CWLEP SmartRegion
Powered By Business Intelligence

Coventry & Warwickshire Business Intelligence

March 2022

Contents

1. Executive Summary 2
2. Latest Economic & Labour Market Trends 3
3. Latest CWLEP Growth Hub Insights 7
   3.1 CWLEP Growth Hub – Support & Enquiries 7
   3.2 CWLEP Growth Hub – Themes 8
4. Spotlight: The Costs of Doing Business 11
   4.1 Consumer Price Index (CPI) Inflation 11
   4.2 Wages 13
   4.3 Energy Costs 13
   4.4 Q&A with Roger Scott, Area Banking SME Director, Lloyds Bank 15
5. Recommendations 17
   a. Short Term 17
   b. Medium Term 18
   c. Long Term 18

1. Executive Summary

Welcome to the March 2022 edition of the Coventry & Warwickshire Smart Region report. **This month our spotlight theme is the 'The Cost of Doing Businesses',** looking at how three factors - inflation, wages, and energy costs - are increasingly and negatively impacting on businesses in Coventry & Warwickshire.

This month we welcome a guest contribution from Roger Scott, SME Area Banking Director for Coventry & Warwickshire, at Lloyds Bank.

Wider recommendations and findings in this month's report are based on intelligence gathered from CWLEP Growth Hub's contacts with local businesses, alongside survey data and information provided by Coventry City Council, CWLEP, and Warwickshire County Council.

Other sources include the Office for National Statistics, Gov.UK, and organisations such as City-REDI, WM-REDI, Bank of England, and other research bodies specialising in labour market analysis.

Key Headlines

- **There have been continued improvements to the Coventry & Warwickshire economy and labour market, with growing employment, record numbers of vacancies, and falling unemployment and redundancies.**
- **However, business confidence has shown some signs of slowing over the past six months – this is becoming more of an issue amongst manufacturing companies.**
- **Several negative economic impacts, such as rapidly rising costs for both businesses and households, recruitment difficulties, energy costs, delays in raw material supply, and the conflict in Ukraine, are affecting a wide range of sectors and are increasingly being felt by businesses locally. Together these have intensified the 'Perfect Storm' impacting on our local economy.**
- **In terms of households, real household disposable income (RHDI) on a per-person basis is forecast to fall by 2.2 per cent in 2022-23, the biggest fall in living standards in any single financial year since ONS records began in 1956.**
- **Local business support partners will continue to focus on minimising negative economic impacts, be they from the pandemic, EU exit, energy costs, or any other driver, to help continue the reset, reopening, and recovery of our economy, and minimise the growing number of negative impacts of the costs of doing business.**

2. Latest Economic & Labour Market Trends

2.1 Labour Market Trends

- In February 2022, **the claimant count in Coventry & Warwickshire totalled 24,170 people.** At the start of the pandemic, in March 2020, the claimant count stood at 15,830.

- **Although there was an increase in the claimant count between January and February this is likely to be influenced by seasonal factors,** as the count is seasonally unadjusted and traditionally increases at this time of year.

Area	March 2020	February 2021		December 2021	January 2022	February 2022
Coventry	8,000	17,100		12,495	12,285	12,710
North Warwickshire	845	2,045		1,210	1,220	1,250
Nuneaton & Bedworth	2,830	5,100		3,650	3,605	3,655
Rugby	1,535	3,165		2,145	2,110	2,165
Stratford-on-Avon	1,050	3,050		2,035	1,980	1,980
Warwick	1,570	3,700		2,430	2,385	2,410
Warwickshire	7,830	17,060		11,470	11,300	11,460
CWLEP	**15,830**	**34,160**		**23,965**	**23,585**	**24,170**

Source: Office for National Statistics

- **We will monitor impacts on the claimant count over the coming months as new data is released to understand whether there are additional factors impacting on it, over and above the expected seasonal effects.**

The Office for National Statistics (ONS) also reported for February 2022 that nationally:

- **The latest estimate of payrolled employees shows another monthly increase, up 275,000 in February 2022 to a record 29.7 million.**

- Latest Labour Force Survey estimates for September to November 2021 show the **UK employment rate increased by 0.1 percentage points to 75.6%,** compared with the previous quarter. Full-time employees drove the increase in the employment rate during this latest three-month period.

- The **unemployment rate decreased by 0.2 percentage points on the quarter to 3.9%**, while the **economic inactivity rate increased by 0.1 percentage points to 21.3%. Those aged 50 to 64 have been driving the recent increases** in economic inactivity.

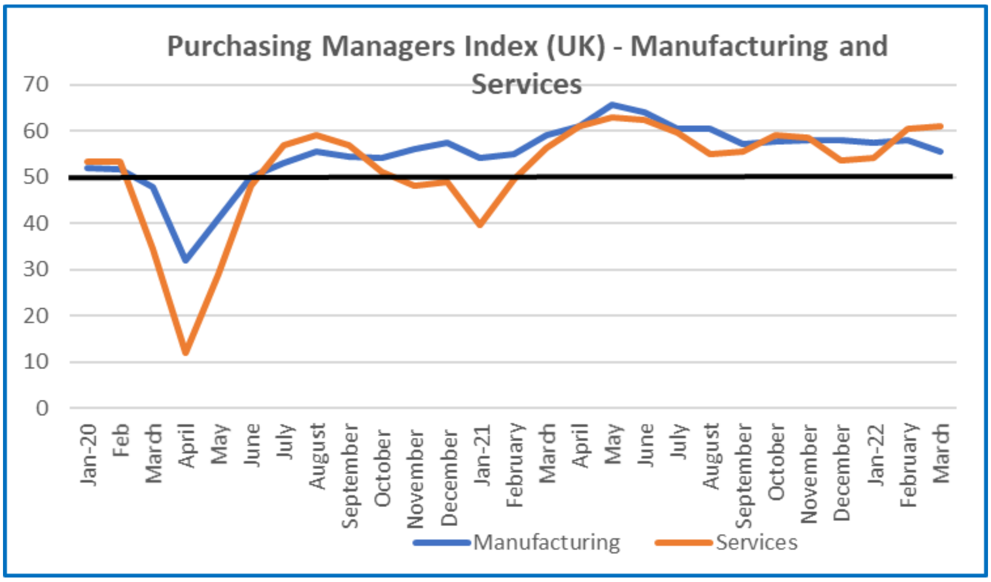
- The number of **job vacancies in December 2021 to February 2022 rose to a new record of 1,318,000**. This is an increase of 105,000 from last quarter, however, the **rate of growth in vacancies continued to slow down**.

2.2 Economic Trends

Analysis from the Economic Development Team, at Coventry City Council highlights:

Business Confidence

Uncertainty continues to be reflected in business confidence, although there is an emerging gap between manufacturing and services**. The Purchasing Managers Index (PMI) for manufacturing fell to 55.5 in March**, from 58.0 in February (a figure above 50 represents growth). **For services confidence is more buoyant, with the PMI showing a small increase, from 60.5 in February to 61.0 in February.**



Source: The Markit/CIPS UK Services PMI (Purchasing Managers' Index)

Economic Growth

The UK economy showed significant recovery from the effects of the Omicron coronavirus variant as GDP rose by 0.8% in January 2022. All sectors recorded growth, but analysts are predicting tough challenges ahead as a result the impact of events in Eastern Europe and the knock-on economic consequences.

UK GDP growth was thanks to increased consumer spending, particularly on hospitality, as the economy bounced back from the effects of the 'Plan B' restrictions. Manufacturing and construction grew as well, despite numerous ongoing challenges in regional, national, and global supply chains.

The return of people to in pubs and restaurants boosted the service sector, and GDP overall is currently estimated to be 0.8% above the pre-pandemic level.

International Trade

The West Midlands Combined Authority's (WMCA) 'Economic Impact Group' has identified the following as possible interventions that could help reinvigorate West Midlands exports:

- Access to better localised and up-to-date exports data
- Replace or extend the Industrialisation Fund/Introduce a modified form of the SME Brexit Support Fund
- Increase capacity at ports, including staff and infrastructure
- Make clear and implement the possibilities of new trade deals
- Lobby on specific issues, e.g., CE-marked finished goods or components
- Collaborative delivery on LEP-level international trade strategies (DIT/LEPs)
- Support for greater diversification of export markets
- Mobilise through appropriate structures – EIG/Economic Growth Board, sector groups e.g., WM Metals & Materials Forum, WM Food & Drink Forum.

While a recent MakeUK survey found that 96% of firms had experienced problems with exporting under the new trading arrangements, **there are some grounds for optimism for the coming year. Two-thirds of WM manufacturers are looking to boost exports in 2022.** New trade deals with Japan, Australia, and India will also provide opportunities to diversify export strategies.

However, there are additionally mounting concerns in the business community about rapidly rising energy costs, which have over recent weeks been exacerbated by the worsening conflict in Ukraine. A recent survey by payment provider Tyl found that 70% of small businesses owners believe that the cost of their energy bills is currently impacting on the growth of the business.

The CW Chamber of Commerce and the British Chambers have recently echoed concerns about the ability of SMEs to cope with **rapidly increasing energy prices in 2022 and stressed that this could be a major set-back for businesses tentatively recovering from the effects of Covid-19 and Brexit**, and are lobbying government to provide more support.

Meanwhile, **more than 1 in 4 (26%) of UK SMEs will struggle to meet rising payroll costs in April due to the incoming health and social care levy increase in National Insurance Contributions (NICs), as well as rising minimum wage rates**, the monthly SME Recovery Tracker from ACCA (the Association of Chartered Certified Accountants) and The Corporate Finance Network (CFN) highlights.

Chancellor's Spring Statement Forecasts

In addition, **the Chancellor's Spring Statement on 23rd March revised economic growth forecasts downwards** from the October 2021 Budget position. The new forecasts for UK GDP growth are:

• 3.8% for 2022 (down from 6.0% growth forecast in last October's forecast)

• 1.8% in 2023 (down from 2.1% forecast last October)

• 2.1% in 2024 (up from 1.3% last October)

• 1.8% in 2025 (up from 1.6% last October)

• 1.7% in 2026 (unchanged from last October's forecast)

The other notable forecasts in the OBR Spring Statement report included:

• **Inflation to rise from the February level of 6.2% to an average of 7.4% across 2022** (up from the 4% forecast in October and a 40-year high), peaking at 9% in Q4. It is then expected to reduce to 4% in 2023, and then reduce to 1.5% in 2024.

• The **numbers in employment are expected to increase steadily over the next five years, whilst the unemployment rate is expected to average 4% in 2022**, before increasing slightly to 4.2% in 2023 and stabilise at 4.1% thereafter.

• **Government borrowing for 2021/22 is on course to be £127.8bn, below the £183bn forecast in the October 2021 report**. This is largely due to stronger than expected tax revenues. Borrowing for the first eleven months of the 2021/22 fiscal year was £138.4bn – less than half the record £290.9bn for the same period the previous year.

• **Public sector net debt is expected to fall from 83.5% of GDP in 2022/23** to 79.8% in 2026/27.

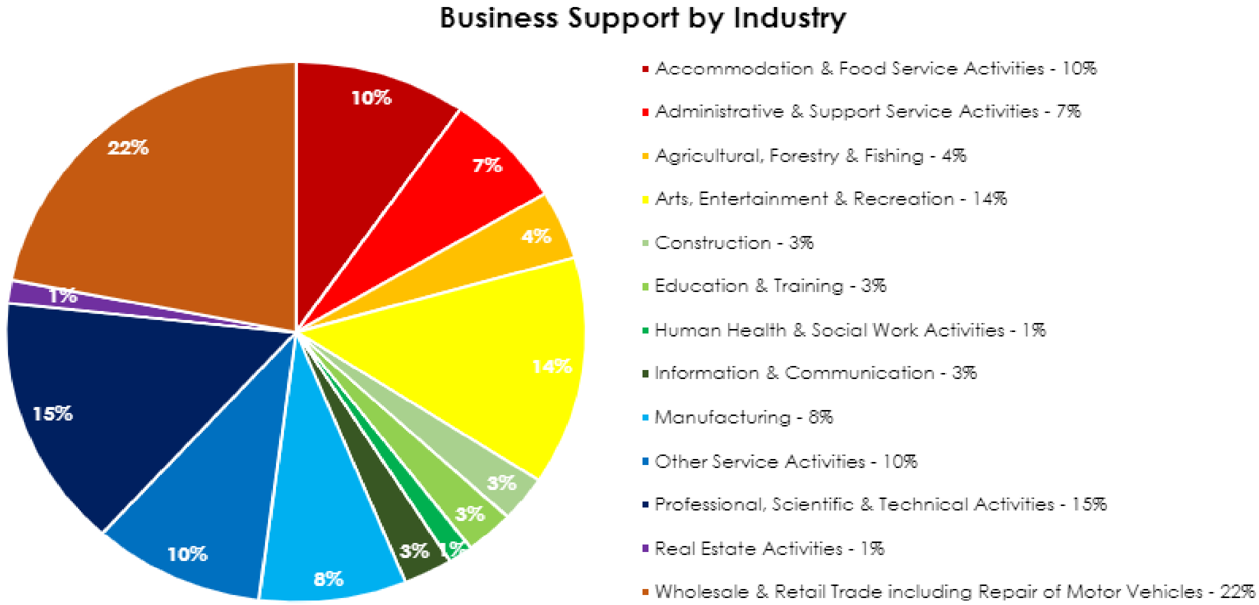
• **Interest paid on government debt will be the highest on record this year at £83bn** – this will lead to cautious future government borrowing.

• **Real household disposable incomes (RHDI) on a per-person basis will fall by 2.2 per cent in 2022-23, the biggest fall in living standards in any single financial year since ONS records began in 1956-57**.

3. Latest CWLEP Growth Hub Insights

3.1 CWLEP Growth Hub – Support & Enquiries

Since the start of the pandemic in March 2020, the **CWLEP Growth Hub has supported 4,763 businesses and had substantive discussions with 1,744 businesses specifically related to Covid-19 impact and EU Exit.**



This month's business insights are taken from intelligence gathered in **March 2022. Access To Finance** was the most popular reason for support/enquiries over the past month. There was a spread across other enquiry types too. Businesses highlighted **Advice & Guidance** and the **Made Smarter Programme** as their main requirement for support, which could also have led to additional help around **Skills & Employment, Help to Grow (Digital), Database Lead and Start Up Support.**

The size profile of businesses supported over the past month consisted of **46% Sole traders; 43% Micro businesses (2-9 employees); 8% Small businesses (10-49 employees); and 3% Medium businesses (50-249 employees).**

There was an **increase in Sole traders, Micro and Medium Enterprises** and a **decrease in Small and Large Enterprises** approaching the CWLEP Growth Hub compared to last month. Around 43% of respondents (58 out 73 respondents provided feedback) of came from businesses that started trading since 2020.

3.2 CWLEP Growth Hub – Themes

Hot Topics, Business & Economic intelligence headlines

- **Grants and Access to Finance –** continued **high demand for grant funding** with common repeat projects such as the purchase of **capital equipment** as part of growth strategies**, premises refurbishments,** and **digital projects**.

  Availability of grants has become more difficult as some of the popular ERDF grants streams come to an end, leading to greater strain on the remaining available funds. It is **crucial that clarity on the UK Shared Prosperity Fund, or other alternatives to ERDF, is given by government as soon as possible**.

- **Rail –** A number of businesses involved in rail innovation projects have sought assistance from the CW Growth Hub in recent weeks as they **look to raise significant investment** for **scale up** strategies. Linking to a number of schemes with our regional partners, these businesses are working with the Hub's Advisors, in particular on the development of **investor decks and strategy planning.**

- **Electric Vehicles –** Businesses involved with **EV charging point infrastructure** are working with CW Growth Hub Advisors to exploit **large scale opportunities** with charging technologies both in the UK and overseas. Assistance sought to secure **large scale investment** and to help with B2B introductions and connections with suitable **innovation** programmes. Businesses highlighting concerns as the demand for electric vehicles currently outweighs manufacturer's ability to supply, leading to long lead times and high prices. The global shortage of semi-conductors and the crisis in Ukraine undoubtedly contributing to this.

- **Materials & Cashflow** – Many businesses still reporting **supply issues with increased costs, and delays as a result**. The lack of components in some manufacturing businesses meaning **products cannot be completed, leading to cancelled orders**. This is one of a number of contributing factors for **some businesses struggling with cashflow issues**. CW Growth Hub Advisors are assisting with methods of raising short term cash, in some instances via invoice factoring. Lack of other available materials also frustrating businesses as they are unable to fulfil orders. Metals, timber and electronics components among the main materials in short supply.

  Goods from Russia, some as obscure as recreational paintballs, increasingly in short supply as the chemicals used in them are now no longer available and alternatives are difficult to source. Supplies of uniforms sourced from the Republic of Ireland also seeing **cross border delays**, some up to five months. **Stock from China also problematic** as shipments are meeting continued delayed and are sometimes incomplete.

Steel price increases, particularly high-grade steel, risk crippling businesses in the construction industry. Many suppliers **not prepared to hold quoted pricing**, some only holding pricing for **just 4 hours**, as the wholesale cost change frequently. Increased costs again being passed on to the end consumer. Those that can afford it, are stockpiling materials to ensure the best levels of continuity possible.

- **Rising Energy Costs** – Businesses now expressing **serious concerns following the new, higher, price cap that came into effect from 1st April.** The rise in the **costs of wholesale energy** is being felt by many now that they are coming to the end of fixed or capped deals.

- **Digital Marketing Support** – Continued high demand from businesses across all sectors keen to develop their **digital marketing skills and capability**. A number of planned 1-2-1 clinics offered and run by experienced CW Growth Hub experts have been fully subscribed with a number of participants expressing how invaluable these have been.

- **Other General Support** – A wide range of support in other areas includes:

    - Mentoring – particularly around strategy, succession/legacy planning, planning for growth and scaling up for high growth businesses
    - Digital Marketing Support
    - Planning Disputes
    - Innovation and proving of concepts
    - Research and Development
    - Skills Support – broad range
    - Inward Investment and Property/Land Searches
    - B2B Referrals
    - International Trade
    - 5G Support
    - Networking
    - Legal & HR Support – referral to membership organisations

New job losses, warnings, or potential economic shocks

- **Staff Shortages** – particularly in retail and care jobs and unskilled roles, highlighting the **difficulties in recruiting sufficient numbers of staff, and** putting strain on the staff they do have. Skilled technical roles along with office-based sales positions also in high demand.

- **Cost of Living Wage Increases** – View across recruitment sector that 1-2% rises in annual salaries are a thing of the past – **expectations that annual salary increases of circa 5%** will be the minimum expected by employees with rise in cost of living.

- **Flexibility** – There has been a notable rise in companies **offering flexibility with office/home working** due to increase in fuel costs, with most office-based companies now offering 3 days in the office at maximum.

New Opportunities, investments, and Job Gains

- **Recruitment –** The Coventry & Warwickshire job market continues to see **increases in both permanent and temporary staff appointments**, although at slower rates than at the start of 2022. Companies are, increasingly, seeing those candidates who may have previously filled temporary vacancies now go for permanent roles as they offer stability with the increases in energy prices and inflation. This has led to a **dramatic increase in temporary pay rates.**

- **NEET Support** – A number of programmes and organisations looking for assistance as they try to support younger people who, for various reasons, have found themselves not in education, employment, or training. CW Growth Hub Advisors working with these businesses and local authorities to ensure as many NEET's are matched with suitable local education and/or employment opportunities.

4. Spotlight: The Costs of Doing Business

Huge economic events have occurred over the past couple of months, most notably Russia's military action in Ukraine, which will have impacts on all areas of our economy. With most of the western world imposing economic sanctions on Russia there will be far-reaching impacts on the performance for the global economy in 2022 and for some years beyond. In the UK, these will add to the already long-list of economic challenges highlighted by our 'Perfect Storm' analysis of recent months, with domestic labour shortages, supply chain issues, EU exit, and the Covid-19 pandemic also all contributory factors. UK businesses are likely to face rising costs for some time to come. In this section we are focusing on three categories that are now impacting on the cost of doing business - **inflation, wages, and energy costs.**

4.1 Consumer Price Index (CPI) Inflation

During winter 2021, the rate of inflation increased on average to 5.5%, and is forecast to reach around 7% by Spring 2022 according to the Bank of England (BoE).

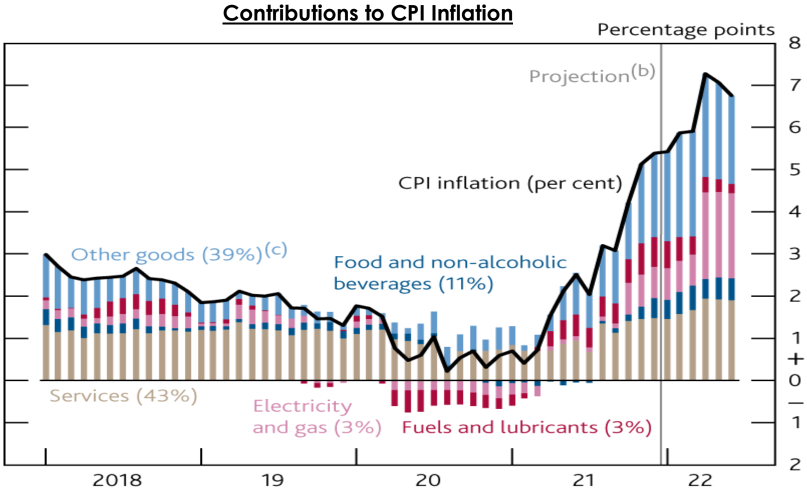
However, BoE are also forecasting that the rate of inflation may come down into 2023 after peaking in Q4 2022. For the longer term, over the coming years, the inflation rate is expected to fall further, to around 2%. Nevertheless, the costs of some goods and services may stay high compared with previous years, continuing to add pressure on the costs of doing business. With the pressure on household budgets likely to remain for some time, this will continue to impact on when and where future consumer spending takes place.

Why has the rate of inflation increased in the UK?

There are varied reasons for this in recent years. The first is that following the easing of Covid-19 restrictions in the UK, and globally, an upturn in the demand for goods and services has placed rapid and additional pressures on prices. In response many businesses have faced difficulties getting sufficient supplies goods and services for their customers, causing increased prices during 2021 and into 2022, particularly for imported goods.

Secondly, there have been impacts caused by events such as flooding, the Suez Canal obstruction, and the UK's EU exit (adding to both supply chains problems & shipping costs). All these factors pushed costs, reflected in the inflation rate. The chart shows how energy, foods and services contributed to CPI inflation.

Contributions to CPI Inflation



Source: *Monetary Policy Report, Bank of England*

Thirdly, the economic shock from Russia's invasion of Ukraine has resulted in supply implications and difficulties, leading to increasing prices of goods and services, with further inflationary pressures on the world economy for the coming months.

How will the rate of inflation come down?

There are mechanisms that the BoE can use to help bring inflation. One option is through increased interest rates, and recently there have been announcements increasing this by 0.5%. We will need to wait to see the full effects of higher interest rates, and whether BoE will see the need to announce further increases.

How has the rate of inflation impacted on businesses?

Many businesses are facing difficulties as the inflation rate has increased over the past 12 months, impacting on the costs of raw materials, fuel costs, and labour. Some of these have been able to be passed on to customers, but not all. Where they have not this has impacted on business pricing and profitability.

In a recent British Chamber of Commerce survey, firms were asked if their businesses were facing pressure to raise prices from variety of sources - the results (as shown in the table below) highlighted;

- Almost three-quarters (73%) of businesses are expected to raise prices of their products and services as the issues of costs for doing business increases.
- Three-fifths (62%) of businesses pointed towards the sharp increases in energy bills. Amongst manufacturers, this figure was even higher, at 75%.
- 87% of manufacturers are expecting the price of raw materials to increase further.

There is a recognition that every price increase tightens business margins. In time, this tightens the ability to create vacancies and enhance the economy locally, and the pressure of increasing wages for employees will add to the burden of rising inflation, as these same employees will likely have seen price rises elsewhere and look for increased salary to compensate for these rises, as discussed below.

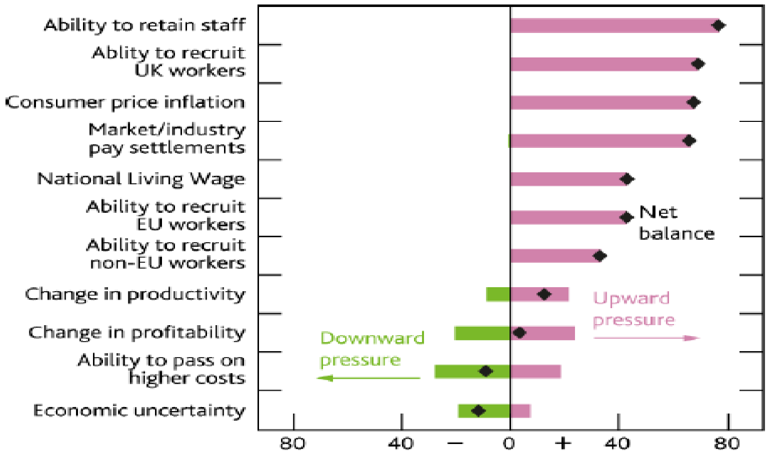
	Sectors	
Source	**All**	**Manufacturers**
Renumeration *Wages, Salaries, Bonuses & Contractor Costs*	63%	70%
Utilities *Electricity & Gas*	62%	75%
Raw Materials *Steel, Cardboard & Food*	52%	87%
Domestic Taxes	34%	32%
Not facing pressure to raise Prices	9%	1%

Source: The British Chamber of Commerce

4.2 Wages

From 1st April 2022, there will be an increase in both the [National Minimum and Living wage]() and National Insurance, adding more pressure on businesses to cover labour costs. Since the EU exit and the pandemic, the UK has faced staff shortages across many sectors. As a response many businesses have increased wages to attract and retain skilled staff. Additionally, inflation is now also added pressure on businesses to raise their goods and services prices to their consumers to cover increased labour costs, as discussed above.

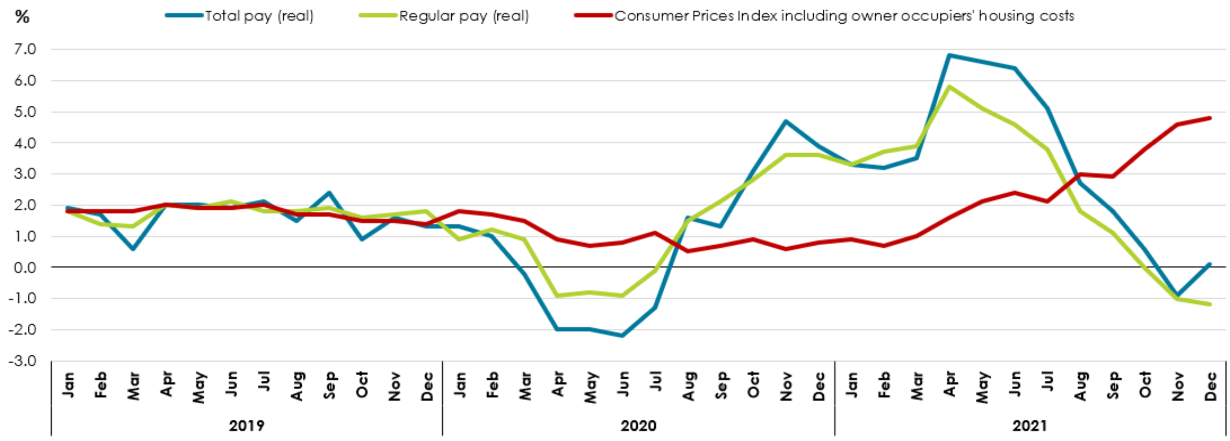
Factors affecting pay decisions in 2022



Source: *Monetary Policy Report, Bank of England*

Despite the increases in wage levels, in real terms they not been able to keep pace with inflation over recent months across the economy. Regular pay, excluding bonuses, fell by 1.2% in December 2021, according to figures on the ONS.

Real Average Weekly Earnings Annual Growth Rates & CPIH Annual Rate



Source: *Office for National Statistics – Monthly Wages and Salaries Survey, Consumer price inflation*

4.3 Energy Costs

It has been estimated that the UK households spent around £30.5 billion on gas and electricity in 2020, with £12.1 billion accounting to gas and £18.4 billion to electricity. With supply shortages hitting in 2021, energy prices have soared rapidly, and will continue to increase during 2022.

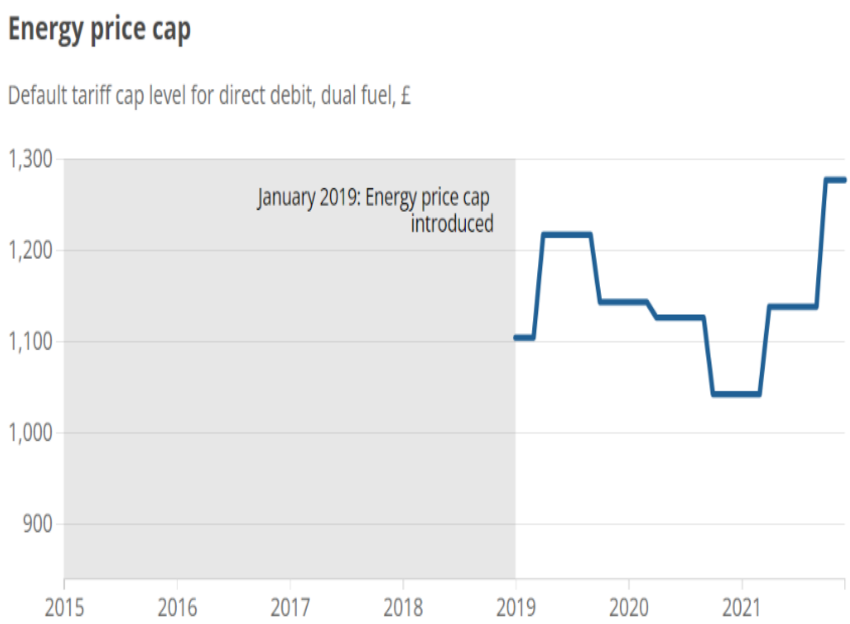
Why have energy costs increased?

The UK gas market prices has hit all time high on 21st December 2021, reaching 470p a term (100,000 British thermal units). The rise of gas prices is due to higher oil prices (gas is priced on oil-indexed basis in the market), increasing demand due to freezing weather over the winter, a relatively low-wind winter, whilst Russian gas supplies to Europe have decreased.

The United Kingdom's largest import of oil and gas are from Norway following by the United States and then Russia. The UK imports around 50% of its gas. Additionally, increasing the price of gas has consequently increased the prices of electricity, as gas is used to generate around a third of the UK's electricity.

Energy Cap - Ofgem

Over the last year, twenty-nine energy companies have closed or have been put in special administration due to soaring global gas prices. Ofgem introduced energy caps to protect consumers from rising costs. The energy caps limit how much energy companies can charge for gas and electricity, which is due to rise by 50%, taking effect in April 2022. Since the energy cap will be a significant increase, there is an expectation that this will have further inflationary impacts, whilst impacting on demand given the huge squeeze on household budgets.



Source: *Ofgem, Office for National Statistics – Consumer Price Statistics*

How have rising costs of energy impacted businesses in Coventry & Warwickshire?

Businesses have also faced rapidly increasing bills due to rising costs of energy, some of which, but not all, have been able to be passed through to customers, via higher prices. However, passing these onto consumers risks further squeezing consumer demand, and further impacting business resilience and sustainability. The FSB have reported that energy costs are currently the top concern for small business owners, particularly in sectors hit hardest by the Covid-19 pandemic.

Rising energy costs will be affecting most businesses across the country currently, regardless of sector or size. Whilst some will have hedged the costs of their energy into the future, these deals will end at some point. And with no short-term end to the pressures of high energy costs more and more businesses will need to plan for a medium to long term future of big energy bills.

4.4 Q&A with Roger Scott, Area Banking SME Director, Lloyds Bank

What would you say are the main concerns affecting Coventry & Warwickshire businesses?

- Energy costs! Especially for those companies in heavy industry and food & drink manufacturers reliant on heat and/or refrigeration in their processes.
- Wage rises vs cost of living is really impacting the morale of workers, and the expectations on employers – especially with home energy bills now rising to the levels some people pay for their rent or small mortgages.
- Several core commodities that are sourced from Russia/Ukraine are seeing price increases and availability issues.
- Steel prices are volatile, and their costs are exponentially rising.
- Timber - shed manufacturers, for example, are seeing increase in wood prices (not yet to the highs of last year but significant increases) and reduced availability. There are other supply origins for timber, but Russian timber was a main source historically.
- Grain prices - co-operative merchant seeking 30% increase in financing lines sought linked to core grain price increases and linkage to working capital impacts/need. This example highlights how this will flow through to food manufacturers and ultimately to consumers later in the year (in the region of 30% of the worlds grain supplies come from Russia/Ukraine).
- Automotive manufacturers continue to struggle through global semi-conductor shortages.
- Businesses are spending much more time managing day to day operations – supply chain increased costs. This is having a material impact on their capacity.

Is the cost of doing business having an impact on Coventry & Warwickshire's ability to reset and recover?

- In many ways now the numerous supply chain and cost issues outlined above are having a greater impact than the Covid-19 pandemic.

What are Coventry & Warwickshire's USP's and how can we utilise these to increase our prosperity?

- Strong links with the automotive/mobility sector.
- Unique location, central UK, with excellent road and rail links.
- Strong Universities and Catapults (MTC/WMG) to support business and innovation.

- Emerging Battery technology centre of excellence at UKBIC.
- Strong disposable incomes, to support retail, culture, and leisure spending.
- The Shakespeare brand to support tourism.

Where do you see Coventry & Warwickshire as a sub-region in the next 5-10 years?

- Leading automotive EV technology in UK battery site planning is critical.
- Strong economic growth support by innovation from Universities and Catapults, as outlined above.
- Continued development of the tech sector in Coventry & Warwickshire.

The CWLEP Strategic Reset Framework recognises the need to fundamentally reset of the economy. If you could suggest up to three recommendations to help Coventry & Warwickshire businesses with the current increase in running costs, what would they be?

- Firstly, coaching support for business leadership and management (MD/Ops Directors/Finance Directors) – there is significant pressure on leadership and management capacity.
- Secondly, be more proactive in lobbying for inward investment in the tech sector and increase the availability of planning employment land suitable for SME's (not just large warehousing).
- Thirdly, more support and coaching in succession planning to facilitate own grown talent linked to apprenticeship programmes. Join up education providers and the SME sector locally.

5. Recommendations

March's Golden Recommendation:

It is essential that local Growth Hubs, devolved agencies, Local Enterprise Partnerships, and local authorities have the adequate and secure financial backing to continue supporting businesses in Coventry & Warwickshire to rebuild, overcome barriers to growth, promote innovation, and to improve business resilience for the future.

The following recommendations have been derived from analysis of macro-economic and business-level data and intelligence collated from Coventry & Warwickshire stakeholders. We begin with three short term recommendations:

a. Short Term

5.1.a
The effects of the Covid-19 pandemic are still being felt by businesses, whilst restrictions are being removed and testing infrastructure is disappearing, at the same time as staff absences and consumer demand continue to be impacted. **Government is recommended to continue to maintain up-to-date, relevant, and flexible advice to business to help us 'live with Covid', and to help boost consumer confidence**.

5.1.b
The Coventry & Warwickshire Green Business Programme has now been extended to June 2023. **An additional £1.25m of funding is available for small to medium-sized businesses for energy efficiency measures, for businesses with fewer than 250 employees, who want to save money on energy, waste and water bills and maximise low carbon opportunities.** Local businesses should continue to be signposted to coventry.gov.uk/greenbusiness

5.1.c
Continued signposting for businesses locally to help ease ongoing recruitment difficulties, for example, via the Coventry & Warwickshire Employment Solutions Hub https://www.cwemploymentsolutions.co.uk

b. Medium Term

Further initiatives that would help the local economy and the labour market in the medium term include the following three recommendations:

5.2.a
Further **profiling of the 'Made Smarter'** programme, helping Coventry & Warwickshire manufacturers **capitalise on new and innovative digital technologies, robotics, and automation, and contribute to developing supply chains**.

5.2.b
Greater sharing of good practice around **adaptions to business models and operating practices,** for example businesses changing their hours of working to benefit from differences in energy costs**. These will have knock-on impacts for workforces.**

5.2.c
There must be greater clarity and focus on the future approach to funding opportunities for Coventry & Warwickshire, especially in relation to the UKSPF (UK Shared Prosperity Fund), given the huge impact that firstly the pandemic, and now the cost of doing business crisis, has had on the West Midlands as a whole**.**

c. Long Term

Businesses and the economy would benefit if both central government and local stakeholders support these three long-term recommendations:

5.3.a
With an increasing focus towards a Net Zero future, there is a **need to invest in strong, sustainable transport links that enable residents, visitors, and workers to efficiently get into, around, and out of town and city** centres. Not only would this **contribute to achieving Net Zero targets**, but it would also open town and city centres to a new market of investment opportunities.

5.3.b
Sustainable technologies to be more fully incorporated as part of strategic planning processes locally, to ensure green technologies are included into future developments for both housing and employment land – and so that greener and more sustainable ways of powering our future homes and businesses are used fully.

5.3.c
Longer term skills development, and coaching support for business leadership and management (MD/Ops Directors/Finance Directors) is required for the longer term – to ensure that businesses in Coventry & Warwickshire are fully equipped to meet the pressures and costs of doing business.