West Midlands
Economic Impact Monitor

WM REDI | CITY REDI

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This monitor aims to pull together information across regional partners to understand the impacts of Covid-19 on the economy. Where possible it will utilise all forms of quantitative and qualitative intelligence. However we urge caution in the use of the contents as this is an emerging situation.

This week ONS released the latest GVA (for 2018-2019): the UK average was 3.5% GVA growth. WMCA GVA grew by 1.99% to £106.7bn in 2019, which is lower than expected for that year by many forecasters (Oxford Economics had forecast £110.8bn and are currently revising their forecasts). The Black Country grew by 1.29% to £22.3bn (2nd lowest growth of all LEPs). Coventry and Warwickshire saw growth of 1.24% to £29.7bn (lowest growth of all LEPs) and Greater Birmingham and Solihull grew by 2.69% to £54.7bn. WM had slowest growth of all regions at 2.3%.

Upside News

- UN World Economic Situation and Prospects (WESP) mid-2021 report showed that following a sharp contraction of 3.6 per cent in 2020, the global economy is now projected to expand by 5.4 per cent in 2021, reflecting an upward revision from the UN forecasts released in January. Global merchandise trade has already surpassed pre-pandemic levels, buoyed by strong demand for electrical and electronic equipment, personal protective equipment, and other manufactured goods.
- It was announced by RSM this week that the number of new tech companies being set-up in the UK had risen 13%.
- Economic health of the manufacturing sector, as implied by manufacturing PMI, showed an increasing trend in major economies in April 2021. The PMI was revised slightly lower to 60.5 in April of 2021; the reading indicated a robust improvement in the health of the US manufacturing sector, and the steepest rise since data collection began in May 2007. Eurozone Manufacturing PMI stood at 62.9 in April 2021, signalling the fastest pace of expansion in the manufacturing sector since data collection began in June 1997
- The West Midlands Business Activity Index (PMI) increased from 60.7 in March 2021 to 65.9 in April 2021, which is the sharpest increase of business activity since records began in Jan 1997. The latest growth reported was associated to the ongoing easing of COVID-19 restrictions, boosting the demand for goods and services. The overall UK Business Activity Index increased from 56.4 in March 2021 to 60.7 in April 2021. Out of the twelve UK regions, the WM region was the highest for the Business Activity Index in April 2021. The WM Future Activity Index increased from 80.2 in March 2021 to 80.8 in April 2021 – reaching the highest level since records began in mid-2012. The positive expectations for the upcoming twelve months are linked to the ongoing easing of COVID-19 restrictions, new work in the pipeline and diversification.
- CBI reported this week that the UK Manufacturing output grew at the fastest rate since December 2018 – the first material growth reported in almost two years
- More civil service jobs are coming to Birmingham after the Department for Business, Energy and Industrial Strategy (BEIS) announced it was creating 175 roles in the city.
- As children return to school across the region there has been a sharp rise in demand for family homes, according to Zoopla. The pandemic-led search for space means demand has also spiked for four and five-bed homes in some areas, with Sandwell and Dudley seeing notable rises. Other areas such as Wolverhampton and Walsall are also enjoying a rise in demand for family homes, up more than 10 per cent since March in both areas.
- Severn Trent has received regulatory endorsement to invest £565m in a Green Recovery programme to support the UK's economic bounce back and create 2,500 jobs in the Midlands.
- More than £75 million of funding to revitalise high streets and help them bounce back from the pandemic has been confirmed for the West Midlands. Wolverhampton will receive £15.7 million, Stafford £14.3 million and Walsall £11.4 million. A further £10 million will be provided for Leamington Spa, £11 million for Newcastle-under-Lyme and £13.3m for Nuneaton.
- Luxury car manufacturer Jaguar Land Rover has reported strong underlying profitability and cash flow for the three months to March 31, 2021, its fourth quarter period – and solid results for the full year

Downside News

- GKN Automotive in Chester Road will shut in 2022 with the loss of 519 roles after an alternative plan by a team of union officers, senior management at the plant, proposed earlier this month was turned down.
- Liberty Steel is restructuring and will sell seven UK plants employing 1,500 people. They include Liberty Steel's largest UK site, its aerospace and special alloys business near Sheffield, where 762 currently work. However, parent company GFG

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Alliance has begun the sale processes for Liberty Aluminium Technologies, and Liberty Pressing Solutions, which together employ 475 people - in Coventry, Kidderminster and Witham, in Essex.

- An IPPR report found that the poverty rate among working households in the UK was at its highest rate since 1996. There had been an increase in relatively poverty in working households from 13% in 1996 to 17.4% in March 2020. Due to a combination of low wage rises and spiralling costs of living, such as soaring property prices, private sector rent hikes and crippling child care costs.
- The UK is one of the most prosperous nations in the world, ranked 13th in the Legatum Prosperity Index™. Its prosperity increased during the first half of the 2010s but since then has been stagnating. Overall the WMCA area is second bottom above GMCA.
- A third of small businesses are still unaware of loan repayment options, even though first Bounce Back Loan repayments are due to start in June for many borrowers. Around a third of businesses plan to make the standard repayments. Just 5% intend to take the full six-month repayment holiday available

Labour Market Analysis by City-REDI shows

- There are clear signs of recovery in the regional economy. Using HMRC Pay As You Earn data for the West Midlands NUTS 2 region (i.e. the seven metropolitan districts) shows a steady and sustained rise in payrolled employees from 2015 until the start of 2019. The increase in payrolled employees since November 2020 has been more marked in the West Midlands than elsewhere. Young people saw the greatest reductions in employment and have also been the slowest to see a recovery. Variations in experience by sector go some way to explaining these differences by age.
- Labour Force Survey data also points in the direction of recovery: quarterly improvements in the unemployment rate are apparent. At 21.3% in the quarter ending March 2021 the economic inactivity rate is slightly higher than at the start of the Covid-19 pandemic. It is likely that various factors are at play here, including increases in economically inactive students.
- The overall picture would have been worse without furlough. What will happen when furlough ends is unclear. Nevertheless, it is clear that the challenges ahead are pronounced for young people. In general, those young people with higher qualifications fare better than those in skills poverty. Graduates facing difficulties in finding work can 'bump down' in the labour market, so exacerbating problems for those who are least qualified and who already face the biggest obstacles in securing good quality work. Young people will increasingly bear the brunt of the unemployment crisis.
- The proportion of people claiming unemployment-related benefits rose three times faster in areas with higher pre-pandemic claimant rates than in areas with the lowest rates pre-pandemic rates. This highlights a continuing role for place-based employment support programmes, such as Connecting Communities, to help people facing a range of challenges to work in local areas of persistent disadvantage.
- Further analysis by City-REDI and The Work Foundation looks at the future of employment, and this is likely to depend on the success of Government efforts to contain and manage the spread of the virus and new variants that might emerge over upcoming months. Other longer-term trends will also continue to shape the labour market, creating new challenges as well as opportunities. Brexit, automation, the shift to a net-zero carbon economy, an ageing population, the digitisation of services etc. will all shape the kinds, number and location of jobs into the future. Some sectors are likely to be harder hit by automation than others and job growth could become more geographically concentrated over the next ten years.
- Just focusing on creating more jobs will not be enough. Unless concerns regarding the quality and type of employment are addressed, insecure employment is likely to rise further. The number of insecure, low-paid jobs increased following the financial crisis and there is evidence a similar trend is occurring again

Covid Impacts

- The latest ICAEW national Business Confidence monitor has found that Business Confidence has reached record levels, as the success of the UK vaccine programme and declining infection rates increase hopes that large parts of the economy will reopen later this year.
- However, whilst the economy is beginning to improve and we are seeing greater numbers of people returning to work after lockdowns, there is still a significant proportion of the workforce which is still furloughed as of March 2021 13% of the economically active population was still furloughed.
- MakeUK research highlights that £1,039 million in apprenticeship levy funds have expired in the 9 months from May 2020 without being spent by businesses. These expired funds - which cannot now be used - are up 22% on last year from £847 million. Targeted approach with flexibility of spending needed to create and support high value apprenticeships in high growth sectors like manufacturing
- MakeUK research highlights that half of manufacturers have been victim of cyber-crime in the last year. 63% faced losses of up to £5,000 with almost a quarter (22%) revealing a cost to their business of between £5,000 and £25,000. 50% of businesses say cyber security has become a higher priority since the start of the pandemic. Half of Britain's manufacturers have been the victim of cyber-crime during the last 12 months, after thousands of organisations moved their staff to remote working when the Covid crisis struck

This is the final week we are asking all readers to participate in a survey. Please follow the link to the survey here, it should only take 5 minutes. West Midlands Monitor Survey

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Global, National and Regional Outlook

Alice Pugh, WMREDI; Rebecca Riley WMCA/WMREDI

Global

According to the UN World Economic Situation and Prospects (WESP) mid-2021 report, following a sharp contraction of 3.6 per cent in 2020, the global economy is now projected to expand by 5.4 per cent in 2021, reflecting an upward revision from the UN forecasts released in January. Amid rapid vaccinations and continued fiscal and monetary support measures, China and the United States – the two largest economies – are on the path to recovery. In contrast, the growth outlook in several countries in South Asia, sub-Saharan Africa, and Latin America and the Caribbean remains fragile and uncertain. For many countries, economic output is only projected to return to pre-pandemic levels in 2022 or 2023. Some lower income countries have made less progress with vaccination programmes, which threatens the broad-based recovery of the world economy.

The UN reports that global merchandise trade has already surpassed pre-pandemic levels, buoyed by strong demand for electrical and electronic equipment, personal protective equipment, and other manufactured goods. Manufacturing-dependent economies have fared better, both during the crisis and the recovery period, but a quick rebound looks unlikely for tourism- and commodity-dependent economies. Trade in services, in particular tourism, will remain depressed amid slow lifting of restrictions on international travel and fear of new waves of infection in many developing countries.

Women have been at the forefront of the fight against the pandemic. They have also been hit the hardest in a number of ways, including bearing the brunt of unpaid domestic and care work. They remain underrepresented in pandemic-related decision-making and in economic policy responses to the crisis. The pandemic has reduced labour force participation by 2 per cent worldwide, compared to only 0.2 per cent during the global financial crisis of 2007-2008. More women than men were forced to leave the work force altogether, further widening gender gaps in employment and wages. Women-owned businesses have also fared disproportionately badly.

The International Monetary Fund Fiscal Monitor has highlighted the importance of scaling up the global vaccination effort as it will save lives and eventually pay for itself with stronger employment and economic activity. Until the pandemic is brought under control globally, fiscal policies must remain flexible and supportive, while keeping debt at a manageable level over the long term. Governments also need to adopt comprehensive policies, embedded in medium-term frameworks, to tackle inequalities—especially in access to basic public services—that were exacerbated by the COVID-19 pandemic and may cause income gaps to persist. Investing in education, healthcare, and early childhood development and strengthening social safety nets financed through improved tax capacity and higher progressivity, can strengthen lifetime opportunities, improve trust, and contribute to more social cohesion.

The Global Economic Monitor by the PHD Research Bureau: PHD Chamber of Commerce and Industry updated in May found that, the worst may be over for various countries, but the threat posed by recurrence COVID-19 outbreak still presents a downside risk to the growth rate of a few countries. The recovery paths of economies across the regions will diverge, with those able to contain the virus and its variants set for robust growth, and those less equipped to control the disease having to face prolonged weakness.

The economic health of manufacturing sector, as implied by manufacturing PMI, showed an increasing trend in major economies in April 2021. The IHS Markit US Manufacturing PMI was revised slightly lower to 60.5 in April of 2021; still, the reading indicated a robust improvement in the health of the US manufacturing sector, and the steepest since data collection began in May 2007. Eurozone Manufacturing PMI stood at 62.9 in April 2021, signalling the fastest pace of expansion in the manufacturing sector since data collection began in June 1997. Core inflation in most of the major economies recorded an increasing trend in April 2021 as compared to the previous month. The inflation in United States, Germany, Italy, Japan, China and South Africa edged up to 4.2%, 2%, 1.1%, (-)0.2%, 0.9%

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and 4.4% in April 2021 as compared to the previous month. Inflation eased in India to 4.3% in April 2021 as compared to 5.5% in the previous month. Trade balance in major economies in the global ecosystem recorded a mixed trend. The trade surplus of China, Russia and Brazil increased; UK's trade deficit increased; whereas, US and India's trade deficit widened; and Canada's trade gap increased. As countries face a health crisis, climate change threats, and an unfolding education crisis, policy measures need to be prioritised; and the composition and quality of policy measures and reforms will reshape the future and will matter even more than in the past.

National

ONS released the latest GVA this week (for 2018-2019). The UK average was 3.5% GVA growth. WMCA GVA grew by 1.99% to £106.7bn in 2019, which is lower than expected for that year by many forecasters (Oxford Economics had forecast £110.8bn and are currently revising their forecasts). The Black Country grew by 1.29% to £22.3bn (2nd lowest growth of all LEPs). Coventry and Warwickshire saw growth of 1.24% to £29.7bn (lowest growth of all LEPs) and Greater Birmingham and Solihull grew by 2.69% to £54.7bn.

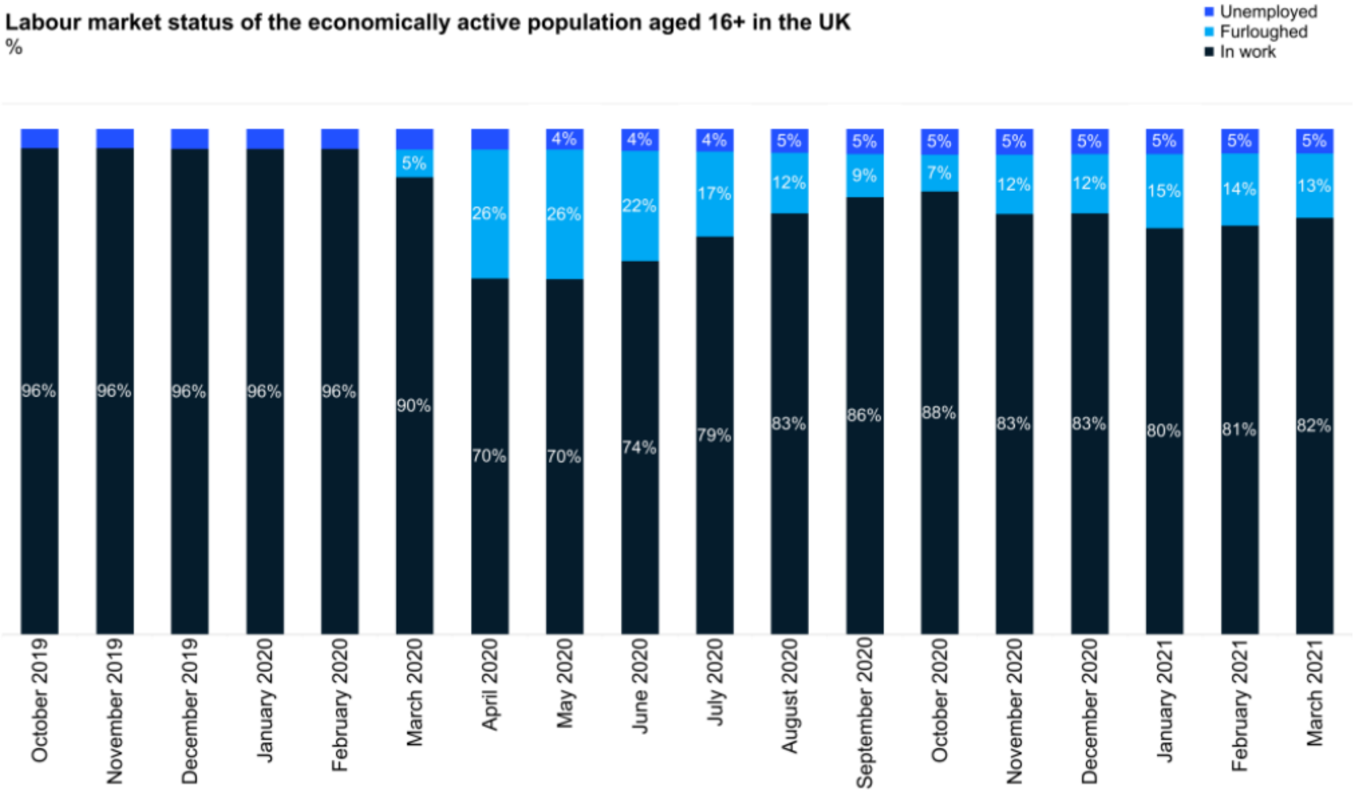
London and the South East were the highest performing regions (4.4% and 4%), but the West Midlands had the slowest growth of all at 2.3%, and the WMCA lagged behind northern Combined Authorities like GMCA (3.6%), Sheffield (3.5%) and West Yorkshire (3.4%). n terms of Local Authorities Dudley: saw 1.9% growth; Sandwell: -0.01%; Walsall: 1.1%; Wolverhampton: 2.5%; Birmingham: 2.7%; Solihull: 3.4%; Coventry: 0.6% and Warwickshire: 1.5%.

Longer term trends in the last few years is less poor: the region is on just below average for growth in last 3 years. An initial review of sectors suggests IT, logistics, education, hospitality and aspects of construction & some lower value service sectors are doing well. Financial services, architecture/engineering, social work and manufacturing have all fallen. A more detailed analysis will appear in the next monitor, but initial reflections could point to the ongoing EU Exit conditions in 2019 affecting the trade, investment, in manufacturing and automotive sector.

The latest ICAEW national Business Confidence monitor has found that Business Confidence has reached record levels, as the success of the UK vaccine programme and declining infection rates increase hopes that large parts of the economy will reopen later this year. The key points that were highlighted in this quarter's monitor were:

1. Confidence is at its highest level on record, reflecting the success of the vaccine roll-out and the sharp decline in infection rates.
2. Many sources of uncertainty remain, including the possibility that the much hoped-for consumer recovery will disappoint, and the existence of both economic and health risks emerging from other parts of the world.
3. Companies nevertheless expect their domestic sales to grow strongly over the next 12 months, and their export sales to also rise. They expect profits to increase, in line with domestic sales, and they plan to take on more staff.
4. Transport problems are a widespread growing concern, especially for those companies that export. Shortages of road and air-freight capacity, Brexit disruptions and the temporary closure of the Suez Canal are all likely factors.
5. Regulatory requirements are also a large concern, with both Brexit and COVID-19 restrictions contributing at least slightly to the growth in challenges facing businesses.

However, whilst the economy is beginning to improve and we are seeing greater numbers of people returning to work after lockdowns, there is still a significant proportion of the workforce which is still furloughed. The graph below shows that as of March 2021 13% of the economically active population was still furloughed.



The issue being that nobody knows exactly what will happen to these furloughed workers when the scheme ends. It could be that these are employees in industries that have not fully yet reopened but should by the end of the furlough scheme or it could be that employers have been able to streamline processes in their business model as lockdown caused them to digitise production more or made them aware of unnecessary positions within their organisation. It is likely that at least some of these staff furloughed will be made redundant. However, if they have the right skills and are in the right place geographically they may be able to find a new job in the increasing number of job vacancies.

In a report this week by The Progressive Policy Think Tank (IPPR) found that the poverty rate among working households in the UK was at its highest rate since 1996. There had been an increase in relatively poverty in working households from 13% in 1996 to 17.4% in March 2020. Due to a combination of low wage rises and spiralling costs of living, such as soaring property prices, private sector rent hikes and crippling child care costs. With concern working families were increasingly forced to adopt unhealthy lifestyles and seek high cost credit to pay debts, the report said four factors lay behind the growth in poverty:

- Spiralling housing costs among low-income households.
- Low wages and modest pay rises.
- A social security system that has failed to keep up with rental costs.
- A lack of flexible and affordable childcare.

Families unable to afford to buy a home and forced to rent due the soaring house prices, who are forced to rent from private landlords are among the worst affected, following reforms to the benefits system that rewards private landlords. However, this is not cheap either as housing costs for private tenants have increased by almost 50% above the general rate of inflation over the last 25 years. Housing costs are 39 per cent higher for poor households than in 1996/97 in real terms, compared to just a 19 per cent increase of the median amongst all households over the same period. With one in four households projected to be living in the private rented sector by 2025, and average housing costs being highest in this sector, further increases in working poverty rates are all but guaranteed unless action is taken.

The largest increases in poverty were seen in London and Wales. Working poverty rates among families with three or more children were the worst of any family group, up more than two-thirds over the past decade to reach 42%, though single parents and couples with a single earner also suffered sharply declining disposable incomes. However, as childcare costs are excluded from the official figures provided by the government, it is likely the situation is actually worse than it appears and there are far more working families in poverty.

The CBI reported this week that the UK Manufacturing output grew at the fastest rate since December 2018 – the first material growth reported in almost two years – according to the CBI's latest monthly Industrial Trends Survey. The survey of 272 manufacturers found that output increased in 12 of 17 sub-sectors, with growth driven by chemicals, electronic engineering, and metal products. Looking ahead, manufacturers anticipate output to accelerate further in the next three months. Total order books also improved to their strongest since December 2017, and were reported to be "above normal" for the first time since February 2019. Export order books were broadly unchanged from April, but this nonetheless represented the strongest outturn since February 2020. Manufacturers also reported the weakest stock adequacy since July 2017. Meanwhile, price growth is expected to pick up rapidly in the coming quarter, with expectations at their strongest since January 2018.

