West Midlands
Weekly Economic Impact Monitor

WM REDI CITY REDI

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

It is now two years since the beginning of the pandemic, and the Global Economy is being rocked by another severe shock. The Russian invasion of Ukraine is foremost a human tragedy and a reminder of the terrible costs of war and the immense and immeasurable consequences for those who are caught up in them. The conflict has also had major repercussions for the global economy, the recovery of which was already being buffeted by the Omicron variant, supply chain bottlenecks and rising inflation. Two weeks into the invasion, gas and oil prices had increased by a massive 250% since the end of 2021; prices have since fallen but remain well above historical averages.

Global trends

- Russia's invasion of Ukraine and the economic sanctions that have been placed on Russia have put global energy supplies at risk. Russia currently accounts for around 10% of the world's energy supply, including 17% of natural gas supplies and 12% of oil supply.
- Germany has already announced that it will begin gas rationing as it braces itself for a potential halt in energy deliveries from Russia due to disputes over payments. If supply begins to fall short and less draconian attempts to lower consumption do not work, then the government will cut off certain parts of German industry from the grid, giving preferential treatment to households.
- China has announced its biggest city-wide lockdown since the beginning of the pandemic. The city of Shanghai will be locked down over 9 days, whilst authorities carry out Covid-19 testing.

National cost of living crisis

- Over 8 in 10 (83%) adults reported an increase in their cost of living in March 2022 (3 to 13 March 2022) compared with around 6 in 10 (62%) adults in November 2021 (3 to 14 November 2021).
- In early 2022 (6 January to 27 February 2022), 29% of adults reported that their household could not afford an unexpected, but necessary, expense of £850. Adults on the lowest incomes, those renting their homes or those with no formal qualifications were most likely to report they could not afford this unexpected expense.
- The cost of living crisis will be worsening from 1st April, as there will be additional utility and public service prices hikes. Energy bills are expected to rise, as the electricity and gas price cap, which the majority of UK homes are on, rises by 54%. For those earning around more than £190 per week, national insurance contributions (NICs) will rise by 1.25% from 6th April.

Other national trends

- The government is considering delaying post-Brexit border checks on goods entering Britain from the EU for the fourth time, in order to prevent what industry has warned will be a supply chain disaster.
- The Office for Budget Responsibility (OBR) retains its assumption that leaving the EU will result in the UK's total imports and exports being 15% lower than had the UK remained a member state.

Regional trends

- The number of people on Universal credit (UC) has soared from pre-pandemic levels – with some areas of Birmingham seeing claims more than double.
- The West Midlands has one of the highest rates of fuel poverty in England. The rising cost of electricity and gas will further push families into poverty. In September 2021 around 18% of homes could not affordably heat their homes compared to the England average of 13%. With the price cap set to increase by 54%, this will push even more families in the region into fuel poverty.
- Possible future manufacturing shut downs in countries like Germany, Italy and the Netherlands due to energy shortages could have a massive impact on West Midlands supply chains.
- The West Midlands Business Confidence Index produced by the ICAEW has improved, making it the joint most confident region in the UK, alongside London. Domestic sales growth was faster than in any other UK nation or region in the 12 months to Q1 2022, with even stronger growth expected for the year ahead. However, export growth has been small, likely due to complications around Brexit, according to ICAEW.
- Salary growth though, is expected to reach its fastest rate in nearly 14 years, with staff turnover and availability of skills now being a widespread issue across the region.

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West Midlands Combined Authority UKRI Research England

Spring Statement

- The OBR predicts that if wholesale energy prices remain as high as expected, energy bills will increase by another 40% in October, pushing inflation to a 40 year high of 8.7% in the fourth quarter of 2022. OBR has assessed living standards will fall this year.
- Higher inflation will erode real incomes and consumption; therefore, the OBR has revised its GDP growth predictions from 6% to 3.8% for this year.
- With inflation outpacing growth in nominal earnings and net taxes due to rise in April, real living standards are set to fall by 2.2% in 2022-23, the largest fall on record, and the economy will not recover to pre-pandemic levels until 2024-25.
- To help ease pressure on the energy market, the government will remove VAT for homeowners installing energy efficiency materials such as solar panels, heat pumps, or insulation.
- To help those that are most vulnerable to rising living costs the government will provide local authorities with an additional £500m for the Household Support Fund from April
- The income threshold for at which people will start paying National Insurance (NI) will rise to £12,570 in July, which the Chancellor has claimed will be a tax cut for employees worth over £330 a year. However, there will be a 1.25p increase in NI, in the form of the health care levy. Combining those two measures means that for anyone earning less than around £34,000 will pay less NI than they did last year and anybody earning more than that will pay more.

Impact of Brexit and Covid-19

- Analysis from City-REDI shows that the combined impact of Brexit and Covid-19, termed the "2020 shock", on the West Midlands automotive sector has seen 61,211 jobs lost in the Midlands.
- In output terms, the shock sees output fall by £11 billion in the Midlands. In the five years since the process to leave the EU formally began, the combined effect of Brexit and Covid has led to a fall in employment in important sectors in the region.
- The West Midlands as a whole is more exposed the Brexit and Covid than the UK average. This is partly due to 55% of the West Midlands' £934m exports in manufacturing services and 62% of its £177m exports in Wholesale and Motor Trades' services head for the EU. This inability to adjust to economic shocks is a characteristic of many of the UK's economically weaker regions, with lower levels of diversity, skills and connectivity.
- The break from the seven-year EU funding cycles re-emphasises the importance of long-term funding strategies. Research from CIPFA and City-REDI in addressing regional inequalities shows the importance of long-term funding. Effective industrial strategy should be a long-term strategy that works over decades rather than years. There is an increased importance that future policy should evolve slowly building on a strong supportive foundation and should be evaluated over decades rather than determined by short-term election cycles.
- The 'forced experiment' of remote working and increased online shopping was more seamless than many expected. Remote working is not new, but formerly progress had been slow despite ongoing expectations that with the 'death of distance' the agglomeration advantages of central business districts would be eroded. The Covid-19 lockdown changed that: in April 2020 over 43% of workers nationally were working from home, up from just under 6% in early 2020.
- In contrast to 'anywhere jobs' there are high-touch public-facing roles and construction, infrastructure and many maintenance tasks that cannot be can be done remotely. 'Anywhere jobs' are disproportionately concentrated in the professional and business services sector.

Entrepreneurial dynamics

- Recent research by the Enterprise Research Centre (ERC) shows that when we look at cohorts of start-ups in the UK there is an extraordinary force of mortality. After 15 years 90 per cent are dead, and for those surviving, the chance of death is still about 10 per cent a year. Another important finding is that most firms, even those that survive 15 years, do not grow very much. Further, of the firms that do grow firms born smaller (i.e., 1-4 employees) grow faster than those born larger.
- The development of a Global Entrepreneurship Monitor (GEM) Panel Study of Entrepreneurial Dynamics (PSED) for the West Midlands will create a panel to provide new information about the nature of the firm creation process for a range of demographic groups, including ethnic minority communities.

Infrastructure

- As of March 2021, there were 657 job posts shared on the HS2 jobs board, with 218 of those within the West Midlands. We expect these numbers to rise as the project continues to gather pace. The total workforce number across both our enabling works and main works contracts in the West Midlands is now nearly 4,000. 117 of these are people that were previously out of work, and over 200 are apprentices.
- A new report investigates experiences of investing in infrastructure in six areas across the world. Varied and alternative financing mechanisms for investments in infrastructure have worked in the case studies examined; Competitive bidding processes need to be well thought through to provide sufficient capability for all to participate and robust appraisal; Embedding robust evaluation, monitoring, and appraisal mechanisms that are implemented, adjusted, and updated throughout the project life cycle is vitally important; Partnership working is important for uniting stakeholders around key initiatives and addressing gaps in capacity; Fiscal autonomy can support the development of initiatives. Many of the infrastructure initiatives profiled have been introduced by city-regions with high levels of fiscal autonomy.

- A Clean Air Zone (CAZ) is an effective way to reduce pollution, therefore, the implementation of the Birmingham Clean Air Zone in June 2021 is a firm step to tackle road-transport related air pollution in the city centre. However, many local authorities have found air pollution controls challenging to introduce due to the lack of public and political acceptance from businesses and residents.

Global, National and Regional Outlook

Alice Pugh, WMREDI

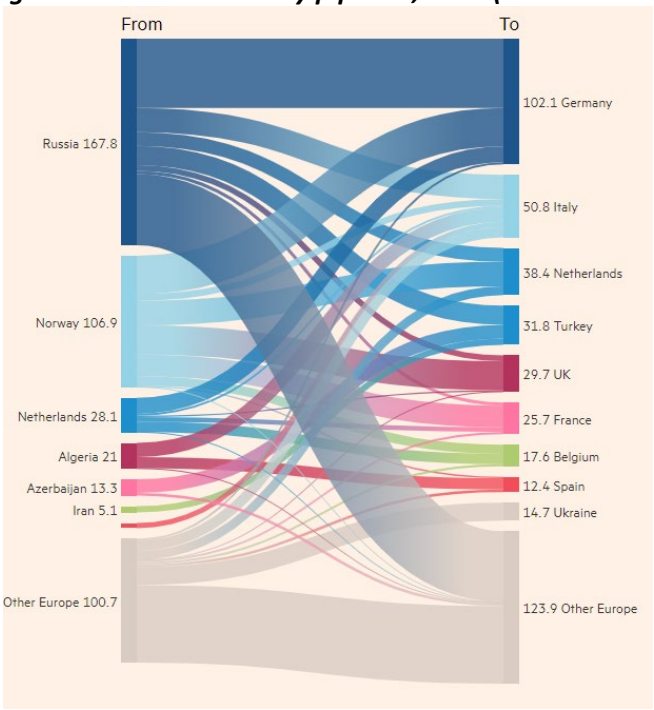
Global

Energy Supply

The Russian invasion of Ukraine and the economic sanctions that have been placed on Russia have put global energy supplies at risk. Russia currently accounts for around 10% of the world's energy supply, including 17% of natural gas supplies and 12% of oil supply. If Russia decides to stop supplying Europe with energy, prices will only increase further. It may also lead to shortages of energy supply across Europe. Germany has already announced this week that it will begin gas rationing as it braces itself for a potential halt in energy deliveries from Russia due to disputes over payments. Germany, alongside a number of other European countries, is refusing to pay Russia in roubles; however, Russia has warned that it will not supply energy to Europe for free.

The first stage of gas rationing is to monitor imports and storage of energy. If supply begins to fall short and less draconian attempts to lower consumption do not work, then the government will cut off certain parts of German industry from the grid, giving preferential treatment to households. If Russia were to cut of its supply to Germany this could cause inflation in the largest European economy to reach between 7.5% and 9% this year. However, whilst Germany may be Europe's largest consumer of Russian energy supplies, other European countries also receive large quantities of energy from Russia, with Russia dominating the gas pipeline flows to Europe, as seen in the graph below.

Natural gas trade movements by pipeline, 2020 (billion cubic metres)



Source: Financial Times, 2022

If Russia cuts off its energy supplies all of Europe will be impacted. Those countries which import large quantities of energy from Russia, like Germany, will face significant energy shortages and energy rationing. However, the entire global economy will face the impact of the cut off, as it will push inflationary prices on energy up, as there will be several large economies fighting over a smaller available energy supply, if Russia turns of the tap. The impact of this would be massive during a global cost-of-living crisis. It further boosts the argument for greater energy sovereignty.

Lockdowns

China has announced its biggest city-wide lockdown since the beginning of the pandemic. The city of Shanghai will be locked down over 9 days, whilst authorities carry out Covid-19 testing. The important financial hub of 25 million people has been battling rising case numbers, although by international standards these are low, and the

government has been resisting lockdown at risk of destabilising the economy. However, case numbers in Shanghai have reached the highest daily number of cases since the early days of the pandemic.

Whilst the city is under lockdown public transport will be suspended; firms and factories must halt operations or work remotely. Shanghai is China's commercial capital and, according to some metrics, the biggest city in the country; hence locking down the area will cause significant economic disruption. Therefore, the Chinese government has decided to lockdown the area in two stages, first the eastern side of the city and then the western side. This staggered approach will mean that half the city will remain functioning at a time. Whilst this may temper the economic impact of lockdown, there will still be an impact on the economy and further disruptions to global supply chains.

National

Cost of Living Crisis

The ONS released an article which uses data from the Opinions and Lifestyle Survey (OPN) to look at trends in the perceived cost of living. ONS found:

- Over 8 in 10 (83%) adults reported an increase in their cost of living in March 2022 (3 to 13 March 2022) compared with around 6 in 10 (62%) adults in November 2021 (3 to 14 November 2021).
- In early 2022 (6 January to 27 February 2022), an increase in the price of food shopping (90%), gas or electricity bills (79%) and the price of fuel (71%) were the most common reasons reported by adults who said that their cost of living had increased.
- In early 2022 (6 January to 27 February 2022), 29% of adults reported that their household could not afford an unexpected, but necessary, expense of £850.

ONS analysis also looked at which adults were most likely to be unable to afford an unexpected, but necessary, expense of £850 after controlling for a range of characteristics in early 2022 (6 January to 27 February 2022):

- Adults on the lowest incomes, those renting their homes or those with no formal qualifications were most likely to report they could not afford this unexpected expense.
- Analysis also found that parents of dependent children, adults who were divorced or separated, disabled adults, and those living outside of London, the South East and South West were more likely to report they could not afford this unexpected expense.

Alongside this it was reported that UK consumers borrowed a record amount in February 2022, with many economists saying that it is a sign of the cost of living crisis hitting wallets even before the Russian invasion of Ukraine pushed energy prices higher. According to the Bank of England, individuals borrowed a net £1.5bn on credit cards in February, the highest monthly amount since records began in 1993. Consumer borrowing is usually considered a measure of spending growth; however, with inflation at a 30-year high and falling consumer confidence, it is more likely that it is a sign of consumers running into deb in order to maintain their living standards.

The cost of living crisis will be worsening from the 1st April 2022, as there will be additional utility and public service prices hikes. Currently there are number of issues worsening the cost of living crisis:

- **Inflation-** Already CPI inflation has hit 5.5%, raising the cost of food, energy and transport, in the largest increase in decades. This has been worsened by the Russian invasion of Ukraine, with inflation predicted to reach 8% in April.

