

# MIDLANDS ENGINE

## ECONOMIC IMPACT OF COVID-19

Edition 7: 17<sup>th</sup> July 2020



# Introduction

Welcome to the seventh 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 pulls together information across regional partners to understand the impacts of Covid-19 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 is drawn from a wide range of sources including the Midlands Engine Business Forum Members, Growth Hubs, Chambers, LEP's, ONS and others. 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 sets grow 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).

Contents	Number
Executive Summary	3
Emerging Policy Considerations	4
Global and National Outlook	5-7
Foreign Direct Investment	8
Coronavirus Funding	9
Furloughed Workers	10-11
Claimants – Total & Youth	12-13
ONS Business Impact	14-15
Local Business Intelligence	16-21
Appendix	22-28

# Executive Summary

- **UK GDP grew 1.8% in May but was still 24.5% below its level in February**, before the plunge in economic output when the pandemic struck. Manufacturing and house building indicated some signs of recovery as some businesses saw staff return to work during May, but whilst retail sales rose, it was mostly confined to online shopping, due to restrictions on non-essential retail still being in place.
- The Office for Budget Responsibility (OBR) said the **economy was on course to shrink by 12.4% in 2020**, with borrowing set to rise to a peacetime high. The fiscal watchdog warned that the economy would not get back to its pre-crisis size until the end of 2022, while unemployment was likely to rise to a record 12% by the end of this year, falling back to 10.1% in 2021.
- **The latest figures from the survey of the Purchasing Managers Index for the Business Activity Index shows a substantial change in a positive direction. The Business Activity Index for the WM was 50.4 in June 2020 (UK = 47.7) compared to 27.9 in May. Similarly, the EM reported a figure of 50.4 in June 2020 compared to 32.6 in May. This signals a rise back to similar levels reported in May 2019 - 50.7 in the West Midlands and 49.6 for the East Midlands. Across the 12 regions the East and West Midlands regions were the only 2 regions in the UK who saw an increase in business activity in June.**
- Across the Midlands Engine area, **1,404,100 workers were furloughed in June 2020**, this is an increase of 208,400 (17.4%) of workers compared to May 2020. **Across the Midlands region, the highest sector for the number of workers furloughed in June 2020 was in retail sector at 20.9% (307,900) which is above the national average of 20.1%.**
- **In June 2020 there were 416,605 claimants aged 16 years and over in the Midlands Engine.** This has decreased by 3,975 claimants since May 2020 (-0.9%, UK -1.3%). However, there are 195,065 (+88.0%, UK +107.0%) more claimants when compared to March 2020. The number of claimants as a percentage of residents aged 16 years old over was 5.0% in June (UK 4.9%).
- **In June 2020 there were 86,510 claimants aged 16-24 years old in the Midlands Engine.** This has increased by 2,365 claimants since May 2020 (+2.8%, UK +3.6%). There are 42,315 (+95.7%, UK +116.0%) more youth claimants when compared to March 2020. The number of claimants as a percentage of residents aged 16–24 years old was 7.4% in June (UK 7.3%).
- Regional analysis from Wave 7 of the Business Impact of Coronavirus Survey shows that **45% of trading businesses in the West Midlands and 43% of East Midlands businesses reported their turnover had decreased by at least 20%** (UK 44%). However, 17% of trading businesses in the West Midlands and 19% for the East Midlands reported that their turnover was unaffected (21% for the UK) and 10% reported their turnover had increased by at least 20% in the West Midlands, whilst the figure was nearly 11% for the East Midlands, above the UK average (8%).
- There were **242 Foreign Direct Investment (FDI) Projects across the Midlands in April 2019- March 20** (pre-Covid-19), this is an increase of 8.0% (+18 projects) compared to 2018-19. The UK increased by 3.9% (+70 projects), from 1,782 in 2018-19 to 1,852 in 2019-20.

# Emerging Policy Considerations

THEME	KEY CONCERNS
<b>Access to Finance &amp; Cashflow</b>	<ul style="list-style-type: none"> <li>• Previously reported concerns remain about the operation and coverage of Government business support initiatives and particularly the situation of those businesses and individuals who, for a variety of reasons, appear to be ‘falling through the cracks’;</li> <li>• Enquiries are shifting away from reactionary financial support questions towards more future business planning and requests for diversification support.</li> <li>• Main queries received this week have been related to Start-Up Funding availability, LADG enquiries/eligibility, Non Covid-alternative Funding scheme information/Growth Grants, Regulation-Safe Trading Guideline advice, and Businesses-Self-employed falling short of all schemes/Grant provision seeking support.</li> <li>• Policy suggestions coming from the business community include for instance:               <ul style="list-style-type: none"> <li>• Extend grant support schemes for SMEs via local authorities to help local businesses survive.</li> <li>• Extend Business Rates relief to mid-sized businesses in all sectors for the next 3 months to help supply chains recover.</li> <li>• Defer VAT payments for businesses in 2nd quarter of 2020 to support cashflow and investment.</li> <li>• Extend the deadline for the Coronavirus Business Interruption Loan Scheme beyond August for a further 3 months.</li> <li>• Accelerate local infrastructure upgrades in 2020/21 by increasing funding for local authorities.</li> </ul> </li> <li>• Continued reluctance to take on loans and concerns about repayment terms.</li> <li>• Business leaders would like an increase in the level of funding available for small and micro businesses through the discretionary grants scheme.</li> </ul>
<b>Furlough</b>	<ul style="list-style-type: none"> <li>• As Government announced additions to the Job Retention Scheme (JRS) last week a number of large chains have advised due to a successful reopening they will not be taking the Furlough bonus.</li> <li>• Some businesses putting employees back on to the JRS as a result of inconsistent supply chains and being unable to secure stable and regular supplies of parts and materials.</li> <li>• National reporting suggests that the ‘Kickstart jobs for young people’ is a tried-and-tested policy. The new Job Retention Bonus is targeted at the jobs that are most at risk as the furlough scheme is phased out. It is too small and temporary to have a lasting effect on employment.</li> <li>• Redundancies are expected/feared by business from all sectors post Job Retention Scheme, but to what extent is unclear at this stage.</li> </ul>
<b>Diversification</b>	<ul style="list-style-type: none"> <li>• More businesses are using this time to diversify and there is a significant drive for businesses to reduce their carbon emissions and look at new, greener ways of working.</li> <li>• Evidence of SMEs successfully developing online solutions for customers.</li> <li>• More businesses using downtime to look at new products and streamlining processes to remain effective and retain employees.</li> </ul>
<b>Supply Chain &amp; Business Support</b>	<ul style="list-style-type: none"> <li>• Evidence is growing of the need for both sectorally and spatially targeted interventions in support of business and employment across the Midlands.</li> <li>• Companies that have been using existing stocks are now starting to struggle obtaining parts or supplies, halting or delaying production. May lead to further furloughing of staff. Smaller companies originally sourcing products or supplies from India and China, no longer able to do so and have had to find more expensive local sources.</li> <li>• The need for programmes to develop support to create opportunities for diversifying their income and to 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> </ul>
<b>Future of Office Space</b>	<ul style="list-style-type: none"> <li>• Large number of enquiries over the last week from companies of all sizes looking to downsize their premises in order to manage the loss of income as they look to rebuild the businesses.</li> <li>• Many smaller companies have become more agile and have adapted well to working from home</li> </ul>

# Global and National Outlook

## Global Outlook

The number of confirmed cases passed 13-million this week. The WHO has [indicated](#) that things won't return to normal for the foreseeable future and cautioned that a new vaccine won't become available to everyone, an indication that even if a vaccine is found safe, global manufacturing and distribution will take time.

In Europe, Germany's [Angela Merkel](#) and Italy's [Giuseppe Conte](#) expressed a united front on delivering a 750 billion-euro recovery plan for the European Union bloc. Merkel commented that the response to the crisis has to be big. Conte conceded that his government will accept tighter criteria for the grants and loans, a message aimed at the "Frugal Four" nations including the Netherlands, which have insisted on tight fiscal constraints to the package.

Leaders across the European Union are meeting in-person for the first time this week since the beginning of lockdowns to discuss the aid package.

Data signalled a substantial contraction in Singapore's economy in the latest quarter, plunging a [record 41.2%](#).

In New York, the markets signalled some optimism, with the [S&P 500 Index](#) very briefly touching its highest since the pandemic sell-off. [Oil dropped](#) for a second day on Tuesday, 14 July 2020 amid expectations that production cuts will start to cease.

## National Outlook

In the UK the Westminster government has confirmed that [face coverings will be compulsory](#) in shops in England from Friday July 24, with those refusing to wear a face covering facing fines of up to £100. The British Medical Association called the announcement "long overdue" and said the measure should be extended to all settings where social distancing is not possible.

[YouGov](#) polling showed the public is supportive of the measure. Nearly two-thirds of people in Britain think it's right for face coverings to be compulsory in shop. 60% said they wanted the Government to enforce it.

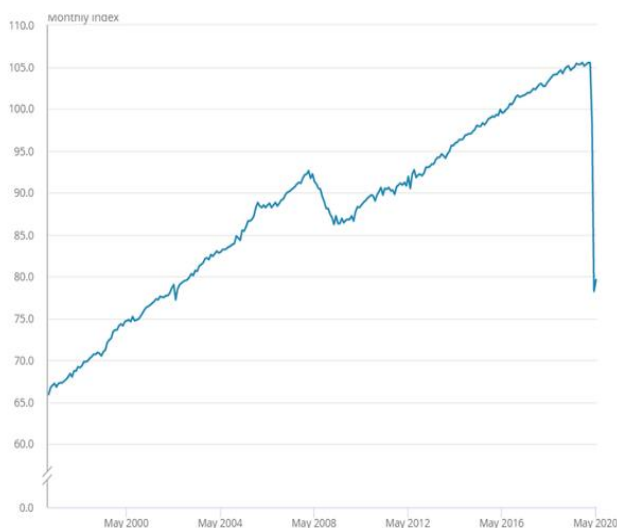
The Health Secretary had told a virtual conference of the [National Pharmacy Association](#) that the Government is planning the biggest flu vaccination program in history and confirmed they have already procured the stock for it.

The ONS have released [GDP stats](#), and UK GDP grew 1.8% in May but was still 24.5% below its level in February, before the plunge in economic output when the pandemic struck. Manufacturing and house building indicated some signs of recovery as some businesses saw staff return to work during May, but whilst retail sales rose, it was mostly confined to online shopping, due to restrictions on non-essential retail still being in place.

Despite marginal growth, the economy was still a quarter smaller in May than in February:

**GDP grew by 1.8% in May 2020, but is still well below the levels seen in February 2020**

Monthly index, January 1997 until May 2020



Source: GDP monthly estimate, UK: May 2020

Office for National Statistics

# National Outlook - Business Activity Index

## Purchasing Manager Index (PMI) Survey Analysis:

The headline East Midlands Business Activity Index was recorded at a value of 50.4 in June 2020 - a significant increase from 32.6 in May 2020. The West Midlands Business Activity Index also recorded a value of 50.4 in June 2020, an increase from 27.9 in May 2020. The latest data indicates a recovery in business activity across the East Midlands and West Midlands as the easing of COVID-19 related restrictions had a favourable effect on economic activity, with firms gradually resuming business operations. The UK average was 47.7 in June 2020. This signals a rise back to similar levels reported in May 2019 - 50.7 in the West Midlands and 49.6 for the East Midlands.

The Input Prices Index was 51.8 for the East Midlands and 49.5 in the West Midlands in June 2020.

The Prices Charged Index was 49.1 in June 2020 for the East Midlands with companies not passing on higher costs in an attempt to boost demand. For the West Midlands, the Prices Charged Index was 51.1 in June 2020, firms increased their selling prices for the first time in four months.

## Outlook

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

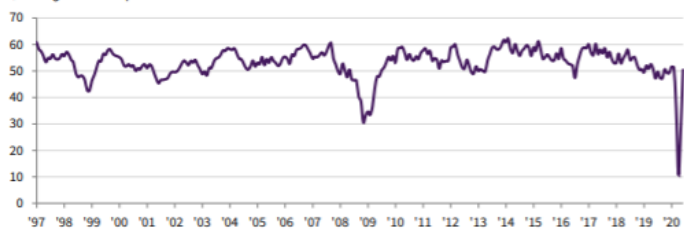
## Regional Rankings

The figure below shows the performance compared to other regions in the UK. **The East and West Midlands regions were the only 2 regions in the UK who saw an increase in business activity in June.**

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



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



**Demand** Source: IHS Markit, NatWest PMI, July 2020

Private sector firms across the East and West Midlands registered a renewed rise in new orders in June as firms reopened following the easing of COVID-19 related restrictions. The current East Midlands New Business Index is 51.8 – compared to 34.8 in May while the West Midlands New Business Index is 50.9 – compared to 29.6 in May.

## Capacity

Firms continued to register a drop in employment in June. In the East Midlands and West Midlands the Employment Index was recorded at 45.0 and 39.9 respectively. The West Midlands Outstanding Business Index was 42.5 and for the East Midlands was 46.9 in May 2020.

## Prices

For the third straight month input costs in the West Midlands have declined, whilst the East Midlands saw their first rise in three months.

Business Activity Index  
sa, >50 = growth since previous month, Jun '20



Please note: The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease

# National Outlook - Fiscal Sustainability Report

The [Office for Budget Responsibility](#) (OBR) said the economy was on course to shrink by 12.4% in 2020, with borrowing set to rise to a peacetime high. This would mark the biggest economic decline in 300 years. Official data showed the [economy grew by 1.8% in May](#), a month after suffering the biggest contraction on record.

They identify 3 scenarios:

- 1. Upside: GDP down 10.6% this year; pre-virus peak by 21Q1; no long-term scarring
- 2. Central: GDP down 12.4% this year; pre-virus peak by 22Q4; GDP down 3% at horizon
- 3. Downside: GDP down 14.3% this year; pre-virus peak by 24Q3; GDP down 6% at horizon

The OBR said the government was on course to borrow £372bn this year to pay for the shortfall between tax revenues and public spending. This includes extra borrowing to pay for the chancellor's £30bn package unveiled last week to protect jobs and boost the economy, and will push the UK's total debt pile to 104.1% of gross domestic product (GDP)

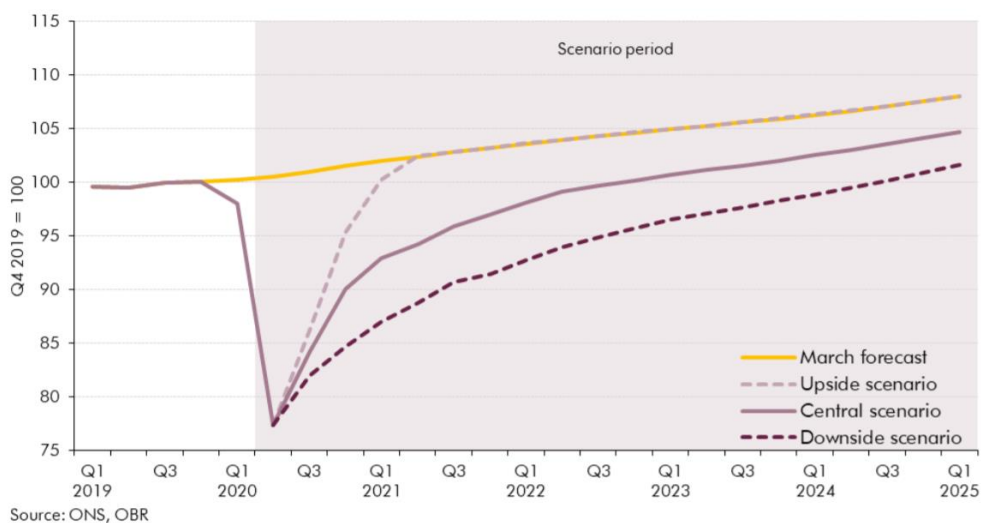
The fiscal watchdog warned that economy would not get back to its pre-crisis size until the end of 2022, while unemployment was likely to rise to a record 12% by the end of this year, falling back to 10.1% in 2021.

The watchdog said an "early vaccine or effective treatment would allow most activities to resume much as they were before the virus", allowing the economy to recover more quickly, with no "enduring economic scarring".

However, the OBR's most pessimistic scenario, where no vaccine is found and social distancing measures continue "indefinitely", would lead to a "significant" loss of business investment. In this worst case scenario, unemployment would rise to four million, up from 1.3 million in 2019, while the UK's high streets would be left permanently scarred as shoppers stay away.

"The virus is likely to have significant effects on people's expectations and behaviour", the OBR said.

## Real GDP versus March forecast



Source: ONS, OBR

# Foreign Direct Investment

## FDI Projects

There were 242 Foreign Direct Investment (FDI) Projects across the Midlands in April 2019- March 20 (pre-covid), this is an increase of 8.0% (+18 projects) compared to 2018-19. The UK increased by 3.9% (+70 projects), from 1,782 in 2018-19 to 1,852 in 2019-20.

The Midlands region accounts for 13.1% of the UK total for FDI projects in 2019-20. A breakdown by all regions can be seen in the following table:

	2018-19	2019-20	Change	% Change	2019/20 % of Total
Multiple UK sites	52	58	6	11.5%	3.1%
North East	59	73	14	23.7%	3.9%
North West	142	154	12	8.5%	8.3%
Yorkshire and The Humber	98	104	6	6.1%	5.6%
<b>East Midlands</b>	<b>69</b>	<b>85</b>	<b>16</b>	<b>23.2%</b>	<b>4.6%</b>
<b>West Midlands</b>	<b>155</b>	<b>157</b>	<b>2</b>	<b>1.3%</b>	<b>8.5%</b>
East of England	87	79	-8	-9.2%	4.3%
London	627	638	11	1.8%	34.4%
South East	202	211	9	4.5%	11.4%
South West	79	70	-9	-11.4%	3.8%
Scotland	126	121	-5	-4.0%	6.5%
Wales	51	62	11	21.6%	3.3%
Northern Ireland	35	40	5	14.3%	2.2%
<b>Midlands Engine</b>	<b>224</b>	<b>242</b>	<b>18</b>	<b>8.0%</b>	<b>13.1%</b>
<b>Total</b>	<b>1,782</b>	<b>1,852</b>	<b>70</b>	<b>3.9%</b>	

## Jobs from FDI Projects

There was a total of 9,456 Jobs from FDI projects across the Midlands in 2018/19, this is an increase of 19.3% compared to a UK increase of 0.8%. Due to not available across all regions, however the Midlands accounts for 14.5% of the total.

The following table shows the breakdown by region the total number of jobs created by FDI Projects:

	2018-19	2019-20	Change	% Change	2019/20 % of Total
Multiple UK sites	*	*			
North East	*	3,015			4.6%
North West	5,184	5,441	257	5.0%	8.4%
Yorkshire and The Humber	2,595	3,023	428	16.5%	4.6%
<b>East Midlands</b>	<b>1,874</b>	<b>2,842</b>	<b>968</b>	<b>51.7%</b>	<b>4.4%</b>
<b>West Midlands</b>	<b>6,049</b>	<b>6,614</b>	<b>565</b>	<b>9.3%</b>	<b>10.2%</b>
East of England	2,882	*			
London	15,287	13,077	-2210	-14.5%	20.1%
South East	4,303	6,510	2207	51.3%	10.0%
South West	2,211	1,974	-237	-10.7%	3.0%
Scotland	4,469	3,347	-1122	-25.1%	5.1%
Wales	3,704	*			
Northern Ireland	*	*			
<b>Midlands Engine</b>	<b>7923</b>	<b>9456</b>	<b>1533</b>	<b>19.3%</b>	<b>14.5%</b>
<b>Total</b>	<b>64,623</b>	<b>65,138</b>	<b>515</b>	<b>0.8%</b>	

Total jobs can be split into new jobs and safeguarded jobs. For new jobs created from FDI projects, there 6,308 in 2018-19 in the Midlands a decrease of 8.1% (-559) which reflects the UK trend of -2.6%. The Midlands accounts for 11.2% of the total new jobs created from FDI projects in 2019-20.

There are regions where the data is disclosive for safeguarded jobs. However, data is available for the East Midlands and West Midlands and shows the number of safeguarded jobs has increased from 1,056 in 2018-19 to 3,148 in 2019-20 (+198.1% compared to 28.9% for the UK). In 2018-19 the Midlands accounted for 34.9% of the total.



# Coronavirus Funding

**How much emergency coronavirus funding are different councils in England receiving? And is the funding allocation sensible?**

The IFS published a summary in April about the potential impacts of additional Local Authority funding spending pressures arising as a result of the coronavirus pandemic. The funding is being allocated according to assessments of spending needs in 2013–14, with the vast majority being allocated based on the assessments for adult social care – one of the services likely to be most affected by the pandemic.

They found big differences in allocations for different parts of the country; substantial variation in how both demographics and spending have changed over the seven years since the spending needs assessments used were initially calculated; and no relationship between funding allocations and currently confirmed coronavirus cases.

**The amount allocated per resident ranges from £15 in Wokingham to £45 in Knowsley.** In general, it is lowest in the Home Counties, especially to the west of London, and highest in parts of Merseyside, Teesside, Tyneside and inner London, as well as deprived seaside communities such as Blackpool and Torbay.

**Funding for deprived areas is higher not only in pounds-per-resident terms, but also measured as a percentage of spending on adult social care.** For the ten councils with the most deprived populations, it amounts to an average of 10.7% of adult social care spending, compared with just 6.9% in the ten councils with the least deprivation. If actual spending rather than spending needs assessments from 2013–14 is a better predictor of how much additional funding councils will require to cope with the coronavirus crisis, less deprived areas may be more likely to struggle financially.

**The populations of different areas have also changed very differently over the last seven years, which is bound to have affected their spending needs.** For example, while the populations of Blackpool and Kensington & Chelsea have fallen, the population of Tower Hamlets is estimated to have grown by 21.4%. And the numbers aged 80 or over – the group most at risk from coronavirus – have fallen by 7.2% in Barking & Dagenham, but have risen by 31.8% in Brent.

**Shire district councils, which are the lower tier of local government in rural areas, are set to receive an average of 45p per resident, or just 0.4% of their annual funding.** This is unlikely to go far if the coronavirus crisis significantly impacts the services these councils are responsible for, such as housing, homelessness prevention, waste collection, environmental health, and cemeteries and crematoriums. In addition, gross income from on- and off-street parking amounts to 16% of their spending on local services, and is likely to fall significantly, putting further strain on their budgets.

**The coronavirus could also impact different councils in very different ways that have little to do with their general spending needs.** As an indicator of this, in April, the prevalence rate is almost ten times greater across the five councils with the highest prevalence rate than across the five councils with the lowest prevalence rate (0.223% compared with 0.025%).

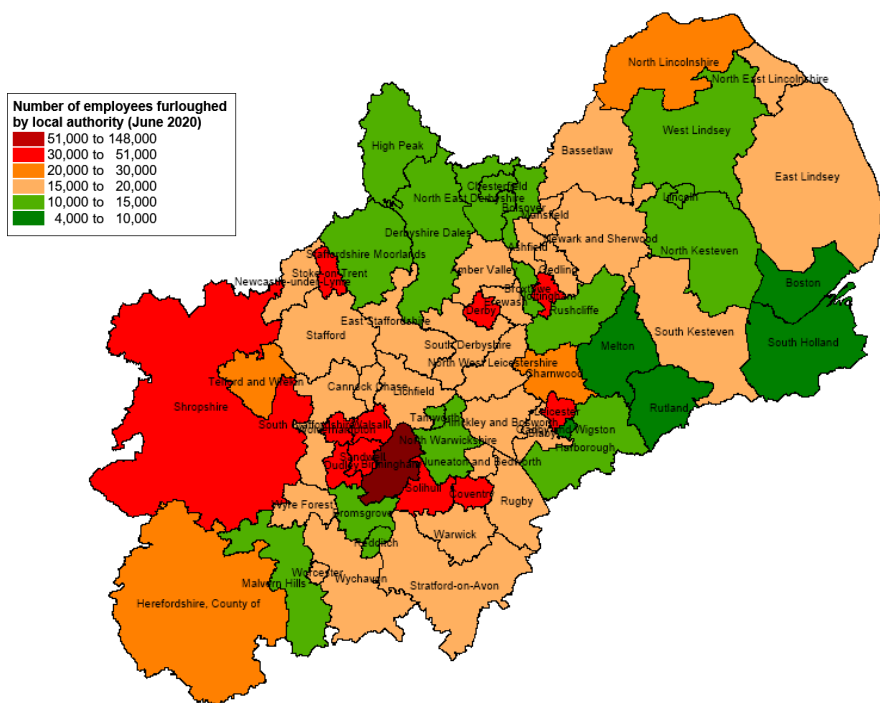
The IFS views are that taken together, the use of out-of-date and overly-general spending needs assessments may mean funding may not end up where it is ultimately needed most. Of course, accurately predicting in advance how much the coronavirus will affect councils in different parts of the country and providing funding accordingly is a near-impossible task. Given it wanted to provide additional funding quickly, the government has therefore had to make use of the rough proxies already available to it. But there are other approaches it could have taken, and indeed could still take if further funding is deemed appropriate. Rather than try to allocate all of the funding in advance, it could loosen the rules to allow councils to borrow to fund day-to-day spending linked to the coronavirus pandemic, allowing them to respond rapidly in a manner they see fit. The government would then have the option of reimbursing councils at a later date once it has a better idea of what the impact of the coronavirus has been in different parts of the country and subject to proper financial safeguards.

The full report can be found [here](#)

# Furloughed Workers

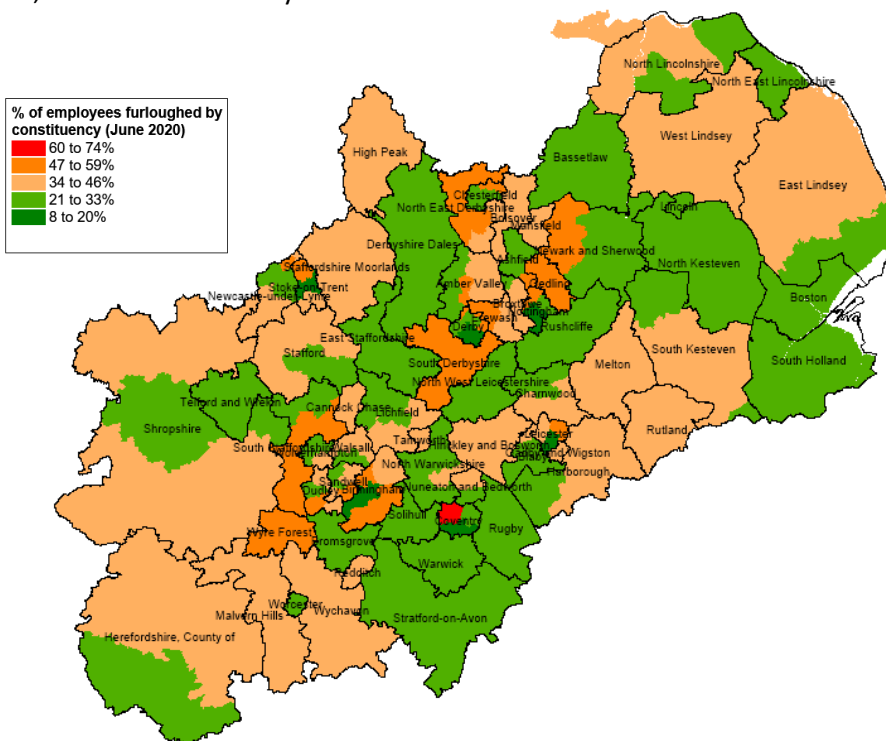
Across the Midlands Engine area, **1,404,100 workers were furloughed in June 2020**, this is an increase of 208,400 (17.4%) of workers compared to May 2020. There were 7,600,900 workers furloughed in England. Over the same period, the England increased of 17.8 % (while the UK increased by 7.8%).

In June, the number of workers furloughed potentially accounted for 31.8% of jobs in the Midlands Engine and 29.3% for England <sup>1</sup>. Across the Midlands Engine area, the number of staff furloughed as a percentage of jobs vary from 52.3% in Gedling to 19.9% in Nottingham.



The highest number for staff furloughed in the Midlands Engine is in Birmingham at 147,800, followed by Leicester at 50,900 and then Sandwell at 47,700

Levels vary across the Midlands Engine parliamentary constituencies with 19,000 workers furloughed in Leicester East to 10,600 in Great Grimsby.



The number of staff furloughed proportioned to the number of employees at parliamentary constituencies level shows Coventry North West the highest at 73.2%, followed by Birmingham, Selly Oak at 59.5% and then Birmingham, Hodge Hill at 58.9%

<sup>1</sup>Based off employee numbers from Business Register and Employment – 2018 data

# Furloughed Workers

## Regional Furloughed Workers per Sector

Across the Midlands, the highest sector for the number of workers furloughed in June 2020 was in retail sector at 20.9% (307,900) which is above the national average of 20.1%.

The two next highest sectors for furloughed workers in Midlands was business, professional and financial services at 20.0% (295,000) compared to 22.2% nationally and the visitor economy at 17.7% (260,900) compared to 22.5% nationally.

The following table shows the proportion of workers furloughed for the overall Midlands and England and compared to the number of jobs:

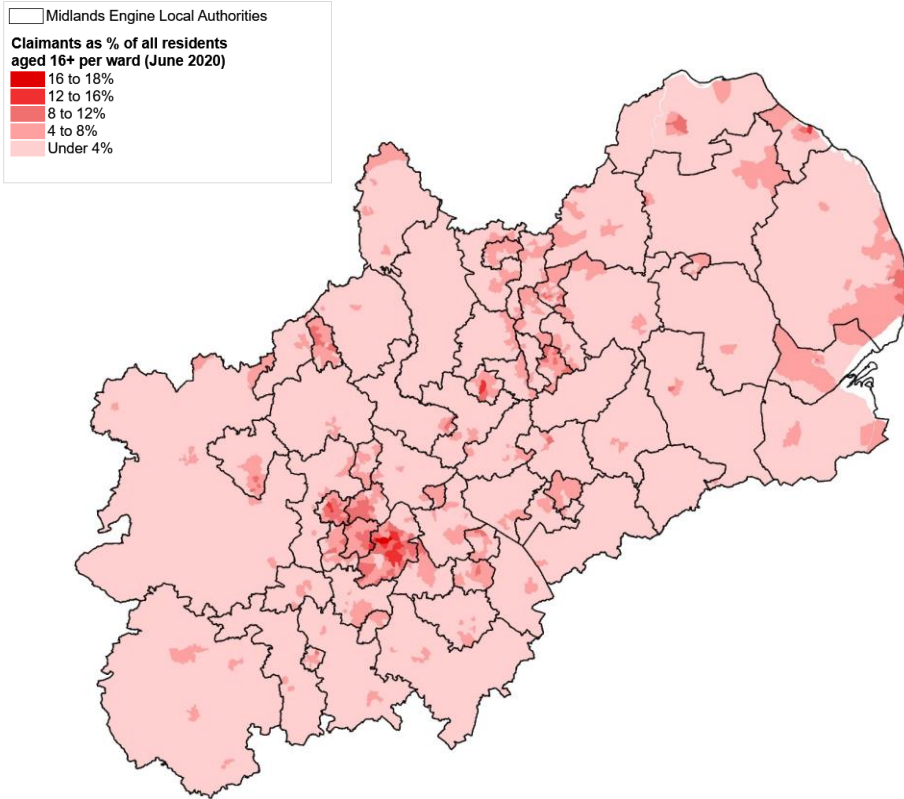
SECTOR	Midlands Number of Workers Furloughed	% of Midlands Furloughed	% England Furloughed	Number of Midlands Jobs (2018)	Midlands % Furloughed to Jobs	Midlands % of Jobs	England % of Jobs
Advanced Manufacturing	260,900	17.7%	11.0%	570,000	45.8%	12.3%	8.0%
Transport Technologies and Logistics	67,900	4.6%	4.4%	256,415	26.5%	5.5%	4.9%
Healthcare and Life Sciences	60,800	4.1%	4.4%	615,000	9.9%	13.3%	12.7%
Energy and Low Carbon Technologies	11,600	0.8%	0.7%	106,335	10.9%	2.3%	1.8%
Business, Professional & Financial Services	295,000	20.0%	22.2%	905,750	32.6%	19.5%	22.9%
Creative, Design and Digital	27,900	1.9%	2.5%	129,350	21.6%	2.8%	4.4%
Construction	108,100	7.3%	7.9%	291,000	37.1%	6.3%	7.1%
Retail	307,900	20.9%	20.1%	768,000	40.1%	16.6%	15.3%
Public Sector	49,100	3.3%	3.6%	599,000	8.2%	12.9%	12.9%
Visitor Economy	276,700	18.8%	22.5%	392,500	70.5%	8.5%	9.9%
Other	8,800	0.6%	0.6%				
<b>Total</b>	<b>1,474,800</b>			<b>4,633,350</b>	<b>31.8%</b>		

Furlough data is available by region by broad sectors, the East Midlands region and the West Midlands region have been combined and the broad sectors have largely been aligned to ten sectors in the Midlands Engine.

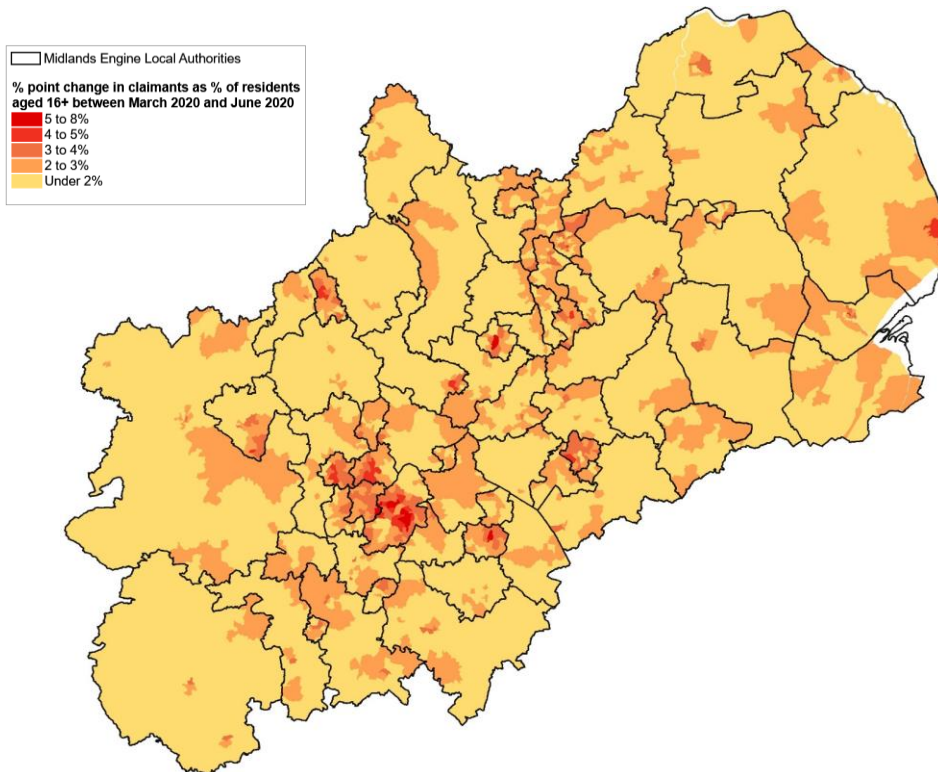
# Claimant Count

In June 2020 there were 416,605 claimants aged 16 years and over in the Midlands Engine. This has decreased by 3,975 claimants since May 2020 (-0.9%, UK -1.3%). However, there are 195,065 (+88.0%, UK +107.0%) more claimants when compared to March 2020. Also, there are 221,185 (+113.2%, UK +131.2%) more claimants when compared to June 2019.

The number of claimants as a percentage of residents aged 16 years old over was 5.0% in June (UK 4.9%).



Out of the 1,527 wards within the Midlands Engine, 422 were at or above the average of 4.9% for the number of claimants as percentage of population – the top 3 were in Birmingham – Birchfield at 17.7%, followed by Lozells at 16.8% and Handsworth at 16.5%.

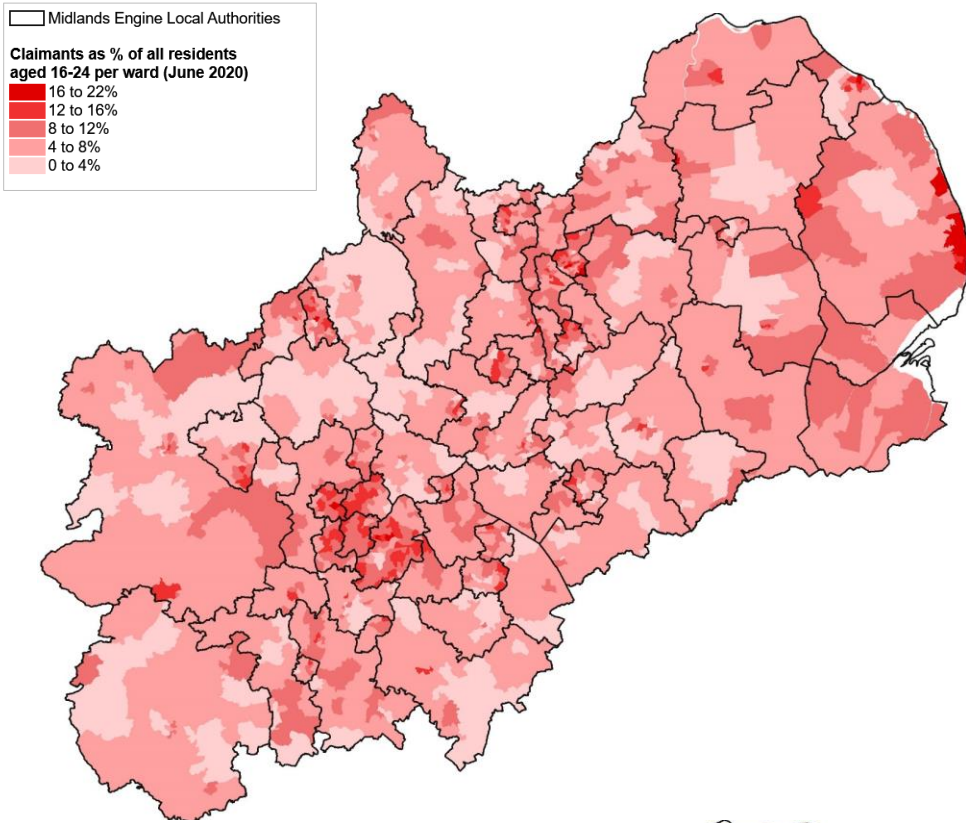


The top 3 wards with the highest percentage point (pp) change in the number of claimants as proportion of population between March 2020 and June 2020 were in Normanton (Derby) by 7.7pp, followed by Arboretum (Derby) by 6.5pp and Bordesley Green (Birmingham) by 5.8pp

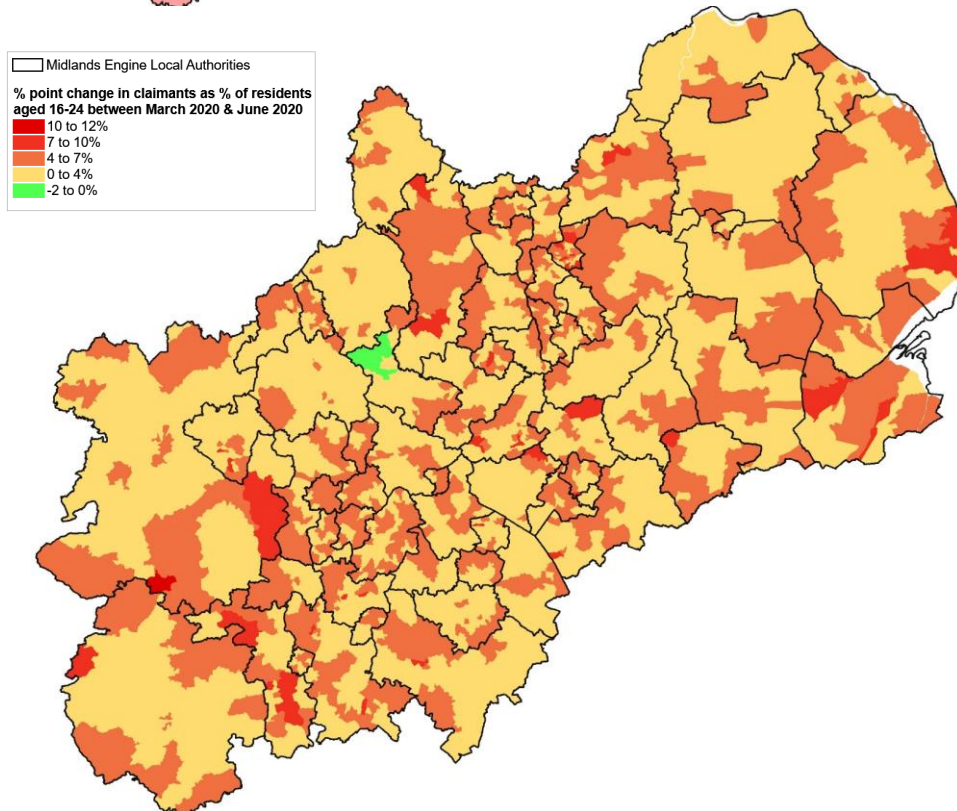
# Youth Claimant Count

In June 2020 there were 86,510 claimants aged 16 -24 years old in the Midlands Engine. This has increased by 2,365 claimants since May 2020 (+2.8%, UK +3.6%). There are 42,315 (+95.7%, UK +116.0%) more youth claimants when compared to March 2020. Also, there 48,225 (+126.0%, UK +144.8%) more youth claimants when compared to June 2019.

The number of claimants as a percentage of residents aged 16 – 24 years old was 7.4% in June (UK 7.3%).



Out of the 1,527 wards within the Midlands Engine, 664 were at or above the UK average of 7.4% for the number of claimants as a proportion of the population aged 16 – 24 years old. At the highest end of the scale were wards in East Lindsey - Ingodmells at 21.7%, followed by Winthorpe at 20.8% and Chapel St Leonards at 18.8%.



The top 3 wards with the highest percentage point (pp) change in the number of claimants as proportion of population between March 2020 and June 2020 were in Ludlow North (Shropshire) by 11.3pp, followed by Great Hampton (Wychavon) by 9.5pp and Chapel St Leonards (East Lindsey) by 9.4pp

# ONS - Business Impact of the Coronavirus

The final results from the sixth round of the Business Impact of Coronavirus (COVID-19) Survey (BICS) show that of the 20,548 businesses surveyed across the UK there was a response rate of 33.5% (7,245).

Of the 3,745 businesses surveyed across the West Midlands, there was a response rate of 26.8% (1,002). For the East Midlands, of the 3,213 business surveyed there was a response rate of 27.5% (882). Unless stated, the following data is based on the period between 1<sup>st</sup> to 14<sup>th</sup> June 2020.

## Trading and Financial Performance

The trading status of businesses refer to the period from 15<sup>th</sup> June to 28<sup>th</sup> June 2020.

Fewer than 1% of UK businesses reported they have permanently ceased trading with nearly 14% temporarily closed or paused trading and 86% continuing to trade. The figures for the East Midlands and West Midlands show that also fewer than 1% of businesses have permanently ceased trading. While 92% of West Midlands businesses and 91.8% of East Midlands businesses have continued to trade through this period. 7.4% of West Midlands businesses and 7.7% of East Midlands businesses have temporarily closed or paused trading.

Nearly 86% of responding West Midlands and East Midlands businesses are currently trading and have been for more than the last two weeks (UK 80%). 6.5% of West Midlands businesses and 6.1% of East Midlands businesses started trading within the last two weeks after a pause in trading (6.4% UK). 1.7% of responding West Midlands businesses and 1.6% of East Midlands businesses have paused trading but intend to restart in the next two weeks (UK 3.5%). However, 5.7% of responding West Midlands businesses and 6.1% of East Midlands businesses have paused trading and do not intend to restart in the next two weeks (UK 10.1%).

45% of trading businesses in the West Midlands and 43% of East Midlands businesses reported their turnover had decreased by at least 20% (UK 44%). However, 17% of trading businesses in the West Midlands and 19% for the East Midlands reported that their turnover was unaffected (21% for the UK) and 10% reported their turnover had increased by at least 20% in the West Midlands, whilst the figure was nearly 11% for the East Midlands, above the UK average (8%).

Source: ONS, Business Impact of Coronavirus (COVID-19)

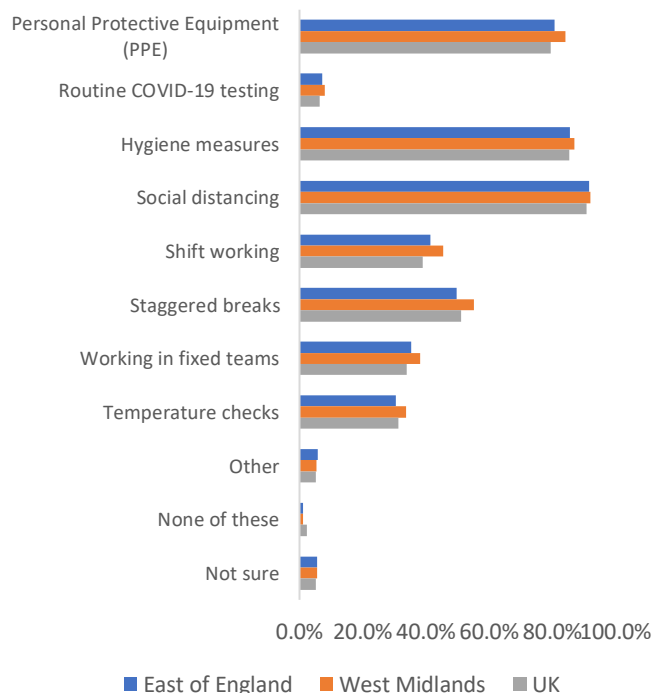
## Safety Measures

Over 92% of businesses in the West Midlands and East Midlands who have temporarily paused or ceased trading and intend to restart trading in the next two weeks, next two to four weeks or in more than 4 weeks intend to implement social distancing, compared to 91% across all UK businesses.

Examples of other safety measures intended to implemented across businesses include 84% of West Midlands businesses and 83% of East Midlands businesses indicating they will use personal protective equipment (80% UK).

55.2% of West Midlands businesses and 56.1% of East Midlands businesses will introduce staggered breaks (51.3% UK). Notably, 5.6% of West Midlands and 5.3% of East Midlands businesses that intend to restart trading in the next two weeks are not sure what safety measures to put into place (5.3% across the UK).

**The following graph shows the percentages of East Midlands and West Midlands businesses who have temporarily paused or ceased trading and intend to restart trading in next two weeks and in next two to four weeks or more than four weeks broken down by safety measures that they intended to implement:**



# ONS - Business Impact of the Coronavirus

## International Trading

For businesses in the West Midlands continuing to trade who reported their financial performance was outside normal expectations and were continuing to export and import found that within the last two weeks, less than 1% of businesses stopped exporting (matching the UK). In comparison, for East Midlands 1.6% had stopped exporting in the last two weeks. 1.1% (EM) and <1.0% (WM) of businesses had stopped importing (<1.0% across the UK).

61.4% of exporting businesses in the West Midlands, 56.5% for the East Midlands and nearly 52.0% in the UK, reported their businesses were still exporting but less than normal. Of those businesses who continued to trade and import, 51.2% in the West Midlands and 48.5% in the East Midlands were importing less than normal, compared to 44.5% across the UK.

Nearly 31% of West Midlands businesses and 34% of East Midlands businesses who were exporting reported that they had not been affected, compared to 38% across the UK, and 38% of West Midlands importers and 39% of East Midlands importers said that importing had not been affected, compared to nearly 45% across the UK.

Exactly 2% of businesses in the West Midlands and nearly 4% for the East Midlands are exporting more than normal, compared to 3.3% in the UK. The figures for importing more than usual are 4.2% for the West Midlands and 4.8% for the East Midlands and stood at 4.8% for the UK.

## Government Schemes and Initiatives

85.1% of businesses in the West Midlands and 85.4% of East Midlands businesses who have not permanently stopped trading have applied for the Coronavirus Job Retention Scheme (79.0% across the UK).

Nearly 16% of West Midlands and East Midlands businesses have applied for business grants funded by the UK and devolved government (over 20% UK). 16% of businesses in the West Midlands and East Midlands have applied for government backed accredited loans or finance agreement (20% UK). Nearly 13% of West Midlands businesses and 13.1% of East Midlands businesses have not applied for any of these schemes (18% UK).

Nearly 68% of West Midlands Businesses and 64% of East Midlands businesses are using the Deferring VAT payments initiative (55% UK), 32.7% of West Midlands businesses and 32.8% of East Midlands businesses are using business rates holiday initiatives (25% UK) and 21% across the Midlands are using HMRC Time to Pay Scheme (17% UK).

68% of West Midlands businesses and 67% of East Midlands businesses who received support from schemes or initiatives reported that it helped them to continue trading, while 21% for the West Midlands and 23% for the East Midlands reported that it did not impact their ability to continue trading.

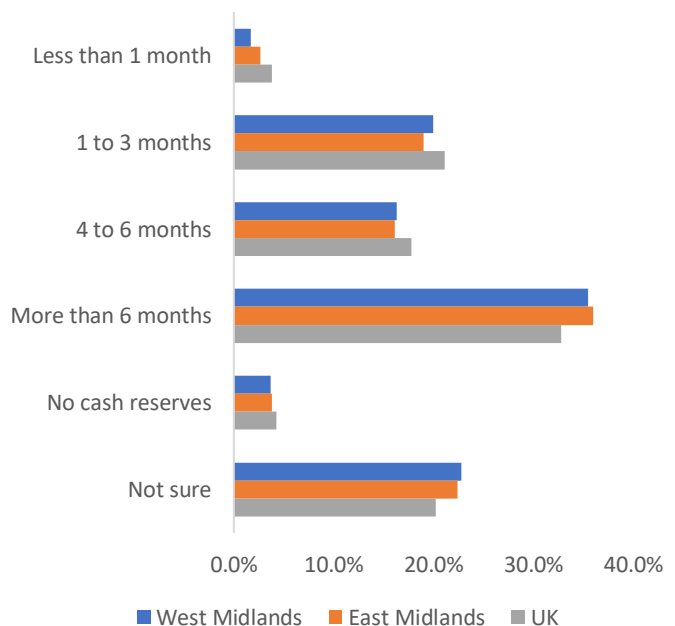
## Financial Assistance

10% of businesses in the West and East Midlands have received financial assistance from banks or building societies. Of these businesses, 75% for the West Midlands and 84% for the East Midlands reported this assistance helped them to continue trading.

## Cash Flow

3.7% of West Midlands businesses and 3.8% of East Midlands businesses that have not permanently stopped trading have no cash reserves. For the UK, this figure is 4.3%.

The following graph shows for businesses that have not permanently stopped trading how long their cash reserves would last:



# Local Business Intelligence

The following table summarises a range of local business intelligence provided by the 9 Midlands Engine 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
<b>Cross Theme</b>	<p><b>Growth Hub Enquiries</b></p> <ul style="list-style-type: none"> <li>• Generally, there has been a clear shift in enquiries in recent weeks, away from reactionary financial support questions towards more future business planning and requests for diversification support.</li> <li>• Queries received this week have been calls relating to Start-Up Funding availability, LADG enquiries/eligibility, Non Covid-alternative Funding scheme information/Growth Grants, Regulation-Safe Trading Guideline advice, and Businesses-Self-employed falling short of all schemes/Grant provision seeking support.</li> </ul> <p><b>Office Space</b></p> <ul style="list-style-type: none"> <li>• Large number of enquiries over the last week from companies of all sizes looking to downsize their premises in order to manage the loss of income as they look to rebuild the businesses.</li> <li>• Many smaller companies have become more agile and have adapted well to working from home.</li> </ul> <p><b>JRS &amp; Furlough</b></p> <ul style="list-style-type: none"> <li>• As Government announced additions to the JRS last week a number of large chains have advised due to a successful reopening they will not be taking the Furlough bonus.</li> <li>• Some businesses putting employees back on to the JRS as a result of inconsistent supply chains and being unable to secure stable and regular supplies of parts and materials.</li> <li>• National reporting suggests that the 'Kickstart jobs for young people' is a tried-and-tested policy, but the new Job Retention Bonus is poorly targeted at the jobs that are most at risk as the furlough scheme is phased out. It is too small and temporary to have a lasting effect on employment.</li> </ul> <p><b>Redundancies</b></p> <ul style="list-style-type: none"> <li>• Redundancies are expected/feared by business from all sectors post Job Retention Scheme, but to what extent is unclear at this stage.</li> </ul> <p><b>New Business Models</b></p> <ul style="list-style-type: none"> <li>• Evidence of SMEs successfully developing online solutions for customers.</li> <li>• More businesses using downtime to look at new products and streamlining processes to remain effective and retain employees.</li> </ul> <p><b>Access to Finance</b></p> <ul style="list-style-type: none"> <li>• Continued reluctance to take on loans and concerns about repayment terms.</li> <li>• Business leaders would like an increase in the level of funding available for small and micro businesses through the discretionary grants scheme.</li> <li>• The government schemes to increase liquidity have been well received by businesses but cash flow continues to pose a significant threat to businesses</li> </ul> <p><b>Recruitment</b></p> <ul style="list-style-type: none"> <li>• Positive news that some companies are expanding and needing to recruit to meet demand of new and existing contracts, particularly those involved with the manufacture of PPE equipment and associated products and services.</li> </ul> <p><b>Test &amp; Trace</b></p> <ul style="list-style-type: none"> <li>• Feedback on test and trace is that it's easy to record where people are within the workplace, but gets more difficult for employees when they are outside of work.</li> </ul>



# Local Business Intelligence

HEADLINES	
<b>Business &amp; Professional Services</b>	<p><b>Micro Companies</b></p> <ul style="list-style-type: none"> <li>• Micro companies continue to be the largest proportion of enquiries, particularly from those in the professional services sector looking for financial support as they struggle to build their companies back up after Covid-19.</li> </ul>
<b>Advanced Manufacturing &amp; Engineering</b>	<p><b>Diversification</b></p> <ul style="list-style-type: none"> <li>• Companies seem to be benefiting the most from diversifying their offerings.</li> </ul> <p><b>General Performance</b></p> <ul style="list-style-type: none"> <li>• Many are still experiencing some drop in revenue, sales or general business activity, but the overall feel is that things are starting to pick back up, albeit, slowly.</li> </ul>
<b>Public Sector</b>	<p><b>Universities</b></p> <ul style="list-style-type: none"> <li>• Universities are facing major financial issues as the number of overseas students drops as well as the Government cap to student numbers.</li> </ul>
<b>Retail</b>	<p><b>Jobs</b></p> <ul style="list-style-type: none"> <li>• A number of retail chains have announced job losses (more details in new economic shocks).</li> <li>• Redundancies particularly common in this sector.</li> </ul> <p><b>Cross Theme</b></p> <ul style="list-style-type: none"> <li>• Covid-19 has exposed the fault lines in retailers who were already trying to cope with reduced consumer spending and the increasing threat of cheaper online providers.</li> </ul> <p><b>New Business Models</b></p> <ul style="list-style-type: none"> <li>• Many are still continuing to build on their online activity and presence, despite having re-opened.</li> </ul>
<b>Low Carbon Technologies</b>	<p><b>New Business Models</b></p> <ul style="list-style-type: none"> <li>• Still a focus on larger companies reducing their carbon footprint and switching to a more sustainable way to operate.</li> <li>• Key focus on switching old vehicle fleets to new electric options.</li> </ul>
<b>Visitor Economy</b>	<p><b>Jobs</b></p> <ul style="list-style-type: none"> <li>• A number of Hospitality chains have announced job losses (more details in new economic shocks).</li> <li>• Redundancies particularly common in this sector.</li> </ul> <p><b>Events</b></p> <ul style="list-style-type: none"> <li>• Those businesses who rely on events are at risk of falling further behind due to lack of guidance on reopening.</li> </ul> <p><b>Consumer Behaviour</b></p> <ul style="list-style-type: none"> <li>• Some businesses reporting that consumers are threatening to cancel bookings if they don't receive VAT reduction on stays and food following the Chancellors announcement. Clarity on the purposing of the VAT cut is required.</li> </ul>
<b>Charity</b>	<p><b>Access to Finance</b></p> <ul style="list-style-type: none"> <li>• Charities continue to be hard hit as there is a reduction in donations from supporters due to lower disposable incomes and cancelled events.</li> </ul>

# Local Business Intelligence

## **This section is based on qualitative feedback from regional business representative organisations**

There are serious concerns over the number of HR1s which are now rising significantly. Government is generally well sighted on HR1s (a form for employers to notify the government of potential redundancies) but not redundancies of those below the threshold. Perceptions are that these smaller redundancies will be far higher in total than the large HR1 notices. The Growth Hubs are going to look at reporting from their intelligence work on those below 20.

There is a huge drop in overseas student applications and most universities are now notifying of redundancies. There have been large closures announcements in the region i.e. John Lewis, JLR etc and although there is some offset by thriving companies the closure outweigh the opportunities. Legal and financial calls have rocketed looking at redundancy post furlough.

Growing number of enquiries from companies looking to downsize. Previously there was a lack of grow on space regionally for companies and now this is in reverse with a lack of downsize premises (the shortage is now in reverse). Options are being explored in the potential to downsize town centre space, such as retail to business use to alleviate issues and also provide investment in town centres where retail has collapsed.

There are still issues with company directors of small ltd companies accessing finance and support, still nothing being offered.

Worries are being raised about the impact of lockdown and how to provide support for businesses affected within locked down areas. The experience of Leicester has not been positive.

Businesses are still reluctant to take on debt but becoming are more agile, and the packages for the hardest hit are being welcomed.

Discretionary funding, money has been allocated to local authorities and should be spent. This funding is still failing but mainly due to raising false hope for businesses who subsequently found they were not able to apply due to the rules which weren't published with the announcements. Issues around eligibility and marketing the schemes, however new rules have opened this out.

The main issue is whether we need more funding and different programmes for those that are missing out.

Banks are now settling back into business as usual, and large banks aren't interested unless it's an easy relationship i.e. not interested in the smallest companies. So difficulties for them to get small loans, i.e. bounce back issue and complaints rising. Unintended consequences of government loan programmes are having effects on other lending, i.e. banks trying to make up income in other ways, so raising costs in other areas.

Some boom areas, such as cleaning products not at the pace growth was but going in right direction. Calls about start up are growing again (low of 10 in April). However generally manufacturing still not supported well.

The terminology in documents for the support packages are changing and adapting, i.e. furloughing now referenced differently in terms of paying back which is causing problems for companies in terms of planning.

Young people employment incentive, businesses are more concerned about keeping existing employees before taking on new. So this policy may not have much take up as they want to put effort into current staff not new.

It has been reported that the £1,000 bonus for keeping people when returning from furlough isn't effective as a policy. It's a small amount relative to the cost of retaining someone, and will not change any decision on redundancies and is therefore likely to go to businesses that would have kept staff anyway.

Brexit – Views from some business organizations expressing strong concern over end of EU transition period. Organisations citing lack of cash reserves, in ability to stock-pile and general business disruption caused by Covid have made them less resilient and prepared for Brexit disruption.

International Trade –enquiries now returning to business as usual on enquiries on trade with cv19 dropping off

# Local Business Intelligence

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).

## Overview of EM Business Intelligence

Responding to the Chancellor's Summer Statement, the Chamber welcomed measures to incentivise businesses to work with young people through traineeships and apprenticeships, as well as the additional provision for job centres and careers advice. Young people will be amongst the hardest hit and it is right that they be given special focus.

The "kickstart scheme" is important in bringing young people into the workforce, the apprenticeship route is preferable to work placements where possible because it involves training and longer-term opportunities.

The job retention bonus will be of interest to companies considering their staffing options when it comes to bringing back furloughed staff, however, for many businesses that are considering their staffing levels now, the £1,000 on offer in January is unlikely to be sufficient to influence decisions on employment.

These measures are important in providing businesses with the support they need, it doesn't make the scale of the task any smaller and time will tell how many of the 700,000 workers in the East Midlands who were furloughed at the end of May will be kept on in the long term.

Stimulus to support consumer spend – such as VAT cuts for specific sectors and the introduction of a discounted eating out scheme – are welcome, particularly given interest rates are already at record lows. However, arguably these do not go far enough. Many consumers are still cautious about how they spend their money and continued efforts are needed to raise confidence for those uncertain about their future spending.

The Chamber welcome the commitment to greater infrastructure spend as outlined in the Prime Minister's 'New Deal' speech and would re-emphasize East Midlands priorities around HS2, a Freeport at East Midlands Airport and the electrification of Midland Main Line.

The region continues to receive less Government investment in infrastructure (at approximately 60% of national levels) and now is an opportunity to rectify that. A focus on green jobs and the future economy is also welcomed, with the region having a strong existing offer in related construction and manufacturing sectors.

The focus on consumer spend and Government investment is right, however, more also needs to be done to support business investment. Further measures could look to put more money directly or indirectly back into the pockets of businesses to support their own investment plans – R&D tax credits, further increases to the Annual Investment Allowance and employer National Insurance contribution holidays would all support this.

## Business feedback on the Leicester Lockdown

The lockdown has caused a lot of confusion among businesses and uncertainty remains, particularly around how Leicester and the surrounding affected areas will exit lockdown. Greater clarity is needed on this as a matter of urgency.

There is a real need for additional local support and flexibility in national business and employment support schemes.

The costs associated with preparing to reopen, or having recently reopened, and then closing down again are significant. A number of businesses have already lost money on perishable stock after getting ready to reopen. Without further support there will be a greater number of business failures in organisations that without the impact of the lockdown would be fundamentally sound.

Strong feelings from businesses that additional support should be in the form of grants, as opposed to debt. A lot of businesses have taken on significant debt and fear they are storing up a problem for 12 months' time when interest rates pick up or deferred VAT needs to be paid.

A national lockdown led to national support schemes. A local lockdown requires additional local support. We otherwise risk a two-tier recovery, which would disadvantage Leicester – and any other part of the country that may suffer a similar fate in the future – way beyond the period of the lockdown.

## Other issues identified by Chamber members

Exporting levels across the wider region are picking up slowly. The Chamber's export documentation service – a barometer of export levels within the region – was 19% down in June 2020, compared to June 2019. This was a recovery from circa 25% down in May and April. For the first week in July these figures are down 10% compared to the same week in July last year.

Freight from East Midlands Airport has remained robust and a new freight route with China has recently opened. EMA was one of the busiest airports in Europe at one point during the pandemic due to freight.

There were general increases in positive sentiment ahead of the reopening of pubs, restaurants and other services - but uncertainty remains over whether this will translate into a longer-term recovery or a short bounce. There are concerns the recovery will extend well beyond October and additional support will be required for up to 12 months, particularly for the hospitality industry where stop/start costs can be significant.

A number of businesses are now starting to enact redundancy plans locally and so numbers of job losses may start to increase over the coming weeks. However, there has also been some increase in recruitment activity in executive positions and in e-commerce. Reskilling and training will be key to avoiding a huge skills gap – and this needs to be a national policy with local delivery.

## Manufacturing – Make UK

Manufacturers have reported a slight increase in furlough activity over the month (June), a reflection of the last call imposed by the Government to furlough additional workers. Going forward, Make UK expect manufacturers will bring workers back on a part-time basis – should an increase in demand justify it. However, the latest survey also reported a marked increase in the number of firms who are planning to make redundancies over the next 6 months.

Unfortunately, even with access to the Coronavirus Job Retention Scheme (CJRS), it is possible manufacturers do not plan to use the scheme to protect jobs that may no longer exist in the future.

The latest survey also reports on manufacturers' plans to engage in training apprentices and other staff. Promisingly, a dominant share of manufacturers have not put apprenticeship training on hold, making clear that firms view apprenticeships as critical to their success even in times of crisis. However, the same assessment does not hold for wider training for existing staff, and the majority of manufacturers have either put some or all training on hold.

As expected, sales and orders have shown little sign of improvement since our last survey. However, there has been an increase in the number of firms operating at full capacity, likely thanks to the easing of a series of restrictions. However, many firms will remain cautious to the probability of local lockdowns that may disrupt activity through the value-chain.

Overall, expectations for the future remain on the whole pessimistic. Although, the data does indicate an improvement on its last report.

## Regional manufacturing

As a result of a particularly challenging year, all of the UK's nations and regions have seen a contraction in business confidence when compared with Make UK and BDO's previous (annual) Regional Manufacturing Outlook.

This is partly due to very negative results from our most recent Q2 Manufacturing Outlook survey. Regardless, the regions that have reported the biggest negative change in confidence include both the East and West Midlands – both of which are home to a large number of automotive and aerospace firms.

## Small Business (FSB)

The announcements made by Government over the past week, including the Chancellor's various interventions for tourism and hospitality, have been welcomed by the FSB and will hopefully pay dividend in areas depended on tourism such as the Lincolnshire coast and Derbyshire Dales.

The FSB also welcomed the VAT cut and Eat Out to Help Out scheme – but has warned if this doesn't bring back consumer confidence further measures will have to be considered including a fundamental reform of business rates.

# Local Business Intelligence

Nationally the FSB has released data on small businesses having to make redundancies, cancel training programmes and scale back investment following weeks of COVID-19 linked disruption. Majority of small businesses (62%) have also been subject to late or frozen payments in the wake of Covid19 outbreak.

Real concern in Leicester for businesses who are in a further period of lockdown. Businesses will now be continuing to suffer from cash shortages, now the added concern that their customers are spending money with other businesses who are open, outside of the lockdown area. Local councils, LEP and FSB had lobbied the government for extra support including further funds grant schemes for affected businesses, and with a possibility of widening the eligibility, but the Government have so far declined to provide any further support.

This bodes badly for other areas where local lockdowns may happen, and FSB has warned government that the way that the lockdown was communicated and the timing cannot be allowed to happen again.

With non-essential retail and hospitality businesses opening up it has been reported as steady footfall in Coventry and Solihull. Data trends for Coventry City centre footfall at the end of June had roughly doubled on the previous week – but it is still down around 55% on levels seen during the first week in March. FSB members in West Merica report of turnover being around a third of the equivalent period last year. Nonetheless, local councils were surprised at how smoothly social distancing arrangements were working and reasonable footfall.

## Farming – NFU

Parts of the sector are that have struggled with the collapse in demand for farm produce from the food services sector and mass catering outlets are reported as being more positive since the reopening of these sectors from 4<sup>th</sup> July. This is particularly so for farmers supplying distilleries and brewers that had seen a near total collapse in demand for their produce after lockdown.

Labour shortages – particularly in sectors that traditionally use migrant seasonal labour – have been reported and remain a significant concern likely to grow as the sector moves into the main harvest period over the Summer.

The challenges faced by farm businesses that have diversified into tourism related activity have been compounded by the total shut down of the visitor economy in recent months. The reopening of parts of the visitor economy and the staycation phenomenon may offer some relief to these farm businesses as the summer progresses.

## University engagement with business

The Pandemic has had an immediate impact on placements in Midlands universities and is likely to lead to significant longer-term disruption to the graduate-jobs market for 2020 and beyond.

University feedback suggest that the number of confirmed sandwich placements year to date is down by around 50% at the end of June 2020, compared to the same time in 2019. The numbers of placements are fluctuating as some organisations are now withdrawing offers as they enter redundancy consultation and restructure, probably as a result of Furlough scheme ending.

June 2020 saw a further decline in the number of graduate jobs promoted and one University reported there has been a 70% reduction in the number organisations posting jobs compared to June 2019. Recruitment has now reduced across all sizes of organisation. Universities are still seeing a significant reduction of graduate level vacancies compared to last year.

# Appendix

NEW ECONOMIC SHOCKS			
COMPANY	LOCATION	SECTOR	SOURCE/DETAIL
Boots	West Midlands Wide	Retail	Boots to cut 7% of its total workforce across all areas leaving 4,000 people out of work. <a href="https://bit.ly/3fmlwJO">https://bit.ly/3fmlwJO</a>
Burger King	Black Country and wider areas	Hospitality	Burger King management warn up to 1,600 jobs could be at risk as 5-10% of restaurants may never reopen post Covid. <a href="https://www.mirror.co.uk/money/burger-king-warns-10-restaurants-22326251">https://www.mirror.co.uk/money/burger-king-warns-10-restaurants-22326251</a>
H&M	Europe including UK	Retail	H&M propose to close 170 stores as sales dip. It is unconfirmed how many of these stores will be in the UK at this stage <a href="https://www.retailgazette.co.uk/blog/2020/07/hm-to-permanently-shut-down-170-stores-across-europe/">https://www.retailgazette.co.uk/blog/2020/07/hm-to-permanently-shut-down-170-stores-across-europe/</a>
John Lewis	Birmingham and Tamworth	Retail	John Lewis has revealed plans to close its department store in Birmingham. It forms part of wider plans to cut about 1,300 jobs and permanently close eight shops. <a href="https://bit.ly/301le5C">https://bit.ly/301le5C</a>
The Co-operative Travel	West Midlands	Travel and Tourism	Central England Co-operative is set to close its travel business, with 16 branches transferring to Midcounties Co-operative and the remaining eight branches closing including some across the West Midlands. <a href="https://www.thebusinessdesk.com/westmidlands/news/2042177-jobs-at-risk-as-central-england-co-op-shuts-down-travel-business">https://www.thebusinessdesk.com/westmidlands/news/2042177-jobs-at-risk-as-central-england-co-op-shuts-down-travel-business</a>
DHL/JLR	Midlands and North West	Contacted Work	Thousands of DHL workers at Jaguar Land Rover plants have learned their jobs are at risk in a move described as a “bitter blow” by a union. According to Unite, around 2,200 agency staff involved in the production of Jaguar Land Rover’s vehicles at sites in the North West and West Midlands could be affected. <a href="https://www.thebusinessdesk.com/westmidlands/news/2042137-bitter-blow-as-thousands-of-dhl-jobs-at-risk-at-jaguar-land-rover-plants">https://www.thebusinessdesk.com/westmidlands/news/2042137-bitter-blow-as-thousands-of-dhl-jobs-at-risk-at-jaguar-land-rover-plants</a>
JLR	National	Automotive, Engineering, Manufacturing	Jaguar Land Rover's retail sales slumped by more than 40 per cent during the first quarter of its financial year because of the Covid-19 pandemic, new figures have revealed. <a href="https://www.insidermedia.com/news/midlands/jlrs-retail-sales-slump-as-pandemic-bites">https://www.insidermedia.com/news/midlands/jlrs-retail-sales-slump-as-pandemic-bites</a>

# Appendix

NEW ECONOMIC SHOCKS			
COMPANY	LOCATION	SECTOR	SOURCE/DETAIL
Autoneum	Stoke on Trent	Automotive Supply	Jobs are at risk at automotive supply business Autoneum, which has plants in Halesowen and Stoke-on-Trent. The Switzerland-headquartered business makes in-vehicle acoustic and thermal insulation and has customers including Toyota and Jaguar Land Rover. The company said it needs to “realign its activities and workforce” in response to the impact of the coronavirus pandemic on the automotive industry and that redundancies will be in the “low double-digit numbers”. <a href="http://www.thebusinessdesk.com/westmidlands/news/2042080-up-to-140-jobs-at-risk-at-automotive-supply-business">www.thebusinessdesk.com/westmidlands/news/2042080-up-to-140-jobs-at-risk-at-automotive-supply-business</a>
FirstGroup	Across Staffordshire	Transport	Transport giant FirstGroup has warned over its ability to continue as a going concern after swinging to a full-year operating loss amid plunging passenger numbers during the pandemic. The bus and rail firm reported an operating loss of £152.7 million for the year to March 31 against earnings of £9.8 million the previous year. First operate the Potteries bus service throughout Stoke-on-Trent, North Staffordshire and South Cheshire. They also run Avanti West Coast, the railway franchise that operates trains from Stoke-on-Trent to destinations including London Euston and Manchester Piccadilly. <a href="http://www.stokesentinel.co.uk/news/business/firstgroup-going-concern-bus-rail">www.stokesentinel.co.uk/news/business/firstgroup-going-concern-bus-rail</a>
Johnsons Tiles	Tunstall Stoke on Trent		Up to 60 jobs look set to go at tile-maker Johnson Tiles. The GMB has confirmed the union is in talks with the Tunstall business over redundancies at its Harewood Street factory. <a href="http://www.stokesentinel.co.uk/news/stoke-on-trent-news/dozens-job-g0-stoke-trent-4290034">www.stokesentinel.co.uk/news/stoke-on-trent-news/dozens-job-g0-stoke-trent-4290034</a>
Boohoo, others	Leicester	Textiles	Leicester textiles factories under investigation for Covid-19 compliance <a href="http://ow.ly/Lc3w30qXdvj">http://ow.ly/Lc3w30qXdvj</a>
Curve Theatre	Leicester	Arts	Curve Theatre losing £25,000 per day during lockdown <a href="http://ow.ly/5IG230qXebt">http://ow.ly/5IG230qXebt</a>
Lotus	Worcester	Automotive	Lotus has announced that it is leaving Worcester factory and relocating to Norwich.. 42 workers could lose their jobs after being told the factory is relocating more than a hundred miles away. <a href="https://www.worcesternews.co.uk/news/18570156.lotus-announces-leaving-worcester-factory-relocating-norwich/">https://www.worcesternews.co.uk/news/18570156.lotus-announces-leaving-worcester-factory-relocating-norwich/</a>
Gilder Care	Grantham	Social Care	Gilder Care, based at Withambrook Park in Grantham, will permanently close its doors at the end of this month, citing a severe shortage of staff due to coronavirus pressures. All 10 members of staff have been made redundant. <a href="https://www.granthamjournal.co.uk/news/award-winning-care-company-to-close-blaming-staff-shortages-9115676/">https://www.granthamjournal.co.uk/news/award-winning-care-company-to-close-blaming-staff-shortages-9115676/</a>

# Appendix

NEW ECONOMIC SHOCKS			
COMPANY	LOCATION	SECTOR	SOURCE/DETAIL
Jay Dees Restaurant	Lincoln	Hospitality	The family restaurant in Lincoln has closed after over three decades in business as pressures of the coronavirus crisis forced it into liquidation. Due to the ongoing bills with the business and the latest government restrictions, they would lose 40%-50% of their capacity so the owners decided it was no longer viable. All 14 members of staff have been made redundant. <a href="https://thelincolnite.co.uk/2020/07/lincoln-restaurant-shuts-after-covid-19-pressures/">https://thelincolnite.co.uk/2020/07/lincoln-restaurant-shuts-after-covid-19-pressures/</a>
Jack Wills	Lincoln	Retail	The Lincoln branch was one of the 50 stores to close across the country since the fashion brand was bought out of administration by Frasers Group in August 2019. All the staff at the store were made redundant, but it is not yet confirmed how many. <a href="https://thelincolnite.co.uk/2020/07/jack-wills-leaves-lincoln-without-a-goodbye/">https://thelincolnite.co.uk/2020/07/jack-wills-leaves-lincoln-without-a-goodbye/</a>
Topps Tiles	Skegness	Retail	The store has permanently closed its doors to the public following a significant drop in sales and coronavirus pressures. All the staff at the store were made redundant, but it is not yet confirmed how many. <a href="https://www.lincolnshirelive.co.uk/news/local-news/topps-tiles-skegness-lincolnshire-closing-4310532">https://www.lincolnshirelive.co.uk/news/local-news/topps-tiles-skegness-lincolnshire-closing-4310532</a>
Trelleborg Sealing Solutions	Swadlincote, Derbyshire	Aerospace supply chain	Company making around 40% of its workforce redundant after a fall in orders resulting from the pandemic: <a href="https://www.business-live.co.uk/manufacturing/derbyshire-aerospace-engineering-firm-almost-18574064">https://www.business-live.co.uk/manufacturing/derbyshire-aerospace-engineering-firm-almost-18574064</a>

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
Gupta Group	Black Country	Professional services	Local Businessman purchases significant premises in Wolverhampton in a multi-million pound deal, the actual amount is undisclosed. <a href="https://www.expressandstar.com/news/business/2020/06/26/former-wolverhampton-carillion-hq-set-to-be-turned-into-shared-workspace/">https://www.expressandstar.com/news/business/2020/06/26/former-wolverhampton-carillion-hq-set-to-be-turned-into-shared-workspace/</a>
DWP	West Midlands	Public sector	DWP look to recruit a further 300 Work coaches to support increasing numbers of unemployed. <a href="https://www.expressandstar.com/news/business/2020/07/08/work-coaches-to-be-recruited-to-boost-employment/">https://www.expressandstar.com/news/business/2020/07/08/work-coaches-to-be-recruited-to-boost-employment/</a>
Birmingham 2022 and CGF Partnerships (CGFP)	Birmingham	Creative	150 jobs created for Commonwealth Games broadcasting rights award to Sunset + Vine <a href="https://www.thebusinessdesk.com/westmidlands/news/2042277-more-than-150-jobs-to-be-created-as-birmingham-2022-announces-host-broadcaster">https://www.thebusinessdesk.com/westmidlands/news/2042277-more-than-150-jobs-to-be-created-as-birmingham-2022-announces-host-broadcaster</a>
Amco Services International	Redditch	Transportation and Storage	Some 160 jobs have been saved at Amco Services (International) after it was sold out of administration to CBW Resources. <a href="https://www.thebusinessdesk.com/westmidlands/news/2042009-160-jobs-saved-as-logistics-firm-sold-out-of-administration">https://www.thebusinessdesk.com/westmidlands/news/2042009-160-jobs-saved-as-logistics-firm-sold-out-of-administration</a>



# Appendix

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
Stadium TM	Coventry	Security and Traffic Management	A Midlands-based events management and security firm which works across the world has won a major new contract on its doorstep. Stadium, which specialises in security, safety and traffic management, has successfully bid to provide security and stewarding in its home city of Coventry– taking in the UK City of Culture celebrations. <a href="https://www.thebusinessdesk.com/westmidlands/news/2041989-global-events-management-and-security-firm-wins-contract-close-to-home">https://www.thebusinessdesk.com/westmidlands/news/2041989-global-events-management-and-security-firm-wins-contract-close-to-home</a>
Safetyflex Barriers	Coventry	Manufacturing	One of the UK’s most iconic and popular attractions has been protected from the threat of vehicle attacks by a manufacturer of anti-terrorist bollards and barriers. Bollards produced by Safetyflex Barriers, based in Coventry, have been installed around Blackpool Tower which attracts hundreds of thousands of visitors each year. <a href="https://www.thebusinessdesk.com/westmidlands/news/2042063-anti-terrorist-bollard-manufacturer-completes-blackpool-tower-contract">https://www.thebusinessdesk.com/westmidlands/news/2042063-anti-terrorist-bollard-manufacturer-completes-blackpool-tower-contract</a>
Halfords	National	Retail	Halfords has posted strong preliminary results for the year to 3 April, boosted by a focus on motoring services and an upturn in bike sales. The firm posted profits of £55.9m – down almost 5% on 2019, but better than expected in previous guidance. Revenues were up slightly, by 0.3% to £1.1bn. <a href="https://www.thebusinessdesk.com/westmidlands/news/2042102-halfords-motors-on-with-strong-progress-made">https://www.thebusinessdesk.com/westmidlands/news/2042102-halfords-motors-on-with-strong-progress-made</a>
Techstep Limited	Southam	Manufacturing	An expanding electric loft ladder company in Warwickshire is set to go up in the world after receiving funding from a new scheme. TechStep was started in Southam three years ago after five years developing the innovative LOFTOMATTIC electric loft ladder which is now launching in Australia. <a href="https://www.thebusinessdesk.com/westmidlands/news/2042117-electric-loft-ladder-company-set-to-reach-new-heights">https://www.thebusinessdesk.com/westmidlands/news/2042117-electric-loft-ladder-company-set-to-reach-new-heights</a>
Geeka Media	Coventry	Digital and Creative	A teenage entrepreneur in Coventry, who was turning over £12,000 when he was in Year 9 at school, has moved into his first office and is preparing to create jobs. <a href="https://www.thebusinessdesk.com/westmidlands/news/2042129-teenage-entrepreneur-behind-media-company-sets-up-first-office">https://www.thebusinessdesk.com/westmidlands/news/2042129-teenage-entrepreneur-behind-media-company-sets-up-first-office</a>
Sovereign Exhibitions	North Warwickshire	Exhibition and Event Management	An exhibition company has created a classroom designed to help schools across the UK manage a safe return to education after the summer holidays. <a href="https://www.thebusinessdesk.com/westmidlands/news/2042214-exhibition-company-creates-social-distancing-classroom-system">https://www.thebusinessdesk.com/westmidlands/news/2042214-exhibition-company-creates-social-distancing-classroom-system</a>

# Appendix

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
LEVC (Royal Mail)	Coventry	Automotive, Tourism, Engineering	Royal Mail has taken delivery of a prototype of LEVC's new electric van for use in real-world testing. The partnership with the Warwickshire manufacturer comes after Sutton Coldfield-headquartered DPD made the same move last month. <a href="https://www.insidermedia.com/news/midlands/royal-mail-partners-with-levc-to-test-electric-van">https://www.insidermedia.com/news/midlands/royal-mail-partners-with-levc-to-test-electric-van</a>
TrakM8	Coleshill	Telematics, Data Services	The shares of telematics and data supplier TrakM8, which is headquartered in Coleshill, have surged after it announced a major new contract. <a href="https://www.insidermedia.com/news/midlands/trakm8-shares-jump-after-contract-win">https://www.insidermedia.com/news/midlands/trakm8-shares-jump-after-contract-win</a>
AH Spares	Kineton	Manufacturing	AH Spares, which is based on the Kineton Road Industrial Estate in Southam, Warwickshire, saw sales increase in May despite Covid-19 as Austin Healey owners throughout the globe bought parts for their classic cars. <a href="https://www.cwgrowthhub.co.uk/news/austin-healey-supplier-seeing-sales-accelerate">https://www.cwgrowthhub.co.uk/news/austin-healey-supplier-seeing-sales-accelerate</a>
Pashley Cycles	Stratford-upon-Avon	Manufacturing	Grant fund helps local business continue and thrive. <a href="https://www.cwgrowthhub.co.uk/news/cwlep-support-cw-innovation-programme-stratford-upon-avon-case-study-pashley-holdings-ltd">https://www.cwgrowthhub.co.uk/news/cwlep-support-cw-innovation-programme-stratford-upon-avon-case-study-pashley-holdings-ltd</a>
The Paragon Pub Group	7 locations in Staffordshire	Hospitality	Paragon Pub Group, the operator of seven gastropubs based in Staffordshire, has secured £2m CBILS from Santander UK to enable the business to meet immediate cashflow needs and ready the sites for reopening. Paragon Pub Group is a privately owned, independent company started in 2007 and led by five local directors. <a href="http://www.thebusinessdesk.com/westmidlands/news/2042017-pub-group-secures-2m-ahead-of-reopening">www.thebusinessdesk.com/westmidlands/news/2042017-pub-group-secures-2m-ahead-of-reopening</a>
Easy Living Mobility	Stafford	Mobility Products Supplier	A provider of specialist mobility equipment for elderly and physically disabled people has been able to secure all the jobs of its 36 staff during the coronavirus shutdown. Easy Living Mobility is one of the UK's largest retailers of mobility products including daily living aids, mobility scooters, manual and electric wheelchairs, rise recliners and stairlifts. It has a regional network of 12 stores across the Midlands and Staffordshire and serves more than 35,000 customers each year. Lloyds Bank helped the firm to navigate the government support available and arranged a £307,000 funding package using CBILS. <a href="http://www.thebusinessdesk.com/westmidlands/news/2042014-jobs-safeguarded-at-mobility-equipment-provider">www.thebusinessdesk.com/westmidlands/news/2042014-jobs-safeguarded-at-mobility-equipment-provider</a>

# Appendix

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
Euro Pool System	Tamworth	Logistics	<p>St. Modwen Industrial &amp; Logistics has secured the signature of European supply chain specialist Euro Pool System for a 49,825 sq. ft unit at one of its flagship schemes, St. Modwen Park Tamworth. The 10-year lease marks St. Modwen's second letting at the speculative three-unit scheme after electrical installation company SM UK moved in at the start of December 2019, taking a 12,000 sq. ft unit. With further phases planned, the entire development could create up to 1,700 jobs in the area once complete.</p> <p><a href="http://www.thebusinessdesk.com/westmidlands/news/2042059-european-supply-chain-specialist-signs-up-to-developers-flagship-scheme">www.thebusinessdesk.com/westmidlands/news/2042059-european-supply-chain-specialist-signs-up-to-developers-flagship-scheme</a></p>
Stenprop	Burton on Trent	Property Company	<p>A listed multi-let industrial property company has snapped up new space at a business part in Burton-upon-Trent. Stenprop has acquired a further 43,500 sq. ft of MLI property across four adjoining warehouse units in Stretton Business Park in a deal worth £3.75m.</p> <p><a href="http://www.insidermedia.com/news/midlands/industrial-property-space-bought-for-almost-4m">www.insidermedia.com/news/midlands/industrial-property-space-bought-for-almost-4m</a></p>
JCB	South Staffordshire	Manufacturer	<p>A contract worth up to £217m has been awarded to JCB to supply the US military with a fleet of specialised high speed excavators over the next eight years. In 2005, the Staffordshire-headquartered company was subsequently awarded a contract worth about \$209m, along with an additional service contract valued at about \$20m. Subsequent contract extensions and international sales have seen HMEE production for the US and allied nations rise to 1,200 machines.</p> <p><a href="http://www.insidermedia.com/news/midlands/jcb-wins-217m-contract-with-us-military">www.insidermedia.com/news/midlands/jcb-wins-217m-contract-with-us-military</a></p>
AO World	Stafford	Logistics	<p>A 115,000 sq. ft industrial unit in Stafford has been let to AO World at the Redhill Business Park for immediate occupation.</p> <p><a href="http://www.thebusinessdesk.com/westmidlands/news/2042139-ao-worls-signs-for-115000-sq-ft-distribution-unit">www.thebusinessdesk.com/westmidlands/news/2042139-ao-worls-signs-for-115000-sq-ft-distribution-unit</a></p>
Four Ashes	South Staffordshire	Developer	<p>Plans to deliver an intermodal freight terminal in the West Midlands are moving forward as the scheme has now cleared the judicial review period following a Development Consent Order (DCO) being granted in May. The scheme's promoter Four Ashes says the site will boost economic growth through its location in the M54 Wolverhampton – Staffordshire High Growth Zone. As well as helping to attract more global business and investment, the scheme will create 8,550 direct jobs. It is expected to generate £427m of local economic activity each year and, through the supply chain, create £912m a year of economic activity nationally.</p> <p><a href="http://www.thebusinessdesk.com/westmidlands/news/2032111-rail-freight-hub-plans-move-ahead-as-schem-clears-judicial-review-period">www.thebusinessdesk.com/westmidlands/news/2032111-rail-freight-hub-plans-move-ahead-as-schem-clears-judicial-review-period</a></p>

# Appendix

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
Knights Group Clinigen	Newcastle Under Lyme Burton on Trent	Professional Services Pharmaceutical	Shares in The Works, Knights Group, Purplebricks and Clinigen belonging to Merian Global Investors have been transferred to the London investment firm's new owner after its acquisition was completed. Merian Global Investors has snapped up by Jupiter Fund Management, which is also based in the capital, at the start of the month. Jupiter Fund Management now has an 8.53 per cent stake in listed law firm Knights Group and a 5.93 per cent holding in Burton-upon-Trent-based global pharmaceutical and services company Clinigen. <a href="http://www.insidermedia.com/news/midlands/shares-transferred-after-investors-acquisition-completes">www.insidermedia.com/news/midlands/shares-transferred-after-investors-acquisition-completes</a>
Woolcool	Stone Staffordshire	Packaging	Packaging firm Woolcool has added another accolade to its awards cabinet after being named the UK's Small Family Business of the Year for 2020. The Stone-based firm, which has pioneered the use of eco-friendly wool as a superior insulator in temperature-controlled packaging, was honoured with the award during an online ceremony streamed live on YouTube last month. Woolcool overcame entries from across the country to claim the title at the Family Business of the Year Awards 2020, with judges praising the firm's 'strong values' which extend beyond the family and staff to include customers, partners and suppliers. Woolcool won the Queens Award for Enterprise Innovation in 2018. <a href="http://www.businesslive.co.uk/enterprise/staffordshire-packaging-firm-named-uks-18555561">www.businesslive.co.uk/enterprise/staffordshire-packaging-firm-named-uks-18555561</a>
Mobias Ltd	Stoke on Trent	Professional Services	Three colleagues who were made redundant when their employer went into administration have teamed-up to resurrect the business during lockdown. The trio had been working together at change management business Mobias Change, part of Styles and Wood plc, up until February this year, when the firm collapsed. Now the group have re-launched the company and have big plans for the next five year. The company is currently on the look out for a premises in North Staffordshire to base itself. <a href="http://www.businesslive.co.uk/enterprise/colleagues-who-lost-jobs-firm-18575350">www.businesslive.co.uk/enterprise/colleagues-who-lost-jobs-firm-18575350</a>
Cofresh	Leicester	Food and Drink	Indian food and drink company Cofresh bought out in multi million pound deal <a href="http://ow.ly/LstE30qXdsJ">http://ow.ly/LstE30qXdsJ</a>
KJN Automation	Blaby	Technical	Business secures £19k grant and expands business <a href="https://bizgateway.org.uk/grant-provides-19k-boost-for-kjn-automation">https://bizgateway.org.uk/grant-provides-19k-boost-for-kjn-automation</a>

**DISCLAIMER OF LIABILITY**

Every effort is made to provide accurate and complete information however we make no claims, promises or guarantees and expressly disclaim any liability for errors, omissions or actions taken by others on the basis of information provided.

For any queries please contact the lead authors:

Professor Delma Dwight/ Rebecca Riley/ William Rossiter

[Delma\\_Dwight@blackcountryconsortium.co.uk](mailto:Delma_Dwight@blackcountryconsortium.co.uk)

[R.L.Riley@bham.ac.uk](mailto:R.L.Riley@bham.ac.uk)

[William.Rossiter@ntu.ac.uk](mailto:William.Rossiter@ntu.ac.uk)



**Produced by:**



**In Partnership:**



UNIVERSITY OF BIRMINGHAM

BIRMINGHAM BUSINESS SCHOOL

