West Midlands
Weekly Economic Impact Monitor

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

This week we see the rise of the new variant of Covid-19 which could be set to slow economic recovery down. Omicron developed in southern Africa and has now spread world-wide. New restrictions are emerging in many countries. This is leading to mass protests and in some cases violence, as citizens see this as an imposition on their civil liberties. This week the UK government has announced that in England Plan B restrictions will be reintroduced. This includes guidance to work from home, as well as face masks now having to be worn in public venues, including cinemas and theatres. As well as this, Covid passes proving vaccination or a negative test will be required at venues or events with large crowds.

A year in review – key issues:

- Fears of rising unemployment have been largely unfounded, but furlough was high and vacancies remain high. Economic participation has taken a hit – particularly through younger and older workers leaving the labour force.
- We have seen unprecedented acceleration in R&D to respond to the pandemic.
- People who can have saved a lot and paid off record levels of debt, but people are still spending on goods not services.
- Covid has not reshaped Britain's economic geography in a marked way.
- The economic downturn and loss of lives caused by the pandemic should be seen as a chance to reflect and to radically rethink how we live and plan our cities and communities.
- More businesses have been created and adapted and businesses are still positive about the future.
- Women have been hit hardest by the effects of the pandemic.
- There will be long term scarring due to disrupted and missing education.
- There are acute shortages of labour in hospitality, health and social care and manufacturing.
- For many the reduction in spending in the last 12 months may have been associated with a fall in income.
- Self-employment has fallen.
- The young were hit harder: in the region youth claimants remain high, and apprenticeship numbers have fallen.
- Capacity to deliver public health services at the local level has significant pinch points.
- The UK's departure from the EU will continue to influence policy in the coming years. Exports have fallen in the region.
- Consumer confidence has remained at a low most of the year and is still depressed.

This week:

- The World Inequality Report 2020 release has found that last year the rich got significantly richer, whilst the poorest got poorer. Europe is the world's most equal region, with the richest 10% taking 36% of the income share.
- The US thinks that as many as 175,000 troops could be sent to the border by early January. With both the US and Ukraine thinking that Russia is aiming to get its forces to the border by the end of January ready for escalation.
- Tensions are also rising with China and the western world. There have been a number of growing human rights concerns regarding China's treatment of its own people. As a result, some countries are now refusing to send diplomats to the Chinese Winter Olympic Games.
- The OECD has warned in its December outlook that global recovery is set to be strong but imbalanced. Output within most OECD countries has now surpassed its late-2019 level and is converging on its pre-pandemic path; but those lower-income economies, particularly those where vaccination rates are low, are at risk of being left behind.
- The OECD is also expecting that continued supply chain bottle necks will likely contribute to rising global inflation. The car sector is particularly feeling this impact and the price of second-hand cars is sky rocketing, due to reductions in production as a result of raw material shortages, as a result of manufacturing shutdown and bottlenecks.
- Many countries are also continuing to face growing labour market imbalances. Many people may be struggling to find jobs, but businesses in a number of sectors are now having difficulty recruiting workers – including in travel, tourism and leisure.
- PWC predicts that the UK economy could reach its pre-COVID level by the end of the year. It expects the UK economy to end the year with an annual GDP growth rate of between 7.0% and 7.1%. However, as with other forecasters, this depends on the pandemic impacts, fiscal policy, supply side factors and inflationary pressure.

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

- For the West Midlands region, there was positive growth in GDP for nine sectors in 2021 Q1, with the most coming from electricity, gas, steam and air sector at 11.0%. There were contractions in West Midlands GDP in eleven sectors, including a contraction of 23.0% for accommodation and food service activities.
- A report this week by the Institute for Public Policy Research notes that trust in politicians within the UK has reached record lows. The report sets out four significant social and political gaps that must be closed to improve political trust in the UK.
- House prices in the UK have returned to double-digit growth following a slowdown in the market after stamp duty came to an end. This is due to a rise in home working, meaning buyers are looking for larger properties, prompting a 'race for space'.
- Consumer confidence has been dented by the rising cost of living. The cost of living as surged at its fastest pace in almost ten years, hitting 4.2% in the year to October. In order to tackle rising costs, the Bank of England may be forced to increase interest rates.
- The UK has seen 2 significant storms hit over the last couple of weeks. Storms in the UK are getting increasingly worse, largely due to the growing unpredictability of the impacts of climate change. A big issue for the UK going forward will be increased flooding and its costly economic impact.
- In the year ending March 2020, the Crime Survey for England and Wales estimated 1.6 million women aged 16 to 74 years in England and Wales experienced domestic abuse; this is around 7% of the female population.
- The 2019 to 2020 Statutory Homelessness Annual Report found around 1 in 11 households in England (8.7%) who were homeless or threatened with homelessness recorded domestic abuse as the main reason.
- Work has officially started this week on the battery storage facility in the West Midlands. The aim is to reduce the region's carbon emissions, improving air quality and support sustainable economic growth.
- Research by Shakespeare Martineau has found that 24% of leaders from the West Midlands said they will be increasing cash into wages over the next 12 months. It was found the West Midlands businesses leaders feel under pressure from London, due to growing competition.
- Loneliness amongst business leaders has doubled to 62% following the pandemic. Ambition levels have also dropped from 87% to 74%. When asked what is holding them back as leaders, 30% of respondents said a lack of time and 21% stated imposter syndrome, with more than half stating that the latter made them feel more lonely and isolated.
- 30% of respondents said they will be investing more in their business in 2022 than they had done over the past year. Business leaders said they would be most likely to invest in technology (38%), IT (36%) and entering new markets (33%), followed by product development (28%) and salaries (24%).
- Ambitious plans to regenerate towns centres across the West Midlands (Dudley and Bloxwich) have received a £46.3 million boost from the government's flagship Towns Fund.
- Midlands Connect has signed a new collaboration agreement with the government in a bid to cement its position as the sub-national transport body for the Midlands region.
- The distribution of gross income in the West Midlands is highly unequal. 72% of people have a total income below the regional average: 7 out of 10 are below the average of £23,200 (the national average is £24,400).
- Men are wealthier than women, but at lower incomes, there is greater equality. Disparity happens at the higher income levels where 8 out of 10 of the richest people are men.
- Poorer areas have less inequality and richer areas are more unequal, skewed by very high outliers. Kenilworth and Southam, Stratford on Avon, Bromsgrove, Sutton Coldfield, Warwick and Leamington are the 'top 5'.
- The sector which people work in is the largest of the four dimensions – source, gender, age, and industry – in terms of the contribution to inequality, with significant inequality within the sectors as well. High employment sectors contribute most to inequality.
- Those individuals, especially females, who are employed in the most unequal sectors which are crosscutting with the sectors hit hardest by Covid 19 are particularly disadvantaged in the current crisis and may particularly struggle to recover
- The road transport network has been impacted by a lack of hauliers available to transport goods between the UK and the EU and throughout the UK. There are many drivers approaching retirement age and it is cited by the Road Haulage Association (RHA) estimates that up to 20,000 HGV drivers from the EU have left.
- The cost of shipping containers escalated, as well as air freight, due to fewer air transport movements, costs have increased to beyond the means of many businesses. The lack of goods being imported had a detrimental effect on domestic trade as well as exports.
- Within the current Midlands Supply Chain network, multiple challenges for resilience and productivity growth were identified: establishing visibility; cross functional engagement and integration; net zero; skills shortages; insufficient investment; poor cash flow; early development of digital infrastructure; and the overseas supply base.
- Analysis of over one million job adverts from over 450 UK job boards suggests a large proportion of jobs currently listed across the UK are not advertised as flexible. According to the 2021 Flexible Jobs Index, notwithstanding changes in attitudes towards flexible working driven by the pandemic, and a significant jump in jobs offering flexible working between 2020 (pre-Covid) and 2021, only a quarter of jobs advertised over the period between April and August 2021 offered flexible working.

- Canvassing of over 1,000 business leaders across nine countries and 25 industry sectors by EY indicates that whilst most businesses intend to make moderate to extensive changes to their workplace models (e.g. allowing greater hybrid working), less than half have communicated these plans to their workforce. Analysis of business and individual attitudes towards the future of homeworking by the Office for National Statistics reveals that nearly a third of businesses are unsure what proportion of the workforce will be working from their usual place of work in future.
- Looking at the core cities, one reason for the shift to full-time employment in Birmingham could be that the rate at which hourly earnings have increased in the West Midlands has been much slower than that in other regions. Hourly earnings in Birmingham only increased by 10% between 2015 and 2019 (compared to 15% in Manchester and 18% in Bristol). Birmingham had the second lowest average hourly wage in 2019 among the core cities. It is possible that many of those working full-time may aspire to work flexibly but are put off by challenges finding flexible jobs and lower hourly earnings.
- According to the Oxford Economics (OE) model, between 2010 and 2040 in the UK, total emissions will have reduced by 46% from 479,742Kt CO_2 to 260,890Kt CO_2. The model predicts a 66% decrease in industrial and commercial emissions, a 33% reduction in transport emissions and a 28% in domestic emissions, over the same period.
- Similar to the picture for the UK, the area which will see the largest reduction in emissions will be Industrial and commercial, with a 69% reduction in emissions between 2010 and 2041. The second largest decrease will be in transport at 34%. Finally domestic emissions will reduce by 26%.
- Based on the predictions by the OE model above, it is very unlikely that the UK will meet its net zero target by 2050. By 2040 the OE model predicts that the UK will still be producing the 260,890Kt CO_2, having reduced emissions by 218,852Kt CO_2 since 2010. The WMCA area is also unlikely to achieve its 2041 net zero target. By 2041 there will be 14,821Kt CO_2 in emissions according to the OE model. Whilst, this is 44% smaller than the emissions in 2010, unfortunately it is unlikely that all this carbon will be sequestered out of the atmosphere by green and blue spaces.
- Local leadership has already been found to be leading the green industrial revolution, particularly in areas such as housing and transport. The West Midlands Combined Authority's 'Five Year Plan' to decarbonise the region illustrates the ambition that exists at the local level.

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Global, National and Regional Outlook
Alice Pugh, WMREDI

Global

The World Inequality Report 2020 release has found that last year the rich got significantly richer, whilst the poorest got poorer. 2020 saw the steepest increase in billionaires' wealth on record. Meanwhile, 100 million people sank into extreme poverty. This increase in wealth for the richest was largely linked to the disproportional impact of Covid-19 on the global population. The richest 10% of the global population now takes 52% of global income and the poorest half just 8%. Since 1995, the world's richest 1% has taken more than a third of all additional wealth, whilst the bottom 50% captured just 2%. The report also found:

- An average adult earned €16,700 per year in 2021 and the average adult owns €72,900
- However, an individual from the top 10% of the global income distribution on average earns €87,200 per year
- Comparative to this, an individual from the poorest half of the global income distribution makes just €2,800 and possesses only 2% of global wealth.
- The richest 10% of the global population own 76% of all wealth.

It was found that the world's 52 richest individuals saw the value of their wealth grow by 9.2% per year for the last 25 years, well above less wealthy social groups. Whilst the women's share of total global income from work was less than 35%, up from nearly 30% in 1990.

Europe is the world's most equal region, with the richest 10% taking 36% of the income share. The Middle East and North Africa was the most unequal, with the wealthiest 10% taking 58% of the income. During the pandemic, state intervention by more prosperous nations, such as furlough and benefits payments, was vital to keep more people from sinking into poverty. However, in poorer countries there were few resources to prop up income and save jobs. Thus, inequality increased dramatically in poorer countries.

To help address the imbalance, the report calls for "modest progressive wealth tax on global multi-millionaires" in order to redistribute wealth. The also call for tougher action on those evading taxation.

After months of Russia using gas as a weapon to force the hand of Europe, it appears Russia is now building up its forces along the border with Ukraine. Ukraine is geographically and historically important to Russia. Firstly, the Ukraine not only shares a border with Russia but, also with Europe. Historically, Ukraine was a former Soviet republic, so there are deep social and cultural ties with Russia and Russian is widely spoken there. Russia has long resented Ukraine's transition to European institutions, with its key demand being that it never joins NATO or have NATO infrastructure on its soil. In 2014 the Ukraine deposed their pro-Russian president and as a response, Russia then seized and annexed the southern Crimean Peninsula from Ukraine. Russian backed separatists captured large swathes of Ukraine's eastern territories known as Donbas. The conflict over this land it still on-going. However, it now appears that Russia is escalating tensions along the Ukraine-Russia border once again, with Russia mobilising 90,000 plus Russian forces, so far, to the Ukraine border.

The US thinks that as many as 175,000 troops could be sent to the border by early January. With both the US and Ukraine thinking that Russia is aiming to get its forces to the border by the end of January ready for escalation. Russia initially described the satellite photos showing troop build-ups in Ukraine as alarmist. But by early December the BBC reported that a presidential aide insisted that "we have the right to move troops on our territory", denying it amounted to an escalation. Moscow also accused Ukraine of also building up half its army – some 125,000 people- alleging that they are planning attacks on Russian-backed separatists. Ukraine says that this is nothing short of "propaganda nonsense" to cover up for Russia's own plans.

Either way, the US, Nato and Europe are all backing Ukraine and saying they will likely deploy troops in January if Russia refuses to de-escalate their troop build ups along the border. However, before any troops hit the ground it is expected that countries and international groups will start introducing economic sanctions against the nation. As for economic measures, the biggest tool could be threatening to disconnect Russia's banking system from the

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international Swift payment system. Another key threat is to prevent the opening of Russia's Nord Stream 2 gas pipeline in Germany, and approval for that is currently being decided by Germany's energy regulator. It appears, however, that even with these economic threats on the table, Russia is still moving forward with the scale-up of forces and tensions may erupt late January early February.

Tensions are also rising with China and the western world. There have been a number of growing human rights concerns regarding China's treatment of its own people. The US, Europe, the UK and a number of other countries have accused China of genocide and slavery in its repression if the predominately Muslim Uyghur minority. There have been concerns surrounding the suppression of political freedoms in Hong Kong, and the growing concerns for the Chinese tennis player Peng Shuai, who was not seen for weeks after she accused a top government official of assault.

As a result, some countries are now refusing to send diplomats to the Chinese Winter Olympic Games. So far, the USA, Australia and UK are refusing to send diplomats. They are doing this in the hope that this will send a clear message to China, surrounding their human rights record. The Chinese Foreign ministry spokesman responded to this saying there would be 'resolute counter-measures', but failed to provide any further details.

The OECD has warned in its December outlook that global recovery is set to be strong but imbalanced. Output within most OECD countries has now surpassed its late-2019 level and is converging on its pre-pandemic path; but those lower-income economies, particularly those where vaccination rates are low, are at risk of being left behind. The recovery is also uneven within advanced economies. Employment is still relatively weak in the United States, but is already higher than its pre-pandemic level in the Euro Area. At the same time as this, US GDP has recovered faster than Europe's. This shows how different protection models implemented by governments have led to contrasting economic challenges going forward.

Many countries are also continuing to face growing labour market imbalances. Many people may be struggling to find jobs, but businesses in a number of sectors are now having difficulty recruiting workers. The imbalances are mainly in sectors dependant on interpersonal contact such as travel, tourism and leisure.

The OECD is also expecting that continued supply chain bottle necks will likely contribute to rising global inflation. The car sector is particularly feeling this impact and the price of second-hand cars is sky rocketing, due to reductions in production as a result of raw material shortages, as a result of manufacturing shutdown and bottlenecks.

There is also a new variant of Covid-19 which could be set to slow economic recovery down. Omicron developed in southern Africa and has now spread world-wide. Discovered by South African doctors, the variant is expected to be more transmissible than the current Delta variant and will likely threaten global recovery. Many countries are already imposing stricter social distancing rules on their citizens, to protect against the spread of this variant. However, in many countries this is leading to mass protests and in some cases violence, as citizens see this as an imposition on their civil liberties. However, as of yet we do not know the impact that Omicron will have, it is expected though that from this week there will be increasing restrictions in a growing number of countries, and this will inevitably impact global recovery.

National

This week the government has announced that in England Plan B restrictions will be reintroduced. This includes guidance to work from home from the 13th December, as well as face masks now having to be worn in public venues, including cinemas and theatres from the 10th December. As well as this, Covid passes proving vaccination or a negative test will be required at venues or events with large crowds. It comes following numbers that were leaked revealing scientists fears that Omicron hospital admissions could reach at least 1,000 a day if restrictions are not toughened. The most recent data suggests that Omicron has a very high growth rate and is spreading rapidly. S-gene drop out cases have grown from 0.15% of cases during the week of 21st November, to 3.3% of cases since 5 December in England. There are currently 568 cases confirmed across the UK and early analysis from the UK Health Security Agency suggesting the doubling time could be as little as 2.5 to 3 days. However, there is growing dissatisfaction amongst the UK public, especially as this week it was revealed that multiple parties took place in Downing Street, at a time last year when people were being arrested for such offences. This is generating distrust in the government and it may be difficult for some to follow the new rules, especially if they believe that their own government is failing to follow their own restrictions. These restrictions come on the back of recent changes to the travel restrictions brought in due to omicron, people now need proof of a negative test to come into the UK and a further 11 countries have been added to the travel ban red list. There have been various analysis of the impact of Plan B leaked documents suggest a return to home working could cost the UK economy £18bn over 5 months. There are already widespread reports of Christmas parties and events being cancelled and it is expected that the restrictions will hit the night time economy hard and the pound slumped to one its lowest levels all year.

A report this week by the Institute for Public Policy Research noted that trust in politicians within the UK has reached record lows. The report has been released in a month in which the news agenda has been dominated by political scandals. From 'imaginary parties' to politically controversial side hustle jobs, there are headaches not only for the government, but for the electorate struggling to keep up with it all. The report claims that in 1944, just one in three British people (35%) saw politicians as merely 'out for themselves'. In 2014, this had risen to 48%. However, according to YouGov polling for this report taken last week, 63% said they now share this view.

The study also suggests that trust in MPs depends on where you are in the UK. The further away you travel from Westminster within England the worse the trust levels get. Burnley recorded the lowest average levels of political trust – whilst Hampstead and Kilburn in north London records the highest average levels of trust in MPs. The report highlights that growing distrust is worrying because it can lead to a downwards spiral of democratic decline, with voters disengaging, becoming polarised or turning to populist leaders and causes. To reverse this trend, the report sets out four significant social and political gaps that must be closed to improve political trust in the UK:

1. "Narrowing the gap between the lives people are experiencing with the lives they expect to lead. Building back better after the pandemic with better public services, jobs and opportunities is vital.
2. Narrowing the gap between the challenges we face and what people believe the state can do about them. By delivering action that tackles the big issues, the state can demonstrate its ability to make a positive difference to people's lives.
3. Narrowing the gap between the way the political system is currently operating with the original principles of liberal democracy through a bold programme of constitutional and democratic reform. The report marks the start of a major IPPR project to outline what this reform agenda should look like.
4. Narrowing the values gap between ordinary people and those who govern by improving the diversity of election candidates and involving citizens more directly in democratic processes and decision making. A candidate shortlisting process that puts more emphasis on selecting people from different backgrounds including those who haven't gone to university, could be a good step to address this."

House prices in the UK have returned to double-digit growth following a slowdown in the market after stamp duty came to an end. According to Nationwide Building Society house price growth hit 10% in November. This was an increase from the 9.9% growth seen the previous month. The average price of a UK house was £252,687 in November - nearly 15% higher than March 2020, when the coronavirus crisis started.

Consumer confidence, however, has been dented by the rising cost of living. The cost of living as surged at its fastest pace in almost 10 years, hitting 4.2% in the year to October, according to the Office for National Statistics. In order to tackle rising costs, the Bank of England may be forced to increase interest rates.

The reason that house prices are rising so rapidly, is due to a rise in home working, meaning buyers are looking for larger properties, prompting a 'race for space'. The demand is also boosted by savings that were accumulated by households, during the pandemic, as well as few people losing their jobs due to government support.

The UK has seen two significant storms hit over the last couple of weeks. Storm Arwen hit the UK more than a week ago, and still thousands are without an energy supply. This has disrupted businesses, as well as leaving households stranded in freezing temperatures with no heating or energy. Now Storm Barra has battered Ireland and parts of the UK leaving more than 46,000 homes and businesses without power, following winds gusting up to 80mph. This storm has also slowed the response to return power to those devasted by Storm Arwen a week earlier. Storms in the UK are getting increasingly worse, largely due to the growing unpredictability of the impacts of climate change. The largest climate change environmental issue for the UK going forward will be increased flooding and its costly economic impact.

Going forward, PWC predicts the UK economy could reach its pre-COVID level by the end of the year. Expecting the UK economy to end the year with an annual GDP growth rate of between 7.0% and 7.1%. However, PWC said the outlook going forward will be determined by four factors:

1. **Development of the COVID pandemic**- the continued pace of mass vaccination and boosters in the UK and the risks of new variants, plus greater mixing over the festive period will all impact the development of the pandemic over the following weeks. And disruptions by the pandemic will continue to hamper economic growth, especially depending on the government's reaction to the new variant.
2. **Fiscal policy developments**- The response of the economy and businesses to the prospects of unwinding monetary and fiscal stimulus and a gradual rise in interest rates.
3. **Supply-side factors**- The outcome of the UK trade negotiations with trading partners including the US, implementation of the Northern Ireland Protocol, how businesses adjust to various new trading arrangements, and how long it takes for current supply chain disruptions and shortages to normalise.
4. **Inflationary pressure**- The extent to which ongoing price increases put pressure on business costs and household spending power.

In the year ending March 2020, the Crime Survey for England and Wales estimated 1.6 million women aged 16 to 74 years in England and Wales experienced domestic abuse, around 7% of the female population. Over the same time period, police recorded crime data showed that almost half (46%) of adult female homicide victims in England and Wales (81 women) were killed in a domestic homicide. The ONS found that abuse often starts early in life. In the year ending March 2019, the crime survey estimated 25% of women aged 18 to 74 years, around 5.1 million women, had experienced some form of abuse before the age of 16 years.

The impacts of abuse on individuals is significant and often long lasting. Around 63% of those that suffer abuse report mental or emotional problems. 21% stated that the abuse led to time of work and 5% reported losing their job or leaving the workforce entirely. There can also be significant impacts on an individual's living situation. The 2019 to 2020 Statutory Homelessness Annual Report found around 1 in 11 households in England (8.7%) who were homeless or threatened with homelessness recorded domestic abuse as the main reason. The charity St Mungo's reported that 35% of women whom they worked with who had slept rough left home to escape violence.

Regional

Work has officially started this week on the battery storage facility in the West Midlands Thish will hold enough electricity to power more than 100,000 homes for more than two hours. The project means the West Midlands will become one of the first areas in the country to benefit from the battery storage specialist's Energy Superhub network. The aim of this is to reduce the region's carbon emissions, improving air quality and supporting sustainable economic growth. Alongside a similar site in Coventry, due to begin construction 2022, the grid-scale battery system will replicate core elements of Pivot Power's Energy Superhub Oxford project - one of the most ambitious urban decarbonisation projects ever undertaken in the UK, combining a innovate energy storage system with a powerful electric vehicle (EV) charging network. Developments place Sandwell at the centre of the UK's green energy revolution.

Research by Shakespeare Martineau has found that 24% of leaders from the West Midlands said they will be increasing cash into wages over the next 12 months. It was found the West Midlands businesses leaders feel under pressure from London, due to growing competition. As the region has good transport links, labour within the market can move easily between geographic regions, and as a result can demand higher wages. Additionally, the increasing number of large headquarters such as HSBC, moving to the region, may also be forcing a rise in wages. When combined with the 'great resignation' and a skills shortage across all industries, it is understandable that business leaders are investing in wages.