- **Interest rates-** The Bank of England increased interest rates last month to 0.75%. The Bank decided on the move to try slow the economy and cool the rapidly rising inflation. However, the rising interest rates will mean new mortgage rates become more expensive and inflicts an overnight rise to monthly payments for people on standard variable rates.

- **Petrol prices-** Petrol prices have hit a record high. Even including the new fuel duty cut, petrol prices are still around 37% higher than they were this time last year.

From the 1st of April 2022 the following will begin to worsen the cost of living for many:

- **Energy bills-** Energy bills are expected to rise from the 1st April, as the electricity and gas price cap, which the majority of UK homes are on, rises by 54%. With further expectations that the price cap will rise by a further 40% in the Autumn following a 6 month review of prices, and given the Ukrainian crisis, this is very likely to happen. These two rises could mean a £2,900 increase in energy bills this year.

- **National Insurance-** For those earning around more than £190 per week, national insurance contributions (NICs) will rise by 1.25% from the 6th April. This will raise both employee and employer contributions. The rise is to pay for health and social care costs.

- **Income Tax –** The IFS has highlighted that usually pay rises in line with inflation; however last year the Chancellor announced a 4 year pay freeze to income tax thresholds. Based on inflation predictions at the time this would have represented an £8bn increase in tax; however, inflation has greatly outpaced last year's predictions. This means that the policy is now expected to be a £21bn tax rise, alongside other tax rises.

- **Broadband and Mobiles –** Around the 1st April there will be broadband and mobile price rises between 5% and 9%, meaning big prices increases for tens of millions of customers in the UK.

- **Council Tax-** the majority of councils have indicated that they will be raising council tax by the maximum allowed at 3%, adding around £57 per year for a band D property.

- **Water Bills-** Depending on where you live and your water supplier, water prices are set to rise by an average of 2%. However, this varies greatly across the UK, for instance Northumbrian customers will see a hike of 10%, whereas in the South West there will be a 6% drop.

Brexit

The government is considering delaying post-Brexit border checks on goods entering Britain from the EU for the fourth time, in order to prevent what industry has warned will be a supply chain disaster. This would mean further delaying the introduction of full checks on imports from the EU, which were due to come in on the 1st July. Officials briefed that this would lower trade frictions, easing the growing cost-of-living crisis.

However, British exports to the EU have been subjected to all of EU border checks since the first day of Brexit in January 2020, whilst imports from the EU competitors have enjoyed a far smoother entry into the UK economy. The Office for Budget Responsibility (OBR) retains its assumption that leaving the EU will result in the UK's total imports and exports being 15% lower than had the UK remained a member state.

Regional

Cost of Living Crisis

The number of people on Universal credit (UC) has soared from pre-pandemic levels – with some areas of Birmingham seeing claims more than double. This means that struggling families in the city could be among the hardest hit by the failure of benefit rates to keep pace with the soaring cost of living. UC and other benefits, along with the state pension are set for a 3.1% rise; however, this will be much smaller than the 8% increase in inflation that has been predicted by the Bank of England. Across Birmingham, there were 157,637 people on UC in February or 17.8% of people aged 16 and over, up from 88,568 in February 2020, or a 10% increase. This suggests that as families continue to see their living costs rise, more and more of those on lower incomes across the region will be pushed onto UC, in order to maintain their standard of living.

Energy

There are expected to be energy supply shortages throughout Europe in the coming months as tensions rise between Russia and Europe. The expectation is that Russia will reduce or cut off exports of energy to Europe. As a

result, some countries may be forced to shut down certain areas of industry in the worst case to favour household energy usage. If manufacturing, a high energy intensive sector, were to shut down in countries like Germany, Italy and the Netherlands, then this could have a massive impact on West Midlands supply chains.

Additionally, the West Midlands has one of the highest rates of fuel poverty in England. The rising cost of electricity and gas will further push families into poverty. In September last year around 18% of homes could not affordably heat their homes compared to the England average of 13%. With the price cap set to increase by 54%, this will push even more families in the region into fuel poverty. Potentially, leading to an increasing number of UC claimants and increasing food bank use, especially as families may be forced to decide between food and fuel in the coming months.

Business Confidence

The West Midlands Business Confidence Index produced by the ICAEW has improved, making it the joint most confident region in the UK, alongside London. Domestic sales growth was faster than in any other UK nation or region in the 12 months to Q1 2022, with even stronger growth expected for the year ahead. However, export growth has been small, likely due to complications around Brexit, according to ICAEW. This export issues could be worsened from July if the full checks of EU goods are brought in, which may dampen exports as businesses adapt to the new checks and regulations when importing goods from the EU.

Salary growth though, is expected to reach its fastest rate in nearly 14 years, with staff turnover and availability of skills now being a widespread issue across the region. Alongside this, input costs are also increasing for business, not only due to wage increases in some sectors, but also due to rising energy prices, inflation on commodities and rising fuel prices. This means companies in the region are planning the fastest increase in selling prices across the UK. This should mean an uplift in profits though, as higher sales and selling prices are increasing at a sharper rate than the rest of the UK. Against the backdrop of strong domestic sales and profits growth, businesses in the West Midlands are considering upgrading their plans for capital investment and R&D budgets.

Spring Statement 2022

Alice Pugh, WMREDI

Summary of Announcements

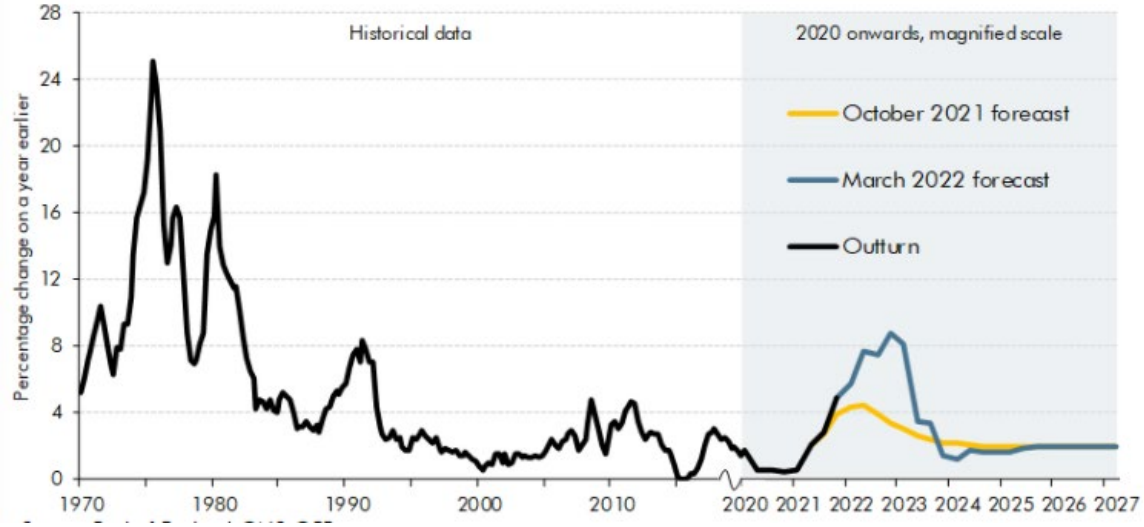
- Fuel Duty cut by 5p per litre
- The removal of VAT on the installation of energy efficiency materials
- An additional £500m for the Household Support Fund
- The point at which we start paying National Insurance will rise to £12,570
- The Employment Allowance will increase from £4,000 to £5,000 from April 2022

State of the Economy

Two years since the beginning of the pandemic, the global economy is being rocked by another severe shock. The Russian invasion of Ukraine is foremost a human tragedy and a reminder of the terrible costs of war and the immense and immeasurable consequences for those who are caught up in them. The conflict has also had major repercussions for the global economy, the recovery of which was already being buffeted by the Omicron variant, supply chain bottlenecks and rising inflation. Two weeks into the invasion, gas and oil prices increased by a massive 250% since the end of 2021, prices have since fallen but remain well above historical averages.

As a net importer of energy, with high a degree of dependence on foreign energy stores to meet energy needs, higher global energy prices will weigh heavily on the UK economy, which had only just recovered to its pre-pandemic levels. Petrol has already increased by 20% since the last spending review in October and household energy bills are set to increase by 54% in April. The OBR predicts that if wholesale energy prices remain as high as expected, energy bills will increase by another 40% in October, pushing inflation to a 40 year high of 8.7% in the fourth quarter of 2022. Higher inflation will erode real incomes and consumption; therefore, the OBR has revised its GDP growth predictions from 6% to 3.8% for this year. With inflation outpacing growth in nominal earnings and net taxes due to rise in April, real living standards are set to fall by 2.2% in 2022-23, the largest fall on record, and the economy will not recover to pre-pandemic levels until 2024-25.

Chart 1: CPI Inflation Predictions OBR



Source: OBR, 2022

Fuel, Energy and Cost of Living

Due to the rapidly rising price of oil, as a result of the Russian-Ukrainian conflict, the Chancellor has decided to reduce fuel duty by 5p per litre until March 2023. For a typical petrol car with a 55 litre tank and based on the current average fuel price for unleaded petrol, Which? calculated the cost would be £92.02 for a full tank. With the fuel duty cut, the cost reduces to around £88.72 for a full tank. This is a saving of £3.30 for a fuel tank of petrol. However, this time last year to fill a tank would have cost £64.94 (according to RAC prices); therefore even with the fuel duty cut, it will be £23.78 more expensive than the same time last year to fill a tank. This a 37% rise in the price of petrol between March 2021 and March 2022.

The UK's energy market is currently under distress, with energy prices soaring. Energy prices were originally rising as a result of lower-than-expected supplies of natural gas. This was followed by higher demand during record cold months, compounded by a greater number of people working from energy inefficient homes, especially comparative to the commercial spaces they would have previously occupied. To help ease pressure on the energy market, the government will remove VAT for homeowners installing energy efficiency materials such as solar panels, heat pumps, or insulation.

This will make it much cheaper for owners to improve the energy efficiency of their homes and reduce energy usage in the long run. Additionally, currently there is only 5% VAT on energy efficiency materials; removing the VAT will make little impact to the overall cost of these goods. In the short run therefore as energy prices rapidly increase, this will do nothing to ease the immediate cost-of-living crisis for those households with the lowest incomes.

To help those that are most vulnerable to rising living costs the government will provide local authorities with an additional £500m for the Household Support Fund from April. The purpose of this fund is to help support the most vulnerable; however many researchers have simply said that the fund will not be great enough to effectively tackle the cost-living-crisis for the poorest families.

Taxation

The income threshold for at which people will start paying National Insurance will rise to £12,570 in July, which the Chancellor has claimed will be a tax cut for employees worth over £330 a year. However, there will be a 1.25p increase in NI, in the form of the health care levy. Combining those two measures means that anyone earning less than around £34,000 will pay less NI than they did last year and anybody earning more than that will pay more. The graph below shows the expected changes to NI payments over the year by income. An employee on £20,000 a year, will pay £178 less in NI in 2022-23 than they did the previous year. However, someone earning £50,000 will see a £197 increase in their NI payments.

Source: BBC, 2022

There was also a pledge from the government to cut the basic rate of income tax from 20p to 19p in the pound before the end of this parliament in 2024. This will save the average earner £234 per year, according to the Resolution Foundation, however this will not be enacted until next year, which will not help people in the short run. Furthermore, this gain will be wiped out by the previously announced increase in taxes, this being the healthcare levy combined with the freeze in Income Tax thresholds.

Summary

There were few announcements within this Spring Statement. Given the amount of spending that occurred over the last two years, this should be unsurprising. However, with the rising cost-of-living crisis the expectation was that there would be more announced to support the poorest households through this cost-of-living crisis. Whilst this government has attempted to ease this growing burden, commentators argue that they have failed to provide enough support. This year rising inflation, as well as the rise of the energy cap, a rise in taxes and rising interest rates will outstrip the support offered in this statement. Hence, as the OBR has assessed, living standards will fall this year.

Brexit and the West Midlands: What Has Happened in the Last Five Years?

Hannes Read, WM REDI

On 29th March 2017, Article 50 was triggered and the UK began the process of leaving the EU. To mark the day, Hannes Read looks at the impact Brexit has had on the West Midlands.

The 29th March 2022 marks five years to the day since Article 50 was formally triggered; beginning the process for the United Kingdom to leave the European Union. This blog pulls together the wealth of research from City-REDI on Brexit to outline that over the last five years the dual shock of Brexit and Covid has negatively impacted important sectors in the West Midlands economy; and there is some evidence of an increased policy focus on the ***regional*** dimension of regional development, albeit with smaller resources than previously. There are still opportunities to support regional economic development in the future by setting strong employment laws; redefining procurement and state aid rules; and committing to long-term funding and institutional capacity.

International Trade in the West Midlands and Brexit

Brexit was touted as an opportunity for the UK to expand its trade networks to other countries across the world, flying under the flag of 'Global Britain'. Yet it has been difficult to attribute the impact of Brexit compared to Covid-19, due to both Covid and Brexit simultaneously impacting on trade and supply chains, labour supply, and inflation.

In 2019, Raquel Ortega-Argilés, City-REDI and Professor Philip McCann outlined that Brexit poses direct challenges that relate to sub-national, regional and urban issues in their paper for the UK in a Changing Europe. The research highlighted that the UK regions which are most dependent on EU markets are also those which are also most exposed and vulnerable to these risks. Manufacturing is of significant importance across the UK and contributes towards 15-22% of the economy and 18-27% of employment in the UK. Manufacturing is particularly important for the West Midlands and the Brexit-related exposure calculated in terms of local GDP are 25.5% for Primary Industries, 32.3% for Manufacturing. Analysis from Matt Lyons and Raquel Ortega-Argiles shows that the combined impact of Brexit and Covid-19, termed the "2020 shock", on the West Midlands automotive sector has seen 61,211 jobs lost in the Midlands. In output terms, the shock sees output fall by £11 billion in the Midlands. In the five years since the process to leave the EU formally began, the combined effect of Brexit and Covid has led to a fall in employment in the important sectors in the region.