Regional

More civil service jobs are coming to Birmingham after the Department for Business, Energy and Industrial Strategy (BEIS) announced it was creating 175 roles in the city. They come on top of 150 BEIS positions already based in Birmingham, bringing the total to 325. It is part of the government's scheme to make civil service jobs less London centric. This follows the move of other government departments to the area, such as the Department for Transport (DfT) and the news that the Ministry for Housing, Communities and Local Government (MHCLG) is also set to open up an office in Wolverhampton. As well creating jobs, the moves are designed to ensure decision-makers are not as concentrated in London. The Government today announced that almost 3,000 civil service jobs in total will be created outside London and the South-East by 2025, as part of what it calls the Places for Growth scheme.

However, some jobs are set to be lost in Birmingham as an automotive factory is set to close with the loss of more than 500 jobs after its owners rejected plans put forward by staff and management. GKN Automotive in Chester Road will shut in 2022 with the loss of 519 roles after an alternative plan by a team of union officers, senior management at the plant, proposed earlier this month was turned down. The Erdington site makes driveline systems and is one of the UK's oldest engineering firms; however other sites in the region are to remain unaffected. BirminghamLive reported that since 2018, GKN has been owned by venture capitalists, Melrose, which says it 'improves the businesses by a mixture of investment and changed management focus, sells them and returns the proceeds to shareholders'. But work union Unite said, the buy out was 'highly controversial' and in response to fears GKN was going to be 'asset stripped' said Melrose promised shareholders and investors that it would establish a 'UK manufacturing powerhouse'.

Following the collapse of lender Greensill, Liberty Steel is restructuring and will sell seven UK plants employing 1,500 people. They include Liberty Steel's largest UK site, its aerospace and special alloys business at Stocksbridge, near Sheffield, where 762 currently work. However, parent company GFG Alliance has begun sale processes for Liberty Aluminium Technologies, and Liberty Pressing Solutions, which together employ 475 people - in Coventry, Kidderminster and Witham, in Essex. Although, whilst Liberty Steel may have failed in its promise to not sell any plants, they will protect they thousands of UK jobs in its core 'green steel' business which involves recycling scrap metal in a process powered by renewable energy.

It was announced by RSM this week that the number of new tech companies being set-up in the UK had risen 13%. In total, there has been 14,301 tech businesses incorporated in 2020 according to data held by Companies House, a 13 per cent increase compared with 12,696 in 2019. London recorded the highest number of annual incorporations at 7,480. This was followed by the South East at 1,520, and the North West recording 888 new tech firms. However, the

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biggest regional percentage increase was 40% recorded in the West Midlands as tech start-ups increased from 585 to 821, followed by London at 24%; Scotland at 12%; Northern Ireland at 10% and the North East at 7% East Midlands at 3%; and the East of England seeing a 2% increase. Building on the West Midlands growing and strong technology hubs in the region.

As children return to school across the region there has been a sharp rise in demand for family homes, according to Zoopla. The pandemic-led search for space means demand has also spiked for four and five-bed homes in some areas, with Sandwell and Dudley seeing notable rises. Other areas such as, Wolverhampton and Walsall are also enjoying a rise in demand for family homes, up more than 10 per cent since March in both areas. The increase in demand was further amplified by the announcement of the extension of the stamp duty holiday to the end of September and the rapid progress of the vaccine roll-out. In the last 8 weeks demand on 2/3 bedroomed houses has risen 40% in Sandwell, with an average price £179,000. In Dudley demand for these houses rose 18%, with an average price of £199,000. With Dudley also seeing a 57% rise in demand for 4/5-bedroom houses since March, with house prices averaging £324,000. Wolverhampton has seen a 16 per cent increase in popularity of two and three-bedroom homes since March, which have a current average asking price of £163,000. Zoopla's House Price Index last month revealed that the average house price in the West Midlands is now £193,500, with prices rising by 4.3 per cent in the last 12 months. The data also showed prices in the West Midlands have increased cumulatively by 23.3 per cent in the past five years.

Industry calls for targeted sectoral approach on Apprenticeship funding to support high value, high growth manufacturing jobs

MakeUK Make UK members can access the report [here]

Record level of levy funds expired last year against backdrop of skills shortages and missed levelling up opportunities for a struggling generation

- **£1,039 million in levy funds have expired in the 9 months from May 2020 without being spent by businesses**
- **These expired funds - which cannot now be used - are up 22% on last year from £847 million**
- **Targeted approach with flexibility of spending needed to create and support high value apprenticeships in high growth sectors like manufacturing**
- **Immediately allow 20% of levy funds to be spent on wages to help employers retain apprentices in the sector as they recover post pandemic**
- **Allow £500 to be used now to support catch up learning and pre-apprenticeship support for young people**
- **In the next 12-18 months, extend the lifetime of the funds from 24-36 months for a period of one year to help in post Covid recovery**
- **To boost apprentice recruitment, allow 20% of levy funds to be spent on capital costs**
- **By end of 2022 launch full review of apprenticeship programme and its future**

Britain's manufacturers are calling today on Government to adopt a sectoral rethink on how levy money can be spent to boost essential skills in high growth industries like manufacturing and engineering. The manufacturing sector is ideally placed to help deliver the Prime Minister's promise of more good jobs in those left-behind areas of the country, with average wages 13% higher than the rest of the economy and 2.7 million jobs already countrywide with a £191 billion contribution to national output. In spite of the pandemic, 47% of manufacturers still managed to recruit an engineering or manufacturing apprentice in the last 12 months, with 57% saying they plan to do so in the next year. And some 32% say they will recruit an apprentice over other parts of their business, up from 20% last year.

However, the latest figures show that £1,039 million of levy funds expired unused in the nine months from May 2020, wasting cash which could have been spent providing vital training as the country comes out of the Covid crisis and looks to replace millions of job casualties. Going forward, to get the most out of recognised high growth sectors, it is vital this this money can be unlocked to train apprentices across all ages in the essential skills needed by industry to create well paid jobs across the whole of the UK.

Make UK, backed by the National Manufacturing Skills Taskforce, today unveils a new strategy with a series of targeted interventions which will help retain as well as recruit apprentices in the next 18 months. The introduction of the Apprenticeship levy four years ago was meant to create a central cash pot so more people could be trained from scratch or upskilled. But with an average four year engineering apprenticeship costing a business £40,000 to deliver and just £27,000 of that cost claimable from levy funds, the system leaves businesses struggling to pay to train an apprentice and money so is being left unspent.

Releasing up to 20% of levy funds immediately to help support wage costs is the first critical ask to boost apprenticeship numbers alongside the ability to use £500 from the levy pot to fund catch-up learning or pre-apprenticeship training.

To increase recruitment in the next 12-18 months, manufacturers have also asked for a temporary extension to the lifetime of levy funds from 24-36 months, and 20% of Levy funds to be spent on capital costs to allow companies time to take on more apprentices as economic conditions and demand picks up. And finally, a full-scale review of the levy down to core principles and application should be undertaken by the end of 2022..

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Half of Britain's manufacturers have been the victim of cyber-attacks in last 12 months

MakeUK The full report can be found here.

But cost is still the biggest barrier to putting in place proper protection measures

- **Half of manufacturers have been victim of cyber-crime in the last year**
- **63% faced losses of up to £5,000 with almost a quarter (22%) revealing a cost to their business of between £5,000 and £25,000**
- **50% of businesses say cyber security has become a higher priority since the start of the pandemic**
- **61% of companies now have a board director responsible for cyber security**
- **(43%) of manufacturers have been asked by a customer or supplier to demonstrate or guarantee the robustness of their cyber-security while one in five have themselves asked customers or suppliers to demonstrate the robustness against cyber attack**
- **More than half of manufacturers (59%) cited cost as the biggest barrier to becoming more cyber secure**
- **62% of UK automotive suffered a cyber-attack in the last year, with its lucrative IP making it an attractive target**

May 4 2021. Half of Britain's manufacturers have been the victim of cyber-crime during the last 12 months, after thousands of organisations moved their staff to remote working when the Covid crisis struck. Cyber criminals have been exploiting the emergency working measures mounting attacks which have come at a massive cost to businesses, with a quarter of companies reporting losses of up to £25,000 for each cyber breach and 6% left coming to terms with losing £100,000 plus after an attack.

Our new report, *Cyber Resilience – The Last Line of Defence*, shows that the pandemic catapulted cyber security to the forefront of boardroom agendas. Almost overnight companies that were forced to switch to remote production, remote monitoring of equipment with staff working from home on hastily supplied laptops, realised just how much their vulnerability had increased. Some 50% of manufacturers said that cyber security has become a higher priority since the start of the Covid outbreak, and 61% of companies revealed that they now have a designated board director responsible for cyber protection across the whole of their business.

Cyber threat is increasingly a business-critical issue, with 43% of manufacturers reporting that they have already been asked by a customer to demonstrate or guarantee the robustness of their cyber processes, while one in five have themselves asked customers or suppliers to show that they are cyber resilient and have effective measures in place to counter against any attack.

Some 52% of those polled said they have taken out insurance to cover any losses from cyber incidents, while 87% of companies believe they have the right tools and technologies in place to deal with any cyber incursion. A further 91% told us that they have the correct knowledge now in place to assess their cyber risk.

However, despite significant improvements in cyber awareness over the last two years since our last survey with a reduction in attacks by 10% across the sector, there is however still work to be done. Some 44% of manufacturers still do not offer cyber security training to their staff, and 47% of companies do not even have a formal plan or process agreed in case of an attack. While 66% of manufacturers report that cyber security does not have a regular slot on their board's monthly agenda in spite of the heightened risk from remote working.

Business Confidence Monitor: Q2 2021 – RELEASED 20 MAY 2021

ICAEW

EXECUTIVE SUMMARY

- **UK business confidence:** Business confidence has reached record levels, as the success of the UK vaccine programme and declining infection rates increase hopes that large parts of the economy will reopen later this year. Confidence stands at +38.5 (+10 in Q1 2021). Full UK details are here.

- **East Midlands business confidence:** The East Midlands endured some of the biggest contractions in domestic sales (2.2% drop) and exports (2.1% drop) within the UK over the last year, but business confidence stands at +38.6 (+9.1 in Q1 2021). Full East Midlands details are here.

- **West Midlands business confidence:** Following an extremely painful year for businesses in the West Midlands where domestic sales (3.5% drop) and exports (2.5% drop) fell at faster rates than anywhere else in the UK, confidence is at its highest ever level with an index of +52.1 (+6.3 in Q1 2021). Full West Midlands details are here.

ICAEW Midlands' accompanying panel webinar 'The business of entrepreneurialism' is open to all at no charge – 08:30-09:30 on Wednesday June 9th. Our speaker panel features entrepreneurs, investors and business support specialists. Registration is possible through LinkedIn at this link, or please email your registration to midlands@icaew.com. You are welcome to share the event with your own networks through email, LinkedIn or website content – it is open to local businesses as well as ICAEW members and trainees.

NatWest Purchasing Manager Index (PMI) Survey, Released May 2021: West Midlands Region[1]

BCCEIU

The following seasonally adjusted indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease.

In Summary:

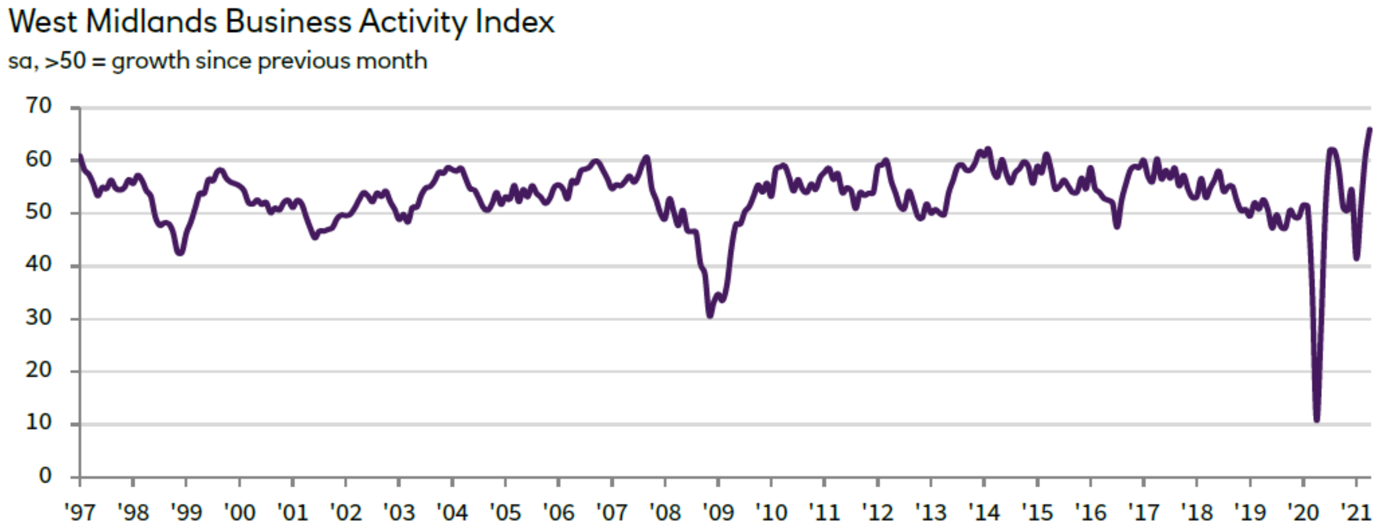
- The West Midlands Business Activity Index increased from 60.7 in March 2021 to 65.9 in April 2021, which is the sharpest increase of business activity since records began in January 1997. The latest growth reported was associated to the ongoing easing of COVID-19 restrictions, boosting the demand for goods and services.
- The overall UK Business Activity Index increased from 56.4 in March 2021 to 60.7 in April 2021.
- Out of the twelve UK regions, the West Midlands region was the highest for the Business Activity Index in April 2021.
- The West Midlands Future Activity Index increased from 80.2 in March 2021 to 80.8 in April 2021 – reaching the highest level since records began in mid-2012. The positive expectations for the upcoming twelve months are linked to the ongoing easing of COVID-19 restrictions, new work in the pipeline and diversification.

In Detail:

Business Activity Index

The West Midlands Business Activity Index increased from 60.7 in March 2021 to 65.9 in April 2021, which is the sharpest increase of business activity since records began in January 1997. The latest growth reported was associated to the ongoing easing of COVID-19 restrictions boosting the demand for goods and services.

The following graph show the West Midlands Business Activity Index trends up to April 2021:

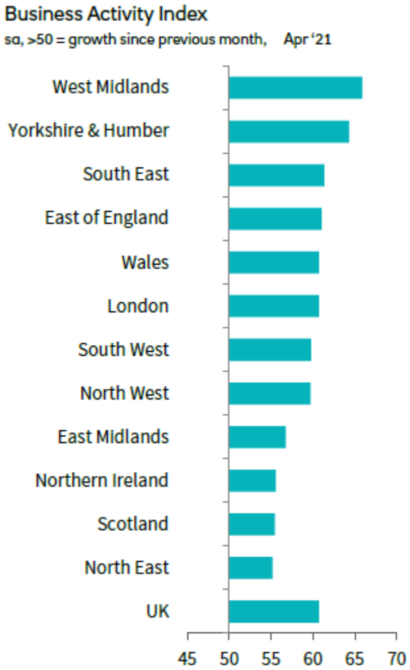


Source: IHS Market/NatWest, May 2021

Out of the twelve UK regions, the West Midlands region was the highest for the Business Activity Index in April, with the Yorkshire and The Humber second highest at 64.3 down to the North East the lowest at 55.2.

[1] Source: IHS Markit/NatWest West Midlands PMI, May 2021

The following chart shows the Business Activity Index across all UK regions in April 2021:



Source: IHS Market/NatWest, May 2021

Demand

The New Business Index increased for the second consecutive month. The latest data shows the New Business Index increased from 60.6 in March 2021 to 67.2 in April 2021, this the sharpest rate of expansion since records began in January 1997. The upturn in the New Business Index was associated to the ongoing easing of COVID-19 restrictions, increased client activity and strengthening demand. Sales growth in the West Midlands was the strongest of the 12 UK regions.

Exports[2]

The West Midlands Export Climate Index increased from 55.8 in March 2021 to 57.3 in April 2021; this shows the most favourable export conditions in eleven years.

The Export Climate Index increased due to stronger expansions in three of the top five destinations also with growth returning to France and for Germany there was a sold upturn but softer than March 2021. **The following table shows the top export markets for the West Midlands in April 2021:**

Rank	Market	Weight	Output Index, Apr'21
1	USA	21.2%	63.5
2	Germany	11.1%	55.8
3	China	8.7%	54.7
4	Ireland	6.2%	58.1
5	France	6.1%	51.6

Source: IHS Market/NatWest, May 2021

Business Capacity

The West Midlands Employment Index increased from 52.9 in March 2021 to 55.9 in April 2021. This rate of expansion was the quickest since September 2017, as firms that took on extra staff reported there was greater output requirements from the pick-up in demand.

The West Midlands Outstanding Business Index increased from 55.5 in March 2021 to 59.7 in April 2021. Firms registered a second consecutive monthly increase in unfinished business during April, but the rate of accumulation accelerated to the strongest since the series started in November 1999. Around one-third of survey participants signalled higher backlogs, citing capacity constraints due to a rebound in new orders. By comparison, 11% of firms noted a reduction.

[2] The West Midlands Export Climate Index is calculated by weighting together national PMI output data according to their importance to the manufacturing exports of the West Midlands. This produces an indicator for the economic health of the region's export markets.

Prices

The West Midlands Input Prices Index increased from 69.9 in March 2021 to 72.3 in April 2021 - this rate of inflation quickened to the fastest in ten years. Nearly 61% of panellists reported higher input prices, while the remaining companies indicated no change since March 2021.

The West Midlands Prices Charged Index increased from 57.7 in March 2021 to 58.1 in April 2021, reflecting an output price increase sharper than at any other time in nearly three-and-a-half years.

Outlook

The West Midlands Future Activity Index increased from 80.2 in March 2021 to 80.8 in April 2021 – reaching the highest level since records began in mid-2012. The positive expectations for the upcoming twelve months are linked to the ongoing easing of COVID-19 restrictions, new work in the pipeline and diversification.

Out of the twelve UK regions, the West Midlands was the fourth highest for the Future Business Activity Index in April 2021, with Yorkshire and The Humber the highest at 86.3 and Northern Ireland the lowest at 61.0.

The following chart shows the Future Activity Index across all UK regions in April 2021:

Source: IHS Market/NatWest, May 2021

UK Prosperity Index 2021

Professor Matthew Goodwin, Legatum Institute

A tool for transformation to help ‘level-up’ the country. The full report can be found here.
The Centre for UK Prosperity was launched in October 2020 with the goal of unlocking prosperity across all regions and communities in the UK. They highlight that genuine prosperity is about far more than building a strong economy or supporting individual wealth. True prosperity is only possible when all citizens, neighbourhoods, and communities are able to reach their full potential across broad aspects such as education, entrepreneurial activity, and community life. While they support the Government’s focus on ‘levelling-up’ regions that have historically been left behind, they believe that we need to do more than just level-up regions to the status-quo. The UK stands at a ‘reset moment’, with more autonomy, flexibility, and control over its own destiny than at any other point for half a century. They highlight that we need to embrace this moment with both hands and use the advantages that it brings to support as many of our regions and local communities as possible into the ‘fast lane’ toward greater and long-lasting prosperity. They have therefore developed a UK Prosperity Index. It includes detailed data on levels of institutional, economic, and social wellbeing across the 379 boroughs, council areas, local government districts, and unitary and local authorities that encompass the four nations of the UK. The Index is specifically designed to be a transformational tool that allows citizens, local authorities, regions, and government to sharpen their understanding of what is working, track their progress over time, and hold leaders to account.

Key findings

- The UK is one of the most prosperous nations in the world, ranked 13th in the Legatum Prosperity Index™. Its prosperity increased during the first half of the 2010s but since then has been stagnating. This underlines the need for a much closer assessment of prosperity in the UK if the country is to make the most out of its reset moment.
- Despite fears of economic stagnation, the UK Prosperity Index shows that the country continues to build an open and strong economy that benefits from one of the strongest education systems in the world, an increasingly strong natural environment, and improving infrastructure. The Index confirms that many of the UK’s ‘economic fundamentals’ are strong or improving.
- However, we also find that overall prosperity is currently being undermined by a deterioration in things that lie outside of the traditional focus on GDP, infrastructure, and transport, including: the safety and security of communities; people’s physical and mental health; conditions for local enterprise such as labour market flexibility; key aspects of social capital; and, to a lesser extent, the effectiveness of local governance. Much of this is missed in a levelling-up debate that focuses narrowly on ‘bridges and trains’.
- Drilling down into the regional and local drivers of prosperity also reveals why the conversation about levelling-up the UK is too simplistic. Crude distinctions between ‘north and south’ or ‘cities and small towns’ gloss over the considerable variation that exists both between and within regions and fails to highlight the success stories where we see considerable increases in prosperity.

