West Midlands
Weekly Economic Impact Monitor

Issue 29 Publication Date 08/10/20

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.

This week cases continue to rise in the UK and death rates associated with covid19 are now also on the rise. Significant outbreaks are happening in the North West but as yet the West Midlands is not seeing the same increases. However business sentiment after a stronger summer, as reported regionally by business representative organisations, is now faltering as the expectation of further restrictions and lockdowns grow and the reality of exiting the EU starts to hit businesses already constrained by tackling the pandemic impacts.

Key issues:

- Germany has become the latest European country to bring back restrictions to contain the pandemic, including late-night curfews for bars and restaurants in Frankfurt and Berlin
- In France, the number of intensive-care patients with Covid-19 reached the highest since May
- The World Health Organization has estimated that 10% of the world's population have been infected with the coronavirus. That leaves 90% of the world at risk
- Data from the UK covid symptom study most people recover within 2 weeks, however 1 in 10 still experience symptoms over a longer period. A third of doctors are treating patients with symptoms believed to be a longer-term effect of Covid-19. A study in Rome has shown 87% of discharged hospital patients have symptoms months later and 50% had fatigue. The covid app showed 4m people had symptoms after 30 days and 1 in 50 had symptoms after 90 days. Doctors also are reporting a growing number of Covid-19 patients with symptoms of neurological damage, including brain inflammation, seizures, and hallucinations

Economy

- The Bank of England Misery Index suggests there is a disconnect between public perceptions and policymaker expectations for the economy and the speed of its recovery. The most recent one shows forecast a rise, whereas public perceptions have fallen sharply.
- There has been some financial winners form the pandemic and shift in consumer spending behaviour. One is Tesco Plc, who's profits have surged 29% amid the pandemic and loo-roll panic-buying.
- It also appears the housing market is gaining from pent-up demand and the stamp-duty holiday. House prices rose at their fastest pace in more than four years last month as the property market continued to gain momentum after the lockdown. Property values climbed by 7.3% in the year to September, according to the latest Halifax house price index. This was up from 5.2% in August and the fastest growth rate since June 2016. According to ONS UK average house prices increased by 2.3% over the year to July 2020, down from 2.9% in June 2020. The West Midlands was the English region to see the highest annual growth in average house prices (4.3%), while the South East saw the lowest (1.0%)
- As a recent blog published by the IMF highlights whilst the rapid unravelling of production, trade and employment may be reversed long term consequences could persist for a generation. Following a Pandemic the natural rate of interest is tilted down by nearly 1.5pp about 20 years later. Things which could prevent this, this time around, are keeping the relative death toll down, due to modern medical care. The effect on the elderly who are more likely to save. Most importantly the aggressive counter pandemic fiscal action will boost debt and force pressure on interest rates. On balance this might mean a period of low interest rates which provides governments space to mitigate consequences.
- Make UK highlights the West Midlands, where there is a high proportion of traditional, engineering-based manufacturers are based, has a very high proportion of companies still in the innovation pre-conception stage (18%) with only 9% achieving 'revolution'. Only 9% of manufacturers think that the UK is in a leadership position when it comes to the adoption of IDTs, and only 25% consider themselves ahead of their peers.
- Over 60% of manufacturers report seeing their supply chains interrupted, leading them to revise their import and export strategies.
- Seven in ten companies said they had experienced increases in freight time and over half have experienced increases in cost. For many manufacturers the cost and travel time of freight had increased by up to 25%.

The WM Weekly monitor is funded by the West Midlands Combined Authority, Research England/UKRI

- The areas of jobs growth in the region are likely to be those where we have specific strengths (illustrated by LQs higher than 1). Such as all three LEP areas - Production; Motor trade; Wholesale; Transport; Education. Black Country - Construction; Retail; Property; Health. Birmingham and Solihull - Finance and insurance; Property; Business administration;
Health.
- Overall national footfall for the week ending 27th September 2020 remained above the 70% of its level in the same period in 2019. The latest weekly data (week ending 27th September) shows the West Midlands, North and Yorkshire regions had the highest level of footfall. Across all the English regions, the West Midlands had the highest increase in footfall when compared to the previous week.
- 42% of businesses currently trading has less than 6 months of cash reserves, this decreases to 40% for businesses that have temporarily paused or closed. 13% of businesses have temporarily paused or closed trading. 50% of businesses are providing pay top-ups to the Coronavirus Job Retention Scheme and 19% of the workforce are receiving top-ups to the Coronavirus Retention Scheme. 9% of responding business plan to close some sites.
- For the West Midlands, the total online jobs adverts have increased from 61.8% (18th September) to 66.7% (25th September) of its 2019 average. All regions experienced an increase
- 67% of adults tend to or strongly support the “rule of six” measures in the country where they live.
- In the past seven days, 25% of adults reported they had not socialised with anyone outside their household. 72% of adults reported the socialised with between one and six people at the same time and 3% reported to socialising with a group of more than six.
- 59% of working adults reported they had travelled to work (either exclusively or in combination with working from home) in the past seven days, this is a decrease from the previous week (64%). 24% of people worked exclusively from home this week which is an increase from the 21% reported last week.

FSB Q2 Survey

- Following the record fall witnessed in Q1, small business confidence saw a substantial recovery in Q2. The FSB Small Business Index now stands at -5.0, its joint highest level since Q3 2018.
- Three quarters (75.3%) of small businesses report falling confidence looking ahead to Q3 as a direct result of the coronavirus outbreak. This is a slightly more muted figure than that witnessed in the previous quarter, when 87.7% of small businesses suffered a reduction in confidence looking ahead to Q2 as a result of coronavirus-linked disruption.
- Small businesses are cutting employment levels at the fastest rate ever. One in five (22.8%) small businesses report a fall in the number of people they employ, with customer facing businesses, such as those in the accommodation and food services sector, seeing the highest rate of job cuts (37.7%).
- More than half (53.4%) expect gross profits to fall over the next three months. Small businesses are slightly more optimistic looking ahead to the next quarter compared to their performance in recent months, during which 74.9% saw falling profitability.
- One fifth (21.9%) of small businesses expect to downsize in the next year. The domestic economy and consumer demand are the most commonly cited barriers to growth, with fears over the foreign economy and regulation also prevalent.
- Credit availability and affordability both picked up considerably in Q2. Easily accessible loans provided by the Government have contributed to a soaring credit application success rate (80.7%), while a record-low Bank of England base rate has reduced the cost of loans.

Global Outlook
Ben Brittain WMREDI

Following his discharge from Walter Reed Hospital and his recovery from Covid-19, President Donald Trump has suspended talks with Democratic leaders on a new stimulus package. President Trump said in one tweet among 40 sent during a 2-hour period late on Tuesday. U.S. stocks fell sharply and the S&P 500 Index closed down about 1.4%.

Germany has become the latest European country to bring back restrictions to contain the pandemic, including late-night curfews for bars and restaurants in Frankfurt and Berlin.

In both large German cities, 7-day cases per capita had surged in recent days.

In France, the number of intensive-care patients with Covid-19 reached the highest since May. New rules in in Paris and Marseille mean people must keep masks on between courses when in a restaurant, part of rules to keep restaurants open in France's maximum-virus alert areas.

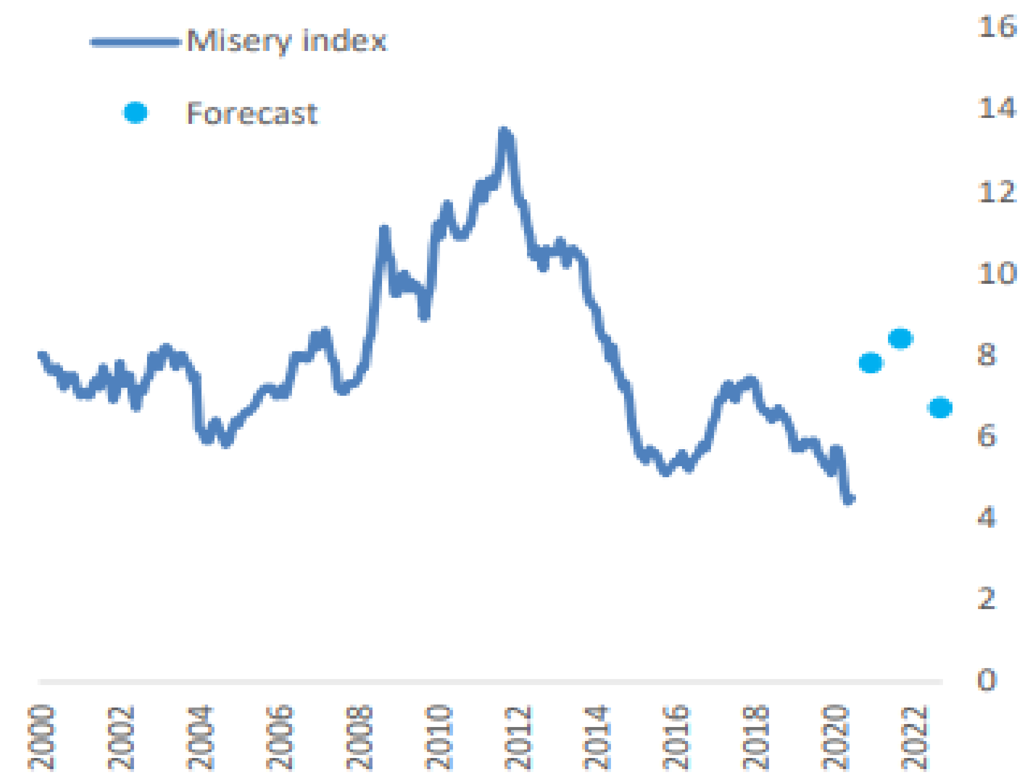
In vaccine news, and amid pressure for an emergency roll-out, The U.S. Food and Drug Administration has announced it plans to have an expert panel review any Covid-19 vaccine application for emergency use, and any application will have to have at least to see at least two months of safety data.

The World Health Organization has estimated that 10% of the world's population have been infected with the coronavirus. That leaves 90% of the world at risk, said Mike Ryan, head of the WHO's emergencies program, in a presentation to the WHO's executive board.

National Outlook

The Bank of England has released its 'Avoiding Economic Anxiety' analysis, a speech by Andy Haldane. A part of the analysis was the Bank's Misery Index. Its' misery index suggests there is a disconnect between public perceptions and policymaker expectations for the economy and the speed of its recovery. The Index is summation of the unemployment rate and inflation rate. Forecast is based on projections in Aug 2020 Monetary Policy Report. The most recent one shows forecast a rise, whereas public perceptions have fallen sharply.
There has been some financial winners form the pandemic and shift in consumer spending behaviour. One is Tesco Plc, who's profits have surged 29% amid the pandemic and loo-roll panic-buying.

Chart 4: UK Misery Index



It also appears the housing market is gaining from pent-up demand and the stamp-duty holiday. House prices rose at their fastest pace in more than four years last month as the property market continued to gain momentum after the lockdown, a closely watched survey suggests.

Property values climbed by 7.3% in the year to September, according to the latest Halifax house price index. This was up from 5.2% in August and the fastest growth rate since June 2016.

Regional Outlook

As part of the Government's drive to expand COVID-19 testing capacity across the UK, the University of Birmingham has become one of the government's first academic sector lab partnerships.

With the existing Local Test Site located at Southgate on campus, the addition of the new lab in the Medical School means that Birmingham is the first university campus in the UK with end to end pillar two testing capabilities – meaning that we are now able to both test and analyse results on our campus.

It was recently announced that the Birmingham German Christmas Market had been cancelled. The Christmas ice ring and big wheel has joined the list. Birmingham, the UK's third most visited city, has a strong tourism economy. This will be a further blow to it.

Infection rates

Rebecca Riley WMREDI/WMCA

Europe has seen a resurgence in infection rates which is continuing (see graph below). Since 31 December 2019 and as of 07 October 2020, **35 848 254 cases** of COVID-19 (in accordance with the applied case definitions and testing strategies in the affected countries) have been reported, including **1 048 181 deaths**. In Europe: 5 605 508 cases; the five countries reporting most cases are Russia (1 237 504), Spain (825 410), France (634 763), United Kingdom (530 113) and Italy (330 263). The distributions of global infections and deaths are below.

Latest ONS infection survey data (2nd October) states

An estimated 116,600 people (95% credible interval: 101,000 to 133,100) within the community population in England had the coronavirus (COVID-19) during the most recent week, from 18 to 24 September 2020, equating to around 1 in 500 people (95% credible interval: 1 in 500 to 1 in 400).

The estimate shows the number of infections has increased in recent weeks.

In recent weeks, there has been clear evidence of an increase in the number of people testing positive for COVID-19, with the current rates highest in teenagers and young adults.

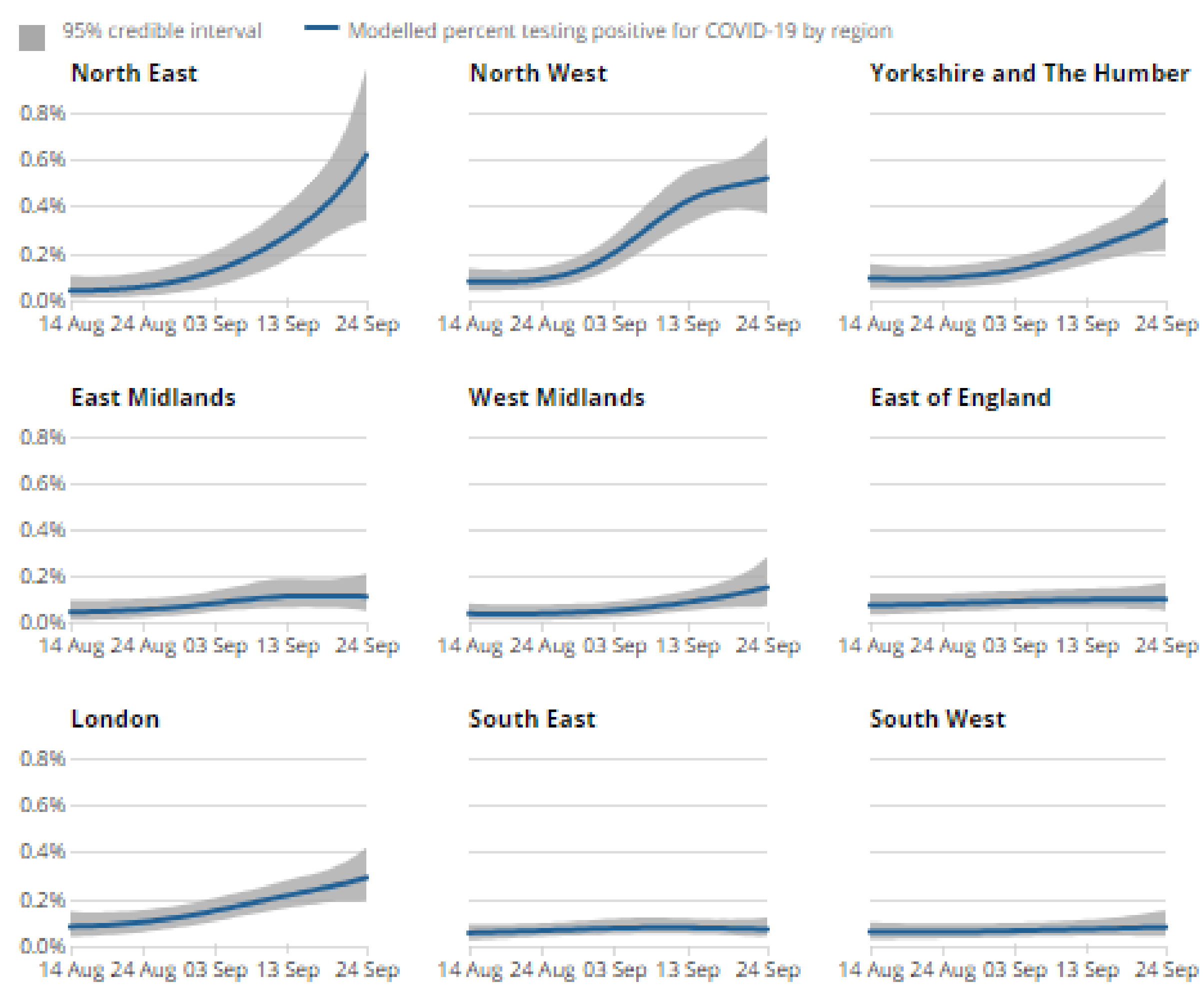
There is evidence of higher infection rates in the North West and North East, as well as Yorkshire and The Humber and London.

During the most recent week (18 to 24 September 2020), we estimate there were around 1.54 new COVID-19 infections for every 10,000 people per day (95% credible interval: 1.19 to 1.96) in the community population in England, equating to around 8,400 new cases per day (95% credible interval: 6,500 to 10,700).

