West Midlands
Weekly Economic Impact Monitor

WM REDI | CITY REDI

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

Key Issues

- 496,200 people have been furloughed in the West Midlands which accounts for approximately 26.9% of jobs, with Birmingham in the top 5 affected cities
- There were 207,635 claimants aged 16 years and over in May 2020 in the WMCA (3 LEP) area – this is an increase of 36,390 claimants since April 2020. This increase equates to 21.3% for the WMCA (3 LEP) area compared to 26.6% growth for the UK. Since March 2020, the number increased by 90,045 people - a growth rate of 76.6%, while for the UK there was a growth of 110.9%. There were 41,225 youth claimants in the WMCA (3 LEP) in May, this is an increase of 8,775 compared to April 2020, representing an increase of 27.0%
- IFS suggested that planned increases in the UK minimum wage and national living wage should be reconsidered. The Institute said it was "hard to believe that it remains the right decision, given how many companies are struggling for survival". The Low Pay Commission, which advises the Government on increases to the minimum wage, said that it was considering whether the "emergency brake" should be applied to national living wage increases.
- The IFS has argued that the virus will exacerbate inequalities in the UK. Younger people and low earners will be economically disadvantaged because they are more likely to work in sectors that have closed and are less likely to be able to work from home. The IFS suggested that women may be more affected than men, and that children in state schools may be more affected than those in private schools. It called for a reassessment of "the value of mutual insurance, an effective welfare system and collective economic security".
- The Institute for Economic Affairs has also argued that coronavirus is very likely to lead to a "radical reconstruction of the welfare system". Amongst other measures, it suggested that the UK should consider introducing a universal basic income scheme to "guarantee" financial security for everyone.
- Relative to the size of the Creative Industries in 2019, the West Midlands is the hardest hit region in employment terms, with a projected 43% drop in creative jobs in 2020. In this region, we find the lowest recorded JRS uptake across the UK in the sector. 60 staff at Birmingham Hippodrome face redundancy.
- Nationally the FSB says 35% of all small businesses have remained closed during lockdown and 60% of retail businesses. 62% on the high street remaining closed. 60% say it would cost up to £1000 in terms of set up costs to comply with government guidance. 28% estimate between £1k to £10k. 20% don't think they can open at all. Implementation of Social Distancing measures remain a key concern, with many businesses not able to adapt and 20% of small businesses saying they cannot meet the criteria.
- Chambers and MakeUK report similar results for the last quarter - Output plunges to lowest level in 30 year survey history; UK and export orders are at lows comparable to financial crisis; Employment and investment suffer significant cutbacks; Just over 10% of companies are operating at full capacity; Industry forecast to contract by almost 10% in 2020; Employment balance dropped by -22; Investment intentions have flipped on head; Prices and exports have dropped and margins have collapsed further into negative territory as orders have disappeared cutting cash flow and profits.
- Some sectors of the economy, such as hospitality, tourism and entertainment, will be much more affected than others by the virus. Government should consider facilitating the "reallocation of people and capital" away from these sectors, for example by retraining programmes.
- The FT argues that financing for companies after the pandemic should have the characteristics of equity rather than debt, making the economy, as a whole, more stable.
- Government has also called on landlords to "offer support and understanding to tenants—and any guarantor—who may see their income fluctuate". Writing for the Financial Times, James Pickford suggested that landlords too will be facing a period of economic uncertainty.
- The Bank of England said that banks' capital reserves are "more than sufficient to absorb the losses" under the Bank's illustrative scenario. This, the Bank stated, was despite expecting the banks to suffer "significant credit losses".
- There have been calls for the Government to extend the Brexit transition period because of coronavirus. The Bank of England said that its economic scenario analysis depends on a "comprehensive free trade agreement" with the EU.

Global Outlook

The Trump administration is reportedly toying with the idea of injecting the economy with a $1 trillion infrastructure proposal. This forms part of the administration's wider efforts to bring the U.S. economy back to life following substantial contraction. A large amount of the stimulus package would be reserved for traditional infrastructure work, such as rail and road, with funds side aside for 5G wireless infrastructure and rural broadband.

The markets in Asia are posting a mixed trading session after Europe's Stoxx 600 had its best day for about a month on Tuesday as a response to reported United States stimulus prospects. Traders are braced for more market volatility as what started the week as a notably red Monday on Wall Street ended with more noticeable positivity.

In Germany the outlook has begun to turn positive with investors increasingly confident of an economic upturn by September. The ZEW research institute said its monthly survey showed investor sentiment rose to 63.4 in June from 51.0 in May. Economists had expected a reading of 60.0. There is growing confidence that the German and potentially the wider European economy will bottom out after the end of summer.

Beijing has ordered all schools to close as it struggles to halt a new coronavirus outbreak which has already spread to neighbouring provinces. The city health authorities have already reported 31 new coronavirus cases Wednesday, taking the total number of infections to 137.

New research has demonstrated how the speed of lockdown implementation can be vital to the success of halting the spread of the virus. The data is compiled by University of Oxford's Blavatinik School of Government in partnership with John Hopkins University. They have developed The Oxford Covid-19 Government Response Tracker (OxCGRT) tool which collects information on common policy responses that governments have taken to respond to the health crisis on 17 indicators such as school closures and travel restrictions.

National Outlook

The UK has announced a major breakthrough in global efforts to find a medical therapeutic treatment that can help save the lives of those with the disease. The low-cost, widely used anti-inflammatory steroid drug called Dexamethasone improved survival in patients with Covid-19 needing ventilation by third and by a fifth among those receiving oxygen only. The benefit was only seen in seriously ill Covid-19 patients.

Inflation has fallen to a four-year low to 0.5%. The fall has been fuelled by a record fall in fuel prices, including petrol. Fuel prices declined by 16.7% during the previous month forcing the Consumer Prices Index (CPI) to the lowest level since June 2016.

New data has revealed the growing depth of the incoming employment crisis. UK employers have slashed more than 600,000 staff jobs since March according to the Office for National Statistics (ONS). This a reduction the number of employees on UK payrolls in May of 2.1% compared with March.

Forecasting by EY Item Club has also warned that the UK economy will experience a steep 8% contraction in 2020 due to the coronavirus pandemic and will not fully recover from the blow until 2023, according to a new forecast from the EY Item Club. The firm predicts a substantial 15% decline in gross domestic product (GDP) during the second quarter, with the UK economy swiftly recovering in the third quarter.

Due to the shredding of growth it is expected the UK will reach its 2019 size in 2023.

A report by the Institute for Fiscal Studies (IFS) and the Nuffield Trust has sought to understand the economic and social inequalities that will be exacerbated by the pandemic. They found that the nature of the economic shock has interacted with many old and deep inequalities.

Before the crisis nearly 30% of low-income households said that they could not manage a month if they were to lose their main source of household income. For this income group a lot of their spending is taken up by spend necessities that are hard to scale back.

Female employment was at record highs as we entered this crisis, but school and nursery closures removed the childcare provision that had made much of that possible and school shutdowns are likely to exacerbate the socio-economic divide in educational attainment between genders, ethnicities and income groups.

Regional Outlook

The region is to be hit by job losses at Jaguar Land Rover. The regional automotive giant has announced it is slashing up to 1.100 contract jobs. The measures will affect those on temporary service contracts at locations including Solihull, Castle Bromwich, and Halewood in Liverpool.

The job losses are on top of previous measures, which saw 5,000 jobs axed.

The pandemic has hit the automotive company hard – in the three months to the end of March, retail unit sales sank to 31%, pushing it to a pre-tax loss of £501m ($628m).

Economic Lessons learned from the Pandemic

Rebecca Riley – WMREDI

Earlier this month the House of Lords debated the lessons learnt from the pandemic and the following is taken from the library briefing.

Labour Market

The Government has announced a phased approach to recovering from coronavirus. This is likely to mean some sectors and areas of the economy reopen earlier and faster, while others remain closed for longer and reopen gradually.

As a result, a group of economists giving evidence to the House of Commons Treasury Committee agreed that some sectors of the economy, such as hospitality, tourism and entertainment, will be much more affected than others by the virus. In their evidence, Adam Posen and Jagjit Chadha suggested that the Government should consider facilitating the “reallocation of people and capital” away from these sectors, for example by retraining programmes. However, speaking on the same panel Philip Booth said the economy should be allowed freedom to adapt to the new circumstances post-lockdown, rather than be subject to a “great deal of planning”.

Education Skills and Training

Paul Johnson, director of the IFS, has argued that the effects of the recession on new entrants to the labour market, together with school closures, will cause long-term damage to the prospects of younger generations. He also highlighted a fall in available apprenticeships. He said that “investing in the human capital of the young should be central to any economic recovery plan”. He called for:

- additional school support, especially for disadvantaged children;
- more government support for apprenticeships; and
- greater investment in post-compulsory education

Minimum Wage

On 1 April, the Government implemented the planned 2020 increases in the national living wage and national minimum wage. It also retained an objective for the national living wage to reach two-thirds of median earnings by 2024.

The IFS suggested that planned increases in the UK minimum wage and National Living Wage should be reconsidered. The Institute said it was “hard to believe that it remains the right decision, given how many companies are struggling for survival”. Similarly, the chair of the Low Pay Commission, which advises the Government on increases to the minimum wage, said that it was considering whether the “emergency brake” should be applied to national living wage increases. However, some other commentators have suggested that wage floors should be lifted rapidly to provide better and more productive jobs as part of the recovery.

Safe working

The Government has published a series of guides on how workers in different sectors can work, or return to work, safely. For example, it said that all businesses should:

- conduct a coronavirus risk assessment;
- consult with workers or trade unions;
- develop hygiene procedures; and
- maintain social distancing or manage transmission risk.

Insolvency

On 20 May, the Government introduced the Corporate Insolvency and Governance Bill, which would change the business insolvency and corporate governance regimes. The Government said these changes were intended to provide businesses with “the flexibility and breathing space they need to continue trading during this difficult time”. Measures in the bill include:

- protections against “aggressive creditor action”;
- a suspension of wrongful trading rules; and
- a temporary easing of rules on company filing and annual general meetings

Restructuring

Restructuring experts Jay Alix and Richard Gitlin have argued that the levels of corporate debt built up before the pandemic, and added to by the business support programmes, will require careful management as the economy is rebuilt. They suggested that governments will need to continue to invest in companies, but “only as part of a commercially sensible restructuring of both the balance sheet and the business”. They proposed a new temporary government agency to oversee the restructuring work, operating alongside the bankruptcy system.

Business Support

A survey by the manufacturers’ organisation Make UK found that over a third of manufacturing companies believed it will take more than 12 months to return to normal trading. Make UK said that all options would need to be considered to ensure that the economy is sustained once the existing support structures are removed.

Investment and business financing

At a House of Lords Economic Affairs Committee evidence session in May, the Chancellor agreed

that there were particular risks about low levels of business investment as firms emerged weaker from the crisis. He said that this came on top of "a long-standing issue with investment in this country". He referred to increased tax allowances for investment in the spring budget, but also stated that "there might well be an argument for looking at things in the shorter term to help to drive the recovery".
In the Financial Times, Martin Sandbu argued that financing for companies after the pandemic should have the characteristics of equity rather than debt. He believed this would make the economy, as a whole, more stable. He suggested it could be encouraged by changes to the tax and financial regulation regimes for company investments, as well as by introducing "sovereign equity" alongside government debt.

Mortgage Holders
On 22 May, the Chancellor announced that the package of mortgage support measures for homeowners, including a mortgage payment holiday, would be extended to 31 October 2020. The chief executive of the Financial Conduct Authority, Chris Woolard, was reported as calling for more free debt advice for mortgage holders at the point that the package expired

Renters
In the private and social rental sector, the Coronavirus Act 2020 contained provisions that extend the notice period for evictions to at least three months. The Government has also called on landlords to "offer support and understanding to tenants—and any guarantor—who may see their income fluctuate". Writing for the Financial Times, James Pickford suggested that landlords too will be facing a period of economic uncertainty.

Banking Sector
The Bank of England conducts tests on the financial stability of banks under hypothetical stressed conditions. On 7 May, it said that banks' capital reserves are "more than sufficient to absorb the losses" under the Bank's illustrative scenario, This, the Bank stated, was despite expecting the banks to suffer "significant credit losses". In addition, it said that the banks were strong enough to continue lending to the corporate sector, with the support of the Government's lending guarantee schemes. However, some commentators have suggested that banks should be seeking to raise equity to strengthen their balance sheets.

Inequality and Welfare Reform
The IFS has argued that the virus will exacerbate inequalities in the UK. For example, it said that younger people and low earners will be economically disadvantaged because they are more likely to work in sectors that have closed and are less likely to be able to work from home. The IFS suggested that women may be more affected than men, and that children in state schools may be more affected than those in private schools. It called for a reassessment of "the value of mutual insurance, an effective welfare system and collective economic security".

The Trades Union Congress (TUC) has argued that the virus has exposed the "discrimination and insecurity" in British working conditions. It said that women, disabled people and black, Asian and minority ethnic (BAME) workers were more likely to be economically affected by the virus, "because they are disproportionately stuck in insecure jobs on low pay". The TUC called for:

- "a proper pay rise" for working people;
- a move away from insecure jobs;
- new rules to support collective bargaining;
- a stronger voice for unions; and
- more generous welfare payments.

The Chancellor acknowledged that it was "critical" to get younger and lower-paid workers back to work. He said the Government was working with industry task forces to achieve this aim.

