West Midlands
Weekly Economic Impact Monitor

WM REDI CITY REDI

Issue 72 Publication Date 18/02/22

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 commentary has focused on the Levelling Up White Paper, and the WMCA forecast provider Oxford Economics'[1] latest summary looks at the impact on UK cities and regions. Their assessment is:
"The Levelling Up White Paper contains nothing to cause us to revise our forecasts for the UK's various nations and regions, let alone the UK as a whole. It contains many fine sentiments but little that is new or significant. We forecast that southern regions will outpace all others, 2022-30".
Like many commentators, they highlight there is a long way to go to address the disparities in the UK.

Levelling Up
Commentary centres on a number of issues. A primary conclusion is that the solutions are too small. The White Paper sits within a set of strategies which may be coherent at a national level but are disjointed at the local level. In general, London and Whitehall have controlled the content with little local engagement. Some parts of the plans could make things worse, such as striking deals and competitive funding that is inefficient at all levels.

- Productivity differentials would still exist even if the economy is levelled up. Research by the Centre for Cities shows that levelling up policy will fail if it sets the same goals everywhere since different places (e.g. rural areas, towns, large towns, cities, large cities) perform different roles in the economy.
- A large number of disadvantaged areas have not been prioritised for the government's Levelling Up Fund according to research by the Salvation Army. This reflects how the criteria used to prioritise areas focus on economic recovery and growth, improved transport connectivity, and regeneration, rather than employment and future labour market and sector trajectories.
- Longer duration funding is essential. International research shows the importance of investing for the long-term if countries and city-regions want to reduce inter- and intra-regional inequalities.
- London should not fear levelling up as it is likely to benefit from increased productivity among cities and regions beyond London. This *"could well"* reduce some of the growing pressures on the capital and/or facilitate increased investment in London
- Given the scarcity of funding, it is vital that Levelling Up policies are knitted together and that stakeholders work together coherently rather than unnecessarily duplicating efforts or cutting across each other.
- The Government needs to 'join up' its approach to innovation funding so that DfE, BEIS and DLUHC work together to ensure that Higher Education is more closely aligned to the skills and business agendas as well as those of local and combined authorities.
- The Centre for Inequality and Levelling Up (CEILUP) has identified seven cross-cutting principles for government to support levelling up: 'Hyper devolve' power to local communities and areas in greatest need; Make civil society partners in levelling up; No one model of place exists to 'level up' to; Invest in 'social' as well as 'physical' infrastructure; Focus on real economic and social outcomes; Make long term financial commitments and monitor their progress; Avoid competition between places and people.

Economy

- Analysts are concerned that a Russian invasion of Ukraine will push the prices of oil over $100per barrel. On Monday oil prices surged over 2% to their highest in more than seven years.
- Covid is on the rise in China again, adding to fears that this will hit supply chains hard again and lead greater inflationary pressure. Daily cases have surged over 20 times in the past two weeks.
- The Bureau of Labor Statistics in the US announced this week that the Consumer Price Index had risen year on year by 7.5% in January, a level not seen since the 1980s. Britain is not far behind now at 5.5% and the eurozone hit 5.1% in January.
- The majority of countries suffering inflationary rises in Europe are facing these as a result of a supply chain issues and rapidly rising energy prices.
- The rate of inflation is out pacing wage growth, despite job vacancies reaching a record high since the being of the pandemic. Average weekly earnings, excluding bonuses, grew at an annual pace of 3.7% in the final quarter of 2021,

[1] Holt, Richard (2020); Research Briefing UK Cities and Regions. Oxford Economics

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

West Midlands Combined Authority UKRI Research England

according to the ONS. Given that employment remains high like inflation, many expect the Bank of England will raise interest rates again this year, following a rise in interest rate to 0.5%.

- The ONS reported that the UK economy rebounded in 2021 as Gross Domestic Product (GDP) grew by 7.5% following the easing of Covid-19 restrictions.
- EY say that the West Midlands is expected to be one of the slowest regional economies to recover from the pandemic due to the impact of Covid-19 on the automotive and manufacturing sectors. The region's gross value added (GVA) is forecast to be only 5.3 per cent larger in 2025 than it was in 2019. By comparison, the UK's GVA is forecast to increase by 8.3 per cent.
- Deloitte's Crane Survey suggests significant growth in new construction activity – both residential and office based – in Birmingham. For Birmingham, 18 projects broke ground in 2021 in comparison to 10 in 2020, with 34 schemes currently still in development.
- Business confidence in the West Midlands rose nine points during January to 39 per cent, according to the latest Business Barometer from Lloyd's Bank.
- The West Midlands Business Activity Index increased from 50.7 to 51.9 in January 2022. This indicates a quicker rate of growth, but was moderate and slower than those recorded in 2021. Firms reported the increase was due to new client wins, a recovery from the recent wave of Covid-19 and improved demand conditions.
- Out of the twelve UK regions, the West Midlands region was third lowest for the Business Activity Index in January 2022, with London the highest at 57.3.
- The West Midlands Future Activity Index increased from 79.8 in Dec 21 to 80.3 in Jan 22, with firms strongly optimistic that output would increase over the next twelve months. The overall level of confidence for firms was now at its highest since May 2021 and much stronger than the long-run series average.
- Out of the twelve UK regions, the West Midlands was third highest for the Future Business Activity Index in January 2022, with London the highest at 81.7 and Northern Ireland the lowest at 62.3.
- 25.5% of responding West Midlands business reported that turnover over the last month had decreased. While 52% of West Midlands businesses reported turnover had not been affected and approximately 11.5% reported turnover had increased. 46.4% of responding West Midlands businesses reported that Covid-19 was the main reason for the change in the business turnover.
- 69.2% of responding West Midlands businesses reported "exporting as normal" over the last month. 20.2% of West Midlands businesses reported "exporting, but less than normal". 1.4% reported "exporting more than normal" and less than 1.0% reported they "had not been able to export in the last two weeks".
- 34.0% of responding West Midlands businesses reported they had received a government-backed loan or finance agreement during the Covid-19 pandemic.
- 29.3% of West Midlands businesses reported they were using or intending to use increased homeworking as a permanent business model going forward. Of these businesses, the highest response as to why they were using or intending to increase homeworking at 81.8% was due to "improved wellbeing".
- Concerns among SMEs continue over proposed tax rises, rampant inflation caused by supply chain disruption, labour market shortages and soaring energy prices. There are calls for the Government to take swift action to reduce the pressures businesses are currently facing and to support business confidence as we emerge from the pandemic by: delaying the rise in National Insurance; maintaining lower levels of VAT; offering financial support for those suffering from huge energy bills; continuing reform of the business rates system.

Employment

- For the three months ending in December 2021, key indicators for the West Midlands Region:
  - employment rate (aged 16 – 64 years) was 75%. Since the three months ending September 2021, the employment rate saw an increase of 0.8pp.
  - unemployment rate (aged 16 years and over) was 4.9%, which has increased by 0.1pp since the previous quarter but a decrease of 1.4pp from the previous year.
  - economic inactivity rate (aged 16 – 64 years) was 21.0% - a decrease of 0.8pp from previous quarter and a decrease of 0.6pp when compared to the previous year.
- There were 160,440 claimants in the WMCA (3 LEP) area in January 2022. Since December 2021 there has been an increase of 0.1% (+160) claimants in the WMCA (3 LEP) area, while the UK decreased by 0.2%. When compared to January 2021, the number of claimants has decreased by 22.4% (-46,260) in the WMCA (3 LEP) area, with the UK decreasing by 29.2%. When compared to March 2020 (pre-pandemic figures), the number of claimants has increased by 36.4% (+42,850) in the WMCA (3 LEP) area, with the UK increasing by 42.9%.
- There were 26,635 youth claimants in the WMCA (3 LEP) area in January 2022. Since December 2021, there was a decrease of 1.7% (-460) youth claimants in the WMCA (3 LEP) area, below the UK decrease of 2.3%. When compared to January 2021, the number of youth claimants has decreased by 34.3% (-13,905) in the WMCA (3 LEP) area, with the UK decreasing by 42.0%. When compared to March 2020 (pre pandemic figures), the number of youth claimants has increased by 18.0% (+4,055) in the WMCA (3 LEP) area, with the UK increasing by 19.0%.
- The West Midlands online job adverts increased by 7.5 percentage points (second highest increase of all regions) and on the 4th February 2022 total online job adverts were at 157.8% of their average level in February 2020.

Brexit and Covid-19 Summary Impacts

- Analysis published by the Office for Budget Responsibility (OBR) (October 2021) suggests an overall decline in UK goods trade of around 15% is associated with the implementation of the Trade and Cooperation Agreement (TCA) with the EU at the end of the transition period and the UK's departure from the EU customs union and single market.
- Economic inactivity rates have risen over the course of the pandemic. This is a reversal of the long-term trend since the early 1970s. In recent months, increases have been driven by the 50-64 age group (ONS, January 2022). There has also been a marked decline in self-employment (not reflected in the pay-rolled employee figures).
- Figures collated by the Centre for Retail Research for 2020-21 suggest that more than a quarter of a million jobs and over 25,000 stores have been lost in retail since the start of the pandemic. Here we may be seeing evidence of one of the longer-term legacies of behavioural change associated with the pandemic.
- It is hard to overstate the potential significance of this behavioural change for many aspects of economic life. Fewer people commuting to city workplaces has obvious consequences for demand for city centre retail. It also has major implications for transport planning and service provision. Also affected is the nature of and demand for commercial property in cities. This in turn may have consequences for the property portfolios of investors – not the least of these being our pension funds
- Labour supply problems are now being widely reported by many businesses. This is a general problem, but also one that is particularly evident in sectors that were reliant on EU migrant labour prior to Brexit.
- The big story of late 2021 has been rising inflation, falling real wages and prospects of a cost-of-living crisis for 2022. This is a story that has been building for some time. Business surveys by organisations including the BCC, CBI, FSB and Make UK have been consistent throughout 2021 in reporting rising input costs as a major concern.

Global, National and Regional Outlook

Alice Pugh, WMREDI

Global

Analysts are concerned that a Russian invasion of Ukraine will push the prices of oil over $100per barrel. On Monday oil prices surged over 2% to their highest in more than seven years. Russia is one of the world's largest oil and gas producers, and fears that it may be preparing for a Ukrainian invasion have driven the prices of oil to closer to $100 per barrel. Brent crude rose $2.04, or 2%, to settle at $96.48 a barrel, after touching its highest since September 2014 at $96.78. U.S. West Texas Intermediate (WTI) crude rose $2.36, or 2.5%, to $95.46 a barrel.

So far this week there have been 'mixed messages' from Russia as it claims to be pulling back forces, however it is still continuing to run drills and engage in serious cyber-attacks on Ukrainian banks and government ministries. The Russian government has said that whilst it does not want war, there has been no constructive response to its proposal. Putin's main issue is the Ukraine potentially going to join NATO, however the Ukraine is not joining NATO. Whilst the Ukraine is free to ask to join NATO, many of the members are reluctant to allow them to join, as this will create tensions with Russia and given Ukraine would need all members to unanimously to consent to membership, it is unlikely that Ukraine would be able to join anytime soon. Additionally, according to polling the majority of Russian's do not want war and lower the level of public support, the less likely Russia is to invade.

Covid is on the rise in China again, adding to fears that this will hit supply chains hard again and lead greater inflationary pressure. Daily cases have surged over 20 times in the past two weeks, leaving health infrastructure struggling to cope. It is likely that stricter restrictions will be placed on the supercity in recent weeks and this is given that the area still has some of the most restrictive socialising policies globally.

Inflation is rapidly rising globally. The Bureau of Labor Statistics in the US, announced this week that the Consumer Price Index had rose year on year by 7.5% in January, a level not seen since the 1980s. Britain is not far behind now at 5.5% and the eurozone hit 5.1% in January. In the US supply chain issues coupled with rising demand continue to inflate the prices of fuel, rent, food and other essentials. Whilst inflation has hit everyone hard, it is hitting the lowest-earning fifth, hardest in the US, who already pay 83% of their income on housing. In order to tackle the inflation, the Federal Reserves is now considering rising interest rates.

The majority of countries suffering inflationary rises in Europe are facing them as a result of a supply chain issues and rapidly rising energy prices. Most European countries import the majority of their energy from elsewhere, meaning they are more susceptible to global energy prices changes. However, there are a number of other issues faced by European countries, which are adding inflationary pressure, such as labour supply shortages, high demand for specific goods and services and VAT rises. Even in Germany where the minimum wage has been risen by 20%, few are expected to feel enough of a lift to be able to make up for higher living costs.

National

UK Inflation has now reached its highest rate in 30 years, further squeezing living standards and increasing pressure on the Bank of England to raise interest rates again. Consumer prices rose at an annual rate of 5.5% last month, up from 5.4% in December and well above the 0.7% recorded in January 2021, according to ONS. Inflation in January was more than double the BoE target if 2%, the highest since March 1992 when inflation reached 7.1%. If inflation continues to rise in this manner though, the Bank of England is forecasting that inflation will rise to over 7%, the Resolution Foundation has stated that this would be the deepest squeeze on living standards in six decades.

Currently, the rate of inflation is out pacing wage growth, despite job vacancies reaching a record high since the being of the pandemic. Average weekly earnings, excluding bonuses, grew at an annual pace of 3.7% in the final quarter of 2021, according to the ONS. Given that employment remains high like inflation, many expect the Bank of England will raise interest rates again this year, following a rise in interest rate to 0.5%. The number of job vacancies has now reached its highest level since records began, hitting 1.3m in January, with the ratio of vacancies to employees rising to record highs in many sectors.

Regional

A new £1.8m electric vehicle and retrofit training facility in Coventry is set to help the West Midlands rise to the industrial challenges of climate change, prepare learners for careers in emission-free motoring, and build the homes of the future.

Coventry College has revealed plans to help employers and Motor Vehicle and Construction students prepare for a zero-carbon future with the launch of a new dedicated training centre after securing capital investment from the Government's Strategic Development Fund (SDF). Launched as part of the college's 'Charge Up Your Future' campaign, it will be the first site of its type in Coventry and Warwickshire and is expected to open in March 2022 alongside a suite of new programmes. The college will provide businesses with the skills and knowledge to capitalise on industry opportunities and students with practical experience in electric vehicles technologies. Charge Up Your Future will be delivered under the Skills Accelerator programme, which is a part of the Government's plan in reshaping the technical skills system – with a total of £5m awarded to Coventry and Warwickshire colleges to ensure the region's educational provision meets the demand for skills.

An Innovate scheme set up by the WMCA to fund training for small and medium-sized enterprises (SMEs) has secured in excess of £32m, helping more than 2,280 people learn new skills. The apprenticeship levy is charged by HMRC and held centrally by government. Businesses across the country can apply for funding to pay up to 95% of the costs of training their apprentices. Unspent levy contributions are 'sunset' and retained by government after a two-year period. Under the WMCA's deal, regional organisations can transfer their unspent levy to the combined authority's fund – keeping the money within the region and avoid the risk of it being sunset. To date, a total of £32.7m has now been pledged to the scheme with 725 SMEs benefiting from the fund.

New Report: What Is Levelling Up and Can It Work?

Dr Abigail Taylor, WMREDI

Dr Abigail Taylor summarises key findings from a recent report published by the Centre for Inequality and Levelling Up to which she contributed.

The Centre for Inequality and Levelling Up (CEILUP) at the University of West London has published a collection of contributions and perspectives from a range of contributors across policy, politics, and academia examining what levelling up is and whether it can work. I was delighted to contribute some thoughts on how the UK can learn from international experience to level up.
In this blog, I first summarise the focus of the different sections of the report. I then draw out some of the key messages in the chapter that I contributed. I end by discussing the seven principles of levelling up and the Levelling Up 'Policy Wheel' presented at the end of the report which builds on arguments across the essays in the collection.

What do we learn from the different contributions in the report?

Section 1 of the report defines levelling up.
Contributions aim to: discuss the meaning of levelling up; examine levelling up, equality and opportunities (suggesting that to achieve a more meritocratic society greater attention needs to be paid to addressing cultural and social barriers to taking up opportunities); and analyse longer-term systemic issues which strongly influence the levelling up debate in the UK context. The chapters emphasise the opportunities offered by Levelling Up to improve social mobility and inequality of opportunity across the UK. However, given the extent of structural inequalities and concentrated economic growth and power in the UK, they call for a **collective cross-party, people-centred approach to levelling up** based around long-term strategies, empowering local communities and achieving balance between market economics and redistributive interventions. Essential to achieving this is clearer objectives about what levelling up policies really seek to achieve.

***Section 2 focuses on levelling up and place*. The chapters include several interesting charts demonstrating that:**

1. a local authority's score on the Index of Multiple Deprivation is only weakly correlated with its Brexit vote. A stronger **correlation exists between Local Authority's scores on the Community Needs Index and its Brexit vote**.
2. **Productivity differences** across the UK would still exist even if the economy is levelled up. Research by the Centre for Cities shows that levelling up policy will fail if it sets the same goals everywhere since different places (e.g. rural areas, towns, large towns, cities, large cities) perform different roles in the economy.
3. A large number of **disadvantaged areas have not been prioritised** for the government's Levelling Up Fund according to research by the Salvation Army. This reflects how the criteria used to prioritise areas for the Levelling Up Fund focus on economic recovery and growth, improved transport connectivity, and regeneration, rather than employment and future labour market and sector trajectories.

Another contribution in section 2 argues London should not fear levelling up as it is likely to benefit from increased productivity among cities and regions beyond London as this "***could well***" reduce some of the growing pressures on the capital and/or facilitate increased investment in London. An insightful piece on levelling up and social mobility analyses how the University of Derby has developed wide-ranging partnerships to support this agenda and incorporated social mobility into its Strategic Framework. It stresses the "***clear role of higher education in place-based interventions that link widening access, research and innovation to benefit social mobility and the levelling up agenda to improve livelihoods and opportunities***". The section ends with a contribution by the Leader of Stoke-on-Trent City Council which had a vision for transforming the city before the government launched levelling up, and has since secured funding for three projects through the Levelling Up Fund. It exemplifies some of the challenges faced by local leaders in delivering large-scale projects as a result of budgetary pressures following spending cuts and the short-term nature of the current competitive funding model.

Section 3 examines how we can make levelling up happen:
The first two contributions provide insight into how education systems could be developed to support levelling up. They stress the role of **developing lifelong learning and skills strategies** including support for specific groups (e.g. age, background, disability, or professions) to address inequality and the role of small and modern **universities** in

regional levelling up through supporting local growth and productivity. Another contribution argues that policy should focus on the **hyper-local** neighbourhood level, prioritising support for the most deprived and 'left behind communities' through investment in community leadership capabilities and social infrastructure. The importance of **improving the delivery of public service**s across the UK in reducing inequalities is developed further in the next contribution which identifies "***a direct link between efficient public services, such as healthcare and education, and economic growth***". Other contributions explore two other aspects of the levelling up agenda: inequalities within the **world of work** and the importance of considering **net-zero and levelling up** as **mutually reinforcing.**

Thoughts I shared in the report

The chapter I contributed summarises findings from research published by the Industrial Strategy Council in early 2021 examining international examples of effective place-based interventions that have led to "levelling up". In the research, we looked at how Estonia, San Antonio, Greater Lille, and the Ruhr region have approached economic and social renewal. The report identified six 'foundations' – or cross-cutting themes – for levelling up which were important in supporting local economic growth in the case study places:

1. Scale and longevity of investments,
2. Collaboration,
3. Making places attractive to live in,
4. University and innovation,
5. Investing in transport and digital infrastructure,
6. Skills and future sectors.

I used the findings of the Industrial Strategy Council report to provide insights into current debates regarding the direction of levelling up policy in the UK. Key points I make in the chapter include that:

- International research offers examples of how levelling up can be achieved. It emphasises the importance of large-scale capital and revenue investment over time.
- However, to best learn from international experience, there is a need to clarify the aims and scope of levelling up policy.
- A series of key questions exist in relation to the optimal direction of levelling up policy in the UK. For example, is there political will to establish a levelling up equivalent of the Office for Budgetary Responsibility? Establishing such an independent body could be one way to maintain a focus on levelling up and support the development of clear evaluation and monitoring arrangements of policies designed to level up.
- Developing a framework that is flexible enough to cope with regional and sub-regional inequalities across the UK is imperative.

