West Midlands
Weekly Economic Impact Monitor

WM REDI | CITY REDI

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

Key Issues

- The Nasdaq 100 index had its best gain in three months to close at a record high this week. The lockdown and stay-at-home order drove a rise in the Fang bloc of megacap technology companies including Amazon.com Inc., while Zoom Video Communications Inc. also gained. The main beneficiaries of the lockdown have been technology companies, evident in the recent gains made by such tech companies on the stock markets.
- The UK's Oxford COVID19 vaccine is safe and induces an immune reaction, according to preliminary phase 1 results.
- The latest round of talks on the UK's post-Brexit relationship with the EU started this week. No progress has been made in informal meetings since last month.
- Andy Haldane, the Bank of England's chief economist has said that the economy has recovered half the output lost during lockdown. He told the Treasury Select Committee this week that the economy had experienced a bounce-back in activity, with almost half the quarter's plunge in output experienced during March and April clawed back. He maintained that the recovery is following a V shape.
- The number of profit warnings issued by listed businesses in the West Midlands in the first half of 2020 increased by 131%. There were 30 profit warnings among West Midlands' companies in the first six months of this year, which is the highest figure for two decades.
- The emptying out of cities could accelerate the wealth divide with those able to afford to moving out to towns and suburbs, utilising the flexibility of working from home more, so leaving the young and poorer communities concentrated in the urban inner city.
- The pandemic may accelerate the decline of the high street, where the number of shops could more than halve in the next two years, but this is a trend that was already in play. High streets which have thrived are the ones which have picked up on and maximised some of the other trends which have accelerated under covid-19 conditions, including, personalised, ethical and local businesses and which are embracing online sales to diversify markets.
- Labour markets over recent years have polarised and the impact of the virus could accelerate this divergence of knowledge workers and service workers. This suggests that cities and towns will experience uneven and unequal impacts. The IFS has explored the issue of interrelated vulnerabilities, and argued they should remain at the forefront of policymaking. They conclude that the government's approach to easing the lockdown needs to protect public health whilst enabling economic activity and minimising the real social costs of isolation. They suggest that the balance between these goals might look very different around the country.
- Reviewing recent research on the revival of towns pre-pandemic and the impact of Covid-19 on places broad recommendations for future directions to deal with the economic, physical and mental health of residents and businesse include:
  - ✓ Creative and innovative leadership
  - ✓ Meaningful community engagement
  - ✓ Understanding place unique selling points
  - ✓ Competitive, safe socialising and experience
  - ✓ Let there be light, blue and green infrastructure
  - ✓ Investment in modern age markets and an environment for independents to thrive
  - ✓ Reshape ownership and taxation models
  - ✓ Connectivity which enables high quality interactions
  - ✓ Create a place for caring and community
- Across the whole of the Midlands there are 1.4m people furloughed. A higher percentage of firms report turnover decrease than across England as a whole. Manufacturing output is at a 30 year low with only 10% of companies operating at normal capacity. Inequalities will be exacerbated, with particular impacts on the young, low earners and women.
- In strong contrast to other months the West Midlands with the East Midlands reported the highest PMI index score across all regions.

- In comparison with previous months, the Chambers survey says 48% of businesses witnessed a fall in UK revenue (with 24% citing a significant decrease) with 31% recording an uplift in domestic revenue. 57% of firms saw a drop in international revenue (with 31% suggesting it was significant) and 19% reported an increase in revenue generated overseas. 53% had also seen a decline in cash reserves (with 23% noting an uplift compared to the previous month).
- On 20th April 40% of businesses had temporarily closed, increasing to 80% by the end of May and the proportion had reached 93% by the end of lockdown. Some 60% have seen a drop in revenue of 75% or more and another 26% have seen a drop of between 50% and 75%. Half of businesses have now re-opened. The others plan a more gradual re-opening, with the majority unable to operate viably with social distancing
- Latest ONS data for the West Midlands, says 90.3% of responding businesses are currently trading and have been for more than the last two weeks (UK 85.1%). 60.9% of trading businesses in the West Midlands reported their turnover had decreased by at least 20%, compared to 57.6% of businesses in the UK. However, 20.1% of trading businesses in the West Midlands reported that their turnover was unaffected (25.2% for the UK) and 11.8% reported their turnover had increased by at least 20% in the West Midlands, slightly above the UK average of 11.%. 51.5% of exporting businesses in the West Midlands, and 46.1% in the UK, reported their businesses were still exporting but less than normal. 2.6% of West Midlands businesses that have not permanently stopped trading have no cash reserves. For the UK, this figure is 3.7%.
- 67% of adults met up with others to socialise between 8th and 12th July. Of these adults, 49% had met with one or two people, 27% met with three or four people and 23% met with more than five people. 27% of adults stated they were likely or very likely to go on holiday in the UK this summer. 27% of adults reported they would be comfortable or very comfortable to eat indoors are a restaurant while 52% reported they would be uncomfortable or very uncomfortable.
- 27% of adults reported that they worked exclusively at home, while for the first time 50% of adults reported they had travelled to work.

Global Outlook

Leaders of the 27 European Union nations reached a decision to allocate 750 billion euros to its coronavirus recovery fund. The mammoth several day EU summit was fixed on the amount that should be grants or loans. Following disagreement from the 'Frugal Four', headed up by the Netherlands, the agreement is divided in to grants worth 390 billion euros and low-interest loans worth 360 billion euros. Nearly a third of the funds are earmarked for fighting climate change.

The Nasdaq 100 index had its best gain in three months to close at a record high this week. The lockdown and stay-at-home order drove a rise in the Fang bloc of megacap technology companies including Amazon.com Inc., while Zoom Video Communications Inc. also gained. The main beneficiaries of the lockdown have been technology companies, evident in the recent gains made by such tech companies on the stock markets.

In the US California's hospitalization growth continued its daily reduction and daily case growth in other hot spots like Florida and Arizona are beginning to slow too.

In Asia, Japanese Prime Minister Shinzo Abe told parliamentarians of his Liberal Democratic Party that the rise in cases, clustered mostly in Tokyo, do not require a second state of emergency. Carrie Lam, Hong Kong's leader, said that coronavirus cases was spinning out of control in the city, as she tightened social distancing measures. In the past two weeks infections have risen once more.

In Australia, Melbourne authorities will are set to make it compulsory to wear a mask in public, as the city stepped up efforts to bring a their local cluster under control. The state of Victoria has nearly 3,000 active cases of Covid-19 after a further 363 infections were reported yesterday. Melbourne is 10 days in to its lockdown.

In China, a cinema in the eastern city of Hangzhou was the first in China to reopen after 178 days of lockdown restrictions. The cinema, operating under social distancing measures was, the cinema only able to welcome 32 customers.

National Outlook

The UK's Oxford COVID19 vaccine is safe and induces an immune reaction, according to preliminary phase 1 results. The results from phase 1/2 trial involving 1077 healthy adults found that vaccine induced strong antibody & T cell immune responses up to day 56 of the ongoing trial. These responses may be even greater after a 2nd dose, according to a sub-group study of 10 participants

Fatigue and headache were the most commonly reported reactions / side effects (70% [340/487] of all participants given #COVID19 vaccine only, which reduced with those give paracetamol.

The latest round of talks on the UK's post-Brexit relationship with the EU started this week. No progress has been made in informal meetings since last month. The EU has briefed that their compromise on fishing and level-playing field arrangements haven't been reciprocated, while their U.K. counterparts retort that the bloc's concessions haven't gone far enough.

Andy Haldane, the Bank of England's chief economist has said that the economy has recovered half the output lost during lockdown. He told the Treasury select committee this week that the economy had experienced a bounce-back in activity, with almost half the quarter plunge in output experienced during March and April clawed back. He maintained that the recovery is following a V shape.

Analysis from Kanta has shown how the cost of working from home is starting to add up. People spent an additional £24 million on tea and coffee in the past 4 weeks, and £19 million on biscuits. There is evidence to suggest that people are shopping more locally too, with independent convenience stores, (including Spar, Nisa and Premier) seeing sales surge by 59.5% over last 12 weeks vs last year. This compares to 16.9% growth in overall food and drink retail sales.

Regional Outlook

The number of profit warnings issued by listed businesses in the West Midlands in the first half of 2020 increased by 131%. A large chunk of those issuing the profit warnings said it was of a result of the Covid emergency and resulting lockdown.

The analysis by EY also revealed that there were 30 profit warnings among West Midlands companies in the first six months of this year, which is the highest figure for two decades, showing the damage the pandemic has caused to local businesses.

The Department for Transport (DfT) has awarded Transport for West Midlands (TfWM) a £3.85 million grant to implement plans over the next two months for pop-up cycle lanes and wider pavements to encourage more people across the region to cycle.

Tenders have also been opened for to find a supplier of e-scooters for a new trail scheme across the region. The initiative has bene launched in partnership with local authorities, which are set to commence a trial of the electric scooters from the end of the summer.

The future of towns and cities post Covid-19

Rebecca Riley WMCA/WMREDI

Post the general election the policy focus shifted from cities to towns. The seismic shift in the political landscape and the notion of the 'red wall turning blue' driven by local dissatisfaction in towns across the north and the midlands shifted government thinking in ways many might have seen as unthinkable. The impact of Covid-19 has seen further unthinkable shifts in the towns and cities. Social distancing and the shift to homeworking has created significant shifts in the way people work and interact. Cities have become the epicentre of outbreaks and proximity has become a friction. Cities provide opportunity for good and bad interaction and pandemics are an example of bad; urbanisation and density making them vulnerable to disease. Lockdown has emptied out cities and urban environments and may lead to greater deurbanisation as people seek green space and better home environments. However big tech and personal based service hubs have increased their share of employment in the past and growth generated from intense agglomeration still remains important to these businesses in terms of staff, idea exchange and innovation.

Key City Trends

- Emptying out of cities
- Polarisation of knowledge and service workers
- Changes in consumer activity
- Reduction of travel
- Drop in students
- Rise of urban villages
- Social distancing effects
- Closure of professional service offices

The emptying out of cities could accelerate the wealth divide with those able to afford to move out, moving to towns and suburbs, utilising the flexibility of working from home more, leaving the young and poorer communities concentrated in the urban inner city. This would affect the infrastructure demand in cities and the disparity between where money is earned and where it is spent. Globally, however, during the last recession cities grew, gaining migrants and millennials unable to find jobs elsewhere. This time round the future of cities relies more on the decisions on Gen-Z. They are more educated and more diverse and already have strong urban roots. They are a generation committed to environmental protection, supporting local businesses and shared assets, less inclined to see home ownership as a necessity and accepting that they will have less than the generations before them.

The Covid-19 experience may accelerate a lot of these traits in wider society. The pandemic may accelerate the decline of the high street, where the number of shops could more than halve in the next two years, but this is a trend that was already in play. High streets which have thrived are the ones which have picked up on and maximised some of the other trends which have accelerated under covid-19 conditions, including, personalised, ethical and local businesses and embracing online sales to diversify markets. The impact on universities and international travel and pulling students into cities will dramatically change in the next 12 months. In the longer term this may change the pattern of student movement for the longer term, which will impact on student areas in cities. This could change the face of some cities for a long time to come and technology could maintain this change as online and virtual studying reduces the need to move. One of the impacts of the virus has been for people to feel more community spirit and kindness, this again could increase the demand for urban villages and communities being developed in many cities. But it remains to be seen whether, and to what extent, the solidarity, community spirit and co-operation evident in lockdown survives or dissipates as it is lifted.

Urban centres are the economic structures which drive high contact, low-wage jobs which can't be carried out remotely. Labour markets over recent years have polarised and the impact of the virus could accelerate this divergence of knowledge workers and service workers. This suggests that cities and towns will experience uneven and unequal impacts. The IFS has explored the issue of interrelated vulnerabilities, and argued they should remain at the forefront of policymaking. They conclude that the government's approach to easing the lockdown needs to protect public health whilst enabling economic activity and minimising the real social costs of isolation, and they suggest that the balance between these goals might look very different around the country.

