West Midlands
Weekly Economic Impact Monitor

WM REDI | CITY REDI

Issue 5 Publication Date 23/04/20

This monitor aims to pull together information across regional partners to understand the impacts of Covid19 on the economy and remains. 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 overall death toll continues to rise: in the week ending 10th April ONS statistics show total deaths are 18,516 with deaths stating covid19 as 6,213. the West Midlands death toll stands at 2,182 with covid19 deaths at 807. The Financial Times has extrapolated latest ONS deaths to the current week and predicted a total of 41,000 deaths for this week.
- Across various business surveys main messages are: cash reserves being used; time taken to receive payment from customers has increased; workforces on the whole so far have stayed the same, but hours are reducing, drop in contract staff and significant homeworking.
- However this is a precarious situation as businesses are using cash reserves, Chamber research highlights 79% seeing a decline in reserves, 20% think this will last 3 to 6 months, just under 50% think reserves will last 1 to 3 months, 1 in 10 companies less than a month and 5% no reserves at all. This has implications in terms of sustainability of businesses in the 3 to 6 months and beyond, suggesting the interventions may need to continue if demand doesn't return.
- OBR analysis has presented a scenario with a 35% reduction in GDP in Q2 2020. The speed and scale of the shock is unprecedented in modern history. The CPP have subsequently carried out an analysis and supported by work carried out at WMREDI which highlights LA areas most affected will be those with high levels of hospitality and tourism workers as a proportion of their employment and business base.
- The CPP research indicates that Birmingham's estimated reduction in GVA is the same as the national average (35%). The local authorities with the largest estimated declines in GVA in the West Midlands and Stratford-upon-Avon, Tamworth, North Warwickshire and Rugby. With some exceptions, several of the larger local authorities tend to have amongst the smaller estimated reductions in GVA. A key factor here in stronger performance is the size of the health sector, which drives stronger performance. WMREDI research supports this and highlights Local Authority areas reliant on tourism and seasonal casual work have a greater risk due to the size of the workforce affected in those areas.
- Although there aren't mandatory closures in manufacturing, the picture here is patchy and reduced demand is forcing closures, the Guardian highlights KPMG work that the West Midlands could be hardest hit due to the auto sector failure (JLY has announced significant furloughing this week and WMREDI figures predict a .53% hit on GVA as a consequence of a 12% drop in sales). The KPMG work highlights the mothballing of factories could see a 10% hit on the region's economy and will impact on levelling up as regional economies are less resilient.
- Red Flag Alert research states that 11,000 businesses are at financial risk, there work shows that across the region the hardest hit sectors are financial services and property
- Significant issues in the creative industries sector, work looking at the Capital of Culture has highlighted losses so far: £537,894.28; Number of members reported: 35; Average loss per member: £15,368.41; Number of freelancers affected: 239
- Feedback on Local Authority delivery of grants positive, and exploring business representative organisations collaborating with LAs to help with missing business data
- Lifting lockdown is emerging as a gradual process to a 'new normal' bounce forward rather than bounce back approach – with nurseries and primary schools, selected industries (e.g. construction, parts of manufacturing, small shops) coming first, with homeworking continuing for those who can do so more easily and with physical distancing maintained. This could take a number of months to implement but as yet no guidance.
- There are some concerns about the impact of the COVID-19 pandemic on major events: Coventry City of Culture 2021 and the 2022 Commonwealth Games in Birmingham (given the delay to the 2020 Tokyo Olympics) - especially given the impact on the tourism and creative industries.
- Work is starting to be published on recovery and CLES work building on the Anchor Institutions network in Birmingham recommends using locally generative elements of place economies – locally rooted SMEs, the social sector, worker/consumer owned businesses - through the intervention of local and national government. They highlight the role of local government and wider local anchor institutions (hospitals, universities, transport authorities, housing associations) as key sources of liquidity, assets and employment with which distressed economies can be refloated and reformed.

Global and National Outlook

Global Outlook

Fragile oil markets dipped below -$30 a barrel then returned above $0 , then resumed below $0. Substantially reduced demand from a global economy that is in lockdown means companies are producing more oil than they can store.

The negative prices are an additional sign of the crisis gripping the oil sector, with lockdowns measures having cut demand for crude by as much as a third.

Europe's first-quarter earnings season commenced this week. Goldman Sachs Group have indicated that revised updates will disappoint investors. SAP SE reported Q1 EPS of EUR0.85, versus EUR0.90 reported last year. Revenue for the quarter came in at EUR6.52 billion, versus EUR6.12 billion reported last year, showing healthy growth. Sales for Danone rose 3.7% on a like-for-like basis in first quarter as consumers in Europe stocked up on groceries and water.

London Stock Exchange Group Q1 has posted total income up 13% year-on-year to £615 million, which is mainly driven by increased equity trading in Capital Markets. Elsewhere in the United Kingdom. In Associated British Foods (ABF) - the parent company that owns British clothing giant Primark – were reduced 4.4% to £18.98. The business conglomerate reported a statutory first half profits plunge after a £284m inventory write-down, showing the effect of the public health crisis on clothing.

The ZEW Indicator of Economic Sentiment for Germany has risen by 77.7 points in April 2020, posting valuation at 28.2 points, ahead of a loosening of lockdown measures in Germany. Nevertheless, the evaluation of the current economic situation has worsened significantly, with the indicator dropping to a new reading of minus 91.5 points, 48.4 points lower than in March. This posting corresponds to that seen in April/May 2009 during the financial economic crash.

National Outlook

Analysis by the Office for Budget Responsibility has warned that the UK economy could contract by 35% and reach a reduced labour market of 2m. Unemployment could reach 10% by the end of spring.

The worry is that any prolonged lockdown will damage the economy, with many businesses citing they have reserves of only another month. The result could be a lengthy recession.

The premise of this is based on the principle that there is a trade-off between the economy and social distancing, but this may be misplaced. Any economic and societal transition to a new 'normal' may not be as economically damaging as a rushed exit from lockdown.

A study comparing social distancing measures introduced by Philadelphia and Cleveland in the 1918 pandemic analysed the mortality rate and proceeding economic recovery. It found that Cleveland suffered fewer deaths and a stronger economic recovery than Philadelphia, which introduced less stringent social distancing measures and exited lockdown earlier. Analysis of past pandemics and social distancing measures are likely to be underlining anxiety within Government about a second and more severe peak.

The government has launched a new coronavirus business support finder tool. The online tool aims to help businesses and self-employed people across the UK to speedily determine what financial support is available to them during the coronavirus pandemic.

The Treasury has confirmed more than 1m people were enrolled in the UK government's flagship staff furlough scheme during its first day of operation. More than 140,000 companies have applied for the programme costing over £1bn.

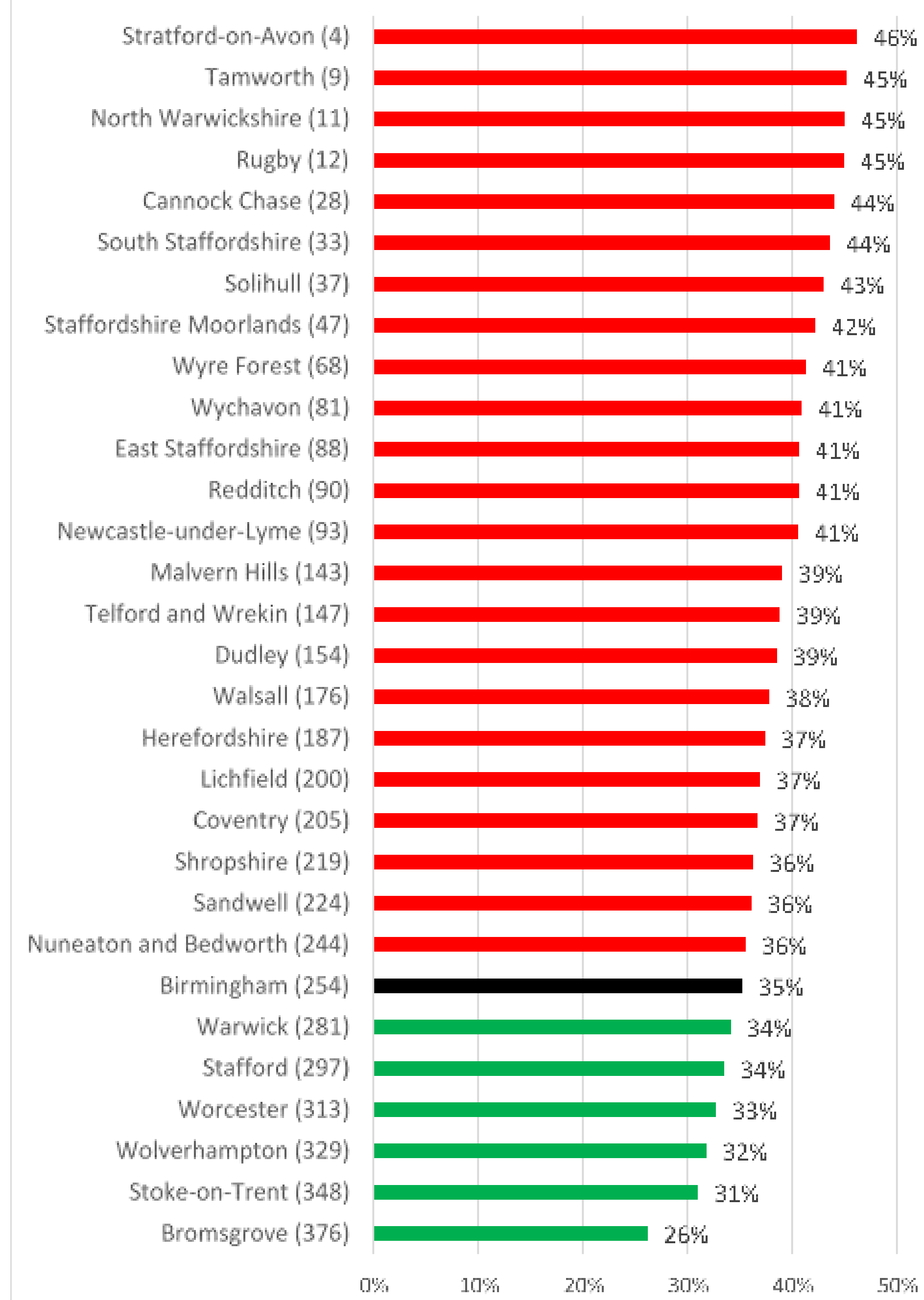
A £1.25bn support package has been announced to protect firms driving innovation. This includes a £500m investment fund for high-growth companies and £750m in grants and loans for R&D.