Seven Principles of Levelling Up and a Levelling Up 'policy wheel'

The report concludes by setting out an agenda for levelling up. Written by Professor Graeme Atherton, Head of CEILUP, this chapter draws on all the contributions in the report to identify seven cross-cutting principles for government to support levelling up:

1. 'Hyper devolve' power to local communities and areas in greatest need
2. Make civil society partners in levelling up
3. No one model of place exists to 'level up' to
4. Invest in 'social' as well as 'physical' infrastructure
5. Focus on real economic and social outcomes
6. Make long term financial commitments and monitor their progress
7. Avoid competition between places and people

These principles are accompanied by a 'policy wheel' designed to be a starting point for the development of systems-based thinking approach to levelling up:

The Levelling Up Policy Wheel

To find out more about the perspectives and arguments developed in the report, download the full report here.

The Levelling Up White Paper is Here – Some Challenges and Key Points to Welcome

Dr Abigail Taylor, Professor Anne Green and Professor Simon Collinson, WMREDI

Dr Abigail Taylor, Professor Anne Green and Professor Simon Collinson take a look at the recently published Levelling Up White Paper, to assess the likely success of these policies in addressing regional inequality.

The Levelling Up White Paper indicates how the government intends to level up the country through enabling regional economies to grow faster – to improve productivity and capacity to create wealth – and also prioritising reducing inequalities within and between regions. But what does City-REDI's work suggest for the likely success of these policies?

Funding

Clearly, there is not a lot of money available at the moment. Indeed, some of the money that has been announced today had already been announced previously; for example, the brownfield funding and the Homebuilding Fund. Ideally, more new funding is needed across the 12 Levelling Up missions. However, this is likely to be challenging in the current fiscal context and so we need to make sure that we use the money that is available wisely.

We need to think about the **duration of the funding** designed to support levelling up. Looking at some of City-REDI's international work, the importance of **investing for the long-term** is clear if countries and city-regions want to reduce inter- and intra-regional inequalities. For example, a report published on 1st February with CIPFA, the Chartered Institute for Public Finance and Accountancy, drawing on research and interviews that we carried out in Cleveland in the US, Fukuoka in Japan, Nantes in France and Leipzig in Germany, found that a commitment to scale and longevity in funding was imperative in how all of these places have overcome significant social and economic inequalities in recent years. In Leipzig, continuity is supported through a minimum funding commitment of 15 years, while in Cleveland the city's flagship project is based on a 20-to-30-year horizon. Our research suggests that to achieve the missions set out in the White Paper, there needs to be a focus on sustained longer-term funding.

Another challenge in England is that there are numerous **different funding pots** and **there has not been the opportunity to evaluate these seriously** over recent years. It is clear that more precise interventions and better evaluation of the impact of policies in different places is necessary. The National Audit Office published a report on 2nd February which was critical of how previous local economic growth policies have been evaluated. It found that the Department for Levelling Up, Housing & Communities "***has a poor understanding of what has worked well in its previous local growth programmes because it has not consistently evaluated them***". The government has outlined measures to achieve certain improvements by 2030. It is positive that it has committed in the White Paper to producing an annual report on progress in relation to the missions and to setting up a new Levelling Up Advisory Council. This suggests that the right accountability mechanisms are being put in place.

Structures and Institutions

At the same time as being one of the most regionally unequal countries in the developed world, the UK is one of the most centralised in terms of fund-raising (taxation) and spending powers. The White Paper sets out steps for **enabling greater devolution of powers**. Importantly, it sets out to **build on structures and institutions that already exist** rather than starting again entirely. Nine areas will be invited to agree new county deals and seek to agree further Mayoral Combined Authority deals, extending devolution across England. The LIPSIT project which examined organisational arrangements of local and regional governance in the UK, argued that ***"there is insufficient time to create a perfect system of local and regional governance***" to support levelling up and that focus should instead be placed on reforms that can make a big difference and be implemented relatively quickly. The staged approach announced in the White Paper fits with the finding of research conducted by the Industrial Strategy Council and City-REDI that there is "***no one optimal scale at which to implement devolution in the UK***".

Stakeholders

Given the scarcity of funding, it is vital that Levelling Up policies are **knitted together and that stakeholders work together coherently** rather than unnecessarily duplicating efforts or cutting across each other. UK policy has tended to operate in silos. Examples include separating infrastructure investment like HS2 and housing developments, from skills programmes, or business support schemes or investment in university R&D and innovation. **Better joining up**

skills, public R&D investment and evaluation will be important in up-skilling people to work in new sectors (such as the digital and creative industries and life sciences), and in improving productivity and reducing inequality. WMREDI work offers insights into these policy domains and how they can be brought together:

1. Recent research on skills has examined graduate attraction and retention rates at the regional scale identifying substantial regional differences in graduate pathways. It suggests more equitable distribution of R&D expenditure nationally could offer opportunities for the further development of specific sectors and high-level skills (such as STEM-related capabilities) across the UK.
2. WMREDI have conducted detailed analysis of investment in R&D in the West Midlands and the role of R&D funding in and with universities in achieving sustainable and inclusive growth.
3. The WMREDI Evaluation Lab is supporting the development of evaluation capacity and methodological innovation to enhance evidence-based practice and policymaking in the region and nationally. The lab brings together researchers with knowledge of many of the Levelling Up missions including employment support, R&D and devolution.

Conclusion

Overall, the White Paper appears to set out some important accountability measures vital to achieving levelling up but the value of funding available is less than ideal. Given the lack of money currently, continuity of funding and policy direction, as well as a joined-up approach to policy and partnerships across government departments, central and local government and other sub-regional players, is likely to be fundamental to whether the levelling up agenda succeeds.

Levelling Up: Four Problems With Boris Johnson's Flagship Project

Dr Jack Newman, Bennett Institute for Public Policy, Professor Simon Collinson, WMREDI, Professor Nigel Driffield, Warwick Business School and Professor Nigel Gilbert, University of Surrey.

Dr Jack Newman, Professor Nigel Driffield, Professor Nigel Gilbert and Professor Simon Collinson discuss some of the issues with the new Levelling Up White Paper.

The UK government has revealed its plan to level up the country – a white paper setting out policies to tackle inequality between places. The plan comes at a defining moment. It's widely seen as the key to holding on to the constituencies that delivered victory to the Conservatives in the last election. But to succeed, it has to work in practice. All the signs in this respect point to failure. The plan is neither ambitious enough nor coherent enough to work.

The plan digested

To understand what the government is trying to do, we need to understand how it is setting out the problem. It identifies six "capitals": physical capital (e.g. infrastructure and housing), human capital (e.g. skills and health), intangible capital (e.g. ideas and innovations), financial capital (e.g. business finance), social capital (e.g. community and trust), and institutional capital (e.g. local leadership). The places that have an abundance of these are in a virtuous circle, where the different capitals reinforce one another. Places that are struggling are in downward spirals. The idea is to increase the UK's stock of these capitals and, crucially, to begin to close the gap between the best and worst performing areas by 2030.

The proposed solutions are organised into four areas.

There are policies that aim to grow the private sector to boost productivity, pay, jobs and living standards. Policies here include freeports, redistribution of R&D investment and transport improvements.
Next, policies to spread opportunities and improve public services, including 55 "education investment areas" and measures to improve skills. Improving health through changes to school meals and a new tobacco control plan are also part of this area.

Third, there are policies to restore a sense of community and local pride, including 20 town regeneration projects, along with a range of smaller projects, such as new football pitches and out-of-school activities. There are also attempts to redistribute housing investment outside of London and create minimum standards for rented homes.

Finally, there are policies to empower local leaders and communities, spreading devolution by negotiating county devolution deals led by county "governors", and to deepen existing English devolution. However, while many of these aims are laudable, the plan is ultimately flawed – in four important ways.

Problem 1: big problem, small solutions

On the plus side, the levelling up policy is grounded in a thorough base of research on spatial inequality in the UK. There is a good understanding of the scale and nature of the challenge ahead. However, this is not matched by the scale of investment or the proposed solutions. Missing are a clear set of mechanisms that break the vicious cycles in places that are lacking in the "six capitals".

Problem 2: where are the local strategies?

This policy is huge. The sheer range of policies shows that the government has realised that levelling up has to be truly cross-sector if it is to work.
However, this is not a cross-sector strategy for each place but a disjointed and centrally designed package. The policies target lots of issues but do not coherently target individual places. The "six capitals" and "four policy areas" may offer a coherent system of thought for those at the centre but they sit alongside an incoherent collection of policies. And it's the latter that really matter to a town or city that feels left behind.

This kind of work has to be done at the local level because places face different challenges and have different growth potential. Our research shows, for example, that matching the supply and demand of skills at a high level is crucial

for turning around failing local economies. But this only works if a local place uses a strategy that takes account of both the structure of the economy (skills demand) and the system of education and training (skills supply). Without this, our research shows that places resort to focusing on job numbers rather than quality and productivity – and risk being pulled into a low-productivity, low-skills equilibrium.

Problem 3: London is still in control

The UK is the most centralised political economy in the OECD. One of the biggest problems is that levelling up is, in essence, another centrally designed programme of interventions, some of which will be delivered by local government. The devolution plans are welcome but ultimately, levelling up is going to happen from Whitehall. In fact, devolution and reforms to local government are just one of the 12 listed missions that make up the levelling up agenda (and incidentally the twelfth). This mission should have been the central theme through which everything else would be delivered. And it needs to happen first rather than being drawn out for another decade.

Problem 4: some plans will make things worse

The existing system for distributing money is highly complex and the plan is to simplify it – which is a positive step. However, it still entails the centre striking deals with local areas and funding projects through competitive bidding. This approach is highly inefficient and is disliked by those in local government. The places best positioned to bid and make deals are not necessarily the places that need levelling up, so inequality could be aggravated. Instead, money should be allocated through a stable funding formula that prioritises places that are most in need.

Ultimately, our research shows that what's needed are reforms to how local areas and regions are funded, governed, and organised to provide a more solid structure on which to build.

Otherwise levelling up is likely to lead to a scattergun approach. Small improvements will be made here and there that do not connect together into a virtuous cycle of transformational change. It's doubtful that this will make enough people feel that their local area has really improved – and it is on this feeling that the government's future electoral hopes hang.

This blog was written by Dr Jack Newman, Research Associate, Bennett Institute for Public Policy, Professor Simon Collinson, City-REDI / WMREDI, University of Birmingham, Professor Nigel Driffield, Enterprise Research Centre, Warwick Business School and Professor Nigel Gilbert, University of Surrey.

It was first posted in The Conversation.

University R&D and Innovation Are Essential to Government Ambitions for Levelling Up

Professor Simon Collinson, WMREDI

Professor Simon Collinson highlights the significance of University R&D to regional economics in the UK and why this is so important for levelling up.

This blog was first posted on the Birmingham Brief.

The benefits of economic growth and wealth creation are usually distributed unevenly. Dealing with the increase in socio-economic and spatial inequality requires consistent policies, intelligent government intervention and local leadership. This adds to the challenge of achieving balanced growth under current conditions.

Uneven growth in the UK in recent years has increased the divide between lower-skilled, lower-income (and less healthy) communities and higher earners in more affluent places. Investments that improve regional productivity (higher GVA/capita), or prosperity, can tend to benefit higher-skilled, higher-income communities, often by improving employment prospects for this group more than others. As higher-paid employment opportunities grow in one place, so do living costs, displacing lower-skilled communities, and reducing their access to employment. So over time, improved prosperity can be at the expense of higher levels of inequality, with distinctive spatial divides. The 7-part Index of Multiple Deprivation helps map some of these relationships, linking ***Income Deprivation***, ***Employment Deprivation*** and ***Education, Skills and Training Deprivation***, with ***Health Deprivation*** and ***Disability, Crime, Barriers to Housing and Services***, and ***Living Environment Deprivation***. All of which presents a difficult trade-off for policymakers who need to intervene and invest in more precise and targeted ways to achieve balanced growth.

The Regional Contribution of Universities

The direct and indirect economic contributions of universities are reasonably well-known. Local procurement, job-creation and spending by staff, students, and visitors, drive multiplier effects, supporting jobs and economic activity more widely. There are also significant cultural and creative, civic and community contributions of various kinds. But universities are also an important source of R&D, innovation, and skills which benefit local firms and public sector organisations.

A report by London Economics suggests that as much as half of the total economic contribution of a university can be attributed to the 'impact of research and knowledge exchange'. For Oxford University, the focus of the report, this amounts to £7.9 billion (and 28,000 jobs) out of a total impact of £15.7 billion. This is a significant amount and consists of 'research activities' (accounting for 29%) and 'knowledge exchange activities' (22%). In turn, a sizeable proportion directly benefits the wider region, in this case, an estimated £6.7 billion of impact in the South-East of England. This is more than the impact generated by university spending (£6 billion) and far larger than teaching and learning activities, 'educational exports' and the University's contribution to tourism combined.

What does university-based R&D bring to a region?

R&D investment in universities, via government funding and/or private sector partnerships, creates a wide range of outputs and outcomes. It can:

- Leverage additional, matched investment from business to a specific region focused on a particular area of innovation, strengthening links between basic and applied R&D.
- Attract, directly and indirectly, a larger number of higher-GVA jobs, local investment in facilities, technologies and capabilities, R&D-intensive firms and FDI (foreign direct investment).
- Enhance the innovative capabilities and competitiveness of local firms through technology transfer, knowledge exchange, spill-over effects, and new skills.
- Cause higher levels of student (skills) retention and entrepreneurial spinouts and start-ups, alongside intellectual property (IP) licensing, which also improves attractiveness and inward investment.
- Resulting in agglomeration effects, attracting specialist investment in new industry clusters and a rise in sector-specific entrepreneurship.

Strong alignment between university-based R&D and the local innovation ecosystem helps maximise this impact. This is where the 'supply' of technology, skills, entrepreneurial start-ups, or knowledge matches the demand for

innovation inputs from local firms and other organisations. Innovation intermediaries (or STEM+M assets) which bridge universities and local businesses, such as the Manufacturing Technology Centre (MTC) or Tyseley Energy Park (TEP) in the West Midlands, can strengthen this alignment, as discussed at a recent Science and Technology Select Committee evidence session. But alignment also relates to the specific kinds of absorptive capacity in a region, and a wider set of economic conditions, including levels of productivity and industry sector specialisation, and local growth challenges from infrastructure limitations to skills gaps.

Where and how can this contribute to regional levelling up?

The above impacts can drive indirect benefits for lower-income communities through multiplier effects across a region. But much more needs to be done to improve the fit between the supply and demand sides of innovation. One approach is to further incentivise universities to focus on local needs and invest more in the kinds of intermediary organisations outlined above. This could, for example, build on the Strength in Places Funding (SIPF) model and Catapults with a regional focus as part of a place-based innovation strategy. By emphasising up-skilling and support for SMEs, and by locating investments in lower-income communities (as in the Tyseley Energy Park example), the levelling-up impacts would be greater.

But R&D investment can also directly target innovation in public services, transport and housing infrastructure improvements, crime prevention and healthcare, reducing the costs and/or raising the quality and improving the living conditions, life chances and opportunities for the most deprived. For example, innovations to improve early diagnosis and better interventions for obesity-related diseases, such as heart disease and type 2 diabetes, would disproportionately help more deprived communities as well as reduced healthcare costs and improve the time taken for sufferers to return-to-work.

All universities can provide examples of similar kinds of contributions they have made, particularly through the Covid pandemic, but a larger volume and wider variety of targeted R&D is needed to cope with the growing disparity between those that have increasingly more income, assets, opportunities, health, and wellbeing and those that have less.

These issues were discussed at a Roundtable hosted by WMREDI at the University of Birmingham and Universities UK (UUK), on Dec. 17th, 2021, organised by DevoConnect and chaired by Lord Bob Kerslake, with a keynote by the Minister for Science, Research and Innovation, George Freeman MP. 'Levelling Up: The key role of university R&D in unlocking innovation and green growth in places.'

The key learning points and messages that we heard from the many and varied informed and insightful contributions were:

- The Minister and Government 'get' that science and innovation are integral to the delivery of the recovery from the pandemic and to the delivery of its two other overarching priorities: levelling up and net-zero
- Building the Innovation Nation must complement rather than damage the UK's progress towards being a science superpower
- University R&D is already working well and delivering economic benefits especially where it is linked to strong public and private leadership and the skills agenda
- Building the Innovation Nation depends on strengthening as well as increasing the numbers of Clusters of Excellence: these are the sub-national ecosystems focussed around University R&D that will innovate and then nurture the translation of science into growth
- There is a need for the university community to focus on the immediate and practical next steps that will deliver more investment in regional innovation outside the 'golden triangle'
- UK regions vary significantly in their future growth potential and the degree to which they can translate R&D investment into improved productivity, sustainability, or inclusivity. Public R&D investment can catalyse private sector investment in high-potential regions but needs to be more precisely targeted using improved analysis of these local differences.
- The Government needs to 'join up' its approach to innovation funding so that DfE, BEIS and DLUHC work together to ensure HE is more closely aligned to the skills and business agendas as well as those of local and combined authorities.
- The Levelling Up White Paper will hopefully herald a new approach. This approach should include a commitment to more devolution so that Clusters of Excellence can be built 'bottom up' to reflect local circumstances, opportunities, and relationships.

Brexit and COVID-19 in the Midlands

Will Rossiter, Nottingham Trend University

Will Rossiter, Associate Professor of Regional Policy & Development at Nottingham Trent University, reflects on the impact of Brexit and the pandemic in the Midlands over the last two years?

Reflecting on Brexit and the pandemic

A year-on from the end of the transition period covering the UK's exit from the EU and roughly two years from the start of the Covid-19 pandemic is a timely point at which to reflect on the economic and wider significance of these experiences for the Midlands. This opinion piece will try and take stock of the experience of the last 2 years, drawing together many of the recurring themes that have featured in the regular City-REDI/Midlands Engine Economic Monitors. In so doing, it will consider some of the implications for the future development of the Midlands economy.

Main challenges

One of the main challenges in reviewing this tumultuous period is the difficulty in attributing causality for the phenomena that we have witnessed to Brexit and/or Covid. Brexit was always likely to cause a degree of economic dislocation that would require adaptation from both businesses and consumers – though views varied as to the likely scale and significance of these impacts. Similarly, a global pandemic and the associated public health response cannot occur without economic consequences – a direct result of the necessary policy response – but also a function of behavioural change in the population at large. The juxtaposition of Brexit and Covid makes it difficult to attribute causality and precisely apportion degrees of responsibility for specific economic outcomes to these contingencies, but there is a very real sense in which the co-evolution of Brexit and the Covid-19 pandemic have exacerbated the scale and significance of the challenges faced by the businesses, people and communities of the Midlands. Nowhere is this more evident than in relation to trade and supply chains.

Trade and supply chains

Arguably, some of the first economic impacts of the pandemic to affect the UK early in 2020 were felt through international supply chains as lockdowns and other restrictions in China disrupted manufacturing operations and the onward supplies of goods and materials to the West. Looking back, we can see this as the first inkling of a story that would be ever-present in the business news pages over the next two years. That story concerns both the complexity of globalised supply chains and their vulnerability to disruption in times like these.

From a consumer perspective, supply chain issues first came to prominence in March 2020 with the well documented 'run on toilet rolls' coupled with shortages of eggs and flour on supermarket shelves as a result of a lockdown home-baking boom. As time passed shortages spread, a boom in bicycle sales stimulated by lockdown fitness drives was followed swiftly by a bicycle drought as retailers exhausted their stock. Stock which could not be replenished in short order from the Chinese and Taiwanese manufacturing concerns on whom the sector depends for the supply of both finished product and components.

From a business perspective, the challenges presented by supply chain problems were various. Midlands Engine Monitors over the last two years have documented business experience of supply problems in relation to finished products (e.g. bicycles and PPE); materials such as wood, steel, cardboard and polypropylene; and specialist components such as semiconductors used widely in manufacturing. These supply chain problems have disrupted production while also contributing to rising input cost pressures on businesses.

Problems in the supply of materials and products have been further exacerbated by dislocation in international logistics operations. Costs of international shipments (container prices) have risen dramatically over the course of the pandemic. The pandemic did not happen everywhere at once. Successive waves of infection reached different countries at different times. Containers gravitated towards the more open economies, meaning that when other countries reopened, containers were not available when required to facilitate a resumption of international goods movements. And then there is Brexit.

Specific impacts of Brexit

It is particularly challenging, in the context of pandemic related disruption to international trade, to be categorical about the specific impacts of Brexit on trade volumes. Nevertheless, an analysis published by the Office for Budget

Responsibility (OBR) (October 2021) suggests an overall decline in UK goods trade of around 15% is associated with the implementation of the Trade and Cooperation Agreement (TCA) with the EU at the end of the transition period and the UK's departure from the EU customs union and single market. It is noteworthy that this is prior to the full implementation of the TCA scheduled for later in 2022. Brexit has clearly resulted in greater friction at the borders. Business insights reported in the Midlands Engine Monitors suggest that the burden of these new, largely administrative trade barriers, has fallen disproportionately on smaller export active businesses that have been less able to bear the resulting costs. Costs of phytosanitary and health checks have made small scale exports of food products direct to consumers in the EU all but impossible. Full implementation of the TCA later this year, including customs checks on inbound goods and certification of origin requirements for exports to the EU, represents a significant downside risk as we move into 2022.

Taken together, these diverse experiences of supply problems demonstrate the complex interplay between policy responses to pandemics (lockdowns) and behavioural responses to pandemics. These experiences have also raised questions about the continuing viability of some of the Just-in-Time (JIT) approaches to production and supply that have come to dominate key manufacturing sectors for the Midlands such as automotive and aerospace. If manufacturers can no longer rely on the certainty of supply necessary to make JIT production viable, they will need to consider alternative means to re-establish the resilience of their supply chains. None of these means will be cost-free. Possible responses include a return to holding more 'buffer-stock' in inventory as a means of enhancing supply chain resilience. More fundamentally, some may reconsider the balance between on and offshore manufacturing and procurement within their supply chains. We can hope that any resultant 're-shoring' will create opportunities for the Midlands, but the cost advantages associated with manufacturing for mass markets in places like South Asia and China remain.

Work, employment and labour supply

Turning to work, employment and questions of labour supply, the story of the last two years is complex and nuanced. On one level, we can say that the unemployment impact of the pandemic has been less pronounced than many commentators were anticipating early in 2020. This is in no small part due to the single most important and successful (if imperfect) economic measure implemented by the Government in response to the pandemic – furlough – the Coronavirus Job Retention Scheme. Indeed, at the time of writing, ONS report that UK pay-rolled employees stand at 29.5 million. This is more than 400,000 higher than the level in February 2020. Nationally the unemployment rate has dropped to 4.1% (ONS, January 2022).

The picture is more nuanced if we look beneath these headline numbers. Economic inactivity rates have risen over the course of the pandemic. This is a reversal of the long-term trend since the early 1970s. In recent months these increases have been driven by those in the 50-64 age group (ONS, January 2022). There has also been a marked decline in self-employment (not reflected in the pay-rolled employee figures).

The picture is also more complex if we take a sectoral perspective. In general, economic sectors characterised by social consumption such as retail, hospitality and tourism have fared far worse than those less affected by the combination of lockdown type restrictions and associated behavioural change on the part of consumers. Figures collated by the Centre for Retail Research for 2020-21 suggest that more than a quarter of a million jobs and over 25,000 stores have been lost in retail since the start of the pandemic. Here we may be seeing evidence of one of the longer-term legacies of behavioural change associated with the pandemic. In October 2021, the OBR suggested that while retail sales had recovered to pre-pandemic levels, retail footfall remained around 20% below that seen in 2019. This may not be unrelated to:

(1) the rise in prevalence of home or hybrid working that has seen many office-based workers staying away from city centre-based workplaces, and

(2) a marked acceleration of the shift to online sales.

The shift to homeworking has been one of the most widely noted behavioural changes associated with the pandemic. It is important to remember that while this has become the norm for many office workers, it has never been practicable for process or production workers who can only work on a factory floor and, indeed, for the many service sector workers whose activities must be performed face to face. Nevertheless, research on employer and

employee attitudes to future homeworking suggests that there is growing evidence that the shift to home or hybrid working is one behavioural change that is likely to stick (ONS, June 2021).

It is hard to overstate the potential significance of this behavioural change for many aspects of economic life. Fewer people commuting to city workplaces has obvious consequences for demand for city centre retail. It also has major implications for transport planning and service provision. Also affected is the nature of and demand for commercial property in cities. This in turn may have consequences for the property portfolios of investors – not the least of these being our pension funds.

A further labour market issue that has featured with greater prominence in recent editions of the Midlands Economic Monitor are the labour supply problems now being widely reported by many businesses. This is a general problem, but also one that is particularly evident in sectors that were reliant on EU migrant labour prior to Brexit. ONS reported that the number of job vacancies from October to December 2021 rose to a new record of 1,247,000, an increase of 462,000 from the pre-coronavirus pandemic level. Similarly, the ratio of vacancies to every 100 employee jobs reached a record high of 4.1 at the end of 2021 (ONS, January 2022). Labour shortages in particular sectors can quickly become more general economic (and social) problems as was seen in autumn 2021. Notable examples include HGV drivers, meat processing workers and seasonal farm workers. Unfilled vacancies in health and social care are a longstanding problem. ONS reports of the largest sectoral rise in vacancy numbers for the final quarter of 2021 being in health and social work may add to these concerns.

Energy costs, input prices and inflation

The big story of late 2021 has been rising inflation, falling real wages and prospects of a cost-of-living crisis for 2022. But in truth, this is a story that has been building for some time. Business surveys by organisations including the BCC, CBI, FSB and Make UK have been consistent throughout 2021 in reporting rising input costs as a major concern. It can be no great surprise, therefore, that these costs have now fed through into the prices paid by consumers as evidenced by the highest level of CPI (at 5.4% in December 2021) since the early 1990s and the time of the First Gulf War. What we have in common with that period is a pronounced energy price spike that is expected to see CPI inflation exceed 6% by around Easter 2022.

By historic standards, these levels of inflation are not extreme. CPI inflation reached 20% in the early 1980s and a peak of some 27% in 1975. Average earnings were rising at the end of 2021 (4.2% was reported by ONS for the period to November), but not enough to allow wages to keep pace with inflation. What makes this decline in real wages such a concern now is that:

(1) it comes after an unprecedented decade of stagnant real wage growth in the UK. Indeed, this is the third time over the last decade when real wages have fallen.

(2) It comes after the economic privations of a pandemic which we know has already disproportionately borne on those with the least.

The Joseph Rowntree Foundation reports (January 2022) bleak prospects for poverty levels in general but particularly for the many families in receipt of benefits and or those in low paid or precarious work.

NatWest Purchasing Manager Index (PMI) Survey: West Midlands Region Released February 2022[2]

Black Country Consortium Economic Intelligence Unit

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

In Summary:

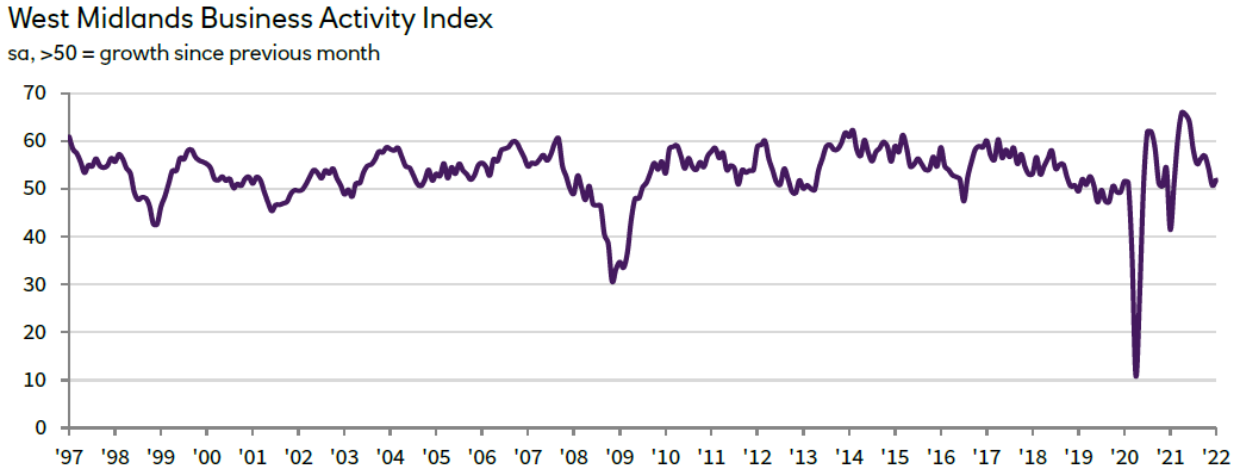
- The West Midlands Business Activity Index increased from 50.7 in December 2021 to 51.9 in January 2022, this shows a quicker rate of growth but was moderate and slower than those recorded in 2021. West Midlands firms reported the increase was due to new client wins, a recovery from the recent wave of Covid-19 and improved demand conditions.
- The overall UK Business Activity Index increased from 53.6 in December 2021 to 54.2 in January 2022.
- Out of the twelve UK regions, the West Midlands region was third lowest for the Business Activity Index in January 2022, with London the highest at 57.3 down to the North East the lowest at 48.4.
- The West Midlands Future Activity Index increased from 79.8 in December 2021 to 80.3 in January 2022, with firms strongly optimistic that output would increase over the next twelve months. The overall level of confidence for West Midlands firms was now at its highest since May 2021 and much stronger than the long-run series average. The high level of confidence was mainly linked to the easing of Covid-19 restrictions and the reduction in the self-isolation period that should support demand and business activity, along with marketing efforts, new product launches and expansion into new markets also cited.
- Out of the twelve UK regions, the West Midlands was third highest for the Future Business Activity Index in January 2022, with London the highest at 81.7 and Northern Ireland the lowest at 62.3.

In Detail:

Business Activity Index

The West Midlands Business Activity Index increased from 50.7 in December 2021 to 51.9 in January 2022, this shows a quicker rate of growth but was moderate and slower than those recorded in 2021. West Midlands firms reported the increase was due to new client wins, a recovery from the recent wave of Covid-19 and improved demand conditions.

The following graph show the West Midlands Business Activity Index trends up to January 2022:

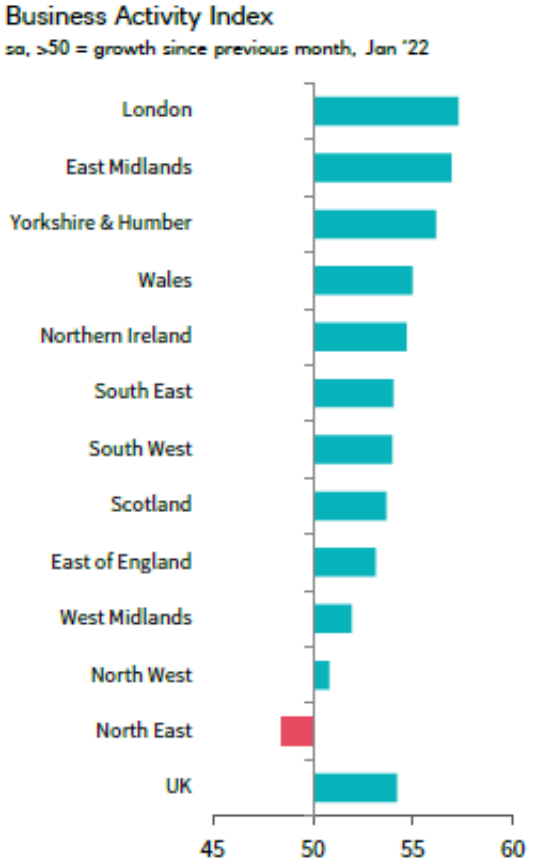


Source: IHS Market/NatWest, February 2022

Out of the twelve UK regions, the West Midlands region was third lowest for the Business Activity Index in January 2022, with London the highest at 57.3 down to the North East the lowest at 48.4.

[2] Source: IHS Markit/NatWest West Midlands PMI, February 2022

The following chart shows the Business Activity Index across all UK regions in January 2022:



Source: IHS Market/NatWest, February 2022

Demand

The West Midlands New Business Index increased from 50.0 in December 2021 to 52.4 in January 2022. Following a stagnant end of new order at the end of 2021, there was a renewed increase in new business at the start of 2022. West Midlands firms reported the upturn in new orders due to the reduced impact of rising Covid-19 cases on demand and clients bringing purchases forward to avoid price hikes. Although, some firms reported that Covid-19 was continuing to impact sales and the rate of expansion was slower than in 2021.

Exports[3]

The West Midlands Export Climate Index decreased from 54.4 in December 2021 to 52.3 in January 2022. The export conditions have remained above the 50-growth mark meaning there was still moderate expansion but was the slowest seen in a year. For West Midlands firms' growth remained strong in Ireland (56.5) and a renewed increase to Germany (53.8), with growth easing to China (50.1), France (52.7) and the USA (51.1).

Business Capacity

The West Midlands Employment Index increased from 55.0 in December 2021 to 56.2 in January 2022. This was the eleventh month of expansion recorded which was also the strongest since October 2021 and above the long-run average. Where West Midlands firms reported higher staffing levels, this was linked to improved demand conditions and efforts to narrow resource shortages.

The West Midlands Outstanding Business Index increased from 50.3 in December 2021 to 50.8 in January 2022. Where West Midlands firms reported backlog accumulation this was linked to staff and raw material shortages. Notably, excluding North East where there was a contraction, the growth in unfinished work in the West Midlands was the slowest of the 11 regions that saw growth.

Prices

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

The West Midlands Input Prices Index increased from 82.1 in December 2021 to 83.4 in January 2022. After a small dip in December 2021, West Midlands firms reported an increase in overall cost burdens at the start of 2022, examples include higher food, fuel, raw material staff, transportation and utility costs. The rate of inflation quickened in January and was slowest second on record (records began in January 1997 and rates were only higher in November 2021).

The West Midlands Prices Charged Index increased from 65.9 in December 2021 to 67.0 in January 2022. For the fifth consecutive month prices charged by West Midlands firms increased at record pace (since records began in November 1999). Approximately 43% of West Midlands firms hiked fees with only 1% of firms reducing them as early indications show that ongoing increases in operating expenses are being transferred to consumers.

Outlook

The West Midlands Future Activity Index increased from 79.8 in December 2021 to 80.3 in January 2022, with firms strongly optimistic that output would increase over the next twelve months. The overall level of confidence for West Midlands firms was now at its highest since May 2021 and much stronger than the long-run series average. The high level of confidence was mainly linked to the easing of Covid-19 restrictions and the reduction in the self-isolation period that should support demand and business activity, along with marketing efforts, new product launches and expansion into new markets also cited.

Out of the twelve UK regions, the West Midlands was third highest for the Future Business Activity Index in January 2022, with London the highest at 81.7 and Northern Ireland the lowest at 62.3.

The following chart shows the Future Activity Index across all UK regions in January 2022:

Source: IHS Market/NatWest, February 2022

UK Labour Market Summary[4]

- In January 2022, there was a record 29.5 million payrolled employees in the UK: up 108,000 on December 2021 levels and up 436,000 on the pre-coronavirus February 2020 level.
- November 2021 to January 2022 saw the number of UK vacancies reach another record high of 1,298,400. The total number of vacancies increased by 113,600 on the quarter with the largest increase of vacancies seen in accommodation and food service activities, which was up 21,400 to a new record of 178,300 vacancies. Although, in November 2021 to January 2022, the rate of growth was 9.6%, the lowest since February to April 2021, and down from 24.7% in the previous quarter. The ratio of vacancies to every 100 employee jobs continued to rise, reaching a record high of 4.3 in November 2021 to January 2022, with the majority of industry sectors displaying record high ratios.
- The UK **employment rate** increased by 0.1 percentage points (pp) on the quarter to 75.5%. The number of self-employed workers remains low following decreases seen during the coronavirus pandemic, however the number of employees increased on the quarter to another record high. Job-to-job moves reached record numbers in October to December 2021, driven by resignations.
- The UK **unemployment rate** decreased by 0.2pp on the quarter to 4.1%, while the economic inactivity rate increased by 0.1pp to 21.2%. The increase in **economic inactivity** since the start of the coronavirus pandemic was largely driven by those who are economically inactive because they are students or for "other" reasons. In the latest three-month period however, those who are inactive because they are students continued to decrease, while those who are inactive because of long-term sickness and “other” reasons drove the increase.
- In October to December 2021, reports of **redundancies** in the three months prior to our interview[5] decreased by 1.2 per thousand compared with the previous three-month period to a record low of 2.6 per thousand employees.
- For the UK, growth in **average total pay** (including bonuses) was 4.3% and growth in regular pay (excluding bonuses) was 3.7% among employees in October to December 2021. In **real terms** (adjusted for inflation), in October to December 2021, total and regular pay fell on the year at negative 0.1% for total pay and negative 0.8% for regular pay. Single-month growth in real average total weekly earnings for December 2021 increased 0.1% on the year because of an increase in bonus payments compared with December 2020; whereas the single-month growth in real average regular weekly earnings fell on the year in both November 2021 and December 2021, at negative 1.0% and negative 1.2% respectively.

Regional Labour Market Summary[6]

- For the three months ending in December 2021, the West Midlands Region **employment rate** (aged 16 – 64 years) was 75.0%. Since the three months ending September 2021, the employment rate saw an increase of 0.8pp; while there is an increase of 1.8pp when compared to the same period in the previous year. The UK employment rate was 75.5%, an increase by 0.1pp when compared to the previous quarter and an increase of 0.9pp when compared to the previous year.
- For the three months ending in December 2021, the West Midlands Region **unemployment rate** (aged 16 years and over) was 4.9%, which has increased by 0.1pp since the previous quarter but a decrease of 1.4pp from the previous year. The UK unemployment rate was 4.1%, a decrease of 0.2pp from the previous quarter and a 1.2pp decrease when compared to the previous year.
- For the three months ending in December 2021, the West Midlands Region **economic inactivity** rate (aged 16 – 64 years) was 21.0% - a decrease of 0.8pp from previous quarter and a decrease of 0.6pp when compared to the previous year. The UK economic inactivity rate was 21.2%, an increase of 0.1pp from the previous quarter and a 0.1pp increase from the previous year.

[4] Source: ONS, Labour Market Overview; UK: February 2022
[5] The redundancy estimates measure the number of people who were made redundant or who took voluntary redundancy in the three months before the Labour Force Survey interviews; it does not take into consideration planned redundancies.
[6] Source: ONS, Labour Market in the Regions of the UK: February 2022

WMCA (3 LEP) Claimant Summary

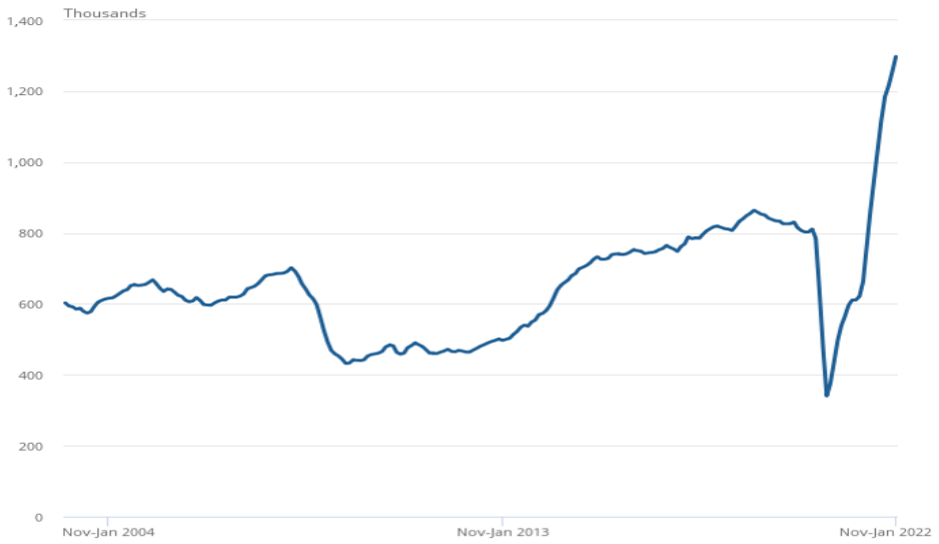
- There were 160,440 **claimants** in the WMCA (3 LEP) area in January 2022. Since December 2021, there has been an increase of 0.1% (+160) claimants in the WMCA (3 LEP) area, while the UK decreased by 0.2%. When compared to January 2021, the number of claimants has decreased by 22.4% (-46,260) in the WMCA (3 LEP) area, with the UK decreasing by 29.2%. When compared to March 2020 (pre-pandemic figures), the number of claimants has increased by 36.4% (+42,850) in the WMCA (3 LEP) area, with the UK increasing by 42.9%.
- There were **26,635 youth claimants** in the WMCA (3 LEP) area in January 2022. Since December 2021, there was a decrease of 1.7% (-460) youth claimants in the WMCA (3 LEP) area, below the UK decrease of 2.3%. When compared to January 2021, the number of youth claimants has decreased by 34.3% (-13,905) in the WMCA (3 LEP) area, with the UK decreasing by 42.0%. When compared to March 2020 (pre pandemic figures), the number of youth claimants has increased by 18.0% (+4,055) in the WMCA (3 LEP) area, with the UK increasing by 19.0%.

In Depth:

UK Labour Market Statics - Vacancies[7]

- November 2021 to January 2022 saw the number of vacancies reach another record high of 1,298,400, though the rate of growth continues to slow.
- In November 2021 to January 2022, the total number of vacancies increased by 113,600 on the quarter with the largest increase of vacancies seen in accommodation and food service activities, which was up 21,400 to a new record of 178,300 vacancies.
- In November 2021 to January 2022 the rate of growth was 9.6%, the lowest since February to April 2021, and down from 24.7% in the previous quarter.
- The ratio of vacancies to every 100 employee jobs continued to rise, reaching a record high of 4.3 in November 2021 to January 2022, with the majority of industry sectors displaying record high ratios.

The following chart shows the number of vacancies in the UK, seasonally adjusted, November to January 2003 to November to January 2022:



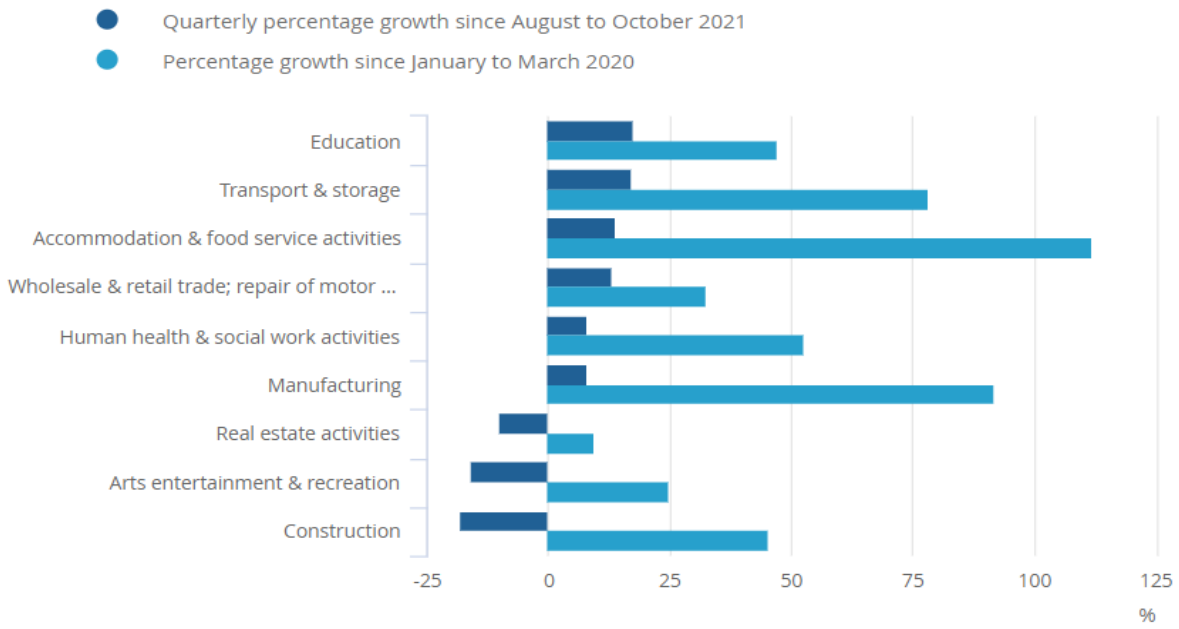
Source: ONS – Vacancy Survey

- November 2021 to January 2022 saw the rate of growth slowing down in all industry sectors, and for the first time since December 2020 to February 2021 the number of unemployed people per vacancy has not fallen, remaining unchanged at 1.1 for October to December 2021.

[7] Source: UK labour market: February 2022

- The current ratio of 4.3 vacancies to 100 employee jobs is a new record, with 10 of the 18 industry groups displaying record high ratios with accommodation and food service activities the highest at 7.9.

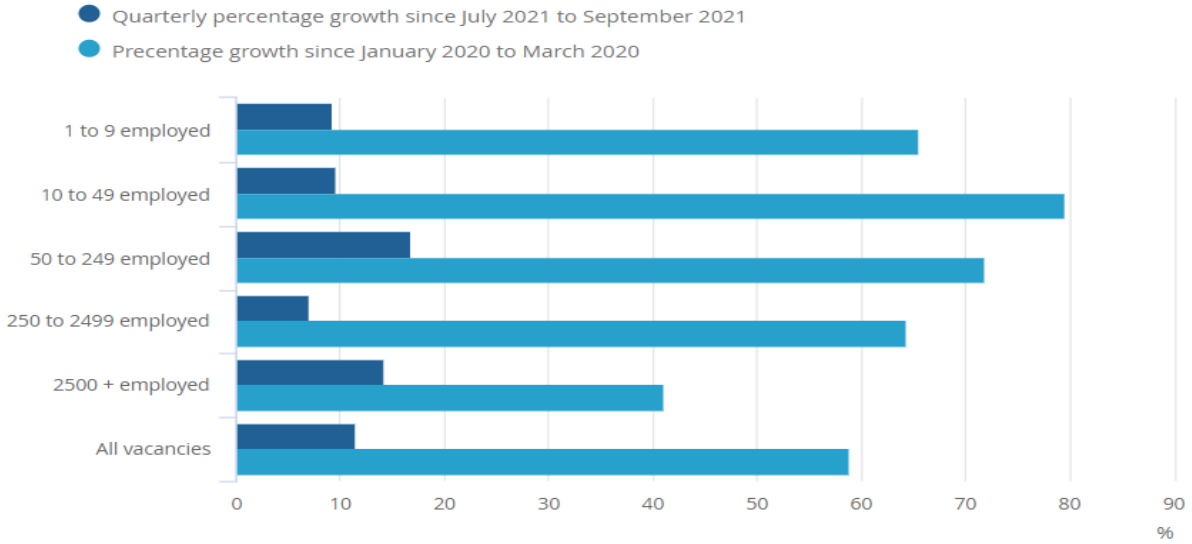
The following chart shows November to January 2022 three-month average vacancies in the UK, quarterly percentage growth from August 2021 to October 2021 and percentage growth from pre-pandemic January to March 2020:



Source: ONS – Vacancy Survey

- In November 2021 to January 2022 the quarterly growth rate fell to 9.6% with all industry categories displaying a slowdown. The rate of this slowdown varies across business sectors, as is seen in the two industries with the highest quarterly growth rates, education at 17.3%, and transport and storage at 17.1%. Both fell from last quarter when they displayed growth rates of 19.3% and 43.4%, respectively.
- While growth slowed, the number of vacancies continued to rise across most industries, with 10 of the 18 categories displaying record highs. The largest quarterly increase in vacancy numbers was in accommodation and food service activities, which grew by 21,400 (13.6%). The other large increase was in wholesale and retail trade; repair of motor vehicles and motorcycles, which was up 19,900 (13.2%).

The following chart shows November to January 2022 three-month average vacancies in the UK, quarterly growth from August to October 2021 and growth from a pre-pandemic January to March 2020:



Source: ONS – Vacancy Survey

- The record high number of vacancies is mirrored across all size bands, and after continued quarterly growth from March to May 2021 all are at record high levels in November 2021 to January 2022.

Regional Labour Market[8]

- For the three months ending in December 2021, the West Midlands Region employment rate (aged 16 – 64 years) was 75.0%. Since the three months ending September 2021, the employment rate saw an increase of 0.8pp; while there is an increase of 1.8pp when compared to the same period in the previous year. The UK employment rate was 75.5% which increased by 0.1pp when compared to the previous quarter and an increase of 0.9pp when compared to the previous year. The highest employment rate within the UK for the three months ending December 2021 in the East of England (79.1%) and the lowest in Northern Ireland (70.7%).
- For the three months ending in December 2021, the West Midlands Region unemployment rate (aged 16 years and over) was 4.9%, which has increased by 0.1pp since the previous quarter but a decrease of 1.4pp from the previous year. The UK unemployment rate was 4.1%, a decrease of 0.2pp from the previous quarter, and a 1.2pp decrease when compared to the previous year. The highest unemployment rate in the UK for the three months ending December 2021 was in the North East with 5.6%, with the lowest unemployment rate in Northern Ireland at 2.7%.
- For the three months ending in December 2021, the West Midlands Region economic inactivity rate (aged 16 – 64 years) was 21.0% - a decrease of 0.8pp from previous quarter and a decrease of 0.6pp when compared to the previous year. The UK economic inactivity rate was 21.2%, an increase of 0.1pp from the previous quarter and a 0.1pp increase from the previous year. The highest economic inactivity rate in the UK for the three months ending December 2021 was in Northern Ireland (27.3%), with the lowest in the East (18.4%).

The table below provides a summary of the latest headline estimates for Regions of the UK, seasonally adjusted, October to December 2021:

	Employment rate – Oct to Dec 2021 (aged 16- 64 years)	Change on Jul to Sep 2021	Unemployment rate- Oct to Dec 2021 (16 years+)	Change on Jul to Sep 2021	Inactivity rate – Oct to Dec 2021 (aged 16-64 years)	Change on Jul to Sep 2021
UK	75.5%	0.1pp	4.1%	-0.2pp	21.2%	0.1pp
Great Britain	75.7%	0.1pp	4.1%	-0.2pp	21.1%	0.1pp
England	75.9%	0.1pp	4.2%	-0.2pp	20.8%	0pp
North East	71.0%	0.3pp	5.6%	0.4pp	24.8%	-0.7pp
North West	73.7%	-0.3pp	4.7%	0.5pp	22.7%	0.0pp
Yorkshire and The Humber	72.8%	0.4pp	3.8%	-0.7pp	24.3%	0.2pp
East Midlands	75.4%	-0.1pp	3.4%	-0.7pp	21.9%	0.7pp
West Midlands	**75.0%**	**0.8pp**	**4.9%**	**0.1pp**	**21.0%**	**-0.8pp**
East	79.1%	0.1pp	3.0%	-0.3pp	18.4%	0.2pp
London	75.6%	0.8pp	5.2%	-0.5pp	19.8%	-0.6pp
South East	77.6%	-0.8pp	3.9%	0.2pp	19.2%	0.7pp
South West	78.8%	0.0pp	2.9%	-0.4pp	18.8%	0.4pp
Wales	74.5%	0.7pp	3.1%	-0.7pp	23.1%	-0.1pp
Scotland	74.1%	-0.6pp	4.1%	0.0pp	22.6%	0.6pp
Northern Ireland	70.7%	0.5pp	2.7%	-1.3pp	27.3%	0.5pp

Source: ONS – Labour Force Survey

- Between December and January 2022, the number of payrolled employees continued to increase in all regions, with levels now above pre-coronavirus pandemic levels.

Claimant Count

[8] Source: ONS, Labour Market in the Regions of the UK: February 2022

Claimant count for people aged 16 years and over[9]:

- There were 160,440 claimants in the WMCA (3 LEP) area in January 2022. Since December 2021, there has been an increase of 0.1% (+160) claimants in the WMCA (3 LEP) area, while the UK decreased by 0.2%. When compared to January 2021, the number of claimants has decreased by 22.4% (-46,260) in the WMCA (3 LEP) area, with the UK decreasing by 29.2%. When compared to March 2020 (pre-pandemic figures), the number of claimants has increased by 36.4% (+42,850) in the WMCA (3 LEP) area, with the UK increasing by 42.9%.
- The Black Country LEP area had 49,650 claimants aged 16 years and over in January 2022, an increase of 100 (+0.2%) claimants from the previous month. Compared to the same month in 2021, Black Country LEP claimants decreased by 15,040 (-23.2%). When compared to March 2020 (38,275) the number of claimants has increased by 11,375 (+29.7%).
- In Coventry and Warwickshire LEP, there were 23,925 claimants aged 16 years and over in January 2022, a decrease of 40 (-0.2%) claimants since December 2021. Compared to the same month in 2021, Coventry and Warwickshire LEP claimants decreased by 8,420 (-26.0%). When compared to March 2020 (15,825) the number of claimants has increased by 8,100 (+51.2%).
- In Greater Birmingham and Solihull LEP, there were 86,865 claimants aged 16 years and over in January 2022, an increase of 100 (+0.1%) claimants since December 2021. Compared to the same month in 2021, Greater Birmingham and Solihull LEP claimants decreased by 22,800 (-20.8%). When compared to March 2020 (63,490) the number of claimants has increased by 23,375 (+36.8%).
- The latest figures show since December 2021 claimants increased in eleven local authorities within the WMCA (3 LEP) area.

The following table shows a breakdown of number of claimants aged 16+ and percentage change when compared to January 2022 for WMCA and UK:

	Mar 2020	Jan 2021	Dec 2021	Jan 2022	Jan 2022 (Claimants as proportion aged 16-64) Rates[4]	% Change Since Mar 20	% Change Since Jan 21	% Change Since Dec 21
Birmingham	49,370	80,815	67,095	67,055	9.1%	35.8%	-17.0%	-0.1%
Bromsgrove	1,165	2,615	1,805	1,820	3.1%	56.2%	-30.4%	0.8%
Cannock Chase	1,655	3,325	2,280	2,255	3.5%	36.3%	-32.2%	-1.1%
Coventry	8,000	16,195	12,495	12,505	4.9%	56.3%	-22.8%	0.1%
Dudley	8,515	14,065	10,450	10,530	5.4%	23.7%	-25.1%	0.8%
East Staffordshire	1,720	3,640	2,535	2,535	3.4%	47.4%	-30.4%	0.0%
Lichfield	1,320	2,645	1,735	1,730	2.8%	31.1%	-34.6%	-0.3%
North Warwickshire	845	1,905	1,210	1,235	3.1%	46.2%	-35.2%	2.1%
Nuneaton and Bedworth	2,830	4,895	3,650	3,620	4.6%	27.9%	-26.0%	-0.8%
Redditch	1,535	3,060	2,235	2,260	4.3%	47.2%	-26.1%	1.1%

[9] ONS/DWP, Claimant count, February 2022. Please note, figures for previous months have been revised.

	Mar 2020	Jan 2021	Dec 2021	Jan 2022	Jan 2022 (Claimants as proportion aged 16-64) Rates[4]	% Change Since Mar 20	% Change Since Jan 21	% Change Since Dec 21
Rugby	1,535	2,990	2,145	2,130	3.2%	38.8%	-28.8%	-0.7%
Sandwell	10,780	19,250	14,830	14,880	7.3%	38.0%	-22.7%	0.3%
Solihull	3,650	7,390	4,975	4,985	3.9%	36.6%	-32.5%	0.2%
Stratford-on-Avon	1,050	2,855	2,035	2,030	2.6%	93.3%	-28.9%	-0.2%
Tamworth	1,490	2,780	1,910	2,000	4.2%	34.2%	-28.1%	4.7%
Walsall	8,605	14,665	11,160	11,165	6.4%	29.8%	-23.9%	0.0%
Warwick	1,570	3,505	2,430	2,410	2.6%	53.5%	-31.2%	-0.8%
Wolverhampton	10,380	16,710	13,115	13,075	8.0%	26.0%	-21.8%	-0.3%
Wyre Forest	1,580	3,400	2,195	2,220	3.8%	40.5%	-34.7%	1.1%
WM 7 Met.	**99,300**	**169,090**	**134,120**	**134,195**	**7.2%**	**35.1%**	**-20.6%**	**0.1%**
Black Country LEP	38,275	64,690	49,550	49,650	6.7%	29.7%	-23.2%	0.2%
Coventry and Warwickshire LEP	15,825	32,345	23,965	23,925	3.9%	51.2%	-26.0%	-0.2%
Greater Birmingham and Solihull LEP	63,490	109,665	86,765	86,865	6.8%	36.8%	-20.8%	0.1%
WMCA (3 LEP)	**117,590**	**206,700**	**160,280**	**160,440**	**6.1%**	**36.4%**	**-22.4%**	**0.1%**
United Kingdom	1,268,620	2,558,550	1,815,325	1,812,535	4.3%	42.9%	-29.2%	-0.2%

- Overall, for the WMCA (3 LEP) the number of claimants as a proportion of residents aged 16 - 64 years old was 6.1% compared to 4.3% for the UK in January 2022[10].

Youth Claimants (Aged 18-24)

- There were 26,635 youth claimants in the WMCA (3 LEP) area in January 2022. Since December 2021, there was a decrease of 1.7% (-460) youth claimants in the WMCA (3 LEP) area, below the UK decrease of 2.3%. When compared to January 2021, the number of youth claimants has decreased by 34.3% (-13,905) in the WMCA (3

[10] WMCA Economic Growth Board Dashboard reports the number of claimants as a proportion of population aged 16 years and over – WMCA 3 LEP was 4.8% and the UK was 3.3% in January 2022.

LEP) area, with the UK decreasing by 42.0%. When compared to March 2020 (pre pandemic figures), the number of youth claimants has increased by 18.0% (+4,055) in the WMCA (3 LEP) area, with the UK increasing by 19.0%.

- The Black Country LEP area had 8,575 youth claimants in January 2022, a decrease of 130 (-1.5%) claimants from the previous month. Compared to the same month in 2021, Black Country LEP youth claimants decreased by 4,530 (-34.6%). When compared to March 2020 the number of youth claimants has increased by 885 (+11.5%).
- In Coventry and Warwickshire LEP, there were 3,740 youth claimants in January 2022, a decrease of 135 (-3.5%) claimants since December 2021. Compared to the same month in 2021, Coventry and Warwickshire LEP youth claimants decreased by 2,305 (-38.1%). When compared to March 2020 the number of claimants has increased by 865 (+30.1%).
- In Greater Birmingham and Solihull LEP, there were 14,320 youth claimants in January 2022, this is a decrease of 195 (-1.3%) claimants since December 2021. Compared to the same month in 2021, Greater Birmingham and Solihull LEP youth claimants decreased by 7,070 (-33.1%). In the Greater Birmingham and Solihull LEP area, when compared to March 2020, the number of claimants has increased by 2,305 (+19.2%).
- The latest figures show since December 2021 youth claimants remains the same level in three local authorities (Bromsgrove, Solihull and Tamworth) and increased in two local authorities within the WMCA (3 LEP) area (North Warwickshire and Walsall).

The following table shows a breakdown of number of claimants aged 18-24 years old and percentage change when compared to January 2022 for WMCA and UK:

	Mar 2020	Jan 2021	Dec 2021	Jan 2022	Jan 2022 (Claimants as proportion aged 18-24) Rates	% Change Since Mar 20	% Change Since Jan 21	% Change Since Dec 21
Birmingham	9,105	15,550	11,135	10,990	7.9%	20.7%	-29.3%	-1.3%
Bromsgrove	215	505	285	285	4.8%	32.6%	-43.6%	0.0%
Cannock Chase	365	730	425	410	5.7%	12.3%	-43.8%	-3.5%
Coventry	1,535	3,105	2,045	1,975	3.6%	28.7%	-36.4%	-3.4%
Dudley	1,750	2,975	1,860	1,840	7.7%	5.1%	-38.2%	-1.1%
East Staffordshire	320	665	380	360	4.2%	12.5%	-45.9%	-5.3%
Lichfield	270	500	295	285	4.1%	5.6%	-43.0%	-3.4%
North Warwickshire	160	380	220	225	5.1%	40.6%	-40.8%	2.3%
Nuneaton and Bedworth	555	940	655	645	6.9%	16.2%	-31.4%	-1.5%
Redditch	310	555	360	355	6.0%	14.5%	-36.0%	-1.4%
Rugby	235	525	350	335	4.6%	42.6%	-36.2%	-4.3%
Sandwell	2,115	3,890	2,575	2,550	9.7%	20.6%	-34.4%	-1.0%
Solihull	825	1,645	925	925	6.0%	12.1%	-43.8%	0.0%
Stratford-on-Avon	160	460	245	220	2.7%	37.5%	-52.2%	-10.2%
Tamworth	295	610	370	370	6.6%	25.4%	-39.3%	0.0%
Walsall	1,915	3,095	2,105	2,125	9.3%	11.0%	-31.3%	1.0%
Warwick	230	640	360	340	2.0%	47.8%	-46.9%	-5.6%
Wolverhampton	1,910	3,150	2,165	2,060	9.9%	7.9%	-34.6%	-4.8%
Wyre Forest	310	640	340	335	5.1%	8.1%	-47.7%	-1.5%
WM 7 Met.	**19,155**	**33,405**	**22,810**	**22,465**	**7.4%**	**17.3%**	**-32.7%**	**-1.5%**
Black Country LEP	7,690	13,105	8,705	8,575	9.2%	11.5%	-34.6%	-1.5%
Coventry and Warwickshire LEP	2,875	6,045	3,875	3,740	3.7%	30.1%	-38.1%	-3.5%
Greater Birmingham and Solihull LEP	12,015	21,390	14,515	14,320	7.1%	19.2%	-33.1%	-1.3%
WMCA (3 LEP)	**22,580**	**40,540**	**27,095**	**26,635**	**6.7%**	**18.0%**	**-34.3%**	**-1.7%**
United Kingdom	238,085	488,620	289,800	283,255	5.1%	19.0%	-42.0%	-2.3%

- Overall, for the WMCA (3 LEP) the number of youth claimants as a percentage of residents aged 18- 24 years old was 6.7% compared to 5.1% for the UK in January 2022.

Claimant Count by Age and Gender (WMCA 3 LEP)[11]

- Overall, for the WMCA (3 LEP) area between December 2021 and January 2022, there were only decreases in four age brackets; aged 16-17, aged 18-24, aged 25-29 and aged 55-59.
- For those aged 16-24 in the WMCA (3 LEP) area, when comparing January 2022 to the previous month, there was an overall decrease of 475. This can be split by a decrease of 235 males and a decrease of 245 females.
- For those aged 25-49 in the WMCA (3 LEP) area, when comparing January 2022 to the previous month, there was an overall increase of 555. This can be split by an increase of 425 males and an increase of 125 females.
- For those aged 50 years and over in the WMCA (3 LEP) area, when comparing January 2022 to the previous month, there was an overall increase of 90 claimants. This can be split by an increase of 50 males and an increase of 35 females.

The following table shows a breakdown by age brackets and gender for the WMCA (3 LEP) area over selected time periods and change since January 2022:

		Mar 2020	Jan 2021	Dec 2021	Jan 2022	No. Change Since Mar 20	No. Change Since Jan 21	No. Change Since Dec 21
Total	**Age 16+**	**117,590**	**206,700**	**160,280**	**160,440**	**42,850**	**-46,260**	**160**
	Aged 16-24	**22,835**	**40,915**	**27,395**	**26,920**	**4,085**	**-13,995**	**-475**
	Aged 16-17	250	375	300	285	35	-90	-15
	Aged 18-24	22,580	40,540	27,095	26,635	4,055	-13,905	-460
	Aged 25-49	**67,130**	**117,260**	**94,435**	**94,990**	**27,860**	**-22,270**	**555**
	Aged 25-29	15,945	27,975	20,935	20,865	4,920	-7,110	-70
	Aged 30-34	15,635	27,395	22,295	22,515	6,880	-4,880	220
	Aged 35-39	13,715	23,945	20,225	20,425	6,710	-3,520	200
	Aged 40-44	11,230	19,870	16,890	16,985	5,755	-2,885	95
	Aged 45-49	10,605	18,090	14,095	14,205	3,600	-3,885	110
	Aged 50+	**27,635**	**48,510**	**38,440**	**38,530**	**10,895**	**-9,980**	**90**
	Aged 50-54	9,960	17,645	13,595	13,635	3,675	-4,010	40
	Aged 55-59	8,985	15,455	12,145	12,130	3,145	-3,325	-15
	Aged 60-64	7,675	12,765	10,405	10,430	2,755	-2,335	25
	Aged 65+	1,020	2,650	2,300	2,335	1,315	-315	35
Male	**Age 16+**	**69,420**	**122,770**	**94,305**	**94,540**	**25,120**	**-28,230**	**235**
	Aged 16-24	**14,100**	**24,885**	**16,895**	**16,660**	**2,560**	**-8,225**	**-235**
	Aged 16-17	115	190	120	130	15	-60	10
	Aged 18-24	13,980	24,690	16,770	16,530	2,550	-8,160	-240
	Aged 25-49	**38,965**	**69,680**	**54,890**	**55,315**	**16,350**	**-14,365**	**425**
	Aged 25-29	9,610	17,300	12,690	12,690	3,080	-4,610	0
	Aged 30-34	9,095	16,360	12,995	13,145	4,050	-3,215	150
	Aged 35-39	7,730	14,020	11,555	11,695	3,965	-2,325	140
	Aged 40-44	6,440	11,565	9,600	9,670	3,230	-1,895	70
	Aged 45-49	6,080	10,440	8,045	8,120	2,040	-2,320	75
	Aged 50+	**16,355**	**28,200**	**22,515**	**22,565**	**6,210**	**-5,635**	**50**
	Aged 50-54	5,820	10,175	7,905	7,910	2,090	-2,265	5
	Aged 55-59	5,295	9,040	7,200	7,180	1,885	-1,860	-20
	Aged 60-64	4,575	7,375	6,070	6,110	1,535	-1,265	40
	Aged 65+	655	1,620	1,345	1,370	715	-250	25
Female	**Age 16+**	**48,175**	**83,930**	**65,975**	**65,905**	**17,730**	**-18,025**	**-70**
	Aged 16-24	**8,730**	**16,035**	**10,505**	**10,260**	**1,530**	**-5,775**	**-245**
	Aged 16-17	135	185	180	160	25	-25	-20
	Aged 18-24	8,595	15,855	10,325	10,100	1,505	-5,755	-225

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

		Mar 2020	Jan 2021	Dec 2021	Jan 2022	No. Change Since Mar 20	No. Change Since Jan 21	No. Change Since Dec 21
	Aged 25-49	**28,165**	**47,580**	**39,545**	**39,670**	**11,505**	**-7,910**	**125**
	Aged 25-29	6,340	10,670	8,250	8,175	1,835	-2,495	-75
	Aged 30-34	6,530	11,035	9,300	9,375	2,845	-1,660	75
	Aged 35-39	5,985	9,920	8,665	8,725	2,740	-1,195	60
	Aged 40-44	4,790	8,305	7,285	7,315	2,525	-990	30
	Aged 45-49	4,525	7,655	6,050	6,085	1,560	-1,570	35
	Aged 50+	**11,280**	**20,315**	**15,925**	**15,960**	**4,680**	**-4,355**	**35**
	Aged 50-54	4,135	7,470	5,690	5,725	1,590	-1,745	35
	Aged 55-59	3,690	6,415	4,950	4,950	1,260	-1,465	0
	Aged 60-64	3,100	5,390	4,325	4,320	1,220	-1,070	-5
	Aged 65+	360	1,030	955	965	605	-65	10

EMSI Job Postings WMCA 3 LEP Geography January 2022[12]

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

- The number of unique job postings decreased across the WMCA 3 LEP geography in January for the first time since September 2021, down -12% to 120,897.
- All 19 LA areas in the WMCA 3 LEP geography recorded falls in the number of postings ranging from -10% in Birmingham and Wolverhampton to -29% in Stratford-on-Avon.
- Posting intensity, i.e., the effort towards hiring for particular positions remains high in Birmingham, Coventry and Dudley.

The following table reports the number of unique job postings across the WMCA (3 LEP) local authorities in January 2022 and the percentage change from the previous month:

	Jan 2022 Unique Postings	% Change (Dec 2021 to Jan 2022)
Birmingham	62,257	-10%
Bromsgrove	926	-14%
Cannock Chase	1,629	-20%
Coventry	9,700	-11%
Dudley	4,851	-16%
East Staffordshire	4,693	-17%
Lichfield	1,669	-16%
North Warwickshire	778	-21%
Nuneaton and Bedworth	2,795	-14%
Redditch	2,688	-11%
Rugby	2,372	-21%
Sandwell	4,144	-16%
Solihull	3,752	-18%
Stratford-on-Avon	1,408	-29%
Tamworth	1,831	-16%
Walsall	3,398	-11%
Warwick	5,765	-14%
Wolverhampton	5,105	-10%
Wyre Forest	1,136	-19%

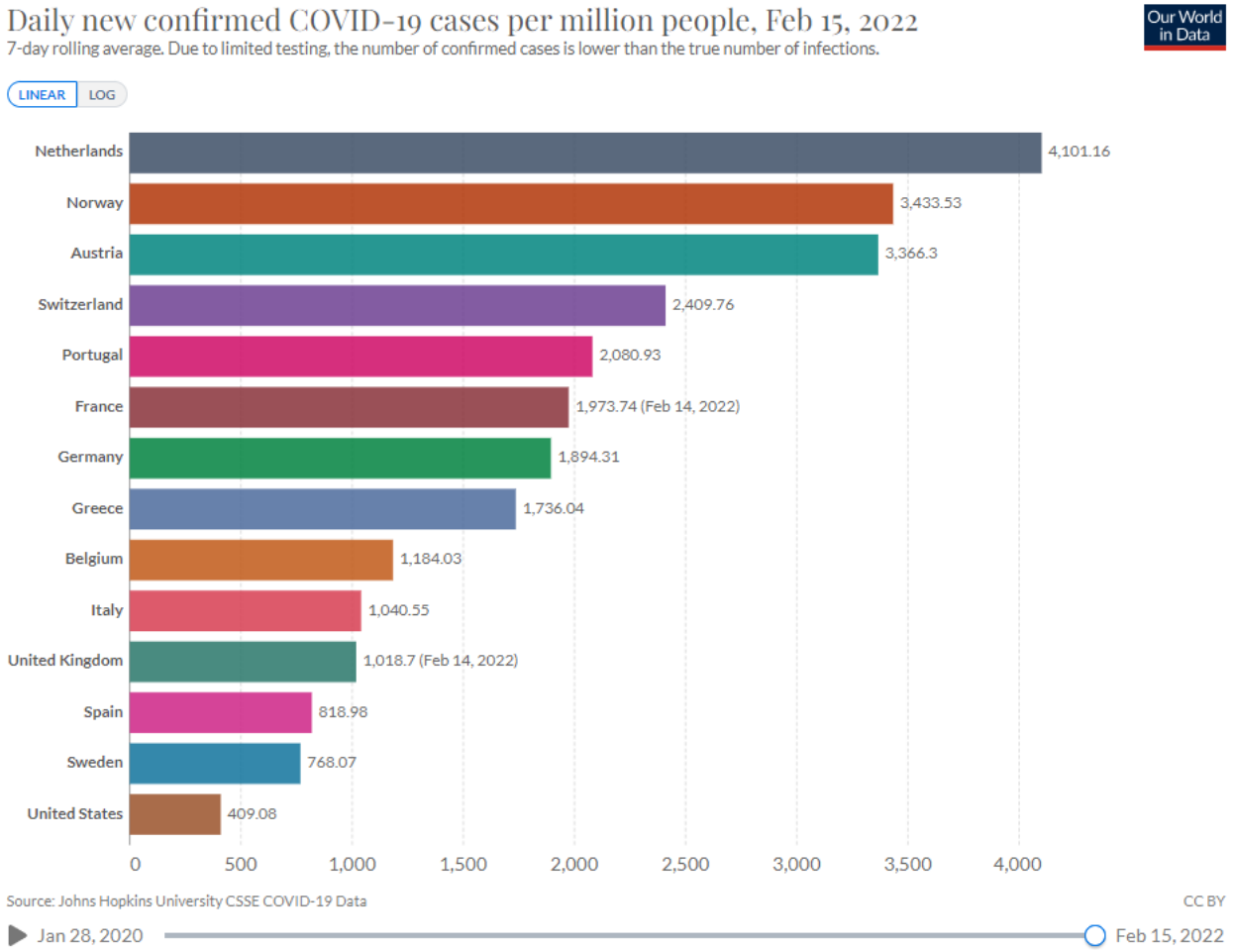
[12] Source: EMSI, February 2022

Infection Rates and Vaccine Update

Alice Pugh WMREDI/WMCA

Across Europe there has been a resurgence in infection rates, as in the graph below. This is largely because the Omicron variant is still causing increased infection comparative to other the previous variants. The UK now has one of the lowest new daily confirmed cases, the countries with the higher number of new daily cases are countries where there has been a slower uptake of the vaccine.

Since 31 December 2019 and as of week 2022-5, **394 483 957 cases** of COVID-19 (in accordance with the applied case definitions and testing strategies in the affected countries) have been reported, including **5 753 799 deaths.**

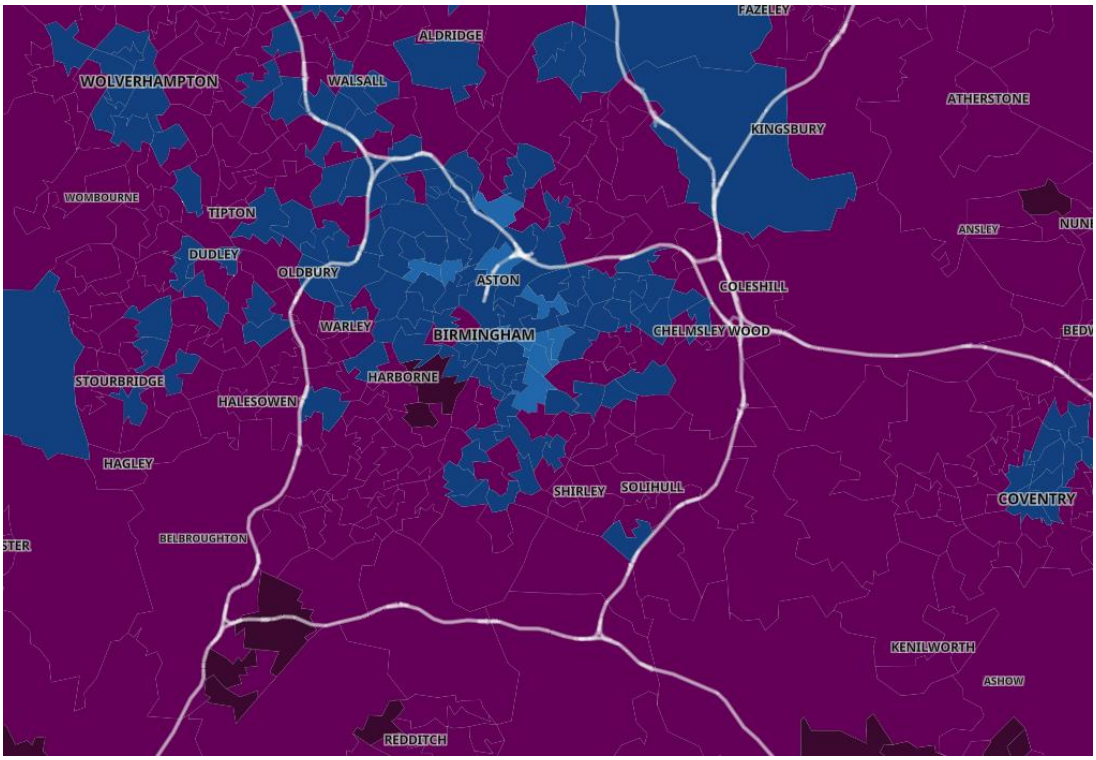


Latest ONS infection survey data (11th February 2022 next release to be 16th February 2022) states:

- In England, the percentage of people testing positive for coronavirus (COVID-19) increased in the two weeks up to 5 February 2022, but the trend was uncertain in the most recent week; we estimate that 2,824,700 people in England had COVID-19 (95% credible interval: 2,740,300 to 2,910,300), equating to around 1 in 19 people.
- In Wales, the percentage of people testing positive for COVID-19 decreased in the week ending 5 February 2022; we estimate that 121,200 people in Wales had COVID-19 (95% credible interval: 104,000 to 139,900), equating to around 1 in 25 people.
- In Northern Ireland, the percentage of people testing positive for COVID-19 continued to increase in the week ending 5 February 2022; we estimate that 145,600 people in Northern Ireland had COVID-19 (95% credible interval: 126,800 to 165,200), equating to around 1 in 13 people.
- In Scotland, the percentage of people testing positive for COVID-19 increased in the week ending 5 February 2022; we estimate that 211,300 people in Scotland had COVID-19 (95% credible interval: 189,500 to 235,100), equating to around 1 in 25 people.

- The Omicron variant is currently the dominant variant across the UK; the Omicron variant sub-lineage BA.2 has increased substantially in Northern Ireland and has also increased in some regions within England.

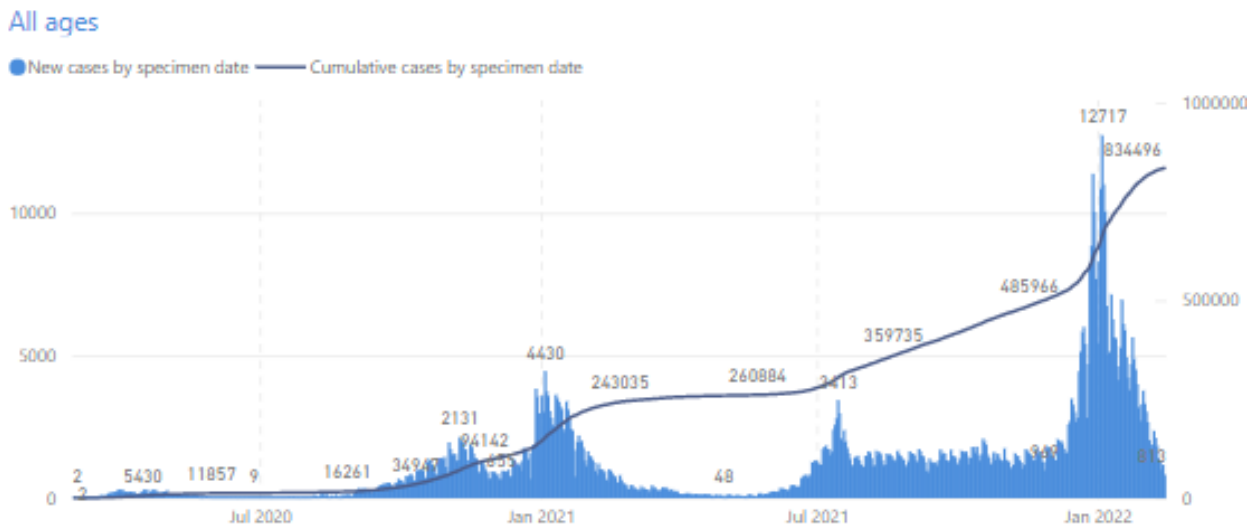
The map below displays weekly data, which are updated every day here. Seven–day rolling rate of new cases by specimen date ending on 10th February 2022.



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
12 February 2022	977	1464	832514	2	0.07
11 February 2022	1272	1650	831537	12462	425.53
10 February 2022	1389	1772	830265	13216	451.27
09 February 2022	1818	2260	828876	14484	494.57
08 February 2022	2099	2209	827058	15676	535.27
07 February 2022	2357	1777	824959	16887	576.63
06 February 2022	1861	2024	822602	18298	624.81
05 February 2022	1666	2383	820741	19729	673.67
04 February 2022	2026	3166	819075	20762	708.94
03 February 2022	2657	3052	817049	21915	748.31
02 February 2022	3010	3345	814392	23229	793.18
01 February 2022	3310	4545	811382	24718	844.02
31 January 2022	3768	52663	808072	26278	897.29



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	30-Jan-22	31-Jan-22	01-Feb-22	02-Feb-22	03-Feb-22	04-Feb-22	05-Feb-22	06-Feb-22	07-Feb-22	08-Feb-22	09-Feb-22	10-Feb-22	11-Feb-22	12-Feb-22	13-Feb-22
ENGLAND	**1,285**	**1,451**	**1,537**	**1,451**	**1,292**	**1,186**	**1,077**	**1,211**	**1,234**	**1,266**	**1,220**	**1,167**	**996**	**989**	**1,029**
East of England	132	122	162	130	125	121	113	118	137	132	106	125	105	109	106
London	175	185	199	218	195	175	158	175	186	178	163	154	161	139	132
Midlands	264	287	324	278	278	221	191	227	219	221	224	228	192	169	168
North East and Yorkshire	255	264	251	260	225	196	181	192	203	238	224	187	137	169	158
North West	179	211	235	214	128	179	152	155	194	148	161	167	139	123	126
South East	171	226	220	199	216	173	148	234	178	199	189	177	143	174	194
South West	109	156	146	152	125	121	134	110	117	150	153	129	119	106	145

Mechanical Ventilation beds - occupied by confirmed COVID-19 patients

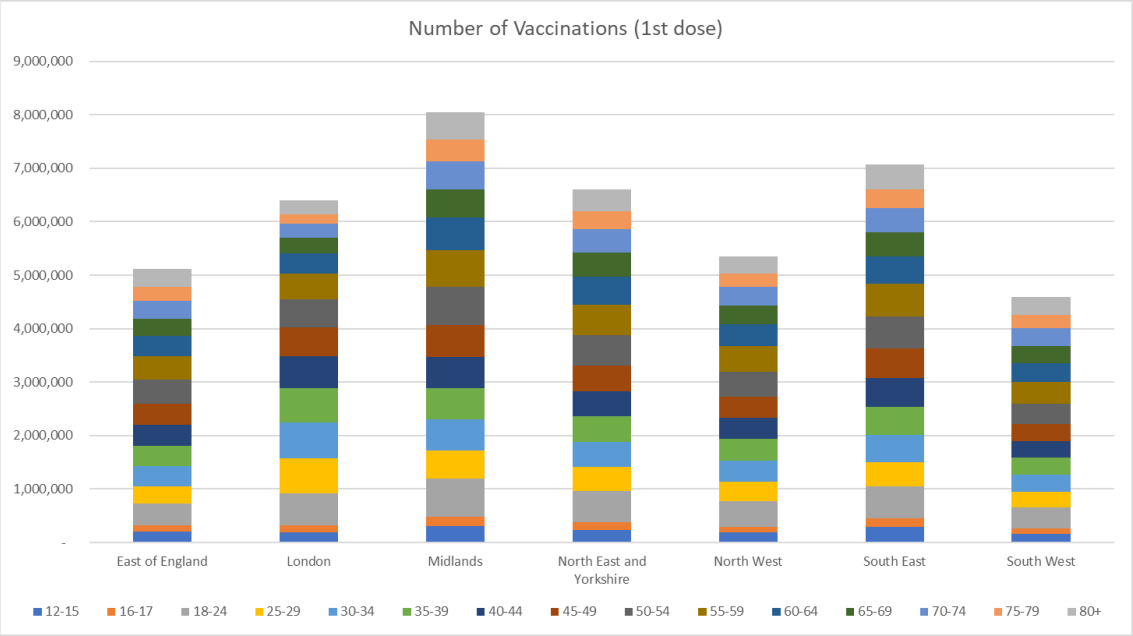
Name	01-Feb-22	02-Feb-22	03-Feb-22	04-Feb-22	05-Feb-22	06-Feb-22	07-Feb-22	08-Feb-22	09-Feb-22	10-Feb-22	11-Feb-22	12-Feb-22	13-Feb-22	14-Feb-22	15-Feb-22
ENGLAND	**449**	**432**	**429**	**425**	**409**	**391**	**395**	**385**	**384**	**384**	**372**	**360**	**348**	**355**	**323**
East of England	47	43	46	46	45	41	39	40	40	40	36	35	37	37	31
London	159	158	152	152	144	139	143	139	137	137	137	133	129	132	119
Midlands	78	76	76	67	64	62	64	58	60	62	60	61	55	58	52
North East and Yorkshire	60	57	58	60	61	55	49	49	48	44	46	43	45	50	44
North West	52	46	47	48	47	52	51	51	54	59	54	49	46	41	40
South East	34	35	36	37	33	29	36	37	34	30	31	30	26	27	27
South West	19	17	14	15	15	13	13	11	11	12	8	9	10	10	10

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

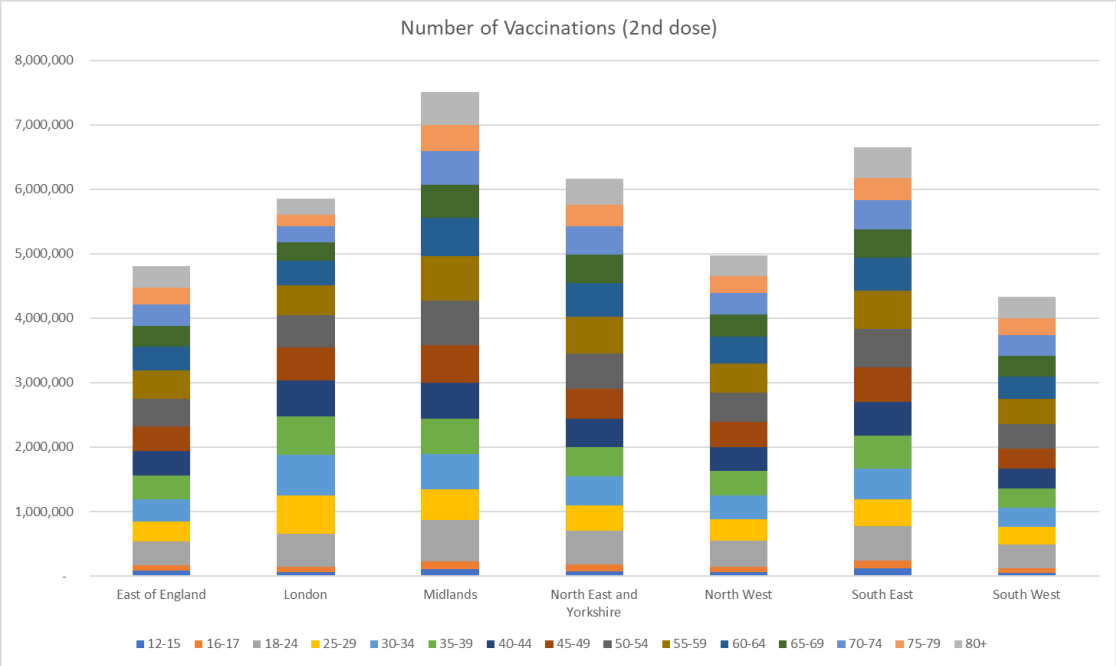
Name	01-Feb-22	02-Feb-22	03-Feb-22	04-Feb-22	05-Feb-22	06-Feb-22	07-Feb-22	08-Feb-22	09-Feb-22	10-Feb-22	11-Feb-22	12-Feb-22	13-Feb-22	14-Feb-22	15-Feb-22
ENGLAND	**12,896**	**12,577**	**12,423**	**12,032**	**11,604**	**11,529**	**11,710**	**11,471**	**11,071**	**10,734**	**10,367**	**10,010**	**10,049**	**10,273**	**10,019**
East of England	1,215	1,179	1,172	1,145	1,116	1,092	1,101	1,089	1,068	1,033	993	945	968	1,016	975
London	2,468	2,451	2,370	2,321	2,230	2,262	2,310	2,291	2,211	2,122	2,042	2,003	2,015	2,071	2,031
Midlands	2,514	2,436	2,421	2,358	2,280	2,243	2,231	2,240	2,139	2,101	2,033	1,939	1,905	1,953	1,852
North East and Yorkshire	2,238	2,122	2,139	2,058	1,979	1,915	1,961	1,811	1,757	1,729	1,671	1,597	1,576	1,585	1,512
North West	2,060	1,940	1,898	1,810	1,708	1,724	1,730	1,714	1,647	1,562	1,519	1,488	1,484	1,509	1,487
South East	1,534	1,558	1,553	1,503	1,471	1,466	1,520	1,492	1,447	1,399	1,363	1,330	1,374	1,394	1,397
South West	867	891	870	837	820	827	857	834	802	788	746	708	727	745	765

Vaccine Update

Between the 8th December 2020 and the 16th February 2022 the Midlands has successfully vaccinated **8,065,837** people with the first dose and **7,511,029** of these individuals have received the second dose as well. A further **5,813,855** have received their booster. Meaning the Midlands has successfully provided the most jabs out of any region including London.

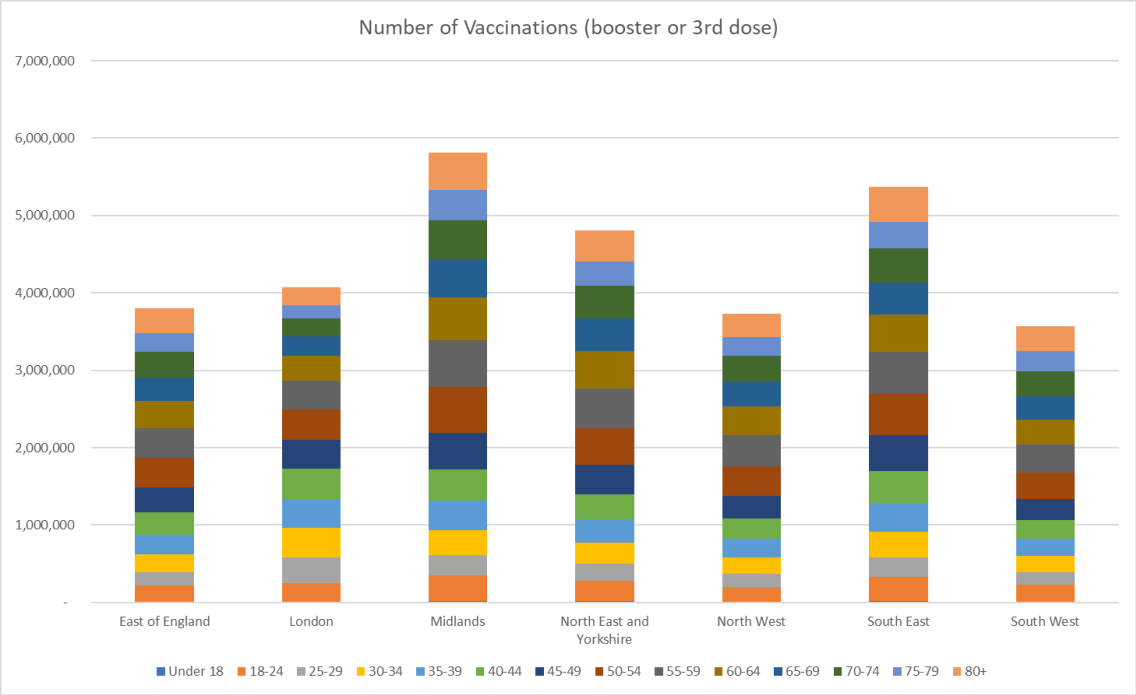


NHS Region of residence name	% of cohort who have had at least 1 dose (using ONS denominators)														
	12-15	16-17	18-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80+
Total	59%	74%	82%	82%	88%	90%	94%	91%	96%	98%	100%	97%	96%	100%*	93%
East of England	63%	78%	85%	86%	90%	90%	95%	92%	96%	98%	100%*	97%	96%	100%*	93%
London	46%	60%	82%	86%	83%	81%	88%	90%	92%	94%	95%	93%	91%	95%	84%
Midlands	59%	74%	76%	74%	85%	89%	94%	90%	96%	97%	100%*	97%	97%	100%*	94%
North East and Yorkshire	59%	74%	77%	76%	86%	90%	95%	89%	95%	97%	99%	98%	97%	100%*	93%
North West	55%	72%	77%	76%	85%	90%	95%	90%	95%	98%	100%*	98%	97%	100%*	93%
South East	67%	81%	83%	86%	96%	94%	96%	92%	96%	98%	100%*	98%	95%	100%*	93%
South West	65%	82%	87%	88%	95%	95%	98%	92%	96%	99%	100%*	97%	96%	100%*	95%



NHS Region of residence name	% of cohort who have had at least 2 doses (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	21%	53%	72%	75%	82%	85%	90%	88%	93%	96%	98%	96%	95%	100%*	92%
East of England	26%	58%	77%	79%	84%	86%	91%	90%	94%	97%	99%	96%	95%	100%*	92%
London	15%	41%	69%	78%	77%	76%	83%	86%	88%	91%	92%	90%	89%	93%	82%
Midlands	20%	52%	67%	67%	79%	84%	90%	87%	94%	96%	99%	96%	96%	100%*	93%
North East and Yorkshire	19%	52%	69%	69%	80%	85%	91%	87%	94%	96%	98%	97%	97%	100%*	92%
North West	19%	50%	68%	68%	78%	84%	90%	87%	93%	96%	99%	97%	96%	100%*	92%
South East	27%	61%	75%	80%	90%	90%	93%	90%	94%	97%	99%	97%	95%	100%*	93%
South West	20%	62%	79%	82%	89%	91%	95%	90%	94%	98%	100%	96%	96%	100%*	95%

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



NHS Region of residence name	% of cohort (not just those eligible) who have had a booster or 3rd dose (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	38%	43%	51%	58%	67%	71%	80%	85%	90%	91%	92%	98%	88%
East of England	43%	47%	54%	61%	70%	74%	82%	88%	92%	91%	92%	100%*	89%
London	32%	44%	47%	49%	57%	62%	69%	74%	79%	81%	82%	86%	76%
Midlands	35%	37%	48%	57%	67%	70%	81%	85%	91%	91%	92%	98%	89%
North East and Yorkshire	35%	38%	48%	57%	67%	70%	81%	86%	91%	92%	93%	98%	89%
North West	32%	35%	44%	53%	64%	67%	78%	84%	90%	91%	92%	97%	88%
South East	44%	49%	61%	67%	75%	76%	84%	89%	93%	93%	92%	100%*	89%
South West	47%	51%	61%	68%	77%	77%	85%	90%	93%	92%	93%	100%*	92%

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

Weekly Deaths Registered: 4th February 2022

Black Country Consortium Economic Intelligence Unit

The following analysis compares the latest available time period (the week of the 4th February 2022) to the previous week period (the week of the 28th January 2022) for the number of deaths registered and the number of deaths registered related to the Coronavirus[13].

Across England and Wales, the overall registered death figures decreased from 12,401 in the week of the 28th January 2022 to 11,862 in the week of 4th February 2022. The number of deaths registered that state Coronavirus on the death certificate decreased from 1,385 to 1,242 people over the same period.

Regional level analysis shows that the West Midlands' overall registered death figures decreased from 1,405 people in the week of 28th January 2022 to 1,245 in the week of 4th February 2022. The number of registered deaths related to Coronavirus decreased from 150 people to 136 people over the same period.

There was a total of 850 deaths registered across the WMCA (3 LEP) area in the week of the 4th February 2022. There were 107 deaths registered that were related to Coronavirus over the same period. In comparison to the week of the 28th January 2022, the overall registered death figures in the WMCA (3 LEP) area decreased by 110, with the number of registered deaths related to Coronavirus decreasing by 9 people.

In the week of the 4th February 2022, all local authorities in the WMCA (3 LEP) area had at least one registered death related to the Coronavirus. Of the 107 registered Coronavirus related deaths; Birmingham accounted for 19 deaths, Sandwell accounted for 12 deaths and Dudley accounted for 10 deaths.

Of the 107 registered Coronavirus deaths in the WMCA (3 LEP) involving Coronavirus in the week of the 4th February 2022, 70 were registered in a hospital, 21 deaths were registered at care home, 14 were registered at home and 2 deaths were registered elsewhere.

Place and number of deaths registered that are related to Coronavirus in the week of 4th February 2022:

Area name	Care home	Elsewhere	Home	Hospice	Hospital	Other communal establishment	Total
Cannock Chase	0	0	1	0	4	0	5
East Staffordshire	0	0	1	0	1	0	2
Lichfield	0	0	1	0	0	0	1
Tamworth	0	0	0	0	1	0	1
North Warwickshire	1	0	0	0	1	0	2
Nuneaton and Bedworth	0	0	1	0	5	0	6
Rugby	0	0	0	0	3	0	3
Stratford-on-Avon	2	0	1	0	3	0	6
Warwick	1	0	1	0	4	0	6
Bromsgrove	1	0	0	0	1	0	2
Redditch	1	0	0	0	2	0	3
Wyre Forest	2	1	1	0	2	0	6
Birmingham	4	1	2	0	12	0	19
Coventry	0	0	1	0	6	0	7
Dudley	3	0	2	0	5	0	10
Sandwell	2	0	1	0	9	0	12
Solihull	1	0	1	0	1	0	3
Walsall	1	0	0	0	5	0	6
Wolverhampton	2	0	0	0	5	0	7
WM 7 Met.	**13**	**1**	**7**	**0**	**43**	**0**	**64**
Black Country LEP	8	0	3	0	24	0	35
Coventry & Warwickshire LEP	4	0	4	0	22	0	30
Greater Birmingham & Solihull LEP	9	2	7	0	24	0	42
WMCA (3 LEP)	**21**	**2**	**14**	**0**	**70**	**0**	**107**

[13] 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, 15th February 2022.

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 10th February 2022, 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: online job adverts, footfall data, Value-Added Tax returns, national company incorporations and voluntary dissolutions, results from Wave 49 of the Business Insights and Conditions Survey (BICS), and results from Wave 83 of the Opinions and Lifestyle Survey (OPN).

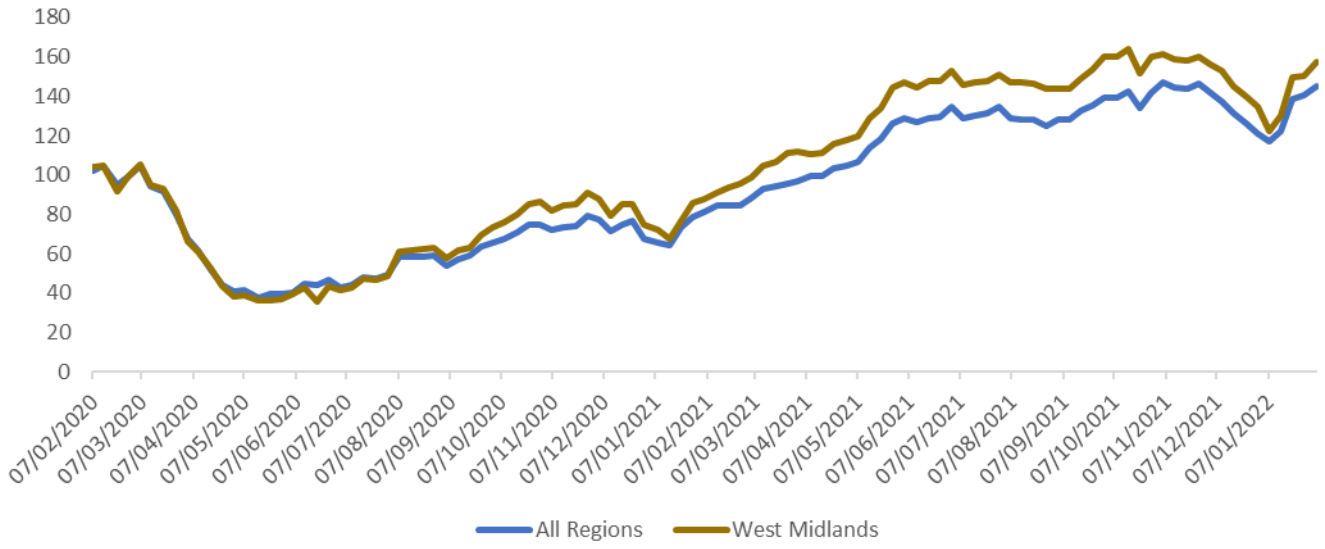
Online Job Adverts

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 28th January 2022 and 4th February 2022, total online job adverts increased by 4.3 percentage points. On the 4th February 2022, total online job adverts were at 145% of their average level in February 2020. Out of the 28 categories (excluding unknown) 25 increased from the previous week. The largest weekly increase was in "wholesale and retail", which rose by 15.4 percentage points and was at 184.6% of the February 2020 level. Categories below the February 2020 average level were "Legal" (92.1%), and "energy/oil & gas" (98.7%). The three week-on-week decreases were in "creative/design/arts & media" decreasing by 2.5 percentage points to 158.4% of the average level in February 2020, "other/general" by 1.8 percentage points to 146.0% of the average level in February 2020 and "healthcare and social care" by 1.3 percentage points to 109.6% of the average level in February 2020.

Online job adverts for all regions increased between the 28th January 2022 and 4th February 2022. Regional increases varied from 2.7 percentage points in the East of England to a 20.6 percentage point increase for Northern Ireland. The West Midlands online job adverts increased by 7.5 percentage points (second highest increase of all regions) and on the 4th February 2022 total online job adverts were at 157.8% of their average level in February 2020. On the 4th February 2022, all 12 regions were above their February 2020 levels, varying from; 127.5% in Wales to 186.1% 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 4th February 2022:



Footfall

According to Springboard, overall retail footfall in the UK in the week to 5th February 2022 was at 83% of the level seen in the equivalent week of 2019; this was a 3% increase when compared to the previous week. In the week to 5th February 2022, footfall in high streets increased from 3% from the previous week and was 80% of the level seen in the equivalent week of 2019. Over the same period, footfall in retail parks increased by 3% and was 96% of the level

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

seen in the equivalent week of 2019 and shopping centres increased by 3% and was 77% of the level seen in the equivalent week of 2019.

In the week to 5th February 2022, there were increases in retail footfall in 8 out of the 10 English regions and UK countries. The largest weekly increase was in Greater London, which rose by 5% when compared with the previous week.

Value-Added Tax Returns

The seasonally adjusted number of new VAT reporters in the UK was 20,370 in January 2022, which was 5% higher than in December 2021. This is 3% lower than the 2015 to 2019 longer-term average (20,904). The number of new VAT reporters in the production and services industries grew by 6% and 12%, respectively in January 2022 compared with the previous month. Despite this growth, the number of new VAT reporters in the production industry was 2% lower than in January 2021, while in the services industry it was broadly similar to January 2021. In the construction industry the number of new reporters in January 2022 increased by 17% compared with December 2021, and was 16% higher than in January 2021.

