West Midlands
Weekly Economic Impact Monitor

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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

- Further plans for unlocking the economy have been revealed with non-essential retailers able to open from 15th June (contingent on the Covid-19 situation).
- From August employers will have to pay a quarter of the wages of furloughed staff.
- Amidst reports that large companies in the UK (and the West Midlands) are seeking government bailouts recent announcements reveal that France and Germany are supporting key sectors/companies in their economies.
- Based in part on analysis from the Office for Budget Responsibility, the Centre for Progressive Policy (CPP) has developed a scenario assuming scarring nationally will be commensurate with previous recessions. The analysis categorises local authorities into three groups – vulnerable, moderate and resilient – based on the size of the size of the lockdown effect (reflecting sectoral structure), time taken to recover from the 2008 recession, unemployment in 2019 and skill levels. Birmingham, Black Country local authorities, Tamworth and the Wyre Forest are categorised as vulnerable, while four are categorised as resilient: Bromsgrove, Lichfield, Malvern Hills and Warwick. West Midlands local authorities are initially hit hard (reflecting their sectoral composition), but in relative terms perform somewhat better thereafter.
- Policy recommendations include: (1) reduce the risk of unemployment and incentivise good jobs; (2) targeted and urgent investment in skills; (3) tackle place-based inequalities in health; (4) close the investment gap between vulnerable and resilient areas – including by updating the HM Treasury Green Book to facilitate the appraisal of policies on regional rebalancing and by redirecting R&D to poorer places; and (5) joining up local and national leadership to reduce inequality.
- Analysis of the West Midlands Regional Entrepreneurship Ecosystem using the Regional Entrepreneurship and Development Index incorporating sub-indices on entrepreneurial attitudes, abilities and aspirations shows that the West Midlands scores slightly below the UK average. It demonstrates that the weakest parts of the West Midlands entrepreneurship ecosystem are around financing, innovation and skills. Financing prospects for potential entrepreneurs is an area of concern. Investment in internationalisation is also a priority.
- Research on SMEs emphasises that problems with Government support need to be addressed quickly. Innovation around business models is crucial to recovery. Yet it is important to focus on individual resilience as well as business resilience.
- Supply chains have been challenged by the Covid-19 pandemic but the UK engineering supply chain has demonstrated its agility by repurposing to produce PPE to tackle shortages. The challenge is to harness this agility going forward.
- There is a large literature indicating that school closures lead to slower progress or a reduction in learning outcomes for students. Despite moves to digital learning there are concerns about disparities in access, with economically disadvantaged students most affected. There are also concerns about the development of skills that are more difficult to replicate online - including social and emotional skills that are prized by employers.
- To overcome educational disadvantage related to the Covid-19 crisis the Educational Policy Institute suggests: (1) extending vocational courses for young people by an additional year; (2) greater flexibility in apprenticeships; (3) extending maintenance loans; and (4) greater support for adult reskilling.
- Greater interaction with technology means that there are opportunities for expansion of digital offerings, with the prospect of a vibrant EdTech industry emerging. Also Covid-19 points to the need to build system resilience to reinforce adaptability and responsiveness in education and training systems.
- Further Education (FE) courses in the West Midlands are concentrated at the skills levels. The economic situation means that the comparatively large numbers of young people taking courses in hospitality & catering, and in sports, leisure & recreation, are likely to face particular challenges entering employment, especially those with no prior work experience.
- Analysis of the likely impact of Covid-19 on FE course leavers raises concerns that the poor employment prospects of the 2020 cohort may compound, or at least perpetuate, existing disadvantages by ethnic group.
- The higher education sector faces considerable uncertainty. All universities are impacted but the Universities of Birmingham, Coventry and Warwick are especially exposed to a contraction in international students, with important implications for local economies (especially in Coventry), given the importance of student spending, etc.
- The Monitor summarises findings from policy papers on Innovation, Digitalisation and Supporting Innovative start- ups; Trade and Supply Chains; Business and Key Economic Sectors Policy; Governance; Local/ Regional/ City perspectives; Recovery and Resilience; Education and Skills; Self-employment; and Labour Market and Employment.

Global Outlook

The tone of global markets is increasingly optimistic with Asian stocks gaining for their second day as investors in China help stabilise Hong Kong markets after China's efforts to tighten their legislative grip on the province. At the beginning of this week (week commencing 25 May) European stocks have also rallied ahead of continued ease of lockdown measures. The price of oil has also returned to positive peaking above $34 a barrel.

In France the government has outlined their plans to support the automobile industry. The possibility that reshoring will play a more significant role in government's recovery plans was confirmed by the French president who signalled his intent to encourage Peugeot SA and Renault SA to bring some production back home to France.

Although heavily speculated the biggest corporate rescue in Germany has been confirmed this week. The German government will take a stake in Deutsche Lufthansa AG in a $9.8 billion bailout. Rival airlines are likely to see this as unfair and dispute the bailout, whilst European Union approval for the bailout is still needed.

National Outlook

In the UK, the Prime Minister has announced that non-essential retailers will be able to reopen in England from 15 June as a continuation to further ease the lockdown in England.

The measure is "contingent on progress in the fight against coronavirus", and retailers will have to adhere to new guidelines to protect shoppers and workers, including social distancing, quarantining shoes touched by customers for 24 hours and other safety producers.

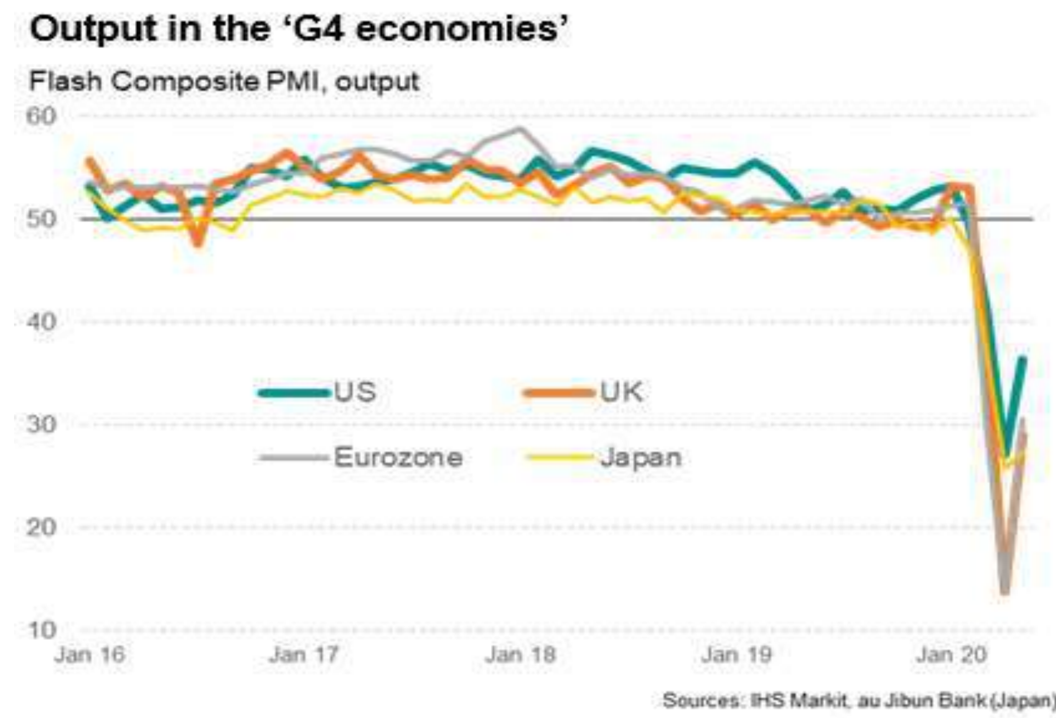
Outdoor markets and car showrooms will be able to reopen from 1 June.

More than 8 million people have been furloughed, and from August employees will be required to pay a quarter of the wages of furloughed staff under Treasury plans to wind down the state subsidy scheme.

The Chancellor has permitted furloughed workers to return back to work part time for as many hours a week as they wish. All employers using the scheme will be required to make the payments for these hours, even if they are still under lockdown.

Companies will also be required to restart paying national insurance, However the government will continue to pay pension contributions.

Nations' ongoing efforts to control the pandemic has led to sharp declines in output and employment across the major developed world economies for a third successive



United States PMI has averaged 34.8 over the past three months compared to 29.8, 26.3 and 24.6 for Japan, the UK and the Eurozone respectively.

Whilst it is clear that all four major economies are clearly still in steep declines and entering a substantial recession, the trend is more positive.

Regional Outlook

There have been reports of large companies seeking government bailouts, such as Midlands' giant car manufacturer Jaguar Land Rover (JLR). The car manufacturer is reputedly in talks with the government to secure a loan of more than £1bn.

According to reports, the carmaker has been in discussions for weeks about a financial support package.

JLR, which is owned by India's Tata Motors, has experienced a dramatic plunge in sales by more than 30% in its most recent quarter.

Inclusive Economic Recovery across Local Areas

Anne Green, WM REDI

A report entitled Back from the brink: Avoiding a lost generation, published by the Centre for Progressive Policy (CPP) in May 2020, examines the potential long-run economic impacts of Covid-19 induced recession at place level (using data for local authorities) and explores the possible economic recovery paths for different groups of local authorities.

Previous recessions

Evidence from previous recessions suggests that their effects can be long lasting, with local areas differing in their resilience to economic shocks. Scarring effects of recessions result from:

- A lack of labour market opportunities leading to long-term unemployment and reducing lifetime earnings
- Time spent long-term unemployed can lead to a permanent loss of skills
- Loss of income and employment can lead to lower educational outcomes in the next generation
- For businesses increased uncertainty can reduce demand and access to credit and lead to less investment in productivity enhancing capital

Methodology

The CPP report presents a scenario of the divergent paths local economies might take following the COVID-19 crisis. The modelling methodology used assumes that scarring at a national level will be commensurate with previous recessions. This is a bold assumption. In the CPP model 2019 is treated as a pre-crisis baseline. 2020 is the year of lockdown. 2021 represents the year when lockdown is lifted (although in practice lifting lockdown will be a gradual process). 2022 to 2025 are regarded as years of stabilisation and recovery (although in vulnerable places economic deterioration continues).

The model is dependent on the different level of impact the lockdown has on the GVA of different places. The impacts are calculated by multiplying the Office for Budget Responsibility's forecast of the sectoral decrease in GDP and the sectoral composition of each local authority. For the national trajectory the CPP assumes that GVA is 8% lower in 2021 than would be expected based on the pre-crisis trend, and that it stays 8% lower than trend in each subsequent year. The assumption is based on the premise that this unprecedented economic shock will lead to the sort of permanent output loss seen in previous recessions.

Local authorities are classified into three categories – vulnerable, moderate, resilience – based on the criteria shown in the table below, which capture the economic risk they face. Local authorities are classed as vulnerable/resilient if they meet at least two of the four vulnerability/ resilience conditions. 87 local authorities are categorised as vulnerable, 205 are in the moderate category and 90 are resilient.

Indicator	Rationale	Vulnerability criteria	Resilience criteria
Size of the lockdown effect	Areas with a greater concentration of sectors affected by the lockdown are more likely to suffer a prolonged recession. A concentrated shock is more likely to lead to permanent effects as the demand effect may lead more secondary business failures. The relative scale means the remainder of the economy has less capacity to absorb workers	Highest 20% of local authorities	Lowest 20% of local authorities
Time taken to recover from 2008 recession	Assumption is that areas will retain some of the characteristics that meant they were or were not able to recover quickly from the effects of the previous recession	Not recovered by 2013	Recovered by 2010
Unemployment level in 2019	In the 2008 recession areas going into the crisis with higher unemployment suffered greater increases in unemployment (after controlling for other relevant factors such as sector concentration or skill levels)	Highest 20% of local authorities	Lowest 20% of local authorities
Skill levels	Areas with a high proportion of people with no skills qualifications had larger GVA reductions and higher unemployment increases resulting from the 2008 recession. An area with a higher proportion of highly skilled workers tended to recover quicker	Highest 20% of local authorities for percentage of residents without a formal qualification	Top 20% of local authorities for percentage of residents qualified to degree level or above

The scenario assumes that each area's recession and recovery will partly be determined by local effects dependent on the scale of the lockdown, but also by national effects. Vulnerable local authorities are assumed to fare 2 percentage points worse than average in the first year of the recession, and then a further 1.5 percentage points each subsequent year. Resilient local authorities are the mirror of this. The moderate category is assumed to recover at the national rate.

Scenario headline results

Nationally, the scenario indicated that 76% of local authorities will not recover their expected level of output based on the pre-crisis trend after five years.

Vulnerable places will fall further behind; on average, vulnerable local authorities will be 16% below their pre-crisis trend five years after the lockdown. Average earnings in 2019 across vulnerable local authorities was £22,900. This is forecast to fall by £1,600 in real terms to £21,300 in 2022. All resilient local authorities are expected to return to pre crisis trend levels of GVA by the fifth year. Moderate local areas are projected to recover from the recession in line with the national rate. After five years, these areas will have lost an average of 8% of GVA relative to the pre-crisis trend.

Regional perspectives

Some of the places hardest hit initially may not be the same places as those that struggle over the long run. This is because the initial economic hit is driven by sector concentration within local areas rather than underlying factors that support local resilience to economic shocks that we define as a high level of skills, low unemployment or a speedy recovery from a previous recession.

The West Midlands is projected to be hard hit initially (with only the East Midlands expected to suffer a greater decrease in GVA in 2020 Q2). This reflects the preponderance of local authorities in the Midlands with a larger than average manufacturing sector, and also a sizeable construction sector. Treating all local authorities as being of equal importance economically (which is not realistic given variations in the size of local authorities in the vulnerable, moderate and resilient categories), after five years the West Midlands is expected to see an average 9.2% decrease in average GVA relative to the trend expected in the absence of the Covid-19 crisis. This is a greater decrease than the UK average, but slightly less than the average decreases expected for the North West (-9.5%), Yorkshire & the Humber (-10.5%), Northern Ireland (-11.6%) and the North East (-11.7%).

The categorisation of local authorities in the West Midlands is shown in the table below:

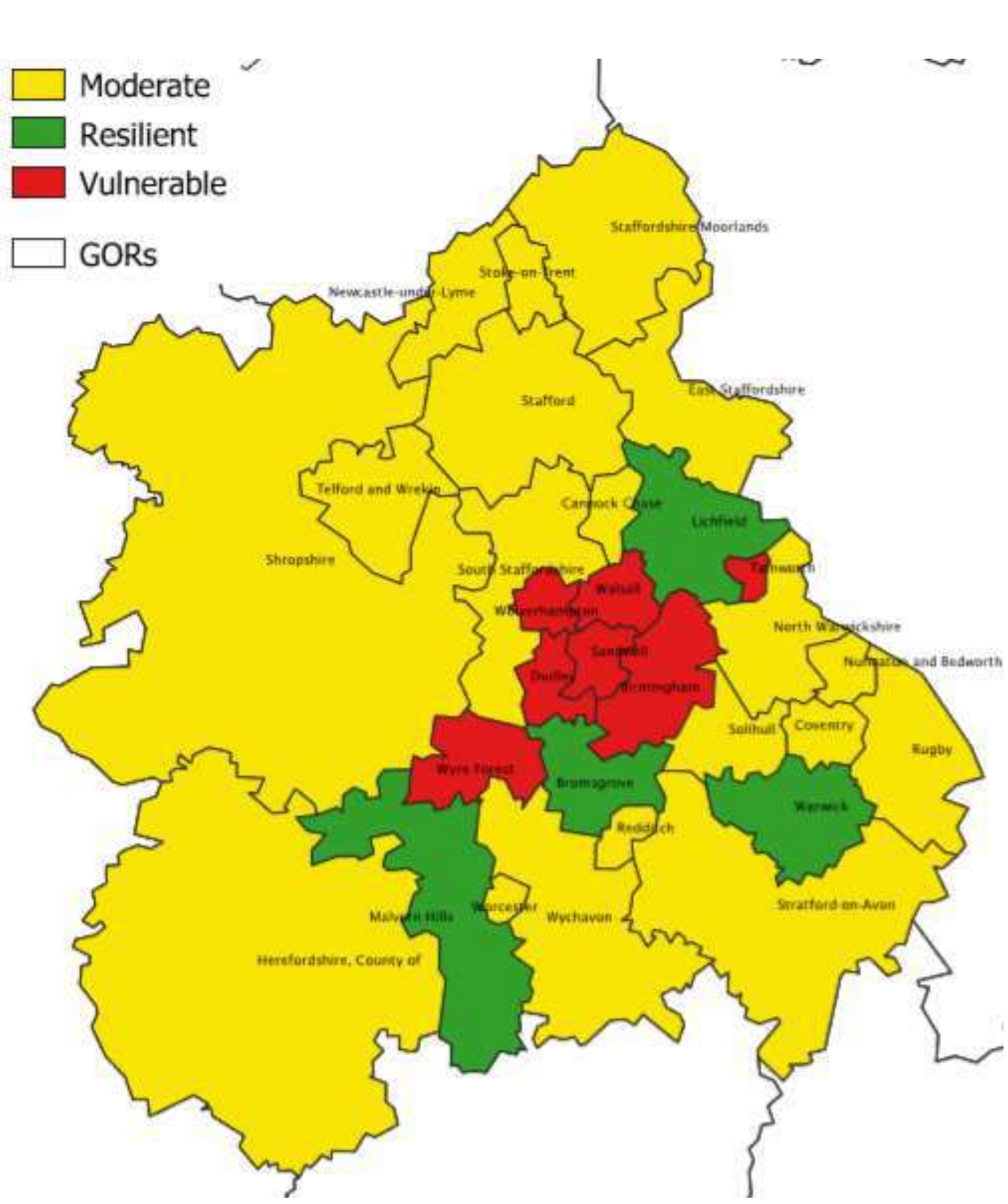
Vulnerable	Moderate	Resilient
Birmingham	Cannock Chase	Bromsgrove
Dudley	Coventry	Lichfield
Sandwell	East Staffordshire	Malvern Hills
Tamworth	Herefordshire, County of	Warwick
Walsall	Newcastle-under-Lyme	
Wolverhampton	North Warwickshire	
Wyre Forest	Nuneaton and Bedworth	
	Redditch	
	Rugby	
	Shropshire	
	Solihull	
	South Staffordshire	
	Stafford	
	Staffordshire Moorlands	
	Stoke-on-Trent	
	Stratford-on-Avon	
	Telford and Wrekin	
	Worcester	
	Wychavon	

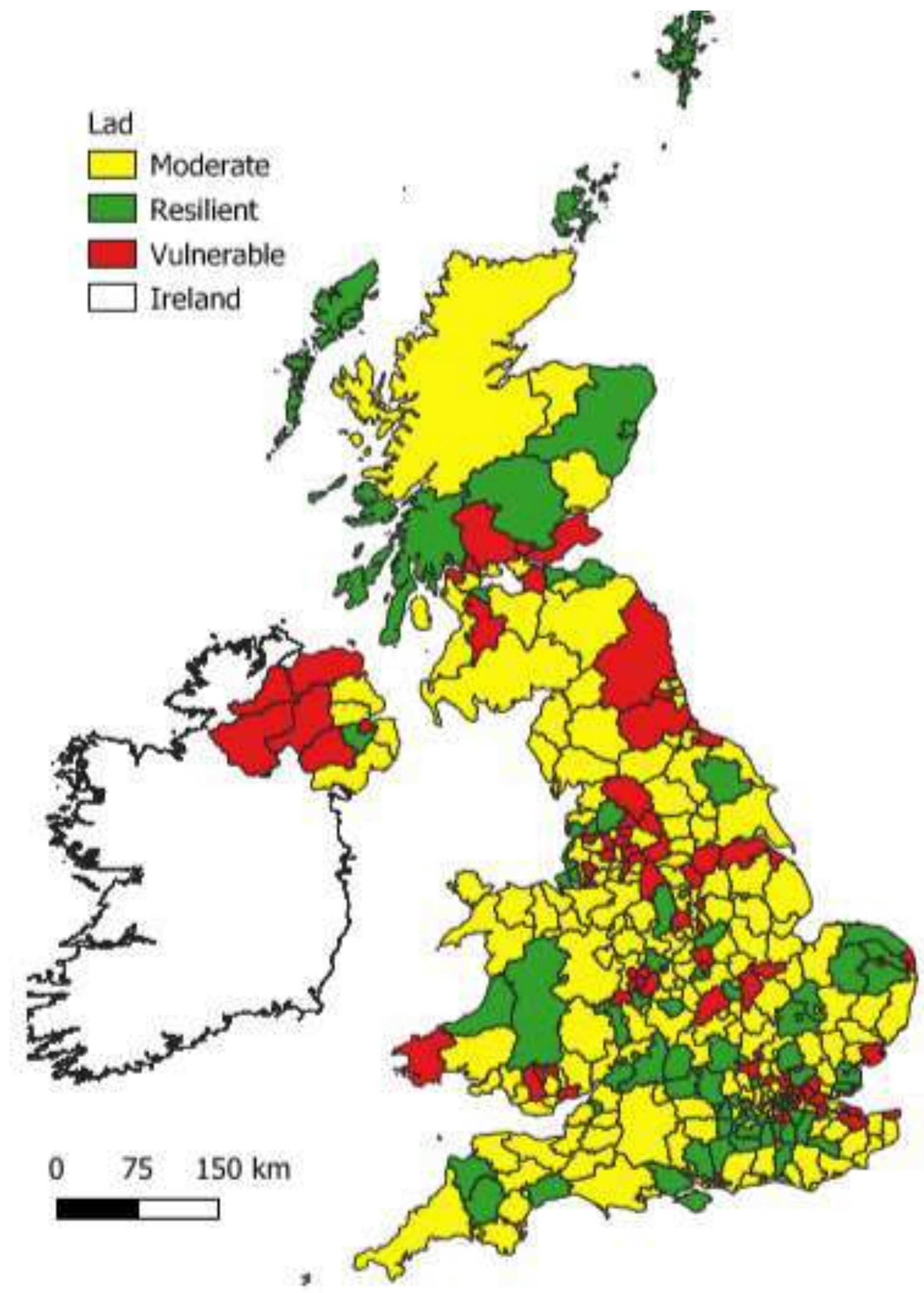
Relative to other regions, the West Midlands has a similar share of local authorities in the vulnerable category. However, the vulnerable category includes many of the large local authorities: Birmingham and the Black Country. The West Midlands has a greater than national average share of local authorities in the moderate category and a smaller than average share in the resilient category.

Other large regional cities in the UK are categorised as follows:

- *Vulnerable*: Birmingham, Manchester, Nottingham, Glasgow, Belfast
- *Moderate*: Leeds, Newcastle, Sheffield, Cardiff
- *Resilient*: Bristol, Liverpool

Whereas in Greater Manchester, Manchester, Oldham and Rochdale local authorities are categorised as vulnerable, other local authorities are in the moderate category. In the West Midlands only Coventry and Solihull are in the moderate category, with the remainder categorised as vulnerable.





Policy considerations

On the basis of the analyses, the CPP outline a number of key policy recommendations and immediate policy measures to facilitate inclusive economic growth during recovery. These relate to an extension of furloughing in accordance with sectoral needs, paying attention to job quality, skills development, investment in place, public health considerations and governance – with a greater role for Mayors in strategic economic and social policy decision-making.

	Test for inclusive economic growth	Policy recommendation	Policy measures
1	Economic activity, income and unemployment to **return to pre-crisis levels** by the end of 2021 in the hardest hit areas.	Reduce the risk of unemployment and incentivise good jobs	Extend the government's furlough scheme beyond October for the worst affected sectors.
			Making employer support conditional on the provision of good jobs.
2	Halve the gap in **skills** and good jobs between vulnerable and resilient areas within a generation	Targeted and urgent investment in skills	Repurposing the National Retraining Scheme (NRS) and National Skills Fund (NSF)
			Skilling up workers on the furlough scheme
3	Halve the gap in **health** between vulnerable and resilient areas within a generation	Tackle place-based inequalities in health	Increasing and safeguarding public health budgets at a local level
			Broadening the definition of, and action on, health prevention to include the social determinants of health.
4	Completely close the **investment** gap between vulnerable and resilient areas within a generation	Invest in places that are not yet the most productive	Updating the HM Treasury Green Book to facilitate appraisal of policies on regional rebalancing
			Redirecting health R&D to poorer places
5	Reduce by half the **inequalities** between and within places within a generation	Joining up local and national leadership to reduce inequality	Local and national government leaders agreeing to maintain the new definition of key workers and urgently reviewing their contracts and status – with social care a priority
			Appoint a National Mayoral Council to be a critical feature of Whitehall decision making on strategic economic and social policy issues

Covid-19 and the West Midlands Regional Entrepreneurship Ecosystem Failures

Raquel Ortega-Argiles, WM REDI

The Covid-19 pandemic is already likely to be exacerbating the inequalities in many regions in the UK. On the business front in the short term, many sectors have been adversely affected by the shut-down, the value chain disruptions and the effect on human capital, but also other essential conditions for regional economies such as the impact of agglomeration or physical proximity that are linked to flows of people.

This piece refers to the potential effect of Covid-19 in the West Midlands Entrepreneurial Ecosystem. It starts by illustrating the components of the regional entrepreneurship ecosystem with the use of the Regional Economic and Development Indicator (Szerb et al., 2020). (A much longer piece on the explanation of the indicator can be found published on the City-REDI's blog by Ortega-Argiles (2020).)

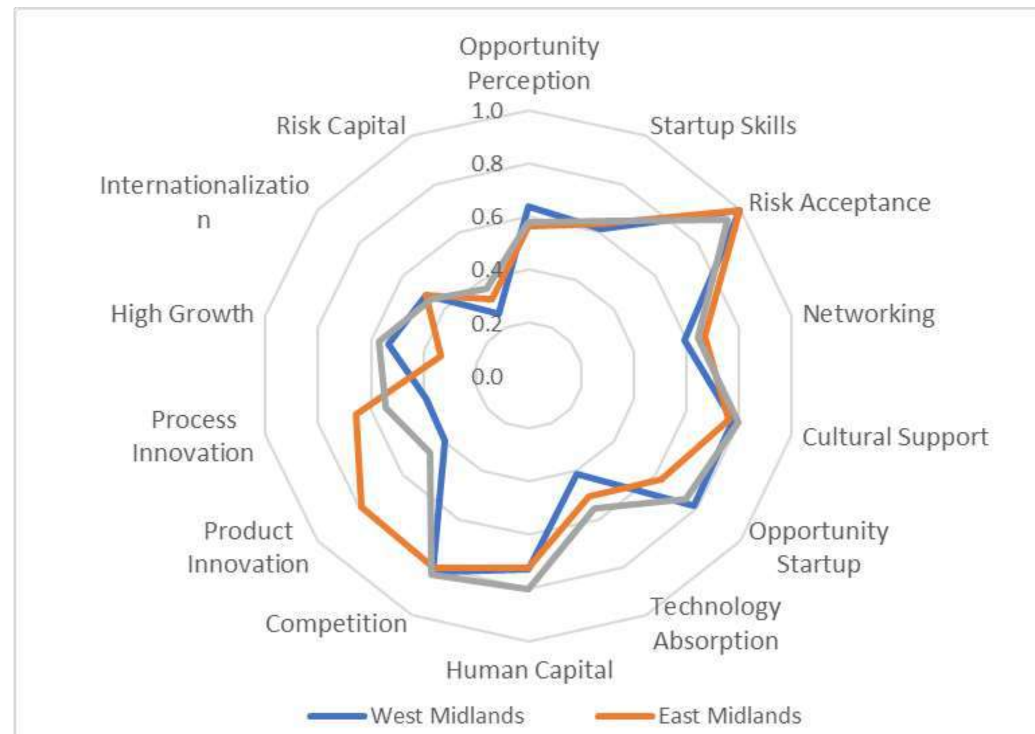
The (REDI - Regional Entrepreneurship and Development Index) takes into account both individual entrepreneurship attitudes and characteristics and the regional context and, accordingly, not only whether people are willing to start a business but whether the conditions to do so are in place in the region concerned. The index is composed of three sub-indices covering entrepreneurial attitudes, abilities and aspirations. Each of the sub-indexes has an individual-level component (relating to the individual decision-making behaviour) and an institutional-level component (relating to the context). The former is based on indicators from the Global Entrepreneurship Monitor (GEM) Adult Population Survey dataset. Entrepreneurial attitudes indicate the attitudes of the population in a region as they relate to entrepreneurship, including elements such as the perception of business opportunities and risks, cultural support and networking. Other entrepreneurial elements are measured by indicators of market agglomeration, social capital and the extent of corruption. Entrepreneurial abilities measure characteristics of entrepreneurs and business start-ups with high growth potential, such as the take-up of technology, the level of human capital and the degree of market competition. Finally, aspirations are measured by firm high growth, internationalisation, process and product innovations and risk capital.

In the UK, the values of the REDI index for its different sub-indices illustrated in the table below reflect the heterogeneity in the quality of regional entrepreneurship ecosystems.

Region	REDI	ranking	Attitudes	Abilities	Aspirations
London	75.5	1	80.6	82.7	63.3
South East	69.6	2	73.4	77.4	58.0
South West	62.3	3	67.6	71.6	47.7
Scotland	60.5	4	63.8	68.5	49.1
East of England	58.7	5	61.4	65.6	49.2
East Midlands	57.9	6	64.4	60.7	48.5
Northern Ireland	55.0	7	55.5	62.0	47.4
West Midlands	54.0	8	62.3	59.7	39.8
Yorkshire and The Humber	51.8	9	58.3	60.2	36.7
Wales	50.4	10	59.2	54.4	37.5
North West	50.4	11	61.5	53.7	36.0
North East	44.3	12	49.6	52.4	30.8

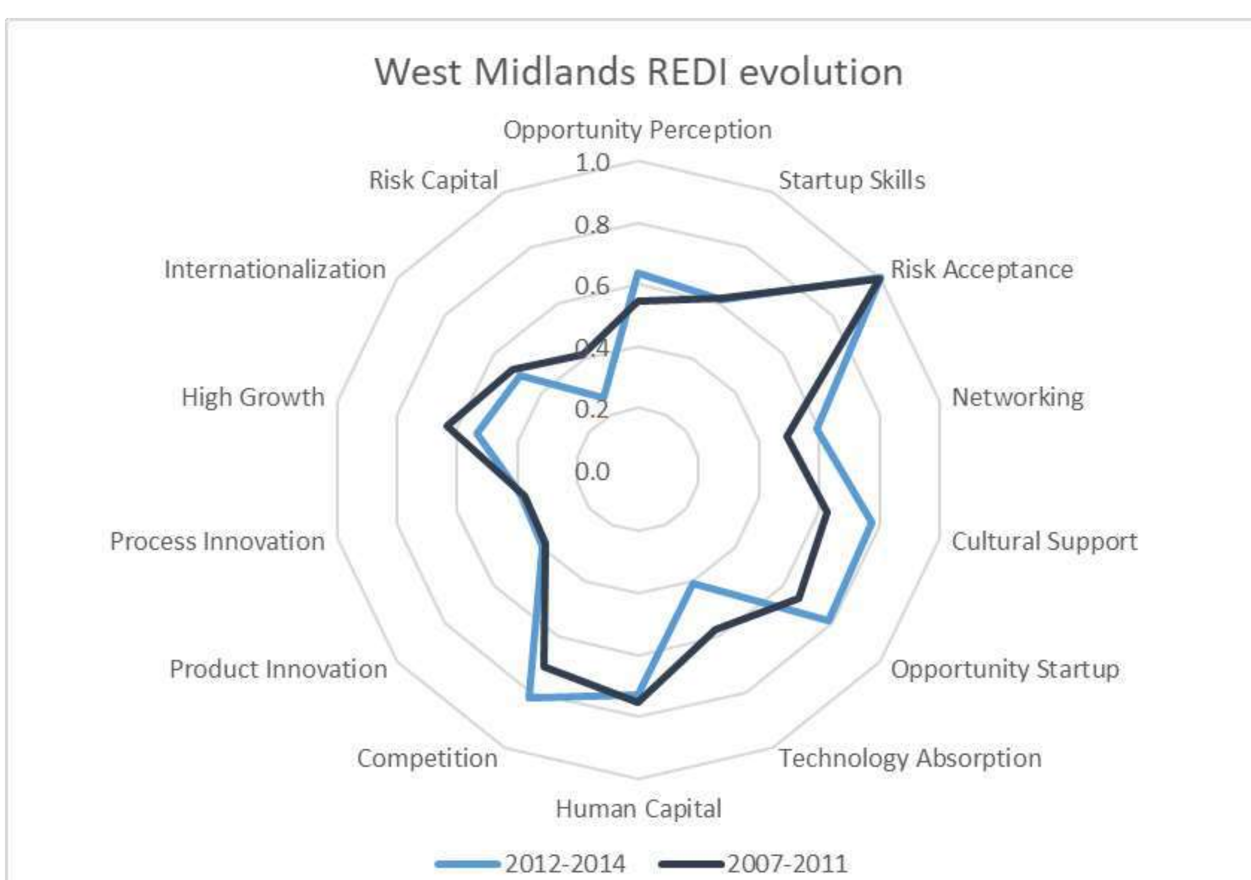
The UK's top regions are London and South East, and they are the first and second region respectively in the UK's REDI ranking as well as the three REDI sub-indices on entrepreneurial attitudes, abilities and aspirations. The North East region appears as the bottom region in all the three sub-indexes.

The REDI index allows for regional comparisons between different regions. The first figure below compares the West Midlands and London regional entrepreneurial ecosystems while the second figure compares the West Midlands and East Midlands ones with the UK's regional average.



As can be seen by looking at the pictures, the weakest areas in the West Midlands entrepreneurship ecosystem seem to be around financing (risk capital), innovation (process innovation, product innovation and technology absorption) and skills (human capital and start-up skills). London's entrepreneurial ecosystem seems to excel in many areas with risk capital and process innovation appearing as the weakest links. In the case of the East Midlands, the index shows that the weakest areas in its entrepreneurial ecosystem are risk capital and high growth.

The REDI index also allows for historical comparison, and the figure below illustrates the evolution of the entrepreneurial ecosystem in the West Midlands during recent years. As can be seen, some areas have improved such as opportunity perception, networking, cultural support, opportunity start-up or competition. Other areas such as financing, human capital and high growth have decreased, while areas such as risk perception, product and process innovation, start-up skills or risk perception have not changed over the period under analysis.



The index also allows us to determine areas that may require local attention versus areas that may require national attention, as lower values in some of the pillars are evident in many UK regions, such as is the case of risk capital.

In recent weeks, many theories have been put forward regarding how Covid-19 is going to affect the economic prosperity of UK regions differently. It is clear that many countries are going to face national and regional economic recessions and their severity will depend on their industrial and occupational mix and as well as their governance and regional structures.

Areas of concern in the case of West Midlands are the financing prospects for potential entrepreneurs in the area. The UK government has put in place measures to help entrepreneurs to overcome difficulties during the Covid-19 pandemic (Government UK, 2020; West Midlands Combined Authority, 2020), and these measures appear to be useful to increase liquidity in the short-term. However, a more radical sophistication of additional measures to support businesses in the early stages of their business life would appear to be very important to help the long-term development of the entrepreneurial ecosystem in the West Midlands.

Other aspects that should also be given particular attention as part of the regional strategy to support the regional entrepreneurial ecosystems in the West Midlands are the areas of internationalisation (new customers outside the UK and regional absorptive capacity) and high growth. Targeted support measures to incentivise businesses to invest in internationalisation activities will help reinforce the industrial and entrepreneurship fabric of the region.

A vital system-failure picked up by the indicator is the weakness of the innovation component of the West Midlands entrepreneurship ecosystem. As illustrated by the REDI indicator as to the Aspirations pillar, including process innovation, process innovation and technological absorption, West Midlands's entrepreneurship ecosystem presents a lower score in comparison with other EU regions in the percentages of firms offering new products or new technology as well as regional absorptive capacity, technology transfer and technology development. If more additional measures are not put in place to support the innovative potential of its entrepreneurship ecosystem, the West Midlands economy in the long term can be hampered, as innovation results translate into higher economic prosperity. The West Midlands should implement measures empowering people to innovate, enabling people throughout the economy and society to participate in innovation. However, also, given the service-driven economy with a particular focus on Business and Professional Services, the West Midlands should consider supporting mixed modes of innovation and intangible investments, from non-technological innovations (marketing, organisational) innovation to other complementary measures such as public-private cooperation or co-patenting.

(For further details and references see here.)

Covid-19: How can SMEs innovate their way out of the crisis?

Prof Mark Hart, Enterprise Research Centre and Aston Centre for Growth, Aston Business School

All businesses will be impacted by the COVID-19 pandemic. Some sectors may benefit financially, while others will suffer huge losses. Those countries with more service-oriented economies, like the UK, will be more negatively affected and will suffer larger negative employment effects. The UK economy was not in great shape coming into the COVID-19 crisis, after experiencing years' of little growth and investment, due to the uncertainty of Brexit.

While we await the official data to confirm that the UK is currently in recession it is becoming clear the Office of Budget Responsibility's (OBR) forecasted 35% downturn in economic output between April and June as a result of the COVID-19 crisis is likely to be realised.

Early Government figures, most of which cover the period before the 'lockdown' on 23rd March, are just an early indication of the scale of the economic problems and associated issues we will have to face for the rest of 2020 and beyond. The ONS Business Impact of COVID-19 Survey (BICS) found that 25% of businesses had closed temporarily and 0.4% had permanently closed. Researchers at the Enterprise Research Centre (ERC) have calculated that, as part of work for the British Business Bank, this could easily translate into the loss of 85,000 firms and 1.2m jobs by September 2020 pushing the unemployment and claimant count even higher than it is now. At the time of writing, 8m jobs in over 1m firms have been 'furloughed' under the Government's Job Retention Scheme with £11.1bn claimed so far, giving an indication of the size of the 'pause' button on the economy.

The obvious comparison many commentators are making is with the Global Financial Crisis (GFC) in 2008-9 and the relatively quick recovery in some economic indicators such as employment and business start-up rates. But perhaps a more relevant comparison is with the scale of the economic downturn of the 1980s, with the collapse of the UK's industrial sector. In that context, rather than seeing a V-shaped downturn and rebound as some economists such as the OBR have predicted, we could instead see an L-shape recession dragged down by a net loss of companies over a long period.

The response to date by the UK Government has been unprecedented with a series of eight or nine mini-budgets - since the official one on 11th March - to put in place a substantive package of support for UK firms and the self-employed. Overall, this assistance package could eventually cost the public purse around £330bn equivalent to 15% of GDP. However, there are still some obvious gaps and problems with the operation of particular schemes (i.e. Coronavirus Business Interruption Loan Scheme [CBILS] and the Self Employed Income Support Scheme, [SEISS]). The exclusion of 750,000 self-employed from the SEIS demonstrates there was a lack of understanding by Government of how the economy works.

It is foreseeable that we will continue to see a long, slow decline in the number of private sector firms that support millions of jobs across the economy. The next few months are likely to be the toughest period most entrepreneurs will ever experience. It is therefore imperative that problems with existing government support schemes are addressed quickly and confirmation that this support is going to be there until at least the end of 2020.

Innovation around business models will be crucial during the crisis and more importantly in the recovery phase as many hibernating small businesses seek to re-boot their business. The Centre for Growth at Aston University has been working with a number of small businesses who have been thriving in the current crisis – see insights from their experiences in a series of podcasts. While developing new channels to existing and new customers is a common feature of the interviews, so is new product development, as ambitious business leaders rise to the challenge laid down by the COVID-19 crisis.

There is an important group of small business leaders in the West Midlands who are determined not only to bounce back but to thrive in the current crisis, with innovation lying at the core of their strategy. For example, the Worcester-based Little Soap Company, which specialises in organic and ethical soap products, has had the challenge of dealing with an almost doubling of demand in the last three months, due to significant demand since the start of the pandemic. While catering company, Green Sisters, has developed a full seven-day set of meal parcels for customers in isolation, as they ensure the demand for Indian snacks for people with dietary restrictions are met.

But it's not only innovation in its broadest sense that will be crucial for the survival and growth of the small business sector. Ensuring the mental health of staff is crucial for social entrepreneur Rose Ginday (CEO, Miss Macaroon). The importance of individual as well as business resilience cannot be over-stated; something which is clearly at the core of Olu Orugboh's business ethos (Synergy Organisational Solutions – a specialist digital innovator) and the advice she gives to her clients.

The economic outlook may be pretty dire at the moment, but the UK has an amazing set of entrepreneurs and business leaders who are stepping up to the challenge presented by the COVID-19 crisis. These businesses have revisited their value proposition and identified opportunities for them to exploit and build their brand recognition.

It is therefore imperative that going forward into the medium and longer term future, Government seeks to lay out a clear strategy in how they will ensure SMEs are supported to pull through this crisis. This includes having the right package of support in place and flexibility within that, to give SMEs the space they need to innovate, adapt and grow their business models. As we adapt to a new way of working, Government has a responsibility to ensure our diverse economy of businesses can grow and remain highly valued in our culture of consumers; who in the UK often seek to support independent business and value their creative and innovative approaches and products.

Read the original version here.

SMEs, the Covid-19 crisis and productivity

Prasanta Dey, Aston Business School

Initial findings from a survey with 192 owners, managers and employees of (SMEs) in the UK, captured through online questionnaires on the effect of current economic situation and their personal circumstances on the performance of SMEs they owned, or they worked, conducted by researchers at Aston Business School, show that SMEs are overwhelmed by income concerns. Financial instability due to uncertain demand and supply is a major factor explaining increased anxiety, declined wellbeing and decreasing individual and organizational productivity. The second most important predictor of productivity identified is 'working from home man-days', which affects productivity negatively i.e. the more employees are asked to work from home the lower could be the productivity. Further, they find contrary to previous research that in times of crisis securing basic income needs becomes a greater concern than the overall wellbeing together with the work mode, which plays a critical role in ensuring that firms remain productive.

The study also explores a few new constructs to critically assess the factors affecting mental well-being, which are either unknown or under-researched and not previously considered in the mental health and workplace well-being literature or frameworks. This study has found the following new constructs, which may significantly affect mental well-being of SMEs employees in these unprecedented and uncertain times: (1) social distancing at workplace and clarity in organizational strategy; (2) organisation leadership, responsiveness to change and efficiently communicating the response to minimize uncertainty; (3) communication from the government and clarity within the communicated future strategy (economic and social) as the lockdown is being incrementally lifted.

The Impact of the COVID-19 recession for Further Education course leavers

Alex Smith

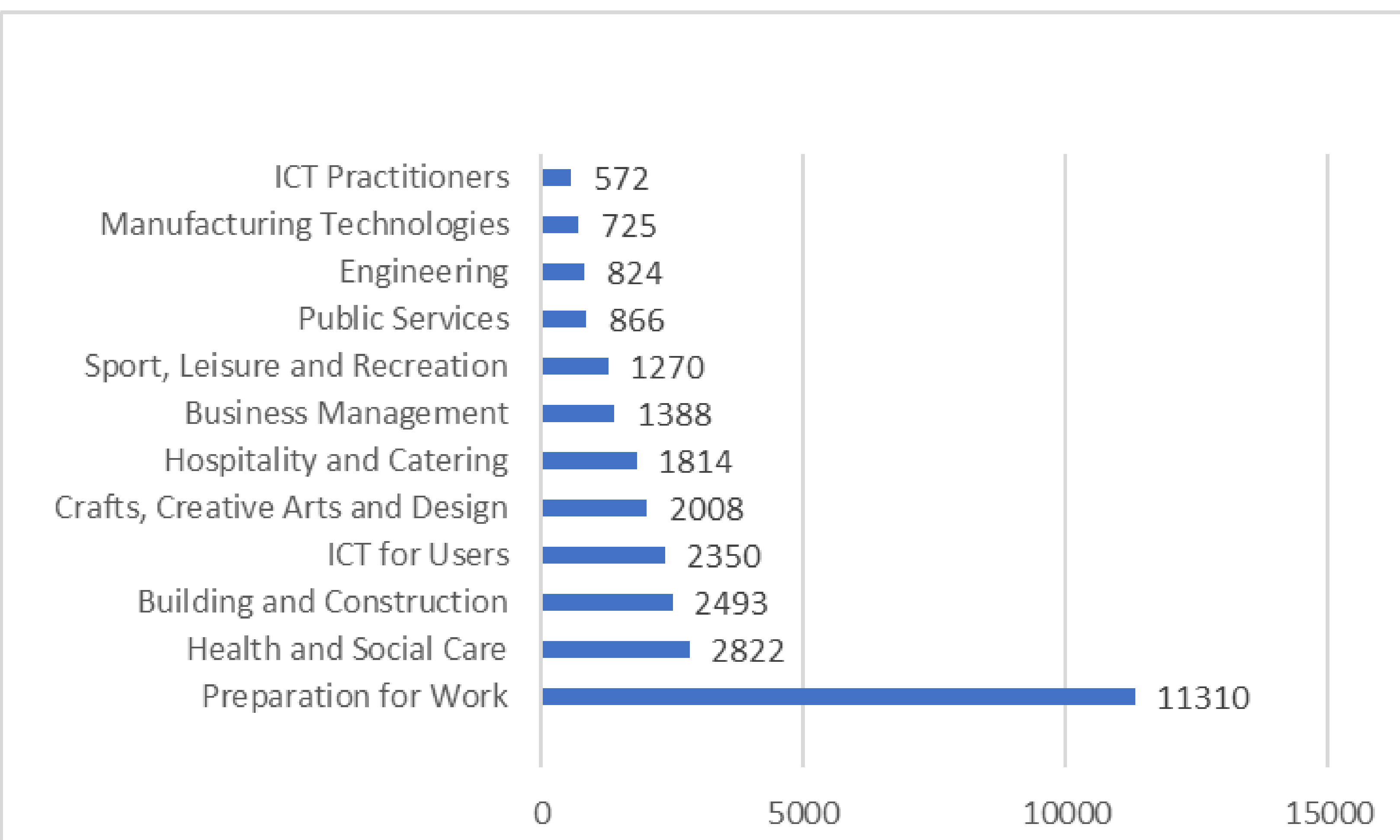
The COVID-19 recession has serious implications for the skills system, with thousands of students, many of them young people without prior employment experience, entering a job market which in the near term has comparatively little to offer them. The number of youth claimants (aged 18-24) is already significantly above the UK average in parts of the region as of April 2020 (11.0% in Black Country LEP, 8.3% in Greater Birmingham and Solihull LEP, 4.7% in Coventry and Warwickshire LEP, 6.6% UK-wide).

The result may be unemployment for many who will have completed their courses of study in recent and coming months, as well as a greater demand for further education (FE) from those hoping to improve their prospects.

As the changes in the makeup of the FE system in the past few years are modest, data on further education funding and provision from the Education and Skills Funding Agency (ESFA) for 2019 gives a good indication of what the 2020 February-July student cohort will look like. Note that the figures in the charts below indicate total course completions by category, not individual students.

Course Structure

For courses relevant to immediate employment, we can expect successful course completions in the subject areas shown in the chart below to predominate.

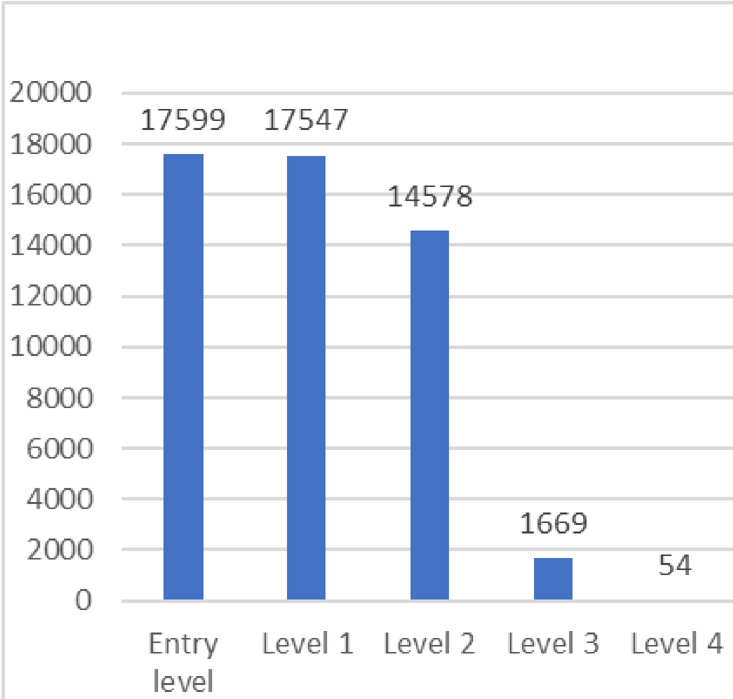


The chart indicates the total achievement count of further education qualifications in the WMCA area from February to July 2019 inclusive, by subject. It indicates the large numbers likely to be affected by the weaker labour market in general and the lockdown restrictions in particular (given the significant proportion studying hospitality and catering or sport, leisure, and recreation.)

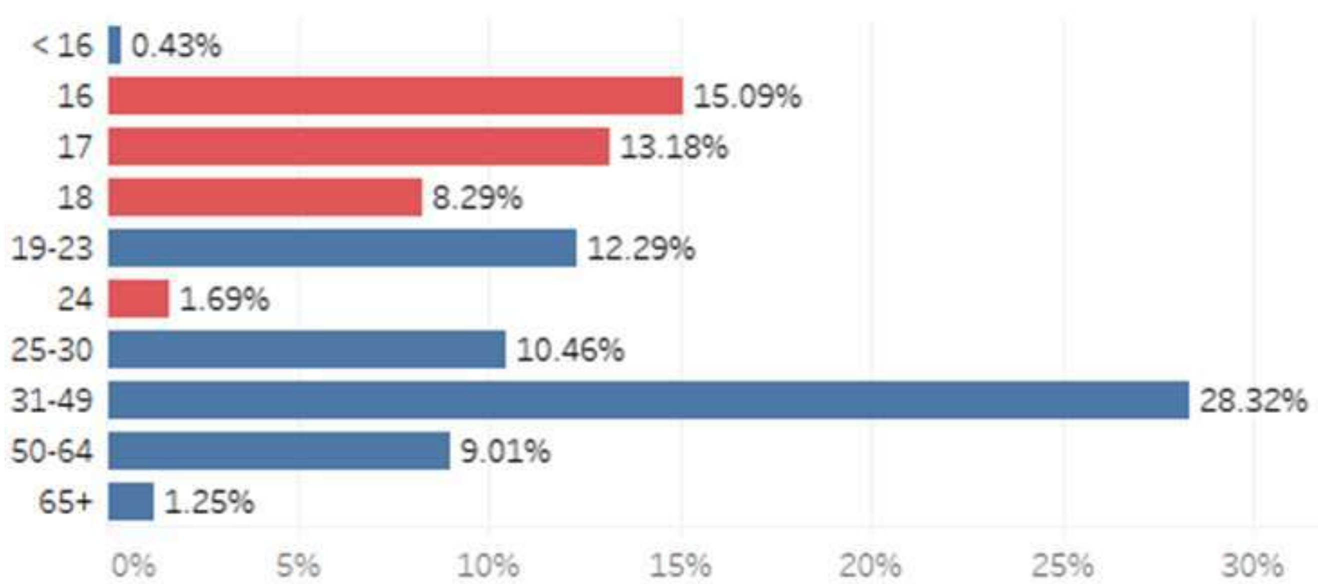
Achievements by NVQ Level

Nominal NVQ levels can be used to place vocational, technical, and academic qualifications on a single scale, by matching them to NVQs (National Vocational Qualifications) of the same level. This allows us to understand and contrast changes in overall skills levels in the region.

Further education in the WMCA area is concentrated at the lower end of the skills spectrum (i.e. Entry level and Level 1 - as shown in the chart below), raising the additional concern that new entrants to the job market may struggle to compete with more experienced candidates who have previously worked in the field and have recently lost their jobs.



The preponderance of young students leaving further education, their larger share in the jobs lost during the lockdown, and their disadvantages in skills and experience, pose the risk of a generation scarred by long-term unemployment.



The chart above indicates the proportion of FE students that fall in each age range, and is based on data for the full 2018/19 academic year. Note that the age ranges are not equal; bars in red indicate single year age bands and blue indicate age ranges. Young people comprise approximately half of FE students, with 36.6% of FE students aged 16-18 (inclusive) and 14.0% aged 19-24.

Equity and Demographics

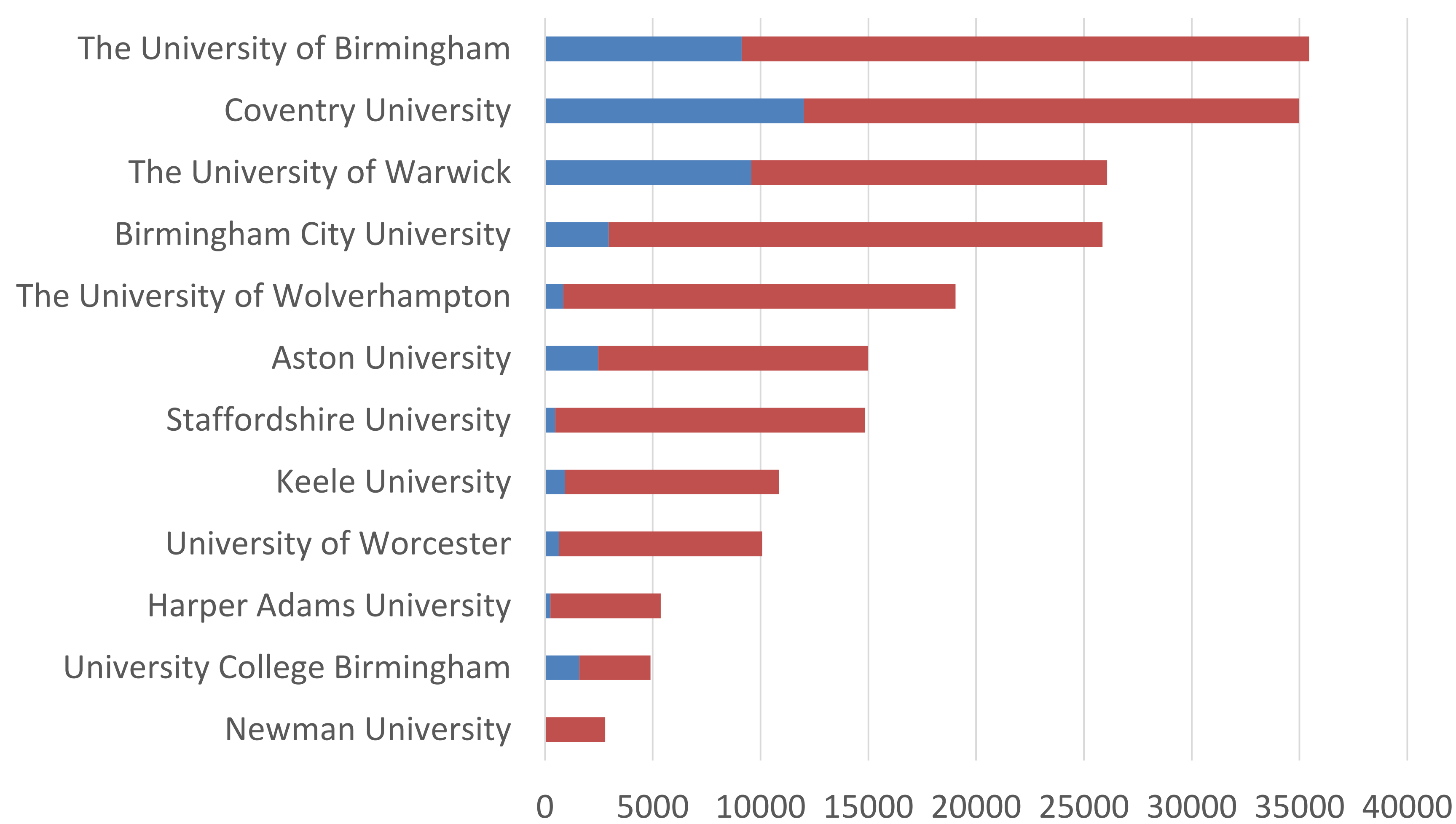
Asian/Asian British, Black African/Caribbean/British ethnicities comprise a larger share of FE students than their share of the overall population would predict. This raises the concern that poor employment prospects for the overall 2020 cohort may compound, or at least perpetuate, existing disadvantages by ethnic group. The summary table below comprises students of all ages in the West Midlands metropolitan area who successfully completed courses in the February-July 2019 period:

Ethnicity	FE achievers (count)	FE achievers (Proportion)	West Midlands Population (2011 Census)
Asian/ Asian British	7469	18.1%	10.8%
Black/African/Caribbean/Black British	5621	13.6%	3.3%
Mixed/ Multiple Ethnic Group	2274	5.5%	2.4%
Not App/Known	656	1.6%	0%
Other Ethnic Group	1033	2.5%	0.9%
White	24280	58.7%	82.7%

Impact on the Higher Education System

Higher Education Statistics Authority (HESA) data indicates that in the West Midlands region (including the metropolitan area as well as Worcestershire, Herefordshire, Warwickshire, Shropshire, and Staffordshire) and metropolitan area alone, including the University of Warwick.

In the 2018/19 academic year there were **71,530** (57,945) graduating students, of which **46,140** (35,675) were undergraduates and **25,390** (22,260) postgraduates. These were distributed across the universities as follows, with the blue in each bar representing the share of students of non-UK domicile (i.e. international students):



This indicates a real challenge for student recruitment, concentrated particularly in universities in Birmingham and Coventry. A potential steep loss in recruitment of international students may seriously affect the amount of money brought into the local economy, impeding the recovery of businesses in these areas. Universities may also be vulnerable to a loss of domestic students if the online tuition in the next academic year is less attractive, or may have lose revenue if lower fees for online content are either imposed or become necessary.

Covid-19 and Impacts on Education and Training: Challenges and Opportunities

Anne Green, WM REDI

School closures and accentuated inequalities in educational achievement

Despite a move to online learning there is considerable concern about school closures leading to slower progress or a reduction in learning outcomes of students. This is an issue not only in England and the UK but internationally and has been an issue in past disease outbreaks around the world. The underlying problems here are the reduction in the availability of education services due to school closures and a lack of educational materials to use at home (especially for those in households facing financial hardship or where there is less family support for learning). There are also concerns in some quarters that there will be a reduction in the utilisation of schools (at least in the early stage after reopening) due to fear of school return/ emotional stress induced by the pandemic. There is limited evidence on mitigation measures – including how distance learning/ use of digital technologies impact on learning.

During wars and natural disasters attempts have been made to keep schools open as much as possible. A recent article in the Economist has highlighted how school learning time lost due to closures of schools during strikes and weather-related events has implications for educational achievement and may mean students are less likely to complete higher education. The evidence points to long-term implications of short-term closures. Clearly digitalisation enables ever more learning to take place online, but there are variations between student in access to technology and suitable study environments, as well as parental support. OECD analysis of 2018 PISA data reported by the Centre for Economic Performance report on the implications for educational achievement of Covid-19 school shutdowns shows that 40% of economically disadvantaged students in UK secondary schools had access to online learning platforms, compared with 70% of more advantaged peers.

There are particular concerns about skills development that is less easy to replicate online, including the development of social and emotional skills, including critical thinking and perseverance, that are important for educational success and that are also prized by employers. Again, evidence suggests that lockdown accentuates existing inequalities. Also on the theme of inequalities and the social outcomes of education, in the context of Covid-19 there is evidence from the OECD that healthy habits during confinement – including keeping in touch with friends and family – increase with educational attainment, while the incidence of depression decreases.

Research is underway to explore the educational implications of the lockdown in Birmingham (and elsewhere). The Birmingham Education and Covid-19 initiative is working on this topic with Birmingham City Council and other stakeholders. The research is focusing particularly on impacts on disadvantaged groups, those facing transitions in the education system and from school to Further Education (FE) and Higher Education (HE), implications for learning for student lacking/ with poor access to technology, and institutional and systems leadership issues.

The Education Policy Institute has formulated policy proposals to check the widening of inequalities and to help stop the existing attainment gap widening further. The proposals include:
making summer holiday provision available for all children;
increasing pupil premiums for one year in order to provide extra support for students facing transitions or national examinations;

- extending vocational courses for 16-19 year olds for an additional year
- greater flexibility for apprenticeships – in the context of temporary cessation of some schemes;
- extending maintenance loans; and
- greater support for adult reskilling – including relaxing eligibility rules for the Adult Education Budget, including allowing those aged over 24 to take a second Level 3 qualification.

Universities face particular challenges – including:

- lost income from accommodation, catering and conferences (affecting all universities)
- a significant fall in international students; and
- a possible rise in deferrals of domestic students.

Opportunities

The Covid-19 pandemic also brings with it opportunities. There may be some benefits if a switch to online education encourages greater interaction with technology and more efficient learning and teaching practice, but these benefits are as yet unknown and unquantifiable. Certainly disruption to the education and training system brings opportunities to expand digital offerings. Ideally such new offerings need to be based on what has worked well, and for whom, using digital tools. There are options also for innovative, digital pedagogical approaches such as simulators, augmented/virtual reality, or artificial intelligence. A vibrant EdTech industry might emerge.

More radically, in a Policy Exchange paper David Goodhart proposes that the Covid-19 crisis provides an opportunity to improve the alignment of the education and training system with economic and social needs in the UK. One of his proposals is that a new 'Opportunity Grant' of at least £3,000 should be made available for training or retraining. He proposes that these grants would be drawn down by training provider or FE colleges for individuals on employment-relevant courses from approved providers, with information on likely employment opportunities after a course is completed and on the average pay for people with that skill being used to help individuals navigate training choices and the labour market.

Other proposals include suspending the apprenticeship levy for new entrants and replacing it with a radically simplified model focused on school leavers (who are particularly hard hit by the Covid-19 crisis) and young people up to the age of 24, with Government and employers splitting the full cost on a 50:50 basis. He also suggests that the Covid-19 crisis provides an opportunity to promote greater collaboration between the FE and HE sectors.

There is also an opportunity for the HE sector to promote and give greater impetus to the idea of lifelong learning. Goodhart proposes that as a one-off measure for one year the Government could consider making all courses provided by British universities free to any citizen aged 25 years and over.

Overall, the Covid-19 crisis points to the need to build system resilience to reinforce the adaptability and responsiveness of education and training systems. There is a question of how investment needed will be financed and the skills for effective delivery developed, but the response to moves to online learning over the last two months have pointed to what can be achieved in a crisis. An OECD analysis of the impact of the COVID-19 crisis on vocational education and training (VET) systems and of the responses in VET systems highlights how different countries have made increasing use of Increasing use of online and virtual platforms; training breaks or extensions; wage support for apprentice retention; flexible skills assessment and awarding of qualifications, including recognition of prior learning, retraining of redeployed workers; and closer engagement with employers and trade unions (locally and nationally), so highlighting the importance of partnership working.

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OECD (2020) VET in a time of crisis: Building foundations for resilient education and training systems.

Other Intelligence

Vacancies

Job posting analytics from EMSI show that unique job postings in the West Midlands (NUTS 1 region) continue to decline vis-à-vis the position one year earlier. Since 18th May such unique postings are down by around a third.

Recruitment agencies dominate the list of organisations posting jobs ranked by volume, but the NHS and major supermarket chains also appear on the list. In occupational terms the largest volumes of job postings are for Nurses and for Care workers & home carers.

Data for the GBS LEP area shows that since 7th March (about the time when social distancing was actively discussed) unique job postings have fallen by 38.5% relative to the previous year. Declines are evident across all nine major occupational groups. In relative terms the largest declines are recorded for Process, plant & machine operatives; Administrative & secretarial occupations; Skilled trades occupations; and Sales & customer service occupations. The smallest relative decline in in Caring, leisure & other service occupations.

Claimants

There was a 850,000 increase in the claimant count in the UK between March and April 2020.

Local analyses by Tasos Kitsos shows that at local authority scale places that have had traditionally above average shares of claimants as a proportion of the resident population aged 16-64 years continue to do so. Wolverhampton and Birmingham score 9% on this indicator (placing them amongst the local authorities with the highest scores of any local authority districts in the UK. Between 2019 and 2020, Wolverhampton and Birmingham recorded 3.4 percentage point and 3.0 percentage point increases in the share of claimants as a proportion of residents aged 16-64 years, compared with an average increase across the UK of 2.4 percentage points.

Supply chain challenges

(Drawn from a blog by Prof Ed Sweeney, Aston University, on the impact of COVID-19 on freight and logistics supply chains.)

Food and drink supply
Ongoing research Aston Logistics & Systems Institute is mapping food and drink supply chains in the Midlands. Finely tuned food supply chains ("from the farm to the fork") are not designed to cope with the spike in demand that occurred at the beginning of the lockdown. A demand amplification phenomenon (or bullwhip effect) occurred where relatively small variations in consumer demand had a disproportionately large impact on upstream product demand and inventory holding. There was turbulence as major supply chain reconfiguration that had been put into place with remarkable speed to cater for big increases in demand through some channels (e.g. online and convenience stores) at the same time as vast swathes of the food consumption ecosystem simultaneously came to a standstill (e.g. cafes, restaurants, work canteens).

There followed significant concern about labour availability on British farms over the spring and summer. This prompted the development of campaigns such as #FeedTheNation and calls for the mobilisation of a "land army" to help. This phenomenon has the potential to disrupt UK food supply chains at source, threatening food security and putting upward pressure on prices.

Medical supply chains
The Covid-19 pandemic has put medical supply chains under close scrutiny. In particular, there has been significant media coverage of concerns expressed by frontline healthcare staff in relation to shortages of personal protection equipment (PPE). In this context, the current crisis has called into question the very supply chain models that form the backbone of modern healthcare. Yet pharmaceutical and other medical supply chains are fragile – and Covid-19 has tested their strength. Just-in-time (JIT) principles have hampered hospitals responding to the coronavirus pandemic.

Personal Protective Equipment (PPE) distribution challenges
In one of their recent regular updates, the NHS Supply Chain noted delivery over a two week period of almost 400 million pieces of PPE to NHS trusts and over 58,000 healthcare settings including GPs, pharmacies and community providers[12]. This included delivery of over 45 million units – more than 5 million aprons, 1 million face masks, 6 million surgical masks and 21 million gloves – to 280 trusts and providers in a single day. Here complexity combines with unprecedentedly high levels of global PPE demand. This requires some serious re-imagining of global healthcare supply chains aimed at building future resilience. Mass testing requires supply chains to having the capacity to deliver a huge level of testing capability.

Yet much of the UK engineering supply chain has demonstrated its agility by repurposing to produce PPE to tackle shortages.

Weekly Deaths Registered: 15th May 2020

The following analysis compares the latest time period (week of the 15th May 2020) to the previous week period (week of the 8th May 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 increased from 12,657 in the week of 8th May to 14,573 in the week of 15th May. The number of deaths register that state Coronavirus on the death certificate has experienced a decrease from 3,930 people to 3,810 people.

Regional level analysis shows that the West Midlands overall registered death figure has increased from 1,326 in the week of 8th May, to 1,502 in the week of 15th May. The number of registered deaths related to Coronavirus has decreased from 443 to 382 over the same period.

There was a total of 1,027 deaths registered across the WMCA (3 LEP) area in the week of the 15th May. There were 260 deaths registered that were related to Coronavirus over the same period – this accounts for 25.3% of total deaths. The WMCA (3 LEP) area accounts for 68.1% of the 382 Coronavirus related deaths registered in the West Midlands Region.

In comparison to the week of the 8th May, the overall registered death figures across the WMCA (3 LEP) have increased by 130 people, with the number of deaths related to Coronavirus decreasing by 47 people.

At local authority level, Birmingham accounts for 21.9% (57) deaths related to Coronavirus in the WMCA (3 LEP), this is followed by Sandwell at 11.5% (30 deaths).

Of deaths involving Coronavirus registered in the week of 15th May, 48.5% (126) occurred in a hospital which has decreased when compared to the week of the 8th May at 56.4% (173). The number of Coronavirus related deaths that occurred in a care home increased in percentage terms from 36.2% to 42.7% in the week of 15th May, but remained the same in real terms at 111.

Place and number of deaths registered that are related to Coronavirus in the week 15th May 2020

	Care home	Elsewhere	Home	Hospice	Hospital	Other communal establishment	Total
Cannock Chase	2	0	0	0	2	0	4
East Staffordshire	3	0	0	1	5	0	9
Lichfield	1	0	1	1	3	0	6
Tamworth	0	0	0	0	1	0	1
North Warwickshire	0	0	0	0	1	0	1
Nuneaton and Bedworth	2	0	0	0	6	0	8
Rugby	8	0	0	0	2	0	10
Stratford-on-Avon	12	0	1	0	3	0	16
Warwick	2	0	0	0	2	0	4
Bromsgrove	6	0	0	0	4	0	10
Redditch	2	0	0	0	1	0	3
Wyre Forest	2	0	2	0	6	0	10
Birmingham	14	1	2	3	37	0	57
Coventry	6	0	1	0	8	0	15
Dudley	6	0	0	0	8	0	14
Sandwell	7	0	2	1	20	0	30
Solihull	16	1	0	2	5	0	24
Walsall	16	0	3	0	7	0	26
Wolverhampton	6	0	0	0	5	1	12
WM 7 Met	71	2	8	6	90	1	178
Black Country LEP	35	0	5	1	40	1	82
Coventry & Warwickshire LEP	30	6	7	6	20	6	75
Greater Birmingham & Solihull LEP	46	2	5	7	64	0	124
WMCA (3 LEP)	111	2	12	8	126	1	260

Digest of Selected Policy Papers on Covid-19

The following pages summarise key findings from an overview (see **Supplementary Material**) based on a systematic search undertaken by IDOX with additional searches undertaken of the OECD website. (Note that this represents a partial view – but nevertheless provides a useful summary.

The findings presented are a snapshot - it will be necessary to undertake regular update searches given that Covid-19 is a fast moving policy area. We have used policy categories developed by the OECD in their analysis of policy responses.

The tables in the supplementary material summarise key points and provide links to individual papers.

The overviews focus on:

- Innovation, Digitalisation and Supporting Innovative start ups
- Trade and Supply Chains
- Business and Key Economic Sectors Policy

- Governance
- Local/ Regional/ Cities
- Recovery and Resilience

- Education and Skills
- Self-employment
- Labour Market and Employment

Innovation, Digitalisation and Supporting Innovative Start-ups	• We include papers by OECD and Policy Exchange • Governments can deploy non-traditional approaches to science, technology and innovation policy making that draw on society's collective intelligence to find solutions to the coronavirus (COVID-19) crisis. Tools such as innovation prizes, prediction markets, and open-source solutions have shown value and are well-suited to immediately respond to today's crisis. • Policy interventions should tackle short-term challenges, supporting short-term liquidity and availability of funding, and foster the ability of start-ups to grasp new business opportunities that may arise during and after the pandemics. In the longer-term, policies that reduce barriers to entrepreneurship, provide incentives for start-ups, and boost entrepreneurial potential could help limit the detrimental employment and innovation effects of a missing generation of new firms and help speed up the recovery • To boost entrepreneurial potential it is important to promote entrepreneurship training, also in combination with benefits for displaced workers and lifelong learning, to facilitate (un)employment-to-entrepreneurship transitions, with particular attention to disadvantaged groups; promote university-business collaborations to facilitate industry applications of innovation and university-to-entrepreneurship transitions; promote network developments, including those linking job seekers and start-ups and those facilitating access to international markets; maintain investments in the start-up ecosystem, notably to ensure incubators and accelerators continue playing an important medium-term role in providing guidance, coaching, and mentoring to potential entrepreneurs and existing start-ups • Importance of data governance for digital and AI applications.

Trade and Supply Chains	• We include papers by the OECD that have tended to focus on supply of PPE • No single country produces efficiently all the goods it needs to fight COVID-19. Trade allows production to locate where it is most efficient, helping increase access to more goods at more affordable prices • The smooth operation of transportation infrastructure and logistics, especially air cargo, is critical to support the personal protection equipment (face masks) value chain during the crisis. • Free trade and trade facilitation are not enough to solve the current shortage; an important increase in supply is required in the short-term, requiring government planning and incentives for firms to convert existing assembly lines and create additional capacity. Certification procedures should be expedited. Reducing import barriers on imports of COVID-19 products, even if temporarily, would also help • It would be excessively costly for every country to develop production capacity that matches crisis demand and encompasses the whole value chain. An alternative, more effective and cost-efficient solution in the long-term may involve the combination of strategic stocks; upstream agreements with companies for rapid conversion of assembly lines during crises • COVID-19 pandemic call for urgent policy responses to support households and firms alike, but how this support is designed will be critical in ensuring that it does not result in enduring global market distortions. Support packages that are time-limited, targeted, cash-based, and consistent with longer-term objectives are the basis for ensuring a sustainable recovery. Transparency of support packages is critical for public trust, but also once the crisis is over in order to foster accountability. • There are four things we can do: (a) boost confidence in trade and global markets by improving transparency about trade-related policy actions and intentions; (b) keep supply chains flowing, especially for essentials such as health supplies and food; (c) avoid making things worse, through unnecessary export restrictions and other trade barriers; and (d) even in the midst of the crisis, think beyond the immediate.

Business and Key Economic Sectors	• We include papers by Institute for Public Policy Research and the OECD. • IPPR sets out how policy makers might use the HINDSIGHT TEST which includes the following questions 'how will we view this support programme with the benefit of hindsight – in 12 months and in five years?' 'how can we add to current design and planning to ensure perceived success?' • IPPR also proposes that this might be THE RIGHT TIME FOR A NATIONAL WEALTH FUND that could act as vehicle for investing in businesses so that they able to survive and recovery form COVID 19. The fund could also provide a vehicle in the medium term for improving corporate governance, support sustainable and inclusive growth and as basis of improved distribution of assets in the economy as well as providing a safety net to fund social welfare in the future. • The OECD has undertaken analysis of the insurance sector and where government could step in. • The OECD Working Party on SME and Entrepreneurship is collating responses to COVID with the aim of sharing good practices and learning. The WPSME regulates updates its document on the OECD website. • The OECD also sets out the economic case for where it is appropriate to make equity injections into ailing companies and sets what might constitute good practice in doing so. • The OECD Centre for Responsible Business Conduct (RBC) has set out an approach to the COVID-19 crisis will help companies build resilience and long-term value that covers: (a) Social dialogue, industrial relations and stakeholder engagement; (b) Worker leave, benefits and access to healthcare; (c) Environmental, health and safety management; (d) Corporate governance related to disaster preparedness, continuity and contingency planning; (e) Supply chain management; (f) Disclosure; (g) Stock price and long-term value; (h) Access to emergency funds and capital; (i) Mitigation of crisis-related legal risks and (k) Protection of brand value and reputation • The Centre also sets out the following RBC policy considerations that are emerging as particularly relevant for managing the short-term and long-term response to and recovery from the crisis: (a) conditionality in emergency or relief funds; (b) investing in value creation; (c) enabling dispute resolution and access to remedy to ensure accountability; (d) promoting supply chain resilience and security of supply; and (e) leveraging public procurement. • The OECD has prepared briefing specifically on the tourism sector.

Governance	• We include papers from the OECD • The Secretariat in consultation with the Chairs and the Bureaus of the Regulatory Policy Committee and the Network of Economic Regulators have prepared a note that makes the following points: (a) Regulatory decisions are vital at nearly every stage of resolving the health crisis and its social and economic effects; (b) In a context where consulting with all potentially affected parties on urgent measures is challenging, policy makers may rely on advisory groups consisting of experts from all relevant areas; (c) Co-ordinating government policies will make crisis response more effective and they are already tried and tested tools that be used to support this; (d) The effectiveness of the adopted measures hinge on the quality of regulatory enforcement which needs to be is proportionate to the level of risk to limit unnecessary administrative burdens on citizens, businesses and the public sector; (e) use of innovative approaches such artificial intelligence and big data and factoring drivers of human actions can make policies more effective. • Public integrity is key to a resilient response to the COVID-19 crisis, ensuring that government action benefits those in need. • A Special Session of the Working Party on Public Employment and Management held on 15 April identified COVID as providing opportunities to move toward lasting agility in the public service and sets out a number of actions to support this.

Regional/ Local/ Cities	• We include papers from the OECD. • International Transport Forum have developed a brief on transport infrastructure may be restructured. • The OECD Trento Centre for Local Development have described the SME policies responses of the Italian government • The OECD provides evidence on the importance of local action to help address the short-term and long-term consequences of the coronavirus (COVID-19) outbreak and explores the potential game changing nature of this outbreak for local development going forward. • The OECD Centre for Entrepreneurship, SMEs, Regions and Cities (CFE) in collaboration with the OECD Working Party for Urban Policy and the OECD Champion Mayors Initiative for Inclusive Growth have developed a brief on Cities Policy Responses that covers: (a) social distancing; (b) workplace and commuting; (c) vulnerable groups; (d) local service delivery; (e) support to business; and (f) communication, awareness raising and digital tools. It also includes information on how cities are progressively exiting the lockdown and on lessons learned in terms of density, mobility and digitalisation. It concludes with action-oriented guidance to build back better cities, building on previous work on urban resilience.

Recovery and Resilience	• We include papers from CLES, OECD, Tony Blair Institute for Global Change and University of Warwick • CLES sets out a community wealth building approach is underpinned by five pillars for recovery and provides framework of practice covering three response phases (rescue, recovery and reform). • The OECD has undertaken a review on how policies shape a country's economic resilience to shocks. Focuses on monetary policy, fiscal policy, financial market policies, tax policy, labour market policies, product market regulations and housing market policies. • The OECD has produced a briefs involving social partnership and the importance of local action to help address the short-term and long-term consequences of the coronavirus (COVID-19) outbreak as well as series of briefs to support resilient healthcare. • The Tony Blair Institute for Global Change has provided an assessment of different policy options for exiting COVID lockdown. • Academics at the University of Warwick have proposed 'release' from lockdown of the young cohort of UK citizens aged between age 20 and 30 who do not live with parents. .

Education and Skills	• We Include papers from the OECD
	• The OECD sets out what the potential social outcomes of closing education establishments and the linkages between educational attainment and wellbeing in adulthood (e.g. share of adults with depression decreases with educational attainment; healthy habits during confinement such as including keeping in touch with friends and family increases with educational attainment).
	• While locked down disrupts vocational education and training it has created opportunities to expand digital offerings and to build a more resilient system.
	• OECD policy guidelines on schooling in the short-term emphasis ensuring safety, assessing progress; mitigating the impact of learning losses; ensuring well-being of students, teachers and families. The guidelines also note the power of the physical interaction for learning; the need to support the most vulnerable during school closures and take actions to the address the fragility of children struggling with a concentration of disadvantage. In the medium term (next 12-24 months) there is are policy opportunities including; (a) rethinking and rewiring system including harnessing innovation and identifying what has worked and for whom when using digital tools; (b) reimagining accountability and introducing innovation in assessment and certification; (c) reinforcing capacity in the system and professional development to equip administrators, school leaders and teachers with their diverse roles; (d) building system resilience by improving adaptability and responsiveness by preparing resources including broadband access and identifying alternative service providers to alternative provision during school closures and identifying what competencies will be needed to deliver newly organised teaching and learning provision. The immediate response and the development of new resilient systems is likely to require new funding and new funding mechanisms
	• The disruption caused by COVID 19 could provide the basis for a new EdTech industry. The Education responses to Covid-19 has included embracing digital learning and online collaboration. China has moved swiftly to provide online learning opportunities.
	• School closures offers an opportunity for experimentation and for envisioning new models of education and new ways of using the face-to-face learning time.
	  ○ Explore secure systems for taking exam from home
	  ○ Explore different time and schooling models
	  ○ Empower teachers to make the most of digital advances.
	  ○ Use the variations within and across countries to learn.

Self-employed	• We include papers from Enterprise Research Centre, House of Commons Library and Policy Exchange • The Enterprise Research Centre identified four types of self-employed worker and four ways how support can be improved including: (a) let new self-employed complete a tax return before 5th May deadline for eligibility to SEISS in June; (b) relax Universal Credit criteria; (c) extending grants to self-employed and (d) removal of the mortgage holiday hangover • The House of Commons Library provided a review of the evidence to support discussion around Self-employment Income Support Scheme (SEISS) before its introduction • The Policy Exchange argues that government can intervene to support self-employed with little financial cost as measures can be financed through printing money. The cost of borrowing is low. The Bank of England could provide direct cash transfers into company bank accounts.

Labour Market and Employment	• We include papers from Autonomy, Institute for Employment Studies, the OECD, the Resolution Foundation • The policy paper by Autonomy predates the furloughing of staff and support for the self-employments and set out four approaches to guaranteeing income. • The Institute for Employment Studies sets five policy recommendations for recovery from COVID 19. These include: a) Investment in new active labour programmes for those out of work – including rapid re-employment support for the newly unemployed;) a new Back to Work Service for the long-term unemployed and disadvantaged comprising; partnership co-ordination with local stakeholders; a targeted ‘Back to Work wage subsidy’ of £3,000. b) Refocusing skills and training to support the recovery – including a significant expansion of pre-employment, job-focused training as part of the Back to Work offer, where there will be rising demand and is a strong evidence base; investment in high quality, timely and responsive advice and guidance; working in partnership locally and devolving where possible; co-design and co-investment with employers and social partners; targeting support on those who may otherwise not benefit, including by ensuring that in general, apprenticeships support new entrants and re-entrants to the labour market c) An integrated and coherent offer for young people. Recommend that local and national government should work together to test a new, integrated Youth Employment and Skills Service, bringing together youth employment, training, skills and welfare support, building on the MyGo model tested in 2014-17. In the shorter term a youth education, employment and training guarantee – based on high quality support, a choice of options and a guaranteed job, apprenticeship or training place; specialist support for the most disadvantaged; considering the case for reintroducing maintenance support for low income learners, which increased attainment particularly for the most disadvantaged; improving access to apprenticeships – including potentially by reintroducing an employer grant for taking on young people. d) An orderly withdrawal from the Job Retention Scheme with a proposed timeline that needs revisiting in light of recent developments e) A new, partnership-based, ‘Back to Work’ campaign - working in partnership with local areas - new Back to Work Partnerships, bringing together local and national government, employers, Jobcentre Plus, further and higher education institutions and other key local stakeholders. Where possible, these should use existing local partnership arrangements (for example Skills Advisory Panels). Central government should also look to devolve power and money to local areas where feasible; build on well-established engagement with employers on skills and industrial policy, so this should be built on in the recovery. • The OECD observed in most countries public employment services (PES) needed to become agile and pro-active in responding to the COVID-19 crisis and stressed the importance of supporting up-skilling and re-skilling and preparing workers and jobseekers for the post-COVID-19 labour market. This includes: ○ Use of short-time work (STW) schemes to prevent unemployment ○ Prioritise and streamline unemployment benefit application procedures while scaling down and suspending other non-essential services in the short term ○ Encourage jobseekers to remain active by providing timely career information and guidance services, offering online training courses, updating information on job vacancies and facilitating matching ○ Set up medium-and longer-term strategies to address possible high caseloads and a new composition of clients • The OECD early on summarised different policy options to reduce workers’ exposure to the COVID-19 virus in the workplace (e.g. relaxing existing regulations, introducing new options for teleworking and providing SMEs support in introducing teleworking; collaborating with technology companies to develop new solutions and co-production of guidelines with unions and employers) • The Resolution Foundation advocates Coronavirus Job Retention Scheme to cover shorter working hours which is being introduced with new flexibilities to the scheme.

Appendices

- ONS Weekly Indicators
- LEP Level Local Business Intelligence

ONS Weekly Release Indicators

On the 21st May 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 the final results from Wave 4 of the Business Impact of Coronavirus Survey, the final results for Wave 9 of the Opinions and Lifestyle (OPN) Survey and weekly management information on Universal Credit claims and advances for the 1st March to 12th May.

Business Impact of the Coronavirus

The final results from the fourth round of the Business Impact of Coronavirus (COVID-19) Survey (BICS) show that of the 18,506 businesses surveyed across the UK. Unless stated, the following data is based on the period between 20th April to the 3rd May 2020 and regional breakdown is available where stated.

Trading and Financial Performance

Less than 1% of UK businesses reported they have permanently ceased trading with 20% temporary closed or paused trading and 79% continuing to trade between 20th April to the 3rd May. The figures for the West Midlands show that 82.5% have continued to trade through this period, and 17.2% have temporarily closed or paused trading. However, of the businesses that reported trading, 6% reported they had started trading again in the reference period.

28% of West Midlands trading businesses reported their turnover had decreased by more than 50%, compared to 25% of businesses in the UK, however 24% of trading businesses in the West Midlands reported that their turnover was within normal range – the figure for UK businesses is 31%.

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 (compared to 1.2% across the UK), and 1.8% of businesses had stopped importing (compared to 1.7% across the UK).

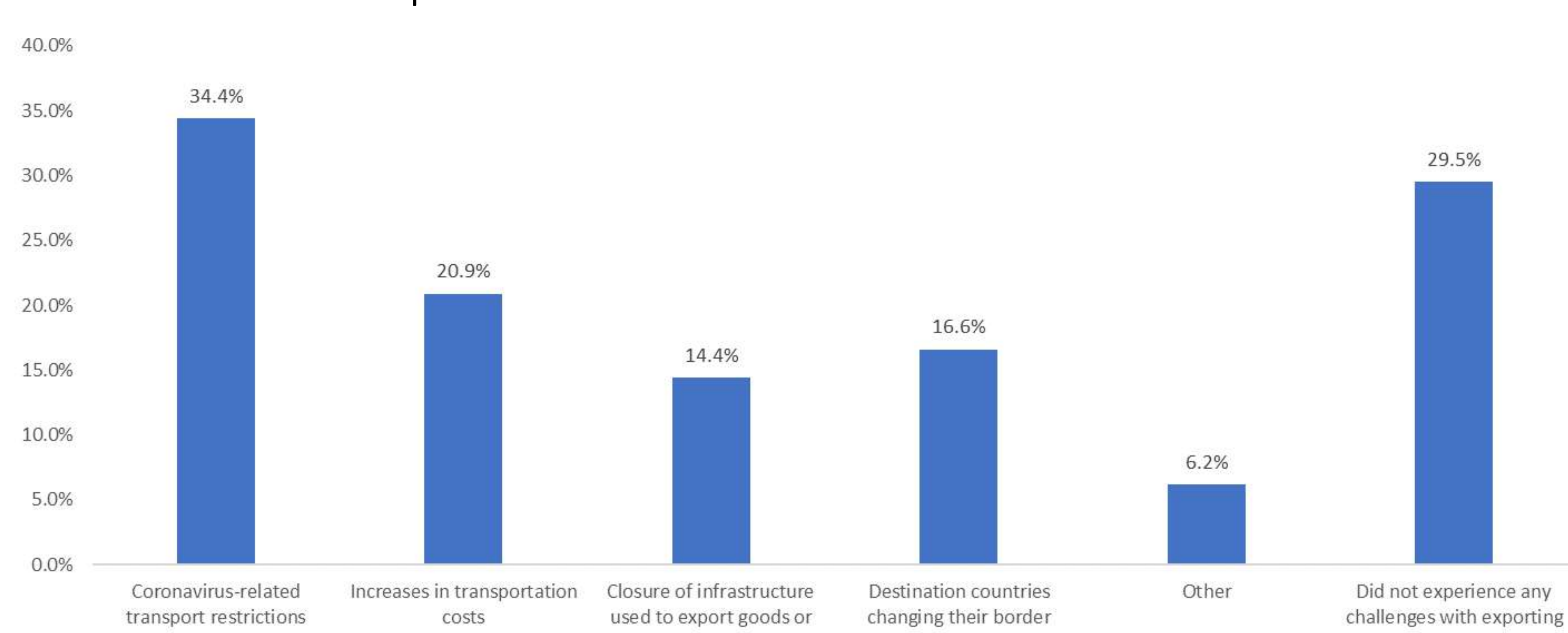
Nearly 74% of exporting businesses in the West Midlands, and 72% in the UK, reported their businesses were still exporting but less than normal. Of those businesses who continued to trade and import, 65% in the West Midlands were importing less thran normal, compared to 60% across the UK.

19% of West Midlands businesses who were exporting reported that they had not been affected, compared to 18% across the UK, and 23% of West Midlands importers said that importing had not been affected, compared to nearly 28% across the UK.

2.2% of businesses in the West Midlands are exporting more than normal, compared to 3.3% in the UK. The figures for importing more than usual are 3.0% and 3.2% respectively.

For exporting businesses, 34% reported that the main challenge was the Coronavirus-related transport restriction, and 21% reported challenges with the increase of transport costs. However, 30% reported no challenges at all with exporting.

The following graph shows the main challenges that exporting businesses faced during 20th April and 3rd May:



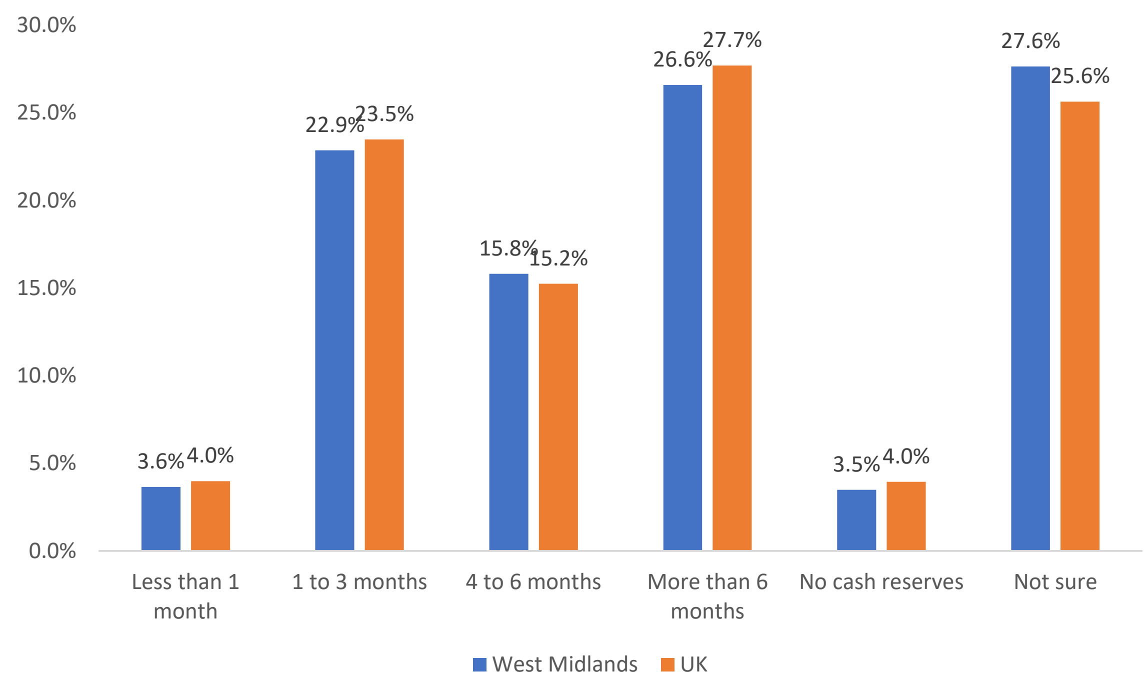
Government Schemes

The top government scheme that businesses in the UK are applying for who have not permanently stopped trading is the Coronavirus Job Retention scheme (76% compared to 82% in the West Midlands). This is followed by deferring VAT payments (59% and 70% respectively).

Cash Flow

3.5% of West Midlands businesses that have not permanently stopped trading have no cash reserves. For the UK, this figure is 4.0%.

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



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. Wave 9 covers the period of 14th to 17th May.

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 9, covering the period 14 May to 17 May 2020. In this wave, 2,010 individuals were sampled, with a response rate of 50% (or 995 individuals) for the survey. The data collection period for this wave of the Opinions and Lifestyle Survey has been reduced to 4 days from 10 or 11 days on previous waves.

This survey was completed after the changes to UK government guidance were announced on Sunday 10 May 2020, as well as the separate guidance issued by the devolved administrations for Wales, Scotland and Northern Ireland.

Concerns about household finances

25% of adults stated that Coronavirus was affecting their household finances. The most common concern on household finances continues to be a reduced income at 75%, with 17% using savings to cover living costs, and a further 9% borrowing money or using credit. 26% of people survey are unable to save as usual, and 24% have reported that their savings value is being affected by economic instability.

Staying at home and self-isolation

20% of adults reported to self-isolating in the past seven days, this increased to 35% when looking at people with any specific health condition, and to 44% for people aged 70 or older.

Working from home

41% of adults reported that they had worked at home over the latest survey period. 33% had completely worked from home and 8% had worked from home and travelled to work. 29% of adults reported they were travelling to work and had not worked at home.

Social Distancing

97% of adults have tried to stay at least two metres away from other people when outside their home in the past seven days.

91% of adults reported avoiding contact with older or vulnerable adults, within this 10% of people avoiding those to whom they provide care to.

Impacts of Wellbeing

The mean anxiety has decreased for all adults from 4.1 in Wave 6 to 4.0 in Wave 9. For those aged 70 years and over this has increased from 3.8 in Wave 6, to 3.9 in Wave 9. Those with any specific health conditions increased from 4.5 in Wave 6, to 4.7 in Wave 9.

The percentage of all adults that reported feeling lonely some of the time has increased from 16% to 18% from Wave 6 to Wave 9. For those aged 70 years and over this has increased from 12% in Wave 6 to 13% in Wave 9. Those with any specific health condition has decreased from 21% to 17% from Wave 6 to Wave 9.

Indicators of wellbeing between the periods of 17th April – 27th April and 24th April – 3rd May

Indicator	Group	14th May – 17th May	24th April – 3rd May	17th April – 27th April
Percentage reporting their well-being 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	43%	42%	48%
	70 years and over	34%	32%	39%
	Any specific health condition	55%	45%	51%
Mean anxiety score	All adults	4.0	4.1	4.2
	70 years old or over	3.9	3.8	4.0
	Any specific health condition	4.7	4.5	4.3
Percentage with high anxiety (score 6-10)	All adults	32%	33%	37%
	70 years and over	32%	29%	33%
	Any specific health condition	47%	40%	38%
Feeling lonely often/always	All adults	6%	5%	6%
	70 years and over	7%	3%	2%
	Any specific health condition	13%	10%	10%
Feeling lonely some of the time	All adults	18%	16%	16%
	70 years and over	13%	12%	13%
	Any specific health condition	17%	21%	18%

Unity, equality and Kindness

22% of adults believed that Britain was very or somewhat united before the Coronavirus pandemic. When we have recovered from the pandemic, 49% thought Britain would be united.

15% of adults thought Britain was very or somewhat equal before the pandemic, however after recovering from the pandemic this increases to 22%.

42% of adults thought Britain was very or somewhat kind before the pandemic, this increases to 61% once we have recovered.

Universal Credit

New individual claims for Universal Credit was steady at 10,000 and 16,000 each weekday for the first half of March 2020, this then peaked to 146,290 claims on the 27th March and now numbers have declined to 28,200 new individual claims on the 5th May.

At the start of March, claim advances were steady at just under 5,000 per day, this then peaked on 6th April at 35,280 and now numbers have decreased to 10,360 on the 12th May.

HEADLINES	
SECTOR	**KEY CONCERNS**
Cross-Sectoral	**Business Support Schemes:** **Small & Mid-Sized Charity Grants:** Clarity needed on when and how charities will be able to apply for this funding. **Local Authority Discretionary Grants Fund:** Limited guidance available for businesses about eligibility, application process and timeline. Concerns raised that it will be too small to meet businesses' needs and that key sectors, such as construction, will not be eligible. **Job Retention Scheme:** Continued positive feedback from businesses. Uncertainty over changes and employer contribution post-July. **Small Business Grants:** Still lack of understanding for some businesses as to whether payment is automatic and when payments will arrive. **Bounce Back Loans:** Difficulty accessing the loans for business which are not an existing business banking customer of the accredited lenders. When application has been made, payment has been prompt. **Self Employed** Concern remains from self-employed about access to finance.
Manufacturing	**Access to Finance** One manufacturer spoke of how helpful the bounce-back loan had been – referred to the process as a seamless one.
Creative	**Cross Theme** • Coventry & Warwickshire's Creative Industries sector is worth £726.5m and expected to be 46% smaller by Q2 2020. **Skills & Labour Supply** • Coventry & Warwickshire can expect to see a 13.6% reduction in the number of people working in the creative industries according to the ISER findings from 14,000 to 12,100.
Retail & Wholesale	**Access to Finance** • Lack of demand from food outlets being closed has hit some wholesalers hard.
Business and Professional Services	**Cross Theme** • The largest effected (absolute GVA values) industries for CWLEP are the computer consultancy and programming sectors due to the size of these sectors. These are both set to decline by 45%. **New Business Models** • Some businesses in need of advice as to how to modifying ways of doing business in this changing environment.
Charity	**Access to Finance** • Charities still struggling due to lack of fundraising opportunities. • There will be some time before fundraising events as usual can be held again – support will be needed to help support charities due to this lost income. • Furlough scheme has been of help.
Construction	**Access to Finance** Cashflow issues remain of high importance to many businesses in construction – particularly those who don't qualify for the property based grants due to their rateable value being too high & not being in the appropriate sector. General overhead costs and raw material costs have increased. One business spoke about the usefulness of the bounce-back loan.

NEW ECONOMIC SHOCKS			
COMPANY	**LOCATION**	**SECTOR**	**SOURCE/DETAIL**
Rolls Royce	National	Automotive, Engineering, Manufacturing	Rolls-Royce has confirmed plans to cut at least 9,000 jobs from its global workforce in a bid to save more than £1.3bn because of the impact of the Covid-19 pandemic. The manufacturing giant currently employees 52,000 people across the world. The listed company added that it will also cut expenditure across its plants and properties, capital and other indirect costs – View source
Arlington Automotive	Coventry	Automotive, Manufacturing	Representatives of Arlington Automotive, which was last week placed into administration, have hit back at claims from a union that the firm is "pushing disabled workers into the gutter". The GMB union says that Arlington, which is based in Coventry and Birmingham and also had a site in Derby, is withholding more than £1m in redundancy payments owed to disabled workers – View source

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NEW INVESTMENT OPPORTUNITIES			
COMPANY	**LOCATION**	**SECTOR**	**DETAIL & SOURCE**
Severn Trent	Coventry	Utilities	Severn Trent's turnover jumped to more than £1.83bn during its latest financial year, with the water company's pre-tax profits also rising. The listed business's turnover rose from £1.767bn to £1.843bn in the 12 months to 31 March 2020. Its profits before interest and tax also increased from £563.3m to £568.2m over the same period – Read more.
Coventry University	Coventry	Education	Coventry University has received a £25,000 funding boost from Santander to help support student-ran businesses during the Covid-19 pandemic. The university is partnered with the bank through the Santander Universities programme, which provides funding to support student enterprise, internships and care leaver bursaries – Read more.
Whiteley Brooks Engineering	Coventry	Automotive, Manufacturing, Engineering	A Coventry business has been working with one of the world's most iconic motorsport companies as part of the Ventilator Challenge UK Project. Whiteley Brooks Engineering in Brandon Road, Binley, which was established in 1965, usually supplies high-quality precision engineering parts for motor sport, medical, automotive, defence, diesel testing and new technologies sectors – read more.
Aston Martin	National	Automotive, Engineering, Manufacturing	Luxury carmaker Aston Martin Lagonda, employs 3,000 people across eight sites in the Midlands and South Wales. James Stephens, Director of Government and External Affairs at Aston Martin, discusses the safer working guidelines introduced to protect the employees and ensure they feel confident about returning to work at its St Athan site. "So far, around 600 of our staff have returned to work at the South Wales site, but we expect this to increase as we begin opening our other sites – Read more.
Deeley Construction	Coventry	Construction	A Coventry-based construction firm has landed a £2.1m contract to create a test facility which is set to transform car parking and help shape the future of motoring. Nuneaton-based global automotive engineering and development consultancy Horiba Mira is creating the UK's first facility to test and support the development of automated parking solutions: he business has now appointed Deeley Construction as the main contractor for the development – Read more.
Tecman Speciality Materials	Leamington Spa	Manufacturing	A Leamington manufacturer has launched a production facility dedicated to the manufacture of face and eye protection, a move it says will create a number of jobs. Tecman said the investment supports its vision to become a global leader in producing face and eye protection in the long-term. The new premises includes 10,000 sq ft of storage, a new automation system to streamline production, and state-of-the-art machinery to boost manufacturing capacity – Read more.
JLR	National	Automotive, Engineering, Manufacturing	Sales at Jaguar Land Rover's Special Vehicle Operations division surged 64 per cent during its latest financial year, new figures have shown. More than 9,500 high performance and luxury SV vehicles were sold in the 2019/20 fical year. The 575PS Range Rover Sport SVR remained the best-selling SV model, with demand continuing to grow through its fifth year of production, while launches of the 550PS Jaguar F-PACE SVR and Range Rover Velar SVAutobiography Dynamic – which both saw deliveries starting in 2019 – made significant contributions to the overall numbers – Read more.

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NEW INVESTMENT OPPORTUNITIES			
COMPANY	**LOCATION**	**SECTOR**	**DETAIL & SOURCE**
MedicBleep	Stratford-upon-Avon	Engineering, Medical Technologies	More than £800,000 has been raised by a company whose app is replacing pagers in NHS hospitals after its extended crowdfunding campaign came to an end. Medic Bleep, which is registered in Stratford-upon-Avon and is currently used by 4,200 NHS staff, raised £821,070 through 937 investors on Crowdcube ahead of its deadline. According to its crowdfunding page, more than £2m has been invested in the business by its directors to date. The app comes after the Department for Health introduced a ban on pagers from 2021 – Read more.
Thwaites	Leamington Spa	Automotive, Engineering, Manufacturing	Turnover and pre-tax profits rose at Warwickshire-headquartered dumper truck maker Thwaites during its latest financial year, according to newly filed documents. For the 12 months to 31 August 2019, the company has reported a turnover of £85.5m and profits of £12.6m, up from £82.6m and £11.8m respectively. Thwaites, which is based near Leamington Spa, designs and makes a range of trucks which can take loads of up to ten tonnes – Read more.
STS Aviation / Boeing	Birmingham Airport	Aerospace	120 jobs created by STS (90) and 30 by Boeing at Monarch's recently-built hangar. Project to refit 737's into five Wedgetail Airborne Early Warning (AEW) Mk1 aircraft Read more.

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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