But with a potential refocus on towns as safer spaces to work and live does that make cities less important? Or do we need to promote collaboration between places and think about them as a complex interacting systems, each one linked in multiple ways to the next? And are typologies of towns/cities useful, or is the role of national, regional and local government to look at the market failures that exist and develop a tailored range of interventions that address these failures as they appear in place, regardless of the label places have?

Reviewing the evidence for and cities, some themes emerge on the challenges facing places (big and small). Reviewing these themes against Covid-19 impacts we can see there are lessons to be learnt from the trends already developing and how successful places have adapted and changed to revive high streets that many need to be applied post pandemic. This would indicate the potential policy opportunities which could be shaped to level up those places left behind. Below is a suggested shopping list of policy themes and investment suggested by reviewing the evidence to date.

Creative and innovative leadership

Creative Leadership

- Vision setting for a better future
- Capacity to mobilise action and to invest
- Attract good staff and invest in people
- Understanding of performance, evidence and opportunities
- Tackle the physical, economic and mental health of places
- Invest in community leadership

There are often institutional failures, where places fail to set a clear vision or agreed goals, and places lack a positive narrative on which to build, so citizens have a lack of engagement and pride in their local areas. The capability to drive change, and the experience and expertise to be innovative, are often missing from organisational structures, through a combination of cuts and a smaller pool of talented individuals attracted to smaller towns. During the pandemic we have seen how local institutions have the capacity and capability to mobilise effectively and drive innovation in service delivery but months of this responsiveness drains resources; this could erode institutional resilience. We have seen in previous monitors that budgets of local institutions have been drained through loss of revenue streams and increased costs. This creates a lack of capacity to deal with the longer term effects of the virus. Often there is a lack of understanding of the long term performance of a place and the skills to develop the research and evidence to explore the needs. Establishing the fundamentals of the evidence base is vital, as is how to interpret it, and the path dependency which a specific industrial past creates. Understanding and analysing the reality of the place, using evidence, developing outcomes, creating action and ensuring delivery all become harder if institutions cannot attract and retain good staff to lead thinking. There can also be a tendency to misalign economic, social and environmental goals at a place level, due to silos of activity at a national level, conflicting government policy lands at the local level and can create interventions which act against one another, such as employment goals versus productivity goals. Places have mobilised quickly to deal with covid-19 despite these constraints. Future investment in community leadership which enhances the capacity of political, community and local government leaders is needed. Training and skills development for vision setting, future scoping, programme and strategy development, implementation and evaluation will all enable good decision making at the local level. Leaders should be given the skills, tools and expertise to drive and embed the approaches such as the United Nations Sustainable Development Goals locally, based on good data and understanding of their place to ensure recovery is long lasting and fair.

Meaningful community engagement

Meaningful community engagement

- Democratic engagement in the future of place and decision making
- Innovation in engagement through technology and investment in new methods and training
- Respond to engagement
- Increase the mental health of citizens through empowerment

There are democratic or information failures where communities are not engaged in decision making. Post pandemic this is particularly important as people need to deal with feelings of powerlessness and mental health impacts. These may be caused by a lack of knowledge on how to engage, lack of routes for engagement, or because it is difficult to get communities engaged and interested in the place because of feelings of disempowerment. As above, there may be a lack of capacity or knowledge in local, regional or national government on how to do good engagement. Communities are increasingly fractured, and people who are consulted are often the same people each time.

Covid-19 has seen the way technology is changing the way people interact with place. There may also be a lack of knowledge and expertise within communities on how to make a positive change locally, this fuels low democratic turnout for councillor roles and lack of diversity in those engaging. Communities should be enabled to take a proactive approach to democratic engagement, building on the positive impact of national crisis and interest in decision making. Greater investment in training local people to engage; examples such as utilisation of community researchers to establish the issues and explore solutions; developing youth councils;

capitalising on the accelerated technology adoption with democracy platforms that engage directly with citizens on key issues; training councillors on engagement and proactively seeking views; reviewing the evidence for technology driven solutions and how they sit alongside face to face engagement

Understand your Unique Selling Point

Understand you USP

- Understand your assets base, technological, people, cultural, environmental, innovative and business and use it to differentiate
- Collaborate with neighbours to complement assets
- Protect and nurture your asset base and build it into your place offer

It is vital that there is an understanding of the past, present and potential futures of place, and there is a lack of evidence used in identifying uniqueness of place, alongside the basics of what purpose a place has. The smart specialisation approach is poorly adopted in the UK which means places fail to really understand their unique asset base and capitalise on it. There is generally a lack of knowledge about the real business base and the general household make up beyond those that organisations deal with, this naturally focusses on those in need of help, rather than a unique selling point. At a local level there may also be a lack of understanding about the current skills and labour market supply, with lack of knowledge or capacity to understand the future demands of the workforce and what the mismatch between demand and supply is now and will be in the future. What understanding there was has been turned upside down by the pandemic. There is also a lack of attention or understanding of how the foundational economy operates at a local level and its fit with the USP. Greater understanding of the demand for jobs in the future for local communities is essential alongside thinking on how we adapt and prepare for them.

Towns often lack the assets associated with science, innovation, technology and growth and these often sit within large cities, ins large companies and Universities. Smaller places need to maximise their ability to access and utilise assets nearby and build better relationships with larger cities. Covid-19 has shifted the emphasis to working from home and potentially a return to the importance towns as good places to live. We have seen a revival of high streets, buying local and smaller towns being safer than cities. This could be the new USP, and places which once didn't want to be seen to be a dormitory town may now see this as a competitive advantage. Taking this interconnected approach will focus on potential future opportunities, and how smaller places can influence and shape collaboration across boundaries. This could signal a renewed focus on how benefits from assets nearby can be kept localised and ensure the impact at local level. It is key to develop local evidence bases that address these issues. In many places this means building on Local Industrial Strategies, and better data on households and businesses at the hyper local level. The lack of good business data has been a major issue locally as organisations and central government grapple with identifying businesses most at risk and supporting them. Understanding the current place offer - work, leisure and living - and identifying the uniqueness and the opportunities and the potential futures has always been key to successful local areas. Post pandemic this is even more important. Understanding place and role relative to any neighbours, especially local cities, enables places to collaborate and work together, but the competitive nature of funding prevents this currently. Identifying the gaps in the local offer which could complement the USP are also important to ensure places provide a holistic offer to the local residents, especially if working practices shift significantly to homes. It is important to ensure the science and innovation assets are built into the thinking around the specialisation of place, as these present business growth opportunities and prospects and investment can then be tailored to meet local needs. This will ensure innovation supports jobs growth around the assets and opportunities.

Competitive, safe, socialising and experience

Competitive, safe, socialising experience

- Understanding and increasing demand and investment in local businesses
- Investment in advice and guidance for businesses to reopen
- Growth in online, delivery and walkable offers to diversify the business base
- Redesigning our social spaces

There has always been a need to understand the local demand for socialising, the retail, entertainment and liveability offer and what local residents demand and want, alongside attracting those from outside. Post covid-19 this is now a difficult balancing act, between keeping people safe and ensuring people can return to the shops, cafes and entertainment offer is essential not just for the economy but for wellbeing. Lack of contact, socialising and engagement with people is taking its toll on mental health.

Therefore it is important that towns and cities ensure the offer is fit for the future and resilient to change. The pandemic has created rapid changes in society, driven by lockdown, technology adoption and health fears. These changes are now creating disadvantage in communities and places, with digital exclusion, lack of green and open spaces, and it has revealed a lack of outside space for socialising in cities and towns, is still stifling a return to positive consumer activity. A major gap pre-covid-19, which has been seen to be exacerbated in the monitoring, has been the gap in advice and expertise for local businesses to drive resilience and innovation in their offer. Companies who have adapted have thrived. Growth in online, delivery and local walkable offer has driven business innovation. This creative destruction process will strengthen the business base and accelerate other trends such as technology adoption. Advice and expertise in redesigning businesses for new markets, finance to maintain change and drive new business models and take risks on investments is vital in the recovery period.

Let there be light, blue and green infrastructure

Let there be light, blue and green infrastructure
- Lack of 'good space' open green, water and light filled spaces which encourage people to engage where they live and work
- Lack of gardens and access to places to exercise
- Need to adapt public realm and improving the public environment essential to building back the social fabric of places

Research into the success of towns was already pointing to a lack of good spaces for interaction with place, open green infrastructure was already seen as a disadvantage. Covid-19 has exposed this as a major issue affecting health and wellbeing in a lockdown scenario Underinvestment in green and clean infrastructure and brownfield derelict land (which is now at the hardest to clear levels, as easy areas have already been developed), now makes the costs of investment much higher. Green infrastructure is lacking in post-industrial towns and dense urban cities, parks, waterways and access to clean air and light are at a premium but post pandemic are now seen a core basic needs. There already was a lack of good quality housing infrastructure and undersupply. We do not know yet the effect of the pandemic on the boom in city centre living, and whether the demand for outside space will change the way cities and towns need to provide for residents as demand shifts. To ensure places are attractive, to help drive consumer spend and support local businesses, there needs to be investment and adaption in public realm that improves the environment, clean transport, walking and cycle paths, good integrated public transport, investment in green space and waterways to add to the social fabric of places, and engagement with business and communities on the use of space post covid-19.

Modern age markets and environments for independents to thrive

Modern age markets and environments for independents to thrive
- Give people an experience to buy
- Different and diverse dining based on local culture
- Rise of ethical purchasing, buying local and buying independent
- Potential demand for outdoor shopping and events

The trend of people buying an experience is likely to stay, compounded by ethical purchasing being on the rise and people being more careful with their money.
There had been a rebirth of new outdoor market offers and old market and shopping offers which had not kept pace with change were dying. The need for outdoor space and the potential which markets offer in this new environment are substantial,. Towns which had reinvented their market offer through food festivals, farmers markets and eating experiences had provided many towns a new lease of life. This is a model which would work within the new normal. Markets may have a new role moving away from a reliance on low value disposable goods, not offering an experience or value for money, or quality to a draw for consumer spend in a socially distanced world. Covid-19 is accelerating the need for open shopping and dining spaces which markets could fill. Developing mixed use, open experience markets, and investment in new infrastructure could support this shift. A review of business rates, compulsory purchase order capabilities of disused shops and bringing them back into usage could accelerate this change. Greater investment in new innovative independent businesses which bring people back to the high street, start up support for businesses that take risks and add to the local offer, and creating high quality market environments that enhance local place-making and attract new visitors or become meeting places for residents is essential at the local level. Seeing cities as interconnected neighbourhoods that are distinctive and serving diverse, local communities and cultures, builds local resilience and attractiveness.

Reshape the ownership and taxation models in cities and towns

Reshape ownership and taxation
- Reduce empty properties
- Exploring the potential of compulsory purchase orders in areas not being invested in
- Greater devolution of powers, budgets and taxation to improve and invest in places

Cities will be faced with a potential future where properties lie empty if demand changes; the boom in city living may shift as it has in the past. Cities still remain empty due to workplace closure and it is uncertain if people will return as working from home becomes more of a norm. Large scale overseas ownerships stifles investment, and properties are more likely to be empty and not adding value to the community and empty properties will exacerbate the issue posed by covid-19. Investors holding onto property for land value capture and natural rise in property prices may be faced with a long term issue if people don't return to the cities. Places may need to consider utilising compulsory purchasing powers and for disused property, LVC taxation, and fines for not developing properties in a timely manner, to prevent city and town centre stagnation. Local authorities already face a challenge as the approach has been to invest in property and other income streams to fill gaps in funding, rather than taxation. We are seeing these incomes dramatically reduce due to tourism reduction, and business activity in centres dropping. Therefore the ownership model may not bring revenues seen in the past. Therefore different types of use and investment in making these properties safe for use is paramount to driving consumer confidence. Greater devolution of taxes on local income would enable places to invest in place development for residents and businesses and focus on reducing local inequalities.