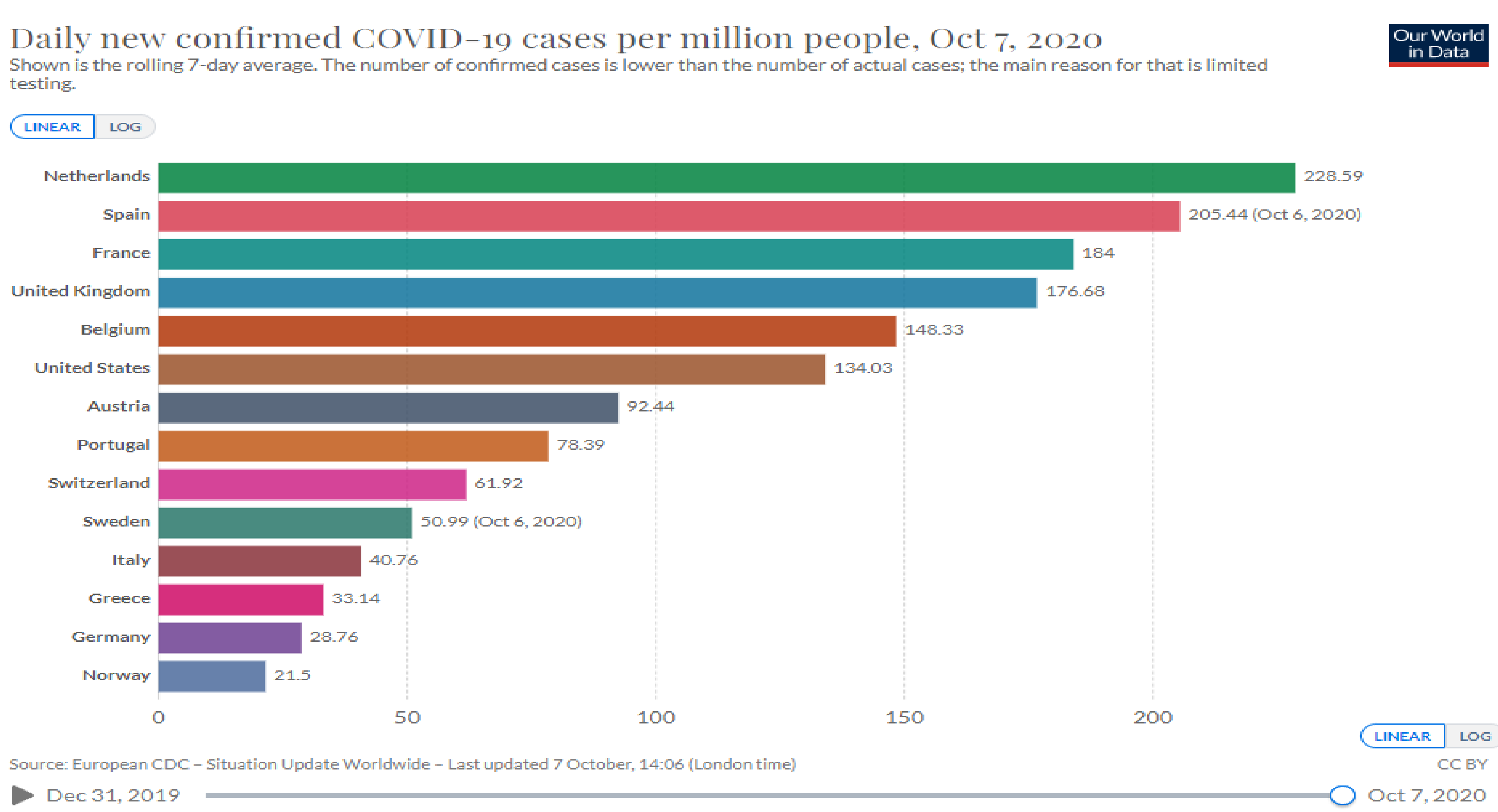
There is uncertainty around the incidence rate for England in the most recent period; there is some limited evidence that the incidence rate may be levelling off following steep increases during August and September, however the wide credible intervals mean it is too early to say.

During the most recent week (18 to 24 September 2020), we estimate that 6,400 people in Wales had COVID-19 (95% credible interval: 2,700 to 12,100), equating to 1 in 500 people (95 % credible interval: 1 in 1,100 to 1 in 300).

During the most recent two weeks (11 to 24 September 2020), we estimate that 0.26% of people in Northern Ireland had COVID-19 (95% confidence interval: 0.08% to 0.64%), which is around 1 in 400 people (95 % credible interval: 1 in 1,200 to 1 in 200).

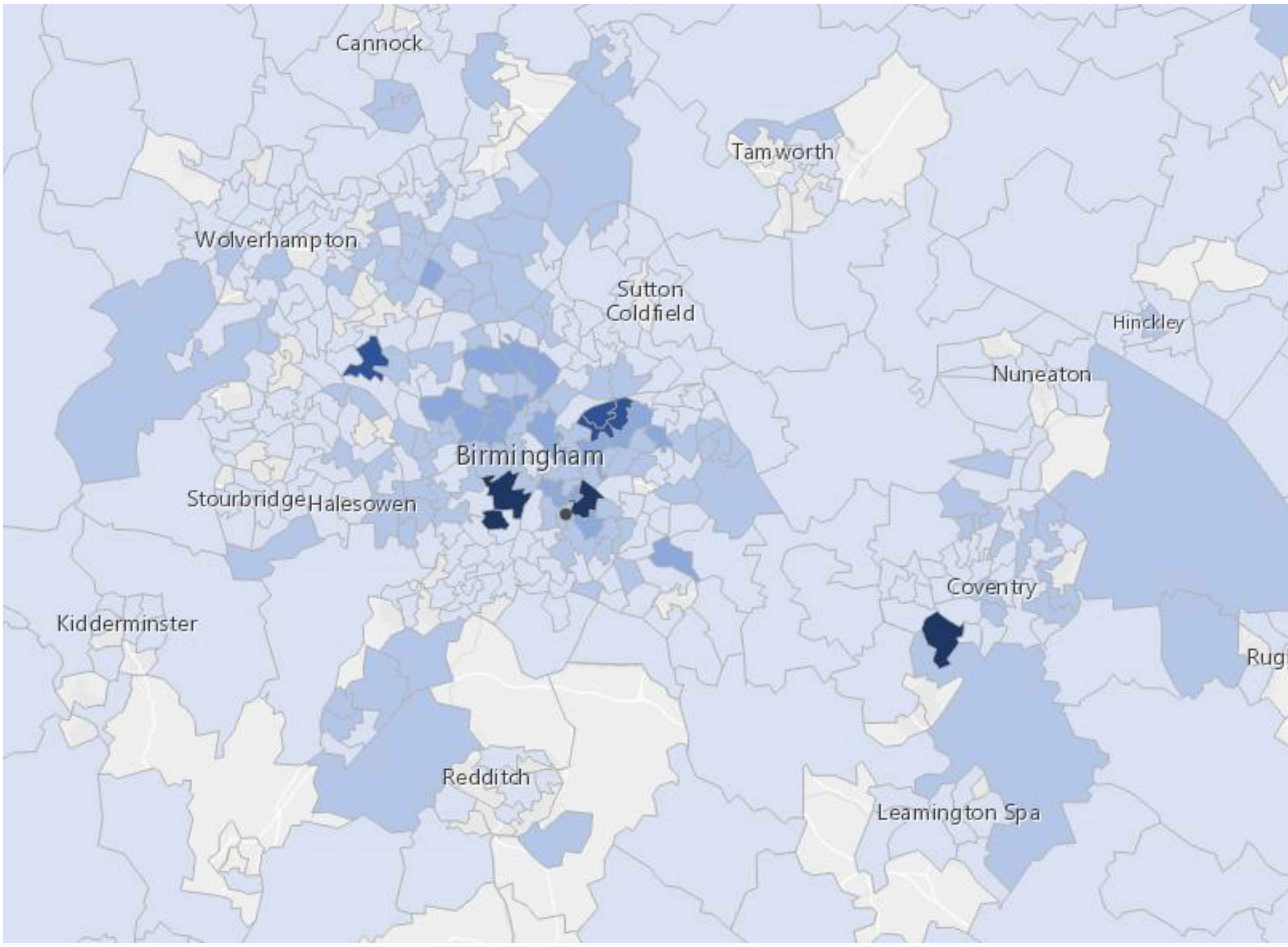


Source: Office for National Statistics – COVID-19 Infection Survey



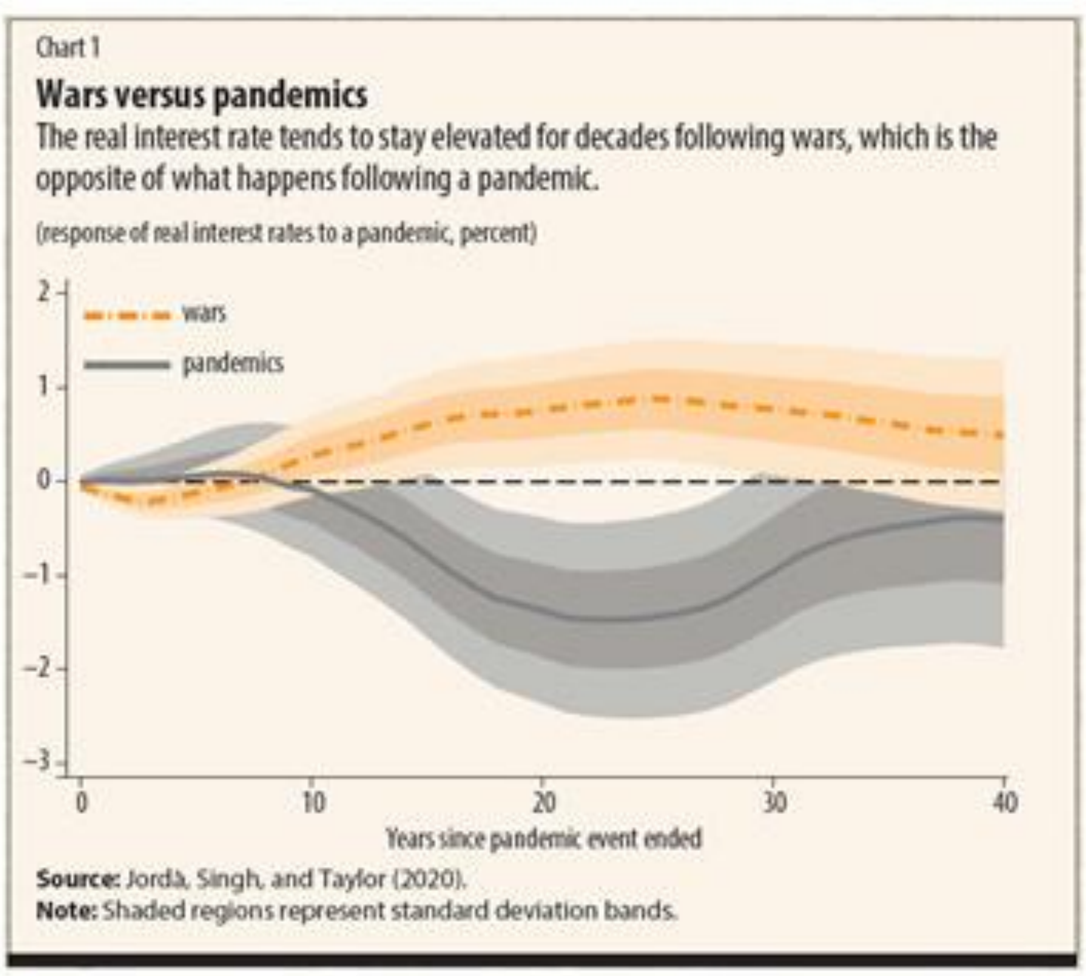
The image below shows that there are hotspots for infections emerging, a significant one is the area around the University of Warwick and more deprived areas of inner Birmingham.

[Coronavirus (COVID-19) positive cases by Middle Super Output Area (MSOA) in England](#) – 27th Sept to 3rd October



The Pandemic Hangover
Rebecca Riley WMREDI

At the moment we are dealing with the short term impacts of the pandemic and the effect of the interventions that are being put in place and this is potentially only the beginning of the story. Earlier in the pandemic I did a review of the [1918 pandemic]and the effects it created. A lot of those warnings from history are unfolding now. As the [IMF]highlights whilst the rapid unravelling of production, trade and employment may be reversed long term consequences could persist for a generation. Pandemics have long term economic impacts which can be seen by examining interest rates, following a Pandemic the natural rate of interest is tilted down by nearly 1.5pp about 20 years later. That's a dip from the mid 1980s until today. And it takes 20 years for it to return. If compared to wars, another economic shock the reverse can be seen. Pandemics are associated with subsequent low returns on assets and this might be due to lack of needed investment or desire to save (as we have seen in the last 6 months).



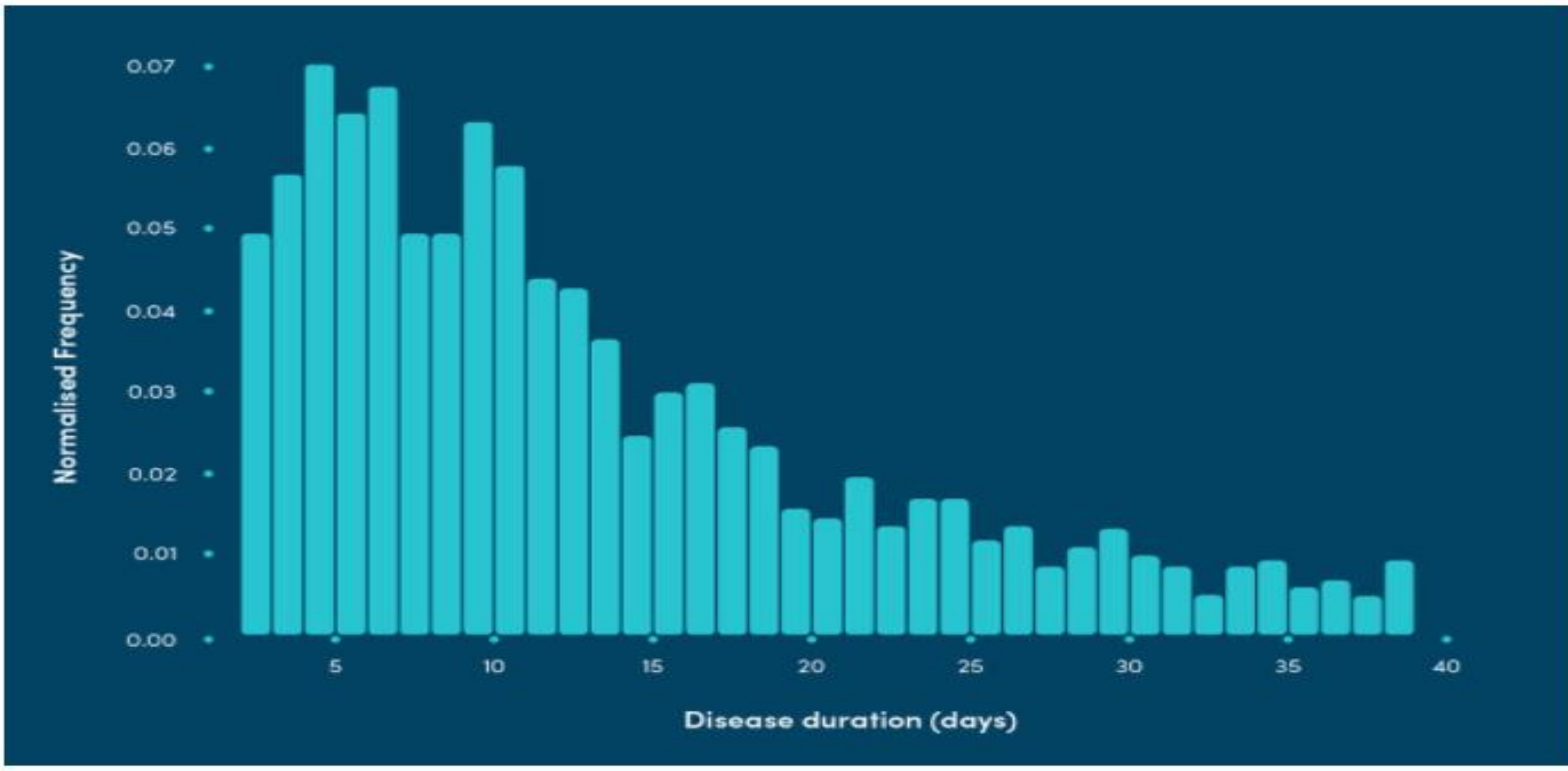
Things which could prevent this, this time around, are keeping the relative death toll down, due to modern medical care. The effect on the elderly who are more likely to save. Most importantly the aggressive counter pandemic fiscal action will boost debt and force pressure on interest rates. On balance this might mean a period of low interest rates which provides governments space to mitigate consequences.

Previous pandemics have led to increased inequality, with higher death rates in poorer communities and ethnic minorities. We are seeing this now, through a combination of the types of jobs they hold the housing they live in and levels of deprivation and access to services which they suffer. There has been significant gender based impacts with high rates of furlough, redundancy, exposure risk through occupation and increased childcare demands. Longer term these affects could shift the role of women and disadvantaged groups, could constrain growth in diversity and create longer term mental health issues.

The impact on the working age population and their ability to work suffered significant impact in 1918 and tore at the social fabric and world of work. We are seeing that today with the changes in working from home creating advantage for the higher skilled but forcing other industry workers out. The fear of catching the virus is dramatically changing consumer behaviour and we have yet to see if it will return. Cities are suffering more and the beginning of division in communities are starting to emerge along with reaction to the interventions.

Negative impacts on health reduced life expectancy and what we are beginning to see emerge now is the concept of 'long covid'. Today's longer life spans may mean the long term impact will be different. As older people are disproportionately affected, although they are less likely to be in the workforce their spending power is higher and they save more. However we know very little about the impact of long covid. In some patients post viral illness continues for weeks and months. But there is a wide variety of symptoms which doctors racing to produce guidelines on.
Data from the [UK covid symptom study]most people recover within 2 weeks, however 1 in 10 (see graph overleaf) still experience symptoms over a longer period. A third of doctors are treating patients with symptoms believed to be a longer-term effect of Covid-19. A study in Rome has shown 87% of discharged hospital patients have symptoms months later and 50% had fatigue. The [covid app showed]4m people had symptoms after 30 days and 1 in 50 had symptoms after 90 days.

Symptoms include fatigue, palpitations, low mood, anxiety, headaches, coughs, loss of smell, delirium and ongoing shortness of breath. The research suggests that people with initially milder symptoms are more likely to have long term symptoms that come and go. There can also be significant long term cardiovascular and gastrointestinal distress and other organ issues. Evidence is emerging that it not only affects the lungs but also affects the brain, liver, kidneys, heart and blood vessels. [1 in 5 hospitalised patients] suffer heart injury.
[One review]found about 40% of seriously ill Covid-19 patients in China experienced arrhythmias and 20% experienced other cardiac injuries. Those patients are more likely to die (51%).