Regional Rankings

Region	Prosperity	Safety & Security	Personal Freedom	Governance	Social Capital	Investment Environment	Enterprise Conditions	Infrastructure	Economic Quality	Living Conditions	Health	Education	Natural Environment
South East	1	4	5	1	2	2	6	7	5	1	1	4	5
South West	2	1	3	3	3	3	9	15	9	4	4	7	4
East of England	3	9	4	2	1	5	13	5	3	2	3	11	10
London	4	15	9	8	12	1	4	2	1	13	2	1	14
East Midlands	5	7	11	5	5	4	5	11	11	3	6	12	12
West Midlands non-metro	6	6	6	4	8	8	3	10	7	8	10	9	11
North West non-metro	7	5	13	6	7	11	7	9	2	5	13	6	7
North East	8	10	10	10	15	6	2	6	12	9	11	3	3
Wales	9	2	1	7	11	12	12	14	15	15	8	5	6
Northern Ireland	10	8	7	15	4	9	15	13	14	12	7	2	2
Scotland	11	3	2	13	9	15	11	12	13	7	5	15	1
Merseyside	12	11	8	12	13	10	14	3	6	6	15	14	8
Yorkshire and The Humber	13	12	12	9	6	13	8	8	10	11	9	10	13
West Midlands metropolitan	14	13	15	11	14	7	1	1	8	14	14	13	15
Greater Manchester	15	14	14	14	10	14	10	4	4	10	12	8	9

A THIRD OF SMALL BUSINESSES STILL UNAWARE OF BOUNCE BACK LOAN REPAYMENT OPTIONS

Gregor Law, Lloyd's Bank

- **First Bounce Back Loan repayments due to start in June for many borrowers**
- **Around a third of businesses plan to make the standard repayments**
- **Just 5% intend to take the full six-month repayment holiday available**

A year on from the launch of the Bounce Back Loan Scheme (BBLS), almost one in three (29%) small and medium-sized businesses who took out a loan are not aware of the Pay As You Grow (PAYG) options which provide more time and flexibility to make repayments, according to research by Lloyds Bank. Through the government's PAYG scheme, borrowers can request an extension of their loan term to 10 years from the standard six years, reduce their monthly repayments for six months by paying interest only, or take a full repayment holiday for up to six months. All lenders are writing to their customers at least three times before repayments are due to start to remind them and explain the options available.

With repayments due to start in early June for many borrowers, the research – carried out in partnership with YouGov – found that a third (34%) of businesses are already fully aware of the options available, while another 37% are only somewhat aware. Around half of businesses (48%) say their bank has been the main source of information about how to repay their loan – either through letters and emails, phone calls or its website – while more than one in 10 (13%) say they haven't yet looked for any information about making the loan repayments.

Repayment intentions
More than a third (35%) of small businesses intend to make the standard monthly repayments as set out in their original loan agreement. Perhaps surprisingly, 16% of borrowers say they plan to pay back their BBL in full, before repayments are due to start. In terms of the Pay As You Grow scheme, 13% of businesses are planning to extend the loan term to 10 years, making this the most popular PAYG option, while just 5% of businesses plan to make use of a full six-month repayment holiday.

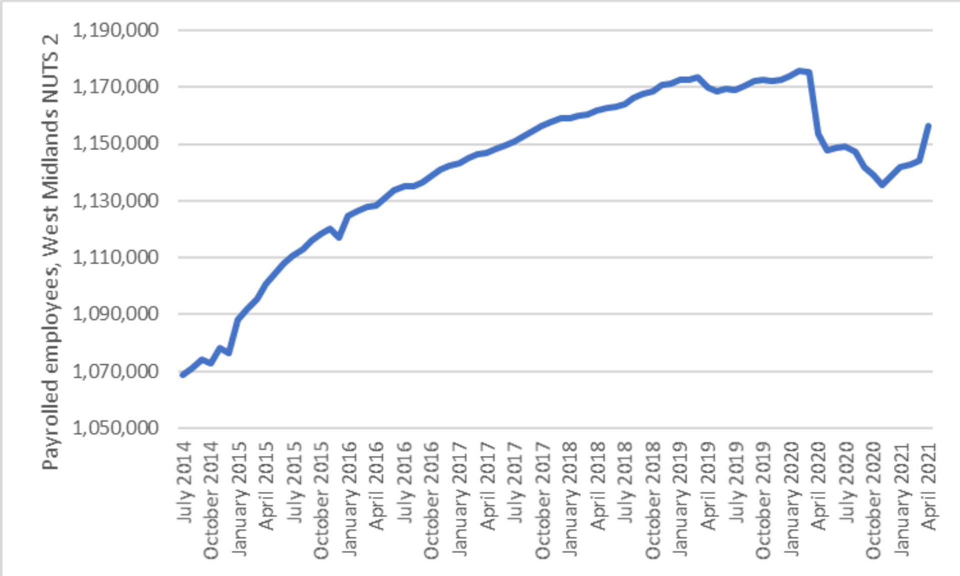
Usage of loan funds
The research also shows that almost half (48%) of businesses still have the majority of their BBL funds unspent, including around a quarter (23%) who are still holding on to the full amount. Just 26% of businesses say they have spent all the money they borrowed. More than a third of businesses (34%) say they would definitely not have survived the impact of the pandemic without the Bounce Back Loan, while a further 12% are unsure.

More information is available on the websites:
Pay As You Grow | Business | Lloyds Bank or **Pay As You Grow | Business Banking | Bank of Scotland**
[Early data shows that extending the term of the loan from six to 10 years is by far the most popular choice for those Lloyds Bank business customers who have already selected a Pay As You Grow option.]

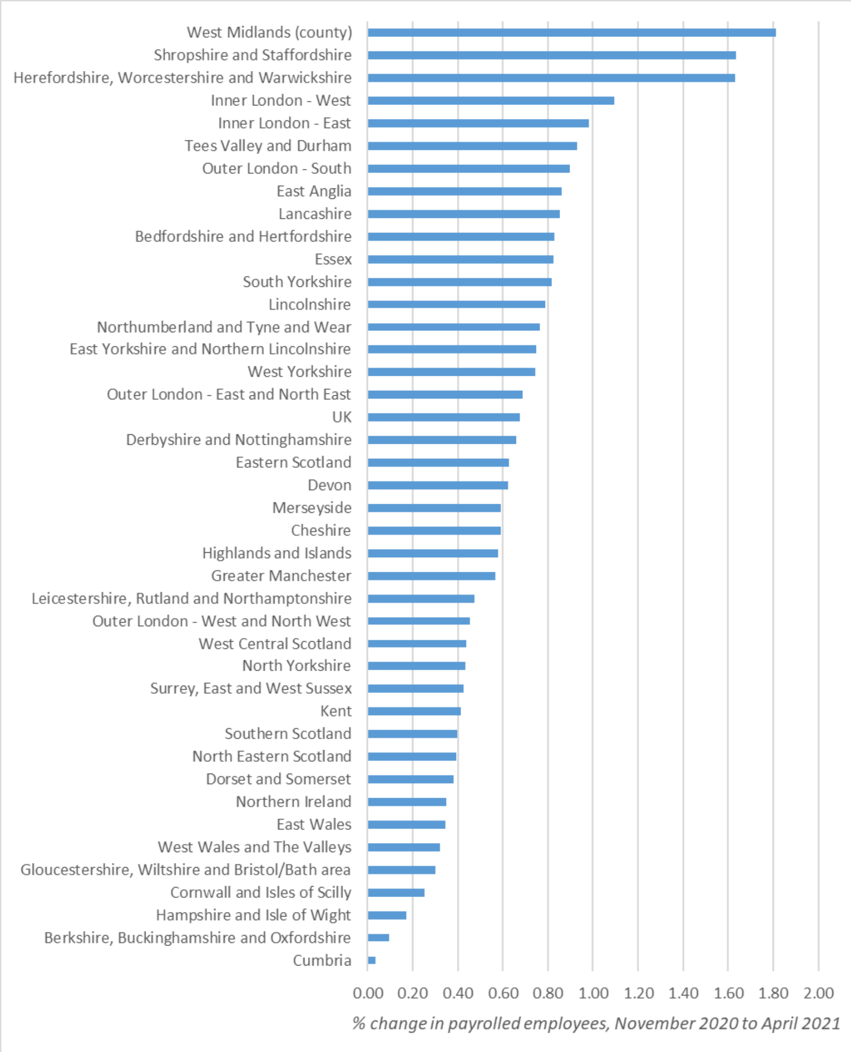
Economic Recovery and Labour Market Challenges Ahead

Anne Green, WMREDI

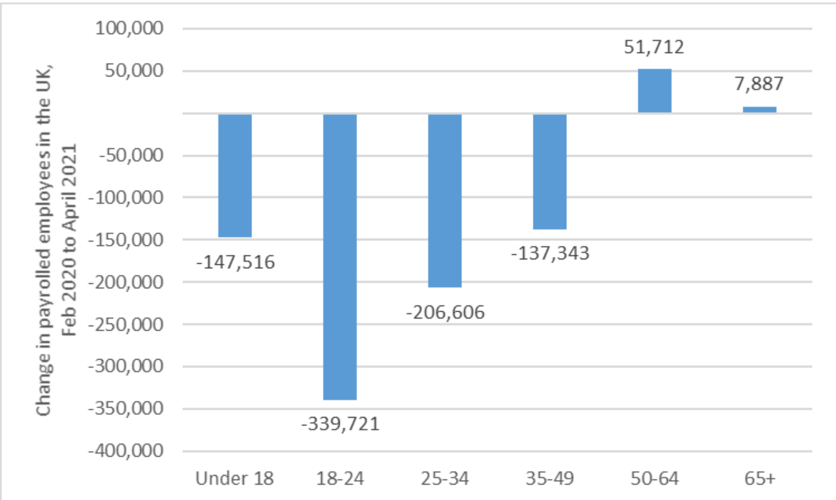
There are **clear signs of recovery in the regional economy**. Using HMRC Pay As You Earn data for the West Midlands NUTS 2 region (i.e. the seven metropolitan districts), the chart below shows a steady and sustained rise in payrolled employees from 2015 until the start of 2019. The reduction of 21.5 thousand employees between March and April 2020 is apparent, as is the marked increase (of over 12 thousand employees) in the month from March to April 2021. **By April 2021 the number of payrolled employees had recovered to slightly exceed the level of April 2020**.



The **increase in payrolled employees since November 2020 has been more marked in the West Midlands than elsewhere**. The chart below shows the percentage change in payrolled employees between November 2020 (a low point in the recent series) and April 2021. The West Midlands (1.81%), followed by Shropshire and Staffordshire (1.63%) and then Herefordshire, Worcestershire and Warwickshire (1.63%), stand out as having a considerably greater increases than the NUTS 2 areas coming next in the rankings - Inner London West (1.10%) and Inner London East (0.98%) – and the UK average (0.68%).



Further disaggregations of this data source are not available at the NUTS 2 regional scale. However, a breakdown of the data at the UK level by age group shows marked variations in experience. The chart below shows change in payrolled employees in the UK over the period from February 2020 (i.e. immediately before the first lockdown) to April 2021. The severity of the loss of payrolled employment for young people is clear: **there were nearly 340 thousand fewer payrolled employees aged 18-24 years in April 2021 than in February 2020, accounting for 44% of the total loss across all age groups over this period**.

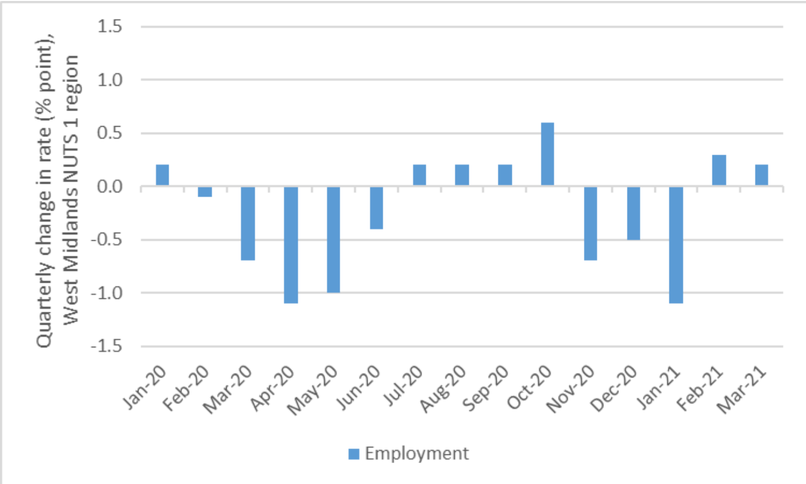


The WM Weekly monitor is funded by the West Midlands Combined Authority, Research England/UKRI

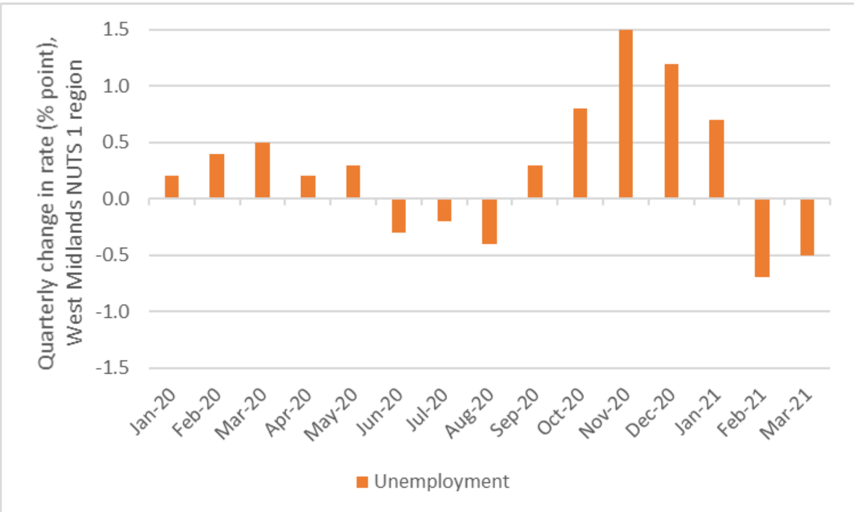
Not only did young people see the greatest reductions in employment, they have also been the slowest to see a recovery. Across all age groups there was a loss of nearly 1 million payrolled employees from 29.05 million in February 2020 to 28.09 million in November 2020, followed by a sustained month on month increase to 28.28 million by April 2021. Although all age groups sustained job losses during the period to November 2020, subsequent increases mean that amongst there were more payrolled employees aged 50-64 years in March 2021 than in February 2020 and more aged 65 years and over in April 2021 than in February 2020. For these two older age groups there has been a sustained month on month increase in payrolled employees since December 2020. Amongst 25-34 year olds such an increase was not apparent until February 2021 and for 18-34 year olds until April 2021.

Variations in experience by **sector** go some way to explaining these differences, with young people particularly concentrated in accommodation and food services which saw a decline of 19.2% in payrolled employees at UK level between February 2020 and April 2021. Only arts, entertainment and recreation saw a greater relative reduction of 21.1% over the same period. By contrast increases in payrolled employees were most evident in health and social work (4.2%) and public administration, defence and social security (3.9%).

Labour Force Survey data also points in the direction of recovery. In the West Midlands NUTS 1 region, the **employment rate** for 16-64 year olds was 74.2% in the quarter ending March 2021, down 1.1 percentage points from 75.3% in February 2020, but up from 73.8% in November 2020. The chart below shows quarterly changes in the employment rate, with losses focused in spring 2020 and winter 2020/2021.

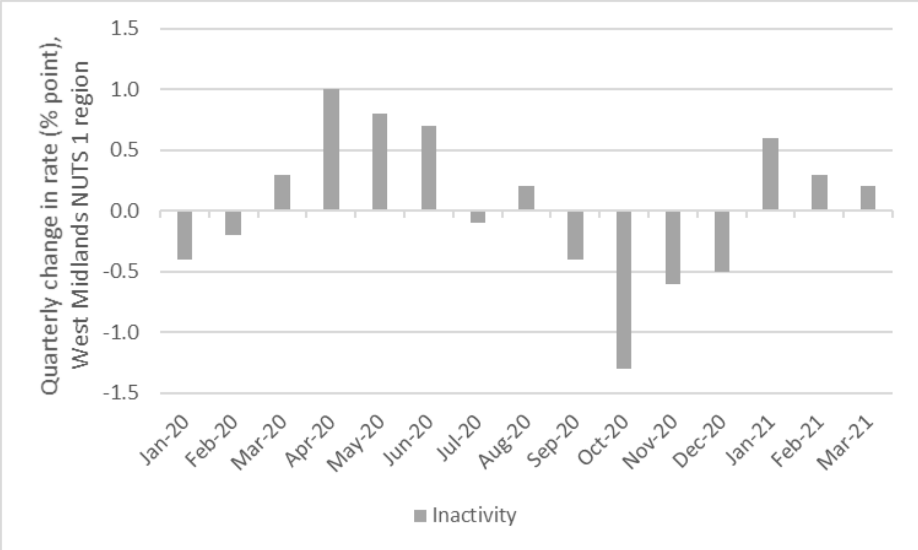


Quarterly improvements in the **unemployment rate** are apparent in the chart below. In the quarter ending March 2021 the unemployment rate for 16-64 year olds in the West Midlands was 5.8%, nearly 1 percentage point higher than the 4.9% rate recorded in the quarter ending February 2020, but a marked improvement on the 6.3% rates in the quarters ending November and December 2020.



The WM Weekly monitor is funded by the West Midlands Combined Authority, Research England/UKRI

While the unemployment rate has fallen recently the inactivity rate for 16-64 year olds in the West Midlands region has risen quarter by quarter in 2021. **At 21.3% in the quarter ending March 2021 the economic inactivity rate is slightly higher than at the start of the Covid-19 pandemic**. It is likely that various factors are at play here, including increases in economically inactive students, while others may be inactive for pandemic-related reasons, while other groups – including those who have been caring for family at home – may look for work as the economy reopens. As economic conditions improve, more of those currently inactive might be expected to search for work.



The overall picture would have been worse without **furlough**. The chart below, replicating [McKinsey analysis](), shows that the unemployment rate at UK level has seen modest changes, with furlough taking up the slack of falling employment. While 26% of the UK economically active population were on furlough in April and May 2020, and this proportion subsequently contracted to 7% by October 2020, in March 2021 13% of the economically active population were on furlough, compared with 5% who were unemployed. The number on furlough outstrips the numbers unemployed more than two fold.

What will happen when furlough ends is unclear. Some may lose their jobs while others are likely to transition from 'furlough' to 'in work' as sectors reopen. Clearly some people who were furloughed have moved into new roles, perhaps in different sectors. But for some people who are furloughed the economic rationale for such moves is not obvious. For young people who do not live independently, who may be participating in education, and who are currently furloughed in a sector such as hospitality, there is a clear economic rationale for remaining on furlough with their current employer (if they have a permanent contract) rather than moving elsewhere – particularly to a short-term/temporary contract. Some will have sought alternative opportunities elsewhere, but a reasonable expectation is that some will return to their current job/employer when the opportunity arises, in turn fuelling recruitment challenges for those employers seeking new labour. This means that projecting future unemployment is challenging.

Nevertheless, it is clear that the **challenges ahead** are pronounced for **young people**. In general, those young people with higher qualifications fare better than those in skills poverty. Graduates facing difficulties in finding work can 'bump down' in the labour market, so exacerbating problems for those who are least qualified and already face the biggest obstacles in securing good quality work.

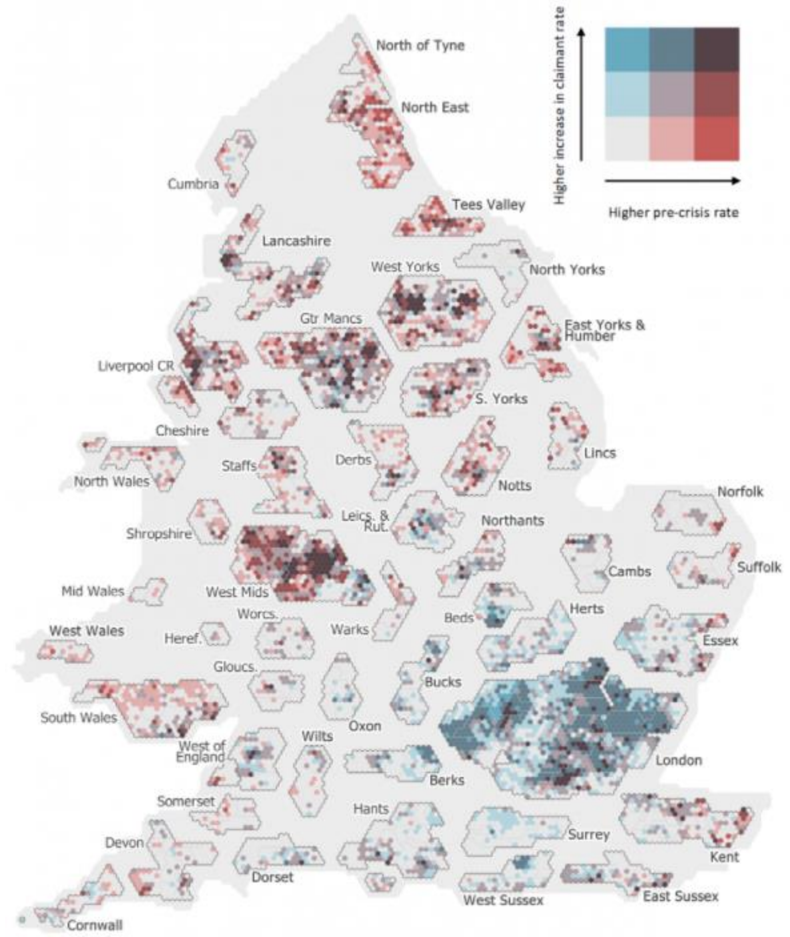
Recent research by the Learning and Work Institute on employment prospects for young people after Coronavirus based on analysis of labour market data, economic modelling, a survey of 1,280 employers, a survey of 2,092 young people aged 16-24 years and two focus groups with young people aged 17-27 years suggests that **young people will increasingly bear the brunt of the unemployment crisis.** The reasons cited by employers who reported employing a lower proportion of young people during the pandemic cited the following key reasons for such lower recruitment, with scaling back on recruitment more broadly (mentioned by 53% of respondents), needing more experienced candidates (highlighted by 28% of respondents) and lack of funds for recruitment and training (indicated by 27% of respondents) being the most commonly cited factors.