Unfortunately, loneliness amongst business leader has doubled to 62% following the pandemic. Ambition levels have also dropped from 87% to 74%. When asked what is holding them back as leaders, 30% of respondents said a lack of time and 21% stated imposter syndrome, with more than half stating that the latter made them feel more lonely and isolated.

In terms of investment, 30% of respondents said they will be investing more in their business in 2022 than they had done over the past year. Business leaders said they would be most likely to invest in technology (38%), IT (36%) and entering new markets (33%), followed by product development (28%) and salaries (24%).

Ambitious plans to regenerate town centres across the West Midlands have received a £46.3 million boost from the government's flagship Towns Fund. Two areas across the West Midlands have been given the green light to implement plans to improve the aesthetic of their high streets, strengthen transport links and create jobs for local people. Bloxwich and Dudley are among the 15 projects set to receive investment which totals £2.4 billion across the UK. Bloxwich has been allocated more than £20 million to improve long-term employment and construction skills training for residents, while Dudley has secured £25 million for its University Centre (UC) project. The deals bring total Towns Fund investment in the West Midlands to £327.5 million.

Midlands Connect has signed a new collaboration agreement with the government in a bid to cement its position as the sub-national transport body for the Midlands region. Within the agreement, Midlands Connect has committed to supporting the Department for Transport in tackling strategic challenges, including freight, decarbonisation, rural connectivity and alternative fuels. Central government and national bodies have committed to working openly with Midlands Connect at all levels, to ensure that the Midlands Connect Strategic Transport Plan is understood across government in the context of national decision making, and to provide a formal response to future/updated transport plans. It also facilitates regular dialogue between Midlands Connect and ministers regarding the progress of agreed priorities within the Midlands Connect Transport Strategy.

A Year in Review
Rebecca Riley WMREDI/ WMCA

The last 12 months has been difficult and unpredictable, with many government interventions working to hold off worst case scenarios. The worst period of the year was early January and February, when deaths were high and restrictions were taking hold of the economy. Going into next year (2022) uncertainty is still a feature, and even now in the final weeks of 2021 we are seeing the rise of a new Covid variant, with as yet unknown implications.

We finish the year with latest UK economic forecasts from the Office for Budget Responsibility (OBR). OBR's latest Economic and fiscal outlook however contains forecasts dating from before the identification of Omicron. In this forecast the OBR revised up its outlook for the UK economy at present, in the near term and in the longer term. The main positive takeaways are a much stronger projected path for UK growth of 6.5% in 2021 and 6% in 2022, along with a smaller scarring effect from the pandemic (2% from a previous 3%). The International Monetary Fund has also updated its forecast for the UK and other economies in its latest World Economic Outlook in October. In this it slightly revised down UK growth to 6.8% this year but slightly revised up growth next year to 5.0%.

The region has been affected more than elsewhere and the future forecast for next year reflects this; differentials such as sectoral mix, employment constraints, furlough and loss of earnings, reduced migration and population have led to a slowing of the forecast growth rates.

Positive reflections: ***There has been some remarkable resilience in places, people and businesses***

- ***Fears of rising unemployment have been largely unfounded, but participation has taken a hit – particularly through younger and older workers leaving the labour force***. Unlike previous recessions and shocks which saw large scale unemployment, instead we have experienced a tightening labour market. The Resolution Foundation reported this shift out of the labour market when looking at the challenges for policy makers concerning changes in the labour market as a result of the pandemic. This is something which could leave a permanent hit to GDP. The labour market is still in flux, and the frictions and mismatch that have already emerged means that the Covid-19 crisis will hit productivity in the short run; and although homeworking looked set to end, hybrid working models are expected to stay, particularly for highly-paid workers. There is also a surge in the churn of staff with record levels of resignations and movement, creating added burden on employers and strain in the labour market.
- ***We have seen unprecedented acceleration in R&D to respond to the pandemic.*** An Economics Observatory article draws lessons from the huge and successful scientific effort to develop Covid-19 vaccines for the economics of innovation. Neither the scale of the R&D response nor its success were expected by scientific observers or innovation economists. Previous economics research suggested that R&D investment would be difficult to scale up due to scarcity of ideas and expertise, as well as diminishing returns to ideas, such that simply running ever-more vaccine trials would not increase the probability of finding success. Lessons learned include the possibilities to generate very fast-paced innovation to tackle other challenges, such as climate change, given the right early-stage incentives and/or non-monetary incentives along with help from public institutions.
- ***People who can, have saved a lot and paid off record levels of debt, but people are still spending on goods not services***. Whilst this continues prices will continue to grow. Most commentators think this will not last as it is pandemic related and therefore is not a long term threat to inflation. However this will change as the pandemic continues. Weekly household spending fell by £109.10 (or 19%) on average during the first year of the pandemic (i.e. the year to March 2021) according to research by the Office for National Statistics (ONS). Reduced spending on restaurants and hotels, recreation and culture and transport contributed most to the decline in overall spending for all income groups.
- ***CovidD has not reshaped Britain's economic geography to a large extent.*** An examination of the rise in remote working suggests that it may be more limited — to a ceiling of about 20–30% of jobs — than previously thought, according to a report by the CAGE Research Centre. In addition, remote working may cause certain middle-income jobs, in sales and administration, to disappear or to be restructured. A study of cities looked at the

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impact of Covid on spatial mobility and concludes that the urban and regional structure of England and Wales has been remarkably resilient.

- ***The economic downturn and loss of lives caused by the pandemic should be seen as a chance to reflect and to radically rethink how we live and plan our cities and communities***. The Royal Town Planning Institute present priorities for a place-based recovery, focusing on housing, health, the economy and a green industrial revolution. They highlight the need for adequate, connected, low carbon and truly affordable housing as a primary objective to increase the global resilience to pandemics and prevent future loss of lives and economic shocks. Covid-19 has caused changes in lifestyles and consumption patterns as well as changes to the economic landscape - such as the loss of employment in at-risk sectors and growth in others. These developments indicate that parts of the economy have the ability to adapt – e.g. teleworking, online services - making future shocks less impactful, while others – e.g. logistics, food - will need support, investments and planning. Lockdowns have highlighted spatial economic and social cleavages in cities and unequal accessibility. The adaptation of urban space to enable walking, cycling and the continuation of key activities with social distancing show that innovative transport and land use planning can reduce the demand for travel and foster community cohesion and resilience.
- ***More businesses have been created and adapted.*** The Economics Observatory have highlighted that over 1.4 million new businesses were registered with Companies House between March 2020 and July 2021 – 76% of these remained active at the end of July 2021. 61.3% of companies registered in March 2020 are not active in the latest register of September 2021. The West Midlands saw similar patterns. Overall, firm creation fell sharply in the UK at the beginning of the national lockdown but recovered strongly thereafter. Sectors that cater to changing consumer demands over the pandemic or sectors that are less affected by Covid-19 supply-side restrictions have seen more registrations. This includes online retail, food and drink, sports equipment production, and pet care businesses.

The negative outlook: *The pandemic has hit those already struggling harder, through their health, work, income or education, and this effect is still unfolding.*

- ***Women have been hit hard by the effects***. The Women's Budget Group, among others, have highlighted the unequal impacts of different aspects of the pandemic for women and men in the labour market. One report explores precarious work, finding that the risk of different types of insecure work – part time jobs, temporary fixed term, casual work or zero hours contracts – has increased for all groups of workers and particularly for women, ethnic minorities, and people employed in lower-level occupations. The report underlines the importance of considering intersections of gender, ethnicity and class to understand the complicated story around precarious work during the pandemic.
- ***There will be long term scarring due to disrupted and missing education.*** The IFS examines how learning experiences of English school children evolved over the first 12 months of the pandemic. They found that home learning was more successful in early 2021 than during the first wave of school closures. This was due to improvements in the quality of learning time, accessibility of active learning resources, availability of online classes and support from parents. But even when home learning was at its best, policymakers' expectations about the amount of time that should be spent on home learning were not being met. When national school closures were lifted, learning time continued to be disrupted due to extensive self-isolation and limited resources to support home learning. Inequalities between the two rounds of school closures reduced due to poorer pupils experiencing improved access to online learning resources. Outside of the period of school closures, however, inequalities had increased due to poorer pupils spending more time in self-isolation and having reduced access to school provisions. Targeted interventions are essential to closing educational inequalities and catch-up policies need to be carefully designed to meet the scale of challenges and target pupils most in need. The National Foundation for Educational Research has followed its interim report, which outlines what pupils and schools need to recover from COVID-19, with one looking specifically at schools in deprived areas. It focuses on two main areas: pupils' wellbeing and mental health; and teaching and learning - finding that pupils' mental health and wellbeing deteriorated as a result of the pandemic, affecting not only pupils already identified as vulnerable but also those with no known vulnerability or previous mental health issue. Primary pupils were noted to be experiencing specific challenges around social skills, confidence and self-esteem, with a notable increase in severe mental health issues, such as self-harm, in some secondary schools.

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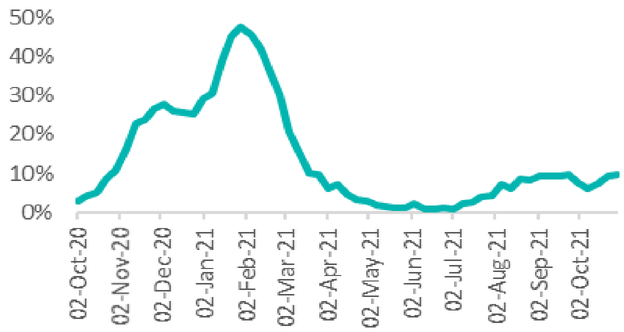
- ***There are acute shortages of labour in hospitality, health and social care and manufacturing***, according to a report from the Chartered Institute of Personnel Development
- ***For many the reduction in spending in the last 12 months may have been associated with a fall in income.*** Around a third of workers saw their household income fall in the year to March 2021, rising to 42% for the 20% on the lowest incomes (who were more likely to be furloughed and less likely to be able to work from home). On average, people's ability to make ends meet increased, although, for some, such as the self-employed, younger age groups (under 35) and those of black and mixed ethnicity, it declined. Specific price effects include escalating gas prices, increasing demand of products whilst production still has not recovered and reduced income. The IFS highlights these impacts have a differential impact on households and for those in the poorest decile housing costs and food make up half of spending. The future of gas prices will therefore have a bigger effect on those households as this cost cannot be deferred, whereas wealthier households spend more of their budget is on transport, holidays and durables, sp these costs can be delayed or paid for through savings.
- ***Self-employment has fallen***. Nottingham University looked at the impacts of Covid-19 on self-employment, finding that the overall number of self-employed individuals declined during the pandemic, but also that the effect varied within groups. The number of male self-employed workers decreased more significantly than female workers, which also meant the reported median number of hours worked decreased overall as men generally reported more hours than women. Ethnic minority workers also experienced a larger rate of decline than white workers in general, though rates rebounded to nearly pre-pandemic levels in Wales and Northern Ireland, showing a large degree of variance between groups and regions
- ***The young were hit harder***. The Economics Observatory has found that young workers have been particularly badly affected by the pandemic, whether they were in full-time or part-time work. Though the number of part-time jobs in the UK decreased significantly across all age groups, younger workers below 24 also saw a significant decrease in full-time positions, whereas workers aged 25 years and above saw an increase since pre-pandemic times. Since younger workers are more likely to be in so-called 'elementary' occupations when working full-time, they are at a higher risk of being made redundant during downturns, while older workers are found to be in more diverse occupations and therefore less at risk. The Institute for Employment Studies also found that work prospects for young people in the UK are precarious, as an increasingly polarised labour market forces young workers into insecure jobs, and long-term youth unemployment has risen for the most vulnerable groups and people from ethnic minorities.
- ***Capacity to deliver at the local level has significant pinch points***. A recent Idox webinar highlighted lack of resources in the public health sector, noting that these existed long before the pandemic. This has had a knock-on effect elsewhere in the NHS, with higher numbers of people waiting for hospital treatment. Public health has also had to deal with increasing staff shortages, partly as a result of stress experienced by many healthcare workers. The disruption to training and education could further delay the employment of additional healthcare staff.
- ***The UK's departure from the EU will continue to influence policy in the coming years***. A report by The Economy 2030 Inquiry finds that the direct effects of Brexit on trade flows and prices have started to emerge, although the impact has been clouded by the effect of Covid-19. But the longer-term impact on the nature of the UK's economy largely remain ahead of us. A Bank of England working paper suggests that while highly globalised supply chains have introduced sources of risk into country economies, and may help propagate shocks, using policy to reverse their advance would be costly and impractical in most cases. The paper argues that blaming supply chains for the globalised impact of shocks like the pandemic is mistaken when the shocks were themselves synchronised global events.
- ***Consumer confidence has remained at a low most of the year and is still depressed***. Inflation is also a psychological phenomenon and in the last 12 months we have seen confidence take a battering; people have been unable to plan and the unpredictability of the future has taken its toll on confidence to spend. The arrival of Omicron threatens to return behaviours back to lockdown.

The West Midlands performance over the last 12 months

The analysis below shows the performance over the year of a selection of key indicators chosen at the start of the pandemic due to frequency and relevance. The green shading illustrates indicators which have moved in a positive direction compared to the UK or England average. The red shading indicates the reverse and orange indicates a change in the right direction but less than the UK or national average (excluding the Business Activity Index and Future Business Activity Index indicators where the threshold mark is 50 for growth– figures below 50 are red, amber if it has decreased from the previous but remains above 50, and green if improved from previous month).

1. % of registered deaths that are Covid-19 related:

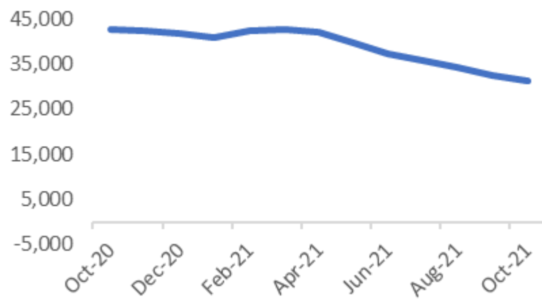
Deaths in the region have been above national rates for half of the year. The proportion of registered Covid-19 related deaths has decreased overall for the first time for October 2021 (after 3 months of increases). Since September 2021, the WMCA (3 LEP) area proportion has decreased at a faster rate than England and Wales rate (7.0%) but remained above the national proportion in October 2021.



Indicator	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	March 2021	April 2021	May 2021	June 2021	July 2021	August 2021	Sept 2021	Oct 2021
% of Registered Deaths	6.4%	22.7%	26.3%	39.6%	39.1%	14.6%	4.8%	1.4%	1.2%	2.9%	7.6%	9.5%	8.0%

2. Youth Claimants (aged 16-24)

Throughout the year the WMCA has performed poorly against the UK, with the high rates at the beginning of the year reducing but not at the same rate as the national. There were 31,440 youth claimants in the WMCA (3 LEP) area in October 2021. When compared to March 2020 (22,835), the number of youth claimants has increased by 8,605. The WMCA area was 4th highest CA in the latest data at 6.4%, compared to the UK at 4.8%, Tees Valley at 7.8% (highest) and West of England 2.7% (Lowest)



Indicator	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	March 2021	April 2021	May 2021	June 2021	July 2021	August 2021	Sept 2021	Oct 2021
Youth Claimants (Aged 16-24)	42,835 (8.7%)	42,505 (8.6%)	41,955 (8.5%)	40,915 (8.3%)	42,345 (8.6%)	42,735 (8.7%)	42,010 (8.5%)	39,690 (8.1%)	37,435 (7.6%)	36,865 (7.3%	34,385 (7.0%)	32,510 (6.6%)	31,440 (6.4%)

3. Claimant (aged 16+)

Throughout the year the WMCA has performed poorly against the UK, with the high rates at the beginning of the year reducing but not at the same rate as the national. There were 174,645 claimants aged 16 years and over in the WMCA (3 LEP) area in October 2021. When compared to March 2020 (117,590) the number of claimants has increased by 57,055. The CA ends the year as the highest CA at 5.2%, with the UK at 3.7%, second is GMCA at 5.0% and lowest is West of England at 2.9%.

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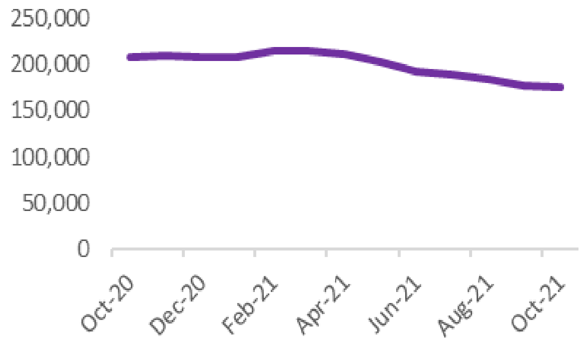
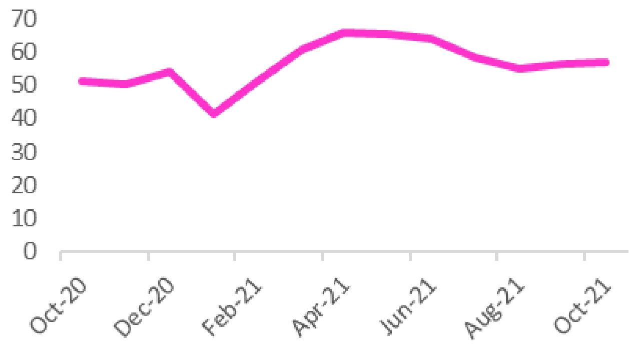


Indicator	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	March 2021	April 2021	May 2021	June 2021	July 2021	August 2021	Sept 2021	Oct 2021
Claimants (Aged 16+)	207,775 (6.2%)	209,935 (6.3%)	208,570 (6.2%)	207,600 (6.2%)	215,070 (6.5%)	215,110 (6.5%)	211,610 (6.3%)	202,030 (6.1%)	192,680 (5.8%)	188,780 (5.6%)	183,310 (5.5% of the pop. aged 16+)	176,885 (5.3%)	174,645 (5.2%)

4. Business activity index

There was only one month in the year where the region dropped into a negative growth space. As for many of the indicators, this was January when the pandemic was at its peak. The rest of the year activity has stayed in growth with 6 months spent above the UK growth rate. The West Midlands Business Activity Index increased from 56.3 in September 2021 to 56.9 in October 2021 (UK 57.8) putting the region mid table. Firms reported that capacity expansion efforts, strengthening demand and rising customer numbers, helped boost business activity in October.



Indicator	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	March 2021	April 2021	May 2021	June 2021	July 2021	August 2021	Sept 2021	Oct 2021
Business Activity Index	51.2	50.5	54.2	41.5	51.1	60.7	65.9	65.5	64.0	58.3	55.2	56.3	56.9

5. Future Business Activity Index

The West Midlands Future Activity Index decreased from 76.8 in September 2021 to 76.1 in October 2021. But generally throughout the year businesses have been positive about the future and exceeding the UK index rates. Although the level of positive sentiment decreased from September, firms remained strongly confident that business activity would expand over the next twelve month and the West Midlands ends the year as 4th highest region.

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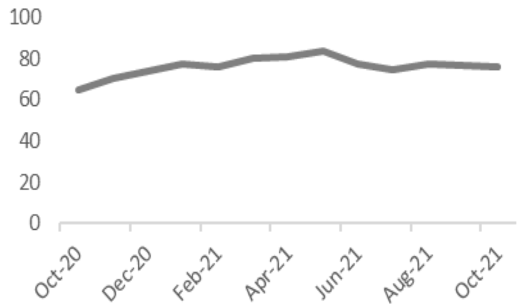
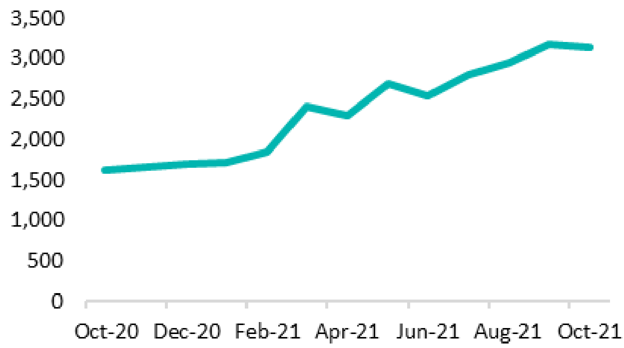


Indicator	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	March 2021	April 2021	May 2021	June 2021	July 2021	August 2021	Sept 2021	Oct 2021
Future Business Activity Index	64.8	70.3	73.6	77.5	76.1	80.2	80.8	83.6	77.1	74.4	77.2	76.8	76.1

6. Apprenticeship Vacancies

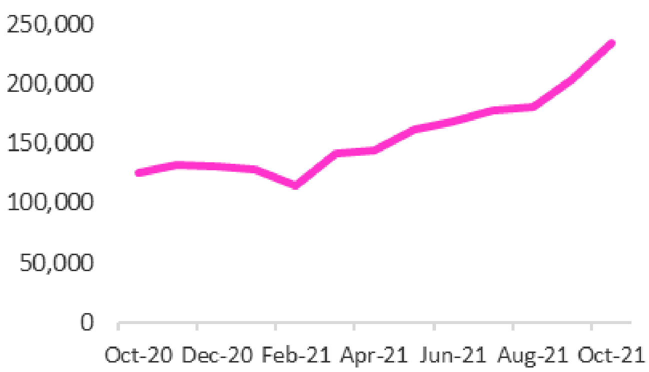
There were 3,140 apprenticeship vacancies in October 2021. The WMCA is the highest CA with GMCA second at 1,833. This is a decrease of 28 apprenticeships vacancies since September 2021 but 1,516 higher than October 2020. Apprenticeships have suffered throughout the year as businesses are unable to invest in training especially when staff are on furlough.



Indicator	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	March 2021	April 2021	May 2021	June 2021	July 2021	August 2021	Sept 2021	Oct 2021
Apprenticeship Vacancies	1,624	1,656	1,689	1,714	1,840	2,414	2,295	2,681	2,534	2,806	2,954	3,168	3,140

7. Unique Job Postings

There were 234,725 unique jobs postings in October 2021. This has increased by 31,577 since September 2021. When compared to October 2020, unique job postings increased by 109,157.



Indicator	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	March 2021	April 2021	May 2021	June 2021	July 2021	August 2021	Sept 2021	Oct 2021
Unique Job Postings	125,568	132,736	131,078	128,717	114,230	141,355	144,071	161,476	168,595	178,068	180,679	203,148	234,725

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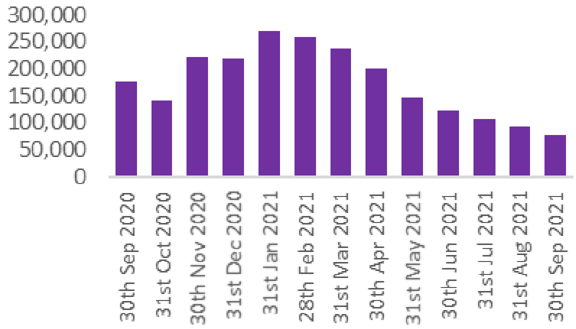
8. Total Number of Staff Furloughed

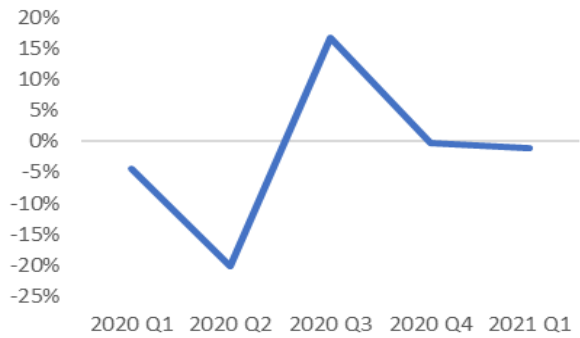
Provisional data shows that when the Coronavirus Job Retention Scheme came to an end, 77,500 workers were furloughed in the WMCA (3 LEP) area (as of 30th September 2021). This reflects a 4.5% take-up of eligible employments for the scheme (the UK was 4.0%).