Data from the COVID Symptom Study suggests that one in ten people still have COVID-19 symptoms after three weeks

Doctors also are reporting a growing number of Covid-19 patients with symptoms of neurological damage, including brain inflammation, seizures, and hallucinations. Health experts originally were telling patients to avoid seeking care at hospitals unless they had common Covid-19 symptoms such as a fever, cough, or trouble breathing, neurologists are hoping the new data will add neurological symptoms—such as confusion, numbness, or trouble speaking—to that list

Kidney damage also is becoming a commonly reported issue among Covid-19 patients. Alan Kliger, a nephrologist at the Yale School of Medicine, said early data showed 14% to 30% of ICU Covid-19 patients in New York and Wuhan, China, lost kidney function and later required dialysis. The new coronavirus also appears to produce blood clots that can travel from patients' veins to their lungs, causing a pulmonary embolism, and other organs. According to STAT News, Chinese researchers in one report said they found small blood clots in about 70% of the patients who died of Covid-19 and were included in the study. In comparison, the researchers found similar blood clots in fewer than one in 100 patients who survived the disease.
clinicians and researchers have yet to determine whether the new coronavirus is directly attacking those organs, or whether the injuries are caused by the patients' immune responses to the infection. Doctors said researchers also should investigate whether the organ damage and failure is being caused by medication, respiratory distress, fevers, the stress of hospitalization, and so-called "cytokine storms.“

People with these symptoms are struggling to get back to normal life. Going back to work and not performing at the top of their game.

- Most people recover from mild COVID-19 within two weeks and more serious disease within three weeks
- Some people suffer from the effects of the virus for much longer
- The virus may cause damage to internal organs, resulting in long-term or potentially permanent health problems
- There currently is little information and support available for people with long-term COVID-19
- We need to gather ongoing data about the nation’s health to understand the long-term effects of this disease

However these symptoms could affect more and more of the population as the pandemic continues which stores up long term effects on the workforce, businesses and individuals. Many sufferers describe recovery followed by the illness roaring back.

The prolonged debilitating impacts from previous pandemics could be seen for decades after the initial infections. This virus is also showing early signs of significant long term health impacts which could knock onto the workforce and economy and as yet we have no data on what will happen. This will prolong the economic impacts as the impact and the knock on impacts to the healthcare system dealing with these hangover effects.

Transport Data

Anne Shaw TFWM

Levels of use – 30th September 2020

Since government advice was reintroduced asking people to work from home where able, the road network has experienced a slight shrinkage in demand. The Aston Expressway tidal flows are still in regular use.

Localised congestion on the local road network is still occurring but at a lower level. Areas around significant roadwork schemes and school sites during pick up / drop off times being the main reason behind this.

Bus patronage varies daily but is at approx. 60% of pre-covid levels, this is showing a similar level of usage when compared with last week. Buses out on the network are operating at over 100% Social distancing is generally being adhered to. National Express are operating dynamic spares buses on affected routes to manage this.

Metro – is operating a full service with patronage at around 75% with variances at the weekend. To manage social distancing, Metro have published a journey checker to identify when services are busy and to encourage travelling at different times.

Rail – Service changes on the 28th September have resulted in a reduction on services on the Snow Hill lines with the impact of Covid-19 on driver training and staff absences being the driving force behind this. PPM has improved since this change due to the service being easy to manage and less at risk services. School return

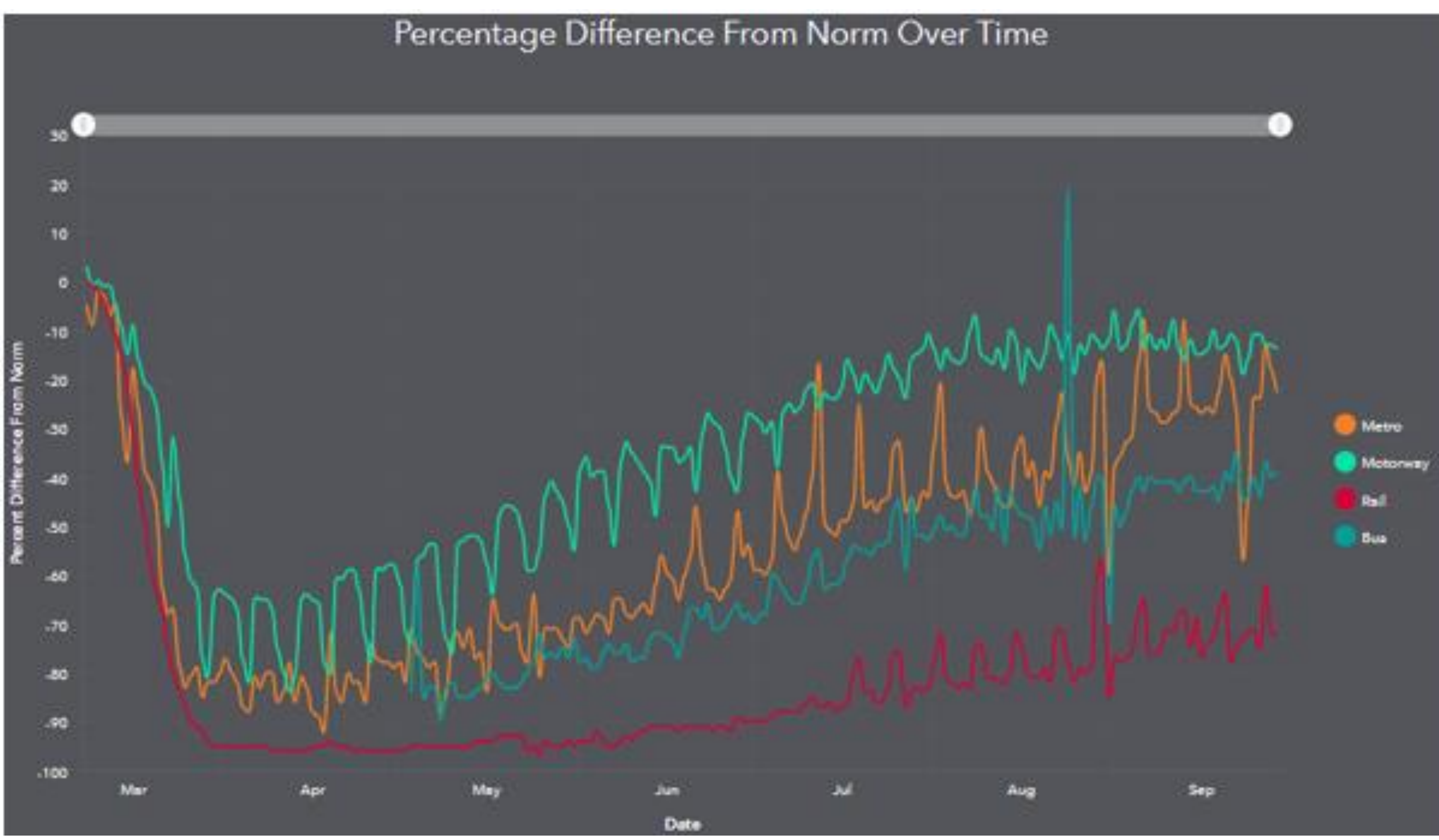
TfWM with partners has continued to evaluate and adapt the plan to ensure all public transport and closed bus services are available.

There has been mutual support regarding rail in some locations with rail replacement bus services introduced. Examples include a bus shuttle service to cover Stourbridge junction to Stourbridge town as well as promoted walking routes.

In addition to building public transport capacity, there has been active communications on face coverings and social distancing including an item on Midlands Today to demonstrate what TfWM and operators are doing to keep people safe and asking others to play their part.

Safer Travel continue to patrol the network and are educating particularly young people about the need to wear face coverings if they are required to (children 11 and over)

Focus has turned to University restart and a university travel toolkit providing advice on travelling safely and within the guidelines has been delivered to contacts within the universities to distribute to returning students.



UK House Price Index
ONS July 2020 (release 7th October)
Rebecca Riley WMREDI

This release is the last interim publication after we temporarily suspended the UK House Price Index in May 2020; the August 2020 index will be published as normal on 21 October 2020.

The Office for National Statistics (ONS) has released a public statement on the coronavirus (COVID-19) and the production of statistics; Section 7: Measuring the data describes the situation in relation to the UK House Price Index (HPI).

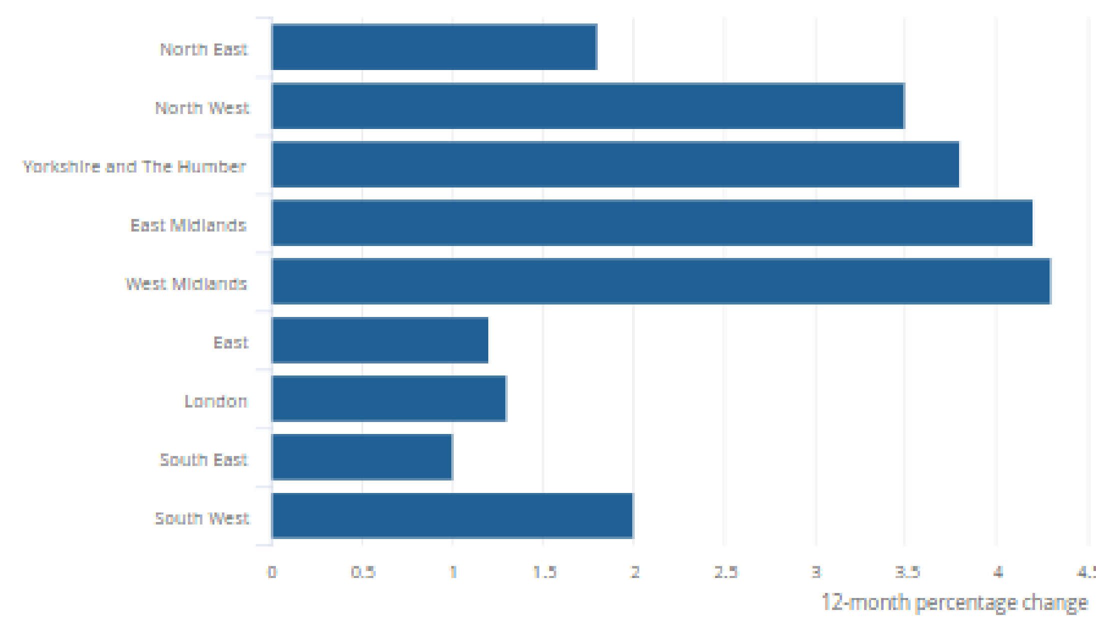
UK average house prices increased by 2.3% over the year to July 2020, down from 2.9% in June 2020.

Average house prices increased over the year in England to £255,000 (2.5%), Wales to £170,000 (3.6%), Scotland to £155,000 (0.4%) and Northern Ireland to £141,000 (3.0%).

The West Midlands was the English region to see the highest annual growth in average house prices (4.3%), while the South East saw the lowest (1.0%)

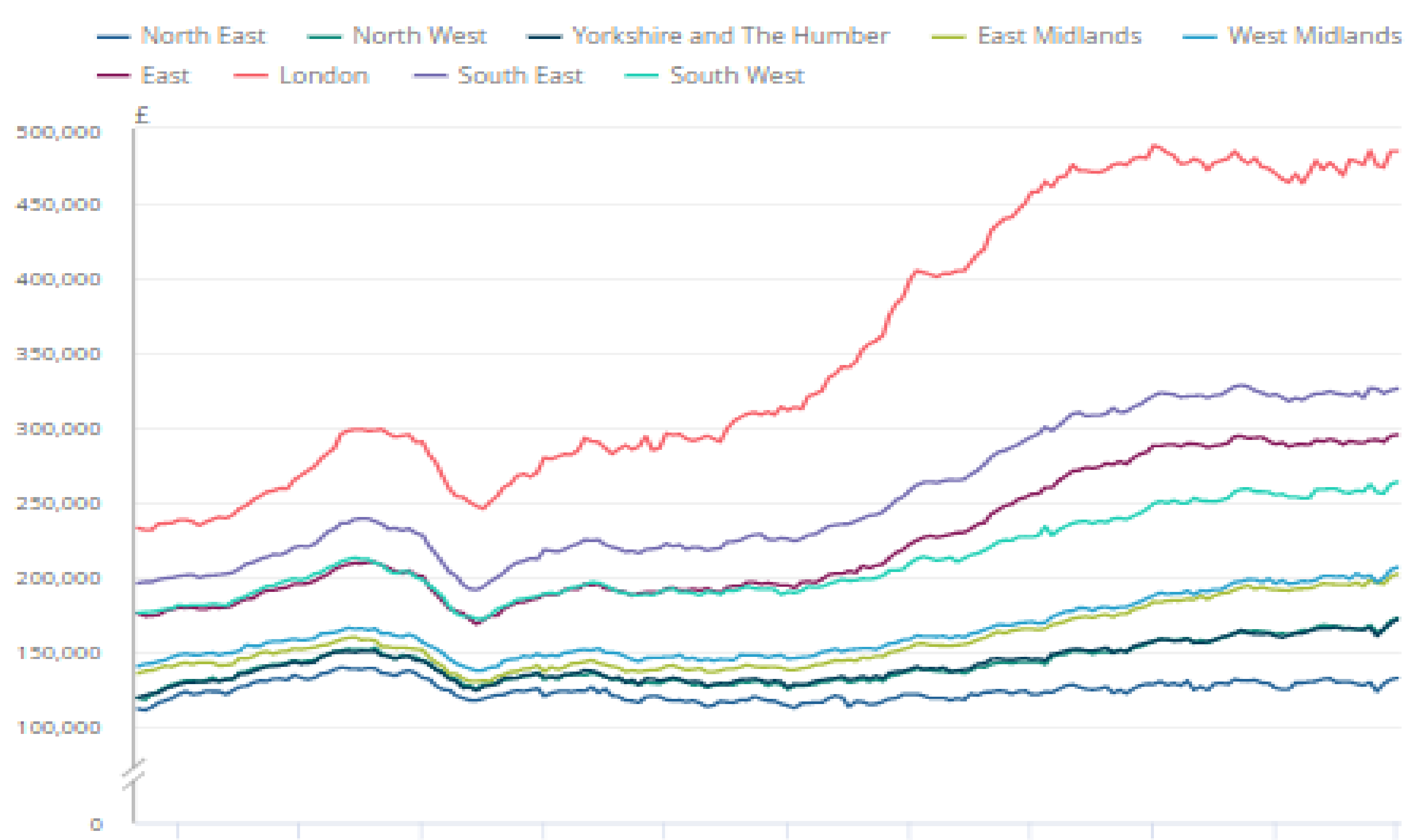
The West Midlands was the English region with the highest annual house price growth, with prices increasing by 4.3% to £206,000 in the year to July 2020, up from 3.9% in June 2020 (Figure 4).
The lowest annual growth was in the South East, where prices increased by 1.0% over the year to July 2020.
London house prices remain the most expensive at an average of £485,000. The North East continued to have the lowest average house price, at £132,000, and is the only English region yet to surpass its pre-economic downturn peak of July 2007 (Figure 5).

