West Midlands
Weekly Economic Impact Monitor

WM REDI CITY REDI

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This monitor aims to pull together information across regional partners to understand the impacts of Covid19 on the economy. Where possible it will utilise all forms of quantitative and qualitative intelligence. However we urge caution in the use of the contents as this is an emerging situation.

Key Issues

The Chancellor has announced how the government intends to protect the UK from an expected historic and deep, Covid-driven recession. Main measures include:

- **Job Retention Bonus** - £1,000 to be paid to businesses that retain furlough staff from November 2020 to January 2021; staff must be paid £520 per month at minimum. This could equate to up £9bn in payments. There are 500k people on furlough in the region that this programme could support to stay in work.
- **Boosting work search, skills and apprenticeships**:
  - Kickstart Scheme – £2bn work experience programme for 16-24 year olds that have been unemployed for more than six months. 41k young people are now on benefits in the region, a doubling of claimants since February.
  - New payment of £2,000 to employers in England for each new apprentice they hire aged under 25, and a £1,500 payment for each new apprentice they hire aged 25 and over. The WMCA area has the highest number of apprenticeship vacancies at 1,600 but the numbers have declined recently from 2,700.
  - £111m extra will be added to the traineeship budget, employers will be paid £1,000 per trainee.
  - £100m for more places on level 2 and 3 courses. NVQ 2 in the region has risen by 2.1% but NVQ 3 has dropped by 5.2%. There are still 290k people with no qualifications and 446k with level 1.
  - £32m over two years for the National Careers Service to fund careers advice for 269,000 more people.
  - £17m to expand sector based work academies, tripling the number of places.
- **Reduced rate of VAT for hospitality, accommodation and attractions -** Temporary cut to VAT on food, accommodation and attractions from 20% to 5% for six months. Regionally there are 135k jobs and the sector contributes £4.3bn.
- **Eat Out to Help Out** - vouchers that will give diners 50% off their meals out, with conditions, for August.
- **Public sector and social housing decarbonisation** – £1bn to improve energy efficiency of public buildings. The WMCA region has 1.7m dwellings, this year an additional 3,822 affordable dwellings and 1,960 affordable rented dwellings.
- **Green Homes Grant** - A £2bn "green homes grant" to help make homes more energy efficient. This would provide at least £2 for every £1 homeowners and landlords spend to make their homes more energy efficient, £5,000 per household.
- **Stamp Duty Land Tax temporary cut** - Temporary cut to stamp- increasing the threshold to £500,000 until March 2021. Average house price in the West Midlands is £220k (a fall of £21k and drop of 9% in the last 12 months). According to Zoopla there were 16k sales in the last 12 months, 2,112 in last 6 months. Transactions have dropped 53% in last qtr

Inward Investment Forecast for 2020-2021

A combination of Brexit uncertainties and the impact of Covid-19 restrictions meant that by March 2020 WMGC inward investment pipeline had shrunk by 9% from December 2019 and by 33% from March 2019.

- While commercial and legal processes relating to property acquisition are taking much longer, investors are also re-setting their space requirements as they adopt more agile and home working.
- There is no incentive for investors to progress projects until office occupation levels begin to increase current projections from Birmingham's BPFS sector practice heads, suggest that only 20% of their staff will be back in the office full time by January 2021.

Sluggish recovery scenario: the region's investment pipeline would remain at below pre-Covid levels throughout the forecast period and new initiatives such as the Midlands Engine KAM Programme and the Commonwealth Games Tourism, Trade and Investment (TTI) Programme would not hit their outcome targets. Under the WMGC **'Second wave scenario'** prolonged Covid-19 restrictions would act as a significant constraint on business attraction activity into 2021-2022. Just 4 new inward investment projects would be landed this year, another 14 would be landed in 2021-2022 and another 18 would be landed in 2022-2023, with performance 67% below target over the forecast period. Only just over 1,500 new jobs would be created.

Visitor Forecast - Based on impact modelling carried out by Global Tourism Solutions, the consultants who provide our STEAM tourism and value model, we are forecasting a fall in visitor numbers of 37% and in associated economic impact of 36% between 2018 (latest data available) and 2020. Based on the assumption that the sector continued to grow in line with recent trends in 2019, we estimate that while visitor numbers will fall from 137 million in 2019 to just 83 million in 2020, associated direct and multiplied expenditure will fall from 13 billion to just 8 billion.

Global Outlook
European stocks are trending lower this week with global stocks posting a mixed finding. The European Union has unveiled its strategy to boost the use of hydrogen fuel, after the commodity became a core component in the bloc's Green Deal stimulus package.
Brazilian President Jair Bolsonaro confirmed to the media that he has tested positive for Covid-19. This follows his comment that the virus is "just a little flu". Brazil has had the world's second-highest number of cases and deaths. New Zealand has experienced a breach of its quarantine rules, with an international visitor breaking quarantine. In the US positive tests jumped again in Florida. In Sweden seeing infection rates continue to decline. Australia's second largest city, Melbourne, has entered a second lockdown following missteps in the handling of travellers returning from overseas and complacency in a handful of neighbourhoods. The lockdown is expected to last 6 weeks.
Amid continuing US-China and now Anglo-Sino tensions, it is being touted that President Trump wants to undermine the Hong Kong dollar's peg to the U.S. dollar. The administration is seeking a way to punish China for its security legislation that have eroded Hong Kong's political freedoms. HSBC Holdings Plc did slump amid suggestions the U.S. is seeking ways to punish Hong Kong's banks.

Regional Outlook
The Department for Work and Pensions and West Midlands Combined Authority are implementing plans to recruit 300 work coaches, which will match jobseekers with vacancies, ensuring employees have the skills to meet local demands.

The vacancies for 300 work coaches are expected to go live this week as part of a nationwide recruitment drive which will see the number double to 27,000 across the country.

The plans to drive employment in the region also include the creation of six youth hubs, with the aim of providing more training and job opportunities to young people

There are direct alignments between the announcements on employment and skills, green homes and decarbonisation, priorities and asks as outlined in the Recharge plan, but there were no references to the role of Mayoral Combined Authorities or Local Authorities as related to these new announcements. However it is understood the Recovery and Devolution White Paper will preclude the Autumn Statement and Spending Review.

Responses to the Summer statement include:

Tony Wilson Institute for Employment Studies

The government's plan for jobs today is welcome, comprehensive and recognises the scale of the employment crisis that we are now facing. However he highlights some challenges:

First, we are now three months into the crisis and cannot afford to lose any more time in mobilising our employment response. The main measures today will take time, so government needs to move quickly to use the Flexible Support Fund and contract with private recruiters (as set out in the detailed Plan for Jobs) so that those leaving work this summer are getting the help they need.

Second, central government cannot do this alone – there was no mention today of the role of local authorities in helping to co-ordinate and lead the response locally, or of the voluntary and community sector in engaging and supporting those out of work. To make matters harder still, we are starting from a very low base – with the contracted-out employment market just one sixth of the size that it was on the eve of the last recession.

Third, we must not lose sight of those already disadvantaged in the labour market, and particularly those with health conditions and disabled people. Nearly half of disabled people are out of work, and we know that many of those who have been off work will need more support to return. The government announced an extension of the Work and Health Programme today, but far from increasing support for those with health conditions this will instead be used to increase capacity for the short-term unemployed. We also need to see a far greater focus on rehabilitation and support for those with health conditions and disabled people.

And finally, even with the scale of the response today, there will surely be concerns about whether this will be enough. To take one example, the maximum value of the 'kickstart' subsidy for young people will be a quarter lower than that offered through the Future Jobs Fund, but is intended to create four times as many jobs. Whether it can fund the sorts of transitional jobs for disadvantaged groups that the FJF delivered will remain to be seen. Furthermore, the £100 million investment in support for 18-19 year olds will repair just a fraction of the cuts in further education funding in recent years – we will surely need more than this in the coming months.

Investment Week

- There is an assumption that at some point there will need to be a tax process to repair public finances
- Taking all measures together, the budget deficit now balloons beyond £300bn in 2020/21. At over 15% of GDP, this is easily a post-war high and dwarfs the 2.4% expected in March. It makes the UK government debt-to-GDP ratio three times Japan's when Japan entered its 'lost decade' in the mid-1990s
- The UK's debt, at 100% of GDP, is its highest ratio since 1963. A year ago it was 80%. Unless growth takes off, we would by 2030 reach our 250% post-war high if debt continues accumulating around this pace
- The cut in VAT for hospitality and tourism being "deeper than initially briefed", providing a template for other sectors".
- Kickstart and Traineeships schemes "will create some jobs", providing some "good news" without "a massive financial commitment".
- Job retention bonus "looks attractive", it is "more likely to provide a welcome boost to employers already planning to bring workers back rather than forcing businesses to rethink layoffs".
- J.P. Morgan Asset Management, described removing the furlough scheme before activity has returned to pre-pandemic levels as "building three quarters of a bridge and not finishing it because it is becoming expensive". "We think that the real challenge will come when the furlough scheme runs out and structural change in the economy due to this pandemic, but also the fallout from Brexit, could cause a marked increase in the unemployment rate. "We do not think the announced retention bonus will have any impact on those structural forces."

The FT

"Britain's public borrowing will rise to more than £350bn this financial year after Rishi Sunak gambled on borrowing vast sums to minimise the long-term economic damage wreaked by the coronavirus pandemic"

This signals a move from protecting the economy to supporting and creating jobs. This packages comes to £189bn. With tax take hit hard this means a deficit likely to hit £361bn

The package is aimed at limiting the rise in employment, but this is a difficult process and balancing act. With 70% of firms running low on cash and 3 in 4 report lack of demand, there was a lack of immediate relief.

Paul Johnson, director of the Institute for Fiscal Studies, said it was "another big package from the chancellor" but added that the high cost demonstrated "how hard it is to target resources only where they are really needed". Much of the job retention bonus, he said, would go to companies that would have rehired employees in any case.

