

# MIDLANDS ENGINE

## ECONOMIC IMPACT OF COVID-19

Edition 3: 22nd May 2020

**MIDLANDS  
ENGINE**  
Economic Observatory



# Introduction

Welcome to the third edition of the Midlands Engine Economic Impact of COVID 19. **This report is produced by the Midlands Engine Economic Observatory which is a partnership commissioned by the Midlands Engine including Black Country Consortium's Economic Intelligence Unit, Nottingham Trent University and WM REDI.**

This monitor aims to pull together information across regional partners to understand the impacts of Covid19 on the economy – at a sub national level, across the Midlands Engine geography. 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. **The information will be drawn from a wide range of sources including the Midlands Engine Business Forum Members, Growth Hubs, Chambers, LEP's, ONS etc. The Midlands Engine gratefully acknowledges the input of many partners who have directly contributed data to inform this report.**

The report brings together data at the level of the Midlands economy, and allows the interpretation of macro issues and trends, which over time will help shape recovery interventions as well as support short term decision making. Over time the report will evolve to include LEP level interpretation and sector specific analysis.

Moving forward, the possible policy issues emerging will feature proportionately more, as the data set grows and there is a more robust body of evidence from which to draw.

We welcome any feedback on the content to ensure this report meets the needs of partners and welcome any additional intelligence. Please forward any feedback and intelligence to [info@midlandsengine.org](mailto:info@midlandsengine.org).

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# Executive Summary

- Sterling hovered at near two-month lows against the dollar and the euro, as talk of negative interest rates from the Bank of England began emanating. **The pound has already fallen sharply this month, by 3.75% against the dollar. GDP data has shown that Japan's economy slipped into recession for the first time in 4.5 year.** Last week data confirmed that the German economy has also slid in to recession. The current crisis is causing unprecedented global damage with an expected cost of up to \$8.8tn (£7.1tn).
- **The latest figures from the survey of the Purchasing Managers provide stark headlines in terms of the overall business activity index with the WM reported a figure of 10.9** in April 2020 (UK = 13.8) compared to 36.1 in March and 51.2 in April, indicating an unprecedented rate of decline in output. Similarly, the **EM reported a figure of 13.5** in April 2020 (UK = 13.8) compared to 37.6 in March and 52.1 in April, this is the sharpest downturn in output in the series history. All 12 regions saw record decreases in Business Activity, with the East Midlands 7<sup>th</sup> highest and the West Midlands 4<sup>th</sup> highest.
- **In April 2020, there were 346,200 claimants aged 16 years and over in the Midlands Engine, this has increased by 124,680 (+56.3% with the UK increasing by 66.9%) claimants since March 2020.** The number of claimants as a percentage of residents aged 16 years and over was 4.2% in April (UK 3.9%). Out of the 1,527 wards within the Midlands Engine, 487 were at or above the UK average of 3.9% for the number of claimants as percentage of population – the top 3 wards were in Birmingham – Birchfield 14.6%, Lozells and Aston at 13.5%. The top 3 wards with the highest change since March 2020 were in Birmingham – Aston +490 reaching 2,345, Alum Rock +470 reaching 2,075 and Sparkbrook & Balsall Heath + 445 (reaching 2,260).
- **In April 2020, there were 66,180 youth claimants (16 – 24 years old) in the Midlands Engine, this has increased by 21,985 (+49.7% with the UK increasing by 58.6%) claimants since March 2020.** The number of claimants as a percentage of residents aged 16 – 24 years old was 5.7% in April (UK 5.4%). Out of the 1,527 wards within the Midlands Engine, 701 were at or above the UK average of 5.4% for the number of claimants as percentage of population. At the highest end of the scale was Ingodmells and Winthorpe (East Lindsey) at 17.7% and Gainsborough South-West at 17.4%. The wards with the highest change since March 2020 were in Birmingham – Alum Rock +105 reaching 410, Aston +100 reaching 460, and Kingstanding (West Lindsey) +100 (reaching 280).
- The final results from the third round of the Business Impact of Coronavirus Survey shows of the responding businesses that overall for the UK, **57% in the accommodation and food service activities sector, 51% in the arts entertainment and recreation sector have reported their turnover had decreased by more than 50%.** These sectors align to the Midlands Engine visitor economy sector which accounts for 370,360 jobs (8.4% of total jobs) and 28,185 enterprises (7.6% of total enterprises).
- The results for the Midlands from the British Chambers of Commerce show that in comparison to the previous week, **49% of businesses witnessed a fall in UK revenue.** 35% of firms saw a drop in international revenue (with 22% suggesting it was significant) and 63% had also seen a decline in cash reserves.
- In terms of the measures implemented by the Government to support businesses affected by COVID-19, **26% of firms in the Midlands had attempted to access the Bounce Back Loans Scheme (BBLs).** 57% of businesses had no plans to apply to this particular scheme, and of those, 43% felt they had sufficient levels of cash/funding,

# Executive Summary

## Emerging Possible Policy Themes - Midlands Engine Economy

SECTOR	KEY CONCERNS
Overarching	<ul style="list-style-type: none"> <li>• Concerns remain about the operation and coverage of Government business support initiatives and particularly the situation of those businesses who, for a variety of reasons, appear to be ‘falling through the cracks.’;</li> <li>• Evidence of supply chain problems affecting a variety of businesses with some involved in global supply chains reporting increased costs for some components as a consequence;</li> <li>• Businesses are now raising issues linked to the practicalities of a phased easing of the lockdown;</li> <li>• The long-term future of tourism and other sectors characterised by ‘social consumption’ in a ‘socially distanced’ world are becoming an increasing focus of concern;</li> </ul> <p><b>Most issues have been addressed through policy and interventions however some remain outstanding:</b></p> <ul style="list-style-type: none"> <li>• There is an opportunity to build on the general feeling of kindness and community action to build better local communities</li> <li>• Increasing good consumer habits and spending, supporting the growth in saving to build resilience in households</li> <li>• Credit risk through supply chains</li> <li>• Clear guidance on returning to work, and appropriate, transport, childcare and PPE supply for businesses</li> <li>• Over the period of monitors the main issue now is unemployment levels especially youth unemployment in an unstable education environment and new unemployed who have never faced this before</li> </ul> <p><b>Businesses are now looking for support for recovery (which has not been addressed as yet):</b></p> <ul style="list-style-type: none"> <li>• An initial review of past actions and activities has flagged up a number of areas to explore further. Policies include governments have support for helping failing companies; the importance of place approaches responding directly to need and encouraging risk in policy; improving liquidity; the use of mutual guarantee and peer-to-peer lending schemes to solve credit issues; R&amp;D credits can thwart wider R&amp;D firm impacts in recession so needs wider business support; the need for government to be an active entrepreneur in innovation; workplace social distancing is an effective measure to reduce transmission. These point to the need for task forces to develop interventions, supporting business to support each other, including mutual guarantee society model; examination of RDA interventions suggests adapting interventions they already had and rapid response worked well.</li> <li>• Coming out of lockdown has been largely left to businesses to decide, which risks uneven approaches. There is a need for good business support to help businesses prepare and move to opening.</li> <li>• There is still a need for support on how to reshape businesses to deal with recovery – i.e. restrictions on international movement, understand new markets and opportunities, improve their use and application of technology to build on changes already established. Programmes to develop support to create opportunities for diversifying their income and de-risk their business and invest in long term R&amp;D and technology implementation. Also guidance on supply chain resilience and re-shoring; altering the way they work with international suppliers under the longer term social distancing rules and lack of trade missions.</li> <li>• Support for universities as anchor institutions, especially where they support local economies and labour markets, such as in WM. A strategic funding package that prevents at risk universities collapsing; increase and speed up allocation of research funding; package of support with international recruitment and online learning.</li> <li>• Important that places collaborate and maximise the approach and maximise the funding asks for the wider economy, pooling expertise and skills to drive action</li> </ul>

# Executive Summary

SECTOR	KEY CONCERNS
Manufacturing	<ul style="list-style-type: none"> <li>• <b>Access to Finance:</b> Many not eligible for a business grant and are struggling for finance. Issues with landlord's not helping businesses get the relevant grants.</li> <li>• <b>New Business Models (Inc. Digitalisation):</b> Diversification into other sectors an option for some companies. Ceramics industry is starting to look ahead to what the new 'normal' will look like. The British Ceramic Confederation are asking their businesses to share the changes they are making to support new ways of working including any IT platforms they have found helpful and their experiences of applying for government financial support schemes.</li> <li>• <b>Supply Chain Readiness:</b> Some companies who have had to scale down production due to social distancing have had an impact on others further along the supply chain.</li> <li>• <b>Cross Theme:</b> A manufacturer in Wychavon has seen orders double for packaging for food products and for protective masks</li> <li>• <b>Social Distancing:</b> An automotive company has said they are looking to become operational when driving regulations are eased – as the business can implement social distancing at work.</li> </ul>
Construction	<ul style="list-style-type: none"> <li>• <b>Access to Finance:</b> Some businesses in this sector have “fallen through the cracks” with regards to government funding.</li> <li>• <b>Cross Theme:</b> Some businesses in this sector have been able to continue operating, and have even seen an upturn in business.</li> </ul>
Business Services	<ul style="list-style-type: none"> <li>• <b>Access to Finance:</b> Interest in discretionary grant funding. Issues with banks and the CBILS loan – an example of this is a management consultancy in Worcestershire who are still awaiting progress on their CBILS application made in March. Sales cancellations has affected many businesses, and one consultancy businesses stated that £50k of potential sales have been cancelled. Concern that CBILS doesn't work for micro companies. One accounting firm has suggested that the government “has landed all of the administration of these schemes in our laps” and this has made it difficult for them.</li> <li>• <b>Social Distancing:</b> Concerns about returning to work in some industries. For some industries the guidelines are vague. A company in the photography business is concerned about how social distancing measures would affect how they work.</li> </ul>
Charity	<ul style="list-style-type: none"> <li>• <b>Access to Finance:</b> Often not eligible for many of the government schemes. Charities are important in the Covid-19 response, and the lack of funding at the moment is coming at the worst possible time.</li> </ul>
Retail	<ul style="list-style-type: none"> <li>• <b>Cross Theme:</b> Retailers are becoming “increasingly frustrated” by lack of detail over the Government's plan to allow the phased reopening of non-essential stores with only two weeks to go.</li> <li>• <b>Consumer Behaviour:</b> Concern over lack of customers if businesses reopen soon.</li> <li>• <b>New Business Models:</b> Examples of firms in this industry diversifying and producing PPE.</li> </ul>
Education	<ul style="list-style-type: none"> <li>• <b>Access to Finance:</b> Concerns of extended payment terms being imposed across research, commercial and other income. Some businesses in this industry have “fallen through the cracks”.</li> </ul>
Visitor Economy	<ul style="list-style-type: none"> <li>• <b>Cross Theme:</b> Hospitality is still very uncertain with regards to reopening at the moment.</li> </ul>

# Executive Summary

SECTOR	KEY CONCERNS
Cross-Sectoral	<p>Small Business Grants:</p> <ul style="list-style-type: none"> <li>• Although grants are being paid, a number of companies have still not received their grants.</li> <li>• Many are frustrated with the lack of communication and feel unsupported by the financial assistance being offered and the routes to access the support. This is echoed in the CBILS support through banks – which a number of companies are failing to get access to due to banks rejecting them, and other banks not joining the scheme.</li> </ul> <p>Bounce Back Loans Scheme:</p> <ul style="list-style-type: none"> <li>• Companies have found the application process straightforward and the payments have arrived promptly. However, lenders are only accepting applications for existing customers.</li> <li>• In some cases, businesses have reported getting approval within 24 hours, having previously experienced long delays in getting decisions from the high street banks with regards to their CBILS loan applications.</li> <li>• Many businesses contacting growth hubs to help understand this scheme.</li> </ul> <p>Top-Up Small Business Grant Fund:</p> <ul style="list-style-type: none"> <li>• Now government guidelines have been issued, the application process and eligibility criteria need urgent clarification by local authorities. Companies are desperately short of cash and will need payments as soon as possible.</li> <li>• Companies particularly in need include home based businesses not paying business rates, businesses which narrowly fell outside previous eligibility criteria, and businesses in multiple occupancy office units.</li> <li>• There is still no provision for directors paid through dividends.</li> </ul> <p>Job Retention Scheme:</p> <ul style="list-style-type: none"> <li>• The extension of the Job Retention Scheme until October was welcomed by business. Some businesses reported that if the capability to furlough on a part-time basis were available before August, this would help them reopen more effectively.</li> <li>• Self-employed individuals are enquiring whether a similar extension will be granted to them.</li> </ul> <p>Additional Access to Finance (and cashflow)</p> <ul style="list-style-type: none"> <li>• Increase in funding enquiries to aid growth of SMEs through innovation or new machinery.</li> <li>• There was a spike in visits to the ERDF project MBIG following the release of PR last week at the Marches growth hub.</li> <li>• Businesses clearly going through cost saving exercises.</li> <li>• Finance and cashflow remain the prime concern of the majority of enquiries.</li> </ul> <p>Social Distancing</p> <ul style="list-style-type: none"> <li>• Some concern over the supply of PPE equipment into the private sector to facilitate a phased reopening.</li> </ul> <p>Skills and Labour Supply</p> <ul style="list-style-type: none"> <li>• Concern over the supply of PPE equipment into the private sector to facilitate a phased reopening</li> </ul> <p>New Business Models (Inc. Digitalisation)</p> <ul style="list-style-type: none"> <li>• Uplift in people looking for online events.</li> </ul>

# Global and National Outlook

## Global Outlook

[Air pollution in China](#) has risen for the first time since December, when the country first entered phased social distancing following the outbreak of novel coronavirus in Wuhan. The Ministry of Ecology and Environment said concentrations of dangerous airborne particles (PM2.5) increased by 3.1 per cent in April in 337 cities across the country. This is the first year-on-year increase since December when PM2.5 rose by 10 per cent. The resumption of industrial activity is likely a contributing cause for the rise in pollution but it cannot be the primary cause of such a large spike.

GDP data has shown that [Japan's economy slipped into recession for the first time in 4.5 years](#), meaning the country is now on course for its deepest post-war slump as the coronavirus crisis hampers consumer and businesses. Japan is the world's third largest economy and shrank at an annual pace of 3.4% in Q1 2020.

Last week data confirmed that **the German economy has also slid in to recession**. The current crisis is causing unprecedented global damage with an expected cost of up to \$8.8tn (£7.1tn).

In Europe, [Slovenia](#) says it will only open the borders gradually in line with neighbours, taking a step back from last week when the country declared free entry to all EU citizens. As European countries open up their economies and seek out an effective recovery strategy, the Schengen area will be under increased strain to reopen to tourists and business travel.

The US economy's recovery from Covid-19 could last until the end of next year, according to [Federal Reserve Chairman Jerome Powell](#). He stated: "For the economy to fully recover people will have to be fully confident, and that may have to await the arrival of a vaccine," He also dismissed the idea of using negative interest rates, saying they're "not an appropriate or useful policy for the United States."

## National Outlook

Whilst the UK begins to ease lockdown measures, [Britain's focus has turned to a vaccine](#) with AstraZeneca Plc announcing plans to make as many as 30 million doses available to the UK by September. It has committed to delivering 100 million doses this year, if the vaccine -- which is undergoing human trials on volunteers-- is successful and safe for human use.

Low fares [airline Ryanair Holdings plc](#) has reported that its fiscal 2020 profit before tax slumped to 670.3 million euros. This is compared to last year's 948.1 million euros. Ryanair Holdings Plc expects to book a loss of more than 200 million euros for the June quarter. It has already received a 600 million-pound loan backed by the U.K. government.

[Sterling hovered at near two-month lows](#) against the dollar and the euro, as talk of negative interest rates from the Bank of England began emanating. **The pound has already fallen sharply this month, by 3.75% against the dollar.**

Across the UK manufacturing plants are beginning to restart. Ford Dagenham plant in Bridgend Wales has restarted production this week with social distancing and health and safety protocols in place. [Aston Martin](#) have also announced plans to restart production after posting a loss of £119 million for the first quarter of 2020.

Before the current crisis Martin welcomed a £536 million cash injection from a consortium led by fashion and Formula 1 magnate Lawrence Stroll.

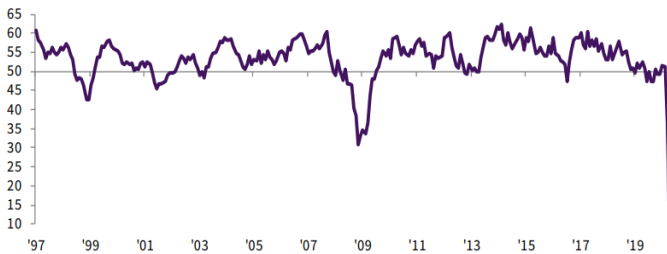
Rolls Royce are planning to axe [9,000 jobs](#) amid the crisis, the reduction at the Derby based firm will impact across the regional supply chains.

# Business Activity

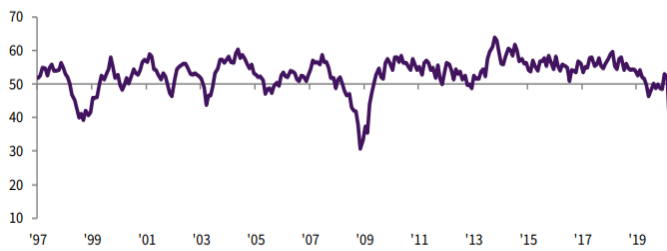
## Purchasing Manager Index (PMI) Survey Analysis:

As stricter restrictions remain in place to combat the coronavirus pandemic the headline **East Midlands Business Activity Index** was recorded at **13.5** in April 2020 which is a further drop from 37.6 seen in March 2020. The **West Midlands Business Activity Index** was recorded at **10.9** in April 2020 which is a further decline from what was seen in March 2020 at 36.1. The UK average was 13.8 in April 2020.

West Midlands Business Activity Index  
sa, >50 = growth since previous month



East Midlands Business Activity Index  
sa, >50 = growth since previous month regional



Source: IHS Markit, NatWest PMI, May 2020

## Demand

The demand for goods and services has been heavily affected and for the East and West Midlands, new orders has fallen at the sharpest pace on record. The current East Midlands New Business Index is 13.4 - dropping from 34.7 in March, while for the West Midlands New Business Index is 13.2 – dropping from 30.2 in March.

## Capacity

The lack of new work and supply chain disruption in the East Midlands and West Midlands has caused a sharp fall in the Employment Index which was down to 26.1 and 26.0 respectively. The West Midlands Outstanding Business Index was 27.2 and in 21.2 in the East Midlands April 2020. There has been a faster reduction in outstanding work due to the lack of new orders – the sharpest decline on record.

## Prices

For the first time since March 2016, input prices fell at the start of the second quarter in the West Midlands. While for the East Midlands, this is the first decline

since January 2016. The Input Prices Index was 46.7 for the East Midlands and 47.4 in the West Midlands in April 2020.

The Prices Charged Index decreased to 45.5 in April 2020 for the East Midlands with companies passing on lower costs in an attempt to boost demand. For the West Midlands, the Prices Charged Index decreased to 45.9 in April 2020, firms reduced their selling prices for the second successive month. The rates of which prices decreased accelerated to the fastest since 2009 across both regions.

## Outlook

The West Midlands Future Business Activity Index has increased from 55.9 in March to 62.1 in April, with more firms being hopeful that economic activity will increase when lockdown restrictions are relaxed. However, the East Midlands future business activity index continued to decrease from 56.4 to 55.6 in April due to some companies expressing grave concerns surrounding the difficulties of reviving the economy following an extended period of lockdown.

## Regional Rankings

All 12 regions saw record decreases in Business Activity, with the east Midlands 7<sup>th</sup> highest and the West Midlands 4<sup>th</sup> highest.

Output Index by region

sa, >50 = growth since previous month, Apr-20 (Mar-20 = 100)



Source: IHS Markit, NatWest PMI, May 2020

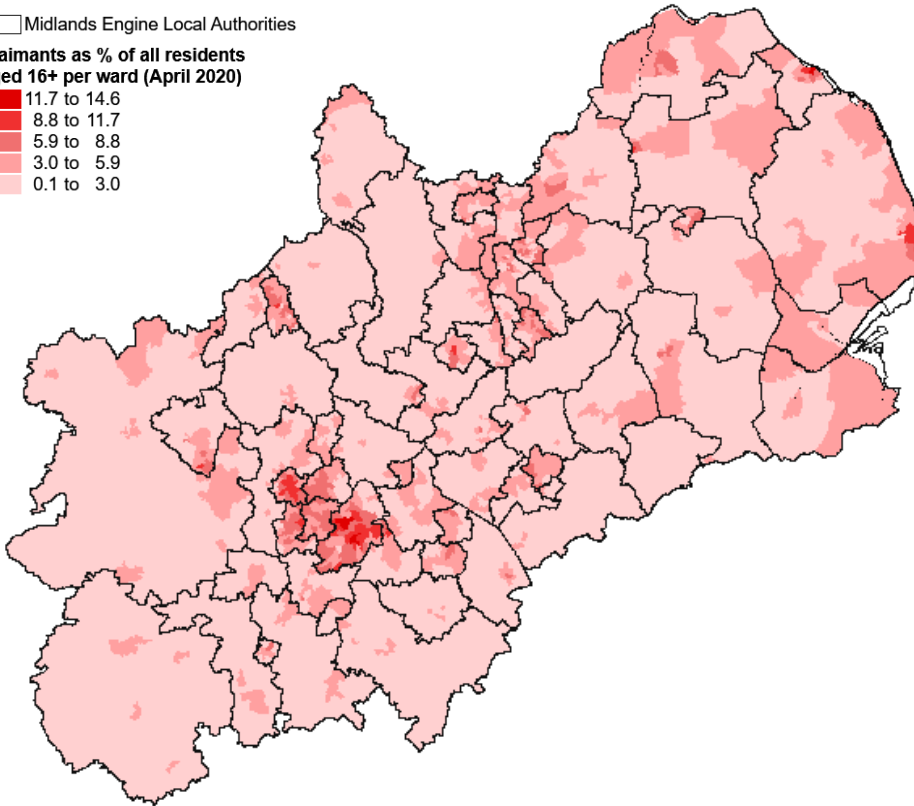
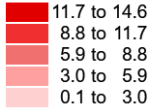


# Claimant Count

The impact of the Coronavirus on the number of claimants is clear in the April 2020 figures. There were 346,200 claimants aged 16 years and over in the Midlands Engine in April 2020, this has increased by 124,680 (+56.3% with the UK increasing by 66.9%) claimants since March 2020. The number of claimants as a percentage of residents aged was 4.2% in April (UK 3.9%).

Midlands Engine Local Authorities

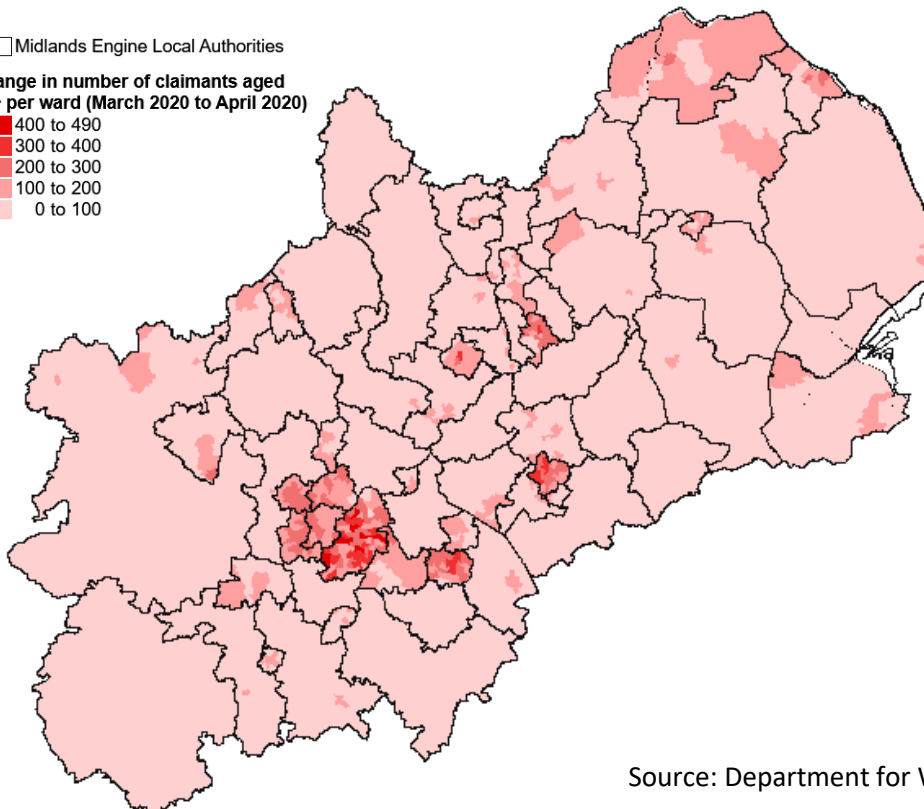
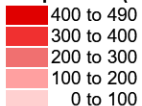
Claimants as % of all residents aged 16+ per ward (April 2020)



Out of the 1,527 wards within the Midlands Engine, 487 were at or above the UK average of 3.9% for the number of claimants as percentage of population – the top 3 were in Birmingham – Birchfield 14.6%, Lozells and Aston at 13.5%.

Midlands Engine Local Authorities

Change in number of claimants aged 16+ per ward (March 2020 to April 2020)



The top 3 wards with the highest change since March 2020 were in Birmingham – Aston +490 reaching 2,345, Alum Rock +470 reaching 2,075 and Sparkbrook & Balsall Heath + 445 (reaching 2,260).

Source: Department for Work and Pensions, May 2020

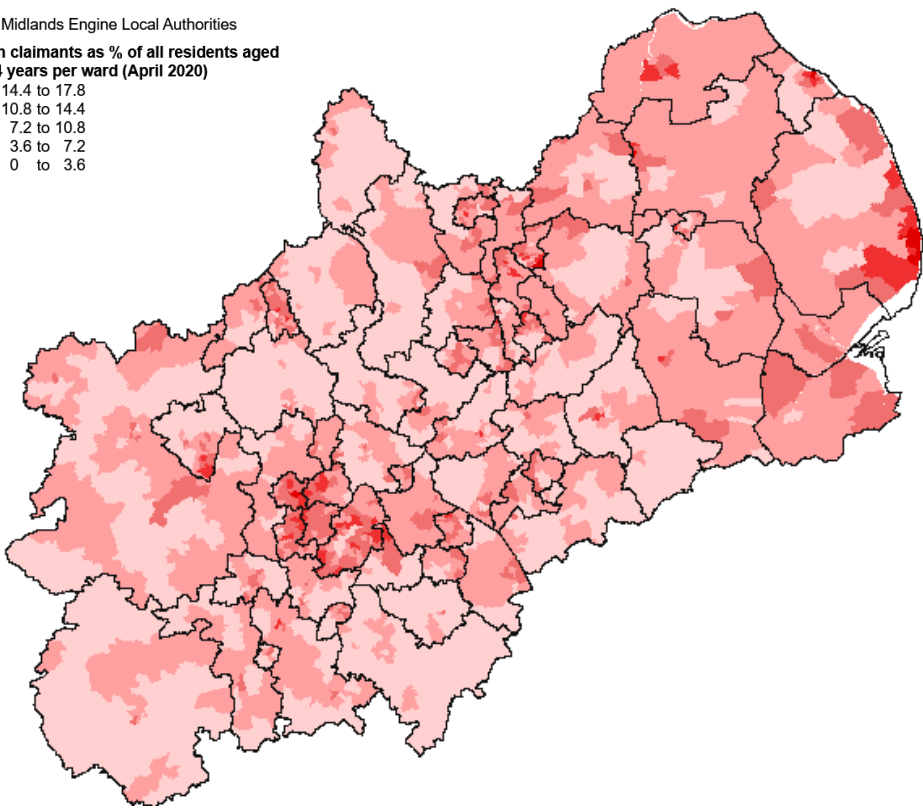
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In April 2020, there were 66,180 youth claimants (16 – 24 years old) in the Midlands Engine, this has increased by 21,985 (+49.7% with the UK increasing by 58.6%) claimants since March 2020. The number of youth claimants as a percentage of residents aged 16 – 24 years old was 5.7% in April (UK 5.4%).

Midlands Engine Local Authorities

**Youth claimants as % of all residents aged 16-24 years per ward (April 2020)**

- 14.4 to 17.8
- 10.8 to 14.4
- 7.2 to 10.8
- 3.6 to 7.2
- 0 to 3.6

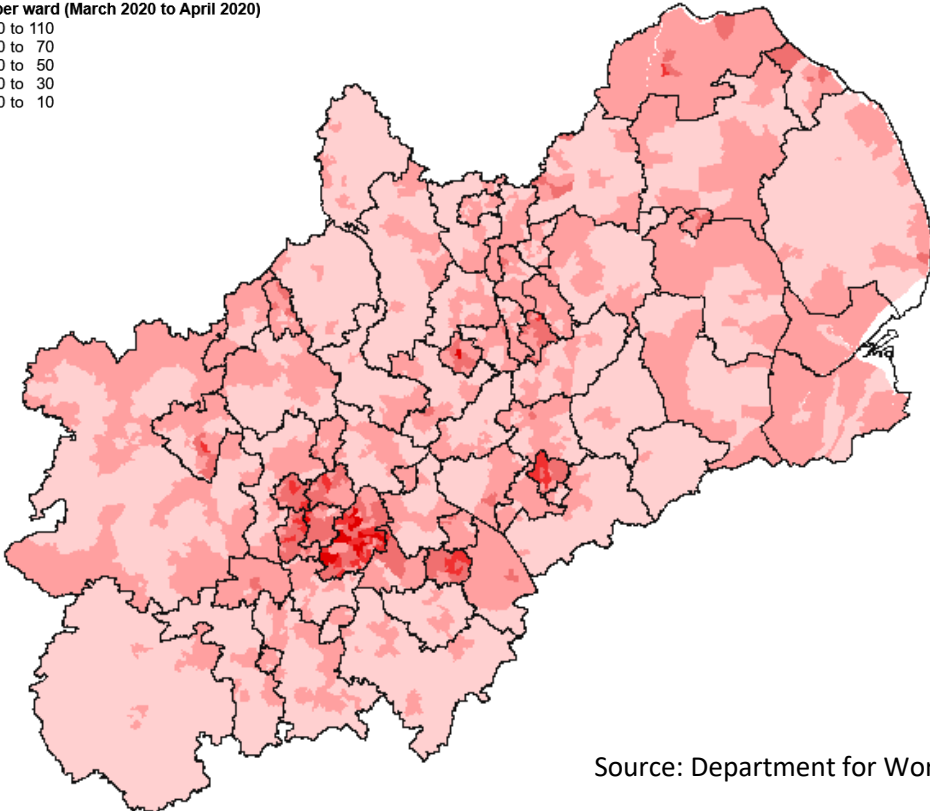


Out of the 1,527 wards within the Midlands Engine, 701 were at or above the UK average of 5.4% for the number of claimants as percentage of the population aged 16 – 24 years old . At the highest end of the scale was Ingdormells and Winthorpe (East Lindsey) at 17.7% and Gainsborough South-West (West Lindsey) at 17.4%.

Midlands Engine Local Authorities

**Change in number of youth claimants (aged 16-24) per ward (March 2020 to April 2020)**

- 70 to 110
- 50 to 70
- 30 to 50
- 10 to 30
- 10 to 10



The wards with the highest change since March 2020 were in Birmingham – Alum Rock +105 (reaching a total of 410 ), Aston +100 (reaching 460), and Kingstanding +100 (reaching 280).

Source: Department for Work and Pensions, May 2020

# ONS Weekly Release

On the 7<sup>th</sup> May 2020 the ONS published the weekly publication containing data about the condition of the UK society and economy and the impact of the COVID-19 pandemic.

The statistics are experimental and have been devised to provide timely information, with publication of final survey results currently expected to take place fortnightly with initial findings released in-between. The following information contains the final results from Wave 3 of the Business Impact of Coronavirus Survey and the final results for Wave 5 of the Opinion and Lifestyle Survey.

## Business Impact of the Coronavirus

The final results from the third round of the Business Impact of Coronavirus (COVID-19) Survey (BICS) show that of the 17,623 businesses surveyed across the UK, 6,114 (35%) businesses responded. Unless stated, the following data is based on the period between 6<sup>th</sup> April to the 19<sup>th</sup> April 2020 and no regional breakdown is available.

## Trading and Financial Performance

23% have temporary closed or paused trading with 77% have reported continuing to trade between 6<sup>th</sup> to 19<sup>th</sup> April 2020 (these figures and the following graph exclude businesses that responded they have permanently ceased trading).

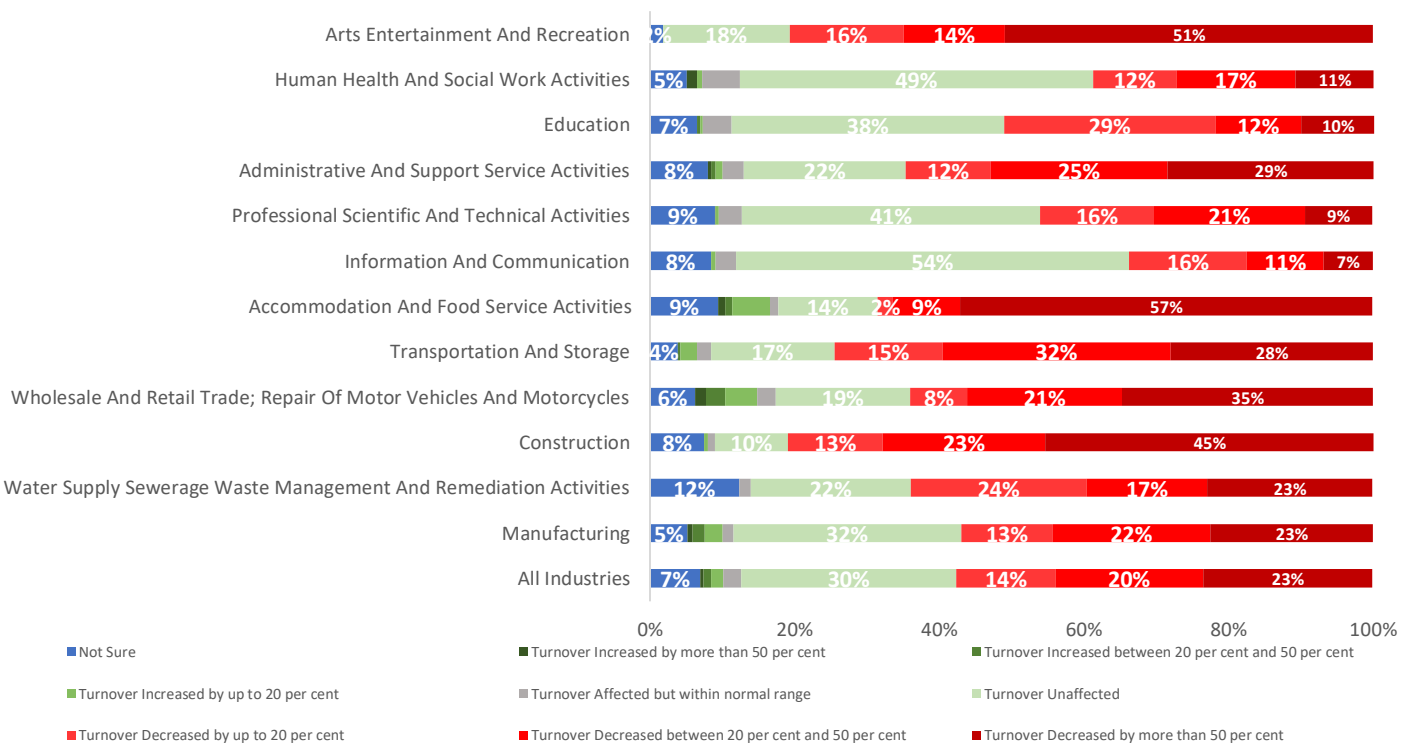
Of the responding businesses, 57% in the accommodation and food service activities sector, 51% in the arts entertainment and recreation sector have reported their turnover had decreased by more than 50%. These sectors align to the Midlands Engine visitor economy sector which accounts for 370,360 jobs (8.4% of total jobs) and 28,185 enterprises (7.6% of total enterprises).

45% in construction have reported their turnover had decreased by more than 50%. The majority of this sector aligns to the Midlands Engine construction sector which accounts for 206,725 jobs (4.9% of total jobs) and 45,685 enterprises (12.8% of total enterprises).

54% of businesses in the information and communication reported their turnover had been unaffected.

Overall, 9% of businesses in whole and retail trade; repair of motor vehicles and motorcycles reported their turnover had increased.

## The effect on turnover for those businesses continuing to trade by industry:



Two industries have a significantly higher percentage of businesses that have temporarily closed or paused trading these include; nearly 81% of businesses in the accommodation and food services sector and 80% of businesses in arts, entertainment and recreation.

## Government Schemes

The accommodation and food service activities industry had the highest percentage of businesses applying for the Coronavirus Job Retention Scheme at 87% with 73% of the workforce furloughed, in the Midlands Engine this accounts for 275,300 jobs (6.5% of total jobs) 21,480 enterprises (6.0% of total enterprises) in the Midlands Engine area. This is followed by construction at 81% applying for the scheme and 46% of the workforce furloughed which accounts for 206,725 jobs (4.9% of total jobs) and 45,685 enterprises (12.8% of total enterprises) in the Midlands engine area. The transportation and storage industry at 77% applying for the scheme and 42% of the workforce furloughed which accounts for 234,855 jobs (5.3% of total jobs) and 21,780 enterprise (5.9% of total enterprises). In the Midlands Engine area.

## Social Impact of the Coronavirus

Indicators from the Opinions and Lifestyle Survey is a weekly update to understand on the impacts of the COVID-19 pandemic on people, households and communities in Great Britain. Wave 5 covers the period of 17<sup>th</sup> to 27<sup>th</sup> April 2020 and Wave 4 covers 9<sup>th</sup> – 20<sup>th</sup> April 2020 .The following areas are covered in the survey:

### Concerns about household finances

23% of adults stated that Coronavirus was affecting their household finances, a slight decrease from the previous survey results (24%). The most common concern on household finances continues to be a reduced income at 70%, with 30% using savings to cover living costs and a further 16% borrowing money or using credit.

### Staying at home and self-isolation

82% of adults reported they had either not left their home or only left for one of the permitted reasons in the last seven days, of the 18% who reported to have left their home the most common reason was to run errands. 87% of people aged 70 years and over and those with underlying health condition reported they had either not left their home or only left for one of the permitted reasons in the last seven days.

81% of adults reported they strongly supported the measures with 16% saying they tend to support the measures in place.

32% of adults that reported to self-isolating in the past seven days, this increased to 41% for with underlying health conditions and increasing again to 45% for those aged 70 years and over.

## Social Distancing

94% of adults have maintained social distancing between the 17<sup>th</sup> to the 27<sup>th</sup> April 2020. 92% of adults reported avoiding contact with older or vulnerable adults, within this 16% of people avoiding those to whom they provide care to.

## Impacts of Wellbeing

The mean anxiety score remains the same as the previous survey for all adults at 4.2. While for those aged 70 years and over has decreased from 4.2 in the previous survey to 4 in the latest survey. Those with any specific health conditions decreased from 4.9 in the Wave 4 survey results to 4.3 in Wave 5.

The percentage of adults that reported feeling lonely often/always has increased from 4% in Wave 4 of the survey to 6% in Wave 5 and the percentage of adults with any specific health condition also increased from 9% to 10% over the same period. However, all groups have decreased in the percentage of feeling lonely some of the time.

## Relationships

25% of people reported they were concerned about the strain on their relationships. 22% reported they were spending too much time with others in their household. With 30% of people reported they were spending too much time alone. These percentage have been similar for the past four weeks after the stay at home measures were introduced.

One-fifth of people were worried about relationships with dependent children and around one-third of people reported they were worried about their relationship with parents.

## Universal Credit

New experimental data on Universal Credit claims and advances which was released on the 5<sup>th</sup> May from the Department for Work and Pensions (DWP). Since the lockdown came into effect (16<sup>th</sup> March), there has been 2.3m individual claims and the DWP have paid 815,000 advance payments – with an estimated 691,000 of these new claim and benefit transfer advances.

# Local Business Intelligence

The following table summarises a range of local business intelligence provided by the 9 ME LEPs and growth hubs. In the appendix, there is further information on specific firm level activity with regard to new economic shocks and new investments.

HEADLINES	
Sector	Key Concerns
Cross-Sectoral	<p><b>Small Business Grants:</b></p> <ul style="list-style-type: none"> <li>Although grants are being paid, a number of companies have still not received their grants.</li> <li>Many are frustrated with the lack of communication and feel unsupported by the financial assistance being offered and the routes to access the support. This is echoed in the CBILS support through banks – which a number of companies are failing to get access to due to banks rejecting them, and other banks not joining the scheme.</li> </ul> <p><b>Bounce Back Loans Scheme:</b></p> <ul style="list-style-type: none"> <li>Companies have found the application process straightforward and the payments have arrived promptly. However, lenders are only accepting applications for existing customers.</li> <li>In some cases, businesses have reported getting approval within 24 hours, having previously experienced long delays in getting decisions from the high street banks with regards to their CBILS loan applications.</li> <li>Many businesses contacting growth hubs to help understand this scheme.</li> </ul> <p><b>Top-Up Small Business Grant Fund:</b></p> <ul style="list-style-type: none"> <li>Now government guidelines have been issued, the application process and eligibility criteria need urgent clarification by local authorities. Companies are desperately short of cash and will need payments as soon as possible.</li> <li>Companies particularly in need include home based businesses not paying business rates, businesses which narrowly fell outside previous eligibility criteria, and businesses in multiple occupancy office units.</li> <li>There is still no provision for directors paid through dividends.</li> </ul> <p><b>Job Retention Scheme:</b></p> <ul style="list-style-type: none"> <li>The extension of the Job Retention Scheme until October was welcomed by business. Some businesses reported that if the capability to furlough on a part-time basis were available before August, this would help them reopen more effectively.</li> <li>Self-employed individuals are enquiring whether a similar extension will be granted to them.</li> </ul> <p><b>Additional Access to Finance (and cashflow)</b></p> <ul style="list-style-type: none"> <li>Increase in funding enquiries to aid growth of SMEs through innovation or new machinery.</li> <li>There was a spike in visits to the ERDF project MBIG following the release of PR last week at the Marches growth hub.</li> <li>Businesses clearly going through cost saving exercises.</li> <li>Finance and cashflow remain the prime concern of the majority of enquiries.</li> </ul> <p><b>Social Distancing</b></p> <ul style="list-style-type: none"> <li>Some concern over the supply of PPE equipment into the private sector to facilitate a phased reopening.</li> </ul> <p><b>Skills and Labour Supply</b></p> <ul style="list-style-type: none"> <li>Concern over the supply of PPE equipment into the private sector to facilitate a phased reopening</li> </ul> <p><b>New Business Models (Inc. Digitalisation)</b></p> <ul style="list-style-type: none"> <li>Uplift in people looking for online events.</li> </ul>

# Local Business Intelligence

HEADLINES	
Sector	Key Concerns
Manufacturing	<p>Access to Finance</p> <ul style="list-style-type: none"> <li>• Many not eligible for a business grant and are struggling for finance.</li> <li>• Issues with landlord's not helping businesses get the relevant grants.</li> </ul> <p>New Business Models (Inc. Digitalisation)</p> <ul style="list-style-type: none"> <li>• Diversification into other sectors an option for some companies.</li> <li>• Ceramics industry is starting to look ahead to what the new 'normal' will look like. The British Ceramic Confederation are asking their businesses to share the changes they are making to support new ways of working including any IT platforms they have found helpful and their experiences of applying for government financial support schemes.</li> </ul> <p>Supply Chain Readiness</p> <ul style="list-style-type: none"> <li>• Some companies who have had to scale down production due to social distancing have had an impact on others further along the supply chain.</li> </ul> <p>Cross Theme</p> <ul style="list-style-type: none"> <li>• A manufacturer in Wychavon has seen orders double for packaging for food products and for protective masks</li> </ul> <p>Social Distancing</p> <ul style="list-style-type: none"> <li>• An automotive company has said they are looking to become operational when driving regulations are eased – as the business can implement social distancing at work.</li> </ul>
Construction	<p>Access to Finance</p> <ul style="list-style-type: none"> <li>• Some businesses in this sector have “fallen through the cracks” with regards to government funding.</li> </ul> <p>Cross Theme</p> <ul style="list-style-type: none"> <li>• Some businesses in this sector have been able to continue operating, and have even seen an upturn in business.</li> </ul>
Business Services	<p>Access to Finance</p> <ul style="list-style-type: none"> <li>• Interest in discretionary grant funding.</li> <li>• Issues with banks and the CBILS loan – an example of this is a management consultancy in Worcestershire who are still awaiting progress on their CBILS application made in March.</li> <li>• Sales cancellations has affected many businesses, and one consultancy businesses stated that £50k of potential sales have been cancelled.</li> <li>• Concern that CBILS doesn't work for micro companies.</li> <li>• One accounting firm has suggested that the government “has landed all of the administration of these schemes in our laps” and this has made it difficult for them.</li> </ul> <p>Social Distancing</p> <ul style="list-style-type: none"> <li>• Concerns about returning to work in some industries. For some industries the guidelines are vague. A company in the photography business is concerned about how social distancing measures would affect how they work.</li> </ul>

# Local Business Intelligence

HEADLINES	
Sector	Key Concerns
Charity	<p>Access to Finance</p> <ul style="list-style-type: none"> <li>• Often not eligible for many of the government schemes.</li> <li>• Charities are important in the Covid-19 response, and the lack of funding at the moment is coming at the worst possible time.</li> </ul>
Retail	<p>Cross Theme</p> <ul style="list-style-type: none"> <li>• Retailers are becoming “increasingly frustrated” by lack of detail over the Government’s plan to allow the phased reopening of non-essential stores with only two weeks to go.</li> </ul> <p>Consumer Behaviour</p> <ul style="list-style-type: none"> <li>• Concern over lack of customers if businesses reopen soon.</li> </ul> <p>New Business Models</p> <ul style="list-style-type: none"> <li>• Examples of firms in this industry diversifying and producing PPE.</li> </ul>
Education	<p>Access to Finance</p> <ul style="list-style-type: none"> <li>• Concerns of extended payment terms being imposed across research, commercial and other income.</li> <li>• Some businesses in this industry have “fallen through the cracks”.</li> </ul>
Visitor Economy	<p>Cross Theme</p> <ul style="list-style-type: none"> <li>• Hospitality is still very uncertain with regards to reopening at the moment.</li> </ul>

# Local Business Intelligence

## British Chambers of Commerce – COVID-19 Business Tracker: Midlands Results (Week Eight)

### Introduction

In response to the unprecedented crisis caused by the advent of Coronavirus, the British Chambers of Commerce has developed a Covid-19 Business Impacts Tracker which will serve as a barometer of business' response to the measures introduced by the Government to help firms navigate this exceptional landscape. The tracker will explore weekly business conditions to help understand the scale of the challenges that companies across the country are facing right now and in a bid to gauge the awareness and usage of government support measures amongst the business community. The results listed below are based on responses received from 149 firms across the East and West Midlands and cover the period from 13th May to 15th May.

99% of respondents employed less than 250 staff members and of those, 43% employed between 1 to 9 members of staff and 7% identified themselves as sole traders. 53% of businesses surveyed did not export their goods & services (and similarly, 54% did not engage in importing activities). Of those firms that were involved in exporting, 36% distributed their products and services to countries both inside and outside the European Union. 26% of businesses that took part in the survey operated in the professional services sector and 28% were listed as manufacturers.

### Changes to Trading Conditions & the Workforce

In comparison to the previous week, 49% of businesses witnessed a fall in UK revenue (with 33% citing a significant decrease). 35% of firms saw a drop in international revenue (with 22% suggesting it was significant) and 63% had also seen a decline in cash reserves. In terms of developments related to employment, 77% cited no change in the size of their workforce along with a 27% fall in the number of hours worked by staff. 14% reported a drop in training or apprenticeship activity. On 20 April, HMRC opened the portal for employers to claim payments for furloughed employees through the Coronavirus Job Retention Scheme and 86% had submitted a claim and received payment from HMRC. 6% submitted a claim more than

six working days ago and were yet to receive a payment.

35% of businesses expected their cash reserves to cover their trading activity for one to three months, 27% suggested their reserves would be able to cover them for three to six months, whereas 9% estimated that they would only be covered for less than a month. Nine percent of respondents reported that they had no cash reserves whatsoever (compared to the previous week).

### Support Measures Introduced by Government – feedback from the business community

In terms of the measures implemented by the Government to support businesses affected by COVID-19, 26% of firms had attempted to access the Bounce Back Loans Scheme (BBLs). 57% of businesses had no plans to apply to this particular scheme, and of those, 43% felt they had sufficient levels of cash/funding, 12% wanted clarity on the length of lockdown and 20% were concerned about being able to pay back the loan beyond the initial 12 months. 68% said they would use the money secured via the BBLs to finance everyday operations and 16% said they use it to pay off existing debts. Of those businesses which had made an application, 61% of businesses had successfully secured a BBL and 32% were awaiting a decision.

On May 11th, the UK Government released guidance for employees called 'Working Safely During Coronavirus' and 85% of respondents were aware of the guidance whereas 6% had never heard of it. 24% felt that information included in the guidance was very clear, 57% felt it was somewhat clear and 11% believed it wasn't very clear at all. 41% of respondents felt they would be able to implement the guidance and fully re-start operations and 44% suggested they would be able to implement the guidance and only partially re-start operations; only 10% of businesses said they would not be able to implement the guidance and re-start operations.



## Consumer demand

We are now in a period of flux as businesses slowly come out of lockdown, but only certain businesses are opening. However opening businesses is only the first step, businesses will still need consumer demand to return. This demand is based on people's behaviours, what they buy and where they buy from, without confidence to shop businesses will not return to normal. The [WEF](#) highlights that generally spending is down across all industries as lock down measures have restricted what consumers can spend and the economic consequences of the pandemic mean people are less likely to risk spending. While some industries will weather the storm others will struggle to survive. Buying behaviour has become erratic but they have reduced spend on all non-essential goods. However as each country moves along the curve as above, there are glimmers of increasing spend.

[Consumer spending](#) shrank by more than a third (36.5%) as shops have been closed, despite online sales and rise in grocery shopping. Online is now becoming entrenched in behaviour and the norm. Main reasons are a halving of travel spend. 97% drop in bars, pubs and clubs, these businesses are likely to suffer worst through this period and open last. Barclaycard data suggests the level of spend reduction is far larger than the estimates from the Bank of England. Supermarket spend rose by 14.3%. Eating and drinking including takeaway rose 25%. Digital content streaming rose 50%. 9 in 10 households have increased their savings with a 3<sup>rd</sup> saving more and 23% were saving for a holiday. [Consumers cleared £3.8bn](#) of debt, batten down the hatches as the virus hit. And new borrowing on credit cards has dropped by £5.4bn. Overall the highest level of repayments since records began in 1987. Deposits in banks have also increased by £13.1bn. The number of mortgages approved by lenders have dropped by 24% and there are and estimated 373k sales on hold. Nationwide will not be providing its house price index as there are so few transactions so prices cannot be monitors.

The [British Retail Consortium](#) reported a 19.1% year on year contraction in retail sales in April, the worst levels since records began. But grocery in store rose 6% whilst non food fell 36%. Online sales rose 60% against the average of 8%. Generally the pandemic has accelerated current trends to online.

[Fitch Ratings](#) - the impact on Fitch-rated consumer companies' credit profiles depends on their product portfolio structure, diversification, financial flexibility and measures taken to offset the pandemic pressures. Large companies are in a better position. Food companies generally fairing better but beverages feeling the hit. They expect other consumer good, clothes, perfumes, cosmetics to continue to be negatively impacted due to social distancing measures

For some, rebuilding their customer experience by appealing to changing values could result in a profitable, and perhaps much-needed revival. For other companies, there is no other choice but to play the waiting game for the industry.

## The following information is a collation of the qualitative intelligence shared regional stakeholders

### Financial support

In general government interventions are now having an effect and measures now doing well with good feedback from businesses and there is a general slowing down in terms of new issues. This is also reflected in:

- Reduction in HR1 notifications last week, but may have gone up this week
- AA roadside recovery has increased to pre covid levels (some related to home start due to cars being sat idle for a long time)

Issue which remain are:

- Events companies in terms of getting back into work and operational, especially smaller ones
- Still confusion over trade insurance approach (government statements made but companies reducing the credit levels until the changes come in i.e. one company has seen reductions of 25% with reimbursements at end of contracts)
- Reserves have now gone, especially in retail.
- Companies now pulling people back from furlough so requests for information on legal aspects of that are rising

# Local Business Intelligence

- Supply chains cliff edges are catching people out in terms of products and parts not being received
- Banks, CIBLS some are withdrawing it for sole traders as risks too high. Also issues with the sole traders as their personal possessions are at risk so default may lead to personal bankruptcy
- Flexible furlough an issue as no detail and businesses can't plan
- Business interruption insurance generally hasn't paid out
- Issue that businesses who have already received grants then they can't access other schemes and important that discretionary funding can respond to needs. But clarity needed

## Recovery

Generally the advice and guidance being sought now is recovery based. Businesses are still asking for guidance on recovery, and are now planning in the absence of guidance this includes:

- Should they be providing PPE and taking temperatures
- Issues over managing investments abroad, how do businesses do this? What advice is there? No policy lines at the moment
- Companies looking at how to their take businesses forward, how they adapt and become more resilient
- Remaining ERDF funding waiting for clarification for how remaining funds can be used i.e. application of social distancing measures and general return to business measures
- UK hospitality time out campaign, to ease cash flow for businesses in this sector. Some companies no income at all for 6 to 8 weeks.

## Headline results from the FSB COVID Survey

41% of businesses have been forced to close. Of those that have closed, 36% in the West Midlands are not sure whether they will ever reopen again (35% UK wide).

For those small businesses paying a mortgage or lease on their premises - 27% in the West Midlands have failed to make, or faced severe difficulties in making, rent or mortgage (28% UK wide).

In response to the strain being placed on them, 37% in the West Midlands of small employers are considering, or have already made, redundancies (37% UK wide).

69% in the West Midlands, small employers have furloughed staff to aid the survival of their business, illustrating the extent to which the Job Retention Scheme has protected the livelihoods of millions as economic activity has slumped (71% UK wide).

As initial efforts are made to switch the economy back on, three quarters, 75% in the West Midlands (74% UK wide) of these businesses say the ability to partially furlough workers would benefit them. Of these, 49% in the West Midlands (50% UK wide) say they want to bring staff back gradually, and 31% in the West Midlands (31% UK wide) say it would keep their business viable.

Among small firms that pay business rates, 14% in the West Midlands say their landlord charges them for rent and business rates in a single recurring bill, meaning they risk missing out on cash grants linked to the payment of rates (15% UK wide).

8% in the West Midlands (8% UK wide), business owners have applied for universal credit, with 29% in the West Midlands (29% UK wide), having their applications rejected.

Of those small business owners that say they are not using the Self-Employed Income Support Scheme, the majority, 68% in the West Midlands (68% UK wide), say this is because they are directors of limited companies.

# Local Business Intelligence – Sector Insight

**This section draws on contributions from the East Midlands Chamber, Make UK, the NFU, CBI, FSB, Growth Hubs and Universities across the region (sourced from Midlands Innovation and Midlands Enterprise Universities networks). Scope of coverage will be extended for future iterations of this Midlands wide report.**

## Overview of East Midlands Business Intelligence

Many businesses have been able to access the various Government support, but there is still evidence of individuals and organisations which have fallen through the cracks. Many of those would be eligible to apply for a business loan but would be reluctant to do so because of affordability issues.

Several tourism and hospitality businesses contacted the Chamber and other business organisations raise similar concerns about the ongoing impact the lockdown is having on their businesses. Restrictions on these sectors are likely to be the last to be relaxed and may carry on late into 2020. This is likely to threaten the financial viability of many firms in these sectors.

The British Chambers of Commerce's (BCC'S) national Coronavirus Business Impact Tracker found that 75% of firms will be able to implement workplace social distancing measures and 70% could continue to operate with provisions for remote working. A further 61% said they could stagger start times in preparation for reopening their premises.

Around 71% of firms surveyed have furloughed a portion of their staff and 73% have already submitted a claim via the online portal. The BCC's research found that very few survey respondents were yet to make people redundant.

All sources of business intelligence are reporting extensive use of Furlough. Overall the Furlough scheme seems to have prevented an immediate recourse to redundancies in many companies. Further redundancies are likely, but the scheme has 'bought time' for firms to consider this in a more considered manner as part of long-term planning for recovery.

## Sectoral Perspectives

The **Make UK** survey of 189 companies was carried out between 4 and 11 May.

Key findings from Make UK:

- More than a third of companies believe it will take more than 12 months to return to normal trading, a figure doubled from two weeks ago
- More than four fifths of companies see orders fall
- Over a fifth of companies seen orders more than halved
- Over one in five companies have furloughed up to half their staff
- More than a third of companies will wait to see an increase in orders before taking staff off furlough
- 90% of companies are continuing to operate

Britain's manufacturers have become increasingly pessimistic about a return to normal trading conditions, with the number believing that it will take more than twelve months to return doubling in the last two weeks. According to the latest Covid 19 Manufacturing Monitor published by Make UK, more than a third of companies (36%) believe it will take more than a year which compares to 17% in the last survey two weeks ago.

Make UK also warned that sales and orders are continuing to fall at an alarming rate while almost a fifth of companies are planning to increase the number of staff on furlough in the next two weeks.

Almost 90% of companies are continuing to operate in some form. However, over three quarters (78.3%) have seen a decline in sales while more than four fifths (82.5%) have seen orders fall. Both these figures are a slight increase from those reported in the last survey. Furthermore, more than one in five companies have seen orders fall by more than half (22.2%) while a quarter (24.9%) have seen orders fall by between 26% and 50%.

The vital need for the Government's Job Retention Scheme is highlighted by the fact over fifth of companies (21.9%) have furloughed between a quarter and half of their employees already, with almost a fifth (18.5%) planning to furlough more employees in the next two weeks. Looking ahead, more than a third of companies (34.4%) say they will only take staff off furlough when they see an increase in orders. Greater flexibility to the Government Furlough scheme is welcome.

Many manufacturers (more than half of those surveyed) have responded to supply chain problems by reviewing their practice in this area. The majority of firms will have completed such a review within the next 12 months.

# Local Business Intelligence

There are indications that some firms will review their use of Just-in-Time production systems and levels of inventory in order to promote greater resilience in the future. This could result in some outsourced, and sometimes off-shored, activity being brought back 'in-house' by OEMs. If this occurs at any scale it could have implications for second and third tier supply chain companies.

While still considerable, the East Midlands has seen a slightly lower level of manufacturers reporting falling orders (72%) than other regions. This is likely to reflect the sectoral composition of manufacturing in this region and specifically the strong representation of food manufacturers within the region.

## **CBI Regional Council Intelligence by Sector**

### ***Aviation***

The sector has lost a huge volume of traffic overnight. Same story for smaller airports. Larger airports (Heathrow, Gatwick) have dribbles of traffic going through.

Half of air traffic comes from cargo. Express cargo is pretty much business as usual – seeing year on year double-digit growth thanks to greater demand from online shopping and business. Business is also being driven by Covid-19 linked logistical operations – imports of PPE, exporting, etc.

Cargo activity alone doesn't pay the bills. Loss of passenger travel has had a huge impact on revenues. Lack of bespoke support for aviation is an issue. Furlough has been used but this addresses less than 5% of the cost base. Rates and policing are big in terms of cost. Scotland have said airports will get rates relief, but this has been pushed to LAs in the UK. New normal not fully understood, especially with no details on quarantine scheme.

The sector is anticipating 2-3 years to get back to levels seen last year.

### ***Recruitment***

Business dropped by 70%, and more on permanent recruitment. Lower skilled roles have been particularly difficult. Have been making placements in new sectors – the recruitment process is now being managed on-

line - virtual interviews, candidates starting remotely etc. This has become the 'new normal'. On temp recruitment some areas have held up: construction, healthcare, social care, cleaners.

### ***Leisure and Tourism***

Much aligned to aviation regarding closed period. A clear timetable for return would help the sector. Reopening will be a mammoth task. Need certainly in order get back up and running.

95% have furloughed staff. JRS has been described as the saviour of the sector. Many young people work in entry level roles in the sector. It serves as important intermediate labour market function that has traditionally brought new workers into employment.

Fiscal stimulus will be required once Covid-19 has been more contained. Many businesses will not survive low demand plus sustained costs.

The sector has spent many months planning for Brexit and is very conscious that the timetable hasn't stopped ticking. Need certainly and clarity of the regulatory and competitive environment past December – need to dust down plans. Need to not lose sight of the other real risks to employment and economic prosperity.

Build Back Better – new agile working patterns will be necessary. Need to drive as many efficiencies as we can using technology and ring every penny out of this. Post Covid business costs are likely to increase in the sector.

### ***Construction/housing***

Supply chains issues are leading to challenges in getting sites back up and running.

Furloughed limited numbers of staff at a low level. New working practices are being adopted – home working has been successful. Business travel reduced as firms have been able to do a lot on-line.

# Local Business Intelligence

## Small Business (FSB)

A recent FSB survey reported that 4 in 10 small firms that responded have been forced to close in both East and West Midlands. More than a third of these firms are unsure as to whether they will reopen again.

Over a quarter of firms responding to this survey in the Midlands report that they are struggling to make rent or mortgage payments on the properties that they use.

Around a fifth of small firms have shelved development plans. One in three small firms are reported to have made or be considering redundancies. Around 70% of these firms have furloughed staff.

There is concern for industries such as textiles and food and drink in Leicestershire and Northamptonshire. Tourism is also of concern in a number of areas such as Rutland, the Marches and the Peak District which have seen a near total drop in visitors. Timescales taken to unlock will be a key determinant of how firms in this sector fare in the longer term.

There is also concern about how the former coalfields towns in the north of the Midlands will fair in the recovery.

A recent FSB employer forum in Leicestershire featured a large amount of detailed questions from firms about furlough and staff sickness and performance management. 1:1 support is needed for these businesses to navigate the legal requirements and keep their businesses going.

Virtual roundtables with business have raised issues including part-time furloughing, cost of adjustments and availability equipment to help re-open business premises safely with social distancing.

Most of the local authorities across Coventry, Warwickshire and Solihull have now distributed over 75% of the business rates grants.

A great deal of concern is emerging in the manufacturing sector across the Midlands and specifically from small firms in the automotive supply chain.

## Farming – NFU

The phased reopening of garden centres and plans for

food services to follow have been welcomed. Garden centres are of huge importance to the 'ornamentals' sector – albeit that availability of ornamentals to sell may take some weeks to recover due to the lags in production cycles. Product planned for Easter sale has now been composted at significant loss to the growers.

Access to critical inputs remain problematic for some. Supply problems have been experienced for plastic film and other types of packaging materials.

Some farmers involved in pig and poultry production have struggled to access supplies of necessary PPE. There are concerns that these issues could affect other parts of the farming sector as we move into the summer.

Parts of the sector are still struggling with the collapse in demand for farm produce from the food services sector and mass catering outlets – this is being reflected in the low prices being achieved by farmers for some commodities (e.g. potatoes and some livestock).

Labour shortages – particularly in sectors that traditionally use migrant seasonal labour – have been reported and remain a significant concern. that they use.

# Appendix

NEW ECONOMIC SHOCKS			
COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
Special Metal Wiggin (Hereford Times, 11 May 2020)	Hereford	Manufacturing (Steel)	Up to 150 jobs could be lost at a Hereford factory as it is hit by the impact of the coronavirus pandemic. Special Metal Wiggin said the redundancies were needed to secure the future of the Holmer Road factory as the current economic climate has seen a downturn in business.
George Boyden & Son	Stratford-upon-Avon	Publishing and Media	A 160-year-old newspaper could disappear after its parent company was placed into administration. George Boyden & Son, which publishes the Stratford Herald, has called in administrators. The move is thought to be down to a combination of factors, including the collapse of advertising revenue because of the coronavirus pandemic: <a href="https://bit.ly/2LfeWbJ">https://bit.ly/2LfeWbJ</a>
Arlington Automotive Group	Coventry	Engineering, Manufacturing, Automotive	Jobs have been lost after the UK trading companies of an automotive car components maker entered administration, Arlington Automotive Group, headquartered in Coventry. The UK group employs about 600 people across sites in Coventry, Newton Aycliffe, Reading, Stourport, Birmingham and Manchester and counts Jaguar Land Rover, Ford and Nissan among its' customer base. The group's Derby site has already started to close: <a href="https://bit.ly/3fCgoCX">https://bit.ly/3fCgoCX</a>
Grove Park (Warwick) Ltd	Warwick	Rural	The future of a rural forestry business based in the south Warwickshire countryside could be in doubt after plans for a new building to help it expand were thrown out by planners. And according to the architect behind the scheme, that decision could jeopardise the future of Grove Park (Warwick) which is based at Holes Wood, off Woodway Lane, in Budbrooke: <a href="https://bit.ly/2zxc3Al">https://bit.ly/2zxc3Al</a>
Godiva Group	Coventry	Construction	The Coventry based business with offices also in Manchester and Leeds called in the administrators on Thursday 7th May. Work on all ongoing projects has stopped the company has said. The award-winning firm which was established in 2014 recently completed works on Coventry's tallest new build and at peak trading employed more than 100 people. The business offered a full range of access, scaffolding and temporary works solutions in the West Midlands: <a href="https://bit.ly/2Wv7EH9">https://bit.ly/2Wv7EH9</a>
Rolls Royce	Coventry, Derby (& nationwide)	Manufacturing	Rolls-Royce has said it will cut 9,000 jobs and warned it will take "several years" for the airline industry to recover from the coronavirus pandemic. The reduction of nearly a fifth of its workforce will mainly affect its civil aerospace division, 2/3's of which operate in the UK.

# Appendix

NEW ECONOMIC SHOCKS			
COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
JCB	Derbyshire / Staffordshire	Engineering	Up to 950 jobs at JCB are at risk of redundancy after the company revealed that demand for products has fallen by half due to the Coronavirus pandemic. <a href="https://www.eastmidlandsbusinesslink.co.uk/mag/news/derbyshire-jcb-workers-jobs-at-risk/?utm_source=East+Midlands+Business+Link&amp;utm_campaign=0d6937858b-RSS_EMAIL_DAILY_RSS&amp;utm_medium=email&amp;utm_term=0_3554df31a3-0d6937858b-171232329">https://www.eastmidlandsbusinesslink.co.uk/mag/news/derbyshire-jcb-workers-jobs-at-risk/?utm_source=East+Midlands+Business+Link&amp;utm_campaign=0d6937858b-RSS_EMAIL_DAILY_RSS&amp;utm_medium=email&amp;utm_term=0_3554df31a3-0d6937858b-171232329</a>
Breasley Pillows	Derbyshire	Furniture	Firm enters administration, putting 200 jobs at risk. <a href="https://www.thebusinessdesk.com/eastmidlands/news/2037813-jobs-at-risk-as-bed-and-mattress-manufacturer-enters-administration">https://www.thebusinessdesk.com/eastmidlands/news/2037813-jobs-at-risk-as-bed-and-mattress-manufacturer-enters-administration</a>
The Midlands News Association	South & East Staffordshire	News	Some 100 people could lose their jobs at a West Midlands newspaper group after its owner started consulting with staff over redundancies. The MNA, publisher of the Express & Star and Shropshire Star, said the Coronavirus pandemic was to blame for the proposed job cuts, saying it had “severely affected” its advertising revenue. <a href="http://www.thebusinessdesk.com/westmidlands/news">www.thebusinessdesk.com/westmidlands/news</a>

NEW INVESTMENT OPPORTUNITIES			
COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
Marston's	Wolverhampton	Hospitality	Marston's secure £70mil funding to support pubs through the period of extended closure in order to further protect jobs, allowing them to suspend rent payments. (Express and Star)
Beeswift	Birmingham	PPE	Beeswift has signed a new 16-year lease to occupy 120,000 sq. ft of logistics space at Hub 120 in Birmingham. Article in The Business Desk 12/05: <a href="https://bit.ly/3bDtVad">https://bit.ly/3bDtVad</a>
Gainsborough Healthcare Group	Redditch	Manufacturing	Gainsborough Healthcare Group, the UK bath manufacturer for the care sector, is set to restart bath production from today (11 May). At Europe's largest specialist bath manufacturing plant in the West Midlands, the firm will restart making Gainsborough Specialist Bathrooms, Abacus Specialist Bathroom Solutions and Access walk-in baths: <a href="https://bit.ly/2zvhsOx">https://bit.ly/2zvhsOx</a>
Helli Air	Wellesbourne	Aerospace Services	A Warwickshire-based aviation company has secured CBIL funding from Barclays. Heli Air, which is based in Wellesbourne, also operates from four other sites around the UK including Gloucester, Thrupton, High Wycombe and Cumbernauld in Scotland. The business offers a range of aviation services including pipeline surveillance for gas and fuel infrastructure, engineering, pilot training, aircraft sales, and commercial flights around the UK and Europe: <a href="https://bit.ly/3bjs7CV">https://bit.ly/3bjs7CV</a>

# Appendix

NEW INVESTMENT OPPORTUNITIES			
COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
Filta Group Holdings	Rugby	Food and Drink, Hospitality Services	Shares in a Warwickshire-headquartered company which provides cooking oil filtration and fryer management services to restaurants have surged more than 60 per cent. Rugby-based Filta Group Holdings enjoyed a 64 per cent rise on Thursday 7 May after it announced the UK launch of FiltaShield, a new sanitising service to help businesses combat and prevent the spread of Covid-19: <a href="https://bit.ly/2yAjHdf">https://bit.ly/2yAjHdf</a>
Aston Martin	Warwickshire, National	Manufacturing, Engineering, Automotive,	Aston Martin has started a carefully planned phased return to work for a number of its manufacturing staff as the business looks to restart car making while adjusting to the new normal in the battle to overcome the threat of Covid-19. Production workers at the company's global headquarters in Gaydon, Warwickshire, will follow at a later date, as will office and support staff at Aston Martin's various other UK sites: <a href="https://bit.ly/35QBJUH">https://bit.ly/35QBJUH</a>
Morgan Sindall	Rugby	Construction	Construction and infrastructure company Morgan Sindall has said it is "well-positioned to successfully navigate" through the current Covid-19 crisis. The listed company, which is headquartered in Rugby, added that it is aiming to emerge "primed for future success" in the medium and longer term. The listed company's secured workload as of 31 March was £7.6bn, level with the year-end position. Of this, the construction division's secured order book was £3.5bn, down 5 per cent from the year end, with the regeneration secured order book up 4 per cent at £4.1bn: <a href="https://bit.ly/2WmDNk1">https://bit.ly/2WmDNk1</a>
Medic Bleep	Stratford-upon-Avon	Medical Technologies	A company whose app is replacing pagers in NHS hospitals has smashed its £700,000 fundraising target. It has now extended its crowdfunding campaign. Medic Bleep, which is registered in Stratford-upon-Avon and is currently used by 4,200 NHS staff, raised £775,860 through 899 investors on Crowdcube ahead of its deadline. The company has now extended its campaign and has now raised £816,380 through 942 investors. According to its crowdfunding page, more than £2m has been invested in the business by its directors to date: <a href="https://bit.ly/2xRQ0UB">https://bit.ly/2xRQ0UB</a>
Co-op	National	Retail	Gross sales at Central England Co-op have edged closer to £900m, new figures have confirmed. The organisation has reported an increase in sales of 2.7 per cent to £893m for the 12 months to 25 January 2020 while its trading profit totalled £17.5m, which was ahead of budget. It has also announced that its operating profit increased from £11.9m to £15.5m over the same period: <a href="https://bit.ly/2Z3h6mY">https://bit.ly/2Z3h6mY</a>
Medherant Ltd	Coventry	Medical Technologies and Supplies	A University of Warwick drug delivery spin-out has entered into a partnership with a Cambridge company to develop new products. Medherant has agreed the deal with Cycle Pharmaceuticals to create new products using the Coventry firm's TEPI Patch technology: <a href="https://bit.ly/2TkphHV">https://bit.ly/2TkphHV</a>



# Appendix

NEW INVESTMENT OPPORTUNITIES			
COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
Sumo Group	Leamington Spa	Creative and Digital	Video game developer Sumo Group has bought Lab42 in a deal worth almost £500,000. The deal means Sumo Group will add 29 people to its Leamington Spa office. The business and its managing director, Ed Blincoe, are well known to Sumo, in particular to Sumo Digital's managing director, Gary Dunn, and the team at Sumo Digital's Leamington Spa studio, which opened in 2019: <a href="https://bit.ly/2WxeWdI">https://bit.ly/2WxeWdI</a>
Horiba Mira	Nuneaton/ Hinckley	Engineering, Automotive	Horiba Mira has fully converted its engineering and test facilities into 'Covid secure' operations and welcomed back the first wave of furloughed employees. On 13 April the company suspended most physical operations at its 850-acre site in Nuneaton and a further facility in Basildon, but has now safely welcomed the first wave of furloughed employees back to both sites. About two-thirds of the company's 600-strong team have been working from home using remote technology, but the business said the 40 specialised on-site facilities, including its 100km proving ground, are essential to continue the work the automotive and defence sectors need worldwide: <a href="https://bit.ly/2Z7oYUy">https://bit.ly/2Z7oYUy</a>
BCTG Group	Staffordshire including Newcastle Under Lyme	Training	BCTG Group has acquired PTP Training, trading as Performance Through People. The acquisition, for an undisclosed sum, means the expanded group will now have a turnover of over £20m and employ around 200 people. The organisation supports almost 10,000 young people and adults each year, offering 166 different types of apprenticeship, 84 different adult upskilling and reskilling courses and 27 pre-apprenticeship programmes for 16-18-year-olds. These include everything from healthcare and early years care, to engineering, manufacturing and logistics, through to business skills in IT, management and team leading. <a href="http://www.thebusinessdesk.com/westmidlands/news">www.thebusinessdesk.com/westmidlands/news</a>
JCB	South Staffordshire	Manufacturer	JCB has announced a partial re-starting of production at four of its UK factories as safety measures are rolled out to protect employees in the wake of the coronavirus crisis. Production stopped on 18 March and the vast majority of JCB's 6,500 UK employees have been furloughed since April. The company has now confirmed that low levels of production are resuming including the Loadall division at the Rocester, Staffordshire, JCB Earthmovers and JCB Landpower in Cheadle, Staffordshire, have resumed production along with JCB Transmissions in Wrexham and JCB Cab Systems at Uttoxeter. <a href="http://www.insidermedia.com/news/midlands">www.insidermedia.com/news/midlands</a>
Wickes	Cannock Stafford Tamworth Burton Tunstall	Retail	Wickes is to reopen its stores following the government's announcement it is to relax lockdown restrictions. The first tranche of locations are set to open on 14 May 2020 with the remainder following on 19 May. <a href="http://www.insidermedia.com/news/national">www.insidermedia.com/news/national</a>

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Biobrade	Stoke on Trent	Manufacturer	A sports and health supplement business based near Stoke-on-Trent has increased its stock levels and boosted its cash flow to meet increased demand throughout the Covid-19 crisis. The business has now secured an increased overdraft facility with HSBC UK to £100,000, which will ensure Biobrade can facilitate its high number of online orders for health supplements. <a href="http://www.insidermedia.com/news/midlands">www.insidermedia.com/news/midlands</a>
Barratt Developments	Staffordshire	Property	Housebuilder Barratt Developments has started a phased re-opening of its construction sites in Staffordshire. Initially, five sites across the region will be re-opened with work being prioritised on already sold plots at advanced stages of construction. <a href="http://www.business-live.co.uk/economic-development">www.business-live.co.uk/economic-development</a>
Torus Wellbeing Clinic	Stoke on Trent	Healthcare	The clinic has been awarded European funding via Keele University to launch a pilot project to help companies support their employees' health and wellbeing. <a href="http://www.business-live.co.uk/enterprise">www.business-live.co.uk/enterprise</a>

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