



Sub-Regional Covid-19 Business Intelligence

7th – 20th July 2020

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1. Executive Summary

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

This report focuses on intelligence gathered since 7th July 2020. Our sector spotlight will be planning and property.

Key Findings

- **7% of businesses raised issues relating to their property and planning** with the CWLEP Growth Hub
- The top three sectors that raised issues with the Growth Hub around property and planning were **Accommodation and Food Service Activities (14%), Manufacturing (12%) and Wholesale and Retail Trade (11%)**.
- A recent sample showcasing a positive trend from three towns across Warwickshire has identified that **an average of 54.8% of shops were open in the week beginning 22nd June, and 76.32% in the week beginning 6th July**.
- Of businesses feeding back on interactions with their landlord to the Growth Hub during this time, **48% mentioned that they had positive interactions, whereas 52% reported that they had negative or unsupportive exchanges with their landlords**.
- Latest figures show that in Coventry & Warwickshire **130,600 workers have been furloughed**, it is estimated by the OBR that **15% of these may be made redundant (19,590 in Coventry & Warwickshire)**

2. Macroeconomic Insights

2.1 Observed Economic Trends

The Coventry City Council Business and Economy briefing has outlined some of the latest observed economic trends. There has been an economic downturn in early 2020, and projections suggest that a deep economic shock will take place. The [updated Government guidance on Health & Safety and reopening some sectors of the economy on 4/7/2020](#) indicates that **many restrictions will remain, adaptation of business practices will be needed, and that an economic recovery will need to be carefully supported.**

Between February and April 2020, the Purchasing Managers Index ([PMI](#)) declined sharply nationally, from a score of 53.0 in February 2020 to 37.1 in March and just 12.9 in April 2020 across both products and services, although reflecting trends in the Eurozone, **it increased to 30.0 in May 2020 and 47.6 in June.** In terms of GDP, the UK recorded a [2.2% contraction](#) in Q1 2020 and a [20.4%](#) contraction in April 2020 alone, following 0.0% growth in Q4 2019. **In May, UK GDP increased by 1.8%, thereby suggesting modest recovery.**

CW Chamber's [Quarterly Economic Survey](#) for Q2 2020 has highlighted the challenges faced by businesses locally. An analysis provided by the Warwickshire County Council Economics team outlined that **the overall economic outlook has decreased from 59.0 to 29.2 since Q1** (a score of 50 is balance), with business confidence down from 71.1 to 38.4 in services and 57.4 to 39 in manufacturing. Sales have been particularly badly affected, with domestic sales down from 59.4 to 14.0 in services/56.7 to 20.6 in manufacturing and overseas sales down from 48.8 to 17.5 in services/47.4 to 23.9 in manufacturing. **Investment and cashflow dropped from 56.9 to 27.2** in services/54.1 to 30.2 in manufacturing, and the employment indicator also saw significant falls.

We are seeing **significant job losses in the economy. Nationally, unemployment (using the Claimant Count as a measurement) has more than doubled between March and June 2020** (i.e. since the start of lockdown) from 1.27m (3.0%) to 2.63m (6.3%). Between March and [June 2020](#), Coventry's **unemployment level, according to the claimant count, increased from 7,825 (3.2%) to 16,010 (6.5%),** meaning that **8,185 had become unemployed in Coventry since lockdown.** It is also notable that the number unemployed in Coventry is now triple the number that it was in May 2019. In neighbouring Warwickshire, **the number unemployed, as measured by claimant counts increased from 7,760 (2.2%) in March 2020 to 17,015 (4.9%)** in June 2020, an increase of almost 9,500 since start of lockdown. To compound unemployment challenges, the number of job vacancies in Coventry & Warwickshire job vacancies fell from 31,000 to 14,000 between May 2019 and May 2020.

Latest information from the [Office of National Statistics \(ONS\)](#) also demonstrates that **46,600 workers in Coventry and 84,000 in Warwickshire have been furloughed since March 2020.** This presents around 30% of total jobs in the

area. With the Coronavirus Job Retention Scheme ending in October 2020, it is crucial that the situation on furloughed workers returning to jobs is monitored to reduce the possibility of these **130,600 posts becoming lost permanently**, especially as the [OBR](#) is expecting **15% of jobs supported through this scheme to be made redundant (i.e. potentially 6,990 in Coventry and 12,600 in Warwickshire)**. This presents a particular threat to sectors whose recovery will be affected by continued social distancing restrictions, such as retail, leisure, tourism & hospitality, manufacturing and creative industries.

Latest furlough stats for Coventry & Warwickshire:

County and district / unitary authority	Employments furloughed	Eligible employments	Take-up rate
Warwickshire County	84,000	279,800	30%
North Warwickshire	10,200	30,700	33%
Nuneaton and Bedworth	19,000	63,200	30%
Rugby	15,000	55,600	27%
Stratford-on-Avon	19,800	60,500	33%
Warwick	19,900	69,800	29%
Coventry	46,600	157,400	30%

2.2 Future Economic Projections

The [OBR](#)'s most **updated economic projections suggest a contraction in GDP of 21% for Q2 2020, and a fall of 12.4% for 2020 as a whole** (potentially as high as 14.3% in worst case scenario). In its central scenario, the OBR also **projects unemployment to peak at 12% in Q4 2020 (4.1m people nationally)** or 13% in early 2021 in worst case scenario.