IFS

Carl Emmerson

"New figures released by the Treasury suggest that the total cost of temporary measures announced since the Budget stood at almost £160 billion, almost £30 billion higher than the latest estimate from the Office for Budget Responsibility of £133 billion. The main difference is that the Treasury has now allocated **an additional £49 billion to spending on public services since March**, which is £33 billion higher than the OBR's June estimate. Of this £49 billion over £30 billion has gone to health services – including £15 billion on purchases of Personal Protective Equipment."

"There is a huge amount of uncertainty around the public finances – but these measures are likely to push the deficit further above £300 billion, which would be easily the highest as a share of national income since the Second World War. Of course this additional borrowing is all currently being borrowed at very low interest rates. What matters more for the public finances will be the extent to which the economy manages to bounce-back strongly. If – as is likely – the economy does not fully recover then future fiscal events are likely to involve a less pleasant set of announcements over **the extent to which taxes need to rise to restore the health of the public finances**. But those decisions can – and should – be left for another year."

Robert Joyce

"The £2 billion "Kickstart" scheme will subsidise 6-month work placements for under-25s claiming universal credit and "at risk" of long-term unemployment. Hence the policy is quite well targeted at the young people who are most vulnerable, and whose other options will often be rather bleak. Indeed, the scheme shares many features with the Future Jobs Fund introduced by the Labour Government during the last recession, which had lasting positive impacts on the employment of those employed under the scheme."

"The structure of the subsidy means that incentives to offer these placements are sharpest for low-paid, part-time, temporary work. The risk is that this is not a great recipe to "kick start" high quality careers. Much will depend on how the rest of the labour market bounces back. Putting people on the bottom rung of the jobs ladder will only be a stepping stone to something more if job vacancies soon open up further up the ladder."

Levelling Down – Social Market Foundation

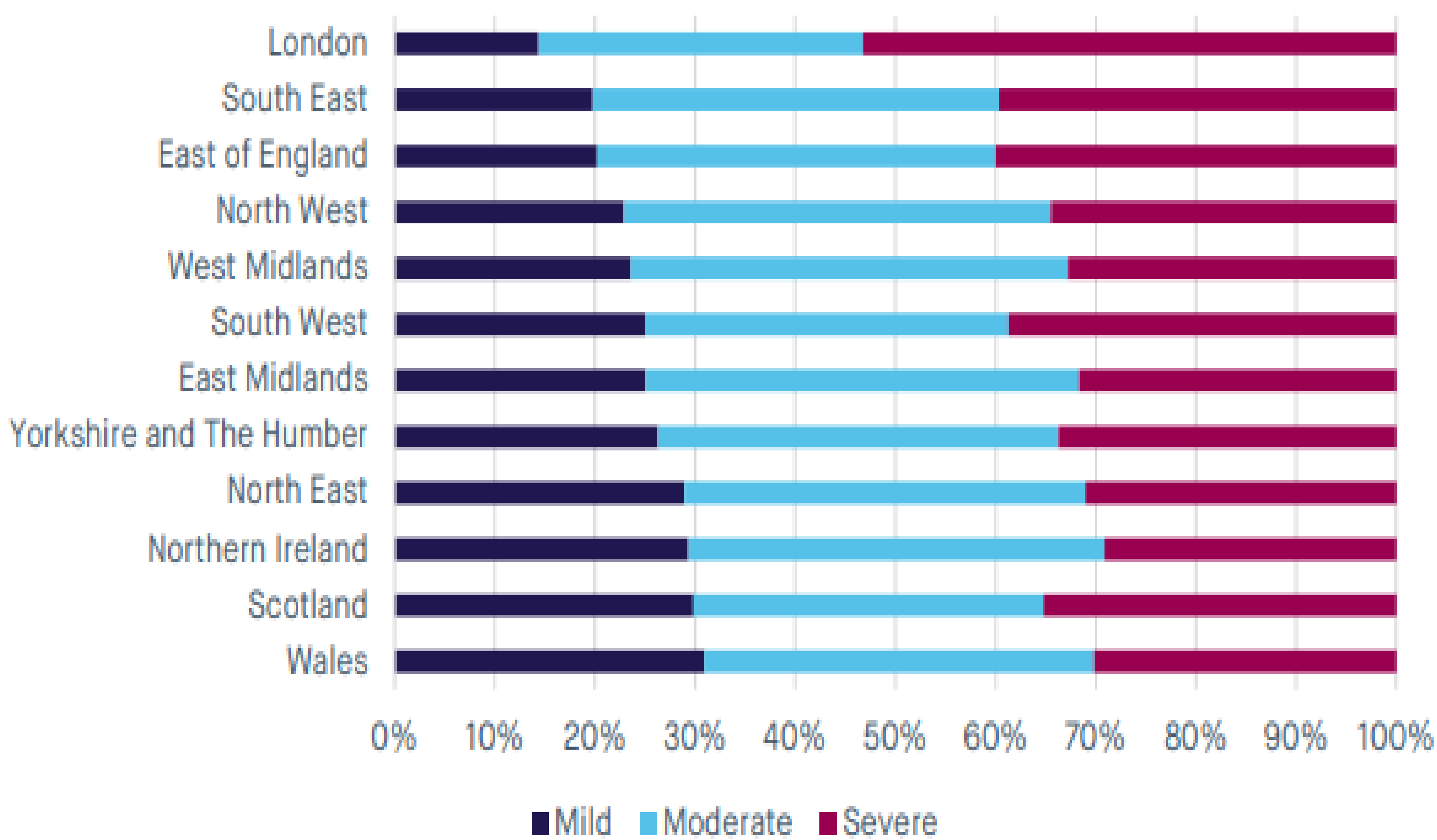
A report by the Social Market Foundation has highlighted the challenge the Treasury faces in stimulating the economy. Their analysis shows that different sectors will face different levels of disruption and with employment in those sectors unevenly distributed by geography and demography, some locations and some groups of people face much greater economic risks than others.

The report stresses that the places that face the greatest impact from the downturn are largely in the more affluent South East and London, with the 10 highest impact areas (NUTS3) including Camden and City of London, Kingston and Chelsea and West Essex.

However the capacity to recover from that downturn is crucial. An area's recovery from the economic shock of the Covid crisis will largely depend on local resilience and pre-crisis levels of economic output and employment.

Taking that into account, the places likely to experience a more prolonged downturn are those with the highest pre-crisis unemployment and at NUTS3 level include Bradford, Walsall, Manchester, Peterborough, and Lambeth and Sandwell.

The make-up of regional sectors and their contribution to the local economy will influence the severity with which jobs are impacted. This varies quite widely. In London, 72% of jobs are in industries that face either a moderate (38%) or severe (34%) impact. In Wales and the North East of England, 62% of jobs are in those categories. London's economy has the greatest reliance on jobs in high-impact sectors, at 34%.



Source: SMF analysis & ONS

Impact on leisure, culture and tourism

West Midlands Growth Company has developed a series of post Covid forecast scenarios for the likely performance this year and next year for inward investment and tourism, they align with the general thinking across forecasters but apply directly to the West Midlands Economy.

Drivers and Enablers	Potential outcomes
Strong bounce back	
Key markets for the region such as China, India, the US and Germany emerge strongly from lockdown The trend to near-shoring and localisation of supply chains to combat Covid-19 disruption continues, boosting in-bound investment in our critical transport technologies and advanced manufacturing clusters The UK emerges successfully from the lockdown in late summer The government negotiates an orderly exit from the EU with a trade deal at the end of 2020 Air bridges are established with the region's key markets for tourism, trade and investment The UK government announces a budget for jobs and growth in the autumn	A release of pent up demand in FDI and in-bound tourism from key source markets UK and WM business and consumer confidence bounces back The region's business conferences and events market begins to recover There is a boom in staycations, domestic day trips and city breaks in the region – facilitated by planned improvements to the transport infrastructure and Coventry City of Culture The Commonwealth Games Tourism Trade and Investment (CWG TTI) programme helps accelerate these trends, hitting all its targets for inward investment, capital investment, business and leisure tourism attraction
Sluggish recovery	
Global storm clouds gather with an escalation of geo-political tensions and trade wars - with hot spots in some of our key markets such as China, the US and the GEC No deal Brexit, WTO rules and tariffs The region's USP's and ability to compete in the market as a business, investment and tourism location are depleted	Sluggish growth in in-bound investment and tourism UK and WM business and consumer confidence is slow and reluctant to recover Tourism sector sees only limited, mainly local growth in demand – notably the VFR market The CWG TTI programme only partially hits its outcome targets
Second wave	
Lockdown re-imposed in the UK and in the region's key markets for trade, tourism and investment	Recovery in key in-bound markets delayed until H2 2021 Tourism and investment in the region continues to flat-line until 2022 at the earliest. The pace and shape of recovery thereafter is uncertain

Inward Investment

Forecast for 2020-2021
A combination of Brexit uncertainties and the impact of Covid-19 restrictions meant that by March 2020 WMGC inward investment pipeline had shrunk by 9% from December 2019 and by 33% from March 2019. Many of the projects still within the pipeline, meanwhile, are on pause due to the challenging economic climate. For example:

- While commercial and legal processes relating to property acquisition are taking much longer, investors are also re-setting their space requirements as they adopt more agile and home working.
- There is no incentive for investors to progress projects until office occupation levels begin to increase current projections from Birmingham's BPFS sector practice heads, suggest that only 20% of their staff will be back in the office full time by January 2021.

In the face of these challenges WMGC have downgraded their forecast for projects landed in 2021-2022 from 36 to 12, jobs created from 1,570 to just under 530, GVA generated from £104m to £37m and business rate uplift from £8.3m to £2.9m.