The month-on-month, all-industry turnover estimate for the UK in December 2021 shows that a net 6% of firms reported decreasing turnover. This is the first time more firms have reported a fall in turnover on the month since July 2021, when a net 4% of firms reported decreasing turnover compared with the previous month. December 2021 was the largest net negative reported turnover since April 2020 when a net 16% decrease was reported.

National Company Incorporations and Voluntary Dissolutions

Companies House data shows for the UK, there were 16,614 company incorporations in the week to 4th February 2022. This is up from 15,974 recorded in the same week in 2021 and also higher when compared to the same week in 2020 (14,902) and the same week in 2019 (14,355).

Also, for the week to 4th February 2022, there were 6,532 voluntary dissolution applications, an increase from 5,659 recorded in the same week in 2021. The number of voluntary dissolution applications was lower than levels seen in the same week of 2020 (6,629) but higher than the same week in 2019 (5,588).

Business Insights and Conditions Survey (BICS)

The results from Wave 49 of the BICS based off the 5,092 businesses surveyed across the West Midlands that businesses have a presence in with a response rate of 22.2% (1,128) and 3,027 businesses that are head quartered in the West Midlands, with a response rate of 21.9% (662). Please note, the survey reference period was 10th January to 6th February 2022 with the survey live period between 24th January to 6th February 2022. Also, the data used is unweighted for regions and response levels can be low so the following results should be treated with caution when evaluating the impact of Covid-19. Due to weighted data being available for the UK a comparison has not been included.

Trading Status and Financial Performance

98.9% of responding West Midlands businesses were trading over the survey period, of which 3.8% were partially trading.
Excluding “not sure” responses, 25.5% of responding West Midlands business reported that turnover over the last month when compared to normal expectations for the time of year had decreased. While 52% of West Midlands businesses reported turnover had not been affected and approximately 11.5% reported turnover had increased.
Excluding “not sure” responses, 46.4% of responding West Midlands businesses reported that Covid-19 was the main reason for the change in the business turnover, 1.7% reported that the “end of the EU transition period” was the main reason. While 22.6% reported “other” as the main reason and 13.3% of West Midlands businesses reported “Covid-19 and the end of the EU transition period”.

International Trading

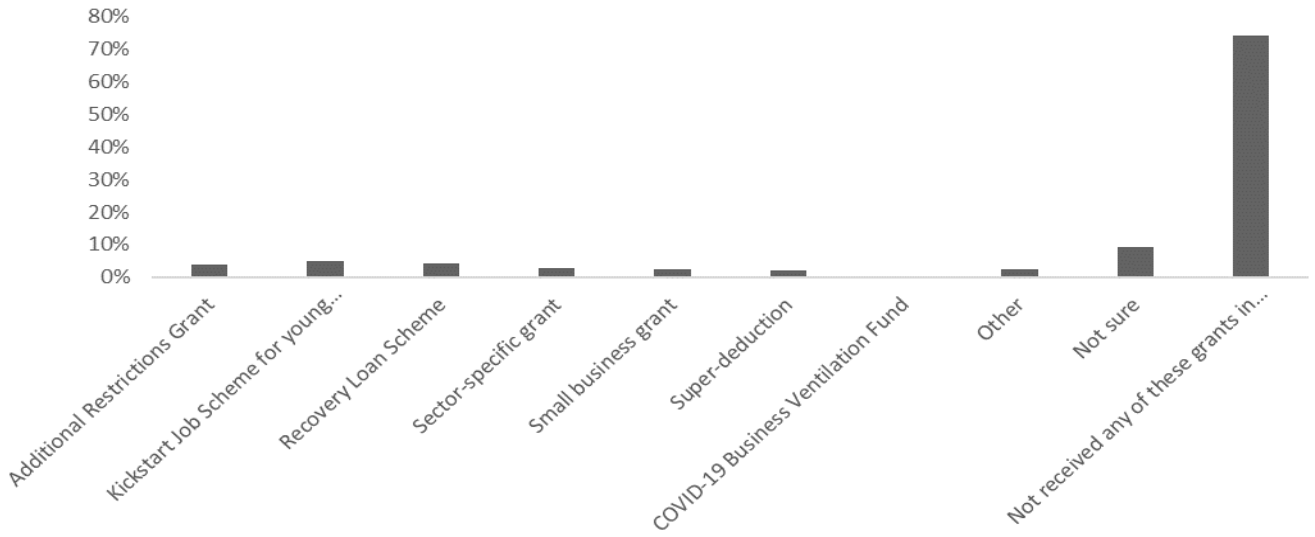
5.8% of responding West Midlands reported to have made changes to how it conducts international trade in services due to Covid-19 or the end of EU transition period.
Excluding “not sure” responses, 69.2% of responding West Midlands businesses reported “exporting as normal” over the last month when compared with normal expectations for the time of year. 20.2% of West Midlands businesses

reported “exporting, but less than normal”. 1.4% reported “exporting more than normal” and less than 1.0% reported they “had not been able to export in the last two weeks”.
Excluding “not sure” responses, 72.5% of responding West Midlands businesses reported “importing as normal” over the last month when compared with normal expectations for the time of year. 12.4% of West Midlands businesses reported “importing, but less than normal”. 3.9% reported “importing more than normal” and less than 1% reported they “had not been able to import in the last two weeks”.

Global Supply Disruption
30.3% of West Midlands businesses reported experiencing global supply chain disruption over the last month.

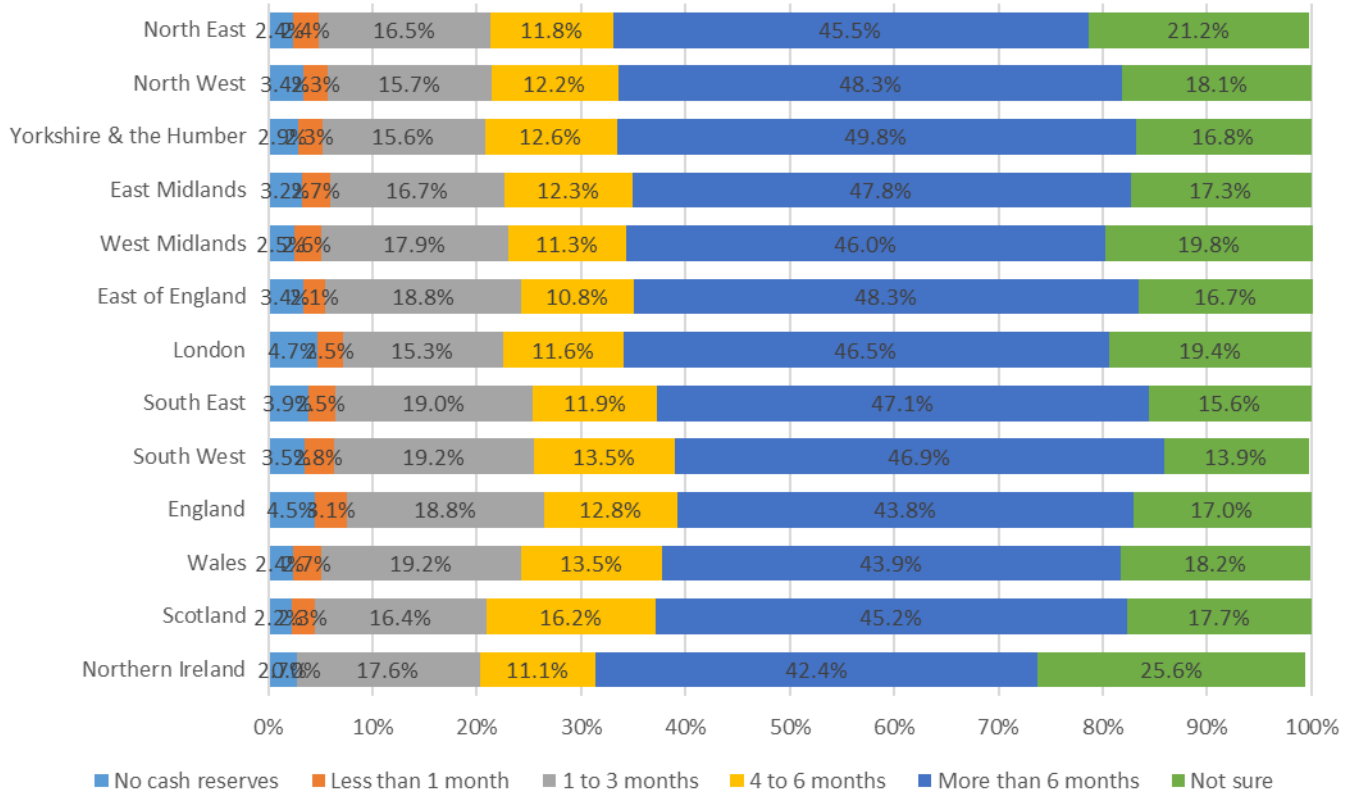
Finance Agreements and Grant Payment
34.0% of responding West Midlands businesses reported they had received a government-backed loan or finance agreement during the Covid-19 pandemic.
4.9% of West Midlands businesses reported they had received payment from Kickstart Job Scheme for young people in the last month.

The following chart shows for the West Midlands region what payments businesses have received from any grants or schemes in the last month:



Cash Reserves
2.5% of West Midlands businesses reported having no cash reserves.

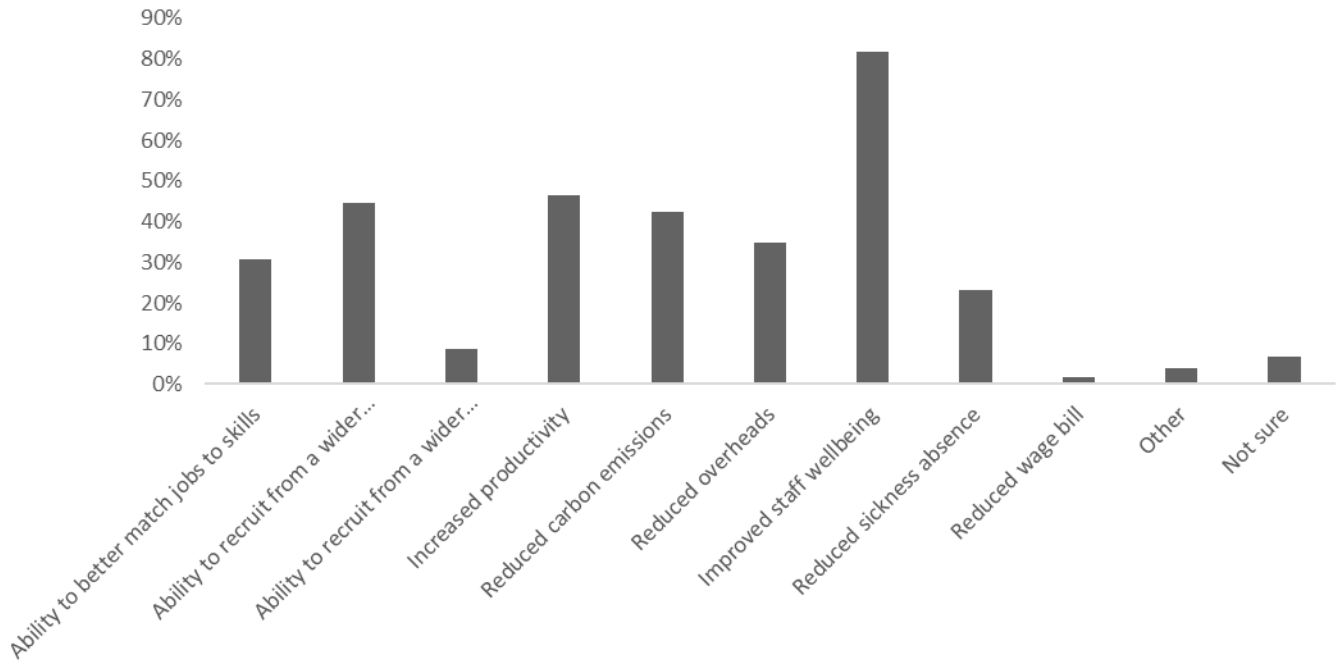
The following chart shows how long business cash reserves will last across all regions:



Business Confidence, Debts and Insolvency
74.6% of West Midlands businesses reported they had high confidence that the business will survive the next three months.
4.3% of West Midlands businesses reported that repayments were over 50% of turnover.
1.1% of West Midlands businesses reported having low confidence that the business will meet the debt obligations.
Excluding "the business is insolvent" and "not sure" responses, less than 1% of West Midlands businesses reported to being at "severe risk" of insolvency. With 6.8% reporting a "moderate risk", 49.4% reporting "low risk" and 35.2% of West Midlands businesses reporting "no risk".

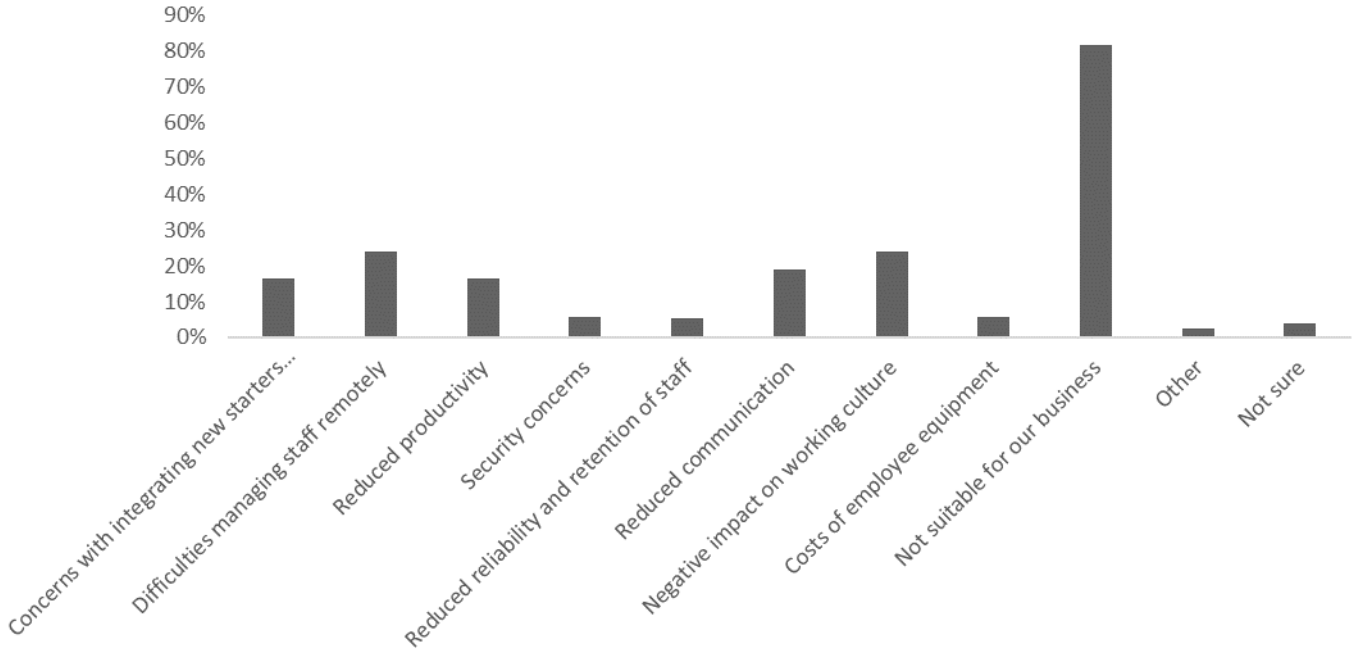
Homeworking
29.3% of West Midlands businesses reported there were using or intending to use increased homeworking as a permanent business model going forward. Of these businesses, the highest response as to why they were using or intending to increase homeworking at 81.8% was due to "improved wellbeing".

The following chart shows for the West Midlands region, why the business is using or intending to use increased homeworking as a permanent business model going forward:



Although, 44.3% of West Midlands businesses reported they are not using or do not intend to use increased homeworking as a permanent business model going forward. Of these businesses, the highest response as to why they were not using or not intending to use increase homeworking at 81.9% was due to it "not being suitable for the business".

The following chart shows for the West Midlands region, why the business is not using or not intending to use increased homeworking as a permanent business model going forward:



Return to the Workplace

Excluding "not sure" or not applicable" responses, 45.8% of West Midlands businesses reported that the "workforce has already returned to their normal place of work", with 23.2% expected to return within the next six months and 1.8% to return after 6 months. 7.7% of West Midlands businesses reported that they "were not expecting the workforce to return to their normal place of work".

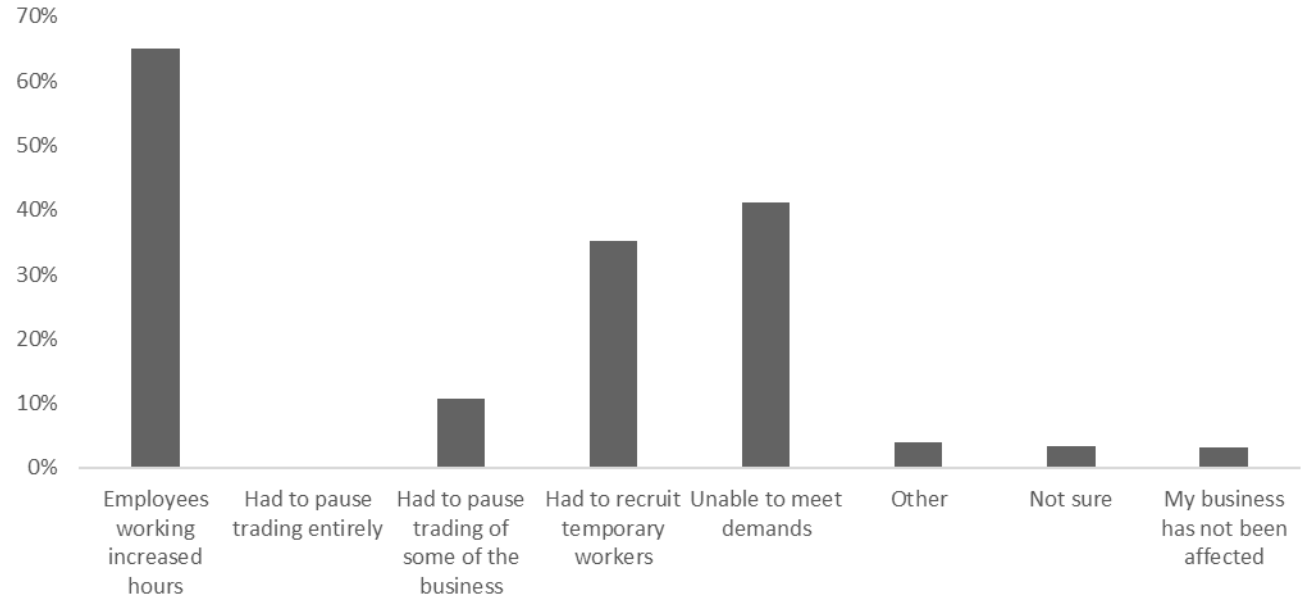
Wages

Excluding "not sure" or "not applicable" responses, 56.7% of responding West Midlands businesses reported existing employees' hourly wages over the last month when compared with normal expectations or the time of year had not

been affected. 23.8% reported that wages were higher and 2.1% of West Midlands businesses reported wages were lower.
Excluding "not sure" or not applicable" responses, 42.0% of responding West Midlands businesses reported new employees' hourly wages over the last month when compared with normal expectations for the time of year had not been affected. 29.2% reported that wages were higher and less than 1% of West Midlands businesses reported wages were lower.

Worker Shortages
39.1% of West Midlands businesses reported to currently experiencing a shortage of workers.
Of those, 65.0% of West Midlands businesses reported the worker shortage was causing employees to work increase hours.

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



Cancellations
12.6% of West Midlands businesses reported the number of cancellations from customers over the last month have increased and 25.1% reported that it has stayed the same.

Net Zero
39.5% of responding West Midlands businesses have switched to LED bulbs to reduce carbon emissions.

