

Brexit: The West Midlands Outlook



Business insights on Brexit
preparation across the
West Midlands Growth Hubs

Sector trends and post-Brexit
outlook



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Executive Summary



Evidence shows that the West Midlands is a region expected to be greatly affected by Brexit due to its concentration of businesses within the Advanced Manufacturing and Engineering sector. The aim of this report is to highlight the considerable amount of intelligence gathered in the last few months and analyse the data in relation to the regional impact that Brexit may have on businesses. In order to prepare our region's businesses for Brexit, government decided it was necessary to understand how many businesses had begun considering potential consequences, and then distinguish between slight adjustments and economic shocks. The approach government took was to develop a cluster model in each region of England, with one lead Growth Hub acting as the liaison between that region and central government.

6,151 responses. However, for the purposes of accurate reporting measures the analysis is restricted to 5,481 businesses due to incomplete responses. The number of businesses contacted across the 6 West Midlands Growth Hubs was equal, but the number of completed surveys varied slightly. This is indicative of each Growth Hub's sub-regional business density and sector variances, as certain sectors and regions were more responsive than others. The survey found that 78.6% of businesses in the West Midlands, who trade with EU countries, have devoted time to considering the potential consequences of Brexit. This figure is a sharp increase from the 57% of all businesses surveyed who have considered the potential

consequences of Brexit on their business. These two figures tell us that while direct effects are being considered by businesses, many of the indirect effects further down the supply chain have yet to be examined.

The above trend is one of many that the Brexit survey was able to identify and throughout this report it is our aim to breakdown the data into

a clear picture for the future proofing, post-Brexit outlook within the West Midlands business landscape. It is important to pay homage to the strong collaborative effort between the 6 Growth Hubs and all affiliated partners, as the West Midlands moves forward into 2020. It is through this business support ecosystem that the West Midlands serves as a model for collaboration, sustainability and growth.

Kind Regards,

Craig Humphrey
Managing Director of the
CWLEP Growth Hub, WM Cluster Lead

“ This campaign was the largest intelligence gathering survey to ever take place across the West Midlands. ”

The Coventry and Warwickshire LEP Growth Hub was appointed by government to lead the Brexit West Midlands Cluster. This cluster is comprised of the following Growth Hubs: The Black Country, Greater Birmingham and Solihull, Coventry and Warwickshire, The Marches, Stoke-on-Trent and Staffordshire, and Worcestershire. A collaborative intelligence gathering exercise was launched with support from the region's Growth Hubs across the West Midlands SME community, which saw new businesses return surveys in just 6 weeks.

This campaign was the largest intelligence gathering survey to ever take place across the West Midlands. It saw 17,406 businesses contacted to complete the survey and

Brexit: The West Midlands Outlook

40%

of new businesses surveyed opted-in to receiving additional West Midlands Growth Hub Support moving forward.

6,151

previously un-engaged businesses responded to the survey.

17,406

businesses contacted in 6 weeks to complete this Brexit survey in the West Midlands.

48.1%

of all businesses surveyed reported that they had mapped their supplier and customer base and considered how changes in the UK/EU trade relationship could affect them compared to;

61.3%

of all businesses are aware of the latest guidance from HMRC; compared to 75.5% when looking at businesses who trade with the EU.

73.8%

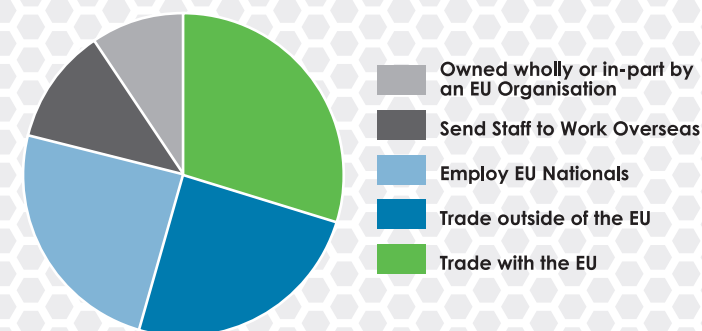
of businesses who trade with EU countries who reported that they had mapped their supplier and customer base and considered how changes in the UK/EU trade relationship could affect them.



Social Media Statistics

Total reach and engagement across Facebook, Twitter and LinkedIn: **155,076**
Total Impressions across Facebook, Twitter and LinkedIn: **2,513,578**
Total Link Clicks across Facebook, Twitter and LinkedIn: **4,424**

Interactions with the EU (all businesses in surveyed in the West Midlands)



The various interactions that businesses reported to have with the EU will bring with it a set of new rules and guidance requiring support moving forward.

Direct Business Quotes

“ We trade in all corners of the world particularly in the growth markets of South East Asia and that is where our eyes are set on because Europe, to us, is just one region in the world.”

“ We have been putting mechanisms in place that aim to guard against the adverse effect of Brexit, such as mitigating against currency fluctuations by dealing in local currency, establishing an EORI number and appointing a Customs Agent.”

“ We have a complex global supply chain that is sensitive to any type of political instability.”

“ Though we are yet to experience any negative impact to our sales since the 2016 referendum, some of our customers are reporting increased pressure and we are very mindful that we operate within a diverse supply chain.”

“ For us, the most important concern relates to potential trade tariffs on goods coming in and going out of the country.”

“ We operate within a diverse supply chain and we rely on smaller freight forwarders. Any change to border and customs checks will likely impact on our operations as well so it is vital that companies across the board are kept informed and given guidance to prepare for Brexit.”

“ Our HR team worked with many of our eastern European staff members regarding their permanent status in the UK. We are also buying currency on forward contracts to hopefully alleviate any currency swings on produce we import and freight costs.”

Summary



1,023 Black Country based businesses were surveyed as part of the larger West Midlands campaign. Out of the 1,023 businesses, 50.5% have considered the potential consequences of Brexit on their business. There were vast differences across sectors in the percentage of businesses who have taken steps to prepare for Brexit. In the advanced manufacturing and engineering sector, 54.4% of businesses have considered the impact of Brexit on their business, compared to 52.6% of retail businesses, 44.9% of transport and storage businesses, and 35.3% of construction businesses.

