

Foreign Direct Investment and the UK Economy

A UK Powerhouse report
Spring/Summer 2021



Welcome

A note from Vicky Brackett, CEO of Business
Legal Services.



Welcome

Over the last 12 months, businesses have had to deal with unprecedented uncertainty brought about by Brexit and tough economic restrictions caused by COVID-19.

A 10% annual fall in GDP highlights the scale of the problem. But at the same time, there are some signs of positivity. The UK economy recorded 1% growth in Q4. By doing so, it avoided a double dip recession.

And although businesses are continuing to deal with a challenging trading environment caused by a new EU trading arrangement and coronavirus restrictions, I'm optimistic about the future.

This latest report is one of our most in-depth. It looks at regional economic growth and the opportunities that exist through a number of lenses.

With Cebr's help, we've extended our UK Powerhouse city tracker league tables to cover Warrington, Solihull and Chelmsford, taking the total number of key cities covered to 50.

There's also an analysis of current trends in Foreign Direct Investment, like the UK overtaking India to become the fourth most attractive destination in the world. This sits alongside an in-depth review of the major city economies of Manchester, Leeds and Birmingham.

Finally, we've included expert external commentary, recommendations and legal considerations for businesses and local government to help the UK thrive.



Vicky Brackett

CEO of Business Legal Services

[More about](#)

Executive Summary

The background behind this report.



Executive Summary

Official economic data sources for the UK's cities are often dated and fail to provide a reliable snapshot of the UK's localised economies. The last set of regional economic accounts corresponds to 2018.

To more accurately estimate current economic activity, Cebr has utilised a range of more timely indicators to create a 'nowcast' of GVA and employment for the 50 largest cities in the UK. Cebr also models the economies of these cities to produce a forecast of their performance a year ahead.

The latest outputs of this analysis give us a picture of how the regional economies of the UK performed in Q4 2020, and how they're expected to perform in Q4 2021 (October to December 2021).

This report also analyses three cities in detail: Manchester, Birmingham and Leeds, to provide a full profile of their current economies.



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Authorship and acknowledgements

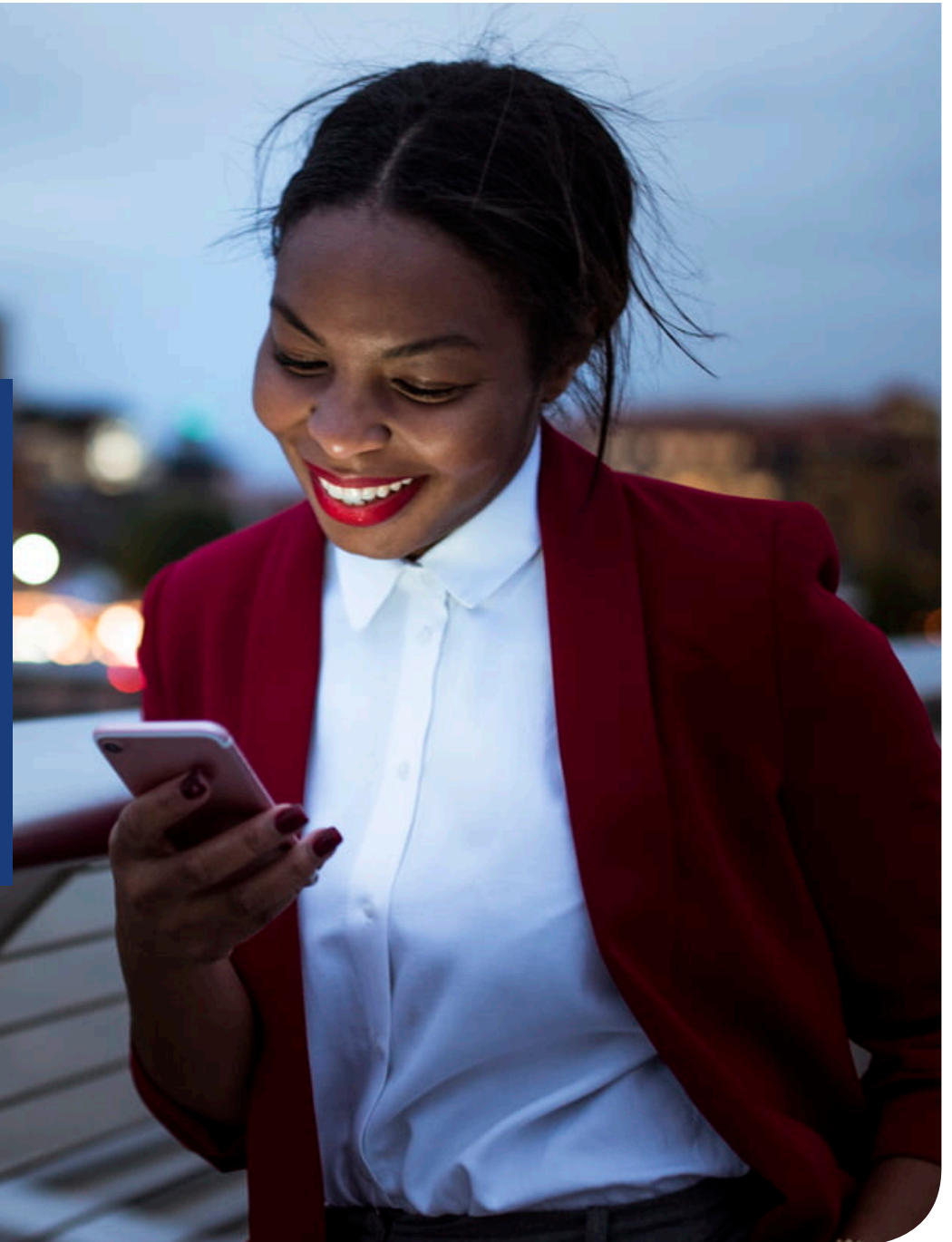
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London, March 2021



UK Economic Performance

UK economy avoids double dip in 2020 despite worst year-on-year performance on record.



UK Economic Performance

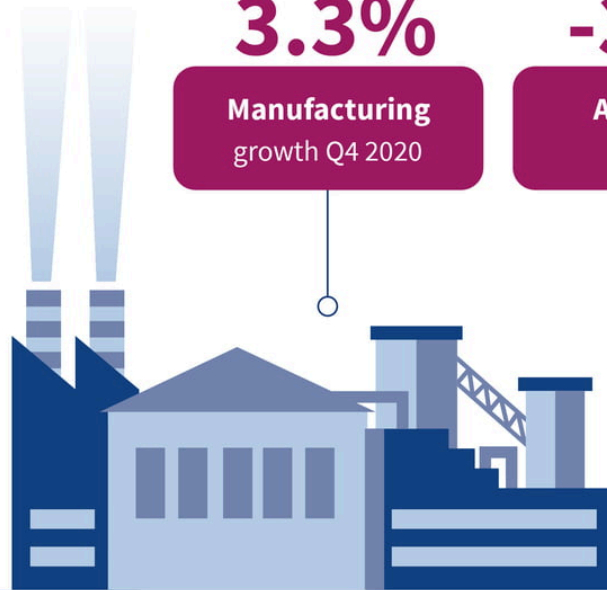
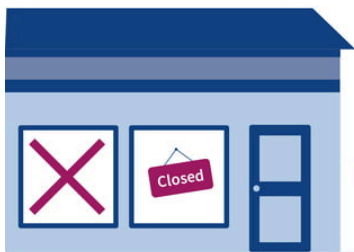
GDP 2020
↓ 9.9%
against 2019

1%
ECONOMIC
growth Q4 2020

3.3%
Manufacturing
growth Q4 2020

-32.8%
Accommodation &
Food Services

1.3%
STRONGER
PERFORMANCE
than Eurozone
Q4 2020



GDP for the whole of 2020 was 9.9% lower than in 2019, highlighting the loss of output

The economy grew by 1% in Q4 2020, though this was much slower than the 16.1% rate experienced in Q3 2020 as restrictions eased

Strong performance of 3.3% was recorded in the manufacturing sector in Q4 2020, but the accommodation and food services industry recorded a huge contraction of 32.8%

The figures for the UK economy suggest it performed better than comparable economies at the end of 2020 – the Eurozone contracted by 0.7% in the same period.

The UK economy grew by 1.0% in the fourth quarter of 2020. This performance marked a substantial slowdown from the 16.1% growth rate witnessed in Q3. But it meant that the UK economy avoided a double dip in the final months of the year.

This takes GDP for the whole of 2020 to a level 9.9% lower than in 2019, marking the worst year-on-year performance since official records began.

It's a testament to the UK economy that a further contraction was avoided in Q4, given the prevalence of restriction measures during the quarter, including the second nationwide lockdown. Though output suffered a lockdown-induced dip in November, higher levels of output in October and December were more than sufficient to offset this.

But there's a large variation in the performance of the sectors. For example, while the services sector saw quarterly growth of 0.6% in Q4, subsectors within it witnessed large-scale contractions. This was most evident in the accommodation & food services sector, where a 32.8% quarterly contraction acted as a significant drag on total output growth.

Meanwhile, manufacturing saw strong performance, with 3.3% quarterly growth, and the construction sector, with 4.6% growth compared to Q3. The subsector of new-build private housing saw a particularly large uptick, of 6.7%, reflecting the continuing boom in the wider housing market.

In comparison with similar economies, these figures suggest the UK was a relatively strong performer at the end of 2020. For instance, the Eurozone saw a contraction of 0.7% in Q4, according to estimates from Eurostat.

Figure 1 – UK GDP, monthly index, 2018 = 100



Source: Office for National Statistics, Cebr analysis

The UK unemployment rate picked up further in the final quarter of 2020, reaching 5.1%. This represents an uptick of 0.3 percentage points compared to Q3 and the joint-highest unemployment rate since the three months to October 2015.

As of the end of the quarter, the unemployment rate had increased for six consecutive three-month periods, beginning in the three months to July. Meanwhile, a cumulative 1.1 percentage points were added to the unemployment rate between the beginning of the crisis and the end of 2020.



Sadly, the next couple of months could see thousands of redundancies across the UK. Any business looking to do this must plan this carefully, and consider whether they're obliged to collectively consult. This is crucial, as a failure to do this correctly can be very costly.

As this report highlights, over a third of towns and cities will see an increase in job levels. Many of these will be part-time and casual in nature. It's important that businesses recognise that even if they're taking on staff for a short-period of time, they now need to provide a statement of their employment terms from day one.

Joanne Moseley

Senior Associate and Employment expert



Foreign Direct Investment In The UK

Where investment comes from, and the UK sectors and regions that benefit most.



Foreign Direct Investment In The UK

Foreign Direct Investment (FDI) is defined as investment in an enterprise operating in a foreign economy, where the purpose is to have an 'effective voice' in the management of the enterprise. This means owning 10% or more of a company.

