



# Sub-Regional Covid-19 Business Intelligence

18<sup>th</sup> August – 1<sup>st</sup> October 2020

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# 1. Executive Summary

The recommendations and findings of this week's report are based on intelligence gathered across the CWLEP Growth Hub's business engagements and survey data, and information provided by Coventry City Council, Warwickshire County Council and CWLEP. Sources include the Warwickshire County Council's Weekly Business and Economic Update and other reports by WCC's Warwickshire Economics, Coventry City Council's Business and Economy briefing, Coventry & Warwickshire Chamber of Commerce, the Midlands Engine and the West Midlands Combined Authority (WMCA)

## Key Findings

- Across the Coventry & Warwickshire currently **6,685 young people are claiming unemployment benefits**, this is an increase of 3,820 (57%) since March. Overall, currently **33,800 people claiming UC in C&W**.
- **The ERDF Specialist Grant programme** (Wider Economy Fund and Visitor Economy Fund) has been fully allocated. Grants to the worth of £501,214.55 have been fully allocated to **210 businesses**.
- Nationally, the Purchasing Managers Index ([PMI](#)) declined sharply nationally, from 53.0 to just 12.9; however, it rose back to 47.6 in June, 57.1 in [July](#) and 60.3 in [August](#). According to the NatWest PMI survey for the West Midlands, the PMI for August is at 61.9 (same as July).
- Whilst in August 866,400 employments were furloughed in the West Midlands, there were 383,700 in September. **In effect a massive spike in unemployment is to be expected in October and November**. While a breakdown for Coventry & Warwickshire was not provided in September, the August figures show **C&W have 138,200 people on furlough** – likely to be lower in September and October, aligning with the West Midlands trend.
- According to ONS, 51% of the workforce was working remotely instead of at their normal place of work (**this figure is 35% in the West Midlands**), 47% of companies believe that they needed no more than 70% of their current office space.
- Feedback suggests **that businesses across all sectors will make redundancies correlating to the end of the Furlough Scheme** (22,000 are expected to be lost in the Restaurant Sector alone).
- **C&W businesses were offered over £550m in Bounce Back Loans and CBILS**, at over 14,000 offers.
- EU Exit / end of transition period becoming a louder concern amongst businesses, also more businesses are now talking about it / concerned about it, than a month ago
- In **C&W 29,200 self-employed are claiming through SEISS** (£84.3m).

## 2. Macroeconomic Insights

Coventry City Council's recent Business and Economy Briefings outlined the below observed economic trends and future economic projections. The UK has endured a deep recession during the first half of 2020 and although many sectors of the economy have been permitted to reopen since early July 2020, **many businesses continue to operate below full capacity due to continued social distancing requirements and low consumer confidence**. The economic recovery still therefore needs to be facilitated through carefully targeted support.

### 2.1 Observed Economic Trends

The UK is currently enduring its [deepest recession on record](#) and the largest contraction in GDP of [all G7 nations](#). Following 0.0% growth in Q4 2019, the UK recorded a [2.2% contraction](#) of GDP Q1 2020 and a [20.4% contraction](#) in Q2. This 20.4% contraction, which affected all sectors, was double the scale of contraction in the Eurozone and United States economies. A range of factors, highlighted in CW Chamber's Q2 [Quarterly Economic Survey](#), have contributed to this contraction, including significant decreases in both domestic and overseas sales, and declines in investment and cashflow.

There are continued signs of recovery in economic activity, although caution should be applied. Between February and April 2020, the Purchasing Managers Index (PMI) declined sharply nationally, from 53.0 to just 12.9; however, it rose back to 47.6 in June, 57.1 in [July](#) and 60.3 in [August](#). After the large contractions in March and April, UK GDP increased by [1.8%](#) in May, [8.7%](#) in [June](#) and [6.6%](#) in [July](#); however, the UK'S GDP was still 11.7% smaller in July than in February. Finally, the number of vacancies in the UK economy increased by [30%](#) between June and August, relative to the volume between April and June; however, the total number of vacancies (434,000) was just over half the number during the same period in 2019.

Data from the [CBI](#) suggests that 51% of the workforce continues to work remotely and those that reopened offices are operating at just 20% capacity, which impacts other sectors of the economy that depend on spend of office workers (e.g. retail, hospitality). Overall, the 2 metre social distancing guidelines are reducing businesses' operational capacity by 25%, which will constrain economic recovery. The [British Chambers](#) have also articulated concerns to Government about many members operating below half of expected capacity, and one in three firms planning redundancies.

We continue to witness significant job losses in the economy. Nationally [695,000](#) fewer people were employed in August than in March and during this period, the Claimant Count (those receiving unemployment related benefits, which can also include those on low hours or low pay) has more than [doubled](#) from 1.27m (3.0%) to 2.727m (6.4%). Between March and [August](#) 2020, Coventry's unemployment level increased from 7,825 (3.2%) to 16,540 (6.6%), meaning that 8,485 had become unemployed since lockdown (although the increase in from July to August slowed to

around 230). In Warwickshire, the number unemployed increased from 7,760 (2.2%) in March 2020 to 17,965 (5.1%) during this period. The youngest and oldest members of the labour force have been most affected by [job losses](#). Nationally, the number of people in employment in July 2020 was 12,000 fewer than in April, for those aged 16 to 24, there was a fall of 156,000, and for those aged 65 and over, a fall of 92,000.