The West Midlands as a whole is more exposed the Brexit and Covid than the UK average. This is partly due to 55% of the West Midlands' £934m exports in manufacturing services and 62% of its £177m exports in Wholesale and Motor Trades' services head for the EU. This inability to adjust to economic shocks is a characteristic of many of the UK's economically weaker regions, with lower levels of diversity, skills and connectivity, including regions that voted to leave the EU such as the UK's non-core regions in the Midlands. City-REDI / WMREDI will build on our previous research to continue to monitor and evaluate the impacts to trade for the West Midlands after leaving the EU, over the medium- to long-term, compared to prior to the EU referendum.

Reducing Inequalities in the West Midlands and Brexit

The campaign to leave the EU was built on the premise that, amongst other things, UK policy should focus more on reducing the inequalities that exist in the UK than supporting regional development elsewhere. However, any trends relating to this are yet to appear in the data; in the five years since the triggering of Article 50, the UK has only formally been outside the EU for 15 months. Instead, this section will outline the direction of travel in policy approaches. The vision for the West Midlands post-Brexit does provide greater devolution, despite its patchwork application across the country, but with a smaller funding pot available for regional and social development than under EU schemes.

Devolution has been termed the 'golden thread' of Brexit for offering the potential for local places to have more say over how they grow, though the form that this takes will be critical to achieving this ambition. The re-domestication and re-politicisation of regional policy have been apparent. The 2019 general election did focus on addressing inequalities alongside Brexit, leading to the publishing of the "Levelling Up" White Paper. Yet, the approach to devolution across the UK proposed in the Levelling Up White Paper is still uneven and patchwork. Despite offering

every part of England "that wants a devolution deal" that opportunity and the report being tagged under devolution on the UK Government website, the depth and scale of devolution is limited. However, the Levelling Up White Paper does outline how the West Midlands Combined Authority is to have greater powers over multiple policy domains; including the Shared Prosperity Fund as the successor to the European Regional Development Fund and European Social Fund. But these new funding pots, such as the Shared Prosperity Fund and the Turing Scheme, may be smaller than their EU equivalents and not as comprehensive; and as such less impactful on addressing regional and social inequalities in the UK.

What Next?

There are tools available for UK regional economic development policy to support domestic businesses in light of leaving the EU and its legislative framework. Reorienting state aid and procurement rules around Community Wealth Building principles can embed SMEs into local supply chains, and support the generative flow of income around the West Midlands. The Community Wealth Building work of the Birmingham Anchor Network and in Sandwell uses this approach. Community Wealth Building focuses on the strategic strengths of an area, through smart specialisation, to embed place-based anchor institutions supports aims that address poverty and achieve net-zero carbon footprint. The importance of protecting and strengthening workers' rights and supporting the foundational economy is particularly strong in light of the firing and rehiring of 800 staff at P&O Ferries.

The break from the seven-year EU funding cycles re-emphasises the importance of long-term funding strategies. Research from CIPFA and City-REDI in addressing regional inequalities shows the importance of long-term funding. Effective industrial strategy should be a long-term strategy that works over decades rather than years. There is an increased importance that future policy should evolve slowly building on a strong supportive foundation and should be evaluated over decades rather than determined by short-term election cycles.

Why do Policymakers Need a Panel Study of Entrepreneurial Dynamics (PSED) in the West Midlands?

Meng Song and Mark Hart, Aston university

Meng Song and Mark Hart discuss the need to examine the demographic characteristics and motivation of entrepreneurs to increase our understanding of people who create new businesses and to track them throughout their start-up journey to improve our support for them.

This blog highlights the work of a new project "Lifting the Lid on Enterprise Diversity & Growth in the West Midlands", which will collect and analyse panel data on business creation of ethnic minorities in the West Midlands to add to the Global Entrepreneurship Monitor (GEM) dataset. This will generate data to support evidence-based policymaking on minority enterprise and inclusive.

This project is being run in partnership with the Enterprise Research Centre and Centre for Research, the Centre for Research in Ethnic Minority Entrepreneurship, Aston University and the West Midlands Regional Economic Development Institute.

Since the 1970s substantial evidence has accumulated that new, not necessarily small, firms are a major course of job creation, productivity improvements, economic and product innovation, as well as major career options for many, particularly immigrants, minorities, and those from disadvantaged backgrounds. Not surprisingly, therefore, national, regional, and local governments all over the world have developed programmes to facilitate the development of new firms. However, the evidence of their success is, at best, mixed. The lack of systematic, representative descriptions of the firm creation process has been put forward as the major cause of this evidence gap.

What we know from recent research by the Enterprise Research Centre (ERC) is that when we look at cohorts of start-ups in the UK there is an extraordinary force of mortality (Anyadike-Danes and Hart, 2018). After 15 years 90 per cent are dead, and for those surviving, the chance of death is still about 10 per cent a year. Another important finding is that most firms, even those that survive 15 years, do not grow very much. Further, of the firms that do grow firms born smaller (i.e., 1-4 employees) grow faster than those born larger. These findings are consistent across a range of start-up cohorts and may be described as 'stylised facts' about firm creation. This research has been possible due to the availability of firm-level microdata in the UK based on annual abstracts of the Inter-Departmental Business Register (IDBR) which enable researchers to construct longitudinal panels of firms over time.

What is missing from these stylised facts is any understanding of who these entrepreneurs are in terms of their demographic characteristics and motivations as well as the challenges they face as they seek traction in their chosen market. In other words, there is a clear need for a longitudinal panel study of nascent entrepreneurs to understand the reasons for the high mortality rate and why so few of them grow beyond their start-up size. The development of a Global Entrepreneurship Monitor (GEM) Panel Study of Entrepreneurial Dynamics (PSED) for the West Midlands will create such a panel and provide new information about the nature of the firm creation process for a range of demographic groups including ethnic minority communities. Identifying those entering the start-up process and tracking their efforts and outcomes over time will provide new information about the nature of the firm creation process. The PSED will help examine the mechanism of the business creation process in the UK. Questions such as how entrepreneurs identify a need in the market to provide value for customers, how resources such as physical equipment, human capital, finance sources are identified and combined, how business partners such as various suppliers and consumers are linked to generate revenue, and where new businesses tend to need help the most all seem unclear. Much of this will have direct relevance for the development of effective policies and programmes at the national and regional levels.

We already know from a pre-test of the PSED in the UK is that the creation of a panel of nascent entrepreneurs can yield important information of great relevance to policymakers (Reynolds et al., 2014). For example, we established that:

1. there is a large amount of start-up activity, requiring effort and funds, which preceded the initial entry into the main administrative registries such as HMRC and VAT.

2. women form a substantial minority of start-up activity and that ethnic groups are a small proportion of the total.

3. half of those in the start-up process were not aware of any programme that might assist their new venture

4. personal savings are the most important source of finance for nascent entrepreneurs

5. those who do 'disengage' do so for personal reasons, problems in attracting customers, complications in getting the business organised, as well as the inability to secure financial support

We have already engaged in a follow-up survey to the GEM 2020 Adult Population Survey (APS) and tried to identify a cohort of nascent entrepreneurs to track over time, but this proved extremely difficult due to the obvious constraint of undertaking interviews during a pandemic when many fledgling business owners had more important priorities than engaging with academic researchers. However, we have now got access to respondents from the 2021 GEM APS who have agreed to participate in further research, and we are currently in the process of re-contacting them inviting them to join a panel of nascent entrepreneurs. The results of this research will be published and disseminated later in 2022 and will provide invaluable information for those engaged in designing an inclusive business support ecosystem for the West Midlands.

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What Does the Future Business District Look Like?

Anne Green, WMREDI

Covid-19 ushered in a dramatic change in working practices. Professor Anne Green looks at three major impacts this will have for cities like Birmingham.

This blog post was produced for inclusion in the Birmingham Economic Review for 2021.

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

This post is featured in Chapter 4 of the Birmingham Economic Review for 2021, Connected Places: Foundations for Growth.

Click here to read the Review.

The pandemic shock to the Central Business District

One key initial response to the Covid-19 pandemic was guidance that everyone who can work from home should do so. This resulted in a 'Zoomshock' as a substantial amount of economic activity shifted across geographical areas. In particular, many workers in Birmingham's central business district abandoned their offices and worked from residential suburbs and cities, towns and rural areas outside Birmingham. They took their demand for locally-consumed services with them away from the central business district.

Impact of home working

This 'forced experiment' of remote working and increased online shopping was more seamless than many expected. Remote working is not new, but formerly progress had been slow despite ongoing expectations that with the 'death of distance' the agglomeration advantages of central business districts would be eroded. The Covid-19 lockdown changed that: in April 2020 over 43% of workers nationally were working from home, up from just under 6% in early 2020. The swift acceleration and extensiveness of the take-up of digital tools and the boost to online working will have an important legacy for people and places.

Of course, not all tasks can be done remotely. In contrast to 'anywhere jobs' there are high-touch public-facing roles and construction, infrastructure and many maintenance tasks that cannot be can be done remotely. 'Anywhere jobs' are disproportionately concentrated in the professional and business services sector. The highly qualified in professional and technical roles, alongside workers in administrative occupations, are over-represented in them.

What does the future business district look like?

So, what does the 'next normal' look like and what does it mean for the future business district? While remote working is applicable for detailed and asynchronous tasks and those involving limited responsibility, it is less well-suited for onboarding new colleagues, organising new projects and developing new collaborations, where face-to-face contact helps build social networks and social capital, corporate behaviours and trust-based relationships. This suggests (even without taking account of practical considerations such as whether workers have a suitable base from which to work remotely) that for many jobs previously undertaken in central business district offices, future working patterns will be 'hybrid' – working partly in an office and partly remotely. The 'forced experiment' has shown it is possible for many to work effectively and productively remotely (at least for some of the time), with some reaping benefits of work-life balance.

Although working partly in the office and partly elsewhere is not new for the professional and business services sector, quite how the accelerating journey towards 'hybrid working' will unfold is uncertain; there is likely to be some 'trial and error' as employees and managers design, implement and enact new working patterns. Yet some of the implications for Birmingham's central business district are clear.

Mobility patterns in Birmingham

First, in relation to transport and mobility patterns, as fears of crowded places persist amongst some individuals, reluctance to use public transport when it is busiest, alongside changing working patterns, fewer people are expected to commute five days per week during peak hours, especially in the short-term. This has important implications for the viability of public transport systems serving the city centre.

Emerging opportunities for Birmingham

Secondly, the types of activities taking precedence in the office will change, with greater emphasis on connecting, collaborating, brainstorming and socialising with colleagues and customers. This means high-quality office space is at a premium. Internal office design is changing to accommodate the new balance of functions. In relation to this, and also of importance for future talent, Birmingham is also emerging as an important centre for training for new graduates and more generally for 'north-shoring' operations out of London. Investment in high-speed internet and an attractive business district, and more broadly in what makes Birmingham an attractive place to live as well as work, is key for anchoring these positive developments. In the wake of the pandemic, the urban built form is likely to evolve towards a greater emphasis on external meeting places and other aspects of urban design, taking heed of environmental, health and well-being considerations. Greater emphasis on connecting and collaborating is likely to mean greater demand per business district worker for associated local services. In turn, this should help to reinvigorate the diverse range of hospitality services that Birmingham had developed prior to the Covid-19 pandemic as an essential element of the business district ecosystem.

Marketing Birmingham assets

Thirdly, while Birmingham's professional and business services sector has benefited from, and contributed to, a dense labour market in the city centre and beyond, the area's wider amenity and interaction value are likely to be increasingly important going forward. With the shift to online shopping, the trend towards experiential retail is gathering pace. In future, there will be a greater onus on leveraging cultural and other assets to attract people into the city centre for events and entertainment throughout the week. Birmingham – like cities such as London, Liverpool and Manchester – has strong assets. Packaging and marketing them into a wider Birmingham offer is key for the success of the future business district.

View all our work on the Future Business District

HS2: A Vital Catalyst for Growth

Mark Thurston, HS2

Mark Thurston highlights the importance of the HS2 rail line for Birmingham and the West Midlands.

This blog post was produced for inclusion in the Birmingham Economic Review for 2021.

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HS2 is Britain's first new intercity railway north of London in 100 years and is a multi-phase project delivering 345 miles of new high-speed track – equivalent to a third of the length of Britain. This year has been a pivotal one for the programme, and for our work across the region.

Despite the impact of the pandemic, we launched the first of our tunnel boring machines earlier this year. Named Florence, the 2,000-tonne machine left our Chilterns south tunnel portal site in May 2021 and is currently under the M25, building a tunnel that will eventually be 10 miles long and 90 meters deep. Florence is just one of 10 TBM's that will dig 64 miles of tunnels between London and Birmingham.

New Railway Station

In the heart of Birmingham, the work on our Curzon Street station is now happening at pace and as part of archaeological investigations, we uncovered the world's oldest railway roundhouse, built by Robert Stephenson.

This year also saw us achieve significant progress on a second new station for the West Midlands; Interchange. This is the first station in the world to achieve the BREEAM 'Outstanding' certification for its design – a measure of sustainability for new and refurbished buildings – putting it in the top 1% of buildings in the UK for eco-friendly credentials.

Job Opportunities

However, the benefits of HS2 go much further than the opportunities that the new stations will bring to local communities. We continue to work with organisations across the West Midlands to drive the benefits of the project into the region, which we recognise is critically important in the current climate.

In 2021, we launched our jobs board, which pulls all employment opportunities from across our Tier One contractors onto a single platform hosted on our HS2 website. As of March 2021, there were 657 job posts shared on the board, with 218 of those within the West Midlands. We expect these numbers to rise as the project continues to gather pace. The total workforce number across both our enabling works and main works contracts in the West Midlands is now nearly 4,000. 117 of these are people that were previously out of work, and over 200 are apprentices. HS2 is about creating a workforce for the future, as well as providing current opportunities for local people.

We also continue to work with partners, like the Greater Birmingham Chambers, to involve local businesses in the project wherever we can. Over 2,000 businesses have now worked on HS2, and over half of these are currently based locally on the route of the new railway. We expect the project to generate around 400,000 contract opportunities during its construction. Currently, there are around 130 West Midlands businesses working on the project, and around 70% of these are SMEs.

Beyond connectivity, skills, and economic benefit, HS2 plays a vital role in delivering the Government's ambitious goal of becoming zero-carbon by 2050. The long-term sustainable solutions we are creating will help us to achieve and maintain a cleaner, greener future. The total carbon cost of building HS2's Phase One and then operating it for 120 years is less than just one month's emission from our road network.