This report describes trends in inward FDI, from another country into the UK. It highlights where investment comes from, and what sectors and regions of the UK benefit from it.

Attracting FDI is important for developing UK infrastructure, creating job opportunities and raising productivity.

As the UK has left the EU, there are risks and opportunities for FDI.

Businesses now face non-tariff barriers or bureaucracy when exporting from the UK to the EU.

Brexit also allows the UK more autonomy when setting regulations, so studying trends in foreign investment from the EU, as well as other nations, is important.



Expert view

“The Trade and Cooperation Agreement (TCA) has been in place for more than 100 days. Of course, it’ll probably take another year or so until all systems work smoothly, and everybody concerned knows how to handle the evolving administrative requirements.

“In January, the impact of Brexit and lockdowns saw a huge reduction in foreign trade across Europe. Exports and imports have now picked up again, reaching a near normal level. This is a sign that, despite the extra costs, business relations across the Channel continue to be strong.

“In terms of inward investment, the UK will continue to be an important location for German companies. Firstly, because it’s a large market, which in many cases needs serving from a UK location.

"Secondly, the extra administrative costs and longer delivery times, because of Brexit, might even induce some companies to develop or establish operations in the UK to more reliably serve their British customers. In terms of logistics and transport, central locations in Britain might particularly benefit from this trend.

“The expected increase in infrastructure investment and the ever-growing importance of the green economy will also be underlying factors that make the UK an attractive location for investment.

"A gentle nudge may be given to companies to locate some of the related activity in the UK if they want to take part in these projects. The new immigration rules, cumbersome as they are, might also lead to the necessity to build up operations with a local workforce in the UK.

“An important element of the TCA was to temporarily relax the rules of origin requirements for electric cars in order to attract battery production to either the UK and/or the EU. As the green agenda is of utmost importance to the UK government, this sector of the economy will also be one to watch in terms of trading and investment opportunities.

“Despite the pressure on costs resulting from the new trading framework, the UK remains an attractive market and destination for investment and companies from across the world will continue to seize the opportunities on offer.”

Dr Ulrich Hoppe

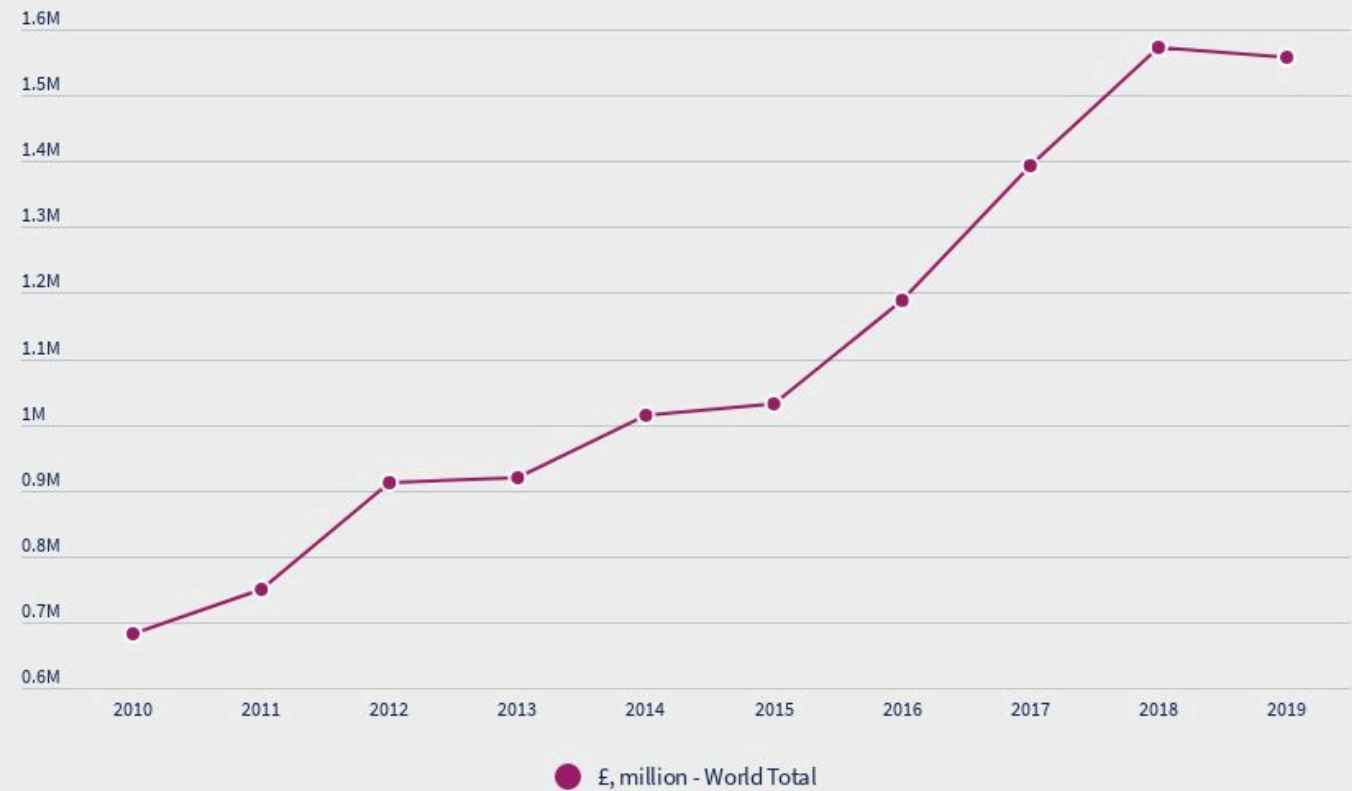
Director General, German-British Chamber of Industry & Commerce

The value of the UK's inward FDI position – the stock of FDI in the UK controlled by foreign companies – was lower in 2019 compared with 2018.

The inward FDI position went from £1,573 billion in 2018 to £1,559bn in 2019, making it 0.9% lower. By contrast, the value of inward FDI earnings was 41.8% lower over that period.

In 2016, there was a significant rise in the stock of FDI in the UK controlled by foreign companies. This can be attributed to the fall in the value of the pound after the Brexit referendum, which made it relatively cheaper to invest in the UK.

Figure 2 – Stock of FDI in the UK controlled by foreign companies, £ million



Source: Office for National Statistics, Cebr analysis

Table 1: Top ten countries for origin of FDI investment

■ = FDI 2019, £ ■ = Annual change, £
 Source: Office for National Statistics, Cebr analysis

1	£381.6bn  -£53.31bn United States	6	£83.7bn  -£3.6bn Germany
2	£167.2bn  -£25.4bn Netherlands	7	£74.7bn  -£10.2bn France
3	£134.3bn  -£25.6bn Luxembourg	8	£68.6bn  -£4.2bn Switzerland
4	£136.7bn  -£51.8bn Belgium	9	£56.3bn  -£900mn Spain
5	£121bn  -£310.3bn Japan	10	£54.8bn  -£1.5bn Hong Kong

Investors in the United States were the largest source of UK FDI, spending £382bn – £53bn less than in 2018.

In 2019, 45% of the FDI from the US into the UK was in the financial services sector, which is likely to be concentrated in US banks operating in the UK.

Despite the overall decline in the UK's inward investment position in 2019, EU investors increased their position in the UK.

There was a 10% rise in the total value of investment from the EU to the UK, to stand at £681bn, suggesting that Brexit hasn't yet had a huge impact on the continued interest of Europe investing in the UK.

Luxembourg was the largest source of the increase, with a 24% rise taking its level of investment to £134bn. Retail and wholesale makes up £28bn of the investment from Luxembourg into the UK.

Meanwhile, the Netherlands is the second largest source of investment in the UK, with £167bn in 2019. The largest sector for investment from the Netherlands is financial services.

Outside the US and Europe, Japan and Hong Kong also make it into the top ten sources of FDI.

The value of Japanese investment into the UK stood at £90bn in 2019, which was mostly invested in financial services and retail. The value of investment from Hong Kong into the UK stood at £22bn in 2019.

Expert view

“No matter what happens over the coming months, the US remains by far the largest single source of FDI to the UK.

“Our own evidence suggests that the UK-US economic relationship gained further prominence among UK exporters in the aftermath of the UK’s departure from the EU. One of the reasons for this is that Brexit brought the US – already the main single country destination for UK exports – further into focus for both government and business. In fact, even during 2020, UK companies continued to explore the US market for business growth, with the NHP Group, AirCards, and Thistle Seafoods among the many recent examples.

“Looking ahead, the UK’s role as a hub for innovation across different sectors, and its ability to establish solid trading relationships between the UK, the EU and other partners around the world, is vital for the continued growth of US investment in the UK, and UK exports. Equally crucial for the UK’s success as an attractive place to do business will be the continued establishment of a modern and solid trade promotion and investment support mechanism by the UK government.

“BritishAmerican Business, together with its partners such as Irwin Mitchell, is working closely with the UK government and the US Embassy in London to help achieve just that.”

Emanuel Adam

Director of Policy & Trade, BritishAmerican Business



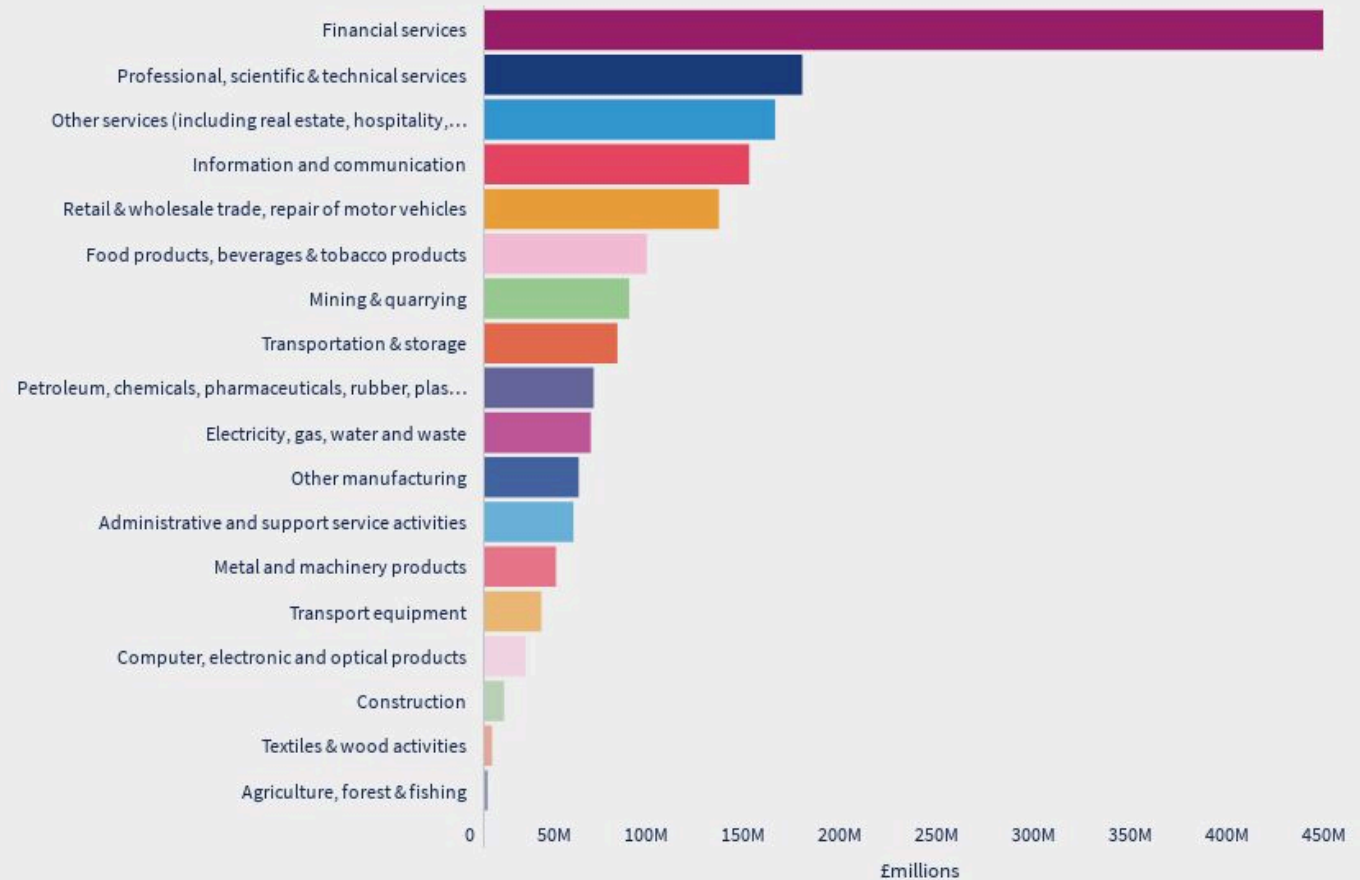
The breakdown of investment into the UK by sector is shown in Figure 3.

The financial services sector is by far the biggest recipient of FDI in the UK, accounting for 28% of foreign investment into the country in 2019.

The UK, and London in particular, is a global centre for financial services, meaning that many international companies invest in a presence in the UK.

After financial services, professional, scientific & technical services is the second largest recipient of FDI into the UK, at £164bn in 2019.

Figure 3 – FDI International investment positions in the United Kingdom analysed by sector, 2019



Source: ONS











The other services sector received £150bn in FDI in 2019, making it the third largest sector for this measure.

This includes investment in the real estate sector as well as hospitality, health and education.

The information and communication sector saw a large decline of £52bn in the FDI position in 2019. This follows a rapid rise of £116bn in this form of investment between 2016 and 2018.

Table 2: Top ten International investment sectors in the UK

■ = FDI 2019, £ ■ = Annual change, £
Source: Office for National Statistics, Cebr analysis

1	£433bn  Financial services -£6.1bn	6	£83.7bn  Food products, beverages & tobacco products -£3.6bn
2	£164bn  Professional, scientific & technical services -£500mn	7	£74.7bn  Mining & quarrying -£10.2bn
3	£150bn  Other services (including real estate, hospitality, health and education) £1.8bn	8	£68.6bn  Transportation & storage -£4.2bn
4	£136.7bn  Information and communication -£51.8bn	9	£56.3bn  Petroleum, chemicals, pharmaceuticals, rubber, plastic products -£900mn
5	£121bn  Retail & wholesale trade, repair of motor vehicles & motor cycles -£310.3bn	10	£54.8bn  Electricity, gas, water and waste -£1.5bn

Project-based analysis

This section studies data on a project basis, rather than financial, according to how many jobs were supported by the investment.

A new FDI project is where a foreign investor starts a new business by establishing a new entity, setting up new offices, and building or opening production or operational facilities in the UK. This can also include an expansion of an existing investment project, or a decision to either merge with or acquire at least 10% of existing equity or assets of an existing UK company.

Find out how we help businesses and individuals invest in the UK.

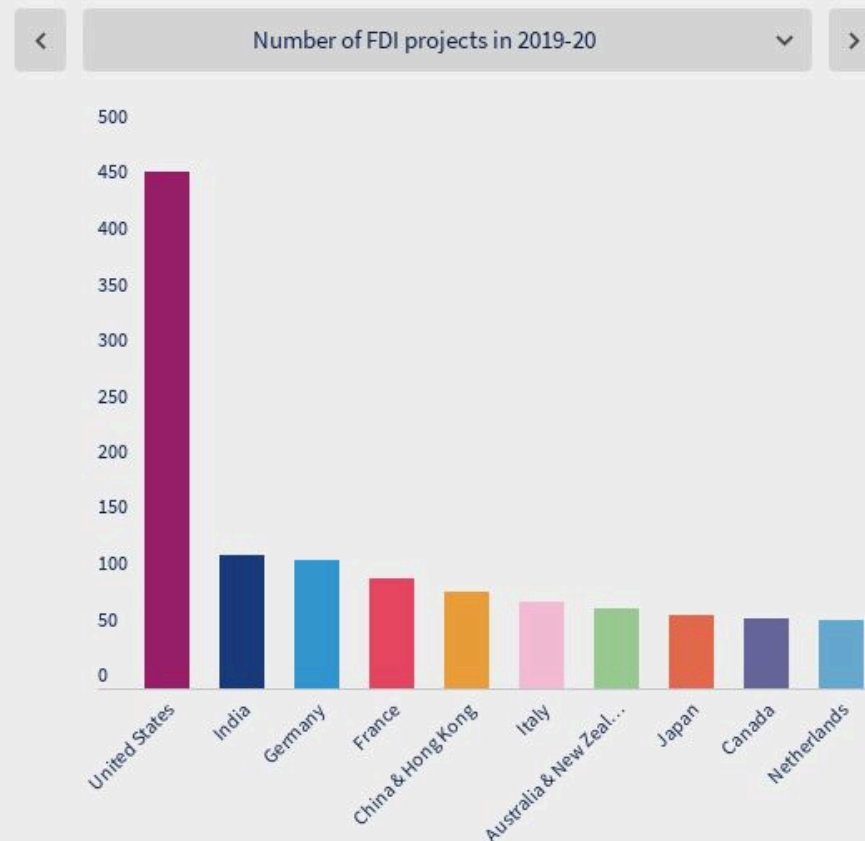
[Read our guide](#)

On this basis, the ranking of countries investing the most in UK enterprises is slightly different. The US remains the largest source of funding, investing in 462 projects in the 2019/20 financial year and creating or supporting 20,994 jobs.

India also appears in the top ten. Indian investors spent £9.5bn on FDI in 2019, according to ONS data. The highest share of which was in the information and communications sector. But when looking at the project-based data, the country comes second out of all nations, with 120 investment projects in the UK in 2019/20.

Multiple EU countries appear in the top ten countries for UK FDI projects, with Germany and France taking third and fourth place. Projects supported by German and French investment created or supported 5,101 and 3,661 jobs in the UK respectively.

Figure 4: Top 10 countries/areas conducting FDI in the UK by number of new projects, 2019/20



Source: Department for International Trade, Cebr analysis



We're advising a number of EU-based companies wanting to establish a presence here in the UK to take advantage of our domestic market without having to deal with the new trading restrictions. These companies are also exploring opportunities with the new trade deals beyond Europe.

Equally, we're helping UK-based firms establish a physical presence in the EU. We're working closely with law firms based overseas that're part of our international networks. We help these companies to decide where they want to be. We then highlight the issues they need to consider, project manage the process and connect them with the right legal advice to ensure a smooth process.

Bryan Bletso

Partner and Head of International,
Irwin Mitchell



Expert view

“According to the 2020 Grant Thornton Tou Ying tracker (which tracks Chinese UK FDI flows), China’s top 840 companies operating in the UK had combined revenues of £92bn, employed more than 75,000 people and saw average revenue growth of 12%. Furthermore between 2009 and 2020 annual Chinese investment into the UK averaged around £1.1bn.

“Clearly there’s huge scope for further investment, but current geopolitical turbulence, combined with Brexit uncertainty, has understandably rattled Chinese business confidence.

“The introduction of a UK National Security Bill in November 2020 and the publication of the Integrated Review in March 2021, setting out the UK’s Foreign policy for the decade ahead, has also dampened Chinese investment flows.

“Official Chinese Ministry of Commerce data shows that UK FDI into China increased by more than 30% for the first nine months of 2020, whereas the value of Chinese assets in the UK dropped slightly.

“Despite this immediate uncertainty, which isn’t just restricted to the UK, there’s clearly an underlying positive trend for UK-China trade and investment to improve and reach previous levels in the months and years ahead.

“Legislation passed in China in January 2021 has opened up its cosmetics market, a consumer base that could be worth up to £4bn to UK exporters over the next decade.

“And the potential for UK food, financial services, pharmaceuticals and a range of niche brands ranging from luxury brands to state-of-the-art tech is limitless, as China’s middle class of 160 million approaches annual per capita earnings of \$40,000 by 2030.

“The UK will host the forthcoming COP26 Conference in Glasgow in November and China the COP15 Biodiversity Conference in Kunming, capital of Yunnan province a month earlier in October.

“Both events offer the UK and China a unique opportunity to convene, partner, and lobby the global community to tackle climate change, set a realistic course to meeting net-zero goals and raise the ambition of policymakers and global leaders.

“Despite challenging geopolitical tensions, the UK-China trade and investment relationship will develop and mature to the benefit of both countries.

“The CBI will continue to remain at the heart of this critically important partnership offering business intelligence, analysis and guidance to its members from on-the-ground in China and as the voice of business in the UK.”

Guy Dru Drury

Chief Representative – China, NE & SE Asia, CBI

Figure 5 shows the top sectors receiving investment from abroad to fund projects in the UK.

The software and computer services sector received the most investment in projects in the UK. Foreign investors funded 390 projects in 2019/20, which created or supported 10,332 jobs.

The tech sector is likely to be a key source of growth for the UK in the 2020s. Foreign investment in this sector is likely to stimulate the expansion of the sector, raising output and productivity.

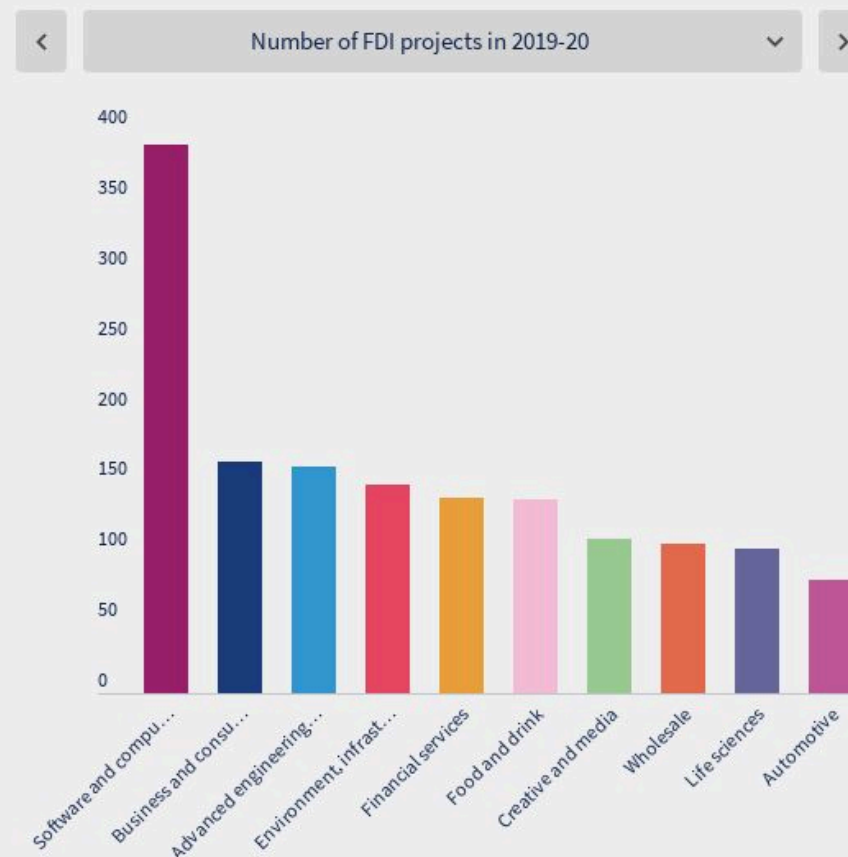
Interestingly, the life sciences sector is another highly successful UK industry, and has also received foreign investment in recent years.

The coronavirus crisis is likely to have only furthered the level of foreign investment in this industry.

It's highlighted the importance of vaccine research, an area which the UK has proven to be competent in with the development of the Oxford-AstraZeneca vaccine. The life sciences sector received foreign investment to fund 103 projects in 2019/20, supporting 1,921 jobs.

Investment in projects in the advanced engineering and supply chain sector tend to support more jobs per project than investments in other sectors. An average of 52 jobs is created or supported per project. In 2018/19 this led to 8,313 jobs being created from foreign investment in 161 projects.

Figure 5: Top 10 sectors for FDI projects in the UK, 2019/20



Source: DIT

Expert view

“The relationship between the UK and France was built on much more than shared membership of the EU. We expect to see continued strong bilateral co-operation in all areas: trade and commerce, defence and security, and in protecting the rights of the many French citizens living in the UK and British nationals living in France.

“French companies are still very interested in the UK market. We’ve experienced a surge in requests for support from French companies in setting up subsidiaries here. For many it’s the easiest way to continue trading and sidestep some of the post-Brexit customs and tax issues.

“It’s not possible to separate out difficulties caused by Brexit from the impact of COVID-19, and it’ll still be some time before that starts to become clearer.

"In the meantime, we’re supporting hundreds of French companies with a presence in the UK, and we’ve been able to identify some patterns in what we hear anecdotally from them.

“The key post-Brexit challenges for French companies now are around visa processes and mobility of workforce. In particular, the suspension of the VIE scheme, a French government-backed placement scheme for young professionals, is hurting companies from the smallest to the very largest. Urgent action needs to be taken to admit France to the UK’s Youth Mobility Scheme.

“There are also teething problems around customs procedures. More clarity's needed and some processes need to be refined to minimise red tape and smooth the flow of goods between the two countries.

“We hope to see these post-Brexit issues ironed out so that cross-channel business can thrive, furthering the deep cultural, social, innovative and economic ties that benefit both countries.

"Franco-British businesses will continue to innovate, grow, and build beyond Brexit, supported by the depth and breadth of the Franco-British relationship, bringing new jobs and growth so desperately needed in the wake of COVID-19.”

Marilise Saghbini

Managing Director, French Chamber of Commerce in Great Britain

Figure 6 shows the number of projects supported by foreign investment by region.

The capital was by far the largest recipient of FDI on this basis, with 34% of projects being located there. This is a 2% rise on the year before.

The dominance of the financial services sector for foreign investment explains the large amount of FDI being conducted in London.

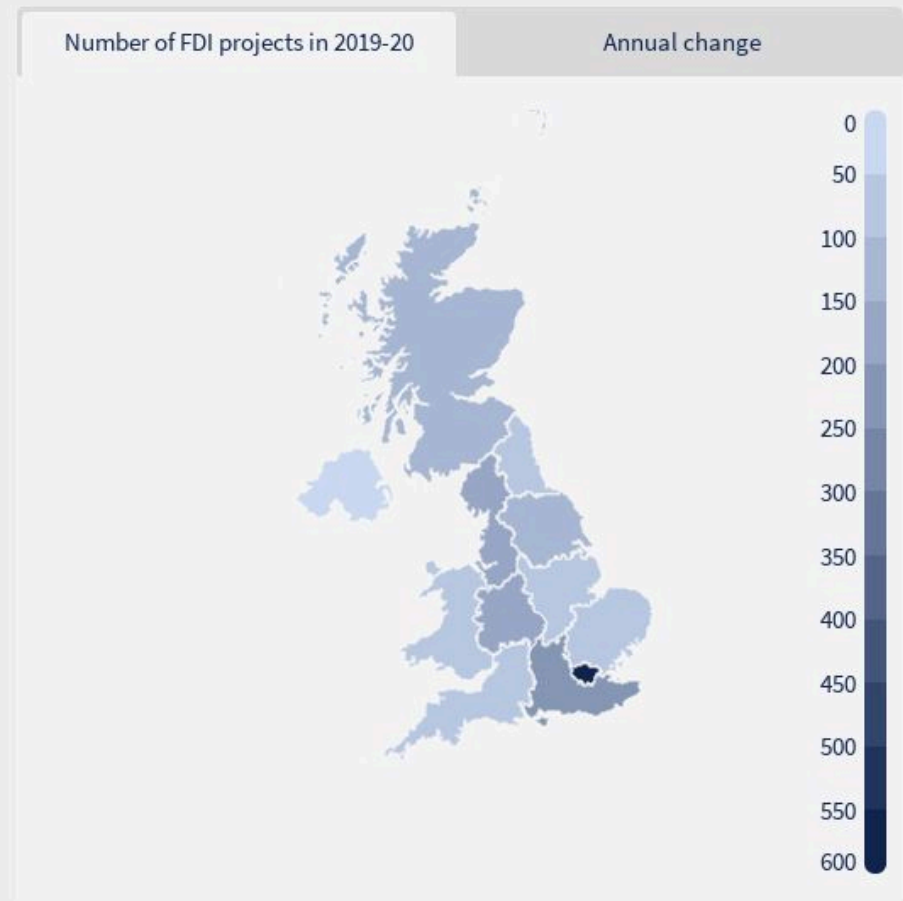
The city also has a large and growing tech sector, which also receives large quantities of foreign investment.

The North East saw the largest rise in the amount of FDI projects between 2018/19 and 2019/20, with a 24% increase to stand at 73 projects. This created or supported 3,015 jobs in the area.

Outside London, the West Midlands saw the most job creation as a result of FDI, with 157 projects creating or supporting 6,614 jobs in 2019/20.

The region is home to large automotive and manufacturing sectors, which will benefit from foreign investment supporting their expansion.

Figure 6: Number of FDI projects in the UK by region, 2019/20 level and annual change



Source: Department for International Trade, Cebr analysis

Impacts of coronavirus

The coronavirus crisis has heavily impacted investment activity. This isn't yet reflected in the datasets analysed in this report, but more up-to-date indicators can hint at the impacts of the global crisis.

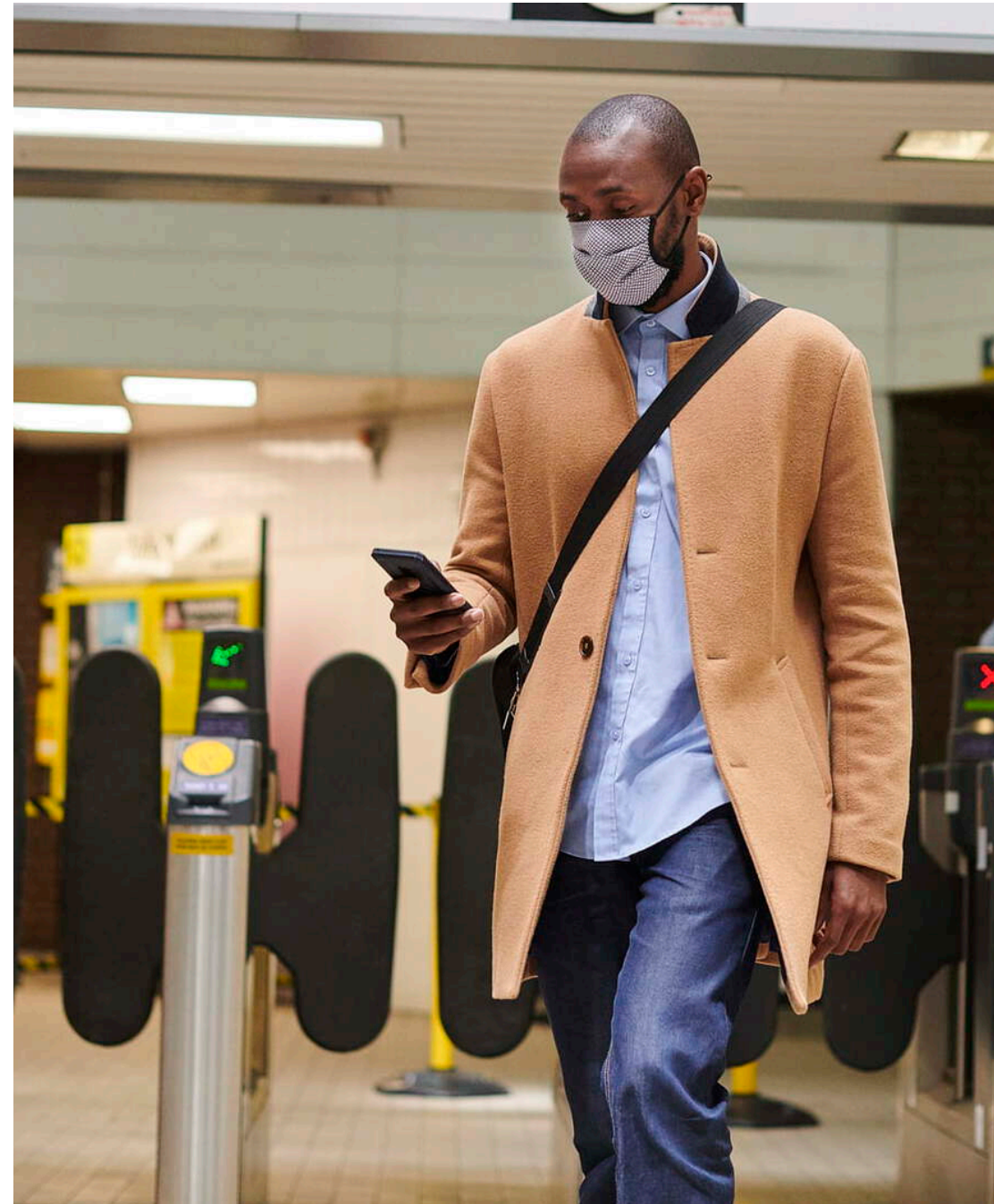
Estimates from the UN suggest that global FDI fell by 42% in 2020, to around £600bn. This is more than 30% lower than during the 2009 global financial crisis. The research suggests that FDI into the EU fell by two thirds, and that flows into the UK were curtailed.

The UN also expects FDI flows to remain weak in 2021, as the year continues to be affected by the coronavirus crisis.

Any investment that does take place is more likely to be in mergers and acquisitions than in new projects.

But separate evidence suggests that UK businesses could see an uptick in FDI in 2021. A recent survey of CEOs found that the UK was fourth on the list of destinations that they consider most important for their organisation's growth prospects over the next 12 months, surpassing India.

The regulatory autonomy provided by Brexit, as well as the success of the coronavirus vaccine rollout allowing the reopening of the economy, could attract more investment into the UK in 2021.



Expert view

“According to UNCTAD, global investment environment will continue to affect FDI flows in 2021, with 2020's 10% decline in cross-border mergers and acquisitions (M&As) being softened by slight upticks in the fourth quarter.

“On a global scale, following the COVID-19 pandemic disruption, as well as pre-existing volatility in the market, the outlook for FDI and cross-border deals remains uncertain.

“At the same time, the worldwide vaccination rollout gives good reasons to believe that new M&A opportunities will emerge post-lockdown. Not only has the stress-test ensured companies seek to invest in strategic-planning, credit-control and succession-planning, but it's also validated certain industries' insulation from global systematic-risks.

“An argument can be made that the total impact resulted in a correction of assets' valuation, especially those in distress, making them more attractive to investors with higher risk-appetite, and resulting in a great change of asset-ownership.

“In turn, these investors will be poised for lucrative capital gains fuelled by FDI-policies, low interest-rates, emerging markets, and, ultimately, a cash-rich consumer market.

“As the CEO of First Law International, I hold routine monthly virtual meetings with the General Councils and Chief Financial Officers of our legacy clients and take a pulse.

“While it's true that most business have been stockpiling cash for the past 16 months due to COVID-19, the itch for new M&A growth should be tempered with other equally deserving-of-consideration countervailing concerns.

“The messengers of economic optimism in the news are the very ones likely to benefit from the fulfilment of their forecasts based on their own client surveys, so the sample bias is not insignificant.

“And while it's still early days, most businesses have adjusted to tele-working. Perhaps we're also venturing into a new cohort of virtual M&A where the deal's consummated without all the back-and-forth onsite travel, deal-making over cocktails, and endless exchanges between lawyers who now must be more efficient using a virtual portal.”

Orlando Casares

CEO, First Law International

City Growth Tracker

The performance of 50 UK Powerhouse cities, based on GVA and employment growth.



City Growth Tracker

Sunderland

Smallest decline in output
Q4 2020

2.9%

Cambridge

Fastest employment
growth Q4 2020

3.2%

Oxford

Fastest employment
growth Q4 2020

7.7%

Solihull

Fastest GVA
growth Q4 2021

London

Largest decline in
employment Q4 2021

All cities saw a fall in economic output in Q4 2020 compared to a year earlier, but **Sunderland** is estimated to have seen the smallest decline

Oxford and Cambridge saw the fastest employment growth in Q4 2020, at 3.0% and 2.9% respectively

Solihull is forecast to see the fastest GVA growth in Q4 2021, with a 7.7% annual increase, as working from home becomes the norm and people migrate out of large cities

London's expected to see the largest decline in employment in Q4 2021, with Outer London areas forecast to see a 5.4% fall in employment, due to jobs being lost in industries like accommodation & food services at the end of the furlough scheme.

The 2020 coronavirus crisis heavily impacted the UK economy and placed severe limitations on economic activity.

GDP for the whole of 2020 was 9.9% lower than in 2019, highlighting the loss of output, and all UK regions have been affected by the government's restrictions.

But areas with particularly large hospitality, entertainment or tourism industries have been affected to a greater degree, as these parts of the economy have seen the tightest limitations.

This report provides a nowcast of the latest full quarter of data (Q4 2020) and a forecast for a year ahead (Q4 2021). Q4 2021 is particularly interesting, as the furlough scheme is set to be lifted by the start of the quarter. This could cause a rise in unemployment.



Figure 7 - Top and bottom five cities by annual GVA growth, Q4 2020



Source: Office for National Statistics, Cebr analysis

In Q4 2020, all cities saw a fall in economic output compared to a year earlier.

Sunderland is the city estimated to have seen the smallest decline.

The North East city saw a 5% year-on-year contraction in economic output. Its large manufacturing sector makes up 16% of the economy, and these businesses weren't prevented from being open in Q4. This means that this sector didn't see the limits on economic activity that many enterprises in the services sector did.

Nearly a third (29%) of jobs in Sunderland are in the public sector, which have largely been protected from the economic fallout of the crisis. Sunderland's therefore estimated to have seen 0.4% employment growth in Q4 2020, making it one of only three cities to have seen a rise in employment.

At 5.6%, Coventry saw the second smallest contraction in economic output in Q4 2020, compared to a year earlier.

Despite this, it saw a relatively greater annual drop in employment of 2.1%. A quarter of the population of the city is in the 18 to 29 age bracket, which has been hit hardest by the crisis in terms of job losses.

Certain industries with an economic presence in Coventry have been thriving amid the coronavirus crisis, though.

For instance, [there's been a rise in e-commerce](#), as people have been forced to shop online rather than in person. Coventry's large Amazon distribution centre has also seen rising demand.

Oxford and Cambridge saw the fastest employment growth out of the UK Powerhouse cities in Q4 2020, with 3.0% and 2.9% growth respectively.

The dominant life sciences and research sectors in these cities have seen a rise in funding amid the coronavirus pandemic, as research into vaccinations and viruses became more important.

Both Oxford and Cambridge are expected to see fast economic growth heading out of the coronavirus crisis, both appearing in the top 10 cities for GVA growth in Q4 2021.

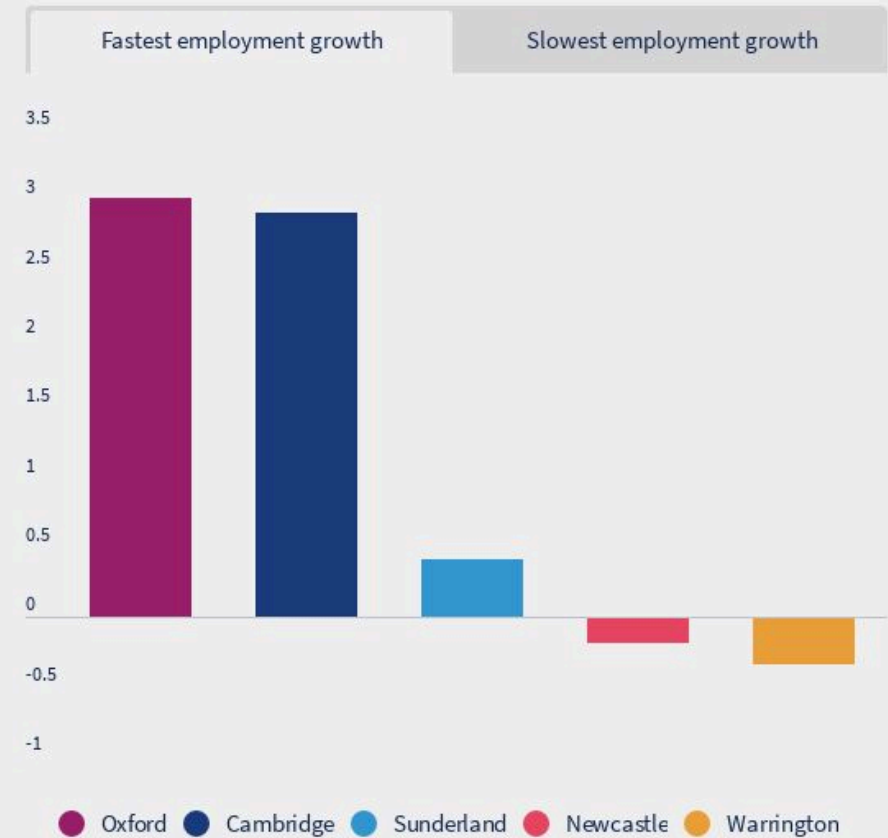
But Solihull's forecast to see the fastest GVA growth in Q4 2021, with a 7.7% annual increase.

By October 2021, it's hoped that all restrictions on economic activity will have lifted. Sectors which have been largely closed since March 2020, including hospitality and entertainment, will have reopened. This will allow cities such as Solihull to see a bounce back in GVA.

Solihull benefits from its proximity to Birmingham, but is expected to see faster growth than its neighbour. The pandemic has made living in a large city less attractive to many households.

Many have moved to smaller towns and cities, and suburban areas such as Solihull have benefitted. Instead of commuting into central Birmingham, many residents of Solihull will work from home and engage in activity in the local area, even once the pandemic is over.

Figure 8 - Five fastest and slowest expanding cities by year-on-year employment growth in Q4 2020



Source: Office for National Statistics, Cebr analysis



This report's findings about the economic strength of large towns such as Solihull and Warrington are interesting. They point to a lifestyle change where people are less likely and willing to commute every day. I think it's too early to call as to what businesses are going to do about their office space in the medium term.

Unless organisations have a lease event impending, they aren't making big decisions. Even when they do have deadlines looming, they're making decisions that don't represent future intentions. Some businesses, for example, are taking new flexi leases because they don't yet know what space they'll want.

One trend that might become clearer sooner rather than later is the glut of evictions resulting in new space coming to the market. The moratorium on evictions is ongoing, but the requirement to pay rent isn't. So it makes sense for landlords and tenants to be speaking now, rather than waiting until legal action is taken.

Roy Beckett

Partner and Real Estate Expert, Irwin Mitchell



Warrington's expected to benefit similarly from the shift in lifestyles that many households have chosen amid the coronavirus pandemic. The city, which sits between Liverpool and Manchester, is expected to see 7.7% annual growth in economic output in Q4 2021.

The city's also seen successful redevelopment of the Time Square area in 2020, including new retail outlets and council offices. This will stimulate economic activity once social distancing restrictions are eased.

Sheffield's expected to see relatively weaker growth in Q4 2021, with a 6.1% annual growth forecast. Although this places the city in the bottom ten out of 50 for economic growth, it's certainly an improvement on the 6.4% fall in output in Q4 2020.

Part of the reason for the relatively weak growth in Q4 2021 is the fact that the 6.4% fall in the final months of 2020 was smaller than in most other cities. This means there'll be less ground to recover in 2021.

Cardiff and Swansea are expected to see the fastest employment growth rebound in Q4 2021, after Cambridge.

Over three in five cities are expected to see an annual fall in employment in Q4 2021, as furlough draws to a close at the end of September. At this point, businesses may make redundancies for workers they can't afford.

Despite this, Cardiff and Swansea are expected to see growth of 2.5% and 2.2% respectively. Both of these cities have relatively large public sector employment. Essential services will need to continue, so these workers are less likely to lose their jobs amid a recession.

Expert view

“Businesses must plan for the end of furlough on Thursday 30 September 2021. From July, they must contribute 10% towards the grant, increasing to 20% in August and September. This may put a strain on finances.

“Businesses need to start to think about whether they're likely to need fewer people. If so, they need to decide whether to start redundancy programmes before September. This time around, businesses can't use the furlough grant to contribute towards an employee's notice pay and will have to fund this themselves together with any statutory (or enhanced) redundancy pay.

“At the same time, HMRC are ramping up their checks on businesses claiming furlough. Even if you know your figures are correct, you may still have to demonstrate that you only claimed what you were entitled to. You'll need to keep copies of all records relating to claims for up to six years, including the amount, the claim period for each employee, and your calculations.

“We've seen a number of businesses accused of unfair dismissal by employees who think they should have been furloughed instead of being made redundant. Many of these are misconceived and are likely to fail because there is no 'right' to be furloughed, and using the scheme remains at an employer's discretion. Businesses don't have to delay making difficult business decisions just because a temporary subsidy is available.”

Joanne Moseley

Senior Associate and Employment expert, Irwin Mitchell

London's expected to see the largest decline in employment in Q4 2021, with Outer London areas forecast to see a 5.4% fall in employment.

The capital's big accommodation & food services sector has seen the largest usage of the furlough scheme. The latest data from HMRC shows that 56% of employees in this sector were using the furlough scheme at the end of February 2021.

London also has a big arts, entertainment & recreation industry. Across the UK, 55% of employees in this sector were being paid through the furlough scheme. When the job support scheme ends, it could threaten many jobs in the capital.



The support measures put in place by the government early on in the pandemic have provided a lifeline to many businesses during one of the most challenging economic periods in memory.

But it's equally important to be aware of, and prepared for, the withdrawal of support, such as the Job Retention Scheme, and for the coming-due of loans provided under the CBILs and BBLs schemes.

A substantial number of businesses are likely to require advice as these are lifted. Where businesses recognise that difficulties may be on the horizon and take advice promptly, they're far more likely to survive.

Andrew Walker

Partner and Restructuring & Insolvency Expert, Irwin Mitchell



Southampton's also forecast to see a big drop of 1.7% (on an annual basis) in employment in Q4 2021, placing it in the bottom ten out of the 50 Powerhouse cities.

The city is similarly set to suffer from the end of the furlough scheme. But looking beyond 2021, the announcement of the Solent Freeport area will bring economic activity to the area.

Solent Local Enterprise Partnership (LEP) research suggests that more than £2bn could be invested in the region through lower taxes and less red tape for businesses in the designated area. This could create up to 52,000 jobs.

Expert view

“There’s a feeling that freeport status will be different in a post-Brexit world from what it could’ve been in the past, thinking back to the old but similar Enterprise Zones. The government now has more latitude on offering tax breaks and subsidies. But whatever is done, it’ll still need to comply with the EU-UK Trade and Cooperation Agreement and World Trade Organisation rules.

“The intention is clearly to increase employment prospects and boost investment in areas that traditionally struggle with both. In areas like Teesside, this is how the scheme will ultimately be judged.

“The enhanced capital allowances and 100% Stamp Duty Land Tax relief should provide a welcome boost for those region's commercial property markets, albeit they’re time limited until 2026. We may see tax planning around locking in those tax reliefs as we approach 2026.

“Freeports have the potential to open up investment, but the government will need to get the balance right to achieve the chancellor’s ambition to ‘change the economic geography’ of the country. With an even geographical spread, it looks like the government recognises the need to support the northern powerhouse, while backing southern regions that’ve had it tough recently.

“Time will tell if the initiative and balancing act in terms of the freeports selected can deliver the anticipated benefits and make good on the government’s pledge to level up the wider economy for all.”

Sarah Cardew

Partner and Tax Specialist, Irwin Mitchell

City tracker ranking: GVA, Q4 2020

		GVA Q4 2020, £mn (annualised, CVM constant prices)	Growth (YoY)
1	Sunderland	6,700	-5.00%
2	Coventry	8,500	-5.60%
3	Exeter	4,900	-5.60%
4	Edinburgh	22,200	-5.60%
5	Bournemouth	8,200	-5.60%
6	Huddersfield	6,800	-5.70%
7	Derby	6,400	-5.70%
8	Rotherham	4,400	-5.90%
9	Cardiff	12,700	-5.90%
10	Bradford	5,300	-5.90%
11	Portsmouth	5,100	-5.90%

Open full table in browser:
<https://irwinmitchell.turtl.co/story/foreign-direct-investment-and-the-uk-economy/page/6/9>

City tracker ranking: Employment, Q4 2020

		Employment Level, Q4 2020	Growth (YoY)
1	Oxford	142,500	3.00%
2	Cambridge	148,800	2.90%
3	Sunderland	127,900	0.40%
4	Newcastle	203,800	-0.20%
5	Warrington	124,500	-0.30%
6	Reading	130,600	-0.50%
7	Stockport	112,800	-0.60%
8	Swindon	115,000	-0.80%
9	Cardiff	249,000	-0.90%
10	Preston	109,900	-1.00%

Open full table in browser:
<https://irwinmitchell.turtl.co/story/foreign-direct-investment-and-the-uk-economy/page/6/9>

City tracker forecast: GVA, Q4 2021

		GVA Q4 2021, £mn (annualised, CVM constant prices)	Growth (YoY)
1	Solihull	9,500	7.70%
2	Warrington	7,200	7.70%
3	Milton Keynes	13,800	7.50%
4	Peterborough	6,400	7.40%
5	Swindon	9,200	7.40%
6	Cambridge	19,200	7.30%
7	Reading	7,800	7.30%
8	Oxford	20,500	7.10%
9	Birmingham	27,900	7.10%
10	Manchester	21,300	6.90%

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<https://irwinmitchell.turtl.co/story/foreign-direct-investment-and-the-uk-economy/page/6/10>

City tracker forecast: Employment, Q4 2021

		Employment Level, Q4 2021	Growth (YoY)
1	Cambridge	153,100	2.90%
2	Cardiff	255,100	2.50%
3	Swansea	116,300	2.20%
4	Swindon	117,400	2.10%
5	Edinburgh	365,000	2.10%
6	York	122,900	2.00%
7	Exeter	104,800	1.90%
8	Oxford	144,700	1.50%
9	Rotherham	97,500	1.50%
10	Doncaster	128,100	1.50%

Open full table in browser:

<https://irwinmitchell.turtl.co/story/foreign-direct-investment-and-the-uk-economy/page/6/10>

11	Wakefield	143,100	1.50%
12	Reading	132,300	1.30%

City Focus: Birmingham

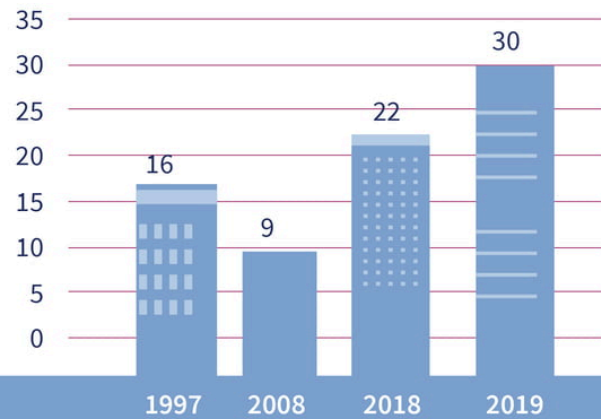
An insight into the post-pandemic recovery
of England's second city.



City Focus: Birmingham

15%
Share of employees on furlough, February 2021

Number of FDI projects in Birmingham, 1997–2019
Source: EY, Cebr analysis

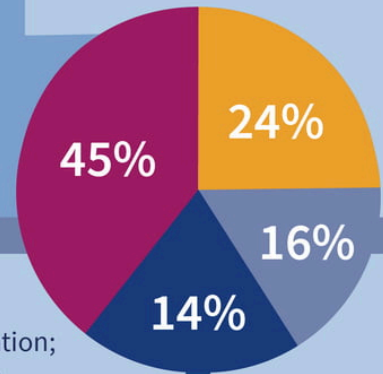


Annual employment growth

-2.2% RANK **25**
Q4 2020

-1.0% RANK **35**
Q4 2021

Top industries in Birmingham, share of economy



Annual GVA growth

-6.0% RANK **17**
Q4 2020

7.1% RANK **9**
Q4 2021

- Manufacturing
- Public administration; education; health
- Distribution; transport; accommodation and food
- Other

Source: ONS, Cebr analysis

Birmingham's expected to make a relatively rapid recovery in Q4 2021 from the output lost in Q4 2020, with the ninth fastest GVA growth of the UK Powerhouse cities.

A 1% contraction in employment is forecast for Q4 2021, when the furlough scheme ends. As 15% of employees in Birmingham were using the scheme in February 2021, many of these workers could be at risk of losing their jobs.

Key local government policies

- Development of the City Centre Enterprise Zone (EZ) focused on investment and infrastructure.
- The EZ Investment Plan aims to accelerate development across the city, including maximising the benefits of HS2 arriving in the late 2020s and delivering the expansion of the Midland Metro Tram Network.

City infrastructure and investment

In 2019, the Government announced that Birmingham and the West Midlands region will benefit from a £778 million investment to stage the 2022 Commonwealth Games. It's hoped that the Games will bring significant economic activity to the area.

The city's highly attractive to foreign investors. In 2019, there were 30 foreign direct investment (FDI) projects.

Birmingham's relatively large manufacturing sector makes up 14% of the economy.

Key employers include Boparan, a food production and restaurant business, and IMI, a critical and precision engineering company with 10,800 employees.



Local view

“The COVID-19 pandemic has exposed vulnerabilities in the local economy.

“It’s highlighted the growing challenges the region faces and exacerbated pre-existing inequalities in health, educational attainment, innovation and economic development. The impact of the virus on these pre-existing challenges risks long-term economic and social scarring on the region’s economy. Economic forecasts consistently show the West Midlands to be one of the worst affected by any economic crisis, in part due to the region’s industrial and demographic mix.

“Towns and cities such as Birmingham, Wolverhampton and Walsall have seen their economies decrease by more than 11.7% in 2020. In our core cities, months of coronavirus restrictions have had significant, long-term impacts on business communities, resulting in closures, reduced investment and a prolonged sense of uncertainty about the future.

“But as we emerge from the pandemic, there are now opportunities. Opportunities to do things differently, to champion the region’s dynamism on the world stage, to transform digital and physical infrastructure on the race to net zero and to stimulate job creation, securing an inclusive workforce that is fit for the future.

“The region’s diverse sector strengths in automotive, finance, health and creative industries are its key to recovery. Alongside world-class universities, further educational institutions and innovative businesses, the West Midlands remains at the cutting edge of technological breakthroughs, digital connectivity and manufacturing advances – leading innovations that will change the way we live, travel and communicate in a post-pandemic future.

“The West Midlands is a strong exporting region. At the close of 2019, 9.1% of all goods exported from the UK were produced in the region. As we enter a new phase of the relationship with the EU, there needs to be a focus on uplifting exports and making the region a destination of choice for FDI.

“Ambitions for the region should also extend beyond the EU. As a globally facing region they should aspire to increase levels of inbound and domestic tourism, working with destination marketing organisations to present a clear and cohesive offer to visitors. Showcasing the region at upcoming international events, such as the Coventry City of Culture 2021 and the 2022 Birmingham Commonwealth Games, will also be crucial.

“To capitalise on future opportunities it’s essential that there’s collaboration with businesses and stakeholders to champion a strong economic vision for the region. The CBI, alongside the wider business community, stands ready to support the West Midlands to revive and thrive in the future.

“The region’s diverse economy is also its strength. It has an economy that cuts across all sectors and sizes, with a higher percentage of jobs when compared to the England average – in sectors such as advanced manufacturing and engineering (11.4% vs 8.0%), logistics and transport technologies (5.9% vs 4.9%), and the retail sector (16.6% vs 15.3%), according to the WMCA State of the Region Report 2020.

"The region also performs highly in terms of new business start-ups, increasing 16.8% between 2018 and 2019, according to the Office for National Statistics.

"As a forward-facing region, the West Midlands can help lead the UK’s response to climate change and make progress in the race to net zero.

"The WMCA’s Green Paper on climate action is a welcomed development, however interventions should also look to build on the ambitious targets set by the WMCA for carbon neutrality by 2041. This target sets a clear roadmap for business investment and provides opportunities for the region to deliver a new green infrastructure and jobs."

Richard Butler

Regional Director – Birmingham & West Midlands, CBI

What’s happening in Birmingham?

- The region’s bidding to host a battery Gigafactory, providing the scale needed for the UK to be a global contender. This would provide an additional £730m to the local economy and over 10,000 new direct and indirect jobs in battery research and manufacturing
- Development of a £3.5 billion Midlands Engine Rail programme, which includes the Midlands Rail Hub. This will unlock additional capacity and improve journey times between Birmingham and major towns and cities including Nottingham, Coventry and Leicester
- The region is home to a range of world-leading higher and further education institutions, but the region faced challenges with reskilling and retraining its workforce pre-pandemic. As a result of the pandemic and shifting consumer behaviour, some jobs will change. This issue is likely to be compounded in the West Midlands by Brexit, the regionalised impacts of COVID-19, and the increased implementation of artificial intelligence and automation.

City Focus: Leeds

A look at the initiatives looking to push the economy of the Yorkshire city forward.



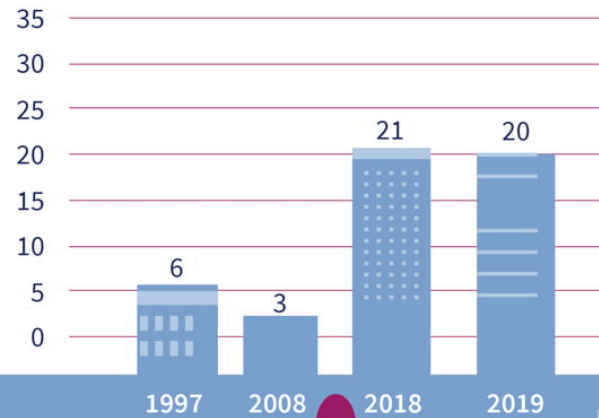
City Focus: Leeds

14%

Share of employees on furlough, February 2021

Number of FDI projects in Leeds, 1997–2019

Source: EY, Cebr analysis

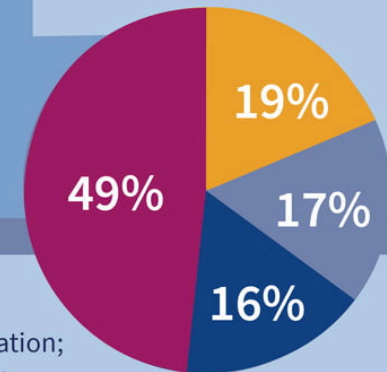


Annual employment growth

-3.2% RANK **34**
Q4 2020

-0.2% RANK **17**
Q4 2021

Top industries in Leeds, share of economy



Annual GVA growth

-7.1% RANK **43**
Q4 2020

6.5% RANK **20**
Q4 2021

- Other
- Public administration; education; health
- Distribution; transport; accommodation and food
- Business service activities

Source: ONS, Cebr analysis

Leeds has seen a relatively weak performance in economic activity amid the coronavirus crisis, ranking 43rd for GVA growth in Q4 2020 out of 50 cities.

However, Leeds is expected to see more people employed in the city in Q4 2021, despite the furlough scheme ending.

Key local government policies

- The Leeds Digital Skills Action Plan looks to improve links between employers and education, as well as creating entry points into the digital sector for local, national and international talent.
- The Leeds Economic Recovery Framework aims to maintain a long-term view of goals to deliver growth, address the climate emergency and be the best city for health & wellbeing, while recovering from the coronavirus crisis.

City infrastructure and investment

According to leeds.gov.uk, more than £3.9 billion has been invested in large-scale development projects over the last decade. There's a further £7.3bn worth of development under construction and in the pipeline.

Leeds is highly attractive to foreign investors. In 2019, there were 20 foreign direct investment projects the city.

Leeds has a relatively large business service activities sector, making up 17% of economic activity. This includes professional, scientific and administrative activities.

Businesses with more than 1,000 employees based in Leeds include Asda Group, First Direct, Centrica, Ventura, BT, Direct Line Group and Yorkshire Bank.



Local view

“West Yorkshire is home to the newest mayoral combined authority in the country, providing a huge opportunity to develop, deliver and promote a future vision for prosperity. The metro mayor, to be elected for the first time in May 2021, will be the champion of this diverse, proud and vibrant region.

“West Yorkshire’s strong history of industry, innovation and culture shapes its economy today. The metro mayor has an opportunity to build on this legacy, capitalising on the sector strengths that have emerged in health and care technologies, advanced manufacturing, the professional and financial services, the creative and digital sectors, and net-zero innovations.

“These are underpinned by an entrepreneurial spirit, and supplemented by established networks, which include higher and further education providers, internationally renowned centres of innovation and R&D, and the wider Yorkshire region.

“The metro mayor will not only have to address existing pockets of deprivation and long-standing, low productivity rates, but also the impacts of COVID-19.

"If done right, the size of the prize is significant. Currently the productivity gap between West Yorkshire and the rest of the country is 13%, but addressing this productivity gap could add £7.9bn to the region’s economy.

“The economic vision must enable businesses to succeed, focusing on key sector strengths that leverages public investment to support the private sector.

"It should recognise that a strong economy that delivers growth and good jobs can raise living standards and wages for all in the region.

“To be a success requires a renewed partnership. The metro mayor should work collaboratively with businesses, neighbouring authorities, unions and the third sector, as well as all parts of government to revive and thrive in the future.

“Business is ready to step up and support in this endeavour, working closely with the metro mayor to develop this economic vision, and to embed it across the region.”

Beckie Hart

Regional Director – Leeds & West Yorkshire, CBI



What's happening in Leeds?

- Opportunities presented by hosting the Rugby League World Cup and Leeds 2023 – an international cultural festival offering a range of experiences in the city – must be maximised
- Putting forward a case for the creation of a Catapult Quarter. The Quarter could foster industry innovation around areas of regional potential, such as building on existing health assets and research like Born in Bradford, and would create a brand for attracting international investment
- Research undertaken by the CBI suggests as many as 11% of firms in Yorkshire are non-exporting “potential exporters”. With exporting a key driver of productivity, improving the consistency of exporting across the business community must be a top priority.
- Learning from the success of high performing sectors will be key. This is particularly important as we look to new EU and global trading relationships, where the metro mayor can support businesses understand the value of new trade agreements and navigate these new schemes.

City Focus: Manchester

A delve into a city that's working to become one of the top 20 in the world by 2035.



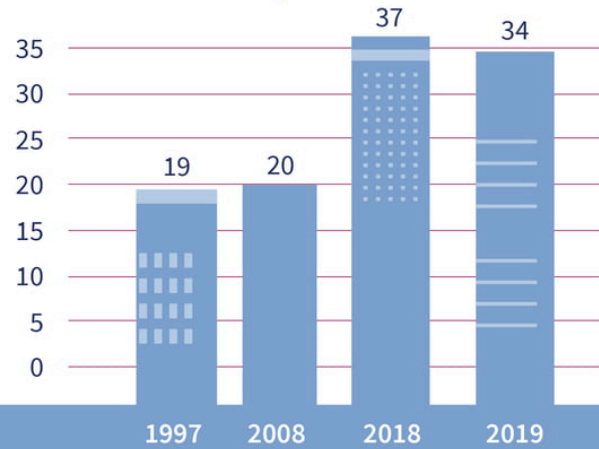
City Focus: Manchester

14%

Share of employees on furlough, February 2021

Number of FDI projects in Manchester, 1997-2019

Source: EY, Cebr analysis

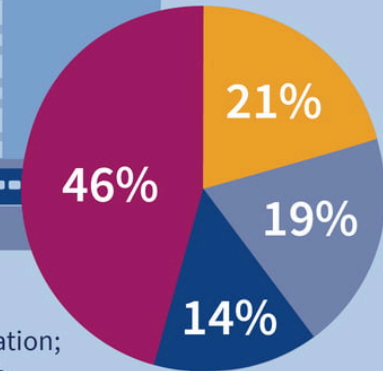


Annual employment growth

-1.0% RANK **11**
Q4 2020

-0.7% RANK **27**
Q4 2021

Top industries in Manchester, share of economy



Annual GVA growth

-6.9% RANK **38**
Q4 2020

6.6% RANK **16**
Q4 2021

- Other
- Public administration; education; health
- Distribution; transport; accommodation and food
- Business service activities

Source: ONS, Cebr analysis

Greater Manchester is set to experience a relatively rapid bounce back in Q4 2021, with annual growth in economic output of 6.6%, putting it in 16th place out of 50 cities.

This comes after a weak economic performance in Q4 2020.

With the planned termination of the furlough scheme at the end of September 2021, though, there's set to be a 0.7% fall in employment.



Key local government policies

- Strengthen Greater Manchester programmes that support businesses to improve productivity.
- Take advantage of success in advanced manufacturing to make the city a leading area for innovative firms to experiment with, develop, and adopt advanced materials.

City infrastructure and investment

The most active investor in the city's businesses since 2011 has been the Northern Powerhouse Investment Fund.

This seeks to decrease funding disparity between the North of England and the South East by investing equity finance into Northern SMEs.

In 2019, there were 34 foreign direct investment projects in Manchester. This is down from 37 in 2018.

The second largest sector in Greater Manchester is distribution, transport, accommodation & food. In particular, the distribution sector has grown in importance amid lockdown, as more online purchases and home deliveries are made.

Businesses with global headquarters in Manchester include Umbro, PZ Cussons, and The Co-operative Group.

Another key employer in Greater Manchester is the BBC, which has moved significant parts of its operation to MediaCityUK.

Already home to 3,500 staff, the BBC recently said that its MediaCityUK base will grow even further.



Local view

“In Greater Manchester, the newly elected metro mayor will be the champion of this diverse and ambitious region.

“The city’s home to the innovations that drove the industrial revolution, like railways and canals, and to political activists such as Emmeline Pankhurst, key organiser of the UK’s suffragette movement.

"The mayor will have the opportunity to build on this legacy, galvanising the identity and history of Greater Manchester, and capitalising on the sector strengths that have emerged.

“These include in health care, advanced manufacturing, digital and creative, and in net-zero innovations. Already, the region’s at the forefront of new graphene technology – key to unlocking the potential of the low-carbon transition – and health innovations that’ll give people longer, healthier working lives and more independence as they age.

"Both are exportable innovations that’ll change the way we live and work.

“With Greater Manchester’s economy relying heavily on the strength of the city centre, and the high levels of employment from the hospitality, retail and leisure sectors, the multiple lockdowns have hit these businesses and their supply chains hard.

"This is against a backdrop of longstanding productivity gaps. Between 1996 and 2016 total GVA grew by 83% and 54% in Manchester and Salford respectively, but by comparison only 24% and 8% in Rochdale and Tameside, respectively.

"This has led to high levels of income inequality and social exclusion. Related to this are schools’ poor performance and skills shortages, leaving businesses struggling to fill vacancies.

“To address the short-term challenges of COVID-19, and to turn Greater Manchester into a healthier, more productive and thriving place, the newly elected metro mayor must develop and champion a strong economic vision.”

Damian Waters

Regional Director – North West, CBI



What's happening in Manchester?

- Greater Manchester has already set out a clear ambition within their Internationalisation Strategy to become a “Top 20 Global City by 2035,” delivered in collaboration with businesses such as Manchester Airports Group
- The development of a case for the creation of a Catapult Quarter within the region, to drive further innovation investment. To be a success it should maximise collaboration between businesses, universities, the public sector, and local communities. The Quarter could be focused towards fostering industry innovation around areas of potential, for example building on existing digital and health assets.

Recommendations

Top tips for businesses and local governments from our legal experts.



Recommendations

This report has analysed data on cities and regions of the UK to reveal the locations expected to thrive, and those likely to experience continued economic difficulties, by the end of 2021.

We've put together the below recommendations to businesses and local governments, as they look to overcome the impacts of Brexit and coronavirus.



Top tips for businesses

1. Take advantage of policies to encourage investment and improve skills.

In the March 2021 Budget, the Chancellor was keen to encourage an investment-led recovery out of the coronavirus crisis. The government plans to incentivise capital spending and productivity growth through tax deductions, guaranteed loans and heavily subsidised training. Policies include a new business investment super-deduction tax incentive, which means that companies will be able to reduce their tax bill by 130% of the cost of investments they make. There's also a new Help to Grow scheme, offering subsidies for management training and productivity-enhancing software.

Wherever possible, businesses should take advantage of these opportunities to improve skills and increase investment. These plans will increase output per worker at businesses over time, helping to raise UK productivity.

2. Prepare for the end of government support schemes, like furlough and the CBILs and BBLs loans.

Ending in September 2021, furlough is just one of a number of government schemes that have been put in place to help businesses through the coronavirus crisis. But as the schemes draw to a close, difficulties may be on the horizon, and you must be clear on your obligations in relation to the level of payments you'll have to make. If this is causing you issues, you should take advice promptly.

3. Consider your current and future employees.

If you're planning redundancies, familiarise yourself with the rules on collective consultation.

Businesses that're recruiting temporary or casual staff, must provide a contract of employment on day one.

Start discussions with employees early about the future working patterns of your staff and reflect these changes in revised contracts of employment.

4. Start thinking about your use of office space in the future.

How will your people work once restrictions are eased? Will your colleagues need a permanent desk, or can you look to encourage remote or hybrid working and downsize your office footprint? Don't rush your decisions, particularly if you don't have a lease event impending. If a decision is due soon, consider new flexi leases.

5. Speak to your landlord.

The halt on evictions is ongoing, but you're now required to pay rent. If you need to review your business rent, it makes sense to speak to your landlord now, before any legal action is brought.

Top tip for local governments

Have a plan to support job creation heading out of the Covid-19 crisis, when the furlough scheme ends.

As shown in the city profiles of Birmingham, Leeds and Manchester covered in this report, many cities have policies in place to support growth and infrastructure investment coming out the coronavirus crisis.

It's also likely that in Q4 2021, many jobs which have been supported by the furlough scheme could be lost.

Local governments should create bespoke plans, based on the industries established in their city to reskill and re-employ those who lose their jobs as a result of the crisis.

Find out how we can help you and your business

[Visit our website](#)



Supporting You Through Brexit

We share the latest legal updates to help you and your business in these unprecedented times.

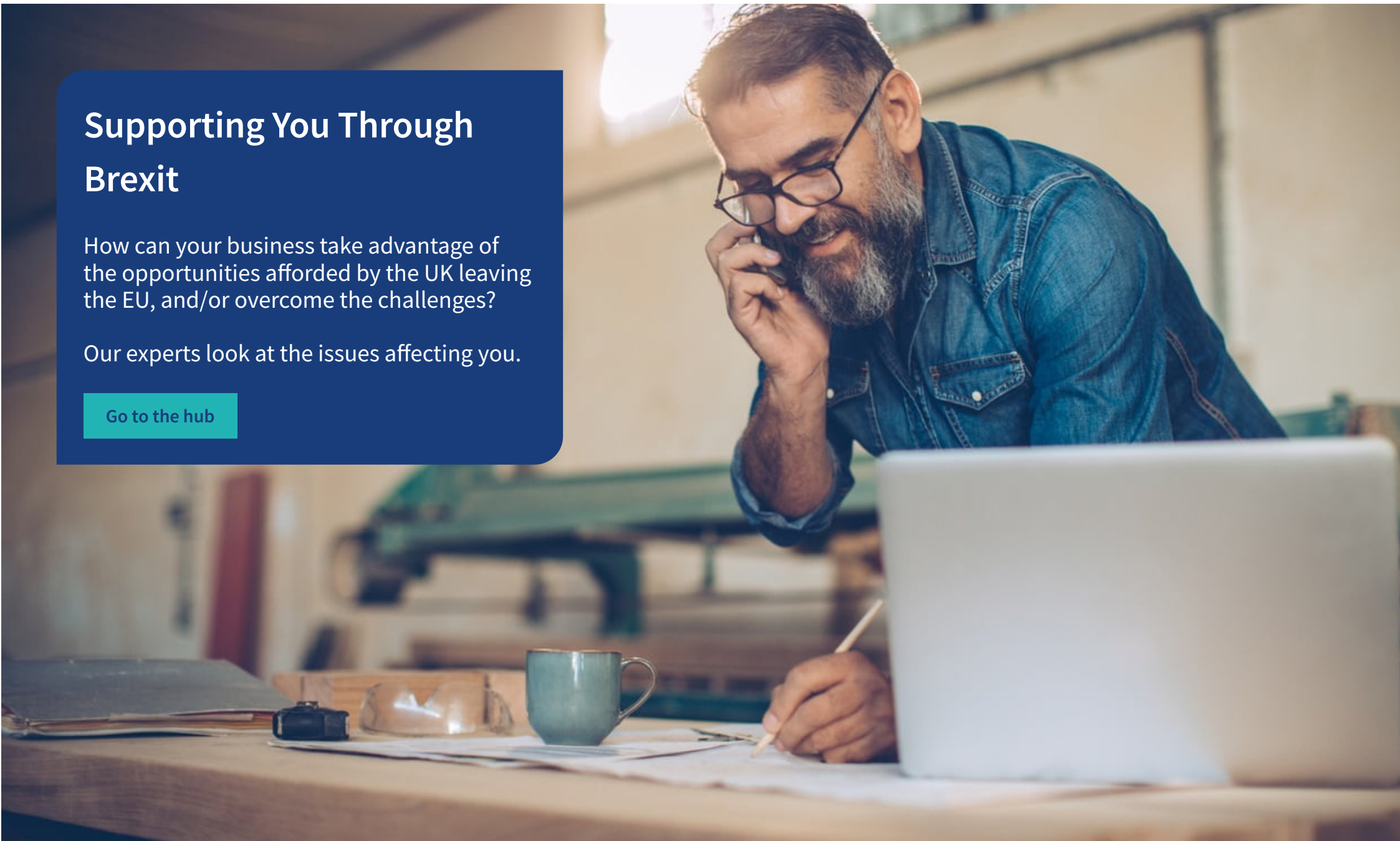


Supporting You Through Brexit

How can your business take advantage of the opportunities afforded by the UK leaving the EU, and/or overcome the challenges?

Our experts look at the issues affecting you.

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Foreign Direct Investment and the UK Economy

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