The following table shows for West Midlands businesses what actions they have taken to reduce emissions and what actions the businesses intend to take in the next twelve months (if any):

	WM Businesses- Actions taken to reduce carbon emissions	**WM Businesses- Actions intended to be taken in the next twelve months to reduce carbon emissions**
Adjusting heating and cooling systems	28.7%	14.0%
Electrifying your vehicle fleet	19.7%	16.6%
Installing a smart meter	16.0%	7.3%
Installing charging points	20.4%	13.1%
Installing your own renewable electricity or heating	8.4%	5.2%
Insulating your buildings	8.4%	5.5%
Introducing a cycle to work scheme	17.5%	3.8%
Switching to LED bulbs	39.5%	16.9%
Other	2.5%	2.7%

No actions have been taken to reduce emissions / Not intending to reduce emissions in the next 12 months	18.5%	14.9%
Not sure	21.3%	46.0%

Social Impacts of the Coronavirus

The following section refers to the period of 19th to 30th January 2022. Please note, only a selection of indicators at a regional level are included in this section.

Financial Situation and Borrowing

53% of West Midlands adults reported that the household could afford to pay an unexpected but necessary expense of £850 (60% GB).

23% of West Midlands adults reported it had been easy or very easy to pay usual household bills in the last months when compared to a year ago (31% GB). 16% reported it had been difficult or very difficult (19% GB).

18% of West Midlands adults reported that they have had to borrow more money or use more credit than usual in the last month compared to a year ago (17% GB).

51% of West Midlands adults reported that in view of the general economic situation, that they will be able to save money in the next 12 months (42% GB).

Well-Being, Loneliness and Perceptions of the Future

Mean personal well-being scores for life satisfaction was 7.0 in the West Midlands (6.9 GB), worthwhile was 7.3 in the West Midlands (matching GB), happiness was 7.0 for West Midlands adults (6.9 GB) and anxious was recorded at 4.2 for West Midlands adults (3.9 GB)[14].

9% of adults in the West Midlands reported low levels of life satisfaction (matching GB). 11% of West Midlands adults reported low level of feeling worthwhile (9% GB). 15% of responding West Midlands adults reported low level of happiness (14% GB) and 39% reported high levels of anxiety (32% GB)[15].

21% of adults in the West Midlands reported to often/always or some of the time to feeling lonely (25% GB). While 57% reported hardly ever or never feeling lonely in the West Midlands (48% GB).

11% of West Midlands adults believe it will take 6 months or less before life returns to normal (13% GB). 14% of West Midlands adults believed it will take 7 to 12 months (11% GB). 33% of West Midlands adults think it could more than a year to return back to normal (29% GB) and 9% of the West Midlands adults thought it would never go back to normal (1% GB).

Impact on People's Life Overall

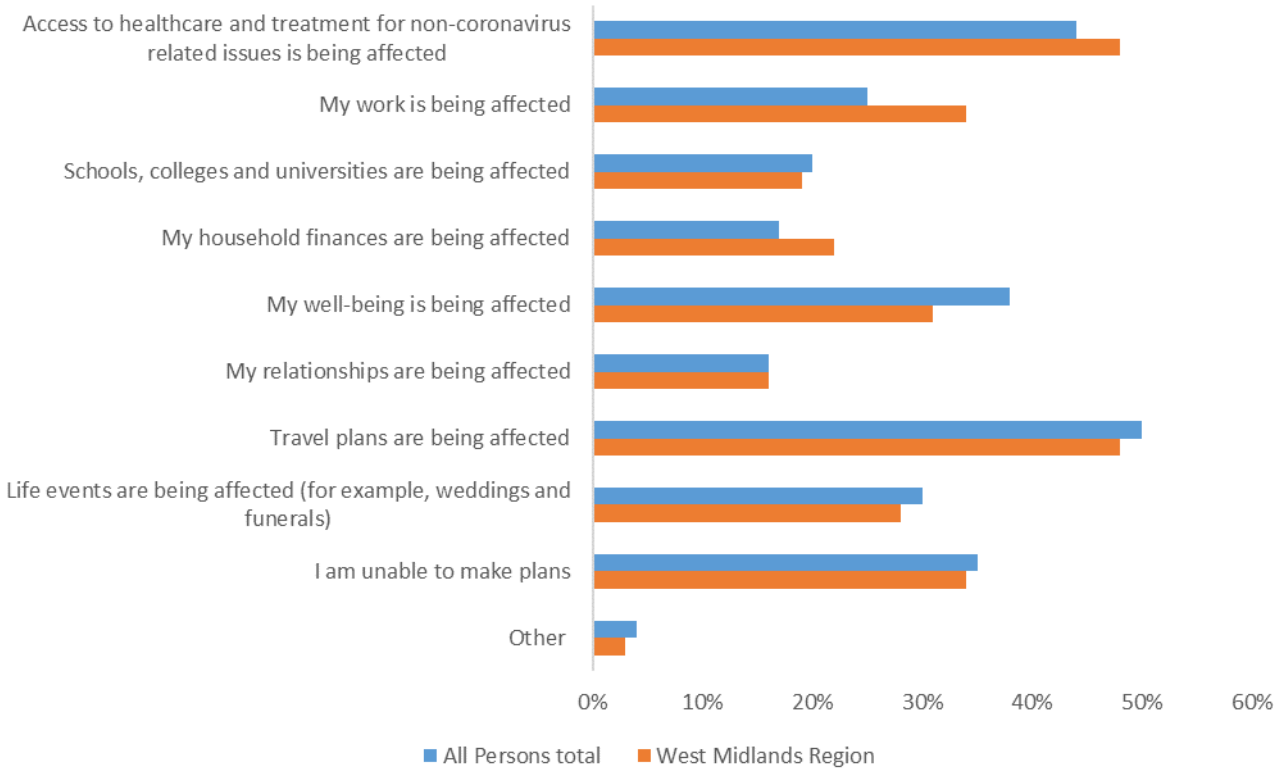
In the West Midlands, 51% of adults reported they were very or somewhat worried about the effect COVID-19 was having on their life (52% GB). 22% of responding West Midlands adults reported that they were somewhat unworried or not at all worried (19% GB).

48% of West Midlands adults reported that Covid-19 was affecting their life due to access to healthcare and treatment for non-coronavirus related issues (44% GB). 48% also reported travel plans are being affected (50% GB).

[14] Each of these questions are answered on a scale of 0 to 10, where 0 is "not at all" and 10 is "completely".

[15] Low levels of life satisfaction, feeling worthwhile and happiness are defined as a score of 4 or below for their respective questions. High anxiety is defined as a score of 6-10 for the question "How anxious did you feel yesterday?".

The following chart shows for the West Midlands region and for all person total the ways COVID-19 is affecting life:



LEP Level Intelligence

WMCA

WMCA Growth Hub Intel for WM Weekly Economic Monitor–15th February 2022

HEADLINES

SECTOR	KEY INSIGHTS
Cross Sector	**Outlook** Figures released by the **Office for National Statistics (ONS)** reported the UK economy **rebounded in 2021 as Gross Domestic Product (GDP) grew by 7.5 per cent following the easing of Covid-19 restrictions**, and that the growth was ahead of forecast and occurred despite a contraction in December due to Omicron restrictions. GDP overall also remains below its pre-pandemic levels. As the West Midlands economy recovers and grows, **regional business leaders urge the Government to act on cost pressures now.** Concerns among SMEs continue over proposed **tax rises, rampant inflation caused by supply chain disruption, labour market shortages and soaring energy prices.** There are calls for the Government to take swift action to reduce the pressures businesses are currently facing and to support business confidence as we emerge from the pandemic by: • **Delaying the rise in National Insurance.** • **Maintaining lower levels of VAT.** • **Offering financial support for those suffering from huge energy bills.** • **Continuing reform of the business rates system.** This reflects that businesses across several sectors have identified **that existing government measures and policies have not been – and continue to not be – effective for their businesses.** A range of firms in the manufacturing, travel and accommodation sectors, for example, have all been adversely affected by the pandemic and associated restrictions, but have seen **limited targeted support** to help them through the past two years. These firms continue to have concerns regarding Covid-19 and are **hoping that more support will be outlined in the upcoming Spring Statement, particularly with regard to addressing spiralling cost pressures.** Bringing this into close focus is a report from EY that the **West Midlands is expected to be one of the slowest regional economies to recover from the pandemic** due to the impact of Covid-19 on the automotive and manufacturing sectors. The region's gross value added (GVA) is forecast to be **only 5.3 per cent larger in 2025 than it was in 2019**. By comparison, the UK's GVA is forecast to increase by 8.3 per cent. Despite this, there are positive signs in short-term recovery of late. **Business confidence in the West Midlands rose nine points during January to 39 per cent, according to the latest Business Barometer from Lloyd's Bank.** Deloitte's Crane Survey suggests **significant growth in new construction activity** – both residential and office based – in Birmingham. For Birmingham, **18 projects broke ground in 2021 in comparison to 10 in 2020, with 34 schemes currently still in development.** The 18 new starts recovered are split across four sectors; 14 in residential, two in office and one each for student housing and hotels. There were no new developments within the education or leisure sectors and for the third year running, no standalone retail schemes were started.

SECTOR	KEY INSIGHTS
	In addition, **announcements in the Levelling Up White Paper were generally well received by local businesses,** who see Government investment in infrastructure, transport, and skills as crucial for the West Midlands' future. In particular, commitments regarding town centre regeneration and funding for new housing was welcomed, and the **investment in skills was seen as an extremely positive** first step towards alleviating the recruitment issues and skills gaps occurring in the region. **Labour Market** Businesses continue to express fears that a **lack of suitable qualified and experienced applicants for vacant positions** will damage the prospect of business recovery post-Covid. Specifically: • **Recruitment Struggles** – Examples of local businesses **facing the reality of investing in the correct environment** for prospective employees as well as improving remuneration and salary packages. • **Increased Wages** - Companies starting to see wage inflation affecting their ability to recruit, with companies saying that they have seen an up to 15% rise in hourly rates. • **Post Pandemic Burnout** – Reports from businesses that they are overwhelmed with increased orders but the **lack of capacity and materials to fulfil these**, leading to **burnout** whilst trying to keep up. Another in a similar situation where commitment to orders has added strain to the business owners available time adding to increased pressure, not helped by staffing problems. Reports from Growth Hub engagement chime with findings from BDO that suggest **recruitment is firmly on the agenda for Midlands firms**. • According to their latest Rethinking the Economy survey, more **than a quarter of medium-sized Midlands businesses intend to increase the size of their workforce over the next 12 months**, with 18 per cent planning to pay staff more in order to attract and retain talent. • When asked about skills shortages, **32 per cent of firms in the region stated that finding enough people with the right skill-set was one of their biggest concerns**, with a particular challenge around the number of available apprentices. Wider reports suggest the **ways in which businesses might direct their investment** to get the best out of staff and resource management: • **Home working:** Most business leaders plan to keep remote working arrangements in place, often feeling staff were more productive, new research suggests. A survey of 700 business leaders found that more than one in four expect their organisation to be fully flexible, leaving it down to individual employees where they want to be based. Two in five respondents to the Institute of Directors (IoD) poll said they planned to allow one to four days of remote working a week. • **Automation:** According to an RSM report, around half of UK employers are planning to invest in automation or IT over the next 12 months in response to increasing staffing challenges. **Trading Conditions** Problems with supply chains persist, including difficulties accessing materials, price rises and persistent challenges surrounding new and existing EU Exit rules. • Although there are reports that supply chain problems are starting to ease, businesses concerned about ensuring continuity are still **stockpiling materials** which is not only **affecting cash flow** but leading to **pressures on storage facilities** and increased demand on available premises, already in short supply.

SECTOR	KEY INSIGHTS
	• **Delays at borders** – This problem continuing to affect the fulfilment of orders and contracts. Now affecting the NHS, one business example is a supplier of medical curtains experiencing 2-month delays of items that are stuck at ports; these are likely to be further delayed, with the knock on effect of being unable to book onward transport leaving them without items. The same business has reported a drop in container costs from £18k down to £15k but a long way from the £3k they were paying pre-COVID. • The **global shortage with electronic microchips remains an issue**, particularly to local car manufacturer JLR, with the Guardian highlighting how the EU are tackling the issue, **potentially leaving the UK exposed or potentially held to ransom**. • At the Midlands Engine level, **a "Brexit: One Year On" report has been published**; exploring some of these key themes and the impact of Brexit and Covid on a wide range of issues, not least trading conditions. Furthermore, **rising energy costs remain a critical concern** for companies of all sizes as they seek support to **better understand how to reduce bills.** The British Chambers of Commerce have called on the Chancellor to **adopt their five-point plan to address these challenges.** These include a **temporary energy price cap for small businesses and the extension of the financial support announced for households last week to include small firms.** Their recent survey shows that: • **73% of firms in a new survey say they are raising prices** in response to rising costs • **More than 3 in 5 (62%) cite soaring energy bills as driving factor,** rising to 75% for manufacturers. • 63% site increased wage bills as driving prices rises. **Enquiries** Recent business enquiries to West Midlands Growth Hubs include a focus on: • **Net Zero** – A clear trend is emerging with businesses across almost all sub-regions embracing green initiatives in efforts to reduce their carbon footprints and in turn appear more attractive to clients. - NatWest is launching green loans and green asset finance propositions to help SMEs reach their sustainability goals. • **Skills & Training** – Leads into both regional ERDF funded and SERCO national skills and training support programmes; while linked to the increased focus on the investment in existing staff and to attract potential new employees. Project management training, digital marketing and management development and mentoring feature highly. • **Demand for Grants** – Continued demand for grants from all sources to assist with projects related to capital machinery purchases, premises refurbishment, marketing/branding and website creation/development. Available funds becoming limited due to ERDF grants streams becoming exhausted also adding pressure on the remaining smaller schemes available. The situation likely to worsen as we await more information on the replacement UK Shared Prosperity Fund • **B2B Referrals** – Those businesses looking to expand product development, product lines and those diversifying now more likely to pursue local supply chain opportunities • **Start-up companies and micro enterprises seeking funding and mentoring support**, mainly in the area of marketing as they work on growth plans. • The Government **Help to Grow scheme continues to be the primary support programme offered to SME companies** looking to develop their business digitally or through leadership and management. • Numerous businesses have been in touch following their **applications to the Omicron Hospitality and Leisure Grant scheme** and the ARG Omicron fund. Some

SECTOR	KEY INSIGHTS
	businesses continue to lack clarity as to which scheme – if any – they are eligible for, and others have faced ongoing technical errors or confusion when applying.
Creative	• The BBC is launching an **apprentice hub in Birmingham** that will place apprentices with employers in the local creative sector. The BBC will part fund the apprenticeships while Google, in an innovative partnership, will fund all training costs for apprentices' placed in local organisations through the Apprentice Levy Transfer Donation scheme. • The potential cost of living increase is a concern as this impacts the **bottom line for many struggling creative businesses.** We are being warned that it is coming, but **what support will there be and how can businesses best mitigate for this**? Increasing inflation rates are also a cause for concern. • In addition, **creative industries are still having issues recruiting and retaining the right talent and skills**, with the impact of high employment and high vacancies driving up wage requirements. However, this does create **opportunities for freelancers and others in the gig economy.**
Business, Professional & Financial Services	• Professional and business services technology partnership **SuperTech has secured £480,000** from the government's £220m UK Community Renewal Fund. • The bid, led by the Greater Birmingham and Solihull Enterprise Partnership (GBSLEP), will see SuperTech **launch 20 new businesses in the next six-12 months**. • The businesses will be created using **new no-code technology at no cost to founders**, with the GBSLEP wanting to focus on current aspiring entrepreneurs in and around the West Midlands.
Retail	• One in five (18 per cent) retailers in the West Midlands have cancelled contracts with suppliers over the last 12 months who **don't meet stringent ethical and sustainable standards**, new research reveals. • The report out from Barclays Corporate Banking – Reshaping retail: how ethics and sustainability are changing retail's ecosystem – shows the impact of the pandemic and an **increasing focus on Environment, Sustainability and Governance (ESG) are shifting business priorities.** • In a study of more than 300 retail decision makers, 51 per cent in West Midlands say **sustainability is more important now than it was two years ago** and 49 per cent say the same about ethical standards.
Manufacturing	• Manufacturing businesses have shared that they are continuing to be **negatively impacted by global economic conditions and the high price of raw materials.** Businesses in this sector have highlighted that they are **worried about the long-term effect that high prices will have on their businesses** and the ongoing effect of supply chain issues on their profitability. • However, there are contrasting reports of m**anufacturing companies feeling more upbeat about 2022 than might be expected** after a challenging couple of years. That's according to the Manufacturing Outlook Report 2021/22, published by national audit, tax, advisory and risk firm Crowe.

NEW ECONOMIC SHOCKS

COMPANY	LOCATION	SECTOR	SOURCE/DETAIL
Tesco	National	Retail	Tesco has announced changes to its supermarket network in a move that will put over 1,500 jobs at risk. They said the changes to re-stocking and petrol forecourts are part of efforts to "serve customers in the best way possible in a competitive market".
Sven Christiansen Factory	Dudley	Manufacturing	Around 150 people have lost their jobs after the sudden closure of a Black Country furniture factory. The office

COMPANY	LOCATION	SECTOR	SOURCE/DETAIL
			furniture company had been trading for 47 years, with the majority of its staff based in the Black Country.
Liberty Performance Steels	Sandwell	Manufacturing	Liberty Steels are threatened to be forced to close their West Bromwich branch following the collapse of Greensill Capital, one of their main lenders. HMRC have issued a wind-up petition.

NEW INVESTMENT, DEALS AND OPPORTUNITIES

COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
VFarm	Coventry	Manufacturing	A high-tech horticultural company in Coventry is launching a ground-breaking system for growing crops indoors. V-Farm, which is a spin-off of leading European manufacturer and distributor of indoor plants HydroGarden, has spent the last seven years developing a vertical farming concept from its base in Progress Way.
Profit from Training Partnership	Nuneaton	Education and Training	A Nuneaton business has moved into purpose-built training centre. Profit From Training Partnership (PFTP) has moved from two separate units into their new home in Slingsby Close at the Attleborough Fields Industrial Estate, Nuneaton, to bring all their services under one roof.
NC Contract Services	Cannock	Electrical and Heating Contractor	NC Contract Services, an electrical and heating contractor, is recruiting 350 staff to work on a mix of contracts.
Deliveroo	Birmingham	Food Delivery	Deliveroo is set to open an office in Birmingham after doubling the number of its restaurant partners in the city since the start of the pandemic.
Private Investor	Dudley	Property	Commercial property agent Siddall Jones has acquired the former Mucklow headquarters in Halesowen on behalf of a private investor. The 21,139 sq ft property has been purchased for £2,610,000 from A&J Mucklow (Investments) Ltd.
Penny Post Credit Union	Wolverhampton	Credit Union	The Penny Post Credit Union is expanding, having completed a transfer of engagements from Voyager Alliance Credit Union. The new Wolverhampton-based Penny Post Group will have a combined membership of 19,500, accumulated savings of £47.6 million and a loan book of approximately £21.4 million. It will be amongst the largest credit unions in the UK.
Chamberlin Plc	Walsall	Engineering	Chamberlin, the Walsall-based foundry operator, says it is placing over 30 million shares on the market so that it can raise £1.8m to help pursue its turnaround strategy.
Lok'NStore	Wolverhampton	Storage	Growing Self-storage company Lok'nStore is to open a new site in Wolverhampton in March. The store at Pantheon Park, Wednesfield Way, is one of five new sites that Lok'nStore is currently at work on with 12 in the pipeline.
Savills	Solihull	Industrial Development	Three new warehouse units are being constructed at Blythe Valley Park in Solihull. Compromising 117,000 sq ft of 'premium industrial space', the self-contained units at Connexion II will be completed with the same specification as the original Connexion development.

COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
Colico Living / Topland Group	Birmingham	Property Development	Colico Living has partnered with Topland Group in the acquisition of the former Snobs nightclub with a total investment of £25m. Located at Paradise Circus, the Beneficial Building will be transformed into a build to rent development with 159 apartments.
Victoria Carpets	Kidderminster	Carpet Manufacturing	Kidderminster flooring giant Victoria, has completed its acquisition of Turkish ceramic tile manufacturer Graniser in a deal worth £7.1m. The firm also made a repayment of approximately £33.7m of net debt with all settlement funds coming entirely from Victoria's cash balances.
Royal Priors Shopping Centre	Leamington	Development	An £8 million plan to convert an empty unit in a prominent Leamington Spa shopping centre into prime office space could see up to 400 jobs created in the town centre. The owners of the Royal Priors Shopping Centre in Leamington are aiming to convert the former Marks and Spencer's store into 30,000 sq ft of office space and would add an additional office floor and a new roof terrace.

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
For any queries please contact the lead Authors:

Rebecca Riley R.Riley@Bham.ac.uk
Alice Pugh A.Pugh@Bham.ac.uk
Delma Dwight Delma_Dwight@blackcountryconsortium.co.uk
Anne Green A.E.Green.1@bham.ac.uk

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

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