



# Coventry & Warwickshire Business Intelligence

June 2022

## Contents

1. Executive Summary .....	2
2. Latest Economic & Labour Market Trends .....	3
3. Latest CWLEP Growth Hub Insights.....	6
3.1 CWLEP Growth Hub – Support & Enquiries.....	6
4. Spotlight: City of Culture – Impact and Legacy .....	7
4.1 Context.....	7
4.2 Impacts of Coventry City of Culture on City and Economy.....	8
4.3 Legacy Projects & Upcoming Plans.....	9
5. Recommendations .....	11
a. Short Term .....	11
b. Medium Term .....	11
c. Long Term.....	12

All previous editions of the Coventry & Warwickshire Smart Region report can be accessed from our Publications page: <https://www.cwggrowthhub.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 June 2022 edition of the Coventry & Warwickshire Smart Region report. **This month our spotlight theme is the 'Coventry UK City of Culture – Impact and Legacy'**, highlighting how Coventry's year as City of Culture has impacted on the local economy, and what impacts on creative and culture sectors across the sub-region might be seen over the coming months and years.

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 Coventry City of Culture Trust, GOV.UK, the Centre for Cities, Coventry University & the University of Warwick, and other research bodies specialising in labour market analysis.

## Key Headlines

- **There have been continued improvements to the Coventry & Warwickshire economy and labour market, with growing (albeit slowing) employment, record numbers of vacancies, and falling unemployment and redundancies.**
- **However, business confidence, which had shown some signs of slowing over the past six months amongst manufacturing companies, is now also very clearly becoming an issue for service businesses.**
- **Several negative economic impacts, such as rapidly rising costs for both businesses and households, recruitment difficulties, energy costs, delays in raw material supply, and the conflict in Ukraine, are affecting a wide range of sectors and are increasingly being felt by businesses locally. Together these have intensified the 'Perfect Storm' impacting on our local economy.**
- **In terms of households, real household disposable income (RHDI) on a per-person basis is forecast to fall by 2.2 per cent in 2022-23, the biggest fall in living standards in any single financial year since ONS records began in 1956.**
- **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, 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 of the costs of doing business.**

## 2. Latest Economic & Labour Market Trends

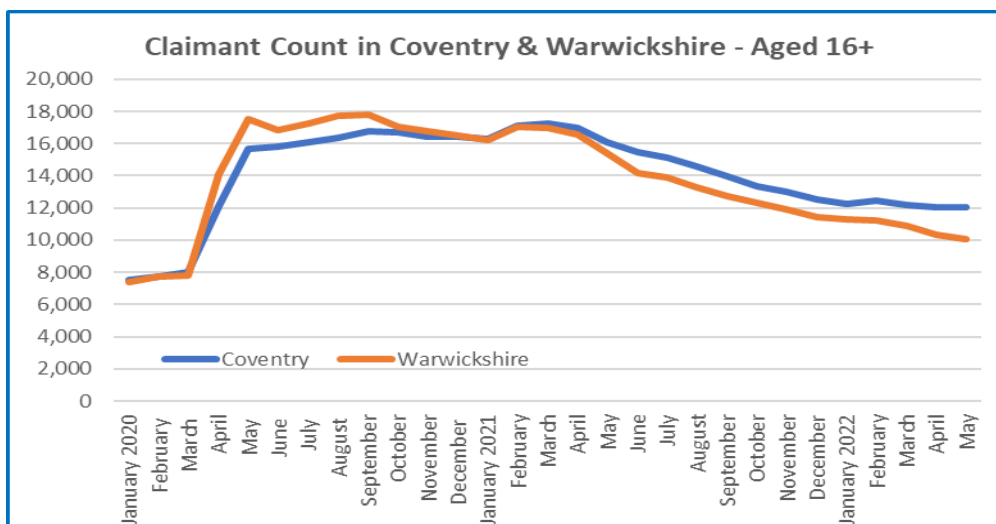
### 2.1 Labour Market Trends

- In May 2022, **the claimant count in Coventry & Warwickshire totalled 22,125 people**. At the start of the pandemic, in March 2020, the claimant count stood at 15,830.