Connectivity which enables interaction

Connectivity which enables interaction
- Clean, safe transport
- Investment in wider forms of transport
- Investment walking cycling and local services to reduce travel
- Investment in community infrastructure to deliver services locally

A major issue which has emerged in the pandemic is access to safe travel, current social distancing measures restrict the use of most public transport and make them unviable, and for many this is their only means of transport. The levels of commuter travel may never return - especially for knowledge workers who can deliver their role remotely. This has significant impacts on the system and its use by people who need to still get to work because their role requires face to face interaction or needs to be situated in a specific place. This means a need for investment in wider forms of transport to enable people to travel safely and have confidence in the system. Transport needs to be geared towards helping people maintain their health and distributing travellers across a wide range of options, including investment in walking and cycling which maximises safety and the environment. The boom in technology has exacerbated any issues with digital connectivity, either hard infrastructure or skills.

Create a place for caring and community

Create a place for caring and community
- Supporting mental and physical health services
- Investment in key workers and the foundational economy
- Investment in skills and resilience
- Protecting the vulnerable and creating a sense of belonging

Research on successful towns and cities had already highlighted that places which build a sense of community, and invest in the social fabric were more successful. Encouraging the local population to invest, spend time and money on local businesses creates a more resilient local ecosystem, and the points above all add to this. Central to that is create a sense of community. The pandemic generated that quickly and the hope and sense of community spirit was evident not just in practice but in the data with people reporting higher levels of community engagement. However many have also experienced significant mental health strain, either economic, physical or mental fear. Looking to the future this could have significant long term effects on residents, their ability to participate in society and achieve long term fulfilment. Investment in approaches which continue to support mental health are vital going forward. Resilient communities are skilled, adaptable and educated, recession usually forces people to invest in their own skills and adapt and this should be capitalised on. The pandemic has also created a greater understanding and appreciation of how important those people who keep our communities running smoothly are, those that care for us, keep our places running and protect the vulnerable. Developing local approaches that continue this momentum and also invests in the systems which support this sense of community especially can build local pride and grater individual investment in the places they live.

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Midlands Engine - Covid19 monitoring

Delma Dwight/Rebecca Riley
Midlands Engine Economic Observatory

The Midlands Engine Independent Economic Review which was launched in 30th April 2020 and sets out the main issues impacting the entire Midlands region and the barriers to growth.

Firstly, we know there is a Productivity challenge with GVA per capita only 76% of the national average leading to a £76bn output gap.
In order to fully close the productivity gap (i.e. match the UK productivity level by 2030), the Midlands' productivity performance would need to increase at a rate of 2.4% p.a. ("transformational scenario"), meaning the region would need to return to (and exceed) productivity growth rates previously seen in the 1980s and 1990s. This is extremely ambitious given how productivity growth has been subdued over the past decade (averaging 0.4% p.a.) and in current climate this will become even more challenging.

The barriers to this growth links to 4 main areas – skills, infrastructure, R&D investment and access to finance:
In terms of skills to reach the national average of 40.2% in terms of higher level skills –requires an additional 390,000 people to gain an NVQ4 qualification.
We know that there has been decades of underinvestment in our **transport Infrastructure** - In 2018/19 the East Midlands was the lowest region in the UK for spend per head on transport at £268. The West Midlands was the 8th lowest at £467. Both regions below the UK average of £481.

Firms regularly cite Access to Finance as a key barrier to business growth; in particular access to finance for business growth and innovation. The second valley of death and pathway to commercialisation is commonly cited as one of the most significant challenges for businesses in the region.

A recent report by NESTA shows that West Midlands is the lowest region for public sector spend per head in R&D at £83, this is followed closely by the East Midlands at £89.

- R&D - R & D intensity across the region as a whole is below the England (minus London average), although it has shown strong growth in recent years (relative to the benchmark).
- R&D spend is concentrated in a relatively small number of highly innovative firms/institutions, masking variable performance across the region.

The Independent Economic Review was undertaken pre Covid 19 so the continued real time monitoring via our Covid Economic Impact Monitor is enabling us to understand any deepening of issues and any new emerging issues.

GVA Gap	GVA per capita is only 76% of England (avg). This gives a GVA gap of £76bn	Only 10% of jobs in the Midlands are in sectors where productivity is above average	Closing the productivity gap = growth of 2.4% per annum until 2030 – exceeding 80's/90's growth rates	
Barrier to growth: Skills	Population educated to Level 4 and above is 34% behind UK average of 40.2%	Business highlights shortage of digital skills	Region struggles to retain graduates – losing a high % of out skilled workforce	
Barrier to growth: Infrastructure	Decades of under-investment in transportation infrastructure	Poor connectivity – transport and digital especially rural areas	Energy intensive sectors confirm energy capacity as a barrier to growth	
Barrier to growth: Access to Finance	Access to growth & innovation finance, business loans and high value capital investment difficult	Poor supply side co-ordination, fragmented landscape	Lack of awareness of available finance, difficulties in navigating funds available, confusion re appropriate sources	
Barrier to growth: R&D	Underperformance in R&D intensity – low public sector investment in R&D per head – £83 WM (lowest region), £89 EM	Innovation assets not joined up or integrated	R&D spend too concentrated	Diffusion of knowledge across business base is too slow

Brexit (IER Data)	Low levels of skills, poor connectivity, low levels of diversity = greater economic risk from Brexit	GDP and Local Labour Income exposure high @ 13% (av) Manufacturing sector most exposed to Brexit	Brexit likely to make inter-regional inequalities worse	
Covid-19 Monitor Data	1.4m staff in Midlands furloughed (31.8%) above national avg. of 29.3%	Higher % Midlands trading firms report turnover decrease than England av.	Manufacturing output at 30 year low; just 10% companies operating at normal capacity	Inequalities will be exacerbated by Covid-19, young people a, low earners and women most affected

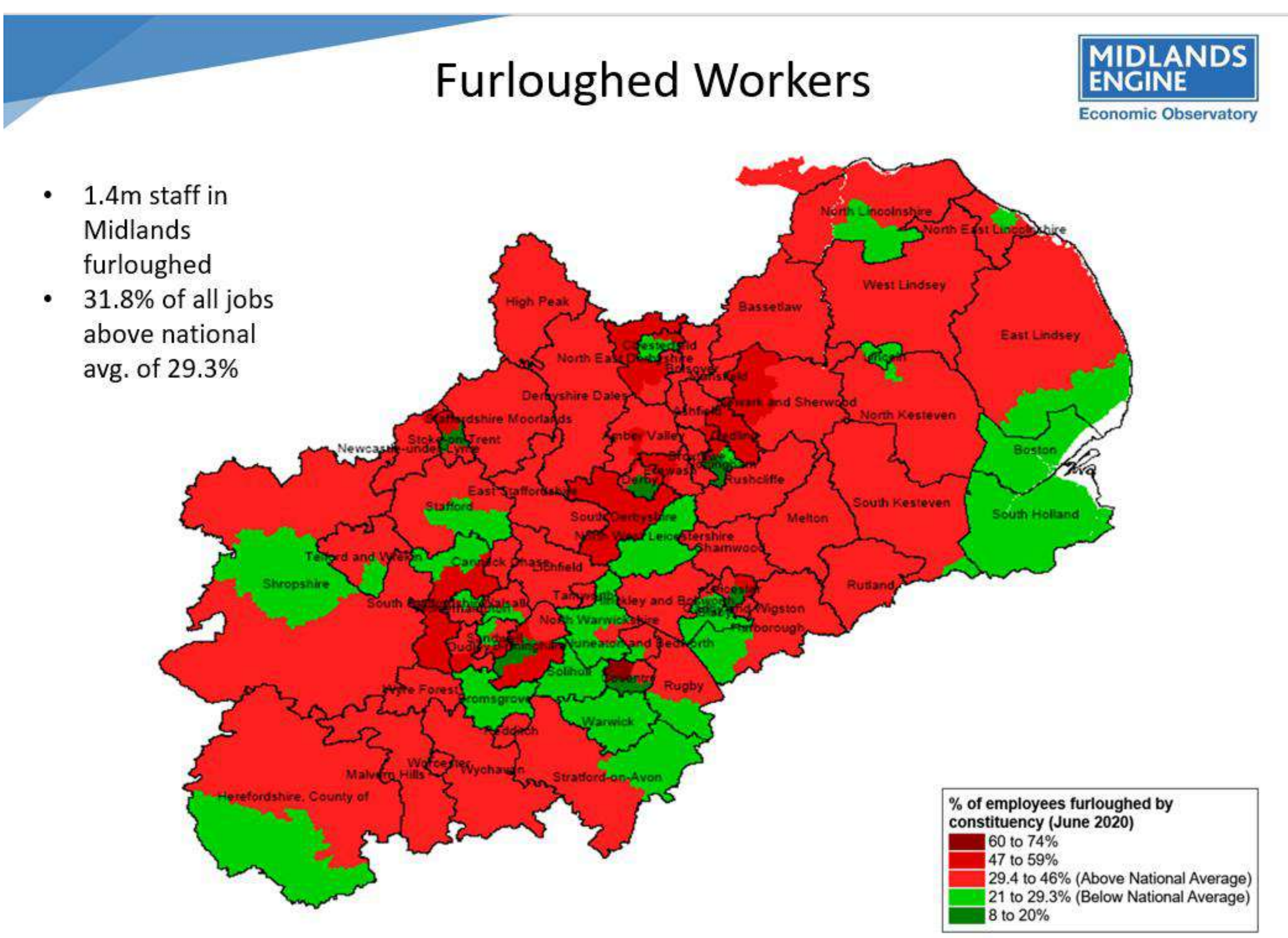
Work undertaken via the Independent Economic Review by CityREDI, on the potential impact of Brexit on the Midlands Economy predicted high levels of exposure of GDP and Local Labour Income exposure high @ 13% (av) with the Manufacturing sector most exposed to Brexit and the likelihood that Brexit would make inter-regional inequalities worse

On top of this is potential impact from Covid. Currently across the Midlands Engine area over 1.4m people were furloughed in June 2020 - this accounts for 31.8% of jobs in the Midlands Engine greater than the national average of 29.3% for England.

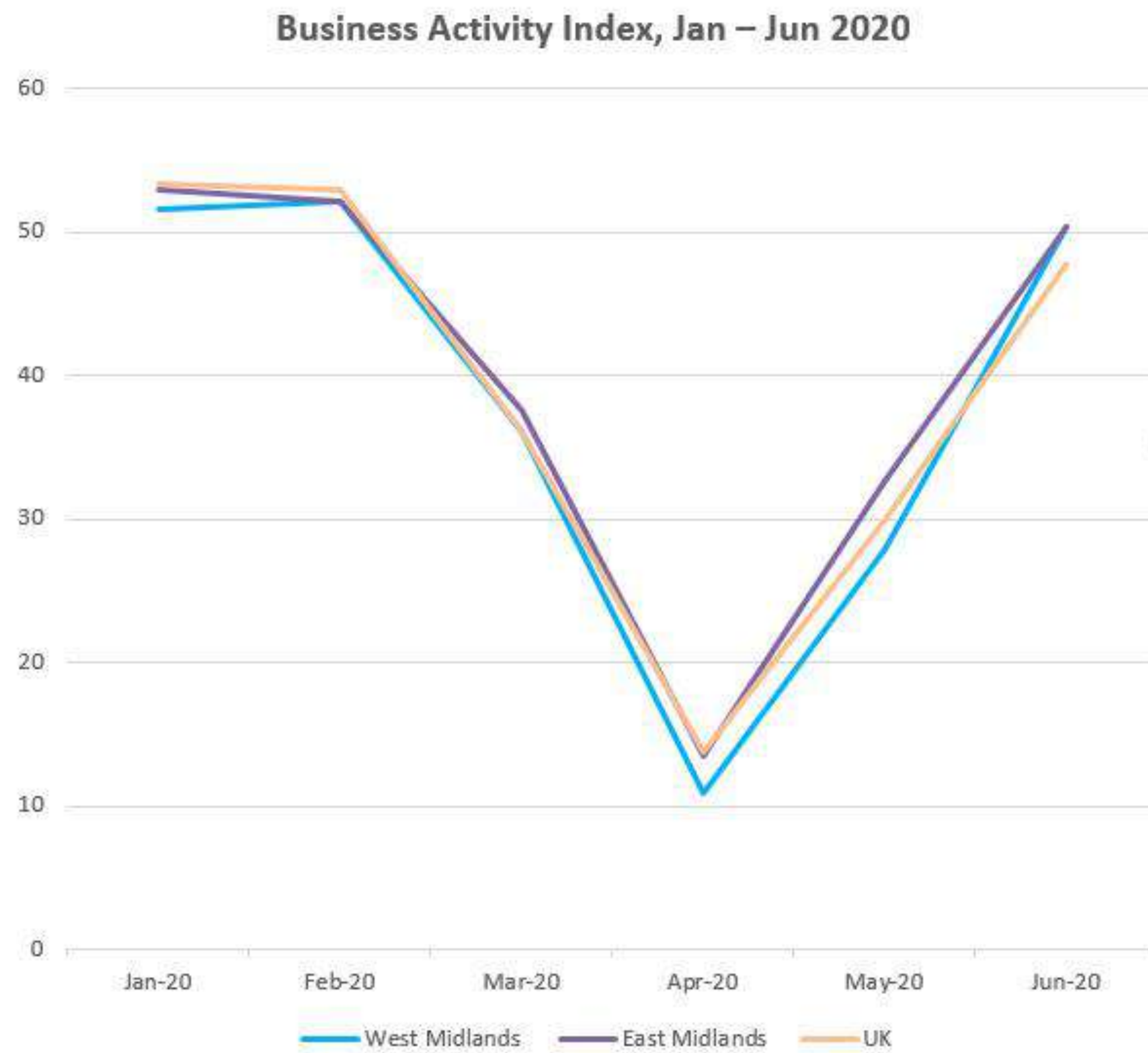
The distribution of the 1.4m furlough workers across the ME geography is illustrated below, with areas in red above the national average.

Any transition of these workers to unemployment is key to monitor and current claimant figures show an almost doubling from March to June 2020 with over 416,00 claimants reported.

Within these over 86k are under 25 and this figure continue to rise with significantly vulnerability for this cohort which make up 20% of all furloughed workers nationally.



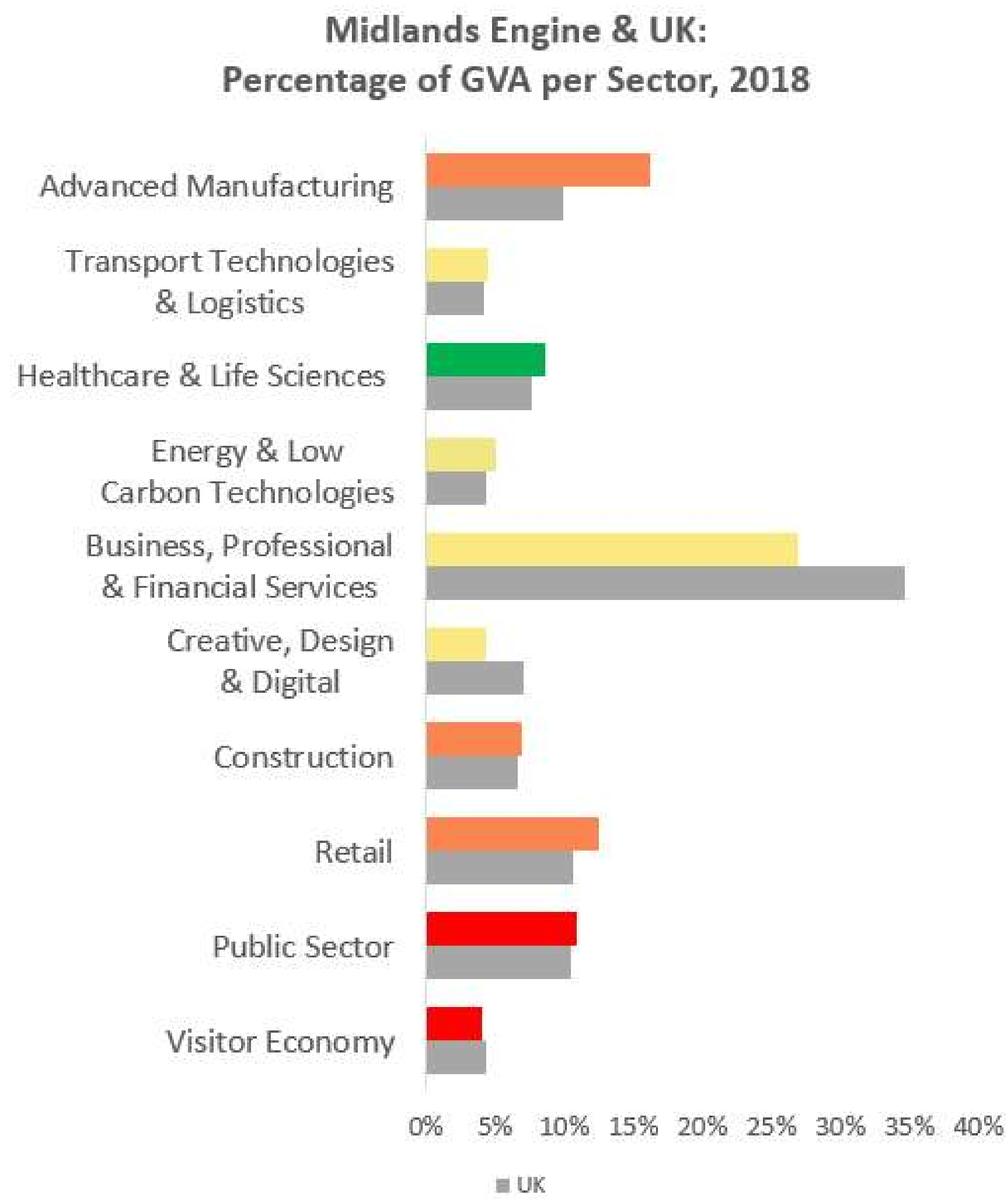
Business Activity

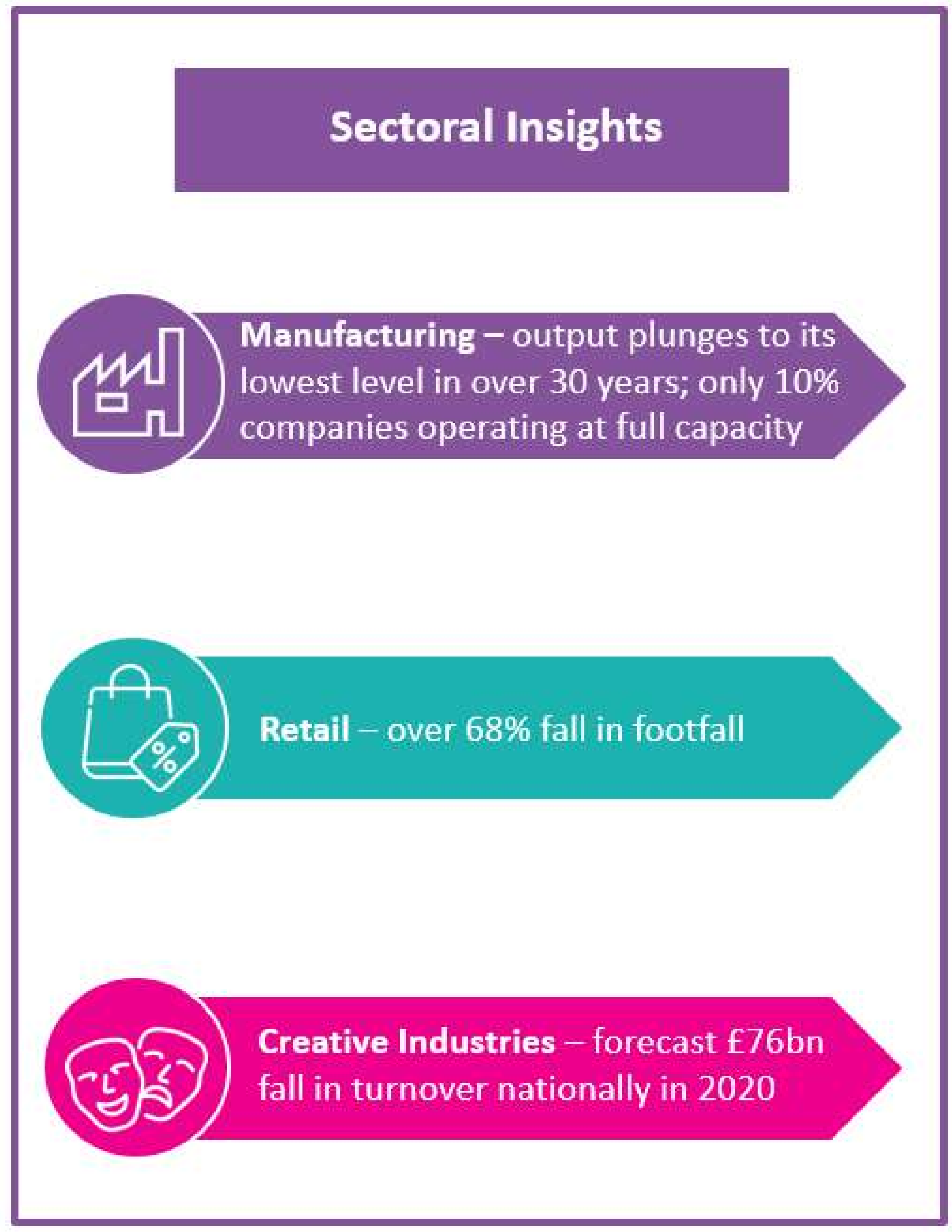


However on more positive news in terms of the latest sentiment of the performance of the local economy the survey of Purchasing Managers has shown some interesting trends over the first half of 2020 - from 51.2 in February down to 36 in March and an all-time low in April of 10.9. However, since then we have since a rise and the latest June index shows a return to 50.4. In strong contrast to other months the West Midlands with the East Midlands reported the highest index across all regions and higher than the national average of 47.7.

The West Midlands future business activity index increased from 61.1 in May to 69.1 in June, with more firms expressing positive sentiment about the longer-term impacts. The East Midlands future business activity index also increased from 59.4 in May to 64.0 in June with firms hopeful that activity will return to pre-pandemic levels and demand will bounce back.

Sectoral Analysis





The red/amber/yellow/green scale on the left hand chart shows the sectors which are most likely to be affected by the pandemic, based on OBR predictions. The bars then show where the Midlands have a greater share of GVA relative to the UK average and therefore greater exposure if those sector fail. The sectors which are greater include advanced manufacturing (16.2% vs 9.9%), the public sector including education (10.9% vs 10.6%), construction (6.9% vs 6.7%), retail (12.4% vs 10.6%) and health care and life sciences (8.6% vs 7.6%).

From the perspective of the wider Midlands Economy, it is a major concern that manufacturing sectors identified as amongst the region's strongest performers in advance of the pandemic – such as automotive and aerospace – are now clearly amongst the most threatened sectors in current circumstances. While there are signs of production in the automotive sector picking-up, prospects for civil aviation linked manufacturing are reported to be very poor. The latest survey by MAKE UK into the **manufacturing sector shows the sector feeling less positive about the future.** Approximately half of the UK regions reported negative business confidence this quarter, with the other half only marginally positive. Both East and West Midlands report strongly negative balances in relation to expectations for manufacturing output, orders and employment over the next three months. The East Midlands manufacturers expectations for orders over the next three months are the lowest of any English region. However as highlighted the latest PMI has rebounded in the Midlands.

In terms of the **Retail** footfall (data from Springboard) fell to around 20% of its 2019 levels and remains below 40%, however it has begun to increase in recent weeks as measures are eased. West Midlands and the North East have seen the highest drop in footfall; however, all places have seen a minimum 68% fall.

