

Communities O&S – February 2022

Economic Development Update

The following briefing note provides an update to the Communities Overview & Scrutiny Committee on recent economic development activity in Warwickshire.

It covers work undertaken by County Council officers and partners across a range of services as well as other key pieces of relevant news and information.

CONTENTS

1. Economic overview
2. Economic recovery initiatives
3. Business & Economy Support
4. Employability & Skills Support
5. Inward Investment

Appendix 1: Business news round-up

Appendix 2: Budget and Spending Review Summary

HEADLINES/ KEY SUMMARY POINTS

- Positive economic signs at the end of 2021 need to be balanced against continued price uncertainties, i.e rising inflation and energy costs alongside continued supply chain and resource constraints.
- Despite evidence of healthy sales and order books, business confidence in the sub-region remains mixed and feedback suggests that businesses are finding it particularly difficult to access finance after 2 years of covid trading.
- We continue to see exceptionally strong demand across the board for our Business Support and Employability and Skills programmes.
- Significant work continues to enable our dual roles (lead authority for Warwickshire alongside delivery of the Warwickshire Brighter Futures programme) in regard to the Community Renewal Fund (CRF) which awarded £2.7m to Warwickshire projects in November 2021.

1. ECONOMIC OVERVIEW

Whilst there are undoubtedly positive economic signs, such as the news in November that UK GDP had returned to pre-pandemic levels, business optimism remains mixed due to the continuing uncertainties around further covid restrictions, higher than expected price inflation and increasing energy costs.

The final quarter of 2021 was dominated by a difficult operating environment for the manufacturing sector due to mounting inflationary pressures, strained supply chains and businesses continue to experience difficulties in recruiting. Contrastingly, the local service sector remained relatively upbeat and saw an escalation in new orders.

2022 has begun with the familiar situation of restrictions designed to stop the spread of covid-19. Firms in the hospitality, leisure and accommodation sectors can apply for one-off grants, distributed by districts and borough councils based on rateable value. Further discretionary funding may also be available to other businesses in the hospitality and leisure supply chain as well as personal care services.

Working alongside partners, the Economy & Skills team continue to deliver support to manage and mitigate these issues and we continue to see significant demand for our programmes such as Project Warwickshire, our dedicated support package to help the county's small businesses in the tourism, hospitality and leisure sectors bounce back from Covid. Access to finance also remains a key issue and we are working hard to launch the Local Communities and Enterprise (LCE) strand of the Warwickshire Recovery and Investment Fund (WRIF) to deliver critical support to Warwickshire businesses at the time.

Work continues apace in regard to the Community Renewal Fund (CRF) in our dual roles of acting as the lead authority as well as delivering our hugely ambitious Warwickshire Brighter Futures programme designed to reduce the barriers to employment for some of the most disadvantaged young people in Warwickshire. The CRF is an important opportunity to pilot projects for future delivery through the Shared Prosperity Fund as well as demonstrating competence in lead authority responsibilities.

2. ECONOMIC RECOVERY INITIATIVES

WCC, as Lead Authority for the **Community Renewal Fund (CRF)**, is working with Government and the project deliverers to contract the three successful projects in Warwickshire. The CRF is a new £220 million fund to support pilot programmes and test new approaches to support local economic growth, prior to the introduction in 2022 of the UK Shared Prosperity Fund. WCC submitted a shortlist of seven projects to Government in June 2021 and it was announced in November that Government had selected three projects. The successful projects focus on:

1. Supporting economically inactive and unemployed people into employment using cognitive and mindset training delivered through mentoring with a strong focus on mental health and wellbeing (delivered by Wise Ability).

2. Assisting people into employment by providing training and support focused on self-employment skills (delivered by PET-Xi Limited).
3. Funding activity targeting hard to reach unemployed disadvantaged groups through break away camps, youth clubs, rural career workshops, employer focused SEND employment and e-sports for young gaming enthusiasts (delivered by WCC's Employment & Skills team).

The Government received more than 1,000 applications and 225 projects worth £125.6m were successful in England. Warwickshire's performance in having three successful applicants and receiving £2.7 million of funding is particularly impressive as the county was not among 100 priority places for CRF funding identified by Government. The three Warwickshire projects will collectively support 3,241 economically inactive or unemployed people across all five districts/ boroughs in Warwickshire. For more information, visit: www.warwickshire.gov.uk/crf

Project Warwickshire, WCC's dedicated programme to help the county's small businesses in the tourism, hospitality and leisure sectors bounce back from Covid, is seeing significant demand. 82 businesses have been engaged since the programme was launched last September and the delivery partners are currently supporting 33 businesses in a range of sub-sectors. The majority are in the hospitality sector, but they also include an alpaca farm, tipi party company and narrowboat hire. Typical challenges and themes include difficulty trading throughout the pandemic and lost revenue, staffing issues including retention and sickness due to Covid, business strategy, marketing and social media.

The programme consists of one-to-one advice, networking and a range of masterclasses and assists businesses to access grants and funding, as well as co-ordinating a series of networking events and webinars to share good practice and links. It is funded by £320,000 from WCC's Place Shaping & Economic Recovery Fund and a further £230,000 from the European Regional Development Fund. It is delivered on behalf of WCC by the Coventry and Warwickshire Chamber of Commerce working with partners Shakespeare's England and Northern Warwickshire Tourism. For more information, visit: www.warwickshire.gov.uk/homepage/359/sector-or-specialist-support-for-your-business

With a recent increase in enquiries, employers are keen to engage with the **Future Careers Digital Market Place Programme**, working with the Employability & Skills team to set filming dates in the coming weeks to support recruitment campaigns.

The final phase of the project is underway, and a digital jobs platform is now in design. The jobs platform which will link to the Fair Chance Employer Programme will be bespoke to Warwickshire, having tailored views and supportive links to meet the needs of the different communities who will access the platform for support.

Some of the key features are:

- **Safe chat function to employers** – to soften the interaction with employers
- **About Me** – digital CV including a section to specify any adjustments an employer may need to consider
- **Plan my journey** – travel training link
- **Link to company film** – designated place for films to sit next to each vacancy

The platform is scheduled to go live in March 2022.

3. BUSINESS & ECONOMY SUPPORT

A further 28 businesses completed the intensive support provided by the “**CW Business – Start, Grow and Scale**” programme in the third quarter of 2021/22 and 16 new jobs were created. This brings the total number of businesses supported since 2016 to 830. 380 new jobs have also been created and 427 Warwickshire residents helped to start their own business.

The current phase of the programme is funded by £1.8 million from the European Regional Development Fund (ERDF) as well as the WCC, University of Warwick Science Park, and five District and Borough Councils. A further £0.5 million was secured from ERDF in September 2021 to extend the programme for a further 18 months. For more information, visit: www.warwickshire.gov.uk/cwbsp

The **Coventry and Warwickshire Duplex Investment Fund** – which provides a combined loan and grant to businesses towards the costs of capital investments – has supported a further three businesses in Warwickshire. These include Athag, a high-quality dog guard manufacturer in Atherstone, and Hemp Whole Foods, a farm diversification near Warwick. Duplex has now provided loans worth £886,848 and a further £344,898 of grants to 12 businesses in Warwickshire since 2019. This has safeguarded 44 jobs, created 23 new jobs and a further 48 jobs are forecasted to be created.

Duplex – which is delivered by Coventry and Warwickshire Reinvestment Trust (CWRT) – is funded by a £2 million loan from WCC’s Capital Investment Fund as well as funding from Coventry City Council, the Growth Deal and CWLEP. It is expected to provide just under £10 million of investment to Warwickshire businesses over the next ten years and to create over 600 jobs by March 2033. For more information, visit: www.cwrt.uk.com/duplex

4. EMPLOYABILITY & SKILLS SUPPORT

Further to WCC’s success as lead authority in the Community Renewal Fund, the Employability & Skills team were successful with their own bid **Warwickshire Brighter Futures Programme** (WBF) of £1.1m. The WBF programme contains a selection of collaborative pilots which have been specifically designed to support Warwickshire young people (16-24) who have been disproportionately negatively

affected because of the pandemic. The priority groups of young people the programme wishes to support are as follows:

Care Leavers

Areas of Deprivation

Young Carers

Refugee and Migrant's

Special Educational Needs and Disabilities BAME

The WBF brings together a consortium of partners to pilot five strands of activity and will look to support over 1,000 hard to reach, unemployed young people, reducing the barriers to employment for some of the most disadvantaged groups in Warwickshire.

1. Break Away Camps - an adaptable programme of 4-day youth outreach camps featuring a variety of activities, all with elements of careers support and job readiness. Camps will be shaped to meet the exact needs of the cohort with a variety of activities available:

Shelter building, raft building, kayaking, cutter sailing, gorge scrambling and more...

Teams of specially trained youth workers and session coaches will work with small groups of young people to provide careers support and guidance whilst promoting independence, build confidence and invaluable skills such as self-belief.

2. Warwickshire Community Skills Hubs-a County wide programme of Skills Hubs designed to sit in the heart of Warwickshire communities, offering a safe space for young people to improve their employability skills. These economically relevant skills hubs will operate a series of collaborative job clubs which will see partners and employers deploy sector specific workshops to promote nearby, accessible job opportunities. Further workshops will feature sessions to support CV writing and preparation to sit mock interviews and travel training. This programme of weekly activity will take up regular spots at fixed locations in partnership with our Library colleagues at the following Library locations:

Atherstone, Nuneaton, Bedworth, Rugby and Leamington

3. Let's Go Rural - working with internal and external partners to promote rural careers and job opportunities, cohorts of participants will take a tour of rural businesses and explore job opportunities in some of Warwickshire's most beautiful rural locations. Employers will offer mini career talks, site walk-arounds and demonstrate the skills and qualification pathways available to rural careers

4. Extra Ability Jobs Programme - this employer focused project aims to work closely with employers to address barriers to offering a young person with SEND a job opportunity. Building on the successful launch of Inclusive Apprenticeships in Warwickshire, this project will actively run a series of employer workshops followed by 1:1 support in carving job opportunities. Employers will be incentivised with a fund to support a young person with SEND into their workforce with an additional budget for a permanent job opportunity.

5. Esports Mini Leagues - a 2 day digitally creative programme which calls out for young people with a passion for gaming and digital play. This project will take gaming

enthusiasts' play skills and turn them into something relevant to entering a career in the digital and creative industry. Participants will work with esports coaches to form esports mini leagues.

Aiming to promote and celebrate inclusive employment by calling out to recruiting employers who would like to become a **Fair Chance Employer**, the programme to engage with talent pools of people who are keen to access work opportunities was launched in November 2021. Designed to work collaboratively with education providers and employability groups, helping employers to level-up their opportunities by offering Warwickshire residents with supportive needs equal access to careers. By supporting emotional, learning and workplace barriers, adjusting recruitment methods or providing enhanced induction training to bridge any initial skills gaps, the programme will support employers to demonstrate inclusivity and attract more candidates to their roles.

The programme aims to shape more than 200 jobs, supporting a wide variety of people who experience mental health, disability and learning barriers, as well as women and Armed Forces veterans returning to work, young offenders, young care givers and care leavers.

The **Careers Leader Group** provides opportunity for schools to link closely to the Economy & Skills team and Education colleagues. The group has evolved in recent years and now provides invaluable intelligence on the county-wide look of Warwickshire careers programmes alongside the opportunity for peer-to-peer learning. This platform also allows WCC to shape relevant supportive packages to further support careers provision and activity designed to further raise the standard of careers activity which reflects the Warwickshire Economy. Last year the group called for employers and sector representation to join them and offer career talks to the group. Since then, we have seen taken steps to utilise our networks and invited construction, HS2, City of Culture, Commonwealth Games, Wasps and Warwickshire Fire and Safety. The group's participation rate has risen by 60% with only a few special schools not attending the wider group but who do work with us separately.

As a continuation of the Career Leader Group and recognising Warwickshire's economy is now becoming home to a wide variety of new innovation, working with the CWLEP and employers who represent such innovation, we intend to create a **Educate our Educators – Future Skills** conference where the organisations and sectors who represent the future of our skills landscape will present a showcase of future skills and ideas of how schools and education leads can help prepare young people for such career opportunities. During the conference, we will also launch a programme of Future Skills tours, which will see a wide number of opportunities for business leaders to invite career leader groups to visit site and experience first-hand the working environments businesses of the future are shaping right now.

The **Esports Warwickshire Schools Programme** is a collaborative piece of work between the University of Warwick's Esports team and WCC's Employability and Skills Team. The Programme concept follows a call from secondary schools to create new and innovative interaction for pupils ahead of selecting their GCSE options. The concept of the Warwickshire Esports Schools programme is one which highlights the "hidden" careers such as broadcasting, online streaming technicians and reporting. The programme offers all participants to experiment in all different roles whilst competing against each other in Esports tournaments. The Programme is co-funded by the Employability & Skills Team and the Nuneaton Education Strategy Group. Each secondary school will be invited to qualify and refer 20 students to attend mixed setting events. Filming of the events will be captured, and a series of legacy resources will be developed to promote the sector and link to relevant digital and creative course locally.

The **Warwickshire Apprenticeship Support Programme** continues to grow. In 2021 a reported budget of over £300,000 saw a high level of businesses utilising the WCC apprenticeship levy fund which with the governments employer incentive scheme provided businesses with over £6000 of training and salary support per apprentice.

5. INWARD INVESTMENT

We are working closely with the WMGC to maximise opportunities around the **Commonwealth Games**. Currently this is a mixture of webinar events which will lead towards some physical activity taking place at UK House in August 2022 at the Exchange Building in Birmingham to showcase regional expertise. As part of this, a webinar is scheduled for 24 January. From Play to Profit – Leveraging the UK's world-leading gaming, data and developer skills to drive global commercial success. It will focus on technology, gaming, digital, AI, Immersive Tech /VR/AR, which Warwickshire represents a strong offer for. The audience for this is Asia Pacific wide (except India).

Work has begun on the long awaited first phase of the **Leamington Creative Quarter** regeneration project at Spencer Yard. Work to transform the Grade-II Listed United Reformed Church into a modern office space has officially started, and will see the building, based in Leamington's Old Town, restored and converted into office space for creative and digital businesses. Regeneration specialists Complex Development Projects (CDP) will deliver the scheme which also includes work to two further buildings facing Spencer Yard. The works are being undertaken as part of a funding package which includes a grant from the government's Future High Streets Fund and is very much needed to support the demand from growing businesses locally.

Plans for the **WM 'Gigafactory** at Coventry Airport were approved by Warwick District Council in January 2021. The proposals, which would see the airport close,

promise to create up to 6,000 new jobs with another 15,000 or so in the supply chain. The scheme is central to ensuring the future of the automotive manufacturing and design/ R&D industry in the West Midlands, and Coventry & Warwickshire. The race is on, as Britishvolt secured £100m from the UK Government to unlock £1.7bn investment at their site in Blythe, Northumberland, also in Jan 2022.

Whilst there will be no Midlands UK presence at property show **MIPIM 2022** (March 15-18th), Coventry & Warwickshire partners Coventry City Council and Warwickshire Country Council will be going together with local commercial partners including CDP, CW Chamber of Commerce and HORIBA-MIRA to promote key developments to attract investors, developers and inform market intermediaries about the area. WMCA will also be taking part, and there will be joint activity in the Dept for International Trade Pavilion and at the Coventry & Warwickshire Business Lounge. Key projects include WPDG, MIRA SMS and Transforming Nuneaton, and we are talking to WDC and RBC about their Leamington and Rugby town centre developments.

Despite the pandemic. 2021 proved to be another strong year for **inward investment in the Coventry & Warwickshire area**. We provided a summary of this on LinkedIn in recent weeks, looking at [multi-sector announcements](#) and more specifically at [automotive and future mobility](#). The Rosalind Franklin Laboratory (Mega Lab) in Leamington Spa was awarded 'Project of the Year' by the respected commentator Adam Breeze in his annual '[Crackers and Turkeys](#)' awards.

APPENDIX 1: BUSINESS NEWS

Major business headlines from around Warwickshire

Digital Creative sector

A TECH start-up that helps tradespeople to get paid for their work has been named a 'rising star'. **Kanda** is one of just five companies in the Midlands to receive the TechNation accolade, which recognises the UK's 'brightest and best' early-stage tech ventures with the highest potential.

Everyware Ltd, based at the Chandos Business Centre in Leamington Spa, has been helping businesses in the UK and Europe to digitally track and remotely monitor critical or high-value products since 2015 has secured funding to support a programme that can track and monitor thousands of pieces of medical equipment required by the NHS to assist patients across the UK. After receiving a grant from Coventry Universities Uxplora programme, the business is now working with the NHS on a pilot scheme to add sensors to equipment, including 24/7 pain relief syringe drivers for patients on the move who are receiving cancer treatment.

A global security systems firm has moved its UK headquarters to Warwickshire **Optilan**, a leading communications and security systems integrator, said they chose Warwickshire because it is a hub for "world class research, manufacturing and engineering services". The company has established two new facilities - a manufacturing and storage space and a separate UK based office headquarters. Specialising in the provision of bespoke telecommunications solutions for energy, critical national infrastructure, pipeline, and rail projects, Optilan said they are committed to providing "industry-leading technology" as they invest in a new chapter in operations. Optilan has offices in UAE, Azerbaijan, Turkey and India.

Automotive/ Future Mobility

Whilst **Aston Martin** recently revealed disappointing financial figures associated with challenges around its Valkyrie hypercar programme, sales are encouraging and in the 2021 financial year, wholesales grew by 82% to 6,182, with 3,001 DBX units wholesaled in its first full year of production, taking an estimated 20% market share of the luxury SUV segment.

Coventry University Centre for Advanced Low Carbon Propulsion Systems (C-ALPS), a joint venture with German FEV Ltd, has spent over £2m (US\$2.67m) in creating a dedicated 100m² lab and hydrogen compound that will enable development of hydrogen fuel cell-based powertrains through collaborative research and commercial contracts.

Eskuta, a Nuneaton e-cargo vehicle manufacturer and supplier based at the WCC Bermuda Business Centre has secured work with the likes of Dominos and Just Eat after receiving support from WCC's and the University of Warwick Science Park's Business Ready programme. The e-cargo business has received a total of £1m worth of funding from The Midlands Engine Investment Fund (MEIF), West Mids Debt

Finance Fund managed by Maven Capital Partners backed by the Recovery Loan Scheme.

Sertec Group Ltd, based in Coleshill, will create numerous jobs and become more involved in the electric vehicle market. A deal is with Envision AESC UK Ltd, which manufactures lithium-ion batteries for the Nissan Leaf vehicle and will see Sertec carry out the manufacturing and assembly of battery housings in the UK. A fully automated no-touch process line will put battery housing parts into production packaging at Sertec, ready to feed into Envision AESC facility.

Pre-tax profits have risen at the UK arm of Swedish vehicle making giant **Volvo Truck and Bus** despite Covid-19's impact on the manufacturing sector. Volvo Group UK, which is headquartered in Warwick, has reported pre-tax profits of £21.1m for the year to 31 December 2020, up from £11.7m in 2019.

Warwick Acoustics which makes audio products for the automotive industry has raised £2.8m from existing shareholders including Mercia Asset Management, and a small number of high net-worth investors. Established in 2002 as a spin-out from the University of Warwick, Warwick Acoustics has grown significantly in the last two years. It now employs 30 people at its headquarters at Mira Technology Park and supplies the audio industry across four continents with its personal audio systems.

Other business news

Commercial property specialists have hailed a record final quarter after generating £7m from retail, office and industrial premises in the last 3mths of 2021. Leamington Spa based **ehB Reeves** ended the year by securing 3 x seven-figure sales among 7 properties sold, its best return since the company's formation in 2018.

Detailed plans for a major commercial building as part of the second phase of a landmark logistics project in Rugby have been approved. Tritax Symmetry, Tritax Big Box's dedicated logistics development company, brought forward plans for zone D of its **Symmetry Park, Rugby** project. Comprising 111 acres, Symmetry Park has an outline planning permission to provide up to two million sq ft of logistics floor space. Situated on the M45/A45 strategic highway link, the site is located at the heart of the logistics Golden Triangle network and is an established distribution and manufacturing location.

UK Commercial Property REIT has strengthened its industrial and logistics portfolio with the £94m acquisition of a business park in Leamington Spa. The site is home to one of the two UK 'Megalabs' which is set to help create thousands of jobs.

Aldi has outlined plans to recruit more than 100 additional British suppliers in 2022. The move is being made in a bid to increase its spend with British suppliers by £3.5bn a year by the end of 2025. Aldi, headquartered in Warwickshire, spent a total of £9bn with UK companies last year and is opening on average one new store a week.

Budget airline **Flybe** has appointed Assured Aviation Services as its new ground handling partner at Birmingham Airport, creating 100 new jobs. The Warwickshire-based company will provide full ground handling services for the airline including passenger, baggage, cargo and ramp handling and aircraft cleaning.

Global plastics firm is to create 115 jobs after signing up for huge new warehouse in Leamington Spa. **Stoford Developments** is building the new 138,675 sq ft unit at Spa Park in Leamington Spa, after agreeing a pre-let with plastics manufacturing company Berry Global. The new unit will be used to produce plastic products from household waste recycling collections - including packaging for use in the food and cosmetic industries.

Growing Leamington based artisan pizza business, **Birtelli's**, has secured £500,000 funding from Midlands Engine Investment Fund (MEIF) West Midlands Equity Fund to branch out and provide home-bake pizza kits across the UK. The business made this pivot during the pandemic and due to its success locally have secured this funding to roll out nationally.

A European aluminium veranda and glass sliding door manufacturer is establishing its new UK base at a Logisor-owned site in Rugby. Headquartered in the Netherlands and with a presence in Belgium, France, Germany and Denmark, **Deponti Ltd** has taken a 10yr lease on the 42,238 sq ft Midland 42. Midland 42 is a detached warehouse located on Midland Trading Estate in Glebe Farm.

A global ecommerce business has selected Warwickshire's Prologis Park Ryton for its UK Net Zero distribution hub. The 10yr lease for the 148,461 sq ft unit is **Furnolic's** first physical site in the UK. The Chinese business, which also trades under the name **Songmics, Vasagle** and **Feandrea**, specialises in homeware, furniture and pet furniture. Once operational, Furnolic's facility will create between 20 and 30 jobs.

Goodflex Rubber, which manufactures and supplies rubber hoses, mouldings and assemblies, has moved its entire operation to a larger location in Alcester. The company and its 38 employees swapped its former 8,000 square foot site in Honeybourne for a new 32,000 square foot facility. It comes as the firm has invested over £500,000 in the move following a 70% increase in revenue over the last 3 years.

National retailer **Holland & Barrett** has expanded with the acquisition of a home beauty services business. **blow Ltd** will become a subsidiary business of Nuneaton-headquartered Holland & Barrett, with all its employees will move to the new ownership structure. Tamara Rajah, chief business and science officer at Holland & Barrett, said: "We have an exciting transformation strategy, with the vision of helping 100 million customers globally achieve their health and wellness goals.

Lyra Electronics, based at the University of Warwick's Wellesbourne campus, recently acquired a new office on the site to be used separately to its lab. A designer and manufacturer of highly efficient power electronics has expanded with the launch of a design centre after seeing business boom.