The young people themselves highlighted key concerns about a lack of available job opportunities, the need for part-time employment to fund their studies, challenges of studying remotely during lockdown and mental health issues. The Young Person Survey showed that a **key perceived barrier to entering a new sector or occupation was that employers would not be willing to hire inexperienced candidates**, with 50% citing this as a reason, with 24% indicating that they did not have the training or qualifications required for a different job, and 23% noting that they did not want to lose income while training.

The issues above underscore the emphasis on **training** in the West Midlands Mayoral Job Plan: Getting the West Midlands Back into Work. This includes targets of 20,000 Kickstart placements for 16-24 year olds claiming Universal Credit; 2,000 apprenticeships; and 10,000 places on Sector-based Work Academy Programmes; 900 places on Digital Bootcamps; 3,000 people taking up funded opportunities for a first level 3 qualification under the National Skills Fund. There is an important role here for employer engagement in active labour market policy to enhance opportunities for disadvantaged young people. As **long-term unemployment** rises more than a year on since the start of the pandemic employment support comes more into the spotlight.

Analysis by the Learning and Work Institute highlights that the proportion of people claiming unemployment-related benefits rose three times faster in areas with higher pre-pandemic claimant rates higher than average pre-crisis claimant rates than in areas with the lowest rates. The map below shows that this is evident in the West Midlands with a concentration of dark red shading in micro areas in parts of Birmingham and the Black Country, contrasting with high rates of increase from a lower pre-crisis base in much of London and the surrounding areas (depicted by blue shading on the map). This highlights a continuing role for **place-based employment support programmes**, such as Connecting Communities, to help people facing a range of challenges to work in local areas of persistent disadvantage.

Pre-crisis claimant rate vs change in claimant rate



Learning and Work Institute analysis of Claimant Count and Population Estimates, ONS
NB. Each small hexagon represents a single MSOA. MSOAs are grouped into mayoral combined authorities and counties (which include unitary authorities i.e. Nottingham within Nottinghamshire).
Open Parliament Licence - https://github.com/houseofcommonslibrary/uk-hex-cartograms-noncontiguous

Job quality is an ongoing challenge going forward. Analysis for The Economy 2030 Inquiry notes that nationally zero hours contracts, agency work, temporary work and low-paid self-employment roles accounted for two-thirds of net employment growth from 2008 to 2015 and in 2020 accounted for over 10% of total employment nationally. While some workers are content with zero hours contracts, challenges of lower earnings remain. To progress in work the lower-paid are more likely to need to shift between employers (and perhaps sectors) than higher-paid workers. In turn this can bring retention challenges for employers in low-paid sectors, especially given a reduction in European Union workers available.

Current news reports focus particularly on recruitment difficulties facing the hospitality sector as it reopens and point to some workers having moved to other sectors given the ‘stop-start-stop-start’ nature of their experience in hospitality over the last year. In such circumstances, the onus on employers is to consider issues relating to job quality in order to recruit and retain the workers they need going forward.

The Future of UK Employment in a Post-Pandemic World

Dr Abigail Taylor (WMREDI) and Ben Harrison, The Work Foundation

UK employment has experienced a substantial crisis over the last year. Nonetheless, the impact has varied by sector and place. Government interventions have been crucial in mitigating the worst impacts to date. However, as support tapers, the full economic and employment impact will be revealed. Sectors worst affected, and those places particularly reliant on them, face a very challenging recovery. Young people have been particularly badly impacted, leading to many facing further labour market insecurity.

How has the Covid-19 crisis affected employment in the UK?

The UK labour market has been considerably weakened by Covid-19. Analysis by the Work Foundation indicates that at the height of the crisis in April 2020, 31% of eligible jobs were furloughed. The number of payroll employees has fallen by over 800,000 since the pandemic started. Although much reduced compared to what it would have reached without the Government's furlough scheme, unemployment remains high and was estimated at 4.9% in the three months to February 2021 – 0.9% percentage points higher than a year previously. Payrolled employee numbers have fallen especially in the accommodation and food service sector.

Some sectors have relied to a much lesser extent than others on the furlough scheme. Moreover, employment has increased in certain sectors. An additional 374,000 jobs over 2020 were created in the health and public administration sector primarily to respond to needs created by the pandemic. Other sectors including online retail/distribution, IT, and finance have developed thanks to accelerated demand.

Young people have particularly suffered. Workers under 25 represent 60% of the fall in employment since February 2020. These challenges create issues for the future. Much research suggests that when young people drop out of the labour market, they face long-term scarring effects as regards employment entry, career progression and earnings across the life course.

This comes on the back of a challenging decade for young people following the 2009 financial crisis, where many employers were reluctant to hire workers with limited prior experience, and those without university degrees found it particularly difficult to enter good quality jobs. Even pre the pandemic a large share of young workers entered insecure and often low-paid employment, with more limited progression opportunities. As well as short-term difficulties gaining experience to climb onto the career ladder, the reduction in job opportunities is likely to exacerbate challenges for young people to enter higher-paying professions and roles in the future.

What will the future hold?

The speed and nature of recovery, and how it will play out across sectors and places, is uncertain. Much is likely to depend on the success of Government efforts to contain and manage the spread of the virus and new variants that might emerge over upcoming months. Even if those efforts are successful, unemployment is anticipated to remain high as Government support is tapered and employers in the most affected sectors (e.g. retail) have to adjust to lower levels of demand and changing consumer behaviours. This could have particularly acute impacts on places more reliant on those sectors.

Other longer-term trends will also continue to shape the labour market, creating new challenges as well as opportunities. Brexit, automation, the shift to a net-zero carbon economy, an ageing population, the digitisation of services etc. will all shape the kinds, number and location of jobs into the future. Some sectors are likely to be harder hit by automation than others and job growth could become more geographically concentrated over the next ten years.
Evidence already suggests the pandemic has accelerated several pre-existing trends. By 2030, demand for higher-level skills, especially technology and interpersonal/people skills, is likely to increase. Re-skilling and up-skilling the

The WM Weekly monitor is funded by the West Midlands Combined Authority, Research England/UKRI

workforce is urgent. Widening of the divide between highly-skilled highly paid occupations and less-skilled poorly paid occupations could deepen class inequalities. The pandemic is also exacerbating racial inequalities. Unemployment has risen faster among BME groups during the pandemic.

In this context, just focusing on creating more jobs will not be enough. Unless concerns regarding the quality and type of employment are addressed, insecure employment is likely to rise further. The number of insecure, low-paid jobs increased following the financial crisis and there is evidence a similar trend is occurring again. The number of temporary workers increased by 24,000 in the past quarter and 65,000 over the year. Whilst temporary work can provide flexibility to businesses and workers, the number of workers in involuntary temporary work has grown by 23% over the past year. Temporary jobs are more likely to have 'bad job' characteristics – involving less access to training and development, career progression, and employer sick pay. Covid-19 emphasises the importance of work quality in the foundational economy given low-paid sectors including social care have been at the heart of responses to the pandemic. Access to good quality employment must also be prioritised in the context of levelling up. Young people will require particular support moving into the labour market. The need for a more personalised employment support policy has been stressed. The Government plans to expand incentives for apprenticeships but it is important to better connect young people to opportunities and strengthen links between apprenticeships and longer-term job opportunities.

Long term challenges within our skills system also must be addressed, ensuring that connections between employers and providers within places are developed to enable greater take-up of training opportunities across the UK. Those who most need support and training remain less likely to participate in adult learning. Workers most vulnerable to losing their job due to automation, such as the low-skilled, are less likely to participate in training than adults facing lower risks of job automation. Barriers relating to balancing work and caring responsibilities, the cost of training and perceptions that training will not lead to opportunities need addressing.

This blog was first posted on the Social Policy Association blog.

Labour Market Statistics and WMCA Claimant Count: Released May 2021

BCCEIU

UK Summary[3]

- Early estimates for April 2021 indicate that there were 28.3 million payrolled employees, a fall of 0.9% compared with the same period of the previous year and a decline of 257,000 people over the 12-month period. Compared with the previous month, the number of payrolled employees increased by 0.3% in April 2021 – equivalent to 97,000 people. Notably, there was a 289,000 decrease in payrolled employees aged younger than 25 years between April 2020 and April 2021.
- The number of job vacancies in February 2021 to April 2021 remained almost 128,000 below its pre-pandemic level in January 2020 to March 2020. In February 2021 to April 2021, there were an estimated 657,000 job vacancies, which is a growth of 8.0% (48,400) compared with last quarter.
- The UK unemployment rate was estimated at 4.8%, 0.8 percentage points higher than December 2019 to February 2020 but 0.3 percentage points lower than the previous quarter. Young people (those aged 16 to 24 years) have been particularly affected by the pandemic. Over the last quarter there was a decrease in the employment and unemployment rates for young people, particularly amongst 16- to 17-year-olds. This suggests that more young people are staying in education and not looking for work, which is supported by the record economic inactivity rate of young people in full-time education.
- The redundancy rate decreased by a record 6.9 per thousand on the quarter, to 5.5 per thousand (in January to March 2021).

Regional Labour Market[4]

- For the three months ending in March 2021, the West Midlands Region employment rate (aged 16 – 64 years) was 74.2% which has increased by 0.2pp from the previous quarter. The UK employment rate was 75.2%, also increasing by 0.2pp from the previous quarter.
- For the year ending March 2021, there was an annual decline in the employment rate of 0.6pp for the West Midlands compared to a decline of 1.2pp for the UK.
- For the three months ending in March 2021, the West Midlands Region unemployment rate (aged 16 years and over) was 5.7%, which has decreased by 0.7pp since the previous quarter. The UK unemployment rate was 4.8%, a decrease of 0.3pp from the previous quarter.
- For the year ending March 2021, there was an annual increase in the unemployment rate by 0.7pp for the West Midlands compared to an increase of 0.8pp for the UK.
- For the three months ending in March 2021, the West Midlands Region economic inactivity rate (aged 16 – 64 years) was 21.3% - an increase of 0.2pp from previous quarter. The UK economic inactivity rate stood at 21.0%, an increase of 0.1pp from the previous quarter.
- For the year ending March 2021, there was an annual increase in the inactivity rate by 0.1pp for the West Midlands compared to an increase of 0.6pp for the UK.

WMCA (3 LEP) Claimant Summary

- There were 212,910 claimants in the WMCA (3 LEP) area in April 2021. Since March 2021, there has been a 1.0% (-2,200) decrease in the number of claimants in the WMCA (3 LEP) area which matched the UK decrease. Compared to the same month in 2020, claimants in the WMCA (3 LEP) area increased by 24.3% (+41,665) while the UK increased by 25.3%. When compared to March 2020 (117,590) the number of claimants has increased by 95,320 (+81.1% compared to +108.7% UK).
- There were 42,300 youth claimants in the WMCA (3 LEP) area in April 2021. Since March 2021, there was a decrease of 1.0% (-435) in the number of youth claimants in the WMCA (3 LEP) area, the UK decreased by 1.6%. Compared to the same month in 2020, youth claimants in the WMCA (3 LEP) area increased by 30.4% (+9,850) while the UK increased by 31.8%. When compared to March 2020 (22,835) the number of youth claimants has increased by 19,465 (+85.2% compared to +108.5% for the UK).

[3] Source: ONS, Labour Market Overview; UK: May 2021

[4] Source: ONS, Labour Market in the Regions of the UK: May 2021

Claimant Count

Claimant count for people aged 16+[5]:

- There were 212,910 claimants in the WMCA (3 LEP) area in April 2021. Since March 2021, there has been a 1.0% (-2,200) decrease in the number of claimants in the WMCA (3 LEP) area which matched the UK decrease. Compared to the same month in 2020, claimants in the WMCA (3 LEP) area increased by 24.3% (+41,665) while the UK increased by 25.3%. When compared to March 2020 (117,590) the number of claimants has increased by 95,320 (+81.1% compared to +108.7% UK).
- The Black Country LEP had 66,240 claimants aged 16 years and over in April 2021, a decrease of 785 (-1.2%) claimants from the previous month. Compared to the same month in 2020, Black Country LEP claimants increased by 11,275 (+20.5%). When compared to March 2020 (38,275) the number of claimants has increased by 27,965 (+73.1%).
- In Coventry and Warwickshire LEP, there were 33,815 claimants aged 16 years and over in April 2021, a decrease of 405 (-1.2%) claimants since March 2021. Compared to the same month in 2020, Coventry and Warwickshire LEP claimants increased by 7,645 (+29.2%). For the Coventry and Warwickshire LEP area, when compared to March 2020 (15,825) the number of claimants has increased by 17,990 (+113.7%).
- In Greater Birmingham and Solihull LEP, there were 112,855 claimants aged 16 years and over in April 2021, a decrease of 1,010 (-0.9%) claimants since March 2021. Compared to the same month in 2020, Greater Birmingham and Solihull LEP claimants increased by 22,745 (+25.2%). In the Greater Birmingham and Solihull LEP area, when compared to March 2020 (63,490) the number of claimants has increased by 49,365 (+77.8%).

The following table shows a breakdown of number of claimants aged 16+ and change by selected months across the WMCA and for the UK:

	March 2020	April 2020	March 2021	April 2021	Apr. 2021 (Claimants as prop aged 16-64) Rates[4]	% Change (Apr. 21 - Mar 20)	% Change (Apr 21 – Apr 20)	% Change (Apr 21 – Mar 20)
Birmingham	49,370	65,925	83,920	83,490	11.4%	69.1%	26.6%	-0.5%
Bromsgrove	1,165	2,315	2,655	2,590	4.4%	122.3%	11.9%	-2.4%
Cannock Chase	1,655	3,000	3,420	3,340	5.3%	101.8%	11.3%	-2.3%
Coventry	8,000	12,090	17,245	17,120	6.9%	114.0%	41.6%	-0.7%
Dudley	8,515	12,860	14,400	14,085	7.3%	65.4%	9.5%	-2.2%
East Staffordshire	1,720	2,775	3,925	3,905	5.3%	127.0%	40.7%	-0.5%
Lichfield	1,320	2,305	2,760	2,730	4.4%	106.8%	18.4%	-1.1%
North Warwickshire	845	1,785	2,020	1,980	5.0%	134.3%	10.9%	-2.0%
Nuneaton and Bedworth	2,830	4,610	5,105	5,025	6.3%	77.6%	9.0%	-1.6%
Redditch	1,535	2,600	3,215	3,175	6.1%	106.8%	22.1%	-1.2%
Rugby	1,535	2,740	3,120	3,090	4.7%	101.3%	12.8%	-1.0%
Sandwell	10,780	15,125	19,875	19,755	9.7%	83.3%	30.6%	-0.6%
Solihull	3,650	5,835	7,580	7,400	5.8%	102.7%	26.8%	-2.4%
Stratford-on-Avon	1,050	2,235	3,050	2,990	4.0%	184.8%	33.8%	-2.0%
Tamworth	1,490	2,345	2,905	2,880	6.1%	93.3%	22.8%	-0.9%
Walsall	8,605	12,260	15,310	15,150	8.7%	76.1%	23.6%	-1.0%
Warwick	1,570	2,710	3,680	3,615	3.9%	130.3%	33.4%	-1.8%
Wolverhampton	10,380	14,720	17,435	17,250	10.6%	66.2%	17.2%	-1.1%
Wyre Forest	1,580	3,010	3,480	3,345	5.7%	111.7%	11.1%	-3.9%
WM 7 Met.	**99,300**	**138,815**	**175,770**	**174,250**	**9.4%**	**75.5%**	**25.5%**	**-0.9%**
Black Country LEP	38,275	54,965	67,025	66,240	9.0%	73.1%	20.5%	-1.2%
Coventry and Warwickshire LEP	15,825	26,170	34,220	33,815	5.6%	113.7%	29.2%	-1.2%

[5] ONS/DWP, Claimant count, May 2021. Please note, figures for previous months have been revised

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Greater Birmingham and Solihull LEP	63,490	90,110	113,865	112,855	8.8%	77.8%	25.2%	-0.9%
WMCA (3 LEP)	**117,590**	**171,245**	**215,110**	**212,910**	**8.1%**	**81.1%**	**24.3%**	**-1.0%**
United Kingdom	1,268,620	2,113,560	2,675,305	2,647,555	6.3%	108.7%	25.3%	-1.0%

- Overall, for the WMCA (3 LEP) the number of claimants as a proportion of residents aged 16-64 years old was 8.1% compared to 6.3% for the UK in April 2021[6].

Youth Claimants (Aged 16-24)

- There were 42,300 youth claimants in the WMCA (3 LEP) area in April 2021. Since March 2021, there was a decrease of 1.0% (-435) in the number of youth claimants in the WMCA (3 LEP) area, the UK decreased by 1.6%. Compared to the same month in 2020, youth claimants in the WMCA (3 LEP) area increased by 30.4% (+9,850) while the UK increased by 31.8%. When compared to March 2020 (22,835) the number of youth claimants has increased by 19,465 (+85.2% compared to +108.5% for the UK).
- Within the WMCA (3 LEP), the Black Country LEP had 13,510 youth claimants in April 2021, a decrease of 190 (-1.4%) claimants from the previous month. Compared to the same month in 2020, Black Country LEP youth claimants increased by 2,790 (+26.0%). When compared to March 2020 (7,750) the number of claimants has increased by 5,760 (+74.3%).
- In Coventry and Warwickshire LEP, there were 6,425 youth claimants in April 2021, a decrease of 95 (-1.5%) claimants since March 2021. Compared to the same month in 2020, Coventry and Warwickshire LEP youth claimants increased by 1,730 (+36.8%). When compared to March 2020 (2,920) the number of claimants has increased by 3,505 (+120.0%).
- In Greater Birmingham and Solihull LEP, there were 22,365 youth claimants in April 2021, this is a decrease of 150 (-0.7%) claimants since March 2021. Compared to the same month in 2020, Greater Birmingham and Solihull LEP youth claimants increased by 5,330 (+31.3%). In the Greater Birmingham and Solihull LEP area, when compared to March 2020 (12,165) the number of claimants has increased by 10,200 (+83.8%).

The following table shows a breakdown of number of youth claimants and change by selected months across the WMCA and for the UK:

	March 2020	April 2020	March 2021	April 2021	Apr. 2021 (Claimants as proportion aged 16-24) Rates	% Change (Apr. 21 - Mar 20)	% Change (Apr 21 – Apr 20)	% Change (Apr 21 – Mar 21)
Birmingham	9,220	12,390	16,460	16,385	9.6%	77.7%	32.2%	-0.5%
Bromsgrove	220	410	490	495	6.1%	125.0%	20.7%	1.0%
Cannock Chase	370	595	720	710	7.6%	91.9%	19.3%	-1.4%
Coventry	1,550	2,275	3,345	3,345	5.5%	115.8%	47.0%	0.0%
Dudley	1,755	2,555	3,075	2,990	9.6%	70.4%	17.0%	-2.8%
East Staffordshire	320	490	730	735	6.6%	129.7%	50.0%	0.7%
Lichfield	275	445	535	520	5.6%	89.1%	16.9%	-2.8%
North Warwickshire	165	325	420	400	6.9%	142.4%	23.1%	-4.8%
Nuneaton and Bedworth	570	890	980	975	8.0%	71.1%	9.6%	-0.5%
Redditch	310	475	605	605	7.8%	95.2%	27.4%	0.0%
Rugby	245	480	570	560	5.7%	128.6%	16.7%	-1.8%

[6] WMCA SED Board Dashboard reports the number of claimants as a proportion of population aged 16 years and over – WMCA 3 LEP was 6.4% and the UK was 4.9% in April 2021.

Sandwell	2,130	2,905	4,045	3,985	11.6%	87.1%	37.2%	-1.5%
Solihull	830	1,235	1,690	1,645	8.1%	98.2%	33.2%	-2.7%
Stratford-on-Avon	160	320	505	475	4.4%	196.9%	48.4%	-5.9%
Tamworth	305	470	640	655	8.9%	114.8%	39.4%	2.3%
Walsall	1,940	2,575	3,285	3,275	11.0%	68.8%	27.2%	-0.3%
Warwick	230	410	695	675	3.5%	193.5%	64.6%	-2.9%
Wolverhampton	1,925	2,680	3,290	3,260	12.0%	69.4%	21.6%	-0.9%
Wyre Forest	315	525	640	620	7.2%	96.8%	18.1%	-3.1%
WM 7 Met.	**19,345**	**26,620**	**35,195**	**34,880**	**9.3%**	**80.3%**	**31.0%**	**-0.9%**
Black Country LEP	7,750	10,720	13,700	13,510	11.0%	74.3%	26.0%	-1.4%
Coventry and Warwickshire LEP	2,920	4,695	6,520	6,425	5.4%	120.0%	36.8%	-1.5%
Greater Birmingham andSolihull LEP	12,165	17,035	22,515	22,365	8.9%	83.8%	31.3%	-0.7%
WMCA (3 LEP)	22,835	32,450	42,735	42,300	8.6%	85.2%	30.4%	-1.0%
United Kingdom	241,760	382,635	512,275	504,135	7.1%	108.5%	31.8%	-1.6%

- Overall, for the WMCA (3 LEP) the number of youth claimants as percentage of residents aged 16- 24 years old was 8.6% compared to 7.1% for the UK in April 2021.