HS2 is much more than just a railway. It is a vital catalyst for growth and will help to level up the country, boosting growth in the Midlands and North, and bringing new employment and leisure opportunities to millions of people.

Investing in Infrastructure: Best Practice From Bilbao to New South Wales

Abigail Taylor, Anne Green and Gina Coe, WMREDI

Abigail Taylor, Anne Green and Gina Coe discuss how governments around the globe have focused on infrastructure investment in attempt to address regional inequalities.

Governments have turned to infrastructure development to stimulate economic growth. From the UK's Plan for Growth and the European Green Deal to the US's Build Back Better Plan, infrastructure has been positioned as the panacea for better connecting people and places with opportunities.

A new report investigates experiences of investing in infrastructure in six areas across the world. Produced by City-Region Economic Development Institute (City-REDI) and the Chartered Institute of Public Finance and Accountancy (CIPFA) as part of an 'Addressing Regional Inequalities' series, the research investigates the policy settings and factors that support successful outcomes from infrastructure programmes and projects. In particular, it examines the governance and financing frameworks behind the infrastructure initiatives to provide insights into how alternative systems and approaches can deliver key outcomes that help address regional inequalities.

A key finding of the report is that investment in major infrastructure programmes and projects can play an important role in stimulating regional economic growth and increasing quality of life. All of the infrastructure initiatives profiled have achieved significant impacts on their respective regions. However, some of the projects did not meet all their aims or proceeded at a slower pace than initially planned. The report features case studies of:

- The city-wide regeneration and creative rebranding of Bilbao, Spain
- The Restart NSW Infrastructure Programme, New South Wales, Australia, focused on funding high-priority infrastructure projects that promote economic growth and productivity
- The construction of the Øresund Bridge linking the Øresund region between Sweden and Denmark
- Wireless Verrua, a community-led experimental broadband network in Verrua Savoia, in Northern Italy
- The Smart Cities Mission, a fund aimed at tackling issues related to urbanisation and the promotion of smart infrastructure solutions in key cities across India
- The RAIN projects designed to promote broadband networks in rural Lithuania

Based on desk research into the six case studies as well as in-depth interviews with policymakers, academics, and practitioners in New South Wales and the Øresund region, the research examines the strengths of the approaches adopted and the challenges encountered. Through this, we identified five key reasons for success in designing and delivering infrastructure initiatives aimed at addressing regional inequalities:

1. Varied and alternative financing mechanisms for investments in infrastructure have worked in the case studies examined. The case studies illustrate the importance of investigating the different options available and tailoring them to the governance structures, fiscal powers, and long-term aims of the area.
2. Competitive bidding processes need to be well thought through to provide sufficient capability for all to participate and robust appraisal. The Restart NSW and Smart Cities Mission India initiatives involve competitive style funding mechanisms. They showcase learning points through the use of tiered monitoring and evaluation frameworks and the establishment of independent agencies to analyse project proposals.
3. Embedding robust evaluation, monitoring, and appraisal mechanisms that are implemented, adjusted, and updated throughout the project life cycle is vitally important. Evaluation tended to be weak across the case studies, with limited mechanisms in place to evaluate the progress and impact of initiatives. Limited sharing of statistics and appraisal findings across organisations hampers best practice.

4. Partnership working is important for uniting stakeholders around key initiatives and addressing gaps in capacity. The Øresund region case study shows how informal fora are being used in Greater Copenhagen to strengthen relationships between policymakers and industry stakeholders. The Bilbao case study illustrates how bodies that unite public and private organisations around a common vision can play a key role in ensuring infrastructure projects are successfully delivered. The Restart NSW programme points to how central government can play a key role in supporting local authorities to develop business cases and project proposals.

5. Fiscal autonomy can support the development of initiatives. Many of the infrastructure initiatives profiled have been introduced by city-regions with high levels of fiscal autonomy, but the importance of fiscal autonomy is particularly striking within the Bilbao case study. Nonetheless, for national infrastructure initiatives, the extent of fiscal autonomy available is likely to be less relevant.

Political systems and priorities differ across countries meaning it is likely to be difficult to directly 'transplant' experiences from the case study areas to other countries, such as the UK. However, the case studies point to key lessons for infrastructure investment in the importance of developing strong cultures of monitoring, evaluation, and appraisal, as well as ensuring context-relevant financing mechanisms and appropriate capacities across local, regional, and central government/s. The interviews conducted also suggest that public finance professionals have a key role to play in working alongside partners (central and local government, industry, and citizens) to develop visions, operationalise strategies, and then drive the monitoring and evaluation of initiatives. To do this, it is vital that public finance professionals build strategic and operational relationships at local, regional, pan-regional, and national scales.

View all our work on Levelling Up

A Spotlight on the Øresund Bridge, Denmark and Sweden

Gina Coe, WMREDI

Gina Coe looks at the experiences of investing in infrastructure, specifically the Øresund Bridge situated in the Øresund Region, to address regional inequality.

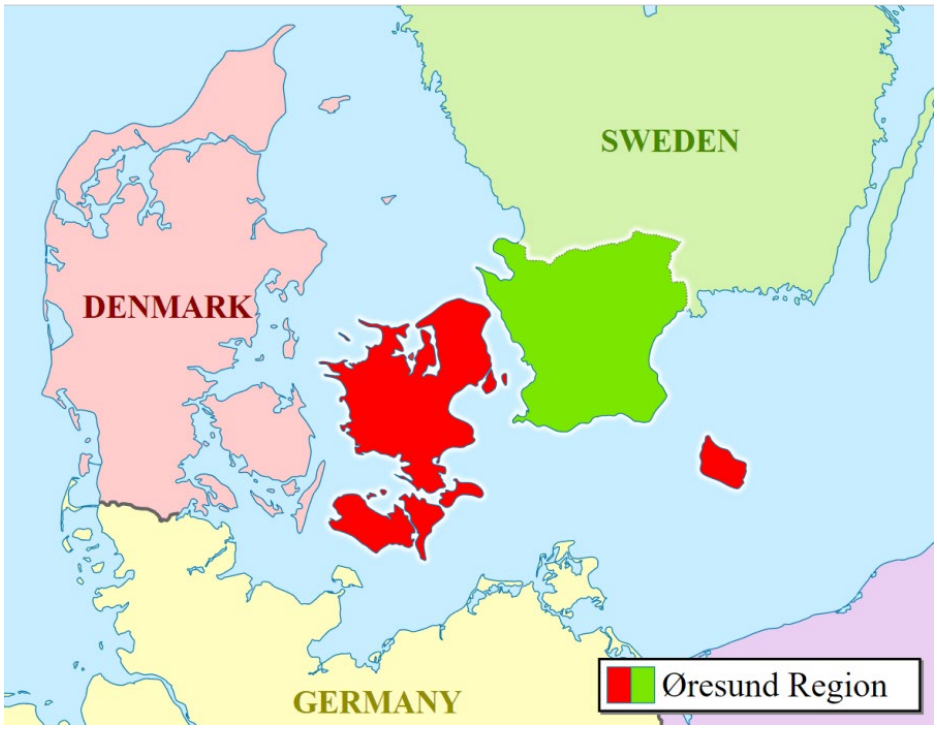
Infrastructure investment can boost a region's economic growth in the short-, medium-, and long-term, as well as working to address regional inequalities and disparities in outcomes.

The blog shines a brief spotlight on the models of governance and financing used in the construction of the Øresund Bridge. Further details of this case study and others can be found in the 'Addressing Regional Inequalities' report. This blog is based on research and interviews with stakeholders conducted as part of the project.

What is the Øresund Region?

The Øresund Region, part of a wider metropolitan area known as Greater Copenhagen, is a historic region of Sweden and Denmark. The region joins the Danish cities of Copenhagen, Odense, and Roskilde with the Swedish cities of Malmö, Lund and Helsingborg, as shown in Figure 1.

In 2019, the region recorded a population of more than 4 million inhabitants, with the population growing by 0.8% in 2018. The region is also of economic importance, accounting for 25% of Sweden and Denmark's total GDP (Gross Domestic Product) combined.



Øresund Region

Why was the Øresund Bridge Needed?

The Øresund Bridge has been in demand since at least the early 1900s. However, the effects of deindustrialisation, felt most acutely in the 1970s and 1980s, furthered the political will and drive for infrastructure investment.

The city of Malmö – alongside Copenhagen – was particularly affected by deindustrialisation, due to its industrially focused economy. As such, Malmö saw significant declines in its industrial employment and an overall population decline of 35,000 residents.

What did the Øresund Bridge aim to address?

The Øresund Bridge sought to address the economic, administrative, institutional, and technical barriers within the region.

The Swedish and Danish governments signed an agreement in 1991 to construct the bridge, following an agreement 18 years prior that was not acted upon. Construction on the Bridge began in 1995 and it opened in 2000. The Bridge is formed of a railway and motorway which connects Copenhagen and Malmö.

How was/is the Øresund Bridge governed and financed?

The Øresund Bridge was constructed and is owned and operated by Øresundbro Konsortiet, which is jointly owned by the Swedish and Danish national governments through state-owned corporations.

The construction of the Bridge was financed through loans, taken on the domestic and foreign financial markets and guaranteed by the Swedish and Danish states. These construction costs totalled DKK 14.8 billion (equivalent to £1.72 billion) in 1990, approximately DKK 24.5 billion (equivalent to £2.84 billion) in 2018 prices.

Tolls generated from the Bridge, mainly those commuting via car travel, are used to repay these loans. The Bridge is expected to be repaid by 2050.

What Impacts has the Øresund Bridge had?

Every day 75,000 people use the Øresund Bridge, with half of the freight between Sweden and Demark using this fixed link. As a result of this cross-border commuting, the Bridge has reportedly delivered an estimated economic gain of £7bn billion to the Øresund Region.

The Bridge has also connected labour markets in the region, which have benefitted from their increased proximity and accessibility to Copenhagen's international airport. This opening up of labour markets and economic opportunities was echoed in a number of interviews. The impact of which can be seen in the recorded 17% increase in employment and 21% increase in GDP between 2000-2010 in the Swedish section of the Øresund Region, whilst the Danish section observed a 4% increase in employment and 12% increase in GDP over the same time period.

What Challenges has the Øresund Bridge faced?

A number of stakeholders that we spoke to highlighted the recent challenges that stricter border controls and COVID-19 travel restrictions have presented to the Bridge and cross-border movements. One participant noted that due to these challenges, many individuals were looking for new employment opportunities that bypassed the Bridge entirely.

The Bridge's use of tolls has also presented a challenge, with tolls previously lowered to facilitate greater commuter flows. A further challenge identified by participants relates to how the revenues from the Bridge return to the Swedish and Danish national governments rather than the regions in which the Bridge is situated. This return of revenue was seen as a particular challenge and downfall of the Bridge's construction and design, with regional governments looking to adapt the financial structures of future infrastructure investments to ensure some revenue returns to the regions.

The differing responsibilities, powers, and tax systems of the regional governments of Sweden and Denmark provided an additional challenge to the Bridge, a cross-national infrastructure investment. Our research discusses how Danish regional governments hold fewer powers than their Swedish counterparts. As such, the Danish national government is often involved in discussions of infrastructure investment. This can create significant challenges for bi-national discussions, due to the imbalance in governance levels and priorities between the Danish national government and Swedish regional governments.

What Learning can the Øresund Bridge provide?

The Øresund Bridge provides an example of bi-national infrastructure investment, with unique governance and financial structures. This example can provide key learning for investments in infrastructure elsewhere, notably in the delivery of the UK's Levelling Up Agenda (view our work on Levelling Up) and Build Back Better strategy. One key learning point can be found within the adaptation of future infrastructure projects to overcome the challenges

associated with the return of the Bridge's revenue to the national governments of Sweden and Denmark rather than their regions. This pro-active approach, based upon a critical evaluation of past projects, could prove to be a useful example of evidence-based and future-forward leadership that aims to build upon the strengths of past initiatives and mitigate against their difficulties. Such leadership could be implemented elsewhere to ensure the delivery of continued, high-quality, and highly beneficial infrastructure projects for communities.

For a more detailed study of the Øresund Bridge and wider exploration into the Øresund Region's initiatives and organisations aimed at addressing inequalities, enabling integration, and boosting knowledge systems see the wider 'Addressing Regional Inequalities' CIPFA report. This report also contains a number of other interesting case studies from international city-regions, that provide key learning for the UK and elsewhere.

Birmingham Clean Air Zone: Objectives, Challenges and Opportunities

Magda Cepeda Zorrilla, WMREDI

Dr Magda Cepeda Zorrilla discusses the health reasons for implementing clean air zones, the high levels of air pollution in the West Midlands and the Birmingham Clean Air Zone.

This blog post was produced for inclusion in the Birmingham Economic Review for 2021.

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The impact of high-level air pollutants

High levels of air pollutants have been attributed to childhood asthma incidence rates and even to death in some areas in the UK.

Petrol and diesel vehicles emit a wide variety of pollutants such as particulate matter (PM), black carbon, nitrogen dioxide (NO2), sulphur dioxide (SO2), and carbon monoxide (CO) which are linked to major health problems such as cancer, asthma, stroke and heart disease, diabetes, obesity, and dementia.

Air pollution in the West Midlands

In the West Midlands, road traffic is one of the main sources of air pollution and measurements generally show levels above guidelines set by the World Health Organization (WHO), Birmingham has one of the highest levels of NO2.

Apart from environmental and human costs, there are economic costs from exposure to air pollution that are pressing the health system. For instance, in England, the health cases attributable to exposure to small particles (PM2.5) and NO2 costs to the NHS and social care about £76.10 million and £81.06 million respectively. In the West Midlands, air pollution affects close to 2.8 million people, reducing average life expectancy by up to 6 months, and costs an estimated £860m per year.

Clean Air Strategy

To tackle these problems, the UK government targets new cars and vans to be zero-emission by 2040 and has developed a Clean Air Strategy. For instance, the adoption of Clean Air Zones to tackle poor air quality in the UK at a city level.

A Clean Air Zone (CAZ) is an effective way to reduce pollution, therefore, the implementation of the Birmingham Clean Air Zone in June 2021 is a firm step to tackle road-transport related air pollution in the city centre. However, many local authorities have found air pollution controls challenging to introduce due to the lack of public and political acceptance from businesses and residents.