Indicator	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	March 2021	April 2021	May 2021	June 2021	July 2021	August 2021	Sept 2021
Total Number of Staff Furloughed	141,700 Furloughed 31st Oct.	221,200 Furloughed 30th Nov.	219,700 Furloughed 31st Dec.	270,400 Furloughed 31st Jan.	260,800 Furloughed 28th Feb.	238,400 Furloughed 31st Mar.	199,700 Furloughed 30th Apr.	146,000 Furloughed 31st May	121,700 Furloughed 30th Jun	106,300 Furloughed 31st Jul	92,100 Furloughed 31st Aug	77,500 Furloughed 30th Sep Provisional

9. Quarterly Regional GDP

For the West Midlands region in 2021 Q1, there was positive GDP growth in the production sector at 2.5%. There were contractions of 1.9% in the services sector, contractions of 1.7% for agriculture, forestry and fishing sector and contractions of 3.0% for the construction sector; all leading to an overall contraction of 1.1%. West Midlands is the 5th highest region at -0.6%, and East of England is highest at 0.5%



Indicator	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	March 2021	April 2021	May 2021	June 2021	July 2021	August 2021	Sept 2021	Oct 2021
Quarterly Regional GDP			-0.3% (2020 Q4)			-1.1% (2021 Q1)							

10. Quarterly Regional Exports

In the year to Q2 2021, the West Midlands region's export value was worth nearly £26.2bn, a decrease of £1.3bn (-4.9%) since the year ending Q2 2020. The UK decreased by 3.5% to £302bn worth of exports in year ending Q2 2021.The West Midlands had a trade deficit of £6.7bn in the year ending Q2 2021. The West Midlands has ended the year as 4th highest region, the South East was highest at 13.1%.

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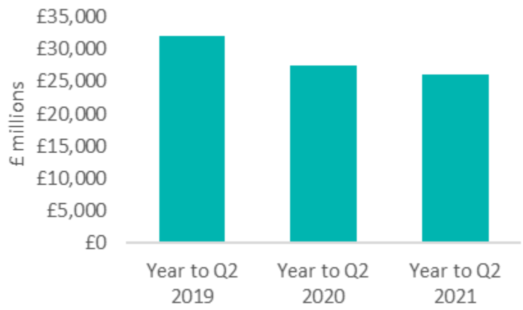


Indicator	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	March 2021	April 2021	May 2021	June 2021	July 2021	August 2021	Sept 2021	Oct 2021
Quarterly Regional Exports[1]			24.6bn (8.5% of UK) Full Year 2020			£23.8bn (8.4% of UK) Full Year to: Q1 2021			£26.2bn (8.7% of UK) Full Year to: Q2 2021				

[1] Data is not comparable across table

Income Inequality, Policies and Inclusive Growth

Dr Maryna Ramcharan, WMCA

Dr Maryna Ramcharan discusses her new report examining income inequality in the UK at a regional level with a particular focus on the West Midlands.

Visit the project page and view the report – Income Inequality, Policies and Inclusive Growth

The UK has a very high level of income inequality compared to other countries. Income inequality is entrenched across genders, ages, ethnicities, and regions, being accumulated during individuals' lifetimes and inherited by the next generation. Income inequality lies in the heart of many current problems and policies which society is focused on e.g., gender disparities, inclusive growth, social mobility, inequality in opportunities, and has complex relationships and strong associations with many other issues like health inequalities, poverty and unemployment.

This report examines income inequality in the UK at a regional level with a particular focus on West Midlands. This includes analysis of main metrics of income inequality at the regional level, distribution of income across population percentiles in the West Midlands and initial approaches to understanding the drivers behind income inequality. The main metrics of income inequality throughout the report are calculated using annual gross income at the individual level.

Methodology and limitations

The findings of this analysis have to be seen in the light of some limitations. The first limitation is that the analysis is based on The Survey of Personal Incomes (SPI) 2016-17 and partially 2017-18 (the most up-to-date available at the time of writing) which is based on information held by Her Majesty's Revenue and Customs (HMRC) on individuals who could be liable to UK income tax. However, not all individuals sampled are taxpayers because the operation of personal reliefs and allowances may remove them from liability.

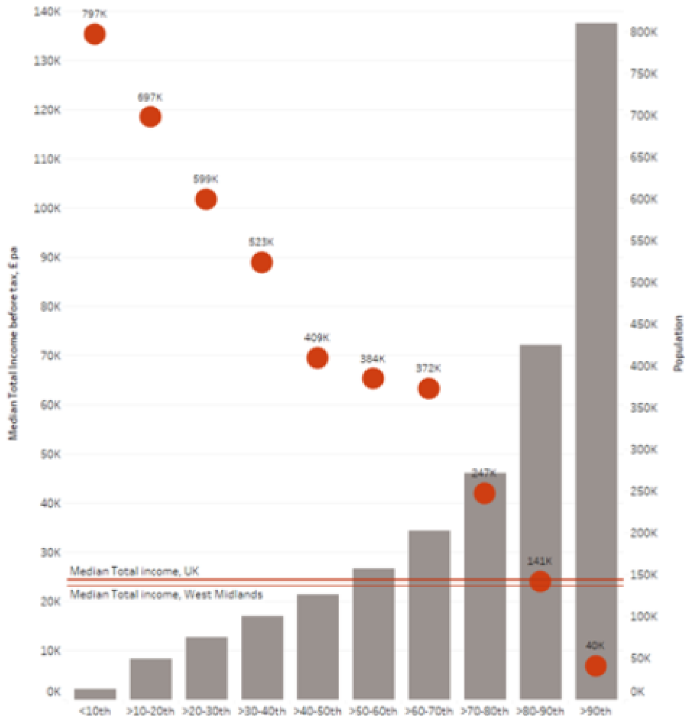
Where income exceeds the threshold for the operation of PAYE (that is, £11,500 for 2017 to 2018), the SPI provides the most comprehensive and accurate official source of data on personal incomes. However, as HMRC does not hold information for all people with personal incomes below this level, the SPI is not a representative data source for this part of the population and no attempt has been made to estimate the number of cases below the tax threshold or the amount of the incomes.

The second limitation is that SPI provides a rather limited number of individuals' characteristics and do not necessarily allow an analysis of all social groups of interest. Thus, it does not have data on individuals' marital status, ethnicity, household composition, types of tenure and other kinds of valuable information.

The third limitation is that due to the intricacy of links around income inequality and the dynamic interdependency, which is hard to define, this report is focused on key dimensions only and so will not cover all the relevant factors due to the complexity involved.

Key findings

The distribution of gross income in the West Midlands is highly unequal. 72% of people have a total income below the regional average: 7 out of 10 are below the average of £23,200 (the national average is £24,400).



Graph 1. Distribution of Total incomes and population across percentiles

The West Midlands is the 5th most unequal region measured by the GINI index following London, South East, East of England and Scotland. Median gross income ranges from £2,035 per annum at the bottom 10% of individuals, to £137,430 per annum at the top 10%. Higher incomes tend to be accompanied by higher inequality and bigger gender pay disparity.

Human health and social work activities, Education and Wholesale and retail trade are the top three industries for female employment in the West Midlands. Men are wealthier than women but at lower incomes there is greater equality. Disparity happens at the higher income levels where 8 out of 10 of the richest people are men. But there is more inequality within the income of men than between genders and inequality between males contributes more to the overall inequality.

People get richer in their middle age and the older people are, the more unequal the incomes. But this divergence is set early in life and continues to diverge, suggesting the other income is set by inheritance or differences in individuals’ backgrounds early on. Middle-age inequality contributes most to the overall age element of income inequality. Employment is the main source of income, but for the richest, it is other sources of income (financial investments, property and dividends), that makes them rich. Older people rely mainly on occupational pensions as their main source of income.

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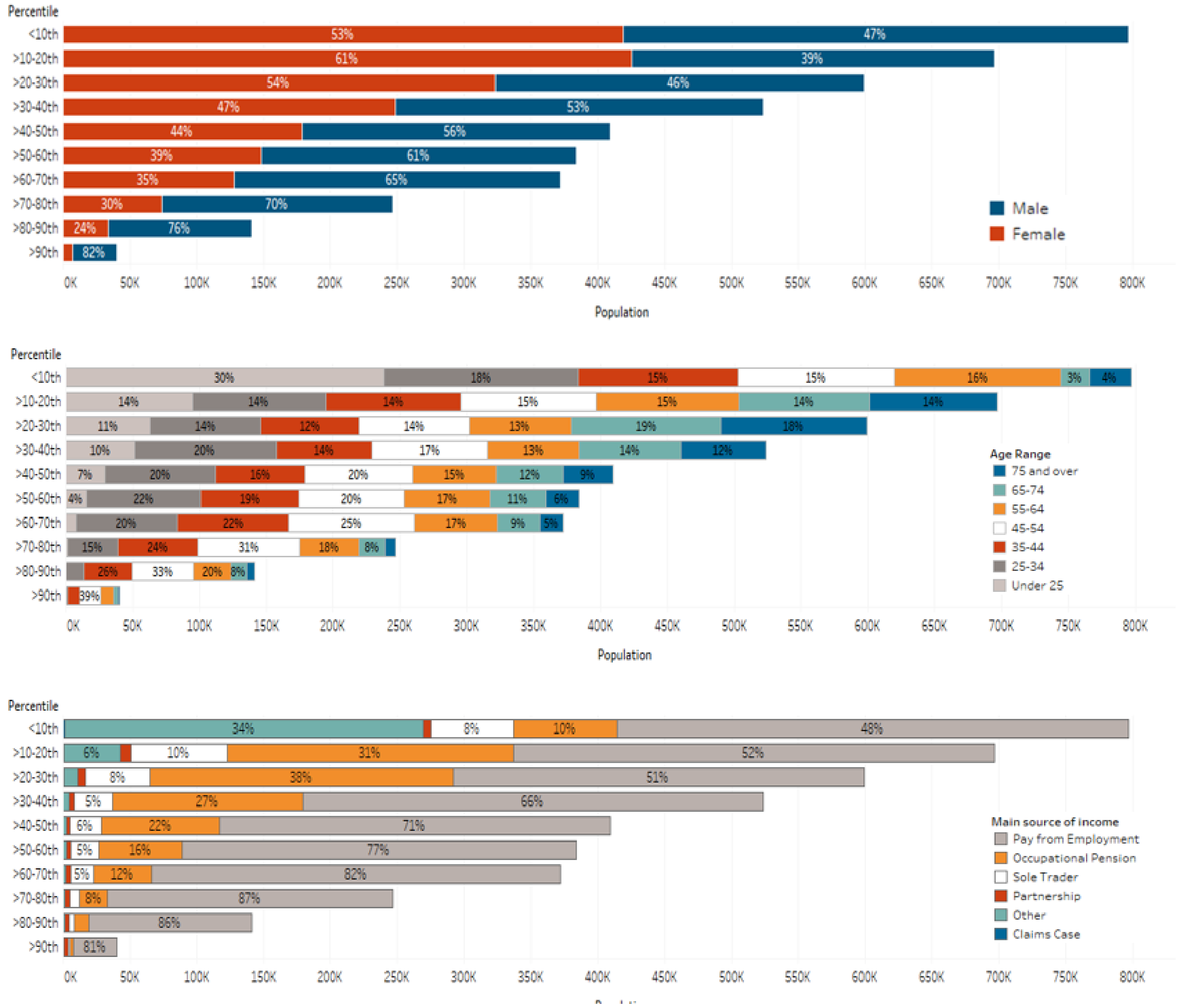
Percentiles' profiles by age, gender and main source of income



Poorer areas have less inequality and richer areas are more unequal, skewed by very high outliers. Kenilworth and Southam, Stratford on Avon, Bromsgrove, Sutton Coldfield, Warwick and Leamington are the top 5 unequal Parliamentary constituencies in West Midlands where high values of income are accompanied by high inequality.

The sector which people work in is the largest of the four dimensions – source, gender, age, and industry – in terms of the contribution to inequality, with significant inequality within the sectors as well. High employment sectors contribute most to inequality, but some sectors have significant within-sector disparity, often ones dominated by sole traders and entrepreneurs.

Income inequalities have been worsening during the current Covid-19 crisis. Two-thirds of the occupations most affected by lockdowns earn lower wages and those occupations that were best suited for homeworking are typically on higher wages. It means that those who are on lower-income have been hit harder. This will increase existing income inequalities, worsening the current highly skewed pattern of income distribution.

Conclusions

Differences between individuals within each social group – Gender, Age, Main Source of Income, and Sector of Employment – are much greater than differences between social groups, no matter how they were classified. There is scope for skills policy to address some of the issues that particular individuals face. But the scale and entrenched nature of the inequalities highlighted in the analyses highlight the fundamental importance of addressing structural variations that are manifest in place, with labour markets and housing markets sorting individuals into particular regions and local areas. This means that policy needs to tackle demand-side issues relating to the nature of jobs, other opportunities and access to services that underlie some places being worse off than others.

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Since most people rely on pay income as their main source of income and it is pay income inequality contributing most to overall inequality, reducing inequality here can go a long way in reducing overall inequality.

Individuals, especially females, who are employed in the most unequal sectors crosscutting with the sectors hit hardest by Covid 19 are particularly disadvantaged in the current crisis and may particularly struggle to recover. These sectors include:

- Arts, Entertainment and Recreation
- Accommodation and Food Service Activities,
- Administrative and Support Services Activities,
- Human Health and Social Work Activities, and
- Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles.

The Impact of Brexit and COVID–19 on International Trade In Our Region

Mandy Haque, International Director, Greater Birmingham Chambers of Commerce

Mandy Haque looks at how Brexit and Covid-19 have impacted international trade in the West Midlands and the challenges that lie ahead. This blog post was produced for inclusion in the Birmingham Economic Review for 2021.

The annual Birmingham Economic Review is produced by City-REDI, University of Birmingham and the Greater Birmingham Chambers of Commerce. It is an in-depth exploration of the economy of England's second city and a high-quality resource for informing research, policy and investment decisions.

This post is featured in Chapter 1 of the Birmingham Economic Review for 2021, on Birmingham's economic recovery and resilience following the coronavirus crisis. Click here to read the Review.

Challenging Times

The last 18 months have been reported by many as the most challenging times since the Second World War in our country, with the complexities associated with Brexit compounded by the Coronavirus pandemic. The uncertainty caused by the Brexit negotiations has been felt by businesses up and down the country, and businesses were still awaiting clarity on a number of key areas (such as tariffs and rules of origin) just a week before the end of the transition period in December 2020. Throughout last year, but particularly since the turn of the year, my team has been pro-actively working with businesses trying to navigate the new rules, decipher the UK-EU trade agreement and what it means for each company that is affected. The uncertainty over customs duties, increased costs for new processes and paperwork and lack of understanding of the ease of trading with the EU has all played its part in businesses hesitating to make decisions in the region. Many opted to "play it safe" and wait for the dust to settle after the first couple of months of the year before exporting or importing goods. It was also increasingly concerning that many businesses had taken a risk that the UK and EU would agree on a deal for their terms of trading and had therefore not prepared for any changes to impact their industries. However, from January 1st, it became clear to some that a trade agreement deal did not mean that imports and exports would continue as they had previously and the reality of the true effects of Brexit was concerning to many. Although the deal removes tariffs and quotas, it does not provide the same level of access to the EU market as UK businesses will have enjoyed previously. Now, many months on, some of these changes are taking affect. Some firms have resorted to moving part of their business operations out of the UK to the EU to keep their business moving. However, that has also, in some circumstances, proved costly with initial outlays for premises, staff and establishing legal processes. Some businesses have experienced difficulty in recruiting EU citizens for their workforce due to the changes in EU settlement rules.

HGV Driver Shortages

The road transport network has also been impacted and this has been reported more recently due to a lack of hauliers available to transport goods between the UK and the EU and throughout the UK. There are many drivers approaching retirement age and it is cited by the Road Haulage Association (RHA) estimates that up to 20,000 HGV drivers from the EU left during the Brexit process adding to a crisis that has left the country short of at least 90,000 drivers. Many European drivers also went home during the pandemic with few returning. When the UK was part of the EU, hauliers could come and go with relative ease, but the additional border checks after Brexit has meant it has become more time consuming and costly to drive into and out of the UK. The decline in the value of the pound against the euro since the Brexit vote has also meant that being paid in pounds has been less attractive for EU nationals.

The Impact of Covid-19

As well as the Brexit effect there have been other factors that have contributed to a challenging year for trade in the region. The global economy has been impacted by the pandemic and this has severely affected the fluidity and freedom of international trade. With borders closed and whole workforces struck down by the virus; supply chains were affected as many businesses were forced to repurpose. The cost of shipping containers escalated as well as air freight due to fewer air transport movements, which increased to beyond the means of many businesses. The lack of goods being imported had a detrimental effect on domestic trade as well as exports such as containers full of seasonal products stranded at ports across the globe missing the peak sales period in the UK. Lack of materials imported to support production in the manufacturing industry, such as silicon chips, circuit boards and certain raw materials have all compounded the challenges to trade. In March this year the blockage of the Suez Canal by the grounding of the huge container ship the Ever Given demonstrated the vulnerability of transport routes. Over 450 ships were waiting to transit the canal with some opting to take the alternative precarious route around the Cape of Good Hope adding approximately 8 days and 3,500 miles to the journey. There were concerns that if the blockage at the Suez Canal continued, some firms would have to pay to order more goods and have them sent over by air freight, which could cost at least three times more.

Uncertain Trading Conditions

Due to the lack of normal trading conditions because of the pandemic, for many firms, it is still uncertain to see the impact of Brexit on their business. Although in the Greater Birmingham Chambers of Commerce the International Documentation team have continued to process documents to facilitate many shipments of goods to a variety of overseas markets, exports have not yet returned to pre-pandemic, pre-Brexit times. The Office of National Statistics (ONS) latest reports state that exports are down by 7.4% in June 2021 compared to June 2018 and imports are down by 2%. The certificates of origin that Chambers produce have seen a similar ratio of decrease across the UK, this is also reflected within Greater Birmingham. With the borders starting to open and the pandemic restrictions lifting, the last few months have started to see an increase in the temporary movement of goods for trade fairs and exhibitions, professional equipment and commercial samples. For some traders, there are new processes to navigate with documents required that previously weren’t.

With trade negotiations continuing and many overseas markets having agreements in principle, there will still be some changes to trade anticipated, but it is important to realise that there is support to help navigate the complex trade journey. The Greater Birmingham Commonwealth Chamber of Commerce is focussed on bilateral trade with Commonwealth nations and has strong partnerships and overseas relationships to facilitate trade opportunities. The Greater Birmingham Transatlantic Chamber of Commerce is part of the British American Business Network, one of 21 chapters spanning the UK and North America which is also available to help support those transatlantic relationships and bi-lateral trading and investment. With each day, week and month that firms move through into this new world post-Brexit and working with COVID-19, there is an opportunity to learn from others’ experiences, follow best practices and be aware of the business support landscape on offer to help companies.

Regional Growth Opportunities: Building Productivity and Resilience Through Supply Chains

Dr Wanrong Zhang & Prof Jan Godsell, WMG, University of Warwick

Dr Wanrong Zhang & Prof Jan Godsell discuss the importance of supply chains for the region, the issues affecting them, and why we should develop a regional 'supply chain productivity' goal. This blog post was produced for inclusion in the Birmingham Economic Review for 2021.
The annual Birmingham Economic Review is produced by City-REDI, University of Birmingham and the Greater Birmingham Chambers of Commerce. It is an in-depth exploration of the economy of England's second city and a high-quality resource for informing research, policy and investment decisions.

This post is featured in Chapter 1 of the Birmingham Economic Review for 2021, on Birmingham's economic recovery and resilience following the coronavirus crisis. Click here to read the Review.

Supply chains play a key critical role in improving the Midlands' productivity and resilience

The supply chain (SC) is the glue that links all firms in the business to deliver value to end customers. Industry has long recognised that today 'it's SCs that compete not individual firms', with operational synergy a key competitive advantage. To maximise competitivity in a globally connected, constantly evolving global market, regional SCs must demonstrate both resilience to external shocks and high productivity.

Global disruptions such as COVID-19 and Brexit brought unprecedented challenges to the regional SCs, which in turn become critical inhibitors to the productivity goal. Resolving this requires a high level of resilience – an ability to recover from external disruptions.

Equally, productivity disparities at different points in the SC (i.e. large vs. SMEs, West vs. East Midlands) can limit whole sector competitiveness. As SCs have their roots in manufacturing, this creates an opportunity for sectoral and cluster groups in the region to take a coordinative approach in improving SC productivity (the aggregated productivity of all entities across the end-to-end (E2E) SC), improving and sustaining regional productivity growth in the long term.

This means SC resilience and productivity are both key considerations for regional growth, as firms need to retain operational continuity (high resilience) to deliver customer value at the lowest possible cost (high productivity).

A regional 'supply chain productivity' goal should be established to align the development goal at the firm and regional level

Our recent study on the Midlands indicated that the value created by SCs is perceived differently at the firm and regional levels. From the firm perspective, having a resilient and efficient SC enables the firm to be more competitive in terms of cost, quality and time. From the regional perspective, the development of SCs creates social value through skill development and increased employment opportunities, as well as economic value by attracting more foreign direct investment.

To align the interests of the two levels, a 'regional SC productivity' goal could be established, enabling firms to unlock the benefits of integrated industrial SCs and allowing them to improve overall visibility through data sharing, make better decisions through effective cooperation and achieve the sustainability goal through resource optimisation across the SC.

Midlands is experiencing challenges in its physical SC network and the way it is being managed

Within the current Midlands SC network, multiple challenges for resilience and productivity growth were identified: From the supply chain management (SCM) perspective, regional firms face three enduring issues, including:

- **Visibility** – Firms often struggle to establish visibility beyond tier 1 suppliers and customers due to underdeveloped digital capabilities, data security concerns and the lack of trust in the SC relationship.

- **Integration –** As firms are organised around 'functional silos', it is difficult for them to form cross-functional engagement (internal integration) and strategic alignment with suppliers and customers (external integration). This results in slow and lumpy flows and poor utilisation of inventory and production capacity.
- **Sustainability** – Net-zero agenda urges firms to reconsider the adoption of circular economy (CE) in the business, which would require a paradigm shift from the linear to circular business model by increasing recycled contents and factoring carbon in the SCM.

At the firm level, our research identified specific challenges which limited resilience and productivity:

- **Skill shortage** – Regional firms, typically SMEs, struggle to recruit and retain skilled labour, and high reliance on immigrant labour could lead to a high turnover rate in the business.
- **Insufficient SC investment** – Large firms often have easier access to external support such as business loans and government incentives, which provides them with advantages to improve productivity at the cost of its suppliers (mostly SMEs).
- **Poor cash flow** – Cash flow is an enduring issue in the SC that is often caused by poor buffer management (i.e. too much stock), late/slow payment by customers and other uncertainties (i.e. supply shortage).
- **Early development of digital infrastructure** – Digital infrastructure in the Midlands region needs further development to support the digitalisation of local firms particularly in the post-pandemic era.
- **Overseas supply base** – Many regional firms have a supply base in low-cost countries, which can be a potential barrier to achieving sustainability goals considering the carbon footprints embedded in the SC.

Effective solutions for these challenges have the potential to significantly improve the SC resilience of the region and therefore improve overall productivity.

Regional growth opportunities

To improve the regional SCs, a set of practical and political considerations is proposed to support future growth.

At the firm level, six SC resilience practices – planning, visibility, collaboration, buffer management, supply flexibility and adaptability, can be adopted to create a high degree of SC flexibility in terms of SC network configuration and SCM. The key to this is to build SC integration within and across SC entities so that business activities can be managed by taking a coordinative approach.

At the regional level, organisations such as Midlands Engine could take a coordinator role to leverage resources across different stakeholders to provide support around SC investments, skill upscaling, and infrastructure development.

To grow sustainably in the long term, the adoption of CE provides the biggest opportunity to tackle rooted issues, such as resources sacrifice and carbon emissions, by encouraging the reuse, remanufacture and recycling of existing materials, rather than mining from the ground.

Job flexibility: challenges and opportunities for the West Midlands
Dr Abigail Taylor, WMREDI

Dr Abigail Taylor analyses current levels of job flexibility in the UK and considers the implications of current flexible working trends in the West Midlands.

A previous article on 'The Great Resignation, The Great Reset, The Great Reshuffle and the Great Retention discussed how, across the globe, greater demand for flexible and hybrid working practices is emerging following the shift to homeworking accelerated by the Covid-19 pandemic. It suggested that employees are increasingly seeking greater choice over where and how they work. In turn, this is influencing companies to change their business models to respond to these new expectations and prevent potential staff shortages. But how prevalent is flexible working in reality? And which trends can we see developing in the West Midlands?

Analysis of over one million job adverts from over 450 UK job boards suggests **a large proportion of jobs** currently listed across the UK **are not advertised as flexible**. According to the 2021 Flexible Jobs Index, notwithstanding changes in attitudes towards flexible working driven by the pandemic, and a significant jump in jobs offering flexible working between 2020 (pre-Covid) and 2021, only a quarter of jobs advertised over the period between April and August 2021 offered flexible working. Other findings are that:

- The rate of increase in the number of flexible roles advertised has slowed since lockdown restrictions were removed in April 2021.
- Differences exist in the proportion of jobs advertised as flexible **according to salary**. The proportion of jobs advertised with flexible working is highest amongst the lowest paid roles (28% for roles with a salary between £14,000 and £19,000) and lowest (20%) for middle-income roles, advertised at between £20,000 and £34,000. The proportion then rises, with a quarter of roles between £60,000 and £79,000 advertised as flexible.
- The proportion of roles advertised as flexible also **varies according to the type of role.** It is highest for social services and medical/health roles and lowest for sales/business roles, engineering and operations/logistics. The proportion of several types of office-based roles such as those in IT, HR and marketing/PR which are advertised as flexible is increasing.
- The most common types of flexible working advertised are **part-time and generic flexible** working. The proportion of jobs offering home working rose rapidly (from 3% to 10%) during the first quarter of 2021 when lockdown restrictions were in place. It has since fallen to 8%.

Why is the proportion of flexible roles not rising faster?
Canvassing of over 1,000 business leaders across nine countries and 25 industry sectors by EY indicates that whilst most businesses intend to make moderate to extensive changes to their workplace models (e.g. allowing greater hybrid working), less than half have communicated these plans to their workforce. Analysis of business and individual attitudes towards the future of homeworking by the Office for National Statistics reveals that nearly a third of businesses are unsure what proportion of the workforce will be working from their usual place of work in future.

Uncertainty over how the pandemic will play out could be one reason why businesses are yet to commit to flexible working on an ongoing basis.

Alternatively, a large number of employers still value what they see as the benefits of returning to the office in terms of fostering collaboration and productivity, and are therefore resistant to changing their business models to encourage flexible working on a wider scale.

The Flexible Jobs Index relates to the proportion of jobs that are advertised as flexible. Given current labour shortages and the ongoing pandemic, it could be assumed that a larger proportion of roles may be flexible in practice although they are not explicitly advertised as so.

What trends can we identify in relation to flexible working in the West Midlands?
There are signs that other regions may offer greater opportunities for flexible working than the West Midlands. The Flexible Jobs Index finds that The South West (27%) is the leading UK region for the proportion of jobs advertised with

flexible working, whilst London and the East of England have the lowest proportion (22%). The **West Midlands is towards the lower end of the Index** at 23%.

The 2021 release of the Business Register and Employment Survey (BRES) indicates a **shift in the West Midlands from part-time to full-time employment.** As shown in the below table, between 2019 and 2020, the number of full-time employee jobs in the WMCA (3 LEP) area increased by 0.6% while the number of part-time jobs decreased by 4.4%. The increase in the number of full-time employee jobs bucked the national trend. The decrease in part-jobs exceeded the national average.

Table 1: Jobs (split by full-time and part-time) and change within the WMCA (3 LEP) and England for 2019 and 2020 (LEP figures may not sum due to rounding):

	Employees 2019	Employees 2020	Employees Change	Full-time employees 2019	Full-time employees 2020	Full-time employees Change	Part-time employees 2019	Part-time employees 2020	Full-time employees Change
WM 7 Met.	**1,263,000**	**1,254,000**	**-0.7%**	**850,000**	**858,000**	**0.9%**	**413,000**	**396,000**	**-4.1%**
Black Country	445,000	435,000	-2.2%	293,000	294,000	0.3%	152,000	141,000	-7.2%
Coventry and Warwickshire	467,000	457,000	-2.1%	317,000	317,000	0.0%	150,000	140,000	-6.7%
Greater Birmingham and Solihull	961,000	961,000	0.0%	649,000	655,000	0.9%	312,000	307,000	-1.6%
WMCA (3 LEP)	**1,872,000**	**1,855,000**	**-0.9%**	**1,261,000**	**1,268,000**	**0.6%**	**614,000**	**587,000**	**-4.4%**
England	26,302,000	25,805,000	-1.9%	17,906,000	17,581,000	-1.8%	8,397,000	8,225,000	-2.0%

BRES data (in the below table) for the proportion of full- and part-time working in the WMCA 7-Met area for broad sectors indicates that the **following sectors have larger shares of part-time employees**: wholesale and retail trade, accommodation and food service activities, administrative and support service activities, education and human health and social work activities.

Table 2: Percentage of full and part-time employees in the WMCA 7-Met area by broad sector (industries with 0% of employees are removed)

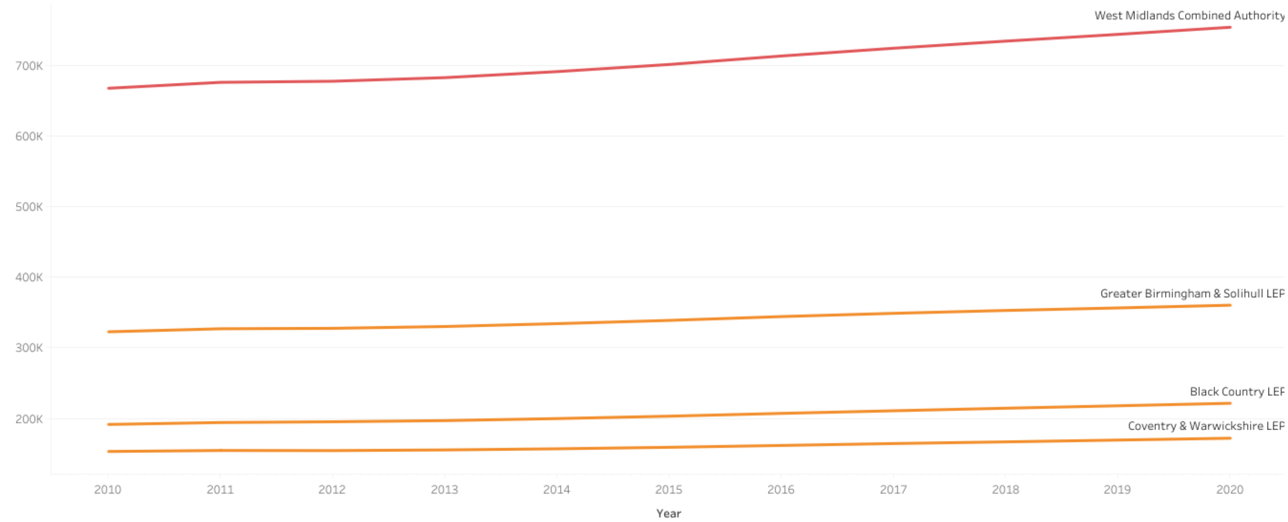
Industry	**Employees**	**Full-time employees**	**Part-time employees**
	Percentage	**Percentage**	**Percentage**
C : Manufacturing	9.6	13.1	2.3
D : Electricity, gas, steam and air conditioning supply	0.5	0.6	0.2
E : Water supply; sewerage, waste management and remediation activities	0.8	1.0	0.3
F : Construction	4.0	4.8	2.3
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	15.4	13.6	19.2
H : Transportation and storage	5.3	5.9	4.0
I : Accommodation and food service activities	5.8	3.1	11.6
J : Information and communication	2.6	3.3	1.0
K : Financial and insurance activities	3.3	4.1	1.8
L : Real estate activities	1.8	1.9	1.5
M : Professional, scientific and technical activities	7.4	8.5	5.1
N : Administrative and support service activities	10.4	9.6	12.6
O : Public administration and defence; compulsory social security	4.1	4.8	2.8
P : Education	10.3	9.2	12.4
Q : Human health and social work activities	14.5	13.2	17.4
R : Arts, entertainment and recreation	1.7	1.2	2.8
S : Other service activities	2.6	2.3	2.8
Column Total	**100.0**	**100.0**	**100.0**

What are the implications of these trends? Why is flexible working important?

These trends have several important implications for the West Midlands:

- Looking at the core cities, one reason for the shift to full-time employment in Birmingham could be that the rate at which hourly earnings have increased in the West Midlands has been much slower than that in other regions. Hourly earnings in Birmingham only increased by 10% between 2015 and 2019 (compared to 15% in Manchester and 18% in Bristol) and it had the second lowest average hourly wage in 2019 among the core cities. It is possible that many of those working full-time may aspire to work flexibly but are put off by challenges finding flexible jobs and lower hourly earnings.
- Trends in the number of full-time and part-time jobs could also be partially explained by the sectoral and occupational make-up of employment in the West Midlands. The WMCA 3 LEP WMCA (3 LEP) had a higher proportion of jobs than the national proportion in four sectors according to the BRES: advanced manufacturing and engineering (9.9% vs 6.9%), construction (7.9% vs 7.2%), logistics & transport technologies (6.1% vs 5.2%) and retail (16.0% vs 15.3%). BRES data shows that across England apart from retail, all these sectors have smaller shares of part-time employees compared to other sectors.
- Research funded by the Nuffield Foundation emphasises the importance of work flexibility (in terms of when, where and how they work) for parents. It illustrates that other elements of job quality that prevent parents from achieving job quality including "*gendered assumptions about part-time working that devalues it*", and "*weak knowledge among managers of flexible working arrangement*". The West Midlands and particularly Birmingham has a young population. Therefore, supporting parents to find employment which enables parents to better balance their work and family ambitions would seem important in ensuring the region has the skills required to respond to changes in employment created by challenges such as Brexit, Covid-19 and increasing automation. Work flexibility can also help workers who are not parents but who may have other caring responsibilities and/or other interests to achieve a better work-life balance.
- The availability of flexible working has been shown to be important in retaining older workers. 1 in 6 older workers want to work fewer hours. A pilot where Guys and St Thomas' Trust and Legal & General trialled more flexible working arrangements with a cohort of over 50s found job holders reported benefits including better work life balance, greater sense of focus when at work and greater sense of value and recognition. Benefits cited by line managers included greater productivity and improved recruitment and retention. Given that the number of older workers (as shown in Figure 1 below) in the West Midlands has steadily increased over the last decade, and that the proportion of total population aged 50-64 is projected to increase between 2019 and 2024, it would seem crucial for addressing skills shortages in the West Midlands, that employers and wider stakeholders look to support this age group by offering a wider range of flexible jobs.

Figure 1: Population aged 50-64 in West Midlands Combined Authority and 3 WM LEPs



Source: NOMIS population estimates by single year of age

How can greater flexibility be promoted?
Timewise are calling for the government to introduce new legislation requiring employers to consider whether a job can be made flexible, and where they do not consider this is possible, to explain why this is the case. In addition to part-time working, flexible working can also include term-time working, choice over the place of work. To prevent people being put off by jobs not advertised as flexible when the employer is open to this in practice, they argue that employers should be required to state the flexibility of roles upfront when recruiting.

Several reports emphasise the role managers play in ensuring flexible working is available and employees working flexibly are effectively managed. Improving access to training for line managers on supporting effective and equitable management of staff who work flexibly including remote workers and progression and monitoring participation in training and retention rates offer ways forward.

Labour Market Disconnect in the West Midlands

Dr Juliane Schwarz, WMREDI

In this blog, Dr Juliane Schwarz summarises the key issues on why there are currently high levels of unemployment in the region, whilst at the same time, record numbers of vacancies for jobs and apprenticeships.

[View the full policy briefing on the labour market disconnect](#).

The research is a response to a query by the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) board and produced in partnership with GBSLEP and WMREDI.

Nationally and internationally there seems to be a disconnect between high levels of unemployment and a record number of vacancies for both jobs and apprenticeships since the post-lockdown opening of the economy. Reasons for this are not always clear; rather they are complex and interrelated. To understand this labour market imbalance it is important to consider the following four points.

1. The scale of the problem
2. The jobs on offer
3. Workforce (not) on offer
4. Routes to bridging the gap

This current labour market imbalance is expected to ease over the next 12 to 24 months, although it is not expected to disappear altogether for some time. Whilst this problem is not unique to the UK, it is likely that Brexit has exacerbated some of the problems.

The scale of the problem

Jobs vacancies: growth in nearly all industries from July to September 2021. The current overall ratio of vacancies is the highest on record. Higher level of vacancies than pre-pandemic might indicate that employers' needs have quickly returned to pre-pandemic levels, but the workforce hasn't returned to that level (yet)? However, economic inactivity and unemployment rates are projected to keep increasing throughout 2021-2023. As an effect of the pandemic, women, young people, the BAME community and lower earners are most at risk of unemployment. This might need to be considered in recovery measures.

Sector	Quarterly percentage growth since April to June 2021	Percentage growth since January to March 2020
Transport and storage	56.1	45.5
Construction	45.3	65.4
Manufacturing	32.4	63.5
Wholesale and retail trade; repair of motor vehicles and motorcycles	32.4	11
Professional scientific and technical activities	30	49.2
Administrative and support service activities	29.7	63.1
Accommodation and food service activities	22.5	59
Education	21.7	21.5
Human health and social work activities	11.6	27.3

Table 1: Quarterly growth in vacancies by sector compared to pre-pandemic data January – March 2020 in the UK

Jobs on offer

Key changes impacting the profile of jobs on offer include:

- Changes in business models, e.g., online shopping shifted retail jobs away from the highstreets towards warehouses; increase in automation, affecting entry-level and low skilled jobs.

- Skills shortages and skills mismatches: automation, digitalisation and demand for a higher qualified workforce.
- Reliance on certain industries and at-risk sectors, e.g., automotive manufacturing.

Workforce (not) on offer

Obstacles to re-entering the workforce include:

- Lack of confidence.
- Change in skills required.
- Non-awareness of opportunities.
- Women, young people, the BAME community, low earners and older workers are relatively less likely to move back into the labour market as they are more affected by the pandemic.
- Caring responsibilities.
- Physical and mental health.
- Lack of work experience during the pandemic.

Reluctance to move into new employment in times of economic insecurity effects:

- Sectors most affected by lockdown, such as hospitality and retail. Employees might have found alternative employment with better conditions.
- Job moves – people tend to stay with the job they have at times of greatest economic insecurity.
- Moving into employment – jobs might not be secure and in the case of failure, there would be neither income nor benefit payments.

Issues faced by people returning after long-term unemployment and/or furlough:

- Fewer entry-level jobs with low-level skills are less in demand and digital or advanced digital skills are increasingly necessary to secure a job.
- Unawareness of apprenticeship schemes or opportunities of employment in new sectors.

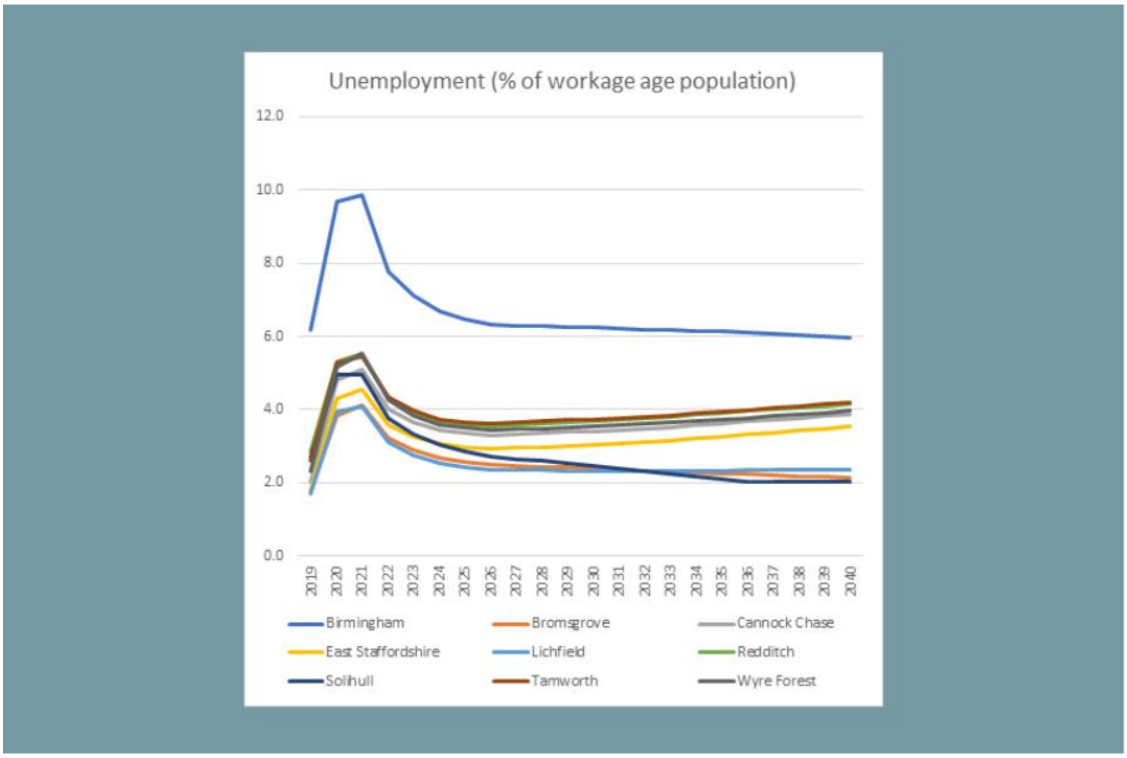


Figure 1: Predictions of the Percentage of the working-age population that is unemployed from 2019 to 2040.
Source: Oxford Economics Model

An increase in physical and mental health barriers to employment:

- Lack of confidence returning to work after furlough or long-term unemployment
- Long term health issues related to the pandemic, e.g., Long Covid, mental health issues relating to grief, loss, lack of social interaction.

Skills shortages and skills mismatch:

- New technology requires new skills by employees
- Higher demand on high qualifications

- Implications of the EU exit and changing immigration policy on less desirable vacancies, agriculture, HGV driver, abattoir workers.
- Reduced flexibility of employers to recruit, in particular at the lower end of the labour market.

Routes to bridging the gap

Career information, advice and guidance

- Career information, advice and guidance, as well as information on benefits and training, need to be a key part of the response to the COVID-19 crisis.
- One-stop-shop in careers advice, especially for young people.

Support for employers

- To avoid miscommunication between employers and job seekers – need for employers to advertise opportunities in language, and via channels, that jobs seekers use.

Government incentives

- Kickstart programme
- Apprenticeships

Increasing the range and availability of training opportunities

- Construction workers and HGV drivers
- Digital Bootcamps

For a more detailed analysis, ***please view the full policy briefing – Labour Market Disconnect***.
The research was commissioned by the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP).

UN COP-26: Race to Net Zero

Alice Pugh, WMREDI

What is COP 26?

Scientists have predicted that if we want to prevent irreversible damage, global warming needs to be kept at 1.5C; we are currently at 1.2C. In order to combat climate change in 1995 the COP, or conference of parties, was set up as the overall decision-making body of the United Nations Framework Convention on Climate change with 197-member countries. The COP has usually met every year since 1995 to discuss progress on climate change. Scientists have deemed this decade to be the deciding decade on our ability to prevent climate change.

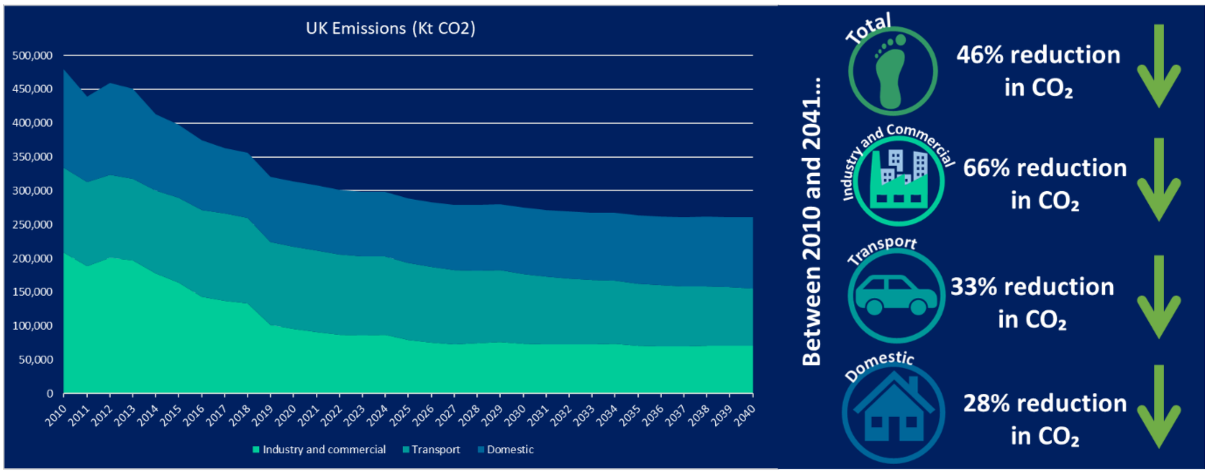
What are the Global targets towards climate change and how are countries performing?

In order to achieve the temperature targets agreed at COP21, of 1.5C, scientists have stated that globally all countries will need to be net zero by 2050. This means that countries will need to reduce the net carbon emissions to zero by 2050. So far two countries have achieved net zero status and 13 countries, including the UK, have committed to being net zero by 2050, in law. Scientists however, are saying this is not enough, especially as China and the USA have not yet agreed to this target in law, meaning they do not have a legal obligation to achieve this target.

Currently, the IEA is predicting that the successful pursuit of announced pledges to global energy-related CO_2 emissions, will led to a fall in CO_2 of 40% by 2050. This is significantly under target. It is vital that other countries commit to carbon emissions targets going forward, if we wish to prevent irreversible climate change.