2021-2022 and beyond
Under the WMGC **strong bounce back scenario** the region's investment pipeline to would return to pre-Covid levels in H2 2021-2022, underpinned by:

- The emergence from lockdown of key source markets for the region
- An orderly exit from the EU with a trade deal at the end of 2020
- A UK government budget for jobs and growth in the Autumn
- The increased near-shoring and localisation of supply chains

41 new inward investment projects would be landed in 2021-2022 and another 54 would be landed in 2022-2023. So after achieving an outcome nearly 70% below target this year they would out-perform the previous forecast next year and the year after, allowing us to meet our three year target. As a result while projects landed will create less than 530 jobs this year (more than 1,000 below target) this would rise to more than 1,000 next year (nearly 200 above target) and more than 1,500 the year after (nearly 700 above target). This would lead to GVA generation of more than 120 million next year and more than 160 million next year and business rates uplift of nearly £10 million next year and more than £13 million the year after. 'Gear shift' projects involving the attraction of substantial, high value 'anchor' investments would account for just 4% of the total but account for two thirds of jobs created, GVA generated and business rates uplift. Our estimates for jobs, GVA and business rate uplift per project landed are based on WMGC average actual achievement over the last 3 years

Under our **sluggish recovery scenario** the region's investment pipeline would remain at below pre-Covid levels throughout the forecast period and new initiatives such as the Midlands Engine KAM Programme and the Commonwealth Games Tourism, Trade and Investment (TTI) Programme would not hit their outcome targets.

Just 25 new inward investment projects would be landed in 2021-2022 and another 32 would be landed in 2022-2023, with performance 36% below target over the forecast period. Less than 3,000 new jobs would be created over the 3 years, more than 1,700 below target. This would generate just £205m of GVA, more than £120m below target and create just £16m worth of business rate uplift, nearly £10m below target. Only 3 'gear shift' projects would be attracted to the region, creating just over 2,000 jobs.

Under the WMGC **'second wave scenario'** prolonged Covid-19 restrictions would act as a significant constraint on business attraction activity into 2021-2022. Just 4 new inward investment projects would be landed this year, another 14 would be landed in 2021-2022 and another 18 would be landed in 2022-2023, with performance 67% below target over the forecast period. Only just over 1,500 new jobs would be created over the 3 years, nearly 3,200 below target. This would generate just £105m of GVA, more than £220m below target and create just £8m worth of business rate uplift, nearly £18m below target. Only 1 'gear shift' projects would be attracted to the region, creating just over 500 jobs.

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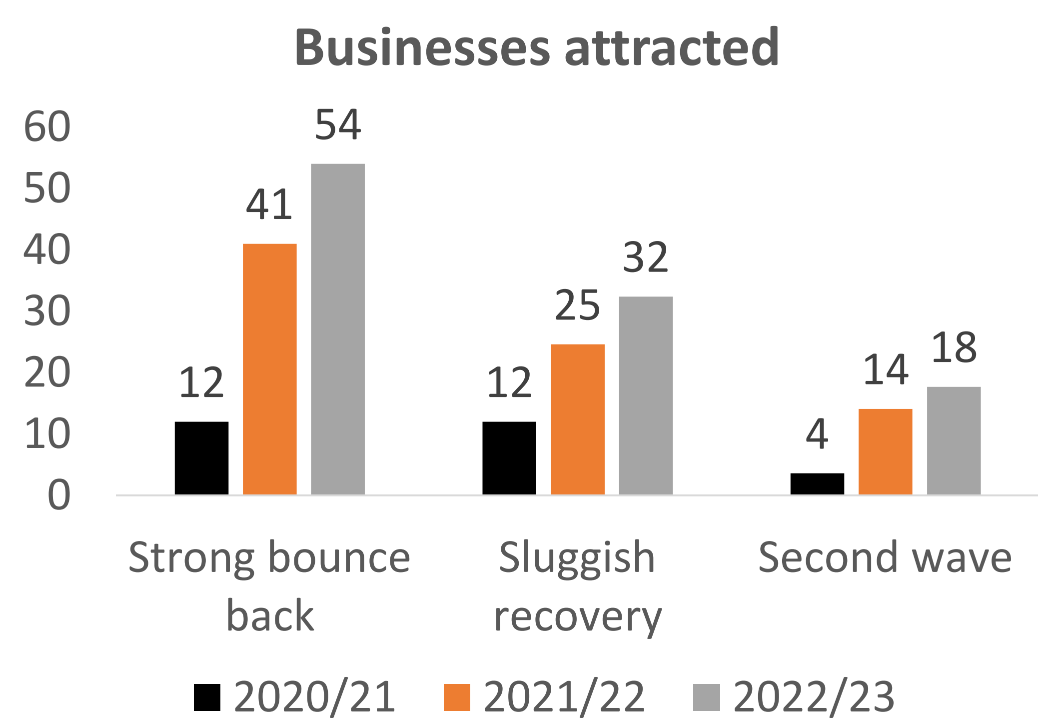
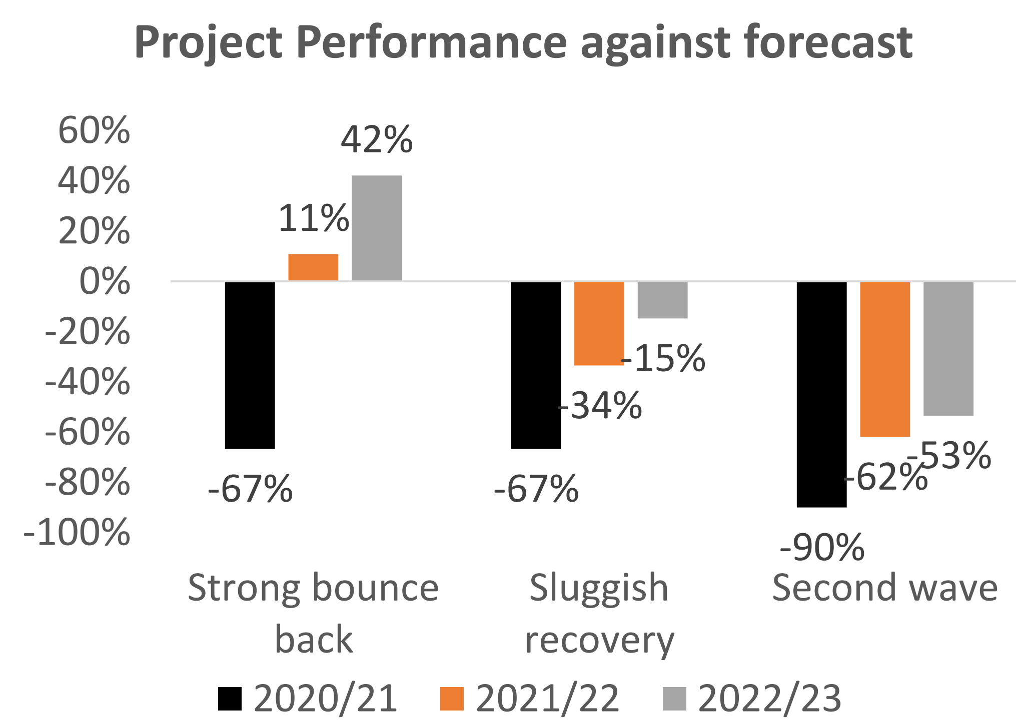
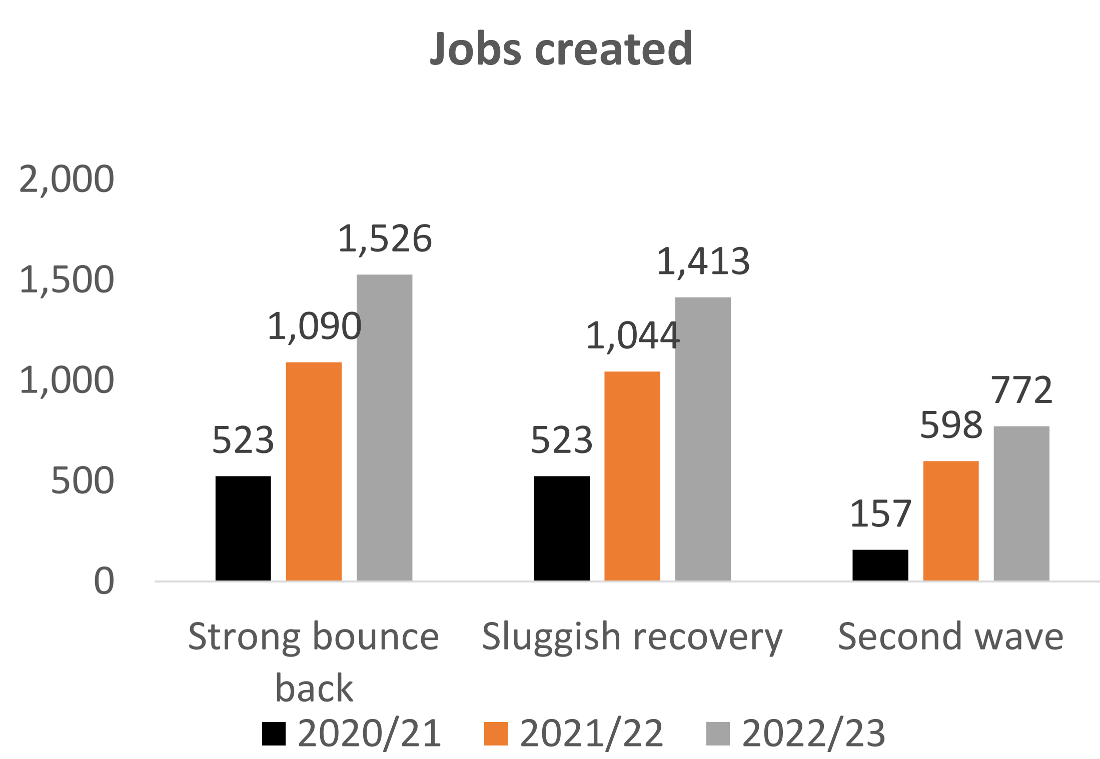






Visitor Economy

Forecast for 2020

While Covid-19 has created an unprecedented crisis for the region's business community, the tourism sector was the first to be affected and continuing to bearing the brunt. The regular survey of hotels, conference venues and attractions across the region run by WMGC's Research Team and Shakespeare's England indicates that:

- To date 80% of businesses have temporarily closed
- Many businesses are worried that, without additional support, they may not survive lockdown with 10% contemplating permanent closure in the next few weeks and another 40% believing that they may be facing failure by the end of the summer.

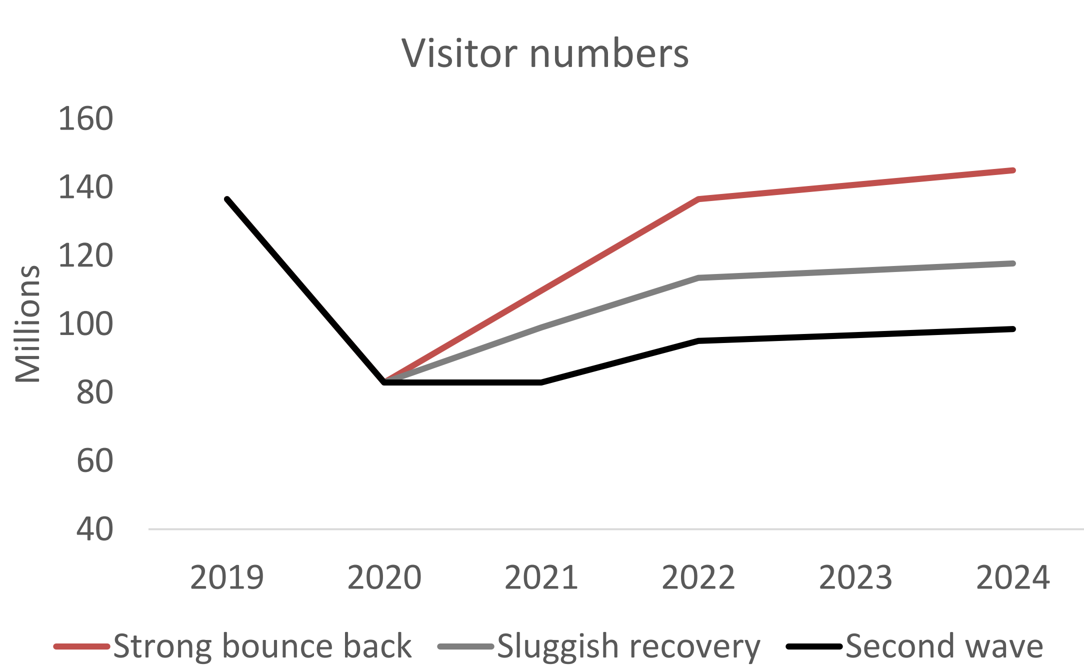
Based on impact modelling carried out by Global Tourism Solutions, the consultants who provide our STEAM tourism and value model, we are forecasting a fall in visitor numbers of 37% and in associated economic impact of 36% between 2018 (latest data available) and 2020. Based on the assumption that the sector continued to grow in line with recent trends in 2019, meanwhile, we estimate that while visitor numbers will fall from 137 million in 2019 to just 83 million in 2020, associated direct and multiplied expenditure will fall from 13 billion to just 8 billion.

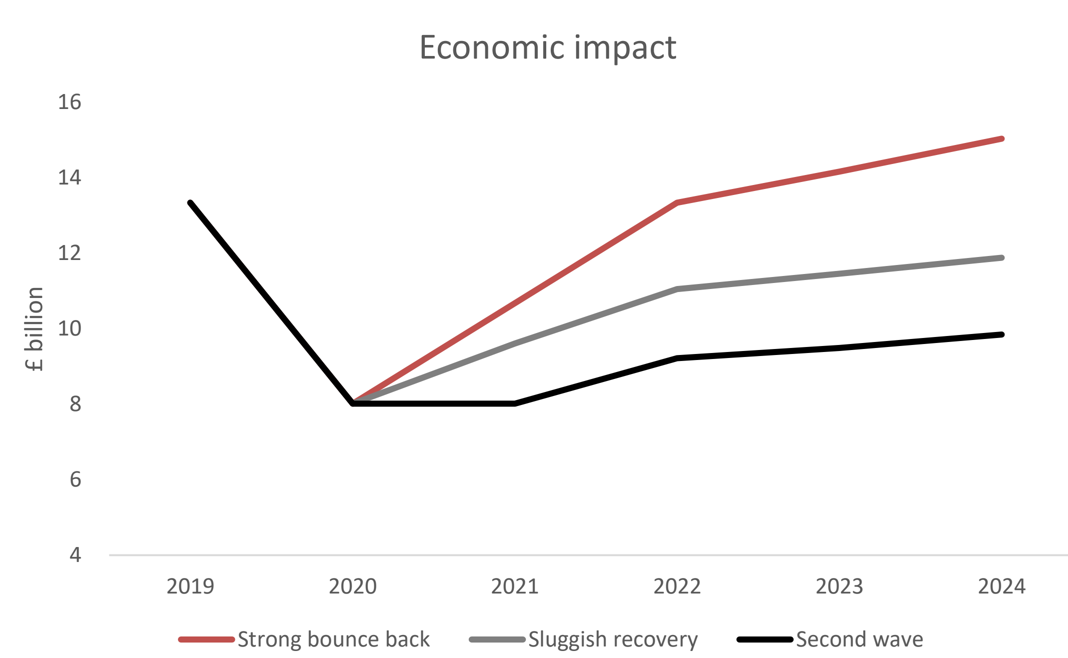
Forecasts for 2021 and beyond

Under our **strong bounce back scenario** visitor volume will increase by around 32% in 2021 and around 24% 2022 and visitor value will increase by around 33% in 2021 and around 25% 2022, with both recovering to pre-Covid levels. This scenario assumes that, boosted by a UK government budget for jobs and growth in the autumn and the establishment of air bridges with the region's key overseas markets for tourism:

- UK and WM business and consumer confidence bounces back
- The region's business conferences and events market begins to recover
- There is a boom in staycations, domestic day trips and city breaks in the region
- The CWG TTI Programme helps stimulate a recovery in international visitor numbers

Under the **sluggish recovery scenario** consumer confidence is much slower to recover and the CWG TTI programme only partially hits its outcome targets. Visitor volume and value would rise by around 19% in 2021 and 15% in 2022, with visitor numbers 14% below pre-Covid levels and economic impact 11% below pre-Covid levels in 2024. Under the **second wave scenario** tourism activity continues to flat-line until 2022 at the earliest as lockdown is re-imposed the UK and the region's key overseas markets. Visitor numbers would be 28% below pre-Covid levels and economic impact 26% below pre-Covid levels in 2024.





Covid-19, the economy and the West Midlands' recovery

By David Bailey, senior fellow at The UK in a Changing Europe, Professor of Business Economics at Birmingham Business School, and Visiting Professor at the Centre for Brexit Studies and Phil Tomlinson, Professor of Industrial Strategy at Bath Management School.

As the UK eases itself out of the COVID-19 lockdown, attention is increasingly turning to the economic fallout. The massive contraction of the economy due to lockdown was effectively the economics of a sudden, screeching stop.

But while the rapid decline can be attributed to the lockdown, it should be noted the UK economy was anyway stagnant in the three months coming into crisis, and this came on the back of a decade in which the UK the slowest economic growth in over 60 years.

In the short-term, social distancing and the 'new normal' will have a negative impact upon productivity and output, especially in sectors where close proximity is usually par for the course.

Yet those who think the health and economic crises are separable, should think again.

Indeed, many scientists – including some on SAGE – have raised concerns that the easing of lockdown measures to 'get the economy' going risks a spiking of Covid-19 cases. This is because the number of new cases of COVID-19 appear to be flatlining (rather than falling), daily deaths are still significantly higher than elsewhere in Europe, while the government's much vaunted Test and Trace App (to monitor and 'control' the virus) is now unlikely to be fully functional until late Autumn.

And, then there is consumer confidence. Recent data from EY consultants shows UK consumers remain extremely nervous about the virus, and in returning to the high street and conducting their 'normal' recreational activities (such as going to bars and restaurants) in the numbers they were before. Indeed, the UK's poor international performance in handling the pandemic – with one of the highest excess death rate in the world – has left a big dent in consumer confidence.

Fears over job losses are also hampering demand. As the government's furlough scheme is being wound down, firms are having to make tough decisions on staffing and even whether it is worth carrying on in business at all.

Sectoral Vulnerabilities

Some sectors have been more adversely affected more than others. Several sectors stand out as being badly impacted including aerospace and automotive. The West Midlands has strong assembly and supply chain strengths in both. Jaguar Land Rover for example has restarted production at Solihull but not Castle Bromwich, and around a third of its staff are still furloughed. There are concerns that up to 1 in 6 jobs might be lost in the auto sector. Jaguar Land Rover is in talks with the government over support worth over £1bn.

JLR employs 38,000 workers in the UK with four times that number in its supply chain, and invests some £4bn a year in research and product development. An attempt to issue bonds earlier in the year was pulled because of costs. At the end of March the firm had £3.6bh in cash and access to £1.9b in credit lines, but will have burned through at least £2bn of that since and is looking increasingly cash strapped.

Some sort of government support via 'Project Birch' looks increasingly inevitable. When that happens the government may need to consider not only loans and loan guarantees but also an equity stake of some form. Taking equity stakes in key firms, or granting loans that convert into equity, is radical in the UK and one that the last Labour government baulked at in the case of JLR in the Global Financial Crisis (the then business secretary Lord Mandelson was supportive but the Treasury hostile). But such intervention is not unusual in other countries. The French government has a 15% stake in Renault and the State of Lower Saxony a 12% stake in VW, for example. What's more, the French government is about to embark on a Euro8bn support package for the auto industry and a Euro5bn loan guarantee for Renault, in return for the latter 'relocalising' some car production back to France.

The crisis today is far worse than the Financial Crisis a decade ago and the Chancellor Rishi Sunak will have to consider all options in supporting otherwise viable, strategic manufacturers. If loans and loan guarantees mean a cash crunch for firms down the road then loan to equity conversions may be needed with the government also taking a seat on the board.

And in the auto sector some form of 'incentives' may be needed – as in France – to attract customers back into showrooms, ideally linked to greening the industry by encouraging buyers to trade in older cars and switch to electric and hybrid models. So far the government seems to be opposed to ideas such as scrappage schemes, however.

The crisis is forcing the government to rapidly rethink the role of the state and what industrial policy looks like. Last year Boris Johnson had argued for a rethinking of State Aid after the Brexit transition period was over. That rethink has had to come a lot sooner than planned as Covid-19 has hit the economy, especially as huge manufacturing job losses loom.

Regional Asks for Recovery
As noted, the Covid-19 economic shock has been 'highly asymmetric', with some sectors much more badly hit than others. Purchasing Manager Index figures have shown financial services much less badly impacted than car manufacturing, for example.
This in turn will likely have a marked spatial impact, with KPMG forecasting that the West Midlands will be badly affected, with car plants and the auto supply chain shut down, while London would be least affected.

Regional actors have not surprisingly submitted to central government a blueprint to kickstart the West Midlands economy. It has been drawn up by the region's political, business, and trade union leaders, who have called on the government to work with them to "reset, rebuild and recharge" the West Midlands.

The authors of *Kickstarting the West Midlands Economy: Our Investment Case to Government* say the report sets out the immediate actions needed to stimulate economy in the short term, "in ways that will also support a long-term sustainable recovery that is both green and more inclusive".
The plans for the West Midlands seek £3.2bn of investment over three years to help recovery for local people and business, and make a "step-change" in tackling climate change.

The plan will outline a commitment to invest in transport, housing and people, and identifies three key business opportunities as:

Creating green manufacturing jobs by harnessing clean technology and electrification. A £614m investment package, including £250m towards a Gigafactory producing batteries, to unlock 51,700 green jobs and improve the wellbeing of communities;
Turning HS2, Coventry City of Culture and the Birmingham 2022 Commonwealth Games into **jobs for**

local people by accelerating major infrastructure investment and supporting the recovery of the tourism and cultural sector, unlocking 33,000 jobs with an investment of £306m;

Investing in healthcare innovation, capitalising on the region's existing strengths as a centre for health research, and using this to improve the region's health. This aims to create or safeguard 3,200 jobs through an investment of £137m.
The blueprint has been developed with the region's local enterprise partnerships, universities, business groups and local authorities. Major regional employers such as Severn Trent, the NEC Group, Birmingham Airport and National Express have also contributed.

Some of the plans include:
Building better transport and digital links through an investment of £376m to drive productivity and create thousands of jobs in construction. Schemes include extending rail, metro and bus routes, £28m for enhanced digital connectivity and £16m to accelerate fibre connectivity in deprived areas. All are welcome and much needed.

Regenerating brownfield sites and building 35,000 new homes – at least 15,000 of which will be affordable using the WMCA's own definition of affordable, with a focus on housing key workers. Plans include using a £200m investment package to regenerate derelict land and £24m for a new National Brownfield Institute in Wolverhampton. Again this is welcome.

Getting people back into work by using a £550m investment package to equip people with the skills needed for the future. This includes helping 38,400 young people obtain apprenticeships and work experience, retraining 20,000 workers for in-demand sectors such as health and social care, logistics and business services, and upskilling 24,000 for jobs for the future. This is a good start but doesn't go far enough in decentralising skills policy to the regional level.

Backing the region's businesses by helping thousands of companies adapt to the post-Covid-19 environment and move into to high-growth sectors and take new market opportunities. Support schemes will create or safeguard 43,900 jobs.
The bid by the region is a very welcome step. It draws on input from a wide range of regional actors and recognises some of the existing challenges and opportunities that the region had even before Covid-19 hit. The impact of the virus has made addressing such issues even more challenging and relevant, especially in the context of likely further disruption from Brexit for our manufacturers, the need to reduce carbon emissions and also embrace Industry 4.0 technologies.
But addressing issues should not be dependent on asking for central government funding. Rather, the region needs a much wider set of powers and resources at the local level so that it can make such decisions itself.
The need for further decentralisation of powers and resources to the regional level should itself be a goal going forward. After all, the failure of centralised approaches to tackling Covid-19 is one indication of why this needed.

ONS Weekly Release Indicators

BCC EIU

On the 2nd July 2020 the ONS published the weekly publication containing data about the condition of the UK society and economy and the impact of the COVID-19 pandemic.

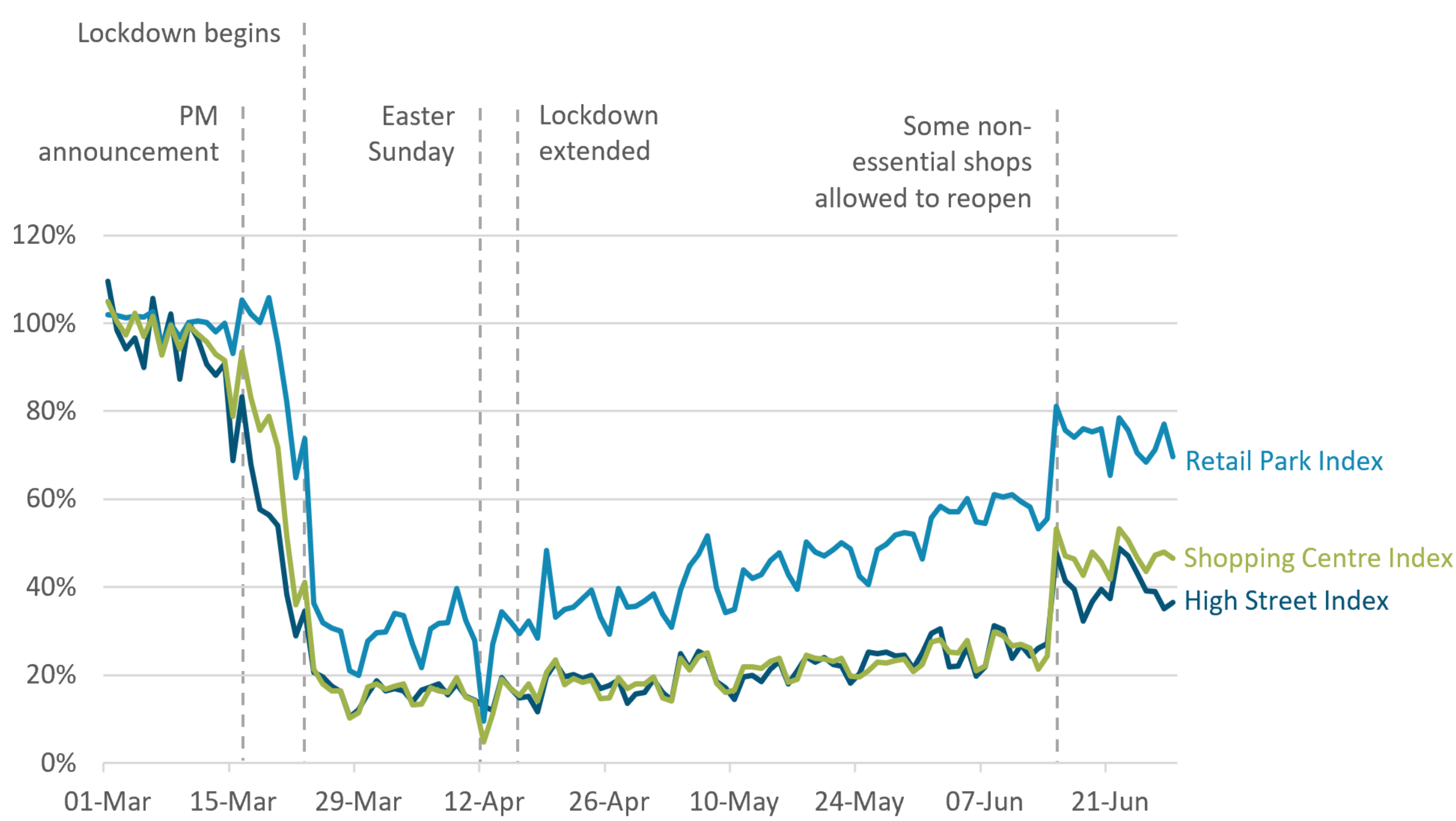
The statistics are experimental and have been devised to provide timely information, with publication of final survey results currently expected to take place fortnightly with initial findings released in-between. The following information contains national footfall data, final results from Wave 7 of the Business Impact of Coronavirus Survey (BICS), the final results for Wave 15 of the Opinions and Lifestyle (OPN) Survey, experimental online job advert indices and weekly management information on Universal Credit claims and advances.

National Footfall

Customer activity figures are provided by Springboard. The volume of footfall has been compared to the same day the previous year (i.e. Tuesday 30th June 2020 will be compared to Tuesday 2nd July 2020) for high streets, retail parks and shopping centres.

On 28th June, high streets were below 40% of its level when compared to the same period as last year, this increases to just under 50% for shopping centres and then to around 70% of its level as the same time last year for retail parks

The following graph shows the volume of footfall for the UK between 1st March to 28th June, year on year percentage change between footfall on the same day:
Source: Springboard and the Department for Business, Energy and Industrial Strategy



Business Impact of the Coronavirus

The final results from the seventh round of the Business Impact of Coronavirus Survey (BICS) show that of the 24,473 businesses surveyed across the UK there was a response rate of 24.2% (5,927). Unless stated, the following data is based on the period between 1st – 14th June 2020.

Trading and Financial Performance

The trading status of businesses refer to the period of 15th - 28th June 2020 and the turnover analysis is between 1st – 14th June.

Less than 1% of UK businesses reported they have permanently ceased trading with 13.6% temporary closed or paused trading and 86% continuing to trade. The figures for the West Midlands show that also less than 1% of businesses have permanently ceased trading. While 92% have continued to trade through this period and 7.4% of businesses have temporarily closed or paused trading.

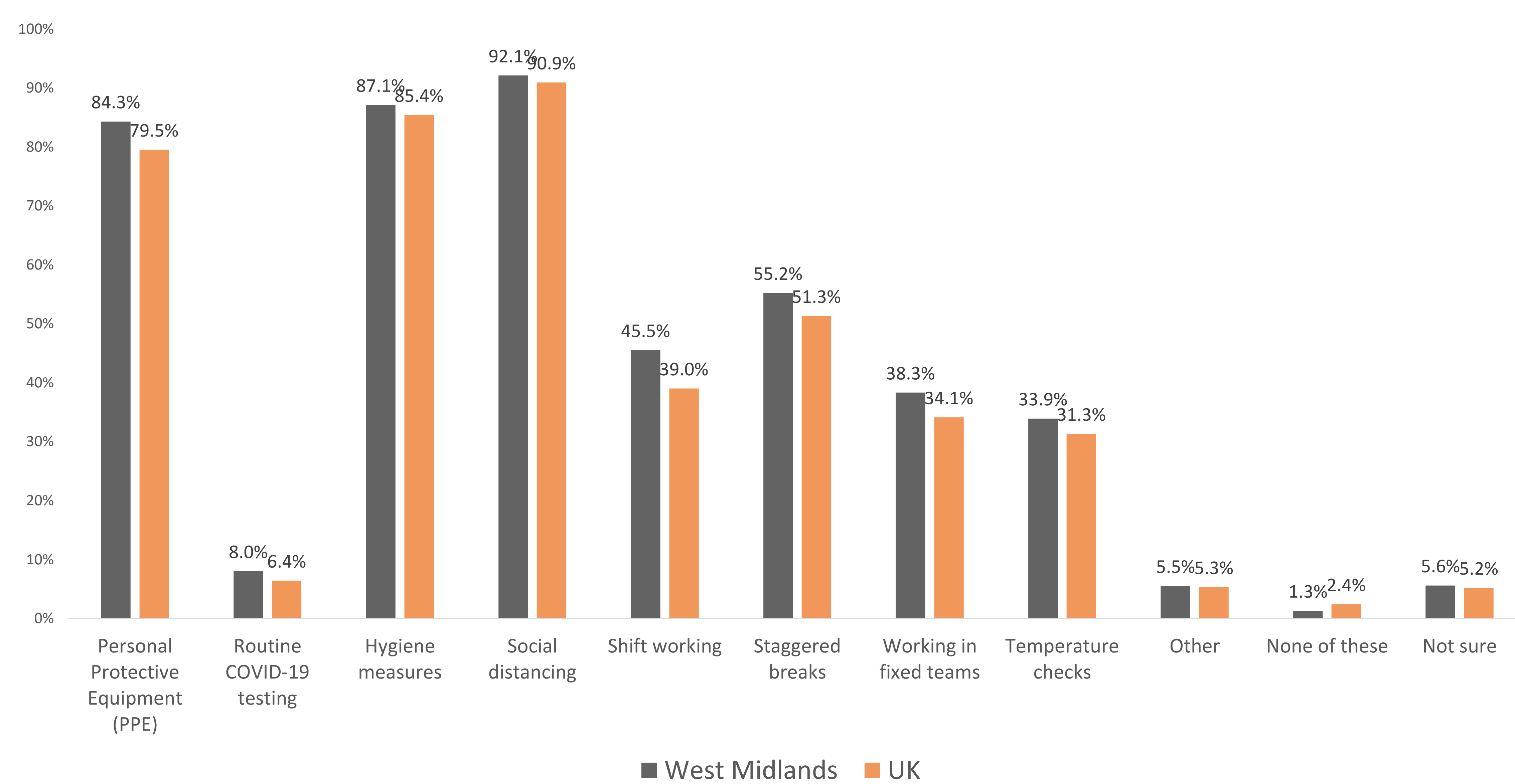
In the West Midlands, 85.5% of responding businesses are currently trading and have been for more than the last two weeks (UK 79.6%). 6.5% of West Midlands businesses started trading within the last two weeks after a pause in trading (6.4% UK) and 1.7% of responding West Midlands businesses have paused trading but intend to restart in the next two weeks (UK 3.5%). However, 5.7% of responding West Midlands businesses have paused trading and does not intend to restart in the next two weeks (UK 10.1%).

66.4% of trading businesses in the West Midlands reported their turnover had decreased by at least 20%, compared to 63.9% of businesses in the UK. However, 17.4% of trading businesses in the West Midlands reported that their turnover was unaffected (21.3% for the UK) and around 9.8% reported their turnover had increased by at least 20% in the West Midlands, above the UK average of 8.0%.

Safety Measures

92.1% of businesses in the West Midlands who have temporarily paused or ceased trading and intend to restart trading in the next two weeks, next two to four work or in more than 4 weeks intend to implement social distancing, compared to 90.9% across all UK businesses. Examples of other safety measures intended to implemented across these West Midlands businesses include 87.1% will use hygiene measures (85.4% UK) and 84.3% will use PPE (79.5% UK). Notably, 1.3% of businesses in the West Midlands that intend to restart trading in the next two weeks are not sure what safety measures to put into place (2.4% UK).

The following graph shows the percentages of West Midlands businesses who have temporarily paused or ceased trading and intend to restart trading in next two weeks and in next two to four weeks or more than four weeks broken down by safety measures that they intended to implement:



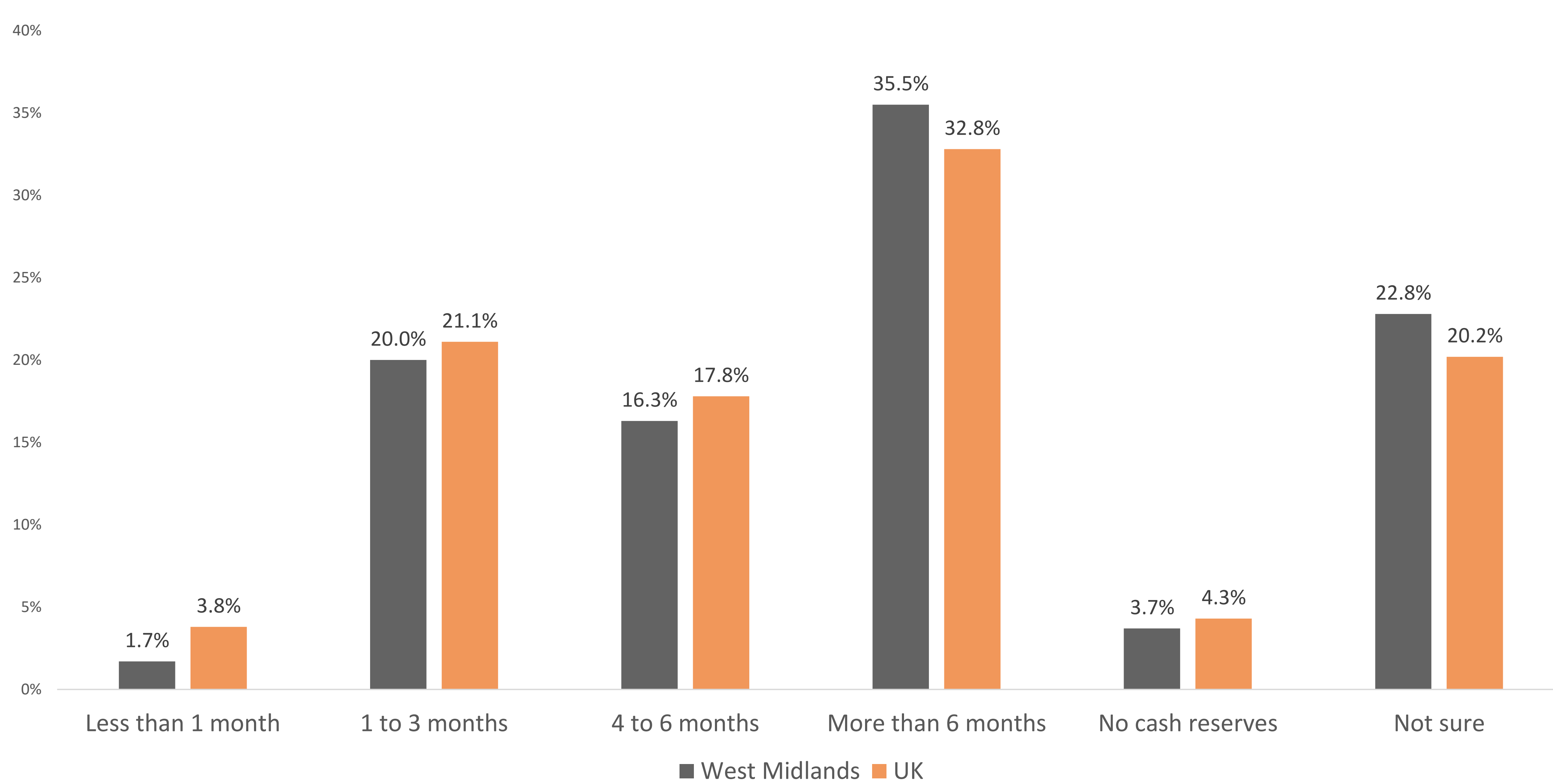
International Trading
For businesses in the West Midlands continuing to trade who reported their financial performance was outside normal expectations and were continuing to export and import found that within the last two weeks, less than 1% of businesses stopped exporting – matching the UK average. Less than 1% of businesses had stopped importing, again matching the UK average.
61.4% of exporting businesses in the West Midlands, and 52% in the UK, reported their businesses were still exporting but less than normal. Of those businesses who continued to trade and import, 51.2% in the West Midlands were importing less than normal, compared to 43.9% across the UK.
30.7% of West Midlands businesses who were exporting reported that they had not been affected, compared to 38% across the UK, and 38.4% of West Midlands businesses said that importing had not been affected, compared to nearly 44.5% across the UK.
2% of businesses in the West Midlands are exporting more than normal, compared to 3.3% across the UK. The figures for importing more than usual are 4.2% and 4.8% respectively.

Logistics Services
85.4% of businesses that have used logistics services in the last two weeks reported all their distribution demands were met this is slightly below the UK average of 86%. While 8.7% of West Midlands businesses reported only some distribution were met, compared to 10.2% for the UK.

Capital Expenditure
19.4% of West Midlands businesses that had continued to trade reported that capital expenditure had stopped (UK 19.0%). While, 27% of West Midlands businesses reported capital expenditure had not been affected (UK 33.2%).
5% of West Midlands businesses reported capital expenditure was higher than normal (UK 6%) and 34.4% reported in the West Midlands that capital expenditure was lower than normal (UK 23.1%).

Government Schemes and Initiatives
85.1% of businesses in the West Midlands who have not permanently stopped trading have applied for the Coronavirus Job Retention Scheme (79.0% across the UK).
15.5% of West Midlands businesses have applied for business grants funded by the UK and devolved government (20.1% UK) and 15.7% for government backed accredited loans or finance agreement (20.3% UK). While 12.8% of West Midlands businesses have not applied for any of these schemes (17.9% UK).
67.7% of West Midlands Businesses are using the Deferring VAT payments initiative (54.5% UK), 32.7% are using business rates holiday initiatives (25.4% UK) and 20.7% are using HMRC Time to Pay Scheme (17.2%).
68.3% of West Midlands businesses who received support from schemes or initiatives reported that it helped them to continue trading, while 20.6% reported that it did not impact their ability to continue trading.

The following graph shows for businesses that have not permanently stopped trading how long their cash reserves would last:



Financial Assistance

9.9% of businesses in the West Midlands have received financial assistance from banks or building societies. Of these businesses, 74.7% reported this assistance helped them to continue trading, however 22% reported there was no impact on their ability to continue trading.

Cash Flow

3.7% of West Midlands businesses that have not permanently stopped trading have no cash reserves. For the UK, this figure is 4.3%.

Universal Credit

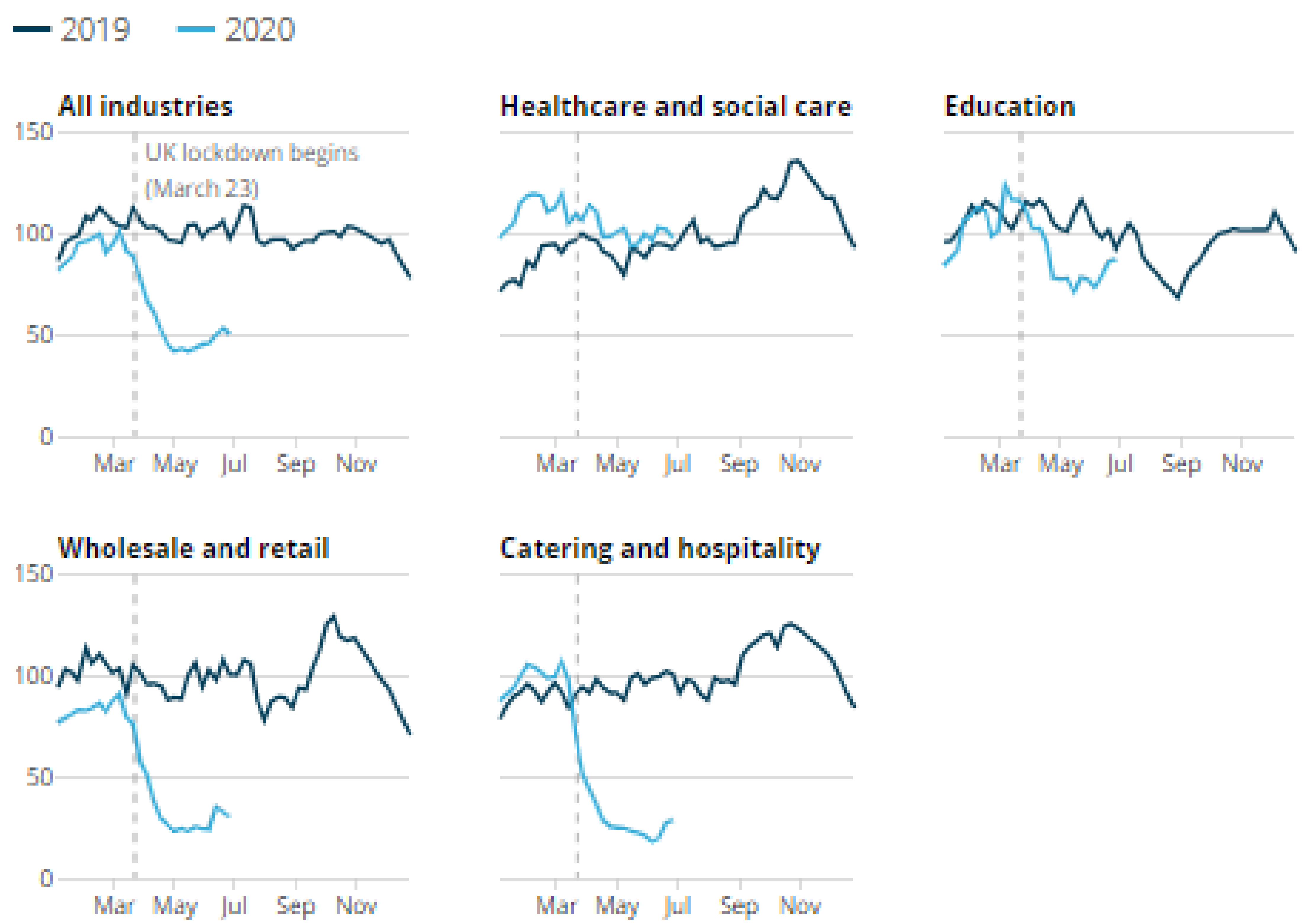
Since 1st March 2020, the Department for Work and Pensions has received 3.4m individual declarations and 2.7m household declarations. Across 17th to 23rd June, there was an average of 11,056 individual declarations a day, slightly below the average of 11,151 a day across the first two weeks of March. Household declarations averaged 9,503 across the most recent week, compared with 9,349 across the first two weeks of March.

Across 17 to 23 June, there was an average of 3,774 new advance payments a day: substantially lower than the average of 4,309 across the first two weeks of March.

Online Jobs Adverts

These estimates are experimental/ Figures are taken from jobs adverts provided by Adzuna. Each value in the series measures the number of jobs adverts at a point in time, indexed for the average for 2019 (average = 100). Across all industries the total online jobs vacancies have decreased from 53% to 51% of its 2019 average between 19th and 26th June. 23 categories saw an increase in job adverts between 19th and 26th June 2020 whilst 6 categories saw a decrease. Notable declines are in the healthcare, wholesale and retail, and IT categories, which have fallen 4pp, 2pp and 24pp respectively.

In catering and hospitality industry job adverts have increased from 27% to 29% of it 2019 level between 19th and 26th June due to the growing expectation for pubs and bars to reopen.



Social Impact of the Coronavirus

Indicators from the Opinions and Lifestyle Survey is a weekly update to understand on the impacts of the COVID-19 pandemic on people, households and communities in Great Britain.

Data on the social impact of the coronavirus (COVID-19) on Great Britain were collected from the Opinions and Lifestyle Survey (OPN). The data relate to the final results for Wave 15, covering the period 25th – 28st June 2020. In this wave there were 1,994 (80%) responding adults.

Face Coverings

43% of adults have worn a face covering outside their home in the last 7 days, with the most common reason at 61% for shopping which is followed by visiting a health or medical centre at 23%.

50% of responding adults reported that are either very or fairly likely to wear one in the next 7 days.

86% of adults have worn a face covering while travelling on public transport in the past 7 days.

Repairs and Work in the Home

51% of adults reported they felt either very comfortable or comfortable to have someone come into their house and carry out emergency repairs. This drops to 37% for someone to come carry out non-emergency work – notably 42% reported to feeling either uncomfortable or very uncomfortable in the latter scenario.

Home-schooling and Back to School

40% of adults reported they had been asked to send their children back to school and 68% of these now have their children attending school some or all of the time. Home-schooled children spent on average 11 hours learning in the week.

Work

29% of adults reported working exclusively at home. Of those who reported working from home, 63% stated this was due to their employer asking them to do so. 42% reported they were following government advice to carry on working from home and 42% worked from home due to their workplace being closed.

For those who had travelled to work, 43% did work that required direct physical contact with others, with 63% reporting they had either often of always wearing personal protective equipment.

For those who did not have physical contact with others at work, 42% stayed at least two meters away from each other.

Impacts of Wellbeing and Finances

69% of adults reported to feeling somewhat worried about the effect that the coronavirus was having on their life. Similar levels for the percentage of adults reporting the coronavirus was affecting their wellbeing when compared to wave 14 results at 45%.

11% of adults reported they have found it difficult or very difficult to pay the usual household bills. 11% of adults have had to borrow money or use more credit and 28% of adults have said that their household would not be able to afford to pay an unexpected but necessary bill of £850.

<table>
<tr><th colspan="2">HEADLINES</th></tr>
<tr><th>SECTOR</th><th>KEY CONCERNS</th></tr>
<tr><td>Cross Theme</td><td>Micro Businesses - Higher numbers of micro companies enquiring, with many looking into the support available to develop or grow their business.
Access to Finance - Businesses concerned about paying off debts, such as the bounce back loans, incurred during lockdown.
New Business Models
• The crisis has encouraged some companies to be innovative in order to survive. In many cases by exploring digital options and maximising efficiency by working from home.
• Encouraging signs of businesses diversifying and adapting to new services and ways of working.
Skills & Labour Supply- Increased funding required for vocational training and qualifications for unemployed and furloughed people.
Jobs & Furlough
• Job losses starting to escalate now in significant numbers, across all size of businesses and sectors, as businesses start returning to activity, and some sectors reopen.
• Supply chain issues, simply, supply not meeting demand, halting production will directly impact furlough and increase numbers using flexible furlough.
• Clearer guidance required for businesses wishing to use flexible furlough as some businesses unclear on how the scheme works.
• Major concerns about high levels of redundancy post JRS in October.
• Redundancies fuelled by increased productivity and efficiency with smaller workforces who are working better, potentially as a result of WFH.
Brexit - A combination of fear of a second Covid wave and local lockdowns, and potential No Deal EU Exit is concerning businesses, and holding many back from new investments in order to preserve cash.</td></tr>
<tr><td>Retail</td><td>Jobs & Furlough - One of the most heavily impacted sectors for workers furloughed.
Consumer Behaviour - Although footfall is significantly down, retailers are reporting buoyant sales that they attribute to shoppers going to buy and not to browse and who are making specific purchases where the decision to buy has already been made.</td></tr>
<tr><td>Advanced Manufacturing</td><td>Jobs & Furlough - One of the most heavily impacted sectors for workers furloughed.
Supply Chain -Manufacturers reporting difficulties in purchasing raw materials.</td></tr>
<tr><td>Visitor Economy</td><td>Jobs & Furlough - Businesses in this sector, along with others, say the Government's furlough scheme should be extended for firms that suffered most due to the lockdown. They are asking for government to extend or adapt the JRS beyond October to safeguard jobs.
Recovery - City of Culture postponed to May 21, putting recovery for Tourism, Hospitality and events industries further into the distance.</td></tr>
<tr><td>Health</td><td>Access to Finance - Some confusion over the different grant applications.</td></tr>
<tr><td>Construction</td><td>Access to Finance - Businesses in need of financial support, especially those who are heavily affected by covid-19 and not eligible for available grants.</td></tr>
<tr><td>Business Services</td><td>Consumer Behaviour - Vital that businesses regain customers that they lost due to lockdown.
Jobs & Furlough
• Those reliant on events are struggling where they can’t easily switch to online events – job losses are a real concern for such businesses.
• One events business mentioned they are looking at was to diversify if possible.</td></tr>
</table>

Black Country Consortium
Economic Intelligence Unit

NEW ECONOMIC SHOCKS			
COMPANY	**LOCATION**	**SECTOR**	**SOURCE/DETAIL**
Casual Dining Group	Black Country and wider areas	Hospitality	Administrators have been called in to 91 of the groups restaurants including a number in Dudley, Walsall and Wolverhampton.
BBC	Birmingham	Media	The BBC has announced plans to cut around 450 jobs across England, including many at the Mailbox in Birmingham. Express and Star, 02/07
TM Letwin	Birmingham	Retail	Around 600 workers will lose their jobs at TM Lewin as the shirt maker said it would close all of its shops, including one in Birmingham city centre, after taking a major hit during the coronavirus pandemic. Express and Star, 30/06
W Potter & Sons	Rugby	Farming and Agriculture	A third-generation family business was forced into administration when it faced mounting legal costs as it defended a £1.6m claim.
Café Rouge	Leamington Spa	Catering and Hospitality	Five West Midlands venues are to close as part of a wider jobs cull after Casual Dining Group called in administrators. Some 1,900 of the company 6,000 staff have lost their jobs immediately.
Meggitt	Coventry	Aerospace, Manufacturin g	International aerospace and defence engineering company Meggitt has revealed that its organic revenue for the second quarter of its financial year will be about 30 per cent lower because of the Covid-19 pandemic.

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	**LOCATION**	**SECTOR**	**DETAIL & SOURCE**
MGP (	Black Country	Manufacturing	Local manufacturing support project secures extension funding which will be delivered through sector specific support and grants, assisting the manufacturing sector to build resilience and improve processes post Covid.
Harworth Group	Dudley	Manufacturing/ property	Regeneration group purchase industrial sit for £10.1mil expansion site in order to house it's 230 employees, manufacturing components for the automotive industry.
London Screw Company	Halesowen	Manufacturing	Company has secured a six figure loan through the CBILS scheme to support with cash flow.
Sigma Financial Group	Birmingham HQ	Business and Professional Services	Sigma Financial Group is seeking to double its 1,500 workforce by 2025
HS2	Birmingham	Rail	HS2 to create hundreds of Birmingham Jobs
Coventry Rail Station	Coventry	Rail Infrastructure	The biggest piece of infrastructure in the Coventry Station masterplan is underway, marking a major milestone in the £82m project.
Autins Group	Rugby	Manufacturing	A manufacturing business has made a strategic shift after enjoying success in applying its car insulation technology to fighting coronavirus. Autins now expects PPE equipment to be part of its long-term product range after generating sales of £400,000 in two months.
Fassi UK	Warwick	Manufacturing, Distribution, Engineering	The UK distributor for the world's largest truck loader crane manufacturer is moving to new premises in Warwick. The seven-strong staff are hoping to move in either at the end of 2020 or spring 2021 once the work has been completed providing planning permission is secured.
Raybloc (Assisted by MTC)	Willenhall/Coventry	Manufacturing, Medical Technologies	A manufacturer of X-ray protection equipment has halved its lead times and reduced production costs while in turn giving its staff a pay rise. An SME team from Coventry-based Manufacturing Technology Centre's manufacturing support services operation worked with Willenhall-based Raybloc, helping them cut lead times from 16 to eight weeks, while cutting costs by 10%
Montpelier Estates	Leamington	Care Home, Residential Services	An industrial unit in Leamington Spa is to be knocked down to make way for a job-creating care home will see 70 full-time equivalent jobs created.
Fire Angel Safety Technology Group	Coventry	Manufacturing	A Coventry-based smoke alarm and carbon monoxide detector manufacturer has said its revenue for the first six months of 2020 is expected to be more than 70 per cent of its pre-Covid-19 budget performance.
TrakM8	Coleshill	Telematics, Manufacturing	Pre-tax losses at listed telematics and data supplier Trakm8, which is headquartered in Coleshill, were halved during its latest financial year, new figures have confirmed. The company has reported losses of £1.7m for the 12 months to 31 March 2020, compared to £3.6m in the prior period.
IC Solutions 24/7	Nuneaton/Coventry	Human Health/Care	An infection control company has moved to new premises after seeing a sharp rise in business following the outbreak of Covid-19. A rapid rise in orders – including securing a year's worth of business in a four-week spell between March and April – IC Solutions 24/7 has moved from 1,500 sq ft premises to a 5,100 sq ft unit in Henley Road, Coventry.
JLR	National	Automotive, Engineering, Manufacturing	Jaguar Land Rover has launched a subscription service backed by its investment arm, InMotion ventures. Pivotal will include the likes of the Land Rover Discovery and Range Rover Sport and customers will be able to change their vehicle every six months. The company will initially be looking to grow and integrate with approved Jaguar and Land Rover retailers to supply the vehicles.

Weekly Deaths Registered: 26th June 2020

The following analysis compares the latest time period (week of the 26th June 2020) to the previous week period (week of the 19th June 2020) for the number of deaths registered and the number of deaths related to the Coronavirus.

Across England and Wales, the overall registered death figure has decreased from 9,339 in the week of 19th June to 8,979 in the week of 26th June. The number of deaths registered that state Coronavirus on the death certificate has decreased from 783 people to 606 people over the same period.

Regional level analysis shows that the West Midlands the overall registered death figure has decreased from 973 in the week of 19th June to 946 in the week of 26th June. The number of registered deaths related to Coronavirus has decreased from 93 to 69 over the same period.

There was a total of 644 deaths registered across the WMCA (3 LEP) area in the week of the 26th June. There were 43 deaths registered that were related to Coronavirus over the same period – this accounts for 6.7% of total deaths. The WMCA (3 LEP) area accounts for 62.3% of the 69 Coronavirus related deaths registered in the West Midlands Region.

In comparison to the week of the 19th June, the overall registered death figures across the WMCA (3 LEP) have decreased by 17 people, with the number of registered deaths related to Coronavirus decreasing by 18 people.

At local authority level, Birmingham accounts for 16.3% (7) deaths related to Coronavirus in the WMCA (3 LEP), this is followed by Nuneaton and Bedworth at 14.0% (6 deaths).

Of deaths involving Coronavirus registered in the week of 26th June, 65.1% (28) occurred in a hospital which has increased percentage when compared to the week of the 19th June at 57.4% (35). The number of Coronavirus related deaths that occurred in a care home decreased from 27.9% (17) to 23.3% (10) in the week of 26th June.

The following table shows the place and number of deaths registered that are related to Coronavirus in the week 26th June 2020:

Area name	Care home	Elsewhere	Home	Hospice	Hospital	Other communal establishment	Total
Cannock Chase	0	0	0	0	0	0	0
East Staffordshire	0	0	0	0	0	0	0
Lichfield	1	0	0	0	1	0	2
Tamworth	0	0	2	0	1	0	3
North Warwickshire	0	0	0	1	4	0	5
Nuneaton and Bedworth	0	0	0	0	6	0	6
Rugby	0	0	0	0	0	0	0
Stratford-on-Avon	0	0	0	0	0	0	0
Warwick	0	0	0	0	0	0	0
Bromsgrove	0	0	0	0	1	0	1
Redditch	0	0	0	0	2	0	2
Wyre Forest	0	0	0	0	0	0	0
Birmingham	1	0	0	0	6	0	7
Coventry	1	0	0	0	1	0	2
Dudley	3	0	0	0	1	0	4
Sandwell	1	0	0	0	2	0	3
Solihull	0	0	1	0	0	0	1
Walsall	2	0	1	0	1	0	4
Wolverhampton	1	0	0	0	2	0	3
WM 7 Met.	9	0	2	0	13	0	24
Black Country LEP	7	0	1	0	6	0	14
Coventry & Warwickshire LEP	1	0	0	1	11	0	13
Greater Birmingham & Solihull LEP	2	0	3	0	11	0	16
WMCA (3 LEP)	10	0	4	1	28	0	43

Disclaimer: The contents of this document are based on the latest data available and the contribution of regional partners in a fast paced environment, therefore we urge caution in its use and application

For any queries please contact the lead Authors:

Rebecca Riley / Anne Green
R.L.Riley@bham.ac.uk a.e.green.1@bham.ac.uk

The West Midlands Regional Economic Development Institute
and the
City-Region Economic Development Institute

In partnership with: