
To: Business, Economy and Enterprise Scrutiny Board (3)

Date: 8th December 2021

Subject: Jobs and Businesses – Impact of Covid

1 Purpose of the Note

- 1.1 A briefing note highlighting the support that local businesses have received due to the impact of the COVID-19 pandemic. A number of support initiatives have been delivered by the Economic Development Service, whilst we continue to work alongside local business support partners including Coventry & Warwickshire (CW) Chamber of Commerce, CWLEP Growth Hub, Coventry & Warwickshire Reinvestment Trust (CWRT) and Federation of Small Businesses (FSB). Critical to this effort is to enable the adaptation of the support schemes to the changing economic, social and health conditions, as we continue to offer a range of business support initiatives beyond the immediate COVID-19 support.

2 Recommendations

- 2.1 The Business, Economy and Enterprise Scrutiny Board is recommended to:
- 1) Consider the content of the briefing note and note progress made delivering Covid support to businesses in Coventry.

3 Economic Context

- 3.1 The nature of support services we have provided to businesses has changed and evolved over the course of the pandemic, due to changing economic circumstances. Coventry & Warwickshire entered 2020 as the fastest growing LEP area economy in England since the 2008/09 recession in terms of economic output. However, the COVID-19 outbreak in March 2020 forced some sectors of the economy to close and social distancing restrictions limiting the output of sectors remaining open. The impact has been severe, with UK economic output (measured by GDP) falling by over 21% in the first two quarters of 2020 alone and contracting by 9.9% in 2020 as a whole (the largest contraction of any G7 nation). The West Midlands encountered the highest fall in economic output of any English region during the Spring 2020 lockdown (it was also projected to have the highest economic contracting of all UK regions during 2020), and the UK economy remains 2.1% smaller than pre-pandemic levels.
- 3.2 Due to many businesses needing to close temporarily and/or unable to generate sufficient income, as many as 49,200 posts in Coventry were furloughed in June

2020 (30% - the peak level for any point during the pandemic). The claimant count (numbers on unemployment related benefits) in Coventry had also increased to 16,695 (6.7%) in October 2020, an increase from 7,525 (3.0%) in January 2020. By the time the furlough scheme was ended in September 2021, there were 5,900 (4%) left on the scheme, and the claimant count had fallen to 14,250 (5.6%).

- 3.3 Because many businesses have continued to face cashflow challenges (driven by slow recovery of production capacity, supply chain delays and slow recovery of consumer demand for some sectors) and the need to minimise further job losses, our business support activities have broadened in 2021 to support local businesses to access Government grants and loans to mitigate against the impact of COVID-19 and help ensure their survival, as well as continue delivery of our business support programmes and Inward Investment service.
- 3.4 This paper therefore details the measures we have taken to continue delivery of our business support services during 2021 and the additional support we have provided to support local businesses through the COVID-19 pandemic.

4 Health Inequalities Impact

- 4.1 The Economic Development Service (EDS) has been working with Public Health to help address health inequalities through a 'Call to Action'. The aim of the initiative is to encourage local businesses to commit to one or more of the five recommended 'pillars' or interventions which each address a different cause of health inequalities. 1:1 support will be offered to each business to help them understand the impact of each intervention. The implementation of the selected measures will then be the responsibility of each business. The project is at the pilot stage and is working with a small number of businesses to develop a methodology for approaching businesses on a wider scale.
- 4.2 In Coventry, men in the most deprived areas can expect to live an average of 10.7 years less than those in the most affluent areas and will live more of their life in poor health; for women, the gap in life expectancy is 8.3 years. The pandemic has further exacerbated existing health inequalities. For example, young people have been disproportionately affected when it comes to work: over the past year the largest proportional increase in the claimant count (people receiving unemployment related benefits) has been for young people (16-24), which has seen an increase of 135% in the last year. Although Coventry has experienced a notable increase in youth unemployment (aged 18-24), Coventry's youth unemployment rate of 4.3% is lower than both the national average of 6% and West Midlands average of 7.3%. Whilst the increases in Claimant Counts for the 25-49 and 50+ age groups have not been as sharp, Coventry's claimant count had risen to above the national average for these two age groups as of July 2021 – 6.8% compared to 6.2% nationally for the 25-49 age range and 5.9% for those aged 50+ compared to the national average of 4.3%. These rising Claimant Counts across all age groups present a concern, given the people not working are more likely to have poor health (particularly mental health) than people in work.
- 4.3 The nature of the work within EDS in providing a diverse range of support services to Coventry businesses and securing funds to create the enabling infrastructure for economic growth is to ultimately generate business investment and

employment opportunities, which will address one of the key Marmot principles: 'create fair employment and good work for all'.

5 COVID-19 Support to Businesses

- 5.1 Since March 2020, we have also mobilised staff to deliver further support to businesses in response to the COVID-19 pandemic. A major focus of this has been to expediently award grant funds that have been announced by Government, and to signpost businesses to the new loan funds and financial support to cover salaries of furloughed workers and raise awareness of the respective application processes. Throughout this year and the last, we have constantly updated the Council's Business [website](#) and used the Council's Business Newsletter (over 6,800 subscribers) to help maximise awareness of support available, as well as the evolving measures businesses need to take to be "COVID-19 secure".
- 5.2 From April 2020, EDS staff worked successfully with the Business Rates team to ensure over £48m in grants were paid to over 4,000 Coventry Retail, Leisure & Hospitality businesses and small businesses that were affected by the Spring 2020 Lockdown. Staff from the Business, Investment & Culture Division also designed and appraised applications that resulted in the full award of the £2.7m Discretionary Grants fund to over 470 other Coventry businesses whose performance was adversely affected by the Spring 2020 Lockdown.
- 5.3 EDS staff also raised awareness of the Coronavirus Job Retention Scheme and provided advice to businesses on application processes. During June 2020, at the scheme's highest point of demand, the wages of some 49,200 furloughed employees of Coventry firms (31% of eligible jobs) were covered. We also promoted the Self Employment Income Support Scheme (SEISS), which 10,100 Coventry-based individuals accessed. We also raised awareness of the COVID-19 loan funds launched by Government, including Bounce Back Loans, Coronavirus Business Interruption Loan Scheme (CBILS) and Future Fund, and as a result, some 7,398 Coventry businesses across a range of sector also secured £304.342m in Covid loans.
- 5.4 Since the announcement of the second and third lockdowns in November 2020 and January 2021, EDS has worked closely with Business Rates to ensure that Retail, Leisure & Hospitality businesses mandated to close have received grant funding through the Local Restrictions Grants announced by Government. Building on the £50.885m in COVID-19 Government grants awarded to 4,509 Coventry businesses during Summer 2020, the Authority has awarded £19.576m to 1,612 Coventry businesses mandated to close since 4/11/20, plus £12.374m in Restart Grants to 1,880 Coventry businesses operating in non-essential retail and leisure to support them to open safely as COVID-19 restrictions are lifted.
- 5.5 Since November 2020, the Business, Investment & Culture Division has also designed, managed and administered the Additional Restrictions Grants (ARG) discretionary grants fund for all types of businesses that have been adversely affected by restrictions imposed by Government since November 2020. We have been awarded three sets of funding totalling £12,584,498. To date, 3,874 grants have been provided under the ARG scheme with the level of individual grants determined by factors such as employee numbers, rateable value and sector. We have also developed a strategy to allocate the final £1.8m ARG top-up fund, which

has been earmarked for new applicants that missed out on previous rounds, targeted support through the Covid Strategic Recovery Grant (CSRG) and wider business support activity, notably through the Chamber and FSB that will provide assistance that will benefit businesses in the long-term. In particular, we have highlighted support for the Hospitality, Events, Leisure and Tourism sector.

6 On-going Support to Businesses

- 6.1 The Economic Development Service (EDS) makes a very important contribution towards Coventry City Council's ambitious 'Council Plan' which identifies the vision and priorities until 2024. In particular, the Service is helping to deliver the aims of promoting the growth of a sustainable economy and improving the quality of life for local people.
- 6.2 To help achieve these aims, Coventry's businesses play an integral role in creating wealth and employment. There are nearly 10,000 businesses in Coventry, many of which are Small or Medium Enterprises (SMEs), which create significant employment opportunities and contribute to local business rates. We have remained active in ensuring that local businesses (particularly SMEs) are given the best chance of succeeding through the support available through the Council and partner organisations such as the CWLEP Growth Hub, CW Chamber of Commerce and local universities.
- 6.3 Coventry's SMEs continue to need advice, access to finance and infrastructure, and EDS remains proficient at supporting SMEs to fulfil their growth potential in these areas of business support. The support is delivered either directly through EDS' Business Advisors (notably through access to grants to enable business growth or innovation or signposting to loan finance), or through workshops or 1:1 support delivered by key partners, including CW Chamber of Commerce, CWLEP Growth Hub and Coventry University Services. We ensure that the level of support is tailored to the needs of that individual business, and the Council's Service Level Agreement with CWLEP Growth Hub to engage with 300 new businesses per year and deliver a diagnostic and brokerage service is an important enabler in ensuring that local businesses are referred to the most appropriate support.
- 6.4 New businesses also require support to successfully start, and key partners such as CW Chamber of Commerce are delivering support services through 1:1 mentoring and workshops to support individuals on the journey to start new businesses. Throughout the pandemic, demand for start-up support has continued, including as a route out of unemployment. In response, the Council has allocated £249k of its COVID-19 Discretionary Grants funding to expand levels of start-up support and support with business resilience, particularly for sectors vital to servicing UK City of Culture (e.g., hospitality, creative industries, retail).
- 6.5 The four EU-funded SME support programmes managed by EDS continue to be integral to the Council's business support offer. These include the three European Regional Development (ERDF) business Support Programmes, now valued at £20m in ERDF funding – **namely CW Business Support, Innovation and Green Business** Programmes. All three programmes are targeted at addressing barriers to growth and innovation within Coventry & Warwickshire SMEs and provide an offer of bespoke one-to-one support and seminars/networking opportunities to tackle challenges and opportunities, as well as capital and revenue grants