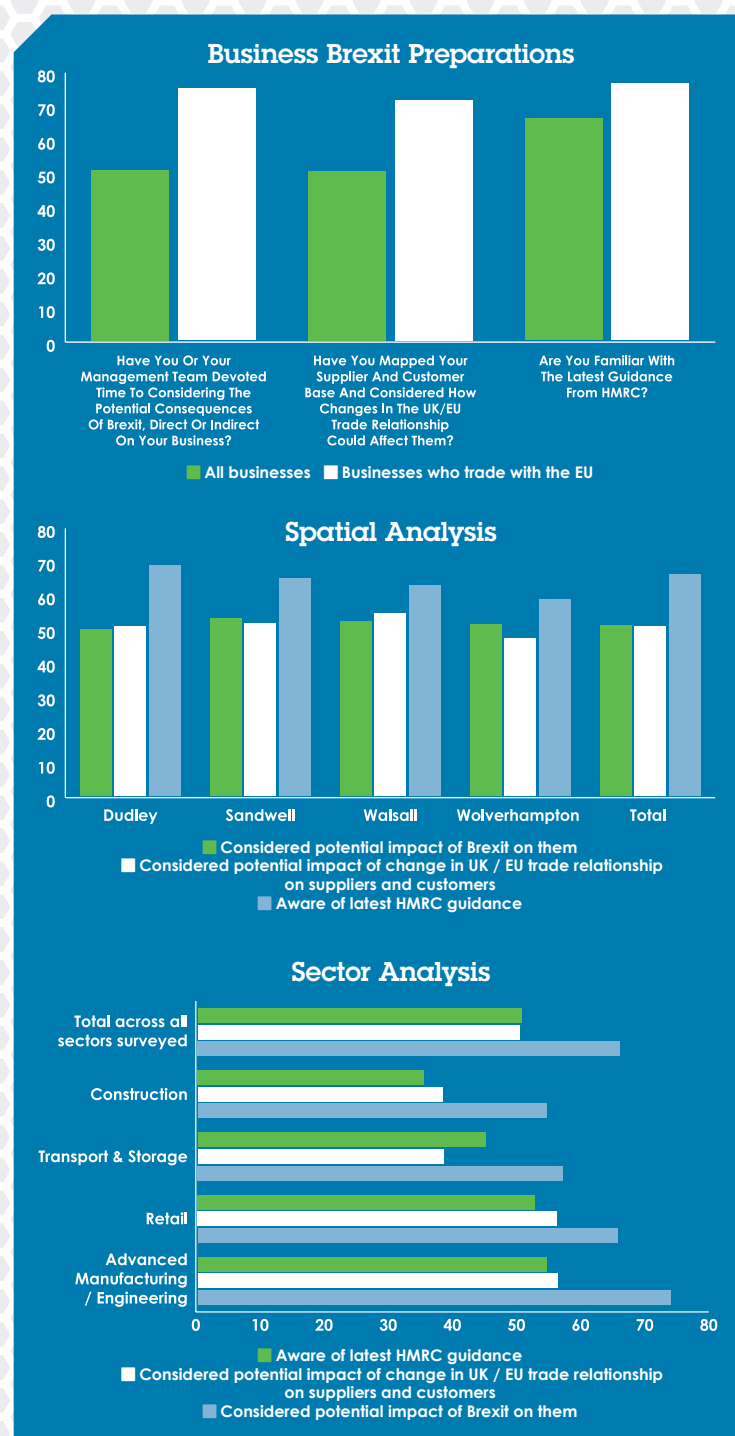
Jaspal Sohal
Head of Black Country Growth Hub

Key Insights

When restricting the analysis to the 387 businesses who trade with the EU, 289 (74.7%) have considered the potential impact of Brexit on their business, and 276 (71.3%) have considered how a change in the UK / EU trade relationship may impact on their suppliers and customers. This shows that the percentage of firms who have researched about how Brexit may affect them and their trading partners increases when we consider only those firms who directly trade with EU countries in some capacity.

When looking at the individual Black Country local authorities there is little difference between the percentage of businesses who have prepared for Brexit. Sandwell had the highest percentage of businesses, in the Black Country, who have considered the impact of Brexit on their business at 52.6%, while Dudley was the lowest percentage with 49.4%. In contrast, Dudley had the highest percentage of businesses who were familiar with the latest guidance from HMRC with 68.5%.

The breakdown by sector of the businesses who reported that the Black Country was their local growth hub area is shown in the above table. The sector with the greatest representation in the survey was advanced manufacturing / engineering with 399 (39.0% of total) businesses surveyed. When looking at the four most represented sectors in the survey 73.7% of businesses in the advanced manufacturing sector are aware of the latest HMRC guidance. This was compared to 65.5% of retail businesses, 57.0% of transport & storage businesses, and 54.4% of construction businesses. These large differences can be seen across all three measures of Brexit preparation in the table above.



Keytracker are on the right track when it comes to Brexit

Case Study

KeyTracker was established in 1996 and aims to tackle challenges faced by businesses handling more than one set of keys. The company has over 30 employees and a turnover of £2.6m. Over the last few years, the company has expanded and evolved into different markets and developed its product line to provide a wide range of solutions to managing keys and valuable equipment. Their sister company e-track manufactures intelligent systems which provide audit trails – this is part of the business they would like to grow.

KeyTracker was seeking help and guidance to grow and be able to sell their products outside of the UK, particularly with Brexit in mind. The company has already put in

place a Brexit Planning document which they presented to potential investors and customers to evidence their Brexit preparedness and their awareness of the possible implications it might bring to the company.

The Black Country Growth Hub was able to help by referring them to the Department for International Trade regarding export support, as well as to the ETICC (Enabling Technologies and Innovation Competences Challenge). BCGH also provided information on a Brexit grant for IT systems via the Business Readiness Fund. The company wanted to ensure their technology was Brexit ready and would be able to withstand changing strategy, along with the company, if necessary.

KeyTracker have since placed their biggest order to date from their supplier in Frankfurt to show their commitment and minimise initial impact from importing goods within the EU. This will mean any delays at port should not affect their ability to meet contracted orders. This is only the start of their commitment to being Brexit ready and limiting any possible negative impact.

The company wanted to ensure their technology was Brexit ready.

Summary



The West Midlands Cluster lead saw 1,001 businesses surveyed who reported that their local growth hub area was Coventry & Warwickshire. They were asked about their interactions with EU countries, and what they have done to prepare for Brexit. Out of those reports, 62.9% of firms in the Coventry and Warwickshire growth hub area reported that they have taken time to consider the potential impacts of Brexit on their business. This regional impact can be seen across a wide variety of business sectors surveyed, but the sector with the greatest concern for preparedness in our area is Advanced Manufacturing and Engineering (AME). 70.8% of business in AME are preparing for Brexit, this is indicative of the negative effects that Brexit is predicted to have on the AME sector within Coventry and Warwickshire.

Craig Humphrey
Managing Director and WM Cluster Lead

Case Study

A Coventry-based technology company will continue to seek valuable Brexit advice – even after the UK's departure from the European Union is confirmed.

RDM Group, which is based in Bilton Industrial Estate, supplies premium products and engineering services to the automotive industry.

The company, which also has offices in Australia, Canada and the US, trades goods within the European Union Customs Union and is keen to find out how its operations will be impacted by Brexit.

Even after the UK leaves the EU, RDM Group intends to remain in close contact with the CWLEP Growth Hub, which is working closely with the Cities and Local Growth Unit at the Department for Business, Energy and Industrial Strategy, to understand its impact on business.

Tim Lyons, Chief Operations Officer at the RDM Group, said: "We have been preparing for Brexit ever since the referendum was announced in 2015. We have been putting mechanisms

in place that aim to guard against the adverse effect of Brexit, such as mitigating against currency fluctuations by dealing in local currency, establishing an EORI number and appointing a Customs Agent."

RDM Group supplies parts to some of the most high-profile car manufacturers in the UK, including Jaguar Land Rover, Aston Martin and Bentley.

Tim said: "All of the cars that they produce are comprised with parts which

are manufactured all over the world. Until the terms of the UK's withdrawal are finalised, we will have to monitor the situation closely.

"We also employ people from across the European Union. The uncertainty is definitely of huge interest to all of us. Like all businesses in the region, we have many questions about Brexit.

"Going forward, we will continue to seek advice from the CWLEP Growth Hub."



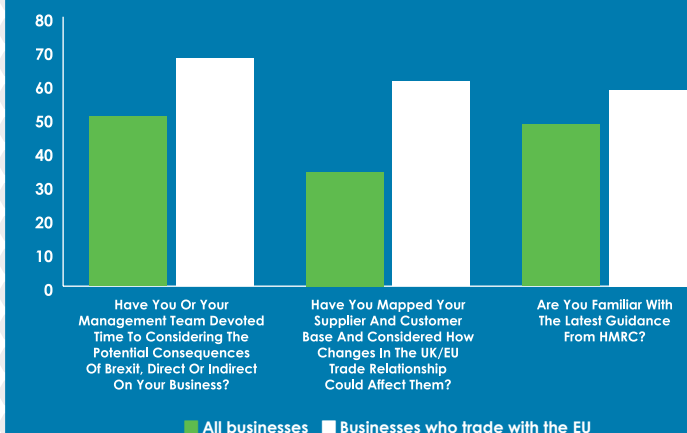
Key Insights

There is a clear correlation between those who trade with EU countries and those who have taken time to prepare for Brexit. 208 (84.6%) of businesses who trade with EU countries in some form have devoted some time to consider impacts of Brexit on them. This is compared to 62.9% when looking at all businesses. 187 (76.0%) of businesses who trade with EU countries in some form have mapped their supplier and customer base and considered how changes in the UK / EU relationship could affect them. This is compared to 42.4% when looking at all businesses.

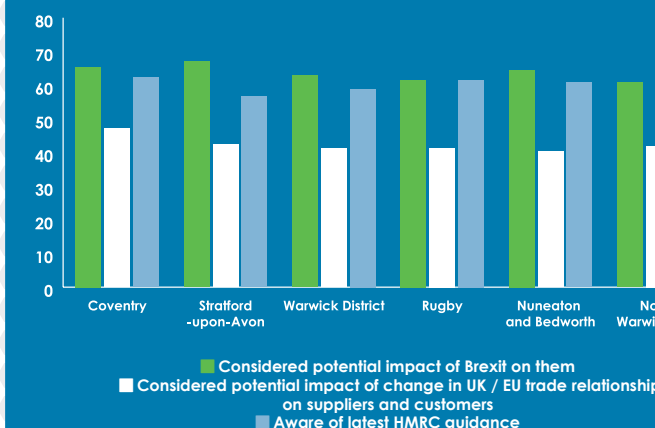
There was little difference between the rate at which businesses from different local authorities have been preparing for Brexit. For example, most local authorities that were heavily represented in the survey had similar percentages of businesses devoting time to considering the potential consequences of Brexit. Stratford-on-Avon was the highest with 67.0%, followed by Coventry with 65.4%, Nuneaton and Bedworth with 64.5%, Warwick with 62.9%, Rugby with 61.5%, and North Warwickshire with 60.8%.

The amount of businesses who have taken steps to prepare for Brexit is varied across each sector. Advanced manufacturing / engineering, the sector with the most businesses surveyed, had a higher rate of businesses preparing for Brexit on the three main measures than the average business in the Coventry & Warwickshire growth hub area. For example, the percentage of advanced manufacturing / engineering businesses who were aware of the latest HMRC guidance was 70.2%, compared to 60.1% across all sectors. Accommodation and food service had a much lower rate of businesses preparing for Brexit on these same counts. For instance, the amount of businesses who had looked at the potential consequences of Brexit on their business was 51.2%, which is lower than the average across all sectors (62.9%).

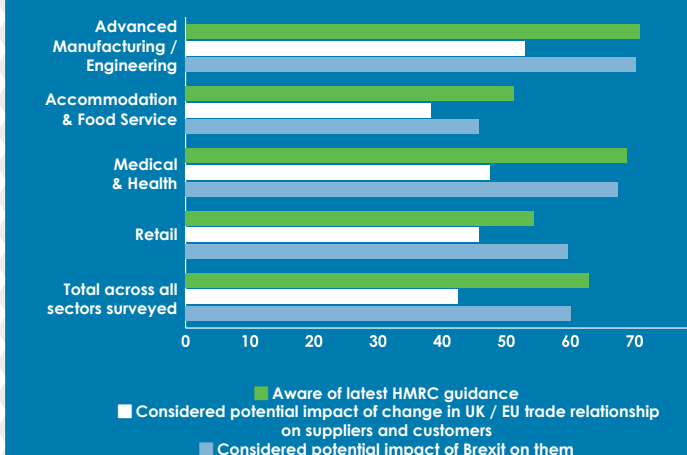
Business Brexit Preparations



Spatial Analysis



Sector Analysis



Summary



The Greater Birmingham and Solihull LEP Growth Hub had 935 businesses surveyed who reported that their local growth hub area was within our region. They were asked about their interactions with EU countries, and what they have done to prepare for Brexit. 602 businesses reported that they had spent time considering the potential impact of Brexit on their businesses. 424 businesses reported that they had mapped their supplier and customer base and examined the potential impacts of Brexit on them. 610 businesses reported that they were aware of the latest HMRC guidance.

Ian McLaughlan
Growth Hub Manager



High-end Automotive Firm concerned about Delivery to Germany

Case Study

UK Dies Group Ltd is a leading supplier of hot and cold forging precision tooling. Their focus is to provide a world class service based on efficiency, excellent quality and reliable delivery commitments. Having teamed up with local colleges to operate an apprenticeship scheme they are helping train the next generation of engineers, making them an asset to the local community as a creator of jobs for local young people.

Import and export in a no-deal scenario would have a huge impact on UK Dies Group, as it would make their goods subject to WTO tariffs. Following a diagnostic, the GBSLEP Growth Hub was able to put the business in touch with an International Trade Advisor at the DIT. This advisor was then also able to put the business in touch with the manager of the Export Documentation Department at the Chamber

of Commerce for additional bespoke advice.

With the future of trade after exiting the EU still so uncertain, companies like UK Dies Group still do not know what the full implications of Brexit will be. But for this business, the uncertainty is now less daunting as they are connected with the right people to provide the ongoing support they need to become prepared for any Brexit scenario.

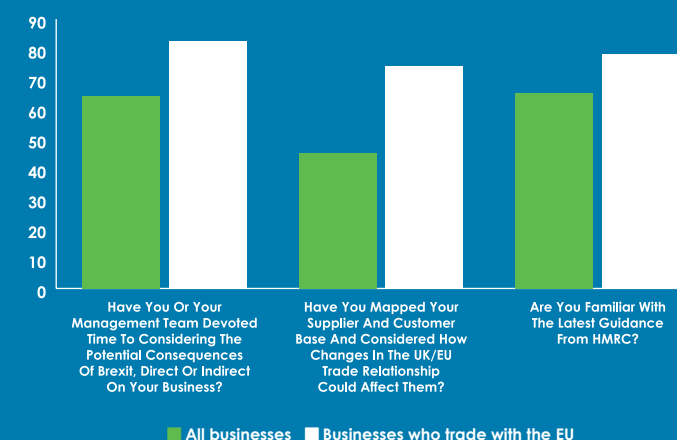
Key Insights

When restricting analysis to only those who trade with EU countries (310 businesses), there is an increase in the percentage of businesses who have taken steps to prepare for Brexit. The most striking difference is the increase in the percentage of businesses who have considered how changes in the UK / EU trade relationship may affect their suppliers and customers. When looking at all businesses this is 45.3%, compared to 74.2% when looking at just businesses who trade with EU countries.

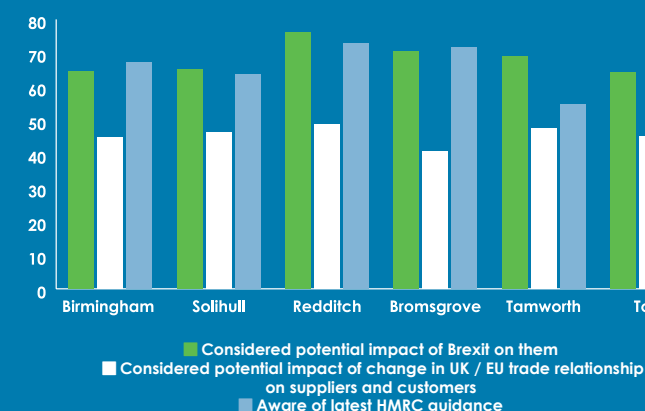
There was some difference between the amount of businesses devoting time to researching the impact of Brexit across the different local authorities on all three measures. When looking at the percentage of businesses who devoted time to consider the potential impact of Brexit on them, 76.1% of businesses from Redditch have done so. This is compared to 70.4% in Bromsgrove, 69.0% in Tamworth, 65.3% in Solihull, and 64.7% in Birmingham.

The amount of businesses who had begun preparations for Brexit varied with each sector. The sector analysis table indicates that this is clear when looking at those sectors with the greatest amount of businesses surveyed. Advanced manufacturing and engineering, the sector with the most businesses surveyed, had a higher rate of businesses preparing for Brexit across two of the three main measures with 69.9% of them having looked at the potential impact of Brexit on them and 52.7% of them mapping supplier and customer base as well as looking into how a change in the EU / UK trade agreement might affect them. Wholesale had the highest percentage of businesses who were aware of the latest HMRC guidance with 70.6%. The construction sector on the other hand, the sector with the second most businesses surveyed, have a lower rate of businesses preparing for Brexit than average with 51.6% of them having looked at the potential impact of Brexit on them, 41.8% having looked at the impact of Brexit on their supplier and customer bases, and 56.0% being aware of the latest HMRC guidance.

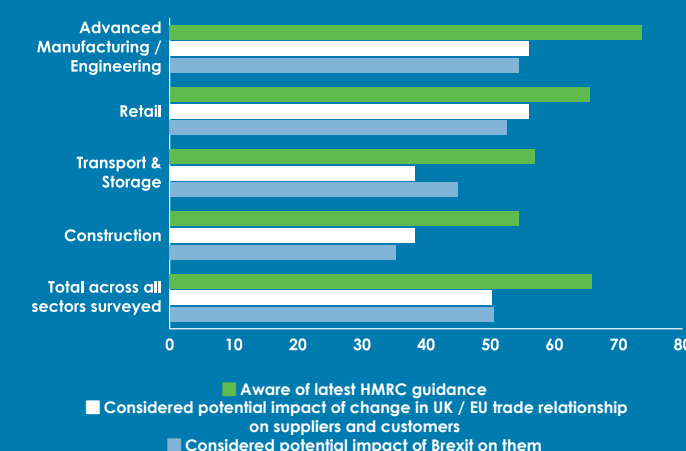
Business Brexit Preparations



Spatial Analysis



Sector Analysis



Summary



Across Stoke & Staffordshire 849 businesses responded to the telemarketing survey. 52.5% of all surveyed businesses have considered the potential impact of Brexit on their business. Less than half (46.3%) of the businesses have looked at how Brexit may impact their suppliers and customers. 21.3% reported to be trading with EU countries and 18.7% with non-EU countries. 54.4% reported that they are aware of the latest guidance by HMRC. 23.2% of Stoke & Staffs businesses surveyed also employ EU nationals. Only 8.8% reported to be sending staff to work overseas and 8.5% are partially or wholly owned by an EU organisation.

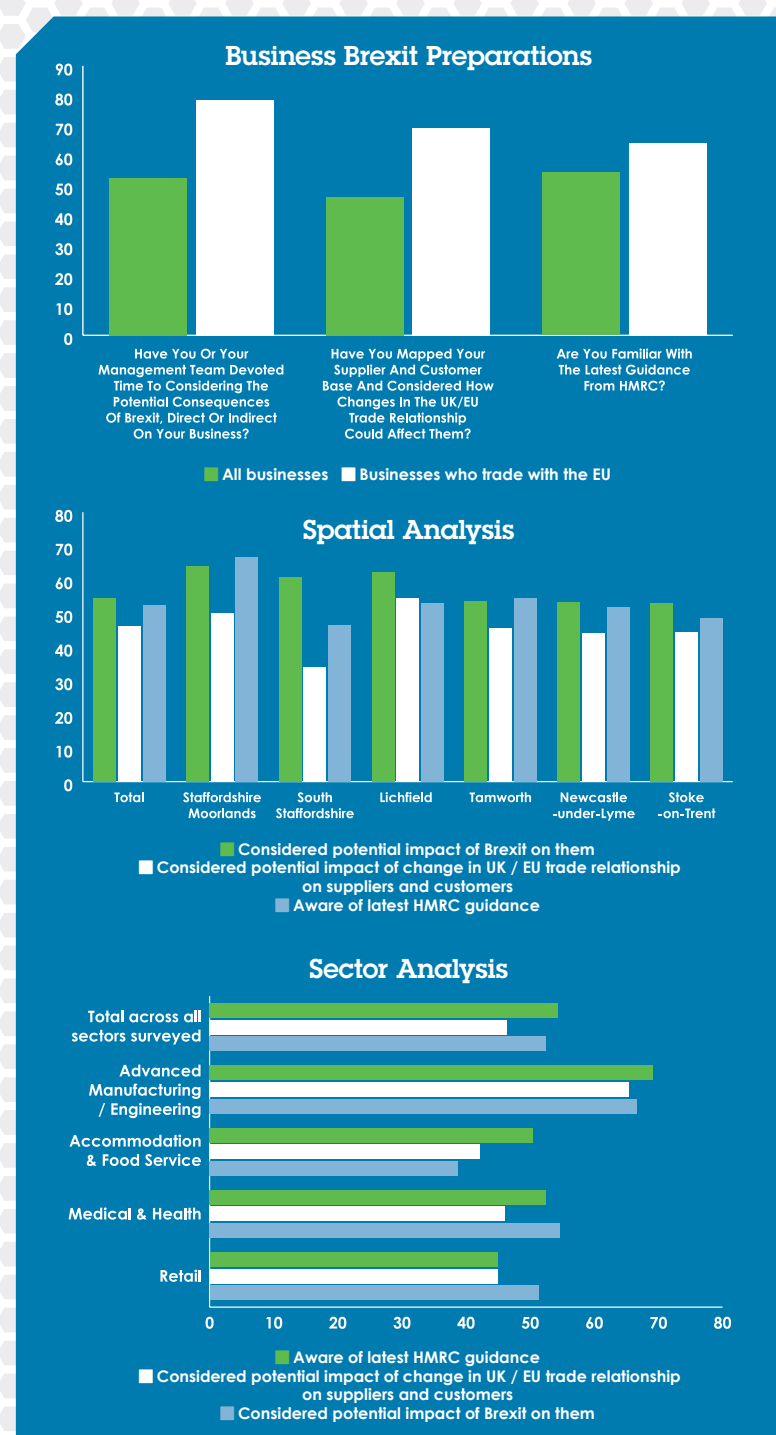
Nicola Kent
Business and Enterprise Support

Key Insights

When only looking at the 181 firms who trade with EU countries, the percentage of businesses who have taken time to prepare for Brexit increases. 142 (78.5%) of these businesses reported that they have taken time to consider the potential impacts of Brexit on their business, compared to 52.5% when looking at all businesses. 125 (69.1%) of businesses have looked at the potential impact of a change in the UK / EU trade relationship on suppliers and customers, compared to 46.3% when looking at all businesses.

There was a sizeable difference in the percentage of businesses preparing for Brexit when looking across the different local authorities. For example, the percentage of those businesses who have considered the potential impact of Brexit on them was 66.7% in Staffordshire Moorlands, compared to 46.4% in South Staffordshire.

The amount of businesses who have taken steps to prepare for Brexit varies greatly across each sector. For the advanced manufacturing and engineering sector, the percentage of businesses who have taken time to consider the potential consequences of Brexit is 66.7%, which is higher than across the other three largest sectors.



Freight-forwarding company prepared for Brexit

Case Study

The multi-award winning Espace Europe Ltd is a different type of business. Owned by the employees, the Lichfield-based company is now going from strength to strength thanks to hard graft, family values and the Stoke-on-Trent and Staffordshire Growth Hub.

"We're a 'freight-forwarding' company," says Debra Shally, Director and wife of MD Tony, "which means that we don't have vehicles, but we find the very best way for businesses to move their products around.

We know which hauliers to contact for both exports and imports and, in the case of European hauliers, many of our staff are multi-lingual too, so there's no language barrier.

Next year will be our 20th birthday. From a small

company of just four people in May 2000, we now employ 24 people, and have expanded into sea freight and express freight.

That was down to expanding and buying out another company to prepare for the future, hard graft by everyone in the company and support from the Growth Hub in making sure we were prepared for the future including changes after the EU Exit.

"We've received two rounds of funding in 2017 and 2018—so that we could expand into areas like online freight calculators," says Deb, "and physically have the space to employ more people. We just couldn't have done it without the Growth Hub and the extra funding that they helped us find."

"The support you get is great throughout the process," Deb reports, "and it's made as simple as it can be. I would definitely encourage any business to just get in touch with the Growth Hub whether they are looking for finance or any other sort of business support."

Now Espace Europe is employee-owned, encouraging skills through the generations, securing the futures of the workforce and giving them all a say in Espace's future too.

"In 2017, Tony and I sold our shares to the employees, and we plan to retire in 2024. We're now expanding in the UK too. The people are our company, and we know that they will continue to give a first-class service."

Summary



The Marches area has seen 674 businesses surveyed during the telemarketing exercise. 31.6% reported to be trading with EU countries and 23.3% trade with non-EU countries. Over half (56.7%) of all surveyed businesses have considered the potential impact of Brexit on their business. 24.2% of businesses said they employ EU nationals. Only 11.6% do work overseas and 9.8% are partially or wholly owned by an EU organisation.

59.6% of all surveyed Marches businesses have reported that they were aware of the latest guidance of HMRC.

Yasmin Sulaman
Marches LEP Business Support Project Officer

Case Study

Fabweld Steel Products (FSP) is a manufacturer of drainage and access covers, based in Telford, Shropshire. The company has recently secured a new deal in Israel and is awaiting product approval for a £250,000 contract in the Middle East off the back of a growth strategy to target new non-EU customers.

Managing Director Richard Hilton said FSP started

preparing for Brexit two years ago, with a plan to expand into new overseas markets as part of its bid to increase export by around 10 per cent.

Richard added: "We have supplied products outside of the EU before, but this has been a targeted programme to future proof FSP and safeguard our international trade. One contract – a special multiple FAB TOP designed to a D400

En124 loading – has already been completed for a client in Israel – with others in advanced stages."

FSP's ability to offer bespoke products alongside its stock range of fabricated steel access covers and associated drainage products with rapid turnaround times has established its reputation as one of the UK's foremost manufacturers of its type.



Key Insights

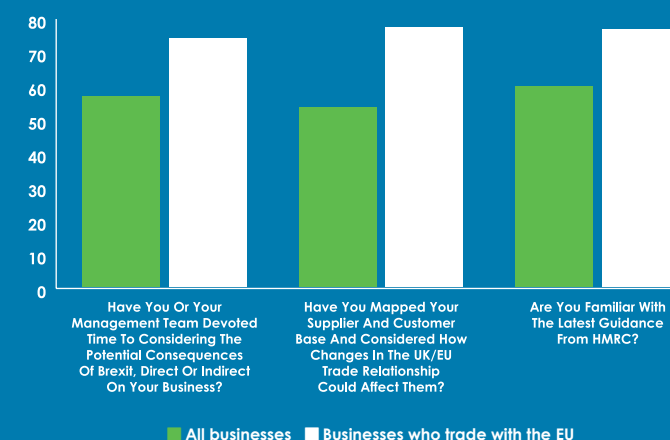
When restricting analysis only to those businesses who reported that they trade with the EU, there is an increase in the percentage of businesses who have prepared for Brexit. Out of the 213 businesses who reported that they trade with Europe, 157 (73.7%) reported that they have devoted time to consider the potential consequences of Brexit on their business. When only taking into account the businesses who trade with EU countries, the amount of businesses who have mapped their supplier and customer base and considered how a change in the UK / EU trade relationship could affect them is 164 (77.0%).

There was a great variation in the percentage of businesses preparing for Brexit across the different local authorities. Telford & Wrekin had a much higher percentage of businesses preparing for Brexit on all three counts when compared to Herefordshire and Shropshire. For example, 69.9% (146) of businesses surveyed in Telford & Wrekin have considered the potential impact of Brexit on their businesses, compared to 56.7% (110) in Shropshire, and 43.8% (106) in Herefordshire.

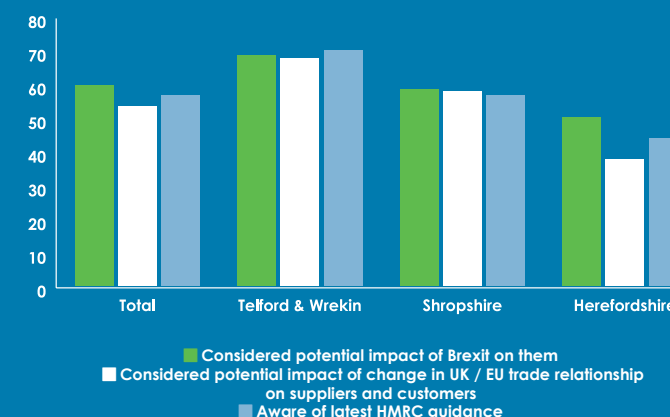
The amount of businesses who have taken steps to prepare for Brexit is varied across each sector. This can be seen by looking at the sectors with the greatest representation on the survey. Retail, the sector with the most businesses surveyed (145), had a similar amount of businesses preparing for Brexit by considering the potential impact (55.2%), and by considering the potential impact on customers and suppliers (51.7%) as the average across all sectors (56.7% and 53.3% respectively). It did however have a significantly lower percentage of businesses who were aware of the latest HMRC guidance than the average across all sectors (49.7% vs 59.6%).

Advanced manufacturing / engineering (the sector with the second highest amount of businesses surveyed) had a much higher percentage of businesses who had prepared for Brexit than average. For example, 83.9% (78) of advanced manufacturing / engineering businesses who were surveyed were aware of the latest HMRC guidance, which is greater than the figure across all sectors of 59.6%.

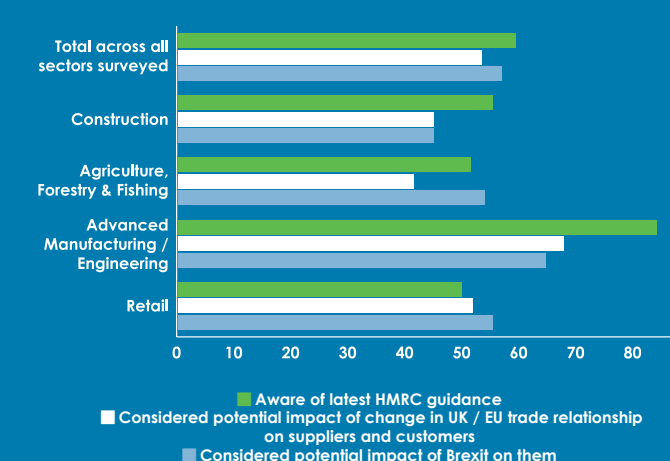
Business Brexit Preparations



Spatial Analysis



Sector Analysis



Summary



944 Worcestershire-based businesses responded to the telemarketing survey and were asked what they have done to prepare for Brexit. 30.5% reported to be trading with EU countries, 25.6% are trading with non-EU countries. Over half (54.6%) of all surveyed businesses have considered the potential impact of Brexit on their business. 51.8% have mapped their supplier and customer base and taken time to analyse how Brexit could impact on them. 60.1% reported that they were aware of the latest HMRC guidance. 21.4% are employing EU nationals and 12.4% send staff to work overseas. Only 12.3% reported to be partially or wholly owned by an EU organisation.

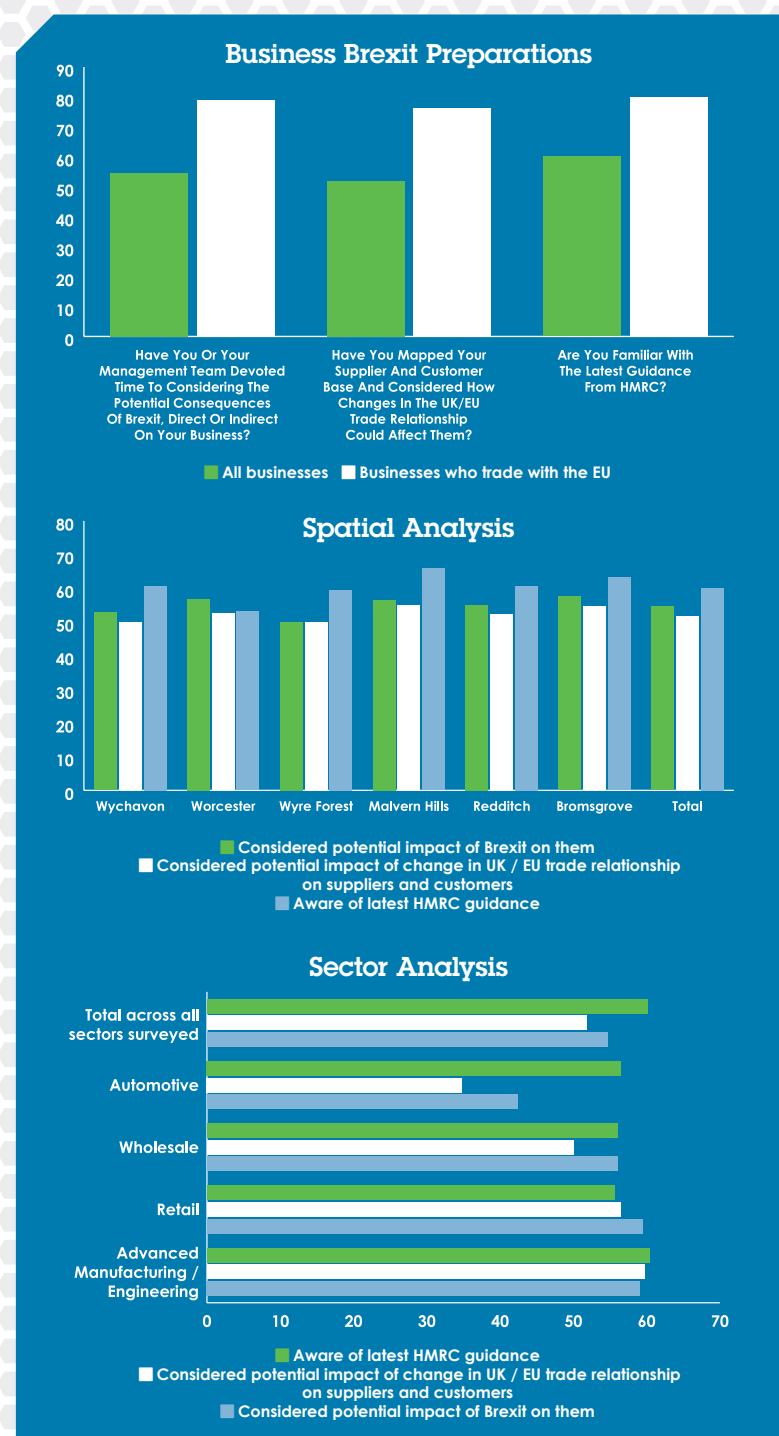
Kevin Aisbitt
Growth Hub Manager

Key Insights

When restricting the analysis to the 288 businesses who trade with EU countries, the percentage of businesses taking steps to prepare for Brexit increases on all three measures. For example, the amount of businesses who have taken time to consider the potential consequences of Brexit increases from 54.6% to 78.8%

There was a difference between the percentage of businesses who have been preparing for Brexit across the different local authorities. The largest range came on the percentage of businesses who were aware of the latest HMRC guidance, where 65.9% of those surveyed in Malvern Hills were aware, compared to 53.1% in Worcester.

The amount of businesses who have taken steps to prepare to Brexit is varied across each sector. The greatest differences are in the amount of businesses who have considered the potential impact of a change in the UK / EU trade relationship on their suppliers and consumers. For the advanced manufacturing / engineering sector the figure was 59.7%, compared to 56.4% in retail, 50.0% in wholesale, 34.8% in automotive, and 51.8% across all sectors.



Ferryfast concerned about Brexit

Case Study

A Worcestershire based business has highlighted the support that has been provided to the company from Worcestershire Business Central in finding sources of information on how to prepare and to understand some of the key issues the company will need to consider pre/post Brexit.

Ferryfast was primarily set up to market the finest home grown produce and has since developed into a major force within the industry. As dedicated International produce suppliers, based in the Midlands, Ferryfast are experienced in marketing and distributing fresh, seasonal produce from around the globe.

The procurement department source produce from a base of trusted growers throughout

the UK and also import from many countries to meet their customers` demand. The knowledgeable team work very closely with growers locally and worldwide, to ensure they provide accurate information on all lines and supply customers with a wide range of delicious produce, grown to the highest standard.

Brexit has been the main barrier to growth for the business – exchange rate has hit the business hard. In order to offset fluctuations in exchange rates the company does forward buy Euros. 40% of the company's workforce is from Europe, migration and the right to remain in the UK is of concern.

Peter Osborne, Managing Director said "Our HR team worked with many of our eastern European staff

members regarding their permanent status in the UK. We are also buying currency on forward contracts to hopefully alleviate any currency swings on produce we import and freight costs".

Working with Randesh Kalar, Business Engagement Manager at Worcestershire Business Central, Rob Bowers from the company has seen real benefit from the information provided by Randesh and referrals made to the Get Ready for Brexit page on the Growth Hub website. He has also pre-ordered the "International Trade Preparation Essentials Guide" produced by Worcestershire Business Central, the Herefordshire & Worcestershire Chamber of Commerce in association with Strong & Herd.

Sector Trends

The below insights present a more qualitative view of prominent sectors with trends transpiring across the different Local Enterprise Partnership areas in the Cluster. These trends were identified by analysing the content of weekly reports the 6 West Midlands Growth Hubs submitted to government. The reports include:

- Economic shocks
- Investment, deals and opportunities
- Business intelligence and stakeholder feedback
- Regional or local data

Advanced Manufacturing and Engineering

Across the cluster Advanced Manufacturing and Engineering is one of the most strongly represented sectors. The telemarketing survey saw AME within the most surveyed sectors; therefore, making it not only quantitative data rich but qualitative as well.

Key issues

- Cash flow implications through stockpiling
- Unprecedented short-term growth due to stockpiling
- Loss of contracts resulting in job losses
- Difficulty attracting skilled workers from outside of the UK
- Trading internationally has become more challenging
- Customs delays have a significant effect on future business
- Testing and measuring equipment require annual servicing and calibration and any delay could cost companies a lot of money

Transport and Logistics

Transport and Logistics is a very prominent sector across the West Midlands due to our central location. Whilst the quantitative data will not represent the sector relative to the amount of businesses in our area, the qualitative insights give a picture of the level of impact this sector is experiencing.

Key issues

- Shortage of workers to fill key roles such as HGV Drivers
- Lack of skills in customs clearance processes and software – sentiment that government is not tackling this issue adequately enough
- Costly delays in ports to the customer and the consumer
- Off-putting motorway signs – EU drivers will not cross over to UK during uncertainty
- Responsibility for imports and the associated duty will be placed on UK suppliers, potentially complex and costly for UK businesses
- Considering warehousing in the EU to mitigate potential VAT implications or customs charges

Professional Services

Whilst this encompasses many industries stretching from business and software services to financial and legal services, they are largely represented across the LEP areas and are facing similar issues.

Key issues

- Some companies experiencing growth – increase in need for professional services due to uncertainty
- Companies may not want to engage professional services due to lack of necessary funds
- Recruitment of EU Staff (specific to HR/Recruitment sector)
- Sector is facing other issues outside of Brexit such as skills shortage and IR35
- HQs plan to move to EU
- Sector facing difficulties raising Brexit issues with clients due to uncertainty surrounding most issues.

Cross-sector trends

- Uncertainty is making it difficult to plan
- Cannot expect European clients to absorb the increased cost of trading with the UK, particularly with pre-existing long-term contracts in place
- Sentiment that no post-Brexit thinking/planning has been done by government
- Uncertainty around replacement programs for EU-funded business support (ESF, ERDF, etc...)
- Lack of future-proof planning taking place
- Currency volatility and changes in exchange rates
- Forward buying currency to counter fluctuations
- Major cash flow implications for businesses according to intermediaries (i.e. accountants)
- 'Brexit Fatigue'
- Online health-check on gov.uk is overbearing and gave no indication of priority tasks
- Collation of relevant information is needed
- Slow government agency response time on required documentation post-Brexit
- False economy to carry out preparatory work, as the date keeps moving and has the potential to do more harm than good until it is all sorted
- Stock piling falling on supplier, therefore passing cost onto them



Post-Brexit Outlook and Testimonials

Summary

There are three key outcomes from the West Midlands cluster; (1) the volume of businesses we were able to engage with regarding Brexit in just 6 short weeks, (2) the amount and speed at which key quantitative and qualitative business intelligence was gathered and reported on and (3) the value and impact of collaboration and continuity within a regional and national Growth Hub framework. There is life after Brexit and through further qualitative research it was determined that the mindset around this process needs to be focused on the long-term. 'Brexit Fatigue' will presumably subside, so long as there is a certain path for businesses to prepare for. Brexit is not a one-off event. It is a shift in economic, political and social processes that will require adjustments from businesses over time.



CWLEP Growth Hub, Craig Humphrey
We have found some real value in collaborating and feel that it has brought us all closer together as a region.



Black Country, Jaspal Sohal
We've been really impressed with how effective the cluster approach has been and a special mention to Phil and Sarah for co-ordinating so much activity between the WM Growth Hubs. Well done guys!



Marches, Yasmin Sulaman
Thank you all for your guidance, help and support.



Stoke & Staffs, Nicola Kent
Thanks Phil and Sarah for your help and assistance – and it has been nice getting to know you all better. I suspect 2020 is going to be busy and challenging and I'm sure we will continue to work well together.

GBSLEP, Ian McLaughlan
It's been good working with you all and thanks especially to the Coventry team for your support and patience!



Worcestershire, Kevin Aisbitt
It has been really positive to have worked together on Brexit and look forward to other joint initiatives in 20/20. Special thanks to the Coventry team.

West Midlands Businesses Testimonials

“ I am always encouraging other businesses to speak to the advisors at the Growth Hub because their knowledge and pro-active approach made a real difference in bringing such a major investment to our region.”

“ With advice from the Growth Hub, we have started to explore new sectors and the rail industry is looking particularly promising because we have developed a relationship with a company which manufactures fibre glass composite to replace traditional sound walls which are needed alongside railway lines.”

“ Their advice has been vital because they have pointed us in the right direction for funding sources and it is great to know we have one place to go for all the help and support we need. It is like having an extra member of staff.”

“ We will continue to use the Growth Hub as a sounding board for our Brexit concerns and take advantage of the guidance on offer.”

“ I am grateful to the Growth Hub for having the opportunity to raise our company's concerns with the government, alongside other local high-profile companies. The Growth Hub plays an important role in grouping together local businesses and allowing them to sustain each other, keeping commerce within the region. This sustainability will be key when it comes to adapting to a post-Brexit landscape.”

“ The Growth Hub has been very attentive which we have really appreciated because when you are running a business, it is really good to maintain regular contact and they follow-up with topics that are interesting to us.”

“ We are consulting with the Growth Hub while the terms of Brexit are being finalised and continue to seek their support and guidance as the UK gets to grips with the new trading arrangements.”

“ The company has seen real benefit from the information provided by the Growth Hub adviser and referrals made to the Get Ready for Brexit page on the Growth Hub website.”

“ Going forward, we will continue to seek advice from the Growth Hub.”

“ The Growth Hub has definitely shown a high level of interest and engaged with us on a regular basis.”

“ While the government has been unable to address all of our concerns, the CWLEP Growth Hub has been available throughout the process.”

“ The Growth Hub has been with us every step of the way and their support has been invaluable.”



Brexit: The West Midlands Outlook

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