Moreover, 49,200 workers in Coventry and 89,000 in neighbouring Warwickshire were furloughed as of [August 2020](#). This presents around 31% of potentially eligible jobs for the Coronavirus Job Retention Scheme in the area, although it should be noted that [HMRC](#) have assumed that between 5% and 10% of payments distributed through the Coronavirus Job Retention Scheme (costing £35.4bn nationally) are likely to have been wrongly awarded due to error or fraud. However, with the Scheme ending in October 2020 and with enduring low consumer confidence and social distancing restrictions, further intervention is needed to minimise the number of these furloughed posts becoming lost permanently, especially as the [OBR](#) is expecting 15% of posts supported through this scheme to be made redundant (i.e. potentially 7,380 in Coventry and 13,350 in Warwickshire).

It also needs to be noted that there is no breakdown of the September furlough figures by local authority areas or sub-regions, only for the wider region. Whilst in August 866,400 employments were furloughed in the West Midlands, there only were 383,700 in September. In effect a massive spike in unemployment is to be expected in October and November. A similar fall in furlough figures is expected in the CWLEP area.

Take-up rate for the for the Self-Employment Income Support Scheme (SEISS) in the WMCA area has reached 62%. At a West Midlands regional level, overall, there were around 261,000 of the population eligible for the SEISS. In C&W 29,200 self-employed are claiming through SEISS (£84.3m).

- Make UK has called for an extension to the furlough scheme that is sector based, having identified the Aerospace and Automotive sectors as those most in need of an extension.
- The government has introduced a new Kickstart Scheme in Great Britain, a £2 billion fund to create hundreds of thousands of high quality 6-month work placements aimed at those aged 16 to 24 who are on Universal Credit and are deemed to be at risk of long term unemployment. The FSB and others have called for more action to support young people.
- According to insight consultancy Springboard, the last full week of the "Eat Out to Help Out" scheme led to the most positive footfall result of any week so far, with increases in all three destination types (high streets, shopping centres and retail parks) from the week before, and year on year declines that were the most modest since the start of the lock down. In fact footfall in retail parks is now less than 10% lower than last year, demonstrating their appeal to shoppers.
- According to a recent Office for National Statistics (ONS) survey, 51% of the workforce was working remotely instead of at their normal place of

work (this figure is 35% in the West Midlands) As workers are encouraged to return to offices by the government, the Confederation of British Industry reports that many firms have not changed their approach, with most operating their offices either at less than 20% capacity or still considering their plans. Considering both social distancing and remote working, 47% of companies believe that they needed no more than 70% of their current office space.

- UK house prices surged at the fastest pace in 16 years in August as the average house price soared to £224,123 in August, the highest on record, according to data from Nationwide building society. Prices rose by 2% during the month, the fastest rate of increase since February 2004.

## 2.2 Future Economic Projections

The [OBR](#)'s most updated economic projections suggest that UK GDP will contract by 12.4% for 2020 overall (potentially as high as 14.3% in worst case scenario), with the [OECD](#) forecasting that the UK will experience the highest GDP contraction of all developed economies. In its central scenario, the OBR also projects unemployment to peak at 12% in Q4 2020 (4.1m people nationally) or 13% in early 2021 in its worst-case scenario. [The ICAEW](#) has forecast that the West Midlands will see the sharpest fall in economic output of all English regions in 2020 (due to its sectoral composition), and although it will see the most rapid rise in 2021. Overall, the [OBR](#) is not expecting the economy to return to 2019 levels until late 2022 (2024 in the worst case scenario), although this projection assumes that the UK will secure a free trade arrangement with the EU before the end of 2020 and there will a vaccination or medical solution within 12 months, neither of which are certain.

## 2.3 Labour Market Information including Youth Unemployment

Between March and August 2020 unemployment levels (using the claimant count of universal credit and job seeker's allowance as a measurement) have more than doubled nationally from 1.27m (3.0%) to 2.73m (6.5%), with the youngest and oldest workers most affected.

Between March and August 2020, Coventry's unemployment level increased from 7,825 (3.2%) to 16,545 (6.8%), meaning that 8,720 had become unemployed since lockdown. In neighbouring Warwickshire, the number unemployed increased from 7,760 (2.2%) in March 2020 to 17,960 (5.1%) during this period. Overall, the CWLEP Region's unemployment level increased from 15,585 to 34,505, meaning that 18,920 had become claimants of unemployment benefits since lockdown.

Since January, there has been a growth in youth (16-24) claimants of Universal Credits and Job Seeker's Allowance. Across the Coventry & Warwickshire currently

**6,685 young people are claiming unemployment benefits, this is an increase of 3,820 since March, so a 57% increase.**

Coventry North East is at the highest number of youth unemployment (1,295), followed by Coventry South (1,045). Kenilworth and Southam's constituency is least affected with "only" 320 young claimants. (source:

<https://commonslibrary.parliament.uk/research-briefings/cbp-8748/>)