[The ICAEW](#) has forecast that the West Midlands will see the **sharpest fall in economic output of all English regions in 2020** (due to its sectoral composition), and although it will see the most rapid rise in 2021, employment levels are expected to take longer to return to 2019 levels. Nationally, the economic recovery will be slower than forecast in Spring 2020, with the [OBR not expecting the economy to return to 2019 levels until late 2022](#) (2024 in the worst case scenario). In terms of international comparisons, forecasts from the [OECD](#) suggest that the UK will experience the highest GDP contraction of all developed economies but **will experience the highest growth rate in 2021**.

2.3 Job Market

Job Losses

- **140 Jobs at risk** across Birmingham and Stoke at Autoneum. The company supplies parts to JLR and Toyota amongst others ([Full story here](#))
- **2,200 Jobs at risk** across the Midlands and the North West for DHL workers in JLR vehicle production plants ([Full story here](#))
- **522 Jobs at risk** across Birmingham and Tamworth as John Lewis announces store closures in both areas ([Full story here](#))
- **4,000 jobs at risk** across the UK as midlands headquartered Boots Opticians sets about closing branches nationally ([Full story here](#))
- **Unspecified jobs losses** at Co-op Travel as they close this arm of the business ([Full story here](#))

Job Wins & Safeguarded

- **10 New Jobs** to be created in Birmingham at a Costa Coffee branch ([Full story here](#))
- **10 New jobs** to be created in Solihull and Redditch due to company expansion ([Full story here](#))
- **36 Jobs secured** in Stafford ([Full story here](#))
- **160 Jobs secured** in Redditch ([Full story here](#))
- **1 New job** to be created in Coventry ([Full story here](#))

3. Business Insights

3.1 CWLEP Growth Hub – Trends

This week’s business insights are taken from intelligence gathered from supported businesses since 7th July 2020. To date **the Growth Hub has supported 2,806 businesses since 1st March and has had substantive discussions with 1,056 businesses.** 43 responses were received over the period between 7th– 20th July.

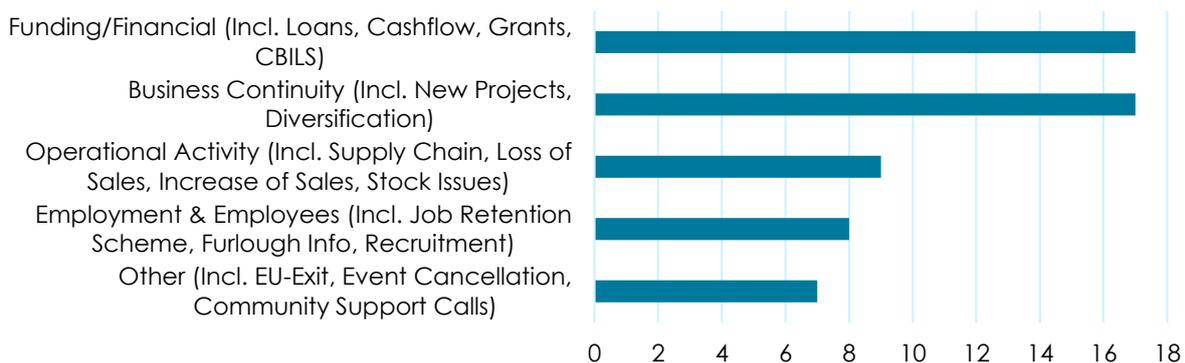
3.1.1 Weekly Overview

The top sectors supported by the Growth Hub over this time frame were the **Manufacturing (25%); Wholesale and Retail Trade (21%); Administration and Support Service Activities (16%)**. Besides the need for funding and financial support, there was an increase for need of support around business continuity with **businesses continuing to diversify their business and products and services provided**. The size profile of the businesses supported this week consisted of **36% of sole employees, 33% of micro businesses (2-9 employees), 21% small (10-49) and 10% medium businesses (50-249)**.

BUSINESSES SUPPORTED BY INDUSTRY



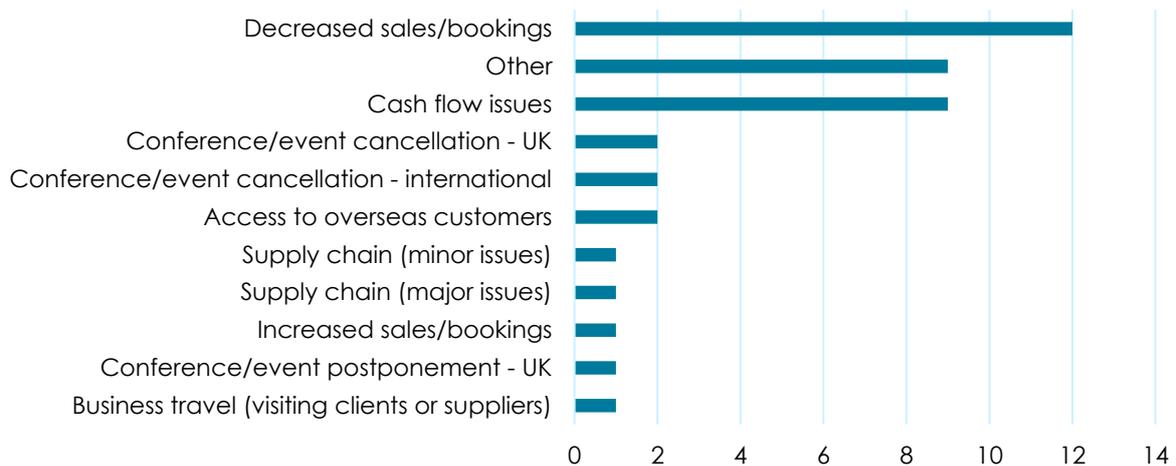
What Support Does The Business Need?