Writing about previous pandemics, the historian Walter Scheidel said that inequalities reduced; for example, because labour became scarce enough to drive up real wages. Despite this, he suggested coronavirus will not have the same effect because it is smaller in scale and less destructive of working age populations. However, he believed it may prompt further fundamental thinking on the economic system. Scheidel concluded that the virus "could prompt redistributive reforms akin to those triggered by the Great Depression and World War II, unless entrenched interests prove too powerful to overcome".

The Institute for Economic Affairs has also argued that coronavirus is very likely to lead to a "radical reconstruction of the welfare system". Amongst other measures, it suggested that the UK should consider introducing a universal basic income scheme to "guarantee" financial security for everyone. However, it said that "this will not be uncontested, to put it mildly".

Economic Regeneration

The United Nations Secretary-General, António Guterres, called the recovery a "profound opportunity". He called for a "just and green transition", and international cooperation to fight coronavirus and climate change.

Martin Sandbu highlighted a counterargument to major reforms, that "we cannot now think about anything that makes it harder for businesses to get back on their feet. Any "nice-to-haves" such as environmental and social reform that would have been costly to business before must be out of the question now". Ultimately though, he concluded that some "large and disruptive" changes were desirable, given that "much of the cost of shifting economic activities away from business as usual has already been paid".

Brexit

There have been calls for the Government to extend the Brexit transition period because of coronavirus. However, the Chancellor of the Exchequer stated that coronavirus and Brexit were "somewhat separate things", and has made clear that the Government does not intend to seek an extension. The Government has recently published updates on the trade talks with the EU and on its intended tariff regime once the UK has left.
The Bank of England said that its economic scenario analysis depends on a "comprehensive free trade agreement" with the EU.

Innovation in Economic Statistics

Most of the official data on the UK economy is produced with a lag, making it difficult to assess the current economic impact of the virus accurately. As a result, the Office for National Statistics has adapted its output, including generating a new set of economic statistics on a weekly basis. These include results from business and household surveys.
Other countries, and other commentators, have explored further innovations which might produce more timely and responsive indicators of economic developments.

Claimant Count Summary for May 2020: Released June 2020 –

ONS from the Department of Work and Pensions, Claimant Count, June 2020 BCCEIU

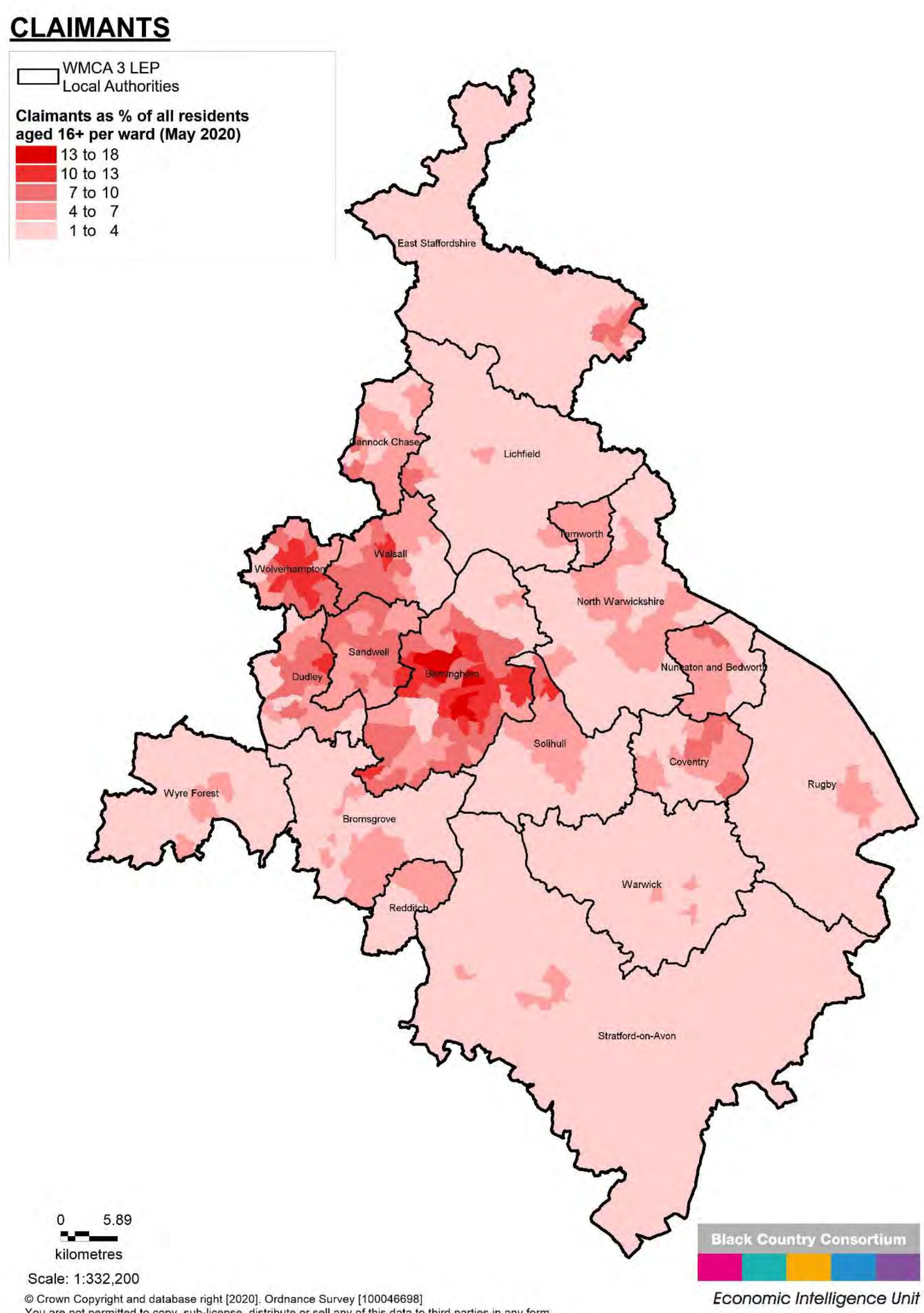
There were 207,635 claimants aged 16 years and over in May 2020 in the WMCA (3 LEP) – this is an increase of 36,390 claimants since April 2020. This increase equates to 21.3% for the WMCA (3 LEP) compared to 26.6% growth for the UK. Since March 2020, the number of claimants has increased by 90,045 people. This equates to a growth rate of 76.6%, while for the UK there was a growth of 110.9%.

Within the WMCA (3 LEP area), the highest number change between April 2020 and May 2020 for claimants aged 16+ was in Alum Rock (Birmingham) with an additional 495 people (reaching 2,535 claimants). This is followed by Foleshill (Coventry) with an additional 400 (reaching 1,650 claimants), Aston (Birmingham) with an additional 395 people (reaching 2,740 claimants) and Soho & Jewellery Quarter with an additional 395 people (reaching 2,440 claimants).

There were **41,225 youth claimants in the WMCA** (3 LEP) area in May 2020, this is an increase of 8,775 people compared to April 2020. This equates to an increase of 27.0%– while the UK increased by 32.3%.

Since March 2020, the number of youth claimants has increased by 18,390 people. This equates to a growth rate of 80.5%, while for the UK there was a growth of 109.4%.

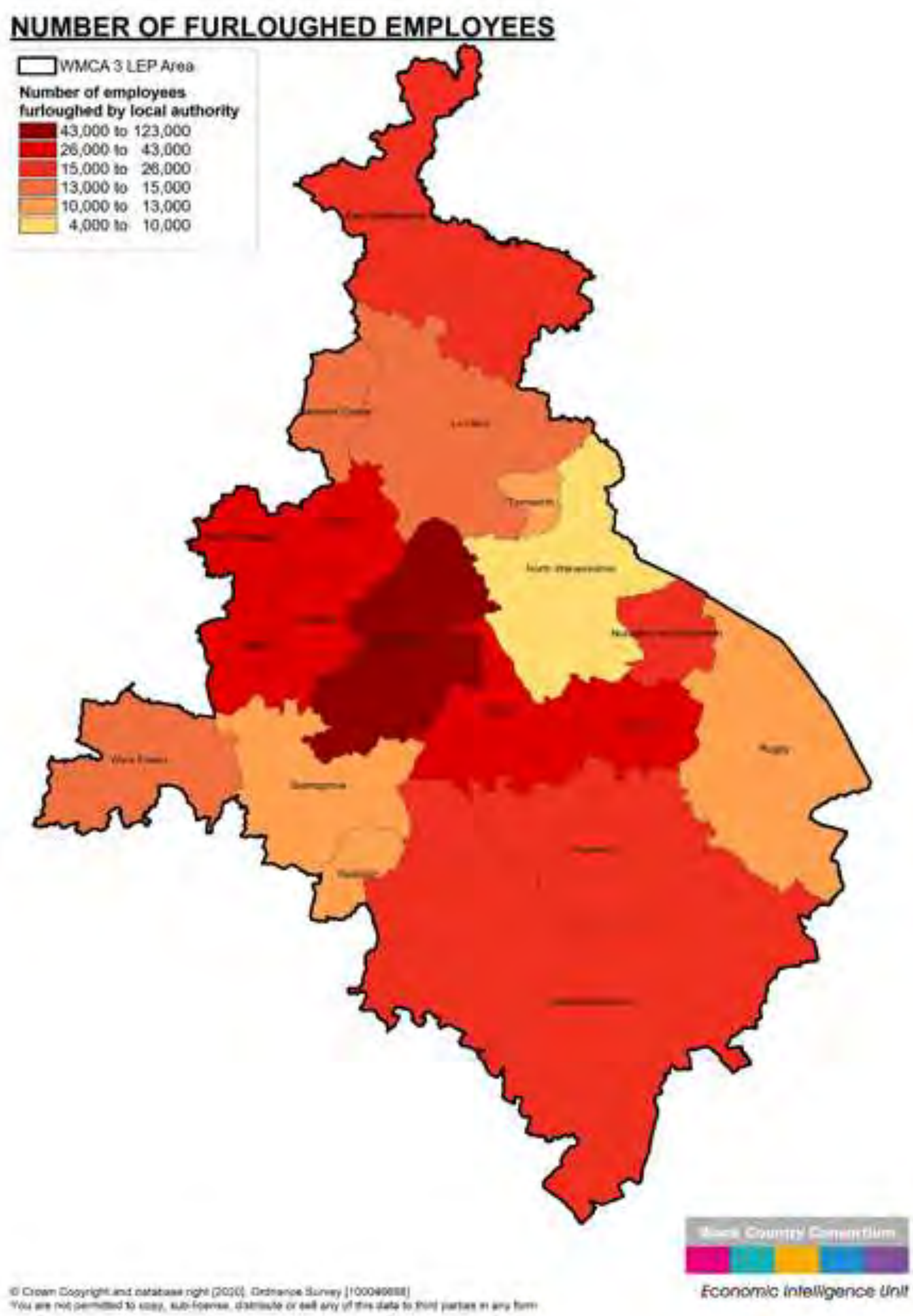
Within the WMCA (3 LEP), the highest number change between April 2020 and May 2020 for claimants aged 16 – 24 years old was in the Alum Rock (Birmingham) ward at an additional 120 claimants (reach a total of 520), this is followed by Aston (Birmingham) at 100 more claimants (reaching 560) and Sparkbrook & Balsall Heath East (Birmingham) at 95 more claimants (reaching 535).



Furlough Data
Government Statistical bulletin 11th June 2020

Data on Furlough has been released this week Overall, for the West Midlands region, 697,100 people have been furloughed which is approximately 27% of jobs. This accounts for 10.8% of the England total which is the 4th highest English region. Birmingham is in the top 5 places nationally.

Across the WMCA (3 LEP) area, 496,200 people have been furloughed which accounts for approximately 26.9% of jobs or 1,906 per 10,000 working age population (WAP, 16 -64 years old).
The Black Country LEP area has the highest levels of staff furloughed at 31.7% across the 3 LEP areas. Tamworth has the highest number per 10,000 working age population for the total number of staff furloughed at 2,508. While Wyre Forest has the highest percentage when proportioned to jobs at 41.9% significantly above England at 24.8%.



Coronavirus Job Retention Scheme management information

Total claims made as of midnight	Total number of jobs furloughed∂	Total number of employers furloughing‡	Total value of claims made
23 April†	3.8m	512,000	£4.5bn
3 May†	6.3m	800,000	£8.0bn
11 May	7.5m	935,000	£10.1bn
17 May	8m	986,000	£11.1bn
24 May	8.4m	1m	£15bn
31 May	8.7m	1.1m	£17.5bn
7 June	8.9m	1.1m	£19.6bn
14 June	9.1m	1.1m	£20.8bn

† These figures were first released on the HMRC Twitter feed.

∂ Calculated as the sum of the maximum number of employees furloughed by

The Coronavirus Job Retention Scheme was launched on 20 April.

Nationally to June 14th there were 9.1m jobs furloughed, across 1.1m employers to a value of £20.8bn

Nationally, employers in the wholesale and retail sectors have furloughed the highest number of employers, covering 1.6 million jobs, followed by accommodation and food service employers furloughing 1.4 million.

The CJRS scheme will continue to support jobs until the end of October, with flexible part-time furloughing beginning in July to support businesses as the economy is carefully reopened.