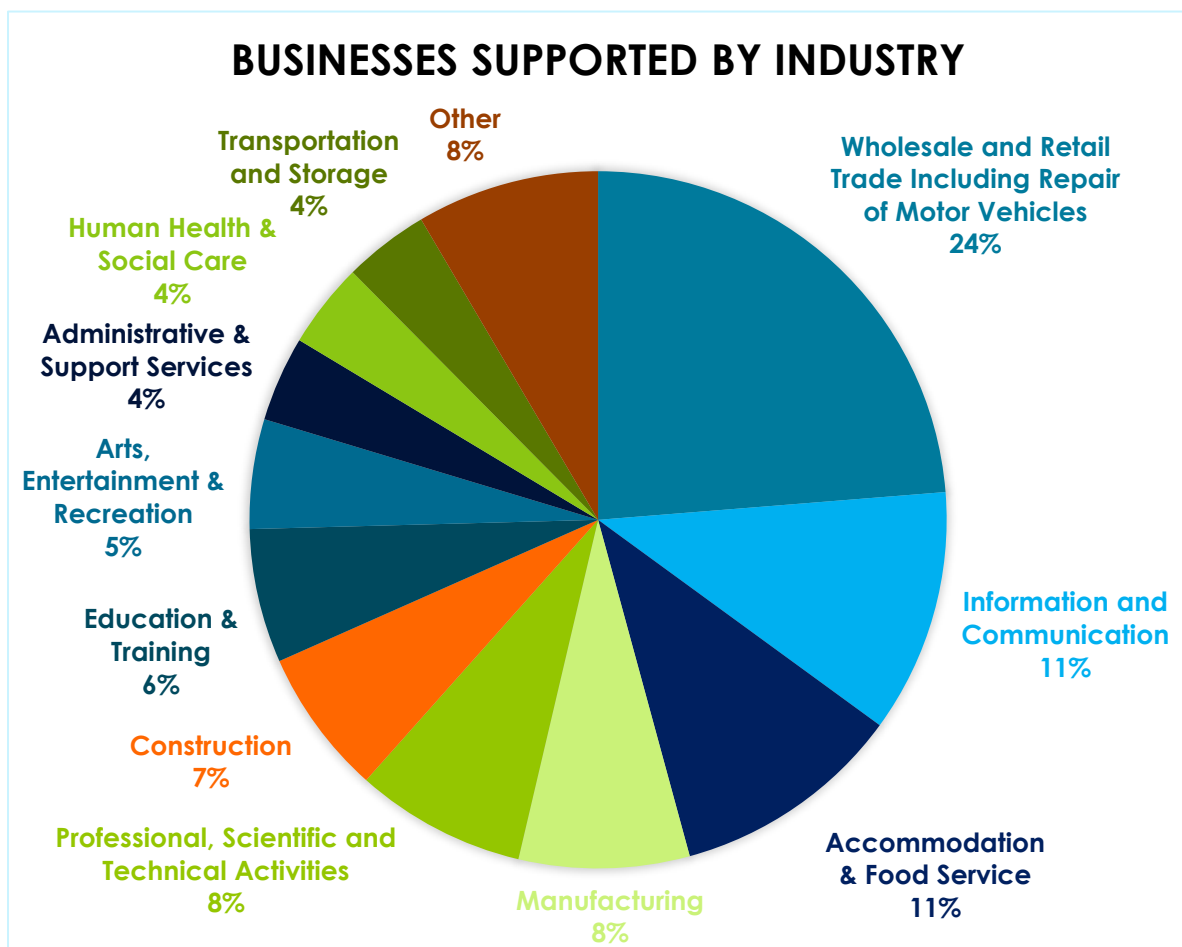
### 3. Business Insights

#### 3.1 CWLEP Growth Hub – Trends

This week’s business insights are taken from intelligence gathered from supported businesses since 18<sup>th</sup> August. To date **the Growth Hub has supported 3,157 businesses since 1st March and has had substantive discussions with 1,096 businesses.**

##### 3.1.1 Overview

The top sectors supported by the Growth Hub over this time frame were **Wholesale and Retail Trade (24%); Information & Communication (11%) and Accommodation & Food Service (11%).**



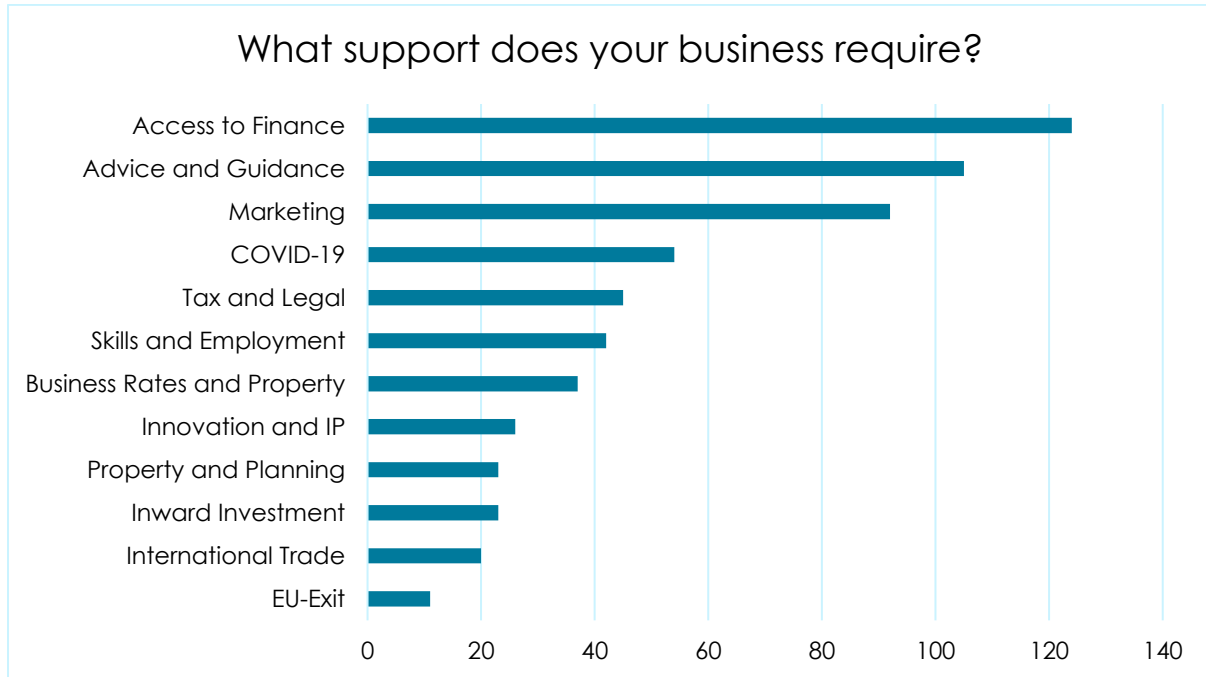
The size profile of the businesses supported this week consisted of **49% of sole employees, 43% of micro businesses (2-9 employees), 8% small businesses (10-49) and 0.6% medium businesses (50-249).**

There has been a **drop in manufacturers seeking business support** over the last month however looking at our qualitative insights the Growth Hub is actively engaging with manufacturing businesses around the region. The high numbers in the Wholesale and Retail trade and Accommodation and Food Service industries may



be an effect of the Specialist Grant programme that the Growth Hub has delivered on behalf of Central Government which experienced high demand.

**Information and Communication** businesses have approached us generally **around support with upscaling, investments in equipment and pivoting their business** offer to meet current demands.



Whilst **Access to Finance remains the key support requirement for businesses** – there is a high number of businesses that ticked COVID19 as the area they require support with. Though conversations around **COVID19 support may lead into marketing support, conversations around business rates, tax & legal** etc.

Tax and Legal and Skills and Employment and the general need for professional advice has clearly been growing, with businesses recognising that **they need to prepare either for redundancies or additional admin work required off the back of newly announced government schemes**. Skills and Employment support required does not only point to the increasing need for HR support around redundancy and recruitment but also around upskilling staff.

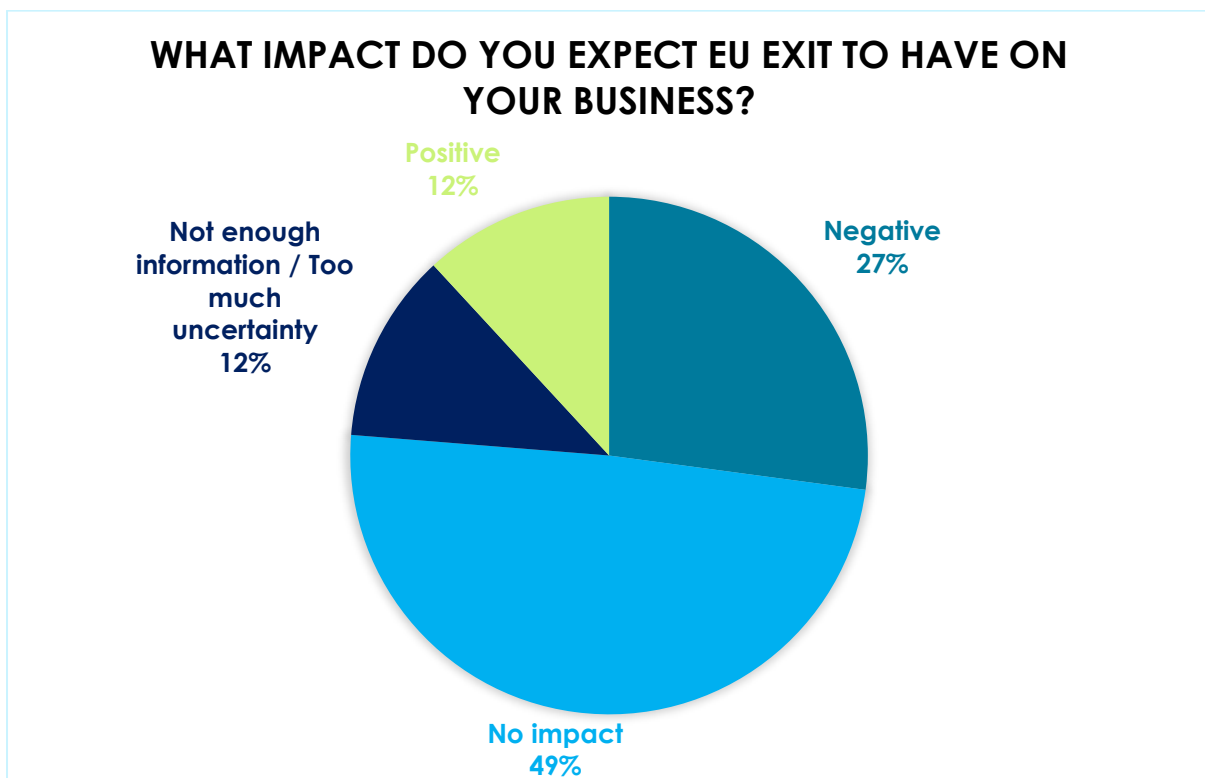
Our qualitative intelligence collected during our direct interaction with businesses shows is outlined in the Key trends and Emerging themes sections below.

### 3.1.2 EU Exit

**72% businesses surveyed in the last month as part of their business support request have responded with “Yes” when asked whether they have taken the time to consider the impacts the EU Exit** may have on their business. Out of those that have elaborated on the nature of the impact, almost half (49%) have mentioned that the EU Exit will not impact their business, with some businesses elaborating that they do not trade outside of the UK, have only UK-based suppliers or have established supply chains across non-EU countries.