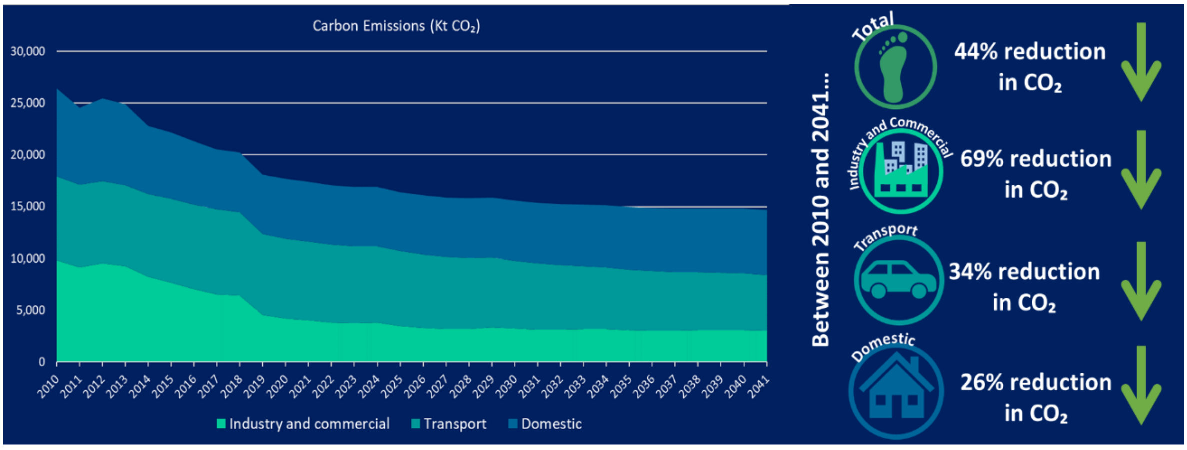
The UK and WMCA Outlook

According to the Oxford Economics model (OE), between 2010 and 2040 in the UK, total emissions will have reduced by 46% from 479,742Kt CO_2 to 260,890Kt CO_2. The model predicts a 66% decrease in industrial and commercial emissions, a 33% reduction in transport emissions and 28% in domestic emissions, over the same period.



Source: Oxford Economics Model, 2021

Comparative to this, by 2041 (the WMCA net zero target), there is predicted to be a 44% reduction in CO_2 in the WMCA, as seen in the graph below. This is just under the expected UK reduction at 46%. Similar to the UK, the area which will see the largest reduction in emissions will be industrial and commercial, with a 69% reduction in emissions between 2010 and 2041. The second largest decrease will be in transport at a 34% and finally domestic emissions will reduce by 26%.



Data Source: Oxford Economics, 2021. Predictions after 2040 were made by City-REDI.

The WMCA, therefore, will likely see a very similar pattern of reduction comparative to the UK. Industrial and Commercial emissions are set to see the largest reductions both within the WMCA and the UK. This is unsurprising given consumer demand changes that are rapidly taking place, with regards to the sustainability of the goods and services they purchase. This is forcing firms to look at more sustainable business operations, in order to retain consumers.

Transport across both areas will see a sizeable decrease in emissions at 33% for the UK and 34% for the WMCA. This reduction in transportation emissions is set to be slower than the reduction in industry and commercial. This is largely because the UK as a whole, has been slow to transition to the use of non-fossil fuel cars. This is mainly due to convenience issues, surrounding the availability of charging points and frequency with which cars have to be refuelled. However, the ban of the sale of petrol and diesel cars from 2030 and hybrids from 2035, will likely speed this transition up.

However, between 2010 and 2025, both nationally and regionally within the WMCA, domestic emissions are set to decrease, however after this, emissions are set to increase by between 0% and 1% each year. The OE model uses BEIS future emissions predictions to estimate the emissions for the UK and WMCA area. BEIS is expecting domestic or 'residential' emissions to increase, largely as a result of assumptions that BEIS has made around: 'the growth in the number of households, changes in household income, future weather and how retail fuel prices will change'.

Based on the predictions by the OE Model above, it is very unlikely that the UK will meet its net zero target by 2050. By 2040 the OE Model predicts that the UK will still be producing the 260,890Kt CO_2, having reduced emissions by 218,852Kt CO_2 since 2010. Given this reduction is over a 30-year period, it seems unlikely that the UK will be able to reduce emissions by at least another 200,000Kt CO_2, within 10 years between 2040 and 2050. As a result, it is unlikely that the UK will meet its net zero target by 2050.

The WMCA area is also unlikely to achieve its 2041 net zero target. By 2041 there will be 14,821Kt CO_2 in emissions according to the OE Model. Whilst, this is 44% smaller than the emissions in 2010, unfortunately it is unlikely that all this carbon will be sequestered out of the atmosphere by green and blue spaces.

Challenges

Progress towards Net Zero is likely to be hindered by a number of challenges going forward, both for the UK and the WMCA area, the major challenges will likely be:

Industry and Commercial:

1. Manufacturing Sector – Manufacturing can be high polluter territorially, which will lead to increases in territorial emissions. The WMCA has a very established and large manufacturing sector. This sector will need help to further their progression to net neutrality, especially small SME's which may not have the capital or expertise to change their business operations to be more environmentally sustainable.
    a. There is also the additional risk that the BEIS has made it clear that they will not bail out businesses as price volatility hurts their bottom line, when they are consuming fossil fuels. As the West

Midlands has few natural resources which it could use to generate renewable energy, there is the risk businesses may move elsewhere to areas where they can afford the renewable energy prices. The Repowering the Black Country initiative funded by BEIS is however looking at solutions to decarbonising our industrial base.

2. Disruptions to business operations – As climate change continues to progress there will be increasing extreme weather, this will likely lead to increasing business operations disruptions. There may also be the loss of raw materials. Helping businesses to shorten and diversifying their supply chains geographically and building a more circular economy will help to reduce business operations impact.

Transport:

1. Electric or Hydrogen vehicle convenience –
    a. Across the UK there is an undersupply of charging points for electric and hydrogen vehicles. This is hindering our progress towards net zero, as consumers are concerned about the convenience of charging their cars, this is why the majority of EV owners also have their own drive, on which they have been able to install their own private charging point. There is also unequal access to charging points across the country.
    b. As of October 2021, there 1297 publicly available EV charging devices at all speeds in the WMCA area. As of Q1 this year there were 24,320 Ultra low emission vehicles (ULEVs) 1 licensed in the WMCA area, this means that there is one publicly available EV charging point per 19 EV cars currently on WMCA roads. The International Energy Association (IEA) recommends the ratio of EV cars to publicly available charging point should be 10 to 1. The Midlands Connect report found there would be a 3000% increase in EV use across the Midlands. If we presume that there would be a similar increase across the WMCA area, then by 2030 a 3000% increase would mean 729,600 EV cars on the road. Based on the IEAs recommendation, there will need to be 72,960 publicly EV charging points in WMCA by 2030 to support demand growth.
    c. Furthermore, 93% of current EV owners have access to off-street parking, enabling them to install an EV charger, however, 1/3 of Midlands households do not have access to off-street parking, and so would rely solely on public chargers.

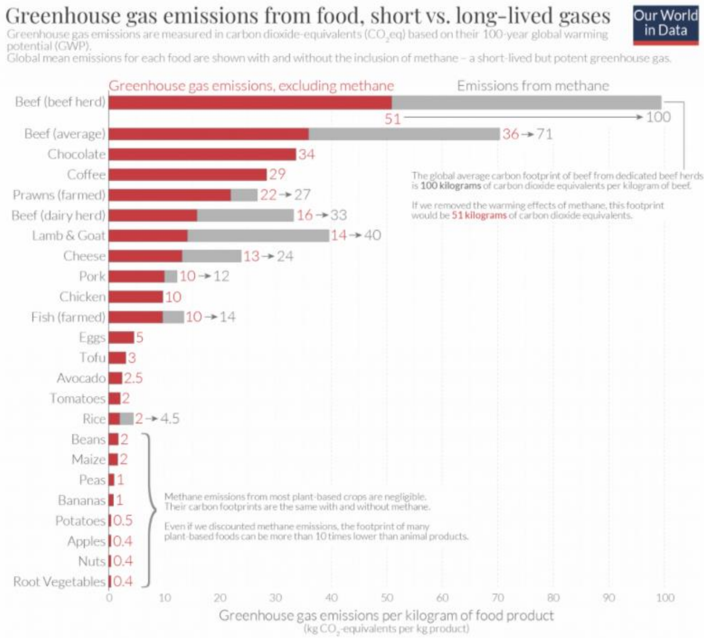
2. Traffic Volume -
    a. Distribution, logistics and manufacturing - Additionally, the WMCA area has a high volume of vehicle traffic, due to its strategic location in the UK. The WMCA is partially located within the 'golden triangle': from this area around 90% of the England population can be reached within 4 hours. As a result, there is a high number of distribution, logistics and manufacturing companies in the region, which all contribute to the high transport emissions.
    b. The WMCA are also has the highest population of any combined authority, meaning a very high volume of vehicles, with many households likely having multiple vehicles.
    c. As well as this across the UK there is a growing dependency on the delivery of goods direct to our homes. For most of us last year the ability to shop online saved us from being unnecessarily exposed to Covid-19 however, this has sped up the growing consumption of online goods and thus road transport freight.

Domestic:

1. Inefficient residential infrastructure – Currently, residential housing not just in the West Midlands but across the UK, is highly inefficient. They use a high volume of energy and gas usage which is preventable. This means not only are people using more energy and gas than necessary, but it also increases fuel poverty. As homes are energy inefficient, this means in winter especially, they cost more to run, as they need more energy to heat and power than should be necessary. However, it should be noted that the WMCA has already committed to retro-fitting almost 300,000 homes over the next 5 years.
2. Increasing Consumption – By 2040 there will be 4.4 million people living in the West Midlands, 4% more than 2020, according to the OE Model. As the population grows there will be increasing consumption, this will grow carbon emissions. The way we are consuming is also an issue. Firstly, we import a large number of

goods from abroad: phones, sofas, kitchens, cars, paper, clothes etc all of which, have much larger carbon footprints than if bought domestically. Additionally, home energy consumption has dramatically increased with the rise of home working. For years, Industry and Commercial based businesses have been actively working to make buildings energy efficient, however now people will be working more from less efficient residential buildings. This will increase domestic consumption, especially as it looks like the change is set to stay.

3. Diet – We also import large volumes of food and beverages from abroad. Over the years, we have become used to all our favourite fruits and veg all year round 24/7. However, this is unsustainable, as the majority of unseasonal veg and fruit is imported from overseas. The consumption of meat and dairy is also an issue as, as seen in the graph below the emissions emitted from meat and dairy is much higher than other food stuffs.



Data Source: Our World in Data, 2020

4. Air Travel- Around half of people in the UK fly any given year. A return flight from London to San Francisco emits roughly 5.5 tonnes of CO_2 equivalent per person – over twice the emissions produced by a family car in a year, and around half of the average carbon footprint of someone living in the UK. Even a return flight from London to Berlin emits around 0.6 tonnes CO_2 equivalent per person – three times the emissions saved from a year of recycling.

Recommendation going forward

The CCC has highlighted that the lack of monitoring and data is preventing local authorities from making clear evidence-based policy decisions, regarding sustainability and the transition to net zero. There needs to be increased monitoring of performance indicators surrounding the transition to Net Zero, to enable the central government, local authorities, businesses and individuals to make better informed decision. Across the UK few local authorities monitor this data and this is largely because there is both lack of guidance, lack of finance and a lack of data from central government.

However, there is set to be the release of the United Nations set out 17 Sustainable Development Goals (SDGs) dashboard, in partnership between WMCA and City-REDI. This will enable local authorities to monitor their progression in these goals. There are also a number of other performance indicators that local government could be monitoring to improve decision making these would be;

- Industrial and Commercial Emissions
- Transport emissions
- Domestic emissions
- Public Sector emissions

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

- Public Green Space
- Waste Data Flow
- Number of Electric Vehicles
- Number of Electric Vehicle charging points
- Air quality and air pollution
- Energy Use
- Household waste and recycling

COP26 and the Green Economy; Opportunities and Challenges at the National and Regional Level

Courtney Stephenson, WMREDI

Global Ambitions, Local Consequences

Recently the eyes of the world were on Glasgow, as the city wa host to presidents, journalists and activists in their thousands for COP26. This year, the UN Climate Change Conference of the Parties was hosted by the United Kingdom and kicked off with the sombre accolade of the world's 'last, best chance' to keep the goal of 1.5 degrees of global warming alive. The target, agreed by world leaders at COP25 in Paris in 2019, is one of many global goals, targets, and ambitions that will be debated and lobbied for in Glasgow. It is essential that measures to tackle climate change and ensure that global temperatures do not increase beyond 1.5 degrees are part of a collaborative global effort. However, the delivery and impacts of these big decisions are often carried out and felt at the local and individual levels.

Industrial Revolution, but make it green

In particular, the development of a 'green economy' or 'green industrial revolution' will involve significant changes to existing industries and jobs that will first and foremost impact workers and local economies. In the UK, the West Midlands has pledged to be the "home of the green industrial revolution'. Whilst such ambitions are necessary and welcome. It is important to understand what a green industrial revolution means, both at the national and local levels, and the challenges and opportunities this presents. In recent years, a growing emphasis has been placed on improving economic and industrial resilience by preparing industries to shift away from carbon-intensive operations. This will undoubtedly mean significant changes to the way in which certain industries, such as energy extraction, manufacturing and transport, operate and the jobs that exist within them.

Such a transformative undertaking will be challenging and complex. Nonetheless, it is it also presents countless opportunities for innovation and the skills needed are often already held by workers in relevant, existing industries. Energy workers, for example, are highly skilled and possess considerable knowledge about the specific element of the supply chain they operate in. This knowledge and skills-based can be utilised to transform gas and oil-based energy services into those using renewable energy. At the regional level, energy generation and storage have been identified as a key area in which the West Midlands can spearhead the green economic transformation. The recent energy crisis highlighted the essential need for growth in this sector and is just one example of where the wealth of skills already present within the national labour market can play a central role in the transition towards a green economy. The manufacturing, automotive and logistics industries are all at the heart of the regional economy in the West Midlands and increased national emphasis on 'green' alternatives such as electric cars present opportunities to harness existing skills and increase capacity in the local economy to meet demand. Such transformation, however, requires significant investment at both the national and regional levels, as identified by industry leaders. The challenge of securing this investment remains fundamental to realising the potential of the West Midlands to lead the shift towards green industries.

Putting equality at the heart of transformation

The government has set out its plans for a 'Green Industrial Revolution' on a national scale. Whilst such ambitions are welcomed, transition to a green economy and decarbonisation of regions such as the West Midlands will take time, comprehensive planning and consultation with residents and workers alike. As well as an opportunity for economic growth and significant climate change mitigation, the green industrial revolution offers the chance for policymakers to engage with workers and ensure that existing inequalities and exploitative working practices do not persist in these new industries.

Ensuring that intersections between green economic transformation, climate change and social justice have been highlighted by many organisations and activists as paramount to delivering a green industrial revolution not only economically robust but is also equitable. The Forum For Global Challenges, hosted by the University of Birmingham in collaboration with local and global institutions such as the West Midlands Combined Authority, seeks to consider such intersections and "catalyse solutions for the challenges of our time".

Local Leadership
'Green Economy: Imagining a Sustainable Economy' is one of many topics set to be discussed, indicating the appetite amongst policymakers and institutions to think critically about how economic transformation is constructed. Leadership and discussion of this kind at the local and regional levels will be central to green economies' form; industries often operate at this level. Local leaders and governing bodies have a comprehensive understanding of how industries in their area operate, what the existing skills base looks like and where there are opportunities for development and regeneration. It is also undeniable that cities have a significant impact on climate change. Therefore, regions such as the West Midlands, with Birmingham at its heart, have a huge role to play in reaching the ambitious targets set by world leaders at summits such as COP26. Local leadership has already been found to be leading the green industrial revolution, particularly in areas such as housing and transport. The West Midlands Combined Authority's 'Five Year Plan' to decarbonise the region illustrates the ambition that exists at the local level.

Beyond COP26
COP26 is undeniably an enormous moment for the future of the planet. World leaders made decisions in conference rooms in Glasgow that will have a considerable impact on the lives of citizens and workers across the world for years to come. However, work at the local level remains of paramount importance to determine the model that regional economies will assume and just how 'green' they will be.

Such work has already begun in regions across the UK, and the West Midlands is no exception. Several sectors are bursting with skills and potential to drive a green industrial revolution here. The initiative taken by local authorities has demonstrated that leadership comes not only from large climate summits or world leaders; it can and does begin at the local level and individual levels. Ongoing consideration of both the opportunities and challenges climate change presents for a green economy combined with the appetite that exists within local authorities to lead green economic transformation, offers real hope that regions such as the West Midlands can drive big industrial evolution and deliver the radical change that is needed to protect the planet.

Quarterly Gross Domestic Product (GDP): January to March 2021 (Q1) – West Midlands Region[2]

Black Country Consortium Economic Intelligence Unit

Please note, this data release has been updated to include Quarter 1 2021 only, no revisions to the earlier data period. The Office for National Statistics (ONS) state the following: 'As we are conducting developmental work (as part of our ongoing work programme on experimental statistics) to improve the estimates in the quarterly Regional GDP release, we have paused updating the time-series between 2012 and Quarter 4 2020 for this release. Instead of updating that time series in this release we aim to do so in our next release, at which point we plan to incorporate the improvements and both the latest estimates of annual Balanced Regional Accounts and the improved sub-national estimates of the Construction industry.' Further information can be found here.

In Summary:

- In Quarter 1 (Jan to Mar) 2021, all four countries in the UK showed negative quarter-on-quarter growth in gross domestic product (GDP); England decreased by 0.6%, Scotland fell by 1.6%, Northern Ireland fell by 1.0% and Wales fell by 1.7%, following growths in Quarter 4 (Oct to Dec) 2020.

- Of the nine English regions, the largest falls in Quarter 1 2021 were seen in East Midlands (negative 1.4%), and North East, North West and South East (all decreasing by 1.3%). The West Midlands decreased by 1.1%. The only region estimated to have increased was East of England, by 0.5%.

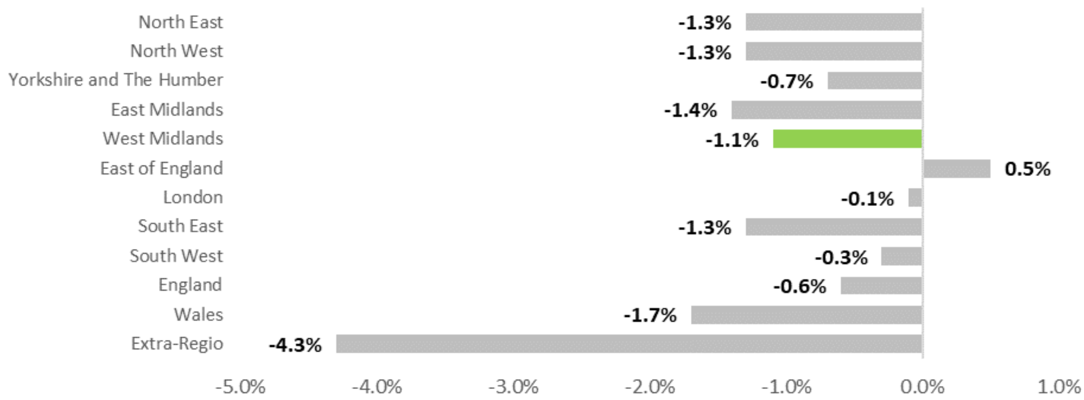
- For the West Midlands region, there was positive growth in GDP for nine sectors in 2021 Q1; electricity, gas, steam and air increased the most since the previous quarter at 11.0%. There were contractions in West Midlands GDP in eleven sectors, including a contraction of 23.0% for accommodation and food service activities, which was the largest for the region – and reflecting the UK's national lockdown at the start of the year.

Full Briefing:

- Quarterly GDP analysis shows for the West Midlands region there was a contraction of 1.1% in 2021 Q1, while England overall decreased by 0.6%.

- There was positive growth in GDP in one of the twelve English regions in 2021 Q1, with the East of England increasing by 0.5%. Wales contracted by 1.7%, followed by the East Midlands at -1.4%, then the North East, North West and North East all contracting by 1.3%. The West Midlands contracted by 1.1% between 2020 Q4 and 2021 Q1.

The following chart shows GDP change in 2021 Q1 across the English regions, England-wide and Wales:



Industries

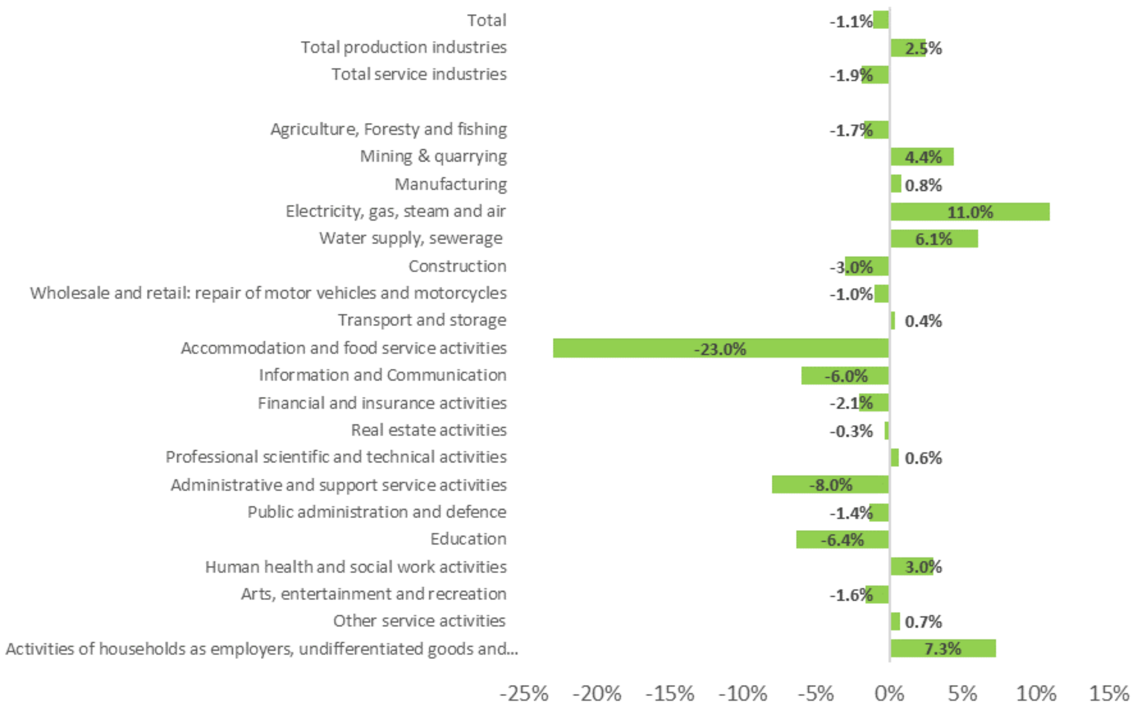
- For the West Midlands region, there was positive growth in GDP for nine sectors in 2021 Q1; the most coming from electricity, gas, steam and air sector at 11.0%. This was followed by activities of households as employers,

[2] Source: ONS: GDP, UK regions and Countries: January to March 2021 – released 25th November 2021

undifferentiated goods and services (+7.3%), water supply, sewerage (+6.1%), mining and quarrying (+4.4%) and human health and social work activities (+3.0%).

- For 2021 Q1, there were contractions in West Midlands GDP in eleven sectors, including a contraction of 23.0% for accommodation and food service activities, which was the largest for the region – and reflecting the UK's national lockdown at the start of the year. This was followed by administrative and support service activities (-8.0%) and information and communication (6.4%).

The following chart shows GDP change for sectors and industries for the West Midlands regions between 2020 Q4 and 2021 Q1

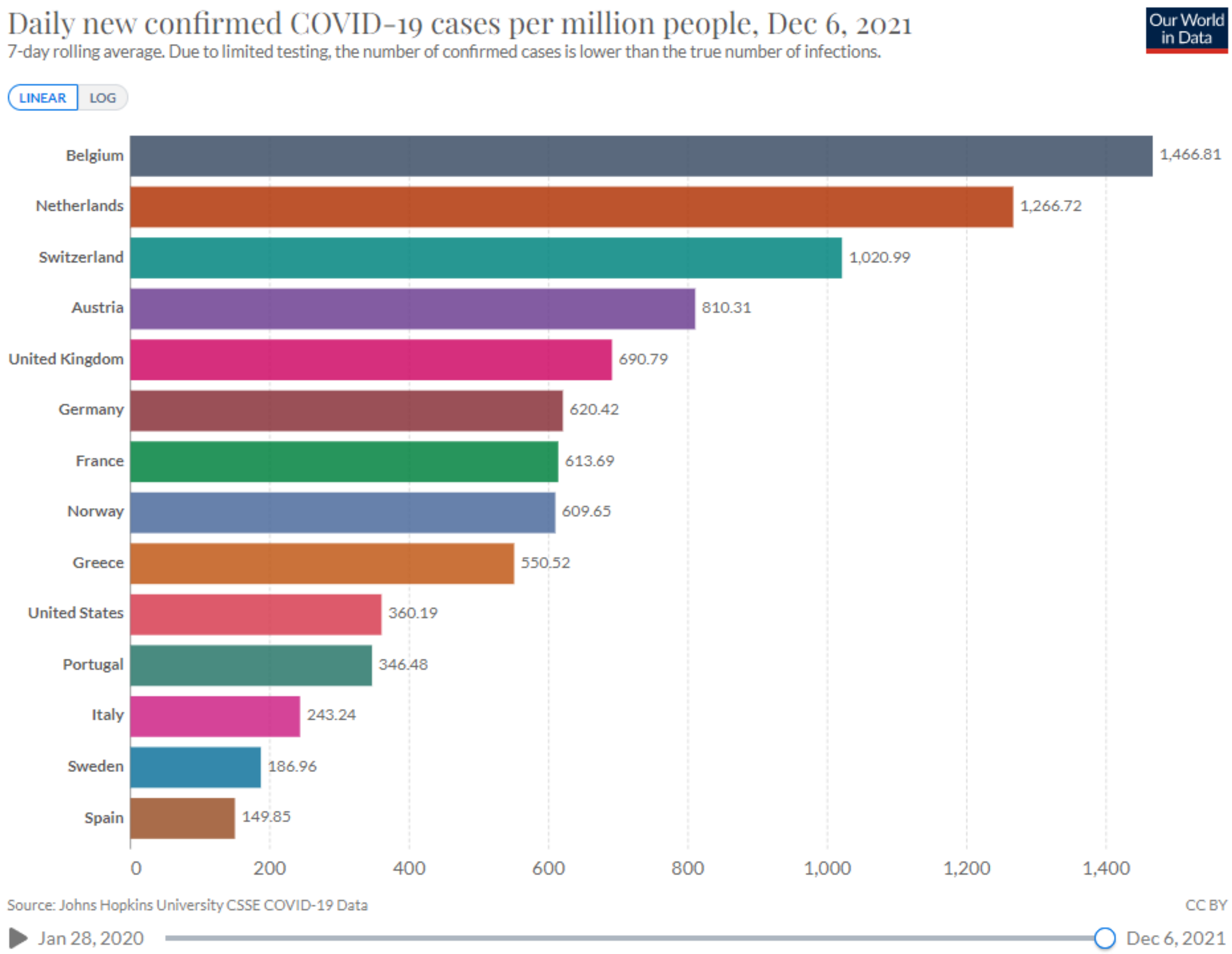


Infection Rates and Vaccine Update

Alice Pugh WMREDI/WMCA

Across Europe there has been a resurgence in infection rates, as in the graph below. In recent weeks Covid cases have been rapidly increasing, and as winter nears the NHS is beginning to feel the pressure of rising Covid cases, alongside other illnesses associated with winter. Alongside this there is the new South African variant in the UK, which may potentially be more transmissible, but as of yet little is known.

Since 31 December 2019 and as of week 2021-47, **261 812 322 cases** of COVID-19 (in accordance with the applied case definitions and testing strategies in the affected countries) have been reported, including **5 209 959 deaths**.

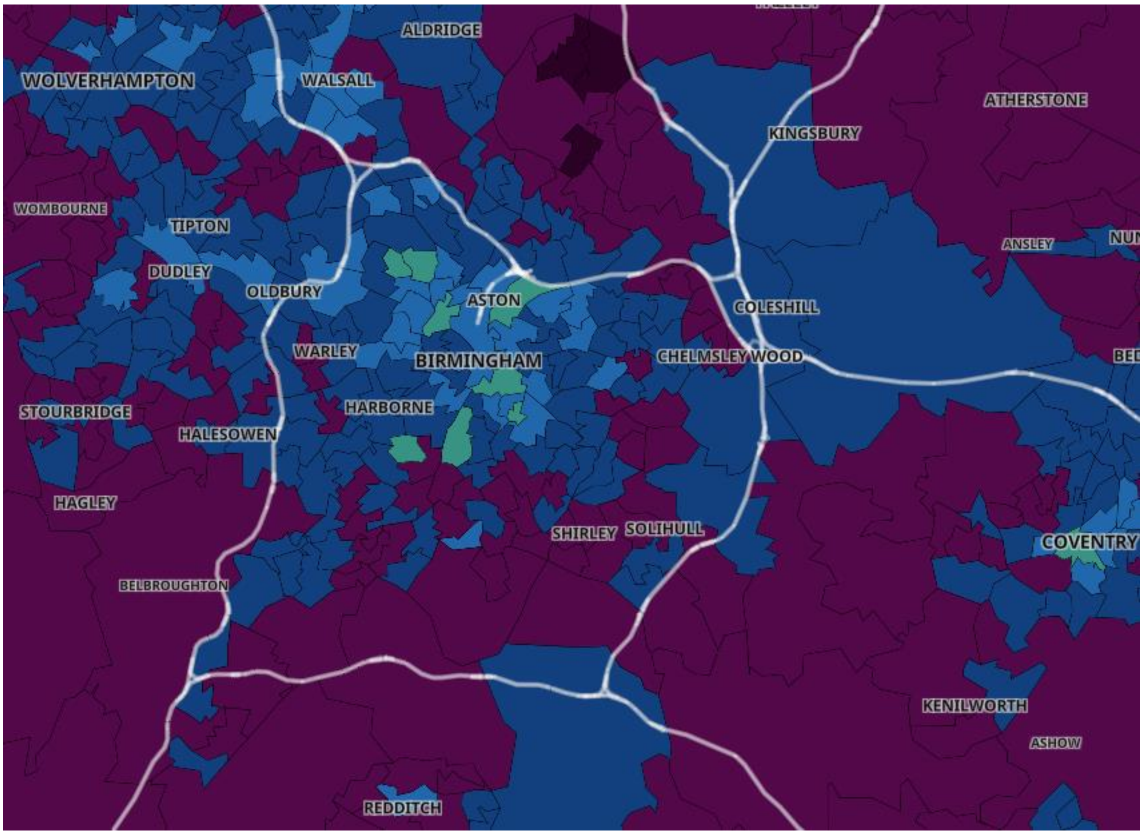


Latest ONS infection survey data (3rd December 2021 next release will be the 10th December 2021) states:

- In England, the percentage of people testing positive for coronavirus (COVID-19) has increased in the week ending 27 November 2021; we estimate that 898,900 people in England had COVID-19 (95% credible interval: 847,500 to 951,500), equating to around 1 in 60 people.
- In Wales, the trend in the percentage of people testing positive for COVID-19 was uncertain in the week ending 27 November 2021; we estimate that 64,100 people in Wales had COVID-19 (95% credible interval: 52,100 to 77,500), equating to around 1 in 45 people.
- In Northern Ireland, the percentage of people testing positive for COVID-19 continued to increase in the week ending 24 November 2021; we estimate that 41,100 people in Northern Ireland had COVID-19 (95% credible interval: 32,100 to 50,900) equating to around 1 in 45 people.
- In Scotland, the percentage of people testing positive for COVID-19 continued to increase in the week ending 27 November 2021; we estimate that 83,300 people in Scotland had COVID-19, (95% credible interval: 69,100 to 99,700) equating to around 1 in 65 people.

- To date, we have not identified any infections compatible with the new Omicron variant (B.1.1.529) among our survey participants; we will continue to monitor this variant and will report estimates if the Omicron variant becomes more prevalent among the population.

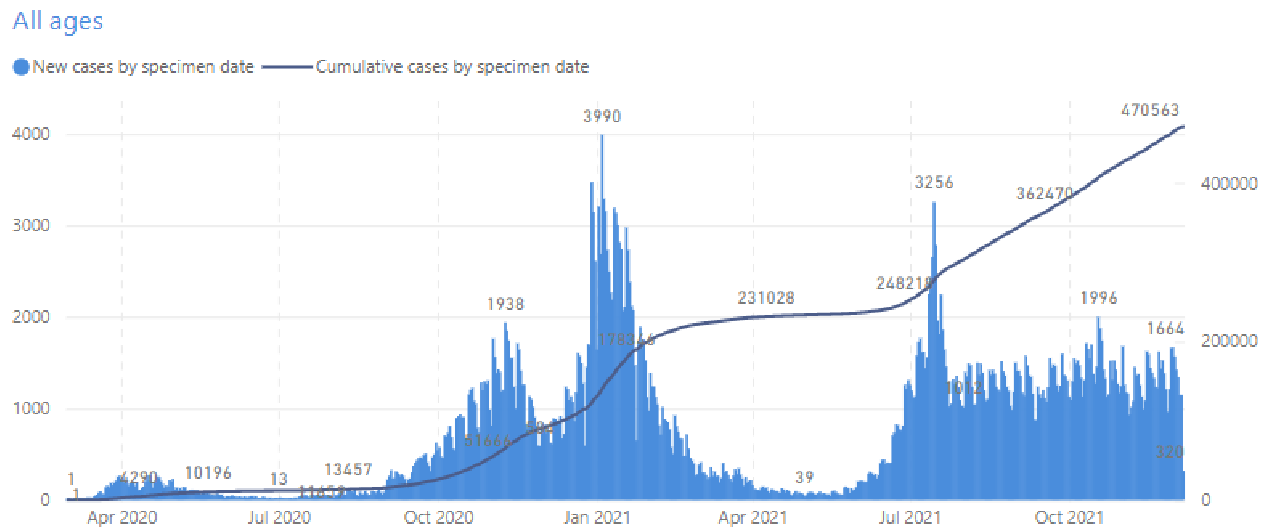
The map below displays weekly data, which are updated every day [here.](here) Seven–day rolling rate of new cases by specimen date ending on 17th November 2021.



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
04 December 2021	1146	1351	469095	1	0.04
03 December 2021	1339	1625	467949	9829	352.69
02 December 2021	1419	1471	466610	9701	348.10
01 December 2021	1568	1364	465191	9668	346.91
30 November 2021	1664	1127	463623	9625	345.37
29 November 2021	1664	1231	461959	9394	337.08
28 November 2021	1211	1305	460295	9351	335.54
27 November 2021	964	1292	459084	9364	336.00
26 November 2021	1211	1670	458120	9635	345.73
25 November 2021	1386	1473	456909	9752	349.93
24 November 2021	1525	1390	455523	9758	350.14
23 November 2021	1433	1489	453998	9676	347.20



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

Covid 19 Hospital Activity

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

Total reported admissions to hospital and diagnoses in hospital

The table below shows the latest daily rates

Name	22-Nov-21	23-Nov-21	24-Nov-21	25-Nov-21	26-Nov-21	27-Nov-21	28-Nov-21	29-Nov-21	30-Nov-21	01-Dec-21	02-Dec-21	03-Dec-21	04-Dec-21	05-Dec-21
ENGLAND	**602**	**659**	**752**	**650**	**620**	**609**	**607**	**669**	**699**	**698**	**719**	**624**	**635**	**728**
East of England	52	53	98	61	46	79	58	62	67	59	57	79	73	88
London	73	81	108	90	106	94	106	101	105	114	100	114	116	120
Midlands	123	142	127	132	127	116	121	126	123	144	154	108	128	133
North East and Yorkshire	89	113	118	95	83	98	89	100	104	96	97	89	80	97
North West	76	90	88	88	89	69	72	84	80	88	87	66	85	83
South East	98	99	115	94	97	78	103	117	123	118	147	100	90	126
South West	91	81	98	90	72	75	58	79	97	79	77	68	63	81

Mechanical Ventilation beds - occupied by confirmed COVID-19 patients

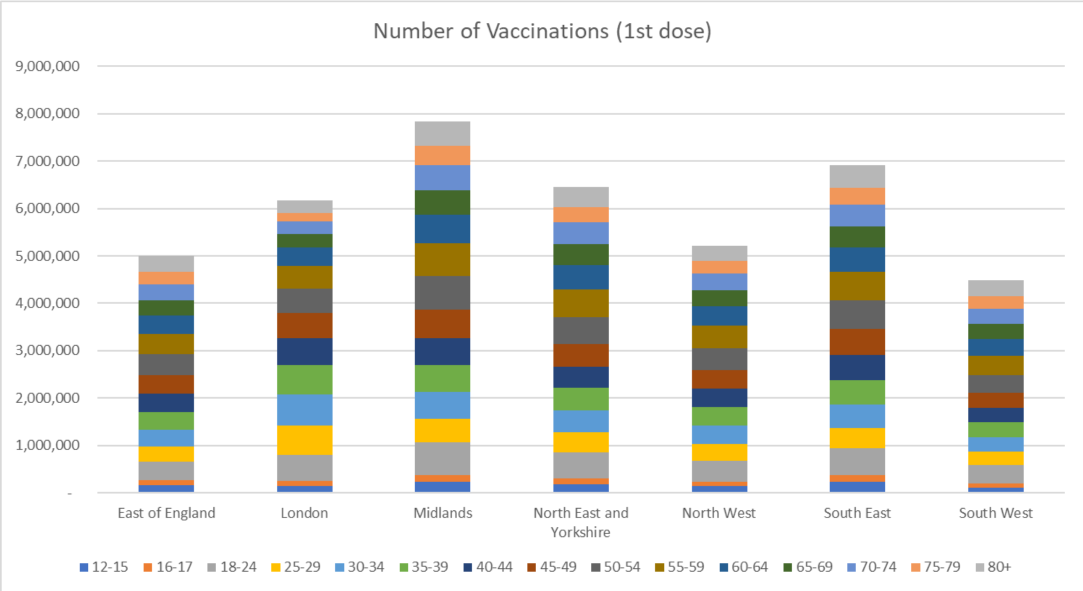
Name	24-Nov-21	25-Nov-21	26-Nov-21	27-Nov-21	28-Nov-21	29-Nov-21	30-Nov-21	01-Dec-21	02-Dec-21	03-Dec-21	04-Dec-21	05-Dec-21	06-Dec-21	07-Dec-21
ENGLAND	**783**	**790**	**796**	**787**	**793**	**793**	**806**	**773**	**774**	**783**	**775**	**770**	**793**	**779**
East of England	85	87	85	85	93	87	81	83	76	73	74	72	71	70
London	173	170	174	165	166	179	185	183	181	187	184	175	189	192
Midlands	153	160	160	157	155	156	169	150	152	154	155	153	157	155
North East and Yorkshire	123	128	127	127	131	130	137	124	125	120	111	110	112	108
North West	96	102	109	107	108	106	98	94	96	98	100	108	105	101
South East	91	85	87	88	88	87	88	88	88	90	93	92	99	95
South West	62	58	54	58	52	48	48	51	56	61	58	60	60	58

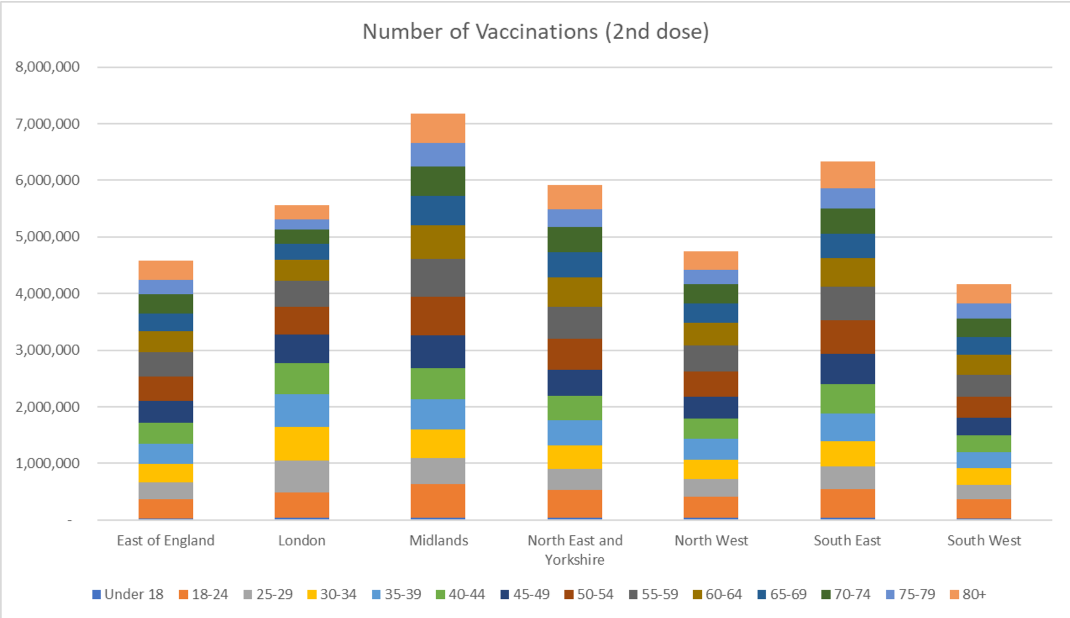
Total beds - occupied by confirmed COVID-19 patients (as at 08:00)

Name	24-Nov-21	25-Nov-21	26-Nov-21	27-Nov-21	28-Nov-21	29-Nov-21	30-Nov-21	01-Dec-21	02-Dec-21	03-Dec-21	04-Dec-21	05-Dec-21	06-Dec-21	07-Dec-21
ENGLAND	**6,062**	**6,068**	**5,992**	**5,852**	**5,890**	**6,094**	**6,123**	**5,829**	**5,915**	**5,851**	**5,784**	**5,903**	**5,992**	**6,027**
East of England	574	579	583	566	569	588	561	558	531	527	516	524	550	553
London	1,012	1,028	1,043	989	994	1,099	1,095	1,074	1,083	1,069	1,057	1,087	1,102	1,134
Midlands	1,165	1,181	1,148	1,121	1,145	1,158	1,196	1,092	1,140	1,158	1,137	1,155	1,154	1,167
North East and Yorkshire	1,103	1,108	1,067	1,048	1,062	1,059	1,091	969	1,001	947	933	933	954	937
North West	876	853	852	822	829	834	838	802	797	784	764	812	796	818
South East	761	751	723	743	752	782	764	770	801	815	834	850	877	847
South West	571	568	576	563	539	574	578	564	562	551	543	542	559	571

Vaccine Update

Between the 8th December 2020 and the 2nd December 2021, the Midlands has successfully vaccinated **7,851,498** people with the first dose and **7,175,407** 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.





NHS Region code	NHS Region of residence name	% of cohort who have had at least 1 dose (using ONS denominators)														
		12-15	16-17	18-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80+
Total		44.5%	65.4%	76.8%	78.4%	85.4%	87.8%	92.9%	90.0%	94.8%	97.4%	99.5%	96.9%	96.1%	100%*	94.4%
E40000007	East of England	49.9%	70.2%	81.3%	82.8%	86.9%	88.3%	93.4%	91.0%	95.1%	98.0%	99.7%	96.6%	95.8%	100%*	94.5%
E40000003	London	35.2%	51.8%	74.2%	81.4%	79.9%	79.2%	85.9%	88.6%	90.5%	93.4%	94.1%	92.1%	90.7%	94.6%	85.0%
E40000008	Midlands	44.2%	65.0%	71.7%	70.5%	82.1%	87.0%	92.6%	88.8%	95.2%	96.9%	100.0%	96.7%	96.8%	100%*	95.9%
E40000009	North East and Yorkshire	43.0%	65.0%	73.5%	73.2%	83.6%	88.4%	93.3%	88.5%	95.0%	97.1%	99.1%	97.8%	97.4%	100%*	94.9%
E40000010	North West	42.2%	62.5%	72.5%	72.2%	81.7%	87.6%	93.3%	88.9%	94.7%	97.3%	100%*	97.7%	96.8%	100%*	94.9%
E40000005	South East	52.3%	72.2%	79.5%	82.8%	92.7%	92.3%	95.1%	91.0%	95.1%	97.8%	100.0%	97.6%	95.4%	100%*	94.8%
E40000006	South West	45.2%	73.5%	83.2%	84.9%	92.2%	93.2%	96.5%	90.9%	95.4%	98.7%	100%*	96.9%	96.6%	100%*	97.1%

NHS Region code	NHS Region of residence name	% of cohort who have had 2 doses (using ONS denominators)												
		18-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80+
Total		66.5%	70.3%	78.1%	82.0%	88.3%	86.7%	92.3%	95.2%	97.5%	95.7%	95.3%	100%*	93.6%
E40000007	East of England	71.8%	74.9%	80.1%	83.1%	89.5%	88.2%	93.0%	96.2%	98.0%	95.6%	95.2%	100%*	93.9%
E40000003	London	61.9%	73.1%	73.1%	73.5%	80.9%	84.2%	86.7%	89.8%	91.0%	89.8%	88.9%	92.9%	83.4%
E40000008	Midlands	62.3%	63.0%	74.9%	81.3%	88.0%	85.7%	92.9%	94.8%	98.2%	95.7%	96.1%	100%*	95.2%
E40000009	North East and Yorkshire	63.6%	65.1%	75.9%	82.4%	88.6%	85.4%	92.8%	95.4%	97.6%	96.9%	96.8%	100%*	94.3%
E40000010	North West	61.9%	63.8%	73.6%	80.9%	87.8%	85.1%	91.8%	94.9%	98.1%	96.5%	96.0%	100%*	94.1%
E40000005	South East	70.4%	75.4%	86.0%	87.5%	91.6%	88.6%	93.2%	96.1%	98.3%	96.6%	94.7%	100%*	94.2%
E40000006	South West	73.9%	77.4%	85.5%	88.3%	92.9%	88.4%	93.6%	97.0%	98.4%	96.0%	96.0%	100%*	96.6%

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

NHS Region code	NHS Region of residence name	% of cohort (not just those eligible) who have had a booster or 3rd dose (using ONS denominators)						
		50-54	55-59	60-64	65-69	70-74	75-79	80+
Total		31.6%	38.6%	53.0%	71.6%	82.2%	90.7%	81.2%
E40000007	East of England	32.2%	38.9%	53.8%	72.9%	83.1%	93.5%	82.3%
E40000003	London	31.9%	40.8%	53.8%	66.6%	73.7%	78.3%	67.1%
E40000008	Midlands	30.8%	37.8%	53.7%	72.0%	82.8%	90.6%	82.4%
E40000009	North East and Yorkshire	31.8%	38.7%	51.6%	72.2%	84.1%	91.4%	83.0%
E40000010	North West	33.1%	40.2%	54.7%	73.1%	82.8%	89.6%	81.0%
E40000005	South East	31.4%	37.5%	53.2%	72.9%	82.8%	93.5%	83.1%
E40000006	South West	30.0%	36.1%	49.5%	69.1%	82.2%	93.5%	84.9%

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

Weekly Deaths Registered: 26th November 2021

Black Country Consortium Economic Intelligence Unit

The following analysis compares the latest available time period (the week of the 26th November 2021) to the previous week period (the week of the 19th November 2021) for the number of deaths registered and the number of deaths registered related to the Coronavirus[3].

Across England and Wales, the overall registered death figures decreased from 12,103 in the week of the 19th November 2021 to 11,467 in the week of 26th November 2021. The number of deaths registered that state Coronavirus on the death certificate decreased from 952 to 817 people over the same period.

Regional level analysis shows that the West Midlands' overall registered death figures decreased from 1,275 people in the week of 19th November 2021 to 1,263 in the week of 26th November 2021. The number of registered deaths related to Coronavirus decreased from 105 people to 88 people over the same period.

There was a total of 882 deaths registered across the WMCA (3 LEP) area in the week of the 26th November 2021. There were 71 deaths registered that were related to Coronavirus over the same period. In comparison to the week of the 19th November 2021, the overall registered death figures in the WMCA (3 LEP) area decreased by 2, with the number of registered deaths related to Coronavirus decreasing by 5 people.

At local authority level in the week of the 26th November 2021, there were 4 local authorities in the WMCA (3 LEP) area that had no registered deaths related to the Coronavirus, these were; East Staffordshire, Tamworth, Rugby and Stratford-on-Avon. Of the 71 registered Coronavirus related deaths; Birmingham accounted for 19 deaths, Walsall accounted for 11 deaths and Coventry accounted for 6 deaths.

Of the 71 registered Coronavirus deaths in the WMCA (3 LEP) involving Coronavirus in the week of the 26th November 2021, 52 were registered in a hospital, 11 deaths were registered at home, 5 deaths were registered at a care home, and 1 death was registered at each of the three locations; elsewhere, hospice and other communal establishment.

Place and number of deaths registered that are related to Coronavirus in the week of 26th November 2021:

Area name	Care home	Elsewhere	Home	Hospice	Hospital	Other communal establishment	Total
Cannock Chase	0	0	1	0	2	0	3
East Staffordshire	0	0	0	0	0	0	0
Lichfield	1	0	0	0	3	0	4
Tamworth	0	0	0	0	0	0	0
North Warwickshire	0	0	0	0	1	0	1
Nuneaton and Bedworth	0	0	0	0	2	0	2
Rugby	0	0	0	0	0	0	0
Stratford-on-Avon	0	0	0	0	0	0	0
Warwick	0	0	0	0	2	0	2
Bromsgrove	1	0	0	0	1	0	2
Redditch	0	0	0	0	2	0	2
Wyre Forest	0	0	2	0	0	0	2
Birmingham	0	1	6	0	12	0	19
Coventry	1	0	0	0	5	0	6
Dudley	1	0	0	0	3	0	4
Sandwell	0	0	0	0	4	1	5
Solihull	0	0	0	0	5	0	5
Walsall	1	0	2	0	8	0	11
Wolverhampton	0	0	0	1	2	0	3
WM 7 Met.	**3**	**1**	**8**	**1**	**39**	**1**	**53**
Black Country LEP	2	0	2	1	17	1	23
Coventry & Warwickshire LEP	1	0	0	0	10	0	11
Greater Birmingham & Solihull LEP	2	1	9	0	25	0	37
WMCA (3 LEP)	**5**	**1**	**11**	**1**	**52**	**1**	**71**

[3] 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, 7th December 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

On the 2nd December 2021, Office for National Statistics (ONS) released 'economic activity and social change in the UK, real-time indicators'. These statistics are experimental and have been devised to provide timely information. The following information covers: footfall data, online job adverts, final results from Wave 44 of the Business Insights and Conditions Survey (BICS), national company incorporations and voluntary dissolutions and results from Wave 79 of the Opinions and Lifestyle Survey (OPN).

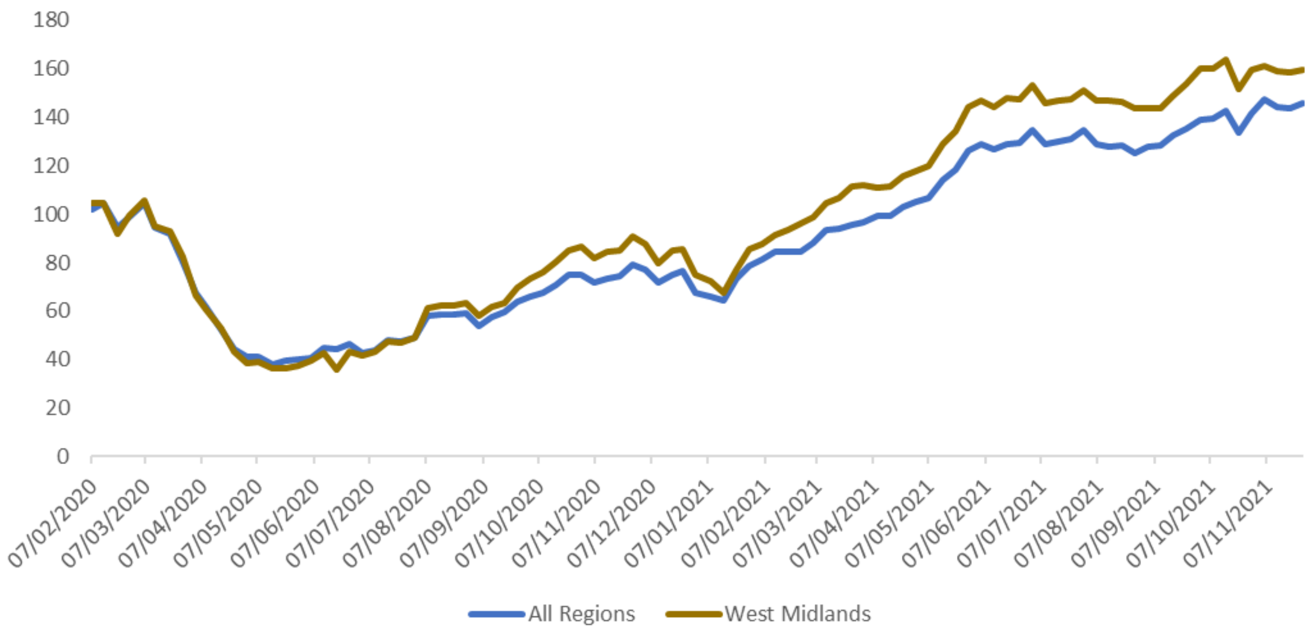
Online Job Adverts

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 19th and 26th November 2021, total online job adverts increased by 2.3 percentage points. On the 26th November 2021, total online job adverts were at 146.1% of their average level in February 2020. Out of the 28 categories (excluding unknown) 18 increased from the previous week. The largest weekly increase was in "catering and hospitality", which rose by 34.7pp. The largest week-on-week decrease was in "legal" which fell by 9.8pp and was also the only category which was below its February 2020 average level at 77.4%.

Nine regions increased between 19th and the 26th November 2021, Northern Ireland, North East and London decreased by 4.2pp, 0.3pp and 2.1pp respectively. From the previous week, the West Midlands region online job adverts increased by 1.4 percentage points and on the 26th November 2021, total online job adverts for the West Midlands were at 159.8% of their average level in February 2020. On the 28th November, all 12 regions were above their February 2020 levels, varying from; 129.6% in the South East to 200.2% in Northern Ireland.

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 26th November 2021:



Footfall

According to Springboard, overall retail footfall in the UK for the week to 27th November 2021 was at 83% of the level seen in the equivalent week of 2019. In the week to 27th November 2021, the volume of overall retail footfall in the UK for the high streets decreased by 2% from the previous week and was 81% of the level seen in the equivalent week of 2019. Retail parks increased by 5% from the previous week and was 95% of the level seen in the equivalent week

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of 2019. Shopping centres increased by 7% from the previous week and was 76% of the level seen in the equivalent week of 2019. These were the lowest levels seen compared with the equivalent week of 2019 for all three categories since the week ending 2nd October 2021. This was likely driven by adverse weather conditions towards the end of the week as a result of Storm Arwen.

In the week to 27th November 2021, retail footfall saw a week-on-week increases in 7 of the 10 UK countries and English regions, the largest increases occurring in South West and Scotland, where both increased by 5%. For the latest week available, relative to the levels seen in the equivalent week of 2019, retail footfall was strongest in the South West at 88%, followed by Greater London at 86%. In contrast, retail footfall was weakest in Northern Ireland at 76% and the East Midlands at 77%.

National Company Incorporations and Voluntary Dissolutions

Companies House data shows for the UK, there were 13,720 company incorporations in the week to 26th November 2021. This is down from 14,934 recorded in the previous week, lower when compared to the same week in 2020 (14,160) but higher than the same week in 2019 (12,520).

Also, for the week to 26th November 2021, there were 5,834 voluntary dissolution applications, a decrease from 6,006 recorded in the previous week. The number of voluntary dissolution applications was higher than levels seen in the same week of 2020 (4,823) but lower than the same week in 2019 (6,403).

Business Insights and Conditions Survey

The final results from Wave 44 of the Business Insights and Conditions Survey (BICS) based off the 5,063 businesses surveyed across the West Midlands that businesses have a presence in with a response rate of 23.5% (1,190) and 2,991 businesses that are head quartered in the West Midlands, with a response rate of 22.3% (668). Please note, businesses were asked for their experiences for the reference period 1st to 28th November 2021. However, for questions regarding the last two weeks, businesses may respond from the point of completion of the questionnaire (15th to 28th November 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.

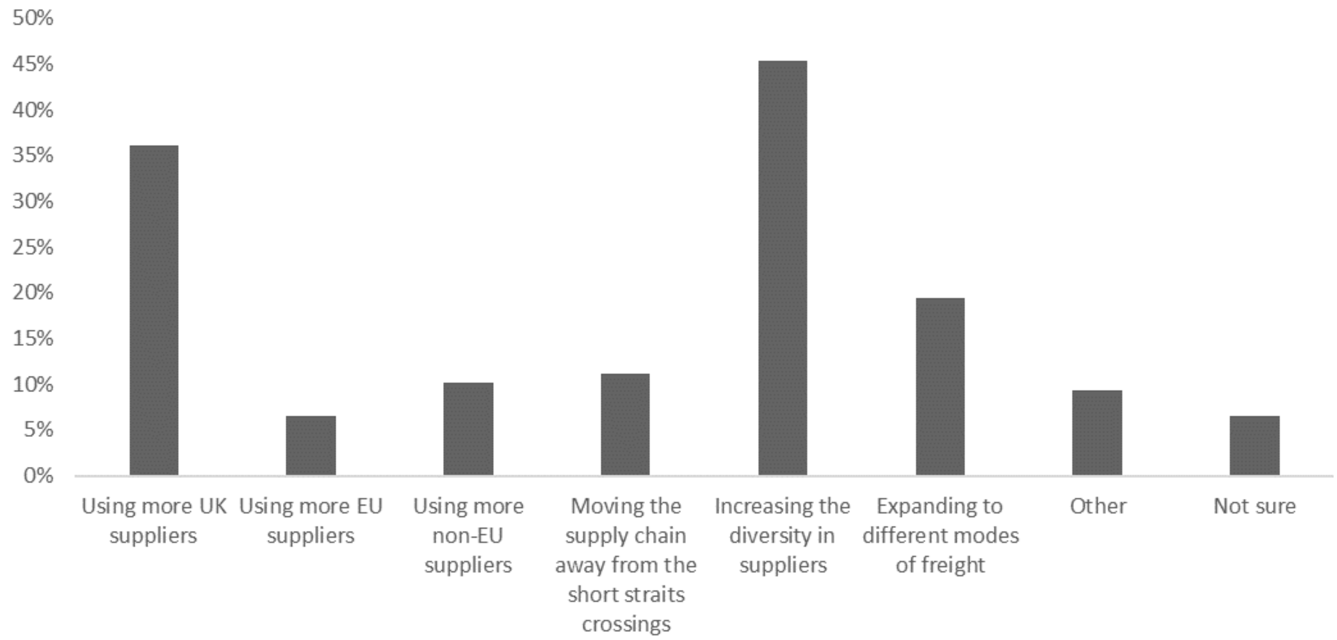
98.7% of responding West Midlands businesses were trading over the reference period, where 95.1% were fully trading and 3.6% were partially trading.

Supply Chains

Where applicable, 9.2% of West Midlands businesses have made changes to supply chains due to the end of the EU transition period.

45.4% of West Midlands businesses reported they had increased the diversity in suppliers due to the end of the EU transition period.

The following chart shows the ways West Midlands businesses have changed supply chains due to the end of the EU transition period:



33.3% of responding West Midlands businesses reported no extra costs due to the end of the EU transition period.

Where applicable in the last month, 47.8% of responding West Midlands businesses have been able to get the materials, goods or services needed from the EU. Although a further 8.1% of businesses reported that the materials, goods or services needed were only available when changing supplier or finding an alternative solution.

Where applicable in the last month, 66.2% of responding West Midlands businesses have been able to get the materials, goods or services needed from the UK. Although a further 13.6% of businesses reported that the materials, goods or services needed were only available when changing supplier or finding an alternative solution.

Stock Levels and Stockpiling

Excluding "not sure" or "not applicable" responses, 9.7% of responding West Midlands businesses reported that over the last month that stock levels were lower than normal when compared to normal expectations for the time of year. 42.3% reported stock levels had not changed and 15.7% of West Midlands businesses reported stock levels were higher than normal for the time of year.

Over the last month, excluding "not sure" responses, 24.3% of West Midlands businesses reported that COVID-19 had the greatest impact on stock levels. 6.3% of West Midlands businesses reported the end of EU transition period and 37.3% reported COVID-19 and the end of EU transition had the greatest impact on stock levels. 25.3% of responding West Midlands businesses reported other as the greatest impact on stock levels.

10.9% of responding West Midlands businesses reported they were stockpiling goods or materials.

Capital Expenditure

Excluding "not applicable" or "not sure" reponses, 6.7% of West Midlands reported that over the last two weeks that capital expendure was higher than normal when compared to normal expectations for the time of year. 56.2% of West Midlands businesses reported capital expenditure had not been affected and 10.6% reported it was lower than normal. 3.8% of responding West Midlands businesses reported capital expenditure had stopped.

Excluding "not sure" responses, 47.4% of West Midlands businesses reported that COVID-19 was the main reason for the change in capital expenditure. 5.2% of West Midlands businesses reported the end of EU transition period and 2.8% reported super-deduction were the main reasons for the change in capital expenditure. 33.7% of responding West Midlands businesses reported other as the main reason.

UKCA Marking

Excluding “not sure” or “no” responses, 4.6% of responding West Midlands businesses manufacture products that need a CE or UKCA marking. 7.5% of West Midlands businesses import products with a CE or UKCA marking and 5.6% distribute products with CE or UKCA markings.

5.5% of responding West Midlands businesses reported they were not aware that most CE marked products need to be UKCA marked from 1st January 2023 and 7.3% were not sure of the rules.

28.0% of responding West Midlands businesses are already using UKCA marking. 3.0% of West Midlands businesses are not aware of or do not know how to meet the requirements for the UKCA. 43.9% of West Midlands businesses are not using the UKCA marking but plan to by 1st January 2023. 3.0% of West Midlands businesses will not use UKCA marking as it is not relevant to the business or products.

Prices

Over the last month, 43.1% of West Midlands businesses reported prices of materials, goods or services brought had increased more than normal, 34.6% reported prices did not change any more than normal and 5.7% reported some prices increased and some prices decreased.

Over the last month, 17.5% of West Midlands businesses reported prices of materials, goods or services sold had increased more than normal, 60.5% reported prices did not change any more than normal and 4.6% reported some prices increased and some prices decreased.

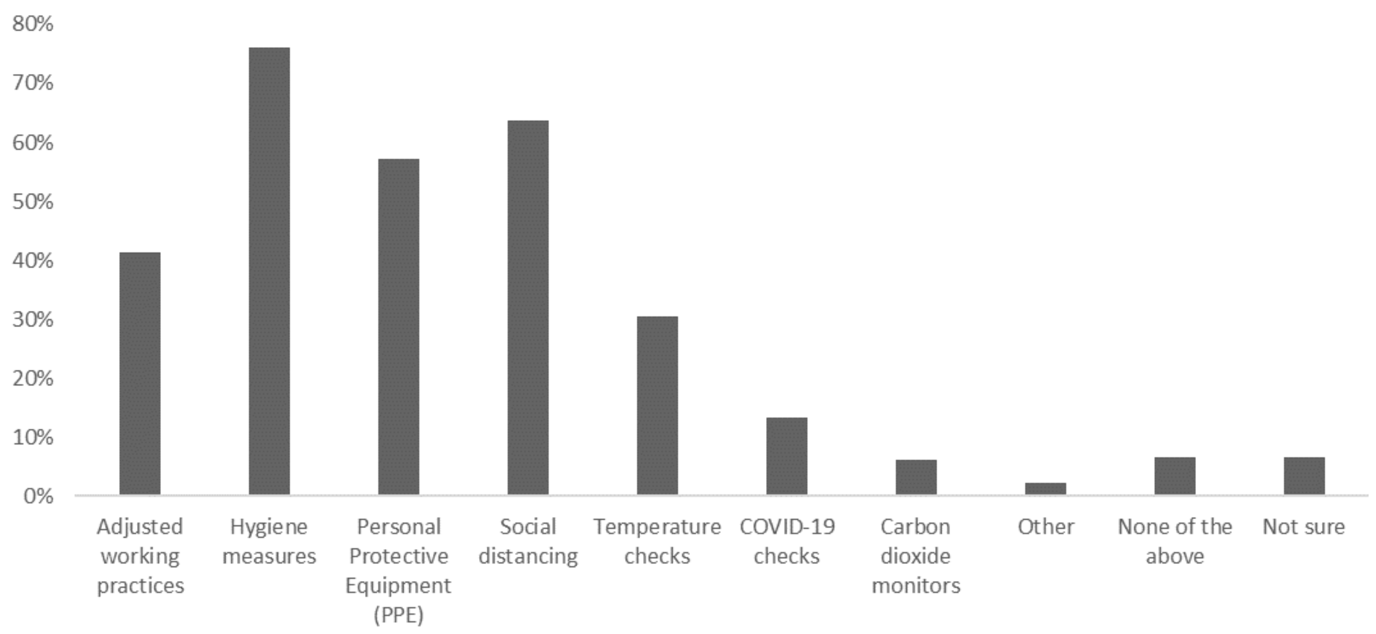
Increases in Demand

22.6% of responding West Midlands businesses reported an increase in demand for goods or services sold in the last month, with 60% reporting no increase.

Safety Measures and COVID-19 Testing

63.6% of West Midlands were using or intending to use social distancing as a safety measure against COVID-19 in the workplace.

The following chart shows for West Midlands businesses what safety measures are being used or intended to use if any in the workplace:



27.9% of West Midlands businesses are providing regular COVID-19 testing for its workforce.

Expected Redundancies

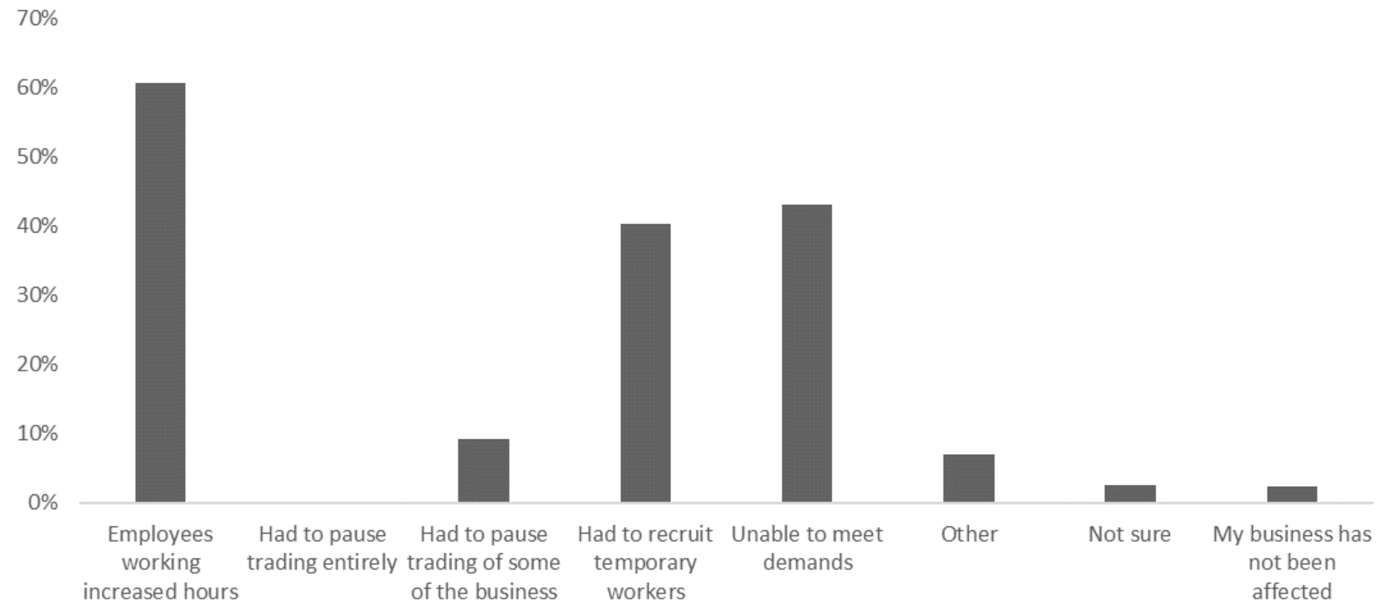
4.1% of West Midlands businesses expect to make redundancies over the next three months.

Worker Shortage

42.0% of West Midlands businesses are currently experiencing a shortage of workers, although 43.9% reported they were not.

Due to shortage of workers, 60.7% of West Midlands businesses reported employee hours were increased.

The following chart shows for the West Midlands how the shortage of workers affected businesses:



Staff Turnover

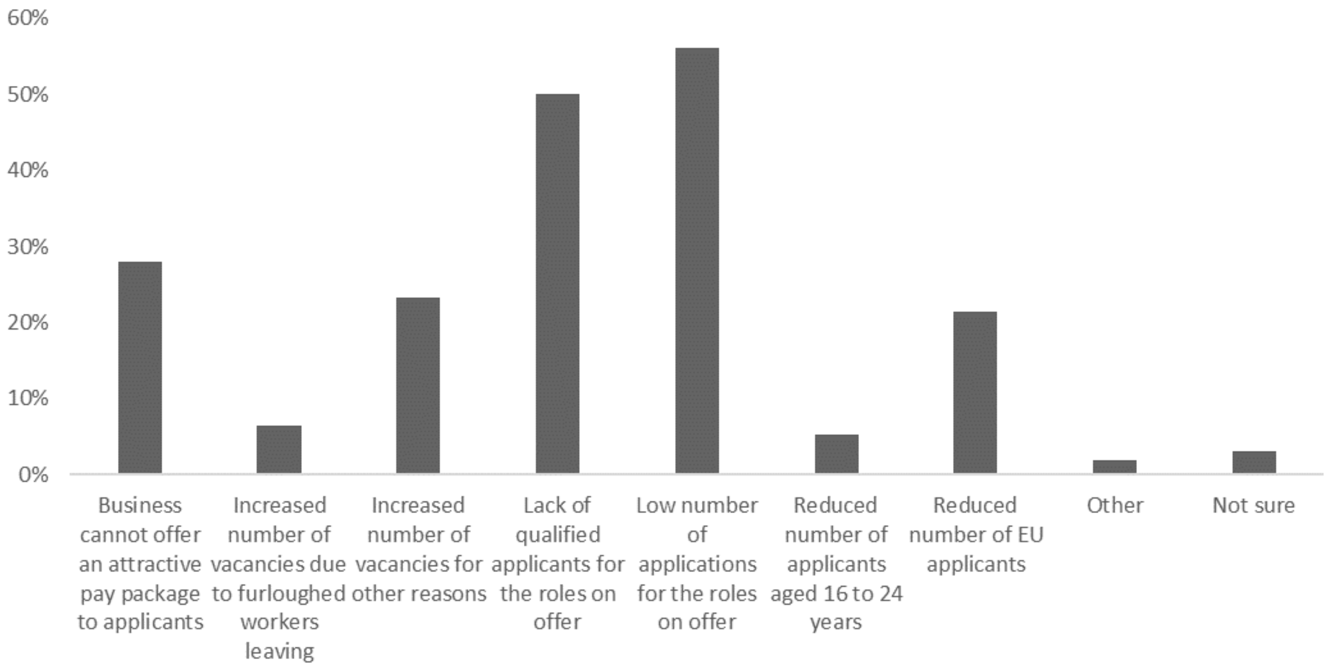
Where applicable and excluding "not sure" responses, 26.2% of responding West Midlands businesses reported that over the last month staff turnover had increased when compared to normal expectations for the time of year, 48.8% reported that staff turnover had not been affected. Approximately 2.1% of West Midlands businesses reported staff turnover had decreased over the last month compared to normal expectations for the time of year.

Vacancies

Businesses were asked how the ability to fill vacancies in the last month compare with normal expectations for the time of year. Excluding "not sure" responses, 1.4% of West Midlands businesses reported that vacancies were easier to fill. 23.6% of West Midlands businesses reported there was no difference in the ability to fill vacancies and 51.9% reported vacancies were more difficult to fill. 11.2% of West Midlands businesses did not have any vacancies to fill.

Where West Midlands businesses reported that vacancies were more difficult over the last month when compared with normal expectations for the time of the year, the highest response with 56.1% was "low number of applicants for the roles on offer".

The following graph shows for the West Midlands region why filling vacancies more difficult over the last month when compared with normal expectations for the time of the year:



EU and Non-EU Workers

Excluding “not sure”, “not relevant” and “prefer not to say” responses, 19.6% of West Midlands businesses reported the number of workers within the EU had decreased, 15.8% reported the number of employees from within the EU had stayed the same and less than 1% reported the number of workers within the EU had increased.

Excluding “not sure”, “not relevant” and “prefer not to say” responses, 4.0% of West Midlands businesses reported the number of workers outside the EU had decreased, 15.2% reported the number of employees from outside the EU had stayed the same and 1.2% reported the number of workers outside the EU had increased.

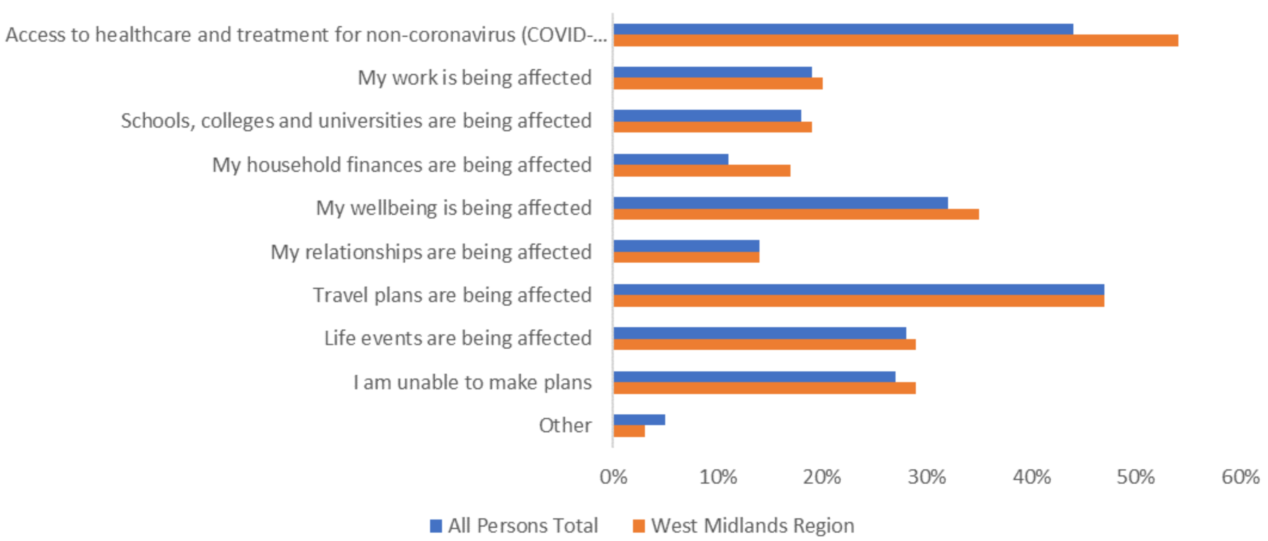
Social Impacts of the Coronavirus

The following refers to the period of 18th to 28th November 2021. Please note, only a selection of indicators at a regional level are included in the below.

The effect of the pandemic on life and household finances

54% of West Midlands adults reported that COVID-19 was affecting access to healthcare and treatment for non-COVID-19 related issues.

The following chart shows the ways COVID-19 is affecting adults:

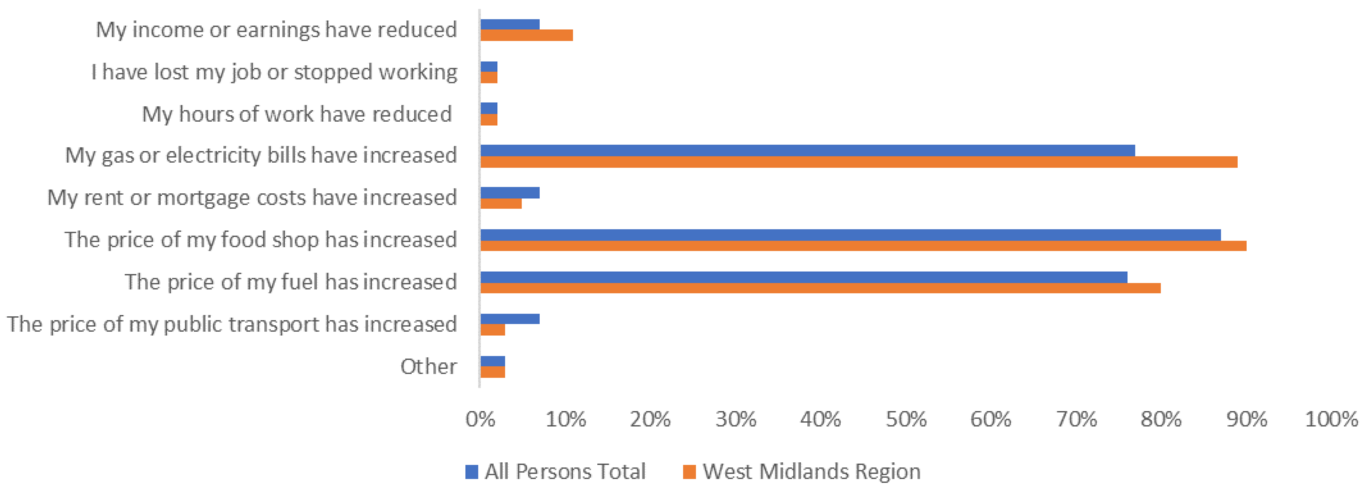


Cost of Living

67% of West Midlands adults reported the cost of living had increased over the last month (65% GB) and 37% of adults reported the cost of living had stayed the same (34% GB).

90% of West Midlands reported the price of the food shop has increased (87% GB).

The following chart shows over the last month, the reasons of how the cost of living has increased:



Financial Situation and Borrowing

21% of West Midlands households would not be able to afford to pay an unexpected, but necessary expense of £850 (26% GB).

15% of West Midlands adults have had to borrow more money or use more credit than usual in the last month compared to a year ago (16% GB).

38% of West Midlands adults reported in the view of the general economic situation, they would not be able to save any money in the next 12 months (33% GB).

Well-Being, Loneliness and Perceptions of the Future

Mean personal well-being scores for life satisfaction was 7.1 in the West Midlands (matching GB), worthwhile was 7.4 in the West Midlands (matching GB), happiness was 7.0 for West Midlands adults (7.1 GB) and anxious was recorded at 3.7 for West Midlands adults (3.8 GB).

10% of adults in the West Midlands reported low levels of life satisfaction (8% GB). 8% 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).

27% of adults in the West Midlands reported to often/always or some of the time to feeling lonely (24% GB). While 44% reported hardly ever or never feeling lonely in the West Midlands (48% GB).

6% of West Midlands adults believe it will take 6 months or less before life returns to normal (7% GB). While 8% of West Midlands adults believed it will take 7 to 12 months (10% GB). 38% of West Midlands adults think it could more than a year to return back to normal (33% GB) and 18% for the West Midlands adults thought it would never go back to normal (16% GB).

Impact on People's Life Overall

In the West Midlands, 45% of adults reported they were very or somewhat worried about the effect COVID-19 was having on their life (47% GB). 20% of responding West Midlands adults reported that they were somewhat unworried or not at all worried (matching GB).

LEP Level Intelligence

WMCA

WMCA Growth Hub Intel for WM Weekly Economic Monitor– 10th December 2021

HEADLINES

<table>
<tr><th>SECTOR</th><th>KEY INSIGHTS</th></tr>
<tr><td>Cross Sector</td><td>
<h3>Outlook</h3>
At the time of writing, businesses are becoming more concerned with potential further restrictions because of the new Covid variant; with firms concerned about restricted trading and decreased revenues over the winter months / Christmas period. With businesses still struggling and suffering from the impacts of the last 18 months there is a real strong desire to gain clarity and consistency on the support that will be made available for firms that are likely to be impacted by the new COVID measures and the wearing of face masks.
Some sectors are already affected, for example:

Hospitality faces more concern as Christmas parties and gatherings are cancelled due to fears over the Omicron variant.
The travel industry calls for Government support after the new rules were imposed around PCR testing and travel.
Retail businesses and small businesses are incredibly worried by the new face covering requirements and customers refusing to wear them.

More widely, according to PWC the UK economy continued its recovery in Q3 but economic polarisation is likely to see a return to sluggish levels of growth as consumer spending is squeezed in 2022/23. UK output in September 2021 was just 0.6 per cent lower than February 2020 levels due to a welcome acceleration in monthly growth. However, sectoral data presents a stark picture of the uneven nature of the recovery, with the normalisation of everyday activity being the main driver of growth, according to the latest PwC UK Economic Outlook.
UK GDP growth is expected to remain strong in 2022, at around 4.5-5.1 per cent, but PwC economists caution that this is primarily driven by the impact of base effects as the fall in output during the national lockdown a year ago skews the annual figures. Core underlying growth is expected to be relatively modest, marking a return to a low-growth period until at least 2023.
<h3>Labour Market</h3>
Many businesses are looking to continue their Covid recovery by recruiting for available positions but are faced with a lack of suitable, qualified and experienced applicants. Those that are qualified are being retained by employers with potentially unrealistic remuneration packages, increasing the cost of goods and services to the end customer.
Nationally and locally there seems to be a continued disconnect between high levels of unemployment and a record number of vacancies for both jobs and apprenticeships since the post-lockdown opening of the economy. Reasons for this are not always clear; rather they are complex and interrelated. To understand this labour market imbalance it is important to consider the following four points.

The Scale of the problem
The jobs on offer
Workforce (not) on offer
Routes to bridging the gap

</td></tr>
</table>

SECTOR	KEY INSIGHTS
	This current labour market imbalance is expected to **ease over the next 12 to 24 months**, although it is not expected to disappear altogether for some time. Whilst this problem is not unique to the UK, it is likely that Brexit has exacerbated some of the problems. Some businesses in the region have also reported a "Catch 22" situation as they are desperate for staff as they **cannot afford the wages of the skilled workforce** they require and cannot afford to invest the time to train apprentices or trainees. Labour and skills shortages are prevalent across sectors with some specific pinch-points still being relevant. For example, there is **ongoing demand HGV and other goods vehicle drivers** with companies concerned about fulfilling orders for goods, particularly as the Christmas period and deadlines draw closer. There are many drivers approaching retirement age, with the Road Haulage Association (RHA) estimating that **up to 20,000 HGV drivers from the EU left** during the Brexit process adding to a crisis that has left the country short of at least 90,000 drivers. HGV drivers are one example of **businesses struggling to recruit effectively for Christmas.** Separately, companies are becoming **increasingly confused and frustrated at unclear messaging around apprenticeships.** They are unsure where to go for support and whether they are able to access any financial support for recruitment of apprentices. This could be due to schemes coming to an end and being unclear as to when final deadlines are being enforced. **Trading Environment** Problems with supply chains persist, including **difficulties accessing materials, price rises and persistent challenges surrounding EU Exit rules.** Specifically: • The **cost and inconsistent availability of supplies**, particularly of aluminium and glazing, have led to stockpiling where usually businesses would have ordered what they need "just in time" to fulfil contracts. Knock on effect leading to **crowded storage areas and reduced productivity** as businesses having to work around supplies. • **Lead times on imports**, particularly from India noted, with very little communication or information from shippers as to the whereabouts of shipments and the expected delivery times. • **Automotive industry struggling with new car sales due to challenges in obtaining key components (semiconductors)**, additionally the pace of installing charging points is slower than the pace of which consumers are moving to purchase electric vehicles. Demand is much higher than the possibility to supply. • Businesses are still unclear about the **paperwork and requirements they must follow when trading with the EU.** Many have outlined the lack of detail and clarity for businesses on topics like working visa requirements, VAT, duties, GDPR and origin documentation. Overall, according to BDO mid-**sized businesses in the Midlands fear supply chain disruption will impact their ability to offer the usual range of products and services**. The bi-monthly Rethinking the Economy survey of 500 leaders of medium-sized businesses reveals **a third of businesses in the region are planning to increase the prices of their goods and services** as a result. To reduce these issues, businesses are still calling for support and grants help in association with EU trading in particular. There is, however, continued appetite to source products and consumables from within the UK and particularly from the **local supply chain, and via reshoring**. Businesses looking to get involved with National build projects, such as HS2, and who wish to tender for opportunities, realising the need to be "Bid **Fit" and looking for assistance and**

SECTOR	KEY INSIGHTS
	training so they can confidently bid for these contracts. More broadly there is a great opportunity in the region to build productivity and resilience through supply chains. **Enquiries and Support** Particularly **frequent enquiries of late for the region's Growth Hubs** include: • **Raising Finance** – Multiple enquiries from businesses looking to raise finance, outside of the usual grant streams. Some of these fall outside of usual eligibility criteria as they are either newer businesses with limited trading or are looking to raise finance to purchase stocks as the effects of COVID on Cashflow continue to be felt. • **Networking** – Physical networking events are restarting albeit tentatively. • **Property Searches** – Steady flow of new requests for property searches to meet the demands of business growth. Some existing searches ongoing for more complex Inward Investment opportunities. • **Exit/Acquisition/Merger Strategies** – A number of examples from businesses either looking to plan exit or sales strategies. On the flip side, a number of businesses that have performed well throughout the pandemic looking to acquire and/or merge with similar businesses to grow market share, increase production and become more profitable. • **Net Zero** – With Net Zero a national Government focus, a number of businesses are seeking ways to ensure clients and suppliers meet certain "green" standards and can demonstrate they meet sustainability ratings. Other businesses experiencing, that in order to be able to tender for contracts, they need to demonstrate that they operate a robust environmental strategy and have relevant policies in place. West Midlands LEPs and Growth Hubs continue to respond **to business-led challenges and specific enquiries, both at the business and strategic levels.** For example: • **Black Country Growth Hub went on tour** w/c 22/11 with a focus on retail businesses. Take up of appointments was strong with the main need being mentoring for businesses of varying sizes. • The **Greater Birmingham and Solihull Annual Conference** took place recently at Birmingham Symphony Hall with over 160 attendees to hear about 'Designed to Deliver'. Guests also heard what GBSLEP has achieved over the last decade, from improving skills across the region to the creation of jobs and investment in projects. • Backed by Coventry and Warwickshire LEP and Growth Hub, **over 3,600 firms have joined a website to access tender opportunities: FinditinCW.**
Low Carbon	• SMEs across all industries are **increasingly interested in calculating their carbon footprint** and investing in measures to become more sustainable and energy efficient. However, business owners are **concerned about being accused of greenwashing** if they invest in the wrong measures or incorrectly measure the initiatives they put in place. In some instances, potential negative PR in this regard is preventing them from taking positive action. • Some business leaders have attempted to improve the carbon footprint of their supply chain by sourcing sustainable components and methods of transport. However, the **challenges in the global supply chain and difficulty in sourcing specific components** – as well as the increased cost of commodities – have resulted in **businesses not being able to make the carbon reductions they otherwise would have been able to.** • The low carbon sector continues to experience **challenges with regards to recruitment and staffing,** with technical expertise being in high demand. The West Midlands is well placed to take advantage of talent coming out of the high number of universities in the region, but smaller innovators **face challenges with holding on to skilled labour** when faced with larger, better resourced and more mature competitors.

SECTOR	KEY INSIGHTS
Manufacturing	• Manufacturers are being **held back by a lack of access to funds, skilled workers and exporting, new research suggests.** • Make UK said its study showed that two out of five smaller manufacturing firms had the potential to expand, **but half believed problems recruiting skilled employees was now a top barrier to growth.** • Representatives of more than 50 of the Midlands' biggest manufacturers met in Leicester to discuss the **role the sector can play in the UK's levelling up agenda**. The event heard how boosting manufacturing will be key in creating regional growth, reducing the North-South divide and boosting wages for all.
Business, Professional and Financial Services	• A **Birmingham Business Pledge** was launched by leading city businesses- A contingent of the city's largest professional employers has launched the 'Birmingham Business Pledge' (the Pledge) as a declaration of intent to support the city's future.
Transport / Logistics	• Royal Mail has launched a dedicated LGV driver apprenticeship scheme - one of the aims of the academy is to fast track drivers to become qualified to drive medium goods vehicles (MGV) and large goods vehicles (LGV). • The LGV apprenticeship programme is designed for people with one to two years' driving experience, with the first apprentices set to start the year-long programme in the new year.

NEW ECONOMIC SHOCKS

COMPANY	LOCATION	SECTOR	SOURCE/DETAIL
Economy-Wide	Midlands-wide	All	Mid-sized businesses in the Midlands fear supply chain disruption will impact their ability to offer the usual range of products and services, according to new research from accountancy firm BDO. The bi-monthly Rethinking the Economy survey of 500 leaders of medium-sized businesses reveals a third of businesses in the region are planning to increase the prices of their goods and services as a result. Despite these pressures, 58 per cent of companies in the region expect to have their revenues return to pre-pandemic levels within 12 months.
Economy-Wide	Region-Wide	Industrial Development	Industrial land is now selling for more than residential in some parts of West Midlands; a tenfold increase in container shipping costs and China continuing to increase its prices for goods is driving a sea change in land usage in the West Midlands. Commercial property agents Siddall Jones are reporting that the price of industrial land is exceeding residential values in some parts of the West Midlands.

NEW INVESTMENT, DEALS AND OPPORTUNITIES

COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
MSC UK / Next Gen Makers	Wednesbury	Engineering / Manufacturing	Industrial supply business MSC UK has acquired a stake in Next Gen Makers, a move which it believes will help address the engineering skills shortage. MSC UK, based in Wednesbury, has a 49 per cent share in the organisation, which helps engineering and manufacturing businesses attract and retain skilled apprentices.

COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
nGeneration	Tipton	IT Services	A Black Country business that works with hospitality operators has moved to a new headquarters in Tipton. nGeneration, which was founded in 2001 by Caroline Cronin-Brunt and the late Bernard Cronin, two former corporate hospitality operators, is now in 20,000 sq ft premises at Vaughan Park, Sedgley Road East.
Bushell Group / Guardian Warehouse	Willenhall	Industrial Development	Work on the second phase of a £4 million investment into a 65,000 sq ft warehouse in the Black Country has started. The Guardian Warehouse logistics and storage facility in Willenhall is due to be completed in May and will increase the existing site to 280,000 sq ft with space for 34,000 pallets. The project will initially create 40 new jobs at the site
Metcloud	Birmingham	IT/ Security	A cloud and cyber security provider has secured a £1 million investment to help accelerate its growth. Birmingham-based METCLOUD has been awarded the funding through the Midlands Engine Investment Fund (MEIF) West Midlands Equity Fund. The company - which was launched in 2017 - is a cloud and cyber security provider which helps organisations to implement and adopt 'next generation' technologies such as artificial intelligence, machine learning and data analytics.
SLC	Birmingham	Rail	Rail station specialist, SLC, will be leasing space at 4 Brindley Place from January 2022. The company moves from its current location in the Jewellery Quarter into the 5,192 sq ft space and in addition, provides an external terrace area extending to 3,000 sq ft. The initial five-year lease has been agreed upon by landlord, Hines.
Chancerygate & West Midlands Combined Authority	Minworth	Logistics/ Industrial/ Manufacturing	£6m backing for new Birmingham industrial park - West Midlands Combined Authority has awarded £6 million in new funding to the £11 million scheme which will have 72,000 sq ft of industrial and trade counter space across 11 units and is expected to create 140 new jobs.
Stoford Developments	Leamington Spa	Real Estate Activities	Global plastics firm to create 115 jobs after signing up for huge new warehouse in Leamington Spa. A Birmingham property developer has started work on the construction of a huge new warehouse which is expected to create more than 100 new jobs in Leamington Spa.
Lidl	National	Retail	Supermarket giant Lidl plans to create 4,000 new jobs over the next three years as part of major expansion plans. Bosses said they expect to reach their target of having 1,000 stores by 2023 and set a new ambition for 1,100 sites by 2025. Sales jumped 12% to £7.7 billion and pre-tax profits hit £9.8 million after a £25.2 million loss a year earlier, according to the accounts.
Europa Capital	Birmingham	Property	Europa Capital, a pan-European real estate investment manager, has entered the Birmingham market with a forward funding agreement for a build-to-rent development of more than 200 apartments.
Grosvenor Health and Social Care	Wolverhampton	Health & Social Care	A Wolverhampton-based care provider is eyeing growth after securing investment from private equity investor Weight Partners Capital. Grosvenor Health and Social Care was formed in 1998 by former chief executive Ravi Bains and

COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
			is now made up of six sub-brands, which are supported by a team of 3,700 people.
Bridges Fund Management	Brierley Hill	Offices	Three units totalling over 80,000 sq ft have been sold as investments on Waterfront Business Park in Brierley Hill, demonstrating the development's appeal and potential. Units 2, 4 and 5, which are all fully tenanted, have been acquired by investors. Sized at 11,906 sq ft, 14,150 sq ft and 56,782 sq ft respectively, the sale of these units – which totals 82,838 sq ft, comes amid a flurry of activity at Waterfront Business Park.
Deponti Ltd	Rugby	Manufacturing	A European aluminium veranda and glass sliding door manufacturer is establishing its new UK base at a Logicor-owned site in Rugby. Headquartered in the Netherlands and with a presence in Belgium, France, Germany and Denmark, Deponti Ltd has taken ten-year lease on the 42,238 sq ft Midland 42. Midland 42 is a detached warehouse located on Midland Trading Estate in Glebe Farm.
Colleges in Coventry & Warwickshire	Coventry & Warwickshire	Technical Education	Colleges across Coventry and Warwickshire will receive funding of more than £5m as part of a pilot scheme to reshape technical skills training in the region. WCG (formerly Warwickshire College Group), Coventry College, North Warwickshire and South Leicestershire College (NWSLC), and Stratford-upon-Avon College will all receive a slice of the funding after a successful group bid.

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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