Overcoming the challenges

To overcome these challenges the following suggestions might be important to consider.

First, to raise awareness by providing information about the success in reducing air pollution in other cities. As well as provide clear information about the exemptions for individuals and businesses and the extra support available. A

business survey in Birmingham found 64% were not aware that support is available for businesses and 76% wanted general information on the CAZ. Therefore, local government should communicate effectively the Government's Clean Air Fund to help small and medium-sized enterprises operating within the CAZ area as well as people self-employed. For instance, using public campaigns on radio, television and the internet to inform people. As well as, through the continuous organisation of workshops and events with the support of institutions such as the Chamber of Commerce.

Second, these programmes can be successful only when are combined with other actions. For instance, although it is true that the CAZ can encourage the replacement of old vehicles, and potentially reduce traffic levels in certain zones, it is essential to provide transport alternatives and implement new infrastructure.
It is essential to provide transport alternatives and implement new infrastructure.

Third, research shows that people's perceptions and attitudes play an important role in accepting these programmes. For instance, perceptions about the cost, procedural fairness, and efficacy of the scheme affect people's attitudes. Therefore, to increase people's confidence, effective estimation of the cost as well as transparent communication in the planning process is necessary.

Strong leadership and collaboration

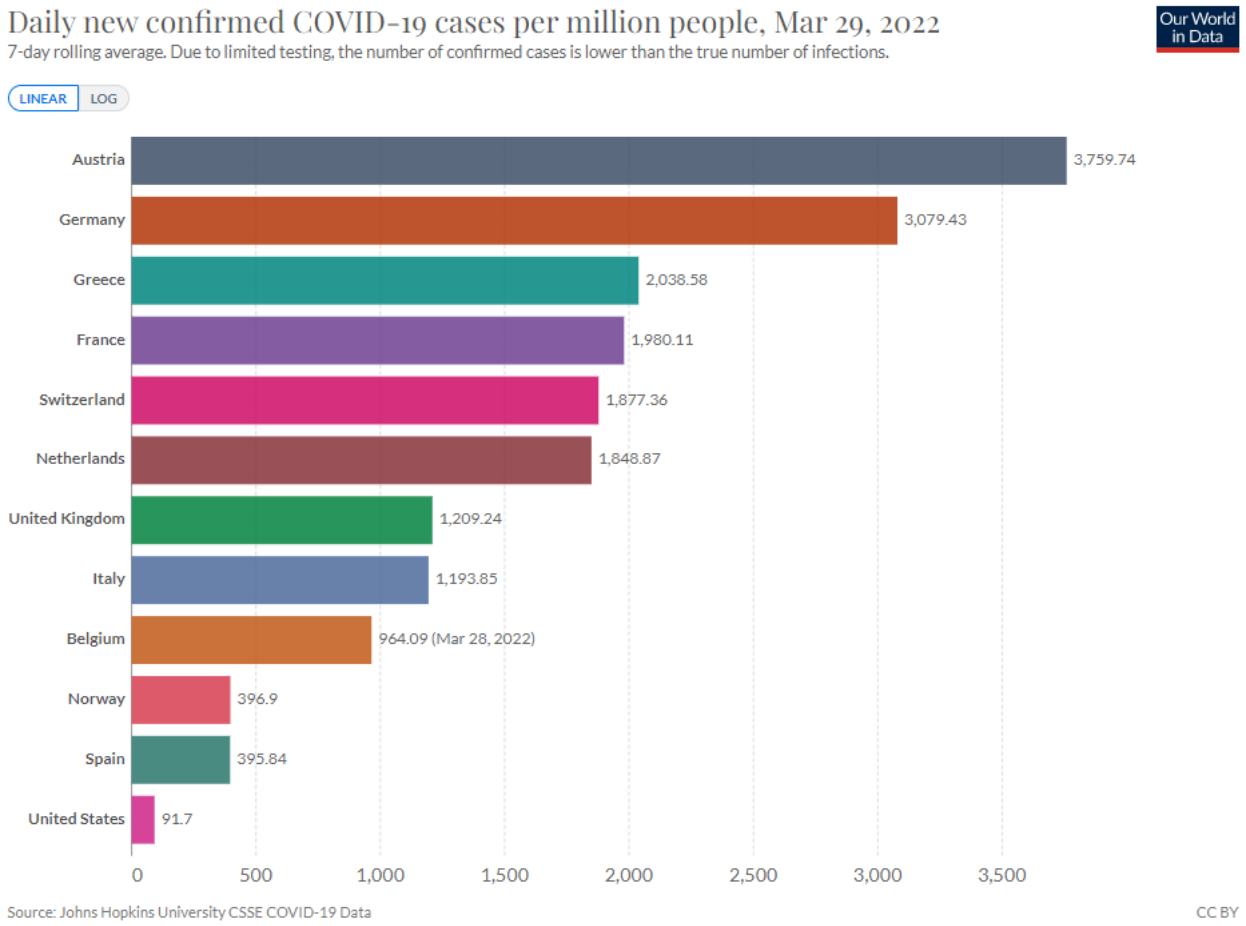
Taking action to improve air quality at the city level would require strong leadership and build strong collaboration between local government, academia, industries, firms and organisations representing interests of businesses to catalyse the opportunities that arise from the CAZ, and to reduce the potential negative impact to business and individuals in Birmingham. This can be achieved by increasing understanding of the areas of opportunity and the support available. However, firms and businesses can also play an important role in improving air quality as well, by influencing more sustainable behaviours from their employees. For example, adopting corporate responsibility and adopting schemes such as "cycle to work", "car-sharing", "car club" and "carpooling" as well as promoting flexible working.

Infection Rates and Vaccine Update

Alice Pugh WMREDI/WMCA

Case numbers across Europe are a bit of a mixed bag currently. Some countries have seen their case numbers rise whilst others have seen a substantial decrease. For Switzerland, for example, the number of cases almost halved, whereas in France they more than doubled. However, the number of new cases in each country, is largely still determined by the extent of the vaccine take up rate, as well as the level of social distancing restrictions.

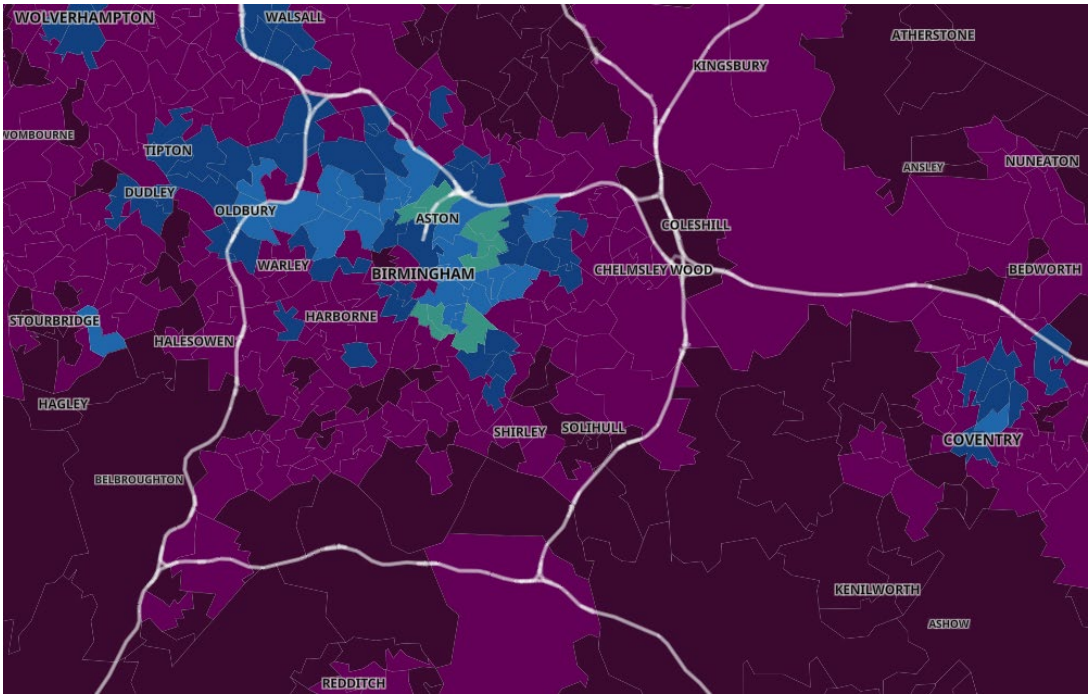
Since 31 December 2019 and as of week 2022-11, **470 223 960 cases** of COVID-19 (in accordance with the applied case definitions and testing strategies in the affected countries) have been reported, including **6 094 326 deaths**.



Latest ONS infection survey data (25th March 2022 next release to be 1st April 2022) states:

- In England, the percentage of people testing positive for coronavirus (COVID-19) continued to increase in the week ending 19 March 2022; we estimate that 3,485,700 people in England had COVID-19 (95% credible interval: 3,387,500 to 3,585,800), equating to 6.39% of the population or around 1 in 16 people.
- In Wales, the percentage of people testing positive for COVID-19 continued to increase in the week ending 19 March 2022; we estimate that 192,900 people in Wales had COVID-19 (95% credible interval: 170,900 to 216,800), equating to 6.35% of the population or around 1 in 16 people.
- In Northern Ireland, the percentage of people testing positive for COVID-19 decreased in the week ending 19 March 2022; we estimate that 108,700 people in Northern Ireland had COVID-19 (95% credible interval: 92,500 to 126,000), equating to 5.92% of the population or around 1 in 17 people.
- In Scotland, the percentage of people testing positive for COVID-19 continued to increase in the week ending 20 March 2022; we estimate that 473,800 people in Scotland had COVID-19 (95% credible interval: 436,100 to 512,500), equating to 9.00% of the population or around 1 in 11 people.
- In the week ending 20 March 2022, the percentage of people with infections compatible with the Omicron BA.2 variant increased in England, Wales and Scotland and decreased in Northern Ireland.

The map below displays weekly data, which are updated every day here. Seven–day rolling rate of new cases by specimen date ending on 24th March 2022.



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	12-Mar-22	13-Mar-22	14-Mar-22	15-Mar-22	16-Mar-22	17-Mar-22	18-Mar-22	19-Mar-22	20-Mar-22	21-Mar-22	22-Mar-22	23-Mar-22	24-Mar-22	25-Mar-22	26-Mar-22	27-Mar-22
ENGLAND	**1,368**	**1,591**	**1,651**	**1,800**	**1,823**	**1,738**	**1,629**	**1,813**	**1,793**	**1,984**	**2,098**	**2,137**	**2,006**	**1,925**	**1,869**	**2,037**
East of England	155	212	181	206	188	238	174	223	208	201	248	224	204	220	204	225
London	166	168	193	199	206	201	170	211	184	217	213	211	203	181	202	219
Midlands	226	265	294	285	281	286	311	327	315	320	443	389	391	334	327	385
North East and Yorkshire	207	249	260	261	266	226	253	258	300	359	303	353	317	329	274	347
North West	207	173	228	234	275	249	253	251	265	274	286	354	275	287	290	289
South East	217	291	299	331	332	304	245	294	307	349	344	321	327	341	338	319
South West	190	233	196	284	275	234	223	249	214	264	261	285	289	233	234	253

Mechanical Ventilation beds - occupied by confirmed COVID-19 patients

Name	14-Mar-22	15-Mar-22	16-Mar-22	17-Mar-22	18-Mar-22	19-Mar-22	20-Mar-22	21-Mar-22	22-Mar-22	23-Mar-22	24-Mar-22	25-Mar-22	26-Mar-22	27-Mar-22	28-Mar-22	29-Mar-22
ENGLAND	**239**	**235**	**236**	**249**	**240**	**231**	**237**	**252**	**269**	**260**	**286**	**290**	**304**	**303**	**319**	**325**
East of England	39	37	33	34	31	31	34	38	36	29	29	38	46	41	41	37
London	87	90	102	104	97	95	96	98	99	98	109	107	105	98	103	109
Midlands	26	23	20	22	22	22	20	25	30	30	30	28	32	35	45	41
North East and Yorkshire	25	27	23	24	22	25	24	23	31	32	41	39	40	36	37	42
North West	28	25	25	26	29	20	22	24	29	27	29	28	30	36	33	34
South East	23	20	24	24	26	21	23	24	27	26	28	30	27	31	32	30
South West	11	13	9	15	13	17	18	20	17	18	20	20	24	26	28	32

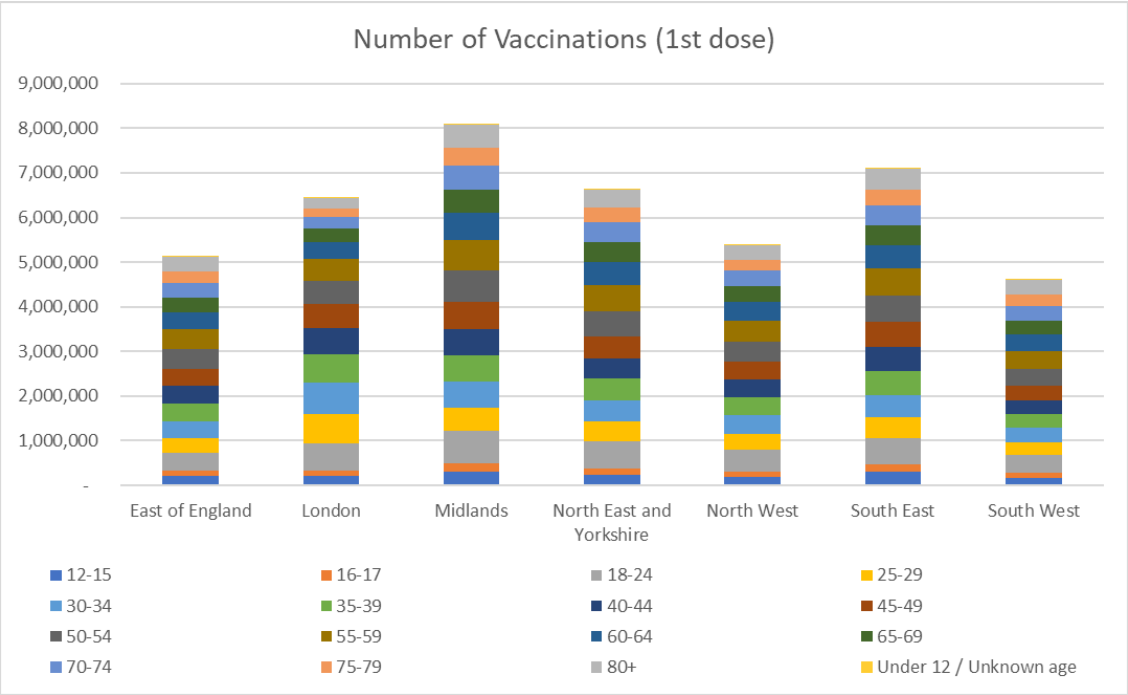
Total beds - occupied by confirmed COVID-19 patients (as at 08:00)