There have been no immediate cash flow issues reported by those businesses that provided the information. However, with those indicating their cash flow is steady they have reported **that having taken advantage of the CBILS scheme that this “should carry them through”** with one **business indicating that they feel secure for 3-6 more months.**

While businesses report that they fear that redundancies need to be made, only **two businesses have reported that they already have made staff redundant,** counting **22 redundancies in total.**

How is COVID19 affecting your Business?



Discussions with businesses have shown that **businesses are becoming more positive and forward looking.** Almost **50% of businesses we spoke to in the last couple of weeks are planning some sort of investment.** Some businesses have used the lockdown period to **plan innovation and new products and services to bounce back and are seeking innovation support.** A small number of businesses were interested **in support with apprenticeships.** Businesses that are growing are **getting ready to recruit and are also enquiring for support with upskilling their staff.**

We have seen a rise in enquiries around support for digital skills and technologies as businesses are **expanding their online presence,** e.g. a manufacturer setting up their YouTube channel to support their online sales rather than relying on client referrals.

3.1.2 Key Trends

General Findings:

- Cautious approach to returning to work, trying to move towards 'business as usual' but tempered by concerns about second spike and local lockdowns, and ongoing uncertainty around the nature of the end of Transition period.
- Businesses balancing the desire, and business need, to start working in offices again vs nervousness of employees to return, and the extent of the mental health toll on employees now becoming apparent

- Regular news on redundancies in small and large numbers now, clear the numbers are going to climb for some time to come.
- Encouraging signs that there are companies starting to recruit as well
- Most businesses now talking about EU Exit and end of Transition period hindering plans for recovery and investment
- Diversification gaining momentum across sectors, some very positive stories of entrepreneurship emerging

Sector Specific:

- **Manufacturing and Engineering** companies seem to be benefiting the most from diversifying their offerings. They are still all experiencing some drop in revenue, sales or general business activity, but the overall feel is that things are starting to pick back up for these sectors, albeit, slowly
- **Retailers** are still continuing to build on their online activity and presence, even though many have also re-opened. This pandemic seems to have encouraged many of them to invest/re-invest in their own e-commerce platforms to widen their reach
- **Start-up businesses in the services industry** are struggling to know what to do next, those who were very early on in their start-up process prior to the pandemic and lockdown are facing uncertainty about their business venture and struggling to engage new clients as they are a) not well established and b) clients aren't necessarily looking to spend money on their services right now
- **Low Carbon Technologies:** Still a focus on larger companies reducing their carbon footprint and switching to a more sustainable way to operate. Key focus on switching old vehicle fleets to new electric options
- **Events and conferences:** employers not keen to send employees off to conference – likely to be a long-term issue. Events within the arts sector could also be impacted long-term if social distancing rules won't be relaxed

Recruitment

- Starting to see some companies consider recruitment campaigns & planning to employ staff from September, but still concerns about future.
- Companies working through new government advice regarding furlough scheme
- General view from Recruitment Agencies, that some signs market picking up, but most agency staff still furloughed at least for another couple of months, and likely September at earliest.
- Sectors which appear to be increasing requirements are Part Time Admin/Office Manager, Finance & skilled warehouse roles. Also starting to see slight increase in requirement for software/developer roles
- Feeling across businesses in all sectors is that there will likely be more redundancies in the next 6 months, and would welcome any assistance from a central point, rather than them searching across different partners.

3.1.3 Emerging Themes

Diversification – continued positive examples of diversification across all sectors. A mixture of businesses using existing skills and facilities to manufacture different products whilst others are simply trying something new. Reassuring entrepreneurial spirit, particularly by those seeking solutions to new COVID related problems. Advisers at the Coventry & Warwickshire Innovation Programme have seen an uptake in interest in innovation support

BAU – all regions reporting a sense of desire to return to business as usual and are returning to more regular working patterns. Echoing the previous “let’s get on with it” sentiment. Referrals are continuing to increase with focus on Innovation and Digital support programmes. eCommerce and website enhancement projects featuring highly.

Portal & B2B Referrals – increase in registrations and interest in C&W Growth Hub’s FinditinCW opportunities portal which now has approximately 1000 subscribers. Very much an appetite to explore new opportunities from local, UK suppliers where previously products, services and materials would have been sourced internationally. Increased interest from businesses looking to source **Antibody Tests** with both suppliers and buyers being directed to FinditinCW.

Partner Referrals & Start Ups – The C&W Growth Hub continue to see a positive increase in the number of referrals being made in to partner programmes, particularly around capital investment and innovation projects as well as digital/app development and online eCommerce enhancements. There is also a high volume of enquiries around start-ups although requests for support are generally for cash injections as those looking to start new ventures do not have sufficient funds to bring ideas to fruition.

Second Wave – mixed feelings from businesses regarding a second wave, announced by government. The subject has featured highly in our conversations although there is a feeling that some businesses are just waiting for it rather than preparing for it. Others are making plans in terms of strategy, along with the building of cash reserves as previously reported.

