West Midlands
Weekly Economic Impact Monitor

Issue 57 Publication Date 25/06/21

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.

Generally, the world economy is picking up with pent up demand starting to be released as countries unlock. However, in the UK this week there are stark warnings about the food and drink industry facing labour shortages, especially in fresh food and haulage. This is mainly due to the impact of fewer EU workers in the supply chains, but will be exacerbated by the 'staycation' holiday makers, as consumers who normally leave the UK and reduce demand will be staying. This could dampen the potential spending created by people staying at home this summer.

- The Economic Outlook KPMG found that the future was positive for the West Midlands, after suffering the sharpest contraction anywhere in the UK last year, mainly caused by falls in wholesale and retail trade. In the initial lockdown manufacturing operations were not subject to restrictions, this led to a rise in output last year. The super-deduction allowance on plant and machinery investment introduced in the 2021 Budget should help to accelerate manufacturing output over the next two years.
- The Greater Birmingham Chambers of Commerce highlight that the West Midlands has secured a 2% equity investment in 2020. Data from The British Business Bank's Small Business Equity Tracker 2021 found that smaller companies saw a total of £382 million in equity deals last year, up 266% from the previous £104 million in 2019. However, despite this the West Midlands is still under-represented in its share of UK equity.
- The updated Quarterly Business report found that there is increasing confidence amongst Greater Birmingham businesses. The report found that many businesses are now on the road to recovery after struggling to stay afloat amidst the uncertainty of the pandemic. The report shows upward trends are due to the vaccine rollout and the gradual easing of restrictions allowing trade to resume. The domestic demand balance score has increased by 21 points this quarter to 68, the highest since Q4 2018, with 49% of businesses being confident that this upward trajectory would continue. Export demand emerged from negative territory for the first time since the beginning of 2020, with 32% of firms across manufacturing and service sectors seeing increases in non-UK sales.
- Made Smarter, in a bid to drive growth and boost productivity in West Midlands manufacturing and engineering SMEs, has launched a £1.9m digital adoption scheme. Digital specialists will provide advice to local businesses on how to switch to advanced automated technologies, as well as working to up-skill employees on their overall digital skills.
- IHS Market shows that the global economy has surpassed the pre-pandemic real GDP peak attained in the fourth quarter of 2019. The Asia-Pacific region was the first to complete recovery in late 2020, mainly due to a resilient Chinese economy. North America's recovery has coincided with that of the world, with estimates from that US real GDP will reach a new peak in May 2021. Europe and Latin America will complete their recoveries in the final quarter of this year.
- Following a 3.5% contraction in global real GDP in 2020, it is now projected to increase by IHS Market by 6.0% in 2021: the strongest growth the world has seen since 1973. According to the World Bank after facing the deepest global recession since World War II and we will see the fastest post-recession global growth in 80 years at 5.6% in 2021.
- Rating Agency Fitch has raised the UK's outlook to 'stable' from 'negative' to 'AA-'. This is due to recent macroeconomic, labour market and fiscal outturns since the beginning of 2021, which have shown the UK economy and public finances to be far more resilient to the shock of the pandemic than had been expected previously.
- As vaccination rates increase and lockdown-related restrictions are lifted, consumer spending is beginning to surge globally. This is most prevalent in the US, where pent-up demand for travel and all services involving social interaction is stronger than anticipated. Western Europe is beginning to see this boom in spending as well as economies gradually reopen.
- KPMG has also released its UK Economic Outlook report for June 2021. The short-term outlook is favourable for the economy, as the vaccination programme is well underway and further easing of social distancing restrictions are expected later this month. A combination of built up excess savings, pent-up demand and a number of government incentives are expected to boost economic growth this summer. KPMG forecasts indicate that the economy will grow by 6.6% this year and by 5.4% in 2022.
- Make UK and BDO Q2 Manufacturing Outlook indicate that Britain's manufacturers have accelerating growth prospects. The sector's growth is forecasted to double, to outpace the economy overall.

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

- The West Midlands Local Skills Report, written by the ODA/WMREDI supported by BCCEIU was published in May 2021, and its accompanying Evidence Base document provides a detailed summary and assessment of key data on education and skills in the West Midlands region. Key issues include: a higher share of the working age population without qualifications than the UK average; School Readiness for Early Years pupils has increased markedly in recent years (68.6% in 2019, from 56.4% in 2014); Apprenticeships do a good job on gender equity and reaching all ethnicities in the region. However, total apprenticeship starts are down 40% on 2015/16, having fallen after the introduction of the Apprenticeship Levy and precipitously after COVID; the gender pay gap is significantly smaller than the UK average in all three LEP areas; the claimant count has hugely increased through the pandemic, with a 97.5% increase on December 2019. However, this was smaller than the UK average increase (117.0%.); the GVA per hour worked in the region is lower (at £32.69) than the UK average (£35.03), but in recent years has increased faster; Several sectors of employment are growing faster than the Further Education system is training people, particularly Marketing and Sales, Management, Administration, Accounting, Nursing, and Care; there is currently an over-supply of skills in the region equivalent to NVQ1 and NVQ3, and an under-supply at NVQ2 and NVQ4.
- There were 145 FDI projects into the West Midlands region in 2020-21, this is a decrease of 7.6% (-12 projects) compared to 2019-20. The UK overall decreased at a greater rate, by 17.0% (-314 projects), from 1,852 in 2019-20 to 1,538 in 2020-21. In the West Midlands region, there were 4,443 new jobs created from FDI projects in 2020-21. This is an increase of 14.4% (+560 new jobs) from 2019-20. The UK experienced a decrease over the same period, and the region accounted for 8.0% of new jobs created from FDI projects; the second highest UK region.
- The West Midlands Business Activity Index slightly decreased from a record high of 65.9 in April 2021 to 65.5 in May 2021, although this is the still the second sharpest increase of business activity since records began in January 1997. With the Business Activity Index above the 50 mark which shows positive growth, firms reported expansion due to the further easing of lockdown measures, the reopening of additional businesses and a surge in demand. The overall UK Business Activity Index increased from 60.7 in April 2021 to 62.9 in May 2021. Out of the twelve UK regions, the West Midlands region was the second highest for the Business Activity Index in May 2021, only the North West scoring higher.
- The West Midlands Future Activity Index increased from 80.8 in April 2021 to 83.6 in May 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 restrictions, vaccine success and hopes for further relaxations of travel restrictions.
- Opportunities: Plans to bring up to 1,000 new jobs back to the MG Longbridge site, where the iconic Mini was designed, have been announced by developer St Modwen; Accountancy firm Azets says it is set to create 650 jobs across the UK over the next 12 months – with 100 of those in the Midlands; A medical research firm has agreed a new property deal for a former supermarket site in Birmingham which will significantly expand its presence in the city. Binding Site has signed a 15-year lease to take 97,932 sq ft of space at the Broadway building at Five Ways island; Machining company AE Aerospace has secured a £400,000 loan to help safeguard its 65 employees - and create 10 new jobs.

Covid19 impacts

- Covid-19 resurgences still remain a significant risk factor, however, especially in developing and emerging countries where the vaccine supplies are less plentiful. The UK has seen a resurgence in infection rates, and the daily new cases confirmed remains relatively high.
- There is an expected rise in insolvencies, as government support schemes are withdrawn, which could impact recovery down the line. Removal of government intervention schemes will also impact unemployment, the furlough scheme will end and whilst most will be reabsorbed into the labour market, unemployment is forecasted by KPMG to peak at 5.7% by the end of the year.
- Data from Springboard shows latest UK retail footfall saw a weekly decrease of 7% and was at 82% of its level in the equivalent week of 2019. The strongest weekly decreases in retail footfall were in high streets (-9%) and shopping centres (-8%). Footfall at retail parks reduced by 1%, but still remains strongest of all retail locations relative to their levels before the COVID-19 pandemic.
- Less than 1% of West Midlands businesses reported that the number of workers from within the EU had increased. 25.9% of West Midlands businesses reported the number had stayed the same and 8.7% reported the number had decreased. 1.3% of West Midlands businesses reported that the number of workers from outside the EU had increased. 17.8% of West Midlands businesses reported the number had stayed the same and 3.4% reported the number had decreased.
- The number of payrolled employees in the UK has increased for the sixth consecutive month, up by 197,000 in May 2021 to 28.5 million. It is however 553,000 below levels seen before the COVID-19 pandemic. Since February 2020, the largest falls in payrolled employment have been in the accommodation and food services sector, amongst people aged under 25 years, and for people living in London.
- Latest employment estimates (February to April 2021) continue to show signs of recovery. There was a quarterly increase in the employment rate of 0.2 percentage points to 75.2% and a quarterly decrease in the unemployment rate of 0.3 percentage points to 4.7%.

- The redundancy rate decreased by a record 7.1 per thousand employees on the quarter, to 4.0 per thousand employees (in February to April 2021) - similar to pre-pandemic levels. 5.8% of WM businesses expect to make redundancies in the next three months. 5.8% expect to make them within the next 2 weeks, 18.8% expect between 2 weeks and 1 month. 73.9% of expect between 1 and 3 months.
- For the week to 11th June 2021, there were 6,424 voluntary dissolution applications, an increase from 4,414 recorded in the previous week. The number of voluntary dissolution applications were higher than levels seen in the same week of 2020 (4,601) and the same week in 2019 (5,430).
- Food shortages are set to get progressively worse over the summer. The fresh produce industry usually struggles during summer due to increased demand and shortfalls in labour as staff go on annual leave. However, usually pressure is relieved on the industry as people go abroad on holiday, so causing demand to fall.
- The ONS has reported that the proportion of working adults who did any work from home in 2020 increased by 37% from 27% on average in 2019, with Londoners being the most likely to work from home. Most adults stated that they had a positive work life balanced with homeworking, but struggled with challenges around collaboration. 24% stated that they intended to use increased homeworking going forward. Online job adverts including terms related to "homeworking" have increased at a faster rate than total adverts, with homeworking adverts in May 2021 three times above their February 2020 average. Of working adults currently homeworking, 85% wanted to use a "hybrid" approach of both home and office working in future.

EuExit impacts

- The Q1 2021 Food and Drink Trade Snapshot collated by the Food and Drink Federation (FDF), has found that exports to the EU fell by £2bn in the first three months of 2021. Analysing trade data released by HMRC this was partly impact of the Covid-19 pandemic, and the change in trading relationships with the EU. This led to a total fall in UK food and drink exports to 28.1% in Q1 of 2021 when compared to 2020, and a fall of 36.5% when compared with pre-Covid Q1 2019 figures. FDF stated that this had been the first ever quarterly report they had written, in which exports to non-EU countries exceeded those to the EU, making up 55% of all UK food and drink exports. Another casualty of the new changes in trading relationships has been the sectors traditionally biggest export market - the Republic of Ireland - where trade is down -70.8% since 2020 and by -72.7% since 2019.
- According to HMRC, exports of food and live animals to the EU, including seafood and fish, have fallen by £0.7 billion or 63.6% in January 2021. It is stated that this is potentially due to the stricter checks and certifications implemented by the EU at the end of the transition period in December 2020.
- The Scottish Seafood Association has also said that exports to the EU have been hit by 'red tape' delays between Scotland and France. Consignment sign off for exports of fish is taking up to six times longer, and previously overnight transits of goods to France are now taking upwards of three days.
- Northern Ireland faced fresh produce shortages in supermarkets and now this looks like it is to spread to the rest of the UK. According to The Grocer, worsening food shortages are now 'inevitable' in the coming weeks and months, as labour shortages across the food supply chain approach crunch point. There have been shortfalls in fresh produce labour across the industry, with shortages in HGV drivers, harvesters, manufacturers, and packers, which is causing great pressures on supply chains in the industries. These jobs are on average low paid and highly physically demanding, and there are generally shortages in supply of labour. However, for a number of years the lack of labour supply for this industry has been helped by EU migrant workers coming to the UK, happy to work on the low industry wages, in the pursuit of a better quality of life.
- Brexit has also spurred the fall in HGV drivers as many European drivers left the industry, with the freedom of moment now gone and the increase in haulage times, as a result of increased border checks and paperwork, few people want to join the industry and it has caused many to leave.
- There has been a 45% fall in jobs searches from EU workers compared with 2016 according to data from Indeed. Since post-Brexit immigration rules were introduced at the start of the year, interest from non-EU workers has returned to pre-pandemic levels whilst interest from EU workers continues to fall.
- 7.7% of responding West Midlands businesses reported they had made changes to exporting/importing. 48.4% reported they were using more UK suppliers. 23.4% reported extra costs due to additional transportation costs. Although, 38.7% reported no extra costs.
- According to KPMG there is still great uncertainty surrounding the longer-term outlook for local manufacturing industry, especially surrounding the ongoing impacts of Brexit on the automotive manufacturing sector. As well as the expected longer-term falls in business travel, as greater digitisation allows colleagues to engage more efficiently from their home countries and as tastes in travel change due to the ongoing climate crisis, this will great impact neighbouring industries in the West Midlands such as aerospace

Global, National and Regional Outlook

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Global

According to IHS Market, the global economy has reached an important milestone in the second quarter of this year, surpassing the pre-pandemic real GDP peak attained in the fourth quarter of 2019. The Asia-Pacific region was the first to complete recovery in late 2020, mainly due to a resilient Chinese economy. North America's recovery has coincided with that of the world, with estimates from HIS Markit that US real GDP will reach a new peak in May 2021. Africa and the Middle East are expected to reach this point in quarter 3, whilst Europe and Latin America will complete their recoveries in the final quarter of this year. However Reuters reported that the Eurozone business growth accelerated at its fastest pace in 15 years in June, as the easing of lockdown measures has unleashed pent-up demand and has driven a boom in the dominant services sector, but this is leading to increase pressures on prices.

Following a 3.5% contraction in global real GDP in 2020, it is now projected to increase by IHS Market by 6.0% in 2021, the strongest growth the world has seen since 1973. According to the World Bank after facing the deepest global recession since World War II, it will see the fastest post-recession global growth in 80 years at 5.6% in 2021. IHS predicts that growth is it set to at a robust pace at 4.6% in 2022 before settling to 3.0% between 2023 and 2025. As vaccination rates increase and lockdown-related restrictions are lifted, consumer spending is beginning to surge. This is most prevalent in the US, where pent-up demand for travel and all services involving social interaction is stronger than anticipated. Western Europe is beginning to see this boom in spending as well as economies gradually reopen, labour market conditions improve and pent-up demand and savings begin to take effect. According to Allianz, residual savings in Europe amounts to €500 billion, whilst in the US they are estimated to be £1 trillion. As a response to more robust sales prospects and favourable financing conditions, business investment is also increasing. Depleted inventories are expected to be rebuilt over the second half of the year, which will support economic growth.

Covid-19 resurgences still remain a significant risk factor, however, especially in developing and emerging countries where the vaccine supplies are less plentiful. Parts of Asia have experienced huge outbreaks of new variants over the spring, prompting numerous lockdowns that have affected consumer spending and exports. There are also reports of new outbreaks across Australia, as some cities face their fastest growing outbreak yet. Outbreaks like these are increasing pressure on already fragile global supply chains. These delays will improve but global supply chains will still be in recovery till 2022.

Additionally, employment is improving as many industries across the world begin to re-open and operations begin to resume at pace due to high pent-up demand. There has been a gradual recovery in the US labour market where in May 559,000 non-farm jobs were created and the unemployment rate fell to 5.8%. These employment gains did however fall short of expectations as momentum slowed in the leisure and hospitality sectors, suggests that there may be labour supply constraints or/and cautious employers. Still Vanguard predicts the unemployment rate will fall down to 4% by the end of the year.

In the Eurozone unemployment fell to 8.0% in April to 8.1% in March, as furlough schemes such as the European Union's SURE programme (support to mitigate employment risks in an emergency) continuing to support employment. Vanguard expects employment to be supported by the extension of the Coronavirus Job Retention Scheme to September as part of the UK's recently announced budget.

National

The Q1 2021 Food and Drink Trade Snapshot collated by the Food and Drink Federation (FDF) has found that British food and drink exports to the EU fell by £2bn in the first three months of 2021. Analysing trade data released by HMRC the snapshot found that this was in part due to the ongoing impact of the Covid-19 pandemic, however the change in trading relationships with the EU. This led to a total fall in UK food and drink exports to 28.1% in Q1 of 2021 when compared to 2020, and a fall of 36.5% when compared with pre-Covid Q1 2019 figures. Food and drink exports to the EU have fallen by 46.6% Q1 2020 and by 55.1% since 2019, whereas food and drink industry sales to non-EU countries rose by 0.3% in Q1 2021. However, the FDF's states that this had been the first ever quarterly report they had written in which exports to non-EU countries exceeded those to the EU, making up 55% of all UK food and drink exports. Another casualty of the new changes in trading relationships has been the sector's traditionally biggest export market, the Republic of Ireland where trade is down -70.8% since 2020 and by -72.7% since 2019. The graph below shows the shows the changes in the UK's exports in food and drink.

KEY INDICATORS

	Q1 2019	Q1 2020	Q1 2021	Change 2019-2021	Change 2020-2021
All partners	£5.8bn	£5.1bn	£3.7bn	-36.5%	-28.1%
EU	£3.7bn	£3.1bn	£1.7bn	-55.1%	-46.6%
Non-EU	£2.1bn	£2.0bn	£2.0bn	-4.0%	0.3%
EU share	63.5%	60.5%	44.9%	-18.6 pp	-15.6 pp
Non-EU share	36.5%	39.5%	55.1%	18.6 pp	15.6 pp
Trade balance*	-£6.6bn	-£6.3bn	-£6.6bn	0.5%	4.8%

*An increase in the trade deficit deteriorates the terms of trade, hence being highlighted in red

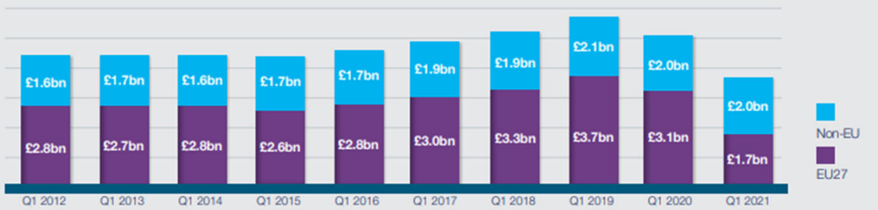
TOP 10 PRODUCTS

	Q1 2019	Q1 2020	Q1 2021	Change 2019-2021	Change 2020-2021
Whisky	£1,139.9m	£945.2m	£933.7m	-18.1%	-1.2%
Chocolate	£196.0m	£169.8m	£162.8m	-17.0%	-4.1%
Pork	£121.3m	£150.0m	£127.9m	5.4%	-14.8%
Salmon	£191.5m	£164.4m	£118.8m	-37.9%	-27.7%
Wine	£181.2m	£115.3m	£107.6m	-40.6%	-6.7%
Breakfast cereals	£128.3m	£118.1m	£100.1m	-37.9%	-27.7%
Gin	£162.7m	£136.1m	£97.7m	-39.9%	-28.2%
Beer	£121.0m	£100.2m	£89.3m	-26.2%	-10.9%
Extracts	£116.1m	£99.3m	£83.1m	-28.5%	-16.3%
Lamb and mutton	£90.5m	£94.3m	£81.0m	-10.4%	-14.0%

TOP 20 MARKETS

	Q1 2021	Change 2019-2021	Change 2020-2021
United States	£405.3m	-22.3%	-18.3%
France	£377.8m	-36.2%	-17.2%
Ireland	£280.8m	-72.7%	-70.8%
Netherlands	£279.6m	-41.6%	-24.3%
China	£202.1m	23.4%	28.2%
Germany	£148.7m	-63.9%	-54.9%
Singapore	£106.0m	15.8%	-1.5%
Belgium	£105.2m	-46.3%	-31.7%
Australia	£97.5m	-2.1%	6.8%
Hong Kong	£83.3m	-9.8%	3.7%
Canada	£80.4m	5.3%	-5.6%
Poland	£78.4m	-26.4%	-19.0%
UAE	£72.4m	-2.8%	-9.1%
Spain	£70.5m	-69.0%	-62.9%
Japan	£64.8m	-15.4%	6.2%
Saudi Arabia	£64.7m	22.0%	28.9%
Norway	£56.3m	33.6%	-4.6%
Sweden	£55.4m	-43.4%	-21.0%
Denmark	£47.2m	-50.9%	-39.9%
Italy	£46.8m	-68.6%	-61.0%

Q1 UK FOOD AND DRINK EXPORTS OVER 10 YEARS



Source: Food and Drink Federation, 2021, Data source: HMRC, 2021.

According to HMRC, exports of food and live animals to the EU, including seafood and fish, have fallen by £0.7 billion or 63.6% in January 2021. Stating that this is potentially due to, the stricter checks and certifications implemented by the EU at the end of the transition period in December 2020. The Scottish Seafood Association has also said that exports to the EU have been hit by 'red tape' delays between Scotland and France. Reportedly, the consignment sign off for exports of fish is taking up to six times longer, and previously overnight transits of goods to France are now taking upwards of three days.

Rating Agency Fitch has raised the UK's outlook to 'stable' from 'negative' to 'AA-'. This is due to recent macroeconomic, labour market and fiscal outturns since the beginning of 2021, which have shown the UK economy and public finances to be far more resilient to the shock of the pandemic, than had been expected previously by Fitch. Furthermore, businesses also adapted better than expected to working within the new economic restrictions, as well as greater resilience of private consumption and investment have led to an upward revision in their GDP estimate and forecasts for 2020-21 to -9.8% and 6.6% retrospectively. Fitch forecasts growth moderating to 5% in 2022. Expecting the employment rate to average just 5.4% in 2021 down from their previous forecast of 7.3%, supported by the extension on income and job support schemes and the continuation of fiscal and pandemic-related loan support schemes to businesses.

KPMG has also released its UK Economic Outlook report for June 2021. The main findings were firstly that the short-term outlook is favourable for the economy as the vaccination programme is well underway and further easing of social distancing restrictions are expected later this month. A combination of built up excess savings, pent-up demand and a number of government incentives are expected too boost economic growth this summer, with KPMG forecasting the economy to grow by 6.6% this year and by 5.4% in 2022. Allowing for the economy to reach its pre-Covid levels by the first quarter of next year. However, the possibility of the emergence of new variants less responsive to current vaccines are still a downside risk, albeit less severe than previously. Also, there is an expected rise in insolvencies, as government support schemes are withdrawn, which could impact recovery down the line. Removal of government intervention schemes will also impact unemployment, the furlough scheme will end and whilst most will be reabsorbed into the labour market, unemployment is forecasted by KPMG to peak at 5.7% by the end of the year.

Increasing cost pressures and the reversal of temporary tax cuts will cause inflation to rise this year, but spare capacity in the economy should see inflation moderating next year, without the need for an interest raise from the Bank of England before 2023. This is good for public sector finances as whilst they are set to improve relatively quickly, they have become more vulnerable to a rise in interest rates. However, whilst the update did update on the impact of Covid-19 in its summary, the summary did not mention as to what the lasting implications of the UK's exist from the EU could be. Although it does mention how it will impact different regions such as Scotland and Northern Ireland within the main body of the report.

A few months ago, everyone watched as Northern Ireland faced fresh produce shortages in supermarkets and now this looks like it is to spread to the rest of the UK. According to The Grocer worsening food shortages are now 'inevitable' in the coming weeks and months, as labour shortages across the food supply chain approach crunch point. There have been shortfalls in fresh produce labour across the industry, with shortages in HGV drivers, harvesters, manufacturers, and packers, which is causing great pressures on supply chains in the industries. These jobs are on average low paid and highly physically demanding, meaning there are generally shortages in supply of labour. However, for a number of years the lack of labour supply for this industry has been helped by EU immigrant workers coming to the UK, happy to work on the low industry wages, in the pursuit of a better quality of life. Brexit stopped freedom of movement for these workers, which led to many returning to their home countries. This was accelerated by the pandemic which gave many EU immigrants an incentive to return home, especially as borders were being closed. Brexit has also spurred the fall in HGV drivers as many European drivers left the industry, with the freedom of moment now gone and the increase in haulage times, as a result of increased border checks and paperwork. Few people want to join the industry and it has caused many to leave.

The worry is that food shortages are set to get progressively worse over the summer. The fresh produce industry usually struggles during summer due to increased demand and shortfalls in labour as staff go on annual leave. However, usually pressure is relieved on the industry as people go abroad on holiday, causing demand to fall. That will not be the case though this summer, as many Brits are set for 'staycations', due to uncertainties surrounding travel abroad. With greater pressure being adding to this as more and more entertainment and hospitality venues open, as lockdown restrictions are lifted. Therefore, demand will be higher than is usually expected for this time of year in the UK and without the labour to support it, large faults many begin to appear in supply chains. Nick Allen, chief executive of the British Meat Processors (BMPA) told the Financial Times that due to labour shortages processors were "between 10 and 11 per cent" short on full capacity, and many were now being forced to prioritise some products and increase overtime payments to meet demand

Since Brexit, there has been a 45% fall in jobs searches from EU workers compared with 2016 according to data from Indeed. Since post-Brexit immigration rules were introduced at the start of the year, interest from non-EU workers has returned to pre-pandemic levels whilst interest from EU workers continues to fall. Amongst lower paid jobs such as those mentioned above, there has been a 41% fall since 2019 alone. Suggesting that as this downturn is likely to continue the UK will increasingly need to rely on domestic and non-EU labour to fill remaining vacancies.

The ONS has reported that the proportion of working adults who did any work from home in 2020 increased by 37% from 27% on average in 2019, with Londoners being the most likely to work from home. Most adults stated that they had a positive work life balanced with homeworking, but struggled with challenges around collaboration. 24% stated that they intended to use increased homeworking going forward, with the Information and Communication industry recording the highest proportion (49%). Online job adverts including terms related to "homeworking" have increased at a faster rate than total adverts, with homeworking adverts in May 2021 three times above their February 2020 average. Of working adults currently homeworking, 85% wanted to use a "hybrid" approach of both home and office working in future. However, there was some uncertainty among businesses, with 32% stating they were not sure what proportion of the workforce will be working from their usual place of work.

The results from the most recent Business Insights and Impact on the UK economy by BEIS and ONS has found that;

- The percentage of UK businesses currently trading has remained consistent from late May 2021 to early June 2021, at 87%, the joint highest percentage of businesses currently trading since comparable estimates began in June 2020.
- The proportion of businesses' workforce who are reported to be on furlough leave has fallen from around 20% in late-January 2021 to 7% in late-May 2021, the lowest proportion since the furlough scheme began; this return from furlough corresponds to the highest proportion of the workforce working at their normal place of work, at 62%.
- Despite recent improvements in the proportion of businesses trading, many companies were trading below their usual capacity, with 31% of businesses reporting turnover lower than normal; in the arts, entertainment and recreation industry this figure is over 60%.
- The proportions of businesses experiencing challenges in importing and exporting are broadly unchanged since January 2021, with additional paperwork remaining as the top challenge faced by businesses for importing and exporting.
- Around 1 in 10 businesses who sent goods from Great Britain to Northern Ireland reported a decrease in volumes.
- 21% of businesses currently trading reported that the prices of materials, goods or services bought in the last two weeks had increased more than normal, compared with 8% of currently trading businesses that reported the price of goods or services sold had increased more than normal.

Regional

In its regional Economic Outlook KPMG found that the future was positive for the West Midlands. The West Midlands economy has been estimated to have suffered the sharpest contraction anywhere in the UK last year, mainly caused by falls in wholesale and retail trade, as well as manufacturing output. Manufacturing operations were not subject to restrictions in the initial lockdown, so leading to a rise in output last year. Whilst the super-deduction allowance on plant and machinery investment introduced in the 2021 Budget should help to accelerate manufacturing output over the next two years. However, there is still great uncertainty surrounding the longer-term outlook for local manufacturing industry, especially surrounding the ongoing impacts of Brexit on the automotive manufacturing sector. As well as the expected longer-term falls in business travel, as greater digitisation allows colleagues to engage more efficiently from their home countries and as tastes in travel change due to the ongoing climate crisis, this will great impact neighbouring industries in the West Midlands such as aerospace. However, future growth is expected to be supported by the IT and financial services, particularly after well-publicised moves by a number of companies (e.g. Goldman Sachs and HSBC) to open an office presence in Birmingham.

The Greater Birmingham Chambers of Commerce wrote this week that the West Midlands has secured 2% equity investment in 2020. Stating that a report new data from The British Business Bank's Small Business Equity Tracker 2021, found that smaller companies in the West midlands saw a total of £382 million in equity deals later year, up 266% from the previous £104 million in 2019. However, despite this the West Midlands is still under-represented in its share of UK equity. 7% of equity deals funded by the British Business Bank fund, went to companies within the West Midlands in 2020. The Bank’s actively supported equity deals outside of London to increase regional diversity, will deals undertaken in London dropping sharply from 68% in 2016 to 42% in 2020. This shift is a positive change for regional businesses and has been driven by activities from the Midlands Engine Investment Fund (MEIF) and the Bank's range of equity programmes.

The Greater Birmingham Chamber of Commerce has also updated its Quarterly Business report and found that there is increasing confidence amongst Greater Birmingham businesses. The report has found that many businesses are now on the road to recovery after struggling to stay afloat amidst the uncertainty of the pandemic. The report finds that upward trends are due to the vaccine rollout and the gradual easing of restrictions allowing trade to resume. The domestic demand balance score has increased by 21 points this quarter to 68 the highest since Q4 2018. With 49% of businesses being confident that this upward trajectory would continue. Export demand emerged from negative territory for the first time since the beginning of 2020, with 32% of firms across manufacturing and service sectors seeing increases in non-UK sales. Recruitment figures showed that 22% of businesses had reduced the size of their workforce this quarter. This was however, counterbalanced by rises in businesses scaling up their headcount by 32%.

Made Smarter, in a bid to drive growth and boost productivity in West Midland manufacturing and engineering SMEs, has launched a £1.9m digital adoption scheme where digital specialists will provide advice to local businesses on how to switch to advanced automated technologies, as well as working to up-skill employees on their overall digital skills. The Coventry and Warwickshire Local Enterprise Partnership (CWLEP) Growth Hub will be leading the one-year Made Smarter scheme alongside fellow Growth Hubs in Greater Birmingham and Solihull, the Black Country, Worcestershire Business Central, The Marches, and Stoke-on-Trent and Staffordshire, on behalf of the West Midlands Combined Authority and the Department for Business, Energy and Industrial Strategy. It will work with its strategic partners at Warwick Manufacturing Group (WMG) and the Manufacturing Technology Centre, to tap into their expertise of their digital manufacturing specialists.

8 new companies have been launched in Staffordshire as a result of a pilot programme aimed at encouraging refugees to start their own businesses. The programme which was overseen by the Centre for Entrepreneurs (CFE) and jointly funded by the Home Office and the National Lottery Community Fund – was launched in four pilot areas, including Staffordshire. The project provides tailored, start-up support to take refugees from the idea stage to business launch. The Staffordshire scheme, Positive Pathways run by the Staffordshire Chambers of Commerce had 18 participants, from a range of different backgrounds. Of these 18 so far 8 have launched their own businesses with 3 more ready to launch soon. The support through this scheme is expected to continue after the Staffordshire Chambers of Commerce secured £531,000 of funding to help further 150 refugee entrepreneurs in the region over the next two years.

The State of the Region 2021 report will be taken to the WMCA board this week, it reviews the performance of the region against the outcome indictors which have been monitored for the past 5 years, it builds on the evidence and monitoring in the weekly monitors. A more detailed look at what the report highlights in terms of challenges will be presented in the next edition of the monitor.

Local Skills Report Evidence Base

Alex Smith, WMCA

The West Midlands Local Skills Report, written by the ODA/WMREDI supported by BCCEIU published in May 2021, and its accompanying Evidence Base document, provide a detailed summary and assessment of all key data on education and skills in the West Midlands Region (links below). They are intended to be a useful resource for any analyst looking to understand the skills picture, as well as providing an accurate analysis for the Department for Education.

The Evidence Base considers all stages of the education system in terms of its:

- Ability to reach all people and parts of the region.
- Success in preparing students for subsequent education or employment.
- Total number of qualifiers or graduates leaving the system, and the region's ability to retain their skills.
- Contribution to the local skills mix, both in terms of specific qualifications and overall skills levels.
- Exposure to the risks and pressures of the current pandemic.

It does this by first describing the economic and demographic qualities of the region, then by assessing the supply of skills in the region, and finally comparing this to the current and future demand for these skills.

Key Findings

- The West Midlands has a higher share of the working age population without qualifications than the UK average, partly due to the presence of older manual and semi-skilled workers.
- School Readiness for Early Years pupils has increased markedly in recent years (68.6% in 2019, from 56.4% in 2014)
- Apprenticeships do a good job of gender equity and reaching all ethnicities in the region. However, total starts are down 40% on 2015/16, having fallen after the introduction of the Apprenticeship Levy and precipitously after COVID.
- The gender pay gap is significantly smaller than the UK average in all three LEP areas.
- The claimant count has hugely increased through the pandemic, with an 97.5% increase on December 2019. However, this was smaller than the UK average increase (117.0%.)
- The GVA per hour worked in the region is lower (at £32.69) than the UK average (£35.03), but in recent years has increased faster.
- Several sectors of employment are growing faster than the Further Education system is training people, particularly Marketing and Sales, Management, Administration, Accounting, Nursing, and Care.
- There is currently an over-supply of skills in the region equivalent to NVQ1 and NVQ3, and an under-supply at NVQ2 and NVQ4.

Policy Background

The need for localities throughout the country to conduct their own analyses of the supply and demand of skills has been recognised by the Department for Education, who recently provided funding for Mayoral Combined Authorities and Local Enterprise Partnerships, including the WMCA, to develop their own Local Skills Reports, a commitment made in the 2017 Conservative manifesto.

Behind these reports sit the Evidence Base, which will provide useful analysis to the new Skills and Productivity Board, whose board of six skills and labour market economists will be assessing in more depth how the UK can address the following skills challenges:

- Which areas of the economy face the most significant skills mismatches or present growing areas of skills need?
- Can the board identify the changing skills needs of several priority areas within the economy over the next 5-10 years?
- How can skills and the skills system promote productivity growth in areas of the country that are poorer performing economically?

Key Data Sources used:

- Individualised Learner Record data for Further Education students and apprentices
- Employer Skills Survey for employer sentiments on skill shortages
- Key Stage 4 and 5 pupil destinations from DfE
- ONS data sources (various) on economic output, migration, and demographics
- DfE 'Working Futures' projections for employment and skills
- HESA data on university graduates
- Job postings data from Emsi and Adzuna
- Annual Population Survey and ASHE data for hours, earnings, and skill levels.

Links to resources

WMCA Local Skills Report Evidence Base

WMCA Local Skills Report

WMCA Productivity & Skills

Manufacturing Outlook 2021 Q2

Make UK and BDO

According to Make UK and BDO Q2 Manufacturing Outlook, Britain's manufacturers are accelerating as growth prospects become significantly more positive prospects become significantly more positive for the rest of the year. The sector's growth is forecasted to double, to outpace the economy overall.

Key findings:

- Output volumes reach highest level in the survey history
- UK orders leap while export orders rebound
- Employment intentions surge while investment intentions turn positive for the first time since Q1 2020
- Expectations for next quarter very strong across all indicators
- Both domestic and export prices increase but margins continue to decline
- Manufacturing growth forecast upgraded in 2021 to 7.8% from 3.9%

Having seen a brutal 10% decline in output in 2020, the sector is now set to recover a significant amount of that loss in 2021. This growth is based on a surge in both domestic and overseas orders which is translating into strong hiring intentions.

Investment intentions have also turned positive for the first since the first quarter of 2020, suggesting that the introduction of the temporary super-deduction tax' in the Budget is having some impact together with improved growth prospects.

However, the figures are reflecting a recovery from a very low base with balances last year reaching record lows worse than those seen during the financial crisis. Between 2019 and 2020 the manufacturing sector lost approximately £18bn in value which will take more than a short-term boost of pent-up demand to return the sector to its pre-pandemic size. Yet, our forecasts do suggest, assuming vaccine effectiveness is strong, that manufacturing output levels will return to pre-pandemic levels by the end of 2022. That is earlier than previous forecasts had suggested.

Please find the full report here.

Department for International Trade (DIT): Inward Investment Results 2020-21[1]: West Midlands Briefing

Black Country Consortium Economic Intelligence Unit

Introduction

Foreign Direct Investment (FDI) is considered to deliver economic benefits to the UK by improving economic competitiveness and enabling improvements in productivity for both new and existing firms. FDI can create an important positive contribution to an economy by generating employment, increasing tax revenue, and by providing external resources such as capital, technology and managerial know-how that can substantially aid productivity and economic growth.

Summary:

- There were 145 FDI projects into the West Midlands region in 2020-21, this is a decrease of 7.6% (-12 projects) compared to 2019-20. The UK overall decreased at a greater rate, by 17.0% (-314 projects), from 1,852 in 2019-20 to 1,538 in 2020-21.
- The West Midlands region accounts for 9.4% of the UK total for FDI projects – the third largest share of all regions, and the largest outside of London and the South East.
- FDI projects delivered a total of 6,304 jobs in the West Midlands region in 2020-21. This is a decrease of 4.7% (-310 jobs) from 2019-20 - the UK had an increase over this period of 12.8%.
- In the West Midlands region, there were 4,443 new jobs created from FDI projects in 2020-21. This is an increase of 14.4% (+560 new jobs) from 2019-20. The UK experienced a decrease over the same period, of 1.4% (from 56,117 new jobs to 55,319).
- In 2020-21, the West Midlands region accounted for 8.0% of new jobs created from FDI projects in the UK; the second highest UK region.
- The number of safeguarded jobs in the West Midlands has decreased from 2,731 in 2019-20 to 1,861 in 2020-21, a decrease of 31.9%. The UK increased by 101.6% over the same period (from 9,021 to 18,187 safe guarded jobs).

- 44.6% (346 of 776 total projects) of West Midlands FDI projects between 2016-17 to 2020-21 were from EU countries. This is considerably higher than the UK average of 35.7%.

Full Briefing

All FDI Projects

- There were 145 FDI projects into the West Midlands region in 2020-21, this is a decrease of 7.6% (-12 projects) compared to 2019-20. The UK overall decreased at a greater rate, by 17.0%, from 1,852 in 2019-20 to 1,538 in 2020-21.

- The West Midlands region accounts for 9.4% of the UK total for FDI projects – the third largest share of UK regions, and the largest outside of London and the South East.

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[1] Source: Department for International Trade, Inward Investment Results 2020 to 2021, June 2021.

Please note; From a UK perspective, inward FDI is an investment from a foreign investor into a UK enterprise. The UK entity then becomes what is known as an affiliate enterprise, which is either a subsidiary, branch, or an affiliate company of the parent company – the foreign investor. In practical terms, this can either happen where a foreign company sets up a version of itself in the UK, or where it acquires/merges with an existing UK company. The parent company needs to own at least 10% of the shares or voting power in the UK entity for it to classify as FDI.

FDI projects by UK regions:

	2019-20	2020-21	No. Change	% Change	2020-21 % of Total
Multiple UK sites	58	49	-9	-15.5%	3.2%
North East	73	51	-22	-30.1%	3.3%
North West	154	139	-15	-9.7%	9.0%
Yorkshire and The Humber	104	86	-18	-17.3%	5.6%
East Midlands	85	72	-13	-15.3%	4.7%
West Midlands	**157**	**145**	**-12**	**-7.6%**	9.4%
East of England	79	72	-7	-8.9%	4.7%
London	638	492	-146	-22.9%	32.0%
South East	211	163	-48	-22.7%	10.6%
South West	70	76	6	8.6%	4.9%
Scotland	121	92	-29	-24.0%	6.0%
Wales	62	72	10	16.1%	4.7%
Northern Ireland	40	29	-11	-27.5%	1.9%
Total	1,852	1,538	-314	-17.0%	100%

Please note multiple UK sites represent those investments which span more than one region.

All Total Jobs

- FDI projects delivered a total of 6,304 jobs in the West Midlands region in 2020-21. This is a decrease of 4.7% (-310 jobs) from 2019-20 - the UK had an increase over this period of 12.8%.

FDI Total Jobs by UK region:

	2019-20	2020-21	No. Change	% Change
Multiple UK sites	*	16,357	-	-
North East	3,015	1,732	-1,283	-42.6%
North West	5,441	4,787	-654	-12.0%
Yorkshire and The Humber	3,023	1,694	-1,329	-44.0%
East Midlands	2,842	*	-	-
West Midlands	**6,614**	**6,304**	**-310**	**-4.7%**
East of England	*	3,103	-	-
London	13,077	14,550	1,473	11.3%
South East	6,510	6,148	-362	-5.6%
South West	1,974	2,501	527	26.7%
Scotland	3,347	3,687	340	10.2%
Wales	*	8,436	-	-
Northern Ireland	*	*	-	-
Total	65,138	73,506	8,368	12.8%

**Please note data has been suppressed for certain areas, leading to the UK total being higher than the sum of the regions displayed. Also, multiple UK sites represent those investments which span more than one region*

Total jobs are split into *new* jobs created and *safeguarded* jobs:

All New Jobs

- In the West Midlands region, there were 4,443 new jobs created from FDI projects in 2020-21. This is an increase of 14.4% (+560 new jobs) from 2019-20. The UK experienced a decrease over the same period, of 1.4% (from 56,117 new jobs to 55,319).

- In 2020-21, the West Midlands region accounted for 8.0% of new jobs created from FDI projects in the UK; the second highest UK region.

All FDI new jobs by UK region:

	2019-20	2020-21	No. Change	% Change	2020-21 % of Total
Multiple UK sites	8,916	14,855	5,939	66.6%	26.9%
North East	2,979	1,373	-1,606	-53.9%	2.5%
North West	5,013	4,309	-704	-14.0%	7.8%
Yorkshire and The Humber	2,264	1,412	-852	-37.6%	2.6%
East Midlands	2,425	2,149	-276	-11.4%	3.9%
West Midlands	**3,883**	**4,443**	**560**	**14.4%**	**8.0%**
East of England	1,709	2,066	357	20.9%	3.7%
London	12,989	13,832	843	6.5%	25.0%
South East	6,434	2,538	-3,896	-60.6%	4.6%
South West	1,472	2,242	770	52.3%	4.1%
Scotland	2,946	3,245	299	10.1%	5.9%
Wales	2,736	1,529	-1,207	-44.1%	2.8%
Northern Ireland	2,351	1,326	-1,025	-43.6%	2.4%
Total	56,117	55,319	-798	-1.4%	100%

Please note multiple UK sites represent those investments which span more than one region

All Jobs Safeguarded

- The number of safeguarded jobs in the West Midlands has decreased from 2,731 in 2019-20 to 1,861 in 2020-21, this is a decrease of 31.9%. The UK increased by 101.6% over the same period (from 9,021 to 18,187 safe guarded jobs).

All FDI safeguarded jobs by UK region:

	2019-20	2020-21	No. Change	% Change
Multiple UK sites	*	1,502	-	-
North East	36	359	323	897.2%
North West	428	478	50	11.7%
Yorkshire and The Humber	759	282	-477	-62.8%
East Midlands	417	*	-	-
West Midlands	**2,731**	**1,861**	**-870**	**-31.9%**
East of England	*	1,037	-	-
London	88	718	630	715.9%
South East	76	3,610	3,534	4650.0%
South West	502	259	-243	-48.4%
Scotland	401	442	41	10.2%
Wales	*	6,907	-	-
Northern Ireland	*	*	-	-
Total	9,021	18,187	9,166	101.6%

**Please note data has been suppressed for certain areas, leading to the UK total being higher than the sum of the regions displayed. Also, multiple UK sites represent those investments which span more than one region.*

All FDI and European Union (EU) Split

- 44.6% (346 of 776 total projects) of West Midlands FDI projects between 2016-17 to 2020-21 were from EU countries. This is considerably higher than the UK average of 35.7%.

- Between 2016-17 to 2021-21, 38.0% (11,152 of 29,357) of West Midlands new FDI jobs and 62.0% (4,733 of 7,634) of safeguarded jobs were from EU FDI projects. This results in 42.9% (15,885 of 36,991) of West Midlands FDI total jobs coming from EU countries.

Regional breakdown for all FDI projects with EU split 2016-17 to 2020 – 21:

	FDI Projects			New Jobs			Safeguarded Jobs			Total Jobs		
	Total	**EU**	**% EU**	**Total**	**EU**	**% EU**	**Total**	**EU**	**% EU**	**Total**	**EU**	**% EU**
Multiple UK sites	324	150	46.3%	61,361	30,020	48.9%	8,378	2,934	35.0%	69,739	32,954	47.3%
North East	318	119	37.4%	13,475	5,216	38.7%	4,342	1,518	35.0%	17,817	6,734	37.8%
North West	718	274	38.2%	24,108	9,014	37.4%	5,437	2,388	43.9%	29,545	11,402	38.6%
Yorkshire & The Humber	521	236	45.3%	14,252	6,148	43.1%	3,774	1,274	33.8%	18,026	7,422	41.2%
East Midlands	371	154	41.5%	11,906	5,399	45.3%	4,094	*	-	16,000	*	-
West Midlands	**776**	**346**	**44.6%**	**29,357**	**11,152**	**38.0%**	**7,634**	**4,733**	**62.0%**	**36,991**	**15,885**	**42.9%**
East of England	454	154	33.9%	10,660	2,436	22.9%	5,962	3,259	54.7%	16,622	5,695	34.3%
London	3,374	1,021	30.3%	79,712	20,441	25.6%	2,011	1,126	56.0%	81,723	21,567	26.4%
South East	1,080	355	32.9%	23,452	6,514	27.8%	6,463	1,657	25.6%	29,915	8,171	27.3%
South West	421	173	41.1%	12,681	7,006	55.2%	3,171	1,761	55.5%	15,852	8,767	55.3%
Scotland	663	223	33.6%	19,234	7,120	37.0%	10,153	4,719	46.5%	29,387	11,839	40.3%
Wales	326	125	38.3%	12,267	5,134	41.9%	18,880	5,539	29.3%	31,147	10,673	34.3%
Northern Ireland	163	64	39.3%	7,790	2,613	33.5%	1,642	*	-	9,432	*	-
Total	9,509	3,394	35.7%	320,255	118,213	36.9%	81,941	31,364	38.3%	402,196	149,577	37.2%

_**Please note data has been suppressed for certain areas, leading to the UK total being higher than the sum of the regions displayed. Also, multiple UK sites represent those investments which span more than one region*

Involved FDI Projects

Involved FDI projects are those assisted by the DIT network teams.

- There were 92 involved FDI projects into the West Midlands region in 2020-21, this is a decrease of 21.4% (-25 projects) compared to 2019-20. The UK decreased by 21.9%, from 1,449 in 2019-20 to 1,131 in 2020-21.

Involved Total Jobs

- Involved FDI projects delivered a total of 5,662 jobs in the West Midlands region in 2020-21. This is a decrease of 6.3% (-380 jobs) from 2019-20, whereas the UK had an increase of 21.5% over the same period.

Involved New Jobs

- In the West Midlands region, there were 3,830 new jobs created from involved FDI projects in 2020-21. This is an increase of 2.8% (+103 jobs) from 2019-20. The UK increased over the same period by 6.6% (from 44,830 new involved jobs to 47,784).

Involved Safeguarded Jobs

- In the West Midlands region, there were 1,832 safeguarded jobs created from involved FDI projects in 2020-21. This is a decrease of 20.9% (-483 safeguarded jobs) from 2019-20. The UK increased over the same period by 107.0% (from 7,815 safeguarded involved jobs to 16,174).

NatWest Purchasing Manager Index (PMI) Survey, Released June 2021: West Midlands Region[2]

Black Country Consortium Economic Intelligence Unit

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:

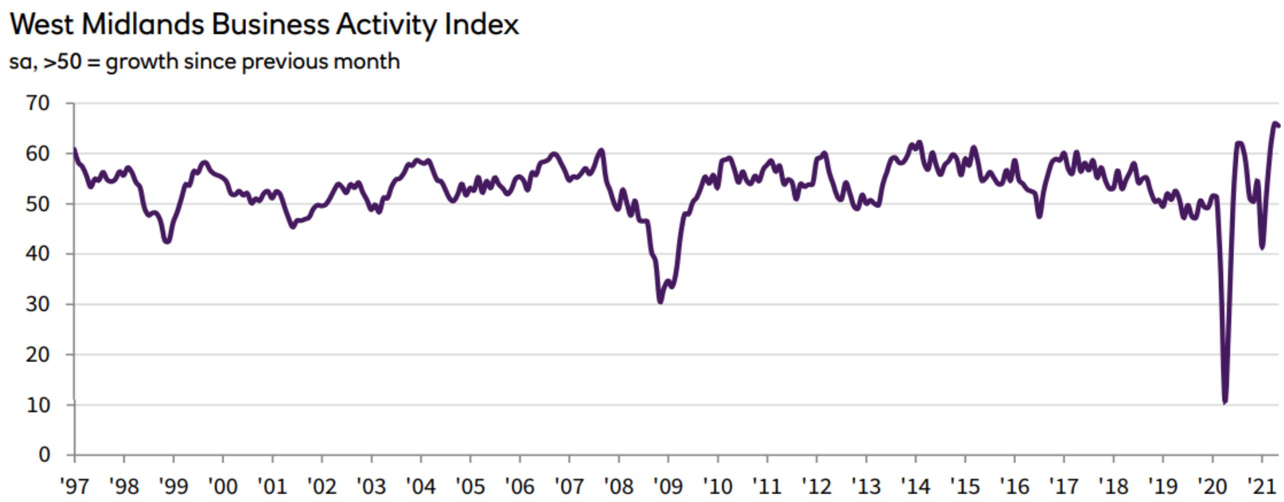
- The West Midlands Business Activity Index slightly decreased from a record high of 65.9 in April 2021 to 65.5 in May 2021, although this is the still the second sharpest increase of business activity since records began in January 1997. With the Business Activity Index above the 50 mark which shows positive growth, firms reported expansion due to the further easing of lockdown measures, the reopening of additional businesses and a surge in demand.
- The overall UK Business Activity Index increased from 60.7 in April 2021 to 62.9 in May 2021.
- Out of the twelve UK regions, the West Midlands region was the second highest for the Business Activity Index in May 2021, only the North West scoring higher.
- The West Midlands Future Activity Index increased from 80.8 in April 2021 to 83.6 in May 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 restrictions, vaccine success and hopes for further relaxations of travel restrictions.

In Detail:

Business Activity Index

The West Midlands Business Activity Index slightly decreased from a record high of 65.9 in April 2021 to 65.5 in May 2021, although this is the still the second sharpest increase of business activity since records began in January 1997. With the Business Activity Index above the 50 mark which shows positive growth, firms reported expansion due to the further easing of lockdown measures, the reopening of additional businesses and a surge in demand.

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



Source: IHS Market/NatWest, June 2021

Out of the twelve UK regions, the West Midlands region was the second highest for the Business Activity Index in May, with the North West highest at 66.4 down to Northern Ireland the lowest at 58.7.

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

[2] Source: IHS Markit/NatWest West Midlands PMI, June 2021

Source: IHS Market/NatWest, June 2021

Demand

The West Midlands New Business Index increased for the third consecutive month. The latest data shows the New Business Index increased from 67.2 in April 2021 to 67.8 in May 2021; - the pace of expansion was sharp and climbed to a survey peak. Again, the West Midlands score was second only to the North West region.

Exports[3]

The West Midlands Export Climate Index increased from 57.3 in April 2021 to 59.9 in May 2021; this shows the most favourable export conditions since mid-2000. The Export Climate Index increased due to strong expansions in the USA, Ireland and France, with a mild acceleration in Germany. There was expansion to China although at a slower rate.

The following table shows the top export markets for the West Midlands in May 2021:

Rank	Market	Weight	Output Index, May'21
1	USA	21.2%	68.7
2	Germany	11.1%	56.2
3	China	8.7%	53.8
4	Ireland	6.2%	63.5
5	France	6.1%	57.0

Source: IHS Market/NatWest, June 2021

Business Capacity

The West Midlands Employment Index increased from 55.9 in April 2021 to 58.8 in May 2021. This rate of expansion was the quickest since records began in 1997, as firms reported capacity expansion efforts amid the surge in demand

[3] 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.

and easing of restrictions. The West Midlands was joint highest with Yorkshire and the Humber for employment growth in May 2021.

The West Midlands Outstanding Business Index slightly decreased from 59.7 in April 2021 to 59.5 in May 2021. However, a reading above 50 shows growth with firms registered a third consecutive monthly increase in unfinished business during May - the rate of accumulation accelerated to the second strongest since the series started in November 1999.

Prices

The West Midlands Input Prices Index increased from 72.3 in April 2021 to 74.4 in May 2021 - this rate of inflation quickened to the fastest in nearly 13 years. Firms associated the latest rise with supply shortages, difficulties in international shipping as well as higher transport and staff costs.

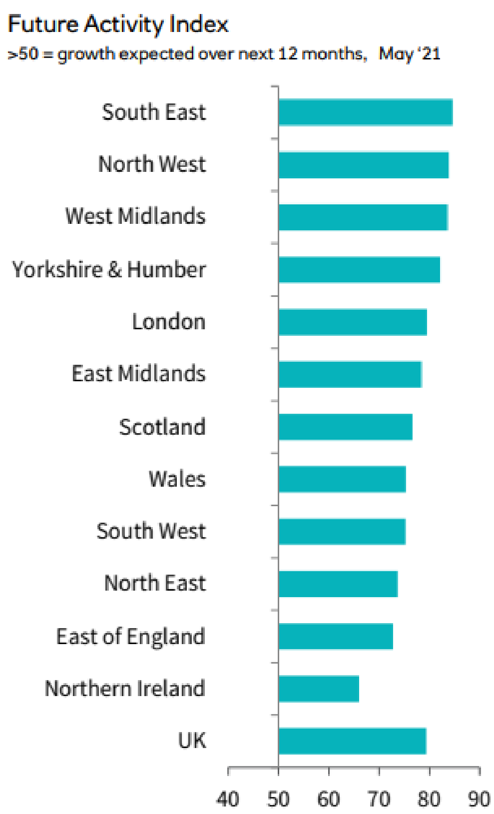
Local firms continued with their efforts to shield margins from cost increases by lifting selling prices. The West Midlands Prices Charged Index increased from 58.1 in April 2021 to 61.1 in May 2021 - the strongest rate of charge inflation in just under 13 years.

Outlook

The West Midlands Future Activity Index increased from 80.8 in April 2021 to 83.6 in May 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 restrictions, vaccine success and hopes for further relaxations of travel restrictions. Firms foresee a pick-up in consumption and plan to launch new products and services.

Out of the twelve UK regions, the West Midlands was the third highest for the Future Business Activity Index in May 2021, with the South East the highest at 84.6 and Northern Ireland the lowest at 66.0.

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



Source: IHS Market/NatWest, June 2021

WMCA Labour Market Statistics and Claimant Count Headline Figures – Released 15th June 2021UK Summary[4]

Black Country Consortium Economic Intelligence Unit

- The number of payrolled employees in the UK has increased for the sixth consecutive month, up by 197,000 in May 2021 to 28.5 million. It is however 553,000 below levels seen before the COVID-19 pandemic. Since February 2020, the largest falls in payrolled employment have been in the accommodation and food services sector, people aged under 25 years, and people living in London.

- The number of job vacancies in March to May 2021 was 758,000, only 27,000 below the level before the COVID-19 pandemic in January to March 2020; most industries have recovered to show vacancies above pre-pandemic levels. The strongest quarterly increase was in accommodation and food services. In May 2021, the experimental monthly vacancies data, and the experimental Adzuna online vacancies data both surpassed pre-pandemic levels.
- Following a period of employment growth and low unemployment since the start of the pandemic, employment had generally been decreasing and unemployment increasing. However, the latest estimates (February to April 2021) continue to show signs of recovery. There was a quarterly increase in the employmentrate of 0.2 percentage points to 75.2% and a quarterly decrease in the unemployment rate of 0.3 percentagepoints to 4.7%.
- The redundancy rate decreased by a record 7.1 per thousand employees on the quarter, to 4.0 per thousand employees (in February to April 2021) - similar to pre-pandemic levels.

Regional Labour Market[5]

- The number of payrolled employees in May 2021 has increased compared with May 2020, for all regions except London, but remain below pre-pandemic levels; London alone is still below the number for the sameperiod last year.

- Between December 2020 and March 2021, workforce jobs increased in 8 out of 12 regions of the UK. The West Midlands increased by nearly 38,500 workforce jobs (to 2,893,498)- the largest increase of 63,000 wasseen in the South East and the largest decrease in the East Midlands (-20,000).

- Between March 2020 and March 2021, workforce jobs in the West Midlands decreased by just over 41,500.

- For the three months ending in April 2021, the West Midlands Region employment rate (aged 16 – 64 years) was 74.2%. Since the three months ending January 2021, the employment rate has increased by 0.3pp with the UK increasing by 0.2pp. The overall latest UK employment rate is 75.2% with the highest regional rate in the South East (78.7%) and the lowest in Northern Ireland (69.8%).

- For the three months ending in April 2021, the West Midlands Region unemployment rate (aged 16 years andover) was 5.7%, which has decreased by 0.3pp since the previous quarter. The UK unemployment rate was 4.7%, a decrease of 0.3pp from the previous quarter. The highest unemployment rate in the UK for the threemonths ending March 2021 was in London (6.5%), with the lowest unemployment rate in Northern Ireland at3.1%. These are also the two regions with the highest rates of unemployment decreases since the last three- month period (0.7% and 0.6% falls respectively).

- For the three months ending in April 2021, the West Midlands Region economic inactivity rate (aged 16

[4] Source: ONS, Labour Market Overview; UK: June 2021
[5] Source: ONS, Labour Market in the Regions of the UK: June 2021

– 64 years) was 21.2% - representing no change from the previous quarter. The UK economic inactivity rate stoodat 21.0%, also no change from the previous quarter. The highest economic inactivity rate in the UK was in Northern Ireland (27.9%), with the lowest in the South East (18.2%).

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

	Employment rate – Feb to Apr 21(aged 16-64 years)	Change onNov 2020 to Jan 2021	Unemployment rate- Feb to Apr 21 (16 years +)	Change on Nov 2020 to Jan 2021	Inactivity rate –Feb to Apr 21 (aged 16-64 years)	Change on Nov 2020 to Jan 2021
UK	75.2%	0.2pp	4.7%	-0.3pp	21.0%	0.0pp
Great Britain	75.3%	0.2pp	4.8%	-0.3pp	20.8%	0.0pp
England	75.5%	0.1pp	4.9%	-0.3pp	20.6%	0.1pp
North East	71.9%	0.6pp	5.9%	-0.3pp	23.5%	-0.3pp
North West	73.4%	-0.4pp	4.9%	-0.2pp	22.8%	0.5pp
Yorkshire and The Humber	74.1%	0.3pp	4.7%	-0.4pp	22.3%	0.1pp
East Midlands	75.5%	-0.1pp	4.8%	-0.4pp	20.7%	0.5pp
West Midlands	**74.2%**	**0.3pp**	**5.7%**	**-0.3pp**	**21.2%**	**0.0pp**
East	77.8%	0.5pp	3.9%	-0.2pp	18.9%	-0.4pp
London	74.7%	0.2pp	6.5%	-0.7pp	20.0%	0.4pp
South East	78.7%	0.2pp	3.8%	0.4pp	18.2%	-0.6pp
South West	76.5%	-0.4pp	3.7%	-0.7pp	20.5%	1.0pp
Wales	73.9%	1.8pp	4.3%	-0.2pp	22.7%	-1.7pp
Scotland	74.2%	-0.1pp	4.2%	0.1pp	22.6%	0.1pp
Northern Ireland	69.8%	0.5pp	3.1%	-0.6pp	27.9%	-0.1pp

Source: ONS – Labour Force Survey

Claimant Count Summary[6]

The following table shows a breakdown of number of claimants aged 16+ and change by selected months for WMCA (3 LEP) and UK:

	March 2020	May 2020	April 2021	May 2021	% Change (May 21 - Mar 20)	% Change (May 21 – May 20)	% Change (May 21 – Apr 21)
WM 7 Met.	99,300	165,605	173,245	168,630	69.8%	1.8%	-2.7%
Black Country LEP	38,275	64,930	65,830	63,830	66.8%	-1.7%	-3.0%
Coventry and Warwickshire LEP	15,825	33,185	33,555	31,880	101.5%	-3.9%	-5.0%
Greater Birmingham and Solihull LEP	63,490	108,755	112,225	109,185	72.0%	0.4%	-2.7%
WMCA (3 LEP)	**117,590**	**206,870**	**211,610**	**204,895**	**74.2%**	**-1.0%**	**-3.2%**
United Kingdom	1,268,620	2,661,340	2,629,480	2,503,160	97.3%	-5.9%	-4.8%

- There were 204,895 claimants in the WMCA (3 LEP) area in May 2021. Since April 2021, there has been a 3.2%(-6,715) decrease in the number of claimants in the WMCA (3 LEP) area, the UK decreased by 4.8%. Compared to the same month in 2020, the WMCA claimants decreased by 1.0% (-1,975) while the UK decreased by 5.9%.When compared to pre-pandemic figures (March 2020), the proportion of claimants increased by 74.2% (+87,305) in the WMCA (3 LEP) area, with the UK increasing by 97.3%

[6] Source: ONS/DWP, Claimant Count, June 2021. Please note, when new data is released, the previous month is also revised.

over the same period.

- Overall, for the WMCA (3 LEP) the number of claimants as a proportion of residents aged 16 -64 years old was7.8% compared to 6.0% for the UK in May 2021[7].

Youth Claimant Summary

The following table shows a breakdown of number of claimants aged 16-24 years old and change by selected months for WMCA (3 LEP) and UK:

	March 2020	May 2020	April 2021	May 2021	% Change (May 21 - Mar20)	% Change (May 21 – May 20)	% Change (May 21 – Apr 21)
WM 7 Met.	19,345	33,165	34,675	33,375	72.5%	0.6%	-3.7%
Black Country LEP	7,750	13,130	13,430	12,920	66.7%	-1.6%	-3.8%
Coventry and Warwickshire LEP	2,920	6,365	6,365	6,030	106.5%	-5.3%	-5.3%
Greater Birmingham andSolihull LEP	12,165	21,605	22,215	21,285	75.0%	-1.5%	-4.2%
WMCA (3 LEP)	**22,835**	**41,100**	**42,010**	**40,235**	**76.2%**	**-2.1%**	**-4.2%**
United Kingdom	241,760	504,185	500,170	469,945	94.4%	-6.8%	-6.0%

- There were 40,235 youth claimants in the WMCA (3 LEP) area in May 2021. Since April 2021, there was a decrease of 4.2% (-1,775) in the number of youth claimants in the WMCA (3 LEP) area, the UK decreased by 6.0%. Compared to the same month in 2020, the WMCA youth claimants decreased by 2.1% (-865) while the UK decreased by 6.8%. When compared to pre-pandemic levels (March 2020), the proportion of youth claimants has increased by 76.2% (+17,400) in the WMCA (3 LEP) area, with the UK increasing by 94.4% over the same period.

- Overall, for the WMCA (3 LEP) the number of youth claimants as percentage of residents aged 16-24 years old was 8.2% compared to 6.6% for the UK in May 2021.

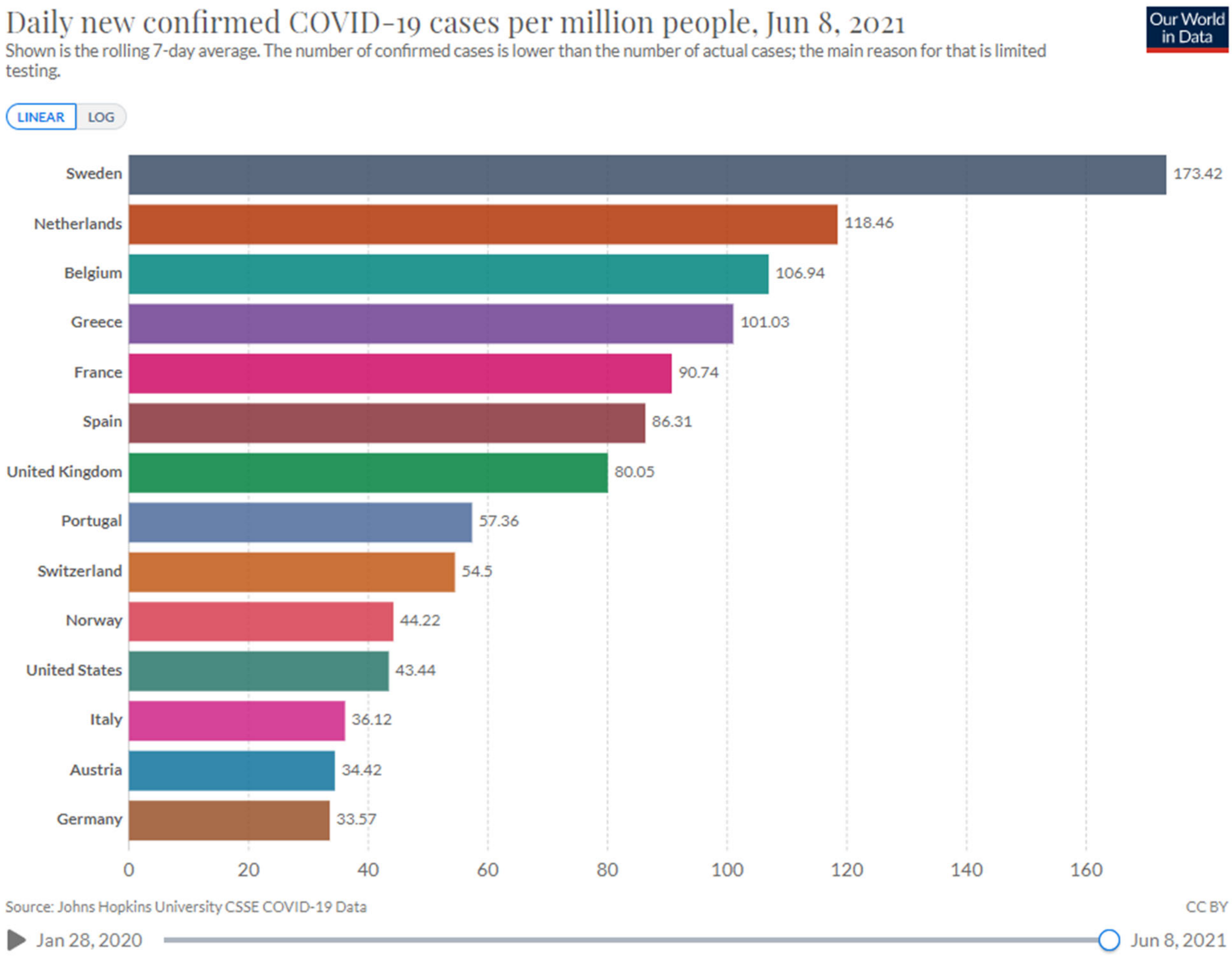
[7] WMCA SED Board Dashboard reports the number of claimants as a proportion of population aged 16 years and over – WMCA 3 LEP was 6.1% and the UK was 4.6% in May 2021.

Infection Rates and Vaccine Update

Alice Pugh WMREDI/WMCA

The UK has seen a resurgence in infection rates, and the daily new cases confirmed remains high in the UK. This comes as the Delta variant spikes in areas of the UK, and the relaxing of social distancing roles increasing the spread of the variant amongst younger unvaccinated members of the population.

Since 31st December 2019 and as of week-23 17th June **176 702 468 cases** of COVID-19 (in accordance with the applied case definitions and testing strategies in the affected countries) have been reported, including **3 813 133 deaths**.

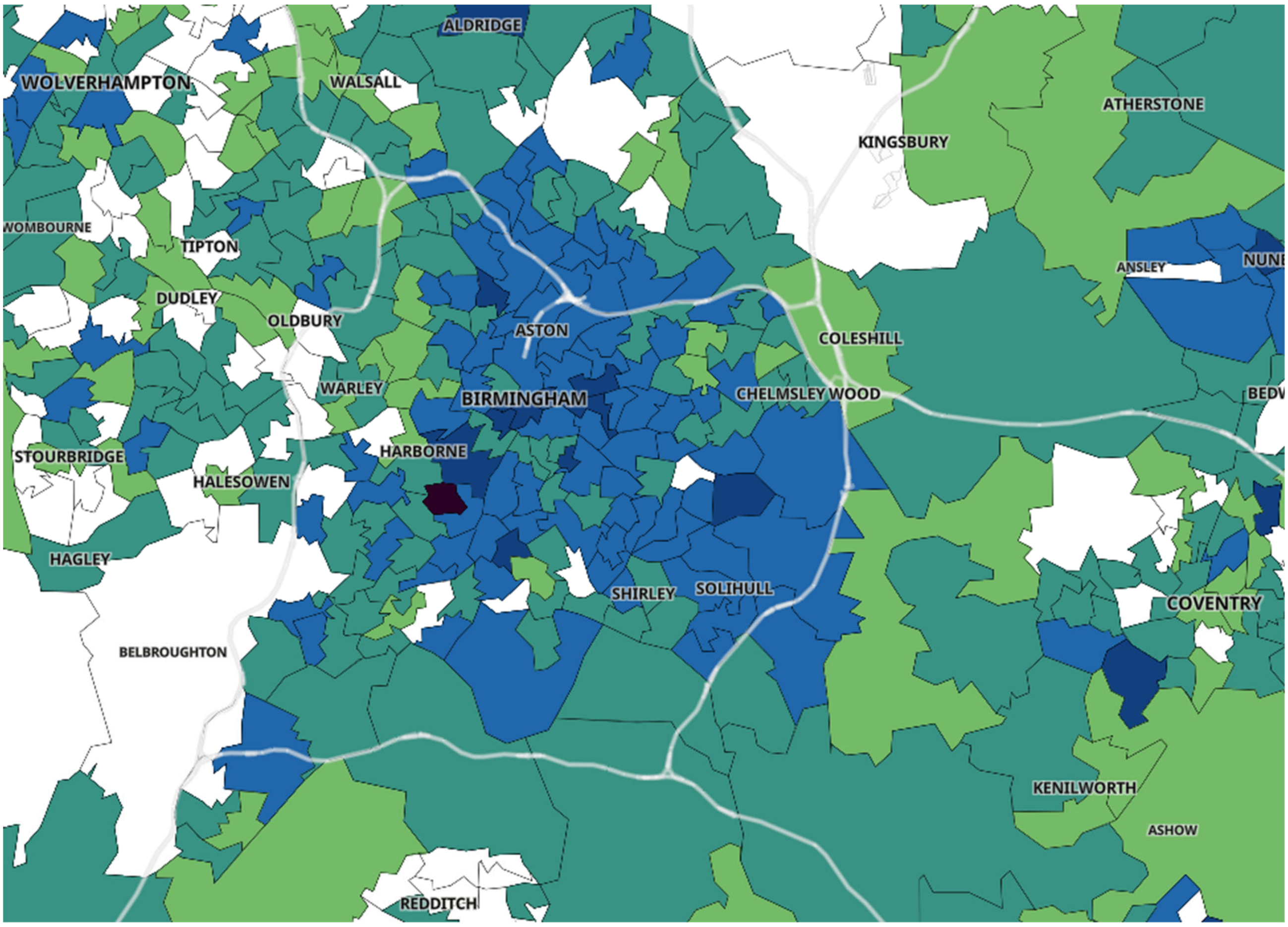


Latest ONS infection survey data (18th June next release 25th June 2021) states:

- In England, the percentage of people testing positive for coronavirus (COVID-19) has continued to increase in the week ending 12 June 2021; we estimate that 105,000 people within the community population in England had COVID-19 (95% credible interval: 88,500 to 124,000), equating to around 1 in 520 people.
- In Wales, the percentage of people testing positive remains low in the week ending 12 June 2021; we estimate that 2,000 people in Wales had COVID-19 (95% credible interval: 700 to 4,200), equating to around 1 in 1,500 people.
- In Northern Ireland, the trend in the percentage of people testing positive remains uncertain in the week ending 12 June 2021; we estimate that 3,000 people in Northern Ireland had COVID-19 (95% credible interval: 1,100 to 5,900), equating to around 1 in 610 people.
- In Scotland, the trend in the percentage of people testing positive remains uncertain in the week ending 12 June 2021; we estimate that 8,800 people in Scotland had COVID-19 (95% credible interval: 4,900 to 14,000) equating to around 1 in 600 people.

- In the week ending 12 June 2021, cases that are compatible with the Delta variant B.1.617.2 have continued to increase in England, and this was the most common variant group

The map below displays weekly data, which are updated every day here. Seven–day rolling rate of new cases by specimen date ending on 17th June 2021.



Regional Data

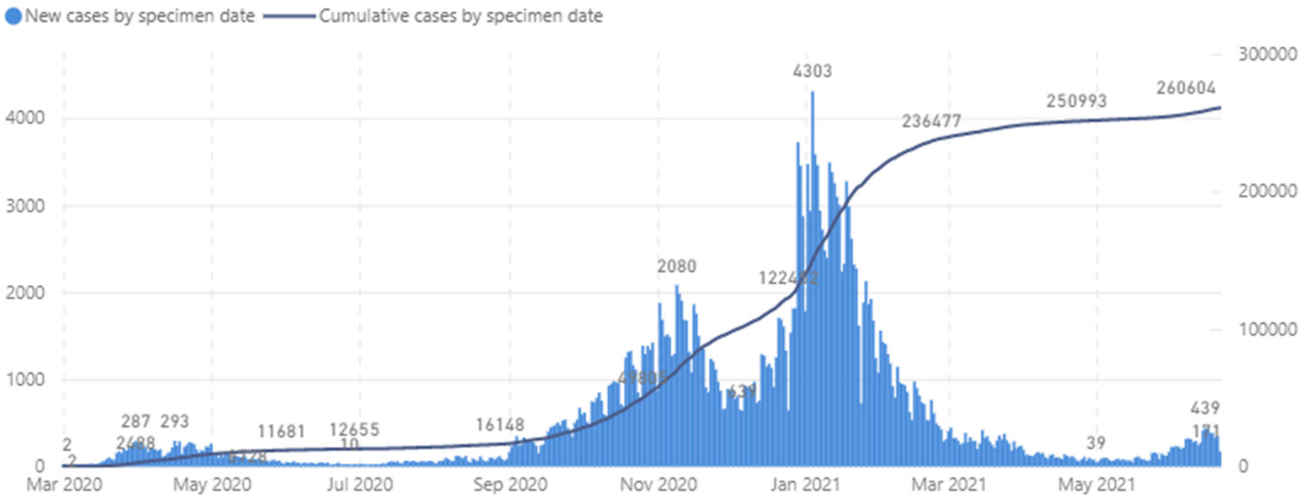
The Coventry, Solihull and Warwickshire Epidemiology and Intelligence Cell have created a dashboard which looks at covid data on a regional level. Data below:

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
19 June 2021	328	350	260085	2	0.07
18 June 2021	380	406	259757	2555	87.24
17 June 2021	385	458	259377	2467	84.24
16 June 2021	427	320	258992	2359	80.55
15 June 2021	439	296	258565	2245	76.66
14 June 2021	413	319	258126	2125	72.56
13 June 2021	270	294	257713	2027	69.21
12 June 2021	241	235	257443	1974	67.40
11 June 2021	292	341	257202	1931	65.94
10 June 2021	277	281	256910	1863	63.61
09 June 2021	313	297	256633	1814	61.94
08 June 2021	319	246	256320	1724	58.87

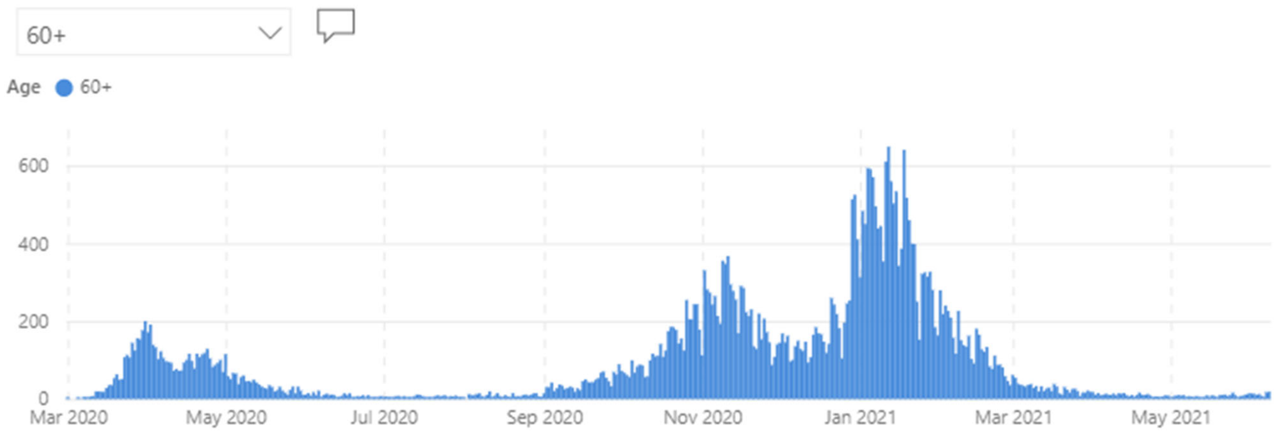
The WM Weekly monitor is funded by the West Midlands Combined Authority, Research England/UKRI

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).

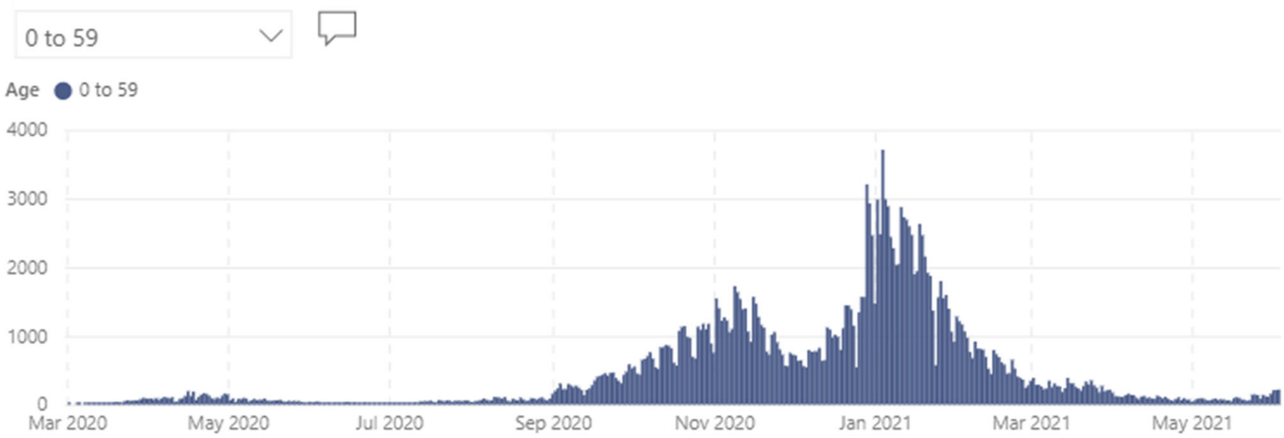
All ages



By age group



By age group



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	07-Jun-21	08-Jun-21	09-Jun-21	10-Jun-21	11-Jun-21	12-Jun-21	13-Jun-21	14-Jun-21	15-Jun-21	16-Jun-21	17-Jun-21	18-Jun-21	19-Jun-21	20-Jun-21
ENGLAND	**131**	**147**	**158**	**162**	**144**	**137**	**187**	**185**	**188**	**177**	**202**	**185**	**178**	**171**
East of England	9	6	10	9	11	9	9	8	19	12	15	7	10	12
London	17	20	33	29	28	27	34	33	37	25	31	26	31	32
Midlands	24	40	24	27	21	22	28	31	28	35	30	29	34	25
North East and Yorkshire	25	18	23	18	20	12	32	25	21	34	40	39	28	35
North West	43	43	50	63	51	57	66	72	58	55	68	65	53	42
South East	6	13	8	8	7	5	12	13	12	6	9	5	9	18
South West	7	7	10	8	6	5	6	3	13	10	9	14	13	7

Mechanical Ventilation beds - occupied by confirmed COVID-19 patients

Name	09-Jun-21	10-Jun-21	11-Jun-21	12-Jun-21	13-Jun-21	14-Jun-21	15-Jun-21	16-Jun-21	17-Jun-21	18-Jun-21	19-Jun-21	20-Jun-21	21-Jun-21	22-Jun-21
ENGLAND	**141**	**140**	**146**	**152**	**171**	**170**	**187**	**192**	**197**	**210**	**203**	**196**	**212**	**229**
East of England	11	7	7	8	11	9	12	11	10	10	10	7	9	10
London	47	46	51	50	51	51	51	54	53	55	57	50	56	60
Midlands	17	20	19	21	26	23	24	22	21	24	26	30	33	38
North East and Yorkshire	13	13	12	14	15	17	18	18	19	21	20	27	22	29
North West	45	46	49	52	61	63	70	75	79	83	78	71	81	83
South East	7	7	6	5	5	5	10	10	12	12	8	7	6	5
South West	1	1	2	2	2	2	2	2	3	5	4	4	5	4

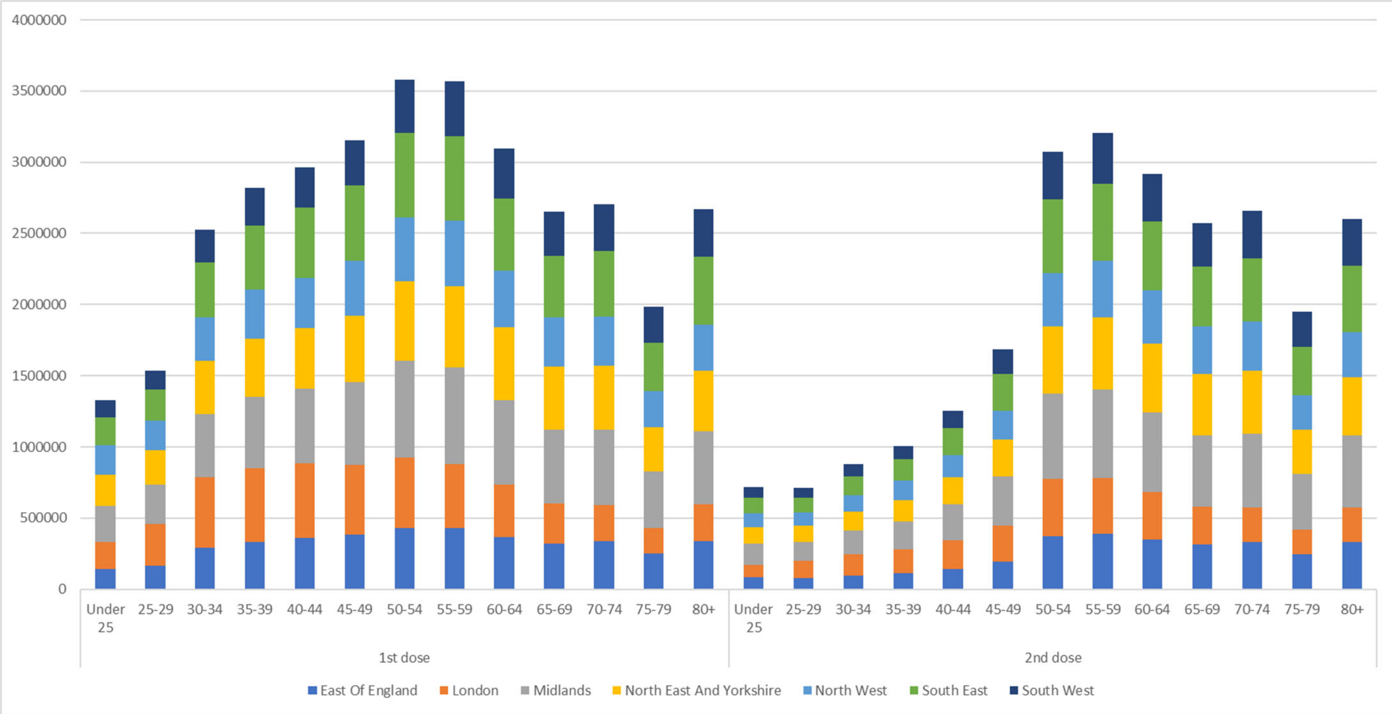
Total beds - occupied by confirmed COVID-19 patients (as at 08:00)

Name	09-Jun-21	10-Jun-21	11-Jun-21	12-Jun-21	13-Jun-21	14-Jun-21	15-Jun-21	16-Jun-21	17-Jun-21	18-Jun-21	19-Jun-21	20-Jun-21	21-Jun-21	22-Jun-21
ENGLAND	**876**	**906**	**884**	**915**	**947**	**993**	**1,030**	**1,057**	**1,122**	**1,170**	**1,143**	**1,168**	**1,290**	**1,301**
East of England	57	55	49	55	52	51	47	52	57	60	58	53	67	67
London	270	266	262	250	261	285	289	277	300	289	286	272	303	300
Midlands	124	133	136	138	145	150	141	144	157	166	166	156	205	194
North East and Yorkshire	99	99	101	106	98	111	126	124	129	149	163	185	175	187
North West	256	271	272	300	323	328	349	379	388	411	384	412	436	445
South East	54	61	46	48	49	44	56	58	60	59	54	57	60	64
South West	16	21	18	18	19	24	22	23	31	36	32	33	44	44

Vaccine Update

Between the 8th December 2020 and the 17th June 2021, the Midlands has successfully vaccinated **6,494,512** people with the first dose and **4,935,661** 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 Resid	% who have had at least 1 dose (using ONS denominators)[7]											
	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80+
Total[4]	40.6%	66.6%	75.8%	87.1%	85.0%	91.7%	97.4%	99.6%	95.1%	97.5%	100%*	94.3%
East Of England	42.5%	69.7%	77.6%	88.6%	87.1%	92.8%	98.7%	100%*	95.0%	97.6%	100%*	94.6%
London	38.4%	59.3%	66.7%	79.2%	82.2%	86.7%	91.5%	93.8%	90.4%	92.0%	92.0%	84.6%
Midlands	38.5%	65.5%	75.6%	87.3%	84.1%	92.4%	97.5%	100%*	94.9%	97.8%	100%*	95.6%
North East And Yorkshire	41.0%	68.4%	78.3%	88.6%	84.0%	92.4%	97.4%	99.9%	96.4%	99.2%	100%*	94.9%
North West	42.7%	65.6%	76.7%	87.2%	83.4%	91.5%	97.4%	100%*	95.5%	98.5%	100%*	94.5%
South East	41.5%	72.3%	80.0%	89.9%	87.3%	92.4%	98.7%	100%*	96.1%	96.9%	100%*	95.0%
South West	40.4%	69.3%	79.8%	91.2%	86.4%	92.9%	99.2%	100%*	95.0%	98.1%	100%*	97.5%

NHS Region of Resid	% who have had both doses (using ONS denominators)[7]						
	50-54	55-59	60-64	65-69	70-74	75-79	80+
Total[4]	78.7%	87.5%	93.8%	92.1%	95.7%	100%*	91.8%
East Of England	80.4%	89.8%	94.9%	92.4%	96.0%	100%*	92.8%
London	70.7%	79.3%	85.3%	85.1%	88.4%	88.5%	80.8%
Midlands	81.1%	89.4%	95.1%	92.3%	96.1%	100%*	93.3%
North East And Yorkshire	78.5%	86.2%	93.9%	93.7%	97.7%	100%*	92.6%
North West	76.4%	85.3%	94.0%	92.1%	96.4%	98.7%	91.5%
South East	80.2%	89.9%	95.4%	93.6%	95.2%	100%*	92.6%
South West	83.4%	91.8%	96.1%	92.9%	96.7%	100%*	95.6%

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

Weekly Deaths Registered: 11th June 2021

Black Country Consortium Economic Intelligence Unit

The following analysis compares the latest available time period (the week of the 11th June 2021) to the previous week period (the week of the 4th June 2021) for the number of deaths registered and the number of deaths related to the Coronavirus[8].

Across England and Wales, the overall registered death figures increased from 7,778 in the week of the 4th June 2021 to 10,204 in the week of 11th May 2021. The number of deaths registered that state Coronavirus on the death certificate decreased from 98 people to 84 people over the same period.

Regional level analysis shows that the West Midlands' overall registered death figure increased from 804 people in the week of 4th June 2021 to 1,022 in the week of 11th June 2021. The number of registered deaths related to Coronavirus has decreased from 14 people to 7 over the same period.

There was a total of 700 deaths registered across the WMCA (3 LEP) area in the week of the 11th June 2021. There were 5 deaths registered that were related to Coronavirus over the same period. In comparison to the week of the 4th June 2021, the overall registered death figures in the WMCA (3 LEP) area increased by 138, with the number of deaths related to Coronavirus decreasing by 7 people.

At local authority level in the week of the 11th June 2021, there were 3 local authorities in the WMCA (3 LEP) area that registered deaths related to the Coronavirus, these were; Birmingham (3 deaths), Sandwell (1 death) and Wolverhampton (1 death).

Of the registered deaths in the WMCA (3 LEP) involving Coronavirus in the week of the 11th June 2021, 4 were in registered in a hospital and 1 death was registered at a care home.

[8] 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, 22nd June 2021

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

ONS Weekly Release Indicators

Black Country Consortium Economic Intelligence Unit

As from the 13th May 2021, ONS 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 32 of the Business Insights and Conditions Survey (BICS), national company incorporations and voluntary dissolutions and results from Wave 62 of the Opinions and Lifestyle Survey (OPN).

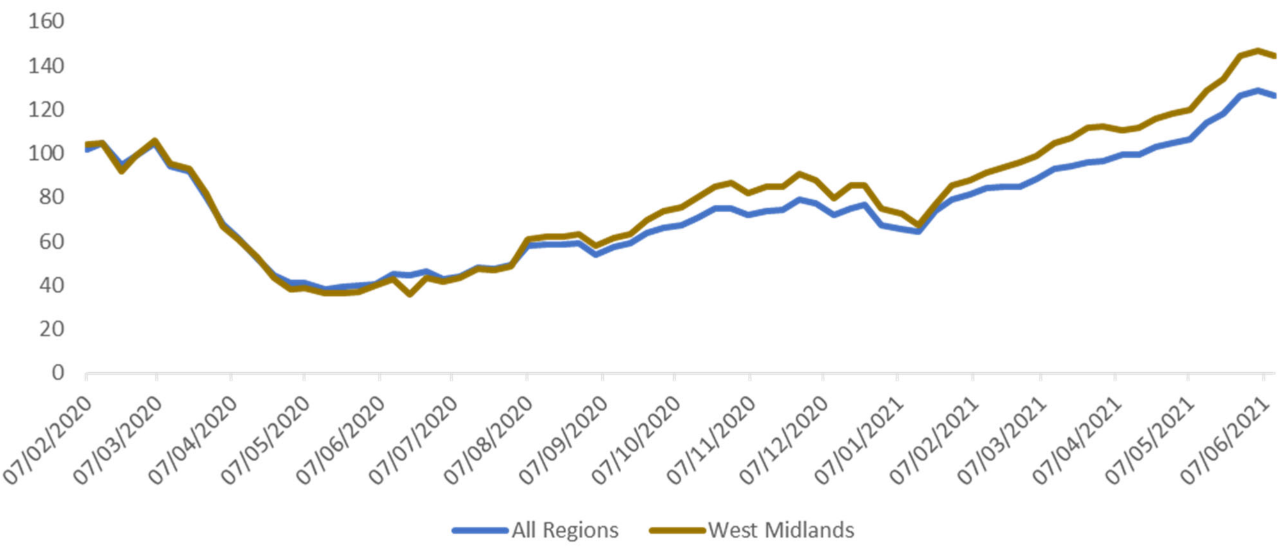
Online Job Adverts

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, Index of job adverts on Adzuna by category, 100 = average job adverts in February 2020.

Nationally, between the 4th and 11th June 2021 total online job adverts decreased by 2.3 percentage points. On the 11th June 2021, total online job adverts were at 126.6% of their average level in February 2020. Out of the 28 categories (excluding unknown) 22 decreased from the previous week, with the highest decrease by 38.2 percentage points in other/general (to 100.7%). Out of the six industries that increased, the highest was in graduate by 1.2 percentage points (to 86.4%).

Between the 4th and 11th June 2021, all regions experienced a decrease in online jobs adverts; for the West Midlands, adverts decreased by 2.6 percentage points. South East had the smallest decrease over this period by 0.7 percentage points with the highest decrease by 12.3 percentage points in Northern Ireland. On the 11th June 2021, total online job adverts for the West Midlands were at 144.4% of their average level in February 2020. North East had the highest level at 168.4% and London was the lowest region at 103.7% 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, 7th February 2020 to 11th June 2021:



Footfall

Data from Springboard shows in the week to 12th June 2021, UK retail footfall saw a weekly decrease of 7% and was at 82% of its level in the equivalent week of 2019. The strongest weekly decreases in retail footfall were in high streets (-9%) and shopping centres (-8%). Footfall at retail parks reduced by 1%, but still remains strongest of all retail locations relative to their levels before the COVID-19 pandemic, at 98% of its level in the equivalent week of 2019. The equivalent figures for high streets were 79% and for shopping centres were 73%.

In the week to 12th June 2021, retail footfall saw week-on-week percentage decreases across all UK countries and English regions. The largest weekly percentage decrease in retail footfall was in South West England (-11%) with the smallest decrease in Northern Ireland (-3%). In the same week, retail footfall relative to its level in the equivalent period of 2019 was strongest in South West England (89%), the East of England (87%), North and Yorkshire, and the West Midlands (both regions at 86% of the levels seen in the equivalent week of 2019).

National Company Incorporations and Voluntary Dissolution

Companies House data shows for the UK, there were 13,955 incorporations in the week to 11th June 2021. This is up from 12,134 recorded in the previous week - although this is lower when compared to the same week in 2020 (18,575) but higher than the same week in 2019 (13,618).

Also, for the week to 11th June 2021, there were 6,424 voluntary dissolution applications, an increase from 4,414 recorded in the previous week. The number of voluntary dissolution applications were higher than levels seen in the same week of 2020 (4,601) and the same week in 2019 (5,430).

Business Insights and Conditions Survey

The final results from Wave 32 of the Business Insights and Conditions Survey (BICS) based off the 5,132 businesses surveyed across the West Midlands that businesses have a presence in with a response rate of 23.3% (1,194) and to 3,006 businesses that are head quartered in the West Midlands, with a response rate of 39.7% (687). Please note, businesses were asked for their experiences for the reference period 17th to 30th May 2021. However, for questions regarding the last two weeks, businesses may respond from the point of completion of the questionnaire (1st to 13th June 2021). Also, 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

97.4% of responding West Midlands businesses were trading. 2.0% 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, 32.6% of trading businesses in the West Midlands reported their turnover had decreased by at least 20%. However, 41.7% of trading businesses in the West Midlands reported that their turnover was unaffected and approximately 15.8% reported their turnover had increased by at least 20%.

Excluding “other” and “not sure” responses, 66.2% 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, 1.6% reported the main reason as the end of the EU transition period and 10.1% 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, 30.3% of trading businesses in the West Midlands reported profits had decreased by at least 20%. However, 42.3% of trading businesses in the West Midlands reported that profits had stayed the same and approximately 12% 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, 24.9% 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, 18.7% in the West Midlands were importing less than normal.

56.8% of West Midlands businesses who were exporting reported that they had not been affected and 63.2% reported that importing had not been affected.

1.5% of businesses in the West Midlands are exporting more than normal and 4.1% are importing more than normal.

3.7% of businesses in the West Midlands have not been able to export in the last two weeks and 2.0% of West Midlands businesses have not been able to import in the last two weeks.

UKCA Marking

Excluding "not sure" or "no" responses, 4.1% of responding West Midlands businesses manufacture products that need a CE or UKCA marking. 5.2% of West Midlands businesses import products with a CE or UKCA marking and 4.5% distribute products with CE or UKCA markings.

74.8% of responding West Midlands businesses reported they were aware that most CE marked products need to be UKCA marked from 1st January 2022.

20.7% of responding West Midlands businesses are already using UKCA marking. 5.4% of West Midlands businesses are not aware of or do not know how to meet the requirements for the UKCA. 43.2% of West Midlands businesses are not using the UKCA marking but plan to by 1st January 2022. 2.7% of West Midlands businesses will not use UKCA marking as it is not relevant to the business or products.

Supply Chains

Businesses were asked if they had made changes to supply chains due to the end of the EU transition period. 7.7% of responding West Midlands businesses reported they had. Where businesses stated they had made changes, the highest response at 48.4% of responding West Midlands businesses reported they were using more UK suppliers.

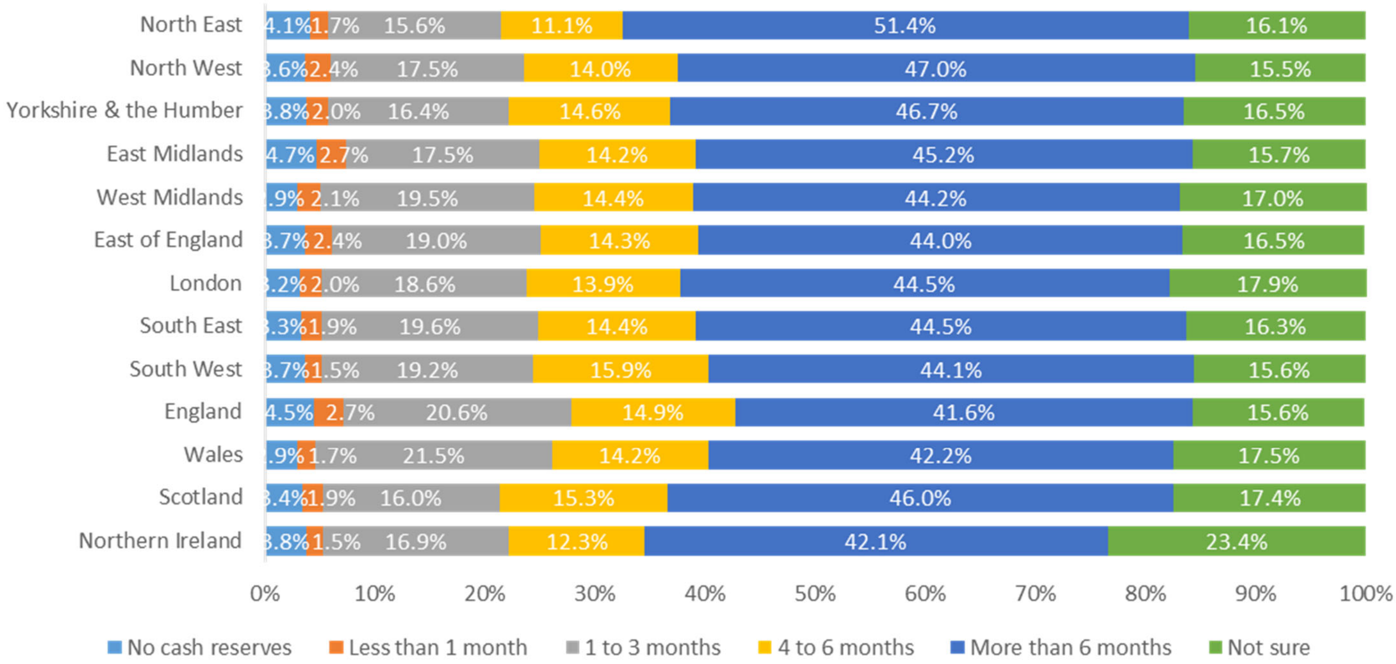
23.4% of responding West Midlands businesses reported extra costs due to additional transportation costs. Although, 38.7% reported no extra costs.

Where applicable, 4.1% 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.

Cash Reserves

2.9% 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, 70.6% of responding businesses had high confidence in surviving over the next three months. 21.5% had moderate confidence of survival, 2.4% had low confidence and 5.0% were not sure.

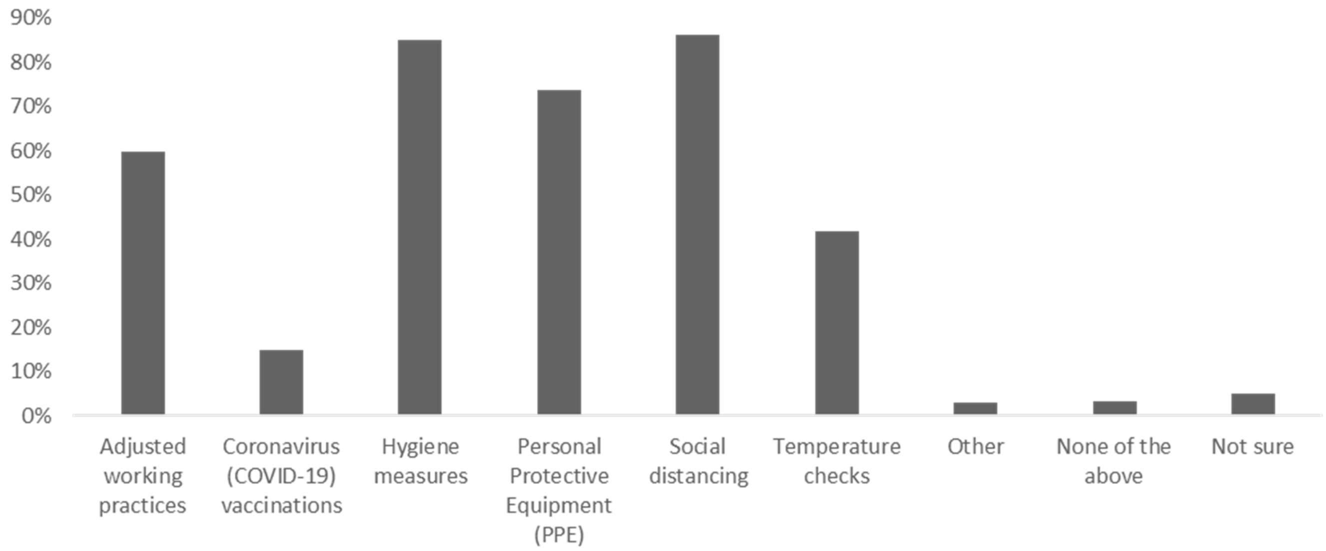
Less than 1% of responding West Midlands businesses reported they were at severe risk from insolvency and 10.0% of West Midlands businesses reported they were at moderate risk. 52.1% of West Midlands businesses reported a low risk of insolvency and 28.5% reported no risk.

Businesses were asked if the risk of insolvency had changed in the last two weeks, excluding “not sure” responses, 3.6% of responding West Midlands businesses reported risk had increased, 86.7% reported risk has stayed the same and 5.3% reported risk had decreased.

Safety Measures and COVID-19 Testing

86.2% 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:



60.4% of responding West Midlands businesses reported they were not providing regular COVID-19 testing for the workforce.

Contact Tracing

44.1% of responding West Midlands businesses were collecting or intending to collect contact details for the purpose of contact tracing at their site. The most common techniques for West Midlands businesses to collect details for contact tracing at 51.4% was paper records, followed by official NHS QR code poster at 44.1% and then advanced booking systems at 26.7%.

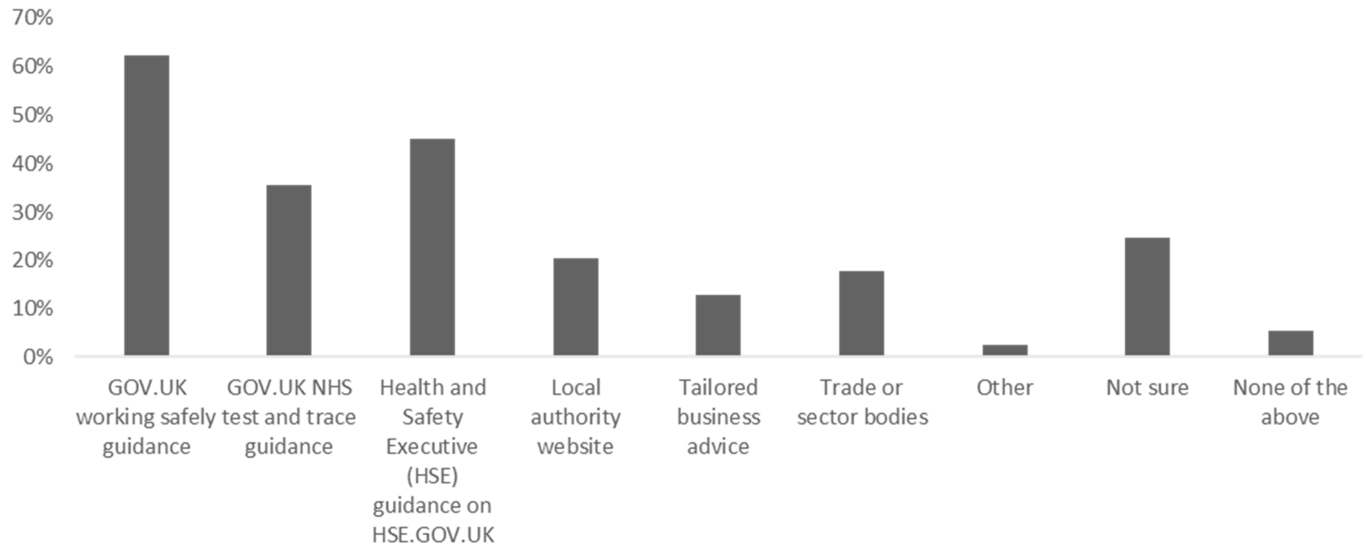
Excluding "other" and "not sure" responses, 31.7% of West Midlands reported the reason for not intending to collect detail was that it was not relevant to the business, followed by 14.0% which reported it was not a legal requirement for the industry.

8.4% of responding West Midlands businesses reported they had received support from the local public health team or local authority in relation to the NHS COVID-19 app QR code posters.

Business Adaption

62.2% of West Midlands businesses reported to have used "GOV.UK working safely guidance" as a source for advice or support or adapt their business from the COVID-19 pandemic.

The following graph shows for the West Midlands area what businesses are using (if any) as sources to help adapt their business:



Expected Site Closures

2.1% of responding West Midlands businesses reported that they intended to permanently close sites in the next three months with a further 12.9% unsure.

56.0% of West Midlands businesses expect by closing these sites that there will be permanent redundancies.

Expected Redundancies

5.8% of West Midlands businesses expect to make redundancies in the next three months. 5.8% of West Midlands businesses expect to make redundancies within the next 2 weeks, 18.8% expect between 2 weeks and 1 month. 73.9% of West Midlands businesses expect between 1 and 3 months.

The most common responses for why the business is making these redundancies include; 43.5% of West Midlands businesses want to reduce staff costs, 33.5% reported certain job roles are no longer required and 14.5% reported redundancies due to site closures.

Workforce Characteristics

Businesses were asked since the start of the COVID-19 pandemic, how has the number of workers within the European Union (EU) had changed. Excluding “prefer not to say”, “not sure” and “not relevant” responses, less than 1% of West Midlands businesses reported that the number of workers within the EU had increased. 25.9% of West Midlands businesses reported the number had stayed the same and 8.7% reported the number had decreased.

Businesses were asked since the start of the COVID-19 pandemic, how has the number of workers outside the EU had changed. Excluding “prefer not to say”, “not sure” and “not relevant” responses, 1.3% of West Midlands businesses reported that the number of workers outside the EU had increased. 17.8% of West Midlands businesses reported the number had stayed the same and 3.4% reported the number had decreased.

Social Impacts of the Coronavirus

The following refers to the period of 9th to 13th June 2021.

Well-Being, Loneliness and Perceptions of the Future

Mean personal well-being scores for life satisfaction was 7.4 in the West Midlands (7.1 GB), worthwhile was 7.6 in the West Midlands (7.4 GB), happiness was 7.4 for West Midlands adults (7.2 GB) and anxious was recorded at 3.7 for West Midlands adults (matching GB average).

6% of adults in the West Midlands reported low levels of life satisfaction (8% GB). 6% of West Midlands adults reported low level of feeling worthwhile (7% GB). 7% of responding West Midlands adults reported low level of happiness (10% GB) and 28% reported high levels of anxiety (31% GB).

24% of adults in the West Midlands reported to often/always or some of the time to feeling lonely (23% GB). While 49% reported hardly ever or never feeling lonely in the West Midlands (52% GB).

20% of West Midlands adults believe it will take 6 months or less before life returns to normal (22% GB). While 17% of West Midlands adults believed it will take 7 to 12 months (20% GB). 25% of West Midlands adults think it could more than a year to return back to normal (27% GB) and 10% for the West Midlands adults thought it would never go back to normal (7% GB).

Impact on People's Life Overall

In the West Midlands, 50% of adults reported they were very or somewhat worried about the effect COVID-19 was having on their life (52% GB). 17% of responding West Midlands adults reported that they were somewhat unworried or not at all worried (19% GB). 51% of West Midlands adults reported they felt a lack of freedom and independence due to COVID-19 (matching GB average).

35% of working adults in the West Midlands reported their work had been affected due to COVID-19 (38% GB).

LEP Level Intelligence

WMCA

WMCA Growth Hub Intel for WM Weekly Economic Monitor– 22nd June 2021

HEADLINES

<table>
<tr><th>SECTOR</th><th>KEY FINDINGS</th></tr>
<tr><td>Cross Sector</td><td>
<h3>Covid-19 Outlook</h3>
Businesses in the West Midlands have had a mixture of positive and negative areas to report in the last two weeks. There is a general theme of businesses looking to get back to 'business as usual', with many thinking about their growth, strategy and seeking investment/funding. New jobs are being created and we continue to see significant investments being made in the region.
However, the move to delay lockdown restriction being lifted has come as a huge setback to many businesses in the region, including nightclubs, wedding venues and theatres. Many are stating it will take time to return to pre-covid level of trading and businesses will need continued financial support from government to ensure staff are retained.
Additionally, travel agents have expressed concern of on-going government travel restriction legislation stating that they will not survive much longer if restrictions are not lifted. British Airways have placed more staff on furlough again, summarising the dire situation the industry is in.
In general though, the region's economic outlook is on an upward trajectory: there appear to be many more conversations about growth rather than survival. And investors are reportedly more willing to be slightly adventurous in comparison to this time last year. This is reflected in a flurry of pipeline investment activity, such as from St. Modwen in Longbridge, Trebor in Wednesfield and multiple developers on the site of Meggit's factory in Coventry.
A combination of restrictions lifting, pent-up consumer demand, accumulated excess savings and a range of government incentives are expected to spark a strong lift-off for the West Midlands economy this summer. The latest analysis in KPMG's UK Economic Outlook says the region's GDP is set to grow by 9.5 per cent in 2021 (up from 8.9 per cent forecast in September 2020) and 6.4 per cent in 2022, allowing the economy to reach its pre-Covid level by the end of the year.
But whilst investment in the region remains high, there are some industries that still report no financial help and struggle to be able to plan due the uncertainty with lockdown easing. They must not be forgotten as the region continues to recover.
<h3>EU Exit</h3>
Similar issues with UK-EU trade continue to arise and companies are seeking support from Growth Hub's as a result:

Food manufacturers have expressed concerns regarding time taken for goods to be imported from suppliers in the EU. They are stating that they are forced to order 3x as much stock due to the delay in importing goods.
Businesses are still facing financial losses due to ongoing confusion and complications with paperwork and codes across providers at borders.
Staff and recruitment concerns regarding working regulations and the IR35 changes
Logistics industry struggling with admin and paperwork increases.
Uncompetitive raw material costs driving business away from the UK.
Shortage in supply of materials.
Delays still problematic at customs

Primarily, there are still some businesses experiencing issues because of EU Transition – owing to additional paperwork requirements that it seems many are still struggling with.
</td></tr>
</table>

SECTOR	KEY FINDINGS
	Manufacturing/Construction sector businesses are reporting continued shortages of materials and increases in costs, which is proving a challenge for them. These "on the ground" business issues, whether they be caused by EU Exit or Covid, are now coming through in trade data releases. For example: • Research on the impact of Brexit on service trade has found that following the UK's departure from the EU **more than £100bn in service exports have switch to Ireland**. The shift occurred in the wake of the 2016 referendum and had been accelerating ever since. By the start of 2020, just before the onset of the pandemic, the UK's service exports had fallen in value by a total of £113bn comparative to trends before the vote, equivalent to nearly 10% of the UK's entire services exports. • UK **food and drink exports to the European Union almost halved in the first three months of the year**, compared to the same period in 2020. The Food and Drink Federation (FDF) figures show EU sales dropped by 47%. The trade body said the decline was largely due to changes in the UK's trading relationships, but said the pandemic was also a factor. **Enquiries** The region's Growth Hubs continue to report a shift away from Covid-related enquiries, with more companies seeking **business as usual and growth support**. In particular, these enquiries are commonly related to: • An increased number of requests for **property searches: expansion to bigger premises, the need for bigger storage spaces and further Inward Investment** opportunities being the main drivers of these. • Businesses looking for **skills development within their existing workforces**. Some looking for training to widen their offer to provide new services. Kickstart and Apprentices continue to be a focus for many regional businesses. • **Digital support** continues to feature as businesses deal with new ways of working, post COVID. **Social Media and Digital Marketing** support among the most frequently sought after. • Businesses who do not meet eligibility criteria of the **peer-to-peer program have requested a similar program to facilitate smaller businesses.** **Programmes and Support** Several **new West Midlands business forums/initiatives** are launching in the coming weeks: • **Black Country Social Enterprise Taskforce:** The Black Country LEP is seeking expressions of interest to be part of a newly established Social Enterprise Taskforce. The role of the Taskforce is to act as the leading strategic support body to the LEP, providing a forum for the engagement of employers, community groups, charities, education providers and liaison with public sector partners to develop, formulate and co-ordinate policies and proposals relating to the Black Country's social enterprise sector. • **West Midlands Metals & Materials Forum:** The Black Country LEP has been convening a great deal of information via industry bodies for the Metals & Materials sector plan in the West Midlands Local Industrial Strategy. A forum has now been setup to steer the development of that work. It will be an industry-led forum, with a private-sector chair and the majority of representation from the private sector. • **The Innovation Alliance's Innovative Manufacturing Working Group**, a sister group to the Low Carbon Working Group, launches on 29 June and will focus on making the most of the manufacturing innovation opportunities in the West Midlands. The launch will bring together manufacturers, academic partners and funding bodies to look at how to promote and support manufacturing innovation across the region. This event presents a great opportunity to consider how to look at and improve your own organisation.

SECTOR	KEY FINDINGS
	Investment Businesses in the West Midlands secured **two per cent of UK equity investment in 2020 (£382m)**, according to new data released. Analysis from the British Business Bank found that smaller companies in the West Midlands saw a total of £382m in equity deals last year, up 266 per cent from £104m in 2019. Despite the large annual increase, the **West Midlands remains under-represented in its share of UK equity investment**, compared to the region's share of UK high growth businesses.
Hospitality and Events	• Hospitality / events premises such as nightclubs, pubs and theatre has deep concerns over the future of their businesses with delays to the lockdown restrictions easing. Also feared is the musicians and suppliers who rely on these venues. • There are requests from businesses to **extend the furlough scheme for 6 months** to help businesses through the uncertain current times, as well as the **immediate provision of more financial support.**
Construction	• Construction businesses continue to express a critical concern with the **availability and cost for materials** such as cement and plaster. • This has increased enquiries through local construction businesses, as firms tackle **inflated pricing and loss of business.**
Manufacturing	Britain's manufacturers are accelerating as growth prospects **become significantly more positive for the rest of the year,** according to **Q2 Manufacturing Outlook**, published on 14th June by Make UK and BDO. The sector's **growth forecast doubles to outpace the economy overall**. Key findings: • Output volumes reach highest level in the survey history. • UK orders leap while export orders rebound. • Employment intentions surge while investment intentions turn positive for the first time since Q1 2020. • Expectations for next quarter very strong across all indicators. • Both domestic and export prices increase but margins continue to decline. • Manufacturing growth forecast upgraded in 2021 to 7.8% from 3.9%.
Rail	• A regional Rail Innovation hub, recently taken over by Porterbrook, a British rolling stock company established in April 1994 as part of the privatisation of British Rail, **have signed a new 15 year lease to secure the future of this important research facility.** • Midlands Engine Rail could see **3,500 jobs created and safeguarded.** The infrastructure project could spearhead construction boom that safeguards 2,880 jobs and creates 720 new roles. More than 3,500 jobs could be created and safeguarded by a huge infrastructure project which is aiming to improve rail services across the Midlands

NEW ECONOMIC SHOCKS

COMPANY	LOCATION	SECTOR	SOURCE/DETAIL
Coombe Abbey Hotel	Coventry	Hospitality	Coombe Abbey Hotel lost nearly half of its staff during the lockdown due to Covid-19, bosses have revealed. The problems are across the country, according to the British Beer & Pub Association (BBPA) who say there is a staffing crisis for pubs, clubs, restaurants, hotels and bars.
Gap	National, Rugby	Retail	Fashion chain Gap to close 19 stores in the UK and Ireland. The coronavirus pandemic continues to take its toll on the high street, while a distribution centre in Rugby remains at risk.

COMPANY	LOCATION	SECTOR	SOURCE/DETAIL
Castings PLC	Black Country	Manufacturing	Foundries group Castings has reported a fall in profit and revenue as the coronavirus pandemic caused disruptions. The iron casting and machining company posted a pre-tax profit of £5 million for the year ended March 31, down from £12.7 million the previous year.
British Airways	National	Airline/Travel	British Airways has put thousands of its staff back on furlough, citing delays to the restart of international travel after the UK Government removed Portugal from it's green list recently.

NEW INVESTMENT, DEALS AND OPPORTUNITIES

COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
Azets	Regional	Financial	Accountancy firm Azets says it is set to create 650 jobs across the UK over the next 12 months – with 100 of those in the Midlands. The firm is hiring at all levels, with ambitious growth plans to increase turnover by 50% within the next five years.
Aldi	Regional	Retail	Aldi has confirmed plans to open more than 450 new stores in the UK - and it's released a "wish list" of locations for the expansion. This includes 54 sites in the West Midlands, including Birmingham, Warwick, Dudley and Leamington.
St Modwen	Longbridge, Birmingham	Development	Plans to bring up to 1,000 new jobs back to the MG Longbridge site, where the iconic Mini was designed, have been announced by developer St Modwen. St Modwen's proposals will see historically significant buildings transformed into workplaces, aiming to attract technology, digital and creative companies.
Halfords	Nationwide	Retail	Halfords, the provider of motoring and cycling products and services, has posted impressive full-year preliminary results this morning (June 17). The firm's profits have risen more by more than £40m to £96.3m after it grabbed larger slices of market share on the back of the Covid-19 pandemic. Revenues also climbed, by 13% to almost £1.3bn.
RDM Group	Coventry	Retail/wholesale	A specialist automotive supplier has secured a string of contracts to help it bounce back from the Covid-19 pandemic. RDM Group has seen sales rise from pre-lockdown levels after carmakers switched to sourcing more locally to reduce dependencies on long, global supply chains. This has seen orders jump 30% on this time last year, creating up to 18 jobs across manufacturing, software development, logistics and in the firm's autonomous technology division.
Oxenwood Real Estate	Coventry	Automotive	Investor drives portfolio growth with £18m deal for car distribution facility. It has been acquired from clients of LaSalle Investment Management by Oxenwood for Oxenwood Catalina, its joint venture with Catalina Holdings (Bermuda).

COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
Multiple	Coventry	Real Estate	Developers have been given the green light to build almost 500 homes and new business units on the site of a factory in Coventry.
The Binding Site	Birmingham	Life Sciences	A medical research firm has agreed a new property deal for a former supermarket site in Birmingham which will significantly expand its presence in the city. Binding Site has signed a 15-year lease to take 97,932 sq ft of space at the Broadway building at Five Ways island. Work to reconfigure the building is expected to begin in the autumn for the company to move in early next year.
AE Aerospace	Birmingham	Aerospace	Machining company AE Aerospace has secured a £400,000 loan to help safeguard its 65 employees - and create 10 new jobs. The Birmingham company wants to use the funding to increase its workforce over the next two to three years, and develop new solutions for the UK and export markets.
Ranier Developments	Digbeth, Birmingham	Property	Plans to build to a residential scheme that would include 366 flats have been given the go ahead by Birmingham City Council's planning committee. The scheme, by Ranier Developments will see eight- and five-storey buildings built on Moseley Street.
Crowe	Regional	Advisory	The Midlands office of advisory firm Crowe has supported 14 deals worth £112m in the past 12 months. Key deals in the past year include acting for Newman and Spurr on the sale of the business to Qinetiq plc and providing transaction support to Grandeco on its acquisition of Holden Decor.
DS Smith	Sandwell	Logistics	A packaging group with a major site in the Black Country has committed to reach net zero carbon dioxide emissions by 2050.
Zero Point Eight	Dudley	Manufacturing	Zero Point Eight has secured a £120,000 investment from BCRS Business Loans through the Midlands Engine Investment Fund's (MEIF) Small Business Loan Fund, backed by the Coronavirus Business Interruption Loan Scheme (CBILS).
Strip Tinning Automotive	Birmingham	Automotive	A manufacturer has expanded its presence in Birmingham and launched a recruitment drive. Strip Tinning Automotive, which makes automotive connectors, has launched a new 7,690 sq ft facility at its base on Arden Business Park, Rubery.
Trebor Developments	Wednesfield, Black Country	Development	New regeneration plans have been unveiled to create an industrial park in the Black Country. The application site houses a Tata Steel service centre but will be renamed Revolution Park and contain a range of industrial and logistics units from 25,000 sq. ft to 200,000 sq. ft.

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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This programme of briefings is funded by the West Midlands Combined Authority, Research England and UKRI (Research England Development Fund)

The West Midlands Regional Economic Development Institute
and the
City-Region Economic Development Institute
Funded by UKRI