.9 from a revised 47.8 in April** (a figure above 50 represents growth, and contraction below 50). 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.

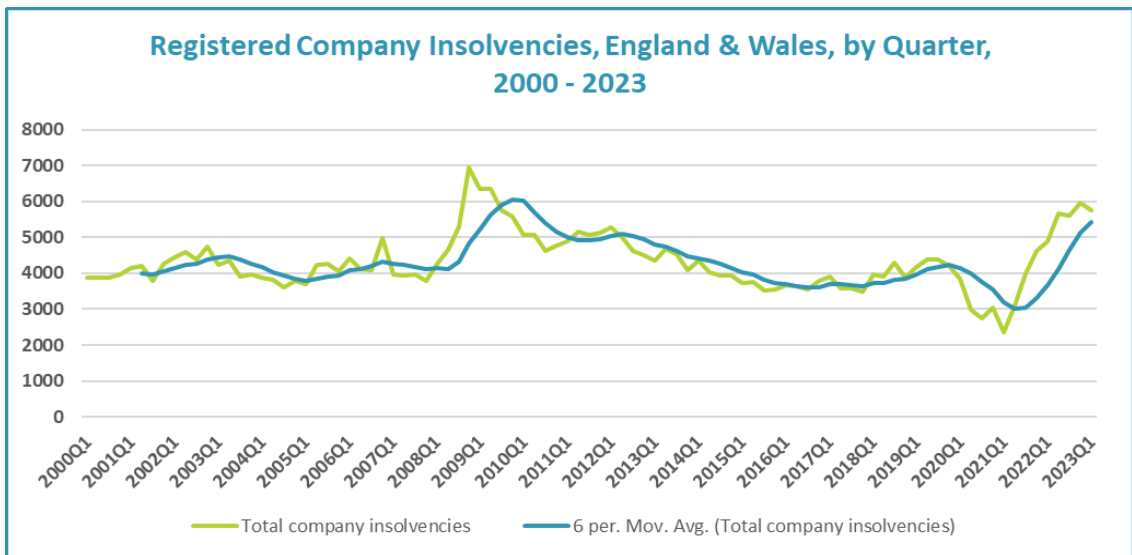


Source: Trading Economics

- 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 May, to 55.1 from 55.9 in April, but has been above 50 since the beginning of the year.**
- Regionally, WM output improved for the third consecutive month, with business activity rising from 52.7 in March to 52.8 in April**, according to the latest Nat West [PMI report](#). However, the region's business activity growth rate was below the national average.
- Locally, the Q1 2023 CW Chamber Economic Survey showed increased business confidence and activity locally.** The overall Economic Climate scored positively at 55.3. Confidence in the service sector rose from 55.5 to 59.2, whilst in manufacturing it jumped from 65.0 to 69.6. The survey also showed an improvement in domestic sales in both sectors, with manufacturing scoring 60.2 (up from 58.8), and services scoring 57.9 (up from 52.0). However, overseas sales declined, falling below the 50-mark in both services and manufacturing.
- The latest ONS Business Insights survey highlights the cost pressures faced by West Midlands businesses.** In April, the proportion of WM firms reporting an increased monthly turnover fell from 44.5% in March to just 18.3. Meanwhile, those reporting a decrease in monthly turnover rose from 12.0% to 36.1%. The survey also identified energy prices and inflation of goods and services are