New research from Oxford Economics released this week projects a combined revenue drop of £74 billion for the UK's **creative industries** in 2020 (£1.4 billion a week), with a GVA drop of £29 billion. 406,0001 (1 in 5) creative jobs expected to be lost - more than nine times the entire workforce of British Airways or almost triple the workforce of Asda in the UK. The UK's creative sector employs over 2 million people and contributing £111.7 billion to the economy and the impact to be felt in all parts of the UK with creative industries projected to be hit twice as hard as the wider economy overall and up to three times as hard regionally. Across the Midlands Engine the West Midlands is projected to be hit hardest in terms of job losses, with 43% of creative jobs projected to be lost (51,000 – 2 in 5 jobs) and a creative industries GVA shortfall of 32% (£1.4 billion). The East Midlands is projected to lose 1% of its creative jobs (1,300) but see a 31% (£800 million) drop in creative industries GVA, owing to a greater use of the furloughing scheme. However, the region is projected to be amongst the hardest hit once the Job Retention Scheme is withdrawn. This could represent a major setback to the levelling up agenda particularly in light of recent research (from Cambridge Econometrics, released by the PEC/Creative England this week,) which suggests that, based on recovery from the 2008 recession, creative industries outside of London may take much longer to 'bounce back' than those in the capital.

MIDLANDS ENGINE

Qualitative Insight: Voice of Business

- **Furlough a success but deferring the impact**, worries that the terms are changing, and as feared HR1 notices are accelerating, and lack of information on SME redundancies
- **Business feedback highlights concern** for businesses and individuals who still appear to be 'falling through the cracks'
- **Consumption still not picking up** people are risk averse and not returning to activity, long term impact on tourism, retail and cultural economy
- **Evidence of businesses recognising they can manage on fewer staff** and accelerated technology adoption/innovation reducing employment demand
- **Manufacturing sector** - identified as the region's strongest performers – such as automotive and aerospace – are amongst the most threatened
- **Lack of availability of business R&D** likely to hold the region back and also hit universities hard
- **Creative innovation activity** - accelerating technology adoption and business diversification
- **Sectoral opportunities** – reshoring, medical supplies, cleaning, home improvement, technology based companies, local produce and online shopping

British Chambers of Commerce – COVID-19 Business Tracker: West Midlands Results (Week Nine – 6th July)

Introduction

In response to the unprecedented crisis caused by the advent of Coronavirus, the British Chambers of Commerce has developed a Covid-19 Business Impacts Tracker which will serve as a barometer of business' response to the measures introduced by the Government to help firms navigate this exceptional landscape. The tracker will explore weekly business conditions to help understand the scale of the challenges that companies across the country are facing right now and in a bid to gauge the awareness and usage of government support measures amongst the business community. The results listed below are based on responses received from 138 firms in the West Midlands and cover the period from 6th July to 10th July. 98% of respondents employed less than 250 staff members and of those, 43% employed between 1 to 9 members of staff and 8% identified themselves as sole traders. 54% of businesses surveyed did not export their goods & services (and similarly, 51% did not engage in importing activities). Of those firms that were involved in exporting, 34% distributed their products and services to countries both inside and outside the European Union. 30% of businesses that took part in the survey operated in the professional services sector and 27% were listed as manufacturers.

Changes to Trading Conditions & the Workforce

In comparison to the previous month, 48% of businesses witnessed a fall in UK revenue (with 24% citing a significant decrease) with 31% recording an uplift in domestic revenue. 57% of firms saw a drop in international revenue (with 31% suggesting it was significant) and 19% reported an increase in revenue generated overseas. 53% had also seen a decline in cash reserves (with 23% noting an uplift compared to the previous month). 35% of businesses expected their cash reserves to cover their trading activity for one to three months, 6% for less than one month and 4% had no cash reserves at all.

On average, businesses were said to be operating at approximately 54% capacity in comparison to pre-Covid 19 levels. 87% of businesses saw the prospect of a future lockdown (either national or local) as an obstacle in restarting or maintaining the day to day operations of their business; 72% cited customer demand and 60% referred to ongoing business costs (such as rent or salary costs). By contrast, 74% of firms did not see the availability of public transport as an obstacle to restarting or maintaining day to day operations of their business, likewise 66% felt that acquiring or implementing PPE would not be an obstacle and 50% were not concerned about the availability or capacity in their supply chains. On average, businesses have furloughed 22% of their workforce on a fulltime basis using the Coronavirus Job Retention Scheme (on average, firms have furloughed 9% of their staff on a part time basis). On average, businesses have made 3% of their staff redundant and expect to make around 7% redundant over the next three months. On average, businesses expect around a quarter of their workforce to be working remotely over the next 12 months. 55% of businesses do not intend to hire any staff over the next 12 months. 35% of firms do not have any specific plans in place over the next 12 months to review their diversity and inclusivity practice would considering reviewing these practices and 15% are planning on providing training on diversity and inclusion to employees. With the National Living Wage expected to rise to £10.30 in May 2023, businesses were asked how they would respond to this development – 39% said they would not be affected and 31% said they would raise the prices of their products and services. In addition, 16% said they would increase investment in automation and 15% planned to scale back on levels of recruitment. 15% expected to see a fall in profit levels and 15% also suggested they would take on workers with flexible contracts (self-employed or zero hours contracts for example).

Investment Plans

Over the next twelve months, three quarters of businesses are expecting to invest in advertising and marketing plans (67% said it would be on a small scale); 72% are planning on investing in IT software (with only 10% suggesting it would be large scale). 70% of firms are planning to invest in staff training and development whereas 60% of businesses have no plans to add to their headcount over the next 12 months. 43% of businesses suggested they would invest in machinery, equipment or vehicles and 42% said they would invest in automation or new processes (32% expect it to be a small scale investment).

78% have no plans to invest in land, offices or premises, 77% do not have any plans in place to acquire new businesses. Just over two thirds of businesses reported that they didn't have investment plans in place to focus on de-carbonising or a net-zero transition (15% suggested that had small scale investment planned in relation to this agenda) and 68% of firms weren't expecting to make any changes to the supply chain such as re-shoring or diversifying.

The impact of Covid-19 on the region's tourism sector – key findings from a business survey conducted between 20th and 22nd July 2020

Andy Philips WMGC

Introduction

Covid-19 has created an unprecedented crisis for the region's business community, with the tourism sector the first to be affected and continuing to bear the brunt. The WMGC's Research Team and Shakespeare's England are collaborating to run a regular survey of hotels, conference venues and attractions across the region. This is the 6th survey, conducted between 20th and 22nd July.

Businesses' trading position

On 20th April 40% of businesses had temporarily closed, increasing to 80% by the end of May and the proportion had reached 93% by the end of lockdown. Some 60% have seen a drop in revenue of 75% or more and another 26% have seen a drop of 50% - 75%.

Re-opening after lockdown

Half of businesses have now re-opened. The others plan a more gradual re-opening, with the majority unable to operate viably with social distancing. Of those that have re-opened a quarter say that businesses has been worse than expected – but encouragingly a third say businesses has been better than expected.

Business report much positive feedback from customers - with many saying that they feel that businesses have struck the right balance between safety and a need to return to normality.

Challenges for businesses on re-opening

At the same time, however, businesses face tough trading conditions. Consumer confidence, especially in the corporate sector, remains fragile and there is a feeling that people are still nervous about making bookings. As a result more than half of businesses say that forward bookings are down on pre-Covid levels and there is a lack of corporate/business custom and footfall in city centres – with many businesses remaining closed on weekdays.

'There is still a reluctance for customers to come out in force. And as there is currently no business custom we are staying closed for lunch and on weekdays.'

The requirement for social distancing is reducing businesses' capacity and profitability – especially as the vast majority of businesses are still having to pay full rent. Sub-sectors such as group tours and conference, event and wedding venues are particularly affected, with the requirement for much reduced room capacities having a significant impact on revenue.

'I doubt we'll break even, we certainly won't make a profit but for us to survive through this period we need to be operating at almost 100% of our permitted capacity almost as soon as we open our doors.'

Additional support needs

Many businesses feel that additional support, over and above that already on offer, is still needed – for example:

- A lowering of the eligibility threshold for receipt of the £25,000 small business grant to benefit a broader spectrum of businesses
- Rent holidays and rent reductions
- An extension of the furlough scheme for the sector until spring next year
- Marketing and promotional campaigns at a regional and local level to drive up demand

'We need grants to enable us to adapt and to bring people back to train them and get our business ready to reopen.'

'Grant money now to backfill the hundreds of thousands of pounds lost and gear up for reopening. 80% of staff on furlough leaves a lot to be done by those remaining.'

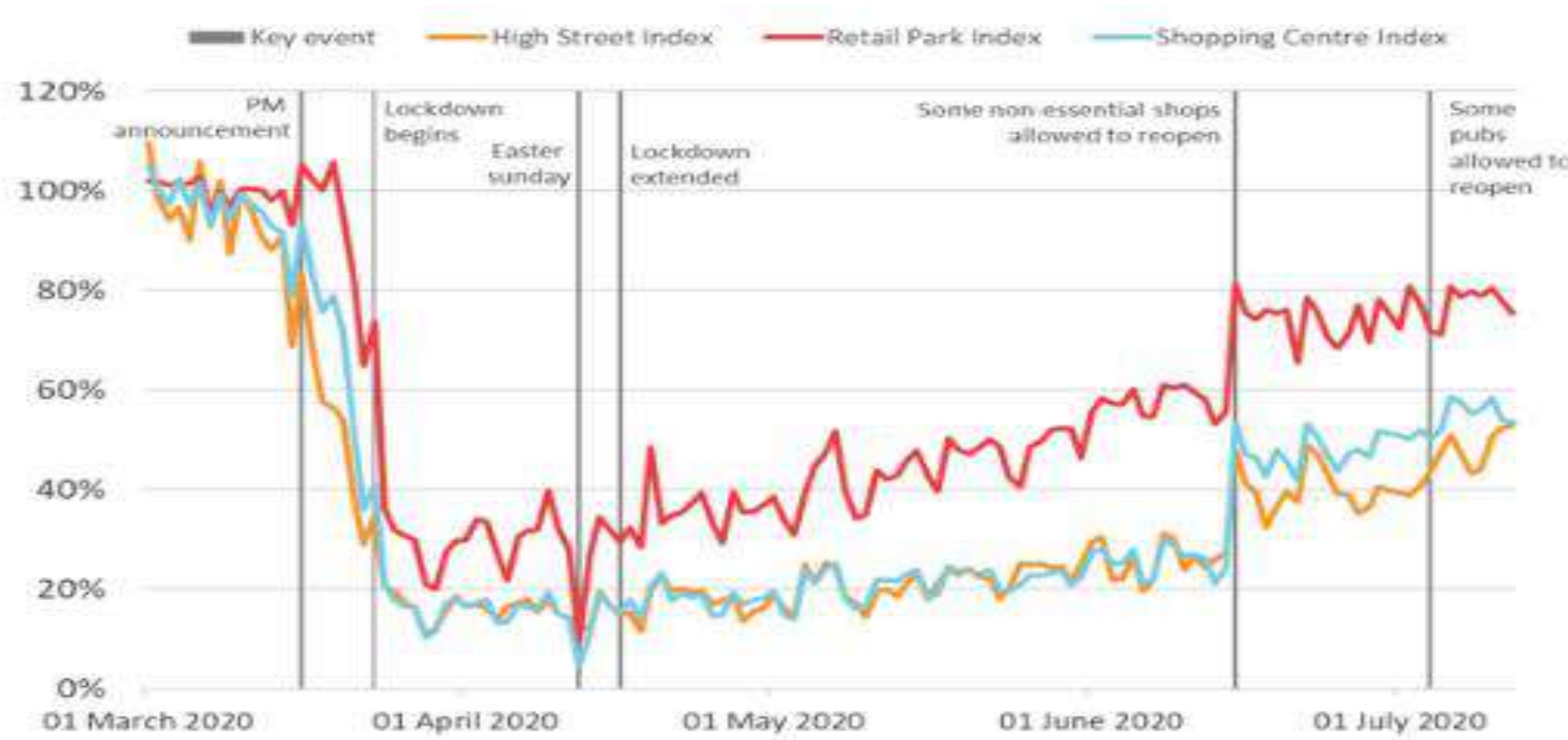
'We cannot afford to unfurlough staff unless we have more certainty around income from trading.'