**Whilst 27% responded that the impacts would be negative**, some respondents elaborated that tariffs and uncertainty surrounding future trade with the EU are concerning and are already impacting their businesses negatively. 12% of respondents are keen to consider the impacts of the EU Exit on their business and plan for this however still struggle understanding the implications on their business, based on the lack of information surrounding the current EU Exit negotiations. Positive respondents (12%) in general feel well prepared for all eventualities, reported that they have taken “reshoring” measures and expect a growth for their business in the coming years.

Some of those that responded with “No” to the question as to whether they considered the impact of the EU Exit responded that this may be down to the lack of understanding of the EU Exit terms, as respondents also sought further advice around this topic.



When asked whether businesses have mapped their supplier and customer base and considered how they would be impacted by the EU exit, 43% responded with “Yes”, 36% responded “No”, 21% were “Not Sure”. **Only a third of respondents that said “Yes” assured that there would be no impact to their supply and customer base.**

Overall – there is still a high percentage of businesses not considering suppliers and customers when assessing risks of EU exit to their business – this could also indicate a lack of awareness and understanding of the implications on businesses.

### 3.1.3 Key Trends

- Recovery still patchy and fragmented, ranging from good investment stories and optimistic businesses predicting growth, to businesses still struggling to survive.
- Increased concerns about local lockdowns, with the announcements of Birmingham and Solihull going into partial lockdown, just a few miles down the road. Hospitality and retail particularly worried, as the summer turns to autumn / winter
- Continued focus on assisting businesses to diversify
- Specialist Grants – key areas of support requested are Digital (IT, Websites, digital automation), and Finance & HR. Request made to BEIS for additional funding as demand massively outweighed supply
- Feedback suggests that businesses across all sectors will make redundancies correlating to the end of the Furlough Scheme (22,000 are expected to be lost in the Restaurant Sector alone).
- Cautious welcome to the new Job Retention scheme, businesses looking for clarification on definition of 'viable' jobs
- Extension to CBILS, BBLS, Future Fund, along with extended payment terms broadly welcomed
- Concerns in Hospitality & Leisure sector on impact of new restrictions announced by PM as head into winter, some business owners now talking openly about closing their businesses
- EU Exit / end of transition period becoming a louder concern amongst businesses, also more businesses now talking about it / concerned about it, than a month ago
- ERDF Specialist Grant programme has been fully allocated to businesses. The Wider Economy Fund (£312,607.51) has been fully allocated to 140 businesses, The Visitor Economy Fund (£188,607.04) has been allocated to 69 businesses. Demand far exceeded by supply of these support grants

### Recruitment

- Companies starting to consider recruitment campaigns & planning to employ staff from potentially October, but still concerns about future. Companies considering part time hours & home-based workers when they start recruiting. Some companies bringing employees back into the office, and some more thinking about how to interview candidates & plan recruitment campaigns.
- General view from Recruitment Agencies, that some signs market picking up, but most agency staff still furloughed at least for another month, with expectation they will start in October.
- Sectors which appear to be increasing requirements are skilled warehouse position, and also been an increase in demand for IT and digital sector, with these roles being predominately contract based
- Feeling across businesses in all sectors is that likely more redundancies in next 6 months, especially once furlough scheme ends.

### 3.1.2 Emerging Themes

**Specialist Grants** – all frontline C&W Growth Hub staff fielding calls in relation to applications submitted for the ERDF Specialist Grant. Queries include clients asking for a decision, although are mainly from those who received rejection and “Out of Funds” emails that were sent out first. Clients frequently asking if there will be more money made available highlighting a clear need for cash. C&W Growth Hub continue to encourage all to complete feedback stating why more money should be allocated by government. High on businesses “wish list” was consultancy and training requirements in relation to Sales, Marketing and Lead Generation support. As some unsuccessful applicants have already been informed, dissatisfied client feedback is being noted and collated, although this is an added time-consuming process. During the process of assessment of applications, the demand for support primarily emanates from small to micro businesses.

**BAU, Diversification & Referrals for Digital Projects** – repeat examples of business continuing with business as usual as well as looking at options to diversify. Trends developing around IT and Digital projects where businesses are transferring activity online. Examples of this continue to include training providers, gaming, and employer training where the training of new staff joining businesses would normally be done on premises.

Other networking and mentoring activities also being undertaken online as it is proving effective with available platforms such as Zoom and MS Teams. Concern that digital support programmes may become overwhelmed with interested clients. In addition, some businesses that would normally source parts or services (such as design or machining) externally are now bringing work in house in an effort to increase margins and become more self-sufficient.

An emergence of interest in support programmes from SME sized subsidiaries of larger national and international businesses seeking support from SME programmes for which they are exempt due to eligibility rules around group turnover and staff numbers.

**End of Furlough and Job Support Scheme** – in the period up to the Chancellors announcement this week surrounding the expiration and replacement of the CJRS (Furlough) scheme, businesses cautiously anticipating a suitable alternative for when the current scheme ends. Some businesses taking on loans and additional finance to keep afloat and maintain jobs despite reports that some businesses are without a proper sales pipeline or strategy meaning that borrowing is not sustainable, and some businesses are not viable.

**Second Wave & Events/Hospitality** – huge concern for all involved in the hospitality and leisure industries that had hoped a second wave would not come. Reports from some business owners who are considering closing their business as they are unable to maintain payment obligations when they have drastically reduced or no income

as they are unable to trade or operate profitably. This sector continues to be hit the hardest with no real solutions in sight.

**Kickstart** – enquiries continuing in relation to the new Kickstart programme. These are a little easier to handle as more information and details about Kickstart Representative organisations and their processes become available. The majority of enquiries are from those that are not able to apply independently and will need to form part of a group.

**EU Exit Transition** – technical questions arising around VAT and import/export tariffs suggesting businesses are starting to think more about the completion of the EU Exit Transition period and the possibility of a no deal with Europe.

**Grants** – positive signs that clients are starting to look again at grant options as larger growth projects resurface resulting in further engagement and referrals to our partners.

**Local and National B2B Activity** – continued feedback from clients that are looking to local suppliers and service providers in the first instance where they would normally look to procure nationally or internationally based on price. This is demonstrated by the increase in interest to source locally and the use of the C&W Growth Hub network to make appropriate connections with other businesses on our client base.

**Furlough & Redundancies** – as the end of CJRS and the Furlough scheme nears, there has been increased concern from businesses regarding the, now stark, reality of redundancies as workload is not enough for current staffing levels. Some have been proactively preparing for redundancies and understanding the costs and responsibilities surrounding the process while others have not.

**Property Rentals** – reports that businesses are deliberately withholding, or are simply unable to make, quarterly rental payments on commercial properties due to issues surrounding cashflow. Landlords needing to look at continuing to be more flexible in the management of tenants and payment arrears instead of pursuing usual debt recovery or evictions which will become an option for landlords after the government's extension to the 'business evictions halt' finishes → Eviction halt was extended from September to end of the year

**Recruitment & Kickstart** – positive feedback around plans to recruit as recovery strategies continue to be rolled out. Increasing interest in the new Kickstart programme for apprentices and young people although there is frustration around the process for those with less than 30 placements as they will need to work with other businesses to form a group of the required size and submit an application via a Kickstart Representative. Concerns that this may dilute the appetite or enthusiasm of

some businesses as they may not have the time to invest in the administration of the project.

### 3.2 Case Studies

**Alcester Roman Museum** - A museum celebrating the fascinating Roman history of Alcester has officially opened its doors once again. The Roman Alcester Museum was forced to close in March when the coronavirus pandemic hit.

Now, the Priory Road-based museum is welcoming members of the public back on Tuesdays and Saturday afternoons. Social distancing measures have been put into place to make sure that visitors are safe and secure.



Gill Forman, the Mayor of Alcester said: “We are absolutely thrilled that the museum has opened once again as it celebrates such a huge part of Alcester’s history. “Of course, there are social distancing measures that have been put into place and we would ask all visitors to follow them for everyone’s safety.”

Dr Susan Juned, Chair of the Alcester Roman Heritage Trust, added: “We have missed our visitors and are looking forward to welcoming them back to see the wealth of beautiful and fascinating artefacts that we have that show the Roman history of this historic town.”

The museum is a fully accredited independent museum that works with Warwickshire County Council to display artefacts found in and around Alcester. Alcester Roman Heritage Trust supply the volunteers who staff and care for the museum and provides the educational programmes.

**Amar Café, Stratford** - A coffee-loving couple have transformed a disused telephone box in Stratford town centre into a mini-café serving fresh coffee. Lore Meija and her husband Sean Rafferty, owners of Amar Café, have converted the box on Waterside by the end of Sheep Street into one of the UK's tiniest cafes.

The iconic red box will be manned by a single barista, who will serve a variety of classic coffee styles such as espresso, americano and cappuccino, all made from high-quality beans from Colombia.

Lore is hopeful Stratford's telephone box café will be a success for Amar Café, despite the complications created by the pandemic. To support the town even further, Lore has also said the baristas manning the café will be from Stratford and the surrounding area.

Chairman of Stratford-on-Avon District Council, Cllr Christopher Kettle, said: "This is a fantastic idea by Lore and Sean to convert one of our old telephone boxes into something useful. I'm so pleased they chose to open their first phone box outside of London in our town, and I'm confident residents and visitors will support the cafe in the coming months."



## 4. Sector Spotlight – Visitor Economy

We released a Culture and Tourism Sector Spotlight report on the 4<sup>th</sup> May 2020. This will review how the Tourism, Leisure and Hospitality and Culture industries have been impacted since. This will help us try to understand how these industries and the overall tourism recovery already shows signs of recovery and what it might uncover on further support requirements for the sector.

Overall, the above industries have been some of the most severely impacted across the UK, including the huge impact of social distancing and group restriction measures that the government is monitoring, has severely impacted both leisure and business events industries. By way of recovery and encourage trade for food service providers and hospitality businesses, the government has introduced the Eat Out to Help Out Scheme that ran throughout August

The government released its [stats on the Eat out to Help out](#) scheme in early September. We've extracted the local figures.

Parliamentary Constituency	Total number of registered restaurants	Total number of meals claimed for	Total amount of discount claimed (£)	Average discount per meal (£)
<b>Coventry North East</b>	55	56,000	264,000	4.70
<b>Coventry North West</b>	41	35,000	216,000	6.22
<b>Coventry South</b>	123	156,000	805,000	5.17
<b>Kenilworth and Southam</b>	110	102,000	638,000	6.27
<b>Rugby</b>	74	65,000	376,000	5.83
<b>Stratford-on-Avon</b>	176	163,000	821,000	5.04
<b>North Warwickshire</b>	73	82,000	407,000	4.99
<b>Nuneaton</b>	51	66,000	269,000	4.09
<b>Warwick and Leamington</b>	129	119,000	703,000	5.91
<b>Total CWLEP</b>	<b>832</b>	<b>844,000</b>	<b>4,499,000</b>	<b>5.36</b>

As part of the Getting Building Fund (delivered through the WMCA in the case of Coventry), Coventry secured nearly £12m of which around half is for culture projects. The remainder being the Ricoh and Very Light Rail: <https://hellcov.co.uk/12m-funding-for-city-of-culture-light-rail-project-and-ricoh-arena/>



Warwickshire also received about £8m which includes some culture projects:

<https://www.cwlep.com/news/multi-million-government-funding-help-cws-economic-recovery>

This aligns with a move of the wider region to recognise local tourism assets and their contribution towards economic growth and jobs – this manifested itself through the launch of the [West Midlands Tourism Strategy](#) released by the West Midlands Growth Company in mid-September. This followed a [WMCA roundtable with Tourism stakeholders](#) the message was “Reopening is not Recovery” – showing that the journey of a restart for the sector is only in its beginning. Business leaders described a gradual approach to reopening, new commercial income streams, promoting to local audiences and “staycationing”, upcoming opportunities for the region including City of Culture and Commonwealth Games and utilising these for the recovery of the sector.

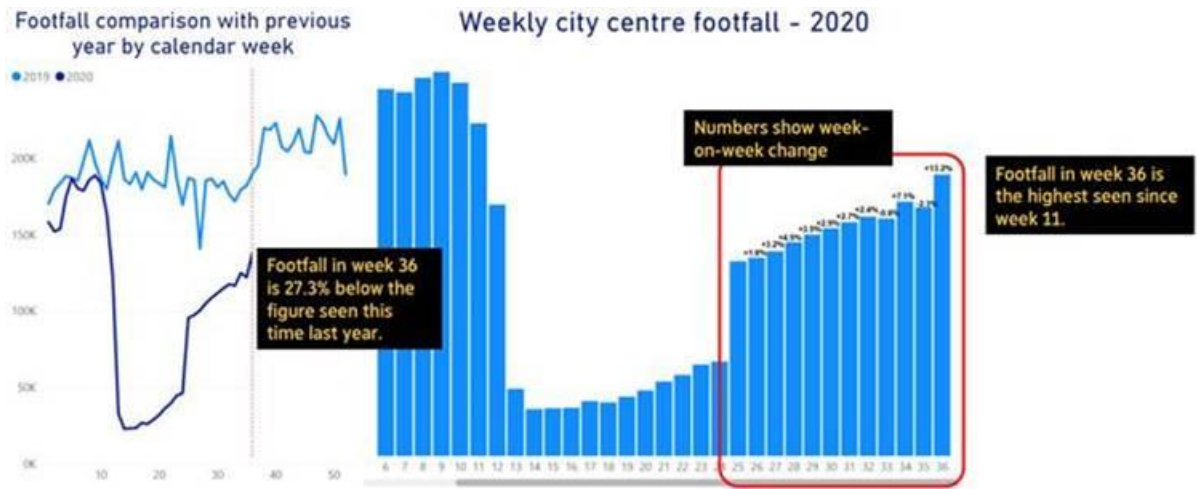
### **Footfall in Town Centres:**

An indicator of the health of the local visitor economy is the footfall in our city and town centres and stats on businesses re-opening.

80% of town centres businesses in Warwick District were open at the end of July compared to 54% at the end of June. It was 77% in Nuneaton at the end of July compared to 51% at the end of June and 73% for Bedworth compared to only 23%. Mobility data from Google monitors mobility trends for different types of location. Mobility to workplaces (in Warwickshire) was 61% below the pre-Covid baseline in mid-May (13/5/2020). It was up to 47% below the baseline by mid-August. September will be a key month for trends impacting both town centres and figures will imply impacts of office workers returning to use hospitality services, and business tourism in the short term, with potential changes towards mid to end of September as restriction were increased again, and office workers encouraged to work from home again.

According to insight consultancy [Springboard](#), the last full week of the "Eat Out to Help Out" scheme led to the **most positive footfall result of any week so far**, with increases in all three destination types (high streets, shopping centres and retail parks) from the week before, and year on year declines that were the most modest since the start of the lock down. In fact, footfall in retail parks is now less than 10% lower than last year, demonstrating their appeal to shoppers.

In Coventry, we're seeing a slow but steady rise in footfall, following a slight fall in footfall figures (-2.3%) in week 35, footfall has rebounded increasing by 13.2% in week 36 (week ending 6 Sep) - this is the highest level since week 11.



## 4.1 CWLEP Growth Hub Business Insights

To date, since **March 2020 around 32% of CWLEP Growth Hub business engagements were in the tourism sector**. This included the following industries: Accommodation and Food Services, Arts, Entertainment and Recreation and Wholesale and Retail Trade.

This shows since March 2020 the engagement of these industries has remained consistent with the percentage in May lying around 35%. The size profile of these business engagements lies at 29% sole employee, 48% micro (2-9 employees), 19% small (10-49 employees), 2% medium (50-249 employees), 2% large (250+ employees).

The last report outlined the impact of the uncertainty around reopening their businesses and fears over long-term negative impacts on consumer confidence. Since then we have seen in particular hospitality businesses and retailers starting to reopen. However, **businesses have raised concerns over the government “U-Turn” – moving from promoting the “Eat Out to Help Out” scheme, to reversing back into restrictions by imposing early closing times (10pm curfew for hospitality businesses).**

In the Accommodation and Food services we have seen some positive signs of investments going into online booking systems and cashless till systems, showing businesses are keen to adapt and protect customers and staff whilst maintaining safe working practices and social distancing measures. Independent food businesses including market stall traders have been suffering significantly – with the future of public events still uncertain. **We have seen examples of diversification to traders’ product ranges to service as online retailers or service as takeaways/deliveries.**

However, food businesses are still suffering off the back of loss of trade during the summer months, with some businesses being closed for over 4 months, some remaining completely closed. This impacted their cashflow severely.

Some food businesses have reported that the Eat Out to Help Out Scheme have had positive impacts on their business

Across Arts, Entertainment and Recreation businesses, including some of the region's visitor attractions have reported concerns around keeping staff on even after furlough. Events businesses' key concerns were in general around staff and suppliers – with more and more peer businesses reportedly closing down due to the complete halt to trading that the whole industry has experienced.

Whilst the arts industry has experienced a surge of new production opportunities, a music publishing business in particular reports challenges – in a time where there is a lot of fresh content from artists – growth opportunities are completely “destroyed” due to the pandemic, with the industry being heavily dependent on touring and live music.

On a positive note, businesses have started recognising new opportunities, around service provisions and digital services, developing digital content and offering 1-1 tailored services.

Next to Covid-19, businesses are also considering the potential impacts of the EU exit and are **calling for an emergency funding budget**, given the current uncertainty business have been struggling to prepare.

Amongst all the tourism industries, **retailers have been most open about the fact that they had to take on debt through CBILS and the BBLs throughout the last months to survive**. The reopening of stores on local high streets has been staggered, with footfall and number of shops reopening growing month by month.

The **halt on eviction notices has been reported as helpful by retailers** – which means the [extension to this halt by government](#) for the rest of the year will have been welcomed widely. A **concern remains over the high debt levels that the sector is currently facing**, however. Based on the high number of retailers that applied for both the Wider Economy and Visitor Economy grants as part of the **ERDF Specialist Grant Scheme – the demand for cash support and investment support is likely ongoing**, with a need for these businesses to continue developing their digital marketing and eCommerce platforms.

Again, this industry is facing a concern over implications of EU Exit. Whilst there are some businesses reporting positive implications on sales off the back of the Exit, others are concerned about tariffs. There have also been businesses calling for a delay to the EU exit as this could worsen the negative effects that the current pandemic is having on their businesses.

## 5. Recommendations

The following recommendations have been derived off the back of careful analysis of macro-economic and business-level data that we have collated from Coventry & Warwickshire-based stakeholders.

## 5.1 Short Term

### 5.1.a

It is crucial that Government introduces further interventions during the recovery and restart phase to support the Visitor Economy:

- Support around live events industries, conferencing and exhibition industries
  - o Clear route of support needed for the live conferencing industry
  - o Increase coverage
  - o Tailored recovery strategy for the sector
  - o Promote diversification support through **an extension of the ERDF grant schemes**
  - o 10pm curfew and the cancellation of live events for the foreseeable presents a significant challenge in this sector and it has **not been picked up in the winter economy plan**
- There is a large number of freelance and self-employed in this sector that have fallen into the gaps of support available, **so a tailored scheme to address this sub-sector would be welcome.**
- Extension or review of another **version of the 'Eat Out to Help Out' Scheme throughout winter months targeted at the entire Visitor Economy.**
- Support redundancies in the sector, in particular, support for the population at both ends of the working age spectrum

### 5.1.b

**Local stakeholders can further support** with the following to benefit the Visitor Economy in the short term:

- October-December is set for increasing unemployment levels – high redundancy figures expected – **region to support redundancies through joining up resources through a redundancy portal**

### 5.1.c

In general, more resource needed to target international opportunities for our priority sectors – **Share experiences with other regions** that have high levels of tourism. This could be done in collaboration with Visit Britain/Visit England.

### 5.1.d

Support is needed to help hospitality, tourism and leisure businesses **access opportunities in order to enable diversification** within their business models/supply chains. Locally, **FinditinCW** should be used as an asset in helping businesses access new opportunities.

## 5.2 Medium Term

### 5.2.a

Additional initiatives that would benefit the Visitor Economy in the medium term could be led by Government and could include:

#### 5.2.b

**Rollout of broadband** – inconsistencies across Warwickshire and an **investment in skills** to improve computing and digital skills within the Visitor Economy.

#### 5.2.c

**Local and international marketing campaigns** to boost consumer confidence in the regions Visitor Economy. Collaboration with national bodies would be necessary to ensure local campaigns are in sync with wider initiatives.

#### 5.2.d

**Work alongside Banks/Lenders to discuss ways to relieve the volume of debt** this sector, alongside many others, have taken on throughout this pandemic in order to ensure diversification and growth are not stagnated for longer than is necessary.

### 5.3 Long Term

Businesses and the economy would benefit if both Central Government and local stakeholders consider and support these long-term recommendations

#### 5.3.a

**Conduct research into the change/shift in consumer behaviour** and what can be done to boost global consumer confidence in this highlighted sector.

#### 5.3.b

Drive and **support initiatives to accelerate digital connectivity projects** to support a region wide roll-out that will enable diversification in many sectors.