Estimates of the local impact

Estimates of the local impact of the OBR scenario of a 35% reduction in real GDP in Q2 2020. In Issue 4 of the Weekly Economic Impact Monitor we reported on the sectoral implications of the Office for Budget Responsibility (OBR) COVID-19 analysis of a scenario based on an assumption of a three-month lockdown (restricting people's movements and economic activity), followed by three months of partial restrictions in the transition to normality. This showed a 35% reduction in real GDP in Q2 2020 (April to June 2020). The sectors showing the largest relative output reductions in this scenario were Accommodation & food services and Education, followed by Construction, and then Other services, Manufacturing and Wholesale & retail. The Human health & social work activities is the only sector with an increase in output under this scenario.

The **Centre for Progressive Policy** has undertaken analyses of the variations in impacts at local authority level. The analyses are based on the assumption that the sectoral impacts are the same locally as they are nationally (although in reality this need not necessarily be the case). Hence the local impacts of the OBR scenario are a function of the distribution of each local authority's GVA by sector.

Figure 1: Estimated percentage decline in GVA Q2 2020, local authorities in the West Midlands



Source: Centre for Progressive Policy.
Note: Great Britain rankings are shown in brackets after the local authority name (with '1' being the local authority with the greatest estimated decline and '382' being the local authority with the smallest estimated decline)

Across local authorities in the West Midlands (NUTS 1) region the estimated decline in GVA in Q2 2020 is shown in Figure 1. Local authorities with a greater estimated reduction in GVA than the national average are shown in red, while those with a smaller than national average estimated reduction are shaded green. Birmingham's estimated reduction in GVA is the same as the national average (35%). The local authorities with the largest estimated declines in GVA in the West Midlands and Stratford-upon-Avon, Tamworth, North Warwickshire and Rugby. With some exceptions, several of the larger local authorities tend to have amongst the smaller estimated reductions in GVA. A key factor here in stronger performance is the size of the health sector, which drives stronger performance.

Work carried out by **WMREDI** has also highlighted this uneven distribution of impacts and how place resilience is paramount to recovery. The seasonal nature of tourist hotspots are disproportionately affected by the mandatory closures. This means Local Authorities with buoyant tourist economies will be harder hit. Which echoes the CPP work, and has implications for the wider West Midlands region and places such as Stratford-on-Avon as illustrated above. These local authorities often don't have the capacity or capability to handle large scale programmes and activities as they are smaller more rural areas.

Research carried out by [Red Flag Alert] has highlighted 11,000 companies are in significant financial distress. there are more ailing firms in key towns and cities compared to the same period last year. Birmingham and Wolverhampton both saw significant year-on-year increases of eight per cent and 10 per cent respectively, with the number of ailing firms in Birmingham now standing at 7,651, and Wolverhampton, 1,407. Walsall saw an increase of five per cent to 1,077, while the number of troubled businesses in Stafford and Dudley showed some stability, with Stafford holding steady at 651 and Dudley recording a decrease of three per cent at 494. In Shropshire, Telford had a four per cent rise to 707 and Shrewsbury was up three per cent to 991.

Looking at the sector picture for the West Midlands, support services businesses are most affected, with 2,137 companies across the region in financial distress, which is up four per cent on the previous quarter. In addition, the real estate and property sector has been hit hard, experiencing significant year-on-year increase of 22 per cent compared to the same period in 2019.

West Midlands Economic and sectoral impacts of COVID-19

Business survey data has indicated the extent the emergency public health measures are having on the West Midlands' economy. Regional business activity fell sharply as new orders dropped at the sharpest pace on record. Businesses in the private sector have reported a sharp fall in new business during March, meaning the new Business index stands at 30.2.

Headline West Midlands Business Activity Index – a seasonally adjusted index that measures the combined output of the region's manufacturing and service sectors – fell to 36.1 in March. In the previous month it was 51.6 showing growth after a period of contraction due to political uncertainty in 2019. The PMI headline activity is the sharpest reduction since data collection began for National Westminster Bank in July 1996.

Whilst the downturn is being felt across the UK the reduction at the national level was less marked than in the West Midlands. All regions of the UK have experienced a sharp a decrease. Out of the 12 regions the West Midlands was the 4th highest.

The West Midlands Future Business Activity Index has also fallen to a record low of 55.9, with fewer companies giving an optimistic forecast for the next year. However, the West Midlands had a stronger outlook than the UK average as there is hope for a quick rebound and the ability to introduce new products.

As expected businesses have indicated that job numbers are plummeting, whilst business expectations have reduced to the weakest in the survey's history. Employment in the West Midlands private sector fell at a much quicker rate at the end of the first quarter. Moreover, the rate of job shedding was the strongest since June 2009.

Tourism Sector

Before 1st March many of the region's tourism businesses were doing well and looking forward to the coming year with optimism. But the position has deteriorated significantly over the last 6 weeks. As of last week 40% of businesses in our survey had closed/ceased trading and only 36% expect to be still open/trading at the end of April, with the figure falling to 32% at the end of June, 25% at the end of August and 20% at the end of September.

While the furloughing scheme is the most popular form of support, the next most popular were VAT deferral, business rate holidays and income tax deferral. The support seen as least useful is the £25,000 cash grant, statutory sick pay relief and business interruption loans. But businesses highlighted a number of issues and problems with the support on offer, with significant numbers of them deemed ineligible. For example they highlight difficulties in obtaining loans, the inflexibility of the furlough scheme and continued delays in support coming through.

Businesses have strong views on the additional help they feel is needed from the government to ensure the survival of the sector, notably a more flexible furloughing scheme, grants rather than loans and longer term funding to help businesses re-design their business models, re-build their cash position and deal with what may be a long and drawn out recovery in demand.

Many companies have adapted their business models to cope with the challenges. Much of this is a short term fix, and two thirds of businesses will not retain the changes after lockdown ends. There are, however, some examples of successful adaptations – notably relating to digital and on-line approaches - which are likely to be sustained in the longer term.

Sector Insight: Creative Art and Media

Ahead of the Coventry City of Culture 2021 F13, which is a loose network of independent artists and arts organisations in Coventry & Warwickshire was established. Its original aims have been to amplify the voices of the city's independent organisations and artists in the run up to Coventry's term as City of Culture in 2021.

Coventry & Warwickshire Local Enterprise Partnership contacted the F13 to provide a snapshot that the current global health crisis having on their members and partners. The responses yielded are below:

Total reported loss: £537,894.28
Number of F13 members reported: 35
Average loss per member: £15,368.41
Number of freelancers affected: 239

A substantial amount of the creative art sector is freelance and also seasonal. It is also front-facing and public engaging. As the information provided by the F13 shows, the impact on regional artists is likely to be substantial.

They have identified interventions and support packages that could help them:

Premises - Many non-profit or charitable arts organisations use premises on flexible or informal terms and independent artists often work from home studios. This means that the vast majority of F13 members are not eligible for government grants or support based upon business rates relief.

Freelancers - All F13 members are freelancers or work in small organisations actively supporting the work of freelance artists. Current support available for freelancers (value of SPP via UC) is completely unrepresentative of the support they need and disproportionately affects them in comparison to those on PAYE. Many self-employed artists save over the year to pay their tax bills or have spouses that are in employment. Both of these factors will invalidate claims for UC.

Seasonal working - Many F13 members reported that peak annual turnover is in Spring / Summer. So the greatest impact is being felt at the busiest time. Other industries may have work patterns more evenly distributed across the year, for many in the arts, the entire calendar year's income is lost if work is cancelled over the next few months

Updated impact of JLR

This week JLR announced furloughing of over 20,000 staff across its company. WMREDI has updated their initial modelling of the impact on the region.