All dwellings annual house price rates of change, by English region, year to July 2020



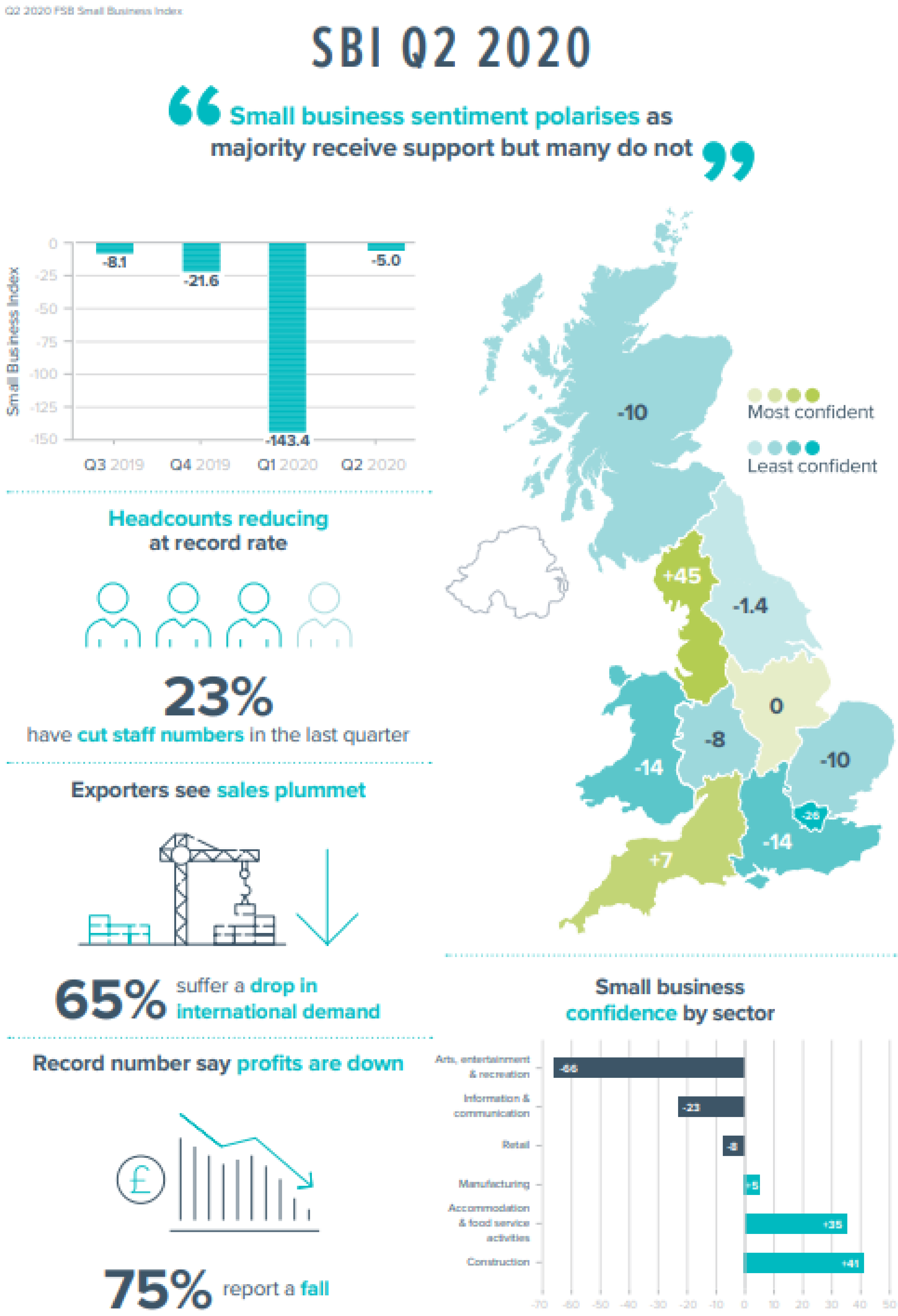
Source: HM Land Registry and Office for National Statistics – UK House

Average house price, by English region, January 2005 to July 2020



Source: HM Land Registry and Office for National Statistics – UK House Price Index

[FSB Quarter 2 Small Business Index](#)



- Following the record fall witnessed in Q1, small business confidence saw a substantial recovery in Q2. The FSB Small Business Index now stands at -5.0, its joint highest level since Q3 2018.
- There is significant regional variation in small business confidence levels. The least confident region was London, with an SBI score of -25.6. Small businesses in the North West saw a significant improvement in confidence. With an index reading of 45.0, it is the most optimistic region in Q2.
- Three quarters (75.3%) of small businesses report falling confidence looking ahead to Q3 as a direct result of the coronavirus outbreak. This is a slightly more muted figure than that witnessed in the previous quarter, when 87.7% of small businesses suffered a reduction in confidence looking ahead to Q2 as a result of coronavirus-linked disruption.
- The construction and manufacturing sectors are benefitting from the restarting of operations, though confidence remains subdued amongst most industries. A return to positive sentiment was seen amongst small businesses in the construction, manufacturing, and accommodation and food services sectors. The majority of industries remain in net negative territory, however, with the arts, entertainment, and recreation sector recording the lowest SBI score (-66.3).
- Small businesses are cutting employment levels at the fastest rate ever. One in five (22.8%) small businesses report a fall in the number of people they employ, with customer facing businesses, such as those in the accommodation and food services sector, seeing the highest rate of job cuts (37.7%).
- More than half (53.4%) expect gross profits to fall over the next three months. Small businesses are slightly more optimistic looking ahead to the next quarter compared to their performance in recent months, during which 74.9% saw falling profitability.
- One fifth (21.9%) of small businesses expect to downsize in the next year. The domestic economy and consumer demand are the most commonly cited barriers to growth, with fears over the foreign economy and regulation also prevalent.
- Credit availability and affordability both picked up considerably in Q2. Easily accessible loans provided by the Government have contributed to a soaring credit application success rate (80.7%), while a record-low Bank of England base rate has reduced the cost of loans.

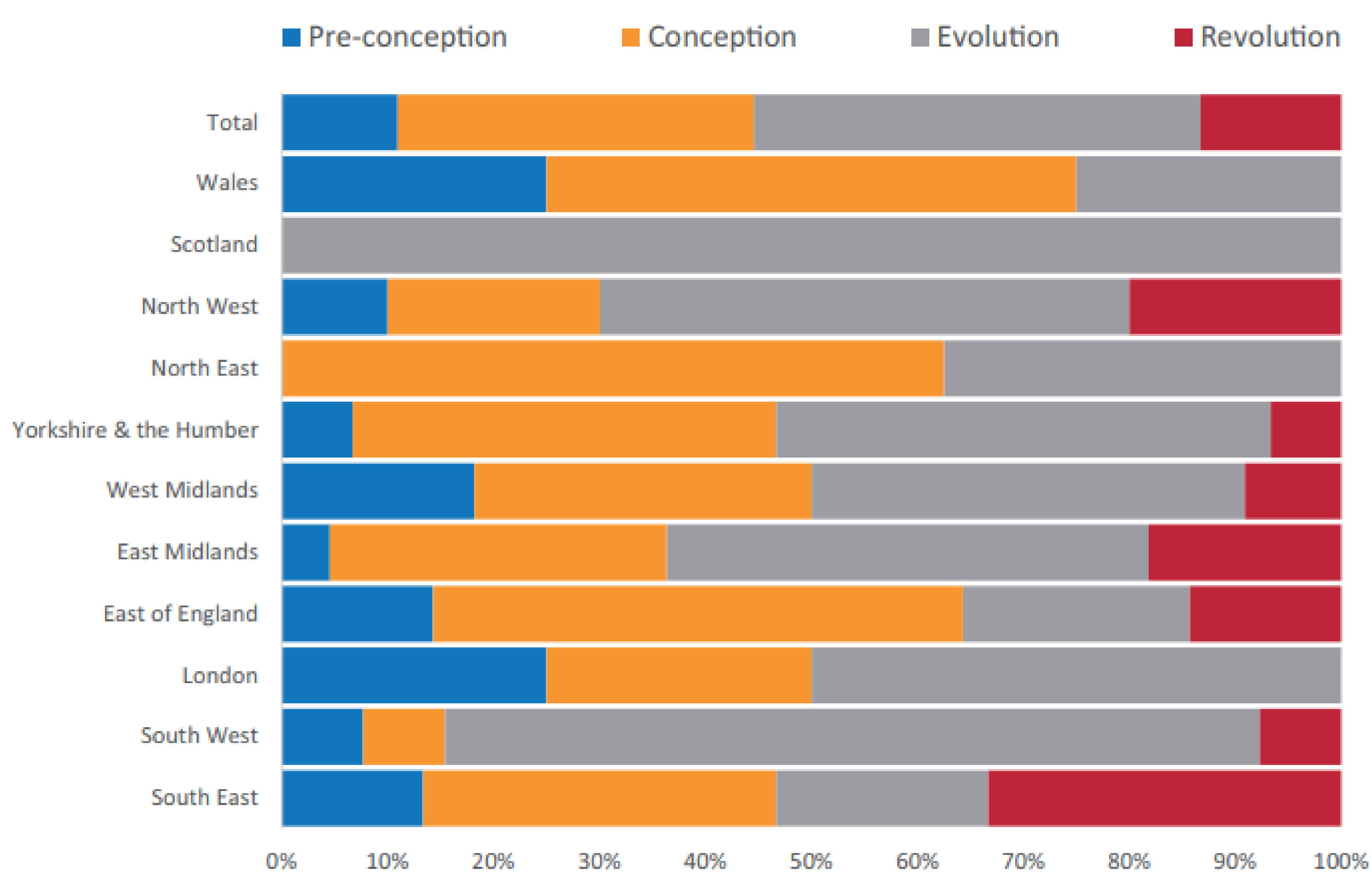
Bounce Back Smarter Innovations Monitor Make UK

In 2018, EEF (as Make UK was then known), identified four stages in the digital transformation of manufacturing, and benchmarked sector performance against these. We've used the same questions in our 2020 survey, to assess progress two years on.

Results show significant progress over the last two years, particularly at the two extremes of the journey. In 2018, nearly a third of manufacturers hadn't even started to consider digitalisation as an option; that number has now dropped significantly to just 11%. Similarly an increasing number of manufacturers have progressed to the final stage, which is where the full benefits of digital transformation can be realised.

However, these figures do mask significant variations in sector and regional performance. Some sectors have embraced digitalisation more eagerly than others, and this then feeds through into the relative economic performance of different regional economies. The North West, for example, where aerospace and pharmaceuticals predominate, and where specific help to SMEs has been made available through the Made Smarter initiative, shows a high proportion of manufacturers in the 'revolution' stage (20%), second only to the South East at 33%. However the West Midlands, where a high proportion of traditional, engineering-based manufacturers are based, has a very high proportion of companies still in the pre-conception stage (18%) with only 9% achieving 'revolution'. Performance in Wales is notably below average, with a quarter of manufacturers not yet considering digitalisation, and none considering themselves to be at the 'revolution' stage.

There are a broad range of technologies which can contribute to digitalisation of manufacturing, and various lists and definitions are available. For this survey, we have concentrated on looking at five Industrial Digital Technologies (IDTs) as identified by the Made Smarter Commission, an industry-led group (including Make UK) which advises the sector and Government on this issue. We have also assessed progress against a range of other digital technologies which have a broader application across many sectors, but which manufacturers may find useful.



Source: Make UK/Infor, Innovation Monitor (2020)

This breakdown shows us that awareness of all five key IDTs is relatively high, but the rate of successful introduction differs considerably. Nearly a quarter of manufacturers report having successfully introduced robotics and cobotics, and 28% have introduced additive manufacturing.

But technologies like artificial intelligence (which can transform areas like predictive maintenance) or virtual reality and augmented reality (which can transform sales and service activities) have seen a much lower uptake.

Our survey clearly shows that progress is being made on industrial digitalisation. But stubborn and predictable barriers to adoption remain - with access to skills and finance repeat offenders. But the need for stepping up the pace on industrial digitalisation has never been greater. As our report shows, the international comparisons are not favourable. Only 9% of manufacturers think that the UK is in a leadership position when it comes to the adoption of IDTs, and only 25% consider themselves ahead of their peers. In order to move forward and accelerate the adoption of IDTs, industry and Government must work in tandem and indeed together. The diversified nature of our manufacturing base, and the very high number of SMEs, means that concerted action is needed to ensure our economy, and our sector, can take full advantage of the huge benefits IDTs can bring.

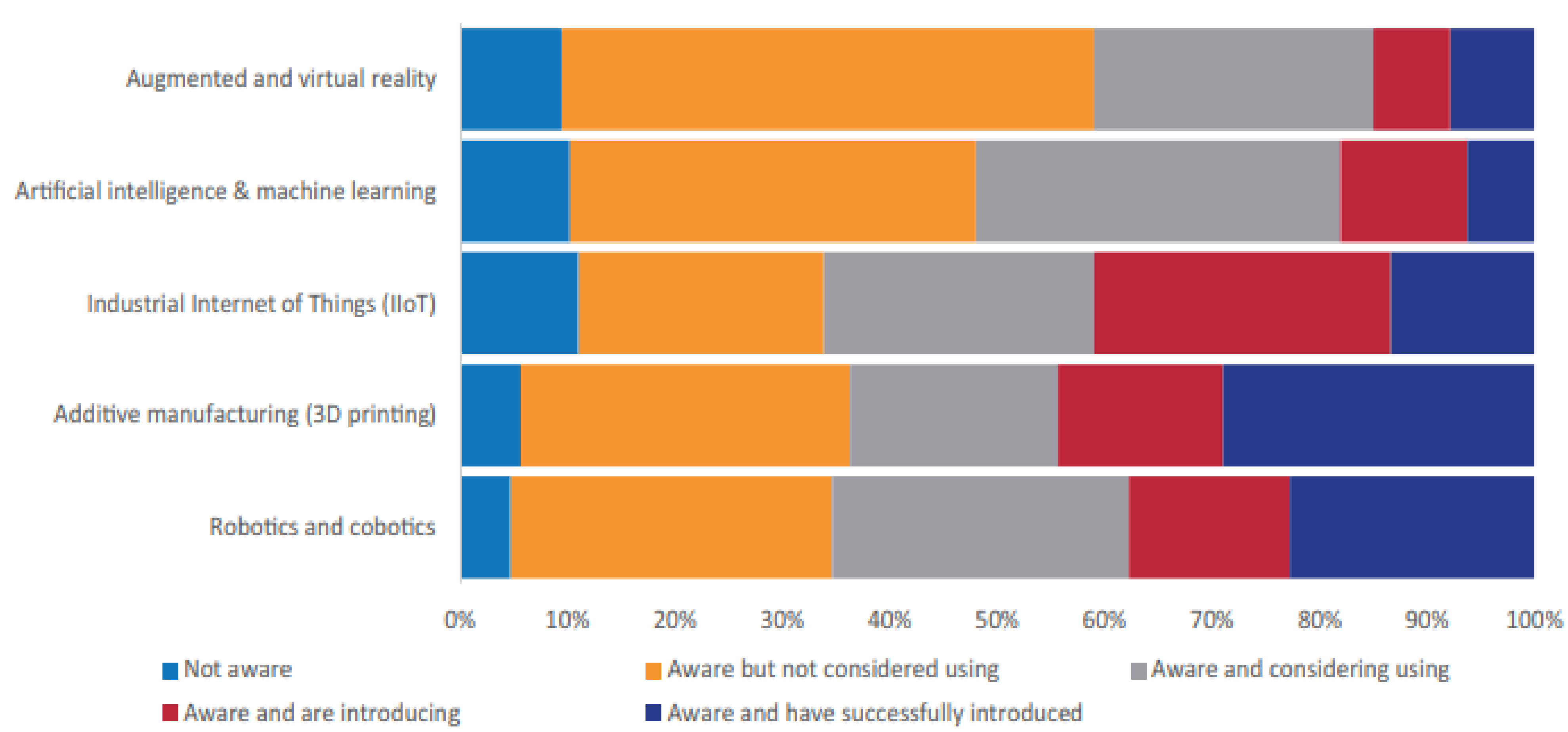
Policy recommendations

Bespoke, dedicated support to manufacturing SMEs should be made consistently available across the country: In England, the best way of doing this is the extension of the Made Smarter SME adoption programme to all regions. Fiscal incentives to support digitalisation and research and development spend must be increased: Starting in the forthcoming budget. Additional investment allowances for technology related investments would be a good way of doing this. Regional stakeholders should co-ordinate their efforts: To support their economies. Streamlining the overlapping and competing initiatives in many parts of the country will help to overcome the confusion that SMEs often currently experience.

Industry action

Manufacturers, particularly SMEs, must accept that digitalisation is for everyone, and make it a strategic priority. Without full commitment to invest in IDTs, across all sub-sectors and all sizes of business, our manufacturing sector will see its international competitiveness further eroded and will face an increasingly uncertain future. Peer-to-peer best practice must be encouraged: There are many great examples of companies that have successfully adopted IDTs and are reaping the benefits. To help address the barriers associated with adoption, peer-to-peer best practice must be shared and showcased.

% companies citing awareness of various IDTs



Source: Make UK/Infor, Innovation Monitor (2020)

International Trade 2020
Make UK

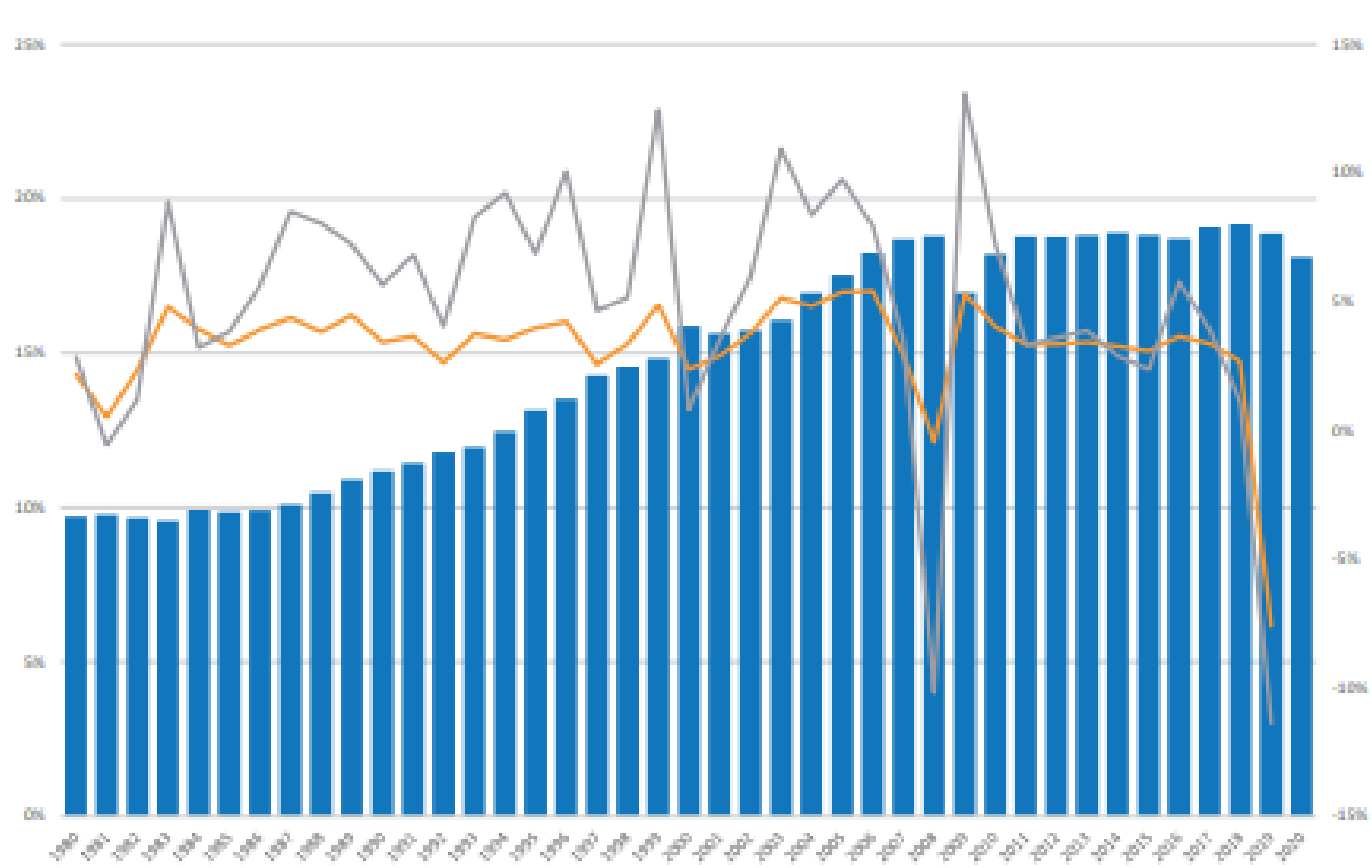
For decades, businesses have worked on the assumption that global trade would get incrementally easier. The emergence of an expanding, open rules-based system of trade had dominated the global economy. Overseen by the World Trade Organization (WTO), the advent of super-regional economic blocs such as the European Union (EU) and the political encouragement that China could be recognised as an economic and trade actor with its structured approach to a market-economy, ensured that the regulatory and cost barriers to an increasingly globalised economy were steadily reduced.

Now, that assumption is coming under profound challenge whether from geopolitical events such as the United Kingdom's (UK) decision to exit the EU or profound economic shocks such as the Covid-19 pandemic. As a business sector, manufacturing is particularly affected by these changes. As our report shows, 95% of manufacturers already export, predominantly to the EU. And a significant number also rely on imported materials or components, often reliant upon EU sources, reflecting the UK's position in the middle of manufacturing value chains. Whatever the final shape of the UK's economic relationship with the EU, trade between the two will become significantly more administrative and harder from 2021, impacting on the future viability of these links.

The Covid-19 pandemic has added further complexity to an already challenging situation, depressing global supply and demand, adding new levels of disruption to the global supply chains on which manufacturers depend. Over 60% of manufacturers report seeing their supply chains interrupted, leading them to revise their import and export strategies. While at the moment manufacturers are focussing on short-term changes to ensure a degree of return to normal trading conditions, over 40% are looking at their medium-term options, including diversification of customers and suppliers and considering the localisation of supply chains. Many are re-evaluating the risks of the 'just-in-time' model, which is particularly well embedded in sectors such as aerospace and automotive, and thinking more about a 'just-in-case' approach.

The UK manufacturing sector has many strengths. But our domestic market is too small to support manufacturing at scale purely for our own consumption, and is not self-sustaining in all the raw materials and components required for the manufacturing needs of today and tomorrow. The reality is that jobs and the economic wellbeing of manufacturing communities across the country depend on our ability to trade goods - and related services – internationally with the associated economies of scale. During this period of profound change, our manufacturers will need help and support in order to ensure that they can continue to do this effectively and competitively in a new paradigm where the UK will not be directly economically and politically connected to the EU. A comprehensive trade deal with the EU that supports easy and existing trade in goods and services, new trade relationships and market access opportunities with other key export markets, an increased focus and investment towards export promotion and widespread industry engagement will all be critical.

Chart 1. Trade intensity growth has stagnated, Trade Intensity, GDP growth, Trade growth rate



Source: OECD/WTO and Make UK analysis

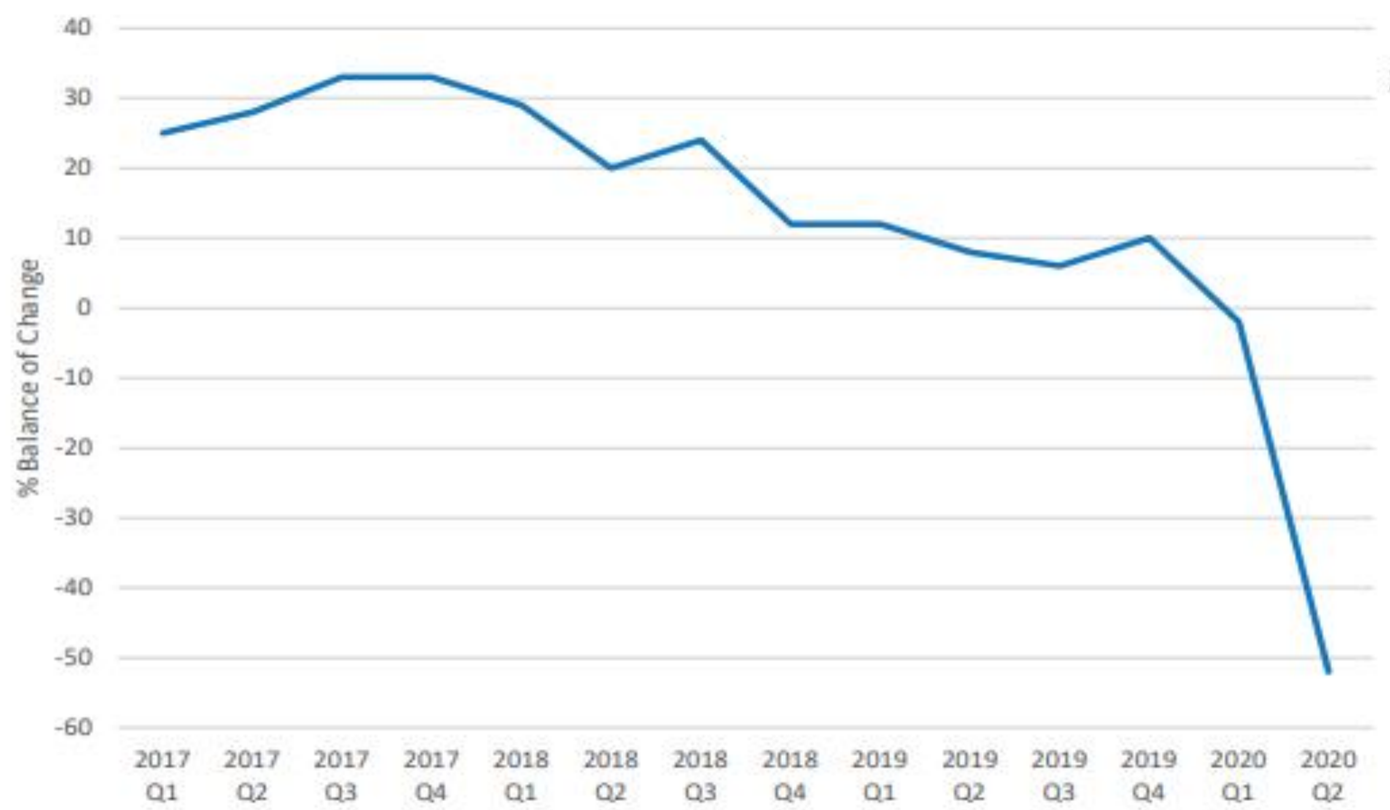


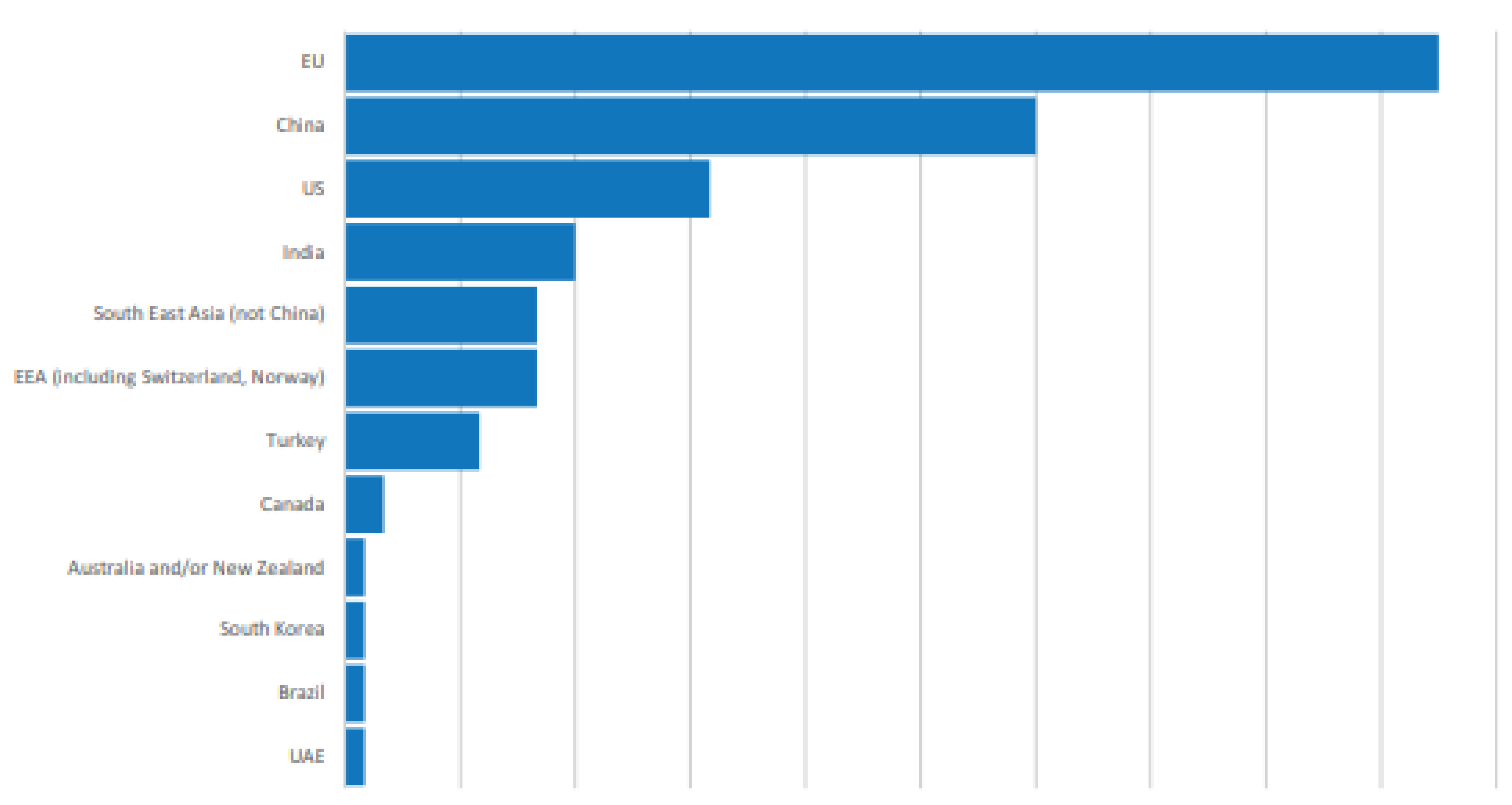
Chart 2. Manufacturers in the UK experiencing a downturn in export orders, Balance of change in new export orders (past 3 months)

Source: Make UK Manufacturing Outlook Survey 2017 Q1 – 2020 Q2

The survey upon which this report is based coincided with the initial phases of the Covid-19 pandemic's disruption of international trade. While the Covid-19 pandemic has moved swiftly to effect all corners of the globe and all manners of traditional commerce and trading activity, it is interesting to reflect on the early phase of disruption and understand the lessons, how business leaders have responded, and what recommendations are likely to drive the changes and challenges ahead.

These were found in all of the key markets for the manufacturing sector, although were dominated by disruptions in Europe and China (Chart below). While it is clear the crisis also impacted transatlantic trade, particularly with the disruption of passenger flights which also carry significant volumes of cargo, the markets chiefly impacted by the epicentre of the crisis represent markets dominated by ocean and air freight routes,

The impact of these disruptions were seen in both cost and time increases, with manufacturers seeing an uptick in both prices and freight times. Manufacturers reported increases to both freight costs and travel time due to Covid-19. Seven in ten companies said they had experienced increases in freight time and over half have experienced increases in cost. For many manufacturers the cost and travel time of freight had increased by up to 25%. This evidence was further supported by Make UK's fifth edition of the Manufacturing Monitor survey, which reported approximately half of manufacturers had experienced increases in logistic costs and travel times.7 As a result, many manufacturers saw their revenue, orders and cash flow significantly decrease including India and South East Asia.



Source: Make UK, International Trade Survey (2020)

Support needed:

Increase resource and participation in Trade Accessing Programmes and related and targeted trade events: Ongoing package of grants and practical support to assist exporters to attend trade shows and similar events. This will assist exporters (particularly SMEs) in gaining essential market knowledge and making new contacts. Indeed over a third (34%) of manufacturers said an increase in export support would have a positive and immediate impact on manufacturing.8 Consideration could be given to widening the access and opportunities of the current Trade Access Programme to ensure that the programme remains agile and as representative as possible for both business sector representation and size of exporter. It will be important to strengthen representations from SME and ‘resource limited’ firms, and others who are gaining an understanding of export opportunities. Considerations for a new programme specifically focused for these categories of exporters is desirable and necessary.

Increase resources available to help exporters adjust to new administrative barriers to export being introduced in 2021 e.g. customs processes: Work with and through UK’s diplomatic network to review the level and type of services available to exporters. This could include; establishing a database of overseas companies in each country as a basis for market research; improving ‘ease of doing business’ guides for key export markets; the development of in market contacts, agents and other advisers who have sector and in-market expertise.

Boost the skills fund and training base for exports: Provide a bespoke financial package that is directed to boosting the skills base for exporters. Improving capability and ambition for exporters by improving skills development will raise awareness, confidence and appetite to explore new export opportunities. Skills development will be dependent upon the experience and resources of individual exporter. Areas of skills will cover all aspects of export, import and international trade. Topic areas and themes such as export controls, Bribery Act, Customs and VAT procedures, regulatory and compliance issues, insurance issues, payment terms, transport and logistics are all important (but not exhaustive) on developing skills.

Provide national guidance website for business covering all destinations UK manufacturers send their workers to: With manufacturers trading globally, seeking new markets and the UK closing in on new global trade agreements, businesses will need ready access to information on the technical requirements for the provision of services and the mobility of people contained in the UK’s future trade agreements. Whilst this cannot be a substitute for direct support for training, information that can be easily accessed on the topic covering all the destinations that the UK has an international agreement with will allow manufacturers to plan ahead and understand the outline of the technical requirements for the provision of services internationally. This should be in the form of a single national website. To ensure success, Government would need to work closely with LEPs, Catapults, councils, business groups and other stakeholders to ensure SMEs are made aware of this information.

Mapping out a global supply chain resilience programme: UK Government should work with the sector to effectively map out a global supply chain resilience programme, allowing manufacturers to make it global, by agreeing coordinated action with key economic partner countries to maintain current trade flows and removing administrative restrictions. This will support manufacturers to move goods, products and services with ease through smart supply chains and global logistics.

Hatch Sector Selector

Simon Hooton Hatch; Rebecca Riley WMCA

As we wrestle with the evolving implications of COVID the great challenge facing economic development professionals is shifting towards a focus on jobs. The emphasis on productivity that has shaped much of our thinking over the last 20 years won't go away as the UK will need to continue to create large numbers of higher-value jobs in globally competitive sectors, but the stark challenge through the next few years will be dominated by the quest to secure sustainable jobs for large numbers of people whose current employment has not survived the lockdown and the drop in demand.

The successor to the furlough scheme announced by the Chancellor this week implicitly acknowledges that many people will face the threat of redundancy over the coming months. Economic development agencies and their partners will need to be working hard to identify what sorts of employment opportunities their area can rapidly open up, as demand in the economy returns.

Current geographic and sectoral patterns of work will likely continue to be important as the crisis impacts in different ways across the country. Local lockdowns look set to be an ongoing theme and we can also now start to see which sectors have been doing well during the last six months. Some places are going to be more hard hit than others.

The following pages show a selection of the dashboards with a focus on overall results and a selection of sectors relevant to the region.

Key points:

- Birmingham is consistently in the top third of employment levels in the country, however this is relative to the size of the population and not a strength in LQ terms.
- Places with jobs growth (above 5%) and in the top third include Coventry, North Warwickshire, Nuneaton and Bedworth, Warwick, Bromsgrove, Cannock Chase and Solihull
- In the production sector Stratford and Redditch have high LQs (between 2 and 5) and in the top third in the UK for specialism relative to the local area makeup. Whereas Birmingham and Bromsgrove are in the bottom third. However many places the LQ is growing showing that places are increasing their specialism in this sector.
- Birmingham and the surrounding city centre area is continuing to grow in employment in the Business, professional and Financial services sector and have the LQs higher than 1. And these places along with Warwick have had LQs growing over the last 3 years.
- The public sector has seen jobs growth across many local authorities with 13 seeing increases higher than 5%. Although only a small number have LQs above 1 in 2018, a number have seen LQ growth or above 5% in the last 3 years

The areas of jobs growth in the region are likely to be those where we have specific strengths (illustrated by LQs higher than 1). Such as:

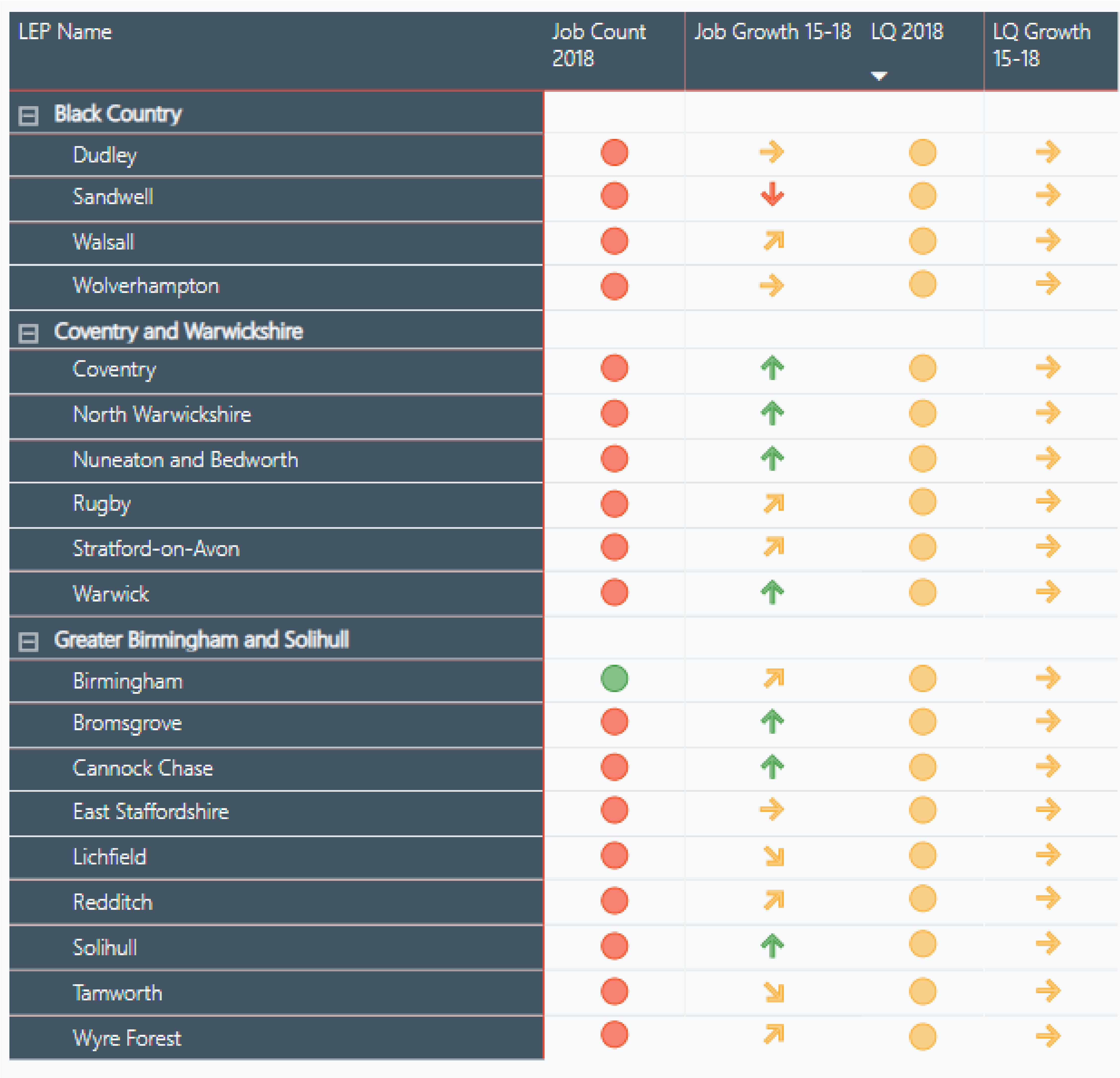
All three LEP areas
- Production (>1 & <2)
- Motor trade (>1 & <2)
- Wholesale (>1 & <2)
- Transport (>1 & <2)
- Education (>1 & <2)

Black Country
- Construction (>1 & <2) (nb these figures will include Carillion)
- Retail (>1 & <2)
- Property (>1 & <2)
- Health (>1 & <2)

Birmingham and Solihull
- Finance and insurance (>1 & <2)
- Property (>1 & <2)
- Business administration (>1 & <2)
- Health (>1 & <2)

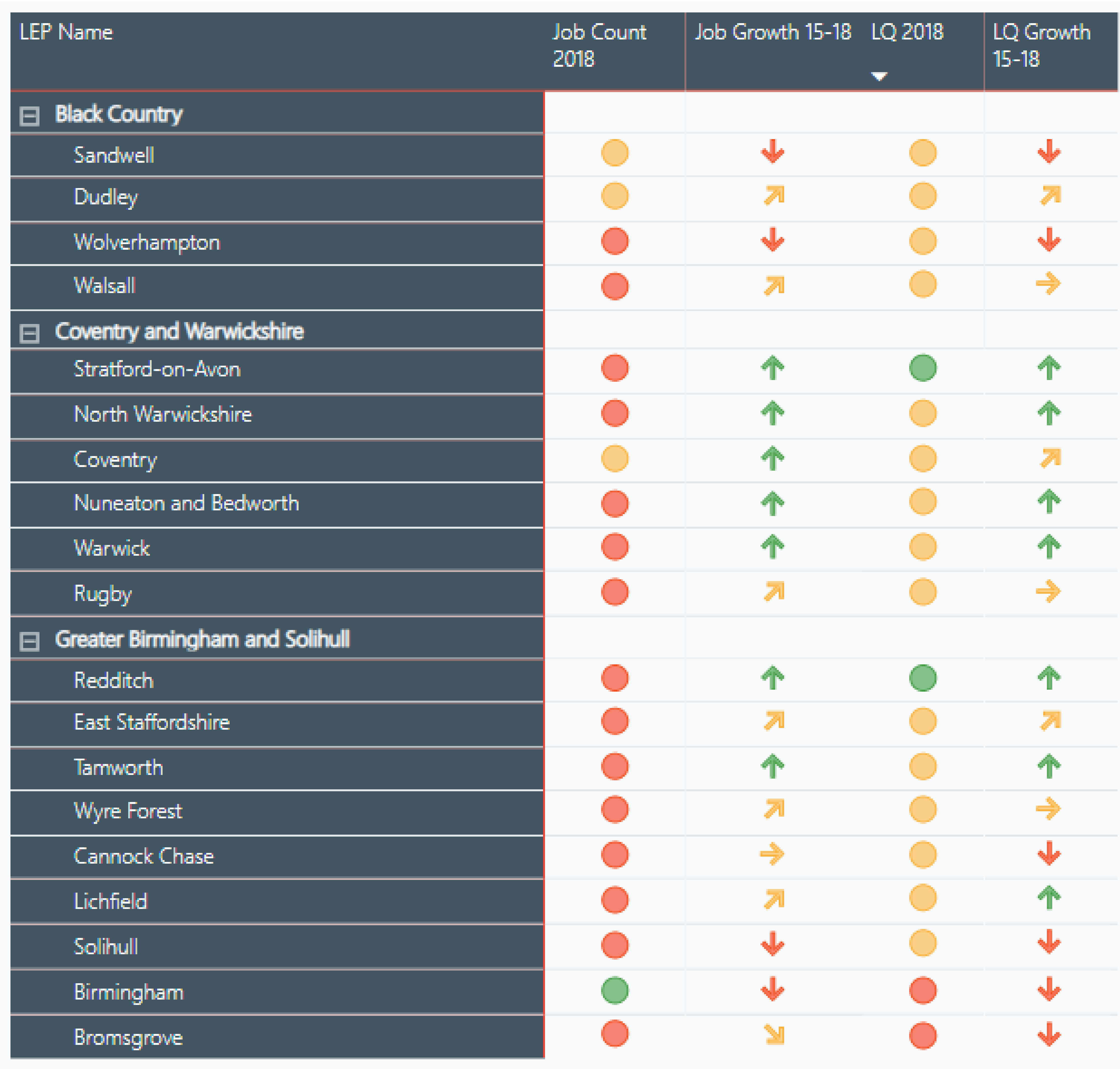
[Hatch Sector Selector]

Overall results:



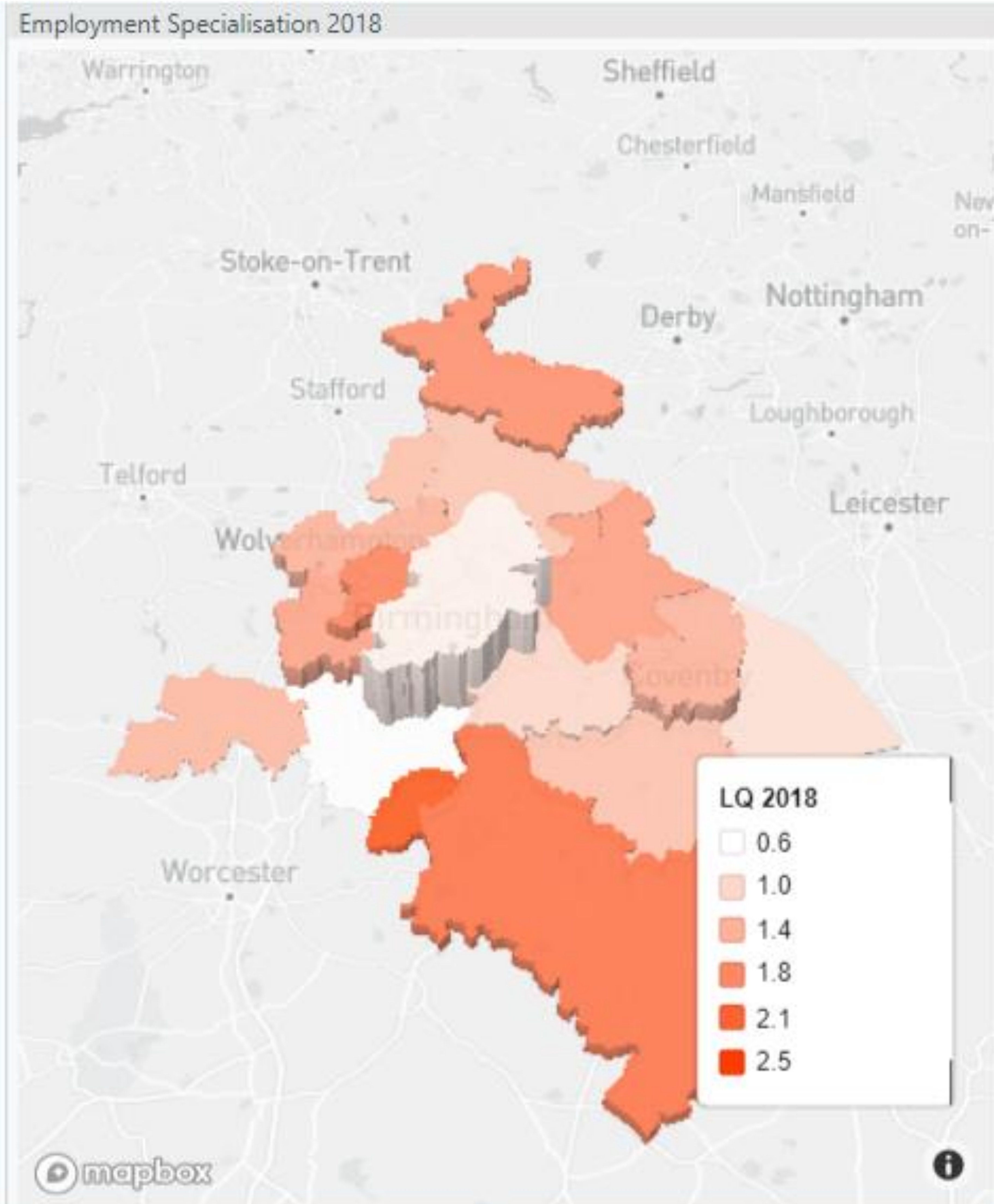
[Hatch Sector Selector]

Production 05-39 results:



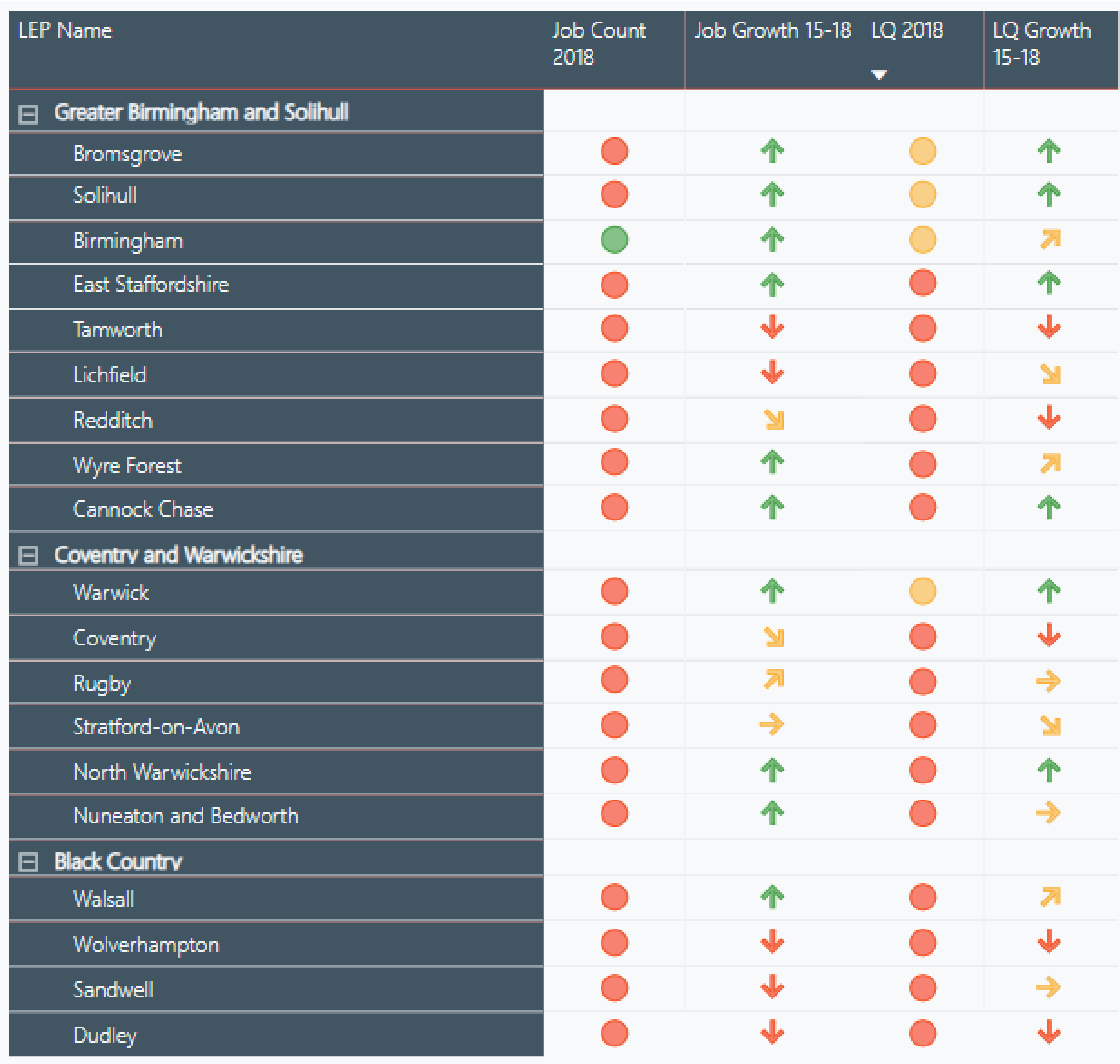
[Hatch Sector Selector]

Production 05-39 results:



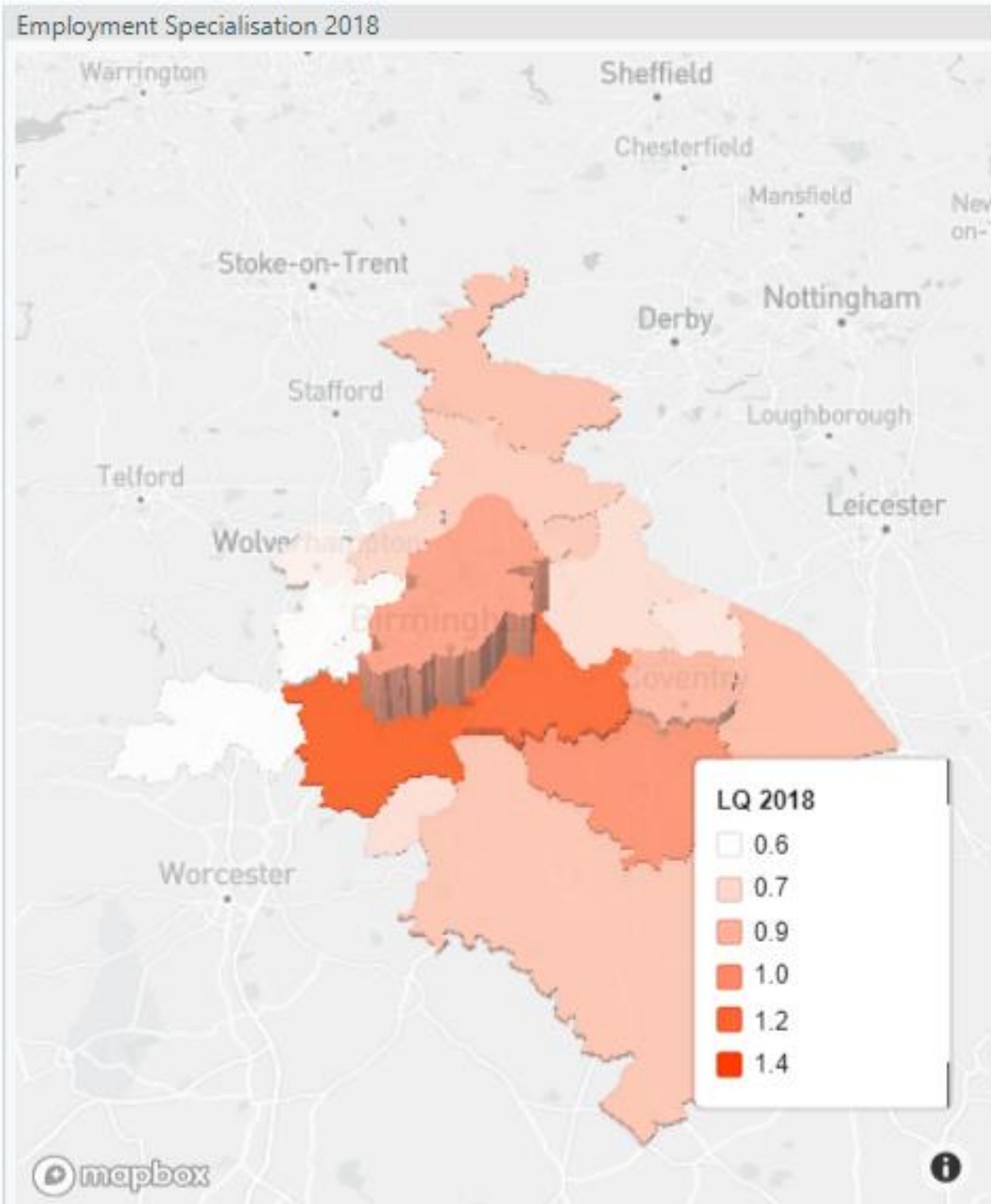
Hatch Sector Selector

Business, professional and financial services results:



[Hatch Sector Selector]

Business, professional and financial services results:



[Hatch Sector Selector](https://www.linkedin.com/pulse/understanding-jobs-sector-selector-simon-hooton/) https://www.linkedin.com/pulse/understanding-jobs-sector-selector-simon-hooton/

Public admin, education and health:

LEP Name	Job Count 2018	Job Growth 15-18	LQ 2018	LQ Growth 15-18
Black Country				
Wolverhampton	🔴	↑	🟡	↑
Dudley	🔴	↑	🟡	↑
Walsall	🔴	→	🔴	→
Sandwell	🔴	↑	🔴	↑
Greater Birmingham and Solihull				
Birmingham	🟢	↑	🟡	↑
Wyre Forest	🔴	↑	🔴	↑
Bromsgrove	🔴	↑	🔴	↘
Lichfield	🔴	↑	🔴	↑
East Staffordshire	🔴	↓	🔴	↓
Redditch	🔴	↗	🔴	↗
Solihull	🔴	↑	🔴	↑
Cannock Chase	🔴	↑	🔴	↗
Tamworth	🔴	↘	🔴	↗
Coventry and Warwickshire				
Coventry	🔴	↑	🟡	↑
Nuneaton and Bedworth	🔴	↑	🟡	↑
Warwick	🔴	↗	🔴	↘
Rugby	🔴	↗	🔴	→
Stratford-on-Avon	🔴	↑	🔴	↑
North Warwickshire	🔴	↑	🔴	↑

Job Count
- 🟢 Top Third
- 🟡 Middle Third
- 🔴 Bottom Third

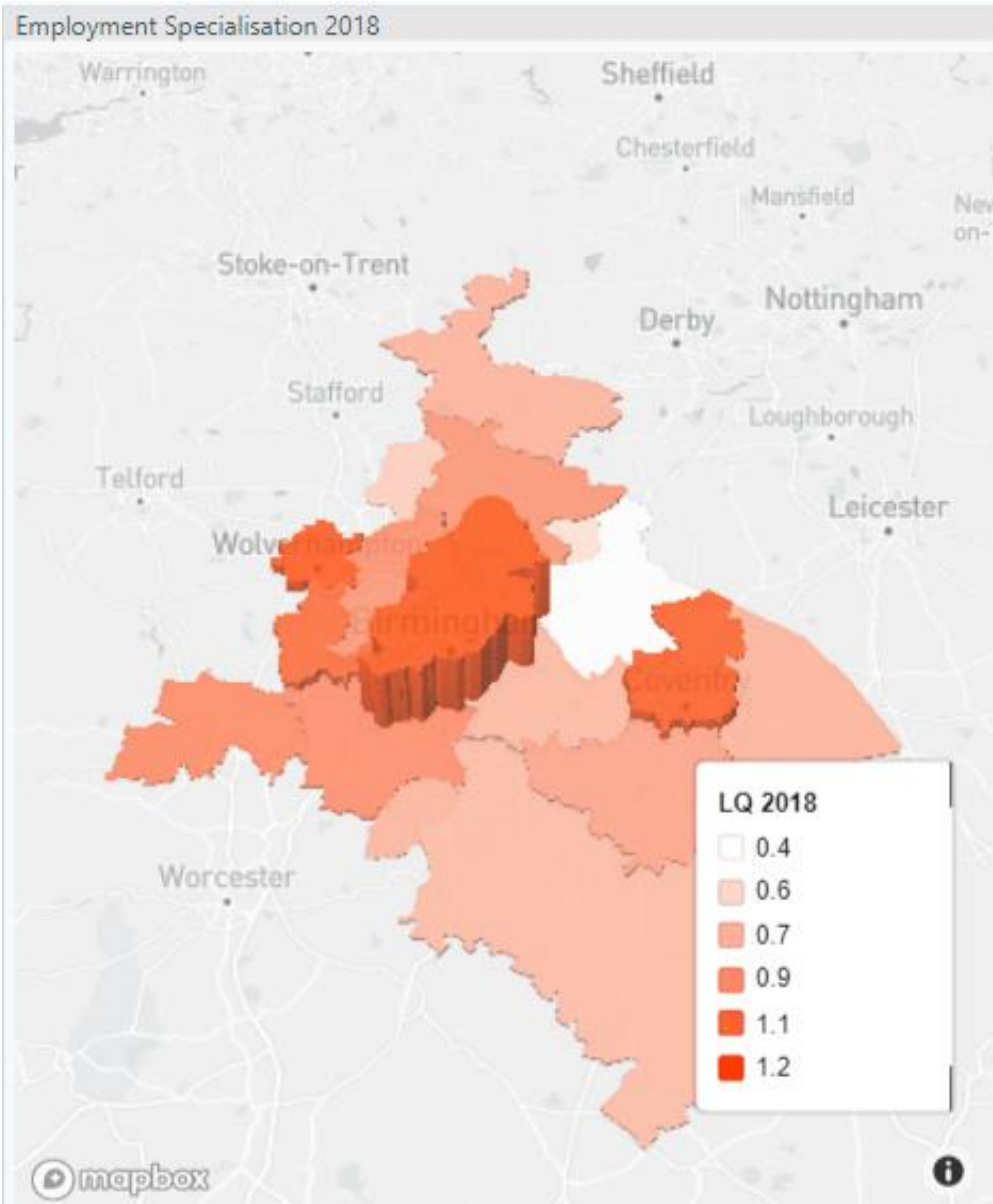
Job Growth
- ↑ Growth > +5%
- ↗ Growth +2-5%
- → Change +/-2%
- ↘ Fall 2-5%
- ↓ Fall >5%

Location Quotient
- 🟢 >5
- 🟢 >2 & <5
- 🟡 >1 & < 2
- 🔴 < 1

LQ Growth
- ↑ Growth > +5%
- ↗ Growth +1-5%
- → Change -/+1%
- ↘ Fall 1-5%
- ↓ Fall >5%

Hatch Sector Selector https://www.linkedin.com/pulse/understanding-jobs-sector-selector-simon-hooton/

Public admin, education and health:



ONS Weekly Release Indicators

BCC EIU

ONS Weekly Release Indicators

On the 1st October 2020 the ONS released the weekly publication containing data about the condition of the UK society and economy from the COVID-19 pandemic. The statistics are experimental and have been devised to provide timely information. The following summary contains footfall data, initial results from Wave 14 of the Business Impact of Coronavirus Survey (BICS), experimental online job advert indices and results from Wave 26 of the Opinions and Lifestyle Survey (OPN).

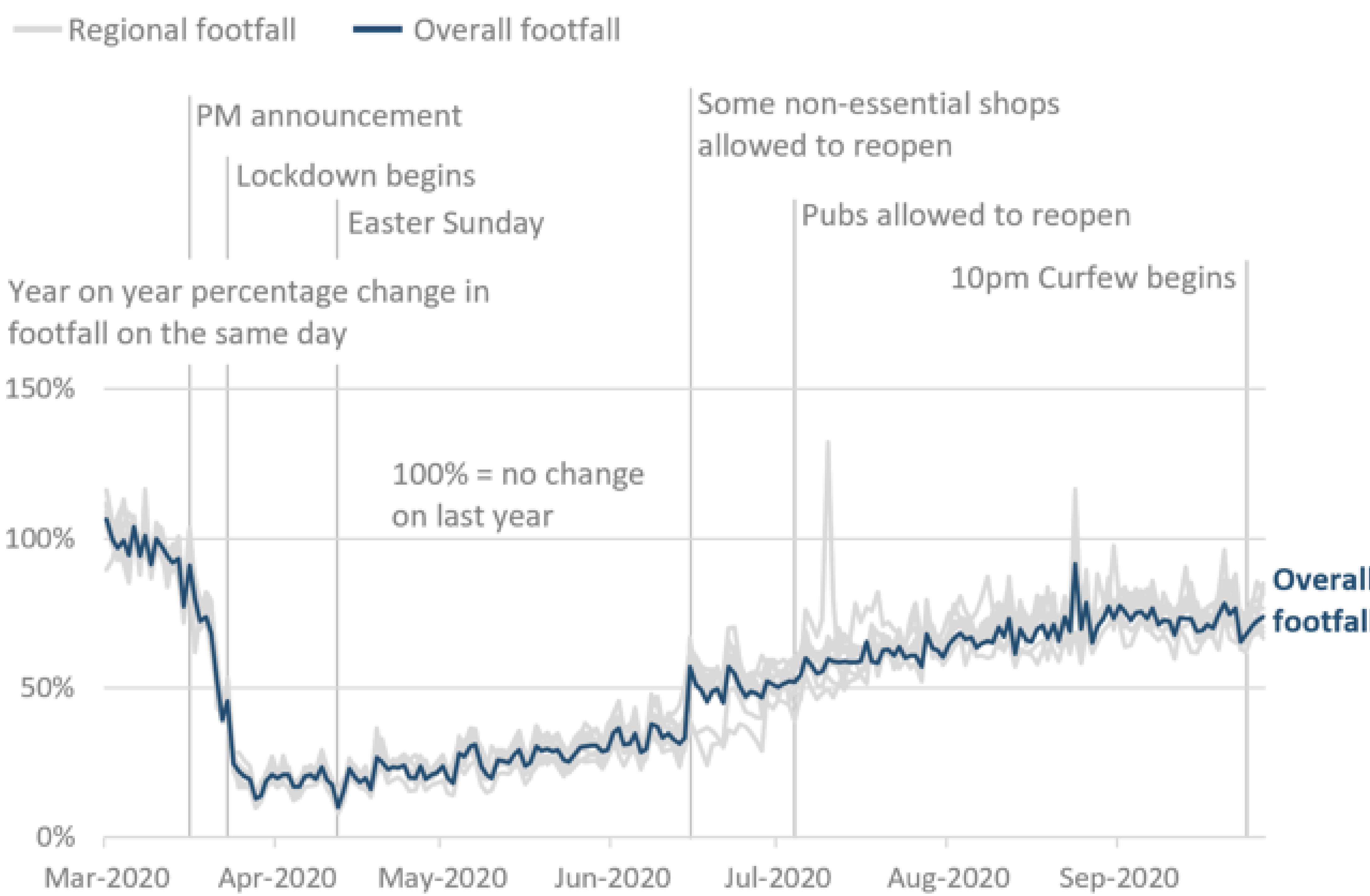
National Footfall

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).

Overall national footfall for the week ending 27th September 2020 remained above the 70% of its level in the same period in 2019.

The latest weekly data (week ending 27th September) shows the West Midlands, North and Yorkshire regions had the highest level of footfall. Across all the English regions, the West Midlands had the highest increase in footfall when compared to the previous week.

The following graph shows the volume of footfall for the UK between 1st March to 27th September year on year percentage change between footfall on the same day:



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

National Company Incorporations and Voluntary Dissolution

On average, there were 3,472 incorporations per working day in the week ending 25th September. This is a slight increase from 3,469 per working day from the previous week (18th September), and remains above the Quarter 3 2019 average of 2,612.

Also, for the week ending 25th September, on average per day there were 1,080 voluntary dissolution applications. This is an increase from 940 for the week starting 18th September and is above the quarter 3 2019 average of 1,008 per day.

Business Impact of the Coronavirus

The initial results from the fourteenth round of the Business Impact of Coronavirus Survey (BICS) show that of the 23,912 businesses surveyed across the UK, 19% had responded as of the 29th September. Unless stated, the following data is based on the period between 7th to 20th September 2020 and regional breakdown is not available.

Headline Indicators

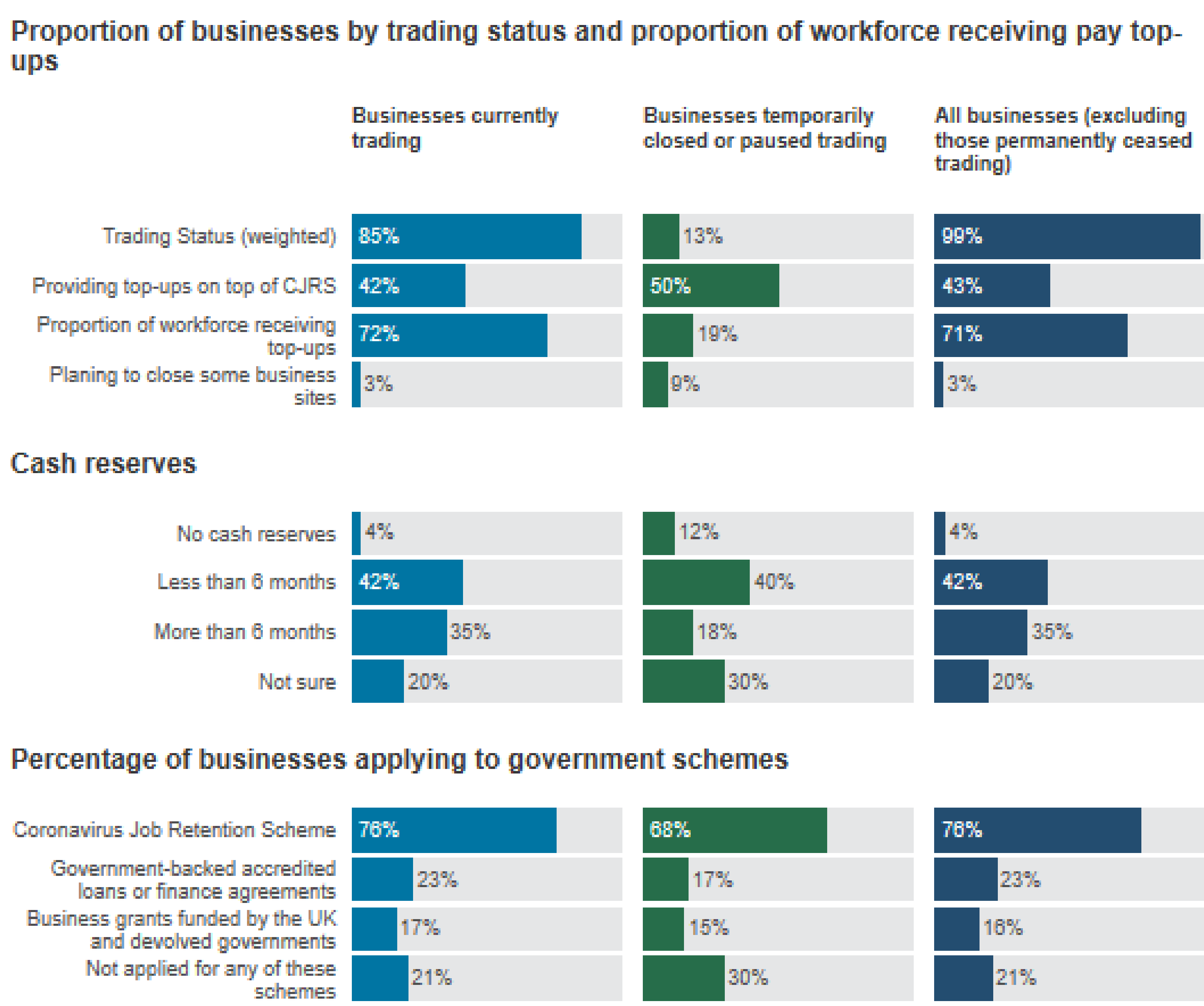
Across the UK between 7th to 20th September, 85% of responding businesses were currently trading (weighted data). 42% of businesses are providing pay top-ups to the Coronavirus Job Retention Scheme and 72% of the workforce are receiving top-ups to the Coronavirus Retention Scheme. 3% of responding business plan to close some sites.

13% of businesses have temporarily paused or closed trading. 50% of businesses are providing pay top-ups to the Coronavirus Job Retention Scheme and 19% of the workforce are receiving top-ups to the Coronavirus Retention Scheme. 9% of responding business plan to close some sites.

4% of businesses that are currently trading have no cash reserves, this rises to 12% for businesses that have temporarily paused or closed. 42% of businesses currently trading has less than 6 months of cash reserves, this decreases to 40% for businesses that have temporarily paused or closed.

The Coronavirus Job Retention Scheme still remains the favoured government support scheme with 76% of businesses that are currently trading have applied for this scheme, decreasing to 68% for businesses that have temporarily paused or closed.

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



Source: ONS - BICs

Weighed by employment, 11% of businesses who have not permanently stopped trading had their workforce either fully furloughed or partially. 24% of businesses reported their workforce were working remotely and 62% of the workforce were working at their normal work place.

Weighted by count of UK businesses, 81% of responding businesses have been trading for more than the last 2 weeks. 4% of responding businesses who had temporarily paused trading reported to have started trading in the last 2 weeks. 2% of businesses that have temporarily paused trading but intend to restart trading in the next two weeks and 11% of businesses that have temporarily paused trading that do not intend to restart trading in the next two weeks.

Financial Performance

Weighted by turnover between 7th to 20th September, just under 11% of businesses that have continued trading reported turnover had increased by at least 20%. While 37% reported that turnover had not been affected. However, 46% of businesses reported turnover had decreased by at least 20%.

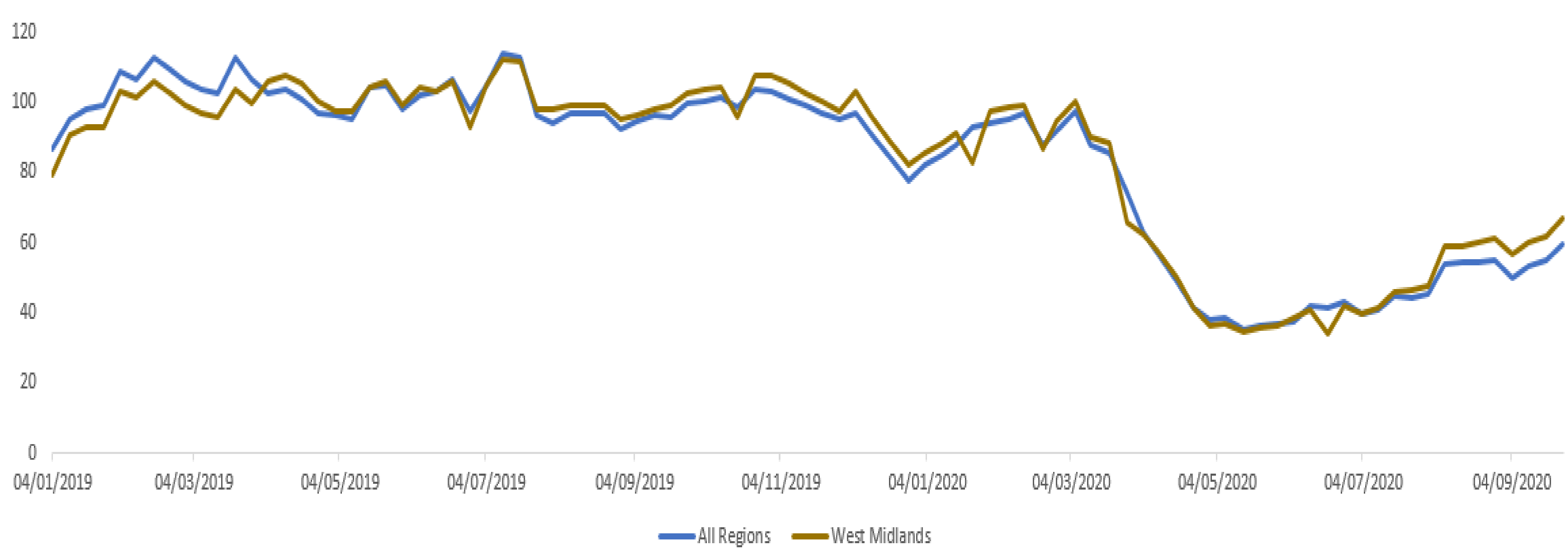
Online Jobs Adverts

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). The Adzuna categories do not correspond to SIC categories and therefore not comparable with the ONS Vacancy Survey.

Nationally, total online job adverts have increased from 55.1% (of the 2019 average) in the week of the 18th September to 59.4% (of the 2019 average) in the week of the 25th September 2020. All of the 28 categories (excluding unknown) increased from the previous week with the part-time / weekend category increasing the highest at 16.7 percentage points (pp) to 129.9% of its 2019 average. This is followed by travel/tourism increasing by 10.7pp to 99.8% of it 2019 level.

For the West Midlands, the total online jobs adverts have increased from 61.8% (18th September) to 66.7% (25th September) of its 2019 average. All regions experienced an increase between the 18th September and the 25th September with Wales the highest at 8.7pp to 73.2% of it 2019 level to 2.1pp increase in London to reach 47.6% of it 2019 level.

The following chart shows the total weekly job adverts on Adzuna, for all regions and the West Midlands, 4th January 2019 to 25th September 2020: index 2019 average = 100, percentage points:



Source: Adzuna

Social Impacts 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 26, covering the period 24th – 27th September 2020. In this wave there were 1,587 (72%) responding adults. Please note this week refers to 24th – 27th September and last week refers to 16th to 20th September.

Meeting other people and households
20% of adults reported meeting people in a personal place this week, this has decreased from 30% reported last week.
43% of adults reported they felt comfortable or very comfortable to eat indoors at a restaurant which is a small decrease from the previous week (46%). 12% of adults reported this week they very often or always ordered their food and drinks at the counter in a restaurant, pub, café or bar.
67% of adults tend to or strongly support the “rule of six” measures in the country where they live.
In the past seven days, 25% of adults reported they had not socialised with anyone outside their household. 72% of adults reported the socialised with between one and six people at the same time and 3% reported to socialising with a group of more than six.
37% of adults who lived in lockdown area reported they had not socialised with anyone outside their household, 61% of adults socialised with between one and six people at the same time and 2% socialised with a group of more than six. Figures vary slightly for those who are not in a lockdown area with 22% not socialising with anyone outside their household. Although 74% reported to socialising with between one and six and 4% with a group of more than six.
82% of adults reported if they met up with people outside their support bubble that they always maintained social distancing.

Work
50% of working adults reported that the pandemic was affecting their work which matches level from the previous week.
59% of working adults reported they had travelled to work (either exclusively or in combination with working from home) in the past seven days, this is a decrease from the previous week (64%).
24% of people worked exclusively from home this week which is an increase from the 21% reported last week. The three main reasons included 55% due to the employer asking them to do so, 48% following government advice and 32% normally work from home. Due to government guidelines on working from home that was announced on 22nd September, 37% of working adults reported they intend to work from home in the next seven days.

Universities
53% of adults reported they were somewhat or very worried about students starting or returning to university. Of those who had people in their household attending university, 67% reported they were most worried about the quality of education, 60% were worried about them catching COVID-19 and 53% were worried about the impact on their mental health and wellbeing due to the changes at university.
53% reported they will be living in a shared accommodation while at university and of those 52% reported they were somewhat or very worried about sharing.
If the university student who usually lives in their household had symptoms or tested positive for the coronavirus while living away from home, 75% would encourage the student to get tested, 69% would encourage the student to self-isolate where they currently are and 61% would encourage the student to tell the university.

Weekly Deaths Registered: 25th September 2020

The following analysis compares the latest time period (week of the 25th September 2020) to the previous week period (week of the 18th September 2020) for the number of deaths registered and the number of deaths related to the Coronavirus.

Across England and Wales, the overall registered death figures increased from 9,523 in the week of 18th September to 9,634 in the week of 25th September.

The number of deaths registered that state Coronavirus on the death certificate increased from 139 people to 215 people over the same period. Notably, this was the third consecutive week for an increase in the number of deaths that state Coronavirus on the death certificate and back to similar figures that was seen around the 24th July.

Regional level analysis shows that the West Midlands the overall registered **death figures decreased from 1,051 in the week of 18th September to 1,036** in the week of 25th September. The number of registered deaths related to Coronavirus increased from 15 to 33 over the same period. This was the second consecutive week for the West Midlands region to increase in number of deaths that state Coronavirus on the death certificate and back to similar figures seen between 10th – 17th July.
There was a total of 702 deaths registered across the WMCA (3 LEP) area in the week of the 25th September. There were 30 deaths registered that were related to Coronavirus over the same period – this accounts for 4.3% of total deaths. In the WMCA (3 LEP) area, the number of deaths that state Coronavirus on the death certificate increased for the second week in a row. The WMCA (3 LEP) area accounts for 90.9% of the Coronavirus related deaths registered in the West Midlands Region.

In comparison to the week of the 18th September, the overall registered death figures across the WMCA (3 LEP) increased by 22 people and the number of registered Coronavirus deaths increased by 16.

At local authority level, there were eight that recorded a Coronavirus related death. Nineteen Coronavirus related deaths were in Birmingham. Two Coronavirus related deaths were in each of the following local authorities; East Staffordshire, Coventry, Sandwell and Solihull. There were also one in each of the following local authorities; Dudley, Tamworth, Nuneaton and Bedworth.

Across the WMCA (3 LEP) area, of the deaths involving Coronavirus registered in the week of 25th September, 25 of the deaths were in hospital. There were 2 in a hospice and 1 were in each of the following; a care home, other communal establishment and a home.

Source: ONS, Deaths registrations and occurrences by local authority and health board, 6th October 2020

HEADLINES	
SECTOR	**KEY CONCERNS**
Cross Sector	Access to Finance • Many companies looking to access grants to purchase IT equipment in order to diversify services. • Specialist Grant funding has enabled some businesses to diversify / receive support they need. Jobs & Furlough • The last week has seen larger scale announcements and higher volumes of companies announcing job losses or imminent losses. This has been expected as the furlough scheme sets to end. Kickstart • Many businesses making use of the scheme and still many reporting their interest in it. Consumer Confidence • Lack of consumer confidence a concern to businesses across sectors. Business Operations • Challenges of establishing and building relationships without face to face contact. EU Exit • Major concerns raised by local SMEs include: o Lost EU funding streams. o Anticipated price increases from EU suppliers. o Uncertainty as to whether the GVMS system will be ready and if it will apply to EU/UK trade only. o Worry that smaller suppliers/customers in EU will not want to incur extra costs or administrative responsibilities involved in future trading with UK and so will be lost. o Concerns about customs, duties and VAT. o Ability to deal with a global pandemic and leaving EU at the same time. • Businesses bracing themselves for a "No Deal" as the date that government hoped to have agreed a deal, 15th October, is rapidly approaching. This is not helped by the infringement notice issued against the UK on 1st October.
Visitor Economy	Jobs & Furlough • A number of businesses do not feel the new scheme announced will help them, particularly given the restrictions some sectors such as the arts and leisure still face. Cross Theme • Some businesses in the events sector need urgent action to survive. Government support is essential. • Feeling that government are restricting their ability to trade that will bring along serious consequences and potential problems in the future. Eat Out to Help Out • In an effort to drum up business, unofficial "Eat Out to Help Out" discounts are being offered by pubs and restaurants in spite of the government scheme having ended.
Retail	Restrictions • Businesses seeing a hit in turnover due to social restrictions. Cross Theme • Christmas to be a strong trading period, although this may only delay inevitable redundancies towards the end of the financial year from February and March 2021 when we are likely to see the full impact of COVID on retail.
Business, Professional & Financial Services	New Businesses • Positive examples of some individuals, who having been made redundant and having the foresight to make plans, are investing their payouts and are starting new business ventures, particularly in the Tech industry. Business Operations • Challenges of establishing and building relationships without face to face contact especially relevant in this sector.
Manufacturing	Consumer Behaviour • Various manufacturers are suffering because other businesses are now less likely to spend due to uncertainty. This is having an impact on the amount of orders manufacturers are receiving.

Black Country Consortium
Economic Intelligence Unit

NEW ECONOMIC SHOCKS			
COMPANY	**LOCATION**	**SECTOR**	**SOURCE/DETAIL**
H&M	Global	Retail	Fashion giant H&M has said it plans to shut 250 of its stores globally next year after the pandemic moved more shoppers online.
TSB	Black country and wider regions	Banking	TSB branches in Aldridge, Old Hill and Albrighton, are to lose in the new year.
Greggs	Black country and wider regions	Hospitality	The Newcastle-based business said it is in talks with staff over cutting employee hours 'to minimise the risk of job losses'.
Pendragon	Black country and Wider regions	Automotive	Car dealership Pendragon lost £31 million in the first half of the year as it battled Covid-19 lockdown restrictions.
Cineworld	Nationwide	Leisure	Cineworld will close 127 UK sites due to loss of sales as new releases are delayed in response to Covid.
Gusto	National (Local: Leamington Spa)	Hospitality	Italian restaurant chain has completed a successful CVA (Company Voluntary Arrangement) securing the future of the business and saving more than 600 jobs. As the casual dining sector continues to feel the impact of Covid-19 and the most challenging trading conditions in a generation, the majority of the firm's creditors (98%) voted in favour of the CVA.
Pizza Hut	National (West Mids Branches included in Closures)	Hospitality	Pizza Hut Restaurants has struck a restructuring deal with creditors, a move which saves the retail chain but will see the closure of almost 30 sites putting 450 jobs at risk.
TSB	Regional	Banking and Professional Services	TSB has announced it is to close 164 of its branches and cut 960 jobs, blaming shifts in customer behaviour as more customers bank online. The figure is in addition to the 82 branches it said it would close in November, when it outlined plans to save £100m by 2022. From the end of next year TSB will have 290 branches – down from 475 at present.
Warwick Mop Fair	Warwick	Tourism and Leisure	Warwick's historic Mop Fair has been cancelled this year. The decision has been made by Warwick District Council and Wilson's Amusements due to the ongoing coronavirus pandemic. However, despite the postponement alternative plans are being put in place.
Listers	National (HQ in Stratford-upon-Avon)	Automotive, Retail	One of the largest privately owned automotive groups in the UK has warned that the Covid-19 lockdown had a "significant detrimental impact" on its profitability. Listers was formed in 1979 after Terry Lister and Keith Bradshaw acquired a dealership and body shop in Coventry. It sells a range of brands including BMW, Honda, Jaguar, Land Rover, Audi, Lexus, Mini, Seat, Skoda, Smart, Toyota, Isuzu, Porsche and Volkswagen. The Stratford-upon-Avon-headquartered company operates 30 sites across the country and employs more than 2,200 staff.

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	**LOCATION**	**SECTOR**	**DETAIL & SOURCE**
Dudley Council	Dudley	Public	Up to £1 million could be spent on improving a disused railway line popular with walkers and cyclists.
Sandwell Council	West Bromwich, Smethwick and Rowley Regis	Public	A £15 million revamp of shops and markets and an £11 million new college are two options shortlisted as part of a £75 million investment in Sandwell's towns.
Wolverhampton Forum	Wolverhampton	Charity	Wolverhampton Forum was awarded £10,000 from the National Lottery Community Fund Coronavirus Community Support Fund to run the kitchen for the next six months.
Next step Accommodation Program	Wolverhampton	Public	£198,000 for Wolverhampton Council will provide short-term accommodation to 22 people who are either rough sleeping in the city, or at risk of rough sleeping.
Commonwealth Games	Birmingham	Sport/hospitality	Birmingham 2022 chief executive Ian Reid has outlined the excellent progress being made on preparations for the Games, despite the challenges introduced by the global Covid-19 pandemic, and said the event would provide "a much needed chance to celebrate and an opportunity to showcase this region's passion and talent".
STS Aviation Services, a division of STS Aviation Group	Birmingham	Aviation	STS Aviation Services, a division of STS Aviation Group and a leading aircraft maintenance, repair and overhaul (MRO) provider to the global aviation industry, has hired 60 aircraft maintenance professionals in Birmingham to support conversion work on the United Kingdom's fleet of Wedgetail Airborne Early Warning (AEW) MK1 aircraft.
Gallagher	Warwick	Security	Work is underway on the construction of a European HQ for New Zealand-based security giant Gallagher. Gallagher, a leading manufacturer in security and agricultural technology, has celebrated the start of groundworks at the site in Warwick, marking the beginning of development for the 16,145 sq f) office and 7,211 sq ft warehouse
Claritum	Coventry	Technology	A growing tech firm, which helps save businesses time and money when procuring goods, is opening an office in Coventry as part of its plans for expansion. Claritum is based in Bath and employs 14 people offering companies procurement systems that reduce the time spent on sourcing.
RNF	Leamington Spa	Technology and Digital	A Warwickshire-headquartered B2B digital services provider has secured £870,000 from Innovate UK. RNF, which is based in Leamington Spa, will use the funding to develop its b2b.store. Rob Mannion, founder and chief executive of RNF/b2b.store, said: "This significant support from Innovate UK is great news, not only for our business but also for the sector as a whole as it will enable us to invest more heavily in our product and make it more accessible to wholesalers of all sizes in all sectors
Aldi	National (HQ in Warwickshire)	Retail	Discount supermarket Aldi, headquartered in Warwickshire, has announced plans to create 4,000 jobs in 2021 as part of a £1.3bn two-year investment plan. Over the next two years (2020-2021) the retailer's investment will include new and upgraded stores, distribution centres and further innovations across its business such as the recently announced "click and collect" service. The plans are expected to create a further 4,000 new jobs next year, adding to the 3,000 permanent roles already created in 2020.
Meggitt	Coventry	Aerospace, Engineering	A Los Angeles-based investor has further increased its holdings in international aerospace and defence engineering company Meggitt. The listed company moved its headquarters from the South West to Warwickshire earlier this year. The Capital Group Companies now has a 15.01 per cent stake in the business, up from 14.05 per cent.
Fire Angel Safety Technology Group	Coventry	Manufacturing	A Coventry-based smoke alarm and carbon monoxide detector manufacturer has said it expects the second half of 2020 to deliver positive EBITDA performance with improved gross margins as long as any further Covid-19 restrictions introduced by the government do not impact its trade.
NanoSyrinx	Coventry	Medical Technologies	A Coventry biotechnology company has closed its pre-seed funding round. The funding round for NanoSyrinx was led by M Ventures, the corporate venture capital arm of Merck, with contributions from BioCity and UK Innovation & Science Seed Fund. The company also secured grant funding from the UKI2S Innovate Accelerator and Midlands Innovation Commercialisation of Research Accelerator (MICRA) recently.
Brindley Twist Tafft & James and MacNamara King Solicitors	Coventry & Warwickshire	Professional Services	A 200-year-old Coventry solicitors has completed the acquisition of a Warwickshire law firm. Brindley Twist Tafft & James has snapped up MacNamara King Solicitors for an undisclosed sum. The buyer has said the move is expected to increase turnover levels by more than 20 per cent in the first year. MacNamara King Solicitors, which has bases in Warwick, Balsall Common and Southam, has been operating for about 15 year

For any queries please contact the lead Authors:

Rebecca Riley / Anne Green
R.L.Riley@bham.ac.uk a.e.green.1@bham.ac.uk

This programme of briefings is funded by the West Midlands Combined Authority, Research England and UKRI (Research England Development Fund)

The West Midlands Regional Economic Development Institute
and the
City-Region Economic Development Institute
Funded by UKRI

In partnership with: