CWLEP SmartRegion

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Coventry & Warwickshire Business Intelligence

October 2022

Contents

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

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

1. Executive Summary

Welcome to the October 2022 edition of the Coventry & Warwickshire Smart Region report. This month our spotlight theme focusses on **'Labour Market Dynamics'** highlighting how these have, and will, impact on the economy of both Coventry and Warwickshire and the wider West Midlands region. We welcome a guest contribution from Lee Osborne, Development Manager, at the Federation of Small Businesses (FSB), Coventry, Solihull, and Warwickshire, sharing his insights from local FSB members.

Wider recommendations and findings in this month's report are based on intelligence gathered from CWLEP Growth Hub's contacts with local businesses, alongside survey data and information provided by Coventry City Council, CWLEP, and Warwickshire County Council.

Other sources include the Official National Statistics (ONS), Department for Work and Pensions (DWP), WM-REDI, Labour Force Survey, Resolution Foundation, and other research bodies specialising in labour market research and analysis.

Key Headlines

- **Businesses have become much more pessimistic over recent months, with business confidence contracting across both manufacturing and services.**
- **After months of economic turbulence, caused by a growing number of quite varied factors, businesses are calling for, at least, some stability.**
- **Negative economic impacts, such as rapidly rising costs for both businesses and households, recruitment difficulties, spiralling energy costs, delays in raw material supply, and the conflict in Ukraine, are affecting many sectors and are increasingly being felt by businesses locally. Together these have intensified the 'Perfect Storm' impacting on our local economy.**
- **There are concerns that the UK could enter recession from Q3 2022, and that it could last until the end of 2023. A more detailed picture on future economic forecasts will be presented by the new Chancellor at the Autumn Statement on 17th November.**
- **The effectiveness of the energy support package, announced by Government, is welcomed but clarity beyond the next six months is needed.**
- **Local business support partners will continue to focus on minimising the negative economic impacts from our 'Perfect Storm', be they from the pandemic, EU exit, spiralling energy costs, or any other driver, to help continue the reset, reopening, and recovery of our economy, and minimise the growing number of negative impacts on the 'costs of doing business'.**

2. Latest Economic & Labour Market Trends

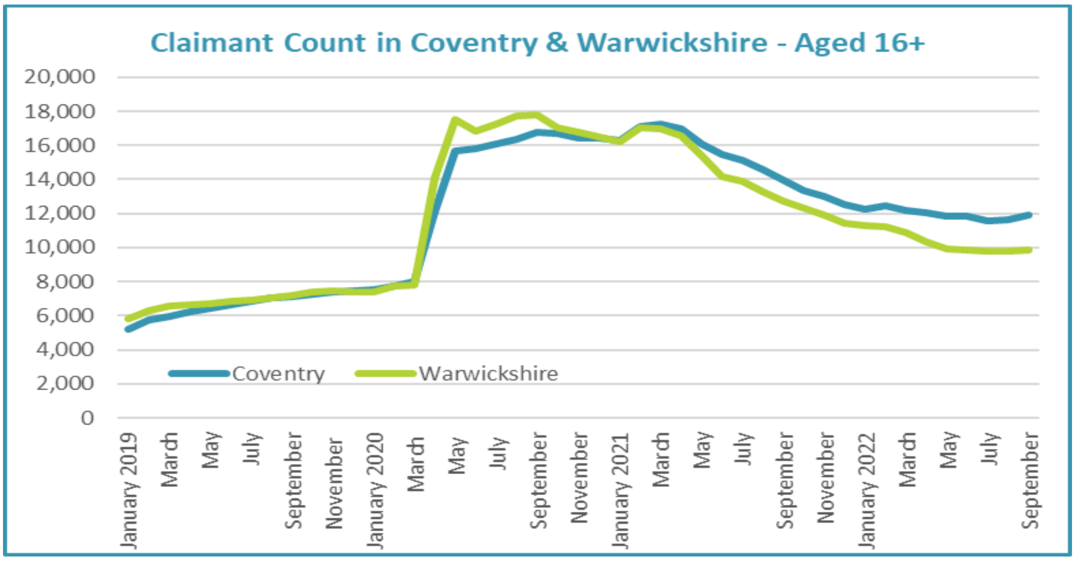
2.1 Labour Market Trends

- In September 2022, **the claimant count in Coventry & Warwickshire totalled 21,795 people.** At the start of the pandemic, in March 2020, the claimant count stood at 15,830.

Area	March 2020	September 2021		July 2022	August 2022	September 2022
Coventry	8,000	13,945		11,575	11,650	11,910
North Warwickshire	845	1,400		995	995	1,030
Nuneaton & Bedworth	2,830	4,070		3,135	3,110	3,170
Rugby	1,535	2,430		1,965	1,940	1,920
Stratford-on-Avon	1,050	2,175		1,610	1,645	1,655
Warwick	1,570	2,640		2,095	2,085	2,110
Warwickshire	7,830	12,715		9,800	9,775	9,885
CWLEP	**15,830**	**26,660**		**21,375**	**21,425**	**21,795**

Source: Office for National Statistics

- **Over the past twelve months there has been a fall in the claimant count across Coventry & Warwickshire**, falling from a total of 26,660 this time last year. **However, over the past few months, the count has started to increase**.



Source: Office for National Statistics

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

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

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

- **The UK employment rate for June to August 2022 was 75.5%, 0.3 percentage points lower than the previous quarter (March to May 2022)**, which had a notably higher employment rate than other periods. **The number of employees decreased on the quarter, while self-employed workers increased.** The employment rate is 1.0 percentage point lower than before the pandemic.

- **The timeliest estimate of payrolled employees for September 2022 shows another monthly increase, up 69,000 on the revised August 2022 figures**, to a record 29.7 million.

- **The unemployment rate for June to August 2022 decreased by 0.3 percentage points to 3.5%, the lowest rate since December to February 1974.** The number of people unemployed for between 6 and 12 months increased on the quarter, while there were decreases for the short-term (up to 6 months) and long-term (over 12 months) unemployed.

- **The economic inactivity rate increased by 0.6 percentage points to 21.7% in June to August 2022**, compared with the previous quarter, which had a notably lower economic inactivity rate than other periods. **This increase in the latest quarter was driven by those aged 50 to 64 years and those aged 16 to 24 years. Looking at economic inactivity by reason, the quarterly increase was driven by people inactive because they are long-term sick or because they are students.** Numbers of those economically inactive because they are long-term sick increased to a record high.

- **In July to September 2022, the estimated number of vacancies fell by 46,000 on the quarter to 1,246,000. This is the largest fall on the quarter since June to August 2020.** Despite three consecutive quarterly falls, the number of vacancies remain at historically high levels.

- **Growth in average total pay (including bonuses) was 6.0% and growth in regular pay (excluding bonuses) was 5.4% among employees in June to August 2022.** This is the strongest growth in regular pay seen outside of the Covid-19 pandemic period. **Average regular pay growth was 6.2% for the private sector and 2.2% for the public sector**. Outside of the height of the pandemic, this is the largest growth seen for the private sector and the largest difference between the private sector and public sector.

- **In real terms (adjusted for inflation) over the year, total pay fell by 2.4% and regular pay fell by 2.9%.** This is slightly smaller than the record fall in real regular pay we saw April to June 2022 (3.0%) but remains among the largest falls in growth since comparable records began in 2001.

2.2 Economic Trends

Economic Growth

The UK economy shrank by 0.3% in August, further raising the likelihood that the country is already in recession. July's GDP growth has now been revised down to 0.1% meaning the economy shrank 0.3% in the three months June to August. The August contraction was driven by a 1.6% contraction in Manufacturing, but Services were also down 0.1%, due in large part to a fall in Hospitality as fewer people used hotels, restaurants, and leisure facilities – another signifier that the cost-of-living crisis is impacting on consumer spending.

The Government's 'Growth Plan'

On 17th October, prior to the resignation of Prime Minister Liz Truss, the new Chancellor, Jeremy Hunt, rescinded much of what had been announced by the previous Chancellor, Kwasi Kwarteng, in the mini-budget of 23rd September.

One aspect of the Government's Growth Plan was the unveiling of strategic Investment Zones, which could benefit from tax cuts and reduced planning restrictions. An Expression of Interest (developed by CCC, WCC, WMCA and WDC) was submitted on 14th October for an Investment Zone covering the area around Coventry Airport, which includes the proposed site of the WM Gigafactory, alongside other submissions made for Investment Zones on sites across Warwickshire.

What also remained from the Growth Plan was the support package for businesses to help with the soaring cost of energy. The Energy Bill Relief Scheme (EBRS) is a temporary six-month scheme that will protect businesses and other non-domestic energy users, including charities and public sector organisations, from rising energy bills this winter by providing a discount on wholesale gas and electricity prices. The wholesale price caps are expected to be £211 per MWH for electricity and £75 per MWH for gas.

Other measures to be retained from the Growth Plan are the reversal of the Health and Social Care levy, which had increased National Insurance contributions by 1.25p in the pound, cuts in stamp duty, the tightening of rules around claiming benefits, and the lifting of the cap on bankers' bonuses.

However, the following announcements have been rescinded:

- Scrapping the 45p rate of income tax (the top rate will remain at 45p)
- Cutting the basic rate of income tax from 20% to 19% (the basic rate will remain at 20%)
- Scrapping of the planned increase in corporation tax from 19% to 25% (corporation tax will increase to 25% from April 2023)

- Reform of the rules around off-payroll working, known as IR35 (these rules will remain in place)
- A freeze on alcohol duty and VAT-free shopping for foreign visitors have also been scrapped.

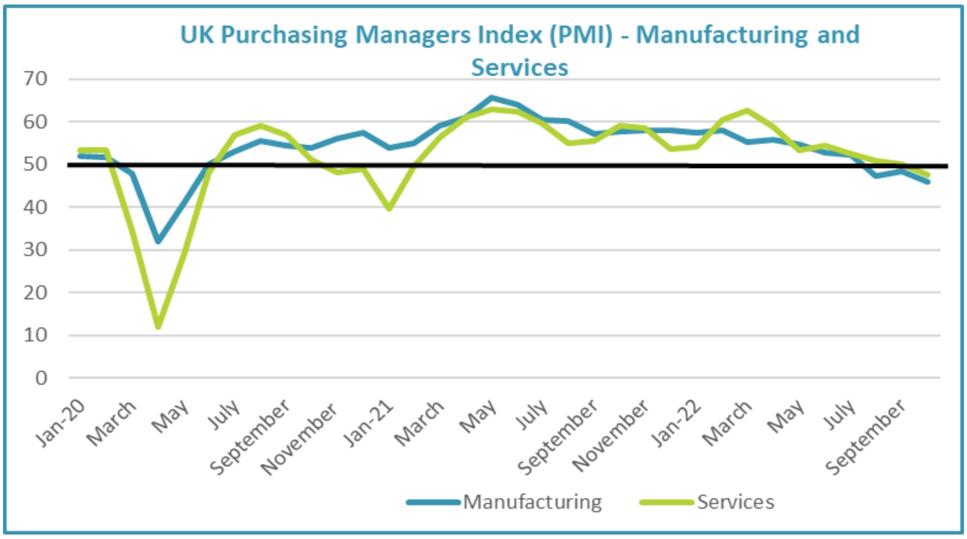
The Government has announced that a full fiscal event, will take place on Thursday 17th November, with an accompanying forecast from the Office for Budget Responsibility (OBR). In response, major business bodies have called on new Prime Minister, Rishi Sunak, to develop interventions in three key areas:

- Review the support for businesses with energy bills after March 2023
- The need to fix the tight labour market
- The need to develop a strategy for boosting international trade and exports.

Meanwhile, the cost-of-living crisis showed no signs of abating with inflation rising to 10.1% in September. It is the second time this year inflation has risen above 10%. Soaring prices for food and drink were the biggest driver behind the latest figures, with an annual rise of almost 15%, the fastest annual jump since April 1980. It is anticipated that the Bank of England will further increase interest rates when it next meets in November, in response to the stubbornly high inflation rate.

Business Confidence

- **The national Purchasing Managers Index (PMI) for manufacturing fell further in October to 45.8, from 48.4 in September** (a figure above 50 represents growth, and contraction below 50. Reduced consumer demand, the delayed delivery of inputs and labour shortages, increasing labour costs, are continuing to contribute to this slump in confidence.



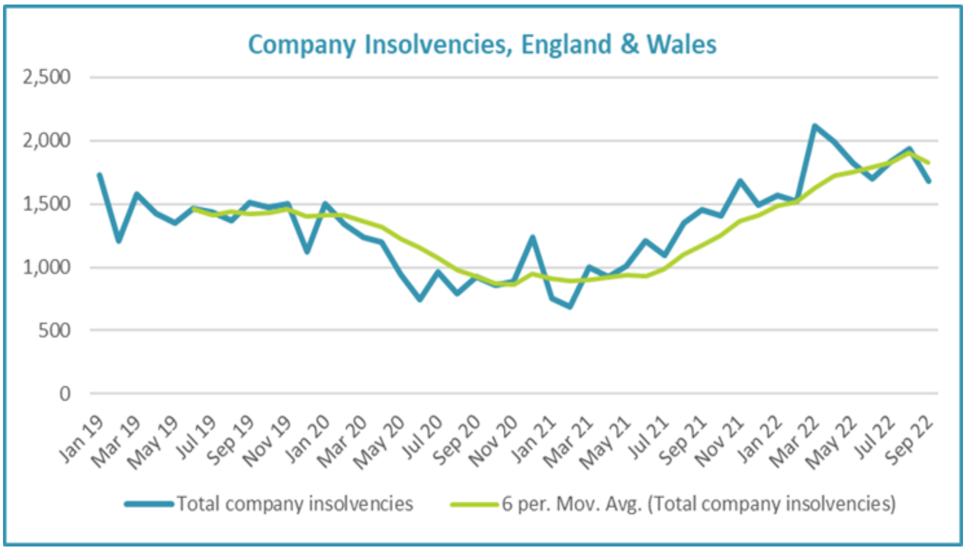
Source: Trading Economics

- For services confidence has also been hit harshly over the past six months, with the cost-of-living crisis likely to be impacting on service businesses. **The services PMI has fallen to 47.5 in October, also now showing contraction.**

- **Business confidence and business activity in the West Midlands decreased for the second month in a row, which again suggests that the region's economy is also contracting.** The Business Activity Index fell from 49.3 in August to 47.8 in September. However, out of the twelve UK regions, the West Midlands was the sixth highest for business activity this month.

- **The West Midlands Future Business Activity Index decreased from 67.8 in August 2022 to 64.4 in September 2022, meaning the degree of optimism towards business growth is at its lowest level since May 2020**. The decline in optimism can potentially be linked to recession worries, acute inflationary pressures, competitive conditions, subdued demand, and spending fears among households. Out of the twelve UK regions, the West Midlands was third highest for Future Business Activity in September 2022.

- **In Q2 2022, total company insolvencies in England and Wales reached the highest quarterly level since 2009**. In one week in October there were four insolvencies in Coventry & Warwickshire as a result of companies being forced into liquidation by HMRC, resulting in the loss of 168 jobs.



Source: Insolvency Service

International Trade

The West Midlands is trailing the rest of the UK on international trade activity. From Q2 2021 to Q2 2022, the total value in goods exported from the West Midlands increased by £321m (+1.2%) to £26.5bn (compared to a 12% increase nationally). The total value in goods imported to the West Midlands increased by £6.3bn (+19%) to £39.3bn (compared to a 25% increase nationally).

There also does not appear to have been a significant expansion in international trade activity in the region, compared to 12 months ago, when many global economies were starting to fully reopen after Covid-19 restrictions were lifted. For example, 48% of West Midlands businesses reported that exporting stayed the same in August 2022 when compared to August 2021, with 19% exporting more and 19% exporting less. Some 54% reported that importing stayed the same in August 2022 when compared to August 2021, with 16% importing more and 13% importing less.

Nationally, trade from the UK to the EU is down 16% on what it was forecast to have been had the UK had not left the EU, according to a new report from the Economic and Social Research Institute. The report also suggests that trade from the EU to the UK is 20% less than it would have been if Brexit had not occurred. Moreover, 57% of West Midlands businesses indicated that administration requirements had increased as a result of the end of the EU Transition Period, **notably with transport costs increasing and increased 'red tape'**.

Given the West Midlands trade deficit outlined above, it is vital that the level of international trade support is expanded to ensure more businesses are aware of international market opportunities, and that they are offered the right support to businesses to help them with the additional administrative burdens of EU trade and help them to innovate and diversify into new international markets.

This includes ensuring the availability of sufficient in-depth support from international trade specialists, as well as ensuring that more publicly funded Business Support Advisors can at least provide basic level advice on opportunities presented by exporting, and the steps that need taking to access international markets.

These recommendations are supported by a new British Chambers of Commerce Survey of business members highlighting:

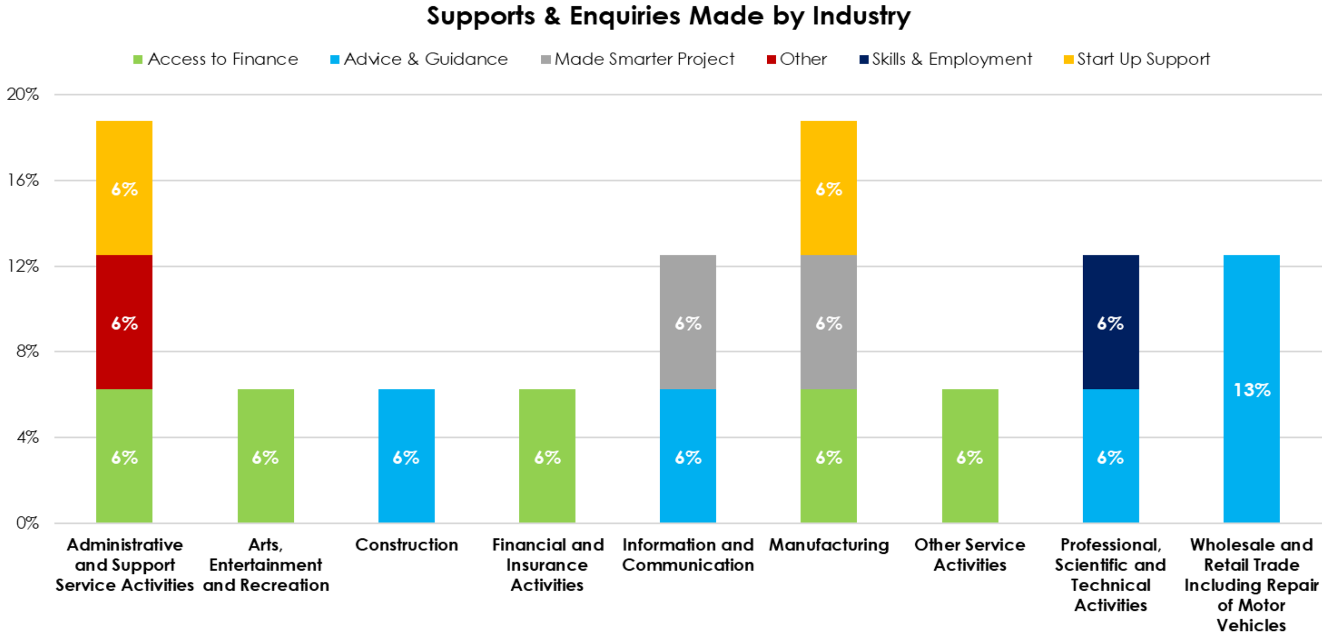
- **54% say smoother customs procedures are key to boosting UK exports**
- **42% favour lowering tariffs, while 35% said there is a need to reduce regulatory barriers, and 29% want better support for smaller businesses**
- **Overcoming the new requirements of the Trade & Cooperation Agreement (TCA) has encouraged one-in-ten (9%) UK exporters to Europe to trade with new non-EU markets.**

3. Latest CWLEP Growth Hub Insights

3.1 CWLEP Growth Hub – Support & Enquiries

Since the start of the Covid-19 pandemic in March 2020, **CWLEP Growth Hub has supported 5,022 businesses** including substantive discussions relating to a wide range of current issues impacting on their future growth.

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



Advice & Guidance and Access to Finance were the most popular reasons for support/enquiries over the past month, although there was also a spread across other enquiry types too. Businesses highlighted the highly successful **Made Smarter Project** as their main requirement for support. There was also additional guidance provided around **Skills & Employment, Start Up Support, and Other support.**

The main sectors supported by CWLEP Growth Hub were Manufacturing (31%) and Administrative and Support Service Activities (31%). The volume of businesses from Manufacturing seeking help also includes the Made Smarter programme.

The size profile of businesses supported over the past month consisted of **13% Sole traders; 33% Micro businesses (2-9 employees); 33% Small businesses (10-49 employees); 13% Medium businesses (50-249 employees); and 7% Large businesses (250+ employees)** – 15 out of 16 businesses provided their size profile.

There was an **increase in Micro and Large Enterprise** and a **decrease in Sole Employees, Small and Medium Enterprises** approaching CWLEP Growth Hub compared to the previous month. Around 27% of respondents (4 out of 15 businesses) came from businesses started trading since 2020.

3.2 CWLEP Growth Hub – Themes

Hot Topics, Business & Economic Intelligence Headlines

- **Energy Prices & Government Support –** Those businesses that are not on fixed plans were preparing themselves for increases of up to 400% in bills prior to the announcement of Government support, which has been widely welcomed, However, concerns around what happens after the six-month period remain. Some businesses that are currently protected by fixed-price arrangements with their energy providers are taking time to mitigate the risks of future increases by investing in energy saving projects, such as solar PV and ground/air source heating.

- **Low Carbon Grants** – A significant rise in businesses looking for grants related to the reduction in energy consumption and those looking for more sustainable low carbon solutions. Many requesting audits for energy to understand where future improvements could be made. These often leading to locally offered low carbon ERDF grant funding.

New job losses, warnings, or potential economic shocks

- **Recruitment –** Ongoing shortages of candidates in the Hospitality and Tourism sectors are leading to businesses operating with much reduced staff, or not being able to open to usual trading hours, as they are unable to serve customers. Concern amongst these businesses around the damage to reputations and risking the future viability of these businesses. Other issues reported include candidates who are applying for jobs and not turning up for interviews, leading to frustration and valuable time being wasted.

- **Ageing Workforces** – CW Growth Hub Advisors have been working with local businesses on workforce succession planning and fleet upgrades and addressing the balance of replacing older machines with new technologies. Apprenticeships are proving vital in supporting the pipeline of next-generation engineers.

New Opportunities, investments, and Job Gains

- **Skills –** Coventry & Warwickshire Growth Hub team are working with both the University of Warwick and Coventry University in advising and supporting local schools with 5–20-year plans to better prepare school leavers for careers in high-tech sectors, and in particular the emerging EV and Battery-Tech industries.

- **Employment Benefits –** Examples of businesses that have lost staff to competitors now offering higher pay to encourage former staff to return. Businesses looking to retain talent are looking at other ways to enhance their benefits packages other than increased remuneration. Loyalty bonuses, personal development, and increased medical insurance provision, are amongst those most common.

Other Issues

- **Covid-19 Issues –** Businesses still experiencing ongoing issues relating to the pandemic. Cashflow recovery proving more difficult to bounce back from. Reports from other businesses that following lost contracts they are finding it harder to replace lost business, as a result of closures within their markets.

- **Fuel Costs** – Easing among many businesses for the time being but not back to the levels experienced prior to the war in Ukraine. Some businesses near to failure due to increases in fuel and energy costs, with others reporting much reduced profits.

4. Spotlight: Labour Market Dynamics

4.1 Context

One of the more striking issues of recent months for the UK's labour market has been the way that different indicators are pointing in opposing directions at the same time. This has made it increasingly difficult to understand what is going on across the various aspects of the labour market. This has also been reflected to some extent in the local labour market. In this section we will look at some of the trends impacting on various parts of the national and local labour market.

The table gives an overview of Coventry & Warwickshire's labour market, to illustrate the characteristics locally, and how the various components disaggregate from the total population for Coventry & Warwickshire.

Coventry & Warwickshire Labour Market Snapshot								Rates
Total Population	942,100							
Population Aged 16-64		605,000						
Economically Active			482,700					79.8%
In Employment				462,600				95.8%
Employees					410,900			
Self Employed					51,700			
Unemployed				20,100				4.2%
Economically Inactive (16-64)			122,300					20.2%
Students						38,400		
Sick (short and long-term)						24,600		
Looking after home/family						25,700		
Retired						13,300		
Other						20,300		
Inactive - Wants a Job							31,700	
Inactive - Does not want a Job							90,600	
Totals	942,100	605,000	605,000	482,700	462,600	122,300	122,300	

Source: Office for National Statistics and CW Growth Hub estimates

Rates:
Economically Active and Inactive are % of Population Aged 16-64
In Employment and Unemployed are % of Economically Active

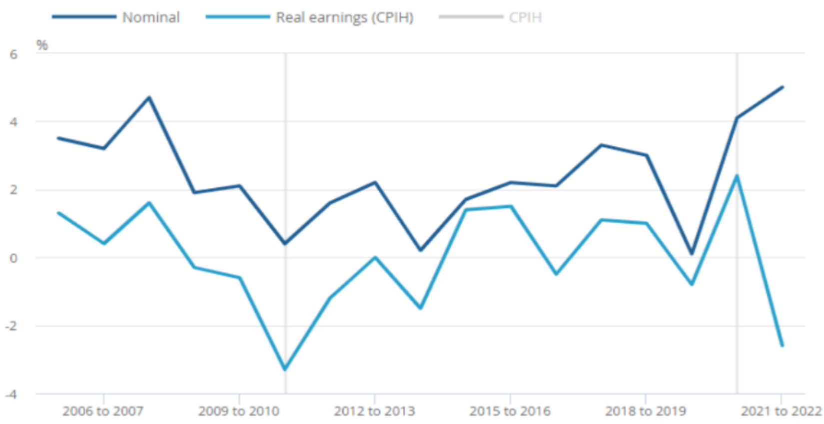
4.2 Vacancies and pay trends in the labour market

According to recent ONS data, the labour market is continuing to tighten where both employment and unemployment rates are decreasing but at the same time there is increasing economic inactivity (after a period of increases in employment rates). In some local labour markets this is causing real difficulties for employers looking to take-on suitably skilled staff, or even to find the numbers of staff needed. With many commentators also suggesting the UK will enter recession from Q4 2022 due to the inflationary effects of factors such as rising energy prices, fuels costs, products supply, and cost-of-living crisis that affecting UK labour market, this is likely to add further complexity to the rapidly changing labour market.

These impacts are affecting the West Midlands labour market, as it remains tight – meaning many employers regionally are struggling to fill vacancies and in retaining staff. This is also being reflected in the business intelligence emerging through CW Growth Hub contacts. For the longer term, the West Midlands region needs to focus on improving skills and encouraging and attracting more people to enter the local labour market.

Record high numbers of vacancies have been a feature of the labour market since Covid-19 re-opening, although there have been signs in recent months of some levelling off in these. Strong nominal pay growth, particularly in the private sector, has become more of a key feature as employers seek to fill vacancies. Nominal pay growth reached 6.2% in the private sector compared to 2.2% in the public sector, as employers struggle to fill their vacancies. With shortages of workers and big increases in the rate of private sector pay, this could also further fuel labour shortages in public services.

Annual percentage change in real and nominal median gross weekly earnings for full-time employees, UK, 2005 to 2022



Source: Office for National Statistics – Annual Survey of Hours and Earnings (ASHE)

The chart from the Resolution Foundation, left, shows the overall impact on nominal pay growth over the past fifteen years, compared with real pay growth. Current levels of high inflation are shown in the now wide gap that exists between take-home pay and what it is worth once inflation has been factored in.

4.3 Economic Activity and Inactivity

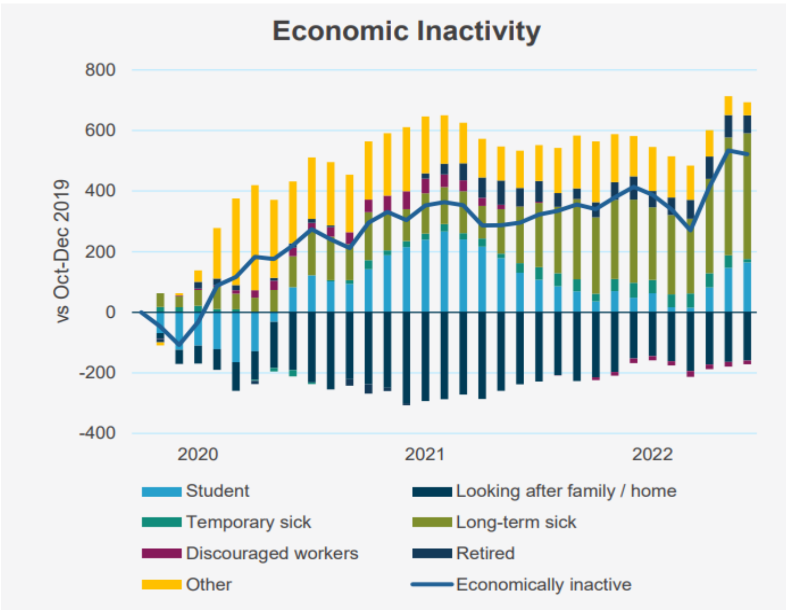
Since the re-opening of the economy in late 2020, after the first Covid-19 lockdown, the employment rate had been steadily rising back towards pre-pandemic levels. However, this recovery has been showing signs of faltering over the summer 2022. At the same time, unemployment rates have continued to fall, now at their lowest levels since 1974, with the unemployment rate currently at 3.5%.

However, rates of economic inactivity amongst the working age population are increasing, having fallen to a low point in Q4 2019, just before the start of the pandemic. Economic inactivity has increased to a current level of 21.7%. **The working age workforce is now around half a million smaller than it was pre-pandemic**, with the impacts of demographic change also adding to a range of economic changes. The outcome of this is the struggle that employers are having in finding workers.

Employment, unemployment, and economic inactivity rates (16-64) – quarterly average with single-month estimates

Source: Office for National Statistics

The unemployment rate remains highest amongst older workers with some not returning to work after the furlough period ended or were made redundant due to Covid-19. Additionally, there are older workers who have been able to revaluate their 'life' priorities and deciding to move into early retirement and leave the workforce as lockdowns were lifted.



Source: ONS – Labour markets, August 2022

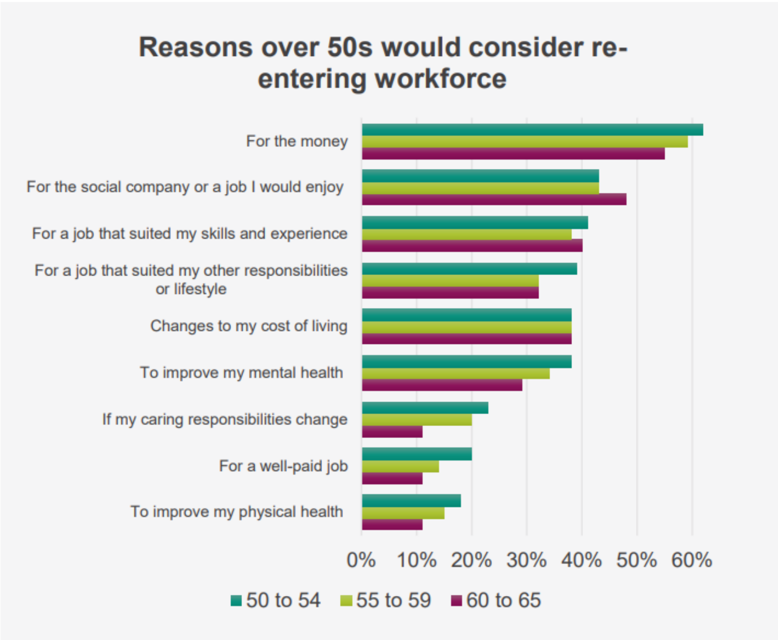
An increase in the numbers of students, a growing number of people who are both short- and long-term sick, and a growth in the number of working age early retirees have together contributed to the recent increases in economic inactivity.

Over one third of all workers in the UK are aged fifty or over, compared to 25% in 1997 according to DWP, showing the importance of ageing workforce in the labour market which businesses need to consider for the future. Currently the unemployment rate for this group of sits at 3.8% for the period between May and

July 2022. And the latest data from DWP shows that around a third of unemployed over fifties are long-term unemployed, with many wanting to work but facing barriers.

The implications of ageing workforce and a post-Brexit labour supply will influence UK labour market leading to the risk of further workforce shortages. Furthermore, in coming years, more jobs will be created than the availability of younger workers entering the workforce 'if' older workers are not sufficiently retained in the labour market.

4.4 Reducing Economic Inactivity



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

ONS highlight that the soaring cost-of-living crisis and inflation is driving some older workers aged fifty or over to consider returning to work. This is a push factor resulting in retirees returning to the workplace or to look for work – known as 'unretirement.'

Volatile financial markets have also driven an increase in unretirement due to growing uncertainty about people's future retirement income.

One challenge for those returners who may not have been in the workplace for several years is around identifying and undergoing retraining or reskilling, whilst using past experience of these workers could be an obvious benefit for employers.

Further, greater targeting is needed in encouraging inactive working age people back into the labour market. Some 80% of these do not want to work, so a challenge is to be more targeted in initiatives and interventions to help those return to work that want a job.

One further emerging trend as workers return in greater numbers to office-based workplaces are the changing ways in which employers across different sectors are introducing new ways of working, promoting additional flexibilities, and adding new employee benefits to attract and retain both new and more workers. For instance, some employers are introducing flexible workspaces to make more innovative use of the space that they have and to improve working environments and conditions.

4.5 Q&A with Lee Osborne, Development Manager, Federation of Small Businesses, Coventry, Solihull, Warwickshire.

Are there emerging labour market issues, being raised by local FSB members, that have had growing impacts over recent months?

"**Many small businesses locally are facing issues and difficulties with recruitment and filling vacancies**. The widespread labour shortage is limiting small firms' ability to grow, at the same time as they also wrestle with other challenges. Over the past 12 months of those small businesses that have tried to recruit, 78% have experienced difficulties in recruiting staff due to several reasons including: a lack of individuals with relevant qualifications, skills, and experience (82%) and a small number of applicants (60%).

What small firms need to see is a holistic approach to skills and training. Maintaining Skills Bootcamps in the long-term and enabling small businesses to automate processes by continuing to ensure R&D tax credits can be claimed without needless administrative hurdles, should help.

Recent ONS figures also concerningly showed that the number of **those economically inactive due to long-term sickness is at a record high. This is a stark reminder that more needs to be done to support people with long-term sickness into employment, which is crucial to our economic growth**. FSB has previously put forward a list of recommendations to close the disability employment gap. They include a 'Kickstart' style disability employment scheme to get more disabled people into employment for the first time and a Statutory Sick Pay rebate for small businesses to help with the costs of long-term sickness absence."

There has been a general fall in consumer and business confidence in recent months. How do you feel business confidence is amongst FSB members locally?

"In speaking with business owners locally **there is huge concern about the cost of doing business and for some it is about surviving the toughest of winters ahead** as they are facing so many different issues including rising costs, interest rates and recruitment.

Our most recent local small business confidence survey shows confidence in negative territory, with late payment woes, adding to pressures on margins and cashflow. The quarterly temperature taking survey reveals that there is the greatest level of pessimism among small businesses outside of lockdowns. Rising costs continue to affect the majority of small firms locally, with two in five seeing costs increase by more than 10%.

For the third consecutive quarter there has been a rise in the number applying for finance. Of those, nearly half have turned to finance to help manage cashflow and only a quarter applied for finance to expand their business.

Small business entrepreneurs are optimistic, dynamic, and innovative, which is why it is all the more stark to see this drop in confidence locally. They want to be driving growth and economic recovery, but the headwinds against them right now are gale-force. Recent political and economic turmoil has not helped, which is why it is vital the Government focusses on stability."

Looking ahead, what positive messages are coming from FSB members around future opportunities in Coventry & Warwickshire?

"**Following recent major events such as Coventry UK City of Culture 2021 and the Commonwealth Games, small businesses are excited about what this has delivered for the region and how this has raised the profile of Coventry & Warwickshire**. It is therefore important that the momentum from the success of these events is maintained so that further benefits to small businesses can be gained.

We have also seen new and revamped creative working spaces particularly in Warwickshire which has been a positive in helping the freelance and creative sectors, and the investment in Coventry City Centre will help to benefit businesses in the retail and hospitality sector with significant footfall in the run-up to the busy Christmas period.

Looking to the longer-term Transforming Nuneaton is also another major project that looks to bring an enhanced local environment for businesses, residents and visitors and will aim to have benefits for small businesses and start-ups in the local area helping them to gain from increased footfall and support.

Small businesses can also continue to benefit from a strong local business support landscape with support from CW Growth Hub and the local authorities across the region. This was further demonstrated at FSB inaugural Local Government awards with Warwickshire County Council winning two regional awards for their business support and others locally including North Warwickshire, Nuneaton & Bedworth and Coventry Councils all shortlisted for awards for the support and projects undertaken to help small businesses overcome current challenges or adapt to being future ready."

Finally, if you had three Recommendations for the new Prime Minister and Chancellor on behalf of small businesses in Coventry & Warwickshire, what would they be?

"**Small businesses in Coventry & Warwickshire need stability and for the new Prime Minister and Chancellor to take the necessary steps to secure economic growth and supporting small firms through the hard winter ahead**. We need to see the delivery of the energy support package for small businesses – as already approved by Parliament – and the reversal of the hike in National Insurance. This must be followed by clarity on what will happen after the initial six-month period.

Beyond that we need to see pro-growth measures and taking more small firms out of business rates, which they are clobbered with before they have earned a penny, would be a positive, pro-growth step. We would also urge Government to tackle a systemic problem in the economy on late payments, which would not require expenditure at a time of focus on public finances."

5. Recommendations

October Golden Recommendation:

Stability for businesses for times ahead is critical following months of uncertainty and instability, as business have tackled challenge upon challenge. Government is recommended that the Autumn Statement on the 17th November sets a clear path to greater stability and to underpin short, medium, and long-term business planning.

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
Following the announcement from Government about support for business with energy bills for the next six months and to get through the coming winter, there is a need to give for clarity around what happens beyond this timeframe. There should be some announcement on this in the forthcoming 17th November Autumn Statement.

5.1.b

Business confidence is currently at its lowest level since the start of the pandemic, and falling, due to the current costs-of-doing-business and cost-of-living crises, as well as ongoing political uncertainty. **Government is recommended to help boost businesses confidence, through providing greater investment and stability in local business support ecosystems,** so that businesses can get the vital help that they will need to help them through the current increasingly tough times, and to help build confidence to trade more freely longer term.

5.1.c

We will need to keep a close 'watching brief' over the coming weeks and months in terms of how businesses are trading on the back of the current turbulence in the national, regional, and local economies, and whilst we wait for key decisions to be taken such as the approval of local Investment Zones submissions. It may take some time to be reflected in business decision-making and trading – but close monitoring and continued sharing of local business intelligence will be critical.

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

Continue to signpost local business to the extensive range of support programmes that already exist. Examples include the Coventry & Warwickshire Green Business Programme and the increased take-up of Energy Efficiency Audits, helping businesses adapt their operations to reduce energy usage and bills for the future.

5.2.b

There is an urgent need to explore how other support activities be flexed to help business get through the current cost-of-doing-business crisis. The local and regional support ecosystem will need to work closely together, and with funders, to explore how support activities and opportunities are best offered so that they have maximum positive impacts.

5.3.c

Support for business around innovation and diversification, which targets both domestic and international markets, will be crucial in ensuring many firms, especially SMEs, increase their resilience and safeguard jobs. **This should be a key consideration for the focus of both the remainder of the ERDF programmes up to June 2023, and first two years of the UK Shared Prosperity Fund.**

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
Maximise investment in innovation in key sectors of Coventry & Warwickshire's economy. Closer working with the sectors that Coventry & Warwickshire leads on, including net zero future mobility and electrification, and with the potential Investment Zone sites located across our subregion, there are opportunities to create a national centre of excellence for innovation within CW for these sectors.

5.3.b
The scale of UKSPF funding, and limitations on its freedoms and flexibilities, are unlikely to be sufficient to address the challenges facing the local economy, and we would urge Government to invest further in the local and regional business support ecosystem through other sources (including the West Midlands Trailblazer Devolution Deal) to reduce the risk of the region's business support ecosystem being reduced at a time when businesses need support more than ever.

5.3.c
For the longer term UKSPF also needs to be targeted towards tackling the long-term structural changes facing our local economy, such as upskilling and reskilling, growing a suitably qualified labour force, and fostering new ways of working, all of which will be needed for sustainable economic growth to happen right across Coventry & Warwickshire.