A 12% drop in the sales of JLR reduced the GVA of West Midlands by **0.53%** (in a year). **0.43% of the jobs** in the region were exposed to this shock accounting for a total amount of close to 11,000 jobs. For the rest of the UK regions, around 5,000 jobs were at risk.

By sectors, the ones most affected indirectly in terms of GVA were **Other manufacturing, repairs and installations** and **Manufacture of machinery and equipment**. However, it has effects also on the non-manufacturing sectors of the economy. An important amount of jobs in the **wholesale and retail trade and repair of motor vehicles**, as well as in **professional, scientific and technical activities** saw their demand reduced and, subsequently, their jobs at risk too.

British Chamber of Commerce – WK4 Business Impacts Tracker – West Midlands

Businesses surveyed (102), 98% less than 250 staff, 46% employ 1 to 4 staff and 4% sole traders. 52% do not export, 33% did not import. 25% Professional Services and 22% manufacturers (this is consistent with the regional sectoral breakdown)

- 79% saw a fall in revenue, 57% drop in international revenue, over a third of which said this was significant.
- 79% saw a drop in cash reserves, and 47% expect cash reserves to cover 1-3 months, 20% 3 to 6 months, but 11% could only cover a month; 5% have no cash reserves
- 45% had seen and increase in payment by customers, with 1 in 5 saying this had increased significantly.
- 60% reported access to credit or finance unchanged
- 65% said the workforce remaining the same, but 61% cited a drop In hours worked; 45% cited a drop in contractors/agency workers; unpaid leave remains the same from previous week.
- 28% said they would not furlough staff but 21% expect to furlough the entire workforce
- 59% had gone to homeworking; 11% changed products and services; 13% increased delivery services. 28% closed temporarily and 1% closed business

Support measures - 13% already secured business rates holiday (increase of 5%). 60% aware but not planning to apply. Only 2% had made a successful CBILs application and 22% planning to apply. 3% deferred VAT payment and a further 36% are planning to; only 8% planning to use the self-employment income support scheme; 15% planning to apply for the grant scheme and 17% had already applied; 7% applied for SSP and 24% preparing to apply for the HMRC extension.

Of the businesses unable to access support, the majority stated they did not meet the criteria. On CBILs 22% reported slow or no answer. A third of business felt there was a lack of information and guidance for self employment support, and similar for VAT payments.

Latest National and Regional Statistics

ONS weekly release (national and no sector breakdown)

Based on an update of the new weekly survey of businesses which is statistically representative at the national level (sample 17,800):

- 25% have temporary closed of paused trading, 75% continue trading
- 38% reported turnover substantially lower, 35% unaffected
- Of those still trading 21% of the workforce have been furloughed, 70% working normally and 5% off sick or self isolating
- 41% are reducing staff levels in the short term and 29% decreasing working hours. However 20% have taken no measures, 7% are recruiting in the short term and 12% increasing hours
- 37% of staff still working at normal place of work, 47% working from home, 16% other arrangements in place
- 40% of people of people said the virus was affecting their work, including decrease in hours, being asked to work from home and their health and safety at work
- 23% of adults said it was affecting household finances, through reduced income (73%) 32% using savings, 26% impact on value of savings through economic instability
- 85% of adults believe the economic situation will get worse
- 40% think it's the right time to save
- 47% of adults reported high levels of anxiety, a slight decrease on previous figures. With a sharper decline in those with health conditions
- 53% said wellbeing was being affected

Current Regional Mortality Rate

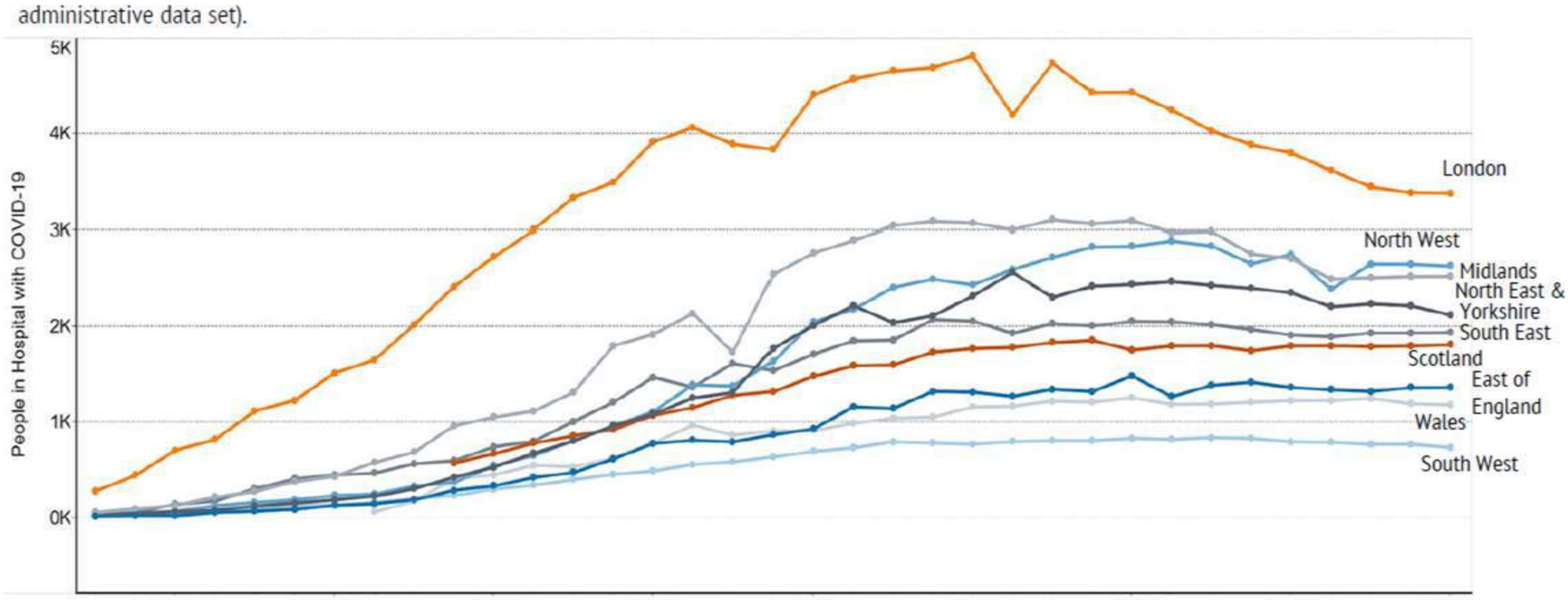
This week:

- ONS statistics showed that in
- In the West Midlands there were 2,182 registered deaths, which is a rise of 370. This compares with an average weekly total of 1,203 deaths in the same week from 1,203.
- On the UK death toll from COVID-19 6,213, an increase of 2,738. In the West Midlands deaths have increased from 400 to 807
- Of deaths involving Coronavirus 32% are in Birmingham, followed by Coventry and Dudley at 8.5%
- 84% of deaths occurred in hospital, 9% in care homes and 4% at home
- The daily hospital deaths in the UK for COVID-19 has started to fall (this figure is a leading indicator of the numbers above), with Sunday's figure the lowest in two weeks, despite weekend lag in data collation. The West Midlands remains the 3 highest region for deaths

COBR
Cabinet Office Briefing Rooms

People in Hospital with COVID-19 (Great Britain)

Over the last 24 hours, the number of people in GB hospitals with confirmed COVID-19 remained stable. Fluctuations in the North West have been driven by data validation changes and missing trusts returning data (creating artificial spikes in reporting). Nine hospitals, including London Nightingale did not return data for April 9, resulting in a misrepresented drop in hospitalisations. (Confidence: a new categorisation has been added to an existing high quality administrative data set).



Source: NHSE, Welsh Gov., Scottish Gov.

Qualitative Intelligence – West Midlands

(This information is a collation of the qualitative intelligence shared regional stakeholders)

Financial support

Following the Easter break enquiries about financial support have increased again. Other key points this week:

- The challenge of dealing with banks remains an issue, including time taken to deal with applications (6-8 weeks, by which time a company could have gone bust), and information requesting (still requirements for forecasts).
- Initial figures on CIBLs is illustrating the reluctance to take on debt in an environment where the future is so uncertain. Whereas extension of overdrafts is more common at a 4 times higher rate. There are also issues with guidance and information on CIBLS and what is required. Also a request that exports being included in the assessment.
- SMEs are using cash reserves now – and will need investment for recovery. This is an important issue for getting supply chains in place.
- Some businesses face an issue of perishable stock going to waste. There is also an issue with branded stock where they cant be repurposed or resold but the original clients are refusing
- Again, concerns have been raised about the lack of an appeals process for business grants.
- OEMs are extending payments to over 120 days in many cases
- Local Authority implementation of grants on the whole going well and now money is being distributed at high rates. There is an issue that LAs may still not have company details, including bank details and this is causing delays.
- Programmes switching EU funding are now being piloted and implemented

Furloughing

The ‘all or nothing’ nature of furloughing continues to prove problematic. Some businesses require staff for some, but not all, of the time. This suggests a need for flexibility over length or time and how you can implement it. However feedback has been that the furlough process works very well, and is easy to do and get the income, with very few complaints about the HMRC process so far. There is a rising concern that the furlough process is delaying redundancies which may inevitably happen further down the line, so flexibility is required about extending the furlough into the future and some certainty about how government sees recovery developing.

Landlords

Still evidence of landlords not relaxing or negotiating terms and significant issues in the letting sector. With significant risks to flexible workspace and office space in the region. This could result in an over supply in office accommodation in the future and a lack of management capacity.

Self Employment/sole directorship

There are still issues around self employment if you pay yourself through a limited company and are a sole director, there is no support available and the self employment support is not available.

Gig economy

A lot of the above issues come together and impact on the ‘gig’ economy, self employed, flexible workspaces, short term contracting and flexible workforces. The general insecurity of this is creating even greater insecurity now and could undermine broader supply chains and business models in the future.

The FSB feedback on LA delivery up to the end of last week:

In Shropshire, Herefordshire, Worcestershire: grant funding is flowing (Herefordshire was one of the first off the line). All are saying that they are making payments to businesses where they have the required info, with subsequent phases of payment to those where they need to source info/work out their business/tenancy status. Most had staff working over the Easter break to keep the money flowing. All recognise that short term cash flow is a massive problem and the majority foresee big problems down the line for their respective economies.

In West Midlands & Staffordshire: we're finding it a bit difficult to get information on specific delivery. But, so far, Birmingham have publicly stated that they are starting to distribute grants to the businesses they have full information for, latest information £80m in 3 days. Dudley have publicly announced that they have handed over £2m over the past couple of days to 95 companies.

In Warwickshire & Coventry: as far as FSB are aware all local authorities across Coventry, Warwickshire and Solihull have started paying out. Further details Warwick District Council had paid out £7.3m. North Warwickshire had paid out £1.275m. Stratford had paid grants totalling £4.6m to 291 businesses. Nuneaton: first payments last Thursday – 20% of total was expected to paid then. Rugby: Had made 40 payments by last Thursday totalling £750,000 – 700 applications

Summary of suggested interventions generated this week

Latest issues raised for intervention:

- Clarity over the future exit strategy, especially as regards to furloughing so that businesses can plan their return to the market. Understanding of how long this is likely to be available for, so they can plan bringing people back rather than intermittent extension as this prevent longer term planning beyond 3 weeks. There also needs to be effective communications in place about people moving back into the workplace, to prevent issues with local communities 'policing' movement of people
- Instability of landlords and their lack of flexibility on rent reduction and the stability of property companies for the future (how will that affect the availability of commercial property of the companies fail)
- Publication of performance tables for banks on implementation of CIBLS, to allow us to understand issues and practices, similar to the LA data on grants.
- Self employment through directorship of a ltd company, potential options to extend the sole trader rules to these individuals to the cap of £2500 per month which would bring them into line with other self employed
- There are issues across the region in capacity to delivery some of the interventions/support and this is slowing implementation. There is also an issue in the region with analysis of data: for instance modelling the pandemic impact at local levels, collating and analysing business data and access to data across organisations (issues raised with the ODA baselining work and lack of capacity and skills in the region)
- Areas with a higher dependency on tourism and seasonal jobs are likely to be harder hit, which will disproportionately be rural hinterland and tourist areas in the region (where there are significant commuters into the employment centres)
- Commentators identify common policy priorities as: (1) active labour market programmes for those out of work; (2) refocusing skills and training to support recovery; (3) support to young people; (4) using existing local partnership arrangements in getting back to work; (5) an orderly withdrawal from the Job Retention Scheme; (6) strategic planning for a future labour market characterised by high quality productive employment and improved security.
- Need to review the impact on the creative industries sector and look at the impact on capital of culture, additional support may be needed to ensure the future of the event
- Expand the anchor institutions network to look at the regional anchors role in recovery (paying attention to issues raised in earlier monitors and the CPP work on the risks to the education sector and its role as anchors)

Rescue, recover, reform: Community wealth building in the time of Covid-19

On 20th April CLES released two papers that outline the challenges facing local governments as they begin to formulate their economic response to the Covid-19 crisis, the necessity to build back better and practical actions for local leaders as they move towards a just recovery, rebuilding and reform of local economies. The first is a policy position paper, the second a proposed framework for practice.

The papers are summarised below. Key points for West Midlands:

- These papers lay out a three phase approach for rescue, recovery and reform of local economies to tackle many of the persistent economic challenges facing the West Midlands – rising levels of insecure work, low pay, poverty and inequality
- They urge a highly targeted focus on protecting and, ultimately, enabling to grow, the locally generative elements of local economies – locally rooted SMEs, the social sector, worker/consumer owned businesses - through the intervention of local and national government
- They highlight the role of local government and wider local anchor institutions as key sources of liquidity, assets and employment with which distressed economies can be refloated and reformed
- CLES is currently working with Sandwell Council on community wealth building and convenes the Birmingham Anchor Institution Network

Summary

The Covid-19 pandemic has revealed the distressed state of many local economies – with high levels of insecure and precarious employment and the struggles of generative local firms to maintain market position - and the brittle condition of the local public sector, following a decade of austerity. Throughout this time, local government has stepped up to the plate – demonstrating not only its capacity to respond to local needs but also the fundamental values that underpin its very existence. These papers examine how local government can build on these foundations to construct an economic response – and in the process create local economies which are fairer, more secure and more humane than before.

As local authorities across the country begin to turn their attention to what comes next, there is an understandable hankering to return to the world we inhabited in January. In these papers CLES argue that there is a necessity to avoid attempting to resurrect what came before using the mainstream economic development practice of the past. The opportunity is to build back better. In putting forward this approach CLES highlights over a decade of work by local government to pioneer community wealth building as a powerful means to grow strong, locally generative economies.

The first of these papers – written in collaboration with the US-based research and development lab The Democracy Collaborative – makes the case for community wealth building as the vehicle to drive systemic change through the initial rescue and recovery phases. In so doing, CLES argue, local authorities can lay the groundwork for a wholesale, much needed, reform of their local economies – making them fairer, more inclusive and more secure than those that existed before. In the second paper, CLES outlines a framework for action – taking in three phases of response, with suggested actions for local authorities across each phase. The initial **rescue** phase is concerned with preventing the loss of those most socially valuable parts of local economies. In **recovery** local authorities act to ensure that the transition out of the crisis phase allows those valuable parts to thrive rather than falter. Building on these, the final phase of **reform** aims to ensure that these socially generative elements come to define local economies rather than exist at their margins.

CLES' work in developing this framework draws on the practice of over 50 local, regional and national governments over the course of a decade of community wealth building in all four nations of the United Kingdom. The present crisis makes the case for community wealth building all the stronger, just as it strengthens the potency of the challenges to which community wealth building is a response.

Summary provided by CLES

Appendices

The impact of Covid-19 on the region's tourism sector – key findings from a business survey conducted between 18th and 20th April 2020

Summary and key issues

Before 1st March many of the region's tourism businesses were doing well and looking forward to the coming year with optimism. But the position has deteriorated significantly over the last 6 weeks. As of last week 40% of businesses in our survey had closed/ceased trading and only 36% expect to be still open/trading at the end of April, with the figure falling to 32% at the end of June, 25% at the end of August and 20% at the end of September.

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Businesses have strong views on the additional help they feel is needed from the government to ensure the survival of the sector, notably a more flexible furloughing scheme, grants rather than loans and longer term funding to help businesses re-design their business models, re-build their cash position and deal with what may be a long and drawn out recovery in demand.

Many companies have adapted their business models to cope with the challenges. Much of this is a short term fix, and two thirds of businesses will not retain the changes after lockdown ends. There are, however, some examples of successful adaptations – notably relating to digital and on-line approaches - which are likely to be sustained in the longer term.

Introduction

Covid-19 has created an unprecedented crisis for the region's business community, with the tourism sector the first to be affected and continuing to bearing the brunt. The WMGC's Research Team and Shakespeare's England are collaborating to run a regular survey of hotels, conference venues and attractions across the region This is the 4th survey, conducted between 18th and 20th April. There were 52 responses with 50% of businesses based in Coventry and Warwickshire, 42% in Greater Birmingham and 8% in the Black Country.

Businesses' trading position

Before 1st March many businesses were doing well and looking forward to the coming year with optimism:

- ***'Positive – ahead of expectation'***
- ***'Best start to any year on record'***
- ***'Healthy - surpassing our annual budget'***
- ***'Active and in profit'***
- ***'A good start to the year. Things looked promising!'***

But the position has deteriorated significantly over the last 6 weeks. As of last week 40% of businesses had closed/ceased trading

'Decimated! No coach travel at all, 48 coaches idle. No holidays or excursions being operated, all trips cancelled until the end of May. Bus operations cut by 50% and passenger numbers down by 90%!'

Businesses expect the position to continue to worsen considerably in the coming months. Only 36% expect to be still open/trading at the end of April, with the figure falling to 32% at the end of June, 25% at the end of August and 20% at the end of September.

Views on the helpfulness of government support

The furloughing scheme is the most popular form of support with more than three quarters saying that they felt it was useful or very useful. The next most popular were VAT deferral (60%), business rate holidays (58%) and income tax deferral (40%). The support seen as least useful was the £25,000 cash grant (37% primarily due to many businesses not being eligible) statutory sick pay relief (27%) and business interruption loans (20%).

Limitations/problems with government support

But businesses highlighted a number of issues and problems with the support on offer, with significant numbers of them deemed ineligible. For example they highlight difficulties in obtaining loans, the inflexibility of the furlough scheme and continued delays in support coming through.

'Corona virus loans are useless as banks aren't looking to loan it easily and there are too many restrictions. They are also too busy trying to push their own products.'

'As we've transitioned to delivery based, we've needed to keep on staff. Most would prefer to be furloughed so it puts us in a difficult situation as we need them and look like the bad guys when lots of their friends are enjoying a break with 80% pay.'

'None of the promised support has yet come to fruition and recent press exposure of the loophole on second home owners who do not holiday let their properties, yet may be automatically eligible for the 10K grant, may jeopardize this support for the genuine holiday let owners it was meant for and who desperately need it!'

'Businesses have already been hit by Brexit. We were just on the road to picking up a recovery and we get hit with this, no business wants to take on debt with no future resolution in sight!'

The need for additional help

Businesses have strong views on the additional help they feel is needed, notably a more flexible furloughing scheme, grants rather than loans and longer term funding to help businesses re-design their business models, re-build their cash position and deal with what may be a long and drawn out recovery in demand:

'We need a 'middle ground' with the furlough scheme. At present it is all or nothing. We need to be able to bring staff back in on reduced hours, to cope with a steady rise in business activity...but these staff will still need support, to a lesser extent from the government furlough scheme.'
'Cash grants for artistic charity - not loan and not holiday - to allow us to continue to deliver online activities for audiences with small numbers of staff not furloughed - so when we re-open we don't have to build the audience from scratch'.
'Cash support to invest in rejigging our business model, which is currently geared to summer/ outdoor revenue generation, to being able to make up the losses by trading successfully in winter.'
'Being in the events industry we had our income stream switched off in the space of a week with no clear view of when we will be able to earn again. It's questionable how quickly events both festivals and conferences will get back on their feet. Long term funds are needed to develop and try and grow out of this, covering outgoings for the next 2 years.'
'At a time of year when we would normally be getting back to a cash positive situation, we are currently staring into a precipice without an obvious way out. With the loss of spring, and possibly even summer, next winter is going to be almost impossible for us to navigate as we will not have built up the cash reserves over the summer that seasonal businesses need in order to survive a winter. There is a danger that the outdoor tourism sector will be forgotten as the economy gets back to normal in autumn/winter, because we cannot possibly survive a winter with no cash reserves from spring/summer trading.'

Insurance issues

Only a third of businesses have attempted to make a claim on their insurance policies to cover costs such as cancellations. The majority of those who have done so have had their claim denied as Covid-19 is not covered by their policy.

Adaptation to business models

Many companies have adapted their business models to cope with the challenges. Much of this is a short term fix, and two thirds of businesses will not retain the changes after lockdown ends. There are, however, some examples of successful adaptations – notably relating to digital and on-line approaches - which are likely to be sustained in the longer term.
'Online meetings and events have proved very successful with new audiences.'

'Just more activity with social media really, to keep in touch with our customers. Regular updates to them on the website have been well received too. We are adopting a policy of trying our best to look after staff, customers and suppliers - and this is working well. Businesses will be remembered for how they acted during this crisis.'
'We have adapted by offering paid online game versions rather than team building and in person events. We have also been offering free virtual games streaming events to provide brand awareness and to help promote our paid games'.
I have focused on measuring customer experience across digital and phone channels - looking at the virtual customer journey. This includes digital messaging, helpdesk support and how well people interview virtually (as most have never done it before).'

How soon businesses could start trading once Social Distancing has been lifted

Nearly 60% of businesses feel that they could be back in business immediately/within a week and 16% within a month and. 12%, however, feel that they would need 2-3 months to get the business back on track.

Analysis provided by WMGC

Weekly Deaths Registered: 10th April 2020

The overall death figure has increased from 16,387 in the week of 3rd April 2020 to 18,516 in the week of 10th April 2020 in England Wales. Deaths that state Coronavirus on the death certificate has increased by 2,738 in one week to reach a total of 6,213 in the week of 10th April.

The overall death figure has increased by 370 since the week of the 3rd April 2020 to reach 2,182 deaths registered in the week of the 10th April 2020 in the West Midlands region. The number of deaths related to Coronavirus has increased from 400 in the previous week to 807 in the week of the 10th April 2020.

In the week of the 10th April, the WMCA (3 LEP) area had a total of 2,334 deaths registered, with 683 deaths (29.3%) related to the Coronavirus. The WMCA (3 LEP) area accounts for 84.6% of the 807 Coronavirus deaths registered in the West Midlands Region.

When compared to the week of the 3rd April 2020, the WMCA (3 LEP) area has increased by 750 more deaths registered overall, with the number of deaths related to Coronavirus doubling (from 327).

At a local authority level, Birmingham accounts for 31.8% (217) deaths related to Coronavirus in the WMCA (3 LEP), this is followed by Coventry and Dudley at 8.5% (58 deaths).

Of deaths involving Coronavirus registered in the week of 10th April, 84.3% (576) occurred in a hospital, this was followed by 8.8% (60) in a care home and 3.8% (26) at home.

Figure 2: Place and number of deaths registered in the week 10th April 2020

Source: ONS, Death registrations and occurrences by local authority and health board, 21st April 2020

	Care home	Elsewhere	Home	Hospice	Hospital	Other communal establishment	Total
Cannock Chase	1	0	0	0	11	0	12
East Staffordshire	2	0	0	0	14	0	16
Lichfield	2	0	2	1	16	0	21
Tamworth	0	0	0	0	9	0	9
North Warwickshire	1	0	0	0	3	0	4
Nuneaton and Bedworth	3	0	0	0	19	0	22
Rugby	3	0	0	0	4	0	7
Stratford-on-Avon	1	0	0	0	8	1	10
Warwick	0	0	0	0	11	0	11
Bromsgrove	2	1	0	0	16	0	19
Redditch	1	0	1	0	9	0	11
Wyre Forest	3	0	2	0	8	0	13
Birmingham	13	7	4	3	190	0	217
Coventry	10	1	3	2	42	0	58
Dudley	4	1	4	0	49	0	58
Sandwell	3	0	1	0	50	0	54
Solihull	3	0	2	2	30	0	37
Walsall	2	0	2	0	49	0	53
Wolverhampton	6	1	5	1	38	0	51
WM 7 Met.	41	10	21	8	448	0	528
Black Country LEP	15	2	12	1	186	0	216
Coventry & Warwickshire LEP	18	1	3	2	87	1	112
Greater Birmingham & Solihull LEP	27	8	11	6	303	0	355
WMCA (3 LEP)	60	11	26	9	576	1	683

Analysis provide by Black Country Consortium Economic Intelligence Unit

ONS Weekly Release Indicators

On 16th April 2020 the ONS published the third edition of its 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 survey results currently expected to take place fortnightly with initial findings released in-between.

Business Impact of the Coronavirus – Initial results
The Initial results from the second round of the Business Impact of Coronavirus (COVID-19) Survey (BICS) show that of the 17,786 businesses surveyed, 5,316 (30%) businesses responded. The following data is based on the period between 23rd Match to the 4th April 2020. Sectoral breakdown is unavailable on this release.

Financial Performance – Initial Results
Based on the 5,316 respondents, results show that 24.8% of the respondents have temporary closed or paused trading between the 23rd March to the 5th April 2020 with 0.4% permanently creasing trade. 74.8% have continued to trade over this period. 37.5% of the responding businesses reported that turnover was substantially lower than normal, however 35.2% have found that turnover has been unaffected.

Workforce – Initial Results
Responding businesses that are still trading, an estimated 21.4% of the workforce have been furloughed. 69.8% are working as normal with 4.5% off sick or in self-isolation due to Coronavirus. Measures that have been taken to manage the current workforce by businesses that continue to trade shows that 40.5% of respondents are reducing staff levels in the short term and 28.5% are decreasing work hours. However, 19.7% of businesses have taken no measures. 7.1% are recruiting staff for the short term and 11.6% are increasing working hours.
Please note, the following figures will likely have overlap. Arrangements that have been put into place for staff working patterns for those businesses that are continuing to trade include on average, 37% of staff still working at their normal place of work with 47% of staff working remotely. 16% had other arrangements in place.

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. The second release covers the period of 27th March 2020 to 6rh April 2020. This 10-day collection period is the first to be based wholly after the government Stay at Home measures that were introduced on the 23rd March
.

Concerns about Work
39.7% of people aged 16 years and over said that the Coronavirus was affecting their work. The top three concerns about work are; 35.7% were concerned about the decrease in hours worked (place of work closed or reduced opening hours, availability of work), 31.9% due to being asked to work from home and 17.9% are worried about their own health and safety at work.

Concerns about Household Finances
22.9% of adults have found Coronavirus is affecting their household finances. The main reasons for household finances being affected are; 72.9% have a reduced income, 31.9% are using saving to cover living costs and 26.0% have found savings value is being affected by economic instability.

Expectations for the Future
On a household level, 44.3% of adults expect their financial position to get worse over the next 12 months with 41.0% of people expecting to be able to save over this same time period.
35.0% of the population aged 16 years and over think life to return to normal in 4 to 6 months with 32.9% of the population estimating between 7 – 12 months.

When asked about the general economic situation of the country, 84.5% believe it will get worse over the next 12 months. 40.4% of adults felt now was the right time to save.

Impacts of Wellbeing

Out of the 3 indicators with data for both time periods recorded, there has been a decrease across all groups excluding one which saw an increase for those with underlying health issues with feeling lonely often/always from 8.4% to 11.2%.
46.9% of adults reported high levels of anxiety between the 27th March – 6th April, however this has decreased from 49.6% that was reported between 20th to 30th March. With those with underlying health issues decreasing from 52% in the previous period to 45.4% in the latest period available.

Overall, 53.1% of all adults reported their wellbeing is being affected due to the Coronavirus, the proportion lowers when restricting the age range to those aged 70 years and over (45.8%).

Indicators of wellbeing, 27th March to 6th April and 20th – 30th March

Indicator	Group	27th March – 6th April (%)	20th – 30th March (%)
Wellbeing is being affected (Question only asked to respondents that said they were very worried or somewhat worried about the affect Covid-19 is having on their life right now)	All adults	53.1	N/A
	70 years and over	45.8	N/A
	Underlying health	54.7	N/A
Percentage with high anxiety (score 6-10)	All adults	46.9	49.6
	70 years and over	42.2	42.8
	Underlying health	45.4	52
Feeling lonely often/always	All adults	5.4	6.3
	70 years and over	1.1	1.9
	Underlying health	11.2	8.4
Feeling lonely some of the time	All adults	14.7	17.5
	70 years and over	10.5	10.8
	Underlying health	14.4	14.8

WMCA APS Qualifications (NVQ)

***These Figures are PRE COVID19** - The Annual Population Survey (APS) datasets from the Office of National Statistics were updated on 21 April 2020 with new figures for the Jan 2019 – Dec 2019 survey period.*

Headline Summary

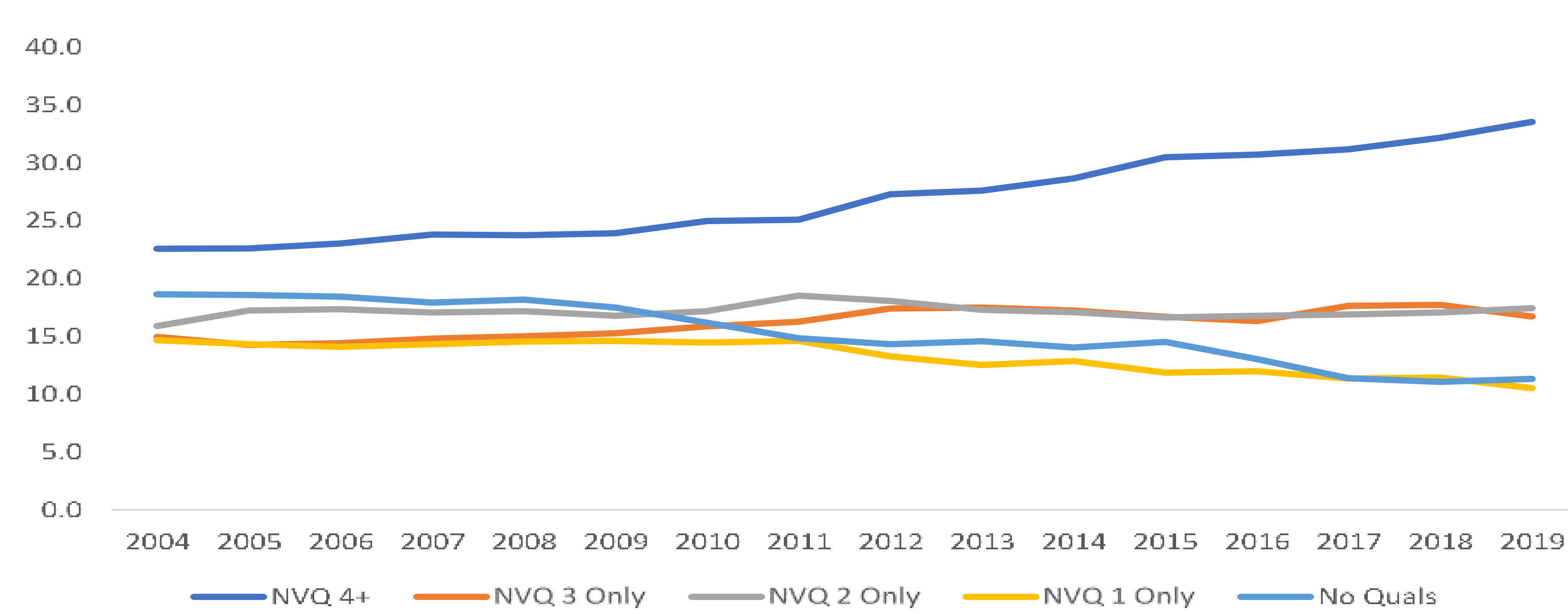
- The number of people with NVQ Level 4+ qualifications has increased by 4.4% over the year to 861,700 (from 825,500) compared to a UK increase of 2.9%.
- This now means over a third (33.5%) of the working age population are educated to NVQ level 4 or above against the national average of 40.2%.
- Despite this improvement, a further 173,249 of the working age WMCA residents are required to obtain NVQ Level 4 qualification to equal the UK average.
- The number of people with 'No Qualifications', increased from 283,700 in 2018 to 290,500 in 2019.
- This equates to 6,800 more people without any qualifications or an increase of 2.4% compared to decrease of -1.3% across the UK.
- To eradicate the gap with the national average, 87,115 of the working age WMCA residents are needed to obtain at least one qualification.
- The number of people just qualified at NVQ Level 3 fell by 23,400 or -5.2%, compared to a UK wide decrease of -1.1%. This change now means that a further 1,816 WMCA residents are needed to obtain NVQ 3 qualifications to meet the UK average.
- NVQ Level 2 qualifications increased by 2.1% compared to a -0.2% drop nationally. This leaves the WMCA area 1.7 percentage points above the UK average (17.4% compared to 15.7%).
- Mirroring the UK trends, the number of people with just NVQ Level 1 decreased by -7.5% against a UK drop of -4.1%. The WMCA area remains 0.6 percentage points above the UK average (10.5% compared to 9.9%).

WMCA APS Qualifications (NVQ)

Qualification Level (NVQ)	WMCA (3 LEP)					
	2018	2019	% (2019)	% UK	WMCA % Change 17/18	Gap to National
% with NVQ4+ aged 16-64	825,500	861,700	33.5	40.2	4.4%	173,249
% with NVQ3 ***only*** aged 16-64	454,100	430,700	16.7	16.8	-5.2%	1,816
% with NVQ2 ***only*** aged 16-64	437,600	446,800	17.4	15.7	2.1%	Above National
% with NVQ1 ***only*** aged 16-64	292,900	271,000	10.5	9.9	-7.5%	Above National
% with Other Qualifications (NVQ) aged 16-64	219,800	214,700	8.3	6.6	-2.3%	Above National
% with No Qualifications (NVQ) aged 16-64	283,700	290,500	11.3	7.9	2.4%	-87,115

Source: Annual Population Survey 2020

WMCA Long Term APS Qualification Trends (2004 to 2019)



British Chambers of Commerce – COVID-19 Business Tracker: West Midlands Results (Week Four)
Introduction

In response to the unprecedented crisis caused by the advent of Coronavirus, the British Chambers of Commerce has developed a Covid-19 Business Impacts Tracker which will serve as a barometer of business' response to the measures introduced by the Government to help firms navigate this exceptional landscape. The tracker will explore weekly business conditions to help understand the scale of the challenges that companies across the country are facing right now and in a bid to gage the awareness and usage of government support measures amongst the business community. The results listed below are based on responses received from 102 firms in the West Midlands and cover the period from 15th to 17th April. 98% of respondents employed less than 250 staff members and of those, 46% employed between 1 to 4 members of staff and 4% identified themselves as sole traders. 52% of businesses surveyed did not export their goods & services (and similarly, 33% did not engage in importing activities). Of those firms that were involved in exporting, 33% distributed their products and services to countries both inside and outside the European Union. Just over a quarter of businesses that took part in the survey operated in the professional services sector and 22% were listed as manufacturers.

Changes to Trading Conditions & the Workforce
In comparison to the previous week (w/c 6th April) 79% of businesses witnessed a fall in UK revenue (with 60% citing a significant decrease). 57% of firms saw a drop in international revenue (with 37% suggesting it was significant) and 79% had also seen a decline in cash reserves. 60% of companies reported that their ability to access credit or finance remained unchanged and 50% noted that import levels had stayed the same. 45% of respondents also suggested the time it took to receive payment from customers had increased (18% stated it had gone up significantly). In terms of developments related to employment, 65% cited constancy in the size of their workforce along with a 61% fall in the number of hours worked by staff. 45% of businesses reported a drop in the use of contractors/agency workers and 71% stated that the level of unpaid leave taken by their staff members had remained constant in comparison to the week commencing 6th April. Over the course of the following week, 28% of businesses said they would not furlough any of their staff members and 21% expected to furlough their entire workforce.

47% of businesses expected their cash reserves to cover their trading activity for one to three months, 20% suggested their reserves would be able to cover them for three to six months, whereas 11% estimated that they would only be covered for less than a month. Five percent of respondents reported that they had no cash reserves whatsoever. Businesses had attempted to maintain continuity in a number of different ways; 59% had proceeded with the use of remote working, 11% had explored changing products and services and 13% had made use of delivery services. However, 28% of businesses had closed operations temporarily and, for the second consecutive week, one percent of respondents had closed business operations permanently.
Support Measures Introduced by Government –feedback from the business community

In terms of the measures implemented by the Government to support businesses affected by COVID-19, 13% had already secured a business rates holiday (of those firms based in the leisure, hospitality or retail sector) which was an increase of five percent compared to the previous week. 60% were aware of this particular measure but currently were not planning to apply. Only two percent of firms had made a successful application to the Coronavirus Business Interruption Loan Scheme (CBILs) and a further 22% were planning to apply. Additionally, only eight percent of firms were planning to use the Self-employment income support scheme. 3% of businesses had deferred VAT payments for three months (the highest take up of any of the measures listed) and an additional 36% expected to do the same. 15% were planning to apply to the grant scheme available for small businesses and 17% so far had made a submission for this particular scheme (an increase of seven percent compared to the previous week). 7% of respondents had applied for SSP refunds and 24% of businesses were preparing to apply to HMRC's Time to Pay extension scheme.

Of those businesses unable to use the support measures listed above, the majority of firms did not meet the stipulated eligibility criteria for each of the policies. In relation to the CBILs scheme, 22% of businesses reported that they faced either a slow or complete lack of response. A third of these businesses also felt there was insufficient information or guidance available in relation to the Self-employment income support scheme and 100% of firms that failed in their attempts to defer VAT payments for three months also felt this was down to a lack of information or help on hand to guide them through the process.

A: HEADLINES AND ESCALATION		
BCLEP	**GBSLEP**	**CWLEP**
•Enquiries continue to be largely from self-employed, single director Ltd companies or retail units looking to access support as they currently don't qualify for any of the available schemes. •More home-based businesses have enquired and raised concern about the lack of financial support for them ie. As they are home based and do not have a Business Rates identifier, they are unable to apply for grant support.	•Coronavirus continues to have a profound impact on businesses in the region. •Many SMEs are struggling with little or no cashflow and are concerned whether they will receive the money via the Job Retention Scheme by 25 April in order to be able to fulfil their payroll. •Businesses urge for quicker access to government support, including speedier payments from local authorities. •Need for assistance is growing for SMEs who do not meet the eligibility criteria for Small Business grants. •Continued reluctance to take on loans via CBILS due to uncertainty and operational challenges. •There has been local response to PPE requirements. •Businesses in some sectors are considering their approach to the challenges of restarting after the current crisis. They need sufficient time to plan ahead for when lockdown restrictions are lifted and await guidance.	•Almost all of the clients spoken to have expressed severe concerns about cashflow, with many saying they cannot survive beyond April, and certainly May, if Furlough payments do not come through, coupled with CBILS applications taking too long / too onerous to help. •The length of time from enquiry to completion for CBILS is taking several weeks, much of which is due to the Bank taking their normal approach to risk, and looking at financial viability and cashflow beyond the crisis, which under the current circumstances is impossible to predict. The call for 100% Guarantee from the Government would speed up the process considerably. •Some signs that the changes to the CBILS scheme announced on 3rd April are having an effect, with BBB and Lloyds Banks seeing more applications and completions last week than the week before. Urgently need more detailed data from BBB about the take-up profile of CBILS, as it seems that the amount of CBILS loans offered is still in single figure % overall. •One Bank has reported that three to four times as many businesses are opting for extended overdrafts and / or deferred payment of existing facilities, rather than applying for CBILS. Given that most businesses have already deferred VAT and PAYE payments, businesses are concerned they would be accumulating debt for the future which is potentially untenable given the high uncertainty about the timing and speed of recovery, hence preferring to rely on a mix of deferring payments, LA grants (if applicable) and Furloughing. •There is still a wide variation of terms being discussed and offered to businesses, with high interest rates from alternative lenders, and in one case a quotation of £10-15k to perform Due Diligence in order to make an application. The response is

		'the business is high risk therefore they would be high % rates', however businesses feel they are being penalised for a situation not of their making and outside of their control. •Increasing concern that there will be a wave of redundancies after the furlough scheme closes end of June, due to the high levels of order cancellations amongst many businesses, coupled with an unpredictable rate of recovery. •The response of Local Authorities in Coventry & Warwickshire has been very rapid, with circa £80M of grants already paid, and over 65% of grants in Warwickshire already paid. PR is starting this week to reach out to the anticipated 15-20% of businesses where there are insufficient details to make a payment, and in many cases none or out of date contact details.

B.NEW ECONOMIC SHOCKS

COMPANY	LOCATION(S)	SECTOR	SOURCE/DETAIL
Wizz Air	National	Airline, Travel & Tourism	An airline serving various UK airports has today announced it is to make around 1,000 employees redundant. Wizz Air has announced a sweeping round of redundancies it says will affect almost a fifth of its workforce, after operating at 3% of its pre-coronavirus capacity
Coventry City of Culture Trust	Coventry	Charity/Social Enterprise	The test event for Coventry City of Culture 2021 has been cancelled. Remain determined to support partners working in the voluntary and charity sector which, according to the National Council for Voluntary Organisations, is facing £4bn of losses in the next quarter, as a direct result of the coronavirus outbreak
Oasis and Warehouse	National (7 branches/ Concessions in C&W)	Retail	Fashion chains Oasis and Warehouse have gone into administration, putting a question mark over 2,000 workers jobs. The company has 92 branches and 437 concessions around the UK but has fallen victim to the crisis on the High Street that has been rapidly accelerated by the coronavirus lockdown:

NB all details in these tables have been announced publicly

Brooks Macdonald	National (1 branch in Leamington Spa)	Financial Services	Wealth management firm Brooks Macdonald has seen a drop in its funds under management (FUM) for the third quarter of its financial year to 31 March. FUM at the quarter end totalled £12.2bn, down from £13.1 as of 31 December 2019. The firm said that despite the steep market decline caused by the outbreak of COVID-19, its investment performance was "robust", with portfolios declining by 14.1% (£1.8 bn), compared to the MSCI WMA Private Investor Balanced Index decline of 15.2%:
Debenhams	Leamington Spa Stratford-upon-Avon	Retail	Debenhams says it has struck deals with landlords to keep most of its 142 stores open after it fell into administration earlier this month but said seven stores will not reopen when the government lifts coronavirus restrictions on non-essential shops. The retailer said it has agreed terms on 120 branches and is in "advanced" talks on the remainder of its estate:

C: NEW INVESTMENT, DEALS & OPPORTUNITIES

COMPANY	LOCATION(S)	SECTOR	SOURCE /DETAIL
Fibex Composites	Kidderminster	Advanced materials	Relocation with plans for expansion
Pet-XI	Coventry	Training, Education	PET-Xi Training is offering a home schooling solution to parents across the city due to the coronavirus crisis and the consequent closure of schools:
Warwick Sasco	Warwick	Medical Technologies, Manufacturing	A Warwickshire medical company is doing its bit to help ensure the NHS can run smoothly as the coronavirus crisis continues. Medical supplies firm Warwick Sasco is answering a national call to support the increased delivery of personal protection equipment (PPE) products to the NHS
Co-op	National	Retail, Food and drink	Retailer Co-op has hired 1,000 new staff to help keep stores open for local communities following the outbreak of the coronavirus:
Codemasters	Warwickshire	Digital and Creative, Technology	Southam-based Codemasters, the award winning British video game developer and publisher specialising in racing games, has announced trading in the second half of the year remains strong. The Company anticipates reporting FY20 revenues of approximately £76 million
Medic Bleep	Stratford-upon-Avon	Digital, Medical Technologies	With the NHS being told to ban old fashioned and inefficient pagers from all hospitals by 2021, the hunt is on for a more efficient way to communicate, such as using new apps or mobile phones. A Stratford-upon-Avon company could have the answer. Medic Bleep has replaced pagers in one NHS Hospital in Suffolk and is used by 4,200 of their staff. It is saving each nurse and junior doctor an estimated 21 minutes and 48 minutes per shift:
The Manufacturing Technology Centre (MTC)	Coventry	Manufacturing, Training, Engineering	Engineers at the Coventry-based Manufacturing Technology Centre have developed a protective shield for front line NHS staff involved in the intubation procedure for COVID-19 patients needing to be linked up to ventilators:

Contechs	Warwick	Automotive Product Design, Engineering, Design, Manufacturing	A Warwick-based design, engineering and recruitment firm is supporting the government's call for businesses to be part of the UK's response to COVID-19. Contechs has signed up to join the national effort to provide urgently-needed protective equipment to hospitals in the fight against coronavirus and is on standby to design and manufacture vital medical equipment and supplies:
Solid State	Redditch	Manufacturing, Technologies	Redditch-headquartered electronics maker Solid State expects to announce a revenue close to the consensus forecast of £68m for its latest financial year. The business, which manufactures computing, power and communications products and trades on AIM, added that its adjusted pre-tax profits are set to be about 10 per cent ahead of its current target of £4.2m, a record year for the group:
Sarginsons	Coventry	Manufacturing	A manufacturer is investing a six-figure sum to make a major reduction in its carbon footprint and has received grant funding to support its efforts. Sarginsons Industries, based in Coventry, is buying a new de-coring machine at a cost in excess of £200,000. The machine will help the company, which is a specialist in lightweight castings, reduce its carbon emissions by 524.9 tonnes per year:
IPP	Coventry	Manufacturing, Delivery Service	A Coventry-based sustainable wooden pallets business has signed a sole supply deal with Leicester Tissue Company. IPP will deliver more than 170,000 pallets a year into the Co-op, Poundland, Poundstretcher, Wilko and Aldi.
Severn Trent	Coventry	Utility Services	Severn Trent has vowed to make no redundancies and not furlough any of its employees during the Covid-19 crisis. The Coventry-headquartered listed supplier has added that it will continue to pay its planned 2019/20 annual bonus to its key worker teams "in recognition of their on-going hard work". It has also confirmed it is working with unions to agree a new three-year pay deal with a 2.3 per cent increase per annum for its staff:
RMF Installation Services	Leamington Spa	Interior Design and Low Carbon Initiatives	A Leamington Spa-based raised flooring refurbishment business which has successfully diverted more than one million flooring panels from landfill, has been working with the UK Green Building Council to share its expertise on reuse of construction materials:
Babcock	Aldrige	Engineering	Win contract to make ventilators.
Alloy Wire International	Brierley Hill	Manufacturing	Wire manufactured in Brierley Hill is helping support the UK's unprecedented drive to build more ventilators.

The uneven spatial footprint of the COVID-19 shutdown

full by Tasos Kitsos WMREDI [here]

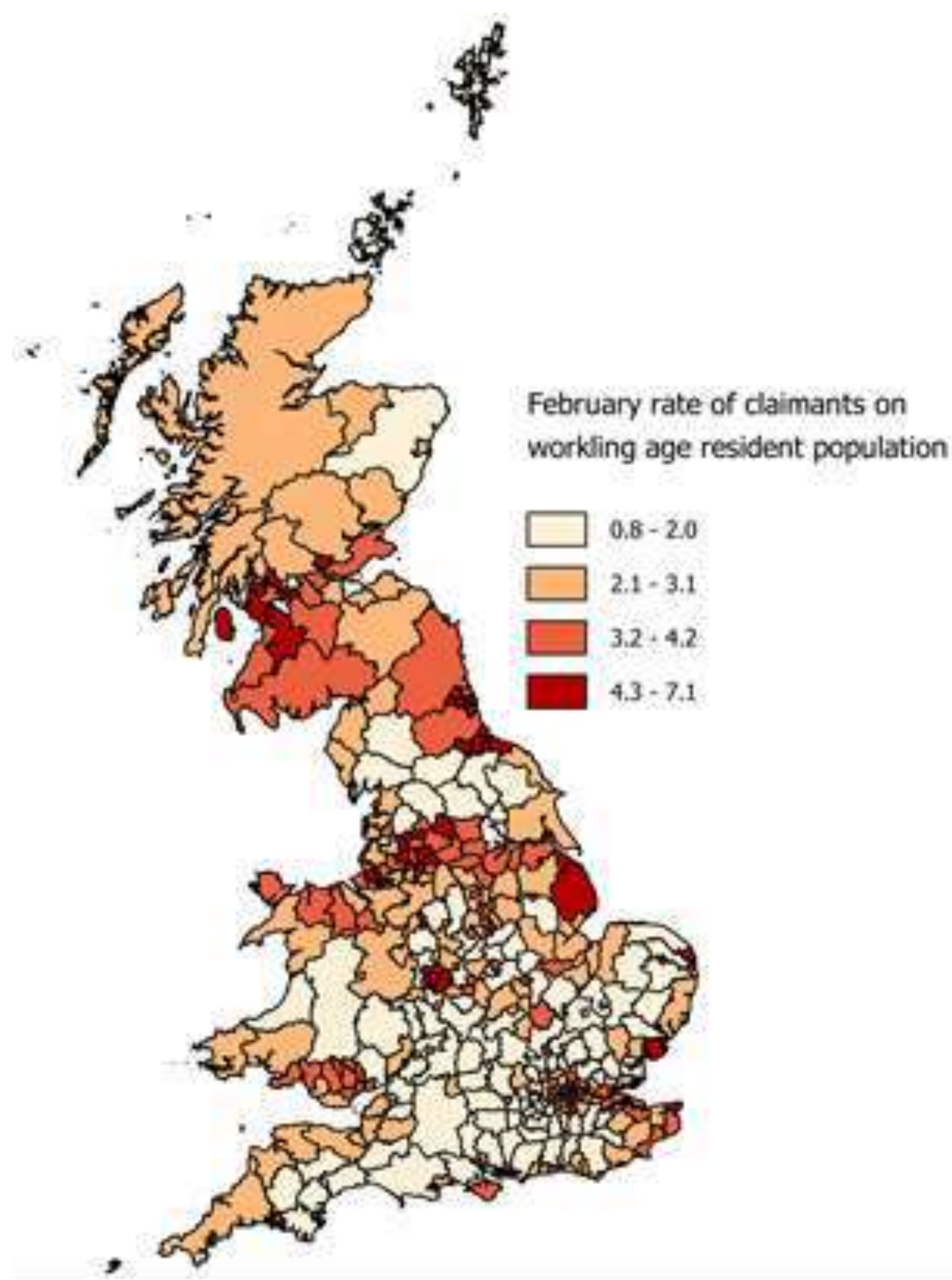
This work looks at the spatial impacts of covid19 with a focus on unemployment.

Starting with the most recent picture of the unemployment-related data, we map below the share of the working-age resident population that is claiming unemployment related benefits (figure 1). The data for February show significant variation (table 1) with the worst performers having more than double the average rate and being 6 to 9 times worse than the best performers. There are several reasons as to why claimant counts may not be an accurate reflection of unemployment (Beatty and Fothergill, 2005) but it is indicative of the range within the country.

Table 1: Best and worst performers in terms of claimant counts for February 2020.

	Local Authority District	February 2020 share of claimants to working age resident population
Top-5 performers	Isles of Scilly	0.8
	Hart	0.9
	South Northamptonshire	1
	Waverley	1
	Wokingham	1.1
	GB average	***3.1***
Bottom-5 performers	Wolverhampton	6.2
	Middlesbrough	6.2
	South Tyneside	6.2
	Birmingham	6.7
	Blackpool	7.1

Source: Author's elaboration of Claimant count data from NOMIS



Focussing on the industries affected by the lockdown can also inform our understanding of the variation of crisis impact and resilience performance to be expected. The industries we examine have been identified by the Institute for Fiscal Studies (as reported in Weekly Monitor 3) and include

- Non-food, non-pharmaceutical retail (4719, 4730-4772, 4776-4799);
- Passenger transport (4910, 4931-4939, 5010, 5030, 5110)
- Accommodation and food (5510- 5630)
- Travel (7911-7990); childcare (8510, 8891)
- Arts and Leisure (9001-9329 except 'artistic creation' 9003)
- Personal care (9601-9609 except 'funeral and related activities' 9603)
- Domestic services (9700)

Looking at the share of employment in these industries we can identify places with significant concentrations of workers that are currently not working (figure 2).

Figure 2: Share of employment in shutdown industries

Tourism and leisure appear to be driving the wide deviations from the mean (table 2) observed with coastal areas having the highest shares together with some London Boroughs. 45 local authorities have shares of over 23.3% in sectors affected by the lockdown.

	Local Authority District	Share of employment in shutdown industries
Top-5	City of London	7
	Tower Hamlets	10.1
	South Cambridgeshire	10.3
	Fenland	10.9
	North Warwickshire	11.3
	GB average	***18.2***
Bottom-5	East Lindsey	30.4
	Hounslow	31.6
	Kensington and Chelsea	33.8
	South Lakeland	34.3
	Isles of Scilly	38.8

Source: Author's elaboration of BRES data from NOMIS

The data above highlight two issues. The first is the main topic of the blog. There is significant spatial heterogeneity of the expected crisis impact within the country. Not all places will be affected the same and we know also that not all places are able to respond in the same capacity. Place resilience becomes once again central and the current support measures should take into consideration the spatially different magnitude of the crisis and the capacity of places to respond.

Secondly, it is important to consider the seasonal nature of business in seaside destinations. The data suggests that seaside locations, together with other tourist hotspots around the country will be severely challenged. The current lockdown is likely to exacerbate the negative economic impacts in these places since a complete relaxation of the current measures is unlikely before the tourist season is well under way.

A limitation of the above discussion is that it focusses only on the current direct impacts of the lockdown in the UK without any consideration of demand slowdown, constraints in manufacturing production and indirect effects in the supply chain (negative and positive, see here for more info). As the recession unravels, the ripple effects will be becoming clearer. On a positive note though, this time (compared to 2008) we know better how to support places and businesses and we have an opportunity to shorten the length of the recession. Before all this though, we need to stay in and stay healthy

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

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