



SmartRegion
Powered by Business Intelligence

Coventry & Warwickshire Business Intelligence

May 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: Ten Years of CW Growth Hub	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 May 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

“It is now 10 years since the Growth Hub was established and as we celebrate our milestone anniversary, it is worthwhile reflecting upon the journey so far. As the primary intervention of our sub-region's City Deal, we were established to provide targeted support to build the resilience of our local businesses and create, as well as safeguard, jobs. Originally intended to focus on our economic strengths, support was directed towards advanced manufacturing, and it became quite clear that the support landscape was crowded, confusing, and supplier-led.

The CW Clearing House, as it was then, was established with both a physical and digital presence to allow businesses to access our services in a way that suited the needs of the business. As a new initiative, the Growth Hub could not have been the success that it has become without the unique support of a multitude of partners, from the CWLEP originally to Local Authorities, who have been there from the start, and more recently have signalled their ongoing commitment by becoming shareholders.

Run by business for business, we are continually learning about what is, and what is not, working in terms of supporting businesses with their most challenging needs. It is recognised that engaging businesses with support is difficult, and we know that businesses often prefer to take advice from trusted sources and at trigger points when faced with challenges.

The Growth Hub has become a trusted and invaluable resource for the business community of Coventry and Warwickshire, and my thanks goes out to all of the partners that have supported us, and to everyone that has played a part in our journey thus far.”

Craig Humphrey, Chief Executive, CW Growth Hub

2. Latest Economic & Labour Market Trends

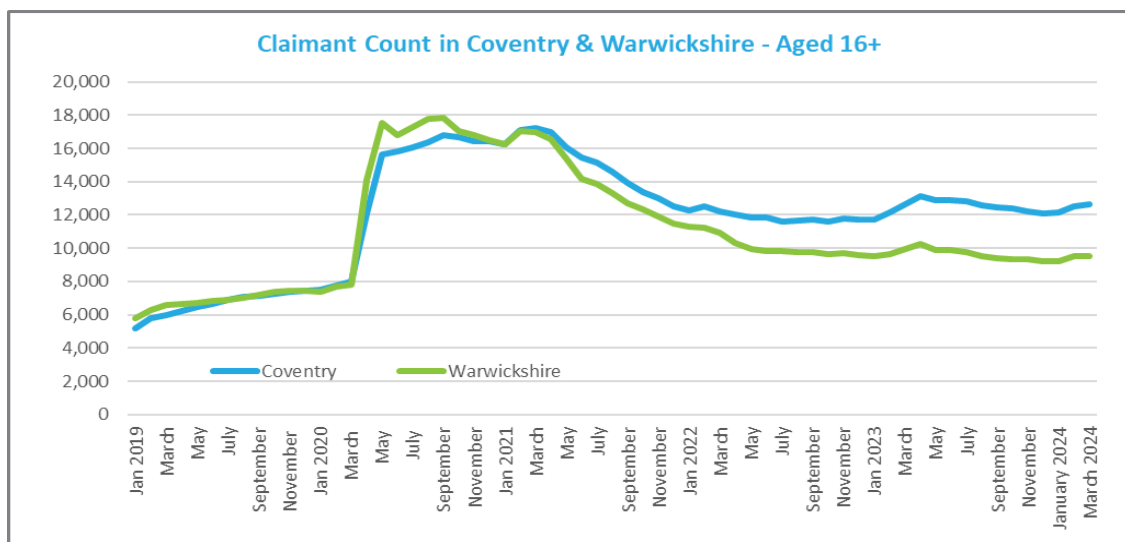
2.1 Labour Market Trends

- In March 2024, the claimant count in Coventry & Warwickshire rose to **22,135 people**. At the start of the pandemic, exactly four years ago in March 2020, the claimant count stood at 15,830.

Area	March 2020	March 2023	January 2024	February 2024	March 2024
Coventry	8,000	12,640	12,175	12,520	12,645
North Warwickshire	845	1,040	980	1,040	1,030
Nuneaton & Bedworth	2,830	3,220	2,940	3,015	3,020
Rugby	1,535	1,995	1,770	1,905	1,900
Stratford-on-Avon	1,050	1,635	1,550	1,595	1,590
Warwick	1,570	2,030	1,945	1,975	1,950
Warwickshire	7,830	9,920	9,185	9,530	9,490
Coventry & Warwickshire	15,830	22,560	21,360	22,050	22,135

Source: Office for National Statistics

- Over the past twelve months there has been a slight decrease in the claimant count across Coventry & Warwickshire, falling from a total of 22,560 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 March 2024 increased by 10,900 on the month, and by 57,400 on the year, to 1.583 million.

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

- **The estimate of payrolled employees in the UK for March 2024 decreased by 67,000 (0.2%) on the month** but increased by 204,000 (0.7%) on the year, to 30.3 million.
- **The UK employment rate for December 2023 to February 2024 was estimated at 74.5%**, below the estimate of a year ago, and a decrease over the latest quarter.
- **The UK unemployment rate for December 2023 to February 2024 was estimated at 4.2%**. The unemployment rate is above estimates of a year ago and up in the latest quarter.
- **Economic inactivity amongst working-aged people increased in the latest quarter, to 22.2%**, and is above the estimate of a year ago.
- **In January to March 2024, the estimated number of vacancies in the UK economy fell by 13,000 on the quarter to 916,000**. Vacancies fell on the quarter for the 21st consecutive period.

Job vacancies

Number of job vacancies

Quarterly change: ▼ -13,000

Since Jan-Mar 2020: ▲ 120,000

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 December 2023 to February 2024.
- **Annual employee's average regular earnings growth (excluding bonuses) was 6.0%** in December 2023 to February 2024.
- **The annual growth in real terms** (adjusted for inflation using Consumer Prices Index, including owner occupier's housing costs (CPIH)), **for total pay was 1.6%** in December 2023 to January 2024, **and regular pay was 1.9%**.
- **There were 106,000 working days lost due to labour disputes in the UK in February 2024**. Most of these labour disputes were in the health & social work sector.

2.2 Economic Trends

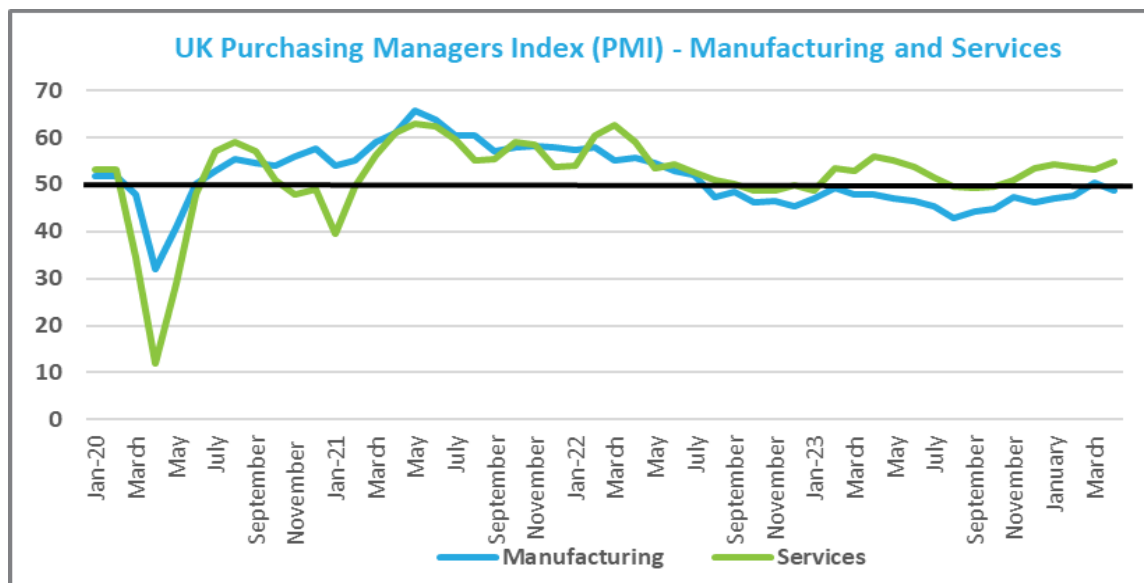
The Economic Development Service at Coventry City Council have compiled the 'Business and Economy Briefing' highlights this month:

Economic Growth

- **The UK economy took another step closer to exiting recession with a 0.1% rise in GDP in February.** January's growth of 0.2% was also updated to 0.3% by the ONS.
- The [latest World Economic Outlook report from the IMF](#) is forecasting a modest **0.5% GDP growth for the UK this year**, a downgrade of 0.1 pps from its January forecast.
- **At a regional level, new insights from EY highlights how the West Midlands is estimated to have experienced the highest growth in economic output (in GVA) of all English regions in 2023, at 0.6%.**
- Although the WMCA area has much higher employment growth than the national average forecast for 2024, the medium-term average annual growth forecasts for both GVA and employment growth up to 2027 are lower than the UK average.

Business Confidence

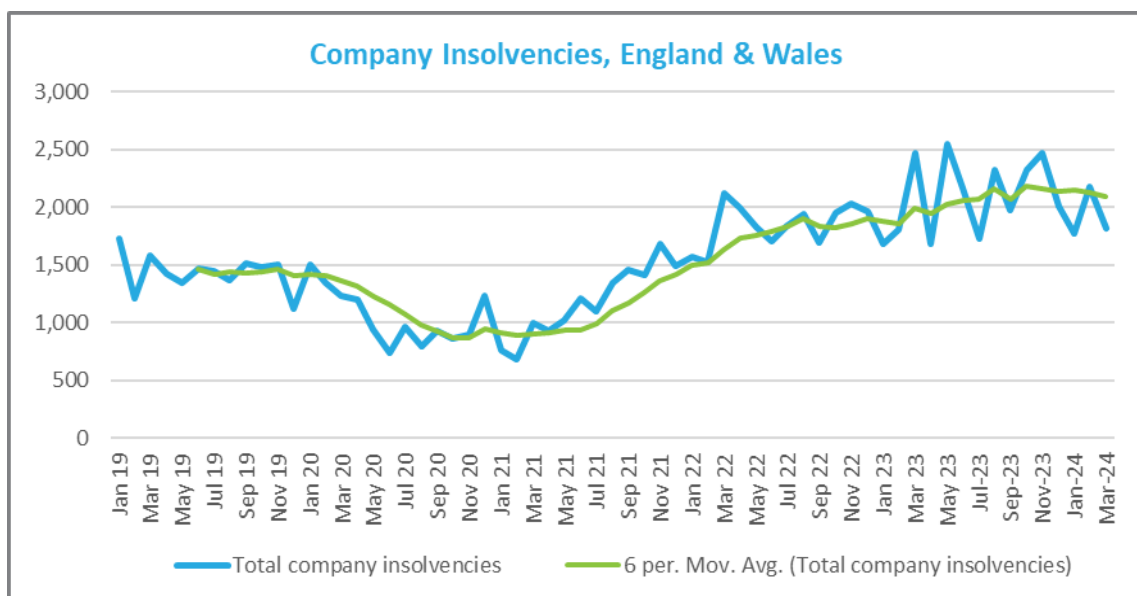
- **The UK Purchasing Managers Index (PMI) for manufacturing fell to 48.7 in April from a revised 50.3 in March** (a figure above 50 represents growth, and contraction below 50).



Source: Trading Economics

- Factory activity in the UK saw a contraction last month, dimming hopes of an improving manufacturing backdrop after March's outturn unexpectedly halted a streak of eighteen consecutive monthly declines in activity.

- **Manufacturing output also declined** at a slight pace in the period, which was linked to a moderate downturn in new orders, with firms noting **weak market conditions being magnified by customers' wish to destock**. Input costs for factories rose at the sharpest in 14 months due to higher materials and transportation costs.
- **Meanwhile, the services PMI rose to 54.9 in April, from 53.1 in March. The latest estimate is the sixth consecutive month of expansion in the service sector and the strongest in almost a year.**
- **Business activity in the West Midlands continued its steady growth at 52.8 this month, according to the [latest NatWest PMI survey data](#), down slightly on last month's score of 53.1.**
- The [latest Quarterly Economic Survey \(QES\)](#) from the **CW Chamber of Commerce** also shows **further evidence of growing confidence in the region's economy.**
- **According to [SMMT](#) UK car production fell 27.1%** in March compared with last year.
- **Across the economy, there were 1,815 company insolvencies in March 2024 in England & Wales**, a 17% decrease on the March 2023 number. Encouragingly, the overall trend around increasing insolvencies appears to have levelled off in recent months.



Source: UK Insolvency Service

International Trade

- **The British Chamber of Commerce published the [fourth in a series of five reports](#)** as part of its 'Future of the economy' series. 'Global Britain – Accelerating Growth: Driving Trade and Inward Investment' is intended to help boost exports and channel overseas investment into the UK.

- The [latest ONS Business Insights and Conditions Survey \(BICS\)](#) indicates that around one in ten West Midlands firms experienced additional paperwork with either importing (10.3%) or exporting (12.0%) this past month.
- **Extensively delayed new requirements for trading with the EU came into force on 30th April. These make crucial changes to the way the UK imports food, animal, and plant products** to improve biosecurity, and will involve extensive border checks on goods. We will monitor the impacts of these, especially on SMEs, over the coming months as the new arrangements take effect.

Business Challenges

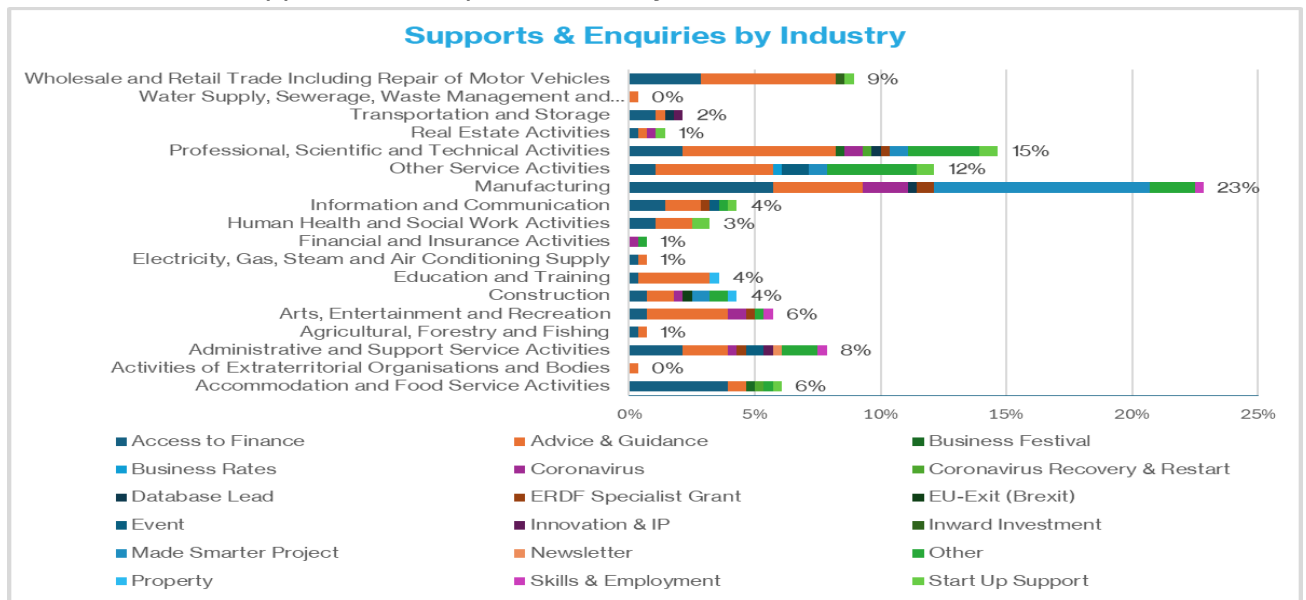
- According to the [latest ONS Business Insights and Conditions Survey \(BICS\)](#), **falling demand for goods and services remains the biggest concern for businesses in the West Midlands**, shared by 21.1% of firms, up from 19.4% the previous month.
- Positively, **34.2% of local businesses reported increased turnover this month, whilst just 18.1% of West Midlands firms said turnover had decreased.**
- With the Government making full expensing of capital equipment permanent at the 2023 Autumn Statement, **the survey reports show that 43.6% of West Midlands businesses had invested in plant and machinery between January and March 2024.**
- **Getting access to finance is [becoming more difficult](#)** for a large number of SMEs nationally. A recent British Chamber of Commerce survey found that **49% of firms felt that getting funding had become more challenging over the past three years.**
- Further publicly funded interventions are needed **to help more West Midlands businesses to take actions to tackle climate change and realise growth opportunities in the green economy.**
- **The ONS Business Insights and Conditions Survey also shows that the number of businesses using Artificial Intelligence as part of their day-to-day operations is growing.** Some 20.3% of West Midlands businesses used AI in March this year, up from 15.8% in September 2023, and above the national rate of 18.2%.

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 7,425 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 **March 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 and Start-Up Support**.

The main sectors supported by CW Growth Hub were **Manufacturing (23%)**, followed by **Professional, Scientific & Technical Activities (15%)**, **Other Service Activities (12%)**, **Wholesale & Retail Trade Including Repair of Motor Vehicles (9%)**, and **Administrative & Support Service Activities (8%)**.

The size profile of businesses supported over the past month consisted of **33.6% Micro businesses (2-9 employees)**, **26.7% Small businesses (10-49 employees)**, **26.3% Sole Traders**, **11.3% Medium sized businesses (50-249 employees)**, and **2% Large businesses (250+ employees)**, with 247 out of 280 businesses stating their size.

There was an **increase in Sole Traders, Medium, and Large businesses** and a **decrease in Micro and Small businesses** approaching CW Growth Hub compared to the previous month. Around 30% of respondents came from businesses that have started trading since 2020, with 237 of 280 businesses stating their incorporation date.

3.2 CW Growth Hub – Current Themes

CW Growth Hub Account Managers reported this month:

Local Business Intelligence

- **Skills Support** – Frequent requests for **upskilling and training staff** were received from businesses to meet the delivery of innovative technologies and processes. Businesses involved in the development and/or maintenance of Electric Vehicles, AI, and software development all highly featured this month.
- **Energy Costs** – Continue to be a major issue for businesses. **Increased costs** are forcing businesses to continue to borrow to maintain business continuity. Referrals to local **Net Zero and Energy Efficiency programmes** have increased as businesses continue to mitigate against price rises.
- **Innovation & Product Development** – Examples include an innovator developing medical air purification equipment **needing to raise finance and investment** to expand prototype production of new products. Some businesses not able to secure funding in the UK are looking to the US and India to develop products and machinery.
- **Bad Weather** – Impacts felt across both **construction and leisure industries**. Water levels, safety fears, flooding, and damaged golf grounds are some issues highlighted.
- **Materials Supply** – Further reports of Red Sea issues increasing supply lead times and 30-40% increases in costs, resulting from longer journey times. Less obvious problems arising as businesses need to time the deployment of staff to align with the arrival of supplies, leading to cashflow issues in some cases.

Business Needs and Concerns

- **Demand for General Support** – Coventry & Warwickshire Account Managers are frequently asked for general help with:
 - **Start Up Support**
 - **Marketing Support** (including SEO and social media)
 - **Capital Grants** - highlighted this month are office fit-outs, building expansions, digital equipment, and purchase of vehicles.
 - **Business Planning and Mentoring** - supporting growth plans and diversification. Support being offered with various Management Buy Outs and coaching to win tenders.
 - **Raising Finance** - debt and equity loans
 - **Energy Audits** - for solar, and heating system upgrades. Increased interest in the 'Green Network' allowing collaboration between businesses locally.

Economic Shocks or Opportunities

- **Apprentices** – Many businesses engaging who highlight an appetite to set up industry apprenticeship academies. Some businesses highlight using older, more experienced staff, to mentor apprentices to carry forward traditional skills. Others looking at offering community-focussed ventures to ensure more traditional manufacturing skills are not lost whilst also embracing new ones.

4. Spotlight: Ten Years of CW Growth Hub

This month our spotlight focuses on ten years of Coventry & Warwickshire Growth Hub, giving an overview of Growth Hub successes from the last ten years. This section also highlights various business support activities currently offered by the Growth Hub, alongside how the Coventry & Warwickshire's economy has changed over the ten-year period.

Full details of all the services provided by CW Growth Hub Group can be found on our website - [Coventry & Warwickshire Growth Hub](#)

Overview

Coventry & Warwickshire Growth Hub is a government supported organisation, which **offers one-to-one advice and ongoing support to businesses** in the region. Since launching in 2014, the Growth Hub has helped thousands of Coventry & Warwickshire businesses to:

- **Access funding and grants**
- **Build local supply chains**
- **Connect with major buying organisations**
- **Increase production**
- **Access training & skills programmes**
- **Connect to international trade advice**
- **Recruit and advertise job vacancies**
- **Access startup support, and much more!**

The beginning of CW Growth Hub – 10 years ago

Coventry & Warwickshire Growth Hub was **established in 2014** using City Deal funding provided by Government. It was one of the **first Growth Hubs** to be formed in England, and subsequently every Local Enterprise Partnership (LEP) area was given funding to establish one to become a central co-ordination point for locally delivered publicly funded business support. **Since then, CW Growth Hub has consistently been recognised nationally as one of the leading hubs in the UK.**

From its inception CW Growth Hub has been funded by the Department for Business & Trade (and its predecessor Departments), European Regional Development Fund whilst this was available, alongside contributions from Coventry & Warwickshire's Local Authorities.

Following the closure of Coventry & Warwickshire LEP in March 2023, Coventry City Council and Warwickshire County Council are now the joint shareholders of CW Growth Hub.

Benefits of CW Growth Hub Support

Some of the recognised characteristics of support provided by the CW Growth Hub include:

- **Impartial Advice** – Helping to grow businesses.
- **Client Focused** – Finding the right fit for a business.
- **Commercially Experienced** – Advice from people who have ‘been there.’
- **Grow Your Business** – Helping business get to the next level regardless of which stage they are at.
- **Credibility** – More than two hundred years’ successful commercial experience.
- **One-Stop Shop** – Help with export, skills, property, finance, technology and more.
- **Finding business Opportunities** – Access to a vast range of contacts and local knowledge.
- **Approachable**
- **Strength in partnership working** – proactive and collaborative approach to working with others locally, regionally, and nationally.

Qualification levels amongst working age residents (Jan 2023 – Dec 2023)

Qualification Level	Coventry and Warwickshire	West Midlands	Great Britain
RQF4 And Above	49	42.5	47.3
No Qualification	6.2	7.3	6.5

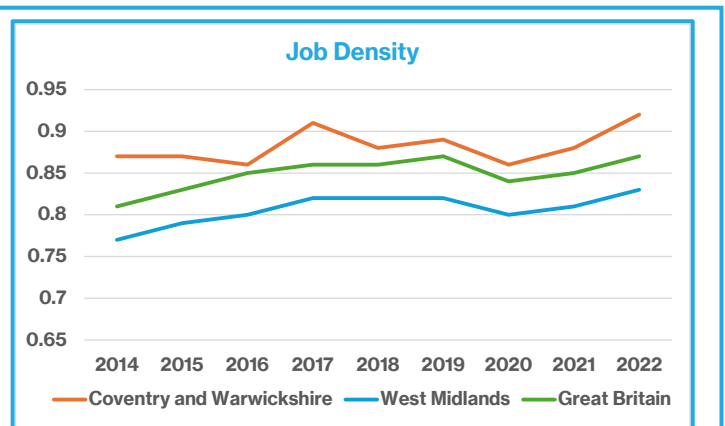
- **The CW area has a higher qualification rate (49%)** compared with the West Midlands (42.5%) and Great Britain (47.3%).
- **The percentage of working age residents with no qualifications was lower for the C&W area (6.2%)** compared with the West Midlands (7.3%) and Great Britain (6.5%).

(Source: ONS Annual Population Survey)

Business Support

Services provided by CW Growth Hub include **advice, growth planning, mentoring, innovation, recruitment, skills and training, supply chain opportunities**, in addition to **connecting SMEs to local, regional, and national business support programmes**.

- **Innovation** – The Growth Hub’s specialist Advisors provide practical routes for **evaluating, supporting, and developing new ideas, taking them from concept to reality**.



- **Over the last ten years the ratio of jobs to population aged 16-64 has seen an increase from 0.87 in 2014 to 0.92 in 2022 in Coventry & Warwickshire, albeit there was a decrease during the pandemic in 2020.**

(Source: Office for National Statistics)

- **Employment Solutions** – Working with local partners, CW Growth Hub can help local businesses access training and recruitment opportunities.
- **Technology** – The Growth Hub advise businesses on developing digital strategies, guidance on IT and Cyber Security, and help identify funding options that businesses may be eligible for through support programmes.
- Other services include:
 - **Local Account Management**
 - **Specialist Adviser support**
 - **Tradeshaw access**
 - **Access to free events, 1:1 support and Meet the Buyer opportunities.**
- **C&W Champions** – A powerful network of proactive businesses and organisations passionate about promoting C&W area that meets regularly.
- **FinditinCW** – This is the largest business network to champion local supply chain opportunities, and support buyers with social value, net-zero, and local supplier commitments.
- **Decarbonisation and Net Zero support** - to help businesses save money on energy, waste, and water bills, and maximise low-carbon opportunities.

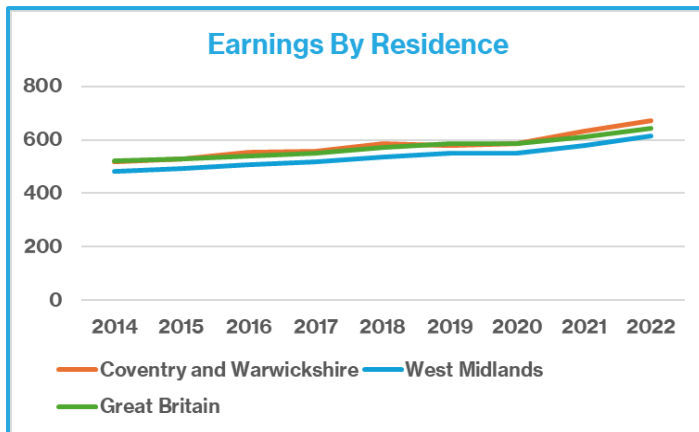
Employment and Unemployment Rate

Date	Employment Rate - aged 16-64	Unemployment Rate - aged 16-64
Oct 2013-Sep 2014	71.6	5.0
Oct 2022-Sep 2023	76.7	4.6

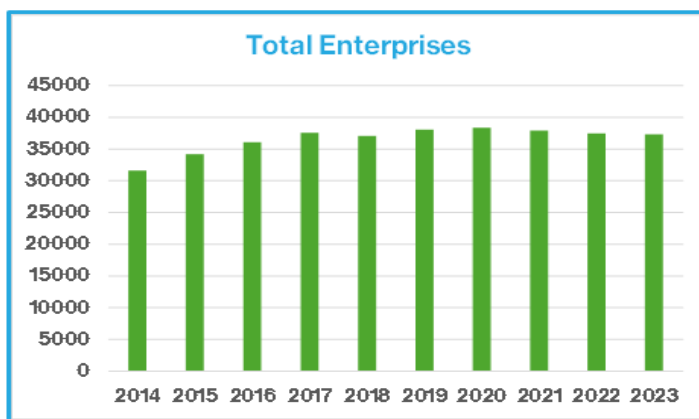
- Over the last ten years, **C&W region has seen an increase in the employment rate and a decrease in the unemployment rate** for the working age population.

(Source: Office for National Statistics)

Coventry & Warwickshire’s Changing Economy – the past 10 years



- **Earnings for C&W working age residents saw a gradual increase over the past ten years, to remain above the regional and national averages, despite the slight decrease during the pandemic.**



- **The total number of enterprises in C&W saw an increase over the last ten years from 31,590 to 37,345.**



(Source for all three indicators: Office for National Statistics.)

Phil Peak, Deputy Chief Executive, Coventry & Warwickshire Growth Hub

“We are proud of what we have achieved so far, and we have shaped a group of companies – CW Growth Hub, C&W Business Solutions and C&W Champions – which was particularly important when the Coventry & Warwickshire Local Enterprise Partnership (CWLEP) closed last March.

We now have new shareholders which is testament to all the work that we have done over the last ten years, becoming embedded into Coventry & Warwickshire’s business community.

We have reached over 10,000 businesses in Coventry & Warwickshire and supported tens of thousands more through our work as Cluster lead for the West Midlands Growth Hubs, but there are still many more businesses to reach, as well as taking businesses that we have already helped to the next stage of their growth.”

More from Phil can be found here: - [Phil Peak's blog](#)

- **Whilst the proportion of High Growth companies to All companies fell through the pandemic period, in 2022 there was an increase. Coventry & Warwickshire now performing better than the West Midlands for this indicator.**

Over the last ten years, CW Growth Hub has been a critical part of the local business support offer, with numerous case studies generated on how **Coventry & Warwickshire businesses have been helped to grow and succeed.**

Follow the link to view the case studies from CW Growth Hub - [CW Growth Hub Case Studies](#)



Rakha Madahar from desgn.print said:

“By receiving various support through the CW Growth Hub, it enabled my business to progress forward with tools and knowledge. The mentorship programme was invaluable. My turnover has increased as a result and I started to focus on areas of my business that needed more attention. I began networking and became more visible online. I started to attend Artisan Markets, where my products could be seen by my target audience.”

Shaun Rowley from ANT Industries Ltd said:

“We have received grants to support solar power, which reduced our carbon footprint. It provides around one-third of our energy requirement, helping to mitigate against ever increasing energy costs. Additionally, grants to support new equipment, CNC machines and 3D printing, have helped win new business, secure jobs, and plan for growth. Sales for 2023 are up by 40% compared to 2022.”

Martin Smith from MaS Precision Engineering Ltd said:

“Very happy with the service provided at all levels. The new machinery has enabled us to grow and increase our profitability. Without the support, we would not be competitive. The new machinery allows us to be “best-in-class” and I thank the Growth Hub team for their proficiency in dealing with our application.”

5. Recommendations

May's Golden Recommendation:

With current low growth in the UK, and modest growth projections for the West Midlands which affects much of the business base, there is a need for sustained and improved investment in the local and regional business support ecosystem.

This needs to include sufficient ongoing Account Management and the right suite of programmes (grant, loan, and non-financial support) to unlock investment, growth, and innovation. As well as a high-quality high-growth programme, there also needs to be the right balance of programmes to realise sustainable growth potential across the wider business base and improve the diffusion of innovation.

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 – 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.

5.1.b - Procurement processes are recommended 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 - 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.b – 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.