Name	14-Mar-22	15-Mar-22	16-Mar-22	17-Mar-22	18-Mar-22	19-Mar-22	20-Mar-22	21-Mar-22	22-Mar-22	23-Mar-22	24-Mar-22	25-Mar-22	26-Mar-22	27-Mar-22	28-Mar-22	29-Mar-22
ENGLAND	**10,576**	**10,877**	**11,010**	**11,346**	**11,595**	**11,638**	**12,070**	**12,753**	**13,060**	**13,248**	**13,602**	**13,842**	**13,796**	**14,465**	**15,170**	**15,411**
East of England	1,201	1,240	1,248	1,289	1,336	1,340	1,402	1,484	1,596	1,539	1,585	1,633	1,571	1,634	1,683	1,739
London	1,823	1,867	1,902	1,920	1,930	1,934	1,977	2,074	2,114	2,089	2,112	2,110	2,072	2,118	2,266	2,324
Midlands	1,747	1,836	1,859	1,898	1,934	1,919	2,009	2,149	2,175	2,287	2,410	2,421	2,453	2,523	2,716	2,766
North East and Yorkshire	1,580	1,614	1,664	1,703	1,735	1,783	1,869	1,964	2,028	2,073	2,139	2,152	2,275	2,364	2,452	2,482
North West	1,514	1,542	1,577	1,579	1,625	1,633	1,704	1,761	1,836	1,896	1,932	2,027	2,026	2,157	2,212	2,239
South East	1,630	1,664	1,694	1,792	1,869	1,848	1,891	1,956	1,958	1,962	1,982	2,004	1,879	2,087	2,197	2,199
South West	1,081	1,114	1,066	1,165	1,166	1,181	1,218	1,365	1,353	1,402	1,442	1,495	1,520	1,582	1,644	1,662

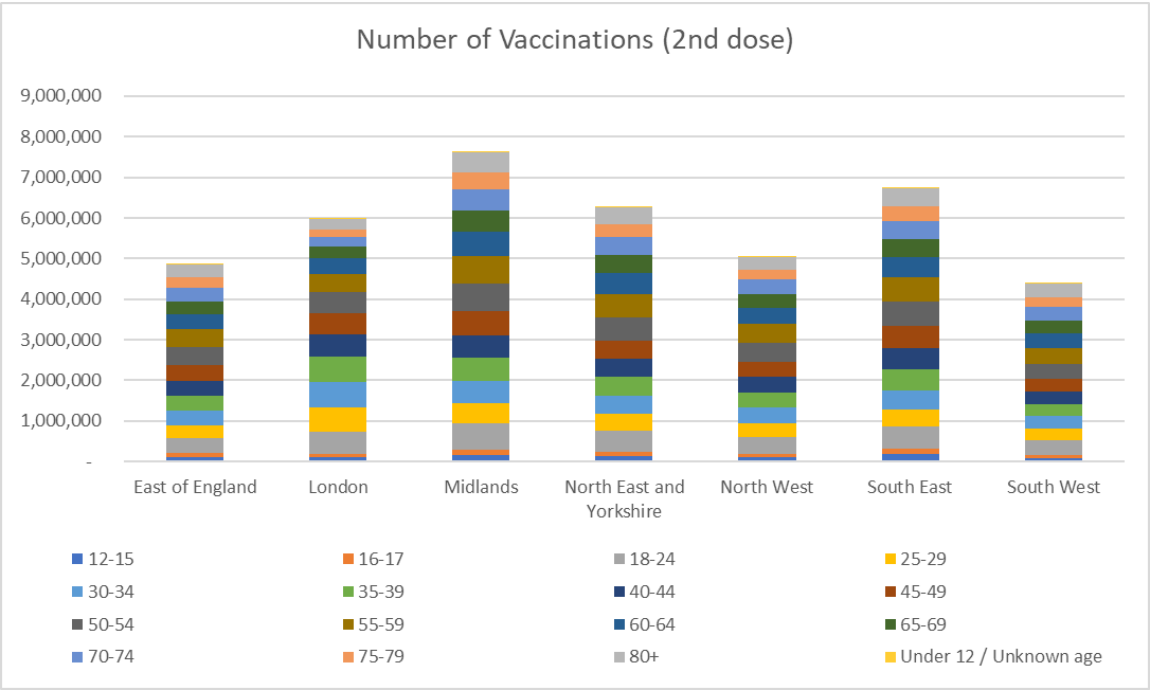
The WM Weekly monitor is funded by the West Midlands Combined Authority, Research England/UKRI

Vaccine Update

Between the 8th December 2020 and the 24th March 2022 the Midlands has successfully vaccinated **8,103,358** people with the first dose and **7,619,653** of these individuals have received the second dose as well. A further **5,928,850** 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 people 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	62%	76%	83%	83%	89%	90%	95%	91%	96%	98%	100%	97%	96%	100%*	91%
East of England	65%	80%	86%	87%	90%	91%	95%	92%	96%	98%	100%	97%	96%	100%*	92%
London	48%	62%	84%	87%	84%	82%	88%	90%	92%	94%	95%	93%	91%	94%	83%
Midlands	62%	75%	76%	74%	85%	90%	94%	90%	96%	97%	100%*	97%	96%	100%*	93%
North East and Yorkshire	61%	75%	78%	77%	87%	91%	95%	89%	96%	97%	99%	98%	97%	100%*	92%
North West	58%	74%	78%	77%	86%	90%	95%	90%	95%	98%	100%*	98%	96%	100%*	92%
South East	70%	82%	84%	87%	96%	95%	97%	92%	96%	98%	100%*	98%	95%	100%*	92%
South West	69%	84%	87%	88%	95%	95%	98%	92%	96%	99%	100%*	97%	96%	100%*	94%



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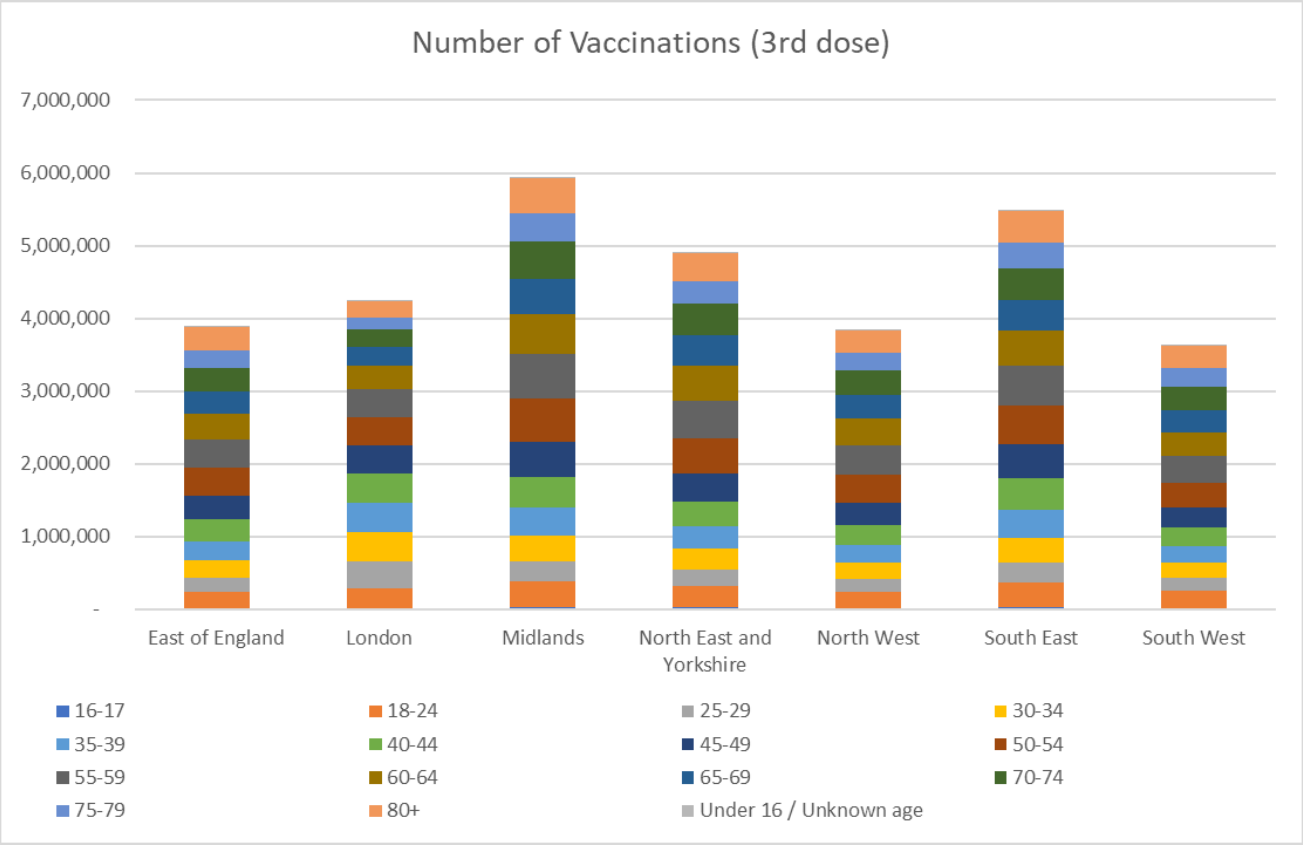
NHS Region of residence name	% of people who have had at least 2 doses (using ONS denominators)														
	12-15	16-17	18-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80+
Total	33%	58%	74%	76%	83%	86%	91%	89%	94%	96%	98%	96%	95%	100%*	91%
East of England	37%	62%	78%	81%	85%	87%	92%	90%	94%	97%	99%	96%	95%	100%*	91%
London	25%	45%	72%	80%	78%	77%	84%	87%	89%	91%	92%	90%	89%	93%	81%
Midlands	33%	57%	69%	68%	80%	85%	91%	87%	94%	96%	99%	96%	96%	100%*	92%
North East and Yorkshire	32%	56%	70%	70%	81%	86%	91%	87%	94%	96%	98%	97%	96%	100%*	91%
North West	31%	54%	69%	70%	79%	85%	91%	87%	93%	96%	99%	97%	96%	100%	91%
South East	41%	66%	77%	81%	91%	91%	94%	90%	94%	97%	99%	97%	95%	100%*	91%
South West	35%	66%	80%	83%	90%	92%	95%	90%	94%	98%	100%	96%	96%	100%*	94%



NHS Region of residence name	% of people (not just those eligible) who have had at least 3 doses (using ONS denominators)													
	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	14%	41%	46%	54%	60%	69%	72%	81%	86%	91%	91%	92%	98%	87%
East of England	15%	46%	50%	56%	63%	72%	75%	83%	88%	92%	92%	92%	100%*	88%
London	10%	36%	48%	50%	51%	59%	64%	70%	75%	80%	81%	83%	87%	75%
Midlands	13%	37%	39%	50%	59%	68%	71%	81%	86%	91%	91%	93%	98%	89%
North East and Yorkshire	13%	38%	40%	50%	59%	69%	71%	82%	87%	91%	93%	93%	98%	88%
North West	13%	35%	38%	47%	56%	66%	68%	79%	85%	90%	91%	92%	97%	87%
South East	17%	47%	52%	64%	69%	77%	78%	85%	89%	93%	93%	92%	100%*	88%
South West	16%	50%	54%	64%	70%	78%	78%	86%	90%	94%	93%	93%	100%*	91%

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

Weekly Deaths Registered: 18th March 2022

Black Country Consortium Economic Intelligence Unit

The following analysis compares the latest available time period (the week of the 18th March 2022) to the previous week period (the week of the 11th March 2022) for the number of deaths registered and the number of deaths registered related to the Coronavirus[1].

Across England and Wales, the overall registered death figures decreased from 11,227 in the week of the 11th March 2022 to 10,927 in the week of 18th March 2022. The number of deaths registered that state Coronavirus on the death certificate increased from 671 to 683 people over the same period.

Regional level analysis shows that the West Midlands' overall registered death figures decreased from 1,221 people in the week of 11th March 2022 to 1,088 in the week of 18th March 2022. The number of registered deaths related to Coronavirus decreased from 80 people to 77 people over the same period.

There was a total of 718 deaths registered across the WMCA (3 LEP) area in the week of the 18th March 2022. There were 55 deaths registered that were related to Coronavirus over the same period. In comparison to the week of the 11th March 2022, the overall registered death figures in the WMCA (3 LEP) area decreased by 90, with the number of registered deaths related to Coronavirus increasing by 1 person.

At local authority level in the week of the 18th March 2022, all local authorities the WMCA (3 LEP) area registered deaths related to the Coronavirus. Of the 55 registered Coronavirus related deaths; Birmingham accounted for 8 deaths, Nuneaton & Bedworth, Coventry, Dudley and Sandwell all each accounted for 5 deaths.

Of the 55 registered Coronavirus deaths in the WMCA (3 LEP) involving Coronavirus in the week of the 18th March 2022, 35 were registered in a hospital, 12 deaths were registered at a care home, 7 were registered at home and 1 death was registered as elsewhere.

Place and number of deaths registered that are related to Coronavirus in the week of 18th March 2022:

Area name	Care home	Elsewhere	Home	Hospice	Hospital	Other communal establishment	Total
Cannock Chase	1	0	0	0	1	0	2
East Staffordshire	0	0	0	0	2	0	2
Lichfield	1	0	0	0	2	0	3
Tamworth	0	0	0	0	1	0	1
North Warwickshire	0	0	0	0	2	0	2
Nuneaton and Bedworth	0	0	2	0	3	0	5
Rugby	0	0	0	0	1	0	1
Stratford-on-Avon	0	0	0	0	1	0	1
Warwick	0	0	1	0	1	0	2
Bromsgrove	0	0	0	0	2	0	2
Redditch	0	0	0	0	0	0	0
Wyre Forest	1	0	1	0	2	0	4
Birmingham	2	1	1	0	4	0	8
Coventry	2	0	0	0	3	0	5
Dudley	3	0	0	0	2	0	5
Sandwell	1	0	1	0	3	0	5
Solihull	0	0	0	0	1	0	1
Walsall	0	0	1	0	3	0	4
Wolverhampton	1	0	0	0	1	0	2
WM 7 Met.	**9**	**1**	**3**	**0**	**17**	**0**	**30**
Black Country LEP	5	0	2	0	9	0	16
Coventry & Warwickshire LEP	2	0	3	0	11	0	16
Greater Birmingham & Solihull LEP	5	1	2	0	15	0	23
WMCA (3 LEP)	**12**	**1**	**7**	**0**	**35**	**0**	**55**

[1] 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, 29th March 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 24th March 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, national company incorporations and voluntary dissolutions, potential redundancies, System Average Price of gas, final results from Wave 52 of the Business Insights and Conditions Survey (BICS) and results from Wave 86 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 are not comparable with the ONS Vacancy Survey. Please note, Index of job adverts on Adzuna by category, 100 = average job adverts in February 2020. Due to collection issues, dates have temporarily changed from Friday-to-Friday to Monday-to-Monday and there are no updates at a regional level on this occasion.

Nationally, between the 14th and 21st March 2022, total online job adverts decreased by 9.4 percentage points. On the 21st March 2022, total online job adverts were at 136.2% of their average level in February 2020. Out of the 28 categories (excluding unknown) 26 decreased from the previous week. The largest weekly decrease was in "wholesale and retail", which declined by 36.6 percentage points and was at 158.8% of the February 2020 level. Categories below the February 2020 average level were "legal" (79.8%), "energy/oil & gas" (92.5%) and "graduate" (97.7%). The two categories with week-on-week increases were in "domestic help" increasing by 0.7 percentage points to 210.6% of the average level in February 2020 and "catering and hospitality" increasing by 0.9 percentage points to 160.6% of the average level in February 2020.

Footfall

According to Springboard, overall retail footfall in the UK in the week to 19th March 2022 was at 85% of the level seen in the equivalent week of 2019; this was a 2% increase when compared to the previous week. In the week to 19th March 2022, footfall in high streets increased by 4% from the previous week and was 83% of the level seen in the equivalent week of 2019. Over the same period, footfall in retail parks remained unchanged and was 96% of the level seen in the equivalent week of 2019 and shopping centres increased by 1% and was 79% of the level seen in the equivalent week of 2019.

In the week to 19th March 2022, retail footfall saw week-on-week increased in 7 out of the 10 English regions and UK countries. With footfall changes varying from a 21% increase in Northern Ireland, the East of England and Scotland remaining unchanged in footfall volume over the week and the South East experiencing a decrease of 1%. Although, footfall remains strongest in the South West at 90% and weakest in Wales at 79% of the levels seen in the equivalent week of 2019.

National Company Incorporations and Voluntary Dissolutions

Companies House data shows for the UK, there were 16,733 company incorporations in the week to 18th March 2022, up from 16,708 recorded in the previous week. This is also up from 15,885 recorded in the same week in 2021, in 2020 (12,194) and the same week in 2019 (14,850).

Also, for the week to 18th March 2022, there were 7,322 voluntary dissolution applications, up from 5,957 recorded in the previous week. This is also up from 5,266 recorded in the same week in 2021, in the same week of 2020 (5,444) and the same week in 2019 (5,394).

Potential Redundancies

HR1 forms are used by employers to notify the Insolvency Service's Redundancy Payments Service of potential redundancies. They are only required when firms wish to make 20 or more redundancies. The data is presented in a

week-ending Sunday format. The data does not record the total number of redundancies; they record the number of potential redundancies filed on HR1 forms.

On the 13th March 2022, across the UK there were 38 employers proposing 7,609 potential redundancies. The potential redundancies 4-week rolling average was 5,060 and the employers proposing redundancies 4-week rolling average was 41. When indexed (100 = weekly average from week ending 21st April 2019 to week ending 23rd February 2020), the potential redundancies 4-week rolling average was 103 and the employers proposing redundancies 4-week rolling average was 74.

System Average Price of Gas

The System Average Price (SAP) of gas fell by 39% (to 8.214 p/kWh) in the latest week (between 13th to 20th March 2022), although it was 50% higher than it was six months ago on 19th September 2021, 446% higher than the equivalent period from the previous year and 895% higher when compared to the pre-Coronavirus baseline.

Business Insights and Conditions Survey (BICS)

The final results from Wave 52 of the BICS based off the 5,097 businesses surveyed across the West Midlands that businesses have a presence in with a response rate of 25.9% (1,319) and 3,030 businesses that are head quartered in the West Midlands, with a response rate of 24.8% (751). Please note, the survey reference period was 21st February 2022 to 20th March 2022 with a survey live period of 7th to 20th march 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

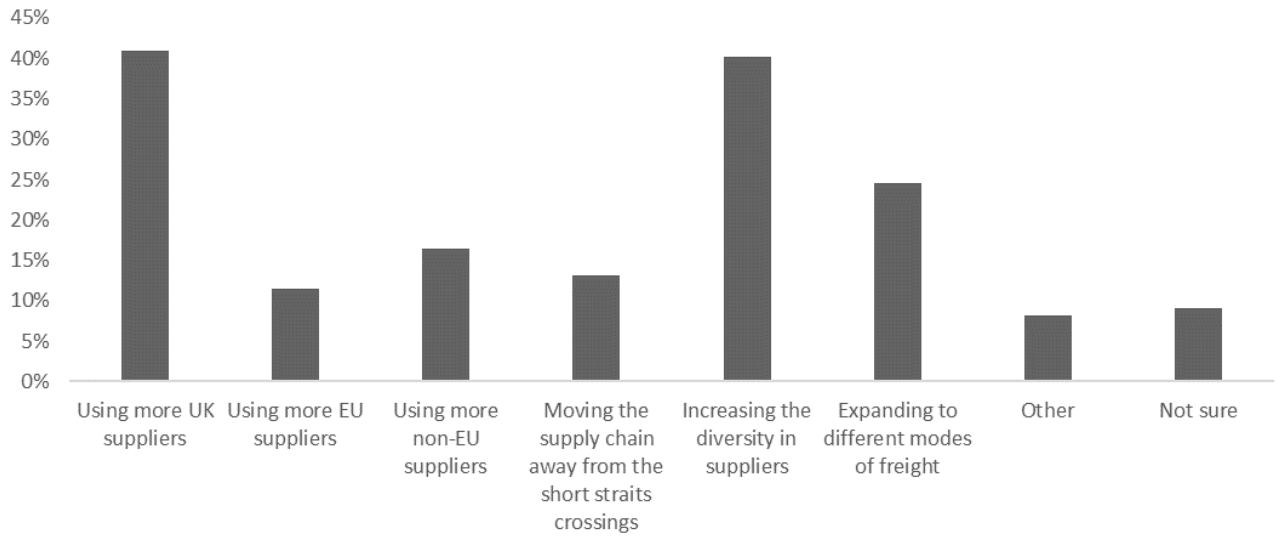
98.9% of responding West Midlands businesses were trading over the reference period, split by 95.6% fully trading and 3.3% partially trading.

Supply Chains

9.3% of responding West Midlands businesses reported changes to the supply chains had occurred due to the end of the EU transition period. With 46.7% reporting that these changes to the supply chain were made as a results of a new UK trade agreement.

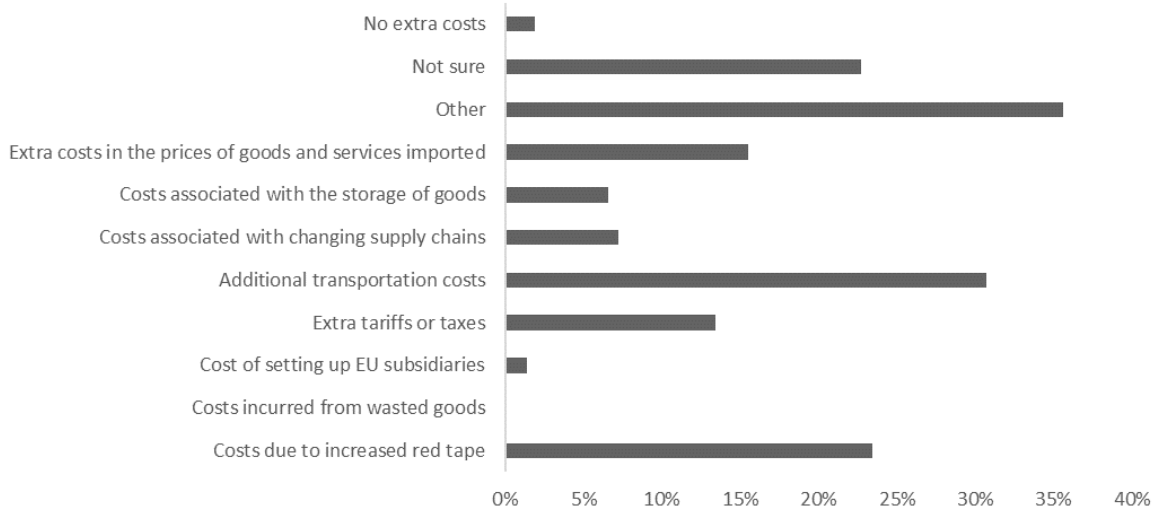
41.0% of West Midlands businesses reported they were using more UK suppliers.

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



1.9% of West Midlands businesses reported “no extra costs” due to the end of the EU transition period. While 35.6% reported “other” costs.

The following chart shows if the West Midlands businesses had any extra costs due to the end of the EU transition period:



Excluding responses which included the businesses were able to get the materials, goods or services it needed and not applicable, 7.0% of responding West Midlands businesses reported they were only able to get the materials, goods or services it needed over the last month from the EU by changing suppliers or finding alternative solutions and 4.0% were not able to get materials, goods or services needed at all.

Excluding responses which included the businesses were able to get the materials, goods or services it needed and not applicable, 9.4% of responding West Midlands businesses reported they were only able to get the materials, goods or services it needed over the last month from the UK by changing suppliers or finding alternative solutions and 4.8% were not able to get materials, goods or services needed at all.

Energy Prices

Excluding "not applicable" or "not sure" responses, 31.6% of West Midlands businesses reported they had not been affected by recent increases in energy prices. Although, 6.2% of West Midlands businesses reported that production had been affected by recent increases in energy prices. 15.2% of West Midlands businesses reported suppliers had been affected and 18.6% of West Midlands businesses reported that both production and suppliers had been affected.

Excluding "not sure" and "not applicable" responses, 20.6% of West Midlands businesses reported that electricity prices were on a variable rate. 4.3% of West Midlands businesses reported that the electricity fixed price was expiring by March 2022, 5.2% reported fixed prices were expiring by June 2022 and 30.6% after June 2022.

Excluding "not sure" and "not applicable" responses, 18.3% of West Midlands businesses reported that gas prices were on a variable rate. 3.4% of West Midlands businesses reported that the gas fixed price was expiring by March 2022, 3.9% reported fixed prices were expiring by June 2022 and 24.8% after June 2022.

Prices

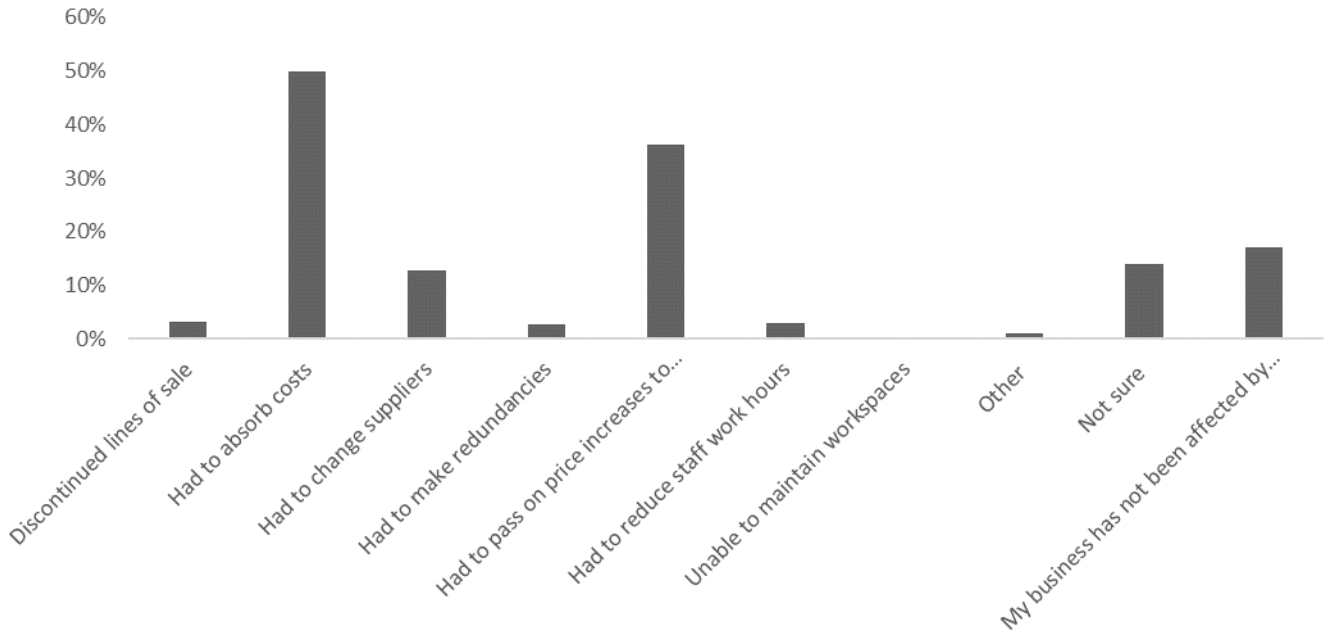
Excluding "not sure" or "not applicable", 49.9% of West Midlands businesses reported the prices of materials, goods or services brought over the last month compared with normal price fluctuations had increased more than usual and less than 1% reported prices decreased more than usual. 5.2% reported that some prices had increased and some decreased and 28.5% reported prices did not change any more than normal.

Excluding "not sure" or "not applicable", 23.5% of West Midlands businesses reported the prices of materials, goods or services sold over the last month compared with normal price fluctuations had increased more than usual and less than 1% reported prices decreased more than usual. 3.8% reported that some prices had increased and some decreased and 55.1% reported prices did not change any more than normal.

Impact of Prices

50% of West Midlands businesses reported that due to price rises they have "had to absorb costs".

The following chart shows the ways, if any, how West Midlands businesses have been affected by process rises:



Increase in Demand
20.6% of responding West Midlands businesses reported an increase in demand for goods or services sold over the last month.

Capital Expenditure
Excluding "not sure" and "not applicable" responses, 54.8% of West Midlands businesses reported "capital expenditure has not been affected" 8.0% of West Midlands reported "capital expenditure is higher than normal, although, 9.8% reported "capital expenditure is lower than normal" and 4.9% reported "capital expenditure has stopped".

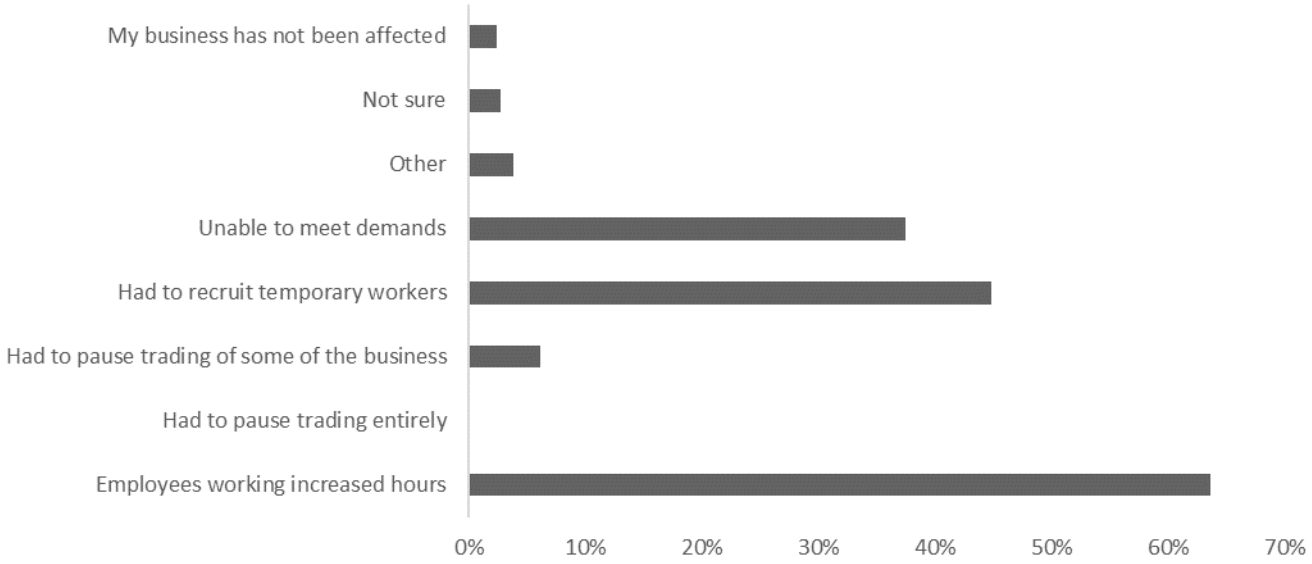
Excluding "not sure" and "not applicable" responses, 33.9% of West Midlands businesses reported the main reason for the change in the business expenditure was due to Covid-19, 5.4% reported the end of the EU transition period and 4.7% reported super-deduction.

Excluding "not sure" and "not applicable" responses, in the next three months, 6.1% of West Midlands businesses expect super-deduction allowance will cause capital expenditure to increase. 41.8% reported they expect capital expenditure to remain the same and 1.4% expect it decrease.

Scrapped Capital Assets
1.1% of West Midlands businesses scrapped capital assets earlier than intended.

Worker Shortages
38.1% of responding West Midland businesses reported to currently experiencing a shortage of workers. Due to the shortage of workers, 63.6% of West Midlands businesses reported employees were then working increased hours.

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

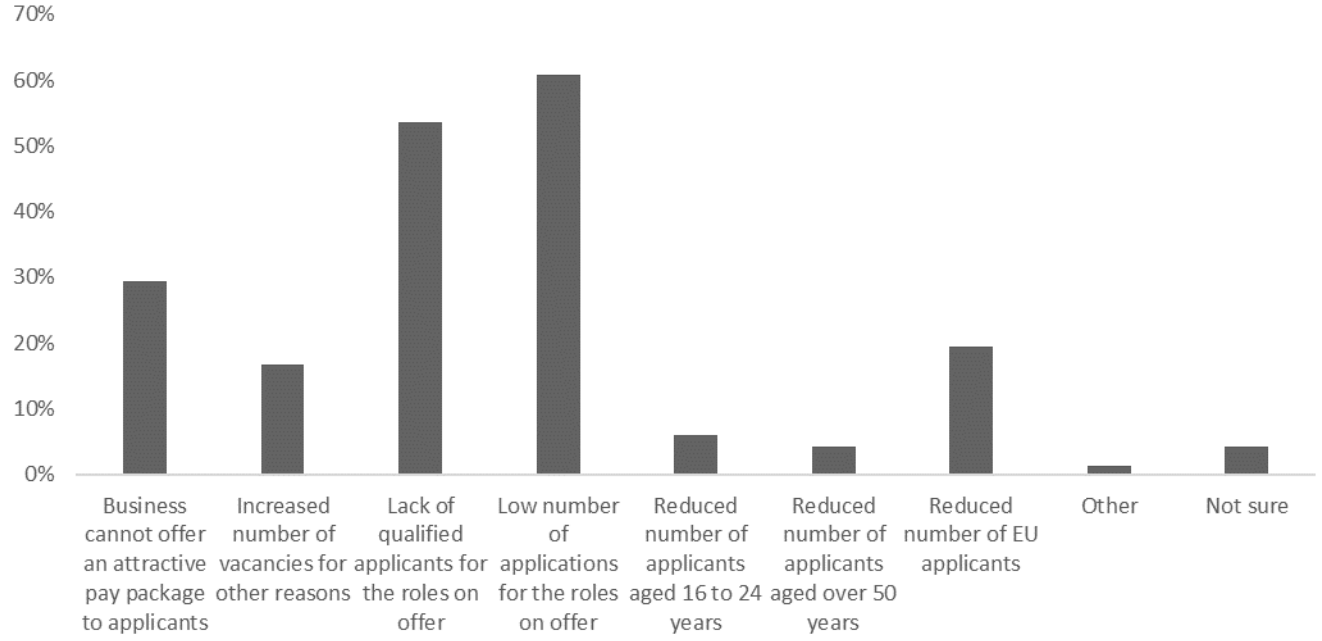


Vacancies

Excluding "not sure" and "did not have any vacancies to fill" responses, 28.7% of West Midlands businesses reported there was no difference in the ability to fill vacancies. 2.3% of West Midlands businesses reported vacancies were easier to fill while 43.9% reported vacancies were harder to fill.

Of the West Midlands businesses that reported vacancies were harder to fill over the last month compared to normal expectations for the year, 60.9% stated the reason was due to "low number of applications for the roles on offer".

The following chart shows why West Midlands businesses found filling vacancies more difficult over the last month when compared to normal expectations for the time of year:



EU Workers and Non-EU Workers

Excluding "not sure", "prefer not to say" and not relevant related responses, 23.1% of West Midlands businesses reported the number of workers from within the EU had stayed the same. Less than 1% reported that the number of workers from within the EU had increased and 15.2% of West Midlands businesses reported that the number of workers from within the EU had decreased.

Excluding "not sure", "prefer not to say" and not relevant related responses, 17.6% of West Midlands businesses reported the number of workers from outside the EU had stayed the same. 2.2% reported that the number of

workers from outside the EU had increased and 3.6% of West Midlands businesses reported that the number of workers from outside the EU had decreased.

Social Impacts of the Coronavirus

The following section refers to the period of 3rd to 13th March 2022. Please note, only a selection of indicators at a regional level are included in this section.

Cost of Living

Over the last month, 87% of West Midlands adults reported the cost of living had Increased (83% GB). 13% of West Midlands adults reported the cost of living had stayed the same (16% GB).

Financial Situation and Borrowing

63% of West Midlands adults reported that the household could afford to pay an unexpected but necessary expense of £850 (57% GB).

11% 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).

35% 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 (37% GB).

Well-Being, Loneliness and Perceptions of the Future

Mean personal well-being scores for life satisfaction was 7.2 in the West Midlands (7.0 GB), worthwhile was 7.5 in the West Midlands (7.3 GB), happiness was 7.1 for West Midlands adults (6.9 GB) and anxious was recorded at 3.9 for West Midlands adults (4.1 GB)[2].

4% of adults in the West Midlands reported low levels of life satisfaction (9% GB). 6% of West Midlands adults reported low level of feeling worthwhile (8% GB). 11% of responding West Midlands adults reported low level of happiness (13% GB) and 33% reported high levels of anxiety (36% GB)[3].

19% of adults in the West Midlands reported to often/always or some of the time to feeling lonely (23% GB). While 58% reported hardly ever or never feeling lonely in the West Midlands (50% GB).

7% of West Midlands adults believe it will take 6 months or less before life returns to normal (8% GB). 8% of West Midlands adults believed it will take 7 to 12 months (9% GB). 27% of West Midlands adults think it could more than a year to return back to normal (30% GB) and 15% of the West Midlands adults thought it would never go back to normal (14% GB). 14% of West Midlands adults believe that life has already returned to normal (13% GB).

Impact on People's Life Overall

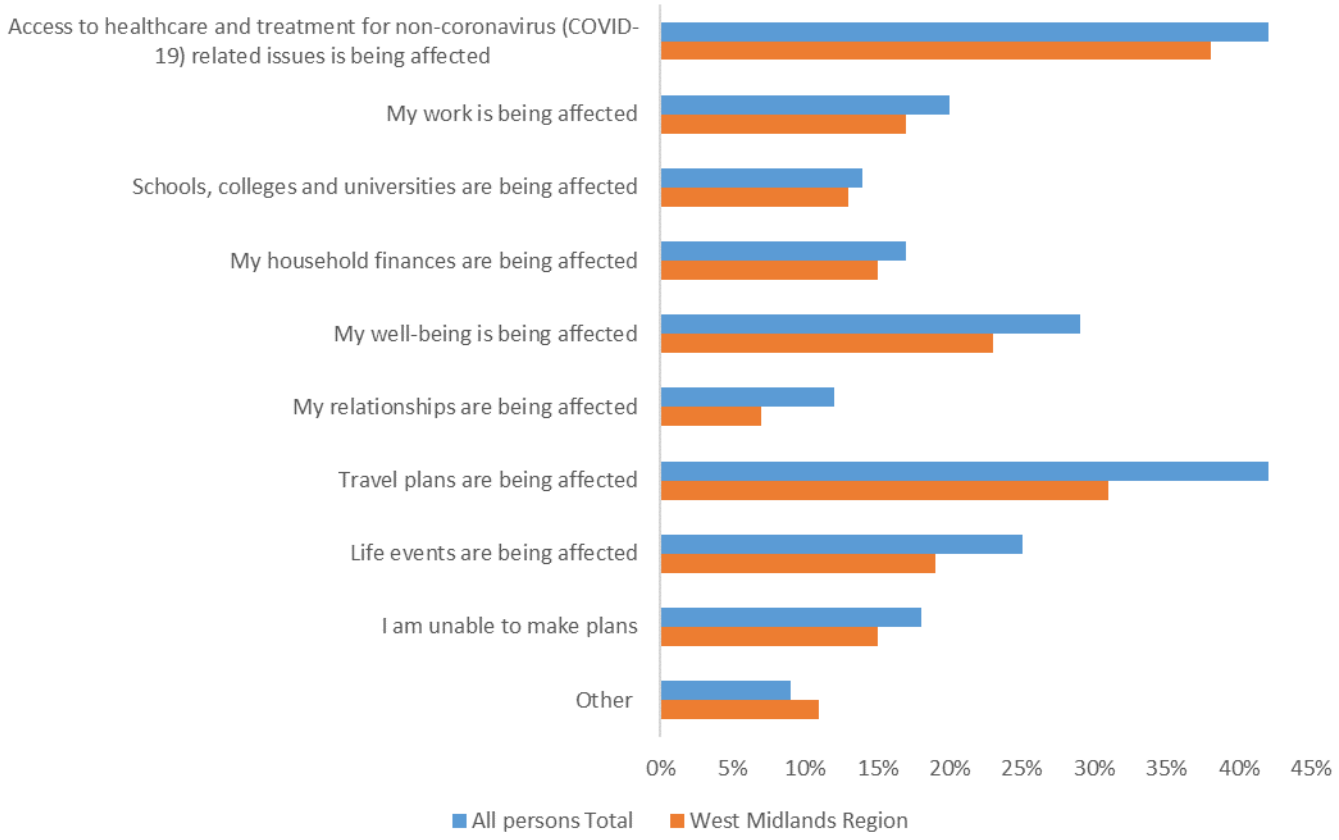
In the West Midlands, 26% of adults reported they were very or somewhat worried about the effect Covid-19 was having on their life (33% GB). 38% of responding West Midlands adults reported that they were somewhat unworried or not at all worried (33% GB).

38% of West Midlands adults reported that Covid-19 was affecting their life due to access to healthcare and treatment for non-Covid-19 related issues. (42% GB)

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

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

[3] 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?".


Access to healthcare and treatment for non-coronavirus (COVID-19) related issues is being affected
My work is being affected
Schools, colleges and universities are being affected
My household finances are being affected
My well-being is being affected
My relationships are being affected
Travel plans are being affected
Life events are being affected
I am unable to make plans
Other
0%
5%
10%
15%
20%
25%
30%
35%
40%
45%
All persons Total
West Midlands Region

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