Claimant Count by Age and Gender (WMCA 3 LEP)[7]

- For those aged 16-24 in the WMCA (3 LEP) area, when comparing April 2021 to March 2021, there was an overall decrease of 435 which can be split by a decrease of 190 males and a decrease of 250 females.
- For those aged 25-49 in the WMCA (3 LEP) area, when comparing April 2021 to March 2021, there was an overall decrease of 1,050 which can be split by a decrease of 545 males and a decrease of 505 females.
- For those aged 50 years and over in the WMCA (3 LEP) area, when comparing April 2021 to March 2021, there was an overall decrease of 710 which can be split by a decrease of 365 males and a decrease of 345 females.

The following table shows a breakdown by age brackets and gender for the WMCA (3 LEP) area over selected time periods:

		March 2020	April 2020	March 2021	April 2021	No. Change (Apr. 21 - Mar 20)	No. Change (Apr 21 – Apr 20)	No. Change (Apr 21 – Mar 21)
Total	**Age 16+**	**117,590**	**171,245**	**215,110**	**212,910**	**95,320**	**41,665**	**-2,200**
	Aged 16-24	**22,835**	**32,450**	**42,735**	**42,300**	**19,465**	**9,850**	**-435**
	Aged 16-17	250	335	375	375	125	40	0
	Aged 18-24	22,580	32,115	42,360	41,925	19,345	9,810	-435
	Aged 25-49	**67,130**	**100,145**	**122,350**	**121,300**	**54,170**	**21,155**	**-1,050**
	Aged 25-29	15,945	24,115	28,960	28,600	12,655	4,485	-360
	Aged 30-34	15,635	23,550	28,720	28,405	12,770	4,855	-315
	Aged 35-39	13,715	20,305	25,125	25,050	11,335	4,745	-75
	Aged 40-44	11,230	16,400	20,895	20,795	9,565	4,395	-100
	Aged 45-49	10,605	15,785	18,640	18,450	7,845	2,665	-190
	Aged 50+	**27,635**	**38,645**	**50,015**	**49,305**	**21,670**	**10,660**	**-710**
	Aged 50-54	9,960	14,765	18,245	18,055	8,095	3,290	-190
	Aged 55-59	8,985	12,505	15,850	15,535	6,550	3,030	-315
	Aged 60-64	7,675	10,025	13,250	13,035	5,360	3,010	-215
	Aged 65+	1,020	1,355	2,670	2,685	1,665	1,330	15

[7] Please note, figure may not sum due to rounding

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Male	**Age 16+**	**69,420**	**103,450**	**127,915**	**126,815**	**57,395**	**23,365**	**-1,100**
	Aged 16-24	**14,100**	**20,025**	**26,180**	**25,990**	**11,890**	**5,965**	**-190**
	Aged 16-17	115	165	185	185	70	20	0
	Aged 18-24	13,980	19,860	25,990	25,800	11,820	5,940	-190
	Aged 25-49	**38,965**	**60,525**	**72,615**	**72,070**	**33,105**	**11,545**	**-545**
	Aged 25-29	9,610	15,085	17,930	17,715	8,105	2,630	-215
	Aged 30-34	9,095	14,510	17,110	16,975	7,880	2,465	-135
	Aged 35-39	7,730	12,110	14,675	14,650	6,920	2,540	-25
	Aged 40-44	6,440	9,660	12,140	12,120	5,680	2,460	-20
	Aged 45-49	6,080	9,150	10,765	10,605	4,525	1,455	-160
	Aged 50+	**16,355**	**22,905**	**29,120**	**28,755**	**12,400**	**5,850**	**-365**
	Aged 50-54	5,820	8,630	10,540	10,475	4,655	1,845	-65
	Aged 55-59	5,295	7,410	9,275	9,125	3,830	1,715	-150
	Aged 60-64	4,575	6,000	7,690	7,525	2,950	1,525	-165

		March 2020	**April 2020**	**March 2021**	**April 2021**	**No. Change (Apr. 21 - Mar 20)**	**No. Change (Apr 21 – Apr20)**	**No. Change (Apr 21 – Mar21)**
	Aged 65+	655	860	1,620	1,630	975	770	10
Female	**Age 16+**	**48,175**	**67,795**	**87,190**	**86,095**	**37,920**	**18,300**	**-1,095**
	Aged 16-24	**8,730**	**12,425**	**16,560**	**16,310**	**7,580**	**3,885**	**-250**
	Aged 16-17	135	175	190	180	45	5	-10
	Aged 18-24	8,595	12,260	16,370	16,125	7,530	3,865	-245
	Aged 25-49	**28,165**	**39,630**	**49,735**	**49,230**	**21,065**	**9,600**	**-505**
	Aged 25-29	6,340	9,030	11,040	10,895	4,555	1,865	-145
	Aged 30-34	6,530	9,035	11,615	11,425	4,895	2,390	-190
	Aged 35-39	5,985	8,195	10,445	10,395	4,410	2,200	-50
	Aged 40-44	4,790	6,735	8,760	8,670	3,880	1,935	-90
	Aged 45-49	4,525	6,640	7,875	7,845	3,320	1,205	-30
	Aged 50+	**11,280**	**15,735**	**20,895**	**20,550**	**9,270**	**4,815**	**-345**
	Aged 50-54	4,135	6,135	7,705	7,570	3,435	1,435	-135
	Aged 55-59	3,690	5,090	6,575	6,420	2,730	1,330	-155
	Aged 60-64	3,100	4,020	5,565	5,505	2,405	1,485	-60
	Aged 65+	360	495	1,060	1,055	695	560	-5

Regional Labour Market[8]

- Since the start of the COVID-19 pandemic, all regions' counts of payrolled employees followed a similar pattern: rapidly declining initially, but beginning to improve in more recent months. The magnitude of changes varies; comparing April 2021 with February 2020, decreases in payrolled employees range from 1.3% in the West Midlands to 5.0% in London.
- For the three months ending in March 2021, the West Midlands Region employment rate (aged 16 – 64 years) was 74.2%. Since the three months ending December 2020, the employment rate has increased by 0.2pp – matching the UK increase. The overall latest UK employment rate was 75.2% with the highest regional rate in the South East (78.5%) and the lowest in Northern Ireland (69.1%).
- For the year ending March 2021, there was an annual decline in the employment rate of 0.6pp for the West Midlands compared to a decline of 1.2pp for the UK.
- For the three months ending in March 2021, the West Midlands Region unemployment rate (aged 16 years and over) was 5.7%, which has decreased by 0.4pp since the previous quarter. The UK unemployment rate was 4.8%, a decrease of 0.3pp from the previous quarter. The highest unemployment rate in the UK for the three months ending March 2021 was in London (6.8%), with the lowest unemployment rate in the South East at 3.4%.

[8] Source: ONS, Labour Market in the Regions of the UK: May 2021

- For the year ending March 2021, there was an annual increase in the unemployment rate by 0.7pp for the West Midlands compared to an increase of 0.8pp for the UK.
- For the three months ending in March 2021, the West Midlands Region economic inactivity rate (aged 16 – 64 years) was 21.3% - an increase of 0.2pp from previous quarter. The UK economic inactivity rate stood at 21.0%, an increase of 0.1pp from the previous quarter. The highest economic inactivity rate in the UK was in Northern Ireland (28.3%), with the lowest in the South East (18.7%).
- For the year ending March 2021, there was an annual increase in the inactivity rate by 0.1pp for the West Midlands compared to an increase of 0.6pp for the UK.

The table below provides a summary of latest headline estimates, and quarterly changes, for regions of the UK, seasonally adjusted, January to March 2021:

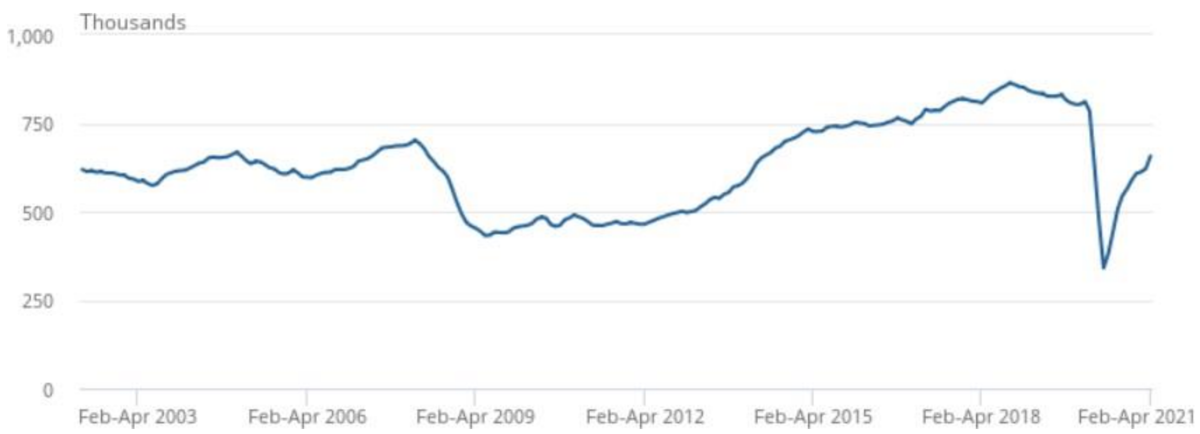
	Employment rate – Jan to Mar 21 (aged 16- 64 years)	Change on Oct to Dec 2020	Unemployment rate- Jan to Mar 21 (16 years +)	Change on Oct to Dec 2020	Inactivity rate –Jan to Mar 21 (aged 16- 64 years)	Change on Oct to Dec 2020
UK	75.2%	0.2pp	4.8%	-0.3pp	21.0%	0.1pp
Great Britain	75.3%	0.2pp	4.8%	-0.4pp	20.8%	0.1pp
England	75.5%	0.1pp	4.9%	-0.4pp	20.6%	0.3pp
North East	72.2%	1.1pp	5.4%	-1.0pp	23.5%	-0.4pp
North West	73.5%	-0.3pp	5.0%	0.1pp	22.6%	0.2pp
Yorkshire and The Humber	73.7%	-0.6pp	4.6%	-0.4pp	22.6%	1.0pp
East Midlands	75.3%	0.1pp	4.9%	-1.0pp	20.8%	0.8pp
West Midlands	**74.2%**	**0.2pp**	**5.7%**	**-0.4pp**	**21.3%**	**0.2pp**
East	78.0%	1.0pp	3.9%	-0.6pp	18.8%	-0.5pp
London	74.8%	0.1pp	6.8%	-0.2pp	19.7%	0.1pp
South East	78.5%	-0.2pp	3.4%	-0.2pp	18.7%	0.4pp
South West	76.7%	-0.2pp	3.9%	-0.6pp	20.0%	0.6pp
Wales	74.0%	1.8pp	4.4%	0.0pp	22.5%	-1.8pp
Scotland	74.4%	0.7pp	4.3%	-0.2pp	22.2%	-0.6pp
Northern Ireland	69.15	-0.3pp	3.6%	0.0pp	28.3%	0.4pp

Source: ONS – Labour Force Survey

UK Labour Market Stastics - Vacancies[9]

- The number of job vacancies in February 2021 to April 2021 remained almost 128,000 below its pre-pandemic level in January 2020 to March 2020, with the worst affected industries being arts, entertainment and recreation, and accommodation and food service activities.

Number of Vacancies in the UK, seasonally adjusted between February 2002 to April 2002 and February 2021 to April 2021 *Source: ONS – Vacancy Survey*



[9] Source: UK labour market: May 2021

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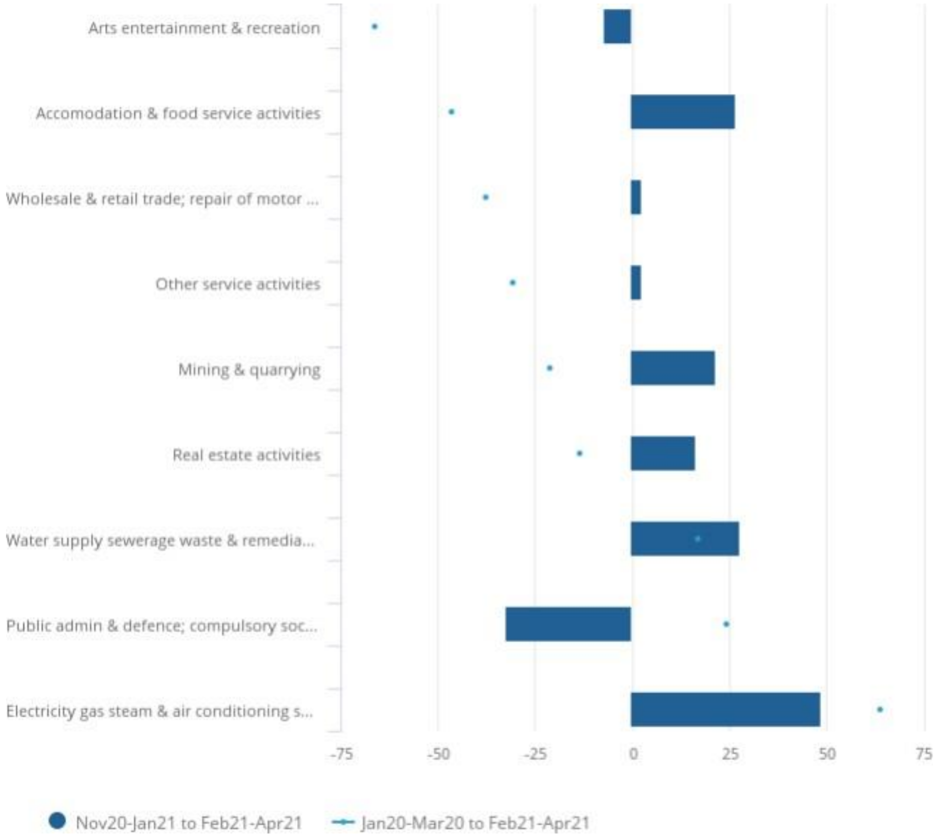
- In February 2021 to April 2021, there were an estimated 657,000 job vacancies, which is a growth of 8.0% (48,400) compared with last quarter, with most industries displaying increases, most notably, accommodation and food service activities.
- Stronger quarterly growth was reflected in 14 out of the 18 industries. Among industries that saw a growth in vacancies on the quarter, the most notable was accommodation and food service activities, up 99.6%, indicating an industry reacting quickly to the easing of lockdown restrictions. The other notable increase on the quarter was electricity, gas, steam and air conditioning supply, up 42.1%, because of ongoing recruitment, leading this industry to have the highest ratio of vacancies to employee jobs.
- Despite the growth on the quarter, however, most industries have seen a fall in the number of vacancies since before the pandemic in January 2020 to March 2020. The largest falls have been seen in: arts, entertainment and recreation (down 66.5%), accommodation and food service activities (down 46.9%), wholesale and retail trade; repair of motor vehicles and motorcycles (down 38.0%).

The following table shows the total number of vacancies by sector for the UK, December 2020 to February 2021, January to March 2021 and February to April 2021:

			Total Figures in Thousands
	Dec 20 - Feb 21	**Jan 21 – Mar 21**	**Feb 21 – Apr 21**
All vacancies	612	621	657
Mining & quarrying	1	1	1
Manufacturing	50	53	54
Electricity, gas, steam & air conditioning supply	4	5	5
Water supply, sewerage, waste & remediation activities	3	4	4
Construction	28	29	28
Wholesale & retail trade; repair of motor vehicles and motor cycles	75	76	80
Motor Trades	9	10	10
Wholesale	21	21	22
Retail	45	45	48
Transport & storage	22	22	23
Accommodation & food service activities	20	28	45
Information & communication	39	39	41
Financial & insurance activities	23	25	27
Real estate activities	8	8	12
Professional scientific & technical activities	66	63	68
Administrative & support service activities	43	45	46
Public admin & defence; compulsory social security	36	34	27
Education	42	40	43
Human health & social work activities	131	132	133
Arts, entertainment & recreation	7	5	8
Other service activities	12	11	11
Total Services	523	528	564

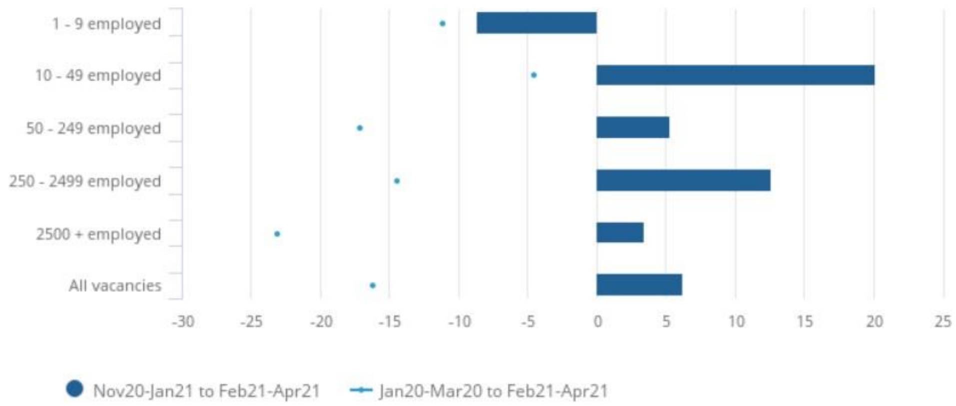
Three-month average vacancies in the UK, seasonally adjusted difference between February 2021 to April 2021 and both November 2020 to January 2021 and February 2021 to April 2021 when both indexed to January 2020 to March 2020=100



Source: ONS – Vacancy Survey

- Through February 2021 to April 2021, vacancies in the smallest companies (employing one to nine employees) fell by 8.9% compared with the previous quarter, while all other size bands continued to add vacancies.

Three-month average vacancies in the UK, seasonally adjusted difference between February 2021 to April 2021 and both November 2020 to January 2021 and February 2021 to April 2021 when both indexed to January 2020 to March 2020=100:



Source: ONS – Vacancy Survey

The WM Weekly monitor is funded by the West Midlands Combined Authority, Research England/UKRI

EMSI Job Postings WMCA 3 LEP Geography April 2021[10]

Note: The data below identifies job postings, derived from the EMSI Analyst Tool, and not comparable to the official vacancy data.

- There were 144,175 unique job postings across the WMCA 3 LEP geography in April 2021, 2.5% more than in March. This is the second consecutive month that monthly job postings have strengthened.
- Of the 19 LA areas, 14 recorded a positive change compared to March, two remained the same and three fell back into negative territory. Cannock Chase logged the largest change in job postings, increasing by 12% followed by Lichfield (10%) and Walsall (7%). Whereas job postings decreased in Solihull (-5%), Wyre Forest (-4%) and East Staffordshire (-1%).
- Posting intensity, i.e., the effort towards hiring for particular positions was particularly high in each of the seven metropolitan areas along with Tamworth.

The following tables shows across the WMCA (3 LEP) local authorities the number of unique job postings in April 2021 and the percentage change from the previous month:

Local Authority Name	Apr 2021 Unique Postings	% Change (Mar 2021 - Apr 2021)
Birmingham	56,632	2%
Bromsgrove	1,894	0%
Cannock Chase	2,993	12%
Coventry	12,771	0%
Dudley	7,124	5%
East Staffordshire	4,149	-1%
Lichfield	3,036	10%
North Warwickshire	2,226	3%
Nuneaton and Bedworth	3,125	6%
Redditch	2,628	4%
Rugby	3,943	9%
Sandwell	7,532	1%
Solihull	6,647	-5%
Stratford-on-Avon	4,078	2%
Tamworth	2,845	5%
Walsall	5,512	7%
Warwick	7,981	1%
Wolverhampton	6,895	6%
Wyre Forest	2,164	-4%

[10] Source: EMSI, May 2021

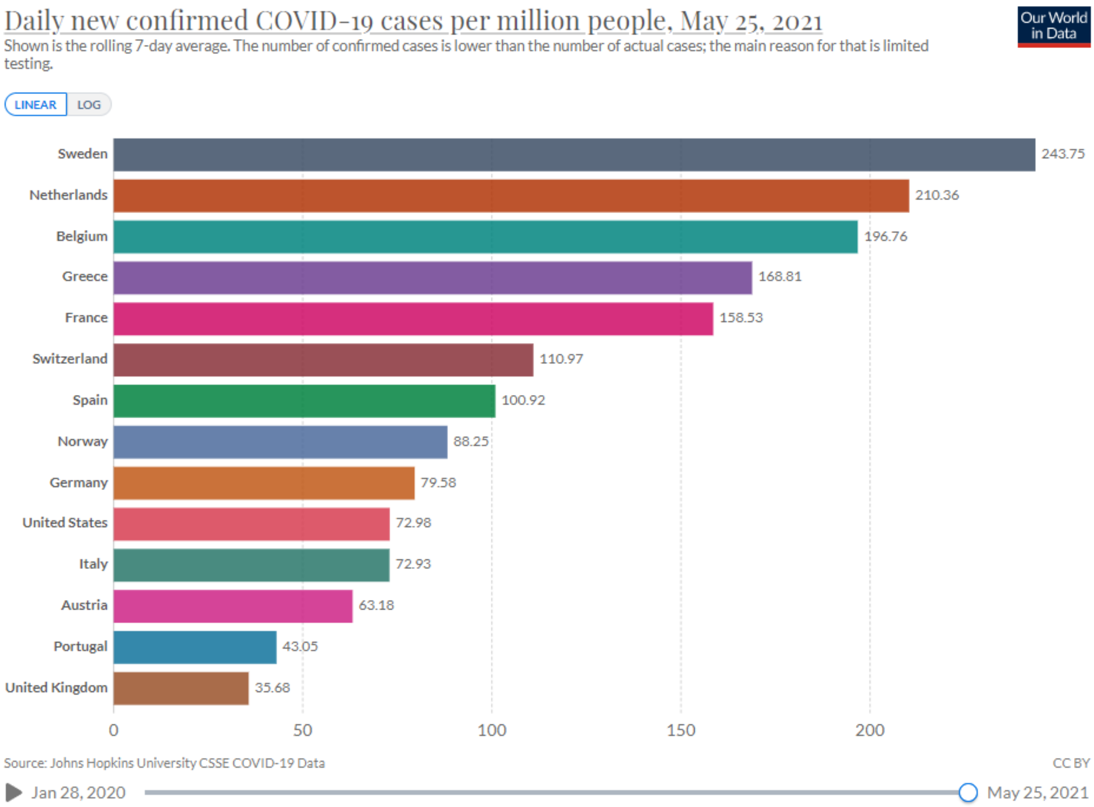
The WM Weekly monitor is funded by the West Midlands Combined Authority, Research England/UKRI

Infection Rates and Vaccine Update

Alice Pugh WMREDI/WMCA

Europe has been experiencing a resurgence in infection rates, as the Indian variant arrives in Europe, which is continuing (see graph below).

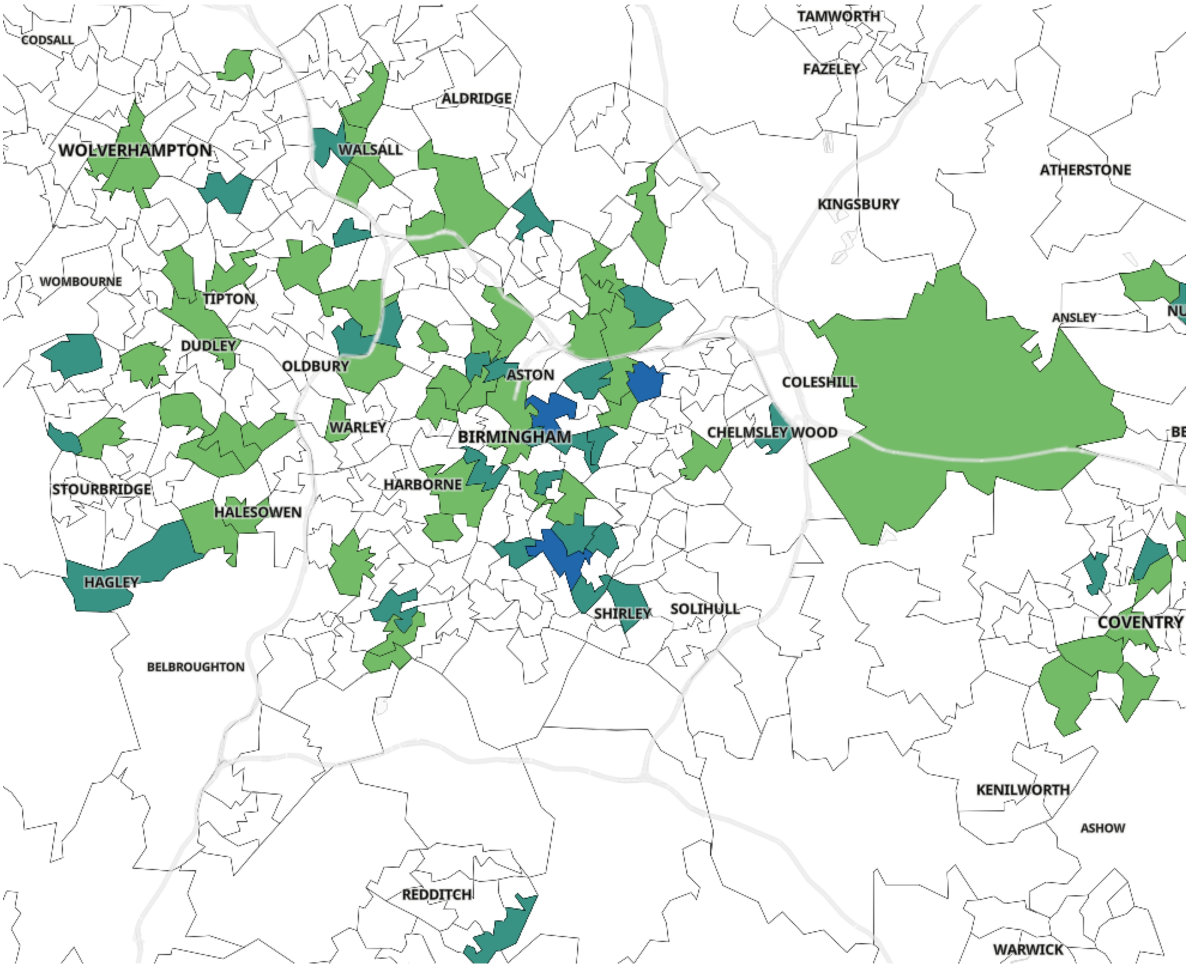
Since 31 December 2019 and as of week 2021-19, **163 738 674 cases** of COVID-19 (in accordance with the applied case definitions and testing strategies in the affected countries) have been reported, including **3 384 750 deaths**.



Latest ONS infection survey data (21st May next release 28th May 2021) states:

- In England, the percentage of people testing positive for the coronavirus (COVID-19) shows early signs of a potential increase in the week ending 15 May 2021, although rates remain low; we estimate that 49,000 people within the community population in England had COVID-19 (95% credible interval: 38,800 to 60,300), equating to around 1 in 1,110 people.
- In Wales, the percentage of people testing positive remained low in the week ending 15 May 2021; we estimate that 700 people in Wales had COVID-19 (95% credible interval: 100 to 2,000), equating to around 1 in 4,340 people.
- In Northern Ireland, the trend in the percentage of people testing positive was uncertain in the week ending 15 May 2021; we estimate that 1,200 people in Northern Ireland had COVID-19 (95% credible interval: 300 to 2,900), equating to around 1 in 1,550 people.
- In Scotland, the percentage of people testing positive has continued to decrease in the week ending 15 May 2021; we estimate that 2,700 people in Scotland had COVID-19 (95% credible interval: 1,000 to 5,200) equating to around 1 in 1,960 people.

The map below displays weekly data, which are updated every day here. Seven–day rolling rate of new cases by specimen date ending on 20th May 2021.

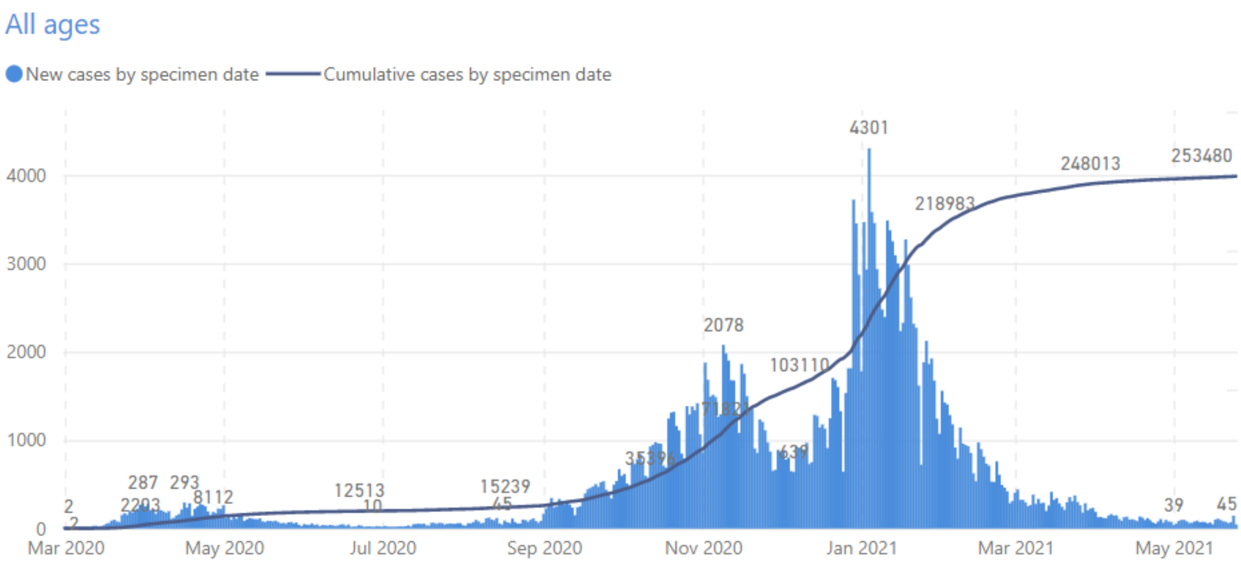


Regional Data

The Coventry, Solihull and Warwickshire Epidemiology and Intelligence Cell have created a dashboard which looks at covid data on a regional level. Data below:

Date	New cases by specimen date	New cases by publish date	Cumulative cases by specimen date	Cases in the last 7 days	Rate per 100,000 in the last 7 days
25 May 2021	45	107	253480	2	0.07
24 May 2021	145	63	253435	2	0.07
23 May 2021	72	52	253290	2	0.07
22 May 2021	60	78	253218	567	19.36
21 May 2021	75	102	253158	575	19.63
20 May 2021	80	135	253083	559	19.09
19 May 2021	95	54	253003	552	18.85
18 May 2021	110	0	252908	532	18.17
17 May 2021	100	85	252798	493	16.83
16 May 2021	47	55	252698	481	16.42
15 May 2021	68	64	252651	513	17.52

As can be seen from the charts below in the first lockdown infections were higher in the older age groups, whereas now younger people are being infected (nb there will be some effect from higher testing but symptomatic cases presenting for testing are also more prevalent now).



Covid 19 Hospital Activity

A number of data collections have been implemented to support incident management. The collections were activated at short notice and the content of the collections has evolved as the incident has developed. The data collected is classified as management information. It has been collected on a daily basis with a tight turn round time. No revisions have been made to the dataset. Any analysis of the data should be undertaken with this in mind.

Total reported admissions to hospital and diagnoses in hospital

The table below shows the latest daily rates

Name	10-May-21	11-May-21	12-May-21	13-May-21	14-May-21	15-May-21	16-May-21	17-May-21	18-May-21	19-May-21	20-May-21	21-May-21	22-May-21	23-May-21
ENGLAND	**76**	**79**	**93**	**74**	**72**	**70**	**59**	**74**	**90**	**93**	**98**	**85**	**75**	**77**
East of England	6	10	12	5	8	10	2	4	5	10	4	4	4	2
London	17	17	12	15	12	11	11	19	19	14	24	13	14	13
Midlands	16	12	13	15	15	16	12	21	28	17	25	22	17	18
North East and Yorkshire	8	13	25	9	16	10	7	11	7	21	11	14	17	15
North West	16	15	17	23	18	13	16	13	19	18	19	22	14	22
South East	5	5	4	2	2	7	7	2	6	5	8	6	3	3
South West	8	7	10	5	1	3	4	4	6	8	7	4	6	4

Mechanical Ventilation beds - occupied by confirmed COVID-19 patients

Name	12-May-21	13-May-21	14-May-21	15-May-21	16-May-21	17-May-21	18-May-21	19-May-21	20-May-21	21-May-21	22-May-21	23-May-21	24-May-21	25-May-21
ENGLAND	**123**	**119**	**115**	**115**	**116**	**117**	**114**	**113**	**115**	**117**	**113**	**111**	**113**	**117**
East of England	4	4	4	5	4	4	4	3	3	3	4	5	5	5
London	56	55	51	48	47	50	47	48	49	53	45	46	47	49
Midlands	22	21	18	18	16	16	17	15	15	14	15	16	15	14
North East and Yorkshire	20	17	19	19	20	19	19	19	20	19	19	18	17	19
North West	14	14	14	15	18	18	18	19	20	20	21	18	20	22
South East	3	6	7	7	8	7	6	6	6	6	7	6	6	5
South West	4	2	2	3	3	3	3	3	2	2	2	2	3	3

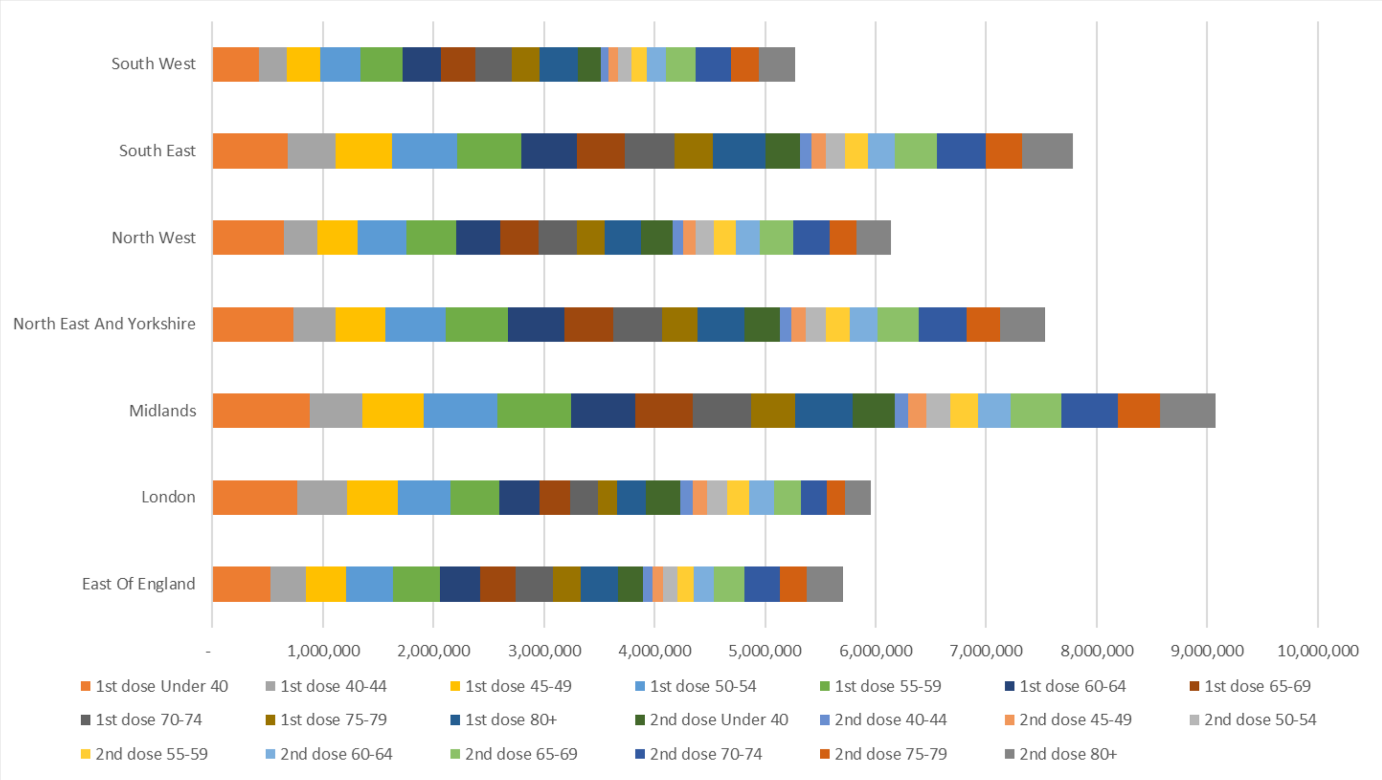
Total beds - occupied by confirmed COVID-19 patients (as at 08:00)

Name	12-May-21	13-May-21	14-May-21	15-May-21	16-May-21	17-May-21	18-May-21	19-May-21	20-May-21	21-May-21	22-May-21	23-May-21	24-May-21	25-May-21
ENGLAND	**907**	**845**	**818**	**810**	**801**	**798**	**749**	**757**	**749**	**766**	**730**	**756**	**797**	**765**
East of England	66	63	60	59	59	56	47	43	44	40	39	40	43	39
London	275	266	251	258	261	259	245	241	248	254	233	236	244	242
Midlands	182	157	155	146	145	144	134	143	137	144	141	151	154	134
North East and Yorkshire	149	132	129	126	116	110	108	112	104	107	94	105	108	98
North West	158	152	151	152	149	152	142	151	155	153	158	158	174	174
South East	50	58	54	55	56	62	57	55	46	50	50	50	56	55
South West	27	17	18	14	15	15	16	12	15	18	15	16	18	23

Vaccine Update

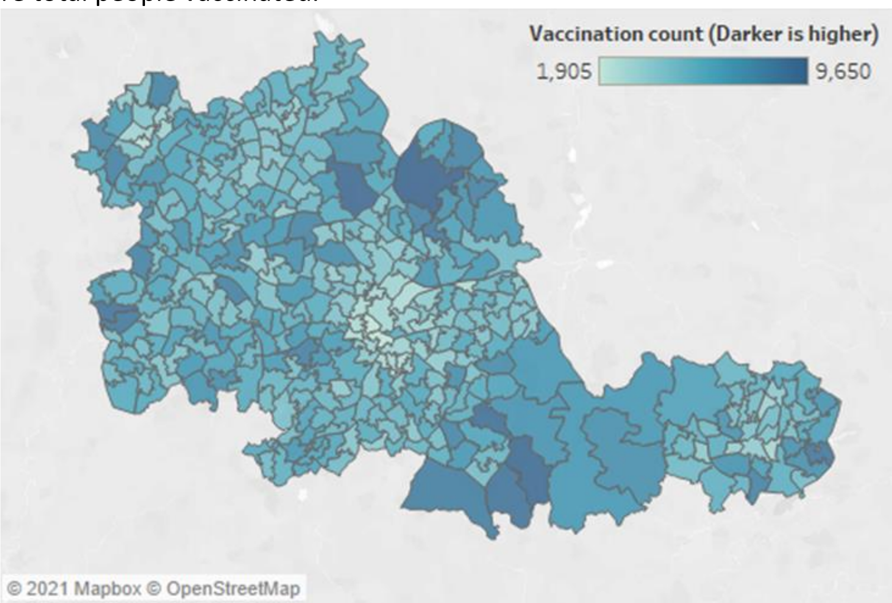
Between the 8th December 2020 and the 20th May 2021, the Midlands has successfully vaccinated **5,790,546** people with the first dose and **3,284,193** of these individuals have received the second dose as well. Meaning the Midlands has successfully provided the most jabs out of any region including London.

The WM Weekly monitor is funded by the West Midlands Combined Authority, Research England/UKRI



NHS Region of Residence	% who have had at least 1 dose (using ONS denominators)									% who have had both doses (using ONS denominators)				
	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80+	60-64	65-69	70-74	75-79	80+
Total	77.1%	80.7%	90.3%	95.9%	98.4%	94.7%	97.4%	100%*	94.8%	50.6%	82.5%	93.6%	99.1%	90.9%
East Of England	79.2%	83.3%	91.6%	97.6%	98.9%	94.7%	97.6%	100%*	95.1%	48.3%	81.5%	94.0%	100%*	91.8%
London	68.4%	76.5%	84.3%	89.0%	92.0%	89.6%	91.6%	91.7%	84.8%	56.1%	77.3%	85.4%	86.0%	78.9%
Midlands	77.8%	80.1%	90.9%	95.8%	98.9%	94.5%	97.7%	100%*	96.2%	50.2%	84.5%	94.0%	99.8%	92.3%
North East And Yorkshire	80.4%	80.4%	91.1%	96.2%	98.8%	96.1%	99.2%	100%*	95.5%	48.0%	81.2%	95.7%	99.4%	92.0%
North West	76.6%	78.6%	89.9%	96.0%	99.4%	95.1%	98.4%	100%*	95.1%	54.0%	83.5%	94.3%	97.4%	90.6%
South East	79.6%	83.3%	91.3%	97.5%	99.3%	95.8%	96.8%	100%*	95.5%	48.9%	84.0%	93.4%	100%*	91.8%
South West	80.4%	82.6%	91.9%	97.9%	99.2%	94.7%	98.0%	100%*	98.1%	48.9%	83.0%	95.1%	100%*	95.1%

The map below shows the distribution of total vaccinations across the region, with darker MSOA census areas corresponding to more total people vaccinated.



Weekly Deaths Registered: 14th May 2021
BCCEIU

The following analysis compares the latest available time period (the week of the 14th May 2021) to the previous week period (the week of the 7th May 2021) for the number of deaths registered and the number of deaths related to the Coronavirus[11].

Across England and Wales, the overall registered death figures increased from 7,986 in the week of the 7th May 2021 to 10,164 in the week of 14th May 2021. The number of deaths registered that state Coronavirus on the death certificate increased from 129 people to 151 people over the same period.

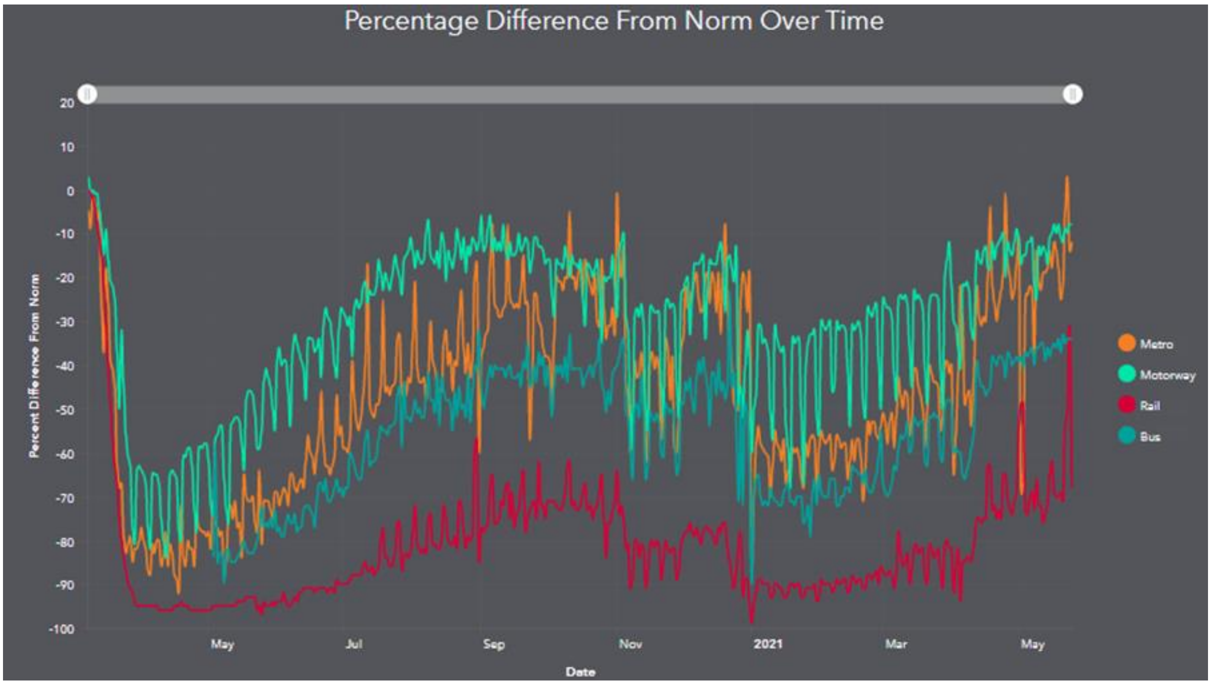
Regional level analysis shows that the West Midlands' overall registered death figure decreased from 788 people in the week of 7th May 2021 to 1,112 in the week of 14th May 2021. The number of registered deaths related to Coronavirus has increased from 11 people to 14 over the same period.

There was a total of 743 deaths registered across the WMCA (3 LEP) area in the week of the 14th May 2021. There were 11 deaths registered that were related to Coronavirus over the same period – accounting for approximately 1% of total deaths. The WMCA (3 LEP) area accounted for 79% of the 14 Coronavirus related deaths registered in the West Midlands Region. In comparison to the week of the 7th May 2021, the overall registered death figures in the WMCA (3 LEP) area increased by 200, with the number of deaths related to Coronavirus increasing by 1 person.

At local authority level in the week of the 14th May 2021, there were 5 local authorities in the WMCA (3 LEP) area that registered deaths related to the Coronavirus, these were; Birmingham (3 deaths), Sandwell (3 deaths), Dudley (2 deaths), Walsall (2 deaths) and Wolverhampton (1 death).
Of deaths in the WMCA (3 LEP) involving Coronavirus registered in the week of the 14th May 2021, 8 were in registered in a hospital, 2 deaths were at home and 1 death was registered at a care home.

[11] Please note that up-to-date counts of the total numbers of deaths involving COVID-19 are published by Public Health England (PHE) -ONS figures differ from the PHE counts as the latter include deaths which have not yet been registered.
Source: ONS, Death registrations and occurrences by local authority and health board, 25th May 2021

Transport Data
Anne Shaw TFWM



Levels of use – 25th May (data 1 day behind). The graphs above shows the level of use on all modes

The table provides intel in terms of the levels of services and the use of the network per mode compared to this time last year, the day before (24th May) and the week before (18th May).

	% levels pre-Covid	% change from day before	% change from week before
Bus	66	0	-2
Train	32	-37	+2
Tram	88	+2	0
Roads (HE SRN)	92	0	0

Rail usage significantly higher on Monday 24th which was at 69% of pre covid levels.

ONS Weekly Release Indicators

BCCEIU

As from the 13th May 2021, ONS have superseded the weekly publication of “Coronavirus and the latest indicators for the UK economy and society” with “Economic activity and social change in the UK, real-time indicators”. The statistics are experimental and have been devised to provide timely information. The following information contains footfall data, online job adverts, final results from Wave 30 of the Business Insights and Conditions Survey (BICS), national company incorporations and voluntary dissolutions and results from Wave 58 of the Opinions and Lifestyle Survey (OPN).

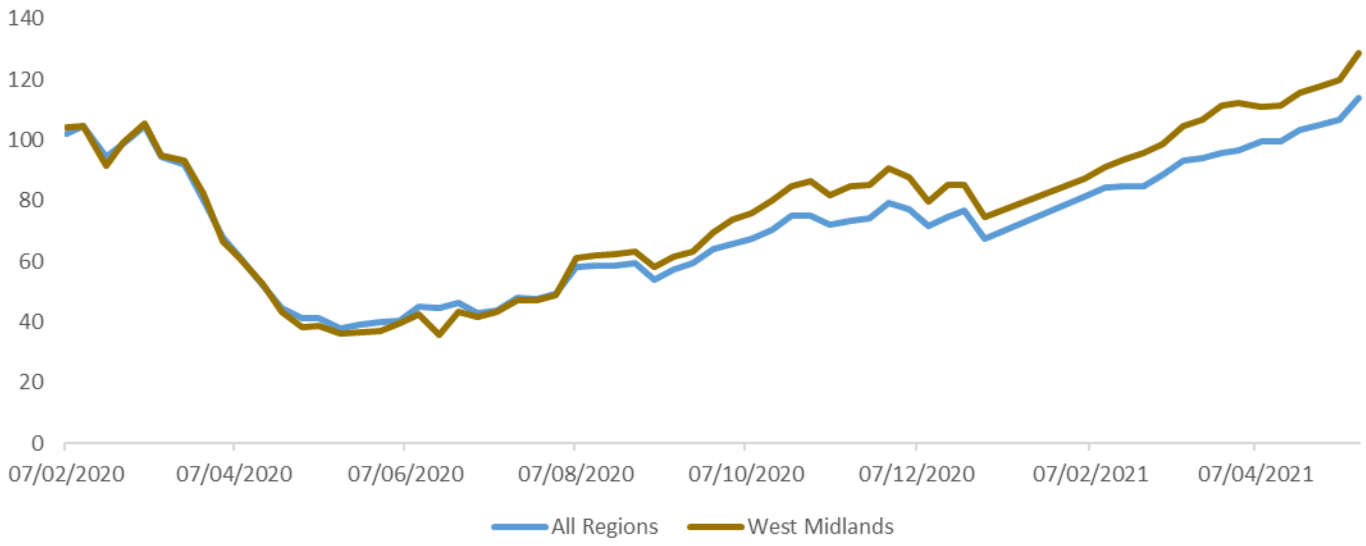
Online Job Adverts

These estimates are experimental figures are taken from jobs adverts provided by Adzuna. The Adzuna categories do not correspond to SIC categories and therefore not comparable with the ONS Vacancy Survey. Please note, from the 18th March 2021, an improved process has been put in place to generate more accurate estimates by region, these changes have been backdated. Index of job adverts on Adzuna by category, 100 = average job adverts in February 2020.

Nationally, between the 7th and 14th May 2021 total online job adverts increased by 7.5 percentage points. On the 14th May 2021, total online job adverts were at 114.1% of their average level in February 2020. Out of the 28 categories (excluding unknown) all increased from the previous week, with the highest increase by 19.8 percentage points in transport/logistics/warehouse (to 254.3%). The smallest increase was in travel/tourism by 1.5 percentage points (to 93.4%).

Between the 7th and 14th May 2021, for the West Midlands, the total online jobs adverts increased by 9 percentage points, the third highest region. London had the slowest increase over this period by 5.8 percentage points with the highest increase by 61.8 percentage points in Northern Ireland. On the 14th May 2021, total online job adverts for the West Midlands were at 128.9% of their average level in February 2020. North East had the highest level at 151.4% and London was the lowest region at 97.8% of their average levels in February 2020.

The following chart shows the index of job adverts on Adzuna by category, 100 = average job adverts in February 2020, Overall all regions and the West Midlands Region, 1st May 2020 to 14th May 2021:



Footfall

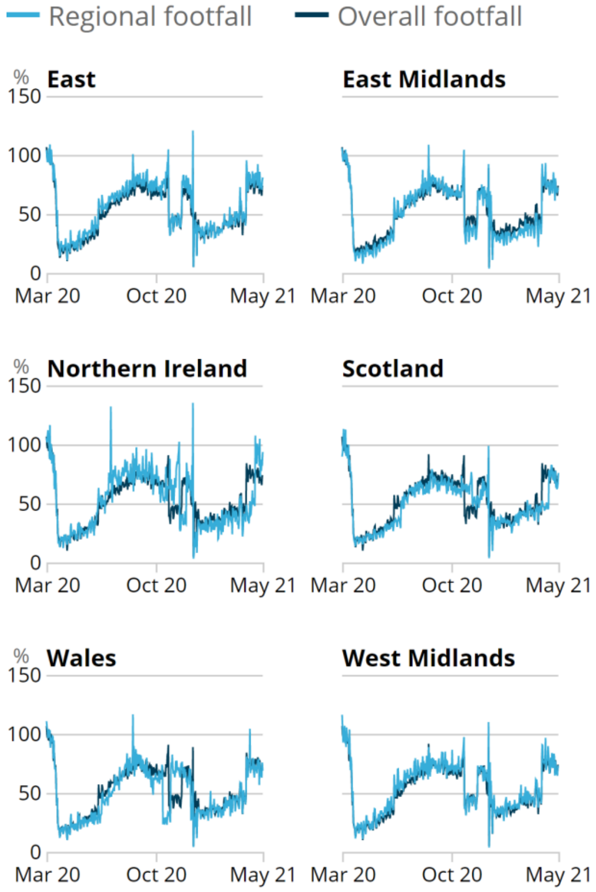
In the week to 15th May 2021, overall footfall for the UK was at 72% of its level in the equivalent week of 2019.

In the week to 15th May 2021, retail footfall as a proportion of its level in the equivalent week of 2019 remained strongest at retail parks at 95%; the equivalent figures for shopping centres and high streets were 71% and 61%, respectively.

High streets saw a week-on-week increase in footfall of 4%, which is the first week-on-week increase since the easing of lockdown restrictions in England on 12th April 2021. This weekly increase was in part driven by a 19% increase in footfall at high streets on Saturday 15th May 2021 when compared with the Saturday in the previous week. Footfall at retail parks and shopping centres both fell by 3%, when compared with the previous week.

When compared with other UK regions, retail footfall as a proportion of its level in the equivalent week in 2019 was strongest in Northern Ireland and weakest in Wales at 68%. Across all UK regions, retail footfall remains below its level in the equivalent week of 2019.

Volume of daily retail footfall, percentage of the level recorded on the same day of the equivalent week of 2019, UK regions, 1st March 2020 to 15th May 2021:



Source: Springboard and the Department for Business, Energy and Industrial Strategy

National Company Incorporations and Voluntary Dissolution

Companies House data shows for the UK, there were 17,316 incorporations in the week to 14th May 2021. This is up from 13,768 recorded in the previous week - it was also higher when compared to the same week in 2020 (14,525) and in 2019 (13,847).

Also, for the week to 14th May 2021, there were 5,790 voluntary dissolution applications, a decrease from 6,019 recorded in the previous week. The number of voluntary dissolution applications was higher than levels seen in the twentieth week of 2020 (4,499) but lower than the same week in 2019 (6,128).

Business Insights and Conditions Survey

The final results from Wave 30 of the Business Insights and Conditions Survey (BICS) based off the 5,129 businesses surveyed across the West Midlands that businesses have a presence in with a response rate of 24.9% (1,278) and to 2,984 businesses that are head quartered in the West Midlands, with a response rate of 23.8% (709). Please note, businesses were asked for their experiences for the reference period 19th April to 2nd May 2021. However, for questions regarding the last two weeks, businesses may respond from the point of completion of the questionnaire (3rd to 16th May 2021). Also, the majority of the data used is unweighted for regions and response levels can be low so the following results should be treated with caution when evaluating the impact of COVID-19. Due to weighted data being available for the UK a comparison has not been included.

Trading and Financial Performance

95.5% of responding West Midlands businesses were trading with a further 4.0% of businesses temporarily closed or temporarily paused trading and less than 1% of businesses had permanently ceased trading.

Businesses were asked how their turnover for the last two weeks compared to normal expectations for the time of year. Excluding “not sure” responses, 32.7% of trading businesses in the West Midlands reported their turnover had decreased by at least 20%. However, 41.6% of trading businesses in the West Midlands reported that their turnover was unaffected and 17.3% reported their turnover had increased by at least 20%.

Excluding “other” and “not sure” responses, 69% of responding West Midlands businesses reported the main reason for the change in the business turnover in the last two weeks was due to COVID-19, 1.1% reported the main reason as the end of the EU transition period and 8.5% reported that it was due to COVID-19 and the end of the EU transition period.

Profits

Businesses were asked in the last two weeks how profits compared with normal expectations for the time of year. Excluding “not sure” and “not applicable” responses, 33.3% of trading businesses in the West Midlands reported profits had decreased by at least 20%. However, 39.2% of trading businesses in the West Midlands reported that profits had stayed the same and 14.5% reported their profits had increased by at least 20%.

International Trading

Businesses were asked in the last two weeks, had their businesses exporting or importing of goods or services been affected when compared to normal expectations for the time of year. Excluding “not sure” responses, 26% of exporting businesses in the West Midlands reported their businesses were still exporting but less than normal. Of those businesses who continued to trade and import, 20.9% in the West Midlands were importing less than normal.

57.4% of West Midlands businesses who were exporting reported that they had not been affected and 61.2% reported that importing had not been affected.

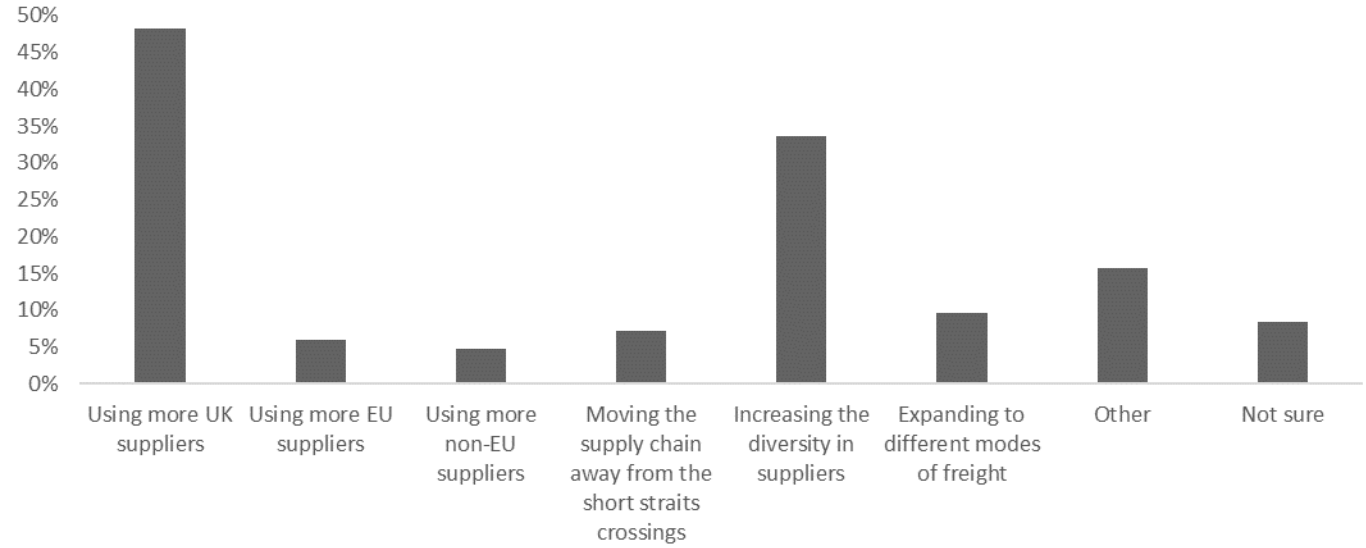
3.1% of businesses in the West Midlands are exporting more than normal and 4.9% are importing more than normal.

3.1% of businesses in the West Midlands have not been able to export in the last two weeks and 1.4% of West Midlands businesses have not been able to import in the last two weeks.

Supply Chains

Businesses were asked if they had made changes to supply chains due to the end of the EU transition period. 6.5% of responding West Midlands businesses reported they had. Where businesses stated they had made changes, 48.2% of responding West Midlands businesses reported they were using more UK suppliers.

The following chart shows where West Midlands businesses had reported they had made changes to supply chains, what the change was:



22.9% of responding West Midlands businesses reported extra costs due to increased red tape after the end of the EU transition period. Although 40.7% reported no extra costs.

2.9% of responding West Midlands business reported they had not been able to get the materials, goods or services from the EU in the last two weeks.

2.1% of West Midlands businesses reported they intend to open new branches or subsidiaries in the EU in the next 12 months.

Grants Applied, Received, Finance Agreements and Further Schemes

15.9% of West Midlands businesses had applied for Local Restrictions Support Grant – England (91.6% have received). 2.0% of West Midlands businesses had applied for a grant from the Lockdown Business Fund – Wales (11.3% have received). 1.6% of West Midlands businesses have applied for a grant from the Strategic Framework Business Fund Scotland (9.4% have received) and 2.5% had received a grant from Local Restrictions Support - Northern Ireland. While 75.0% of West Midlands businesses have not applied for any of these grants.

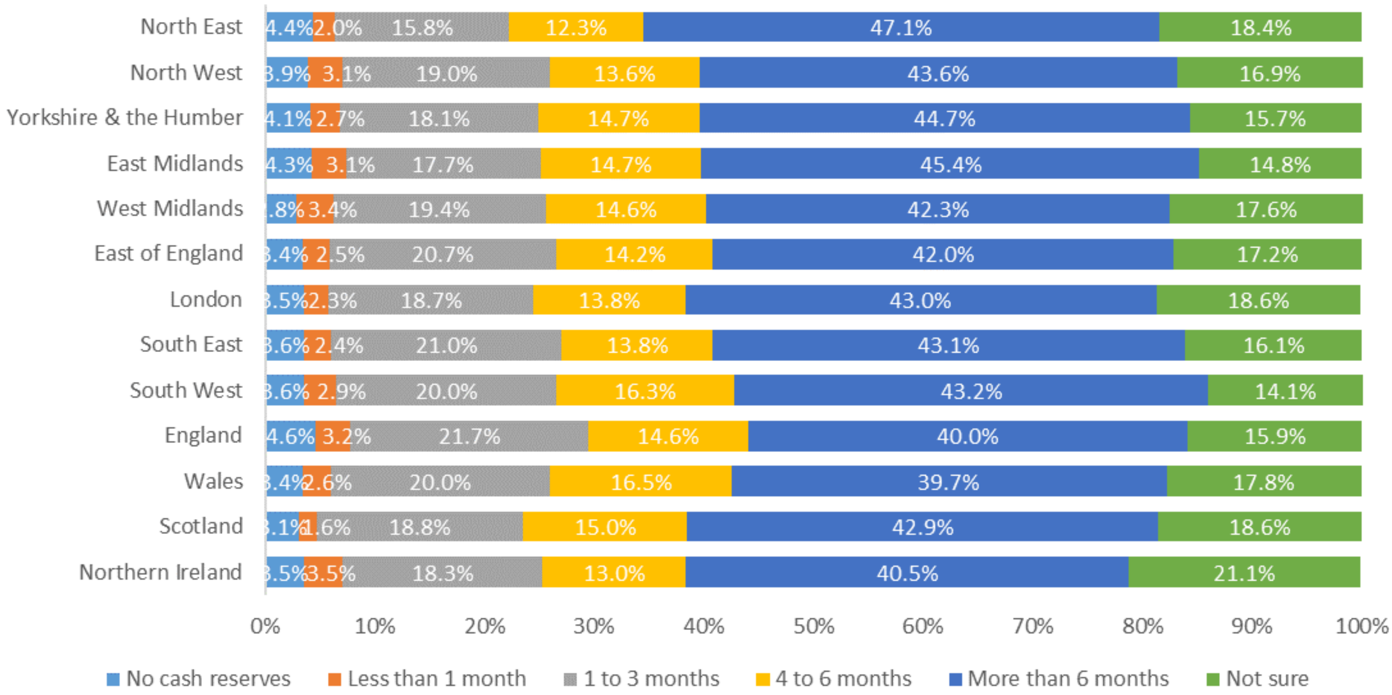
7.0% of responding West Midlands businesses have received small business grant, 7.6% have received a sector-specific grant and 4.2% have received an additional Restriction Grant.

26.4% of West Midlands businesses have received government-backed loans or finance agreements during COVID-19. 7.7% of West Midlands businesses are using or intend to use Kickstart Job Scheme for young people. 61.0% are using or intend to use the Coronavirus Job Retention Scheme and 2.7% of West Midlands businesses are using or intend to use Recovery Loan Scheme. While 30.4% of West Midlands businesses are not using or intend to use either of these schemes.

Cash Flow

2.8% of responding West Midlands businesses that have not permanently stopped trading have no cash reserves.

The following graph shows across the UK regions how long cash reserves will last:



Business Confidence and Insolvency

In the West Midlands, 68.4% of responding businesses had high confidence in surviving over the next three months. 24.0% had moderate confidence of survival, 2.0% had low confidence. The remaining 5.1% were not sure.

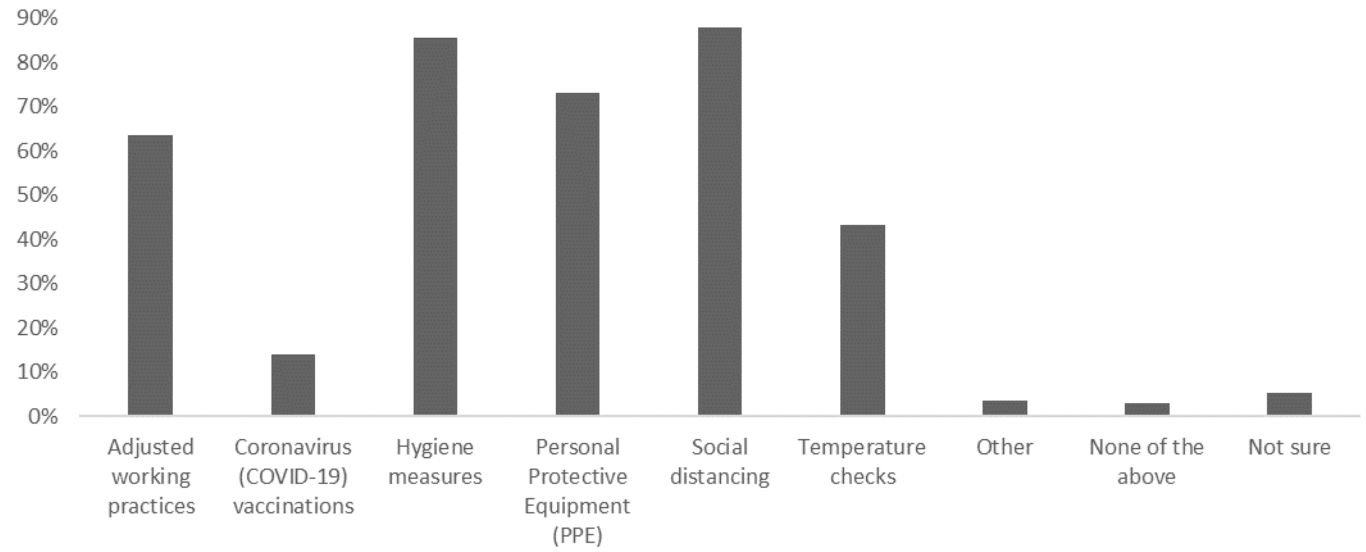
1% of responding West Midlands businesses reported they were at severe risk from insolvency and 9.3% of West Midlands businesses reported they were at moderate risk. 52.4% of West Midlands businesses reported a low risk of insolvency and 28.3% reported no risk.

In the last two weeks, 2.3% of West Midlands businesses reported risk of insolvency had increased, 87.5% reported risk had stayed the same and 6.1% reported the risk had decreased.

Safety Measures and COVID-19 Testing

87.8% of responding West Midlands businesses reported they were using, or intending to use social distancing as a safety measure in the workplace.

The following graph shows for the West Midlands area what businesses are using or intending to use for safety measures in the workplace:



62% of responding West Midlands businesses reported they were not providing regular COVID-19 testing for the workforce.

Expected Site Closures and Expected Redundancies

2.0% of West Midlands businesses intend to permanently close business sites in the next three months.

5.9% of responding West Midlands businesses expected redundancies to happen within the next three months. With 8.1% of West Midlands businesses expected redundancies to occur within the next two weeks. 14.9% of responding West Midlands businesses expect redundancies between two weeks and one month and 79.7% expected redundancies between one and three months. 1.4% of West Midlands businesses were unsure when redundancies would occur.

Skills Demand

Businesses could select multiple options with the top three increase in skills demand reported in the West Midlands was 19.7% of businesses saw an increase in demand for management or leadership skills. 19.6% reported an increase in demand for soft skills and 17.2% reported an increase in basic digital skills.

Social Impacts of the Coronavirus

The following refers to the period of 12th to 16th May 2021.

Avoiding Contact and Self-Isolating

In the past seven days, when a West Midlands resident has met up with people outside their household or support bubble, 85% reported that they always or often maintaining social distancing (78% GB).

84% of responding West Midlands adults who have left their home in the past 7 days have avoided physical contact with others (81% GB).

66% of responding West Midlands adults have avoided contact with older or other vulnerable people in the past 7 days (64% GB).

3% of responding West Midlands adults have self-isolated in the past 7 days due to COVID-19 (4% GB).

Impact on People's Life Overall

In the West Midlands 46% of adults reported they were very or somewhat worried about the effect COVID-19 was having on their life (50% GB). 19% of responding West Midlands adults reported that they were somewhat unworried or not at all worried (22% GB). 48% of adults in the West Midlands reported the main impact COVID-19 was having on their lives was the lack of freedom and independence (51% GB).

30% of working adults in the West Midlands reported their work had been affected due to COVID-19 (33% GB).

Well-Being, Loneliness and Perceptions of the Future

Mean personal well-being scores for life satisfaction was 6.9 in the West Midlands (7.0 GB), worthwhile was 7.1 in the West Midlands (7.3 GB), happiness was 6.7 for West Midlands adults (7.0 GB) and anxious was recorded at 3.9 for West Midlands adults (matching GB average).

10% of adults in the West Midlands reported low levels of life satisfaction (8% GB). 12% of West Midlands adults reported low level of feeling worthwhile (7% GB). 14% of responding West Midlands adults reported low level of happiness (12% GB) and 32% reported high levels of anxiety (matching GB average).

25% of adults in the West Midlands reported to often/always or some of the time to feeling lonely (24% GB). While 47% reported hardly ever or never feeling lonely in the West Midlands (50% GB).

23% of West Midlands adults believe it will take 6 months or less before life returns to normal (27% GB). While 22% of West Midlands adults believed it will take 7 to 12 months (21% GB). 26% of West Midlands adults think it could more than a year to return back to normal (matching GB average) and 7% for the West Midlands adults thought it would never go back to normal (5% GB).

LEP Level Intelligence

WMCA

WMCA Growth Hub Intel for WM Weekly Economic Monitor– 12th May 2021

<table>
<tr><th>SECTOR</th><th>KEY CONCERNS</th></tr>
<tr><td>Cross Sector</td><td>
Outlook
The Bank of England’s forecasts of major growth in the UK economy reflect “underlying optimism” that consumer spending levels will rocket as Covid restrictions ease. However, business leaders in the West Midlands have emphasised the continued need to be wary of how businesses will respond once government support measures, such as the Job Retention Scheme, come to an end later this year.
There is also some concern related to the Indian variant and new uncertainty around full unlocking of restrictions on 21st June. Local businesses have expressed concern of any future lockdown restrictions due to the new variant, suggesting their business may not survive another national lockdown or local lockdowns. Localised economic shocks in manufacturing, namely the sale of 3 West Midlands Liberty Steel premises by Liberty Steel, the closure of GKN’s Birmingham factory, and the shortage of semi-conductors in automotive, threaten jobs and could dent recovery.
Outlook and performance are positive among many sectors though, including positive reports from retail. Hospitality and tourism venues have also welcomed the ability to provide indoor services, particularly given recent poor weather.
While Growth Hub support across the region is now more balanced (rather than dominated by Covid-related enquiries), there is also still demand for pandemic-related financial support. For example, multiple calls from Warwickshire based companies are now being supported by C&W Growth Hub for Round 2 of their Adapt & Diversify grant scheme which launched on 17th May and was closed the same day. Over 200 applications were received demonstrating a clear need for ongoing COVID financial support.
COVID-19
Despite cautious optimism in the business environment, many issues surrounding Covid-19 still exist, not least the recent worry and uncertainty surrounding the Indian variant and its impact on the easing of restrictions roadmap.
Growth Hubs are still receiving Covid-related enquiries, for multiple different reasons:

Many businesses are still suffering financially due to lockdown restrictions

Requiring referral to government support schemes or local funds. There remain reports from some businesses that there is a lack of financial support and grants.
The events and exhibitions industry is still facing incredible hardship and is likely to continue to do so over the coming months. More financial support and clarity for these sectors is desperately needed in order to protect thousands of jobs and livelihoods across the region.
Processing of the Restart Grants has been slow. The British Independent Retailers Association (Bira) has expressed disappointment that many hard-hit retailers have still not received the Restart Grant owed to them.
General resistance from businesses to spend/invest is making it very difficult for business to keep their heads above water and create any form of growth within their businesses.

Following the publication of the new traffic light system of rules for international travel, business leaders are calling for Government to set out a detailed blueprint on the long-term revival of international travel.
Businesses reporting a drop in sales as traditional face to face salespeople are having to adapt to offering one dimensional sales pitches online and not being able to react to body language or ”real life” situations.
A large number from COVID affected individuals looking to start new ventures.
Testing and vaccines: though a national survey suggested that 78% of businesses have reported no plans to implement vaccine certification for employees to work (British Chambers Of Commerce).

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<tr><th>SECTOR</th><th>KEY CONCERNS</th></tr>
<tr><td></td><td>EU Exit
Similar issues with UK-EU trade continue to arise and companies are seeking support from Growth Hub’s as a result:
The shortage of steel has been highlighted again and the knock-on effect of increased prices when stocks are sourced.
Particular challenges with deliveries to Germany where it has been reported that goods are being turned away.
More evidence of increased paperwork causing a business to open a site in Europe to eliminate the complex administration.
Reports of customs taking a long time to release consignments.
Continued lack of understanding on import / export documentation causing delays.
Suggestions that the government should have introduced a uniform export document, so Customs staff know where to look for the VAT and EORI details.
Secure Two Factor Authentication, now rolling out from June, will have a big impact on online sales.
Big increases in raw material costs coming through.
These “on the ground” business issues may be now coming through in trade data recently released. Reported on 25th May, the total volume of trade between the UK and the EU plunged nearly a quarter in the first three months after the end of the Brexit transition agreement. New figures from the Office for National Statistics (ONS) showed that total trade fell 23.1 per cent in the quarter, as compared with the same three months in 2018. On the other hand, trade with countries outside the bloc fell just 0.8 per cent in total, suggesting that Brexit, not coronavirus, was having the most impact.
Enquiries
With both new and historic growth plans being (re)visited, conversations around general, non-COVID related, support programmes continue to become more frequent in the region:
- Growth Hub advisors continue to deal with multiple ongoing grant applications that involve the purchase of capital, green and digital projects
- Growth Hubs have been approached more frequently for introductions to local business referrals to overcome barriers to growth, including IT / digital support to strengthen growth strategies .
- Innovation, proof of concept and inward investment enquiries also appear more prevalent, while there has been a marked increase in the number of independent consultants turning to one WM Growth Hub (CW) in support of their clients.
- Strong numbers of 1-2-1 general business support sessions being sought and planned for smaller SME’s.
Investment Opportunities
A report issued this week paints a bright future for Midlands-based businesses and showcases the opportunity for investment in what appears to be an undercapitalised region in the UK.
The report, commissioned by the Midlands Innovation Commercialisation of Research Accelerator (MICRA), and produced by Beauhurst, a platform that provides data on the UK’s high-growth and innovative companies, is based on data from 3,453 high-growth Midlands-based companies.
The report shows that last year saw a record £665m invested in Midlands-based companies, via 286 equity deals. Yet while the Midlands is home to 11% of the UK’s high-growth companies, the region only secured 5% of the £13.5bn invested in UK companies.
While this strongly suggests the region may be undercapitalised, the report also highlights the strength of the ‘innovation ecosystem’ and the eight research-intensive universities that make up the Midlands Innovation partnership behind MICRA as foundations for the region’s future prosperity.</td></tr>
<tr><td>Tech & Digital</td><td>Tech start-ups are on the rise in the West Midlands. According to RSM analysis, in total there have been 821 tech businesses incorporated in 2020 according to data held by Companies House, a 40 per cent increase compared with 585 in 2019.
Commenting on the findings, Amy Burton, head of RSM’s technology and media team in the West Midlands, said that the UK is continuing to stride ahead of other European countries in terms of its tech start-ups.
She said: “Despite the acute impact of the Covid-19 and lockdown restrictions, it’s encouraging to see such strong growth in the West Midlands tech sector as entrepreneurs</td></tr>
</table>

SECTOR	KEY CONCERNS
	seize the opportunities that the pandemic has revealed for technology to support new ways of working and digital entertainment.
Construction	• The British building industry is in the midst of a supply crisis. From roof tiles to steel, timber to insulation, paint to kitchen sinks, **products are scarce – and when they can be found, they're expensive.** • **Timber costs 80% more than it did in November, steel joists are more expensive because iron ore has gone up by more than 80%. Soft wood is up by almost 100%. Aluminium is up by about a quarter. Copper is up 40%. Plastics up 60%. Paints are up by about a third.** • A combination of Covid and Brexit has caused the crisis, while delays to global supplies caused by March's Suez crisis have not helped either. They are affecting projects big and small, across the country. • **Wolverhampton is aiming to become a major centre for modular building** and could play a key role in meeting the government's home-building target. The Sustainable Construction and Development Forum was told the University of Wolverhampton's new £120m campus dedicated to the building sector would help the city become a national hub for modern methods of construction (MMC). • There has been a **sharp rise in demand for family homes across the West Midlands** fuelled by pupils returning to school. The pandemic-led search for space means demand has also spiked for four and five-bed homes in some areas, with Sandwell and Dudley seeing notable rises. Wolverhampton and Walsall are also enjoying a rise in demand for family homes, up more than 10 per cent since March in both areas.
Manufacturing	• The **global shortage of semiconductors,** which led to Jaguar Land Rover to temporarily close plants in the North West and West Midlands, will cost car makers almost £80bn in lost revenue this year, a report has said. Global consulting firm AlixPartners said its estimate had almost doubled since its last study at the start of the year. • The firm is now forecasting **worldwide production of 3.9m vehicles will be lost this year.** Car companies across the world, including some in the West Midlands, have been hit by the shortage. • **Manufacturing output grew at the fastest rate since December 2018** – the first material growth reported in almost two years – according to the CBI's latest monthly Industrial Trends Survey. The survey of 272 manufacturers found that output increased in 12 of 17 sub-sectors, with growth driven by **chemicals, electronic engineering, and metal products.** Looking ahead, manufacturers anticipate output to accelerate further in the next three months.
Retail	• There have been mixed results from retail in recent weeks. On the one hand, UK consumer spending rose above pre-pandemic levels for the first time in 2021. • However, recent closures (such as Debenhams) and results from other retailers such as Shoezone bring home the **perilous position of the sector.** • Additionally, **footfall remains around 20% down in city centres** due to the continued lack of office workers. This has prompted some ideas from the business community to boost visits to centres: - **Calls for flexible season ticket models from train companies** to enable more people to return to the office when they wish. Current rigid models are a barrier to returning to the office, which has a knock on impact on retail and hospitality. - Requests from SMEs in various sectors for **funding and support for getting Covid safe.** Costs are considerable but essential for staff and customers to feel safe.
Hospitality	• Restaurants are reporting **strong demand as lockdown measures ease.** • Trade for outdoor dining is weather dependent, making it difficult to forecast demand • Customers' **reluctance to download Track and Trace app causes extra administration for staff.** • **Messaging around the Birmingham Clean Air Zone** is still not getting through to the public and is **putting people off visiting.** • There is an **increase in litter caused by drinking/eating in the street.**

NEW ECONOMIC SHOCKS

COMPANY	LOCATION	SECTOR	SOURCE/DETAIL
Warburtons	Wednesbury, Black Country	Hospitality	Redundancies are planned at bakery company Warburtons' Wednesbury site. The Wednesbury bakery, which was rebuilt after being destroyed by a fire in 2004, employs around 400 and can produce 2.25 million loaves a day. The company has not yet confirmed how many jobs are at risk.
GKN Automotive	Birmingham	Manufacturing	A Birmingham automotive factory is set to close with the loss of more than 500 jobs after its owners rejected plans put forward by staff and management. GKN Automotive in Chester Road will shut in 2022 with the loss of 519 roles after an alternative plan by a team of union officers, senior management at the plant, shop stewards and Jack Dromey MP, proposed earlier this month was turned down.
Liberty Steel	West Bromwich, Kidderminster and Coventry	Manufacturing	Liberty Steel is to sell three plants across the West Midlands as part of a major restructure. Sites in West Bromwich, Coventry and Kidderminster will all be sold by the UK's third largest steel business as part of its restructuring and refinancing.

NEW INVESTMENT, DEALS AND OPPORTUNITIES

COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
Severn Trent Water	Region-wide	Utilities	Severn Trent has received regulatory endorsement to invest £565m in a Green Recovery programme to support the UK's economic bounce back and create 2,500 jobs in the Midlands.
DX Freight	Black Country	Logistics	Deliveries group DX, which has sites in Willenhall and Tipton, says trading since the beginning of March has been stronger than expected. DX Freight revenue growth is expected to be around £10 million higher than previously expected for the year to July.
City of Wolverhampton Council	Wolverhampton	Arts / Culture	Plans for an Arts Park by the Grand Theatre, the City Learning Quarter's new technical centre and improvements to markets will all be part-funded by a £25 million pot from Wolverhampton's Town Deal Board.
Future High Streets Fund	Region-Wide	Economy-Wide	More than £75 million of funding to revitalise high streets and help them bounce back from the pandemic has been confirmed for the West Midlands. Wolverhampton will receive £15.7 million, Stafford £14.3 million and Walsall £11.4 million. A further £10million will be provided for Leamington Spa, £11m for Newcastle-Under-Lyme (£11 million) and £13.3m for Nuneaton.
Rialto Plaza	Coventry	Arts / Entertainment and Recreation	Coventry venue the Rialto Plaza reopened on May 17 following a £1m refurbishment, creating over 100 new jobs. The new Rialto Plaza will offer a leading live music and events programme plus a community space to work, dine and socialise.
FireAngel	Coventry	Manufacturing	FireAngel, a Coventry-based smoke alarm and carbon monoxide detector manufacturer, has raised almost £10m through an open offer and conditional placing. Valid acceptances have been received from qualifying shareholders in respect of 23.6 million open offer shares.

COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
University of Warwick	Coventry	Education and Training	The University of Warwick has announced that is investing £275,000 in establishing an esports centre. It will be located at the heart of Warwick campus in the newly named 'Junction' facility. The university says it wants the facility to offer both its campus and local community "more than any other UK esports facility" and is now seeking sponsorship to provide the centre with bespoke coaching, training and development activities that will be accessible to the wider community.
Jaguar Land Rover	Coventry	Manufacturing	Luxury car manufacturer Jaguar Land Rover has reported strong underlying profitability and cash flow for the three months to March 31, 2021, its fourth quarter period – and solid results for the full year. The business continued to recover following the onset of the COVID-19 pandemic and retail sales in the fourth quarter were 123,483 vehicles, up 12.4% year-on-year. This was supported by a strong recovery in China
Hospitality Industry	Region-Wide	Hospitality	Two major pub groups based in the West Midlands are seeing their glasses as being half-full despite recording huge operating losses during lockdown. Pubs and restaurants have been able to serve customers indoor for the first time in months since last Monday, and the sector is hopeful this will be a permanent return after 14 months of uncertainty and closures.
BEIS	Birmingham	Public Sector	More civil service jobs are coming to Birmingham after the Department for Business, Energy and Industrial Strategy (BEIS) announced it was creating 175 roles in the city. They come on top of 150 BEIS positions already based in Birmingham, bringing the total to 325.
St. Modwen	Birmingham	Construction	A deal for an American private equity and investment firm to buy Birmingham-based regeneration and construction group St Modwen has been agreed. Blackstone, which also owns the NEC Group, will pay £1.2 billion for St Modwen's entire issued share capital at a cost of 542p per share.
HS2 Ltd	Birmingham	Rail	HS2 (High Speed Two) Ltd have announced that Mace and Dragados SA UK & Ireland will be teaming up to build the new HS2 Curzon Street station in Birmingham.

Disclaimer: The contents of this document are based on the latest data available and the contribution of regional partners in a fast paced environment, therefore we urge caution in its use and application

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