Area	March 2020	May 2021	March 2022	April 2022	May 2022
Coventry	8,000	16,075	12,205	12,050	12,035
North Warwickshire	845	1,770	1,170	1,065	1,060
Nuneaton & Bedworth	2,830	4,720	3,505	3,350	3,305
Rugby	1,535	2,880	2,065	1,940	1,895
Stratford-on-Avon	1,050	2,715	1,870	1,745	1,675
Warwick	1,570	3,295	2,305	2,200	2,155
Warwickshire	7,830	15,380	10,915	10,300	10,090
<b>CWLEP</b>	<b>15,830</b>	<b>31,455</b>	<b>23,120</b>	<b>22,350</b>	<b>22,125</b>

Source: Office for National Statistics

- Over the past twelve months there has been a strong fall in the claimant count across **Coventry & Warwickshire**, falling from a total of 31,455 this time last year.



Source: Office for National Statistics

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

- The UK employment rate increased by 0.2 percentage points to 75.6% but is still below pre-pandemic levels.** The number of full-time employees increased to a record high however, this was partially offset by a decrease in the number of part-time employees.

- **The number of self-employed workers fell during the pandemic and has remained low**, although numbers have increased over the past quarter.
- **The number of payrolled employees increased further in May 2022**, up 90,000 on the revised April 2022 estimate, to a record 29.6m.
- **Total actual weekly hours worked increased by 12.2 million hours to 1.04 billion hours in February to April 2022**, compared with the previous quarter. However, this is still 7.6 million below pre-pandemic levels.
- **The unemployment rate for February to April 2022 decreased by 0.2 percentage points on the quarter to 3.8%**. Those unemployed for up to six months increased, however this was offset by decreases in those unemployed for over six months, with those unemployed for between 6 and 12 months decreasing to a record low. Those unemployed for over 12 months also continued to decrease.
- **The economic inactivity rate decreased by 0.1 percentage points to 21.3% in February to April 2022**. The decrease in economic inactivity compared with the previous three-month period was largely driven by those economically inactive, because they were students.
- **The number of job vacancies in March to May 2022 rose to a new record of 1,300,000**. However, the rate of growth in vacancies continued to slow down.
- **Growth in employees' average total pay (including bonuses) was 6.8% and growth in regular pay (excluding bonuses) was 4.2% in February to April 2022**.
- **In real terms (adjusted for inflation), growth in total pay was 0.4% but regular pay fell on the year by 2.2%**. Strong bonus payments have kept recent real total pay growth positive.

## 2.2 Economic Trends

*Analysis from WM-REDI's Economic Monitor for June 24<sup>th</sup> highlights:*

### Economic Growth

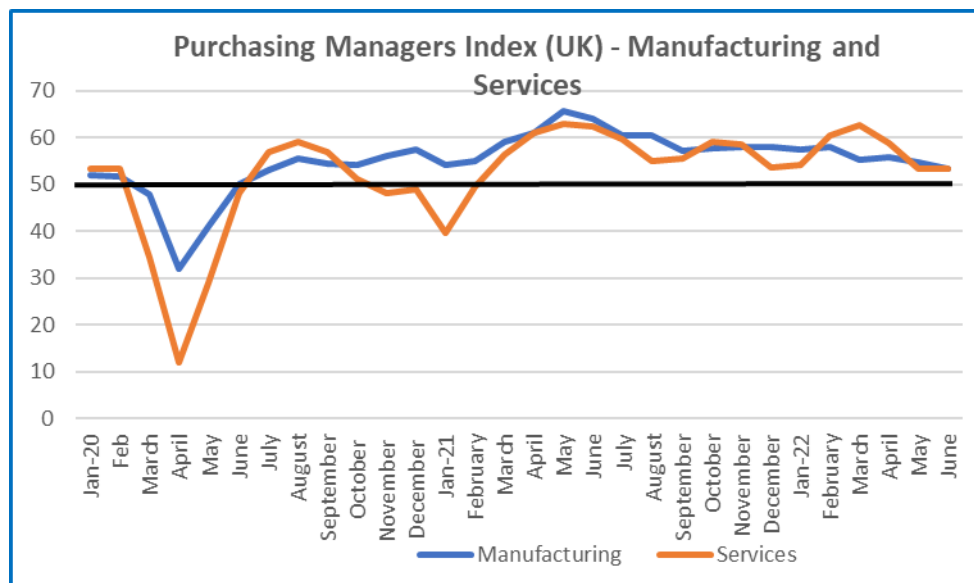
**There has been a widespread decline in GDP over the first quarter of this year, alongside rapidly rising inflation.** The largest rises in inflation have been within the UK and US and forecasters are now anticipating that inflation could climb to double figures this year in both the UK and US. Reasons are: rapidly rising energy prices; supply chain bottlenecks; and wheat and fertilizer prices.