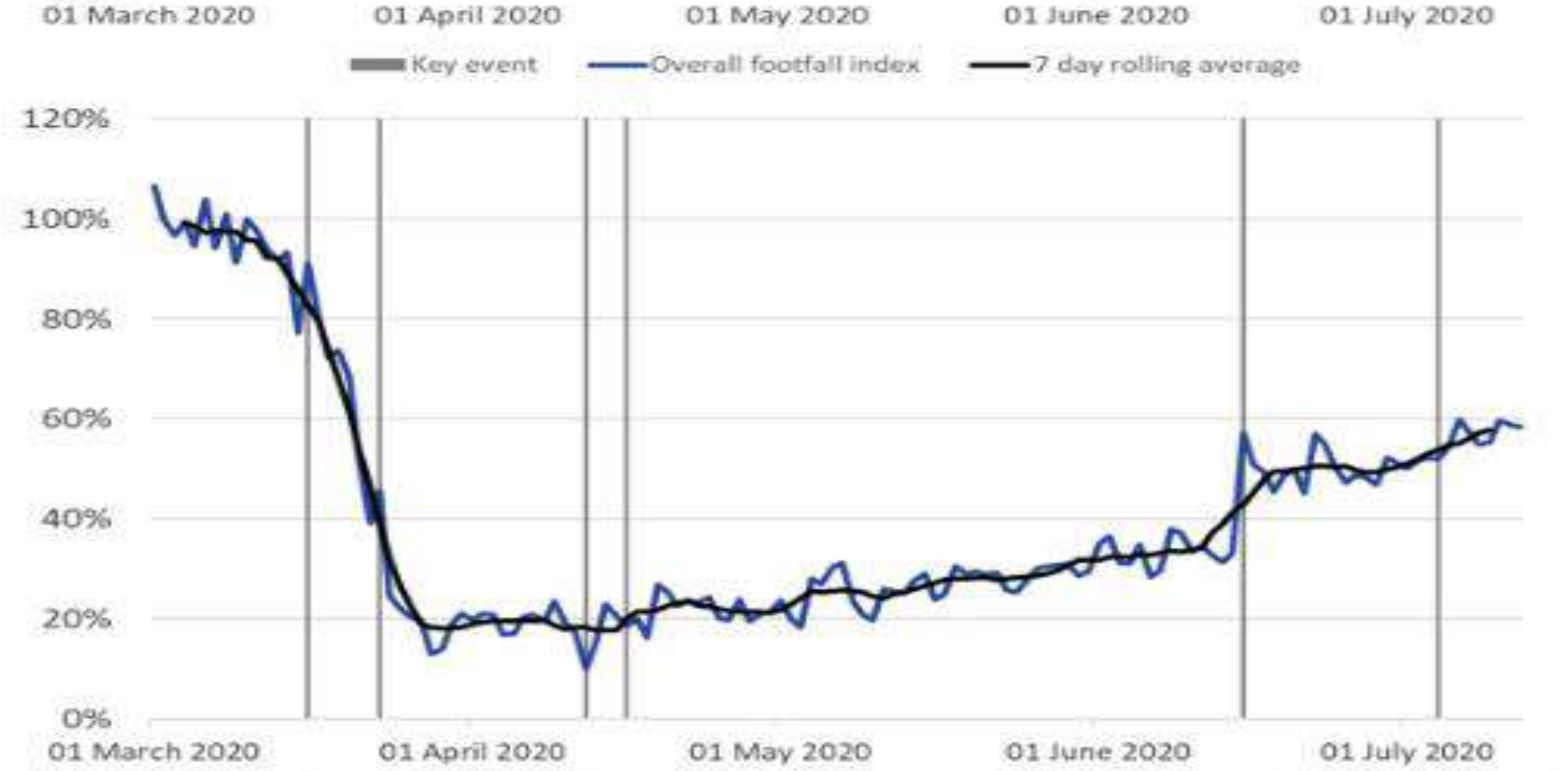
ANSWER CHOICES	RESPONSES	
Drop of greater than 75%	59.26%	16
Drop of 50% - 75%	25.93%	7
Drop of 30% - 50%	7.41%	2
Drop of 10% - 30%	3.70%	1
Drop of less than 10%	3.70%	1
No Impact	0.00%	0
Increase of less than 10%	0.00%	0
Increase of 10% - 30%	0.00%	0
Increase of 30% - 50%	0.00%	0
Increase of 50% - 75%	0.00%	0
Increase of greater than 75%	0.00%	0
Prefer not to say	0.00%	0
TOTAL		27

ONS Weekly Release Indicators
BCC EIU

On the 16th July 2020 the ONS published the weekly publication containing data about the condition of the UK society and economy and the impact of the COVID-19 pandemic.
The statistics are experimental and have been devised to provide timely information, with publication of final survey results currently expected to take place fortnightly with initial findings released in-between. The following information contains national footfall data, final results from Wave 8 of the Business Impact of Coronavirus Survey (BICS), the final results for Wave 17 of the Opinions and Lifestyle (OPN) Survey and experimental online job advert indices.

National Footfall
Customer activity figures are provided by Springboard. The volume of footfall has been compared to the same day the previous year (i.e. Tuesday 30th June 2020 will be compared to Tuesday 2nd July 2020) for high streets, retail parks and shopping centres.
Overall footfall was relatively flat between the 6th and 12th July with the seven-day average just under 60% of the footfall level the same day a year ago. Footfall is the highest reported since 20th March 2020.
Retail parks have been relatively stable between 6th July and 12th July at around 75% of its level the same day last year.
The following graph shows the volume of footfall for the UK between 1st March to 12th July year on year percentage change between footfall on the same day:





Source: Springboard and the Department for Business, Energy and Industrial Strategy

Business Impact of the Coronavirus

The final results from the eight round of the Business Impact of Coronavirus Survey (BICS) show that of the 24,496 businesses surveyed across the UK there was a response rate of 22.6% (5,527). Unless stated, the following data is based on the period between 15th – 28th June 2020 and only covers topics where there is a regional breakdown.

Trading and Financial Performance

The trading status of businesses refer to the period of 29th June - 12th July 2020 and the turnover analysis is between 15th – 28th June.

Less than 1% of UK businesses reported they have permanently ceased trading with 10.6% temporary closed or paused trading and 88.9% continuing to trade. The figures for the West Midlands show that also less than 1% of businesses have permanently ceased trading. While 92.7% have continued to trade through this period and 6.7% of businesses have temporarily closed or paused trading.

In the West Midlands, 90.3% of responding businesses are currently trading and have been for more than the last two weeks (UK 85.1%). 2.4% of West Midlands businesses started trading within the last two weeks after a pause in trading (3.8% UK) and 3.1% of responding West Midlands businesses have paused trading but intend to restart in the next two weeks (UK 4.3%). However, 3.6% of responding West Midlands businesses have paused trading and does not intend to restart in the next two weeks (UK 6.3%).

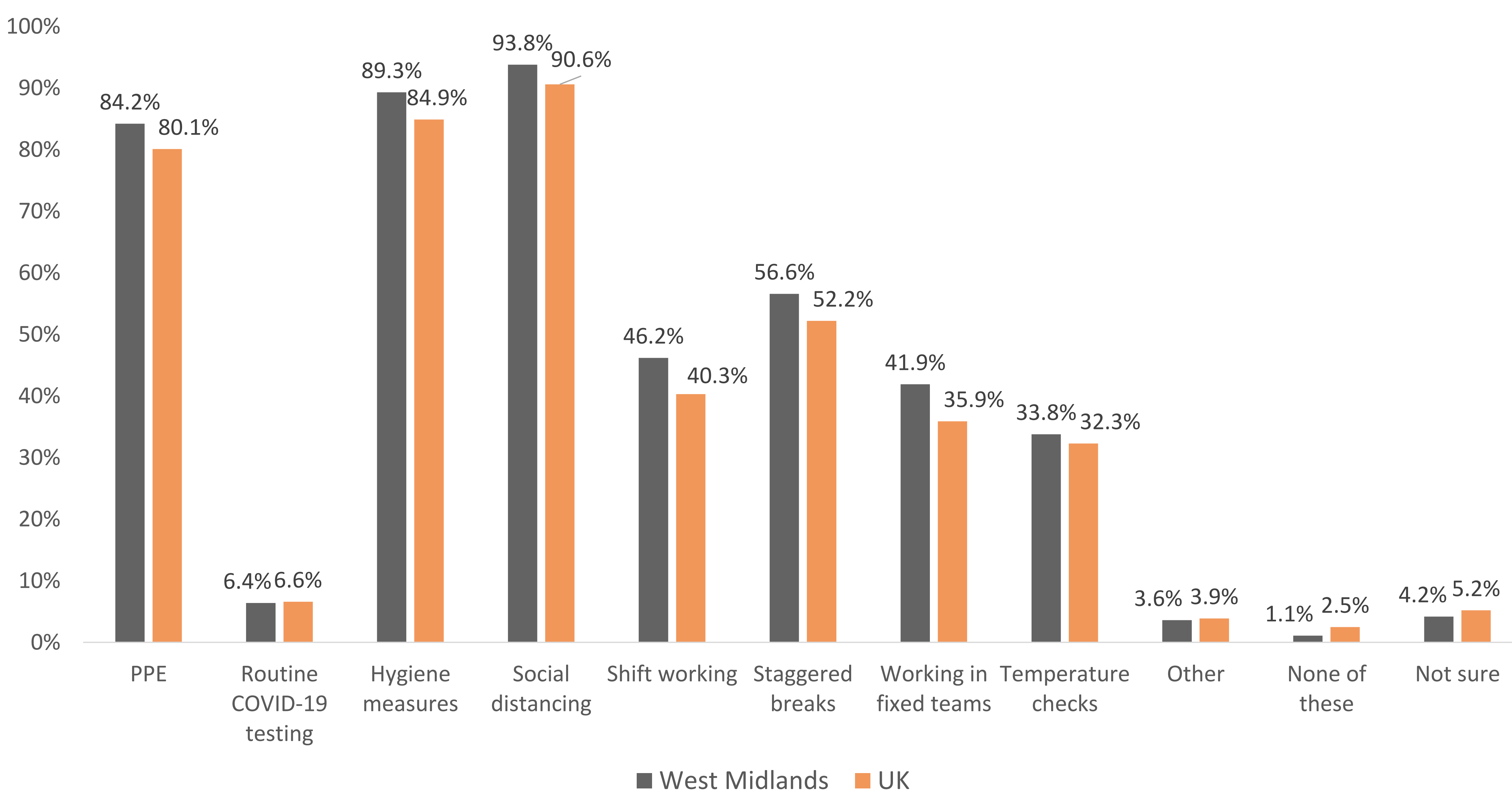
60.9% of trading businesses in the West Midlands reported their turnover had decreased by at least 20%, compared to 57.6% of businesses in the UK. However, 20.1% of trading businesses in the West Midlands reported that their turnover was unaffected (25.2% for the UK) and 11.8% reported their turnover had increased by at least 20% in the West Midlands, slightly above the UK average of 11.%.

Safety Measures

93.8% of businesses in the West Midlands who have not permanently stopped trading intend to or have implemented social distancing, compared to 90.6% across all UK businesses.

Examples of other safety measures intended to or have implemented across these West Midlands businesses include 89.3% will use hygiene measures (84.9% UK) and 84.2% will use PPE (80.1% UK).

The following graph shows the percentages of West Midlands businesses who have not permanently stopped trading broken down by safety measures that they intended to or have implemented:



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 1.7% of businesses stopped exporting, slightly above the 1.5% for the UK. Less than 1% of businesses had stopped importing - matching the UK average.

51.5% of exporting businesses in the West Midlands, and 46.1% in the UK, reported their businesses were still exporting but less than normal. Of those businesses who continued to trade and import, 43.8% in the West Midlands were importing less than normal, compared to 38.4% across the UK.

35.1% of West Midlands businesses who were exporting reported that they had not been affected, compared to 43.0% across the UK, and 45.8% of West Midlands businesses said that importing had not been affected, compared to nearly 50.5% across the UK.

2.3% of businesses in the West Midlands are exporting more than normal, compared to 2.9% across the UK. The figures for importing more than usual are 3.6% and 4.4% respectively.

Logistics Services

88.3% of businesses that have used logistics services in the last two weeks reported all their distribution demands were met this is slightly below the UK average of 88.8%. While 7.3% of West Midlands businesses reported only some distribution were met, compared to 7.8% for the UK.

Government Schemes and Initiatives

84.3% of businesses in the West Midlands who have not permanently stopped trading have applied for the Coronavirus Job Retention Scheme (79.6% across the UK).

15.0% of West Midlands businesses have applied for business grants funded by the UK and devolved government (18.8% UK) and 16.1% for government backed accredited loans or finance agreement (19.6% UK). While 14.1% of West Midlands businesses have not applied for any of these schemes (17.7% UK).

67.9% of West Businesses are using the Deferring VAT payments initiative (54.0% UK), 29.4% are using business rates holiday initiatives (24.6% UK) and 17.5% are using HMRC Time to Pay Scheme (15.8%).

70.7% of West Midlands businesses who received support from schemes or initiatives reported that it helped them to continue trading, while 21.3% reported that it did not impact their ability to continue trading.

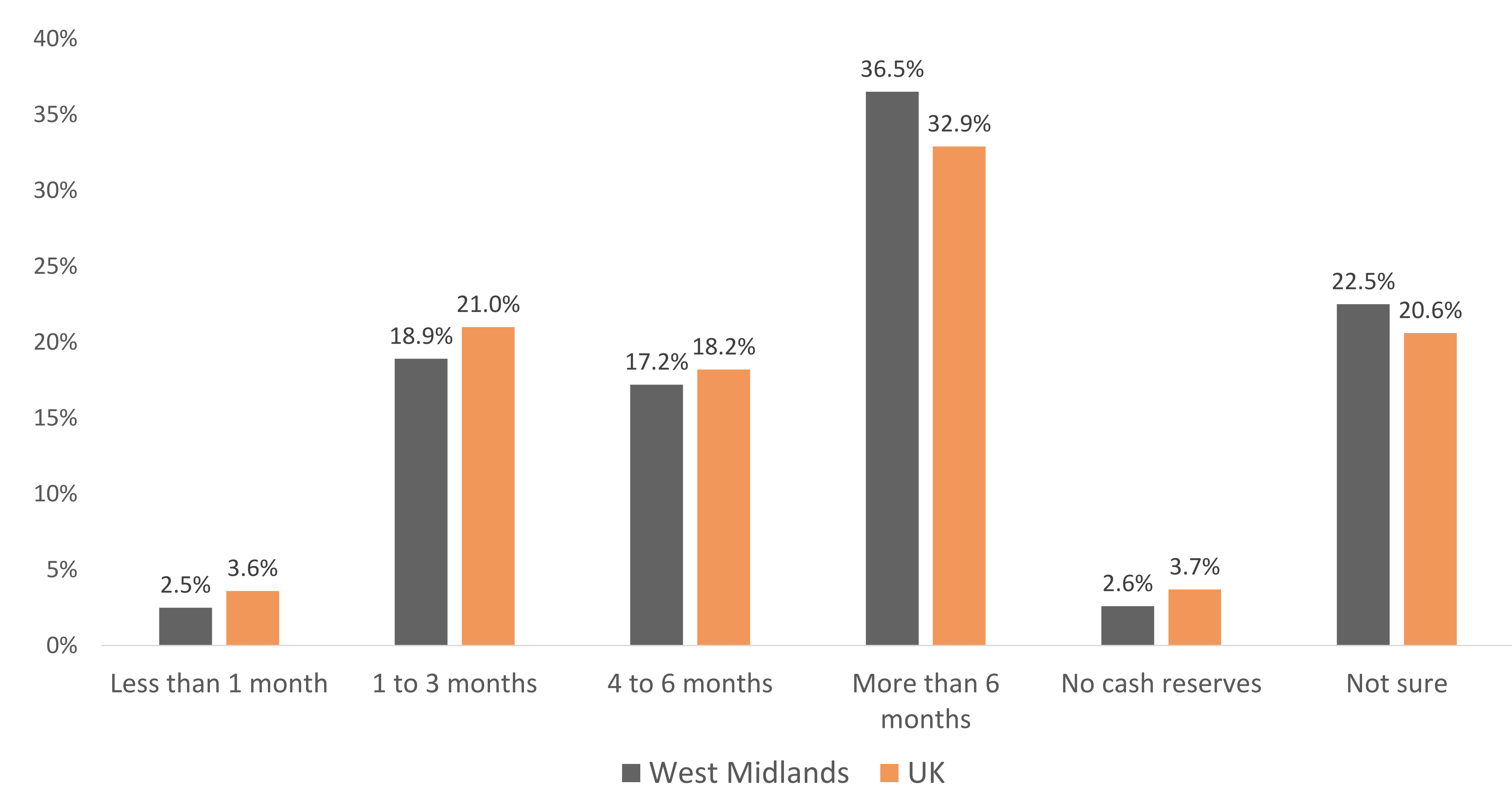
Financial Assistance

9.8% of businesses in the West Midlands have received financial assistance from banks or building societies. Of these businesses, 78.2% reported this assistance helped them to continue trading, however 17.2% reported there was no impact on their ability to continue trading.

Cash Flow

2.6% of West Midlands businesses that have not permanently stopped trading have no cash reserves. For the UK, this figure is 3.7%

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.

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 17, covering the period 8th and 12th July 2020. In this wave there were 1,743 (70%) responding adults.

Socialising and Visitors at home

67% of adults met up with others to socialise between 8th and 12th July. Of these adults, 49% had met with one or two people, 27% met with three or four people and 23% met with more than five people.

55% of adults always maintained social distancing, while 6% stated they rarely or never maintained social distancing.

41% of adults reported they had family of friends visit them at their own home between 8th and 12th July.

Face Coverings

61% of adults have worn a face covering outside their home. 73% of people aged over 70 years and 72% with an underlying condition were most likely to report wearing a face covering when outside of their home this week. 66% of women were likely to wear a face covering than men at 56%.

62% of responding adults reported that are either very or fairly likely to wear one in the next 7 days.

Holidays and Leisure

27% of adults stated they were likely or very likely to go on holiday in the UK this summer, while 9 % said they were likely or very likely to go on holiday abroad this summer.

27% of adults reported they would be comfortable or very comfortable to eat indoors are a restaurant while 52% reported they would be uncomfortable or very uncomfortable. 45% reported to feeling comfortable or very comfortable eating outdoors at a restaurant and 32% reported to feeling uncomfortable or very comfortable to eating outdoors at a restaurant.

Home-schooling and Back to School

43% of adults reported they had been asked to send their children back to school and 74% of these now have their children attending school some or all of the time. Home-schooled children spent on average 10 hours learning in the week.

Work

60% of adults that either had a paid job as an employee of self-employed or did any casual work stated they have had to work in new ways. 22% have had to use new equipment and 20% have had to learn new skills or take on new responsibilities.

27% of adults reported to worked exclusively at home while for the first time 50% of adults reported they had travelled to work.

Online Jobs Adverts

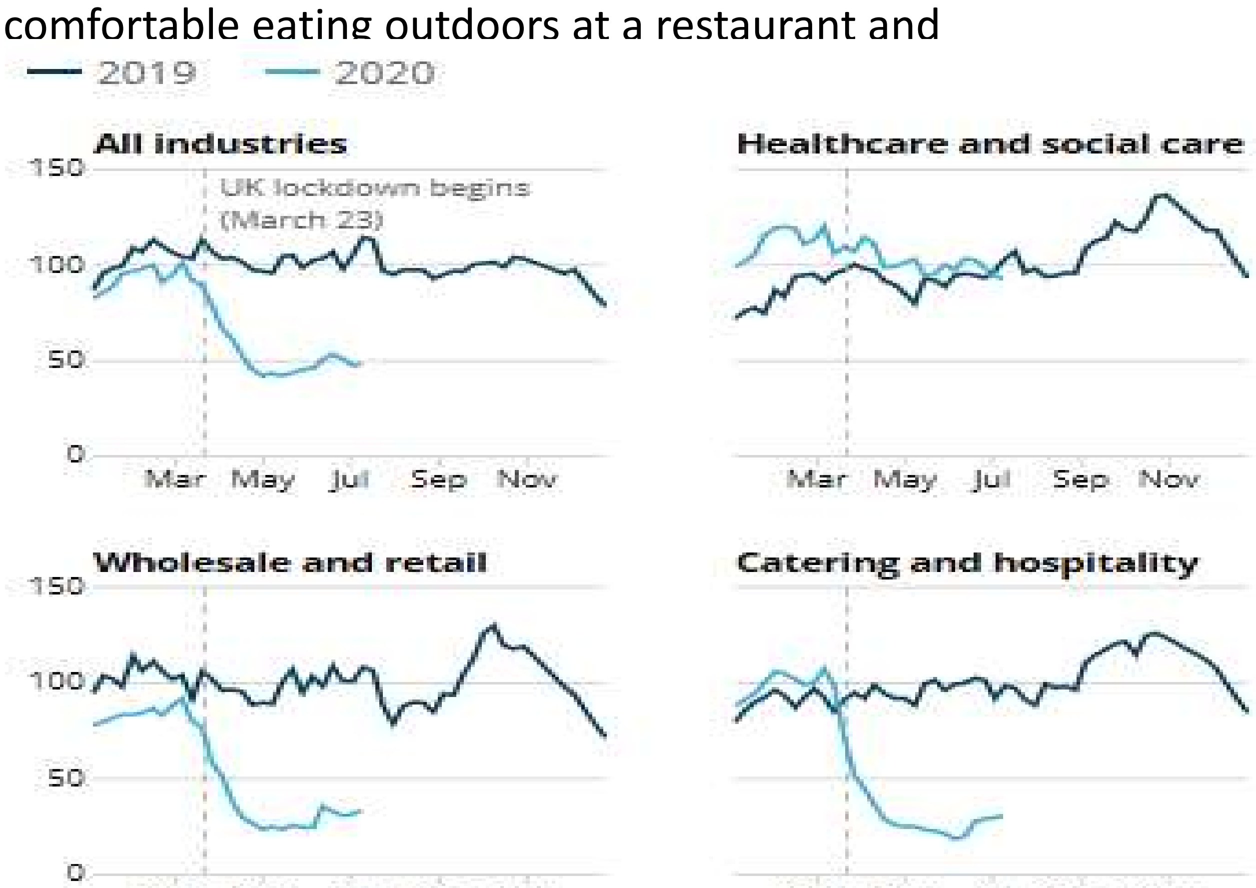
These estimates are experimental figures are taken from jobs adverts provided by Adzuna. Each value in the series measures the number of jobs adverts at a point in time, indexed for the average for 2019 (average = 100).

Across all industries the total online jobs vacancies have increased from 47% to 48% of its 2019 average between 3rd and 10th July. The current level is slightly higher than the lockdown low point which was 42% on the 1st May.

The only category that notably changed was part-time or weekend job adverts, decreasing by 13% in the latest week.

For the first time since early April, the catering and hospitality industry job adverts have increased to over 30% of it 2019 level. However, this is still much lower than the 2019 average but has increased from five weeks ago when it was below 20%.

The following image shows the total weekly jobs adverts on Adzuna between 4th January 2019 to 10th July 2020 (Index 2019 average =100) Source: Adzuna



HEADLINES	
SECTOR	**KEY CONCERNS**
Cross Sectoral	Access to Finance - High volumes of enquiries of micro companies, many looking for financial support as they struggle to build their companies back up after Covid-19. Return to Work - Cautious approach to returning to work, trying to move towards ‘business as usual’ but tempered by concerns about second spike and local lockdowns, and ongoing uncertainty around the nature of the end of Transition period. Jobs & Redundancies • Regular news on redundancies in small and large numbers now, clear the numbers are going to climb for some time to come. • Encouraging signs that there are companies starting to recruit as well. New Business Models inc Diversification • Diversification gaining momentum across sectors. • Businesses balancing the desire, and business need, to start working in offices again vs nervousness of employees to return, and the extent of the mental health toll on employees now becoming apparent. • Working from home remains highly effective on the whole. The need for expensive fixed office bases will negatively impact commercial (office) property rental markets and businesses are developing new strategies with a view to a blend of WFH and time in the office. There is an expected long term change to the future of the workplace and the attitudes of employers. • Many SMEs continue to look for ways to adapt their business models to enter new markets, innovate and use new technologies to improve their customers’ experience in the wake of the Covid crisis. Public Transport - Businesses have welcomed the Government’s decision to lift restrictions on public transport and some leisure facilities. However, there is still concern that there is still insufficient guidance in manging the safe return of their staff. Brexit - Conversations remerging around the topic of “Brexit” and the EU Transition Period, particularly from businesses dealing frequently with European suppliers or holding companies. Feeling that some businesses have simply forgotten that it is happening or expectation that it will be delayed.
Retail	Jobs - Retail chains have announced job losses, or projected job losses which will likely affect jobs within the region. New Business Models - Retailers still looking to develop online platforms despite
Transport Technologies	Brexit - Businesses who transport to/from the EU need clarity on the extent of possible delays and change to the market that will result due to Brexit.
Visitor Economy & Sports	Jobs - Hospitality chains have announced job losses, or projected job losses which will likely affect jobs within the region. Closures - Major businesses, such as Riley’s and Genting Casinos in the region have announced closures in the area. New Business Models - Where possible businesses have used the time off to develop new ideas.
Manufacturing	Supply Chain - Some companies experiencing supply chain issues and need help finding alternative suppliers. Access to Finance • Some businesses looking for Covid related funding support. • Other businesses looking for mentoring to help bounce back after a period of inactivity.

Black Country Consortium
Economic Intelligence Unit

NEW ECONOMIC SHOCKS			
COMPANY	**LOCATION**	**SECTOR**	**SOURCE/DETAIL**
Buzz Bingo	Black country and wider areas	Gaming	Buzz bingo has announced plans to permanently close 26 halls with the potential loss of 573 Jobs.
Genting club	National, headquarters in Birmingham	Gaming/Hospitality	The company has announced that 1,642 UK employees are at risk of redundancy as part of an ongoing consultation process.
Riley's	Wolverhampton and wider areas	Gaming / Hospitality	The Wolverhampton Branch of Riley's sports bar is to close after chain collapsed into administration, putting more than 200 jobs at risk.
The Shakespeare Birthplace Trust	Stratford-upon-Avon	Tourism	The Shakespeare Birthplace Trust has announced it is in consultation with its employees as it looks to cut costs in response to the impact of the coronavirus, which it says will result in an £8.5m loss of income for 2020.
Cemex	HQ'd Rugby	Construction	About 110 jobs are set to be cut at a building materials supplier, which is poised for its UK assets to be acquired by Breedon for £178m
Le Bistrot Pierre	Regional	Catering and Hospitality	Private equity-backed Bistrot Pierre has been sold out of administration in a pre-packed deal, preserving 682 jobs. However, 123 redundancies have been made and six of its restaurants will close.
Severn Trent	Coventry	Utilities and Services	Severn Trent is expecting a hit of up to £85m to its revenue because of the Covid-19 pandemic. However, the Coventry-headquartered listed utilities supplier added that the Ofwat regulatory model allows the shortfall to be recovered in 2022/23.
Ineos	National	Automotive, Manufacturing, Engineering	One week on from the unveiling of its first car, the Grenadier, Ineos' plans to produce the utilitarian vehicle in Wales have hit a stumbling block. The chemical giant planned to build a new plant next to Ford's soon-to-be-shuttered factory in Bridgend, but is now eyeing a Mercedes factory in France instead.
Unique Venues Birmingham (UVB)	Birmingham	Hospitality and events	Possible redundancies have been announced by a commercial venture between Birmingham Repertory Theatre and the Library of Birmingham.
Birmingham REP Theatre	Birmingham	Arts	Birmingham REP Theatre announces job losses in wake of coronavirus economic impact.
Symphony Hall and Town Hall	Birmingham	Arts	Birmingham arts venues announce major job losses.

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	**LOCATION**	**SECTOR**	**DETAIL & SOURCE**
Gupta Group	Black Country	Professional services	Local Businessman purchases significant premises in Wolverhampton in a multi-million pound deal, the actual amount is undisclosed.
DWP	West Midlands	Public sector	DWP look to recruit a further 300 Work coaches to support increasing numbers of unemployed.
Birmingham 2022 and CGF Partnerships (CGFP)	Birmingham	Creative	150 jobs created for Commonwealth Games broadcasting rights award to Sunset + Vine
Amco Services International	Redditch	Transportation and Storage	Some 160 jobs have been saved at Amco Services (International) after it was sold out of administration to CBW Resources.
Stadium TM	Coventry	Security and Traffic Management	A Midlands-based events management and security firm which works across the world has won a major new contract on its doorstep. Stadium, which specialises security, safety and traffic management, has successfully bid to provide security and stewarding in its home city of Coventry– taking in the UK City of Culture celebrations.
Safetyflex Barriers	Coventry	Manufacturing	One of the UK's most iconic and popular attractions has been protected from the threat of vehicle attacks by a manufacturer of anti-terrorist bollards and barriers. Bollards produced by Safetyflex Barriers, based in Coventry, have been installed around Blackpool Tower which attracts hundreds of thousands of visitors each year.
Halfords	National	Retail	Halfords has posted strong preliminary results for the year to 3 April, boosted by a focus on motoring services and an upturn in bike sales. The firm posted profits of £55.9m – down almost 5% on 2019, but better than expected in previous guidance. Revenues were up slightly, by 0.3% to £1.1bn.
Techstep Limited	Southam	Manufacturing	An expanding electric loft ladder company in Warwickshire is set to go up in the world after receiving funding from a new scheme. TechStep was started in Southam by three years ago after he spent five years developing the innovative LOFTOMATTIC electric loft ladder which is now launching in Australia.
Geeka Media	Coventry	Digital and Creative	A teenage entrepreneur in Coventry, who was turning over £12,000 when he was in Year 9 at school, has moved into his first office and is preparing to create jobs.
Sovereign Exhibitions	North Warwickshire	Exhibition and Event Management	An exhibition company has created a classroom designed to help schools across the UK manage a safe return to education after the summer holidays.
LEVC (Royal Mail)	Coventry	Automotive, Tourism, Engineering	Royal Mail has taken delivery of a prototype of LEVC's new electric van for use in real-world testing. The partnership with the Warwickshire manufacturer comes after Sutton Coldfield-headquartered DPD made the same move last month.
TrakM8	Coleshill	Telematics, Data Services	The shares of telematics and data supplier Tram8, which is headquartered in Coleshill, have surged after it announced a major new contract.
AH Spares	Kineton	Manufacturing	AH Spares, which is based on the Kineton Road Industrial Estate in Southam, Warwickshire, saw sales increase in May despite Covid-19 as Austin Healey owners throughout the globe bought parts for their classic cars.
Pashley Cycles	Stratford-upon-Avon	Manufacturing	Grant fund helps local business continue and thrive.

PCC's Strategic Policing and Crime Board

July Report

On the 21st July, a report was published to provide members of the Strategic Policing and Crime Board with an overview of West Midlands Police (WMP) approach to hate crime. The full report can be viewed on this link.

Twelve-Month Trend Analysis

There was a 12.7% increased of hate crime recorded by the force for the performance year 2019-20 in comparison to the previous year. There was no significant increase in hate crime related violence with injury for the year however, following the initial trends for 2020-21 performance year, the Force identified an increase in malicious communications and public related offences.
There is evidence to suggest that the increase in nationally recorded hate crime is indicative of a narrowing reporting gap (the gap between that experienced and that reported) when the recorded levels are compared with the British Crime Survey. It is also assessed that the Force is closing that gap at a higher rate than the national trend.
Homophobic recorded crimes have seen an elevated number of reports. The trend emerged around March 2019 and continued through the 2019 summer period until it returned to a lower, but above the normal level where it has generally remained since. It is assumed that the most likely explanation was due to the widely reported Birmingham schools' protests.
Racially targeted hate crime typically accounts for approximately 80% of all hate crime recorded by the Force and this has not changed greatly over time. Presently, the Force are working to review some of these as potential incidents of religious hate crime that may have inadvertently been classed as racial hate crime.

Covid-19 Trends

For the purpose of the report, it categorises the lockdown period into 3 stages: the pre-lockdown period which covers January – March 2020 followed by lockdown period which covers the time period between 28th March to 1st June 2020, and time thereafter is the post-lockdown period.

Pre-Lockdown

The period of January to March 2020 saw hate crime trends follow usual patterns. Recorded offences typically took place in public – either arising from previous disputes between persons known to one another or random disputes in the street and is especially associated with the night-time economy. This is exemplified by most offences occurring in city or town centres in which Birmingham city centre was considered the main hotspot, followed by Coventry city centre.

Lockdown Period

Hate crime offences sharply dropped when restrictions were first implemented but have increased since restrictions have eased. Approximately 13-18% of offences recorded per week were stated to be coronavirus-related where it the offences common arose from disputes regarding social distancing or racial offences against various ethnicities blaming the victim for the spread of the coronavirus.
Reports around offensive messages began mainly online but then transitioned into the public and became apparent as restrictions were relaxed. Graffiti were often noted around this time especially surrounding offensive messages against those of Chinese, Indian and Somalian nationality.
Around 15-20% of reported hate crime offences were aimed at key workers and or/those assisting the vulnerable, especially staff in shops. Some of the recipient of the abuse included: police officers, NHS emergency workers and those taking food or supplies to the vulnerable.
Malicious communications crime such as hate crime offences occurring online/social media or over phone messaging makes up approximately 20% of the total hate crime offences. The trend increased slowly week by week and it is assumed that this was likely as people began to see less of each other and the disputes transitioned onto online and phone messaging platforms.
Racial hate remained to be the main driver of hate crime at around 75-80% followed by homophobic hate at 6-12%. Recorded offences saw a shift away from the cities and town centres and into more residential areas which was most likely due to the public travelling less around the area covered by the Force as well as many of the offences reported being neighbour-related.

Post-Lockdown Period

Hate crime is at its highest recorded levels with approximately 35 offences recorded per day. This is around 15 offences higher when compared with the pre-restriction levels. Initial analysis suggests that the increase in reporting may be associated with victims reporting the offences which had occurred during the lockdown period. Seasonally, July has been the top recorded month for hate crime across the force and has been since 2016.
In-force and national analysis suggests that hate crime increase is also likely due to a combination of the following ; continuing Covid-19 tensions, a relaxation of restrictions leading to typical offending resuming, hate offences regarding the Black Lives Matter movement and a small increase in homophobic incidents due to Pride month. It is expected that these numbers are likely to increase in the summer period and as the night-time economy begins to re-open.

Coronavirus cases to week 22 July 2020

Source BBC

Authority	Deaths	Cases in the last week	Cases compared with previous week	Total cases
Birmingham	1172	132	+57	5041
Wolverhampton	303	13	+4	1404
Coventry	276	24	+10	1364
Dudley	294	4	-3	1313
Sandwell	363	75	+47	1756
Solihull	260	19	+9	913
Walsall	369	34	+11	1514

Deaths are death registrations where COVID-19 was mentioned on the death certificate. Source: ONS, NRS and NISRA – updated weekly. Although the numbers of deaths per 100,000 people shown in the charts above have not been weighted to account for variations in demography between local authorities, the virus is known to affect disproportionately older people, BAME people, and people from more deprived households or employed in certain occupations.

Cases include positive tests of people in hospital and healthcare workers (Pillar 1) and people tested in the wider population (Pillar 2). Public health bodies may occasionally revise their case numbers. Northern Ireland only publish new figures on weekdays. Source: UK public health bodies - updated daily.

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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