The following table shows the total number of staff furloughed proportioned to per 10,000 WAP and jobs in the West Midlands:

	Total number of employments furloughed	Per 10,000 WAP	% of Jobs (2018)
North Warwickshire	8,700	2,202	17.4%
Nuneaton and Bedworth	16,400	2,076	34.2%
Rugby	12,500	1,916	26.6%
Stratford-on-Avon	17,100	2,311	25.5%
Warwick	16,900	1,851	19.4%
Cannock Chase	14,800	2,340	35.2%
East Staffordshire	16,100	2,210	26.0%
Lichfield	13,700	2,223	29.1%
Tamworth	11,900	2,508	41.0%
Birmingham	122,800	1,674	24.0%
Coventry	37,800	1,541	23.3%
Dudley	39,800	2,057	35.2%
Sandwell	40,100	1,965	31.8%
Solihull	26,900	2,107	21.9%
Walsall	33,600	1,951	30.8%
Wolverhampton	29,300	1,797	28.4%
Bromsgrove	12,000	2,045	24.5%
Redditch	12,400	2,361	31.8%
Wyre Forest	13,400	2,282	41.9%
WM 7 Met.	330,300	1,796	26.5%
BCLEP	142,800	1,949	31.7%
CWLEP	109,400	1,841	23.7%
GBSLEP	244,000	1,912	26.1%
WMCA (3 LEP)	496,200	1,906	26.9%
England	6,445,800	1,839	24.8%

Why is it necessary to Tackle Youth Unemployment?

Andre Carrascal Incera WMREDI

A high youth unemployment rate means that a large proportion of younger people seek work but find none. This can severely harm the present and the future of any city-region or even national economy. Why? First, it is a sign of resources not being used. Second, it reveals structural problems in the labour market, in the matching between those looking for employees and those looking for jobs. Finally, because unemployment happens at the beginning of a young person's working history, it causes important individual and general effects of the depreciation of those resources in the long run.

What is youth unemployment?

Following the statistical definition proposed by the International Labor Organization (ILO), youth unemployment includes those in the age range between 15 and 24 years without a job, but available to be employed and also looking for work. From a life-cycle perspective, youth employment or unemployment is what takes place at the very beginning of the working career.

Theoretically, the demand for labour is a derived demand from one of goods and services (Brue et al., 2016), so any shock that reduces the aggregate demand, like the 2008 economic crisis, would cause a decrease in the number of workers needed, whether those workers are young or adults. The transmission of the impact from the aggregate demand to labour demand is different for each region and production factor depending on the economic structure and the institutional framework, especially with regards to the labour market. This is in line with the findings of Bell and Blanchflower (2011), who concluded that youth unemployment in some countries like Spain, Latvia, Lithuania and Ireland rises when housing prices fall as a result of the reduction in the construction demand. Previous literature also found that young workers tend to absorb macroeconomic shocks because of the higher flexibility of their contracts (Blanchard and Wolfers, 2001; and O'Higgins, 2014) and that their situation is more sensitive to business cycle oscillations than adult employment (Ghoshray et al., 2016), and also because they are less expensive to dismiss (Pastore, 2012).

Why is it so important to address youth unemployment?

Academics that studied the consequences of youth unemployment have been mainly focused on analysing the individual effects, resting on the idea that the negative effects associated with unemployment depend on its duration. The first studies assumed that, for the young working population, the unemployment spells are shorter and a natural part of the job search process (Freeman and Wise, 1982; Fagin and Little, 1984). However, some studies such as O'Higgings (2001) found that, in the OECD countries, they present equal long-term unemployment incidence than the rest of the workforce. More recently, relying on longer longitudinal panel data, studies have found that unemployment in early working life could reduce an individual's productive potential and long-term employment prospects (Narendranathan and Elias, 1993; Ryan, 2001; Ciociano, 2014), i.e. the so-called ***scarring effect***. Gregg and Tominey (2005) obtained a wage scar penalty of 13-21% at the age of 41 for the UK, meaning that people that suffered unemployment earn between 13% and 21% less than their counterparts. The penalty goes down to 9-11% if individuals avoid repeated exposure. Mroz and Savage (2006) found a catch-up response for those that experienced unemployment, but still a negative effect on life-cycle earnings. Moreover, they found that unemployment experienced ten years in the past continues to affect earnings adversely. Bell and Blanchflower (2011) discovered that early unemployment creates longer-lasting scars than recent unemployment experience (at the age of 50). Other authors such as Jimeno and Rodríguez (2002) have found that youth unemployment can affect negatively human capital accumulation or, even, fertility rates.

Another important consequence of youth unemployment is the ***discouragement*** that it causes to this group of the population. In 2012, the European Commission estimated that 12.6% of inactive young people wanted to work but they were no longer seeking a job actively. This is also closely related to the high percentage of NEETs (Neither in Employment nor in Education or Training) for these ages. In 2013, 12.9% of the young population were NEETs in Europe. 1 out of 5 in countries like Bulgaria, Italy or Greece. The ONS states that 11.3% of all young people in the UK were classified as NEETs in December 2018.

If we take a look at the youth unemployment figures in the UK, from 2004 to 2018, the West Midlands always present a higher rate than the UK average. According to the Annual Population Survey, West Midlands' youth unemployment rate was 13.8% in 2004, rising to 22.3% in 2013 and falling to 14.7% in 2018. For the UK as a whole, the corresponding rates were 12.3% in 2004, 20.2% in 2013 and 11.6% in 2018, a little bit lower than the EU average.

None of these figures should be taken lightly. Both human capital and discouraging effects can have also macroeconomic impacts on regional and national productivity, affecting ultimately the potential future growth rates of the economy. In ageing societies, youth unemployment can impose an additional sustainability problem.

What policies can reduce youth unemployment?

The heavy influence of the age-mix factor (the proportion of young with respect to adults in the labour market) suggests that during times of crisis young workers need more job protection compared to their adult counterparts (Eichhorst et al., 2013a; Carrascal, 2017) across the entire EU15 (the number of member countries in the European Union prior to the accession of ten candidate countries on 1 May 2004). Indeed, the loss of youth employment during the crisis was remarkably steeper than that for adults. This quick drop in youth employment is largely explained by declines in the demand for goods and services in sectors that tend to employ larger shares of youth, by the distorted input-mix of these sectors during a crisis and by the share of young among all workers, because, as we stated before, they are cheaper to dismiss. This shouldn't be translated as a need for policies that favours the young against the older. As Eichhorst et al. (2013b) shows, policies should improve the employment prospects of young people while keeping older people on the job, since they complement one another in the labour market (i.e., they do not compete for the same jobs, as also shown by Kim and Hewings (2019)).

Three areas of intervention can be identified: stimulation of labour demand, avoidance of long-term unemployment, and elimination of educational mismatch (see Caliendo and Schmidl, 2016, for a comprehensive evaluation of the different active labour market programs (ALMP) for youth in Europe).

Following Carrascal (2017), when the output is growing (e.g., 1995-2007) it seems that youth employment policies must be country-specific. For instance, Germany, Finland, the Netherlands, Sweden, France and the United Kingdom could pursue policies that fostered employment in general. Youth in these countries lost jobs mainly because labour productivity improved, i.e., the sectoral labour requirements per unit of output decreased. On the contrary, countries more affected by the age-mix — like Greece, Spain, Italy and Portugal— during the same period, could have implemented job policies focused on younger cohorts to enhance youth employment.

Conclusion

Any regional inclusive growth strategy should thus consider the significance of youth unemployment and its residual long-term scarring effects on productivity and wider economic growth.

Projects economic Impact on Covid-19 on the creative industries

Oxford Economics

Forecasts have been produced nationally and WMCA contributed.

The Creative Industries nationally are projecting a combined £74bn turnover loss over the course of 2020 compared to 2019 (-30%). This is expected to translate into a GVA shortfall of £29bn in 2020 compared to 2019 (-25%).

The greatest drop is expected to be experienced in Q2, but current projections suggest very modest improvements over Q3 and Q4 across the CIs.

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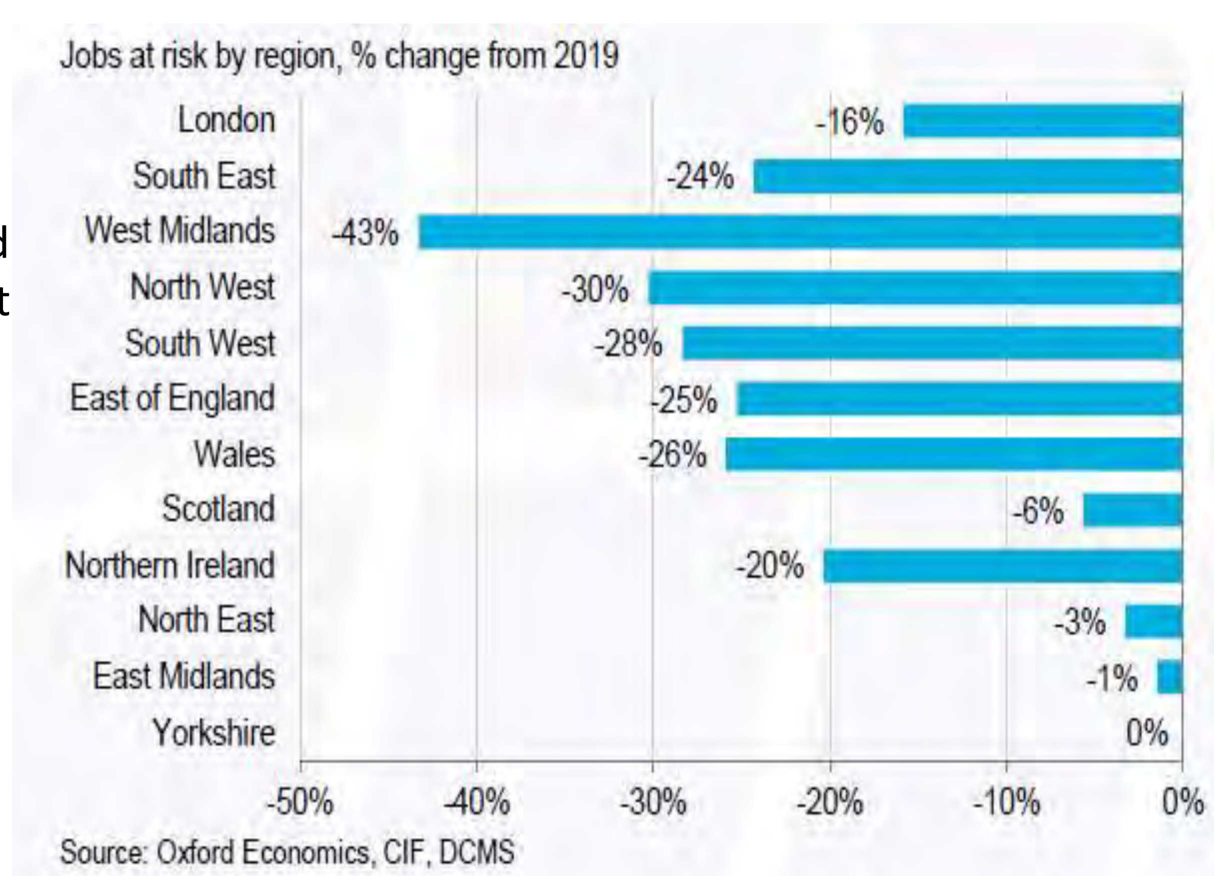
Relative to the size of the CI in 2019, the West Midlands is the hardest hit in employment terms, with a projected 43% drop in creative jobs in 2020. In this region, we find the lowest recorded JRS uptake across the UK.

Yorkshire is the least impacted region, expecting no employment fall in 2020, as compared to 2019. East Midlands follows as the second least affected region, with a 1% CI jobs fall.



Qualitative intelligence

(The information below is a collation of the qualitative intelligence shared across regional stakeholders)

Furlough is a significant long term Issue and the region is the worst place after Cumbria, specifically driven by issues around cultural/tourism/hospitality

The understanding is that redundancies will grow once furlough support ends.

There are some reports that some companies taken out the loans on assumption they won't need to pay back. There is strong demand for discretionary fund across all areas.

2/3 retailers opening but mixed messages on social distancing and spent a lot on the 2 metre rules and therefore now alarmed it could change to a different distance. A manufacturing company invested £100k in safety and fear it could change and the investment lost.

Retail enclosed spaces harder to make safe. All the LEP areas are developing recovery strategies, with digitisation and innovation at the core. Social distancing will mean it will be very difficult to make a profit. Small retailers struggling despite the queues outside Primark. 20% of FBS (national) members can't open due to distancing.

Quarantine there is a frustration the UK doing things differently to other countries. Especially in international countries. Companies with international HQs are having issues with going to and from and this is also causing personal issues for employees.

Examples such as a furniture manufacturing business whose supply chain has been stifled, because of furlough and companies trying to access before 1st July cur off.

Automotive business applied for CIBLS and took so long they now don't need it, but now seen as debt and stopping them getting investment from other sources.

Brexit rearing its head for businesses, just putting the fire out on CV19 and there is a sense of disbelief about leaving without a deal.

International trade, numbers holding steady but there is a drop in exports. Those that are exporting are doing well, but others which are totally wiped out.

Latest information from Business organisations

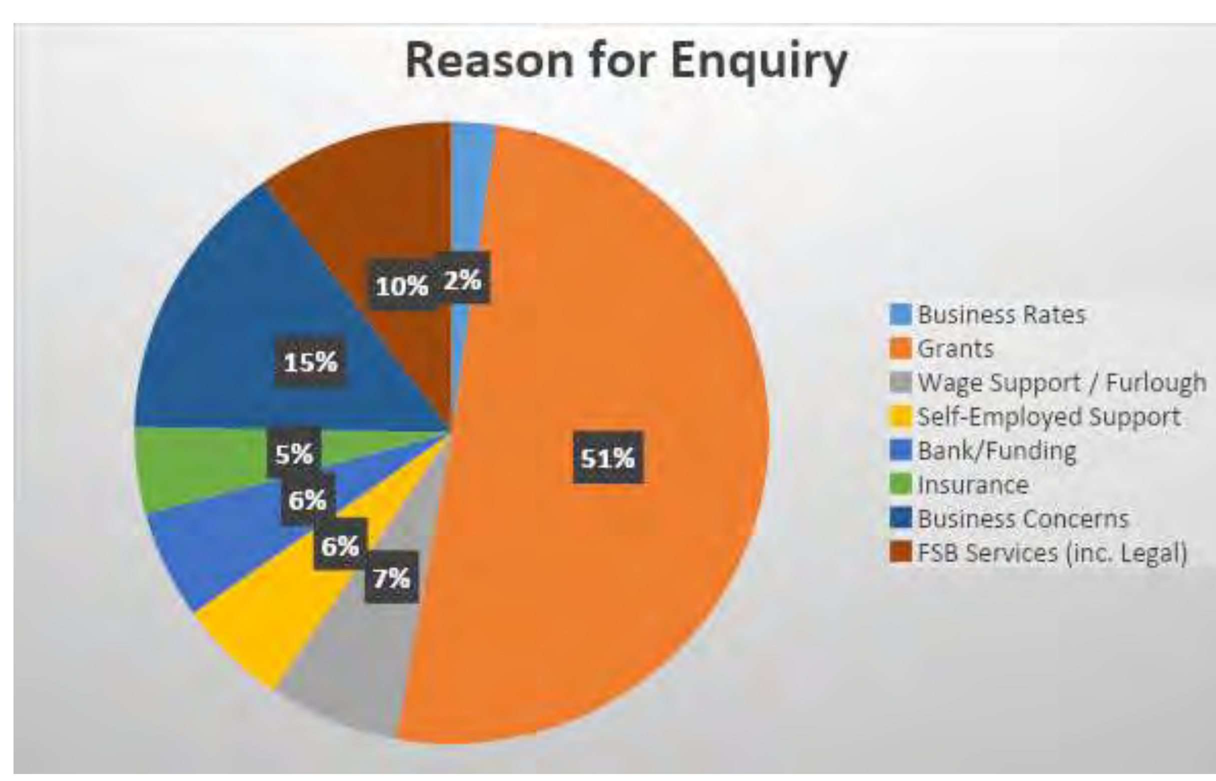
Nationally the [Federation of Small Businesses] (FSB) says 35% of all small businesses (which make up 99% of all businesses) have remained closed during lockdown. 60% of retail businesses. 62% on the high street remaining closed. 60% say it would cost up to £1000 in terms of set up costs to comply with government guidance. 28% estimate between £1k to £10k. 20% don't think they can open at all.

Although many businesses are closed there is no flexibility on utility costs, and they raise issues with the affordability of overheads going forward as cash flow depleted. Landlords offering little flexibility on rent and cases of evictions despite protections in place. Insurance companies continuing to refuse to pay out.

Still a lack of support for Directors with limited companies.

Issues accessing the CBILS continue to be raised by businesses, with banks making the application process extremely lengthy and difficult. Some concerns have been raised regarding the interest rate that will be applied to these loans after the first year.

Regionally 88% of FSB calls are triggered by covid-19. 75.4% of calls are asking for general support on covid-19. The main reasons are below:



The Greater Birmingham Chambers has released its [quarterly business report]

Make UK Manufacturing Outlook

Full details here

Previous quarter had already highlighted emerging downturns pre-covid19. But many were feeling positive about the future. Unfortunately latest results show the pandemic has undone this.

2019 have several episodes of last minute safety stockpiling in anticipation of each EU Brexit deadline. Nevertheless manufacturers were positive.

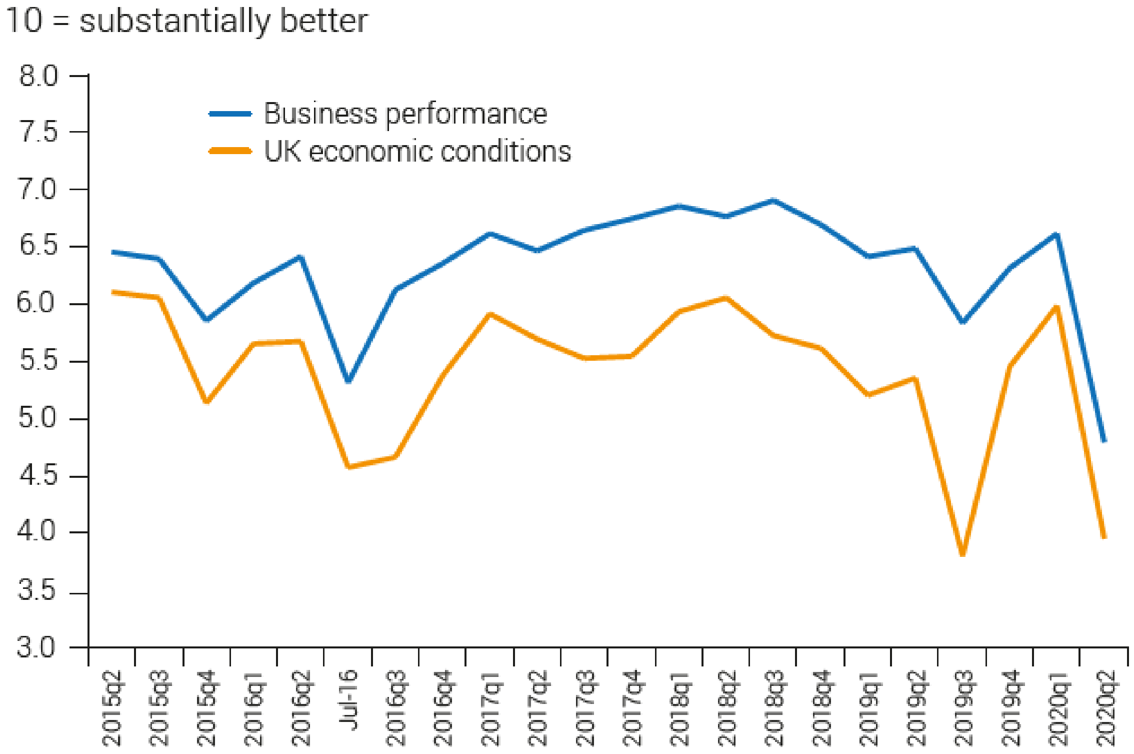
- Output plunges to lowest level in 30 year survey history
- UK and export orders at lows comparable to financial crisis
- Employment and investment suffer significant cutbacks
- Just over 10% of companies operating at full capacity
- Industry forecast to contract by almost 10% in 2020
- Employment balance dropped by -22%
- Investment intentions have flipped on head
- Prices and exports have dropped and margins have collapsed further into negative territory as orders have disappeared cutting cash flow and profits

INDICATOR	BALANCE	CHANGE	
Confidence	4.79	↓	Business confidence falls following promising Q1 result
Output	-56%	↓	Output balance falls to survey record low
UK orders	-52%	↓	Domestic orders equals financial crisis low
Export orders	-52%	↓	Export orders falls sharply as well
Employment	-22%	↓	Firms cut jobs despite the furlough scheme
Investment	-26%	↓	Investment intentions decline sharply following a strong Q1

Source: Make UK Manufacturing Outlook Survey

Confidence down following a positive start to the year

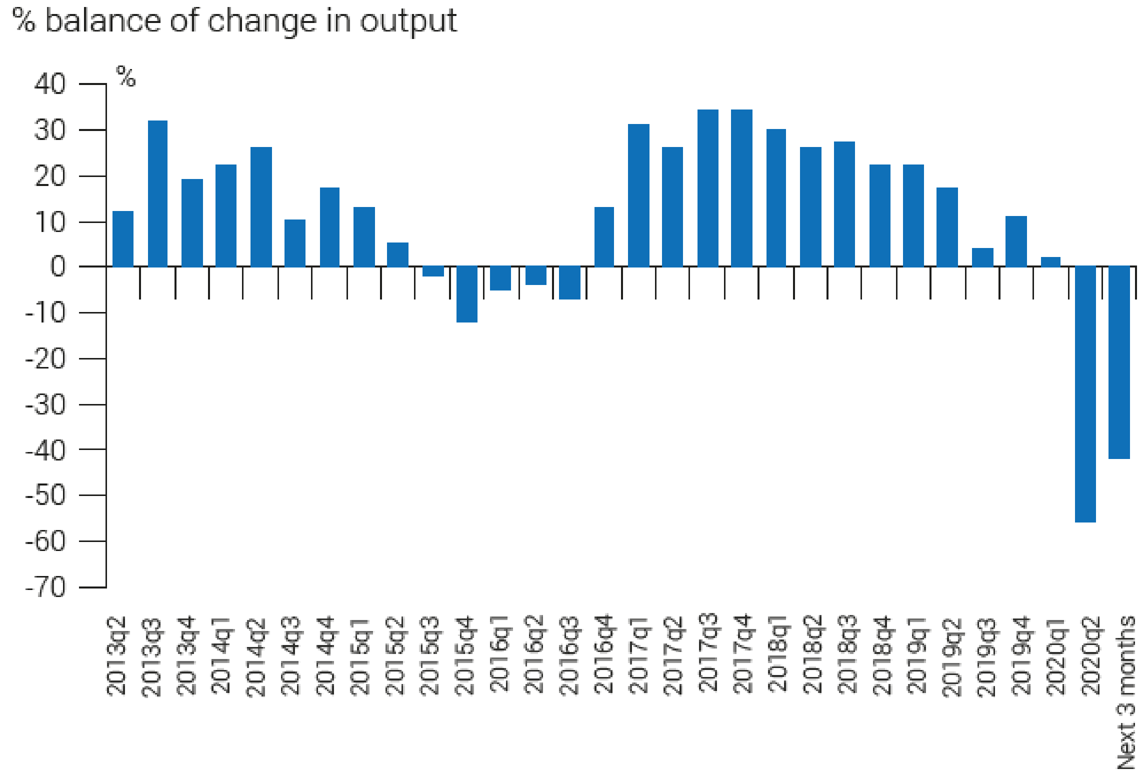
Confidence in the next 12 months 1 = substantially worse, 10 = substantially better



Source: Make UK Manufacturing Outlook Survey

Output lowest on record

% balance of change in output



Source: Make UK Manufacturing Outlook Survey

The Greater Birmingham Chambers has released its quarterly business report with some of the worst data recorded. 70% of businesses in the service sector and 80% of manufacturers have reported reduced demand from the UK market. The figures for exporters are a little better at 53% and 68% respectively. Nevertheless, the broad picture is consistent and dramatic. However, whilst almost 30% of businesses report reductions in their workforce this is considerably better than the above figures would suggest, perhaps in part due to the Coronavirus Job Retention Scheme. Given the current circumstances, the fact that half of firms surveyed expect profits to remain constant or improve is positive.

17% reported constancy in their UK sales where as only 12% reported an uplift in domestic sales – the lowest figure on record since the height of the global financial crisis.

The impact of the current crisis was more pronounced within the manufacturing sector, where 80% of firms witnessed a decline in UK orders, which led to the overall balance score falling by 34 points to an all time low of 16. The service sector also suffered as the balance score fell by an unparalleled 46 points to a figure of 21 – again, much of this was attributed to the greater percentage of service businesses reporting a decrease in UK sales (up from 15% in Q1 to 70% in the current quarter). 63% of businesses in both sectors combined reported a contraction in available cash flow, an increase of 34% in comparison to Q1.

In a rare glimmer of good news, it was pleasing to see that the price index balance score had also fallen by 12 points to 53 – the lowest figure on record since Q3 2012; much of this was attributable to the fact only 19% of businesses expected the price of their goods and services to go up in the next three months (compared to 33% in the first quarter of the year). The cost of finance was the most pressing factor facing those businesses under pressure to raise their prices (up from 14% in Q1 to 26% in the current quarter).

63% of firms across the board reported that the size of their workforce remained constant over the past three months (a one percent increase compared to Q1); however, 29% had noted a reduction in the size of the workforce which resulted in the fall in the balance score. Unsurprisingly, the percentage of firms attempting to recruit went from 49% in Q1 to 22%

COVID-19 in West Midlands, an Opportunity for Fostering Urban Micro-Mobility

Magda Cepeda Zorilla WMREDI

COVID-19 in WM, an opportunity for fostering urban micro-mobility.

One could think about all the negative impacts that the coronavirus pandemic has triggered, for instance, the loss of jobs and the restrictions in mobility, among other impacts. And it seems to be clear that the current crises will keep bringing concerns to people and policymakers around the world. Nevertheless, we can look at this crisis as the opportunity to create innovative ways of thinking about cities and mobility. We can try to find the opportunity to address old problems by focusing on the new changes required to avoid the spread of the virus. One opportunity that can be taken by the West Midlands, is to use the crisis to help to improve the air quality in the region by helping people to adopt new forms of sustainable transport.

Car-based trips, air quality and COVID-19

Highly motorised urban environments can lead to poor air quality and noise pollution. The main air quality pollutants in the UK are NOx and particulate matter, which are traffic-related (Sayegh, et al. 2016) . In the UK, poor air quality is the largest environmental risk according to the Department for Environment Food and Rural Affairs (DEFRA, 2019). In the West Midlands specifically, in 2017, the measurement of the air pollutants showed levels above the guidelines set by the World Health Organization (WHO) (DEFRA and PHE, 2017).

Although there are still limited studies about the influential factors in the development and severity of the coronavirus, previous research investigating the SARS outbreak argues that "air pollution conditions facilitate the spread of the virus" (Cui, Z. et al. 2003). Regarding COVID-19, some academic research has pointed out that air pollution could be linked to the increase of severity in the symptoms from COVID-19. For instance, Wu et al (2020) noted that "the majority of the pre-existing conditions that increase the risk of death for COVID-19 are the same diseases that are affected by long-term exposure to air pollution". In Italy, the Italian Society of Environmental Medicine stated that particle matter plays a role as "carrier (or boost) action along with the virus" (Martelletti, L. and Martelletti, P. 2020 citing Setti, et al. 2020).

Considering air pollution as a potential contributory factor for the severity in the COVID-19 symptoms raise an important alarm to the West Midlands since, as mentioned before, the region already suffers from poor air quality. And it is possible that trying to avoid social contact in public transport might trigger the growth in car use. That is why now more than ever is important to focus on providing mobility alternatives.

Initiatives aiming to promote more sustainable transport and to foster other forms of mobility can help to reduce air pollution whilst allowing to keep social distance. To date, is possible to see in the UK a clear attempt to incentivise the use of the bicycle. For instance, the government has announced a £250 million emergency fund to incentivize active travel.

In the West Midlands, the Transport for West Midlands (TfWM), Birmingham City Council and Coventry City Council are taking a step forward to try new forms of mobility to allocate the demand for public transport (WMCA, 2020). An example of this is by the trials for electric scooters.

Urban micro-mobility

Micro-mobility options are single-user vehicles characterized for being light, small, often electric and enabled by technological innovations. Electric scooters (e-scooter) is one of the most common forms of urban micro-mobility but also include other options such as e-bicycles, folding bicycles, hoverboards, and monowheels (Tuncer, S. and Brown, B. 2020). To date, in the UK "most micro-mobility vehicles cannot legally be used on the road" (DfT, 2020).

With the challenges that COVID-19 has brought to the UK, the regulation on the use of e-scooters in the UK is about to change. Now the government is planning to carry out e-scooter trials apparently from June 2020 "to help encourage more people off public transport and promote the use of greener alternatives" (DfT, 2020). The trials will help to assess the potential benefits and challenges regarding public space of the e-scooters, but also to explore the potential for the implementation of a shared system.

It important to notice that air quality is also linked to weather conditions. Sayegh et al. (2016) citing Mudakavi (2010) stated that "atmospheric processes influenced by the surrounding topography and meteorological parameters dilute, disperse, and transform pollutants through chemical reactions".

The West Midlands is leading one of the four "Future Mobility Zones" to assess the use of micro-mobility by planning trials for the e-scooters from this summer. This can provide more sustainable choices for the region, which in turn can potentially reduce car use for short journeys. Achieving this modal shift, can have a positive effect in the air quality in the region whilst simultaneously can help to alleviate the demand of public transport which is required to be able to keep social distance.

Previous research has shown that e-scooters present diverse advantages in contrast with other commuting options, for instance, compared with walking they allow to travel longer distances. When comparing with bicycles, e-scooters are easier to use and if foldable, they allow inter-modality (Tuncer, S. and Brown, B. 2020). The trials are also important to understand the role of implementing its use as part of the shared mobility to attract more spontaneous users.

Shared mobility constitutes part of a wider phenomenon known as the 'Shared Economy', which consist of the extensive use of emerging information and communications technology (ICT), especially by using smartphone apps to be able to access and manage transport alternatives (Le Vine, S. and Polak, J., 2015). The main aim of the shared mobility is to "maximize the use of vehicles by sharing them among multiple users, encourage more transport options, and aim to reduce transportation costs for users" (Kodransky, M. and Lewenstein, G. 2014). The most common types of shared mobility are bike-share, car-share and ride-share.

The launch of the e-scooters as a shared system is something that should be taken with caution because the same attempt was done with the bike-sharing system in the region (specifically Nextbikes in Wolverhampton) and the project got cancelled. There hasn't been any information about revisiting the project, so it would be disappointing that the same could happen to the e-scooters.

At the moment the main discussion about the use of e-scooters centres in the negotiation of the space to use the scooters and its regulatory framework and how sustainable and safe can be (Reck, D. et al. 2020). Regarding the negotiation of public space with other forms of mobility, it has been argued that this can be considered as the "normal troubles" that a new technology face when entering the field (Tuncer, S. and Brown, B. 2020). But as the DfT has pointed "with the right regulatory framework, micro-mobility alternatives can offer benefits for individuals and society" (DfT, 2020).

In the end, the initiative of the West Midlands to carry out trials I think should be considered as something positive and should serve to boost collaborations between academia and policy makers to produce research evidence.

Whether e-scooters are owned by individuals or whether they are part of a shared system, they can provide alternative ways to commute for short or even medium distances. The old driving behaviour has led to high levels of air pollution and if there is evidence (even though it might be still limited) of a potential relationship between the levels of air pollution influencing the severity of the COVI-19 symptoms, therefore, this pandemic provides the opportunity to adopt a different commuting lifestyle. If, as said by the leaderof the World Health Organization (WHO), "the COVID-19 will stay with us for a long period of time" we need to be creative and innovative to provide the necessary alternatives to commute in the medium and the long term.

The other three Future Mobility Zones are West of England Combined Authority; Portsmouth and Southampton and Derby and Nottingham (WMCA, 2020)

<table>
<tr><th colspan="2">HEADLINES</th></tr>
<tr><th>SECTOR</th><th>KEY CONCERNS</th></tr>
<tr><td>Cross Sectoral</td><td>Social Distancing - Companies are concerned over the lack of clarity for the recommended social distance. With discussions of this being potentially reduced to 1m, some companies have already invested up to £100k to make their premises safe under the 2m rule, meaning there is no further funding to adapt this to 1m.
Access to Finance and Cashflow -A number of SMEs continue to express concern about their ability to survive until the economy fully reopens due to cash flow.
Most businesses in need of financial help in some way.
Credit providers more cautious about who to lend to. Sales affected as buyers cannot always afford to pay.
Companies do not want to borrow as they feel they are creating a problem, possibly larger, later on.
Diversification
Many companies looking at what else they are able to do, to diversify. Some are moving very quickly and most are aware this is key to their survival.
Job Retention Scheme & Furlough
Some confusion around the new rules of the Job Retention Scheme persists, particularly around the rules for part-time workers from July.
Fears around the unknown in relation to furlough being decreased in August and then ceasing in October.
Companies preparing for redundancies and assessing costs and those at risk. This has been ongoing since furlough started. Potential legal cases as some employees not prepared to go back to work face redundancy.</td></tr>
<tr><td>Retail</td><td>Return to Work
Many are keen to re-open and start their recovery process.
However, others are confused and disheartened due to the decrease in sales and interactions they have been seeing since Feb/March.
Most have concerns about how to ensure safety of staff and customers.
New Business Models inc Digitalisation
A lot of retail businesses have mentioned an increase in online orders and many have adopted ways to run the business digitally.
Cross Theme
The retail sector is complex, and its performance during the pandemic has differed immensely by sub-sector, with some areas showing strong growth whilst other areas have collapsed. Many online shopping, supermarket, and local convenience markets have shown growth over the past three months, whilst most remaining retail markets have had to close, furlough staff, and struggle with shop unit and shopping centre rents.</td></tr>
<tr><td>Business & Professional Services</td><td>Cross Theme
Many starting to see business pick back up, however this is very much dependent on sub sector.
Access to Finance and Cashflow
Some businesses still struggling due to not qualifying for the financial support offered.</td></tr>
<tr><td>Construction</td><td>Cross Theme
Starting to see work picking back up, but volume and value of orders is minimal to previous years. Some are suggesting that the impact has been minimal and they don’t think the effects will be long-lasting.
Some are looking to cut overhead costs.</td></tr>
<tr><td>Manufacturing & Engineering</td><td>Cross Theme
Research suggests this sector was one of the hardest hit during the lockdown.
Starting to see work picking back up, but volume and value of orders is minimal to previous years. Some are suggesting that the impact has been minimal and they don’t think the effects will be long-lasting.
Trade Agreements
Export sales – which had already fallen in the previous two quarters – continued to plummet.
Diversification
Businesses looking for funding to support diversification plans.</td></tr>
<tr><td>Visitor Economy</td><td>Access to Finance
Various businesses that have been closed throughout the lockdown period require support with financials having had no income.
Loss of Sales
Many are struggling to engage with clients or diversify – a lot of what they do is based on face-to-face interactions; difficult to deliver to an online audience.</td></tr>
</table>

Appendices

- Weekly deaths ONS
- Claimant count full detail
- ONS Weekly Indicators
- LEP Level Local Business Intelligence

Weekly Deaths Registered: 5th June

The following analysis compares the latest time period (week of the 5th June 2020) to the previous week period (week of the 29th 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 9,824 in the week of 29th May to 10,709 in the week of 5th June. The number of deaths registered that state Coronavirus on the death certificate has decreased from 1,822 people to 1,588 people over the same period.

Regional level analysis shows that the West Midlands the overall registered death figure has increased from 970 in the week of 29th May, to 1,172 in the week of 5th June. The number of registered deaths related to Coronavirus has decreased from 184 to 158 over the same period.

There was a total of 786 deaths registered across the WMCA (3 LEP) area in the week of the 5th June. There were 106 deaths registered that were related to Coronavirus over the same period – this accounts for 13.5% of total deaths. The WMCA (3 LEP) area accounts for 67.1% of the 158 Coronavirus related deaths registered in the West Midlands Region.

In comparison to the week of the 29th May, the overall registered death figures across the WMCA (3 LEP) have increased by 155 people, with the number of deaths related to Coronavirus decreasing by 10 people.

At local authority level, Birmingham accounts for 21.7% (23) deaths related to Coronavirus in the WMCA (3 LEP), this is followed by Walsall at 13.2% (14 deaths). Notably, there were no registered deaths related to Coronavirus in Rugby.

Of deaths involving Coronavirus registered in the week of 5th June, 56.6% (60) occurred in a hospital which has decreased when compared to the week of the 29th May at 57.8% (67). The number of Coronavirus related deaths that occurred in a care home decreased from 37.1% (43) to 30.2% (32) in the week of 5th June.

The following table shows the place and number of deaths registered that are related to Coronavirus in the week 5th June 2020

Source: ONS, Deaths registrations and occurrences by local authority and health board, 16th June 2020

Area name	Care home	Elsewhere	Home	Hospice	Hospital	Other communal establishment	Total
Cannock Chase	1	0	0	0	1	0	2
East Staffordshire	2	0	0	0	1	0	3
Lichfield	2	0	0	0	2	0	4
Tamworth	1	0	0	0	2	0	3
North Warwickshire	0	0	0	0	4	0	4
Nuneaton and Bedworth	1	0	0	0	4	0	5
Rugby	0	0	0	0	0	0	0
Stratford-on-Avon	0	0	0	0	1	0	1
Warwick	3	0	0	0	5	0	8
Bromsgrove	4	0	0	0	1	0	5
Redditch	0	0	0	0	1	0	1
Wyre Forest	0	0	0	0	1	1	2
Birmingham	6	0	4	0	13	0	23
Coventry	3	0	2	0	2	1	8
Dudley	1	0	1	0	3	0	5
Sandwell	1	0	1	0	7	0	9
Solihull	2	0	1	0	0	0	3
Walsall	4	0	3	0	7	0	14
Wolverhampton	1	0	0	0	5	0	6
WM 7 Met	18	0	12	0	37	1	68
Black Country LEP	7	0	5	0	22	0	34
Coventry & Warwickshire LEP	7	0	2	0	16	1	26
Greater Birmingham & Solihull LEP	18	0	5	0	22	1	46
WMCA (3 LEP)	32	0	12	0	60	2	106

Claimant Count Summary for May 2020: Released June 2020 – Full details

Claimant count for people aged 16+:

There were **207,635 claimants in the WMCA** (3 LEP) area in May 2020, this is an increase of 36,390 people compared to April 2020. This equates to an increase of 21.3%, while the UK increased by 26.6%.

Within the WMCA (3 LEP), the **BCLEP had 65,275 claimants** in May 2020, this is an increase of 10,310 (+18.8%) from the previous month.

In CWLEP, there were 33,325 claimants aged 16 years and over in May 2020– this is an increase of 7,155 claimants since April 2020 - which equates to 27.3%

In GBSLEP, there were 109,035 claimants aged 16 years and over in May 2020 – this is an increase of 18,925 claimants since April 2020 – which equates to 21.0%.

CWLEP is the only LEP within the WMCA (3 LEP) where percentage increase is above the England and UK average (27.3% vs 26.6%).

Since March 2020, the number of claimants has increased by 90,045 people. This equates to a growth rate of 76.6%, while for the UK there was a growth of 110.9%.

Within the WMCA (3 LEP) area, the **BCLEP had 27,000 more claimants** since March 2020, an increase of 70.5%. The **CWLEP had 17,500 more claimants** since March 2020, an increase of 110.6% and **GBSLEP had 45,545 more claimants** over the same period which is an increase of 71.7%.

The WMCA (3 LEP) has 105,600 more claimants when compared to May 2019, this is an increase of 103.5% - which is below the UK increase of 140.4%.

Within the WMCA (3 LEP) area, the **BCLEP had 32,965 more claimants** when compared to the same month from the previous year, an increase of 102%. The **CWLEP had 20,175 more claimants** when compared to the same month from the previous year, an increase of 153.4% and **GBSLEP had 52,460 more claimants** over the same period which is an increase of 92.7%. Overall, for the WMCA (3 LEP) the number of claimants as percentage of residents aged 16 years and over is 6.3% in May 2020 compared to 5.0% for the UK.

Within the WMCA (3 LEP) the number of claimants as percentage of residents aged 16 years and over varies across the 3 LEPs with the Black Country at the highest with 6.9%, followed by GBSLEP with 6.8% and then CWLEP with 4.4%

Ward Analysis

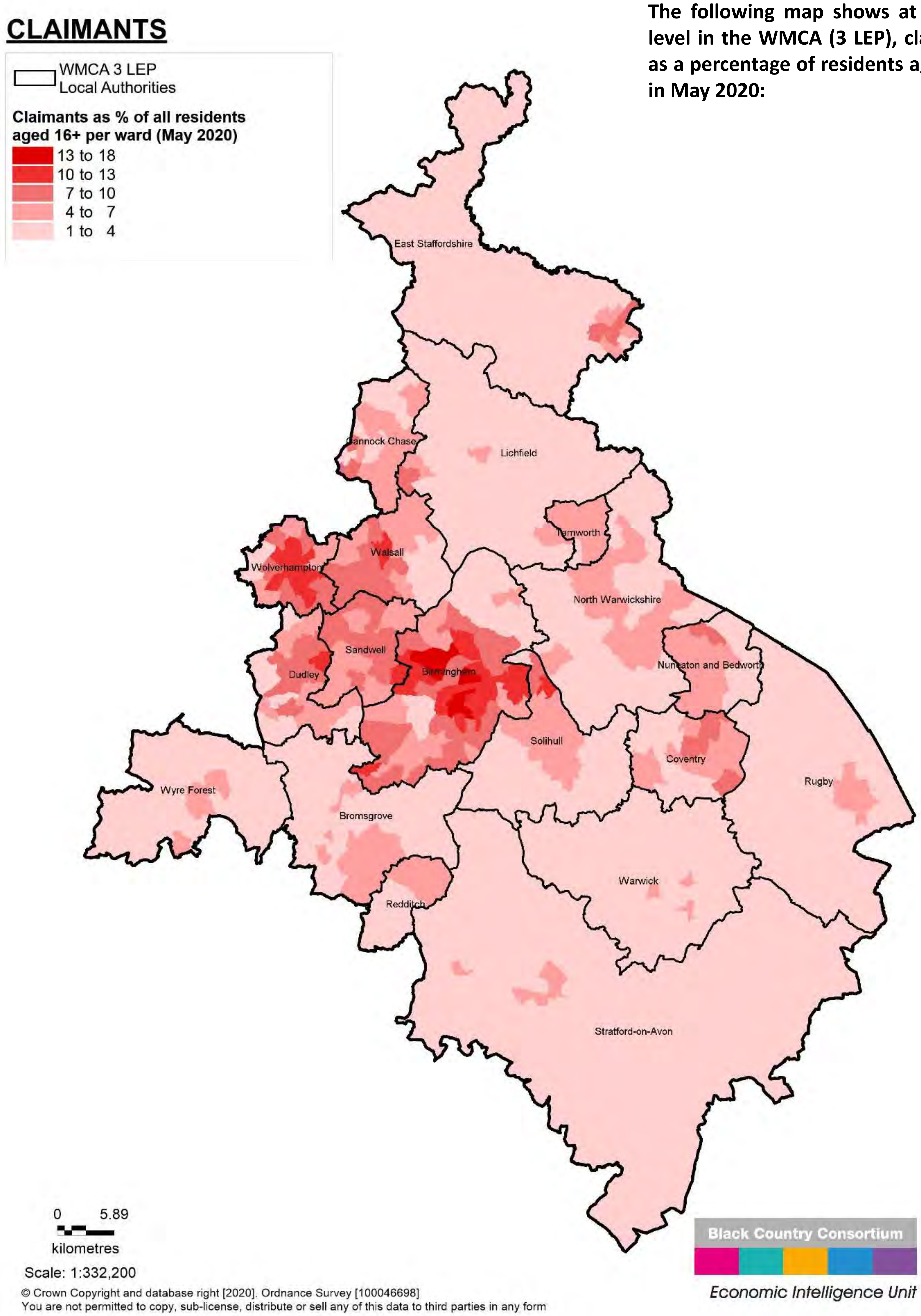
Out of the 422 wards within the WMCA (3 LEP), 193 are the same or above the UK of 5.0% for the number of claimants as a percentage of residents aged 16+ in April 2020.

The top 10 wards that have the highest number of claimants as a percentage of residents aged 16+ in May 2020 are based in Birmingham, with the top three being Birchfield at 17.1%, this is followed by Lozells at 16.7% and Handsworth at 16.2%.

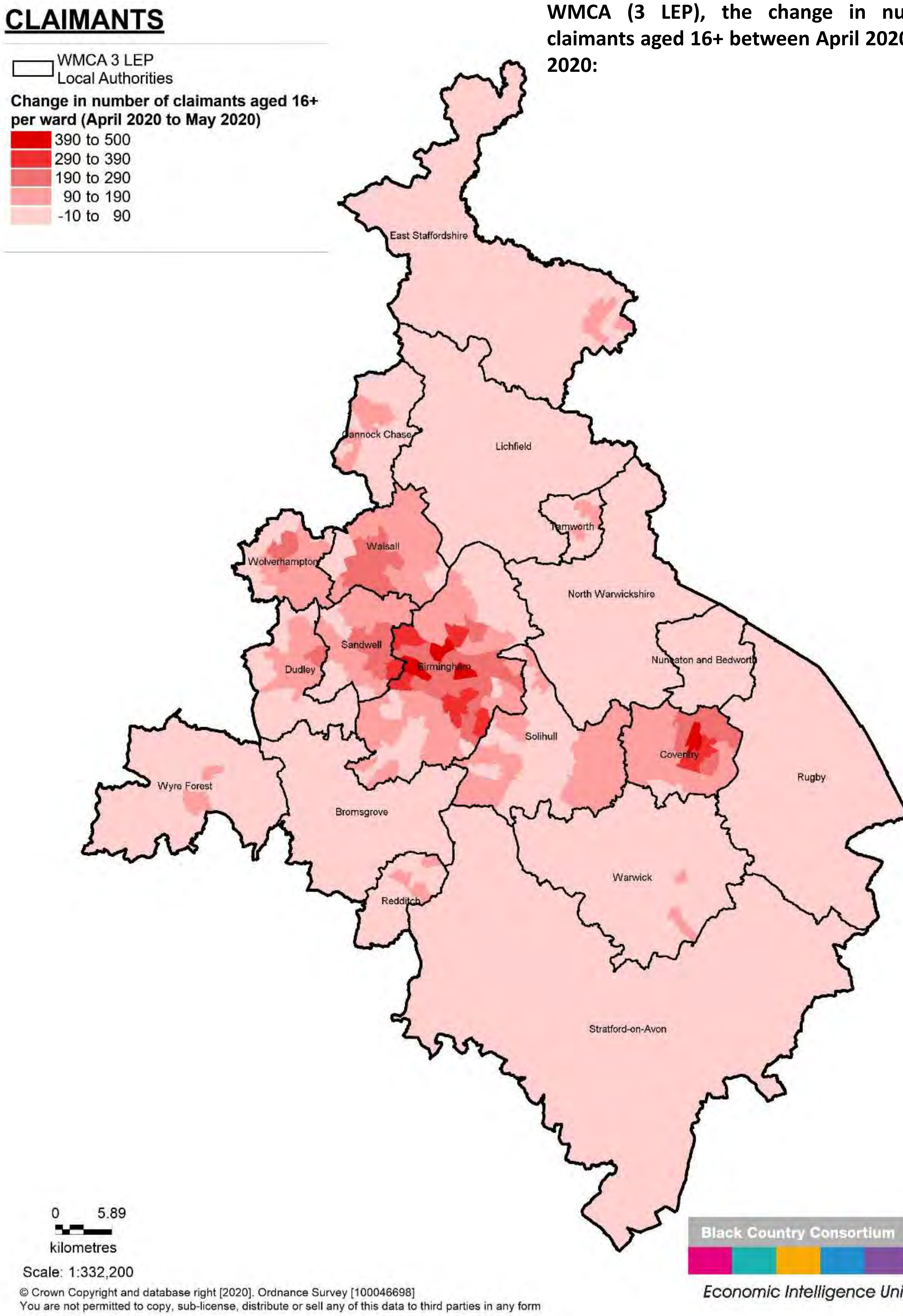
Within the WMCA (3 LEP area), the highest number change between April 2020 and May 2020 for claimants aged 16+ was in Alum Rock (Birmingham) with an additional 495 people (reaching 2,535 claimants). This is followed by Foleshill (Coventry) with an additional 400 (reaching 1,650 claimants), Aston (Birmingham) with an additional 395 people (reaching 2,740 claimants) and Soho & Jewellery Quarter with an additional 395 people (reaching 2,440 claimants).

	May 19	March 20	April 20	May 20	% Change (Mar 20 – May 20)	% Change (Apr 20 – May 20	% Change (May 19 – May 20)
BCLEP	32,310	38,275	54,965	65,275	70.5%	18.8%	102.0%
CWLEP	13,150	15,825	26,170	33,325	110.6%	27.3%	153.4%
GBSLEP	56,575	63,490	90,110	109,035	71.7%	21.0%	92.7%
WMCA (3 LEP)	**102,035**	**117,590**	**171,245**	**207,635**	76.6%	**21.3%**	**103.5%**
England	922,775	1,063,505	1,764,725	2,277,190	114.1%	29.0%	146.8%
UK	1,112,855	1,268,620	2,113,560	2,675,250	110.9%	26.6%	140.4%

The following map shows at a ward level in the WMCA (3 LEP), claimants as a percentage of residents aged 16+ in May 2020:



The following map shows at a ward level in the WMCA (3 LEP), the change in number for claimants aged 16+ between April 2020 and May 2020:



Youth Claimants (Aged 16-24):

There were **41,225 youth claimants in the WMCA** (3 LEP) area in May 2020, this is an increase of 8,775 people compared to April 2020. This equates to an increase of 27%, while the UK increased by 32.3%.There were **13,180 youth claimants in the BCLEP, this is an increase of 2,460 since April 2020.** This equates to an increase of 22.9%.

There were **6,400 youth claimants in the CWLEP, this is an increase of 1,705 since April 2020.** This equates to an increase of 36.3%. There were **21,645 youth claimants in the GBSLEP, this is an increase of 4,610 since April 2020.** This equates to an increase of 27.1%.CWLEP is the only LEP within the WMCA (3 LEP) where percentage increase is above the England and UK average (36.3% vs 32.3%).

Since March 2020, the number of youth claimants has increased by 18,390 people. This equates to a growth rate of 80.5%, while for the UK there was a growth of 109.4%.

Within the WMCA (3 LEP) area, the **BCLEP had 5,430 more youth claimants** since March 2020, an increase of 70.1%. The **CWLEP had 3,480 more youth claimants** since March 2020, an increase of 119.2% and **GBSLEP had 9,480 more youth claimants** over the same period which is an increase of 77.9%.

The WMCA (3 LEP) had 21,770 more youth claimants when compared to May 2019. This is an increase of 111.9%, which is below the UK increase of 140.1%.

Within the WMCA (3 LEP) area, the **BCLEP had 6,710 more youth claimants** when compared to the same month from the previous year, an increase of 103.7%. The **CWLEP had 4,040 more youth claimants** when compared to the same month from the previous year, an increase of 171.2% and **GBSLEP had 11,020 more youth claimants** over the same period which is an increase of 103.7%.

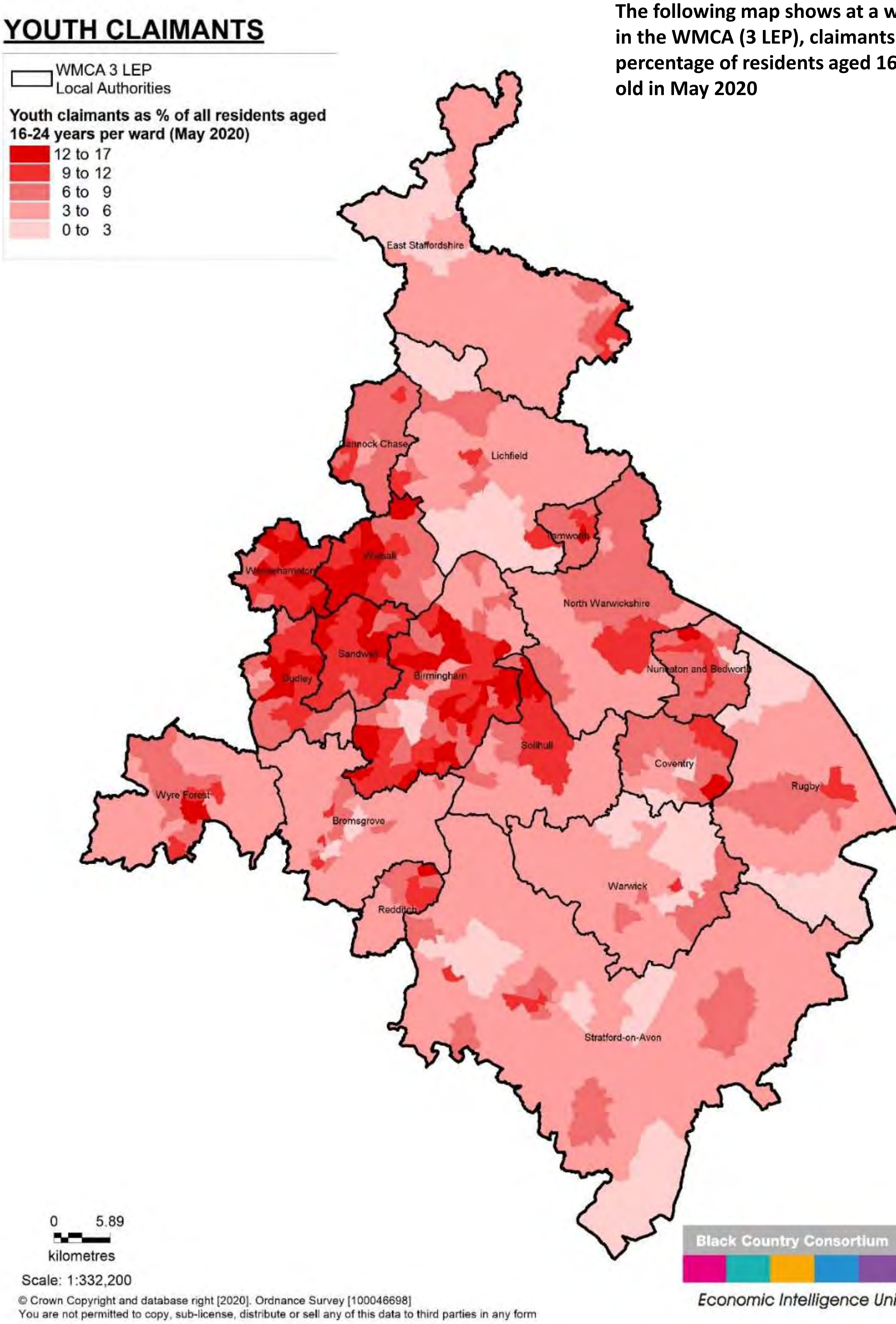
Overall, for the WMCA (3 LEP) the number of claimants as percentage of residents aged 16- 24 years old is 8.3% in May 2020 compared to 7.1% for the UK.
The number of claimants as percentage of residents aged 16- 24 years old varies across the 3 LEPs with the Black Country at the highest with 10.6%, followed by GBSLEP with 8.5% and then CWLEP with 5.4%
Overall, for the WMCA (3 LEP) the number of claimants as percentage of residents aged 16- 24 years old is 8.3% in May 2020 compared to 7.1% for the UK.
The number of claimants as percentage of residents aged 16- 24 years old varies across the 3 LEPs with the Black Country at the highest with 10.6%, followed by GBSLEP with 8.5% and then CWLEP with 5.4%

	May 2019	**March 2020**	**April 2020**	**May 2020**	**% Change (Mar 20 – May 20)**	**% Change (Apr 20 – May 20**	**% Change (May 19 – May 20)**
BCLEP	6,470	7,750	10,720	13,180	70.1%	22.9%	103.7%
CWLEP	2,360	2,920	4,695	6,400	119.2%	36.3%	171.2%
GBSLEP	10,625	17,035	17,035	21,645	77.9%	27.1%	103.7%
WMCA (3 LEP)	19,455	32,450	32,450	41,225	80.5%	27.0%	111.9%
England	172,320	316,095	316,095	426,940	113.1%	35.1%	147.8%
UK	210,895	382,635	382,635	506,305	109.4%	32.3%	140.1%

Ward Analysis

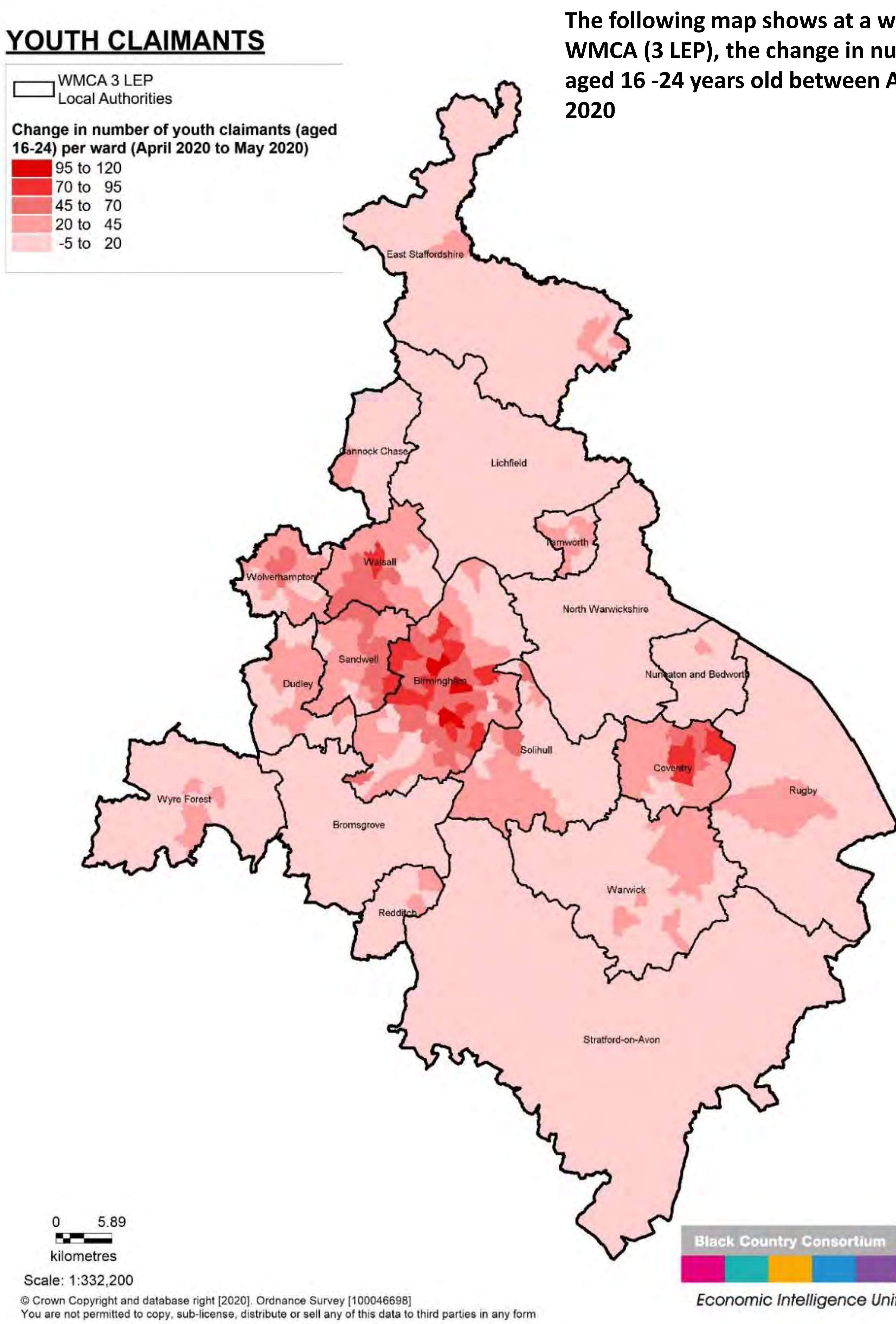
Out of the 422 wards within the WMCA (3 LEP), 240 are the same or above the UK average of 7.1% for the number of claimants as a percentage of residents aged 16 – 24 years old in May 2020.
The top three wards that have the highest number of claimants as a percentage of residents aged 16 – 24 years old are in Handsworth (Birmingham) at 16.6%, Smith’s Woods (Solihull) at 16.2% and East Park (Wolverhampton) both at 16.0%.

The following map shows at a ward level in the WMCA (3 LEP), claimants as a percentage of residents aged 16-24 years old in May 2020



Within the WMCA (3 LEP), the highest number change between April 2020 and May 2020 for claimants aged 16 – 24 years old was in the Alum Rock (Birmingham) ward at an additional 120 claimants (reach a total of 520), this is followed by Aston (Birmingham) at 100 more claimants (reaching 560) and Sparkbrook & Balsall Heath East (Birmingham) at 95 more claimants (reaching 535).

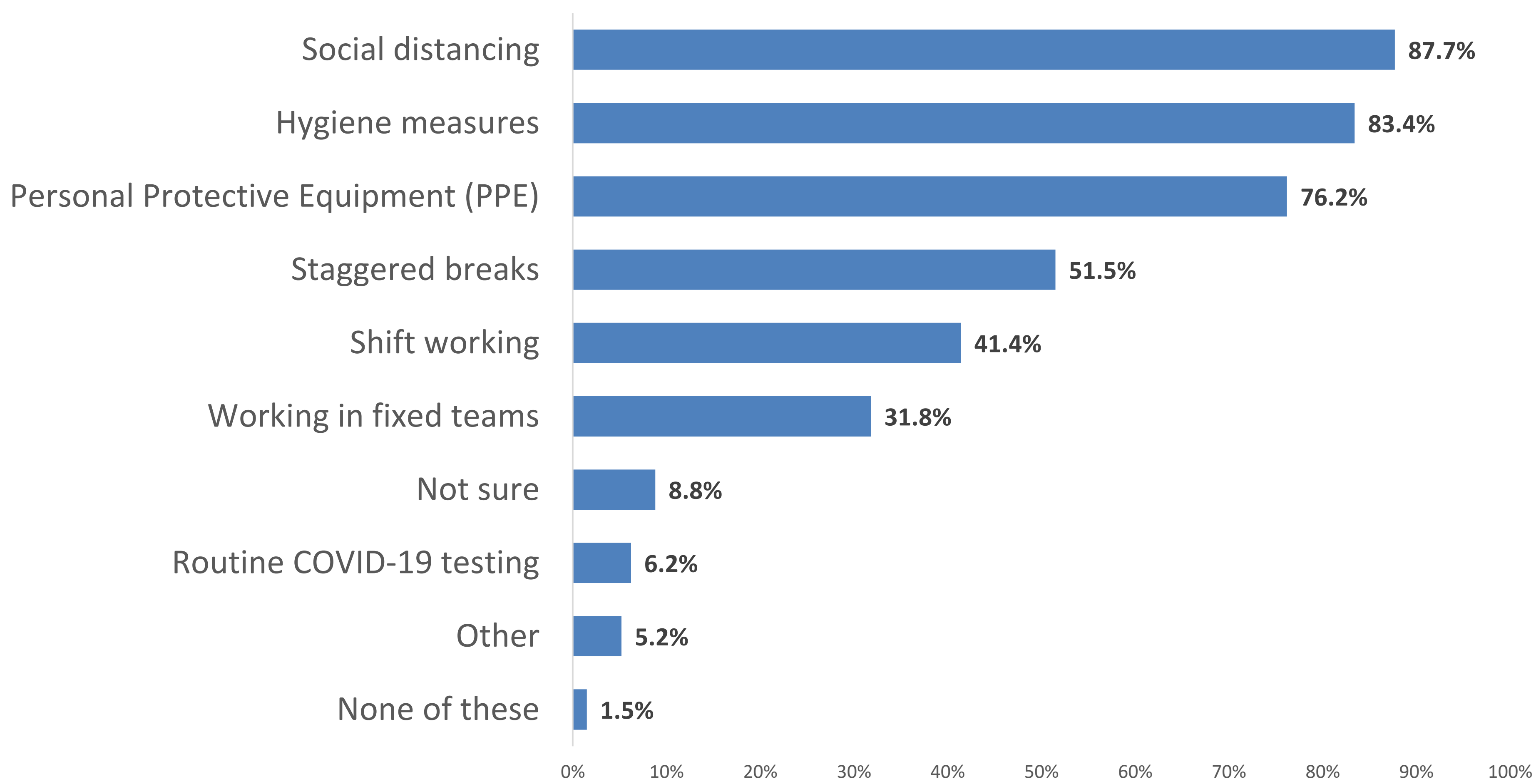
The following map shows at a ward level in the WMCA (3 LEP), the change in number of claimants aged 16 -24 years old between April 2020 and May 2020



Paused Trading
78% of responding businesses have been trading for more than the last 2 weeks. 5% of responding businesses who had temporary paused trading reported to have started trading in the last 2 weeks, while 12% of paused businesses do no intend on restarting in the next 2 weeks.
5% of responding business that have temporary closed or paused trading expect to start trading in the next 2 weeks, apportioned by workforce size it is estimated 3% will return from remote working and 27% will return from furlough.

Safety Measures
Of the responding businesses that have not permanently ceased trading, 87.7% intend to implement social distancing measures, this is followed by 83.4% for hygiene measures.

The following chart shows the potential safety measures businesses intend to or have implemented:



Online Sales

31.9% of businesses that are continuing to trade, and who sells good or services online reported that online sales have increased. 32.8% reported online sales have stayed the same and 22.5% reported online sales have continued but decreased. 4.1% of businesses stopped selling goods or services online and 8.8% were not sure of any changes.

Social Impact of the Coronavirus

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

Data on the social impact of the coronavirus (COVID-19) on Great Britain were collected from the Opinions and Lifestyle Survey (OPN). The data relate to the final results for Wave 12, covering the period 4th – 7th June 2020. In this wave, 1,914 responding adults, with a response rate of 77% for the survey.

Concerns about household finances

24.1% of adults stated that Coronavirus was affecting their household finances. The most common concern on household finances continues to be a reduced income at 75.7%, with 14.8% using savings to cover living costs, a further 15.2% borrowing money or using credit and 11.7% are struggling to pay bills. 28.2% of people survey are unable to save as usual and nearly 22.0% were concerned the savings value is being affected by economic instability.

Self-isolation

13% of adults reported to self-isolating in the past seven days, this increased to 22% when looking at people with any specific health condition, and to 30% for people aged 70 or older.

Source: Office for National Statistics – Business Impacts of Coronavirus Survey

Face Coverings and Handwashing

30% of adults have worn a face covering outside their home in the last 7 days, with the most common reason at 73% for shopping which is followed by running errands and at 23%.

40% of responding adults reported that are either very or fairly likely to wear one in the next 7 days.

45% of adults have worn a face covering while travelling on public transport in the past 7 days.

93% of adults reported they either always or often washed their hands straight after returning home from a public place.

Outside & Feeling Safe

37% of adults reported they felt safe or very safe when outside their home, a decrease from 41% from 28th – 31st May. 53% of adults reported visiting a park of public green space between 4th – 7th June compared to 42% between 28th – 31st May. Of these adults. 44% reported that had met up with friends or family from outside their households.

School

74% of adults with dependent children reported to home-schooling their children between 4th – 7th June, with these children spending an average of 14 hours learning over the time period.

51% of adults in England that had dependent children that were able to return to school felt either very or quite unconfident in sending their children back to school in June and 52% said they were either very or quite unlikely to send their children back to school in June.

Impacts of Wellbeing

The mean anxiety has increased across all groups, with the highest decrease seen in those with any specific health condition from 3.7 between 28th – 31st May to 4.4 between 4th – 7th June.

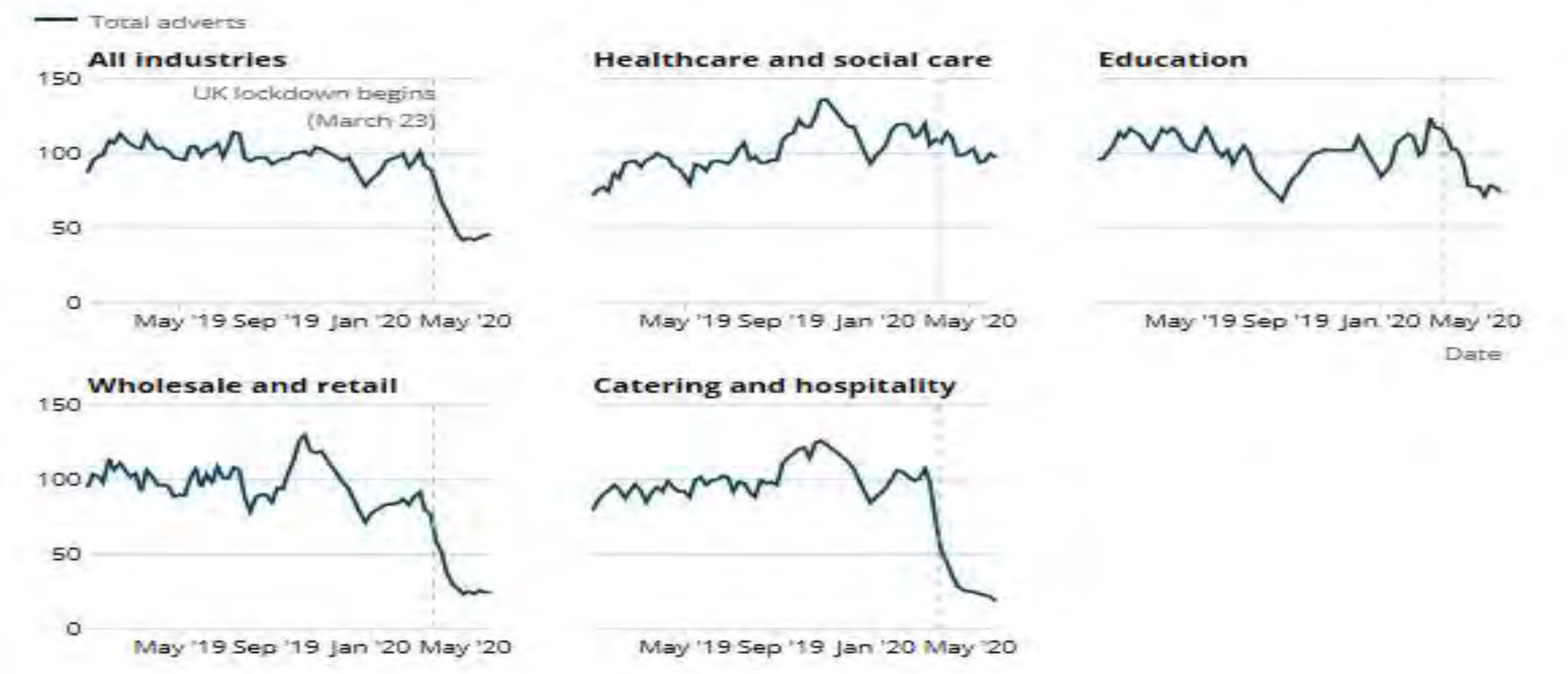
The percentage of all adults that reported feeling lonely often/ always or some of the time has decreased from 25% to 21% from between 28th – 31st May to 4th – 7th June. Those with any specific health condition has increased from 29% to 30% and for those aged 70 years and over this has increased from 17% to 21% over the periods.

Indicators of wellbeing between the periods of 28th – 31st May to 4th – 7th June:

Indicator	Group	28th – 31st May	4th – 7th June
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	44%	42%
	70 years and over	36%	32%
	Any specific health condition	47%	56%
Mean anxiety score	All adults	3.7	4.0
	70 years old or over	3	3.5
	Any specific health condition	3.7	4.4
Percentage with high anxiety (score 6-10)	All adults	30%	32%
	70 years and over	24%	31%
	Any specific health condition	32%	39%
Feeling lonely often/always or some of the time	All adults	25%	21%
	70 years and over	17%	21%
	Any specific health condition	29%	30%

Self-Online Jobs Adverts
These estimates are experimental/ Figures are taken from jobs adverts provided by Adzuna. Each value in the series measures the number of jobs adverts at a point in time, indexed for the average for 2019 (average = 100).
Across all industries the total online jobs vacancies have increased from 45.1% to 45.6% of its 2019 average between 29th May and 5th June. Notably In catering and hospitality industry job adverts have declined to a record low of 18.1% of it 2019 level between 29th May and 5th June and education declining to 73.3% of its 2019 level over the same period.
From the start of March to start of May, across all industries the total number of job adverts have decreased, reaching a low of 41.8% of it 2019 average on 1st May. Across four selected categories show that in catering and hospital and wholesale and retail jobs adverts all reached their lowest value below 25% of their 2019 average values. However, in contrast, education and health and social care each saw a smaller decline from the beginning of March

The following image shows the total weekly jobs adverts on Adzuna between 4th January 2019 to 5th June2020 (Index 2019 average =100):



Source: Adzuna

Value Added Tax (VAT) Returns
Turnover diffusion indices track the proportion of firms reporting an increase or decrease in their turnover in their Value Added Tax (VAT) returns.
Between March to April 2020, the all-industry index was 3.9 standard deviations below the historical mean – which represents in general more firms had decreasing turnover rather than increasing. Declines can be seen across all the major sectors (services, construction, production and agriculture) with construction experiencing a particularly negative diffusion index at more than 8 standard deviations below the historical mean. Notably, this is the most negative value for the construction diffusion index that has been seen since the start of the series (January 2008).
The new reporters index measures the number of firms sending VAT returns for the first time (relates to number of firm births). In May 2020, the index dropped by 0.7 standard deviations below the historical mean. However, there has been an increase in the number of new VAT reporters between April 2020 and May 2020 from 15,250 to 16,460, although the number of new reports in May is still below the 2015 to 2019 five-year average of 20,866 – excluding April 2020 this is the lowest since June 2013.

Universal Credit
New individual claims for Universal Credit was steady at 11,000 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 17,150 new individual claims on the 2nd June.
At the start of March, claim advances were steady between 5,000 and 6,00 each weekday, this then peaked on 6th April at 35,280 and now numbers have decreased to 5,940 on the 2nd June.

Black Country Consortium
Economic Intelligence Unit

NEW ECONOMIC SHOCKS			
COMPANY	**LOCATION**	**SECTOR**	**SOURCE/DETAIL**
Frankie and Benny's	Black Country and wider areas	Hospitality	Talks progress to close restaurant chain down, with at least 3 restaurants affected in the Black Country area alone.**Link:**
SPS Technologies	Rugby (Midlands)	Aerospace	Aerospace parts firm SPS Technologies is set to make around 420 people redundant, according to a union. Unite says that, in Nottinghamshire, SPS is making around a third of the 300 strong workforce at its Annesley site redundant, while more than 40 jobs will go at the firm's Mansfield site, where around 100 people are employed. SPS has also announced 200 job losses at its 480-man site in Leicester, **as well as nearly 100 job losses at its operations in Rugby,** which constitutes the vast majority of the site's workforce. **Link:**
Sertec Group	Coleshill	Manufacturing, Automotive	**Coleshill-headquartered automotive components manufacturer Sertec Group is understood to be planning 428 redundancies** from its 1,300 workforce. The majority of the staff at the company, which produces car components for JLR, Nissan and Toyota, is currently furloughed under the government's job retention scheme (JRS). **The redundancies will be made at its factories in Coleshill, Hams Hall, Redditch**, Tyserly, Witton and Aston .**Link**
Holland and Barrett	Nuneaton (National)	Retail	Exceptional costs forced Holland & Barrett to make a pre-tax loss of almost £26m after posting profits of more than £80m in the prior 12 months, new documents have revealed. However, revenues passed the £700m-mark. **Link:**
Hippodrome Theatre	Birmingham	creative	More than 60 staff at Birmingham Hippodrome face redundancy **Link**:

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	**LOCATION**	**SECTOR**	**DETAIL & SOURCE**
Greene King	Black Country and UK wide	Hospitality	Greene King spend £15mil on safety measures to prepare pubs to reopen **Link**:
KB Transport Solutions	Nuneaton	Transport, Haulage, Freight	A transport business has found a second home after signing a lease on a 40,000 sq ft unit in Nuneaton. to accommodate the growth of its warehousing and distribution services. The opening of an additional unit comes in the 10th year of KB Transport Solutions. The company specialises in pallet distribution, warehouse storage, logistics and transport services in the West Midlands and throughout the UK. **Link**:
Solid State	Redditch	Manufacturing, Electronics	Redditch-headquartered electronics maker Solid State's trading in the first two months of its new financial year has been "ahead of management's expectations", despite the impact of the Covid-19 pandemic. The business, which manufactures computing, power and communications products and trades on AIM, added that all of its four manufacturing sites remain open while its open order book as of 31 May 2020 was £37.9m, up from £35.9m at 31 May 2019. **Link**:
JLR	National	Automotive, Engineering, Manufacturing	Jaguar Land Rover has resumed production at its Halewood plant as part of the company's phased return to manufacturing vehicles. **Link**:
Dennis Eagle	Warwick (Head Office)	Manufacturing, Automotive	A global manufacturer of refuse collection vehicles has expanded its operations with a 9,120 sq ft unit in Aldridge. **Link:**
Lawton Tube Company	Coventry	Manufacturing	Turnover passed the £150m mark at a historic Queen's Award-winning tube manufacturer in Coventry during its latest financial year, new documents have revealed. Newly filed documents for the 12 months to 30 September 2019 have revealed the company's turnover increased from £149m to £152.7m. **Link**:
HydroGarden Wholesale Supplies	Coventry	Manufacturing	An innovative manufacturer and wholesaler is expanding its UK headquarters in Coventry to continue its world-wide expansion after receiving help from a business support organisation. HydroGarden, which was launched in 1994, is the largest European wholesaler of hydroponics – which is the process of growing plants indoors – following its merger earlier this year with Grow In AG in Berlin, Germany, as well as being a manufacturer of plant feeds. **Link:**
W. Potter and sons (Poultry)	Rugby	Agricultural/ Farming	Warwickshire poultry and agricultural equipment supplier, W. Potter & Sons (Poultry) Limited has been sold out of administration, saving 38 jobs. **Link**:
Kite Packaging	Coventry	Manufacturing	Turnover at an employee-owned packaging company jumped past the £90m mark during its latest financial year, new documents have revealed. Newly filed accounts for Kite Packaging Group Holdings show the company's turnover increased from £79.9m to £91.2m in the 12 months to 31 December 2019. **Link:**
BioCare	Redditch	Pharma	Relocating from Kings Norton to Redditch to achieve operational efficiencies and realise growth potential and future-proofing **Link**:

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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