**ONS announced that Consumer Price Inflation (CPI) had risen even further to 9.1% in the 12 months to May, up slightly from April's rate of 9%.** This is the highest rate of inflation in 40 years since March 1982, and the Bank of England is now forecasting that inflation could reach 11%.

**The Bank of England (BoE) has raised interest rates from 1% to 1.25%, their highest level for 13 years.** Some analysts are predicting that the BoE may go so far as to raise interest rates to 3%. ONS stated that inflation in May was fuelled by rising prices for food and non-alcoholic beverages. The inflation in this sector is largely due to Russia's invasion of Ukraine severely restricting wheat and maize supplies; the two countries make up almost a quarter of worldwide production.

### Business Confidence

**Uncertainty continues to be reflected in business confidence.** Nationally, the Purchasing Managers Index (PMI) for manufacturing fell further in June, to 53.4 from 54.6 in May (a figure above 50 represents growth). For services confidence has been hit more harshly over the past three months, with the cost-of-living crisis likely to be impacting on service businesses. The services PMI remains at 53.4, now very close to a position of contraction.



Source: The Markit/CIPS UK Services PMI (Purchasing Managers' Index)

**The WM Business Activity Index decreased from 54.5 in April 2022 to 49.7 in May 2022: the first contraction in 16 months.** A score below 50 means that the regional economy is shrinking. Business activity was restricted due to inflationary pressures, subdued demand, challenging economic conditions and input shortages. Out of the 12 UK regions, the WM was the third lowest for Business Activity in May 2022.

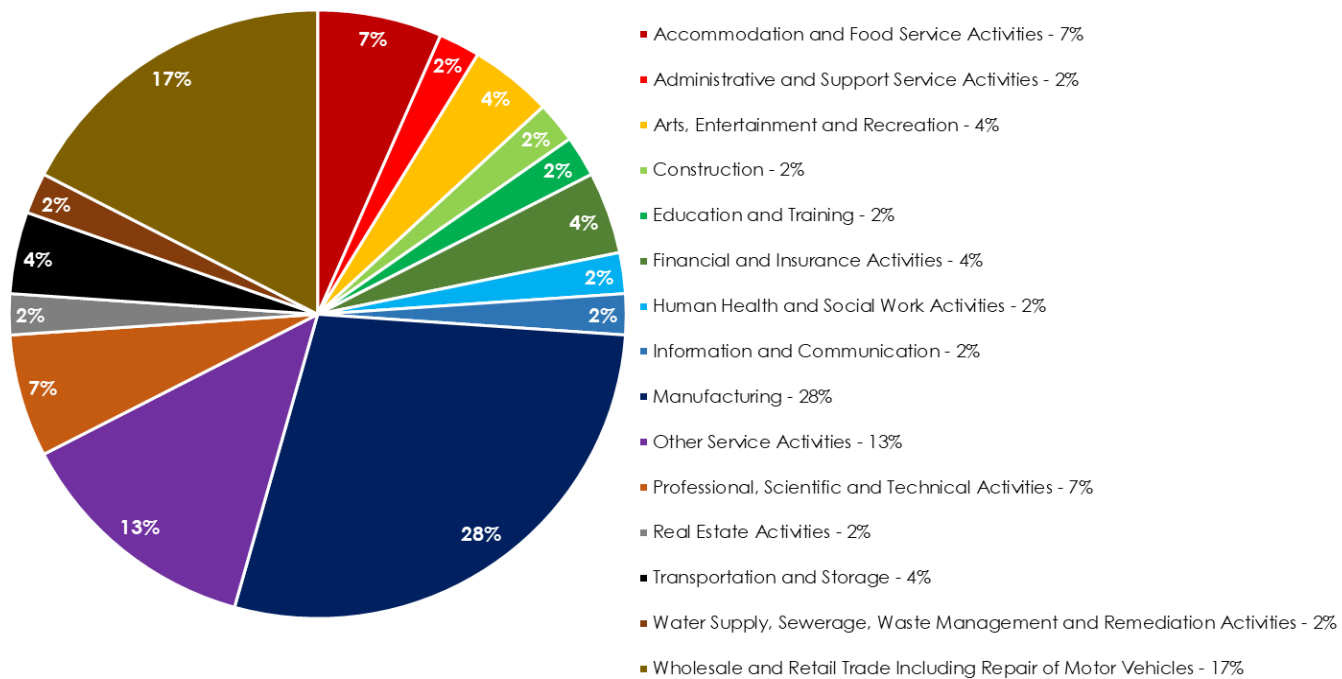
- WM Future Business Activity Index fell from 71.8 in April 2022 to 66.1 in May 2022.
- WM New Business Index increased 50.2 in April 2022 to 50.5 in May 2022, a marginal rise in new business intakes due to better demand conditions and greater international travel.
- WM Export Climate Index decreased from 53.4 in April 2022 to 52.8 in May 2022, indicating the slowest rate of growth in four months.

### 3. Latest CWLEP Growth Hub Insights

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

Since the start of the pandemic in March 2020, the **CWLEP Growth Hub** has supported **4,948 businesses** and had substantive discussions with **1,762 businesses** specifically related to Covid-19 impact and EU Exit.

**Businesses Support by Industry**



This month's business insights are taken from intelligence gathered in **May 2022**. **Access to Finance** was the most popular reason for support/enquiries over the past month. There was a spread across other enquiry types too. Businesses highlighted **Advice & Guidance** and **Made Smarter Project** as their main requirement for support. There has been also additional help around **Net Zero, Coventry Airport (Gigafactory Support), Property and EU Exit (Brexit)**.

The size profile of businesses supported over the past month consisted of **26% Sole traders; 50% Micro businesses (2-9 employees); 14% Small businesses (10-49 employees); 7% Medium businesses (50-249 employees) and 2% Large businesses (250+ employees)** – 42 out of 46 businesses provided their size profile.

There was an **increase in Micro, Medium and Large Enterprises** and a **decrease in Sole Employee and Small Enterprises** approaching the CWLEP Growth Hub compared to last month. Around 39% of respondents (36 out of 46 respondents provided feedback) of came from businesses that started trading since 2020.

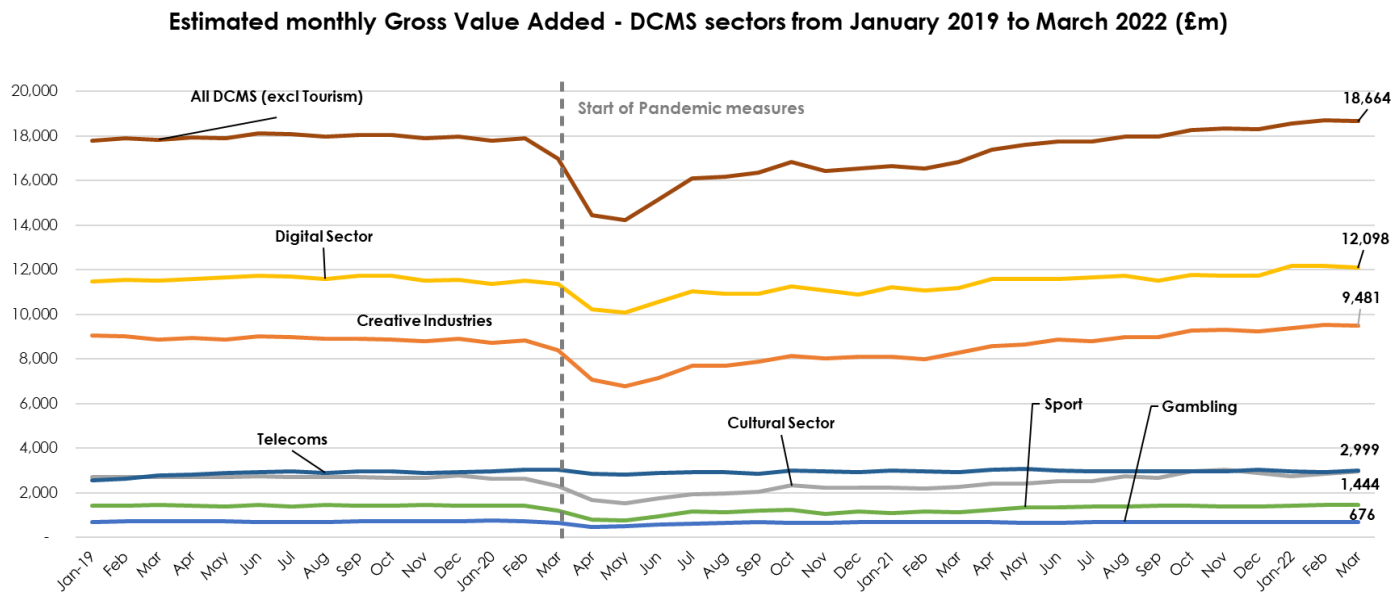
## 4. Spotlight: City of Culture – Impact and Legacy

### 4.1 Context

#### UK DCMS (Department for Digital, Culture, Media & Sport) Sectors – GVA Profile

In 2021, analysis by DCMS recognised the Gross Valued Added (GVA) of the Digital, Culture, Media & Sport sectors (excluding Civil Society and Tourism) as £194.7 billion. This was 8.5% higher in real terms than in 2020.

The chart below shows the monthly GVA of Department for Digital, Culture, Media and Sport sectors up to March 2022. It has been estimated that the DCMS sector's GVA has grown by 1.4% from Q4 2021 to Q1 2022 in real terms.



Source: Economic Estimates up to March 2022, Department for Digital, Creative, Media, and Sport

#### Summary of Coventry City of Culture 2021

In this month's edition, we are focusing on how Coventry's year as the UK City of Culture has positively impacted on the local economy, as well as exploring the legacy of this exciting year on the economy of Coventry & Warwickshire.

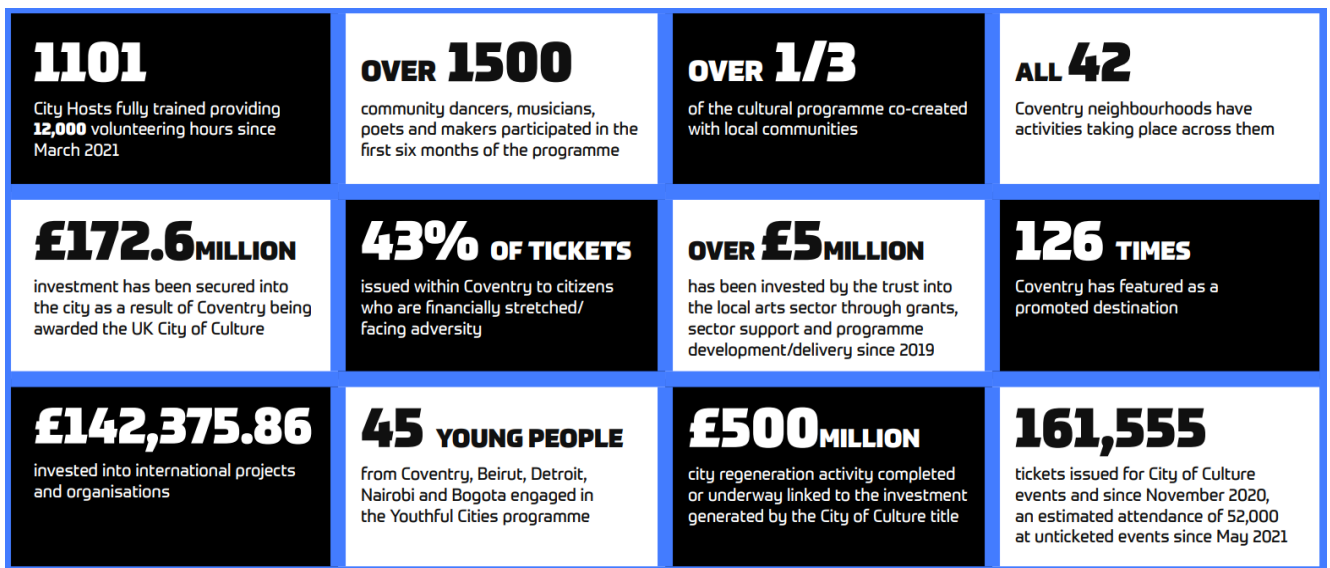
The UK City of Culture is a competition run by the Department for Digital, Culture, Media and Sport and is awarded every four years. In December 2017, Coventry was awarded title after competing against eleven other cities. Coventry's bid focussed on the strength of city's diversity, its youthfulness and being centrally located. The UK Government awarded £3.5 million to Coventry to support the programme and enabled the leverage of a plethora of further funding to provide opportunities for Coventry on both a national and international stage.



## 4.2 Impacts of Coventry City of Culture on City and Economy

The Covid-19 pandemic impacted on how Coventry has been able to fully benefit from being City of Culture 2021. For example, it was agreed that the year of City of Culture 2021 would delay its start date, to begin in May 2021, rather than at the start of the year due to continued restrictions and uncertainty on travel at the time. This moved the end of the city of Culture year to May 2022, rather than December 2021.

The interim evaluation report from the Coventry UK City of Culture team has shown that the programme has attracted more than £172 million inward investment – funding music concerts, public art displays, new children’s play area in the centre of city, and developments to public transport, which in turn has led to in excess of £500 million of regeneration activity. Additionally, audiences of over one million people engaged with events through more than 700 ticketed, unticketed, and online events.

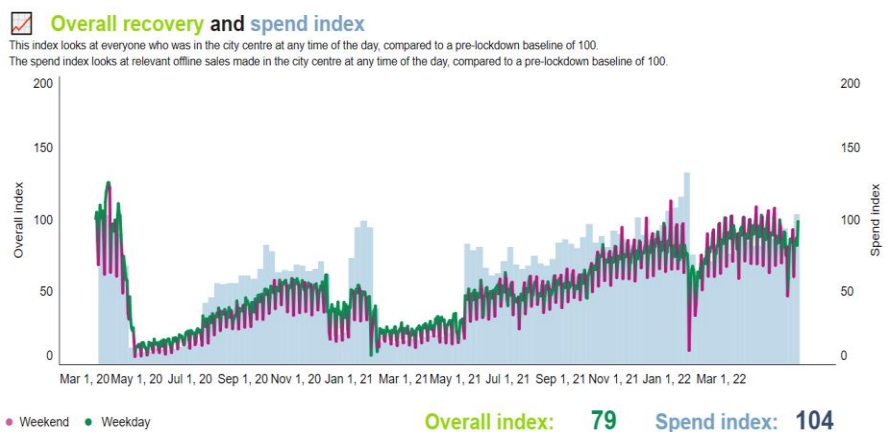


Source: Performance Measurement & Evaluation – Interim Report, Coventry UK City of Culture

The data provided by University of Warwick and Coventry University are up to end of November 2021, and not beyond that date.

### Spending & Footfalls in Coventry

The chart shows that there were dramatic falls in April 2020 due to the Covid-19 pandemic. However, over the following 24 months, it steadily increased, noticeably from May 2021, coinciding with the start of Coventry’s year as City of Culture. There was a similar pattern in the night-time



Source: High streets recovery tracker, Centre for Cities

index, indicating footfall in the city centre in the evening. Even though levels haven't reached to pre-pandemic levels, there has been a boost in domestic visits as events have brought people into the City.

### Survey respondents of Coventry City of Culture programme

Not only there were significant boosts in tourism, but there was also positive effect on the perception of the city. Based on evidence from the interim report by Coventry University and the University of Warwick, post-event surveying that took place between May 2021 and November 2021 indicated that:

- 92% of survey respondents strongly agreed or agreed that they had a good time.
- 91% of survey respondents rated the quality of the events as very good or good.
- 57% of survey respondents stated that their perception of Coventry had improved through attending or participating.
- 76% of survey respondents strongly agreed or agreed that the event increased their pride in Coventry.

## 4.3 Legacy Projects & Upcoming Plans

The UK City of Culture crown has been passed to Bradford 2025, who won the competition at the beginning of June (congratulations to them!). Coventry is now moving into a new phase, committing to legacy ambitions by building on successful programmes delivered during 2021, commissioning new activities with educational, cultural and community organisations and providing a climate focus across the city. With legacy comes recognition of Coventry, and a focus on continuing the ongoing opportunities to continue to bring Inward investment, regeneration, and Foreign Direct Investment into the city.

Furthermore, the Coventry City of Culture Trust aims to provide grants to build and develop extraordinary events to enhance Green Future credentials, by supporting individuals and organisations. The City of Culture Trust has created a flagship programme called Green Futures, which helped to deliver the year as the greenest and most environmentally conscious UK City of Culture to date. This brought partners such as the Warwickshire Wildlife Trust and the Canals & Rivers Trust to connect communities to nature and heritage and ensuring that there is a green thread running through the benefits forthcoming from the special year.

According to Coventry City of Culture Trust, in the next two years the Trust will invest more than £5 million in creative and cultural programmes, predicted to bring more than 500,000 audience members to the events. Additionally, to deliver the next phase, the Trust will secure 32 full time jobs, and supporting:

- More than 50 freelance artists and cultural workers.

- Collaborating with a minimum 20 cultural and voluntary organisations.
- Engaging with 6 apprentices.

Finally, the Trust has delivered two major legacy projects continuing within the City. [‘The Reel Store’](#) – UK’s first permanent immersive digital art gallery opened in May 2022– and [Assembly Festival Garden](#), a popular establishment providing cultural and creative events within the city centre throughout the summer 2022.

## 5. Recommendations

### June Golden Recommendation:

Coventry & Warwickshire will continue to benefit even though the official year being UK City of Culture 2021 is now over. Moving into the legacy phase needs to further provide local creative, cultural, and visitor economy businesses with an increased boost and ensure that the momentum and enthusiasm gained from our spotlight year is maintained.

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

**Coventry & Warwickshire needs to continue to actively promote and market the opportunities to visitors and businesses** to help sell our local area, taking advantage of the opportunities from City of Culture 2021 and the Commonwealth Games 2022.

##### 5.1.b

**Businesses locally have awareness of the opportunities arising from local supply chains, and the importance of them from financial, supply, and time perspectives.**

##### 5.1.c

**Continue to provide support to businesses to ensure that the burden of the current 'cost of doing business' is as low as it can be**, as well as helping overcoming challenges that businesses are facing right now.

#### 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

**To maintain the current competitive advantage of our region, the level of investment into both business support and the landscape of support needs to be enhanced**, so that it can maximise its positive impacts locally.

##### 5.2.b

**Ensure that the support that will be delivered through the UK Shared Prosperity Fund (UKSPF) is targeted towards opportunities within the region and scaled appropriately, to ensure the benefits are felt across the region.**

### 5.2.c

Support programmes need to be leveraged through appropriate means, whilst maintaining balance. **Ensuring that there is a spread of opportunity right across the region is key, so that 'Levelling-Up' takes place across Coventry & Warwickshire within targeted local areas.**

## C. Long Term

Businesses and the economy would benefit if both central government and local stakeholders support these three long-term recommendations:

### 5.3.a

**Ensure that Coventry & Warwickshire benefits from the success and experience of hosting future large scale and high-profile events.** Being recognised as a location that can successfully deliver events and opportunities throughout the year, and as part of the legacy of events, encourage visitors continue coming back to Coventry & Warwickshire over the longer term.

### 5.3.b

**'Levelling-Up' needs to work for everyone, and it is crucial that this is delivered in a sustainable way, which doesn't negatively impact on other areas within Coventry & Warwickshire.**

### 5.3.c

**Investing in the business support landscape over the long term with a focus on Account Management is key to growth, resilience, and innovation.** Long term strategic investment into business support will deliver a greater return on investment.