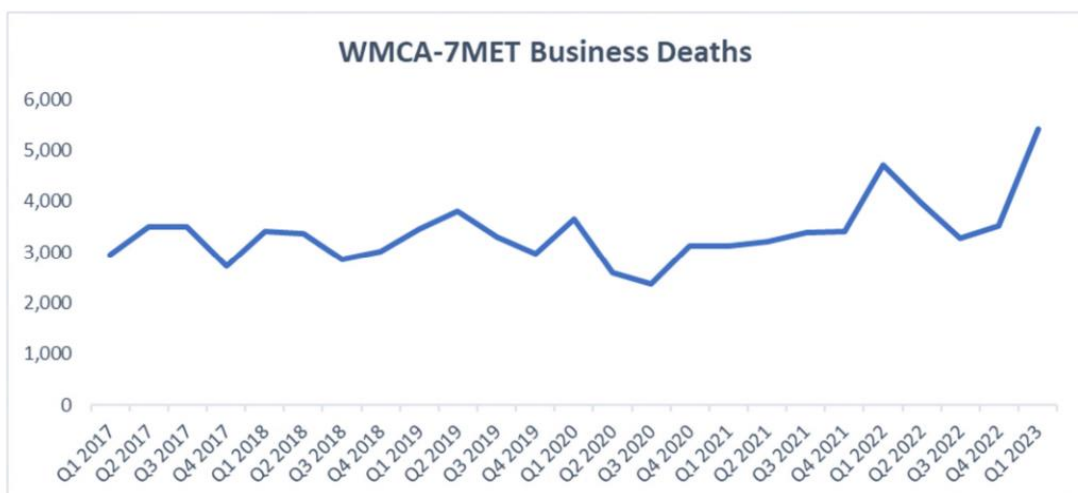
the most common concerns. When asked specifically about the challenges, impacting on turnover, the cost of labour, cost of materials and economic uncertainty were the most common issues raised.

- **Over the past two years, there has been a steep increase in company insolvencies across England & Wales. There was a slight decrease in company insolvencies in January to March 2023, with 5,747 compared to the previous quarter,** although the overall trend in these is currently continuing to increase, approaching that last seen during the financial crash in 2008/9.
- **It is unclear whether this is due to closures resulting from current economic factors, or delayed insolvencies following Covid-19 restrictions,** when insolvencies had fallen to a low and where businesses were benefitting from Government support measures.



Source: Insolvency Service

- **Across the West Midlands Combined Authority area the trend in business deaths has also increased sharply.** This is currently 15% higher than the number of business deaths in Q1 2022 and is the highest number of business closures in any quarter since the start of this regional data series in 2017.



Source: Office for National Statistics, as published in the WM Economic Monitor, WMCA, May 2023

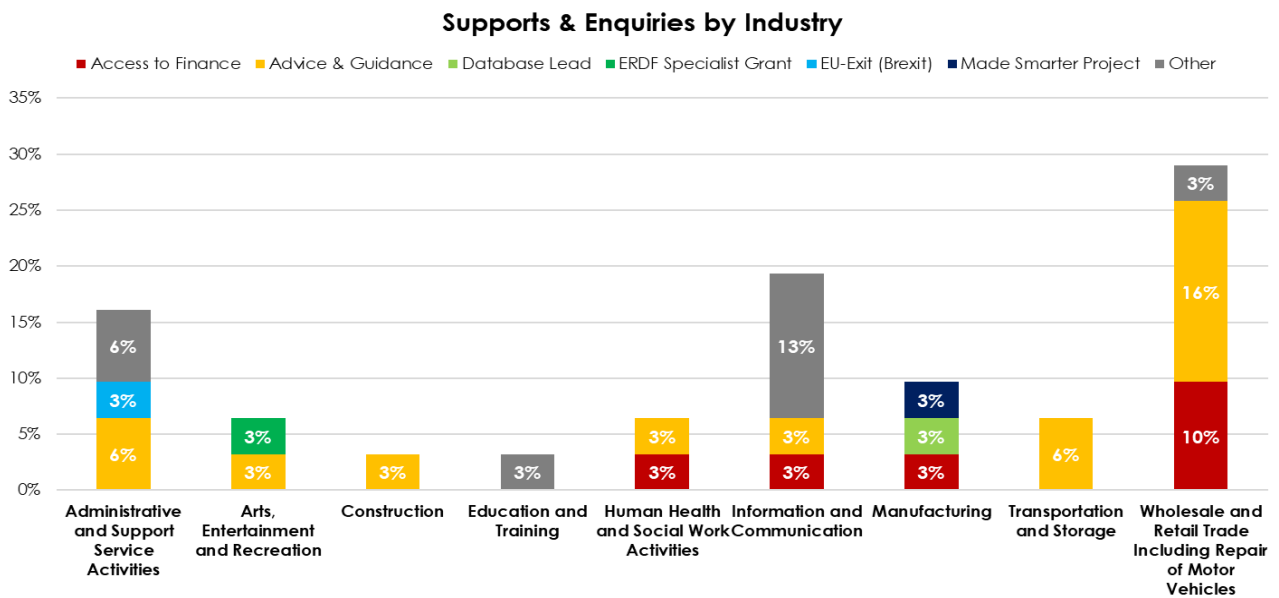


### 3. Latest CW Growth Hub Insights

#### 3.1 CW Growth Hub – Support & Enquiries

Since the start of the Covid-19 pandemic in March 2020, **CW Growth Hub has supported 5,202 businesses** including substantive discussions covering a wide range of current issues impacting on their future growth.

This month's business insights are taken from intelligence gathered in **April 2023**. The chart shows the supports and enquiries 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 **Other Support** as a key requirement for support. There was also guidance provided around **Access to Finance, ERDF Specialist Grants, Made Smarter Project, and EU-Exit Support**.

The main sectors supported by CW Growth Hub were **Wholesale & Retail Trade Including Repair of Motor Vehicles (29%)**, followed by **Information & Communication (19%)**, and **Administrative & Support Service Activities (16%)**.

The size profile of businesses supported over the past month consisted of **18% Sole Traders, 46% Micro businesses (2-9 employees), 25% Small businesses (10-49 employees), and 11% Medium businesses (50-249 employees)**.

There was an **increase in Micro, Small and Medium Enterprises** and a **decrease in Sole Employees** approaching CW Growth Hub compared to the previous month. Around 24% of respondents (29 out of 31 businesses) stated their date of incorporation came from businesses that have started 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:**
  - **Raw Materials** – C&W Growth Hub Advisors have been supporting owners of businesses that have been suffering with the cost of doing business, energy prices, and raw material costs. For instance, copper prices, aluminum and porous metals, plastics, and steel have all seen significantly increased costs compared with this time last year.
  - **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.
  - **Container Prices** – These have reached around c£5,000 per unit, although not as high as during the Covid-19 pandemic, when prices increased from c£3,500 to c£21,000 per container.
- **Re-Shoring:** Cases of businesses reliant on importing products and/or components from China continuing to look at bringing manufacturing of these items within the UK and Europe. Supply issues with some products from Germany are also encouraging businesses to further seek suppliers from within the UK. Others want to “buy British” rather than source from EU suppliers.

#### New job losses, warnings, or potential economic shocks

- **Interns:** Local businesses reporting the skills of some interns are not meeting their business needs. However, there is a recognition that the profile of internships needs to improve so that industry offers reasonable salaries to candidates, with a view to them ultimately recruiting from this talent pool.
- **Skills Shortages:**
  - **Engineers, Electricians, Security Engineers, and Cleaners** – Businesses reporting struggles with the recruitment and retention of skilled staff, alongside challenges in meeting wage demands. Examples include businesses looking to recruit engineers with transferable skills for the EV and battery tech sector replacing traditional automotive related skilled workers.
  - **Social Care sector** – Some care businesses saying they will have to close by end of May as they cannot fulfil contracts because they cannot find the workers required to do so, and partly due to an over-stretching of capacity and resources.

### New Opportunities, Investments, and Job Gains

- **Recruitment:** Increasing requirement for marketing roles this month across our region, with salaries ranging from £22k - £30k. CW Growth Hub Recruitment Advisors have seen a rise in the number of candidates looking for new full-time roles, with an increase of 12% in [CW Employment Solutions](#) website views.

## 3.3 CW Growth Hub – Other Business Insights

We asked a range of CW Growth Hub business contacts to highlight some of the wider issues and challenges that are impacting on them around their **current experience of international trade**. Here are two examples of recent experiences:

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**Disruption to mailing and delivery systems** – *One business told us of the difficulties they have faced over the past six months especially with logistics, and around the moving and delivery of small parcels using prime delivery services.*

*“The reliance on airfreight for direct delivery to customers abroad has presented significant challenges. The situation was worsened by a series of strikes at Royal Mail in December, which disrupted the business's operations.*

*Furthermore, in January, a cyber-attack paralysed Royal Mail's export system, forcing the business to turn to Deutsche Post/DHL as an alternative until the Royal Mail's issue was resolved, however the problem didn't end there.*

*Initially, Deutsche Post/DHL was a viable alternative for shipping parcels. However, their handling process proved to be complex, involving multiple stages such as collection from the warehouse, transit through Birmingham and Frankfurt airports, and eventual delivery to the destination country. With each additional stop, the risk of parcel loss increased significantly, resulting in over 50% of the shipments encountering issues and causing significant disruptions in the delivery process.”* **[Baby products retailer, South Warwickshire]**

*This experience highlights the current level of complexity of international mailing and delivery systems, particularly for international shipping in the context of small businesses. The lack of robust competition in this space further exacerbates the challenges faced by entrepreneurs who rely on efficient and seamless delivery services.*

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**Materials delays** – *This business told us of the issues they are facing with delays to materials, impacting their aeroengine work for both UK and international customers.*

*“We have faced difficulties in obtaining aerospace grade metal as the lead times on delivery of the material has now increased to up to 2 years for some grades. Customers are not ordering far enough in advance to allow for this.”* **[Engineering company, Coventry]**

*Additionally, the business finds it challenging to explain the complexity of the situation to international customers as, most of their communication is through email, which is not ideal for such detailed discussions.*

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## 4. Spotlight: Hospitality Sector

This month we revisit a sector covered previously in the Smart Region report – Hospitality. We highlight the current issues, challenges, and opportunities faced by Hospitality businesses, such as rising costs of energy, spiralling inflation, ongoing impacts of the Covid-19 pandemic, and impacts of Brexit.

### 4.1 Context – UK Trends for the Hospitality sector

#### Market Overview

The [Hospitality Market Monitor research](#) reports that in March 2023 there were a total of 101,315 licensed premises in the UK. During Q1 2023 there had been a net drop of 756 licensed premises, equivalent to an average of 8.4 closures per day. With high levels of inflation affecting consumer behaviour, operating costs, and reduced profit margins, all making it difficult to achieve sustainable growth for many Hospitality businesses, this suggests more closures can be expected throughout the rest of 2023.

**On a positive note, the fall in the number of licensed premises was less than half of that observed during fourth quarter of 2022**, showing that strong demand for Hospitality is holding up for some businesses. Additionally, the Government's support for energy bills has helped businesses to get through the Winter and Spring 2022/23. According to [CGA Prestige Foodservice Price Index](#), the [foodservice price inflation rate dropped to 18.9%](#) in March 2023 - the first time in five months that rate has dropped below 20%.

**With concerns about cost-of-living pressures and visitor spending, several organisations have had to re-evaluate their price ranges impacted by inflation.**

Despite the return of customers in many venues since the easing of Covid-19 restrictions on Hospitality, this hasn't always resulted in higher spend per person. Indeed, some venues, attractions, and businesses have seen a general decline in spending, which has resulted in smaller takings despite higher numbers of visits and increased footfall. Providing affordable and competitive pricing, and value-for-money for consumers continue to be major challenges for venues across the sector.

**Secondly, as interest rates have risen over the past year, the sector has become more vulnerable to higher borrowing costs, particularly affecting businesses that have taken out loans to survive.** Given businesses may have needed to do this to survive the pandemic [and now face additional costs pressure from rising operating energy prices](#), this present another obstacle for many in the Hospitality sector already in a difficult situation.

#### Impact on Hospitality businesses in city centres

**Hospitality businesses in city centres have been hugely affected by Covid-19 lockdowns, travel restrictions, strikes in other sectors such as public transport, and**

**the shift to greater remote and hybrid working.** For example, train strikes cost the Hospitality sector across the country more than £2bn in December 2022 alone in lost revenue. Despite the impact on consumer spending, the late-night economy appears to be remaining strong in big cities such as Birmingham and Manchester.

It is worth noting that closures in all major cities have slowed down since the start of 2023. However, with further train strikes announced for the coming months, it is expected that Hospitality businesses will experience further revenue losses.

**Figure 1: Total sites by type, March 2023 against December 2022, and March 2022**

	Sites at March 2022	Sites at December 2022	Sites at March 2023	% change in sites, March 2023 v December 2022	% change in sites, March 2023 v March 2022
Bar	4,497	4,455	4,457	0.0%	-0.9%
Bar restaurant	3,332	3,283	3,242	-1.2%	-2.7%
Casual dining restaurant	5,387	5,185	5,160	-0.5%	-4.2%
Community pub	18,843	18,382	18,254	-0.7%	-3.1%
Food pub	12,017	11,813	11,754	-0.5%	-2.2%
High street pub	6,195	6,072	6,040	-0.5%	-2.5%
Hotel	7,440	7,328	7,264	-0.9%	-2.4%
Large venue	4,551	4,525	4,519	-0.1%	-0.7%
Nightclub	1,017	882	865	-1.9%	-14.9%
Restaurant	16,657	15,630	15,350	-1.8%	-7.8%
Sports / social club	21,345	20,377	20,317	-0.3%	-4.8%
<b>Total</b>	<b>105,908</b>	<b>102,071</b>	<b>101,315</b>	<b>-0.7%</b>	<b>-4.3%</b>

Source: Hospitality Market Monitor - April 2023, AlixPartners and CGA

## Changes in consumer behaviour

There are numerous drivers underpinning the current wave of pub, club, and music venue closures, such as tightening household incomes during the energy and food price crises, rising rent, staffing, and other costs. **One further big challenge for the sector over the long-term has been around changing consumer preferences and behaviours.** An example of this is shown by the ONS Opinions and Lifestyle Survey, which highlights the increasing trend in non-drinking hospitality. For example, the proportion of 16 to 24 years-olds who drank alcohol fell to 48% in 2017 from 60% in 2005. This is also reflected amongst older age groups too, including 24 to 44 years-olds, where alcohol consumption declined from 68% to 54%, reflecting changing attitudes and awareness around health consciousness, cultural, and/or religious beliefs.

**Given these changing consumer behaviours, the vibrancy of Britain's Hospitality sector now not only depends on the number of pubs, clubs, and music venues alone. Other businesses that open in the evening and at night seem to be attracting growing numbers of customers, such as the growing numbers of coffee shops, cafes, restaurants, and 'experience' venues.** All of this shows how Britain's Hospitality sector is rapidly widening and evolving its consumer offer, even with some elements of it really struggling to survive.

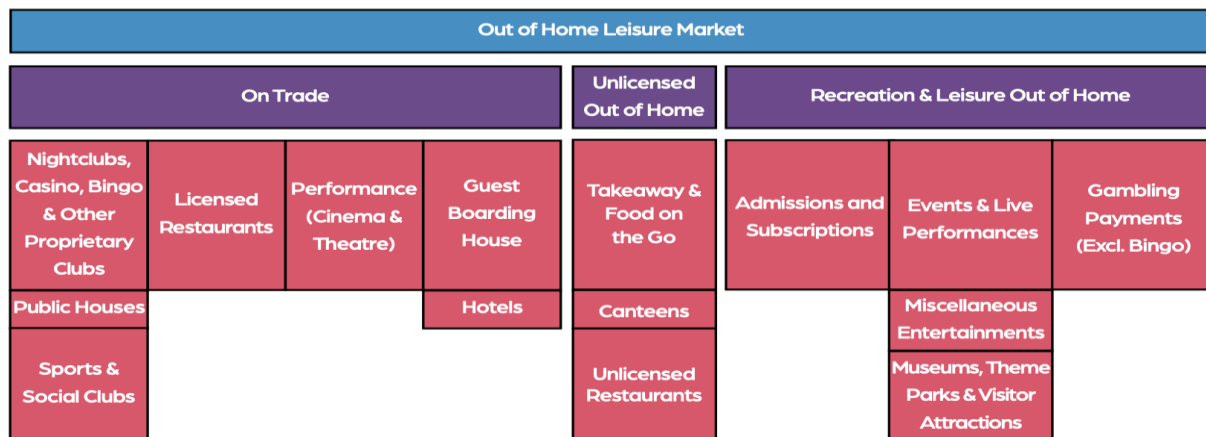
To help bolster the sector in the West Midlands, WMCA has appointed its first Night-Time Advisor, Alex Claridge, to help identify future priorities and opportunities locally.

## 4.2 Out of Home Leisure Economy (OoHLE)

### Context

The Out of Home Leisure Economy is now the third largest market channel in terms of consumer spending. It encompasses various very distinct segments, including the night-time economy (NTE), operating from 6pm to 6am, while also covering the day-time economy.

Figure 2: The Out of Home Leisure Economy by operational channel segments



Source: Night-Time Economy Report 2023, Night-Time Industries Association

### GDP and Consumer Spending

The OoHLE accounts for approximately 7.5% of the UK's GDP. [According to research by the Night-Time Industries Association](#), since the 2008 financial crash it has experienced consistent growth, reaching a value of £143.5bn in 2021. At its peak in 2019 it generated an estimated £173.6bn, which fell to £122.7bn in 2020 with the impact of Covid-19 restrictions affecting the operations of many businesses in the sector and has been recovering since then.

Furthermore, [research from KMPG](#) indicates that more than half of UK consumers have cut back on discretionary spending since the start of this year, with two-thirds reducing the amount they are now spending on eating out. Household spending cutbacks are having wide-ranging effects on the economy but are particularly impacting the Hospitality and Leisure sectors.

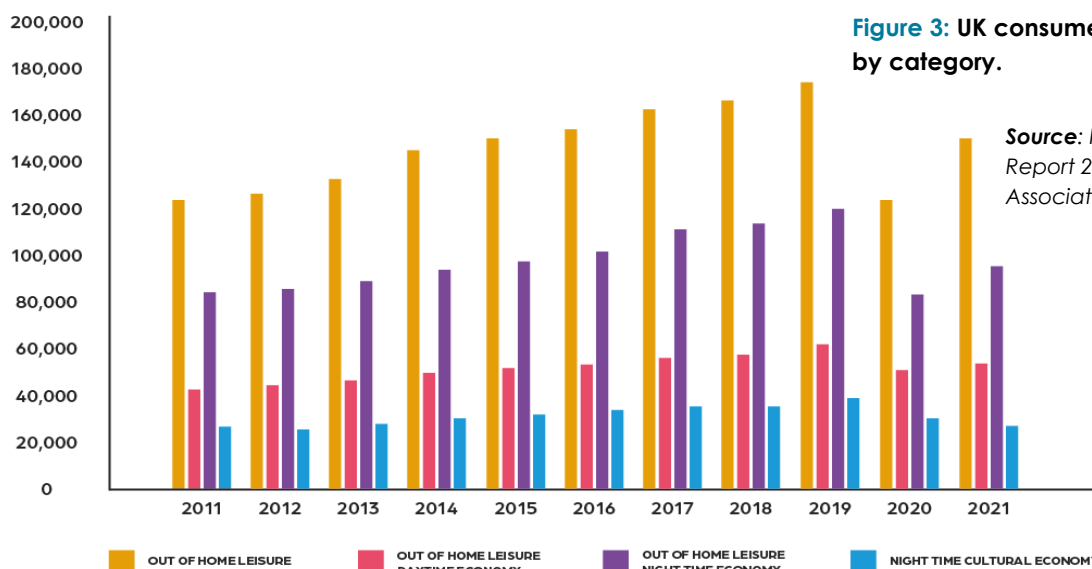


Figure 3: UK consumer Spend (£m) by category.

Source: Night-Time Economy Report 2023, Night-Time Industries Association

## Jobs and Firms

As shown in Figure 3, the impacts of Covid-19 on the industry were severe. In 2019, the sector employed 2.9m workers. However, by 2020 this number fell to 2.7m, with a loss of approximately 231,000 jobs, and a decline of 7.9%.

**The Hospitality and Leisure sectors were particularly hard hit by the pandemic compared with other sectors, which have shown much faster recovery.**

## Supply Chain Spending

**Expenditure within and by the sector fell from £120bn in 2019 to £72bn in 2020, a 40% reduction as businesses focused on cutting stock and non-essential expenses to ensure survival. Spending saw a rise to £83.8bn in 2021 but remains some 30% lower compared to 2019.**

The recovery in supply chain spending appears slightly stronger than the overall bounce-back in parts of the sector such as nightclubs, cinemas, and theatres. This difference may indicate that these parts of the Hospitality sector are still not operating at pre-pandemic levels.

## 4.3 Cost of Doing Business in the Hospitality Sector

### Costs

The issues linked to rising costs of raw materials, energy, and wages are presenting huge challenges to the businesses in Hospitality sector. **Many businesses have had to find ways to offset growing operational costs, such as passing on increases in costs to their customers, scaling back menus, reducing opening hours, and sourcing more local produce to save food costs and ease pressure from supply chains.** This is even more challenging for Hospitality businesses that took loans during the pandemic and have subsequently accrued debts.

### Bank Holidays

Amongst all of the challenges, there has been some hope that with the increased [number of Bank Holidays this year, including an extra one to celebrate the King's Coronation, there has been the opportunity](#) for local Hospitality businesses to attract much-needed additional trade. Hospitality businesses usually look to benefit from Bank Holidays through increased footfall and sales. However, some businesses encounter challenges if they are more reliant on the weather to generate sales. Additionally, this year some of the Bank Holidays have been affected by ongoing disruption from strike action and organised protests.

### Staff & skills shortages

Staff shortages are a major challenge for the sector, which previously heavily relied on European talent, prior to Brexit. **In response to the sector skills crisis, some**

**restaurants have introduced Apprenticeship programs to attract workers, while others have had to significantly increase wages to attract and retain skilled staff.**

**Despite multiple and intensive recruitment efforts, local venues have reported continuing struggles in finding staff, with shortages seen across a wide-range roles, such as coach drivers, kitchen staff, and waiting staff.** One recommendation from within the sector is closer collaboration between local businesses, local councils, educational institutions, and Government Departments such as the Department for Work and Pensions (DWP), to establish and agree suitable pathways for local workers to join the sector and to help address the workforce challenges in our region.

**A hugely insightful overview of the current pressures and challenges of running a small independent restaurant is [provided by this London business owner](#).**

## 4.4 Q&A with Fleur Sexton, CEO, Pet-Xi Training and Pet-Xi Restaurants

**From your perspective, what have been the biggest challenges facing the Hospitality sector so far in 2023?**

**“Recruitment and training are still the main issues.** However, thanks to Devolution, it means that local funds will no longer come directly and randomly from Westminster but will be directed to the areas of most need. The West Midlands Combined Authority (WMCA) is investing a huge amount of money into helping address this. Many businesses in all parts of the Hospitality sector need more staff to enable them to continue to operate and provide the highest-quality service. Upskilling and reskilling are the key to making sure this happens.

**The lack of staff means that the Hospitality sector must be more flexible in its offer.**

Venues need to train managers to be more accommodating in taking on neurodiverse employees (we have

developed a great Level 3 course for this purpose), the over 50s, those with gaps in their career, or have previous convictions, as well as people who have restricted availability due to childcare or caring responsibilities. **The Second Chances Charter,**

**The Care Leavers Covenant, and Disability**

**Confident are all charters which encourage guaranteed interviews to people who need more support to help them enter the workforce.**

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*“Many businesses in all parts of the Hospitality sector need more staff to enable them to continue to operate and provide the highest-quality service. Upskilling and reskilling are the key to making sure this happens.”*

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In cities the fact that many people have not returned to office workplaces means that Hospitality no longer enjoys busy Fridays when people have finished work, nor the weekday lunch-time trade from city centre-based offices and businesses. This is



a great shame as it is impacting heavily on city centres overall and Hospitality in general."

### What opportunities do you see for the Hospitality sector in the short, medium, and longer term?

**"In the short-term, the Hospitality sector needs to promote itself again as a worthwhile career for people to get into.** Once again training is the key factor here, alongside the professionalisation of the industry. We're working on a national pilot with UK Hospitality to create a recognised training package that would be transferrable across the sector.

**We need to push the amazing benefits of working in the industry.** Working in Hospitality can be the most life affirming experience when it is at its best, staff develop excellent social skills, join new social groups, meet some great people, and become part of a community. It is also an industry where people can rise quickly in their career.

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*"Working in Hospitality can be the most life affirming experience when it is at its best...."*

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Longer term, if the cost-of-living crisis eases, those businesses that have shown resilience by giving their customers a great experience during the crisis should reap the rewards with repeat and new business in the future. Should interest rates fall, more people may be willing to take the plunge of opening new venues, growing the industry further."

### Finally, what recommendations would you make to Government to bring stability, growth, and sustainability for the sector?

**"The Government needs to continue to help upskill people to work in the sector by providing a source of funding and grants for training schemes,** such as at colleges and training providers, and empower regional organisations to take a lead on growing the sector.

For example, WMCA has recognised the severity of the issue and is making a big push on upskilling, as well as increasing communications between training providers, colleges, and employers to move the process along more quickly.

However, we cannot rely on the Government completely. **The sector must be adaptable and individual businesses must play a role.** For example, rural or out-of-town businesses may have to be flexible around shift patterns so that potential staff can use public transport to get to work."

**With thanks to Fleur Sexton, for her insights into the current challenges and opportunities facing the Hospitality sector in Coventry & Warwickshire.**

## 5. Recommendations

### May's Golden Recommendation:

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**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, and with funders, to explore how both existing and emerging support activities and opportunities are best offered so that they have maximum positive impacts.**

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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 – The new WMCA Night-Time Economy Advisor role for the West Midlands provides a huge opportunity to be a visible and proactive champion for the region's pubs, clubs, bars, concert venues, theatres, and restaurants, as they look to rebuild following the pressures of the past few years.** These opportunities should also include positive impacts for Coventry's night-time venues and economy.

**5.1.b – Local authorities and local community safety partners should continue to explore measures that keep people safe whilst they are enjoying all aspects of the Hospitality sector.** These will help to better promote 'cafe culture' environments and design initiatives in town and city centres, including some of those that were implemented during the Covid-19 pandemic.

**5.1.c – UK Hospitality are urging Government to add Hospitality occupations to their 'Shortage Occupation List',** updated every three months, arguing, "ongoing labour shortages are crippling hospitality businesses, forcing them to reduce their hours and costing the industry billions in lost trade." UK Hospitality, March 2023.

#### 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 Government is recommended to continue to help upskill people to work in the Hospitality sector, by providing a source of funding and grants for training schemes,** such as at colleges and training providers, and empower regional organisations to take a lead on growing and professionalising the sector.

**5.2.b – Government is recommended to provide greater clarity around future Business Rates Reform.** In the Autumn Statement, the Government gave some concessions following pleas from the Retail and Hospitality sectors in particular, but many in the sector are calling for much greater reforms to provide a further boost for Hospitality businesses.

### 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 – The local economy should continue to build on the legacy of the Coventry City of Culture and the Birmingham Commonwealth Games,** so that our area can continue growing the local offer from our Hospitality sector and encouraging greater numbers of visitors to Coventry & Warwickshire for the short, medium, and longer term.

**5.3.b - 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.c - 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 consider development of integrated local Technical Education Systems to respond to future local economic/sectoral needs, including the long-term skills needs for the Hospitality sector.