Discretionary Grants – situation remains and is largely unchanged from last report with Local Authorities at differing stages of roll out. Those that have available funds to look at second phases although this will only be after initial applications are completed. A change in application criteria to “widen the net” is likely and unsuccessful applicants will be invited to reapply. Delays are being caused by companies not providing supporting documentation, where requested. All LA’s reporting cases of fraudulent claims, which was expected, although inevitably

delaying the processing of payments to those who need them. Funding still available to be used to support with businesses, funds are flexible to support businesses.

Mental Health – some companies offering training and events in response to the clear and evident mental health issues caused to employees as a result of the pandemic. Updated government guidance can be found on their website *[HERE](#).

Office Space & WFH – ongoing issues. Working from home remains highly effective on the whole. The need for expensive fixed office bases will negatively impact commercial (office) property rental markets and businesses are developing new strategies with a view to a blend of WFH and time in the office. There is an expected long-term change to the future of the workplace and the attitudes of employers.

Brexit – conversations reemerging around the topic of “Brexit” and the EU Transition Period, particularly from businesses dealing frequently with European suppliers or holding companies. Feeling that some businesses have simply forgotten that it is happening or expectation that it will be delayed.

New Tourism Grants – inbound enquiries are starting to filter through, and are increasing, following the government announcement around support measures for the hospitality and tourism sectors. This indicates how critical this support is to the survival and recovery of these businesses and suggests demand will be high. More information and eligibility criteria required urgently.

JRS/Furlough – mixed reports around the JRS furlough scheme. 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. Overall feedback suggests that businesses are keeping staff on furlough longer than they had expected to. Flexible furlough welcomed and seen as beneficial during uncertain times particularly where a full return of workforce is not warranted or appropriate. Some businesses see it as a complex process and the rules unclear. Some sectors – like conferencing – concerned about gradual reopening and ability to maintain employees.

Redundancies - Redundancies are expected/feared by business from all sectors post JRS, but to what extent is unclear at this stage. Major regional firms, such as JLR, will inevitably impact this and the supply chain is expected to be hit hard.

3.2 Case Studies



1 Mill Street, Leamington Spa – A landmark Victorian building which has serviced the Leamington community for around 120 years is undergoing a major reinvention as a next-generation co-working complex. The community hall – on the corner of Mill Street and Leam Terrace – will feature hot desking, dedicated desks and flexible offices, a video and sound studio, a

meeting area and events spaces.

The Muse Coffee House, currently in Regent Grove, is expanding into the new centre, and will open in the autumn. 1 Mill Street is the brainchild of Kenilworth based businessman Nigel Shanahan, who developed tech company Rant & Rave from a start-up to its sale to an American software giant, alongside his wife Dessie. His team has undertaken a 12-month renovation and refurbishment of the 12,000 sq ft building – which has been used as a meeting hall in World War I, was home to the Loft Theatre and a Sikh Community Centre.

Shanahan explained: “This is a site and a building which has played a significant part in community life in Leamington, and, in a way, what we are doing is a very modern manifestation of that. Leamington has a highly creative and entrepreneurial community and we believe there is a real need for a centre which allows flexible, collaborative space to enable people, ideas and business to flourish while helping charities and good causes at the same time.

“People will be able to have access to a desk on a shared basis, a dedicated desk, or a team office which will fit between four and 10 staff for growing companies. It will suit a range of people from those who work for big companies but do not have a base, through to people launching first enterprises.”

Daimler Powerhouse, Coventry – A new £2.4 million creative hub for artists is to be built in Coventry, providing the first purpose-built and collaborative art production facility in the city which will support UK City of Culture 2021.

The Daimler Powerhouse, once part of the world-famous car factory located on the edge of the



city centre in Radford, is to be transformed into a major centre to provide dedicated spaces for artists and resident creative companies.

The project is being led by Imagineer Productions, a creative company specialising in cultural events including the award-winning Arts Council England projects *Godiva Awakes (2010-14)* and *Bridge (2018-20)*, which is based on the site at Sandy Lane Business Park.

The redevelopment is being funded with £1.9 million from the Cultural Capital Investment Fund which is resourced from Coventry City Council and the Coventry and Warwickshire Local Enterprise Partnership's Growth Deal.

The Wigley Group, which owns Sandy Lane Business Park, is contributing an additional £350,000 to enable the project to proceed as well as agreeing a highly discounted 20-year lease on Daimler Powerhouse, and a neighbouring building, as part of the redevelopment.



Geeka Media, Coventry – 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 take on his first member of staff.

James Cousins, now 19, began his YouTube channel when he was a 12-year-old schoolboy at Caludon Castle and, as interest grew in his channel, he set up a business bank account to help monetise his content. His focus on tech helped him stand out from the crowd and now his company – Geeka Media – has carved out a niche in creating online videos and social media content for a range of corporate clients such as Intel, Samsung and ASUS.

The company has now moved into the University of Warwick Science Park's Business Innovation Centre in Binley and James is preparing to take on another staff member when social distancing measures are eased. He's been tapping into advice from the University of Warwick Science Park's business support team and has plans to grow the company.

James said: "I signed the lease here at the Business Innovation Centre just before lockdown and because my parents have been working from home, I've been coming into the office because I'm here on my own. I must be the only person who stopped working from home and started working in an office in the past three months! I really like the surroundings because it's got a professional feel and the team at the Science Park are great too. There's also lots of support on offer, which is helpful because I have no experience in so many aspects of business.

"We've kitted out the office with a studio and it's the perfect place for us to produce the kind of content our clients are looking for. We're working with some great businesses already and we've got some exciting work in the pipeline too."

4. Sector Spotlight – Property & Planning

On the [30th June 2020 the Prime Minister announced](#) a reform to England's planning system. At the time of publishing the planning white paper is yet to be released, however some details have emerged, summarised in the bullet points below. These have included new regulations giving greater freedom for buildings and land in our town centres to change use without planning permission, with an aim to support home building across England.

- More types of commercial premises having total flexibility to be repurposed through reform of the Use Classes Order. A building used for retail, for instance, would be able to be permanently used as a café or office without planning permission. Pubs, libraries, village shops and other types of uses essential to the lifeblood of communities will not be covered by these flexibilities.
- A wider range of commercial buildings will be allowed to change to residential use without the need for a planning application.
- Builders will no longer need a normal planning application to demolish and rebuild vacant and redundant residential and commercial buildings if they are rebuilt as homes.
- Property owners will be able to build additional space above their properties via a fast track approval process, subject to neighbour consultation.

As we are launching into a phased recovery/restart period we are exploring the long-term impacts of the last months throughout the pandemic on the property sector. However – in the ever-changing world we live and operate in, it is too early to fully assess the impact of the COVID-19 pandemic on the commercial property market locally, nationally and globally.

However, we do recognise that factors, including both permanent and temporary business closures across high streets, factories and offices, a move of workers from the office to their homes and rate and rent holidays have left business owners, public spaces, high streets and our economy in an unprecedented situation.

Methodology

In terms of the impact of the announcements made on the local market we have been looking at

- **How local real estate and property market has been impacted**
- **How businesses are using their commercial premises now**
- **How businesses might be using commercial premises in future**
- **How businesses might be investing into property in future**
- **What property uses might be dominating in the next years based on current trends**
- **How property usage may have been impacted differently across different sectors**

The Methodology will be based on previous research pieces done pre-Covid, including the Market Signals report that was commissioned by the CWLEP and Coventry & Warwickshire Local Authorities in July 2019 and recent research that forecasts use of property in future.

International / National Trends

[Cushman and Wakefield's report](#), published on 23rd June 2020, mentions, "as many companies swiftly mandated employees to work from home, it could be expected that the workplace experience would suffer as a result." The report surveyed businesses, 75% of which agreed or strongly agreed that they are collaborating effectively with colleagues in the current environment and are more focused at work. However, the sense of personal connections to colleagues (an important component to the employee experience) is suffering with only half of the surveyed saying they feel connected to their colleagues. The report also addresses the wellbeing factors (both physical and mental) – as employees struggle with the lack of time away from work. The daily commute pre-Covid provided a natural break at the start and end of the working day. Also because of the home being the workplace – there is no longer a sense of physical separation.

These trends could impact our region both in the short and long term as investment behaviours, business models and property needs are changing. Manufacturing, distribution, retail, leisure and hospitality for example, are connected to physical locations such as warehouses, logistics centres and leisure facilities and will require a physical space to work. Similarly, organisations conducting research and development are tied to physical space too. Whilst remote monitoring of laboratory kit is increasingly common, people also need to physically handle samples and equipment. Other sectors can work well remotely including professional services, insurance, financial services and tech firms.

In the ["Beyond COVID-19 – What will define the new normal?"](#) report, Ernst & Young identify that the downturn of the economy caused by COVID19 will also create opportunities and businesses that are built in capital efficient ways. "A variety of assets, from real estate to equipment, becomes available for repurposing. If you don't build it, a disrupter will."

Regional Trends

The West Midlands Property sector has been forecasted to bounce back more quickly than the rest of the UK, as a [WMCA roundtable of property experts in May highlighted](#). **Underlying opportunities to the economic recovery may bring future investment** and developments to the region with an already strong and resilient pipeline of projects (not least including the sign-off of HS2, Commonwealth Games, Coventry City of Culture 2021 and 5G). Further the **fundamentals of the West Midlands economy such as sector strengths** are likely to contribute towards a quicker bounce back.

The panel also discussed potential impact around urban planning – predicting more remote working to take place long term. Whilst a **trend towards**

urbanisation has been said to continue, with more investment likely to be put into public infrastructure, **including public open spaces, sustainability and health and wellbeing**. It was stressed that “there is going to be an increased need to develop scalable, smart-city solutions and a much greater focus on public health and safety.”

The West Midlands, with Coventry & Warwickshire at the forefront, is the leading region for attracting foreign direct investment (FDI) projects from around the world. As the most recent [WMCA property roundtable in July](#) highlighted (results published 20th July 2020), the United Nations Conference on Trade and Development (UNCTAD) predicted a decline in global FDI flows by 40% from the pandemic – calling for a refocus on existing investor relationships on the region, supporting them with growth and maximising benefits of their location.

Opportunities around “shoring”, including re-shoring/“new-shoring” will create self-sufficiency opportunities that can be centred in and around the West Midlands – with this providing employment spaces but also providing quality places for people to live.

There is a general recognition that, as retail has seen a decline even pre-Covid, vacant units could be repurposed, centred around needs in the community that are underserved. City and town centres need to review use of space as there are likely to be long term effects as a lot of businesses have become accustomed to working from home. Day trade, particularly in the hospitality and retail sectors, has been depressed as workers have not been in the office.

Local Trends

The focus on public health, safety and well-being has been echoed in the [Warwickshire Place Shaping Programme](#) of the Warwickshire County Council – as one of the pillars within its recovery framework is health and wellbeing. “Place will need to look from a perspective of various groupings for example, from a health and care system perspective consideration of Warwickshire North, Rugby and South Warwickshire as ‘places’ where we are undertaking place based planning to deliver our health and well-being priorities and requirements to move to Place Integrated Care Partnerships”

Over the last couple of months there have been a number of announcements around area regeneration schemes and projects in Coventry & Warwickshire:

- [Coventry City Centre South](#)
- [Daimler Powerhouse, Coventry](#)
- [1 Mill Street – Smart Co-Working with a Heart, Leamington Spa](#)
- [Development in Abbey Park, Stoneleigh](#)
- [Transforming Nuneaton](#)
- [Abbotts Lane developments, Coventry](#)

Some of these projects highlight innovative workplace and public space requirements expected for the future – including flexible work and office spaces, collaborative spaces, open-air community and public spaces allowing for community focussed and creative place-shaping. These projects may also lead the

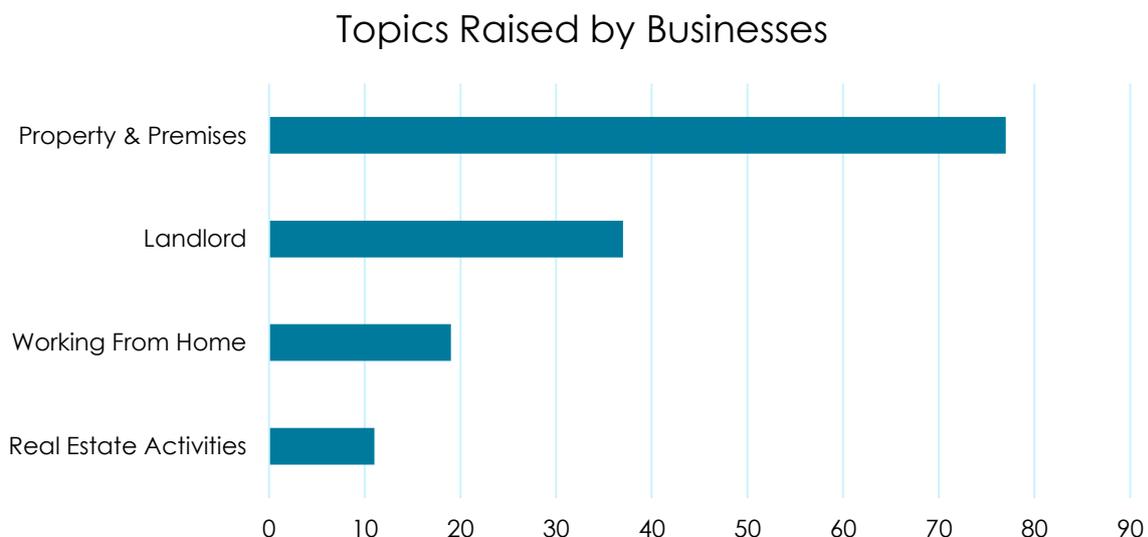
way to a rethink of the balance between commercial and residential space (e.g. Coventry City Centre South) and raises whether there is going to be a change as an effect of the new normal.

As Warwickshire County Council have announced their recent Place Shaping Programme – one of the proposals to help drive ongoing commercial property provisions and investment involves the setting up of the Warwickshire Property Company. This enables the Council to support partners and developers in property and actively address shortages that may not be met by commercial developers and drive forward further investment opportunities for the region.

A recent sample from three towns across Warwickshire has shown that an average of **54.8% of shops were open in the week beginning 22nd June, and 76.32% in the week beginning 6th July**. This shows a very positive movement. As local authorities are working on providing foot traffic information – the data will support town centres in managing traffic and improving visitor experience going forward.

4.1 CWLEP Growth Hub Business Insights – Property & Planning

Around **7% of businesses raised issues relating to their property and planning**. The top three sectors that raised issues with the Growth Hub around property and planning were **Accommodation and Food Service Activities (14%), Manufacturing (12%) and Wholesale and Retail Trade (11%)**.



Property & Premises

Most of the planning and property related enquiries and conversations were around the business premises in relation to **eligibility for the retail, hospitality and leisure grant fund and the small business grant fund**. Both funds were given as cash grants to

businesses in line with eligibility criteria relating to the business premises rateable value.

Small manufacturers and recycling companies were affected by the restrictions of the grant schemes due to the **nature of these businesses requiring larger premises**. Those unable to obtain cash either resorted to taking on loans and/or had to furlough majority of their staff due to the inability to move their staff to working from home.

One business raised that COVID19 **impacted their plans to purchase a property for which an ERDF grant had been secured** which had to be put on hold. Several businesses reported that planned purchase of premises had to be shelved, raising **concerns about expiring leases and length of time it takes to find and secure alternative premises**.

However, we have also seen businesses approach us around **support to invest into their existing property and find further property**. Businesses that were open to invest into business premises were operating in **Manufacturing and Human Health activities** and have reported to have seen an increase in business activities.

Other issues raised were around business insurance and unclarity whether their **premises' insurance would support the impacts caused by COVID19**.

Several **customer facing businesses cited difficulties to implement social distancing measures in their premises as a barrier to reopen**. These included education and training and retail businesses

Landlords

Accommodation and Food Service and Wholesale and Retail traders where the main two industries that **fed back on their communications with their landlords and reported varying levels of support received from them**. Of businesses feeding back on interactions with their landlord during this time **48% mentioned that they had positive interactions, whereas 52% reported that they had negative or unsupportive exchanges with their landlords**.

Negative responses included many situations where the businesses occupying premises were deemed ineligible to be receiving the government cash grants where the landlord was registered rates payer. In many cases landlords were **still requesting rent payments and exposing businesses to litigation orders**.

Many businesses were in receipt of support from landlords – with landlords agreeing to pass on the cash grants either fully or in part, **supporting through rent holidays, reductions or deferrals**.

Some businesses, regardless of whether they had success with getting support from their landlord throughout this time have **fed back that this has led them to reassess their use of business premises** – either **considering giving up the lease, considering co-working spaces instead of their own premises, or even purchasing property themselves** to protect their business from future external factors.

Working from home

Overall businesses and employees have adapted to working from home, in particular in **service and digital sectors**. Factors of **flexibility, enhanced work-life balance and increased productivity** have been named as positive factors causing employers to implement or consider adapting this business model in the long run. However, **negative factors such as impacts on physical and mental health, decreased productivity, limitations of working from home and communications** also have to be considered.

A customer services business with multiple sites within Coventry & Warwickshire have seen this movement to working from home as a trigger to close at least one out of their three sites in the area, recognising that they have been able to carry out their work consistently. It has seen productive benefits to the business and has lowered absenteeism of employees. Recognising that only offering the **option to work from home will not be suitable to all employees, they are refitting their existing sites into employee experience centres**.

Whilst most businesses have been able to adapt quickly in some sectors, in particular **businesses unable to move to working from home have reported problems** – reportedly having to furlough vulnerable staff and/or **unable to move all or any aspects of their services or production out of their premises**. Industries struggling with this included **manufacturing (food manufacture, high precision manufacture) and agriculture**.

Real Estates Activities

Businesses operating in property and real estates industries have outlined the following issues impacting their business

- **Public facing activities had to stop during lockdown** – made day to day business of carrying out property valuations, viewings and inspections impossible
- **Cancellations** of activity (reportedly down by at least 70%)
- **Furloughing staff has been inevitable** for most businesses
- **Permanent business closure**
- **Contractors and subcontractors such** as cleaning services could no longer be provided
- Had to adapt by **providing video viewings** of properties and online calls with customers
- Used **time to build online presence**

4.2 Market Signals pre- and post-COVID19

In July 2019 the report "[Coventry & Warwickshire Sub-Regional Employment Market Signals Study](#)" was published. Coventry and Warwickshire's six local authorities (comprising Coventry City Council, North Warwickshire Borough Council, Nuneaton and Bedworth Borough Council, Rugby Borough Council, Stratford-upon-Avon District Council and Warwick District Council), the Warwickshire County Council and Coventry & Warwickshire Local Enterprise Partnership have commissioned this report to form **an assessment of the market for employment land within the Coventry and Warwickshire sub-region**. The purpose of this report was to establish business trends in terms of land and premises and key **gaps in supply to inform public sector interventions**.

The report also **outlines anticipated future supply of employment land and how it will meet the demand**. Whilst an update to this will be difficult based on the yet limited amount of data available, the **recent announcement and the trends we are seeing across the business community will likely have long term impact** on the future use of and demand for employment land.

Some of the issues highlighted are echoed in the trends we have observed throughout the last few months and which we are continuing to see as businesses are restarting or growing out of lockdown.

Trends & Considerations

The following trends from the market signals report are reiterated by trends we are seeing from business use of premises and property as an effect of COVID19:

- The trend in **increasing business births is likely to continue** – start up numbers are likely to increase as we emerge out of lockdown and businesses are likely to make redundancies, **spurring on a wave of entrepreneurship**
 - Need for **flexible premises suited to start up businesses and smaller SMEs**
- The report states overall **growth in GVA will lead to demand for new sites and premises as businesses need more or different premises to accommodate their workers and equipment**
 - Whilst the GVA is likely to suffer in the long term, companies, regardless of sector, are likely to be **reviewing their use of sites and premises**.
 - Requirements for the workspace, particular in the services sector, are likely to change in the short and the long term as businesses are likely to **focus on employee-wellbeing, work life balance and reliance on remote technology**.
 - Manufacturers are assessing ways to maintain productivity and output, with the prospect of less space per employee, **allowing for social distancing measures and a potential reduction in employees on factory floors and production lines**.
 - Businesses relying on face-to-face interactions are likely to adapt to **digital technology based** (e.g. education), **visitor experience-driven** – both virtual and physical (e.g. retail, tourism, creative) **and most of all**

flexible business models. The **investments that are being made by businesses in support of resilience** towards risks are more likely to be less based on capital and require more flexible options around work spaces and employment spaces, that yet allow for the **ongoing importance of regulatory measures around health and safety**

- **Mid-spec flexible and affordable floorspaces within town centres** are an ongoing need for businesses, such as the digital, creative and professional services sector. – with **current provision of these spaces primarily based in out-of-town business parks**, the town-centre spaces are preferred
 - There is a **need to flex and convert vacant units** in town and city centres to support those smaller service businesses and provide a way to restore shop fronts and footfall in local town centres
- **Affordability of spaces** will remain an ongoing concern as business cash reserves are likely to be capped or eradicated as an effect of the lockdown. **Businesses likely to require incentives** such as low rents, flexible offers around renting and co-working, or attractive additional serviced offers to make decisions on renting offices
- Need for owners and occupiers to **consider “sub-division” of projects** particularly for underused sites
 - Hiring out spaces to businesses (e.g. storage spaces for permanent or temporary storage of PPE) to **secure future of occupancy** in the long-term
 - Platforms such as [FinditinCW](#) and Invest C&W could be used to keep local pipeline
 - Renting out underused space is potentially still the exception for business owners/occupiers in C&W, not the rule
 - Owners to consider **redevelopment or refurbishment options to update “ageing industrial stock”** → Can be supported by existing business support programmes and grants
- Geographic variations still existent across rural and urban areas in terms of provision, with **limited employment opportunities in “market towns”**
- Working from home – whilst the report states that working from home has become the norm for some businesses it mentions also that there will be an ongoing **requirement for spaces to tackle “professional isolation”**.
 - With Health and Wellbeing becoming a priority within the recovery phase, and for employers as well – we are likely to see a trend towards offices becoming collaborative spaces, “experience centres” – utilised more and more for specific, local team activities, with a growing need for flexible spaces and meeting rooms allowing for interactive meetings

Trends that were identified in the report that we may **now need to review:**

- Business survival rates may fall significantly over the next months – there may be a surge in employment premises becoming available
 - Need for new ways or **new offers to recycle premises when businesses fail**

- Some of the area's key sectors (e.g. AME, logistics) – involving **large corporates using large proportions of employment land falling at risk**
 - Dependent on how restart will go – other factor that is likely to impact those local key sectors and large employers is EU Exit – uncertainty around impact on employment land they use.

5. Recommendations

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

5.1 Short Term

5.1.a

The planning and property sector should be supported over the coming weeks and months. **Whilst recent Government announcements to support the sector and agenda around commercial and residential developments have been welcomed**, initiatives led by Government could be implemented in the short-term and include supporting employers & employees and the general public to return to physical spaces:

- Lead on PR campaign around **safe use of city and town centres**, encourage visitors and workers to return to town centres
- Lead on campaign around **workplace safety to encourage employers and workers** to consider **returning to work in a safe way**
- Lead on messaging around **mental and physical health and support employers with proactively addressing concerns** around returning to the office, continuing to work from home and/or adapting a flexible work pattern
- Support local authorities with **nuanced planning policies around use of employment land and residential developments** – support balancing of priorities according to areas strength and strategic economic vision
- Consider issuing **further support schemes around technologies, e.g. flexible vouchers** to support businesses with purchase of digital infrastructure, hardware, software, consultancy, digital training packages for employees etc.
- Show **recognition for the role of local and national business support and business representative organisations** play that support businesses with **making their premises COVID19 safe and fit for reopening**

5.1.b

Local stakeholders can further support with the following to benefit the local third sector in the short term:

- Recognise and **promote the role of business support organisations** to advise companies on making premises COVID19 safe
- Flex and promote existing **business and grant support around adoption of ICT for businesses**
- Business support network should be **prepared to mobilise as and when government guidance changes**
- Understand and **support behaviours and trends around planning in residential areas and commercial areas**. Increased activities in residential-planning led by the public (e.g. indicators might be planning applications put in for house

extensions, increase in house or flat purchases, trends in rural or urban house lets and sales) could indicate a move towards **people spending more time at home, adapting to flexible work patterns**, moving closer to or further away from their workplaces etc.

5.2 Medium Term

5.2.a

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

- **Help businesses accelerate technology usage to make more informed decisions and drive efficiency**
- Increase **focus on cybersecurity and data privacy** in communications to businesses
- Business support **around capital and liquidity management** – encourage businesses to reprioritise expenditure and **invest in health and safety, technology and potential M&A opportunities/other collaborative models**
- Encourage investment and support **re-shoring initiatives and associated inward investment** – consider incentives

5.2.b

Local stakeholders can further support with the following to benefit the local planning and property sector in the medium term

- Develop innovative ways of **utilising empty retail and larger commercial property space**, as there is a shift in the availability of premises due to the transition to remote working.
- **Repurposing public places, signage etc.** make it look more permanent and welcoming

5.3 Long Term

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

5.3.a

Drive and **support initiatives to accelerate digital connectivity projects** to support flexible working for employees in both rural and urban areas

5.3.b

Reassess strategic approach to land and premises e.g. Brownfield land, residential and commercial property trends, power supply study outcome for Coventry & Warwickshire area → Work with stakeholders and monitor how demand changes.

- Consider trends around work and use of employment land
- Reshoring/Newshoring may be a trend → There'll be a lot more need to open up land around high value manufacturing

5.3.c

Continue to **push message around the role of new energy vehicles and transport** – support the role a Gigafactory as a collaboration between public and private sector could play for the country. Promote **Coventry & Warwickshire as the strategic location for this**, at the heart of the new energy transport industries.