(totalling £10.3m). The other programme is the European Social Fund (ESF) funded **CW Skills 4 Growth**, worth £1.16m of ESF funds, which provides support and revenue grants to SMEs to fund training to help their workforce acquire new skills and qualifications and progress upwards in employment. In April 2020, it was announced that these projects all secured extensions up to June 2023, which will ensure a continued service that will play a vital role in accelerating Coventry & Warwickshire's economic recovery by supporting businesses to adapt to changing market conditions.

- 6.6 Since March 2020, all four programmes have applied flexibilities in delivery methods to ensure services were able to continue throughout the pandemic, notably with webinars replacing workshops and 1:1 support delivered through video conferencing. CCC's Grants Panel has also continued to meet through video conferencing to ensure capital and revenue grants to SMEs can still be awarded and progress can be monitored.
- 6.7 Take-up of the suite of support services has remained high, particularly the non-financial support available through 1:1 support and webinars. In total, our programmes have supported 175 SMEs (40 of which were new businesses) to adapt, modernise and innovate/diversify in Q1 to Q3 2021. Notably, the Start-up Support and Accelerated Growth workshops delivered through *CW Business Support* have been fully booked, and in response to the changing international climate we have continued to make referrals to specialist Department for International Trade support. This is on top of the portion of Additional Restrictions Grant funds allocated to provide at least 60 businesses with intensive 1:1 support with international trade processes by March 2022, including export and import documentation, and procedures/documents for shipping, air freight and trucking.
- 6.8 Webinars hosted through the *CW Green Business Network* (now with 1,715 members), which have included sessions on electrifying fleets and increasing energy efficiency during lockdown, have routinely received over 50 attendees, more than triple the attendance levels at physical workshops pre-pandemic. *CW Innovation Programme* saw increased demand for 1:1 support and Usability Studies from SMEs during 2021. The *CW Skills 4 Growth* programme has also witnessed strong demand, particularly from businesses requiring support from sector-specialist skills providers; the scheme has supported approximately 472 employees (one employee may do more than one training intervention) and 138 companies.
- 6.9 Despite many SMEs delaying investments to create new jobs, all programmes are witnessing growing demand for grants to support capital investments and to aid the development of new products and business process improvements. Across all programmes, £2.4m of grants have been awarded in 2021 to date and £1.7m claimed, which is an increase from 2020. So far in 2021 this has supported the creation of 26 new jobs and a reduction of 578 tonnes of CO2 emissions. Moreover, in response to the COVID-19 pandemic, CW Business Support fully defrayed a £500k grant pot which has enabled 217 SMEs in tourism and other sectors to purchase small capital items and external expertise.
- 6.10 We continue to deliver our Inward Investment Service working to promote the City, generating leads and supporting businesses to invest here. The volume of property enquiries in 2021 to date (187) is broadly similar to 2020 (196) and 2019

(193); enquiries are showing signs of escalating in scale and quantity as engagements and business investment plans firm up post pandemic with many enquiries aligning to the significant opportunities locally. Between 2016 and 2021, 219 successful Foreign Direct Investment (FDI) projects in Coventry & Warwickshire have created 11,436 new jobs.

- 6.11 One area where activity has expanded in 2021 is the continued development and implementation of Coventry's Social Value & Sustainability Policy, particularly through engagement with developers to provide local people with employment and training opportunities. Moreover, we have been successful with the Apprenticeship Levy Transfer; to date, the Levy Transfer Scheme has transferred over £292,000 to support 16 SMEs and 48 apprentices, prioritising Coventry businesses and apprentices from under-represented groups.

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