

West Midlands Weekly Economic Impact Monitor



Issue 25 Publication Date 11/09/20

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.

Further restrictions have been introduced nationally after sharp rises in infection rates, these include gatherings of no more than 6, and similar to places already in lockdown households cannot mix and there are stricter rules for venues. This is due to the pattern of infections being driven by socialising. Work and education are unaffected. Venues that fail to ensure that they are COVID secure can be closed or fined. Border forces will step up compliance with Covid-19 rules and tracing quarantine and there will be an introduction of people monitoring social distance in open spaces. The opening of events will be reviewed. **Main points are:**

- The US has seen relatively [strong job growth](#) for August and a decline in unemployment, however it is decelerating and might be a reflection of lag between activity and employment. Overall there are still 99.7m not in the workforce
- [Japan's](#) economy is bouncing back with the highest monthly rate of growth on record (8%), but output remains low. But retail sales have fallen and consumer spend is failing to recover.
- Across the [Eurozone](#) retail sales are faltering; the volume of spending has returned but spending has stopped growing
- [Sterling](#) continued to slide for a second consecutive day yesterday as tensions over the UK's trade talks with the EU persisted.
- [UK firms](#) are hiring temporary staff at the highest levels since 2018, as they need to recover from covid-19 but fear the consequences of Brexit.
- As reported last week the return to the office is slow going and the [City of London](#) says the return to the office is low due to lack of confidence in public transport.
- [Staycations](#) and home office equipment has boosted UK spending in August.
- The [CBI](#) has highlighted there are rays of light but tough times ahead, with the economy growing slowly at 2%. They have called for keeping unemployment as low as possible to minimise the long term impact on the economy. They have called for a more regional approach, especially when looking at access to capital, mirroring the approaches in France and Germany which are also long term. The CBI is calling for further and faster devolution.
- [Knight Frank](#) has launched an auction business to help clients sell homes faster during the heightened period of uncertainty caused by coronavirus.
- [The Department of International Trade](#) (DIT) has announced new trade measures to help support consumer and retail businesses impacted by the coronavirus
- The UK records its biggest jump in [transport use](#) since the start of the pandemic. Rail station footfall is up 12 percent.

Business issues

- Feedback on kickstarter programme is generally negative especially because of the 30 vacancies minimum.
 - In terms of the pressure to get back to work, this is creating tensions between employers and employees and between businesses and the government stance.
 - Manufacturing reveals a relatively positive picture: defence remains strong, automotive back up to 75% which is more reassuring, and there are some very positive examples of work.
 - Brexit: businesses remain somewhat unprepared or unprepared and there is not enough advice and guidance. However support organisations find it difficult to give advice given the picture remains uncertain.
- [ING](#) it's unrealistic to expect a sudden plunge in GDP once the transition period ends. But whether there's a deal or not, the change in UK-EU trade terms will push costs up for businesses in a range of sectors, potentially compounding the Covid-19 hit. That leaves the UK at risk of a slower and more turbulent recovery relative to its peers.

Sectors

- Looking at the extent of workforce furlough, decrease in turnover and the size and importance of sector in the region, the most at risk of significantly reducing in size and most at risk of not bringing workers back post furlough are: Advanced Manufacturing and engineering; Construction; Retail; Cultural Economy (including sport)
- At least risk are: Life sciences and healthcare; Public sector and education
- Of medium risk are: Business, professional and financial services; Digital and creative; Logistics and transport tech; Low carbon and environmental tech

Global Outlook

Rebecca Riley WMCA

Global

[Deloitte's](#) weekly economic update raises the issue of the likely consequence of the falling **US** dollar, most economists expect a weaker growth in the coming year than in Europe, largely due to the failure to suppress the virus. Compounded by the trading relations with principle partners which will mean exports fail to boost. Investor uncertainty of the US trading relations has likely suppressed the dollar so far. A weaker dollar will imply a stronger domestic currency for those that trade with the US, and exports will increase.

Although Covid19 is by far the biggest event affecting the economy, the result of the US presidential election in November will have a significant impact on the global economy, business environment and geopolitics in general. The two candidates are far apart in their policy stance and the resulting impact of either candidate winning will be very different. Trump endorses restrictions on trade, immigration, alliances and treaties and is focussed on the domestic agenda. This is likely to lead to restrictions with China, WTO and implies more isolation and protectionism. Under Biden the US is likely to return to the old consensus approach, renewal of the Atlantic alliance, a bias towards free trade, migration and cross-border investment. It would be likely that the US would return to the WHO, Trans Pacific Partnership, Paris accords and Iran nuclear deal. However Biden will need to avoid being seen as too globalist.

The US has seen relatively [strong job growth](#) for August and a decline in unemployment, however growth is decelerating and might be a reflection of a lag between lack of activity and employment. Overall though there are still 99.7m not in the workforce so still a long way to go.

[Japan's](#) economy is bouncing back with the highest monthly rate of growth on record (8%), but output remains low. But retail sales have fallen and consumer spend is failing to recover.

Across the [Eurozone](#) retail sales are faltering: the volume of spending has returned but spending has stopped growing. The declines are particularly pronounced in clothing (10.6%), Internet shopping (7.7%) and computer equipment (6.7%). Automotive fuel sales have risen as people move to cars for transport. Over the last 12 months however internet spend has gone up 16% and clothing spend fell 25.8%. Spending in northern Europe has recovered more quickly than in southern Europe. The infection surge in Spain is suppressing retail sales and

mobility. Across the Eurozone [inflation is turning to deflation](#), energy prices have fallen, consumer prices are down but core prices are up. So the weakness in the general economy is bigger than the impact of the increase of money supply. As highlighted in earlier monitors the personal and business savings are increasing and this is also suppressing demand. People supported by government furlough schemes are reducing outgoings due to the uncertain future. The unemployment rate across Europe is also increasing rapidly, despite these schemes.

National Outlook

[Sterling](#) continued to slide for a second consecutive day yesterday as tensions over the UK's trade talks with the EU persisted. The pound dropped nearly one percent as traders bet that the Bank of England may have to cut interest rates to mitigate the economic fallout of a disorderly Brexit.

[UK firms](#) are hiring temporary staff at the highest levels since 2018, as they need to recover from covid-19 but fear Brexit fallout. There has also been a jump in available candidates which have risen at the steepest rate in over 20 years. Businesses are calling for a deal with Europe and also a cut in employers social contributions. As reported last week the return to the office is slow going and the [City of London](#) says the return to the office is low due to lack of confidence in public transport.

[Staycations](#) and home office equipment has boosted UK spending in August. Barclaycard has said spending has risen in real terms for the first time since lockdown. There has also been an increase in spending in restaurants, and overall this creates the first increase since February. This follows a record contraction of 20% April to June.

The [CBI](#) has highlighted that there are rays of light but tough times ahead, with the economy growing slowly at 2%. They have called for keeping unemployment as low as possible to minimise the long term impact on the economy. There is a significant risk to scale up companies, which add £1tn to the economy, due to lack of access to capital and infrastructure. The UK government is now the largest single investor in SMEs and is sitting on a huge liability and the debt problem is a challenge with around £100bn of sustainable lending, and a third are likely to struggle to repay. This equates to 780k SMEs, 3m jobs and £35n of debt. The CBI has called for a more regional approach, especially when looking at access to capital, mirroring the approaches in France and Germany which are also long term. The CBI is calling for further and faster devolution.

[Knight Frank](#) has launched an auction business to help clients sell homes faster during the heightened period of uncertainty caused by coronavirus.

Despite the housing market's resilience so far, 2021 could be "the year the pandemic bites" for less desirable properties

[The Department of International Trade](#) (DIT) has announced new trade measures to help support consumer and retail businesses impacted by the coronavirus. Advice and long term support will be offered to retailers which include guidance on selling through international marketplaces.

The UK has recorded its biggest jump in [transport use](#) since the start of the pandemic. Rail station footfall is up 12 percent on Monday compared with Friday, as workers and pupils return.

[Andrew Lloyd Webber](#) has warned that the arts are at a point of no return following the damage from the coronavirus pandemic. He has told MPs that it would be economically "impossible" to run theatres with social distancing.

Regional Outlook

Regionally Birmingham's [Christmas markets](#) will not be held this year, originally a one off event in 1997, the markets have been held every year since 2001. The markets attract 5m visitors a year.

[Birmingham Museum and Art Gallery](#) (BMAG) will reopen to visitors next month, almost seven months after coronavirus forced it to close. The museum and art gallery has faced "challenging" times since the lockdown with up to half its staff being at risk of redundancy. Visitors will need to book in advance for timed entries from 7 October.

Latest on Brexit Impact

A number of guidance notes have been published from the UK government and EU which will be useful for businesses:

- [Using the UKCA mark](#) from 1 January 2021
Gov.UK: Placing [manufactured](#) goods on the EU market from 1 January 2021
- Placing [manufactured](#) goods on the market in Great Britain from 1 January 2021
- The [EU](#) have published updated guidance and readiness notices which will be useful for businesses

- [Importing](#) animals, animal products and high-risk food and feed not of animal origin from 1 January 2021
- Import of products, animals, food and feed system ([IPAFFS](#))

The [BBC](#) have highlighted the UK is 'sleepwalking into a disaster' over border plans according to hauliers. They have written to ministers about the severe disruption to supply chains. Government is looking at building temporary lorry parks in England, without local approvals.

There are significant unresolved issues with the [Irish border](#) (and all borders) which raise both political and practical issues around unbuilt checkpoints, lorry parks, customs declarations, veterinary checks (on food and livestock), tariffs (paying and reclaiming) and extra customs officers as yet not recruited. There is also a shortage of lorry drivers nationally and delays will add to that problem.

[British stocks](#) are lagging far behind other major assets in the covid recovery as Brexit fear has returned to markets.

[ING](#) think it's unrealistic to expect a sudden plunge in GDP once the transition period ends. But whether there's a deal or not, the change in UK-EU trade terms will push costs up for businesses in a range of sectors, potentially compounding the Covid-19 hit. That leaves the UK at risk of a slower and more turbulent recovery relative to its peers.

Infection rates

Rebecca Riley WMREDI/WMCA

The [Prime minister gave a press conference on Wednesday 9th September which highlighted:](#)

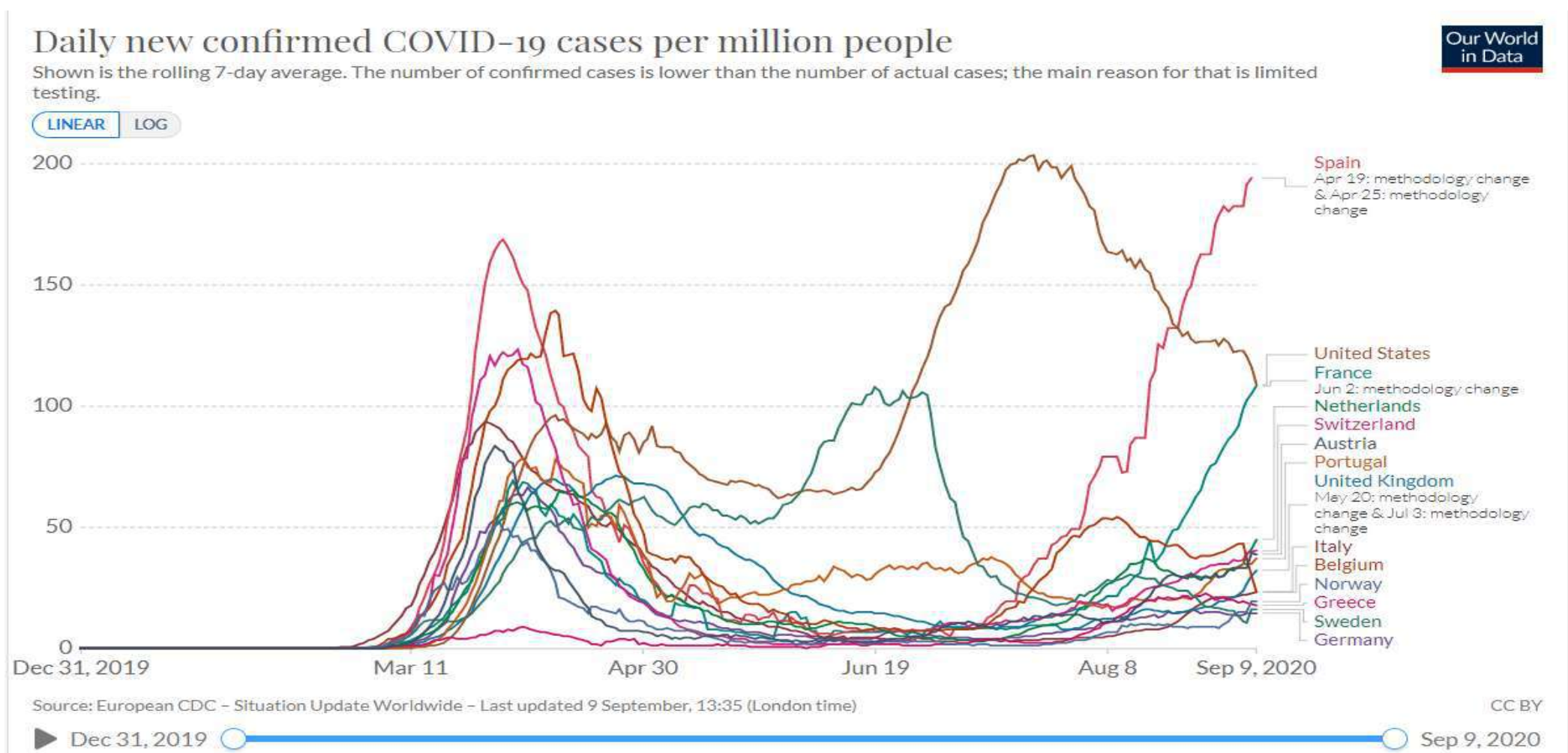
- Rising infection rates are not due to increased testing
- Infections in younger age groups are rising quicker than other groups
- We are following a path so far of what has happened in France. In Belgium once this started happening they took rapid action to keep infection rates down. If we do nothing the rates would rise.
- The importance to continue washing hands, using face coverings, and maintain space has been reiterated.

New [regulations](#) have been introduced including the rule of 6 has been introduced, replacing all other limits (ie the 30 maximum). Households cannot mix now over the 6 maximum. Work and education is unaffected.

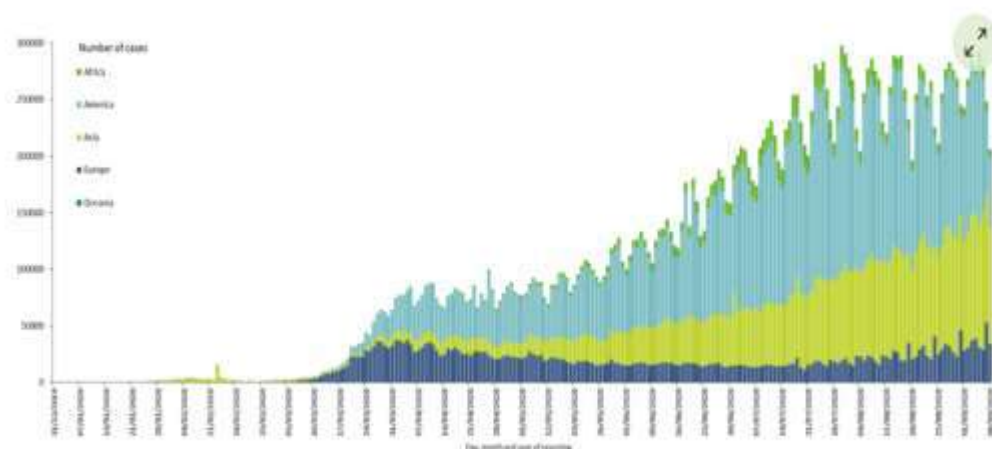
Venues that fail to ensure covid secure practices can be closed or fined. Border forces will step up compliance and there will be an introduction of people monitoring social distance in open spaces. The opening of events will be reviewed.

Salford will be a pilot for new testing and tracing approach of 20 minute testing with a £500m package and will also look at repeated testing up to 250 tests a day. Clinical trials start to report at the end of the year. Many vaccines are showing the right immune response, an important step to making a successful vaccine. The Oxford trial has paused but this is sensible and normal in these processes and important to do this for safety. There are over 500 therapeutics projects ongoing and this has showed a lot of treatments haven't worked. But it has been shown that dexamethasone and steroids impact on the severity of the virus.

Europe has seen a [resurgence in infection rates](#) which is continuing (see diagram next page). Since 31 December 2019 and as of [09 September 2020](#), 27 609 408 cases of COVID-19 (in accordance with the applied case definitions and testing strategies in the affected countries) have been reported, including 898 087 deaths. The distributions of global infections and deaths are below.

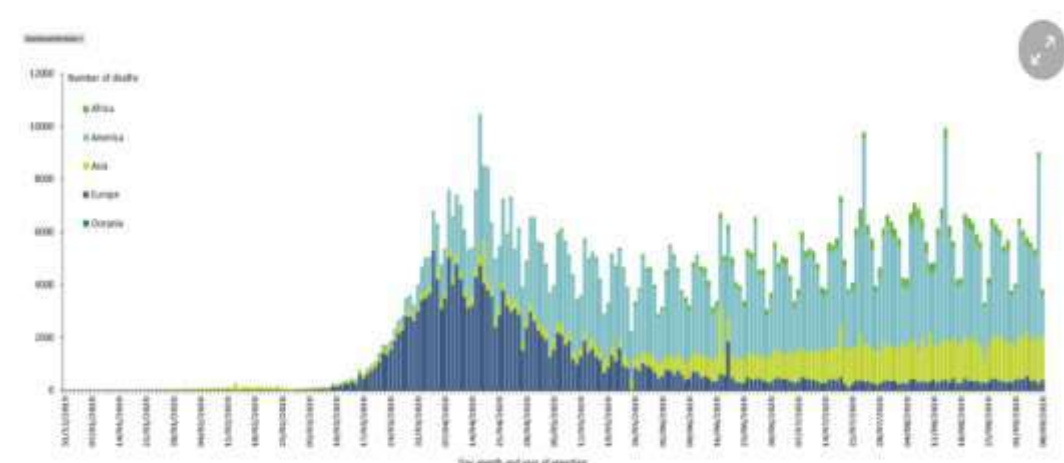


Distribution of COVID-19 cases worldwide, as of 9 September 2020



Distribution of cases of COVID-19 by continent (according to the applied case definition and testing strategies in the affected countries)

Distribution of COVID-19 deaths, worldwide, as of 9 September 2020



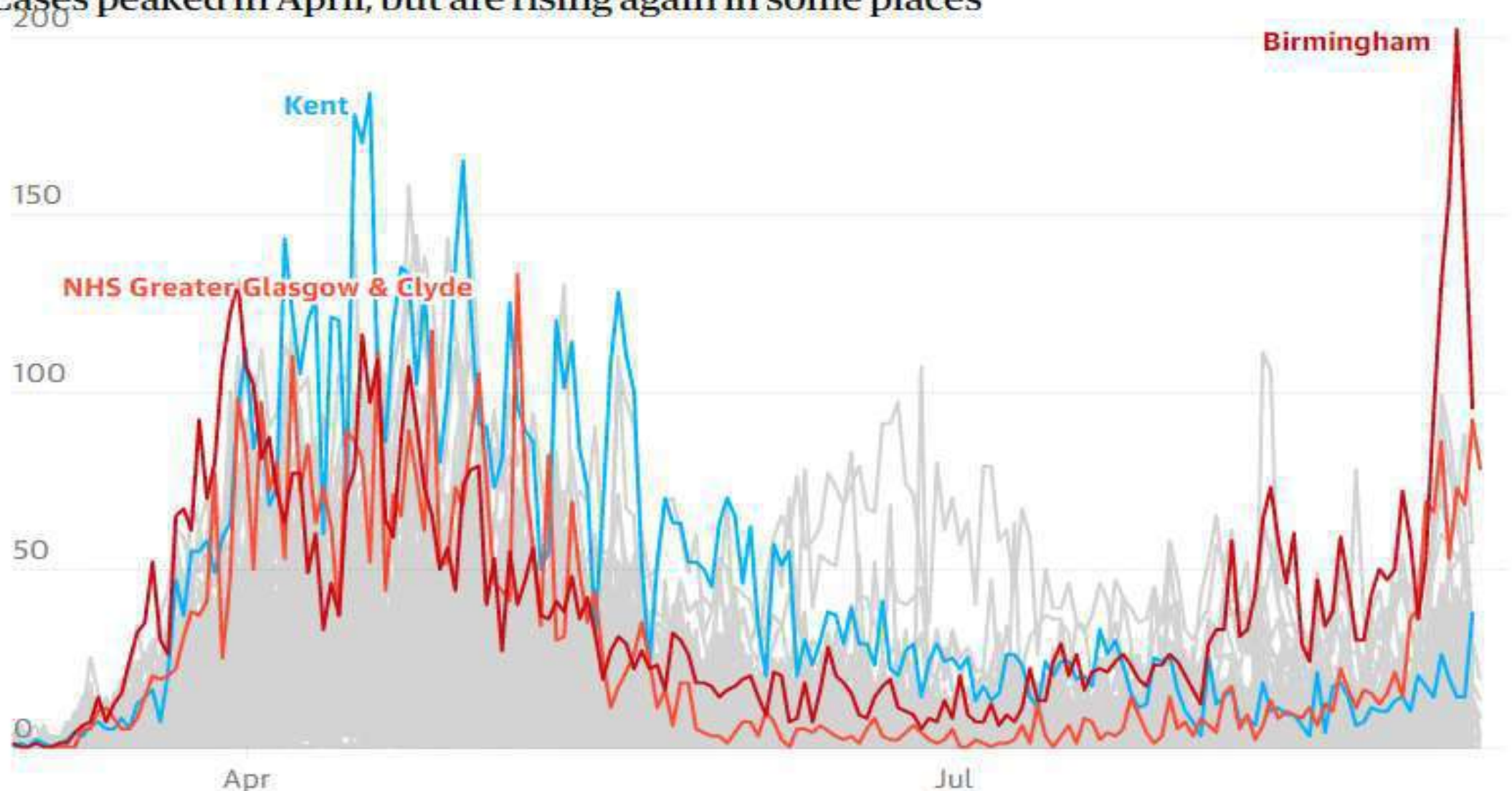
Distribution of cases of COVID-19 deaths worldwide, by continent

Regionally the number of cases in Birmingham is on the rise the graph below from the [Guardian](#) using PHE data shows the significance of the peak as updated on 9th September and the rates and where Birmingham features in the hotspots.

The rate is the number of cases per 100,000 people

Area	Rate: last week	Rate: all time	Cases: all time
Bolton	131	988	2,841
Caerphilly	94	542	982
Bradford	78	1253	6,762
Birmingham	77	656	7,495
Tameside	72	939	2,126
Salford	71	788	2,041
Sunderland	69	752	2,089
Blackburn with Darwen	67	1311	1,963
Manchester	65	855	4,726
Rochdale	63	1092	2,429

Cases peaked in April, but are rising again in some places



The two UK areas with the highest peaks of new cases per day ever, and the two with the highest peaks now. Data: Public Health England (upper tier local authorities); Public Health Scotland. Scottish data is by health board. Updated: 9 Sep 2020

Sectoral Impact BCCEIU

The Table below illustrates the sectoral impact – looking at the number of workers furloughed so far and the importance of the sector to the region we can see which sectors are at high risk in the region:

WMCA Sectoral Deep Dives

WMCA Sector	WMCA 3 LEP GVA (2018) ¹	WMCA 3 LEP Jobs (2018) ²	WMCA 3 LEP Enterprises (2019) ³	Furloughed ⁴			Turnover has decreased by more than 50% ⁵	WM Sectoral GDP exposed to Brexit ⁶	Other Insight
				WMCA Number of Workers Furloughed	% of WMCA Furloughed	WMCA Furloughed Workers as % of Eligible Per Sector			
Advanced Manufacturing & Engineering	£16.4bn (15.6%)	209,400 (11.3%)	10,095 (7.0%)	113,972	18.4%	51.3%	6.5%	<ul style="list-style-type: none"> Textiles and leather: 41.5% Coke, petroleum, fuels and chemicals: 102.2% Other manufacturing: 24.1% Electric machinery and optical equipment and transport: 50.5% Food beverages and tobacco: 41.5% Construction: 4.0% 	<ul style="list-style-type: none"> Under the illusions of uncertainty manufacturers in the West Midlands opted to prioritise low-risk short-term hiring's over high-risk investing.⁷ Of those who export, 40.8% of UK manufacturers are still exporting but less than normal.⁸
Construction (Building Technologies)	£7.2bn (6.9%)	121,000 (6.6%)	18,855 (13.0%)	40,137	6.5%	58.2%	7.7%	<ul style="list-style-type: none"> Of those who export, 52.6% of UK construction firms are still exporting but less than normal. 	<ul style="list-style-type: none"> Of those who export, 34.4% of UK professional, scientific and technical activities firms are still exporting but less than normal. Of those who export, 45.5% of UK administrative and support service activities firms are still exporting but less than normal.
Business, Professional & Financial Services	£30.1bn (28.6%)	402,040 (21.8%)	48,860 (33.8%)	127,065	20.5%	32.6%	<ul style="list-style-type: none"> Real estate activities: 3.1% Professional, scientific & technical activities: 5.8% Administrative and support service activities: 17.4% 	<ul style="list-style-type: none"> Financial intermediation: 16.6% Real estate, renting and business activity: 13.4% 	<ul style="list-style-type: none"> Of those who export, 24.7% of UK information & communication firms are still exporting but less than normal. Of those businesses currently trading, 3.7% of human health & social work activities businesses reported that they were unable to get the materials, goods or services they needed, above the UK average of all sectors of 3.3%.
Digital & Creative	£4.9bn (4.7%)	49,320 (2.7%)	9,245 (6.4%)	11,805	1.9%	22.4%	6.5%	<ul style="list-style-type: none"> Textiles and leather: 41.5% 	<ul style="list-style-type: none"> Of those who export, 24.7% of UK information & communication firms are still exporting but less than normal.
Life Sciences & Healthcare	£8.5bn (8.1%)	239,000 (12.9%)	6,340 (4.4%)	25,685	4.1%	10.1%	3.7%	<ul style="list-style-type: none"> Non market services: 2.0% 	<ul style="list-style-type: none"> Of those businesses currently trading, 3.7% of human health & social work activities businesses reported that they were unable to get the materials, goods or services they needed, above the UK average of all sectors of 3.3%.
Logistics & Transport Technologies	£5.0bn (4.8%)	109,355 (5.9%)	10,445 (7.2%)	29,691	4.8%	31.8%	18.1%	<ul style="list-style-type: none"> Distribution: 8.6% 	<ul style="list-style-type: none"> Of those who export, 50.0% of UK transportation and storage firms are still exporting but less than normal.
Low Carbon & Environmental Technologies	£4.5bn (4.3%)	28,615 (1.6%)	3,765 (2.6%)	4,579	0.7%	21.4%	3.6%	<ul style="list-style-type: none"> Agriculture: 53.4% Mining, quarrying and energy supply: 24.7% 	<ul style="list-style-type: none"> Of those who export, 50.0% of UK water supply, sewerage, waste management and remediation activities firms are still exporting but less than normal.
Public Sector inc. Education	£11.3bn (10.8%)	242,000 (13.1%)	2,745 (1.9%)	20,605	3.3%	7.7%	11.3%	<ul style="list-style-type: none"> Non market services: 2.0% 	<ul style="list-style-type: none"> Of those businesses currently trading, 2.3% of education businesses reported that they were unable to get the materials, goods or services they needed, below the UK average of all sectors of 3.3%.
Retail	£12.8bn (12.2%)	306,000 (16.6%)	24,225 (16.7%)	126,421	20.4%	43.8%	5.7%	<ul style="list-style-type: none"> Food beverages and tobacco: 32.1% 	<ul style="list-style-type: none"> Of those who export, 39.6% of UK wholesale and retail trade; repair of motor vehicles and motorcycles firms are still exporting but less than normal.
Cultural Economy inc. Sports	£4.3bn (4.1%)	135,150 (7.3%)	10,180 (7.0%)	116,405	18.8%	76.4%	<ul style="list-style-type: none"> Arts, entertainment and recreation: 41.2% Accommodation and Food Service Activities: 26.6% 	<ul style="list-style-type: none"> Hotels and restaurants: 1.7% 	<ul style="list-style-type: none"> Of those who export, 63.6% of UK arts, entertainment and recreation firms are still exporting but less than normal.
Total	£105.1bn	683,150	144,770	619,800⁹	100%	34.1%			

¹ ONS, Nominal and real regional gross value added (balanced) by industry, December 2019 release.

² Business Register and Employment Survey – employees, September 2019 release.

³ ONS, UK Business Counts – enterprises by industry and employment size band, October 2019 release.

⁴ HM Revenue & Customs Coronavirus Job Retention Scheme (CJRS) statistics: August 2020. Please note data has been proportioned to WMCA (3 LEP) level using the West Midlands region proportions per sector.

⁵ ONS Business Impacts of Coronavirus (COVID-19) Survey data, 27 August 2020 (data relate to the period 27 July to 9 August 2020)

⁶ Interregional trade and exposure to Brexit: Results for the Midlands Engine Economic Observatory (MEEI)

⁷ Make UK Regional Manufacturing Outlook 2020

⁸ ONS Business Impacts of Coronavirus (COVID-19) Survey data, 27 August 2020 (data relate to the period 27 July to 9 August 2020)

⁹ Includes 3,434 furloughed workers from 'other' sectors

Qualitative Intelligence (sourced from representative bodies)

Rebecca Riley WMREDI/WMCA

The number of HR1s has dropped in the region. This is possibly linked to the lull over holiday season and the bank holiday.

Feedback on the Kickstarter programme is generally negative especially because of the 30 vacancies minimum.

There is a sense of at the moment it being the calm before the storm, waiting for decisions on furlough.

In terms of the pressure to get back to work, this is creating tensions between employers and employees and between businesses and the government stance

A lot of businesses are pivoting and moving to new business models, but there will be businesses that do not make it through the crisis.

There is general issue that support bodies may need to prioritise and focus, not every business will be saved.

One stance suggests that the focus should be on wealth creating sectors, such as manufacturing digital etc.

Capacity to support at the moment is spread to thinly to be effective. Generally sectors will need to adapt and change.

The manufacturing outlook remains relatively positive: defence remains strong, and automotive back up to 75% which is more reassuring. There are some very positive examples of work. A company within the region has built its new factory on the learning from the 1918 pandemic to keep their workforce healthy (incredible foresight) and so is a good example of how plants should be built to protect health of workers.

There is a lot of concern from businesses about return to work, especially at the same time as schools. Businesses want the government not to interfere on planning for return, given the range of business decisions and needs they have to make in the context of keeping employees safe. For example the language of 'hot desking' is not appropriate.

Despite people not returning to the office spaces there is no rush of office space coming onto the market in the region.

Nonessential retailers saw a surge but it is now petering off. This could be due to pent up demand in lock down, now settling at a much lower level.

'Eat out to Help out' distorted some trade shifting from the weekend (as was seen in last week's monitor), and others are very grateful, especially the small ones which can't afford discounts themselves. There is a call for the policy to continue for independents.

Cashflow on bringing people on board in kickstart (ie 6 person company to 36) is untenable. There is too much red tape to utilise the policy. The policy risks not doing what it is intended to do.

On Brexit there is not enough advice and guidance. However support organisations do not know what it looks like and therefore it is difficult to give advice.

Future R&D investment: it would be beneficial to remove match funding especially small businesses and post ERDF as this will be a barrier in the future.

Make UK Manufacturing Monitor

Make UK have specifically asked questions on how prepared companies are for Brexit, they responded:

- Fully prepared – 10%
- Somewhat prepared - 80%
- Unprepared – 10%

And areas they are most concerned about are:

- Retaining Skilled Staff – 12%

- Training the next generation - 0
- Prompt Payment for customers - 0
- Overhead costs (rent, rates etc) - 0
- Creating a covid-19 secure workplace - 0
- Future order / demand levels – 71%
- Changes to import / export arrangements (e.g. to the EU) – 12%

In terms of redundancies in next 6 months there is significant variation across sectors, see chart below.

Key findings

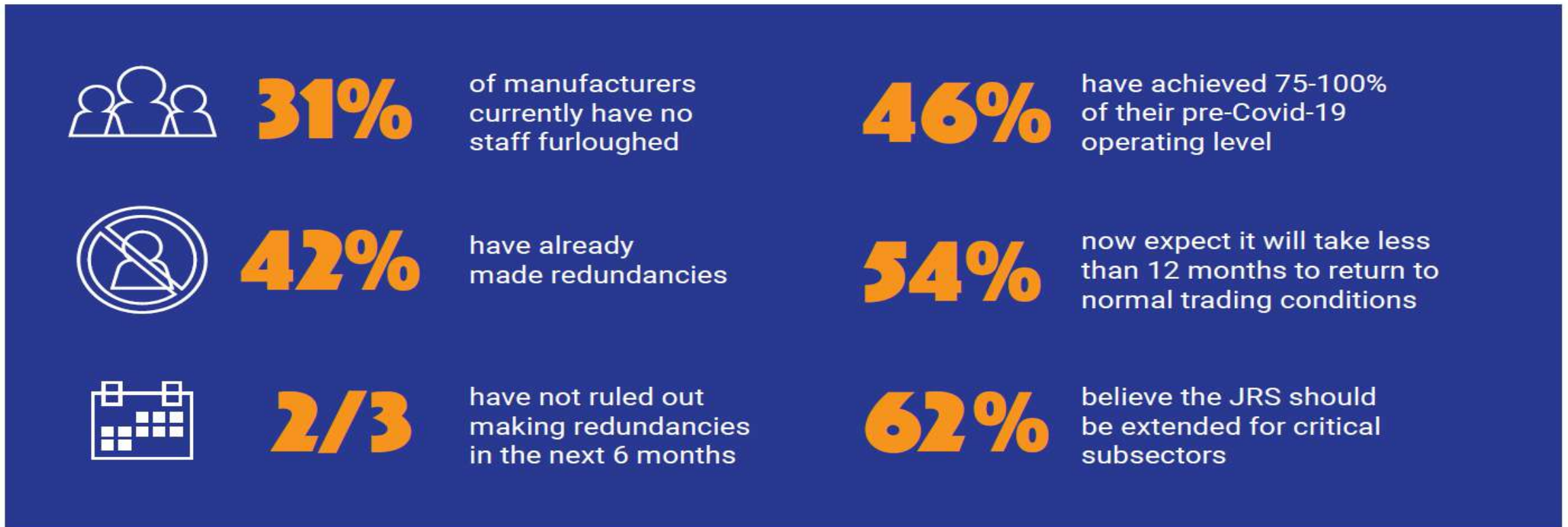
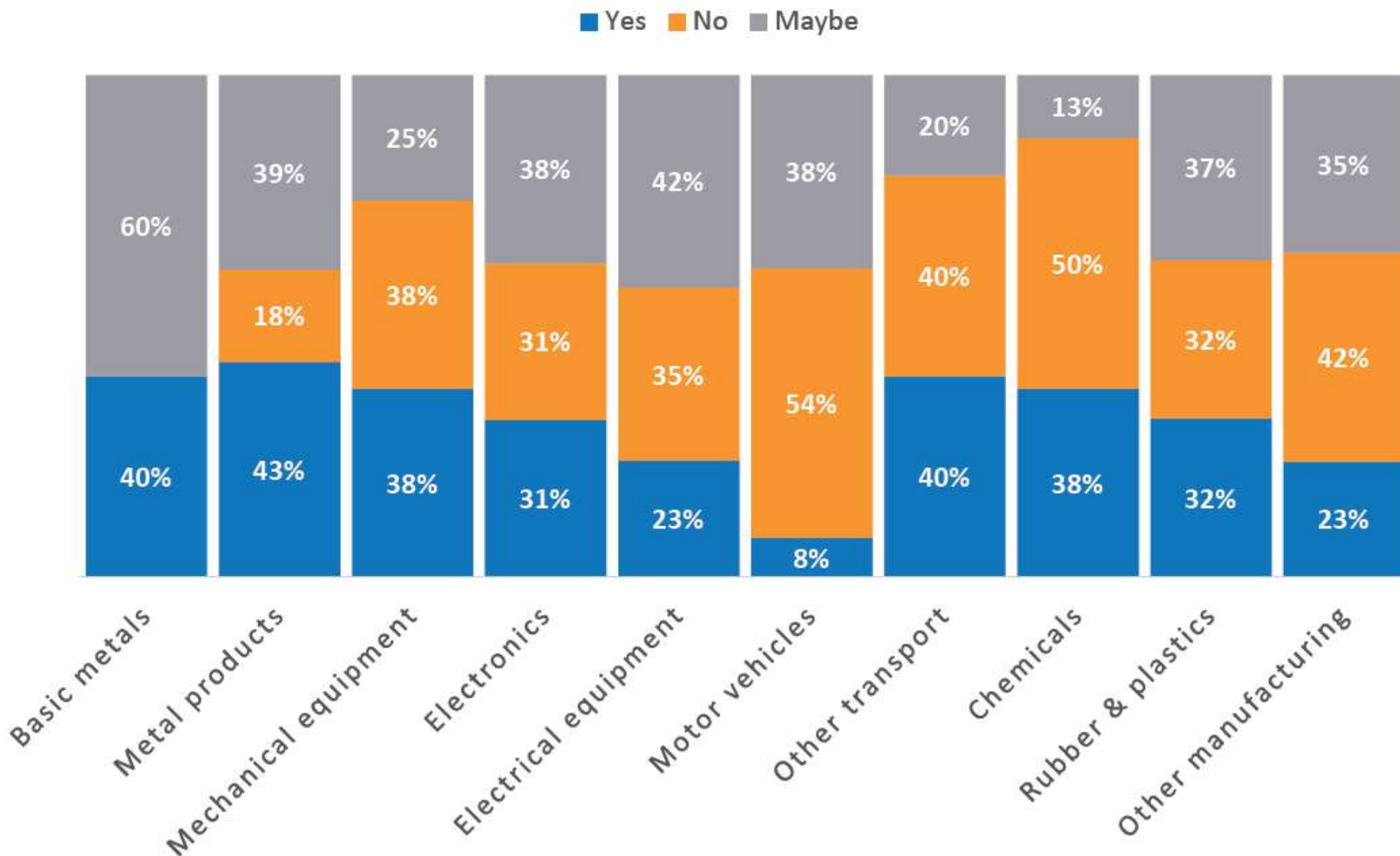


Chart 1: % share of firms planning to make redundancies in the next 6 months, by subsector



Transport Data

Anne Shaw TFWM

Rail service timetable changes commenced on the 6th September which increased services to approximately 90-95% of pre-covid levels. Timetables will still be different but with more carriages on these services. There are measures in place at busy stations to manage back to school and work where this is expected to have greater impact. This includes Stourbridge Station and a number of stations just outside the region.

This week has seen an increase in patronage due to the return to schools, there have not been any issues noted re social distancing. Face covering adherence was down at the beginning of the week but better communications and safer travel working at key locations this has improved as the week has progressed. There are some issues with passengers wearing face coverings as they board, rather than within stops and stations. This is being addressed through volunteers and station staff assisting the public in terms of compliance.

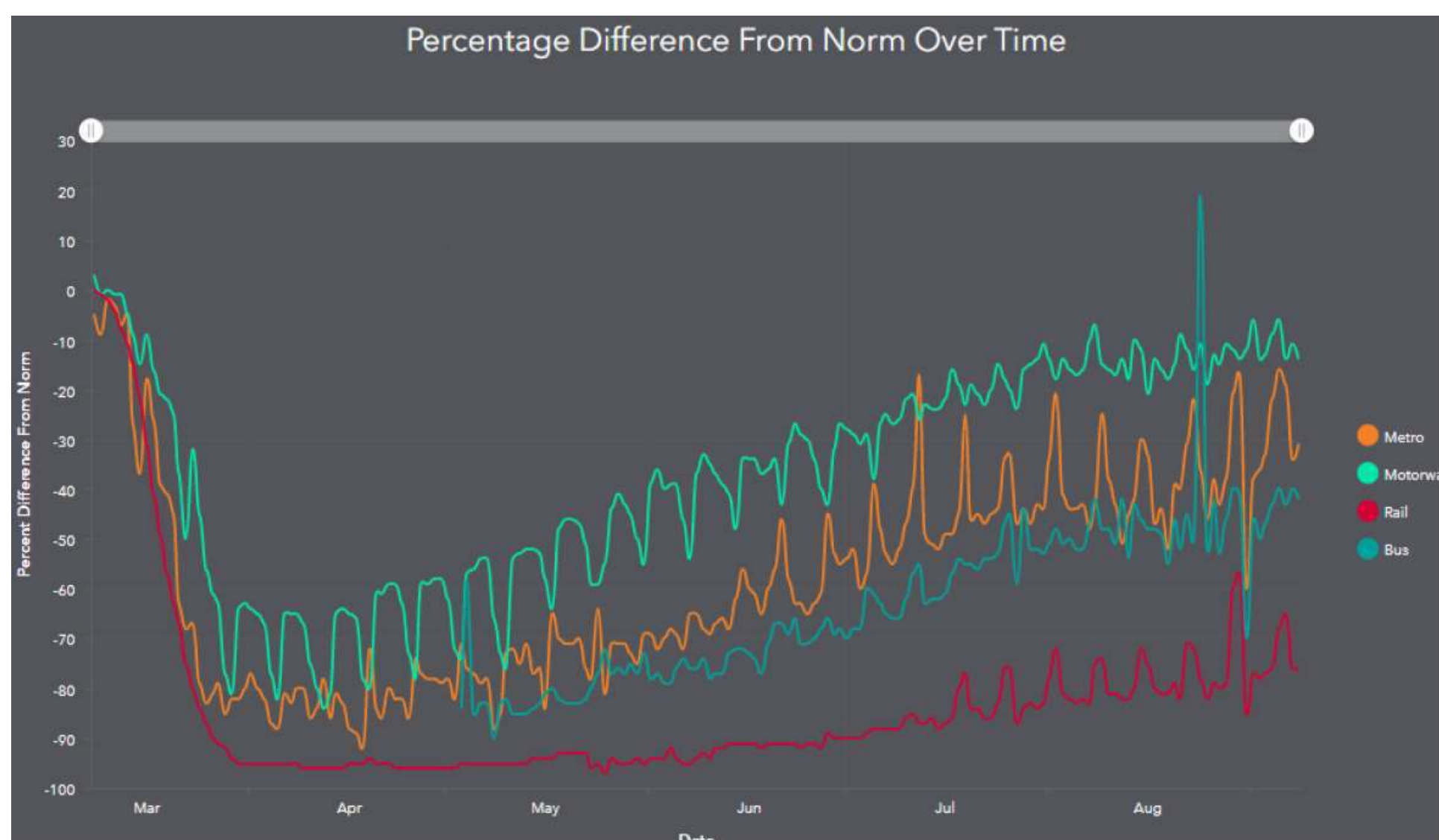
- **Train** – 9th September – Train stations continue to be below their pre covid levels with the gradual increase trend continuing. The interpeak period remains quiet although as expected there is an influx of passengers around school times. Students do not appear to be social distancing. Face coverings have improved as the week has progressed. Hotspots noted have been Smethwick Galton Bridge and Hawthorns stations. These have been fed through for police safer travel team tasking.

- **Bus** – 9th September – Bus stations continue the gradual increase trend. As with rail an influx is noted around school times with students not adhering to social distancing. Face covering adherence as with rail has improved as the week has progressed. This is difficult to monitor as people tend to put on / take off a mask as they embark / disembark. Hot spots are being referred to the safer travel team for tasking.

Local Resilience

- Local Authorities reported on some areas of the network where congestion around schools was a concern.
- Problems related to social distancing capacity have been observed on both bus and rail on specific services related to schools. These have been supported through rail replacement services being put in place as well as use of the dynamic spare buses.
- Bus patronage levels are around 60%.
- Face covering compliance with School children has raised some concerns and generated some complaints.

As part of TFWM's continued efforts to improve data and information, they have now included in the web portal and Multi Modal Comparison identifying the percentage difference from norm over time from Metro, SRN, Rail and Bus. SRN and Rail data are taken from the national statistics provided by DfT. Metro and Bus are from regional operators and TFWM. Below chart shows data up to and including 7th September 2020:



ONS Weekly Release Indicators
BCC EIU

On the 3rd September 2020 the ONS released 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. The following information contains the initial results from Wave 12 of the Business Impact of Coronavirus Survey, incorporations and voluntary dissolutions, national footfall, results from Wave 23 of the Opinions and Lifestyle (OPN) Survey and experimental online jobs advert.

Business Impact of the Coronavirus

The initial results from the twelfth round of the Business Impact of Coronavirus Survey (BICS) show that of the 23,904 businesses surveyed across the UK, 15% had responded as of the 1st September 2020. Unless stated, the following data is based on the period between 10th – 23rd August 2020 and regional breakdown is not available.

Headline Indicators

Across the UK between 10th to 23rd August, 95% of responding businesses were currently trading with 10% of the workforce on furlough leave. 40% of businesses

are providing pay top-ups to the Coronavirus Job Retention Scheme and 62% of the workforce are receiving top-ups to the Coronavirus Retention Scheme. 3% of trading businesses are planning to close some sites.

4% of businesses have temporarily paused or closed trading with 63% of the workforce on furlough leave.

44% of businesses are providing pay top-ups to the Coronavirus Job Retention Scheme and 56% of the workforce are receiving top-ups to the Coronavirus Retention Scheme. 5% of businesses that have temporarily closed or paused trading plan to close some sites.

3% of businesses that are currently trading have no cash reserves, this rises to 12% for businesses that have temporary paused or closed. 41% of businesses currently trading has less than 6 months of cash reserves, this rises to 52% for businesses that have temporary paused or closed.

The Coronavirus Job Retention Scheme still remains the favoured government support scheme with 77% of businesses that are currently trading have applied for this scheme, decreasing to 75% for businesses that have temporary paused or closed.

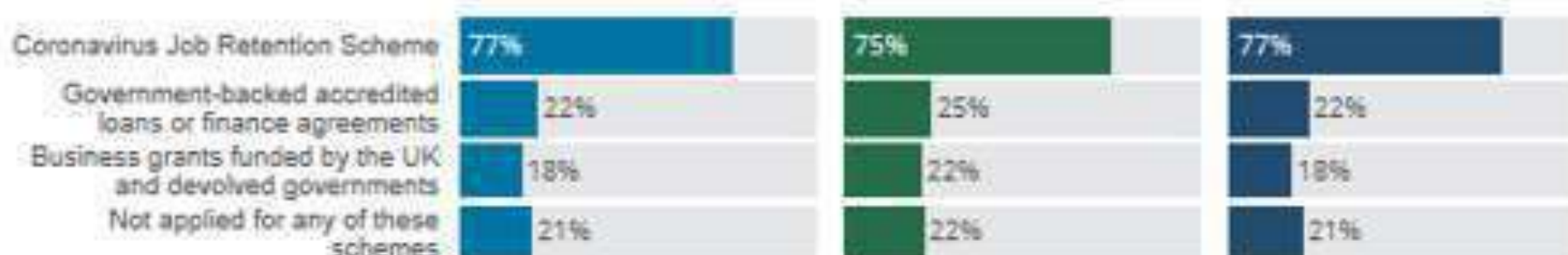
Proportion of businesses by trading status, and proportions of workforce on furlough leave and receiving pay top-ups:



Cash reserves



Percentage of businesses applying to government schemes



94% of responding businesses have been trading for more than the last 2 weeks. 1% of responding businesses who had temporary paused trading reported to have started trading in the last 2 weeks. 1% of businesses that have temporary paused trading but intend to restart trading in the next two weeks and 3% of businesses that have temporary paused trading that do not intend to restart trading in the next two weeks.

54% of businesses across the UK reported they were owed outstanding invoice payments due to the pandemic.

Financial Performance

14% of businesses that have continued trading reported turnover had increased by at least 20%. While 34% reported that turnover had not been affected. However, 47% of businesses reported turnover had decreased by at least 20%.

Insolvency

1% of UK businesses reported to be at severe risk of insolvency and 9% were at moderate risk of insolvency. While 48% were at low risk and 31% were at no risk to insolvency.

Company Incorporations and Voluntary Dissolution

On average, there were 3,066 incorporations per working

day in the week starting 22nd August. This is a decrease from 3,393 per working day from the previous week (15th August), however this is above the Quarter 3 2019 average of 2,612.

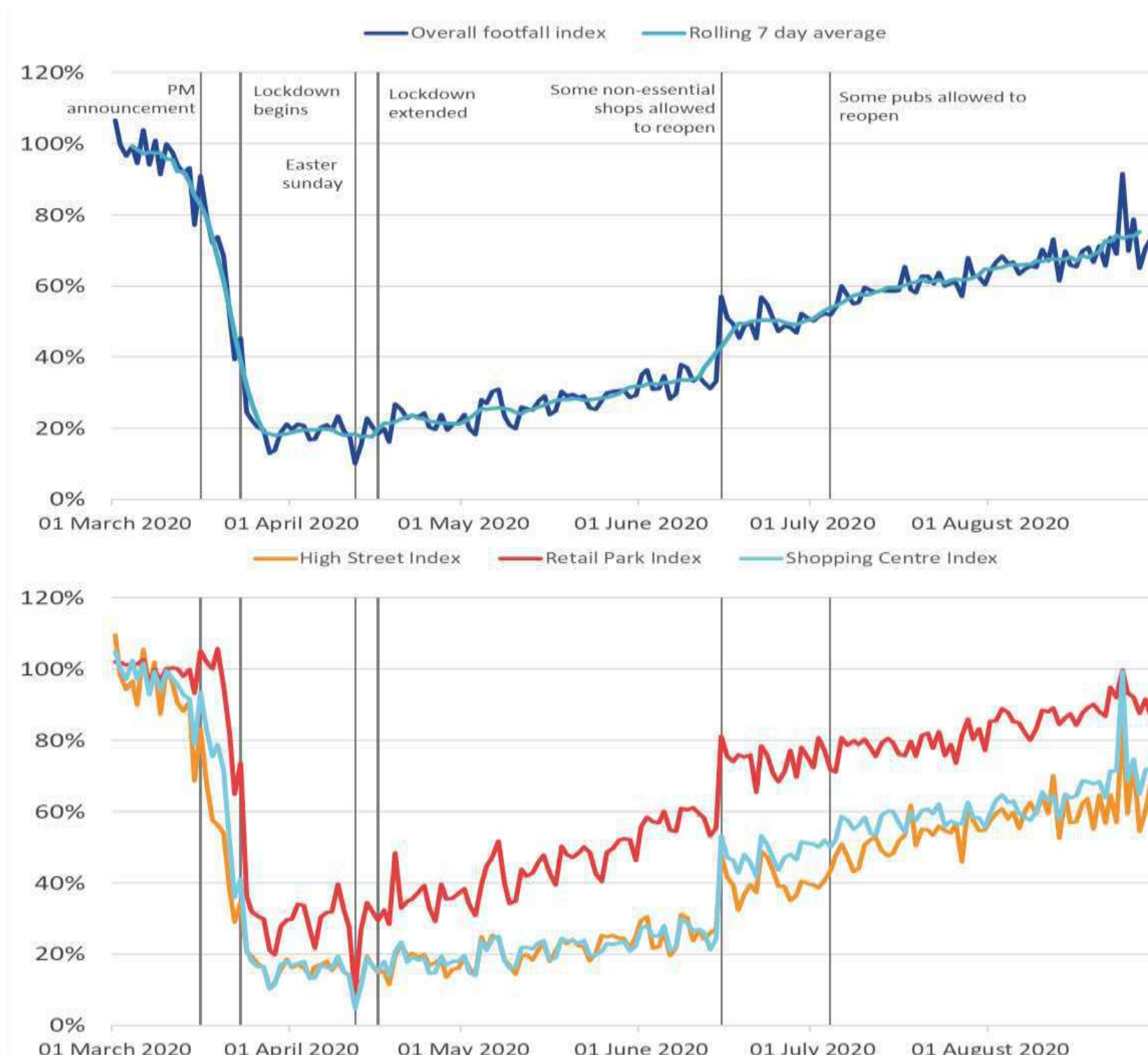
Also, for the week starting 22nd August, on average there were 850 voluntary dissolution applications which is lower than the Quarter 3 2019 average of 1,008.

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 14th July 2020 will be compared to Tuesday 16th July 2019) for high streets, retail parks and shopping centres.

The overall footfall seven-day average for week commencing 24th August has increased to 75% of the levels on the same period a year ago. The increase was due to high street footfall increasing from below 60% to around 75%. A spike can be seen on Monday 24th August in the following graph, this is due to the comparison week of 26th August 2019 which was a bank holiday and this year the bank holiday was on 31st August.

The following graph shows the volume of footfall for the UK between 1st March to 30th August, year on year percentage change between footfall on the same day:



Social Impact of the Coronavirus

Indicators from the Opinions and Lifestyle Survey (OPN) is to help understand the impacts of the COVID-19 pandemic on people, households and communities in Great Britain. The data relates to the final results for Wave 23, covering the period 26th – 30th August 2020. In this wave there were 1,644 (66%) responding adults. Please note this week refers to 26th – 30th August and two weeks ago refers to 12th to 16th August (wave 22) as there was a week gap in publications.

Face Coverings

96% of adults have worn a face covering outside their home between 26th to 30th August. The proportion of adults who reported to have worn a face covering varies from 73% in Wales, 97% in England to 98% in Scotland. 97% of adults in England and Scotland had worn a face covering while shopping. Although, in Wales where it is not mandatory to wear one while shopping 78% of adults had.

88% of adults reported to have worn a face covering while on public transport between 26th – 30th August.

Enforcement of Rules and Targeted Lockdown

Between 26th – 20th August, 75% of adults reported that they thought the police should be very strict in enforcing rules (for example; wearing face coverings, lockdown measures and rules on social distancing) to help reduced the spread of COVID-19. Only 20% of adults thought that the police were very strict or strict in enforcing these rules which has increased from 15% two weeks ago.

53% of adults reported they strongly supported targeted lockdown measures for local areas that have experienced an outbreak of COVID-19.

Work

9% of adults reported to feeling worried about potentially losing their job and 9% of adults were worried about returning to work.

77% of adults reported they had either worked at home or travelled to work – which is the same as two weeks

ago. This week 57% of adults reporting they had travelled to work either exclusively or alongside working from home and 20% had worked exclusively at home.

Finances

22% of adults reported that COVID-19 was affecting their household finances. The most common reported issue was reduced income at 66% which has slightly increased from 59% reported two weeks ago. 25% of adults expect that the financial position of their household will either get a little or a lot worse over the next year.

37% of adults reported they had shopped around to compare price and quality less than usual when buying food and toiletries since the outbreak, with 64% reporting this is due to when they were going to the shops, they felt safer buying everything in one or few places. 42% of adults buying non-essential items reported they also shopped around a little or a lot less than usual at different places.

Eat Out to Help Out

51% of adults reported they would be comfortable or very comfortable to eat indoors at a restaurant.

95% of adults reported they had heard about the Eat Out to Help Out Scheme, of which 53% of adults reported they had eaten out during August and received a discount. Although, 47% of adults reported they would have eaten out in August without the discount from the scheme.

Return to School

97% of adults in England and Wales reported they were fairly likely or very likely to send their oldest child to school in the new term.

52% of adults were somewhat or very worried about their eldest school age child returning. With 58% of adults' main concern being that they are worried their eldest child will catch the Coronavirus at school. 46% of parents reported that their eldest school age child in their household had mixed feelings about returning to school.

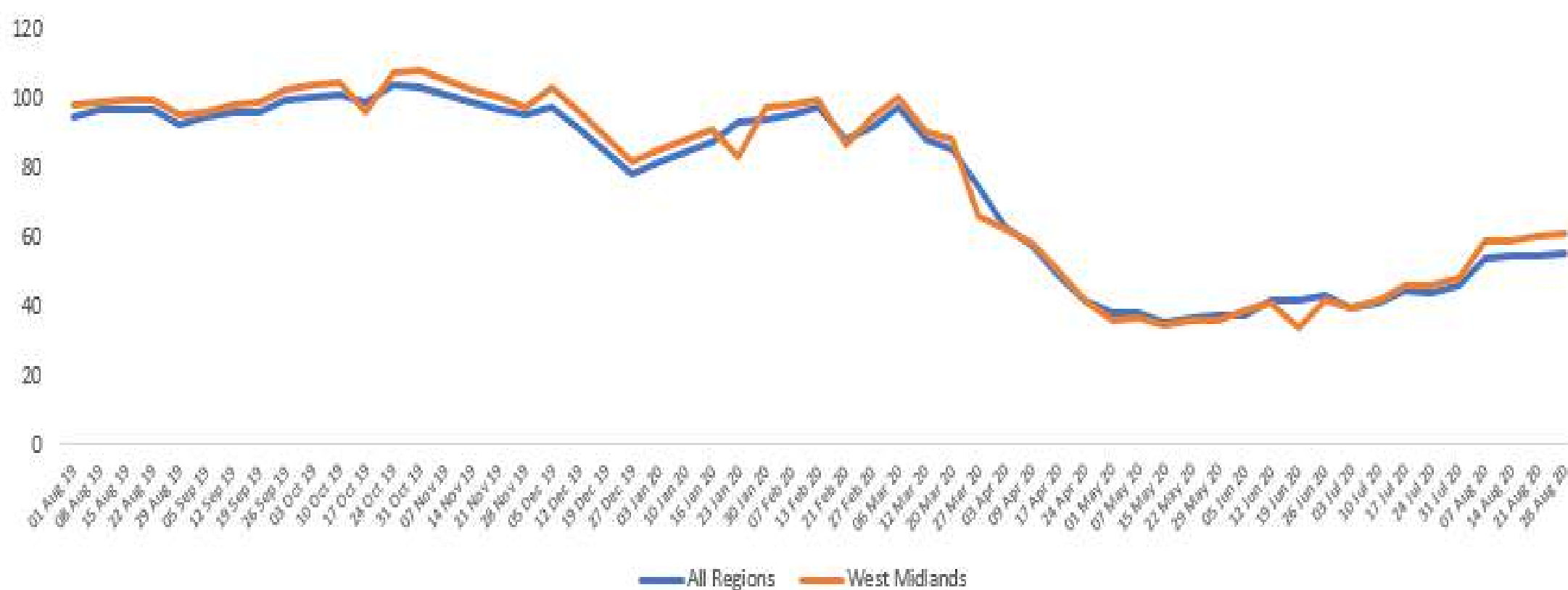
Online Jobs Adverts

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).

Nationally, total online job adverts between 21st – 28th August remained around 55% of their 2019 average for the fourth consecutive week. Online job adverts increased in over two-thirds of the categories, although most categories only experienced small changes in online job adverts compared with the previous week. The only change larger than six percentage points was in the facilities and maintenance category, which saw a 25-percentage point increase to 180% of the 2019 average. However, this category has a small sample size, and its 2019 average is affected by a large change in coverage from September 2019.

For the West Midlands, between the 21st August to 28th August, the total online jobs adverts have decreased from 60.3% to 61.1% of its 2019 average. With the East Midlands the closest to their 2019 average at 70.5% down to Yorkshire and The Humber the lowest at 50.2% on the 28th August. Although it was worth noting that Yorkshire and The Humber had the highest percentage point increase from the previous week by 5.8pp while many of the other regions only experienced minimal increases and a further two regions decreased.

The following chart shows the total weekly job adverts on Adzuna, for all regions and the West Midlands, 1st August 2019 to 28 August 2020: index 2019 average = 100, percentage points:



Source: Adzuna

HEADLINES

SECTOR	KEY CONCERNS
Cross Sector	<p>Brexit - More businesses are viewing Brexit support pages as they begin to think about longer term plans.</p> <p>Access to Finance</p> <ul style="list-style-type: none"> • Companies seem more open to receiving professional support where grant funding can finance this in order to aid diversification of business. • Lots of businesses seek support with investment to adapt IT and digital technologies, purchase minor equipment, business website development and specialist professional support in finance and HR. <p>Costs - Increasing concern about uncertainty and the extra costs and administration that small businesses will incur at the end of the Transition period.</p> <p>Return to Work</p> <ul style="list-style-type: none"> • it is still difficult to forecast future use of workspace – in particular office spaces. • On factory floors returning workers is proving challenging to the workplace culture where part of the staff remains furloughed whereas other part is asked to return to work full- or part-time. • Reports from businesses that are bringing staff back to work in phases are having to deal with challenges of staff behaviour particularly from those being asked to return to work where they will be in receipt of less income than if they remained on the CJRS scheme. <p>Jobs & Furlough - Noticeable decrease in economic shock announcements noted in the Black Country, particularly around job losses</p> <p>Recruitment</p> <ul style="list-style-type: none"> • The Kickstart scheme has been welcomed by business leaders. Rising youth unemployment is a concern and young people who have left education are struggling to access an extremely tight jobs market. It is hoped that the scheme is as straightforward as possible for businesses to access. • Starting to see some companies starting to consider recruitment campaigns and planning to employ staff from potentially October, but still concerns about future. • Some companies bringing employees back into the office, and some more thinking about how to interview candidates & plan recruitment campaigns.
Digital & Creative	<p>Jobs & Furlough - Make UK are calling for Government to extend UK furlough or risk job cuts and loss of key skills.</p> <p>Recruitment- Increase in demand for workers in the IT and digital sector, with these roles being predominantly contract based</p>
Retail	<p>Recruitment - Increase in demand for workers in warehouses.</p> <p>Supply Chain - Some companies having to alter the way they do things because their suppliers are having difficulties in keeping up with the usual timings.</p>
Construction	<p>Access to Finance</p> <ul style="list-style-type: none"> • Many companies struggling after going months without income. • Finding it hard financially to start up work again.
Business, Professional & Financial Services	<p>Access to Finance</p> <ul style="list-style-type: none"> • Businesses that rely on large gatherings in need of more funding & support. • Funding often in relation to improving the digital & IT side of the business. <p>Consumer Behaviour</p> <ul style="list-style-type: none"> • Uncertainty has resulted in a lot of disruption.
Manufacturing	<p>Return to Work - Businesses still struggling with projects being postponed.</p> <p>Jobs & Furlough - Many companies making use of the 'flexible-furlough' scheme.</p> <p>Brexit</p> <ul style="list-style-type: none"> • Potential concern to small businesses of VAT being paid on exports to EU after Brexit goes through. • Also fears that other admin costs may rise.

NEW ECONOMIC SHOCKS			
COMPANY	LOCATION	SECTOR	SOURCE/DETAIL
Virgin Atlantic	Nation Wide	Travel/ Tourism	Virgin Atlantic to cut a further 1150 jobs. The announcement comes less than four months after the carrier axed 3150 jobs roles.
Blossoms	Wolverhampton	Hospitality	Wolverhampton Council has issued a closure notice on a city centre bar/nightclub due to serious social distancing breaches.
Jigsaw	Birmingham	Retail	At least 200 jobs will be made redundant from 13 store closures, which includes outlets in Westfield London, Bluewater in Kent, Manchester and Birmingham.
MCLCreate	Birmingham	Event production	MCLCreate after it was forced to close with the loss of 71 jobs.
The Royal Shakespeare Company	Stratford	Tourism, Arts & Leisure	The Royal Shakespeare Company (RSC) has cancelled its theatre productions until 2021 due to coronavirus. The production company said social distancing measures mean it will not be able to stage indoor performances. It also announced redundancies for casual staff and a consultation period with employees.

NEW INVESTMENT, DEALS AND OPPORTUNITIES

COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
Virgin Atlantic	Nationwide	Travel/ Tourism	The airline has secured a £1.2 billion bailout deal.
Amazon	Nationwide	Distribution	Online giant Amazon is to create 7,000 new jobs in the coming months at its warehouses and other sites across the UK.
HS2	West Midlands	Travel	Construction work has formally started on HS2 – with 7,000 new jobs set to be created in the West Midlands.
Ram Foam	Black Country	Manufacturing	Ramfoam raise £2.5 million under the Coronavirus Business Interruption Loan Scheme. Furthermore, the Tividale manufacturer secure a Government contract, leading to the creation of more than 500 jobs, throughout the firm’s West Midlands supply chain.
Wolverhampton Council	Bilston	Housing	Wolverhampton Council is putting plans in place for another major Bilston Urban Village development that could enable the delivery of up to 300 jobs for the city.
Shireland Technology Primary school	Smethwick	Education	Funded through the government’s free school capital programme at a cost of £7m, the school provides a high-tech learning environment for its pupils.
Amazon	Redditch	Retail	Amazon has officially completed a prelet of a 366,414-sq-ft warehouse in Redditch.
The Keys	Stratford-upon-Avon	Hospitality and Leisure	A Stratford pub garden is set to host the first full Shakespeare performance in the country since the COVID crisis began. The Keys, on Ely Street, will host two amateur performances of The Merry Wives of Windsor at the end of the bank holiday weekend after landlord Chris Creasey decided to make a foray into directing a play for the first time.
The Coventry Group/Mirus Global Hygiene solutions	Coventry	Wholesale, Retail	Turnover and pre-tax profits passed milestones at a Coventry-based hygiene products maker which recently completed a management buyout, new documents have revealed. Newly filed documents for The Coventry Group, which trades as Mirius Global Hygiene Solutions, show its turnover increased from £26.1m to £32m in the 12 months to 30 November 2019 while its pre-tax profits climbed from £837,000 to £1.1m.
REPL Group	Henley In Arden	Digital and Professional Services	Henley-in-Arden retail IT consultancy and technology firm, REPL Group, has reported a 30% increase in revenue and 55% growth in pre-tax profit for the financial year 2019/20. The company has also announced plans to hire 100 new full-time employees before the end of the financial year.
Warwick University	Coventry	Education and Training	Work on a new extension to a laboratory building at the University of Warwick to house a magnet that will be used for cutting-edge national research has been completed. Coventry contractor and developer Deeley Construction has handed over the extension to the Millburn House based Nuclear Magnetic Resonance (NMR) facility after completing the £950,000 contract.
Mpac	Coventry	Packaging & Automation	The chief executive of a global packaging and automation business headquartered in Coventry has said he is pleased with the way the listed company has coped with the Covid-19 pandemic. Tony Steels made the comments as Mpac reported a revenue of £36.8m for the six months to 30 June 2020, compared to £45.8m during the same period in 2019. Its pre-tax profits also went from £2.9m to £1.4m.

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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